

WIPRO LIMITED AND SUBSIDIARIES

**FINANCIAL STATEMENTS DERIVED FROM AUDITED CONSOLIDATED
FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH U.S. GAAP
AS OF AND FOR THE YEAR ENDED MARCH 31, 2004**

WIPRO LIMITED AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(in thousands, except share data)

	As of March 31,		
	2003	2004	2004
			Convenience translation into US\$ (Unaudited)
ASSETS			
Current assets:			
Cash and cash equivalents	Rs. 6,283,014	Rs. 3,297,164	\$ 75,972
Accounts receivable, net of allowances	7,930,847	10,972,936	252,833
Costs and earnings in excess of billings on contracts in progress	1,379,273	2,099,835	48,383
Inventories	1,449,498	1,438,193	33,138
Investments in liquid and short term mutual funds.....	7,813,400	18,479,045	425,784
Other investment securities	526,969	-	-
Deferred income taxes	215,299	279,370	6,437
Property, plant and equipment held for sale (Note 6).....	12,667	-	-
Other current assets	3,015,817	4,772,086	109,956
Total current assets	28,626,784	41,338,629	952,503
Property, plant and equipment, net	7,309,784	9,257,202	213,300
Investments in affiliates (Note 7)	534,069	619,559	14,276
Deferred income taxes	65,488	161,771	3,727
Intangible assets, net (Note 4)	450,362	222,864	5,135
Goodwill (Note 4)	5,186,617	5,368,697	123,703
Other assets	607,787	769,588	17,732
Total assets	<u>Rs. 42,780,891</u>	<u>Rs. 57,738,310</u>	<u>\$ 1,330,376</u>
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current liabilities:			
Borrowings from banks	Rs. 508,519	Rs. 969,050	\$ 22,328
Current portion of long-term debt	28,200	-	-
Accounts payable.....	2,236,060	2,732,583	62,963
Accrued expenses	1,427,447	2,665,171	61,409
Accrued employee costs.....	1,261,015	2,012,465	46,370
Advances from customers.....	896,989	962,751	22,183
Other current liabilities	795,273	1,348,413	31,069
Total current liabilities.....	7,153,503	10,690,433	246,323
Other liabilities	195,827	276,206	6,364
Total liabilities	<u>7,349,330</u>	<u>10,966,639</u>	<u>252,688</u>
Minority interest	-	407,919	9,399
Stockholders' equity:			
Equity shares at Rs.2 par value: 375,000,000 shares authorized; Issued and outstanding: 232,563,992 and 232,759,152 shares as of March 31, 2003 and 2004.....	465,129	465,520	10,726
Additional paid-in capital	6,946,629	7,176,679	165,361
Deferred stock compensation	(64,008)	(9,884)	(228)
Accumulated other comprehensive income/ (loss).....	690	918,640	21,167
Retained earnings	28,083,196	37,812,872	871,264
Equity shares held by a controlled Trust: 1,303,610 and 1,314,510 shares as of March 31, 2003 and 2004	(75)	(75)	(2)
Total stockholders' equity.....	35,431,561	46,363,752	1,068,289
Total liabilities and stockholders' equity.....	<u>Rs. 42,780,891</u>	<u>Rs. 57,738,310</u>	<u>\$ 1,330,376</u>

See accompanying notes to the consolidated financial statements.

WIPRO LIMITED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
(in thousands, except share data)

	Year ended March 31,		
	2003	2004	2004
			Convenience translation into US\$ (Unaudited)
Revenues:			
Global IT Services and Products.....			
Services.....	Rs. 30,117,972	Rs. 43,343,440	\$ 998,697
Products.....	149,493	121,900	2,809
India and AsiaPac IT Services and Products.....			
Services.....	2,239,756	3,108,507	71,265
Products.....	5,800,811	6,304,745	145,271
Consumer Care and Lighting.....	2,942,071	3,567,444	82,199
Others.....	<u>1,599,797</u>	<u>1,987,323</u>	<u>45,791</u>
Total.....	<u>42,849,900</u>	<u>58,433,359</u>	<u>1,346,391</u>
Cost of revenues:			
Global IT Services and Products.....			
Services.....	17,634,529	27,853,457	641,785
Products.....	103,294	77,634	1,789
India and AsiaPac IT Services and Products.....			
Services.....	1,186,907	1,660,999	38,272
Products.....	5,099,599	5,642,528	130,012
Consumer Care and Lighting.....	2,008,178	2,354,821	54,259
Others.....	<u>1,143,932</u>	<u>1,410,500</u>	<u>32,500</u>
Total.....	<u>27,176,439</u>	<u>38,999,939</u>	<u>898,616</u>
Gross profit.....	15,673,461	19,433,420	447,775
Operating expenses:			
Selling, general and administrative expenses.....	(6,192,653)	(8,450,070)	(194,702)
Research and development expenses.....	(260,481)	(232,048)	(5,347)
Amortization of intangible assets.....	(166,321)	(308,230)	(7,102)
Foreign exchange gains, net.....	306,639	377,559	8,700
Others, net.....	<u>125,623</u>	<u>80,648</u>	<u>1,858</u>
Operating income.....	9,486,268	10,901,279	251,182
Loss on direct issue of stock by subsidiary (Note 5).....	-	(206,000)	(4,747)
Other income, net.....	717,951	868,206	20,005
Equity in earnings/ (losses) of affiliates (Note 7).....	<u>(355,250)</u>	<u>95,990</u>	<u>2,212</u>
Income before income taxes and minority interest.....	9,848,969	11,659,475	268,651
Income taxes.....	(1,342,248)	(1,611,389)	(37,129)
Minority interest.....	<u>(30,101)</u>	<u>(56,049)</u>	<u>(1,291)</u>
Income from continuing operations.....	8,476,620	9,992,037	230,231
Discontinued operations			
Loss from operations of the discontinued corporate Internet services division (including loss on disposal of Rs. 246,120 for the year ended March 31, 2003 (Note 6)).....	(536,523)	-	-
Income tax benefit (Note 6).....	158,978	-	-
Net income.....	<u>Rs. 8,099,075</u>	<u>Rs. 9,992,037</u>	<u>\$ 230,231</u>
Earnings per equity share: Basic			
Continuing operations.....	36.66	43.20	1.00
Discontinued operations.....	(1.63)	-	-
Net income.....	35.03	43.20	1.00
Earnings per equity share: Diluted			
Continuing operations.....	36.60	43.16	0.99
Discontinued operations.....	(1.63)	-	-
Net income.....	34.97	43.16	0.99
Weighted average number of equity shares used in computing earnings per equity share:			
Basic.....	231,204,326	231,290,130	231,290,130
Diluted.....	231,572,448	231,515,107	231,515,107

See accompanying notes to the consolidated financial statements

WIPRO LIMITED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY AND COMPREHENSIVE INCOME
(in thousands, except share data)

	Equity Shares		Additional	Deferred	Comprehensive	Accumulated	Retained	Equity Shares held by a		Total	
	No. of Shares	Amount	Paid in	Stock		Other		Controlled Trust	No. of Shares	Amount	Stockholders'
			Capital	Compensation		Comprehensive					
Balance as of March 31, 2003	<u>232,563,992</u>	<u>Rs. 465,129</u>	<u>Rs. 6,946,629</u>	<u>Rs. (64,008)</u>		<u>Rs. 690</u>	<u>Rs. 28,083,196</u>	<u>(1,303,610)</u>	<u>Rs. (75)</u>	<u>Rs. 35,431,561</u>	
Cash dividends paid.....	-	-	-	-	-	-	(262,361)	-	-	(262,361)	
Issuance of equity shares on exercise of options.....	195,160	391	239,308	-	-	-	-	-	-	239,699	
Equity shares forfeited, net of issuance by trust.....	-	-	-	-	-	-	-	(10,900)	-	-	
Compensation related to employee stock incentive plan, net of reversals.....	-	-	(9,258)	1,105	-	-	-	-	-	(8,153)	
Amortization of compensation related to employee stock incentive plan.....	-	-	-	53,019	-	-	-	-	-	53,019	
Comprehensive income											
Net income.....	-	-	-	-	Rs. 9,992,037	-	9,992,037	-	-	9,992,037	
Other comprehensive income											
Translation adjustments.....	-	-	-	-	(150,426)	-	-	-	-	-	
Unrealized gain/ (loss) on investment securities, net.....	-	-	-	-	9,409	-	-	-	-	-	
Unrealized gains on cash flow hedging derivatives, net	-	-	-	-	<u>1,058,967</u>	-	-	-	-	-	
Total other comprehensive income.....	-	-	-	-	<u>917,950</u>	917,950	-	-	-	917,950	
Comprehensive income.....					<u>Rs. 10,909,987</u>						
Balance as of March 31, 2004	<u>232,759,152</u>	<u>Rs. 465,520</u>	<u>Rs. 7,176,679</u>	<u>Rs. (9,884)</u>		<u>Rs. 918,640</u>	<u>Rs. 37,812,872</u>	<u>(1,314,510)</u>	<u>Rs. (75)</u>	<u>Rs. 46,363,752</u>	
Balance as of March 31, 2004 (\$)											
(Unaudited)		<u>\$ 10,726</u>	<u>\$ 165,361</u>	<u>\$ (228)</u>		<u>\$ 21,167</u>	<u>\$ 871,264</u>		<u>\$ (2)</u>	<u>\$ 1,068,289</u>	

See accompanying notes to the consolidated financial statements.

WIPRO LIMITED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands, except share data)

	Year ended March 31,		
	2003	2004	2004 Convenience translation into US\$ (Unaudited)
Cash flows from operating activities:			
Net income.....	Rs. 8,099,075	Rs. 9,992,037	\$ 230,231
Adjustments to reconcile net income to net cash provided by operating activities:			
Loss from discontinued operations.....	377,545	-	-
(Gain)/loss on sale of property, plant and equipment.....	6,470	(107,000)	(2,465)
Depreciation and amortization.....	1,698,028	2,280,077	52,536
Deferred tax charge / (benefit).....	44,457	(76,218)	(1,756)
Gain on sale of investment securities.....	(410,360)	-	-
Loss on direct issue of stock by subsidiary.....	-	206,000	4,747
Amortization of deferred stock compensation.....	52,047	44,866	1,034
Equity in losses / (gains) of affiliates.....	355,250	(95,990)	(2,212)
Minority interest.....	30,101	56,049	1,291
Changes in operating assets and liabilities:			
Accounts receivable.....	(1,640,603)	(2,933,465)	(67,591)
Costs and earnings in excess of billings on contracts in progress	(369,478)	(640,873)	(14,767)
Inventories.....	(47,352)	11,305	260
Other assets.....	(1,120,511)	(877,756)	(20,225)
Accounts payable.....	(202,298)	267,704	6,168
Accrued expenses and employee costs.....	881,421	1,989,174	45,834
Advances from customers.....	(178,674)	65,762	1,515
Other liabilities.....	60,359	633,520	14,597
Net cash provided by continuing operations.....	7,635,477	10,815,192	249,198
Net cash provided by discontinued operations.....	27,861	-	-
Net cash provided by operating activities.....	<u>7,663,338</u>	<u>10,815,192</u>	<u>249,198</u>
Cash flows from investing activities:			
Expenditure on property, plant and equipment.....	(2,529,312)	(4,134,667)	(95,269)
Proceeds from sale of property, plant and equipment.....	112,845	122,828	2,830
Dividends received from affiliates.....	49,000	10,500	242
Purchase of investments in liquid and short-term mutual funds.....	(3,687,358)	(18,546,149)	(427,331)
Proceeds from sale of liquid and short-term mutual funds.....	-	7,894,991	181,912
Purchase of other investment securities.....	(5,494,070)	-	-
Proceeds from sale and maturities of other investment securities.....	10,392,034	526,969	12,142
Redemption/maturity of inter-corporate deposits.....	1,779,288	285,803	6,585
Purchase of intangible assets.....	-	(50,000)	(1,152)
Payment for acquisitions, net of cash acquired.....	(5,441,072)	(458,250)	(10,559)
Net cash used in continuing operations.....	(4,818,645)	(14,347,975)	(330,599)
Net cash provided by discontinued operations.....	-	-	-
Net cash used in investing activities.....	<u>(4,818,645)</u>	<u>(14,347,975)</u>	<u>(330,599)</u>
Cash flows from financing activities:			
Proceeds from issuance of equity shares.....	106,809	239,699	5,523
Proceeds from issuance of equity shares by a subsidiary.....	-	145,869	3,361
Proceeds from short-term borrowing from banks, net.....	326,259	460,531	10,611
Repayment of long-term debt.....	(13,439)	(28,200)	(650)
Payment of cash dividends.....	(232,466)	(262,361)	(6,045)
Net cash provided by financing activities.....	<u>187,163</u>	<u>555,538</u>	<u>12,800</u>
Net increase/ (decrease) in cash and cash equivalents during the period...	3,031,856	(2,977,245)	(68,600)
Effect of exchange rate changes on cash.....	-	(8,605)	(198)
Cash and cash equivalents at the beginning of the period.....	<u>3,251,158</u>	<u>6,283,014</u>	<u>144,770</u>
Cash and cash equivalents at the end of the period.....	<u>6,283,014</u>	<u>3,297,164</u>	<u>\$ 75,972</u>
Supplementary information:			
Cash paid for interest.....	Rs. 30,245	Rs. 35,067	\$ 808
Cash paid for taxes.....	1,859,707	1,499,457	34,550

See accompanying notes to the consolidated financial statements.

WIPRO LIMITED AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(in thousands, except share data and where otherwise stated)

NOTE 1: OVERVIEW

Wipro Limited (Wipro), together with its subsidiaries Wipro Inc., Wipro Holdings (Mauritius) Limited, Wipro Chandrika Limited, Wipro Travel Services Limited, Wipro Trademarks Holdings Limited, Wipro Japan KK, Wipro Fluid Power Limited, Wipro Spectramind Services Limited, Wipro Healthcare IT Limited, Wipro Consumer Care Limited and affiliates WeP Peripherals Limited and Wipro GE Medical Systems Limited (collectively, the Company) is a leading India based provider of IT Services and Products including Business Process Outsourcing Services globally. Further, Wipro has other businesses such as India and AsiaPac IT Services and Products, Consumer Care and Lighting. Wipro is headquartered in Bangalore, India.

NOTE 2: BASIS OF PRESENTATION

The accompanying consolidated financial statements have been prepared in accordance with the accounting principles generally accepted in the United States.

The accompanying consolidated financial statements have been prepared in Indian rupees, the national currency of India. Solely for the convenience of the readers, the financial statements as of and for the year ended March 31, 2004 have been translated into United States dollars at the noon buying rate in New York City on March 31, 2004, for cable transfers in Indian rupees, as certified for customs purposes by the Federal Reserve Bank of New York of \$1= Rs. 43.40. No representation is made that the Indian rupee amounts have been, could have been or could be converted into United States dollars at such a rate or any other rate.

NOTE 3: DERIVATIVE AND HEDGE ACCOUNTING

The Company enters into forward foreign exchange contracts where the counter party is generally a bank. The Company purchases forward foreign exchange contracts to mitigate the risk of changes in foreign exchange rates on accounts receivables and forecasted cash flows denominated in certain foreign currencies. Though the forward contracts are effective as hedges from an economic perspective, the Company had not designated these forward contracts as hedges of underlying transactions.

During the year ended March 31, 2004, the Company has re-evaluated its risk management program and hedging strategies in respect of forecasted transactions. Effective March 2004, upon completion of the formal documentation and testing for effectiveness, the Company has designated the forward contracts in respect of forecasted transactions, which meet the hedging criteria, as cash flow hedges. Changes in the derivative fair values that are designated effective and qualify as cash flow hedges are deferred and recorded as a component of accumulated other comprehensive income until the hedged transactions occur and are then recognized in the consolidated statements of income. The ineffective portion of a hedging derivative is immediately recognized in the consolidated statements of income. Consequently, as of March 31, 2004, the Company has recorded an amount of Rs. 1,058,967 as a component of accumulated other comprehensive income within the stockholder's equity.

NOTE 4: ACQUISITIONS

Global energy practice (GEP)

On December 31, 2002, Wipro acquired the global energy practice of American Management Systems for an aggregate consideration of Rs. 1,165,161.

The Company intends to leverage the domain expertise of the GEP team engaged in providing specialized IT services to clients in the energy and utilities sector. The Company believes that this acquisition enhances its ability to deliver end-to-end IT solutions primarily in the areas of design and maintenance of complex billing and settlement systems for energy markets and systems and enterprise application integration services.

The total purchase price has been allocated, based on management's estimates and independent appraisals, to the acquired assets and liabilities as follows:

<u>Description</u>	<u>Fair value</u>
Net tangible assets	Rs. 126,940
Customer-related intangibles...	98,000
Goodwill	<u>940,221</u>
Total	<u>Rs. 1,165,161</u>

The intangible assets are amortized over their estimated useful lives in proportion to the economic benefits consumed in each period.

Nervewire Inc (Wipro Nervewire)

In May 2003, Wipro acquired Wipro Nervewire, a Massachusetts-based business and IT consulting company serving customers in the financial services sector, for a consideration of Rs. 877,679. Through this acquisition, the Company intends to enhance its IT consulting capabilities by leveraging the domain expertise of Wipro Nervewire in providing strategy and business case development, business requirements definition, IT strategy and program management and systems development and integration services to customers in the financial services sector.

The total purchase price has been preliminarily allocated to the acquired assets and liabilities as follows:

<u>Description</u>	<u>Fair value</u>
Net tangible assets	Rs. 544,608
Customer-related intangibles	40,000
Goodwill	<u>293,071</u>
Total	<u>Rs. 877,679</u>

The purchase consideration has been allocated on a preliminary basis based on management's estimates and independent appraisals. However, certain independent appraiser's reports are yet to be received by the Company. Finalization of the purchase price allocation, which is expected to be completed in the next month, may result in certain adjustments to the above allocation.

The intangible assets are amortized over their estimated useful lives in proportion to the economic benefits consumed in each period.

NOTE 5: DILUTION OF OWNERSHIP INTEREST IN A SUBSIDIARY

As of March 31, 2003, the Company held 100% of the outstanding equity shares of Wipro Spectramind Services Private Limited (Wipro Spectramind). As of March 31, 2003, Wipro Spectramind had 9,329,762 employee stock options outstanding under the Wipro Spectramind option plan. In the year ended March 31, 2004, 4,178,294 options vested and were exercised. 3,339,279 options were exercised at a weighted average exercise price of Rs. 29.41 and 839,015 options were exercised at a weighted average exercise price of Rs. 57.

As a result of the option exercise, the Company's ownership interest in Wipro Spectramind reduced to 93%. As the exercise price per option was less than the Company's carrying value per share, the exercise resulted in a decline in the carrying value of the Company's ownership interest by Rs. 206,000. In accordance with the accounting policy adopted by the Company, this decline in carrying value has been included in the statement of income as a loss on direct issue of stock by subsidiary.

Of the 4,178,294 shares arising out of these option exercises, 3,996,387 shares are covered by a share purchase feature that entitles the Company to repurchase these shares at fair value and also gives the employee the right to sell the shares back to the Company at fair value. The Company and the employee can exercise this repurchase right after six months from the date of option exercise.

NOTE 6: DISCONTINUED OPERATIONS

The Company was involved in the corporate Internet services (ISP) business since 1999. For strategic reasons, the Company decided to concentrate on its core businesses and as a result in June 2002, the Company decided to exit this division and approved a formal plan of disposal. In accordance with the plan, the Company has sold the customer contracts, disposed the long-lived assets, settled the trade receivables and settled all outstanding vendor obligations, except certain claims relating to a particular vendor. The Company is in negotiations with this vendor for settling these claims.

Upon approval of the plan of disposal, the related long-lived assets were reported as held-for-sale and were measured at their fair value, less cost to sell, which was lower than their carrying amount. During the year ended March 31, 2003, the loss of Rs. 274,780 resulting from the write-down/sale of the long-lived assets was reported as a loss on disposal. Proceeds from sale of customer contracts aggregating Rs. 28,660 were reduced from the loss on disposal. The estimated liabilities with respect to settlement of the vendor obligations aggregating to Rs. 97,605 were reported as other exit costs.

The operations of the ISP division qualified as a component of an entity, being an asset group. As the operations and cash flows of the component were eliminated from the ongoing operations as a result of the disposal transaction and the Company did not have any significant continuing involvement in the operations of the component after the disposal, the results of operations of the ISP division were reported in discontinued operations during the year ended March 31, 2003.

The result of operations of the discontinued component comprise:

	<u>Year ended March 31,</u>
	<u>2003</u>
Revenue.....	Rs. 67,259
Operating costs.....	(260,057)
Other exit costs	(97,605)
Loss on disposal.....	(246,120)
Income tax benefit	158,978
Loss on discontinued operations.....	<u>Rs. (377,545)</u>

NOTE 7: INVESTMENTS IN AFFILIATES

Wipro GE Medical Systems (Wipro GE)

The Company has accounted for its 49% interest in Wipro GE by the equity method. The carrying value of the investment in Wipro GE as of March 31, 2003 and 2004, was Rs. 400,599 and Rs. 456,459 respectively. The Company's equity in the losses of Wipro GE for year ended March 31, 2003 was Rs.371,250 and the Company's equity in the income of Wipro GE for the year ended March 31, 2004 was Rs. 55,860.

WeP Peripherals

The Company has accounted for its 39.7% and 40.5% interest as of March 31, 2003 and 2004 respectively, in WeP Peripherals by the equity method. The carrying value of the equity investment in WeP Peripherals as of March 31, 2003 and 2004, was Rs.133,470 and Rs.163,100 respectively. The Company's equity in the income of WeP Peripherals for the year ended March 31, 2003 and 2004 was Rs. 16,000 and Rs. 40,130 respectively.

NOTE 8: CONTINGENCIES

In March 2004, the Company received a demand from the tax authorities of Rs. 2,614,569, including interest, upon completion of their tax review for the financial year ended March 31, 2001. The tax demand is mainly on account of disallowances of deduction claimed by Company under section 10A of the Income Tax Act of India, 1961, which allows a tax holiday in respect of profits earned on some of the undertakings of the Company. As of March 31, 2004, the net exposure of the Company was Rs. 2,315,569. Management, including external counsel currently believes that the ultimate outcome of this proceeding will not have a material adverse effect on the Company's financial position or overall trends in results of operations. However in the event of unfavorable ruling, there exists the possibility of a material adverse impact on the net income of the period in which the ruling occurs.

NOTE 9: SEGMENT INFORMATION

The Company is organized by segments, including Global IT Services and Products, India and AsiaPac IT Services and Products, Consumer Care and Lighting and 'Others'. Each of the segments has a Vice Chairman/Chief Executive Officer who reports to the Chairman of the Company. The Chairman of the Company has been identified as the Chief Operating Decision Maker (CODM) as defined by SFAS No. 131, Disclosure about Segments of an Enterprise and Related Information. The Chairman of the Company evaluates the segments based on their revenue growth, operating income and return on capital employed.

The Global IT Services and Products segment provides research and development services for hardware and software design to technology and telecommunication companies, software application development services to corporate enterprises and Business Process Outsourcing (BPO) services to large global corporations.

In July 2002, the Company acquired Wipro Spectramind. The operations of Wipro Spectramind were initially organized as a new business segment named IT Enabled Services. This segment provided BPO services to large global corporations in the US, UK, Australia and other developed markets. From April 2003, the CODM evaluates Wipro Spectramind as an integral component of the Global IT Services and Products business segment. Consequently, from April 2003, Wipro Spectramind is included in the Global IT Services and Products segment.

With effect from April 1, 2003, the CODM evaluates all critical acquisitions separately for a period of time ranging from two to four quarters.

In April 2002, the Company established a new business segment named HealthScience, to address the IT requirements of the emerging healthcare and life sciences market. The healthcare and life sciences sector clients of the Global IT Services and Products segment were transferred to the newly established HealthScience segment. Further, Wipro Biomed, a business segment which was previously reported in 'Others', became a part of the HealthScience segment. In April 2003, the Company reorganized the HealthScience business segment, whereby all components of the HealthScience segment, except Wipro Biomed, were integrated with Global IT Services and Products business segment. Subsequent to the reorganization, Wipro Biomed is being reported in 'Others'. Similarly, during the year ended March 31, 2003, certain other business segments previously reported in 'Others' were integrated with India and AsiaPac IT Services and Products segment.

The India and AsiaPac IT Services and Products segment focuses primarily on addressing the IT and electronic commerce requirements of companies in India, MiddleEast and AsiaPacific region.

The Consumer Care and Lighting segment manufactures, distributes and sells soaps, toiletries, lighting products and hydrogenated cooking oils for the Indian market.

The results of operations for the discontinued ISP division were previously reported in 'Others'. The segment information presented excludes these results of operations, which are now reported outside of continuing operations.

'Others' consist of business segments that do not meet the requirements individually for a reportable segment as defined in SFAS No. 131. Corporate activities such as treasury, legal and accounting, which do not qualify as operating segments under SFAS No. 131 have been considered as reconciling items.

Segment data for previous periods has been reclassified on a comparable basis.

Information on reportable segments is as follows:

Year ended March 31, 2003						
	Gobal IT Services and Products	India and AsiaPac IT Services and Products	Consumer Care and Lighting	Others	Reconciling Items (2)	Entity Total
Revenues	Rs. 30,267,465	Rs. 8,040,567	Rs. 2,942,071	Rs. 1,599,797		Rs. 42,849,900
Exchange rate fluctuations	<u>325,167</u>	<u>5,685</u>	<u>607</u>	<u>(6,752)</u>	<u>(324,707)</u>	-
Total revenues	30,592,632	8,046,252	2,942,678	1,593,045	(324,707)	42,849,900
Cost of revenues	(17,737,823)	(6,286,506)	(2,008,178)	(1,143,932)	-	(27,176,439)
Selling, general and administrative expenses	(4,159,614)	(1,283,235)	(513,310)	(203,350)	(33,144)	(6,192,653)
Research and development expenses	(260,481)	-	-	-	-	(260,481)
Amortization of intangible assets	(166,321)	-	-	-	-	(166,321)
Exchange rate fluctuations	-	-	-	-	306,639	306,639
Others, net	<u>12,163</u>	<u>62,801</u>	<u>891</u>	<u>9,993</u>	<u>39,775</u>	<u>125,623</u>
Operating income of segment	<u>Rs. 8,280,556</u>	<u>Rs. 539,312</u>	<u>Rs. 422,081</u>	<u>Rs. 255,756</u>	<u>Rs. (11,437)</u>	<u>Rs. 9,486,268</u>
Total assets of segment (3)	Rs. 22,429,810	Rs. 3,472,801	Rs. 1,085,692	Rs. 1,139,563	Rs. 14,653,025	Rs. 42,780,891
Capital employed (3)	18,961,472	1,012,091	662,134	820,140	14,708,270	36,164,107
Return on capital employed (1), (3)	60%	55%	62%	-	-	-
Accounts receivable	5,809,072	1,665,747	197,412	258,616		7,930,847
Cash and cash equivalents and investments in liquid and short-term mutual funds	2,308,841	20,765	196,963	60,190	11,509,655	14,096,414
Depreciation	1,210,626	173,766	61,276	36,000	50,039	1,531,707

Year ended March 31, 2004						
	Gobal IT Services and Products	India and AsiaPac IT Services and Products	Consumer Care and Lighting	Others	Reconciling Items (2)	Entity Total
Revenues	Rs. 43,465,340	Rs. 9,413,252	Rs. 3,567,444	Rs. 1,987,323		Rs. 58,433,359
Exchange rate fluctuations	<u>309,714</u>	<u>32,202</u>	<u>54</u>	<u>(2,411)</u>	<u>(339,559)</u>	-
Total revenues	43,775,054	9,445,454	3,567,498	1,984,912	(339,559)	58,433,359
Cost of revenues	(27,931,091)	(7,303,527)	(2,354,821)	(1,410,500)	-	(38,999,939)
Selling, general and administrative expenses	(6,012,799)	(1,411,567)	(667,939)	(266,386)	(91,379)	(8,450,070)
Research and development expenses	(232,048)	-	-	-	-	(232,048)
Amortization of intangible assets	(299,537)	-	(8,693)	-	-	(308,230)
Exchange rate fluctuations	-	-	-	-	377,559	377,559
Others, net	<u>529</u>	<u>31,100</u>	<u>10,278</u>	<u>(299)</u>	<u>39,040</u>	<u>80,648</u>
Operating income of segment	<u>9,300,108</u>	<u>761,460</u>	<u>546,323</u>	<u>307,727</u>	<u>(14,339)</u>	<u>10,901,279</u>
Total assets of segment (3)	28,609,995	5,257,109	1,199,666	1,643,825	21,027,715	57,738,310
Capital employed (3)	23,183,873	2,113,274	622,188	1,195,777	20,901,815	48,016,927
Return on capital employed (1), (3)	44%	49%	85%	-	-	-
Accounts receivable	7,658,305	2,688,384	227,379	398,868	-	10,972,936
Cash and cash equivalents and investments in liquid and short-term mutual funds	2,598,915	168,243	167,297	502,936	18,338,818	21,776,209
Depreciation	1,686,500	131,805	67,361	38,275	47,906	1,971,847

(1) Return on capital employed is computed based on the average of the capital employed at the beginning and at the end of the period.

- (2) Reconciling items include assets of the discontinued ISP division.
- (3) The total assets, capital employed and return on capital employed for the India and AsiaPac IT Services and Products segment excludes the impact of certain acquisition-related goodwill relating to the segment. This goodwill of Rs. 656,240 as of March 31, 2003 and 2004 has been reported as a component of reconciling items.

The Company has four geographic segments: India, the United States, Europe and Rest of the world.

Revenues from the geographic segments based on domicile of the customer is as follows:

	Year ended March 31,	
	2003	2004
India.....	Rs. 12,141,251	Rs. 14,782,651
United States.....	20,047,947	30,868,815
Europe.....	8,502,650	10,458,734
Rest of the world.....	2,158,052	2,323,160
	<u>Rs. 42,849,900</u>	<u>Rs. 58,433,359</u>

NOTE 10: RECLASSIFICATIONS

As of March 31, 2003, the Company held investments in liquid mutual funds aggregating Rs. 7,813,400 respectively, which were previously reported as cash equivalents. In the year ended March 31, 2004, the Company has reclassified these investments as a component of investments in liquid and short-term mutual funds. The reclassification had no impact on reported net income or stockholders' equity. The reclassification decreased the previously reported net cash provided by investing activities for the year ended March 31, 2003, by Rs. 3,687,358.