

CONSOLIDATED BALANCE SHEET

(Rs. In 000s)

	Schedule	As of March 31,	
		2003	2002
SOURCES OF FUNDS			
Shareholders' funds			
Share Capital	1	465,128	464,931
Share application money pending allotment (refer note 13)		1,222	2,399
Reserves and Surplus	2	34,307,985	25,460,163
		34,774,335	25,927,493
Loan Funds			
Secured loans	3	525,562	254,872
Unsecured loans	4	65,449	60,563
Minority Interest		2,229	27,542
		593,240	342,977
Total		35,367,575	26,270,470
APPLICATION OF FUNDS			
Fixed Assets			
Goodwill on consolidation – refer note 1		5,007,243	12,670
Gross block	5	12,853,110	10,069,036
Less : Depreciation		6,330,715	4,770,280
<i>Net Block</i>		11,529,638	5,311,426
Capital work-in-progress and advances		1,011,471	1,164,327
		12,541,109	6,475,753
Investments	6	8,396,102	4,680,822
Deferred tax assets		465,909	421,803
Current assets, loans and advances			
Inventories	7	1,010,527	934,600
Sundry Debtors	8	8,602,642	6,514,625
Cash and Bank balances	9	4,210,079	3,031,909
Loans and advances	10	7,257,622	10,086,810
		21,080,870	20,567,944
Current liabilities and provisions			
Liabilities	11	6,333,268	5,223,455
Provisions	12	784,124	653,156
		7,117,392	5,876,611
Net Current Assets			
Miscellaneous expenditure (to the extent not written off or adjusted)		977	759
Total		35,367,575	26,270,470
Significant accounting policies and notes to accounts	19		

As per our report attached

For and on behalf of the Board of Directors

For N.M. Raiji & Co.,
Chartered AccountantsJ.M Gandhi
PartnerAzim Hasham Premji
Chairman and Managing DirectorN Vaghul
DirectorP M Sinha
DirectorSuresh C. Senapaty
Corporate Executive Vice President -
FinanceSatish Menon
Corporate Vice President – Legal &
Company Secretary

Mumbai, April 17, 2003

Bangalore, April 17, 2003

CONSOLIDATED PROFIT AND LOSS ACCOUNT		(Rs. in 000s)	
		Year ended March 31,	
		2003	2002
INCOME			
Gross Sales and Services		43,572,657	35,032,098
Less: Excise Duty		707,169	627,012
Net Sales and Services		42,865,488	34,405,086
Other Income	13	1,181,962	1,558,236
		44,047,450	35,963,322
EXPENDITURE			
Cost of goods sold	14	27,438,729	21,552,094
Selling, general and administrative expenses	15	6,442,577	4,798,849
Interest	16	30,245	29,697
		33,911,551	26,380,640
PROFIT BEFORE TAXATION:			
Continuing Operations		10,317,484	9,707,309
Discontinuing Operations		(181,585)	(124,627)
Total		10,135,899	9,582,682
PROVISION FOR TAXATION: (refer note 9)			
Continuing Operations		1,342,752	773,492
Discontinuing Operations		(66,733)	(44,492)
Total		1,276,019	729,000
PROFIT FOR THE PERIOD BEFORE EXTRAORDINARY ITEMS:			
Continuing Operations		8,974,732	8,933,817
Discontinuing Operations		(114,852)	(80,135)
Total		8,859,880	8,853,682
Loss on discontinuance of ISPbusiness-refer note 6		(352,195)	-
Tax benefit on above	18	89,503	-
Net loss on discontinuance of ISP business		(262,692)	-
PROFIT FOR THE PERIOD BEFORE MINORITY INTEREST / EQUITY IN EARNINGS OF AFFILIATES:			
		8,597,188	8,853,682
Minority Interest		(36,908)	808
Equity in earnings / (losses) of affiliates		(355,260)	-
PROFIT FOR THE PERIOD		8,205,020	8,854,490
Appropriations			
Proposed Dividend on equity shares		232,564	232,466
Tax on distribution of Dividend		29,797	-
Transfer to general reserve		7,942,659	8,622,024
Earnings per share (in Rs.)			
Basic			
On profit for the period from continuing operations		38.83	38.65
On losses of discontinued ISP business		(0.50)	(0.35)
On extraordinary items		(1.14)	-
On equity in earnings of affiliates / minority interest		(1.70)	-
On profit for the period		35.49	38.30
Diluted			
On profit for the period from continuing operations		38.75	38.59
On losses of discontinued ISP business		(0.50)	(0.35)
On extraordinary items		(1.13)	-
On equity in earnings of affiliates / minority interest		(1.69)	-
On profit for the period		35.43	38.24
Number of shares			
Basic		231,204,325	231,132,500
Diluted		231,572,448	231,534,876
Significant accounting policies and notes to accounts	19		

As per our report attached

For and on behalf of the Board of Directors

For N.M. Raiji & Co.,
Chartered AccountantsJ.M Gandhi
PartnerAzim Hasham Premji
Chairman and Managing DirectorN Vaghul
DirectorP M Sinha
DirectorSuresh C. Senapaty
Corporate Executive Vice President -
FinanceSatish Menon
Corporate Vice President – Legal &
Company Secretary

Mumbai, April 17, 2003

Bangalore, April 17, 2003

(Rs. In 000s, except share numbers)

SCHEDULE 1 SHARE CAPITAL

Authorised

375,000,000 (2002: 375,000,000) Equity shares of Rs 2 each

2,500,000 (2002: 2,500,000) 10.25 % Redeemable Cumulative Preference Shares of Rs 100 each

Issued, subscribed and paid-up

232,563,992 (2002: 232,465,689) equity shares of Rs 2 each

As of March 31,	
2003	2002
750,000	750,000
250,000	250,000
1,000,000	1,000,000
465,128	464,931
465,128	464,931

Notes:

1. Of the above equity shares:

- i) 226,905,825 equity shares (2002: 226,905,825), have been allotted as fully paid bonus shares by capitalization of Share Premium of Rs. 32,639 and General Reserves of Rs 421,173.
- ii) 1,325,525 equity shares (2002: 1,325,525) have been allotted as fully paid-up, pursuant to a scheme of amalgamation, without payment being received in cash.
- iii) 3,162,500 shares representing 3,162,500 American Depository Receipts issued during 2000-2001 pursuant to American Depository offering by the Company.
- iv) 245,142 (2002: 146,839) equity share issued pursuant to Employee Stock Option Plan.

SCHEDULE 2 RESERVES AND SURPLUS

	As of April 1, 2002	Additions	Deductions	As of March, 31, 2003
Capital Reserves	9,500	-	-	9,500
	9,500	-	-	9,500
Capital Redemption Reserve	250,038	-	-	250,038
	250,038	-	-	250,038
Share Premium	6,386,235	106,612 (a)	-	6,492,847
	5,920,208	466,027	-	6,386,235
Revaluation Reserve	-	-	-	-
	890,072	-	890,072	-
Translation Reserve	-	-	568	(568)
	-	-	-	-
Deferred Stock Compensation	-	4,401	-	4,401
	-	-	-	-
Investment Allowance Reserve	-	-	-	-
	14,500	-	14,500	-
General Reserve	18,814,390	8,737,377 (e)	-	27,551,767
	12,100,305	9,146,130	2,432,045	18,814,390
	25,460,163	8,848,390	568	34,307,985
	19,184,623	9,612,157	3,336,617	25,460,163

Corresponding figures for 2002 are given below current year's figures

- a) Rs. 106,612 (2002: 35,414) pursuant to issue of shares under Employee Stock Option Plan and Rs. Nil (2002:Rs. 430,613) on account of amalgamation of Wipro Net Limited with Wipro Limited.
- b) Transfer to Profit and Loss account Rs. Nil (2002: Rs. 39,388) and reduction on account of sale of revalued assets and other adjustments Rs. Nil (2002: Rs. Nil). The net difference of Rs. 850,684 was adjusted against revaluation reserve as on March 31, 2002.
- c) Transfer to General Reserve Rs. Nil (2002: Rs. 14,500)
- d) Deficit arising on account of amalgamation of Wipro Net Limited with Wipro Limited (refer note 7 of schedule 19).
- e) Additions to General Reserves includes:

	March 31, 2003	March 31, 2002
Accumulated losses of subsidiaries as on March 31, 2001		(172,238)
Write back of diminution in value of investment in subsidiaries		108,196
Benefits arising on employee stock incentive plans		55,646
Deferred tax assets (net) as of March 31, 2001		47,647
Reserves of Wipro Equity Reward Trust as at March 31, 2001		470,355
Transfer from investment allowance reserve		14,500
Transfer from profit and loss account	7,942,659	8,622,024
<u>Equity in earnings of affiliates as of March 31, 2002:</u>		
Wipro GE medicals systems Ltd.	771,849	
WeP Peripherals Ltd.	22,869	
Total	8,737,377	9,146,130

WIPRO LIMITED

	Note Reference	<i>(Rs. In 000s)</i>	
		As of March 31,	
		2003	2002
SCHEDULE 3 SECURED LOANS			
From Banks			
Cash credit facility	a	495,687	204,997
From Financial Institutions			
Asset Credit Scheme	b	28,200	48,200
Development loan from Government of Karnataka	c	1,675	1,675
		525,562	254,872

Notes:

- a. Secured by hypothecation of stock-in trade, book debts, stores and spares, and secured/to be secured by a second mortgage over certain immovable properties.
- b. Secured by hypothecation of specific machinery / assets.
- c. Secured by a pari-passu second mortgage over immovable properties at Mysore and hypothecation of movable properties other than inventories, book debts and specific equipments referred to in Note a above.

	As of March 31,		
	2003	2002	
	SCHEDULE 4 UNSECURED LOANS		
Fixed Deposits			
	-	843	
Other Loans and Advances			
Interest free loan from Government	64,199	58,470	
Loans from state financial institutions	1,250	1,250	
	65,449	60,563	

SCHEDULE 5 FIXED ASSETS

Particulars	GROSS BLOCK				PROVISION FOR DEPRECIATION				NET BLOCK	
	As of April 1, 2002	Additions	Deductions / adjustments	As of March 31, 2003	As of April 1, 2002	Depreciation for the period	Deductions / adjustments	As of March 31, 2003	As of March 31, 2003	As of March 31, 2002
Land	584,916	159,958	-	744,874	5,510	3,537	-	9,047	735,827	579,406
Buildings	1,470,580	657,853	4,593	2,123,840	93,446	56,778	(23,483)	173,707	1,950,133	1,377,134
Railway siding	12	-	-	12	12	-	-	12	-	-
Plant and Machinery	6,299,405	1,997,118	462,353	7,834,170	3,869,116	1,467,114	280,413	5,055,817	2,778,353	2,430,289
Furniture fixture and equipment	1,280,868	327,644	37,424	1,571,088	601,525	246,740	27,286	820,979	750,109	679,343
Vehicles	420,843	201,539	55,668	566,714	189,832	101,459	31,675	259,616	307,098	231,011
Technical Know-how	10,378	-	-	10,378	9,949	429	-	10,378	-	429
Patents and trademark	2,034	-	-	2,034	890	269	-	1,159	875	1,144
Total	10,069,036	3,344,112	560,038	12,853,110	4,770,280	1,876,326	315,891	6,330,715	6,522,395	5,298,756

- a. Land includes leasehold land Rs 9,978 (2002: 9,978)
- b. Buildings:
- Includes shares worth Rs 2 (2002: Rs.2)
 - Includes leasehold land / property Rs 4,241 (2002: Rs. 4,241)
 - Is net of depreciation during construction period.

WIPRO LIMITED
SCHEDULE 6 INVESTMENTS

(Rs. In 000s except share numbers and face value)
All shares are fully paid up unless otherwise stated

	Number	Face value	As of March 31,	
			2003	2002
Investments - Long Term (at cost)				
Investment in Affiliates				
Wipro GE Medical Systems Ltd #			400,599	-
WeP Peripherals Ltd			133,460	-
			534,059	-
Investments in equity shares of other companies				
Quoted				
Trade Investments				
Dynamic Technologies Ltd	3732	Rs 10	66	66
Rasoi Ltd	112	Rs 10	2	2
Mannesmann Rexorth (India) Ltd	50	Rs 10	1	1
Oswal Agro Mills Ltd	80	Rs 10	3	3
DCM Ltd (sold during the year)	31	Rs 10	-	1
DCM Shriram Industries Ltd	55	Rs 10	2	2
DCM Shriram Consolidated Ltd	41	Rs 10	2	2
Shriram Industrial Enterprises Ltd	74	Rs 10	1	1
Zensar Technologies Ltd. (sold during the year)	75	Rs 10	-	2
The National Radio and Electronics Co. Ltd. (sold during the year)	100	Rs 10	-	2
Hindustan Lever Ltd.	6,240	Rs 10	17	17
Hindustan Motors Ltd.	200	Rs 10	4	4
Tata Engineering and Locomotive Co. Ltd.	80	Rs 10	2	2
Ashok Leyland Ltd. (sold during the year)	50	Rs 10	-	1
Ambalal Sarabhai Enterprises Ltd.	42	Rs 10	1	1
Nestle India Ltd. (sold during the year)	300	Rs 10	-	4
Surya Roshni Ltd. (sold during the year)	87	Rs 10	-	4
Cadbury India Ltd. (sold during the year)	80	Rs 10	-	10
Hindustan Dor Oliver Ltd. (sold during the year)	50	Rs 10	-	5
KSB Pumps Ltd.	50	Rs 10	11	11
Britannia Industries Ltd.	150	Rs 10	24	24
Exide Industries Ltd.	200	Rs 10	15	15
Amrit Banaspati Co. Ltd.	100	Rs 10	8	8
Procter & Gamble India Ltd.	50	Rs 10	13	13
Crompton Greaves Ltd.	50	Rs 10	7	7
Phillips (India) Ltd.	100	Rs 10	13	13
Velvette International Pharma Products Ltd.	100	Rs 10	2	2
International Best Foods Ltd.	240	Rs 10	12	12
Dynamic Technologies Ltd	100	Rs 10	1	1
HDFC Bank Ltd	100	Rs 10	1	1
			208	237
- Unquoted				
Wipro GE Medical Systems Ltd. #	4,900,000	Rs 10	-	49,000
Wipro Fluid Power Ltd	1,863,520	Rs. 10	-	-
Spectramind eServices Pvt. Ltd.	6,221,741	Rs 10	-	144,299
WeP Peripherals Limited	5,460,000	Rs 10	-	54,600
All Seasons Foods Ltd.	100	Rs. 10	2	2
Sylantro	1,00,000	US\$ 0.1	475	489
			477	248,390
Investments in preference shares / debentures of other Companies				
Unquoted				
Convertible preference shares in Wipro Fluid Power Ltd.	543,300	Rs. 100	-	-
12.5% unsecured convertible debentures of Wipro ePeripherals Ltd.	4,00,000	Rs. 100	-	40,000
Convertible preference shares in Spectramind eServices pvt. Ltd.	28,760,140	Rs. 10	-	215,701
			-	255,701
Other Investments (unquoted)				
Redeemable floating rate bonds of State Bank of India	2,500	Rs 1,000	-	2,500
Indira Vikas Patra			47,952	47,952
National Saving Certificates (held in custody by Andhra Pradesh Govt.)			6	-
Bonds of GE Capital Services India			-	-
			47,958	50,452
Investments – short term:				
in money market mutual funds				
Alliance Capital Mutual Fund (58,950,157 units redeemed during the year)			-	265,910
Pioneer ITI Mutual Fund (1,780,269 units redeemed during the year)	655,402		741,000	452,168
Prudential ICICI Mutual Fund (641,699,566 units redeemed during the year)	134,379,619		1,458,900	924,966
HDFC Mutual Fund (755,291,848 units redeemed during the year)	128,296,315		1,424,000	521,910
Standard Chartered Mutual Fund (375,473,889 units redeemed during the year)	97,548,026		1,007,400	230,320
Reliance Mutual Fund (212,175,406 units redeemed during the year)	60,600,412		626,100	505,064
Zurich India Mutual Fund (437,506,511 units redeemed during the year)	49,150,712		515,900	400,499
Franklin Templeton India Mutual Fund (51,971,479 units redeemed during the year)	16,883,724		252,800	98,842
Cholamandalam Mutual Fund (27,700,326 units redeemed during the year)	-		-	147,389
Kotak Mutual Fund (215,468,411 units redeemed during the year)	53,598,376		541,500	225,154
J M Mutual Fund (42,250,293 units redeemed during the year)	35,098,456		361,300	-
DSP Merrill Lynch Mutual Fund (25,382,298 units redeemed during the year)	17,553,140		182,500	-
SBI Insta Cash	4,678,936		63,000	-
Birla Mutual Fund (139,036,887 units redeemed during the year)	60,207,117		639,000	353,820
			7,813,400	4,126,042
			8,396,102	4,680,822
Total				

Notes :

Equity investments in this company carry certain restrictions on transfer of shares that are normally provided for in joint venture / venture funding Agreement.

(Rs. In 000s)

SCHEDULE 7 INVENTORIES

	As of March 31,	
	2003	2002
Stores and Spares	25,952	44,513
Raw Materials	398,216	439,930
Stock-in-process	119,028	84,722
Finished goods	467,331	365,435
	1,010,527	934,600

Basis of stock valuation:

Raw materials, stock-in-process and stores and spares at or below cost.

Finished products at cost or net realisable value, whichever is lower.

**SCHEDULE 8 SUNDRY DEBTORS
(Unsecured)**

Over Six Months		
Considered good	694,372	686,166
Considered doubtful	643,921	506,630
	1,338,293	1,192,796
Others		
Considered good	7,908,270	5,828,459
Considered doubtful	17,648	5,737
	7,925,918	5,834,196
Less: Provision for doubtful debts	661,569	512,367
	8,602,642	6,514,625

SCHEDULE 9 CASH AND BANK BALANCES

Cash and cheques on hand	498,387	299,481
Balances with scheduled banks		
On Current account	169,506	588,229
In Deposit account	1,468,034	100,295
Balances with other banks in current account		
Midland Bank, U K	428,915	146,146
Wells Fargo, U S A	1,575,159	1,081,773
Nations Bank	-	97,627
Deutsche Bank	-	487,942
Societe General	-	198,324
Bank of America	44,068	27,142
Standard Chartered Bank	312	-
Shanghai C&S Bank	1,181	-
South trust Bank	2,800	-
Hongkong & Shanghai Bank	13,462	-
Bank of Tokyo	8,230	-
First Chicago	-	976
Citibank	-	1,949
FCC National Bank	-	976
Chase Manhattan	-	1,025
Great Western Bank	25	24
	4,210,079	3,031,909
Maximum balances during the year		
Midland Bank, U K	780,682	387,177
Wells Fargo, U S A	2,396,512	986,037
Nations Bank	97,627	97,627
Deutsche Bank	487,942	487,942
Societe General	460,378	460,378
Bank of America	97,397	36,958
Standard Chartered Bank	5,276	-
Shanghai C&S Bank	3,655	-
South trust Bank	2,800	-
Hongkong & Shanghai Bank	13,462	-
Bank of Tokyo	8,230	-
First Chicago	979	390,806
Citibank	1,949	875,432
FCC National Bank	976	391,739
Chase Manhattan	1,025	421,815
Great Western Bank	25	24

(Rs. In 000s)

SCHEDULE 10 LOANS AND ADVANCES

(Unsecured, considered good unless otherwise stated)

	As of March 31,	
	2003	2002
Advances recoverable in cash or in kind or for value to be received		
Considered good	1,726,893	949,297
Considered doubtful	72,694	71,451
	<u>1,799,587</u>	<u>1,020,748</u>
Less: Provision for doubtful advances	72,694	71,451
	<u>1,726,893</u>	<u>949,297</u>
Certificate of deposits with foreign banks	2,463,056	5,287,219
Inter Corporate Deposits:		
GE Capital Services India	258,803	819,891
Citicorp Financial services Limited	27,000	-
ICICI Limited	-	1,245,200
	<u>285,803</u>	<u>2,065,091</u>
Other Deposits (refer note a)	637,206	549,089
Advance income-tax (net of provision)	747,021	243,485
Balances with excise and customs	16,699	38,821
Unbilled Services	1,380,944	953,808
	<u>7,257,622</u>	<u>10,086,810</u>

Note:

- a) Other Deposits include Rs 25,000 (2002: Rs. 25,000) security deposits for premises with a firm in which a director is Interested

SCHEDULE 11 LIABILITIES

Sundry Creditors	2,295,755	2,268,027
Unclaimed dividends	1,588	1,588
Advances from customers	755,942	870,030
Other liabilities	2,919,905	2,083,509
Unbilled Services	359,902	-
Interest accrued but not due on loans	176	301
	<u>6,333,268</u>	<u>5,223,455</u>

SCHEDULE 12 PROVISIONS

Employee retirement benefits	521,763	408,990
Proposed dividend	232,564	232,466
Tax on proposed dividend	29,797	-
Other Provision	-	11,700
	<u>784,124</u>	<u>653,156</u>

SCHEDULE 13 OTHER INCOME

	Year ended March 31,	
	2003	2002
Dividend from mutual funds	26,560	279,549
Dividend from companies	-	5,096
Interest on debt instruments	172,603	704,206
Interest on Income tax refund	54,120	49,081
Rental Income	25,266	19,227
Profit on Sale of Investments	410,360	-
Profit on disposal of fixed assets	7,243	36,251
Difference in exchange	297,085	214,187
Brand fees	53,016	53,016
Royalty	19,000	39,344
Provision no longer required written back	69,687	115,354
Miscellaneous Income	47,022	42,925
	<u>1,181,962</u>	<u>1,558,236</u>

Notes : Tax deducted at source Rs.119,430 (2002 : Rs. 130,897)

	Year ended March 31,	
	2003	2002
SCHEDULE 14 COST OF GOODS SOLD		
Raw materials, Finished and Process Stocks (refer - schedule 17)	7,767,033	7,952,910
Stores & Spares	172,383	184,958
Power and Fuel	336,840	307,910
Salaries, wages and bonus	5,288,348	3,764,212
Contribution to provident and other funds	191,756	142,424
Gratuity and pension	173,594	121,232
Workmen and Staff welfare	148,538	152,111
Insurance	25,423	16,797
Repairs to factory buildings	11,986	10,790
Repairs to Plant & Machinery	421,170	116,510
Rent	217,650	203,855
Rates & Taxes	30,746	11,933
Packing	82,661	65,062
Travelling and allowances	8,472,040	5,493,320
Depreciation	1,180,833	1,109,220
Technical fees	207,290	136,439
Miscellaneous	2,866,433	1,838,679
Less: Capitalized	(155,995)	(76,268)
	27,438,729	21,552,094

SCHEDULE 15 SELLING GENERAL AND ADMINISTRATIVE EXPENSES

Salaries, wages and bonus	1,294,086	798,648
Contribution to provident and other funds	38,629	26,225
Gratuity and pension	38,876	33,018
Workmen and Staff welfare	146,407	116,450
Insurance	10,385	6,108
Repairs to buildings	3,943	3,781
Rent	128,248	119,463
Rates and taxes	66,624	21,764
Carriage and freight	116,466	165,071
Commission on sales	67,756	108,583
Auditors' remuneration and expenses		
Audit fees	6,567	3,522
For certification including tax audit	1,410	969
Reimbursement of expenses	505	859
Advertisement and sales promotion	405,804	316,252
Loss on sale of fixed assets	6,470	10,648
Directors' fees	128	800
Depreciation	391,417	319,018
Travelling and allowances	2,554,828	1,585,260
Communication	221,399	112,765
Provision/write off of bad debts	180,046	265,224
Diminution in value of investments (mutual fund units)	-	163,147
Miscellaneous	762,583	621,274
	6,442,577	4,798,849

(Rs. In 000s)

SCHEDULE 16 INTERESTOn fixed loans
Other

Year ended March 31,	
2003	2002
6,022	9,124
24,223	20,573
30,245	29,697

SCHEDULE 17 RAW MATERIALS, FINISHED AND PROCESS STOCKS**Consumption of raw materials and bought out components**

Opening stocks	439,930	499,536
Add: Purchases	4,688,657	3,720,523
Less: Transfer on sale of undertaking	-	46,496
Less: Closing stocks	398,216	439,930
	4,730,371	3,733,633

Purchase of finished products for sale

3,172,864	4,206,410
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(Increase)/decrease in finished and process stocks

Opening stock	: In process	84,722	121,190
	: Finished products	365,435	487,115
Less: Transfer on sale of undertaking	: In Process		81,002
	: Finished Products		64,279
Less: Closing stocks	: In process	119,028	84,722
	: Finished products	467,331	365,435
		(136,202)	12,867
		7,767,033	7,952,910

SCHEDULE 18 NON - RECURRING / EXTRAORDINARY ITEMS

Loss of discontinued ISP business

352,195
352,195

SCHEDULE –19 SIGNIFICANT ACCOUNTING POLICIES

Accounting convention

The preparation of consolidated financial statements in conformity with Indian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, revenues and expenses and disclosure of contingent assets and liabilities. Actual results could differ from these estimates.

Basis of preparation of financial statements -

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

Principles of consolidation -

The consolidated financial statements include the financial statements of Wipro and all of its subsidiaries, which are more than 50% owned and controlled and its affiliates where the Company holds more than 20% control. All material inter-company accounts and transactions are eliminated on consolidation. The company accounts for investments by the equity method where its investment in the voting stock gives it the ability to exercise significant influence over the investee.

Revenue recognition

- Sales include applicable sales tax unless separately charged, export incentives, and are net of discounts.
- Sales are recognized on despatch, except in the following cases:
 - Consignment sales are recognized on receipt of statement of account from the agent
 - Sales, which are subject to detailed acceptance tests, revenue is reckoned based on milestones for billing, as provided in the contracts
 - Revenue from software development services includes revenue from time and material and fixed price contracts. Revenue from time and material contracts are recognized as related services are performed. With reference to fixed price contracts is recognized in accordance with percentage of completion method of accounting
- Export incentives are accounted on accrual basis and include estimated realizable values/benefits from special import licenses and Advance licenses.
- Agency commission is accrued on shipment of consignment by principal.
- Maintenance revenue is considered on acceptance of the contract and is accrued over the period of the contract.
- Other income is recognized on accrual basis.

Fixed Assets and Depreciation

Fixed assets were revalued in March 1997. In January 2002 the revaluation reserves were reversed against the carrying value of fixed assets. Consequently, fixed assets are now stated at historical cost less depreciation.

Interest on borrowed money allocated to and utilized for fixed assets, pertaining to the period up to the date of capitalization and other revenue expenditure incurred on new projects is capitalized. Assets acquired on hire purchase are capitalized at the gross value and interest thereon is charged to Profit and Loss account. Renewals and replacement are either capitalized or charged to revenue as appropriate, depending upon their nature and long-term utility.

In respect of leased assets, lease rentals payable during the year is charged to Profit and Loss account.

Depreciation is provided on straight line method at rates specified in Schedule XIV to the Companies Act, 1956, except on computers, furniture and fixture, office equipment, electrical installations (other than those at factories) and vehicles for which commercial rates are applied. Technical know-how is amortized over six years. In Wipro Inc, Entthink Inc and Wipro Japan KK depreciation is provided on Written Down Value method.

Investments

Long term Investments are stated at cost and short term investments are valued at lower of cost and net realizable value. Diminution in value is provided for where the management is of the opinion that the diminution is of permanent nature.

Inventories

Finished goods are valued at cost or net realizable value, whichever is lower. Other inventories are valued at cost less provision for obsolescence. Indigenously developed software products are valued at cost, which reflects their remaining economic life. Small value tools and consumables are charged to consumption on purchase. Cost is computed on weighted average basis.

Provision for retirement benefits

For employees covered under group gratuity scheme of LIC, gratuity charged to Profit and Loss account is on the basis of premium demanded by LIC. Provision for gratuity (for certain category of employees) and leave benefit for employee's is determined as per actuarial valuation at the year end. Defined contributions for provident fund and pension are charged to the Profit and Loss account based on contributions made in terms of applicable schemes, after netting off the amounts rendered surplus on account of employees separated from the Company.

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Deferred Tax

Tax expenses charged to Profit and Loss account is after considering deferred tax impact for the timing difference between accounting income and tax income.

Foreign currency transactions

Foreign currency transactions are recorded at the spot rate at the beginning of the concerned month. Year end balances of foreign currency assets and liabilities are restated at the closing rate/forward contract rate, as applicable. Resultant differences in respect of liabilities relating to acquisition of fixed assets are capitalized. Other differences on restatement or payment are adjusted to revenue account.

Forward premium in respect of forward exchange contracts are recognized over the life of the contract, except that premium relating to foreign currency loans for the acquisition of fixed assets are capitalized

Research and Development

Revenue expenditure on research and development is charged to Profit and Loss account and capital expenditure is shown as addition to fixed assets.

NOTES TO ACCOUNTS

1. Goodwill arising on account of acquisition of subsidiaries and affiliates is not being amortized. Goodwill in the balance sheet represents goodwill arising on acquisition of the following:

	<i>(Rs. In 000s)</i>
Wipro Fluid Power Limited	18,271
Spectramind e Services Private Limited	3,775,693
Wipro Healthcare IT Limited	175,012
Global energy practice of AMS Inc.	1,038,267
	<u>5,007,243</u>

2. Acquisition of Spectramind

In July 2002, the Company acquired controlling equity interest in Spectramind e Services Private Limited ("Spectramind"), a leading IT-enabled service provider in India providing remote processing services to large global corporations in the US, UK, Australia and other developed markets. The shares and warrants acquired, together with shares previously held by the Company, represent 89% of the outstanding shares of Spectramind. The aggregate purchase price for the acquisition, including the cost of acquisition of the shares previously held by the Company, was Rs. 4,176,552. In September 2002, the company acquired an additional 3% of the outstanding shares for Rs 169,638. Further the company has acquired the remaining equity interest for Rs. 304,115. The results of operations of Spectramind are consolidated in the Company's financial statements from July 1, 2002.

The Company has also entered into a call and put option arrangement with the management team and employees of Spectramind to acquire the unvested options. The put and call option can be exercised, at the fair market value, during the six month period commencing from 190 days from the date of exercise of the options.

The excess of consideration paid over the book value of assets acquired has been recognized as goodwill. The details of consideration paid, book value of assets acquired and goodwill arising from the acquisition is outlined below :

	<i>(Rs. In 000s)</i>
Cash and bank balances	193,245
Net current assets	681,367
Goodwill	3,775,693
	<u>4,650,305</u>

3. Acquisition of Wipro Healthcare IT Limited (WHCIT)

In August 2002, Wipro Limited acquired 60% equity interest in Wipro Healthcare IT Limited (WHCIT), an India based company engaged in the development of health care related software, and the technology rights in the business of WHCIT from GE group for a consideration of Rs. 180,776. Further the company has acquired the remaining equity interest for Rs. 96,980.

The excess of consideration paid over the book value of assets acquired has been recognized as goodwill. The details of consideration paid, book value of assets acquired and goodwill arising from the acquisition is outlined below:

	<i>(Rs. In 000s)</i>
Cash and bank balances	35,119
Current assets	33,682
Intangible assets	33,943
Goodwill	175,012
	<u>277,756</u>

4. In December 2002, the Company acquired the global energy practice of American Management Systems for an aggregate consideration of Rs. 1,180,415. The global energy practice, which addresses the IT requirements of enterprises in energy and utilities sector, has a team of 90 domain experts and IT consultants with expertise in the areas of complex billing and settlement in energy markets, systems integration, enterprise application integration, and program management capabilities. The excess of consideration paid over the book value of assets acquired has been recognized as goodwill. The details of consideration paid, book value of assets acquired and goodwill arising from the acquisition is outlined below.

	<i>(Rs. In 000s)</i>
Fixed Assets	15,586
Receivables	111,308
Goodwill	1,038,267
	1,165,161

5. The company has a 49% equity interest in Wipro GE Medical Systems Limited (WGE), a joint venture with General Electric, USA. The joint venture agreement provides specific rights to the joint venture partners. The rights conferred to Wipro are primarily protective in nature. Therefore, in accordance with the guidance in Accounting Standard 27 "Financial Reporting of Investments in Joint Ventures" the investments in Wipro GE have been accounted for by equity method and not by proportionate consolidation method.

Investments in Wipro e Peripherals have been accounted for by equity method.

6. The Company was engaged in the business of providing corporate ISP services. Based on a review of this business, the company decided to discontinue the existing infrastructure based ISP business, but continue with the managed network and remote management services. Managed network and remote management services are currently being offered as part of total IT solutions. In June 2002, the management formally approved a plan to discontinue the infrastructure based corporate ISP services. The costs associated with the discontinuance including asset impairment charges and other exit costs have been reflected as extraordinary expenses.

The customers are being transitioned to an independent service provider. The consideration payable by the service provider to the Company is dependent on the occurrence of certain contingent events.

The total consideration received is Rs. 25 Mn and is adjusted against the extraordinary loss arising out of the same.

In addition deferred consideration is receivable based on revenue generated by transferred customers over one year period. Such consideration will be determined only at a future date and will be accounted on crystallization.

7. During fiscal 2002, the company acquired 1,791,385 shares, representing 8% of the equity capital of Wipro Net Limited (WNL). Consequent to this investment, WNL has become a fully owned subsidiary of the Company. The board of directors of both the companies decided to amalgamate WNL into the company with effect from April 2001. Accordingly, the Karnataka High Court approved the scheme of amalgamation. The scheme of amalgamation has been given effect to in the accounts of the Company for the year ended March 31, 2002, on the pooling of interest method. The share premium of WNL is credit to Wipro Limited. The deficit of Rs. 2,432,045 arising on amalgamation as detailed below was transferred to General Reserve:

	<i>(Rs. In 000s)</i>	
Fixed Assets	433,507	
Net Current Assets	71,753	
Less: Loans	90,000	
Net Tangible assets as of March 31, 2001		415,260
Less: Investments in WNL by the Company		2,416,692
Less: Share premium		430,613
Deficit transferred to General Reserve		2,432,045

8. Deferred tax credit for the current year is Rs. 28,597(2002: 290,097 (debit)). The breakup of net deferred asset is given below:

	<i>(Rs. In 000s)</i>	
	March 31, 2003	March 31,2002
Deferred tax assets:		
Allowance for doubtful debts	87,070	76,761
Property plant and equipment	74,272	(6,809)
Employee stock incentive plan	38,902	61,695
Accrued expenses	103,133	48,842
Business losses carried forward	162,532	182,981
Diminution in investments	-	58,333
	465,909	421,803

9. Provision for taxation comprises of following:
- Rs. 556,117 (2002: Rs. 388,837) in respect of foreign taxes, net of deferred tax benefit of Rs. 29,050 (2002: Rs. 53,967) and write back of provision of Rs. 27,643 (2002: 87,189) in respect of earlier year
 - Rs. 627,899 (2002: 337,163) in respect of Indian Income Tax, net of tax benefit from discontinued business of Rs. 156,236, net of deferred tax expense of Rs. 101,443 (2002: Rs. 236,130) and write back of provision of Rs.200, 850 (2002: Rs. 19,921) in respect of earlier years.
 - Rs.2,500 (2002: Rs. 3,000) in respect of Wealth Tax.
10. Company has instituted various Employee Stock Option Plans. The compensation committee of the board evaluates the performance and other criteria of employees and approves the grant of options. These options vest with employees over a specified period subject to fulfillment of certain conditions. Upon vesting, employees are eligible to apply and secure allotment of Company's shares at a price determined on the date of grant of options. The particulars of options granted under various plans is tabulated below.
Stock option activity under the 1999 Plan is as follows:

	Year ended March 31, 2003			
	Shares arising out of options	Range of exercise prices and grant date fair values	Weighted-average exercise price and grant date fair values	Weighted-average remaining contractual life
Outstanding at the beginning of the period.....	3,885,958	Rs. 1,024 to 2,522	Rs. 1,550	47 months
Granted during the period.....	-	-	-	-
Forfeited during the period.....	(163,677)	1,086 to 1,853	1,599	
Exercised during the period	(97,903)	1,086	1,086	
Outstanding at the end of the period.....	<u>3,624,378</u>	<u>1,024 to 2,522</u>	<u>1,560</u>	<u>36 months</u>
Exercisable at the end of the period.....	<u>1,189,166</u>	<u>Rs. 1,024 to 2,522</u>	<u>Rs. 1,448</u>	<u>35 months</u>

Stock option activity under the 2000 Plan is as follows:

	Year ended March 31, 2003			
	Shares arising out of options	Range of exercise prices and grant date fair values	Weighted-average exercise price and grant date fair values	Weighted-average remaining contractual life
Outstanding at the beginning of the period.....	8,472,514	Rs. 1,032 to 2,746	1,846	58 months
Granted during the period.....	99,550	Rs. 1,526 to 1,691	1,495	54 months
Forfeited during the period.....	(471,150)	Rs. 1,032 to 2,651	1,899	
Exercised during the period	(400)	Rs. 1,032 to 1,338	1,215	
Outstanding at the end of the period.....	<u>8,100,514</u>	<u>Rs. 1,032 to 2,746</u>	<u>1,839</u>	<u>46 months</u>
Exercisable at the end of the period.....	<u>1,731,730</u>	<u>Rs. 1,032 to 2,746</u>	<u>1,884</u>	<u>46 months</u>

Stock option activity under the 2000 ADS Plan is as follows:

	Year ended March 31, 2003			
	Shares arising out of options	Range of exercise prices and grant date fair values	Weighted-average exercise price and grant date fair values	Weighted-average remaining contractual life (months)
Outstanding at the beginning of the period.....	647,450	\$ 20.75 to 41.375	\$ 37.660	55 months
Granted during the period.....	88,300	\$ 26.10 to 30.050	\$ 27.950	54 months
Forfeited during the period.....	(35,400)	\$ 29.30 to 36.400	\$ 29.620	—
Outstanding at the end of the period.....	<u>700,350</u>	<u>\$ 20.75 to 41.375</u>	<u>\$ 36.840</u>	<u>43 months</u>
Exercisable at the end of the period.....	<u>446,152</u>	<u>\$ 25.90 to 41.375</u>	<u>\$ 36.460</u>	<u>47 months</u>

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11. The details of subsidiaries and affiliates are as follows -

a) Name of the subsidiary	Country of Incorporation	% Holding
Wipro Fluid Power Limited	India	98%
Wipro Inc	USA	100%
Enthink Inc	USA	- *
Wipro Japan KK	Japan	100%
Wipro Prosper Limited	India	100%
Wipro Trademarks holding Limited	India	100%
Wipro Travel services Limited	India	100%
Wipro Healthcare IT Limited	India	100%
Wipro Spectramind eServices Limited	India	100%
Wipro Technology Inc.	USA	- *
Wipro Holdings Mauritius Limited	Mauritius	100%
Wipro Holdings UK Limited	UK	-#
Wipro Technology UK Limited	UK	-@
b) Wipro Equity Reward Trust	India	Fully controlled trust
c) Name of the affiliate		
Wipro GE Medical Systems Limited	India	49%
WeP Peripherals Limited	India	38.15%

* Fully owned by Wipro Inc.

Fully owned by Wipro Holdings Mauritius Limited

@Fully owned by Wipro Holdings UK Limited

- Diluted EPS is calculated based on treasury stock method for ESOP outstanding.
- Amount received from employees on exercise of stock option, pending allotment of shares is shown as share application money pending allotment.
- Corresponding figures for previous periods presented have been regrouped, where necessary, to confirm to this period classification. Current period figures are not comparable with the previous period figures to the extent of WeP Peripherals Limited and Wipro GE Medical Systems Limited which are consolidated as per Accounting Standard 23 and other subsidiaries acquired during the current period.

WIPRO LIMITED**CASH FLOW STATEMENT**

(Rs. In 000s)

	Year ended March 31,	
	2003	2002
Cash flows from operating activities:		
Profit before tax from continuing operations	10,317,484	9,707,309
Adjustments to reconcile Net profit before tax and non recurring items to net cash provided by operating activities:		
Depreciation and amortization	1,568,487	1,256,011
Foreign currency translation gains	(297,085)	(119,637)
Retirement benefits provision	112,773	(6,413)
Others		(12,676)
Interest on borrowings	30,245	28,941
Dividend / interest	(633,398)	(873,941)
Loss / (Gain) on sale of property, plant and equipment	6,470	(25,603)
Operating cash flow before changes in working capital	11,104,976	9,953,991
Trade and other receivable	(1,919,285)	(221,660)
Loans and advances	(729,342)	(778,532)
Inventories (other than stock-in-trade land)	(75,927)	217,929
Trade and other payables	803,940	566,620
Net cash provided by operations	9,184,362	9,738,348
Direct taxes paid	(1,848,699)	(1,199,885)
Net cash provided by continuing operations	7,335,663	8,538,463
Net cash provided by discontinuing operations	27,284	13,679
Net cash provided by operations	7,362,947	8,552,142
Cash flows from investing activities:		
Expenditure on property, plant and equipment (including advances)	(2,523,048)	(2,433,022)
Proceeds from sale of property, plant and equipment	103,530	194,650
Purchase of investments	(41,182,961)	(5,709,805)
Inter Corporate deposits placed / matured	1,779,288	(963,300)
Certificate of Deposits with foreign banks	2,824,163	(1,961,111)
Sale / maturities on Investments	37,904,824	145,468
Payment for acquisition, net of cash acquired	(5,484,793)	-
Dividend received	75,560	284,645
Interest received (net)	169,918	560,355
Net cash used in investing activities	(6,333,519)	(9,882,120)
Cash flows from financing activities:		
Proceeds from exercise of Stock Option Plan grants	106,809	35,479
Share application money pending allotment	(1,177)	-
Dividends paid	(232,466)	(128,071)
Proceeds from issuance / (repayment) of borrowings	275,576	(133,886)
Net cash provided by/(used in) financing activities	148,742	(226,478)
Net increase/ (decrease) in cash and cash equivalents during the year	1,178,170	(1,556,456)
Cash and cash equivalents at the beginning of the period	3,031,909	4,588,365
Cash and cash equivalents at the end of the period	4,210,079	3,031,909

Notes:

Figures for previous periods presented, have been regrouped wherever necessary, to confirm to this period classification.

For and on behalf of the Board of Directors

Azim Hasham Premji
Chairman and Managing Director

N Vaghul
Director

P M Sinha
Director

Suresh C. Senapaty
Corporate Executive
Vice President - Finance

Satish Menon
Corporate Vice President –
Legal & Company Secretary

Bangalore, April 17, 2003

AUDITOR'S CERTIFICATE

We have examined the above cash flow statement of Wipro Limited – consolidated for the year ended March 31, 2003. This statement is based on and in agreement with the corresponding Profit and Loss Account and Balance Sheet of the Company for the year ended March 31, 2003, covered by our report of even dated.

For N M Rajji & Co.,
Chartered Accountants

J M Gandhi
Partner

Mumbai, April 17, 2003.
