

## CONSOLIDATED BALANCE SHEET

(Rs. In 000s)

	Schedule	As of June 30,		As of March 31,
		2003	2002	2003
<b>SOURCES OF FUNDS</b>				
<b>Shareholders' funds</b>				
Share Capital	1	465,133	464,986	465,128
Share application money pending allotment (refer note 11)		-	283	1,222
Reserves and Surplus	2	36,320,382	27,725,834	34,307,985
		<b>36,785,515</b>	28,191,103	34,774,335
<b>Loan Funds</b>				
Secured loans	3	150,705	431,506	525,562
Unsecured loans	4	81,958	61,214	65,449
<b>Minority Interest</b>		<b>82,398</b>	30,000	2,229
		<b>315,061</b>	522,720	593,240
<b>Total</b>		<b>37,100,576</b>	28,713,823	35,367,575
<b>APPLICATION OF FUNDS</b>				
<b>Fixed Assets</b>				
Goodwill (refer note 1)		5,342,683	12,670	5,007,243
Gross block	5	12,816,358	10,021,674	12,853,110
Less : Depreciation		6,150,648	5,132,150	6,330,715
<i>Net Block</i>		<b>12,008,393</b>	4,902,194	11,529,638
Capital work-in-progress and advances		1,256,614	1,319,296	1,011,471
		<b>13,265,007</b>	6,221,490	12,541,109
<b>Investments</b>	6	<b>13,303,516</b>	6,619,512	8,396,102
<b>Deferred tax assets</b> (refer note 7)		<b>481,963</b>	503,923	465,909
<b>Current assets, loans and advances</b>				
Inventories	7	1,176,917	896,763	1,010,527
Sundry Debtors	8	8,509,954	6,495,885	8,602,642
Cash and Bank balances	9	2,360,616	5,406,484	4,210,079
Loans and advances	10	5,523,657	8,215,309	7,257,622
		<b>17,571,144</b>	21,014,441	21,080,870
<b>Current liabilities and provisions</b>				
Liabilities	11	6,665,648	4,950,755	6,333,268
Provisions	12	856,383	695,547	784,124
		<b>7,522,031</b>	5,646,302	7,117,392
<b>Net Current Assets</b>				
Miscellaneous expenditure (to the extent not written off or adjusted)		977	759	977
<b>Total</b>		<b>37,100,576</b>	28,713,823	35,367,575
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. Rajji & Co.,  
Chartered AccountantsJ.M.Gandhi  
PartnerAzim Hasham Premji  
Chairman and Managing DirectorN Vaghul  
DirectorDr. Jagdish N Sheth  
DirectorSuresh C. Senapaty  
Corporate Executive Vice President -  
FinanceSatish Menon  
Corporate Vice President – Legal &  
Company Secretary

Mumbai, July 18, 2003

Bangalore, July 18, 2003

## CONSOLIDATED PROFIT AND LOSS ACCOUNT

(Rs. in 000s)

	Schedule	Three months ended June 30, Year ended March 31,		
		2003	2002	2003
<b>INCOME</b>				
Gross Sales and Services		12,237,608	9,218,305	43,572,657
<b>Less:</b> Excise Duty		371,087	170,608	707,169
Net Sales and Services		11,866,521	9,047,697	42,865,488
Other Income	13	274,111	404,577	1,181,962
		12,140,632	9,452,274	44,047,450
<b>EXPENDITURE</b>				
Cost of goods sold	14	7,690,931	5,831,548	27,438,729
Selling, general and administrative expenses	15	2,093,687	1,415,509	6,442,577
Interest	16	5,776	8,378	30,245
		9,790,394	7,255,435	33,911,551
<b>PROFIT BEFORE TAXATION:</b>				
Continuing Operations		2,350,238	2,329,408	10,317,484
Discontinuing Operations		-	(132,569)	(181,585)
<b>Total</b>		2,350,238	2,196,839	10,135,899
<b>PROVISION FOR TAXATION: (refer note 8)</b>				
Continuing Operations		231,902	290,881	1,342,752
Discontinuing Operations		-	(48,719)	(66,733)
<b>Total</b>		231,902	242,162	1,276,019
<b>PROFIT FOR THE PERIOD BEFORE EXTRAORDINARY ITEMS:</b>				
Continuing Operations		2,118,336	2,038,527	8,974,732
Discontinuing Operations		-	(83,850)	(114,852)
<b>Total</b>		2,118,336	1,954,677	8,859,880
Loss on discontinuance of ISP business	18	-	(408,319)	(352,195)
Tax benefit on above		-	103,500	89,503
Net loss on discontinuance of ISP business		-	(304,819)	(262,692)
<b>PROFIT FOR THE PERIOD BEFORE MINORITY INTEREST / EQUITY IN EARNINGS OF AFFILIATES:</b>				
		2,118,336	1,649,858	8,597,188
Minority Interest		(3,652)	(2,458)	(36,908)
Equity in earnings / (losses) of affiliates		(53,941)	(206,000)	(355,260)
<b>PROFIT FOR THE PERIOD</b>		2,060,743	1,441,400	8,205,020
<b>Appropriations</b>				
Proposed Dividend on equity shares		-	-	232,564
Tax on distribution of Dividend		-	-	29,797
<b>Transfer to balance sheet</b>		2,060,743	1,441,400	7,942,659
<b>Earnings per share (in Rs.)</b>				
<b>Basic</b>				
On profit for the period from continuing operations		9.16	8.82	38.83
On losses of discontinued ISP business		-	(0.36)	(0.50)
On extraordinary items		-	(1.32)	(1.14)
On equity in earnings of affiliates / minority interest		(0.25)	(0.90)	(1.70)
On profit for the period		8.91	6.24	35.49
<b>Diluted</b>				
On profit for the period from continuing operations		9.16	8.80	38.75
On losses of discontinued ISP business		-	(0.36)	(0.50)
On extraordinary items		-	(1.32)	(1.13)
On equity in earnings of affiliates / minority interest		(0.25)	(0.90)	(1.69)
On profit for the period		8.91	6.22	35.43
<b>Number of shares</b>				
Basic		231,262,872	231,161,319	231,204,325
Diluted		231,262,872	231,678,987	231,572,448
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  
DirectorDr. Jagdish N Sheth  
DirectorSuresh C. Senapaty  
Corporate Executive Vice President -  
FinanceSatish Menon  
Corporate Vice President – Legal &  
Company Secretary

Mumbai, July 18, 2003

Bangalore, July 18, 2003

(Rs. In 000s, except share numbers)

**SCHEDULE 1 SHARE CAPITAL**

**Authorised**

375,000,000 (2003: 375,000,000; 2002: 375,000,000) Equity shares of Rs 2 each

2,500,000 (2003: 2,500,000; 2002: 2,500,000) 10.25 % Redeemable Cumulative Preference Shares of Rs 100 each

**Issued, subscribed and paid-up**

232,566,482 (2003: 232,563,992; 2002: 232,465,689) equity shares of Rs 2 each

	As of June 30,		As of March 31,
	2003	2002	2003
	750,000	750,000	750,000
	250,000	250,000	250,000
	1,000,000	1,000,000	1,000,000
	465,133	464,986	465,128
	465,133	464,986	465,128

Notes:

1. Of the above equity shares:

- i) 226,905,825 equity shares (2003: 226,905,825; 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 (2003: 1,325,525; 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) 247,632 (2003: 245,142; 2002: 174,093) equity share issued pursuant to Employee Stock Option Plan.

**SCHEDULE 2 RESERVES AND SURPLUS**

	As of April 1, 2003	Additions	Deductions	As of June 30, 2003
<b>Capital Reserves</b>	<b>9,500</b>	-	-	<b>9,500</b>
	9,500	-	-	9,500
	9,500	-	-	9,500
<b>Capital Redemption Reserve</b>	<b>250,038</b>	-	-	<b>250,038</b>
	250,038	-	-	250,038
	250,038	-	-	250,038
<b>Share Premium</b>	<b>6,492,847</b>	<b>2,699</b> (a)	-	<b>6,495,546</b>
	6,386,235	29,553	-	6,415,788
	6,386,235	106,612	-	6,492,847
<b>Translation Reserve</b>	<b>(568)</b>	<b>(46,644)</b> (b)	-	<b>(47,212)</b>
	-	-	-	-
	-	(568)	-	(568)
<b>Deferred Stock Compensation</b>	<b>4,401</b>	-	<b>4,401</b>	-
	-	-	-	-
	-	<b>4,401</b>	-	<b>4,401</b>
<b>Profit &amp; Loss account</b>		<b>2,060,743</b>		<b>2,060,743</b>
		1,441,400		1,441,400
<b>General Reserve</b>	<b>27,551,767</b>	-	-	<b>27,551,767</b>
	18,814,390	794,718	-	19,609,108
	18,814,390	8,737,377	(c)	27,551,767
	<b>34,307,985</b>	<b>2,016,798</b>	<b>4,401</b>	<b>36,320,382</b>
	25,460,163	2,265,671	-	27,725,834
	25,460,163	8,847,822	-	34,307,985

Corresponding figures for 2003 and 2002 are given below current year's figures

a) Rs. 2,699 (2003: 106,612; 2002: 29,553) pursuant to issue of shares under Employee Stock Option Plan.

b) Translation reserves arising on account of translation of foreign subsidiaries with non-integral operation.

c) Additions to General Reserves includes:

	June 30, 2003	June 30, 2002	March 31, 2003
Transfer from profit and loss account	-	-	7,942,659
<u>Equity in earnings of affiliates as of March 31, 2002:</u>			
Wipro GE medicals systems Ltd.	-	771,849	771,849
WeP Peripherals Ltd.	-	22,869	22,869
Total	-	794,718	8,737,377

		<i>(Rs. In 000s)</i>		
		<b>As of June 30,</b>		<b>As of March 31,</b>
		<b>2003</b>	<b>2002</b>	<b>2003</b>
<b>SCHEDULE 3 SECURED LOANS</b>				
<b>From Banks</b>				
Cash credit facility	a	<b>120,830</b>	381,631	<b>495,687</b>
<b>From Financial Institutions</b>				
Asset Credit Scheme	b	<b>28,200</b>	48,200	<b>28,200</b>
<b>Development loan from Government of Karnataka</b>	c	<b>1,675</b>	1,675	<b>1,675</b>
		<b>150,705</b>	431,506	<b>525,562</b>

**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.

		<b>As of June 30,</b>		<b>As of March 31,</b>
		<b>2003</b>	<b>2002</b>	<b>2003</b>
<b>SCHEDULE 4 UNSECURED LOANS</b>				
Interest free loan from Government		<b>80,708</b>	59,964	<b>64,199</b>
Loans from state financial institutions		<b>1,250</b>	1,250	<b>1,250</b>
		<b>81,958</b>	61,214	<b>65,449</b>

**SCHEDULE 5 FIXED ASSETS**

Particulars	GROSS BLOCK				PROVISION FOR DEPRECIATION				NET BLOCK	
	As of April 1, 2003	Additions	Deductions / adjustments	As of June 30, 2003	As of April 1, 2003	Depreciation for the period	Deductions / adjustments	As of June 30, 2003	As of June 30, 2003	As of March 31, 2003
Land	744,874	-	-	744,874	9,047	884	-	9,931	734,943	735,827
Buildings	2,123,840	17,995	-	2,141,835	173,707	19,125	-	192,832	1,949,003	1,950,133
Railway siding	12	-	-	12	12	-	-	12	-	-
Plant and Machinery	7,834,170	420,767	606,969	7,647,968	5,055,817	291,851	554,422	4,793,246	2,854,722	2,778,353
Furniture fixture and equipment	1,571,088	42,937	34,550	1,579,475	820,979	60,687	30,282	851,384	728,091	750,190
Vehicles	566,714	48,595	11,161	604,148	259,616	29,615	5,332	283,899	320,249	307,098
Technical Know-how	10,378	33,943	-	44,321	10,378	1,697	(4,520)	16,595	27,726	-
Patents and trademark	2,034	51,691	-	53,725	1,159	1,590	-	2,749	50,976	875
<b>Total</b>	<b>12,853,110</b>	<b>615,928</b>	<b>652,680</b>	<b>12,816,358</b>	<b>6,330,715</b>	<b>405,449</b>	<b>585,516</b>	<b>6,150,648</b>	<b>6,665,710</b>	<b>6,522,395</b>

a. Land includes leasehold land Rs 9,978 (2003: 9,978; 2002: 9,978)

b. Buildings:

i) Includes shares worth Rs 2 (2003:2; 2002: Rs.2)

ii) Includes leasehold land / property Rs 4,241 (2003: 4,241; 2002: Rs. 4,241)

iii) 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 June 30,		As of March 31,
			2003	2002	2003
<b>Investments - Long Term (at cost)</b>					
<b>Investment in Affiliates</b>					
Wipro GE Medical Systems Ltd #			346,267	568,159	400,599
WeP Peripherals Ltd			133,850	115,160	133,460
			<b>480,117</b>	<b>683,319</b>	<b>534,059</b>
<b>Investments in equity shares of other companies</b>					
<b>Quoted</b>					
<b>Trade Investments</b>					
Dynamatic Technologies Ltd	3732	Rs 10	66	66	66
Rasoi Ltd	112	Rs 10	2	2	2
Mannesmann Rexorth (India) Ltd	50	Rs 10	1	1	1
Oswal Agro Mills Ltd	80	Rs 10	3	3	3
DCM Ltd (sdd during the year)	31	Rs 10	-	1	-
DCM Shriram Industries Ltd	55	Rs 10	2	2	2
DCM Shriram Consolidated Ltd (sold during the year)	41	Rs 10	-	2	2
Shriram Industrial Enterprises Ltd	74	Rs 10	1	1	1
Zensar Technologies Ltd.	75	Rs 10	-	2	-
The National Radio and Electronics Co. Ltd.	100	Rs 10	-	2	-
Hindustan Lever Ltd. (sold during the year)	6,240	Rs 10	-	17	17
Hindustan Motors Ltd. (sold during the year)	200	Rs 10	-	4	4
Tata Engineering and Locomotive Co. Ltd.	80	Rs 10	2	2	2
Ashok Leyland Ltd.	50	Rs 10	-	1	-
Ambalal Sarabhai Enterprises Ltd.	42	Rs 10	1	1	1
Nestle India Ltd.	300	Rs 10	-	4	-
Surya Roshni Ltd.	87	Rs 10	-	4	-
Cadbury India Ltd.	80	Rs 10	-	10	-
Hindustan Dor Oliver Ltd.	50	Rs 10	-	5	-
KSB Pumps Ltd. (Sold during the year)	50	Rs 10	-	11	11
Britannia Industries Ltd. (sold during the year)	150	Rs 10	-	24	24
Exide Industries Ltd. (sold during the year)	200	Rs 10	-	15	15
Amrit Banaspati Co. Ltd.	100	Rs 10	8	8	8
Procter & Gamble India Ltd. (sold during the year)	50	Rs 10	-	13	13
Crompton Greaves Ltd.	50	Rs 10	7	7	7
Phillips (India) Ltd.	100	Rs 10	13	13	13
Velvette International Pharma Products Ltd.	100	Rs 10	2	2	2
International Best Foods Ltd.	240	Rs 10	12	12	12
Dynamatic Technologies Ltd	100	Rs 10	1	1	1
HDFC Bank Ltd	100	Rs 10	1	1	1
			<b>121</b>	<b>237</b>	<b>208</b>
<b>- Unquoted</b>					
Wipro GE Medical Systems Ltd. #	4,900,000	Rs 10	-	-	-
Wipro Fluid Power Ltd	1,863,520	Rs. 10	-	-	-
Spectramind eServices Pvt. Ltd.	6,221,741	Rs 10	-	192,399	-
WeP Peripherals Limited	5,460,000	Rs 10	-	-	-
All Seasons Foods Ltd.	100	Rs. 10	2	2	2
Sylantro	1,00,000	US\$ 0.1	465	489	475
			<b>467</b>	<b>192,890</b>	<b>477</b>
<b>Investments in preference shares / debentures of other Companies</b>					
<b>Unquoted</b>					
Convertible preference shares in Wipro Fluid Power Ltd.	543,300	Rs. 100	-	-	-
12.5% unsecured convertible debentures of WeP Peripherals Ltd.	4,00,000	Rs. 100	-	-	-
Convertible preference shares in Spectramind eServices pvt. Ltd.	28,760,140	Rs. 10	-	287,601	-
			-	<b>287,601</b>	-
<b>Other Investments (unquoted)</b>					
Redeemable floating rate bonds of State Bank of India	2,500	Rs 1,000	-	2,500	-
Indira Vikas Patra			47,952	47,952	47,952
National Saving Certificates (held in custody by Andhra Pradesh Govt.)			6	-	6
Bonds of GE Capital Services India			-	-	-
			<b>47,958</b>	<b>50,452</b>	<b>47,958</b>
<b>Investments – short term:</b>					
<b>in money market mutual funds</b>					
Alliance Capital Mutual Fund			-	367,392	-
Pioneer ITI Mutual Fund			-	495,537	741,000
Prudential ICICI Mutual Fund (39,604,622 units redeemed during the year)	198,667,281		2,223,455	1,086,532	1,458,900
HDFC Mutual Fund (3,957,972 units redeemed during the year)	185,601,076		2,079,990	759,270	1,424,000
Standard Chartered Mutual Fund (48,824,167 units redeemed during the year)	140,955,699		1,461,761	345,522	1,007,400
Reliance Mutual Fund	96,372,725		1,008,708	550,160	626,100
Zurich India Mutual Fund	64,440,499		677,970	1,018,532	515,900
Franklin Templeton India Mutual Fund (24,993,002 units redeemed during the year)	12,464,924		1,249,615	-	252,800
Cholamandalam Mutual Fund	-		-	88,660	-
Kotak Mutual Fund	94,680,425		951,848	333,169	541,500
J M Mutual Fund	57,093,395		571,501	-	361,300
DSP Merrill Lynch Mutual Fund	25,685,489		257,207	-	182,500
SBI Insta Cash	19,416,429		204,198	-	63,000
Birla Mutual Fund	104,733,081		1,110,395	360,239	639,000
IL & FS Mutual Fund	24,509,201		245,092	-	-
H S B C Mutual Fund	46,520,862		473,892	-	-
Deutsche Mutual Fund	14,455,960		146,449	-	-
ING Mutual Fund	10,480,610		112,772	-	-
			<b>12,774,853</b>	<b>5,405,013</b>	<b>7,813,400</b>
Total			<b>13,303,516</b>	<b>6,619,512</b>	<b>8,396,102</b>

**Notes :**

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

**SCHEDULE 7 INVENTORIES**

	As of June 30, 2003	2002	As of March 31, 2003
Stores and Spares	32,618	37,197	25,952
Raw Materials	420,739	366,784	398,216
Stock-in-process	137,412	112,745	119,028
Finished goods	586,148	380,037	467,331
	<b>1,176,917</b>	<b>896,763</b>	<b>1,010,527</b>

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	737,857	491,235	694,372
Considered doubtful	766,163	546,938	643,921
	<b>1,504,020</b>	<b>1,038,173</b>	<b>1,338,293</b>
<b>Others</b>			
Considered good	7,772,097	6,004,650	7,908,270
Considered doubtful	-	-	17,648
	<b>7,772,097</b>	<b>6,004,650</b>	<b>7,925,918</b>
Less: Provision for doubtful debts	766,163	546,938	661,569
	<b>8,509,954</b>	<b>6,495,885</b>	<b>8,602,642</b>

**SCHEDULE 9 CASH AND BANK BALANCES**

<b>Cash and cheques on hand</b>	178,321	152,897	498,387
<b>Balances with scheduled banks</b>			
On Current account	588,398	493,226	169,506
In Deposit account	110,270	2,145,695	1,468,034
<b>Balances with other banks in current account</b>			
Midland Bank, U K	170,976	12,809	428,915
Wells Fargo, U S A	1,198,975	188,069	1,575,159
Nations Bank	-	-	-
Deutsche Bank	-	244,356	-
Societe General	-	244,350	-
Bank of America	86,600	47,626	44,068
Standard Chartered Bank	925	4,553	312
Shanghai C&S Bank	-	1,952	1,181
Danske Bank		488,700	
National City Bank		451,950	
Barclays Bank		390,967	
Canadian Imperial		244,362	
Dresdner Bank		244,356	
Bank of Tokyo		50,593	
South trust Bank			2,800
Hongkong & Shanghai Bank	8,892		13,462
Bank of Tokyo	17,236		8,230
Great Western Bank	23	23	25
	<b>2,360,616</b>	<b>5,406,484</b>	<b>4,210,079</b>

Maximum balances during the year

Midland Bank, U K	780,682
Wells Fargo, U S A	2,396,512
Nations Bank	97,627
Deutsche Bank	487,942
Societe General	460,378
Bank of America	97,397
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
Citi bank	1,949
FCC National Bank	976
Chase Manhattan	1,025
Great Western Bank	25

(Rs. In 000s)

	As of June 30,		As of March 31,
	2003	2002	2003
<b>SCHEDULE 10 LOANS AND ADVANCES</b>			
(Unsecured, considered good unless otherwise stated)			
Advances recoverable in cash or in kind or for value to be received			
Considered good	2,014,506	1,070,142	1,726,893
Considered doubtful	74,918	73,295	72,694
	<b>2,089,424</b>	<b>1,143,437</b>	<b>1,799,587</b>
Less: Provision for doubtful advances	74,918	73,295	72,694
	<b>2,014,506</b>	<b>1,070,142</b>	<b>1,726,893</b>
Certificate of deposits with foreign banks	-	4,195,295	2,463,056
Inter Corporate Deposits:			
GE Capital Services India	45,476	884,841	258,803
Citicorp Financial services Limited	30,500	-	27,000
	<b>75,976</b>	<b>884,841</b>	<b>285,803</b>
Other Deposits (refer note a)	658,593	562,095	637,206
Advance income-tax (net of provision)	689,919	183,567	747,021
Balances with excise and customs	20,726	24,745	16,699
Unbilled Services	2,063,937	1,294,624	1,380,944
	<b>5,523,657</b>	<b>8,215,309</b>	<b>7,257,622</b>

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	1,802,351	1,707,736	2,295,755
Unclaimed dividends	1,588	1,588	1,588
Advances from customers	821,254	808,641	755,942
Other liabilities	3,772,639	2,432,508	2,919,905
Unbilled Services	267,663	-	359,902
Interest accrued but not due on loans	153	282	176
	<b>6,665,648</b>	<b>4,950,755</b>	<b>6,333,268</b>

**SCHEDULE 12 PROVISIONS**

Employee retirement benefits	594,022	453,281	521,763
Proposed dividend	232,564	232,466	232,564
Tax on proposed dividend	29,797	-	29,797
Other Provision	-	9,800	-
	<b>856,383</b>	<b>695,547</b>	<b>784,124</b>

**SCHEDULE 13 OTHER INCOME**

	Three months ended June 30,		Year ended March 31,
	2003	2002	2003
Dividend from mutual funds	174,548	20,545	26,560
Interest on debt instruments	9,221	114,429	172,603
Interest on Income tax refund	-	-	54,120
Rental Income	9,550	4,452	25,266
Profit on Sale of Investments	(31,532)	15,507	410,360
Profit on disposal of fixed assets	904	1,118	7,243
Difference in exchange	78,840	194,137	297,085
Brand fees	13,254	13,254	53,016
Royalty	-	5,000	19,000
Provision no longer required written back	55	14,180	69,687
Miscellaneous Income	19,271	21,955	47,022
	<b>274,111</b>	<b>404,577</b>	<b>1,181,962</b>

Notes: Tax deducted at source Rs.7, 364 (2003: 119,430; 2002: Rs. 25,659)



	Three months ended June 30,		Year ended
	2003	2002	March 31, 2003
<b>SCHEDULE 14 COST OF GOODS SOLD</b>			
Raw materials, Finished and Process Stocks (refer - schedule 17)	1,482,971	1,850,120	7,767,033
Stores & Spares	46,059	43,739	172,383
Power and Fuel	111,106	83,583	336,840
Salaries, wages and bonus	1,688,323	981,791	5,288,348
Contribution to provident and other funds	62,247	37,986	191,756
Gratuity and pension	61,540	39,131	173,594
Workmen and Staff welfare	60,998	30,790	148,538
Insurance	7,600	5,173	25,423
Repairs to factory buildings	1,766	1,309	11,986
Repairs to Plant & Machinery	75,138	80,899	421,170
Rent	69,002	42,676	217,650
Rates & Taxes	2,306	11,491	30,746
Packing	14,698	15,660	82,661
Travelling and allowances	2,701,557	1,865,840	8,472,040
Depreciation	322,570	222,180	1,180,833
Technical fees	44,002	106,094	207,290
Miscellaneous	986,164	442,326	2,866,433
Less: Capitalized	(47,116)	(29,240)	(155,995)
	<b>7,690,931</b>	<b>5,831,548</b>	<b>27,438,729</b>

**SCHEDULE 15 SELLING GENERAL AND ADMINISTRATIVE EXPENSES**

Salaries, wages and bonus	370,195	228,649	1,294,086
Contribution to provident and other funds	13,914	8,233	38,629
Gratuity and pension	13,046	12,512	38,876
Workmen and Staff welfare	32,693	25,386	146,407
Insurance	1,331	1,832	10,385
Repairs to buildings	2,697	2,567	3,943
Rent	24,674	31,984	128,248
Rates and taxes	8,778	18,016	66,624
Carriage and freight	30,678	31,022	116,466
Commission on sales	16,731	14,678	67,756
Auditors' remuneration and expenses			
Audit fees	1,625	923	6,567
For certification including tax audit	7	-	1,410
Reimbursement of expenses	142	59	505
Advertisement and sales promotion	164,181	97,005	405,804
Loss on sale of fixed assets	5,791	1,264	6,470
Directors' fees	42	18	128
Depreciation	82,880	107,414	391,417
Travelling and allowances	822,828	514,659	2,554,828
Communication	29,885	79,679	221,399
Provision/write off of bad debts	106,047	82,357	180,046
Miscellaneous	365,522	157,252	762,583
	<b>2,093,687</b>	<b>1,415,509</b>	<b>6,442,577</b>

(Rs. In 000s)

	Three months ended June 30,		Year ended
	2003	2002	March 31, 2003
<b>SCHEDULE 16 INTEREST</b>			
On fixed loans	921	1,712	6,022
Other	4,855	6,666	24,223
	<b>5,776</b>	<b>8,378</b>	<b>30,245</b>

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

Opening stocks	398,216	439,930	439,930
Add: Purchases	962,804	953,577	4,688,657
Less: Transfer on sale of undertaking	-	-	-
Less: Closing stocks	420,739	366,784	398,216
	<b>940,281</b>	<b>1,026,723</b>	<b>4,730,371</b>

**Purchase of finished products for sale**

	<b>679,891</b>	<b>866,022</b>	<b>3,172,864</b>
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**(Increase)/decrease in finished and process stocks**

Opening stock	: In process	119,028	84,722	84,722
	: Finished products	467,331	365,435	365,435
Less: Closing stocks	: In process	137,412	112,745	119,028
	: Finished products	586,148	380,037	467,331
		<b>(137,201)</b>	<b>(42,625)</b>	<b>(136,202)</b>
		<b>1,482,971</b>	<b>1,850,120</b>	<b>7,767,033</b>

**SCHEDULE 18 NON - RECURRING / EXTRAORDINARY ITEMS**

Loss of discontinued ISP business	-	408,319	352,195
	-	408,319	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 Accounting Standard 21 – Consolidated Financial Statements.

#### **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 revenue 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 are 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 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. In Wipro Inc, Enthink Inc and Wipro Japan KK depreciation is provided on Written Down Value method.

### **Intangible Assets**

Intangible assets are stated at cost less accumulated amortization. Intangible assets are amortized over their estimated useful life ranging between 5 years to 20 years.

### **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 employees 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.

## **WIPRO LIMITED**

### **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. Deferred tax assets are recognized when there is a reasonable certainty that they will be realized. Deferred tax asset relating to unabsorbed business losses are recognized when there is a virtual certainty that there will be sufficient taxable profits to utilize them.

### **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

In respect of non-integral operations assets and liabilities are translated at the exchange rate prevailing at the date of the balance sheet. The items in the profit & loss account are translated at the average exchange rate during the period. The differences arising out of the translation are included in translation reserve.

### **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 consolidation of subsidiaries and affiliates is not being amortized. Goodwill in the balance sheet represents goodwill arising on consolidation of the following:

	<i>(Rs. In 000s)</i>
Wipro Fluid Power Limited	18,271
Spectramind e Services Private Limited	3,748,350
Wipro Healthcare IT Limited	175,012
Global energy practice of AMS Inc.	1,008,362
Nervewire	392,688
	<u>5,342,683</u>

2. In May 2003, the company acquired Nervewire Inc. a Massachusetts based business and IT consulting company serving customers in the financial services sector, for a consideration of Rs. 791,038. In addition to that, at the time of acquisition the Company has decided to restructure certain lease agreement entered into by Nervewire and in the process has made a provision for the estimated liability of Rs. 86,953. The amount of this liability is also considered in cost of acquisition.
3. In April 2003, the company acquired Glucovita brand from Hindustan Lever Limited at a cost of Rs. 26,690, and also paid further Rs. 25,000 for non-compete agreement. Based on the performance of various other established brands in the market of similar products, the company estimates that the useful life of the brand is 20 years and the cost of the brand is accordingly amortized over 20 years. Payment for non-compete agreement is amortized over the period of agreement.
4. 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, and not participatory rights. Considering this aspect, the operation of Wipro GE has not been considered as a joint venture and the equity investment of the company in Wipro GE is accounted for by the equity method as per the requirement of AS 23 "Accounting for investment in associates in consolidated financial statements".

Investments in WeP Peripherals limited have been accounted for by equity method.

5. In June 2003, Wipro Spectramind e Services Limited allotted 3,325,490 shares to its employees on the exercise of their right under employee stock options. On account of this, the ownership of Wipro Spectramind by the company stand reduced to 94.5% from earlier 100%. As the exercise price paid was higher than their proportionate share in the net assets of Wipro Spectramind, the excess of Rs. 27,343 has been adjusted from the Goodwill on consolidation.
6. The company has re-estimated the economic life of moulds and dies to a lesser period and consequent to that with effect from 1<sup>st</sup> April 2003 moulds and dies are being depreciated at 25% instead of 11.31% followed hitherto. On account of the change in depreciation rate profit for the quarter is lower by Rs. 1,600.
7. Deferred tax expense for the current year is Rs. 3,899(2003: 28,597). The breakup of net deferred tax asset is given below:

	<i>(Rs. In 000s)</i>	June 30, 2003	June 30,2002	March 31, 2003
Deferred tax assets:				
Allowance for doubtful debts	95,835	81,037	87,070	
Property plant and equipment	88,429	89,362	74,272	
Employee stock incentive plan	38,902	61,695	38,902	
Accrued expenses	87,415	43,877	103,133	
Business losses carried forward	171,382	174,521	162,532	
Diminution in investments	-	53,431	-	
	<u>481,963</u>	<u>503,923</u>	<u>465,909</u>	

8. Provision for taxation comprises of following:
- (i) Rs. 114,014 (2003: 556,117; 2002: Rs. 110,234) in respect of foreign taxes, net of deferred tax benefit of Rs. 23,947 (2003: 29,050; 2002: Rs. Nil) and write back of provision of Rs. Nil (2003: 27,643; 2002: Nil) in respect of earlier year
  - (ii) Rs. 117,888 (2003: 627,899; 2002: 27,678) in respect of Indian Income Tax, net of tax benefit from discontinued business of Rs. Nil(2003:156,236; 2002: 152,219) and write back of earlier years tax of Rs. 19,295 (2003: 200,850; 2002: Rs. Nil). It includes current years deferred tax expenses of Rs. 11,700 (2003: 101,443; 2002: Rs. 82,120) and earlier years deferred tax expenses of Rs. 16,145 (2003: Rs.Nil; 2002: Rs. Nil).
  - (iii) Rs.Nil (2003: 2,500; 2002: Rs. 750) in respect of Wealth Tax.

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

<b>a) Name of the subsidiary</b>	<b>Country of Incorporation</b>	<b>% Holding</b>
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	95%
Wipro Technology Inc.	USA	- *
Wipro Holdings Mauritius Limited	Mauritius	100%
Wipro Holdings UK Limited	UK	-#
Wipro Technology UK Limited	UK	-@
Wipro Nervewire Inc	USA	100%
b) Wipro Equity Reward Trust	India	Fully controlled trust
<b>c) Name of the affiliate</b>		
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

10. Diluted EPS is calculated based on treasury stock method for ESOP outstanding.
11. Amount received from employees on exercise of stock option, pending allotment of shares is shown as share application money pending allotment.
12. In the earnings release made by the Company on July 19, 2002 announcing the results of operations for the three months ended June 30, 2002, the Company had recorded its share in the losses of Wipro GE based on information provided by Wipro GE. Subsequently, the Company received revised information from Wipro GE where the losses were higher than the results previously reported by Rs. 379,592. The Company recorded it's share of losses of Rs. 186,000 and made a public announcement of the revised results. The figures for the three months ended June 30, 2002 is after considering the revised results of Wipro GE.
13. 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 on account of acquisition of various business / subsidiaries in last one year i.e., Wipro Spectramind services Limited (BPO business) with effect from July 2002; AMS Global energy business with effect from November 2002 and Nerve wire (IT consulting business) with effect from May 2003.

## CASH FLOW STATEMENT

(Rs. In 000s)

	Three months ended June 30,		Year ended
	2003	2002	March 31, 2003
<b>Cash flows from operating activities:</b>			
Profit before tax from continuing operations	2,350,238	2,329,408	10,317,484
Adjustments to reconcile Net profit before tax and non recurring items to net cash provided by operating activities:			
Depreciation and amortization	405,450	282,035	1,568,487
Foreign currency translation gains	(78,840)	(194,137)	(297,085)
Retirement benefits provision	72,259	32,590	112,773
Others		71,768	
Interest on borrowings	5,776	8,378	30,245
Dividend / interest	(152,237)	(150,481)	(633,398)
Loss / (Gain) on sale of property, plant and equipment	4,887	(1,118)	6,470
Operating cash flow before changes in working capital	2,607,533	2,378,443	11,104,976
Trade and other receivable	(373,356)	(230,917)	(1,919,285)
Loans and advances	(206,188)	(117,686)	(729,342)
Inventories (other than stock-in-trade land)	(166,390)	37,836	(75,927)
Trade and other payables	103,561	(377,547)	803,940
Net cash provided by operations	1,965,160	1,690,129	9,184,362
Direct taxes paid	(170,902)	(212,145)	(1,848,699)
<b>Net cash provided by continuing operations</b>	<b>1,794,258</b>	<b>1,477,984</b>	<b>7,335,663</b>
<b>Net cash provided by discontinuing operations</b>	<b>-</b>	<b>25,431</b>	<b>27,284</b>
<b>Net cash provided by operations</b>	<b>1,794,258</b>	<b>1,503,415</b>	<b>7,362,947</b>
<b>Cash flows from investing activities:</b>			
Expenditure on property, plant and equipment (including advances)	(834,255)	(395,325)	(2,523,048)
Proceeds from sale of property, plant and equipment	62,367	46,399	103,530
Purchase of investments	(8,102,521)	(5,962,629)	(41,182,961)
Inter Corporate deposits placed / matured	209,827	1,180,250	1,779,288
Certificate of Deposits with foreign banks	2,463,056	1,091,924	2,824,163
Sale / maturities on Investments	3,141,068	4,683,659	37,904,824
Payment for acquisition, net of cash acquired	(465,267)	(120,000)	(5,484,793)
Dividend received	143,016	20,545	75,560
Interest received (net)	3,445	129,936	169,918
<b>Net cash used in investing activities</b>	<b>(3,379,264)</b>	<b>674,759</b>	<b>(6,333,519)</b>
<b>Cash flows from financing activities:</b>			
Proceeds from exercise of Stock Option Plan grants	1,482	29,607	106,809
Share application money pending allotment	-	(2,116)	(1,177)
Proceeds from issuance of common stock by subsidiary			
Dividends paid	99,304	-	(232,466)
Proceeds from issuance / (repayment) of borrowings	(358,348)	168,910	275,576
Net cash provided by/(used in) financing activities	(257,562)	196,401	148,742
Net increase/ (decrease) in cash and cash equivalents during the year	(1,842,568)	2,374,575	1,178,170
Cash and cash equivalents at the beginning of the period	4,210,079	3,031,909	3,031,909
Effect of translation on cash balance	(6,895)		
Cash and cash equivalents at the end of the period	2,360,616	5,406,484	4,210,079

## 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

**Dr. Jagdish N Sheth**  
Director

**Suresh C. Senapaty**  
Corporate Executive  
Vice President - Finance

**Satish Menon**  
Corporate Vice President –  
Legal & Company Secretary

Bangalore, July 18, 2003

**WIPRO LIMITED**

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**AUDITOR'S CERTIFICATE**

We have examined the above cash flow statement of Wipro Limited – consolidated for the period ended June 30, 2003. This statement is based on and in agreement with the corresponding Profit and Loss Account and Balance Sheet of the Company for the period ended June 30, 2003, covered by our report of even dated.

**For N M Raiji & Co.,**  
Chartered Accountants

**J M Gandhi**  
Partner

Mumbai, July 18, 2003.

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