

WIPRO LIMITED - CONSOLIDATED

CONSOLIDATED BALANCE SHEET

(Rs. in Million)

	Schedule	As of March 31,	
		2005	2004
SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
Share Capital	1	1,407.14	465.52
Share application money pending allotment		12.05	-
Reserves and Surplus	2	51,407.11	37,083.97
		52,826.30	37,549.49
Loan Funds			
Secured loans	3	215.89	947.47
Unsecured loans	4	405.03	105.88
Minority Interest		265.33	163.84
		886.25	1,217.19
TOTAL		53,712.55	38,766.68
APPLICATION OF FUNDS			
FIXED ASSETS			
Goodwill (refer Note 1)		5,663.16	5,252.36
Gross block	5	20,899.63	15,607.11
Less : Depreciation		9,951.77	7,599.48
<i>Net Block</i>		10,947.86	8,007.63
Capital work-in-progress and advances		2,603.85	1,427.28
		19,214.87	14,687.27
INVESTMENTS	6	23,504.93	19,058.83
DEFERRED TAX ASSETS (refer note 10)		495.00	486.30
CURRENT ASSETS, LOANS AND ADVANCES			
Inventories	7	1,747.25	1,292.02
Sundry Debtors	8	15,717.05	11,865.56
Cash and Bank balances	9	5,713.57	3,242.70
Loans and advances	10	5,628.74	5,683.78
		28,806.61	22,084.06
Less : CURRENT LIABILITIES AND PROVISIONS			
Liabilities	11	13,006.72	8,894.20
Provisions	12	5,302.14	8,655.58
		18,308.86	17,549.78
NET CURRENT ASSETS		10,497.75	4,534.28
TOTAL		53,712.55	38,766.68

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 Accountants

Azim Hasham Premji
Chairman

Vivek Paul
Vice Chairman

N Vaghul
Director

J.M. Gandhi
Partner
Membership No. 37924

Suresh C. Senapaty
Corporate Executive Vice President
& Chief Financial Officer

V. Ramachandran
Company Secretary

P M Sinha
Director

Mumbai, April 22, 2005

Bangalore, April 22, 2005

WIPRO LIMITED - CONSOLIDATED
CONSOLIDATED PROFIT AND LOSS ACCOUNT
(Rs. in Million, except per share data)

	Schedule	Quarter ended March 31,		Year ended March 31,	
		2005	2004	2005	2004
INCOME					
Gross Sales and Services		23,178.25	17,954.06	82,330.25	59,161.07
Less: Excise Duty		166.95	219.71	724.70	760.84
Net Sales and Services		23,011.30	17,734.35	81,605.55	58,400.23
Other Income	13	313.30	475.78	944.79	1,315.99
<i>Total</i>		23,324.60	18,210.13	82,550.34	59,716.22
EXPENDITURE					
Cost of goods sold	14	15,791.86	12,126.57	54,316.34	39,150.53
Selling and Marketing Expenses	15	1,490.57	1,379.98	5,587.69	5,401.64
General and Administration Expenses	16	1,017.52	733.79	3,642.42	3,097.15
Interest	17	6.09	6.90	56.12	35.07
<i>Total</i>		18,306.04	14,247.24	63,602.57	47,684.39
PROFIT BEFORE TAXATION:		5,018.56	3,962.89	18,947.77	12,031.83
Provision for Taxation (refer Note 11)		714.74	758.40	2,749.59	1,680.56
PROFIT AFTER TAXATION		4,303.82	3,204.49	16,198.18	10,351.27
PROFIT BEFORE MINORITY INTEREST / EQUITY IN EARNINGS OF AFFILIATES:		4,303.82	3,204.49	16,198.18	10,351.27
Minority Interest		(16.01)	(23.88)	(88.12)	(59.19)
Share in earnings / (losses) of affiliates		42.35	27.42	175.33	22.92
PROFIT FOR THE PERIOD		4,330.16	3,208.03	16,285.39	10,315.00
Appropriations					
Proposed Dividend		-	-	3,517.85	931.04
Proposed One-Time Dividend		-	-	(39.01)	5,818.98
Total Dividend		-	-	3,478.84	6,750.02
Tax on distribution of Dividend		-	-	493.38	864.85
Transfer to general reserve		4,330.16	3,208.03	12,313.17	2,700.13
EARNINGS PER SHARE - EPS (PY : Adjusted EPS for bonus issue in ratio of 2:1)					
Basic (<i>in Rs.</i>)		6.20	4.62	23.41	14.87
Diluted (<i>in Rs.</i>)		6.11	4.61	23.19	14.85
Number of shares for calculating EPS (PY : Adjusted for bonus issue in ratio of 2:1)					
Basic		698,733,448	694,074,990	695,777,186	693,870,390
Diluted		709,187,023	695,643,642	702,167,128	694,545,321

 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 Accountants
Azim Hasham Premji
Chairman
Vivek Paul
Vice Chairman
N Vaghul
Director
J.M. Gandhi
Partner
Membership No. 37924

Suresh C. Senapaty
*Corporate Executive Vice President
& Chief Financial Officer*
V. Ramachandran
Company Secretary
P M Sinha
Director

Mumbai, April 22, 2005

Bangalore, April 22, 2005

WIPRO LIMITED - CONSOLIDATED
(Rs. in Million, except share numbers)
SCHEDULE 1 SHARE CAPITAL
Authorized

	As of March 31,	
	2005	2004
750,000,000 (2004: 375,000,000) Equity shares of Rs 2 each	1,500.00	750.00
25,000,000 (2004: 25,000,000) 10.25 % Redeemable Cumulative Preference Shares of Rs 10 each	250.00	250.00
	1,750.00	1,000.00

Issued, subscribed and paid-up

703,570,522 (2004: 232,759,152) equity shares of Rs 2 each	1,407.14	465.52
Total	1,407.14	465.52

Notes:

Of the above equity shares:

- i) 692,537,085 equity shares / American Depository Receipts (ADRs) (2004: 226,905,825), have been allotted as fully paid bonus shares / ADRs by capitalization of Share Premium of Rs. 32.64 and General Reserves of Rs. 1,352.44
- ii) 1,325,525 equity shares (2004: 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) 5,620,412 (2004: 440,302) equity share issued pursuant to Employee Stock Option Plan.

SCHEDULE 2 RESERVES AND SURPLUS

	As of March 31,	
	2005	2004
Capital Reserve	9.50	9.50
Capital Redemption Reserve	250.04	250.04
Share Premium		
As at April 1,	6,732.28	6,492.85
Add: Received on exercise of stock options to employees	2,566.77	239.43
	9,299.05	6,732.28
Translation Reserve		
As at April 1,	(159.75)	(0.57)
Add: translation of foreign subsidiaries with non-integral operations	28.84	-
Less: translation of foreign subsidiaries with non-integral operations	-	159.18
	(130.91)	(159.75)
Deferred Stock Compensation		
Opening Balance	-	4.40
Additions	-	-
Deletions	-	4.40
	-	-
Restricted Stock Units Reserve (a)		
Cumulative charge to Profit and Loss Account	345.62	
General Reserve		
As at April 1,	30,251.90	27,551.77
Add: Transfer from Profit and Loss Account	12,313.17	2,700.13
Less : Amount utilised for Bonus shares	931.26	-
	41,633.81	30,251.90
Summary		
As at April 1, 2004	37,083.97	34,307.99
As at March 31, 2005	51,407.11	37,083.97

(a) Represents cumulative charge to profit and loss account to be treated as share premium at the time of allotment of shares

		<i>(Rs. in Million)</i>	
		As of March 31,	
SCHEDULE 3 SECURED LOANS	Note Reference	2005	2004
From Banks			
Cash Credit facility	(a)	214.21	945.79
Development loan from Karnataka Government	(b)	1.68	1.68
Total		215.89	947.47

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 a pari-passu 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.

		<i>(Rs. in Million)</i>	
		As of March 31,	
SCHEDULE 4 UNSECURED LOANS		2005	2004
Cash Credit facility - Overseas		349.76	-
Other Loans and Advances			
Interest free loan from state government		54.02	104.63
Interest free loan from state financial institutions		1.25	1.25
Total		405.03	105.88

SCHEDULE 5 FIXED ASSETS

PARTICULARS	GROSS BLOCK		PROVISION FOR DEPRECIATION			NET BLOCK			
	As of April 1, 2004	Additions	Deductions/ adjustments	As of March 31, 2005	As of April 1, 2004	Depreciation for the period	Deductions / adjustments	As of March 31, 2005	As of March 31, 2004
Land	744.26	529.83	5.57	1,268.52	12.58	0.52	11.00	1,266.42	731.68
Buildings	3,034.44	860.82	1.80	3,893.46	273.08	54.10	0.79	3,567.07	2,761.36
Railway siding	0.01	-	-	0.01	0.01	-	-	-	-
Plant & Machinery	9,088.79	2,747.17	29.91	11,806.05	5,850.47	1,752.89	21.00	4,223.69	3,238.32
Furniture, Fixture and Equipments	1,895.61	651.72	33.48	2,513.85	1,079.90	432.74	14.30	1,498.34	815.71
Vehicles	781.93	363.72	92.37	1,053.28	366.97	190.91	56.86	552.26	414.96
Technical know-how	10.38	-	-	10.38	10.38	-	-	-	-
Patents, Trade marks & Rights	51.69	302.39	-	354.08	6.09	25.08	-	322.91	45.60
Total	15,607.11	5,455.65	163.13	20,899.63	7,599.48	2,456.24	103.95	10,947.86	8,007.63

(Rs. in Million)

WIPRO LIMITED - CONSOLIDATED**SCHEDULE 6 INVESTMENTS***(Rs. in Million except share numbers and face value)**All shares are fully paid up unless otherwise stated*

	Number	As of March 31,	
		2005	2004
Investments - Long Term (at cost)			
Investment in Affiliates			
Wipro GE Medical Systems private Ltd (refer Note below)	4,900,000	506.75	380.80
WeP Peripherals Ltd (<i>includes goodwill of Rs. 27 Mn</i>)	7,059,580	201.72	160.74
		708.47	541.54
Other Investments Unquoted			
Investments in Debentures of Paradyne Infotech	126,000	12.60	-
Investments - Short Term			
Investments in Indian Money Market Mutual Funds		22,627.69	18,517.29
Investments Overseas - Trust Funds / Others		156.17	-
Total		23,504.93	19,058.83

Note : Equity investments in this company carry certain restrictions on transfer of shares that is normally provided for in joint venture agreements

*(Rs. in Million)***SCHEDULE 7 INVENTORIES**

	As of March 31,	
	2005	2004
Stores and Spares	38.41	31.51
Raw Materials	829.77	551.40
Stock in Process	212.51	159.52
Finished Goods	666.56	549.59
Total	1,747.25	1,292.02

Basis of stock valuation :

- Raw materials, stock in process and Stores & Spares at or below cost.
- Finished Goods at cost or net realizable value, whichever is lower

SCHEDULE 8 SUNDRY DEBTORS**(Unsecured)****Over Six Months**

Considered Good	654.35	459.41
Considered Doubtful	846.54	720.02
	1,500.89	1,179.43

Others

Considered Good	15,062.70	11,406.15
Considered Doubtful	-	30.76
	15,062.70	11,436.91

Less : Provision for Doubtful Debts

Total	15,717.05	11,865.56
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SCHEDULE 9 CASH AND BANK BALANCES

Cash and Cheques on hand	109.14	220.17
Balance with scheduled banks		
On Current Account	2,630.30	690.52
In Deposit Account	10.98	51.01
Balance with other banks in Current Account		
Bank of America, USA	65.12	183.99
Bank of Montreal, Canada	0.29	1.68
Citibank, USA	-	0.10
Hong Kong & Shanghai Bank, UK	15.88	13.75
Midland Bank, UK	392.64	437.76
Nations Bank, UK	-	5.65
Saudi British Bank, Saudi Arabia	17.96	24.57
Standard Chartered Bank, UAE	1.16	0.97
Wells Fargo, USA	2,443.41	1,612.53
Bank of Tokyo, Japan	1.82	-
CCF Paris AG Centrale, France	5.89	-
Chase Manhattan, USA	7.50	-
Uni Credit Banca - Italy	11.48	-
Total	5,713.57	3,242.70

WIPRO LIMITED - CONSOLIDATED

	<i>(Rs. in Million)</i>	
	As of March 31,	
	2005	2004
SCHEDULE 10 LOANS AND ADVANCES		
(Unsecured, considered good unless otherwise stated)		
Advances recoverable in cash or in kind or for value to be received		
Considered Good	1,794.83	2,126.28
Considered Doubtful	89.33	77.36
	1,884.16	2,203.64
Less : Provision for Doubtful Advances	89.33	77.36
	1,794.83	2,126.28
Other Deposits	889.06	854.77
Advance Income Tax (net of provision)	184.07	587.66
Balances with Excise and Customs	20.20	29.67
Unbilled Revenue	2,740.58	2,085.40
Total	5,628.74	5,683.78

SCHEDULE 11 LIABILITIES

Sundry Creditors	3,742.85	3,153.47
Unclaimed Dividends	4.50	1.49
Advances from customers	637.50	534.83
Unearned Revenues	639.64	363.33
Other Liabilities	7,982.23	4,841.08
Total	13,006.72	8,894.20

SCHEDULE 12 PROVISIONS

Employee retirement benefits	828.58	683.35
Warranty Provision	462.33	357.36
Proposed dividend	3,517.85	931.04
Proposed one-time dividend	-	5,818.98
Tax on proposed dividend	493.38	864.85
Total	5,302.14	8,655.58

	Quarter ended March 31,		Year ended March 31,	
	2005	2004	2005	2004
SCHEDULE 13 OTHER INCOME				
Dividend on Mutual Fund Units	162.61	207.47	679.36	779.98
Interest on debt instruments and others	18.72	4.08	35.79	25.98
Rental Income	5.64	17.23	22.63	45.03
Profit on sale of Mutual Fund Units	23.22	0.78	35.59	(43.55)
Profit on disposal of Fixed Assets	2.33	108.82	109.80	108.34
Exchange differences - Net	63.24	97.49	(9.14)	297.32
Miscellaneous Income	37.54	39.91	70.76	102.89
Total	313.30	475.78	944.79	1,315.99

SCHEDULE 14 COST OF GOODS SOLD

Raw materials, Finished and Process Stocks *	4,251.66	3,281.68	12,553.90	8,945.74
Stores & Spares	122.65	61.42	370.84	200.29
Power and Fuel	165.34	115.18	625.62	461.64
Employee Compensation } including onsite allowance }	7,803.56	6,017.25	28,378.69	20,305.24
Contribution to provident and other funds	131.32	92.35	444.44	294.38
Gratuity and pension	82.12	68.49	399.93	288.00
Workmen and Staff welfare	142.09	81.47	384.95	248.03
Insurance	33.22	43.24	131.49	87.99
Repairs to factory buildings	18.69	17.26	71.68	52.92
Repairs to Plant & Machinery	284.12	133.63	1,008.26	442.88
Rent	125.65	98.91	427.18	323.11
Rates & Taxes	19.51	9.74	55.74	11.50
Packing & Freight Inward	24.56	12.41	69.15	35.09
Travelling	542.09	310.02	2,117.33	1,312.44
Communication	325.78	270.13	1,187.41	987.69
Depreciation	671.69	537.01	2,281.70	1,759.91
Sub contracting / technical fees	555.24	509.08	2,130.33	2,047.70
Miscellaneous	611.02	511.30	2,048.88	1,485.93
Less : Capitalized	(118.45)	(44.00)	(371.18)	(139.95)
Total	15,791.86	12,126.57	54,316.34	39,150.53

* For details refer Schedule 18

WIPRO LIMITED - CONSOLIDATED
(Rs. in Million)

	Quarter ended March 31,		Year ended March 31,	
	2005	2004	2005	2004
SCHEDULE 15 SELLING AND MARKETING EXPENSES				
Employee compensation	221.38	217.52	863.96	987.43
Contribution to provident and other funds	5.75	4.56	20.07	16.90
Gratuity and pension	6.66	18.60	27.83	28.88
Workmen and Staff welfare	14.08	9.81	45.70	34.93
Insurance	1.53	29.74	4.73	36.01
Repairs to buildings	0.62	4.83	4.67	12.22
Rent	25.97	29.50	109.46	117.03
Rates and taxes	7.36	5.77	20.30	22.71
Carriage and freight	89.89	53.69	306.52	215.11
Commission on sales	27.40	69.83	95.79	118.07
Advertisement and sales promotion	185.95	149.42	749.81	571.49
Depreciation	18.38	16.17	74.71	72.46
Travel	790.81	683.56	2,911.91	2,779.64
Communication	19.02	13.08	70.77	54.67
Miscellaneous Expenses	75.77	73.91	281.46	334.10
Total	1,490.57	1,379.98	5,587.69	5,401.64

SCHEDULE 16 GENERAL AND ADMINISTRATIVE EXPENSES

Employee compensation	366.18	291.37	1,224.27	1,119.88
Contribution to provident and other funds	14.54	4.39	54.71	35.63
Gratuity and pension	10.43	2.82	48.95	41.46
Workmen and Staff welfare	65.31	51.27	226.86	173.17
Insurance	3.82	1.59	33.51	14.13
Repairs to buildings	1.69	1.38	7.83	6.17
Rent	10.79	10.35	30.21	35.24
Rates and taxes	7.32	4.83	20.14	24.96
Auditors' remuneration and expenses				-
Audit fees	2.61	2.53	8.28	7.08
For certification including tax audit	0.90	0.67	0.96	1.03
Reimbursement of expenses	-	0.06	0.78	0.28
Loss on disposal of Fixed Assets	-	0.53	1.10	6.90
Depreciation	25.26	19.06	99.83	121.29
Travel	117.82	64.15	420.02	362.17
Communication	19.88	21.61	78.60	85.52
Provision / write off of bad debts	10.84	(19.73)	151.89	123.64
Miscellaneous Expenses	360.13	276.91	1,234.48	938.60
Total	1,017.52	733.79	3,642.42	3,097.15

(Rs. in Million)

	Quarter ended March 31,		Year ended March 31,	
	2005	2004	2005	2004
SCHEDULE 17 INTEREST				
On fixed Loans	-	5.09	-	8.77
Other	6.09	1.81	56.12	26.30
Total	6.09	6.90	56.12	35.07

SCHEDULE 18**RAW MATERIALS, FINISHED AND PROCESSED STOCKS****Consumption of raw materials and bought out components :**

Opening Stocks	669.18	363.43	551.40	398.22
Add : Purchases	1,303.19	2,184.55	7,386.89	5,728.84
Less : Closing Stocks	829.77	551.40	829.77	551.40
	1,142.60	1,996.58	7,108.52	5,575.66
Purchase of Finished Products for sale	3,097.36	1,128.99	5,615.34	3,492.83

(Increase) / Decrease in finished and process Stocks :

Opening Stock	: In process	259.16	130.68	159.52	119.03
	: Finished products	631.61	734.54	549.59	467.33
Less : Closing Stock	: In process	212.51	159.52	212.51	159.52
	: Finished products	666.56	549.59	666.56	549.59
		11.70	156.11	(169.96)	(122.75)
Total		4,251.66	3,281.68	12,553.90	8,945.74

(Rs. in Million)

	Quarter ended March 31,		Year ended March 31,	
	2005	2004	2005	2004
A. Cash flows from operating activities:				
Profit before tax	5,018.56	3,962.98	18,947.77	12,031.82
<i>Adjustments:</i>				
Depreciation and amortization	715.33	575.46	2,456.24	1,971.85
Amortisation of stock compensation	176.70	191.65	345.62	-
Exchange differences - Net	(92.45)	(132.77)	(92.45)	(132.77)
Retirement benefits provision	(424.90)	(66.89)	145.23	161.60
Interest on borrowings	6.09	(28.17)	56.12	-
Dividend / interest - Net	(204.55)	(168.00)	(750.74)	(762.41)
Loss / (Gain) on sale of property, plant and equipment	(2.33)	(112.89)	(109.80)	(107.00)
Working Capital Changes :	-	-	-	-
Trade and other receivable	(1,629.28)	(2,222.14)	(4,433.69)	(3,670.41)
Loans and advances	591.73	(312.80)	311.74	(359.89)
Inventories	(150.14)	(34.97)	(455.23)	(281.50)
Trade and other payables	1,006.59	1,136.94	4,197.19	2,748.13
Net cash generated from operations	5,011.35	2,788.40	20,618.00	11,599.42
Direct taxes paid	(557.76)	(669.62)	(2,354.70)	(1,568.36)
Net cash generated from operations	4,453.59	2,118.78	18,263.30	10,031.06
B. Cash flows from investing activities:				
Acquisition of property, plant and equipment (including advances)	(1,673.08)	(1,277.05)	(6,627.43)	(4,100.97)
Proceeds from sale of property, plant and equipment	14.74	54.17	168.98	121.86
Purchase of investments	(19,566.03)	9,334.18	(70,650.11)	(10,706.51)
Inter Corporate deposits placed / matured	-	7.58	-	285.30
Certificate of Deposits with foreign banks	-	-	-	2,463.06
Proceeds on Sale / from maturities on Investments	18,486.00	(8,441.93)	66,383.54	48.06
Net Payment for acquisition of businesses	(20.22)	-	(617.99)	(465.27)
Dividend / interest income received	198.46	206.66	703.02	777.85
Net cash generated from investing activities	(2,560.13)	(116.39)	(10,639.99)	(11,576.62)
C. Cash flows from financing activities:				
Proceeds from exercise of employee Stock Option	701.11	167.77	2,576.58	238.60
Share application money pending allotment	(26.25)	1.22	12.05	-
Dividends paid (including distribution tax)	-	-	(7,575.76)	(262.36)
Proceeds from (issuance) / repayment of borrowings	4.92	(664.87)	(432.43)	463.02
Proceeds from issuance shares by subsidiary	-	-	266.19	147.53
Net cash provided by / (used in) financing activities	679.78	(495.88)	(5,153.37)	586.79
Net increase / (decrease) in cash and cash equivalents during the year	2,573.54	1,506.51	2,469.95	(958.77)
Cash and cash equivalents at the beginning of the period	3,141.10	1,740.98	3,242.70	4,210.08
Effect of Translation of cash balance with foreign subsidiaries	(1.07)	(4.79)	0.92	(8.61)
Cash and cash equivalents at the end of the period	5,713.57	3,242.70	5,713.57	3,242.70

For and on behalf of the Board of Directors

Azim H. Premji
Chairman

Vivek Paul
Vice Chairman

N Vaghul
Director

Suresh C. Senapaty
Corporate Executive Vice President
& Chief Financial Officer

V. Ramachandran
Company Secretary

P M Sinha
Director

Bangalore, April 22, 2005

We have examined the above cash flow statement of Wipro Limited – consolidated for the year & three months ended March 31, 2005. This statement is based on and in agreement with the corresponding Profit and Loss Account and Balance Sheet of the Company for the year & three months ended March 31, 2005, covered by our report of even dated.

For N M Raiji & Co.,
Chartered Accountants

J M Gandhi
Partner
Membership No. 37924

Mumbai, April 22, 2005

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' and Accounting Standard 23 'Accounting for Investments in Associates in 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 group holds more than 20% of voting power and has significant influence. All material inter-company accounts and transactions are eliminated on consolidation. The group accounts for investments in affiliates by the equity method.

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.

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 and 20 years.

Goodwill

The goodwill arising on consolidation / acquisition is not amortised. It is tested for impairment on a periodic basis and written off if found impaired.

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. Certain categories of employees are entitled to pension benefits which are determined based on factors like years of services and cumulative basic salary. The company has provided for the liability based on an actuarial valuation. The compensation paid if any, on voluntary retirement to the employees is charged off as an expense in the year of incurrence.

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

The Company is exposed to currency fluctuations on foreign currency transactions. With a view to minimize the volatility in financial statements arising from fluctuations in the currency rates, the Company follows established risk management policies, including the use of foreign exchange forward contracts.

As a part of the Risk Management Policies, the forward contracts are designated as hedge of highly probable forecasted transactions. The accounting standard on "The effects of changes on foreign exchange rates", which was amended with effect from April 1, 2004 provides guidance on accounting for forward contracts. Further to that, the Institute of Chartered Accountants of India has clarified that this accounting standard is not applicable to the forward contracts which are for hedging highly probable forecasted transactions.

Foreign currency transactions are recorded at the spot rate at the beginning of the concerned month. Period-end balances of foreign currency assets and liabilities are restated at the closing rate/forward contract rate, as applicable. The exchange difference arising from restatement or settlement is recognized in the profit and loss account.

Gains/losses, including gains/losses on intermediary roll over/cancellation, of Forward contracts designated as hedge of highly probable forecasted transactions are recognised in the profit and loss account in the period in which the forecasted transaction is expected to occur.

Other forward contracts, options etc. which are not designated as hedge of forecasted transaction, are marked to market on the balance sheet date and the resultant gain/loss is accounted in the profit and loss account for the period.

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 transferred 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 on consolidation as on the balance sheet date comprises of the following:

	<i>(Rs. in Million)</i>
Wipro Fluid Power Limited	18.27
Wipro BPO Solutions Limited <i>(formerly Wipro Spectramind Services Limited)</i>	4,090.91
Wipro Healthcare IT Limited	175.01
Cygnus Negri Investments private Limited	16.26
Wipro Inc.	1,249.84
Wipro Technology UK Limited	112.87
Total	5,663.16

2. As of March 31, 2005, forward contracts to the extent of USD 318 Mn have been assigned to the foreign currency assets as on the balance sheet date. These assets are valued at the forward contract rate, adjusted for premium / discount in respect of the expired period.

The Company has designated certain forward contracts to hedge highly probable forecasted transactions. The gain or loss on these forward contracts is recognized in the profit and loss account in the period in which the forecasted transaction is expected to occur. In certain cases, the Company has entered into forward contracts having a maturity earlier than the period in which the hedged transaction is forecasted to occur. The gain / loss on roll over / cancellation / expiry of such contracts is recognized in the profit and loss account in the period in which the forecasted transaction is expected to occur, till such time the same is accumulated and shown under Loans and Advances / Current liabilities.

The Company has also entered into option / forward contracts which are not designated as hedge of highly probable forecasted transactions. Gain or loss on such contracts is recognized in the profit and loss account of the respective periods. The outstanding contracts as at the balance sheet date are marked to market, the impact of which is taken to profit and loss account. Consequently, the company has recognized marked to market loss of Rs. 1.03 Mn in the current period.

As at the balance sheet date, the Company had forward contracts to sell USD 503 Mn in respect of forecasted transactions. The effect of marked to market and of intermediary roll over / expiry of the said forward contracts is a gain of Rs. 275.31 Mn. The final impact of such contracts will be recognized in the profit and loss account of the respective periods in which the forecasted transactions are expected to occur.

Had the Company continued to follow the earlier year's accounting policy, the profit for the quarter would have been higher by Rs. 280.22 Mn (higher by Rs. 83.22 Mn for the year ended March 31, 2005).

3. In June 2004, a subsidiary of the company acquired trademark / brand "Chandrika" for an aggregate consideration of Rs. 238 Mn. The subsidiary is entitled to use the trademark / brand in manufacturing, selling and distributing products in India and other SAARC countries. Further, rights to use the brand in Nepal has been acquired at Rs. 30 Mn.

Pursuant to an agreement between the company and the subsidiary, the company is licensed to use the trademark / brand "Chandrika". The Company has also entered into a non-compete agreement with the sellers of "Chandrika" brand, for which it has paid certain amount as upfront fee. In addition, the Company will be paying an annual non-compete fee computed as a specified percentage of the revenues from products sold under "Chandrika" trade-name, subject to a minimum annual payment.

Based on the performance of various other comparable established brands in the market, the company estimates that the useful life of the brand is at least 20 years and hence the cost of the brand is amortized over the period of 20 years. Further, the upfront non-compete fee is amortized over the period of agreement and the annual non-compete fee is recognized in the respective years.

4. During the year ended March 31, 2005 the company acquired 4,164,792 shares from the employees of Wipro BPO Solutions Limited for a total consideration of Rs. 618 Mn and recognized goodwill of Rs. 411.52 Mn.
5. The company has a 49% equity interest in Wipro GE Medical Systems Private Limited (WGE), a joint venture with General Electric, USA. The joint venture agreement provides specific rights to the joint venture partners. The Management believes that these specific rights do not confer joint control as defined in Accounting Standard 27 "Financial Reporting of Interest in Joint Venture". Consequently, WGE is not considered as a joint venture and consolidation of financial statements are carried out as per equity method in terms of Accounting Standard 23 "Accounting for Investments in Associates in Consolidated Financial statements".

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

6. In June 2004, the Company established Wipro Restricted Stock Unit Plan (WRSUP 2004) and Wipro ADS Restricted Stock Unit Plan (WARSUP 2004). The Company is authorized to issue up to 6,000,000 Restricted Stock Units (RSUs) under each plan to eligible employees.

RSUs vest over a period of five years from the date of grant and upon vesting the employees have a right to acquire one equity share for every RSU at an exercise price. The RSUs granted are subject to forfeiture if the employee terminates employment before vesting. The excess of market price on the date of grant over the exercise price is recognized as deferred compensation cost and amortized over the vesting period.

The Company granted 5,170,698 RSUs under the WRSUP 2004 plan and 809,200 RSUs under the WARSUP 2004 Plan. The deferred compensation cost of Rs. 3,651.55 Mn arising from the grant is being amortized over the vesting period of five years.

During the quarter ended March 31, 2005 the Company has charged to profit and loss account Rs. 176.7 Mn (12 months period – Rs. 345.62 Mn) of deferred compensation cost as salaries and wages.

7. In March 2004, the company received a demand from the income tax department of Rs. 2,615 Mn (Including interest demand of Rs. 765 Mn) for one of its assessment years. The tax demand is mainly on account of disallowance of deduction claimed by the company under Section 10A of the Income Tax Act 1961, in respect of profits earned by its undertakings in software Technology Park at Bangalore. On similar grounds the company received, in March 2005, a demand from the income tax department of Rs. 2,617 Mn (Including interest demand of Rs. 692.86 Mn) for another assessment year. Un-provided liability in respect of the said demands is Rs. 4737.95 Mn

In the opinion of the company's legal counsel the said disallowance is not tenable. The management of the company has filed an appeal against the demand received in March 2004 and is in the process of filing appeal against the demand received in March 2005. Considering the facts and nature of disallowance, the management believes that final outcome of the dispute shall be positive and there will not be any material impact on the financial statement.

8. In certain cases, the company has sold its products by way of lease arrangements with the customers. The transaction is treated as finance lease in accordance with Accounting Standard 19 – Leases. The details of lease transactions as at March 31, 2005 is as follows

Gross investments in Lease	– Rs. 68.46 Mn (Receivable within 1 through 5 years)
Present value of minimum lease payment	– Rs. 56.13 Mn
Unearned finance income	– Rs. 12.33 Mn

9. 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 are tabulated below.

Stock option activity under the 1999 Plan is as follows:

	Year ended March 31, 2005			Weighted-average remaining contractual life
	Shares arising out of options	Range of exercise prices (Rs.)	Weighted-average exercise price (Rs.)	
Outstanding at the beginning of the period	3,557,331	341 – 362	362	19 months
	6,298,110	618 – 841	621	27 months
Forfeited during the period	(38,220)	–	362	
	(300,069)	618	618	–
Exercised during the period	(2,043,436)	362	361	
	(1,028,179)	–	618	
Outstanding at the end of the period	1,475,675	341 – 362	362	7 months
	4,969,862	618 – 841	622	15 months
Exercisable at the end of the period	1,475,900	341 – 362	362	7 months
	3,479,803	618 – 841	622	15 months

Stock option activity under the 2000 Plan is as follows:

	Year ended March 31, 2005			Weighted-average remaining contractual life
	Shares arising out of options	Range of exercise prices (Rs.)	Weighted-average exercise price (Rs.)	
Outstanding at the beginning of the period	257,400	344 – 511	459	41 months
	15,567,528	529 – 792	531	37 months
	6,813,549	794 – 915	797	31 months
Forfeited during the period	(33,525)	344 – 511	462	
	(946,291)	529 – 792	531	
	(482,975)	794 – 915	800	
Exercised during the period	(27,427)	344 – 511	451	
	(1,530,988)	529 – 792	529	
Outstanding at the end of the period	196,448	344 – 511	461	36 months
	13,090,249	529 – 792	533	35 months
	6,330,574	794 – 915	797	19 months
Exercisable at the end of the period	82,938	344 – 511	461	36 months
	7,864,909	529 – 792	533	35 months

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

	Year ended March 31, 2005			
	Shares arising out of options	Range of exercise prices \$	Weighted-average exercise price \$	Weighted-average remaining contractual life (months)
Outstanding at the beginning of the period	214,650	6.92 – 10.02	8.64	43 months
	1,696,011	11.63 – 13.79	12.79	29 months
Forfeited during the period	(30,000)	11.63 – 13.79	13.05	
Exercised during the period	(12,375)	11.63 – 13.79	7.54	
	(650,661)	25.90 – 29.03	12.69	
Outstanding at the end of the period	202,275	6.92 – 10.02	8.70	31 months
	1015350	11.63 – 13.79	12.99	15 months
Exercisable at the end of the period	98,978	6.92 – 10.02	8.73	31 months
	773,150	11.63 – 13.79	13.02	14 months

10. The breakup of accumulated net deferred tax asset is given below:

	<i>(Rs .in Million)</i>	
	March 31, 2005	March 31,2004
Deferred tax assets:		
Allowance for doubtful debts	134.08	92.64
Property plant and equipment – Depreciation differential	-27.17	49.12
Employee stock incentive plan	9.39	9.39
Accrued expenses	201.57	166.27
Business losses carried forward	177.13	168.88
	495.00	486.30

11. Provision for taxation comprises of following:

- (i) Rs. 1,133.65 Mn (2004: Rs. 758.93 Mn) in respect of foreign taxes, net of deferred tax benefit of Rs. Nil (2004 : Rs. 61.31 Mn)
- (ii) Rs. 1,607.54 Mn (2004: Rs. 918.63 Mn) in respect of Indian Income Tax, which includes provision of Rs. 70.55 Mn (2004: Rs. 251.39 Mn) in respect of earlier years and deferred tax benefit of Rs. 8.7 Mn (2004: charge Rs. 40.93 Mn).
- (iii) Rs. 8.4 Mn (2004: Rs. 3 Mn) in respect of Wealth Tax which includes provision of Rs. 3.4 Mn in respect of earlier years (2004 : Rs. Nil).

12. Estimated amount of contracts remaining to be executed on Capital account and not provided for is Rs. 2,261.29 Mn. (2004: Rs. 569.11 Mn)

13. Contingent liabilities in respect of:

- i) Disputed demands for excise duty, customs duty, income tax, sales tax and other matters Rs. 5,950.08 Mn (2004: Rs. 3,350.81 Mn)
- ii) Performance and financial guarantees given by the Banks on behalf of the Company is Rs. 2,243.12 Mn (2004: Rs.1,895.56 Mn)

14. 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. (a)	USA	-
Wipro Japan KK	Japan	100%
Wipro Chandrika Limited	India	90%
Wipro Trademarks Holding Limited	India	100%
Wipro Travel Services Limited	India	100%
Wipro HealthCare IT Limited	India	100%
Spectramind Limited	Bermuda	100%
Spectramind Limited (b)	Mauritius	-
Wipro BPO Solutions Limited (c)	India	93%
Spectramind Inc. (d)	USA	
Wipro Holdings (Mauritius) Limited	Mauritius	100%
Wipro Holdings (UK) Limited (e)	UK	-
Wipro Technologies UK Limited (f)	UK	-
Wipro Consumer Care Limited	India	100%
Cygnus Negri Investments private Limited (g)	India	-
Wipro Shanghai Limited	China	100%
b) Wipro Equity Reward Trust	India	Fully controlled trust
c) Grantor Trust	USA	Fully controlled trust
d) Name of the affiliate		
Wipro GE Medical Systems Private Limited	India	49%
WeP Peripherals Limited	India	37.72%

Note:

- a) Majority owned by Wipro Inc.
- b) Fully owned by Spectramind Limited, Bermuda
- c) Owned through Spectramind Limited, Bermuda and Spectramind Limited, Mauritius
- d) Fully owned through Wipro BPO Solutions Limited
- e) Fully owned by Wipro Holdings (Mauritius) Limited
- f) Fully owned by Wipro Holdings (UK) Limited
- g) Fully owned by Wipro Trademarks Holding Limited

15. Diluted EPS is calculated based on treasury stock method for ESOP outstanding.

16. The Company has the following transactions with related parties :

	(Rs. in Mn)	
	As of March 31,	
	2005	2004
<i>Wipro GE Medical systems private Ltd:</i>		
Revenues from sale of computer equipment and administrative and management support services	111.68	116.49
Rent, travel and related expenses	1.61	-
Purchase of Software	0.45	
<i>WeP Peripherals Ltd</i>		
Revenues from sale of computer equipment and services	10.48	8.00
Fees for usage of Brand / trade mark	-	22.04
Payments for services	7.50	4.05
Purchase of printers	176.79	79.89
<i>Azim Premji Foundation:</i>		
Revenues from sale of computer equipment and services	1.97	1.97
Other charges recoverable	6.71	-
<i>Chairman</i>		
Payment of lease rentals	1.13	1.43
<i>Payment to non executive directors:</i>		
Dr Ashok Ganguly	0.8	0.8
Narayan Vaghul	0.8	0.8
Prof. Eisuke Sakakibara	Yen 4.8	Yen 4.8
Dr. Jagdish N Sheth	\$ 0.03	\$ 0.03
P M Sinha	1.00	1.00
B C Prabhakar	0.40	0.40

The following is the listing of receivables from and payables to related party as on the balance sheet date .

	(Rs. in Mn)	
	As of March 31,	
	2005	2004
<i>Receivables :</i>		
WeP Peripherals Limited	1.90	3.04
Wipro GE Medical systems private Limited	20.94	31.32
Azim Premji Foundation	0.04	0.04
Hasham Premji	-	25.00
<i>Payables :</i>		
WeP Peripherals Ltd.	-	34.46

17. The segment report prepared in accordance with the accounting standard 17 'Segment reporting' issued by the Institute of Chartered Accountants of India is given in the *Annexure I*.
18. Corresponding figures for previous periods presented have been regrouped, where necessary, to confirm to this period classification.
19. Pursuant to the exemption granted by the Department of Company Affairs, Government of India, the Company is publishing only the consolidated financial statement of Wipro Limited and its subsidiaries and the stand alone financial statements of Wipro Limited. The financial statements and auditors' report of the individual subsidiaries are available for inspection by the shareholders at the registered office.

WIPRO LIMITED, CONSOLIDATED

Annexure I

AUDITED SEGMENT WISE BUSINESS PERFORMANCE FOR THE QUARTER & YEAR ENDED MARCH, 2005

Rs. in Million

Particulars	Quarter ended March 31,			Year ended March 31,		
	2005	2004	Growth %	2005	2004	Growth %
<u>Segment Revenue</u>						
Global IT Services and Products	16,409	12,549	31%	60,753	43,575	39%
India & AsiaPac IT Services and Products	4,842	3,666	32%	13,964	9,762	43%
Consumer Care and Lighting	1,227	1,020	20%	4,723	3,649	29%
Others	643	628	2%	2,258	1,826	24%
TOTAL	23,121	17,863	29%	81,698	58,812	39%
<u>Profit before Interest and Tax - PBIT</u> ⁽¹⁾						
Global IT Services and Products	4,148	2,966	40%	16,041	9,539	68%
India & AsiaPac IT Services and Products	415	399	4%	1,042	792	32%
Consumer Care and Lighting	177	136	30%	672	551	22%
Others	81	119	-32%	397	277	43%
TOTAL	4,821	3,620	33%	18,152	11,159	63%
Interest (Net) and Other Income	198	343		796	873	
Profit Before Tax	5,019	3,963	27%	18,948	12,032	57%
Income Tax expense	(715)	(759)		(2,750)	(1,681)	
Profit before Share in earnings / (losses) of Affiliates and minority interest	4,304	3,204	34%	16,198	10,351	56%
Share in earnings of affiliates	42	28		175	23	
Minority interest	(16)	(24)		(88)	(59)	
PROFIT AFTER TAX	4,330	3,208	35%	16,285	10,315	58%
Operating Margin						
Global IT Services and Products	25%	24%		26%	22%	
India & AsiaPac IT Services and Products	9%	11%		7%	8%	
Consumer Care and Lighting	14%	13%		14%	15%	
TOTAL	21%	20%		22%	19%	
<u>CAPITAL EMPLOYED</u> ⁽²⁾						
Global IT Services and Products	29,888	21,732		29,888	21,732	
India & AsiaPac IT Services and Products	1,370	1,941		1,370	1,941	
Consumer Care and Lighting	917	596		917	596	
Others	21,538	14,498		21,538	14,498	
TOTAL	53,713	38,767		53,713	38,767	
<u>CAPITAL EMPLOYED COMPOSITION</u>						
Global IT Services and Products	56%	56%		56%	56%	
India & AsiaPac IT Services and Products	3%	5%		3%	5%	
Consumer Care and Lighting	2%	2%		2%	2%	
Others	40%	37%		40%	37%	
TOTAL	100%	100%		100%	100%	
<u>RETURN ON AVERAGE CAPITAL EMPLOYED</u>						
Global IT Services and Products	59%	58%		62%	47%	
India & AsiaPac IT Services and Products	119%	93%		63%	53%	
Consumer Care and Lighting	90%	97%		89%	86%	
TOTAL	36%	35%		39%	30%	

(1) PBIT is after considering restricted stock unit amortisation of Rs. 177 Mn for three months ended and Rs. 346 Mn for the year ended March 31, 2005. PBIT of Global IT Services and Products is after considering restricted stock unit amortisation of Rs. 159 Mn for three months ended and Rs. 310 Mn for the year ended March 31, 2005.

(2) This includes cash and cash equivalents of Rs. 28,497 Mn (2004: Rs. 21,760 Mn).

Notes to segment report:

1. The segment report of Wipro Limited and its consolidated subsidiaries and associates has been prepared in accordance with the Accounting Standard 17 "Segment Reporting" issued by the Institute of Chartered Accountants of India.
2. The Company has three geographic segments: India, USA and Rest of the World. Significant portion of the segment assets are in India. Revenue from geographic segments based on domicile of the customers is outlined below:

(Rs. in Million)

Geography	Quarter ended March 31,				Year ended March 31,			
	2005	%	2004	%	2005	%	2004	%
India	6,557	29%	5,725	32%	19,513	25%	15,205	26%
USA	11,201	48%	8,738	49%	41,935	51%	30,868	52%
Rest of the World	5,362	23%	3,400	19%	20,249	25%	12,739	22%
Total	23,121	100%	17,863	100%	81,698	101%	58,812	100%

3. For the purpose of reporting, business segments are considered as primary segments and geographic segments are considered as secondary segment.
4. As of March 31, 2005, forward contracts to the extent of USD 318 Mn have been assigned to the foreign currency assets as on the balance sheet date. These assets are valued at the forward contract rate, adjusted for premium / discount in respect of the expired period.

The Company has designated certain forward contracts to hedge highly probable forecasted transactions. The gain or loss on these forward contracts is recognized in the profit and loss account in the period in which the forecasted transaction is expected to occur. In certain cases, the Company has entered into forward contracts having a maturity earlier than the period in which the hedged transaction is forecasted to occur. The gain / loss on rollover / cancellation / expiry of such contracts is recognized in the profit and loss account in the period in which the forecasted transaction is expected to occur, till such time the same is grouped under Loans and Advances / Current liabilities.

The Company has also entered into option / forward contracts which are not designated as hedge of highly probable forecasted transactions. Gain or loss on such contracts is recognized in the profit and loss account of the respective periods. The outstanding contracts as at the balance sheet date are marked to market, the impact of which is taken to profit and loss account. Consequently, the company has recognized marked to market gain of Rs. 1.03 Mn in the current period.

As at the balance sheet date, the Company had forward contracts to sell USD 503 Mn in respect of forecasted transactions. The effect of marked to market and of intermediary roll over / expiry of the said forward contracts is a gain of Rs. 275.31 Mn. The final impact of such contracts will be recognized in the profit and loss account of the respective periods in which the forecasted transactions are expected to occur.

Had the Company continued to follow the earlier year's accounting policy, the profit for the quarter would have been higher by Rs. 280.22 Mn (higher by Rs. 83.22 Mn for the year ended March 31, 2005).

5. a) In accordance with Accounting Standard 21 "Consolidated Financial Statements" issued by the Institute of Chartered Accountants of India, the consolidated financial statements of Wipro Limited include the financial statements of all subsidiaries which are more than 50% owned and controlled.
- b) The company has a 49% equity interest in Wipro GE Medical Systems Private Limited (WGE), a joint venture with General Electric, USA. The joint venture agreement provides specific rights to the joint venture partners. The Management believes that these specific rights do not confer joint control as defined in Accounting Standard 27 "Financial Reporting of Interest in Joint Venture". Consequently, WGE is not considered as a joint venture and consolidation of financial statements are carried out as per equity method in terms of Accounting Standard 23 "Accounting for Investments in Associates in Consolidated Financial statements"
- c) In accordance with the guidance provided in Accounting Standard 23 "Accounting for Investments in Associates in Consolidated Financial Statements" WeP Peripherals have been accounted for by equity method of accounting.