

ANNUAL REPORT 2002-03

PEOPLE
BUSINESS
BUSINESS
PEOPLE
A JOURNEY IN LEADERSHIP



PEOPLE BUSINESS BUSINESS PEOPLE

The leadership journey

at Wipro is as much about

people as it is about business.

It's a story of talent, its recognition,
development and transformation.

More than ever, it's about diversity
of culture and oneness of vision.

About seizing initiatives, stretching borders,
markets and individual ability.

It's also about innovation and a steadfast
commitment to quality.

Essentially however, it's about values
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It's a people story. A journey called Wipro.



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Board of Directors

Azim H Premji
Chairman
and Managing Director

Vivek Paul
Vice Chairman
and Executive Officer

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Former Chairman, ICICI India Ltd,
Former Director, Unilever Plc.

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Practitioner of Law

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Professor of Marketing,
Emory University,
USA

P M Sinha
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Narayan Vaghul
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P M Sinha - Member
B C Prabhakar - Member

Compensation and Benefits Committee

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B C Prabhakar - Member

Nomination and Corporate Governance Committee

Ashok Ganguly - Chairman
N Vaghul - Member
B C Prabhakar - Member

Shareholders and Investors Grievance Committee

B C Prabhakar - Chairman
Azim H Premji - Member

REGISTERED AND CORPORATE OFFICE

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CONTENTS
CONTENTS

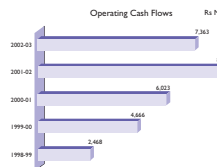
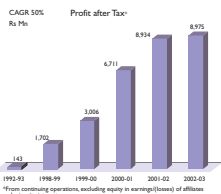
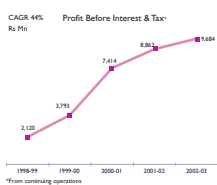
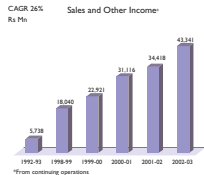
The numbers of business	02
Letter to stakeholders	04
The business of leadership	10
The leadership of business	21
Business Units	32
Directors' Report	33
Report on Corporate Governance	36
Financial Statements	54
Annual Report filed with United States Securities and Exchange Commission (Form 20F)	112
Board Directors	Inside back cover

THE NUMBERS OF BUSINESS
THE NUMBERS OF BUSINESS

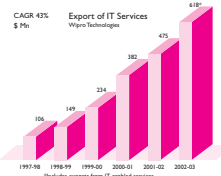
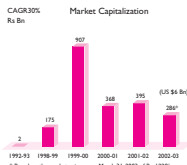
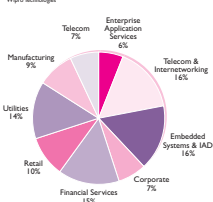
As we make the transition from a leader in India to a global leader, we are building a global workforce that is as diverse as it is committed to derive greater levels of customer satisfaction.

Our focus, to this end, is as much on the future as it is on today. A focus that has seen us grow by 26% (CAGR) in revenues, add 44 new customers in global IT Services, and establish 27 clients with a revenue run rate in excess of \$ 5 million. Our top 10 clients across the globe have an average experience of working with us for over five years.

We have made bold initiatives and successfully integrated three acquisitions - Spectramind, Global Energy Practices of AMS Inc., and R&D labs of Ericsson and are at present occupied in the integration of our NerveWire acquisition. In the same breath, we will continue to look for opportunities that create and provide a sustainable competitive advantage to us and our customers.



Composition of Business Verticals 2002-03
Wipro Technologies

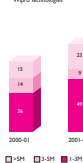


Wipro Limited (Consolidated) - Audited Segment-wise business performance
for the year ended March 31, 2003 (In Rs. Million)

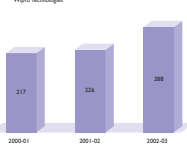
Particulars	Global IT Services & Products	IT Enabled Services	India & AsiaPac IT Services & Products	Consumer Care & Lighting	Wipro Health Science	Others	Continuing Operations	Discontinued ISB Business	Wipro Limited
Revenue									
External Sales & Services	28,456	1,645	8,222	2,991	893	1,134	43,341	42	43,383
Internal Sales & Services	-	-	173	-	-	(173)	-	-	-
Total	28,456	1,645	8,395	2,991	893	961	43,341	42	43,383
Growth in Revenues	25%	-	14%	(1%)	42%	2	26%	-	24%
% of Total Revenue	66	4	19	7	2	-	-	-	-
Profit before Interest and Tax (PBIT)	8,100	395	557	436	8	188	9,684	(182)	9,502
Growth in PBIT	4%	-	(3%)	6%	-	-	9%	-	9%
% of Total PBIT	84	4	6	5	-	-	-	-	100
Operating Margins	28%	24%	7%	15%	-	-	22%	-	22%
Interest Income							634	-	634
(Net of interest expense of Rs. 30 Mn)									
Profit before Tax							10,318	(182)	10,136
Income Tax expense							(1,343)	67	(1,276)
Profit before extraordinary items							8,975	(115)	8,860
Growth							0.5%	-	0.1%
Discontinuance of ISB business (net of tax benefit of Rs. 90 Mn)							-	(263)	(263)
Profit before equity in earnings/(losses) of affiliates and minority interest							8,975	(378)	8,597
Equity in earnings of affiliates							(355)	-	(355)
Minority interest							(37)	-	(37)
Profit after Tax							8,583	(378)	8,205
Growth							(4%)	-	(7%)
Other information									
Net fixed assets	5,025	802	285	386	84	918	7,500	34	7,534
Trade receivables	5,535	268	2,100	197	325	155	8,580	23	8,603
Cash balances/investments	2,186	44	21	197	9	12,855	15,312	-	15,312
Other assets	2,448	424	1,053	344	160	1,596	6,025	4	6,029
Goodwill	1,038	3,776	-	-	175	18	5,007	-	5,007
Current liabilities	(3,019)	(294)	(2,384)	(442)	(266)	(644)	(7,049)	(68)	(7,117)
Capital employed	13,213	5,020	1,075	682	487	14,898	35,375	(7)	35,368
% of capital employed	37	14	3	2	1	43	-	-	100
Capital expenditure	1,770	463	147	14	75	54	-	-	2,523
Depreciation	1,048	150	214	61	17	82	-	-	1,572
Return on average capital employed from continuing business	74%	-	54%	60%	-	-	-	-	31%

Notes to Segment-wise business performance:
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 as shown in India - Rs. 12,674 Mn + USA - Rs. 20,048 Mn + Rest of the World - Rs. 10,661 Mn + Total - Rs. 43,383 Mn.
3. 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.
4. In accordance with the guidance provided in Accounting Standard 23 "Accounting for Investments in Associates in Consolidated Financial Statements" WIP Peripherals have been accounted for by equity method of accounting.
Refer note numbers 2,3,4,5 & 6 in notes to Accounts of Wipro Limited consolidated on page numbers 95 & 96.

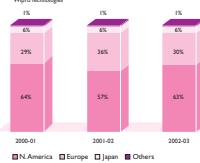
Number of Million \$ Customers
Wipro Technologies



Active Customers
Wipro Technologies



Geographical mix
Wipro Technologies



Legend: USA, India, Rest of the World, Europe, Japan, Others

LETTER TO STAKEHOLDERS

LETTER TO STAKEHOLDERS

Dear Stakeholder,

Over the last several years and particularly in these past 12 months, I have often been asked why I have not diversified my holding in Wipro or sold part of my stake in Wipro to de-risk my investment. My only answer to this question, for not just the last few years but consistently over the past four decades, has been that I believe Wipro is the company for not just the year ahead, but for the future.

Today the perceptions about a business are shaped significantly by the stock markets, and how the stock prices have behaved. Stock markets have viewed the future merely as an extension of the immediate present. In the year 1999 and 2000, an annual growth rate of 60% was considered low while in 2001 and 2002, an annual growth rate of 30% was considered a challenge. Estimating growth for the years ahead is a tough job and this is something that each one of you has to perform for yourself. Our task, as I see it, is to grow the business both Revenue and Profits, the best we can in the environment we operate in. This growth could be aided by a robust economic environment, or we may have to chart our own course towards it.

In today's environment, forecasting the future is a difficult task. So let's leave

fortune-telling to the Oracles, and discuss instead our analysis of business trends that will shape this future, and what we see as our challenges and our initiatives for action.

Perhaps the biggest business trend we see is one that we created. Getting technology work done from a company like Wipro is now conventional wisdom - a significant change from the radical idea it was a few years ago when we began proposing it. This brings with it an enormous potential as well as an enormous responsibility.

We have a clear shot at not just becoming an Indian leader, but becoming a global leader. As global companies try to duplicate our successes, we have to move swiftly to ourselves become a global player. We must build a full range of services, we must build a global workforce and we must build among the most customer focused organizations in the world.

This defines our initiatives for the future. Meanwhile we will continue to build our service lines, focusing on Consulting, Business Process Outsourcing and Infrastructure Services. We will continue to build global delivery capability from global delivery centers. We will build a team of account managers that will have a greater say on how we run our company than hierarchical chiefs.



Azim H Premji
Chairman

If it is good to have our time in the sun, we also recognize that this will not last forever. If we have not transformed ourselves in the next 36 months, customers will not wait for us, and we will be relegated to being someone else's contract factory. Everything we do has that sense of urgency and willingness to invest.

Similarly, in the Consumer Care businesses, we recognize that the Wipro distribution channel and manufacturing efficiencies poise us well for the imminent consumer boom in India. We will take actions to seize that opportunity.

At the same time, we recognize that transformation only comes on the foundation of execution excellence.

Every day we find more ways to improve. Our process leadership, honed through models like CMM, CMMi, PCMM and Six Sigma, continues to find ways for us to walk the path of continuous improvement. This is particularly important at a time when we face pricing pressures, as old service lines commoditize and as customers get more sophisticated in their buying behavior. While no one can cost-reduce themselves to greatness, we recognize that a strong cash flow and balance sheet represents a unique competitive advantage against our global competitors.

The key to success in all these efforts, as always, is our people. Even more in today's world - top down cost reduction has to be replaced with smart productivity.



that improves utilizations and productivity per employee. This is attempted through a multi-pronged approach, which relies on aggressive use of technology at workplace, work restructuring and sharing of human resources which promotes efficient manpower utilization. Over the last few years, we have already reaped the gains from technology through digitization of the workplace. Now, we are actively trying not only to reduce the duplication of work within different parts of the organization, but also exploit the synergies across different business units to boost employee productivity. This year, we established a shared

services organization to push up the efficiency of all the administrative processes in the organization. In Software delivery, we are increasing the thrust on quality processes and development of re-usable components through knowledge management. Another key to boost employee productivity is efficient deployment of human resources through greater amount of employee sharing and mobility across divisions. Our culture of working in matrix structures gives this a strong emphasis.

As we look at our successes in the last year, they are very much in line with these directions. Once again, we

demonstrated our ability to scale, as we added 5,000 employees without missing a beat on execution excellence. We work to instill our Quality culture and processes into every aspect of what we do, taking it from not just within Wipro but on the field with sales teams and at customer sites through our Quality Consulting initiatives.

Our client portfolio continued to grow well and established 27 clients with a Revenue run rate in excess of \$5 million, with our top 10 clients having an average experience of working with us for around five years. This has resulted in 29 Fortune 1000 customers added in the fiscal year 2002-03. Of the 120

customers added in 2002-03, we have 20 customers who have a revenue run rate in excess of \$1 million. The rich client base we have will have a significant impact on client conversions as we go ahead.

We continued to invest aggressively in our service line expansion. We made acquisitions to speed up the building of domain and consulting expertise as we acquired the Energy and Utility Consulting business from American Management Systems and NerveWire, as well as executed the first total outsourcing deal in the R&D services space with the purchase of Ericsson's





labs in India. At the same time, we retained our core vertical structure, something that is a source of competitive advantage as we become experts in our customers' industries.

At the same time, we continued to build capability to manage acquisitions after the deal is done. Spectramind, an acquisition we made in the early part of the year, has demonstrated strong growth potential. We have been able to share operating best practices, including scalability and do joint selling. It has gone from 2700 to 5100 employees over 9 months while maintaining quality deliverables and 70% of its prospect funnel are Wipro customers or joint pursuits.

We have also invested in organic growth.

We hired 100+ consultants, built delivery centers in Windsor, Canada, Tampere, Finland, Japan, Stockholm, Sweden and Germany.

We continued our drive to make Wipro even more customer centric. We continuously enhance the abilities of our customer facing people, and drive organization structures which help the customer facing teams move the rest of the organization to deliver higher value to the customer. Comprehensive training programs which focus on the skills and abilities to understand the customer's business, anticipate her needs and deliver on these needs, are a key element in this strategy. Clearly, single minded customer focus leading to superior understanding of the customer is what gives Wipro that extra edge.

Our vision remains as shared earlier:

Business leadership: Among the top 10 Information Technology Services companies globally and the No.1 Information Technology company in India

Customer leadership: The No.1 choice of customers through innovative solutions and Six Sigma processes

People leadership: Among the top 10 most preferred employers globally by creating an environment of empowerment, intellectual challenge and wealth sharing

Brand leadership: Wipro to be among the 5 most admired brands in India

Will we get there in 2004?, 2005?. We do not know. But with so much to look forward to, you can understand my eagerness to keep my bonds with Wipro as strong as they have ever been.

P S Pai our Vice Chairman, after two decades of heading our Consumer and Lighting business, retired in July 2002. His contribution to the business results and culture of Wipro is significant and deserves special mention. We wish him all the very best.

I thank you all for the confidence and trust you have reposed in Wipro.

Team Wipro and I will endeavor to work towards our Vision with commitment and passion.

Very sincerely,

Azim H Premji
Chairman
April 30, 2003

THE BUSINESS OF LEADERSHIP

At Wipro we believe in the power of people leadership. That the worth of an organization is powered by the people who work for it. So, while the organization might be a furnace of creation, it is the people who stoke its fires. And in today's dynamic economic scenario, we believe it is our people who will lead us into our future.

Deep within our people lie dormant potential capabilities that can revolutionize business when translated into action. We continuously strive to channelize these powers to transform the organization into one that is strong, resolute and trusted. A careful nurturing of these innate powers, coupled with sensitive and innovative people practices has resulted in a deep pool of talent in the organization.

It is this depth of leadership, coupled with an unflinching focus on satisfying the customer that has fuelled our sustained growth and success. We have now become a preferred IT partner to customers worldwide.

Today, we respond proactively to the simplest needs of the customer - to 'do that little bit more' as a customer once put it. It is a journey that has brought us to a leadership position, where we provide comprehensive IT solutions and services with the speed, scalability, quality, flexibility and cost-effectiveness that give our customers a competitive edge in their markets. This focus has helped us create new markets, cross new borders, create innovative services, open new service lines and sustain all round growth. As we head

resolutely towards making Wipro more global, we're gearing up for the creation of a multi cultural and diverse workforce.

THE WIPRO LEADER

We understand the need to create leaders - true leaders who do more than just manage tasks or people. Wipro Leaders who help people find a new meaning to what they do; energize them to think beyond what they have been doing; encourage them to discover their true potential and become leaders themselves. It is these Wipro Leaders who carry the responsibility of leading us into the future.

At Wipro, even as we induct fresh talent, we place tremendous importance on developing leaders from within. To this end, it is our culture and processes that drive the development of leaders.

Wipro Leaders' Qualities

While all of us appreciate and recognize leaders and leadership qualities, the biggest hurdle arises when we try to identify these qualities. There is a strong temptation to attribute all possible good qualities one can think of, and come out with hundreds of qualities, akin to a super hero. The reality however, suggests that such supermen or women may not exist, and that actually, one has to create them.

At Wipro, we decided to be more pragmatic. We have identified eight leadership qualities for a Wipro Leader. This was done after extensive research, an understanding of best practices, interaction with thought leaders and our experience.

"Making people responsible for their work rather than their job, their achievements rather than their objectives and their potential rather than their goals - that is the Wipro way."

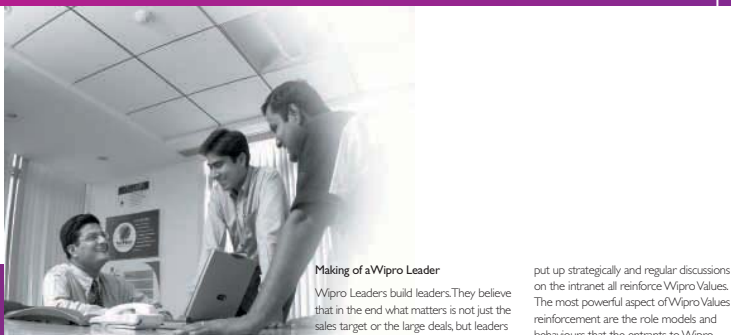
Manoj Mundada,
Consultant

"My work at Wipro has instilled certain core human values in me, including respect for everyone and the need to execute responsibility with integrity and hard work, which gets reflected in early responsibilities that have been entrusted upon me in Wipro."

Asheesh Malhotra, Senior Consultant

"Mentoring at Wipro is unique, and has a great impact on people like me. Within a very short time, I have completely grown into the Wipro Way. And my mentors, I can happily say, are the sole reason for this."

Nitin Krishnan Unni,
Senior Software Engineer



Making a Wipro Leader

Wipro Leaders build leaders. They believe that in the end what matters is not just the sales target or the large deals, but leaders whom they helped in developing. "Develop leaders under you, not only because it is good for business, but because it will give you tremendous personal satisfaction," is every Wipro Leader's dictum.

That, in essence, describes the moving spirit and energy behind Wipro's drive towards developing leaders from within.

Selecting leadership

Tomorrow's leaders are today's ambitious and enterprising youth.

At Wipro, when we go to campuses, and look for lateral talent, we look for leadership qualities in addition to academic achievements. We ask ourselves a simple question: will we ever make this person a member of the top management in Wipro?

Further, our selection processes clearly look for the behavior illustrated in the leadership competency list. We use these qualities to select young leaders from campuses and also when we select very senior people, though we would look for higher levels of proficiency in the latter.

Inducting leadership talent

True induction happens through the sharing of values. A new entrant in Wipro participates in a Values session addressed by the Chairman. Visible communication across the organisation in the form of integrity manuals, the value boards

put up strategically and regular discussions on the intranet all reinforce Wipro Values. The most powerful aspect of Wipro Values reinforcement are the role models and behaviours that the entrants to Wipro see every day at work.

New campus hires typically participate in a series of training programs aimed at technical knowledge enhancement, behavioural development, business induction and talent integration.

New talent gets integrated into the Wipro culture through mentors assigned to them. The mentee derives full benefit of the program as the design is discussed at length with the mentee and expectations are set.

Catching them young - Wipro Academy of Software Excellence - WASE

A unique program, pioneered by Wipro, in 1995, the Wipro Academy of Software Excellence targets fresh graduates from Science disciplines. The program prepares some of the best science graduates to work with applications programming environments in a growing software company like Wipro.

Also, they have the unique advantage of imbuing Wipro's culture right from the infancy of their career with us.

Bringing value to WASE students is Wipro's success in ensuring that the students are recognized with a formal post graduate degree from India's leading deemed university, Birla Institute of Technology & Science (BITS-Pilani).



Measuring leadership

How does one measure leadership? At Wipro, every year, all leaders above the middle management grade go through a 360-degree feedback. Where every leader receives feedback from his or her juniors, peers and managers. But feedback in itself is not enough. Most people appreciate feedback so long as it is positive! It is to counter this that we have a program called 'Winds of Change' - to convert feedback into action. We have a process to help leaders appreciate the feedback to help them grow and act on it.

Creating customer-centric leaders

At Wipro the customer has always been first. We invest our energies in developing lasting customer relationships based on trust, commitment and credibility.

Through our customer leadership interface programs (CLIP), we train our managers to understand customers proactively. Participants are exposed to the importance of identifying and building on opportunities for serving the customer in more ways. They are trained to focus on building long term credibility by consistently delivering short term commitments. The program is designed for learning through lectures, group discussions etc.

DEVELOPING LEADERSHIP

Leadership training is not an event, but a process of learning and participation. To foster this process, we have created training programs designed along the lifecycle pattern of leadership development.

Learning by doing - execution is everything

While focused training is useful, we believe true learning comes from exposure to multiple opportunities and situations. That we actually execute and deliver. Wipro continuously creates opportunities for people to grow through movement across various functions and roles and by extending opportunities to live and work in different countries.

Continuous expertise enhancement

As we create an environment to ensure that our leaders continue to grow, we are conscious of the quest of our technical leaders for knowledge and skill enhancement.

At Wipro, we are committed to continuously improve the competencies of our people. This, we believe, is critical to maintain the organization's competitive edge, apart from facilitating individual learning and retention. This for us is talent transformation.

We believe that a true leader is always in search of knowledge. Self development through managerial leadership programs and the avenues to scale higher and higher in knowledge acquisition, keeps the Wipro Leader going.

Wipro has a large suite of educational initiatives for its employees. Our people are encouraged to take up higher degree programs offered by premier educational institutes in India.



"Working at Wipro is a great experience for me both professionally and personally. The commitment and passion of my colleagues to provide the best possible service to clients is a great asset for achieving my targets. Wipro provides a healthy environment for open debate, learning and growth of individuals."

Russel Goldie, Business Development Manager



"Wipro is an ethical, exciting and open organization in which, each individual has ample opportunities to contribute. As for WASE, it is an out of the box experience which will be remembered by the participating members. Come to Wipro if you want a career, not another job!"

Parthasarathy G. Specialist, JEE-Web Services



Developing power consultants

Developing a leader isn't limited to his or her ability to think strategically and lead teams. As we move increasingly into the consulting space, customer facing skills are of prime importance. To meet this emerging need, we have rolled out a training strategy to build consultants. We do this through our programs on power consulting and strategic consulting.

Participants are trained to understand the context of the customer's business needs. And trained to develop solutions, not just implement what the customer tells them to do. To be able to do this, they gather an armory of skills ranging from contextual probing, problem analysis and definition, to working out alternative solutions, presenting the most appropriate solution and finally transferring the ownership of the solution to the customer.

"The biggest positive for me in Wipro has been the variety of roles the organization offered me. There are few organizations that carry the kind of breadth that Wipro has and even rarer are the ones that give the opportunity to its employees to get exposure to this breadth."

Mansoor Ahmed Syed, GM

"The power consulting course was simply terrific. I had a client presentation at the end of it and realized I had indeed used a lot of stuff from the training. I would rate the training as one of the best I have ever attended."

Sushel Kt. Ladva, Consultant

Wipro Leadership training program: the four building blocks

- New Leaders' Program aims at equipping first-time managers with the necessary skills that are incremental to his or her success in the new role. Many people continue to be more comfortable managing technology rather than people. This program teaches them how to build teams, communicate, lead through difficult situations and coach others.
- Wipro Leaders' Program caters to the manager of managers who still wants to manage the teams directly.
- Business Leaders' Program is for General Managers-in-waiting who are required to look at business as a whole and understand bottom line implications. It covers relevant elements of finance and environmental scanning.
- Strategic Leaders' Program is the highest program, aimed at Chief Executives. It helps them to design and develop strategies in a global environment.

Continuous learning extends beyond borders

Wipro's global business model demands a global workforce. This global workforce is geographically also located across the globe. The need to enhance their knowledge has been met by a combination of class room learning and web based learning initiatives, which we call blended learning. Blended learning successfully integrates information technology with innovative learning strategies like virtual learning to build a corporation powered by knowledge.

Wipro has leveraged its partnerships with technology companies to set up competency centers where the latest tools are made available for learning, training and certification.

"Challenging roles and continuous learning. Faith in individual ability, the freedom to work and the openness of the organization. These are what have made me stay and grow in Wipro."

Durga Prasad Yenigalla, Head, Sales and Practices-Managed IT Services.

ENABLING CULTURE

Behind the success of our learning initiative, is a strong, positively reinforcing, enabling culture. People processes, performance orientation, striving for excellence, customer centricity and digitization support, characterize the unique enabling culture at Wipro.

"Wipro to me stands for value, power of trust and integrity. Wipro's commitment to quality

through its people, processes and products converges to only one thing - unparalleled experience to the customer."

Anuj Bhalta, Regional Business Manager - Managed Services.

World class people processes

Wipro's success in people management is based on the four elements of best people practices - shaping the workforce, developing competencies, motivating performance and participative culture and team work.

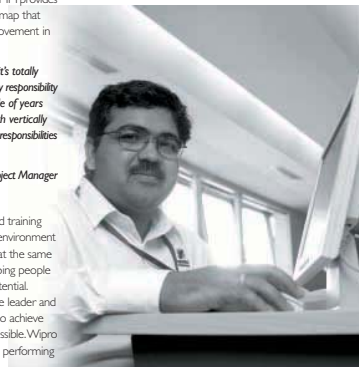
These practices enabled Wipro to become the first IT services company to be assessed at PCMM Level 5. Developed by SEI of Carnegie Mellon University, PCMM provides a global people practice roadmap that guides us to continuous improvement in people processes.

"Work culture? All I can say is it's totally transparent. Then there's the early responsibility and job rotation. In just a couple of years I have grown tremendously, both vertically and horizontally. And each of the responsibilities was challenging and exciting."

Rajkumar Thiruvannokarasu, Project Manager

Performance imperative

Along with all the learning and training initiatives, Wipro provides an environment that nurtures and challenges at the same time. Leadership is about helping people stretch to their maximum potential. Positive expectations from the leader and from the team drive people to achieve beyond what they thought possible. Wipro encourages and rewards high performance



"Once I would have said the most challenging part of my job was designing the solution, but Wipro has changed this. You can call it Human Values, customer centric focus, the influence of customer oriented programs like NLP, ALIGN and CLIP. Fundamentally they all say that the customer needs to be at the centre of my work day. Understanding what my customer wants and trying to anticipate it is the exciting and unpredictable element of my job, and successfully delivering on it is the most rewarding!"

Suchitra Raguraman, Systems Manager

"Being in Wipro is one big learning experience. It's not just the fact that I work on the latest technology, but the skills I've developed through terrific initiatives like Blended Learning."

Udaya Chandra Kamath N., Specialist VLSI System Design

individuals and teams. A culture that brings out the best in people.

Striving for excellence

Good is not good where better is expected. This is a thought every Wiproite shares. Leaders have a continuous urge to excel. Wipro's quality and innovation culture fuel this innate drive for excellence and creativity. To us, Quality, like Integrity, is non-negotiable. It is a defining factor in all that we do to move a product from mind to market. It defines our core organization values, policies, processes and systems. And it pervades our relationships and interactions with all our stakeholders.

Which takes us closer and closer to our vision of being the No.1 choice of customers through innovative and quality solutions.

Six Sigma way

The Six Sigma movement is a business transformation initiative at Wipro. It is a philosophy that has enabled us to deliver significant value to all our stakeholders.

Six Sigma creates a data driven, metric oriented culture. It empowers all levels of organization to articulate and solve their own problems. Team work is the key operational methodology of Six Sigma.

This essence of Six Sigma is a key input to the development of our leaders. Making them data driven and change embracing team players.

The Six Sigma approach has created an organization-wide momentum that has contributed to many laurels at Wipro; the

distinction of being the first Software Services company to achieve SEI CMM Level 5 and the distinction of being the first company to achieve PCMM Level 5 and CM-9 LEVEL 5.

"Quality like other practices, is a way of life at Wipro. And Six Sigma is an integral part of this way. Even as it helps us better our internal processes, it has really helped us identify clients' pain areas. And provide efficient solutions they just love. It's a commitment that's even put us in the front in TTCN competency and building test solutions for on demand platforms like Symblin."

Raghuvver Maglinneedi, Project Manager

Customer centricity and focus

Wipro's people processes drive customer satisfaction, allowing us to match changing business needs with development of people competencies. Strong people processes drive the organization's capability management thrust through increased scalability, sustainability, faster delivery and cost efficiency.

Digitization support

Our digitization initiative begun in the year 2000 reached full maturity this year. In the initial months of the current year, we were able to digitize the balance critical business processes.

Taking advantage of the digitized business processes, we set up the Wipro shared services center (christened as 'Wvidus') to provide business process services to all Wipro business units in the areas of HR, financial accounting, procurement & travel.

The scope of this will soon be expanded to include collections - to improve Day Sales Outstanding - and centralized support to our sales managers to enable them to improve effective touch-time with customers.

The shared services center is a scalable model, positioned for addressing future business growth in the business process services space.

Wipro is connected globally through VoIP and Video-conference lines to all locations of Wipro Technologies. The services will be provided under arm's length Service Level Agreements and as a compelling reference, will enable the mission of Wipro Spectramind towards upscaling BPO services.

The learning from the setting up of the shared services provides Wipro a great experience to share with customers. Enabled by the above digitized processes and in keeping with customer needs on security, Wipro Technologies achieved BS 7799.2

certification in September 2002, for all its software development centers in India. This certification provides assurance to customers on their concerns on intellectual property protection and business continuity needs.

GLOBAL PEOPLE PRACTICES - CUSTOMERS' TAKE AWAYS

Access to the right skills at the right time

Wipro has developed a robust recruitment system that links all talent acquisition activities. The system provides role-based access on employee desktops. This facilitates the selection of the most qualified candidate in the most efficient way.

The two pillars of the system are:

- People Allocation System (PAS) is the focal point for day-to-day planning of recruitment activities for each division/location. The system is based on skill forecast/profile forecast by business managers globally.

Wipro's approach to leadership

Wipro believes

- Leadership is more than technical knowledge and skills. It is a set of behaviors and habits called qualities that leaders must display.

- Leadership comes from practicing the qualities truly and consistently.

- Leadership is a function of developing leadership qualities and demonstrating them at the workplace.

- Leadership involves addressing underlying framework of motivation. Employees love firm and fair leaders.

- Leadership happens through personal example. Values are shared and discussed openly.

"Sure, leaders are made rather than born. And what better place than Wipro? Personally I've had all the opportunities I needed in every phase of my career. As a programmer to work on new technologies, then managing projects, then opening new accounts, then establishing competence centres and now pre-sales and business support...it's been one great journey."

Arjun Ramaraju,
Senior Consultant

The employee referral scheme is another mainstay of recruitment within Wipro

Right skills at the right time for the optimal cost

Wipro has integrated people, processes and technologies through an innovative HR service delivery platform, christened i-Desk. This includes an automated performance management system.

i-Desk also extends a resume standardization tool, which is being put to use, to create a skills matrix. This web based tool has helped Wipro to consistently maintain updated resumes of over 95% of employees in a central database. The database is used to propose a particular skill, profile and demonstrate experience to customers in order to meet critical business requirements.

Global best practices and innovative delivery mechanisms like i-Desk have enabled Wipro to manage its core business - the business of workforce management, talent engagement and development in a superior way. We do not rest there. Continuous workforce innovation is a key process area.

As we explore mechanisms that support the continuous improvement of workforce practices and technologies, the bar is being raised consistently. Today, we have global best practices - people and quality - in place to scale these barriers.

LEADERSHIP BEYOND BUSINESS

Leadership isn't just about organizational capability. It's also about leading the way as a responsible corporate citizen. And in some form or other, contributing to the society

in which we operate. To Wipro, the future of the society depends on the ability of its children to think analytically and creatively, and be a lifelong learner.

Wipro believes that the conventional education system does not adequately equip children with such abilities. Children must enjoy the process of learning, so that what is learnt is retained.

The mission of the Wipro Applying Thought in Schools' program is to enhance creativity and problem solving skills among children by catalyzing systemic changes. Recognizing that the teacher has the most profound influence on a child's learning ability, at the heart of our program is teacher empowerment and re-skilling. The teacher re-skilling program was launched in May 2001 and its success has enabled us to take it forward to other cities in India.

We are also reaching out to parents in an attempt to change their world-view of the purpose of education. A program to train parents is being put together; to enable them to help their children acquire life skills, and support the changes being brought about in the school.

Wipro is helping the school management recognize specific systemic changes and assist in its implementation. As the program scales up, Wipro would lead changes in the curriculum and examination system. For accelerating the systemic changes at the national level, we have launched the Wipro Forum on Quality in Education. The Forum is intended to work as a platform for sharing ideas and as a pressure group to bring about systemic changes.



Wipro Cares in society

Wipro Cares channelises the spirit of volunteerism of Wiproites. The employee contribution is supported in equal measure by the organization. For any contribution made by Wiproites towards a cause that they support, Wipro makes an equal contribution.

Wipro Cares set up hospitals in the earthquake hit areas of Gujarat. In Orissa, this initiative led to the construction of a storm shelter. The success and usefulness of this project gives us the confidence and hope that we can continue to make a significant contribution to society.

LEADING WIPRO INTO THE FUTURE

We believe that our actions carve our future. We know that if every such action passes a few simple tests, we are indeed carving the right future. Does the action create superior value for our stakeholders? Is the action true to our values? Is it consistent with our vision? If the answer to all these questions is 'yes', we know the action is another reinforcement of our business leadership. Each such bold action is taken by a leader, and that is the essence of our business leadership. The Wipro Leader creates our future and leads us there.

"The key to what makes Wipro and its people successful are the focus on customers and the Promise statement which is ingrained and practiced in the organization. Each customer is special, so is the individual who serves him."

Saurabh Arvind, Programme Manager

"The mentees in Wipro are agile enough to move successfully within roles. They take full advantage of the opportunities thrown open to them. Jinu Koshy, Technical Manager is one such example. He started his career as test engineer, became a domain expert and moved into his current role as techno-marketing person."

Subrahmanyam P, Vice President

"What I enjoy most about working at Wipro is the opportunity to apply my knowledge to numerous industries. It's a challenge to apply our leading technology and expertise to complex customer needs and create a solution that not only solves their immediate problem, but also results in long term value for them."

Deepak Satya, Associate Consultant





Expertise enhancement through learning initiatives

Ensuring knowledge and technical skills enhancement is a conscious effort at Wipro. Our state-of-the art learning and classroom tools are testimony to this initiative.



Learning that extends beyond borders

A global workforce requires the knowledge to cater to customers across the globe. A combination of class room learning and web based learning initiatives like Blended Learning successfully integrates information technology with innovative learning strategies like virtual learning. And builds a corporation powered by knowledge.



"Wipro was quick to welcome us into its fold. The integration was a 100 day process, jointly planned and executed. And today we have an exciting opportunity to leverage each others capabilities, assets and presence. At no time do we feel different from any Wiproite."

Todd Pollyea, Principal Consultant,
Energy & Utilities Consulting Practice, (former AMSer)

"By being a part of Wipro we have a value proposition that is way beyond Business Process Outsourcing. We leverage our global presence, vast expertise and sound experience in IT, Consulting and BPO to take to our customers an unbeatable value model."

Nilanjana Paul, Vice President,
Wipro Spectramind



THE LEADERSHIP OF BUSINESS

There is no stronger argument for our continued thrust on people leadership, than the fact that it has propelled us into a position of business leadership.

Our people leaders have helped integrate global practices and processes, infused a spirit of innovation and created increased customer orientation and professionalism.

Wipro leaders help our customers gain a competitive edge in their markets through:

Speed - using our domain competencies to offer a significant time-to-market advantage, crucial to every industry.

Scalability - by ramping up our resources to meet the most challenging of customer needs, onsite and offshore.

Versatility and flexibility - through end-to-end capabilities.

Execution excellence - by adding value through quality processes that meet the most stringent of needs - resulting in faster implementation and cost savings.

Testimony to this fact is that over 100 Fortune 1000 companies, forged relationships with Wipro as a valued IT partner; not merely a provider of cost effective solutions.

Our entire service capability is built around industry verticals. Giving depth of domain competency and understanding, and enabling us to develop leaders within these domains. This model helps us to spot latent opportunities and continuously provide better, incisive solutions to our customers.

Our people leadership has clearly spurred business leadership by gaining the trust of our customers and strengthening relationships. Which just goes to strengthen our belief, that the harder we focus on

developing leaders, the better we are positioned to realize our Vision of being among the top ten IT services companies in the world.

Our business engine has four enablers: inorganic growth through acquisitions; cross-leveraging our IT expertise across solutions, services and products businesses; organic growth through deepening customer relationships; and innovation as a key driver of action. This dynamic business engine continuously adds to Wipro's range of solutions and services, to deliver the full range of our customers' needs. Today this range of our offering includes IT consulting, infrastructure management, systems integration, custom applications development and maintenance, package implementation, technology services and business process outsourcing.

ENABLERS FOR GROWTH

Business enablers at Wipro focus on driving growth both organically and inorganically.

Acquisition - driving growth

Inorganic growth has been a strategic initiative to gain access to newer opportunities and newer markets. Simply put, in our acquisition strategy, we look for three fits - strategic fit, cultural fit and financial fit. If a business meets these fits, we view it as an opportunity for inorganic growth.

This growth becomes a reality only through a successful integration. The human element of integration throws up complex challenges. Our systematic leadership focus has driven successful integration of our acquisitions. The diversity created by successful integration, further fuels our vision to be a global brand with a multi-cultural workforce.

Wipro Spectramind

Our acquisition of Spectramind has enabled us to create India's largest third-party offshore BPO provider - Wipro Spectramind. We now partner with our clients to provide a full spectrum of BPO services. Clubbed with our vast IT solutions experience of two decades and a diverse domain expertise, Wipro Spectramind is well positioned to serve customers worldwide.

While this acquisition helped us expand our services portfolio, its success was really driven by the integration of the 2700 member team of Spectramind.

Post acquisition the team has grown to 5100 member strong. Today, we have one team offering a full range of BPO services to our global customers.

Our energy and utilities consulting practice acquired from American Management Systems Inc

This business focuses on providing IT consulting services to the energy and utilities industry. The practice has been delivering proven results for complex billing, customer interaction, load profiling, settlement, work management, and asset management services for energy and utility companies.

The acquisition helps Wipro consolidate its IT service offerings in the energy and utilities space - a 100 consultant strong practice that has been growing rapidly in the past few years. Wipro now has access to several key customers including some of the largest US electric and gas utilities and energy suppliers along with European energy companies. There is also a significant potential to up-sell and cross-sell new services to this customer base, including offerings such as Business Process

Outsourcing and Technology Infrastructure Services. The strong domain expertise of the global energy practice in niche products and services can be effectively channelled to Wipro's current client base.

Research and Development Labs in our Telecom and Internetworking practice

In a classic example of a 'win-win' customer solution, Wipro acquired the Research & Development labs of Ericsson in India.

While providing the customer with the benefit of continuity in its R & D operations out of India, this transaction consolidated Wipro's strength in the Telecom space with the addition of over 250 domain specialists across three locations in Hyderabad, New Delhi and Bangalore.

The strength of Ericsson's R & D center in India was its people. Wipro through this transaction acquired valuable skill sets in telecom R & D.

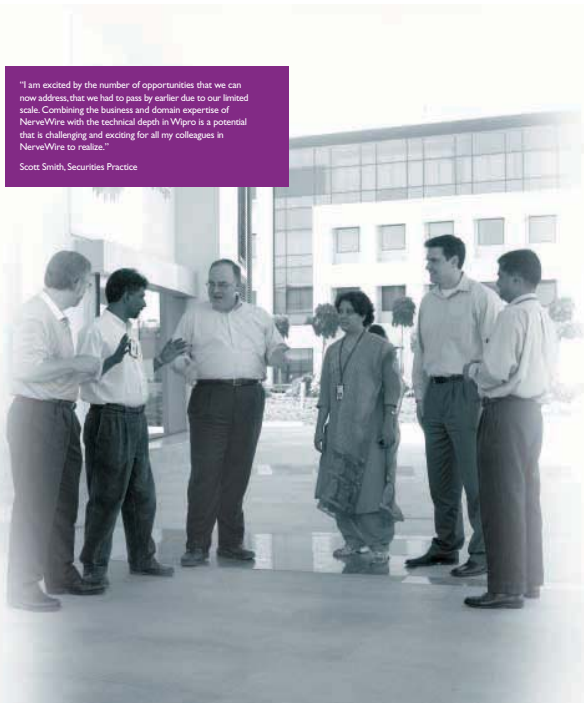
High end consulting in Securities practice through acquisition of NerveWire Inc.

NerveWire, an IT consulting and system integration firm focused primarily on the securities market, is the latest company to enter the Wipro fold.

NerveWire's team of 90 domain experts and IT consultants have become an integral part of Wipro's financial services strategic business unit. The acquisition also brings 40 client relationships with over 20 active engagements. This move will help Wipro to offer a full suite of services and extend our presence in the financial services market. We believe this acquisition will be a strong catalyst for growth by creating better customer value.

"I am excited by the number of opportunities that we can now address that we had to pass by earlier due to our limited skills. Combining the business and domain expertise of NerveWire with the technical depth in Wipro is a potential that is challenging and exciting for all my colleagues in NerveWire to realize."

Scott Smith, Securities Practice



Customer focus - deepening relationships by delivering value

At Wipro the customer is at the center of our vision. While we continue to drive growth by exploring new markets and opportunities, our strong focus on existing customers has resulted in building business.

It has been our effort to have a better understanding of our customers' business, create enhanced value through quality solutions and a continuous attempt to scale up our services, that have been crucial in building these strong relationships. In short, customer focus drives our business growth. And it works - over a third of our million dollar customers were added in the last two years.

What does a customer want? More importantly, what does a customer 'wish' for? Questions like these have driven us further, to set up Centres of Excellence at Wipro. These Centres represent each of our business verticals.



Vasudevan Velayudham, Project Manager, NYSE Account

Case Study - Colgate Palmolive

Colgate Palmolive is a market leader in oral care in India. The company enjoys over 51% market share in toothpaste segment, 48% market share in toothpowder market, and 30% share in toothbrush segment. It operates through 3 factories and over 23,000 depots, and recorded a turnover of Rs. 11 Billion, last fiscal year.

- Under a Total Outsourcing agreement Wipro helped Colgate Palmolive India with Complete IT infrastructure management.
- Migration from an existing VSAT network to a leased line network in an outsourced model.
- Connecting depots across the country.
- Remote management of network infrastructure from Wipro's network operation centre in Bangalore.
- High level uptimes on network - 99.5%

Letter from NYSE

Also appreciated is the team's nimbleness as ISIS2 project priorities are often revised. They are able to react quickly, move from one area of the project to another, as the business requires.

I also wish to express my sincere thanks to the ISIS3 Project Managers. They have shown a gracious management style, especially evident in all their dealing with Wipro team members as well as NYSE and SIAC personnel.

Deborah Lang, Director - NYSE

At the CoE, dedicated personnel constantly scan customers' business environment. They use this information to build solutions that solve the customer's problem while adding value to their business. The same information is used to re-skill Wipro's own technical teams and equip them with the know-how to anticipate and develop solutions.

Productized service lines - looking within, viewing the world

A key strength that helps us move towards global business leadership, is our ability to leverage our Indian IT expertise and offer it to global customers. We look within to examine our competencies, generate ideas that align with market opportunities, and scale up competencies to match these opportunities.

Perhaps the best examples of this are in services like IT Security, Systems Integration, Infrastructure services and R & D services. Our success in offering these solutions to customers in India have helped us extend them to customers globally. Today we are making further headway in extending our e-Procurement portal service - 01 markets - to the Asia Pacific region, following its success in India.

Such success stories are many within Wipro. Our success at implementing Six Sigma within the organization enables us to offer this expertise in the form of Quality consulting. We have also extended our highly effective total IT outsourcing services to global customers.

The recent initiative 'Wvidus' - centralizing and IT enabling the entire back-office operations spanning finance, HR, procurement and travel - serves as a pilot test for our capabilities in transaction processing. Wvidus also prepares the ground for offering such services to our customers through our BPO business. A shared service of this nature has demonstrated reduction in cost of 30% along with optimal utilization of people and improved service levels - all critical requirements for businesses worldwide.



"As a member of the TIS-COE team, I get the chance to, and am encouraged to stay right on the forefront of today's rapidly changing technologies. It's a rare day that I don't learn something new or do something that I haven't done before. This has enabled me to produce high quality output for all our customers."

Sudhir Gopaliah, Technical Consultant

"A conducive organization climate and management support. It was what gave me the courage to take risks and venture into new initiatives. The best example is my switch from Technical Manager to the Innovation initiative through which our team developed a new solution for Business Process Management called Flow-brix. An immediate success though it was, it would never have been possible but for the climate of collaboration and support from various business units within Wipro that lets us leverage on each other. Eventually our customers really benefited."

Anurag Sethi, Business Manager

"How would you feel when you know your ideas would be converted into projects and successful projects into practices? You feel great! And that's how I feel at Wipro. They provided me with a platform to express my ideas. Here experience is no barrier to get your ideas honored."

Suraj VA, Module Lead (Testing)



Innovation - a competitive advantage

The term 'innovation' has many interpretations - ranging from the output of genius to the result of accident. At Wipro, we like to define it as applied creativity-creativity as applied to business.

The challenge, however, lies in sparking off this spirit of innovation across the organization. A mind-set that embraces experimenting, piloting and trial that pervades through the organization.

But more importantly, innovation should revolve around the customer. More often than not, innovation emerges from a deeper level of customer and market understanding. It helps solve problems that customers did not realize they had or were not aware could be solved.

At Wipro we have developed a system where any innovative idea is tested by the customer. This weeds out irrelevant ideas while fostering an organization-wide learning.

The innovation process is driven by team members, from both business and technology who ensure that ideas are taken from concept to solution. Guiding them is an advisory board that consists of top-notch academicians, industry experts and leading consultants from India and abroad.

Innovation has clearly carved out a significant competitive edge for Wipro. And created a culture that produces a continuous stream of successful technology solutions and services.

END-TO-END SOLUTIONS

At Wipro, our capability to provide end-to-end solutions and services hasn't been a matter of chance. It is the result of a well planned and executed strategy. One that combines global people practices and processes, quality, customer orientation, innovation and the constant scaling-up of competencies to match new market opportunities. This has made us an IT partner of choice to customers globally.

Consulting services - positioned to deliver greater value

Over the years, we have realized that in the new global economy, merely providing a low-cost service, cannot lead to sustainable growth and profitability. Long-term prosperity depends on providing services of increasingly higher value.

Today our IT skills and expertise are crowned by IT consulting services - from strategic consulting, business planning and process improvement, IT strategy articulation and implementation, business technology consulting, optimization and process consulting to business continuity and risk management consulting.

This drive towards a consulting frame of mind has spread across the organization. Wipro leaders proactively suggest what would help maximize customers investments in IT, rather than wait for customers' architecture and execute the same.

Additionally, key initiatives like 'Power Consulting' help in training and creating leaders who think like consultants. We have also made significant progress in strengthening our competencies in this area

through strategic acquisitions that have helped us reach newer markets and customers. And created a workforce within Wipro that keeps pushing business forward.

Infrastructure Services Outsourcing

IT infrastructure is the backbone of most businesses. As such, IT infrastructure services have become a mission-critical need for any global enterprise.



"In Wipro you get to work on cutting edge technologies. In the last 3-4 years I have worked on the latest wireless technologies. The work here constantly challenges the engineer in you."

Strikant Manivannan, Senior Engineer

"Wipro's technical managers have demonstrated that the role of a delivery manager goes beyond the technical aspects of delivery and includes the skills and experience to build good partnering and trust relationships with the customer, delivering within the budget for the client and building a strong effective team."

Jim Brown, Director - IS, Thames Water & Innogy



Syamala Lanka, Technical Manager

Case Study - Thames Water

Wipro was entrusted with the responsibility of managing Thames Support Estate and to provide support services that meet business requirements. Wipro offered a managed application support through its global sourcing model, delivering 32% savings in operations expenditure and rapid improvement in quality of service.

Case Study - Weyerhaeuser

Weyerhaeuser, a leading forest product company was looking to integrate the entire IT application landscape into a set of standard applications supporting common business practices. One of the key components of this initiative is the use of SAP R/3. As part of the initiative, Weyerhaeuser identified Wipro as a strategic partner. The success of the project proved the validity and cost-effectiveness of on-site/offshore SAP implementation and post-implementation support.

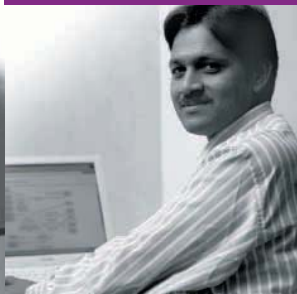


"Thanks to Wipro's confidence in me, I got the opportunity to manage the delivery arm of a large and complex customer account and then grew to my current leadership level at Wipro - Head of the delivery operations of the largest vertical in the enterprise SBU. I've been able to manage these roles with success, due to the years of experience I gathered at Wipro and the investments made by Wipro to provide appropriate skill augmentation through training and other means."

Suresh B, Solutions Delivery Head

"I remember a critical blocking issue during Chip level verification which was not resolved for two to three weeks by the customer team. When the Customer Project lead asked me to resolve it, I took it as a challenge and resolved the issue in four days flat, making a big difference to the customer. All this was only possible because of the Wipro way of working and the techniques I learnt here."

Giri K. K. Specialist - VLSI System Design



Wipro's Global Command Centre

Perhaps the best example of Wipro's prowess in delivering cutting edge Infrastructure Services is the Global Command Centre (GCC) in Bangalore.

The GCC works round the clock, remotely managing and monitoring IT infrastructure that is located several thousand miles away.

Capable of housing over 200 plus engineers, this well-equipped centre, is connected to Wipro's points of presence in the US, UK and Japan through redundant links. As we aggressively pitch for global IT infrastructure deals, this command centre showcases Wipro's remote management capabilities.

GCC manages 3200 networking elements, 620 production servers containing NT, Novell, various flavours of UNIX, 50 database servers and remote monitoring of 10,000 mailboxes.

Wipro fulfilled the following objectives by leveraging its Knowledge Acquisition Process (KAP) and GlobeGain model:

- Ownership of third party vendors
- Risk reward relationships
- Engagement/governance models

With two decades of experience in providing IT Infrastructure solutions and operations support to large enterprises,

Wipro is a pioneer in the multi-site service delivery model. Our offshore support centres across the world provide a base for enterprises to incorporate our remote management strategies for their IT operations. Wipro's infrastructure service offerings address the entire IT Infrastructure

life cycle of an organization through scalable, enterprise-wide, highly secure and reliable solutions that include Infrastructure Consulting and Integration, Infrastructure Management, IT Infrastructure Security, Remote Infrastructure Management and Telecom Infrastructure Services. Today we have over 30 customers including the Scottish Parliament, Transco and Thames Water.

"The Global Command Centre is unique and stems directly from our pioneering effort in developing Offshore Development centres. It really showcases Wipro's people capabilities and processes. And puts us in the forefront in solving complex customer problems and delivering value through remote management."

Lakshminikanti C, Senior Systems Engineer

Systems Integration

IT services companies today are challenged by the need to build complex technology solutions and support the same in a dynamic business environment. Wipro's vast experience in technology integration and a portfolio of over 200 projects in India, has seen us clinch the No.1 Network Integrator title in India for the fifth year in succession (Voice & Data magazine). The breadth and depth of our Systems Integration Capabilities enables us to leverage customers' IT investments, minimize risk and deliver complete systems integration services and solutions.

Our recent win of the large Telenor India contract in a difficult environment re-emphasizes our credibility as an important player in this sphere. This win puts Wipro among the leading systems integrators in the Telecom service provider space.

The project is one of their major strategic projects for integrating the fixed Network production business unit for Telenor Sweden's operational support systems to the next generation COTS based OSS systems.

Wipro is the prime systems integrator providing an end-to-end integrated OSS platform for SDH and PDH Networks and will encompass network inventory, service activation, cross domain management and provisioning. Overall, Wipro is responsible for architectural realization, technology road map, implementation and systems integration, maintenance & support and vendor management.

Custom Applications

Wipro offers services for new application development both on legacy and web platforms, application re-engineering and application integration from legacy to web, application maintenance, enhancement and production support, package implementation in SCM/ERP/CRM, deployment of data warehousing and Business Intelligence solutions across verticals. Wipro's custom designed solutions extend the customer's business capabilities and enhance bottom-line value.

Package Implementation

Wipro helps organisations with key business processes that improve their efficiency and effectiveness through our business specific package implementation services.

From architecting and implementing to maintenance, we implement packaged enterprise applications that integrate the information involved in these key business processes. Our expertise in package

implementation has enabled us to assist customers in implementing services in the areas of enterprise resource planning, supply chain management and customer relationship management. Customers the world over recognise our expertise in SAP packages, Ariba and PeopleSoft among others.

Business Process Outsourcing

As organizations around the world strive to improve the quality of their processes while managing their bottomlines, Business Process Outsourcing has become the new imperative.

As India's largest third-party offshore BPO provider, we partner with our clients to provide a full spectrum of high-end customer interaction, IT enabled customer service - voice/mail, marketing services, tele-services,

Case Study

Providing technical support to a large PC manufacturer in the US

The client utilized several outsourcing partners in the US, who provided technical support services to the client's customers. The technical support service costs incurred by the client directly impacted the bottom-line of the company. As such, the client's objective was to reduce costs while sustaining existing customer satisfaction levels.

The client decided to move a significant number of technical support seats to Wipro in order to save costs while ensuring excellent customer service.

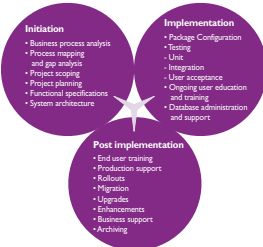


"Consulting has always been my career passion and when I heard Wipro is racing to become a global organisation with the vision of a one stop solution - consulting to coding, I decided to switch to Wipro. There's been no looking back ever since."

Vishwas Appandaram, Project Manager

"Wipro's superbly designed leadership programs gave me the opportunity to head a telecom practice group barely two years after joining as a test engineer. This strengthens my belief that if one works hard and smart, there is no dearth of opportunities in Wipro."

Aparna Herur, Consultant



Package Implementation - Wipro's methodology



technical support services, IT helpdesks and knowledge based services. Along with finance and accounting services such as accounts payable and receivable, and industry specific services such as insurance claims processing, mortgage processing and document management.

We further club our vast IT solutions experience of two decades and a diverse domain expertise to offer these services to customers across verticals, all of whom

Case Study

Finmek Magneti Marelli

Finmek Magneti Marelli is an international leader in the design and production of high-tech components and systems for the automotive industry. The company required a complete GUI based Human - Machine Interface (HMI) for its high-end driver information system. Despite continuous specification alterations, the project was completed within schedule in 4 months, providing Magneti-Marelli with a significant time-to-market advantage.

are Fortune 100 companies. The long term value we create for our clients is through a committed investment in technology, quality infrastructure and processes.

Technology Services

Our R & D services create and enhance our customers' revenue streams by improving product capability. Services include hardware and software engineering services for leading technology equipment companies

across the globe. The entire R & D suite comprises solutions for embedded and Internet access devices, telecom and Internet networking and telecom and Internet service providers.

Our approach in R & D has been the development, codification and use of knowledge to develop and deliver services and products. This initiative works in tandem with the Centres of Excellence, the Knowledge Management and Innovation initiatives.

Products and solutions

In India, Wipro offers a range of technology products and solutions with highly skilled support capabilities. It's a range that includes networking solutions, storage products, personal computers & mobile computers. The range extends to platform solutions spanning servers, software and a host of applications that meet every conceivable enterprise requirement.

Case Study

UTI Bank

UTI Bank, one of India's first private banks, has over 1,000 employees spread across 90 branches. The bank decided to deploy a B2E network to foster communication, co-ordination and collaboration amongst its scattered employee base.

Wipro stepped in to help put together the intranet portal. UTI Bank's intranet took shape on a Lotus Notes platform with a hub and spoke architecture that spread out across the 90 branches. All the required applications (informational and transactional) were installed on the Lotus Notes server which was connected to the Internet through a firewall. Employees across the branches can now access the applications over the Internet - anytime, anywhere.

In another sphere, Wipro has a strong portfolio of consumer brands and lighting solutions. With regional leadership in the geographies of India, these brands position us to leverage the consumer segment growth in India. The categories addressed include personal care, toiletries and baby care. These brands, which have a significant franchise are: Santoor, Wipro Shikakai, Milk & Roses Soap, Wipro Active and Wipro Baby Soft.

The lighting solutions range spreads from domestic lighting to specialized lighting solutions for the commercial and industrial segments.

WIPRO LEADING INTO THE FUTURE

Our transformation to a global player is powered by an increasingly global workforce, execution excellence and a full range of solutions and services. And at the heart of this transformation is the Wipro Leader, who by his or her actions is helping fashion the future. It is a people story called Wipro. And it's a journey that continues...

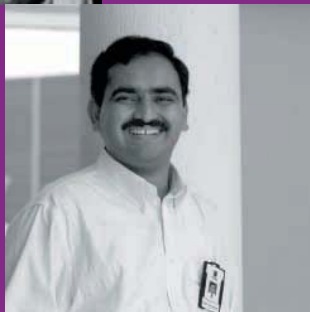


"Give to the world the best you have and the best will come back to you. This has become a complete reality in my four year career in Wipro. I have grown faster than my peers in other companies. The work culture is transparent and there's the early responsibility and job rotation. Apart from regular trainings, Wipro encouraged and sponsored me to take a 3 years RCGM (MBA) course at IIM Bangalore, which I know for sure, would be a real asset in the future."

Nitin Agrawal, Consultant

"Satisfaction drives me at Wipro. At the end of a hard working day, if a customer rewards you with the highest satisfaction rating, you feel over the top. Which is what happens at Wipro. And it's all because we are trained and equipped with the tools, and a strong knowledge network that helps us achieve this."

Ramachandra Navale



Global Command Centre, Bangalore

Perhaps, the best example of Wipro's prowess in delivering cutting edge infrastructure services, the Global Command Centre (GCC) in Bangalore works round the clock, remotely managing and monitoring IT infrastructure that is located several thousand miles away.

BUSINESS UNITS

Wipro Technologies

Global IT Services and Products

Our global IT Services and products business delivers high-value services such as IT consulting, architecture and integration. Along with a complete and end-to-end array of IT solutions and services offered across industry verticals.

Wipro Spectramind

Business Process Outsourcing & IT Enabled Services

As Wipro Spectramind, India's largest third-party offshore BPO provider, we partner with our clients to provide a full spectrum of BPO services from high-end customer interaction to transaction processing and knowledge based services. We further club our vast IT solutions experience and a diverse domain expertise to offer these services to customers across industry verticals.

Wipro Infotech

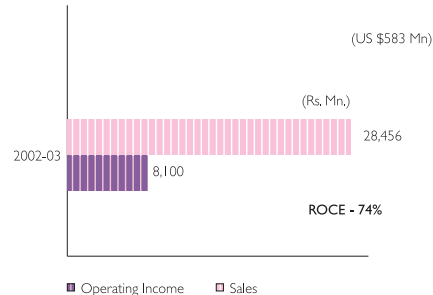
Our India, AsiaPac and Middle East IT Services and Products business delivers comprehensive solutions ranging from architecting to managing IT infrastructure. Our success in India has strengthened our offering in the global market with the depth and width of our services portfolio ever increasing.

Wipro Consumer Care & Lighting

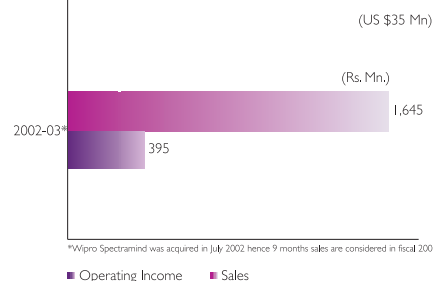
This business offers established brands addressing consumer needs in personal care, toiletries, baby care and lighting categories. The product range includes: Santoor brand of Soap and Talc, Wipro Shikakai Soap, Milk & Roses Soap, Wipro Active Talc, Wipro Baby Soft range, Wipro Brand Domestic Lighting, Commercial and Institutional Lighting.

Sales & Operating Income

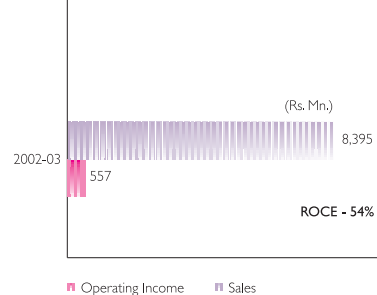
Wipro Technologies - Global IT Services & Products



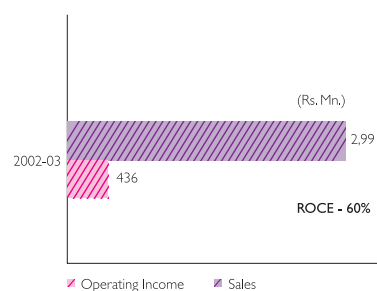
Wipro Spectramind - IT Enabled Services



Wipro Infotech - Indian/APAC/ME IT Services & Products



Wipro Consumer Care & Lighting



WIPRO LIMITED

DIRECTORS' REPORT

Dear Shareholders,

The Directors present the Annual Report together with the audited Balance Sheet and Profit and Loss Account of Wipro Limited for the year ended March 31, 2003.

FINANCIAL RESULTS

	(Rs. in Million)	
	2003	2002
Sales and other income (net of excise duty)	40,327	34,677
Profit before tax	9,606	9,501
Provision for tax	1,211	840
Profit after tax before extraordinary items	8,395	8,661
Extraordinary losses	(263)	-
Profit for the year	8,132	8,661
Appropriations :		
Proposed dividend on equity shares	232	232
Corporate tax on distributed dividend	30	-
Transfer to General Reserve	7,870	8,428

Sales of the Company for the year ended March 31, 2003 was Rs. 40,327 million up by 16% and Profit after Tax before extraordinary items was Rs. 8,395 million declined by 3% over the previous year. Over the last 10 years, the sales have grown at an average annual rate of 24% and Profit after Tax at 49%. The Company's earnings in Foreign Exchange stood at Rs. 28,866 million have registered a growth of 23% compared to the previous year.

FINANCIAL RESULTS - CONSOLIDATED

	(Rs. in Million)	
	2003	2002
Sales and other income (net of excise duty)	43,383	34,926
Profit before tax	10,136	9,583
Provision for tax	1,276	729
Profit after tax before extraordinary items	8,860	8,854
Extraordinary losses	(263)	-
Profit for the year before minority interest/equity in losses of affiliates	8,597	8,854
Minority interest & equity in losses of affiliates	(392)	-
Profit for the period	8,205	8,854

Dividend

The Directors recommend a dividend of Re. 1/- per equity share to be appropriated from the profits of the year 2002-03 subject to the approval by the shareholders at the ensuing Annual General Meeting. After the approval of the shareholders at the ensuing Annual General Meeting, the dividend will be paid in line with the applicable regulations.

Directors

During the year under review, Mr. P.S. Pai, retired as a Director of the Company with effect from July 31, 2002 and Mr. D.A. Prasanna resigned from the Directorship of the Company with effect from March 31, 2003. The Directors place on record their appreciation of the valuable contributions made by Mr. P.S. Pai and Mr. D.A. Prasanna during their tenure as Directors of the Company.

Dr. Jagdish N. Sheth and Mr. P.M. Sinha, retire by rotation and being eligible offer themselves for re-appointment.

Fixed Deposits

Fixed deposits from the public as at March 31, 2003 were Rs. 0.84 million and the unclaimed deposits aggregating to Rs. 0.84 million have been transferred to Investor Education and Protection Fund.

Auditors

The auditors M/s. N.M. Raiji & Co., retire at the conclusion of ensuing Annual General Meeting and are eligible for re-appointment. The Audit Committee of the Board recommends the re-appointment of M/s. N.M. Raiji & Co. as Auditors for a further period of one year.

Personnel

Information as per Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 is given in the Annexure forming part of this report.

WIPRO LIMITED**Wipro Employee Stock Option Plan (WESOP)**

The Wipro Employee Stock Option Plan 1999 and 2000 were successful in enhancing employee commitment. The details of options granted under WESOP 1999 and 2000 till March 31, 2003 are given below :

Sl. No.	Description	WESOP 1999	WESOP 2000
a.	Options granted	5,230,150	9,365,694
b.	Pricing formula	Fair Market Value i.e., the market price as defined by Securities and Exchange Board of India from time to time.	Fair Market Value i.e., the market price as defined by Securities and Exchange Board of India from time to time.
c.	Options vested	1,433,908	1,732,130
d.	Options exercised	244,742	400
e.	Total number of shares arising as a result of exercise of option	244,742	400
f.	Options lapsed *	-	-
g.	Variation of terms of options	NIL	NIL
h.	Money realized by exercise of options	265,789,812	485,850
i.	Total number of options in force	3,624,378	8,100,514
Employee wise details of options granted to :			
(i)	Senior Management	No. of Options	
	Vivek Paul	55,000	-
	Suresh C. Senapaty	16,000	12,500
	Suresh Vaswani	13,500	12,500
	Vineet Agrawal	9,000	12,500
	Sudip Banerjee	11,000	9,000
	Girish S. Paranjpe	10,500	12,500
	Tamal Dasgupta	3,000	7,000
	A.L. Rao	12,500	7,500
	Ranjan Acharya	8,500	7,500
	Pratik Kumar	8,000	10,000
(ii)	Employees holding 5% or more of the total number of options granted during the year	NIL	NIL
(iii)	Identified employees who were Granted option, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant	NIL	NIL
j.	Diluted Earnings Per Share pursuant to issue of shares on exercise of option calculated in accordance with International Accounting Standard (IAS) 33.	As of March 31, 2003	
		35.12	

* As per the Plan, options lapse only on termination of the Plan. If an Option expires or becomes unexercisable without having been exercised in full, the un-purchased shares, which were subject thereto, shall become available for future grant or sale under the Plan.

ADS 2000 Stock Option Plan

Under the ADS 2000 Stock Option Plan, 766,250 stock options representing 766,250 American Depository Shares each representing one equity share of Rs.2/- each were granted to the employees. The details of options granted under the ADS 2000 Stock Option Plan till March 31, 2003 are given below:

Sl. No.	Description	ADS 2000 Stock Option Plan
a.	Options granted	766,250
b.	Pricing formula	Exercise price being not less than 90% of the fair market value on the date of grant
c.	Options vested	446,152
d.	Options exercised	-

WIPRO LIMITED

e.	Total number of shares arising as a result of exercise of option	–
f.	Options lapsed *	–
g.	Variation of terms of options	Nil
h.	Money realized by exercise of options	–
i.	Total number of options in force	700,350
Employee wise details of options granted to :		
(i)	Senior Management	No. of Options
	Vivek Paul	160,000
	Suresh C. Senapaty	3,000
	Sudip Banerjee	2,000
	Tamal Dasgupta	1,000
	Girish S. Paranjpe	2,500
	A.L. Rao	3,000
	Pratik Kumar	2,500
(ii)	Employees holding 5% or more of the total number of options granted during the year	Nil
(iii)	Identified employees who were granted option, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant	Nil

*As per the Plan, options lapse only on termination of the Plan. If an Option expires or becomes unexercisable without having been exercised in full, the un-purchased shares, which were subject thereto, shall become available for future grant or sale under the Plan.

Research and Development

Research and Development is spread across the businesses of our Company. The innovation initiative and the Centres of Excellence form the fulcrum of our R&D effort. The Innovation Process at Wipro ensures that the investments in R&D are aligned to the market needs and trends.

Our investment in developing our Intellectual properties like Residential Gateway Solution, Wireless LAN (802.11.a), Wireline IP's like (USB, Ethernet, Bluetooth), Verification & Validation of 3G Networks, Set Top Box solutions have not only resulted in a revenue stream but have also differentiated our offerings.

In our Enterprise business we have created iDesk which is a Suite of IP's to create an Employee Self Service Portal. Our Intellectual property "Flow-briX" which is a workflow solution is already part of many solution offerings from Wipro.

The total expenditure for R&D last year has been Rs. 282 million including Capital expenditure of Rs. 22 million.

Foreign Exchange Earnings and Outgoings

The foreign exchange earnings of the Company during the year were Rs. 28,866 million while the outgoings were Rs. 12,911 million (including materials imported).

Report on Corporate Governance

A detailed report on Corporate Governance has been included separately in the Annual Report.

Directors Responsibility Statement

As required under Section 217(2AA) of the Companies Act, 1956, it is hereby stated that :

- in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- we have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period;
- we have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- we have prepared the annual accounts on a going concern basis.

Acknowledgements

The Directors thank the Company's customers, suppliers, bankers, financial institutions, Central and State Governments and shareholders for their consistent support to the Company. The Directors also sincerely acknowledge the significant contributions made by all the employees for their dedicated services to the Company.

On behalf of the Board

Azim H. Premji

Chairman

Bangalore, April 17, 2003

CORPORATE GOVERNANCE REPORT 2002-2003

I CORPORATE GOVERNANCE AT WIPRO

In India, Confederation of the Indian Industry took the Corporate Governance initiative in 1997-98. Subsequently, this was followed by the recommendation of the Committee set up by the Securities and Exchange Board of India. Based on the Committee's recommendation, a new Clause 49 was inserted into the Listing Agreement of all the Stock Exchanges in the country which specifies the standards that listed Indian companies have to meet and disclosure requirements with respect to Corporate Governance.

Your Company has always practiced Corporate Governance of the highest order. This section outlines the compliance status of your Company with respect to the disclosures mandated by the Indian stock exchanges as well as to the applicable listing standards of the New York Stock Exchange.

II BOARD OF DIRECTORS

A *Composition of the Board and Category of Directors*

The details of the Directors on the Board of your Company for the year 2002-2003 are given below :

Name	Category	Designation	Date of Appointment	Number of membership in Boards of other public/private companies	Number of membership in Committees of the Board of other companies
Azim H. Premji	Promoter Director	Chairman & Managing Director	01.09.1968	11	Nil
P.S. Pai *	Executive Director	Vice Chairman	01.12.1998	Nil	Nil
Vivek Paul	Executive Director	Vice Chairman	26.07.1999	2	Nil
D.A. Prasanna **	Executive Director	Vice Chairman	15.04.2002	3	Nil
N. Vaghul	Independent Non-Executive Director	Director	09.06.1997	10	4
B.C. Prabhakar	Independent Non-Executive Director	Director	20.02.1997	Nil	Nil
Jagdish N. Sheth	Independent Non-Executive Director	Director	01.01.1999	4	2
Ashok Ganguly	Independent Non-Executive Director	Director	01.01.1999	8	1
Eisuke Sakakibara	Independent Non-Executive Director	Director	01.01.2002	Nil	Nil
P.M. Sinha	Independent Non-Executive Director	Director	01.01.2002	3	1

The Chairman is an Executive Director and the number of Independent Non-Executive Directors on the Board is more than 50% of the Board strength at any point of time.

* retired from the Board with effect from July 31, 2002.

** resigned from the Board with effect from March 31, 2003.

WIPRO LIMITED

B All pecuniary relationship or transactions of the Non-Executive Directors vis a vis, the Company should be disclosed in the Annual report.

None of the non-executive directors have any pecuniary relationship or transaction with the Company.

C The Board of Directors of a Company shall meet at least four times a year, with a maximum time gap of four months between any two meetings.

During the last financial year, the Board of Directors of your Company met at four meetings held on April 18, 2002, July 18, 2002, October 18, 2002 and January 17, 2003. All the Board meetings were held at the Company's Registered Office at Bangalore.

Agenda papers along with explanatory statements were circulated to the Directors in advance for each of these meetings. All relevant information, as per Clause 49 of the Listing Agreement was placed before the Board from time to time.

Name of the Director	Number of meetings held during the year	Number of meetings attended during the year
Azim H. Premji	4	4
Vivek Paul	4	3 ***
N. Vaghul	4	4
B.C. Prabhakar	4	4
Jagdish N. Sheth	4	4
Ashok Ganguly	4	4
Eisuke Sakakibara	4	2
P.M. Sinha	4	3
P.S. Pai*	2	2
D.A. Prasanna**	4	4

* retired with effect from July 31, 2002.

** resigned with effect from March 31, 2003.

*** excludes one meeting participation through teleconference.

D Director shall not be a member in more than 10 committees or act as Chairman of more than five committees across all companies in which he is a Director.

None of the Directors of our Company were members in more than 10 committees nor acted as Chairman of more than five committees across all companies in which they were Directors. Details of Board membership positions occupied by the Directors, across all companies, are given at the beginning of the section.

III AUDIT COMMITTEE

A Brief description of terms of reference

The Audit Committee of the Board of Directors reviews, acts and reports to the Board of Directors with respect to :

- various auditing and accounting matters, including the recommendation for appointment of our independent auditors;
- Company's compliance with legal and statutory requirements;
- integrity of the Company's financial statements, the scope of the annual audits, fees to be paid to the independent auditors;
- performance of the Company's Internal Audit function, independent auditors and our accounting practices.

The Audit Committee reviews the audited quarterly, half-yearly and yearly financial results with the Management before being submitted to the Board for its consideration and approval. The Chairman of the Audit Committee is always present at the Annual General Meeting.

All the members including the Chairman have adequate financial and accounting knowledge.

B Composition, name of members and Chairperson

The Audit Committee comprises of the following three Non-Executive Directors :

- Mr. N. Vaghul - Chairman
- Messrs B.C. Prabhakar and P.M. Sinha - Members

C Meetings and attendance during the year

Name	Number of meetings held during the year	Number of meetings attended during the year
N. Vaghul	4	4
B.C. Prabhakar	4	4
P.M. Sinha	4	3

The Company's Internal Audit is an ISO 9001 : 2000 certified function. During the year the Company's Internal Audit has won the "Commitment to Quality Improvement Award" from Institute of Internal Auditors, USA. The award recognizes the commitment for Professional excellence, Quality of services and Professional outreach.

IV REMUNERATION OF DIRECTORS**A Brief description of terms of reference of the Compensation and Benefits Committee**

The terms of reference of the Compensation and Benefits Committee is to determine;

- salaries
- benefits
- stock option grants

for our employees and directors.

The Committee also administers your Company's ESOP plans.

B Composition, name of members and the Chairperson

The Compensation & Benefits Committee comprises of the following three Non-Executive Directors :

Mr. N. Vaghul - Chairman

Messrs B.C. Prabhakar and P.M. Sinha - Members

C Meetings and attendance during the year

Name	Number of meetings held during the year	Number of meetings attended during the year
N. Vaghul	4	4
B.C. Prabhakar	4	4
P.M. Sinha	4	3

D Disclosures on the remuneration of Directors

Given below are the details of remuneration for the financial year 2002-03 to the Directors of the Company. The remuneration of the Executive Directors which is approved by the Compensation & Benefits Committee consist of fixed pay and commission based on percentage of profits of the Company as approved by the shareholders. No stock options have been granted to any of the Directors during the Financial Year.

Commission payable to each of the Independent Non-Executive Directors is limited to a fixed sum payable as approved by the Board subject to a maximum of 1% of the net profits of the Company, cumulatively for all the Directors.

Name	Salary and Allowance	Commission/ Incentives	Other annual compensation*	Deferred benefits	Notice period and Severance payment
Azim H. Premji	2,100	9,391	3,322	2,787	Upto 6 months
Vivek Paul * *	19,840	28,174	545	3,049	Upto 6 months. For severance payment, See note below
P.S. Pai***	1,260	3,130	1,707	205	NA
D.A. Prasanna****	5,965	3,487	1,230	544	NA
Ashok Ganguly	-	800	-	-	NA
B.C. Prabhakar	-	400	-	-	NA
N. Vaghul	-	800	-	-	NA
P.M. Sinha	-	1,000	-	-	NA
Dr. Jagdish N. Sheth**	-	1,627 @	-	-	NA
Prof. Eisuke Sakakibara*****	-	1,872	-	-	NA

* The above figure includes cost of rent free furnished residential accommodation or house rent allowance, leave travel concession, reimbursement of medical expenses, personal accident insurance, fully maintained Company car with driver, interest subsidy on housing finance, gardener, watchman, electricity, servant and gratuity as per Company policy.

Deferred benefits in the case of Mr. Vivek Paul were Company's contribution to Deferred Compensation Plan. In the case of others, it was Company's contribution to Pension and Provident Fund.

Severance payment is payable to Mr. Vivek Paul subject to fulfillment of certain conditions. Please refer page no. 167 of the Annual Report for further details.

** Figures mentioned are rupee equivalent – as amounts are payable in US Dollars.

*** Figures mentioned are upto the date of his retirement i.e. upto July 31, 2002.

**** Figures mentioned are upto the date of his resignation.

***** Figures mentioned are rupee equivalent – as amounts are payable in Yen.

@ Includes payment made towards professional fees.

E Remuneration of the Non-Executive Directors

Non-Executive Directors were remunerated by way of commission during the year 2002-03 which was approved by the Board of Directors of the Company at their meetings held on April 18, 2002 and by the shareholders on July 18, 2002.

V DISCLOSURE REQUIREMENTS

A Management Discussion and Analysis Report

The Company has provided a detailed Management Discussion and Analysis report in its Annual Report for the year 2002-03.

B Disclosures relating to all material financial and commercial transactions having a potential conflict of interest.

During 2002-03, no transactions of material nature had been entered into by the Company with the Management or their relatives that may have a potential conflict with interests of the Company.

VI NOMINATION AND CORPORATE GOVERNANCE COMMITTEE

A *Brief description of terms of reference*

The Nomination and Corporate Governance Committee, which was formed in October 2002, has the following key deliverables :

- develop and recommend the Board a set of corporate governance guidelines applicable to the Company
- implement policies and processes relating to corporate governance principles
- to lay down policies and procedures to assess the requirements for induction of new members on the Board and recommendation for the same

B *Composition of the Committee*

The Nomination and Corporate Governance Committee comprise of the following three independent members of the Board.

Mr. Ashok Ganguly	-	Chairman
Mr. N. Vaghul	-	Member
Mr. B.C. Prabhakar	-	Member

VII SHAREHOLDERS

A *Brief description of terms of reference of the Administrative and Shareholders'/Investors' grievance committee :*

The Administrative and Shareholders'/Investors' Grievance Committee administers the following :

- a. redress shareholder and investor's complaints etc. relating to transfer of shares, non receipt of balance sheet, non receipt of declared dividends
- b. consolidate and sub-divide share certificates
- c. approve transmission and issue of duplicate/fresh share certificate
- d. open and close Bank accounts
- e. grants and revokes general, specific and banking powers of attorney

The Board has delegated the power of share transfer to Registrar and Share Transfer Agents who processes share transfers in less than 7 days of date of lodgment in the case of shares held in physical form.

B *Composition of the Committee*

The composition of the Administrative and Shareholders'/Investors' Grievances Committee was as follows :

Mr. B.C. Prabhakar	-	Chairman
Mr. Azim H. Premji	-	Member

C *Particulars of Directors appointed/re-appointed*

The notice for the Annual General Meeting held on July 18, 2002 complied with this requirement. The notice for the Annual General Meeting scheduled to be held on July 17, 2003 also complies with this requirement.

D *Information on quarterly results, presentations made by companies to analyst, etc.*

The Company's Quarterly, Half-yearly and Annual results as well as copies of the Press Releases and Company Presentations are displayed on the following web-sites i.e. www.wiproindia.com and www.wipro.com

Apart from the above, your Company also regularly provided the information to the stock exchanges as per the requirements of the Listing Agreements and updated its web-sites periodically to include information on new developments and business opportunities of the Company.

WIPRO LIMITED**E Details of queries/complaints received and resolved during the year 2002-03.**

Name of queries/complaints	Received	Resolved	Unresolved
No. of requests for change of address	68	68	NIL
No. of requests for transmission	3	3	NIL
Non receipt of share certificates/bonus shares	2	2	NIL
Non receipt of Dividend/Revalidation of Dividend Warrants	92	92	NIL
Letters from SEBI & Stock Exchanges *	NIL	NIL	NIL
Issue of duplicate share certificates	3	3	NIL
Splitting of shares	24	24	NIL

* The Company has complied with submission of its responses to the queries/clarifications sought by the Stock Exchanges on various market related information like clarifications on market rumours, etc. from time to time. These responses have not been included in the information furnished in the above table.

F Distribution Schedule as on March 31, 2003.

Category	Total count	% to total holders	Total shares	% to total equity
0-500	54,782	96.38	1,561,991	0.67
501-1000	718	1.26	557,784	0.24
1001-2000	495	0.87	719,729	0.31
2001-3000	200	0.35	514,643	0.22
3001-4000	82	0.14	289,658	0.12
4001-5000	60	0.11	277,327	0.12
5001-10000	147	0.26	1,060,085	0.46
10001-50000	225	0.40	5,005,970	2.15
50001-100000	41	0.07	29,16,145	1.25
100001-5000000	55	0.10	24,987,050	10.75
5000001-10000000	15	0.03	9,340,510	4.02
Above 10000001	18	0.03	185,333,100	79.69
Total	56,838	100	232,563,992	100

G Compliance Officer and address for correspondence.

The name and designation of the Compliance Officer of the Company is Mr. Suresh C. Senapaty, Corporate Executive Vice President–Finance.

In addition, shareholders/ADR holders can contact Mr. K.R. Lakshminarayana, Corporate Treasurer in India and Mr. R. Sridhar in USA on financial matters and Mr. Satish Menon, Corporate Vice President-Legal & Company Secretary on all legal and secretarial matters.

WIPRO LIMITED

Their contact details are given below :

Name	Telephone Number	Email id	Fax No.
Suresh C. Senapaty	91-080-8440011-Extn. 6113 91-080-8440055 (Direct)	suresh.senapaty@wipro.com	91-080-8440104
K.R. Lakshminarayana	91-080-8440011-Extn. 6186 91-080-8440079 (Direct)	lakshminarayana.lan@wipro.com	91-080-8440051
Satish Menon	91-080-8440011-Extn. 6180 91-080-8440078 (Direct)	satish.menon@wipro.com	91-080-8440051
R. Sridhar	001 408 242 6285	sridhar.ramasubbu@wipro.com	650 316 3467

VIII GENERAL BODY MEETINGS

A.1 Details on Annual General Meetings (AGM) :

Location and time, where last three AGMs held.

Year	Location	Date	Time
1999-00	Taj Residency, Bangalore	July 27, 2000	4.30 pm
2000-01	Doddakannelli, Sarjapur Road, Bangalore	July 19, 2001	4.30 pm
2001-02	Doddakannelli, Sarjapur Road, Bangalore	July 18, 2002	4.30 pm

Generally, all the resolutions in the AGM are passed through show of hands.

A.2 Details of resolution put through postal ballot last year.

One resolution was passed through Postal Ballot last year pertaining to the transfer of the Company's undertaking engaged in the business of Fluid Power to Netcracker Limited with effect from the opening hours of March 1, 2002. The details were furnished in the Company's last year annual report in page no. 43.

A.3 Three Executive Directors and five Independent Non-Executive Directors of the Company attended the Annual General Meeting held on July 18, 2002.

B Details on Extraordinary General Meetings (EGM).

Location and time, where last three EGMs held :

Year	Location	Date	Time
1998-99	Ganesha Complex, Madivala, Hosur Main Bangalore	December 13, 1999	11.00 am
1999-00	Taj Residency, Bangalore	April 26, 2000	4.30 pm
2000-01	Doddakannelli, Sarjapur Road, Bangalore	July 19, 2001	5.30 pm

IX DISCLOSURES

a. Disclosures on materially significant related party transactions

There have been no significant material related party transactions. We have disclosed the related party transactions with the subsidiary companies in note no. 15 at page no. 72 of Annual Report.

b. Details of non-compliance relating to Capital Market

The Company has complied with the requirements of the Capital Market as applicable from time to time.

X MEANS OF COMMUNICATION - QUARTERLY/HALF YEARLY RESULTS, ETC.

The Company's Quarterly, Half-yearly and Annual results as well as copies of the Press Releases and Company Presentations are displayed on the following web-sites i.e. www.wiproindia.com and www.wipro.com

The Company's Quarterly, Half-Yearly and Annual financial results are published in the following newspapers :

- The Economic Times
- Kannada Prabha

XI GENERAL SHAREHOLDERS INFORMATION

1. The following information would be useful to our shareholders :

Sl. No.	Information	
1.	Annual General Meeting	
	- Date and Time	July 17, 2003 at 4.30 pm
	- Venue	Wipro Limited Doddakannelli Sarjapur Road Bangalore 560 035
2.	Financial Calendar	(Tentative schedule)
	- Financial reporting for the quarter ending June 30, 2003	Second fortnight of July 2003
	- Financial reporting for the half year ending September 30, 2003	Second fortnight of October 2003
	- Financial reporting for the half year ending December 31, 2003	Second fortnight of January 2004
	- Financial reporting for the year ending March 31, 2004	Second fortnight of April 2004
	- Annual General Meeting for the year ending March 31, 2004	Second fortnight of July 2004
3.	Book Closure Date (Both days inclusive)	July 3-July 17, 2003
4.	Dividend Payment Date	On or before July 30, 2003 (tentative)
5.	Listing on Stock Exchanges at :	
	Equity Shares	
	Bangalore Stock Exchange Limited No. 51, First Cross, J C Road, Bangalore 560 027	Stock Exchange, Ahmedabad Opp. Sahajanand College Kamadhenu Complex
	The Stock Exchange, Mumbai Phiroze Jeejeebhoy Towers, Dalal Street Mumbai 400 023	Panjara Pole Ahmedabad 380 015
	National Stock Exchange of India Ltd. Exchange Plaza, 5th Floor, Plot No. C/1, G Block Bandra East, Mumbai 400 051	The Calcutta Stock Exchange Association Ltd. 7, Lyons Range Kolkata 700 001

WIPRO LIMITED

The Delhi Stock Exchange Association Ltd.
3/1, Asaf Ali Road, DSE House
New Delhi 110 002

Cochin Stock Exchange Ltd.
36/165, 4th Floor, MES Building
Judges Avenue, Kaloor
Cochin 682 017

American Depository Receipts (ADRs)

New York Stock Exchange
60 Wall Street
New York

Listing fees for the year 2002-03 has been paid to the Indian Stock Exchanges

Listing fees to New York Stock Exchange for listing of ADRs has been paid for the calendar year 2003.

2. Stock Code :

The Stock Exchange, Mumbai	Wipro
National Stock Exchange of India Ltd.	Wipro
New York Stock Exchange (ADRs)	WIT

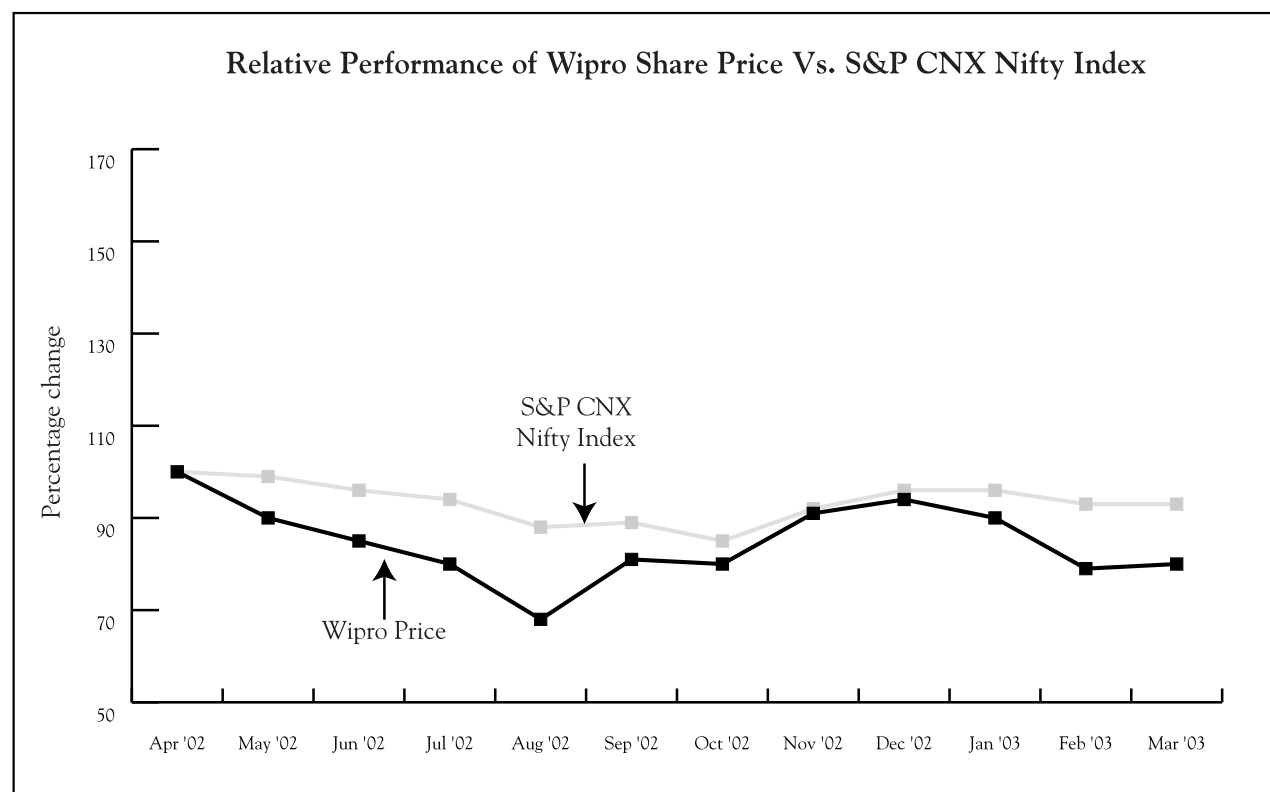
WIPRO LIMITED

3. Stock Market Data relating to equity shares listed in India

Table : 1

(in Rs.)

Month	Price in NSE during each month		S&P CNX Nifty Index during each month		Wipro price movement %		S&P CNX Nifty Index movement %	
	High Rs.	Low Rs.	High Rs.	Low Rs.	High	Low	High	Low
Apr '02	1,874	1,507	1,153	1,073				
May '02	1,688	1,479	1,136	1,037	-10	-2	-1	-3
Jun '02	1,600	1,453	1,102	1,047	-5	-2	-3	1
Jul '02	1,498	1,093	1,087	964	-6	-25	-1	-8
Aug '02	1,282	1,063	1,012	957	-14	-3	-7	-1
Sep '02	1,519	1,195	1,024	960	18	12	1	0
Oct '02	1,498	1,285	983	934	-1	8	-4	-3
Nov '02	1,705	1,348	1,057	957	14	5	8	2
Dec '02	1,761	1,518	1,103	1,052	3	13	4	10
Jan '03	1,688	1,356	1,105	1,044	-4	-11	0	-1
Feb '03	1,480	1,348	1,075	1,047	-12	-1	-3	0
Mar '03	1,500	1,210	1,070	1,000	1	-10	0	-4

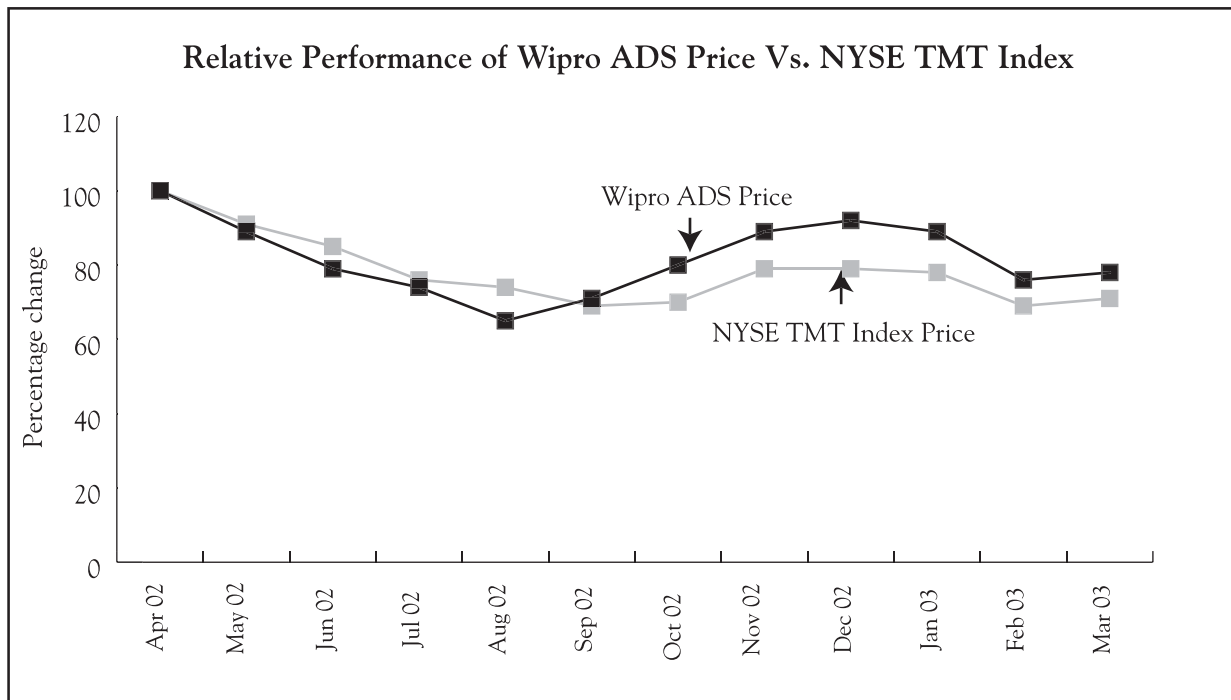


WIPRO LIMITED

4. Stock Market Data relating to American Depository Shares (ADSs)

Table : 2

Month	Wipro ADS Price in NYSE during each month High (\$)	NYSE TMT Index during each month Closing High (\$)	Wipro ADS price movement %	NYSE TMT Index movement %
Apr-02	40.27	5,520		
May-02	35.79	5,035	-11	-9
Jun-02	31.97	4,668	-11	-7
Jul-02	29.94	4,189	-6	-10
Aug-02	26.25	4,078	-12	-3
Sep-02	28.5	3,801	9	-7
Oct-02	32.09	3,863	13	2
Nov-02	35.79	4,339	12	12
Dec-02	37	4,370	3	1
Jan-03	35.99	4,281	-3	-2
Feb-03	30.7	3,828	-15	-11
Mar-03	31.5	3,926	3	3



WIPRO LIMITED

5. Registrar & Share Transfer Agents : Karvy Consultants Limited
51/2, Vanivilas Road
T.K.N. Complex
Opp. National College
Basavangudi
Bangalore
Tel : 080 - 6613400
6621192/93
Fax : 080 - 6621169
6. Share Transfer System : The turnaround time for completion of transfer of shares in physical form is generally less than 7 days from the date of receipt, if the documents are clear in all respects.

We have internally fixed turnaround time for closing the queries/complaints received from the shareholders.
7. Categories of Shareholding as on March 31, 2003 :

Sl. No.	Category	No. of shares held	% of shareholding
A	PROMOTERS HOLDING		
	Promoters		
	- Promoter in his capacity as partner of Partnership firms	162,586,800	69.91
	- Promoter in his capacity as director of Private Limited Companies	22,746,300	9.78
	- Promoter in his individual capacity	9,340,510	4.02
	- Promoter Directors' Relatives	453,500	0.20
	SUB TOTAL	195,127,110	83.91
B	NON PROMOTER HOLDING		
	Institutional Investors		
	- Mutual Funds and UTI	1,613,099	0.69
	- Banks, Financial Institutions, Insurance Companies (Central/State Government Institutions/Non Government Institutions)	2,465,949	1.06
	- FIIs	6,150,476	2.64
	SUB TOTAL	10,229,524	4.39
C	OTHERS		
	- Private Corporate Bodies	4,130,097	1.78
	- Indian Public	16,570,145	7.12
	- NRIs/OCBs	5,158,363	2.22
	- Trusts	1,348,753	0.58
	SUB TOTAL	27,207,358	11.70
	TOTAL	232,563,992	100.00

WIPRO LIMITED

8. Dematerialisation of Shares and Liquidity : Over 96% of outstanding equity have been dematerialized upto March 31, 2003.
9. Outstanding convertible instruments : As of March 31, 2003, there are no outstanding convertible instruments.
10. Outstanding ADRs as of March 31, 2003 : Outstanding ADRs as of March 31, 2003 are 2,686,334. Each ADR represents one underlying Equity Share.
11. Address of the Company's depository for ADS : JP Morgan Chase Bank
60, Wall Street
New York, NY 10260
Tel : 001-(212) 648-3208
Fax : 001-(212) 648-5576
12. Name and address of the custodian for ADS in India : ICICI Bank Limited
Bandra Kurla Complex
Bandra East
Mumbai 400 051
Tel : 91-22-26531414
Fax : 91-22-26531165
13. Plant locations :

a. The Company's Software Development Facilities are located at :

Sl. No.	Address	City
1	S B Towers, 88, M G Road	Bangalore 560 001
2	Information Technology Park, Whitefield	Bangalore 560 066
3	8, 7th Main Block, Koramangala	Bangalore 560 095
4	K-312, Koramangala Industrial Layout V Block, Koramangala	Bangalore 560 095
5	271-271A, Sri Ganesh Complex Hosur Main Road, Madiwala I	Bangalore 560 068
6	26, Sri Chamundi Complex, Madiwala II, Bommanahalli, Hosur Main Road	Bangalore 560 068
7	Madiwala Village, Bangalore-Hosur Road, Madiwala III	Bangalore 560 068
8	111, Mount Road, Guindy	Chennai 600 032
9	138, Shollinganallur, Old Mahabalipuram Road	Chennai 600 019
10	No. 72, Keonics Electronic City, Hosur Road	Bangalore 561 229
11	1-8-448, Lakshmi Buildings, S P Road, Begumpet	Secunderabad 500 016
12	Survey Nos. 64, Serilingampali Mandal, Madhavpur	Hyderabad 500 033
13	Plot No. 2, MIDC, Infotech Park, Hingewadi	Pune 411 027
14	Plot No. 27/28, Phase IV, Udyog Vihar	Gurgaon 122 016
15	No. 92, 2nd Main Road, KEONICS Electronic City	Bangalore 561 229
16	608-610, Carlton Towers, No. 1 Airport Road	Bangalore 560 001
17	Top Floor, Kings Court, 185, Kings Road	Reading RG 14 EX United Kingdom
18	Chrysler Building, 6th Floor, 1 Riverside Drive West	Windsor ONN5A5K4, Canada
19	Web Campus, Kaistrasse, 101 Kiel 24114	Germany
20	2432, W Peoria Ave, Suite 1323 Phoenix	Arizona, USA AZ 85029
21	Room No. 1064, Hatanpaankatu 1 (Kulma-Sarvis), Tampere	Finland

WIPRO LIMITED

b. The Company's manufacturing facilities are located at :

Sl. No.	Address	City
1	P O Box No.12, Dist. Jalgaon	Amalner 425 401
2	L-8, MIDC, Waluj	Aurangabad 431 136
3	105, Hootagalli Industrial Area	Mysore 571 186
4	A-28, Thattanchavady Industrial Estate	Pondicherry 605 102
5	120/1, Vellancheri	Guduvanchery 603 202
6	Plot No. 4, Anthrasanahalli Industrial Area	Tumkur 572 106
7	10, Thiruvandar Koil Village, Thirubhuvanai, Villainur Taluk	Pondicherry 605 102

14. Members can contact us at Company's registered office :

Wipro Limited, Doddakannelli, Sarjapur Road, Bangalore 560 035.

Telephone : (91-80) 8440011. Fax: (91-80) 8440051.

XII COMPLIANCE

The certificate dated April 17, 2003 obtained from our statutory Auditors M/s. N.M. Raiji & Co., is given below.

XIII COMPLIANCE REPORT ON NON-MANDATORY REQUIREMENTS

a. Non-Executive Chairman of the Board

Our Chairman is not a Non-Executive Chairman and hence this provision is not applicable.

b. Remuneration Committee

All the requirements of Compensation & Benefits Committee have been complied with and the details are included in Item IV of this Report.

c. Shareholder Rights

Our Quarterly, Half-yearly and Annual results as well as copies of the Press Releases and Company Presentations were displayed on the following web-sites i.e. www.wiproindia.com and www.wipro.com

d. Postal Ballot

The disclosure as regards above is given in Item VIII (A2) of this Report. Please refer the same for details.

AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

To the Members of Wipro Limited

We have examined the compliance of conditions of Corporate Governance by Wipro Limited (the Company) for the year ended on March 31, 2003, as stipulated in Clause 49 of the Listing Agreements of the Company with the stock exchanges in India

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statement of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above referred Listing Agreements.

We have been explained that no investor grievances are pending for a period exceeding one month against the Company as per the records maintained by the Company.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

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

J.M. Gandhi
Partner

Mumbai, April 17, 2003

COMPLIANCE REPORT WITH THE FINAL RECOMMENDATIONS OF THE NEW YORK STOCK EXCHANGE (NYSE) CORPORATE ACCOUNTABILITY AND LISTING STANDARDS COMMITTEE

The New York Stock Exchange's board of directors approved significant changes in its listing standards aimed at helping to restore investor confidence by empowering and ensuring the independence of directors and strengthening corporate governance practices. Though some of the requirements are not applicable to the Company as per the US security laws, the Company has adopted most of those requirements.

A compliance report on the final recommendations of the committee is presented below :

Recommendation 1 : Listed companies must have a majority of independent directors

The Board of our Company comprise of six Independent Non-Executive Directors out of a total strength of eight Directors.

Recommendation 2 (a) : The Board must affirmatively determine the director who qualifies as "independent" has no material relationship with the listed company (either directly or as a partner, shareholder or officer of an organization that has a relationship with the Company).

Six directors on the board are independent directors and satisfy the category of 'independent directors' as per this clause.

Recommendation 2(b) :

- i. **No director who is a former employee of the listed company can be "independent" until five years after the employment has ended.**

None of our existing independent directors have held the office of employment in the Company at any point of time.

- ii. **No director who is or in the past five years has been, affiliated with or employed by a (present or former) auditor of the company (or of an affiliate) can be "independent" until five years after the end of either the affiliation or the auditing relationship.**

None of our Directors have been affiliated with or employed by the auditor of the company in the past five years.

- iii. **No director can be "independent" if he or she is or in the past five years has been, part of an interlocking directorate in which an executive officer of the listed company serves on the compensation committee of another company that concurrently employs the director.**

Our Independent Directors are not coming under the purview of such interlocking provisions with any other company.

- iv. **Directors with immediate family members in the foregoing categories are likewise subject to the five year "cooling-off" provisions for purposes of determining "independence".**

None of the relatives of the Directors fall under the category referred to above.

Recommendation 3 : Non-management directors of the company must meet at regularly scheduled executive sessions without management to empower them to serve as a more effective check on management.

Non-management directors regularly meet at scheduled executive sessions without management prior to every Board meetings held during the year. The executive sessions were all presided by Mr. N. Vaghul.

Recommendation 4 (a) : Listed companies must have a nominating/corporate governance committee composed entirely of independent directors.

Recommendation 4(b) : The nominating/corporate governance committee must have a written charter that address :

- i. **the committee's purpose – which, at minimum must be to: identify individuals qualified to become board members, and to select, or to recommend that the board select, the director nominees for the next annual general meeting of shareholders; and develop and recommend to the board a set of corporate governance principles applicable to the corporation**
- ii. **the committee's goal and responsibilities – which must reflect, at minimum, the board's criteria for selecting new directors, and oversight of the evaluation of the board and management**
- iii. **an annual performance evaluation of the committee**

This recommendation is complied with. The Nominating/Corporate Governance Committee, formed in October 2002, comprises entirely of three independent directors. The Nominating/Corporate Governance Committee has the following key deliverables :

- develop and recommend the Board a set of corporate governance guidelines applicable to the Company
- implement policies and processes relating to corporate governance principles
- to lay down policies and procedures to assess the requirements for induction of new members on the Board and recommendations for the same

Recommendation 5 (a) : Listed companies must have a compensation committee composed entirely of independent directors.

Recommendation 5 (b) : The compensation committee must have a written charter that addresses :

- (i) *the committee's purpose – which, at minimum, must be to discharge the board's responsibilities relating to compensation of the company's executives, and to produce an annual report on executive compensation for inclusion in the company's proxy statement, in accordance with applicable rules and regulations.*
- (ii) *the committee's duties and responsibilities – which, at minimum, must be to :*
 - (A) *review and approve corporate goals and objectives relevant to CEO compensation, evaluate the CEO's performance in light of those goals and objectives, and set the CEO's compensation level based on this evaluation.*
 - (B) *make recommendations to the board with respect to incentive-compensation plans and equity-based plans.*
- (iii) *an annual performance evaluation of the compensation committee.*

The above recommendations are complied with. The charter of the Compensation and Benefits Committee of the Board is approved/modified by the Board from time to time. Recently, the charter was amended and approved by the Board to take into account the above recommendations apart from the requirements under Securities and Exchange Board of India.

The Board also gives appropriate directions to the Committee from time to time.

Recommendation 6 : Director's fees must be the only compensation from the listed company for the audit committee members.

Members of the Audit Committee are being paid sitting fees for each of the Audit Committee meetings they attend. Members of the Audit Committee are also being paid commission in line with provisions under the Indian Companies Act, 1956.

Recommendation 7 (a) : Increase the authorities and responsibilities of the Audit Committee including granting it the sole authority to hire and fire independent auditors, and to approve any significant non-audit relationship with the independent auditors.

This recommendation is complied with.

Recommendation 7(b) : The audit committee must have a written charter that addresses :

- (i) *the committee's purpose – which, at minimum, must be to :*
 - (A) *assist board oversight of (1) the integrity of the company's financial statements, (2) the company's compliance with legal and regulatory requirements, (3) the independent auditor's qualifications and independence, and (4) the performance of the company's internal audit function and independent auditors; and*
 - (B) *prepare the report that SEC rules require be included in the company's annual proxy statement.*

The above recommendations are complied with. The reports of the Audit Committee, Management and Independent Auditors' have been included in the Annual Report.

(ii) *the duties and responsibilities of the audit committee – which, at minimum, must be to :*

- (A) *retain and terminate the company's independent auditors (subject, if applicable, to shareholder ratification).*

Auditors' role and functioning is reviewed by the Audit Committee. The Audit Committee is empowered to recommend the appointment and termination of the Company's independent auditors subject to the approval of the shareholders.

- (B) *at least annually, obtain and review a report by the independent auditor describing : the firm’s internal quality-control procedures; any material issues raised by the most recent internal quality-control review, or peer review, of the firm, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the firm, and any steps taken to deal with any such issues; and (to assess the auditor’s independence) all relationships between the independent auditor and the Company.*

The Audit Committee reviews the report of the independent auditors with respect to the above recommendation on a quarterly basis.

- (C) *discuss the annual audited financial statements and quarterly financial statements with management and the independent auditor, including the company’s disclosures under “Management’s Discussion and Analysis of Financial Condition and Results of Operations.”*

This recommendation is complied with. The disclosure under “Management’s Discussion and Analysis of Financial Condition and Results of Operations” is provided in page no. 102 of the Annual Report.

- (D) *discuss earnings press releases, as well as financial information and earnings guidance provided to analysts and rating agencies.*

This recommendation is complied with. The Audit Committee reviews and discusses the earnings press releases, financial information and earnings guidance on a quarterly basis.

- (E) *as appropriate, obtain advice and assistance from outside legal, accounting or other advisors.*

The Audit Committee is empowered to take the help of such external advisors to help them to discharge their duties.

- (F) *discuss policies with respect to risk assessment and risk management.*

The policies with respect to risk assessment and risk management as adopted by the Company are presented to the Committee and the Board for their review, from time to time.

- (G) *meet separately, periodically, with management, with internal auditors (or other personnel responsible for the internal audit function) and with independent auditors.*

The Audit Committee to perform its functions effectively, meets separately with the Management, the Company’s Head of Internal Audit and the independent auditors of the Company on a quarterly basis.

- (H) *review with the independent auditor any audit problems or difficulties and management’s response.*

This recommendation is complied with. The Audit Committee reviews the independent auditor’s functions, problems or difficulties including discussions of the responsibilities, on a quarterly basis.

- (I) *set clear hiring policies for employees or former employees of the independent auditors.*

This recommendation is complied with. The Company has not employed any of the employees or former employees of the independent auditors.

- (J) *report regularly to the board of directors.*

This recommendation is complied with. The Audit Committee submits its report on a quarterly basis to the full Board with respect to the performance and independence of the Company’s independent auditors, the performance of the Company’s internal audit team, quality or integrity of the Company’s financial statements, compliance with legal or regulatory requirements.

- (iii) *an annual performance evaluation of the audit committee.*

The reports of the Audit Committee together with the performance of the Audit Committee is discussed by the Board periodically.

Recommendation 7 (c) : Each listed company must have an internal audit function.

The Audit Committee reviews the audit observations of the Company’s Internal Audit department pertaining to various Business Units and discusses the same with the Management. The Company’s Internal Audit is an ISO 9001:2000 certified function. The Company’s Internal Audit has won the “Commitment to Quality Improvement Award” from Institute of Internal Auditors. The award recognizes the commitment for Professional excellence, Quality of services and Professional outreach.

WIPRO LIMITED

Recommendation 8 : Shareholders must be given the opportunity to vote on all stock option plans, except employment inducement options, option plans acquired through mergers and tax qualified plans such as ESOPs and 401(k)s.

As per Indian law, all the ESOP Plans have been approved by the shareholders in the Annual General Meeting of the Company and as such, this recommendation is being complied with.

Recommendation 9 : Listed companies must adopt and disclose corporate governance guidelines

A detailed report on corporate governance as per Securities and Exchange Board of India's guidelines as well as a brief write up on the charters of the Committees of the Board is made available on our web-site (www.wipro.com) as part of our Annual Report for each financial year. The charters of the Audit Committee and Compensation and Benefits Committee, in its entirety, is also made available on our web-site.

Recommendation 10 : Listed companies must adopt and disclose a code of business conduct and ethics for directors, officers and employees and promptly disclose any waivers of the code for directors or executive officers.

The Company has adopted the Code of Business Conduct and Ethics and the same will be made available in Company's web-site (www.wipro.com) shortly.

Recommendation 11 : Listed foreign private issuers must disclose any significant ways in which their corporate governance practices differ from those followed by domestic companies under NYSE listing standards.

Even though the Company's corporate governance home-country requirements slightly differ from such requirements under NYSE listing standards, the Company's corporate governance practices are in compliance with the applicable NYSE listing standards.

Recommendation 12 : Each listed company CEO must certify to the NYSE each year that he or she is not aware of any violation by the company of NYSE corporate governance listing standards.

This recommendation is complied with. The certificate from the CEO is reproduced at the end of this report.

CERTIFICATION BY CEO PURSUANT TO RECOMMENDATION 12 OF THE NEW YORK STOCK EXCHANGE (NYSE) CORPORATE ACCOUNTABILITY AND LISTING STANDARDS COMMITTEE

I, Azim H. Premji, certify pursuant to Recommendation 12 of the New York Stock Exchange (NYSE) Corporate Accountability and Listing Standards Committee, that the Company has complied with the NYSE corporate governance listing standards as read with the detailed compliance report annexed hereto and am unaware of any violation by the Company of NYSE corporate governance listing standards.

By: /S/ Azim H. Premji
Azim H. Premji, Chief Executive Officer

Date : April 17, 2003

INDEX TO FINANCIAL STATEMENTS

	Pages
Financial Statements - Wipro Limited	
Auditors' Report	55-57
Financial Statements	58-82
Financial Statements - Wipro Limited Consolidated	
Auditors' Report	83
Financial Statements	84-101
Management Discussion & Analysis	102-109
Reconciliation of Profits between Indian GAAP and US GAAP	110-111

WIPRO LIMITED

AUDITORS' REPORT

To the Members of WIPRO LIMITED

We have audited the attached Balance Sheet of Wipro Limited, as at March 31, 2003 and also the Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed there to. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Auditing Standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the Manufacturing and Other Companies (Auditor's Report) Order, 1988, issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

Further to our comments in the Annexure referred to above, we report that :

- (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
- (ii) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
- (iii) The Balance Sheet, Profit and Loss Account and Cash Flow Statements dealt with by this report are in agreement with the books of account and the audited returns from the branches;
- (iv) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
- (v) On the basis of written representations received from the directors as on March 31, 2003 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2003 from being appointed as a director in terms of Clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.
- (vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India :
 - (a) In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2003;
 - (b) In the case of the Profit and Loss Account, of the profit for the year ended on that date; and
 - (c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

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

J.M. Gandhi
Partner

Mumbai, April 17, 2003

Annexure to the Auditor's report of even date for the Members of WIPRO LIMITED

- (i) The Company has maintained proper records showing full particulars including quantitative details and the situation of its fixed assets. A major portion of fixed assets have been physically verified by the management during the year. In our opinion, the frequency of verification of fixed assets by the management is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancy has been noticed between the book records and the assets physically verified.
- (ii) None of the fixed assets of the Company have been revalued during the year.
- (iii) Stocks of finished goods, stores, spare parts and raw materials other than that with the third parties have been physically verified by the management at reasonable intervals. There is a process of obtaining conformation in respect of stocks with third parties.
- (iv) In our opinion and according to the information and explanations given to us, the procedures for physical verification of stocks followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (v) The discrepancies between the physical stocks and book stocks were not material and have been properly dealt with in the books of account.
- (vi) In our opinion, the valuation of stocks is fair and proper in accordance with the normally accepted accounting principles and is on the same basis as in the preceding year.
- (vii) Excepting loan from a subsidiary, the Company has not taken any loans secured or unsecured from companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956. The terms and conditions of loan taken from a subsidiary is prima facie, not prejudicial to the interest of the Company. We have been informed that there are no companies under the same management as defined under Section 370(1B) of the Companies Act, 1956.
- (viii) The Company has granted unsecured interest free/interest-bearing loans to its subsidiaries and to companies, which are listed in the register, maintained under Section 301 of the Companies Act, 1956. The terms and conditions of such loans are, prima facie, not prejudicial to the interest of the Company.
- (ix) In respect of loans and advances in the nature of loans given by the Company, the parties/employees have generally repaid the principle amount and interest as per terms, wherever stipulated.
- (x) The Company has adequate internal control procedures commensurate with its size and nature of its business for the purchase of stores, raw material including components, plant and machinery, equipment and other assets and for the sale of goods.
- (xi) The transactions for purchase of goods and materials and sale of goods, materials and services, made in pursuance of contracts or agreements entered in the register maintained under Section 301 of the Companies Act, 1956, and aggregating during the year to Rs. 50,000/- or more in respect of each party, have been made at prices which are generally reasonable having regard to prevailing market prices for such goods, materials or services or the prices at which transactions for similar goods or services have been made with other parties.
- (xii) As explained to us, the Company has a regular procedure for determination of unserviceable or damaged stores and raw material. In our opinion, adequate provision has been made in the accounts for the estimated loss on the items so determined.
- (xiii) The Company has not accepted any public deposits during the year.
- (xiv) In our opinion, the Company has maintained reasonable records for the sale and disposal of realisable by-products and scrap.
- (xv) The Company has a system of internal audit which, in our opinion, is commensurate with its size and nature of its business.
- (xvi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government under Section 209(1) (d) of the Companies Act, 1956 for maintenance of Cost records in respect of Vanaspati, Soaps, Lighting and Electronic products and are of opinion that, prima facie, the prescribed accounts and records have been maintained. We have not, however, made a detailed examination of the records with a view to determining whether they are accurate or complete.

WIPRO LIMITED

- (xvii) The Company has been generally regular in depositing Provident Fund and Employees State Insurance dues with the appropriate authorities except that in a few cases there were minor delays in depositing the dues.
- (xviii) There are no undisputed amounts in respect of Income Tax, Wealth Tax, Sales Tax, Customs Duty and Excise Duty which, as at the Balance Sheet date, were outstanding for the period more than six months from the date they became payable.
- (xix) On the basis of our examination of the books of account and the information and explanations given to us, there are no personal expenses, which have been charged to the revenue account other than those incurred in terms of contractual obligations or in accordance with generally accepted business practice.
- (xx) The Company is not a sick industrial company within the meaning of Section 3 (1) (o) of the Sick Industrial Companies (Special Provisions) Act, 1985.
- (xxi) In respect of service activities the Company has a reasonable system, commensurate with its size and nature of business for :
 - (a) recording receipts, issues and consumption of materials and allocating materials consumed to the relative jobs/ projects.
 - (b) allocating man-hours utilised to the respective jobs/projects.
 - (c) authorisations at appropriate levels and an adequate system of internal control on issue of stores and allocation of stores and manpower to jobs/projects.
- (xxii) The business activity carried on by the Company includes letting out immovable property on rental basis. For such activities, maintenance of records of materials, stores, man-hours, etc., is not considered necessary.
- (xxiii) As regards the trading activity of the Company during the year, the damaged goods have been determined and suitable value adjustment has been made in the books of account.

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

J.M. Gandhi
Partner

Mumbai, April 17, 2003

WIPRO LIMITED
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 6)		1,222	2,399
Reserves and Surplus	2	32,837,027	24,860,451
		33,303,377	25,327,781
Loan Funds			
Secured loans	3	525,562	254,872
Unsecured loans	4	171,885	13,659
		697,447	268,531
Total		34,000,824	25,596,312
APPLICATION OF FUNDS			
Fixed Assets			
Goodwill		85,263	-
Gross block	5	11,531,835	9,615,514
Less : Depreciation		5,973,902	4,503,870
<i>Net Block</i>		5,643,196	5,111,644
Capital work-in-progress and advances		948,314	1,162,642
		6,591,510	6,274,286
Investments	6	14,407,161	4,784,557
Deferred tax assets		303,004	238,822
Current assets, loans and advances			
Inventories	7	773,718	748,364
Sundry Debtors	8	7,925,860	6,403,331
Cash and Bank balances	9	4,097,046	2,935,434
Loans and advances	10	6,576,774	10,209,116
		19,373,398	20,296,245
Current liabilities and provisions			
Liabilities	11	5,910,666	5,366,645
Provisions	12	763,583	630,953
		6,674,249	5,997,598
Net Current Assets		12,699,149	14,298,647
Total		34,000,824	25,596,312

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
J.M. Gandhi
Partner
Azim Hasham Premji
Chairman and Managing Director
Suresh C. Senapaty
Corporate Executive
Vice President – Finance
N. Vaghul
Director
Satish Menon
Corporate Vice President –
Legal & Company Secretary
P.M. Sinha
Director

Mumbai, April 17, 2003

Bangalore, April 17, 2003

WIPRO LIMITED
PROFIT AND LOSS ACCOUNT

(Rs. in 000s)

	Schedule	Year ended March 31,	
		2003	2002
INCOME			
Gross Sales and Services		40,402,929	34,773,103
Less : Excise Duty		554,755	611,588
Net Sales and Services		39,848,174	34,161,515
Other Income	13	1,184,237	1,553,060
		41,032,411	35,714,575
EXPENDITURE			
Cost of goods sold	14	25,523,282	21,499,821
Selling, general and administrative expenses	15	5,873,789	4,685,015
Interest	16	29,304	28,941
		31,426,375	26,213,777
PROFIT BEFORE TAXATION			
Continuing Operations		9,787,621	9,625,425
Discontinuing Operation		(181,585)	(124,627)
Total		9,606,036	9,500,798
PROVISION FOR TAXATION (refer note 9)			
Continuing Operations		1,277,753	884,199
Discontinuing Operation		(66,733)	(44,492)
Total		1,211,020	839,707
PROFIT FOR THE PERIOD BEFORE EXTRA ORDINARY ITEMS			
Continuing Operations		8,509,868	8,741,226
Discontinuing Operation		(114,852)	(80,135)
Total		8,395,016	8,661,091
Loss on discontinuance of ISP business (refer note 10)	18	(352,195)	-
Tax benefit on above		89,503	-
Net loss on discontinuance of ISP business		(262,692)	-
PROFIT FOR THE PERIOD		8,132,324	8,661,091
Appropriations			
Proposed Dividend on Equity Shares		232,564	232,466
Tax on distribution of Dividend		29,797	-
Transfer to general reserve		7,869,963	8,428,625
Earnings per share (in Rs.)			
Basic			
On profit for the period from continuing operations		36.81	37.82
On losses of discontinued ISP business		(0.50)	(0.35)
On extraordinary items		(1.14)	-
On profit for the period		35.17	37.47
Diluted			
On profit for the period from continuing operations		36.75	37.75
On losses of discontinued ISP business		(0.50)	(0.35)
On extraordinary items		(1.13)	-
On profit for the period		35.12	37.41
Number of shares			
Basic		231,204,326	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 Accountants

J.M. Gandhi
 Partner

Azim Hasham Premji
 Chairman and Managing Director

Suresh C. Senapaty
 Corporate Executive
 Vice President – Finance

N. Vaghul
 Director

Satish Menon
 Corporate Vice President –
 Legal & Company Secretary

P.M. Sinha
 Director

Mumbai, April 17, 2003

Bangalore, April 17, 2003

WIPRO LIMITED

		(Rs. in 000s, except share numbers)	
		As of March 31,	
		2003	2002
SCHEDULE 1 SHARE CAPITAL			
Authorised			
375,000,000 (2002 : 375,000,000) Equity shares of Rs. 2 each	750,000	750,000	
2,500,000 (2002 : 2,500,000) 10.25 % Redeemable Cumulative Preference Shares of Rs. 100 each	250,000	250,000	
	1,000,000	1,000,000	
Issued, subscribed and paid-up			
232,563,992 (2002 : 232,465,689) equity shares of Rs. 2 each	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 capitalisation 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	-
Investment Allowance Reserve	-	-	-	-
	14,500	-	14,500 (c)	-
General Reserve	18,214,678	7,869,964	(d)(f)	26,084,642
	12,100,305	8,546,418	(c)(d)(f)	18,214,678
	24,860,451	7,976,576	-	32,837,027
	19,184,623	9,012,445	3,336,617	24,860,451

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) Transfer from Profit and Loss account Rs. 7,869,963(2002 : Rs. 8,428,625).
- e) Deficit arising on account of amalgamation of Wipro Net Limited with Wipro Limited (refer note 4 of Schedule 19).
- f) Benefits arising on employee stock incentive plans Rs. Nil (2002 : Rs. 55,646) and deferred tax assets arising on temporary differences Rs. Nil (2002 : 47,647).

WIPRO LIMITED

		(Rs. in 000s)	
		As of March 31,	
SCHEDULE 3 SECURED LOANS	Note Reference	2003	2002
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,	
SCHEDULE 4 UNSECURED LOANS		2003	2002
Fixed Deposits			
Loan from Subsidiary		-	843
Other Loans and Advances			
Interest free loan from government		17,338	11,566
Loans from state financial institutions		1,250	1,250
		171,885	13,659

SCHEDULE 5 FIXED ASSETS				(Rs. in 000s)							
Particulars	GROSS BLOCK				PROVISION FOR DEPRECIATION				NET BLOCK		
	As on April 1, 2002	Additions	Deductions/ adjustments	As on March 31, 2003	As on April 1, 2002	Depreciation for the period	Deductions/ adjustments	As on March 31, 2003	As on March 31, 2003	As on March 31, 2002	
Land	584,916	157,220	-	742,136	5,510	3,537	-	9,047	733,089	579,406	
Buildings	1,458,619	427,525	2,146	1,883,998	90,966	30,148	2,698	118,416	1,765,582	1,367,653	
Railway siding	12	-	-	12	12	-	-	12	-	-	
Plant and Machinery	5,885,521	1,165,965	236,027	6,815,459	3,622,091	1,311,856	157,334	4,776,613	2,038,846	2,263,430	
Furniture fixture and equipment	1,262,592	288,404	30,338	1,520,658	590,221	237,590	27,442	800,369	720,289	672,371	
Vehicles	413,476	195,648	49,930	559,194	185,121	99,967	26,021	259,067	300,127	228,355	
Technical Know-how	10,378	-	-	10,378	9,949	429	-	10,378	-	429	
Total	9,615,514	2,234,762	318,441	11,531,835	4,503,870	1,683,527	213,495	5,973,902	5,557,933	5,111,644	
March 31,2002	9,020,225	2,644,375	2,049,086	9,615,514	3,793,678	1,418,897	708,705	4,503,870	5,111,644		

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

b Buildings :

i) includes shares worth Rs. 2 (2002 : Rs. 2).

ii) includes leasehold land/property Rs. 4,241 (2002 : Rs. 4,241).

iii) is net of depreciation during construction period.

c Deduction to gross block and provision for depreciation for the previous year ended March 31, 2002 includes Rs. 449,603 and Rs. 241,210 on account of sale of Wipro Fluid Power business (refer note 5).

WIPRO LIMITED
SCHEDULE 6 INVESTMENTS
(Rs. in 000s except share numbers and face value)
All shares are fully paid up unless otherwise stated

				As of March 31,	
		Number	Face value	2003	2002
Investments - Long Term (at cost)					
Investments in subsidiary companies					
Unquoted					
Equity Shares					
Wipro Prosper Ltd.	50,000	Rs.	10	500	2
Wipro Trademarks Holding Ltd.	50,000	Rs.	10	500	2
Wipro Travel Services Ltd.	66,171	Rs.	10	662	662
Wipro Healthcare IT Ltd.	3,410,002	Rs.	10	243,878	-
Wipro Spectramind Services Pvt. Ltd.	22,839,145	Rs.	10	1,234,640	144,299
Wipro Fluid Power Ltd.	9,047,600	Rs.	10	102,965	72,965
Wipro Holding Mauritius Ltd.	276,000,000	US \$	0.01	132,440	-
Wipro Inc., USA	8,800	US \$	2,500	1,040,890	129,270
Wipro Japan KK, Japan	650	JPY	50,000	9,738	9,738
				2,766,213	212,639
Preference Shares					
9% cumulative redeemable preference shares held in					
Wipro Trademarks Holding Ltd.	1,800	Rs.	10	18	18
Spectramind Ltd., Bermuda (zero coupon, non-redeemable convertible series A preferred shares)					
	963,092,931	US\$	0.01	3,384,172	-
1% cumulative redeemable preference shares in Wipro Fluid Power Ltd.					
	3,600,000	Rs.	10	360,000	-
				3,744,190	18
Investments in equity shares of other companies					
Unquoted					
Wipro GE Medical Systems Ltd. #	4,900,000	Rs.	10	49,000	49,000
WeP Peripherals Ltd. (1,600,000 shares acquired during the year on conversation of debentures)					
	7,060,000	Rs.	10	94,600	54,600
				143,600	247,899
Quoted					
Trade Investments					
Dynamic Technologies Ltd.	100	Rs.	10	1	1
HDFC Bank Ltd.	100	Rs.	10	1	1
				2	2
Investments in preference shares/debentures of other Companies					
Unquoted					
12.5% unsecured convertible debentures of WeP Peripherals Ltd.					
	4,00,000	Rs.	100	-	40,000
Convertible preference shares in Wipro Spectramind Services 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 (maturity value Rs. 66,003)					
				47,952	47,952
				47,952	50,452
Investments – short term :					
in money market mutual funds					
Alliance Capital Mutual Fund (58,950,157 units redeemed during the year)					
	655,402			-	265,910
Pioneer ITI Mutual Fund (1,780,269 units redeemed during the year)					
				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
Total				14,515,357	4,892,753
Less : Provision for diminution in value of long term investments				108,196	108,196
Total				14,407,161	4,784,557

(Rs. in 000s)

	As of March 31,	
	2003	2002
Aggregate book value of quoted investments	2	2
Aggregate book value of unquoted investments (net of provision)	6,701,955	766,709
Aggregate market value of quoted investments and investments in mutual funds	7,821,830	4,126,068

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

Stores and Spares	18,774	23,083
Raw Materials	331,572	400,569
Stock-in-process	14,921	21,344
Finished goods	408,451	303,368
	773,718	748,364

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	624,773	675,017
Considered doubtful	624,854	483,200
	1,249,627	1,158,217
Others		
Considered good	7,301,087	5,728,314
Considered doubtful	-	5,737
	7,301,087	5,734,051
Less : Provision for doubtful debts	624,854	488,937
	7,925,860	6,403,331

	As of March 31,	
	2003	2002
SCHEDULE 9 CASH AND BANK BALANCES		
Cash and cheques on hand	486,113	299,390
Balances with scheduled banks		
On Current account	144,833	587,578
In Deposit account	1,417,685	100,295
Balances with other banks in current account		
Midland Bank	428,915	146,146
Wells Fargo	1,571,116	986,037
Nations Bank	-	97,627
Deutsche Bank	-	487,942
Societe General	-	198,324
Bank of America	44,068	27,142
Standard Chartered Bank	312	-
Shanghai Commercial and Savings Bank	1,181	-
South Trust Bank	2,800	-
First Chicago	-	976
Citibank	-	1,952
FCC National Bank	-	976
Chase Manhattan	-	1,025
Great Western Bank	23	24
	4,097,046	2,935,434
Maximum balances during the year		
Midland Bank	780,682	387,177
Wells Fargo	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 Commercial and Savings Bank	3,655	-
South Trust Bank	2,800	-
First Chicago	976	390,806
Citibank	1,952	875,432
FCC National Bank	976	391,739
Chase Manhattan	1,025	421,815
Great Western Bank	24	24
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	1,516,880	857,413
Considered doubtful	71,236	70,193
	1,588,116	927,606
Less : Provision for doubtful advances	71,236	70,193
	1,516,880	857,413
Share application money pending allotment	-	360,000
Certificate of deposits with foreign banks	2,463,056	5,287,219
Inter Corporate Deposits :		
GE Capital Services India	214,300	770,100
ICICI Limited	-	1,245,200
	214,300	2,015,300
Other Deposits (refer note a)	540,492	544,966
Advance income-tax (net of provision)	753,072	155,240
Balances with excise and customs	10,402	35,170
Unbilled Services	1,078,572	953,808
	6,576,774	10,209,116

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.

WIPRO LIMITED

(Rs. in 000s)

	As of March 31,	
	2003	2002
SCHEDULE 11 LIABILITIES		
Sundry Creditors	1,982,509	2,148,315
Unclaimed dividends	1,588	1,588
Advances from customers	737,093	866,006
Other liabilities	2,488,415	2,009,452
Unbilled services	359,902	-
Interest accrued but not due on loans	176	301
Other deposits	340,983	340,983
	5,910,666	5,366,645
SCHEDULE 12 PROVISIONS		
Employee retirement benefits	501,222	398,487
Proposed dividend	232,564	232,466
Tax on proposed dividend	29,797	-
	763,583	630,953
SCHEDULE 13 OTHER INCOME		
Dividend from mutual funds	20,737	279,549
Dividend from companies	49,000	5,096
Interest on debt instruments	168,127	704,206
Interest on Income-tax refund	54,120	49,081
Rental Income	25,266	19,227
Profit on Sale of Investments	413,247	-
Profit on disposal of fixed assets	7,121	36,251
Difference in exchange	273,135	214,187
Brand fees	53,016	53,016
Royalty	19,000	39,344
Provision no longer required written back	65,757	115,354
Miscellaneous Income	35,711	37,749
	1,184,237	1,553,060
Notes : Tax deducted at source Rs. 119,430 (2002 : Rs. 130,897)		
SCHEDULE 14 COST OF GOODS SOLD		
Raw materials, Finished and Process Stocks (refer Schedule 17)	7,243,025	7,896,055
Stores & Spares	136,405	182,674
Power and Fuel	288,409	306,775
Salaries, wages and bonus	4,795,355	3,758,298
Contribution to provident and other funds	173,360	142,094
Gratuity and pension	168,350	121,086
Workmen and Staff welfare	138,927	151,777
Insurance	20,308	16,631
Repairs to Factory Buildings	9,593	10,773
Repairs to Plant & Machinery	408,531	115,919
Rent	173,409	203,683
Rates & Taxes	25,801	11,667
Packing	82,661	65,062
Travelling and allowances	8,594,381	5,823,237
Depreciation	1,011,906	1,106,774
Technical fees	71,975	80,121
Miscellaneous	2,336,881	1,583,463
Less : Capitalized (refer note 8)	(155,995)	(76,268)
	25,523,282	21,499,821

WIPRO LIMITED

(Rs. in 000s)

	Year ended March 31,	
	2003	2002
SCHEDULE 15 SELLING, GENERAL AND ADMINISTRATIVE EXPENSES		
Salaries, wages and bonus	947,156	734,777
Contribution to provident and other funds	29,659	26,225
Gratuity and pension	31,093	33,018
Workmen and Staff welfare	140,801	116,450
Insurance	10,337	6,108
Repairs to buildings	3,943	3,781
Rent	117,496	116,340
Rates and taxes	64,624	12,785
Carriage and freight	85,893	162,651
Commission on sales	56,977	108,441
Auditors' remuneration and expenses		
Audit fees	4,515	3,430
For certification including tax audit	1,297	969
Reimbursement of expenses	472	885
Advertisement and sales promotion	397,120	316,203
Loss on sale of fixed assets	6,335	10,648
Directors' fees	128	800
Depreciation	367,543	312,124
Travelling and allowances	2,585,642	1,579,838
Communication	209,272	112,213
Provision/write off of bad debts	209,506	248,442
Diminution in value of investments (mutual fund units)	-	163,147
Miscellaneous	603,980	615,740
	5,873,789	4,685,015
SCHEDULE 16 INTEREST		
On fixed loans	6,022	9,124
Other	23,282	19,817
	29,304	28,941
SCHEDULE 17 RAW MATERIALS, FINISHED AND PROCESS STOCKS		
Consumption of raw materials and bought out components		
Opening stocks	400,569	499,536
Add : Purchases	4,142,161	3,504,294
Less : Transfer on sale of undertaking	-	46,496
Less : Closing stocks	331,572	400,569
	4,211,158	3,556,765
Purchase of finished products for sale	3,130,527	4,200,978
(Increase)/decrease in finished and process stocks		
Opening stock	21,344	121,190
: In process		
: Finished products	303,368	487,115
Less : Transfer on sale of undertaking	-	81,002
: In process		
: Finished products	-	64,279
Less : Closing stocks	14,921	21,344
: In process		
: Finished products	408,451	303,368
	(98,660)	138,312
	7,243,025	7,896,055
SCHEDULE 18 NON-RECURRING/EXTRAORDINARY ITEMS		
Loss of discontinued ISP business	352,195	-
	352,195	-

SCHEDULE 19 SIGNIFICANT ACCOUNTING POLICIES

Accounting convention

Accounts are maintained on an accrual basis under the historical cost convention.

Revenue recognition

- Sales include applicable sales tax unless separately charged, 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. Revenue on 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 costs 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 data processing equipment and software, 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.

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. Small value tools and consumables are charged to consumption on purchase.

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 constitution for provident fund is charged to Profit and Loss Account. Defined contributions for pension is 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.

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.

WIPRO LIMITED

Foreign currency transactions

Foreign currency transactions are recorded at the spot rate prevailing 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 premiums in respect of forward exchange contracts are recognized over the life of the contract, except that premiums 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

(All figures are reported in rupees thousands, except data relating to share or unless stated otherwise)

1. i) The Company has provided depreciation at the rates specified in Schedule XIV to the Companies Act, 1956, except in cases of the following assets, which are depreciated at commercial rates, which are higher than the rates specified in Schedule XIV. Depreciation over the years is provided up to total cost of assets.

Class of Asset	Depreciation rate applied %	Per Schedule XIV
Data Processing equipment & Software	50.00	16.21
Plant & Machinery of ISP business	20.00	16.21
Furniture and fixtures	19.00	6.33
Electrical Installations	19.00	4.75
Office equipment	19.00	4.75
Vehicles	24.00	9.50
Plant and Machinery	4.75	4.75

- ii) Depreciation at 100% have been provided on assets costing less than Rs. 5.
2. Estimated amount of contracts remaining to be executed on Capital account and not provided for is Rs. 321,410 (2002 : 241,338)
3. Contingent liabilities in respect of :
 - i) Disputed demands for excise, customs, income tax, sales tax and other matters Rs. 1,013,180 (2002 : 199,530)
 - ii) Guarantees given by Banks on behalf of the Company Rs. 862,532 (2002 : 361,058)
4. 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 credited to Wipro Limited. The deficit of Rs. 2,432,045 arising on amalgamation as detailed below was transferred to General Reserve :

		(Rs. in 000s)
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

WIPRO LIMITED

5. March 2002 the Company transferred the Fluid Power business to Wipro Fluid Power Limited (formerly known as Netcracker Limited) for Rs. 363,137. In consideration of this transfer the Company received 3,600,000, 1% redeemable Preference Shares of Rs. 100 each of Wipro Fluid Power Limited. The balance was received in cash in March 2002.
6. Amount received from employees on exercise of stock option, pending allotment of shares is shown as share application money pending allotment.
7. 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 Rs.	Weighted average exercise price Rs.	Weighted average remaining contractual life (months)
Outstanding at the beginning of the period	3,885,958	1,024 to 2,522	1,550	47
Granted during the period	-	-	-	-
Forfeited during the period	(163,677)	1,086 to 2,522	1,599	-
Exercised during the period	(97,903)	1,086	1,086	-
Outstanding at the end of the period	3,624,378	1,024 to 2,522	1,560	35
Exercisable at the end of the period	1,189,166	1,024 to 2,522	1,448	35

Stock option activity under the 2000 Plan is as follows :

	Year ended March 31, 2003			
	Shares arising out of options	Range of exercise prices Rs.	Weighted average exercise price Rs.	Weighted average remaining contractual life (months)
Outstanding at the beginning of the period	8,472,514	1,032 to 2,746	1,846	58
Granted during the period	99,550	1,268 to 1,691	1,495	54
Forfeited during the period	(471,150)	1,032 to 2,651	1,899	-
Exercised during the period	(400)	1,032 to 1,338	1,215	-
Outstanding at the end of the period	8,100,514	1,032 to 2,746	1,839	46
Exercisable at the end of the period	1,731,730	1,032 to 2,746	1,884	46

Weighted average grant date fair value for options granted during the year ended March 31, 2003, is Rs. 831.

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 \$	Weighted average exercise price \$	Weighted average remaining contractual life (months)
Outstanding at the beginning of the period	647,450	20.75 to 41.375	37.660	55
Granted during the period	88,300	26.10 to 30.050	27.950	54
Forfeited during the period	(35,400)	20.75 to 36.400	29.620	-
Outstanding at the end of the period	700,350	20.75 to 41.375	36.840	43
Exercisable at the end of the period	446,152	25.90 to 41.375	36.460	47

Weighted average grant date fair value for options granted during the year ended March 31, 2003, is \$ 14.70.

WIPRO LIMITED

8. Amount capitalized comprises following revenue expenditure incurred during the construction period.

	(Rs. in 000s)	
	Year ended March 31,	
	2003	2002
Raw material, finished goods (including manufactured products) and process stock	155,995	76,268
	155,995	76,268

9. Provision for taxation comprises of following :

- (i) Rs. 585,167 (2002 : Rs. 392,831) in respect of foreign taxes, net of deferred tax of Rs. Nil (2002 : Rs. 6,049) and write back of provision of Rs. 27,643 (2002 : 87,189) in respect of earlier year.
- (ii) Rs. 533,850(2002 : 443,876) in respect of Indian Income Tax, net of tax benefit from discontinued business of Rs. 156,236, net of deferred tax expense of Rs. 45,050 (2002 : Rs. 129,480) and write back of provision of Rs. 200,850 (2002 : Rs. 19,921) in respect of earlier years.
- (iii) Rs. 2,500 (2002 : Rs. 3,000) in respect of Wealth Tax.

10. 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 were transitioned to an independent service provider for a consideration of Rs. 25 million and which has been offset against extraordinary losses.

11. Deferred tax debit for the current year is Rs. 55,613 (2002 : 135,529). The breakup of net deferred asset is given below :

	(Rs. in 000s)	
	March 31, 2003	March 31, 2002
Deferred tax assets :		
Allowance for doubtful debts	86,697	76,761
Property plant and equipment	74,272	(6,809)
Employee stock incentive plan	38,902	61,695
Diminution in investments	-	58,333
Accrued expenses	103,133	48,842
	303,004	238,822

12. Diluted EPS is calculated based on treasury stock method for ESOP outstanding.
13. Sundry creditors include an amount of Rs. 23,429 (2002 : Rs. 20,310) being amount payable to suppliers, who are Small Scale Industrial Undertakings (SSI) as defined under the Industrial (Development and Regulation) Act, 1951, outstanding for a period in excess of 30 days as at the date of Balance Sheet. The list of such SSI's is attached.

WIPRO LIMITED

14. Computation of net profit in accordance with Section 198 read with Section 349 of the Companies Act, 1956

	(Rs. in 000s)	
	March 31, 2003	March 31, 2002
Profit before taxation	9,606,036	9,500,798
Add : Depreciation as per accounts *		
Managerial Remuneration	83,007	78,170
Provision for doubtful debts/Advances	192,510	247,122
	275,517	325,292
Less : Bad debts written off	76,733	109,077
Capital gains	413,247	
Amount drawn from Capital Reserve	-	109,077
	489,980	-
Net profit for Section 198 of the Companies Act, 1956	9,391,573	9,717,013
Commission payable :		
@ 0.10% of the above profits to the Chairman & Managing Director	9,392	9,717
@ 0.30% to Vice Chairman and	28,175	29,152
@ 0.10% to Vice Chairman	3,131	9,717
Managerial remuneration comprises :		
Salaries and allowances	32,652	23,000
Commission	40,698	48,586
Pension Contribution	6,002	2,973
Contribution to Provident Fund	585	526
Perquisites	3,070	3,085
Total	83,007	78,170

* For the year 2002-03, net profit is computed on book depreciation, which is lower than depreciation computed under Section 350 of Companies Act, 1956.

Fees paid to the Non-executive director in the professional capacity is subject to approval of the Central Government has not been considered in the Managing Director remuneration.

15. Related Party Transactions

The following is the listing of related parties :

Subsidiaries	Affiliates	Entities controlled by Directors
Wipro Japan KK	Wipro GE Medical Systems Ltd.	Azim Premji Foundation *
Enthink Inc.	WeP Peripherals Ltd.	Hasham Premji (Partnership firm) *
Wipro Inc.		
Wipro Prosper Ltd.		
Wipro Trademarks Holding Ltd.		
Wipro Travel Services Ltd.		
Wipro Fluid Power Ltd.		
Wipro Healthcare IT Ltd.		
Wipro Spectramind Services Pvt. Ltd.		
Wipro Technologies Inc.		
Wipro Holdings Mauritius Ltd.		
Wipro Holdings UK Ltd.		
Wipro Technologies UK Ltd.		

* Major shareholder or director has control over these entities.

WIPRO LIMITED

The Company has the following transactions with related parties.

(Rs. in 000s)

	As of March 31,	
	2003	2002
Wipro Japan KK :		
Revenues from services	44,075	383,950
Payment of services	88,821	54,033
Wipro Inc :		
Revenues from services	115,229	53,926
Payment for services	8,549	3,868
Wipro GE Medical Systems Ltd. :		
Revenues from sale of computer equipment	22,226	26,208
Fees for usage of trade mark	19,000	39,344
WeP Peripherals Ltd :		
Revenues from sale of computer equipment and services	6,163	9,230
Fees for usage of Brand/trade mark	53,016	53,016
Interest received on debentures	-	5,000
Payments for services	14,131	1,160
Purchase of printers	85,531	138,676
Wipro Spectramind Services Pvt. Ltd. :		
Revenues from sale of computer equipment and administrative and management support services	19,368	-
Fees for technical and infrastructure support services	13,947	-
Received for services	30,009	-
Wipro Fluid Power Ltd :		
Fees for technical and infrastructure support services	7,530	96,155
Revenues from sale of computer equipment and services	1,012	987
Interest paid on deposits	3,341	-
Dividend received	3,600	-
Azim Premji Foundation :		
Revenues from sale of computer equipment and services	2,029	1,442
Chairman and Managing Director :		
Payment of lease rentals	1,200	1,200
Payment to non-executive directors :		
Dr. Ashok Ganguly	800	800
Narayan Vaghul	800	800
Prof. Eisuke Sakakibara	1,872	486 *
Dr. Jagdish N. Sheth	1,627	1,221
P.M. Sinha	1,000	250 *
B.C. Prabhakar	400	400

* appointed effective January 1, 2002

WIPRO LIMITED

	(Rs. in 000s)	
	As of March 31,	
	2003	2002
The following is the listing of receivables and payables of related party transactions		
Receivables :		
Wipro GE Medical Systems Ltd.	80,258	56,181
WeP Peripherals Ltd.	13,941	17,037
Azim Premji Foundation	158	348
Hasham Premji	25,000	25,000
Wipro Spectramind Services Pvt. Ltd.	49,424	-
Wipro Inc	23,528	15,821
Wipro Japan KK	6,847	11,175
Enthink Inc	39,320	39,320
Payables :		
WeP Peripherals Ltd.	20,098	25,875
Wipro Healthcare IT Ltd.	432	-
Wipro Fluid Power (advance received from Wipro Fluid Power)	153,500	-

The following table represents the annual and long term compensation earned by our executive directors and members of our administrative, supervisory or management bodies for the year ended March 31, 2003.

	(Rs. in 000s)		
	Salary/Allowance	Commission and Incentive	Deferred benefits
Azim H. Premji	2,100	9,391	2,787
Vivek Paul	19,840	28,174	3,049
P.S. Pai	1,260	3,130	205
D.A. Prassana	5,965	3,487	544

16. Corresponding figures for previous periods presented have been regrouped, where necessary, to confirm to this year classification.

ADDITIONAL INFORMATION PURSUANT TO THE PROVISIONS OF PART II OF SCHEDULE VI TO THE COMPANIES ACT, 1956

i) Licensed/registered/installed capacities

	Unit	Registered Capacity		Installed Capacity @	
		March 31, 2003	March 31, 2002	March 31, 2003	March 31, 2002
Vanaspati/Hydrogenated oils	T P A *	144,000	144,000	56,250	56,250
Toilet Soaps	T P A *	42,750	42,750	28,000	28,000
Leather shoe uppers, leather shoes and allied articles	Pairs/Nos. (1000's) p.a. in lakhs	750	750	750	750
Fatty acids	T P A *	20,000	20,000	20,000	20,000
Glycerine	T P A *	2,000	2,000	1,800	1,800
GLS lamps	000s	50,000	50,000	50,000	50,000
TL Shells	000s	12,694	12,694	12,694	12,694
Fluorescent tube lights	000s	10,694	10,694	10,694	10,694
Mini computers/micro processor based systems and data communication systems	N P A #	244,000	244,000	244,000	244,000
Micro processor based computers and peripherals and communication boards	N P A #	72,500	72,500	72,500	72,500

@ Installed capacities are as per certificate given by management on which auditors have relied.
* TPA indicates tons per annum
NPA indicates nos. per annum

ii) Production and Sales

	Unit	Production #		Sales	
		March 31, 2003 Quantity #	March 31, 2002 Quantity #	March 31, 2003 Quantity Rs. in 000s	March 31, 2002 Quantity Rs. in 000s
Software services				28,243,635	21,553,981
Mini computers/micro processor based Systems and data communication systems	Nos.	68,322	61,652	67,882	5,864,578
Toilet soaps	Tons	19,512	19,353	19,430	1,613,610
Toiletries				196,137	299,512
Post sales support and related IT services				1,812,798	1,763,607
Corporate ISP Services				38,496	508,018
Vanaspati/hydrogenated oils	Tons	7,566	11,722	7,571	329,483
Lighting products	&	-	-	-	1,010,190
Hydraulic and pneumatic equipment	Nos.	-	35,794	-	-
Tipping gear systems	Nos.	-	4,289	-	-
Shoe uppers and full shoes (pairs)	000s	457	613	464	111,334
Fatty acids	Tons	13,257 \$	12,653 \$	7,194	7,194
Glycerine %	Tons	311 %	594 %	318	19,295
Reagent kits/spares of analytical instruments	Nos.	4,270	2,338	80,382	440,951
Spares/components for cylinders/tippers	&				44,677
Agency commission				221,876	91,306
Software products				493,352	182,355
Total				40,402,929	34,773,103
Less : Excise Duty				554,755	611,588
Total				39,848,174	34,161,515

includes samples and shortages

\$ includes 13,253 tons (2002 : 12,668) used for own consumption

% includes Nil tons (2002 : 111) used for own consumption

& it is not practicable to give quantitative information in the absence of common expressible unit.

WIPRO LIMITED
iii) Closing Stocks

		(Rs. in 000s)			
		March 31, 2003		March 31, 2002	
Unit		Quantity	Rs. 000s	Quantity	Rs. 000s
Mini computers/micro processor based systems and data communication systems*	Nos.	1,575	160,507	1,135	61,985
Toilet Soaps	Tons	614	31,506	531	24,959
Vanaspati/hydrogenated oils	Tons	467	21,465	471	15,738
Lighting Products*			72,606		58,228
Shoe Uppers and full shoes (pairs)	000s	10	263	8	207
Fatty acids	Tons	109	3,309	105	2,540
Glycerine	Tons	30	1,500	37	1,864
Others			285		67
			<u>291,441</u>		<u>165,588</u>
Closing Stock of traded goods					
Reagent Kits/Spares of Analytical instruments	Nos.	23,739	91,337	16,346	110,675
Others			25,673		27,105
			<u>408,451</u>		<u>303,368</u>

* includes traded products; bifurcation between manufactured and traded products not practicable

iv) Purchases for trading

		March 31, 2003		March 31, 2002	
Unit		Quantity	Rs. 000s	Quantity	Rs. 000s
Computer units /printers	Nos	26,266	2,221,293	26,646	3,271,440
Lighting Products*			454,949		418,437
Reagent kits/Spares of analytical instruments	Nos.	83,505	322,054	40,217	324,547
Spares/Components for tippers/cylinders*			-		30,294
Others*			132,231		156,260
			<u>3,130,527</u>		<u>4,200,978</u>

* It is not practicable to give quantitative information in the absence of common expressible unit.

v) Raw materials consumed

		March 31, 2003		March 31, 2002	
Unit		Quantity	Rs. 000s	Quantity	Rs. 000s
Peripherals/Components for computers	#		3,179,090		2,313,199
Oils and fats	Tons	14,847	432,890	19,310	426,127
Components for cylinders	#		-		271,620
Components for lighting products	#		206,891		176,705
Leather	Sq.ft. (000s)	594	53,431	642	70,352
Others	#		338,856		298,762
			<u>4,211,158</u>		<u>3,556,765</u>

It is not practicable to give quantitative information in the absence of common expressible unit.

WIPRO LIMITED
vi) Value of imported and indigenous materials consumed
(Rs. in 000s)

	March 31, 2003		March 31, 2002	
	%	Rs. 000s	%	Rs. 000s
Raw Materials				
Imported	43	1,817,343	43	1,529,409
Indigenous	57	2,393,815	57	2,027,356
	100	4,211,158	100	3,556,765
Stores and Spares				
Imported	1	857	5	8,805
Indigenous	99	135,548	95	173,869
	100	136,405	100	182,674

vii) Value of imports on CIF basis
(does not include value of imported items locally purchased)

	March 31, 2003	March 31, 2002
Raw materials, components and peripherals	1,972,192	2,993,699
Stores and spares	833	237,480
Capital goods	9,301	12,696
	1,982,326	3,243,875

viii) Expenditure in foreign currency

	March 31, 2003	March 31, 2002
Travelling	8,132,938	6,687,444
Interest	2,263	506
Royalty	144,845	135,887
Professional fees	1,000,777	446,529
Dividend*	2,300	-
Others	3,627,786	1,448,156
	12,910,909	8,718,522

*** Amount remitted in foreign currency on account of dividend**

	March 31, 2003	March 31, 2002
Net amount remitted	2,300	1,550
Number of shares held by non-resident shareholders	2,598,080	3,101,400
Year to which dividend relates	2001-2002	2000-2001

ix) Earnings in foreign exchange

	March 31, 2003	March 31, 2002
Export of goods on F.O.B. basis	110,761	154,896
Services	28,484,394	22,626,917
Interest on deposits/investments outside India	48,772	520,052
Agency commission	221,876	192,885
	28,865,803	23,494,750

WIPRO LIMITED

ADDITIONAL INFORMATION PURSUANT TO THE PROVISIONS OF PART IV OF SCHEDULE VI TO THE COMPANIES ACT, 1956

BALANCE SHEET ABSTRACT AND THE COMPANY'S GENERAL BUSINESS PROFILE

I	Registration Details			08
	Registration No.	20800	State Code	
	Balance Sheet Date	31st March 2003		
II	Capital raised during the year (Rs. in 000s)			
	Public issue	Nil		
	Rights issue	Nil		
	Bonus issue	Nil		
	Issue of shares on exercise of Employee Stock Options	106,809		
	American Depository Offering	Nil		
III	Position of mobilisation of and deployment of funds (Rs. in 000s)			
	Total Liabilities	34,000,824	Total Assets	34,000,824
	Sources of funds		Application of Funds	
	Paid-up capital	465,128	Goodwill	85,263
	Share application money pending allotment	1,222	Net Fixed Assets	6,506,247
	Reserves and Surplus	32,837,027	Investments	14,407,161
	Secured Loans	525,562	Deferred tax assets	303,004
	Unsecured Loans	171,885	Net Current Assets	12,699,149
	IV	Performance of the Company (Rs. in 000s)		
		Turnover	41,032,411	
Total Expenditure		31,426,375		
Profit before Tax		9,606,036		
Profit after Tax		8,132,324		
Earnings per share (basic)		35.17		
Dividend		50%		
V	Generic names of three principal products/services of the Company (as per monetary terms)			
	i) Item code no (ITC Code)	84713010		
	Product description	Personal Computer		
	ii) Item code no (ITC Code)	85249113		
	Product description	I.T. Software		
iii) Item code no (ITC Code)	15162011			
Product description	Vegetable fats and oils (Edible Grade)			

For and on behalf of the Board of Directors

Azim Hasham Premji
Chairman and Managing Director

Suresh C. Senapaty
Corporate Executive
Vice President – Finance

N. Vaghul
Director

Satish Menon
Corporate Vice President –
Legal & Company Secretary

P.M. Sinha
Director

Bangalore, April 17, 2003

CASH FLOW STATEMENT

(Rs. in 000s)

	Year ended March 31,	
	2003	2002
Cash flows from operating activities :		
Net profit before tax and non recurring items	9,787,621	9,625,425
Adjustments to reconcile Net profit before tax and non recurring items to net cash provided by operating activities :		
Depreciation and amortization	1,375,698	1,256,011
Foreign currency translation gains	(273,135)	(115,088)
Retirement benefits provision	102,735	(6,413)
Interest accrued on discount bonds	-	(71,653)
Interest on borrowings	29,304	28,941
Dividend/interest	(291,984)	(873,941)
Loss/(Gain) on sale of short-term investments	(413,247)	-
Loss/(Gain) on sale of property, plant and equipment	(786)	(25,603)
Operating cash flow before changes in working capital	10,316,206	9,817,679
Changes in operating assets and liabilities		
Trade and other receivable	(1,446,294)	(134,075)
Loans and advances	(181,234)	(706,313)
Inventories (other than stock-in-trade land)	(25,354)	188,698
Trade and other payables	506,547	482,754
Net cash provided by operations	9,169,871	9,648,743
Direct taxes paid	(1,830,549)	(1,084,250)
Net Cash provided by discontinuing operations	27,274	13,678
Net cash provided by operating activities	7,366,596	8,578,171
Cash flows from investing activities :		
Expenditure on property, plant and equipment (including advances)	(2,019,948)	(2,432,540)
Proceeds from sale of property, plant and equipment	105,734	194,650
Purchase of investments	(41,178,935)	(5,350,271)
Inter Corporate deposits placed	1,801,000	(963,300)
Certificate of Deposits with foreign banks	2,824,164	(1,961,111)
Proceeds from sales and maturities of investments	37,907,324	145,468
Payment for acquisition	(6,055,788)	(360,000)
Dividends received	69,737	284,645
Interest received	192,943	560,355
Net cash used in investing activities	(6,353,769)	(9,882,104)
Cash flows from financing activities :		
Proceeds from exercise of Stock Option Plan grants	106,809	33,080
Share application monies received pending allotment	(1,177)	2,399
Proceeds from issuance/(repayment) of borrowings	275,619	(136,744)
Payment of cash dividends	(232,466)	(116,217)
Corporate tax on Dividend		(11,854)
Net cash provided by/(used in) financing activities	148,785	(229,336)
Net increase/(decrease) in cash and cash equivalents during the year	1,161,612	(1,533,269)
Cash and cash equivalents at the beginning of the period	2,935,434	4,468,703
Cash and cash equivalents at the end of the period	4,097,046	2,935,434

Notes :

- i. 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 for the year ended March 31, 2003. This statement has been prepared by the Company in accordance with the requirement under clause 32 of the listing Agreement with the Stock Exchanges and 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.

for N.M. Raiji & Co.,
Chartered Accountants

Mumbai, April 17, 2003

J.M. Gandhi
Partner

ANNEXURE TO THE DIRECTORS' REPORT

FORM A

DISCLOSURE OF PARTICULARS WITH RESPECT
TO CONSERVATION OF ENERGY

A. POWER AND FUEL CONSUMPTION

		2002-2003	2001-2002
1	Electricity		
	a) Purchased		
	Unit	KWH 8,154,075	9,689,406
	Total amount	Rs. 34,560,452	41,526,509
	Rate/Unit	Rs. 4.24	4.28
	b) Own generation		
	Through diesel generator		
	Unit	KWH 149,612	571,675
	Unit/litre of diesel oil	Units 1.9724	2.44
	Cost per Unit	Rs. 8.70	7.26
2	Coal (including coconut shells)		
	Quantity	Tonnes 7,221.2	11,578
	Total cost	Rs. 12,672,001	17,069,027
	Average rate	Rs. 1,754.97	1,474.26
3	Furnace oil		
	Quantity - LDO	Lts. 533,224	1,828,979
	Total cost	Rs. 7,980,305	22,187,370
	Average rate	Rs. 14.97	12.13
4	Furnace oil		
	Quantity - HSD	Lts. 312,562	-
	Total cost	Rs. 3,937,646	-
	Average rate	Rs. 12.60	-
5	L.P.G.		
	Quantity	Kgs. 575,964	972,374
	Total cost	Rs. 9,801,824	18,604,060
	Average	Rs. 17.02	19.13

B. CONSUMPTION PER UNIT PRODUCTION

Vanaspati	Electricity (KWH/Tonne)	Liquid diesel oil (Litres/Tonne)	Coal (Tonnes/Tonne)
2002-2003	125.44	15.51	0.665
2001-2002	146.87	12.8	0.25

WIPRO LIMITED

SSI dues outstanding for a period in excess of 30 days as at a date of Balance Sheet – March 31, 2003

Supplier	Total Dues Rs. in 000s
Atco Controls (I) Pvt. Ltd.	1,086
Arya Filaments Pvt. Ltd.	74
Everlite Industries	261
Everlite Corporation	109
Fluo-Lite Pvt. Ltd.	148
Har-Hal Plastic Engineering Pvt. Ltd.	26
Infocontral Systems Inc.	123
Kay Pee Industries	1,118
Kasa Luminaries Pvt. Ltd.	7
Mercury Lamps Ltd.	199
Maharashtra Industries	1,100
Prospect Industries	3,626
R C Industries	1,104
Regal Luminaries	971
Rotam Commercials	146
Superstars	7,673
Sandesh Electrical Industries	956
Unilux	4,373
Vossloh-Schwabe India	329
	23,429

AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

The Board of Directors
Wipro Limited
Bangalore.

We have examined the attached Consolidated Balance Sheet of Wipro Limited, its subsidiaries and its associates (the Wipro Group) as at March 31, 2003, the Consolidated Profit and Loss Account and Consolidated Cash Flow Statement of the Wipro Group for the year ended on that date.

These financial statements are the responsibility of the management of Wipro Limited. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with generally accepted auditing standards in India. These standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are prepared, in all material respects, in accordance with an identified financial reporting framework and are free of material misstatements. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements. We believe that our audit provides a reasonable basis for our opinion.

We report that :

1. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
2. a) Financial statements of certain subsidiaries/entities with net worth of Rs. 1,802 Million as on March 31, 2003 and total revenue of Rs. 1,736 Million for the year ended have been audited by other auditors whose reports have been furnished to us. We have placed reliance on the said reports for the purpose of our opinion on the consolidated financial statements.
b) The financial statement of one of the associates for the year ended March 31, 2003 has been audited by other auditor whose report has been furnished to us. The loss of such associate considered for consolidation is Rs. 371 Million for the year. We have placed reliance on the said report for the purpose of our opinion on the consolidated financial statements.
3. The consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standard - 21,23 and 27, in respect of consolidated financial statements, issued by the Institute of Chartered Accountants of India and on the basis of the separate audited financial statements of Wipro Limited, its subsidiaries and its associates.
4. In our opinion and to the best of our information and according to the explanations given to us, the said accounts, give a true and fair view :
 - a) in the case of the Balance Sheet, of the state of affairs of the Wipro Group as at March 31, 2003.
 - b) in the case of the Profit and Loss Account, of the profit of the Wipro Group for the year ended on that date.
 - c) in the case of Cash Flow Statement, of the cash flows of the Wipro Group for the year ended on that date.

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

Mumbai, April 17, 2003

J.M. Gandhi
Partner

WIPRO LIMITED - CONSOLIDATED

CONSOLIDATED BALANCE SHEET

(Rs. in 000s)

SOURCES OF FUNDS	Schedule	As of March 31,	
		2003	2002
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		13,963,478	14,691,333
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. Rajji & Co.,
Chartered Accountants

J.M. Gandhi
Partner

Azim Hasham Premji
Chairman and Managing Director

Suresh C. Senapaty
Corporate Executive
Vice President – Finance

N. Vaghul
Director

Satish Menon
Corporate Vice President –
Legal & Company Secretary

P.M. Sinha
Director

Mumbai, April 17, 2003

Bangalore, April 17, 2003

WIPRO LIMITED - CONSOLIDATED

CONSOLIDATED PROFIT AND LOSS ACCOUNT

(Rs. in 000s)

	Schedule	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 ISP business - refer note 6	18	(352,195)	-
Tax benefit on above		89,503	-
Net loss on discontinuance of ISP business		(262,692)	-
PROFIT FOR THE PERIOD BEFORE MINORITY INTEREST/EQUITY IN EARNINGS OF AFFILIATES			
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. Rajji & Co.,**
Chartered Accountants

J.M. Gandhi
Partner

Azim Hasham Premji
Chairman and Managing Director

Suresh C. Senapaty
Corporate Executive
Vice President – Finance

N. Vaghul
Director

Satish Menon
Corporate Vice President –
Legal & Company Secretary

P.M. Sinha
Director

Mumbai, April 17, 2003

Bangalore, April 17, 2003

WIPRO LIMITED - CONSOLIDATED

(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

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 (b)	-
Translation Reserve	-	-	568	(568)
	-	-	-	-
Deferred Stock Compensation	-	-	4,401	4,401
	-	-	-	-
Investment Allowance Reserve	-	-	-	-
	14,500	-	14,500 (c)	-
General Reserve	18,814,390	8,737,377 (e)	-	27,551,767
	12,100,305	9,146,130 (c)(e)	2,432,045 (d)	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
Equity in earnings of affiliates as of March 31, 2002 :		
Wipro GE Medicals Systems Ltd.	771,849	
WeP Peripherals Ltd.	22,869	
Total	8,737,377	9,146,130

(Rs. in 000s)

	Note Reference	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 :

- 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.
- Secured by hypothecation of specific machinery/assets.
- 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

(Rs. in 000s)

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 :
i) includes shares worth Rs. 2 (2002 : Rs. 2)
ii) includes leasehold land/property Rs. 4,241 (2002 : Rs. 4,241).
iii) is net of depreciation during construction period.

WIPRO LIMITED - CONSOLIDATED
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.	3,732	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
Spectramind Services 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				
12.5% unsecured convertible debentures of WeP Peripherals Ltd.	4,00,000	Rs. 100	-	40,000
Convertible preference shares in Spectramind Services 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.

WIPRO LIMITED - CONSOLIDATED

(Rs. in 000s)

	As of March 31,	
	2003	2002
SCHEDULE 7 INVENTORIES		
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, UK	428,915	146,146
Wells Fargo, USA	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, UK	780,682	387,177
Wells Fargo, USA	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

WIPRO LIMITED - CONSOLIDATED

(Rs. in 000s)

	As of March 31,	
	2003	2002
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	1,726,893	949,297
Considered doubtful	72,694	71,451
	1,799,587	1,020,748
Less : Provision for doubtful advances	72,694	71,451
	1,726,893	949,297
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
	285,803	2,065,091
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
	7,257,622	10,086,810
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
	6,333,268	5,223,455
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
	784,124	653,156

	Year ended March 31,	
	2003	2002
SCHEDULE 13 OTHER INCOME		
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
	1,181,962	1,558,236

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

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

WIPRO LIMITED - CONSOLIDATED

(Rs. in 000s)

	Year ended March 31,	
	2003	2002
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
SCHEDULE 16 INTEREST		
On fixed loans	6,022	9,124
Other	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
(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., Enthink 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.

WIPRO LIMITED - CONSOLIDATED

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 is charged to Profit and Loss account. Defined contributions for pension is 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.

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 :

	(Rs. in 000s)
Wipro Fluid Power Limited	18,271
Spectramind 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 eServices 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 :

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

WIPRO LIMITED - CONSOLIDATED

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 :

	(Rs. in 000s)
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 :

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

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 WeP 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 were transitioned to an independent service provider for a consideration of Rs. 25 million and which has been offset against extraordinary losses.

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 :

WIPRO LIMITED - CONSOLIDATED

(Rs. in 000s)

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 :

	(Rs. in 000s)	
	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:

- (i) 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.
- (ii) 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.
- (iii) 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 Rs.	Weighted-average exercise price Rs.	Weighted-average remaining contractual life (months)
Outstanding at the beginning of the period	3,885,958	1,024 to 2,522	1,550	47
Granted during the period	–	–	–	–
Forfeited during the period	(163,677)	1,086 to 2,522	1,599	–
Exercised during the period	(97,903)	1,086	1,086	–
Outstanding at the end of the period	3,624,378	1,024 to 2,522	1,560	35
Exercisable at the end of the period	1,189,166	1,024 to 2,522	1,448	35

WIPRO LIMITED - CONSOLIDATED

Stock option activity under the 2000 Plan is as follows :

	Year ended March 31, 2003			
	Shares arising out of options	Range of exercise prices Rs.	Weighted-average exercise price Rs.	Weighted-average remaining contractual life (months)
Outstanding at the beginning of the period	8,472,514	1,032 to 2,746	1,846	58
Granted during the period	99,550	1,268 to 1,691	1,495	54
Forfeited during the period	(471,150)	1,032 to 2,651	1,899	-
Exercised during the period	(400)	1,032 to 1,338	1,215	-
Outstanding at the end of the period	8,100,514	1,032 to 2,746	1,839	46
Exercisable at the end of the period	1,731,730	1,032 to 2,746	1,884	46

Weighted average grant date fair value for options granted during the year ended March 31, 2003, is Rs. 831

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 \$	Weighted-average exercise price \$	Weighted-average remaining contractual life (months)
Outstanding at the beginning of the period	647,450	20.75 to 41.375	37.660	55
Granted during the period	88,300	26.10 to 30.050	27.950	54
Forfeited during the period	(35,400)	20.75 to 36.400	29.620	-
Outstanding at the end of the period	700,350	20.75 to 41.375	36.840	43
Exercisable at the end of the period	446,152	25.90 to 41.375	36.460	47

Weighted average grant date fair value for options granted during the year ended March 31, 2003, is \$ 14.70

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 Services Private 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

WIPRO LIMITED - CONSOLIDATED

12. Diluted EPS is calculated based on treasury stock method for ESOP outstanding.
13. Amount received from employees on exercise of stock option, pending allotment of shares is shown as share application money pending allotment.
14. The Company has the following transactions with related parties :

(Rs. in 000s)

	As of March 31,	
	2003	2002
Wipro GE Medical Systems Ltd.		
Revenues from sale of computer equipment and administrative and management support services	33,121	26,208
Fees for usage of trade mark	19,000	39,344
WeP Peripherals Ltd. :		
Revenues from sale of computer equipment and services	6,163	9,230
Fees for usage of Brand/trade mark	53,016	53,016
Interest received on debentures	–	5,000
Payments for services	14,131	1,160
Purchase of printers	85,531	138,676
Azim Premji Foundation :		
Revenues from sale of computer equipment and services	2,029	1,442
Chairman and Managing Director :		
Payment of lease rentals	1,200	1,200
Payment to non executive directors :		
Dr. Ashok Ganguly	800	800
Narayan Vaghul	800	800
Prof. Eisuke Sakakibara	1,872	486 *
Dr. Jagdish N. Sheth	1,627	1,221
P.M. Sinha	1,000	250 *
B.C. Prabhakar	400	400
* appointed effective January 1, 2002		
The following is the listing of receivables and payables of related party transactions Receivables :		
Wipro GE Medical Systems Ltd.	87,410	56,181
WeP Peripherals Ltd.	13,941	17,037
Azim Premji Foundation	158	348
Hasham Premji	25,000	25,000
Payables :		
WeP Peripherals Ltd.	20,098	25,875

15. 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.
16. Pursuant to the exemption granted by the Department of Company Affairs, Government of India vide its letter dated April 23, 2003, the Company is publishing only the consolidated financial statement of Wipro Limited and its subsidiaries and the stand alone financial statements of Wipro Limited. Item No. VII G of corporate governance report lists out the contacts for investors seeking financial statements and auditors' report of the individual subsidiaries.

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

WIPRO LIMITED - CONSOLIDATED

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. Raiji & Co.,
Chartered Accountants

J.M. Gandhi
Partner

Mumbai, April 17, 2003.

Management discussion and analysis of results for the year ended March 31, 2003 based on Consolidated Financial Statements

1.0 Industry Structure and developments

Please refer to our discussions in the section titled “*Operating and Financial Review and Prospects*” in pages 143 through 161 of this report.

1.1 Opportunities and Threats

Please refer to our discussions in the section titled “*Operating and Financial Review and Prospects*” in pages 143 through 161 of this report and in the section titled “*Risk Factors*” in pages 118 through 126 of this report.

1.2 Segment-wise or product-wise performance

Please refer the “*Segment Wise Business performance*”.

1.3 Outlook

Please refer to our discussions in the section titled “*Operating and Financial Review and Prospects*” in pages 143 through 161 of this report.

1.4 Risk and Concerns

Please refer to our discussions in the section titled “*Risk Factors*” in pages 118 through 126 of this report.

2.0 Internal Control

Management maintains internal control systems designed to provide reasonable assurance that assets are safeguarded, transactions are executed in accordance with management’s authorization and properly recorded, and accounting records are adequate for preparation of financial statements and other financial information. The internal audit function performs internal audit periodically to ascertain their adequacy and effectiveness. The internal audit function also carries out Operations Review Audits. The “Quality System” of the audit function has also been certified under ISO 9001:2000. It has also been accredited with “Commitment to Quality Improvement Award” by the Institute of Internal Auditors, USA. The audit committee periodically reviews the functions of internal audit. Further, pursuant to the requirements of Sarbanes Oxley Act, the CEO/CFO review and certify the disclosure controls and procedures on a quarterly basis.

3.0 Discussion on financial performance

3.1 The financial statements are prepared in compliance with the requirements of Companies Act, 1956, and Generally Accepted Accounting Principles in India. The management of Wipro accepts the responsibility for the integrity and objectivity of these financial statements and the basis for various estimates and the judgment used in preparing the financial statements.

3.2 Balance Sheet as on March 31, 2003

3.2.1. Share Capital

The Company has an authorized share capital of Rs. 1,000 million comprising of 375 million Equity Shares of Rs. 2 each and 2.5 million redeemable preference shares of Rs. 100 each as of March 31, 2003.

Equity Shares

- The Company has instituted various Employee Stock Option Plans (ESOP), these options vest with the employees over a specified period subject to employee fulfilling certain conditions. Upon vesting, the employees are eligible to apply and secure allotment of the Company’s shares at a price determined on the date of grant of options. During the year, 98,303 shares were allotted on exercise of the options out of which 97,903 were granted under 1999 Wipro Employee Stock Option Plan and 400 under 2000 Wipro Employee Stock Option Plan.

3.2.2. Share application money pending allotment

Eligible employees have applied for allotment of 1,125 shares of Rs. 2 each. Pending allotment, amounts received from the employees are reflected as share application money pending allotment.

3.2.3. Reserves and Surplus

Share Premium Account

- Under the employee stock option plan, eligible employees have exercised their right to equity shares upon expiry of the vesting period. Addition to Share premium comprises of premium received on exercise of stock options, amounting to Rs. 107 million.

3.2.4. Secured Loans

- The Company has availed cash credit facilities of Rs. 496 million from a consortium of banks. Of the total borrowings Rs. 357 million is under revolving credit which has been repaid in April 2003.
- The Company had availed a term loan from a financial institution secured by hypothecation of specific assets and machinery. The balance outstanding as on March 31, 2003 is Rs. 28 million, the same will be paid during 2003-04.

3.2.5. Unsecured Loans

- Fixed deposits which had matured and not claimed by the depositors have been transferred to Investor Education and Protection fund with the government.
- The Company has availed certain incentives provided by State Governments. The Company collects Sales Tax on sales but is required to remit it after a specified time period. Further, the Company has also received certain interest free nominal interest bearing loans from State Government.

3.2.6. Minority Interest

Minority interest in the balance sheet to the extent of Rs. 2 million represents share of minority shareholders in the assets of Wipro Fluid Power Limited.

3.2.7. Fixed Assets

Goodwill on consolidation

The excess of consideration paid over the book value of assets acquired has been recognized as goodwill in accordance with Accounting Standard 21 on Consolidated Financial Statements. 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 Millions)</i>
Wipro Fluid Power Limited	18
Wipro Spectramind Services Private Limited	3,776
Wipro Healthcare IT Limited	175
Global energy practice of AMS Inc.	1,038
	<u>5,007</u>

Please refer notes 2, 3 and 4 in the section – Notes to Accounts of Wipro Limited - Consolidated Balance Sheet.

WIPRO LIMITED - CONSOLIDATED

Additions to Fixed Assets

During the year, the Company invested Rs. 2,523 million on Fixed Assets. The unit-wise spends are outlined as below :

(Rs. in millions)	
Business Unit	Amount
Global IT Services & Products	1,770
IT Enabled Services	463
India & Asia Pac IT Services & Products	147
Consumer Care & Lighting	14
Wipro Health Care	75
Others	54
Total	2,523

The capital expenditure of Global IT Services and Products, asset category wise, is outlined below :

(Rs. in millions)	
Asset Category	Amount
Freehold Land	154
Building	252
Electricals	64
Plant & Machinery	82
Computers	821
Furniture and Fixtures	140
Office Equipment	120
Vehicles	137
Total	1,770

Depreciation

- The Company has provided depreciation either at the rates specified in Schedule XIV of the Companies Act, 1956, or at commercial rates which are higher than the rates specified in Schedule XIV, as detailed in our notes to accounts in page no. 69.

3.2.8. Investments

Purchase of Investments during the year

- Surplus cash generated by operations are invested in short term money market instruments. Investments in units of liquid mutual funds have increased from Rs. 4,126 million in fiscal 2002 to Rs. 7,813 million in fiscal 2003.

3.2.9. Inventories

The inventories comprise mainly computers, upgrades and spares of India and AsiaPac IT Services and Products and raw material and finished stocks of Consumer Care & Lighting and Wipro Fluid Power. Stock of inventory has increased from Rs. 935 million as on March 31, 2002 to Rs. 1,011 million as on March 31, 2003. The increase is primarily on account of increase in stock of Work in Process in Wipro Fluid Power. This increase is in line with the increase in revenues during the year.

WIPRO LIMITED - CONSOLIDATED

3.2.10. Sundry Debtors

Sundry Debtors (net of provision) for the current year is at Rs. 8,603 million against Rs. 6,515 million in the previous year. Segment wise break up of sundry debtors is outlined below :

(Rs. in millions)

Business Unit	2003	2002	Increase
Global IT Services	5,535	3,727	1,808
India and AsiaPac IT Services and Products	2,122	2,280	(158)
Consumer Care and Lighting	197	181	16
Health Care & Life Sciences*	325	104	221
Wipro Spectramind**	268	-	268
Others	156	223	(67)
Total	8,603	6,515	2,088

In Global IT Services and Products days of sales outstanding have increased from 57 days in fiscal 2002 to 63 days in fiscal 2003. India and AsiaPac IT Services and Products, days of sales outstanding has decreased from 86 days in fiscal 2002 to 73 days in fiscal 2003.

* The debtors of Health Care and Life sciences as on March 31, 2003 includes debtors of Wipro Health Care IT of Rs. 86 million which was acquired during fiscal 2003.

** Wipro Spectramind was acquired in fiscal 2003 hence figures for fiscal 2003 have only been indicated

3.2.11. Cash and Bank balances

- Cash and cheques in hand of Rs. 498 million have been banked in April 2003.
- Balances with foreign banks in current accounts are interest bearing.
- Surplus cash generated by operations have been invested in fixed deposits with banks.

3.2.12. Loans and Advances

- In fiscal 2001 the Company made equity offering in overseas capital markets. The proceeds of the offering are invested in certificate of deposits.
- Surplus cash generated by operations has been invested in Inter Corporate deposits. The deposits are placed with financial institutions/corporate with highest credit rating.
- Advances recoverable in cash or in kind have increased from Rs. 1,021 million to Rs. 1,800 million. This increase is mainly due to increase in Employee Advances and expenses paid in advance in Global IT Services. Advances also include Rs. 58 million of advances of Wipro Spectramind and Wipro Health Care IT.

3.2.13. Current Liabilities and Provisions

Current Liabilities

Sundry creditors and other liabilities have increased to Rs. 5,216 million from Rs. 4,352 million. The increase of Rs. 864 million is primarily due to inclusion of sundry creditors and other liabilities of Wipro Spectramind and Wipro Health Care IT of Rs. 321 million and increase in accrued liability for professional fees, incentives and salaries in Global IT Services and Products and Indian and AsiaPac IT Services and Products.

Provisions

- Provisions of Rs. 522 million for employee retirement benefit represents Company's liability towards leave encashment and gratuity, valued on actuarial basis. The Company provides a contribution defined pension scheme. The contribution is funded into a pension scheme administered by Life Insurance Corporation of India (LIC). For certain category of employees gratuity entitlement is funded through a fund managed by LIC.
- For fiscal 2003, the Directors of the Company have proposed a dividend of 50% on equity shares

3.3 Result of Operations

3.3.1. Income from Sales and Services

Sales have increased by 25%. Revenue from Wipro Spectramind comprises of 4% of the revenues of consolidated revenues. The increase of 21% was primarily due to increases of 24% and 15% in revenues of Global IT Services and Products and AsiaPac IT Services respectively.

Global IT Services and Products

Global IT Services and Products accounts for 66% of the total consolidated revenues of Wipro Limited and its subsidiaries. During the year, revenues grew by 24% from Rs. 22,648 million to Rs. 28,194 million.

Revenue from enterprise services increased by 43%. The increase in revenue from enterprise services was primarily driven by increased revenues from services provided to financial services, retail and utility companies. Revenue from technology services decreased by 5%. This decline was primarily due to a 24% decline in revenues from Telecom and Internet service provider division, reflecting the softness in demand from telecommunications equipment manufacturers. This was partially offset by a 17% increase in revenue from services provided in the areas of design and development of embedded software solutions to consumer electronics, automotive and computer hardware manufacturing companies.

Global IT Services and Products added over 120 new customers during the year, new clients accounted for over 9% of the total revenues. Customers with an annual Revenue of \$5 million and above increased to 27 in the year ended March 31, 2003, up from 23 in the year ended March 31, 2002.

Wipro Spectramind

In the first year of its operations, Wipro Spectramind recorded revenue of Rs. 1,623 million accounting for 4% of the total consolidated revenues of Wipro Limited. The total number of active customers during the year were 15.

India and AsiaPac IT Services and Products

India and AsiaPac IT Services and Products accounted for 19% of the total consolidate revenues of Wipro Limited. The increase in revenue has been primarily on account of 14% growth in revenues of manufactured and traded products and a growth of 17% in revenues from Services.

Consumer Care and Lighting

Consumer Care and Lighting accounts for 7% of total consolidated revenue of Wipro Limited and its subsidiaries. Sales of Consumer Care and Lighting declined by 1%. This was primarily attributable to decline in revenues of Vanaspati partially offset by an increase in revenue of Soap Products.

WIPRO LIMITED - CONSOLIDATED

3.3.2. Other Income

Other income of Rs. 1,182 million has decreased by 24% as compared to last year

(Rs. in millions)

Particulars	Amount		Decrease
	March 31, 2003	March 31, 2002	
Interest, Dividend and Profit on sales of Investments	610	989	-38%
Interest on income tax refund	54	49	
Rental Income	25	19	31%
Profit on Sale of fixed assets	7	36	-80%
Difference in exchange	297	214	39%
Royalty	72	92	-22%
Provision no longer required written back	70	115	-40%
Miscellaneous income	47	43	10%
Total	1,182	1,558	-24%

- The surplus generated by operations is invested in short term money market instruments like units of mutual funds, deposits with Banks and Corporates. The funds raised by overseas equity offering are invested in short term liquid money market instruments. The return on investments is realized through dividends on mutual fund units, gain on sale of mutual fund units, interest on deposits with Banks, Corporates and other short term money market instruments. The total return on investments has declined from Rs. 827 million in the year ended March 31, 2002 to Rs. 610 million in the year ended March 31, 2003.

The decrease is primarily due to significant decline in the yields on investments. The cash flows generated by operations have been fully utilized for acquisitions and purchase of fixed assets.

- Amounts received from WeP Peripherals Ltd. and Wipro GE Medical Systems Ltd. for the use of proprietary intangible assets of the Company is reflected as royalty income.

3.3.3. Cost of goods sold

(Rs. in millions)

Particulars	March 31, 2003		March 31, 2002		Increase
	Amount	%	Amount	%	
Raw materials, Finished and Process Stocks	7,767	18.12%	7,953	23.12%	-2%
Stores & Spares	172	0.40%	185	0.54%	-
Power and Fuel	337	0.79%	308	0.89%	-
Salaries and manpower related costs	5,802	13.54%	4,180	12.15%	39%
Insurance	25	0.06%	17	0.05%	-
Repairs to factory buildings	12	0.03%	11	0.03%	-
Repairs to Plant & Machinery	421	0.98%	117	0.34%	-
Rent	218	0.51%	204	0.59%	-
Rates & Taxes	31	0.07%	12	0.03%	-
Packing	83	0.19%	65	0.19%	-
Traveling and allowances	8,472	19.76%	5,493	15.97%	54%
Depreciation	1,181	2.75%	1,109	3.22%	6%
Technical fees	207	0.48%	136	0.40%	-
Miscellaneous	2,866	6.69%	1,839	5.34%	56%
Capitalised	(156)	-0.36%	(76)	(0.22%)	-
Total	27,439	64.01%	21,552	62.64%	27%
Income from sales and services	42,865	100.00%	34,405	100.00%	

WIPRO LIMITED - CONSOLIDATED

Consumption of Raw materials, finished and process stocks

The decrease in consumption of raw materials, finished and process stocks is primarily due decline in purchase of finished stocks by Global IT Services and Products. This is partially offset by the increase in consumption in Indian IT Services and Products and Health Care and Life Sciences.

Salaries and other manpower related costs

Excluding the manpower costs of Wipro Spectramind of Rs. 366 million, compensation expenses increased by 31% in fiscal 2003 over fiscal 2002. The increase was primarily due to 26% increase in the average number of employees in Global IT Services and Products and annual compensation review in June 2002.

Travelling and other allowances

Travel and other allowances have increased by 54% during the year to Rs. 8,472 million. This increase is primarily due to increase in number of employees who have been deployed at customer premises, and increase in overseas travel allowance.

3.3.4. Selling, General and Administrative Expenses

(Rs. in million)

Particulars	March 31, 2003		March 31, 2002		Increase
	Amount	%	Amount	%	
Salaries, and manpower related costs	1,518	3.54%	974	2.83%	56%
Insurance	10	0.02%	6	0.02%	-
Repairs to buildings	4	0.01%	4	0.01%	-
Rent	128	0.30%	119	0.35%	-
Rates and taxes	67	0.16%	22	0.06%	-
Carriage and freight	116	0.27%	165	0.48%	-
Commission on sales	68	0.16%	109	0.32%	-
Auditors' remuneration and expenses					
Audit fees	7	0.02%	4	0.01%	-
For certification including tax audit	1	0.00%	1	0.00%	-
Reimbursement of expenses	1	0.00%	1	0.00%	-
Advertisement and sales promotion	406	0.95%	316	0.92%	28%
Loss on sale of fixed assets	6	0.02%	11	0.03%	-
Directors' fees		0.00%	1	0.00%	-
Depreciation	391	0.91%	319	0.93%	23%
Travelling and allowances	2,555	5.96%	1,585	4.61%	61%
Communication	221	0.52%	113	0.33%	-
Provision/write off of bad debts	180	0.42%	265	0.77%	-
Diminution in value of investments (mutual fund units)	-	-	163	0.47%	-
Miscellaneous	763	1.78%	621	1.81%	23%
Total	6,443	15.03%	4,799	13.95%	34%
Income from sales and services	42,865	100%	34,405	100%	-

Salaries and manpower related costs

Excluding the manpower cost of Wipro Spectramind and Wipro Health Care IT, compensation costs have increased by 41%. The increase is primarily due to recruitment of sales and marketing personnel in Global IT Services and Products and increase in support staff headcount in Global IT Services and Products and Indian IT Services and Products in addition to the annual compensation review in June 2002.

Advertisement and sales promotion

Advertisement and sales promotion have increased by 28% during the year to Rs. 406 million. The increase is primarily due to increase in advertisement spends in Consumer Care and Lighting, Global IT Services and Products.

Traveling and allowances

Travel and allowance has increased by 61% during the year to Rs. 2,555 million. This is primarily due to increase in the Global IT Services and Products Sales and Marketing Team from 99 in fiscal 2002 to 140 in fiscal 2003 and longer sales cycles. A significant portion of the recruits to the Sales and Marketing team are local hires in respective geographies. Typically local hires have a higher remuneration package. Expenses of overseas sales and marketing team are included in travel and allowances.

Commission on sales

Commission on sales has declined by 38% during the year to Rs. 68 million. The decrease is primarily due to decline in the sales commission in the Global IT Services and Products, Indian and AsiaPac IT Services and Products and Consumer Care and Lighting. The reduction has been partially offset by inclusion of sales commission of Wipro Spectramind Services.

3.3.5. Interest

Interest expense has marginally increased by 2% to Rs. 30 million in the current year.

3.3.6. Income taxes

Effective tax rate has increased to 13% from 8% in the previous year. The increase in the effective tax rate was primarily due to :

- a) Until the year ended March 31, 2002 the earnings of Global IT Services and Products were exempt from tax in India. For the year ended March 31, 2003, 10% of the the earnings of Global IT Services and Products segment is subject to tax with appropriate relief under the double taxation avoidance agreements;
- b) A decrease in the proportion of income from domestic investment being realized in a tax free manner and ;
- c) Increase in the proportion of income which is subject to foreign taxes.

3.3.7. Discontinuing Operations

The Company was engaged in the business of providing corporate ISP services. For certain strategic reasons the Company decided to discontinue the corporate ISP services business. In June 2002, the management formally approved a plan to discontinue corporate ISP business. The costs associated with the discontinuance including asset impairment charges have been reflected as extraordinary expenses. Additionally, results of operations of the discontinuing operations have been reflected separately in the profit and loss account.

3.3.8. Appropriation from profit

The Profit after tax of Rs. 8,205 million is appropriated as follows :

- Proposed dividend on equity shares Rs. 232 million and tax thereon Rs. 30 million
- Transfer to general reserve Rs. 7,942 million

4.0 Material developments in Human resources

Please refer to our discussions in the sub section titled “Employees” in pages 167 through 168 of this report.

5.0 Transactions in which the management is interested in their personal capacity

Refer note 15 in notes to Accounts in page no. 72.

WIPRO LIMITED - CONSOLIDATED

Reconciliation of Profits between Indian GAAP and US GAAP

(Rs. in millions)

Particulars	Notes	March 31, 2003	March 31, 2002
Profit for the year as per Indian GAAP		8,205	8,854
Adjustments to reconcile profits for the year as per Indian GAAP with net income as per US GAAP			
Stock compensation expense	A	(52)	(79)
Deferred income tax	B	-	(200)
Goodwill amortization	C	-	(175)
Amortisation of intangible assets	D	(166)	-
Share in Profit/(loss) of affiliates	E	-	130
Difference in revenue recognition norms	F, G, H	46	(88)
Unrealised restatement gains	I	52	(52)
Interest on secured borrowings	J	-	(40)
Others		14	(20)
Total		(106)	(524)
Net Income as per US GAAP		8,099	8,330

Notes :

- A. Under US GAAP, compensation cost is recognized for shares granted to employees as the excess of the quoted market price of the stock at the date of grant over the amount to be paid by the employee. Such compensation cost is amortized over the vesting period. Accordingly, Wipro has recorded compensation cost for shares granted to employees from the Wipro Equity Reward Trust set up in 1984. No such accounting is required under Indian GAAP.
- B. In US GAAP, a deferred tax asset of Rs. 200 million was recognized in the year ended March 31, 2001 for the difference between the tax basis carrying value of investments in Wipro Net and the amounts for financial reporting. The deferred tax asset has been reversed during the year ended March 31, 2002, on legal re-organisation of Wipro Net as a result of which the benefit of the deferred tax asset will no longer be available.
- C. In fiscal 2001, the Company recorded goodwill of Rs. 868 million on acquisition of minority interest held by KPN group in Wipro Net. In fiscal 2000, the Company had also recorded goodwill of Rs. 10.5 million on acquisition of minority interest in Wipro Computers Limited. Goodwill resulting from these acquisitions was being amortised in US GAAP till March 31, 2002. From April 1, 2002, goodwill is not being amortised but will be evaluated for impairment at regular intervals.
- D. In US GAAP, a portion of the purchase consideration in a business acquisition will be allocated to intangible assets meeting the criteria for being recognized as an asset apart from goodwill. The value assigned to the intangible assets will be amortised over the useful life of the intangible asset in proportion to the economic benefits consumed during each reporting period.
- E. Under US GAAP, the financial statements of affiliates (entities where the investor has ability to exercise significant influence) are accounted by the equity method whereby the share of the investor in the profits/losses of the investee are recorded in the year such profits are earned or losses incurred. Accordingly, Wipro has recorded its share of profit/loss of Wipro GE Medical Systems Ltd, Wipro Net Ltd., NetCracker Ltd. and WeP Peripherals. Under Indian GAAP, till March 31, 2002 only dividends received from affiliates were recognized as income.

WIPRO LIMITED - CONSOLIDATED

- F. The Company has adopted the provisions of the Staff Accounting Bulletin No.101 (SAB 101) issued by the Securities Exchange Commission. Accordingly, revenues from sale of goods, where a customer is not obligated to pay a portion of contract price until the completion of installation, is recognized only on completion of installation. Consequently, profits in Indian GAAP is higher by Rs. 18 million in the year ended March 31, 2002 and lower by Rs. 18 million in the year ended March 31, 2003.
- G. In Indian GAAP, revenue was recognized in the year ended March 31, 2002 in respect of work performed in a fixed price, fixed time frame arrangement where the discussions with the customer on expanding the scope of work were concluded only in June 2002. In US GAAP revenues of Rs. 106 million on this arrangement was recognized in June 2002.
- H. There are certain significant differences, between Indian and US GAAP, in the norms for recognizing revenues in arrangements to sell software products and provide post contract maintenance support. Consequently, revenue of Rs. 42 million from sale of software products in a turnkey systems integration project is being recognized in Indian GAAP in the year ended March 31, 2003 while in US GAAP the revenues will be recognized in the year ended March 31, 2004.
- I. Under US GAAP unrealized foreign exchange restatement gains on foreign currency denominated assets is not recognized as income. Consequently in US GAAP certain unrealized gains were not recognized in profit and loss account for the year ended March 31, 2002. These gains have been realized in the year ended March 31, 2003.
- J. In fiscal 2000 the Company transferred equity shares in Wipro Net to a financial institution. The terms of the transfer provided Wipro with a call option and the transferee with a put option. Further, the transferee was restricted from selling the shares during the period of the option. Under US GAAP, this transfer was not recorded as a sale but was recorded as a secured borrowing. Interest was recognized at the effective yield on the put option.

INDEX TO FORM 20-F

		Page No.
Part I		
Item 1.	Identity of Directors, Senior Management and Advisors	115
Item 2.	Offer Statistics and Expected Timetable	115
Item 3.	Key Information	115-126
Item 4.	Information on the Company	126-143
Item 5.	Operating and Financial Review and Prospects	143-161
Item 6.	Directors, Senior Management and Employees	162-172
Item 7.	Major Shareholders and Related Party Transactions	172-173
Item 8.	Financial Information	173-174
Item 9.	The Offer and Listing	174-176
Item 10.	Additional Information	177-191
Item 11.	Quantitative and Qualitative Disclosure about Market Risk	192-193
Item 12.	Description of Securities other than Equity Securities	193
Part II		
Item 13.	Defaults, Dividend Arrearages and Delinquencies	193
Item 14.	Material Modifications to the Rights of Security Holders and use of Proceeds	193-194
Item 15.	Controls and Procedures	194
Item 16 A.	Audit Committee Financial Expert	194
Item 16 B.	Code of Ethics	194
Item 17.	Not Applicable	194
Part III		
Item 18.	Financial Statements	195-228
Item 19.	Exhibits	229-232

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 20-F

(Mark One)

- Registration statement pursuant to Section 12(b) or (g) of the Securities Exchange Act of 1934
- Annual Report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the fiscal year ended March 31, 2003
- Transition Report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the transition period from _____ to _____

Commission File Number: 001-16139

WIPRO LIMITED

(Exact name of Registrant as specified in its charter)

Not Applicable

(Translation of Registrant's name into English)

Karnataka, India

(Jurisdiction of incorporation or organization)

Doddakannelli

Sarjapur Road

Bangalore, Karnataka 560035, India

+91-80-844-0011

(Address of principal executive offices)

Securities registered or to be registered pursuant to Section 12(b) of the Act :

Title of Each Class	Name of Each Exchange on which Registered
None	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act :

American Depositary Shares,
each represented by one Equity Share, par value Rs. 2 per share.

.....
(Title of Class)

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act:

Not Applicable

.....
(Title of Class)

Indicate the number of each of the issuer's classes of capital or common stock as of the class of the period covered by the Annual Report. 232,563,992 Equity Shares

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

Indicate by check mark which financial statement item the registrant has elected to follow.

Item 17 Item 18

Currency of Presentation and Certain Defined Terms

In this Annual Report on Form 20-F, references to “U.S.”, or “United States” are to the United States of America, its territories and its possessions. References to “India” are to the Republic of India. References to U.K. are to United Kingdom. Reference to “\$” or “dollars” or “U.S. dollars” are to the legal currency of the United States, references to “£” or Pound Sterling are to the legal currency of United Kingdom and references to “Rs.” or “Rupees” or “Indian rupees” are to the legal currency of India. Our financial statements are presented in Indian rupees and translated into U.S. dollars and are prepared in accordance with United States Generally Accepted Accounting Principles (“U.S. GAAP”). References to “Indian GAAP” are to Indian Generally Accepted Accounting Principles. References to a particular “fiscal” year are to our fiscal year ended March 31 of such year.

All references to “we,” “us,” “our,” “Wipro” or the “Company” shall mean Wipro Limited. “Wipro” is a registered trademark of Wipro Limited in the United States and India. All other trademarks or tradenames used in this Annual Report on Form 20-F are the property of the respective owners.

Except as otherwise stated in this Annual Report on Form 20-F, all translations from Indian rupees to U.S. dollars are based on the noon buying rate in the City of New York on March 31, 2003, for cable transfers in Indian rupees as certified for customs purposes by the Federal Reserve Bank of New York which was Rs. 47.53 per \$1.00. No representation is made that the Indian rupee amounts have been, could have been or could be converted into United States dollars at such a rate or any other rate. Any discrepancies in any table between totals and sums of the amounts listed are due to rounding. Information contained in our website, www.wipro.com, is not part of this Annual Report.

Forward-Looking Statements May Prove Inaccurate

IN ADDITION TO HISTORICAL INFORMATION, THIS ANNUAL REPORT CONTAINS CERTAIN FORWARD-LOOKING STATEMENTS WITHIN THE MEANING OF SECTION 27A OF THE SECURITIES ACT OF 1933, AS AMENDED, AND SECTION 21E OF THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED. THE FORWARD-LOOKING STATEMENTS CONTAINED HEREIN ARE SUBJECT TO CERTAIN RISKS AND UNCERTAINTIES THAT COULD CAUSE ACTUAL RESULTS TO DIFFER MATERIALLY FROM THOSE REFLECTED IN THE FORWARD-LOOKING STATEMENTS. FACTORS THAT MIGHT CAUSE SUCH A DIFFERENCE INCLUDE, BUT ARE NOT LIMITED TO, THOSE DISCUSSED IN THE SECTION ENTITLED “OPERATING AND FINANCIAL REVIEW AND PROSPECTS” AND ELSEWHERE IN THIS REPORT. READERS ARE CAUTIONED NOT TO PLACE UNDUE RELIANCE ON THESE FORWARD-LOOKING STATEMENTS, WHICH REFLECT MANAGEMENT’S ANALYSIS ONLY AS OF THE DATE HEREOF. IN ADDITION, READERS SHOULD CAREFULLY REVIEW THE OTHER INFORMATION IN THIS ANNUAL REPORT AND IN THE COMPANY’S PERIODIC REPORTS AND OTHER DOCUMENTS FILED WITH THE SECURITIES AND EXCHANGE COMMISSION (“SEC”) FROM TIME TO TIME.

Item 1. Identity of Directors, Senior Management and Advisers

Not applicable.

Item 2. Offer Statistics and Expected Timetable

Not applicable.

Item 3. Key Information**Summary of Selected Consolidated Financial Data**

The selected consolidated financial data should be read in conjunction with the consolidated financial statements, the related notes and operating and financial review and prospects which are included elsewhere in this Annual Report. The selected consolidated statements of income data for the five years ended March 31, 2003 and selected consolidated balance sheet data as of March 31, 1999, 2000, 2001, 2002 and 2003 have been derived from our audited consolidated financial statements and related notes, which have been prepared and presented in accordance with U.S. GAAP.

(In millions, except share data)

	Year ended March 31,					
	1999	2000	2001	2002	2003	2003
						Convenience translation into US \$ (Unaudited)
Consolidated statements of Income data :						
Revenue:						
Services	Rs. 7,496	Rs. 11,719	Rs. 19,617	Rs. 23,467	Rs. 32,480	\$ 683
Products	10,236	11,109	11,026	10,006	10,369	218
Total	17,732	22,828	30,643	33,473	42,849	902
Cost of Revenues :						
Services	4,737	7,121	10,410	12,608	18,847	397
Products	8,068	8,961	8,507	8,053	8,329	175
Total	12,805	16,082	18,917	20,661	27,176	572
Gross Profit	4,927	6,746	11,726	12,812	15,673	330
Operating expenses :						
Selling, general and administrative expenses	(3,119)	(3,252)	(4,596)	(4,359)	(6,193)	(130)
Amortization of intangible assets	-	-	-	-	(166)	(3)
Other operating income/(expenses)	137	124	424	(11)	172	4
Operating Income	1,945	3,618	7,554	8,442	9,486	200
Gain/(loss) on sale of stock by affiliates, including direct issue of stock by affiliate	-	412	-	-	-	-
Other income/(expense), (net)	(282)	(284)	87	838	718	15
Income taxes	(179)	(525)	(1,150)	(1,016)	(1,342)	(28)
Income before share of equity in earnings of affiliates	1,484	3,221	6,491	8,264	8,862	186
Equity in earnings of affiliates	96	113	(53)	147	(355)	(7)
Minority interest (6)	-	-	-	-	(30)	(1)
Income from continuing operations	Rs. 1,580	Rs. 3,334	Rs. 6,438	Rs. 8,411	Rs. 8,477	\$ 178

	Year ended March 31,					
	1999	2000	2001	2002	2003	2003
						Convenience translation into US \$ (Unaudited)
Earnings per share from continuing operations :						
Basic	6.94	14.63	28.07	36.39	36.66	0.77
Diluted	6.94	14.58	27.84	36.33	36.60	0.77
Cash dividend per equity share	0.30	0.30	0.30	0.50	1.00	0.02
Additional data :						
Revenue by Segment						
Global IT Services and Products (1)	Rs. 6,359	Rs. 10,206	Rs. 17,390	Rs. 22,234	Rs. 28,250	\$ 594
IT-Enabled Services	-	-	-	-	1,614	34
India and Asia-Pac IT Services and Products	7,165	8,090	8,644	6,950	8,041	169
Consumer Care and Lighting	3,402	3,151	3,144	2,939	2,942	62
HealthScience	-	-	707	630	906	19
Others	806	1,381	758	720	1,096	23
Total	<u>Rs. 17,732</u>	<u>Rs. 22,828</u>	<u>Rs. 30,643</u>	<u>Rs. 33,473</u>	<u>Rs. 42,849</u>	<u>\$ 902</u>
Operating Income by Segment (2)						
Global IT Services and Products	Rs. 1,493	Rs. 2,909	Rs. 6,015	Rs. 7,578	Rs. 8,090	\$ 170
IT-Enabled Services	-	-	-	-	247	5
India and Asia-Pac IT Services and Products	283	460	825	578	539	11
Consumer Care and Lighting	442	485	450	404	422	9
HealthScience	-	-	62	47	(4)	-
Others	(108)	92	9	25	204	4
Reconciling items (5)	(165)	(328)	193	(190)	(12)	-
Total	<u>Rs. 1,945</u>	<u>Rs. 3,618</u>	<u>Rs. 7,554</u>	<u>Rs. 8,442</u>	<u>Rs. 9,486</u>	<u>\$ 200</u>
Transitional disclosures pertaining to adoption of SFAS No. 142, Goodwill and Other Intangible Assets.						
Income from continuing operations, as reported	-	-	Rs. 6,438	Rs. 8,411	Rs. 8,477	\$ 178
Add : Amortization of goodwill	-	-	45	175	-	-
Income from continuing operations, adjusted	-	-	6,483	8,586	8,477	178
Earnings per share : Basic						
Continuing operations, as reported	-	-	28.07	36.39	36.66	0.77
Add : Amortization of goodwill	-	-	0.20	0.76	-	-
Continuing operations, adjusted	-	-	28.27	37.15	36.66	0.77
Earnings per share : Diluted						
Continuing operations, as reported	-	-	27.84	36.33	36.60	0.77
Add : Amortization of goodwill	-	-	0.20	0.76	-	-
Continuing operations, adjusted	-	-	28.04	37.09	36.60	0.77
Consolidated Balance Sheet Data :						
Cash and Cash equivalents	Rs. 637	Rs. 784	Rs. 5,623	Rs. 7,377	Rs. 14,096	\$ 297
Working Capital (4)	(210)	1,925	11,216	18,495	20,992	442
Total assets	10,702	12,678	26,187	33,639	42,781	900
Total debt, including preferred stock (3)	3,252	1,804	1,768	291	604	13
Total stockholders equity	2,648	6,687	19,081	27,457	35,431	745

WIPRO LIMITED

Notes :

1. Revenues of Global IT Services and Products for the years ended March 31, 2002 and 2003 include revenue from sales of products of Rs. 955 million and Rs. 80 million.
2. The operating income of segments for the years ended March 31, 1999 and 2000 includes net interest income received on interbusiness segment loans of Rs. 178 million and Rs. 207 million. The net interest income has been eliminated through reconciling items.
3. Total debt for the years ended March 31, 1999 and 2000 include preferred stock of Rs. 250 million.
4. Working capital for the year ended March 31, 1999 includes Rs. 856 million of net liabilities of the discontinued financial services business.
5. In the operating income by segment, amortization of goodwill is included in reconciling items.
6. Minority interest represents the share of minority in the profits of Spectramind and Wipro Healthcare IT. The minority interest was acquired in the year ended March 31, 2003.

Exchange Rates

Fluctuations in the exchange rate between the Indian rupee and the U.S. dollar will affect the U.S. dollar equivalent of the Indian rupee price of our equity shares on the Indian stock exchanges and, as a result, will likely affect the market price of our American Depositary Shares, or ADSs, listed on the New York Stock Exchange, and vice versa. Such fluctuations will also affect the U.S. dollar conversion by our depositary for the ADSs, Morgan Guaranty Trust Company of New York, or Depositary, of any cash dividends paid in Indian rupees on our equity shares represented by the ADSs.

The following table sets forth, for the fiscal years indicated, information concerning the number of Indian rupees for which one U.S. dollar could be exchanged based on the average of the noon buying rate in the City of New York on the last business day of each month during the period for cable transfers in Indian rupees as certified for customs purposes by the Federal Reserve Bank of New York. The column titled "Average" in the table below is the average of the daily noon buying rate on the last business day of each month during the year.

<u>Fiscal Year Ended March 31,</u>	<u>Period End</u>	<u>Average</u>	<u>High</u>	<u>Low</u>
1999	Rs. 42.50	Rs. 42.27	Rs. 43.60	Rs. 39.41
2000	43.65	43.46	43.75	42.50
2001	46.85	45.88	47.47	43.63
2002	48.83	47.81	48.91	46.58
2003	47.53	48.36	49.07	47.53

On June 2, 2003, the noon buying rate in the city of New York was Rs. 47.15.

The following table sets forth the high and low exchange rates for the previous six months and are based on the noon buying rate in the City of New York on each business day during the period for cable transfers in Indian rupees as certified for customs purposes by the Federal Reserve Bank of New York :

<u>Month</u>	<u>High</u>	<u>Low</u>
December 2002	Rs. 48.32	Rs. 47.96
January 2003	48.10	47.83
February 2003	47.92	47.65
March 2003	47.85	47.53
April 2003	47.46	47.34
May 2003	47.35	46.85

Capitalization and Indebtedness

Not applicable.

Reasons for the Offer and Use of Proceeds

Not applicable.

RISK FACTORS

Risks Related to our Company

Our revenues and expenses are difficult to predict because they can fluctuate significantly given the nature of the markets in which we operate. This increases the likelihood that our results could fall below the expectation of market analysts, which could cause the price of our equity shares and ADSs to decline.

Our revenues historically have fluctuated and may fluctuate in the future depending on a number of factors, including :

- the size, timing and profitability of significant projects or product orders;
- changes in our pricing policies or those of our competitors
- the proportion of services we perform at our clients' sites rather than at our offshore facilities;
- seasonal changes that affect the mix of services we provide to our clients or the relative proportion of services and product revenues;
- seasonal changes that affect purchasing patterns among our consumers of desktops, notebooks, servers, communication devices, consumer care and other products;
- unanticipated cancellations, contract terminations or deferral of projects;
- the duration of tax holidays or exemptions and the availability of other Government of India incentives;
- the effect of seasonal hiring patterns and the time we require to train and productively utilize our new employees; and
- currency exchange fluctuations.

Approximately 60% of our total operating expenses in our services business of Global IT Services and Products business, particularly personnel and facilities, are fixed in advance of any particular quarter. As a result, unanticipated variations in the number and timing of our projects or employee utilization rates may cause significant variations in operating results in any particular quarter. We believe that period-to-period comparisons of our results of operations are not necessarily meaningful and should not be relied upon as indications of future performance. Thus, it is possible that in the future some of our quarterly results of operations may be below the expectations of public market analysts and investors, and the market price of our equity shares and ADSs could decline.

Our net income decreased 3% in fiscal 2003 as compared to fiscal 2002. Our net income increased 29% in fiscal 2002 as compared to fiscal 2001. As we continue to experience declines in demand, pricing pressures for our services and increased wage pressures in India, we have not been able to sustain our historical levels of profitability. During fiscal 2003, we incurred substantially higher selling and marketing expenses to increase brand awareness among target clients and promote client loyalty and repeat business among existing clients, and we expect to continue to incur substantially higher selling and marketing expenses in the future, which could result in declining profitability. While our global delivery model allows us to manage costs efficiently, as the proportion of our services delivered at client sites increases, we may not be able to keep our operating costs as low in the future.

If we do not continue to improve our administrative, operational and financial personnel and systems to manage our growth, the value of our shareholders' investment may be harmed.

We have experienced significant growth in our Global IT Services and Products business. We expect our growth to place significant demands on our management and other resources. This will require us to continue to develop and improve our operational, financial and other internal controls, both in India and elsewhere. In particular, our continued growth will increase the challenges involved in :

- recruiting and retaining sufficiently skilled technical, marketing and management personnel;
- adhering to our high quality standards;
- maintaining high levels of client satisfaction;
- developing and improving our internal administrative infrastructure, particularly our financial, operational, communications and other internal systems; and
- preserving our culture, values and entrepreneurial environment.

If we are unable to manage our growth effectively, the quality of our services and products may decline, and our ability to attract clients and skilled personnel may be negatively affected. These factors in turn could negatively affect the growth of our Global IT Services and Products business and harm the value of our shareholders' investment.

Intense competition in the market for IT services could affect our cost advantages, and, as a result, decrease our revenues.

The market for IT services is highly competitive. Our competitors include software companies, IT companies, systems consulting and integration firms, other technology companies and client in-house information services departments. Many of our competitors command significantly greater financial, technical and marketing resources and generate greater revenue than we do. We cannot be reasonably certain that we will be able to compete successfully against such competitors or that we will not lose our key employees or clients to such competitors. Additionally, we believe that our ability to compete also depends in part on factors outside our control, such as our ability to attract, motivate and retain skilled employees, the price at which our competitors offer comparable services, and the extent of our competitors' responsiveness to their clients' needs.

The current economic downturn may negatively impact our revenues and operating results.

Spending on IT products and services in most parts of the world has significantly decreased due to a challenging global economic environment. Some of our clients have cancelled, reduced or deferred expenditures for IT services. Pricing pressures from our clients have also negatively impacted our operating results. If the current economic downturn continues, our utilization and billing rates for our IT professionals could be adversely affected, which may result in lower gross and operating profits.

The recent rapid economic slowdown, terrorist attacks in the United States, and other acts of violence or war could delay or reduce the number of new purchase orders we receive and disrupt our operations in the United States, thereby negatively affecting our financial results and prospects.

Approximately 64% of our Global IT Services and Products revenues are from the United States. During an economic slowdown our clients may delay or reduce their IT spending significantly, which may in turn lower the demand for our services and affect our financial results. In addition, terrorist attacks in the United States and the recent conflict in Iraq have disrupted normal business practices for extended periods of time, reduced business confidence and increased performance pressures on U.S. companies. As a result, several clients have delayed purchase orders with us. Continued, or more severe, terrorist attacks in the United States could cause clients in the U.S. to further delay their decisions on IT spending, which could affect our financial results. Although we continue to believe that we have a strong competitive position in the United States, we have increased our efforts to geographically diversify our clients and revenue.

We may face difficulties in providing end-to-end business solutions for our clients, which could lead to clients discontinuing their work with us, which in turn could harm our business.

We have been expanding the nature and scope of our engagements and added new service offerings, such as IT consulting, business process management, systems integration and IT outsourcing. The success of these service offerings is dependent, in part, upon continued demand for such services by our existing and new clients and our ability to meet this demand in a cost-competitive and effective manner. In addition, our ability to effectively offer a wider breadth of end-to-end business solutions depends on our ability to attract existing or new clients to these service offerings. To obtain engagements for such end-to-end solutions, we also are more likely to compete with large, well-established international consulting firms, resulting in increased competition and marketing costs. Accordingly, we cannot be certain that our new service offerings will effectively meet client needs or that we will be able to attract existing and new clients to these service offerings.

The increased breadth of our service offerings may result in larger and more complex projects with our clients. This will require us to establish closer relationships with our clients and a thorough understanding of their operations. Our ability to establish such relationships will depend on a number of factors including the proficiency of our IT professionals and our management personnel.

Larger projects may involve multiple engagements or stages, and there is a risk that a client may choose not to retain us for additional stages or may cancel or delay additional planned engagements. These terminations, cancellations or delays may result from the business or financial condition of our clients or the economy generally, as opposed to factors related to the quality of our services.

Such cancellations or delays make it difficult to plan for project resource requirements, and inaccuracies in such resource planning may have a negative impact on our profitability.

Our success depends in large part upon our management team and other highly skilled professionals. If we fail to retain and attract these personnel, our business may be unable to grow and our revenues could decline, which may decrease the value of our shareholders' investment.

We are highly dependent on the senior members of our management team, including the continued efforts of our Chairman and Managing Director. Our ability to execute project engagements and to obtain new clients depends in large part on our ability to attract, train, motivate and retain highly skilled professionals, especially project managers, software engineers and other senior technical personnel. If we cannot hire and retain additional qualified personnel, our ability to bid on and obtain new projects, and to continue to expand our business will be impaired and our revenues could decline. We believe that there is significant competition for professionals with the skills necessary to perform the services we offer. We may not be able to hire and retain enough skilled and experienced employees to replace those who leave. Additionally, we may not be able to re-deploy and retrain our employees to keep pace with continuing changes in technology, evolving standards and changing client preferences.

Our Global IT Services and Products service revenues depend to a large extent on a small number of clients, and our revenues could decline if we lose a major client.

We currently derive, and believe we will continue to derive, a significant portion of our Global IT Services and Products service revenues from a limited number of corporate clients. Transco, our largest client for the three months ended March 31, 2002 and 2003, accounted for 7% and 9% of our Global IT Services and Products revenues, respectively. For the same periods, our ten largest clients accounted for 40% of our Global IT Services and Products revenues. The volume of work we perform for specific clients may vary from year to year, particularly since we typically are not the only outside service provider for our clients. Thus, a major client in one year may not provide the same level of revenues in a subsequent year.

There are a number of factors, other than our performance, that could cause the loss of a client and that may not be predictable. In certain cases, clients have reduced their spending on IT services due to challenging economic environment and consequently have reduced the volume of business with us. If we were to lose one of our major clients or have significantly lower volume of business with them, our revenues and profitability could be reduced. We continually strive to reduce our dependence on revenues from services rendered to any one client.

Restrictions on immigration may affect our ability to compete for and provide services to clients in the United States, which could hamper our growth and cause our revenues to decline.

If U.S. immigration laws change and make it more difficult for us to obtain H-1B and L-1 visas for our employees, our ability to compete for and provide services to clients in the United States could be impaired. In response to recent terrorist attacks in the United States, the U.S. Immigration and Naturalization Service has increased the level of scrutiny in granting visas to people of Southeast Asian origin. This restriction and any other changes in turn could hamper our growth and cause our revenues to decline. Our employees who work on site at client facilities or at our facilities in the United States on temporary and extended assignments typically must obtain visas. As of March 31, 2003, the majority of our personnel in the United States held H-1B visas (683 persons) or L-1 visas (1150 persons). An H-1B visa is a temporary work visa, which allows the employee to remain in the U.S. while he or she remains an employee of the sponsoring firm, and the L-1 visa is an intra-company transfer visa, which only allows the employee to remain in the United States temporarily. Although there is no limit to new L-1 petitions, there is a limit to the aggregate number of new H-1B petitions that the U.S. Immigration and Naturalization Service may approve in any government fiscal year. We may not be able to obtain the H-1B visas necessary to bring critical Indian professionals to the United States on an extended basis during years in which this limit is reached. This limit was reached in March 2000 for the U.S. Government's fiscal year ended September 30, 2000. While we anticipated that this limit would be reached before the end of the U.S. Government's fiscal year and made efforts to plan accordingly, we cannot assure you that we will continue to be able to obtain any or a sufficient number of H-1B visas on the same time schedule as we have previously obtained.

We focus on high-growth industries, such as networking and communications. Any decrease in demand for technology in such industries may significantly decrease the demand for our services, which may impair our growth and cause our revenues to decline.

WIPRO LIMITED

Approximately 35% of our Global IT Services and Products business is derived from clients in high growth industries who use our IT services for networking and communications equipment. The recent rapid economic slowdown in the U.S. may adversely affect the growth prospects of these companies. Any significant decrease in the growth of these industries will decrease the demand for our services and could reduce our revenue.

Our failure to complete fixed-price, fixed-timeframe contracts on budget and on time may negatively affect our profitability, which could decrease the value of our shareholders' investment.

We offer a portion of our services on a fixed-price, fixed-timeframe basis, rather than on a time-and-materials basis. Although we use specified software engineering processes and our past project experience to reduce the risks associated with estimating, planning and performing fixed-price, fixed-timeframe projects, we bear the risk of cost overruns, completion delays and wage inflation in connection with these projects. If we fail to accurately estimate the resources and time required for a project, future rates of wage inflation and currency exchange rates, or if we fail to complete our contractual obligations within the contracted timeframe, our profitability may suffer.

Disruptions in telecommunications could harm our service model, which could result in a reduction of our revenues.

A significant element of our business strategy is to continue to leverage and expand our software development centers in Bangalore, Chennai, Hyderabad and Pune, India, as well as overseas. We believe that the use of a strategically located network of software development centers will provide us with cost advantages, the ability to attract highly skilled personnel in various regions of the country and the world, the ability to service clients on a regional and global basis and the ability to provide services to our clients 24 hours a day, seven days a week. Part of our service model is to maintain active voice and data communications between our main offices in Bangalore, our clients' offices, and our other software development and support facilities. Although we maintain redundancy facilities and satellite communications links, any significant loss in our ability to transmit voice and data through satellite and telephone communications could result in a disruption in business, thereby hindering our performance or our ability to complete client projects on time. This, in turn, could lead to a reduction of our revenues.

Our international operations subject us to risks inherent in doing business on an international level that could harm our operating results.

Currently, we have software development facilities in six countries around the world. The majority of our software development facilities are located in India. We intend to establish new development facilities in Southeast Asia and Europe. We have not yet made substantial contractual commitments to establish any new facilities and we cannot assure you that we will not significantly alter or reduce our proposed expansion plans. Because of our limited experience with facilities outside of India, we are subject to additional risks related to our international expansion strategy, including risks related to complying with a wide variety of national and local laws, restrictions on the import and export of certain technologies and multiple and possibly overlapping tax structures. In addition, we may face competition in other countries from companies that may have more experience with operations in such countries or with international operations generally. We may also face difficulties integrating new facilities in different countries into our existing operations, as well as integrating employees that we hire in different countries into our existing corporate culture. In addition, our international expansion strategy in Southeast Asia may face difficulty resulting from the current outbreak of Severe Acute Respiratory Syndrome or SARS. Our international expansion plans may not be successful and we may not be able to compete effectively in other countries.

Our client contracts are often conditioned upon our performance, which, if unsatisfactory, could result in less revenue generated than anticipated.

Some of our contracts have incentive-based or other pricing terms that condition some or all of our fees on our ability to meet defined goals. Our failure to meet these goals or a client's expectations in such performance-based contracts may result in a less profitable or an unprofitable engagement.

Our business will suffer if we fail to anticipate and develop new services and enhance existing services in order to keep pace with rapid changes in technology and the industries on which we focus.

The IT services market is characterized by rapid technological change, evolving industry standards, changing client preferences and new product and service introductions. Our future success will depend on our ability to anticipate these advances and

develop new product and service offerings to meet client needs. We may not be successful in anticipating or responding to these advances in a timely basis, or, if we do respond, the services or technologies we develop may not be successful in the marketplace. Further, products, services or technologies that are developed by our competitors may render our services non-competitive or obsolete.

Most of our client contracts can typically be terminated without cause and with little or no notice or penalty, which could negatively impact our revenues and profitability.

Our clients typically retain us on a non-exclusive, project-by-project basis. Most of our client contracts, including those that are on a fixed-price, fixed-timeframe basis, can be terminated with or without cause, with between zero and 90 days' notice and without termination-related penalties. Additionally, most of our contracts with clients are typically limited to discrete projects without any commitment to a specific volume of business or future work. Our business is dependent on the decisions and actions of our clients, and there are a number of factors relating to our clients that are outside our control that might result in the termination of a project or the loss of a client, including :

- financial difficulties for a client;
- a change in strategic priorities, resulting in a reduced level of IT spending;
- a demand for price reductions; and
- a change in outsourcing strategy by moving more work to client in-house IT departments or to our competitors.

We may engage in future acquisitions, investments, strategic partnerships or other ventures that may harm our performance, dilute our shareholder's ownership and cause us to incur debt or assume contingent liabilities.

We have acquired and in the future may acquire or make investments in complementary businesses, technologies, services or products, or enter into strategic partnerships with parties who can provide access to those assets. We may not identify suitable acquisition, investment or strategic partnership candidates, or if we do identify suitable candidates, we may not complete those transactions on terms commercially acceptable to us or at all. We could have difficulty in assimilating the personnel, operations, technology and software of the acquired company. In addition, the key personnel of the acquired company may decide not to work for us. If we make other types of acquisitions, we could have difficulty in integrating the acquired products, services or technologies into our operations. These difficulties could disrupt our ongoing business, distract our management and employees and increase our expenses.

We may be liable to our clients for damages caused by system failures, which could damage our reputation and cause us to lose customers.

Many of our contracts involve projects that are critical to the operations of our clients' businesses and provide benefits that may be difficult to quantify. Any failure in a client's system could result in a claim for substantial damages against us, regardless of our responsibility for such failure. Although we attempt to limit our contractual liability for consequential damages in rendering our services, we cannot be assured that the limitations on liability we provide for in our service contracts will be enforceable in all cases, or that they will otherwise protect us from liability for damages.

Our earnings may be adversely affected if we are required to change our accounting policies with respect to the expensing of stock options.

We do not currently deduct the expense of employee stock option grants from our income based on the fair value method. Regulatory authorities, including the Financial Accounting Standards Board and the International Accounting Standards Board, are considering requiring companies to change their accounting policies to record the fair value of stock options issued to employees as an expense. Many companies have or are in the process of voluntarily changing their accounting policies to expense the fair value of stock options. Stock options are an important component of our employee compensation package. If we change our accounting policy with respect to the treatment of employee stock option grants, our earnings could be adversely affected.

Risks Related to Investments in Indian Companies

We are incorporated in India, and substantially all of our assets and our employees are located in India. Consequently, our financial performance and the market price of our ADSs will be affected by political, social and economic developments affecting India,

WIPRO LIMITED

Government of India policies, including taxation and foreign investment policies, government currency exchange control, as well as changes in exchange rates and interest rates.

Wages in India have historically been lower than wages in the United States and Europe, which has been one of our competitive advantages. Wage increases in India may prevent us from sustaining this competitive advantage and may reduce our profit margins.

Our wage costs in India have historically been significantly lower than wage costs in the United States and Europe for comparably skilled professionals, and this has been one of our competitive advantages. However, wage increases in India may prevent us from sustaining this competitive advantage and may negatively affect our profit margins. We may need to increase the levels of our employee compensation more rapidly than in the past to remain competitive. Unless we are able to continue to increase the efficiency and productivity of our employees, wage increases in the long term may reduce our profit margins.

Our costs could increase if the Government of India reduces or withholds tax benefits and other incentives it provides to us.

Currently, we benefit from certain tax incentives under Indian tax laws. As a result of these incentives, our operations have been subject to relatively insignificant Indian tax liabilities. These tax incentives currently include a 10-year tax holiday from payment of Indian corporate income taxes for our Global IT Services and Products business operated from specially designated “Software Technology Parks” in India and an income tax deduction of 100% for profits derived from exporting information technology services. As a result, a substantial portion of our pre-tax income has not been subject to significant tax in recent years. For the years ended March 31, 2002 and 2003, without accounting for double taxation treaty set-offs, our tax benefits were Rs. 2,862 million and Rs. 2,820 million from such tax incentives. We are currently also eligible for exemptions from other taxes, including customs duties. The Finance Act, 2000 phases out the ten year tax holiday over a ten year period from the financial year 1999-2000 to financial year 2008-2009. Our current tax holidays expire in stages by 2009. Additionally, the Finance Act, 2002 subjects ten percent of all income derived from services located in “Software Technology Parks” to income tax for the one-year period ending March 31, 2003. For companies opting for the 100% tax deduction for profits derived from exporting information technology services, the Finance Act, 2000 phases out the income tax deduction over the next five years beginning on April 1, 2000. When our tax holiday and income tax deduction exemptions expire or terminate, our costs will increase. Additionally, the government of India could enact similar laws in the future, which could further impair our other tax incentives.

Regional conflicts in South Asia could adversely affect the Indian economy, disrupt our operations and cause our business to suffer.

South Asia has from time to time experienced instances of civil unrest and hostilities among neighboring countries, including between India and Pakistan. In recent years there have been military confrontations between India and Pakistan that have occurred in the region of Kashmir and along the India-Pakistan border. The potential for hostilities between the two countries is higher due to recent terrorist incidents in India, recent troop mobilizations along the border, and the aggravated geopolitical situation in the region. Military activity or terrorist attacks in the future could influence the Indian economy by disrupting communications and making travel more difficult and such political tensions could create a greater perception that investments in Indian companies involve higher degrees of risk. This, in turn, could have a material adverse effect on the market for securities of Indian companies, including our equity shares and our ADSs, and on the market for our services.

Political instability or changes in the Indian government could delay the liberalization of the Indian economy and adversely affect economic conditions in India generally, which could impact our financial results and prospects.

Since 1991, successive Indian governments have pursued policies of economic liberalization, including significantly relaxing restrictions on the private sector. Nevertheless, the role of the Indian central and state governments in the Indian economy as producers, consumers and regulators has remained significant. The Government of India has changed five times since 1996. The current Government of India, formed in October 1999, has announced policies and taken initiatives that support the continued economic liberalization policies that have been pursued by previous governments. Although we believe that it is more likely than not that the process of economic liberalization will continue, we cannot assure you that these liberalization policies will continue in the future. The rate of economic liberalization could change, and specific laws and policies affecting technology companies, foreign investment, currency exchange and other matters affecting investment in our securities could change as well. A significant change in India’s economic liberalization and deregulation policies could adversely affect business and economic conditions in India generally and our business in particular.

The current Indian government is a coalition of several parties. The withdrawal of one or more of these parties could result in political instability. Such instability could delay the reform of the Indian economy and could have a material adverse effect on the market for securities of Indian companies, including our equity shares and our ADSs, and on the market for our services.

Indian law limits our ability to raise capital outside India and may limit the ability of others to acquire us, which could prevent us from operating our business or entering into a transaction that is in the best interests of our shareholders.

Indian law constrains our ability to raise capital outside India through the issuance of equity or convertible debt securities. Generally, any foreign investment in, or an acquisition of, an Indian company requires approval from relevant government authorities in India, including the Reserve Bank of India. However, the Government of India currently does not require prior approvals for IT companies, subject to certain exceptions. If, under these exceptions, the Government of India does not approve the investment or implements a limit on the foreign equity ownership of IT companies, our ability to seek and obtain additional equity investment by foreign investors will be limited. In addition, these restrictions, if applied to us, may prevent us from entering into a transaction, such as an acquisition by a non-Indian company, that would otherwise be beneficial for our company and the holders of our equity shares and ADSs.

Our ability to acquire companies organized outside India depends on the approval of the Government of India. Our failure to obtain approval from the Government of India for acquisitions of companies organized outside India may restrict our international growth, which could negatively affect our revenues.

The Ministry of Finance of the Government of India and/or the Reserve Bank of India must approve our acquisition of any company organized outside of India. The Government of India has recently issued a policy statement granting automatic approval for acquisitions of companies organized outside India with a transaction value of up to \$100 million and :

- if in cash, up to 100% of the proceeds from an ADS offering; and
- if in stock, the greater of \$100 million or ten times the acquiring company's previous fiscal year's export earnings.

We cannot assure you that any required approval from the Reserve Bank of India and or the Ministry of Finance or any other government agency can be obtained. Our failure to obtain approval from the Government of India for acquisitions of companies organized outside India may restrict our international growth, which could negatively affect our revenues.

It may be difficult for you to enforce any judgment obtained in the United States against us, the selling shareholders or our affiliates.

We are incorporated under the laws of India and many of our directors and executive officers, reside outside the United States. Virtually all of our assets and the assets of many of these persons are located outside the United States. As a result, you may be unable to effect service of process upon us outside India or upon such persons outside their jurisdiction of residence. In addition, you may be unable to enforce against us in courts outside of India, or against these persons outside the jurisdiction of their residence, judgments obtained in courts of the United States, including judgments predicated solely upon the federal securities laws of the United States.

We have been advised by our Indian counsel that the United States and India do not currently have a treaty providing for reciprocal recognition and enforcement of judgments (other than arbitration awards) in civil and commercial matters. Therefore, a final judgment for the payment of money rendered by any federal or state court in the United States on civil liability, whether or not predicated solely upon the federal securities laws of the United States, would not be enforceable in India. However, the party in whose favor such final judgment is rendered may bring a new suit in a competent court in India based on a final judgment that has been obtained in the United States. The suit must be brought in India within three years from the date of the judgment in the same manner as any other suit filed to enforce a civil liability in India. It is unlikely that a court in India would award damages on the same basis as a foreign court if an action is brought in India. Furthermore, it is unlikely that an Indian court would enforce foreign judgments if it viewed the amount of damages awarded as excessive or inconsistent with Indian practice. A party seeking to enforce a foreign judgment in India is required to obtain approval from the Reserve Bank of India under the Foreign Exchange Management Act, 1999, to execute such a judgment or to repatriate any amount recovered.

The laws of India do not protect intellectual property rights to the same extent as those of the United States, and we may be unsuccessful in protecting our intellectual property rights. Unauthorized use of our intellectual property may result in

development of technology, products or services which compete with our products. We may also be subject to third-party claims of intellectual property infringement.

Our intellectual property rights are important to our business. We rely on a combination of copyright and trademark laws, trade secrets, confidentiality procedures and contractual provisions to protect our intellectual property. However, the laws of India do not protect proprietary rights to the same extent as laws in the United States. Therefore, our efforts to protect our intellectual property may not be adequate. Our competitors may independently develop similar technology or duplicate our products or services. Unauthorized parties may infringe upon or misappropriate our products, services or proprietary information.

The misappropriation or duplication of our intellectual property could disrupt our ongoing business, distract our management and employees, reduce our revenues and increase our expenses. We may need to litigate to enforce our intellectual property rights or to determine the validity and scope of the proprietary rights of others. Any such litigation could be time-consuming and costly. As the number of patents, copyrights and other intellectual property rights in our industry increases, and as the coverage of these rights increases, we believe that companies in our industry will face more frequent patent infringement claims. Defending against these claims, even if not meritorious, could be expensive and divert our attention and resources from operating our Company.

Although we believe that our intellectual property rights do not infringe on the intellectual property rights of any other party, infringement claims may be asserted against us in the future. There are currently no material pending or threatened intellectual property claims against us. However, if we become liable to third parties for infringing their intellectual property rights, we could be required to pay a substantial damage award and be forced to develop non-infringing technology, obtain a license or cease selling the applications or products that contain the infringing technology. We may be unable to develop non-infringing technology or to obtain a license on commercially reasonable terms, or at all.

Risks Related to the ADSs

Sales of our equity shares may adversely affect the prices of our equity shares and the ADSs.

Sales of substantial amounts of our equity shares, including sales by insiders, in the public market, or the perception that such sales may occur, could adversely affect the prevailing market price of our equity shares or the ADSs or our ability to raise capital through an offering of our securities. In the future, we may also sponsor the sale of shares currently held by some of our shareholders, or issue new shares. We can make no prediction as to the timing of any such sales or the effect, if any, that future sales of our equity shares, or the availability of our equity shares for future sale, will have on the market price of our equity shares or ADSs prevailing from time to time.

An active or liquid trading market for our ADSs is not assured.

An active, liquid trading market for our ADSs may not be maintained in the long term. Loss of liquidity could increase the price volatility of our ADSs.

Indian law imposes foreign investment restrictions that limit a holder's ability to convert equity shares into ADSs, which may cause our ADSs to trade at a premium or discount to the market price of our equity shares.

Except under limited circumstances, the Reserve Bank of India must approve the sale of equity shares underlying ADSs by a non-resident of India to a resident of India. Since foreign exchange controls are in effect in India, the Reserve Bank of India will also approve the price at which equity shares are transferred based on a specified formula, and a higher price per share may not be permitted. Additionally, except under certain limited circumstances, if an investor seeks to convert the rupee proceeds from a sale of equity shares in India into foreign currency and then repatriate that foreign currency from India, he or she will have to obtain an additional Reserve Bank of India approval for each transaction. Required approval from the Reserve Bank of India or any other government agency may not be obtained on terms favorable to a non-resident investor or at all.

Investors who exchange ADSs for the underlying equity shares and are not holders of record will be required to declare to us details of the holder of record, and the holder of record will be required to disclose the details of the beneficial owner. Any investor who fails to comply with this requirement may be liable for a fine of up to Rs. 1,000 for each day such failure continues. Such restrictions on foreign ownership of the underlying equity shares may cause our ADSs to trade at a premium or discount to the equity shares.

An investor in our ADSs may not be able to exercise preemptive rights for additional shares and may thereby suffer dilution of his or her equity interest in us.

Under the Indian Companies Act, a company incorporated in India must offer its holders of equity shares preemptive rights to subscribe and pay for a proportionate number of shares to maintain their existing ownership percentages prior to the issuance of any new equity shares, unless such preemptive rights have been waived by three-fourths of the shares voting on the resolution to waive such rights. Holders of ADSs may be unable to exercise preemptive rights for equity shares underlying ADSs unless a registration statement under the Securities Act is effective with respect to such rights or an exemption from the registration requirements of the Securities Act is available. We are not obligated to prepare and file such a registration statement and our decision to do so will depend on the costs and potential liabilities associated with any such registration statement, as well as the perceived benefits of enabling the holders of ADSs to exercise their preemptive rights, and any other factors we consider appropriate at the time. No assurance can be given that we would file a registration statement under these circumstances. If we issue any such securities in the future, such securities may be issued to the Depository, which may sell such securities for the benefit of the holders of the ADSs. There can be no assurance as to the value, if any, the Depository would receive upon the sale of such securities. To the extent that holders of ADSs are unable to exercise preemptive rights granted in respect of the equity shares represented by their ADSs, their proportional interests in us would be reduced.

ADS holders may be restricted in their ability to exercise voting rights.

At our request, the Depository will mail to you any notice of shareholders' meeting received from us together with information explaining how to instruct the Depository to exercise the voting rights of the securities represented by ADSs. If the Depository receives voting instructions from you in time, relating to matters that have been forwarded to you, it will endeavor to vote the securities represented by your ADSs in accordance with such voting instructions. However, the ability of the Depository to carry out voting instructions may be limited by practical and legal limitations and the terms of the securities on deposit. We cannot assure that you will receive voting materials in time to enable you to return voting instructions to the Depository in a timely manner. Securities for which no voting instructions have been received will not be voted. There may be other communications, notices or offerings that we only make to holders of our equity shares, which will not be forwarded to holders of ADSs. Accordingly, you may not be able to participate in all offerings, transactions or votes that are made available to holders of our equity shares.

Item 4. Information on the Company

History and Development of the Company

Wipro Limited was incorporated in 1945 as Western India Vegetable Products Limited under the Indian Companies Act, VII of 1913, which is now superceded by the Companies Act, 1956. We are deemed to be registered under the Companies Act, 1956, or the Companies Act. We are registered with the Registrar of Companies, Karnataka, Bangalore, India as Company No. 20800. Our registered office is located at Doddakannelli, Sarjapur Road, Bangalore 560 035, and the telephone number of our registered office is +91-80-844-0011. The name and address of our registered agent in the United States is CT Corporation, located at 1350 Treat Blvd., Suite 100, Walnut Creek, California 94596.

Wipro Limited was initially engaged in the manufacture of hydrogenated vegetable oil. Over the years, we have diversified into the areas of Information Technology or IT services, IT products and Consumer Care & Lighting Products. We are headquartered in Bangalore, India and have operations in North America, Europe and Asia. For the fiscal year ended March 31, 2003, 94% of our operating income was generated from our IT business segments. For the same period, Global IT Services and Products represented 85% of our operating income, India and Asia-Pac IT Services and Products represented 6% of our operating income and IT-Enabled Services represented 3% of our operating income.

In October 2000, we raised gross aggregate proceeds of approximately \$131 million in our initial U.S. public offering of our ADSs on the New York Stock Exchange.

We incurred capital expenditure of Rs. 2,626 million, Rs. 2,439 million and Rs. 2,529 (\$53.21 million) during the fiscal years ended March 31, 2001, 2002 and 2003, respectively. These capital expenditures were primarily incurred on new software development facilities for our Global IT Services and Products business segment.

Business Overview

We are a leading Global IT services company. We provide a comprehensive range of IT services, software solutions and research and development services in the areas of hardware and software design to leading companies worldwide. We use our development centers located in India and around the world, quality processes and global resource pool to provide cost effective IT solutions and deliver time-to-market and time-to-development advantages to our clients. We also provide business process outsourcing, or BPO, services. In India, we are a leader in providing IT solutions and services. We also have a profitable presence in the Indian markets for consumer products and lighting.

We have five principal business segments:

- *Global IT Services and Products.* Our Global IT Services and Products segment provides IT services to customers in the Americas, Europe and Japan. The range of services include IT consulting, custom application design, development, re-engineering and maintenance, systems integration, package implementation, technology infrastructure outsourcing, and research and development services in the areas of hardware and software design. Our Global IT Services segment accounted for 67% of our revenue and 85% of our operating income for the year ended March 31, 2003.
- *IT-Enabled Services.* We are a leading India-based business process outsourcing and remote processing service provider. We provide direct customer interaction services, data processing and web-based services to clients in North America and Europe. We provide these services through our subsidiary Wipro Spectramind Services Private Limited, or Spectramind, which we acquired in July 2002. Spectramind accounted for 4% of our revenue and 3% of our operating income for the year ended March 31, 2003.
- *India and Asia-Pac IT Services and Products.* Our India and Asia-Pac IT Services and Products segment is a leader in the Indian IT market and focuses primarily on meeting the requirements for IT products and services of companies in India, Asia-Pacific and the Middle East region. This business segment accounted for 19% of our revenue and 6% of our operating income for the year ended March 31, 2003.
- *Consumer Care and Lighting.* We leverage our brand name and distribution strengths to sustain a profitable presence in niche markets in the areas of soaps, toiletries, lighting products and hydrogenated cooking oils for the Indian market. This business segment accounted for 7% of our revenue and 4% of our operating income for the year ended March 31, 2003.
- *HealthScience.* In April 2002, we established this new business segment to address the IT requirements of the emerging healthcare and life sciences market. Wipro Biomed, which has historically been reported in Others, is now included in the HealthScience segment. This business segment did not account for a significant portion of our revenue and operating income for the year ended March 31, 2003.

Industry Overview

IT Services

In a challenging global business environment, the role of IT in transforming businesses and economies has been widely recognized. The recent shift in the role of IT from merely supporting business to transforming business, driving productivity gains and creating new business models has increased the importance of IT to the success of companies worldwide. Current macroeconomic conditions have resulted in a shift in the IT spending of companies towards IT services because IT services enable companies to realize greater value from their existing IT infrastructure and realize productivity gains. The focus for companies is on objective factors such as :

- Realizing a defined return on investment on their IT spending;
- Realizing measurable cost efficiencies;
- Reducing the cycle time of introducing new software applications, commonly known as time-to- application advantage; and
- Reducing the time it takes to develop new technologies, commonly known as time-to-market advantage.

As a result of the global economic downturn in 2001 and 2002, many companies have reduced their IT budgets. In October 2002, the Gartner 2002 IT Spending and Staffing Survey estimated that worldwide IT spending would decline 7% in 2002 and remain constant in 2003. Even in this difficult economic environment, however, companies continue to view technology as a critical source of competitive advantage and the long-term growth prospects for IT services continues to remain positive. According to a March 2003 report, International Data Corporation, or IDC, estimates that the global IT services market will grow from approximately \$354 billion in 2002 to approximately \$490 billion by 2007, reflecting a compound annual growth rate, or CAGR, of 6.7%. The market for research and development services is also estimated to be comparable in size. The United States National Science Foundation estimates that research and development expenditure in the United States, the largest market, was approximately \$300 billion for 2001.

Reflecting current macroeconomic conditions, companies are focused on optimizing operating costs of IT departments, leveraging their existing IT infrastructure and realizing defined returns on IT investments. Companies are increasingly using external professional services as an effective tool to meet their IT requirements. Outsourcing IT requirements enable companies to lower operating costs, realize productivity gains and convert a portion of their fixed costs into variable costs. By deploying high-speed communications equipment, companies can access skilled IT services from remote locations to meet their complex IT requirements in a cost-effective manner.

According to IDC, as an extension of this trend of outsourcing, many IT services functions are moving to India, Russia, and even Ireland and Canada at an increasing rate. According to an August 2002 Gartner report, 79% of large U.S. corporations are currently engaged in offshore outsourcing, while the remaining 21% plan to engage in offshore outsourcing within the subsequent 12 months. Leading global IT services companies are facilitating this trend.

The India Advantage. According to a survey of U.S. software service vendors conducted by the World Bank, India is one of the leading offshore destinations for companies seeking to outsource software development of IT projects. According to the August 2002 Gartner report, India ranked as the primary destination for offshoring IT services by more than 70% of large U.S. corporations surveyed, while the next highest country was preferred by 10% of the corporations surveyed.

A McKinsey study conducted in 2002 for the Indian National Association of Software and Service Companies, or NASSCOM, estimates that the Indian IT services export, as well as the product and technology services, markets are expected to grow from approximately \$6 billion in 2002 to an estimated \$36 billion in 2008.

There are several key factors contributing to this growth of India-based IT services :

- India-based IT companies have proven their capability to deliver IT services that satisfy the requirements of international clients who expect the highest quality standards. According to Carnegie Mellon Software Engineering Institute's Survey of High Maturity Organizations and High Maturity Workshop Research, as of October 2002, 50 of the 74 high maturity organizations choosing to list themselves as organizations with SEI-CMM Level 5 certification, the highest level of certification, are based in India. SEI-CMM is the Software Engineering Institute's Capability Maturity Model, which assesses the quality of organizations' management system processes and methodologies.
- India has a large, highly skilled English-speaking labor pool that is available at a relatively low labor cost. According to NASSCOM, the Indian software industry employed 416,000 software professionals as of March 31, 2002, making it the second largest employer in the IT services industry after the United States. In addition, India has more than 2,100 engineering colleges and technical institutes that train approximately 75,000 graduates annually in IT. According to the NASSCOM-McKinsey report, U.S. and U.K. companies could expect total savings of 40% to 60% by using offshore processes because of the differential in wages paid by U.S. and U.K. companies in comparison to their India-based counterparts. Although wages in India are rising faster than in the United States, the labor rate differential is currently anticipated to remain a competitive advantage for Indian companies.
- With the time differential between India and its largest market, the United States, Indian companies are able to provide a combination of onsite and offshore services on a 24-hour basis on specific projects.

In line with global trends, Indian companies are also increasingly becoming aware of the business transforming potential of IT systems as they reap the benefits of technology enhancements in their businesses. The domestic Indian IT industry is primarily composed of hardware, packaged software and IT services. IDC estimates that the domestic Indian IT market will grow to \$13 billion to \$15 billion by 2008, reflecting a compound annual growth rate of approximately 16.2% from 2003, when \$6.6 billion was spent. The IT services market in India is expected to grow to approximately \$2.5 billion in 2007 from \$1.5 billion in 2003, representing a compounded annual growth rate of 13.4%.

IT-Enabled Services/Business Process Outsourcing

Current global macroeconomic conditions and intense competitive pressures have adversely impacted the profitability of many companies. Companies are revising their business model by focusing on their core activities and outsourcing critical but non-core activities. Outsourcing enables companies to reduce the operating costs, realize benefits of scale and achieve significant process improvements.

According to a survey of Chief Information Officers, or CIOs, conducted by Merrill Lynch in April 2003, 34% of respondents had outsourced or were planning to outsource one or more business functions. The global market for business process outsourcing, or BPO, reflects this trend. According to the August 2002 Gartner report, the total IT-enabled services/BPO market is expected to grow from \$119 billion in 2000 to approximately \$234 billion by 2004, a CAGR of 14%. It is anticipated that this growth will be primarily led by industries having significant customer interactions like banking and financial services, insurance, telecommunications, retail and healthcare.

India is emerging as a leading destination for BPO services. The proven track record and client relationships of established Indian IT services companies, favorable wage differentials, availability of a large, high quality, english speaking talent pool and a regulatory environment more friendly to investment are driving India's emergence as a global outsourcing hub. According to the NASSCOM-McKinsey report, the IT-enabled services export from India is expected to grow to over \$21 billion by 2008, and revenues from the export of IT-enabled services from India are expected to increase from 19% in 2002 to 27% by 2008, as a proportion of the total revenues from export of IT services from India.

Consumer Care & Lighting

The consumer care market that we address includes soaps, toiletries and infant care products. The aggregate consumption in these markets during the period beginning October 2001 to September 2002 was approximately Rs. 51,808 million. The lighting industry in India is divided into incandescent lighting and fluorescent tube lighting. The aggregate consumption in these markets during the period beginning April 2002 to February 2003, was approximately Rs. 22,000 million.

Competitive Strengths

We believe that the following are our principal competitive strengths :

Comprehensive range of IT services

We provide a comprehensive and integrated suite of IT solutions, ranging from consulting to application development and maintenance and take end-to-end responsibility for project execution and delivery. We have over 12 years of experience in software development, re-engineering and maintenance for our corporate customers and provide managed IT support services at the client's site through our 47 offshore development centers in India and several nearshore development centers located in countries closer to our clients' offices. We believe that this integrated approach positions us to take advantage of key growth areas in enterprise solutions, including IT services data warehousing, implementation of enterprise package application software such as resource planning or ERP, supply chain management or SCM and customer relationship management or CRM.

World-class quality as measured by SEI-CMM and Six Sigma initiatives

One of the crucial factors in our success has been our commitment to pursue the highest quality standards in all aspects of our business. We were assessed at SEI-CMM Level 5, the highest level of quality certification, in January 1999, making us the first IT services provider in the world to achieve this standard. SEI-CMM is widely accepted in the software industry as a standard to measure the maturity and effectiveness of software processes. Our SEI-CMM Level 5 rating is supported by our Six Sigma initiative, which is an internationally recognized program focusing on defect reduction and cycle time reduction. Our Six Sigma program was launched in 1998. Six Sigma represents a quality standard of less than 3.4 defects per million opportunities in which a defect may arise.

Broad range of research and development services

Our strengths in research and development services position us to take advantage of a recovery in global research and development spending. We are one of few major IT services companies in the world capable of providing an entire range of research and development services from concept to product realization. We provide IT services for designing, enhancing and maintaining platform technologies including servers and operating systems, communication subsystems, local area and wide area network protocols, optical networking systems, Internet protocol based switches, routers and embedded software, including software used in mobile phones, home or office appliances, industrial automation and automobiles. We acquired these skill sets through our earlier research and development efforts in the design of computer hardware products for the Indian market when the Government of India did not allow these products to be imported.

Global delivery model

One of our strengths is our global delivery model, which includes our offshore development centers, or ODCs, and our nearshore development centers. We were among the first India-based IT services companies to implement the offshore development model as a method for delivering high-quality services at a relatively low cost to international clients. Our global delivery model has many features that are attractive to our clients, including :

- A time difference between the client site and the ODC which allows a 24-hour work schedule for specific projects;
- The ability to quickly increase the scale of development operations;
- Increased access to our large pool of highly skilled IT professionals located in India; and
- Physical and operational separation from all other client projects, providing enhanced security for a client's intellectual property.

Established track record with premier international customer base

As of March 31, 2003, our Global IT Services and Products segment had 288 active clients, which included 115 Global 500 or Fortune 1000 companies. Our top ten customers in terms of revenue for the fiscal year ended March 31, 2003, have maintained a working relationship with us for an average of 4.9 years. We had 27 clients that represented at least \$5.0 million in IT services revenues in the fiscal year ended March 31, 2003. We believe that having an established base of high quality, high technology clients provide us with the following competitive advantages :

- The type of clients we target are likely to maintain or increase their IT outsourcing budgets.
- Our ODCs support critical IT applications of our large clients. The clients are therefore likely to provide a high level of repeat business.
- Our IT professionals are consistently exposed to the latest technologies that we are then able to leverage to procure business from other clients.

Ability to access, attract and retain skilled IT professionals

We continue to develop innovative methods of accessing and attracting skilled IT professionals. We partnered with a leading Indian university to establish a program for on the job training and a Masters degree in software engineering. We have also sought to open facilities in various cities in India to better access local professionals. We believe that our ability to retain highly skilled personnel is enhanced by our leadership position, opportunities to work with leading edge technologies and focus on training and compensation. In fiscal 2002 we were assessed at People Capability Maturity Model or PCMM level 5, the highest level of certification. PCMM is widely accepted as a standard to measure the maturity and effectiveness of human resources practices. As of March 31, 2003, we had over 12,100 IT professionals in our Global IT Services business segment and over 5,100 people in our IT-Enabled Services segment. We expect to grow these numbers in the foreseeable future. One of the keys to attracting and retaining qualified personnel is our variable and performance linked compensation programs. We have had an employee stock purchase program since 1984, an employee stock option plan and a productivity bonus plan since October 1999.

Broad distribution network and strong sales force in India

We have a large and growing distribution network for our domestic businesses. For our Indian IT Services and Products business segment, our direct sales force targets large corporate clients and over 200 channel partners in over 100 locations focus on medium and small enterprises. For our consumer care and lighting products, we have access to more than 1.2 million retail outlets. This distribution reach provides us with a significant competitive advantage and allows us to grow our business with minimal increases in personnel.

Strong brand recognition in the Indian market

We believe that our brands are some of the most well recognized brands in the Indian market. We have been operating in the Indian market for over 57 years and believe that customers equate our brand with high quality standards and a commitment to customer service. We enhance the value of our brands through aggressive and selective advertising and promotions.

Our Strategy

Our objective is to be a world leader in providing a comprehensive range of IT services to our clients. The markets we address are undergoing rapid change due to the pace of technology development and change in business models. We believe that these trends provide us with significant growth opportunities. The key elements of our strategy include :

Significantly expand our Global IT Services and Products business

We expect to continue to grow our Global IT Services and Products business and the percentage of our total revenues and profits contributed by this business over the next few years. We believe that we can achieve this objective through the following means :

- Identify and develop service offerings in emerging growth areas as separate business opportunities, such as business intelligence services, package implementation, niche consulting, data warehousing, and network storage;
- Develop domain expertise and focus on verticals in each industry, and position ourselves as domain experts;
- Leverage our experience in providing IT infrastructure management services in the Indian market and our access to existing clients outside India to provide technology infrastructure support services;
- Grow our research and development services by focusing on high growth markets such as telecommunications, mobile communications and the Internet, and high growth technologies such as embedded software; and
- Expand our market presence by providing enterprise application integration and system integration services.

Increase the number and penetration of Global IT Services and Products clients

We intend to increase the number of our clients through a dedicated sales team focused on new client acquisitions and increasing our presence in Europe and Asia. Our goal is to make every new client account earn over \$1 million in annual revenues within twelve months. We intend to increase our share of business with existing clients by expanding our range of IT solutions and by increasing our knowledge of industry segments and individual client businesses to allow us to better understand client requirements.

Grow our IT-Enabled services/ BPO business

We intend to grow our BPO business by leveraging our existing client relationships to offer BPO services to clients of our Global IT Services and Products segment, expanding our range of service offerings, providing services in new areas and providing higher value added services.

Focus on services-led growth in the IT market in India

We plan to grow in the IT market in India by focusing on the services we offer our clients. We believe that by offering clients a full service technology solution, including systems integration, support services, software and networking solutions along with branded hardware products, we can enhance our profitability significantly.

Aggressively build awareness of the Wipro brand name

We plan to continue aggressively building awareness among clients and consumers both domestically and internationally of the Wipro brand name. We believe we can leverage the strength of an international brand name across all of our businesses by ensuring that our brand name is associated with Wipro's position as a market leader that is committed to high quality standards. To achieve this objective, we intend to expand our marketing efforts with advertising campaigns and promotional efforts that are targeted at specific groups.

Pursue selective acquisition of IT companies

We continue to pursue selective acquisitions of IT service companies that will allow us to expand our service portfolio and acquire additional skills that are valued by our clients. We believe this will strengthen our relationships with clients and allow us to realize higher revenues from them. In pursuing acquisitions, we focus on companies where we can leverage domain expertise and specific skill sets and where a significant portion of the work can be moved offshore to India to leverage our low cost offshore delivery model and realize higher margins. In 2002, we acquired Spectramind. This acquisition facilitated our entry into the BPO business. We also acquired the Global Energy Practice of American Management Systems in 2002. This acquisition augments our IT consulting expertise in the energy and utilities sector. In May 2003, we acquired Nervewire, Inc. We believe this acquisition will enhance our IT consulting capabilities in the financial services sector. We also continue to explore potential strategic partnerships and other relationships.

Sustain growth in operating income and cash flow of our traditional businesses

We have been in the consumer care business since 1945 and the lighting business since 1992. The consumer care business has historically generated surplus cash for us to be able to grow our other businesses. Our strategy is to maintain a steady growth in operating income for these businesses through efficient capital utilization, strong brand name recognition and expanding our nationwide distribution network.

Global IT Services and Products

Our Global IT Services and Products business segment, which we call Wipro Technologies, is a leader in providing IT services to international companies. We provide our clients customized IT solutions to improve their business competitiveness. Our IT services are focused on the following areas :

- Enterprise IT services;
- Technology infrastructure support services;
- Research and development services.

In our IT service offerings, we typically assume primary project management responsibility. We offer these services globally through a team of over 12,100 IT professionals and 47 offshore development centers.

Enterprise Solutions

We provide a comprehensive range of enterprise solutions primarily to Fortune 1000 companies to meet their business needs. We address the banking and financial services segment, the manufacturing sector, retail, energy and utilities and other corporate needs through our broad range of service offerings. Our enterprise solutions division accounted for 45%, 50% and 64% of our Global IT Services and Products revenues for the fiscal years ended March 31, 2001, 2002 and 2003.

Our services include :

Custom applications. We help our clients align their IT systems with their business strategy by creating customized solutions, selecting appropriate technologies, implementing systems on a fast-track basis, and ensuring overall quality. We offer outsourcing services in the areas of software development, re-engineering and maintenance.

- *Development.* We offer our software development services over a broad spectrum of technology areas that include client or server applications, object-oriented software, Internet or intranet applications and mainframe applications. For example, for a U.K.-based subsidiary of a large Japanese financial services company we developed an internet-based application designed to automate the process of issuance of corporate bonds. The solution covered the entire bond issue

process, from pre-marketing and investor price identification to actual syndication. The web-based system allowed for electronic price discovery and significantly reduced the documentation and errors that had occurred with the prior manual-telephone-based system.

- *Re-engineering.* We study a client's business processes and existing systems and convert or redevelop them to meet their requirements. For example, we are assisting one of the world's largest soft drink vendors in the strategic re-engineering initiative in the trans-shipment area of their business. We have designed a new web-based trans-shipment system for the client to provide real-time status reports that results in increased efficiency and reduced costs for the client. We are also helping the client migrate from an existing Microsoft-based system to its new proprietary web-based system.
- *Maintenance.* To meet the needs of a changing business environment with limited internal resource utilization, we address legacy software applications for our clients that require upgrades. For example, for a broadband access provider based in Japan, we are working on the maintenance and support of the client's operation support system (OSS). We are working on three projects for this client: OSS documentation, OSS testing support and OSS tool reorganization and management.

Enterprise application integration services. We implement packaged enterprise applications that integrate information in an organization with key business processes to improve the efficiency and effectiveness of our clients. Through strategic alliances with other vendors, we assist our clients in implementing services in the areas of enterprise resource planning, supply chain management and customer relationship management. For example for a global leader in data centers, we implemented an enterprise resource planning, or ERP, package, and designed, developed and implemented interfaces among the multiple IT systems of the client and the ERP package.

Business intelligence and data warehousing. We develop strategies and implement solutions for our clients to manage multiple sources of data for use in their decision-making processes. For example, for one of the largest U.S. issuers of non-government-backed mortgage securities, we are building an integrated data warehouse to support securitization and asset management functions.

Package Implementation. We use our expertise in package software to architect, implement and maintain client specific solutions. For example, we have worked with clients to implement SAP, Ariba, PeopleSoft and other well known software packages. For an international retailer based in U.K. we are providing a package implementation service for Peoplesoft software in the area of human resource management systems.

Consulting. We leverage our domain expertise and knowledge base in specific areas to provide consulting services. In the energy and utilities sector, we are working with one of the largest energy providers in the world on a range of areas such as new and emerging technologies, content management and systems products. Similarly, in the financial services sector, we are providing consulting services for a leading U.K.-based financial services company in the area of enterprise system management. We are focused on facilitating the procurement of enterprise management tools and frameworks, evaluating and analyzing the costs, support requirements and functional specifications.

Technology Infrastructure Support Services

Our service offerings include help desk management, systems management and migration, network management and messaging services. We are able to provide our Global IT Services and Products clients with high quality, 24-hour, seven-day-a-week support services by leveraging our expertise in managing IT infrastructure for our clients in India. We formed this division at the end of 1998 and it accounted for 8% of Global IT Services and Products revenues for the year ended March 31, 2003. We anticipate that this division of our Global IT Services business will continue to grow over the next few years. For example, for one of the largest water companies in the U.K. we provide remote IT infrastructure management services. We monitor the network and servers from a dedicated center in Bangalore. We developed, tested and implemented a transition plan for transferring the activities from the client location to our offsite location.

Research and Development Services

We provide product development services for both hardware and software systems that are implemented in computers and communications equipment. We acquired these skill sets from earlier research and development efforts in the design of computer hardware products for the Indian market when the Government of India did not allow these products to be imported. We have leveraged our research and development skills to become an outsourcing resource for companies that seek highly skilled product development services for some of their core technologies. We are able to assume complete responsibility for all phases of the development, beginning with the requirements analysis to the transfer of technology and information to the client.

WIPRO LIMITED

Our research and development services division accounted for 55%, 50% and 36% of the Global IT Services and Products revenue for the fiscal years ended March 31, 2001, 2002 and 2003. Our services include :

Hardware design and development. We design and develop various types of integrated electronic circuits, or ICs, including application specific integrated circuits, or ASICs and field programmable gate arrays, or FPGAs. We offer our services over a broad spectrum of technology areas, and are able to provide our clients complete subsystems or entire products.

Software system design and development. We develop software applications, including computer operating system software applications commonly known as middleware, electronics communication protocols and software that helps computers manage networks and control peripheral devices such as printers and monitors. We focus on embedded software technologies that involve the design and development of software solutions that are embedded in the hardware of a particular device.

We have approximately 5,300 IT professionals trained in a broad array of computing platforms and communication technologies. By focusing on selected markets and technologies we are able to leverage our expertise and create greater efficiencies as well as faster delivery times. Our research and development services are organized into three areas of focus, which are described below with illustrative examples of projects we have completed for our clients:

Telecommunications and inter-networking. We provide software and hardware design, development and implementation services in areas such as fiber optics communication networks, wireless networks, data networks, voice switching networks and networking protocols. For example, for a computer networking vendor we designed and developed an Ethernet/Token-Ring gateway to provide connectivity to the Ethernet and Token Ring networks in a timely and cost effective manner. We designed the hardware, printed circuit board layout, and FPGA, and simulated, tested and developed the boot software.

Embedded systems and Internet access devices. The software solution we provide is programmed into the hardware IC or ASIC to eliminate the need for running the software through an external source. The technology is particularly important to portable computers, consumer electronics, computer peripherals, automotive electronics and mobile phones, as well as other machines such as process-controlled equipment. For example, for a leading home automation and networking solutions company based in Korea we designed an application, which was embedded into the client's product, to provide broadband, internet sharing, security/firewall, virtual private network connectivity, security surveillance, video over internet-protocols and home automation through a user-friendly control interface.

Telecommunications and service providers. We provide software application integration, network integration and maintenance services to telecommunications service providers, Internet service providers, application service providers and Internet data centers.

Our Global Delivery Model

In our IT service offerings, we typically assume primary project management responsibility for all stages of implementation of the project. Typically, a project team consists of a small number of IT professionals based at the client's location who define the scope of the project, track changes to specifications and requirements during project implementation, assist in installing the software or system at the client's site and ensure its continued operation. The large proportion of the development work on the project is performed at one of our dedicated offshore development centers, or ODCs, located in India. Our project management techniques, risk management processes and quality control measures enable us to complete projects on time and seamlessly across multiple locations with a high level of quality.

The Offshore Development Center. We were one of the first Indian IT services companies to implement the offshore development model as a method for delivering high-quality services at a relatively low cost to our international clients. Our ODC is a virtual extension of the client's working environment with a dedicated facility and dedicated hardware and software infrastructure that replicate the client's facilities. This is further enhanced by a dedicated high-speed telecommunication link with the client's onsite facilities and a secure working environment. We currently operate 47 offshore development centers. Clients such as Compaq, Nortel, and Seagate Technologies have had ODCs with us for periods ranging from five to twelve years. In all our projects, we endeavor to increase the proportion of work performed at the ODCs in order to be able to take advantage of the various benefits associated with this approach, including higher gross margins and increased process control. Due to the level of investment required by our clients in an ODC and the quality of services we provide, the ODC model has provided us a high percentage of repeat business and a stable revenue stream. For the year ended March 31, 2003, 64% of our revenue was generated from client specific ODCs and for work performed at client premises for clients using our ODCs. Additionally, as of March 31, 2003, 77% of our professionals in the Global IT Services and Products business were located in India.

WIPRO LIMITED

The Nearshore Development Center. Based on specific client needs, we have established dedicated development centers in close proximity to our clients' business locations, which we call nearshore development centers. These nearshore development centers have employees with specialized functional expertise and provide on call support to our customers. We currently have nearshore development centers in Reading in the U.K., Windsor in Canada, Kiel in Germany and Helsinki in Finland. In addition to providing software development services these centers, with their significant local talent, also provide customer interface.

Clients

We provide IT software solutions to clients from a broad array of industry sectors. Several of our clients purchase our services across several of our business segments. We seek to expand the level of business with our existing clients by increasing the type and range of services we provide to them. The table below illustrates the size of our client project engagement size as measured by revenues.

Per client revenue(\$)	Number of clients in		
	Year ended March 31, 2001	Year ended March 31, 2002	Year ended March 31, 2003
1-3 million	36	49	47
3-5 million	14	9	21
>5 million	15	23	27
Total	65	81	95

For the fiscal years ended March 31, 2002 and 2003, the largest client of our Global IT Services and Products segment accounted for 7% and 8% of the services component of Global IT Services and Products revenue, and 5% and 5% of total revenues. For the same periods, the five largest clients of our Global IT Services and Products segment accounted for 29% and 24% of Global IT Services and Products revenues, and 20% and 16% of total revenues.

Sales and Marketing

Our headquarter is located at Bangalore, India. We sell and market our Global IT Services primarily through our direct sales force, with locations worldwide, including in the United States, France, Germany, Holland, Japan, Sweden and the United Kingdom. Our sales teams are organized in three ways :

- By the vertical market segment of the client's business;
- By the geographic region in which the client is located; and
- By the specific practice specialization or skill set that the client requires.

We use an integrated team sales approach that allows our sales teams to pass a client over to an execution team once the sale is completed. Our sales personnel work together with the appropriate software professionals and technical managers in analyzing potential projects and selling our expertise to potential clients. Our sales efforts are largely decentralized and conducted within each of our business segments. Global IT Services and Products also gets support from our corporate marketing team to assist in brand building and other corporate level marketing efforts. Our sales and marketing team has increased from 99 to 143 personnel from March 31, 2002 to March 31, 2003. We intend to expand our global marketing efforts through increased presence in targeted geographical regions.

Competition

The market for IT services is highly competitive and rapidly changing. Our competitors in this market include consulting firms, big four accounting firms, global IT services companies, such as IBM Global Services, Accenture, EDS, and India based IT services companies such as Tata Consultancy Services, Infosys, and Satyam.

These competitors are located internationally as well as in India. We expect that further competition will increase and potentially include companies from other countries that have lower personnel costs than those currently in India. A significant part of

WIPRO LIMITED

our competitive advantage has historically been a wage cost advantage relative to companies in the United States and Europe. Because wage costs in India are presently increasing at a faster rate than those in the United States our ability to compete effectively will increasingly become dependent on our ability to provide high quality, on-time, complex deliverables that depend on increased expertise in certain technical areas. We also believe that our ability to compete will depend on a number of factors not within our control, including :

- the ability of our competitors to attract, retain and motivate highly skilled IT services professionals;
- the extent to which our international competitors expand their operations in India and benefit from the favorable wage differential;
- the price at which our competitors offer their services; and
- the extent to which our competitors can respond to a client's needs.

We believe we compete favorably with respect to each of these factors and believe our success has been driven by quality leadership, our ability to create client loyalty and our expertise in targeted select markets.

IT-Enabled Services

Our IT-Enabled Services business segment, which we operate through our wholly owned subsidiary, Spectramind, is one of India's largest BPO providers. Spectramind enables its clients to outsource their IT-intensive processes to us. Our service offerings include the following :

- Customer interaction services, such as IT-enabled customer services, marketing services, technical support services and IT helpdesks;
- Finance and accounting services, such as accounts payable and accounts receivable; and
- Industry specific services, such as insurance claims processing, mortgage processing, and document management.

We have approximately 5,100 IT-enabled service professionals operating out of our offshore locations in Delhi, Mumbai, Chennai and Pune.

Representative samples of our service offerings include :

- We provide BPO services to a leading global personal computer manufacturer to improve its service levels for support of personal computer products and peripherals and realize cost savings. We inventoried the client's existing processes and reviewed the related documentation for those processes. We performed a pilot run for both voice and e-mail services and transitioned the services to our offshore facility. We continue to increase the volume of services offered to the client.
- We also provide these services to a leading collections company to transition its customer support and sales support services from the U.S., U.K., and Canada into India. The elimination of repetitive processes and lower attrition levels has resulted in cost savings for the client.

Competition

We primarily compete against the in house-business process outsourcing units of international companies, other Indian IT service providers, global competitors and competitors from other offshore locations like Philippines and Ireland.

India and Asia-Pac IT Services and Products

Our India and Asia-Pac IT Services and Products business segment, which we call Wipro Infotech, is focused on the Indian, Asia-Pacific and Middle-East markets and provides enterprise clients with comprehensive IT solutions. Our suite of services and products consists of the following :

- Technology products;
- Technology integration and management services;

WIPRO LIMITED

- Custom application development and maintenance;
- Consulting; and
- e-Procurement services and solutions.

Additionally, we provide our domestic customers with access to our full range of global IT services, including enterprise solutions and research and development services.

Services and Products

Technology Products. We manufacture our own brand of personal desktop computers, servers and notebooks, and offer in India a portfolio of international brands in desktops, servers, notebooks, storage products, networking solutions and packaged software to meet our clients' requirements.

Technology integration and management services. We enable our customers to leverage our IT skill and expertise to maximize returns on their technology investments. We have over 21 years of experience and currently support over 330,000 systems with over 12,000 contracts, with approximately 2,600 IT professionals, including outsourced professionals. Our offerings include :

- *Availability Services.* Includes hardware and software maintenance, and network availability services. We provide these services through an annual service or maintenance contract with the client which provides for both preventive and breakdown maintenance services.
- *System Integration.* We are one of the largest system integrators in India and our services include integration of computing platforms, networks, storage, data center and enterprise management software. These services are typically bundled with sales of our technology products.
- *Infrastructure Management and Total Outsourcing.* Includes management and operations of customer's IT infrastructure on a day-to-day basis. Our Total Outsourcing practice encompasses process, function or activity of the IT department in a client's organization that can be outsourced to us by the client, through a long term contractual agreement. The scope of outsourcing typically covers two or more of the following areas: applications management, infrastructure management, asset outsourcing and HR transition.
- *Technology Support Services.* Includes technology support services for upgrades, system migrations, messaging, network audits and new system implementation. When combined with our expertise in availability and managed IT services, we can provide the client with a complete solution for enhanced system performance.

We supplement our in-house resources with approximately 140 franchisees, whom we train, and support for them to provide both Availability and Managed IT services. This allows us to grow our business substantially without proportionate increases in our personnel.

Custom application development and maintenance. We design, develop and implement enterprise applications for corporate customers. Our solutions include custom application development, implementation, sustenance of enterprise applications, including industry-specific applications, and enterprise application integration.

Consulting. We provide consulting services in the areas of business continuity and risk management, technology, process and strategy.

e-Sourcing and e-Procurement Services and Solutions: We provide strategic e-Sourcing and e-Procurement services, solutions and consulting to help customers leverage technology to optimize their procurement costs.

Clients

We provide products and services to clients in a variety of areas such as manufacturing, banking, financial services and insurance, government, IT and IT-enabled services, telecommunications and healthcare. Our clients also include channel partners, who are value-added resellers of our services and products. As of March 31, 2003, we had over 215 channel partners throughout India. We have a diverse range of clients, none of whom account for more than 5% of our India and Asia-Pac IT Services and Products business segment revenues.

Sales and Marketing

We sell and market our products and services to major corporate clients through our direct sales force, and to smaller clients and retail clients through an extensive network of channel partners. Sales teams are organized based on vertical segments, geographies, client size or product or service segment. Compensation to our sales team is comprised of salary and additional compensation linked to achievement of revenue or profit target and collections that a particular sales team produces. Sales efforts are supplemented through a corporate wide web based ordering system and a marketing team that assists in brand building, and other corporate level marketing efforts. As of March 31, 2003, we had 296 employees in our sales and marketing staff.

Competition

The market for our services and products is highly competitive and rapidly changing. Our competitors include global players like IBM, Hewlett Packard, EDS, Dell and Indian companies such as TCS, HCL Infosystems and Infosys.

Consumer Care and Lighting

Our consumer care and lighting business segment focuses on niche profitable market segments and has historically generated cash to support the growth of our other business segments. We began with the hydrogenated oil business, and expanded into the soaps market. We have continued to expand our business, and currently offer a mix of consumer products including hydrogenated cooking oil, soaps and toiletries, light bulbs and fluorescent tubes, and lighting accessories.

Products

Soaps and toiletries. Our product lines include soaps and toiletries, as well as baby products, using ethnic ingredients. Our umbrella brands include the Santoor and Wipro Active line of talcum powders and the Wipro Baby Soft line of infant and child care products, which includes soap, talcum powder, oil and feeding bottles.

Lighting. Our product line includes incandescent light bulbs, florescent tubes and luminaries. We operate both in commercial and retail markets. We have also developed commercial lighting solutions for pharmaceutical production centers, software development centers and other industries.

Hydrogenated cooking oils. Our product line consists of hydrogenated cooking oils, a cooking medium used in homes, and bulk consumption points like bakeries and restaurants. We sell this product under our brand name Wipro Sunflower, which was launched in the 1950s and has been a leading brand in western and southern India.

Sales and Marketing

We sell and market our consumer care products primarily through our distribution network in India, that has access to 1.2 million retail outlets throughout the country. We sell our lighting products to major industrial and commercial customers through our direct sales force, from 30 sales offices located throughout India. We also have access to over 300,000 retail outlets for our lighting products.

We leverage our brand recognition by successfully incorporating the Wipro identity with our consumer brands. We intend to expand our marketing efforts with advertising campaigns and promotional efforts targeted to specific regions of India.

Competition

Our competitors in consumer care and lighting are located primarily in India, and include multinational and Indian companies such as Hindustan Lever Limited, for soaps, toiletries and hydrogenated oils and General Electric and Philips for lighting.

Raw Materials and Manufacturing

The primary raw materials for many of our soap and hydrogenated oil products are agricultural commodities, such as vegetable oils. We normally purchase these raw materials domestically through various suppliers contracts. Prices of vegetable oils, agricultural commodities tend to fluctuate due to seasonal, climatic and economic factors, which generally also affect our competitors.

WIPRO LIMITED

Our lighting products are manufactured from glass and industrialized parts. We purchase these parts from various domestic and foreign distributors and manufacturers, pursuant to a combination of requirement and other supply contracts. These materials are currently in adequate supply, and we expect them to continue to be in adequate supply.

We have five manufacturing facilities located in southern and western India.

Markets and Sales Revenue

Our revenues for the last three fiscal years by geographic areas are as follows :

Geographic Area	(In millions)			
	Fiscal year ended March 31,			
	2001	2002	2003	2003
India	Rs. 12,320	Rs. 11,044	Rs. 12,141	\$ 255
United States	11,431	12,689	20,048	422
Europe	5,071	8,255	8,503	179
Rest of the World	1,821	1,486	2,158	45
Total	Rs. 30,643	Rs. 33,474	Rs. 42,850	\$ 902

Intellectual Property

Our intellectual property rights are important to our business. We rely on a combination of patent, copyright, trademark and design laws, trade secrets, confidentiality procedures and contractual provisions to protect our intellectual property. We require employees, independent contractors and, whenever possible, vendors to enter into confidentiality agreements upon the commencement of their relationships with us. These agreements generally provide that any confidential or proprietary information developed by us or on our behalf be kept confidential. These agreements also provide that any confidential or proprietary information disclosed to third parties in the course of our business be kept confidential by such third parties. However, our clients usually own the intellectual property in the software we develop for them.

Our efforts to protect our intellectual property may not be adequate. Our competitors may independently develop similar technology or duplicate our products and/or services. Unauthorized parties may infringe upon or misappropriate our products, services or proprietary information. In addition, the laws of India do not protect intellectual property rights to the same extent as laws in the United States. For example, India does not grant patents for software applications or products. In the future, litigation may be necessary to enforce our intellectual property rights or to determine the validity and scope of the proprietary rights of others. Any such litigation could be time-consuming and costly.

We could be subject to intellectual property infringement claims as the number of our competitors grows and our product or service offerings overlap with competitive offerings. In addition, we may become subject to such claims since we may not always be able to verify the intellectual property rights of third parties from which we license a variety of technologies. Defending against these claims, even if not meritorious, could be expensive and divert our attention from operating our company. If we become liable to third parties for infringing their intellectual property rights, we could be required to pay substantial damage awards and be forced to develop non-infringing technology, obtain a license or cease selling the applications that contain the infringing technology. The loss of some of our existing licenses could delay the introduction of software enhancements, interactive tools and other new products and services until equivalent technology could be licensed or developed. We may be unable to develop non-infringing technology or obtain a license on commercially reasonable terms, or at all.

As of March 31, 2003, Wipro Limited and its subsidiaries held 163 trademarks in India, including Wipro, Santoor and Wipro Babysoft. Wipro Trademarks Holding Limited, our wholly owned subsidiary, has 836 trademark applications pending in India. We have four registered trademarks in Japan, three registered trademarks in the United States, five community trademarks in the European Union and two trademark applications, two service mark applications pending in the United States and one service mark application in Japan. It is uncertain whether we will obtain registration for these trademarks and service marks.

WIPRO LIMITED

We have three patent applications that are currently pending in India and two patent applications in the U.S. We have one registered patent for our hydraulic tipping valve. We have nine registered copyrights and fourteen pending copyright registrations in India. We also have ten designs registered in India. We cannot guarantee that we will obtain patent, design and copyright registration for any of our pending applications.

Effect of Government Regulation of our Business

Regulation of our business by the Indian government affects our business in several ways. We benefit from certain tax incentives promulgated by the Government of India, including a ten-year tax holiday from Indian corporate income taxes for the operation of most of our Indian facilities and a partial taxable income deduction for profits derived from exported IT services under Indian tax laws. As a result of these incentives, our operations have been subject to relatively insignificant Indian tax liabilities. We have also benefited from the liberalization and deregulation of the Indian economy by the successive Indian governments since 1991, including the current Indian government. Further, there are restrictive parts of Indian law that affect our business, including the fact that we are generally required to obtain approval from the Reserve Bank of India and/or the Ministry of Finance of the Government of India to acquire companies organized outside India, and we are generally required, subject to some exceptions, to obtain approval from relevant government authorities in India in order to raise capital outside India. The conversion of our equity shares into ADSs is governed by guidelines issued by the Reserve Bank of India.

Finally, we are subject to several legislative provisions relating to the prevention of food adulteration, weights and measures, drugs and cosmetics, storage of explosives, environmental protection, pollution control, essential commodities and operation of manufacturing facilities. Non-compliance with these provisions may lead to civil and criminal liability. We are and have been in compliance with these provisions.

Please see the section entitled “Risk Factors” in Item 3. Key Information, as well as Item 10. Additional information, for more information on the effects of governmental regulation of our business.

Organizational Structure

Wipro's subsidiaries and affiliates are provided in the table below.

Name	Country of Incorporation	Percentage Held by Wipro
Wipro Inc.	United States	100%
Enthink Inc. *	United States	100%
Wipro Japan KK.	Japan	100%
Wipro Prosper Ltd.	India	100%
Wipro Travel Services Ltd.	India	100%
Wipro Trademarks Holding Ltd.	India	100%
Wipro Holdings (Mauritius) Ltd.	Mauritius	100%
Wipro Technologies Inc.	United States	100%
Wipro Holdings (UK) Ltd.	United Kingdom	100%
Wipro Technologies UK Limited	United Kingdom	100%
Wipro HealthCare IT Limited	India	100%
Wipro Spectramind Services Pvt. Ltd	India	100%
Wipro Fluid Power Limited	India	98%
WeP Peripherals Ltd.	India	39.7%
Wipro GE Medical Systems Ltd.	India	49%

* Wholly owned subsidiary of Wipro Inc.

WIPRO LIMITED

Wipro GE Medical Systems Limited

In 1990, we formed a joint venture with General Electric called Wipro GE Medical Systems Limited to learn new technologies and management processes from world class companies like General Electric and to enter new markets. General Electric currently holds 51% of the equity in the joint venture and we hold 49%. The joint venture partners have equal representation on the board of directors and the chairman of the joint venture is the chairman of Wipro Limited. The joint venture provides customers in South Asian markets after sales services for all GE Medical Systems products sold to them. Products offered in this market consists of GE Medical Systems products manufactured world wide and portable ultrasound equipment manufactured in India by this joint venture for the global markets. This venture also leverages our strength in software development to develop embedded software for medical equipment designed and developed by General Electric for their global product portfolio. Our main competitors include Siemens and Philips.

Wipro Fluid Power

Our fluid power business started in 1975, as a result of our strategy to enter new emerging markets with profitable business and high margins. We focus on the hydraulics market, especially the mobile construction equipment business and believe the growth of this business is linked to the growth of infrastructure spending in India. We manufacture and sell cylinders and truck hydraulics, and we also distribute hydraulic steering equipment and pumps, motors and valves for international companies. Our main competitors include Hitachi Ltd., Hyundai Motor Company, UT Limited (India) and overseas suppliers such as the Danfoss Group and Komatsu Ltd.

Property, Plant and Equipment

Our headquarters and corporate offices are located at Doddakannelli, Sarjapur Road, Bangalore, India. The offices are approximately 300,000 square feet. We have purchased approximately 1,800,000 square feet of land adjoining our corporate offices for future expansion plans. Additionally, our most significant leased and owned properties are listed in the table below.

We have one sales and marketing office located in each of the following countries: Canada, France, Germany, Japan, Sweden, and the United Kingdom. In addition, we have eight sales and marketing offices in the United States.

We operate nine manufacturing sites, aggregating approximately 1,272,700 square feet and approximately 3,929,000 square feet of land. We own seven of these facilities, located in Amalner, Tumkur, Bangalore, Mysore, Hindupur, Chennai and Pondicherry, India. We have leased on a long-term basis one additional facility located in Waluj, India. We also have software development facilities in London, United Kingdom, Windsor, Canada, Kiel, Germany, Phoenix, United States and Tampere, Finland.

Our software development and manufacturing facilities are equipped with a world class technology infrastructure that includes networked workstations, servers, data communication links, captive power generators and other plant and machinery.

WIPRO LIMITED

We believe that our facilities are optimally utilized and that appropriate expansion plans are being planned and undertaken to meet our future growth.

Location	Building Approx. Sq.ft.	Land (1) Approx. Sq.ft.	Ownership
Software Development Facilities			
Bangalore (M.G. Road), Karnataka	56,000	-	Leased
Bangalore (ITPL), Karnataka	45,000	-	Leased
Bangalore (Koramangala 1), Karnataka	48,000	-	Leased
Bangalore (Koramangala 2), Karnataka	52,500	30,000	Owned
Bangalore (Koramangala 3), Karnataka	13,249	-	Leased
Bangalore (Madivala – 1), Karnataka	48,000	-	Leased
Bangalore (Madivala – 2), Karnataka	74,800	-	Leased
Bangalore (Madivala – 3), Karnataka	70,000	-	Leased
Bangalore (Electronic City 1), Karnataka	225,000	217,800	Long term lease
Bangalore (Electronic City 2), Karnataka (2)	430,000	522,000	Owned
Chennai, (Guindy), Tamil Nadu	35,000	16,000	Owned
Chennai (Sholingalur), Tamil Nadu	450,000	610,000	Owned
Gurgaon, Haryana	6,000	-	Long term lease
Gurgaon, Haryana	20,000	-	Leased
Hyderabad (Madhapur), Andhra Pradesh	250,000	196,000	Long term lease
London – United Kingdom	11,000	-	Leased
New Mumbai (Belapur), Maharashtra	156,000	-	Long term lease
Pune, (Hinjawadi), Maharashtra	270,000	1,084,000	Long term lease
Secunderabad (Begumpet), Andhra Pradesh	40,000	-	Long term lease
Phoenix – United States	2,300	-	Leased
Windsor – Canada	24,700	-	Leased
Kiel – Germany	2,680	-	Leased
Tampere – Finland	861	-	Leased
Proposed Software Development Facilities			
Bangalore (Electronic City 3), Karnataka	250,000	370,000	Owned
Bangalore (Electronic City 4), Karnataka	-	2,015,000	Owned
Hyderabad, Andhra Pradesh	900,000	1,300,000	Long term lease
Kolkata, West Bengal	350,000	522,000	Long term lease
New Mumbai (Vashi), Maharashtra	250,000	166,000	Long term lease
Total	1,750,000	4,373,000	
Factories			
Amalner, Maharashtra	727,000	1,108,000	Owned
Bangalore, Karnataka	63,000	397,000	Owned
Tumkur, Karnataka	139,000	736,000	Owned
Hindupur, Andhra Pradesh	31,000	114,000	Owned
Tambaram, Chennai	90,000	80,000	Owned
Mysore, Karnataka	60,000	327,000	Owned
Thirubhvanai, Pondicherry	20,000	400,000	Owned
Waluj, Aurangabad	124,000	767,000	Long term lease
Thatanchavadi, Pondicherry	18,700	-	Leased
Total	1,272,700	3,929,000	

(1) Includes land owned or held pursuant to a long term lease.

(2) Facility partially completed.

WIPRO LIMITED

Material Plans to Construct, Expand and Improve Facilities

As of March 31, 2003, we have capital commitments of Rs. 321 million (\$6.75 million) related to the construction or expansion of software development facilities. Plans to construct or expand our software development facilities are dictated by business requirements. We currently intend to finance our planned construction and expansion entirely from internal accruals.

Legal Proceedings

Wipro Limited, its directors, senior executive officers and affiliates are not currently a party to any material legal proceedings.

Item 5. Operating and Financial Review and Prospects

Investors are cautioned that this discussion contains forward-looking statements that involve risks and uncertainties. When used in this discussion, the words “anticipate”, “believe”, “estimate”, “intend”, “will” and “expect” and other similar expressions as they relate to the company or its business are intended to identify such forward-looking statements. We undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise. Actual results, performances or achievements could differ materially from those expressed or implied in such forward-looking statements. Factors that could cause or contribute to such differences include those described under the heading “Risk Factors” in the prospectus filed with the Securities and Exchange Commission, as well as the factors discussed in this report. Readers are cautioned not to place undue reliance on these forward-looking statements that speak only as of their dates. The following discussion and analysis should be read in conjunction with our financial statements included herein and the notes thereto.

Overview

This information is available under the caption titled “Business Overview” in Item 4. Information on the Company, of this Annual Report, and is incorporated herein by reference.

Operating Results

Our revenue and net income for the years ended March 31, 2001, 2002 and 2003 are provided below.

	Wipro Limited		
	Years ended March 31,		
	2001	2002	2003
	(in millions)		
Revenue	Rs. 30,643	Rs. 33,473	Rs. 42,850
Cost of revenue	(18,917)	(20,661)	(27,176)
Gross profit	11,726	12,812	15,674
Gross margins	38%	38%	37%
Operating income	7,554	8,442	9,486
Income from continuing operations	6,437	8,411	8,477
Gain/(loss) from discontinued operations, net of tax	77	(82)	(378)
Cumulative effect of accounting change, net of tax	(59)	-	-
Net income	6,455	8,329	8,099
Earnings per share (Continuing operations)			
Basic	28.07	36.39	36.66
Diluted	27.84	36.33	36.60
Earnings per share (Net income)			
Basic	28.15	36.04	35.03
Diluted	27.91	35.98	34.97

WIPRO LIMITED

We were in the corporate Internet services (ISP) business since 1999 through Wipro Net. For strategic reasons, we decided to concentrate on our core businesses and, as a result, in June 2002, we decided to exit this division and approved a formal plan of disposal. Under the plan, we sold the customer contracts, disposed of a substantial portion of the long-lived assets, settled the trade receivables and a significant portion of the outstanding vendor obligations.

Our Corporate ISP business is an asset group and its operations qualify as a component of an entity. We are disposing of our Corporate ISP business, and, as a result, the operations and cash flows of our Corporate ISP business will be eliminated from ongoing operations. We will not have any significant continuing involvement in the operations of that business after the disposal. Thus, the results of operations of our Corporate ISP business are reported in discontinued operations for the current and prior periods in our consolidated financial statements.

During the year ended March 31, 2001 the Company sold a 50% equity interest in Wipro Finance, our discontinued financial services business. The tax benefit of Rs. 78 million arising on this sale has been reported separately as a component of discontinued operations.

Acquisitions

Wipro Spectramind Services Private Limited (Spectramind)

In July 2002, we acquired Spectramind, a leading IT-enabled services provider in India, providing remote processing services to large global corporations in the U.S., U.K., Australia and other markets. Consequent to this acquisition, we held 89% of the outstanding equity shares of Spectramind, acquired at a cost of Rs. 4,177 million. Subsequently, we acquired an additional 11% of the outstanding equity shares for Rs. 441 million. The results of operations of Spectramind are consolidated in our financial statements with effect from July 1, 2002.

Additionally, employees of Spectramind have been granted options to purchase equity shares in Spectramind, subject to requirements of vesting. Assuming exercise of all such options, our equity interest in Spectramind on a fully diluted basis would be 87%.

Wipro Healthcare IT Limited (Wipro Healthcare IT)

In August 2002, we acquired a 60% equity interest in Wipro Healthcare IT, an India-based company engaged in the development of health care related software, and the technology rights in the business of Wipro Healthcare IT for an aggregate consideration of Rs. 181 million. On December 31, 2002, we acquired the balance 40% equity interest in Wipro Healthcare IT for an aggregate consideration of Rs. 97 million.

Global Energy Practice (GEP)

In December 2002, we acquired the Global Energy Practice of American Management Systems for an aggregate consideration of Rs. 1,165 million. GEP has a team of domain experts and IT consultants providing specialized IT services to clients in the energy and utilities sector. This acquisition enhances our ability to deliver end-to-end IT solutions primarily in the areas of design and maintenance of complex billing and settlement systems for energy markets and systems and enterprise application integration services.

Nervewire, Inc. (Nervewire)

Subsequent to the year ended March 31, 2003, in May 2003, we acquired Nervewire, Inc., a Massachusetts-based business and IT consulting company serving customers in the financial services sector, for a consideration of Rs. 836 million. Nervewire has a team of 90 domain experts and IT consultants. Nervewire provides strategy and business case development, business requirements definition, IT strategy and program management and systems development and integration services.

WIPRO LIMITED

Our revenue and operating income by business segment are provided below for the years ended March 31, 2001, 2002 and 2003 :

	Years ended March 31,		
	2001	2002	2003
Revenue :			
Global IT Services and Products	57%	67%	67%
IT-Enabled Services	-	-	4
India and Asia-Pac IT Services and Products	28	21	19
Consumer Care and Lighting	10	9	7
HealthScience	2	2	2
Others	3	2	3
Reconciling items	-	(1)	(2)
	<u>100%</u>	<u>100%</u>	<u>100%</u>
Operating Income :			
Global IT Services and Products	80%	90%	85%
IT-Enabled Services	-	-	3
India and Asia-Pac IT Services and Products	11	7	6
Consumer Care and Lighting	6	5	4
HealthScience	1	1	-
Others	-	-	2
Reconciling items	2	(3)	-
	<u>100%</u>	<u>100%</u>	<u>100%</u>

The Others category in the table above includes our other lines of business such as Wipro Fluid Power. Corporate activities such as treasury, legal, accounting and human resources which do not qualify as operating segments under SFAS No. 131, have been considered as reconciling items. Reconciling items are net of common costs allocated to other business segments.

WIPRO LIMITED

Global IT Services and Products

	Years ended March 31,		
	2001	2002	2003
	<i>(in millions)</i>		
Revenue			
Services	Rs. 17,516	Rs. 21,535	Rs. 28,469
Products	-	955	80
Total	17,516	22,490	28,549
Cost of revenue			
Services	(9,039)	(11,297)	(16,438)
Products	-	(891)	(78)
Total	(9,039)	(12,188)	(16,516)
Selling, general and administrative expenses	(2,482)	(2,509)	(3,685)
Research and Development expenses	-	(213)	(260)
Amortization of intangibles	-	-	(10)
Others, net	20	(2)	12
Operating income	6,015	7,578	8,090
Revenue growth rate over prior period	67%	28%	27%
Operating margin	34%	34%	28%

Global IT Services and Products revenue from services is derived from technology and software services provided on either a time-and-materials or fixed-price, fixed-timeframe basis. Maintenance revenue is deferred and recognized ratably over the term of the agreement. Our business segment revenue includes the impact of exchange rate fluctuations. Revenue from services provided on a time-and-materials basis is recognized in the period that services are provided and costs incurred. Revenue from fixed-price, fixed-timeframe projects is recognized on a percentage of completion basis. Provisions for estimated losses on projects in progress are recorded in the period in which we determine such losses to be probable. To date, a substantial majority of our services revenue has been derived from time-and-materials projects. For the year ended March 31, 2003, time-and-materials projects generated 65% of services revenue of Global IT Services and Products, while fixed-price, fixed-timeframe projects generated 35% of services revenue of Global IT Services and Products. The proportion of revenue from fixed-price, fixed-timeframe projects may increase. Our operating results could be adversely affected by factors such as cost overruns due to delays, unanticipated costs, and wage inflation.

Global IT Services and Products revenue from products is derived from the sale of third-party hardware and software products.

The cost of revenue for services, in Global IT Services and Products, consists primarily of compensation expenses for our IT professionals, data communication expenses, computer maintenance, travel expenses and occupancy expenses associated with services rendered. We recognize these costs as incurred. Selling, general and administrative expenses consist primarily of sales and marketing expenses and allocated corporate overhead expenses associated with management, human resources, corporate marketing, information management systems, quality assurance and finance. The cost of revenues for products, in Global IT Services and Products, consists of the cost for products procured from third-party manufacturers.

WIPRO LIMITED

The revenue and profits for any period of our services component of our Global IT Services and Products segment are significantly affected by the proportion of work performed at our facilities in India and at client sites overseas and by the utilization rates of our IT professionals. Services performed in India generally yield better profit margins because the higher costs of performing overseas work more than offset the higher rates we charge. For this reason, we seek to move a project as early as possible from overseas locations to our Indian development centers. As of March 31, 2003, 77% of our professionals in the Global IT Services and Products were located in India. For the year ended March 31, 2003, 46% of the services component of our Global IT Services and Products revenues were generated from work performed at our facilities in India.

In our segment reporting only, management has included the impact of exchange rate fluctuations in revenue. Excluding the impact of exchange rate fluctuations, revenue, as reported in our statements of income, is Rs. 17,390 million, Rs. 22,234 million, and Rs. 28,250 million for the years ended March 31, 2001, 2002 and 2003.

IT-Enabled Services

	<u>Year ended March 31,</u> <u>2003</u>
	<i>(in millions)</i>
Revenue	
Services	Rs. 1,644
Cost of revenue	
Services	(975)
Selling, general and administrative expenses	(286)
Amortization of intangibles	(135)
Others, net	(1)
Operating income	247
Revenue growth rate over prior period	-
Operating margin	15%

In July 2002, we acquired Spectramind. The operations of Spectramind are organized as a new business segment named IT-Enabled Services.

Revenues from IT-Enabled Services are derived from both time-based and unit-priced contracts. Revenue is recognized as services are performed under the specific terms of the contracts with our customers. Our business segment revenue includes the impact of exchange rate fluctuations.

The cost of revenue in our IT-Enabled Services segment consists primarily of compensation expenses for our employees engaged in delivery of services to customers, data communication expenses, computer maintenance, travel expenses and occupancy expenses associated with services rendered. We recognize these costs as incurred. Selling, general and administrative expenses consist primarily of sales and marketing expenses and expenses associated with management, human resources, corporate marketing, information management systems, quality assurance and finance.

WIPRO LIMITED

In our segment reporting only, management has included the impact of exchange rate fluctuations in revenue. Excluding the impact of exchange rate fluctuations, revenue, as reported in our statements of income, is Rs. 1,614 million for the year ended March 31, 2003.

India and Asia-Pac IT Services and Products

	Years ended March 31,		
	2001	2002	2003
	<i>(in millions)</i>		
Revenue			
Services	Rs. 1,873	Rs. 1,914	Rs. 2,240
Products	6,725	5,036	5,806
Total	8,598	6,950	8,046
Cost of revenue			
Services	(1,192)	(1,160)	(1,187)
Products	(5,459)	(4,268)	(5,100)
Total	(6,651)	(5,428)	(6,287)
Selling, general and administrative expenses	(1,182)	(946)	(1,283)
Others, net	60	2	63
Operating income	825	578	539
Revenue growth rate over prior period	6%	(19%)	16%
Operating margin	10%	8%	7%

India and Asia-Pac IT Services and Products revenue from services is derived principally from hardware and software support, maintenance and consulting services. Our India and Asia-Pac IT Services and Products revenue from products is derived primarily from the sale of computers, networking equipment and related hardware products. Our business segment revenue includes the impact of exchange rate fluctuations. We recognize revenue from services, depending on the contract terms, over the contract period. Revenue on products is recognized on dispatch of the products to the customer; however, where the client is not obligated to pay a portion of the contract price until completion of installation, revenue is recognized only on completion of installation.

The cost of revenue for services in India and Asia-Pac IT Services and Products consists primarily of compensation expenses and replacement parts for our maintenance services. We recognize these costs as incurred. The cost of revenue for products in India and Asia-Pac IT Services and Products consists of manufacturing costs for products, including materials, labor and facilities. In addition, a portion of the costs reflects products manufactured by third parties and sold by us. We recognize these costs at the time of sale.

Selling, general and administrative expenses for our India and Asia-Pac IT Services and Products business segment are similar in type to those for our Global IT Services and Products business segment.

Historically, in our India and Asia-Pac IT Services and Products business segment, revenue from products has accounted for a substantial majority of revenue and a much smaller portion of operating income of our India and Asia-Pac IT Services and Products business segment. Our strategy in the IT market in India and Asia-Pacific region is to improve our profitability by focusing on IT services, including systems integration, support services, software and networking solutions, Internet and e-commerce applications.

In our segment reporting only, management has included the impact of exchange rate fluctuations in revenue. Excluding the impact of exchange rate fluctuations, revenue, as reported in our statements of income, is Rs. 8,644 million, Rs. 6,950 million and Rs. 8,041 million for the years ended March 31, 2001, 2002 and 2003 respectively.

WIPRO LIMITED

Consumer Care and Lighting

	Years ended March 31,		
	2001	2002	2003
	<i>(in millions)</i>		
Revenue	Rs. 3,144	Rs. 2,939	Rs. 2,942
Cost of revenue	(2,195)	(1,999)	(2,008)
Selling, general and administrative expenses	(559)	(539)	(513)
Others, net	61	3	1
Operating income	451	404	422
Revenue growth rate over prior period	(2%)	(7%)	-
Operating margin	14%	14%	14%

We have been in the Consumer Care business since 1945 and the lighting business since 1992. The Consumer Care business has historically generated surplus cash. Our strategy is to sustain operating margins and continue generating positive operating cash flows. Revenue in this segment may fluctuate as commodity prices change and as we emphasize profitability and cash generation over volume sales.

We recognize revenue from product sales at the time of shipment. Cost of products consists primarily of raw materials and other manufacturing expenses such as overheads for factories. Selling, general and administrative expenses are similar in type to those for our other business segments.

HealthScience

	Years ended March 31,		
	2001	2002	2003
	<i>(in millions)</i>		
Revenue			
Services	Rs. 354	Rs. 274	Rs. 456
Products	353	356	444
Total	707	630	900
Cost of revenue			
Services	(178)	(151)	(247)
Products	(257)	(257)	(346)
Total	(435)	(408)	(593)
Selling, general and administrative expenses	(210)	(175)	(296)
Amortization of intangible	-	-	(21)
Others, net	-	-	6
Operating income	62	47	(4)
Revenue growth rate over prior period	59%	(11%)	43%
Operating margin	9%	7%	-

WIPRO LIMITED

In April 2002, we established a new business segment named HealthScience to address the IT requirements of the emerging healthcare and life sciences market. Effective April 1, 2002, our business division, Wipro Biomed, which was historically included in Others, was transferred to the HealthScience segment. Effective July 1, 2002, the healthcare and life sciences sector clients of the Global IT Services and Products segment were also transferred to the newly established HealthScience segment. As a result, we have reclassified revenue derived from these clients from Global IT Services and Products, and are now reporting such revenue in our statements for our HealthScience segment.

In August 2002, we acquired a 60% equity interest in Wipro Healthcare IT, an India-based company engaged in the development of healthcare-related software, and the technology rights in the business of Wipro Healthcare IT for an aggregate consideration of Rs. 181 million. On December 31, 2002, we acquired the balance 40% equity interest in Wipro Healthcare IT for an aggregate consideration of Rs. 97 million.

Revenue from services for our HealthScience segment is primarily derived from software services provided on a time-and-materials basis. Revenue from services that are provided on a time-and-materials basis is recognized in the period that services are provided and costs incurred.

Revenue from products include revenues from sale of software licenses by Wipro Healthcare IT and revenues from sale of instruments and reagents for bio-analytical and healthcare segments by Wipro Biomed. Practices for recognition of revenue in Wipro Biomed are similar to our practices for revenue recognition in our India and Asia-Pac IT Services and Products business segment.

Cost of revenues of products include cost of products manufactured by third parties and sold by us, compensation cost of employees engaged in product support and maintenance, occupancy expenses and cost of providing warranty service.

Cost of revenues for services are similar in type to those in our Global IT Services and Products business segment.

Selling general and administrative expenses are similar in type to those for our other business segments.

Amortization of Deferred Stock Compensation

We have amortized deferred stock compensation expenses of Rs. 87 million, Rs. 79 million and Rs. 52 million for the years ended March 31, 2001, 2002 and 2003 in connection with equity shares issued to our employees pursuant to our Wipro Equity Reward Trust. We use the intrinsic value based method of APB Opinion No. 25 and record a deferred stock compensation expense for the difference between the sale price of equity shares and the fair value as determined by quoted market prices of our equity shares on the date of grant. The deferred stock compensation is amortized on a straight-line basis over the vesting period of the equity shares, which ranges from four years to five years.

The stock compensation charge has been allocated to cost of revenue and selling, general and administrative expenses in line with the nature of the service rendered by the employee who received the benefit. The amortization is :

	Years ended March 31,		
	2001	2002	2003
	(in millions)		
Cost of revenue	Rs. 32	Rs. 30	Rs. 20
Selling, general and administrative expenses	55	49	32
Total	<u>Rs. 87</u>	<u>Rs. 79</u>	<u>Rs. 52</u>

WIPRO LIMITED

Amortization of Goodwill

In the years ended March 31, 2001 and 2002, we have amortized certain acquisition related goodwill, relating to India and Asia-Pac IT Services and Products segment, of Rs. 45 million and Rs. 175 million respectively. In the segment information amortization of goodwill is reported in Others. Subsequent to the adoption of SFAS No. 142 from April 1, 2002, goodwill is not amortized but will be tested for impairment at least annually. Please refer to the discussions on "Business combinations, goodwill and intangible assets" in Note 2 of the Notes to the Consolidated Financial Statements about the impact of our adoption of SFAS 141 and SFAS 142 on amortization of goodwill.

Amortization of Intangible Assets

Intangible assets acquired as part of our acquisitions are amortized over their estimated useful lives in proportion to the economic benefits consumed in each period. We have amortized intangible assets of Rs. 166 million for the year ended March 31, 2003.

Foreign Exchange Gains, net

Exchange rate fluctuation consists of the difference between the rate of exchange at which a transaction is recorded and the rate of exchange on the date the transaction is settled, and the gains and losses on revaluation of foreign currency assets and liabilities outstanding at the end of a period.

Others, net

Others, net, includes net gains on the sale of property, plant, equipment, and other operating income.

Other Income, net

Our other income includes interest income on short-term investments, net of interest expense on short term and long-term debt and realized gains/losses on the sale of investment securities.

Equity in Earnings/Losses of Affiliates

Wipro GE Medical Systems Ltd. (Wipro GE). We hold a 49% equity interest in Wipro GE Medical Systems Limited, a venture where General Electric, USA holds the balance 51%.

WeP Peripherals Ltd. (WeP). We hold a 39.7% equity interest in WeP Peripherals Ltd.

Wipro Net. Until December 2000, we held a 55% equity interest in Wipro Net. As the minority shareholders of Wipro Net had significant participating rights, Wipro Net was accounted for by equity method. In December 2000, we acquired the 45% minority interest in Wipro Net.

NetKracker. In December 2000, we established NetKracker by transferring our retail Internet business into a newly formed Company in which a strategic investor invested Rs. 300 million to acquire a 51% equity share interest. We retained a 49% equity share interest and also acquired additional convertible preference shares in NetKracker for an aggregate amount of Rs. 54 million. In March 2002, we converted such preference shares to equity shares and increased our equity interest in NetKracker to 79%. In March 2002, we agreed to acquire a 19% equity share interest in NetKracker from the strategic investor for Rs. 30 million in cash and a contingent cash consideration that is payable on the occurrence of certain specified events. We believe that the occurrence of such specified events are within our control and as a result have determined that the contingent consideration is not payable. Accordingly, the transaction was accounted for as a purchase business combination. The amounts assigned to the net assets of NetKracker exceed the cost of acquisition and this excess was initially used to reduce the amounts allocated to certain eligible assets. Since the remaining excess of Rs. 96 million is not material we have reported its as a component of other income and not as an extraordinary gain.

Income Taxes

Our net income earned from providing services in client premises outside India is subject to tax in the country where we perform the work. Most of our tax paid in countries other than India can be applied as a credit against our Indian tax liability to the extent that the same income is subject to tax in India.

WIPRO LIMITED

Currently, we benefit from tax holidays the Government of India gives to the export of information technology services from specially designated “Software Technology Parks” in India. As a result of these incentives, our operations have been subject to relatively insignificant Indian tax liabilities.

These tax incentives currently include a 10-year tax holiday from payment of Indian corporate income taxes for the operation of our Indian facilities, all of which are “Export Oriented Undertakings” or located in “Software Technology Parks” or “Export Processing Zones;” and an income tax deduction of 100% for profits derived from exporting information technology services. We can use either of these two tax incentives. As a result of these two tax incentives, a substantial portion of our pre-tax income has not been subject to significant tax in recent years. For the years ended March 31, 2001, 2002 and 2003, without accounting for the double taxation treaty set-offs, our tax benefits were Rs. 2,389 million and Rs. 2,862 million and Rs. 2,820 million respectively, from such tax incentives.

The Finance Act, 2000 phases out the 10-year tax holiday over a ten year period from fiscal 2000 through fiscal 2009. Accordingly, facilities set up on or before March 31, 2000, have a 10-year tax holiday, new facilities set up on or before March 31, 2001, have a 9-year tax holiday and so forth until March 31, 2009, after which the tax holiday will no longer be available to new facilities. Our current tax holidays expire in stages by 2009.

The Finance Act, 2000 also restricts the scope of the tax exemption to export income earned by software development centers that are “Export Oriented Undertakings” or located in “Software Technology Parks” or “Export Processing Zones” as compared to the earlier exemption which was available to business profits earned by them. For companies opting for the 100% tax deduction for profits derived from exporting information technology services, the Finance Act, 2000 phases out the income tax deduction over the next five years beginning on April 1, 2000. Additionally, the Finance Act, 2002 has subjected ten percent of all income derived from services located in “Software Technology Parks” to income tax for a one-year period ending March 31, 2003.

For the year ended March 31, 2003 our effective tax rate was 14% and our Indian statutory tax rate for the same period was 36.8%. When our tax holiday and taxable income deduction expire or terminate, our tax expense will materially increase, reducing our profitability.

Results of Operations

Years ended March 31, 2003 and 2002

Revenue. Our total revenue increased by 28% from Rs. 33,473 million for the year ended March 31, 2002 to Rs. 42,850 million for the year ended March 31, 2003. Revenues from IT-Enabled Services, which are included in our total revenues from July 2002, has contributed to a 5% increase in our total revenues. Revenue growth of 23% was driven primarily by a 27%, 16%, 44% and 52% increase in revenue from Global IT Services and Products, India and Asia-Pac IT Services and Products, HealthScience and Others, respectively. Revenues of Consumer Care and Lighting remained flat as compared to the year ended March 31, 2002.

Global IT Services and Products revenue increased by 27% from Rs. 22,234 million for the year ended March 31, 2002 to Rs. 28,251 million for the year ended March 31, 2003. Revenue from enterprise services increased by 43%. The increase in revenue from enterprise services was primarily driven by increased revenues we received from services provided to financial services, retail and utility companies. Revenue from technology services decreased by 5%. This decline was primarily due to a 24% decline in revenues from our Telecommunications and Inter-networking division, reflecting the softness in demand from telecommunications equipment manufacturers. This was partially offset by a 17% increase in revenue from services provided in the areas of design and development of embedded software solutions to consumer electronics, automotive and computer hardware manufacturing companies.

We added 120 new clients during the year ended March 31, 2003, accounting for 9% of our total Global IT Services and Products revenue for the period. The total number of clients that individually accounted for over \$1 million run rate in revenues increased from 81 in the year ended March 31, 2002 to 95 in the year ended March 31, 2003.

Revenue from IT-Enabled Services are included in our total revenues from July 2002. For the year ended March 31, 2003, revenue from IT-Enabled Services was Rs. 1,614 million.

India and Asia-Pac IT Services and Products revenue increased by 16% from Rs. 6,950 million for the year ended March 31, 2002 to Rs. 8,041 million for the year ended March 31, 2003. Revenue from products increased 15% which was primarily due to a 7% increase in revenue from manufactured products and a 20% increase in revenue from traded products. Revenue from services grew by 17% from Rs.1,914 million for the year ended March 31, 2002 to Rs. 2,240 million for the year ended March 31, 2003.

WIPRO LIMITED

Consumer Care and Lighting revenues remained flat from Rs. 2,939 million for the year ended March 31, 2002 to Rs. 2,942 million for the year ended March 31, 2003.

HealthScience revenues increased by 44% from Rs. 630 million for the year ended March 31, 2002 to Rs. 906 million for the year ended March 31, 2003. Revenue from services increased by 66% from Rs. 274 million for the year ended March 31, 2002 to Rs. 456 million for the year ended March 31, 2003. This increase was primarily due to an increase in the size and scope of services delivered to our clients in the HealthScience segment. Revenue from services for the year ended March 31, 2003 include revenues of Rs. 12 million from Wipro Healthcare IT, the business we acquired in August 2002. Revenue from products increased by 26% from Rs. 356 million for the year ended March 31, 2002 to Rs. 450 million for the year ended March 31, 2003. Revenue from products for the year ended March 31, 2003 include revenues of Rs. 69 million from Wipro Healthcare IT, the business we acquired in August 2002.

Revenue from Others increased by 52%, from Rs. 720 million for the year ended March 31, 2002 to Rs. 1,096 million for the year ended March 31, 2003. This was primarily due to a 51% increase in the revenues from sale of hydraulic cylinders and tipping gear systems in our Fluid Power business.

Cost of revenue. As a percentage of total revenue, cost of revenue increased from 62% for the year ended March 31, 2002 to 63% for the year ended March 31, 2003. The increase is primarily due to an increase in cost of revenue for services component of Global IT Services and Products from 53% of services revenues for the year ended March 31, 2002 to 58% of services revenues for the year ended March 31, 2003.

As a percentage of Global IT Services and Products revenue, cost of revenue for the services component increased by 5% from 53% in the year ended March 31, 2002 to 58% in the year ended March 31, 2003. This increase is primarily due to a 7% decrease in our offshore billing rates and a 6% decrease in our onsite billing rates and an increase in compensation for offshore employees as part of our annual compensation review in June 2002. This is partially offset by a 6% increase in IT professional utilization rates from 60% in the year ended March 31, 2002 to 66% in the year ended March 31, 2003.

As a percentage of Global IT Services and Products revenue, cost of revenue for the products component increased by 4% from 93% in the year ended March 31, 2002 to 97% in the year ended March 31, 2003.

As a percentage of IT-Enabled Services revenue, cost of revenue is 60% for the year ended March 31, 2003. We acquired our IT-enabled services business in July 2002 consequently there is no comparable data for the year ended March 31, 2002.

As a percentage of India and Asia-Pac IT Services and Products revenue, cost of revenue for the products component increased by 3% from 85% for the year ended March 31, 2002 to 88% for the year ended March 31, 2003. This was primarily due to 7% decline in gross margins of traded products partially offset by a 3% increase in gross margins of manufactured products.

As a percentage of India and Asia-Pac IT Services and Products revenue, cost of revenue for the services component declined by 8% from 61% for the year ended March 31, 2002 to 53% for the year ended March 31, 2003. This decrease was primarily due to an increase in the proportion of revenues from higher margin services.

As a percentage of Consumer Care and Lighting revenue, cost of Consumer Care and Lighting revenue remained at 68% for the year ended March 31, 2003.

As a percentage of HealthScience revenue, cost of revenue for the products component increased by 5% from 72% for the year ended March 31, 2002 to 77% for the year ended March 31, 2003. The decline in gross margins of traded products is partially offset by the higher gross margins in Wipro Healthcare IT, the business we acquired in August 2002.

As a percentage of HealthScience revenue, cost of revenue for the services component declined marginally by 1% from 55% for the year ended March 31, 2002 to 54% for the year ended March 31, 2003.

As a percentage of revenues, cost of revenues from Others decreased by 16% from 89% for the year ended March 31, 2002 to 73% for the year ended March 31, 2003. A portion of costs in our Fluid Power business, which is included as part of Others, is fixed in nature, and does not increase in proportion to the increase in revenues.

Selling, general and administrative expenses. Selling, general and administrative expenses increased by 42% from Rs.4,359 million for the year ended March 31, 2002, to Rs. 6,192 million for the year ended March 31, 2003. The total increase in selling, general and administrative expenses of Rs. 1,833 million was attributable to an increase of Rs. 1,176 million in Global IT Services and Products,

WIPRO LIMITED

Rs. 337 million in India and Asia-Pac IT Services and Products, Rs. 120 million in HealthScience, and a decrease of Rs. 26 million in Consumer Care and Lighting and Rs. 60 million in Others. Selling, general and administrative expenses of IT-Enabled Services and Wipro Healthcare IT, which are included in our selling, general and administrative expenses from July 2002 and August 2002 respectively, were Rs. 286 million and Rs. 15 million respectively.

Selling, general and administrative expenses for Global IT Services and Products increased by 47% from Rs. 2,509 million for the year ended March 31, 2002 to Rs. 3,685 million for the year ended March 31, 2003. The increase is primarily due to an increase in the number of sales and marketing personnel, which increased from 99 in the year ended March 31, 2002 to 143 in the year ended March 31, 2003, an increase in compensation costs as part of our annual compensation review in June 2002 and an increase in the proportion of local hires, who typically have a higher remuneration package, in our sales and marketing team.

Selling, general and administrative expenses for India and Asia-Pac IT Services and Products increased by 36% from Rs. 946 million for the year ended March 31, 2002 to Rs. 1,283 million for the year ended March 31, 2003. This was primarily due to expenditure incurred on establishing sales and marketing offices in the Asia Pacific region, an increase in the number of sales and marketing personnel and an increase in compensation costs as part of our annual compensation review.

Selling, general and administrative expenses for Consumer Care and Lighting decreased marginally by 5% from Rs. 539 million for the year ended March 31, 2002 to Rs. 513 million for the year ended March 31, 2003.

Selling, general and administrative expenses for HealthScience increased by 69% from Rs. 175 million for the year ended March 31, 2002 to Rs. 296 million for the year ended March 31, 2003. Most of this increase is primarily due to the costs incurred on establishing the segment, recruitment of sales and marketing personnel and the related increase in compensation costs.

Selling, general and administrative expenses for Others decreased by 32% from Rs. 190 million for the year ended March 31, 2002 to Rs. 130 million for the year ended March 31, 2003. This decline was primarily due to increase in the amount of common costs allocated to other business units.

Foreign exchange gains, net. Foreign exchange gains, net, increased to Rs. 307 million for the year ended March 31, 2003 from Rs. 219 million for the year ended March 31, 2002. This was primarily due to the foreign currency forward contracts entered into by us to mitigate our exchange rate risk and an increase in the amounts of receivables and cash balances denominated in dollars. A portion of our receivables and cash balances are also denominated in pound sterling. The rupee depreciated against the pound sterling by over 6.8% during the year ended March 31, 2003, which was partially offset by a 2.7% appreciation of the rupee against the dollar in the year ended March 31, 2003.

Operating income. As a result of foregoing factors, operating income increased by 12% from Rs. 8,442 million for the year ended March 31, 2002 to Rs. 9,486 million for the year ended March 31, 2003. Operating income for the year ended March 31, 2003 includes Rs. 247 million of operating income of IT-Enabled Services, which is included in our operating income from July 2002. Operating income of Global IT Services and Products and Consumer Care and Lighting increased by 7% and 5% respectively to Rs. 8,090 million and Rs. 422 million, respectively. Operating income of India and Asia-Pac IT Services and Products decreased by 7% to Rs. 539 million. Operating losses of HealthScience for the year ended March 31, 2003 was Rs. 4 million including operating income of Rs. 9 million of Wipro Healthcare IT, the business we acquired in August 2002. In the Year ended March 31, 2002 operating income of HealthScience was Rs. 47 million. Operating income of Others increased to Rs. 192 million for the year ended March 31, 2003, from an operating loss of Rs. 165 million for the year ended March 31, 2002. Operating loss of Others for the year ended March 31, 2002 includes goodwill amortization charge of Rs. 175 million.

Other income, net. Other income, net, decreased from Rs. 839 million in the year ended March 31, 2002 to Rs. 718 million for the year ended March 31, 2003. The decrease was mainly due to the impact of exchange rate fluctuations on our investments denominated in dollars. Lower yield on our total investments was partially offset by an increase in the amount of our average investments.

Income taxes. Income taxes increased by 32% from Rs. 1,016 million for the year ended March 31, 2002 to Rs. 1,342 million for the year ended March 31, 2003. Our effective tax rate increased from 11% in the year ended March 31, 2002 to 14% in the year ended March 31, 2003. The increase in effective tax rate was primarily due to a one time tax of 10% of the profits generated by our operations located in software technology parks in the year ended March 31, 2003, a decrease in the proportion of income from domestic investments being realized in a tax-free manner and an increase in the proportion of our income that is subject to foreign taxes. The profits generated by our operations located in software technology parks were subject to a 100% tax holiday in the year ended March 31, 2002.

WIPRO LIMITED

Equity in earnings/losses of affiliates. Equity in losses of affiliates for the year ended March 31, 2003 was Rs. 355 million against equity in earnings of affiliates of Rs. 147 million for the year ended March 31, 2002. Equity in the earnings of Wipro GE was Rs. 234 million for the year ended March 31, 2002 which was partially offset by the equity in losses of Netcracker of Rs. 111 million. In the year ended March 31, 2003 equity in the losses of Wipro GE was Rs. 371 million. The losses in Wipro GE were primarily due to an increase in input costs and a decline in average selling prices of products.

Income from continuing operations. As a result of the foregoing factors, income from continuing operations increased by 1% from Rs. 8,411 million for the year ended March 31, 2002 to Rs. 8,476 million for the year ended March 31, 2003.

Discontinued operations. The results of operations of the Corporate ISP division are reported in discontinued operations for the current and prior periods in our consolidated financial statements.

Years ended March 31, 2002 and 2001

Revenue. Our total revenue increased 9% from Rs. 30,643 million for the year ended March 31, 2001 to Rs. 33,473 million for the year ended March 31, 2002. Revenue growth was driven primarily by a 28% increase in revenue from Global IT Services and Products. Revenues of India and Asia-Pac IT Services and Products and Consumer Care & Lighting declined by 20% and 7%, respectively, partially offsetting the revenue increase of Global IT Services and Products.

Global IT Services and Products revenue increased 28% from Rs. 17,390 million for the year ended March 31, 2001 to Rs. 22,234 million for the year ended March 31, 2002. Revenue from technology services increased by 22%. This increase is attributable to increased services provided to telecommunications and Internet service providers. Revenue from our Telecom and Inter-networking division declined 6%, reflecting the softness in demand from telecom equipment manufacturers. Revenue from enterprise services increased 22%. This was primarily driven by increased revenues we received from services provided to financial services, retail and utility companies. We added over 107 new clients during the year, accounting for over 14% of our total Global IT Services and Products revenue for the year. The total number of clients that individually accounted for over \$1 million in revenues increased from 65 to 81. Revenue from products were primarily from the sale of hardware and software products along with services in a system integration project.

India and Asia-Pac IT Services and Products revenue declined 20% from Rs. 8,644 million for the year ended March 31, 2001 to Rs. 6,950 million for the year ended March 31, 2002. The current weak economic environment has reduced the demand for IT products in the Indian markets. The decrease in revenue from products was primarily due to a 15% decline in revenue from manufactured products and a 31% decline in revenue from traded products. These decreases were partially offset by a 2% growth in revenue from services.

Consumer Care and Lighting revenues declined 7% from Rs. 3,144 million for the year ended March 31, 2001 to Rs. 2,939 million for the year ended March 31, 2002. This was primarily attributable to a decline in revenue from soap products.

HealthScience revenues decreased by 11% from Rs. 707 million for the year ended March 31, 2001 to Rs. 630 million for the year ended March 31, 2002. Revenue from services decreased by 23% from Rs. 354 million for the year ended March 31, 2001 to Rs. 274 million for the year ended March 31, 2002. This decrease was primarily due to lower volume of services provided to customers in the healthcare and life sciences market. Revenue from products increased marginally by 1% from Rs. 352 million for the year ended March 31, 2001 to Rs. 356 million for the year ended March 31, 2002.

Revenue from Others decreased marginally by 5%, from Rs. 758 million for the year ended March 31, 2001 to Rs. 720 million for the year ended March 31, 2002.

Cost of revenue. As a percentage of total revenue, cost of revenue remained at 62% for the year ended March 31, 2002.

As a percentage of Global IT Services revenue, cost of Global IT Services revenue increased by 1% from 52% in the year ended March 31, 2001 to 53% in the year ended March 31, 2002. This increase is primarily due to a 5% decline in IT professional utilization rates from 65% in fiscal 2001 to 60% in fiscal 2002 and a modest increase in compensation for overseas onsite employees. This is partially offset by a 12% increase in our offshore billing rates and a 15% increase in our onsite billing rates.

As a percentage of Global IT Products revenue, cost of Global IT Products revenue was 93% in the year ended March 31, 2002. There was no revenue from sale of products in the year ended March 31, 2001.

WIPRO LIMITED

As a percentage of India and Asia-Pac IT Products revenue, cost of India and Asia-Pac IT Products revenue, increased by 4% from 81% for the year ended March 31, 2001 to 85% for the year ended March 31, 2002. This was primarily due to an increase in the sales of lower margin products.

As a percentage India and Asia-Pac IT Services revenue, cost of India and Asia-Pac IT Services revenue declined by 3% from 64% for the year ended March 31, 2001 to 61% for the year ended March 31, 2002. This decrease was primarily due to an increase in the sales of higher margin services.

As a percentage of Consumer Care and Lighting revenue, cost of Consumer Care and Lighting revenue decreased marginally by 2% from 70% for the year ended March 31, 2001 to 68% for the year ended March 31, 2002. Most of this decrease resulted from an improvement in operating efficiencies, which was partially offset by lower margins on soap products.

As a percentage of HealthScience revenue, cost of HealthScience products revenue decreased marginally by 1% from 73% for the year ended March 31, 2001 to 72% for the year ended March 31, 2002.

As a percentage of HealthScience revenue, cost of HealthScience services revenue increased by 5% from 50% for the year ended March 31, 2001 to 55% for the year ended March 31, 2002. A portion of our costs in the services business in HealthScience are fixed, the lower volume of services provided during the year has resulted in the increase of cost of revenue as a percentage of HealthScience revenue.

As a percentage of revenues, cost of revenues of Others increased by 10% from 79% for the year ended March 31, 2001 to 89% for the year ended March 31, 2002.

Selling, general and administrative expenses. Selling, general and administrative expenses decreased by 5% from Rs. 4,596 million for the year ended March 31, 2001, to Rs. 4,359 million for the year ended March 31, 2002. The total decrease in selling, general and administrative expenses of Rs. 237 million was attributable to decreases of Rs. 236 million in India and Asia-Pac IT Services and Products, Rs. 20 million in Consumer Care and Lighting, and Rs. 35 million in HealthScience. These decreases were partially offset by an increase of Rs. 27 million in Global IT Services and Products and Rs. 27 million in Others.

Selling, general and administrative expenses for Global IT Services and Products increased marginally by 1% from Rs. 2,482 million for the year ended March 31, 2001 to Rs. 2,509 million for the year ended March 31, 2002.

Selling, general and administrative expenses for India and Asia-Pac IT Services and Products declined by 20% from Rs. 1,182 million for the year ended March 31, 2001 to Rs. 946 million for the year ended March 31, 2002. This decrease was primarily due to cost control measures and lower travel related expenditure.

Selling, general and administrative expenses for Consumer Care and Lighting declined by 4% from Rs. 559 million for the year ended March 31, 2001 to Rs. 539 million for the year ended March 31, 2002. Most of this decrease resulted from the reduction of sales promotion expenses.

Selling, general and administrative expenses for Others increased by 17% from Rs. 163 million for the year ended March 31, 2001 to Rs. 190 million for the year ended March 31, 2002.

Foreign exchange gains, net. Foreign exchange gains, net, increased to Rs. 219 million for the year ended March 31, 2002 from Rs. 120 million for the year ended March 31, 2001. This was primarily due to the depreciation of the rupee against the dollar and an increase in our export revenues. During fiscal 2002, the rupee declined by over 4% against the dollar. Revenues from exports of our products and services increased 20% to Rs. 21,912 million from Rs. 18,323 million in the year ended March 31, 2001.

Operating income. As a result of foregoing factors, operating income increased 12% from Rs. 7,554 million for the year ended March 31, 2001 to Rs. 8,442 million for the year ended March 31, 2002. Operating income of Global IT Services and Products increased by 26% to Rs 7,578 million, offsetting a 30% and 10% decline in operating income of India and Asia-Pac IT Services and Products and Consumer Care and Lighting to Rs. 578 million and Rs. 404 million, respectively.

Other income, net. Other income, net, increased to Rs. 839 million for the year ended March 31, 2002 from Rs. 87 million for the year ended March 31, 2001. The cash surpluses generated by our operations and the proceeds from our ADR offering have been invested in money market instruments. The increase in other income is primarily due to interest income and realized gains on these short-term investments.

WIPRO LIMITED

Income taxes. Income taxes declined by 12% from Rs. 1,150 million for the year ended March 31, 2001 to Rs. 1,016 million for the year ended March 31, 2002. Our effective tax rate decreased by 4% to 11%. The reduction in the effective tax rate was primarily due to the following :

- An increase in the proportion of total revenue from Global IT Services and Products;
- An increase in the proportion of Global IT Services and Products revenue from geographies having lower tax rates;
- An increase in the proportion of the income from domestic investments being realized in a tax-free manner; and
- Favorable tax assessments.

Equity in earnings of affiliates. Equity in earnings of affiliates increased to Rs. 147 million for the year ended March 31, 2002 from equity in losses of affiliates of Rs. 53 million for the year ended March 31, 2001. Most of this increase is attributable to the consolidation of Wipro Net since December 2000. Equity in losses of Wipro Net for the year ended March 31, 2001 was Rs. 136 million. Equity in earnings of Wipro GE increased to Rs. 234 million for the year ended March 31, 2002 from Rs. 184 million in the year ended March 31, 2001.

Income from continuing operations. As a result of the foregoing factors, income from continuing operations increased 31% from Rs. 6,433 million for the year ended March 31, 2001 to Rs. 8,411 million for the year ended March 31, 2002.

Discontinued operations. The results of operations of the Corporate ISP division are reported in discontinued operations for the current and prior periods in our consolidated financial statements.

Liquidity and Capital Resources

As of March 31, 2003 we had cash and cash equivalents of Rs. 14,096 million and unused line of credit of Rs. 2,140 million. To utilize the line of credit we need to comply with certain financial covenants. We have historically financed our working capital and capital expenditure through our operating cash flows, and, to a limited extent, through bank loans.

We believe that cash generated from operations along with the net proceeds of Rs. 5,803 million (\$124.96 million) from our initial U.S. public offering (IPO) in October 2000 will be sufficient to satisfy our currently foreseeable working capital and capital expenditure requirements. Currently we have utilized Rs. 3,974 million (\$ 84 million) from the proceeds of our IPO for acquisitions. On May 8, 2003 we utilized Rs. 836 million (\$17.7 million) of the proceeds of our IPO towards the acquisition of Nervewire.

Cash provided by operating activities for the year ended March 31, 2003 was Rs. 7,663 million. Net profits of Rs. 8,099 million, was offset by an increase in receivables of Rs. 1,641 million and an increase in advances for expenditures primarily for employees of Rs. 1,121 million. The increase in receivables was primarily due to growth in revenues and current macroeconomic conditions. The increase in advances for expenditures to employees is primarily as a result of an increase in the number of our employees.

Cash used in investing activities for the year ended March 31, 2003 was Rs. 1,131 million. The cash was used primarily on capital expenditures and acquisitions. Cash provided by operating activities was used for capital expenditure of Rs. 2,529 million. We incurred Rs. 5,441 million (\$ 114 million) on acquisitions. We liquidated Rs. 4,898 million of our investments towards payments for these acquisitions.

Cash provided by financing activities for the year ended March 31, 2003 was Rs. 187 million. The cash provided by financing activities was primarily from the issue of shares upon exercise of stock options by employees and an increase in bank borrowings. For the year ended March 31, 2003 we paid cash dividends of Rs. 1 per share (\$ 0.02) amounting to Rs. 232 million.

As of March 31, 2003, we had contractual commitments of Rs. 321million (\$ 6.75 million) related to capital expenditures for construction or expansion of software development facilities. Plans to construct or expand our software development facilities are dictated by our business requirements. We currently intend to finance our planned construction and expansion entirely from internal accruals.

Our liquidity and capital requirements are affected by many factors, some of which are based on the normal ongoing operations of our businesses and some of which arise from uncertainties related to global economies and the markets that we target for our services. In addition, we routinely review potential acquisitions. In the future, we may require or choose to obtain additional debt or equity financing. We cannot be certain that additional financing, if needed, will be available on favorable terms.

Research and Development

Our research and development efforts are primarily in the emerging technology areas like home networking, content commerce, collaboration and knowledge management. We seek to gain expertise in these areas and develop solutions. Further, through our “centers of excellence” we seek to gain domain expertise in specific industries and use our expertise in developing industry specific solutions. For example, we are currently working in the areas like residential gateway and wireless local area networks based on 802.11 standards. We have also developed solutions like “iDesk,” which facilitates creation of an employee self-service portal, and “Flow-brix” our work flow solution.

Research and development expenditure for the years ended March 31, 2002 and 2003 was Rs. 213 million and Rs. 260 million (\$5 million).

Trend Information

Global IT Services and Products. As a result of the continued uncertainty and weak global economic conditions, companies continue to seek to outsource IT spending offshore to offshore IT service providers like us. We believe this has contributed to continued growth in our revenues. However, we continue to experience erosion in our gross profit with significant pricing pressures in our core service offerings because of clients needs to reduce their costs and the increased competitive environment among IT companies. In addition, some of our newer service offerings, such as consulting and package implementation, require a higher proportion of services to be performed at the client’s premises. Further, we are experiencing increases in wages for our IT professionals. As a result, our gross profits in Global IT Services and Products declined from 45% in the year ended March 31, 2002 to 42% in the year ended March 31, 2003.

We expect these trends to continue for the foreseeable future. In response to the continued pricing pressures and the increased competition from other IT services companies, we are focusing on offering services with higher price margins, managing our cost structure, aligning our resources to expected demand and increasing the utilization of our IT professionals.

Our Global IT Services and Products business segment is also subject to fluctuations primarily resulting from factors such as :

- The effect of seasonal hiring which occurs in the quarter ended September 30;
- The time required to train and productively use new employees;
- The proportion of services we perform at client sites for a particular project;
- Exchange rate fluctuations; and
- The size, timing and profitability of new projects.

India and Asia-Pac IT Services and Products. In our products component of our India and Asia-Pac IT Services and Products segment we have experienced pricing pressures because of clients’ needs to reduce cost and the increased competitive environment among IT companies. As a result, gross profits for this component of this segment declined from 15% in the year ended March 31, 2002 to 12% in the year ended March 31, 2003. We expect these pricing pressures to continue for the foreseeable future. In response to the decline in gross profits in this component of this segment, we are focusing on new business opportunities where we can leverage our service delivery capabilities to realize higher selling prices for this component of this segment and on improving our operational and cost efficiencies.

Our India and Asia-Pac IT Services and Products business segment is also subject to seasonal fluctuations. Our product revenue is driven by capital expenditure budgets and the spending patterns of our clients, who often delay or accelerate purchases in reaction to tax depreciation benefits on capital equipment. As a result, our India and Asia-Pac IT Services and products revenues for the quarters ended March 31 and September 30 are typically higher than other quarters of the year. We believe the impact of this fluctuation on our revenues will decrease as the proportion of services revenue increases.

IT-Enabled Services. We established our IT-Enabled Services business segment when we acquired Spectramind in July 2002. This acquisition facilitated our entry into the market for IT-enabled/BPO services. Although we have been competing in this area for less than a year, we have recently experienced pricing negotiations with some clients over our services.

Consumer Care and Lighting. Our Consumer Care and Lighting business segment is also subject to seasonal fluctuations. Demand for hydrogenated cooking oil is greater during the Indian festival season and has increased revenues from our Consumer Care business for the quarters ended September 30 and December 31. Our revenues in this segment are also subject to commodity price fluctuations. However, in the sixteen quarters ended March 31, 2003, revenues from hydrogenated oil products as a proportion of total revenues of our Consumer Care business has continued to decline significantly. This decline has been offset by continued increases in revenues from soaps and lighting products.

WIPRO LIMITED

Our quarterly revenue, operating income and net income have varied significantly in the past and we expect that they are likely to vary in the future. You should not rely on our quarterly operating results as an indication of future performance. Such quarterly fluctuations may have an impact on the price of our equity shares and ADSs.

Recent accounting pronouncements. In August 2001, the FASB issued SFAS No. 143, Accounting for Asset Retirement Obligations. SFAS No. 143 requires entities to record the fair value of a liability for an asset retirement obligation in the period in which it is incurred. When the liability is initially recorded, the entity capitalizes a cost by increasing the carrying amount of the related long-lived asset. Over time, the liability is accreted to its present value each period, and the capitalized cost is depreciated over the useful life of the related asset. Upon settlement of the liability, an entity either settles the obligation for its recorded amount or incurs a gain or loss upon settlement. SFAS No. 143 is effective for fiscal years beginning after June 15, 2002. Adoption of SFAS No. 143, will not have a material impact on our consolidated financial statements.

In April 2002, the FASB issued SFAS No. 145, Rescission of FASB Statements No. 4, 44 and 64, Amendment of FASB Statement No. 13, and Technical Corrections. SFAS No. 145 provides for the rescission of several previously issued accounting standards, new accounting guidance for the accounting for certain lease modifications and various technical corrections that are not substantive in nature to existing pronouncements. SFAS No. 145 was adopted beginning January 1, 2003, except for the provisions relating to the amendment of SFAS No.13, which were adopted for transactions occurring subsequent to May 15, 2002. Adoption of SFAS No. 145 did not have a material impact on our consolidated financial statements.

In July 2002, the FASB issued SFAS No. 146, Accounting for Costs Associated with Exit or Disposal Activities. SFAS No. 146 requires companies to recognize costs associated with exit or disposal activities when they are incurred rather than at the date of a commitment to an exit or disposal plan. SFAS No. 146 is to be applied prospectively to exit or disposal activities initiated after December 31, 2002. Adoption of SFAS No. 146 did not have a material impact on our consolidated financial statements.

In November 2002, the FASB issued FASB Interpretation (FIN) No. 45, Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others. FIN No. 45 requires a guarantor to include disclosure of certain obligations, and if applicable, at the inception of the guarantee, recognize a liability for the fair value of certain other obligations undertaken in issuing a guarantee. The recognition requirements are effective for guarantees issued or modified after December 31, 2002. Adoption of FIN No. 45 did not have a material impact on our consolidated financial statements. We have adopted disclosure provisions of FIN No. 45 for the year ended March 31, 2003.

In November 2002, the EITF issued Issue No. 00-21, Accounting for Revenue Arrangements with Multiple Deliverables. This issue addresses determination of whether an arrangement involving more than one deliverable contains more than one unit of accounting and how arrangement consideration should be measured and allocated to the separate units of accounting. EITF Issue No. 00-21 is effective for revenue arrangements entered into in fiscal periods beginning after June 15, 2003. Alternatively, we may elect to report the change in accounting as a cumulative-effect adjustment. We believe that EITF Issue No. 00-21 may impact our current revenue recognition policy relating to certain contracts for sale of goods, where a portion of the contract price allocable to the goods is not payable until installation or a similar service is completed. Further, we are evaluating the impact of adoption of EITF Issue No. 00-21 on other revenue recognition policies.

In December 2002, the FASB issued SFAS No. 148, Accounting for Stock-Based Compensation-Transition and Disclosure, an amendment of FASB Statement No. 123. SFAS No. 148 amends SFAS No. 123, Accounting for Stock-Based Compensation, to provide alternative methods of transition for a voluntary change to the fair value based method of accounting for stock-based employee compensation. In addition, SFAS No. 148 amends the disclosure requirements of SFAS No. 123 to require prominent disclosures in both annual and interim financial statements about the method of accounting for stock-based employee compensation and the effect of the method used on reported results. The disclosure provisions of SFAS No. 148 are applicable for fiscal periods beginning after December 15, 2002. We continue to use the intrinsic value based method of APB Opinion No. 25 to account for its employee stock based compensation plans. We have adopted the disclosure provisions of SFAS No. 148 for the year ended March 31, 2003.

In January 2003, the FASB issued FIN No. 46, Consolidation of Variable Interest Entities- an interpretation of Accounting Research Bulletin No. 51. FIN No. 46 is applicable to all variable interest entities created after January 31, 2003. In respect of variable interest entities created before February 1, 2003, FIN No. 46 will be applicable from fiscal periods beginning after June 15, 2003. Adoption of FIN No. 46 will not have a material impact on our consolidated financial statements.

In April 2003, the FASB issued SFAS No. 149, Amendment of Statement No. 133 on Derivative Instruments and Hedging Activities. SFAS No. 149 amends and clarifies financial accounting and reporting for derivative instruments, including certain derivative instruments embedded in other contracts and for hedging activities under SFAS No. 133. SFAS No. 149 is effective for

WIPRO LIMITED

contracts entered into or modified after June 30, 2003 and for hedging relationships designated after June 30, 2003. Adoption of SFAS No.149 will not have a material impact on our consolidated financial statements.

Critical accounting policies

Critical accounting policies are defined as those that in our view are most important to the portrayal of the Company's financial condition and results and that are most demanding on our calls on judgment. We believe that the accounting policies discussed below are the most critical accounting policies. For a detailed discussion on the application of these and other accounting policies, please refer to Note 2 to the Notes to Consolidated Financial Statements.

Revenue Recognition

We derive our revenues primarily from two sources: (i) product revenue and (ii) service revenue.

Product Revenue

Product revenue is recognized when there is persuasive evidence of a contract, the product has been delivered, the sales price is fixed or determinable, and collectibility is reasonably assured. The product is considered delivered to the customer once it has been shipped, and title and risk of loss has been transferred. If we are obligated to perform installation services and a portion of the sales consideration is payable only on the completion of installation services, then the entire revenue is deferred and recognized on the completion of the installation services.

We generally consider a binding purchase order or a signed contract as persuasive evidence of an arrangement. Persuasive evidence of an arrangement may take different forms depending upon the customary practices of a specific class of customers.

Service Revenue

Service revenue is recognized when there is persuasive evidence of a contract, the sales price is fixed or determinable, and collectibility is reasonably assured. Time-and-materials service contract revenue is recognized as the services are rendered. Revenue from fixed-price, fixed-timeframe contracts is recognized in accordance with percentage of completion method. Guidance has been drawn from the Accounting Standards Executive Committee's conclusion in paragraph 95 of Statement of Position (SOP) 97-2, Software Revenue Recognition, to account for revenue from fixed price arrangements for software development and related services in conformity with SOP 81-1, Accounting for Performance of Construction-Type and Certain Production-Type Contracts. The input (cost expended) method has been used to measure progress towards completion. Percentage of completion method accounting relies on estimates of total expected contract revenue and costs. We follow this method when reasonably dependable estimates of the revenues and costs applicable to various elements of the contract can be made. Because the financial reporting of these contracts depends on estimates, that are assessed continually during the term of these contracts, recognized revenue and profit are subject to revisions as the contract progresses to completion. When estimates indicate that a loss will be incurred, the loss is provided for in the period in which the loss becomes evident. Maintenance revenue is recognized ratably over the term of the agreement. Revenue from customer training, support and other services is recognized as the related services are performed.

Revenues from IT-Enabled Services are derived from both time-based and unit-priced contracts. Revenue is recognized as services are performed under the specific terms of the contracts with the customers.

Revenue Arrangements with Multiple Deliverables

In revenue arrangements with multiple deliverables we allocate the total revenues to be earned under the arrangement among the various elements based on their relative fair values. We recognize revenues on the delivered products or services only if :

- The above product or service revenue recognition criteria are met;
- Undelivered products or services are not essential to the functionality of the delivered products or services;
- Payment for the delivered product or services is not contingent upon delivery of the remaining products or services; and
- There is evidence of the fair value for each of the deliverable or the undelivered products or services.

WIPRO LIMITED

Assessments regarding impact of the undelivered element on functionality of the delivered element, impact of forfeiture and similar contractual provisions and determination of fair value of each element, would affect the timing of revenue recognition and would impact our results of operations.

Accounting Estimates

While preparing financial statements we make estimates and assumptions that affect the reported amount of assets, liabilities, disclosure of contingent liabilities at the date of financial statements and the reported amount of revenues and expenses for the reporting period. Specifically we make estimates of the uncollectability of our accounts receivable by analyzing historical payment patterns, customer concentrations, customer credit-worthiness and current economic trends. If the financial condition of the customers deteriorates, additional allowances may be required.

Our estimate of liability relating to pending litigation is based on currently available facts and our assessment of the probability of an unfavorable outcome. Considering the uncertainties about the ultimate outcome and the amount of losses, we re-assess our estimates as additional information becomes available. Such revisions in our estimates could materially impact our results of operations and our financial position.

We provide for inventory obsolescence, excess inventory and inventories with carrying values in excess of realizable values based on our assessment of the future demands, market conditions and our specific inventory management initiatives. If the market conditions and actual demands are less favorable than our estimates, additional inventory write-downs may be required. In all cases inventory is carried at the lower of historical costs or realizable value.

Accounting for Income taxes

As part of the process of preparing our consolidated financial statements we are required to estimate our income taxes in each of the jurisdictions in which we operate. We are subject to tax assessments in each of these jurisdictions. A tax assessment can involve complex issues, which can only be resolved over extended time periods. Though we have considered all these issues in estimating our income taxes, there could be an unfavorable resolution of such issues that may affect our results of operations.

We also assess the temporary differences resulting from differential treatment of certain items for tax and accounting purposes. These differences result in deferred tax assets and liabilities, which are recognized in our consolidated financial statements. We assess our deferred tax assets on an ongoing basis by assessing our valuation allowance and adjusting the valuation allowance appropriately. In calculating our valuation allowance we consider the future taxable incomes and the feasibility of tax planning initiatives. If we estimate that the deferred tax asset cannot be realized at the recorded value, a valuation allowance is created with a charge to the statement of income in the period in which such assessment is made. We have not created a deferred tax liability in respect of the basis difference in the carrying value of investments in domestic subsidiaries. The current tax laws in India provide means by which the reported amount of investment can be recovered in a tax free manner.

We are subject to a 15% branch profit tax in the United States to the extent the net profit attributable to our US branch for the fiscal year is greater than the increase in the net assets of the U.S. branch during the fiscal year, computed in accordance with the Internal Revenue Code. As of March 31, 2003, the U.S. branch's net assets amounted to \$22.3 million. We have not triggered the branch profit tax and, consistent with our business plan, we intend to maintain the current level of our net assets in the United States. Accordingly, branch profit tax provision was not recorded as of March 31, 2003.

Business Combinations, Goodwill and Intangible Assets

The process of identifying reporting units, identifying intangible assets separate from goodwill, allocating goodwill to reporting units and reviewing goodwill for impairment is complex. We are required to make significant assumptions and subjective estimates. If any of our assumptions or estimates are revised it may impact our results of operations and financial position.

WIPRO LIMITED

Item 6. Directors, Senior Management and Employees

Directors and Senior Management

Our directors and executive officers, their respective ages and positions for the year ended March 31, 2003 are as follows :

Name	Age	Position
Azim H. Premji	57	Chairman of the Board and Managing Director
Dr. Ashok Ganguly	67	Director
B. C. Prabhakar	60	Director
Dr. Jagdish N. Sheth	64	Director
Vivek Paul	44	Vice Chairman of the Board and Executive Officer
Narayanan Vaghul	66	Director
Eisuke Sakakibara	62	Director
P. M. Sinha	63	Director
P. S. Pai (1)	60	Vice Chairman of the Board and Executive Officer
D. A. Prasanna (2)	54	Vice Chairman of the Board and Executive Officer
Suresh C. Senapaty	45	Executive Vice President, Finance
Pratik Kumar	37	Vice President, Human Resources
Suresh Vaswani	43	President, Wipro Infotech
Vineet Agrawal	41	President, Wipro Consumer Care & Lighting
Ranjan Acharya	45	Vice President, Human Resources Development
Tamal Dasgupta	52	Vice President & Chief Information Officer
Girish S. Paranjpe	45	President-Finance & Insurance, Wipro Technologies
Sudip Banerjee	43	President-Enterprise Solutions, Wipro Technologies
Dr. A. L. Rao	54	President-Telecom & Internetworking Solutions, Wipro Technologies

(1) Retired effective July 31, 2002.

(2) Resigned effective March 31, 2003.

Azim H. Premji has been our Chairman of the Board and Managing Director since September 1968. Mr. Premji holds a Bachelor of Science in Electrical Engineering from Stanford University.

Dr. Ashok Ganguly has served as our Director since January 1999. From August 1996 to April 2003, he served as Chairman of ICI India Limited. From May 1980 to April 1990, he served as Chairman of Hindustan Lever Limited. From May 1990 to May 1997 he served as a Director of Unilever NV and Plc. Currently in addition to serving as Chairman of ICICI OneSource Limited, he is also on the board of British Airways Plc, Technology Network (India) Pvt. Ltd., ICICI Knowledge Park Ltd., Hemogenomics (India) Pvt. Ltd., Mahindra & Mahindra Ltd., New Skies Satellite NV as well as on the Central Board of Directors of Reserve Bank of India and Tata AIG Life Insurance Co. Ltd. Dr. Ganguly holds a B.Sc., in Chemistry from Bombay University and an MS and Ph.D from the University of Illinois.

B.C. Prabhakar has served as our director since February 1997. He has practiced law in his own firm since April 1970. Mr. Prabhakar holds a B.A. in Political Science and Sociology and an LL.B. from Mysore University.

WIPRO LIMITED

Dr. Jagdish N. Sheth has served as our director since January 1999. He has been a professor at Emory University since July 1991. Dr. Sheth has also been a director of Norstan, Inc. since September 1995, and of Pac West Telecomm since July 1999. Dr. Sheth is also on the board of Cryo-Cell International Inc and Shasun Chemicals & Drugs Limited. Dr. Sheth holds a B. Commerce from Madras University, and an M.B.A. and Ph.D in Behavioral Sciences from the University of Pittsburgh.

Vivek Paul has served as our director, Vice Chairman of the Board and Executive Officer of Wipro Technologies since July 1999. From January 1996 to July 1999, Mr. Paul was General Manager of Global CT Business at General Electric, Medical Systems Division. From March 1993 to December 1995, he served as President and Chief Executive Officer of Wipro GE Medical Systems Limited. Mr. Paul holds a B.Engineering from the Birla Institute of Technology and Science, and an M.B.A. from the University of Massachusetts, Amherst.

Narayanan Vaghul has served as our director since June 1997. He has been Chairman of the Board of ICICI Limited since September 1985 and ICICI Bank Limited since 2002. Mr. Vaghul is also on the board of Mahindra and Mahindra Ltd., Mahindra Industrial Park Limited, ICICI Knowledge Park, Nicholas Piramal India, Ltd., Technology Network (India) Pvt. Ltd, Himatsingka Seide Limited, Asset Reconstruction Company (India) Limited and Air India Limited. Mr. Vaghul is also the Chairman of the Compensation Committee of Mahindra and Mahindra Limited and Nicholas Piramal India Ltd. Mr. Vaghul is a graduate in Commerce from Madras University and a certified associate of the Institute of Bankers.

Prof. Eisuke Sakakibara became a director of our company on January 1, 2002. He has been a Professor of Economics in Keio University of Japan since 1999. After working with the Ministry of Finance, Government of Japan since 1965, he was posted as Economist, International Monetary Fund in 1971 and was the visiting Associate Professor of Economics at Harvard University. He has also served as Director-General, International Finance Bureau, Japan between 1995 and 1997. In 1997 he became the Vice Minister of Finance for International Affairs, Japan. Prof. Sakakibara holds a B.A. in Economics from the University of Tokyo and a Ph.D. in Economics from the University of Michigan.

Priya Mohan Sinha became a director of our company on January 1, 2002. He has served as the Chairman of PepsiCo India Holdings Limited and President of Pepsi Foods Limited since July 1992. From October 1981 to November 1992, he was on the Executive Board of Directors of Hindustan Lever Limited. From 1981 to 1985 he also served as Sales Director of Hindustan Lever. Currently, he is also on the board of ICICI Bank Limited, Lafarge India and Azim Premji Foundation Pvt. Ltd. Mr. Sinha was also Chairman of Stepan Chemicals Limited between 1990 and 1993 and on the board of Brooke Bond India Limited, Lipton India Limited, Indexport Limited and Lever Nepal Limited. Mr. Sinha holds a Bachelor of Arts from Patna University and he has also attended Advanced Management Program in the Sloan School of Management, Massachusetts Institute of Technology.

Pratik Kumar has served as our Corporate Vice President, Human Resources, since April 2002, and he has served with us in various other positions of responsibilities since November 1991. Mr. Kumar holds a B.A. (Hons) from Delhi University and a MBA from Xavier Labour Relations Institute (XLRI), Jamshedpur, India.

Suresh C. Senapaty has served as our Corporate Executive Vice President, Finance, since January 1995 and served with us in other positions since April 1980. Mr. Senapaty holds a B. Commerce from Utkal University, and is a Fellow Member of the Institute of Chartered Accountants of India.

Suresh Vaswani has served as President of Wipro Infotech since December 2000, and has served with us in other positions since June 1987. Mr. Vaswani holds a B.Tech from IIT, Karagpur and a Post Graduate Diploma in Management from the Indian Institute of Management, Ahmedabad.

Vineet Agrawal has served as President of Wipro Consumer Care & Lighting since July 2002 and has served with us in other positions since December 1985. Mr. Agrawal holds a B.Tech from IIT, New Delhi and an M.B.A from Bajaj Institute of Management Studies, Mumbai.

Girish S. Paranjpe has served as President – Finance & Insurance division of Wipro Technologies since October 2000 and has served with us in other positions since July 1990. Mr. Paranjpe holds a B.Commerce from Bombay University and is a Fellow Member of the Institute of Chartered Accountants of India and Institute of Cost and Works Accountants of India.

WIPRO LIMITED

Dr. A. L. Rao has served as President-Telecom & Internetworking Solutions division of Wipro Technologies since October 2000 and has served with us in other positions since August 1980. Dr. Rao holds a B.Sc., M.Sc. and a Ph.D in Nuclear Physics from Andhra University.

Tamal Dasgupta has served as Chief Information Officer since March 2000. Mr. Dasgupta holds a B.Commerce from Calcutta University and is a Fellow Member of the Institute of Chartered Accountants of India and is a certified public accountant.

Ranjan Acharya has served as Vice President – Human Resources Development since April 2002 and has served with us in other positions since July 1994. Mr. Acharya holds a B.Sc., from Pune University and an M.B.A. from Symbiosis Institute of Business Management, Pune, India.

Sudip Banerjee has served as President-Enterprise Solutions division of Wipro Technologies since February 2002 and has served with us in other positions since November 1983. Mr. Sudip holds a Bachelor of Arts in Economics from Delhi University and Diploma in Management from All India Institute of Management Association.

Compensation

Director Compensation

Each of our non-employee directors receive an attendance fee of \$42 (Rs. 2,000) for every Board and Committee meeting they attend. In the fiscal year ended March 31, 2003, we paid an aggregate of \$136,616 (Rs. 6,439,455) to our non-employee directors. Our directors are reimbursed for travel and out-of-pocket expenses in connection with their attendance at Board and Committee meetings. Additionally, we also compensate non-employee directors by way of commission as follows :

1. Dr. Ashok Ganguly receives approximately \$16,831 (Rs. 800,000) per year.
2. Narayanan Vaghul receives approximately \$16,831 (Rs. 800,000) per year.
3. Prof. Eisuke Sakakibara receives approximately \$40,000 (Rs. 1,901,200) per year.
4. Dr. Jagdish N. Sheth receives approximately \$25,000 (Rs. 1,188,250) per year. Additionally, we paid \$8,500 (Rs.404,005) towards professional fees for the services offered by Dr. Sheth in July 2002.
5. P. M. Sinha receives approximately \$21,039 (Rs. 1,000,000) per year.
6. B. C. Prabhakar receives approximately \$8,415 (Rs. 400,000) per year.

Executive Compensation

The following two tables present the annual and long term compensation earned, awarded or paid for services rendered to us for the fiscal year ended March 31, 2003 by our Executive Directors and members of our administrative, supervisory or management bodies.

Annual Compensation

Name	Salary	Commission/ Incentives	Housing (2)	Others
Azim H. Premji	\$ 44,183	\$ 197,593 (1)	\$ 25,247	\$ 44,663 (3)
Vivek Paul	409,999	592,777 (1)	-	11,245
P. S. Pai (4)	26,509	65,853	9,593	906
D. A. Prasanna (5)	125,500	73,364	19,233	3,868
Pratik Kumar	41,361	20,933	-	1,731
Suresh C. Senapaty	52,867	40,080	18,935	3,537
Vineet Agrawal	62,503	21,805	7,571	1,533
Sudip Banerjee	38,216	33,965	4,923	1,116
Girish S. Paranjpe	41,942	23,122	6,387	1,228
Tamal Dasgupta	27,420	20,300	5,049	2,295
Dr. A. L. Rao	63,687	17,728	6,311	770
Ranjan Acharya	40,108	23,815	-	1,705
Suresh Vaswani	65,553	37,467	3,608	6,529

1. Azim H. Premji and Vivek Paul were paid commissions at the rate of 0.1% and 0.3% respectively, on our net profits computed in accordance with the provisions of the Companies Act, 1956. All other executives were paid incentives under a Quarterly Performance Linked Scheme based on their achievement of pre-defined profit targets.
2. The value of this perquisite accounts for more than 25% of the total value of all perquisites and personal benefits received in fiscal 2003.
3. The figure includes a subsidy of \$28,038, to Azim H. Premji, for interest payments on his independent housing finance.
4. Retired effective July 31, 2002.
5. Resigned effective March 31, 2003.

Long term compensation

Name	Deferred benefits(1)(2)	No. of Equity Share		No. of ADS		Expiration Date
		Options Granted	Grant Price	Options Granted	Grant Price	
Azim H. Premji	\$ 58,652	-	-	-	-	-
Vivek Paul	63,000	-	-	-	-	-
P. S. Pai (3)	4,313	-	-	-	-	-
D. A. Prasanna (4)	11,445	-	-	-	-	-
Pratik Kumar	3,430	-	-	-	-	-
Suresh C. Senapaty	8,804	-	-	-	-	-
Vineet Agrawal	6,049	-	-	-	-	-
Suresh Vaswani	5,112	-	-	-	-	-
Ranjan Acharya	3,756	-	-	-	-	-
Sudip Banerjee	4,062	-	-	-	-	-
Tamal Dasgupta	2,678	-	-	-	-	-
Girish S. Paranjpe	4,061	-	-	-	-	-
Dr. A. L. Rao	7,068	-	-	-	-	-

WIPRO LIMITED

1. Deferred benefits payable to Vivek Paul include contributions made by us to our deferred compensation plan and in the case of other employees, our contribution to the Provident Fund and Pension Fund. Under our pension plan, any pension that is payable to an employee is not computed on the basis of final compensation, but on the accumulated pension fund to the credit of the employee as of the date of separation, death, disability or retirement. We annually contribute 15% of Mr. Premji's base salary and commission earned for that year to our pension fund for the benefit of Mr. Premji. For all other employees, we contribute 15% of their respective base salaries to our pension fund for their benefit. These contributions are included in this column.
2. In addition to the deferred benefits indicated above, we are also required by Indian law to pay a one time only lumpsum of \$7,363 (Rs. 350,000) as a gratuity payment for each of our employees, other than Vivek Paul, at the time of separation, death, disability or retirement.
3. Retired effective July 31, 2002.
4. Resigned effective March 31, 2003.

Board Composition

Our Articles of Association provide that the minimum number of directors shall be four and the maximum number of directors shall be twelve. As of March 31, 2003, we had eight directors on our Board. Our Articles of Association provide that at least two-thirds of our directors shall be subject to retirement by rotation. One third of these directors must retire from office at each annual general meeting of the shareholders. A retiring director is eligible for re-election. Up to one-third of our directors can be appointed as permanent directors. Currently, Azim H. Premji and Vivek Paul are non-retiring directors.

The terms of each of our directors and their expiration dates are:

Name	Expiration of current term of office	Term of office
Azim H. Premji	December 30, 2004	2 years
Vivek Paul	July 29, 2004	5 years
Dr. Jagdish Sheth	July 17, 2003	Retirement by rotation
Dr. Ashok Ganguly	Annual General Meeting 2005	Retirement by rotation
B. C. Prabhakar	Annual General Meeting 2004	Retirement by rotation
N. Vaghul	Annual General Meeting 2004	Retirement by rotation
Prof. Eisuke Sakakibara	Annual General Meeting 2005	Retirement by rotation
P. M. Sinha	July 17, 2003	Retirement by rotation

Option Grants

There were no option grants to our Chairman and Managing Director in the fiscal years ended March 31, 2002 and 2003. Details of options granted to other senior management executives are reported elsewhere in this Item 6 in the section titled "Executive Compensation."

Option Exercises and Holdings

Our Chairman and Managing Director did not exercise or hold any options during the fiscal year ended March 31, 2003. The details of stock options held and exercised with respect to other senior management executives are reported elsewhere in this Item 6 in the section titled "Share Ownership."

Employment and Indemnification Contracts

Under the Companies Act, our shareholders must approve the salary, bonus and benefits of all employee directors at an Annual General Meeting of Shareholders. Each of our employee directors has signed an agreement containing the terms and conditions of employment, including a monthly salary, performance bonus and benefits including vacation, medical reimbursement and pension fund contributions. These agreements are made for a two year period, three year period and five year period, but either we or the employee director may terminate the agreement upon six months notice to the other party.

WIPRO LIMITED

We have entered into employment agreements with Azim H. Premji, Vivek Paul, Pratik Kumar, Suresh C. Senapaty, Vineet Agrawal, Suresh Vaswani, Sudip Banerjee, Tamal Dasgupta, Dr. A. L. Rao, Girish S. Paranjpe and Ranjan Acharya. These employment agreements provide for up to a 180-day notice period, up to 21 days of leave in addition to statutory holidays, and an annual compensation review. Additionally, employees are required to relocate as we may determine, and to comply with confidentiality provisions.

Our employment agreement with Vivek Paul also provides that if his employment with us is terminated for reasons other than legal, ethical or company policy violations, we will pay a severance payment equal to twenty-four months base salary plus benefits payable for that period. The severance payment is payable in monthly installments consistent with our established payroll policies over a twenty-four month period following the date notice of termination is served. These payments will cease if Vivek Paul obtains new employment within the twenty-four months. Further, upon termination of service for reasons other than legal, ethical or company policy violations, Vivek Paul shall be entitled to continued vesting for a specified number of shares awarded to him under the Wipro Equity Reward Trust. Vivek Paul must exercise his right to receive these shares within three months from the date of his termination.

We also have entered into agreements to indemnify our directors and officers for claims brought under U.S. laws to the fullest extent permitted by Indian law. These agreements, among other things, indemnify our directors and officers for certain expenses, judgments, fines and settlement amounts incurred by any such person in any action or proceeding, including any action by or in the right of Wipro Limited, arising out of such person's services as our director or officer.

Board Committee Information

Audit Committee

Our Audit Committee reviews, acts on and reports to the Board of Directors with respect to various auditing and accounting matters. These matters include the recommendation of our independent auditors, the scope of our annual audits, fees to be paid to the independent auditors, the performance of our independent auditors and our accounting practices. The Audit Committee comprises of the following three non-executive directors :

- | | | |
|--|---|---------------------------------|
| Mr. N. Vaghul | - | Chairman of the Audit Committee |
| Messrs P. M. Sinha and B. C. Prabhakar | - | Members of the Audit Committee. |

Compensation & Benefits Committee

The Compensation and Benefits Committee of the Board of Directors, which was formed in 1987, determines the salaries, benefits and stock option grants for our employees, directors and other individuals compensated by our Company. The Compensation and Benefits Committee also administers our compensation plans. The Compensation & Benefits Committee comprises of the following three non-executive directors;

- | | | |
|--|---|---|
| Mr. N. Vaghul | - | Chairman of the Compensation & Benefits Committee |
| Messrs P. M. Sinha and B. C. Prabhakar | - | Members of the Compensation & Benefits Committee. |

Nomination & Corporate Governance Committee

The Nomination and Corporate Governance Committee of the Board of Directors, which was formed in 2002, develops and recommends to the Board corporate governance guidelines for our Company, implements the policies and processes relating to corporate governance principles, to lay down policies and procedures to assess the requirements for induction of new members on the Board and recommendation for the same. The Nomination and Corporate Governance Committee comprises of the following three non-executive directors:

- | | | |
|--------------------------------------|---|---|
| Mr. Ashok Ganguly | - | Chairman of the Nomination & Corporate Governance Committee |
| Messrs N. Vaghul and B. C. Prabhakar | - | Members of the Nomination & Corporate Governance Committee |

Employees

As of March 31, 2003, we had over 23,300 employees, including over 12,660 IT professionals. Highly trained and motivated people are critical to the success of our business. To achieve this, we focus on attracting and retaining the best people possible. A combination of strong brand name, congenial working environment and competitive compensation programs enables us to attract and retain these talented people.

WIPRO LIMITED

Our human resources department is centralized at our corporate headquarters in Bangalore and functions across all of the business segments. We have implemented corporate-wide recruiting, training, performance evaluation and compensation programs that are tailored to address the needs of each of our business segments.

Recruiting

We hire entry level graduates from both the top engineering and management universities in India as well as more experienced lateral hires from employee referral programs, advertisements, placement consultants, our website postings and walk-ins. To facilitate employee growth within Wipro Limited, all new openings are first offered to our current employees. The nature of work, skill sets requirements and experience levels are highlighted to the employees. Applicants undergo the regular recruitment process and get assigned to their new roles.

Training

Each of our new recruits must attend a two week intensive training program when they begin working with us. New or recent graduates must also attend additional training programs that are tailored to their area of technology. We also have a mandatory continuing education program that requires each IT professional to attend at least 40 hours of continuing education classes to improve their understanding and competency of new technologies, as well as to develop leadership and personal self-development skills. We currently have 53 full-time faculty members to provide these training courses. We supplement our continuing education program for existing employees by sponsoring special programs at leading educational institutions such as IIM Bangalore to provide special skillset training in areas such as project management to any of our IT professionals who choose to enroll. We also reserve a small percentage of these classes for our software programmer clients who meet the eligibility criteria.

Performance Evaluations

Employees receive written performance objectives that they develop in cooperation with their respective managers. They are measured against these criteria annually in a formal review process which includes self-reviews and reviews from peers, managers and subordinates.

Compensation

We continually strive to provide our employees with competitive and innovative compensation packages. Our compensation packages include a combination of salary, stock options, pension, and health and disability insurance. We measure our compensation packages against industry standards and seek to match or exceed them. We adopted an employee stock purchase plan in 1984. We have devised both business segment performance and individual performance linked incentive programs that we believe more accurately link performance to compensation for each employee. For example, we link cash compensation to a business segment's quarterly operating margin objectives.

Share Ownership

The following table sets forth as of March 31, 2003, for each director and executive officer, the total number of equity shares, ADSs and options to purchase equity shares and ADSs exercisable within 60 days from March 31, 2003. Beneficial ownership is determined in accordance with rules of the Securities and Exchange Commission. All information with respect to the beneficial ownership of any principal shareholder has been furnished by such shareholder and, unless otherwise indicated below, we believe that persons named in the table have sole voting and sole investment power with respect to all the shares shown as beneficially owned, subject to community property laws, where applicable.

The shares beneficially owned by the directors include the equity shares owned by their family members to which such directors disclaim beneficial ownership. The number of shares beneficially owned includes equity shares, equity shares underlying ADSs, the number of equity shares and equity shares underlying ADSs exercisable within 60 days from March 31, 2003. The number of shares presented in the table below includes equity shares underlying ADSs and ADS options. For the convenience of the readers, the stock option grant price has been translated into U.S. dollars based on the noon buying rate in the City of New York on March 31, 2003, for cable transfers in Indian rupees as certified for customs purposes by the Federal Reserve Bank of New York which was Rs.47.53 per \$1.00. The share numbers and percentages listed below are based on 232,563,992 equity shares outstanding as of March 31, 2003.

WIPRO LIMITED

Name	Equity Shares Beneficially Owned	Percentage of Equity Shares Beneficially Owned	Equity Shares Underlying Options Granted	Grant Price (\$)	Date of Expiration
Azim H. Premji (1)	195,295,610	83.97	-	-	-
Vivek Paul (2)	242,350	*	13,750	21.86	September 2005
			22,500	51.65	August 2006
			45,000	41.375	October 2006
			75,000	36.4	February 2009
B. C. Prabhakar	500	*	-	-	-
Dr. Jagdish Sheth	-	-	-	-	-
Dr. Ashok Ganguly	-	-	-	-	-
N. Vaghul	-	-	-	-	-
Prof. Eisuke Sakakibara	-	-	-	-	-
P. M. Sinha	-	-	-	-	-
Suresh C. Senapaty	21,100	*	4,400	22.84	September 2005
			6,000	38.98	June 2006
			2,250	41.375	October 2006
			10,000	33.36	February 2009
Pratik Kumar	7,475	*	1,650	22.84	September 2005
			3,750	38.98	June 2006
			1,375	41.375	October 2006
			8,000	33.36	February 2009
Vineet Agrawal (3)	14,320	*	2,200	22.84	September 2005
			3,750	38.98	June 2006
			10,000	33.36	February 2009
Suresh Vaswani (4)	13,525	*	3,850	22.84	September 2005
			4,875	38.98	June 2006
			10,000	33.36	February 2009
Sudip Banerjee	18,125	*	2,475	22.84	September 2005
			4,875	38.98	June 2006
			1,500	41.375	October 2006
			7,200	33.36	February 2009
Girish S. Paranjpe	11,990	*	2,200	22.84	September 2005
			4,875	38.98	June 2006
			1,875	41.375	October 2006
			10,000	33.36	February 2009
Dr. A. L. Rao	25,935	*	2,750	22.84	September 2005
			5,625	38.98	June 2006
			2,250	41.375	October 2006
			6,000	33.36	February 2009
Tamal Dasgupta	2,400	*	2,250	38.98	June 2006
			750	41.375	October 2006
			5,600	33.36	February 2009
Ranjan Acharya	7,525	*	2,475	22.84	September 2005
			3,000	38.98	June 2006
			6,000	33.36	February 2009
P.S. Pai (5)	-	-	-	-	-
D.A. Prasanna (6)	-	-	-	-	-

* Represents less than 1% of the shares.

- (1) Includes 54,376,500 shares held by Hasham Traders (a partnership), of which Mr. Premji is a partner, 54,169,500 shares held by Prazim Traders (a partnership), of which Mr. Premji is a partner, 54,040,800 shares held by Zash Traders (a partnership), of which Mr. Premji is a partner, 6,840,500 shares held by Napean Trading Investment Co. Pvt. Ltd., of which Mr. Premji is a director, 8,965,700 shares held by Regal Investments Trading Co. Pvt. Ltd., of which Mr. Premji is a director, 6,940,100 shares held by Vidya Investment Trading Co. Pvt. Ltd., of which Mr. Premji is a director, 214,400 shares held by members of Mr. Premji's immediate family, 239,100 shares held jointly by Mr. Premji and members of his immediate family and 168,500 shares held by the Azim Premji Foundation (I) Pvt. Ltd. Mr. Premji disclaims beneficial ownership of the 168,500 shares held by the Azim Premji Foundation (I) Pvt. Ltd.
- (2) Includes shares held jointly by Mr. Paul and the WERT, which may be transferred to the sole ownership of the WERT if Mr. Paul's employment is terminated. However, if Mr Paul's employment is terminated for reasons other than legal, ethical or company policy violations, Mr Paul shall be entitled to continued vesting for a specified number of shares awarded to him under the Wipro Equity Reward Trust. Mr Paul must exercise his right to receive these shares within three months from the date of his termination.
- (3) Includes shares held jointly by Mr. Vineet Agrawal's and the WERT, which may be transferred to the sole ownership of the WERT if Mr. Vineet Agrawal's employment is terminated prior to October 2003.
- (4) Includes shares held jointly by Mr. Suresh Vaswani and the WERT, which may be transferred to the sole ownership of the WERT if Mr. Suresh Vaswani's employment is terminated prior to October 2003.
- (5) Retired effective July 31, 2002.
- (6) Resigned effective March 31, 2003.

OPTION PLANS

2000 ADS Option Plan

Our 2000 ADS option plan provides for the grant of two types of options to our employees and directors: incentive stock options, which may provide our employees with beneficial U.S. tax treatment, and non-statutory stock options. The 2000 ADS option plan was approved by our Board of Directors in September 2000 and by our shareholders on April 26, 2000. Unless terminated sooner by the Board, the 2000 ADS option plan will terminate automatically in September 2010. A total of 1,500,000 ADSs, representing 1,500,000 equity shares, are currently reserved for issuance under the 2000 ADS option plan. All options under the 2000 ADS option plan will be exercisable for ADSs. Either our Board of Directors or a committee of our Board of Directors administers the 2000 ADS option plan. The committee has the power to determine the terms of the options granted, including the exercise prices, the number of ADSs subject to each option, the exercisability thereof, and the form of consideration payable upon such exercise. In addition, the committee has the authority to amend, suspend, or terminate the 2000 ADS option plan, provided that no such action may affect any ADS previously issued and sold or any option previously granted under the 2000 ADS option plan.

The 2000 ADS option plan generally does not allow for the transfer of options, and only the optionee may exercise an option during his or her lifetime. An optionee generally must exercise an option within three months of termination of service. If an optionee's termination is due to death or disability, his or her option will fully vest and become exercisable and the option must be exercised within twelve months after such termination. The exercise price of incentive stock options granted under the 2000 ADS option plan must at least equal the fair market value of the ADSs on the date of grant. The exercise price of non-statutory stock options granted under the 2000 ADS option plan must at least equal 90% of the fair market value of the ADSs on the date of grant. The term of options granted under the 2000 ADS option plan may not exceed ten years. The 2000 ADS option plan provides that in the event of our merger with or into another corporation or a sale of substantially all of our assets, the successor corporation shall either assume the outstanding options or grant equivalent options to the holders. If the successor corporation neither assumes the outstanding options nor grants equivalent options, such outstanding options shall vest immediately, and become exercisable in full.

2000 Employee Stock Option Plan

Our 2000 stock plan provides for the grant of stock options to eligible employees and directors. The creation of our 2000 stock plan was approved by our Board of Directors on April 26, 2000, and by our shareholders on July 27, 2000. The 2000 stock plan

WIPRO LIMITED

became effective on September 15, 2000, and unless terminated sooner, the 2000 stock plan will terminate automatically on September 15, 2010. A total of 25,000,000 equity shares are currently reserved for issuance pursuant to the 2000 stock plan. All options under the 2000 stock plan will be exercisable for our equity shares.

Our Compensation and Benefits Committee appointed by our Board of Directors administers the 2000 stock plan. The committee has the power to determine the terms of the options granted, including the exercise price, the number of shares subject to each option, the exercisability thereof, and the form of consideration payable upon such exercise. In addition, the committee has the authority to amend, suspend or terminate the 2000 stock plan, provided that no such action may adversely affect the rights of any optionee under the 2000 stock plan.

The 2000 stock plan generally does not allow for the transfer of options and only the optionee may exercise an option during his or her lifetime. An optionee generally must exercise any vested options, within seven days of termination of service with us. If an optionee's termination is due to death, disability or retirement, his or her option will fully vest and become exercisable. Generally such options must be exercised within six months after termination. The exercise price of stock options granted under the 2000 stock plan will be determined by the committee. The term of options granted under the 2000 stock plan may not exceed six years.

The 2000 stock plan provides that in the event of our merger with or into another corporation or a sale of substantially all of our assets, each option shall be proportionately adjusted to give effect to the merger or asset sale.

1999 Employee Stock Option Plan

Our 1999 stock plan provides for the grant of stock options to eligible employees and directors. The 1999 stock plan was approved by our Board of Directors on April 30, 1999 and by our shareholders on July 29, 1999. Unless terminated sooner, the 1999 stock plan will terminate automatically on July 28, 2009. A total of 5,000,000 equity shares are currently reserved for issuance pursuant to the 1999 stock plan. All options under the 1999 stock plan will be exercisable for our equity shares.

Our Compensation and Benefits Committee appointed by our Board of Directors administers the 1999 stock plan. The committee has the power to determine the terms of the options granted, including the exercise price, the number of shares subject to each option, the exercisability thereof, and the form of consideration payable upon such exercise. In addition, the committee has the authority to amend, suspend or terminate the 1999 stock plan, provided that no such action may adversely affect the rights of any optionee under the 1999 stock plan.

The 1999 stock plan generally does not allow for the transfer of options and only the optionee may exercise an option during his or her lifetime. An optionee generally must exercise any vested options, within seven days of termination of service with us. If an optionee's termination is due to death, disability or retirement, his or her option will fully vest and become exercisable. Generally such options must be exercised within six months after termination. The exercise price of stock options granted under the 1999 stock plan will be determined by the committee. The term of options granted under the 1999 stock plan may not exceed six years.

The 1999 stock plan provides that in the event of our merger with or into another corporation or a sale of substantially all of our assets, each option shall be proportionately adjusted to give effect to the merger or asset sale.

Wipro Equity Reward Trust

We established the Wipro Equity Reward Trust, or WERT, in 1984 to allow our employees to acquire a greater proprietary stake in our success and growth, and to encourage our employees to continue their association with us. The WERT is designed to give eligible employees the right to receive restricted shares and other compensation benefits at the times and on the conditions that we specify. Such compensation benefits include voluntary contributions, loans, interest and dividends on investments in the WERT, and other similar benefits.

The WERT is administered by a board of trustees that generally consists of between two and six members as appointed by us. We select eligible employees to receive grants of shares and other compensation from the WERT and communicate this information to the WERT. We select employees based upon various factors including, without limitation, an employee's performance, period of service and status. The WERT awards the number of shares that each employee is entitled to receive out of the shares we issued to the WERT at its formation. We also determine the time intervals that an employee may elect to receive them. Currently shares issued under the WERT are generally not transferable for a period of five years after the date of issuance to the employee. Shares from the WERT are

WIPRO LIMITED

issued in the joint names of the WERT and the employee until such restrictions and obligations are fulfilled by the employee. After the five year period, complete ownership of the shares is transferred to the employee.

If employment is terminated by death, disability or retirement, his or her restricted shares are transferred to the employee's legal heirs or continue to be held by the employee, as the case may be, and such individuals may exercise any rights to those shares for up to ninety days after employment has ceased.

The Trustees of the WERT have the authority to amend or terminate the WERT at any time and for any reason. The WERT is subject to all applicable laws, rules, regulations and approvals by any governmental agencies as may be required. As of March 31, 2003, the WERT holds 1,347,985 of our outstanding equity shares in its own name and holds 229,755 of our outstanding equity shares jointly in the names of the WERT and participating employees, including 44,375 shares not yet jointly registered in the names of the WERT and participating employees.

Item 7. Major Shareholders and Related Party Transactions

Major Shareholders

The following table sets forth certain information regarding the beneficial ownership of our equity shares as of March 31, 2003, of each person or group known by us to own beneficially 5% or more of the outstanding equity shares.

Beneficial ownership is determined in accordance with rules of the SEC and includes voting and investment power with respect to such shares. Shares subject to options that are currently exercisable or exercisable within 60 days of March 31, 2003 are deemed to be outstanding and to be beneficially owned by the person holding such options for the purpose of computing the percentage ownership of such person, but are not deemed to be outstanding and to be beneficially owned for the purpose of computing the percentage ownership of any other person. All information with respect to the beneficial ownership of any principal shareholder has been furnished by such shareholder and, unless otherwise indicated below, we believe that persons named in the table have sole voting and sole investment power with respect to all the shares shown as beneficially owned, subject to community property laws, where applicable. The number of shares and percentage ownership are based on 232,563,992 equity shares outstanding as of March 31, 2003.

<u>Name of Beneficial Owner</u>	<u>Class of Security</u>	<u>Number of Shares Beneficially Held 2002</u>	<u>% of Class</u>
Azim H. Premji (1)	Equity	195,295,610	83.90
Hasham Traders	Equity	54,376,500	23.38
Prazim Traders	Equity	54,169,500	23.29
Zash Traders	Equity	54,040,800	23.24

- (1) Includes 54,376,500 shares held by Hasham Traders (a partnership), of which Mr. Premji is a partner, 54,169,500 shares held by Prazim Traders (a partnership), of which Mr. Premji is a partner, 54,040,800 shares held by Zash Traders (a partnership), of which Mr. Premji is a partner, 6,840,500 shares held by Napean Trading Investment Co. Pvt. Ltd., of which Mr. Premji is a director, 8,965,700 shares held by Regal Investments Trading Co. Pvt. Ltd., of which Mr. Premji is a director, 6,940,100 shares held by Vidya Investment Trading Co. Pvt. Ltd., of which Mr. Premji is a director, 214,400 shares held by members of Mr. Premji's immediate family, 239,100 shares held jointly by Mr. Premji and members of his immediate family and 168,500 shares held by the Azim Premji Foundation (I) Pvt. Ltd. Mr. Premji disclaims beneficial ownership of the 168,500 shares held by the Azim Premji Foundation (I) Pvt. Ltd.

Our American Depositary Shares are listed on the New York Stock Exchange. Each ADS represents one equity share of par value Rs. 2 per share. Our ADSs are registered pursuant to Section 12(g) of the Securities Exchange Act of 1934 and, as of March 31, 2003, are held by approximately 2,480 holders of record in the United States.

WIPRO LIMITED

Our equity shares can be held by Foreign Institutional Investors, or FIIs, Overseas Corporate Bodies, or OCBs, and Non-resident Indians, or NRIs, who are registered with the Securities and Exchange Board of India, or SEBI, and the Reserve Bank of India, or RBI. Currently 4.86% of the Company's equity shares are held by these FIIs, OCBs and NRIs of which some of them may be residents or bodies corporate registered in the United States of America and elsewhere. We are not aware of which FIIs, OCBs and NRIs hold our equity shares as residents or as corporate entities registered in the United States.

Our major shareholders do not have a differential voting right with respect to their equity shares. To the best of our knowledge, we are not owned or controlled directly or indirectly by any government or by any other corporation. We are not aware of any arrangement, the operation of which may at a subsequent date result in a change in control.

Related Party Transactions

We engaged in no material related party transactions in the fiscal year ended March 31, 2003.

Employment and Indemnification Agreements

We have entered into employment agreements with Azim H. Premji, Vivek Paul, Pratik Kumar, Suresh Senapaty, Suresh Vaswani, Vineet Agrawal, Girish S. Paranjpe, Sudip Banerjee, Tamal Dasgupta, Ranjan Acharya and Dr. A.L. Rao. These employment agreements provide for up to a 180-day notice period, up to 21 days of leave in addition to statutory holidays, and an annual compensation review. Additionally, employees are required to relocate as we may determine, and to comply with confidentiality provisions.

We also have entered into agreements to indemnify our directors and officers for claims brought under U.S. laws to the fullest extent permitted by Indian law. These agreements, among other things, indemnify our directors and officers for certain expenses, judgments, fines and settlement amounts incurred by any such person in any action or proceeding, including any action by or in the right of Wipro Limited, arising out of such person's services as our director or officer.

The tenure of Mr. Azim H. Premji as Chairman and Managing Director of Wipro Limited ended on December 30, 2002. Subject to the approval of the shareholders, the Board of Directors, with Mr. Premji abstaining, re-appointed Mr. Premji as Chairman and Managing Director of Wipro Limited until December 30, 2004. The remuneration payable to Mr. Premji during the period from December 31, 2002 to December 30, 2004 would be the same as that paid to Mr. Premji in the preceding period. Mr. Premji is entitled to a salary of Rs.175,000 (\$3,681) per month. Mr. Premji shall also be entitled to certain perquisites including: housing; medical expense reimbursement; paid vacation; health club fees; personal accident insurance; provident fund/pension; gratuity; personal automobile and chauffeur; and residential telephone.

Item 8. Financial Information

Consolidated Statements and Other Financial Information

The following financial statements and the Auditors' Report appearing under Item 18 in this Annual Report for the fiscal year ended March 31, 2003 are incorporated herein by reference :

- Independent Auditors' Report.
- Consolidated Balance Sheets as of March 31, 2002 and 2003.
- Consolidated Statements of Income for the years ended March 31, 2001, 2002 and 2003.
- Consolidated Statements of Stockholders' Equity and comprehensive income for the years ended March 31, 2001, 2002 and 2003.
- Consolidated Statements of Cash Flows for the years ended March 31, 2001, 2002 and 2003.
- Notes to the Consolidated Financial Statements.

Export Revenue

For the fiscal year ended March 31, 2003, we generated Rs. 30,489 million, or 71% of our total revenues, from the export of our products and services out of India.

Dividends

Although the amount varies, public companies in India typically pay cash dividends. Under Indian law, a corporation pays dividends upon a recommendation by the Board of Directors and approval by a majority of the shareholders, who have the right to decrease but not increase the amount of the dividend recommended by the Board of Directors. Under the Companies Act, dividends may be paid out of profits of a company in the year in which the dividend is declared or out of the undistributed profits of previous fiscal years.

For the years ended March 31, 2001, 2002 and 2003 we paid cash dividends of Rs. 0.30, Rs. 0.50 and Rs. 1 (\$0.02) per equity share, respectively. Although we have no current intention to discontinue dividend payments, we cannot assure you that any future dividends will be declared or paid or that the amount thereof will not be decreased. Holders of ADSs will be entitled to receive dividends payable on equity shares represented by such ADSs. Cash dividends on equity shares represented by ADSs are paid to the Depository in rupees and are generally converted by the Depository into U.S. dollars and distributed, net of depository fees, taxes, if any, and expenses, to the holders of such ADSs.

Significant Changes

None.

Item 9. The Offer and Listing

Price History

Our equity shares are traded on The Stock Exchange, Mumbai or BSE, the Bangalore Stock Exchange, or BGSE, The National Stock Exchange of India Limited, or NSE, The Cochin Stock Exchange Ltd., The Kolkata Stock Exchange Association Ltd., The Stock Exchange-Ahmedabad, The Delhi Stock Exchange Association Ltd., in India, or collectively, the Indian Stock Exchanges. A significant portion of our equity shares are traded on the BSE and the NSE. Our American Depository Shares as evidenced by American Depository Receipts, or ADRs are traded in the U.S. on the New York Stock Exchange, or NYSE, under the ticker symbol "WIT". Each ADS represents one equity share. Our ADSs began trading on the NYSE on October 19, 2000.

As of March 31, 2003, we had 232,563,992 issued and outstanding equity shares. As of March 31, 2003, there were approximately 2,480 record holders of ADRs evidencing 2,686,334 ADSs (equivalent to 2,686,334 equity shares). As of March 31, 2003, there were approximately 56,838 record holders of our equity shares listed and traded on the Indian Stock Exchanges.

The following tables set forth for the periods indicated the price history of our equity shares and ADSs on the BSE, NSE and the NYSE. Stock prices per share have been restated to reflect a 5-for-1 stock split in 1999.

WIPRO LIMITED

Fiscal year ended March 31,	BSE				NSE				NYSE	
	Price Per Equity Share				Price Per Equity Share				Price Per ADS	
	High (Rs.)	Low (Rs.)	High (\$)	Low (\$)	High (Rs.)	Low (Rs.)	High (\$)	Low (\$)	High (\$)	Low (\$)
2003	1,875	1,063	39.45	22.36	1,875	1,063	39.45	22.36	40.28	22.22
2002	1,965	765	41.34	16.10	1,974	759	41.53	15.97	44.00	16.99
2001	5,920	1,295	124.55	27.25	5,924	1,327	124.64	27.92	68.43	31.05
2000	9,800	930	206.19	19.57	10,350	937	217.76	19.71	-	-
1999	871	152	18.33	3.20	880	150	18.51	3.16	-	-

Quarter ended	BSE				NSE				NYSE	
	Price Per Equity Share				Price Per Equity Share				Price Per ADS	
	High (Rs.)	Low (Rs.)	High (\$)	Low (\$)	High (Rs.)	Low (Rs.)	High (\$)	Low (\$)	High (\$)	Low (\$)
June 30, 2002	1,875	1,452	39.45	30.55	1,875	1,453	39.45	30.57	40.28	29.10
September 30, 2002	1,520	1,063	31.98	22.36	1,520	1,063	31.98	22.36	29.94	22.22
December 31, 2002	1,762	1,285	37.07	27.04	1,761	1,285	37.05	27.04	37.00	26.70
March 31, 2003	1,685	1,209	35.45	25.44	1,688	1,210	35.51	25.46	35.99	27.40

Quarter ended	BSE				NSE				NYSE	
	Price Per Equity Share				Price Per Equity Share				Price Per ADS	
	High (Rs.)	Low (Rs.)	High (\$)	Low (\$)	High (Rs.)	Low (Rs.)	High (\$)	Low (\$)	High (\$)	Low (\$)
June 30, 2001	1,806	765	38.00	16.10	1,868	759	39.30	15.97	39.00	18.11
September 30, 2001	1,566	815	32.95	17.15	1,565	802	32.93	16.87	34.80	16.99
December 31, 2001	1,965	841	41.34	17.69	1,974	812	41.53	17.08	42.75	18.75
March 31, 2002	1,890	1,460	39.76	30.72	1,894	1,461	39.85	30.74	44.00	31.00

Six months ended	BSE				NSE				NYSE	
	Price Per Equity Share				Price Per Equity Share				Price Per ADS	
	High (Rs.)	Low (Rs.)	High (\$)	Low (\$)	High (Rs.)	Low (Rs.)	High (\$)	Low (\$)	High (\$)	Low (\$)
November 30, 2002	1,701	1,349	35.79	28.38	1,705	1,348	35.87	28.36	35.79	28.14
December 31, 2002	1,762	1,516	37.07	31.90	1,761	1,518	37.05	31.94	37.00	31.80
January 31, 2003	1,685	1,356	35.45	28.53	1,688	1,356	35.51	28.53	35.99	28.10
February 28, 2003	1,486	1,305	31.26	27.46	1,480	1,348	31.14	28.36	30.70	28.70
March 31, 2003	1,495	1,209	31.45	25.44	1,500	1,295	31.56	27.25	31.50	27.40
April 30, 2003	1,309	825	27.54	17.36	1,307	832	27.50	17.50	30.00	20.50

(1) Source: BSE data obtained from www.bseindia.com and NSE data obtained from www.nse-india.com. NYSE data obtained from www.adrwise.com.

Plan of Distribution

Not applicable.

Markets

Trading Practices and Procedures on the Indian Stock Exchanges

The BSE and NSE together account for more than 80% of the total trading volume on the Indian Stock Exchanges. Trading on both of these exchanges is accomplished through on-line execution. Trading is done on a three-day fixed settlement basis on most of the exchanges, including the BSE and NSE. Any outstanding amount at the end of the settlement period is settled by delivery and payment. However, institutional investors are not permitted to 'net out' their transactions and must trade on a delivery basis.

The BSE permits carry forwards of trades in certain securities by non-institutional investors with an associated charge. In addition, orders can be entered with a specified term of validity that may last until the end of the session, day or settlement period. Dealers must specify whether orders are for a proprietary account or for a client. The BSE specifies certain margin requirements for trades executed on the exchange, including margins based on the volume or quantity of exposure that the broker has on the market, as well as mark-to-market margins payable on a daily basis for all outstanding trades. Trading on the BSE normally takes place from 10:00 a.m. to 3:30 p.m. on all weekdays, except holidays. The NSE does not permit carry forwards of trades. It has separate margin requirements based on the net exposure of the broker on the exchange. The NSE normally trades from 9:30 a.m. until 4:00 p.m. on weekdays, except holidays. The NSE and BSE also have separate online trading systems and separate clearing houses.

The BSE was closed from January 11 through January 13, 1993 due to a riot in Mumbai. It was also closed on March 12, 1993 due to a bomb explosion within its premises. From December 14 through December 23, 1993 the BSE was closed due to a broker's strike, and from March 20 through March 22, 1995, the governing board of the BSE closed the market due to a default of one of the broker members. There have been no closures of the Indian Stock Exchanges in response to "panic" trading or large fluctuations.

Until March 31, 2003, the stock exchanges in India operated on a trading day plus three, or T+3, rolling settlement system. At the end of the T+3 period, obligations settled with buyers of securities paying for and receiving securities, while sellers transfer and receive payment for securities. For example, trades executed on a Monday would typically be settled on a Thursday. As of April 1, 2003, the stock exchanges in India now operate on a trading day plus two, or T+2 rolling settlement system. The Securities and Exchange Board of India, or SEBI, has proposed to move to a T+1 settlement system in the future.

In order to contain the risk arising out of the transactions entered into by the members in various securities either on their own account or on behalf of their clients, the largest exchanges have designed risk management procedures, which include compulsory prescribed margins on the individual broker members, based on their outstanding exposure in the market, as well as stock specific margins from the members. There are generally no restrictions on price movements of any security on any given day. In order to restrict abnormal price volatility, the SEBI has instructed the stock exchanges to apply the following price bands, calculated at the previous day's closing price.

Market Wide Circuit Breakers: Market wide circuit breakers are applied to the market for movement by 10%, 15% and 20% for two prescribed market indices; the Sensex for the BSE and the Nifty for the NSE. If any of these circuit breaker thresholds are reached, trading on all equity and equity derivatives markets nationwide is halted.

Price Bands: Price bands are circuit filters of 20% movements either up or down, and are applied to most securities traded in the markets, excluding securities included in the BSE Sensex and the NSE Nifty indices and derivatives products.

Depositories

The National Securities Depository Limited and Central Depository Services (India) Limited are the two depositories that provide electronic depository facilities for trading in equity and debt securities in India. The SEBI has also provided that the issue and allotment of shares in initial public offerings shall only be in electronic form.

Item 10. Additional Information

Share Capital

Not applicable.

Memorandum and Articles of Association

Set forth below is a brief summary of the material provisions of our Articles of Association and the Companies Act, all as currently in effect. Wipro Limited is registered under the Companies Act, with the Registrar of Companies, Karnataka, Bangalore, India with Company No. 20800. The following description of our Articles of Association does not purport to be complete and is qualified in its entirety by the Articles of Association, and Memorandum of Association, of Wipro Limited that are included as exhibits to our registration statement on Form F-1 filed with the Securities and Exchange Commission on September 26, 2000.

Our Articles of Association provide that the minimum number of directors shall be four and the maximum number of directors shall be twelve. Currently, we have eight directors. Our Articles of Association provide that at least two-thirds of our directors shall be subject to retirement by rotation. One third of these directors must retire from office at each annual general meeting of the shareholders. A retiring director is eligible for re-election. Up to one-third of our directors can be appointed as permanent directors. Currently, Azim H. Premji and Vivek Paul are non-retiring directors. Our Articles of Association do not mandate the retirement of our directors under an age limit requirement. Our Articles of Association do not require our Board members to be shareholders in our Company.

Our Articles of Association provide that any director who has a personal interest in a transaction must disclose such interest, must abstain from voting on such transaction and may not be counted for purposes of determining whether a quorum is present at the meeting. Such director's interest in any such transaction shall be reported at the next meeting of shareholders. The remuneration payable to our directors may be fixed by the Board of Directors in accordance with provisions prescribed by the Government of India.

Objects and Purposes of Our Memorandum of Association

The following is a summary of our Objects as set forth in Section 3 of our Memorandum of Association :

- To purchase or otherwise acquire and take over any lands.
- To carry on the business of extracting vegetable oil.
- To manufacture and deal in hydrogenated vegetable oil.
- To carry on business as manufacturers, sellers, buyers, exporters, importers, and dealers of fluid power products.
- To carry on business as mechanical engineers, tool makers, brass and metal founders, mill-makers, mill-wrighters, machinists, metallurgists.
- To carry on the trade or business of manufacturing and distributing chemical, synthetic and organic products.
- To carry on business as manufacturers, exporters, sellers, dealers and buyers in all types and kinds of goods, articles and things.
- To carry on business in India and elsewhere as manufacturer, assembler, designer, builder, seller, buyer, exporter, importer, factors, agents, hirers and dealers of computer hardware and software and any related aspects thereof.
- To carry on research and development activities on all aspects related to products business and objects of our Company.
- To construct, equip and maintain mills, factories, warehouses, godowns, jetties and wharves any other conveniences or erection suitable for any of the purpose of our Company.

WIPRO LIMITED

- To carry on all or any of the business of soap and candle makers, tallow merchants, chemists, druggists, dry salters, oil-merchants, manufacturers of dyes, paints, chemicals and explosives and manufacturers of and dealers in pharmaceutical, chemical, medicinal and other preparations or compounds, perfumery and proprietary articles and photographic materials and derivatives and other similar articles of every description.
- To carry on any other trade or business whatsoever as can in the opinion of us be advantageously or conveniently carried on by us.
- To carry on the business of metal working and manufacturing.
- To acquire and take over the whole or any part of the business, property and liabilities of any person or persons, firm or corporation carrying on any business which we are authorized to carry on or possessed of any property or rights suitable for our purposes.
- To manufacture or otherwise acquire and deal in containers and packing materials of any kind.
- To apply for, purchase or otherwise acquire any patents, brevets d'invention, licenses, concessions and the like conferring an exclusive or non-exclusive or limited right to use, any secret or other information as to any invention.
- To purchase or otherwise acquire, manufacture, and deal in all raw materials, stores, stock-in-trade, goods, chattels and effects.
- To enter into any partnership or any arrangement for sharing profits, union of interests, joint ventures, reciprocal concession or otherwise.
- To purchase or otherwise acquire all or any part of the business, property and liabilities of any person, company, society, or all or any of the purposes within the objects of our Company.
- To enter into any arrangement with any government or authorities.
- To provide for the welfare of person in the employment of our Company, or formerly engaged in any business acquired by our Company and the wives, widows, families or dependants of such persons.
- To undertake, carry out, promote and sponsor rural development including any program for promoting the social and economic welfare or uplift of the public in any rural area.
- To undertake, carry out, promote and sponsor or assist any activity for the promotion and growth of the national economy and for discharging what the directors may consider to be the social and moral responsibilities of our Company to the public or any section of the public.
- From time to time to subscribe or contribute to any charitable, benevolent or useful object of a public nature.

Description of Equity Shares

Dividends

Under the Companies Act, unless our Board of Directors recommends the payment of a dividend, we may not declare a dividend. Similarly, under our Articles of Association, although the shareholders may, at the annual general meeting, approve a dividend in an amount less than that recommended by the Board of Directors, they cannot increase the amount of the dividend. In India, dividends generally are declared as a percentage of the par value of a company's equity shares. The dividend recommended by the Board, if any, and subject to the limitations described above, is distributed and paid to shareholders in proportion to the paid up value of their shares within 30 days of the approval by the shareholders at the Annual General Meeting. Pursuant to our Articles of Association, our Board of Directors has discretion to declare and pay interim dividends without shareholder approval. With respect to equity shares issued during a particular fiscal year, including any equity shares underlying ADSs issued to the Depository or in the future, unless otherwise determined by shareholders, cash dividends declared and paid for such fiscal year generally will be prorated from the date of issuance to the end of such fiscal year. Under the Companies Act, dividends can only be paid in cash to the registered shareholder at a record date fixed on or prior to the annual general meeting or to his order or his banker's order.

WIPRO LIMITED

The Companies Act provides that any dividends that remain unpaid or unclaimed after the 30-day period are to be transferred to a special bank account. We transfer any dividends that remain unclaimed for seven years from the date of the transfer to a fund created by the Indian Government. After the transfer to this fund, such unclaimed dividends may be claimed only from the fund.

Under the Companies Act, dividends may be paid out of profits of a company in the year in which the dividend is declared or out of the undistributed profits of previous fiscal years. Before declaring a dividend greater than 10% of the par value of its equity shares, a company is required under the Companies Act to transfer to its reserves a minimum percentage of its profits for that year, ranging from 2.5% to 10% depending upon the dividend percentage to be declared in such year.

The Companies Act further provides that, in the event of an inadequacy or absence of profits in any year, a dividend may be declared for such year out of the company's accumulated profits, subject to the following conditions :

- the rate of dividend to be declared may not exceed 10% of its paid up capital or the average of the rate at which dividends were declared by the company in the prior five years, whichever is less;
- the total amount to be drawn from the accumulated profits earned in the previous years and transferred to the reserves may not exceed an amount equivalent to 10% of its paid up capital and free reserves, and the amount so drawn is to be used first to set off the losses incurred in the fiscal year before any dividends in respect of preference or equity shares are declared; and
- the balance of reserves after withdrawals shall not fall below 15% of its paid up capital.

We are subject to taxation for each dividend declared, distributed or paid for a relevant period by our Company.

Bonus Shares

In addition to permitting dividends to be paid out of current or retained earnings as described above, the Companies Act permits a company to distribute an amount transferred from the general reserve or surplus in the company's profit and loss account to its shareholders in the form of bonus shares (similar to a stock dividend). The Companies Act also permits the issuance of bonus shares from a share premium account. Bonus shares are distributed to shareholders in the proportion recommended by the Board of Directors. Shareholders of record on a fixed record date are entitled to receive such bonus shares.

Consolidation and Subdivision of Shares

The Indian Companies Act permits a company to split or combine the par value of its shares, provided such split or combination is not made in fractions. Shareholders of record on a fixed record date are entitled to receive the split or combination.

Audit and Annual Report

At least 21 days before the Annual General Meeting of shareholders, a company must distribute a detailed version of the company's audited balance sheet and profit and loss account and the reports of the Board of Directors and the auditors thereon. Under the Companies Act, a company must file the balance sheet and annual profit and loss account presented to the shareholders within 30 days of the conclusion of the Annual General Meeting with the Registrar of Companies.

A company must also file an annual return containing a list of the company's shareholders and other company information, within 60 days of the conclusion of the meeting.

Preemptive Rights and Issue of Additional Shares

The Companies Act gives shareholders the right to subscribe for new shares in proportion to their respective existing shareholdings unless otherwise determined by a special resolution passed by a General Meeting of the shareholders. Under the Companies Act, in the event of an issuance of securities, subject to the limitations set forth above, a company must first offer the new shares to the shareholders on a fixed record date. The offer must include: (i) the right, exercisable by the shareholders of record, to renounce the shares offered in favor of any other person; and (ii) the number of shares offered and the period of the offer, which may not be less than 15 days from the date of offer. If the offer is not accepted it is deemed to have been declined. The Board of Directors is authorized under the Companies Act to distribute any new shares not purchased by the preemptive rights holders in the manner that it deems most beneficial to the Company.

Voting Rights

At any General Meeting, voting is by show of hands unless a poll is demanded by a shareholder or shareholders present in person or by proxy holding at least 10% of the total shares entitled to vote on the resolution or by those holding shares with an aggregate paid up capital of at least Rs.50,000. Upon a show of hands, every shareholder entitled to vote and present in person has one vote and, on a poll, every shareholder entitled to vote and present in person or by proxy has voting rights in proportion to the paid up capital held by such shareholders. The Chairman of the Board has a deciding vote in the case of any tie. Any shareholder of the company may appoint a proxy. The instrument appointing a proxy must be delivered to the company at least 48 hours prior to the meeting. A proxy may not vote except on a poll. A corporate shareholder may appoint an authorized representative who can vote on behalf of the shareholder, both upon a show of hands and upon a poll.

Ordinary resolutions may be passed by simple majority of those present and voting at any General Meeting for which the required period of notice has been given. However, certain resolutions such as amendments of the Articles and the Memorandum of Association, commencement of a new line of business, the waiver of preemptive rights for the issuance of any new shares and a reduction of share capital, require that votes cast in favor of the resolution (whether by show of hands or poll) are not less than three times the number of votes, if any, cast against the resolution. As per the Companies Act, not less than two-third of the directors of a public company shall retire by rotation and be appointed by the shareholders in the general meeting.

Liquidation Rights

Subject to the rights of creditors, employees and the holders of any shares entitled by their terms to preferential repayment over the equity shares, if any, in the event of our winding-up the holders of the equity shares are entitled to be repaid the amounts of paid up capital or credited as paid up on those equity shares. All surplus assets after payments to the holders of any preference shares at the commencement of the winding-up shall be paid to holders of equity shares in proportion to their shareholdings.

Preference Shares

Preference shares have preferential dividend and liquidation rights. Preference shares may be redeemed if they are fully paid, and only out of our profits, or out of the proceeds of the sale of shares issued for purposes of such redemption. Holders of preference shares do not have the right to vote at shareholder meetings, except on resolutions which directly affect the rights of their preference shares. However, holders of cumulative preference shares have the right to vote on every resolution at any meeting of the shareholders if the dividends due on the preference shares have not been paid, in whole or in part, for a period of at least two years prior to the date of the meeting. Currently, there are no preference shares issued and outstanding.

Redemption of Equity Shares

Under the Companies Act, unlike preference shares, equity shares are not redeemable.

Liability on Calls

Not applicable.

Discriminatory Provisions in Articles

There are no provisions in the Articles of Association discriminating against any existing or prospective holder of such securities as a result of such shareholder owning a substantial number of shares.

Alteration of Shareholder Rights

Under the Companies Act, the rights of any class of shareholders can be altered or varied with the consent in writing of the holder of not less than three-fourths of the issued shares of that class or with the sanction of a special resolution passed at a separate meeting of the holders of the issued shares of that class if the provisions with respect to such variation is contained in the memorandum or articles of the company, or in the absence of any such provision in the memorandum or articles, if such variation is not prohibited by the terms of issue of the shares of that class.

Under the Companies Act, the Articles may be altered only by way of a special resolution.

Meetings of Shareholders

We must convene an annual general meeting of shareholders within six months after the end of each fiscal year and may convene an extraordinary general meeting of shareholders when necessary or at the request of a shareholder or shareholders holding at least 10% of our paid up capital carrying voting rights. The annual general meeting of the shareholders is generally convened by our Secretary pursuant to a resolution of the Board of Directors. Written notice setting out the agenda of the meeting must be given at least 21 days, excluding the days of mailing and date of the meeting, prior to the date of the general meeting to the shareholders of record. Shareholders who are registered as shareholders on the date of the general meeting are entitled to attend or vote at such meeting. The annual general meeting of shareholders must be held at our registered office or at such other place within the city in which the registered office is located; meetings other than the annual general meeting may be held at any other place if so determined by the Board of Directors. Our Articles of Association provide that a quorum for a general meeting is the presence of at least five shareholders in person.

Additionally, shareholder consent for certain items or special business is required to be obtained by a postal ballot. In order to obtain the shareholders' consent, our Board of Directors appoint a scrutinizer, who is not in our employment, who, in the opinion of the Board, can conduct the postal ballot voting process in a fair and transparent manner in accordance with the provisions of Companies (Passing of the Resolution by Postal Ballot) Rules, 2001.

Limitations on the Rights to Own Securities

The limitations on the rights to own securities, including the rights of non-resident or foreign shareholders to hold the securities imposed by Indian law are discussed in Item 10 of this Annual Report, under the section titled "Currency Exchange Controls" and is incorporated herein by reference.

Voting Rights of Deposited Equity Shares Represented by ADSs

Under Indian law, voting of the equity shares is by show of hands unless a poll is demanded by a member or members present in person or by proxy holding at least one-tenth of the total shares entitled to vote on the resolution or by those holding an aggregate paid up capital of at least Rs. 50,000. A proxy may not vote except on a poll.

As soon as practicable after receipt of notice of any meetings or solicitation of consents or proxies of holders of shares or other deposited securities, our Depository shall fix a record date for determining the holders entitled to give instructions for the exercise of voting rights. The Depository shall then mail to the holders of ADSs a notice stating (a) such information as is contained in such notice of meeting and any solicitation materials, (b) that each holder on the record date set by the Depository therefore will be entitled to instruct the Depository as to the exercise of the voting rights, if any pertaining to the deposited securities represented by the ADSs evidenced by such holders ADRs and (c) the manner in which such instruction may be given, including instructions to give discretionary proxy to a person designated by us.

On receipt of the aforesaid notice from the Depository, our ADS holders may instruct the Depository on how to exercise the voting rights for the shares that underlie their ADSs. For such instructions to be valid, the Depository must receive them on or before a specified date.

The Depository will try, as far as is practical, and subject to the provisions of Indian law and our Memorandum of Association and our Articles of Association, to vote or to have its agents vote the shares or other deposited securities as per our ADS holders' instructions. The Depository will only vote or attempt to vote as per an ADS holder's instructions. The Depository will not itself exercise any voting discretion.

Neither the Depository nor its agents are responsible for any failure to carry out any voting instructions, for the manner in which any vote is cast, or for the effect of any vote. There is no guarantee that our shareholders will receive voting materials in time to instruct the Depository to vote and it is possible that ADS holders, or persons who hold their ADSs through brokers, dealers or other third parties, will not have the opportunity to exercise a right to vote.

Register of Shareholders; Record Dates; Transfer of Shares

We maintain a register of shareholders. For the purpose of determining the shares entitled to annual dividends, the register is closed for a specified period prior to the annual general meeting. The date on which this period begins is the record date. To determine

which shareholders are entitled to specified shareholder rights, we may close the register of shareholders. The Companies Act requires us to give at least seven days' prior notice to the public before such closure. We may not close the register of shareholders for more than thirty consecutive days, and in no event for more than forty-five days in a year. Trading of our equity shares, however, may continue while the register of shareholders is closed.

Following the introduction of the Depositories Act, 1996, and the repeal of Section 22A of the Securities Contracts (Regulation) Act, 1956, which enabled companies to refuse to register transfers of shares in some circumstances, the equity shares of a public company are freely transferable, subject only to the provisions of Section 111A of the Companies Act. Since we are a public company, the provisions of Section 111A will apply to us. Our AOA currently contain provisions which give our directors discretion to refuse to register a transfer of shares in some circumstances. Furthermore, in accordance with the provisions of Section 111A(2) of the Companies Act, our directors may refuse to register a transfer of shares if they have sufficient cause to do so. If our directors refuse to register a transfer of shares, the shareholder wishing to transfer his, her or its shares may file a civil suit or an appeal with the National Company Law Tribunal.

Pursuant to Section 111A(3), if a transfer of shares contravenes any of the provisions of the Indian Securities and Exchange Board of India Act, 1992 or the regulations issued thereunder or the Indian Sick Industrial Companies (Special Provisions) Act, 1985 or any other Indian laws, the National Company Law Tribunal may, on application made by the company, a depository incorporated in India, an investor, the Securities and Exchange Board of India or other parties, direct the rectification of the register of records. The National Company Law Tribunal may, in its discretion, issue an interim order suspending the voting rights attached to the relevant shares before making or completing its investigation into the alleged contravention. Notwithstanding such investigation, the rights of a shareholder to transfer the shares will not be restricted.

Under the Companies Act, unless the shares of a company are held in a dematerialized form, a transfer of shares is effected by an instrument of transfer in the form prescribed by the Companies Act and the rules thereunder together with delivery of the share certificates. Our transfer agent for our equity shares is Karvy Consultants Limited located in Bangalore, Karnataka, India.

Company Acquisition of Equity Shares

Under the Companies Act, approval of at least 75% of a company's shareholders voting on the matter and approval of the National Company Law Tribunal of the state in which the registered office of the company is situated is required to reduce a company's share capital. A company may, under some circumstances, acquire its own equity shares without seeking the approval of the National Company Law Tribunal. However, a company would have to extinguish the shares it has so acquired within the prescribed time period. A company is not permitted to acquire its own shares for treasury operations.

An acquisition by a company of its own shares that does not rely on an approval of the National Company Law Tribunal must comply with prescribed rules, regulations and conditions of the Companies Act. In addition, public companies which are listed on a recognized stock exchange in India must comply with the provisions of the Securities and Exchange Board of India (Buy-back of Securities) Regulations, 1998, or Buy-back Regulations. Since we are a public company listed on several recognized stock exchanges in India, we would have to comply with the relevant provisions of the Companies Act and the provisions of the Buy-back Regulations.

Disclosure of Ownership Interest

Section 187C of the Indian Companies Act requires beneficial owners of shares of Indian companies who are not holders of record to declare to the company details of the beneficial owner. Any person who fails to make the required declaration within 30 days may be liable for a fine of up to Rs. 1,000 for each day the declaration is not made. Any lien, promissory note or other collateral agreement created, executed or entered into with respect to any share by the registered owner thereof, or any hypothecation by the registered owner of any share, pursuant to which a declaration is required to be made under Section 187C, shall not be enforceable by the beneficial owner or any person claiming through the beneficial owner if such declaration is not made. Failure to comply with Section 187C will not affect the obligation of the company to register a transfer of shares or to pay any dividends to the registered holder of any shares pursuant to which such declaration has not been made. While it is unclear under Indian law whether Section 187C applies to holders of ADSs of the company, investors who exchange ADSs for the underlying Equity Shares of the Company will be subject to the restrictions of Section 187C. Additionally, holders of ADSs may be required to comply with such notification and disclosure obligations pursuant to the provisions of the Deposit Agreement to be entered into by such holders, the company and a depository.

Provisions on Changes in Capital

Our authorized capital can be altered by an ordinary resolution of the shareholders in a General Meeting. The additional issue of shares is subject to the preemptive rights of the shareholders and provisions governing the issue of additional shares are discussed in item 10 of this Annual Report. In addition a company may increase its share capital, consolidate its share capital into shares of larger face value than its existing shares or sub-divide its shares by reducing their par value, subject to an ordinary resolution of the shareholders in a General Meeting.

Takeover Code and Listing Agreements

Under the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, or Takeover Code, upon the acquisition of more than 5% or 10% or 14% of the outstanding shares or voting rights of a publicly-listed Indian company a purchaser is required to notify the company and the company and the purchaser are required to notify all the stock exchanges on which the shares of such company are listed. Further, the Takeover Code requires that any person holding more than 15% and less than 75% of the shares or voting rights in a company, upon the sale or purchase of 2% or more of the shares or voting rights of the company, is required to notify the company and all the stock exchanges where the shares are listed. An ADS holder would be subject to these notification requirements.

Upon the acquisition of 15% or more of such shares or voting rights, or a change in control of the company, the purchaser is required to make an open offer to the other shareholders, offering to purchase at least 20% of all the outstanding shares of the company at a minimum offer price as determined pursuant to the Takeover Code. Since we are a listed company in India, the provisions of the Takeover Code will apply to us. However, the Takeover Code provides for a specific exemption from this provision to an ADS holder and states that this provision will apply to an ADS holder only once he or she converts the ADSs into the underlying equity shares.

An acquirer is required to disclose the aggregate of the pre and post acquisition of shareholding and voting rights of the acquirer to the target company when such acquisition aggregates to 5% and 10% of the voting rights. The creeping acquisition limits provided under SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 have been changed to 5% with effect from October 1, 2002 in any fiscal year.

We have entered into listing agreements with each of the Indian Stock Exchanges on which our equity shares are listed. Each of the listing agreements provides that if a purchase of a listed company's shares results in the purchaser and its affiliates holding more than 5% of the company's outstanding equity shares or voting rights, the purchaser and the company must report its holding to the company and the relevant stock exchange(s). The agreements also provide that if an acquisition results in the purchaser and its affiliates holding equity shares representing more than 15% of the voting rights in the company, then the purchaser must, before acquiring such equity shares, make an offer on a uniform basis to all remaining shareholders of the company to acquire equity shares that have at least an additional 20% of the voting rights of the total equity shares of the company at a prescribed price.

Although the provisions of the listing agreements entered into between us and the Indian Stock Exchanges on which our equity shares are listed will not apply to equity shares represented by ADSs, holders of ADSs may be required to comply with such notification and disclosure obligations pursuant to the provisions of the Deposit Agreement to be entered into by such holders, our company and a depository.

Material Contracts

Not applicable.

Currency Exchange Controls

Foreign investment in Indian securities is governed by the Foreign Exchange Management Act, 1999. The Foreign Direct Investment Scheme under the Reserve Bank's Automatic Route enables Indian Companies (other than those specifically excluded in the scheme) to issue shares to persons resident outside India without prior permission from the RBI, subject to certain conditions. General permission has been granted for the transfer of shares and convertible debentures by a person resident outside India as follows: (i) for transfers of shares or convertible debentures held by a person resident outside India other than NRI or overseas corporate bodies, or OCBs, to any person resident outside India, provided that the transferee has obtained permission of the Central Government if that

WIPRO LIMITED

person had any previous venture or tie up in India through investment in any manner or a technical collaboration or trademark agreement in the same field or allied field in which the Indian company whose shares are being transferred is engaged, and (ii) NRI or OCB are permitted to transfer shares or convertible debentures of Indian company to other NRI or OCB.

A person resident outside India may transfer securities of an Indian company to a person resident in India by way of gift. However where such transfer is not by way of gift, prior approval of the RBI is necessary. For transfer of existing shares or convertible debentures of an Indian company by a resident to a non resident by way of sale the transferor should obtain an approval of Central Government and thereafter make an application to RBI for permission. In such cases the RBI may permit the transfer subject to such terms and conditions including the price at which the sale may be made.

General

Shares of Indian companies represented by ADSs may be approved for issuance to foreign investors by the Government of India under the Issue of Foreign Currency Convertible Bonds and Equity Shares (through Depository Receipt Mechanism) Scheme, 1993, or the 1993 Regulation, as modified from time to time, promulgated by the Government of India. The 1993 Regulation is distinct from other policies or facilities, as described below, relating to investments in Indian companies by foreign investors. The issuance of ADSs pursuant to the 1993 Regulation also affords to holders of the ADSs the benefits of Section 115AC of the Indian Income Tax Act, 1961 for purposes of the application of Indian tax law.

The Reserve Bank of India or RBI, has issued a notification directing that Indian companies may utilize up-to 100 percent of proceeds realized from the sale of ADSs for overseas investments.

In February 2002, the RBI issued a circular stating that the terms of Regulation 4A of the Reserve Bank of India Notification FEMA 20/2000-RB dated May 3, 2000, as amended by Notification No. FEMA 41/2001-RB dated March 2, 2001, allow a registered broker to purchase shares of an Indian company on behalf of a person resident outside of India for the purpose of converting those shares into ADSs/GDSs. However, such conversion is subject to compliance with the provisions of the Issue of Foreign Currency Convertible Bonds and Ordinary Shares (Through Depository Receipt Mechanism) Scheme 1993 and the periodic guidelines issued by the Central Government. This would mean that ADSs converted into Indian shares may be converted back into ADSs, subject to the limits of sectoral caps.

The Operative Guidelines for the limited two-way fungibility under the “Issue of Foreign Currency Convertible Bonds and Ordinary Shares (Through Depository Receipt Mechanism) Scheme 1993 has also been approved by the Government of India.

These guidelines provide that a re-issuance of ADSs/GDSs are permitted to the extent of ADSs/GDSs, have been redeemed for underlying shares and sold in the domestic market. The re-issuance must be within the specified limits. The conditions to be satisfied in this regard are: (i) the shares are purchased on a recognized stock exchange; (ii) the Indian company has issued ADS/GDS, (iii) the shares are purchased with the permission of the custodian of the ADSs/GDSs of the Indian company and are deposited with the custodian; and (iv) the number of shares so purchased shall not exceed the number of ADSs/GDSs converted into underlying shares.

Procedure for conversion of shares into ADSs/GDSs is as follows: (i) on request by the overseas investor for the acquisition of shares for re-issuance of ADSs/GDSs, the SEBI registered broker will purchase shares from a stock exchange after verifying with the custodian as to the availability of “Head Room” (i.e. the number of ADSs/GDSs originally issued minus number of ADSs/GDSs outstanding further adjusted for ADSs/GDSs redeemed into underlying shares and registered in the name of the non- resident investor(s)); (ii) an Indian broker purchases the shares in the name of the overseas depository; (iii) After the purchase, the Indian broker places the domestic shares with the Custodian; (iv) Custodian advises the overseas depository on the custody of domestic shares and to issue corresponding ADSs/GDSs to the Investor; and (v) the overseas depository issues ADSs/GDSs to the Investor.

Foreign Direct Investment

In July 1991, the Government of India raised the limit on foreign equity holdings in Indian companies from 40% to 51% in certain high priority industries. The RBI gives automatic approval for such foreign equity holdings. The Foreign Investment Promotion Board, or FIPB, currently under the Ministry of Industry, was thereafter formed to negotiate with large foreign companies wishing to make long-term investments in India. Foreign equity participation in excess of 51% in such high priority industries or in any other industries up to Rs. six billion is currently allowed only with the approval of the FIPB. Proposals in excess of Rs. six billion require the approval of the Cabinet Committee on Foreign Investment. Proposals involving the public sector and other sensitive areas require

WIPRO LIMITED

the approval of Cabinet Committee on Economic Affairs. These facilities are designed for direct foreign investments by non-residents of India who are not NRIs, OCBs or FIIs (as each term is defined below), or foreign direct investors. The Department of Industrial Policy and Promotion, a part of the Ministry of Industry, issued detailed guidelines in January 1998 for consideration of foreign direct investment proposals by the FIPB, or the Guidelines. Under the Guidelines, sector specific guidelines for foreign direct investment and the levels of permitted equity participation have been established. In March 2000, the RBI issued a notification that foreign ownership of up to 50%, 51%, 74% or 100%, depending on the category of industry, would be allowed without prior permission of the RBI. The issues to be considered by the FIPB, and the FIPB's areas of priority in granting approvals are also set out in the Guidelines. The basic objective of the Guidelines is to improve the transparency and objectivity of the FIPB's consideration of proposals. However, because the Guidelines are administrative guidelines and have not been codified as either law or regulations, they are not legally binding with respect to any recommendation made by the FIPB or with respect to any decision taken by the Government of India in cases involving foreign direct investment.

In May 1994, the Government of India announced that purchases by foreign investors of ADSs as evidenced by ADRs and foreign currency convertible bonds of Indian companies will be treated as direct foreign investment in the equity issued by Indian companies for such offerings. Therefore, offerings that involve the issuance of equity that results in Foreign Direct Investors holding more than the stipulated percentage of direct foreign investments (which depends on the category of industry) would require approval from the FIPB. In addition, in connection with offerings of any such securities to foreign investors, approval of the FIPB is required for Indian companies whether or not the stipulated percentage limit would be reached, if the proceeds therefrom are to be used for investment in non-high priority industries.

In July 1998, the Government of India issued guidelines to the effect that foreign investment in preferred shares will be considered as part of the share capital of a company and will be processed through the automatic RBI route or will require the approval of the FIPB, as the case may be. Investments in preferred shares are included as foreign direct investment for the purposes of sectoral caps on foreign equity, if such preferred shares carry a conversion option. If the preferred shares are structured without a conversion option, they would fall outside the foreign direct investment limit but would be treated as debt and would be subject to special Government of India guidelines and approvals.

Investment by Non-Resident Indians and Overseas Corporate Bodies

A variety of special facilities for making investments in shares of Indian companies is available to individuals of Indian nationality or origin residing outside India, or NRIs, and to overseas corporate bodies, or OCBs. These facilities permit NRIs and OCBs to make portfolio investments in shares and other securities of Indian companies on a basis that is not generally available to other foreign investors. These facilities are different and distinct from investments by Foreign Direct Investors described above. Indian companies are now allowed, without prior Government of India approval, to invest in joint ventures or wholly-owned subsidiaries outside India. The amount invested may not exceed \$100 million or its equivalent in a financial year.

Investment by Foreign Institutional Investors

In September 1992, the Government of India issued guidelines which enable foreign institutional investors or FIIs, including institutions such as pension funds, investment trusts, asset management companies, nominee companies and incorporated/institutional portfolio managers, to invest in all the securities traded on the primary and secondary markets in India. Under the guidelines, FIIs are required to obtain an initial registration from the SEBI and a general permission from the RBI to engage in transactions regulated under FERA. FIIs must also comply with the provisions of the SEBI Foreign Institutional Investors Regulations, 1995. When it receives the initial registration, the FII also obtains general permission from the RBI to engage in transactions regulated under FERA. Together, the initial registration and the RBI's general permission enable the registered FII to: buy (subject to the ownership restrictions discussed below) and sell freely tradable securities issued by Indian companies; realize capital gains on investments made through the initial amount invested in India; subscribe or renounce rights offerings for shares; appoint a domestic custodian for custody of investments held; and repatriate the capital, capital gains, dividends, income received by way of interest and any other compensation received towards the sale or renunciation of rights offerings of shares.

Ownership Restrictions

SEBI and RBI regulations restrict investments in Indian companies by FIIs, NRIs and OCBs or collectively, Foreign Direct Investors. Under current SEBI regulations applicable to Wipro Limited, subject to the requisite approvals of the shareholders in a

WIPRO LIMITED

General Meeting, Foreign Direct Investors in aggregate may hold no more than 49% of a company's equity shares, excluding the equity shares underlying the ADSs. However, under Vide Notification No. FEMA.45/2001-RB dated September 20, 2001 under Foreign Exchange Management (Transfer or Issue of Security by a person resident outside India Regulations, 2001, the limit of FII investment in a company has been linked to sectoral caps/statutory ceiling as applicable to the concerned industry subject to obtaining the approval of the shareholders by a special resolution. NRIs and OCBs in aggregate may hold no more than 24% of a company's equity shares, (subject to obtaining the approval of the shareholders by a special resolution) excluding the equity shares underlying the ADSs. Furthermore, SEBI regulations provide that no single FII may hold more than 10% of a company's total equity shares and no single NRI or OCB may hold more than 5% of a company's total equity shares. There is uncertainty under Indian law about the tax regime applicable to FIIs which hold and trade ADSs. FIIs are urged to consult with their Indian legal and tax advisers about the relationship between the FII guidelines and the ADSs and any equity shares withdrawn upon surrender of ADSs.

More detailed provisions relating to FII investment have been introduced by the SEBI with the introduction of the SEBI Foreign Institutional Investors Regulations, 1995. These provisions relate to the registration of FIIs, their general obligations and responsibilities, and certain investment conditions and restrictions. One such restriction is that the total investment in equity and equity-related instruments should not be less than 70% of the aggregate of all investments of an FII in India. The SEBI has also permitted private placements of shares by listed companies with FIIs, subject to the prior approval of the RBI under FERA. Such private placement must be made at the average of the weekly highs and lows of the closing price over the preceding six months or the preceding two weeks, whichever is higher. Under the Securities and Exchange Board of India (Substantial Acquisition of shares and Takeovers) Regulations, 1998 approved by the SEBI in January 1998 and promulgated by the Government of India in February 1998, or the Takeover Code, which replaced the 1994 Takeover Code (as defined herein), upon the acquisition of more than 5% or 10% or 14% of the outstanding shares of a public Indian company, a purchaser is required to notify the company and all the stock exchanges on which the shares of the company are listed. Upon the acquisition of 15% or more of such shares or a change in control of the company, the purchaser is required to make an open offer to the other shareholders offering to purchase at least 20% of all the outstanding shares of the company at a minimum offer price as determined pursuant to the rules of the Takeover Code. Upon conversion of ADSs into equity shares, an ADS holder will be subject to the Takeover Code.

Open market purchases of securities of Indian companies in India by Foreign Direct Investors or investments by NRIs, OCBs and FIIs above the ownership levels set forth above require Government of India approval on a case-by-case basis.

Government of India Approvals

Approval of the Foreign Investment Promotion Board for foreign direct investment by ADS holders is required. Specific approval of the Reserve Bank of India will have to be obtained for :

- any renunciation of rights in the underlying equity shares in favor of a person resident in India; and
- the sale of the underlying equity shares by a person resident outside India to a person resident in India.

In such cases, the foreign investor would have to apply to the Reserve Bank of India by submitting Form TS1, that requires information as to the transferor, the transferee, the shareholding structure of the company whose shares are to be sold, the proposed price and other information. The Reserve Bank of India is not required to respond to a Form TS1 application within any specific time period and may grant or deny the application at its discretion. Exceptions to this requirement of Reserve Bank of India approval include sales made in the stock market through a registered Indian broker, through a recognized stock exchange in India at the prevailing market rates, or if the shares are offered in accordance with the terms of an offer under the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997. The proceeds from any sale of the underlying equity shares by a person resident outside India to a person resident in India may be transferred outside India after receipt of Reserve Bank of India approval (if required), and the payment of applicable taxes and stamp duties.

No approval is required for transfers of ADSs outside India between two non-residents. Any person resident outside India who desires to sell equity shares received upon surrender of ADSs or otherwise transfer such equity shares within India should seek the advice of Indian counsel as to the requirements applicable at that time.

Taxation

Indian Taxation

The following summary is based on the law and practice of the Indian Income-tax Act, 1961, or Income-Tax Act, including the special tax regime contained in Sections 115AC and 115ACA of the Income-tax Act read with the Issue of Foreign Currency Convertible Bonds and Ordinary Shares (through Depository Receipt Mechanism) Scheme, 1993, as amended on, January 19, 2000, or the Issue of Foreign Currency Convertible bonds and Ordinary Shares Scheme. The Income-tax Act is amended every year by the Finance Act of the relevant year. Some or all of the tax consequences of Sections 115AC and 115ACA may be amended or changed by future amendments to the Income-tax Act.

We believe this information is materially complete as of the date hereof, however, this summary is not intended to constitute a complete analysis of the individual tax consequences to non-resident holders or employees under Indian law for the acquisition, ownership and sale of ADSs and equity shares.

Residence. For purposes of the Income-tax Act, an individual is considered to be a resident of India during any fiscal year if he or she is in India in that year for:

- a period or periods amounting to 182 days or more; or
- 60 days or more and, within the four preceding years has been in India for a period or periods amounting to 365 days or more; or
- 182 days or more, in case of a citizen of India or a person of Indian origin living abroad who visits India and within the four preceding years has been in India for a period or periods amounting to 365 days or more.

A company is a resident of India if it is incorporated in India or the control and the management of its affairs is situated wholly in India. Companies that are not residents of India would be treated as non-residents for purposes of the Income-tax Act.

Taxation of Distributions. As per the Income Tax Act as amended by the Finance Act, 2003, dividends paid by Indian Companies on or after April 1, 2003 to its shareholders (whether resident in India or not) are not subject to tax. However, the Company paying the dividend is subject to a dividend distribution tax of 12.81% including the applicable surcharge, on the total amount it distributes, declares or pays as a dividend, in addition to the normal corporate tax.

Any distributions of additional ADSs or equity shares to resident or non-resident holders will not be subject to Indian tax.

Taxation of Capital Gains. The following is a brief summary of capital gains taxation of non-resident holders and resident employees in respect of the sale of ADSs and equity shares received upon redemption of ADSs. The relevant provisions are contained mainly in Sections 45, 47(vii)(a), 115AC and 115ACA, of the Income Tax Act, in conjunction with the Issue of Foreign Currency Convertible Bonds and Ordinary Shares Scheme.

Gains realized upon the sale of ADSs or shares that have been held for a period of more than thirty-six months and twelve months, respectively, are considered long term capital gains. Gains realized upon the sale of ADSs or shares that have been held for a period of thirty six months or less and twelve months or less, respectively, are considered short term capital gains. Capital gains are taxed as follows :

- Gains from a sale of ADSs outside India, by a non-resident to another non-resident are not taxable in India.
- Long term capital gains realized by a resident employee from the transfer of the ADSs will be subject to tax at the rate of 10%. Short-term capital gains on such a transfer will be taxed at graduated rates with a maximum of 30%. An additional surcharge of 10% will be charged in case the aggregate taxable income of the resident employee exceed Rs. 850,000 during the relevant financial year.
- Long-term capital gains realized by an individual holder upon the sale of equity shares obtained through the redemption of ADSs are subject to tax at a rate of 10%. An additional surcharge of 10% will be charged in case the aggregate taxable income of the individual holder exceeds Rs. 850,000 during the relevant financial year.

- Long-term capital gains realized by non-resident corporate holders upon the sale of equity shares obtained through the redemption of ADSs are subject to tax at a rate of 10.25% including the applicable surcharge.
- Short-term capital gains realized upon the sale of equity shares obtained from the redemption of ADSs will be taxed at variable rates with a maximum of 41% (including the applicable surcharge) in case of foreign companies, and 30% in the case of resident employees and non-resident individuals with taxable income exceeding Rs. 150,000. In the case of resident employees or the non-resident individuals, an additional surcharge of 10% will be charged in case their aggregate taxable income exceed Rs. 850,000 during the relevant financial year.

The above rates may be reduced by the applicable tax treaty in case of non-residents. The capital gains tax is computed by applying the appropriate tax rates to the difference between the sale price and the purchase price of the equity shares or ADSs. Under the Issue of Foreign Currency Convertible Bonds and Ordinary Shares Scheme, the purchase price of equity shares in an Indian listed company received in exchange for ADSs will be the market price of the underlying shares on the date that the depository gives notice to the custodian of the delivery of the equity shares in exchange for the corresponding ADSs' or the "stepped up" basis purchase price. The market price will be the price of the equity shares prevailing on The Stock Exchange, Mumbai or the National Stock Exchange. There is no corresponding provision under the Income Tax Act in relation to the "stepped up" basis for the purchase price of equity shares. However the tax department in India has not denied this benefit. In the event that the tax department denies this benefit, the original purchase price of ADSs would be considered the purchase price for computing the capital gains tax.

According to the Issue of Foreign Currency Convertible Bonds and Ordinary Shares Scheme, a non-resident holder's holding period for the purposes of determining the applicable Indian capital gains tax rate in respect of equity shares received in exchange for ADSs commences on the date of the notice of the redemption by the depository to the custodian. However, the Issue of Foreign Currency Convertible Bonds and Ordinary Shares Scheme does not address this issue in the case of resident employees, and it is therefore unclear as to when the holding period for the purposes of determining capital gains tax commences for such a resident employee.

The Issue of Foreign Currency Convertible Bonds and Ordinary Shares Scheme provides that if the equity shares are sold on a recognized stock exchange in India against payment in Indian rupees, they will no longer be eligible for the preferential tax treatment.

It is unclear as to whether section 115AC and the Issue of Foreign Currency Convertible Bonds and Ordinary Shares Scheme are applicable to a non-resident who acquires equity shares outside India from a non-resident holder of equity shares after receipt of the equity shares upon redemption of the ADSs.

If Section 115AC and the Issue of Foreign Currency Convertible Bonds and Ordinary Shares Scheme are not applicable to a non-resident holder, long term capital gains realized on the sale of such equity shares will still be subject to tax at a rate of 10%. In addition to this, there will be a surcharge of 2.5% in the case of corporate holders and 10% in the case of non-corporate holders with an aggregate taxable income exceeding Rs. 850,000. The non-resident holders will also be able to avail of the benefits of exchange rate fluctuations for the computation of capital gains tax, which are not available to a non-resident holder under Section 115AC and the Issue of Foreign Currency Convertible Bonds and Ordinary Shares Scheme.

It is unclear as to whether capital gains derived from the sale of subscription rights or other rights by a non-resident holder not entitled to an exemption under a tax treaty will be subject to Indian capital gains tax. If such subscription rights or other rights are deemed by the Indian tax authorities to be situated within India, the gains realized on the sale of such subscription rights or other rights will be subject to Indian taxation. The capital gains realized on the sale of such subscription rights or other rights, which will generally be in the nature of short term capital gains, will be subject to tax at variable rates with a maximum rate of 41% including the applicable surcharge in case of a foreign company and 30%, in case of resident employees and non-resident individuals with taxable income over Rs. 150,000. An additional surcharge of 10% will be charged in case the aggregate taxable income of resident employees and non-resident individuals exceed Rs. 850,000 during the relevant financial year.

As per Section 10(36) of the Income tax Act as introduced by the Finance Act, 2003 exempts long-term capital gains arising from the transfer of a share, being an eligible equity share in a company purchased on or after March 1, 2003 but before March 1, 2004 and held for a period of twelve months or more. An "eligible equity share" means,

WIPRO LIMITED

- Any equity share in a company being a constituent of BSE-500 Index of the Stock Exchange, Mumbai as on March 1, 2003 and the transactions of purchase and sale of such equity shares are entered into on a recognized stock exchange in India.
- Any equity share in a company allotted through a public issue on or after March 1, 2003 and listed in a recognized stock exchange in India before March 1, 2004 and the transaction of sale of such share is entered into on a recognized stock exchange in India.

Withholding Tax on Capital Gains. Any gain realized by a non-resident or resident employee on the sale of equity shares is subject to Indian capital gains tax, which, in the case of a non-resident is to be withheld at the source by the buyer.

Buy-back of Securities. Indian companies are not subject to any tax on the buy-back of their shares. However, the shareholders will be taxed on any resulting gains. Our Company would be required to deduct tax at source according to the capital gains tax liability of a non-resident shareholder.

Stamp Duty and Transfer Tax. Upon issuance of the equity shares underlying our ADSs, companies will be required to pay a stamp duty of 0.1% per share of the issue price of the underlying equity shares. A transfer of ADSs is not subject to Indian stamp duty. However, upon the acquisition of equity shares from the depository in exchange for ADSs, the non-resident holder will be liable for Indian stamp duty at the rate of 0.5% of the market value of the ADSs or equity shares exchanged. A sale of equity shares by a non-resident holder will also be subject to Indian stamp duty at the rate of 0.5% of the market value of the equity shares on the trade date, although customarily such tax is borne by the transferee. Shares must be traded in dematerialized form. The transfer of shares in dematerialized form is currently not subject to stamp duty.

Wealth Tax. The holding of the ADSs and the holding of underlying equity shares by resident and non-resident holders will be exempt from Indian wealth tax. Non-resident holders are advised to consult their own tax advisors regarding this issue.

Gift Tax and Estate Duty. Indian gift tax was abolished as of October 1998. Indian Estate Duty was abolished as of March 1985. We cannot assure that these taxes and duties will not be restored in future. Non-resident holders are advised to consult their own tax advisors regarding this issue.

Service Tax. Brokerage or commission paid to stock brokers in connection with the sale or purchase of shares is subject to a service tax of 8%. The stock broker is responsible for collecting the service tax from the shareholder and paying it to the relevant authority.

PROSPECTIVE PURCHASERS SHOULD CONSULT THEIR OWN TAX ADVISORS WITH RESPECT TO THE INDIAN AND THEIR LOCAL TAX CONSEQUENCES OF ACQUIRING, OWNING OR DISPOSING OF EQUITY SHARES OR ADSs.

United States Federal Taxation

The following is a summary of the material U.S. federal income and estate tax consequences that may be relevant with respect to the acquisition, ownership and disposition of equity shares or ADSs. This summary addresses the U.S. federal income and estate tax considerations of holders that are U.S. persons. U.S. persons are citizens or residents of the United States, or corporations created in or under the laws of the United States or any political subdivision thereof or therein, estates, the income of which is subject to U.S. federal income taxation regardless of its source and trusts for which a U.S. court exercises primary supervision and a U.S. person has the authority to control all substantial decisions and who will hold equity shares or ADSs as capital assets or U.S. Holder.

This summary does not address tax considerations applicable to holders that may be subject to special tax rules, such as banks, insurance companies, dealers in securities or currencies, tax-exempt entities, persons that will hold equity shares or ADSs as a position in a "straddle" or as part of a "hedging" or "conversion" transaction for tax purposes, persons that have a "functional currency" other than the U.S. dollar or holders of 10% or more, by voting power or value, of the stock of our company. This summary is based on the tax laws of the United States as in effect on the date of this document and on United States Treasury Regulations in effect or, in some cases, proposed, as of the date of this document, as well as judicial and administrative interpretations thereof available on or before such date and is based in part on the assumption that each obligation in the deposit agreement and any related agreement will be performed in accordance with its terms. All of the foregoing are subject to change, which change could apply retroactively and could affect the tax consequences described below.

Each prospective investor should consult his, her or its own tax advisor with respect to the U.S. federal, state, local and foreign tax consequences of acquiring, owning or disposing of equity shares or ADSs.

Ownership of ADSs. For U.S. federal income tax purposes, holders of ADSs will be treated as the owners of equity shares represented by such ADSs.

Dividends. Except for equity shares, if any, distributed pro rata to all shareholders of our Company, including holders of ADSs, distributions of cash or property with respect to equity shares will be included in income by a U.S. holder as foreign source dividend income at the time of receipt, which in the case of a U.S. holder of ADSs generally will be the date of receipt by the depository, to the extent such distributions are made from the current or accumulated earnings and profits (as determined under U.S. federal income tax principles) of our company. Such dividends will not be eligible for the dividends received deduction generally allowed to corporate U.S. holders. To the extent, if any, that the amount of any distribution by our Company exceeds our company's current and accumulated earnings and profits as determined under U.S. federal income tax principles, it will be treated first as a tax-free return of the U.S. holder's tax basis in the equity shares or ADSs and thereafter as capital gain.

Subject to certain conditions and limitations, any Indian dividend distribution taxes imposed upon distributions paid to a U.S. Holder will be eligible for credit against the U.S. holder's federal income tax liability. Alternatively, a U.S. holder may claim a deduction for such amount, but only for a year in which a U.S. holder elects to do so with respect to all foreign income taxes. The overall limitation on foreign taxes eligible for credit is calculated separately with respect to specific classes of income. For this purpose, dividends distributed by us with respect to equity shares or ADSs will generally constitute foreign source "passive income."

If dividends are paid in Indian rupees, the amount of the dividend distribution included in the income of a U.S. holder will be in the U.S. dollar value of the payments made in Indian rupees, determined at a spot exchange rate between Indian rupees and U.S. dollars applicable to the date such dividend is included in the income of the U.S. holder, regardless of whether the payment is in fact converted into U.S. dollars. Generally, gain or loss, if any, resulting from currency exchange fluctuations during the period from the date the dividend is paid to the date such payment is converted into U.S. dollars will be treated as U.S. source ordinary income or loss.

A non-U.S. holder of equity shares or ADSs generally will not be subject to U.S. federal income tax or withholding tax on dividends received on equity shares or ADSs unless such income is effectively connected with the conduct by such non-U.S. holder of a trade or business in the United States.

Sale or Exchange of Equity Shares or ADSs. A U.S. holder generally will recognize gain or loss on the sale or exchange of equity shares or ADSs equal to the difference between the amount realized on such sale or exchange and the U.S. holder's tax basis in the equity shares or ADSs, as the case may be. Such gain or loss will be capital gain or loss, and will be long-term capital gain or loss if the equity shares or ADSs, as the case may be, were held for more than one year. Gain or loss, if any, recognized by a U.S. holder generally will be treated as U.S. source passive income or loss for U.S. foreign tax credit purposes.

A non-U.S. holder of equity shares or ADSs generally will not be subject to U.S. federal income or withholding tax on any gain realized on the sale or exchange of such equity shares or ADSs unless :

- such gain is effectively connected with the conduct by such non-U.S. holder of a trade or business in the U.S.; or
- in the case of any gain realized by an individual non-U.S. holder, such holder is present in the United States for 183 days or more in the taxable year of such sale and other conditions are met.

Estate Taxes. An individual shareholder who is a citizen or resident of the United States for U.S. federal estate tax purposes will have the value of the equity shares or ADSs owned by such holder included in his or her gross estate for U.S. federal estate tax purposes. An individual holder who actually pays Indian estate tax with respect to the equity shares will, however, be entitled to credit the amount of such tax against his or her U.S. federal estate tax liability, subject to a number of conditions and limitations.

Any dividends paid, or proceeds on a sale of, equity shares or ADSs to or by a U.S. holder may be subject to U.S. information reporting, and a 31% backup withholding tax may apply unless the holder is an exempt recipient or provides a U.S. taxpayer identification number, certifies that such holder is not subject to backup withholding and otherwise complies with any applicable backup withholding requirements. Any amount withheld under the backup withholding rules will be allowed as a refund or credit against the holder's U.S. federal income tax, provided that the required information is furnished to the Internal Revenue Service.

WIPRO LIMITED

Passive Foreign Investment Company. A non-U.S. corporation will be classified as a passive foreign investment company for U.S. Federal income tax purposes if either :

- 75% or more of its gross income for the taxable year is passive income;
- or
- on average for the taxable year by value, or, if it is not a publicly traded corporation and so elects, by adjusted basis, if 50% or more of its assets produce or are held for the production of passive income.

We do not believe that we satisfy either of the tests for passive foreign investment company status. If we were to be a passive foreign investment company for any taxable year, U.S. holders would be required to either :

- pay an interest charge together with tax calculated at maximum ordinary income rates on “excess distributions,” which is defined to include gain on a sale or other disposition of equity shares;
- if a qualified electing fund election is made, include in their taxable income their pro rata share of undistributed amounts of our income; or
- if the equity shares are “marketable” and a mark-to-market election is made, mark-to-market the equity shares each taxable year and recognize ordinary gain and, to the extent of prior ordinary gain, ordinary loss for the increase or decrease in market value for such taxable year.

The above summary is not intended to constitute a complete analysis of all tax consequences relating to ownership of equity shares or ADSs. You should consult your own tax advisor concerning the tax consequences of your particular situation.

Documents on Display

This report and other information filed or to be filed by Wipro Limited can be inspected and copied at the public reference facilities maintained by the SEC at :

- Judiciary Plaza
450 Fifth Street, N.W.
Room 1024
Washington, D.C. 20529, and
- Northwestern Atrium Center
500 West Madison Street
Suite 1400
Chicago, Illinois 60661-2511

Copies of these materials can also be obtained from the Public Reference Section of the SEC, 450, 5th Street, N.W., Washington, DC 20549, at prescribed rates.

The SEC maintains a web-site at www.sec.gov that contains reports, proxy and information statements, and other information regarding registrants that make electronic filings with the SEC using its EDGAR system.

Additionally, documents referred to in this Form 20-F may be inspected at our corporate offices which are located at Doddakannelli, Sarjapur Road, Bangalore, Karnataka, 560 035, India.

Item 11. Quantitative and Qualitative Disclosures about Market Risk

General

Market risk is the risk of loss of future earnings, to fair values or to future cash flows that may result from a change in the price of a financial instrument. The value of a financial instrument may change as a result of changes in the interest rates, foreign currency exchange rates, commodity prices, equity prices and other market changes that affect market risk sensitive instruments. Market risk is attributable to all market risk sensitive financial instruments including foreign currency receivables and payables and long-term debt.

Our exposure to market risk is a function of our investment and borrowing activities and our revenue generating activities in foreign currency. The objective of market risk management is to avoid excessive exposure of our earnings and equity to loss. Most of our exposure to market risk arises out of our foreign currency account receivables and our investments in foreign currency denominated securities.

Risk Management Procedures

We manage market risk through a corporate treasury department, which evaluates and exercises independent control over the entire process of market risk management. Our corporate treasury department recommends risk management objectives and policies which are approved by senior management and our audit committee. The activities of this department include management of cash resources, implementing hedging strategies for foreign currency exposures, borrowing strategies, and ensuring compliance with market risk limits and policies on a daily basis.

Components of Market Risk

Our exposure to market risk arises principally from exchange rate risk. Interest rate risk is the other component of our market risk.

Exchange rate risk. Our exchange rate risk primarily arises from our foreign exchange revenues, receivables and payables, investments in foreign currency denominated securities and foreign currency debt. A significant portion of our revenues are in US dollars while a significant portion of our costs are in Indian rupees. The exchange rate between the rupee and dollar has fluctuated significantly in recent years and may continue to fluctuate in the future. Appreciation of the rupee against the dollar can adversely affect our results of operations. We evaluate our exchange rate exposure arising from these transactions and enter into foreign currency forward contracts to mitigate such exposure. We have approved risk management policies that require us to hedge a significant portion of our exposure. Current Indian regulations do not permit us to hedge the exposure on foreign currency denominated securities. Our net exchange rate exposure as of March 31, 2002 and 2003, was \$15.5 million and \$9.89 million respectively.

The forward contracts typically mature between one through eleven months. The counter parties for our exchange contracts are banks and we consider the risk of non-performance by the counter parties as non-material. These forward contracts are effective hedges from an economic perspective, however they do not qualify for hedge accounting under SFAS No. 133, as amended.

Interest rate risk. Our interest rate risk primarily arises from our long-term debt. We adopt appropriate borrowing strategies to manage our interest rate risk. Additionally, we enter into interest rate swap agreements to hedge interest rate risk.

WIPRO LIMITED

A maturity profile as of March 31, 2003 of our debt is set forth below :

(in millions)

Maturing in year ending March 31:

2004	Rs.	30
2005		-
2006		2
2007		5
Thereafter		58
Total	Rs.	<u>95</u>

Based on the maturity profile and composition of our debt portfolio, we estimate that changes in interest rates will not have a material impact on our operating results or cash flows.

Our temporary resources are generally invested in short-term investments, which generally do not expose us to significant interest rate risk.

Fair value. The fair value of our market rate risk sensitive instruments closely approximates their carrying value.

Item 12. Description of Securities Other Than Equity Securities

Not applicable.

PART II

Item 13. Defaults, Dividend Arrearages and Delinquencies

Not applicable.

Item 14. Material Modifications to the Rights of Security Holders and Use of Proceeds

Use of Proceeds

On October 19, 2000, We completed our initial public offering in the United States, or US IPO, of 3,162,500 American Depositary Shares representing 3,162,500 equity shares, par value Rs. 2 per share (including the exercise of the underwriters' overallotment option consisting of 412,500 American Depositary Shares representing 412,500 equity shares), at a public offering price of \$41.375 per American Depositary Share, pursuant to a registration statement filed on Form F-1 (File No. 333-46278) with the Securities Exchange Commission (the "Registration Statement"). All of the shares registered were sold. The managing underwriters were Morgan Stanley Dean Witter, Credit Suisse First Boston, and Banc of America Securities. Aggregate gross proceeds to Wipro (prior to deduction of underwriting discounts and commissions and expenses of the offering) were \$130,848,438. There were no selling stockholders in the US IPO.

We paid underwriting discounts and commissions of \$5,888,180. The net proceeds from the offering after underwriting discounts and commissions are estimated to be \$124,960,258.

WIPRO LIMITED

Net proceeds from the offering have been invested in highly liquid money market instruments. In July 2002 we acquired 62% equity interest in Spectramind e-Services Private Limited for a consideration of Rs 3,691 million (\$75.82 million) in cash. A portion of the consideration amounting to \$60.49 million was paid out of net proceeds from the offering. In December 2002, we acquired the global energy practice of American Management Systems for an aggregate consideration of Rs. 1,180 million (\$24.58 million). A portion of the consideration, amounting to \$21.46 million, was paid out of the net proceeds from the offering. None of the net proceeds from the initial public offering were paid, directly or indirectly, to any of our directors, officers or general partners or any of their associates, or to any persons owning ten percent or more of any class of our equity securities, or any affiliates.

Item 15. Controls and Procedures

Evaluation of disclosure controls and procedures.

Based on their evaluation as of a date within 90 days of the filing date of this Annual Report on Form 20-F, the Company's principal executive officer and principal financial officer have concluded that the Company's disclosure controls and procedures (as defined in Rules 13a-14(c) and 15d - 14(c) under the Securities Exchange Act of 1934 (the "Exchange Act")) are effective to ensure that information required to be disclosed by the Company in reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in Securities and Exchange Commission rules and forms.

Change in internal controls.

There were no significant changes in the Company's internal controls or in other factors that could significantly affect these controls subsequent to the date of their evaluation. There were no significant deficiencies or material weaknesses, and therefore there were no corrective actions taken.

Item 16 A. Audit Committee Financial Expert

Not applicable

Item 16 B. Code of Ethics

Pursuant to the requirements of Item 406 of the Regulation S-K, on October 16, 2002, our Audit Committee adopted a written code of ethics is applicable to our Chairman and Chief Executive Officer, Principal Financial Officer and other members of our finance department. Our code of ethics is filed as an exhibit to this Annual Report, and is available on our website www.wipro.com.

On April 17, 2003, our Audit Committee also adopted a whistleblowing policy that we call our ombudsprocess. We have nominated ombudsmen to address concerns relating to malpractice, impropriety, abuse or wrongdoing, including questionable accounting practices, violations of law and any breaches of any policy, manual or code adopted by us. Our ombudsprocess encourages the employees and business associates to report any instances of malpractice, impropriety, abuse or wrongdoing, and prohibits harassment or victimization including informal pressures of any kind against any employee or business associate who reports any such conduct. Our Ombudsprocess is filed as an exhibit to this Annual Report and is available on our website www.wipro.com.

Item 17. Financial Statements

Not applicable.

Item 18. Financial Statements

REPORT OF AUDIT COMMITTEE

The Board of Directors and Stockholders
Wipro Limited

The Consolidated financial statements for the year ended March 31, 2003 have been reviewed by the committee with the auditors as well as the management and recommended to the Board at the Company's board meeting held on April 15, 2003 for approval and adoption of the consolidated audited financial statements read with the report of the Auditor's thereon. These financial statements be further hereby recommended for inclusion in the Company's Annual Report and other statutory regulatory filings.

Bangalore
April 15, 2003

N. Vaghul
Chairman

P.M. Sinha
Member

B.C. Prabhakar
Member

REPORT OF MANAGEMENT

Management of Wipro is responsible for the integrity and objectivity of the consolidated financial statements and related notes. The consolidated financial statements have been prepared in accordance with United States generally accepted accounting principles (US GAAP) and include amounts based on judgments and estimates by management. Management is also responsible for the accuracy of the related data in the Annual Report and its consistency with the financial statements.

Management maintains internal control systems designed to provide reasonable assurance that assets are safeguarded, transactions are executed in accordance with management's authorization and properly recorded, and accounting records are adequate for preparation of financial statements and other financial information. These are reviewed at regular intervals to ascertain their adequacy and effectiveness.

In addition to the system of internal controls, the Company has articulated its vision and core values which permeate all its activities. It also has corporate policies to ensure highest standards of integrity in all business transactions, eliminate possible conflicts of interest, ensure compliance with laws, and protect confidentiality of proprietary information. These are reviewed at periodic intervals.

The consolidated financial statements have been audited by the Company's independent auditors, KPMG. Their responsibility is to audit these statements in accordance with generally accepted auditing standards in the United States and express their opinion on the fairness of presentation of the statements.

The Audit Committee of the board comprising entirely of independent directors conducts an ongoing appraisal of the independence and performance of the Company's internal and external auditors and monitors the integrity of Company's financial statements. The Audit Committee meets several times during the year with management, internal auditors and the independent auditors to discuss audit activities, internal controls and financial reporting matters.

Azim H. Premji
Chairman and Chief Executive Officer

S.C. Senapaty
*Corporate Executive Vice President – Finance
and Chief Financial Officer*

Bangalore, April 15, 2003

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Stockholders
Wipro Limited

We have audited the accompanying consolidated balance sheets of Wipro Limited and subsidiaries as of March 31, 2003 and 2002, and the related consolidated statements of income, stockholders' equity and comprehensive income, and cash flows for each of the years in the three-year period ended March 31, 2003. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Wipro Limited and subsidiaries as of March 31, 2003 and 2002, and the results of their operations and their cash flows for each of the years in the three-year period ended March 31, 2003, in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 2 to the consolidated financial statements, effective April 1, 2002, the Company adopted the provisions of Statement of Financial Accounting Standards (SFAS) No. 142, Goodwill and Other Intangible Assets and SFAS No. 144, Accounting for the Impairment or Disposal of Long-Lived Assets. Also, as discussed in Note 2 to the consolidated financial statements, effective July 1, 2001, the Company adopted the provisions of SFAS No. 141, Business Combinations.

KPMG
Bangalore, India
April 15, 2003

WIPRO LIMITED AND SUBSIDIARIES CONSOLIDATED BALANCE SHEETS

(in thousands, except share data)

	As of March 31,		
	2002	2003	2003 Convenience translation into US \$ (Unaudited)
ASSETS			
Current assets :			
Cash and cash equivalents (Note 5)	Rs. 7,377,200	Rs. 14,096,414	\$ 296,579
Accounts receivable, net of allowances (Note 6)	5,980,903	7,930,847	166,860
Costs and earnings in excess of billings on contracts in progress	1,009,795	1,379,273	29,019
Inventories (Note 7)	1,402,146	1,449,498	30,496
Investment securities (Note 9)	5,043,334	526,969	11,087
Deferred income taxes (Note 22)	179,088	215,299	4,530
Property, plant and equipment held for sale (Note 4) ...	-	12,667	267
Other current assets (Note 8)	3,481,308	2,535,809	53,352
Total current assets	24,473,774	28,146,776	592,190
Investment securities (Note 9)	450,833	-	-
Property, plant and equipment, net (Note 10)	6,261,857	7,309,784	153,793
Investments in affiliates (Note 14)	898,319	534,069	11,236
Deferred income taxes (Note 22)	149,696	65,488	1,378
Intangible assets, net (Note 3, 11)	250	450,362	9,475
Goodwill (Note 3, 11)	656,240	5,186,617	109,124
Other assets (Note 8)	748,165	1,087,795	22,886
Total assets	Rs. 33,639,134	Rs. 42,780,891	\$ 900,082
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current liabilities :			
Borrowings from banks (Note 16)	Rs. 182,260	Rs. 508,519	\$ 10,699
Current portion of long-term debt (Note 17)	21,355	29,555	622
Accounts payable	2,238,900	2,236,060	47,045
Accrued expenses	861,350	1,427,447	30,033
Accrued employee costs	774,177	1,261,015	26,531
Advances from customers	1,121,107	896,989	18,872
Other current liabilities (Note 12)	779,519	795,273	16,732
Total current liabilities	5,978,668	7,154,858	150,534
Long-term debt, excluding current portion (Note 17) ...	87,408	65,769	1,384
Other liabilities	115,791	128,703	2,708
Total liabilities	6,181,867	7,349,330	154,625
Stockholders' equity :			
Equity shares at Rs. 2 par value: 375,000,000 shares authorized; Issued and outstanding : 232,465,689 and 232,563,992 shares as of March 31, 2002 and 2003 (Note 18)	464,932	465,129	9,786
Additional paid-in capital (Note 23)	6,817,163	6,946,629	146,153
Deferred stock compensation (Note 23)	(93,201)	(64,008)	(1,347)
Accumulated other comprehensive income/(loss)	51,861	690	15
Retained earnings (Note 19)	20,216,587	28,083,196	590,852
Equity shares held by a controlled Trust: 1,321,335 and 1,303,610 shares as of March 31, 2002 and 2003 (Note 23)	(75)	(75)	(2)
Total stockholders' equity	27,457,267	35,431,561	745,457
Total liabilities and stockholders' equity	Rs. 33,639,134	Rs. 42,780,891	\$ 900,082

See accompanying notes to the consolidated financial statements.

WIPRO LIMITED AND SUBSIDIARIES CONSOLIDATED STATEMENTS OF INCOME

(in thousands, except share data)

	Year ended March 31,			
	2001	2002	2003	2003
				Convenience translation into US \$ (Unaudited)
Revenues :				
Global IT Services and Products				
Services	Rs. 17,389,848	Rs. 21,279,068	Rs. 28,170,438	\$ 592,688
Products	-	955,281	80,343	1,690
IT-Enabled Services	-	-	1,614,049	33,959
India and AsiaPac IT Services and Products				
Services	1,872,703	1,913,547	2,239,756	47,123
Products	6,771,347	5,036,948	5,800,811	122,045
Consumer Care and Lighting	3,143,537	2,938,630	2,942,071	61,899
HealthScience				
Services	354,468	274,415	456,239	9,599
Products	352,430	355,717	449,982	9,467
Others	758,353	719,864	1,096,211	23,064
Total	30,642,686	33,473,470	42,849,900	901,534
Cost of revenues :				
Global IT Services and Products				
Services	9,039,134	11,296,966	16,437,744	345,839
Products	-	890,730	77,680	1,634
IT-Enabled Services	-	-	975,076	20,515
India and AsiaPac IT Services and Products				
Services	1,192,398	1,160,497	1,186,907	24,972
Products	5,459,082	4,268,441	5,099,599	107,292
Consumer Care and Lighting	2,195,145	1,999,434	2,008,178	42,251
HealthScience				
Services	177,655	150,532	246,972	5,196
Products	257,228	257,075	345,776	7,275
Others	595,994	637,732	798,507	16,800
Total	18,916,636	20,661,407	27,176,439	571,774
Gross profit	11,726,050	12,812,063	15,673,461	329,759
Operating expenses :				
Selling, general and administrative expenses	(4,596,014)	(4,358,902)	(6,192,653)	(130,289)
Research and development expenses	-	(213,457)	(260,481)	(5,480)
Amortization of goodwill (Note 11)	(45,389)	(175,317)	-	-
Amortization of intangible assets (Note 11)	(468)	(250)	(166,321)	(3,499)
Foreign exchange gains, net	120,226	218,968	306,639	6,451
Others, net	349,386	158,474	125,623	2,643
Operating income	7,553,791	8,441,579	9,486,268	199,585
Other income, net (Note 20)	86,847	838,838	717,951	15,105
Income taxes (Note 22)	(1,150,042)	(1,016,003)	(1,342,248)	(28,240)
Income before share of equity in earnings/ (losses) of affiliates and minority interest ..	6,490,596	8,264,414	8,861,971	186,450
Equity in earnings/(losses) of affiliates (Note 14) ..	(53,181)	147,078	(355,250)	(7,474)
Minority interest	-	-	(30,101)	(633)
Income from continuing operations	6,437,415	8,411,492	8,476,620	178,343
Discontinued operations				
Loss from operations of the discontinued corporate Internet services division (including loss on disposal of Rs. 246,120 for the year ended March 31, 2003) (Note 4)	(832)	(126,771)	(536,523)	(11,288)
Income tax benefit (Note 4, 22)	77,735	45,257	158,978	3,345
Income before cumulative effect of accounting change	6,514,318	8,329,978	8,099,075	170,399
Cumulative effect of accounting change, net of tax	(59,104)	-	-	-
Net income	Rs. 6,455,214	Rs. 8,329,978	Rs. 8,099,075	\$ 170,399
Earnings per equity share: Basic				
Continuing operations	28.07	36.39	36.66	0.77
Discontinued operations	0.34	(0.35)	(1.63)	(0.03)
Cumulative effect of accounting change	(0.26)	-	-	-
Net income	28.15	36.04	35.03	0.74
Earnings per equity share: Diluted				
Continuing operations	27.84	36.33	36.60	0.77
Discontinued operations	0.33	(0.35)	(1.63)	(0.03)
Cumulative effect of accounting change	(0.26)	-	-	-
Net income	27.91	35.98	34.97	0.74
Weighted average number of equity shares used in computing earnings per equity share :				
Basic	229,325,989	231,132,500	231,204,326	231,204,326
Diluted	231,254,523	231,534,876	231,572,448	231,572,448

See accompanying notes to the consolidated financial statements.

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

	Equity Shares		Additional Paid in Capital	Deferred Stock Compensation	Comprehensive Income	Accumulated Other Comprehensive Income	Retained Earnings	Equity Shares held by a Controlled Trust		Total Stockholders' Equity
	No. of Shares	Amount						No. of Shares	Amount	
Balance as of March 31, 2000	229,156,350	Rs. 458,313	Rs. 889,595	Rs. (297,715)	-	Rs. 1,772	Rs. 5,635,050	(1,216,460)	Rs. (75)	Rs. 6,686,940
Cash dividends paid	-	-	-	-	-	-	(75,121)	-	-	(75,121)
Equity shares issued	3,162,500	6,325	5,796,449	-	-	-	-	-	-	5,802,774
Issuance of equity shares on exercise of options	114,169	228	123,759	-	-	-	-	-	-	123,987
Equity shares forfeited, net of issuances by Trust	-	-	-	-	-	-	-	(64,425)	-	-
Compensation related to employee stock incentive plan, net of reversals	-	-	(24,151)	24,151	-	-	-	-	-	-
Amortization of compensation related to employee stock incentive plan	-	-	-	87,160	-	-	-	-	-	87,160
Comprehensive income	-	-	-	-	Rs. 6,455,214	-	6,455,214	-	-	6,455,214
Net income	-	-	-	-	Rs. 6,455,214	-	6,455,214	-	-	6,455,214
Other comprehensive income	-	-	-	-	-	(341)	-	-	-	(341)
Unrealized gain/(loss) on investment securities, net	-	-	-	-	-	(341)	-	-	-	(341)
Comprehensive income	-	-	-	-	Rs. 6,454,873	-	-	-	-	6,454,873
Balance as of March 31, 2001	232,433,019	464,866	6,785,652	(186,404)	-	1,431	12,015,143	(1,280,885)	(75)	19,080,613
Cash dividends paid	-	-	-	-	-	-	(128,534)	-	-	(128,534)
Issuance of equity shares on exercise of options	32,670	66	35,414	-	-	-	-	-	-	35,480
Equity shares forfeited, net of issuances by Trust	-	-	-	-	-	-	-	(40,450)	-	-
Compensation related to employee stock incentive plan, net of reversals	-	-	(14,480)	2,362	-	-	-	-	-	(12,118)
Amortization of compensation related to employee stock incentive plan	-	-	-	90,841	-	-	-	-	-	90,841
Income tax benefit arising on exercise of stock options	-	-	10,577	-	-	-	-	-	-	10,577
Comprehensive income	-	-	-	-	8,329,978	-	8,329,978	-	-	8,329,978
Net income	-	-	-	-	8,329,978	-	8,329,978	-	-	8,329,978
Other comprehensive income	-	-	-	-	-	50,430	-	-	-	50,430
Unrealized gain/(loss) on investment securities, net	-	-	-	-	-	50,430	-	-	-	50,430
Comprehensive income	-	-	-	-	8,380,408	-	-	-	-	8,380,408
Balance as of March 31, 2002	232,465,689	464,932	6,817,163	(93,201)	-	51,861	20,216,587	(1,321,335)	(75)	27,457,267
Cash dividends paid	-	-	-	-	-	-	(232,466)	-	-	(232,466)
Issuance of equity shares on exercise of options	98,303	197	106,612	-	-	-	-	-	-	106,809
Equity shares issued by Trust, net of forfeitures	-	-	-	-	-	-	-	17,725	-	-
Compensation related to employee stock incentive plan, net of reversals	-	-	22,854	(23,049)	-	-	-	-	-	(195)
Amortization of compensation related to employee stock incentive plan	-	-	-	52,242	-	-	-	-	-	52,242
Comprehensive income	-	-	-	-	Rs. 8,099,075	-	8,099,075	-	-	8,099,075
Net income	-	-	-	-	Rs. 8,099,075	-	8,099,075	-	-	8,099,075
Other comprehensive income	-	-	-	-	-	(568)	-	-	-	(568)
Translation adjustments	-	-	-	-	-	(568)	-	-	-	(568)
Unrealized gain/(loss) on investment securities, net	-	-	-	-	-	(50,603)	-	-	-	(50,603)
Total other comprehensive income	-	-	-	-	-	(51,171)	-	-	-	(51,171)
Comprehensive income	-	-	-	-	Rs. 8,047,904	-	-	-	-	8,047,904
Balance as of March 31, 2003	232,563,992	Rs. 465,129	Rs. 6,946,629	Rs. (64,008)	-	Rs. 690	Rs. 28,083,196	(1,303,610)	Rs. (75)	Rs. 35,431,561
Balance as of March 31, 2003 Convenience translation into US \$ (Unaudited)	-	\$ 9,786	\$ 146,153	\$ (1,347)	-	\$ 15	\$ 590,852	-	\$ (2)	\$ 745,457

See accompanying notes to the consolidated financial statements.

WIPRO LIMITED AND SUBSIDIARIES CONSOLIDATED STATEMENTS OF CASH FLOWS

(in thousands, except share data)

	Year ended March 31,			
	2001	2002	2003	2003
				Convenience translation into US \$ (Unaudited)
Cash flows from operating activities:				
Net income	Rs. 6,455,214	Rs. 8,329,978	Rs. 8,099,075	\$ 170,399
Adjustments to reconcile net income to net cash provided by operating activities :				
(Gain)/loss from discontinued operations	(76,903)	81,514	377,545	7,943
(Gain)/loss on sale of property, plant and equipment	(154,458)	(26,003)	6,470	136
Depreciation and amortization	1,021,252	1,465,555	1,698,028	35,725
Deferred tax charge/(benefit)	(41,389)	80,046	44,457	935
Gain on sale of investment securities	-	(201,536)	(410,360)	(8,634)
Amortization of deferred stock compensation	87,160	78,723	52,047	1,095
Equity in (earnings)/losses of affiliates	53,181	(147,078)	355,250	7,474
Other non-cash items	148,863	(96,000)	-	-
Income tax benefits arising from exercise of stock options	-	10,577	-	-
Minority interest	-	-	30,101	633
Changes in operating assets and liabilities :				
Accounts receivable	(1,742,544)	(87,295)	(1,640,603)	(34,517)
Costs and earnings in excess of billings on contracts in progress	(55,938)	(944,461)	(369,478)	(7,774)
Inventories	(517,963)	64,951	(47,352)	(996)
Other assets	(514,519)	(209,253)	(1,120,511)	(23,575)
Accounts payable	548,877	432,112	(202,298)	(4,256)
Accrued expenses and employee costs	360,692	(383,989)	881,421	18,545
Advances from customers	193,609	127,230	(178,674)	(3,759)
Other liabilities	91,840	483,984	60,359	1,270
Net cash provided by continuing operations	5,856,974	9,059,055	7,635,477	160,645
Net cash provided by discontinued operations	52,282	11,286	27,861	586
Net cash provided by operating activities	5,909,256	9,070,341	7,663,338	161,232

WIPRO LIMITED AND SUBSIDIARIES CONSOLIDATED STATEMENTS OF CASH FLOWS

(in thousands, except share data)

	Year ended March 31,			
	2001	2002	2003	2003 Convenience translation into US \$ (Unaudited)
Cash flows from investing activities :				
Expenditure on property, plant and equipment	(2,626,273)	(2,439,238)	(2,529,312)	(53,215)
Proceeds from sale of property, plant and equipment	226,054	307,501	112,845	2,374
Proceeds from sale of assets of the peripherals division	156,280	-	-	-
Dividends received from affiliates	31,849	5,096	49,000	1,031
Investment in affiliates	(72,967)	-	-	-
Purchase of investment securities	(2,469,807)	(9,759,309)	(5,494,070)	(115,592)
Proceeds from sale and maturities of investment securities	174,000	7,198,754	10,392,034	218,642
Investment in inter-corporate deposits	(1,052,000)	(1,013,091)	-	-
Proceeds from redemption and maturities of inter-corporate deposits	-	-	1,779,288	37,435
Payment for acquisitions, net of cash acquired	(919,500)	-	(5,441,072)	(114,477)
Net cash used in continuing operations	(6,552,364)	(5,700,287)	(1,131,287)	(23,802)
Net cash used in discontinued operations	(163,950)	(45,625)	-	-
Net cash used in investing activities	(6,716,314)	(5,745,912)	(1,131,287)	(23,802)
Cash flows from financing activities :				
Proceeds from issuance of equity shares	5,926,761	35,480	106,809	2,247
Proceeds from/(repayments of) short-term borrowing from banks, net	232,846	(164,390)	326,259	6,864
Repayment of long-term debt	(188,351)	(1,312,465)	(13,439)	(283)
Redemption of preferred stock	(250,000)	-	-	-
Payment of cash dividends	(75,121)	(128,534)	(232,466)	(4,891)
Net cash provided by/(used in) financing activities	5,646,135	(1,569,909)	187,163	3,938
Net increase in cash and cash equivalents during the year	4,839,077	1,754,520	6,719,214	141,368
Cash and cash equivalents at the beginning of the year	783,603	5,622,680	7,377,200	155,211
Cash and cash equivalents at the end of the year	Rs. 5,622,680	Rs. 7,377,200	Rs. 14,096,414	\$ 296,579
Supplementary information :				
Cash paid for interest	Rs. 69,844	Rs. 69,826	Rs. 30,245	\$ 636
Cash paid for taxes	1,120,889	1,251,346	1,859,707	39,127

During the year ended March 31, 2003, the Company acquired a 5.9% equity interest in WeP Peripherals through conversion of debentures with a carrying value of Rs. 40,000.

See accompanying notes to the consolidated financial statements.

**WIPRO LIMITED AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

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

1. Overview

Wipro Limited (Wipro), together with its subsidiaries Wipro Inc., Wipro Holdings (Mauritius) Limited, Wipro Prosper Limited, Wipro Welfare Limited, Wipro Trademarks Holdings Limited, Wipro Japan KK, Wipro Fluid Power Limited, Wipro Spectramind Services Private Limited, Wipro HealthCare IT Limited and affiliates WeP Peripherals Limited and Wipro GE Medical Systems Limited (collectively, the Company) is a leading India based provider of IT Services and Products, and IT-Enabled Services globally. Further, Wipro has other businesses such as India and AsiaPac IT Services and Products, Consumer Care and Lighting and HealthScience. Wipro is headquartered in Bangalore, India.

2. Significant Accounting Policies

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States 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 principles generally accepted in the United States.

Functional currency and exchange rate translation. The functional currency of the Company, including its consolidated foreign subsidiaries, except Wipro Inc. and Wipro Holdings (Mauritius) Limited, is the Indian rupee. The functional currency of Wipro Inc. and Wipro Holdings (Mauritius) Limited is the US dollar. The translation of the functional currency of these foreign subsidiaries into Indian rupee is performed for balance sheet accounts using the exchange rate in effect at the balance sheet date and for revenue and expense accounts using an appropriate monthly weighted average exchange rate for the respective periods. The gains or losses resulting from such translation are reported as a separate component of stockholders' equity.

Foreign currency transactions are translated into the functional currency at the rates of exchange prevailing on the date of respective transactions. Monetary assets and liabilities in foreign currency are translated into functional currency at the exchange rates prevailing on the balance sheet date. The resulting exchange gains/losses are included in the statement of income.

Convenience translation. The accompanying consolidated financial statements have been reported in Indian rupees, the national currency of India. Solely for the convenience of the readers, the financial statements as of and for the year ended March 31, 2003, have been translated into US dollars at the noon buying rate in New York City on March 31, 2003, for cable transfers in Indian rupees, as certified for customs purposes by the Federal Reserve Bank of New York of \$1=Rs. 47.53. No representation is made that the Indian rupee amounts have been, could have been or could be converted into United States dollars at such a rate or any other rate.

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. 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.

Cash equivalents. The Company considers investments in money market funds and all highly liquid investments with remaining maturities, at the date of purchase/investment, of three months or less to be cash equivalents.

Revenue recognition. Revenues from software development services comprise revenues from time-and-material and fixed-price contracts. Revenue on time-and-material contracts is recognized as the related services are performed. Revenue from fixed-price, fixed-time frame contracts is recognized in accordance with percentage of completion method. Guidance has been drawn from the Accounting Standards Executive Committee's conclusion in paragraph 95 of Statement of Position (SOP) 97-2, Software Revenue Recognition, to account for revenue from fixed price arrangements for software development and related services in conformity with SOP 81-1, Accounting for Performance of Construction-Type and Certain Production-Type Contracts. The input (cost expended) method has been used to measure progress towards completion as there is a direct relationship between input and productivity. Provisions for estimated losses on contracts-in-progress are recorded in the period in which such losses become probable based on the current contract estimates. Maintenance revenue is deferred and recognized ratably over the term of the agreement. Revenue from customer training, support, and other services is recognized as the related service is performed. Revenue from sale of goods is recognized, in accordance with the sales contract, on dispatch from the factories/warehouses of the Company, except for contracts where a customer is not obligated to pay a portion of contract price allocable to the goods until installation or similar service has been completed. In these cases, revenue is recognized on completion of installation.

Arrangements involving multiple elements are evaluated to determine whether each deliverable represents the culmination of a separate earnings process. Revenues are allocated to individual elements based on fair values. Revenues on delivered elements are recognized only where the undelivered elements are not essential to the functionality of the delivered elements and there are no forfeiture provisions for default in delivering the undelivered elements.

WIPRO LIMITED

Revenues from IT-Enabled Services are derived from both time-based and unit-priced contracts. Revenue is recognized as the related services are performed, in accordance with the specific terms of the contracts with the customer.

When the Company receives advance payments from customers for sale of products or provision of services, such payments are reported as advances from customers until all conditions for revenue recognition are met. Revenues from product sales are shown net of excise duty, sales tax and applicable discounts and allowances.

Effective April 1, 2001, the Company adopted EITF 00-14: Accounting for Certain Sales Incentives, EITF 00-22: Accounting for Points and Certain Other Time-based or Volume-based sales, Incentive Offers and Offers for Free Products or Services to be Delivered in the Future and EITF 00-25: Vendor Income Statement Characterisation of Consideration from a Vendor to a Retailer. Reported data for previous periods have been reclassified to make it comparable with the current presentation. These reclassifications had no impact on reported net income.

Warranty costs. The Company accrues the estimated cost of warranties at the time when the revenue is recognized. The accruals are based on the Company's historical experience of material usage and service delivery costs.

Shipping and handling costs. Shipping and handling costs are included in selling, general and administrative expenses.

Inventories. Inventories are stated at the lower of cost and market value. Cost is determined using the weighted average method for all categories of inventories.

Investment securities. The Company classifies its debt and equity securities in one of the three categories : trading, held-to-maturity or available-for-sale, at the time of purchase and re-evaluates such classifications as of each balance sheet date. Trading and available-for-sale securities are recorded at fair value. Held-to-maturity securities are recorded at amortized cost, adjusted for the amortization or accretion of premiums or discounts. Unrealized holding gains and losses on trading securities are included in income. Temporary unrealized holding gains and losses, net of the related tax effect, on available-for-sale securities are excluded from income and are reported as a part of other comprehensive income in stockholders' equity until realized. Realized gains and losses from the sale of available-for-sale securities are determined on a specific identification basis and are included in income. A decline in the fair value of any available-for-sale or held-to-maturity security below cost that is deemed to be other than temporary results in a reduction in carrying amount to fair value and a charge to the income statement. Fair value is based on quoted market prices. Non-readily marketable equity securities for which there is no readily determinable fair value are recorded at cost, subject to an impairment charge to the income statement for any other than temporary decline in value.

Investments in affiliates. The Company's equity in the earnings/(losses) of affiliates is included in the statement of income and the Company's share of net assets of affiliates is included in the balance sheet.

Shares issued by subsidiary/affiliate. The issuance of stock by a subsidiary/affiliate to third parties reduces the proportionate ownership interest in the investee. Unless the issuance of such stock is part of a broader corporate reorganization or unless realization is not assured, the Company recognizes a gain or loss, equal to the difference between the issuance price per share and the Company's carrying amount per share. Such gain or loss is recognized in the statement of income when the transaction occurs.

Property, plant and equipment. Property, plant and equipment are stated at cost. The Company depreciates property, plant and equipment over the estimated useful life using the straight-line method. Assets under capital lease are amortized over their estimated useful life or the lease term, as appropriate. The estimated useful lives of assets are as follows :

Buildings	30 to 60 years
Plant and machinery	2 to 21 years
Furniture, fixtures and equipment	2 to 5 years
Vehicles	4 years
Computer software	2 years

Software for internal use is primarily acquired from third-party vendors and is in ready to use condition. Costs for acquiring this software are capitalized and subsequent costs are charged to the statement of income. The capitalized costs are amortized on a straight-line basis over the estimated useful life of the software.

Deposits paid towards the acquisition of property, plant and equipment outstanding as of each balance sheet date and the cost of property, plant and equipment not ready for use before such date are disclosed under capital work-in-progress. The interest cost incurred for funding an asset during its construction period is capitalized based on the actual investment in the asset and the average cost of funds. The capitalized interest is included in the cost of the relevant asset and is depreciated over the estimated useful life of the asset.

Business combinations, goodwill and intangible assets. In June 2001, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards (SFAS) No. 141, Business Combinations, which requires that the purchase method of accounting be used for all business combinations after June 30, 2001. SFAS No. 141 also specifies the criteria that intangible assets acquired in a purchase method business combination need to meet to be recognized and reported apart from goodwill, noting that any purchase price allocated to an assembled workforce may not be accounted separately.

WIPRO LIMITED

On April 1, 2002, the Company adopted SFAS No. 142, Goodwill and Other Intangible Assets. Adoption of SFAS No. 142 did not result in reclassification of existing goodwill and intangible assets. As required by SFAS No. 142, the Company identified its reporting units and assigned assets and liabilities, including goodwill to the reporting units on the date of adoption. Subsequently, the Company compared the fair value of the reporting unit to its carrying value, to determine whether goodwill is impaired at the date of adoption. This transitional impairment evaluation did not indicate an impairment loss. The carrying value of the goodwill on the date of adoption was Rs. 656,240. Subsequent to the adoption of SFAS No. 142, the Company does not amortize goodwill but instead tests goodwill for impairment at least annually.

Reported income from continuing operations, net income and basic and diluted earnings per share excluding the impact of amortization of goodwill, for all periods presented would have been as follows :

	Year ended March 31,		
	2001	2002	2003
Income from continuing operations, as reported	Rs. 6,437,415	Rs. 8,411,492	Rs. 8,476,620
Add : Amortization of goodwill	45,389	175,317	-
Income from continuing operations, adjusted	Rs. 6,482,804	Rs. 8,586,809	Rs. 8,476,620
Earnings per share : Basic			
Continuing operations, as reported	Rs. 28.07	Rs. 36.39	Rs. 36.66
Add : Amortization of goodwill	0.20	0.76	-
Continuing operations, adjusted	Rs. 28.27	Rs. 37.15	Rs. 36.66
Earnings per share : Diluted			
Continuing operations, as reported	Rs. 27.84	Rs. 36.33	Rs. 36.60
Add : Amortization of goodwill	0.20	0.76	-
Continuing operations, adjusted	Rs. 28.04	Rs. 37.09	Rs. 36.60

	Year ended March 31,		
	2001	2002	2003
Net income, as reported	Rs. 6,455,214	Rs. 8,329,978	Rs. 8,099,075
Add : Amortization of goodwill	45,389	175,317	-
Net income, adjusted	Rs. 6,500,603	Rs. 8,505,295	Rs. 8,099,075
Earnings per share : Basic			
Net income, as reported	Rs. 28.15	Rs. 36.04	Rs. 35.03
Add : Amortization of goodwill	0.20	0.76	-
Net income, adjusted	Rs. 28.35	Rs. 36.80	Rs. 35.03
Earnings per share : Diluted			
Net income, as reported	Rs. 27.91	Rs. 35.98	Rs. 34.97
Add : Amortization of goodwill	0.20	0.76	-
Net income, adjusted	Rs. 28.11	Rs. 36.74	Rs. 34.97

Intangible assets acquired individually, with a group of other assets or in a business combination are carried at cost less accumulated amortization. The intangible assets are amortized over their estimated useful lives in proportion to the economic benefits consumed in each period. The estimated useful lives of the intangible assets are as follows :

Customer-related intangibles	2-5 years
Marketing-related intangibles	2 years
Technology-based intangibles	5 years

Start-up costs. Cost of start-up activities including organization costs are expensed as incurred.

Research and development. Revenue expenditure on research and development is expensed as incurred. Capital expenditure incurred on equipment and facilities that are acquired or constructed for research and development activities and having alternative future uses, is capitalized as tangible assets when acquired or constructed. Software product development costs are expensed as incurred until technological feasibility is achieved.

WIPRO LIMITED

Impairment or disposal of long-lived assets. Effective April 1, 2002, the Company adopted SFAS No. 144, Accounting for the Impairment or Disposal of Long-Lived Assets, which addresses financial accounting and reporting for the impairment or disposal of long-lived assets. While SFAS No. 144 supersedes SFAS No. 121, Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed of, it retains the fundamental provisions of SFAS No. 121.

SFAS No. 144 also supersedes the accounting and reporting provisions of Accounting Principles Board (APB) Opinion No. 30, Reporting the Results of Operations – Reporting the Effects of Disposal of a Segment of a Business, and Extraordinary, Unusual and Infrequently Occurring Events and Transactions, for the disposal of a segment of a business. However, SFAS No. 144 retains the requirement of APB Opinion No. 30 to separately report discontinued operations and extends that reporting to a component of an entity that an entity has disposed of, or classified as held-for-sale. SFAS No. 144 requires that the Company measures long-lived assets held-for-sale, at the lower of carrying amount or fair value, less costs to sell. Similarly, under SFAS No. 144, discontinued operations are no longer measured at net realizable value or include amounts for operating losses that have not yet been incurred.

Earnings per share. In accordance with SFAS No. 128, Earnings Per Share, basic earnings per share is computed using the weighted average number of common shares outstanding during the period. Diluted earnings per share is computed using the weighted average number of common and dilutive common equivalent shares outstanding during the period, using the treasury stock method for options and warrants, except where the results would be antidilutive.

Income taxes. Income taxes are accounted for using the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss carry-forwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. The measurement of deferred tax assets is reduced, if necessary, by a valuation allowance for any tax benefits of which future realization is uncertain.

Stock-based compensation. The Company uses the intrinsic value based method of APB Opinion No. 25, Accounting for Stock Issued to Employees, to account for its employee stock based compensation plans. The Company has therefore adopted the pro forma disclosure provisions of SFAS No. 123, Accounting for Stock-Based Compensation as amended by SFAS No. 148, Accounting for Stock-Based Compensation – Transition and Disclosure, an amendment of FASB Statement No. 123.

Had compensation cost been determined in a manner consistent with the fair value approach described in SFAS No. 123, the Company's net income and earnings per share as reported would have been reduced to the pro forma amounts indicated below :

	Year ended March 31,					
	2001		2002		2003	
Net income, as reported	Rs.	6,455,214	Rs.	8,329,978	Rs.	8,099,075
Add : Stock-based employee compensation expense included in reported net income, net of tax effects		73,440		67,185		45,366
Less : Stock-based employee compensation expense determined under fair value based method, net of tax effects		(1,330,556)		(1,985,297)		(3,033,273)
Pro forma net income	Rs.	5,198,098	Rs.	6,411,866	Rs.	5,111,168
Earnings per share : Basic						
As reported		28.15		36.04		35.03
Pro forma		22.67		27.74		22.10
Earnings per share: Diluted						
As reported		27.91		35.98		34.97
Pro forma		22.58		27.73		22.09

WIPRO LIMITED

The fair value of each option is estimated on the date of grant using the Black-Scholes model with the following assumptions.

	Year ended March 31,		
	2001	2002	2003
Dividend yield	0.03%	0.03%	0.1%
Expected life	42 months	42 months	48 months
Risk free interest rates	11%	8.5%	7%
Volatility	45%	65%	60%

Derivatives and hedge accounting. On April 1, 2001, the Company adopted SFAS No. 133, Accounting for Derivative Instruments and Hedging Activities as amended, when the rules became effective for companies with fiscal year ending March 31.

The Company enters into forward foreign exchange contracts where the counterparty is generally a bank. The Company purchases forward foreign exchange contracts to mitigate the risk of changes in foreign exchange rates on accounts receivable and forecasted cash flows denominated in certain foreign currencies. Although these contracts are effective as hedges from an economic perspective, they do not qualify for hedge accounting under SFAS No. 133, as amended. Any derivative that is either not designated as a hedge, or is so designated but is ineffective per SFAS No. 133, is marked to market and recognized in income immediately. No initial transition adjustments were required to adopt SFAS No. 133.

Accounting change. Effective January 1, 2001, the Company adopted the provisions of Staff Accounting Bulletin No. 101 (SAB 101) issued by the Securities and Exchange Commission. The initial adoption resulted in a cumulative catch up adjustment of Rs. 59,104, which is recorded as a charge to income for the year ended March 31, 2001.

Recent accounting pronouncements. In August 2001, the FASB issued SFAS No. 143, Accounting for Asset Retirement Obligations. SFAS No. 143 requires entities to record the fair value of a liability for an asset retirement obligation in the period in which it is incurred. When the liability is initially recorded, the entity capitalizes a cost by increasing the carrying amount of the related long-lived asset. Over time, the liability is accreted to its present value each period, and the capitalized cost is depreciated over the useful life of the related asset. Upon settlement of the liability, an entity either settles the obligation for its recorded amount or incurs a gain or loss upon settlement. SFAS No. 143 is effective for fiscal years beginning after June 15, 2002. Adoption of SFAS No. 143, will not have a material impact on the consolidated financial statements of the Company.

In April 2002, the FASB issued SFAS No. 145, Rescission of FASB Statements No. 4, 44 and 64, Amendment of FASB Statement No. 13, and Technical Corrections. SFAS No. 145 provides for the rescission of several previously issued accounting standards, new accounting guidance for the accounting for certain lease modifications and various technical corrections that are not substantive in nature to existing pronouncements. SFAS No. 145 was adopted beginning January 1, 2003, except for the provisions relating to the amendment of SFAS No.13, which were adopted for transactions occurring subsequent to May 15, 2002. Adoption of SFAS No. 145 did not have a material impact on the consolidated financial statements of the Company.

In July 2002, the FASB issued SFAS No. 146, Accounting for Costs Associated with Exit or Disposal Activities. SFAS No. 146 requires companies to recognize costs associated with exit or disposal activities when they are incurred rather than at the date of a commitment to an exit or disposal plan. SFAS No. 146 is to be applied prospectively to exit or disposal activities initiated after December 31, 2002. Adoption of SFAS No. 146 did not have a material impact on the consolidated financial statements of the Company.

In November 2002, the FASB issued FASB Interpretation (FIN) No. 45, Guarantor's Accounting and Disclosure Requirements for Guarantees, including Indirect Guarantees of Indebtedness of Others. FIN No. 45 requires a guarantor to include disclosure of certain obligations, and if applicable, at the inception of the guarantee, recognize a liability for the fair value of certain other obligations undertaken in issuing a guarantee. The recognition requirements are effective for guarantees issued or modified after December 31, 2002. Adoption of FIN No. 45 did not have a material impact on the consolidated financial statements of the Company. The disclosure provisions of FIN No. 45 have been adopted by the Company for the year ended March 31, 2003.

In November 2002, the EITF Issue No. 00-21, Accounting for Revenue Arrangements with Multiple Deliverables. This issue addresses determination of whether an arrangement involving more than one deliverable contains more than one unit of accounting and how arrangement consideration should be measured and allocated to the separate units of accounting. EITF Issue No. 00-21 is effective for revenue arrangements entered into in fiscal periods beginning after June 15, 2003. Alternatively, the Company may elect to report the change in accounting as a cumulative-effect adjustment. The Company believes that EITF Issue No. 00-21 may impact its current revenue recognition policy relating to certain contracts for sale of goods, where a portion of the contract price allocable to the goods is not payable until installation or a similar service is completed. Further, the Company is evaluating the impact of adoption of EITF Issue No. 00-21 on its other revenue recognition policies.

In December 2002, the FASB issued SFAS No. 148, Accounting for Stock-Based Compensation-Transition and Disclosure, an amendment of FASB Statement No. 123. SFAS No. 148 amends SFAS No. 123, Accounting for Stock-Based Compensation, to

WIPRO LIMITED

provide alternative methods of transition for a voluntary change to the fair value based method of accounting for stock-based employee compensation. In addition, SFAS No. 148 amends the disclosure requirements of SFAS No. 123 to require prominent disclosures in both annual and interim financial statements about the method of accounting for stock-based employee compensation and the effect of the method used on reported results. The disclosure provisions of SFAS No. 148 are applicable for fiscal periods beginning after December 15, 2002. The Company continues to use the intrinsic value based method of APB Opinion No. 25 to account for its employee stock based compensation plans. The disclosure provisions of SFAS No. 148 have been adopted by the Company for the year ended March 31, 2003.

In January 2003, the FASB issued FIN No. 46, Consolidation of Variable Interest Entities - an interpretation of Accounting Research Bulletin No. 51. FIN No. 46 is applicable to all variable interest entities created after January 31, 2003. In respect of variable interest entities created before February 1, 2003, FIN No. 46 will be applicable from fiscal periods beginning after June 15, 2003. Adoption of FIN No. 46 will not have a material impact on the consolidated financial statements of the Company.

In April 2003, the FASB issued SFAS No. 149, Amendment of Statement No. 133 on Derivative Instruments and Hedging Activities. SFAS No. 149 amends and clarifies financial accounting and reporting for derivative instruments, including certain derivative instruments embedded in other contracts and for hedging activities under SFAS No. 133. SFAS No. 149 is effective for contracts entered into or modified after June 30, 2003 and for hedging relationships designated after June 30, 2003. Adoption of SFAS No. 149 will not have a material impact on the consolidated financial statements of the Company.

Reclassifications. The Company has reclassified certain costs for the years ended March 31, 2001 and 2002, between cost of revenues and operating expenses, to conform to the current presentation. These reclassifications reduced the previously reported gross profit by Rs. 189,740 and Rs. 224,290 respectively, which is not material. Certain other reclassifications have been made to conform prior period data to current presentation. The above reclassifications had no impact on reported net income or stockholders' equity. The Company has also reclassified cash outflows on inter-corporate deposits during the years ended March 31, 2001 and 2002, from net cash provided by operating activities to net cash used in investing activities. These reclassifications have increased the previously reported net cash provided by operating activities and increased the net cash used in investing activities by Rs. 1,052,000 and Rs. 1,013,091 respectively.

3. Acquisitions

Wipro Spectramind Services Private Limited (Spectramind)

As of June 30, 2002, the Company held a 15% equity interest in Spectramind, acquired for a consideration of Rs. 192,000. Additionally, the Company held non-voting convertible preference shares acquired for a consideration of Rs. 288,000, which were convertible into equity shares, on occurrence of events specified in the shareholders agreement. As this voting equity interest did not give Wipro the ability to exercise significant influence over the operating and financial policies of Spectramind, the investment was recorded at cost.

In July 2002, the Company acquired a controlling equity interest in Spectramind at an additional cost of Rs. 3,696,552. Consequent to this acquisition, the Company held 89% of the outstanding equity shares of Spectramind. Subsequently, the Company acquired the balance 11% of the outstanding equity shares for Rs. 440,591. The results of operations of Spectramind are consolidated in the Company's financial statements with effect from July 1, 2002.

Spectramind is 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 acquisition is intended to provide a time to market advantage to the Company in addressing the Business Process Outsourcing (BPO) services segment, strengthen the value proposition of being an end-to-end outsourcing solution provider to large corporations and provide synergistic benefits of being able to address the remote processing services requirements of the existing customer base of the Company.

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

Description	Fair value
Net tangible assets	Rs. 705,904
Customer-related intangibles	387,000
Marketing-related intangibles	34,300
Goodwill	3,489,939
Total	Rs. 4,617,143

WIPRO LIMITED

Wipro Healthcare IT Limited (Wipro Healthcare IT)

In August 2002, Wipro acquired a 60% equity interest in Wipro Healthcare IT, an India-based company engaged in the development of health care related software, and the technology rights in the business of Wipro Healthcare IT for an aggregate consideration of Rs. 180,776. On December 31, 2002, the Company acquired the balance 40% equity interest in Wipro Healthcare IT for an aggregate consideration of Rs. 96,980.

The Company intends to address the market for healthcare information systems in India and South Asia through Wipro Healthcare IT. Further, the Company intends to leverage the domain expertise of Wipro Healthcare IT in addressing the outsourcing requirements of large corporations engaged in the design, development and integration of healthcare information systems.

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

<u>Description</u>	<u>Fair value</u>
Net tangible assets	Rs. 80,406
Technology-based intangibles	34,300
Customer-related intangibles	62,833
Goodwill	100,217
Total	<u>Rs. 277,756</u>

Global Energy Practice (GEP)

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

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

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

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

The purchase consideration has been allocated on a preliminary basis based on management's estimates and independent appraisals. However, certain independent appraiser's reports are yet to be received by the Company. Finalization of the purchase price allocation, which is expected to be completed in the next 3 months, may result in certain adjustments to the above allocation.

Amortization of intangible assets

The estimated amortization schedule for the intangible assets, on a straight line basis, for the next five years is set out below :

<u>Year ending March 31,</u>	<u>Amount</u>
2004	Rs. 174,540
2005	124,180
2006	116,200
2007	31,634
2008	3,808
Total	<u>Rs. 450,362</u>

WIPRO LIMITED

Pro forma information (Unaudited)

The un-audited pro forma consolidated results of operations, as if the above acquisitions had been made at the beginning of periods presented below is as follows :

	Year ended March 31,	
	2002	2003
Revenues	Rs. 35,199,654	Rs. 44,118,866
Income from continuing operations	8,384,556	8,580,185
Loss from operations of the discontinued corporate internet services division, net of taxes	(81,514)	(377,545)
Net income	Rs. 8,303,042	Rs. 8,202,640
Earnings per share : Basic		
Continuing operations	36.28	37.11
Net income	Rs. 35.92	Rs. 35.48
Earnings per share : Diluted		
Continuing operations	36.21	37.05
Net income	Rs. 35.86	Rs. 35.42

The pro forma consolidated results of operations include adjustments to give effect to amortization of acquired intangible assets other than goodwill, and certain other adjustments together with related income tax effects. The unaudited pro forma information is not necessarily indicative of the results of operations that would have occurred had the purchase been made at the beginning of the periods presented or the future results of the combined operations.

4. Discontinued Operations

Corporate Internet services (ISP) business

The Company was involved in the ISP business since 1999. For strategic reasons, the Company decided to concentrate on its core businesses and as a result in June 2002, the Company decided to exit this division and approved a formal plan of disposal. In accordance with the plan, the Company has sold the customer contracts, disposed a substantial portion of the long-lived assets, settled the trade receivables and settled a portion of the outstanding vendor obligations. The Company is in the process of disposing the balance long-lived assets and settling the balance outstanding vendor obligations. The Company currently expects to complete the disposal by May 31, 2003.

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

The operations of the ISP division qualify as a component of an entity, being an asset group. As the operations and cash flows of the component will be eliminated from the ongoing operations as a result of the disposal transaction and the Company will not have any significant continuing involvement in the operations of the component after the disposal, the results of operations of the ISP division are reported in discontinued operations for the current and prior periods.

The result of operations of the discontinued ISP division comprise :

	Year ended March 31		
	2001	2002	2003
Revenue	Rs. 144,242	Rs. 508,019	Rs. 67,259
Operating costs	(145,074)	(634,790)	(260,057)
Other exit costs	-	-	(97,605)
Loss on disposal	-	-	(246,120)
Gain/(loss) from discontinued ISP business	(832)	(126,771)	(536,523)
Income tax benefit	-	45,257	158,978
Gain/(loss) from discontinued ISP business, net of tax	Rs. (832)	Rs. (81,514)	Rs. (377,545)

WIPRO LIMITED

Financial services business

The Company was involved in the financial services business through Wipro Finance, a wholly owned subsidiary. In March 1999, the Company decided to exit the financial services business and approved a formal plan for winding down the operations of this business. In December 1999, the Company sold 50% of its equity interest in Wipro Finance. During the year ended March 31, 2001, the Company sold the remaining 50% equity interest in Wipro Finance. The tax benefit of Rs. 77,735 arising on this sale has been reported separately as a component of discontinued operations.

5. Cash and Cash Equivalents

Cash and cash equivalents as of March 31, 2002 and 2003 comprise of cash, cash on deposit with banks and highly liquid money market instruments.

6. Accounts Receivable

Accounts receivable as of March 31, 2002 and 2003 are stated net of allowance for doubtful accounts. The Company maintains an allowance for doubtful accounts based on present and prospective financial condition of its customers and aging of the accounts receivable. Accounts receivable are generally not collateralized.

The activity in the allowance for doubtful accounts receivable is given below :

	Year ended March 31,	
	2002	2003
Balance at the beginning of the period	Rs. 297,884	Rs. 491,644
Additional provision during the period	250,867	153,190
Bad debts charged to provision	(57,107)	(45,947)
Balance at the end of the period	Rs. 491,644	Rs. 598,887

7. Inventories

Inventories consist of the following :

	As of March 31,	
	2002	2003
Stores and spare parts	Rs. 31,425	Rs. 25,951
Raw materials and components	453,018	398,216
Work-in-process	84,722	119,028
Finished goods	832,981	906,303
	Rs. 1,402,146	Rs. 1,449,498

Finished goods as of March 31, 2002 and 2003 include inventory of Rs. 467,546 and Rs. 438,972 respectively, with customers pending installation.

8. Other Assets

Other assets consist of the following :

	As of March 31,	
	2002	2003
Prepaid expenses	Rs. 748,142	Rs. 1,276,650
Advances to suppliers	68,917	94,741
Balances with statutory authorities	38,821	16,699
Deposits	533,247	638,472
Inter-corporate deposits		
GE Capital Services India	819,891	258,803
ICICI Limited	1,245,200	-
Citicorp Financial Services Limited	-	27,000
Advance income taxes	311,257	872,974
Others	463,998	438,265
	4,229,473	3,623,604
Less : Current assets	(3,481,308)	(2,535,809)
	Rs. 748,165	Rs. 1,087,795

WIPRO LIMITED
9. Investment Securities

Investment securities consist of the following:

	As of March 31, 2002			As of March 31, 2003			
	Carrying Value	Gross Unrealized Holding Gains	Fair Value	Carrying Value	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses	Fair Value
Available-for-sale :							
Equity securities	Rs. 233	Rs. 1,623	Rs. 1,856	Rs. 207	Rs. 1,400	Rs. -	Rs. 1,607
Debt securities	4,962,102	79,376	5,041,478	492,478	-	(15,068)	477,410
	<u>4,962,335</u>	<u>80,999</u>	<u>5,043,334</u>	<u>492,685</u>	<u>1,400</u>	<u>(15,068)</u>	<u>479,017</u>
Held-to-maturity:							
Debt securities	90,833	3,108	93,941	47,952	-	-	47,952
	<u>90,833</u>	<u>3,108</u>	<u>93,941</u>	<u>47,952</u>	<u>-</u>	<u>-</u>	<u>47,952</u>
Unquoted :							
Equity securities	144,300	-	144,300	-	-	-	-
Convertible preference shares	215,700	-	215,700	-	-	-	-
	<u>360,000</u>	<u>-</u>	<u>360,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>Rs. 5,413,168</u>	<u>Rs. 84,107</u>	<u>Rs. 5,497,275</u>	<u>Rs. 540,637</u>	<u>Rs. 1,400</u>	<u>Rs. (15,068)</u>	<u>Rs. 526,969</u>

Held-to-maturity debt securities as of March 31, 2003, mature within a year.

Dividends from available for sale securities during the years ended March 31, 2001, 2002 and 2003 were Rs. 14, Rs. 36 and Rs. 30 respectively, and are included in other income.

10. Property, Plant and Equipment

Property, plant and equipment consist of the following :

	As of March 31,	
	2002	2003
Land	Rs. 370,079	Rs. 530,037
Buildings	1,585,515	2,210,427
Plant and machinery	5,469,300	6,569,392
Furniture, fixtures and equipment	1,264,870	1,551,629
Vehicles	420,843	566,714
Computer software for internal use	742,305	1,053,065
Capital work-in-progress	1,116,082	1,006,892
	<u>10,968,994</u>	<u>13,488,156</u>
Accumulated depreciation and amortization	<u>(4,707,137)</u>	<u>(6,178,372)</u>
	<u>Rs. 6,261,857</u>	<u>Rs. 7,309,784</u>

Depreciation expense for the years ended March 31, 2001, 2002 and 2003, is Rs. 975,395, Rs. 1,289,988 and Rs. 1,531,707 respectively. This includes Rs. 140,624, Rs. 204,492 and Rs. 210,889 as amortization of capitalized internal use software, during the years ended March 31, 2001, 2002 and 2003, respectively.

WIPRO LIMITED
11. Goodwill and Intangible Assets

Information regarding the Company's intangible assets acquired either individually or in a business combination consist of the following :

	As of March 31,					
	2002			2003		
	Gross carrying amount	Accumulated amortization	Net	Gross carrying amount	Accumulated amortization	Net
Technology-based intangibles ...	Rs. -	Rs. -	Rs. -	Rs. 34,300	Rs. 4,790	Rs. 29,510
Customer-related intangibles	-	-	-	547,833	149,651	398,182
Marketing-related intangibles ...	-	-	-	34,300	11,630	22,670
Others	950	700	250	950	950	-
	<u>Rs. 950</u>	<u>Rs. 700</u>	<u>Rs. 250</u>	<u>Rs. 617,383</u>	<u>Rs. 167,021</u>	<u>Rs. 450,362</u>

The movement in goodwill balance is given below :

	Year ended March 31, 2003
Balance at the beginning of the period	Rs. 656,240
Goodwill relating to acquisitions consummated during the period	4,530,377
Balance at the end of the period	<u>Rs. 5,186,617</u>

Goodwill as of March 31, 2003 has been allocated to the following reporting units :

Reporting unit	Segment	As of March 31, 2003
Wipro Infotech Services	India and AsiaPac IT Services and Products	Rs. 656,240
IT-Enabled Services	IT-Enabled Services	3,489,939
Wipro Healthcare IT	HealthScience	100,217
Enterprise Services	Global IT Services and Products	940,221
		<u>Rs. 5,186,617</u>

Goodwill of Rs. 940,221 relating to the Enterprise Services reporting unit is expected to be fully deductible for tax purposes.

12. Other Current Liabilities

Other current liabilities consist of the following :

	As of March 31,	
	2002	2003
Statutory dues payable	Rs. 357,822	Rs. 406,013
Taxes payable	72,707	48,134
Warranty obligations	292,052	293,260
Others	56,938	47,866
	<u>Rs. 779,519</u>	<u>Rs. 795,273</u>

The activity in warranty obligations is given below :

	Year ended March 31, 2003
Balance at the beginning of the period	Rs. 292,052
Additional provision during the period	299,154
Reduction due to payments	(297,946)
Balance at the end of the period	<u>Rs. 293,260</u>

13. Operating Leases

The Company leases office and residential facilities under cancelable operating lease agreements that are renewable on a periodic basis at the option of both the lessor and the lessee. Rental expense under such leases was Rs. 277,018, Rs.320,029 and Rs. 345,898 for the years ended March 31, 2001, 2002 and 2003, respectively.

Prepaid expenses as of March 31, 2002 and 2003 include Rs. 214,838 and Rs. 211,331 respectively, being prepaid operating lease rentals for land obtained on lease for a period of 60 years. The prepaid expense is being charged over the lease term.

14. Investments in Affiliates*Wipro GE Medical Systems (Wipro GE)*

The Company has accounted for its 49% interest in Wipro GE by the equity method. The carrying value of the investment in Wipro GE as of March 31, 2002 and 2003, was Rs.820,849 and Rs. 400,599 respectively. The Company's equity in the income of Wipro GE for year ended March 31, 2001 and 2002 was Rs. 184,315, Rs. 234,100 and the Company's equity in the losses of Wipro GE for year ended March 31, 2003 was Rs. 371,250.

WeP Peripherals

The Company has accounted for its 39.7% interest in WeP Peripherals by the equity method. The carrying value of the equity investment in WeP Peripherals as of March 31, 2002 and 2003, was Rs.77,470 and Rs. 133,470 respectively. The Company's equity in the income of WeP Peripherals for the year ended March 31, 2001, 2002 and 2003 was Rs. 10,530, Rs. 23,676 and Rs. 16,000 respectively.

Wipro Net

The Company held a 55% equity interest in Wipro Net. As the minority shareholders of Wipro Net had significant participating rights, Wipro Net was accounted for by equity method. The Company's equity in the loss of Wipro Net for the year ended March 31, 2001 was Rs. 135,893. In December 2000, the Company acquired the 45% minority interest in Wipro Net.

NetKracker

In December 2000, the Company established NetKracker by transferring its retail internet business. A strategic investor acquired a 51% equity interest in the entity with Wipro retaining the balance 49%. Additionally, Wipro acquired convertible preference shares in NetKracker. The Company's equity in the loss of NetKracker for the years ended March 31, 2001 and 2002 was Rs. 112,133 and Rs. 110,698 respectively.

In March 2002, Wipro and the strategic investor entered into certain agreements whereby the convertible preference shares were converted to common stock increasing Wipro's equity interest from 49% to 79%. Additionally, Wipro would acquire 19% equity interest in NetKracker from the strategic investor for a cash consideration of Rs. 30,000 and a contingent consideration that is payable on occurrence of specified events. The Company determined that the events that trigger contingent payments are within its control and no contingent consideration will be payable under the arrangement.

The transaction was accounted for as a purchase business combination. Prior to the acquisition, NetKracker had a deferred tax asset of Rs. 135,000 for carry-forward business losses, for which a valuation allowance had been established due to the significant uncertainty on realization on a standalone basis. Subsequent to the acquisition, the Company will fully utilize the benefit of the carry-forward business losses and accordingly the valuation allowance was reversed. The amounts assigned to the net assets of NetKracker exceeded the cost of acquisition. This excess was initially used to reduce the amounts allocable to certain eligible assets and the remaining excess of Rs. 96,000 was reported as a component of other income. As the remaining excess was not material it was not reported as an extraordinary gain.

15. Financial Instruments and Concentration of Risk

Concentration of risk. Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of cash and cash equivalents, investment securities, accounts receivable and inter-corporate deposits. The Company's cash resources are invested with financial institutions and commercial corporations with high investment grade credit ratings. Limits have been established by the Company as to the maximum amount of cash that may be invested with any such single entity. To reduce its credit risk, the Company performs ongoing credit evaluations of customers. No single customer accounted for 10% or more of the revenues/accounts receivable as of/for the year ended March 31, 2002 and 2003.

Derivative financial instruments. The Company enters into forward foreign exchange contracts, where the counterparty is generally a bank. The Company considers the risks of non-performance by the counterparty as non-material. The following table presents the aggregate contracted principal amounts of the Company's derivative financial instruments outstanding :

	As of March 31,	
	2002	2003
Forward contracts	\$ 62.8 million (sell)	\$ 113.5 million (sell)
	-	£ 2.5 million (sell)

The foreign forward exchange contracts mature between one to twelve months.

16. Borrowings from Banks

The Company has a line of credit of Rs. 2,650,000 from its bankers for working capital requirements. The line of credit is renewable annually. The credit bears interest at the prime rate of the bank, which averaged 12.8%, 12.2% and 12.7% in the years ended March 31, 2001, 2002 and 2003, respectively. The facilities are secured by inventories, accounts receivable and certain property and contain financial covenants and restrictions on indebtedness.

17. Long-term Debt

Long-term debt consist of the following :

	As of March 31,	
	2002	2003
Rupee term loans from banks and financial institutions	Rs. 48,200	Rs. 28,200
Others	60,563	67,124
	108,763	95,324
Less : Current portion	(21,355)	(29,555)
	Rs. 87,408	Rs. 65,769

All long-term debt is secured by a specific charge over the property, plant and equipment of the Company and contains certain financial covenants and restrictions on indebtedness.

An interest rate profile of the long-term debt is given below :

	As of March 31,	
	2002	2003
Rupee term loans from banks and financial institutions	14.2%	14.2%

A maturity profile of the long-term debt outstanding as of March 31, 2003, is set out below :

Maturing in the year ending March 31 :

2004	Rs. 29,555
2005	105
2006	2,223
2007	5,293
Thereafter	58,148
	Rs. 95,324

18. Equity Shares and Dividends

The Company presently has only one class of equity shares. For all matters submitted to vote in the shareholders meeting, every holder of equity shares, as reflected in the records of the Company on the date of the shareholders meeting shall have one vote in respect of each share held.

In October 2000, the Company made a public offering of its American Depositary Shares, or ADSs, to international investors. The offering consisted of 3,162,500 ADSs representing 3,162,500 equity shares, at an offering price of \$ 41.375 per ADS. The equity shares represented by the ADS carry similar rights as to voting and dividends as the other equity shares.

Should the Company declare and pay dividend, such dividend will be paid in Indian rupees. Indian law mandates that any dividend, exceeding 10% of the equity shares, can be declared out of distributable profits only after the transfer of upto 10% of net income computed in accordance with current regulations to a general reserve. Also, the remittance of dividends outside India is governed by Indian law on foreign exchange. Dividend payments are also subject to applicable taxes.

WIPRO LIMITED

In the event of liquidation of the affairs of the Company, all preferential amounts, if any, shall be discharged by the Company. The remaining assets of the Company, after such discharge, shall be distributed to the holders of equity shares in proportion to the number of shares held by them.

The Company paid cash dividends of Rs. 75,121, Rs. 128,534 and Rs. 232,466 during the years ended March 31, 2001, 2002 and 2003. The dividends per share were Rs. 0.30 during the year ended March 31, 2001, Rs. 0.50 during the year ended March 31, 2002 and Rs. 1.00 during the year ended March 31, 2003.

19. Retained Earnings

The Company's retained earnings as of March 31, 2002 and 2003, include restricted retained earnings of Rs. 259,538, which is not distributable as dividends under Indian company laws. These relate to requirements regarding earmarking a part of the retained earnings on redemption of preference shares.

Retained earnings as of March 31, 2002 and 2003, also include Rs. 794,719 and Rs. 390,469, respectively, of undistributed earnings in equity of affiliates.

20. Other Income, Net

Other income consists of the following :

	Year ended March 31		
	2001	2002	2003
Interest income, net	Rs. 86,833	Rs. 420,059	Rs. 245,801
Gain on sale of investment securities, net	-	201,536	410,360
Others	14	217,243	61,790
	<u>Rs. 86,847</u>	<u>Rs. 838,838</u>	<u>Rs. 717,951</u>

21. Shipping and Handling Costs

Selling general and administrative expenses for the years ended March 31, 2001, 2002 and 2003, include shipping and handling costs of Rs. 62,200, Rs. 47,922 and Rs. 62,803 respectively.

22. Income Taxes

Income taxes have been allocated as follows :

	Year ended March 31		
	2001	2002	2003
Continuing operations	Rs. 1,150,042	Rs. 1,016,003	Rs. 1,342,248
Discontinued operations	(77,735)	(45,257)	(158,978)
Cumulative effect of accounting change	(39,273)	-	-
Stockholders equity for :			
Exercise of stock options	-	(10,577)	-
Unrealized (gains)/loss on investment securities, net	(313)	29,205	(29,249)
Total income taxes	<u>Rs. 1,032,721</u>	<u>Rs. 989,374</u>	<u>Rs. 1,154,021</u>

Income taxes relating to continuing operations consist of the following :

	Year ended March 31		
	2001	2002	2003
Current taxes			
Domestic	Rs. 749,406	Rs. 493,153	Rs. 712,624
Foreign	402,752	442,804	585,167
	<u>1,152,158</u>	<u>935,957</u>	<u>1,297,791</u>
Deferred taxes	(2,116)	80,046	44,457
Total income tax expense	<u>Rs. 1,150,042</u>	<u>Rs. 1,016,003</u>	<u>Rs. 1,342,248</u>

WIPRO LIMITED

Income taxes relating to discontinued division consist of the following :

	Year ended March 31		
	2001	2002	2003
Current taxes	Rs. (77,735)	Rs. (21,614)	Rs. (62,912)
Deferred taxes	-	(23,643)	(96,066)
Total income tax benefit	Rs. (77,735)	Rs. (45,257)	Rs. (158,978)

The reconciliation between the provision of income tax of the Company and amounts computed by applying the Indian statutory income tax rate is as follows :

	Year ended March 31		
	2001	2002	2003
Income from continuing operations before taxes	Rs. 7,587,457	Rs. 9,427,495	Rs. 9,818,868
Enacted tax rate in India	39.55%	35.70%	36.75%
Computed expected tax expense	3,000,839	3,365,616	3,608,434
Effect of :			
Income exempt from tax in India	(2,388,705)	(2,861,967)	(2,880,430)
Difference between tax basis and amount for financial reporting of a domestic subsidiary reversed	-	199,512	-
Others	135,156	(15,688)	58,127
Domestic income taxes	747,290	687,473	786,131
Effect of tax on foreign income	402,752	328,530	556,117
Total income tax expense	Rs. 1,150,042	Rs. 1,016,003	Rs. 1,342,248

Deferred tax assets as of March 31, 2001 included Rs. 199,512 being the difference between the tax basis and the amount for financial reporting of Wipro Net, a domestic subsidiary. The deferred tax asset was reversed during the year ended March 31, 2002, on merger of Wipro Net as a result of which the benefit of the deferred tax asset was no longer available to the Company.

A substantial portion of the profits of the Company's India operations are exempt from Indian income taxes being profits attributable to export operations and profits from undertakings situated in Software Technology and Hardware Technology Parks. Under the tax holiday, the taxpayer can utilize an exemption from income taxes for a period of any ten consecutive years. The Company has opted for this exemption from the year ended March 31, 1997, for undertakings situated in Software Technology and Hardware Technology Parks. Profits from certain other undertakings are also eligible for preferential tax treatment. In addition, dividend income from certain category of investments was exempt from tax in the year ended March 31, 2002. The aggregate rupee and per share (basic) effects of these tax exemptions are Rs. 2,388,705 and Rs. 10.42 per share for the year ended March 31, 2001, Rs. 2,861,967 and Rs. 12.38 per share for the year ended March 31, 2002 and Rs. 2,880,430 and Rs. 12.46 per share for the years ended March 31, 2003. For the year ended, March 31, 2003 Indian tax laws were amended to restrict the exempt income from an export oriented undertaking from 100% to 90% of its aggregate income.

WIPRO LIMITED

The components of the net deferred tax asset are as follows :

	As of March 31,	
	2002	2003
Deferred tax assets		
Property, plant and equipment	Rs. 15,661	Rs. -
Allowance for doubtful accounts	57,329	89,143
Investments in mutual funds	58,333	-
Accrued expenses and liabilities	48,842	105,635
Carry-forward capital losses	122,810	126,422
Carry-forward business losses	182,918	175,296
Others	81,154	59,566
Total gross deferred tax assets	567,047	556,062
Less : valuation allowance	(122,810)	(142,172)
Net deferred tax assets	444,237	413,890
Deferred tax liabilities		
Property, plant and equipment	Rs. -	Rs. 16,927
Intangible assets	-	83,184
Unrealized gains on investment securities	29,392	143
Undistributed earnings of affiliates	86,061	32,849
Total gross deferred tax liability	115,453	133,103
Net deferred tax assets	Rs. 328,784	Rs. 280,787

Management believes that based on a number of factors, the available objective evidence creates sufficient uncertainties regarding the generation of future capital gains and realizability of the carry-forward capital losses. Accordingly, the Company has established a valuation allowance for the carry-forward capital losses. These losses expire after eight years succeeding the year in which they were first incurred. The carry-forward capital losses as of March 31, 2003 will expire by 2009.

Based on historical taxable income, projections of future taxable income and tax planning strategies management believes that it is more likely than not that the Company will be able to realize the benefit on the carry-forward business losses arising out of its Indian and foreign operations, except certain foreign operations of a subsidiary for which a valuation allowance has been established.

The carry-forward business losses as of March 31, 2003, expire as follows :

Year ending March 31 :

2009	Rs. 22,987
2010	45,202
2020	20,883
2021	27,035
2022	15,750
2023	29,050
Thereafter	14,389
	<u>Rs. 175,296</u>

Although realization of the net deferred tax assets is not assured, management believes that it is more likely than not that all of the net deferred tax assets will be realized. The amount of net deferred tax assets considered realizable, however could be reduced in the near term based on changing conditions.

WIPRO LIMITED

The Company is subject to a 15% branch profit tax in the US to the extent the net profit during the fiscal year attributable to its US branch are greater than the increase in the net assets of the US branch during the fiscal year, computed in accordance with the Internal Revenue Code. As of March 31, 2003, the US branch's net assets amounted to \$ 22.3 million. The Company has not triggered the branch profit tax and intends to maintain the current level of its net assets in the US as is consistent with its business plan. Accordingly, branch profit tax provision has not been recorded as of March 31, 2003.

23. Employee Stock Incentive Plans

Wipro Equity Reward Trust (WERT). In 1984, the Company established a controlled trust called the WERT. Under this plan, the WERT would purchase shares of Wipro out of funds borrowed from Wipro. The Company's Compensation Committee would recommend to the WERT, officers and key employees, to whom the WERT will grant shares from its holding. The shares have been granted at a nominal price. Such shares would be held by the employees subject to vesting conditions. The shares held by the WERT are reported as a reduction from stockholders' equity. 555,910 and 229,755 shares held by employees as of March 31, 2002 and 2003 respectively, subject to vesting conditions are included in the outstanding equity shares.

The movement in the shares held by the WERT is given below :

	Year ended March 31		
	2001	2002	2003
Shares held at the beginning of the period	1,216,460	1,280,885	1,321,335
Shares granted to employees	(4,250)	-	(19,300)
Grants forfeited by employees	68,675	40,450	1,575
Shares held at the end of the period	<u>1,280,885</u>	<u>1,321,335</u>	<u>1,303,610</u>

Deferred compensation is amortized on a straight-line basis over the vesting period of the shares which ranges from 42 to 60 months. The weighted-average grant date fair values of the shares granted during the years ended March 31, 2001 and 2003 are Rs. 2,212 and Rs. 1,281 respectively. The amortization of deferred stock compensation, net of reversals, for the years ended March 31, 2001, 2002 and 2003, was Rs. 87,160, Rs. 78,723 and Rs. 52,047 respectively. The stock-based compensation has been allocated to cost of revenues and selling, general and administrative expenses as follows :

	Year ended March 31		
	2001	2002	2003
Cost of revenues	Rs. 32,363	Rs. 29,504	Rs. 19,734
Selling, general and administrative expenses	<u>54,797</u>	<u>49,219</u>	<u>32,313</u>
	<u>Rs. 87,160</u>	<u>Rs. 78,723</u>	<u>Rs. 52,047</u>

Wipro Employee Stock Option Plan 1999 (1999 Plan). In July 1999, the Company established the 1999 Plan. Under the 1999 Plan, the Company is authorized to issue up to 5 million equity shares to eligible employees. Employees covered by the 1999 Plan are granted an option to purchase shares of the Company subject to the requirements of vesting. The Company has not recorded, any deferred compensation as the exercise price was equal to the fair market value of the underlying equity shares on the grant date.

WIPRO LIMITED

Stock option activity under the 1999 Plan is as follows :

Year ended March 31, 2001				
	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	2,412,150	Rs. 1,024 - 2,522	Rs. 1,091	66 months
Granted during the period	2,672,000	1,853 - 2,419	1,860	62 months
Forfeited during the period	(405,550)	1,086	1,086	-
Exercised during the period	(114,169)	1,086	1,086	-
Outstanding at the end of the period	4,564,431	1,024 - 2,522	1,542	59 months
Exercisable at the end of the period	86,491	Rs. 1,024 - 2,522	Rs. 1,284	54 months
Year ended March 31, 2002				
	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	4,564,431	Rs. 1,024 - 2,522	Rs. 1,542	59 months
Forfeited during the period	(645,803)	1,086 - 1,853	1,542	-
Exercised during the period	(32,670)	1,086	1,086	-
Outstanding at the end of the period	3,885,958	1,024 - 2,522	1,550	47 months
Exercisable at the end of the period	637,062	Rs. 1,024 - 2,522	Rs. 1,385	46 months
Year ended March 31, 2003				
	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	3,885,958	Rs. 1,024 - 2,522	Rs. 1,550	47 months
Forfeited during the period	(163,677)	1,086 - 2,522	1,599	-
Exercised during the period	(97,903)	1,086	1,086	-
Outstanding at the end of the period	3,624,378	1,024 - 2,522	1,560	36 months
Exercisable at the end of the period	1,189,166	Rs. 1,024 - 2,522	Rs. 1,448	35 months

WIPRO LIMITED

Wipro Employee Stock Option Plan 2000 (2000 Plan). In July 2000, the Company established the 2000 Plan. Under the 2000 Plan, the Company is authorized to issue up to 25 million equity shares to eligible employees. Employees covered by the 2000 Plan are granted an option to purchase equity shares of the Company subject to vesting. The Company has not recorded any deferred compensation as the exercise price was equal to the fair market value of the underlying equity shares on the grant date.

Stock option activity under the 2000 Plan is as follows :

Year ended March 31, 2001				
	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	-	-	-	-
Granted during the period	3,520,300	Rs. 2,382 - 2,746	Rs. 2,397	67 months
Forfeited during the period	(305,950)	2,382	2,382	-
Outstanding at the end of the period	3,214,350	2,382 - 2,746	2,397	67 months
Exercisable at the end of the period	-	-	-	-

Year ended March 31, 2002				
	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	3,214,350	Rs. 2,382 - 2,746	Rs. 2,397	67 months
Granted during the period	5,745,844	1,032 - 1,670	1,582	60 months
Forfeited during the period	(487,680)	1,032 - 2,651	2,397	-
Outstanding at the end of the period	8,472,514	1,032 - 2,746	1,846	58 months
Exercisable at the end of the period	411,414	Rs. 2,375 - 2,651	Rs. 2,397	55 months

Year ended March 31, 2003

	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	8,472,514	Rs. 1,032 - 2,746	Rs. 1,846	58 months
Granted during the period	99,550	1,268 - 1,691	1,495	54 months
Forfeited during the period	(471,150)	1,032 - 2,651	1,899	-
Exercised during the period	(400)	1,032 - 1,338	1,215	-
Outstanding at the end of the period	8,100,514	1,032 - 2,746	1,839	46 months
Exercisable at the end of the period	1,731,730	Rs. 1,032 - 2,746	Rs. 1,884	46 months

Weighted average grant date fair values for options granted during the years ended March 31, 2001, 2002 and 2003, under the 1999/2000 Plan, are Rs. 996, Rs. 875 and Rs. 831 respectively.

Stock Option Plan (2000 ADS Plan). In April 2000, the Company established the 2000 ADS Plan. Under the 2000 ADS Plan, the Company is authorized to issue options to purchase up to 1.5 million American Depositary Shares (ADSs) to eligible employees. Employees covered by the 2000 ADS Plan are granted an option to purchase ADSs representing equity shares of the Company subject to the requirements of vesting. The Company has not recorded any deferred compensation as the exercise price was equal to the fair market value of the underlying ADS on the grant date.

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

Year ended March 31, 2001

	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	-	-	-	-
Granted during the period	268,750	\$ 41.375	\$ 41.375	67 months
Forfeited during the period	(4,000)	41.375	41.375	-
Outstanding at the end of the period	264,750	41.375	41.375	67 months
Exercisable at the end of the period	-	-	-	-

Year ended March 31, 2002

	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	264,750	\$ 41.375	\$ 41.375	67 months
Granted during the period	409,200	20.75 - 36.40	35.49	61 months
Forfeited during the period	(26,500)	41.375	41.375	-
Outstanding at the end of the period	647,450	20.75 - 41.375	37.66	55 months
Exercisable at the end of the period	35,738	\$ 41.375	\$ 41.375	44 months

Year ended March 31, 2003

	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	647,450	\$ 20.75 - 41.375	\$ 37.66	55 months
Granted during the period	88,300	26.10 - 30.05	27.95	54 months
Forfeited during the period	(35,400)	20.75 - 36.40	29.62	-
Outstanding at the end of the period	700,350	20.75 - 41.375	36.84	43 months
Exercisable at the end of the period	446,152	\$ 25.90 - 41.375	\$ 36.46	47 months

Weighted average grant date fair values for options granted during the years ended March 31, 2001, 2002 and 2003, are \$ 19, \$ 19 and \$ 15 respectively.

Wipro Net Plan. Wipro Net had an Employee Stock Option Plan (Wipro Net Plan). Under the Wipro Net Plan eligible employees were granted an option to purchase equity shares of Wipro Net subject to the requirements of vesting. Wipro Net had not recorded any deferred compensation as the exercise price was not less than the fair market value of the underlying equity shares on the grant date. During the year ended March 31, 2002, consequent to the decision of merging Wipro Net with Wipro, stock options under the Wipro Net Plan, were exchanged for stock options of Wipro under the 2000 Plan. The exchange did not result in an increase in the aggregate intrinsic value of the award or a reduction in the ratio of the exercise price per share to the market price per share. As the new options were granted at the fair value on the grant date, no compensation cost was recorded.

Spectramind Option Plan (Spectramind Plan). Prior to its acquisition by the Company, Spectramind had established the Spectramind Plan. Employees covered by the Spectramind Plan were granted options to purchase shares of Spectramind.

As of the date of acquisition of Spectramind by the Company, options to purchase 17,462,520 shares were outstanding under the Spectramind Plan. As per the terms of the acquisition, the Company acquired/settled 7,960,704 options for cash. The cost of settlement of these options is included as a component of the purchase price of Spectramind. Out of the balance 9,501,816 outstanding options, the Company modified the vesting schedule/exercise period and increased the exercise price of 6,149,191 options. In accordance with FIN No. 44, Accounting for Certain Transactions Involving Stock Compensation (an interpretation of APB Opinion No.25) and EITF Issue No. 00-23, Issues Related to the Accounting for Stock Compensation under APB Opinion No. 25 and FIN No. 44, the above modifications resulted in a new measurement of compensation cost at the date of modification. As the new exercise price was equal to the fair value of the underlying equity shares on the new measurement date, the Company has not recorded any additional compensation cost.

Stock option activity under the Spectramind Plan is as follows :

Year ended March 31, 2003

	Shares arising out of options	Range of exercise prices	Weighted-average exercise price	Weighted-average measurement date fair value	Weighted average remaining contractual life (months)
Assumed at the date of acquisition	514,358	Rs. 1 - 13	Rs. 8	Rs. 20	9 months
	3,157,372	31	31	31	15 months
	6,149,191	57	57	57	29 months
Forfeited during the period	(158,708)	57	57	-	-
Exercised during the period	(332,451)	13	13	-	-
Outstanding at the end of the period	181,907	1 - 13	2	30	3 months
	3,157,372	31	31	31	6 months
	5,990,483	1 - 57	57	57	20 months
Exercisable at the end of the period	181,907	Rs. 1 - 13	Rs. 2	Rs. 30	3 months

WIPRO LIMITED

Out of the 9,329,762 options outstanding as at March 31, 2003, options to purchase 9,147,855 shares are covered by a share purchase feature that entitles the Company to repurchase the shares at fair value and gives the employee the right to sell the shares back to the Company at fair value. The Company and the employees can exercise this repurchase right only after six months of the date of option exercise. In accordance with FIN No. 44 and EITF Issue No. 00-23, this share repurchase feature does not result in variable accounting.

24. Earnings Per Share

A reconciliation of the equity shares used in the computation of basic and diluted earnings per equity share is set out below:

	Year ended March 31		
	2001	2002	2003
Basic earnings per equity share - weighted average number of equity shares outstanding	229,325,989	231,132,500	231,204,326
Effect of dilutive equivalent shares-stock options outstanding	1,928,534	402,376	368,122
Diluted earnings per equity share - weighted average number of equity shares and equivalent shares outstanding	231,254,523	231,534,876	231,572,448

Shares held by the controlled WERT have been reduced from the equity shares outstanding and shares held by employees subject to vesting conditions have been included in outstanding equity shares for computing basic and diluted earnings per share.

Options to purchase 5,451,924 and 10,865,284 equity shares were outstanding during the years ended March 31, 2002 and 2003, respectively, but were not included in the computation of diluted earnings per share because the exercise price of the options was greater than the average market price of the equity shares.

25. Employee Benefit Plans

Gratuity. In accordance with applicable Indian laws, the Company provides for gratuity, a defined benefit retirement plan (Gratuity Plan) covering certain categories of employees. The Gratuity Plan provides a lump sum payment to vested employees, at retirement or termination of employment, an amount based on the respective employee's last drawn salary and the years of employment with the Company. The Company provides the gratuity benefit through annual contributions to a fund managed by the Life Insurance Corporation of India. Under this plan, the settlement obligation remains with the Company, although the Life Insurance Corporation of India administers the plan and determines the contribution premium required to be paid by the Company.

	As of March 31,	
	2002	2003
Change in the benefit obligation		
Projected Benefit Obligation (PBO) at the beginning of the year	Rs. 54,558	Rs. 59,187
Service cost	3,798	3,583
Interest cost	5,723	5,346
Benefits paid	(6,444)	(4,550)
Actuarial (gain)/loss	1,552	(1,210)
PBO at the end of the year	59,187	62,356
Change in plan assets		
Fair value of plan assets at the beginning of the year	27,892	26,719
Actual return on plan assets	2,856	2,342
Employer contributions	2,415	9,234
Benefits paid	(6,444)	(4,550)
Plan assets at the end of the year	26,719	33,745
<i>Funded status</i>	(32,468)	(28,611)
Unrecognized actuarial (gain)/loss	(535)	2,548
Unrecognized transition obligation	8,330	5,520
Unrecognized actuarial cost	9,173	7,563
<i>Accrued liability</i>	Rs. (15,500)	Rs. (12,980)

WIPRO LIMITED

Net gratuity cost for the years ended March 31, 2001, 2002 and 2003 included :

	Year ended March 31					
	2001		2002		2003	
Service cost	Rs.	4,110	Rs.	3,798	Rs.	3,583
Interest cost		5,653		5,723		5,346
Expected return on assets		(1,654)		(2,992)		(2,091)
Amortization of transition liabilities		1,874		2,516		2,625
Net gratuity cost	Rs.	9,983	Rs.	9,045	Rs.	9,463

The actuarial assumptions used in accounting for the Gratuity Plan are :

	As of March 31,	
	2002	2003
Discount rate	10%	8%
Rate of increase in compensation levels	9%	8%
Rate of return on plan assets	9.5%	8%

Superannuation. Apart from being covered under the Gratuity Plan described above, the senior officers of the Company also participate in a defined contribution plan maintained by the Company. This plan is administered by the Life Insurance Corporation of India. The Company makes annual contributions based on a specified percentage of each covered employee's salary. The Company has no further obligations under the plan beyond its annual contributions.

Provident fund. In addition to the above benefits, all employees receive benefits from a provident fund, a defined contribution plan. The employee and employer each make monthly contributions to the plan equal to 12% of the covered employee's salary. A portion of the contribution is made to the provident fund trust established by the Company, while the remainder of the contribution is made to the Government's provident fund. The Company has no further obligations under the plan beyond its monthly contributions.

The Company contributed Rs. 249,341, Rs. 322,899 and Rs. 442,855 to various defined contribution and benefit plans during the years ended March 31, 2001, 2002 and 2003 respectively.

26. Related Party Transactions

The Company has the following transactions with related parties.

	Year ended March 31					
	2001		2002		2003	
Wipro GE :						
Revenues from sale of computer equipment and administrative and management support services	Rs.	17,396	Rs.	26,208	Rs.	33,121
Fees received for usage of trade mark		8,820		39,344		19,000
WeP Peripherals :						
Revenues from sale of computer equipment and services		13,984		9,230		6,163
Fees received for usage of trade mark		-		53,016		53,016
Interest received on debentures		4,704		5,000		-
Payment for services		-		1,160		14,665
Purchase of printers		169,000		138,676		105,727
Wipro Net :						
Fees received for consultancy services		13,100		-		-
Fees received for computer and network maintenance support		10,452		-		-
Revenue from sale of computer equipment		109,871		-		-
NetKracker :						
Fees received for technical and infrastructure support services		37,018		96,155		-
Revenue from sale of computer equipment and services		-		987		-
Azim Premji Foundation :						
Revenues from sale of computer equipment and services		-		1,442		2,029
Principal shareholder :						
Payment of lease rentals		1,200		1,200		1,200

WIPRO LIMITED

The Company has the following receivables from related parties, which are reported as other assets/other current assets in the balance sheet.

	As of March 31,	
	2002	2003
Wipro GE	Rs. 56,181	Rs. 87,410
WeP Peripherals	17,037	14,472
Azim Premji Foundation	348	158
Security deposit given to Hasham Premji, a firm under common control	25,000	25,000
	<u>Rs. 98,566</u>	<u>Rs. 127,040</u>

The Company has the following payables to related parties, which are reported as other current liabilities in the balance sheet.

	As of March 31,	
	2002	2003
WeP Peripherals	Rs. 25,875	Rs. 22,186
	<u>Rs. 25,875</u>	<u>Rs. 22,186</u>

27. Commitments and Contingencies

Capital commitments. As of March 31, 2002 and 2003, the Company had committed to spend approximately Rs. 241,338 and Rs. 321,410 respectively, under agreements to purchase property and equipment. These amounts are net of capital advances paid in respect of these purchases.

Guarantees. As of March 31, 2002 and 2003 performance and financial guarantees provided by banks on behalf of the Company to the Indian Government, customers, and certain other agencies amount to Rs. 828,078 and Rs. 1,883,338 respectively, as part of the bank line of credit.

Other commitments. The Company's Indian operations have been established as a Software Technology Park Unit under a plan formulated by the Government of India. As per the plan, the Company's India operations have export obligations to the extent of 1.5 times the employee costs for the year on an annual basis and 5 times the amount of foreign exchange released for capital goods imported, over a five year period. The consequence of not meeting this commitment in the future, would be a retroactive levy of import duty on certain computer hardware previously imported duty free. As of March 31, 2003, the Company has met all commitments required under the plan.

Contingencies and lawsuits. Certain income-tax related legal proceedings are pending against the Company. Potential liabilities, if any, have been adequately provided for, and the Company does not currently estimate any incremental liability in respect of these proceedings.

Additionally, the Company is involved in lawsuits, claims, investigations and proceedings, including patent and commercial matters, which arise in the ordinary course of business. There are no such matters pending that the Company expects to be material in relation to its business.

28. Segment Information

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

The Global IT Services and Products segment provides research and development services for hardware and software design to technology and telecommunication companies and software application development services to corporate enterprises.

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

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

WIPRO LIMITED

In April 2002, the Company established a new business segment named HealthScience, to address the IT requirements of the emerging healthcare and life sciences market. The healthcare and life sciences sector clients of the Global IT Services and Products segment were transferred to the newly established HealthScience segment. Further, Wipro Biomed, a business segment which was previously reported in 'Others', became a part of the HealthScience segment. Similarly, during the year ended March 31, 2003, certain other business segments previously reported in 'Others' were integrated with India and AsiaPac IT Services and Products segment. Segment data for previous periods has been reclassified on a comparable basis.

In July 2002, the Company acquired Spectramind. The operations of Spectramind are organized as a new business segment named IT-Enabled Services. This segment provides BPO services to large global corporations in the US, UK, Australia and other developed markets.

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

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

Information on reportable segments is as follows :

	Year ended March 31, 2001						
	Global IT Services and Products	India and AsiaPac IT Services and Products	Consumer Care and Lighting	Health Science	Others (net of eliminations)	Reconciling Items (2)	Entity Total
Revenues	Rs. 17,389,848	Rs. 8,644,050	Rs. 3,143,537	Rs. 706,898	Rs. 758,353	Rs. -	Rs. 30,642,686
Exchange rate fluctuations	126,291	(46,387)	-	-	-	(79,904)	-
Total revenues	17,516,139	8,597,663	3,143,537	706,898	758,353	(79,904)	30,642,686
Cost of revenues	(9,039,134)	(6,651,480)	(2,195,145)	(434,883)	(595,994)	-	(18,916,636)
Selling, general and administrative expenses	(2,482,371)	(1,181,676)	(558,957)	(209,905)	(162,069)	(1,036)	(4,596,014)
Amortization of intangible assets	-	-	-	-	-	(468)	(468)
Exchange rate fluctuations	-	-	-	-	-	120,226	120,226
Others, net	20,000	60,000	61,113	-	9,000	Rs. 153,884	303,997
Operating income of segment	<u>Rs. 6,014,634</u>	<u>Rs. 824,507</u>	<u>Rs. 450,548</u>	<u>Rs. 62,110</u>	<u>Rs. 9,290</u>	<u>Rs. 192,702</u>	<u>Rs. 7,553,791</u>
Total assets of segment (3)	Rs. 9,242,116	Rs. 3,921,596	Rs. 1,205,128	Rs. 267,599	Rs. 752,650	Rs. 10,798,372	Rs. 26,187,461
Capital employed (3)	7,768,586	1,093,156	846,978	118,922	653,818	10,515,301	20,996,761
Return on capital employed (1), (3) ...	115%	64%	59%	76%	-	-	-
Accounts receivable	3,453,330	1,674,773	158,927	128,255	375,913	87,087	5,878,285
Depreciation	708,274	94,166	63,901	4,907	29,395	74,752	975,395
	Year ended March 31, 2002						
	Global IT Services and Products	India and AsiaPac IT Services and Products	Consumer Care and Lighting	Health Science	Others (net of eliminations)	Reconciling Items (2)	Entity Total
Revenues	Rs. 22,234,349	Rs. 6,950,495	Rs. 2,938,630	Rs. 630,132	Rs. 719,864	Rs. -	Rs. 33,473,470
Exchange rate fluctuations	255,810	(202)	411	-	87	(256,106)	-
Total revenues	22,490,159	6,950,293	2,939,041	630,132	719,951	(256,106)	33,473,470
Cost of revenues	(12,187,696)	(5,428,938)	(1,999,434)	(407,607)	(637,732)	-	(20,661,407)
Selling, general and administrative expenses	(2,508,936)	(945,785)	(539,347)	(175,270)	(75,789)	(113,775)	(4,358,902)
Research and development expenses	(213,457)	-	-	-	-	-	(213,457)
Amortization of intangible assets	-	-	-	-	-	(250)	(250)
Exchange rate fluctuations	-	-	-	-	-	218,968	218,968
Others, net	(2,395)	2,786	3,256	-	18,542	(39,032)	(16,843)
Operating income of segment	<u>Rs. 7,577,675</u>	<u>Rs. 578,356</u>	<u>Rs. 403,516</u>	<u>Rs. 47,255</u>	<u>Rs. 24,972</u>	<u>Rs. (190,195)</u>	<u>Rs. 8,441,579</u>
Total assets of segment (3)	Rs. 11,196,573	Rs. 3,532,129	Rs. 1,076,291	Rs. 255,674	Rs. 776,705	Rs. 16,801,762	Rs. 33,639,134
Capital employed (3)	8,732,946	966,997	708,041	154,201	511,984	16,789,912	27,864,081
Return on capital employed (1), (3) ...	92%	56%	52%	35%	-	-	-
Accounts receivable	3,700,657	1,810,889	172,426	103,632	84,592	108,707	5,980,903
Depreciation	974,452	153,157	61,596	5,565	27,709	67,509	1,289,988

Year ended March 31, 2003

	Global IT Services and Products	IT-Enabled Services	India and AsiaPac IT Services and Products	Consumer Care and Lighting	Health Science	Others (net of eliminations)	Reconciling Items (2)	Entity Total
Revenues	Rs. 28,250,781	Rs. 1,614,049	Rs. 8,040,567	Rs. 2,942,071	Rs. 906,221	Rs. 1,096,211	Rs. -	Rs. 42,849,900
Exchange rate fluctuations	297,800	29,846	5,685	607	(6,246)	(2,985)	(324,707)	-
Total revenues	28,548,581	1,643,895	8,046,252	2,942,678	899,975	1,093,226	(324,707)	42,849,900
Cost of revenues	(16,515,424)	(975,076)	(6,286,506)	(2,008,178)	(592,748)	(798,507)	-	(27,176,439)
Selling, general and administrative expenses	(3,684,577)	(285,988)	(1,283,235)	(513,310)	(295,938)	(96,461)	(33,144)	(6,192,653)
Research and development expenses	(260,481)	-	-	-	-	-	-	(260,481)
Amortization of intangible assets	(10,221)	(135,000)	-	-	(21,100)	-	-	(166,321)
Exchange rate fluctuations	-	-	-	-	-	-	306,639	306,639
Others, net	12,043	(1,290)	62,801	891	5,681	5,722	39,775	125,623
Operating income of segment	Rs. 8,089,921	Rs. 246,541	Rs. 539,312	Rs. 422,081	Rs. (4,130)	Rs. 203,980	Rs. (11,437)	Rs. 9,486,268
Total assets of segment (3)	Rs. 16,562,536	Rs. 5,404,468	Rs. 3,472,802	Rs. 1,085,692	Rs. 780,638	Rs. 821,731	Rs. 14,653,024	Rs. 42,780,891
Capital employed (3)	13,704,421	4,961,847	1,012,091	662,134	495,488	619,856	14,708,270	36,164,107
Return on capital employed (1), (3)	72%	7%	55%	62%	(1%)	-	-	-
Accounts receivable	5,270,785	258,470	1,665,747	197,412	314,926	223,507	-	7,930,847
Depreciation	1,048,222	149,931	173,766	61,276	16,718	31,755	50,039	1,531,707

- Return on capital employed is computed based on the average of the capital employed at the beginning and at the end of the period.
- Reconciling items include assets of the discontinued ISP division.
- The total assets, capital employed, return on capital employed and operating income for the India and AsiaPac IT Services and Products segment excludes the impact of certain acquisition-related goodwill relating to the segment. This goodwill of Rs. 831,557, Rs. 656,240 and Rs. 656,240 as of March 31, 2001, 2002 and 2003 respectively has been reported as a component of reconciling items.

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

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

	Year ended March 31		
	2001	2002	2003
India	Rs. 12,319,658	Rs. 11,044,014	Rs. 12,141,251
United States	11,430,738	12,688,593	20,047,947
Europe	5,070,806	8,255,195	8,502,650
Rest of the world	1,821,484	1,485,668	2,158,052
	Rs. 30,642,686	Rs. 33,473,470	Rs. 42,849,900

29. Fair Value of Financial Instruments

The fair values of the Company's current assets and current liabilities approximate their carrying values because of their short-term maturity. Such financial instruments are classified as current and are expected to be liquidated within the next twelve months.

Part III

Item 19. Exhibits

Exhibit Number	Description
*3.1	Articles of Association of Wipro Limited, as amended.
*3.2	Memorandum of Association of Wipro Limited, as amended.
*3.3	Certificate of Incorporation of Wipro Limited, as amended.
*4.1	Form of Deposit Agreement (including as an exhibit, the form of American Depositary Receipt).
*4.2	Wipro's specimen certificate for equity shares.
*10.1	1999 Employee Stock Option Plan.
*10.2	2000 Employee Stock Option Plan.
*10.3	Wipro Equity Reward Trust.
*10.4	2000 ADS Option Plan.
*10.5	Form of Indemnification Agreement.
*10.6	Asset Credit Scheme Loan between Wipro Limited and ICICI Limited, dated September 19, 1996, as amended.
*10.7	Share Purchase Agreement between Wipro Limited and ICICI Limited, for shares of Wipro Net Limited, dated December 28, 1999.
*10.8	Option Agreement between Wipro Limited and ICICI Limited, dated December 28, 1999.
*10.9	Pledge Agreement by Azim H. Premji and ICICI Limited, dated December 28, 1999.
*21.1	List of Wipro's subsidiaries.
99.1	Certification of Chief Executive Officer and Chief Financial Officer under Section 302 of the Sarbanes Oxley Act.
99.2	Certification of Chief Executive Officer and Chief Financial Officer under Section 906 of the Sarbanes Oxley Act.
99.3	Code of Ethics for Principal and Finance Officers
99.4	Wipro's Ombudsprocess

* Incorporated by reference to exhibits filed with the Registrant's Registration Statement on Form F-1 (File No. 333-46278) in the form declared effective September 26, 2000.

Signatures

The registrant hereby certifies that it meets all of the requirements for filing on Form 20-F and that it has duly caused and authorized the undersigned to sign this Annual Report on its behalf.

For Wipro Limited

Bangalore, India
June 9, 2003

/s/ Azim H. Premji
Azim H. Premji,
Chairman and Managing Director

/s/ Suresh C. Senapaty
Suresh C. Senapaty,
Executive Vice President, Finance

Chief Executive Officer Certification

I, Azim H. Premji, certify that :

1. I have reviewed this Annual Report on Form 20-F of Wipro Limited, hereinafter referred to as the Company, for the year ended March 31, 2003;
2. Based on my knowledge, this Annual Report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this Annual Report;
3. Based on my knowledge, the financial statements, and other financial information included in this Annual Report, fairly present in all material respects the financial condition, results of operations and cash flows of the Company as of, and for, the periods presented in this Annual Report;
4. The Company's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the Company and have :
 - a) designed such disclosure controls and procedures to ensure that material information relating to the Company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this annual report is being prepared;
 - b) evaluated the effectiveness of the Company's disclosure controls and procedures as of a date within 90 days prior to the filing date of this Annual Report (the "Evaluation Date"); and
 - c) presented in this Annual Report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;
5. The Company's other certifying officers and I have disclosed, based on our most recent evaluation, to the Company's auditors and the audit committee of :
 - a) all significant deficiencies in the design or operation of internal controls which could adversely affect the Company's ability to record, process, summarize and report financial data and have identified for the Company's auditors any material weaknesses in internal controls; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal controls; and
6. The Company's other certifying officers and I have indicated in this Annual Report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: June 9, 2003

/s/ Azim H. Premji

Azim H. Premji
Chief Executive Officer

Chief Financial Officer Certification

I, Suresh C. Senapaty, certify that :

1. I have reviewed this Annual Report on Form 20-F of Wipro Limited, hereinafter referred to as the Company, for the year ended March 31, 2003;
2. Based on my knowledge, this Annual Report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this Annual Report;
3. Based on my knowledge, the financial statements, and other financial information included in this Annual Report, fairly present in all material respects the financial condition, results of operations and cash flows of the Company as of, and for, the periods presented in this Annual Report;
4. The Company's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the Company and have :
 - a) designed such disclosure controls and procedures to ensure that material information relating to the Company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this Annual Report is being prepared;
 - b) evaluated the effectiveness of the Company's disclosure controls and procedures as of a date within 90 days prior to the filing date of this Annual Report (the "Evaluation Date"); and
 - c) presented in this annual report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;
5. The Company's other certifying officers and I have disclosed, based on our most recent evaluation, to the Company's auditors and the audit committee of :
 - a) all significant deficiencies in the design or operation of internal controls which could adversely affect the Company's ability to record, process, summarize and report financial data and have identified for the Company's auditors any material weaknesses in internal controls; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal controls; and
6. The Company's other certifying officers and I have indicated in this Annual Report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: June 9, 2003

/s/ Suresh C. Senapaty

Suresh C. Senapaty
Chief Financial Officer

CERTIFICATE OF CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

I, Azim H. Premji, certify, pursuant to 18 U.S.C Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that the Annual Report of Wipro Limited on Form 20-F for the year ended March 31, 2003 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that information contained in such Annual Report on Form 20-F fairly presents in all material respects the financial condition and results of operations of Wipro Limited.

/s/ Azim H. Premji

By: Azim H. Premji
Chief Executive Officer

I, Suresh C. Senapaty, certify, pursuant to 18 U.S.C Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that the Annual Report of Wipro Limited on Form 20-F for the year ended March 31, 2003 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that information contained in such Annual Report on Form 20-F fairly presents in all material respects the financial condition and results of operations of Wipro Limited.

/s/ Suresh C. Senapaty

By: Suresh C. Senapaty
Chief Financial Officer

Board of Directors

Azim H Premji

*Chairman
and Managing Director*

Vivek Paul

*Vice Chairman
and Executive Officer*

Dr. Ashok Ganguly

*Chairman, ICICI OneSource Ltd.,
Former Chairman, ICI India Ltd.,
Former Director, Unilever Plc.*

B C Prabhakar

Practitioner of Law

Prof. Eisuke Sakakibara

*Professor of Economics,
Keio University, Japan*

Dr. Jagdish N Sheth

*Professor of Marketing,
Emory University,
USA*

P M Sinha

*Former Chairman,
Pepsico Holdings, India*

Narayan Vaghul

Chairman, ICICI Bank Ltd.

Audit Committee

N Vaghul - *Chairman*
P M Sinha - *Member*
B C Prabhakar - *Member*

Compensation and Benefits Committee

N Vaghul - *Chairman*
P M Sinha - *Member*
B C Prabhakar - *Member*

Nomination and Corporate Governance Committee

Ashok Ganguly - *Chairman*
N Vaghul - *Member*
B C Prabhakar - *Member*

Shareholders and Investors Grievance Committee

B C Prabhakar - *Chairman*
Azim H Premji - *Member*

REGISTERED AND CORPORATE OFFICE

WIPRO LIMITED

Doddakannelli, Sarjapur Road,
Bangalore - 560 035, India
Tel: 91-80-8440011 | Fax: 91-80-8440054

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