

## CONSOLIDATED BALANCE SHEET

(Rs. In 000s)

|  | Schedule | As of June 30,    |                   | As of March 31,   |
|--|----------|-------------------|-------------------|-------------------|
|  |          | 2002              | 2001              | 2002              |
| <b>SOURCES OF FUNDS</b>  |          |                   |                   |                   |
| <b>Shareholders' funds</b>   |          |                   |                   |                   |
| Share Capital  | 1        | 464,986           | 464,873           | 464,931           |
| Share application money pending allotment (refer note 9)               |          | 283               | -                 | 2,399             |
| Reserves and Surplus   | 2        | 27,911,524        | 19,867,265        | 25,460,163        |
|  |          | <b>28,376,793</b> | <b>20,332,138</b> | <b>25,927,493</b> |
| <b>Loan Funds</b>  |          |                   |                   |                   |
| Secured loans  | 3        | 431,506           | 324,786           | 254,872           |
| Unsecured loans  | 4        | 61,214            | 51,721            | 60,563            |
| Minority Interest  |          | 30,000            | -                 | 27,542            |
|  |          | <b>522,720</b>    | <b>376,507</b>    | <b>342,977</b>    |
| <b>Total</b>   |          | <b>28,899,513</b> | <b>20,708,645</b> | <b>26,270,470</b> |
| <b>APPLICATION OF FUNDS</b>  |          |                   |                   |                   |
| <b>Fixed Assets</b>  |          |                   |                   |                   |
| Goodwill – refer note 1  |          | 12,670            | -                 | 12,670            |
| Gross block  | 5        | 10,021,674        | 9,836,139         | 10,069,036        |
| Less : Depreciation  |          | 5,132,150         | 4,279,077         | 4,770,280         |
| <i>Net Block</i>   |          | <b>4,902,194</b>  | <b>5,557,062</b>  | <b>5,311,426</b>  |
| Capital work-in-progress and advances                                  |          | 1,319,296         | 1,203,714         | 1,164,327         |
|  |          | <b>6,221,490</b>  | <b>6,760,776</b>  | <b>6,475,753</b>  |
| <b>Investments</b>   | 6        | <b>6,805,202</b>  | 413,194           | 4,680,822         |
| <b>Deferred tax assets</b>   |          | <b>503,923</b>    | 141,261           | 421,803           |
| <b>Current assets, loans and advances</b>                              |          |                   |                   |                   |
| Inventories  | 7        | 896,763           | 1,286,135         | 934,600           |
| Sundry Debtors   | 8        | 6,495,885         | 5,897,560         | 6,546,160         |
| Cash and Bank balances   | 9        | 5,406,484         | 2,172,852         | 3,031,909         |
| Loans and advances   | 10       | 8,215,309         | 9,195,391         | 10,055,275        |
|  |          | <b>21,014,441</b> | <b>18,551,938</b> | <b>20,567,944</b> |
| <b>Current liabilities and provisions</b>                              |          |                   |                   |                   |
| Liabilities  | 11       | 4,950,755         | 4,581,780         | 5,223,455         |
| Provisions   | 12       | 695,547           | 577,500           | 653,156           |
|  |          | <b>5,646,302</b>  | <b>5,159,280</b>  | <b>5,876,611</b>  |
| <b>Net Current Assets</b>  |          |                   |                   |                   |
| Miscellaneous expenditure ( to the extent not written off or adjusted) |          | 759               | 756               | 759               |
| <b>Total</b>   |          | <b>28,899,513</b> | <b>20,708,645</b> | <b>26,270,470</b> |
| Significant accounting policies and notes to accounts                  | 19       |                   |                   |                   |

As per our report attached

For and on behalf of the Board of Directors

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

Mumbai, July 19, 2002

Bangalore, July 19, 2002

| CONSOLIDATED PROFIT AND LOSS ACCOUNT  |    | (Rs. in 000s)    |                             |                      |
|---|----|------------------|-----------------------------|----------------------|
|   |    | Schedule         | Three months ended June 30, | Year ended March 31, |
|   |    | 2002             | 2001                        | 2002                 |
| <b>INCOME</b>   |    |                  |                             |                      |
| Sales and Services  |    | 9,218,305        | 8,063,866                   | 35,032,098           |
| Less: Excise Duty   |    | 170,608          | 176,399                     | 627,012              |
| Net Sales and Services  |    | 9,047,697        | 7,887,467                   | 34,405,086           |
| Other Income  | 13 | 404,577          | 310,254                     | 1,558,236            |
|   |    | 9,452,274        | 8,197,721                   | 35,963,322           |
| <b>EXPENDITURE</b>  |    |                  |                             |                      |
| Cost of goods sold  | 14 | 5,831,548        | 4,802,201                   | 20,831,431           |
| Selling, general and administrative expenses  | 15 | 1,415,509        | 1,136,369                   | 5,519,512            |
| Interest  | 16 | 8,378            | 3,618                       | 29,697               |
|   |    | 7,255,435        | 5,942,188                   | 26,380,640           |
| <b>PROFIT BEFORE TAXATION:</b>  |    |                  |                             |                      |
| Continuing Operations   |    | 2,329,408        | 2,277,602                   | 9,707,309            |
| Discontinuing Operations  |    | (132,569)        | (22,069)                    | (124,627)            |
| <b>Total</b>  |    | <b>2,196,839</b> | <b>2,255,533</b>            | <b>9,582,682</b>     |
| <b>PROVISION FOR TAXATION: (refer note 6)</b>   |    |                  |                             |                      |
| Continuing Operations   |    | 290,881          | 123,564                     | 773,492              |
| Discontinuing Operations  |    | (48,719)         | (7,879)                     | (44,492)             |
| <b>Total</b>  |    | <b>242,162</b>   | <b>115,685</b>              | <b>729,000</b>       |
| <b>PROFIT FOR THE PERIOD BEFORE EXTRAORDINARY ITEMS:</b>                                  |    |                  |                             |                      |
| Continuing Operations   |    | 2,038,527        | 2,154,038                   | 8,933,817            |
| Discontinuing Operations  |    | (83,850)         | (14,190)                    | (80,135)             |
| <b>Total</b>  |    | <b>1,954,677</b> | <b>2,139,848</b>            | <b>8,853,682</b>     |
| Loss on discontinuance of ISPbusiness-refer note 3  | 18 | (408,319)        | -                           | -                    |
| Tax benefit on above  |    | 103,500          | -                           | -                    |
| Net loss on discontinuance of ISP business  |    | (304,819)        | -                           | -                    |
| <b>PROFIT FOR THE PERIOD BEFORE MINORITY INTEREST / EQUITY IN EARNINGS OF AFFILIATES:</b> |    |                  |                             |                      |
|   |    | 1,649,858        | 2,139,848                   | 8,853,682            |
| Minority Interest   |    | (2,458)          | -                           | 808                  |
| Equity in earnings / (losses) of affiliates   |    | (20,310)         | -                           | -                    |
| <b>PROFIT FOR THE PERIOD</b>  |    | <b>1,627,090</b> | <b>2,139,848</b>            | <b>8,854,490</b>     |
| <b>Earnings per share ( in Rs.)</b>   |    |                  |                             |                      |
| <b>Basic</b>  |    |                  |                             |                      |
| On profit for the period from continuing operations                                       |    | 8.82             | 9.32                        | 38.65                |
| On losses of discontinued ISP business  |    | (1.68)           | (0.06)                      | (0.35)               |
| On equity in earnings of affiliates / minority interest                                   |    | (0.10)           | -                           | -                    |
| On profit for the period  |    | 7.04             | 9.26                        | 38.30                |
| <b>Diluted</b>  |    |                  |                             |                      |
| On profit for the period from continuing operations                                       |    | 8.80             | 9.31                        | 38.59                |
| On losses of discontinued ISP business  |    | (1.68)           | (0.06)                      | (0.35)               |
| On equity in earnings of affiliates / minority interest                                   |    | (0.10)           | -                           | -                    |
| On profit for the period  |    | 7.02             | 9.25                        | 38.24                |
| <b>Number of shares</b>   |    |                  |                             |                      |
| Basic   |    | 231,161,319      | 231,027,843                 | 231,132,500          |
| Diluted   |    | 231,678,987      | 231,403,329                 | 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 AccountantsJ.M Gandhi  
PartnerAzim Hasham Premji  
Chairman and Managing DirectorN. Vaghul  
DirectorB.C. Prabhakar  
DirectorSuresh C. Senapaty  
Corporate Executive Vice President -  
FinanceSatish Menon  
Corporate Vice President – Legal  
& Company Secretary  
Bangalore, July 19, 2002

Mumbai, July 19, 2002

(Rs. In 000s, except share numbers)

|   | As of June 30, |           | As of March 31, |
|---|----------------|-----------|-----------------|
|   | 2002           | 2001      | 2002            |
| <b>SCHEDULE 1 SHARE CAPITAL</b>   |                |           |                 |
| <b>Authorised</b>   |                |           |                 |
| 375,000,000 (2002: 375,000,000; 2001: 375,000,000 ) Equity shares of Rs 2 each                              | 750,000        | 750,000   | 750,000         |
| 2,500,000 (2002: 2,500,000; 2001: 2,500,000) 10.25 % Redeemable Cumulative Preference Shares of Rs 100 each | 250,000        | 250,000   | 250,000         |
|   | 1,000,000      | 1,000,000 | 1,000,000       |
| <b>Issued, subscribed and paid-up</b>   |                |           |                 |
| 232,492,943 (2002: 232,465,689; 2001: 232,436,379) equity shares of Rs 2 each                               | 464,986        | 464,873   | 464,931         |
|   | 464,986        | 464,873   | 464,931         |

Notes:

1. Of the above equity shares:

- 226,905,825 equity shares (2002: 226,905,825; 2001: 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.
- 1,325,525 equity shares (2002: 1,325,525; 2001: 1,325,525) have been allotted as fully paid-up, pursuant to a scheme of amalgamation, without payment being received in cash.
- 3,162,500 shares representing 3,162,500 American Depository Receipts issued during 2000-2001 pursuant to American Depository offering by the Company.
- 174,093 (2002: 146,839; 2001:3,360) equity share issued pursuant to Employee Stock Option Plan.

**SCHEDULE 2 RESERVES AND SURPLUS**

|                                     | As of April<br>1, 2002 | Additions          | Deductions | As of June<br>30, 2002 |
|-------------------------------------|------------------------|--------------------|------------|------------------------|
| <b>Capital Reserves</b>             | <b>9,500</b>           | -                  | -          | <b>9,500</b>           |
|                                     | 9,500                  | -                  | -          | 9,500                  |
|                                     | 9,500                  | -                  | -          | 9,500                  |
| <b>Capital Redemption Reserve</b>   | <b>250,038</b>         | -                  | -          | <b>250,038</b>         |
|                                     | 250,038                | -                  | -          | 250,038                |
|                                     | 250,038                | -                  | -          | 250,038                |
| <b>Share Premium</b>                | <b>6,386,235</b>       | <b>29,553</b> (a)  | -          | <b>6,415,788</b>       |
|                                     | 5,920,208              | 434,255            | -          | 6,354,463              |
|                                     | 5,920,208              | 466,027            | -          | 6,386,235              |
| <b>Revaluation Reserve</b>          | -                      | -                  | -          | -                      |
|                                     | 890,072                | -                  | 25,920     | 864,152                |
|                                     | 890,072                | -                  | 890,072    | -                      |
| <b>Investment Allowance Reserve</b> | -                      | -                  | -          | -                      |
|                                     | 14,500                 | -                  | -          | 14,500                 |
|                                     | 14,500                 | -                  | 14,500     | -                      |
| <b>Profit &amp; Loss account</b>    | -                      | <b>1,627,090</b>   | -          | <b>1,627,090</b>       |
|                                     | -                      | 2,139,848          | -          | 2,139,848              |
| <b>General Reserve</b>              | <b>18,814,390</b>      | <b>794,718</b> (e) | -          | <b>19,609,108</b>      |
|                                     | 12,100,305             | 566,504            | 2,432,045  | 10,234,764             |
|                                     | 12,100,305             | 9,146,130          | 2,432,045  | 18,814,390             |
|                                     | <b>25,460,163</b>      | <b>2,451,361</b>   | -          | <b>27,911,524</b>      |
|                                     | 19,184,623             | 3,140,607          | 2,457,965  | 19,867,265             |
|                                     | 19,184,623             | 9,612,157          | 3,336,617  | 25,460,163             |

Corresponding figures for 2001 and 2002 are given below current year's figures

- Rs. 29,553 ( 2002 : 35,414; 2001:3,642 ) pursuant to issue of shares under Employee Stock Option Plan Rs. Nil (2002:Rs. 430,613; 2001: Rs. 430,613) on account of amalgamation of Wipro Net Limited with Wipro Limited.
- Transfer to Profit and Loss account Rs. Nil ( 2002: Rs. 39,388; 2001: Rs. 13,050 ) and reduction on account of sale of revalued assets and other adjustments Rs. Nil ( 2002: Rs. Nil; 2001 : Rs. 12,867 ). The net difference of Rs. 850,684 was adjusted against revaluation reserve as on March 31, 2002.
- Transfer to General Reserve Rs. Nil (2002: Rs. 14,500 ;2001: Rs. Nil)
- Deficit arising on account of amalgamation of Wipro Net Limited with Wipro Limited (refer note 3 of schedule 19).
- Additions to General Reserves includes:

|   | June 30, 2002  | March 31, 2002   | June 30, 2001  |
|---|----------------|------------------|----------------|
| Accumulated losses of subsidiaries as on March 31, 2001         |                | (99,274)         | (99,274)       |
| Write bank of diminution in value of investment in subsidiaries |                | 108,196          | 108,196        |
| Benefits arising on employee stock incentive plans              |                | 55,646           | 55,646         |
| Deferred tax assets (net) as of March 31, 2001                  |                | 47,647           | 31,581         |
| Reserves of Wipro Equity Reward Trust as at March 31, 2001      |                | 470,355          | 470,355        |
| Transfer from investment allowance reserve                      |                | 14,500           | -              |
| Transfer from profit and loss account                           |                | 8,549,060        | -              |
| <b>Equity in earnings of affiliates as of March 31, 2002:</b>   |                |                  |                |
| Wipro GE medicals systems Ltd.                                  | 771,849        |                  |                |
| Wipro ePeripherals Ltd.   | 22,869         |                  |                |
| <b>Total</b>  | <b>794,718</b> | <b>9,146,130</b> | <b>566,504</b> |

|  |           | (Rs. In 000s)  |                 |                |
|--|-----------|----------------|-----------------|----------------|
|  |           | As of June 30, | As of March 31, |                |
|  |           | 2002           | 2001            | 2002           |
| <b>SCHEDULE 3 SECURED LOANS</b>                      | Note      |                |                 |                |
| <b>From Banks</b>                                    | Reference |                |                 |                |
| Cash credit facility                                 | a         | 381,631        | 127,329         | 204,997        |
| <b>External Commercial Borrowings</b>                | b         | -              | 127,582         | -              |
| <b>From Financial Institutions</b>                   |           |                |                 |                |
| Asset Credit Scheme                                  | c         | 48,200         | 68,200          | 48,200         |
| <b>Development loan from Government of Karnataka</b> | d         | 1,675          | 1,675           | 1,675          |
|  |           | <b>431,506</b> | <b>324,786</b>  | <b>254,872</b> |

**Notes:**

- a. Secured by hypothecation of stock-in trade, book debts, stores and spares, and secured/to be secured by a second mortgage over certain immovable properties.
- b. Foreign currency loan secured by hypothecation of movable fixed assets in certain software development centers at Bangalore and specific plant and machinery of erstwhile Fluid Power unit.
- c. Secured by hypothecation of specific machinery / assets.
- d. 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 June 30, | As of March 31, |               |
|---|--|----------------|-----------------|---------------|
|   |  | 2002           | 2001            | 2002          |
| <b>SCHEDULE 4 UNSECURED LOANS</b>       |  |                |                 |               |
| <b>Fixed Deposits</b>                   |  | -              | 865             | 843           |
| <b>Other Loans and Advances</b>         |  |                |                 |               |
| Interest free loan from Government      |  | 59,964         | 49,606          | 58,470        |
| Loans from state financial institutions |  | 1,250          | 1,250           | 1,250         |
|   |  | <b>61,214</b>  | <b>51,721</b>   | <b>60,563</b> |

**SCHEDULE 5 FIXED ASSETS**

| Particulars                        | GROSS BLOCK               |                |                             |                           | PROVISION FOR DEPRECIATION |                                   |                             |                           | NET BLOCK                |                            |
|------------------------------------|---------------------------|----------------|-----------------------------|---------------------------|----------------------------|-----------------------------------|-----------------------------|---------------------------|--------------------------|----------------------------|
|                                    | As of<br>April 1,<br>2002 | Additions      | Deductions /<br>adjustments | As of<br>June 30,<br>2002 | As of<br>April 1,<br>2001  | Depreciation<br>for the<br>period | Deductions /<br>adjustments | As of<br>June 30,<br>2002 | As of<br>June<br>30,2002 | As of<br>March 31,<br>2002 |
| Land                               | 584,916                   | 26,307         | -                           | 611,223                   | 5,510                      | 884                               | -                           | 6,394                     | 604,829                  | 579,406                    |
| Buildings                          | 1,470,580                 | 70             | 3,037                       | 1,467,613                 | 93,446                     | 7,157                             | 4,528                       | 96,075                    | 1,371,538                | 1,377,134                  |
| Railway siding                     | 12                        | -              | -                           | 12                        | 12                         | -                                 | -                           | 12                        | -                        | -                          |
| Plant and Machinery                | 6,299,405                 | 153,074        | 258,282                     | 6,194,197                 | 3,869,116                  | 514,594                           | 224,616                     | 4,159,094                 | 2,035,103                | 2,430,289                  |
| Furniture fixture and<br>equipment | 1,280,868                 | 26,954         | 8,660                       | 1,299,162                 | 601,525                    | 60,022                            | 6,600                       | 654,947                   | 644,215                  | 679,343                    |
| Vehicles                           | 420,843                   | 33,952         | 17,740                      | 437,055                   | 189,832                    | 21,543                            | 6,760                       | 204,615                   | 232,440                  | 231,011                    |
| Technical Know-how                 | 10,378                    | -              | -                           | 10,378                    | 9,949                      | 174                               | -                           | 10,123                    | 255                      | 429                        |
| Patents and<br>trademark           | 2,034                     | -              | -                           | 2,034                     | 890                        | -                                 | -                           | 890                       | 1,144                    | 1,144                      |
| <b>Total</b>                       | <b>10,069,036</b>         | <b>240,357</b> | <b>287,719</b>              | <b>10,021,674</b>         | <b>4,770,280</b>           | <b>604,374</b>                    | <b>242,504</b>              | <b>5,132,150</b>          | <b>4,889,524</b>         | <b>5,298,756</b>           |

a. Land includes leasehold land Rs 9,978 ( 2002: 9,978; 2001 : Rs. 9,978 )

b. Buildings:

i) Includes shares worth Rs 2 (2002: Rs.2 ; 2001: Rs. 2)

ii) Includes leasehold land / property Rs 4,241 (2002: Rs. 4,241; 2001: Rs. 4,241)

iii) Is net of depreciation during construction period.

**WIPRO LIMITED**
**SCHEDULE 6 INVESTMENTS**

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

|  | Number     | Face value | As of June 30,   |                | As of March 31,  |
|--|------------|------------|------------------|----------------|------------------|
|  |            |            | 2002             | 2001           | 2002             |
| <b>Investments - Long Term (at cost)</b>                                     |            |            |                  |                |                  |
| <b>Investment in Affiliates</b>  |            |            |                  |                |                  |
| Wipro GE Medical Systems Ltd   |            |            | 753,849          | -              | -                |
| Wipro ePeripherals Ltd   |            |            | 115,160          | -              | -                |
|  |            |            | <b>869,009</b>   | -              | -                |
| <b>Investments in equity shares of other companies</b>                       |            |            |                  |                |                  |
| <b>Quoted</b>  |            |            |                  |                |                  |
| <b>Trade Investments</b>   |            |            |                  |                |                  |
| Dynatomic Technologies Ltd   | 3732       | Rs 10      | 66               | 66             | 66               |
| Rasoi Ltd  | 112        | Rs 10      | 2                | 2              | 2                |
| Mannesmann Rexorth (India) Ltd   | 50         | Rs 10      | 1                | 1              | 1                |
| Oswal Agro Mills Ltd   | 80         | Rs 10      | 3                | 3              | 3                |
| DCM Ltd  | 31         | Rs 10      | 1                | 1              | 1                |
| DCM Shriram Industries Ltd   | 55         | Rs 10      | 2                | 2              | 2                |
| DCM Shriram Consolidated Ltd   | 41         | Rs 10      | 2                | 2              | 2                |
| Shriram Industrial Enterprises Ltd   | 74         | Rs 10      | 1                | 1              | 1                |
| Accel - ICIM Ltd.  | 75         | Rs 10      | 2                | 2              | 2                |
| The National Radio and Electronics Co. Ltd.                                  | 100        | Rs 10      | 2                | 2              | 2                |
| Hindustan Lever Ltd.   | 6,240      | Rs 10      | 17               | 17             | 17               |
| Hindustan Motors Ltd.  | 200        | Rs 10      | 4                | 4              | 4                |
| Tata Engineering and Locomotive Co. Ltd.                                     | 80         | Rs 10      | 2                | 2              | 2                |
| Ashok Leyland Ltd.   | 50         | Rs 10      | 1                | 1              | 1                |
| Ambalal Sarabhai Enterprises Ltd.  | 42         | Rs 10      | 1                | 1              | 1                |
| Nestle India Ltd.  | 300        | Rs 10      | 4                | 4              | 4                |
| Surya Roshni Ltd.  | 87         | Rs 10      | 4                | 4              | 4                |
| Cadbury India Ltd.   | 80         | Rs 10      | 10               | 10             | 10               |
| Hindustan Dor Oliver Ltd.  | 50         | Rs 10      | 5                | 5              | 5                |
| KSB Pumps Ltd.   | 50         | Rs 10      | 11               | 11             | 11               |
| Britannia Industries Ltd.  | 150        | Rs 10      | 24               | 24             | 24               |
| Exide Industries Ltd.  | 200        | Rs 10      | 15               | 15             | 15               |
| Amrit Banaspati Co. Ltd.   | 100        | Rs 10      | 8                | 8              | 8                |
| Procter & Gamble India Ltd.  | 50         | Rs 10      | 13               | 13             | 13               |
| Crompton Greaves Ltd.  | 50         | Rs 10      | 7                | 7              | 7                |
| Phillips (India) Ltd.  | 100        | Rs 10      | 13               | 13             | 13               |
| Velvette International Pharma Products Ltd.                                  | 100        | Rs 10      | 2                | 2              | 2                |
| International Best Foods Ltd.  | 240        | Rs 10      | 12               | 12             | 12               |
| Dynatomic Technologies Ltd   | 100        | Rs 10      | 1                | 1              | 1                |
| HDFC Bank Ltd  | 100        | Rs 10      | 1                | 1              | 1                |
|  |            |            | <b>237</b>       | <b>237</b>     | <b>237</b>       |
| <b>- Unquoted</b>  |            |            |                  |                |                  |
| Wipro GE Medical Systems Ltd. #  | 4,900,000  | Rs 10      | -                | 49,000         | 49,000           |
| Wipro Fluid Power Ltd  | 1,863,520  | Rs. 10     | -                | 18,635         | -                |
| Spectramind eServices Pvt. Ltd.  | 6,221,741  | Rs 10      | 192,399          | -              | 144,299          |
| Wipro e Peripherals Limited  | 5,460,000  | Rs 10      | -                | 54,600         | 54,600           |
| All Seasons Foods Ltd.   | 100        | Rs. 10     | 2                | 2              | 2                |
| Stylantro  | 1,00,000   | US\$ 0.1   | 489              | 470            | 489              |
|  |            |            | <b>192,890</b>   | <b>122,707</b> | <b>248,390</b>   |
| <b>Investments in preference shares / debentures of other Companies</b>      |            |            |                  |                |                  |
| <b>Unquoted</b>  |            |            |                  |                |                  |
| Convertible preference shares in Wipro Fluid Power Ltd.                      | 543,300    | Rs. 100    | -                | 54,330         | -                |
| 12.5% unsecured convertible debentures of Wipro ePeripherals Ltd.            | 4,00,000   | Rs. 100    | -                | 40,000         | 40,000           |
| Convertible preference shares in Spectramind eServices Pvt. Ltd.             | 28,760,140 | Rs. 10     | 287,601          | -              | 215,701          |
|  |            |            | <b>287,601</b>   | <b>94,330</b>  | <b>255,701</b>   |
| <b>Other Investments (unquoted)</b>  |            |            |                  |                |                  |
| Redeemable floating rate bonds of State Bank of India                        | 2,500      | Rs 1,000   | 2,500            | 2,500          | 2,500            |
| Indira Vikas Patra (maturity value Rs 66,003)                                |            |            | 47,952           | 47,952         | 47,952           |
| Bonds of GE Capital Services India   |            |            | -                | 145,468        | -                |
|  |            |            | <b>50,452</b>    | <b>195,920</b> | <b>50,452</b>    |
| <b>Investments – short term:</b>   |            |            |                  |                |                  |
| <b>in money market mutual funds</b>  |            |            |                  |                |                  |
| Alliance Capital Mutual Fund (267,012 units redeemed during the period)      | 262,558    |            | 367,392          | -              | 265,910          |
| Pioneer ITI Mutual Fund (233,413 units redeemed during the period)           | 377,904    |            | 495,537          | -              | 452,168          |
| Prudential ICICI Mutual Fund (114,261,685 units redeemed during the period)  | 88,972,087 |            | 1,086,532        | -              | 924,966          |
| HDFC Mutual Fund (87,554,434 units redeemed during the period )              | 70,656,612 |            | 759,270          | -              | 521,910          |
| Standard Chartered Mutual Fund (41,836,511 units redeemed during the period) |            |            |                  | -              |                  |
| Reliance Mutual Fund   | 31,336,790 |            | 345,522          | -              | 230,320          |
| Zurich India Mutual Fund (39,995,102 units redeemed during the period)       | 53,665,259 |            | 550,160          | -              | 505,064          |
| Templeton India Mutual Fund (9,955,251) units redeemed during the period)    | 89,079,560 |            | 1,018,532        | -              | 400,499          |
| Cholamandalam Mutual Fund (19,982,949) units redeemed during the period)     |            |            |                  | -              | 98,842           |
| Kotak Mutual Fund (22,672,637 units redeemed during the period)              | 7,717,377  |            | 88,660           | -              | 147,389          |
| Birla Mutual Fund  | 29,129,190 |            | 333,169          | -              | 225,154          |
|  | 35,080,267 |            | 360,239          | -              | 353,820          |
|  |            |            | <b>5,405,013</b> | -              | <b>4,126,042</b> |
| Total  |            |            | <b>6,805,202</b> | <b>413,194</b> | <b>4,680,822</b> |

**Notes :**

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

(Rs. In 000s)

|                               | As of June 30, |                  | As of March 31, |
|-------------------------------|----------------|------------------|-----------------|
|                               | 2002           | 2001             | 2002            |
| <b>SCHEDULE 7 INVENTORIES</b> |                |                  |                 |
| Stores and Spares             | 37,197         | 40,902           | 31,425          |
| Raw Materials                 | 366,784        | 513,753          | 453,018         |
| Stock-in-process              | 112,745        | 113,995          | 84,722          |
| Finished goods                | 380,037        | 617,485          | 365,435         |
|                               | <b>896,763</b> | <b>1,286,135</b> | <b>934,600</b>  |

Basis of stock valuation:

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

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

**SCHEDULE 8 SUNDRY DEBTORS****(Unsecured)**

Over Six Months

Considered good

Considered doubtful

**Others**

Considered good

Considered doubtful

Less: Provision for doubtful debts

|  |                  |                  |                  |
|--|------------------|------------------|------------------|
|  | 491,235          | 437,720          | 686,166          |
|  | 546,938          | 344,268          | 506,630          |
|  | <b>1,038,173</b> | <b>781,988</b>   | <b>1,192,796</b> |
|  | 6,004,650        | 5,459,840        | 5,859,994        |
|  | -                | 35,698           | 5,737            |
|  | <b>6,004,650</b> | <b>5,495,538</b> | <b>5,865,731</b> |
|  | 546,938          | 379,966          | 512,367          |
|  | <b>6,495,885</b> | <b>5,897,560</b> | <b>6,546,160</b> |

**SCHEDULE 9 CASH AND BANK BALANCES****Cash and cheques on hand****Balances with scheduled banks**

On Current account

In Deposit account

**Balances with other banks in current account**

Midland Bank, U K

Wells Fargo, U S A

Nations Bank

Deutsche Bank

Societe General

Bank of America

Standard Chartered Bank

Shanghai C&amp;S Bank

Danske Bank

National City Bank

Barclays Bank

Canadian imperial

Dresdner Bank

Bank of Tokyo

First Chicago

Citibank

FCC National Bank

Chase Manhattan

Great Western Bank

|  |                  |                  |                  |
|--|------------------|------------------|------------------|
|  | 152,897          | 397,630          | 299,481          |
|  | 493,226          | 398,800          | 588,229          |
|  | 2,145,695        | 150,091          | 100,295          |
|  | 12,809           | 62,912           | 146,146          |
|  | 188,069          | 353,011          | 1,081,773        |
|  | -                | -                | 97,627           |
|  | 244,356          | -                | 487,942          |
|  | 244,350          | 168,544          | 198,324          |
|  | 47,626           | 3,412            | 27,142           |
|  | 4,553            | -                | -                |
|  | 1,952            | -                | -                |
|  | 488,700          | -                | -                |
|  | 451,950          | -                | -                |
|  | 390,967          | -                | -                |
|  | 244,362          | -                | -                |
|  | 244,356          | -                | -                |
|  | 50,593           | -                | -                |
|  | -                | 151,140          | 976              |
|  | -                | 222,123          | 1,949            |
|  | -                | 168,215          | 976              |
|  | -                | 96,949           | 1,025            |
|  | 23               | 25               | 24               |
|  | <b>5,406,484</b> | <b>2,172,852</b> | <b>3,031,909</b> |

Maximum balances during the year

Inkom Bank, Russia

Midland Bank, U K

Wells Fargo, U S A

Nations Bank

Deutsche Bank

Societe General

Bank of America

First Chicago

Citibank

FCC National Bank

Chase Manhattan

Great Western Bank

|  |         |
|--|---------|
|  | -       |
|  | 387,177 |
|  | 986,037 |
|  | 97,627  |
|  | 487,942 |
|  | 460,378 |
|  | 36,958  |
|  | 390,806 |
|  | 875,432 |
|  | 391,739 |
|  | 421,815 |
|  | 24      |

**WIPRO LIMITED**

(Rs. In 000s)

**SCHEDULE 10 LOANS AND ADVANCES**

(Unsecured, considered good unless otherwise stated)

Advances recoverable in cash or in kind or for value to be received

|  | As of June 30,   |                  | As of March 31,   |
|--|------------------|------------------|-------------------|
|  | 2002             | 2001             | 2002              |
| Considered good                            | 1,070,142        | 1,297,277        | 949,297           |
| Considered doubtful                        | 73,295           | 125,848          | 71,451            |
|  | <b>1,143,437</b> | <b>1,423,125</b> | <b>1,020,748</b>  |
| Less: Provision for doubtful advances      | 73,295           | 125,848          | 71,451            |
|  | <b>1,070,142</b> | <b>1,297,277</b> | <b>949,297</b>    |
| Certificate of deposits with foreign banks | 4,195,295        | 5,208,592        | 5,287,219         |
| Inter Corporate Deposits:                  |                  |                  |                   |
| GE Capital Services India                  | 884,841          | 1,570,913        | 819,891           |
| ICICI Limited                              | -                | 459,600          | 1,245,200         |
|  | <b>884,841</b>   | <b>2,030,513</b> | <b>2,065,091</b>  |
| Other Deposits                             | 562,095          | 539,089          | 549,089           |
| Advance income-tax (net of provision)      | 183,567          | 115,951          | 243,485           |
| Balances with excise and customs           | 24,745           | 3,969            | 38,821            |
| Unbilled Services                          | 1,294,624        |                  | 922,273           |
|  | <b>8,215,309</b> | <b>9,195,391</b> | <b>10,055,275</b> |

Note:

a) Other Deposits include Rs 25,000 ( 2002 :Rs. 25,000; 2001: 25,000) security deposits for premises with a firm in which a director is Interested

**SCHEDULE 11 LIABILITIES**

|                                       |                  |                  |                  |
|---------------------------------------|------------------|------------------|------------------|
| Sundry Creditors                      | 1,707,736        | 1,592,625        | 2,268,027        |
| Unclaimed dividends                   | 1,588            | 180              | 1,588            |
| Advances from customers               | 808,641          | 948,800          | 870,030          |
| Other liabilities                     | 2,432,508        | 2,039,706        | 2,083,509        |
| Interest accrued but not due on loans | 282              | 469              | 301              |
|                                       | <b>4,950,755</b> | <b>4,581,780</b> | <b>5,223,455</b> |

**SCHEDULE 12 PROVISIONS**

|                              |                |                |                |
|------------------------------|----------------|----------------|----------------|
| Employee retirement benefits | 453,281        | 448,051        | 408,990        |
| Proposed dividend            | 232,466        | 117,491        | 232,466        |
| Tax on proposed dividend     | -              | 11,958         | -              |
| Other Provision              | 9,800          | -              | 11,700         |
|                              | <b>695,547</b> | <b>577,500</b> | <b>653,156</b> |

**SCHEDULE 13 OTHER INCOME**

|   | Three months ended June 30, |                | Year ended       |
|---|-----------------------------|----------------|------------------|
|   | 2002                        | 2001           | March 31,        |
|   | 2002                        | 2001           | 2002             |
| Dividend from mutual funds                | 20,545                      | -              | 279,549          |
| Dividend from companies                   | -                           | -              | 5,096            |
| Interest on debt instruments              | 114,429                     | 213,566        | 753,287          |
| Rental Income                             | 4,452                       | 3,566          | 19,227           |
| Profit on Sale of Investments             | 15,507                      | -              | -                |
| Profit on disposal of fixed assets        | 1,118                       | 13,625         | 36,251           |
| Difference in exchange                    | 194,137                     | 42,365         | 214,187          |
| Royalty & Brand fees                      | 18,254                      | -              | 92,360           |
| Provision no longer required written back | 14,180                      | -              | 115,354          |
| Miscellaneous Income                      | 21,955                      | 37,132         | 42,925           |
|   | <b>404,577</b>              | <b>310,254</b> | <b>1,558,236</b> |

Notes : Tax deducted at source Rs. 25,659 ( 2002 : Rs. 130,897; 2001: 9,671)



(Rs. In 000s)

|  | Three months ended June 30, |                  | Year ended        |
|--|-----------------------------|------------------|-------------------|
|  | 2002                        | 2001             | March 31,<br>2002 |
| <b>SCHEDULE 14 COST OF GOODS SOLD</b>                            |                             |                  |                   |
| Raw materials, Finished and Process Stocks (refer - schedule 17) | 1,850,120                   | 1,509,702        | 7,952,910         |
| Stores & Spares  | 43,739                      | 56,690           | 184,958           |
| Power and Fuel   | 83,583                      | 90,542           | 322,164           |
| Salaries, wages and bonus  | 981,791                     | 941,016          | 3,503,398         |
| Contribution to provident and other funds                        | 37,986                      | 36,037           | 133,716           |
| Gratuity and pension   | 39,131                      | 28,214           | 120,741           |
| Workmen and Staff welfare  | 30,790                      | 41,658           | 139,388           |
| Insurance  | 5,173                       | 4,761            | 16,797            |
| Repairs to factory buildings                                     | 1,309                       | 2,870            | 10,790            |
| Repairs to Plant & Machinery                                     | 80,899                      | 40,131           | 116,510           |
| Rent   | 42,676                      | 51,896           | 202,116           |
| Rates & Taxes  | 11,491                      | 2,941            | 11,933            |
| Packing  | 15,660                      | 14,037           | 15,436            |
| Travelling and allowances  | 1,865,840                   | 1,394,658        | 5,501,529         |
| Depreciation   | 222,180                     | 238,176          | 1,108,743         |
| Technical fees   | 106,094                     | 30,656           | 136,439           |
| Miscellaneous  | 442,326                     | 328,058          | 1,430,131         |
| Less: Capitalized  | (29,240)                    | (9,842)          | (76,268)          |
|  | <b>5,831,548</b>            | <b>4,802,201</b> | <b>20,831,431</b> |

**SCHEDULE 15 SELLING GENERAL AND ADMINISTRATIVE EXPENSES**

|  |                  |                  |                  |
|--|------------------|------------------|------------------|
| Salaries, wages and bonus                              | 228,649          | 218,411          | 1,059,461        |
| Contribution to provident and other funds              | 8,233            | 5,568            | 34,934           |
| Gratuity and pension                                   | 12,512           | 8,679            | 33,510           |
| Workmen and Staff welfare                              | 25,386           | 24,976           | 129,173          |
| Insurance  | 1,832            | 1,495            | 6,108            |
| Repairs to buildings                                   | 2,567            | 453              | 3,781            |
| Rent   | 31,984           | 29,837           | 121,202          |
| Rates and taxes  | 18,016           | 10,614           | 21,764           |
| Carriage and freight                                   | 31,022           | 42,358           | 214,698          |
| Commission on sales                                    | 14,678           | 17,854           | 489,688          |
| Auditors' remuneration and expenses                    |                  |                  |                  |
| Audit fees   | 923              | 813              | 3,522            |
| For certification including tax audit                  | -                | -                | 969              |
| Reimbursement of expenses                              | 59               | 68               | 859              |
| Advertisement and sales promotion                      | 97,005           | 80,150           | 316,252          |
| Loss on sale of fixed assets                           | 1,264            | 177              | 10,648           |
| Directors' fees  | 18               | 20               | 800              |
| Depreciation   | 107,414          | 74,939           | 319,495          |
| Travelling and allowances                              | 514,659          | 396,881          | 1,577,051        |
| Communication  | 79,679           | 39,363           | 112,765          |
| Provision/write off of bad debts                       | 82,357           | 56,144           | 265,224          |
| Diminution in value of investments (mutual fund units) | -                | -                | 163,147          |
| Miscellaneous  | 157,252          | 127,569          | 634,461          |
|  | <b>1,415,509</b> | <b>1,136,369</b> | <b>5,519,512</b> |

(Rs. In 000s)

|                             | Three months ended June 30, |              | Year ended        |
|-----------------------------|-----------------------------|--------------|-------------------|
|                             | 2002                        | 2001         | March 31,<br>2002 |
| <b>SCHEDULE 16 INTEREST</b> |                             |              |                   |
| On fixed loans              | 1,712                       | 3,426        | 9,124             |
| Other                       | 6,666                       | 192          | 20,573            |
|                             | <b>8,378</b>                | <b>3,618</b> | <b>29,697</b>     |

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

|                                       |                  |                |                  |
|---------------------------------------|------------------|----------------|------------------|
| Opening stocks                        | 439,930          | 499,536        | 499,536          |
| Add: Purchases                        | 953,577          | 776,393        | 3,733,611        |
| Less: Transfer on sale of undertaking | -                | -              | 46,496           |
| Less: Closing stocks                  | 366,784          | 513,753        | 453,018          |
|                                       | <b>1,026,723</b> | <b>762,176</b> | <b>3,733,633</b> |

**Purchase of finished products for sale**

|  |                |                |                  |
|--|----------------|----------------|------------------|
|  | <b>866,022</b> | <b>870,701</b> | <b>4,206,410</b> |
|--|----------------|----------------|------------------|

**(Increase)/decrease in finished and process stocks**

|                                       |                     |                  |                  |                  |
|---------------------------------------|---------------------|------------------|------------------|------------------|
| Opening stock                         | : In process        | 84,722           | 121,190          | 121,190          |
|                                       | : Finished products | 365,435          | 487,115          | 487,115          |
| Less: Transfer on sale of undertaking | : In Process        | -                | -                | 81,002           |
|                                       | : Finished Products | -                | -                | 64,279           |
| Less: Closing stocks                  | : In process        | 112,745          | 113,995          | 84,722           |
|                                       | : Finished products | 380,037          | 617,485          | 365,435          |
|                                       |                     | <b>(42,625)</b>  | <b>(123,175)</b> | <b>12,867</b>    |
|                                       |                     | <b>1,850,120</b> | <b>1,509,702</b> | <b>7,952,910</b> |

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

Loss of discontinued ISP business

408,319

408,319

**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.

**Provision for retirement benefits**

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

**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**

For preparation of interim financial statements, the same policies, which have been followed in the most recent annual financial statements, have been followed.

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 Wipro Fluid Power Limited of Rs. 12,670.
2. The company has a 49% equity interest in Wipro GE Medical Systems Limited (WGE), a joint venture with General Electric, USA. The joint venture agreement provides specific rights to the joint venture partners. The rights conferred to Wipro are primarily protective in nature. Therefore, in accordance with the guidance in Accounting Standard 27 "Financial Reporting of Investments in Joint Ventures" the investments in Wipro GE have been accounted for by equity method and not by proportionate consolidation method.

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

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

The customers are being transitioned to an independent service provider. The consideration payable by the service provider to the Company is dependent on the occurrence of certain contingent events. Amounts, if any, received from the service provider will be reflected as extraordinary gains.

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 credit to Wipro Limited. The deficit of Rs. 2,432,045 arising on amalgamation as detailed below was transferred to General Reserve:

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

5. Deferred tax comprise of:

|   |  | <i>(Rs. In 000s)</i> |
|---|--|----------------------|
| Deferred tax assets:                    |  |                      |
| Allowance for doubtful debts            |  | 81,037               |
| Property plant and equipment            |  | 89,362               |
| Employee stock incentive plan           |  | 61,695               |
| Provision for diminution of investments |  | 53,431               |
| Accrued expenses                        |  | 43,877               |
| Business losses carried forward         |  | 174,521              |
|   |  | <u>503,923</u>       |

**WIPRO LIMITED**

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6. Provision for taxation comprises of following:
- (i) Rs. 110,234 (2002: Rs. 388,837; 2001: Rs. 25,467) in respect of foreign taxes, net of deferred tax of Rs. Nil (2002: Rs. 53,967; 2001: Rs. 48,610) and write back of provision of Rs. Nil (2002: 87,189; 2001: Rs. 35,307) in respect of earlier year
  - (ii) Rs. 27,678 (2002: 337,163; 2001: Rs. 89,468) in respect of Indian Income Tax, net of tax benefit from discontinued business of Rs. 152,219, net of deferred tax adjustment of Rs. 82,120 (2002: Rs. 236,120; 2001: Rs. Nil) and write back of provision of Rs.Nil (2002: Rs. 19,921; 2001: Rs. 34,000) in respect of earlier years.
  - (iii) Rs.750 (2002: Rs. 3,000; 2001: Rs. 750) in respect of Wealth Tax.
7. The details of subsidiaries and affiliates are as follows -

| <b>a) Name of the subsidiary</b> | <b>Country of Incorporation</b> | <b>% holding</b>       |
|----------------------------------|---------------------------------|------------------------|
| Wipro Fluid Power Limited        | India                           | 79%                    |
| Wipro Inc                        | USA                             | 100%                   |
| Enthink Inc                      | USA                             | - *                    |
| Wipro Japan KK                   | Japan                           | 100%                   |
| Wipro Prosper Limited            | India                           | 100%                   |
| Wipro Trademarks holding Limited | India                           | 100%                   |
| Wipro Welfare Limited            | India                           | 100%                   |
| b) Wipro Equity Reward Trust     | India                           | Fully controlled trust |
| <b>c) Name of the affiliate</b>  |                                 |                        |
| Wipro GE Medical Systems Limited | India                           | 49%                    |
| Wipro ePeripherals Limited       | India                           | 39.64%                 |

\* Fully owned by Wipro Inc.

8. Diluted EPS is calculated based on treasury stock method for ESOP outstanding.
9. Amount received from employees on exercise of stock option, pending allotment of shares is shown as share application money pending allotment.

**WIPRO LIMITED**
**CASH FLOW STATEMENT**
*(Rs. In 000s)*

|  | Three months ended June 30, |                    | Year ended         |
|--|-----------------------------|--------------------|--------------------|
|  | 2002                        | 2001               | March 31,<br>2002  |
| <b>Cash flows from operating activities:</b>   |                             |                    |                    |
| Profit before tax from continuing operations   | 2,306,640                   | 2,277,602          | 9,707,309          |
| Adjustments to reconcile Net profit before tax and non recurring items to net cash provided by operating activities: |                             |                    |                    |
| Depreciation and amortization  | 282,035                     | 313,115            | 1,378,945          |
| Foreign currency translation gains   | (194,137)                   | (42,365)           | (119,637)          |
| Loss of discontinued operations  | -                           | (22,069)           | (124,627)          |
| Minority interest  | 2,458                       | -                  | -                  |
| Equity in earnings of affiliates   | 69,310                      | -                  | -                  |
| Retirement benefits provision  | 32,590                      | 43,149             | (6,413)            |
| Others   | -                           | -                  | (12,676)           |
| Interest on borrowings   | 8,378                       | -                  | 28,941             |
| Dividend / interest  | (150,481)                   | (203,637)          | (873,941)          |
| Loss / (Gain) on sale of property, plant and equipment   | (1,118)                     | (13,625)           | (25,603)           |
| Operating cash flow before changes in working capital  | 2,355,675                   | 2,352,170          | 9,952,298          |
| Trade and other receivable   | (208,149)                   | 408,419            | (236,983)          |
| Loans and advances   | (117,686)                   | (79,250)           | (745,340)          |
| Inventories (other than stock-in-trade land)   | 37,836                      | (133,606)          | 217,929            |
| Trade and other payables   | (377,547)                   | (190,633)          | 519,631            |
| Net cash provided by operations  | 1,690,129                   | 2,357,100          | 9,707,535          |
| Direct taxes paid  | (212,145)                   | (202,850)          | (1,155,393)        |
| <b>Net cash provided by continuing operations</b>  | <b>1,477,984</b>            | <b>2,154,250</b>   | <b>8,552,142</b>   |
| <b>Net cash provided by discontinuing operations</b>   | <b>25,431</b>               | <b>-</b>           | <b>-</b>           |
| <b>Net cash provided by operations</b>   | <b>1,503,415</b>            | <b>2,154,250</b>   | <b>8,552,142</b>   |
| <b>Cash flows from investing activities:</b>   |                             |                    |                    |
| Expenditure on property, plant and equipment (including advances)  | (395,325)                   | (649,514)          | (2,433,022)        |
| Proceeds from sale of property, plant and equipment  | 46,399                      | 33,771             | 194,650            |
| Purchase of investments  | (5,962,629)                 | (4,071,302)        | (5,709,805)        |
| Inter Corporate deposits placed / matured  | 1,180,250                   | (978,513)          | (963,300)          |
| Certificate of Deposits with foreign banks   | 1,091,924                   | (1,882,484)        | (1,961,111)        |
| Sale / maturities on Investments   | 4,683,659                   | 2,847,073          | 145,468            |
| Investment in Spectra mind   | (120,000)                   | -                  | -                  |
| Dividend received  | 20,545                      | -                  | 284,645            |
| Interest received  | 129,936                     | 203,637            | 560,355            |
| <b>Net cash used in investing activities</b>   | <b>674,759</b>              | <b>(4,497,332)</b> | <b>(9,882,120)</b> |
| <b>Cash flows from financing activities:</b>   |                             |                    |                    |
| Proceeds from exercise of Stock Option Plan grants   | 29,607                      | 3,649              | 35,479             |
| Share application money pending allotment  | (2,116)                     | -                  | -                  |
| Dividends paid   | -                           | -                  | (128,071)          |
| Proceeds from issuance / (repayment) of borrowings   | 168,910                     | (76,080)           | (133,886)          |
| Net cash provided by/(used in) financing activities  | 196,401                     | (72,431)           | (226,478)          |
| Net increase/ (decrease) in cash and cash equivalents during the year  | 2,374,575                   | (2,415,513)        | (1,556,456)        |
| Cash and cash equivalents at the beginning of the period   | 3,031,909                   | 4,588,365          | 4,588,365          |
| Cash and cash equivalents at the end of the period   | 5,406,484                   | 2,172,852          | 3,031,909          |

**Notes:**

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

For and on behalf of the Board of Directors

**Azim Hasham Premji**  
Chairman and Managing Director

**N. Vaghul**  
Director

**B.C. Prabhakar**  
Director

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

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

Bangalore, July 19, 2002

**AUDITOR'S CERTIFICATE**

We have examined the above cash flow statement of Wipro Limited for the period ended June 30, 2002. 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 period ended June 30, 2002.

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

**J M Gandhi**  
Partner

Mumbai, July 19, 2002

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