

WIPRO LIMITED
BALANCE SHEET AS AT MARCH 31, 2001
(All figures in rupees thousands except quantitative data)

SOURCES OF FUNDS	Schedule	As of March 31,	
		2001	2000
Shareholders' funds			
Share Capital	1	464,866	708,313
Share application money pending allotment (refer note 8)		2,345	-
Reserves and Surplus	2	19,184,623	6,994,576
		<u>19,651,834</u>	<u>7,702,889</u>
Loan Funds			
Secured loans	3	400,644	492,319
Unsecured loans	4	47,397	86,669
		<u>448,041</u>	<u>578,988</u>
Total		<u>20,099,875</u>	<u>8,281,877</u>

APPLICATION OF FUNDS

Fixed Assets			
Gross block	5	9,020,225	6,757,891
Less : Depreciation		3,793,678	2,928,679
<i>Net Block</i>		<u>5,226,547</u>	<u>3,829,212</u>
Capital work-in-progress and advances		797,958	708,824
		<u>6,024,505</u>	<u>4,538,036</u>
Investments			
	6	1,636,443	462,033
Current assets, loans and advances			
Inventories	7	1,152,530	1,340,159
Sundry Debtors	8	6,176,657	4,469,381
Cash and Bank balances	9	4,463,421	747,290
Loans and advances	10	5,992,691	1,210,827
		<u>17,785,299</u>	<u>7,767,657</u>
Current liabilities and provisions			
Liabilities	11	4,813,400	4,057,632
Provisions	12	532,972	428,217
		<u>5,346,372</u>	<u>4,485,849</u>
Net Current Assets			
		<u>12,438,927</u>	<u>3,281,808</u>
Total			
		<u>20,099,875</u>	<u>8,281,877</u>

Significant accounting policies and notes to accounts

19

As per our report attached
For N M Raiji & Co.,
Chartered Accountants

For and on behalf of the Board of Directors

Azim Hasham Premji (Chairman and Managing Director)

Hamir K Vissanji (Director)

J M Gandhi
Partner

N Vaghul (Director)

Suresh C Senapaty
(Corporate Executive Vice President - Finance)

Satish Menon
(Corporate Vice President- Legal & Company Secretary)
Bangalore, April 20, 2001

Mumbai, April 20, 2001

WIPRO LIMITED
PROFIT AND LOSS ACCOUNT
(in rupees thousands)

	Schedule	Year ended March 31,	
		2001	2000
INCOME			
Sales and Services		30,539,090	22,735,614
Other Income	13	692,915	257,308
		31,232,005	22,992,922
EXPENDITURE			
Cost of goods sold	14	18,103,247	15,203,910
Selling, general and administrative expenses	15	5,404,381	3,995,654
Interest	16	68,890	286,682
		23,576,518	19,486,246
PROFIT BEFORE TAXATION AND NON RECURRING / EXTRAORDINARY ITEMS		7,655,487	3,506,676
Provision for taxation		992,000	501,000
PROFIT AFTER TAX BEFORE NON-RECURRING / EXTRAORDINARY ITEMS		6,663,487	3,005,676
Non recurring / extraordinary items	18	16,036	(523,091)
PROFIT FOR THE PERIOD		6,679,523	2,482,585
Appropriations			
Interim Dividend on Preference Shares		18,043	25,625
Interim Dividend on Equity Shares		-	68,747
Proposed Dividend on Equity Shares		116,217	-
Corporate tax on dividend		13,839	10,392
Transfer to Capital Redemption Reserve		250,000	-
Transfer to general reserve		6,281,424	2,377,820
Significant accounting policies and notes to accounts	19		

As per our report attached
For N M Raiji & Co.,
Chartered Accountants

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Mumbai, April 20, 2001

Bangalore, April 20, 2001

WIPRO LIMITED

(in rupees thousands, except share numbers)

SCHEDULE 1 SHARE CAPITAL**Authorised**

	Year ended march 31,	
	2001	2000
375,000,000 Equity shares of Rs 2 each (2000 : 235,000,000 equity shares of Rs 2 each)	750,000	470,000
2,500,000 (2000 : 2,500,000) 10.25 % Redeemable Cumulative Preference Shares of Rs 100 each	250,000	250,000
	1,000,000	720,000

Issued, subscribed and paid-up

232,433,019 equity shares of Rs 2 each (2000 : 229,156,350)	464,866	458,313
Nil (2000 : 2,500,000) 10.25 % Redeemable Cumulative Preference Shares of Rs 100 each	-	250,000
	464,866	708,313

Notes :

- Of the above equity shares :
 - 226,905,825 equity shares (2000 : 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
 - 1,325,525 equity shares (2000 : 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 the year pursuant to American Depository offering by the Company
 - 114,169 equity share issued during the year pursuant to Employee Stock Option Plan.
- Preference shares were redeemed in December 2000.

SCHEDULE 2 RESERVES AND SURPLUS

	As of April 1, 2000	Additions		Deductions		As of March 31, 2001
Capital Reserves	114,047	750	(a)	105,297	(b)	9,500
	166,047	-		52,000		114,047
Capital Redemption Reserve	38	250,000	(c)	-		250,038
	38			-		38
Share Premium		5,920,208	(d)			5,920,208
Revaluation Reserve	1,047,110	-		157,038	(e)	890,072
	1,110,455	-		63,345		1,047,110
Debenture Redemption Reserve	-	-		-	(f)	-
	6,666	-		6,666		-
Investment Allowance Reserve	14,500	-		-		14,500
	15,022	-		522		14,500
General Reserve	5,818,881	6,281,424	(f)	-		12,100,305
	3,464,230	2,385,008		30,357	(g)	5,818,881
TOTAL	6,994,576	12,452,382		262,335		19,184,623
	4,762,458	2,385,008		152,890		6,994,576

Corresponding figures for the previous year ended March 31, 2000 is given below current years figures

- Capital subsidy received
- Refer note 2 of schedule 19
- Transfers from Profit and Loss account
- Rs.123,759 pursuant to issue of shares under Employee Stock Option Plan and Rs.5,796,449 on account of American Depository Offering by the Company, net of offering expenses of Rs. 273,429
- Transfer to Profit and Loss account Rs 58,843 (2000 : Rs 45,546) and reduction on account of sale of revalued assets and other adjustments Rs 98,195 (2000 : Rs 17,799)
- Transfer from Profit and Loss account Rs 6,281,424 (2000 : Rs 2,377,820) Debenture Redemption Reserve Rs nil (2000 : Rs 6,666) and Investment Allowance Reserve Rs Nil (2000 : Rs 522).
- Deficit arising on account of amalgamation of Wipro Computers Limited with Wipro Limited, reduced from General Reserve (refer note 6).

WIPRO LIMITED
(in rupees thousands)

SCHEDULE 3 SECURED LOANS

	Note Reference	Year ended March 31,	
		2001	2000
From banks			
Cash Credit facility	a	203,187	96,091
External Commercial Borrowings	b	127,582	269,453
From Financial Institutions			
Asset Credit Scheme	c	68,200	88,200
Term Loans	d	-	36,900
Development loan from Government of Karnataka	e	1,675	1,675
		400,644	492,319

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 centres at Bangalore and specific plant and machinery of Fluid Power unit.
- c. Secured by hypothecation of specific machinery / assets.
- d.
 - i. Rs Nil (2000 : Rs 16,600) Secured / to be secured by a pari passu second mortgage on all immovable properties.
 - ii. Rs Nil (2000: Rs 20,300) secured by a first charge on certain movable properties at Bangalore.
- e. 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.

SCHEDULE 4 UNSECURED LOANS

	Year ended March 31,	
	2001	2000
Fixed Deposits	886	886
Short Term Loans and advances		
From other than Banks	-	49,692
Other Loans and Advances		
Interest free loan from government	45,261	34,841
Loans from state financial institutions	1,250	1,250
	47,397	86,669

(in rupees thousands)

SCHEDULE 5 FIXED ASSETS

Particulars	GROSS BLOCK				PROVISION FOR DEPRECIATION BLOCK				NET BLOCK	
	As on April 1, 2000	Additions	Deductions / adjustments	As on Mar 31, 2001	As on April 1, 2000	Depreciation for the period	Deductions / adjustments	As on Mar 31, 2001	As on Mar 31, 2001	As on March 31, 2000
Land	377,336	147,464	11,515	513,285	352	51	162	241	513,044	376,984
Buildings	1,300,495	510,693	98,129	1,713,059	131,832	28,368	5,277	154,923	1,558,136	1,168,663
Railway siding	4,000	-	-	4,000	3,599	201	-	3,800	200	401
Plant and Machinery	4,197,214	1,411,305	154,703	5,453,816	2,402,625	812,212	136,449	3,078,388	2,375,428	1,794,589
Furniture fixture and equipment	651,714	389,606	24,899	1,016,421	274,865	147,599	17,206	405,258	611,163	376,849
Vehicles	217,729	117,453	18,614	316,568	110,738	49,368	11,225	148,881	167,687	106,991
Technical Know-how	9,382	-	6,306	3,076	4,647	468	2,928	2,187	889	4,735
Patents and trade marks	21	-	21	0	21	-	21	-	-	-
Total	6,757,891	2,576,521	314,187	9,020,225	2,928,679	1,038,267	173,268	3,793,678	5,226,547	3,829,212
March 31,2000	5,615,301	1,330,736	188,147	6,757,891	2,330,326	744,089	145,736	2,928,679	3,829,212	3,284,975

- a. The fixed assets of the Company were revalued as at March 31, 1997, at depreciated replacement values based on valuation by an independent firm of chartered surveyors and valuers. The depreciated replacement values were arrived on the basis of market values, present condition and balance expected useful life of the asset. Where relevant, Indices published by the Reserve Bank of India and Confederation of Indian Industry were used in the valuation. The following amounts were added to the fixed assets on revaluation.

	Gross Block	Depreciation Block	Net Block	Revalued Net Block
Land	123,532	-	123,532	166,097
Buildings (including tenancy rights)	685,341	37,541	647,800	791,034
Railway siding	3,988	2,988	1,000	1,000
Plant and Machinery	771,697	245,576	526,121	1,644,994
Furniture fixture and equipment				128,543
Vehicles				84,405
Technical Know-how	(7,302)	(7,360)	58	2,808
Patents and trade marks				1
Total	1,577,256	278,745	1,298,511	2,818,882

- b. Additions to gross block and adjustments of provision for depreciation of the previous year include Rs. 28,270 and Rs. 10,643 respectively on account of assets of Wipro Computers Limited taken over on amalgamation.
- c. Deductions to gross block and deductions / adjustments of provision for depreciation include Rs. 203,911 and Rs. 114,884 respectively on account of assets of erstwhile Peripherals Division transferred to Wipro e-Peripherals Limited (refer Note 7)
- d. Land includes leasehold land Rs 9,978 (2000 : Rs 11,817)
- e. Buildings :
- includes shares worth Rs 2 (2000 : Rs 2)
 - includes leasehold land / property Rs 4,241 (2000 : Rs 4,241)
 - is net of depreciation during construction period.
- f. Additions of previous year Rs Rs 10,774 of difference in exchange / forward contract premium on foreign currency borrowings utilised for acquisition of fixed assets.
- g. Deduction / adjustment in Gross Block and in provision for depreciation includes Rs. 123,818 (2000 : 23,721) pertaining to increased value of revalued assets sold / discarded. The net amount of Rs. 98,195 (2000 : 17,799) has been adjusted from revaluation reserve.

WIPRO LIMITED

(in rupees thousands except share numbers and face value)

SCHEDULE 6 INVESTMENTS

All shares are fully paid up

	Number	Face value	Year ended March 31,	
			2001	2000
Investments - Long Term (at cost)				
Investments in subsidiary companies				
Unquoted				
Equity Shares				
Wipro Prosper Ltd	200	Rs 10	2	2
Wipro Trademark Holdings Ltd	200	Rs 10	2	2
Wipro Inc, USA (200 shares acquired during the year)	1,192	US \$ 2500	129,270	105,940
Wipro Japan KK, Japan	650	JPY 50,000	9,738	9,738
Wipro Net Ltd (10,076,542 shares acquired during the year)	20,600,927	Rs 10	1,192,460	105,244
Wipro Welfare Ltd	66,171	Rs 10	662	662
			1,332,134	221,588
Preference Shares				
9 % cumulative redeemable preference shares held in Wipro Trademark Holdings Ltd	1,800	Rs 10	18	18
			18	18
Investments in equity shares of other companies				
Quoted				
Trade Investments				
Dynamatic Technologies Ltd	100	Rs 10	1	1
Other Investments				
HDFC Bank Ltd	100	Rs 10	1	1
Kashyap Radiant Systems Ltd (Sold during the year)	500,000	Rs 10		5,000
			2	5,002
- Unquoted				
Wipro GE Medical Systems Ltd #	4,900,000	Rs 10	49,000	49,000
Net Kracker Ltd (1,863,520 shares acquired during the year) #	1,863,520	Rs. 10	18,635	
Wipro e-Peripherals Limited (5,460,000 equity shares acquired during the year)	5,460,000	Rs 10	54,600	
Wipro Finance Limited (sold during the year 48,304,901 shares)		Rs 10	&	&
			122,235	49,000
Investments in preference shares / debentures of other Companies				
Unquoted				
Investments in preference shares of Wipro Finance Ltd				
Convertible preference shares in Wipro Finance Ltd (sold during the year 2,500,000 shares)		Rs 100	-	&
Convertible preference shares in Wipro Finance Ltd (sold during the year 2,000,000 shares)		Rs 100	-	&
Redeemable preference shares in Wipro Finance Ltd	3,000,000	Rs 100	-	&
Convertible preference shares in Net Kracker Ltd.(acquired during the year) (note #)	543,300	Rs. 100	54,330	
12.5% unsecured Non convertible debentures of Wipro e-Peripherals	4,000,000	Rs. 100	40,000	
			94,330	-
Other Investments (unquoted)				
Redeemable floating rate bonds of State Bank of India	2,500	Rs 1,000	2,500	2,500
Indira Vikas Patra (maturity value Rs 66,003) (purchased during the year)			47,952	-
Bonds of GE Capital Services India Ltd (refer note 10) (maturity value Rs 240,500)			145,468	292,121
			195,920	294,621
TOTAL			1,744,639	570,229
Less : Provision for diminution in value of investments, other than note &			108,196	108,196
TOTAL			1,636,443	462,033
Aggregate book value of quoted investments			2	5,002
Aggregate book value of unquoted investments (net of provision)			1,636,441	457,031
Aggregate market value of quoted investments			25	7,531

- Notes :**
- # Equity investments in these companies carry certain restrictions on transfer of shares that are normally provided for in joint venture / venture funding agreement.
- & Provision for diminution in value of investments in Wipro Finance Limited, erstwhile subsidiary of the Company is outlined below.

	Year ended March 31,	
	2001	2000
Equity shares (sold during the year)	-	559,805
Convertible preference shares (sold during the year)	-	321,600
Convertible preference shares (sold during the year)	-	200,000
Redeemable preference shares	300,000	300,000
	300,000	1,381,405
Less : Provision for diminution in value of investments	300,000	1,381,405

WIPRO LIMITED
(in rupees thousands)

SCHEDULE 7 INVENTORIES

	As on March 31,	
	2001	2000
Stores and Spares	44,689	42,914
Raw Materials	499,536	497,545
Stock-in-process	121,190	92,970
Finished goods	487,115	581,730
Stock-in-trade land *	-	125,000
TOTAL	1,152,530	1,340,159

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.

* Valued at fair market value on the date of conversion from capital asset to stock in trade or current market 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

TOTAL

	As on March 31,	
	2001	2000
Considered good	448,945	258,667
Considered doubtful	292,593	196,603
	741,538	455,270
Considered good	5,727,712	4,210,714
Considered doubtful	5,291	-
	5,733,003	4,210,714
	297,884	196,603
	6,176,657	4,469,381

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

Inkom Bank, Russia
Midland Bank, U K
Wells Fargo, U S A
Nations Bank
Socite General
Bank of America
First Chicago
Citibank,
FCC National Bank
Chase Manhattan
Great Western Bank

Maximum balances during the year

Inkom Bank, Russia
Midland Bank, U K
Wells Fargo, U S A
Nations Bank
Socite General
Bank of America
First Chicago
Citibank,
FCC National Bank
Chase Manhattan
Great Western Bank

	As on March 31,	
	2001	2000
	661,678	304,316
On Current account	527,989	265,012
In Deposit account	84,091	2,254
Inkom Bank, Russia	43	60
Midland Bank, U K	52,122	35,872
Wells Fargo, U S A	597,294	139,763
Nations Bank	-	13
Socite General	460,378	-
Bank of America	10	-
First Chicago	390,806	-
Citibank,	875,432	-
FCC National Bank	391,739	-
Chase Manhattan	421,815	-
Great Western Bank	24	-
	4,463,421	747,290
Inkom Bank, Russia	43	60
Midland Bank, U K	362,362	100,263
Wells Fargo, U S A	770,615	762,886
Nations Bank	13	13
Socite General	460,378	-
Bank of America	10	51,375
First Chicago	390,806	60
Citibank,	875,432	Nil
FCC National Bank	391,739	100,263
Chase Manhattan	421,815	762,866
Great Western Bank	24	-

WIPRO LIMITED
(in rupees thousands)

SCHEDULE 10 LOANS AND ADVANCES

(Unsecured, considered good unless otherwise stated)

	As on March 31,	
	2001	2000
Advances and loans to subsidiaries	25,418	1,375
Advances recoverable in cash or in kind or for value to be received		
Considered good	1,063,775	664,237
Considered doubtful	125,483	55,616
	1,189,258	719,853
Less : Provision for doubtful advances	125,483	55,616
	1,063,775	664,237
Inter Corporate Deposits	1,052,000	100,000
Other Deposits	490,329	371,825
Certificate of deposits with foreign banks	3,326,108	-
Advance income-tax (net of provision)	19,067	-
Balances with excise and customs	15,994	73,390
TOTAL	5,992,691	1,210,827

Note :

a) Other Deposits include Rs 25,000 (2000 : Rs 25,000) security deposits for premises with a firm in which a director is Interested

SCHEDULE 11 LIABILITIES

	As on March 31,	
	2001	2000
Acceptances	-	12,601
Sundry Creditors	1,607,681	1,359,768
Unclaimed dividends	180	406
Advances from customers	847,732	850,958
Other liabilities	1,982,264	1,440,706
Balance due to Subsidiary Companies	34,091	3,787
Interest accrued but not due on loans	469	1,423
Other deposits	340,983	387,983
	4,813,400	4,057,632

SCHEDULE 12 PROVISIONS

	As on March 31,	
	2001	2000
Employee retirement benefits	404,901	265,915
Interim dividend payable	-	69,870
Proposed dividend	116,217	-
Tax on proposed dividend	11,854	7,686
Provision for taxation (less payments)	-	84,746
	532,972	428,217

SCHEDULE 13 OTHER INCOME

	As on March 31,	
	2001	2000
Dividend	31,853	14,720
Interest	313,005	72,225
Net discount / premium on Certificate of Deposit	(2,548)	-
Rental Income	15,610	18,770
Profit on Sale of Investments	4,000	681
Profit on disposal of fixed assets	49,162	16,737
Difference in exchange	86,399	37,252
Royalty	30,789	-
Miscellaneous Income	164,645	96,923
	692,915	257,308

Notes :

a) Tax deducted at source Rs 65,183 (2000 : Rs 14,300)

WIPRO LIMITED
(in rupees thousands)

SCHEDULE 14 COST OF GOODS SOLD

	Schedule	As on March 31,	
		2001	2000
Raw materials, Finished and Process Stocks	17	8,206,916	8,625,323
Stores & Spares		174,555	249,729
Power and Fuel		310,441	215,277
Salaries, wages and bonus		2,733,429	1,545,460
Contribution to provident and other funds		103,362	67,280
Gratuity and pension		78,239	50,512
Workmen and Staff welfare		188,220	115,743
Insurance		6,660	8,472
Repairs to factory buildings		38,554	5,516
Repairs to Plant & Machinery		73,655	37,156
Rent		196,129	143,431
Rates & Taxes		13,450	18,672
Packing		28,669	49,769
Travelling and allowance		4,956,452	3,479,123
Depreciation		738,582	547,263
Miscellaneous		373,812	175,790
Less : Capitalised (refer note 14)		(117,878)	(130,606)
TOTAL		18,103,247	15,203,910

SCHEDULE 15 SELLING GENERAL AND ADMINISTRATIVE EXPENSES

	As on March 31,	
	2001	2000
Salaries, wages and bonus	924,346	656,656
Contribution to provident and other funds	40,131	24,719
Gratuity and pension	27,609	26,345
Workmen and Staff welfare	123,640	80,669
Insurance	20,676	10,910
Repairs to buildings	4,596	4,507
Rent	80,889	94,262
Rates and taxes	90,141	31,162
Carriage and freight	223,745	203,664
Commission on sales	659,432	597,119
Auditors' remuneration and expenses		
Audit fees	3,150	3,300
For certification including tax audit	1,162	1004
Reimbursement of expenses	508	382
Advertisement and sales promotion	471,824	339,332
Loss on sale of fixed assets	803	8,673
Directors' fees	922	193
Depreciation	240,841	151,280
Traveling and allowances	1,075,868	604,897
Communication	326,311	206,906
Provision/write off of bad debts	266,516	267,360
Miscellaneous	821,271	682,314
TOTAL	5,404,381	3,995,654

(in rupees thousands)

SCHEDULE 16 INTEREST

		As on March 31,	
		2001	2000
On debentures			1,502
On other fixed loans		16,354	70,676
Others		52,536	214,504
Total		68,890	286,682

SCHEDULE 17 RAW MATERIALS, FINISHED AND PROCESS STOCKS

		As on March 31,	
		2001	2000
<u>Consumption of raw materials and bought out components</u>			
Opening stocks		497,545	491,956
Add : Purchases		3,873,857	4,443,791
Add : Taken over on merger (refer note 6)		-	111,428
Less : Transfer on sale of undertaking		136,772	-
Less : Closing stocks		499,536	497,545
		3,735,094	4,549,630
Purchase of finished products for sale			
		4,493,704	4,078,145
<u>(Increase)/decrease in finished and process stocks</u>			
Opening stock : In process		92,970	100,376
: Finished products		581,730	531,430
Taken over on merger : In Process (refer note 6)			1,242
: Finished products			39,200
Less : Transfer on sale of undertaking : In Process		12,200	
: Finished Products		95,780	
Less : Closing stocks : In process		121,190	92,970
: Finished products		487,115	581,730
		(41,585)	(2,452)
<u>(Increase)/Decrease in stock-in-trade : land</u>			
Opening Stock		125,000	177,000
Less : Closing stock			125,000
Less : Drawn from Capital Reserve (refer note 2)		105,297	52,000
		19,703	0
TOTAL		8,206,916	8,625,323

SCHEDULE 18 NON - RECURRING / EXTRAORDINARY ITEMS

		As on March 31,	
		2001	2000
Provision for diminution in value of investments		-	(808,701)
Gain / (Loss) on Sale of shares		55	(809,838)
Gain on sale of investments in Wipro Net Limited		-	1,095,448
Gain on transfer of business (refer note 7)		15,981	-
TOTAL		16,036	(523,091)

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, export incentives, excise and are net of discounts and cost provisions for services as per sales contract terms.
- 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
 - Software revenue is recognized on the basis of chargeable time or achievement of prescribed milestones for billing as provided in the contracts
- 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.

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.

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.

Fixed Assets and Depreciation

Fixed assets were revalued as at March 31, 1997. Such assets are stated at revalued amounts less depreciation. Assets acquired after March 31, 1997 are stated at cost less depreciation.

Interest on borrowed money allocated to and utilized for fixed assets, pertaining to the period upto 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.

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 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.

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. Stock-in-trade : Land is valued at the value on the date of conversion from capital assets to stock-in-trade or current market value, whichever is lower. Cost is computed on weighted average basis.

Investments

Investments are stated at cost. Diminution in value is provided for where the management is of the opinion that the diminution is of permanent nature.

Notes to accounts

(All figures are reported in rupees thousands, except data relating to equity 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 upto total cost of assets

Class of Asset	Depreciation rate applied	Per Schedule XIV
	%	
Data Processing equipment & Software	50.00	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

- ii) Depreciation at 100% have been provided on assets costing less than Rs. 5
2. (i) In fiscal 1995, the Company had converted a fixed asset (consisting of land) into stock-in-trade at the then fair market value. The surplus (market price less original cost) arising on such conversion was credited to Capital Reserve. In fiscal 2000, there was a further reduction of Rs. 52,000 in the value of said land compared to carrying value at the beginning of the previous year. This reduction in value was recognized in the Profit and Loss account and an equivalent amount was drawn from the Capital Reserve created on the conversion, to offset the impact of such reduction on the Profit and Loss account.
- (ii) In fiscal 2001 the aforesaid land has been sold and realised profit on sale of land of Rs. 105,297, considering its original cost, as represented by the residual amount in Capital Reserve is transferred to the Profit and Loss account.
3. Estimated amount of contracts remaining to be executed on Capital account and not provided for is Rs. 400,280 (2000 : Rs 160,034)
4. Contingent liabilities in respect of :
- i) Claims against the Company not acknowledged as debts Rs. 9,060 (2000 : Rs. 8,892)
- ii) Disputed demands for excise, customs, income tax, sales tax and other matters Rs. 221,060 (2000 : Rs. 189,860)
5. Depreciation for the year has been provided on the revalued amount. However, depreciation of Rs. 58,843 (2000 : 45,546) provided on the increase in value on account of revaluation, has been drawn from revaluation reserve and the net amount has been charged to the profit and loss account.
6. Wipro Computers Limited was amalgamated with the Company effective April 1, 1999. The deficit arising on accounting for the amalgamation was drawn out of General Reserve.
7. During the year, with effect from 1st September 2000, the company transferred the business of manufacturing and distribution of Computer Peripherals to Wipro e-Peripherals Limited (WeP) for a consideration of Rs. 270,880 received by way of - 5,460,000 equity shares of Rs. 10 each in Wipro e-Peripherals Limited, 1,000,000 12.5% unsecured Non convertible debentures of Rs. 100 each in WEL and cash of Rs. 116,280. The transaction resulted in a gain of Rs. 15,981 which has been shown as extraordinary item.
8. Amount received from employees on exercise of stock option, pending allotment of shares is shown as share application money pending allotment.
9. During the year the Company acquired 10,076,542 equity shares of Wipro Net Limited representing 45 % of interest held by KPN Group for Rs 1,087,216. Contemporaneously, equity of Wipro Net Limited (WNL) was restructured by spinning off its retail ISP segment into a separate Company Net Kracker Limited. The Company has invested Rs. 18,635 in equity shares and Rs 54,330 in convertible preference shares of Net Kracker Limited.
10. Company had, in October 1999, an ECB of USD 8,150('000s) equivalent to Rs. 354,364. At that time, the Company entered into an arrangement with a Bank (counter party) for the structured repayment of this loan. As per the agreement, Company made an investment in deep discount bonds of one of the corporate, with highest credit rating. The maturity value of such bonds have been assigned to the counter party which has, in turn, agreed to discharge the Company's ECB liability on the scheduled due dates. Consequent to this, exchange risk of the ECB liability was crystallised in the hands of the company and the premium paid at the time of structured payment is being amortised in the books of account over the balance tenure of ECB loan. The bonds in which the company has invested have varying maturity dates. The amount due on maturity is offset against ECB loan liabilities. At the end of ECB loan tenure, loan liability will match with the amount due on the last maturity of bonds.
11. In fiscal 2000, the Company sold 4,694,795 equity shares in Wipro Net Limited (WNL) resulting in an extraordinary income of Rs. 1,095,449. Of the total shares sold, on 1,791,385 shares, the buyer has a put option and the Company has call option for a specified period. The price band for the remaining period is Rs. 658 to Rs. 700.

12. In fiscal 2000, the Company carried out a comprehensive review of the financial position of Wipro Finance Limited, the erstwhile subsidiary of the Company. On the basis of its review, the Company infused an additional equity of Rs. 450,000 Convertible Preference shares of Rs.200,000 and Redeemable Preference shares of Rs.300,000, to discharge all its obligations.

To focus on its core business, the Company divested significant portion of its holding in Wipro Finance Limited, resulting in an extraordinary loss of Rs. 809,839. Following the di-vestment, Wipro Finance Limited ceases to be a subsidiary of the Company. Further, realisability of the remaining investments in Wipro Finance Limited, in the opinion of the management, is estimated to be negligible. The Company provided for diminution in the value of such investments aggregating Rs. 700,505. In December 2000 the Company sold off all its investments in Wipro Finance Limited except for Rs. 300,000 of redeemable preference shares in Wipro Finance Limited.

13 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.

October 1999 - plan

	Year ended March 31, 2001			
	Shares arising out of options	Range of exercise prices and grant date fair values	Weighted average exercise price and grant date fair values	Weighted-average remaining contractual life (months)
Outstanding at the beginning of the period.....	2,412,150	1,024 - 2,522	1,091	36
Granted during the period.....	2,672,000	1,853 - 2,419	1,860	32
Forfeited during the period.....	(405,550)	1,086	1,086	30
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	29
Exercisable at end of the period.....	86,491	1,024 - 2,522	1,284	-

October 2000 - plan

	Year ended March 31, 2001			
	Shares arising out of options	Range of exercise prices and grant date fair values	Weighted average exercise price and grant date fair values	Weighted-average remaining contractual life (months)
Outstanding at the beginning of the period.....	-			
Granted during the period.....	3,520,300	2,382 - 2,746	2,397	40
Forfeited during the period.....	(305,950)	2,382	2,382	41
Outstanding at the end of the period.....	3,214,350	2,382 - 2,746	2,397	40
Exercisable at end of the period.....	-			

ADR - plan

	Year ended March 31, 2001			
	Shares arising out of options	Range of exercise prices and grant date fair values	Weighted average exercise price and grant date fair values	Weighted-average remaining contractual life (months)
Outstanding at the beginning of the period.....				
Granted during the period.....	268,750	\$ 41.375	\$ 41.375	37
Forfeited during the period.....	(4,000)	\$ 41.375	\$ 41.375	39
Outstanding at the end of the period.....	264,750	\$ 41.375	\$ 41.375	37
Exercisable at end of the period.....	-			

14. Amount capitalised comprise following revenue expenditure incurred during the construction period.

	Year ended	
	Mar 31, 2001	Mar 31, '2000
Raw material, finished goods (including Manufactured products) and process stock	104,461	130,606
<u>Pre-operative expenses</u>		
Power and Fuel	Rs. 10,995	
Conveyance expense	Rs. 233	
Professional expense	Rs. 2,189	
	13,417	
	117,878	130,606

- 15 Provision for taxation comprises of following:
- (i) Rs.611,324 (2000 : Rs. 169,175) in respect of foreign taxes including Rs. 18,000 (2000 : Rs. 18,600)in respect of earlier year
- (ii) Rs.377,676 (2000; Rs 328,825) in respect of Indian Income Tax including Rs 60,000 (2000 :Rs.50,000) in respect of earlier years.
- (iii) Rs. 3,000 (2000 : Rs 3,000) in respect of Wealth Tax.
- 16 Sundry creditors include an amount of Rs. 50,848 (2000 : 27,843) being amount payable to suppliers, who are Small Scale Industrial Undertakings (SSI) as defined under the Industrial (Development and Regulation) Act 1951, exceeding Rs. 100 in aggregate and out outstanding for a period in excess of 30 days as at the date of Balance Sheet. The list of such SSI's is attached.
- 17 Computation of net profit in accordance with section 198 read with section 349 of the companies act, 1956

	March 31, 2001	March 31, 2000
Profit before taxation	7,655,487	3,506,675
Add :Depreciation as per accounts *		
Managerial Remuneration	1,07,431	68,515
Provision for doubtful debts / Advances	2,78,021	137,544
Less : Bad debts written off	122,189	218,286
Amount drawn from Capital Reserve	-	135,000
Net profit for section 198 of the Companies Act, 1956	7,918,750	3,359,448
Commission payable :		
@ 0.40% of the above profits to the Chairman & Managing Director	31,675	13,960
@ 0.30% to Vice Chairman and	23,756	6,979
@ 0.10% to Vice Chairman and	7,919	3,489
@ 0.10% pro rate to a Vice Chairman	5,279	4,371
Managerial remuneration comprises :		
Salary and allowances (including joining bonus for the previous year)	20,378	32,189
Commission	68,628	28,799
Pension Contribution	11,991	4,284
Contribution to Provident Fund	640	745
Perquisites	5,794	2,498
Total	107,431	68,515

* For the year 2000-01, 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 after obtaining the approval of the Central Government has not been considered in the Managing Director remuneration.

The remuneration of Managing Director from 31st December 2000 to the extent of Rs. 16,455 is subject to the approval of share holders in the ensuing Annual General Meeting.

18. Corresponding figures for previous year have been regrouped, wherever necessary, to confirm to this year's classification. Current year figures are not comparable with the previous year to the extent of transfer of peripherals business with effect from 1st September 2000.

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, 2001	March 31, 2000	March 31, 2001	March 31, 2000
Vanaspati / Hydrogenated oils	T P A *	144,000	144,000	56,250	56,250
Hydraulic and pneumatic equipment	N P A #	40,000	40,000	40,000	40,000
Tipping gear systems	N P A #	2,000	2,000	2,000	2,000
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
Flourescent tubelights	000s	10,694	8,139	10,694	8,139
Mini computers / micro processor based systems and data communication systems	Ex-factory turnover in million rupees per annum	2,700	2,700	2,700	2,700
Micro processor based computers and peripherals	N P A #	8,500	8,500	72,500	72,500
Computers and communication boards	N P A #	8,500	8,500	8,500	8,500
Computer software (domestic)	Rupees in million	100	100	-	-

@ Installed capacities are as per certificate given by management on which auditors have relied.

* TPA indicates tons per annum

NPA indicates nos. per annum

\$ on per shift basis

ii) Production and Sales

	Unit	Production #		Sales			
		March 31, 2001	March 31, 2000	March 31, 2001		March 31, 2000	
		Quantity #	Quantity #	Quantity	Rs 000	Quantity	Rs 000
Software services					17,540,755		10,142,163
Mini computers/micro processor based Systems and data communication systems	Nos	62,779	56,866	62,321	6,368,530	73,067	5,409,904
Serial printers	Nos	28,422	92,940	39,974	837,846	171,615	2,325,725
Toilet soaps	Tons	23,274	20,474	23,853	1,964,211	19,818	1,720,958
Post sales support and related IT services					1,209,487		759,849
Vanaspati/hydrogenated oils	Tons	16,098	23,522	15,918	488,464	23,945	831,439
Lighting products	000s	&	&	-	902,785		772,060
Hydraulic and pneumatic equipment	Nos	51,177	47,561	50,552	639,953	45,791	600,909
Tipping gear systems	Nos	3,788	4,289	3,788	148,278	4,289	154,018
Shoe uppers and full shoes (pairs)	000s	511	520	508	144,901	521	136,388
Fatty acids	Tons	13,104	12,279	\$ 339	10,025	997	30,297
Glycerine %	Tons	426	336	% 459	32,076	304	18,858
Reagent kits/ spares of analytical instruments	Nos	6,722	9,470	31,539	377,519	34,247	256,117
Spares / components for cylinders / tippers	&				83,041		97,224
Agency commission				-	346,216		123,547
Software products					146,270		221,080
Stock in trade Land					125,000		
TOTAL					<u>31,365,357</u>		<u>23,600,536</u>
Less: Excise Duty					<u>826,267</u>		<u>864,922</u>
TOTAL					<u>30,539,090</u>		<u>22,735,614</u>

includes samples and shortages

\$ includes 12,715 tons (2000 : 11,271) used for own consumption

% includes Nil tons (2000 : 3,724) used for own consumption

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

(in rupees thousands)

iii) **Closing Stocks**

	Unit	March 31, 2001		March 31, 2000	
		Quantity	Rs 000s	Quantity	Rs 000s
Mini computers/micro processor based systems * and data communication systems *	Nos	556	165,771	828	133,892
Serial Printers *	Nos	-	-	11,552	132,758
Toilet Soaps	Tons	973	40,674	1,282	58,908
Vanaspati / hydrogenated oils	Tons	646	15,605	466	13,710
Lighting Products *			88,375	-	44,448
Hydraulic and pneumatic equipment	Nos	4,322	71,793	3,697	62,002
Shoe Uppers and full shoes (pairs)	000s	8	1,997	5	396
Fatty acids	Tons	121	109	71	2,058
Glycerine	Tons	45	2,711	78	3,422
Others			3,245		67,308
			<u>390,280</u>		<u>518,902</u>
Closing Stock of traded goods					
Reagent Kits/Spares of Analytical instruments	Nos	18,468	72,975	19,394	52,286
Others			23,860		10,542
			<u>487,115</u>		<u>581,730</u>

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

iv) **Purchases for trading**

	Unit	March 31, 2001		March 31, 2000	
		Quantity	Rs 000s	Quantity	Rs 000s
Computer units /printers	Nos	15,725	3,307,191	92,520	3,474,196
Lighting Products *			455,167	-	245,589
Reagent kits/Spares of analytical instruments	Nos	23,891	299,564	34,190	203,372
Spares/Components for tippers/cylinders*			35,218		35,357
Others*			396,564		119,631
			<u>4,493,704</u>		<u>4,078,145</u>

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

V) **Raw materials consumed**

	Unit	March 31, 2001		March 31, 2000	
		Quantity	Rs 000s	Quantity	Rs 000s
Peripherals/ Components for computers	#		2,297,597		2,822,992
Oils and fats	Tons	32,117	548,277	46,924	850,988
Components for cylinders	#		327,633		318,902
Tinplates	Tons	41	1,484	513	19,053
Components for lighting products	#		176,439	-	226,690
Leather	Sq.ft. (000s)	538	59,388	585	85,795
Others	#		324,276		225,210
			<u>3,735,094</u>		<u>4,549,630</u>

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

vi) **Value of imported and indigenous materials consumed**

	March 31, 2001		March 31, 2000	
	%	Rs 000s	%	Rs 000s
Raw Materials				
Imported	53	1,961,729	43	1,937,078
Indigenous	47	1,773,365	57	2,612,552
	<u>100</u>	<u>3,735,094</u>	<u>100</u>	<u>4,549,630</u>
Stores and Spares				
Imported	7	11,878	5	13,647
Indigenous	93	162,677	95	236,082
	<u>100</u>	<u>174,555</u>	<u>100</u>	<u>249,729</u>

vii) Value of imports on CIF basis

(does not include value of imported items locally purchased)

	March 31, 2001	March 31, 2000
Raw materials, components and peripherals	2,022,651	4,142,917
Stores and spares	218,763	243,324
Capital goods	366	22,249
Others	-	151,881
	2,241,780	4,560,371

viii) Expenditure in foreign currency

	March 31, 2001	March 31, 2000
Travelling	5,572,870	3,287,164
Interest	-	25,341
Royalty	85,848	100,198
Professional fees	214,825	28,676
Others	214,591	272,461
	6,088,134	3,713,840

ix) Earnings in foreign exchange

	March 31, 2001	March 31, 2000
Export of goods on F.O.B basis	143,297	149,224
Services	17,608,373	10,185,559
Interest on deposits / investments outside India	38,552	-
Agency commission	343,738	169,158
Others	-	1,780
	18,133,960	10,505,721

WIPRO LIMITED
CASH FLOWS STATEMENT
(in rupees thousands)

	Year ended March 31,	
	2001	2000
Cash flows from operating activities:		
Net profit before tax and non recurring items	7,655,487	3,506,677
Adjustments to reconcile Net profit before tax and non recurring items to net cash provided by operating activities:		
Depreciation and amortization	979,424	698,543
Foreign currency translation gains	(86,399)	(59,306)
Retirement benefits provision	138,986	58,995
Interest accrued on discount bonds	(27,345)	-
Interest on borrowings	68,890	286,682
Dividend / interest	(342,310)	(86,944)
Loss / (Gain) on sale of short-term investments	(4,000)	(681)
Loss / (Gain) on sale of property, plant and equipment	(49,162)	(7,725)
Realised Gain on sale of Stock-in-trade : Land	(105,297)	
Operating cash flow before changes in working capital	8,228,274	4,396,241
Changes in operating assets and liabilities		
Trade and other receivable	(1,770,267)	(489,512)
Loans and advances	(401,062)	
Inventories (other than stock-in-trade land)	(51,958)	211,494
Trade and other payables	1,097,961	767,625
Net cash provided by operations	7,102,948	4,885,848
Direct taxes paid	(1,095,813)	(219,604)
Non recurring / extraordinary items	16,036	
Net cash provided by operating activities	6,023,171	4,666,244
Cash flows from investing activities:		
Expenditure on property, plant and equipment (including advances)	(2,772,425)	(1,198,136)
Proceeds from sale of property, plant and equipment	91,886	67,935
Purchase of investments	(1,231,465)	(1,640,128)
Inter Corporate deposits placed	(1,152,000)	(100,000)
Certificate of Deposits with foreign banks	(3,326,108)	-
Proceeds from sales and maturities of investments	243,000	1,146,870
Proceeds from divestment of Wipro e-Peripherals	116,281	-
Dividends received	31,853	14,720
Interest received	310,457	72,225
Net cash used in investing activities	(7,688,521)	(1,636,515)
Cash flows from financing activities:		
Capital subsidy received	750	-
Proceeds from American Depository Offering	5,802,774	
Proceeds from exercise of Stock Option Plan grants	123,987	
Share application monies received pending allotment	2,345	
Proceeds from issue (redemption) of preference shares	(250,000)	
Proceeds from issuance / (repayment) of borrowings	(130,947)	(2,250,808)
Interest on borrowings	(69,844)	(307,090)
Payment of cash dividends	(87,913)	(94,372)
Corporate tax on Dividend	(9,671)	(9,692)
Net cash provided by/(used in) financing activities	5,381,481	(2,661,962)
Net increase/ (decrease) in cash and cash equivalents during the year	3,716,131	367,767
Cash and cash equivalents at the beginning of the period	747,290	379,523
Cash and cash equivalents at the end of the period	4,463,421	747,290

Notes :

- i) Purchase of investments include Rs. 1,087,216 on acquisition of minority interest of 45% from KPN group in Wipro Net Limited.
- ii) The Company hived off Peripherals services division into a new entity Wipro e-Peripherals Limited for a consideration of Rs. 270,880 . The Company received non cash consideration of Rs. 154,600 by way of equity shares of Rs.54,600 and 12.5% redeemable preference share of Rs. 100,000. The balance consideration was received in cash.
- iv) Figures for previous periods presented, have been regrouped wherever necessary, to confirm to this year's classification.

For and on behalf of the board of directors

Azim Hasham Premji (Chairman and managing director)

Suresh Senapaty
(Corporate Executive Vice President – Finance)

Hamir K Vissanji (Director)

Satish Menon
(Corporate Vice President- Legal & Company Secretary)

N Vaghul (Director)

Bangalore, April 20, 2001.

AUDITOR'S CERTIFICATE

We have examined the above cash flow statement of Wipro Limited for the Year ended March 31, 2001
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 ended March 31, 2001.

For N M Rajji & Co.,
Chartered Accountants

J M Gandhi
Partner

Mumbai, April 20, 2001.

