

WIPRO LIMITED
CONSOLIDATED BALANCE SHEET
(All figures in rupees thousands)

As of December 31, 2001

SOURCES OF FUNDS

Shareholders' funds

Share Capital	464,879
Share application money pending allotment	3,663
Reserves and Surplus	24,245,563
	24,714,105

Loan Funds

Secured loans	223,290
Unsecured loans	56,201
	279,491
Total	24,993,596

APPLICATION OF FUNDS

Fixed Assets

Gross block	11,112,516
Less : Depreciation	5,007,099
<i>Net Block</i>	6,105,417
Capital work-in-progress and advances	1,180,997
	7,286,414

Investments

Deferred tax assets	141,258
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Current assets, loans and advances

Inventories	872,181
Sundry Debtors	5,592,105
Cash and Bank balances	1,524,334
Loans and advances	10,254,777
	18,243,397

Current liabilities and provisions

Liabilities	5,281,891
Provisions	535,516
	5,817,407

Net Current Assets

Miscellaneous expenditure (to the extent not written off or adjusted)	756
Total	12,425,990

Note : The above accounts are prepared in accordance with Accounting Standard 21 " Consolidated Financial Statements".

Para 30 of Accounting Standard 21 provides that on the first occasion that Consolidated Financial Statements are presented, comparative figures for the previous period need not be presented. In all subsequent years full comparative figures for the previous period should be presented in the consolidated financial statements. In accordance with this the previous period figures have not been provided.

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)

J M Gandhi
Partner

P M Sinha (Director)

N Vaghul (Director)

Suresh C Senapaty
(Corporate Executive Vice President - Finance)

Satish Menon
(Corporate Vice President- Legal & Company Secretary)
Bangalore, January 18, 2002

Mumbai, January 18, 2002

WIPRO LIMITED
CONSOLIDATED PROFIT AND LOSS ACCOUNT
(in rupees thousands)

	Nine months ended December 31, 2001
INCOME	
Sales and Services	25,149,893
Other Income	1,017,391
	26,167,284
EXPENDITURE	
Cost of goods sold	15,211,621
Selling, general and administrative expenses	3,875,253
Interest	19,303
	19,106,177
PROFIT BEFORE TAXATION	7,061,107
Provision for taxation (refer note 4)	520,035
PROFIT AFTER TAX	6,541,072
Earnings per share (in Rs.)	
Basic	28.30
Diluted	28.26
Number of shares	
Basic	231,132,818
Diluted	231,430,057

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

J M Gandhi
Partner

Mumbai, January 18, 2001

For and on behalf of the Board of Directors

Azim Hasham Premji (Chairman and Managing Director)

P M Sinha (Director)

N Vaghul (Director)

Suresh C Senapaty
(Corporate Executive Vice President - Finance)

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

Bangalore, January 18, 2001

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. 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
 - 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. In Wipro Inc, Enthink Inc and Wipro Japan KK the depreciation is provided on Written Down Value method.

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. 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

1. In accordance with Accounting Standard 21 " Consolidated Financial Statements " issued by the Institute of Chartered Accountants of India, the Consolidated Financial Statements of Wipro Limited include the financial statements of all subsidiaries which are more than 50% owned and controlled.
2. Accounting Standard 21 does not deal with investments in associates and joint ventures. At present such investment is accounted at cost as required under Accounting Standard - 13. It means that the company's proportionate share in Profit or Loss of such companies are not recognized and only dividend income is recognized. Consequently, Wipro GE Ltd and Netcracker Ltd has not been considered.
3. During the period company acquired 17,91,385 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 scheme of amalgamation was filed in the Karnataka High Court before the balance sheet date. The scheme has been approved in the meeting of creditors and shareholders of both the companies, convened by the court, held on July 19, 2001. The scheme of amalgamation has been given effect to in the accounts of the company for the Nine months ended December 31, 2001, on the pooling of interest method, which is subject to approval by the High Court. The deficit of Rs. 2,001,432 arising on amalgamation is transferred to General Reserve as detailed below:

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
Deficit transferred to General Reserve		2,001,432

4. Provision for taxation comprises of following:
 - (i) Rs. 188,675 in respect of foreign taxes, net of deferred tax of Rs. 53,967 and write back of provision of Rs. 40,951 in respect of earlier year
 - (ii) Rs. 329,110 in respect of Indian Income Tax, net of write back of provision of Rs 42,000 in respect of earlier years.
 - (iii) Rs. 2,250 in respect of Wealth Tax.

5. The details of subsidiary are as follows -

a) Name of the subsidiary	Country of incorporation	% holding
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
* Fully owned by Wipro Inc.		

**WIPRO LIMITED - Consolidated
CASH FLOWS STATEMENT
(in rupees thousands)**

	Nine months ended December 31, 2001
Cash flows from operating activities:	
Net profit before tax and non recurring items	7,061,107
Adjustments to reconcile Net profit before tax and non recurring items to net cash provided by operating activities:	
Depreciation and amortization	1,045,153
Foreign currency translation gains	(48,240)
Retirement benefits provision	130,615
Dividend / interest	(647,326)
Loss / (Gain) on sale of property, plant and equipment	(17,428)
Operating cash flow before changes in working capital	7,523,880
Trade and other receivable	839,426
Loans and advances	(885,352)
Inventories (other than stock-in-trade land)	280,349
Trade and other payables	368,286
Net cash provided by operations	8,126,589
Direct taxes paid	(915,991)
Net cash provided by operating activities	7,210,598
Cash flows from investing activities:	
Expenditure on property, plant and equipment (including advances)	(1,977,203)
Proceeds from sale of property, plant and equipment	79,012
Purchase of investments	(6,027,392)
Inter Corporate deposits placed	5,800
Certificate of Deposits with foreign banks	(2,783,814)
Sale / maturities on Investments	77,029
Dividend received	61,773
Interest received	585,553
Net cash used in investing activities	(9,979,242)
Cash flows from financing activities:	
Proceeds from exercise of Stock Option Plan grants	7,064
Dividends paid	(128,071)
Proceeds from issuance / (repayment) of borrowings	(169,831)
Net cash provided by/(used in) financing activities	(290,838)
Net increase/ (decrease) in cash and cash equivalents during the year	(3,059,482)
Cash and cash equivalents at the beginning of the period	4,583,816
Cash and cash equivalents at the end of the period	1,524,334

Notes :

- i) Opening cash and bank balances include cash balances of subsidiaries of Rs 115,113 and Rs 5,282 of Wipro Net Limited.
- ii) Purchase of investments include Rs. 1,218,142 on acquisition of minority interest of 8% in Wipro Net Limited.
- iii) Figures for previous periods presented, have been regrouped wherever necessary, to confirm to this period classification.

directors

managing director)
Suresh Senapaty
(Corporate Executive Vice President – Finance)

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

For and on behalf of the board of

Azim Hasham Premji (Chairman and

P.M. Sinha (Director)

N Vaghul (Director)

Bangalore, January 18, 2002