DIRECTORS' REPORT

The Directors present the Annual Report of Wipro Limited for the year ended March 31, 2001

FINANCIAL RESULTS

(Rs. in Mns)

	2001	2000
Sales and other income (net of excise duty)	**30,922**	22,921
Profit before tax	**7,655**	3,507
Provision for tax	**992**	501
Profit after tax before extraordinary items	**6,663**	3,006
Extraordinary gains (Loss)	**16**	(523)
Profit for the year	**6,679**	2,483
Appropriations :		
Interim dividend on preference shares	**18**	26
Interim dividend on equity shares	**-**	69
Proposed dividend on equity shares	**116**	-
Corporate tax on distributed dividend	**14**	10
Transfer to Capital Redemption Reserve	**250**	-
Transfer to General Reserve	**6,281**	2,378

Sales of the Company in the year ended March 31, 2001 were Rs.30,922 mns up by 35% and Profit after Tax before extraordinary items was Rs.6,663 mns up by 122% over the previous year. Over the last 10 years the sales have grown at an average annual rate of 23% and Profit after Tax at 50%. The Company's export at Rs.18,134 mns has registered a growth of 73% compared to the previous year.

Dividend

The Directors recommend a dividend of Re. 0.50 per equity share to be appropriated from the profits of the year 2000-01 subject to the approval by the members at the Annual General Meeting.

Directors

Mr. Arun K Thiagarajan, resigned as a Director of the Company with effect from November 30, 2000. The Directors place on record their appreciation of the valuable advice and guidance given by him while he was a Director of the Company.

Dr Ashok Ganguly, Dr Jagdish N Sheth and Mr P S Pai, retire by rotation and being eligible offer themselves for re- appointment.

Fixed Deposits

Fixed deposits from the public as at March 31, 2001 were Rs.0.89 mns and the unclaimed deposits as at that date were Rs 0.89 millions.

Subsidiary Companies

As required under Section 212 of the Companies Act, 1956, the Annual Reports for the year 2000-01 and Accounts for the year ended March 31, 2001, of the subsidiary companies Wipro Welfare Limited, Wipro Net Limited, Wipro Trademarks Holding Limited, Wipro Prosper Limited, Wipro Inc., Enthink Inc., and Wipro Japan KK are attached.

Auditors

The auditors M/s N M Raiji & Co., retire at the conclusion of the ensuing Annual General Meeting and offer themselves for re-appointment.

Personnel

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

Issue of American Depository Receipts and listing on New York Stock Exchange (NYSE)

Your Company had issued 3,162,500 American Depository Receipts representing 3,162,500 American Depository Shares each representing one equity share of Rs.2/- each which were issued and allotted at an offer price of USD 41.375 and the same were listed on the New York Stock Exchange (NYSE) on October 19, 2000. The ticker symbol of Wipro in NYSE is **WIT.** The underlying equity shares were listed on all the stock exchanges in India where the other equity shares of the Company are listed.

Wipro Employee Stock Option Plan (WESOP)

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

Sl. No	Description	WESOP 1999	WESOP 2000
a.	Options granted	5,230,150	3,520,300
b.	The pricing formula	Fair Market Value i.e., the market price as defined by Securities and Exchange Board of India from time to time.	Fair Market Value i.e., the market price as defined by Securities and Exchange Board of India from time to time.
c.	Options vested	86,491	NIL
d.	Options exercised	114,169	NIL
e.	Total number of shares arising as a result of exercise of option	114,169	NIL
f.	Options lapsed *	NIL	NIL
g.	Variation of terms of options	NIL	NIL
h.	Money realised by exercise of options	Rs.123,987,534	NIL
i.	Total number of options in force	4,564,431	3,214,350
	Employee wise details of options granted to:		
(i)	Senior Management	No.of Options	
	Vivek Paul	55,000	-
	P S Pai	25,000	-
	Dileep K Ranjekar	16,000	-
	Suresh C Senapaty	16,000	-
	Suresh Vaswani	13,500	-
	M S Rao	4,000	-
	Vineet Agrawal	9,000	-
(ii)	Employees holding 5% or more of the total number of options granted during the year	NIL	NIL
(iii)	Identified employees who were granted option, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant	NIL	NIL

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

ADS 2000 Stock Option Plan

Under the ADS 2000 Stock Option Plan, 268,250 stock options representing 268,250 American Depository Shares each representing one equity share of Rs.2/- each were granted to the employees. The details of options granted under the ADS Stock Option Plan 2000 to Senior Management are given below:

Options granted to Senior Management

Name	Options
Vivek Paul	60,000
Suresh C Senapaty	3,000

Research and Development

Our R&D efforts continued in the area of IEEE 1394, Bluetooth, SoC and Voice Infrastructure. We have developed resuable components which enables us to deliver a variety of high end design services. To mention a few are the 1394 links, Bluetooth Broadband controllers, Ethernet Media Access Controller, 4 Port packet cables, etc., Significant investment of resources has been made in developing an OSGi. Infrastructure for this is being accepted as the framework for delivery of services to residential users.

The total expenditure on R&D during the year was Rs . 93.87 millions including capital expenditure of Rs.10.88 millions.

Foreign Exchange Earnings and Outgoings

The foreign exchange earnings of the Company during the year were Rs. 18,134 mns while the outgoings were Rs. 8,330 millions (including materials imported)

Report on Corporate Governance

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

Directors Responsibility Statement

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

a) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;

b) the Directors had selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period;

c) the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and

d) the Directors had prepared the annual accounts on a going concern basis.

Acknowledgements

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

On behalf of the Board

Azim H Premji
Chairman

Bangalore, April 20,2001

REPORT ON CORPORATE GOVERNANCE

I BOARD OF DIRECTORS

A. ***The Board of Directors of the Company shall have an optimum combination of executive and non-executive directors with not less than fifty per cent of the Board of Directors comprising of non executive directors. In case the company has an executive chairman, at least half of the Board should comprise of independent directors.***

The details of the Directors on the Board of your Company for the year 2000-2001 are given below:

Name	Category	Month & Year of Appointment	Designation	No. of meetings held during the last financial year	No. of meetings attended	Number of memberships in Boards of other companies
Azim H Premji	Promoter Director	September 1968	Chairman & Managing Director	5	5	11
P S Pai	Executive Director	December 1998	Vice Chairman	5	5	Nil
Vivek Paul **	Executive Director	July 1999	Vice Chairman	5	5	Nil
Arun K Thiagarajan*	Executive Director	February 1999	Vice Chairman	5	4	1
Hamir K Vissanji	Non-Executive Director	September 1956	Director	5	5	2
N Vaghul **	Non-Executive Director	July 1997	Director	5	4	10
B C Prabhakar	Non-Executive Director	February 1997	Director	5	5	Nil
Jagdish N Sheth	Non-Executive Director	January 1999	Director	5	2	2
Nachiket Mor	Nominee Director	November 1996	Director	5	5	3
Ashok Ganguly	Non-Executive Director	January 1999	Director	5	5	8

* Resigned from the Board effective November 2000. Information provided till resignation period.

** Participated in one of the Board meetings through conference calls.

B. ***All pecuniary relationship or transactions of the non executive directors vis-a-vis, the company should be disclosed in the Annual report.***

The Company had entered into a contract with Technology Network (India) Private Limited in December 2000 to evolve and set up a process for managing Innovation in Wipro Technologies.

Two of our non executive directors viz., Mr N Vaghul and Dr Ashok Ganguly are also directors on the Board of Technology Network (India) Private Limited. In terms of provisions of Section 297 of the Companies Act, 1956 your Company has received the approval bearing No.2/B-8059/2000 dated December 19, 2000 from the Government of India, Department of Company Affairs, Southern Region, Chennai and subsequently a Board resolution was passed at the meeting of Board of Directors held on January 18, 2001 approving the execution of the agreement.

II AUDIT COMMITTEE

A qualified and independent Audit Committee shall be set up having a minimum of three independent non executive directors as members. The role of the Audit Committee shall include the following:

- ***Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible***
- ***Recommending the appointment and removal of external auditor, fixation of audit fee and also approval for repayment for any other services***
- ***Reviewing with management the annual financial statements before submission to the Board***

The Audit Committee of the Board of Directors reviews, acts and reports to the Board of Directors with respect to various auditing and accounting matters, including the recommendation of our independent auditors, the scope of the annual audits, fees to be paid to the independent auditors, the performance of our independent auditors and our accounting and disclosure practices. The Audit Committee comprises of the following three non-executive directors.

Mr Hamir K Vissanji - Chairman
Messrs N Vaghul and Nachiket Mor - Members

During the year 2000-01, four Audit Committee meetings of the Board were held and the Chairman of the Audit Committee was present in all the meetings. Messrs N Vaghul and Nachiket Mor have attended four and three meetings respectively during the year.

III REMUNERATION OF DIRECTORS

A. *The remuneration of the non executive directors shall be decided by the Board of Directors.*

The remuneration of the non executive directors of our Company for the years 2000-01 and 2001-02 was decided by the Board of Directors of the Company at their meetings held on July 27, 2000 and April 20, 2001 respectively.

B. *Appropriate disclosures on the remuneration of directors has to be made in the section on the corporate governance of the annual report;*

Given below are the details of actual payments made and stock options granted during the financial year 2000-01 to the Directors of the Company.

a) Remuneration paid to Promoter and Executive Directors

Name	Salary Rs.	Commission/ Incentives Rs.	Deferred benefits Rs.	No. of options granted	No. of ADS options granted	Expiration Date
Azim H Premji	2,100,000	31,674,625	9,119,149	-	-	-
Vivek Paul* *	13,274,151	23,761,102	3,188,470	30,000	60,000	October 2005
P S Pai	3,690,000	7,918,656	591,300	10,000	-	June 2005
Arun K Thiagarajan***	1,760,000	5,279,104	313,200	-	-	-

In addition, the above directors are entitled to rent free furnished residential accommodation or house rent allowance, leave travel concession, reimbursement of medical expenses, personal accident insurance, fully maintained company car with driver, interest subsidy on housing loan, gardner, watchman, electricity, servent and gratuity as per company policy. Deferred benefits in the case of Mr Vivek Paul is company's contribution to Deferred Compensation Plan. In the case of others, it is company's contribution to Pension and Provident fund.

** figures mentioned are rupee equivalent – as payments made in USD

*** in employment upto November 2000.

b) Professional fees paid to Non Executive Directors

Four of our non-executive directors are paid professional fees as detailed hereunder:

	Ashok Ganguly Rs. per year	**B C Prabhakar Rs. per year**	**N Vaghul Rs. per year**	**Dr Jagdish N Sheth Rs.per year**
Professional fees	Rs. 800,000/-	Rs. 400,000/-	Rs. 800,000/-	Rs. 1,171,250/-*

* Figures mentioned above are Rupee equivalent – as amounts are paid in US Dollars.

III COMPENSATION AND BENEFITS COMMITTEE

The Compensation & Benefits Committee of the Board of Directors, which was formed in 1987, determines the salaries, benefits and stock option grants for our employees, directors and other individuals compensated by our company. The Compensation Committee also administers our compensation plans. The Compensation & Benefits Committee comprises of the following three non executive directors:

Mr N Vaghul - Chairman
Messrs Hamir Vissanji and B C Prabhakar - Members

During the year 2000-01, four Compensation & Benefits Committee meetings of the Board were held and the Chairman of the Compensation & Benefits Committee was present in all the four meetings. Messrs Hamir Vissanji and B C Prabhakar have attended four and three meeting respectively during the year.

IV BOARD PROCEDURE

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

We hold a minimum of four Board meetings every year. During the last financial year, our Board met at five meetings held on April 26, 2000; July 27,2000; October 30 & 31, 2000 (two meetings)and January 18, 2001.

B. ***Company further agrees that a director shall not be a member in more than 10 committees or act as chairman of more than five committees across all companies in which he is a director.***

None of the Directors of our Company are members in more than 10 committees or act as chairman of more than five committees across all companies in which he is a director.

V *MANAGEMENT*

A. ***Management discussion and analysis report shall form part of the Annual Report to the shareholders***

This report has been included at page 65 of the Annual Report.

B. ***Disclosures must be made by the management to the Board relating to all material financial and commercial transactions, where they have personal interest, that may have a potential conflict with the interest of the Company at large.***

Periodical disclosures of this requirement are made by the management from time to time.

VI SHAREHOLDERS

A. ***In the case of appointment of a new director or re-appointment of a director, the shareholders must be provided with the following information:***

- ***a brief resume of the director***
- ***nature of his expertise in specific functional areas***
- ***names of companies in which the person also holds the directorship and the membership of committees of the Board***

The relevant information relating to the Directors who would be re-appointed at the ensuing Annual General Meeting to be held on July 19, 2001 is given in the Annexure B to the Notice convening the Annual General Meeting.

B. ***All information like quarterly results, presentation made by companies to analysts shall be put on Company's Website,***

Our Quarterly and Annual results are displayed on the following Websites i.e. www.wiproindia.com and www.wipro.com

We also regularly provide information to the stock exchanges as per the requirements of the Listing Agreements and update our websites periodically to include information on new developments and business opportunities of the Company.

C. ***A Board committee under the chairmanship of a non executive director shall be formed to specifically look into the redressing of shareholder and investors' complaints like transfer of shares, non receipt of balance sheet, non receipt of declared dividends, etc. This committee shall be designated as 'shareholders/investors grievance committee'***

ADMINISTRATIVE AND SHAREHOLDERS' / INVESTORS' GRIEVANCES COMMITTEE

The Administrative Committee which was formed in the year 1986, has been re-structured as Administrative and Shareholders/ Investors Grievance Committee which inter alia administers the following:

a. redress shareholder and investors' compliants etc., relating to transfer of shares, non receipt of balance sheet, non receipt of declared dividends

b. consolidate and sub-divide share certificates

c. approve transmission and issue of duplicate/fresh share certificate

The Administrative and Shareholders/Investors Grievances Committee comprises of the following:

Mr. B C Prabhakar	-	Chairman
Messrs Azim H Premji and Hamir K Vissanji	-	Members

During the year 2000-01, 40 Administrative and Shareholders/Investors Grievances Committee meetings of the Board were held and the Chairman of the Administrative and Shareholders/Investors Grievances was present in all the meetings.

D. ***The Board of the company shall delegate the power of share transfer to an officer or a committee or to the registrar and share transfer agents so as to expedite the process of share transfers.***

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

VII COMPLIANCE

A certification shall be obtained from the auditors of the Company regarding compliance of conditions of corporate governance as stipulated and the same sent to the shareholders along with the directors' report which is sent annually to all the shareholders of the company.

The certificate dated April 20, 2001 obtained from our statutory Auditors M/s N M Raiji & Co. is given at page No.38 of the Annual Report.

VIII COMPLIANCE OFFICER

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

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

Their contact details are given below:

Name	Telephone Number	Email id	Fax No.
S C Senapaty	91-080-8440011-Extn 113 91-080-8440055 (Direct)	suresh.senapaty@wipro.com	91-080-8440104
J Shankar	91-080-8440011-Extn 170 91-080-8440079 (Direct)	shankar.jaganathan@wipro.com	91-080-8440051
Satish Menon	91-080-8440011-Extn 180 91-080-8440078 (Direct)	satish.menon@wipro.com	91-080-8440051
R Sridhar	001-408 557 4402	sridhar.ramasubbu@wipro.com	001-408 615 7178

IX GENERAL BODY MEETINGS

During the last three years, our Annual General Meetings have been held either at The Oberoi or The Taj Residency, Bangalore. The meetings were held at 4.30 p.m. each year.

Resolutions are generally passed on a show of hands.

Attendance at AGMs and EGMs during the last financial year:

April 26, 2000 At the Extraordinary General Meeting, all the Directors were present.
July 27, 2000 At the Annual General Meeting, all the Directors except one were present.

X GENERAL SHAREHOLDERS INFORMATION

We give below certain other useful information

a. As indicated in the Notice to our shareholders, the Annual General Meeting of the Company will be held on July 19, 2001. The time and venue of the meeting is as indicated in the Notice.
b. Financial Calendar : April 1 to March 31.
c. Date of book closure : July 3, 2001 to July 19, 2001 (both days inclusive) for payment of dividend.
d. Dividend payment date : Within the 5 days from July 19, 2001
e. Listing on Stock Exchanges : The shares of the Company are listed on seven stock exchanges in India i.e.

   National Stock Exchange of India Ltd.
   The Stock Exchange Mumbai
   Bangalore Stock Exchange Ltd.
   Stock Exchange Ahmedabad
   Kolkatta Stock Exchange Association Ltd.
   Delhi Stock Exchange Association Ltd.
   Cochin Stock Exchange Ltd.

   In October 2000, Company had listed its American Depository Shares on the New York Stock Exchange (NYSE). Ticker symbol is WIT in NYSE.

f. Stock Code – 7685 in The Stock Exchange, Mumbai.

g. Market Price Data: High, low during each month in last financial year. Performance in comparison to broad based indices such as BSE Sensex, etc., The information is given at page No.38 of the Annual Report.

Karvy Consultants Limited are our Registrars and Share Transfer Agents. Their contact details are: Karvy Consultants Limited, 51/2 Vanilvilas Road, T K N Complex, Opposite National College, Basavangudi, Bangalore. Telephone: (080) 6613400, 6621192.

The turnaround time for completion of transfer of shares in physical form is generally less than 7 days from the date of receipt, if the documents are clear in all respects.

We have internally fixed turnaround time for closing queries/complaints received from the shareholders. During the year 2000-01, we have received the following queries/complaints and to the best of knowledge of the Company, resolved all the queries/complaints within the fixed turnaround time, wherever the documents were proper and complete.

Nature of queries/complaints	Received	Resolved	Unresolved
No. of requests for change of address	38	38	-
No. of requests for transmission	1	1	-
Non receipt of share certificates/bonus shares	27	27	-
Revalidation of Dividend Warrants	47	47	-
Letters from SEBI & stock exchanges	5	5	-
Issue of duplicate share certificates	9	8	1*

* Pending completion of formalities by the shareholder. Duplicate share certificate would be issued thereafter.

As of March 31, 2001, the distribution of our shareholding was as follows:

Category	No.of shareholders	Percentage	No.of shares	Percentage
1-500	54,111	94.24	2,387,100	0.51
501-1000	951	1.85	775,330	0.17
1001-2000	886	1.73	1,415,062	0.30
2001-3000	341	0.66	909,980	0.20
3001-4000	171	0.33	633,582	0.14
4001-5000	112	0.22	524,186	0.11
5001-10000	287	0.56	2,046,078	0.44
Above 10001	558	1.09	455,810,056	98.05
Transit	1	0.00	364,664	0.08
Total	**57,418**	**100.00**	**232,433,019**	**100.00**

h. Over 95% of the outstanding shareholding of the Company have been dematerialised.

i. As of date, we have no outstanding convertible instruments.

j. The address of our depository for ADS is as follows:

Morgan Guaranty Trust Company of New York
60, Wall Street
New York, NY 10260
Tel:001-(212) 648-3208
Fax:001-(212) 648-5576

k. The name and address of the custodian for ADS in India is as follows:

ICICI Limited
ICICI Towers
Bandra Kurla Complex
Mumbai 400 051
Tel: 022-6531414
Fax: 022-6531165

l. Our Software Technology Parks are located at :

Sl. No.	Address	City
1	S B Towers, 88, M G Road	Bangalore- 560 001
2	37, Castle Street	Bangalore- 560 025
3	K- 312, Koramangala Industrial layout V Block, Koramangala	Bangalore- 560 095
4	271- 271A, Sri Ganesh Complex, Hosur Main Road, Madiwala	Bangalore- 560 068
5	Information Technology Park, Whitefield	Bangalore- 560 066
6	111, Mount Road, Guindy	Chennai- 600 032
7	Basappa Complex, 49/1A Lavelle Road	Bangalore- 560 001
8	30, Mission Road, 1st Main, S R Nagar	Bangalore- 560 027
9	8, 7th Main Block, Koramangala	Bangalore- 560 095
10	26, Sri Chamundi Complex, Madiwala-II Bommanahalli, Hosur Main Road	Bangalore- 560 068
11	A314, Block III, KSSIDC Multistoried Complex, Keonics Electronic City	Bangalore- 561 229
12	1-8-448, Lakshmi Buildings, S P Road Begumpet	Secunderabad- 500 016
13	Sharada Arcade, 685/2B & 685/ 2C Satara Road	Pune- 411 037
14	Plot No. 480-481, Section 20, Udyog Vihar, Phase II	Gurgaon- 122 015
15	Survey Nos 64, Serilingampali Mandal Madhapur	Hyderabad- 500 033
16	138, Shollinganallur, Old Mahabalipuram Road	Chennai- 600 119
17	3rd Floor, International Technology Centre Belapur, Navi Mumbai	Mumbai- 400 614
18	Plot No. 2, MIDC Infotech Park, Hingewadi, Pune	Pune- 411 027

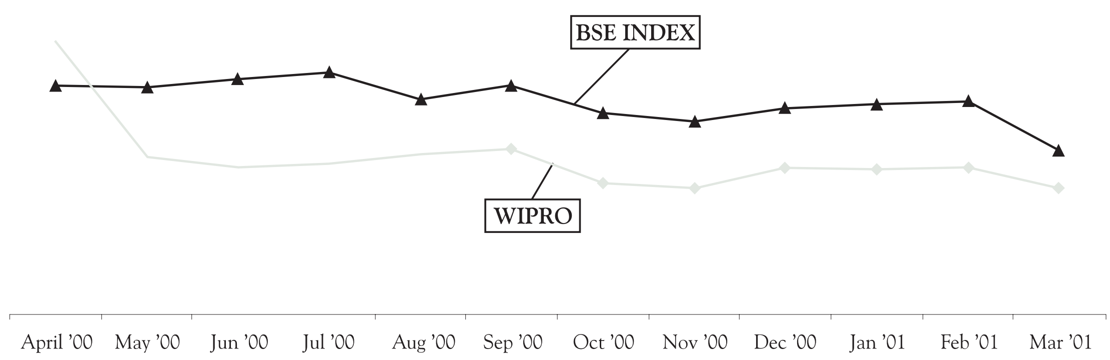
m. Our manufacturing facilities are located at :

Sl.No.	Address	City
1	105, Hootagalli Industrial Area	Mysore - 571 186
2	A-28, Thattanchavady Industrial Estate	Pondicherry - 605 009
3	9B-10A, Peenya Industrial Area, Phase 1	Bangalore - 560 058
4	226C/226D, Industrial Development Area, APIIC	Hindupur - 515 211
5	Plot No.480-481, Section 20, Udyog Vihar, Phase III	Gurgaon, Haryana
6	P O Box No.12 Dist. Jalgaon	Amalner - 425 401
7	120/1, Vellancheri, Guduvanchery	Tamilnadu - 603 202
8	Plot No.4, Anthrasanahalli Industrial Area	Tumkur - 572 106
9	L-8, MIDC Waluj,	Aurangabad - 431 136

(n) Members can contact us at our registered office :

Wipro Limited
Doddakannelli
Sarjapur Road
Bangalore 560 035.
Telephone: (91-80) 8440011. Fax: (91-80) 8440051.

Share price of Wipro and BSE index-monthly high



Wipro share

	Price in BSE during each month		BSE Sensex during each month		Wipro price movement %		Sensex movement %	
	High	**Low**	**High**	**Low**	**High**	**Low**	**High**	**Low**
April '00	5,720	4,321	4,768	4,625				
May '00	3,285	2,579	4,758	3,832	-43	-40	0	-17
Jun '00	3,089	1,741	4,920	4,321	-6	-33	3	13
Jul '00	3,160	2,115	5,059	4,053	2	21	3	-6
Aug '00	3,365	2,116	4,500	4,143	6	0	-11	2
Sep '00	3,479	2,411	4,790	4,005	3	14	6	-3
Oct '00	2,747	1,852	4,197	3,492	-21	-23	-12	-13
Nov '00	2,650	2,150	4,046	3,735	-4	16	-4	7
Dec '00	3,060	2,137	4,333	3,804	15	-1	7	2
Jan '01	3,020	2,340	4,409	3,929	-1	9	2	3
Feb '01	3,074	2,230	4,462	4,021	2	-5	1	2
Mar '01	2,637	1,295	3,437	3,604	-14	-42	-23	-10

AUDITOR'S CERTIFICATE

As required by you, we have reviewed the Company's procedures for compliance with the provisions of Clause 49, regarding Corporate Governance, of the Listing Agreement with The Stock Exchanges.

On the basis of our review and according to the information and explanations given to us and the representations made to us by the Management, we state that to the best of our knowledge and belief, the Company has complied with the mandatory requirements of the provisions of Corporate Governance stipulated in Clause 49 of the Listing Agreement with the Stock Exchanges.

For N.M. Raiji & Co.
Chartered Accountants

J.M. Gandhi
Partner

Mumbai, April 20, 2001

WIPRO LIMITED
Financial Statements for the year ended March 31, 2001
(in accordance with Generally Accepted Accounting Principles in India)

AUDITOR'S REPORT

To the Members of WIPRO LIMITED

We have audited the attached Balance Sheet of Wipro Limited as at March 31, 2001 and also the annexed Profit & Loss Account for the year ended on that date, and report that:

1. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
2. In our opinion, proper books of accounts as required by law have been kept by the Company so far appears from our examination of the books.
3. The Balance Sheet and the Profit & Loss Account dealt with by this report are in agreement with the books of account.
4. In our opinion, the Profit and Loss Account and Balance Sheet dealt with by this report are in compliance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956.
5. As per the information and explanations provided to us, none of the directors are disqualified from being appointed as directors under Section 274(1)(g) of the Companies Act, 1956.
6. In our opinion and to the best of our information and according to the explanations given to us, the said account, read together with the notes thereon give information required by the Companies Act, 1956, in the manner so required and
   a) give a true and fair view of the state of affairs of the Company as at March 31, 2001; in case of the Balance Sheet and
   b) give a true and fair view of the Profit for the year ended on that date, in case of the Profit & Loss Account.
7. As required by the Manufacturing and Other Companies (Auditor's Report) Order, 1988, issued by the Company Law Board in terms of Section 227(4A) of the Companies Act, 1956 and on the basis of such checks as we considered appropriate, we further state that :
   (i) The Company has maintained proper records showing quantitative details and the situation of its fixed assets. A major portion of fixed assets have been physically verified by the management during the year. In our opinion, the frequency of verification of fixed assets by the management is reasonable, having regard to the size of the Company and the nature of its assets. No material discrepancy has been noticed between the book records and the assets physically verified.
   (ii) None of the fixed assets of the Company have been revalued during the year.
   (iii) Stocks of finished goods, stores, spare parts and raw materials other than with the third parties have been physically verified by the management at reasonable intervals. There is a process of obtaining confirmation in respect of stores with third parties.
   (iv) In our opinion and according to the information and explanations given to us, the procedures for physical verification of stocks followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
   (v) The discrepancies between the physical stocks and the book stocks were not material and have been properly dealt within the books of account.
   (vi) In our opinion, the valuation of stocks is fair and proper in accordance with the normally accepted accounting principles, and is on the same basis as in the preceding year.
   (vii) The Company has not taken any loans secured or unsecured from companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956. We have been informed that there are no companies under the same management as defined under Section 370(1-B) of the Companies Act, 1956.
   (viii) The Company has granted unsecured interest free/interest-bearing loans to its subsidiaries and to companies which are listed in the register maintained under Section 301 of the Companies Act, 1956. The terms and conditions of such loans are prima facie, not prejudicial to the interest of the Company.
   (ix) In respect of loans and advances in the nature of loans given by the Company, the parties/ employees have generally repaid the principle amount and interest as per terms, wherever stipulated.
   (x) The Company has adequate internal control procedures commensurate with its size and nature of its business for the purchase of stores, raw materials including components, plant and machinery, equipment and other assets and for the sale of goods.

(xi) The transactions for purchase of goods and materials and sale of goods, materials and services, made in pursuance of contracts or agreements entered in the register maintained under section 301 of the Companies Act, 1956, as aggregating during the year to Rs. 50,000/- or more in respect of each party, have been made at prices which are generally reasonable having regard to prevailing market prices for such goods, materials, or services or the prices at which transactions for similar goods or services have been made with other parties.

(xii) As explained to us, the Company has a regular procedure for determination of unserviceable or damaged stores and raw material. In our opinion adequate provision has been made in the accounts for the estimated loss on the items so determined.

(xiii) The Company has not accepted any public deposits during the year. The amount outstanding as on the balance sheet date is only in respect of unclaimed deposits accepted in earlier years. On account of this no comment is required for the compliance of Section 58A of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 and directives issued by the Reserve Bank Of India with regard to the deposits accepted from the public.

(xiv) In our opinion, the Company has maintained reasonable records for the sale and disposal of realisable by-products and scrap.

(xv) The Company has a system of internal audit which is commensurate with its size and nature of business.

(xvi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for maintenance of Cost records in respect of the Vanaspati, Soaps and Lighting products under Section 209(1)(d) of the Companies Act, 1956 and are of opinion that, prima facie, the prescribed accounts and records have been maintained. We have not, however, made a detailed examination of the records with a view to determining whether they are accurate or complete.

(xvii) The Company has been generally regular in depositing Provident Fund and Employees State Insurance dues with the appropriate authorities, except that in a few cases there were minor delays in depositing the dues .

(xviii) There are no undisputed amounts in respect of Income Tax, Wealth Tax, Sales Tax, Customs Duty and Excise Duty which, as at the Balance Sheet date, were outstanding for a period of more than six months from the date they become payable.

(xix) On the basis of our examination of the books of account and the information and explanations given to us, there are no personal expenses which have been charged to the revenue account other than those incurred in terms of contractual obligations or in accordance with generally accepted business practice.

(xx) The Company is not a sick industrial Company within the meaning of Section 3 (1) (o) of the Sick Industrial Companies (Special Provisions) Act, 1985.

(xxi) In respect of service activities, the Company has a reasonable system, commensurate with its size and nature of business for :

a. recording receipts, issues and consumption of materials and allocating materials consumed to the relative jobs/projects
b. allocating man – hours utilised to the respective jobs/projects.
c. authorisation at appropriate levels and an adequate system of internal control on issue of stores and allocation of stores and man power to jobs/projects.

(xxii) The business activity carried on by the Company includes letting out immovable property on rental basis. For such activities, maintenance of records of materials, stores, man hours etc., is not considered necessary.

(xxiii) As regards the trading activity of the Company during the year, damaged goods were determined and suitable value adjustment was made in the books of account.

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

J. M. Gandhi
Partner

Mumbai, April 20, 2001

BALANCE SHEET

(Rs. in 000s, except quantitative data)

	Schedule	As of March 31, 2001	2000
SOURCES OF FUNDS			
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
		19,651,834	7,702,889
Loan Funds			
Secured loans	3	400,644	492,319
Unsecured loans	4	47,397	86,669
		448,041	578,988
Total		20,099,875	8,281,877
APPLICATION OF FUNDS			
Fixed Assets			
Gross block	5	9,020,225	6,757,891
Less : Depreciation		3,793,678	2,928,679
Net Block		5,226,547	3,829,212
Capital work-in-progress and advances		797,958	708,824
		6,024,505	4,538,036
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
		17,785,299	7,767,657
Current liabilities and provisions			
Liabilities	11	4,813,400	4,057,632
Provisions	12	532,972	428,217
		5,346,372	4,485,849
Net Current Assets		12,438,927	3,281,808
Total		20,099,875	8,281,877
Significant accounting policies and notes to accounts	19		

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

J M Gandhi
Partner

Mumbai, April 20, 2001

For and on behalf of the Board of Directors

Azim Hasham Premji
Chairman and Managing Director

Hamir K Vissanji
Director

N Vaghul
Director

Suresh C Senapaty
Corporate Executive Vice President - Finance

Satish Menon
Corporate Vice President-Legal & Company Secretary

Bangalore, April 20, 2001

PROFIT AND LOSS ACCOUNT

(Rs. in 000s)

	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

J M Gandhi
Partner

For and on behalf of the Board of Directors

Azim Hasham Premji
Chairman and Managing Director

Hamir K Vissanji
Director

N Vaghul
Director

Suresh C Senapaty
Corporate Executive
Vice President - Finance

Satish Menon
Corporate Vice President-
Legal & Company Secretary

Mumbai, April 20, 2001

Bangalore, April 20, 2001

(Rs. in 000s, except share numbers)

SCHEDULE 1 SHARE CAPITAL

	As of March 31, 2001	2000
Authorised		
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 :

1. Of the above equity shares :
   - i) 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.
   - ii) 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.
   - iii) 3,162,500 shares representing 3,162,500 American Depository Receipts issued during the year pursuant to American Depository offering by the Company.
   - iv) 114,169 equity share issued during the year pursuant to Employee Stock Option Plan.
2. 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
	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

a) Capital subsidy received.

b) Refer note 2 of schedule 19.

c) Transfers from Profit and Loss account.

d) 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.

e) 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).

f) 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).

g) Deficit arising on account of amalgamation of Wipro Computers Limited with Wipro Limited, reduced from General Reserve (refer note 6).

(Rs. in 000s)

SCHEDULE 3 SECURED LOANS	Note Reference	As of 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	As of 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

SCHEDULE 5 FIXED ASSETS

(Rs. in 000s)

Particulars	GROSS BLOCK				PROVISON FOR DEPRECIATION BLOCK				NET BLOCK	
	As on April 1, 2000	Additions	Deductions / adjustments	**As on March 31, 2001**	As on April 1, 2000	Depreciation for the period	Deductions / adjustments	**As on March 31, 2001**	**As on March 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	**-**	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 ePeripherals Limited (refer Note 7)

d. Land includes leasehold land Rs. 9,978 (2000 : Rs. 11,817)

e. Buildings:
   i) includes shares worth Rs. 2 (2000 : Rs. 2)
   ii) includes leasehold land / property Rs. 4,241 (2000 : Rs. 4,241)
   iii) is net of depreciation during construction period.

f. Additions of previous year 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 : Rs. 23,721) pertaining to increased value of revalued assets sold / discarded. The net amount of Rs. 98,195 (2000 : Rs. 17,799) has been adjusted from revaluation reserve.

SCHEDULE 6 INVESTMENTS

(Rs. in 000s except share numbers and face value)
All shares are fully paid up

	Number	Face value	As of 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)	1,200	US $ 2,500	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
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 ePeripherals 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 ePeripherals	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			108,196	108,196
TOTAL			1,636,443	462,033

(Rs. in 000s)

	As of March 31, 2001	2000
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.

	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

SCHEDULE 7 INVENTORIES

	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
	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

	2001	2000
(Unsecured)		
Over Six Months		
Considered good	**448,945**	258,667
Considered doubtful	**292,593**	196,603
	741,538	455,270
Others		
Considered good	**5,727,712**	4,210,714
Considered doubtful	**5,291**	-
	5,733,003	4,210,714
Less : Provision for doubtful debts	**297,884**	196,603
	6,176,657	4,469,381

(Rs. in 000s)

SCHEDULE 9 CASH AND BANK BALANCES	As of March 31, 2001	2000
Cash and cheques on hand	661,678	304,316
Balances with scheduled banks		
On Current account	527,989	265,012
In Deposit account	84,091	2,254
Balances with other banks in current account		
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 Manhatten	421,815	-
Great Western Bank	24	-
	4,463,421	747,290
Maximum balances during the year		
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 Manhatten	421,815	762,866
Great Western Bank	24	-

SCHEDULE 10 LOANS AND ADVANCES

(Unsecured, considered good unless otherwise stated)

	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
	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.

(Rs. in 000s)

SCHEDULE 11 LIABILTIES		As of 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			
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		Year ended 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)

SCHEDULE 14 COST OF GOODS SOLD		2001	2000
Raw materials, Finished and Process Stocks	Schedule 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)
		18,103,247	15,203,910

(Rs. in 000s)

SCHEDULE 15 SELLING GENERAL AND ADMINISTRATIVE EXPENSES	Year ended 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**	1,004
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
Travelling 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
	5,404,381	3,995,654

SCHEDULE 16 INTEREST	2001	2000
On debentures	**-**	1,502
On other fixed loans	**16,354**	70,676
Others	**52,536**	214,504
	68,890	286,682

SCHEDULE 17 RAW MATERIALS, FINISHED AND PROCESS STOCKS		2001	2000
Consumption of raw materials and bought out components			
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
(Increase)/decrease in finished and process stocks			
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)
(Increase)/Decrease in stock-in-trade : land			
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	-
		8,206,916	8,625,323

(Rs. in 000s)

SCHEDULE 18 NON - RECURRING / EXTRAORDINARY ITEMS	Year ended 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	-
	16,036	(523,091)

SCHEDULE 19 SIGNIFICANT ACCOUNTING POLICIES

Accounting convention

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

Revenue recognition

- Sales include applicable sales tax unless separately charged, export incentives 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 ePeripherals Limited (WeP) for a consideration of Rs. 270,880 received by way of 5,460,000 equity shares of Rs. 10 each in Wipro ePeripherals Limited, 1,000,000 12.5% unsecured Non convertible debentures of Rs. 100 each in WeP 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 (WNL) representing 45 % of interest held by KPN Group for Rs 1,087,216. Contemporaneously, equity of 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 divestment, 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.

(Rs. in 000s)

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

15. Provision for taxation comprises of following:
   - (i) Rs.377,676 (2000 : Rs. 169,175) in respect of foreign taxes including Rs. 18,000 (2000 : Rs. 18,600)in respect of earlier year
   - (ii) Rs.611,324 (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. 36,801 (2000 : Rs. 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 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

(Rs. in 000s)

		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	**385,452**	137,544	206,059
Less : Bad debts written off	122,189		218,286	
Amount drawn from Capital Reserve	-	**122,189**	135,000	353,286
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 not 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 31 st 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 March 31, 2001	Registered Capacity March 31, 2000	Installed Capacity @ March 31, 2001	Installed Capacity @ 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	750	750	750	750
Fatty acids	T P A *	20,000	20,000	20,000	20,000
Glycerine	T P A *	2,000	2,000	1,800	1,800
GLS lamps	000s	50,000	50,000	50,000	50,000
TL Shells	000s	12,694	12,694	12,694	12,694
Fluorescent 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

ii) Production and Sales

	Unit	Production March 31, 2001 Quantity #	Production March 31, 2000 Quantity #	Sales March 31, 2001 Quantity #	Sales March 31, 2001 Rs. 000s	Sales March 31, 2000 Quantity #	Sales March 31, 2000 Rs. 000s
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					31,365,357		23,600,536
Less: Excise Duty					826,267		864,922
TOTAL					30,539,090		22,735,614

includes samples and shortages

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

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

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

iii) Closing Stocks

(Rs. in 000s)

		March 31, 2001		March 31, 2000	
	Unit	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
			390,280		518,902
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
			487,115		581,730

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

iv) Purchases for trading

		March 31, 2001		March 31, 2000	
	Unit	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
			4,493,704		4,078,145

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

v) Raw materials consumed

		March 31, 2001		March 31, 2000	
	Unit	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
			3,735,094		4,549,630

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

vi) Value of imported and indigenous materials consumed

(Rs. in 000s)

	March 31, 2001		March31, 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
	100	3,735,094	100	4,549,630
Stores and Spares				
Imported	7	11,878	5	13,647
Indigenous	93	162,677	95	236,082
	100	174,555	100	249,729

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

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

BALANCE SHEET ABSTRACT AND THE COMPANY'S GENERAL BUSINESS PROFILE

I	**Registration Details**			
	Registration No.	20800	State Code	08
	Balance Sheet Date	31st Mar 2001		
II	**Capital raised during the year**	(Rs. 000s)		
	Public issue	Nil		
	Rights issue	Nil		
	Bonus issue	Nil		
	Issue of shares on exercise of Employee Stock Options	123,987		
	American Depository Offering	5,796,455		
III	**Position of mobilisation of and deployment of funds**	(Rs. 000s)		
	Total Liabilities	20,099,875	**Total Assets**	20,099,875
	Sources of funds		**Application of Funds**	
	Paid-up capital	464,866	Net Fixed Assets	6,024,505
	Share application money pending allotment	2,345	Investments	1,636,443
	Reserves and Surplus	19,184,623	Net Current Assets	12,438,927
	Secured Loans	400,644	Miscellaneous Expenditure	Nil
	Unsecured Loans	47,397		
IV	**Performance of the Company**	(Rs. 000s)		
	Turnover	31,232,005		
	Total Expenditure	23,576,518		
	Profit before Tax	7,655,487		
	Profit after Tax	6,679,523		
	Earnings per share (basic)	28.74		
	Dividend	25%		

V Generic names of three principal products / services of the Company (as per monetary terms)

i)	Item code no (ITC Code)	84714900.10
	Product description	Computer systems including personal computer and units thereof
ii)	Item code no (ITC Code)	85245309.10
	Product description	Computer software
iii)	Item code no (ITC Code)	15162009.10
	Product description	Hydrogenated Vegetable oils

For and on behalf of the Board of Directors

Azim Hasham Premji
Chairman and Managing Director

Hamir K Vissanji
Director

N Vaghul
Director

Suresh C Senapaty
Corporate Executive
Vice President - Finance

Satish Menon
Corporate Vice President-
Legal & Company Secretary

Bangalore, April 20, 2001

CASH FLOWS STATEMENT

(Rs. in 000s)

	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 accured 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 ePeripherals	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 ePeripherals 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.

iii) 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

Hamir K Vissanji
Director

N Vaghul
Director

Suresh C Senapaty
Corporate Executive
Vice President - Finance

Satish Menon
Corporate Vice President-
Legal & Company Secretary

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 Exchange and is based on and in agreement with the corresponding Profit and Loss Account and Balance Sheet of the Company for the Year Ended March 31, 2001.

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

Mumbai, April 20, 2001

J M Gandhi
Partner

ANNEXURE TO THE DIRECTORS' REPORT

FORM A

DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY

A. POWER AND FUEL CONSUMPTION

			2000-01	1999-2000
1	**Electricity**			
	a) Purchased			
	Unit	KWH	**13988200**	15240891
	Total amount	Rs.	**60,188,828**	66,756,118
	Rate/Unit	Rs.	**4.3**	4.38
	b) Own generation			
	Through diesel generator			
	Unit	KWH	**1426908**	1133477
	Unit/litre of diesel oil	Units	**2.67**	2.73
	Cost/Unit	Rs.	**8.38**	6.34
2	**Coal *(including coconut shells)**			
	Quantity	Tonnes	**7405**	15608.19
	Total cost	Rs.	**15,919,792**	24,338,385
	Average rate	Rs.	**2149.87**	1559.33
3	**Furnace oil**			
	Quantity - LDO	Lts.	**4056213**	2179516
	Total cost	Rs.	**47,264,083**	23,075,786
	Average rate	Rs.	**11.65**	10.59
4	**L.P.G.**			
	Quantity	Kgs.	**972374**	767232
	Total cost	Rs.	**18,604,060**	11,276,897
	Average rate	Rs.	**19.13**	14.7

B. CONSUMPTION PER UNIT PRODUCTION

Vanaspati	**Electricity (KWH/Tonne)**	**Liquid diesel oil (Litres/Tonne)**	**Coal (Tonnes/Tonne)**
2000-2001	150.86	9.34	0.3
1999-2000	163.88	10.63	0.37
G.L.S.	**Electricity (KWH/1000 GLS)**	**Liquid diesel oil (Litres/Tonne)**	**L.P.G. (KG/1000 GLS)**
2000-2001	25.46	-	5.95
1999-2000	25.77		6.44
F.T.L.	**Electricity (KWH/1000 FTL)**	**Liquid diesel oil (Litres/Tonne)**	**L.P.G. (KG/1000 FTL)**
2000-2001	225.82		29.62
1999-2000	255.30		27.67

SSI Dues exceeding Rs. 100,000 in aggregate and outstanding for a period in excess of 30 days as at the date of Balance Sheet - March 31, 2001

Sl.No.	Supplier	Total Dues Rs. in 000s
1	Atco Controls (India) Private Limited	1,709
2	Capart Industries Private Limited	154
3	Everlite Industries	1,906
4	Everlite Corporation	4,606
5	Glostar Electricals Private Limited	582
6	Kay Pee Industries	220
7	Karthik's	432
8	Kasa Luminaries Private Limited	453
9	Maharashtra Industries	3,331
10	Prospect Industries	4,129
11	Punjab Anand Lamp Industries	1,099
12	R C Industries	4,914
13	Regal Luminaires	636
14	Sandesh Electricals	418
15	Superstars	6,066
16	Unilux	3,821
17	Vossloh-Schabe India Private Limited	632
18	Bhargava Rotopack	148
19	Esters & Solvents	241
20	Prachi Industries	167
21	Vijay Halo Coils Private Limited	1,134
	Total	**36,801**

Management discussion and analysis of results for the year ended March 31, 2001

1.0 Industry Structure and developments

Please refer to our discussions in the section titled "*Business Overview*" in pages 168 through 180 of this report.

1.01 Opportunities and Threats

Please refer to our discussions in the section titled "*Business Overview*" in pages 168 through 180 of this report and in the section titled "*Risk Factors*" in pages 134 through 138 of this report.

1.02 Segment-wise or product-wise performance

Please refer the "*Segment Wise Business performance* " report in the inside cover page of the Annual Report.

1.03 Outlook

Please refer to our discussions in the section titled "*Business Overview*" in pages 168 through 180 of this report.

1.04 Risks and Concerns

Please refer to our discussions in the section titled "*Risk Factors*" in pages 134 through 138 of this report.

2.0 Internal Control

Management maintains internal control systems designed to provide reasonable assurance that assets are safeguarded, transactions are executed in accordance with management's authorization and properly recorded, and accounting records are adequate for preparation of financial statements and other financial information. The internal audit function performs internal audit periodically to ascertain their adequacy and effectiveness. The internal audit function also carries out Operations Review Audits. The " Quality System" of the audit function has been certified under ISO 9002. The audit committee periodically reviews the functions of internal audit.

3.0 Discussion on financial performance

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

3.2 Balance Sheet as at March 31, 2001

3.2.1 Share Capital

The company has an Authorised capital of Rs. 750 million comprising 375 million equity shares of Rs.2 each and 2.5 million redeemable cumulative preference shares of Rs.100 each as of March 31, 2001.

Equity Shares

- As of March 31, 2000 the company had an Authorised share capital of 235 million Equity shares of Rs.2 each, during the year the company increased the authorized capital by 140 million equity shares of Rs. 2 each.
- As of March 31, 2000 the company had an Issued, Subscribed and Paid up capital of 230 million equity shares of Rs.2 each. During the year 3.16 million shares representing 3.16 million American depository Receipts (ADR) were issued as fully paid-up, pursuant to American depository offering by the company.
- The company has instituted various Employee Stock Option plan (WESOP), these options vest with the employees over a specified period subject to employee fulfilling of certain conditions. Upon vesting, the employees are eligible to apply and secure allotment of the company's shares at a price determined on the date of grant of options. During the year 114,659 shares were allotted on exercise of the options, granted under 1999 Wipro Employee Stock Option Plan (WESOP), by the eligible employees.

Redeemable Preference Shares

The company had 2.5 million 10.25% redeemable Cumulative Preference shares as on March 31, 2000. In December 2000 these shares have been redeemed at par in terms of issue.

3.2.2 Share application pending allotment

Eligible employees have applied for allotment of 2,159 shares of Rs 2 each. Pending allotment, amounts received from the employees against share capital are reflected as share application money pending allotment.

3.2.3 Reserves and Surplus

Capital Reserve:

- In fiscal 1995, the company had converted fixed assets consisting of land as stock in trade at the then fair value. Surplus, being excess of market value over the original cost, was credited to capital reserve. During the current year the company has sold the said land. Consequently, to the extent of profit realised, the amount has been transferred from Rs. 105 million in the capital reserve account relating to the balance of surplus on conversion of fixed asset into stock-in-trade, being realized profit, is transferred to profit and loss account.

Capital redemption reserve:

In fiscal 2001, the Company redeemed 2.5 million 10.25% redeemable Cumulative Preference shares at par, out of profits earned by the Company. Pursuant to the requirements of the Companies Act, 1956, the Company has created a capital redemption reserve by appropriating Rs. 250 million from the profits for the year.

Share Premium Account:

- During the year, pursuant to an American depository offering by the company, 3.16 million equity shares of Rs.2 each, representing 3.16 million American depository Receipts were issued as fully paid. The premium received from this equity offering, Rs.6,070 million net of offering expenses of Rs.273 million, is credited as share premium.

- Under the October 1999 employee stock option plan, eligible employees have exercised their right to equity shares upon expiry of the vesting period. The premium received on exercise of stock options, amounting to Rs.124 million, is credited as share premium.

Revaluation Reserve:

The fixed assets of the company were revalued as at March 31,1997 and the company had Rs 1,047 million in revaluation reserve as on March 31, 2000, this balance has reduced to Rs. 890 million as on March 31,2001.

- During the year the company sold certain revalued assets .The amounts added on revaluation, Rs. 98 million, representing realised profits, was transferred to Profit and loss account.

- Depreciation provided on the revalued portion of the asset amounting to Rs.59 million is drawn out of revaluation reserve, resulting in reduction of revaluation reserve.

3.2.4 Secured Loans

- The company has availed cash credit facilities of Rs. 203 million from consortium of banks to bridge temporary mismatches in cash flows.

- The Company has availed External commercial borrowings. This is secured by hypothecation of movable fixed assets of certain software development centers at Bangalore and specific plant and machinery of Fluid Power unit. To insulate the cash flows of the Company from exchange rate fluctuations, the Company has entered into an arrangement with a bank for a structured repayment. In terms of the arrangement with the bank, the Company has agreed to make periodic payments to the bank which in turn has assumed the liability of repaying the loan, along with interest, on the scheduled due dates. To further secure the payments by the Company to the bank, the Company has made an investment in Deep discount bonds of highest credit rating and assigned these bonds to the bank. Effectively the investment will be sufficient to discharge full liability in respect of ECBS.

- The Company currently has borrowings of Rs. 68 million from a financial institution. This is secured by hypothecation of specific assets and machinery. The company has repaid Rs. 20 million during the fiscal year against this loan and the balance amount would be repaid in a phased manner as per the terms of the loan.

3.2.5 Unsecured Loans

- Fixed deposits which have matured but have not been claimed by the depositors are reflected in fixed deposits. The Company has sent communications to the depositors requesting them to claim these deposits.

- The Company has availed certain incentives provided by the State Governments. The Company collects sales tax on sales but is required to remit these, without interest, after a specified time period. The Company has also received certain interest free / nominal interest bearing loans from State Financial Institutions.

3.2.6 Fixed Assets

During the year the company invested Rs 2,772 million on fixed assets. These investments were primarily on creating software development facilities for Global IT Services. The unit wise spends are outlined below :

(Rs. in millions)

Business	Amount
Global IT Services	2,301
Indian IT Services and Products	202
Consumer Care & Lighting	71
Others	198
Total	**2,772**

The capital expenditure of Global IT Services, project / asset category wise, is outlined below :

(Rs. in millions)

Project / Asset category	Amount
Commissioned during the year	
Electronic City Phase IV	103
Poona, Satara Road	19
Poona, Hinjewadi	196
Bangalore, ITPL	37
Chennai, Sholinganallur	163
London	18
In process	
Electronic City Phase IV / V	45
Belapur	207
Chennai, Sholinganallur	37
Land	80
Computers	820
Other assets	228
Capital advances	350
Total	**2,301**

Depreciation

- The company has provided depreciation at the commercial rates (as estimated by the management) or at specified in schedule XIV of the Indian companies act, 1956, whichever is higher.
- Depreciation is provided on the revalued amount. The depreciation provided on the amount added on revaluation is drawn from revaluation reserve.

3.2.7 Investments

Purchase of investments during the year

- The Company acquired 45% interest held by KPN group in Wipro net for Rs.1,087 million.
- Wipro Net Limited was restructured with retail ISP segment being spun off into a separate entity Net Kracker Limited. Wipro Limited holds 1.9 million equity shares of Rs.10 each representing 49 % equity interest and 0.54 million convertible preference shares of Rs. 100 each of Net Kracker limited.

- The Company, effective September 1, 2000 transferred the business of manufacturing and distribution of Computer peripherals to Wipro ePeripherals Limited (WeP). The consideration for transfer was received by way of 5.4 million equity shares of Rs.10 each in WeP representing 38.7% equity interest, 1 million unsecured 12.5% non convertible debentures of Rs.100 each in WeP and cash of Rs. 117 million. Wipro ePeripherals has prepaid Rs. 60 million of debentures.
- During the year the Company invested in treasury securities for Rs. 48 million with a redemption value of Rs. 66 million.
- During the year the company made additional investments of US $ 0.5 million in Wipro Inc.

Sale of Investments during the year

- In fiscal year 2000 the company had carried out a comprehensive review of the financial position of Wipro Finance Limited, the erstwhile subsidiary of the company. The Company had divested significant portion of the holding in WFL and had fully provided for the balance. In the current year the company sold equity shares of Rs. 560 million and convertible preference shares of Rs. 522 million. The company now holds Rs. 300 million of Redeemable Preference Shares in WFL, which has been fully provided for diminution.
- Pursuant to the terms of structured repayment arrangement of ECBs, the Company assigned the proceeds of deep discount bonds matured during the year, amounting to Rs. 174 million, to the counterparty.
- As on March 31, 2000 the Company held 500,000 equity shares of Rs.10 each of Kashyap Radiant Systems Limited. During the year the Company sold the investments in Kashyap Radiant Systems.

3.2.8 Inventories

The Inventories comprise mainly of Computers, Upgrades and Spares of Indian IT Services and Products and raw material and finished stocks of Consumer Care and Lighting. Stock of inventory has reduced from Rs 1,340 million as of March 31, 2000 to Rs. 1,153 million as of March 31, 2001.

The reduction in inventory is mainly due to higher focus on inventory management processes, re-configuration of sales model in Indian IT Services and Products resulting in higher direct billing to the end customer, and spin off of Wipro ePeripherals. On spin off, inventory of Rs. 133 million was transferred to Wipro ePeripherals. During the year, the Company also sold land held as stock in trade, which also contributed to reduction of inventory.

3.2.9 Sundry Debtors

Sundry debtors (net of provision) for the current year is at Rs. 6,177 million as against Rs. 4,469 million in the previous year. Segment wise break up of sundry debtors is outlined below :

(Rs. in millions)

Business Unit	2001	2000	Increase
Global IT Services	3,540	2,118	1,422
Indian IT Services and Products	2,089	1,893	196
Consumer Care and Lighting	159	134	25
Others	389	324	65
Total	**6,177**	**4,469**	**1,708**

In Global IT Services days of sales outstanding have increased from 63 days in fiscal 2000 to 64 days in fiscal 2001. In Indian IT Services and Products, on a comparable basis, days of sales outstanding has increased from 75 days to 78 days.

Provision for doubtful debts has remained at 1 % of sales. In absolute terms provision for doubtful debts has increased from Rs. 197 million in fiscal 2000 to Rs. 298 million in fiscal 2001.

3.2.10 Cash and Bank balance

- Cash and cheques on hand of Rs. 662 million includes collections in overseas branches which has been banked the first working day following the date of receipt.
- Balance with the scheduled banks has increased to Rs. 528 million, up from Rs. 265 million in the previous year. These are customer collections during the last few days of the fiscal 2001 and have been invested or used up in operations in the first week of fiscal 2002. Balances with foreign banks in current accounts are interest bearing.

- During the year the company made equity offering in overseas capital markets. The proceeds of the offering are invested in highly liquid money market instruments. Deposits with other banks include Rs. 2,540 million of such investments.

3.2.11 Loans and Advances

- During the year the company made equity offering in overseas capital markets. The proceeds of the offering are invested in highly liquid money market instruments. Loan and advances include Rs. 3,444 million of such amount.
- Cash surplus generated by operations has been invested in Inter Corporate deposits. These deposits are placed with financial institutions / corporates with highest credit rating.
- Advances recoverable in cash or in kind have increased to Rs. 1,064 million up from Rs. 664 million in the previous year. The increase is primarily due to increases in employee advances, advance for travel and advances paid to suppliers.

3.2.12 Current Liabilities and provision

Current Liabilities

Sundry creditors have increased to Rs. 1,608 million from Rs. 1,360 million in line with the increase in operating expenses. Sundry creditors for purchase of materials have increased by Rs. 269 million and creditors for expenses by Rs. 16 million. Creditors for capital expenditure have reduced by Rs. 37 million.

Other liabilities has increased to Rs. 1,982 million up from Rs. 1,441 million. The increase is primarily in Indian IT Services and Products and Global IT Services. The increase is mainly due to increase in expense provisions and accrual of compensation costs**.**

Provisions

- Provisions of Rs. 405 million for employee retirement benefit represents company's liability towards leave encashment, gratuity valued on an actuarial basis. Gratuity entitlement of most of the employees and pension benefits of eligible employees are funded through contribution to applicable schemes of LIC.
- In fiscal 2001, the directors of the Company have proposed a dividend of 25 % on equity shares. The Company has also paid dividend of Rs. 18 million on Redeemable Preference Shares. In fiscal 2000, the Company paid dividend of 15% on equity shares and Rs. 26 million on Redeemable Preference Shares. Corporate tax on dividend was Rs. 14 million in fiscal 2001 and Rs. 10 million in fiscal 2000.

3.3 Results of Operations

3.3.1 Income from Sales and Services

Sales have grown by 34 %. The increase was attributable to increases of 70%, 3%, and 2% in revenues of Global IT Services, Indian IT Services and Products and Consumer Care and Lighting.

Global IT Services

Global IT Services accounts for 57% of the total revenue of Wipro Limited. During the year revenues grew by 70% from Rs. 10,142 million to Rs. 17,541 million. The increase resulted from growth in the number of clients and size of projects performed for the clients. The total number of clients who contributed for over $ 1 million, in revenue for the year increased from 39 in the previous year to 65. The total number of clients who accounted for over $ 5 million in revenues increased from 11 in the previous year to 15. Over 114 new clients were added during the year accounting for 9% of Global IT Services revenue.

Indian IT Services and Products

Sales of Indian IT Services and Products increased by 3% during the year. Effective September 1, 2000 the Company spun off the business of manufacturing and distribution of Computer peripherals to Wipro ePeripherals Limited (WeP). On a comparable basis revenues have grown by 21%. The 21 % growth in revenues is primarily on account of growth in service revenue and growth in sales of computers & networking equipment. Growth in service revenue is driven by expansion in client base and also through new service offerings like Facilities management, call centers management and total outsourcing solutions.

Consumer Care and Lighting

Consumer Care and lighting accounts for 11% of total revenue. Growth in toilet soaps (14%) and lighting (17%) are offset by de-growth of 41% in vanaspati / hydrogenated vegetable oils. In vanaspati / hydrogenated vegetable oils, the Company has focused on maintaining profitability rather than volume growth, as overall market is shrinking.

3.3.2 Other Income

Other income of Rs. 693 million has increased by 170% as compared to last year.

(Rs. in millions)

Particulars	Amount		Growth
	March 31, 2001	March 31, 2000	
Dividend	32	15	113%
Interest	313	72	335%
Net discount / premium on Certificate of Deposit	(3)	-	
Rental Income	16	19	-16%
Profit on Sale of Investments	4		
Profit on disposal of fixed assets	49	17	188%
Difference in exchange	86	37	132%
Royalty	31	-	
Miscellaneous Income	165	97	70%
Total	**693**	**257**	**170%**

- Dividend of Rs.32 million received from Wipro GE.
- The interest income has increased from Rs. 72 million in fiscal 2000 to Rs.313 million in fiscal 2001. The increase is primarily on account of substantial increase in investments. The proceeds from equity offering of the company of Rs. 5,814 million and cash surplus generated by operations has been invested in highly liquid money market instruments or lent to corporates / financial institutions of highest credit rating.
- Amounts received from Wipro ePeripherals for the use of proprietary intangible assets of the Company is reflected as royalty income.
- Miscellaneous income includes Rs. 65 million of write backs of provision for doubtful debts.

3.3.3 Cost of goods sold

(Rs. in millions)

Particulars	March 31, 2001		March 31, 2000		Increase
	Amount	%	Amount	%	
Consumption of Raw materials finished and process stocks	8,207	26.87%	8,625	37.94%	-5%
Stores & Spares	175	0.57%	250	1.10%	-30%
Power and Fuel	310	1.02%	215	0.95%	44%
Salaries, wages and bonus	2,733	8.95%	1,545	6.80%	77%
Contribution to provident and other funds	103	0.34%	67	0.30%	54%
Gratuity and pension	78	0.26%	51	0.22%	55%
Workmen and Staff welfare	188	0.62%	116	0.51%	63%
Insurance	7	0.02%	8	0.04%	-21%
Repairs to factory buildings	39	0.13%	6	0.02%	599%
Repairs to Plant & Machinery	74	0.24%	37	0.16%	98%
Rent	196	0.64%	143	0.63%	37%
Rates & Taxes	13	0.04%	19	0.08%	-28%
Packing	29	0.09%	50	0.22%	-42%
Travelling and allowance	4,956	16.23%	3,479	15.30%	42%
Depreciation	739	2.42%	547	2.41%	35%
Miscellaneous	374	1.22%	176	0.77%	113%
Capitalised	(118)	-0.39%	-131	-0.57%	-10%
Total	**18,103**	**59.28%**	**15,204**	**66.87%**	**19%**
Income from Sales and Services	**30,539**	**100.00%**	**22,736**	**100.00%**	

Consumption of Raw materials finished and process stocks

These expenses relate primarily to Indian IT Services and Products and Consumer Care and Lighting. Consumption of Raw materials finished and process stocks has decreased by 5 % during the year. Effective September 1, 2001, the business of manufacturing and distribution of Computer peripherals was transferred to Wipro ePeripherals Limited (WeP). On a comparable basis growth in consumption is 8%. Re-configuration of sales model in Indian IT Services and Products resulting in higher direct billing to the end customer and higher composition of revenue from services in the total revenues have resulted in a reduction in raw material, finished and process stock consumption as a percentage of sales.

Salaries and other manpower related costs.

The increase in manpower costs is primarily due to increase in the number of employees and due to annual compensation revision. Global IT Services has added 3,287 employees during the year.

Travelling and allowances

Travel and allowance has increased by 42 % during the year to Rs 4,956 million. This increase is primarily due to increase in number of employees who have been deployed at customer premises, higher frequency of travel and increase in allowances. In Global IT Services the number of employees deployed outside India has increased to 2,285 from 1,529 in the previous year.

3.3.4 Selling, General and Administrative Expense

(Rs. in millions)

Particulars	March 31, 2001		March 31, 2000		Increase
Amount	**Amount**	%	**Amount**	%	
Salaries, wages and bonus	**924**	**3.03%**	657	2.89%	41%
Contribution to provident and other funds	**40**	**0.13%**	25	0.11%	62%
Gratuity and pension	**28**	**0.09%**	26	0.12%	5%
Workmen and Staff welfare	**124**	**0.40%**	81	0.35%	53%
Insurance	**21**	**0.07%**	11	0.05%	90%
Repairs to buildings	**5**	**0.02%**	5	0.02%	2%
Rent	**81**	**0.26%**	94	0.41%	-14%
Rates and taxes	**90**	**0.30%**	31	0.14%	189%
Carriage and freight	**224**	**0.73%**	204	0.90%	10%
Commission on sales	**659**	**2.16%**	597	2.63%	10%
Auditors' remuneration and expenses					
Audit fees	**3**	**0.01%**	3	0.01%	-5%
For certification including tax audit	**1**	**0.00%**	1	0.00%	16%
Reimbursement of expenses	**1**	**0.00%**	0	0.00%	33%
Advertisement and sales promotion	**472**	**1.54%**	339	1.49%	39%
Loss on sale of fixed assets	**1**	**0.00%**	9	0.04%	-91%
Directors' fees	**1**	**0.00%**	0	0.00%	378%
Depreciation	**241**	**0.79%**	151	0.67%	59%
Travelling and allowances	**1,076**	**3.52%**	605	2.66%	78%
Communication	**326**	**1.07%**	207	0.91%	58%
Provision/write off of bad debts	**267**	**0.87%**	267	1.18%	0%
Miscellaneous	**821**	**2.69%**	682	3.00%	20%
Total	**5,404**	**17.70%**	**3,996**	**17.57%**	**35%**
Income from Sales and Services	**30,539**	**100.00%**	**22,736**	**100.00%**	

Salaries and other manpower related costs.

The increase in manpower costs is primarily due to increase in the number of Sales and Marketing personnel, annual compensation review and the restructuring of incentive schemes. In Global IT Services the number of Sales and Marketing personnel have increased to 67 from 49 in the previous year.

Advertisement and sales promotion

Advertisement and sales promotion have increased by 39 % during the year to Rs. 472 million. The increase is primarily due to increase in product promotion and distribution spends in Consumer Care and Lighting and spends by corporate on promoting brand identity. Global IT Services has increased advertisement and sales promotion spends by 100 %. The spends are mainly on promoting brand awareness and participating in trade shows and industry conferences.

Travelling and allowances

Travel and allowance has increased by 78% during the year to Rs. 1,076 million. This increase is primarily due to increase in the number of Sales and Marketing personnel, higher frequency of travel and increase in travel allowances.

3.3.5 Interest

Interest expense has reduced from Rs. 287 million in previous year to Rs. 69 million in the current year. The decrease is primarily on account of reduction in absolute quantum of borrowings and partly due to reduction in interest rates. Average borrowings in the current year are nearly 65 % lower than the average borrowings in the previous year. The Company is virtually debt-free.

3.3.6 Income taxes

Effective tax rate has remained at 12 %. The increase in tax rates on domestic income from 38.5% to 39.5% is offset by increase in composition of profits from Global IT Services to total profits.

3.3.7 Non recurring / extraordinary Items

In September 2000 the Company transferred the business of manufacturing and distribution of Computer peripherals to Wipro ePeripherals Limited, the gain on transfer, Rs.16 million, is reflected as non-recurring / extraordinary item.

3.3.8 Appropriations from Profit

The Profit after taxation and adjustment for extraordinary and non-recurring of Rs. 6,679 million is appropriated as follows:

- Rs. 250 million appropriated to capital redemption reserve on redemption of 2.5 million 10.25% redeemable cumulative preference shares.
- Dividend on preference shares Rs. 18 million
- Proposed dividend on equity shares Rs. 116 million
- Corporate tax on dividend Rs. 14 million
- Transfer to general reserve Rs. 6,281 million

4.0 Material developments in Human Resources

Please refer to our discussions in the sub section titled " *Employees*" in the section titled "*Form 20-F*" in page 185 of this report.

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

Please refer to our discussions in the sub section titled " *Related Party Transactions*" in the section titled " *Form 20-F*" in pages 189 through 190 of this report.

Reconciliation of Profits between Indian GAAP and US GAAP

(Rs. in millions)

Particulars	Notes	March 31, 2001	March 31, 2000
Profits before extraordinary / non -recurring items		6,664	3,006
Net extraordinary / non-recurring items		16	(524)
Profit for the year		**6,680**	**2,482**
Adjustments to reconcile profits for the year as per Indian GAAP with Net Income as per US GAAP			
Stock compensation expense	A	(87)	(89)
Deferred income taxes	B	(56)	(19)
Consolidation of subsidiaries	C	202	(72)
Share in Profit / (loss) of affiliates	D	(54)	5
Deferral of revenue	E	41	-
Interest on secured borrowings	F	(149)	-
Gain on transfer of certain securities	F	-	(1,013)
Goodwill amortisation	G	(45)	(1)
Others	H	(18)	123
Permanent diminution / loss on sale of investments	I	-	1,646
Gain on direct issue of shares by Wipro Net	J	-	266
Tax liability on sale of real estate property	K	(78)	-
Total		(244)	851
Income from continuing operations		**6,436**	**3,333**
Income tax benefits on sale of investments in discontinued operations	K	78	219
Cumulative effect of change in accounting policy	E	(59)	-
Total		**19**	**219**
Net Income as per US GAAP		**6,455**	**3,552**

Notes :

A. Under US GAAP, compensation cost is recognised for shares granted to employees as the excess of the quoted market price of the stock at the date of grant over the amount to be paid by the employee. Such compensation cost is amortised over the vesting period. Accordingly, Wipro has recorded compensation cost for shares granted to employees from the Wipro Equity Reward Trust set up in 1984. No such accounting is required under Indian GAAP.

B. Under US GAAP, Income taxes are accounted using the asset liability method. This method requires recognition of future tax consequences of temporary differences between the book - base and the tax-base of assets and liabilities and operating loss carry forwards. Under Indian GAAP income taxes are accounted using the taxes payable method and the impact of temporary differences is not currently recognised.

C. Under US GAAP, the financial statements of all subsidiaries, which are more than 50 % owned and controlled are consolidated with the financial statements of the parent. Accordingly, Wipro has consolidated the financial statements of subsidiaries. Accounting standards in India do not require consolidation of financial statements.

D. Under US GAAP, the financial statements of affiliates (entities where the investor has ability to exercise significant influence) are accounted by the equity method whereby the share of the investor in the profits / losses of the investee are recorded in the year such profits are earned or losses incurred. Accordingly, Wipro has recorded it's share of profit / loss of Wipro GE medical Systems Ltd, Wipro Net Ltd, NetKracker Ltd and Wipro ePeripherals. Under Indian GAAP, dividends from affiliates are recognised as income when received.

E. The Company has adopted the provisions of the Staff Accounting Bulletin No. 101 (SAB 101) issued by the Securities Exchange Commission. Accordingly, revenues from sale of goods, where a customer is not obligated to pay a portion of contract price until the completion of installation, is recognised only on completion of installation. The cumulative effect of the applying this change to all prior years is reflected separately as the cumulative effect of change in accounting policy. In Indian GAAP revenue is recognised on despatch.

F. In fiscal 2000 the company transferred equity shares in Wipro Net to a financial institution. The terms of the transfer provide Wipro with a call option and the transferee with a put option. Further, the transferee is restricted from selling the shares during the period of the option. Under US GAAP, this transfer is not recorded as a sale but as a secured borrowing. Interest is recognised at the effective yield on the put option. In Indian GAAP the transfer of shares is recognised as sale.

G. In fiscal 2001, the company recorded a goodwill of Rs. 868 million on acquisition of minority interest held by KPN group in Wipro Net. In fiscal 2000, the company had also recorded a goodwill of Rs. 10.5 million on acquisition of minority interest in Wipro Computers Limited. Goodwill resulting from these acquisitions is amortized over a period of 5 years. In Indian GAAP investments are recorded at historical cost, cost of investment in excess of share in the underlying assets is not separately recorded as goodwill.

H. Others include differences arising from accounting for interest capitalisation and exchange rate fluctuations of foreign currency liability for capital goods. Under US GAAP interest incurred for funding an asset during its construction period is capitalised based on the average outstanding investment in the asset and average cost of funds. Under Indian GAAP, the interest cost directly related to funding of an asset can be capitalised. Similarly under Indian GAAP, exchange rate fluctuations on foreign currency liability for capital goods is included in the cost of the relevant asset. Under US GAAP, such exchange rate fluctuations are charged to income statement.

I. In Indian GAAP, investments in Wipro Finance and Wipro Inc are carried at cost. Losses incurred by Wipro Finance and Wipro Inc have significantly impaired the carrying value of investments, accordingly a permanent diminution in carrying value of investments has been recorded in fiscal 2000. However under US GAAP losses incurred by Wipro Finance and Wipro Inc have already been recorded in the financial statements of the earlier periods through the process of consolidation.

J. In fiscal 2000, Wipro Net, an affiliate issued shares to the KPN Group. The issue price per share was higher than Wipro's carrying value per share. Thus the issuance resulted in an increase in the carrying value of Wipro's investment in Wipro Net. The company recorded this increase through income statement under US GAAP. Under Indian GAAP no gain arises on such transactions as equity method of accounting is not applied.

K. The tax liability arising on sale of certain real estate property is offset against tax benefits arising on sale of investments in discontinued operations. In Indian GAAP income tax expense is accounted using the taxes payable method. The tax liability and tax benefit offset each other and is not reported separately. Under US GAAP, tax liability arising on sale of real estate property is reflected in income tax expense and tax benefits arising from sale of investments in discontinued operations is reflected separately after income from continuing operations.

STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956 as at March 31, 2001

(Rs. in 000s)

				For Financial Year of the Subsidiary		For Previous Financial Years since it became a Subsidiary	
Name of the Subsidiary Company	Financial year ending of the Subsidiary	Number of shares held	Extent of holding	Profits/(losses) so far it concerns the members of the Holding Company and not dealt with in the books of Accounts of Holding Company (Except to the extent dealt with in F)	Profits/(losses) so far it concerns the members of the Holding Company and dealt with in the books of Accounts of Holding Company	Profits/(losses) so far it concerns the members of the Holding Company and not dealt with in the books of Accounts of Holding Company (Except to the extent dealt with in H)	Profits/(losses) so far it concerns the members of the Holding Company and dealt with in the books of Accounts of Holding Company
A	B	C	D	E	F	G	H
Wipro Inc, USA	March 31, 2001	1,200	100%	(7,856)	Nil	(5,572)	(108,122)
Enthink Inc, USA *	March 31, 2001	0	0%	16,040	Nil	(139,455)	N A
Wipro Japan KK, Japan	March 31, 2001	650	100%	29,605	Nil	9,427	N A
Wipro Net Limited	March 31, 2001	20,600,927	92%	44,667	Nil	(143,278)	Nil
Wipro Prosper Limited	March 31, 2001	200	100%	(9)	Nil	1,089	Nil
Wipro Trademarks Holding Limited	March 31, 2001	200	100%	(180)	Nil	(183)	Nil
Wipro Welfare Limited	March 31, 2001	66,171	100%	Nil	Nil	Nil	Nil

*** Wipro Inc, USA holds all the shares in Enthink Inc.**

Financial Statements of Subsidiaries of Wipro Limited for the year ended March 31, 2001

DIRECTORS' REPORT

The Directors present the Annual Report of Wipro Net Limited for the year ended March 31, 2001.

Financial results

The results for the second year of operation of the Company was

(Rs. in Mns)

	2001	2000
Sales and other Income	**538.13**	169.60
Loss for the year	**(64.53)**	(174.75)

The Company has successfully turned around during the year and has achieved break even in Quarters 3 and 4 of the current financial year. During the year the Company was the first ISP in the country to be awarded ISO 9002.

Company continues to be the leader in corporate value added services market. The Points of Presence have increased from 8 cities to 32 cities. During the year, the retail ISP business has been sold to Netkracker Limited.

Fixed Deposits
The Company has not accepted any fixed deposits from the public during the year under review.

Termination of Joint venture
During the year the Joint venture agreement with KPN Mauritius Holding was terminated.

Directors
Mr. Azim Hasham Premji has resigned from the Directorship of the Company during the year. The Board of Directors record their appreciation of the valuable contribution made by Mr. Azim Hasham Premji as Director of the Company.

Mr. Hans van Moorsel, Mr. Rob Langazel, and Mr. Wilbert Stikkelbroek, Alternate Director to Mr. Rob Langazel had resigned as Director of the Company during the year. The Board of Directors record their appreciation of the valuable contribution made by Mr. Hans van Moorsel, Mr. Rob Langazel, and Mr. Wilbert Stikkelbroek as Directors of the Company.

Auditors
The auditors M/s. N M Raiji & Co. retire at the conclusion of the ensuing Annual General Meeting and have offered themselves for re-appointment.

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

Conservation of Energy Technology Absorption, Research and Development/ Foreign Exchange Earnings and Outgoings:

(a) Foreign exchange outgo on account of interest and finance charges, foreign travel, repayment of loan, maintenance contracts, training and capital goods is: Rs. 106.59 Mn

(b) Foreign exchange earnings from sale of services is Rs. 1.12 Mn

(c) The Company has nothing else to report on the particulars required under Section 217(1)(e) of the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988.

Directors Responsibility Statement

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

(a) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;

(b) the Directors had selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period.

(c) the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

(d) the Directors had prepared the annual accounts on a going concern basis.

Acknowledgements

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

For and on behalf of the Board

T. K. Kurien
Managing Director

Bangalore, April 20, 2001

AUDITOR'S REPORT

TO THE MEMBERS OF WIPRO NET LIMITED

We have audited the attached Balance Sheet of Wipro Net Limited as at March 31, 2001 and also the annexed Profit & Loss Account for the year ended on that date, and report that:

1. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
2. In our opinion, proper books of accounts as required by law have been kept by the Company so far as appears from our examination of the books.
3. The Balance Sheet and the Profit & Loss Account dealt with by this report are in agreement with the books of account.
4. In our opinion, the Profit and Loss Account and Balance Sheet dealt with by this report are in compliance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956.
5. As per the information and explanations provided to us, none of the directors are disqualified from being appointed as directors under Section 274(1)(g) of the Companies Act, 1956.
6. In our opinion and to the best of our information and according to the explanations given to us, the said account, read together with the notes thereon give information required by the Companies Act, 1956, in the manner so required and give a true and fair view of
   a) the state of affairs of the Company as at March 31, 2001; in case of the Balance Sheet and
   b) the loss for the year ended on that date, in case of the Profit & Loss Account.
7. As required by the Manufacturing and Other Companies (Auditor's Report) Order, 1988, issued by the Company Law Board in terms of Section 227(4A) of the Companies Act, 1956 and on the basis of such checks as we considered appropriate, we further state that :
   (i) The Company has maintained proper records showing quantitative details and the situation of its fixed assets. Most of the assets have been physically verified during the year by the Management. No material discrepancies were noticed on such verification. In our opinion, the frequency of physical verification is reasonable.
   (ii) None of the fixed assets of the Company have been revalued during the year.
   (iii) The Company has during the year written off the inventory and hence the same has not been valued.
   (iv) The Company has not taken any loans, secured or unsecured from companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956 or from the Companies under the same management as defined under sub section (1B) of Section 370 of the Companies Act, 1956.
   (v) The Company has not granted any loans, secured or unsecured, from companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956 or from the Companies under the same management as defined under sub section (1B) of Section 370 of the Companies Act, 1956.
   (vi) The Company has not granted any loans or advances in the nature of loans other than to employees.
   (vii) The Company has adequate internal control procedures commensurate with its size and nature of its business for the purchase and sale of assets.
   (viii) In our opinion and according to the information and explanations given to us, the transactions for purchase of goods and materials and sale of goods, materials and services, made from or to parties entered in the register maintained under section 301 of the Companies Act, 1956 and aggregating during the year to Rs. 50,000 or more have been made at prices which are reasonable having regard to the nature of the transactions.
   (ix) The unserviceable stock has been determined and the same has been properly dealt with in the books of account.
   (x) The Company has an internal audit system, which is commensurate with its size and nature of the business.
   (xi) The Company has been regular in depositing Provident Fund dues with the appropriate authorities. The Employees State Insurance Scheme is not applicable to the Company.
   (xii) There are no undisputed amounts in respect of Income Tax, Wealth Tax, Sales Tax, Customs Duty and Excise Duty which, as at the Balance Sheet date, were outstanding for a period of more than six months from the date they become payable.

(xiii) On the basis of our examination of the books of account and the information and explanations given to us, there are no personal expenses which have been charged to the revenue account other than those incurred in terms of service contract obligations with employees and accepted business practices.

(xiv) The Company is not a Sick Industrial Company within the meaning of Section 3(1) of the Sick Industrial Companies (Special Provisions) Act, 1985.

(xv) On account of the nature of service activities, allocation of material and manpower to the different customers is not applicable.

(xvi) In our opinion as the Company does not hold any inventory, clauses (iv), (v), (xiv) and (xv) of the said Order are not applicable. Further, clause (xiii) of the said Order is not applicable as the Company has not accepted any deposit from the public under section 58A of the Companies Act, 1956.

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

J M Gandhi
Partner

Mumbai, April 20, 2001

WIPRO NET LIMITED

BALANCE SHEET

(Rs. in 000's)

	Schedule	As at March 31, 2001	2000
SOURCES OF FUNDS :			
Shareholders' funds			
Capital	1	223,923	223,923
Reserves and surplus	2	191,337	255,866
Loan funds			
Secured loans		-	-
Unsecured Loans		90,000	-
Total		505,260	479,789
APPLICATION OF FUNDS :			
Fixed assets	3		
Gross block		573,272	167,206
Less : Depreciation		143,012	36,221
Net block		430,260	130,985
Capital work-in-progress and advances		3,248	78,864
		433,507	209,850
Investments		-	30,865
Current assets, loans and advances			
Sundry debtors	4	117,026	29,242
Cash and bank balances	5	5,282	50,056
Loans and advances	6	116,985	275,061
		239,293	354,359
Less : Current liabilities and provisions			
Liabilities	7	164,208	112,179
Provisions	8	3,332	3,106
		167,540	115,285
Net current assets		71,753	239,075
Total		505,260	479,789
Notes to accounts	12		

As per our report attached

for N.M.Raiji & Co.,

J.M.Gandhi
Partner

For and on behalf of Board of Directors

T. K. Kurien
Managing Director

Suresh C Senapaty
Director

V. Ganesh
Chief Financial Officer & Company Secretary

Mumbai, April 20, 2001

Bangalore, April 20, 2001

WIPRO NET LIMITED

PROFIT AND LOSS ACCOUNT

(Rs. in 000's)

	Schedule	Year ended March 31, 2001	2000
INCOME :			
Sales and services		365,490	152,001
Other income	9	172,638	17,603
Total		538,128	169,604
EXPENDITURE :			
Cost of Goods Sold	10	203,623	118,347
Operating, administrative and marketing expenses	11	274,235	179,255
Depreciation		120,839	41,704
Interest		3,960	3,573
Sub-total		602,657	342,879
PROFIT/(LOSS) BEFORE EXTRAORDINARY ITEMS		(64,529)	(173,275)
EXTRAORDINARY ITEMS			
Pre-operative expenses written off		-	(1,472)
PROFIT/(LOSS) AFTER EXTRAORDINARY ITEMS		(64,529)	(174,747)
PROFIT/(LOSS) BEFORE TAXATION		(64,529)	(174,747)
Provision for taxation		-	-
PROFIT/(LOSS) AFTER TAXATION		(64,529)	(174,747)
Balance brought forward		(174,747)	-
Balance carried to balance sheet		(239,276)	(174,747)
Notes to accounts	12		

As per our report attached

for N.M.Raiji & Co.

J.M.Gandhi
Partner

Mumbai, April 20, 2001

For and on behalf of Board of Directors

T. K. Kurien
Managing Director

Suresh C Senapaty
Director

V. Ganesh
Chief Financial Officer & Company Secretary

Bangalore, April 20, 2001

(Rs. in 000's)

SCHEDULE 1 SHARE CAPITAL	As at March 31, 2001	2000
Authorised		
28,000,000 equity shares of Rs. 10 each (2000: 28,000,000 equity shares of Rs. 10 each)	**280,000**	280,000
Issued, subscribed and paid-up		
22,392,212 equity shares of Rs. 10 each (2000: 22,392,312 equity shares of Rs. 10 each)	**223,923**	223,923
(15,219,180 shares of Rs. 10 each have been alloted for Consideration other than cash) (Shares held by Wipro Limited, Holding Company 20,600,927 Shares of Rs. 10 each)	**223,923**	223,923

SCHEDULE 2 RESERVES & SURPLUS	2001	2000
Share Premium	**430,613**	430,613
Profit and Loss Account	**(239,276)**	(174,747)
	191,337	255,866

SCHEDULE 3 FIXED ASSETS

Description	Gross Block as at April 1, 2000	Additions During the year	Deductions During the Year	Gross Block as at March 31, 2001	Accumulated Depreciation as at April 1, 2000
Plant and machinery	158,342	492,000	98,437	**551,905**	34,171
Furniture & fixtures	5,277	10,540	416	**15,401**	1,381
Vehicles	3,587	5,558	3,179	**5,966**	669
TOTAL	**167,206**	**508,097**	**102,032** *	**573,272**	**36,221**
Previous Year	142,993	61,081	36,868	167,206	-

Description	Depreciation For the year	Accumulated Depreciation Reversal On Assets Disposed	Accumulated Depreciation as at March 31, 2001	Net Block as at March 31, 2001	Net Block as at March 31, 2000
Plant and machinery	115,973	13,236	**136,908**	**414,997**	124,171
Furniture & fixtures	3,395	43	**4,733**	**10,668**	3,896
Vehicles	1,471	769	**1,370**	**4,596**	2,918
TOTAL	**120,839**	**14,048** *	**143,012**	**430,260**	**130,985**
Previous Year	41,704	5,483	36,221	130,985	142,993

* Include deduction on account of transfer of assets Rs. 92,928 & accumulated depreciation of Rs. 13,243 in relation to sale of Retail ISP Business

(Rs. in 000's)

	As at March 31, 2001	2000
SCHEDULE 4 SUNDRY DEBTORS		
(Unsecured, unless otherwise stated)		
Over six months		
Considered good	-	
Considered doubtful	12,993	18,190
	12,993	18,190
Others		
Considered good	117,027	29,242
Considered doubtful	3,248	4,267
	133,267	51,700
Less : Provision for doubtful debts	16,241	22,457
	117,026	29,242
	117,026	29,242
SCHEDULE 5 CASH AND BANK BALANCES		
Cash and cheques on hand	2,804	298
Balances with scheduled banks		
In current account	2,477	4,158
In Fixed Deposit	-	45,600
	5,282	50,056
SCHEDULE 6 LOANS AND ADVANCES		
(Unsecured, considered good unless otherwise stated)		
Advances recoverable in cash or in kind or for value to be received	79,536	38,249
Inter Corporate Deposit	-	210,000
Sundry deposits	37,110	26,811
Balance with customs	339	-
	116,985	275,061
SCHEDULE 7 LIABILITIES		
Sundry creditors		
Due to small scale industries	-	-
Others	102,053	15,463
Income received in advance	22,537	1,158
HSBC Bank (Book Overdraft)	-	71,131
Security Deposit	39,618	24,426
	164,208	112,179
SCHEDULE 8 PROVISIONS		
Leave Encashment	3,180	2,809
Gratuity	152	297
	3,332	3,106

(Rs. in 000's)

	Year ended March 31, 2001	2000
SCHEDULE 9 OTHER INCOME		
Interest on deposits with companies (TDS Rs.905,831; Previous Year Rs. 2,261,253)	4,409	12,150
Exchange Rate Fluctuation	-	6
Miscellaneous Income	-	5,446
Profit on Sale of Business (refer notes to accounts)	168,229	-
	172,638	17,603
SCHEDULE 10 COST OF GOODS SOLD		
Leased Line Expenses/Dial Out Cost/Communication Expenses	166,330	96,363
Maintenance Contract - Plant and Machinery	32,522	17,587
Purchase - Indigenious	4,771	4,398
	203,623	118,347
SCHEDULE 11 OPERATING, ADMINISTRATIVE AND MARKETING EXPENSES		
Stores and spares consumed	1,907	2,603
Power and fuel	15,744	2,732
Salaries, wages and bonus	72,992	30,178
Contribution to Provident Fund	2,569	2,325
Gratuity and Leave Encashment	226	584
Workmen and staff welfare	8,312	3,671
Insurance	994	337
Repairs to machinery	1,050	-
Rent	19,827	18,042
Rates and taxes	465	969
Loss on Sale/ discarding of fixed assets	-	30,677
Auditors remuneration and expenses		
Audit fees (including service tax)	210	200
Tax audit fees (including service tax)	63	-
Reimbursement of expenses	17	-
Advertisement and sales promotion	81,007	13,165
Commission on Sales	5,885	2,775
Travelling and Conveyance	20,581	13,663
Office maintenance	2,120	1,867
Provision/ write off of Bad debts	8,366	15,050
Manpower outside services	16,548	2,553
Staff recruitment	3,368	5,643
Consultancy Charges	931	27,201
Exchange Rate Fluctuation	178	-
Miscellaneous	10,878	5,018
	274,235	179,255

Schedules to the balance sheet and profit and loss account

12. SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

12.1 Significant accounting policies

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

Revenue recognition
Revenue from provision of services is recognised over the period in which such services are rendered.

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 years' premium demanded by LIC. Provision for gratuity (for certain category of employees) and leave benefit for employees' is determined as per actuarial valuation at the year end. Defined contributions for provident fund and pension are charged to Profit and Loss account based on contributions made in terms of applicable schemes.

Fixed assets
Fixed assets are stated at the cost of acquisition. Direct costs are capitalised until the assets are ready to be put to use. Interest on borrowed money allocated to and utilised for acquiring fixed assets, pertaining to the period upto the date of capitalisation is capitalised.

Depreciation
Depreciation on fixed assets is provided using the straight-line method, based on the useful lives of the assets as estimated by the management. Depreciation on assets purchased/sold during the year is provided from the month of purchase/sale. Individual assets costing less than Rs. 5,000/- are depreciated in full during the year of acquisition.

Depreciation rates for various categories of fixed assets are given below:

	As per Books	As per Sch XIV
Plant and Machinery	20%	4.75%
Electrical Installations	19%	4.75%
Computers & Software	50%	16.21%
Furniture & fixtures	19%	6.33%
Office equipment	19%	4.75%
Vehicles	24%	9.50%

Foreign Currency transactions
Foreign currency transactions are recorded at the rate at the beginning of each month. Year end balances of foreign currency assets and liabilities are reinstated at the closing rate/forward contract rate, as applicable; resultant differences on liabilities relating to acquisition of fixed assets are capitalised and on other assets and liabilities are adjusted to revenue account.

Inventory:
Autodialers given on rental for Efax customers are written off in the books as and when issued to the customer.

Deposits – Telephone:
Telephone deposits are written off over a period of 36 months.

12.2 Income Tax

No Provision for Taxation has been made during the period as the Company has incurred a loss.

12.3 Unsecured Loan:

Unsecured loan represents borrowing from Holding Company i.e., Wipro Limited

12.4 Sale of Retail ISP Business :

The company has sold, with effect from December 20, 2000 its retail ISP business to Netkracker Limited in terms of an agreement dated December 20, 2000. The Net consideration received Rs. 240,319,463/- has been compared with the value of net assets transferred on the transfer date and the surplus is treated as profit on sale of business.

12.5 Managerial Remuneration:

(Rs. in Lakhs)

	Year ended March 31, 2001	Year ended March 31, 2000
Salary to Managing Director (Gross)	**23.76**	3.73
Perquisites	**9.26**	2.25
Contributions to PF and Other Funds	**3.21**	0.60
Total	**36.00**	7.00

The above remuneration is based on the approval of shareholders of the company. However, the excess remuneration over and above the amount prescribed under schedule XIII of the companies act, 1956 is subject to the approval of the central government.
The company has applied to the central government for their approval.

12.6 Auditors Remuneration:

Statutory Audit Fees	**2.00**	2.00

12.7 Commitment and Contingencies:

A) Contract Pending to be executed on capital Account amounted to Rs.183.85 Lakhs (Year ending 31.03.00 Rs. 2,316.82)

B) Guarantees given by bank on behalf of the company Rs. 200 Lakhs (Year ending 31. 03.00 Rs. 200 Lakhs) - these are fully secured by moveable assets and book debts of the company

12.8 Expenditure in Foreign Currency

Travel	**4.42**	8.60
Annual Maintenance	**112.57**	36.47
Training Expenses	**9.12**	22.07
Consulting	**10.75**	Nil
Others	**2.72**	27.24

12.9 Value of Imports on CIF Basis

Capital Goods	**926.29**	151.68

12.10 Earnings in Foreign Currency:

Sale of services	**11.18**	Nil

12.11 Prior Year Comparatives

The previous period's figures have been recast / restated, wherever necessary, to confirm to the current period's classification.

WIPRO INC.

DIRECTORS REPORT

The Directors present the Annual Report of Wipro Inc. for the year ended March 31, 2001

Financial Results

	2001	2000
		(Rs. in Mns)
Sales and services	24.38	21.34
Profit before tax	(7.86)	(5.45)
Profit after tax	(7.86)	(5.45)
Extraordinary items / Prior period items	-	108.12
Profit for the year	(7.86)	(113.57)

Operations

Wipro Inc. is a wholly owned subsidiary of Wipro Limited, incorporated with the object of investing in various technology segments in USA..

Auditors

The Auditors, M/s N M Raiji & Co., retire at the ensuing Annual General Meeting and offer themselves for re-appointment.

Directors Responsibility Statement

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

(a) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;

(b) the Directors had selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period.

(c) the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

(d) the Directors had prepared the annual accounts on a going concern basis.

On behalf of the Board

Vivek Paul
Director

Bangalore, April 20, 2001

AUDITOR'S REPORT

TO THE MEMBERS OF WIPRO INC

We have audited the attached Balance Sheet of Wipro Inc as at March 31, 2001 and the annexed Profit and Loss Account for the year ended on that date, and report that:

1 We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.

2 In our opinion, proper books of accounts as required by law have been kept by the Company so far appears from our examination of the books.

3 The Balance Sheet and Profit & Loss Account dealt with by this report are in agreement with the books of account.

4 In our opinion, the Profit and Loss account and Balance Sheet dealt with by this report comply with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956.

5 As per the information and explanations provided to us, none of the directors are disqualified from being appointed as directors under Section 274(1)(g) of the Companies Act, 1956.

6 In our opinion and to the best of our information and according to the explanations given to us, the said account, read together with the notes thereon give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view of

(a) the state of affairs of the Company as at March 31, 2001; in case of the Balance Sheet and

(b) the loss for the period ended on that date, in case of Profit & Loss Account .

7. As required by the Manufacturing and Other Companies (Auditor's Report) Order, 1988, issued by the Company Law Board in terms of Section 227 (4A) of the Companies Act, 1956 and on the basis of such checks as we considered appropriate, further state that:

(i) The Company has not granted any loans or advances in the nature of loans.

(ii) The Company is yet to introduce a system of internal audit.

(iii) On the basis of our examination of the books of account and the information and explanations given to us, there are no personal expenses which have been charged to the revenue account other than those incurred in terms of service contract obligations with employees and accepted business practices.

(iv) In our opinion, clauses of Manufacturing and Other Companies (Auditor's Report) Order,1988 numbering (i), (ii), (iii), (iv), (v), (vi), (vii), (viii), (x), (xi), (xii), (xiii), (xiv), (xvi), (xvii), (xviii) and (xx) are not applicable for the current year.

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

J.M Gandhi
Partner

Mumbai, April 20, 2001

WIPRO INC.

BALANCE SHEET

(Rs. in 000's)

	Schedule	As at March 31, 2001	As at March 31, 2000
SOURCES OF FUNDS			
Shareholders' funds			
Share Capital	1	129,270	105,940
Translation Reserve		2,449	2,999
Total		131,719	108,939
APPLICATION OF FUNDS			
Investments	3	466	436
Current Assets, Loans and Advances :			
Sundry Debtors	4	3,682	1,967
Cash and Bank Balances	5	23,035	3,193
Loans and Advances	6	437	-
		27,154	5,160
Less : Current Liabilities and provisions			
Liabilities	7	17,508	10,405
		17,508	10,405
Net Current Assets		9,645	(5,245)
Miscellaneous Expenditure		58	54
Debit Balance in Profit & Loss Account	2	121,550	113,694
Total		131,719	108,939

As per our report attached

For N M Raiji & Co.,
Chartered Accountants

J M Gandhi
Partner

Mumbai, April 20, 2001

For and on behalf of the Board of Directors

Vivek Paul
Chairman

Girish S. Paranjpe
Director

Bangalore, April 20, 2001

WIPRO INC.

PROFIT AND LOSS ACCOUNT

(Rs. in 000's)

	Schedule	Year ended March 31, 2001	2000
INCOME			
Sales and Services	8	24,378	21,336
Total		24,378	21,336
EXPENDITURE			
Administration & Marketing Expenses	9	32,095	26,760
Audit Fees		25	25
Interest		114	-
Total		32,234	26,785
LOSS FOR THE YEAR		(7,856)	(5,449)
Provision for diminution in value of investments		-	(108,122)
LOSS BROUGHT FORWARD		(113,694)	(123)
LOSS CARRIED FORWARD TO BALANCE SHEET		(121,550)	(113,694)

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

J M Gandhi
Partner

Mumbai, April 20, 2001

For and on behalf of the Board of Directors

Vivek Paul
Chairman

Girish S. Paranjpe
Director

Bangalore, April 20, 2001

(Rs. in 000's)

	As of March 31, 2001	As of March 31, 2000
SCHEDULE 1 SHARE CAPITAL		
Authorised		
Issued, Subscribed and paid-up	129,270	105,940
1200 equity shares of USD 2,500 each		
(200 equity shares of USD 2,500 each issued during the year)		
	129,270	105,940
SCHEDULE 2 DEBIT BALANCE IN PROFIT AND LOSS ACCOUNT		
Loss carried forward from Profit and Loss account	121,550	113,694
	121,550	113,694
SCHEDULE 3 INVESTMENTS		
Investment in Sylantro	466	436
	466	436
SCHEDULE 4 SUNDRY DEBTORS		
(Unsecured)		
Over six months	-	-
Others considered good	3,682	1,967
	3,682	1,967
SCHEDULE 5 CASH AND BANK BALANCES		
Balances with other Banks		
Wells Fargo	23,035	3,193
	23,035	3,193
SCHEDULE 6 LOANS AND ADVANCES		
Salary Advance	437	-
	437	-
SCHEDULE 7 LIABILITIES		
Trade Payables	17,418	10,335
Outstanding Liabilities	90	70
	17,508	10,405

	Year ended March 31, 2001	Year ended March 31, 2000
SCHEDULE 8 SALES AND SERVICE FEE INCOME		
Sales	24,146	21,336
Other income	232	-
	24,378	21,336
SCHEDULE 9 ADMINISTRATION & MARKETING EXPENSES		
Rates and taxes	12	143
Professional & Consultancy Charges	26,374	26,602
Bank Charges	1	1
Miscellaneous	5,708	14
	32,095	26,760

ACCOUNTING POLICIES:

1. Accounts are maintained on accrual basis. The transactions are in local currency, which has been converted for reporting in Indian Currency on the following basis.

2. **Conversion into Indian Rupees:**
For the purpose of the accounts during the period all Income and expense items are converted at the average rate of exchange applicable for the period. All assets and liabilities are translated at the closing rate as on the Balance Sheet date. The exchange difference arising out of the year-end conversion is being debited or credited to Translation Reserve.
The Equity Share Capital is carried forward at the rate of exchange prevailing on the transaction date. The resulting exchange difference on account of translation at the year-end are transferred to Translation Reserve account and the said account is being treated as "Reserve and Surplus".

3. **Revenue Recognition:**
The Company is Holding company mainly intended for investments in various related business segments and is also doing Software Services. Revenue on time and materials basis is accounted on the basis of the period for which the services are rendered. Service fee is accounted on accrual basis.

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

5. **Corporate Tax:**
Since Wipro Inc has reported a loss, no corporate tax provision has been made.

6. **Related Transaction:**
The related transaction includes the billing raised by the holding company of Rs. 26.30 Million

NOTES TO ACCOUNTS :

1. The Company is a 100% Subsidiary of Wipro Limited. The accounts have been prepared and audited for the purpose of attachment to the accounts of the holding Company to comply with the provisions of the Indian Companies Act.

2. For the Purpose of conversion of the local currency (USD) into Indian Currency (Indian Rupees) the exchange rate applied is as per para 2 of the accounting policies.

ENTHINK INC

DIRECTORS REPORT

The Directors present the Annual Report of Enthink Inc. for the year ended March 31, 2001

Financial Results

(Rs. in Mns)

	2001	2000
Sales and services	45.03	78.89
Profit / (Loss) before tax	16.04	(78.15)
Profit / (Loss) after tax	16.04	(78.15)

Operations

Enthink Inc is a wholly owned subsidiary of Wipro Inc. and is a leading provider of ready for use communication technologies to enable companies building Intelligent Internet applications. Enthink Inc., incorporated with the object of investing in various technology segments in USA, develops and sells Semiconductor and Software based Intellectual Property and provides Integration Services for enabling makers of Internet applications, to release their products faster.

Auditors

The Auditors, M/s N M Raiji & Co., retire at the ensuing Annual General Meeting and offer themselves for re-appointment.

Directors Responsibility Statement

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

(a) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;

(b) the Directors had selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period.

(c) the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

(d) the Directors had prepared the annual accounts on a going concern basis.

On behalf of the Board

Vivek Paul
Director

Bangalore, April 20, 2001

AUDITOR'S REPORT

TO THE MEMBERS OF ENTHINK INC

We have audited the attached Balance Sheet of Enthink Inc as at March 31, 2001 and the annexed Profit and Loss Account for the year ended on that date, and report that:

1. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
2. In our opinion, proper books of accounts as required by law have been kept by the Company so far appears from our examination of the books.
3. The Balance Sheet and Profit & Loss Account dealt with by this report are in agreement with the books of account.
4. In our opinion, the Profit and Loss and Balance Sheet dealt with by this report comply with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956.
5. As per the information and explanations provided to us, none of the directors are disqualified from being appointed as directors under Section 274(1)(g) of the Companies Act, 1956.
6. In our opinion and to the best of our information and according to the explanations given to us, the said account, read together with the notes thereon give information required by the Companies Act, 1956, in the manner so required and give a true and fair view of the
   (a) state of affairs of the Company as at March 31, 2001 ; in case of the Balance Sheet and
   (b) profit for the period ended on that date, in case of Profit & loss Account .
7. As required by the Manufacturing and Other Companies (Auditor's Report) Order, 1988, issued by the Company Law Board in terms of Section 227 (4A) of the Companies Act , 1956 and on the basis of such checks as we considered appropriate, we further state that :
   (i) The Company has maintained proper records to show full particulars including quantitative details of its fixed assets. The fixed assets have not been physically verified by the management during the year.
   (ii) None of the fixed assets have been revalued during the year.
   (iii) The company has not granted any loans or advances in the nature of loans or advances other than to employees.
   (iv) In our opinion, there is an adequate internal control procedure commensurate with the size of the Company and the nature of its business, for purchase and sale of assets and services.
   (v) The Company is yet to introduce internal audit system.
   (vi) On the basis of our examination of the books of account and the information and explanations given to us, there are no personal expenses which have been charged to the revenue account other than those incurred in terms of service contract obligations with employees and accepted business practices.
   (vii) In respect of services activities:
      a. There are no materials used for the project
      b. the Company has a reasonable system , commensurate with its size and nature of business for allocating man hours utilised to the respective jobs/projects.
   (viii) In our opinion, clauses of Manufacturing and Other Companies (Auditor's Report) Order, 1988, numbering (iii), (iv), (v), (vi), (vii), (viii), (x), (xi), (xii), (xiii), (xiv), (xvi), (xvii), (xviii) and (xx) are not applicable for the current year.

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

J.M Gandhi
Partner

Mumbai, April 20, 2001

ENTHINK INC

BALANCE SHEET

(Rs. in 000's)

	Schedule	As at March 31, 2001	2000
SOURCES OF FUNDS :			
Shareholders' Funds			
Share Capital	1	**105,254**	105,254
Reserves and Surplus			
Translation Reserve		**(1,414)**	580
Total		**103,840**	105,834
APPLICATION OF FUNDS :			
Fixed Assets			
Gross Block	3	**23,869**	22,317
Less : Depreciation		**19,105**	10,370
Net Block		**4,764**	11,947
Current Assets, Loans and Advances :			
Sundry Debtors	4	**16,087**	10,184
Cash and Bank Balances	5	**20,905**	21,579
Loans and Advances	6	**382**	528
		37,374	32,291
Less : Current Liabilities and provisions			
Liabilities	7	**61,713**	77,859
		61,713	77,859
Net Current Assets		**(24,339)**	(45,568)
Debit Balance in P & L Account	2	**123,415**	139,455
Total		**103,840**	105,834

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

J.M. Gandhi
Partner

Mumbai, April 20, 2001

For and on behalf of the Board of Directors
Suresh C. Senapaty
Chairman

Girish S. Paranjpe
Director

Bangalore, April 20, 2001

ENTHINK INC

PROFIT AND LOSS ACCOUNT

(Rs. in 000's)

	Schedule	Year ended March 31, 2001	2000
INCOME:			
Sales and Services	8	**45,030**	78,889
Total		**45,030**	78,889
EXPENDITURE:			
Administration & Marketing Expenses	9	**21,220**	150,283
Audit Fees		**25**	25
Depreciation		**7,744**	6,737
Total		**28,989**	157,046
PROFIT/(LOSS) FOR THE YEAR		**16,040**	(78,157)
LOSS BROUGHT FORWARD		**(139,455)**	(61,298)
BALANCE CARRIED TO BALANCE SHEET		**(123,415)**	(139,455)

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

J.M. Gandhi
Partner

Mumbai, April 20, 2001

For and on behalf of the Board of Directors
Suresh C. Senapaty
Chairman

Girish S. Paranjpe
Director

Bangalore, April 20, 2001

(Rs. in 000's)

	As at March 31, 2001	2000
SCHEDULE 1 SHARE CAPITAL		
Authorised		
Issued, Subscribed and paid-up	105,254	105,254
Preference Shares - 6000000 @ US $ 0.40 each and		
(All the shares have been held by Wipro Inc.)		
Common Shares - 1628040 @ US $ 0.05 each		
(All the shares have been held by Wipro Inc.)		
	105,254	105,254
SCHEDULE 2 DEBIT BALANCE IN PROFIT AND LOSS ACCOUNT		
Loss carried forward from Profit and Loss account	123,415	139,455
	123,415	139,455

SCHEDULE 3 FIXED ASSETS

Description	Value as on April 1, 2000	Additions during the Year	Deletions during the Year	Value as on March 31, 2001
Computers	22,247	1,551	-	23,798
Office Equipment	37	-	-	37
Furniture	34	-	-	34
Total	**22,318**	**1,551**	**-**	**23,869**

Description	Provision For Dep. as on April 1, 2000	Depreciation during the Year	Accumalated Dep. as on March 31, 2001	Net Block value as on March 31, 2001
Computers	10,353	8,721	19,074	4,724
Office Equipment	11	7	18	19
Furniture	6	7	13	21
Total	**10,370**	**8,735**	**19,105**	**4,764**

Note :
1. Fixed Assets includes Translation Reserve of Rs. 1,551 Thousand.
2. Depreciation for the year includes Transation Reserve of Rs. 991 Thousand.

(Rs. in 000's)

	As at March 31, 2001	2000
SCHEDULE 4 SUNDRY DEBTORS		
(Unsecured)		
Over six months	19,402	1,999
Others considered good	-	8,730
Less : Provision	3,315	545
	16,087	10,184
SCHEDULE 5 CASH AND BANK BALANCES		
Cash Balances with other Banks	-	-
Bank of Tokyo	420	340
Wells Fargo	20,485	21,239
	20,905	21,579

(Rs. in 000's)

	As at March 31, 2001	As at March 31, 2000
SCHEDULE 6 LOANS AND ADVANCES		
Consumption tax paid	-	-
Sundry Deposits	350	328
Advances & Loans		
Travel Advances	93	87
Less : Provision made	(93)	-
Salary Advance	32	113
	382	528
SCHEDULE 7 LIABILITIES		
Trade Payables	61,660	70,036
Outstanding Liabilities	53	7,823
	61,713	77,859

	Year ended March 31, 2001	Year ended March 31, 2000
SCHEDULE 8 SALES & SERVICE FEE INCOME		
Sales	37,684	77,334
Other income	932	1,555
Excess provision reversed	6,414	
	45,030	78,889
SCHEDULE 9 ADMINISTRATION & MARKETING EXPENSES		
Stores and spares consumed	-	344
Salaries, wages and bonus	6,115	52,080
Workmen and staff welfare	-	64
Insurance	-	88
Printing /Stationery & Photocopying	-	199
Repairs to machinery	-	84
Rent	-	7,229
Equipment Rental	-	3,516
Rates and taxes	47	516
Brokerage and commission	1,245	5,236
Advertisement and sales promotion	7	4,566
Provision for Doubtful Debts	3,322	-
Travelling	382	8,245
Communications	109	1,225
Books & Periodicals	455	864
Professional & Consultancy Charges	8,987	62,653
Bank Charges	2	56
Training/Conference & Seminar	-	2,032
Provision/write off of bad debts/advances	-	540
Entertainment	-	360
Miscellaneous	436	363
Exchange Rate Fluctuation A/c	113	23
	21,220	150,283

ENTHINK INC

ACCOUNTING POLICIES:

1. Accounts are maintained on accrual basis. The transactions are in local currency, which has been converted for reporting in Indian Currency on the following basis.

2. **Conversion into Indian Rupees:**
For the purpose of the accounts during the period all Income and expense items are converted at the average rate of exchange applicable for the period. All assets and liabilities are translated at the closing rate as on the Balance Sheet date. The exchange difference arising out of the year-end conversion is being debited or credited to Translation Reserve.

   The Equity Share Capital is carried forward at the rate of exchange prevailing on the transaction date. The resulting exchange difference on account of translation at the year-end are transferred to Translation Reserve account and the said account is being treated as "Reserve and Surplus".

3. **Revenue Recognition:**
The Company is a Software Services Company. Revenue on time and materials basis is accounted on the basis of the period for which the services are rendered. Fixed price contracts are accounted on reaching the milestone as per the agreement with customer. The cost incurred in relating to the fixed price contract for which billing is not made is carried forward to the subsequent period. Service fee is accounted on accrual basis.

4. **Depreciation:**
Fixed assets are stated net of depreciation provision. Depreciation has been provided on Written Down Value method at the following rates which are equal or higher than the rates specified as per the Schedule XIV of the Indian Companies Act. Such rates are fixed after considering applicable laws of United States of America and management estimation of the useful life of the asset.

Description of Assets	**Life of asset**
Software	36 months

5. **Employees Related Costs:**
The Company's obligation of social insurance payment is accounted on accrual basis. There are no retirement benefits given to employees.

6. **Corporate Tax:**
Though EnThink Inc has reported a profit during this year, the company is not liable to any corporate tax, because of accumulated losses in the previous years.

NOTES TO ACCOUNTS :

1. The Company is a 100% Subsidiary of Wipro Inc. The accounts have been prepared and audited for the purpose of attachment to the accounts of the holding Company to comply with the provisions of the Indian Companies Act.

2. For the Purpose of conversion of the local currency (USD) into Indian Currency (Indian Rupees) the exchange rate applied is as per para 2 of the accounting policies.

WIPRO JAPAN K K

DIRECTORS REPORT

The Directors present the Annual Report of Wipro Japan KK. for the year ended March 31, 2001

Financial Results

(Rs. in Mns)

	2001	2000
Sales and services	**354**	120
Profit before tax	**55**	13
Profit after tax	**30**	8

Operations

Wipro Japan KK is a wholly owned subsidiary of Wipro Limited pursuing the marketing of services provided by Wipro Limited.

Auditors

The Auditors, M/s N M Raiji & Co., retire at the ensuing Annual General Meeting and offer themselves for re-appointment.

Directors Responsibility Statement

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

(a) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;

(b) the Directors had selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period;

(c) the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and

(d) the Directors had prepared the annual accounts on a going concern basis.

On behalf of the Board

Vivek Paul
Director

Bangalore, April 20, 2001

AUDITOR'S REPORT

TO THE MEMBERS OF WIPRO JAPAN K K

We have audited the attached Balance Sheet of Wipro Japan K K as at March 31, 2001 and also the annexed Profit and Loss Account for the year ended on that date, and report that:

1. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.

2. In our opinion, proper books of accounts as required by law have been kept by the Company so far appears from our examination of the books.

3. The balance Sheet and Profit & Loss Account dealt with by this report are in agreement with the books of account.

4. In our opinion, the Profit and Loss Account and Balance Sheet dealt with by this report comply with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956.

5. As per the information and explanations provided to us, none of the Directors are disqualified from being appointed as Directors under Section 274(1)(g) of the Companies Act, 1956.

6. In our opinion and to the best of our information and according to the explanations given to us, the said account, read together with the notes thereon give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view of:

   (a) the state of affairs of the Company as at March 31, 2001, in case of the Balance Sheet and

   (b) the profit for the period ended on that date, in case of Profit & loss Account.

7. As required by the Manufacturing and Other Companies (Auditor's Report) Order , 1988 , issued by the Company Law Board in terms of Section 227 (4A) of the Companies Act , 1956 and on the basis of such checks as we considered appropriate, we further state that :

   (i) The Company has maintained proper records to show full particulars including quantitative details of its fixed assets. The fixed assets have not been physically verified by the Management during the year.

   (ii) None of the fixed assets have been revalued during the year.

   (iii) The Company has not granted any loans or advances in the nature of loans and advances other than to employees, who have generally repaid the principle amounts and interest as per the terms, wherever stipulated.

   (iv) In our opinion, there is an adequate internal control procedure commensurate with the size of the Company and the nature of its business, for purchase and sale of assets and services.

   (v) A review of internal control systems and procedures was conducted by internal audit department of Wipro Limited the parent company.

   (vi) On the basis of our examination of the books of account and the information and explanations given to us, there are no personal expenses which have been charged to the revenue account other than those incurred in terms of service contract obligations with employees or accepted business practices.

   (vii) In respect of services activities:

      (a) there are no materials used in the project

      (b) the Company has reasonable system, commensurate with its size and nature of business for allocating man hours utilised to the respective jobs/projects.

   (viii) In our opinion, clauses of Manufacturing and Other Companies (Auditor's Report) Order, 1988, numbering (iii), (iv), (v), (vi), (vii), (viii), (x), (xi), (xii), (xiii), (xiv), (xvi), (xvii), (xviii) and (xx) are not applicable for the current year.

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

J.M Gandhi
Partner

Mumbai, April 20, 2001

BALANCE SHEET

	Schedule	As at March 31, 2001	2000
			(Rs. in 000's)
SOURCES OF FUNDS :			
Shareholders' Funds			
Share Capital	1	**9,738**	9,738
Reserves and Surplus	2	**39,032**	9,427
Translation Reserves		**(351)**	5,222
Total		**48,419**	24,387
APPLICATION OF FUNDS :			
Fixed Assets			
Gross Block	3	**9,343**	7,206
Less : Depreciation		**5,224**	2,798
Net Block		**4,119**	4,408
CURRENT ASSETS, LOANS AND ADVANCES :			
Sundry Debtors	4	**69,838**	29,469
Cash and Bank Balances	5	**70,558**	6,397
Loans and Advances	6	**7,402**	5,790
		147,798	41,656
Less : Current Liabilities and provisions			
Liabilities	7	**85,252**	16,861
Provisions	8	**18,246**	4,816
		103,498	21,677
Net Current Assets		44,300	19,979
Total		**48,419**	24,387

As per our Report attached

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

J.M. Gandhi
Partner

Mumbai, April 20, 2001

For and on behalf of the Board of Directors

Vivek Paul
Chairman

Girish S. Paranjpe
Director

Bangalore, April 20, 2001

WIPRO JAPAN K K

PROFIT AND LOSS ACCOUNT

(Rs. in 000's)

	Schedule	Year ended March 31, 2001	2000
INCOME :			
Sales and Services	9	**354,317**	119,891
Total		**354,317**	119,891
EXPENDITURE :			
Software Development charges		**214,791**	52,421
Administration & Marketing Expenses	10	**81,947**	52,330
Audit fee		**25**	25
Depreciation		**2,873**	1,658
Total		**299,636**	106,434
PROFIT BEFORE TAXATION		**54,681**	13,457
Provision for Taxation		**25,076**	5,745
PROFIT AFTER TAXATION		**29,605**	7,712
Balance brought forward		**9,427**	1,715
BALANCE CARRIED TO BALANCE SHEET		**39,032**	9,427

As per our Report attached

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

J.M. Gandhi
Partner

Mumbai, April 20, 2001

For and on behalf of the Board of Directors

Vivek Paul
Chairman

Girish S. Paranjpe
Director

Bangalore, April 20, 2001

(Rs. in 000's)

SCHEDULE 1 SHARE CAPITAL	As at March 31, 2001	2000
Authorised :		
Issued, Subscribed and paid-up	9,738	9,738
650 equity shares of Jap. Yen 50,000 each		
	9,738	9,738

SCHEDULE 2 RESERVES AND SURPLUS	2001	2000
General Reserve		
Profit and Loss account - 1999 - 00	9,427	9,427
Profit and Loss account - 2000 - 01	29,605	-
	39,032	9,427

SCHEDULE 3 FIXED ASSETS

Description	Value as on April 1, 2000	Additions during the Year	Deletions during the Year	Value as on March 31, 2001
Computers	2,404	679	-	**3,083**
Office Equipment	2,973	1,423	-	**4,396**
Furniture	1,829	35	-	**1,864**
Total	**7,206**	**2,137**	**-**	**9,343**

Description	Provision For Dep. as on April 1, 2000	Depreciation during the Year	Accumulated Depreciation March 31, 2001	Net Block value as on March 31, 2001
Computers	853	1,317	**2,170**	**913**
Office Equipment	1,438	914	**2,352**	**2,044**
Furniture	507	196	**703**	**1,161**
Total	**2,798**	**2,426**	**5,224**	**4,118**

Note :
1. Fixed Assets includes Translation Reserve of Rs.703 thousand.
2. Depreciation for the year includes Translation Reserve of Rs. 420 thousand.

(Rs. in 000's)

SCHEDULE 4 SUNDRY DEBTORS	As at March 31, 2001	2000
(Unsecured)		
Over six months		
Others considered good	**69,838**	29,469
	69,838	29,469

SCHEDULE 5 CASH AND BANK BALANCES	2001	2000
Cash	**22**	127
Balances with other Banks		
BTM Jap Yen A/c	**57,847**	6,261
BTM US Dollar A/c	**9,866**	9
Cheques on Hand	**2,823**	-
	70,558	6,397

(Rs. in 000's)

SCHEDULE 6 LOANS AND ADVANCE	As at March 31, 2001	2000
Deposits - House	**4,297**	3,203
Deposits - Office	**1,644**	1,822
Telephone rights	**66**	73
House Rights	**59**	65
Travel Advances	**-**	45
Salary Advance	**186**	83
Prepaid Expenses	**1,150**	499
	7,402	5,790
SCHEDULE 7 LIABILITIES		
Consumption tax	**12,651**	4,139
Salary & incentives	**3,182**	3,176
Withholding-tax	**94**	185
Social Insurance	**916**	242
Inter company	**67,339**	7,536
Outstanding Liabilities	**1,070**	1,583
	85,252	16,861
SCHEDULE 8 PROVISIONS		
Provision for corporate tax	**18,246**	4,816
	18,246	4,816

SCHEDULE 9 SALES AND SERVICE FEE INCOME	Year ended March 31, 2001	2000
Sales	**299,327**	63,055
Service fee	**52,895**	56,789
Other income	**2,095**	47
	354,317	119,891
SCHEDULE 10 ADMINISTRATION & MARKETING EXPENSES		
Salaries, Wages and Bonus	59,567	36,203
Workman and staffwelfare	595	488
Insurance	2,772	27
Repairs and Maintenance	374	144
Rent	4,107	3,435
Rates and Taxes	182	154
Legal and Professional Charges	2,371	2,004
Travelling	3,847	3,289
Communications	4,747	3,546
Miscellaneous	3,386	3,038
	81,947	**52,330**

ACCOUNTING POLICIES:

1. Accounts are maintained on accrual basis. The transactions are in local currency, which has been converted for reporting in Indian Currency on the following basis.

2. **Conversion into Indian Rupees:**
For the purpose of the accounts during the period all Income and expense items are converted at the average rate of exchange applicable for the period. All assets and liabilities are translated at the closing rate as on the Balance Sheet date. The exchange difference arising out of the year-end translation is being debited or credited to Translation Reserve.

   The Equity Share Capital is carried forward at the rate of exchange prevailing on the transaction date. The resulting exchange difference on account of translation at the year-end are transferred to Translation Reserve account and the said account is being treated as "Reserve and Surplus".

3. **Revenue Recognition:**
The Company is a Software Services Company. Revenue on time and materials basis is accounted on the basis of the period for which the services are rendered. Fixed price contracts are accounted on reaching the milestone as per the agreement with customer. The cost incurred in relating to the fixed price contract for which billing is not made is carried forward to the subsequent period. Service fee is accounted on accrual basis.

4. **Depreciation:**
Fixed assets are stated net of depreciation provision. Depreciation has been provided on Written Down Value method. Depreciation rates are fixed after considering applicable laws of Japan and Management estimation of the useful life of the asset.

Depreciation of Assets	Value of Asset	Estimate life
Software	From 100,000 to 200,000 Yen	3 Years
	Above 200,000 Yen	6 Years
Office Equipment	From 100,000 to 200,000 Yen	3 Years
	Above 200,000 Yen	6 Years
Iron Make		15 Years

5. **Employees Related Costs**:
The Company's obligation of social insurance payment is accounted on accrual basis. There are no retirement benefits given to employees.

6. **Consumption Tax:**
As per local laws in Japan, consumption tax @ 5% is payable on all purchases and the company charges such tax on the customers at the time of billing. The net amount is shown as recoverable or payable.

NOTES TO ACCOUNTS :

1. The Company is a wholly owned Subsidiary of Wipro Limited. The accounts have been prepared and audited to attach with the accounts of the Wipro Limited, the holding Company to comply with the provisions of the Indian Companies Act.

2. For the Purpose of conversion of the local currency (Japanese Yen) into Indian Currency (Indian Rupees) the exchange rate applied is as per para 2 of the accounting policies given below.

WIPRO TRADEMARKS HOLDING LIMITED

DIRECTORS' REPORT

The Directors present the Annual Report of Wipro Trademarks Holding Limited for the year ended March 31, 2001.

Financial results

The Profit and Loss account shows a loss of Rs. 179,644 for the year

Directors

Mr Suresh C Senapaty and Mr Satish Menon retire by rotation and being eligible offer themselves for re- appointment.

Auditors

The Auditors, M/s N M Raiji & Co., retire at the ensuing Annual General Meeting and offer themselves for re- appointment.

Personnel

The Company has no employees in the category specified under Section 217(2A) of the Companies Act, 1956.

Conservation of Energy/ Technology Absorption, Research and Development / Foreign Exchange Earnings and Outgoings

The Company has nothing to report on the particulars required under Section 217(1)(a) of the Companies Act, 1956, read with Rule 2 of the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules 1988.

Directors Responsibility Statement

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

(a) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;

(b) the Directors had selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period.

(c) the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

(d) the Directors had prepared the annual accounts on a going concern basis.

On behalf of the Board

Suresh C Senapaty
Chairman

Bangalore, April 20, 2001

AUDITORS' REPORT TO THE SHAREHOLDERS

We have audited the attached Balance Sheet of Wipro Trademarks Holding Limited (Formerly known as Wipro Investment Limited) as at March 31, 2001 and also the annexed Profit and Loss Account for the year ended on that date and report that:

1. We have obtained all the information and explanations which to the best our knowledge and belief were necessary for the purpose of our audit.
2. In our opinion, proper books of accounts as required by law have been kept by the Company so far appears from our examination of the books.
3. The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account.
4. In our opinion, the Profit and Loss Account and the Balance Sheet dealt with by this report comply with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956.
5. As per the information and explanations provided to us, none of the directors are disqualified from being appointed as directors under Section 274(1) (g) of the Companies Act, 1956.
6. In our opinion and to the best of our information and according to the explanations given to us, the said account, read together with the notes thereon give the information required by the Companies Act, 1956, in the manner so required and give, a true and fair view:

   (a) In the case of the Balance Sheet of the state of affairs of the Company as at March 31, 2001; and

   (b) In the case of the Profit and Loss Account of the profit for the year ended on that date.
7. As required by the Manufacturing and Other Companies (Auditors' Report) Order, 1988 issued by the Company Law Board, in terms of Section 227(4A) of the Companies Act, 1956 and on the basis of such checks as we considered appropriate, we further state that:

   (i) The Company is an investment company. It owns fixed assets in the form of Trade Marks which are not physically verifiable. The Company has not revalued its fixed assets. The company does not have any employees. Hence, in our opinion no comment under paragraph 4 of the Order are called for in the case of items (iii), (iv), (v), (vi), (ix), (x), (xi), (xii), (xiv), (xv), (xvi) and (xx) of clause (A) and item (iii) of clause D.

   (ii) The Company has taken interest free loans from the holding company and from the companies, listed in the register maintained under Section 370 (1B) of the Companies Act, 1956. The terms and conditions of the loan are not prima facie prejudicial to the interest of the Company.

   (iii) The Company has not granted any loans, secured or unsecured, to the companies, firms or other parties listed in the register maintained under Section 301 or the companies under the same management as defined under Section 370 (1B) of the Companies Act, 1956.

   (iv) The Company has not given any loans or advances in the nature of loan.

   (v) Directives issued by the Reserve Bank of India and the provisions of Section 58A of the Companies Act, 1956 and the Rules framed thereunder are not applicable as the Company has not accepted deposits.

   (vi) We have no comments to offer under paragraph 4A(XV) of the Order regarding internal audit as paid up capital of the Company is less than Rs. 2.5 million and the average annual turnover of the Company is less than the stipulated limit.

   (vii) There is no undisputed amount payable as at March 31, 2001, in respect of income tax, wealth tax, customs duty, excise duty and sales tax.

   (viii) No personal expenses have been charged to revenue account.

   (ix) We have no comments to offer under paragraph 4D(ii) as the Company has not granted loans and advance on the basis of security by way of pledge of shares, debentures and other securities.

   (x) During the year no securities were held by the Company.

For N M Raiji & Co.,
Chartered Accountants

J M Gandhi
Partner

Mumbai, April 20, 2001

WIPRO TRADEMARKS HOLDING LIMITED

BALANCE SHEET

	Schedule	As at March 31, 2001 Rupees	2000 Rupees
SOURCE OF FUNDS			
Shareholder's funds			
Share Capital	1	**20,000**	20,000
Loan funds			
Unsecured loan	2	**690,000**	690,000
Total		**710,000**	710,000
APPLICATION OF FUNDS			
Fixed Assets			
Trade marks		**1,837,584**	1,498,866
Less : Amortisation		**620,414**	379,083
		1,217,170	1,119,783
Current Assets, Loans and Advances	3	**925,778**	925,778
Less : Current Liabilities and Provisions	4	**1,795,590**	1,518,559
Net Current Assets		**(869,812)**	(592,781)
Profit and Loss account		**362,643**	182,999
Total		**710,000**	710,000
Notes to accounts	5		

PROFIT AND LOSS ACCOUNT

	Schedule	Year ended March 31, 2001 Rupees	2000 Rupees
INCOME			
Licence fees		**100,000**	100,000
Total		**100,000**	100,000
EXPENDITURE			
Professional Charges		**22,413**	59,897
Miscellaneous Expenses		**9,300**	16,240
Amortisation		**241,331**	192,943
Auditor's remuneration - Audit Fees		**6,600**	6,000
		279,644	275,080
PROFIT / (LOSS) BEFORE TAXATION		**(179,644)**	(175,080)
Provision for taxation		**-**	-
PROFIT / (LOSS) AFTER TAXATION		**(179,644)**	(175,080)
Balance brought forward		**(182,999)**	(7,919)
BALANCE CARRIED TO BALANCE SHEET		**(362,643)**	(182,999)
Notes to accounts	5		

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

J M Gandhi
Partner

Mumbai, April 20, 2001

For and on behalf of the Board of Directores
Suresh C Senapaty
Chairman

Satish Menon
Director

Bangalore, April 20, 2001

SCHEDULE 1 SHARE CAPITAL

	As at March 31, 2001 Rupees	2000 Rupees
Authorised		
8,000 equity shares of Rs. 10 each	80,000	80,000
2,000 9% cumulative redeemable preference shares of Rs.10 each	20,000	20,000
	100,000	100,000
Issued, Subscribed and Paid-up		
200 equity shares of Rs. 10 each	2,000	2,000
1,800 9% cumulative redeemable preference share of Rs. 10 each	18,000	18,000
	20,000	20,000

Note :-

a) All the above shares are held by Wipro Limited, the Holding Company

b) The preference shares are redeemable at par at any time before the expiry of ten years from the date of allotment, at the discretion of the Company.

SCHEDULE 2 UNSECURED LOAN

	2001 Rupees	2000 Rupees
From Wipro Limited	600,000	600,000
From Wipro Prosper Limited	90,000	90,000
	690,000	690,000

SCHEDULE 3 CURRENT ASSETS, LOANS AND ADVANCES

	2001 Rupees	2000 Rupees
Debtors (Unsecured and considered good) more than 6 months	25,000	25,000
Debtors receivable	100,000	100,000
Cash in hand	50	50
Balance with schedule bank in current account	200,728	200,728
Advance for purchase of shares	600,000	600,000
	925,778	925,778

SCHEDULE 4 CURRENT LIABILITES AND PROVISIONS

	2001 Rupees	2000 Rupees
Sundry Creditors	12,525	18,525
Amount due to holding Company	1,763,464	1,480,433
Provision for taxation	19,601	19,601
	1,795,590	1,518,559

1. **ACCOUNTING POLICIES**
   Accounting policies -Trademarks are amortised over the life of the trade mark.

SCHEDULE 5 NOTES TO ACCOUNTS

2. Arrears of dividend on preference share (including shares already redeemed) not provided for Rs.28,984 (2000 : Rs. 27,364).
3. Additional information pursuant to part II of Schedule VI to the Companies Act, 1956 - Not Applicable.
4. Figures of previous year have been regrouped, wherever necessary to confirm to current year's classification.

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

BALANCE SHEET ABSTRACT AND THE COMPANY'S GENERAL BUSINESS PROFILE

I	**Registration Details**			
	Registration No.	21795	State Code	08
	Balance Sheet Date	31 st Mar 2001		
II	**Capital raised during the year**			
	Public issue	Nil		
	Rights issue	Nil		
	Bonus issue	Nil		
	Private placement	Nil		
III	**Position of mobilisation of and deployment of funds (Rupees)**			
	Total Liabilities	710,000	**Total Assets**	710,000
	Sources of funds		**Application of Funds**	
	Paid-up capital	2,000	Net Fixed Assets	1,217,170
	Reserves and Surplus	Nil	Investments	Nil
	Secured Loans	Nil	Net Current Assets	(869,812)
	Unsecured Loans	690,000	Miscellaneous Expenditure	Nil
			Accumulated Losses	362,643
IV	**Performance of the Company (Rupees)**			
	Turnover	100,000		
	Total Expenditure	279,644		
	Profit before Tax	(179,644)		
	Profit after Tax	(179,644)		
	Earnings per share	-		
	Dividend	-		
V	Generic names of three principal products / services of the Company (as per monetary terms)	Not Applicable		

For and on behalf of the Board of Directores

Suresh C Senapaty
Chairman

Satish Menon
Director

Bangalore, April 20, 2001

DIRECTORS REPORT

The Directors present the Annual Report of Wipro Prosper Limited for the year ended March 31, 2001.

Financial results

The Profit and Loss account shows a loss of Rs 9800 for the year

Directors

Mr Suresh C Senapaty and Mr Satish Menon retire by rotation and being eligible offer themselves for re- appointment.

Auditors

The Auditors, M/s N M Raiji & Co., retire at the ensuing Annual General Meeting and offer themselves for re- appointment.

Personnel

The Company has no employees in the category specified under Section 217(2A) of the Companies Act, 1956.

Conservation of Energy/ Technology Absorption, Research and Development / Foreign Exchange Earnings and Outgoings

The Company has nothing to report on the particulars required under Section 217(1)(a) of the Companies Act, 1956, read with Rule 2 of the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules 1988.

Directors Responsibility Statement

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

(a) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;

(b) the Directors had selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period.

(c) the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

(d) the Directors had prepared the annual accounts on a going concern basis.

On behalf of the Board

Suresh C Senapaty
Chairman

Bangalore, April 20, 2001

AUDITOR'S REPORT

TO THE MEMBERS OF WIPRO PROSPER LIMITED

We have audited the attached Balance Sheet of Wipro Prosper Limited (Formerly known as Inlec Investment Limited) as at March 31, 2001 and also the annexed Profit and Loss Account for the year ended on that date and report that:

1. We have obtained all the information and explanations which to the best our knowledge and belief were necessary for the purpose of our audit.
2. In our opinion, proper books of accounts as required by law have been kept by the Company so far as appears from our examination of the books.
3. The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account.
4. In our opinion, the Profit and Loss Account and Balance Sheet dealt with by this report comply with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956.
5. As per the information and explanations provided to us, none of the directors are disqualified from being appointed as directors under Section 274(1) (g) of the Companies Act, 1956.
6. In our opinion and to the best of our information and according to the explanations given to us, the said account, read together with the notes thereon give information required by the Companies Act, 1956, in the manner so required and give a true and fair view of
   (a) the state of affairs of the Company as at March 31, 2001 in the case of the Balance Sheet and
   (b) the loss of the Company for the year ended on that date, in case of the profit and loss account.
7. As required by the Manufacturing and Other Companies (Auditor's Report) Order, 1988, issued by the Company Law Board, in terms of Section 227(4A) of the Companies Act, 1956 and on the basis of such checks as we considered appropriate, we further state that:
   (i) The Company is an investment company. It does not own any fixed assets nor does it have any employees. Hence, in our opinion no comments under paragraph 4 of the Order is called for in the case of items (i), (ii), (iii), (iv), (v), (vi), (ix), (x), (xi), (xii), (xiv), (xv), (xvii), (xx) of clause (A) and item (iii) of clause D.
   (ii) The Company has taken interest free advances from the holding company for which repayment schedule is not stipulated. The terms and conditions of the loan are not prima facie prejudicial to the interest of the Company.
   (iii) The Company has granted interest free loans to the Companies under the same management as defined under Section 370 (1B) of the Companies Act, 1956, for which the repayment schedule is not stipulated. The company has not granted any other loan to the Companies listed in the register maintained under Section 301 of the Companies Act, 1956.
   (iv) As explained to us, the Company has not given any loans or advances in the nature of the loan.
   (v) Directives issued by the Reserve Bank of India and the provisions of Section 58A of the Companies Act, 1956 and the Rules framed thereunder are not applicable as the Company has not accepted deposits.
   (vi) We have no comments to offer under paragraph 4A(XV) of the Order regarding internal audit as paid up capital of the Company is less than Rs. 2.5 million and the average annual turnover of the Company is less than the stipulated limit.
   (vii) There are no undisputed amount payable as at March 31, 2001, in respect of income tax, wealth tax, customs and excise duties and sales tax.
   (viii) No personal expenses have been charged to revenue account.
   (ix) We have no comments to offer under paragraph 4D(ii) as the Company has not granted loans and advance on the basis of security by way of pledge of shares, debentures and other securities.
   (x) The Company has maintained proper records of transactions and contracts in respect of the share and has also made timely entries therein. Except for certain shares referred to in note 2 to accounts, all the securities have been held by the Company in its own.

for N M Raiji & Co.,
Chartered Accountants

J M Gandhi
Partner

Mumbai, April 20, 2001

WIPRO PROSPER LIMITED

BALANCE SHEET

	Schedule	As at March 31, 2001 Rupees	2000 Rupees
SOURCES OF FUNDS			
Shareholders' funds			
Share Capital	1	**2,000**	2,000
Reserves and Surplus	2	**1,079,513**	1,089,314
Total		**1,081,513**	1,091,314
APPLICATION OF FUNDS			
Investments	3	**237,788**	254,588
Current Assets, Loans and Advances	4	**960,977**	929,671
Less : Current Liabilities and Provisions	5	**117,251**	92,945
Net Current Assets		**843,727**	836,726
Total		**1,081,513**	1,091,314
Notes to accounts	6		

PROFIT AND LOSS ACCOUNT

	Schedule	Year ended March 31, 2001 Rupees	2000 Rupees
INCOME			
Dividend - gross		**14,260**	22,460
Interest on debentures - gross [tax deducted at source Rs. 77 ; (2000 : Rs. 484)		**421**	2,138
		14,681	24,598
EXPENDITURE			
General Expenses		**17,880**	16,347
Auditor's remuneration - Audit Fees		**6,600**	6,000
		24,480	22,347
PROFIT / (LOSS) BEFORE TAXATION		**(9,800)**	2,251
Provision for taxation		**-**	236
PROFIT / (LOSS) AFTER TAXATION		**(9,800)**	2,015
Balance brought forward		**706,313**	704,298
BALANCE CARRIED TO BALANCE SHEET		**696,513**	706,313
Notes to accounts	6		

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

J M Gandhi
Partner

Mumbai, April 20, 2001

For and on behalf of the Board of Directores
Suresh C Senapaty
Chairman

Satish Menon
Director

Bangalore, April 20, 2001

	As at March 31, 2001 Rupees	2000 Rupees
SCHEDULE 1 SHARE CAPITAL		
Authorised		
8,000 equity shares of Rs. 10 each	80,000	80,000
2,000 9% cumulative redeemable preference shares of Rs. 10 each	20,000	20,000
	100,000	100,000
Issued, Subscribed and Paid-up		
200 equity shares of Rs. 10 each	2,000	2,000
	2,000	2,000
All the above shares are held by Wipro Limited, the Holding Company		
SCHEDULE 2 RESERVES AND SURPLUS		
General Reserve		
As per last Balance Sheet	365,000	365,000
Add : Transfer from Profit and Loss account	-	-
	365,000	365,000
Capital Redemption Reserve	18,000	18,000
Profit and Loss account	696,513	706,313
	1,079,513	1,089,313

SCHEDULE 3 INVESTMENTS

(at cost)

	Number	Face Value Rupees	As at March 31, 2001 Rupees	2000 Rupees
EQUITY SHARES				
A. Trade (Quoted)				
Dynamatic Technologies Ltd (Refer Note No. 2)	3,732	10	66,363	66,363
B. Non-Trade (Quoted)				
Rasoi Ltd	112	10	1,750	1,750
Mannesmann Rexorth (India) Ltd	50	10	438	438
Oswal Agro Mills Ltd	80	10	3,100	3,100
DCM Ltd	31	10	675	675
DCM Shriram Industries Ltd	55	10	1,696	1,696
DCM Shriram Consolidated Ltd	41	10	2,276	2,276
Shriram Industrial Enterprises Ltd	74	10	676	676
Fujitsu - ICIM Ltd.	75	10	1,625	1,625
The National Radio and Electronics Co. Ltd.	100	10	2,565	2,565
Hindustan Lever Ltd.	6,240	1	17,580	17,580
Hindustan Motors Ltd.	200	10	4,250	4,250
Tata Engineering and Locomotive Co. Ltd.	80	10	2,050	2,050
Ashok Leyland Ltd.	50	10	1,475	1,475
Ambalal Sarabhai Enterprises Ltd.	42	10	409	409
Sarabhai Electronics Ltd.	8	10	78	78
Nestle India Ltd.	300	10	4,300	4,300
Surya Roshni Ltd.	87	10	4,750	4,750
Oswal Agro Furance Ltd.	30	10	300	300
Cadbury India Ltd.	80	10	10,425	10,425
Hindustan Dor Oliver Ltd.	50	10	4,575	4,575

	Number	Face Value Rupees	As at March 31, 2001 Rupees	2000 Rupees
KSB Pumps Ltd.	50	10	**11,425**	11,425
Britannia Industries Ltd.	150	10	**23,450**	23,450
Exide Industries Ltd.	200	10	**14,500**	14,500
Amrit Banaspati Co. Ltd.	100	10	**8,250**	8,250
Procter & Gamble India Ltd.	50	10	**12,700**	12,700
Crompton Greaves Ltd.	50	10	**6,600**	6,600
Phillips (India) Ltd.	100	10	**12,750**	12,750
Velvette International Pharma Products Ltd.	100	10	**2,500**	2,500
Non-Trade (Unquoted)				
All Seasons Foods Ltd.	100	10	**1,900**	1,900
Investment in Debentures (Unquoted)				
14% secured redeemable non-convertible debentures of International Best Foods Ltd.	344	70	**-**	16,800
Investments held as Stock-in-Trade (Quoted) (at cost or market value whichever is lower)				
International Best Foods Ltd.	240	10	**12,357**	12,357
			237,788	254,588
Aggregate cost of quoted investments			**235,888**	235,888
Aggregate cost of unquoted investments			**1,900**	18,700
Market value of quoted investments			**1,828,884**	2,486,739

SCHEDULE 4 CURRENT ASSETS, LOANS AND ADVANCES

	2001 Rupees	2000 Rupees
Balance with a scheduled bank in current account	**388,726**	374,283
Cash in hand	**50**	50
Loan	**90,000**	90,000
Advances recoverable in cash or kind or for value to be received (considered good)	**462,375**	445,750
Advance Income Tax (net of provision)	**19,826**	19,558
	960,977	929,671

SCHEDULE 5 CURRENT LIABILITES AND PROVISIONS

	2001 Rupees	2000 Rupees
Sundry Creditors	**20,330**	26,330
Amount due to holding Company	**96,921**	66,615
	117,251	92,945

1. **ACCOUNTING POLICIES**

   Investments - Investments are accounted at cost plus transfer charges, Diminution in value is provided for where the manage ment is of the opinion that the diminution is of a permanent nature

   Income on investment -Income on investment is recognised on accrual basis

SCHEDULE 6 NOTES TO ACCOUNTS

2. As at the date of audit, 3451 equity shares of Dynamatic Technologies Ltd., purchased by the Company has remained to be transferred in the name of the Company pending disposal of the appeal of the Company before the Hon'ble Madras High Court in this regard

3. Additional information pursuant to part II of Schedule VI to the Companies Act, 1956 - Not Applicable

4. Figures of previous year have been regrouped, wherever necessary to confirm to current year's classification

ADDITIONAL INFORMATION PURSUANT TO THE PROVISONS OF PART IV OF SCHEDULE VI TO THE COMPANIES ACT, 1956
BALANCE SHEET ABSTRACT AND THE COMPANY'S GENERAL BUSINESS PROFILE

I	**Registration Details**			
	Registration No.	21796	State Code	08
	Balance Sheet Date	31 st Mar 2001		
II	**Capital raised during the year**			
	Public issue	Nil		
	Rights issue	Nil		
	Bonus issue	Nil		
	Private placement	Nil		
III	**Position of mobilisation of and deployment of funds (Rupees)**			
	Total Liabilities	1,081,514	**Total Assets**	1,081,514
	Sources of funds		**Application of Funds**	
	Paid-up capital	2,000	Net Fixed Assets	Nil
	Reserves and Surplus	1,079,514	Investments	237,788
	Secured Loans	Nil	Net Current Assets	843,727
	Unsecured Loans	Nil	Miscellaneous Expenditure	Nil
IV	**Performance of the Company (Rupees)**			
	Turnover	14,681		
	Total Expenditure	24,480		
	Profit before Tax	(9,800)		
	Profit after Tax	(9,800)		
	Earnings per share	-		
	Dividend	-		
V	Generic names of three principal products / services of the Company (as per monetary terms)	Not Applicable		

For and on behalf of the Board of Directors

Suresh C Senapaty	**Satish Menon**
Chairman	*Director*

Bangalore, April 20, 2001

DIRECTORS' REPORT

The Directors present the Annual Report of Wipro Welfare Limited for the year ended March 31, 2001.

Financial results

As the Company is yet to commence its operations, no Profit and Loss account is prepared. All expenditure incurred during the year has been classified as pre-operative expenses which now stands at Rs.691,020.

Director

Mr Suresh C Senapaty and Mr Satish Menon retire by rotation and being eligible offer themselves for re- appointment.

Auditors

The Auditors, M/s N M Raiji & Co., retire at the ensuing Annual General Meeting and offer themselves for re- appointment.

Personnel

The Company has no employees in the category specified under Section 217(2A) of the Companies Act, 1956.

Conservation of Energy/ Technology Absorption, Research and Development / Foreign Exchange Earnings and Outgoings

The Company has nothing to report on the particulars required under Section 217(1) (a) of the Companies Act, 1956, read with Rule 2 of the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules 1988.

Directors Responsibility Statement

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

b. in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;

c. the Directors had selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period.

d. the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

e. the Directors had prepared the annual accounts on a going concern basis.

On behalf of the Board

Suresh C Senapaty
Chairman

Bangalore, April 20, 2001

AUDITOR'S REPORT

TO THE MEMBERS OF WIPRO WELFARE LIMITED

We have audited the attached Balance Sheet of Wipro Welfare Limited (Formerly known as Wipro Factors Limited) as at March 31, 2001. No profit and loss account has been prepared, as the company has not commenced commercial activity. We report as follows:

1 As required by the Manufacturing and Other Companies (Auditor's Report) Order, 1988, issued by the Companies Act, 1956, in terms of Section 227 (4A) of the Companies Act, 1956, we annex hereto, a statement on the matters specified in paragraph 4 and 5 of the said Order.

2 Further to our comments in the annexure referred to in paragraph 1 above:

a. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

b. in our opinion, proper books of accounts as required by law have been kept by the Company so far as appears from our examination of the books;

c. the balance sheet dealt with by this report is in agreement with the books of account;

d. in our opinion, the Balance Sheet dealt with by this report is in compliance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956.

e. As per the information and explanations provided to us, none of the directors are disqualified from being appointed as directors under Section 274(1)(g) of the Companies Act, 1956.

f. in our opinion and to the best of our information and according to the explanations given to us, the accounts give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view, in case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2001.

ANNEXURE TO THE AUDITOR'S REPORT

Annexure referred to in paragraph 1 of the Auditor's Report to the members of Wipro Welfare Limited (Formerly known as Wipro Factors Limited) for the year ended March 31, 2001.

In our opinion, clauses of Manufacturing and Other Companies (Auditor's Report) Order, 1988, (i), (ii), (iii), (iv), (v), (vi), (ix), (x), (xi), (xii), (xiii), (xiv), (xvi), (xvii), (xix) and (xx) of para (A) and clauses (ii), (iii) and (iv) of para (D) of Manufacturing and Other Companies (Auditor's Report) Order, are not applicable for the current year.

(i) The Company has neither taken nor granted any loans, secured or unsecured, from/to companies, firms or other parties listed in the register maintained under Section 301 and/or from the companies under the same management as defined under sub section (1B) of section 370 of the Companies Act, 1956.

(ii) The Company has not given any loans or advances in the nature of loans to any party.

(iii) In our opinion and according to the information and explanations given to us, no undisputed amounts in respect of income tax, wealth tax, sales tax, customs duty and excise duty were outstanding as on March 31, 2001 for a period of more than six months from the date they become payable.

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

J.M. Gandhi
Partner

Mumbai, April 20, 2001

WIPRO WELFARE LIMITED

BALANCE SHEET

	Schedule	As of March 31, 2001 Rupees	As of March 31, 2000 Rupees
SOURCES OF FUNDS			
Shareholders' funds			
(a) Share Capital	1	661,710	661,710
(b) Advance against equity		2,500	2,500
Total		664,210	664,210
APPLICATION OF FUNDS			
Current Assets Loans and Advances			
Cash and bank balances	2	25,200	25,200
Less : **Current Liabilities**			
Sundry Creditors		52,010	36,610
Net Current Assets		(26,810)	(11,410)
Miscellaneous expenditure (to the extent not written off or adjusted)	3	691,020	675,620
Total		664,210	664,210
Notes to accounts	4		

As per our report attached

For N M Raiji & Co.,
Chartered Accountants

J M Gandhi
Partner

Mumbai, April 20, 2001

For and on behalf of the Board of Directors

Suresh C Senapaty
Chairman

Satish Menon
Director

Bangalore, April 20, 2001

	As at March 31,	
	2001	2000
	Rupees	Rupees
SCHEDULE 1 SHARE CAPITAL		
Authorised		
10,000,000 equity shares of Rs. 10 each	100,000,000	100,000,000
Issued, Subscribed and Paid-up		
66,171 equity shares of Rs. 10 each	661,710	661,710
66,171 equity shares of Rs. 10 each held by Wipro Limited, the holding Company.		
SCHEDULE 2 - CASH AND BANK BALANCES		
Cash on hand	200	200
Balance with schedule bank in current account	25,000	25,000
	25,200	25,200

	Year ended March 31,	
	2001	2000
SCHEDULE 3 - MISCELLANEOUS EXPENDITURE		
(to the extent not written off or adjusted)		
Preliminiary expenses	16,245	16,245
Pre-operative expenses		
Advertisement	79,339	79,339
Membership and subscription	19,134	19,134
Legal and professional charges	48,650	33,250
Printing and Stationary	3,980	3,980
Rate and Taxes	523,672	523,672
	691,020	675,620

SCHEDULE 4- NOTES TO ACCOUNTS

1. The Company has not yet commenced its operations and hence no Profit and Loss account is Prepared. Expenditure incurred during the period is classified as pre-operative expenses.
2. The accounts are prepared under the historical cost convention.
3. Legal and professional charges includes

	2001	2000
Audit fees	6,300	6,000

As per our report attached

For N M Raiji & Co.,
Chartered Accountants

J M Gandhi
Partner

Mumbai, April 20, 2001

For and on behalf of the Board of Directors

Suresh C Senapaty
Chairman

Satish Menon
Director

Bangalore, April 20, 2001

Management's Discussion and Analysis of Financial Conditions and Results of Operations, Risk Factors and Financial Statements for the year ended March 31, 2001

(in accordance with United States Generally Accepted Accounting Principles)

SUMMARY OF SELECTED CONSOLIDATED FINANCIAL DATA
(in millions, except share data)

	Year ended March 31,				
	1998	1999	2000	2001	2001
Consolidated statements of Income Data:					
Revenue:					
Global IT Services	Rs. 4,017	Rs. 6,359	Rs. 10,206	Rs. 17,670	$ 377
Indian IT Services and Products					
Indian IT Services	692	1,137	1,513	1,879	40
Indian IT Products	4,992	6,125	6,669	6,880	147
Consumer Care and Lighting	3,195	3,465	3,222	3,244	69
Others	804	806	1,381	1,329	28
Total	13,700	17,892	22,991	31,002	662
Cost of Revenues:					
Global IT Services	2,696	4,057	6,174	9,108	194
Indian IT Services and Products					
Indian IT Services	254	457	610	683	15
Indian IT Products	3,946	4,901	5,573	5,436	116
Consumer Care and Lighting	2,506	2,585	2,251	2,215	47
Others	534	582	1,070	962	21
Total	9,936	12,582	15,678	18,404	393
Gross Profit	3,764	5,310	7,313	12,598	269
Operating expenses :					
Selling, general and administrative expenses	(2,266)	(3,502)	(3,819)	(5,468)	(117)
Amortization of goodwill	-	-	(1)	(45)	(1)
Foreign exchange gains / (loss), net	(130)	34	52	86	2
Operating Income	1,368	1,842	3,545	7,171	153
Gain / (loss) on sale of stock of affiliates, including direct issue of stock by affiliate	(36)	-	412	-	-
Other income / (expense) (net)	(386)	(169)	(207)	470	10
Income taxes	(102)	(179)	(525)	(1,150)	(25)
Income before share of equity in earnings of affiliates and minority interest	844	1,494	3,225	6,491	139
Equity in earnings of affiliate	78	96	113	(53)	(1)
Minority interest	7	(10)	(4)	-	-
Income from continuing operations	Rs. 929	Rs. 1,580	Rs. 3,334	Rs. 6,438	$ 137
Earnings per share from continuing operations:					
Basic	4.09	6.94	14.63	28.07	0.60
Diluted	4.09	6.94	14.58	27.83	0.59
Additional data:					
Operating Income					
Global IT Services	Rs. 1,096	Rs. 1,468	Rs. 2,894	Rs. 6,018	$ 128
Indian IT Services and Products	215	270	435	764	16
Consumer Care and Lighting	266	406	479	389	8
Others	76	(125)	(57)	-	-
Reconciling items	(285)	(178)	(206)	-	-
Total	Rs. 1,368	Rs. 1,842	Rs. 3,545	Rs. 7,171	$ 153
Consolidated Balance Sheet Data :					
Cash and cash equivalents	Rs. 743	Rs. 637	Rs. 784	Rs. 5,623	$ 120
Working Capital	632	(210)	1,762	8,799	188
Total assets	11,395	10,702	12,678	26,162	558
Total debt, including preferred stock	6,245	3,252	1,804	1,768	38
Total stockholders equity	1,791	2,648	6,687	19,081	407

Management's Discussion and Analysis of Financial Conditions and Results of Operations

Investors are cautioned that this discussion contains forward-looking statements that involve risks and uncertainties. When used in this discussion, the words "anticipate", "believe", "estimate", "intend", "will" and "expect" and other similar expressions as they relate to the company or its business are intended to identify such forward-looking statements. The company undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise. Actual results, performances or achievements could differ materially from those expressed or implied in such forward-looking statements. Factors that could cause or contribute to such differences include those described under the heading statements. Factors that could cause or contribute to such differences include those described under the heading "Risk Factors" in the prospectus filed with the Securities and Exchange Commission, as well as the factors discussed in the Form 20-F, included in this report. Readers are cautioned not to place undue reliance on these forward-looking statements that speak only as of their dates. The following discussion and analysis should be read in conjunction with the company's financial statements included herein and the notes thereto.

Overview

We are a leading India based provider of IT services globally. We provide high-end IT solutions to leading companies worldwide and have other profitable businesses in niche markets in India. Our objective is to be a world leader in providing comprehensive IT services by continuing to provide world-class quality services and building on the Wipro brand name. We have three primary business segments we operate through independent divisions.

- *Global IT Services*. We provide research and development services for hardware and software design to technology and telecommunication companies and software application development services to corporate enterprises. These services are marketed and delivered through our Wipro Technologies division.
- *Indian IT Services and Products*. We are a leader in the Indian IT market and focus primarily on meeting all the IT and e-commerce requirements of Indian companies through our Wipro Infotech division.
- *Consumer Care and Lighting*. We leverage our brand name and distribution strengths to sustain a profitable presence in niche markets in the areas of soaps, toiletries, lighting products and hydrogenated cooking oils for the Indian market. We have been in the consumer care business since our inception in 1945 and the lighting business since 1992.

Up to March 31, 2000, we evaluated our revenue and operating income for each business segment by including the impact of exchange rate fluctuations and net interest income received on inter-business segment loans. As of April 1, 2000, we started excluding net interest income received on inter-business segment loans in evaluating revenue and operating income from each business segment. A breakdown of our revenue and operating income is provided below:

	Year ended March 31,		
	1999	2000	2001
Revenue:			
Global IT Services	36 %	45 %	**57 %**
Indian IT Services and Products	40	35	**28**
Consumer Care and Lighting	19	14	**10**
Others	4	6	**5**
	100 %	100 %	**100 %**
Operating Income:			
Global IT Services	72 %	77 %	**84 %**
Indian IT Services and Products	13	12	**11**
Consumer Care and Lighting	20	13	**5**
Others	(5)	(2)	**-**
	100 %	100 %	**100 %**

The Others category in the table above includes our other lines of business such as Wipro Net, Wipro Fluid Power. Others also include unallocated costs of corporate activities such as treasury, legal, human resources, corporate marketing, information management systems and quality assurance.

	Global IT Services		
	Year ended March 31,		
	1999	2000	2001
		(in millions)	
Revenue	Rs. 6,601	Rs. 10,459	**Rs. 17,797**
Cost of Revenue	4,057	6,174	**9,108**
Selling, general and administrative expenses	1,076	1,391	**2,671**
Operating Income	1,468	2,894	**6,018**
Revenue growth rate over prior period	57 %	58 %	**70 %**
Operating margin	22 %	28 %	**34 %**

Global IT Services revenue is derived from technology and software services provided on either a time and materials or fixed-price, fixed-time frame basis. Up to March 31, 2000, our business segment revenue includes the impact of exchange rate fluctuations and net interest income received on inter-business segment loans. As of April 1, 2000, we started excluding net interest income received on inter-business segment loans in evaluating revenue and operating income from each business segment. Revenue from services provided on a time and materials basis is recognized in the period that services are provided and costs incurred. Revenue from fixed-price, fixed-time frame projects is recognized on a percentage of completion basis. Provisions for estimated losses on projects in progress are recorded in the period in which we determine such losses to be probable. To date, a substantial majority of our services revenue has been derived from time and materials projects. For the year ended March 31, 2001, time and materials projects generated 85% of Global IT Services revenue, while fixed-price, fixed-time frame projects generated 15%. The proportion of revenue from fixed price, fixed-time frame projects may increase. Our operating results could be adversely affected by factors such as cost overruns due to delays, unanticipated costs, and wage inflation.

The cost of Global IT Services revenue consists primarily of compensation expenses for all of our IT professionals, data communication expenses, computer maintenance, travel expenses and occupancy expenses associated with services rendered. We recognize these costs as incurred. Selling, general and administrative expenses consist primarily of sales and marketing expenses and allocated corporate overhead expenses associated with management, human resources, corporate marketing, information management systems, quality assurance and finance.

Our Global IT Services revenues and profits for any period are significantly affected by the proportion of work performed at our facilities in India and at client sites overseas and by the utilization rates of our IT professionals. Services performed in India generally yield better profit margins because the higher costs of performing overseas work more than offset the higher rates we charge. For this reason, we seek to move a project as early as possible from overseas locations to our Indian development centers. For the year ended March 31, 2001, 77% of our Global IT Services professionals were located in India, and 48% of our Global IT Services revenues were generated from work performed at our facilities in India.

In our segment reporting only, management included the impact of exchange rate fluctuations and net interest income on inter-business segment loans in its revenue till the fiscal year ended March 31, 2000. As of April 1, 2000 management started excluding net interest income received on inter-business segment loans in segment revenues. Excluding the impact of these items, net revenue would have been Rs. 6,359 million, Rs. 10,206 million and Rs. 17,670 million for the years ended March 31, 1999, 2000 and 2001.

	Indian IT Services and Products		
	Year ended March 31,		
	1999	2000	2001
		(in millions)	
Revenue			
Indian IT Services	Rs. 1,137	Rs. 1,513	**Rs. 1,879**
Indian IT Products	Rs. 6,094	Rs. 6,655	**Rs. 6,833**
Cost of Revenue			
Indian IT Services	457	610	**683**
Indian IT Products	4,901	5,573	**5,436**
Selling, general and administrative expenses	1,603	1,549	**1,828**
Amortization of goodwill	-	1	**1**
Operating income	270	435	**764**
Revenue growth rate over prior period	28 %	13 %	**7 %**
Operating margin	4 %	5 %	**9 %**

Our Indian IT services revenue is derived principally from hardware and software support, maintenance and consulting services. Our Indian IT Products revenue is primarily from the sale of computers, networking equipment and related hardware products. Until March 31, 2000, our business segment revenue includes the impact of exchange rate fluctuations and net interest income received on inter-business segment loans. As of April 1, 2000, we started excluding net interest income received on inter-business segment loans in evaluating revenue and operating income from each business segment. We recognize revenue from these services over the contract period or when the services are accepted by the client, depending on the contract terms. In Indian IT Products we recognize revenues on despatch. Effective January 1, 2001, we adopted the provisions of Staff Accounting Bulletin No. 101 (SAB 101) issued by the Securities and Exchange Commission which provides guidelines in applying generally accepted accounting principles to selected revenue recognition issues. Revenue continues to be recognized on despatch, however where the customer is not obligated to pay a portion of the contract price until completion of installation, revenue is recognized only on completion of installation.

On July 27, 2000, at our Annual General Meeting, our shareholders approved the sale of our peripherals business unit, which is engaged in the manufacture of printers, and the distribution of printers, storage devices, consumables and other peripherals. Effective as of September 1, 2000, all assets and liabilities of our peripherals division were transferred to a new entity, Wipro ePeripherals Limited, for a 38.7% interest of Rs. 54.60 million in the new entity, 12.5% non-convertible debentures redeemable in 2005 in the amount of Rs. 60 million and Rs. 156.30 million in cash.

The cost of revenue for Indian IT services consists primarily of compensation expense and replacement parts for our maintenance services. We recognize these costs as incurred. The cost of revenue for Indian IT products consists of manufacturing costs for products, including materials, labor and facilities. In addition, a portion of the costs reflects products manufactured by third parties and sold by us. We generally recognize these costs at the time of sale. Selling, general and administrative expenses for our Indian IT Services and Products business segment are similar in type to those for our Global IT Services business segment.

Historically, our Indian IT products revenue has accounted for a substantial majority of revenue and a much smaller portion of operating income of our Indian IT Services and Products business segment. Our strategy in the IT market in India is to improve our profitability by focusing on IT services, including systems integration, support services, software and networking solutions, and Internet and e-commerce applications.

In our segment reporting only, management included the impact of exchange rate fluctuations and net interest income on inter-segment business loans in its revenue. As of April 1, 2000, management started excluding net interest income received on inter-business segment loans in segment revenues. Excluding the impact of these items, revenue would have been Rs. 7,262, Rs. 8,182 and Rs. 8,759 million for the years ended March 31, 1999, 2000 and 2001, respectively.

	Consumer Care and Lighting		
	Year ended March 31,		
	1999	2000	**2001**
		(in millions)	
Revenue	Rs. 3,495	Rs. 3,263	**Rs. 3,244**
Cost of Revenue	2,585	2,251	**2,215**
Selling, general and administrative expenses	504	533	**639**
Operating income	406	479	**389**
Revenue growth rate over prior period	8 %	(7) %	**(1) %**
Operating margin	12 %	15 %	**12 %**

We have been in the consumer care business since 1945 and the lighting business since 1992. The consumer care business has historically generated surplus cash. Our strategy is to maintain a steady growth in operating income for these businesses. Revenue in this segment may fluctuate as commodity prices change and as we emphasize profitability and cash generation over volume sales.

We recognize revenue from product sales at the time of shipment. Cost of products consists primarily of raw materials and other manufacturing expenses such as overheads for facilities. Selling, general and administrative expenses are similar in type to those for our other business segments.

In our segment reporting only, management included the impact of exchange rate fluctuations and net interest income on inter-segment business loans in its revenue. As of April 1, 2000, management started excluding net interest income received on inter-business segment loans in segment revenues. Excluding the impact of these items, revenue would have been Rs. 3,465 million, Rs. 3,222 million and Rs. 3,244 million for the years ended March 31, 1999, 2000 and 2001, respectively.

Amortization of Deferred Stock Compensation

We have amortized deferred stock compensation expenses of Rs. 25 million, Rs. 97 million, and Rs. 87 million for the years ended March 31, 1999, 2000 and 2001, respectively, in connection with equity shares issued to our employees pursuant to our Wipro Equity Reward Trust. We use the intrinsic value based method of APB Opinion No. 25 and record deferred stock compensation expense for the difference between the sale price of equity shares and the fair value as determined by quoted market prices of our equity shares on the date of grant. The deferred stock compensation is amortized on an straight-line basis over the vesting period of the equity shares, which ranges from six months to five years.

The stock compensation charge has been allocated to cost of revenues and selling, general and administrative expenses in line with the nature of the service rendered by the employee who received the benefit. The amortization is:

	Year ended March 31,		
	1999	2000	2001
		(in millions)	
Cost of revenues	Rs. 16	Rs. 36	Rs. 32
Selling, general and administrative expenses	9	61	55
Total	Rs. 25	Rs. 97	Rs. 87

Amortization of goodwill

In the fiscal year ended March 31, 1999, we acquired the minority interest in Wipro Computers Ltd, a subsidiary of the company, held by the Acer group. This acquisition resulted in a goodwill of Rs. 10 million. In December 2000, we acquired the 45% minority interest held by KPN Telecom in Wipro Net, a subsidiary of the company. This acquisition resulted in a goodwill of Rs. 868 million. Goodwill is amortized over a period of 5 years.

Foreign Exchange Gains, Net

Exchange rate fluctuation consists of the difference between the rate of exchange at which a transaction is recorded and the rate of exchange on the date the transaction is settled, and the gains and losses on revaluation of foreign currency assets and liabilities outstanding at the end of a period.

Other Income/(Expense) (Net)

Our other income includes interest income on short term investments net of interest expense on short and long term debt. Other income also includes gain on sale of real estate.

Equity in Earnings of Affiliate

Wipro GE Medical Systems (Wipro GE). We hold a 49% equity interest in Wipro GE Medical Systems Limited, a joint venture with General Electric.

Wipro ePeripherals Ltd. (WeP). On September 1, 2000, we spun off our peripherals services division into a new legal entity Wipro ePeripherals Ltd. WeP also has equity participation from certain strategic investors and employees of Wipro. Our share in income of WeP is accrued in proportion to our equity interest of 38.7%.

Wipro Net. As of March 31, 1999, we held 100% equity interest in Wipro Net. In December 1999, we decreased our interest in Wipro Net Ltd. from 100% to 55%. Historically, the results of operations of Wipro Net Ltd. have not been material in relation to our consolidated financial statements. Consequently, the decrease in our interest in Wipro Net Ltd. did not significantly impact our revenues and operating income.

In December 2000, we acquired the 45% minority interest in Wipro Net for Rs. 1,087 million resulting in a goodwill of Rs. 868 million. Subsequent to the acquisition, the financial statements have been consolidated with Wipro. Wipro's equity in the loss of Wipro Net prior to the acquisition of the minority interest of Rs. 136 million is reported by the equity method.

NetKracker. In December 2000, subsequent to the acquisition of the minority interest in Wipro Net, the retail internet business division of Wipro Net comprising property and other assets and employees was transferred to NetKracker, a newly established entity, in exchange for 49% of the equity and certain convertible preference shares of the new entity. The assets were transferred at their carrying values of Rs. 73 million in exchange for equity of Rs. 19 million and convertible preference shares of Rs. 54 million. Simultaneously, a strategic investor invested Rs. 300 million in NetKracker, for a 51% equity interest.

Minority Interest

We held a 55% equity interest in Wipro Computers Limited, a joint venture with Acer. The share of income from this venture attributable to Acer has been recorded in our accounts as a minority interest. We purchased Acer's 45% equity interest in Wipro Computers Limited in the year ended March 31, 2000.

Gain on Sale of Stock of Affiliates

Pursuant to a joint venture agreement in the year ended March 31, 2000, our affiliate, Wipro Net Ltd., issued equity shares to KPN Telecom which increased the carrying value of our equity interest by Rs. 266 million. Further, we sold equity shares of Wipro Net Ltd. that we held to KPN Telecom for a gain of Rs. 146 million.

Income Taxes

Our net income earned from providing services in client premises outside India is subject to tax in the country where we perform the work. Most of our tax paid in countries other than India can be applied as a credit against our Indian tax liability to th e extent that the same income is subject to tax in India.

Currently, we benefit from tax holidays the Government of India gives to the export of information technology services from specially designated "Software Technology Parks" in India. As a result of these incentives, our operations have been subject to relatively insignificant Indian tax liabilities. These tax incentives currently include a 10-year tax holiday from payment of Indian corporate income taxes for the operation of our Indian facilities, all of which are "Export Oriented Undertakings" or located in "Software Technology Parks" or "Export Processing Zones"; and an income tax deduction of 100% for profits derived from exporting information technology services. We can use either of these two tax incentives. Additionally, profits from certain other undertakings are also eligible for preferential tax treatment. As a result of these tax exemptions , a substantial portion of our pre-tax income has not been subject to significant tax in recent years. For the years ended March 31, 1999, 2000 and 2001, we realized tax benefits of Rs. 547 million, Rs. 1,104 million and Rs. 2,389 million, from such tax incentives.

The recently enacted Finance Act, 2000 phases out the 10-year tax holiday over a ten year period from fiscal 1999-2000 to fiscal 2008-2009. Accordingly, facilities set up on or before March 31, 2000 have a 10-year tax holiday, new facilities set up on or before March 31, 2001 would have a 9-year tax holiday and so forth until March 31, 2009, after which the tax holiday will no longer be available to new facilities. Our current tax holidays expire in stages by 2009.

In addition, the recently enacted law restricts the scope of the tax exemption to export income earned by software development centers that are "Export Oriented Undertakings" or located in "Software Technology Parks" or "Export Processing Zones" as compared to the earlier exemption which was available to the business profits earned by them. For companies opting for the 100% tax deduction for profits derived from exporting information technology services, the Finance Act, 2000 phases out the income tax deduction over the next five years by decreasing the tax deduction by 20% each year, beginning on April 1, 2000.

Results of Operations

Years ended March 31, 2000 and 2001

Revenue. Our total revenue increased 35%, from Rs. 22,991 million for the year ended March 31, 2000 to Rs. 31,002 million for the year ended March 31, 2001. The increase in total revenue was attributable to increases of 73%, 7% and 1% in revenue from Global IT Services, Indian IT Services and Products, and Consumer Care and Lighting and a decrease of 4% in Others.

Global IT Services revenue increased 73%, from Rs. 10,206 million for the year ended March 31, 2000 to Rs. 17,670 million for the year ended March 31, 2001. The increase resulted from the growth in the number of clients and the number and size of projects performed for clients. The total number of clients who accounted for over $1 million in revenue for the year increased from 39 during the year ended March 31, 2000 to 65 during the year ended March 31, 2001. The total number of clients who accounted for over $5 million in revenue for the year increased from 11 during the year ended March 31, 2000 to 15 during the year ended March 31, 2001. Over 114 new clients were added during the year ended March 31, 2001, accounting for 9% of our Global IT Services revenues for the year.

Indian IT Services and Products revenue increased 7%, from Rs. 8,182 million for the year ended March 31, 2000 to Rs. 8,759 million for the year ended March 31, 2001. This increase resulted from a 32% increase in the sale of computers and networking equipment, a 24% increase in Services, and a 64% decrease in revenues as a result of the sale of our Peripherals Services Division as a separate legal entity effective September 1, 2000.

Consumer Care and Lighting revenue increased by 1%, from Rs. 3,222 million for the year ended March 31, 2000 to Rs. 3,244 million for the year ended March 31, 2001.

Revenue from Others decreased 4%, from Rs. 1,381 million for the year ended March 31, 2000 to Rs. 1,329 million for the year ended March 31, 2001. This decrease was attributable to the sale of a 45% interest in Wipro Net, effective December, 1999, subsequent to which our interest in Wipro Net is accounted for under equity method, and the acquisition in December 2000, of the minority interest held by KPN Telecom after which revenues of Wipro Net are included in Others.

Cost of revenue. As a percentage of total revenue, cost of revenue decreased from 68% for the year ended March 31, 2000, to 59% for the year ended March 31, 2001. This decrease was primarily attributable to an increase in the proportion of Global IT Services revenue from 45% to 57% of total revenues. Our Global IT Services business segment typically has a higher gross margin than our other lines of business.

As a percentage of Global IT Services revenue, cost of Global IT Services revenue decreased from 60% for the year ended March 31, 2000, to 52% for the year ended March 31, 2001. This decrease as a percentage of revenue resulted from increased billing rates and increase in composition of revenues from R&D services to 50% of revenues during the year ended March 31, 2001 from 46% in March 31, 2000. Billing rates increased on average by over 15% during the year ended March 31, 2001 compared to rates during the previous year.

As a percentage of Indian IT Services and Products revenue, cost of Indian IT Services and Products revenue decreased from 76% for the year ended March 31, 2000, to 70% for the year ended March 31, 2001. Our Peripherals Services Division was spun off as a separate legal entity effective September 1, 2000. Our Peripherals Services Division historically had a higher percentage of product revenues and consequently a higher cost of revenues. The decrease was also due to an increase in the percentage of services revenue up from 19% for the year ended March 31, 2000, to 21% for the year ended March 31, 2001.

As a percentage of Consumer Care and Lighting revenue, cost of Consumer Care and Lighting revenue decreased from 70% for the year ended March 31, 2000, to 68% for the year ended March 31, 2001. Most of the decrease as a percentage of revenues resulted from an increase in the proportion of revenue from soaps and lighting products, which typically has a higher gross margin than hydrogenated vegetable oils. This decrease was partly offset by increased reliance on outsourcing a portion of manufacturing activities of our lighting products.

As a percentage of revenues, cost of revenues from Others decreased from 77% for the year ended March 31, 2000 to 72% for the year ended March 31, 2001. This decrease was attributable to the sale of a 45% interest in Wipro Net, effective December, 1999, subsequent to which our interest in Wipro Net is accounted for under equity method, and the acquisition in December 2000, of the minority interest held by KPN Telecom after which revenues of Wipro Net are included in Others.

Selling, general and administrative expenses. Selling, general and administrative expenses increased 43%, from Rs. 3,819 million for the year ended March 31, 2000, to Rs. 5,468 million for the year ended March 31, 2001. The total increase in selling, general and administrative expenses of Rs. 1,649 million was attributable to increases of Rs. 1,280 million, Rs. 280 million and Rs. 106 million in Global IT Services, Consumer Care and Lighting and Indian IT Services, and a decrease of Rs. 17 million in Others.

Selling, general and administrative expenses for Global IT Services increased 92%, from Rs. 1,391 million for the year ended March 31, 2000, to Rs. 2,671 million for the year ended March 31, 2001. The increase is primarily due to an increase in the number of sales and marketing personnel from 49 as of March 31, 2000 to 67 as of March 31, 2001, and increased compensation and marketing expenses.

Selling, general and administrative expenses for Indian IT Services and Products increased 18% from Rs. 1,548 million for the year ended March 31, 2000, to Rs. 1,828 million for the year ended March 31, 2001. This increase resulted from a increase in advertising and marketing expenses, travelling expenses and a higher depreciation charge.

Selling, general and administrative expenses for Consumer Care and Lighting increased 20%, from Rs. 533 million for the year ended March 31, 2000 to Rs. 639 million for the year ended March 31, 2001. Most of the increase resulted from increased advertising and sales promotion expenses.

Selling, general and administrative expenses for Others decreased 5%, from Rs. 347 million for the year ended March 31, 2000 to Rs. 330 million for the year ended March 31, 2001.

Operating income

As a result of the foregoing factors, operating income increased 102%, from Rs. 3,544 million for the year ended March 31, 2000 to Rs. 7,170 million for the year ended March 31, 2001.

Other Income (net). Other income (net) increased to Rs. 470 million for the year ended March 31, 2001 from Other expense (net) from Rs. 207 million for the year ended March 31, 2000. The increase in other income is primarily due to net interest income of Rs. 121 million received on short term investments made from the proceeds of our ADS offering, and realized gains of Rs. 154 million on the sale of real estate.

Income taxes. Provision for income taxes increased 119%, from Rs. 525 million for the year ended March 31, 2000 to Rs. 1,150 million for the year ended March 31, 2001. Our effective tax rate increased to 15% for the year ended March 31, 2001 from 14% for the year ended March 31, 2000. The increase in effective tax rate, resulted from an increased proportion of revenues of Global IT services business from Europe and Japan where our income is subject to tax at higher rates. The tax rates applicable on domestic income increased from 38.5% in the year ended March 31, 2000 to 39.6% in the year ended March 31, 2001.

Income from continuing operations. As a result of the forgoing factors, income from continuing operations increased 93% from Rs. 3,333 million for the year ended March 31, 2000 to Rs. 6,437 million for the year ended March 31, 2001.

Years ended March 31, 1999 and 2000

Revenue. Our total revenue increased 28%, from Rs. 17,892 million for the year ended March 31, 1999 to Rs. 22,991 million for the year ended March 31, 2000. The total increase in revenue was attributable to increases of 60%, 13% and 71% in revenue from Global IT Services, Indian IT Services and Products, and Others. Consumer Care and Lighting accounted for a decrease of 7%.

Global IT Services revenue increased 60%, from Rs. 6,359 million for the year ended March 31, 1999 to Rs. 10,206 million for the year ended March 31, 2000. The increase resulted from the growth in the number of clients and the number and size of projects performed for clients. The total number of clients who accounted for over $1 million, or Rs. 43.65 million in revenue for the year increased from 26 during the year ended March 31, 1999 to 39 during the year ended March 31, 2000. Over 100 new clients were added during the year ended March 31, 2000, accounting for 14% of our Global IT Services revenues for the year.

Indian IT Services and Products revenue increased 13%, from Rs. 7,262 million for the year ended March 31, 1999 to Rs. 8,182 million for the year ended March 31, 2000. The increase primarily resulted from the growth of our facilities management business in our customer services division and from increased personal computer sales.

Consumer Care and Lighting revenue decreased 7%, from Rs. 3,465 million for the year ended March 31, 1999 to Rs. 3,222 million for the year ended March 31, 2000. The decrease is primarily attributable to a decrease in the price of the commodity component of our hydrogenated oil products.

Revenue from Others increased 71%, from Rs. 806 million for the year ended March 31, 1999 to Rs. 1,381 million for the year ended March 31, 2000. The increase resulted primarily from the increase in sales in our Wipro Fluid Power business from Rs. 525 million in the year ended March 31, 1999 to Rs. 734 million in the year ended March 31, 2000.

Cost of revenue. As a percentage of total revenue, cost of revenue decreased from 70% for the year ended March 31, 1999 to 68% for the year ended March 31, 2000. This decrease was primarily attributable to an increase in the proportion of Global IT Services revenue from 36% to 44% of total revenues. Our Global IT Services business segment typically has a higher gross margin than our other lines of business.

As a percentage of Global IT Services revenue, cost of Global IT Services revenue decreased from 64% for the year ended March 31, 1999 to 60% for the year ended March 31, 2000. This decrease as a percentage of revenue resulted from increased billing rates and increased IT professional utilization rates. Billing rates increased on average by over 15% during the year ended March 31, 2000 compared to rates during the previous year. Utilization rates of our IT professionals increased from 67% in the year ended March 31, 1999 to 71% in the year ended March 31, 2000.

As a percentage of Indian IT Services and Products revenue, cost of Indian IT Services and Products revenue increased marginally from 74% to 76%.

As a percentage of Consumer Care and Lighting revenue, cost of Consumer Care and Lighting revenue decreased from 75% for the year ended March 31, 1999 to 70% for the year ended March 31, 2000. Most of the decrease as a percentage of revenues resulted from an increase in the proportion of revenue from soaps, which typically has a higher gross margin.

As a percentage of revenue from Others, cost of revenue from Others increased from 72% for the year ended March 31, 1999 to 77% for the year ended March 31, 2000. Most of the increase as a percentage of revenue resulted from increased costs of raw materials in our Wipro Fluid Power business.

Selling, general and administrative expenses. Selling, general and administrative expenses increased 9%, from Rs. 3,502 million for the year ended March 31, 1999 to Rs. 3,820 million for the year ended March 31, 2000. The total increase in selling, general and administrative expense of Rs. 318 million was attributable to increases of Rs. 315 million, Rs. 29 million and Rs. 28 million in Global IT Services, Consumer Care and Lighting and Others and a decrease of Rs. 54 million in Indian IT Services and Products. This decrease resulted from a decrease in advertising and marketing expenses, which were higher in the year ended March 31, 1999 due to the launch of new products, a reduction in communication costs and a lower depreciation charge.

Selling, general and administrative expenses for Global IT Services increased 29%, from Rs. 1,077 million for the year ended March 31, 1999 to Rs. 1,391 million for the year ended March 31, 2000. The increase primarily resulted from an increase in the number of sales and marketing personnel from 54 in March 31, 1999 to 72 in March 31, 2000 and increased compensation and marketing expenses.

Selling, general and administrative expenses for Indian IT Services and Products decreased 3% from Rs. 1,603 million for the year ended March 31, 1999 to Rs. 1,549 million for the year ended March 31, 2000. This decrease resulted from a decrease in the advertising and marketing expenses, which was higher in the year ended March 31, 1999 due to the launch of new products, a reduction in communication costs and a lower depreciation charge.

Selling, general and administrative expenses for Consumer Care and Lighting increased 6%, from Rs. 504 million for the year ended March 31, 1999 to Rs. 533 million for the year ended March 31, 2000. Most of the increase resulted from increased advertising and sales promotion expenses.

Selling, general and administrative expenses for Others increased 9%, from Rs. 319 million for the year ended March 31, 1999 to Rs. 347 million for the year ended March 31, 2000. Most of the increase resulted from increased sales and marketing expense associated with increased revenue in the Fluid Power business.

Operating income. As a result of the foregoing factors, operating income increased 93%, from Rs. 1,808 million for the year ended March 31, 1999 to Rs. 3,492 million for the year ended March 31, 2000.

Other expense (net). Other expense (net) increased 15%, from Rs. 135 million for the year ended March 31, 1999 to Rs. 155 million for the year ended March 31, 2000.

Income taxes. Provision for income taxes increased 193%, from Rs. 179 million for the year ended March 31, 1999 to Rs. 525 million for the year ended March 31, 2000. Our effective tax rate increased to 14% for the year ended March 31, 2000 from 10% for the year ended March 31, 1999. The increase in effective tax rate resulted from an increased proportion of onsite revenues in the Global IT Services business that was subject to overseas taxation and an increase in the income tax rate in India from 35% to 38.5%.

Income from continuing operations. Income from continuing operations increased 111% from Rs. 1,580 million for the year ended March 31, 1999 to Rs. 3,333 million for the year ended March 31, 2000. This increase resulted from the foregoing factors and, in part, from a gain of Rs. 412 million on the sale of a portion of our equity interest in Wipro Net and on the issuance of additional equity shares by Wipro Net.

Trend Information

Our Global IT Services business is subject to fluctuations primarily resulting from factors such as the effect of seasonal hiring which occurs in the quarter ended September 30 and the time required to train and productively utilize new employees, the proportion of services we perform at client sites, exchange rate fluctuations and the size, timing and profitability of new projects.

Our Indian IT Services and Products business is also subject to seasonal fluctuations. Our product revenue is driven by capital expenditure budgets and the spending patterns of our clients who often delay or accelerate purchases in reaction to tax depreciation benefits on capital equipment. As a result, our Indian IT Services and Products revenues for the quarters ended March 31 and September 30 are typically higher than other quarters of the year. We believe the impact of this fluctuation on our revenues will decrease as the proportion of services revenue increases.

Our Consumer Care and Lighting business is subject to seasonal fluctuations. Demand for hydrogenated cooking oil is greater during the Indian festival season and has increased revenues from our consumer care business for the quarters ended September 30 and December 31. Our revenues in this segment are also subject to commodity price fluctuations. In the eight quarters ended March 31, 2001, the price of the commodity component of our hydrogenated oil products decreased significantly which resulted in significantly lower revenues from hydrogenated oil products, however growth in revenues from soaps and lighting products has offset this decline in revenue.

Our quarterly revenue, operating income and net income have varied significantly in the past and we expect that they are likely to vary in the future. You should not rely on our quarterly operating results as an indication of future performance. Such quarterly fluctuations may have an impact on the price of our equity shares and ADSs.

Liquidity and Capital Resources

Our capital requirements relate primarily to financing the growth of our Global IT Services and Indian IT Services and Products businesses. We have historically financed the majority of our working capital, capital expenditure and other requirements through our operating cash flow, and to a limited extent, bank loans.

For the years ended March 31, 2000 and 2001, we generated cash from operations of Rs. 3,515 million and Rs. 5,078 million. The increase is attributable to a significant increase in operating income. For the year ended March 31, 2000 and 2001, capital expenditure was Rs. 1,318 million, Rs. 2,815 million, respectively. This expenditure was financed primarily through our operating cash flow.

As of March 31, 2001, we had total debt of Rs. 1,768 million comprising borrowings from a consortium of banks of Rs. 347 million against a line of credit of Rs. 2,650 million, secured by inventories and accounts receivable and other borrowings of Rs. 1,421 million, secured by liens over our property, plant and equipment and certain investments.

We expect that our primary financing requirements in the future will be capital expenditures and working capital requirements in connection with growing our business. We believe that cash generated from operations, along with the net proceeds of our initial U.S. public offering in October 2000 of 3,162,500 American Depositary Shares (including the exercise of the underwriter's overallotment option to purchase 412,500 ADSs) representing 3,162,500 Equity Shares, will be sufficient to satisfy our currently foreseeable working capital and capital expenditure requirements. However, our liquidity and capital requirements are affected by many factors, some of which are based on the normal ongoing operations of our businesses and some of which arise from uncertainties related to global economies and the sectors that we target for our services. In the future, we may require or choose to obtain additional debt or equity financing. We cannot be certain that additional financing, if needed, will be available on favorable terms. We routinely review potential acquisitions, however currently we have no agreements to enter into any material acquisition.

Quantitative and Qualitative Disclosures About Market Risk

General

Market risk is the risk of loss of future earnings, to fair values or to future cash flows that may result from a change in the price of a financial instrument. The value of a financial instrument may change as a result of changes in the interest rates, foreign currency exchange rates, commodity prices, equity prices and other market changes that affect market risk sensitive instruments. Market risk is attributable to all market risk sensitive financial instruments including foreign currency receivables and payables and long term debt.

Our exposure to market risk is a function of our borrowing activities and our revenue generating activities in foreign currency. The objective of market risk management is to avoid excessive exposure of our earnings and equity to loss. Most of our exposure to market risk arises out of our foreign currency account receivables.

Risk Management Procedures

We manage market risk through a corporate treasury department, which evaluates and exercises independent control over the entire process of market risk management. Our corporate treasury department recommends risk management objectives and policies which are approved by senior management. The activities of this department include borrowing strategies, implementing hedging strategies for foreign currency exposures, management of cash resources and ensuring compliance with market risk limits and policies on a daily basis.

Components of Market Risk

Our exposure to market risk arises principally from exchange rate risk. Interest rate risk is the other component of our market risk. These factors are discussed in the following paragraphs.

Exchange rate risk. Our exchange rate risk primarily arises from our foreign currency revenues, receivables and payables, and foreign currency debt. We evaluate our net exchange rate exposure arising from these transactions and hedge such exposure based on approved risk management policies. These policies require us to hedge a significant portion of our net exposure. Our net exchange rate exposure as of March 31, 2000 and as of March 31, 2001, was $6.9 million and $37.5 million. We hedge our exchange rate exposure through foreign currency forward exchange contracts which typically mature between one through six months. The counterparties for our exchange contracts are banks, and we consider the risk of non-performance by the counterparties as non-material.

Due to our hedging policies, we estimate that changes in exchange rates will not have a material impact on our operating results or cash flows.

Interest rate risk. Our interest rate risk primarily arises from our long term debt. We adopt appropriate borrowing strategies to manage our interest rate risk. Additionally, we enter into interest rate swap agreements to hedge interest rate risk.

As of March 31, 2001, fixed-interest rate debt represented 83% of long term debt. The interest rate on balance debt is re-set periodically based on benchmark rates. A maturity profile of our debt is set forth below:

Maturing in:	Fixed interest-rate	Variable interest-rate	Total
		(in millions)	
2001	Rs. 1,177	Rs. 149	Rs. 1,326
2002	—	66	66
2003	—	28	28
2004	—	1	1
Thereafter	—	—	—
Total	Rs. 1,177	Rs. 244	Rs. 1,421

As of March 31, 2000 and March 31, 2001, we have interest rate swap agreements outstanding in the notional principal amount of $ 6.5 million and $3.3 million, which represent hedges of interest rate risk on our foreign currency debt. The counterparties for our interest rate agreements are banks, and we consider the risk of non-performance by the counterparties as non-material.

Based on the maturity profile and composition of our debt portfolio, we estimate that changes in interest rates will not have a material impact on our operating results or cash flows.

Our temporary resources are generally invested in short-term investments, which do not expose us to significant interest rate risk.

Fair value. The fair value of our market rate risk sensitive instruments closely approximates their carrying value.

Recent Accounting Pronouncements

In June 1998, the Financial Accounting Standards Board issued SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities." SFAS No. 133 as amended by SFAS No. 138, establishes accounting and reporting standards for derivative instruments and requires recognition of all derivatives as assets and liabilities in our balance sheet and measurement of those instruments at fair value. The statement is effective for fiscal years beginning after June 15, 2000. We will adopt the standard no later than the first quarter of fiscal 2002 and in our assessment the adoption of this statement will not have a significant impact on our consolidated financial statements.

In September 2000, the Financial Accounting Standards Board issued SFAS No. 140, "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities" replacing SFAS No. 125. This statement outlines accounting and reporting standards for transfers and servicing of financial assets and extinguishments of liabilities. The statement is effective for transfers and servicing of financial assets and extinguishments of liabilities occurring after March 31, 2001. In our assessment the adoption of this statement will not have a significant impact on our consolidated financial statements.

RISK FACTORS

Risks Related to our Company

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

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

- the size, timing and profitability of significant projects or product orders;
- the proportion of services we perform at our clients' sites rather than at our offshore facilities;
- seasonal changes that affect the change in the mix of services we provide to our clients or in the relative proportion of services and product revenues;
- seasonal changes that affect purchasing patterns among our consumers of computer peripherals, personal computers, consumer care and other products;
- the effect of seasonal hiring patterns and the time we require to train and productively utilize our new employees; and
- currency exchange fluctuations.

Approximately 59% of our total operating expenses in our Global IT Services business, particularly personnel and facilities, are fixed in advance of any particular quarter. As a result, unanticipated variations in the number and timing of our projects or employee utilization rates may cause significant variations in operating results in any particular quarter. We believe that period-to-period comparisons of our results of operations are not necessarily meaningful and should not be relied upon as indications of future performance. Thus, it is possible that in the future some of our quarterly results of operations may be below the expectations of public market analysts and investors, and the market price of our equity shares and ADSs could decline.

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

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

- recruiting and retaining sufficiently skilled technical, marketing and management personnel;
- providing adequate training and supervision to maintain our high quality standards; and
- preserving our culture, values and entrepreneurial environment.

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

Intense competition in the market for IT services could affect our cost advantages, which could decrease our revenues.

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

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

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

The economic slowdown in the United States may affect our profitability

Nearly 64% of revenues of Global IT Services are from the United States. During an economic slowdown our clients in United States may reduce their IT spending significantly, which may, in turn, lower the demand for our services and affect our profitability. Though we continue to believe that during economic slowdown our competitive position would strengthen vis-a-vis domestic service providers in the United States, we have intensified our efforts to geographically diversify our revenue streams. To date, we have not been impacted by the perceived threat of a slowdown, however we cannot assure you that an economic slowdown in the United States will not impair our profitability.

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

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

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

While we currently derive, and believe we will continue to derive, a significant portion of our Global IT Services revenues from a limited number of corporate clients we continue to reduce our dependence on any revenues from service rendered to any one client. The loss of a major client or a significant reduction in the service performed for a major client could result in a reduction of our revenues. For the fiscal years ended, March 31, 2000 and 2001, General Electric, our largest client in fiscal year 2000 and Nortel our largest client in year ended March 31, 2001 accounted for 15% and 8% of our Global IT Services revenues, respectively, and for the same periods, our ten largest clients accounted for 53% and 45% of our Global IT Services revenues. The volume of work we perform for specific clients may vary from year to year, particularly since we typically are not the only outside service provider for our clients. Thus, a major client in one year may not provide the same level of revenues in a subsequent year.

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

If U.S. immigration laws change and make it more difficult for us to obtain H-1B and L-1 visas for our employees, our ability to compete for and provide services to clients in the United States could be impaired. This in turn could hamper our growth and cause our revenues to decline. Our employees who work onsite at client facilities or at our facilities in the United States on temporary and extended assignments typically must obtain visas. As of March 31, 2001, the majority of our personnel in the United States held H-1B visas (645 persons) or L-1 visas (321 persons). An H-1B visa is a temporary work visa, which allows the employee to remain in the U.S. while he or she remains an employee of the sponsoring firm, and the L-1 visa is an intra-company transfer visa, which only allows the employee to remain in the United States temporarily. Although there is no limit to new L-1 petitions, there is a limit to the aggregate number of new H-1B petitions that the U.S. Immigration and Naturalization Service may approve in any government fiscal year. We may not be able to obtain the H-1B visas necessary to bring critical Indian professionals to the United States on an extended basis during years in which this limit is reached. This limit was reached in March 2000 for the U.S. Government's fiscal year ended September 30, 2000. While we anticipated that this limit would be reached before the end of the U.S. Government's fiscal year, and made efforts to plan accordingly, we cannot assure you that we will continue to be able to obtain a sufficient number of H-1B visas.

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

Currently, we benefit from certain tax incentives under Indian tax laws. As a result of these incentives, our operations have been subject to relatively insignificant Indian tax liabilities. These tax incentives currently include a 10-year tax holiday from payment of Indian corporate income taxes for our Global IT Services business operated from specially designated "Software Technology Parks" in India and an income tax deduction of 100% for profits derived from exporting information technology services. As a result, a substantial portion of our pre-tax income has not been subject to significant tax in recent years. For the year ended March 31, 1999, 2000 and 2001, we realized tax benefits of Rs. 547 million, Rs. 1,104 million and Rs. 2,389 million, respectively, from such tax incentives. We are currently also eligible for exemptions from other taxes, including customs duties. The recently enacted Finance Act, 2000 phases out the ten year tax holiday over a ten year period from the financial year 1999-2000 to financial year 2008-2009. Our current tax holidays expire in stages by 2009. The Finance Act, 2000 also phases out the income tax deduction for profits derived from exporting technology services over the next five years. When our tax holiday and income tax deduction exemptions expire or terminate, our costs will increase. Additionally, the Government of India could enact similar laws in the future, which could further impair our other tax incentives.

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

Approximately 50% of our Global IT Services business is derived from clients in high growth industries who use our IT services for networking and communications equipment. Any significant decrease in the growth of these industries will decrease the demand for our services and could reduce our revenue.

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

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

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

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

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

While to date most of our software development facilities are located in India and in the United States, we intend to establish new development facilities, including potentially in Southeast Asia and Europe. We have not yet made substantial contractual commitments to establish any new facilities and we cannot assure you that we will not significantly alter or reduce our proposed expansion plans. Because of our limited experience with facilities outside of India, we are subject to additional risks including, among other things, difficulties in regulating our business globally, export requirements and restrictions, and multiple and possibly overlapping tax structures. Any of these events could harm our future performance.

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

We may acquire or make investments in complementary businesses, technologies, services or products, or enter into strategic partnerships with parties who can provide access to those assets. We may not identify suitable acquisition, investment or strategic partnership candidates, or if we do identify suitable candidates, we may not complete those transactions on terms commercially acceptable to us or at all. If we acquire another company, we could have difficulty in assimilating that company's personnel, operations, technology and software. In addition, the key personnel of the acquired company may decide not to work for us. If we make other types of acquisitions, we could have difficulty in integrating the acquired products, services or technologies into our operations. These difficulties could disrupt our ongoing business, distract our management and employees and increase our expenses. As of the date of this report, we have no agreement to enter into any material investment or acquisition transaction.

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

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

Risks Related to Investments in Indian Companies

We are incorporated in India, and substantially all of our assets and our employees are located in India. Consequently, our financial performance and the market price of our ADSs will be affected by political, social and economic developments affecting India, Government of India policies, including taxation and foreign investment policies, government currency exchange control, as well as changes in exchange rates and interest rates.

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

South Asia has from time to time experienced instances of civil unrest and hostilities among neighboring countries, including between India and Pakistan. In recent years there have been military confrontations between India and Pakistan that have occurred in the region of Kashmir. Events of this nature in the future could influence the Indian economy and could have a material adverse effect on the market for securities of Indian companies, including our ADSs, and on the market for our services.

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

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

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

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

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

Recently the government of India has permitted two-way fungibility of ADRs, subject however to sectoral caps and certain conditions. Additionally, investors who exchange ADSs for the underlying equity shares and are not holders of record will be required to declare to us details of the holder of record, and the holder of record will be required to disclose the details of the beneficial owner. Any investor who fails to comply with this requirement may be liable for a fine of up to Rs. 1,000 for each day such failure continues. Such restrictions on foreign ownership of the underlying equity shares may cause our equity shares to trade at a discount or premium to the ADSs.

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

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

The Ministry of Finance of the Government of India and/or the Reserve Bank of India must approve our acquisition of any company organized outside of India. The Government of India has recently issued a policy statement permitting acquisitions of companies organized outside India with a transaction value:

- if in cash, effective April 28, 2001 up to 100% of the proceeds from an ADS offering; and
- if in stock, the greater of $100 million or ten times the acquiring company's previous fiscal year's export earnings.

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

The laws of India do not protect intellectual property rights to the same extent as those of the United States, and we may be unsuccessful in protecting our intellectual property rights. Unauthorized use of our intellectual property may result in development of technology, products or services which compete with our products.

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

The misappropriation or duplication of our intellectual property could disrupt our ongoing business, distract our management and employees, reduce our revenues and increase our expenses. We may need to litigate to enforce our intellectual property rights or to determine the validity and scope of the proprietary rights of others. Any such litigation could be time-consuming and costly. As the number of patents, copyrights and other intellectual property rights in our industry increases, and as the coverage of these rights increases, we believe that companies in our industry will face more frequent patent infringement claims. Defending against these claims, even if not meritorious, could be expensive and divert our attention and resources from operating our company. Although there are no pending or threatened intellectual property lawsuits against us, if we become liable to third parties for infringing their intellectual property rights, we could be required to pay a substantial damage award and forced to develop non- infringing technology, obtain a license or cease selling the applications or products that contain the infringing technology. We may be unable to develop non-infringing technology or to obtain a license on commercially reasonable terms, or at all.

REPORT OF MANAGEMENT

Management of Wipro is responsible for the integrity and objectivity of the consolidated financial statements and related notes. The consolidated financial statements have been prepared in accordance with United States generally accepted accounting principles (US GAAP) and include amounts based on judgments and estimates by management. Management is also responsible for the accuracy of the related data in the annual report and its consistency with the financial statements.

Management maintains internal control systems designed to provide reasonable assurance that assets are safeguarded, transactions are executed in accordance with management's authorization and properly recorded, and accounting records are adequate for preparation of financial statements and other financial information. These are reviewed at regular intervals to ascertain their adequacy and effectiveness.

In addition to the system of internal controls, the company has articulated it's vision and core values which permeate all it's activities. It also has corporate policies to ensure highest standards of integrity in all business transactions, eliminate possible conflicts of interest, ensure compliance with laws, and protect confidentiality of proprietary information. These are reviewed at periodic intervals.

The consolidated financial statements have been audited by the Company's independent auditors, KPMG. Their responsibility is to audit these statements in accordance with generally accepted auditing standards in the United States and express their opinion on the fairness of presentation of the statements.

The Audit Committee of the board comprising entirely of independent directors conducts an ongoing appraisal of the independence and performance of the company's internal and external auditors and monitors the integrity of company's financial statements. The Audit Committee meets several times during the year with management, internal auditors and the independent auditors to discuss audit activities, internal controls and financial reporting matters.

Azim H Premji
Chairman and Chief Executive Officer

S C Senapaty
Corporate Executive Vice President - Finance and Chief Financial Officer

Bangalore, April 18, 2001

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Stockholders
Wipro Limited

We have audited the accompanying consolidated balance sheets of Wipro Limited and subsidiaries as of March 31, 2001 and 2000, and the related consolidated statements of income, stockholders' equity and comprehensive income, and cash flows for each of the years in the three-year period ended March 31, 2001. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

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

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Wipro Limited and subsidiaries as of March 31, 2001 and 2000, and the results of their operations and their cash flows for each of the years in the three-year period ended March 31, 2001, conformity with accounting principles generally accepted in the United States.

The United States Dollar amounts are presented in the accompanying consolidated financial statements solely for the convenience of the readers and are arithmetically correct on the basis disclosed in Note 2 of the Notes to the consolidated financial statements.

KPMG
Bangalore, India
April 18, 2001

CONSOLIDATED BALANCE SHEETS
(in thousands, except share data)

	As of March 31,		
	2000	2001	2001
ASSETS			
Current assets:			
Cash and cash equivalents (Note 4)	Rs. 781,495	Rs. 5,622,681	$ 120,015
Restricted cash (Note 4)	2,108	-	-
Accounts receivable, net of allowances (Note 5)	4,431,360	5,924,361	126,454
Inventories (Note 6)	1,215,160	1,486,355	31,726
Investment securities (Note 8)	162,142	148,268	3,165
Deferred income taxes (Note 22)	11,678	73,905	1,577
Other current assets (Note 7)	981,661	2,401,308	51,255
Total current assets	7,585,604	15,656,878	334,192
Investment securities (Note 8)	135,008	2,558,348	54,607
Property, plant and equipment, net (Note 9)	3,603,681	5,667,825	120,978
Investments in affiliates (Note 14)	704,885	689,693	14,721
Deferred income taxes (Note 22)	256,073	221,982	4,738
Intangible assets, net (Note 10)	10,795	833,305	17,787
Other assets (Note 7)	382,307	533,684	11,391
Total assets	Rs. 12,678,353	Rs. 26,161,715	$ 558,414
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current liabilities:			
Borrowings from banks (Note 16)	Rs. 92,748	Rs. 346,650	$ 7,399
Current portion of long-term debt (Note 17)	1,249,570	1,326,196	28,307
Accounts payable	1,387,606	1,847,243	39,429
Accrued expenses	1,490,250	1,792,989	38,271
Advances from customers	754,825	1,077,371	22,996
Other current liabilities (Note 11)	435,561	467,801	9,985
Redeemable preferred stock (Note 20)	250,000	-	-
Total current liabilities	5,660,560	6,858,250	146,387
Long-term debt, excluding current portion (Note 17)	211,144	95,031	2,028
Deferred income taxes (Note 22)	17,974	90,642	1,935
Other liabilities (Note 12)	101,735	37,179	794
Total liabilities	5,991,413	7,081,102	151,144
Stockholders' equity:			
Equity shares at Rs. 2 par value: 235,000,000 shares authorized as of March 31, 2000 and 375,000,000 shares authorized as of March 31, 2001; Issued and outstanding : 229,156,350 shares as of March 31, 2000 and 232,433,019 shares as of March 31, 2001 (Note 18)	458,313	464,866	9,922
Additional paid-in capital (Note 23)	800,238	6,696,295	142,931
Deferred stock compensation (Note 23)	(208,358)	(97,047)	(2,071)
Accumulated other comprehensive income (Note 8)	1,772	1,431	31
Retained earnings (Note 19)	5,635,050	12,015,143	256,460
Equity shares held by a controlled Trust: 1,216,460 and 1,280,885 shares as of March 31, 2000 and March 31, 2001 (Note 23)	(75)	(75)	(2)
Total stockholders' equity	6,686,940	19,080,613	407,270
Total liabilities and stockholders' equity	Rs. 12,678,353	Rs. 26, 161,715	$ 558,414

See accompanying notes to the consolidated financial statements.

CONSOLIDATED STATEMENTS OF INCOME

(in thousands, except share data)

	Year ended March 31,			
	1999	2000	2001	**2001**
Revenues:				
Global IT Services	Rs. 6,359,305	Rs. 10,206,078	Rs. 17,670,426	$ 377,170
Indian IT Services and Products				
Indian IT Services	1,137,433	1,512,717	1,878,714	40,101
Indian IT Products	6,124,916	6,668,910	6,880,046	146, 853
Consumer Care and Lighting	3,464,806	3,222,316	3,244,037	69,243
Others	805,649	1,380,583	1,328,915	28,365
Total	17,892,109	22,990,604	31,002,138	661,732
Cost of revenues:				
Global IT Services	4,056,996	6,173,724	9,107,842	194,404
Indian IT Services and Products				
Indian IT Services	456,944	609,574	683,177	14,582
Indian IT Products	4,901,200	5,573,518	5,436,435	116,039
Consumer Care and Lighting	2,585,403	2,251,238	2,215,349	47,286
Others	581,558	1,070,031	961,779	20,529
Total	12,582,101	15,678,085	18,404,582	392,841
Gross profit	5,310,008	7,312,519	12,597,556	268,891
Operating expenses:				
Selling, general and administrative expenses	(3,502,436)	(3,819,154)	(5,468,352)	(116,720)
Amortization of goodwill	-	(1,000)	(45,389)	(969)
Foreign exchange gains, net	34,008	51,603	86,399	1,844
Operating income	1,841,580	3,543,968	7,170,214	153,046
Gain on sale of stock of affiliate, including direct issue of stock by affiliate (Note 14)	-	412,144	-	-
Other income/(expense), net (Note 21)	(168,833)	(206,747)	469,592	10,023
Income taxes (Note 22)	(179,213)	(525,298)	(1,150,042)	(24, 547)
Income before share of equity in earnings of affiliates and minority interest	1,493,534	3,224,067	6,489,764	138,522
Equity in earnings of affiliates (Note 14)	95,632	112,590	(53,181)	(1,135)
Minority interest	(9,602)	(3,661)	-	-
Income from continuing operations	1,579,564	3,332,996	6,436,583	137,387
Discontinued operations (Note 3):				
Loss from operations of discontinued finance division	(460,817)	-	-	-
Provision for operating losses during phase out period	(229,298)	-	-	-
Income tax benefit on sale of interest	-	218,707	77,735	1,659
Income before cumulative effect of accounting change	889,449	3,551,703	6,514,318	139,046
Cumulative effect of accounting change, net of tax	-	-	(59,104)	(1,262)
Net income	Rs. 889,449	Rs. 3,551,703	Rs. 6,455,214	$ 137,785
Earnings per equity share: Basic				
Continuing operations	6.94	14.63	28.07	0.60
Discontinued operations	(3.03)	0.96	0.34	0.01
Cumulative effect of accounting change	-	-	(0.26)	(0.01)
Net income	3.91	15.59	28.15	0.60
Earnings per equity share: Diluted				
Continuing operations	6.94	14.58	27.83	0.59
Discontinued operations	(3.03)	0.96	0.34	0.01
Cumulative effect of accounting change	-	-	(0.26)	-
Net income	3.91	15.54	27.91	0.60
Weighted average number of equity shares used in computing earnings per equity share:				
Basic	227,479,728	227,843,378	229,325,989	229,325,989
Diluted	227,479,728	228,648,134	231,254,523	231,254,523

See accompanying notes to the consolidated financial statements.

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY AND COMPREHENSIVE INCOME

(in thousands, except share data)

	Equity Shares		Additional Paid in Capital	Deferred Stock Compensation	Comprehensive Income	Accumulated Other Comprehensive Income	Retained Earnings	Equity Shares held by a Controlled Trust		Total Stockholders' Equity
	No. of Shares	Amount						No. of Shares	Amount	
Balance as of March 31, 1998	229,156,350	Rs. 458,313	Rs. 13,947	Rs. (10,435)		Rs. (16,273)	Rs. 1,345,247	(1,943,760)	Rs. (93)	Rs. 1,790,706
Cash dividends paid	—	—	—	—	—	—	(75,727)	—	—	(75,727)
Shares issued by Trust, net of forfeitures	—	—	—	—	—	—	—	534,275	25	25
Compensation related to employee stock incentive plan, net of reversals	—	—	168,615	(168,615)	—	—	—	—	—	—
Amortization of compensation related to employee stock incentive plan	—	—	—	24,702	—	—	—	—	—	24,702
Comprehensive income										
Net income	—	—	—	—	Rs. 889,449	—	889,449	—	—	889,449
Other comprehensive income..										
Unrealized gain/(loss) on investments, net	—	—	—	—	19,069	19,069	—	—	—	19,069
Comprehensive income					Rs. 908,518					
Balance as of March 31, 1999	229,156,350	458,313	182,562	(154,348)		2,796	2,158,969	(1,409,485)	(68)	2,648,224
Cash dividends paid	—	—	—	—	—	—	(75,622)	—	—	(75,622)
Shares issued by Trust, net of forfeitures	—	—	—	—	—	—	—	138,280	(10)	(10)
Sale of shares by Trust	—	—	466,768	—	—	—	—	54,745	3	466,771
Compensation related to employee stock incentive plan, net of reversals	—	—	150,908	(150,908)	—	—	—	—	—	—
Amortization of compensation related to employee stock incentive plan	—	—	—	96,898	—	—	—	—	—	96,898
Comprehensive income	—	—	—	—	—	—	—	—	—	—
Net income	—	—	—	—	Rs. 3,551,703	—	3,551,703	—	—	3,551,703
Other comprehensive income ..										
Unrealized gain/(loss) on investments, net	—	—	—	—	(1,024)	(1,024)	—	—	—	(1,024)
Comprehensive income					Rs. 3,550,679					
Balance as of March 31, 2000	229,156,350	458,313	800,238	(208,358)		1,772	5,635,050	(1,216,460)	(75)	6,686,940
Cash dividends paid	—	—	—	—	—	—	(75,121)	—	—	(75,121)
Common stock issued	3,162,500	6,325	5,796,449	—	—	—	—	—	—	5,802,774
Shares forfeited, net of issuances by Trust	—	—	—	—	—	—	—	(64,425)	—	—
Issuance of equity shares on exercise of options	114,169	228	123,759	—	—	—	—	—	—	123,987
Net reversal of compensation related to employee stock incentive plan	—	—	(24,151)	24,151	—	—	—	—	—	—
Amortization of compensation related to employee stock incentive plan	—	—	—	87,160	—	—	—	—	—	87,160
Comprehensive income										
Net income	—	—	—	—	Rs. 6,455,214	—	6,455,214	—	—	6,455,214
Other comprehensive income ..	—	—	—	—	—	—	—	—	—	—
Unrealized gain/(loss) on investments, net	—	—	—	—	(341)	(341)	—	—	—	(341)
Comprehensive income	—	—	—	—	Rs. 6,454,873	—	—	—	—	—
Balance as of March 31, 2001	232,433,019	Rs. 464,866	Rs. 6,696,295	Rs. (97,047)		Rs. 1,431	Rs. 12,015,143	(1,280,885)	Rs. (75)	Rs. 19,080,613
Balance as of March 31, 2001($)		$ 9,922	$ 142,931	$ (2,071)		$ 31	$ 256,460		$ (2)	$ 407,270

See accompanying notes to the consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands, except share data)

	Year ended March 31,			
	1999	2000	2001	2001
Cash flows from operating activities:				
Income from continuing operations	Rs. 1,579,564	Rs. 3,332,996	Rs. 6,436,583	$ 137,387
Adjustments to reconcile income from continuing operations to net cash provided by operating activities:				
Cumulative effect of accounting change, net of tax	-	-	(59,104)	(1,262)
Loss / (Gain) on sale of property, plant and equipment	(4,635)	22,944	(154,457)	(3,297)
Depreciation and amortization	631,149	738,723	1,037,119	22,137
Non-cash interest expense on long-term debt	-	34,176	148,864	3,177
Deferred tax charge / (benefit)	(35,292)	182,553	16,539	353
Loss / (Gain) on sale of short-term investments	-	(681)	-	-
Loss / (Gain) on sale of stock of affiliate, including direct issue of stock by affiliate	-	(412,144)	-	-
Amortization of deferred stock compensation	24,702	96,898	87,160	1,860
Undistributed equity in earnings of affiliates	(76,032)	(97,890)	85,030	1,815
Minority interest	9,602	3,661	-	-
Changes in operating assets and liabilities:				
Accounts receivable	(589,577)	(858,439)	(1,739,304)	(37,125)
Inventories	(27,765)	228,569	(527,825)	(11,266)
Other assets	(58,329)	(237,449)	(1,499,324)	(32,003)
Accounts payable	620,086	(523,951)	549,826	11,736
Accrued expenses	249,727	622,528	298,384	6,369
Advances from customers	89,529	216,820	307,716	6,568
Other liabilities	(30,778)	165,972	12,664	270
Net cash provided by continuing operations	2,381,951	3,515,286	4,999,871	106,721
Net cash provided by / (used in) discontinued operations	(21,432)	-	77,735	1,659
Net cash provided by operating activities	2,360,519	3,515,286	5,077,606	108,380
Cash flows from investing activities:				
Expenditure on property, plant and equipment	(1,720,645)	(1,317,958)	(2,814,773)	(60,081)
Proceeds from sale of property, plant and equipment	206,415	32,333	226,054	4,825
Funding of discontinued operations	(935,810)	(855,793)	-	-
Purchase of minority interest, net of cash acquired	-	(67,500)	(1,083,450)	(23,126)

CONSOLIDATED STATEMENTS OF CASH FLOWS

(in thousands, except share data)

	Year ended March 31,			
	1999	2000	2001	2001
Investments in affiliate	-	-	(72,967)	(1,557)
Proceeds from sale of investments in affiliates	-	153,128	-	-
Proceeds from sale of assets of the peripherals division	-	-	156,280	3,336
Purchase of investment securities	-	(833,622)	(2,469,807)	(52,717)
Proceeds from sale and maturities of investment securities	-	95,974	174,000	3,714
Net cash used in continuing operations	(2,450,040)	(2,793,438)	(5,884,663)	(125,606)
Net cash provided by discontinued operations	168,050	-	-	-
Net cash used in investing activities	(2,281,990)	(2,793,438)	(5,884,663)	(125,606)
Cash flows from financing activities:				
Proceeds from issuance of common stock	-	-	5,926,761	126,505
Proceeds from / (repayments of) short -term borrowing from banks, net	(229,678)	(1,688,043)	232,846	4,970
Proceeds from issuance of long-term debt	500,000	976,043	-	-
Repayment of long-term debt	(463,086)	(755,049)	(188,351)	(4,020)
Sale of shares by Trust	-	466,771	-	-
Proceeds from / (redemption) of preferred stock	250,000	-	(250,000)	(5,336)
Proceeds from issuance of common stock by a subsidiary / affiliate..	-	502,345	-	-
Paymentof cash dividends	(75,727)	(75,622)	(75,121)	(1,603)
Net cash provided by/ (used in) continuing operations	(18,491)	(573,555)	5,646,135	120,515
Net cash used in discontinued operations	(158,422)	-	-	-
Net cash provided by / (used in) financing activities	(176,913)	(573,555)	5,646,135	120,515
Effect of de-consolidation of a subsidiary on cash and cash equivalents (Note 14)	-	(1,943)	-	-
Net increase / (decrease) in cash and cash equivalents during the year	(98,384)	146,350	4,839,078	103,289
Cash and cash equivalents at the beginning of the year	743,109	637,253	783,603	16,726
Cash and cash equivalents at the end of the year	Rs. 644,725	Rs. 783,603	Rs. 5,622,681	$ 120,015
Supplementary information:				
Cash paid for interest	Rs. 344,886	Rs. 335,545	Rs. 69,844	$ 1,491
Cash paid for taxes	121,815	221,233	1,120,889	23,925

See accompanying notes to the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(in thousands, except share data and where otherwise stated)

1. Overview

Wipro Limited (Wipro), together with its subsidiaries Wipro Inc., EnThink Inc., Wipro Prosper Limited, Wipro Welfare Limited, Wipro Trademarks Holdings Limited, Wipro Net Limited, Wipro Japan KK and affiliates Wipro ePeripherals Limited, NetKracker Limited and Wipro GE Medical Systems Limited (collectively, the Company) is a leading India based provider of IT services globally. Further, Wipro is in other businesses such as Indian IT Services and Products, Consumer Care and Lighting and healthcare systems. Wipro is headquartered in Bangalore, India.

2. Significant Accounting Policies

The preparation of consolidated financial statements in conformity with United States 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 United States generally accepted accounting principles.

Functional currency. The functional and reporting currency of the Company is the Indian rupee as a significant portion of the Company's activities are conducted in India.

Convenience translation. The accompanying financial statements have been prepared in Indian rupees, the national currency of India. Solely for the convenience of the readers, the financial statements as of and for the year ended March 31, 2001 have been translated into United States dollars at the noon buying rate in New York City on March 30, 2001 for cable transfers in Indian rupees, as certified for customs purposes by the Federal Reserve Bank of New York of $ 1 = Rs. 46.85. No representation is made that the Indian rupee amounts have been, could have been or could be converted into United States dollars at such a rate or any other rate.

Principles of consolidation. The consolidated financial statements include the financial statements of Wipro and all of its subsidiaries, which are more than 50% owned and controlled. All material inter-company accounts and transactions are eliminated on consolidation. The Company accounts for investments by the equity method where its investment in the voting stock gives it the ability to exercise significant influence over the investee.

Pursuant to a joint venture agreement, effective December 27, 1999, the shareholding of the Company in Wipro Net Limited (Wipro Net) was reduced from 100% to 55%. The minority shareholder, KPN Group, held 45% of the voting stock and had certain significant participating rights which provided for its effective involvement in significant decisions in the ordinary course of business. Accordingly, the financial statements of Wipro Net were not consolidated from December 27, 1999 and were accounted for under the equity method. In December 2000, the Company acquired the minority interest held by the KPN Group. The financial statements of Wipro Net have been consolidated subsequent to the acquisition.

The financial statements of Wipro Finance Limited (Wipro Finance), a majority owned subsidiary, were consolidated with Wipro in fiscal 1999 as a discontinued operation. In December 1999, Wipro reduced its shareholding in Wipro Finance to 50%, subsequent to which it did not have a controlling interest in Wipro Finance. Wipro has no financial obligations or commitments to Wipro Finance and does not intend to provide Wipro Finance with further financial support. Accordingly, Wipro has not provided for any losses beyond its equity investment and net advances, and the financial statements of Wipro Finance have not been consolidated since April 1, 1999. In fiscal 2001, Wipro sold the balance 50% equity interest in Wipro Finance.

Cash equivalents. The Company considers all highly liquid investments with remaining maturities, at the date of purchase/ investment, of three months or less to be cash equivalents.

Revenue recognition. Revenues from software development services comprise income from time-and-material and fixed-price contracts. Revenue with respect to time-and-material contracts is recognized as related services are performed. Revenue with respect to fixed-price contracts is recognized in accordance with the percentage of completion method of accounting. Provisions for estimated losses on contracts-in-progress are recorded in the period in which such losses become probable based on the current contract estimates. Maintenance revenue is deferred and recognized ratably over the term of the agreement. Revenue from customer training, support, and other services is recognized as the related service is performed. Revenue from sales of goods is recognized, in accordance with the sales contract, on dispatch from the factories/warehouses of the Company, except for contracts where a customer is not obligated to pay a portion of contract price allocable to the goods until installation or similar service has been completed. In these cases, revenue is recognized on completion of installation. When the Company receives advance payments from customers for sale of products or provision of services, such payments are reported as advances from customers until all conditions for revenue recognition are met. Revenues from product sales are shown net of excise duty, sales tax and applicable discounts and allowances.

Inventories. Inventories are stated at the lower of cost or market. Cost is determined using the weighted average method for all categories of inventories.

Investment securities. The Company classifies its debt and equity securities in one of the three categories: trading, held-to-maturity or available-for-sale, at the time of purchase and re-evaluates such classifications as of each balance sheet date. Trading and available-for-sale securities are recorded at fair value. Held-to-maturity securities are recorded at amortized cost, adjusted for the amortization or accretion of premiums or discounts. Unrealized holding gains and losses on trading securities are included in earnings. Temporary unrealized holding gains and losses, net of the related tax effect, on available-for-sale securities are excluded from earnings and are reported as a separate component of stockholders' equity until realized. Realized gains and losses from the sale of available-for-sale securities are determined on a specific identification basis and are included in earnings. A decline in the fair value of any available-for-sale or held-to-maturity security below cost that is deemed to be other than temporary results in a reduction in carrying amount to fair value. Fair value is based on quoted market prices. The impairment is charged to earnings.

Derivative financial instruments. The Company uses short-term forward foreign exchange contracts to cover foreign exchange risk. These contracts qualify as hedges, as changes in their fair value offset the effect of a change in fair value of the underlying exposure. Such contracts are revalued based on the spot rates as of the balance sheet date and the spot rates at the inception of the contract. Gains and losses arising on revaluation are recognized as offsets to gains and losses resulting from the transactions being hedged. Premium or discount on such forward exchange contracts are recognized over the life of the contract. The Company has entered into interest swap agreements which hedge interest rate risk on underlying debt. These contracts qualify as hedge transactions and are accounted for under the accrual method.

Investments in affiliates. The Company's equity in the earnings of affiliates is included in the statement of income and the Company's share of net assets of affiliates is included in the balance sheet.

Shares issued by subsidiary/affiliate . The issuance of stock by a subsidiary/affiliate to third parties reduces the proportionate ownership interest in the investee. Unless the issuance of such stock is part of a broader corporate reorganization or unless realization is not assured, the Company recognizes a gain or loss, equal to the difference between the issuance price per share and the Company's carrying amount per share. Such gain or loss is recognized in the statement of income when the transaction occurs.

Property, plant and equipment. Property, plant and equipment are stated at cost. The Company depreciates property, plant and equipment over the estimated useful life using the straight-line method. Assets under capital lease are amortized over their estimated useful life or the lease term, as appropriate. The estimated useful lives of assets are as follows:

Buildings………………………….. 30 to 60 years

Plant and machinery………………. 2 to 21 years

Furniture, fixtures and equipment… 2 to 5 years

Vehicles…………………………… 4 years

Computer software……………….. 2 years

Software for internal use is primarily acquired from third-party vendors and is in ready to use condition. Costs for acquiring this software are capitalized and subsequent costs are charged to revenue. The capitalized costs are amortized on a straight-line basis over the estimated useful life of the software. Deposits paid towards the acquisition of property, plant and equipment outstanding as of each balance sheet date and the cost of property, plant and equipment not put to use before such date are disclosed under capital work-in-progress. The interest cost incurred for funding an asset during its construction period is capitalized based on the actual investment in the asset and the average cost of funds. The capitalized interest is included in the cost of the relevant asset and is depreciated over the estimated useful life of the asset.

Intangible assets. The Company records as assets, costs incurred on assets which are of enduring value at the consideration paid for it and amortizes the cost by systematic charges to income over the period estimated to be benefited. Goodwill resulting from acquisition is reported as an intangible asset and amortized over a period of five years.

Start-up costs. Cost of start-up activities including organization costs are expensed as incurred.

Research and development. Revenue expenditure on research and development is expensed as incurred. Capital expenditure incurred on equipment and facilities that are acquired or constructed for research and development activities and having alternative future uses, is capitalized as tangible assets when acquired or constructed. Software product development costs are expensed as incurred until technological feasibility is achieved.

Impairment of long-lived assets and long-lived assets to be disposed of. The Company has adopted the provisions of Statement of Financial Accounting Standards (SFAS) No. 121, Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed Of. SFAS No. 121 requires that long-lived assets and certain identifiable intangibles be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future net undiscounted cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value less cost to sell.

Foreign currency transactions. The functional and reporting currency of the Company is the Indian rupee. Foreign currency transactions are translated into Indian rupees at the rates of exchange prevailing on the date of the respective transactions. Assets and liabilities in foreign currency are translated into Indian rupees at the exchange rate prevailing on the balance sheet date. The resulting exchange gains/losses are included in the statement of income.

Earnings per share. The Company has adopted SFAS No. 128, Earnings Per Share. In accordance with SFAS No. 128, basic earnings per share is computed using the weighted average number of common shares outstanding during the period. Diluted earnings per share is computed using the weighted average number of common and dilutive common equivalent shares outstanding during the period, using the treasury stock method for options and warrants, except where the results would be antidilutive.

Income taxes. Income taxes are accounted for using the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss carry-forwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. The measurement of deferred tax assets is reduced, if necessary, by a valuation allowance for any tax benefits of which future realization is uncertain.

Stock-based compensation. The Company uses the intrinsic value based method of Accounting Principles Board (APB) Opinion No. 25 to account for its employee stock based compensation plans. The Company has therefore adopted the pro forma disclosure provisions of SFAS No. 123, Accounting for Stock-based Compensation.

Accounting change. Effective January 1, 2001, the Company adopted the provisions of Staff Accounting Bulletin No. 101 (SAB 101) issued by the Securities and Exchange Commission, which provides guidelines in applying generally accepted accounting principles to selected revenue recognition issues. Accordingly, the Company changed its policy to recognize revenues from sale of goods on an installed basis, only on completion of installation. Prior to the adoption of SAB 101, revenues were recognized on dispatch to the customer with a appropriate provision for costs of installation.

The initial adoption resulted in a cumulative catch up adjustment of Rs. 59,104, which is recorded as a charge to earnings in fiscal 2001. The effect of this change in accounting principle on net income of fiscal 2001 is immaterial. Similarly, the effect of the change on net income of fiscal 1999 and 2000 is immaterial. Revenues for fiscal 2001 include an amount of Rs. 701,455 that is included in the cumulative effect adjustment.

Reclassifications. Certain reclassifications have been made to conform prior period data to the current presentation. These reclassifications had no effect on reported earnings.

Recent accounting pronouncements.

Derivatives and hedge accounting: On April 1, 2001 Wipro adopted SFAS No. 133, Accounting for Derivative Instruments and Hedging Activities as amended by SFAS No. 138, when the rules became effective for companies with fiscal year ending March 31.

The new rules will change the accounting treatment of derivative contracts (including foreign exchange contracts) that are employed to manage risk as well as certain derivative-like instruments embedded in other contracts. The rules require that all derivatives be recorded on the balance sheet at their fair value. The treatment of changes in the fair value of derivatives depends on the character of the transaction.

For fair value hedges, in which derivatives hedge the fair value of assets and liabilities, changes in the fair value of derivatives will be reflected in current earnings, together with changes in the fair value of the related hedged item. The Company's fair value hedges will primarily include hedges of foreign currency receivables. The Company expects that the net amount reflected in current earnings under the new rules will be substantially similar to the amounts under existing accounting practice.

For cash flow hedges, in which derivatives hedge the variability of the cash flows related to floating rate assets, liabilities or forecasted transactions, the accounting treatment will depend on the effectiveness of the hedge. To the extent these derivatives are effective in offsetting the variability of the hedged cash flows, changes in the derivatives fair value will not be included in current earnings but will be reported as other changes in stockholder's equity from non-owner sources. These changes in fair value will be included in earnings of future periods when earnings are also affected by the variability of the hedged cash flows. To the extent these derivatives are not effective, changes in their fair values will be immediately included in current earnings. The Company's cash flow hedges will primarily include hedges of forecasted foreign currency sales transactions. As a result , while the earnings impact of cash flow hedges may be similar to existing accounting practice, the amounts included in other changes in stockholder's equity may vary depending on market conditions.

Non-trading derivatives that do not qualify as hedges under the new rules will be carried at fair value with changes in value included in current earnings.

In order to adopt these new rules, the initial revaluation of these derivatives along with the initial revaluations of other items discussed in the preceding paragraphs, are required to be recorded as cumulative effects of a change in accounting principle, after tax, either in net income if the hedging relationship could have been considered a fair value type hedge prior to adoption or in other changes in stockholder's equity from nonowner sources, if the hedging relationship could have been considered a cash flow type hedge prior to adoption. The initial transition adjustments required to adopt SFAS No.133 are not significant.

Transfer and servicing of financial assets: In September 2000, the FASB issued SFAS No. 140, Accounting for Transfer and Servicing of Financial Assets and Extinguishments of Liabilities, a replacement of SFAS No. 125. Provisions of SFAS No. 140 primarily relating to transfer of financial assets and securitizations that differ from SFAS No. 125 are effective for transfers after March 31, 2001. Adoption of SFAS No. 140 will not have a significant impact on the financial statements of the Company.

3. Discontinued Operations

The Company was involved in the financial services business through Wipro Finance, a majority owned subsidiary. The Company, for strategic reasons, decided to concentrate on its core businesses and as a result, in March 1999, the Company decided to exit the financial services business and approved a formal plan for winding down the operations of this business. Under the plan, Wipro Finance will not accept any new business and the existing assets and liabilities would be liquidated as per their contractual terms. The Company estimated the shortfall in servicing liabilities of Wipro Finance through its assets and decided to fund the shortfall through a fresh infusion of equity and preferred stock amounting to Rs. 950,000.

The results of operations of Wipro Finance for all periods have been reported separately as "loss from operations of discontinued finance division". Similarly, the obligation of the Company to fund losses under the plan, in excess of recognized losses as of March 31, 1999, has been accrued as "provision for operating losses during phase-out period".

In December 1999, the Company sold 50% of the interest in Wipro Finance to certain investors for a nominal amount. Subsequent to the sale, the Company did not have a controlling interest in Wipro Finance. The financial statements of Wipro Finance were not consolidated for the year ended March 31, 2000. In fiscal 2001, the Company sold the balance 50% interest in Wipro Finance for a nominal amount. The tax benefit of Rs. 218,707 and Rs. 77,735 arising on the sales has been reported separately as a component of discontinued operations in fiscal 2000 and 2001 respectively.

4. Cash and Cash Equivalents and Restricted Cash

Cash and cash equivalents as of March 31, 2000 and 2001 comprise of cash, cash on deposit with banks and highly liquid money market instruments. Restricted cash represents deposits placed with banks as margin money against guarantees and letters of credit in the normal course of business operations. Restrictions on such deposits are released on the expiry of the terms of the guarantee and letters of credit.

5. Accounts Receivable

The accounts receivable as of March 31, 2000 and 2001 are stated net of allowance for doubtful accounts. The Company maintains an allowance for doubtful accounts based on present and prospective financial condition of the customer and aging of the accounts receivable. Accounts receivable are generally not collateralized.

The activity in the allowance for doubtful accounts receivable is given below:

	Year ended March 31,		
	1999	2000	2001
Balance at the beginning of the period	Rs. 191,473	Rs. 277,841	Rs. 196,602
Additional provision during the period	123,039	299,122	212,990
Bad debts charged to provision	(36,671)	(380,361)	(111,708)
Balance at the end of the period	Rs. 277,841	Rs. 196,602	Rs. 297,884

6. Inventories

Inventories consist of the following:

	As of March 31,	
	2000	2001
Stores and spare parts	Rs. 42,914	Rs. 44,689
Raw materials and components	497,545	483,807
Work-in-process	92,970	121,190
Finished goods	581,731	836,669
	Rs. 1,215,160	Rs. 1,486,355

Finished goods as of March 31, 2001 include inventory of Rs. 340,124 with customers pending installation.

7. Other Assets

Other assets consist of the following:

	As of March 31, 2000	As of March 31, 2001
Prepaid expenses	Rs. 377,911	Rs. 569,393
Advances to suppliers	35,510	173,390
Balances with statutory authorities	224,215	114,234
Deposits	382,307	533,684
Inter–corporate deposits	-	1,052,000
Advance income taxes	125,000	48,147
Others	219,025	444,144
	1,363,968	2,934,992
Less: Current assets	981,661	2,401,308
	Rs. 382,307	Rs. 533,684

8. Investment Securities

Investment securities consists of the following:

	As of March 31, 2000				As of March 31, 2001			
	Carrying Value	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses	Fair Value	Carrying Value	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses	Fair Value
Available-for-sale:								
Equity securities	Rs. 233	Rs. 2,298	Rs. (27)	Rs. 2,504	Rs. 233	Rs. 1,682	Rs. (64)	Rs. 1,851
Debt securities	—	—	—	—	2,462,497	—	—	2,462,497
	233	2,298	(27)	2,504	2,462,730	1,682	(64)	2,464,348
Held-to-maturity:								
Bonds and debentures	294,646	—	—	294,646	188,268	—	—	188,268
	294,646	—	—	294,646	188,268	—	—	188,268
Unquoted:								
Convertible preference shares	—	—	—	—	54,000	—	—	54,000
	—	—	—	—	54,000	—	—	54,000
	Rs. 294,879	**Rs. 2,298**	**Rs. (27)**	**Rs. 297,150**	**Rs. 2,704,998**	**Rs. 1,682**	**Rs. (64)**	**Rs. 2,706,616**

Debt securities, held-to-maturity as of March 31, 2001 mature between one through five years.

Dividends from available-for-sale securities during the years ended March 31, 1999, 2000 and 2001 were Rs. 131, Rs. 22 and Rs. 14 and are included in other income.

Proceeds from the sale of available-for-sale securities were Rs. 4,474 and Rs. Nil during the years ended March 31, 2000 and 2001 respectively.

9. Property, Plant and Equipment

Property, plant and equipment consist of the following:

	As of March 31,	
	2000	2001
Land	Rs. 273,804	Rs. 389,753
Buildings	701,839	1,173,134
Plant and machinery	3,202,434	4,806,457
Furniture, fixtures and equipment	647,590	1,038,276
Vehicles	217,729	322,534
Computer software for internal use	298,105	542,009
Capital work-in-progress	709,146	801,218
	6,050,647	9,073,381
Accumulated depreciation and amortization	(2,446,966)	(3,405,556)
	Rs. 3,603,681	Rs. 5,667,825

Depreciation expense for the years ended March 31, 1999, 2000 and 2001 is Rs. 630,543, Rs. 734,473 and Rs. 991,262 respectively. This includes Rs. 29,871, Rs. 53,261 and Rs. 140,624 as amortization of capitalized internal use software, during the years ended March 31, 1999, 2000 and 2001 respectively.

10. Intangible Assets

Intangible assets consisting of technical know-how and goodwill, are stated net of accumulated amortization of Rs. 5,647 and Rs. 47,576 as of March 31, 2000 and 2001 respectively. Technical know-how is amortized over six years.

In October 1999, the Company acquired the 45% minority interest in Wipro Computers Limited for a consideration of Rs. 67,500. The acquisition resulted in goodwill of Rs. 10,500. In December 2000, the Company acquired the 45% minority interest held by the KPN Group in Wipro Net for a consideration of Rs.1,087,216. The acquisition resulted in goodwill of Rs. 867,786. Goodwill is amortized over a period of 5 years.

Amortization of intangible assets during the year ended March 31, 1999, 2000 and 2001 is Rs. 606, Rs. 4,250, and Rs. 45,857 respectively.

11. Other Current Liabilities

Other current liabilities consist of the following:

	As of March 31,	
	2000	2001
Inter-corporate deposits	Rs. 49,692	Rs. -
Statutory dues payable	154,958	352,328
Taxes payable	195,497	45,788
Others	35,414	69,685
	Rs. 435,561	Rs. 467,801

12. Other Liabilities

Other liabilities primarily consist of security deposits collected from the Company's dealers and customers.

13. Operating Leases

The Company leases office and residential facilities under cancellable operating lease agreements that are renewable on a periodic basis at the option of both the lessor and the lessee. Rental expense under such leases was Rs. 209,830, Rs. 237,693 and Rs. 277,018 for the years ended March 31, 1999, 2000 and 2001 respectively.

14. Investments in Affiliates

Wipro GE Medical Systems (Wipro GE). The Company has accounted for its 49% interest in Wipro GE by the equity method. The carrying value of the investment in Wipro GE as of March 31, 2000 and 2001 was Rs. 434,299 and Rs. 586,749 respectively. The Company's equity in the income of Wipro GE for the year ended March 31, 1999, 2000 and 2001 was Rs. 95,632, Rs. 138,749 and Rs. 184,315 respectively.

Wipro Net. As of March 31, 1999, the Company held a 100% interest in Wipro Net represented by 15,219,180 equity shares of Rs. 10 each. Wipro Net is engaged in value added networking and communication services. The financial statements of Wipro Net were consolidated in fiscal 1999. In December 1999, the Company sold 2,903,410 equity shares to a minority shareholder for a consideration of Rs. 203,000 pursuant to a joint venture agreement. The gain on sale of Rs. 146,144 is included in the statement of income. Additionally, Wipro Net directly issued 7,173,132 shares to the joint venture partner at a price of Rs. 70 per share. As a result of the transactions, the Company's interest in Wipro Net reduced to 55%. The shareholders' agreement provided the minority shareholder in the joint venture with significant participating rights, which provided for its effective involvement in significant decisions in the ordinary course of business. Therefore, subsequent to the dilution, the Company accounted for its 55% interest by the equity method. The carrying value of the investment in Wipro Net as of March 31, 2000 was Rs. 270,586. The carrying value increased by Rs. 266,000 due to the direct issue of shares to the minority shareholder. As the direct issue of shares by Wipro Net is not part of a broader corporate reorganization, the gain due to the change in the carrying value of the investment has been included in the statement of income. The Company's equity in the loss of Wipro Net for the year ended March 31, 2000 was Rs. 26,159.

In December 2000, the Company acquired the 45% minority interest in Wipro Net for Rs. 1,087,216 resulting in goodwill of Rs. 867,786. Subsequent to the acquisition, the financial statements of Wipro Net have been consolidated . The Company's equity in the loss of Wipro Net prior to the acquisition of minority interest amounting to Rs. 135,893 is reported by the equity method in fiscal 2001.

NetKracker. In December 2000, subsequent to the acquisition of the minority interest in Wipro Net, the retail internet business division of Wipro Net comprising property and other assets and employees was transferred to NetKracker, a newly set-up entity, in exchange for 49% of the equity and certain convertible preference shares of the new entity. The assets were transferred at their carrying values of Rs. 73,000 in exchange for equity of Rs.19,000 and convertible preference shares of Rs. 54,000. Contemporaneously, a strategic investor infused fresh equity of Rs. 300,000 to acquire a 51% equity interest. Additionally, as per the agreement with the strategic investor, certain expenses of Rs. 167,000 of the retail internet business division incurred by Wipro Net prior to the hive-off were reimbursed by NetKracker to Wipro Net.

The convertible preference shares held by Wipro shall be converted to equity at Rs. 10 per equity share on occurrence of any one of the four events specified in the agreement with the strategic investor and NetKracker. These events are liquidation of NetKracker, intial public offering by NetKracker, change in equity interest of the strategic investor to outside of a specified range and valuation of NetKracker reaching specified levels based on a fresh issue of equity shares by NetKracker or sale of shares by existing shareholders. Till conversion, the preference share bear no voting or dividend rights.

The carrying value of the investment in NetKracker as of March 31, 2001 was Rs. 44,054 . The Company's equity in the losses of Netkracker for the year ended March 31, 2001 was Rs. 112,133.

The Company's share of reported earnings in NetKracker will change to 46.31% in the event that contingent issuance of equity shares arising from stock options granted by NetKracker are exercised in the future. The aggregate impact of these contingent issuances on the earnings of the Company is immaterial.

Wipro ePeripherals. On September 1, 2000, the peripherals division of Wipro, which was engaged in the business of manufacture, sales and trading of computer peripherals was spun-off into a separate legal entity, Wipro ePeripherals, for a 38.7% interest of Rs. 54,600 in the new entity, 12.5% non-convertible debentures redeemable in 2005 in the amount of Rs. 60,000 and Rs. 156,280 in cash. Contemporaneously, Wipro ePeripherals issued 61.3% of its equity to strategic investors and employees for cash. Shares were issued to Wipro and the new investors at the par value of Rs. 10. Subsequent to the sale, Wipro accounts for its 38.7% interest by the equity method. In December 2000, debentures of Rs. 20,000 were prepaid by Wipro ePeripherals.

The carrying value of the investment in Wipro ePeripherals as of March 31, 2001 was Rs. 58,890. The Company's equity in the income of Wipro ePeripherals for the year ended March 31, 2001 was Rs. 10,530.

The Company's share of reported earnings in Wipro ePeripherals will change to 31.22 % in the event that contingent issuance of equity shares arising from stock options granted by Wipro ePeripherals are exercised in the future. The aggregate impact of these contingent issuances on the earnings of the Company is immaterial.

15. Financial Instruments and Concentration of Risk

Concentration of risk. Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of cash equivalents, investment securities, accounts receivable and inter-corporate deposits. The Company's cash resources are invested with financial institutions and commercial corporations with high investment grade credit ratings. Limits have been established by the Company as to the maximum amount of cash that may be invested with any such single entity. To reduce its credit risk, the Company performs ongoing credit evaluations of customers. No single customer accounted for 10% or more of accounts receivable as of March 31, 2000 and 2001.

Derivative financial instruments. The Company enters into forward foreign exchange contracts and interest rate swap agreements where the counterparty is generally a bank. The Company considers the risks of non-performance by the counterparty as non-material. The following table presents the aggregate contracted principal amounts of the Company's derivative financial instruments outstanding:

	As of March 31,	
	2000	2001
Forward contracts	$ 48,487,662 (sell)	$ 39,531,243 (sell)
Interest rate swaps	$ 6,500,000	$ 3,250,000

The foreign forward exchange contracts mature between one to six months. Interest rate swap agreements mature in fiscal 2002.

16. Borrowings from Banks

The Company has a line of credit of Rs. 2,650,000 from its bankers for working capital requirements. The line of credit is renewable annually. The credit bears interest at the prime rate of the bank, which averaged 13.1% and 12.8% in fiscal 2000 and 2001 respectively. The facilities are secured by inventories, accounts receivable and certain property and contain financial covenants and restrictions on indebtedness.

17. Long-term Debt

Long-term debt consists of the following:

	As of March 31,	
	2000	2001
Foreign currency borrowings	Rs. 269,453	Rs. 127,582
Rupee term loans from banks and financial institutions	1,153,495	1,245,459
Others	37,766	48,186
	1,460,714	1,421,227
Less: Current portion	1,249,570	1,326,196
	Rs. 211,144	Rs. 95,031

In December 1999, the Company transferred an 8% interest in Wipro Net to a financial institution. Under the terms of the transfer, the Company has a call option to repurchase the transferred shares at a pre-determined consideration. Additionally, the financial institution has a put option to sell the shares to the Company at a pre-determined consideration. The financial institution cannot transfer the shares to a third party within the period of the call option. The Company has recorded the transfer as a secured borrowing with pledge of collateral. As of March 31, 2000 and 2001, the rupee term loans include Rs. 1,028,395 and Rs. 1,177,259 respectively representing the borrowing. The call and put option can be exercised between 13 months to 18 months from the date of transfer. The principal shareholder of the Company has pledged certain shares held in Wipro to further secure the borrowing.

All other long-term debt is secured by a specific charge over the property, plant and equipment of the Company and contains certain financial covenants and restrictions on indebtedness.

Foreign currency borrowing represents a fixed rate borrowing in United States dollars. In order to hedge the foreign exchange risk on the borrowing, Wipro entered into a structured swap agreement with a bank in September 1999. Under this agreement, the bank would assume all responsibilities to repay the borrowing and interest thereon in foreign currency as per the scheduled maturity of the borrowing. In exchange, the Company would pay the bank a fixed amount in Indian rupees as per an agreed schedule. In order to secure the Indian rupee payment streams to the bank, Wipro made an investment in certain discount bonds, the proceeds of which have been assigned as security to the bank. The swap agreement has been accounted as a hedge with the hedge cost amortized to income over the life of the contract. The discount bonds are classified as held-to-maturity investment securities.

An interest rate profile of the long-term debt is given below:

	As of March 31,	
	2000	2001
Foreign currency borrowings	6.7%	6.7%
Rupee term loans from banks and financial institutions	13.9%	13.9%

A maturity profile of the long-term debt outstanding as of March 31, 2001 is set out below :

Maturing in fiscal:	
2002	Rs. 1,326,196
2003	65,366
2004	28,305
2005	1,253
Thereafter	107
	Rs. 1,421,227

18. Equity Shares and Dividends

The Company presently has only one class of equity shares. For all matters submitted to vote in the shareholders meeting, every holder of equity shares, as reflected in the records of the Company on the date of the shareholders meeting shall have one vote in respect of each share held by him or her.

Indian statutes mandate that dividends shall be declared out of distributable profits only after the transfer of up to 10% of net income computed in accordance with current regulations to a general reserve. Should the Company declare and pay dividends, such dividends will be paid in Indian rupees to each holder of equity shares in proportion to the number of shares held by him to the total equity shares outstanding as on that date. Indian statutes on foreign exchange govern the remittance of dividend outside India. Such dividend payments are subject to taxes applicable at the time of payment.

In the event of liquidation of the affairs of the Company, all preferential amounts, if any, shall be discharged by the Company. The remaining assets of the Company, after such discharge, shall be distributed to the holders of equity shares in proportion to the number of shares held by them.

The company recognises liability for dividends on approval by the stockholders of the company.

The Company paid cash dividends of Rs. 75,727, Rs. 75,622 and Rs. 75,121 during the years ended March 31, 1999, 2000 and 2001 respectively. The dividends per share was Rs. 0.30 during the years ended March 31, 1999, 2000 and 2001. In November 1997, the Company effected a two-for-one share split in the form of a share dividend. In September 1999, the Company effected a five-for-one share split. All references in the consolidated financial statements to number of shares and per share amounts of the Company's equity shares have been retroactively restated to reflect the increased number of equity shares outstanding resulting due to the share splits.

In October 2000, the Company made a public offering of its American Depositary Shares, or ADSs, to international investors. The offering consisted of 3,162,500 ADSs representing 3,162,500 equity shares, at an offering price of $ 41.375 per ADS. The equity shares represented by the ADS carry similar rights as to voting and dividends as the other equity shares.

19. Retained Earnings

The Company's retained earnings as of March 31, 2000 and 2001 include restricted retained earnings of Rs. 23,585 and Rs. 274,038 respectively which are not distributable as dividends under Indian company and tax laws. These relate to requirements regarding earmarking a part of the retained earnings on redemption of preference shares and to avail specific tax allowances.

Retained earnings as of March 31, 2000 and 2001 also include Rs. 532,885 and Rs. 567,126 respectively of undistributed earnings in equity of affiliates.

20. Redeemable Preferred Stock

Preferred stock issued by companies incorporated in India carries a preferential right on liquidation to be repaid over the equity shares.

The Company issued 25,000,000 preferred shares aggregating Rs. 250,000 to a financial institution bearing dividend at 10.25% per annum. The preferred stock was redeemed in December 2000.

21. Other Income / (Expense), Net

Other income/(expense) consist of the following:

	Year ended March 31,		
	1999	**2000**	**2001**
Interest income/(expense), net of capitalized interest	Rs. (271,830)	Rs. (283,627)	Rs. 120,674
Gain on sale of property and equipment	5,094	16,737	154,457
Others	97,903	60,143	194,461
	Rs. (168,833)	Rs. (206,747)	Rs. 469,592

Rs.85,220, Rs.53,980 and Rs.48,000 of interest has been capitalized during the year ended March 31, 1999, 2000 and 2001 respectively.

22. Income Taxes

Income taxes consist of the following:

	Year ended March 31,		
	1999	2000	2001
Current t axes			
Domestic	Rs. 153,008	Rs. 167,825	Rs. 691,578
Foreign	61,497	174,920	402,752
	214,505	342,745	1,094,330
Deferred taxes			
Domestic	(35,292)	182,553	55,712
	(35,292)	182,553	55,712
Total income tax expense	Rs. 179,213	Rs. 525,298	Rs. 1,150,042

The reported income tax expense differed from amounts computed by applying the enacted tax rates to income from continuing operations before income taxes as a result of the following:

	Year ended March 31,		
	1999	2000	2001
Income from continuing operations before taxes	Rs. 1,758,777	Rs. 3,858,294	Rs. 7,586,625
Enacted tax rate in India	35%	38.5%	39.55%
Computed expected tax expense	615,572	1,485,443	3,000,510
Effect of:			
Income exempt from tax in India	(546,901)	(1,104,111)	(2,388,705)
Change in enacted tax rate	-	(22,385)	2,453
Others	49,045	(8,569)	133,032
Domestic income taxes	117,716	350,378	747,290
Effect of tax on foreign income	61,497	174,920	402,752
Total income tax expense	Rs. 179,213	Rs. 525,298	Rs. 1,150,042

A substantial portion of the profits of the Company's India operations are exempt from Indian income taxes being profits attributable to export operations and profits from undertakings situated in Software Technology and Hardware Technology Parks. Under the tax holiday, the taxpayer can utilize an exemption from income taxes for a period of any ten consecutive years. The Company has opted for this exemption from the year ended March 31, 1997 for undertakings situated in Software Technology and Hardware Technology Parks. Additionally, profits from certain other undertakings are also eligible for preferential tax treatment. The aggregate rupee and per share effects of these tax exemptions are Rs. 546,901 and Rs. 2.40 per share for the year ended March 31, 1999, Rs. 1,104,111 and Rs. 4.85 per share for the year ended March 31, 2000, Rs. 2,388,705 and Rs. 10.42 per share for the year ended March 31, 2001 respectively.

	As of March 31,	
	2000	2001
Deferred tax assets		
Allowance for doubtful accounts	Rs. 37,366	Rs. 56,318
Carry-forward capital losses	24,446	164,726
Difference between tax basis and amount for financial reporting of a domestic subsidiary	194,261	199,512
Others	11,678	17,587
Total gross deferred tax assets	267,751	438,143
Less: valuation allowance	-	(142,256)
Net deferred tax assets	267,751	295,887
Deferred tax liabilities		
Property, plant and equipment	Rs. 16,610	Rs. 25,489
Unrealized gains on available for sale securities	500	187
Undistributed earnings of affiliates	-	64,966
Borrowing costs	864	-
Total gross deferred tax liability	17,974	90,642
Net deferred tax assets	**Rs. 249,777**	**Rs. 205,245**

Management believes that based on a number of factors, the available objective evidence creates sufficient uncertainties regarding the generation of future capital gains and realizability of the entire carry-forward capital losses. Accordingly, the Company has established a valuation allowance for a major portion of the unabsorbed capital losses arising on sale of shares in Wipro Finance, a discontinued operation. These losses expire after eight years succeeding the year in which they were first incurred. The unabsorbed carry-forward capital losses as of March 31, 2001 expire in 2009.

Although realization of the net deferred tax assets is not assured, management believes that it is more likely than not that all of the net deferred tax assets will be realized. The amount of net deferred tax assets considered realizable, however could be reduced in the near term based on changing conditions.

23. Employee Stock Incentive Plans

In fiscal 1985, the Company established a controlled trust called the Wipro Equity Reward Trust (WERT). Under this plan, the WERT would purchase shares of Wipro out of funds borrowed from Wipro. The Company's Compensation Committee would recommend to the WERT, officers and key employees, to whom the WERT will grant shares from its holding. The shares have been granted at a nominal price. Such shares would be held by the employees subject to vesting conditions. The shares held by the WERT are reported as a reduction from stockholders' equity. 530,635 and 679,450 shares held by employees as of March 31, 2000 and 2001 respectively, subject to vesting conditions are included in the outstanding equity shares.

In February 2000, the WERT sold 54,745 shares of Wipro to third parties for a consideration of Rs. 524,475. The gain on the sale aggregating Rs. 524,472, net of the realized tax impact of Rs. 57,704 has been credited to additional paid-in capital.

The movement in the shares held by the WERT is given below:

	Year ended March 31,		
	1999	**2000**	**2001**
Shares held at the beginning of the period	1,943,760	1,409,485	1,216,460
Shares granted to employees	(558,125)	(254,100)	(4,250)
Sale of shares by the WERT	-	(54,745)	-
Grants forfeited by employees	23,850	115,820	68,675
Shares held at the end of the period	**1,409,485**	**1,216,460**	**1,280,885**

The Company has elected to use the intrinsic value-based method of APB Opinion No. 25 to account for the WERT plan. During the years ended March 31, 2000, the Company has recorded deferred compensation, net of reversals, of Rs. 150,908 for the difference between the grant price and the fair value as determined by quoted market prices of the equity shares on the grant date. Similarly, during the year ended March 31, 2001, the Company reversed net deferred compensation of Rs. 24,151. The deferred compensation is amortized on a straight-line basis over the vesting period of the shares which ranges from 6 to 60 months. The weighted-average-grant-date fair values of the shares granted during the years ended March 31, 2000 and 2001 are Rs. 1,028 and Rs. 2,212 respectively. The amortization of deferred stock compensation for the years ended March 31, 1999, 2000 and 2001 was Rs. 24,702, Rs. 96,898 and Rs. 87,160 respectively. The stock-based compensation has been allocated to cost of revenues and selling, general and administrative expenses as follows:

	Year ended March 31,		
	1999	**2000**	**2001**
Cost of revenues	Rs. 16,087	Rs. 36,299	Rs. 32,363
Selling, general and administrative expenses	8,615	60,599	54,797
	Rs. 24,702	Rs. 96,898	Rs. 87,160

In July 1999, the Company established Wipro Employee Stock Option Plan 1999 (1999 Plan). Under the 1999 Plan, the Company is authorized to issue up to 5 million equity shares of common stock to eligible employees. Employees covered by the 1999 Plan are granted an option to purchase shares of the Company subject to the requirements of vesting. The Company has elected to use the intrinsic value-based method of APB Opinion No. 25 to account for the 1999 Plan. During the year ended March 31, 2000 and 2001 the Company has not recorded any deferred compensation as the exercise price was equal to the fair market value of the underlying equity shares on the grant date.

Stock option activity under the 1999 Plan is as follows:

	Year ended March 31, 2000			
	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
Outstanding at the beginning of the period	—	—	—	—
Granted during the period	2,558,150	Rs. 1,024 to 2,522	Rs. 1,091	36 months
Forfeited during the period	(146,000)	1,086	1,086	—
Outstanding at the end of the period	2,412,150	1,024 to 2,522	1,091	36 months
Exercisable at the end of the period	—	—	—	—

	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
Outstanding at the beginning of the period	2,412,150	Rs. 1,024 - 2,522	Rs. 1,091	36 months
Granted during the period	2,672,000	1,853 - 2,419	1,860	32 months
Forfeited during the period	(405,550)	1,086	1,086	—
Exercised during the period	(114,169)	1,086	1,086	—
Outstanding at the end of the period	4,564,431	1,024 - 2,522	1,542	29 months
Exercisable at the end of the period	86,491	1,024 - 2,522	1,284	—

In July 2000, the Company established the Wipro Employee Stock Option Plan 2000 (2000 Plan). Under the 2000 Plan, the Company is authorized to issue up to 25 million equity shares to eligible employees. Employees covered by the 2000 Plan are granted an option to purchase equity shares of the Company subject to requirements of vesting. The Company has elected to use the intrinsic value-based method of APB Opinion No. 25 to account for the 2000 Plan. During the year March 31, 2001 the Company did not record any deferred compensation as the exercise price was equal to the fair market value of the underlying equity shares on the grant date.

Stock option activity under the 2000 Plan is as follows :

	Year ended March 31, 2001			
	Shares arising out of options	Range of exercise prices 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	Rs. 2,382 – 2,746	Rs. 2,397	37 months
Forfeited during the period	(305,950)	2,382	2,382	—
Outstanding at the end of the period	3,214,350	2,382 – 2,746	2,397	37 months
Exercisable at the end of the period	—	—	—	—

In April 2000, the Company established the 2000 Stock Option Plan (2000 ADS Plan). Under the 2000 ADS Plan, the Company is authorized to issue options to purchase up to 1.5 million American Depositary Shares (ADSs) to eligible employees. Employees covered by the 2000 ADS Plan are granted an option to purchase ADSs representing equity shares of the Company subject to the requirements of vesting. The Company has elected to use the intrinsic value-based method of APB Opinion No. 25 to account for the 2000 ADS Plan. During the year ended March 31, 2001 the Company did not record any deferred compensation as the exercise price was equal to the fair market value of the underlying ADS on the grant date.

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

	Year ended March 31, 2001			
	Shares arising out of options	Range of exercise prices 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 months
Forfeited during the period	(4,000)	41.375	41.375	—
Outstanding at the end of the period	264,750	41.375	41.375	37 months
Exercisable at the end of the period	—	—	—	—

In December 1999, Wipro Net established an Employee Stock Option Plan (Wipro Net Plan). Under the Wipro Net Plan, eligible employees are granted an option to purchase equity shares of Wipro Net subject to the requirements of vesting. Wipro Net has elected to use the intrinsic value-based method of APB Opinion No. 25 to account for the Wipro Net Plan. During the year March 31, 2000 and 2001 Wipro Net has not recorded any deferred compensation as the exercise price was equal to the fair market value of the underlying equity shares on the grant date.

Stock option activity under the Wipro Net Plan is as follows:

	Year ended March 31, 2000			
	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	410,000	Rs. 70 - 400	Rs. 95	39 months
Forfeited during the period	—	—	—	—
Outstanding at the end of the period	410,000	70 - 400	95	39 months
Exercisable at the end of the period	—	—	—	—

	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	410,000	Rs. 70 - 400	Rs. 95	39 months
Granted during the period	216,500	100	100	31 months
Forfeited during the period	(196,000)	70 - 400	109	—
Outstanding at the end of the period	430,500	70 - 400	91	29 months
Exercisable at the end of the period	13,611	70	—	—

The Company has adopted the pro forma disclosure provisions of SFAS No. 123. Had compensation cost been determined in a manner consistent with the fair value approach described in SFAS No. 123, the Company's net income and earnings per share as reported would have been reduced to the pro forma amounts indicated below:

	Year ended March 31,		
	1999	2000	2001
Net income			
As reported	Rs. 889,449	Rs. 3,551,703	Rs. 6,455,214
Adjusted pro forma	889,449	3,383,749	5,198,098
Earnings per share: Basic			
As reported	3.91	15.59	28.15
Adjusted pro forma	3.91	14.85	22.67
Earnings per share: Diluted			
As reported	3.91	15.54	27.91
Adjusted pro forma	3.91	14.80	22.58

The fair value of each option is estimated on the date of grant using the Black-Scholes model with the following assumptions.

Dividend yield	0.03%
Expected life	42 months
Risk free interest rates	11%
Volatility	45%

24. Earnings Per Share

A reconciliation of the equity shares used in the computation of basic and diluted earnings per equity share is set out below:

	Year ended March 31,		
	1999	2000	2001
Basic earnings per equity share — weighted average number of equity shares outstanding	227,479,728	227,843,378	229,325,989
Effect of dilutive equivalent shares-stock options outstanding	-	804,756	1,928,534
Diluted earnings per equity share — weighted average number of equity shares and equivalent shares outstanding	227,479,728	228,648,134	231,254,523

Shares held by the controlled WERT have been reduced from the equity shares outstanding and shares held by employees subject to vesting conditions have been included in outstanding equity shares for computing basic and diluted earnings per share.

Options to purchase 3,214,350 equity shares at a weighted average exercise price of Rs. 2,397 were outstanding during the year ended March 31, 2001 but were not included in the computation of diluted earnings per share because the exercise price of the options was greater than the average market price of the equity shares.

25. Employee Benefit Plans

Gratuity: In accordance with applicable Indian laws, the Company provides for gratuity, a defined benefit retirement plan (Gratuity Plan) covering certain categories of employees. The Gratuity Plan provides a lump sum payment to vested employees, at retirement or termination of employment, an amount based on the respective employee's last drawn salary and the years of employment with the Company. The Company provides the gratuity benefit through annual contributions to a fund managed by the Life Insurance Corporation of India. Under this scheme, the settlement obligation remains with the Company, although the Life Insurance Corporation of India administers the scheme and determines the contribution premium required to be paid by the Company.

The following table sets out the funded status of the Gratuity Plan and the amounts recognized in the Company's financial statements.

	As of March 31,	
	2000	2001
Change in the benefit obligation		
Projected Benefit Obligation (PBO) at the beginning of the year	Rs.52,047	Rs. 53,783
Service cost	4,049	4,110
Interest cost	5,512	5,653
Benefits paid	(7,882)	(5,635)
Acturial (gain)/loss	57	(3,353)
PBO at the end of the year	53,783	54,558
Change in plan assets		
Fair value of plan assets at the beginning of the year	22,757	24,502
Actual return on plan assets	2,494	2,482
Employer contributions	7,133	6,543
Benefits paid	(7,882)	(5,635)
Plan assets at the end of the year	24,502	27,892
Funded status	(29,281)	(26,666)
Unrecognized actuarial (gain)/loss	4,936	(2,259)
Unrecognized transition obligation	17,748	15,874
Unrecognized actuarial cost	-	4,181
Accrued benefit	(6,597)	(8,870)

Net gratuity cost for the years ended March 31, 1999, 2000 and 2001 included:

	Year ended March 31,		
	1999	2000	2001
Service cost	Rs. 3,218	Rs. 4,049	Rs. 4,110
Interest cost	4,698	5,512	5,653
Expected return on assets	(2,344)	(2,351)	(1,654)
Amortization of transition liabilities	1,874	1,874	1,874
Net gratuity cost	**Rs. 7,446**	**Rs. 9,084**	**Rs. 9,983**

The actuarial assumptions used in accounting for the Gratuity Plan are :

	As of March 31,	
	2000	2001
Discount rate	11%	11%
Rate of increase in compensation levels	10%	10%
Rate of return on plan assets	10.5%	10.5%

Superannuation: Apart from being covered under the Gratuity Plan described above, the senior officers of the Company also participate in a defined contribution plan maintained by the Company. This plan is administered by the Life Insurance Corporation of India. The Company makes annual contributions based on a specified percentage of each covered employee's salary. The Company has no further obligations under the plan beyond its annual contributions.

Provident fund: In addition to the above benefits, all employees receive benefits from a provident fund, a defined contribution plan. The employee and employer each make monthly contributions to the plan equal to 12% of the covered employee's salary. A portion of the contribution is made to the provident fund trust established by the Company, while the remainder of the contribution is made to the Government's provident fund. The Company has no further obligations under the plan beyond its monthly contributions.

The Company contributed Rs. 121,427, Rs. 161,723 and Rs. 249,341 to various defined contribution plans during the year ended March 31, 1999, 2000 and 2001 respectively.

26. Related Party Transactions

The Company has the following transactions with related parties.

	Year ended March 31,		
	1999	2000	2001
Wipro GE:			
Revenues from sale of computer equipment and administrative and management support services	Rs. 15,079	Rs. 54,535	Rs. 17,396
Fees for usage of trade mark	-	-	8,820
Rent paid	1,198	1,198	-
WiproNet:			
Fees for consultancy services	-	12,186	13,100
Fees for computer and network maintenance support	-	-	10,452
Revenues from sale of computer equipment	-	-	109,871
Wipro ePeripherals:			
Revenues from sale of computer equipment	-	-	13,984
Interest received on debentures	-	-	4,704
Purchase of printers	-	-	169,000
NetKracker:			
Fees for technical and infrastructure support services	-	-	37,018
Principal Shareholder:			
Payment of lease rentals	1,200	1,200	1,200

The Company has the following receivables from related parties, which are reported as other current assets in the balance sheet.

	As of March 31,	
	2000	2001
Wipro GE	Rs. —	Rs. 13,295
Wipro Net	12,186	—
Security deposit given to Hasham Premji, a firm under common control	25,000	25,000
	Rs. 37,186	**Rs. 38,295**

The Company has the following payables to related parties, which are reported as other liabilities in the balance sheet.

	As of March 31,
	2001
Wipro ePeripherals	Rs. 2,297
NetKracker	10,000
	Rs. 12,297

As of March 31, 2001 the Company holds debentures of Rs. 40,000 in Wipro ePeripherals and convertible preference shares of Rs 54,000 in NetKracker, which are included in investment securities.

27. Commitments and Contingencies

Capital commitments. As of March 31, 2000 and 2001 the Company had committed to spend approximately Rs. 160,084, and Rs. 400,280 respectively under agreements to purchase property and equipment. These amounts are net of capital advances paid in respect of these purchases.

Guarantees. As of March 31, 2000 and 2001 performance guarantees provided by banks on behalf of the Company to certain Indian Government and other agencies amount to approximately Rs. 880,557 and Rs. 346,764 respectively as part of the bank line of credit.

Other commitments. The Company's Indian operations have been established as a Software Technology Park Unit under a plan formulated by the Government of India. As per the plan, the Company's India operations have export obligations to the extent of 1.5 times the employee costs for the year on an annual basis and 1.5 times (increased to 5 times during fiscal 2000) the amount of foreign exchange released for capital goods imported, over a five year period. The consequence of not meeting this commitment in the future, would be a retroactive levy of import duty on certain computer hardware previously imported duty free. As of March 31, 2001, the Company has met all commitments under the plan.

Contingencies. The Company is involved in lawsuits, claims, investigations and proceedings, including patent and commercial matters, which arise in the ordinary course of business. There are no such matters pending that Wipro expects to be material in relation to its business.

28. Segment Information

The Company is organized by segments, including Global IT Services, Indian IT Services and Products, Consumer Care and Lighting and other segments. Each of the segments has a Vice Chairman / Chief Executive Officer who reports to the Chairman of the Company. The Chairman of the Company has been identified as the Chief Operating Decision Maker as defined by SFAS No. 131, Disclosure about Segments of an Enterprise and Related Information. The Chairman of the Company evaluates the segments based on their revenue growth, operating income and return on capital employed. Until fiscal 2000, interest income by lending to other segments and exchange rate fluctuations, were included as a component of total revenue and operating income for segment data. From fiscal 2001, the Chief Operating Decision Maker evaluates revenue growth and operating income of the segments excluding interest income earned by the segment by lending to other segments within the Company.

The Global IT Services (Wipro Technologies) segment provides research and development services for hardware and software design to technology and telecommunication companies and software application development services to corporate enterprises.

The Indian IT Services and Products (Wipro Infotech) segment focuses primarily on meeting all the IT and electronic commerce requirements of Indian companies.

The Consumer Care and Lighting segment manufactures, distributes and sells soaps, toiletries, lighting products and hydrogenated cooking oils for the Indian market.

Others consists of various business segments that do not meet the requirements individually for a reportable segment as defined in SFAS No. 131 and corporate activities such as treasury, legal and accounting, which do not qualify as operating segments under SFAS No. 131.

Information on reportable segments is as follows:

	Year ended March 31, 1999					
	Global IT Services	Indian IT Services and Products	Consumer Care and Lighting	Others (net of eliminations)	Reconciling Items	Entity Total
Revenues	Rs. 6,359,305	Rs. 7,262,349	Rs. 3,464,806	Rs. 805,649	Rs. —	Rs. 17,892,109
Exchange rate fluctuations	100,629	(30,881)	(5,747)	—	(64,001)	—
Interest income on funding other segments, net	141,467	—	36,100	—	(177,567)	—
Total revenues	6,601,401	7,231,468	3,495,159	805,649	(241,568)	17,892,109
Cost of revenues	(4,056,996)	(5,358,144)	(2,585,403)	(581,558)	—	(12,582,101)
Selling, general and administrative expenses	(1,076,692)	(1,602,839)	(503,817)	(319,088)	—	(3,502,436)
Amortization of goodwill	—	—	—	—	—	—
Exchange rate fluctuations	—	—	—	(29,993)	64,001	34,008
Operating income of segment	Rs. 1,467,713	Rs. 270,485	Rs. 405,939	Rs. (124,990)	Rs. (177,567)	Rs. 1,841,580
Total assets of segment	Rs. 5,259,706	Rs. 3,603,224	Rs.1,240,716	Rs. 597,951	Rs. —	Rs. 10,701,597
Capital employed	3,612,051	1,360,772	714,330	372,665	—	6,059,818
Return on capital employed	41%	20%	57%	—	—	—
Accounts receivable	1,407,923	1,745,873	140,436	308,652	—	3,602,884
Depreciation	354,053	120,052	55,040	101,398	—	630,543

	Year ended March 31, 2000					
	Global IT Services	Indian IT Services and Products	Consumer Care and Lighting	Others (net of eliminations)	Reconciling Items	Entity Total
Revenues	Rs.10,206,078	Rs. 8,181,627	Rs. 3,222,316	Rs. 1,380,583	Rs. —	Rs. 22,990,604
Exchange rate fluctuations	88,946	(13,923)	(2,090)	—	(72,933)	—
Interest income on funding other segments, net	163,500	—	43,000	—	(206,500)	—
Total revenues	10,458,524	8,167,704	3,263,226	1,380,583	(279,433)	22,990,604
Cost of revenues	(6,173,724)	(6,183,092)	(2,251,238)	(1,070,031)	—	(15,678,085)
Selling, general and administrative expenses	(1,391,265)	(1,548,302)	(533,023)	(346,564)	—	(3,819,154)
Amortization of goodwill	—	(1,000)	—	—	—	(1,000)
Exchange rate fluctuations	—	—	—	(21,330)	72,933	51,603
Operating income of segment	Rs. 2,893,535	Rs. 435,310	Rs. 478,965	Rs. (57,342)	Rs. (206,500)	Rs. 3,543,968
Total assets of segment	Rs. 5,116,501	Rs. 3,788,784	Rs. 1,282,676	Rs. 2,490,392	Rs. —	Rs. 12,678,353
Capital employed	2,711,042	1,474,491	678,549	3,569,708	—	8,433,790
Return on capital employed	107%	30%	71%	—	—	—
Accounts receivable	2,163,931	1,743,789	133,889	389,751	—	4,431,360
Depreciation	526,511	68,105	86,002	53,855	—	734,473

	Year ended March 31, 2001					
	Global IT Services	Indian IT Services and Products	Consumer Care and Lighting	Others (net of eliminations)	Reconciling Items	Entity Total
Revenues	Rs.17,670,426	Rs. 8,758,760	Rs. 3,244,037	Rs. 1,328,915	Rs. —	Rs. 31,002,138
Exchange rate fluctuations	126,291	(46,387)	-	-	(79,904)	-
Total revenues	17,796,717	8,712,373	3,244,037	1,328,915	(79,904)	31,002,138
Cost of revenues	(9,107,842)	(6,119,612)	(2,215,349)	(961,779)	—	(18,404,582)
Selling, general and administrative expenses	(2,671,325)	(1,828,254)	(639,253)	(329,520)	—	(5,468,352)
Amortization of goodwill	—	(1,000)	—	(44,389)	—	(45,389)
Exchange rate fluctuations	—	—	—	6,495	79,904	86,399
Operating income of segment	Rs. 6,017,550	Rs. 763,507	Rs. 389,435	Rs. (278)	Rs. —	Rs. 7,170,214
Total assets of segment	Rs. 9,242,116	Rs. 3,921,596	Rs. 1,205,128	Rs. 11,792,875	Rs. —	Rs. 26,161,715
Capital employed	7,760,449	1,090,097	846,978	9,823,660	—	19,521,184
Return on capital employed	78%	70%	46%	—	—	—
Accounts receivable	3,499,406	1,674,773	158,927	591,255	—	5,924,361
Depreciation	708,274	94,166	63,901	124,921	—	991,262

Net interest income on funding other segments, not evaluated as a component of segment data in fiscal 2001 is Rs Nil, Rs.122,782 Rs.10,485, for Global IT Services, Indian IT Services and Products and Consumer Care and Lighting.

The Company has three geographic segments: India, United States, and Rest of the world. Revenues from the geographic segments based on domicile of the customer is as follows:

	Year ended March 31,		
	1999	**2000**	**2001**
India	Rs. 11,352,121	Rs. 12,407,632	Rs. 12,679,110
United States	4,271,577	6,522,166	11,430,738
Rest of the world	2,268,411	4,060,806	6,892,290
	Rs. 17,892,109	**Rs. 22,990,604**	**Rs. 31,002,138**

29. Fair Value of Financial Instruments

The fair values of the Company's current assets and current liabilities approximate their carrying values because of their short-term maturity. Such financial instruments are classified as current and are expected to be liquidated within the next twelve months. The fair value of held-to-maturity investment securities and long-term debt approximates their carrying value as the interest rates reflect prevailing market rates.

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 20-F

(Mark One)

☐ **Registration statement pursuant to section 12(b) or (g) of the Securities Exchange Act of 1934**

☒ **Annual Report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**
For the fiscal year ended March 31, 2001

☐ **Transition Report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**
For the transition period from ________________ to ____________________

Commission File Number: 001-16139
WIPRO LIMITED
(Exact name of Registrant as specified in its charter)

Not Applicable
(Translation of Registrant's name into English)

Karnataka, India
(Jurisdiction of incorporation or organization)

Doddakannelli
Sarjapur Road
Bangalore, Karnataka 560 035, India
+91-80-844-0011
(Address of principal executive offices)

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

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

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

American Depositary Shares,
each represented by one Equity Share, par value Rs. 2 per share.
(Title of Class)

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

Not Applicable
(Title of Class)

Indicate the number of each of the issuer's classes of capital or common stock as of the class of the period covered by the annual report. **232,433,019 Equity Shares**

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

Yes .... No X

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

Item 17 X Item 18 ....

Currency of Presentation and Certain Defined Terms

In this Annual Report on Form 20-F, references to "$" or "dollars" or "U.S. dollars" are to the legal currency of the United States and references to "Rs." or "rupees" or "Indian rupees" are to the legal currency of India. Our financial statements are presented in Indian rupees and translated into U.S. dollars and are prepared in accordance with United States generally accepted accounting principles ("U.S. GAAP"). References to "Indian GAAP" are to Indian generally accepted accounting principles. References to a particular "fiscal" year are to our fiscal year ended March 31 of such year.

References to "U.S." or "United States" are to the United States of America, its territories and its possessions. References to "India" are to the Republic of India. "Wipro" is a registered trademark of Wipro Limited in the United States and India. All other trademarks or tradenames used in this Annual Report on Form 20-F are the property of their respective owners.

Except as otherwise stated in this report, all translations from Indian rupees to U.S. dollars are based on the noon buying rate in the City of New York on March 30, 2001, for cable transfers in Indian rupees as certified for customs purposes by the Federal Reserve Bank of New York which was Rs. 46.85 per $1.00. No representation is made that the Indian rupee amounts have been, could have been or could be converted into United States dollars at such a rate or any other rate. Any discrepancies in any table between totals and sums of the amounts listed are due to rounding.

Forward-looking and Cautionary Statement

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

PART I

Item 1. Identity of Directors, Senior Management and Advisers

Not applicable.

Item 2. Offer Statistics and Expected Timetable

Not applicable.

Item 3. Key Information

Selected Financial Data

This information is set forth under the caption "Summary of Selected Consolidated Financial Data" on page 123 of our Annual Report for the fiscal year ended March 31, 2001, and is incorporated herein by reference.

Exchange Rates

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

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

Fiscal Year Ended March 31,	Period End	Average	High	Low
1996 (From January 1, 1996)	Rs. 34.35	Rs. 35.22	Rs. 36.46	Rs. 34.35
1997	35.88	35.70	35.95	35.00
1998	39.53	37.37	39.53	35.72
1999	42.50	42.27	42.83	39.74
2000	43.65	43.46	43.75	42.84
2001	46.85	45.88	46.90	43.70

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

Month	High	Low
October 2000	Rs. 46.90	Rs. 46.10
November 2000	46.95	46.64
December 2000	46.89	46.73
January 2001	47.47	46.39
February 2001	46.68	46.41
March 2001	46.85	46.53

Capitalization and Indebtedness

Not applicable.

Reasons for the Offer and Use of Proceeds

Not applicable.

Risk Factors

This information is available in the section titled "Risk Factors" on pages 134 through 138 in our Annual Report for the fiscal year ended March 31, 2001, and such information is incorporated herein by reference.

Item 4. Information on the Company

History and Development of the Company

Wipro Limited was incorporated in 1945 as Western India Vegetable Products Limited under the Indian Companies Act, VII of 1913 which is now superceded by the Companies Act, 1956. We are deemed to be registered under the Companies Act, 1956, or the Companies Act. We are registered with the Registrar of Companies, Karnataka, Bangalore, India as Company No. 20800. Our registered office is located at Doddakannelli, Sarjapur Road, Bangalore 560 035, and the telephone number of our registered office is +91-080-844-0011. The name and address of our registered agent in the United States is CT Corporation, located at 1350 Treat Blvd., Suite 100, Walnut Creek, California 94596.

Wipro Limited was initially engaged in the manufacture of hydrogenated vegetable oil. Over the years, we have diversified into the areas of IT services, IT products and Consumer Care & Lighting Products. We are headquartered in Bangalore, India and have operations in North America, Europe and Asia. For the fiscal year ended March 31, 2001, 95% of our operating income was generated from our IT business segments. For the same period, Global IT Services represented 84% of our operating income and Indian IT Services and Products represented 11% of our operating income.

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

We incurred capital expenditure of Rs. 1,721 million, Rs. 1,318 million and Rs. 2,815 million ($ 60.09 million) during the fiscal years ended March 31, 1999, 2000 and 2001, respectively. These capital expenditures were primarily incurred on new software development facilities for our Global IT services business segment. We also incurred Rs. 570 million ($12.17 million) on the expansion of our corporate facilities in Bangalore over the course of the fiscal years ended March 31, 2000 and 2001.

Business Overview

We provide research and development services and software solutions to leading companies worldwide. Wipro Limited is a leading India based provider of IT services globally. We leverage offshore development facilities located in India to offer these services. In India, we are a leader in providing IT solutions and services. We also have a profitable presence in niche Indian market segments of consumer products and lighting.

We have three primary business segments:

- *Global IT Services.* We provide research and development services for hardware and software design to technology and telecommunications companies and software application development services to corporate enterprises. Global IT Services is our fastest growing business segment and accounted for 57% of our revenue and 84% of our operating income for the year ended March 31, 2001.
- *Indian IT Services and Products.* We are a leader in the Indian IT market and focus primarily on meeting all the IT and electronic commerce requirements of Indian companies. This business segment accounted for 28% of our revenue and 11% of our operating income for the year ended March 31, 2001.
- *Consumer Care and Lighting.* We leverage our brand name and distribution strengths to sustain a profitable presence in niche markets in the areas of soaps, toiletries, lighting products and hydrogenated cooking oils for the Indian market. This business segment accounted for 10% of our revenue and 5% of our operating income for the year ended March 31, 2001.

Industry Overview

IT Services

The role of IT in transforming businesses and economies worldwide has become widely recognized. The recent shift in the role of IT from merely supporting businesses to transforming businesses, driving productivity gains and creating new business models has increased the importance of IT to the success of companies world-wide. This has resulted in an increased focus for companies on areas such as:

- Reducing the time it takes to introduce new software applications, commonly known as time-to-application advantage; and
- Reducing the time it takes to develop new technologies, commonly known as time-to-market advantage.

As a result, corporate budgets for IT services and research and development budgets of technology companies have grown significantly. International Data Corporation, or IDC, estimates that the global IT services market will grow from approximately $349 billion in 1999 to $585 billion by 2004, reflecting a compound annual growth rate of 11%. The market for research and development services is comparable in size. The United States National Science Foundation estimated that research and development expenditure in the United States, the largest market, was $264 billion for 2000. The fastest growing segments in research and development spending are the computer networking and communication industries, which are the markets we primarily focus on.

Along with the increase in IT services and research and development spending, companies are increasingly using external professional services as an effective tool to meet their IT requirements. The trend towards outsourcing is driven by a growing shortage of IT professionals in developed economies and the threat of economic slowdown forcing cost-optimization strategies. By deploying high-speed communications equipment, companies can access skilled IT services from remote locations to meet their complex IT requirements in a cost-effective manner.

The India Advantage. According to a survey of U.S. software service vendors conducted by the World Bank, India is one of the leading offshore destinations for companies seeking to outsource software development of IT projects. A McKinsey study conducted in 1999 for the Indian National Association of Software and Service Companies, or NASSCOM, estimates that India's export revenue from IT services will grow from approximately $3.9 billion in the fiscal year ended March 31, 2000 to $30 billion by March 31, 2008. NASSCOM, estimates that for the fiscal year ended March 31, 2001, more than 40% of Fortune 500 Companies used services offered by Indian IT service providers.

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

- India-based IT companies have proven their capability to deliver IT services that satisfy the requirements of international clients who expect the highest quality standards. The NASSCOM survey of international quality standards of the top 400 Indian software companies showed that 196 had already been ISO 9000 or SEI-CMM Level 3 certified, with an additional 180 anticipated to acquire such certifications by 2002.
- India has a large, highly skilled English-speaking labor pool that is available at a relatively low labor cost. According to NASSCOM, the number of software professionals employed by the Indian software industry was approximately 410,000 as of December 31, 2000, making it the second largest employer in the IT services industry after the United States. In addition, India has more than 1,800 engineering colleges and technical institutes that train approximately 68,000 graduates annually in IT. According to a McKinsey study conducted for NASSCOM, the average annual wage for software professionals in India is approximately 20% of the average U.S. rate. Although wages in India are rising faster than in the United States, the labor rate differential is anticipated to remain a competitive advantage for Indian companies into the foreseeable future.
- With the time differential between India and its largest market, the United State, Indian companies are able to provide a combination of onsite and offshore services on a 24 hour basis on specific projects.

In line with global trends, Indian companies are also increasingly becoming aware of the potential of IT systems as they have begun to realize the benefits of technology enhancements in their businesses. The domestic Indian IT industry is primarily composed of hardware, packaged software and IT services. IDC estimates that the Indian IT market will grow to over $12.2 billion by 2004, reflecting a compound annual growth rate of approximately 31.3% from 1998, when $2.4 billion was spent. The IT services market in India is expected to grow in line with the rest of the industry to approximately $2.8 billion in 2004 from $630 million in 1998, representing a compound annual growth rate of over 26.4%.

Consumer Care & Lighting

The consumer care market that we address includes soaps, toiletries and infant care products. The aggregate consumption in these markets for the year ended December 31, 2000 was approximately Rs. 46,330 million. The growth of these markets has been relatively stable, with a growth rate of 5.8% in 2000. The lighting industry in India is divided into incandescent lighting and fluorescent tube lighting. The aggregate consumption in these markets as of December 31, 2000, was approximately Rs. 17,500 million.

Competitive Strengths

We believe that the following are our principal competitive strengths:

Broad range of research and development services

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

Comprehensive range of IT services

We provide our customers comprehensive and integrated software solutions, and are able to take full responsibility for project execution. We have over 10 years of experience in software development, re-engineering and maintenance for our corporate customers and provide managed IT support services both at the client's site and through our 28 offshore development centers in India. We believe that this integrated approach positions us to take advantage of key growth areas in enterprise solutions, including IT services for electronic commerce, or e-commerce, data warehousing and the implementation of enterprise application software such as resource planning or ERP, supply chain management or SCM and customer relationship management or CRM.

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

One of the most critical factors in our success has been our commitment to pursue the highest quality standards in all aspects of our business. We were assessed at SEI-CMM Level 5, the highest level of quality certification, in January 1999, making us the first IT services provider in the world to achieve this standard. SEI-CMM is widely accepted in the software industry as a standard to measure the maturity and effectiveness of software processes. Our SEI-CMM Level 5 rating is supported by our Six Sigma initiative, which is an internationally recognized program focusing on defect reduction and cycle time reduction. Our Six Sigma program was launched in 1998. We have recently achieved the Four Sigma level and believe that we will achieve the Six Sigma level in all of our key processes by 2002. Six Sigma represents a quality standard of less than 3.4 defects per million opportunities in which a defect may arise.

Offshore Development Model

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

- a 24-hour work schedule that takes advantage of time zone differences;
- increased access to our large pool of highly skilled IT professionals located in India;
- the ability to quickly increase the scale of development operations; and
- physical and operational separation from all other client projects, providing enhanced security for a client's intellectual property.

Established track record with premier international customer base

Our customers include some of the world's leading companies. Our top ten customers in terms of revenue for the fiscal year ended March 31, 2001, have maintained a working relationship with us for an average of 5.5 years. We had 15 clients that represented at least $5.0 million in IT services revenues in the fiscal year ended March 31, 2001. We believe that having an established base of high quality, high-technology clients provides us with the following competitive advantages:

- The type of clients we target are likely to maintain or increase their IT outsourcing budgets;
- Most of our large clients have invested significantly in our offshore development centers and are therefore likely to provide a high level of repeat business; and
- Our IT professionals are consistently exposed to the latest technologies that we are then able to leverage to procure business from other clients.

Ability to access, attract and retain skilled IT professionals

We continue to develop new methods of accessing and attracting skilled IT professionals. Recently, we partnered with a leading Indian university to establish a program for on the job training and a Masters degree in software engineering. We have also sought to open facilities in various cities in India to better access local professionals. We believe that our ability to retain highly skilled personnel is enhanced by our leadership position, opportunities to work with leading edge technologies and focus on training and compensation. Currently, we have over 9,000 IT professionals in our Global IT Services business segment and we expect to grow this number in the foreseeable future. One of the keys to attracting and retaining qualified personnel is our variable and performance linked compensation programs. We have had an employee stock purchase program since 1984, an employee stock option plan since October 1999 and a productivity bonus plan since October 1999.

Broad distribution network and strong sales force in India

We have a large and growing distribution network for our domestic businesses. For our Indian IT Services and Products business, our direct sales force targets large corporate clients and our 187 exclusive channel partners in over 100 locations focus on medium and small enterprises. For our consumer care and lighting products, we have access to one million retail outlets. This distribution reach provides us with a significant competitive advantage and allows us to grow our business with minimal increases in personnel.

Strong brand recognition in the Indian market

We believe that our brands are some of the most well recognized brands in the Indian market. We have been operating in the Indian market for 55 years and believe that customers equate our brand with high quality standards and a commitment to customer service. We enhance the value of our brands through aggressive and selective advertising and promotions.

Our Strategy

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

Significantly grow our Global IT Services business

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

- Identify and develop service offerings in emerging growth areas as separate business opportunities, such as infrastructure support services; business intelligence services; and telecommunication, Internet and application service providers;
- Aggressively grow our research and development services by focusing on high growth markets such as telecommunications, mobile communications and the Internet, and high growth technologies such as embedded software; and
- Leveraging our experience in providing IT services in the Indian market and our access to existing clients outside India to provide global support services.

Increase the number and penetration of Global IT Services clients

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

Increase our Global IT Services operating margins

We intend to focus on increasing our operating margins by:

- increasing the revenue per IT professional by providing higher value added services;
- increasing the number of productized services;
- increasing the proportion of our fixed price contracts; and
- increasing the proportion of our client work conducted offshore, which typically has higher operating margins.

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

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

Aggressively build awareness of the Wipro brand name

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

Pursue selective acquisitions of IT services companies

We plan to pursue selective acquisitions of IT service companies that would allow us to expand our service offerings and acquire additional skills that are valued by our clients. We believe that this will strengthen our relationships with clients and allow us to realize higher revenues from them. In pursuing acquisitions, we will focus on companies where a significant portion of their work can be moved offshore to India to leverage our low cost offshore delivery model and realize higher margins. Although we have not currently identified any companies we would like to acquire, we continue to seek to identify and acquire companies that will complement our existing businesses and build our brand. This strategy includes exploring potential strategic partnerships and relationships.

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

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

Global IT Services

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

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

In our IT service offerings, we typically assume primary project management responsibility. We offer these services worldwide through a team of over 9,000 IT professionals and 28 offshore development centers.

Research and Development Services

We provide product development services for both hardware and software systems that are implemented in computers and communications equipment. We acquired these skill sets from earlier research and development efforts in the design of computer hardware products for the Indian market when the Government of India did not allow these products to be imported. We have leveraged our research and development skills to become an outsourcing resource for companies that seek highly skilled product development services for some of their core technologies. We typically target these services to the Chief Technology Officer of technology product companies to provide them with a product development time-to-market advantage. Our services include:

Hardware design and development. We design and develop various types of integrated electronic circuits, or ICs, including application specific integrated circuits, or ASICs and field programmable gate arrays, or FPGAs. We offer our services over a broad spectrum of technology areas and are able to provide our clients complete subsystems or entire products. We are able to assume complete responsibility for all phases of the development, beginning with the requirements analysis to the transfer of technology and information to the client.

Software system design and development. We develop software applications, including computer operating system software applications commonly known as middleware, electronics communication protocols and software that helps computers manage networks and control peripheral devices such as printers and monitors. We focus on embedded software technologies that involve the design and development of software solutions that are embedded in the hardware of a particular device.

Our research and development services division accounted for 40%, 46% and 50% of Global IT Services revenue for the fiscal years ended March 31, 1999, March 31, 2000 and March 31, 2001.

We have approximately 5,000 IT professionals trained in a broad array of computing platforms and communication technologies. By focusing on selected markets and technologies we are able to leverage our expertise and create greater efficiencies as well as faster delivery times. Our research and development services are organized into three areas of focus, which are described below with illustrative examples of projects we have completed for our clients:

Telecommunications and inter-networking. We provide software and hardware design, development and implementation services in areas such as fiber optics communication networks, wireless networks, data networks, voice switching networks and networking protocols. Two examples of projects we have completed for our clients are provided below:

- *Wireless communications software*. The client is a leading wireless equipment vendor that sought our services to introduce features of a new communications software technology known as General Packet Radio Service, or GPRS, in its products. The GPRS software technology enables faster wireless data communications and increases network capacity. We provided services ranging from the configuration of ICs to the implementation of software to allow ICs to communicate using the GPRS technology.
- *Data communications*. The client is one of the largest communications equipment manufacturers in the world and sought our services to design and develop software modules for them that assist in the measurement of the performance of a switch used in data communications. The project involved designing and implementing software modules in the switch that were compatible with a particular communication protocol known as SONET.

Embedded systems and Internet access devices. The software solution we provide is programmed into the hardware IC or ASIC to eliminate the need for running the software through an external source. The technology is particularly important to portable computers, consumer electronics, computer peripherals, automotive electronics and mobile phones, as well as other machines such as process controlled equipment. A representative client project is provided below:

- *Wireless communications hardware*. The client is a Japanese consumer electronics company that sought our services to develop a communication link between a wireless communication device based on an operating system called

Bluetooth and other third party wireless devices that are Bluetooth compatible. We designed and simulated a system on an IC to manage the communication interface between the two wireless communication devices.

Telecommunications and service providers. We provide software application integration, network integration and maintenance services to telecommunications service providers, Internet service providers, application service providers and Internet data centers. A representative client project provided below:

- *Software and hardware integration.* For a U.K. based company, we linked several schools by developing and implementing an intranet solution, which included the design and integration of software applications and networking equipment.

Enterprise Solutions

We provide a comprehensive range of enterprise solutions primarily to Fortune 1000 companies to meet their business requirements. We typically target these services to the Chief Information Officer of a company to provide he or she with a time-to-application advantage. Our enterprise solutions division accounted for 59%, 50% and 45% of our Global IT Services revenues for the fiscal years ended March 31, 1999, March 31, 2000 and March 31, 2001.

Our services include:

E-commerce services. We offer solutions to help create the infrastructure and build and deliver applications for companies seeking to implement their e- commerce strategies. We offer our e-commerce services through our branded service, Net.profit, which enables our customers to rapidly deploy software applications so they can take advantage of new business opportunities and enhance profitability. Our e-commerce services include:

- *IT Architecting and Design*. We help our clients analyze and choose hardware, software and tools needed to deliver a system that meets their business objectives. For example, we designed an Internet based ordering system for a travel instruments company in the United Kingdom and developed an implementation plan with resources required, schedules and deliverables.
- *Application Development*. We work with our clients to develop applications around their existing or chosen architectures to meet their business requirements. For example, we developed an Internet based mutual fund and stock trading system for a finance organization based in Japan.
- *Legacy Web Integration*. We help organizations with large existing investments in legacy systems to Internet enable a number of front end applications such as customer queries. For example, we designed and developed an Internet gateway for an existing sports complex reservation system to provide access to the system through any Internet browser.
- *Web Security*. We have developed a reliable and highly scalable security model, which we have branded WebSecure, which helps our clients integrate Internet security technologies with their business model. We have implemented Internet security architecture for a leading financial services firm in the United States to address its application security requirements.

E-commerce projects are often characterized by changing requirements, very short development and deployment time frames and emerging technologies. To address these characteristics we have developed a solution methodology called Re-engineer Application Process through Incremental & Iterative Development, or RAPIID. We adopt an incremental and iterative process in our projects and take advantage of a library of reusable components developed at our development centers to reduce the development time for a project. We have over 750 e-commerce IT professionals, most of whom have industry expertise in financial services, retail, healthcare or utilities.

Custom applications. We help our clients align their IT systems with their business strategy by creating customized solutions, selecting appropriate technologies, implementing systems on a fast-track basis, and ensuring overall quality. We offer outsourcing services in the areas of software development, re-engineering and maintenance.

- *Development.* We offer our development services over a broad spectrum of technology areas that include client/server applications, object oriented software, Internet/intranet applications and mainframe applications. For example, for the video services business of leading U.S. satellite communications company, we developed a satellite transponder availability and reservation system aimed at monitoring and maximizing satellite usage on a 24 hours a day, seven days a week basis.
- *Re-engineering*. We study a client's business processes and existing systems and convert or redevelop them to meet their requirements. For example, for a leading U.S. mutual fund company, we provided 47 services for migration of their shareholder transfer agency system to a database operating system that enables continuous system operation and improved system availability.
- *Maintenance*. To meet the needs of a changing business environment with limited internal resource utilization, we address legacy software applications for our clients that require upgrades. For example, for a leading diagnostic

imaging company, we have been maintaining over 90 applications in the areas of sales and marketing, order processing, manufacturing, customer service and finance for over four years.

Enterprise application integration services. We implement packaged enterprise applications which integrate information in an organization with key business processes to improve the efficiency and effectiveness of our clients. Through strategic alliances with some of the leading solutions vendors, we assist our clients in implementing services in the areas of enterprise resource planning, supply chain management and customer relationship management.

Business intelligence and data warehousing. We develop strategies and implement solutions for our clients to manage multiple sources of data for use in their decision making processes. For example, we designed and implemented a data warehouse for a leading healthcare organization in the United States that managed claims, pharmacies, customers and healthcare providers. In offering this service, we use an iterative process methodology to deliver financial applications with feature enhancements delivered as they are completed. This allows us to deliver quick results and reduce the risk of failure.

We focus our services on clients in selected industries to leverage our expertise and create greater efficiencies and faster delivery times. We primarily offer our services across the retail and utilities, financial services, and manufacturing industries.

Technology Infrastructure Support Services

Our offerings include help desk management, systems management and migration, network management and messaging services. We are able to provide Global IT Services clients with high quality, 24 hour, seven day a week support services by leveraging our expertise in managing IT infrastructure for our clients in India. We formed this division at the end of 1998 and it accounted for 5% of Global IT Services revenues for the year ended March 31, 2001. We anticipate that this division of our Global IT Services business will continue to grow over the next few years.

A few representative examples are provided below:

- *Sun Microsystems*. Our research and development services for Sun Microsystems allowed us to obtain a contract to provide help desk support services for their Solaris operating system software.
- *Computer Associates*. We implement Computer Associates' Unicenter network management software application package in several countries as authorized service partners of Computer Associates Worldwide, and implementation of this network management system greatly reduces the number of people required to manage the network.

Our Delivery Model

In our IT service offerings, we typically assume primary project management responsibility for all stages of implementation of the project. Typically, a project team consists of a small number of IT professionals based at the client's location who define the scope of the project, track changes to specifications and requirements during project implementation, assist in installing the software or system at the client's site and ensure its continued operation. The large proportion of the development work on the project is performed at one of our dedicated offshore development centers, or ODCs, located in India. Our project management techniques, risk management processes and quality control measures enable us to complete projects on time and seamlessly across multiple locations with a high level of quality.

The Offshore Development Center. We were one of the first Indian IT services companies to implement the offshore development model as a method for delivering high-quality services at a relatively low cost to our international clients. Our ODC is a virtual extension of the client's working environment with a dedicated facility and dedicated hardware and software infrastructure that replicate the client's facilities. This is further enhanced by a dedicated high-speed telecommunication link with the client's onsite facilities and a secure working environment. We currently operate 28 offshore development centers. Clients such as Compaq, Nortel, and Seagate Technologies have had ODCs with us for periods ranging from five to eleven years. No significant client with an ODC has ever terminated our services. In all our projects, we endeavor to increase the proportion of work performed at the ODCs in order to be able to take advantage of the various benefits associated with this approach, including higher gross margins and increased process control. Due to the level of investment required by our clients in an ODC and the quality of services we provide, the ODC model has provided us a high percentage of repeat business and a stable revenue stream. In addition, the ODC model has many features that are attractive to our clients, including:

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

Clients

We provide IT software solutions to clients from a broad array of industry sectors. Several of our clients purchase services across several of our business segments. We seek to expand the level of business with our existing clients by increasing the type and range of services we provide to them. The table below illustrates the size of our client project work as measured by revenues.

	Number of clients in		
Per client revenue ($)	Year ended March 31, 1999	Year ended March 31, 2000	Year ended March 31, 2001
1-3 million	11	23	36
3-5 million	9	5	14
>5 million	6	11	15
Total	26	39	65

For the fiscal years ended March 31, 2000 and 2001 Global IT Services' largest client accounted for 15% and 8% of Global IT Services revenues, and 7% and 5% of total revenues. For the same periods, Global IT Services' five largest clients accounted for 39% and 30% of Global IT Services revenues, and 18% and 17% of total revenues.

Sales and Marketing

Our headquarters is located at Bangalore, India. We sell and market our Global IT Services primarily through our direct sales force, with locations worldwide, including in the United States, France, Holland, Japan, Sweden and the United Kingdom. Our sales teams are organized in three ways:

- by the vertical market segment in which the client's business is;
- a client is new or existing; and
- by the geographic region in which the client is located.

We use an integrated team sales approach that allows our sales teams to pass a client over to an execution team once the sale is completed. Our sales personnel, with the appropriate software professionals and technical managers work together in analyzing potential projects and selling our expertise to potential clients.

Our sales efforts are largely decentralized and conducted within each of our business segments. Global IT Services also gets support from our corporate-wide marketing team to assist in brand building and other corporate level marketing efforts. Our sales and marketing team has increased from 28 to 48 personnel from March 31, 2000 to March 31, 2001. We intend to expand our global marketing efforts through increased presence in targeted geographical regions.

Competition

The market for IT services is highly competitive and rapidly changing. Our competitors in this market include consulting firms, big five accounting firms, global IT services companies, such as IBM Global Services, Accenture, EDS, Sapient, and India based IT services companies such as Tata Consultancy Services, Infosys, and Satyam.

These competitors are located internationally as well as in India. We expect that further competition will increase and potentially include companies from other countries that have lower personnel costs than those currently in India. A significant part of our competitive advantage has historically been a wage cost advantage relative to companies in the United States and Europe. Since wage costs in India are presently increasing at a faster rate than those in the United States, our ability to compete effectively will increasingly become dependent on our ability to provide high quality, on-time, complex deliverables that depend on increased expertise in certain technical areas. We also believe that our ability to compete will depend on a number of factors not within our control, including:

- the ability of our competitors to attract, retain and motivate highly skilled IT services professionals;
- the price at which our competitors offer their services; and
- the extent to which our competitors can respond to a client's needs.

We believe we compete favorably with respect to each of these factors and believe our success has been driven by quality leadership, our ability to create client loyalty and our expertise in targeted select markets.

Indian IT Services and Products

Our Indian IT Services and Products business segment, which we call Wipro Infotech, is focused on the Indian market and provides clients with complete technology solutions. Our suite of technology services and products consists of the following:

- Enterprise products;
- Technology integration and management services; and
- Software solutions.

Additionally, we provide our domestic customers with access to our full range of global IT services, including enterprise solutions and research and development services.

Services and Products

Enterprise Products. We are one of the largest system integrators in India. This business offering assists clients with integration solutions, including platform, network, security and service provider systems integration. We manufacture our own brand of personal desktop computers and also offer a portfolio of international brands, to meet our clients' requirements.

Technology Integration and Management Services. We enable our customers to leverage our IT skills and expertise to maximize the return on their technology investments. We have over 19 years of experience and currently support over 130,000 systems with over 25,000 clients with approximately 1,000 IT professionals. Our offerings include:

- *Systems and network integration.* Includes integration of computing platforms, networks, security and service provider systems. These services are typically bundled with sales of our computer products.
- *Availability services*. Includes hardware and software maintenance, and network availability services. We provide these services through an annual service or maintenance contract with the client which provides for both preventive and breakdown maintenance services.
- *Managed IT services*. Management and operation of IT infrastructure such as data centers on a day-to-day basis.
- *Professional services.* Includes technology support services for upgrades, system migrations, messaging, network audits and new system implementation. When combined with our expertise in availability and managed IT services, we can provide the client with a complete solution for enhanced system performance.

We supplement our in-house resources with approximately 100 exclusive franchisees which we train and support for them to provide both Availability and Managed IT services. This allows us to grow our business substantially without proportionate increases in our personnel.

Software Solutions. We provide software solutions to enable clients to effectively utilize IT systems to run their business more efficiently. Our solutions include e-services, e-security solutions, and enterprise application services. These services leverage our expertise developed by our enterprise solutions, division of our global business segment.

Clients

We provide products and services to clients in a variety of areas such as manufacturing, IT services, banking, public sector undertakings, as well as to the major stock exchanges of India. Our clients also include channel partners, who are value-added resellers of our services and products. As of March 31, 2001, we had over 187 channel partners in over 100 cities in India. We have a diverse range of clients, none of whom account for more than 5% of our Indian IT Services and Products business segment revenues.

Sales and Marketing

We sell and market our products and services to major corporate clients through our direct sales force and to smaller corporate clients and retail clients through an extensive network of exclusive channel partners. Sales teams are organized according to industry sectors such as communications, finance, insurance and software. Compensation to our sales teams is comprised of salary and additional compensation linked to the profit margins and collections that a particular sales team produces. Sales efforts are further supplemented through a corporate-wide web-based ordering system and a marketing team that assists in brand building and other corporate level marketing efforts. As of March 31, 2001, we had 211 employees in our sales and marketing staff.

Competition

The market for our products and services is highly competitive and rapidly changing. Our competitors include multinational corporations such as Compaq, IBM and Hewlett-Packard and Indian companies such as HCL Infosystems Ltd., and Zenith IT Group. Currently, our major competitors in the Indian services market include HCL Infosystems and IBM Global Services.

Consumer Care and Lighting

Our consumer care and lighting business segment focuses on niche profitable market segments and has historically generated cash to support the growth of our other business segments. We began with the hydrogenated oil business, and expanded into the soaps market. We have continued to expand our business, and currently offer a mix of consumer products including hydrogenated cooking oil, soaps and toiletries, light bulbs and fluorescent tubes, and lighting accessories.

Products

Soaps and toiletries. Our product lines include soaps and toiletries, as well as baby products, using ethnic ingredients. Our umbrella brands include the Santoor and Wipro Active lines of soaps and talcum powders and the Wipro Baby Soft line of infant and child care products, which includes soap, talcum powder, oil and feeding bottles.

Lighting. Our product line includes incandescent light bulbs, florescent tubes and luminaries. We operate both in commercial and retail markets. We have also developed commercial lighting solutions for pharmaceutical production centers, software development centers and other industries.

Hydrogenated cooking oils. Our product line consists of hydrogenated cooking oils, a cooking medium used in homes, and bulk consumption points like bakeries and restaurants. We sell this product under our brand name Wipro Sunflower, which was launched in the 1950s and has been a leading brand in western and southern India.

Sales and Marketing

We sell and market our consumer care products primarily through our distribution network in India, that has access to one million retail outlets throughout the country. We sell our lighting products to major industrial and commercial customers through our direct sales force, from 20 sales offices located throughout India. We also have access to over 300,000 retail outlets for our lighting products.

We leverage our brand recognition by successfully incorporating the Wipro identity with our consumer brands. We intend to expand our marketing efforts with advertising campaigns and promotional efforts targeted to specific regions of India.

Competition

Our competitors in consumer care and lighting are located primarily in India, and include multinational and Indian companies such as Hindustan Lever Limited, for soaps, toiletries and hydrogenated oils and General Electric and Philips for lighting.

Raw Materials and Manufacturing

The primary raw materials for many of our soap and hydrogenated oil products are agricultural commodities, such as vegetable oils. We normally purchase these raw materials domestically through various suppliers contracts. Prices of vegetable oils, agricultural commodities tend to fluctuate due to seasonal, climatic and economic factors, which generally also affect our competitors.

Our lighting products are manufactured from glass and industrialized parts. We purchase these parts from various domestic and foreign distributors and manufacturers, pursuant to a combination of requirement and other supply contracts. These materials are currently in adequate supply, and we expect them to continue to be in adequate supply.

We have five manufacturing facilities located in southern and western India.

Government Regulation and Environmental Matters

We are subject to several legislative provisions relating to the prevention of food adulteration, weights and measures, drugs and cosmetics, storage of explosives, environmental protection, pollution control, essential commodities and operation of manufacturing facilities. Non-compliance with these provisions may lead to civil and criminal liability. We are and have been in compliance with the applicable provisions.

Wipro GE Medical Systems Limited

In 1990, we formed a joint venture with General Electric called Wipro GE Medical Systems Limited to learn new technologies and management processes from world class companies like General Electric and to enter new markets. General Electric currently holds 51% of the equity in the joint venture and we hold 49%. The joint venture partners have equal representation on the board of directors and the chairman of the joint venture is the chairman of Wipro Limited. The joint venture provides customers in South Asian markets after sales services for all GE Medical Systems products sold to them. Products offered in this market consists of GE Medical Systems products manufactured world wide and portable ultrasound equipment manufactured in India by this joint venture for the global markets. This venture also leverages our strength in software development to develop embedded software for medical equipment designed and developed by General Electric for their global product portfolio. Our main competitors include Siemens and Philips.

Wipro Fluid Power

Our fluid power business started in 1975, as a result of our strategy to enter new emerging markets with profitable business and high margins. We focus on the hydraulics market, especially the mobile construction equipment business and believe the growth of this business is linked to the growth of infrastructure spending in India. We manufacture and sell cylinders and truck hydraulics, and we also distribute hydraulic steering equipment and pumps, motors and valves for international companies. Our main competitors include Hitachi Ltd., Hyundai Motor Company, UT Limited (India) and overseas suppliers such as the Danfoss Group and Komatsu Ltd.

Markets and Sales Revenue

Our revenues for the last three fiscal years by geographic areas are as follows:

Geographic Area	Fiscal year ended March 31, 1999	2000	2001	2001
				(In millions)
India	Rs. 11,352	Rs. 12,408	Rs. 12,679	$ 271
United States	4,272	6,522	11,431	244
Rest of the World	2,268	4,061	6,892	147
Total	Rs. 17,892	Rs. 22,991	Rs. 31,002	$ 662

Intellectual Property

Our intellectual property rights are important to our business. We rely on a combination of patent, copyright, trademark and design laws, trade secrets, confidentiality procedures and contractual provisions to protect our intellectual property. We require employees, independent contractors and, whenever possible, vendors to enter into confidentiality agreements upon the commencement of their relationships with us. These agreements generally provide that any confidential or proprietary information developed by us or on our behalf be kept confidential. These agreements also provide that any confidential or proprietary information disclosed to third parties in the course of our business be kept confidential by such third parties. However, our clients usually own the intellectual property in the software we develop for them.

Our efforts to protect our intellectual property may not be adequate. Our competitors may independently develop similar technology or duplicate our products and/or services. Unauthorized parties may infringe upon or misappropriate our products, services or proprietary information. In addition, the laws of India do not protect intellectual property rights to the same extent as laws in the United States. For example, India does not grant patents for software applications or products. In the future, litigation may be necessary to enforce our intellectual property rights or to determine the validity and scope of the proprietary rights of others. Any such litigation could be time-consuming and costly.

We could be subject to intellectual property infringement claims as the number of our competitors grows and our product or service offerings overlap with competitive offerings. In addition, we may become subject to such claims since we may not always be able to verify the intellectual property rights of third parties from which we license a variety of technologies. Defending against these claims, even if not meritorious, could be expensive and divert our attention from operating our company. If we become liable to third parties for infringing their intellectual property rights, we could be required to pay substantial damage awards and be forced to develop non-infringing technology, obtain a license or cease selling the applications that contain the infringing technology. The loss of some of our existing licenses could delay the introduction of software enhancements, interactive tools and other new products and services until equivalent technology could be licensed or developed. We may be unable to develop non-infringing technology or obtain a license on commercially reasonable terms, or at all.

As of March 31, 2001, Wipro Limited and its subsidiaries held 142 trademarks in India, including Wipro™, Santoor™ and Wipro Babysoft™. Partially as a result of transferring our trademarks to our wholly-owned subsidiary, Wipro Trademarks Holding Limited, we have 966 trademark applications pending in India, and we have four registered trademarks in Japan, one registered trademark in the United States, five community trademarks in the European Union and one trademark application and five service mark applications pending in the United States. It is uncertain whether we will obtain registration for these trademarks and service marks.

We have patent applications for our hydraulic stack valve that are currently pending in India. We have one registered patent for our hydraulic tipping valve. We have three registered copyrights and eight pending copyright registrations in India. We also have eight designs registered in India. We cannot guarantee that we will obtain patent, design and copyright registration for any of our pending applications.

Organizational Structure

Wipro's subsidiaries and affiliates are provided in the table below :

Name	Country of Incorporation	Percentage Held by Wipro
Wipro Inc.	United States	100%
Enthink Inc. *	United States	100%
Wipro Japan KK	Japan	100%
Wipro Prosper Ltd.	India	100%
Wipro Welfare Ltd.	India	100%
Wipro Trademark Holdings Ltd.	India	100%
Wipro Net Ltd.	India	92%
NetKracker Ltd.	India	49%
Wipro ePeripherals Ltd.	India	38.7%
Wipro GE Medical Systems Ltd.	India	49%

* Wholly owned subsidiary of Wipro Inc.

Facilities

Our headquarters and corporate offices are located at Doddakannelli, Sarjapur Road, Bangalore, India. The offices are approximately 300,000 square feet. We have entered into an agreement to purchase approximately 1,300,000 square feet adjoining our corporate offices for future expansion plans. Additionally, our most significant leased and owned properties are listed in the table below.

We have one sales and marketing office located in each of the following countries: Canada, France, Germany, Japan, Sweden, and the United Kingdom. In addition, we have eight sales and marketing offices in the United States.

We operate nine manufacturing sites, aggregating approximately 1,250,000 square feet and 4,000,000 square feet of land. We own seven of these facilities, located in Amalner, Tumkur, Bangalore, Mysore, Hindupur, Chennai and Pondicherry, India. We have leased on a long term basis two additional facilities located in Waluj and Gurgaon, India.

Our software development and manufacturing facilities are equipped with a world class technology infrastructure that includes networked workstations, servers, data communication links, captive power generators and other plants and machinery.

We believe that our facilities are optimally utilized and that appropriate expansion plans are being planned and undertaken to meet our future growth.

Location	Building Approx.Sq. ft.	Land (1) Approx.Sq. ft.	Ownership
Software Development Facilities			
Bangalore (Castle Street), Karnataka	14,500	—	Leased
Bangalore (Electronic City 1), Karnataka	225,000	217,800	Long term lease
Bangalore (ITPL), Karnataka	113,000	—	Leased
Bangalore (Koramangala 2), Karnataka	52,500	30,000	Owned
Bangalore (Kormangala 1), Karnataka	48,000	—	Leased
Bangalore (Lavelle Road), Karnataka	24,000	—	Leased
Bangalore (M.G. Road), Karnataka	56,000	—	Leased
Bangalore (Madivala — 1), Karnataka	48,000	—	Leased
Bangalore (Madivala — 2), Karnataka	74,800	—	Leased
Bangalore (Mission Road), Karnataka	29,000	—	Leased
Chennai, (Sholinganalur), Tamil Nadu (2)	150,000	610,000	Owned
Chennai, (Guindy), Tamil Nadu	35,000	16,000	Owned
Gurgaon, Haryana	6,000	40,000	Long term lease
Hyderabad, (Madhapur), Andhra Pradesh	250,000	196,000	Long term lease
London – United Kingdom	5,500	—	Leased

Location	Building Approx Sq. ft.	Land (1) Approx Sq. ft.	Ownership
Pune, (Hinjawadi), Maharashtra (2)	110,000	1,084,000	Long term lease
Pune, (Satara Road), Maharashtra	22,000	—	Leased
Secunderabad, (Begumpet), Andhra Pradesh	40,000	—	Leased
Phoenix, Arizona	2,300	—	Leased
Total	**1,305,600**	**2,193,800**	
Proposed Software Development Facilities			
Bangalore (Electronic City 2), Karnataka	430,000	522,000	Owned
Bangalore (Electronic City 3), Karnataka	250,000	370,000	Owned
Bangalore (Madivala – 3), Karnataka	60,000	—	Leased
Hyderabad, Andhra Pradesh	—	1,300,000	Long term lease
Kolkata, West Bengal	350,000	522,000	Long term lease
New Mumbai, (Belapur), Maharashtra	156,000	—	Long term lease
New Mumbai, (Vashi), Maharashtra	—	166,000	Long term lease
Total	**1,246,000**	**2,880,000**	
Factories			
Amalner, Maharashtra	727,000	1,108,000	Owned
Bangalore, Karnataka	63,000	397,000	Owned
Chennai, Tamil Nadu	90,083	170,320	Owned
Gurgaon, Haryana	3,000	8,000	Long term lease
Hindupur, Andhra Pradesh	31,000	114,000	Owned
Mysore, Karnataka	60,000	327,000	Owned
Thirubhuvanai, Pondicherry	20,000	400,000	Owned
Tumkur, Karnataka	139,000	736,000	Owned
Waluj, Maharashtra	124,000	767,000	Long term lease
Total	**1,257,000**	**4,027,000**	

(1) Includes land owned or held pursuant to a long term lease.
(2) Facilities partially completed.

Material Plans to Construct, Expand and Improve Facilities

As of March 31, 2001, we have capital commitments of Rs. 400 million ($8.54 million) related to the construction or expansion of software development facilities. Additional expansion plans are currently intended to be funded by internal accruals.

Legal Proceedings

Wipro Limited, its directors, senior executive officers and affiliates are not currently a party to any material legal proceedings.

Item 5. Operating and Financial Review and Prospects

Operating Results

This information is available in the section titled “Management’s Discussion and Analysis of Financial Conditions and Results of Operation” on pages 124 through 133 in our Annual Report for the fiscal year ended March 31, 2001, and is incorporated herein by reference.

Liquidity and Capital Resources

This information is available in the section titled “Management’s Discussion and Analysis of Financial Conditions and Results of Operation” on pages 124 through 133 in our Annual Report for the fiscal year ended March 31, 2001, and is incorporated herein by reference.

Trend Information

This information is available in the section titled “Management’s Discussion and Analysis of Financial Conditions and Results of Operation” on pages 124 through 133 in our Annual Report for the fiscal year ended March 31, 2001 and is incorporated herein by reference.

Item 6. Directors, Senior Management and Employees

Directors and Senior Management

Our directors and executive officers, their respective ages and positions as of March 31, 2001, are as follows:

Name	Age	Position
Azim H. Premji	55	Chairman of the Board and Managing Director
Dr. Ashok Ganguly	65	Director
Dr. Nachiket Mor	37	Director
P. S. Pai	58	Vice Chairman of the Board and Executive Officer
B. C. Prabhakar	58	Director
Dr. Jagdish Sheth	62	Director
Vivek Paul	42	Vice Chairman of the Board and Executive Officer
Narayan Vaghul	64	Director
Hamir K. Vissanji	74	Director
Dileep Ranjekar	50	Executive Vice President, Human Resources
Suresh C. Senapaty	44	Executive Vice President, Finance
Suresh Vaswani	41	President, Wipro Infotech
M.S. Rao	58	President, Wipro Fluid Power
Vineet Agrawal	39	Vice President, Mission Quality, Innovation, Brand and Corporate Communication

Azim H. Premji has been our Chairman of the Board and Managing Director since September 1968. Mr. Premji holds a Bachelor of Science in Electrical Engineering from Stanford University.

Dr. Ashok Ganguly has served as our director since January 1999. He has also been Chairman of ICI India Limited since August 1996. From June 1980 to May 1990, he served as Chairman of Hindustan Lever Limited. From May 1990 to May 1997, he served as director of Unilever N. V. & Plc. Currently, he is also a director of ICICI Limited, the Central Board of Directors of Reserve Bank of India, Mahindra and Mahindra Ltd, Technology Network (India) Pvt. Ltd. and British Airways Plc., where he also is a member of the Compensation Committee. Dr. Ganguly holds a B.Sc. in Chemistry from Bombay University, and an M.S. and Ph.D. in Food Sciences from the University of Illinois.

Dr. Nachiket Mor has served as our director since November 1996. He has also worked with ICICI Limited since 1987, where he is currently Senior General Manager. He has also been a director of ICICI Capital Services Limited, ICICI Infotech Services Limited, and ICICI E-Payments Limited. As of April 1, 2001, Dr. Mor also became a director of ICICI Bank Limited. Dr. Mor holds a B.Sc. in Physics from Bombay University, a Post Graduate Diploma in Management from the Indian Institute of Management, Ahmedabad, and a Ph.D. in Economics from the University of Pennsylvania.

P.S. Pai has served as our director, Vice Chairman of the Board and Executive Officer of Wipro Consumer Care and Lighting since January 1999 and served as Group President from July 1996 to December 1998. Mr. Pai holds a B. Engineering from Mysore University and Post Graduate Diploma in Industrial Engineering from IIT, Madras.

B.C. Prabhakar has served as our director since February 1997. He has practiced law in his own firm since April 1970. Mr. Prabhakar holds a B.A. in Political Science and Sociology and an LL.B. from Mysore University.

Dr. Jagdish Sheth has served as our director since January 1999. He has been a professor at Emory University since July 1991. He has also been a director of Norstan, Inc. since September 1995, and of Pac West Telecomm since July 1999. Dr. Sheth holds a B. Commerce from Madras University, an M.B.A. and a Ph.D. in Behavioral Sciences from the University of Pittsburgh.

Vivek Paul has served as our director, Vice Chairman of the Board and Executive Officer of Wipro Technologies since July 1999. From January 1996 to July 1999, Mr. Paul was General Manager of Global CT Business at General Electric, Medical Systems Division. From March 1993 to December 1995, he served as President and Chief Executive Officer of Wipro GE Medical Systems Limited. Mr. Paul holds a B. Engineering from the Birla Institute of Technology and Science, and an M.B.A. from the University of Massachusetts, Amherst.

Narayan Vaghul has served as our director since June 1997. He has been Chairman of the Board of ICICI Limited since September 1985. Mr. Vaghul is also a director of Mahindra and Mahindra Ltd., Nicholas Piramal India, Ltd., Technology Network (India) Pvt. Ltd. and Air India Limited. Mr. Vaghul is also the Chairman of the Compensation Committee of Mahindra and Mahindra Limited and Nicholas Piramal India Ltd. Mr. Vaghul holds a B. Commerce in Banking from Madras University.

Hamir K. Vissanji has served as our director since September 1956. He has been Chief Executive Officer of BMD Chemicals. Pvt Ltd. since January 1995. Mr. Vissanji holds an M. Commerce from Bombay University.

Dileep K. Ranjekar has served as our Corporate Executive Vice President, Human Resources, since February 1995, and has served with us in other positions since May 1976. Mr. Ranjekar holds a B.Sc. and a Post Graduate Diploma in Marketing from Pune University, and an M.A. in Personnel Management and Industrial Relations from the Tata Institute of Social Services.

Suresh C. Senapaty has served as our Corporate Executive Vice President, Finance, since January 1995 and served with us in other positions since April 1980. Mr. Senapaty holds a B. Commerce from Utkal University, and is a Fellow Member of the Institute of Chartered Accountants of India.

Vineet Agrawal has served as Corporate Vice President, Mission Quality, Innovation, Brand and Corporate Communication since September 2000 and served with us in other positions since December 1985. Mr. Agrawal holds a B.Tech from IIT, New Delhi and M.B.A from Bajaj Institute of Management Studies, Mumbai.

M. S. Rao has served as President, Wipro Fluid Power since September 1992 and served with us in other positions since October 1973. Mr. Rao holds a B. Engineering and a Post Graduate Diploma in Management from the Indian Institute of Management, Ahmedabad

Suresh Vaswani has served as President, Wipro Infotech since December 2000, and has served with us in other positions since June 1987. Mr. Vaswani holds a B.Tech from IIT, Kharagpur and a Post Graduate Diploma in Management from the Indian Institute of Management, Ahmedabad.

Compensation

Director Compensation

Each of our non-employee directors receive an attendance fee of $43 (Rs. 2,000) for every Board and Committee meeting they attend. In the fiscal year ended March 31, 2001, we paid an aggregate of $55,229 (Rs. 25,87,500) to our non-employee directors.

Our directors are reimbursed for travel and out-of-pocket expenses in connection with their attendance at Board and Committee meetings. Additionally, we also compensate certain directors for consulting services they provide to us. Dr Ashok Ganguly receives approximately $17,075 (Rs. 800,000) per year. Narayan Vaghul receives approximately $17,075 (Rs. 800,000) per year. B.C. Prabhakar receives approximately $8,538 (Rs. 400,000) per year. Dr Jagdish Sheth receives approximately $25,000 per year.

Executive Compensation

The following two tables present the annual and long term compensation earned, awarded or paid for services rendered to us for the fiscal year ended March 31, 2001, by our Executive Directors and members of our administrative, supervisory or management bodies.

	Annual Compensation			
Name	Salary	Commission/ Incentives (1)	Housing (2)	Others (3)
Azim H. Premji	$ 44,824	$ 676,086	$ 25,614	$ 36,807
Vivek Paul	283,333	507,174	—	—
P. S. Pai	78,762	169,021	28,047	2,404
Arun K. Thiagarajan (4)	37,567	112,681	11,100	5,023
Dileep K. Ranjekar	48,237	33,490	8,965	2,998
Suresh C. Senapaty	44,803	32,225	4,461	11,661
Vineet Agrawal	27,790	19,107	6,033	1,314
M. S. Rao	45,601	1,919	—	6,272
Suresh Vaswani	31,928	38,610	4,252	1,621

(1) Azim H. Premji, Vivek Paul, P.S. Pai and Arun K. Thiagarajan were paid commissions at the rate of 0.4%, 0.3%, 0.1% and 0.1% respectively on our net profits computed in accordance with the provisions of the Companies Act, 1956. All other executives were paid incentives under a Quarterly Performance Linked Scheme based on their achievement of pre-defined profit targets.

(2) The value of this perquisite accounts for more than 25% of the total value of all perquisites and personal benefits received in fiscal 2001.

(3) This figure includes a subsidy of $28,752 and $8,069 to Azim H. Premji and Suresh C. Senapaty, for interest payments on their independent housing loans.

(4) Employment ceased November 2000.

	Long Term Compensation						
Name	Deferred Benefits (1)(2)	Long Term Incentives	No. of Equity Share Options Granted	Grant Price	No. of ADS Options Granted	Grant Price	Expiration Date
Azim H. Premji	$ 194,646	—	—	—	—	—	—
Vivek Paul	68,057	—	30,000	51.65	60,000	41.375	October 2005
P. S. Pai	12,621	—	10,000	39.55	—	—	June 2005
Arun K. Thiagarajan	6,685	—	—	—	—	—	—
Dileep K. Ranjekar	8,299	16,746	8,000	39.55	—	—	June 2005
Suresh C. Senapaty	7,607	15,874	8,000	39.55	3,000	41.375	October 2005
Vineet Agrawal	3,337	—	5,000	39.55	—	—	June 2005
M. S. Rao	6,155	10,085	—	—	—	—	—
Suresh Vaswani	3,873	6,793	6,500	39.55	—	—	June 2005

(1) Deferred benefits payable to Vivek Paul include contributions made by us to our deferred compensation plan and in the case of other employees, our contribution to the Provident Fund and Pension Fund. Under our pension plan, any pension that is payable to an employee is not computed on the basis of final compensation, but on the accumulated pension fund to the credit of the employee as of the date of separation, death, disability or retirement. We annually contribute 15% of Mr. Premji's base salary and commission earned for that year to our pension fund for the benefit of Mr. Premji. For all other employees, we contribute 15% of their respective base salaries to our pension fund for their benefit. These contributions are included in this column.

(2) In addition to the deferred benefits indicated above, we are also required by Indian law to pay a one time only lump sum of $7,471 as a gratuity payment for each of our employees, other than Vivek Paul, at the time of separation, death, disability or retirement.

Board Composition

Our Articles of Association provide that the minimum number of directors shall be four and the maximum number of directors shall be twelve. Currently, we have nine directors. Our Articles of Association provide that at least two-thirds of our directors shall be subject to retirement by rotation. One third of these directors must retire from office at each annual general meeting of the shareholders. A retiring director is eligible for re-election. Up to one-third of our directors can be appointed as permanent directors. Currently, Azim H. Premji and Dr. Nachiket Mor are non-retiring directors.

In addition, our Articles of Association allow us to enter into loan agreements that grant the financial institutions from which we have obtained loans the right to appoint a special director to our Board of Directors. These directors are generally not subject to retirement by rotation, but would be if the number of permanent directors prior to their appointment exceeded the one-third limit mentioned above. Dr. Nachiket Mor has been nominated by ICICI Limited to our Board of Directors as a special director.

The terms of each of our directors and there expiration dates are provided in the table below:

Name	Expiration of Current Term of Office	Term of Office
Azim H. Premji	December 31, 2002	2 years
Vivek Paul	July 29, 2004	5 years
P. S. Pai	December 1, 2001	3 years
Dr. Jagdish Sheth	July 19, 2001	Retirement by rotation
Dr. Ashok Ganguly	July 19, 2001	Retirement by rotation
Hamir K. Vissanji	Annual General Meeting 2002	Retirement by rotation
B. C. Prabhakar	Annual General Meeting 2002	Retirement by rotation
N. Vaghul	Annual General Meeting 2002	Retirement by rotation

Option Grants

There were no option grants to our Chairman and Managing Director in the fiscal years ended March 31, 2000 and 2001. Details of options granted to other senior management executives are reported elsewhere in this Item 6 in the section titled "Executive Compensation."

Option Exercises and Holdings

Our Chairman and Managing Director did not exercise or hold any options during the fiscal year ended March 31, 2001. The details of stock options, held and exercised with respect to other senior management executives are reported elsewhere in Item 6 in the section titled "Share Ownership"

Employment and Indemnification Contracts

Under the Companies Act, our shareholders must approve the salary, bonus and benefits of all employee directors at an Annual General Meeting of Shareholders. Each of our employee directors has signed an agreement containing the terms and conditions of employment, including a monthly salary, performance bonus and benefits including vacation, medical reimbursement and pension fund contributions. These agreements are made for a two year period, three year period and five year period, but either we or the employee director may terminate the agreement upon six months notice to the other party.

We have entered into employment agreements with Azim H. Premji, P.S. Pai, Vivek Paul, Dileep Ranjekar, Suresh Senapaty, M. S. Rao, Suresh Vaswani and Vineet Agrawal. These employment agreements provide for up to a 180-day notice period, up to 21 days of leave in addition to statutory holidays, and an annual compensation review. Additionally, employees are required to relocate as we may determine, and to comply with confidentiality provisions.

Our employment agreement with Vivek Paul provides that if his employment with us is terminated for reasons other than legal, ethical or company policy violations, we will pay a severance payment equal to twenty-four months base salary plus benefits payable for that period. The severance payment is payable in monthly installments consistent with our established payroll policies over a twenty-four month period following the date notice of termination is served. These payments will cease if Vivek Paul obtains new employment within the twenty-four months. Further, upon termination of service for reasons other than legal, ethical or company policy violations, Vivek Paul shall be entitled to continued vesting for a specified number of shares awarded to him under the Wipro Equity Reward Trust. Vivek Paul must exercise his right to receive these shares within three months from the date of his termination.

We also have entered into agreements to indemnify our directors and officers for claims brought under U.S. laws to the fullest extent permitted by Indian law. These agreements, among other things, indemnify our directors and officers for certain expenses, judgments, fines and settlement amounts incurred by any such person in any action or proceeding, including any action by or in the right of Wipro Limited, arising out of such person's services as our director or officer.

Board Committee Information

Audit Committee

Our Audit Committee reviews, acts on and reports to the Board of Directors with respect to various auditing and accounting matters. These matters include the recommendation of our independent auditors, the scope of our annual audits, fees to be paid to the independent auditors, the performance of our independent auditors and our accounting practices. The members of the Audit Committee are Narayan Vaghul, Hamir K. Vissanji and Dr. Nachiket Mor.

Compensation and Benefit Committee

The Compensation and Benefit Committee of the Board of Directors, which was formed in 1987, determines the salaries, benefits and stock option grants for our employees, directors and other individuals compensated by our company. The Compensation Committee also administers our compensation plans. The members of the Compensation Committee are Narayan Vaghul, Hamir K. Vissanji and B.C. Prabhakar.

Employees

As of March 31, 2001, we had 14,181 employees, including 9,742 IT professionals. Highly trained and motivated people are critical to the success of our business. To achieve this, we focus on attracting and retaining the best people possible. A combination of strong brand name, congenial working environment and competitive compensation programs enables us to attract and retain these talented people.

Our human resources department is centralized at our corporate headquarters in Bangalore and functions across all of the business segments. We have implemented corporate-wide recruiting, training, performance evaluation and compensation programs that are tailored to address the needs of each of our business segments.

Recruiting

We hire entry level graduates from both the top engineering and management universities in India as well as more experienced lateral hires from employee referral programs, advertisements, placement consultants, our website postings and walk-ins. To facilitate employee growth within Wipro Limited, all new openings are first offered to our current employees. The nature of work, skill sets requirements and experience levels are highlighted to the employees. Applicants undergo the regular recruitment process and get assigned to their new roles.

Training

Each of our new recruits must attend a two week intensive training program when they begin working with us. New or recent graduates must also attend additional training programs that are tailored to their area of technology. We also have a mandatory continuing education program that requires each IT professional to attend at least 40 hours of continuing education classes to improve their understanding and competency of new technologies, as well as to develop leadership and personal self-development skills. We currently have 20 full-time faculty members to provide these training courses. We supplement our continuing education program for existing employees by sponsoring special programs at leading educational institutions such as IIM Bangalore to provide special skillset training in areas such as project management to any of our IT professionals who choose to enroll. We also reserve a small percentage of these classes for our software programmer clients who meet the eligibility criteria.

Performance Evaluations

Employees receive written performance objectives that they develop in cooperation with their respective managers. They are measured against these criteria annually in a formal review process which includes self-reviews and reviews from peers, managers and subordinates.

Compensation

We continually strive to provide our employees with competitive and innovative compensation packages. Our compensation packages include a combination of salary, stock options, pension, and health and disability insurance. We measure our compensation packages against industry standards and seek to match or exceed them. We adopted an employee stock purchase plan in 1984. We have devised both business segment performance and individual performance linked incentive programs that we believe more accurately link performance to compensation for each employee. For example, we link cash compensation to a business segment's quarterly operating margin objectives.

Share Ownership

The following table sets forth as of March 31, 2001, for each director and executive officer, the total number of equity shares, ADSs and options to purchase equity shares and ADSs exercisable within 60 days from March 31, 2001. Beneficial ownership is determined in accordance with rules of the Securities and Exchange Commission. All information with respect to the beneficial ownership of any principal shareholder has been furnished by such shareholder and, unless otherwise indicated below, we believe that persons named in the table have sole voting and sole investment power with respect to all the shares shown as beneficially owned, subject to community property laws, where applicable. The shares beneficially owned by the directors include the equity shares owned by their family members to which such directors disclaim beneficial ownership.

The number of shares beneficially owned includes equity shares, equity shares underlying ADSs, the number of equity shares and equity shares underlying ADSs excercisable within 60 days from March 31, 2001. The number of shares presented in the table below includes equity shares underlying ADSs and ADS options. For the convenience of the readers, the stock option grant price has been translated into U.S. dollars based on the noon buying rate in the City of New York on March 30, 2001, for cable transfers in Indian rupees as certified for customs purposes by the Federal Reserve Bank of New York which was Rs. 46.85 per $1.00. The share numbers and percentages listed below are based on 232,433,019 equity shares outstanding as of March 31, 2001.

Name	Equity Shares Beneficially Owned	Percentage of Equity Shares Beneficially Owned	Equity Shares Underlying Options Granted	Grant Price ($)	Date of Expiration
Azim H. Premji (1)	195,410,110	84.07%	—	—	—
P.S. Pai (2)	455,385	*	13,500	2318	October 2004
			10,000	39.55	June 2005
Vivek Paul (3)	186,600	*	22,500	21.86	October 2005
			30,000	51.65	August 2005
Hamir Vissanji (4)	1,050,425	*	—	—	—
B.C. Prabhakar (5)	290	*	—	—	—
Dr. Jagdish Sheth	—	*	—	—	—
Dr. Ashok Ganguly	—	*	—	—	—
N. Vaghul	—	*	—	—	—
Dr. Nachiket Mor	—	*	—	—	—
Suresh Senapaty (6)	26,550	*	7,200	23.18	October 2005
			8,000	39.55	June 2005
Dileep K. Ranjekar (7)	4,300	*	7,200	23.18	October 2004
			8,000	39.55	June 2005
M.S. Rao (8)	54,950	*	3,600	23.18	October 2004
Vineet Agrawal (9)	9,170	*	3,600	23.18	October 2004
			5,000	39.55	June 2005
Suresh Vaswani (10)	6,950	*	6,300	23.18	October 2004
			6,500	39.55	June 2005

* Represents less than 1% of the shares.

(1) Includes 54,376,500 shares held by Hasham Traders (a partnership), of which Mr. Premji is a partner, 54,169,500 shares held by Prazim Traders (a partnership), of which Mr. Premji is a partner, 54,040,800 shares held by Zash Traders (a partnership), of which Mr. Premji is a partner, 6,840,500 shares held by Napean Trading Investment Co. Pvt. Ltd., of which Mr. Premji is a director, 8,965,700 shares held by Regal Investments Trading Co. Pvt. Ltd., of which Mr. Premji is a director, 6,940,100 shares held by Vidya Investment Trading Co. Pvt. Ltd., of which Mr. Premji is a director, 228,900 shares held by members of Mr. Premji's immediate family, 239100 shares held jointly by Mr. Premji and members of his immediate family and 268,500 shares held by the Azim Premji Charitable Foundation Pvt. Ltd. Mr. Premji disclaims beneficial ownership of the 268,500 shares held by the Azim Premji Charitable Foundation Pvt. Ltd.

(2) Includes 24,000 shares held by members of Mr. Pai's immediate family and shares held jointly by Mr. Pai and the Wipro Equity Reward Trust, or WERT, which may be transferred to the sole ownership of the WERT if Mr. Pai's employment is terminated prior to October 2002. Mr. Pai disclaims beneficial ownership of the shares held by members of his immediate family.

(3) Includes shares held jointly by Mr. Paul and the WERT, which may be transferred to the sole ownership of the WERT if Mr. Paul's employment is terminated.

(4) Includes: 119,550 shares held by members of Mr. Vissanji's immediate family, 131,700 shares held by Bharat Ratansey Trust, of which Mr. Vissanji is a Trustee; 643,200 shares held by Bharat Ratansey Family Trust, of which Mr. Vissanji is a Trustee, and; 15,200 shares held by Ratansey Karsondas Executors, of which Mr. Vissanji is an Executor. Mr. Vissanji disclaims beneficial ownership of the 119,550 shares held by members of his immediate family.

(5) Includes 50 shares held by members of Mr. Prabhakar's immediate family. Mr. Prabhakar disclaims beneficial ownership of the shares held by members of his immediate family.

(6) Includes shares held jointly by Mr. Suresh Senapaty and the WERT, which may be transferred to the sole ownership of the WERT if Mr. Suresh Senapaty's employment is terminated prior to October 2002.

(7) Includes shares held jointly by Mr. Ranjekar and the WERT, which may be transferred to the sole ownership of the WERT if Mr. Ranjekar's employment is terminated prior to October 2002.

(8) Includes shares held jointly by Mr. M. S. Rao and the WERT, which may be transferred to the sole ownership of the WERT if Mr. M. S. Rao's employment is terminated prior to October 2002.

(9) Includes shares held jointly by Mr. Vineet Agrawal and the WERT, which may be transferred to the sole ownership of the WERT if Mr. Vineet Agrawal's employment is terminated prior to October 2003.

(10) Includes shares held jointly by Mr. Suresh Vaswani and the WERT, which may be transferred to the sole ownership of the WERT if Mr. Suresh Vaswani's employment is terminated prior to October 2003.

Option Plans

2000 ADS Option Plan

Our 2000 ADS option plan provides for the grant of two types of options to our employees and directors: incentive stock options, which may provide our employees with beneficial tax treatment, and non-statutory stock options. The 2000 ADS option plan was approved by our Board of Directors in September 2000 and by our shareholders on April 26, 2000. Unless terminated sooner by the Board, the 2000 ADS option plan will terminate automatically in September 2010. A total of 1,500,000 ADSs, representing 1,500,000 equity shares, are currently reserved for issuance under the 2000 ADS option plan. All options under the 2000 ADS option plan will be exercisable for ADSs.

Either our Board of Directors or a committee of our Board of Directors administers the 2000 ADS option plan. The committee has the power to determine the terms of the options granted, including the exercise prices, the number of ADSs subject to each option, the exercisability thereof, and the form of consideration payable upon such exercise. In addition, the committee has the authority to amend, suspend, or terminate the 2000 ADS option plan, provided that no such action may affect any ADS previously issued and sold or any option previously granted under the 2000 ADS option plan.

The 2000 ADS option plan generally does not allow for the transfer of options, and only the optionee may exercise an option during his or her lifetime. An optionee generally must exercise an option within three months of termination of service. If an optionee's termination is due to death or disability, his or her option will fully vest and become exercisable and the option must be exercised within twelve months after such termination. The exercise price of incentive stock options granted under the 2000 ADS option plan must at least equal the fair market value of the ADSs on the date of grant. The exercise price of nonstatutory stock options granted under the 2000 ADS option plan must at least equal 90% of the fair market value of the ADSs on the date of grant. The term of options granted under the 2000 ADS option plan may not exceed ten years.

The 2000 ADS option plan provides that in the event of our merger with or into another corporation or a sale of substantially all of our assets, the successor corporation shall either assume the outstanding options or grant equivalent options to the holders. If the successor corporation neither assumes the outstanding options nor grants equivalent options, such outstanding options shall vest immediately, and become exercisable in full.

2000 Employee Stock Option Plan

Our 2000 stock plan provides for the grant of stock options to eligible employees and directors. The creation of our 2000 stock plan was approved by our Board of Directors on April 26, 2000, and by our shareholders on July 27, 2000. The 2000 stock plan became effective on September 15, 2000, and unless terminated sooner, the 2000 stock plan will terminate automatically on September 15, 2010. A total of 25,000,000 equity shares are currently reserved for issuance pursuant to the 2000 stock plan. All options under the 2000 stock plan will be exercisable for our equity shares.

Our Compensation and Benefits Committee appointed by our Board of Directors administers the 2000 stock plan. The committee has the power to determine the terms of the options granted, including the exercise price, the number of shares subject to each option, the exercisability thereof, and the form of consideration payable upon such exercise. In addition, the committee has the authority to amend, suspend or terminate the 2000 stock plan, provided that no such action may adversely affect the rights of any optionee under the 2000 stock plan.

The 2000 stock plan generally does not allow for the transfer of options and only the optionee may exercise an option during his or her lifetime. An optionee generally must exercise any vested options, within seven days of termination of service with us. If an optionee's termination is due to death, disability or retirement, his or her option will fully vest and become exercisable. Generally such options must be exercised within six months after termination. The exercise price of stock options granted under the 2000 stock plan will be determined by the committee. The term of options granted under the 2000 stock plan may not exceed six years.

The 2000 stock plan provides that in the event of our merger with or into another corporation or a sale of substantially all of our assets, each option shall be proportionately adjusted to give effect to the merger or asset sale.

1999 Employee Stock Option Plan

Our 1999 stock plan provides for the grant of stock options to eligible employees and directors. The 1999 stock plan was approved by our Board of Directors on April 30, 1999 and by our shareholders on July 29, 1999. Unless terminated sooner, the 1999 stock plan will terminate automatically on July 28, 2009. A total of 5,000,000 equity shares are currently reserved for issuance pursuant to the 1999 stock plan. All options under the 1999 stock plan will be exercisable for our equity shares.

Our Compensation and Benefits Committee appointed by our Board of Directors administers the 1999 stock plan. The committee has the power to determine the terms of the options granted, including the exercise price, the number of shares subject to each option, the exercisability thereof, and the form of consideration payable upon such exercise. In addition, the committee has the authority to amend, suspend or terminate the 1999 stock plan, provided that no such action may adversely affect the rights of any optionee under the 1999 stock plan.

The 1999 stock plan generally does not allow for the transfer of options and only the optionee may exercise an option during his or her lifetime. An optionee generally must exercise any vested options, within seven days of termination of service with us. If an optionee's termination is due to death, disability or retirement, his or her option will fully vest and become exercisable. Generally such options must be exercised within six months after termination. The exercise price of stock options granted under the 1999 stock plan will be determined by the committee. The term of options granted under the 1999 stock plan may not exceed six years.

The 1999 stock plan provides that in the event of our merger with or into another corporation or a sale of substantially all of our assets, each option shall be proportionately adjusted to give effect to the merger or asset sale.

Wipro Equity Reward Trust

We established the Wipro Equity Reward Trust, or WERT, in 1984 to allow our employees to acquire a greater proprietary stake in our success and growth, and to encourage our employees to continue their association with us. The WERT is designed to give eligible employees the right to receive restricted shares and other compensation benefits at the times and on the conditions that we specify. Such compensation benefits include voluntary contributions, loans, interest and dividends on investments in the WERT, and other similar benefits.

The WERT is administered by a board of trustees that generally consists of between two and six members as appointed by us. We select eligible employees to receive grants of shares and other compensation from the WERT and communicate this information to the WERT. We select employees based upon various factors including, without limitation, an employee's performance, period of service and status. The WERT awards the number of shares that each employee is entitled to receive out of the shares we issued to the WERT at its formation. We also determine the time intervals that an employee may elect to receive them. The shares issued under the WERT are generally not transferable for a period of four years after the date of issuance to the employee. Shares from the WERT are issued in the joint names of the WERT and the employee until such restrictions and obligations are fulfilled by the employee. After the four year period, complete ownership of the shares is transferred to the employee.

If the employee terminates employment for any reason other than normal retirement, disability or death, his or her restricted shares and other rights under the WERT are generally cancelled and transferred back to the WERT. If the employee terminates employment by death, disability or retirement, his or her restricted shares are transferred to the employee's legal heirs or continue to be held by the employee, as the case may be, and such individuals may exercise any rights to those shares for up to ninety days after employment has ceased. The Trustees of the WERT have the authority to amend or terminate the WERT at any time and for any reason. The WERT is subject to all applicable laws, rules, regulations and approvals by any governmental agencies as may be required.

As of March 31, 2001, the WERT holds 1,285,385 of our outstanding equity shares in its own name and holds 670,450 of our outstanding shares jointly in the names of the WERT and participating employees, including 4,500 shares not yet to be jointly registered in the names of the WERT and participating employees.

Item 7. Major Shareholders and Related Party Transactions

Major Shareholders

The following table sets forth certain information regarding the beneficial ownership of our equity shares as of March 31, 2001, of each person or group known by us to own beneficially 5% or more of the outstanding equity shares.

Beneficial ownership is determined in accordance with rules of the SEC and includes voting and investment power with respect to such shares. Shares subject to options that are currently exercisable or exercisable within 60 days of March 31, 2001 are deemed to be outstanding and to be beneficially owned by the person holding such options for the purpose of computing the percentage ownership of such person, but are not deemed to be outstanding and to be beneficially owned for the purpose of computing the percentage ownership of any other person. All information with respect to the beneficial ownership of any principal shareholder has been furnished by such shareholder and, unless otherwise indicated below, we believe that persons named in the table have sole voting and sole investment power with respect to all the shares shown as beneficially owned, subject to community property laws, where applicable. The number of shares and percentage ownership are based on 232,433,019 equity shares outstanding as of March 31, 2001.

Name of Beneficial Owner	Class of Security	Number of Shares Beneficially Held 2001	% of Class
Azim H. Premji (1)	Equity	195,410,110	84.07
Hasham Traders	Equity	54,376,500	23.39
Prazim Traders	Equity	54,169,500	23.30
Zash Traders	Equity	54,040,800	23.25

(1) Includes 54,376,500 shares held by Hasham Traders (a partnership), of which Mr. Premji is a partner, 54,169,500 shares held by Prazim Traders (a partnership), of which Mr. Premji is a partner, 54,040,800 shares held by Zash Traders (a partnership), of which Mr. Premji is a partner, 6,840,500 shares held by Napean Trading Investment Co. Pvt. Ltd., of which Mr. Premji is a director, 8,965,700 shares held by Regal Investments Trading Co. Pvt. Ltd., of which Mr. Premji is a director, 6,940,100 shares held by Vidya Investment Trading Co. Pvt. Ltd., of which Mr. Premji is a director, 228,900 shares held by members of Mr. Premji's immediate family, 239100 shares held jointly by Mr. Premji and members of his immediate family and 268,500 shares held by the Azim Premji Charitable Foundation Pvt. Ltd. Mr. Premji disclaims beneficial ownership of the 268,500 shares held by the Azim Premji Charitable Foundation Pvt. Ltd.

Our American Depositary Shares are listed on the New York Stock Exchange. Each ADS represents one equity share of par value Rs. 2 per share. Our ADSs are registered pursuant to Section 12(g) of the Securities Exchange Act of 1934 and, as of March 31, 2001, are held by approximately 2,204 holders of record in the United States.

Our equity shares can be held by Foreign Institutional Investors, or FIIs, Overseas Corporate Bodies, or OCBs, and Non-resident Indians, or NRIs, who are registered with the Securities and Exchange Board of India, or SEBI, and the Reserve Bank of India, or RBI. Currently over 3.50% of the Company's equity shares are held by these FIIs, OCBs and NRIs of which some of them may be residents or bodies corporate registered in the United States of America and elsewhere. We are not aware of which FIIs, OCBs and NRIs hold our equity shares as residents or as corporate entities registered in the United States.

Our major shareholders do not have a differential voting rights with respect to their equity shares. To the best of our knowledge, we are not owned or controlled directly or indirectly by any government or by any other corporation. We are not aware of any arrangement, the operation of which may at a subsequent date result in a change in control.

Related Party Transactions

We believe that all transactions described in this section are on no less favorable terms to us than on terms that could be obtained from disinterested third parties.

Wipro Limited Transactions with ICICI Limited

Our directors, Narayan Vaghul and Ashok Ganguly, serve on the Board of Directors of ICICI Limited, and Nachiket Mor, also one of our directors, is an employee of ICICI Limited.

On September 19, 1996, we entered into an Asset Credit Scheme Loan with ICICI Limited, for an aggregate principal amount of $4,268,943 (Rs. 200,000,000), at an annual interest rate of 1.75% over the ICICI Short Term Prime Rate, adjusted annually each December. Payments are due quarterly, with the last payment due on September 15, 2003. The funds were used to purchase equipment for our various divisions. As of March 31, 2001, the principal amount of $1,455,710 (Rs. 68,200,000) was outstanding.

On December 28, 1999, we entered into a Share Purchase Agreement, pursuant to which we sold 1,791,385 equity shares of our subsidiary Wipro Net Limited, which represents 8% of the total equity outstanding, to ICICI Limited for an aggregate consideration of $21,234,114 (Rs. 994,218,860). A joint venture agreement with KPN Telecom contemplates the dilution of our stake in Wipro Net Limited from 55% to 45%, within a limited time frame. This transaction with ICICI Limited reduces our stake in Wipro Net Limited to 47%. We also entered into an Option Agreement with ICICI Limited on the same date granting ICICI Limited a put option to sell the same Wipro Net equity shares back to us at a price per share which yields a return to ICICI Limited of 13.75% per year, compounded quarterly, on the original purchase price of $11.85 (Rs. 555) per equity share. The put option can be exercised between 13 months to 18 months from the date of the Share Purchase Agreement. Similarly, the Option Agreement grants us a call option on ICICI Limited which requires it to sell the Wipro Net Limited equity shares back to us at a price per share which yields a return to ICICI of 14.25% per year, compounded quarterly, on the original purchase price of $11.85 (Rs. 555) per share. The call option can also be exercised between 13 to 18 months from the date of the Share Purchase Agreement. In connection with this transaction, Mr. Premji has pledged 2,062,595 equity shares of Wipro Limited that he holds, in favor of ICICI Limited.

Employment and Indemnification Agreements

We have entered into employment agreements with Azim H. Premji, P.S. Pai, Vivek Paul, Dileep Ranjekar, Suresh C. Senapaty, M. S. Rao, Suresh Vaswani and Vineet Agrawal. These employment agreements provide for up to a 180 day notice period, up to 21 days of leave in addition to statutory holidays, and annual compensation review. Additionally, employees are required to relocate as we may determine, and to comply with confidentiality provisions.

We also have entered into agreements to indemnify our directors and officers for claims brought under U.S. laws to the fullest extent permitted by Indian law. These agreements, among other things, indemnify our directors and officers for certain expenses, judgments, fines and settlement amounts incurred by any such person in any action or proceeding, including any action by or in the right of Wipro Limited, arising out of such person's services as our director or officer.

The tenure of Mr. Azim H. Premji as Chairman and Managing Director of Wipro Limited ended on December 30, 2000. Subject to the approval of our shareholders, the Board of Directors, with Mr. Premji abstaining, re-appointed Mr. Premji as the Chairman and Managing Director of Wipro Limited for a further period of two years as of December 31, 2000. The remuneration payable to Mr. Premji during the period from December 31, 2000, until March 31, 2001, would be same as paid in the preceding period. However, with effect from April 1, 2001, to December 31, 2002, there will be a reduction in the commission payable to Mr. Premji from 0.40% to 0.10% of the net profits of Wipro Limited payable on a quarterly basis. Mr. Premji is entitled to a salary Rs. 175,000 ($3,735) per month which is eligible for revision every year on October 1. Mr. Premji shall also be entitled to the following perquisites: housing, medical expense reimbursement, paid vacation, health club fees, personal accident insurance, provident fund/pension, gratuity, personal automobile and chauffeur, residential telephone, maid, guard, gardener and an interest subsidy on his independent housing loan.

Item 8. Financial Information

Consolidated Statements and Other Financial Information

The following financial statements and the auditors' report appearing on pages 140 through 164 of our Annual Report for fiscal 2001 are incorporated herein by reference:

- Independent Auditors' Report.
- Consolidated Balance Sheets as of March 31, 2001 and 2000.
- Consolidated Statements of Income for the years ended March 31, 2001, 2000 and 1999.
- Consolidated Statements of Stockholders' Equity and comprehensive income for the years ended March 31, 2001, 2000 and 1999.
- Consolidated Statements of Cash Flows for the years ended March 31, 2001, 2000 and 1999.
- Notes to the Consolidated Financial Statements.

Our Annual Report for fiscal 2001, except for those portions which are expressly incorporated by reference in this filing, is furnished for the information of the Securities and Exchange Commission and is not to be deemed as filed as a part of this Annual Report on Form 20-F.

Dividends

Although the amount varies, public companies in India typically pay cash dividends. Under Indian law, a corporation pays dividends upon a recommendation by the Board of Directors and approval by a majority of the shareholders, who have the right to decrease but not increase the amount of the dividend recommended by the Board of Directors. Under the Companies Act, dividends may be paid out of profits of a company in the year in which the dividend is declared or out of the undistributed profits of previous fiscal years.

In each of the fiscal years ended March 31, 1998, 1999, 2000, we declared cash dividends of approximately Rs. 0.30 ($0.01) per equity share. In the fiscal year ended March 31, 2001 we declared cash dividends of approximately Rs. 0.50 ($0.01) per equity share. Although we have no current intention to discontinue dividend payments, we cannot assure you that any future dividends will be declared or paid or that the amount thereof will not be decreased. Holders of ADSs will be entitled to receive dividends payable on equity shares represented by such ADSs. Cash dividends on equity shares represented by ADSs are paid to the Depositary in rupees and are generally converted by the Depositary into U.S. dollars and distributed, net of depositary fees, taxes, if any, and expenses, to the holders of such ADSs.

Export Revenue

For the fiscal year ended March 31, 2001, we generated Rs. 18,193 million, or 59% of our total revenues, from the export of our products and services out of India.

Significant Changes

None.

Item 9. The Offer and Listing

Price History

Our equity shares are traded on The Stock Exchange, Mumbai, or BSE, the Bangalore Stock Exchange, or BGSE, The National Stock Exchange of India Limited, or NSE, The Cochin Stock Exchange Ltd., The Kolkatta Stock Exchange Association Ltd., The Stock Exchange-Ahmedabad, The Delhi Stock Exchange Association Ltd., in India, or collectively, the Indian Stock Exchanges. A significant portion of our equity shares are traded on the BSE and the NSE. Our American Depositary Shares as evidenced by American Depositary Receipts, or ADRs, are traded in the U.S. on the New York Stock Exchange, or NYSE, under the ticker symbol "WIT". Each ADS represents one equity share. Our ADSs began trading on the NYSE on October 19, 2000.

As of March 31, 2001, we had 232,433,019 issued and outstanding equity shares. As of March 31, 2001, there were approximately 2,204 record holders of ADRs evidencing 3,162,500 ADSs (equivalent to 3,162,500 equity shares). As of March 31, 2001, there were approximately 55,214 record holders of our equity shares listed and traded on the Indian Stock Exchanges.

The following tables set forth for the periods indicated the price history of the equity shares and the ADSs on the BSE, NSE and the NYSE. Stock prices per share have been restated to reflect a 2-for-1 stock-split in 1999.

	BSE				NSE				NYSE	
Fiscal year	Price Per Equity Share				Price Per Equity Share				Price Per ADS	
ended March 31,	High(Rs.)	Low(Rs.)	High($)	Low($)	High(Rs.)	Low(Rs.)	High($)	Low($)	High($)	Low($)
2001	5,919	1,295	126.34	27.64	5,924	1,327	126.45	28.32	68.43	31.05
2000	9,800	616	224.51	14.11	10,350	604	237.11	13.91	—	—
1999	871	153	20.49	3.60	880	150	20.71	3.54	—	—
1998	162	75	4.11	1.90	158	73	4.01	1.85	—	—
1997	117	60	3.26	1.67	124	60	3.45	1.67	—	—

	BSE				NSE				NYSE	
	Price Per Equity Share				Price Per Equity Share				Price Per ADS	
Quarter ended	High(Rs.)	Low(Rs.)	High($)	Low($)	High(Rs.)	Low(Rs.)	High($)	Low($)	High($)	Low($)
June 30, 2000	5,919	1,474	132.42	32.98	5,924	1,474	132.53	32.98	—	—
March 31, 2000	3,479	2,115	75.53	45.92	3,479	2,110	75.53	45.81	—	—
September 30, 2000	3,060	1,852	65.45	39.61	3,099	1,856	74.22	39.70	68.43	41.37
December 31, 2000	3,074	1,295	65.61	27.64	3,071	1,327	65.55	28.32	65.75	31.05

WIPRO LIMITED

	BSE				NSE				NYSE	
	Price Per Equity Share				Price Per Equity Share				Price Per ADS	
Quarter ended	**High(Rs.)**	**Low(Rs.)**	**High($)**	**Low($)**	**High(Rs.)**	**Low(Rs.)**	**High($)**	**Low($)**	**High($)**	**Low($)**
June 30, 1999	997	616	22.95	14.18	1,000	604	23.01	13.91	—	—
March 31, 1999	1,058	800	24.28	18.36	1,559	800	35.77	18.35	—	—
September 30, 1999	2,625	930	60.33	21.37	2,625	930	60.33	21.37	—	—
December 31, 1999	9,800	2,400	224.51	54.98	10,350	2,400	237.11	54.98	—	—

	BSE				NSE				NYSE	
	Price Per Equity Share				Price Per Equity Share				Price Per ADS	
Six months ended	**High(Rs.)**	**Low(Rs.)**	**High($)**	**Low($)**	**High(Rs.)**	**Low(Rs.)**	**High($)**	**Low($)**	**High($)**	**Low($)**
October 2000	2,747	1,852	58.57	39.49	2,749	1,856	58.61	39.57	54.25	41.37
November 2000	2,650	2,150	56.54	45.87	2,634	2,161	56.20	46.11	62.50	52.13
December 2000	3,060	2,137	65.45	45.71	3,099	2,150	66.29	45.99	68.43	48.75
January 2001	3,020	2,340	65.03	50.39	2,991	2,330	64.41	50.17	65.75	50.25
February 2001	3,074	2,230	65.98	47.86	3,071	2,224	65.92	47.74	64.75	51.79
March 2001	2,637	1,295	56.29	27.64	2,640	1,327	56.35	28.32	53.60	31.05

(1) Source: BSE & NSE data obtained from Bangalore Stock Exchange Limited. NYSE data obtained from Morgan Guaranty Trust Company of New York.

Plan of Distribution

Not applicable.

Markets

Trading Practices and Procedures on the Indian Stock Exchanges

The Stock Exchange, Mumbai and The National Stock Exchange together account for more than 80% of the total trading volume on the Indian Stock Exchanges. Trading on both of these exchanges is accomplished through on-line execution. These two stock exchanges handle over 100,000 trades per day with 21 volumes in excess of Rs. 20 billion. Trading is done on a five-day fixed settlement basis on most of the exchanges, including the BSE and NSE. Any outstanding amount at the end of the settlement period is settled by delivery and payment. However, institutional investors are not permitted to 'net out' their transactions and must trade on a delivery basis only.

The BSE permits carry forwards of trades in certain securities by non-institutional investors with an associated charge. In addition, orders can be entered with a specified term of validity that may last until the end of the session, day or settlement period. Dealers must specify whether orders are for a proprietary account or for a client. The BSE specifies certain margin requirements for trades executed on the exchange, including margins based on the volume or quantity of exposure that the broker has on the market, as well as mark-to-market margins payable on a daily basis for all outstanding trades. Trading on the BSE normally takes place from 10:00 a.m. to 3:30 p.m. on all weekdays, except holidays. The NSE does not permit carry forwards of trades. It has separate margin requirements based on the net exposure of the broker on the exchange. The NSE normally trades from 9:30 a.m. until 4:00 p.m. on weekdays, except holidays. The NSE and BSE also have separate online trading systems and separate clearing houses.

The BSE was closed from January 11 through January 13, 1993 due to a riot in Mumbai. It was also closed on March 12, 1993 due to a bomb explosion within its premises. From December 14 through December 23, 1993 the BSE was closed due to a broker's strike, and from March 20 through March 22, 1995, the governing board of the BSE closed the market due to a default of one of the broker members. There have been no closures of the Indian Stock Exchanges in response to "panic" trading or large fluctuations. Most of the Indian stock exchanges do, however, have a specific price band for each security listed. When a price fluctuation exceeds the specified limits of the price band, trading of the security is stopped. Such price volatility controls and the specific price bands are decided by each individual exchange and may differ.

Item 10. Additional Information

Share Capital

Not applicable.

Memorandum and Articles of Association

Set forth below is a brief summary of the material provisions of our Articles of Association and the Companies Act, all as currently in effect. Wipro Limited is registered under the Companies Act, with the Registrar of Companies, Karnataka, Bangalore, India with Company No. 20800. The following description of our Articles of Association, does not purport to be complete and is qualified in its entirety by the Articles of Association, and Memorandum of Association, of Wipro Limited that are included as exhibits to our registration statement on Form F-1 filed with the Securities and Exchange Commission on September 26, 2000.

Our Articles of Association provide that the minimum number of directors shall be four and the maximum number of directors shall be twelve. Currently, we have nine directors. Our Articles of Association provide that at least two-thirds of our directors shall be subject to retirement by rotation. One third of these directors must retire from office at each annual general meeting of the shareholders. A retiring director is eligible for re-election. Up to one-third of our directors can be appointed as permanent directors. Currently, Azim H. Premji and Dr. Nachiket Mor are non-retiring directors. Our Articles of Association do not mandate the retirement of our directors under an age limit requirement. Our Articles of Association do not require our Board members to be shareholders in our company.

Our Articles of Association provide that any director who has a personal interest in a transaction must disclose such interest, must abstain from voting on such transaction and may not be counted for purposes of determining whether a quorum is present at the meeting. Such director's interest in any such transaction shall be reported at the next meeting of shareholders.

The remuneration payable to our directors may be fixed by the Board of Directors in accordance with provisions prescribed by the Central Government of India.

Objects and Purposes of our Memorandum of Association

The following is a summary of our Objects as set forth in Section 3 of our Memorandum of Association:

- To purchase or otherwise acquire and take over any lands.
- To carry on the business of extracting vegetable oil.
- To manufacture and deal in hydrogenated vegetable oil.
- To carry on business as manufacturers, sellers, buyers, exporters, importers, and dealers of fluid power products.
- To carry on business as mechanical engineers, tool makers, brass and metal founders, mill-makers, mill-wrighters, machinists, metallurgists.
- To carry on the trade or business of manufacturing and distributing chemical, synthetic and organic products.
- To carry on business as manufacturers, exporters, sellers, dealers and buyers in all types and kinds of goods, articles and things.
- To carry on business in India and elsewhere as manufacturer, assembler, designer, builder, seller, buyer, exporter, importer, factors, agents, hirers and dealers of computer hardware and software and any related aspects thereof.
- To carry on research and development activities on all aspects related to our products business and our objects of our company.
- To construct, equip and maintain mills, factories, warehouses, godowns, jetties and wharves any other conveniences or erection suitable for any of the purpose of our company.
- To carry on all or any of the business of soap and candle makers, tallow merchants, chemists, druggists, dry salters, oil-merchants, manufacturers of dyes, paints, chemicals and explosives and manufacturers of and dealers in pharmaceutical, chemical, medicinal and other preparations or compounds, perfumery and proprietary articles and photographic materials and derivatives and other similar articles of every description.
- To carry on any other trade or business whatsoever as can in the opinion of us be advantageously or conveniently carried on by us.
- To carry on the business of metal working and manufacturing.

- To acquire and take over the whole or any part of the business, property and liabilities of any person or persons, firm or corporation carrying on any business which we are authorized to carry on or possessed of any property or rights suitable for our purposes.
- To manufacture or otherwise acquire and deal in containers and packing materials of any kind.
- To apply for, purchase or otherwise acquire any patents, brevets d'invention, licenses, concessions and the like conferring an exclusive or non-exclusive or limited right to use, any secret or other information as to any invention.
- To purchase or otherwise acquire, manufacture, and deal in all raw materials, stores, stock-in-trade, goods, chattels and effects.
- To enter into any partnership or any arrangement for sharing profits, union of interests, joint ventures, reciprocal concession or otherwise.
- To purchase or otherwise acquire all or any part of the business, property and liabilities of any person, company, society, or partnership formed for all or any of the purposes within the objects of our company.
- To enter into any arrangement with any government or authorities.
- To provide for the welfare of person in the employment of our company, or formerly engaged in any business acquired by our company and the wives, widows, families or dependants of such persons.
- To undertake, carry out, promote and sponsor rural development including any program for promoting the social and economic welfare or uplift of the public in any rural area.
- To undertake, carry out, promote and sponsor or assist any activity for the promotion and growth of national economy and for discharging what the directors may consider to be the social and moral responsibilities of our company to the public or any section of the public.
- From time to time to subscribe or contribute to any charitable, benevolent or useful object of a public nature.

Description of Equity Shares

Dividends

Under the Companies Act, unless our Board of Directors recommends the payment of a dividend, we may not declare a dividend. Similarly, under our Articles of Association, although the shareholders may, at the annual general meeting, approve a dividend in an amount less than that recommended by the Board of Directors, they cannot increase the amount of the dividend. In India, dividends generally are declared as a percentage of the par value of a company's equity shares. The dividend recommended by the Board, if any, and subject to the limitations described above, is distributed and paid to shareholders in proportion to the paid up value of their shares within 30 days of the approval by the shareholders at the annual general meeting. Pursuant to our Articles of Association, our Board of Directors has discretion to declare and pay interim dividends without shareholder approval. With respect to equity shares issued during a particular fiscal year, including any equity shares underlying ADSs issued to the Depositary or in the future, unless otherwise determined by shareholders, cash dividends declared and paid for such fiscal year generally will be prorated from the date of issuance to the end of such fiscal year. Under the Companies Act, dividends can only be paid in cash to the registered shareholder at a record date fixed on or prior to the annual general meeting or to his order or his banker's order.

The Companies Act provides that any dividends that remain unpaid or unclaimed after the 30-day period are to be transferred to a special bank account. We transfer any dividends that remain unclaimed for seven years from the date of the transfer to a fund created by the Indian Government. After the transfer to this fund, such unclaimed dividends may be claimed only from the fund.

Under the Companies Act, dividends may be paid out of profits of a company in the year in which the dividend is declared or out of the undistributed profits of previous fiscal years. Before declaring a dividend greater than 10% of the par value of its equity shares, a company is required under the Companies Act to transfer to its reserves a minimum percentage of its profits for that year, ranging from 2.5% to 10% depending upon the dividend percentage to be declared in such year.

The Companies Act further provides that, in the event of an inadequacy or absence of profits in any year, a dividend may be declared for such year out of the company's accumulated profits, subject to the following conditions:

- the rate of dividend to be declared may not exceed 10% of its paid up capital or the average of the rate at which dividends were declared by the company in the prior five years, whichever is less;
- the total amount to be drawn from the accumulated profits earned in the previous years and transferred to the reserves

may not exceed an amount equivalent to 10% of its paid up capital and free reserves, and the amount so drawn is to be used first to set off the losses incurred in the fiscal year before any dividends in respect of preference or equity shares are declared; and

- the balance of reserves after withdrawals shall not fall below 15% of its paid up capital.

A tax of 10.2%, including the presently applicable surcharge, of the total dividend declared, distributed or paid for a relevant period is payable by our company.

Bonus Shares

In addition to permitting dividends to be paid out of current or retained earnings as described above, the Companies Act permits a company to distribute an amount transferred from the general reserve or surplus in the company's profit and loss account to its shareholders in the form of bonus shares (similar to a stock dividend). The Companies Act also permits the issuance of bonus shares from a share premium account. Bonus shares are distributed to shareholders in the proportion recommended by the Board of Directors. Shareholders of record on a fixed record date are entitled to receive such bonus shares.

Audit and Annual Report

At least 21 days before the Annual General Meeting of shareholders, a company must distribute a detailed version of the company's audited balance sheet and profit and loss account and the reports of the Board of Directors and the auditors thereon. Under the Companies Act, a company must file the balance sheet and annual profit and loss account presented to the shareholders within 30 days of the conclusion of the Annual General Meeting with the Registrar of Companies.

A company must also file an annual return containing a list of the company's shareholders and other company information, within 60 days of the conclusion of the meeting.

Preemptive Rights and Issue of Additional Shares

The Companies Act gives shareholders the right to subscribe for new shares in proportion to their respective existing shareholdings unless otherwise determined by a special resolution passed by a General Meeting of the shareholders. Under the Companies Act, in the event of an issuance of securities, subject to the limitations set forth above, a company must first offer the new shares to the shareholders on a fixed record date. The offer must include: (i) the right, exercisable by the shareholders of record, to renounce the shares offered in favor of any other person; and (ii) the number of shares offered and the period of the offer, which may not be less than 15 days from the date of offer. If the offer is not accepted it is deemed to have been declined. The Board of Directors is authorized under the Companies Act to distribute any new shares not purchased by the preemptive rights holders in the manner that it deems most beneficial to the company.

Voting Rights

At any General Meeting, voting is by show of hands unless a poll is demanded by a shareholder or shareholders present in person or by proxy holding at least 10% of the total shares entitled to vote on the resolution or by those holding shares with an aggregate paid up capital of at least Rs. 50,000. Upon a show of hands, every shareholder entitled to vote and present in person has one vote and, on a poll, every shareholder entitled to vote and present in person or by proxy has voting rights in proportion to the paid up capital held by such shareholders. The Chairman of the Board has a deciding vote in the case of any tie. Any shareholder of the company may appoint a proxy. The instrument appointing a proxy must be delivered to the company at least 48 hours prior to the meeting. A proxy may not vote except on a poll. A corporate shareholder may appoint an authorized representative who can vote on behalf of the shareholder, both upon a show of hands and upon a poll.

Ordinary resolutions may be passed by simple majority of those present and voting at any General Meeting for which the required period of notice has been given. However, certain resolutions such as amendments of the Articles and the Memorandum of Association, commencement of a new line of business, the waiver of preemptive rights for the issuance of any new shares and a reduction of share capital, require that votes cast in favor of the resolution (whether by show of hands or poll) are not less than three times the number of votes, if any, cast against the resolution. As per the Companies Act, not less than two-third of the directors of a public company shall retire by rotation and be appointed by the shareholders in the general meeting.

Liquidation Rights

Subject to the rights of creditors, employees and the holders of any shares entitled by their terms to preferential repayment over the equity shares, if any, in the event of our winding-up the holders of the equity shares are entitled to be repaid the amounts of paid up capital or credited as paid upon those equity shares. All surplus assets after payments to the holders of any preference shares at the commencement of the winding-up shall be paid to holders of equity shares in proportion to their shareholdings.

Preference Shares

Preference shares have preferential dividend and liquidation rights. Preference shares may be redeemed if they are fully paid, and only out of our profits, or out of the proceeds of the sale of shares issued for purposes of such redemption. Holders of preference shares do not have the right to vote at shareholder meetings, except on resolutions which directly affect the rights of their preference shares. However, holders of cumulative preference shares have the right to vote on every resolution at any meeting of the shareholders if the dividends due on the preference shares have not been paid, in whole or in part, for a period of at least two years prior to the date of the meeting.

Pursuant to the mandatory redemption requirement, 25,000,000 redeemable cumulative preference shares issued to a financial institution were redeemed at par value in December 2000. Currently, there are no preference shares issued and outstanding.

Redemption of Equity Shares

Under the Companies Act, unlike preference shares, equity shares are not redeemable.

Liability on Calls

Not applicable.

Discriminatory Provisions in Articles

There are no provisions in the Articles of Association discriminating against any existing or prospective holder of such securities as a result of such shareholder owning a substantial number of shares.

Alteration of Shareholder Rights

Under the Companies Act, the rights of any class of shareholders can be altered or varied with the consent in writing of the holder of not less than three-fourths of the issued shares of that class or with the sanction of a special resolution passed at a separate meeting of the holders of the issued shares of that class – if the provisions with respect to such variation is contained in the memorandum or articles of the company, or in the absence of any such provision in the memorandum or articles, if such variation is not prohibited by the terms of issue of the shares of that class.

Under the Companies Act, the Articles may be altered only by way of a special resolution.

Meetings of Shareholders

We must convene an annual general meeting of shareholders within six months after the end of each fiscal year and may convene an extraordinary general meeting of shareholders when necessary or at the request of a shareholder or shareholders holding at least 10% of our paid up capital carrying voting rights. The annual general meeting of the shareholders is generally convened by our Secretary pursuant to a resolution of the Board of Directors. Written notice setting out the agenda of the meeting must be given at least 21 days, excluding the days of mailing and date of the meeting, prior to the date of the general meeting to the shareholders of record. Shareholders who are registered as shareholders on the date of the general meeting are entitled to attend or vote at such meeting. The annual general meeting of shareholders must be held at our registered office or at such other place within the city in which the registered office is located; meetings other than the annual general meeting may be held at any other place if so determined by the Board of Directors. Our Articles of Association provide that a quorum for a general meeting is the presence of at least five shareholders in person.

Limitations on the Rights to Own Securities

The limitations on the rights to own securities, including the rights of non-resident or foreign shareholders to hold the securities imposed by Indian law are discussed in Item 10 of this Annual Report under the section title "Currency Exchange Controls" and is incorporated herein by reference.

Voting Rights of Deposited Equity Shares Represented by ADSs

Under Indian law, voting of the equity shares is by show of hands unless a poll is demanded by a member or members present in person or by proxy holding at least one-tenth of the total shares entitled to vote on the resolution or by those holding an aggregate paid up capital of at least Rs. 50,000. A proxy may not vote except on a poll.

As soon as practicable after receipt of notice of any meetings or solicitation of consents or proxies of holders of shares or other deposited securities, our Depositary shall fix a record date for determining the holders entitled to give instructions for the exercise of voting rights. The Depositary shall then mail to the holders of ADSs a notice stating (a) such information as is contained in such notice of meeting and any solicitation materials, (b) that each holder on the record date set by the Depositary therefor will be entitled to instruct the Depositary as to the exercise of the voting rights, if any pertaining to the deposited securities represented by the ADSs evidenced by such holders ADRs and (c) the manner in which such instruction may be given, including instructions to give discretionary proxy to a person designated by us.

On receipt of the aforesaid notice from the Depositary, our ADS holders may instruct the Depositary on how to exercise the voting rights for the shares that underlie their ADSs. For such instructions to be valid, the Depositary must receive them on or before a specified date.

The Depositary will try, as far as is practical, and subject to the provisions of Indian law and our Memorandum of Association and our Articles of Association, to vote or to have its agents vote the shares or other deposited securities as per our ADS holders' instructions. The Depositary will only vote or attempt to vote as per an ADS holder's instructions. The Depositary will not itself exercise any voting discretion.

Neither the Depositary nor its agents are responsible for any failure to carry out any voting instructions, for the manner in which any vote is cast, or for the effect of any vote. There is no guarantee that our shareholders will receive voting materials in time to instruct the Depositary to vote and it is possible that ADS holders, or persons who hold their ADSs through brokers, dealers or other third parties, will not have the opportunity to exercise a right to vote.

Register of Shareholders; Record Dates; Transfer of Shares

We maintain a register of shareholders. For the purpose of determining the shares entitled to annual dividends, the register is closed for a specified period prior to the annual general meeting. The date on which this period begins is the record date.

To determine which shareholders are entitled to specified shareholder rights, we may close the register of shareholders. The Companies Act requires us to give at least seven days' prior notice to the public before such closure. We may not close the register of shareholders for more than thirty consecutive days, and in no event for more than forty-five days in a year. Trading of our equity shares, however, may continue while the register of shareholders is closed.

Following the introduction of the Depositories Act, 1996, and the repeal of Section 22A of the Securities Contracts (Regulation) Act, 1956, which enabled companies to refuse to register transfers of shares in some circumstances, the equity shares of a public company are freely transferable, subject only to the provisions of Section 111A of the Companies Act. Since we are a public company, the provisions of Section 111A will apply to us. Our AOA currently contain provisions which give our directors discretion to refuse to register a transfer of shares in some circumstances. Furthermore, in accordance with the provisions of Section 111A(2) of the Companies Act, our directors may refuse to register a transfer of shares if they have sufficient cause to do so. If our directors refuse to register a transfer of shares, the shareholder wishing to transfer his, her or its shares may file a civil suit or an appeal with the Company Law Board.

Pursuant to Section 111A(3), if a transfer of shares contravenes any of the provisions of the Indian Securities and Exchange Board of India Act, 1992 or the regulations issued thereunder or the Indian Sick Industrial Companies (Special Provisions) Act, 1985 or any other Indian laws, the Company Law Board may, on application made by the company, a depositary incorporated in India, an investor, the Securities and Exchange Board of India or other parties, direct the rectification of the register of records. The Company Law Board may, in its discretion, issue an interim order suspending the voting rights attached to the relevant shares before making or completing its investigation into the alleged contravention. Notwithstanding such investigation, the rights of a shareholder to transfer the shares will not be restricted.

Under the Companies Act, unless the shares of a company are held in a dematerialized form, a transfer of shares is effected by an instrument of transfer in the form prescribed by the Companies Act and the rules thereunder together with delivery of the share certificates. Our transfer agent for our equity shares is Karvy Consultants Limited located in Bangalore, Karnataka, India.

Company Acquisition of Equity Shares

Under the Companies Act, approval of at least 75% of a company's shareholders voting on the matter and approval of the High Court of the state in which the registered office of the company is situated is required to reduce a company's share capital. A company may, under some circumstances, acquire its own equity shares without seeking the approval of the High Court. However, a company would have to extinguish the shares it has so acquired within the prescribed time period. A company is not permitted to acquire its own shares for treasury operations.

An acquisition by a company of its own shares that does not rely on an approval of the High Court must comply with prescribed rules, regulations and conditions of the Companies Act. In addition, public companies which are listed on a recognized stock exchange in India must comply with the provisions of the Securities and Exchange Board of India (Buy-back of Securities) Regulations, 1998, or Buy-back Regulations. Since we are a public company listed on several recognized stock exchanges in India, we would have to comply with the relevant provisions of the Companies Act and the provisions of the Buy-back Regulations.

Disclosure of Ownership Interest

Section 187C of the Indian Companies Act requires beneficial owners of shares of Indian companies who are not holders of record to declare to the company details of the holder of record and the holder of record to declare details of the beneficial owner. Any person who fails to make the required declaration within 30 days may be liable for a fine of up to Rs. 1,000 for each day the declaration is not made. Any lien, promissory note or other collateral agreement created, executed or entered into with respect to any share by the registered owner thereof, or any hypothecation by the registered owner of any share, pursuant to which a declaration is required to be made under Section 187C, shall not be enforceable by the beneficial owner or any person claiming through the beneficial owner if such declaration is not made. Failure to comply with Section 187C will not affect the obligation of the company to register a transfer of shares or to pay any dividends to the registered holder of any shares pursuant to which such declaration has not been made. While it is unclear under Indian law whether Section 187C applies to holders of ADSs of the company, investors who exchange ADSs for the underlying Equity Shares of the Company will be subject to the restrictions of Section 187C. Additionally, holders of ADSs may be required to comply with such notification and disclosure obligations pursuant to the provisions of the Deposit Agreement to be entered into by such holders, the company and a depositary.

Provisions on Changes in Capital

Our authorized capital can be altered by an ordinary resolution of the shareholders in a General Meeting. The additional issue of shares is subject to the preemptive rights of the shareholders and provisions governing the issue of additional shares are discussed in item 10 of this Annual Report. In addition a company may increase its share capital, consolidate its share capital into shares of larger face value than its existing shares or sub-divide its shares by reducing their par value, subject to an ordinary resolution of the shareholders in a General Meeting.

Takeover Code and Listing Agreements

Under the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, or Takeover Code, upon the acquisition of more than 5% of the outstanding shares or voting rights of a publicly-listed Indian company, a purchaser is required to notify the company and the company and the purchaser are required to notify all the stock exchanges on which the shares of such company are listed. An ADS holder would be subject to these notification requirements.

Upon the acquisition of 15% or more of such shares or voting rights, or a change in control of the company, the purchaser is required to make an open offer to the other shareholders, offering to purchase at least 20% of all the outstanding shares of the company at a minimum offer price as determined pursuant to the Takeover Code. Since we are a listed company in India, the provisions of the Takeover Code will apply to us. However, the Takeover Code provides for a specific exemption from this provision to an ADS holder and states that this provision will apply to an ADS holder only once he or she converts the ADSs into the underlying equity shares.

We have entered into listing agreements with each of the Indian Stock Exchanges on which our equity shares are listed. Each of the listing agreements provides that if a purchase of a listed company's shares results in the purchaser and its affiliates holding more than 5% of the company's outstanding equity shares or voting rights, the purchaser and the company must report its holding to the company and the relevant stock exchange(s). The agreements also provide that if an acquisition results in the purchaser and its affiliates holding equity shares representing more than 15% of the voting rights in the company, then the purchaser must, before acquiring such equity shares, make an offer on a uniform basis to all remaining shareholders of the company to acquire equity shares that have at least an additional 20% of the voting rights of the total equity shares of the company at a prescribed price.

Although the provisions of the listing agreements entered into between us and the Indian Stock Exchanges on which our equity shares are listed will not apply to equity shares represented by ADSs, holders of ADSs may be required to comply with such notification and disclosure obligations pursuant to the provisions of the Deposit Agreement to be entered into by such holders, our company and a depositary.

Material Contracts

Not applicable.

Currency Exchange Controls

Foreign investment in Indian securities is governed by the Foreign Exchange Management Act, 1999, or FEMA which replaces the more stringent Foreign Exchange Regulation Act, 1973, or FERA. The Foreign Direct Investment Scheme under the Reserve Bank's Automatic Route enables Indian Companies (other than those specifically excluded in the scheme) to issue shares to persons resident outside India without prior permission from the RBI, subject to certain conditions. General permission has been granted for the transfer of shares and convertible debentures by a person resident outside India as follows: (i) for transfers of shares or convertible debentures held by a person resident outside India other than NRI or overseas corporate bodies, or OCBs, to any person resident outside India, provided that the transferee has obtained permission of the Central Government and if that person had any previous venture or tie up in India through investment in any manner or a technical collaboration or trademark agreement in the same field or allied field in which the Indian company whose shares are being transferred is engaged, and (ii) NRI or OCB are permitted to transfer shares or convertible debentures of Indian company to other NRI or OCB. A person resident outside India may transfer securities of an Indian company to a person resident in India by way of gift. However where such transfer is not by way of gift, prior approval of the RBI is necessary. For transfer of existing shares or convertible debentures of an Indian company by a resident to a non resident by way of sale the transferor should obtain an approval of Central Government and thereafter make an application to RBI for permission. In such cases the RBI may permit the transfer subject to such terms and conditions including the price at which the sale may be made.

General

Shares of Indian companies represented by ADSs may be approved for issuance to foreign investors by the Government of India under the Issue of Foreign Currency Convertible Bonds and Equity Shares (through Depositary Receipt Mechanism) Scheme, 1993, or the 1993 Regulation, as modified from time to time, promulgated by the Government of India. The 1993 Regulation is distinct from other policies or facilities, as described below, relating to investments in Indian companies by foreign investors. The issuance of ADSs pursuant to the 1993 Regulation also affords to holders of the ADSs the benefits of Section 115AC of the Indian Income Tax Act, 1961 for purposes of the application of Indian tax law. In March 2001, the RBI has issued a notification permitting, subject to certain conditions, two-way fungibility of ADRs. This would mean that ADRs converted into Indian shares may be converted back into ADRs, subject to the limits of sectoral caps as applicable.

Foreign Direct Investment

In July 1991, the Government of India raised the limit on foreign equity holdings in Indian companies from 40% to 51% in certain high priority industries. The RBI gives automatic approval for such foreign equity holdings. The Foreign Investment Promotion Board, or FIPB, currently under the Ministry of Industry, was thereafter formed to negotiate with large foreign companies wishing to make long-term investments in India. Foreign equity participation in excess of 51% in such high priority industries or in any other industries up to Rs. six billion is currently allowed only with the approval of the FIPB. Proposals in excess of Rs. six billion require the approval of the Cabinet Committee on Foreign Investment. Proposals involving the public sector and other sensitive areas require the approval of Cabinet Committee on Economic Affairs. These facilities are designed for direct foreign investments by non-residents of India who are not NRIs, OCBs or FIIs (as each term is defined below), or foreign direct investors. The Department of Industrial Policy and Promotion, a part of the Ministry of Industry, issued detailed guidelines in January 1998 for consideration of foreign direct investment proposals by the FIPB, or the Guidelines. Under the Guidelines, sector specific guidelines for foreign direct investment and the levels of permitted equity participation have been established. In January 1999, the RBI issued a notification that foreign ownership of up to 50%, 51% or 74%, depending on the category of industry, would be allowed without prior permission of the RBI. The issues to be considered by the FIPB, and the FIPB's areas of priority in granting approvals are also set out in the Guidelines. The basic objective of the Guidelines is to improve the transparency and objectivity of the FIPB's consideration of proposals. However, because the Guidelines are administrative guidelines and have not been codified as either law or regulations, they are not legally binding with respect to any recommendation made by the FIPB or with respect to any decision taken by the Government of India in cases involving foreign direct investment.

In May 1994, the Government of India announced that purchases by foreign investors of ADSs as evidenced by ADRs and foreign currency convertible bonds of Indian companies will be treated as direct foreign investment in the equity issued by Indian companies for such offerings. Therefore, offerings that involve the issuance of equity that results in Foreign Direct Investors holding more than the stipulated percentage of direct foreign investments (which depends on the category of industry) would require approval from the FIPB. In addition, in connection with offerings of any such securities to foreign investors, approval of the FIPB is required for Indian companies whether or not the stipulated percentage limit would be reached, if the proceeds therefrom are to be used for investment in non-high priority industries.

In July 1998, the Government of India issued guidelines to the effect that foreign investment in preferred shares will be considered as part of the share capital of a company and will be processed through the automatic RBI route or will require the approval of the FIPB, as the case may be. Investments in preferred shares are included as foreign direct investment for the purposes of sectoral caps on foreign equity, if such preferred shares carry a conversion option. If the preferred shares are structured without a conversion option, they would fall outside the foreign direct investment limit but would be treated as debt and would be subject to special Government of India guidelines and approvals.

Investment by Non-Resident Indians and Overseas Corporate Bodies

A variety of special facilities for making investments in shares of Indian companies is available to individuals of Indian nationality or origin residing outside India, or NRIs, and to overseas corporate bodies, or OCBs. These facilities permit NRIs and OCBs to make portfolio investments in shares and other securities of Indian companies on a basis that is not generally available to other foreign investors. These facilities are different and distinct from investments by Foreign Direct Investors described above.

Investment by Foreign Institutional Investors

In September 1992, the Government of India issued guidelines which enable foreign institutional investors or FIIs, including institutions such as pension funds, investment trusts, asset management companies, nominee companies and incorporated/institutional portfolio managers, to invest in all the securities traded on the primary and secondary markets in India. Under the guidelines, FIIs are required to obtain an initial registration from the SEBI and a general permission from the RBI to engage in transactions regulated under FERA. FIIs must also comply with the provisions of the SEBI Foreign Institutional Investors Regulations, 1995. When it receives the initial registration, the FII also obtains general permission from the RBI to engage in transactions regulated under FERA. Together, the initial registration and the RBI's general permission enable the registered FII to: buy (subject to the ownership restrictions discussed below) and sell freely tradable securities issued by Indian companies; realize capital gains on investments made through the initial amount invested in India; subscribe or renounce rights offerings for shares; appoint a domestic custodian for custody of investments held; and repatriate the capital, capital gains, dividends, income received by way of interest and any other compensation received towards the sale or renunciation of rights offerings of shares.

Ownership Restrictions

SEBI and RBI regulations restrict investments in Indian companies by FIIs, NRIs and OCBs or collectively, Foreign Direct Investors. Under current SEBI regulations applicable to Wipro Limited, subject to the requisite approvals of the shareholders in a General Meeting, Foreign Direct Investors in aggregate may hold no more than 40% of a company's equity shares, excluding the equity shares underlying the ADSs. However, under Vide Notification No. FEMA.40/2001-RB dated March 2, 2001 under Foreign Exchange Management (Transfer or Issue of any Foreign Security (Amendment) Regulations, 2001, the limit of FII investment in a company has been increased from 40 to 49% subject to obtaining the approval of the shareholders by a special resolution. NRIs and OCBs in aggregate may hold no more than 10% of a company's equity shares, excluding the equity shares underlying the ADSs. Furthermore, SEBI regulations provide that no single FII may hold more than 10% of a company's total equity shares and no single NRI or OCB may hold more than 5% of a company's total equity shares.

There is uncertainty under Indian law about the tax regime applicable to FIIs which hold and trade ADSs. FIIs are urged to consult with their Indian legal and tax advisers about the relationship between the FII guidelines and the ADSs and any equity shares withdrawn upon surrender of ADSs.

More detailed provisions relating to FII investment have been introduced by the SEBI with the introduction of the SEBI Foreign Institutional Investors Regulations, 1995. These provisions relate to the registration of FIIs, their general obligations and responsibilities, and certain investment conditions and restrictions. One such restriction is that the total investment in equity and equity-related instruments should not be less than 70% of the aggregate of all investments of an FII in India. The SEBI has also permitted private placements of shares by listed companies with FIIs, subject to the prior approval of the RBI under FERA. Such private placement must be made at the average of the weekly highs and lows of the closing price over the preceding six months or the preceding two weeks, whichever is higher.

Under the Securities and Exchange Board of India (Substantial Acquisition of shares and Takeovers) Regulations, 1998 approved by the SEBI in January 1998 and promulgated by the Government of India in February 1998, or the Takeover Code, which replaced the 1994 Takeover Code (as defined herein), upon the acquisition of more than 5% of the outstanding shares of a public Indian company, a purchaser is required to notify the company and all the stock exchanges on which the shares of the company are listed. Upon the acquisition of 15% or more of such shares or a change in control of the company, the purchaser is required to make an open offer to the other shareholders offering to purchase at least 20% of all the outstanding shares of the company at a minimum offer price as determined pursuant to the rules of the Takeover Code. Upon conversion of ADSs into equity shares, an ADS holder will be subject to the Takeover Code.

Open market purchases of securities of Indian companies in India by Foreign Direct Investors or investments by NRIs, OCBs and FIIs above the ownership levels set forth above require Government of India approval on a case-by-case basis.

Government of India Approvals

Approval of the Foreign Investment Promotion Board for foreign direct investment by ADS holders is required.

Specific approval of the Reserve Bank of India will have to be obtained for:

- any renunciation of rights in the underlying equity shares in favor of a person resident in India; and
- the sale of the underlying equity shares by a person resident outside India to a person resident in India.

In such cases, the foreign investor would have to apply to the Reserve Bank of India by submitting Form TS1, that requires information as to the transferor, the transferee, the shareholding structure of the company whose shares are to be sold, the proposed price and other information. The Reserve Bank of India is not required to respond to a Form TS1 application within any specific time period and may grant or deny the application at its discretion.

Exceptions to this requirement of Reserve Bank of India approval include sales made in the stock market through a registered Indian broker, through a recognized stock exchange in India at the prevailing market rates, or if the shares are offered in accordance with the terms of an offer under the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997.

The proceeds from any sale of the underlying equity shares by a person resident outside India to a person resident in India may be transferred outside India after receipt of Reserve Bank of India approval (if required), and the payment of applicable taxes and stamp duties.

No approval is required for transfers of ADSs outside India between two non-residents.

Any person resident outside India who desires to sell equity shares received upon surrender of ADSs or otherwise transfer such equity shares within India should seek the advice of Indian counsel as to the requirements applicable at that time.

Taxation

Indian Taxation

The following summary is based on the law and practice of the Indian Income-tax Act, 1961, or Income-Tax Act, including the special tax regime contained in Sections 115AC and 115ACA of the Income-tax Act read with the Issue of Foreign Currency Convertible Bonds and Ordinary Shares (through Depository Receipt Mechanism) Scheme, 1993, as amended on, January 19, 2000, or the Issue of Foreign Currency Convertible bonds and Ordinary Shares Scheme. The Income-tax Act is amended every year by the Finance Act of the relevant year. Some or all of the tax consequences of Sections 115AC and 115ACA may be amended or changed by future amendments to the Income-tax Act.

We believe this information is materially complete as of the date hereof, however, this summary is not intended to constitute a complete analysis of the individual tax consequences to non-resident holders or employees under Indian law for the acquisition, ownership and sale of ADSs and equity shares.

Residence. For purposes of the Income-tax Act, an individual is considered to be a resident of India during any fiscal year if he or she is in India in that year for:

- a period or periods amounting to 182 days or more; or
- 60 days or more and, within the four preceding years has been in India for a period or periods amounting to 365 days or more; or
- 182 days or more, in case of a citizen of India or a person of Indian origin living abroad who visits India and within the four preceding years has been in India for a period or periods amounting to 365 days or more.

A company is a resident of India if it is incorporated in India or the control and the management of its affairs is situated wholly in India. Individuals and companies that are not residents of India would be treated as non-residents for purposes of the Income-tax Act.

Taxation of Distributions. Pursuant to the Finance Act, 1997, dividends paid to shareholders (whether resident in India or not) are not subject to withholding tax. However, the company paying the dividend is subject to a dividend distribution tax of 10.2% including the applicable surcharge, on the total amount it distributes, declares or pays as a dividend, in addition to the normal corporate tax.

Any distributions of additional ADSs or equity shares to resident or non- resident holders will not be subject to Indian tax.

Taxation of Capital Gains. The following is a brief summary of capital gains taxation of non-resident holders and resident employees in respect of the sale of ADSs and equity shares received upon redemption of ADSs. The relevant provisions are contained mainly in sections 45, 47(vii)(a), 115AC and 115ACA, of the Income Tax Act, in conjunction with the Issue of Foreign Currency Convertible Bonds and Ordinary Shares Scheme.

Gains realized upon the sale of ADSs or shares that have been held for a period of more than thirty-six months and twelve months, respectively, are considered long term capital gains. Gains realized upon the sale of ADSs or shares that have been held for a period of thirty six months or less and twelve months or less, respectively, are considered short term capital gains. Capital gains are taxed as follows:

- Gains from a sale of ADSs outside India, by a non-resident to another non-resident are not taxable in India.
- Long term capital gains realized by a resident employee from the transfer of the ADSs will be subject to tax at the rate of 10.2% Short term capital gains on such a transfer will be taxed at graduated rates with a maximum of 30.6%, including the applicable surcharge.
- Redemption of ADSs into the underlying equity shares is not a taxable event.
- Long term capital gains realized by an individual holder upon the sale of equity shares obtained from the redemption of ADSs are subject to tax at a rate of 10.2%.
- Long term capital gains realized by non-resident corporate holders upon the sale of equity shares obtained through the redemption of ADSs are subject to taxation at the rate of 10%.
- Short-term capital gains realized upon the sale of equity shares obtained from the redemption of ADSs will be taxed at variable rates with a maximum of 48% in case of foreign companies, and 30.6% including the applicable surcharge in the case of resident employees and non-resident individuals with taxable income over Rs. 150,000.

The above rates may be reduced by the applicable tax treaty in case of non-residents. The capital gains tax is computed by applying the appropriate tax rates to the difference between the sale price and the purchase price of the equity shares or ADSs. Under the Issue of Foreign Currency Convertible Bonds and Ordinary Shares Scheme, the purchase price of equity shares in an Indian listed company received in exchange for ADSs will be the market price of the underlying shares on the date that the depositary gives notice to the custodian of the delivery of the equity shares in exchange for the corresponding ADSs' or "stepped up" basis purchase price. The market price will be the price of the equity shares prevailing on The Stock Exchange, Mumbai or the National Stock Exchange. There is no corresponding provision under the Income Tax Act in relation to the "stepped up" basis for the purchase price of equity shares. However the tax department has not denied this benefit. In the event that the tax department denies this benefit, the original purchase price of ADSs would be considered the purchase price for computing the capital gains tax.

According to the Issue of Foreign Currency Convertible Bonds and Ordinary Shares Scheme, a non-resident holder's holding period for the purposes of determining the applicable Indian capital gains tax rate in respect of equity shares received in exchange for ADSs commences on the date of the notice of the redemption by the depositary to the custodian. However, the Issue of Foreign Currency Convertible Bonds and Ordinary Shares Scheme does not address this issue in the case of resident employees, and it is therefore unclear as to when the holding period for the purposes of determining capital gains tax commences for such a resident employee.

The Issue of Foreign Currency Convertible Bonds and Ordinary Shares Scheme provides that if the equity shares are sold on a recognized stock exchange in India against payment in Indian rupees, they will no longer be eligible for the preferential tax treatment.

It is unclear as to whether section 115AC and the Issue of Foreign Currency Convertible Bonds and Ordinary Shares Scheme are applicable to a non-resident who acquires equity shares outside India from a non-resident holder of equity shares after receipt of the equity shares upon redemption of the ADSs.

If section 115AC and the Issue of Foreign Currency Convertible Bonds and Ordinary Shares Scheme are not applicable to a non-resident holder, long term capital gains realized on the sale of such equity shares which are listed in India will still be subject to tax at the rate of 10.2%, and to a tax at the rate of 10% if the non-resident holder is a foreign corporation. The non-resident holders will also be able to avail of the benefits of exchange rate fluctuations for the computation of capital gains tax which are not available to a non-resident holder under section 115AC and the Issue of Foreign Currency Convertible Bonds and Ordinary Shares Scheme.

It is unclear as to whether capital gains derived from the sale of subscription rights or other rights by a non-resident holder not entitled to an exemption under a tax treaty will be subject to Indian capital gains tax. If such subscription rights or other rights are deemed by the Indian tax authorities to be situated within India, the gains realized on the sale of such subscription rights or other rights will be subject to Indian taxation. The capital gains realized on the sale of such subscription rights or other rights, which will generally be in the nature of short term capital gains, will be subject to tax at variable rates with a maximum rate of 48% in case of a foreign company and 30.6%, including the applicable surcharge, in case of resident employees and non-resident individuals with taxable income over Rs. 150,000.

Withholding Tax on Capital Gains. Any gain realized by a non-resident or resident employee on the sale of equity shares is subject to Indian capital gains tax, which, in the case of a non-resident employee is to be withheld at the source by the buyer.

Buy-back of Securities. Indian companies are not subject to any tax on the buy-back of their shares. However, the shareholders will be taxed on any resulting gains. Our company would be required to deduct tax at source according to the capital gains tax liability of a non-resident shareholder.

Stamp Duty and Transfer Tax. Upon issuance of the equity shares underlying our ADSs, companies will be required to pay a stamp duty of 0.1% per share of the issue price of the underlying equity shares. A transfer of ADSs is not subject to Indian stamp duty. However, upon the acquisition of equity shares from the depositary in exchange for ADSs, the non-resident holder will be liable for Indian stamp duty at the rate of 0.5% of the market value of the ADSs or equity shares exchanged. A sale of equity shares by a non-resident holder will also be subject to Indian stamp duty at the rate of 0.5% of the market value of the equity shares on the trade date, although customarily such tax is borne by the transferee. Shares must be traded in dematerialized form. The transfer of shares in dematerialized form is currently not subject to stamp duty.

Wealth Tax. The holding of the ADSs and the holding of underlying equity shares by resident and non-resident holders will be exempt from Indian wealth tax. Non-resident holders are advised to consult their own tax advisors regarding this issue.

Gift Tax and Estate Duty. Indian gift tax was abolished as of October 1998. Indian Estate Duty was abolished as of March 1985. We cannot assure that these taxes and duties will not be restored in future. Non-resident holders are advised to consult their own tax advisors regarding this issue.

Service Tax. Brokerage or commission paid to stock brokers in connection with the sale or purchase of shares is subject to a service tax of 5%. The stock broker is responsible for collecting the service tax from the shareholder and paying it to the relevant authority.

PROSPECTIVE PURCHASERS SHOULD CONSULT THEIR OWN TAX ADVISORS WITH RESPECT TO THE INDIAN AND THEIR LOCAL TAX CONSEQUENCES OF ACQUIRING, OWNING OR DISPOSING OF EQUITY SHARES OR ADSs.

United States Federal Taxation

The following is a summary of the material U.S. federal income and estate tax consequences that may be relevant with respect to the acquisition, ownership and disposition of equity shares or ADSs. This summary addresses the U.S. federal income and estate tax considerations of holders that are U.S. persons. U.S. persons are citizens or residents of the United States, or corporations created in or under the laws of the United States or any political subdivision thereof or therein, estates, the income of which is subject to U.S. federal income taxation regardless of its source and trusts for which a U.S. court exercises primary supervision and a U.S. person has the authority to control all substantial decisions and who will hold equity shares or ADSs as capital assets or U.S. Holder.

This summary does not address tax considerations applicable to holders that may be subject to special tax rules, such as banks, insurance companies, dealers in securities or currencies, tax-exempt entities, persons that will hold equity shares or ADSs as a position in a "straddle" or as part of a "hedging" or "conversion" transaction for tax purposes, persons that have a "functional currency" other than the U.S. dollar or holders of 10% or more, by voting power or value, of the stock of our company. This summary is based on the tax laws of the United States as in effect on the date of this document and on United States Treasury Regulations in effect or, in some cases, proposed, as of the date of this document , as well as judicial and administrative interpretations thereof available on or before such date and is based in part on the assumption that each obligation in the deposit agreement and any related agreement will be performed in accordance with its terms. All of the foregoing are subject to change, which change could apply retroactively and could affect the tax consequences described below.

Each prospective investor should consult his, her or its own tax advisor with respect to the U.S. federal, state, local and foreign tax consequences of acquiring, owning or disposing of equity shares or ADSs.

Ownership of ADSs. For U.S. federal income tax purposes, holders of ADSs will be treated as the owners of equity shares represented by such ADSs.

Dividends. Except for equity shares, if any, distributed pro rata to all shareholders of our company, including holders of ADSs, distributions of cash or property with respect to equity shares will be included in income by a U.S. holder as foreign source dividend income at the time of receipt, which in the case of a U.S. holder of ADSs generally will be the date of receipt by the depositary, to the extent such distributions are made from the current or accumulated earnings and profits (as determined under U.S. federal income tax principles) of our company. Such dividends will not be eligible for the dividends received deduc tion generally allowed to corporate U.S. holders. To the extent, if any, that the amount of any distribution by our company exceeds our company's current and accumulated earnings and profits as determined under U.S. federal income tax principles, it will be treated first as a tax-free return of the U.S. holder's tax basis in the equity shares or ADSs and thereafter as capital gain.

Subject to certain conditions and limitations, any Indian dividend distribution taxes imposed upon distributions paid to a U.S. Holder will be eligible for credit against the U.S. holder's federal income tax liability. Alternatively, a U.S. holder may claim a deduction for such amount, but only for a year in which a U.S. holder elects to do so with respect to all foreign income taxes. The overall limitation on foreign taxes eligible for credit is calculated separately with respect to specific classes of income. For this purpose, dividends distributed by us with respect to equity shares or ADSs will generally constitute foreign source "passive income."

If dividends are paid in Indian rupees, the amount of the dividend distribution included in the income of a U.S. holder will be in the U.S. dollar value of the payments made in Indian rupees, determined at a spot exchange rate between Indian rupees and U.S. dollars applicable to the date such dividend is included in the income of the U.S. holder, regardless of whether the payment is in fact converted into U.S. dollars. Generally, gain or loss, if any, resulting from currency exchange fluctuations during the period from the date the dividend is paid to the date such payment is converted into U.S. dollars will be treated as U.S. source ordinary income or loss.

A non-U.S. holder of equity shares or ADSs generally will not be subject to U.S. federal income tax or withholding tax on dividends received on equity shares or ADSs unless such income is effectively connected with the conduct by such non-U.S. holder of a trade or business in the United States.

Sale or Exchange of Equity Shares or ADSs. A U.S. holder generally will recognize gain or loss on the sale or exchange of equity shares or ADSs equal to the difference between the amount realized on such sale or exchange and the U.S. holder's tax basis in the equity shares or ADSs, as the case may be. Such gain or loss will be capital gain or loss, and will be long-term capital gain or loss if the equity shares or ADSs, as the case may be, were held for more than one year. Gain or loss, if any, recognized by a U.S. holder generally will be treated as U.S. source passive income or loss for U.S. foreign tax credit purposes.

A non-U.S. holder of equity shares or ADSs generally will not be subject to U.S. federal income or withholding tax on any gain realized on the sale or exchange of such equity shares or ADSs unless:

- such gain is effectively connected with the conduct by such non-U.S. holder of a trade or business in the U.S.; or
- in the case of any gain realized by an individual non-U.S. holder, such holder is present in the United States for 183 days or more in the taxable year of such sale and other conditions are met.

Estate Taxes. An individual shareholder who is a citizen or resident of the United States for U.S. federal estate tax purposes will have the value of the equity shares or ADSs owned by such holder included in his or her gross estate for U.S. federal estate tax purposes. An individual holder who actually pays Indian estate tax with respect to the equity shares will, however, be entitled to credit the amount of such tax against his or her U.S. federal estate tax liability, subject to a number of conditions and limitations.

Any dividends paid, or proceeds on a sale of, equity shares or ADSs to or by a U.S. holder may be subject to U.S. information reporting, and a 31% backup withholding tax may apply unless the holder is an exempt recipient or provides a U.S. taxpayer identification number, certifies that such holder is not subject to backup withholding and otherwise complies with any applicable backup withholding requirements. Any amount withheld under the backup withholding rules will be allowed as a refund or credit against the holder's U.S. federal income tax, provided that the required information is furnished to the Internal Revenue Service.

Passive Foreign Investment Company. A non-U.S. corporation will be classified as a passive foreign investment company for U.S. Federal income tax purposes if either:

- 75% or more of its gross income for the taxable year is passive income;

or

- on average for the taxable year by value, or, if it is not a publicly traded corporation and so elects, by adjusted basis, if 50% or more of its assets produce or are held for the production of passive income.

We do not believe that we satisfy either of the tests for passive foreign investment company status. If we were to be a passive foreign investment company for any taxable year, U.S. holders would be required to either:

- pay an interest charge together with tax calculated at maximum ordinary income rates on "excess distributions," which is defined to include gain on a sale or other disposition of equity shares;
- if a qualified electing fund election is made, include in their taxable income their pro rata share of undistributed amounts of our income; or
- if the equity shares are "marketable" and a mark-to-market election is made, mark-to-market the equity shares each taxable year and recognize ordinary gain and, to the extent of prior ordinary gain, ordinary loss for the increase or decrease in market value for such taxable year.

The above summary is not intended to constitute a complete analysis of all tax consequences relating to ownership of equity shares or ADSs. You should consult your own tax advisor concerning the tax consequences of your particular situation.

Documents on Display

This report and other information filed or to be filed by Wipro Limited can be inspected and copied at the public reference facilities maintained by the SEC at:

- Judiciary Plaza
  450 Fifth Street, N.W.
  Room 1024
  Washington, D.C. 20529
- Seven World Trade Center
  13th Floor
  New York, New York 10048, and
- Northwestern Atrium Center
  500 West Madison Street
  Suite 1400
  Chicago, Illinois 60661-2511

Copies of these materials can also be obtained from the Public Reference Section of the SEC, 450th Street, N.W., Washington, DC 20549, at prescribed rates.

The SEC maintains a website at www.sec.gov that contains reports, proxy and information statements, and other information regarding registrants that make electronic filings with the SEC using its EDGAR system. As a foreign private issuer, we are not required to use the EDGAR system, but currently intend to do so in order to make our reports available over the Internet.

Additionally, documents referred to in this Form 20-F may be inspected at our corporate offices which are located at Doddakannelli, Sarjapur Road, Bangalore, Karnataka, 560 035, India.

Item 11. Quantitative and Qualitative Disclosures About Market Risk

Quantitative and Qualitative Disclosures About Market Risk

This information is available in the section titled "Management's Discussion and Analysis of Financial Conditions and Results of Operation" on pages 124 through 133 in our Annual Report for fiscal 2001 and is incorporated herein by reference.

Item 12. Description of Securities Other Than Equity Securities

Not applicable.

PART II

Item 13. Defaults, Dividend Arrearages and Delinquencies

Not applicable.

Item 14. Material Modifications to the Rights of Security Holders and Use of Proceeds

Use of Proceeds

On October 19, 2000, we completed our Initial U.S. public offering, or U.S. IPO, of 3,162,500 American Depositary Shares representing 3,162,500 equity shares, par value Rs. 2 per share (including the exercise of the underwriters' over allotment option consisting of 412,500 American Depositary Shares representing 412,500 equity shares) at a public offering price of $41.375 per American Depositary Share pursuant to a registration statement, filed on Form F-1 (File No. 333-46278) filed with the Securities Exchange Commission (the "Registration Statement"). All of the shares registered were sold. The managing underwriters were Morgan Stanley Dean Witter, Credit Suisse First Boston, and Banc of America Securities. Aggregate gross proceeds to the Company (prior to deduction of underwriting discounts and commissions and expenses of the offering) were $130,848,438. There were no selling stockholders in the U.S. IPO. We paid underwriting discounts and commissions of approximately $5,888,180. A significant portion of other expenses incurred in connection with our U.S. IPO were reimbursed by the Depositary. Accordingly, the net proceeds from the offering after underwriting discounts and commissions is approximately $124,960,258. The net proceeds from the offering have been invested in highly liquid money market instruments. As of March 31, 2001, none of the net proceeds from the offering had been used.

Item 17. Financial Statements

This information is available on pages 140 through 164 in our Annual Report for fiscal 2001 and is incorporated herein by reference.

Item 18. Financial Statements

Not applicable.

PART III

Item 19. Exhibits

Exhibit Number	Description
*3.1	Articles of Association of Wipro Limited, as amended.
*3.2	Memorandum of Association of Wipro Limited, as amended.
*3.3	Certificate of Incorporation of Wipro Limited, as amended.
*4.1	Form of Deposit Agreement (including as an exhibit, the form of American Depositary Receipt).
*4.2	Wipro's specimen certificate for equity shares.
*10.1	1999 Employee Stock Option Plan.
*10.2	2000 Employee Stock Option Plan.
*10.3	Wipro Equity Reward Trust.
*10.4	2000 ADS Option Plan.
*10.5	Form of Indemnification Agreement.
*10.6	Asset Credit Scheme Loan between Wipro Limited and ICICI Limited, dated September 19, 1996, as amended.
*10.7	Loan Agreement between Wipro Limited and ICICI Limited, dated January 17, 1996, as amended.
*10.8	Loan Agreement between Wipro Limited and ICICI Limited, dated March 21, 1996, as amended.
*10.9	Share Purchase Agreement between Wipro Limited and ICICI Limited, for shares of Wipro Net Limited, dated December 28, 1999.
*10.10	Option Agreement between Wipro Limited and ICICI Limited, dated December 28, 1999.
*10.11	Pledge Agreement by Azim H. Premji and ICICI Limited, dated December 28, 1999.
*10.12	Loan Agreement between Wipro Finance Limited and ICICI Limited, dated September 28, 1995.
*10.13	Loan Agreement between Wipro Finance Limited and ICICI Limited, dated July 16, 1999.
*10.14	Loan Agreement between Wipro Finance Limited and ICICI Limited, dated February 21, 2000
13.1	Wipro Limited Annual Report for Fiscal 2001.
*21.1	List of Wipro's subsidiaries.
99.1	Proxy Information Statement to holders of American Depositary Shares and Equity Shares.
99.2	Proxy Form to holders of American Depositary Shares.
99.3	Proxy Form to holders of Equity Shares.

* Incorporated by reference to exhibits filed with the Registrant's Registration Statement on Form F-1 (File No. 333-46278) in the form declared effective September 26, 2000.

Signatures

The registrant hereby certifies that it meets all of the requirements for filing on Form 20-F and that it has duly caused and authorized the undersigned to sign this Annual Report on its behalf.

For Wipro Limited

Bangalore, India
20th June, 2001

Azim H. Premji,
Chairman and Managing Director

Suresh C. Senapaty,
Executive Vice President, Finance