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

	As of September 30, 2001
SOURCES OF FUNDS	
Shareholders' funds	
Share Capital	**464,875**
Reserves and Surplus	**22,021,541**
	22,486,416
Loan Funds	
Secured loans	**216,457**
Unsecured loans	**53,358**
	269,815
Total	**22,756,231**
APPLICATION OF FUNDS	
Fixed Assets	
Gross block	**10,132,397**
Less : Depreciation	**4,623,287**
Net Block	**5,509,110**
Capital work-in-progress and advances	**1,633,275**
	7,142,385
Investments	**336,381**
Deferred tax assets	**141,258**
Current assets, loans and advances	
Inventories	**1,011,674**
Sundry Debtors	**5,935,910**
Cash and Bank balances	**4,221,825**
Loans and advances	**9,877,137**
	21,046,546
Current liabilities and provisions	
Liabilities	**5,401,164**
Provisions	**509,931**
	5,911,095
Net Current Assets	**15,135,451**
Miscellaneous expenditure (to the extent not written off or adjusted)	**756**
Total	**22,756,231**

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

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

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

J M Gandhi
Partner

Mumbai, October 18, 2001

For and on behalf of the Board of Directors

Azim Hasham Premji (Chairman and Managing Director)

B C Prabhakar (Director)

N Vaghul (Director)

Suresh C Senapaty
(Corporate Executive Vice President - Finance)

Satish Menon
(Corporate Vice President- Legal & Company Secretary)
Bangalore, October 18, 2001

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

	Six months ended September 30, 2001
INCOME	
Sales and Services	16,476,581
Other Income	747,347
	17,223,928
EXPENDITURE	
Cost of goods sold	10,022,836
Selling, general and administrative expenses	2,552,724
Interest	14,923
	12,590,483
PROFIT BEFORE TAXATION	4,633,445
Provision for taxation (refer note 4)	327,536
PROFIT AFTER TAX	4,305,909
Earnings per share (in Rs.)	
Basic	18.64
Diluted	18.61
Number of shares	
Basic	231,021,983
Diluted	231,327,985

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

J M Gandhi
Partner

Mumbai, October 18, 2001

For and on behalf of the Board of Directors

Azim Hasham Premji (Chairman and Managing Director)

B C Prabhakar (Director)

N Vaghul (Director)

Suresh C Senapaty
(Corporate Executive Vice President - Finance)

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

Bangalore, October 18, 2001

SIGNIFICANT ACCOUNTING POLICIES

Accounting convention

The preparation of consolidated financial statements in conformity with Indian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, revenues and expenses and disclosure of contingent assets and liabilities. Actual results could differ from these estimates.

Basis of preparation of financial statements -

The accompanying consolidated financial statements have been prepared in accordance with Indian generally accepted accounting principles.

Principles of consolidation -

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

Revenue recognition

- Sales include applicable sales tax unless separately charged, export incentives, and are net of discounts.
- Sales are recognized on despatch, except in the following cases :
  - Consignment sales are recognized on receipt of statement of account from the agent
  - Sales, which are subject to detailed acceptance tests, revenue is reckoned based on milestones for billing, as provided in the contracts
  - Software revenue is recognized on the basis of chargeable time or achievement of prescribed milestones for billing as provided in the contracts
- Export incentives are accounted on accrual basis and include estimated realizable values/benefits from special import licenses and Advance licenses.
- Agency commission is accrued on shipment of consignment by principal.
- Maintenance revenue is considered on acceptance of the contract and is accrued over the period of the contract.
- Other income is recognized on accrual basis.

Research and Development

Revenue expenditure on research and development is charged to Profit and Loss account and capital expenditure is shown as addition to fixed assets.

Provision for retirement benefits

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

Fixed Assets and Depreciation

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

Interest on borrowed money allocated to and utilized for fixed assets, pertaining to the period upto the date of capitalization and other revenue expenditure incurred on new projects is capitalized. Assets acquired on hire purchase are capitalized at the gross value and interest thereon is charged to Profit and Loss account. Renewals and replacement are either capitalized or charged to revenue as appropriate, depending upon their nature and long term utility.

In respect of leased assets, lease rentals payable during the year is charged to Profit and Loss account.

Depreciation is provided on straight line method at rates specified in Schedule XIV to the Companies Act, 1956, except on computers, furniture and fixture, office equipment, electrical installations (other than those at factories) and vehicles for which commercial rates are applied. Technical know-how is amortized over six years. In Wipro Inc, Enthink Inc and Wipro Japan KK the depreciation is provided on Written Down Value method.

Foreign currency transactions

Foreign currency transactions are recorded at the spot rate at the beginning of the concerned month. Year end balances of foreign currency assets and liabilities are restated at the closing rate/forward contract rate, as applicable. Resultant differences in respect of liabilities relating to acquisition of fixed assets are capitalized other differences on restatement or payment are adjusted to revenue account.

Forward premiums in respect of forward exchange contracts are recognized over the life of the contract, except that premiums relating to foreign currency loans for the acquisition of fixed assets are capitalized.

Inventories

Finished goods are valued at cost or net realizable value, whichever is lower. Other inventories are valued at cost less provision for obsolescence. Indigenously developed software products are valued at cost, which reflects their remaining economic life. Small value tools and consumables are charged to consumption on purchase. Cost is computed on weighted average basis.

Investments

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

Notes to Accounts

1. In accordance with Accounting Standard 21 " Consolidated Financial Statements " issued by the Institute of Chartered Accountants of India, the Consolidated Financial Statements of Wipro Limited include the financial statements of all subsidiaries which are more than 50% owned and controlled.

2. Accounting Standard 21 requires investments in Joint ventures/Affiliates to be stated at cost. Proportionate share in the profits of these joint ventures are not recognized in the financial statements and only dividend income is recognised. Consequently share of profits / (losses) in Wipro GE and Net-Kracker has not been considered in the financial statements..

3. During the period company acquired 17,91,385 shares, representing 8% of the equity capital of Wipro Net Limited (WNL). Consequent to this investment, WNL has become a fully owned subsidiary of the company. The board of directors of both the companies decided to amalgamate WNL into the company with effect from April 2001. Accordingly, the scheme of amalgamation was filed in the Karnataka High Court before the balance sheet date. The scheme has been approved in the meeting of creditors and shareholders of both the companies, convened by the court, held on July 19, 2001. The scheme of amalgamation has been given effect to in the accounts of the company for the six months ended September 30, 2001, on the pooling of interest method, which is subject to approval by the High Court. The deficit of Rs. 2,001,432 arising on amalgamation is transferred to General Reserve as detailed below:

Fixed Assets	433,507	
Net Current Assets	71,753	
Less : Loans	90,000	
Net Tangible assets as of March 31, 2001		415,260
Less : Investments in WNL by the Company		2,416,692
Deficit transferred to General Reserve		2,001,432

4. Provision for taxation comprises of following:

(i) Rs. 108,861 in respect of foreign taxes, net of deferred tax of Rs. 53,967 and write back of provision of Rs. 35,307 in respect of earlier year

(ii) Rs. 217,175 in respect of Indian Income Tax, net of write back of provision of Rs 34,000 in respect of earlier years.

(iii) Rs. 1,500 in respect of Wealth Tax.

5. The details of subsidiary are as follows -

Name of the subsidiary	Country of incorporation	% holding
Wipro Inc	USA	100%
Enthink Inc	USA	- *
Wipro Japan KK	Japan	100%
Wipro Prosper Limited	India	100%
Wipro Trademarks holding Limited	India	100%
Wipro Welfare Limited	India	100%
Wipro Equity Reward Trust	India	-

* Fully owned by Wipro Inc.

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

	Six months ended September 30, 2001
Cash flows from operating activities:	
Net profit before tax and non recurring items	**4,633,445**
Adjustments to reconcile Net profit before tax and non recurring items to net cash provided by operating activities:	
Depreciation and amortization	**660,434**
Foreign currency translation gains	**(167,153)**
Retirement benefits provision	**105,030**
Interest accured on discount bonds	**14,923**
Dividend / interest	**(460,569)**
Loss / (Gain) on sale of property, plant and equipment	**(14,869)**
Operating cash flow before changes in working capital	**4,771,241**
Trade and other receivable	**546,689**
Loans and advances	**(181,079)**
Inventories (other than stock-in-trade land)	**140,857**
Trade and other payables	**551,240**
Net cash provided by operations	**5,828,948**
Direct taxes paid	**(593,589)**
Net cash provided by operating activities	**5,235,359**
Cash flows from investing activities:	
Expenditure on property, plant and equipment (including advances)	**(1,399,155)**
Proceeds from sale of property, plant and equipment	**40,193**
Purchase of investments	**(1,224,599)**
Inter Corporate deposits placed	**(1,877,413)**
Certificate of Deposits with foreign banks	**(1,357,968)**
Sale / maturities on Investments	**77,026**
Divided received	**3,779**
Interest received	**456,790**
Net cash used in investing activities	**(5,281,347)**
Cash flows from financing activities:	
Proceeds from exercise of Stock Option Plan grants	**5,071**
Dividends paid	**(128,071)**
Interest on borrowings	**(14,923)**
Proceeds from issuance / (repayment) of borrowings	**(178,080)**
Net cash provided by/(used in) financing activities	**(316,003)**
Net increase/ (decrease) in cash and cash equivalents during the year	**(361,991)**
Cash and cash equivalents at the beginning of the period	**4,583,816**
Cash and cash equivalents at the end of the period	**4,221,825**

Notes :

i) Opening cash and bank balances include cash balances of subsidiaries of Rs 115,113 and Rs 5,282 of Wipro Net Limited.

i) Purchase of investments include Rs. 1,218,142 on acquisition of minority interest of 8% in Wipro Net Limited.

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

For and on behalf of the board of directors

Azim Hasham Premji (Chairman and Managing Director)

Suresh Senapaty
(Corporate Executive Vice President – Finance)

B C Prabhakar (Director)

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

N Vaghul (Director)

Bangalore, October 18, 2000