



## FOR IMMEDIATE RELEASE

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### Results for the Quarter Ended June 30, 2002 under US GAAP **WIPRO RECORDS 17% GROWTH IN NET INCOME<sup>1</sup>**

Bangalore, India and Santa Clara, California – July 19, 2002-- Wipro Limited (NYSE:**WIT**) today announced financial results under US GAAP for its first fiscal quarter ended June 30, 2002, and the acquisition of majority stake in Spectramind e-Services Private Limited.

#### **Highlights:**

##### ***Results for the quarter ended June 30, 2002***

- Net Income<sup>1</sup> was Rs. 2.2 billion (\$46 million), an increase of 17% over the same period last year. Revenue was Rs. 9.1 billion (\$187 million), an increase of 22% year on year
- Global IT Services Revenue increased 23% year on year, at Rs. 6.3 billion (\$130 million)
- Global IT Services Earnings Before Interest and Tax (EBIT) grew 11% year on year
- 65% of Global IT Service Revenue came from North America, 28% from Europe, 6% from Japan, and the balance came from the rest of the world.
- Rs. 1.7 billion (\$35 million) cash generated from continuing operations
- Our shareholders approved a cash dividend of Rs. 1 (2 cents) per equity share in our Annual General Meeting on July 18, 2002. The dividend will be paid on July 19, 2002.
- Decision to discontinue Wipro Net ISP access business. The cost of the discontinued business is recorded as an extraordinary loss of Rs. 389 million (\$8 million).

##### ***Acquisitions***

- ***Spectramind*** - Wipro entered into a definitive agreement on July 18, 2002, to acquire an additional 66% stake in Spectramind e-Services Private Limited for Rs. 4,069 million (\$83.04 million) in cash. Wipro's aggregate interest in Spectramind after the purchase will be around 90% of all outstanding equity shares, including convertible preference shares.
- Spectramind, in its first full year of operations, for the year ended March 31, 2002, recorded Revenue of Rs. 500 million (\$10 million) and loss of Rs. 115 million (\$2 million). Revenue for the quarter ended June 30, 2002 was Rs. 309 million (\$6 million) and Profit after Tax was Rs. 13 million (\$0.3 million). As of June 30, 2002, Spectramind had 7 customers and over 2,700 employees. For the year ending March 2003, Spectramind is estimated to achieve Revenues of approximately \$45 million.
- ***GE Medical Systems IT Private Limited*** – Wipro entered into a definitive agreement on July 18, 2002, to acquire Hyderabad based GE Medical Systems Information Technologies Private Limited for Rs. 280 million (\$5.73 million) in cash subject to statutory approvals. Wipro will hold 100% of the company upon completion of the transaction.

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<sup>1</sup> Excluding a loss (net of tax) of Rs. 389 million (\$8 million) pertaining to our discontinued ISP business which includes a loss from operations (net of tax) of Rs. 84 million (\$2 million) and loss on write off of assets and exit costs of Rs. 305 million (\$6 million) of the discontinued business. Net Income, net of the charge for the discontinued business, was Rs. 1.8 billion (\$38 million).

## **Outlook for the Quarter ending September 30, 2002**

Azim Premji, Chairman of Wipro commenting on the results said, "This quarter we saw our strategic plan translate to business initiatives. On the acquisition front, we completed two transactions, Spectramind and GE Medical Systems Information Technologies. We welcome the members of Spectramind and GE Medical Systems IT business teams into the Wipro family. Our service portfolio diversification is beginning to realize results. Looking ahead for the quarter ending September 2002, we expect Revenue from the IT Services to be approximately \$135 million, including Revenue from Healthcare and Life Science of \$3 million. Revenue from Spectramind is estimated at \$8 million for the quarter ending September 2002. Both the transactions are expected to be completed in July 2002."

Vivek Paul, Vice Chairman and CEO of Wipro Technologies, our Global IT business, added, "Our performance for the quarter was in line with our expectations of strong volume growth, the pricing environment and margin pressure. Team Wipro continues to win by delivering value to our customers. During this quarter we won a \$20 million five-year contract for a U.K. based utility company to remote manage 350 heterogeneous servers, 3,200 network elements and 44 databases spread across 118 locations in the U.K. and Ireland."

Raman Roy, Chief Executive Officer of Spectramind commenting on the acquisition said, "We are excited to be a part of the Wipro family. Spectramind's dreams and aspirations mesh in well with Wipro's Vision of being among the Top 10 Global IT Services companies and provides us the platform to move from being the leaders in India to being the global leaders".

## **Wipro Limited**

Total Revenues for the quarter ended June 30, 2002 were Rs.9.1 billion (\$187 million), representing a 22% increase over the corresponding period in the previous year. Net Income was Rs. 2.2 billion (\$46 million), representing an increase of 17% year on year. Net Income for the quarter ended June 30, 2002, excludes an extraordinary loss (net of tax) of Rs. 389 million (\$8 million) related to the discontinuation of our ISP Access business unit. The extraordinary loss is comprised of a loss from operations (net of tax) of Rs. 84 million (\$2 million) and a loss on write-off of assets and exit costs of Rs. 305 million (\$6 million). This business unit was managed within Wipro Net and was discontinued as of June 30, 2002. The cost of the discontinuation has been provided for as an extraordinary loss on discontinuance of business. Net Income, net of the charge for of the discontinued business, was Rs. 1.8 billion (\$38 million).

Earnings per share from continuing operations was Rs. 9.65 (\$0.20) for the quarter ended June 30, 2002, representing an increase of 17% over the earnings per share of Rs. 8.24 for quarter ended June 30, 2001.

## **Global IT Services (70% of Revenues and 91% of Operating Income for quarter ended June 30, 2002)**

Wipro's Global IT Services business segment recorded Revenue<sup>2</sup> of Rs. 6.6 billion (\$134 million) for the quarter ended June 30, 2002, representing an increase of 26% year on year. EBIT was Rs. 2.1 billion (\$43 million) for the quarter ended June 30, 2002, representing an increase of 11% year on year.

Operating Margin to Revenue for the quarter ended June 30, 2002 was 32%, representing a decline of 4% from the quarter ended June 30, 2001. Operating Margin was flat sequentially. For the quarter ended June 30, 2002, an increase in IT professional utilization of 6% was offset by a decrease in price realizations of 2% for Offshore projects and 4% for Onsite projects, as compared to the quarter ended June 30, 2001. Price realizations declined 4.5% for Offshore projects and 5.6% for Onsite projects from the prior quarter.

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<sup>2</sup> Global IT Revenues were Rs. 6.3 billion for quarter ended June 30, 2002, under Indian GAAP. The difference of Rs. 0.3 billion (\$4.7 million) is attributable to different revenue recognition standards under Indian GAAP and US GAAP.

For the quarter ended June 30, 2002, the R&D Services business unit, consisting of the Embedded Systems & Internet Access Devices practice (17% of Revenue), the Telecom & Inter-networking practice (16% of Revenue) and the Telecom & Internet Service Providers practice (7% of Revenue), contributed 40% of Global IT Services Revenue, representing a decline of 12% from the corresponding period in the previous year. The Enterprise Solutions unit contributed 60% of Global IT Services Revenue. The Technology Infrastructure horizontal contributed 7% of Global IT Services Revenue across R&D and Enterprise solutions. The proportion of Global IT Services Revenues from Europe decreased from 33% for the quarter ended June 30, 2001, to 28% for the quarter ended June 30, 2002. Accordingly, the proportion of Global IT Services Revenue from North America increased to 65% from 60% for the corresponding period in the previous year. Japan contributed 6% for the quarter ended June 30, 2002.

Our largest customer, top 5 and top 10 customers accounted for 7%, 25% and 40%, respectively, of our Global IT Services Revenue for the quarter ended June 30, 2002, as compared to 8%, 29% and 42% of our Global IT Services Revenue for the quarter ended June 30, 2001. 22 new clients who contributed 1% of Global IT Services Revenue.

Customers with annual Revenue run rate of \$1 million and above increased to 87 in the quarter ended June 30, 2002, up from 74 in the quarter ended June 30, 2001. Customers with annual Revenue run rate of \$5 million and above increased to 26 in the quarter ended June 30, 2002, up from 22 in the quarter ended June 30, 2001.

Offshore Revenue for the quarter was 49% of services Revenue, representing a decline of 1% as compared to the quarter ended June 30, 2001. Fixed Price projects were at 33% of the Revenue for the quarter, up from 20% for the quarter ended June 2001.

We had 10,545 employees as of June 30, 2002, which represents an increase of 919 employees from March 31, 2002.

### **India and Asia Pac IT Services and Products (19% of Revenue and 4% of Operating Income for quarter ended June 30, 2002)**

Wipro's India and Asia Pac Services and Products business segment (Wipro Infotech) recorded Revenue of Rs. 1.8 billion (\$36 million) for the quarter ended June 30, 2002, representing increase of 28% over the quarter ended June 30, 2001. EBIT for the quarter ended June 30, 2002, was Rs. 82 million (\$2 million), representing an increase of 3% year on year.

Operating Margin for the quarter ended June 30, 2002 at 5%, representing a decline of 1% compared to the quarter ended June 30, 2001. Return on Capital Employed was 26% for the quarter ended June 30, 2002, compared to 32% for the quarter ended June 30, 2001.

### **Wipro Healthcare and Life Science**

In its first quarter of operations as a separate business segment, the Wipro Healthcare and Life Science segment strengthened its value proposition to customers in the Healthcare IT space with the acquisition of Hyderabad based GE Medical Systems Information Technologies Private Limited. The business acquired four new global customers (two from Fortune 1000 list) including one for Clinical Process Outsourcing covering radiology reading ranging from Xray to CT scan. For the quarter ended June 30, 2002, Wipro Healthcare and Life Sciences recorded Revenue of Rs. 121million (\$2 million) and Loss before Interest and Tax of Rs. 22 million (\$ 0.5 million).

Beginning in the quarter ended September 30, 2002, Wipro Healthcare and Life Science Revenue will include Revenues from the healthcare vertical of the Global IT Services business segment and Revenues from Hyderabad based GE Medical Systems Information Technologies.

## **Consumer Care & Lighting (8% of Revenue and 5% of Operating Income for quarter ended June 30, 2002)**

Wipro's Consumer Care & Lighting business segment recorded Revenue of Rs. 716 million (\$15 million) for the quarter ended June 30, 2002, representing a 1% decrease over Revenue of Rs. 725 million for the quarter ended June 30, 2001. EBIT was Rs. 124 million (\$3 million) for the quarter ended June 30, 2002, representing a 37% increase over EBIT of Rs. 91 million for the quarter ended June 30, 2001. Return on Capital Employed (ROCE) was 73% for the quarter ended June 30, 2002, compared to 48% for the quarter ended June 30, 2001.

**Wipro Limited results for the quarter ended June 30, 2002, computed under the Indian GAAP and the US GAAP, along with individual business segment reports are available in the Investor Relations section of our website at [www.wipro.com](http://www.wipro.com).**

### **Quarterly Conference call**

Wipro will hold conference calls today at 11:45 AM Indian Standard Time (2:15 AM Eastern Time) and at 7:00 PM Indian Standard Time (9:30 AM Eastern) to discuss the company's performance for the quarter and answer questions sent to email ID: [Lakshminarayana.lan@wipro.com](mailto:Lakshminarayana.lan@wipro.com). An audio recording of the management discussions and the question and answer session will be available online and will be accessible in the Investor Relations section of the company website at [www.wipro.com](http://www.wipro.com) shortly after the live broadcast.

### **US GAAP financials on website**

Effective quarter ending September 30, 2002, Wipro will post its financial statements prepared in accordance with US GAAP together with complete set of notes after filing its periodical reports with the SEC on Form 6-K/Form 20-F. However, immediately after the announcement of its results to the Stock Exchanges, Wipro will post on its web site its Balance Sheet, Income Statement, Cash Flow statement and selected notes including Segment information for the period.

### **About Wipro Limited**

Wipro Limited is the first P CMM Level 5 and SEI CMM Level 5 certified IT Services Company globally. Wipro provides comprehensive IT solutions and services, including systems integration, Information Systems outsourcing, package implementation, software application development and maintenance, and research and development services to corporations globally.

In the Indian market, Wipro is a leader in providing IT solutions and services for the corporate segment in India offering system integration, network integration, software solutions and IT services. Wipro also has profitable presence in niche market segments of consumer products and lighting. In the Asia Pacific and Middle East markets, Wipro provides IT solutions and services for global corporations.

Wipro's ADSs are listed on the New York Stock Exchange, and its equity shares are listed in India on the Stock Exchange - Mumbai, and the National Stock Exchange, among others.

For more information, please visit our websites at [www.wipro.com](http://www.wipro.com) and [www.wipro.co.in](http://www.wipro.co.in)

## **About Spectramind**

Spectramind is India's largest third party provider of BPO services with a wide range of processes in production (both voice and non-voice based). Spectramind is a full spectrum service provider offering end-to-end solutions to organizations across a wide range of industries. Spectramind has offices in India and in the US. It has two state-of-the-art production facilities in New Delhi and Mumbai with a combined capacity that can accommodate over 5000 people.

## **Forward-looking and cautionary statements**

Certain statements in this release concerning our future growth prospects are forward-looking statements, which involve a number of risks, and uncertainties that could cause actual results to differ materially from those in such forward-looking statements. The risks and uncertainties relating to these statements include, but are not limited to, risks and uncertainties regarding fluctuations in earnings, our ability to manage growth, intense competition in IT services including those factors which may affect our cost advantage, wage increases in India, our ability to attract and retain highly skilled professionals, time and cost overruns on fixed-price, fixed-time frame contracts, client concentration, restrictions on immigration, our ability to manage our international operations, reduced demand for technology in our key focus areas, disruptions in telecommunication networks, our ability to successfully complete and integrate potential acquisitions, liability for damages on our service contracts, the success of the companies in which Wipro makes strategic investments, withdrawal of fiscal governmental incentives, political instability, war, legal restrictions on raising capital or acquiring companies outside India, unauthorized use of our intellectual property and general economic conditions affecting our industry. Additional risks that could affect our future operating results are more fully described in our filings with the United States Securities and Exchange Commission. These filings are available at [www.sec.gov](http://www.sec.gov). Wipro may, from time to time, make additional written and oral forward-looking statements, including statements contained in the company's filings with the Securities and Exchange Commission and our reports to shareholders. Wipro does not undertake to update any forward-looking statement that may be made from time to time by or on behalf of the company.

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(tables to follow)

**WIPRO LIMITED**  
**CONSOLIDATED STATEMENTS OF INCOME**  
(in millions, except per share data)

	Three Months Ended June 30,		
	2001 (Unaudited)	2002 (Unaudited)	2002 (Unaudited)
<b>Revenues :</b>			
<i>Global IT Services and Products</i>			
Services .....	Rs. 5,160	<b>Rs. 6,309</b>	\$ 129
Products.....	-	<b>35</b>	1
<i>India and AsiaPac IT Services and Products</i>			
Services .....	485	<b>468</b>	10
Products .....	885	<b>1,282</b>	26
Consumer Care and Lighting.....	725	<b>716</b>	15
Healthcare and Life Sciences.....	117	<b>121</b>	2
Others.....	114	<b>218</b>	4
Total.....	<b>7,486</b>	<b>9,149</b>	187
<b>Cost of Revenues:</b>			
<i>Global IT Services and Products</i>			
Services .....	2,703	<b>3,636</b>	74
Products.....	-	<b>32</b>	1
<i>India and AsiaPac IT Services and Products</i>			
Services .....	329	<b>252</b>	5
Products .....	690	<b>1,140</b>	23
Consumer Care and Lighting.....	490	<b>475</b>	10
Healthcare and Life Sciences.....	75	<b>101</b>	2
Others.....	100	<b>175</b>	4
Total.....	<b>4,387</b>	<b>5,811</b>	119
Gross profit.....	3,099	<b>3,338</b>	68
<b>Operating expenses :</b>			
Selling, general, and administrative exp	(1,134)	<b>(1,253)</b>	(26)
Research and development expenses.....	(37)	<b>(39)</b>	(1)
Amortization of goodwill.....	(44)	-	-
Foreign exchange gains, net.	45	<b>202</b>	4
Others, net.....	37	<b>36</b>	1
Operating Income.....	<b>1,966</b>	<b>2,284</b>	47
Other income, net .....	162	<b>260</b>	5
Income taxes.....	(270)	<b>(293)</b>	(6)
Income before share of equity in earnings of affiliates .....	<b>1,858</b>	<b>2,252</b>	46
Equity in earnings / (losses) of affiliates ....	45	<b>(20)</b>	-
Income from continuing operations.....	<b>1,903</b>	<b>2,231</b>	46
<b>Discontinued operations:</b>			
Loss from operations of discontinued corporate Internet services division ( including loss on disposal of Rs. 275 for the period ended June 30, 2002)	(22)	<b>(541)</b>	(11)
Income tax benefit .....	8	<b>152</b>	3
Loss on discontinued operations.....	(14)	<b>(389)</b>	(8)
Net income .....	<b>Rs. 1,889</b>	<b>Rs. 1,842</b>	<b>\$ 38</b>
<b>Earnings per equity share: Basic</b>			
Continuing Operations.....	8.24	<b>9.65</b>	0.20
Discontinued operations.....	(0.06)	<b>(1.68)</b>	(0.03)
Net income.....	8.18	<b>7.97</b>	0.16
<b>Earnings per equity share: Diluted</b>			
Continuing operations.....	8.22	<b>9.63</b>	0.20
Discontinued Operations.....	(0.06)	<b>(1.68)</b>	(0.03)
Net Income.....	8.16	<b>7.95</b>	0.16
<b>Additional Information</b>			
<b>Operating Income</b>			
Global IT Services & Products	Rs. 1,866	<b>Rs. 2,079</b>	\$ 43
India & AsiaPac IT Services & Products	80	<b>82</b>	2
Consumer Care & Lighting	91	<b>124</b>	3
Healthcare and Life Sciences	10	<b>(22)</b>	(1)
Others	(22)	<b>28</b>	1
Reconciling Item	(59)	<b>(7)</b>	-
Total	<b>1,966</b>	<b>2,284</b>	47

**WIPRO LIMITED**  
**CONSOLIDATED BALANCE SHEETS**  
(in Millions, except share data and unless stated otherwise)

	As of June 30,			As of
	2001	2002	2002	March 31,
	(Unaudited)	(Unaudited)	(Unaudited)	2002
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents .....	Rs. 4,632	<b>Rs. 10,909</b>	\$ 223	7,377
Accounts receivable, net of allowances .....	5,280	<b>6,110</b>	125	5,981
Costs and earnings in excess of billings on contracts in progress .....	156	<b>1,295</b>	26	1,010
Inventories .....	1,823	<b>1,429</b>	29	1,402
Investment securities .....	2,950	<b>4,190</b>	86	5,043
Deferred income taxes .....	105	<b>181</b>	4	179
Property, plant and equipment held for sale .....	-	<b>34</b>	1	-
Other current assets .....	3,438	<b>2,220</b>	45	3,481
	<b>18,384</b>	<b>26,367</b>	539	24,474
Investment securities .....	94	<b>530</b>	11	451
Property, plant and equipment, net .....	5,971	<b>6,014</b>	123	6,262
Investments in affiliates .....	734	<b>869</b>	18	898
Deferred income taxes .....	132	<b>359</b>	7	265
Goodwill and intangible assets, net .....	788	<b>656</b>	13	657
Other assets .....	539	<b>726</b>	15	748
Total assets .....	<b>Rs. 26,643</b>	<b>Rs. 35,521</b>	\$ 726	33,755
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>				
Current liabilities:				
Borrowings from banks .....	Rs. 127	<b>Rs. 443</b>	\$ 9	182
Current portion of long term debt .....	149	<b>82</b>	2	79
Accounts Payable .....	1,541	<b>1,626</b>	33	2,239
Accrued expenses .....	2,299	<b>2,508</b>	51	1,944
Advances from customers .....	794	<b>934</b>	19	1,121
Deferred income taxes .....	-	<b>13</b>	-	-
Other current liabilities .....	461	<b>473</b>	10	494
Total current liabilities .....	<b>5,372</b>	<b>6,079</b>	124	6,059
Long-term debt, excluding current portion .....	99	<b>30</b>	-	30
Deferred income taxes .....	98	<b>62</b>	1	115
Other liabilities .....	83	<b>59</b>	1	93
Total liabilities .....	<b>5,652</b>	<b>6,229</b>	127	6,297
Stockholders' equity				
Equity shares at Rs. 2 par value: 375,000,000 shares authorized; Issued and outstanding: 232,436,379, 232,465,689 and 232,492,943 shares as of March 31, 2002, June 30, 2001 and 2002 .....	465	<b>465</b>	10	465
Additional paid-in capital .....	6,781	<b>6,847</b>	140	6,817
Deferred stock compensation .....	(161)	<b>(76)</b>	(2)	(93)
Accumulated other comprehensive income / (loss) .....	1	<b>(3)</b>	-	52
Retained earnings .....	13,904	<b>22,059</b>	451	20,217
Equity shares held by a controlled Trust: 1,321,335 1,304,460 and 1,321,460 shares as of March 31, 2002, June 30, 2001 and 2002 .....	*	*	*	-
Total stockholders' equity .....	<b>20,990</b>	<b>29,292</b>	599	27,457
Total liabilities and stockholders' equity .....	<b>Rs. 26,643</b>	<b>Rs. 35,521</b>	\$ 726	Rs. 33,755
* Equity shares held by a controlled trust	Rs. 75,000	Rs. 75,000	-	Rs. 75,000