

**FOR IMMEDIATE RELEASE**



Results for the Quarter ended June 2002 under Consolidated Indian GAAP  
**Revenue<sup>1</sup> for quarter ended June 2002 grew 19% year on year to Rs. 9.3 billion.**  
**Wipro acquires majority stake in Spectramind e-Services Private Limited**

**Bangalore, July 19 2002** –Wipro Limited today announced its audited results approved by the Board of Directors for the quarter ended June 2002 and acquisition of majority stake in Spectramind e-Services Private Limited.

### **Highlights:**

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

- Revenue<sup>1</sup> from continuing operations for the quarter was Rs. 9.3 billion, an increase of 19% year on year. Profit Before Interest & Tax (PBIT) from continuing operations grew by 6% year on year to Rs. 2.2 billion.
- Decrease in returns on cash surplus and higher tax charge resulted in Profit After Tax<sup>2</sup> being lower by 6% year on year at Rs. 2 billion.
- Wipro Technologies Revenue increased 21% year on year, at Rs. 6.3 billion.
- Wipro Technologies Profit Before Interest and Tax (PBIT) growth of 5% contributed by volume growth and increased utilization partially offset by pricing declines
- 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. 281 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 Revenues of Rs. 38 million for the quarter ended June 2002 from discontinued ISP business. Corresponding Revenue for the quarter ended June 30, 2001 was Rs. 169 million

<sup>2</sup> Excluding loss (net of tax) of Rs. 389 million pertaining to discontinued ISP business which includes loss from operations (net of tax) of Rs. 84 million (Previous period – Rs. 14 million) and loss on write off of assets and exit costs of Rs. 305 million of the discontinued business

## Outlook for the Quarter ended September 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, Global IT business, added, "Our performance for the quarter was in line with our expectation on strong volume growth, 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 UK based Utilities company to remote manage 350 heterogeneous servers, 3200 network elements and 44 databases spread across 118 locations in UK 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

Revenues<sup>1</sup> for the quarter ended June 30, 2002, were Rs.9.3 billion, representing a 19% increase over the previous year. Profit after Tax<sup>2</sup> was Rs. 2 billion, representing a decrease of 6% over Profit after Tax for quarter ended June30, 2001. The decrease is primarily on account of decrease in returns on cash surplus and increase in tax charge.

ISP Access business carried on in Wipro Net was discontinued with effect from June 2002. The cost of the discontinuance of Rs. 389 million has been provided for as an extraordinary loss on discontinuance of business. The Profit after Tax net of the charge for discontinuance of business was Rs. 1.6 billion.

### Wipro Technologies – Our Global IT business

Wipro Technologies accounted for 68% of the Revenue and 91% of the PBIT for the quarter ended June30, 2002. Wipro Technologies grew its Revenue by 21% over Revenue for corresponding quarter last year to Rs. 6.3 billion and PBIT by 5% to Rs. 2 billion.

Operating Margin to Revenue was 31%, a decline of 5% year on year and 1% sequentially. On the operational front, increase in IT professional utilization by 6% to 66% was offset by decrease in price realizations of 2.3% for Offshore projects and 4.4% for Onsite projects, as compared to the quarter ended June30, 2001. Price realizations declined sequentially by 4.5% for Offshore projects and by 5.6% for Onsite projects.

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For the quarter ended June 30, 2002, the R&D Services business segment, consisting of Embedded Systems & Internet Access Devices practice (17% of Revenue), Telecom & Inter-networking practice (17% of Revenue) and Telecom & Internet Service Providers practice (7% of Revenue), contributed 41% of Global IT Services Revenue, a decline of 11% as compared to the corresponding period in the previous year and 4% sequentially. The Enterprise Solutions segment contributed 59% and Technology Infrastructure horizontal contributed 7% of Global IT Services Revenue across R&D and Enterprise solutions. The proportion of Revenues from Europe decreased from 33% for the quarter ended June30, 2001, to 29% for the quarter ended June30, 2002. Accordingly, the proportion of Revenue from North America increased to 63% from 60% in the previous year. Japan contributed 7% for the quarter ended June30, 2002.

Our largest customer, top 5 and top 10 customers accounted for 7%, 23% and 37%, respectively, of our total Revenue for the quarter ended June30, 2002, as compared to 8%, 29% and 42% of our total Revenue of the quarter ended June 30,2001. 22 new clients were added in the quarter ended June30, 2002 and they contributed 1% of total Revenue for the quarter ended June30, 2002.

Customers with annual Revenue run rate of \$1 million and \$5 million plus increased year on year from 74 to 87 and 22 to 26 in the quarter ended June30, 2002 respectively.

Offshore Revenue for the year was 48% of services Revenue, compared with 50% of Revenue in the quarter ended June 30, 2001. Fixed Price projects were at 30% of the Revenue for the year, up from 20% for the quarter ended June 30, 2001.

We had 10,545 employees as of June 30, 2002, an increase of 919 employees compared with March 31, 2002.

### **Wipro Infotech – Our India & Asia Pacific IT Services & Products business**

Wipro Infotech recorded Revenues of Rs 1.9 billion and Profit before Interest and Tax of Rs 87 million for the quarter. Services business contributed to 26% of the total Revenues this quarter. During the quarter, the value added services (excluding agency income and component from SI) business grew by 22% compared to the same quarter previous year. The growth in infrastructure management services was 34%, where 9 new customers were added during the quarter. The Software Services business saw several new customer wins in the high end space. In APAC and Middle East, key orders included an end-to-end ERP implementation for Saudi Polyolefins Limited (Saudi Arabia) an eGovernance Software development project from Dubai e-Government and a portal development for a major Telecom company in Taiwan. In India, customer wins were in areas of dealer management, data warehousing, SAP implementation and Telecom mediation. Other notable wins in India include a prestigious Six Sigma consulting order and an e-procurement consulting and solutions order. The growth in Software Services business was 33%.

Wipro Infotech consolidated its position as a leading Systems Integrator. During the quarter, Union Bank of India chose Wipro Infotech as the prime integrator, responsible for end to end implementation and integration of IT infrastructure and centralized core banking solution.

The networking business grew by 104%, while the enterprise sever and storage business grew by 48%. Large Telecom SI projects contributed to this growth. Wipro Infotech received the "Network Integrator of the Year" award from Voice & Data magazine for the fifth year in a row, and was recognized as the "Largest Enterprise Distributor in Asia South" by Sun Microsystems for the second consecutive year.

Wipro Infotech accounted for 21% of Revenue and 4% of the PBIT for the quarter ended June30, 2002.

### **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. 122 million and Loss before Interest and Tax of Rs. 22 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.

### **Wipro Consumer Care & Lighting**

Wipro Consumer Care and Lighting business recorded Revenue of Rs. 730 million with PBIT of Rs. 129 million contributing 8% of total Revenue and 6% of the Profit before Interest and Taxes for the quarter. PBIT to Revenue was 18% for the quarter.

### **Wipro Limited**

For the quarter ended June 30, 2002, the Return on Capital Employed in Wipro Technologies was 92%, Wipro Infotech was 27%, Consumer Care and Lighting was 71%. At the Company level, the Return on Capital Employed was 30%, lower due to inclusion of cash and cash equivalents of Rs. 17 billion in Capital Employed (60% of Capital Employed).

**For Wipro Limited, Profit after Tax from continuing operations computed in accordance with US GAAP for the quarter ended June 2002 was Rs. 2.2 billion, an increase of 17% over the profits for the corresponding quarter ended June 2001. The net difference between profits computed in accordance with Indian GAAP and US GAAP is primarily due to different Revenue recognition standards and accounting for deferred stock compensation expenses.**

Wipro Technologies segment Revenues were Rs. 6.55 billion for the quarter ended June 30, 2002, under US GAAP. The difference of Rs. 0.2 billion (\$4.7 million) is attributable to different Revenue recognition standards under Indian GAAP and USGAAP.

### **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. 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**

**Wipro Limited results computed under the US GAAP along with individual business segment reports are available in the Investor Relations section at [www.wipro.com](http://www.wipro.com).**

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 6K/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 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.

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## **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 has made strategic investments, withdrawal of fiscal governmental incentives, political instability, 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.

**WIPRO LIMITED – Consolidated**  
**AUDITED SEGMENT WISE BUSINESS PERFORMANCE FOR THE THREE MONTHS PERIOD ENDED JUNE 30, 2002**

(In Rupees Millions)

	Global IT Service s & Products	India & Asiapac IT Services & Products	Consumer Care & Lighting	Wipro Healthcare & Life Sciences	Others	Continuing Operations	Discontinued ISP Business	Wipro Limited
<b>Revenue</b>								
External Sales & Services	6,321	1,862	730	122	229	9,264	38	9,302
Internal Sales & Services		45			(45)	-	-	0
<b>Total</b>	<b>6,321</b>	<b>1,907</b>	<b>730</b>	<b>122</b>	<b>184</b>	<b>9,264</b>	<b>38</b>	<b>9,302</b>
<b>Growth in revenues</b>	<b>21%</b>	<b>20%</b>	<b>(4%)</b>	<b>6%</b>		<b>19%</b>	<b>-</b>	<b>16%</b>
% of total revenues	68%	21%	8%	1%	2%	100%	-	-
<b>Profit before Interest and tax (PBIT)</b>	<b>1,988</b>	<b>87</b>	<b>129</b>	<b>(22)</b>	<b>6</b>	<b>2,188</b>	<b>(133)</b>	<b>2,055</b>
<b>Growth in PBIT</b>	<b>5%</b>	<b>9%</b>	<b>33%</b>	<b>-</b>	<b>-</b>	<b>6%</b>	<b>-</b>	<b>-</b>
% of total PBIT	91%	4%	6%	(1%)	-	100%	-	-
<b>Operating margins</b>	<b>31%</b>	<b>5%</b>	<b>18%</b>	<b>-</b>	<b>-</b>	<b>24%</b>	<b>-</b>	<b>22%</b>
Interest income (net of interest expense Rs.8 mn)						142	-	142
<b>Profit before Tax</b>						<b>2,330</b>	<b>(133)</b>	<b>2,197</b>
Income Tax expense						(291)	49	(242)
<b>Profit before extraordinary items</b>						<b>2,039</b>	<b>(84)</b>	<b>1,955</b>
<b>Growth</b>						<b>(5.4%)</b>		<b>(8.7%)</b>
Discontinuance of ISP business (net of tax benefit of Rs.103 mn) (refer note 7)						-	(305)	(305)
<b>Profit before equity in earnings / (losses) of affiliates &amp; minority interest</b>						<b>2,039</b>	<b>(389)</b>	<b>1,650</b>
Equity in earnings affiliates						(20)		(20)
Minority interest						(3)		(3)
<b>Profit After Tax</b>						<b>2,016</b>	<b>(389)</b>	<b>1,627</b>
<b>Other Information</b>								
Net fixed assets	4,420	357	428	21	949	6,175	34	6,209
Trade receivables	3,940	2,121	150	136	126	6,473	23	6,496
Cash balances/Investments	527	141	188	3	16,382	17,241		17,241
Other assets	2,097	936	351	98	1,114	4,596	4	4,600
Current Liabilities	(2,309)	(1,988)	(428)	(132)	(578)	(5,435)	(211)	(5,646)
Capital employed	8,675	1,567	689	126	17,993	29,050	(150)	28,900
% of capital employed	30%	5%	2%	-	63%	100%		-
Capital expenditure	340	27	5	4	19			395
Depreciation	220	74	15	1	20			330
Return on average capital employed from continuing business	92%	27%	71%					30%

1. The segment report of Wipro Limited and its consolidated subsidiaries and associates has been prepared in accordance with the Accounting Standard 17 "Segment Reporting" issued by the Institute of Chartered Accountants of India.
2. The Company has three geographic segments; India, USA and Rest of the World. Significant portion of the segment assets are in India. Revenue from geographic segments based on domicile of the customers is outlined below:

<b>Geography</b>	<b>Rs. Mn</b>
India	2,758
USA	3,907
Rest of the World	2,637
Total	9,302

3. For the purpose of reporting, business segments are considered as primary segments and geographic segments are considered as secondary segment.
4. 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.
5. The company has a 49% equity interest in Wipro GE Medical Systems Limited (WGE), a joint venture with General Electric, USA. The joint venture agreement provides specific rights to the joint venture partners. The rights conferred to Wipro are primarily protective in nature. Therefore, in accordance with the guidance in Accounting Standard 27 " Financial Reporting of Investments in Joint Ventures" the investments in Wipro GE have been accounted for by equity method and not by proportionate consolidation method.
6. In accordance with the guidance provided in Accounting Standard 23 " Accounting for Investments in Associates in Consolidated Financial Statements" Wipro ePeripherals have been accounted for by equity method of accounting.
7. The Company was engaged in the business of providing corporate ISP services. Based on a review of this business, the company decided to discontinue the existing infrastructure based ISP business, but continue with the managed network and remote management services. Managed network and remote management services are currently being offered as part of total IT solutions. In June 2002, the management formally approved a plan to discontinue the infrastructure based corporate ISP services. The costs associated with the discontinuance including asset impairment charges and other exit costs have been reflected as extraordinary expenses.

The customers are being transitioned to an independent service provider. The consideration payable by the service provider to the Company is dependent on the occurrence of certain contingent events. Amounts, if any, received from the service provider will be reflected as extraordinary gains.