



Wipro Limited earnings release (US GAAP)-Second quarter ended September 30, 2000

Correction: Wipro records 162% Net Income growth for Second Fiscal Quarter Ended September 30, 2000 (contains corrected figures in consolidated statements of Income)

Bangalore, India. Wipro Limited (NYSE:WIT) today announced financial results under US GAAP for its second fiscal quarter and the six months ended September 30, 2000.

Highlights:

- Net Income for second quarter Rs.1.540 billion (\$ 33 million) representing an increase of 162% over corresponding period in previous fiscal year.
- Global IT Services revenue increases 59% for the quarter ended September 30, 2000, at Rs 4.209 billion (\$ 91million) and EBIT growth of 168%.
- R&D Services contributed 49% of total revenue for the second fiscal quarter, representing an increase of 77% over corresponding period in previous fiscal year.
- 65% of total revenue from North America, 27% from Europe and 7% from Japan with balance coming from rest of the world.
- Services based income in Indian Services and Products segment drives EBIT from 6.6% to 7.4% for the second fiscal quarter ended September 30, 2000.
- Rs 2.612 billion (\$57 m) cash generated from operations for the six months ended September 30, 2000.

Total revenues for the quarter ended September 30, 2000 were Rs 7.747 billion (\$168 million) up 33% from quarter ended September 30, 1999. Net income for the quarter ended September 30, 2000 was Rs 1.540 billion (\$33 million), representing an increase of 162% over net income for the quarter ended September 30, 1999. Earnings per share was Rs 6.69 (15 cents) for the quarter ended September 30, 2000, representing an increase of 159% over Earnings per share of Rs.2.58 for the quarter ended September 30, 1999.

Total revenues for the six months ended September 30, 2000 were Rs 14.010 billion (\$304 million), representing a 40% increase over the corresponding period in the previous fiscal year. Net income was Rs.2.517 billion (\$55 million) representing an increase of 145% over net income for the corresponding period in the previous fiscal year. Earnings per share was Rs 10.94 (24 Cents) for the six months ended September 30, 2000, representing an increase of 143% over the earnings per share of Rs.4.51 for the corresponding period in the previous fiscal year.

“ We are pleased with the underlying trends manifested in our results. R&D Services driving growth in Global IT business, Solutions and Services led growth in Indian IT business and 45% Return on Capital Employed in our Consumer Care & Lighting business. This is a good foundation for the future” said Azim Premji, Chairman of Wipro.

Global IT Services (54% of Revenues and 84% of Operating Income)

Our Global IT Services business segment recorded revenue of Rs. 4.209 billion (\$91 million) for the quarter ended September 30, 2000 representing an increase of 59% over the revenue for the quarter ended September 30, 1999. Earnings before Interest and Tax were Rs. 1.450 billion (\$ 31 million) for the quarter ended September 30, 2000 representing an increase of 168% over Earnings before Interest and Tax for the quarter ended September 30, 1999.

Earnings before Interest and Tax (EBIT) increased from 21% for the quarter ended September 30, 1999 to 34% for the quarter ended September 30, 2000. The expansion was a result of higher proportion of revenue from R&D Services from 44% to 49%, increase in utilization of billable professionals from 72% to 75% and increased billing rates per professional by 12%. Revenue from higher proportion of work done in India at 49% up from 45%.

Clients with annualized billings of greater than 1 million dollar increased from 52 for the quarter ended June 30, 2000 to 65 for the quarter ended September 30, 2000. Our largest customer, top 5 and top 10 customers accounted for 10%, 33% and 47% of our total revenue for the six months ended September 30, 2000,

respectively. 33 new clients were added in the quarter ended September 30, 2000 and 56 in the six months ended September 30, 2000. New clients contributed 5.7% of total revenues in the quarter ended September 30, 2000 and 4.1% of total revenues in the six months ended September 30, 2000.

For the quarter ended September 30, 2000, North America, Europe and Japan contributed 65% 27% and 7% of total revenue respectively with balance coming from rest of the world.

We had 8,578 professionals as of September 30, 2000. 1,275 professionals were added in the quarter ended September 30, 2000, and 1,931 professionals in the six months ended September 30, 2000.

Indian IT Services and Products (32% of Revenue and 11 % of Operating Income)

Our Indian IT Services and Products business segment recorded revenue of Rs.2.494 billion (\$ 54 million) for the quarter ended September 30, 2000, representing an increase of 14% over revenue for the quarter ended September 30, 1999. Earnings before Interest and Tax increased from Rs.145 million (\$ 3 million) for the quarter ended September 30, 1999 to Rs.185 million (\$ 4 million) for the quarter ended September 30, 2000.

The services component of our Indian IT Services and Products business drove increases in Earnings before Interest and Tax for the quarter ended September 30, 2000. Revenue from the services component increased to 19% of Indian IT Services and Products revenues for the quarter ended September 30, 2000 representing an increase of 3% from 16% in the corresponding period in the previous fiscal year.

Consumer Care & Lighting (10% of Revenue and 4% of Operating Income)

Our Consumer Care & Lighting business segment recorded revenue of Rs. 813 million (\$ 18 million) for the quarter ended September 30, 2000, representing an increase of Rs.43 million (\$ 1 million) over revenue for the quarter ended September 30, 1999. Earnings Before Interest and Tax (EBIT) were Rs. 71 million (\$ 2 million) for the quarter ended September 30, 2000. Return on Capital Employed (ROCE) was 45% for the six months ended September 30, 2000.

About Wipro Limited:

Wipro Limited is a leading India based provider of IT services globally. Wipro provides research and development services for hardware and software design to technology and telecommunication companies and software application development services to corporate enterprises.

In the Indian IT Market, Wipro addresses the IT and electronic commerce requirements of Indian companies. Wipro has also maintained a substantial consumer goods business with a profitable presence in the Indian niche markets of soaps, toiletries, lighting products and hydrogenated cooking oils.

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 affecting 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, counterproductive acquisitions, liability for damages on our service contracts, withdrawal of fiscal incentives by government, political instability, legal restriction on raising capital or acquiring companies outside India, and unauthorised use of our intellectual property. Further information regarding these and other risks and uncertainties is included in the company's United States Securities and Exchange Commission filings. These filings are available at www.sec.gov.

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WIPRO LIMITED
CONSOLIDATED STATEMENTS OF INCOME
(in Rs and US \$ millions, except per share data)

| | Three Months Ended September 30, | | | Six Months Ended September 30, | | | Year ended March 31 |
|--|-------------------------------------|--------------|--------|-----------------------------------|---------------|--------|------------------------|
| | 1999 | 2000 | 2000 | 1999 | 2000 | 2000 | 2000 |
| | (unaudited) | | | (unaudited) | | | |
| Revenues : | | | | | | | |
| Global IT Services..... | 2,580 | 4,157 | \$ 90 | 4,593 | 7,755 | \$ 168 | 10,206 |
| <i>Indian IT Services and Products....</i> | | | | | | | |
| Indian IT Services | 353 | 468 | 10 | 652 | 852 | 18 | 1,423 |
| Indian IT Products | 1,841 | 2,026 | 44 | 2,825 | 3,297 | 72 | 6,758 |
| Consumer Care and Lighting..... | 770 | 813 | 18 | 1,520 | 1,571 | 34 | 3,223 |
| Others..... | 271 | 283 | 6 | 432 | 535 | 12 | 1,381 |
| Total..... | 5,815 | 7,747 | \$ 168 | 10,022 | 14,010 | \$ 304 | 22,991 |
| Cost of revenues : | | | | | | | |
| Global IT Services..... | 1,870 | 2,230 | 48 | 3,166 | 4,139 | 90 | 6,174 |
| <i>Indian IT Services and Products....</i> | | | | | | | |
| Indian IT Services | 159 | 191 | 4 | 278 | 343 | 7 | 609 |
| Indian IT Products | 1,386 | 1,617 | 35 | 2,241 | 2,681 | 58 | 5,574 |
| Consumer Care and Lighting..... | 580 | 580 | 13 | 1,160 | 1,100 | 24 | 2,251 |
| Others..... | 207 | 208 | 5 | 362 | 400 | 9 | 1,070 |
| Total..... | 4,202 | 4,826 | \$ 105 | 7,207 | 8,663 | \$ 188 | 15,678 |
| Gross profit..... | 1,613 | 2,921 | 63 | 2,815 | 5,347 | 116 | 7,313 |
| Operating expenses : | | | | | | | |
| Selling, general, and administrative expenses..... | 906 | 1,246 | 27 | 1,604 | 2,540 | 55 | 3,821 |
| Operating Income..... | 707 | 1,675 | \$ 36 | 1,211 | 2,807 | \$ 61 | 3,492 |
| Gain/(loss)on sale of stock of affiliates, Including direct issue of stock by affiliate | | | | | | | 412 |
| Other expense, net | (45) | 43 | 1 | (61) | 29 | 1 | (155) |
| Income taxes..... | (86) | (205) | (4) | (149) | (328) | (7) | (525) |
| Income before share of equity in earnings of affiliates and minority interest..... | 576 | 1,513 | \$ 33 | 1,001 | 2,508 | \$ 55 | 3,224 |
| Equity in earnings of affiliates ... | 15 | 27 | - | 31 | 9 | - | 113 |
| Minority interest | (4) | - | | (4) | - | | (4) |
| Income from continuing operations..... | 587 | 1,540 | 33 | 1,028 | 2,517 | 55 | 3,333 |
| Income tax benefit on sale of 50% interest..... | | | | | | | 219 |
| Net income | 587 | 1,540 | \$ 33 | 1,028 | 2,517 | \$ 55 | 3,552 |
| Earnings per equity share: Basic | | | | | | | |
| Continuing Operations..... | 2.58 | 6.76 | 0.15 | 4.51 | 11.04 | 0.24 | 14.63 |
| Discontinued operations..... | | | | | | | 0.96 |
| Net income..... | 2.58 | 6.76 | 0.15 | 4.51 | 11.04 | 0.24 | 15.59 |
| Earnings per equity share: Diluted | | | | | | | |
| Continuing operations..... | 2.58 | 6.69 | 0.15 | 4.51 | 10.94 | 0.24 | 14.58 |
| Discontinued Operations..... | | | | | | | 0.96 |
| Net Income..... | 2.58 | 6.69 | 0.15 | 4.51 | 10.94 | 0.24 | 15.54 |

Additional Information

Operating Income

| | | | | | | | |
|-------------------------------|------|--------------|-------|-------|--------------|-------|-------|
| Global IT Services | 542 | 1,450 | \$ 31 | 1,096 | 2,518 | \$ 55 | 2,894 |
| Indian IT Services & Products | 145 | 185 | 4 | 148 | 243 | 5 | 435 |
| Consumer Care & Lighting | 115 | 71 | 2 | 206 | 156 | 3 | 479 |
| Others | (25) | 21 | - | (83) | (51) | (1) | (36) |
| Reconciling Item | (70) | (52) | (1) | (156) | (59) | (1) | (280) |
| Total | 707 | 1,675 | \$ 36 | 1,211 | 2,807 | \$ 61 | 3,492 |

Consolidated statement of income for the three months ended September 30, 2000 and six months ended September 30, 2000 have been translated from Indian rupees to United States Dollars based on the noon buying rate in the city of New York for cable transfers in Indian rupees as certified for customs purposes by the Federal Reserve Bank of New York on 2nd October 2000 which was Rs.46.10 per \$1.00.

WIPRO LIMITED
CONSOLIDATED BALANCE SHEETS
(in Rs Millions and US \$ millions, except share data and unless stated otherwise)

| | Six Months Ended September 30, | | As of March 31, | |
|--|--------------------------------|-----------|-----------------|--------|
| | 1999 | 2000 | 2000 | 2000 |
| | (unaudited) | | | |
| ASSETS | | | | |
| Current assets: | | | | |
| Cash and cash equivalents | 492 | 983 | \$ 21 | 784 |
| Accounts receivable, net of allowances | 3,845 | 4,966 | 108 | 4,431 |
| Inventories | 1,367 | 1,075 | 23 | 1,215 |
| Deferred income taxes | 64 | 12 | | 12 |
| Other current assets | 879 | 2,581 | 56 | 981 |
| Total current assets | 6,647 | 9,617 | 208 | 7,423 |
| Investment securities | 374 | 349 | 8 | 297 |
| Property, plant and equipment, net | 3,441 | 4,156 | 90 | 3,604 |
| Investments in affiliates | 332 | 761 | 17 | 705 |
| Deferred income taxes | 132 | 256 | 6 | 256 |
| Intangible assets, net | 8 | 10 | | 11 |
| Other assets | 350 | 283 | 6 | 382 |
| Total assets | 11,284 | 15,432 | \$ 335 | 12,678 |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | | | |
| Current liabilities: | | | | |
| Borrowings from banks | 2,019 | 151 | 3 | 93 |
| Current portion of long term debt | 242 | 1,323 | 29 | 1,250 |
| Accounts Payable | 1,470 | 1,438 | 31 | 1,388 |
| Accrued expenses | 1,065 | 1,644 | 36 | 1,490 |
| Advances from customers | 513 | 705 | 15 | 755 |
| Net liabilities of discontinued business | 743 | | | - |
| Other current liabilities | 785 | 503 | 11 | 435 |
| Redeemable preferred stock | | | | 250 |
| Total current liabilities | 6,837 | 5,764 | \$ 125 | 5,661 |
| Long-term debt, excluding current portion | 369 | 140 | 3 | 211 |
| Deferred income taxes | 63 | 17 | | 18 |
| Other liabilities | 37 | 86 | 2 | 102 |
| Preferred stock | 263 | 250 | 5 | - |
| Total liabilities | 7,569 | 6,257 | \$ 136 | 5,992 |
| Minority interest | 58 | | | - |
| Stockholders' equity | | | | |
| Equity shares at Rs. 2 par value: 235,000,000 shares authorized as of March 31, 2000, September 30, 1999 and 375,000,000 as of September 30, 2000; Issued and outstanding 229,156,350 shares | 458 | 458 | 10 | 458 |
| Additional paid-in capital | 346 | 789 | 17 | 800 |
| Deferred stock compensation | (259) | (151) | (3) | (209) |
| Accumulated other comprehensive income | 2 | 2 | | 2 |
| Retained earnings | 3,110 | 8,077 | 175 | 5,635 |
| Equity shares held by a controlled Trust: 1,216,460, 1,409,485 and 1,252,235 shares as of March 31, 2000, September 30, 1999 and September 30, 2000 | * | * | - | * |
| Total stockholders' equity | 3,715 | 9,175 | \$ 199 | 6,686 |
| Total liabilities and stockholders' equity | 11,284 | 15,432 | \$ 335 | 12,678 |
| * Equity shares held by a controlled trust | Rs 68,250 | Rs 74,900 | Rs | 74,900 |

Consolidated Balance Sheet as of September 30, 2000 has been translated from Indian rupees to United States Dollars based on the noon buying rate in the city of New York for cable transfers in Indian rupees as certified for customs purposes by the Federal Reserve Bank of New York on 2nd October 2000 which was Rs.46.10 per \$1.00.