

Wipro hives off non-IT businesses, stock gains

November 1 2012, by Erika Kinetz

(AP)—India's Wipro will separate its core information technology business from its consumer care and lighting, infrastructure engineering and medical diagnostics businesses, the company said Thursday.

The announcement sent the stock as much as 4 percent higher in an otherwise flat market.

Chairman Azim Premji said the demerger will enhance shareholder value and "provide momentum for growth."

The non-IT businesses will be folded into a privately held company, called Wipro Enterprises Ltd., while the IT business, which accounts for 86 percent of revenue and 94 percent of [operating profit](#) will remain within publicly traded Wipro Ltd.

Premji will remain chairman of Wipro and assume the position of non-executive chairman of Wipro Enterprises.

"Creating a technology-focused company will allow us to better serve the needs of our customers, and accelerate investments necessary to capitalize on market growth opportunities," T.K. Kurien, chief executive of Wipro's IT business, said in a statement.

The demerger is expected to take effect next fiscal year, subject to regulatory approvals.

India's third-largest [outsourcer](#) has warned of stalling growth in its core software services business with global clients wracked by uncertainty. The company is scheduled to report [quarterly earnings](#) Friday.

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