

Wipro Limited
Dividend Distribution Policy
October 2016

Background

This policy is being adopted and published in compliance with Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Second Amendment) Regulations, 2016. SEBI vide its notification dated July 8, 2016 introduced a new regulation 43A which prescribed that the top five hundred listed entities based on market capitalization (calculated as on March 31 of every financial year) shall formulate a dividend distribution policy which shall be disclosed in their annual reports and on their websites.

The regulation further prescribed that, the dividend distribution policy shall include the following parameters:

- a. the circumstances under which the shareholders of the listed entities may or may not expect dividend;
- b. the financial parameters that shall be considered while declaring dividend;
- c. internal and external factors that shall be considered for declaration of dividend;
- d. policy as to how the retained earnings shall be utilized; and
- e. parameters that shall be adopted with regard to various classes of shares:

Provided that if the listed entity proposes to declare dividend on the basis of parameters in addition to clauses (a) to (e) or proposes to change such additional parameters or the dividend distribution policy contained in any of the parameters, it shall disclose such changes along with the rationale for the same in its annual report and on its website.

Objective

Wipro Limited (the “Company”) has always strived to enhance stakeholder value for its investors. The Company believes that returning cash to shareholders is an important component of overall value creation.

Considerations

The Board of Directors of the Company (“Board”) recommends dividend distribution based on the following factors:

1. Reported and Projected Net Profit after Tax (PAT) available for distribution in the consolidated financial statements prepared in accordance with International Financial Reporting Standards (IFRS) for the current and projected periods.
2. Reported and Projected statements of Free Cash Flow generation
3. Current and Projected Cash Balance
4. Current and Projected Debt-raising capacity
5. Committed and projected cash flow needs owing to forecasted capital expenditure, anticipated investments in M&A and working capital requirements for current and projected periods.
6. The macro economic factors and the general business environment
7. Corporate actions resulting in significant cash outflow for the Company

Current Policy

We have had a consistent dividend track record. Our dividend payout ratio over the past 10 years is shown in the table below

	FY06	FY07	FY08	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16 [^]
Payout%*	39%	34%	31%	18%	22%	32%	31%	30%	29%	41%	20%

* Payout % is computed on dividend declared (including dividend distribution tax) divided by Net Income

[^] FY16 dividend payout is lower due to high utilisation of cash in other corporate actions like buyback

We expect our dividend policy to be in line with historic trends. The Board has the discretion to recommend a higher or lower dividend keeping in mind the business considerations and other corporate actions which result in high utilization of cash.

Procedure

Final dividend is declared at the Annual General Meeting (AGM) of the shareholders on the basis of recommendations of the Board. The Board may, at its discretion, also declare an interim dividend. The current practice is to declare an interim dividend in the January Board Meeting and a final dividend at the AGM in July.

Other Salient Points

Retained Earnings may be used for corporate actions in accordance with applicable law and for investments towards growth of the business.

This Dividend Distribution policy shall be applicable to equity shares as well as American Depository Receipts in accordance with respective Securities & Corporate law.

Board Discretion

The Board may recommend special dividend as and when it deems fit. The Board will review the Dividend policy of the Company at regular intervals.