

DIVIDEND DISTRIBUTION POLICY

Iberia Pharmaceuticals India Limited

DIVIDEND DISTRIBUTION POLICY

1. PREAMBLE, OBJECTIVE AND SCOPE

Pursuant to Regulation 43A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI Listing Regulations”), the Board of Directors (the “Board”) of Iberia Pharmaceuticals India Limited (the “Company”) has adopted this Dividend Distribution Policy (“Policy”) with a view to ensuring a transparent and consistent approach towards dividend pay-out decisions of the Company.

The principal objectives of this Policy are as follows:

- a) To lay down the internal and external parameters that shall be considered by the Board while determining and declaring dividend;
- b) To set out the circumstances in which the shareholders of the Company may or may not reasonably expect dividend; and
- c) To specify the manner in which the retained earnings of the Company may be utilized.

2. PHILOSOPHY

The overarching dividend philosophy of the Company is grounded in the principle of balancing prudent liquidity management with the interest of its shareholders. The Board shall endeavour to return ‘surplus’ cash to shareholders upon concluding that:

- the Company does not have viable avenues to deploy such ‘surplus’ in a manner that generates materially higher returns than what shareholders could independently generate; or
- returning such ‘surplus’ would enhance the Company’s return on equity while preserving prudent leverage levels across all Key Performance Indicators (“KPIs”).

The Company also endeavours to pass on, in full, any dividend income (net of applicable taxes) received from its subsidiary and/or associate companies to its own shareholders.

3. FACTORS CONSIDERED BY THE COMPANY WHILE DECLARING DIVIDEND

Consistent with the philosophy set out in Clause 2 above, the Board shall take into account the following parameters while declaring or recommending any dividend:

(A) Financial Parameters / Internal Factors:

- d) Financial performance of the Company, including standalone profits, available distributable reserves and surplus funds;
- e) The effect of any proposed dividend payout on the Company’s Return on Equity and its ability to maintain prudent leverage, including in terms of interest coverage, Debt Service Coverage

Ratio, Net Debt to EBITDA, Net Debt to Equity, and targeted credit ratings (domestic and international);

- f) Availability of alternative deployment avenues such as acquisitions, strategic investments, or capital expenditure requirements that may offer superior risk-adjusted returns for shareholders;
- g) Debt repayment obligations;
- h) Reserves for contingencies and unforeseen events having financial consequences;
- i) Historical dividend trends; and
- j) Any other factor the Board considers relevant and appropriate.

(B) Other Factors:

- a) **Macroeconomic Environment:** In periods of economic uncertainty or recessionary conditions, the Board may exercise prudence by retaining a larger portion of profits as reserves to cushion against adverse developments;
- b) **Regulatory and Statutory Requirements:** Applicable statutory provisions including the Companies Act, 2013, SEBI Listing Regulations, tax laws, and any other relevant regulations in force;
- c) **Lender Covenants and Financing Arrangements:** The Board shall be mindful of any restrictive covenants under loan agreements or bond indentures, including leverage thresholds and limitations on cash dividend payments, as may be relevant to preserving the Company's debt servicing capacity; and
- d) **Market Conditions:** The Board may consider a more liberal payout in favourable market conditions, whereas conservative pay-out may be adopted during periods of market stress or volatility.

4. CIRCUMSTANCES UNDER WHICH THE SHAREHOLDERS MAY OR MAY NOT EXPECT DIVIDEND

In keeping with the Dividend Philosophy outlined above, the following are indicative circumstances under which the shareholders may not expect the declaration or distribution of dividend:

- e) The Company has identified viable opportunities to deploy surplus funds at returns materially exceeding what shareholders could independently achieve;
- f) The Company has significant funding requirements in relation to acquisitions, expansion, diversification, investment strategies, deleveraging, or capital expenditure programmes;
- g) The Company proposes to deploy its surplus cash entirely towards alternative forms of value distribution, such as buy-back of securities; or
- h) The Company has reported losses or is in a situation of inadequate distributable profits.

5. MANNER OF UTILIZATION OF RETAINED EARNINGS

The profits retained by the Company after payment of dividend, if any (i.e., retained earnings), shall be

deployed for such business purposes and activities as are set out in the Memorandum and Articles of Association of the Company, or may be distributed to shareholders in such manner and at such time as the Board may determine appropriate.

6. PARAMETERS WITH REGARD TO VARIOUS CLASSES OF SHARES

At present, the issued and paid-up share capital of the Company consists solely of equity shares. In the event the Company decides to issue any other class of shares in the future, the parameters governing dividend payments in respect of such shares shall be determined in accordance with the respective terms of issuance and applicable regulatory requirements, as may be applicable at the relevant time.

7. AMENDMENT

The Company reserves its right to amend or modify this Policy in whole or in part, at any time without assigning any reason whatsoever. A modification may be necessary, among other reasons, to maintain compliance with local, state, federal, and central regulations and/or to accommodate organizational changes within the Company. However, no such amendment or modification will be binding on the Employees and Directors unless it is notified to them in writing.

8. COMMUNICATION OF THE POLICY

This Policy shall be posted on the website of the Company.

9. VALIDITY AND ENFORCEABILITY

In case any provision/ clause of this Policy is rendered unlawful or unenforceable due to any reason, the Policy shall be read by excluding that particular clause/ provision.

Particular	Details
Policy Name	Dividend Distribution Policy
Regulatory Reference	SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (LODR)
Applicable Regulation	Regulation 43A – Dividend Distribution Policy
Adopted On	21-Jan-26
Approved On	21-Jan-26
Version	Version 1.0
Drafted By	CS & Legal Department
Approved By	Board of Directors