INDIAN RAILWAY FINANCE CORPORATION LIMITED

DIVIDEND DISTRIBUTION POLICY

Approved on	11.11.2019
First Revision on	23.02.2025
Second Revision on	09.03.2026

Dividend Distribution Policy of Indian Railway Finance Corporation Limited

I Background

Pursuant to Regulation 43A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, which requires top thousand listed entities based on market capitalization (calculated as on March 31 of every financial year) to formulate a dividend distribution policy which shall be disclosed on the website of the listed entity and a web-link shall also be provided in their annual reports.

The Reserve Bank of India, vide RBI/DOR/2025-26/360; DOR.ACC.REC.279/21.02.067/2025-26 dated November 28, 2025, has issued the "Reserve Bank of India (Non-Banking Financial Companies – Prudential Norms on Declaration of Dividends) Directions, 2025."

II Policy Framework

The policy has been framed broadly in line with the provisions of the Companies Act, RBI notification dated November 28, 2025 and also taking into consideration, guidelines on "Capital Restructuring of Central Public Sector Enterprises" issued by Department of Investment and Public Asset Management (DIPAM), Ministry of Finance, Department of Public Enterprises, SEBI and other guidelines, to the extent applicable.

III Factors in consideration

IRFC has been consistently paying dividends and is committed to delivering sustainable value to all stakeholders. Dividend is declared at the Annual General Meeting of the shareholders of the Company, based on the recommendations of the Board of Directors. It is at the discretion of the Board to recommend dividend. The Board may also declare interim dividend.

The decision regarding dividend pay-out is a crucial decision as it balances the amount of profit to be distributed among shareholders of the company with the requirement of deployment of internal accruals for its sustenance and growth plans. The factors generally considered before recommending/declaring dividend are as follows:

A. Circumstances under which the shareholders of the Company may or may not expect dividend

The factors that may generally be considered by the Board before making any recommendations for the dividend include, but are not limited to, future capital expenditure plans, profits earned during the financial year, cost of raising funds from alternate sources, cash flow position and applicable taxes including tax on dividend, subject to the guidelines as applicable from time to time, market rate of return, future prospects /market conditions etc.

B. Financial Parameters that shall be considered while declaring dividend

Being a Central Public Sector Enterprise, the Company endeavors to declare the dividend as per the guidelines on "Revised guidelines on Capital Restructuring of Central Public Sector Enterprises" issued by DIPAM, Govt. of India on 18.11.2024, mandating every CPSE to pay a minimum annual dividend of 30% of PAT or 4% of the net-worth, whichever is higher subject to the limit, if any, under any extant legal provisions.

Financial sector CPSES like NBFCs may pay minimum annual dividend of 30% of PAT subject to the limit, if any, under any extant legal provisions.

The minimum dividend as indicated in above para is only a minimum benchmark. CPSEs are advised to strive paying higher dividend taking into account relevant factors such as Debt Equity Ratio, profitability, long term borrowings, capex requirements with due leveraging, cash reserves, net worth, tax and Qualifications in the Auditors' Report to the financial statements.

C. Internal and External factors that shall be considered for declaration of dividend

C.1 Internal Factors

C.1.1 Debt Equity Ratio

Being an NBFC, IRFC is required to maintain a Debt Equity at a certain level. Accordingly, the expected figure for Debt Equity is also taken into consideration while declaring dividend so that it does not breach the prescribed figure.

C.1.2 Net Worth of the Company

As per the extant guidelines issued by DIPAM, Govt. of India, every CPSE would pay a minimum annual dividend of 30% of PAT or 4% of the net-worth, whichever is higher subject to the limit, if any, under anyextant legal provisions.

Financial sector CPSES like NBFCs may pay minimum annual dividend of 30% of PAT subject to the limit, if any, under any extant legal provisions.

Being a Government Company, IRFC is required to comply with these guidelines.

Apart from the above parameters, the Company may also consider various other internal factors, which inter alia include:

- Present & future requirements of the borrowings;
- Debt Equity Ratio;
- Capex Programme
- Any other factor as deemed fit by the Board.

C.2 External Factors

C.2.1 Economic Environment

In case of uncertain or recessionary economic and business conditions, the Company will endeavor to retain larger part of profits to build up reserves to sustain future updown.
C.2.3 Statutory Provisions and Guidelines

The Company will adhere to the restraints imposed by Companies Act, and RBI Notification dated June 24, 2021 with regard to declaration of dividend. Further, being a Government Company, the Company shall also consider the guidelines in force in respect of dividend declaration as issued from time to time by the Govt. of India or by any other statutory bodies.

D. Utilization of Retained Earnings

The Company is engaged mainly into financing to the Railways, Railway entities and financial assistance to entities and projects with forward and backward linkages with Indian Railways. The retained earnings will be deployed in line with the objects of the company as detailed in the Memorandum of Association of the company, thus contributing to the growth of the business and operations of the Company.

E. Parameters to be adopted with regard to various classes of shares

The holders of the equity shares of the Company, as on the record date, are entitled to receive dividends. Since the Company has issued only one class of equity shares with equal voting rights, all the members of the Company are entitled to receive the same amount of dividend per share. The policy shall be suitably revisited at the time of issue of any new class of shares depending upon the nature and guidelines thereof.

F. Disclosure of this Policy

The policy shall be disclosed in the Annual report of the Company as well as on Company's website, as required under Companies Act, 2013 and Rules framed thereunder and the Listing Regulations or as may be required under any other law for the time being in force.

Other provisions

In case of any subsequent changes in any Statutory Act, Rules, Regulations etc. which makes any of the provisions in this policy inconsistent with them, then the provisions of the Statutory Act, Rules, Regulations etc. would prevail over the policy.

The Chairman & Managing Director of the Company is authorized to approve any minor modifications/ deviations to the policy and will be the competent authority for any interpretation regarding the policy.

This policy may be reviewed by the Board from time to time and amended if required, including in view of changes in the regulatory environment, if any.