

INDIAN RAILWAY FINANCE CORPORATION LIMITED

RELATED PARTY TRANSACTIONS - POLICY & PROCEDURES

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INDIAN RAILWAY FINANCE CORPORATION LIMITED

RELATED PARTY TRANSACTIONS - POLICY & PROCEDURES

1. Preamble

1.1. Indian Railway Finance Corporation Limited (**IRFC** or Company) is committed to uphold the highest ethical and legal conduct in fulfilling its responsibilities and recognizes that related party transactions can present a risk of actual or apparent conflict of interest of the Directors, Senior Management etc. with the interest of IRFC.

1.2. The board of directors of IRFC (the **Board of Directors** or **Board")** adopts the following policy and procedures (the **Policy**) with regard to Related Party Transactions (**RPT**) as defined below, in compliance with the requirements of provisions of the Companies Act 2013 and Rules made there under and any subsequent amendments thereto (the **Act**) and the Securities and Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations, 2015 (**SEBI Listing Regulations**), as amended, and such other regulatory provisions, as may be applicable in order to ensure timely identification, approval, disclosure and reporting of transactions between the Company and any of its Related Parties (*as defined below*)

2. Objective

2.1. This Policy is intended to ensure systematic identification, approval and / or reporting of transactions as applicable, between IRFC and any of its Related Party in the best interest of IRFC and its stakeholders. Provisions of this Policy are designed to govern the transparency in identification and approval process as well as disclosure requirements to ensure fairness in the conduct of Related Party Transactions, in terms of the applicable laws. This Policy shall supplement other policies of IRFC that may be in force for identification, approval and / or reporting of transactions with related persons.

2.2. The audit committee of IRFC (Audit Committee), shall review, approve and ratify Related Party Transactions based on this Policy in terms of the requirements under the above provisions. The Board of Directors reserve the power to review and amend this policy from time to time. Any exceptions to the Policy on Related Party Transactions shall be consistent with the Companies Act 2013, including the rules promulgated there under and the SEBI Listing Regulations and shall be approved in the manner as may be decided by the Board of Directors.

3. Transactions Covered by this Policy

3.1. A transaction covered by this policy includes any contract or arrangement with a related party with respect to transactions defined hereunder as Related Party Transaction.

3.2. Provided further that any transaction entered into by IRFC with Related Party in its ordinary course of business and on an arm's length basis, shall be periodically reported to the Audit Committee.

4. Definitions

4.1 **"Act"** means the Companies Act, 2013 and rules made there under as amended from time to time.

4.2

Associate Company" shall be as defined in Section 2(6) of the Companies Act, 2013 and as amended from time to time.

4.3 **"Audit Committee"** means a committee of the board of directors of IRFC constituted under provisions of the Act and SEBI Listing Regulations.

4.4 **Board** or Board of Directors shall mean board of directors of IRFC.

4.5 **Control"** includes the right to appoint majority of the directors or to control the management or policy decisions exercisable by a person or persons acting individually or in concert, directly or indirectly, including by virtue of their shareholding or management rights or shareholders' agreements or voting agreements or in any other manner:

Provided that a director or officer of IRFC shall not be considered to be in control over such company, merely by virtue of holding such position;

4.6 **"Holding Company"** shall have the meaning as specified under section 2(46) of the Companies Act, 2013.

4.7 "The term "**Key Managerial Personnel (KMP)"** shall have the same meaning as defined in Section 2(51) of the Companies Act, 2013 and as revised from time to time.

4.8 **Listing Regulations** means Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time.

4.9 "Office or place of profit shall be as defined in explanation (a) to Section 188 of the Companies Act, 2013. Accordingly, the expression "office or place of profit" means any office or place—

(i) where such office or place is held by a director, if the director holding it, receives from IRFC anything by way of remuneration over and above the remuneration to which he is entitled as director, by way of salary, fee, commission, perquisites, any rent-free accommodation, or otherwise;

(ii) where such office or place is held by an individual other than a director or by any firm, private company or other body corporate, if the individual, firm, private company or body corporate holding it, receives from IRFC anything by way of

remuneration, salary, fee, commission, perquisites, any rent-free accommodation, or otherwise.

4.10 **"Related Party"** - Related Party means a Related Party as defined under:

a) Section 2(76) of the Companies Act, 2013; or
b) Regulation 2(1)(zb) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015; or
c) Indian Accounting Standard (IND AS) 24 as notified by the Central Government.

4.11 **"Relatives** - "Relative" means relative as defined under the Companies Act, 2013 and as amended from time to time .
"relative", with reference to any person, means any one who is related to another, if-

(i) They are members of a Hindu Undivided Family;
(ii) They are husband and wife; or
(iii) One person is related to the other in the following manner, namely:-
  a) Father (including step father)
  b) Mother (including step mother)
  c) Son (including step son)
  d) Son's Wife
  e) Daughter
  f) Daughter's Husband
  g) Brother (including step brother)
  h) Sister (including step sister)

4.12 "Related Party transactions" - Related Party transactions means Transactions / Contracts /Arrangement which falls within the purview of:

I. Section 188 of the Companies Act, 2013; or
II. Regulation 2(1)(zc) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015; or
III. Indian Accounting Standard (IND AS) 24 as notified by the Central Government.

4.12 **Material Modification in Related Party Transaction:** "Material modification in a related party transaction" means any modification related to change in price, tenure, delivery schedule, non- statutory obligations, terms and conditions or short closure of any contract or arrangement with related party.

4.13 **Subsidiary company**: "Subsidiary Company" shall have the same meaning as specified under section 2(87) of the Companies Act, 2013.

4.14 **Turnover:** "Turnover" shall have the same meaning as specified under section 2(91) of the Companies Act, 2013.

4.15 **Wholly owned subsidiary:** "Wholly Owned Subsidiary" When a company holds 100% of shares of another company, the other company is called a Wholly Owned Subsidiary of the company who has made 100% investment in it.

4.16 **Transactions on arm's length basis:** "Transactions on arm's length basis" means a transaction between two related parties that is conducted as if they were unrelated, so that there is no conflict of interest

4.17 **Material Related Party transactions"** mean transactions with a related party, as defined under the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and as amended from time to time.

4.18 "Industry Standards" shall mean the Industry Standards on "Minimum information to be provided to the Audit Committee and Shareholders for approval of Related Party Transactions" as notified by SEBI vide its circular dated February 14, 2025 or as amended from time to time.

Any other term not defined herein shall have the same meaning as defined in the Act, the SEBI Listing Regulations or any other applicable law or regulation, each as amended.

5. Pre-requisites for ascertaining related party

5.1. The following details shall be required:

a) Declaration / Disclosure of interest by all the Directors and KMPs' in form MBP-1.
b) Declaration of relatives by all Directors and KMPs'.
c) Declaration about a firm in which a Director and KMP or his relative is a partner.
d) Declaration about a private company in which a Director and KMP or his relative is a member or director.
e) Declaration regarding a public company in which a Director and KMP is a Director and holds along with the relatives more than 2% of the paid-up share capital.
f) any Company which is—
   (i) a subsidiary or an associate Company of the IRFC; or
   (ii) a subsidiary of a subsidiary of IRFC
g) Declaration of interests by Senior Management as defined under SEBI LODR

6. Identification of Potential Related Party Transactions

6.1. The concerned Functional / Departmental head shall arrange to nominate a Nodal Officer at the respective Department (preferably a person having knowledge of the Company law and Accounting Standards). Each Director / Key Managerial Personnel is responsible for providing written notice to the concerned Nodal Officer of any potential Related Party Transaction involving him or her or his or her relatives, including any additional information about the transaction that the Nodal Officer may reasonably request. The Nodal Officer, shall, in consultation with other members of management and with the Audit Committee, as appropriate, ascertain whether any transaction in the concerned department would be covered under the definition of Related Party Transactions and report the said transaction to the Head of Central Accounts. After obtaining the report of the Head of Central Accounts, approval of the Audit Committee shall be obtained for the said transaction. Thereafter, the proposed Related Party Transaction shall be placed before the Board for its consideration.

6.2. Every Director / Key Managerial Personnel of IRFC who is in any way, whether directly or indirectly, concerned or interested in a contract or arrangement or proposed contract or arrangement entered into or to be entered into shall disclose the nature of his concern or interest at the meeting of the Board in which the contract or arrangement is discussed and shall not participate in or exercise influence over any such meeting.

6.3. Where any Director / Key Managerial Personnel, who is not so concerned or interested at the time of entering into such contract or arrangement, he shall, if he becomes concerned or interested after the contract or arrangement is entered into, shall disclose his concern or interest forthwith when he becomes concerned or interested or at the first meeting of the Board held after he becomes so concerned or interested.

6.4. A contract or arrangement entered into by IRFC without disclosure or with participation by a Director / Key Managerial Personnel who is concerned or interested in any way, directly or indirectly, in the contract or arrangement, shall be voidable at the option of IRFC.

6.5. IRFC strongly prefers to receive such notice of any potential Related Party Transaction well in advance so that the Nodal Officer has adequate time to obtain and review information about the proposed transaction and other matters incidental thereto and to refer it to the appropriate authority for approval.

6.6. Any Director / Key Managerial Personnel who has been convicted of the offence dealing with Related Party Transactions at any time during the last preceding five years shall be disqualified for appointment as Director / Key Managerial Personnel, as the case may be.

7. Road Map to Track Related Party Transactions

For prospective / potential Related Party Transaction, it is essential to identify the transaction at proposal / Purchase Requisition / contract stage, at the department level. As such, there is a requirement of amendment in the vendor master and customer master where one mandatory field of related party identifier (trading partner) shall pop-up and compulsorily be released by such designated nodal officer. All the finance executives at the departments need to ensure that any transaction with related party whether on arms length's basis or otherwise is booked properly through such vendor master / customer so that ERP / SAP can capture all the related party transactions to generate the categorically report i.e. transaction on arm length's basis / other than arm length's basis, by central accounts with the support of the Nodal Officers at the concerned locations for reporting / seeking approval of Audit Committee / Board in time as per this Policy.

8. Determining "Ordinary Course of Business"

"In the Ordinary Course of Business" means all such acts and transactions undertaken by the Company, including, but not limited to sale or purchase of goods, property or services, leases, transfers, providing of guarantees or collaterals, in the normal routine in managing trade or business and is permitted by the objects clause of the Memorandum of Association of the Company. The Company should take into account

the frequency of the activity and its continuity carried out in a normal organised manner for determining what is in the ordinary course of business.

9. Ascertainment of Transaction on arm's length basis

9.1. The indenter or the initiator of the proposed transaction which is covered under RPT shall examine the documents / information with regard to the transaction before forming an opinion / arriving at a conclusion that the concerned transaction is on arm length basis. In particular, any or all of the following may be examined:

a) Whether the purported transaction between two related parties pursuant to an agreement / memorandum of understanding is in accordance with the directives / approval of the Government.
b) Whether the terms of the transaction is in the ordinary course of business
c) How the consideration price has been arrived.
d) Is it comparable with Internal and external industry benchmarks.
e) Any other relevant documents / information which supports the contention that the transaction is on arm's length basis.

9.2. Rules applying to Transactions with Related parties which are in Ordinary Course of Business / on arm's length basis

9.2.1 Transactions with Related parties which are in Ordinary Course of Business of IRFC and on arm's length basis shall be periodically reported to the Audit Committee.

9.2.2 The Nodal Officer shall ensure that details of such transactions which he considers to be in Ordinary Course of Business of IRFC and on arm's length basis are brought to the notice of functional / departmental head and thereafter shall be notified to Head Central Accounts, who shall designate an officer to collate the data.

9.2.3 The data so collated shall be submitted to the Company Secretary for placing before the next meeting of the Audit Committee. Transactions being entered into with the related parties even though being in the ordinary course of business of IRFC shall satisfy the criteria of arm's length pricing. It shall be the responsibility of the Nodal Officer at department level etc. to ensure that requisite evidence and documentation are made available to the Auditors / Audit Committee, as may be required by them, to demonstrate that the transactions are in Ordinary Course of Business of IRFC and have been conducted on arm's length basis.

9.2.4 Board of Directors to take note of such RPTs.

9.2.5 Prior approval of shareholders by way of resolution if such RPTs are Material Related Party Transactions as defined above.

10. Mechanism for Approval for Related Party Transactions and Subsequent Material Modifications

A matrix for approval of the Related Party Transactions has been given as **Annexure I** of this

Policy.

10.1 The Company shall enter into any contract(s) or arrangement(s) or transaction(s) with a Related Party only after seeking prior approvals of the following, subject to exemptions (as per clause 10.7) and under any law for the time being in force: -

10.2 Audit Committee: All related party transactions and subsequent material modifications shall require prior approval of the Audit committee, either by circulation or at a meeting and only those Audit Committee members, who are Independent Directors, shall approve the related party transactions.

Further, the Audit Committee shall also review the status of long-term (more than one year) or recurring RPTs at least on an annual basis.

10.3 Related party transactions entered into by any subsidiary of IRFC, where such subsidiary is a party and IRFC is not a party, shall be subject to prior approval of the Audit Committee of IRFC, wherever required, in terms of the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 including Schedule XII thereof, as amended from time to time. The applicability, thresholds, materiality and approval requirements for such transactions shall be determined in line with the applicable statutory and regulatory framework.

10.3A Remuneration and sitting fees paid by the IRFC or its subsidiary to its director, key managerial personnel or senior management, except who is part of promoter or promoter group, shall not require approval of the audit committee provided that the same is not material in terms of the provisions of sub regulation (1) of Regulation 23 of SEBI LODR, 2015.

10.3B Ratification of Related Party Transactions

The members of the audit committee, who are independent directors, may ratify related party transactions within three months from the date of the transaction or in the immediate next meeting of the audit committee, whichever is earlier, subject to the following conditions:

i the value of the ratified transaction(s) with a related party, whether entered into individually or taken together, during a financial year shall not exceed rupees one crore;

ii the transaction is not material in terms of the provisions of sub regulation (1) of Regulation 23 of SEBI LODR, 2015;

iii rationale for inability to seek prior approval for the transaction shall be placed before the audit committee at the time of seeking ratification;

iv the details of ratification shall be disclosed along with the disclosures of related party transactions in terms of the provisions of sub regulation (9) of Regulation 23 of SEBI LODR, 2015;

v any other condition as specified by the audit committee.

Provided that failure to seek ratification of the audit committee shall render the transaction voidable at the option of the audit committee and if the transaction is with a related party to any director, or is authorised by any other director, the director(s) concerned shall indemnify the listed entity against any loss incurred by it

Every contract or arrangement entered into with a related party shall be referred to in the Board's report to the shareholders along with the justification for entering into such contract or arrangement.

If prior approval of the Audit Committee / Board / shareholders for entering into a Related Party Transactions is not feasible owing to paucity of time and also other administrative inconvenience, then such Related Party Transactions shall be recommended by the Audit Committee for ratification to the Board / Shareholders, if required, within 3 months of entering into the Related Party Transaction.

In any case where either the Audit Committee / Board / Shareholders determines not to ratify a Related Party Transaction that has been commenced without prior approval, the Audit Committee or Board or shareholders, as appropriate, may direct additional actions including, but not limited to, immediate discontinuation of the transactions, or modification of the transaction to make it acceptable for ratification. If the contract or arrangement is with a Related Party to any director, or is authorised by any other director, the directors concerned shall indemnify IRFC against any loss incurred by it.

In the event any member of the Audit Committee or the Board, as the case may be, has potential interest in any Related Party Transaction, such member will not remain present at the meeting during discussions on the subject matter of the resolution relating to such contract or arrangement.

IRFC may proceed against a director or any other employee who had entered into such contract or arrangement in contravention of this Policy for recovery of any loss sustained by it as a result of such contract or arrangement and shall take any such action, it deems appropriate.

10.4 Omnibus approval by the Audit Committee

10.4.1 The Audit Committee may grant omnibus approval for Related Party Transactions proposed to be entered into by IRFC or its subsidiary, if any subject to the following conditions:

a) The Audit Committee, upon obtaining approval of the Board shall lay down the criteria for granting the omnibus approval which shall include the following:
   (i) Maximum value of the transactions, in aggregate, which can be allowed under the omnibus approval route in a year;
   (ii) The maximum value per transaction which can be allowed;
   (iii) Extent and manner of disclosures to be made to the Audit Committee at the time of seeking omnibus approval;
   (iv) Review, at least on a quarterly basis, the details of , Related Party Transactions entered into by the Company pursuant to each of the omnibus approval made; and
   (v) Transactions which cannot be subject to the omnibus approval by the Audit Committee

b) The Audit Committee shall satisfy itself the need for such omnibus approval and that such approval is in the interest of IRFC and shall consider the following factors while specifying the criteria for making omnibus approval:

(i) Repetitiveness of the transactions (in past or in future); and (ii) Justification for need of omnibus approval

c) Such omnibus approval shall specify:

(i) the name(s) of the related party, nature of transaction, period of transaction, maximum amount of transaction that can be entered into;

(ii) the indicative base price / current contracted price and the formula for variation in the price, if any; and

(iii) such other conditions as the Audit Committee may deem fit.

10.4.2 Provided that where the need for Related Party Transaction cannot be foreseen and aforesaid details are not available, Audit Committee may grant omnibus approval for such transactions subject to their value not exceeding Rs. 1.0 crore per transaction.

10.4.3 Audit Committee shall review, at least on a quarterly basis, the details of RPTs entered into by IRFC or its subsidiary, if any pursuant to each of the omnibus approval given.

10.4.4 Omnibus approval shall not be made for transactions in respect of selling or disposing of the undertaking of the Company.

10.4.5 The omnibus approvals shall be valid for a period not exceeding one year and shall require fresh approval after the expiry of one year.

10.5 All material related party transactions and subsequent material modifications as defined by the audit committee under sub-regulation (2) shall require prior approval of the shareholders through resolution and no related party shall vote to approve such resolutions whether the entity is a related party to the particular transaction or not:
Provided that prior approval of the shareholders of a Company shall not be required for a related party transaction to which the listed subsidiary is a party but the Company is not a party, if regulation 23 and sub-regulation (2) of regulation 15 of these regulations are applicable to such listed subsidiary.
Explanation: For related party transactions of unlisted subsidiaries of a listed subsidiary as referred above, the prior approval of the shareholders of the listed subsidiary shall suffice.

Provided further that the omnibus approval granted by the shareholders for material related party transactions in an annual general meeting shall be valid till the date of the next annual general meeting held within the timelines prescribed under Section 96 of the Companies Act, 2013 or rules, notifications, or circulars issued thereunder from time to time:

Provided further that in case of omnibus approvals for material related party transactions, granted by shareholders in general meetings other than annual general meeting, the validity of such omnibus approvals shall not exceed one year from the date

of such approval.

10.6 No Shareholder of IRFC, if such a shareholder is a related party with reference only to the contract or arrangement for which the said resolution is being passed shall vote on any such resolutions.

10.7 The provisions of clause 10.1 to 10.6 shall not be applicable in the following cases:

(a) transactions entered into between two public sector companies;
(b) transactions entered into between a holding company and its wholly owned subsidiary whose accounts are consolidated with such holding company and placed before the shareholders at the general meeting for approval.
(c) transactions entered into between two wholly-owned subsidiaries of the listed holding company, whose accounts are consolidated with such holding company and placed before the shareholders at the general meeting for approval.
(d) transactions which are in the nature of payment of statutory dues, statutory fees or statutory charges entered into between an entity on one hand and the Central Government or any State Government or any combination thereof on the other hand.
(e) Transactions entered into between a public sector company on one hand and the Central Government or any State Government or any combination thereof on the other hand.
(f) Any other transactions as defined under law from time to time.

10.8 Standards for review

10.8.1 The Audit Committee while approving and the Board while approving / ratifying a Related Party Transaction shall review and consider the following, in accordance with the standards set forth in this Policy after full disclosure of the Related Party's interests in the transaction:

(a) the Related Party's interest in the Related Party Transaction;
(b) the approximate amount involved in the Related Party Transaction;
(c) whether the Related Party Transaction was undertaken in the ordinary course of business of IRFC;
(d) whether the transaction with the Related Party is proposed to be, or was, entered on at arms' length basis;
(e) the purpose of, and the potential benefits to IRFC from the Related Party Transaction;
(f) Whether there are any compelling business reasons for IRFC to enter into the Related Party Transaction and the nature of alternative transactions, if any;
(g) Whether the Related Party Transaction includes any potential reputational risk issues that may arise as a result of or in connection with the Related Party Transaction;
(h) Whether the Related Party Transaction would impair the independence of an otherwise independent Director or nominee Director;
(i) Whether IRFC was notified about the Related Party Transaction before its commencement and if not, why pre-approval was not sought for and whether subsequent ratification would be detrimental to IRFC;
(j) Whether the Related Party Transaction would present an improper conflict of

interest, as per provisions of law, for any director or Key Managerial Personnel, taking into account the size of the transaction, the overall financial position of the Related Party, the direct or indirect nature of the Related Party's interest in the transaction and the ongoing nature of any proposed relationship and any other factors the Audit Committee / the Board deems relevant and appropriate;

(k) required statutory and public disclosure, if any; and

(l) any other information regarding the Related Party Transaction or the Related Party in the context of the proposed transaction that would be material to the Audit Committee / Board / shareholders, as applicable, in light of the circumstances of the particular transaction.

10.8.2 The agenda of the Audit Committee/ Board meeting at which the resolution is proposed to be considered shall disclose:

a) the name of the related party and nature of relationship;

b) the nature, duration of the contract and particulars of the contract or arrangement;

c) the material terms of the contract or arrangement including the value, if any;

d) any advance paid or received for the contract or arrangement, if any;

e) the manner of determining the pricing and other commercial terms, both included as part of contract and not considered as part of the contract;

f) whether all factors relevant to the contract have been considered, if not, the details of factors not considered with the rationale for not considering those factors; and

g) The percentage of the Company's annual consolidated turnover, for the immediately preceding financial year, that is represented by the value of the proposed transaction;

h) In case of transaction with subsidiary, value of proposed transaction in terms of percentage of the subsidiary's annual turnover on standalone basis;

i) In case of transaction related to any loan, inter-corporate deposits, advances or investments made or given by the Company or its subsidiary

(i) Details of source of funds in connection with the proposed transaction,

(ii) Where any financial indebtness is incurred to make or give loans, inter-corporate deposits, advances or investments, then nature of indebtness, cost of funds and its tenure,

(iii) applicable terms, including covenants, tenure, interest rate and repayment schedule, whether secured or unsecured,

(iv) if secured, the nature of security, and

the purpose for which the funds will be utilized by the ultimate beneficiaries of such funds, pursuant to the transaction; (j) Justification as to why the transaction is in the interest of theCompany;

(k) A copy of the valuation or other external party's report, if any such report has been relied upon;

(l) Justification as to why pre-approval was not sought for, if applicable; and

(m) any other information relevant or important for taking a decision

on the proposed transaction.

10.8.3 Where any director is interested in any contract or arrangement with a Related Party, such director shall not be present at the meeting during discussions on the subject matter of the resolution relating to such contract or arrangement.

10.8.4 No related party shall vote to approve RPTs requiring Shareholders' approval, irrespective of whether the entity is a related party to the particular transaction or not.

10.8.5 The explanatory statement to be annexed to the notice of a general meeting convened pursuant to section 101 of the Companies Act, 2013 shall contain the following particulars namely:

a) name of the related party;
b) name of the Director or key managerial personnel who is related, if any;
c) nature of relationship;
d) nature, material terms, monetary value and particulars of the contract or arrangement;
e) any other information relevant or important for the members to take a decision on the proposed resolution.

Further, The Company will comply with the applicable industry standards and regulatory requirements, including SEBI (LODR) Regulations, in providing the minimum information to the Audit Committee, Board and Shareholders for review and approval of Related Party Transactions, including amendments thereof from time to time.

10.9 Review of Long-Term Related Party Transactions

Audit Committee shall review the status of long term (more than one year) or recurring RPTs, on an annual basis.

10.10 Related Party Transactions not previously approved

10.10.1 In the event the Company becomes aware of a Related Party Transaction with a Related Party that has not been approved under this Policy prior to its consummation, the matter shall be reviewed by the Audit Committee. The Audit Committee shall consider all of the relevant facts and circumstances regarding the Related Party Transaction, and shall evaluate all options available to the Company, including ratification, revision or termination of the Related Party Transaction. The Audit Committee shall also examine the facts and circumstances pertaining to the failure of reporting such Related Party Transaction to the Audit Committee under this Policy, and shall take any such action it deems appropriate.

10.10.2 Where any contract or arrangement is entered into by a director or any other employee of IRFC with a related party, without obtaining the consent of the Audit

Committee/ Board or approval by a resolution in the general meeting, where required and if it is not ratified by the Board or, as the case may be, by the Audit Committee / Board / Shareholders at a meeting within three months from the date on which such contract or arrangement was entered into, such contract or arrangement shall be voidable at the option of the Board and if the contract or arrangement is with a related party to any director, or is authorized by any other director, the directors concerned shall indemnify IRFC against any loss incurred by it.

10.10.3 In any case, where the Audit Committee determines not to ratify a Related Party Transaction that has commenced without approval, the Audit Committee, as appropriate, may direct additional actions including, but not limited to, immediate discontinuation or rescission of the transaction. In connection with any review of a Related Party Transaction, the Audit Committee has authority to modify or waive any procedural requirements of this Policy.

10.10.4 IRFC may proceed against a director or any other employee who had entered into such contract or arrangement in contravention of this Policy for recovery of any loss sustained by it as a result of such contract or arrangement and shall take any such action, it deems appropriate.

10.14 Exemptions

10.14.1 **General**

Subject to approval of the Audit Committee, approval of the Board is not required in case of any contract or arrangement—

(i) in the ordinary course of its business, and

(ii) at arms' length price basis between IRFC and

(a) any other firm in which Director or KMP or their Relatives are partner.

(b) service availed in a professional capacity from body corporate / person.

(c) Contract with a private or public company in which relative of a Director or KMP is a director/member.

10.14.2 Specific

The following transactions with the related parties shall be treated as transaction on arm length's basis provided

(i) Sale of company's finished product / services / others including scrap sale at rates or charges involved are determined by competitive bids / fixed by Govt.

(ii) Where purchase of product / availing of services at rates or charges are determined by competitive bids.

(iii) Lease rent receipt / payment at market rate / municipal / local body board standard rate or fixed by any other Government authority.

11 Registers

11.1 The company secretary of the Company (the Company Secretary) shall maintain a register, either physically or electronically, as prescribed in the Act, giving details of all contracts or arrangements to which this policy applies.

11.2 Every director or key managerial personnel shall, within a period of thirty days of his

appointment, or relinquishment of his office in other companies, as the case may be, disclose to IRFC the particulars relating to his / her concern or interest in the other associations which are required to be included in the register maintained.

11.3 The Company Secretary shall provide extracts from such register to a member of IRFC on his request, within seven days from the date on which such request is made upon the payment of such fee as may be specified in accordance with the relevant rules.

11.4 The register to be kept under this section shall also be produced at the commencement of every annual general meeting of IRFC and shall remain open and accessible during the continuance of the meeting to any person having the right to attend the meeting.

12 Records / Supporting documents required for establishing the ordinary course of business and arm's length pricing of a transaction with a Related Party

12.1 Purchase / sale of material, goods etc.

(i) Copy of agreements / purchase orders / correspondence exchanged / letters of exchange / bills / invoices etc.
(ii) Invoices / bills of similar transactions on same date or nearby date with un- related parties from the seller.
(iii) Quotation from un- related service provider.

12.2 Purchase / sale of property

(i) Valuation reports from independent valuers to ascertain Fair Market Value.
(ii) Quotations from independent property dealers / brokers.
(iii) Draft copy of agreement to sell / Draft of proposed sale deed. (iv) Brief terms and conditions and justification of such transaction.

12.3 Availing / Rendering Services

(i) Copy of agreement / memorandum of understanding / correspondence etc.
(ii) Supporting documents justifying the transaction on arm's length basis.

12.4 Loans / Advances given or Taken

(i) Compliance of Section 185, 186 and other applicable provisions of the Companies Act, 2013 and rules there under.
(ii) Agreements
(iii) Statutory approvals wherever required.
(iv) Rate of interest and justification for the same in view of nearest prevailing G- SEC rate for the term of the loans / advances (wherever applicable).

12.5 Guarantee / Securities

(i) Compliance of Section 185, 186 and other applicable provisions of the Companies Act, 2013 and rules there under.

(ii) Agreements.
(iii) Other documents justifying the same.

12.6 Subscription to shares / debentures / securities

12.7 Valuation report or documents justifying that subscription is done / received at a rate on which placement has been made / shall be made to an un-related party.Rent Agreement

(i) Copy of draft agreement.
(ii) Quotation from a property dealer / advisor in the area in which the property is located or a nearby area.
(iii) If quoted prices are substantially lower / higher than existing, to seek second quotation.

12.8 Other transactions

(i) Agreements or other supporting documents along with proper justification of the transaction being on arm's length basis in the ordinary course of business at a prevailing market rate.

13 Disclosures

13.1 Every contract or arrangement entered with Related Party with the approval of the Board/shareholders in line with Section 188 of the Companies Act, 2013 are required to be referred in the Board's Report to the shareholders along with justification for entering into such contracts or arrangements.

The particulars of contracts or arrangements with related parties shall be disclosed in the Board's Report of the Company for every financial year in Form AOC-2 (enclosed as Annexure 2 to this policy), pursuant to provisions of Section 134(3)(h) of the Companies Act, 2013 read with Rule 8(2) of the Companies (Accounts) Rules, 2014.

13.2. Details of all material transactions with related parties shall be disclosed quarterly along with the compliance report on Corporate Governance, for onward submission to Stock Exchanges.

13.3. In terms of SEBI LODR Regulations, 2015 as amended, the listed entity shall submit to the stock exchanges disclosures of related party transactions in the format as specified by the Board from time to time, and publish the same on its website:

Provided that a 'high value debt listed entity' shall submit such disclosures along with its standalone financial results for the half year:
Provided further that the Company shall make such disclosures every six months on the date of publication of its standalone and consolidated financial results.

Provided further that the remuneration and sitting fees paid by the listed entity or its subsidiary to its director, key managerial personnel or senior management, except who is part of promoter or promoter group, shall not require disclosure Regulation 23(9) of SEBI LODR, 2015, provided that the same is not material in terms of the provisions of sub regulation (1) of regulation 23 of SEBI LODR, 2015.

Further, the said disclosure shall be put up for review by the Audit Committee and Board of Directors on a half yearly basis.

13.4. This Policy shall be disclosed on the website of the Company and a web link thereto shall be provided in the Annual Report.

13.5. The Company willplace all the information, as specified in Industry Standards read with the provisions of SEBI Listing Regulations, Companies Act, 2013 as well as additional information specified by SEBI from time to time, for review of the Audit Committee while seeking prior approval of the RPTs.

13.6. The Company will place all the information, as specified in Industry Standards read with the provisions of SEBI Listing Regulations, Companies Act, 2013 as well as additional information specified by SEBI from time to time, in the Statement to the notice being sent to shareholders seeking their approval for proposed RPTs as applicable

13.7. Any other disclosures as may be required in accordance with the applicable statutory provisions.

14 Power to Review

The Board of Directors shall have the powers to amend/review the Policy at least once every three years.

15 Clarification

The Chairman & Managing Director is authorized to carry out minor modifications in this policy and to approve such changes, as may be required in order to comply with the applicable / amended provisions of law or to comply with any direction, circular etc. issued by the Regulator(s); and to settle any issue with respect to interpretation of this policy.

16 Interpretation

In any circumstance where the terms of this Policy differ from any Applicable Law and the procedures there under governing the Company, such Applicable Law will take precedence over this Policy until such time this Policy is modified in conformity with the Applicable Laws.

17 Disclaimer

In case of any discrepancy between this Policy, the Companies Act, 2013 and SEBI (LODR) Regulations, 2015 or any rule or regulations made thereunder or under any other applicable statutory enactment of law, the enacted law/ rule/ regulation/ provision shall prevail over this Policy. Any subsequent amendment/ modification in the SEBI (LODR) Regulations 2015, Act and/ or applicable law in this regard shall automatically apply to this Policy.

Annexure 1

Approval process

Matrix for approval of Related Party Transactions

Nature of Transaction	Audit Committee Approval		Board of Directors Approval		Shareholders' Approval	
	Companies Act, 2013	**Listing Regulation**	**Companies Act, 2013**	**Listing Regulation**	**Companies Act, 2013**	**Listing Regulation**
Ordinary Course of Business and at arm's length	Yes	Prior approval Provided that only those member of AC who are independent shall approve RPT	Board will note the same.	-	Exempted	Yes, if material related party transaction & subsequent material modifications
Not in Ordinary Course of Business and / or at arm's length	Prior Approval	Prior approval Provided that only those member of AC who are independent shall approve RPT The members of the audit committee, who are independent directors, may ratify related party transactions within three months from the date of	Prior Approval by means of resolution at meeting of Board Where any RPT is entered without obtaining the consent of the Board, Board may ratify such RPT within three months from the	-	Prior Approval, if material related party transactions . Where any material RPT is entered without obtaining shareholders' approval, shareholders may ratify such material RPT within three months from the date on which such RPT was entered into.	Yes, if material related party transaction& subsequent material modifications

		the transaction or in the immediate next meeting of the audit committee, whichever is earlier, subject to the conditions as given under sub regulation (2) of Regulation 23.	date on which such RPT was entered into.			

Annexure 2

Form No. AOC-2

(Pursuant to clause (h) of sub-section (3) of Section 134 of the Companies Act, 2013 and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of Section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto

1. Details of contracts or arrangements or transactions not at arm's length basis:

(a) Name(s) of the related party and nature of relationship,
(b) Nature of contracts/arrangements/transactions,
(c) Duration of the contracts / arrangements/transactions,
(d) Salient terms of the contracts or arrangements or transactions including the value, if any,
(e) Justification for entering into such contracts or arrangements or transactions,
(f) Date(s) of approval by the Board,
(g) Amount paid as advances, if any,
(h) Date on which the resolution was passed in general meeting as required under first proviso to Section 188.

2. Details of material contracts or arrangement or transactions at arm's length basis:

(a) Name(s) of the related party and nature of relationship,
(b) Nature of contracts/arrangements/transactions,
(c) Duration of the contracts / arrangements/transactions,
(d) Salient terms of the contracts or arrangements or transactions including the value, if any,
(e) Date(s) of approval by the Board, if any, (f) Amount paid as advances, if any.

(Form shall be signed by the persons who have signed the Board's report)

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