



मनोहर बलवानी
कम्पनी सचिव
MANOHAR BALWANI
Company Secretary

पावर फाइनेंस कार्पोरेशन लिमिटेड
POWER FINANCE CORPORATION LTD.
(भारत सरकार का उपक्रम) (A Govt. of India Undertaking)

No:1:05:138:I:C
Date: 31st July, 2020

National Stock Exchange of India Limited,
Listing Department,
Exchange Plaza, Bandra – Kurla Complex,
Bandra (E), MUMBAI – 400 051.

नेशनल स्टॉक एक्सचेंज ऑफ इंडिया लिमिटेड
लिस्टिंग विभाग, एक्सचेंज प्लाजा,
बांद्रा-कुर्ला कॉम्प्लेक्स, बांद्रा (पू), मुंबई-400 051

Bombay Stock Exchange Limited,
Department of Corporate Services,
Floor – 25, PJ Towers, Dalal Street,
MUMBAI – 400 001.

बंबई स्टॉक एक्सचेंज लिमिटेड,
कॉर्पोरेट सेवाएं विभाग, मंजिल-25,
पी. जे. टावर्स, दलाल स्ट्रीट, मुंबई-400 001

Sub: Annual Secretarial Compliance Report for the year ended 31st March, 2020.

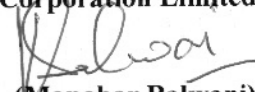
Madam/Sir,

Pursuant to Regulation 24A of SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015 read with SEBI circular No. CIR/CFD/CMD1/27/2019 dt. February 8, 2019, the Annual Secretarial Compliance Report for the year ended 31st March, 2020 is attached at Annexure I.

This is submitted for your information and record.

Thanking you,

Yours faithfully,
For Power Finance Corporation Limited


(Manohar Balwani)
CGM & Company Secretary
mb@pfcindia.com



**SECRETARIAL COMPLIANCE REPORT
OF
POWER FINANCE CORPORATION LIMITED**

For the year ended 31st March, 2020

We, Agarwal S. & Associates, Company Secretaries, have examined:

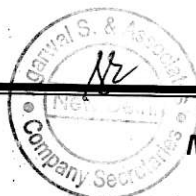
- (a) all the documents and records made available to us and explanation provided by **Power Finance Corporation Limited** ("the listed entity/PFC"),
- (b) the filings/ submissions made by the listed entity to the stock exchanges,
- (c) website of the listed entity,
- (d) any other document/ filing, as may be relevant, which has been relied upon to make this certification,

for the year ended 31st March, 2020 ("Review Period") in respect of compliance with the provisions of:

- (a) the Securities and Exchange Board of India Act, 1992 ("SEBI Act") and the Regulations, circulars, guidelines issued thereunder; and
- (b) the Securities Contracts (Regulation) Act, 1956 ("SCRA"), rules made thereunder and the Regulations, circulars, guidelines issued thereunder by the Securities and Exchange Board of India ("SEBI");

The specific Regulations, whose provisions and the circulars/ guidelines issued thereunder, have been examined, include:-

- (a) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulation, 2015;
- (b) Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
- (c) Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- (d) Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018;



- (e) Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
- (f) Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
- (g) Securities and Exchange Board of India (Issue and Listing of Non- Convertible and Redeemable Preference Shares) Regulations, 2013;
- (h) Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
- (i) Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018 and circulars/ guidelines issued thereunder;

and based on the above examination, we hereby report that, during the Review Period:

- (a) The listed entity has complied with the provisions of the above Regulations and circulars/ guidelines issued thereunder, except in respect of matters specified below:-

Sr. No	Compliance Requirement (Regulations/ circulars / guidelines including specific clause)	Deviations	Observations/ Remarks of the Practicing Company Secretary
1.	<p>Regulation 17 (1) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015,</p> <p>(a) not less than fifty per cent. of the board of directors shall comprise of non-executive directors;</p> <p>(b) where the listed entity does not have a regular non-executive chairperson, at least half of the board of directors shall comprise of independent directors</p>	<p>The number of Non Executive Directors is less than fifty percent of the Board of Directors of the Company.</p> <p>Further, half of the board of Directors does not comprise of independent directors.</p>	<p>The Board of Directors of the Company is headed by an Executive Chairman. Accordingly, the number of Independent Directors should have been at least 50% of the Board Members. Also, the number of Non Executive Directors is less than fifty per cent on the Board of the Company.</p> <p>As on 31.03.2020, the Board of Company comprises of 7 Directors, which includes 4 whole time Members of the Board, 1 Part Time Government Nominee Director and 2 Non-Official Part Time Independent Directors.</p> <p>In terms of Clause 86 of Articles of Association of the Company, the members</p>



			of the Board are appointed by the President of India. Terms and conditions of such appointment including remuneration and evaluation vests with the Government of India. The Company has requested Ministry of Power to expedite appointment of Independent Directors on the Board of the Company to enable it to comply with requisite clauses of SEBI (LODR) and Companies Act, 2013.
2.	Regulation 17 (10) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the performance evaluation of independent directors shall be done by the entire Board of Directors.	The performance evaluation of independent directors has not been done by the entire Board of Directors.	In terms of Clause 86 of Articles of Association of the Company, the members of the Board are appointed by the President of India. Terms and conditions of such appointment including remuneration and evaluation vests with the Government of India.
3.	Regulation 19 (4) read with Schedule II Part D (A) of the Securities and Exchange Board of India (Listing Obligations and Disclosure requirements) Regulations, 2015, the Nomination and Remuneration Committee shall: (a) formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board of Directors a policy relating to, the remuneration of the directors, key managerial personnel and other employees;	The Nomination and Remuneration Committee has not: (a) formulated the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board of Directors a policy relating to, the remuneration of the directors, key managerial personnel and other employees; (b) formulated the criteria for evaluation of	In terms of Clause 86 of Articles of Association of the Company, the members of the Board are appointed by the President of India. Terms and conditions of such appointment including remuneration and evaluation vests with the Government of India. Further, Article 91(3) of Articles of Association of the Company provides that Notwithstanding anything contained in any of these Articles, the President may from time to time issue such directives or instructions as may be considered necessary in regard to conduct of



<p>(b) formulate the criteria for evaluation of performance of Independent Directors and the Board of Directors;</p> <p>(c) devise a policy on diversity of Board of Directors.</p>	<p>performance of Independent Directors and the Board of Directors;</p>	<p>business and affairs of the company and in like manner may vary and annul any such directive or instruction. The Directors shall give immediate effect to the directives or instructions so issued.</p> <p>As regards policy relating to the remuneration of the Functional directors, key managerial personnel and other employees, the Company is following the Presidential Directives issued from time to time.</p> <p>The Independent Directors in their 7th Separate Meeting held on 4th January, 2020 having noted that all the members of the Board are appointed by Government of India after thorough evaluation and are subjected to periodic performance review and that the Company's performance is also periodically reviewed with reference to annual MoU signed between PFC and Government, decided to undertake evaluation in line with SEBI's Guidance Note on Board Evaluation dated January 5, 2017.</p>
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- (b) The listed entity has maintained proper records under the provisions of the above Regulations and circulars/ guidelines issued thereunder insofar as it appears from our examination of those records.
- (c) The following are the details of actions taken against the listed entity/ its promoters/ directors/ material subsidiaries either by SEBI or by Stock Exchanges (including under the Standard Operating Procedures issued by SEBI through various circulars) under the aforesaid Acts/ Regulations and circulars/ guidelines issued thereunder:



Sr. No	Action taken by	Details of violation	Details of action taken E.g. fines, warning letter, debarment, etc.	Observations/ remarks of the Practicing Company Secretary, if any.
1	Nation Stock Exchange Limited	Regulation 17 (1) and 19 (1)/19(2) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 for quarter ended June 30, 2019 and September 30, 2019. Regulation 17 (1) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 for quarter ended December 31, 2019 and March 31, 2020.	Levied monetary fines for non-compliance with SEBI(LODR)	The Company has submitted reply to the Stock Exchange that in terms of Clause 86 of Articles of Association of the Company, the members of the Board are appointed by the president of India and accordingly the same should be withdrawn.
2	BSE Limited	Regulation 17 (1) and 19 (1)/19(2) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 for quarter ended June 30, 2019 and September 30, 2019. Regulation 17 (1) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 for quarter ended December 31, 2019 and March 31, 2020.	Levied monetary fines for non-compliance with SEBI(LODR)	The Company has submitted reply to the Stock Exchange that in terms of Clause 86 of Articles of Association of the Company, the members of the Board are appointed by the president of India and accordingly the same should be withdrawn.

(d) The listed entity has taken the following actions to comply with the observations made in previous reports:

Sr. No	Observations of the Practicing Company Secretary in the previous reports	Observations made in the secretarial compliance report for the year ended 31.03.2019	Actions taken by the listed entity, if any	Comments of the Practicing Company Secretary on the actions taken by the listed entity
1.	Regulation 17 (1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015,	The Board of Directors of the Company is headed by an Executive Chairman. Accordingly, the number of Independent Directors	The Company has requested Ministry of Power to expedite appointment of Independent Directors on the Board of the Company to enable it to comply with requisite clauses of SEBI	PFC is a Government Company and appointment of Directors on the Board of the Company is made



		<p>should have been at least 50% of the Board Members.</p> <p>Also, the number of Non-Executive Directors is less than fifty per cent on the Board of the Company.</p> <p>At present, the Board of Company comprises of 7 Directors, which includes 4 whole time Members of the Board, 1 Part Time Government Nominee Director and 2 Non-Official Part Time Independent Directors.</p>	(LODR) and Companies Act, 2013.	based on nomination by Government of India (GOI).
2.	Regulation 17 (10) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015,	The entire Board of Directors shall carry out the performance evaluation of Independent Directors.	The Company has informed that in terms of Clause 86 of Articles of Association of the Company, the members of the Board are appointed by the President of India and the terms and conditions of such appointment including remuneration and evaluation vests with the Government of India.	No further Comments.
3.	Regulation 25 (4) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015,	The said requirements are still required to be complied with in terms with the Regulation 25 (4) (a) and (b) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.	Complied with.	Noted.
4.	Regulation 19 (4) read with Schedule II Part D (A) of the SEBI (Listing Obligations and Disclosure requirements) Regulations, 2015,	The Nomination Committee shall formulate the said policies/criteria's.	The Company has informed that that all the members of the Board are appointed by Government of India after thorough evaluation and are subjected to periodic performance review and that the	The Independent Directors followed SEBI's Guidance Note on Board Evaluation dated January 5, 2017 in evaluation of the Board as a whole,



			Company's performance is also periodically reviewed with reference to annual MoU signed between PFC and Government. The Independent Directors in their 7 th Meeting held on 4 th January, 2020 undertook evaluation of the Board as a whole, CMD and all Non-Independent Directors in line with SEBI's Guidance Note on Board Evaluation dated January 5, 2017.	CMD and all Non-Independent Directors.
5.	Regulation 19 (1) of the Securities and Exchange Board of India (Listing Obligations & Disclosure requirements) Regulations, 2015, all members of the Nomination and Remuneration Committee shall be non-executive directors.	The Nomination and Remuneration Committee shall consist of Non-Executive Directors as its members.	Complied with.	Noted.

- (e) As informed by the management, appointment of statutory auditor has been done by the office of the Comptroller and Auditor General of India (C&AG). Appointment letter also contains terms of appointment to the statutory auditors. Since, terms of appointment were communicated by the C&AG, compliance by listed entity with 6(A) and 6(B) of SEBI circular number CIR/CFD/CMD1/114/2019 dated October 18, 2019 is not applicable. Accordingly, we can't certify said compliance.

For Agarwal S. & Associates,
Company Secretaries,

ICSI Unique Code: P2003DE049100



Signature: _____

Name of the Practicing Company Secretary: CS Sachin Agarwal

FCS No.: 5774

C P No.: 5910

Place: New Delhi

Date: July 25, 2020

UDIN: F005774B000502809