



मनोहर बलवानी
मुख्य महाप्रबंधक एवं कम्पनी सचिव
MANOHAR BALWANI
CGM & 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: 30th May, 2022

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| <p>National Stock Exchange of India Limited, Listing Department, Exchange Plaza, Bandra – Kurla Complex, Bandra (E), <u>MUMBAI – 400 051.</u></p> <p>नेशनल स्टॉक एक्सचेंज ऑफ इंडिया लिमिटेड लिस्टिंग विभाग, एक्सचेंज प्लाजा, बांद्रा-कुर्ला कॉम्प्लेक्स, बांद्रा (पू), मुंबई-400 051</p> | <p>Bombay Stock Exchange Limited, Department of Corporate Services, Floor – 25, PJ Towers, Dalal Street, <u>MUMBAI – 400 001.</u></p> <p>बंबई स्टॉक एक्सचेंज लिमिटेड, कॉर्पोरेट सेवाएं विभाग, मंजिल-25, पी. जे. टावर्स, दलाल स्ट्रीट, मुंबई-400 001</p> |
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Sub: **Annual Secretarial Compliance Report for the year ended 31st March, 2022.**

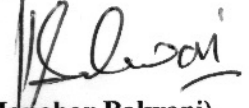
Madam/Sir,

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, 2022 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



Amit Agrawal & Associates Company Secretaries

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**SECRETARIAL COMPLIANCE REPORT
OF
Power Finance Corporation Limited
For the year ended March 31, 2022**

We, Amit Agrawal & 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 March 31, 2022 ("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 there under; and
- (b) the Securities Contracts (Regulation) Act, 1956 ("SCRA"), rules made there under and the Regulations, circulars, guidelines issued there under by the Securities and Exchange Board of India ("SEBI");

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

- (a) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 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;

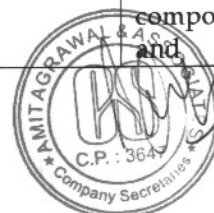


- (h) Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
- (i) Securities and Exchange Board of India (Depositories and Participants) Regulation, 2018 and circulars / guidelines issued thereunder;

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. | Regulation 17 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 | Non compliance with the provisions of Regulation 17(1) of the SEBI (LODR) Regulations, 2015 board composition from 01.04.2021 to 31.01.2022. | <p>There is non-compliance of Regulation 17 (1) of the SEBI (LODR) Regulations, 2015 with regard to the proper composition of board till 31.01.2022</p> <p>As informed to us by the management of the company, the power to appoint Directors on the Board of Company vests with President of India (PoI) in accordance with Clause 86 of the Articles of Association of the Company. The Board of Directors of PFC are appointed by President of India, through Ministry of Power Government of India. Accordingly, President of India had ordered appointment of three Independent directors including women director vide Communication dated 15.11.2021. The said three Directors (including one women Director) joined the Board of PFC w.e.f. 23.12.2021.</p> |
| 2. | Regulation 19(1)/ 19(2) of Securities and Exchange Board of India (Listing Obligations and Disclosure | Non compliance with the composition of nomination and remuneration committee from 01.04.2020 to 22.12.2021. | There is non-compliance of Regulation 19 of the SEBI (LODR) Regulations, 2015 with regard to the proper composition of nomination and remuneration |



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| | Requirements) Regulations, 2015 | | <p>committee.</p> <p>As informed to us by the management of the company, the power to appoint Directors on the Board of Company vests with President of India (PoI) in accordance with Clause 86 of the Articles of Association of the Company. President of India had ordered appointment of three Independent vide Communication dated 15.11.2021. The said three Directors (including one women Director) joined the Board of PFC w.e.f. 23.12.2021.</p> <p>Accordingly, the Committee was re-constituted w.e.f. 23.12.2022 and the re-constituted Committee is in compliance with Regulation 19(1)/19(2) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.</p> |
| 3. | Regulation 18 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 | Non-compliance with the composition of audit committee from 01.04.2020 to 22.12.2021. | <p>There is non-compliance of Regulation 18 of the SEBI (LODR) Regulations, 2015 with regard to the proper composition of Audit committee.</p> <p>As informed to us by the management of the company, the power to appoint Directors on the Board of Company vests with President of India (PoI) in accordance with Clause 86 of the Articles of Association of the Company. President of India had ordered appointment of three Independent vide Communication dated</p> |



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| | | | <p>15.11.2021. The said three Directors (including one women Director) joined the Board of PFC w.e.f. 23.12.2021.</p> <p>Accordingly, the Committee was re-constituted w.e.f. 23.12.2022 and the re-constituted Committee is in compliance with Regulation 18 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.</p> |
| 4. | <p>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.</p> | <p>The evaluation exercise has not been done for FY 2021-22.</p> | <p>The Company has informed that in terms of Clause 86 of Articles of Association (AoA) of the Company, the appointment of Functional Directors, Government Nominee Directors and Independent Directors of PFC are made by Government of India. The terms & conditions of such appointment including remuneration and evaluation vests with the Government of India. 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.</p> |
| 5. | <p>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 inter alia:</p> <p>(a) formulate the criteria for evaluation of performance of Independent Directors and the Board of</p> | | |



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| | Directors; | | |
| 6. | <p>Regulation 25(4) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Independent Directors shall in their meeting inter alia :</p> <p>a) review the performance of non-independent directors and the board of directors as a whole;</p> <p>b) review the performance of the chairperson of the listed entity, taking into account the views of executive directors and non-executive directors.</p> | | |

- (b) The listed entity has maintained proper records under the provisions of the above Regulations and circulars/ guidelines issued there under 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. | NSE/ BSE | Regulation 17 of SEBI (LODR) Regulations, 2015 for quarter ended June 30, 2021, September 30, 2021, December | The Stock Exchange has imposed monetary fines for non-compliance with certain provisions of SEBI(LODR) Regulations, 2015. | As informed to us by the management of the company, the power to appoint Directors on the Board of Company vests with President of India (PoI) in accordance with its Articles of |



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| | | 31, 2021 and March 31, 2022. | | Association. It has been further informed by the Company and verified by us that the Company has written to its administrative ministry i.e., Ministry of Power from time to time for appointment of appropriate number of Independent Directors on its board. However the company has made request to BSE/NSE for waiver of the said penalty. |
| | | Regulation 18 and 19 of SEBI (LODR) Regulations, 2015 for quarter ended June 30, 2021, September 30, 2021 and December 31, 2021. | | |

(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 st March 2021. | 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 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 | There is non-compliance of Regulation 17 (1) of the SEBI (LODR) Regulations, 2015 with regard to the proper composition of board. As informed to us by the management of the company, the power to appoint Directors on the Board of Company vests with President of India (PoI) in accordance with Clause 86 of the Articles of Association of the Company. It has been further informed by the Company and verified by us that the Company has written to its administrative ministry i.e., Ministry of Power from time to time for appointment of appropriate number of | 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 clause of SEBI (LODR) and Companies Act, 2013. | Complied as on 1.02.2022. |



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| | | Independent Directors on its board. | | |
| 2. | Regulation 19(1)/19(2) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 | <p>There is non-compliance of Regulation 19 of the SEBI (LODR) Regulations, 2015 with regard to the proper constitution of nomination and remuneration committee.</p> <p>As informed to us by the management of the company, the power to appoint Directors on the Board of Company vests with President of India (PoI) in accordance with Clause 86 of the Articles of Association of the Company. It has been further informed by the Company and verified by us that the Company has written to its administrative ministry i.e., Ministry of Power from time to time for appointment of appropriate number of Independent Directors on its board.</p> | 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 clause of SEBI (LODR) and Companies Act, 2013. | Complied as on 23.12.2021. |
| 3. | Regulation 18 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 | <p>There is non-compliance of Regulation 18 of the SEBI (LODR) Regulations, 2015 with regard to the proper composition of Audit committee.</p> <p>As informed to us by the management of the company, the power to appoint Directors on the Board of Company vests with President of India (PoI) in accordance with Clause 86 of the Articles of Association of the Company. It has been further informed by the Company and verified by</p> | 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 clause of SEBI (LODR) and Companies Act, 2013. | Complied as on 23.12.2021 |



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| | | us that the Company has written to its administrative ministry i.e., Ministry of Power from time to time for appointment of appropriate number of Independent Directors on its board. | | |
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Place: Delhi

Date: 30-05-2022

for Amit Agrawal and Associates
(Company Secretaries)



A handwritten signature in black ink, appearing to be "Amit Agrawal".

CS Amit Agrawal
Proprietor

M.No.-5311, CP No. 3647

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