



मनीष कुमार अग्रवाल
महाप्रबंधक एवं कंपनी सचिव
MANISH KUMAR AGRAWAL
General Manager & Company Secretary



पावर फाइनेंस कॉर्पोरेशन लिमिटेड
POWER FINANCE CORPORATION LTD.
(भारत सरकार का उपक्रम) (A Govt. of India Undertaking)
(आई.एस.ओ. 45001:2018 प्रमाणित) (ISO 45001:2018 Certified)

No: 1:05:138:I:CS
Dated: 30.05.2023

<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, 2023


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, 2023 is attached at Annexure I.

This is submitted for your information and record.

Thanking you,

Yours faithfully,
For Power Finance Corporation Ltd.


(Manish Kumar Agrawal)
GM & Company Secretary
mk_agrawal@pfcindia.com

Mehta & Mehta

COMPANY SECRETARIES

169, Ground Floor, Gate No. 5, Pocket 26, Sector 24, (In Front of HDFC Bank) Rohini, Delhi 110085.
Tel.: +91 22 28940483 Visit us : www.mehta-mehta.com

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SECRETARIAL COMPLIANCE REPORT OF POWER FINANCE CORPORATION LIMITED FOR THE FINANCIAL YEAR ENDED MARCH 31, 2023

We, M/s. Mehta & Mehta, 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, 2023 ("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) 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 (Share Based Employee Benefits and Sweat Equity) Regulations, 2021;
- (e) Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021;
- (f) Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

and circulars/guidelines issued thereunder;



Sr. No.	Compliance Requirement (Regulations/circulars/guidelines including specific clause)	Regulation/Circular No.	Deviations	Action Taken by	Type of Action	Details of Violation	Fine Amount	Observations/Remarks of the Practicing Company Secretary	Management Response	Remarks
1	Regulation 17(1) of SEBI Listing Obligation and Disclosure Requirement, 2015	Regulation 17(1) of SEBI Listing Obligation and Disclosure Requirement, 2015	Non-compliance with the provision of regulation 17(1) of listing obligation and disclosure requirement, 2015 from 11.07.2022 to 31.03.2023	NSE/BSE	The Stock Exchange has imposed monetary fines for non-compliance with certain provisions of SEBI (LODR) Regulations, 2015.	Non-compliance of Regulation 17(1) of SEBI Listing Obligation and Disclosure Requirement, 2015	Rs. 5000/- per day	<p>During the year 2022-23, there is a Non-compliance of Regulation 17 (1) of the SEBI (LODR) Regulations, 2015 with regard to the proper composition of board w.e.f. 11.07.2022 to 31.03.2023</p> <p>As informed to us by the management of company, the power to appoint Directors on the board of company vests with the President of India (POI) in accordance with clause 86 of the Article of Association of the company. The</p>	<p>The power to appoint Directors on the board of company vests with the President of India (POI)</p> <p>In view of above, PFC has requested the Exchange for waiver of fine, response in this regard is awaited.</p>	--



								<p>Board of Directors of PFC are appointed by President of India, through Ministry of Power, Government of India. Accordingly, PFC has requested MoP to appoint balance number of Independent Director(s) on the Board of the PFC.</p>		
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2	Regulation 17(10) of Securities and Exchange Board of India(listing obligation and disclosure requirement)2015, The performance evaluation of Non-Independent Directors shall be done by entire board of Directors	Regulation 17(10) of Securities and Exchange Board of India (listing obligation and disclosure requirement) 2015	The evaluative exercise has not be done for entire F.Y. 22-23	--	--	Non compliance of Regulation 17(10) of Securities and Exchange Board of India(listing obligation and disclosure requirement)2015	--	The company has informed that in terms of clause 86 of Article of Association of the company, the appointment of Functional Directors, Government Nominee Director and Independent Directors of PFC are made by Govt. of India. The T&C of such appointment including remuneration and evaluation vests with the Government of India after thorough evaluation and are subjected to periodic performance review and the company's performance is also periodically reviewed with reference to annual MoU signed between PFC and Government.	In terms of clause 86 of Article of Association of the company, the appointment of functional directors, Government nominee Director and independent Directors of PFC are made by govt. of India. The T&C of such appointment including remuneration and evaluation vests with the Government of India after thorough evaluation and are subjected to periodic performance review and the company performance is also periodically reviewed with reference to annual MoU signed between PFC and Government. Further, PFC being a Listed Entity, in compliance thereof,	--
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3	Regulation 25(4) of Securities and Exchange Board of India (listing obligation and disclosure requirement, 2015, the Independent Director shall in their meeting inter alia: (a) Review the performance of Non-Independent Directors and the board of Directors as a whole (b) Review the performance of chairperson of the listed entity, taking into account the views of executive and non-executive directors.	Regulation 25(4) of Securities and Exchange Board of India (listing obligation and disclosure requirement, 2015	The evaluative exercise has not been done for entire F.Y. 22-23	--	--	Non compliance of Regulation 25(4) of Securities and Exchange Board of India (listing obligation and disclosure requirement, 2015	--		a draft Board Evaluation Policy was formulated and considered by the Nomination and Remuneration Committee and Board of Directors and the draft Policy has been sent to the Ministry of Power for its guidance on the same. Further, MoP has been informed that the draft Board evaluation policy has been referred to the CPSE policy division for further examination.	--
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(b) The listed entity has taken the following actions to comply with the observations made in previous reports:



Sr. No.	Compliance Requirement (Regulations/circulars/guidelines including specific clause)	Regulation/Circular No.	Deviations	Action Taken by	Type of Action	Details of Violation	Fine Amount	Observations/Remarks of the Practicing Company Secretary	Management Response	Remarks
I	Regulation 17(1) of listing obligation and disclosure requirement, 2015	Regulation 17(1) of SEBI Listing Obligation and Disclosure Requirement, 2015	Non-compliance with the provision of regulation 17(1) of listing obligation and disclosure requirement, 2015 from 01.04.2021 to 31.03.2022	BSE/NSE	The Stock Exchange has imposed monetary fines for non-compliance with certain provisions of SEBI (LODR) Regulations, 2015.	Non-compliance of Regulation 17(1) of listing obligation and disclosure requirement, 2015	Rs. 5000/-per day	There is a Non-compliance of Regulation 17 (1) of the SEBI (LODR) Regulations, 2015 with regard to the proper composition of board till 31.03.2022. As informed us by management of company, the power to appoint Directors on the board of company vests with the President of India (POI) in accordance with	The power to appoint Directors on the board of company vests with the President of India (POI) Further, PFC has requested the Exchange for waiver of fine, response in this regard is awaited.	--



								clause 86 of The Article of Association of the company. Board of Directors of PFC are appointed by President of India, through Ministry of Power Government of India Accordingly, PFC has requested MoP to appoint balance number of Independent Director(s) on the Board of the PFC.	
2	Regulation 17(10) of Securities and Exchange Board of India(listing obligation and disclosure requirement ,2015, The performanc	Regulation 17(10) of SEBI Listing Obligation and Disclosure Requirement, 2015	The evaluative exercise has not be done for entire F.Y. 21-22	--	--	Non compliance of Regulation 17(10) of Securities and Exchange Board of India(lis	--	The company has informed that in terms of clause 86 of Article of Association of the company, the appointment of functional directors, Government nominee Director and independent Directors of PFC	In terms of clause 86 of Article of Association of the company, the appointment of functional directors, Government nominee Director and independent Directors of PFC are made by govt. of India. The T&C



<p>evaluation of Independent Directors shall be done by entire board of Directors</p>				<p>obligation and disclosure requirement, 2015</p>		<p>are made by govt. of India. The T&C of such appointment including remuneration and evaluation vests with the government of India after thorough evaluation and are subjected to periodic performance review and the company performance is also periodically reviewed with reference to annual MoU signed between PFC and Government.</p>	<p>of such appointment including remuneration and evaluation vests with the Government of India after thorough evaluation and are subjected to periodic performance review and the company performance is also periodically reviewed with reference to annual MoU signed between PFC and Government. Further, PFC being a Listed Entity, in compliance thereof, a draft Board Evaluation Policy was</p>	
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									<p>formulated and considered by the Nomination and Remuneration Committee and Board of Directors and the draft Policy has been sent to the Ministry of Power for its guidance on the same.</p> <p>Further, MoP has been informed that the draft Board evaluation policy has been referred to the CPSE policy division for further examination.</p>	
3	Regulation 18 of Securities and Exchange Board of India (listing obligation and	Regulation 18 of SEBI Listing Obligation and Disclosure Requirement, 2015	Non compliance with the composition of Audit committee from 1.04.2020 to 22.12.2021	--	--	Non compliance of Regulation 18 of Securities and Exchange Board	Rs. 2000/-per day	There is a Non compliance of Regulation 18 with the SEBI(LODR)Regulation 2015 with regard to proper composition of Audit committee.	<p>The company complied with the composition of Audit committee.</p> <p>Further, PFC has requested the Exchange for waiver of aforementioned fine, response in</p>	--



	disclosure requirement, 2015					of India (listing obligation and disclosure requirement, 2015)		As informed to us by Management of company that the committee was reconstituted w.e.f. 23.12.2022 and the reconstituted committee is in compliance with Regulation 18 of Securities Exchange Board of India (listing obligation and disclosure requirement), 2015 w.e.f. 23.12.2022	this regard is awaited.	
4	Regulation 19(1)/ 19(2) of Securities and Exchange Board of India (listing obligation and disclosure	Regulation 19(1)/ 19(2) of SEBI Listing Obligation and Disclosure Requirement, 2015	Non-compliance with the composition of nomination and remuneration committee from 1.04.2020 to 22.12.2021	--	--	Non compliance of Regulation 19(1)/ 19(2) OF Securities and Exchange Board of India	Rs. 2000/-per day	There is a Non-Compliance of Regulation 19 with the SEBI(LODR) Regulation 2015 with regard to proper composition of nomination and remuneration committee from 1.04.2020 to 22.12.2021.	The company complied with the composition of nomination and remuneration committee. Further, PFC has requested the Exchange for waiver of aforementioned fine, response in	--



	requirement, 2015					(listing obligation and disclosure requirement, 2015)		As informed to us by Management of company the committee was reconstituted w.e.f. 23.12.2022 and the reconstituted committee is in compliance with Regulation 19(1)&(2) of Securities Exchange Board of India (listing obligation and disclosure requirement), 2015 w.e.f. 23.12.2022.	this regard is awaited.	
5	Regulation 19(4) read with schedule II part D (A) of Securities and	Regulation 19(4) of SEBI Listing Obligation and Disclosure Requirement, 2015	The evaluative exercise has not be done for entire F.Y. 21-22	--	--	Non compliance of Regulation 19(4) read with schedule	--	The company has informed that in terms of clause 86 of Article of Association of the company, the appointment of functional	In terms of clause 86 of Article of Association of the company, the appointment of functional directors, Government	--



<p>Exchange Board of India (Listing Obligation and Disclosure Requirement, 2015 the Nomination Remuneration Committee shall inter alia: (A) Formulate the criteria for evaluation of performance of Independent Directors and the board of Directors</p>				<p>II part D (A) of Securities and Exchange Board of India (Listing Obligation and Disclosure Requirement, 2015</p>		<p>directors, Government nominee Director and independent Directors of PFC are made by govt. of India. The T&C of such appointment including remuneration and evaluation vests with the government of India after thorough evaluation and are subjected to periodic performance review and the company performance is also periodically reviewed with reference to annual MoU signed between PFC and Government.</p>	<p>nominee Director and independent Directors of PFC are made by govt. of India. The T&C of such appointment including remuneration and evaluation vests with the Government of India after thorough evaluation and are subjected to periodic performance review and the company performance is also periodically reviewed with reference to annual MoU signed between PFC and Government. Further, being a Listed</p>	
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									Entity, in compliance thereof, a draft Board Evaluation Policy was formulated and considered by the Nomination and Remuneration Committee and Board of Directors and the draft Policy has been sent to the Ministry of Power for its guidance on the same.	
									Further, MoP has been informed that the draft Board evaluation policy has been referred to the CPSE policy division for further examination.	
6	Regulation 25(4) of Securities and Exchange	Regulation 25(4) of SEBI Listing Obligation and Disclosure	The evaluative exercise has not be done for entire F.Y. 21-22	--	--	Non compliance of Regulation 25(4)	--	The company has informed that in terms of clause 86 of Article of Association of the	In terms of clause 86 of Article of Association of the company, the appointment of	--



<p>Board of India (listing obligation and disclosure requirement, 2015, the Independent Director shall in their meeting inter alia: (a) Review the performance of Independent Directors and the board of Directors as a whole (B) Review the performance of chairperson of the listed entity</p>	<p>Requirement, 2015</p>			<p>of Securities and Exchange Board of India (listing obligation and disclosure requirement, 2015</p>	<p>company, the appointment of functional directors, Government nominee Director and independent Directors of PFC are made by govt. of India. The T&C of such appointment including remuneration and evaluation vests with the government of India after thorough evaluation and are subjected to periodic performance review and the company performance is also periodically reviewed with reference to annual MoU</p>	<p>functional directors, Government nominee Director and independent Directors of PFC are made by govt. of India. The T&C of such appointment including remuneration and evaluation vests with the Government of India after thorough evaluation and are subjected to periodic performance review and the company performance is also periodically reviewed with reference to annual MoU signed between</p>
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	,taking into account the views of executive and non-executive directors.						signed between PFC and Government	PFC and Government. Further, PFC being a Listed Entity, in compliance thereof, a draft Board Evaluation Policy was formulated and considered by the Nomination and Remuneration Committee and Board of Directors and the draft Policy has been sent to the Ministry of Power for its guidance on the same. Further, MoP has been informed that the draft Board evaluation policy has been referred to the CPSE policy division for further examination.	
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Pursuant to BSE Notice No. 20230316-14 dated March 16, 2023, 20230410-41 dated April 10, 2023 and NSE Circular Ref No: NSE/CML/ 2023/21 dated March 16, 2023 and NSE/CML/ 2023/30 dated April 10, 2023

Sr. No.	Particulars	Compliance Status (Yes/No/NA)	Observations/Remarks by PCS
1.	<p><u>Secretarial Standard</u></p> <p>The compliances of listed entity are in accordance with the applicable Secretarial Standards (SS) issued by the Institute of Company Secretaries of India (ICSI)</p>	Yes	--
2.	<p><u>Adoption and timely updation of the Policies:</u></p> <ul style="list-style-type: none"> • All applicable policies under SEBI Regulations are adopted with the approval of board of directors of the listed entities. • All the policies are in conformity with SEBI Regulations and has been reviewed & timely updated as per the regulations/circulars/guidelines issued by SEBI. 	Yes	--
3.	<p><u>Maintenance and disclosures on Website:</u></p> <ul style="list-style-type: none"> • The Listed entity is maintaining a functional website. 	Yes	--



	<ul style="list-style-type: none"> • Timely dissemination of the documents/ information under a separate section on the website. • Web-links provided in annual corporate governance reports under Regulation 27(2) are accurate and specific which re-directs to the relevant document(s)/ section of the website. 		
4.	<p><u>Disqualification of Director:</u></p> <p>None of the Director of the Company are disqualified under Section 164 of Companies Act, 2013</p>	Yes	--
5.	<p><u>To examine details related to Subsidiaries of listed entities:</u></p> <p>(a) Identification of material subsidiary companies</p> <p>(b) Requirements with respect to disclosure of material as well as other subsidiaries</p>	Yes	--
6.	<p><u>Preservation of Documents:</u></p> <p>The listed entity is preserving and maintaining records as prescribed under SEBI Regulations and disposal of records as per Policy of Preservation of Documents and Archival policy prescribed under SEBI LODR Regulations, 2015</p>	Yes	--



7.	Performance Evaluation: The listed entity has conducted performance evaluation of the Board, Independent Directors and the Committees at the start of every financial year as prescribed in SEBI Regulations	No	The listed entity has not conducted performance evaluation of the Board, Independent Directors during F.Y. 22-23
8.	Related Party Transactions: (a) The listed entity has obtained prior approval of Audit Committee for all Related party transactions (b) In case no prior approval obtained, the listed entity shall provide detailed reasons along with confirmation whether the transactions were subsequently approved/ratified/rejected by the Audit committee	Yes	--
9.	Disclosure of events or information: The listed entity has provided all the required disclosure(s) under Regulation 30 alongwith Schedule III of SEBI LODR Regulations, 2015 within the time limits prescribed thereunder.	Yes	--
10.	Prohibition of Insider Trading: The listed entity is in compliance with Regulation 3(5) & 3(6) SEBI (Prohibition of Insider Trading) Regulations, 2015	Yes	--



11.	<u>Actions taken by SEBI or Stock Exchange(s), if any:</u> No Actions taken against the listed entity/ its promoters/ directors/ subsidiaries either by SEBI or by Stock Exchanges (including under the Standard Operating Procedures issued by SEBI through various circulars) under SEBI Regulations and circulars/ guidelines issued thereunder	YES	Company received the Show Cause Notice from NSE and BSE for Non-Compliance under Regulation 17(1) of listing obligation and disclosure requirement, 2015 for the quarter ended September 30, 2022 December 31, 2022.
12.	<u>Additional Non-compliances, if any:</u> No any additional non-compliance observed for all SEBI regulation/circular/guidance note etc.	NO	--

For Mehta & Mehta,
Company Secretaries
(ICSI Unique Code P1996MH007500)

CS Nayan Handa
Partner



FCS No: 11993

Place: Delhi

UDIN: F011993E000422832



CP No.: 18686

Date: 30 May 2023

Note: This report is to be read with our letter of even date which is annexed as 'ANNEXURE A' and forms an integral part of this report.



Annexure A

To,

POWER FINANCE CORPORATION LIMITED
'URJANIDHI', 1, BARAKHAMBA LANE,
CONNAUGHT PLACE, NEW DELHI 110001

Our report of even date is to be read along with this letter.


- 1) Maintenance of record is the responsibility of the management of the listed entity. Our responsibility is to express an opinion on these records based on our verification of the same.
- 2) We have followed the practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. We believe that the processes and practices we followed provide a reasonable basis for our opinion.
- 3) We have not verified the correctness and appropriateness of financial records and Books of Accounts of the listed entity.
- 4) Wherever required, we have obtained the Management representation about the compliance of SEBI laws, rules and regulations thereof.
- 5) The compliance of the provisions of SEBI laws, rules, regulations is the responsibility of management. Our examination was limited to the verification of compliances done by the listed entity.
- 6) As regards the books, papers, forms, reports and returns filed by the listed entity under the above-mentioned regulations, the adherence and compliance to the requirements of the said regulations is the responsibility of management. Our examination was limited to checking the execution and timeliness of the filing of various forms,



reports, returns and documents that need to be filed by the listed entity under the said regulations. We have not verified the correctness and coverage of the contents of such forms, reports, returns and documents.

- 7) This report is neither an assurance as to the future viability of the listed entity nor of the efficacy or effectiveness with which the management has conducted the affairs of the listed entity.

For Mehta & Mehta,
Company Secretaries
(ICSI Unique Code P1996MH007500)


CS Nayan Handa
Partner



FCS No: 11993
CP No.: 18686

Place: Delhi
Date: 30 May 2023

UDIN: F011993E000422832