

MSEB CONTRIBUTORY PROVIDENT FUND TRUST

ANNUAL REPORT 2019-2020



MSEBHOLDING COMPANY LTD



MAHAVITARAN
Maharashtra State Electricity Distribution Co. Ltd



MAHATRANSCO
Maharashtra State Electricity Transmission Co. Ltd.



MAHAGENCO
Maharashtra State Power Generation Co. Ltd.

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FOREWORD

**To
All the members,**

The Board of Trustees of MSEB CPF Trust feels immense pleasure in presenting the Annual Report of the Trust for the year 2019-20.

Your Trust is a Common CPF Trust for all four companies i.e. MSEBHCL, MSPGCL, MSETCL & MSEDCL. The employer and employee contribution of all employees of the four companies is deposited in the Trust. There are 75978 Active Members as on 31.03.2020. The investment of the trust as on 31.03.2020 is Rs.9779 cr. The average return on investment for the year was 7.68% as on 31.03.2020. The EPFO has declared the 8.50% Statutory Rate of Interest for the F.Y.2019 – 20 and actual rate i.e. 8.50% has been credited to the members towards Interest on Contribution.

Your trust has made sincere efforts to settle a total of 7348 claims of the members towards settlement of 10%, 100%, Supplementary and 90% Final Settlement during the Financial Year 2019-20. The EPFO has started to provide Universal Account Numbers (UAN) to all the members of the EPFO and same is applicable to the Exempted Trust. On the same lines, your trust has made sincere efforts to generate and provide Universal Account Numbers (UAN) from the EPFO to all members.

Your trust has made sincere efforts to invest Investible surplus within minimum time on all occasion's and Rs. 1048 cr. has been invested during the F.Y. 2019-20 fetching the highest prevailing yields in respective category.

CPF section have started approval of nomination based on the scanned documents and soft copies only. The documentation for availing advances have been simplified and reduced by EPFO. Accordingly, the same is made applicable in the Trust as well. It resulted into smooth and faster sanctioning of advances to the employees.

The Trustees sincerely acknowledge the contribution and guidance of the management of employer companies, members and employee representatives. The Trustees wish a happy and contented life to all members who retired during the year.

**Board of Trustees
MSEB CPF Trust**

BOARD OF TRUSTEES

Shri. Ravindra Sawant	Director (Finance), MSEBHCL Chairman & Trustee of MSEB CPF Trust	3rd Floor, HSBC Bank Building
Shri. Pankaj Sharma	Chief General Manager (A), MSPGCL Employer Trustee of MSEB CPF Trust	2 nd Floor, Prakashgad, Bandra.
Shri. C. A. Gadre	Chief General Manager (IA), MSEDCL Employer Trustee of MSEB CPF Trust	Ground Floor, Prakashgad, Bandra.
Smt. Anju Gupta	General Manager (F&A), MSETCL, Employer Trustee of MSEB CPF Trust	6 th Floor, Prakashganga, Bandra.
Shri A. G. Mhaske	Maharashtra State Electricity Workers Federation. Employee Trustee of MSEB CPF Trust	Civil Division, Hanuman Nagar, Major Store, Jail Road, Nashik Road.
Shri R. T. Deokant	Vidyut Shetra Tantrik Kamgar union Employee Trustee of MSEB CPF Trust	Karad Division, Ogalewadi Karad, Dist. Satara
Shri D. D. Gutte	Maharashtra State Vij Kamgar Congress (INTUC) Employee Trustee of MSEB CPF Trust	Parli Vajjnath Sub Division, Beed – 431 515.
Shri. K. K. Ahivale	M. S. Magasvargiya vidyut Kamgar sanghatana Employee Trustee of MSEB CPF Trust	Pune Rural Circle Block No. 301, 2ndFloor, Adm. Bldg. Rasta Peth, Pune – 411 011.
Shri S. G. Thakur	Subordinates Engineering Associates Employee Trustee of MSEB CPF Trust	Panvel (Rural) Div. Bhandup Zone.
Shri S. L Dandare	Maharashtra Veej Kamgar Mahasangh Employee Trustee of MSEB CPF Trust	Survey and Investigation Sub Division, II Floor, Prakash Bhavan, Link Road, Sadar, Nagpur - 440001

TRUSTEES' REPORT

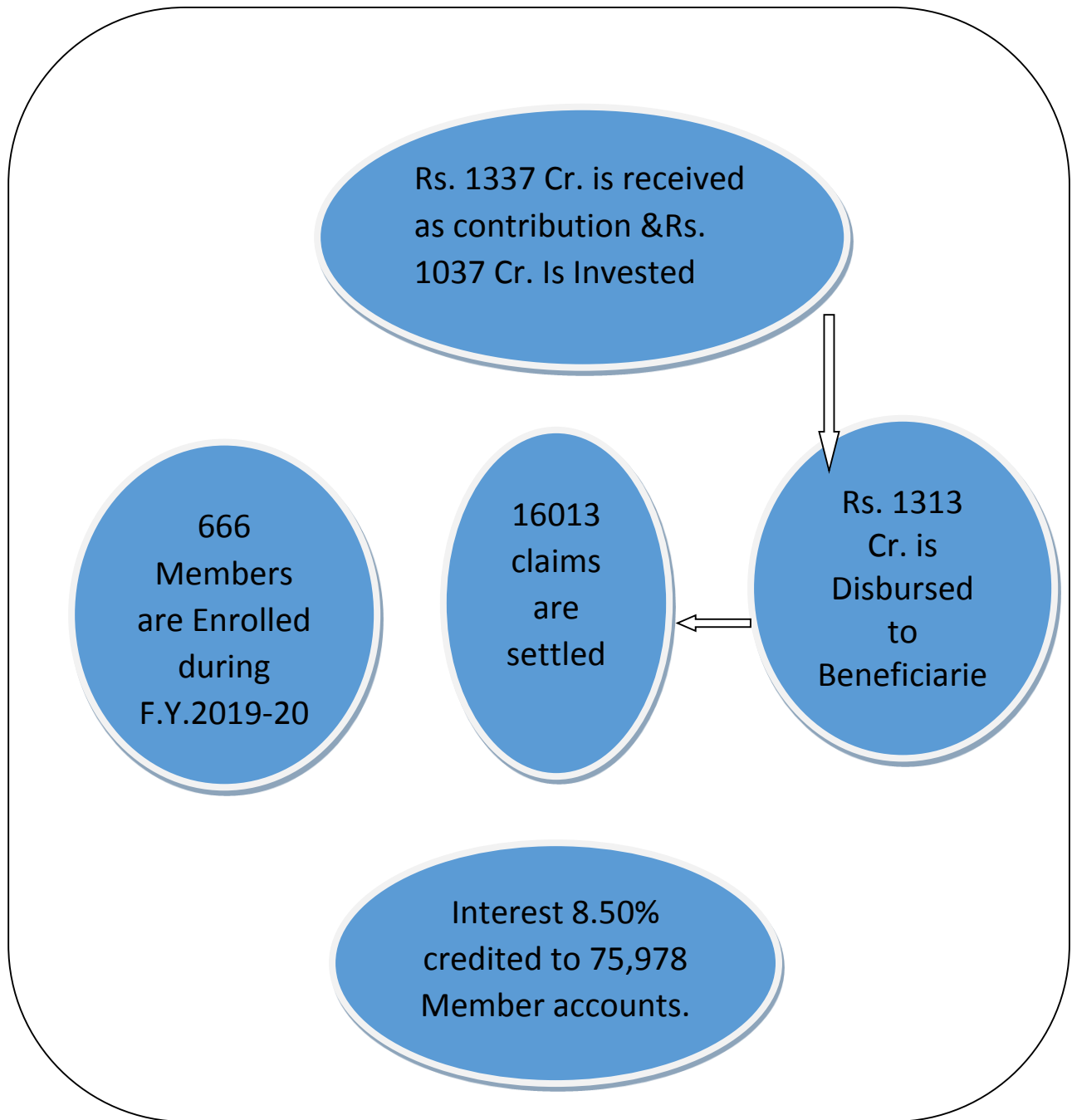
Dear Members,

On behalf of the Board of Trustees of your Trust, I have the privilege to present this Annual report and audited statement of Accounts for the Financial Year ended 31st March 2020, together with the Auditors' Report.

Highlights for the year 2019-20

- A total of 16013 claims of the members towards settlement of 10%, 100%, Supplementary, 90% Final Settlement and Refundable & Non – Refundable Advances were settled during the year 2019-20
- Rs. 799 Crore as Interest on Contribution had been paid / credited to the members.
- The accounts of the trust has been duly prepared and audited. Income tax return has been filed up-to-date.
- The outstanding position of final settlement claims is 801 as on 31.03.2020.
- The average return on investment for the year was 7.68%.
- The investments of the trust as on 31.03.2020 is Rs.9779cr
- No. of contributing members of trust is 75978 as on 31.03.2020
- Subscription from the employers has been received consistently within prescribed time.
- All statutory returns were filed on time
- Investible surplus has been fully invested within minimum time on all occasions at the rate(s) fetching highest return of the respective category.
- Interest given to members is at par with EPFO i.e. 8.50% on monthly running balance.
- Accounts of the trust are audited by the CA firm as per statutory provisions and further an internal audit by another CA firm is also conducted.

ANNUAL INFORMATION OF MSEB CPF TRUST FOR THE F.Y.2019-20



Public Grievances received

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Public Grievances disposed

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FINANCIAL POSITION (AS ON 31.03.2020)

(In Rs. Crores)

Particulars	2019-20	2018-19
Capital & Members Contribution		
Reserve Fund	-54.32	7.55
Contribution	10297.18	9488.19
Unclaimed Deposit Accounts	87.12	79.25
Ex-Employee Fund	44.74	42.04
Provision for Final Settlement (Sanctioned but not disbursed)	-	1.89
Receivable from companies		
MSPGCL	20.74	16.98
MSETCL	17.77	14.91
MSEDCL	74.87	63.29
MSEBHCL	0.06	0.02
Provision for Accrued Interest (SSNNL under litigation)	45.91	45.91
Total	10534.07	9760.03
Investment (at Face Value)		
(Prior to 2002 – 03 & DDB 0% Bonds are at Cost)	9700.03	9100.60
Income from Investment	734.19	734.74
Income from Dividend (ETF)		
Profit on Sale of Securities	0.43	36.60
Other Income	2.47	0.72
Total Income	737.09	772.06
Interest paid to members	798.96	767.86
Other Expenditure	-	20.08
Total Expenditure	798.96	787.94
Excess of Income over Expenditure	-61.87	-15.88
Balance carried over to General Reserve	-61.87	-15.88

BENEFITS TO MEMBERS

The trust has served to more than 75000 members. The interest rate given to members is 8.50% for F.Y. 19-20 which is at par with the interest rate declared by EPFO. During the year, the trust has disbursed an amount of Rs.1312 crores to the members and settled 16013 cases. The details of the same is available in Advance and Final Settlement Section.

The trust has been relentlessly pursuing the members whose claims are not received even after the mandatory three years' time from the date of discontinuance of service and during which interest accrual is allowed. Accordingly, cases of such nature are also settled.

PROVISIONAL RATE OF INTEREST FOR F.Y. 2020-21 & 2021-22

The trust has adopted the rate of interest @8.50% for crediting interest to the member's accounts on CPF accumulation for the FY'2019-20 and also adopted the same i.e. 8.50% as interim rate for the FY'2020-21 and FY' 2021-22 till the declaration of new rate by EPFO. It is in accordance to the notification of Rate of Interest declared by the EPFO, Govt. of India vide letter no. Invest. INV-11/1/2020-INV/2025 dated: 04.01.2021.

INVESTMENT POLICY

Total investment made by the Trust in F.Y. 2019-20 is Rs.1037 crore (at Cost Price) which is, made strictly as per prescribed Revised Pattern issued by EPFO. w.e.f. 29.05.2015.

Category	Percentage to be Invested	Amount Invested (Rs.in Crs.)	Percentage Invested (%)
Government Securities and Related Investments	Minimum 45% and up to 65%	484	47
Debt Instruments and Related Investment	Minimum 20% and up to 45%	396	38
Short – term Debt Instruments and Related Investment	Up to 5%	Nil	Nil
Equities and Related Investments*	Minimum 5% and up to 15%	157	15
Asset backed, Trust Structured and Miscellaneous investment	Up to 5%	Nil	Nil
	Total	1037	100

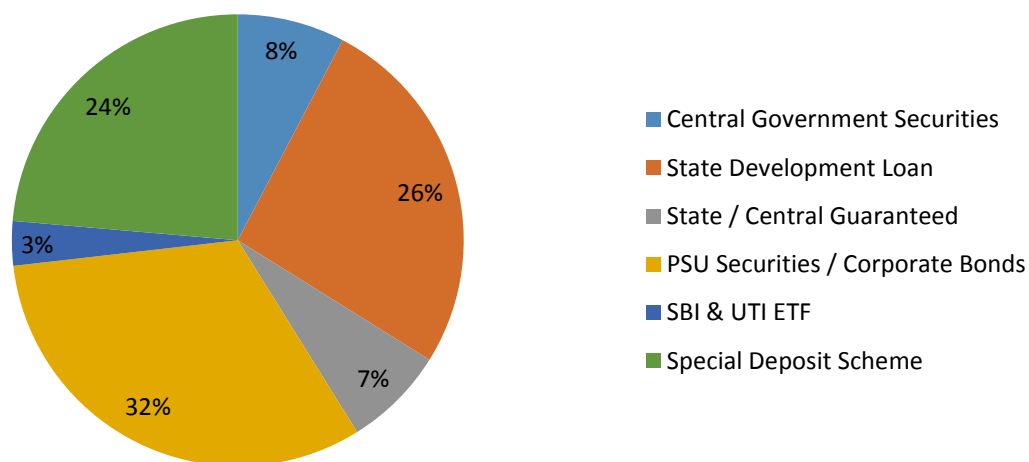
* Investment in “Equities and Related investments” has been capped at the up to amount, i.e. 15% of the investment made in Financial Year 2019-20.

DETAILS OF INVESTMENTS: As on 31st March, 2020

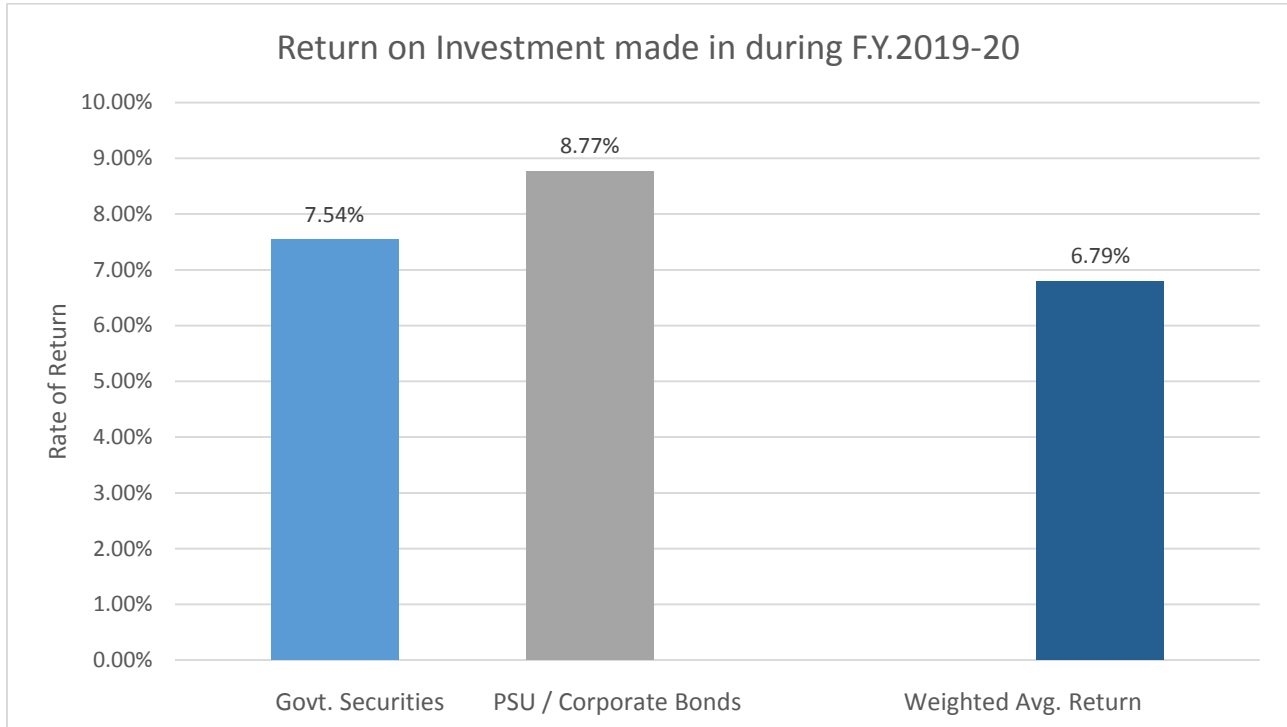
(Amount in Rs. Crore)

Sr. No.	Category	Face Value	Cost Price	Fair Value	Proportionate in Total investment
1	Central Government Securities	751.78	715.29	798.43	7.69%
2	State Development Loan	2560.61	2627.97	2826.40	26.18%
3	State / Central Guaranteed	710.64	643.73	681.70	7.27%
4	PSU Securities / Corporate Bonds	3134.59	3148.78	2902.74	32.05%
5	SBI / UTI ETF	310.59	310.59	231.08	3.18%
6	Special Deposit Scheme	2311.21	2311.21	2311.21	23.63%
	Total	9779.42	9757.57	9751.56	100%

Investment of MSEB CPF Trust as on 31.03.2020



The Chart depicts the Return on Investment for fresh investments made during Financial Year 2019-20



Note : 15% of the investible surplus is invested in ETF, however its gain is not shown above as the same will only be realized after selling of ETF, not on Mark-to-Market basis.

(As per EPFO, the minimum rate of interest for the F.Y. 2019-20 is 8.50%)

AUDITORS

M/s. B P S D & Associates, Chartered Accountants, Navi Mumbai were appointed as Statutory Auditor for the Financial Year 2019-20.

OUTLOOK &WAY FORWARD

MSEB CPF Trust has been making all out efforts to ensure continuous improvement in its systems and services provided its members. It will be our endeavor to settle PF claims and to give advances to members in shortest possible time. Standardization of systems and processes has been undertaken to a larger extent and further improvements are still being carried on. Further, efforts are also being undertaken to trace the members whose accounts are dormant in order to ensure settlement of their outstanding claims.

(Ravindra Sawant),
Chairman, MSEB CPF Trust

BALANCE SHEET AS AT 31st MARCH 2020

Rs. in Lakhs

PARTICULARS	As at March 31, 2020		As at March 31, 2019	
	AMOUNT	T.AMOUNT	AMOUNT	T.AMOUNT
SOURCES OF FUND				
GENERAL RESERVE		-5431.64		755.24
CONTRIBUTION		1042903.54		960948.45
Total Rs....		1037471.90		961703.69
APPLICATION OF FUNDS				
Investments		970003.33		910059.82
<u>Current Assets, Loans & Advances.</u>				
Arranger Fixed Deposit	36.00		36.00	
Saving Bank Account with HDFC Ltd.	17889.46		1051.19	
Saving Bank Account with SBI	0.10		0.11	
Receivables				
	MSPGCL	2073.68	1698.39	
	MSETCL	1776.50	1490.86	
	MSEDCL	7487.08	6329.42	
	MSEBHCL	6.36	1.94	
Unamortized Premium Account	5898.31		3860.66	
Interest Accrued but not due on Investment	32339.24		37401.67	
TDS Receivable	0.03		0.03	
Interest Accrued and Due (under litigation)	4591.35		4591.35	
Total (a)	72098.11		56461.62	
<u>Current Liabilities and Provisions</u>				
Provision for Final Settlement	0		3.91	
Prior Period Provisions for Final Settlement	0.00		185.41	
Security Deposit	37.77		37.73	
TDS Payable	0.41		0	
Amount Payable under litigation (SSNNL Case)	4591.35		4591.35	
Total (b)	4629.53		4818.4	
		67468.58		51643.22
		1037471.90		961703.04

INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31st MARCH 2020

Rs. in Lakhs

PARTICULARS	SCHEDULE	For the Year Ended 31.03.2020	For the Year Ended 31.03.2019
INCOME			
Interest on Investments		73385.49	73439.64
Interest on Savings Bank A/cs		33.67	34.55
Profit on Sale of Securities		43.15	3659.53
Other Income		207.90	71.61
Premium on Investments written off during the year		38.63	
Total	I	73708.84	77205.33
EXPENDITURE			
Interest on Employee's Contribution, Voluntary Contribution & Employers Contribution		79895.73	76785.54
Premium on investments written off during the year			2008.02
Total	II	79895.73	78793.56
Excess of Expenditure over Income for the year	I-II	6186.89	1588.23
Balance carried over to General Reserve	III	(6186.89)	(1588.23)

ANNEXURE – 1

Details of claims settled during the year 2019-20

TABLE 1 : Amount -wise details

(Rs. in Crore)

Particulars	2019-20	2018-19
Amount paid towards Refundable Advance	189	190
Amount paid towards Non Refundable Advance	22	24
Amount paid towards 90% Final Settlement	552	693
Amount paid towards 10% & 100% Final Settlement	548	619
Amount paid towards Supplementary Final Settlement	1	1
Total	1312	1527

TABLE 2 : No. of claims wise details

Sr. No.	Settled Claims	No. of Cases (2019-20)	No. of Cases (2018-19)
1	Non- Refundable Advance	377	508
2	Refundable Advance	8288	8969
3	90% Final Settlement	1981	2715
4	100% Final Settlement	1264	922
5	10% Final Settlement	2580	4022
6	10% & 100% Death Cases	360	391
7	Supplementary Final Settlement	1163	1380
	Total	16013	18907

ANNEXURE - 2
B P S D& Associates
CHARTERED ACCOUNTANTS

Mumbai: - 301 B, 51-C, Yash Avenue, Sector – 20, Kharghar, Navi Mumbai – 410 210

Independent Auditors' Report

To the trustees of **Maharashtra State Electricity Board's Contributory Provident Fund**

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, *except for the matters emphasized upon in this report:*

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2020; and
- b) in the case of the Income and Expenditure Account, of the deficit for the year ended on that date;

Emphasis of Matter

1. We draw attention to Note No. 19 to the Financial Statements:

Trust has invested in following securities (Non-Convertible Debentures) as per the Investment pattern issued by Ministry of Labor on 09.06.2015:

Sr. No.	Name of Security	Amount Invested (Rs. In Crore)
1	IL & FS Ltd	63.00
2	Reliance Capital Limited	212.90
3	DHFL Ltd	293.54
	Total	569.44

In our opinion, The Trust has failed to provide for decline in value of aforesaid investments. We are of the opinion that provisioning for 100% value of investment should be made and charged to Profit & Loss Account for FY 2020-21 on the following grounds:

a. Credit Rating Downgrade by ICRA to “D”

Trust has invested in all the above securities as per Investment pattern issued by Ministry of Labour on 09.06.2015 but all the securities are Downgraded “D” credit rating by agencies, which clearly indicates default or expected to be in default on maturity.

The detail list is as follow:

Sr. No.	Name of Security	Date on Which is Rating Downgraded	Rating Agencies
1	IL&FS	17 th Sep 2018	ICRA
2	Reliance Capital	23 rd Sept. 2019	CARE
3	DHFL Debentures	05 th June 2019	CRISIL

b. Default on Interest payments by the companies: -

The companies have also not paid the interest due during the year 2019-20 till the month of March 2021, the result of which the trust has reversed the interest accrued on securities amounting to Rs.52.14 Crore.

Sr. No.	Name of Security	Amount of Interest due but not received till 31.03.2020 (in Rs. Crore)	Last Interest Paid Month
1	IL&FS	6.25	-
2	Reliance Capital	19.03	Sep. 2019
3	DHFL Debentures	26.86	June 2019
	Total Interest Due	52.14	

c. Current Status of the Companies: -

Sr. No.	Name of Security	Case pending Before	Remark
A	IL&FS Ltd	NCLT	Proceeding is under process at National Company Law Appellate Tribunal (NCLAT) New Delhi. Except news publish in different newspaper on time to time no direct communication is received to trustee till date of audit.
B	Reliance Capital Ltd	DRT	The Vistra ITCL (India) Limited (Debenture Trustee of RCL) has communicated to Trust regarding formation of Committee of Debenture holder in month of October 2019. The meetings are going on for the recoveries of amount due to Debenture's holders, however there is no certainty about recoverable amount till March 2021.
C	DHFL	NCLT	As per news of The Economic Times on 18.01.2021, Ajay Piramal wins the most contested bankruptcy bid for Dewan Housing Finance Ltd. Piramal's bid received about 94 % of votes of the creditors but no written communication is available with trust regarding probable amount of realization to trust.

Thus, with the resolution process under progress for all the above 3 Investee Companies, major haircut in settlement of dues to the outsiders' dues is inevitable.

d. Decline in Invested Value is Not "Temporary" in Nature

It is important to note here that the said downgrading of credit rating by rating agencies cannot be termed as "Temporary" in nature as the same is entity specific for all the 3 Investee Companies and not industry/market/economic condition specific.

e. In case of IL & FS Ltd. – Major Mismanagement and Failure of Corporate Governance led to Defaults

In this regard please note that the erstwhile board of directors of Infrastructure Leasing & Financial Services Limited (“IL&FS”) was reconstituted by the Hon’ble National Company Law Tribunal, Mumbai Bench (“NCLT”), based on an application filed by the Union of India (acting through the Ministry of Corporate Affairs, Government of India (“MCA”) under Section 241(2) of the (Indian) Companies Act, 2013, on the grounds inter alia that the erstwhile board of IL&FS had prima facie mismanaged and compromised on corporate governance norms and risk management and had indiscriminately raised long term and short term loans/borrowings through public sector banks and financial institutions.

The said facts as accepted by Hon’ble National Company Law Tribunal, Mumbai also cast major doubt on recoverability of invested sum. The Company has been disclosing to The BSE on every default of NCD redemption, latest being on March 19, 2021.

f. Provision As Per Accounting Standard As-13 As Issued By ICAI

Under the Instruction of AS-13 “Accounting for Investments” Long-term investments are usually carried at cost. However, when there is a decline, other than temporary, in the value of a long-term investment, the carrying amount is reduced to recognise the decline.

Further, where there is a decline, other than temporary, in the carrying amounts of long-term investments, the resultant reduction in the carrying amount is charged to the profit and loss statement. The reduction in carrying amount is reversed when there is a rise in the value of the investment, or if the reasons for the reduction no longer exist.

2. *Note No.20, the cases which are in Litigation for which Based on the explanation provided the provision for the same is not being made.*
3. *Note No. 4 where it is advisable to reconcile difference between MH-31 report and EPS paid statement and give proper effects in the system.*
4. *Note No. 5 where it is advisable to reconcile a difference in total of monthly subscription received from company and MH 31 report generated from MSEB CPF portal*
5. *As per the Provident Funds and Miscellaneous Provisions Act, 1952, Investments are required to be valued at Cost decided by the Board of Trustees; while The MSEB CPF values their Investments at FV.*

In light of above, our opinion stands qualified as we are unable to form a true and fair view of the same

Report on the Financial Statements

We have audited the accompanying financial statements of **Maharashtra State Electricity Board’s Contributory Provident Fund**, which comprises the Balance Sheet as at March 31, 2020, and the Statement of Income and Expenditure for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position and financial performance of the Trust in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We have conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the

Assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Report on Other Legal and Regulatory Requirements

1. We further report that:
 - a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books
 - c) The Balance Sheet, Statement of Income and Expenditure, dealt with by this Report are in agreement with the books of account.

CA SACHIN PACHHEDE

Partner

Membership No. 104660

For & on behalf of

B P S D & ASSOCIATES

Chartered Accountants

(FRN: 118251W)

Nagpur, dated the 30th September 2021

ANNEXURE 3

MAHARASHTRA STATE ELECTRICITY BOARD'S CONTRIBUTORY PROVIDENT FUND

Notes forming part of the Accounts for the year ended 31st March 2020

1. MSPGCL, MSETCL, MSEDCL and MSEB Holding Co. Ltd (Erstwhile MSEB) Account:

Erstwhile MSEB has been reconstructed into four companies i.e Maharashtra State Power Generation Company Ltd (MSPGCL), Maharashtra State Electricity Transmission Company Ltd (MSETCL), Maharashtra State Electricity Distribution Company Ltd (MSEDCL) and Maharashtra State Electricity Board Holding Company Ltd. (MSEBHCL). Following balances were receivable from the companies as on 31.03.2020:

Sr. No.	Particulars	Amt (Rs.)
1	Maharashtra State Power Generation Company Ltd	20,73,67,988
2	Maharashtra State Electricity Transmission Company Ltd	17,76,50,004
3	Maharashtra State Electricity Distribution Company Ltd	74,87,07,738
4	Maharashtra State Electricity Board Holding Company Ltd	6,35,588
	Total	1,13,43,61,318

Balance confirmations have been received for all the above balances from the respective Companies and are reconciled as on 31st March 2020.

2. Unclaimed Deposit Accounts:

As per the EPFO mandate, the Fund stops crediting interest to member's account, after they remain inoperative for three or more consecutive years. The said amounts along with interest are transferred to Unclaimed Deposit Account. As per the books of accounts, the balance as on 31st March, 2020, lying in Unclaimed Deposit Account is Rs. 87,11,80,708/-.

3. Ex- Employee Fund Accounts:

As per notification issued by Ministry of Labour and Employment dated: 11th November,2016 provided in the paragraph 72, in sub-paragraph (6) of EPF Scheme, 1952 and the revised condition no. 10 of Appendix A under sec. 17 of the EPF & MP Act, 1952, the dues (including interest) on accounts treated as operative on termination/resignation of member till retired from service after attaining age of fifty five years or migrated abroad permanently, have been bifurcated from Unclaimed Deposit accounts of Liability side of Balance Sheet and treated as 'Ex-Employee Fund. As per the books of accounts, the balance as on 31st March, 2020, lying in Ex- Employee Fund Account is Rs. 44,74,14,983/-.

4. Reconciliation of EPS Liability:

The EPS liability is paid by respective companies to EPFO by netting or reducing the Board Share, which is remitted to the Fund. However due to Supplementary form "S" the said liability is finalised at a different amount. The difference between MS-31 report with monthly EPS contribution paid statement submitted by the companies is Rs. 2,75,07,080/-. Which is under reconciliation.

Sr No.	Particulars	MSPGCL	MSETCL	MSEDCL	MSEBHCL	Total
(a)	Employees' EPS Deposited to EPFO as per Financial Statement	16,15,91,902	14,14,21,250	81,81,17,144	1,31,250	1,12,12,61,546
(b)	Employee share of EPS Deposited to EPFO as per MS 31 report	16,13,41,401	14,09,46,530	79,13,35,285	1,31,250	1,09,37,54,666
(c)	Variance (a) – (b)	2,50,501	4,74,720	2,67,81,859	-	2,75,07,080

5. Reconciliation of Sundry CPF Subscription:

Every month respective companies deduct the CPF contribution, Extra CPF Contribution, Loan Principal Repayment, Loan Interest Recovery from employee and after making equal contribution towards CPF and deducting EPS, transfer the entire subscription to the fund. There is a difference in total of monthly subscription received from company and MS 31 report generated from MSEB CPF portal. The difference is due to supplementary "S" form received. The working is given below.

Sr No.	Particulars	MSPGCL	MSETCL	MSEDCL	MSEBHCL	Total
(a)	Total of Monthly Subscription Received to the Fund	21,24,92,63,665	16,24,89,76,605	66,75,26,46,372	3,94,67,729	1,04,29,03,54,371
(b)	Employee share of Subscription as per MS 31 report	21,24,82,18,294	16,24,92,70,159	66,76,87,86,019	3,94,67,729	1,04,30,57,42,201
(c)	Variance (a) – (b)	10,45,371	-2,93,554	-1,61,39,647	-	-1,53,87,830

6. Prior Period Provision for Final Settlement:

This account represents the provision made for final settlement claims sanctioned by fund but remained unpaid due to non-receipts of "R" forms from respective companies.

As per the 61st Annual General Meeting of Board of Trustee of M.S.E.B.'s C.P. Fund Trust, Mumbai dated 26th September 2018, Item No. (2) point no.3 on page no. 19, it was decided to intimate all the companies to submit the "R" forms for the balance amount of Rs.2.60 Cr.by 31st March 2019, otherwise claims shall

no longer be payable to the companies and thereafter it will be written bank as other income in the next financial year 2019-20.

In response to decision made in 61st AGM, the trust had sent intimation to all companies on as per Office Note No AD/PF/S & R-EPS/687 dt. 24.10.2018 & AD/PF/FS/101 dt. 15.02.2019. However, "R" forms amounted to Rs. 0.88 Lacs was only received thereafter. Hence the balance amount of Rs.1.72 Cr was written back by trust on 31.03.2020.

7. Employees Provident Funds Accounts and Investments:

Comparative between balances payables to subscribers and investments:

Particulars	Balance as on 31.03.2020	Balance as on 31.03.2019
Balance Payable to Subscribers	1,04,29,03,54,371	96,09,48,44,633
Investment Value	97,00,03,33,397	91,00,59,82,358
Unamortised Premium Account	58,98,30,633	38,60,66,106
Interest accrued but not due	3,69,30,58,904	374,01,66,581
Interest accrued and due but not received	-	45,91,35,126
	1,01,28,32,22,934	95,13,22,15,044

It may seem from above, that there is apparent shortfall of Rs. 300.71 crores between Investments and subscriptions payables. However, substantial amount against redemption of securities and interest on investments amounting to Rs 179.02 crores was received during the period 23.03.2020 to 31.03.2020 which trust could not be invested due to COVID 19 Pandemic and thereby reflected in the bank balance.

Also, the subscription pertaining to March 20 of Rs. 113.43 Cr have been included in the above amount, but the contributions for the same have not been received till 31.03.2020 and hence form part of receivables. So, by considering all facts above trust has sufficient fund to meets its subscription liability towards members.

8. Interest accrued and due account – under Litigation (Asset Side): Rs. 45,91,35,126/- as on 31.03.2020.

This account represents the amount of interest accrued as well as due on SardarSarovar Narmada Nigam Ltd but not received during the year. The detail notes in this regard given in point no. 20.

9. Investment Valuation:

Investments in securities are generally valued at Face value and the differential amount paid as premium or discount is written off over the life of securities.

However, prior to F.Y 2002-03, the investments were valued at purchase price and the difference between purchase value and face value of security, i.e. Premium/Discount was debited/credited in Income and Expenditure Account under the head Suspense Account in the year of maturity. These securities still continue to be valued on the same lines, instead of on face value.

Further, in case of 0% bonds (Zero Coupon Bonds) the securities are valued at purchase value and not on face value (since market value of any particulars year is not comparable to its cost) and the interest accrued on the same is recorded separately as 'Interest Accrued but not account' on annual basis.

All investments made during the year were as per Investments Pattern.

Quoted Investments are valued as per market rate available as on 31.03.2020.

For Securities, where market quotation was not available as on 31.03.2020, last available traded value is taken as Market Value.

10. Unamortised Premium Account: Rs. 58,98,30,633/- as on 31.03.2020

In the secondary market, most of the securities are normally available at price higher than the face value of the security, and sometimes at a lower rate. The extra amount so paid is called premium and short amount paid is called discount. Both these amounts are netted off against each other resulting into a net Premium/Discount Amortisation Account. In present case it is Unamortised Premium Account.

As per prescribed Accounting Standards, these amounts are required to be charged to Income and Expenditure Account over the remaining life of the security on SLM basis. Accordingly, all amounts due for the current year have been charged to Income and Expenditure Account for the current year, and unmortised portion is carried under the balance sheet as 'Unamortized Premium Account' (Rs. 58,98,30,633/-).

11. Fixed Deposit (Arranger): Rs. 36,00,000/- as on 31.03.2020

It is deposit received from arrangers i.e., brokers of securities. Trust has Fixed Deposit of Rs. 36,00,000/- against Security Deposit of Rs. 37,76,595/-.

12. Bank Account: Rs. 1,78,89,56,430/- as on 31.03.2020

The Bank balance as on 31st March 2020 was Rs. 1,78,89,56,430/- out of which HDFC Bank has Balance of Rs. 17,88,946,329.26/-, SBI Bank has Balance of Rs. 10,065/- and Yes Bank Has Balance of Rs.35.00/- as on 31st March 2020.

13. Interest Credited to Sundry CPF Subscribers A/c: Rs. 7,98,95,72,861/-

The account exhibits the amount of interest provided on the monthly progressive balance of CPF subscribers for the year 2019-20 during this financial year at the statutory rate of interest i.e. 8.50%

14. Premium Written off Account: Rs. 38,62,877/- for the year 2019-20.

As per the prescribed Accounting Standards, Premium/Discount on Investments is required to be charged to Income and Expenditure Account on the SLM basis over the life of the security. Accordingly, all amounts due for the current year have been charged to Income and Expenditure Account for the current year by Premium Written off Account.

15. Interest Income: Rs. 7,34,19,16,109/- for the year 2019-20.

This account represent Interest received on Investments (Net of interest paid on Purchase), 1% BOT Interest, Interest on Bank Fixed Deposits and Interest on Savings Bank Accounts.

16. Other Income: Rs. 2,07,90,315/- for the year 2019-20.

Other Income majorly includes:

- i) Penalty Income of Rs. 60,000/- received from "Arrangers".
- ii) PLA Revision of Rs. 34,34,714/-
- iii) Prior Period Provision for Final Settlement Written Back of Rs.1,72,95,601/-

17. Profit on sale of Securities and Equities: Rs. 43,15,438/- for the year 2019-20.

During the year Trust has sold the securities & equities and earned the profit from the same.

18. Deficiency: (Rs. 61,86,88,122/-) for the year 2019-20.

Deficiency of Income over Expenditure was (Rs. 61,86,88,122/-) and same is carried forward to Balance Sheet.

19. Provision

Disclosure regarding Non provisioning of Investments made in following Debenture's securities: -

Sr.No.	Name of Security	Amount in Crore
1	IL&FS	63.00
2	Reliance Capital	212.90
3	DHFL Debentures	293.54
	Total	569.44

- 1) The total market value, as on 31.03.2020, of all investments is almost at par with the book value of investments. In such case, charging P&L for the reduction in the value of only three investments will not be correct. These investments are in the nature of Investments for Retirement Benefits. Hence, the consideration of only reduction in the value of investments may result into an incorrect picture. Moreover, AS-13 specifically mentions that investments of retirement benefit plans are not covered under its scope. As per the provisions of PF Act, any shortfall in the Trust needs to be recouped by the companies. Hence, if any provision is to be made in the books of accounts, an equal amount would need to be recognized as receivable from the employer company. Hence, it would not affect

the net result of Income & Expenditure Account. The ultimate provisioning, if any, would be made in the books of accounts of employer companies. Financial Accounts for the F.Y. 2019 – 20 of all four companies are audited and finalized.

- 2) Investment Rating for ILFS was “D” as on 31.03.2019 as well. In the accounts of F.Y. 2018-19, the trust made provision only towards the Interest Accrued but not due. The accounts of F.Y 2018-19 were submitted to EPFO also and there has been no back reference till date, on the same.
- 3) There are no guidelines in this respect from EPFO (i.e. Regulatory Authority of Exempted Trust) in this regard.
- 4) All three cases are under litigations, proceeding is under NCLT and DRT. The outcomes of the proceedings are yet to be come. Therefore, it is not correct to make the provision of 100% value of principle in the F.Y. 2019-20. The extent of provisioning, if any, cannot be ascertained at present.
- 5) The maturity date of all three defaulted investment is yet to come.

20. Litigation Cases

a) MSEB CPF Trust v/s Sardar Sarovar Narmada Nigam Ltd is pending in the Supreme Court of India.

The Trust had invested Rs. 113.19 crores in Sardar Sarovar Narmada Nigam Bonds 2014 during the period 2004 to 2008 considering highest returns at the time of investment. The issue price of bond was Rs. 3600 and maturity price was Rs. 1, 11,000 which were due for maturity in the year 2014. However, Gujarat Legislature passed an Act for early redemption of Deep Discount Bonds of SSNNL as a result of which, SSNNL got power to redeem the bonds at a reduced maturity value of Rs. 50,000 on 11th January, 2009. SSNNL credited Rs. 1,13,42,00,000 to the Trust's HDFC bank Account as against Rs. 1,59,33,35,126 resulting in a shortfall of Rs. 45,91,5,126. This matter is subject in the Supreme Court of India. The difference of the said interest amount of Rs. 45,91,35,126/- is appearing Interest Accrued and Due Account.

b) MSEB CPF Trust v/s Madhya Pradesh State Electricity Board &Ors. is pending in High Court of Bombay.

The Trust had purchased 39 bonds of 12.50% MPEB SRL Bonds 2007 @ Rs.50,00,000/- each bond of total amounting Rs. 19.50 Crs between the period 1994 to 1995. Half yearly interest on 26th March and 26th September was receivable to MSEB CPF Trust on the Face Value of Rs.19.50 Crs. (i.e. Rs.2.44 Crs. on every year). However, the half yearly interest was due since 26th March, 2000 has not paid by MPEB till 2006. Therefore, approval of the Chairman of MSEB CPF Trust was obtained to file a writ petitions in the Bombay High Court to recover the said interest. On 23rd January 2006, the Hon'ble Bombay High Court has passed the order and directed to MPEB to pay the amount to the MSEB CPF Trust. Accordingly Rs.38,58,16,599/- was received from MPEB at different schedule against the actual due of Rs.49,44,93,384/-. Therefore, after receiving Rs.38,58,16,599/- the MSEB CPF Trust demanded for Overdue Interest of Rs. 12,04,74,914/- payable by MPEB since 20th January, 2009. The matter is pending with Hon'ble Bombay High Court for further order of listing.

MPEB has been trifurcated and the said liability is transferred to MP Paschim Kshetra Vidyut Vitaran Co. Ltd. In the year 2014 and further in the year 2016 it was transferred to Chhattisgarh State Electricity Board and subsequently to Chhattisgarh Power Holding Co. Ltd.

GRIEVANCE REDRESSAL DESK

For attending all employee related queries / grievances a help desk is functioning at the Trust premises. The contact details of concern department officials are as given below:

Name & Designation	Contact
Shri. Mangesh Kharate, AGM (PF) Shri. Surendra Chiplunkar, Sr. Manager (I/C) (Final Settlement & Pension) Smt. K. S. Kaware, Manager (Investment& Advances) Smt. Vandana Malode, Manager (S&R)	Address: MSEB CPF Trust Ground Floor, Estrella Batteries Expansion Bldg., Dharavi Road, Matunga (W). Mumbai – 400 019. Phone: 022-24031498 – AGM (PF) 022-24010367 – Pension 022-24010368 – Final Settlement (FS) 022-24010364 – Advance 022-24092531 – S & R Section. Email : cpfmseb.2011@gmail.com msebpension1995@gmail.com cpfsection@gmail.com cpfsection.sr@gmail.com cpfnomination@gmail.com cpfadvance@gmail.com msebcpf.rsm@gmail.com