

MSEB CONTRIBUTORY PROVIDENT FUND TRUST

ANNUAL REPORT 2022-2023



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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 2022-23.

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 73532 Active Members as on 31.03.2023. The investment of the trust as on 31.03.2023 is Rs.12331cr. The average return on investment for the year was 7.85% as on 31.03.2023. The EPFO has declared the 8.15% Statutory Rate of Interest for the F.Y.2022 – 23 and actual rate i.e. 8.15% has been credited to the members towards Interest on Contribution.

Your trust has made sincere efforts to settle a total of 4248 claims of the members towards settlement of 10%, 100%, Supplementary and 90% Final Settlement during the Financial Year 2022-23.

Your trust has made sincere efforts to invest Investible surplus within minimum time on all occasion's and Rs. 1801 cr. has been invested during the F.Y. 2022-23 fetching the highest prevailing yields in respective category.

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. Ashok Phalnikar	Director (Finance), MSEBHCL Chairman & Trustee of MSEB CPF Trust	3rd Floor, HSBC Bank Building
Shri Arvind M. Bhadikar	Director (HR), MSEDCL, Employer Trustee of MSEB CPF Trust.	5 th Floor, Prakashgad, Bandra.
Shri. Sanjay M. Marudkar	Director (Operation), MSPGCL, Employer Trustee of MSEB CPF Trust.	3 rd Floor, Prakashgad, Bandra.
Shri. Pankaj Sharma	Chief General Manager (CF), MSPGCL Employer Trustee of MSEB CPF Trust	2 nd Floor, Prakashgad, Bandra.
Shri. Chandrashekhar 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 Arun G. Mhaske	Maharashtra State Electricity Workers Federation. Employee Trustee of MSEB CPF Trust	Civil Division, Hanuman Nagar, Major Store, Jail Road, Nashik Road.
Shri Ravindra T. Deokant	Vidyut Shetra Tantrik Kamgar Sanghatana Employee Trustee of MSEB CPF Trust	Karad Division, Ogalewadi Karad, Dist. Satara
Shri Dattatray D. Gutte	Maharashtra State Vij Kamgar Congress (INTUC) Employee Trustee of MSEB CPF Trust	Parli Vajinath Sub Division, Beed – 431 515.
Shri. Kishor K. Ahiwale	Maharashtra State Magasvargiya vidyut Karmachari sanghatana Employee Trustee of MSEB CPF Trust	Pune Rural Circle Block No. 301, 2ndFloor, Adm. Bldg. Rasta Peth, Pune – 411 011.
Shri Sanjay G. Thakur	Subordinate Engineers Association Employee Trustee of MSEB CPF Trust	Panvel (Rural) Div. Bhandup Zone.
Shri Sanjay L Dandare	Maharashtra Vij Kamgar Mahasangh Employee Trustee of MSEB CPF Trust	Survey and Investigation Sub Division, II Floor, Prakash Bhavan, Link Road, Sadar, Nagpur – 440001

TRUSTEES' REPORT

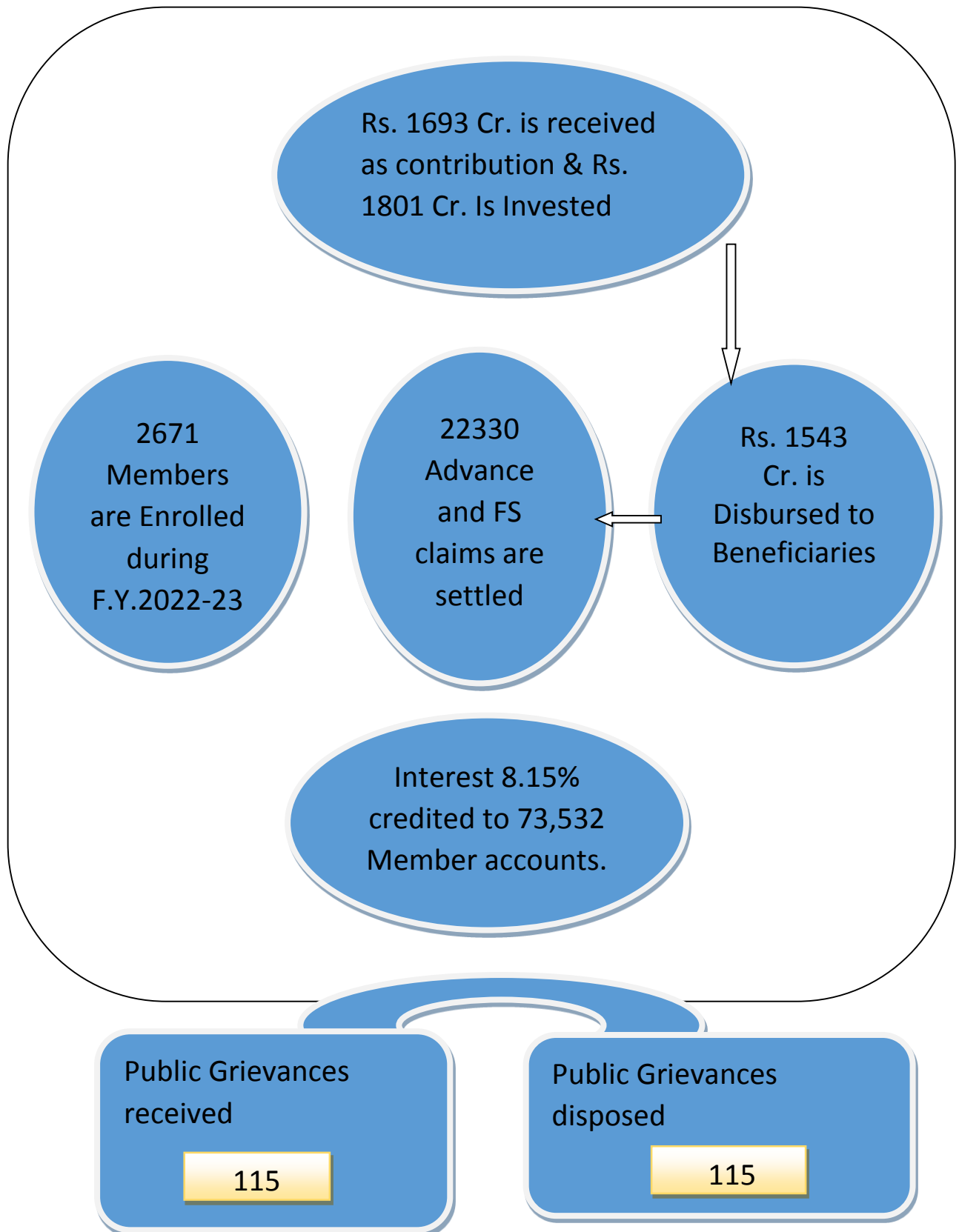
Dear Members,

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 2023, together with the Auditors' Report.

Highlights for the year 2022-23

- A total of 22330 claims of the members towards settlement of 10%, 100%, Supplementary, 90% Final Settlement and Refundable & Non – Refundable Advances were settled during the year 2022-23.
- Rs. 977 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 60 as on 31.03.2023.
- The average return on investment for the year was 7.85%.
- The investments of the trust as on 31.03.2023 is Rs.12,331 Cr.
- No. of contributing members of trust is 73532 as on 31.03.2023.
- 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. 8.15% 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.2022-23



FINANCIAL POSITION (AS ON 31.03.2023)

(In Rs. Crores)

Particulars	2022-23	2021-22
Capital & Members Contribution		
Reserve Fund	-179.27	-34.39
Contribution	13102.41	12017.83
Unclaimed Deposit Accounts	71.50	89.82
Ex-Employee Fund	29.32	29.25
Provision for Final Settlement (Sanctioned but not disbursed)	-	-
Receivable from companies:		
MSPGCL	30.43	60.37
MSETCL	26.39	48.75
MSEDCL	199.64	198.32
MSEBHCL	0.05	0.11
Provision for Accrued Interest (SSNNL under litigation)	45.91	45.91
Total	13326.38	12455.97
Investment (at Face Value)		
(Prior to 2002 – 03 & DDB 0% Bonds are at Cost)	12331.07	11165.62
Income from Investment	872.43	868.08
Profit on Sale of Securities	4.48	-
Profit on Sale of ETF	83.73	-
Other Income	0.63	-
Total Income	961.27	868.08
Interest paid to members	977.01	893.69
Premium W/Off	10.73	8.15
Accrued Income Written off	111.19	-
Provision for Loss on Investment	41.62	-
Other Expenditure	-	0.63
Total Expenditure	1140.55	902.47
Excess of Income over Expenditure	-179.28	-34.39
Balance carried over to General Res	-179.28	-34.39

BENEFITS TO MEMBERS

The trust has served to more than 73000 members. The interest rate given to members is 8.15% for F.Y. 22-23 which is at par with the interest rate declared by EPFO. During the year, the trust has disbursed an amount of Rs.1543 crores to the members and settled 22330 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. 2023-24 & 2024-25

The trust has adopted the rate of interest @ 8.15% for crediting interest to the member's accounts on CPF accumulation for the FY'2022-23 and also adopted the same i.e. 8.15% as interim rate for the FY'2023-24 and FY' 2024-25 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-11/2/2021-INV/2766 dated: 24.07.2023.

INVESTMENT POLICY

Total investment made by the Trust in F.Y. 2022-23 is Rs.1801 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%	1170	65
Debt Instruments and Related Investment	Minimum 20% and up to 45%	362	20
Short – term Debt Instruments and Related Investment	Up to 5%	Nil	Nil
Equities and Related Investments*	Minimum 5% and up to 15%	269	15
Asset backed, Trust Structured and Miscellaneous investment	Up to 5%	Nil	Nil
	Total	1801	100

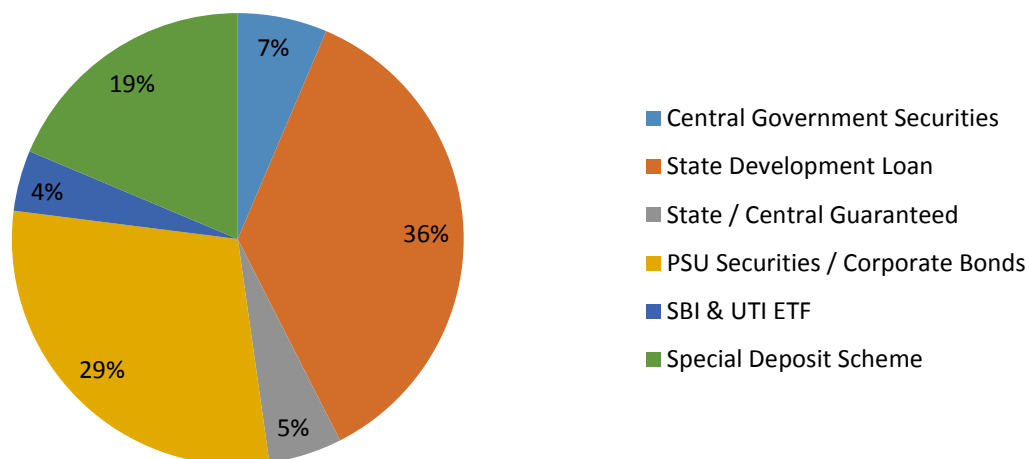
* Investment in “Equities and Related investments” has been capped at the up to amount, i.e. 15% of the investment made in Financial Year 2022-23.

DETAILS OF INVESTMENTS: As on 31st March, 2023

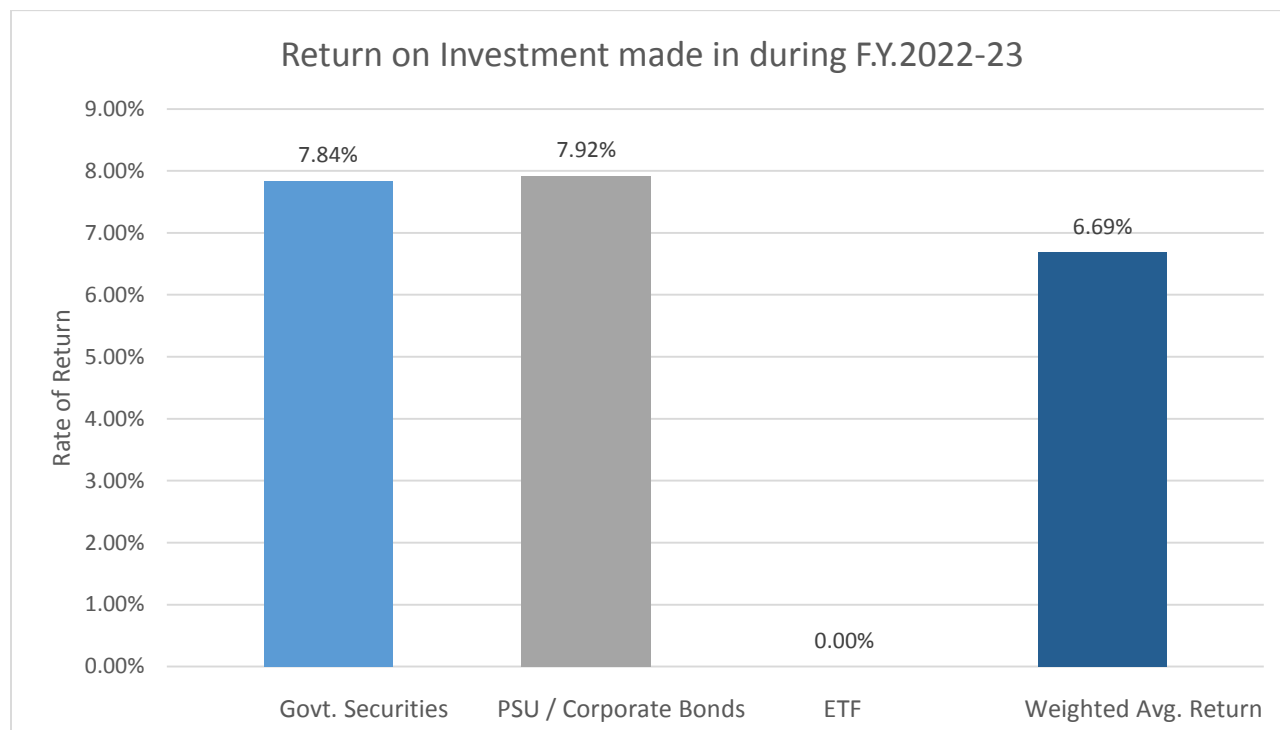
(Amount in Rs. Crore)

Sr. No.	Category	Face Value	Cost Price	Fair Value	Proportion in Total investment
1	Central Government Securities	793.98	747.65	796.34	6.41%
2	State Development Loan	4473.25	4593.41	4486.56	36.11%
3	State / Central Guaranteed	649.70	665.19	645.00	5.24%
4	PSU Securities / Corporate Bonds	3622.32	3648.35	3741.37	29.24%
5	SBI / UTI ETF	538.17	538.17	559.02	4.34%
6	Special Deposit Scheme	2311.21	2311.21	2311.21	18.66%
	Total	12388.63	12503.98	11030.44	100%

Investment of MSEB CPF Trust as on 31.03.2023



The Chart depicts the Return on Investment for fresh investments made during Financial Year 2022-23



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. 2022-23 is 8.15%)

AUDITORS

M/s. Nimit Kalsi & Company, Chartered Accountants, Mumbai were appointed as Statutory Auditor for the Financial Year 2022-23.

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.

BALANCE SHEET AS AT 31st MARCH 2023

Rs. in Lakhs				
PARTICULARS	As at March 31, 2023		As at March 31, 2022	
	AMOUNT	T.AMOUNT	AMOUNT	T.AMOUNT
SOURCES OF FUND				
GENERAL RESERVE		-17928		-3439
CONTRIBUTION		1320324		1213690
Total Rs....		1302396		1210250
APPLICATION OF FUNDS				
Investments		1233107		1116562
<u>Current Assets, Loans & Advances.</u>				
Arranger Fixed Deposit	43		43	
Saving Bank Account with HDFC Ltd.	7399		16898	
Saving Bank Account with SBI	0		0	
Receivables				
MSPGCL	3043		6038	
MSETCL	2639		4875	
MSEDCL	19964		19832	
MSEBHCL	5		11	
Unamortized Premium Account	8121		9364	
Interest Accrued but not due on Investment	28160		36696	
TDS Receivable	0		9	
Interest Accrued and Due (under litigation)	4591		4591	
Total (a)	73965		98357	
<u>Current Liabilities and Provisions</u>				
Provision for Final Settlement	0		0	
Security Deposit	45		43	
Sundry CPF Suspense A/c	4		31	
Amount Payable under litigation (SSNNL Case)	4591		4591	
TDS Payable	36		4	
Total (b)	4676		4669	
		69289		93689
		1302396		1210250

INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31st MARCH 2023

Rs. in Lakhs

PARTICULARS	SCHEDULE	For the Year Ended 31.03.2023	For the Year Ended 31.03.2022
INCOME			
Interest on Investments		87106.37	86682.96
Interest on Savings Bank A/cs		136.72	124.97
Profit on Sale of Securities		448.44	-
Profit on Sale of ETF(SBI & UTI)		8373.01	-
Other Income		62.91	0.40
Total	I	96127.45	86808.33
EXPENDITURE			
Interest on Employee's Contribution, Voluntary Contribution & Employers Contribution		97701.17	89368.89
Premium on investments written off during the year		1073.07	815.71
Accrued Income Written Off		11118.61	-
Provision for Loss on Investment		4162.43	-
Other Expenses		0.04	63.02
Total	II	114055.32	90247.62
Excess of Expenditure over Income for the year	I-II	17927..87	3439.29
Balance carried over to General Reserve	III	(17927.87)	(3439.29)

ANNEXURE – 1

Details of claims settled during the year 2022-23

TABLE 1: Amount -wise details (Rs. in Crore)

Particulars	2022-23	2021-22
Amount paid towards Refundable Advance	262	362
Amount paid towards Non Refundable Advance	246	193
Amount paid towards 90% Final Settlement	327	391
Amount paid towards 10% , 100% Supplementary Final Settlement	708	664
Total	1543	1610

TABLE 2: No. of claims wise details

Sr. No.	Settled Claims	No. of Cases (2022-23)	No. of Cases (2021-22)
1	Non- Refundable Advance	8858	22023
2	Refundable Advance	9224	7160
3	90% Final Settlement	895	1170
4	10%, 100% & Supplementary Final Settlement cases	3353	6636
	Total	22330	36989

ANNEXURE - 2

Nimit Kalsi & Company
Chartered Accountants



To,
The Trustee's
Maharashtra State Electricity Board's
Contributory Provident Fund Trust

INDEPENDENT AUDITOR'S REPORT

Financial Statements Qualified Opinion

We have audited the financial statements of Maharashtra State Board's Contributory Provident Fund Trust ("the Trust"), which comprise the balance sheet as at March 31, 2023, the statement of Income and Expenditure, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the aforesaid financial statements give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Trust as at March 31, 2023 and its excess of Expenditure over Income for the year ended on that date

Basis for Qualified Opinion

The Trust has made Investments in the Securities of Infrastructre Leasing & Financial Services Limited and Reliance capital Limited as per the details given below:

Particulars	Purchase Date	Maturity Date	Face Value
8.90% Reliance Capital 2021	12-Mar-2018	09-Sep-2021	120,000,000
8.90% Reliance Capital 2021	13-Apr-2018	09-Sep-2021	53,000,000
9.00% Reliance Capital 2026	15-May-2018	07-Aug-2026	56,000,000
9.00% Reliance Capital 2026	01-Jan-2018	09-Sep-2026	269,000,000
9.00% Reliance Capital 2026	15-Mar-2018	09-Sep-2026	114,000,000
9.00% Reliance Capital 2026	23-Mar-2018	09-Sep-2026	543,000,000
9.00% Reliance Capital 2026	13-Apr-2018	09-Sep-2026	40,000,000
9.00% Reliance Capital 2026	15-May-2018	09-Sep-2026	24,000,000
8.85% Reliance Capital 2026	13-Jul-2018	05-Oct-2026	250,000,000
8.85% Reliance Capital 2026	17-Sep-2018	05-Oct-2026	600,000,000
8.85% Reliance Capital 2026	15-Jun-2018	02-Nov-2026	60,000,000
9.90% IL&FS 2025	27-Aug-2018	27-Aug-2025	630,000,000
		Total	275,90,00,000



B -1407, Shah Heights, Plot No 22, Sector7, Kharghar, Navi Mumbai - 410 210
Phone: +91 9004358240, +91 7738386240 - Email: nimitkalsi@yahoo.co.uk

The Trust based on its internal assessment and relying on status report dated. 30.04.2023 filed by IL & FS in Hon'ble NCLAT which mentions that on account of the various measures undertaken by it, the overall debt resolution across the Group is estimated to reach approximately INR 61,000 crores, which aggregates to approximately 61.39% of the total external debt outstanding of INR 99,355 crores. Accordingly, they have chosen to make provision of only 38.61% i.e. Rs 243,243,000 out of total amount of Rs 630,000,000 invested in M/s IL & FS.

In respect of the Investments made in Reliance Capital Limited, the trust has chosen to make 100% provision only in respect of securities where the maturity date is failing on or before the closing date of financial statements as it is of the view that the CIRP proceedings are pending conclusion.

The Trust records indicate that had the management of the Trust made 100% provision on the investments in Companies admitted to CIRP, the deficit in the Income and Expenditure account would have been higher by Rs 234,27,57,000/- at Rs 41,62,43,000/- and accordingly and an amount of Rs 234,27,57,000/- would be required to write down the investments to reflect the diminution in the Value of the Investments which seems to be other than temporary in nature. Thus, the value of Investments is overstated and Excess of Expenditure over Income is understated by the said amounts.

We conducted our audit of the financial statements in accordance with the Standards on Auditing (SAs), as specified by the Institute of Chartered Accountants of India (ICAI). Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Financial Statements' section of our report. We are independent of the Trust in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the Financials Statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion on the financial statements.

Emphasis of Matters

We draw attention to the following matters in the notes to the accompanying financial results for the Financial Year ended March 31, 2023 and for the year ended March 31, 2023:

- 1) Note No 3 in connection with Interest Income wrongly accrued from Financial Year 2019-20 to Financial Year 2021-22 which is now written off.
- 2) Note no 5 in connection with amounts receivables from employers as on 31.03.2023 towards subscription and shortfall in Income and Expenditure Account read with Note 10 in connection with shortfall in subscription liability towards members. The full amounts are still pending to be recovered.
- 3) Note no 8 in connection regarding difference between EPS liability deposited with EPFO and EPS liability generated as per MS-31 report
- 4) Note No 15 in connection with amount of provision on certain Investments made in Companies which have been admitted to Corporate Insolvency Resolution Process (CIRP)



Our opinion is not modified in respect of the above matters.

Trust's Responsibilities for the Financial Results

The Statement has been prepared on the basis of the accepted accounting principles generally accepted in India in respect of financial statements. The Trustees are responsible for the preparation and presentation of the Statement that gives a true and fair view of the Excess of Expenditure over Income for the year ended March 31, 2023. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Applicable Act for safeguarding of the assets of the Trust and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Statement, the Trustees are responsible for assessing the Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustee's either intends to liquidate the Trust or to cease operations, or has no realistic alternative but to do so.

The Trustees are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Results

Our objectives are to obtain reasonable assurance about whether the Statement as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Statement.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Statement, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to Ind AS financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Trustees.
- Conclude on the appropriateness of the Trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or



B -1407, Shah Heights, Plot No 22, Sector7, Kharghar, Navi Mumbai - 410 210
Phone: +91 9004358240, +91 7738386240 - Email: nimitkalsi@yahoo.co.uk

conditions that may cast significant doubt on the Trusts' ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial results or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Trust to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the Statement, including the disclosures, and whether the Statement represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

We report that:

- a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b. Except for the effects of the matter described in the Basis for Qualified Opinion paragraph above, in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c. Except for the effects of the matter described in the Basis for Qualified Opinion paragraph above, in our opinion, the aforesaid financial statements comply with the Accounting Principles generally accepted in India
- (ii) The Trust has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 16 to the financial statements.

For Nimit Kalsi and Company
Chartered Accountants
Firm's Registration No. 133498W



Nimit Kalsi
Partner

Membership No.: 095948

UDIN: 23095948BGXSDQ4723

Dated: 28/12/ 2023

Place: Mumbai

B -1407, Shah Heights, Plot No 22, Sector7, Kharghar, Navi Mumbai - 410 210
Phone: +91 9004358240, +91 7738386240 - Email: nimitkalsi@yahoo.co.uk

THANK YOU