

MSEB CONTRIBUTORY PROVIDENT FUND TRUST

ANNUAL REPORT 2020-2021



MSEBHOLDING COMPANY 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 2020-21.

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 73745 Active Members as on 31.03.2021. The investment of the trust as on 31.03.2021 is Rs.10530cr. The average return on investment for the year was 7.35% as on 31.03.2021. The EPFO has declared the 8.50% Statutory Rate of Interest for the F.Y.2020 – 21 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 8621 claims of the members towards settlement of 10%, 100%, Supplementary and 90% Final Settlement during the Financial Year 2020-21. The EPFO has started campaigning for E-Nomination 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 make the awareness to all members and maximum members filled the E-Nomination.

Your trust has made sincere efforts to invest Investible surplus within minimum time on all occasion's and Rs. 1593 cr. has been invested during the F.Y. 2020-21 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 contended 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 A. M. Bhadikar,	Executive Director (Dist. – 2), MSEDCL, Employer Trustee of MSEB CPF Trust.	5 th Floor, Prakashgad, Bandra.
Shri. S. M. Marudkar	Executive Director (Project), MSPGCL, Employer Trustee of MSEB CPF Trust.	3 rd Floor, Prakashgad, Bandra.
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 Vajinath 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

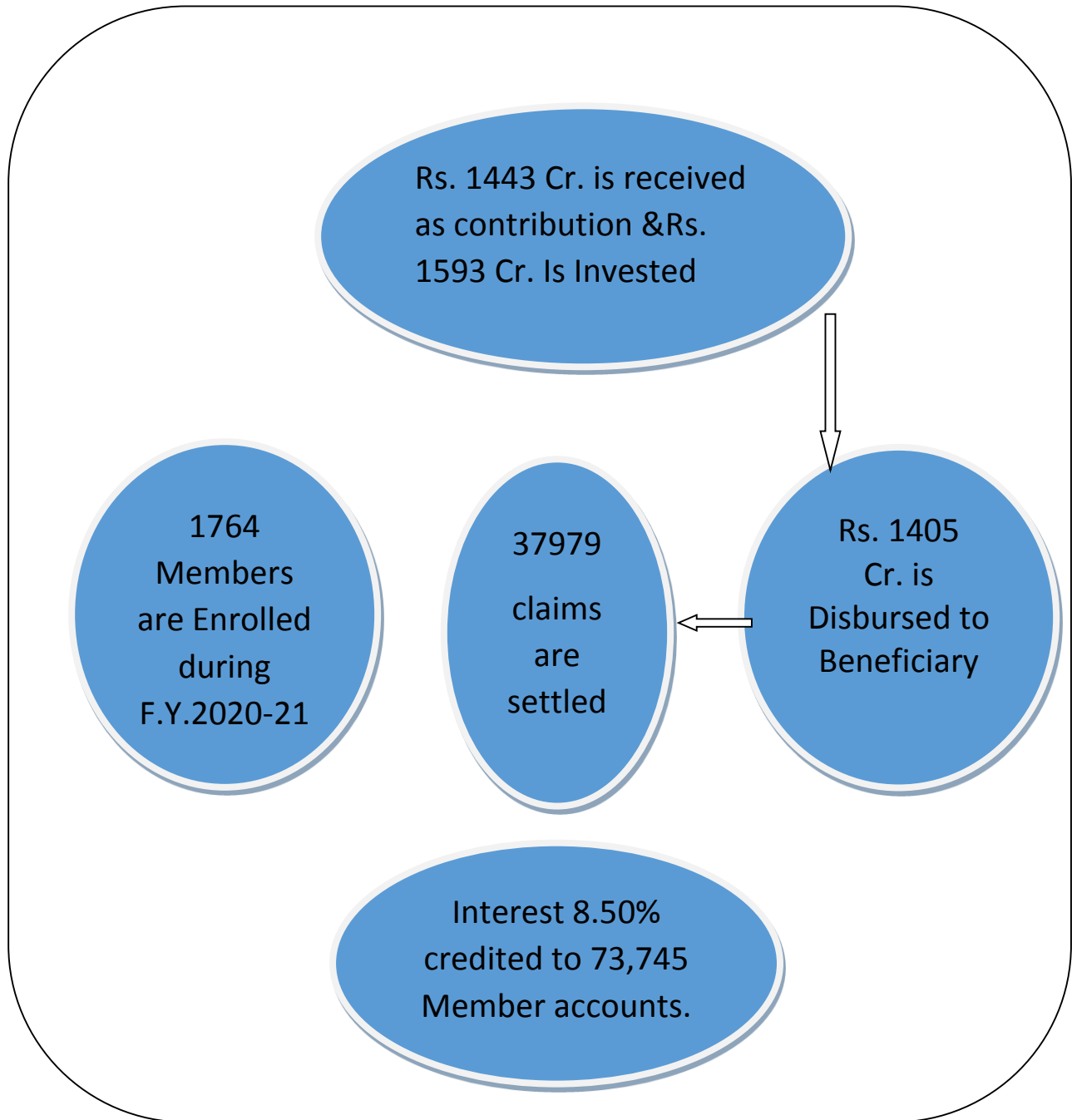
Dear Members,

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 2021, together with the Auditors' Report.

Highlights for the year 2020-21

- A total of 37979 claims of the members towards settlement of 10%, 100%, Supplementary, 90% Final Settlement and Refundable & Non – Refundable Advances were settled during the year 2020-21
- Rs. 870 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 1263 as on 31.03.2021.
- The average return on investment for the year was 7.35%.
- The investments of the trust as on 31.03.2021 is Rs.10,534 Cr
- No. of contributing members of trust is 73745 as on 31.03.2021
- 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.2020-21



Public Grievances received

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Public Grievances disposed

42

FINANCIAL POSITION (AS ON 31.03.2021)

(In Rs. Crores)

Particulars	2020-21	2019-20
Capital & Members Contribution		
Reserve Fund	-134.79	-54.32
Contribution	11182.99	10297.18
Unclaimed Deposit Accounts	102.95	87.12
Ex-Employee Fund	50.11	44.74
Provision for Final Settlement (Sanctioned but not disbursed)	0.02	-
Receivable from companies		
MSPGCL	42.94	20.74
MSETCL	32.06	17.77
MSEDCL	131.53	74.87
MSEBHCL	0.07	0.06
Provision for Accrued Interest (SSNNL under litigation)	45.91	45.91
Total	11453.79	10534.07
Investment (at Face Value)		
(Prior to 2002 – 03 & DDB 0% Bonds are at Cost)	10533.88	9700.03
Income from Investment	806.39	734.19
Income from Dividend (ETF)	14.08	
Profit on Sale of Securities	79.86	0.43
Other Income	0.32	2.47
Total Income	900.66	737.09
Interest paid to members	870.43	798.96
Premium W/Off	7.29	-
Loss on Investment	157.68	
Other Expenditure	0.05	
Total Expenditure	1035.45	798.96
Excess of Income over Expenditure	-134.79	-61.87
Balance carried over to General Reserve	-134.79	-61.87

BENEFITS TO MEMBERS

The trust has served to more than 73000 members. The interest rate given to members is 8.50% for F.Y. 20-21 which is at par with the interest rate declared by EPFO. During the year, the trust has disbursed an amount of Rs.1405 crores to the members and settled 37979 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. 2021-22 & 2022-23

The trust has adopted the rate of interest @8.50% for crediting interest to the member's accounts on CPF accumulation for the FY'2020-21 and also adopted the same i.e. 8.50% as interim rate for the FY'2021-22 and FY' 2022-23 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 dated: 30.10.2021.

INVESTMENT POLICY

Total investment made by the Trust in F.Y. 2020-21 is Rs.1593 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%	722	45
Debt Instruments and Related Investment	Minimum 20% and up to 45%	634	40
Short – term Debt Instruments and Related Investment	Up to 5%	Nil	Nil
Equities and Related Investments*	Minimum 5% and up to 15%	237	15
Asset backed, Trust Structured and Miscellaneous investment	Up to 5%	Nil	Nil
	Total	1593	100

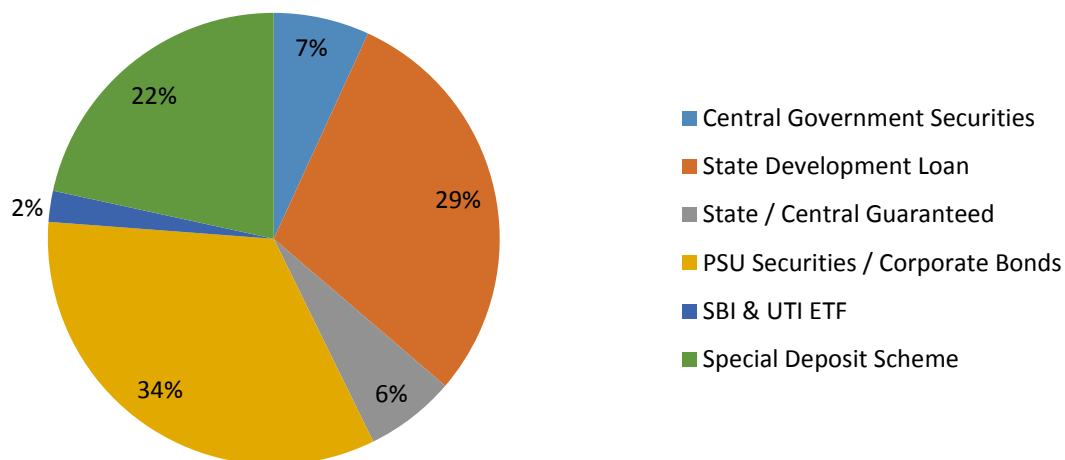
* Investment in “Equities and Related investments” has been capped at the up to amount, i.e. 15% of the investment made in Financial Year 2020-21.

DETAILS OF INVESTMENTS: As on 31st March, 2021

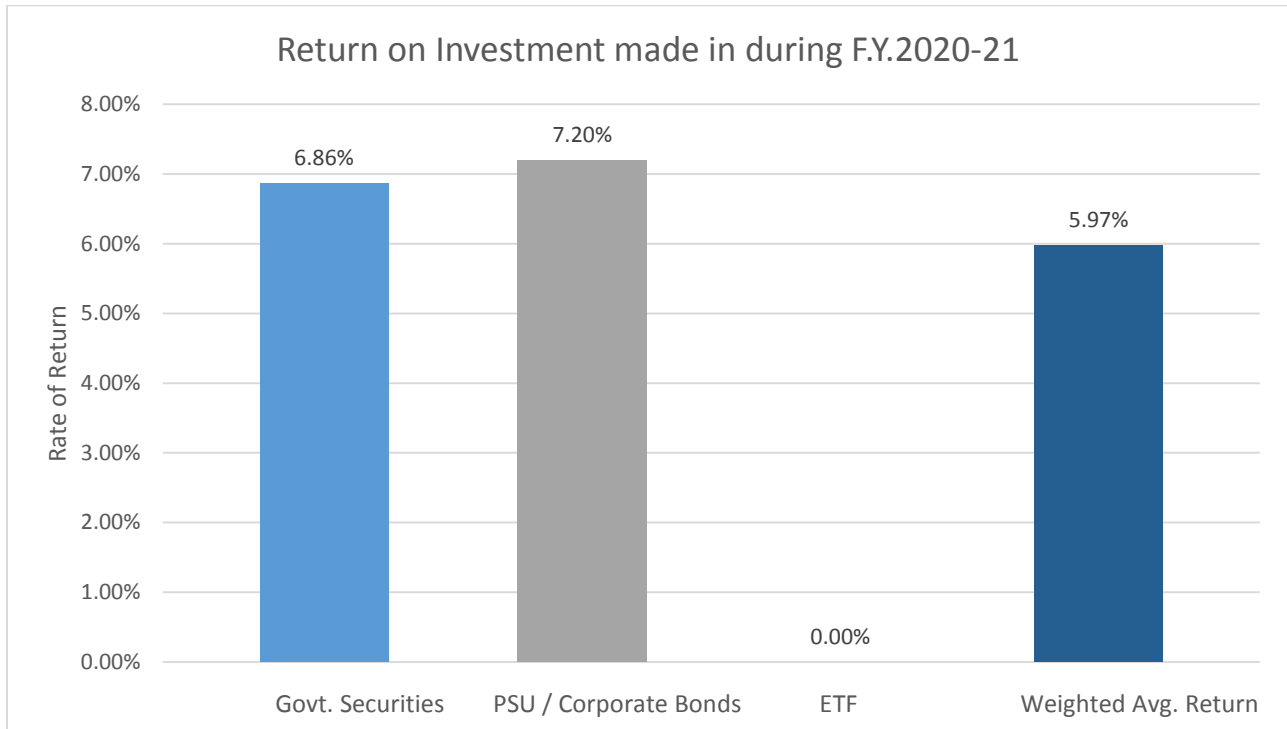
(Amount in Rs. Crore)

Sr. No.	Category	Face Value	Cost Price	Fair Value	Proportionate in Total investment
1	Central Government Securities	733.56	697.02	784.05	6.85%
2	State Development Loan	3151.12	3246.86	3422.48	29.43%
3	State / Central Guaranteed	691.20	687.03	714.11	6.46%
4	PSU Securities / Corporate Bonds	3582.29	3601.57	3524.05	33.46%
5	SBI / UTI ETF	237.46	237.46	274.55	2.22%
6	Special Deposit Scheme	2311.21	2311.21	2311.21	21.59%
	Total	10706.84	10781.15	11030.44	100%

Investment of MSEB CPF Trust as on 31.03.2021



The Chart depicts the Return on Investment for fresh investments made during Financial Year 2020-21



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. 2020-21 is 8.50%)

AUDITORS

M/s. Batliboi and Purohit, Chartered Accountants, Mumbai were appointed as Statutory Auditor for the Financial Year 2020-21.

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 2021

Rs. in Lakhs				
PARTICULARS	As at March 31, 2021		As at March 31, 2020	
	AMOUNT	T.AMOUNT	AMOUNT	T.AMOUNT
SOURCES OF FUND				
GENERAL RESERVE		-13479		-5432
CONTRIBUTION		1133606		1042904
Total Rs....		1120126		1037472
APPLICATION OF FUNDS				
Investments		1053388		970003
<u>Current Assets, Loans & Advances.</u>				
Arranger Fixed Deposit	36		36	
Saving Bank Account with HDFC Ltd.	4225		17889	
Receivables				
	MSPGCL	4295	2074	
	MSETCL	3206	1777	
	MSEDCL	13153	7487	
	MSEBHCL	7	6	
Unamortized Premium Account	8593		5898	
Interest Accrued but not due on Investment	33288		32339	
TDS Receivable	0		0	
Interest Accrued and Due (under litigation)	4591		4591	
Total (a)	71393		72098	
<u>Current Liabilities and Provisions</u>				
Provision for Final Settlement	2		0	
Security Deposit	39		38	
Sundry CPF Suspense A/c	22			
Amount Payable under litigation (SSNNL Case)	4591		4591	
Total (b)	4655		4630	
		66739		67469
		1120126		1037472

INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31st MARCH 2021

Rs. in Lakhs

PARTICULARS	SCHEDULE	For the Year Ended 31.03.2021	For the Year Ended 31.03.2020
INCOME			
Interest on Investments		80179.08	73385.49
Interest on Savings Bank A/cs		460.11	33.67
Profit on Sale of Securities		7986.49	43.15
Dividend Income		1408.40	-
Other Income		32.47	207.90
Premium on Investments written off during the year			38.63
Total	I	90066.55	73708.84
EXPENDITURE			
Interest on Employee's Contribution, Voluntary Contribution & Employers Contribution		87043.67	79895.73
Loss on Investment		15768.35	
Premium on investments written off during the year		728.88	
Other Expenses		4.90	
Total	II	103545.80	79895.73
Excess of Expenditure over Income for the year	I-II	13479.25	6186.89
Balance carried over to General Reserve	III	(13479.25)	(6186.89)

ANNEXURE – 1

Details of claims settled during the year 2020-21

TABLE 1 : Amount -wise details

(Rs. in Crore)

Particulars	2020-21	2019-20
Amount paid towards Refundable Advance	194	189
Amount paid towards Non Refundable Advance	343	22
Amount paid towards 90% Final Settlement	445	552
Amount paid towards 10% & 100% Final Settlement	422	548
Amount paid towards Supplementary Final Settlement	1	1
Total	1405	1312

TABLE 2 : No. of claims wise details

Sr. No.	Settled Claims	No. of Cases (2020-21)	No. of Cases (2019-20)
1	Non- Refundable Advance	22062	377
2	Refundable Advance	7296	8288
3	90% Final Settlement	1401	1981
4	100%, 10% Final Settlement cases	2342	3844
6	10% & 100% Death Cases	232	360
7	Supplementary Final Settlement	4646	1163
	Total	37979	16013

ANNEXURE - 2
BATLIBOI & PUROHIT
CHARTERED ACCOUNTANTS

National Insurance Bldg., 204 Dadabhoy Naoroji Road, Fort, Mumbai – 400 001.

Independent Auditors' Report

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

Qualified Opinion

We have audited the accompanying financial statements of Maharashtra State Electricity Board's Contributory Provident Fund Trust, which comprise the Balance sheet as at March 31, 2021, the Statement of Income and expenditure, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matters described in the 'Basis for Qualified Opinion' section of our report, the aforesaid financial statements give the information required by the Employees Provident Fund & Miscellaneous Provisions Act, 1952 ("Act"), The Employees' Provident Fund Scheme, 1952 ("Scheme") as amended in the manner so required and 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, 2021 and its deficit for the year ended on that date.

Basis for Qualified Opinion

- a) We draw attention to Note No. 15 to the financial statements regarding non – provisioning of loss on investments made in the Non-Convertible Debentures of IL&FS and Reliance Capital Limited aggregating to Rs. 275.90 crores for the reasons stated by the board of trustees in the note regarding the recoverability of this amount which is dependent on the outcome of Corporate Insolvency Resolution Process ("CIRP") pending at National Company Law Tribunal, Mumbai.
- b) The credit rating of NCDs issued by IL&FS and Reliance Capital Limited is downgraded to "D" by credit rating agencies ICRA and CARE which clearly indicates default or expected to be in default on maturity. In case of IL&FS the company has been disclosing default in payment of interest on NCDs to BSE latest being on 30th March, 2021.

- c) Reliance Capital Limited has disclosed to BSE vide its letter dated 29th March, 2021 that it is unable to pay interest and principal amount of non-convertible debentures due to prohibition on asset monetization as per the order(s) passed by Hon'ble Delhi High Court, Hon'ble Debts Recovery Tribunal, Mumbai and Hon'ble Bombay High Court.
- d) Accordingly we are unable to comment on the recoverability of the value of the Investments in these debenture securities. Due to non- provision of loss of Rs. 275.90 crores, the value of investments is overstated and the deficit has been understated to that extent.

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 financial 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 Matter:

1. We draw attention to note. no. 16 with respect to provision for loss on investment recognized as per requirements of AS-4 "Contingencies & Events Occurring After the Balance Sheet Date."
2. We draw attention to note no. 8 regarding difference between EPS liability deposited with EPFO and EPS liability generated as per MS-31 report.
3. We draw attention to note no. 9 regarding difference between total monthly subscription received from company and the MS-31 report.

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

Management's (Trustees') Responsibility for the Financial Statements:

The Trustees are responsible for the preparation and presentation of these financial statements that give a true & fair view of the financial position and financial performance of the trust in accordance with the accounting principles generally accepted in India, including the accounting standards issued by ICAI.

This responsibility also includes maintenance of adequate accounting records for safeguarding the assets of the Trust and for preventing and detecting fraud and other irregularities; selection and application of appropriate accounting policies;

making judgments and estimates that are reasonable and prudent; and 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 financial statements that give a true & fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, trustees are responsible for assessing the Trust's ability to continue as a going concern, unless trustees either intends to surrender the trust or to cease operations, or has no realistic alternative but to do so. Those trustees are also responsible for overseeing the Trust's financial reporting process.

Auditor's Responsibilities for the Audit of Financial Statements:

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material statements, 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 the users taken on the basis of these financial statements. As part of an audit in accordance with SAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatements of the financial statements, 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, but not for the purpose of expressing an opinion on the effectiveness of Trust's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by trustees. Conclude on the appropriateness of trustees' use of going concern basis of accounting and, based on the audit evidence obtained, whether a material certainty exists related to events or conditions that may cast significant doubt on Trust's ability to continue as a going concern. If we conclude that a material certainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements 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.

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

Report on Other Regulatory Requirements

We report that:

- 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;
- In our opinion proper books of accounts as required by law have been kept by the Trust so far as it appears from our examination of books of the trust;
- The Balance Sheet and Income & Expenditure Account dealt with by this Report are in agreement with the books of account.

**For Batliboi & Purohit
Chartered Accountants**
Firm Reg. No.101048W

**CA Gaurav Dhebar
Partner
Membership No.153493**

**Place: Mumbai
Date: 06th April, 2022.**

THANK YOU