

**MINUTES OF THE 133<sup>rd</sup> MEETING OF THE BOARD OF TRUSTEES OF THE SEAMENS' PROVIDENT FUND ORGANIZATION (SPFO), MUMBAI, HELD ON MONDAY, THE 18<sup>th</sup> FEBRUARY, 2019 AT 03.30 P.M IN THE CONFERENCE ROOM OF THE DIRECTORATE GENERAL OF SHIPPING, MUMBAI-400 042.**

The meeting was chaired by Shri.Amitabh Kumar, IRS, Director General of Shipping and Chairman of Board of Trustees, SPFO.

*Following members were present in the Board:-*

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|--------------------------|-----|---------------------------|
| 1. Capt. Rajesh Tandon   | ... | Member                    |
| 2. Shri.Kalaikovan       | ... | Member                    |
| 3. Shri. SubhashBarguzer | ... | Member / Secretary        |
| 4. Shri.D.S. Ramesh      | ... | Admn-cum-Accounts Officer |

2. Shri.Shambu Singh, Financial Adviser, MoS telephonically on 14.02.2019 and Shri.Abdulgani Y Serang vide letter dated 12.02.2019 informed that they will not be able to attend the meeting as they would be out of station during the time of meeting. Shri. S. K Aggarwal, Central Provident Fund Commissioner, EPFO vide email dated 18.02.2019 informed that he will not be able to attend the meeting due to urgent official assignment. Shri.Amar Singh Thakur vide email dated 03.09.2018 informed that due to preoccupied assignments he will not be able to attend the meeting and Shri.Balakrishna M Ranade attended the meeting on his behalf. Capt. S .M Hathe attended the meeting in place of Shri.Vinay Singh and Ms.Vaishali S Ladi attended the meeting in place of Shri.N.R.Saraiya. Accordingly leave of absence was granted to the above members. Shri A. Srinivas Ramaseshu (AGM & Chief Dealer) of SBI, portfolio manager of SPFO was invited as a special invitee for briefing on IL&FS and DHFL and other investment matters.

3. At the outset, Secretary welcomed the new Chairman along with all the Trustees present in the Meeting. Further, the Chairman requested the Secretary to brief the Members on the Agenda Items.

4. Thereafter, the following Agenda Items were taken up for discussion.

**Agenda Item No. 1: Confirmation of the Minutes of the 132<sup>nd</sup> Meeting of the Board of Trustees, Seamen's Provident Fund Organization, Mumbai held on 04/09/2018.**

1.1 Capt.Rajesh Tandon stated that under Agenda item No.2, S.No.14, the words should be "Indian Shipping Companies" in place of "all the Shipping companies" for depositing PF contribution of Officers.

1.2 Minutes of the 132<sup>nd</sup> meeting of the Board of Trustees, Seamen's Provident Fund held on 4<sup>th</sup> September, 2018 was confirmed with above modification.

**Agenda item No.2 : Action Taken Report**

(A) Pertaining to action points that had emerged in the 132<sup>nd</sup> meeting held on 04/09/2018:-

S. No.	Agenda	Subject	Action taken	Decision taken
1	Agenda item No.2, Sr.No.1 (under Action Taken Report) in the 132 <sup>nd</sup> Board meeting held on 04.09.2018	(Digitization of old records of SPFO).	Secretary briefed the members that the work of digitization commenced on 13.07.2018 and under 'A' category 1,46,000 records has been digitized. The Board noted the position. The proposal for digitization of category 'B' and 'C' has been sent to the NICSI on 08.01.2019.	The Board decided that all records to be digitized should be classified in to three categories "A" - Permanent records, "B" - scanned form of record and "C" - disposed after scan. Digitization of records shall be done on priority as per above category wise i.e. category "A" first then category "B" and if budget permits category "C" shall be digitized.  The Board deliberated on the decision of "Digitizing Records classified as 'C' if budget permits" and on learning that provision has been made in the revised budget in the financial year 2018-19 and Budget estimates for the F.Y 2019-20 decided that all categories of records including "C" should be digitized.
2	Agenda item No.2, Sr.No.2 (under Action Taken Report) in the 132 <sup>nd</sup> Board meeting held on 04.09.2018	E – Banking & Development of New Application Software in Microsoft Visual Basic (latest version) / Microsoft VB Net or any other latest Software Development Platform and switchover from existing System with migration of existing data.	(1) Request was placed with NICSI for providing cloud space. The PI Performa was raised for the same by NICSI and an amount of Rs.1,92,633/- has been released on 18.01.2019 for the period of 1 <sup>st</sup> January, 2019 to 31 <sup>st</sup> March, 2019.  2) M/s.STPL demonstrated the new SPFO software developed by them on 02.11.2018 in the conference	(1) It was decided in the previous meeting that DGS will facilitate cloud services to SPFO. But as of now temporary arrangement is being made for storage in server cloud with NICSI. Chairman informed that the E-gov may take approx 1 year for development.  Board noted the position.  (2)(a) Board enquired if vendor has crossed the deadline then is there any

			<p>room of the Principal Officer, MMD, at Pratistha Bhavan in the presence of Chairperson and Commissioner, SPFO. Shri.Ajit Sarangi, Director of M/s.STPL displayed 2 online user module as shown below:-</p> <ol style="list-style-type: none"> <li>1) Seafarer Login</li> <li>2) Shipping Company Login</li> </ol> <p>It was decided for testing the software and preparing the user manuals within stipulated time. Chairperson instructed M/s.STPL to organise a demonstration for all the members of Board of Trustees and representatives of Shipping companies and Seafarers to know the view of them after completing / modify the module.</p> <p>Further Chairperson directed to issue circular/ guidelines/ user manual of SPFO software wherein the official from DGS, Shipping Master's Office, MMD Officer, SWFS are directed to refer seafarers, ship owners and RPSL agents to visit the SPFO website and to share their views on e-mail <a href="mailto:Phani.kiran@silicontechlab.com">Phani.kiran@silicontechlab.com</a> which will be placed in DGS website. Testing and modifying of the software is under process.</p> <p>3) An email dated 18.01.2019 was sent to STPL to visit EPFO office for studying the software and accordingly STPL vide email dated 22.01.2019 stating that they will send one of the team member there and will let us know accordingly.</p>	<p>penalty provision in the agreement. AAAO informed that the payment is made through NICSII to the vendor as per the work order dated 18.01.2018 by NICSII. "Any delay, not condoned by NICSII, on the part of agency in the performance of its obligations shall attract penalty as detailed in the work order. Board decided that penalty to be charged may be informed to NICSII for the delay in development of software by the vendor.</p> <p>(2)(b) After prolonged discussion it was decided that a demo to be organised to the Commissioner and staff of SPFO and then to representatives of all stakeholders and trustee members.</p> <p>(3) Secretary informed that they will be visiting EPFO office for studying their software.</p>
3	<p>Agenda item No.2, Sr.No.3 (under Action Taken Report) in the 132<sup>nd</sup> Board meeting held on 04.09.2018</p>	<p>Changes Suggested in SPF Act / Scheme on the basis of EPF Act / Scheme - Formation of Investment Monitoring Cell &amp; Appointment of Concurrent Auditor.</p>	<p>A letter dated 14.08.2018 and an email dated 07.09.2018 was sent to EPFO, New Delhi and again a reminder on 6<sup>th</sup> February, 2019 was sent to EPFO for nominating a relevant expert authority as a member of the Committee to monitor investment. The matter is being followed up regularly. Reply is awaited.</p>	<p>Secretary stated that a Finance Sub-Committee looks after the monitoring of investment wherein 5 members are nominated from the members of BoT. However, there is no expertise in SPFO for monitoring investment therefore it was earlier decided by the Board that one member from EPFO who</p>

				<p>is expert in investment matter is required to be nominated. In this connection, Shri A. Srinivas Ramaseshu (AGM &amp; Chief Dealer) of SBI, portfolio manager of SPFO informed that SBI is given power of attorney to invest the fund of SPFO and investment is done as per pattern prescribed by the Government. He further informed that they provide breakup of investment, inputs to SPFO on monthly basis for information.</p> <p>The Board decided to maintain status quo in this connection.</p>
4	Agenda item No.2, Sr.No.4 (under Action Taken Report) in the 132 <sup>nd</sup> Board meeting held on 04.09.2018	Amendment in Recruitment Rules.	<p>(1)A letter dated 12.07.2018 has been sent to DGS, Mumbai to intimate latest status of the proposal of general pool accommodation to Commissioner and the reply is awaited.</p> <p>2) The proposal for amendment of RR of SPFO staff members is under submission to DGS.</p>	<p>(1)The Board noted the position.</p> <p>(2) Secretary informed that RR for staff has been already submitted to DGS for approval. Chairman enquired whether it is required to be sent to Ministry for approval. Accordingly, it was informed that only DGS approval is required for RR of staff and thereafter the same may be notified in Gazette of India.</p>
5	Agenda item No.2, Sr.No.5 (under Action Taken Report) in the 132 <sup>nd</sup> Board meeting held on 04.09.2018	Clearance of Un-posted Items.	<p>(1)As per the instructions to submit progressive report, a noting for clearance of un-posted items as on 31.10.2018 was submitted to the Chairperson on 29.11.2018 wherein she has given remark "Good".</p> <p>(2) As per the Board's decision, timely extra manpower was provided to expedite for clearing un-posted items and the latest position is placed at agenda item No.07.</p>	Board noted the position.
6	Agenda item No.2. Sr.No.6 (under Action	Settlement of unclaimed amount of seafarers of the unclaimed amount of	A list of age wise and amount wise data of seafarers' unclaimed amount is annexed as <b>annexure</b>	Secretary briefed the members and stated that addresses of Seafarers who

	<p>Taken Report) in the 132<sup>nd</sup> Board meeting held on 04.09.2018</p>	<p>Rs.47.19 crores.</p>	<p>'A' for information to Board. The Board may decide.</p>	<p>have not claimed PF are not available with SPFO and the list was forwarded to DGS and NUSI. Capt.Rajesh Tandon enquired as to how many cases have been settled and accordingly AAAO informed that 553 cases amounting Rs.15.38 crores has been settled as on date. Chairman enquired whether the same was uploaded in website and accordingly Secretary informed that the list of unclaimed records has been uploaded in SPFO website. Chairman observed that the amount lying as unclaimed for Rs.100 to Rs.2000 was only Rs.10 lakhs but the major amount of unclaimed is from Rs.5000 to Rs. 20 lakhs amounting to Rs.46 crores.</p> <p>Board decided to send the list of Seafarers of unclaimed amount to all the shipping Masters and DGS E-gov for obtaining data of Seafarers to settle the unclaimed amounts.</p>
<p>7</p>	<p>Agenda item No.2, Sr.No.10 (under Action Taken Report) in the 132<sup>nd</sup> Board meeting held on 04.09.2018</p>	<p>Actuarial Valuation for SPF Staff / Officers, Pensioners, Gratuity, Leave Encashment, etc.</p>	<p>(1) No further letters are received from the Ministry of Shipping regarding recoupment of 11.23 crores under the head "Staff Pension Gratuity Fund Account" as per Actuarial valuation report as on 31.03.2016. However a reminder was sent to them on 23<sup>rd</sup> August, 2018. Reply is awaited.</p> <p>(2) Global Risk Consultants has submitted actuarial valuation of Rs.14.58 crores for the financial year 2016-17. Further, data for actuarial valuation for the financial year 2017-18 has been sent to the Global Risk Consultants on 03.01.2019. Reply is awaited.</p>	<p>Chairman enquired as to how many pensioners are there for actuarial valuation and accordingly AAAO informed that there are 32 pensioners and C&amp;AG is raising query on making provision for "Staff Pension Gratuity Fund Account" to fill up the gap which was 11.23 crores as per actuarial valuation for the F.Y 2015-16. AAAO further informed that provision is being made in the budget in every financial year for transfer of some amount to "Staff Pension Gratuity Fund Account" within the budget. AAAO further stated that as per actuarial valuation in 31.03.2017, the total liabilities in "Staff Pension</p>

				<p>Gratuity Fund Account” is Rs.14.58crores however the total investment as on 31.03.2018 is Rs.7.37 crores. However, the shortage of the fund may be recouped every year after making the provision within the budget.. In the F.Y 2018-19 Rs.1.40 crore has been transferred to “Staff Pension Gratuity Fund Account”. The actuarial valuation for the F.Y 2017-18 is under process.</p> <p>Board decided to take up the matter with CA to work out to achieve the goal in 3 years time. Board also decided that the Unions may write to their members to send PF of officers which will increase admn charges income.</p>
8	Agenda item No.2, Sr.No.11 (under Action Taken Report) in the 132 <sup>nd</sup> Board meeting held on 04.09.2018	Appointment of one Hindi translator on contract basis.	A fresh contract is awarded to M/s.Shree Consultancy for the work of Hindi translation w.e.f.01.12.2018 but till date the firm has not provided the service. The work presently is being done from outside on payment.	Board noted the position.
9	Agenda item No.2, Sr.No.12 (under Action Taken Report)in the 132 <sup>nd</sup> Board meeting held on 04.09.2018	Internal Repair / Renovation of office premises of SPFO.	<p>(1) The work of renovation / repair is under process by CPWD. The expected time for completion of work is June 2019.</p> <p>(2) It is submitted that the reply is awaited from MbPT.</p>	<p>Chairman enquired as to why the contract for renovation / repair was given to CPWD. Accordingly, Secretary informed that the matter was placed in the Board and the Board awarded the contract to CPWD.</p> <p>(2) Secretary briefed that in spite of correspondence and continuous follow-ups with MbPT for providing space for office premises in their area, the matter was delayed. Therefore, it was decided to shift the office in “Nav Bhavan’ because the SPFO premises was endangered witnessing heavy leakage and failure of false ceiling etc.</p>

10	Agenda item No.2, Sr.No.13 (under Action Taken Report) in the 132 <sup>nd</sup> Board meeting held on 04.09.2018	Revision of Pay Scales as recommended by the 7th Pay Commission for the Officers, Staff and Pensioners of the organization.	<b>Action completed.</b> The arrears to the pensioners of SPFO amounting Rs.26,27,437/- has been transferred through RTGS to respective pensioners account on 12.10.2018.	Board noted the position.
11	Agenda item No.2,Sr.No.14 (under Action Taken Report) in the 132 <sup>nd</sup> Board meeting held on 04.09.2018	Administrative charges.	Reminders vide letter dated 07.12.2018 were sent to the Shipping companies:- 1) Who are under Indian flag and are not registered with SPFO. 2) Who are registered but not depositing PF for ratings and officers. 3) Who are not depositing PF of officers.	After prolonged discussion about provision under Section 10,16 & 18 of SPFO Act, 1966 Board decided that as per the SPF Act and Scheme, notices to be sent in regular intervals to the defaulting shipping companies for depositing PF contribution for ratings and officers for increasing Admn charges.
12	Agenda item No.2,Sr.No.15 (under Action Taken Report) in the 132 <sup>nd</sup> Board meeting held on 04.09.2018	Appointment of one Multi tasking staff on regular basis.	The appointment of one multitasking staff is under process.	Since the work of MTS is not of serious nature with lighter responsibilities the Board decided that the decision of appointing MTS on regular basis may be reviewed.
13	Agenda item No.2,Sr.No.16 (under Action Taken Report) in the 132 <sup>nd</sup> Board meeting held on 04.09.2018	Non-settlement of PF dues, due to various reasons. Financial year from 1999-2000 to 2008-09.	Out of 15 cases of Seafarers, 5 cases are settled and letters & reminders have been issued to remaining Seafarers.	Secretary briefed that the cases are not settled due to no-submission of declaration and nomination form by the deceased seafarer. Various letters are sent to collector office for sending legal heir of the seafarers but are not received.  Board noted the position.
14	Agenda item No.4 in the 132 <sup>nd</sup> Board meeting held on 04.09.2018	Annual Accounts and Annual Report for the year 2017-18.	<b>Action completed.</b> After receiving Audit certificate from C&AG, the printed Annual Report and Annual accounts in bilingual was sent to the Ministry on 27.11.2018. Accordingly, Ministry of Shipping vide letter dated 26.12.2018 has informed that the 52 <sup>nd</sup> Annual Report and Annual Accounts of Seamen's Provident Fund for the year 2017-18 has been laid on the table of Rajya Sabha on 17.12.2018 and Lok Sabha on 20.12.2017 .	Board noted the position.

15	Agenda item No.2,Sr.No.18 (under Action Taken Report) in the 132 <sup>nd</sup> Board meeting held on 04.09.2018	Fixation of rate of interest for credit to the Members accounts for the year 2018-19	<p>Secretary informed that a letter dated 13.08.2018 is received from the Ministry of Shipping stating that the rate of interest for the financial year 2018-19 will be approved after providing the actual interest earned on total investment of SPFO main account during the financial year 2018-19 as was done for the financial year 2017-18.</p> <p>As per Ministry of Shipping's order the actual interest earned on total investment of SPFO main account during the financial year 2018-19 will be provided to the Ministry after reconciliation of actual interest received on the investment during the financial year 2018-19. The same will be sent in the month of April / May 2019 and thereafter Ministry will approve the rate of interest as per Board's recommendations.</p>	Discussed under agenda item No.3.
16	Agenda item No.2,Sr.No.20 (under Action Taken Report) in the 132 <sup>nd</sup> Board meeting held on 04.09.2018	Exemption under Section 20 of Seamen's Provident Fund Act 1966 to Shipping Companies	A meeting of the Sub-committee was held on 24.01.2019 and minutes are placed at <b>annexure 'B'</b> .	Board noted the position and instructed to submit the report in the next meeting after conducting the Sub-Committee meeting for exemption.
17	Agenda item No.9, in the 132 <sup>nd</sup> Board meeting held on 04.09.2018	Status of Court cases (Including doubtful investment)	<p>Two letters dated 07.11.2017 and 22.02.2018 issued to Law Ministry by SPFO regarding appointment of Govt Council was forwarded via email. Reply is awaited.</p> <p>Besides, a reminder dated 16.01.2019 was also sent to Advocate Jyotsna Pandhi for providing the latest status. Reply is awaited.</p> <p>(2) A letter dated 04.10.2018 was sent to the Advocate to settle the matter at the earliest as per Board decision. Accordingly, the Advocate has informed that the court has called for final hearing on 21.05.2019.</p>	Board noted the position.



18	Agenda item No.7 in the 132 <sup>nd</sup> Board meeting held on 04.09.2018	Appointment of Portfolio Manager for the period of two years 2018-19, 2019-20 and 2020-21.	<p>A letter dated 25.10.2018 was sent to the Ministry to approve the appointment of M/s.SBI Fund Management Pvt. Ltd as portfolio manager of SPFO for the period of January 2019 to March, 2019 and thereafter, for extension further for 2019-20 and 2020-21 on financial year basis based on performance. Accordingly, a letter dated 26.12.2018 is received from the Ministry of Shipping, GoI instructing to appoint portfolio manager through open bidding process only through e-purchase mode on CPP Portal. Accordingly, the matter is under process as per the guidelines of the Ministry.</p> <p>However, a circular was circulated amongst the members of BoT for their approval for appointment of M/s.SBI Fund Management Pvt. Ltd, to provide their services till appointment of new portfolio manager as a time gap arrangement. Accordingly, three BoT members i.e. NUSI, MUI and Financial Adviser &amp; Additional Secretary, MoS, GoI has responded giving their approval and the same was submitted to the Chairperson stating that if the existing portfolio manager SBI is not agreed then we may temporarily appoint SBI Mutual Fund Mgt P Ltd. Accordingly, SPFO has approached to SBI, existing portfolio manager requesting them to extend their services for further three months i.e, till March 2019. They have accepted our request for extending the tenure till 31.03.2019 on the same terms and conditions.The agreement is already made with them till 31.03.2019. Since, bidding process as directed by MoS is time consuming, it is proposed to appoint SBI Mutual Fund Management Pvt Ltd as portfolio manager w.e.f 01.04.2019 till completion of bidding process and appointment of new portfolio manager.</p>	<p>Secretary stated that M/s.SBI Mutual Fund Management Pvt Ltd will be appointed as the fund manager from 01.04.2019 onwards on nomination basis till appointment of regular fund manager.</p> <p>The Board decided that :-</p> <p>(1) SBI Fund Management (P) Ltd may be appointed as time gap arrangement till appointment of a Fund Manager by open bidding.</p> <p>(2) The draft RFP for appointment of a consultant for selection of Portfolio Manager, custodian and for monitoring performance of portfolio manager may be published after inviting / receiving views, comments and suggestion from all the BoT members by circulation.</p>
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19	Agenda item No.8 in the 132 <sup>nd</sup> Board meeting held on 04.09.2018	Appointment of Internal Auditor for SPFO	<b>Action completed.</b>  A letter dated 05.10.2018 was sent to M/s.R. Seth & Associates appointing them as internal auditor of SPFO for 2 years i.e. 2018-19 and 2019-20.	Board noted the position.
20	Agenda item No.11 in the 132 <sup>nd</sup> Board meeting held on 04.09.2018	Investment made for the period from 01.04.2017 to 31.03.2018.	Shri.Monu Kumar, Manager of SBI Security service branch (portfolio manager of SPFO) vide email dated 25.09.2018 forwarded a letter dated March 2012 received from Department of Financial Services, Ministry of Finance, GoI, wherein it is mentioned that investment pattern is to be followed on the incremental accretion made during the year and not on the entire corpus.  Board may kindly approve.	Board noted the position.
21	Table paper No.1 placed in the 132 <sup>nd</sup> Board meeting held on 04.09.2018	Contributory Annuity Fund Scheme	The matter is placed under agenda item No.06.	The matter is discussed under agenda item No.06.

### **Agenda item No.03.**

### **Revised Estimates for the Financial year 2018-19 and Budget Estimates of the financial year 2019-20**

3.1 Chairman enquired about total PF contribution received in the financial year 2017-18 and accordingly AAO informed that total Provident Fund contribution received was Rs.122.55 crores which includes statutory dues, ex-gratia, voluntary contribution and Annuity Fund and Admn charges was Rs.4.21 crores on statutory dues of Rs.84.01 crores. Chairman further enquired about other income of Rs.50.04 lakhs? Accordingly AAO informed that Rs.50.04 lakhs is the receipt of interest on investment under the head of Admn account, damages. Hence total income is Rs.4.71 crores (Rs.4.21 crores plus Rs.50.04 lakhs). However, approximately Rs.9 lakh was refunded during the financial year to the shipping companies towards the excess amount which was received.

3.2 Chairman further enquired about Rs.1.07 crores in surplus. AAO informed that it is due to savings in salary on account of AAO, Commissioner and saving on various heads (non-recurring and recurring expenditure). The surplus amount is transferred to corpus fund at the end of the financial year. Chairman stated that a new Commissioner will be appointed

then what? AAO informed that in the budget estimate for the F.Y 2019-20, provision has been made for the salary of Commissioner and Admn-cum-Accounts Officer within the budget. Besides 3 officials of SPFO would be superannuating in next 5 months and though pension will increase the salary payable will decrease. Board decided to put a cap on the recurring and non-recurring expenditure.

3.3 After prolonged discussion the Board approved the revised estimate for the financial year 2018-19 and budget estimate of the financial year 2019-20.

**Agenda item No.04**                      **Fixation of rate of interest for the financial year 2019-20**

4.1 Chairman enquired the total corpus of SPFO and accordingly AAO informed that SPFO has total corpus of Rs.1677.63crore as on 31.03.2018. Chairman enquired as to how much amount was earned on investment and how much interest was credited to Seafarers account during the F.Y 2017-18. Accordingly AAO informed that interest of approximately Rs.125.98 crore was earned on investment of various securities / bonds and approximately Rs.125.86 crores was credited to Seafarer account @8.5%. Chairman enquired as to how much interest will be earned on investment and how much amount will be credited to the Seafarers account for the F.Y 2018-19. In reply Secretary stated that the actual interest earned on total investment and interest credited to seafarers account will be ascertained after completion of the financial year 2018-19. After completion of the financial year and reconciliation of the accounts, the same will be provided to the Ministry for approving the rate of interest as per Board's recommendations.

4.2 Capt.Tandon enquired as to how much amount is invested in IL&FS and if the amount is not recovered from IL&FS then how to manage the losses. Accordingly AAO informed that Rs.18.30 crores is invested in IL &FS. He further informed that as per Para 43 of SPF Scheme, 1966 under the head 'Interest Suspense Account" read as "All interest, rent and other income realised, and not profits or losses, if any, from the sale of investments not including therein the transactions of the Administration Account, shall be credited or debited, as the case may be to an Account called the 'Interest Suspense Account.'" Brokerage and commission on the purchase and sale of securities and other investments shall be included in the purchase or sale price, as the case may be, and not separately charged to the 'Interest Suspense Account.' Hence, it is seen that the amount of loss / profit on account of investment of PF corpus may be adjusted against the fund lying in 'Interest Suspense Account'.

4.3 AAO further stated that as on 31.03.2018 the audited figure (audit by C&AG) total amount of Rs.44.98 crore is lying in Interest suspense account on accrual basis. However, on actual basis Rs.3.41 crore is balance in interest suspense account.

4.4 Board decided to formulate a provision in interest suspense account to take care of loss incurred due to investment in market in consultation with a CA.

**Agenda item No.5**                      **Laying of Annual Accounts & Annual Report 2017-18 in Both the Houses of Parliament**

5.1 After receiving Audit certificate from C&AG, the printed Annual Report and Annual accounts in bilingual was sent to the Ministry on 27.11.2018. Accordingly, Ministry of Shipping vide letter dated 26.12.2018 has informed that the 52<sup>nd</sup> Annual Report and Annual Accounts of Seamen's Provident Fund for the year 2017-18 has been laid on the table of Rajya Sabha on 17.12.2018 and Lok Sabha on 20.12.2017.

5.2 The Board noted the position.

**Agenda item No.06**                      **Contributory Annuity Fund Scheme for Seafarers**

6.1 Secretary briefed that shipping companies have been remitting Pension / Annuity of Seafarers and the Board formed a Committee to examine all aspects of introduction of 'Contributory Annuity Scheme for Seafarers' and accordingly in 2014 a draft proposal was sent to the Ministry. Ministry in response stated that 'a Seamen's Provident Fund Amendment Bill, 2007 is still pending in Rajya Sabha since 2007 the second amendment bill cannot be processed. But in 2017 pursuant to cabinet approval, the SPF (Amendment Bill), 2007 has been withdrawn by the Ministry from Rajya Sabha on 07.04.2017.

6.2 Chairman suggested to explore the possibilities of using existing schemes such as NPS etc instead of heading for CAFS scheme.

6.3 Capt.Rajesh Tandon stated that this issue was taken up by NUSI and therefore we may discuss it when Shri.Abdulgani Y Serang is present in the meeting.

6.4 The Board decided to discuss the issue in next meeting.

**Agenda item No.07**                      **Dewan Housing Finance Corporation Ltd : Rating Downgraded by rating agency CARE**

7.1 The secretary briefed the members stating that SBI, the Portfolio Manager vide their e-Mail dated 04<sup>th</sup>February,2019 have informed that the ratings of Dewan Housing Finance Corporation Ltd. has been downgraded by rating agencies for investments wherein

Rs.107.3650 crores is invested by SPFO through SBI on various occasions. Secretary requested SBI representative to further give his view on the issue.

7.2 SBI Fund Manager stated that DHFL's ratings have been downgraded to AA+ in the last few days, and it has also been placed on a watch with developing / negative implications. DHFL management has been communicating its stance to reassure all the stakeholders regularly.

7.3 SBI Fund Manager mentioned that there were certain allegations by media entity Cobrapostagainst DHFL. However, DHFL issued a press release to various exchanges where it has denied all allegations. To allay investors' concern after the allegations, the company organized an investor call on 30.01.2019.The gist of the DHFL management's comments, made during the investor call, is given below:

- (a) Management rebutted the allegations as unfounded/malicious.
- (b) The company is aiming to sell Rs. 10,000 crs of developer book portfolio by Mar 19, recently sold Rs. 1375 crs in Project Finance loans to Oaktree Capital.
- (c) The company is in the process of selling non-core assets (housing, education and life insurance business).Indicated sale of Aadhar Housing Finance could be closed in few days. No timeline for Life Insurance business monetization.
- (d) Management indicated that in future they would be focusing on higher loan origination and sell downs, thereby deleveraging their balance sheet.
- (e) On ALM front - Rs. 1,500 cr CP and Rs. 6,850 crs NCD are maturing in the next 12 months. The company is liquid in terms of repayments and current Investments.
- (f) Top 20 borrowers worth Rs. 13,000 crs consist of 15 entities. The company does not have large exposure to a single group.
- (g) Management of the company stated that there is no contingent liability towards DHFL from the holding company and DHFL is insulated from any liabilities (if any) arising from the holding company.
- (h) The company has not invested/disbursed in any shell company.
- (i) All loans are disbursed as per the guidelines, also large ticket size loans are disbursed after getting reviewed from the finance committee (3 members).

7.4 SBI Fund Manager further stated that the leverage ratio of the Company had come down to 8.03x as on 31<sup>st</sup> December 2018. He added that the present rating of the instruments, even after the downgrade, falls within the investment grade as per the prescribed investment pattern.

7.5 The chairman asked about the present status of IL&FS to which the SBI Fund Manager replied that the matter is subjudice and is with the NCLAT. The board was reconstituted as per the NCLT judgement on 1<sup>st</sup> October 2018, allowing the government to assume control. The Union of India and the IL&FS approached NCLAT for declaring moratorium on recovery and repayments. NCLAT on 15th October had stayed all proceedings against IL&FS Group and its 348 firms till further orders. IL&FS had submitted its first report on Resolution Plan of NCLT on 31.10.2018 and second report of resolution plan to NCLT on 03.12.2018. NCLAT, vide its order dated 04.02.2019, had called for filing of "Intervention Applications" by financial / operational creditors. The debenture trustee for the NCDs of IL&FS in which we have invested is Cent bank Financial Services Ltd. (CFSL). CFSL, vide their e-mail dated 14/02/2019, has confirmed that the intervention application has been filed by them on behalf of NCD investors. In NCLAT hearing held on 11.02.2019, the NCLAT allowed the appointment of Retired Supreme Court Justice D.K.Jain to supervise the operation of the resolution process. Further, the Government of India submitted:

- (a) A list of 302 IL&FS Group entities has been filed, out of which 169 are Indian IL&FS Group Entities and 133 Companies are classified as Overseas IL&FS Group entities.
- (b) Out of 169 Indian IL&FS Group entities, 22 have been marked as "Green entities", 10 as "Amber Companies" and 38 as "Red Companies".
- (c) The remaining 99 Indian IL&FS Group entities are yet to be classified.
- (d) The NCLAT allowed the Green Companies to service their debt obligations as per scheduled repayment, subject to supervision of Hon'bl Justice (Retd.) D.K. Jain.
- (e) In respect of Amber & Red Companies, **the NCLAT will hear the matter in the next hearing to be held on 12.03.2019.** Both IL&FS Ltd. and IL&FS Financial Services Ltd., the two Companies in which we have exposure on behalf of various clients, are marked as Red Companies.

7.6 The Board noted the position.

## **Agenda item No.08**

### **Clearance of Un-posted Items**

8.1 Capt Rajesh Tandon enquired regarding the current status of the un-posted items. Accordingly, AAAO informed that 608 cases amounting Rs.68.24 lakhs has been cleared till 31.01.2019. He further informed that some of the un-posted items are due to non-mention of CDC no, name in the PF statement and is pending from a long period. He further stated that list of un-posted items are sent to the concerned shipping companies and also to NUSI to provide correct details of Seafarers so that un-posted items may be cleared. Capt.Rajesh

Tandon informed that previously it was around 7,000 cases which has come down to 2805 cases. Capt. S .M Hathe enquired as to what is overlapping and accordingly AAO informed that some of the shipping companies has sent PF contribution twice and whose period is overlapping, however, such cases are being verified from SPFO accounting system. Where the amount is received in duplicate the same is refunded to the respective shipping companies. Where the period is overlapping due to wrong mention of date by the shipping company, the same is posted to the seafarer account after confirming details from the shipping company.

8.2 After prolonged discussion, Board decided the un-posted items should be reduced.

**Agenda item No.09                      Status of Court Cases (Including Doubtful Investment)**

9.1 The present status of all the court cases was explained in detail to the Board in agenda. Board noted the position.

**Agenda item No.10:-                      Investment made for the period from 01.04.2018 to 30.11.2018**

10.1 The secretary briefed the members stating that SBI, the Portfolio Manager looks after the investments on behalf of SPFO. Secretary requested SBI representative to further give his view on the investments made during the current financial year on behalf of SPFO.

10.2 SBI Fund Manager stated that a total of Rs 232.33 crores in the current financial year had been invested on behalf of SPFO in different asset classes as on 30<sup>th</sup> November 2018. He further informed the members that the investment pattern is to be maintained at the end of the Financial year. He further assured that the mandated investment pattern would be achieved at the end of the financial year. He further informed that the yield generated on the investments made in the current F.Y will be 8.69% (approx).

10.3 Board requested SBI to provide the advice on the basis of factual so as to decide on the matter.

**Table paper No.1:-                      Appointment of Custodian for Investment of SPFO Fund**

T1.1 The secretary briefed the members stating that the agreement with SBI, the Portfolio Manager will be expiring on 31<sup>st</sup> March 2019. It has been informed by SBI that RBI has advised them to shift the PMS activity to its subsidiary or any other fund manager. Hence, SBI would not be able to provide Portfolio Management Services beyond 31<sup>st</sup> March 2019.

T1.2 The secretary further informed the members that it has been decided to appoint SBI Funds Management Pvt Ltd, which is a subsidiary of SBI, as a Portfolio Manager on a

nomination basis as a time gap arrangement until the bidding process is completed and a full-time Portfolio Manager is appointed. The process of appointing a consultant to oversee the whole process is in process.

T1.3 The secretary further informed the members that SBI has been providing Portfolio Management Services as well as Custodial Services as a package. However, the agreement would come to an end on 31<sup>st</sup> March 2019. SPFO would therefore, need to appoint a Custodian as a stop gap arrangement for the interim period until the process for selection of Portfolio Manager and Custodian is completed. The secretary recommended to appoint SBI SG Global Securities Pvt Ltd, which is also a subsidiary of SBI, as Custodian on a nomination basis till a full time Custodian is appointed through open bidding as per GFR.

T1.4 SBI Fund Manager requested that SPFO share the details of Fund Manager and Custodian to which the Portfolio and the Holding is to be transferred to. It was also requested that the relevant particulars like account mapping, demat details, CSGL particulars and other operational details may be kept in place before the due date of 31<sup>st</sup> March 2019, so as to enable a smooth transactional process from 1<sup>st</sup> April 2019 and avoiding any possibility of idle fund.

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1.5 The Board approved the appointment of SBI SG Global Securities Pvt Ltd, as Custodian on a nomination basis till a full time Custodian is appointed through open bidding as per GFR.

5. The meeting ended with vote of thanks to the chair.

Date : 06.03.2019 .



(Subhash Barguzer)  
Commissioner