

**MINUTES OF THE 139th VIRTUAL MEETING OF THE BOARD OF TRUSTEES OF
THE SEAMENS' PROVIDENT FUND ORGANIZATION (SPFO), MUMBAI, HELD
ON FRIDAY, THE 23rd July, 2021 AT 03.00 P.M.**

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:-

1. Shri.Amitabh Kumar, IRS	...	Chairman
2. Shri.Vivek Ashish	...	Member
3. Shri.Subhash Barguzer	...	Member
4. Shri.Avinash Gandhi	...	Member
5. Capt.Rajesh Tandon	...	Member
6. Capt.Mahendra Pal Bhasin	...	Member
7. Shri.Abdulgani Y Serang	...	Member
8. Shri.Amar Singh Thakur	...	Member
9. Shri. S Kalaikovan	...	Member
10. Shri.Surendra Kumar	...	Secretary

2. Shri. P K Rane telephonically informed that due to preoccupied commitments he will not be able to attend the meeting.

3. Accordingly, leave of absence was granted to the above member. Shri. Ajit Dange, Vice President – Portfolio Management Services, Shri.David Das and Shri.Piyush Goyal, CRISIL were invited as special invitees for briefing on investment matters, appointment of Custodian and performance evaluation report of Portfolio Manager for the period April 2021 to June 2021.

4. The following Agenda Items were taken up for discussion.

Agenda Item No. 1: **Confirmation of the Minutes of the 138th Meeting of the Board of Trustees, Seamen's Provident Fund Organization, held on 16th March, 2021.**

1.1 Chairman enquired whether any issues noted by the members and accordingly Shri.Abdulgani Y Serang stated that in the minutes under Para 2 the words "Shri.Vivek Ashish telephonically informed that due to hospitalization of his mother-in-law, he will not be able to attend the meeting" should be replaced with "Shri.Vivek Ashish telephonically informed that due to pre-occupied commitments he will not be able to attend the meeting".

1.2 Minutes of the 138th meeting of the Board of Trustees, Seamen's Provident Fund held on 16/03/2021 was confirmed with above modification.

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

(A) Pertaining to action points that had emerged in the 138th meeting held on 16/03/2021:-

Sr. No.	Agenda	Subject	Action taken	Decision taken
1.	Agenda item No.2, Sr.No.2 (under Action Taken Report) in the 137 th Board meeting held on 11.01.2021	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.	Commissioner Informed that remittance of PF in new software commissioned from 01.10.2020 and the Seafarer module for payment of NRW / FW is operational from 04.03.2021. E-Banking & Development of New Application Software including Inward / Outward and payroll application is under progress.	The Chairman enquired whether demo was given to the shipping companies before commissioning the new software and whether third party testing is done. Accordingly Commissioner informed that demo was given twice to the shipping companies before commissioning the new software on 01.10.2020 but third party testing is not done. The Chairman further enquired whether the new software is in pilot mode or operating on stand alone and accordingly Commissioner informed that the users i.e. shipping companies are giving their feed backs for any corrections / modifications. Board decided that demo should be given again to stake holders.
2.	Agenda item No.2, Sr.No.3 (under Action Taken Report) in the 137 th Board meeting held on 11.01.2021	Amendment in Recruitment Rules.	Reminder dated 18.06.2021 is sent to DGS to finalise the draft Recruitment Rules.	Shri.Subhash Barguzer informed that the matter is under review with the Committee formed and the same will be finalised in the next few days. Board noted the position.
3.	Agenda item No.2. Sr.No.4 (under Action Taken Report) in the 137 th Board meeting held on 11.01.2021	Settlement of unclaimed amount of 4483 seafarers of the unclaimed amount of Rs.47.19 crores.	1) An email dated 2 nd June 2021 was sent to FOSMA, MASSA and INSA for seeking Seafarers addresses of unclaimed amount. Board noted the position.	The Commissioner informed that out of 4483 cases, 1300 cases have been resolved. Capt. Rajesh Tandon informed that they will send the details of Seafarers and Shri.Abdulgani Y Serang informed that NUSI team is working on it and will intimate SPFO accordingly. Further, Capt Rajesh Tandon advised SPFO to intimate the progress made in this matter in the meetings.

			Board decided that the list should be published for the benefit of Seafarers once again in the website.
4.	Agenda item No.2, Sr.No.5 (under Action Taken Report) in the 137 th Board meeting held on 11.01.2021	Actuarial Valuation for SPF Staff / Officers, Pensioners, Gratuity, Leave Encashment, etc.	1) Data for actuarial valuation for the year 2020-21 is forwarded to M/s.Global risk consultant vide this office letter dated 28.04.2021. 1) The Chairman enquired regarding what actuarial valuation is done. Accordingly, Commissioner informed that actuarial valuation is for SPF staff / officer's pensions, gratuity and leave encashment. The Chairman enquired that why the amount is deficit. Accordingly, Commissioner informed that in response to the CAG observations during the course of audit for the financial year 2015-16, the actuarial valuation of the SPF staff, officers and pensioner's was awarded to "M/s Global Risk Consultants" and they had submitted it's report for the financial year 2015-16; wherein a total liability of SPFO towards the actuarial valuation was estimated at Rs 16.60 crores and that there was a deficit of around Rs 11.23 crores as on 31.03.2016. Since then SPFO has been awarding the work of actuarial valuation on yearly basis and provision is being made in the budget in every financial year for transfer of amount from Administrative account to "Staff Pension Gratuity Fund Account" to cover the deficit estimated. The Chairman enquired whether it involves provident fund also and who is looking after the amount? On what basis the rate of interest is declared on Provident Fund? whether it is out of earnings on PF deposits or from any other account? Accordingly Commissioner informed that Provident Fund is separate account of staff PF deducted from the salary of the staff which is maintained by SPFO as per

				Government GPF Rules and the rate of interest is same as declared by the Government for GPF. The interest credited in the members GPF account is out of the earnings made by investment of the GPF and not from the other funds. Commissioner further informed that GPF is audited by internal auditor and C&AG and SPFO is investing it by itself. Board decided that the Finance Sub-Committee may look in to the matter.
5	Agenda item No.2, Sr.No.6 (under Action Taken Report) in the 137th Board meeting held on 11.01.2021	Internal Repair / Renovation of office premises of SPFO.	A reminder dated 17.06.2021 is issued to CPWD to finish the minor pending work and handing over of the premises. Board noted the position.	The Chairman enquired as to why only CPWD is given the work. Accordingly Commissioner informed that only minor work and handing over the premises is pending. Hence the work now cannot be given to some other vendors. Board decided that reminder be sent to CPWD and also ask them to return advance if they are not completing work.
6	Agenda item No.2, Sr.No.8 (under Action Taken Report) in the 137th Board meeting held on 11.01.2021	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.	List of the 10 Seafarers whose PF dues are not settled due to various reasons is forwarded to NUSI, Mumbai and Chennai vide email dated 02.06.2021.	The Chairman enquired why the PF dues of 10 seafarers are not settled? Accordingly, Commissioner informed that the 10 cases are pending due to court cases, wrong addresses as the letters sent are returned back. Board decided to upload the details of the seafarers in website every three months.
7	Agenda item No.2, Sr.No.9 (under Action Taken Report) in the 137th Board meeting held on 11.01.2021	Exemption under Section 20 of Seamen's Provident Fund Act 1966 to Shipping Companies	An email dated 16.07.2021 was sent to Shri.P K Rane that he is nominated as the member of Exemption Committee. A letter dated 28.06.2021 and a reminder mail on 12.07.2021 were sent to M/s.Tolani shipping to provide the annual account for the last three years. The meeting	The Commissioner informed to the members that annual accounts for the last three years are called from M/s.Tolani Shipping to study the health of the company. Shri. Abdulgani Y Serang stated that it is unsafe and not in favour of seafarers to give exemption

			of exemption committee will be convened after receiving the documents. to shipping companies as companies like M/s.Tag offshore, M/s.Great offshore are under liquidation and seafarers are suffering. He further stated that rate of interest should not be the only guiding factor for exemption as the same should be sustainable in the long run and also should consider other factors like gratuity, Annuity benefits. Capt.Rajesh Tandon stated that M/s.Tolani Shipping has trust for seafarers as well as office staff. Capt.Rajesh Tandon stated that primarily members of Board are from INSA, hence he had proposed Shri.P K Rane as member for exemption Committee to decide. The Chairman stated that if law is providing for exemption then it cannot be denied. The Chairman stated that while studying the health of the company consider the following points in the balance sheet for PF :- 1) Check cash balance, Assets in hand. 2) PF should be separate fund and investment done on what basis. 3) Rate of interest disburse out of income or capital. Board decided that a reminder should be issued and after receiving the details, keeping in mind all the points, the case of M/s.Tolani should be studied by the exemption Sub-Committee for recommendations.
8	Agenda item No.2, Sr.No.11 (under Action Taken Report) in the 137 th	Contributory Annuity Fund Scheme for Seafarers	1) A meeting between DDG (MSL) and Commissioner, SPFO was held on 8th June 2021 to discuss the Amendment of SPF Act. As suggested, proposed Commissioner stated that a PPT of draft amendment of SPF Act was sent to Shri.Ash Mohammed, DDG (MSL) on 05.07.2021.

	Board meeting held on 11.01.2021		changes were made in the draft SPF Act and forwarded to DDG (MSL) on 08.06.2021 for concurrence of Hon'ble Chairman, SPFO. DDG (MSL) vide email dated 05.07.2021 requested to send PPT of the proposed amendments which was sent on 09.07.2021. 2) A letter dated 16.04.2021 and a reminder dated 14.06.21 was issued to SWFS to fix a convenient date to hold the meeting to discuss regarding the memorandum received by PMO via CPGRAM submitted by SUI and Retired Merchant Navy Sailors' Association of India and accordingly an email dated 14.06.2021 is received stating that Committee of Management Meeting is scheduled on 23.6.21 and the above issue will be placed in the said meeting. Accordingly, a letter dated 14.07.2021 is received from SWFS stating that the Committee of Management has nominated SWFS Finance Sub-Committee members and have requested SPFO to arrange / organise the virtual joint meeting. Accordingly, the meeting will be scheduled shortly.	Capt. Rajesh Tandon stated that it was decided to first interact with employee and employer union. The Chairman stated that he will check the presentation of draft amendment in SPF Act and a meeting will be scheduled for the members of BoT for further scrutiny. 2) Board noted the position.
9	Agenda item No.2, Sr.No.12 (under Action Taken Report) in the 137 th Board meeting held on 11.01.2021	Dewan Housing Finance Corporation Ltd : Rating Downgraded by rating agency CARE	Action completed. 1)An email dated 12th April 2021 is received from M/s.Goyal Parul & Co stating that as there is no other account head available in system implemented by the organisation, there is no issue in formulating Provision for Permanent Devaluation / Reduction in Value of Investments in "Interest Suspense Account". As there is uncertainty in the recoverable value of investments, they are of the opinion to make the partial provision for diminution in the value of investments made in Diwan Housing Finance Corporation Ltd (DHFL) and in Infrastructure Leasing and Financial Services Ltd (IL&FS) in the F.Y. 2020-21. Considering the	The Commissioner stated that Internal auditor has recommended to make partial provision of Rs.20 crores from "Interest Suspense Account" whereas the Board in its 138th meeting decided to set off Rs.30 crores towards recoupment of investment turned bad in cases of M/s.DHFL and IL&FS in the financial year 2020-21. Further the Commissioner informed that after receiving rate of interest for the FY 2020-21 from the Ministry of Ports, Shipping and Waterways, the annual accounts will be prepared wherein the disclosure will

			current financial position of the organization and as discussed virtual board meeting, he advised to make the provision of Rs.20 Crores for such diminuted value of investment. He further advised to give detailed disclosure as per applicable Accounting Standard on captioned treatments and scenarios of reduction in value of investment, in notes to financial statements at the time of finalisation of accounts.	be made in the notes to financial statement. After, that annual accounts will be audited by Internal auditor and will be submitted to Board for approval. On approval of Board, it will be audited by C&AG. Board noted the position.
10	Agenda item No.2, Sr.No.15 (under Action Taken Report) in the 137 th Board meeting held on 11.01.2021	Filling of the vacant post in SPFO	1) It is submitted that 233 applications have been received from various candidates. Accordingly, an email dated 6th April 2021 was issued to the recruitment committee members to advice this office about the further recruitment process for 04 posts of Junior Assistant. A reminder vide email dated 15.06.2021 is again sent to the committee members. Accordingly, an email dated 15.06.2021 is received from Shri.Subhash Barguzer, DDG (Crew) stating that for the recruitment of Junior Assistant in SPFO may follow the established procedure / practice in the matter. Thereafter, Hon'ble Chairman, BoT, SPFO on dated 14.07.2021 approved to the same procedure followed by SPFO while appointment of 2 Junior Assistant in 2018 and a Reputed Institute in Shipping industry may be requested to conduct the examination for filling up the post of Junior Assistant, on payment basis, if any, for their services. 2) A virtual meeting was held on 09.03.2021 wherein the committee decided to give sufficient time of one month to Shri.Sujit Vaid to change the date of birth in SSC certificate as per gazette notification i.e. 30.09.1999 and submit the same. Accordingly, the minutes of recruitment committee meeting was forwarded to the members on 22.03.2021 for approval latest	1) The Commissioner informed that Hon'ble Chairman, BoT, SPFO on dated 14.07.2021 has approved to follow the same procedure followed by SPFO while appointment of 2 Junior Assistant in 2018 and a Reputed Institute in Shipping industry may be requested to conduct the examination for filling up the post of Junior Assistant, on payment basis, if any, for their services. And accordingly, action will be initiated. 2) The Commissioner informed that the Hon'ble Chairman, SPFO on dated 07.07.2021 has approved the procedure to be followed 'rely on merit on the basis of educational qualification'. Accordingly, action will be initiated. Board noted the position.

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			by 31.03.2021. Further, reminder dated 15.04.2021, 13.05.2021 and 15.06.2021 was sent to the committee members. Accordingly, an email dated 15.06.2021 is received from Shri.Subhash Barguzer, DDG (Crew) stating that contents of select list and reserve panel is not mentioned in the minutes and he suggested that criteria for recruitment may be finalised by the administration. Accordingly, a note to the Chairman, SPFO was sent on 05.07.2021 to approve for selection procedure. Accordingly, the Hon'ble Chairman, SPFO on dated 07.07.2021 has approved the procedure to be followed ' rely on merit on the basis of educational qualification '. Accordingly, action will be initiated.	
11	Table Paper No.1 in the 137 th Board meeting held on 11.01.2021	Revised Estimates for the Financial year 2020-21 and Budget Estimates for the Financial year 2021-22	Action completed. Revised estimates for the Financial year 2020-21 and Budget Estimates for the Financial year 2021-22 is approved by the Ministry of Ports, Shipping and Waterways vide letter dated 19.05.2021.	Board noted the position.
12	Agenda item No.3 in the 138 th Board meeting held on 16.03.2021	Annual Accounts for the financial year 2019-2020	CAG audit certificate is awaited. The Annual accounts will be sent the Ministry of Ports, Shipping and Waterways for laying in both the houses of Parliament.	Board noted the position.
13	Agenda item No.4 in the 138 th Board meeting held on 16.03.2021	Annual Report on working of Seamen's Provident Fund Scheme, 1966 for the year 2019-2020.	It is submitted that CAG audit certificate is awaited. The Annual Accounts / Reports for the FY 2019-2020 will be printed after rectification as suggested by the Hon'ble Chairman in the 'Year at a glance' wherein decrease / increase in interest received during the year should be mentioned as a percentage basis also. And as suggested by Shri. Abdulgani Y Serang by adding a note at 'Other disclosures' under Schedule no.25 in the Annual Accounts / Reports that PF contributions received from foreign vessels is due to bilateral	Board noted the position.

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			agreement with National Union of Seafarers of India (NUSI) & Employers.	
14	Agenda item No.6 in the 138 th Board meeting held on 16.03.2021	Fixation of rate of Interest for credit to the Members Account for the Financial year 2020-21 on accrual basis.	A letter dated 31.03.2021 is sent to the Ministry of Ports, Shipping and Waterways regarding fixation of rate of interest for credit to the member's Provident Fund @ 7%. Query was raised by the Ministry of Ports, Shipping and Waterways, GoI and accordingly a reply was sent vide letter dated 30.06.2021. Reply is awaited.	Board noted the position.
15	Agenda item No.7 in the 138 th Board meeting held on 16.03.2021	Redemption of Investment made in Equities for better returns to the Seafarer's	Action completed. i) It is submitted that SPFO has earned Rs.2.63 crores as dividend on equities (SBI / Nifty) on 24.03.2021. ii) M/s.SBIFM vide mail dated 25.03.2021 informed that they have sold 20,00,000 units of SBI Nifty ETF amounting Rs.29.67 crores to book a profit of Rs.13.70cr. Therefore total booked gain is Rs.2.63 + 13.70 crore = 16.33 crores.	Board noted the position.
16	Agenda item No.8 in the 138 th Board meeting held on 16.03.2021	Appointment of custodian of Securities for SPFO's Fund	Action completed. SBI-SG has been appointed as custodian of securities for SPFO for the FY 2021-22 and 2022-23 vide this office letter No.1038II/001/2021-22 dated 01.04.2021.	Board noted the position.
17	Table Paper No.2 in the 138 th Board meeting held on 16.03.2021	Minutes of the 67 th Finance Sub-Committee meeting	Action completed. Shri.P K Rane stated that in the new SPFO software some improvements are required for adjusting any excess paid by the company. Chairman stated that meeting should be held between both the parties and see what changes can be made to solve the issue.	The matter discussed under agenda item No.4.

Agenda item No.3 :

Deposit of PF of officer by Indian shipping companies

- 3.1 The Commissioner informed that out of total 49 shipping companies, 23 shipping companies depositing PF of officers, 16 shipping companies are registered but not depositing PF with SPFO and 10 shipping companies are not registered with SPFO.
- 3.2 Shri.Abdulgani Y Serang stated that SPFO should not restrict to INSA members. It should be applicable to those shipping companies who are signing Indian Articles. SPFO should approach to Shipping Master, Mumbai, Chennai and Kolkata for list of shipping companies manning Indian Flag vessels.
- 3.2 Board decided to take strict action towards shipping companies not depositing PF of officers.

Agenda item No.4 :

Software issues of Shipping Corporation of India

- 4.1 The Commissioner informed that a meeting was held on 09.07.2021 between software vendor, SCI official and SPFO wherein 5 issues were discussed. Out of 5 issues, 4 issues were resolved and one issue is under consideration and discussion. Commissioner further informed that SCI has stated that due to late receipt of sign off date from the Masters of the vessels, they are sometimes depositing excess PF of seafarers. Hence they have requested for refund of excess payment made by them. Commissioner further informed that previously SPFO's software was offline and recently SPFO developed new software wherein as soon as the company will deposit the amount and approved from the SPFO, it will reflect in the seafarers account and if SPFO debit the balance from his account, it may create more complications at later stage.
- 4.2 The Chairman stated that they are not able to manage the data and hence requesting SPFO to make changes in the software. SCI should develop online system wherein when the Seafarer signs off, the data should be automatically uploaded.
- 4.3 The Commissioner informed that in the meeting it was decided that if 30 days' grace period time is not sufficient for payment of PF, then they can approach Board for extension of the time period. Shri.Abdulgani Y Serang stated that as per SPF Act 15 days' grace period was allowed but the grace period was extended to 30 days by the Board which is quite sufficient for shipping companies for depositing PF with SPFO.
- 4.4 Shri.Abdulgani Y Serang suggested that at the time of amendment of Act the grace period may also be changed.
- 4.5 Board decided that SCI should work on making their data online for easy availability of sign off date.

कार्यसूची- मद संख्या 5 :

हिंदी अनुवादक के रिक्त पद को भरने संबंधी प्रस्ताव

5.1 आयुक्त, न.भ.नि.सं. ने सूचित किया है कि नाविक भविष्य निधि संगठन कार्यालय में हिन्दी अनुवादक का एक पद रिक्त है । पत्तन, पोत और जलमार्ग मंत्रालय ने अपने दिनांक 25.11.2020 के पत्र द्वारा हिन्दी अनुवादक के रिक्त पद को भरने और इस संबंध में की गई कार्रवाई से मंत्रालय को अवगत कराने के निर्देश दिये हैं ।

5.2 हिन्दी अनुवादक के रिक्त पद पर नियुक्ति करने के लिए न्यासी मण्डल ने अपना अनुमोदन दे दिया है।

Agenda item No.6 (For information):

Status of Court Cases (Including Doubtful Investment).

6.1 Commissioner informed that due to lockdown, courts are not functioning regularly. Hence, there is no appreciable change in status of court cases.

6.2 Board noted the position.

Agenda item No.7 (For information):

Clearance of Un-posted Items.

7.1 Board inferred that the progress of clearance of un-posted items is slower, may be due to lockdown, but should be speeded up.

7.2 Board noted the position.

Agenda item No.8 (For information):

Investment made for the period from 01.07.2020 to 30.09.2020

8.1 Commissioner invited Shri.Dange to give his view on investment and accordingly Shri.Dange informed that since inception i.e. from May 2019 to June 21 the annualized return was 9% which is nearly 10% on 31.03.21 and for the next three months 9.25%. He further stated that as on 30.06.21, SPFO invested in corporate bonds in 28 companies, out of which 20 companies are in Green category i.e. okay to increase the exposure, 2 companies in Yellow category i.e not to increase the exposure but can be hold till maturity, 3 companies in Amber category i.e. not to increase the exposure and can be sold at a decent opportunity and 3 companies in Red category i.e. default cases. Shri.Dange stated that as on 30.06.2021 AUM is Rs.2146 crores. Shri.Dange further stated that 'Yes Bank Ltd' is Improving but IDFC, Shriram Transport and Yes bank requires higher level of monitoring.

8.2 The Chairman enquired that why LIC Housing Finance Corp Limited is showing negative and accordingly Shri.Dange informed that there credits are not very strong. Further Shri.Dange stated that in respect of DHFL, the Administrator appointed by RBI and COC filed application challenging the NCLT order at NCLAT and got a stay order. Subsequently, Mumbai Bench of NCLT has approved Piramal's Bid and in the same judgement it has also ruled in favour of NHB's claim. Chairman enquired that why NHB will be distributed 100% principal amount and accordingly Shri.Dange informed that NHB is Government entity and socially desirable project funding. Shri.Dange further stated that ruling comes in favour of COC lenders, the recovery rate would improve to 46.6%.

8.3 Shri.Dange stated that in case of IL&FS overall recovery expected is Rs.61000cr (61%) and estimated recovery at operating entities is 28%.

8.4 Board noted the position.

Agenda item No.9 :

**Performance Evaluation Report of Fund Manager
assessed by CRISIL Consultant**

9.1 The Commissioner requested Shri. Piyush Gupta, CRISIL, consultant for investment of SPFO, to brief subject matter to the Board members. Shri.Gupta explained investment details with PPT presentation. He informed that there are five categories and there is deviation in category I and II from the prescribed limits and not in line with the prescribed investment pattern i.e. investments in 'Overnight funds' and 'cash in bank' not in line with the prescribed investment policy. CRISIL also pointed out that the investment made in the overnight liquid fund is not allowed as per pattern of investment issued by the Ministry of Finance. Shri.Dange explained that SEBI Rules has been changed and overnight funds are treated as Investment in Liquid Mutual Fund. Such investments in overnight funds are temporary in nature and portfolio manager are looking after better investment opportunities on daily basis. CRISIL have different view from portfolio manager and stated that liquid mutual funds and overnight funds are different. Hence, it is required to obtain clarification from the authority i.e. Ministry of Finance.

9.2 The Chairman stated that no need of clarification from the Ministry and it should be included in the notes of accounts as information. Shri.Piyush further stated that overall portfolio of SPFO is very good and if IL&FS and DHFL are removed from the portfolio then it will be in 'Tier 1' category. Further, CRISIL advised that SPFO can invest in G-Sec bonds for 25 to 30 years and don't have to go for corporate bonds as it's dangerous at current situation. After prolonged deliberation, Board decided that the Fund Manager should

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continue to invest in overnight liquid fund and a note of accounts to be included in Annual Accounts for the financial year 2020-21.

9.3 Board noted the position.

**Table Paper No. 1 Resolution Plans submitted by Resolution Applicants for
DHFL – Approval for e-Voting**

T.1.1 Commissioner informed that as per email dated 21st June received from SBIFM, Portfolio Manager regarding e-voting for Resolutions as directed by Honb'le NCLT, the recommendation of Portfolio manager was forwarded to the Hon'ble Chairman for approval. The under mentioned resolutions were approved by the Hon'ble Chairman and forwarded to SBI(FM) for voting :-

1. **Resolution no. 1** - To approve revisions to the distribution mechanism of the value receivable by certain creditors of Dewan Housing Finance Corporation Limited ("DHFL") under the resolution plan submitted by Piramal Capital & Housing Finance Company Limited (as discussed in the Twentieth Meeting of the Committee of Creditors of DHFL)

Honb'le NCLT's recommended higher distribution to Defense Forces Investors, All FD holders and All **unsecured** NCD.

SPFO have holdings in **secured** category NCDs, invested from time to time totaling Rs. 104.37 cr.

PMS View :- Between the approved distribution mechanism and the current proposed distribution mechanism, the incremental sacrifice by large Secured FCs will be - Rs. 1,853 crore which is -5.4% of the Resolution Plan Value and impacts the recovery rate by -2%. Therefore, we recommend rejecting the revised distribution proposal and go with the original distribution plan as earlier approved.

Recommendation of the Portfolio Manager (PMS) - Reject

2. **Resolution no. 2** - To authorise State Bank of India, Union Bank of India and Catalyst Trusteeship Limited (acting in its capacity as Debenture Trustee for debenture holders of DHFL) to act on behalf of the Committee of Creditors, as per the below proposal:

PMS View :- The approval is sought to enable authorize State Bank of India, Union Bank of India and Catalyst Trusteeship Limited to act on behalf of the Committee of Creditors to take actions required to comply with any court orders or directions. Further they may require to act on behalf of the lenders for implementation of the resolution plan.

Recommendation of the Portfolio Manager (PMS) - Approve

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3. **Resolution no. 1** – To approve revisions to the distribution mechanism of the value receivable by certain creditors of Dewan Housing Finance Corporation Limited (DHFL) under the resolution plan submitted by Piramal Capital & Housing Finance Company Limited (as discussed in the 21st Meeting of the committee of creditors of DHFL)..

NCLT recommended considering higher distribution to **unsecured NCD** holders.

PMS View – The New Distribution plan is against interest of secured NCD holders due to the sacrifice of Rs. 1370 cr involved and thus is recommended to be rejected.

Recommendation of the Portfolio Manager (PMS) – Reject

T.1.3 Accordingly, Fund Manager has voted for the above resolution.

T.1.4 The Board noted the position.

Table Paper No. 2

Framing Internal policy of investment for SPFO

T.2.1 Commissioner explained to the Board that there is a difference of opinion between Portfolio manager and CRISIL over the investment in overnight liquid funds. Shri.Dange informed that overnight liquid funds are coming under the category of liquid mutual fund and they have parked money in short term basis. Shri Piyush stated that overnight liquid funds are not liquid mutual funds and definition is separate for both the funds. Shri.Piyush informed that the clarification should be called from the authorities. i.e. Ministry of Finance. Chairman asked CRISIL what is the risk in investment in overnight liquid funds and accordingly CRISIL informed that there is no risk in overnight liquid funds. Shri.Dange informed that investment in overnight liquid funds is parked for less than 7 days which is in a permissible category. Available funds are being invested in overnight liquid funds for higher returns of the day.

T.2.2 The Chairman asked how to ensure overall equity investment at optimum level. Shri.Dange informed that generally investments in equities are for 6 to 7 years and it should be gradually increased over the period of time for better returns. EPFO has internal investment policy and they are investing in equity SIP on daily basis.

T.2.3 Shri.Piyush stated that many of the organisations are following investment pattern as per Ministry of Finance but has prepared their own investment policy like EPFO who started with 5% in SIP and in a period of time increased up to 15%. He further stated that a separate investment policy can be prepared and accordingly Commissioner stated that the document can be prepared by CRISIL. Chairman stated that the document may be

prepared and shared with SPFO. Shri.Abdulgani Y Serang stated that do we need approval of Ministry and are we going out of guidelines of Ministry of Finance. Accordingly, Capt. Rajesh Tandon suggested that SPFO can make a policy and send to the Ministry of Ports, Shipping and Waterways for their approval.

T.2.4 Board decided that CRISIL may take into account the concern of SPFO for preparing internal investment policy and forward it for information to Ministry of Finance and Ministry of Ports, Shipping and Waterways. Board also decided that till then SPFO can continue with current investment policy and if any objection raised by the Ministry, then changes to be made accordingly.

T.2.5 Chairman enquired how much time is required to prepare the draft internal investment policy. Shri.Piyush stated that it will take one week time and he will forward the draft document to SPFO for finalisation.

Table Paper No.3 Minutes of the 68th Finance Sub-Committee virtual meeting

T.3.1 Commissioner informed that the minutes are for information only and the same will be confirmed by the Committee in the next meeting.

5. Meeting ended with vote of thanks to the Chair.

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28/04/22
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