

Terms of Reference for
Evaluation of Performance of NGEF (Hubli) Ltd

I. **Study Title:** Title of the proposed study is “Evaluating the Performance of NGEF (Hubli) Ltd”

II. **Background information:** The NGEF is one of the prestigious Public Sector Enterprises (PSE) of north Karnataka. It is a 100% subsidiary of NGEF Ltd., and is located between twin cities i.e. Hubli and Dharwad, Karnataka State. A reputed manufacturer of electrical motors with a world class quality of tough proven German Technology. NGEF (HUBLI) Ltd., has been making significant contribution since 3 decades for the industrial and domestic development of the country by supplying electric motors of high quality and reliability as per national and international standards. The company’s motors are in various industrial applications operating across the country and abroad. While the New Government Electric Factory (NGEF) in Bangalore closed operations and sought liquidation six years ago, its branch in Hubli is silently making profits. The state government plans to keep this unit away from the liquidation process and upgrade it to increase capacity and ensure a heavier bottom line.

The unit, established in a shed in Hubli in 1984, produces electric motors. It has had a turnover of Rs 18.5 crores and recorded a profit of Rs 50 lakh in 2008. It has been making profit except for the last 3 years. However, focus on quality and brand building has ensured that NGEF motors have survived competition from global electric companies. NGEF Hubli unit is trying to be independent and move out of the liquidation process. The unit that now produces 20 hp motors plans to start producing 50 hp motors & want to upgrade the factory. However, officials point out that this may not be easy. The liquidation document prepared by the state government considers NGEF as a single unit. It does not have separate plans for Bangalore and Hubli. If the government is serious about saving the Hubli unit, it will have to redraft the document and convince the liquidators to sell off only the Bangalore unit. The Govt wants to revive this unit and wants to undertake necessary steps towards those directions in the form of a Bailout package, restructuring, and possible tie-ups with private sector for revival. In this direction the Govt wants to undertake feasibility cum evaluation study to ascertain the present situation of the company and undertake a gap analysis to find remedial measures.

III. **Evaluation Scope, Purpose and Objectives:** The main objective of the evaluation study is to arrive at the current overall situation of the company and arrive at ‘Gap-Analysis’ to ascertain the improvement areas towards revival of the company. The study will arrive at these issues and analyze them objectively and suggest the necessary steps that need to be taken towards revival of the company.

IV. **Evaluation Questions:** Based on the objectives, the evaluation questions are framed as mentioned hereunder:

- a. Whether the objectives set for the company have been achieved? If yes, to what extent and if no, why not?
- b. What are the inherent causes (internal & extraneous) of sickness of the unit?
- c. Is there any correlation between financial performance with the achievements/non-achievements of the objectives for which the company was set up?
- d. Are the prescribed quality standards of deliverables maintained?
- e. How satisfied are the consumers with the products of the Company?
- f. What are the steps taken by management to address sickness issues? Are they effective?
- g. Whether the rehabilitation measures taken by the Govt are effective? What are they?
- h. What are the key factors impacting the bottom-line of the Organization?
- i. What measures need to be taken to improve the balance sheet of the Company?
- j. What areas of the Organization needs restructuring? What measures need to be taken for restructuring?
- k. Is there a scope for technical collaboration or marketing tie-ups with other suitable organizations in the private sector?
- l. What is the roadmap for revival and the timeline involved?
- m. What are the possible consequences of revival & restructuring on the stakeholders including employees?

Evaluation Methodology: The evaluator is required to analyze the operational and financial performance of the company for the past 5 years. The evaluator along with his team will do a walkthrough of various departments & wings of the Company and meet employees at various levels & elicit information through a structured questionnaire. The evaluator should have at least one qualified Electrical Engineer/Power Engineer/Electronics and Electrical Engineer for conducting this study.

In addition, the evaluator should interview at least 10% of the stake holders with whom the products of the company are supplied and material procured. The company will revisit various MIS & Reports to arrive at the data of the Company for the last 5 years, cross check the data validity appropriately, and analyze the same. A few key areas may be visited and their performance efficiency assessed. The evaluator will examine its business model and draw broad inferences and suggest the best model for operation of the Company. This are inclusive methods, not exhaustive.

V. **Deliverables and Time Schedule:** NGEF (Hubli) will provide the required information and data to the consultant who is expected to adhere to the following timelines and deliverables

- a. Work plan submission- within one month after the release of the first Installment of the contract amount
- b. Primary data collection –within two months after the work plan is approved by the Karnataka Evaluation Authority (KEA)
- c. Draft evaluation Report – within one month after completing data for approval by a joint team of KEA and the line dept/agency officers
- d. Final report submission – within one month after draft report is approved

Thus excluding the time taken for approval, the evaluation study must be completed within 5 months time.

VI. **Cost and schedule of budget releases :**

Cost , schedule and budget release are suggested by the Karnataka Evaluation Authority as follows:

- a) **The first installment** of Consultation fee amounting to 30% of the total fee shall be payable as advance to the Consultant after the approval of the inception report, but only on execution of a Bank guarantee of a scheduled nationalized bank valid for a period of at least 12 months from the date of issuance of advance.
- b) **The second installment** of Consultation fee amounting to 50% of the total fee shall be payable to the Consultant after the approval of the Draft report.
- c) **The third and final installment** of Consultation fee amounting to 20% of the total fee shall be payable to the Consultant after the receipt of the 10 hard and 3 soft copies of the final report in the form and presentation style approved by the KEA. Three hard and one soft copy of final report along with all raw data, literature relied upon, data process etc. To be given to KEA for hosting on website.

VII. **Contact person to get further details about the evaluation study:**

Sri Prashant Barigidad Managing Director of NGEF (Mobile No- 9448544086) will be the contact person for getting information and details of this study.

VIII. **Agency for evaluation:**

The Agency should be finalised as per provision of the transparency Act and Rules without comprising on the quality.

IX. **Other general conditions:**

The evaluation report and its findings must demonstrate highest professional standards. The KEA will provide over site for the study.