



MEMORANDUM OF UNDERSTANDING (MOU)

FOR THE YEAR

2014-2015

BETWEEN

**NATIONAL HANDICAPPED FINANCE
AND DEVELOPMENT CORPORATION
(NHFC)**

AND

**DEPARTMENT OF DISABILITY AFFAIRS,
MINISTRY OF SOCIAL JUSTICE & EMPOWERMENT
GOVERNMENT OF INDIA**



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PART-I

BACKGROUND

National Handicapped Finance and Development Corporation (NHFD) was set-up by the Government of India under Section 25 of the Companies Act, 1956 on 24th January, 1997 as Company to serve as a catalyst in the economic and social development of Persons with Disability by helping them in setting up self-employment projects. It is wholly owned by Government of India and has an authorised share capital of Rs.400.00 Crores. However, so far, Government of India has released Rs.232.80 Crore only (as on 30.11.2013) towards Equity capital. The Company is managed by Board of Directors nominated by Government of India. The Company has its Registered Office at Faridabad (Haryana) in Red Cross Bhavan, Sector-12, Faridabad-121007.

MU 2014-15
Approved by DPE/TF

Signed



PART-II

MISSION /VISION AND OBJECTIVES

1.0 MISSION

The mission of NHFDC is to empower persons with Disabilities to break away from the dependence on others and depressed economic and social conditions by engaging themselves in productive work and move up the social and economic ladder with dignity and pride.

2.0 OBJECTIVES

Major objectives of NHFDC are:

- 2.1** Promotion of economic development activities and self-employment ventures.
- 2.2** Extending loan to persons with disability for setting up self-employment ventures.
- 2.3** Providing grants for training of persons with disability for up-gradation of their entrepreneurial skill for proper and efficient management of self-employment ventures.
- 2.4** Extend loan to persons with disability for pursuing professional/technical education leading to vocational rehabilitation/self-employment.
- 2.5** To assist self-employed individual with disability in marketing their finished goods.

Approved by DPE/TF

Signed



PART-III

**EXERCISE OF ENHANCED AUTONOMY AND DELEGATION OF
FINANCIAL POWERS**

All powers delegated to the MOU-signing PSEs (vide DPE O.M. number BPE1(18)/88-Fin.(PPU) dated 19.10.88 and subsequent amendments (from time to time), will be available to the NHFDC.

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PART-IV

MEMORANDUM OF UNDERSTANDING FOR FINANCIAL YEAR 2014-15								
Evaluation Criteria		MoU Targets						
1	Static / Financial Parameters	Unit	Weight in %	Excellent (1)	V.Good (2)	Good (3)	Fair (4)	Poor (5)
i)	EBITDA (Earnings before Interest, Taxes, Depreciation and Amortisation)	Rs.Cr.	10	1.0700	1.0000	0.9500	0.9025	0.8395
ii)	Disbursements	Rs.Cr.	12	100.00	94.00	89.00	85.00	79.00
iii)	% of total resources mobilized from sources other than grant in aid of Government	%	4	65%	63%	61%	59%	56%
iv)	EBITDA /Total employment	Rs.Cr.	5	0.0306	0.0286	0.0271	0.0258	0.0240
v)	Recoveries as a % of amount due (Current Year)	%	4	78.75	73.60	69.90	66.40	61.75
vi)	Recoveries as a % of amount overdue for varying years (Accumulated)	%	5	18.75	17.50	16.65	15.80	14.70
Sub-total (i to vi)			40					
2	Dynamic Parameters							
i)	No. of Beneficiaries assisted during the year	No.	14	14000	13000	12350	11735	10915
ii)	% age of beneficiaries inspected during the year	%	6	2.00	1.50	1.43	1.35	1.26
iii)	% age of beneficiaries found during inspection to have utilised the assistance for the intended purpose	%	4	75.27	70.35	66.85	63.50	59.05
iv)	Carrying out study on Socio-economic impact of NHFDC schemes	Time Line	2	30.11.14	31.12.14	31.1.15	28.2.15	31.3.15
v)	Participation in Regional /State Fairs/ Camps/Exhibitions	No.	5	22	21	20	19	18
vi)	No of target group provided Entrepreneurship Development / skill development programme that help them to secure employment	No.	9	1100	1000	950	905	840
vii)	Partnership with new (in addition to existing) EDP institutes/ Vocational Institutes to train beneficiaries	No.	3	5	4	3	2	1
viii)	Partnership with new (in addition to existing) Government / Non-Government departments/ established institutions to leverage the Corporation's objectives/ schemes	No.	3	5	4	3	2	1
ix)	Net working with new (in addition to existing) various institutions to achieve NHFDC mission/ Adoption of Innovative Practices (Not included above)	No.	3	5	4	3	2	1
x)	Human Resources Management		5	As per Appendix-I				
3	Corporate Social Responsibility & Sustainability		6	As per Appendix-II				
Sub Total (2+3)			60					
Grand Total			100					



Appendix-I

Evaluation Criteria		MoU Target for Financial Year 2014-15						
Sl.	HRM - PERFORMANCE INDICATORS	Unit	Weight	Excellent (1)	V.Good (2)	Good (3)	Fair (4)	Poor (5)
1	Formal risk management training courses to senior management personnel (All employees at Executive level)	Coverage in (%)	1	100	75	50	25	NIL
2	Training to Employees	Man days	1	30	26	20	15	10
3	Training for multi-skilling / Skill Upgradation of Non-executives	Man days	1	10	8	6	4	2
4	No. of suggestions generated per employee per year	Nos. per employee	1	0.6	0.5	0.4	0.3	0.2
5	Effectiveness of Grievance Redressal System - % of Grievance settled vis-à-vis received during the year	% settlement	1	55	50	45	40	35

Appendix-II

Evaluation Criteria			MoU Target for Financial Year 2014-15						
Sl.	Corporate Responsibility and Sustainability	Social and	Unit	Weight	Excellent (1)	V. Good (2)	Good (3)	Fair (4)	Poor (5)
1	Events undertaken for involvement of employees and the top management in internalizing the CSR and sustainability Agenda within the Organisation		Nos	2	4	3	2	1	0
2	Incurring expenditure for providing material support to organizations having exemplary contribution for welfare of PwDs		Rs.in Lac	2	8	6	4	3	0
3	No. of Workshops/ Awareness Camps undertaken for engagement of Key stakeholders such as PwDs and State Channelising Agencies.		Nos.	2	18	17	16	15	14

Approved by DPE/TF
 Signed

Note:

- Negative marking for Non-compliance of Corporate Governance
 Non-compliance of Guidelines of Corporate Governance issued vide DPE OM 18(8)/2005-GM dated 14th May,2010 would be penalised by way of negative marking and the MoU score would be increased in the following manner (Reference :Para 3.21 Guidelines for MoU for the Year 2014-15):



Sl. No.	Annual Score	Grading	Penalty Marks	Difference in Score from "Excellent" Grade
1	85% and Above	Excellent	0	0
2	75%-84%	Very Good	0	0
3	60% -74%	Good	0.5	0.02
4	50% -59%	Fair	0.5	0.02
5	Below 50%	Poor	1	0.04

If the Corporation fails to submit the self evaluation report of Corporate Governance through the Administrative Ministry, its score will be inflated accordingly.

2. Negative Marking for Non-Compliance of other Guideline/Regulations

a) Procurement from MSME

CPSEs will have to follow the Public Procurement Policy for Micro, Small and Medium Enterprises (MSMEs) Order, issued vide D.O. No. 2 1(1)/201 1-M.A. dated April 25, 2012, and non-compliance with the aforesaid order will be penalized up to 1 mark at the discretion of Task Force at the time of MoU Evaluation.

b) Non-Compliance of DPE Guidelines

CPSEs have to give a certificate regarding implementation of Guidelines issued by DPE within prescribed timelines and format specified through its administrative ministry as per details in OM No. DPE/14(38)/I0-Fin Dated 28th June 2011. Non-compliance of DPE Guidelines determined on the basis of certificate submitted will be penalized up to 1 mark at the discretion of Task Force at the time of MoU Evaluation.

c) Other Non-Compliance

Non-compliance of any directives of government including submission of data for Public Enterprises (PE) survey, MOSPI data updation on their website etc. and non-compliance of requirements of regulators in serious cases may be penalized upto 1 mark depending on the degree and seriousness of non-compliance. CPSE have to give a certificate regarding compliance of directives of Government and requirement of regulators (Annexure VIII of the Guidelines of DPE for MoU for financial year 2014-15).

Approved by DPE/TF
Signed



PART-V

COMMITMENT/ ASSISTANCE FROM THE GOVERNMENT

- 1.1** Adequate fund required to achieve the target in MOU and to meet the administrative/establishment/promotional expenditure will be made available as far as possible in first quarter of the financial year 2014-15. Government will provide Rs. 35.00 Crore as Equity support to the Corporation during financial year 2014-15.
- 1.2** The Government of India will help NHFDC in securing State Government /UT Guarantee.
- 1.3** The Government of India will extend co-operation in realization of outstanding dues from the defaulting States and NGOs.
- 1.4** The Government of India will persuade the State Governments to strengthen the State Channelising Agencies with adequate resources & Staff.
- 1.5** The Government will take necessary steps for appointment of Non-Official Directors on the Board of the Corporation.

MOU 2014-15
Approved by DPE/TF

Signed



PART-VI

ACTION PLAN FOR IMPLEMENTATION AND MONITORING OF THE MOU

The implementation of tripartite (DPE – MSJE - NHFDC) MOU shall be reviewed in the months of October, January, and April by the Department of Disability Affairs, Ministry of Social Justice & Empowerment, and evaluated by the Department of Public Enterprises (DPE) at the end of the year.

Signed at New Delhi on 25/03/2014.

Parish Chandra Das
(PARESH CHANDRA DAS)

Chairman-cum-Managing Director
National Handicapped Finance and
Development Corporation
Red Cross Bhawan, Sector-12,
Faridabad, Haryana -121007

Stuti Kacker

(S.TUTI KACKER)

Secretary,
Department of Disability Affairs,
Ministry of Social Justice & Empowerment
Government of India,
Shastri Bhawan, New Delhi

TREND OF CPSE's PERFORMANCE ON FINANCIAL PARAMETERS FOR THE LAST FIVE YEARS

Annexure VI
(Rs. In Crore)

Particulars	2009-10		2010-11		2011-12		2012-13		2013-14		Data as	2014-15
	MoU (Basic Tgt. Good)	ACTUAL	MoU (Basic Tgt. Good)	ACTUAL	MoU (Basic Tgt. V. Good)	ACTUAL	MoU (Basic Tgt. Good)	ACTUAL	MoU (Basic Tgt. V. Good)	Projected for 31.3.14	on 30.09. 2013	Projected (Basic Tgt. Very Good)
Profit & Loss Statement Items												
Interest from Loans	2.63	2.96	3.05	3.16	---	3.44		3.81		4.64	2.04	5.46
Interest and other income	---	0.78		1.27	---	4.89		5.80		5.20	0.87	2.12
Total		3.74		4.43		8.33		9.61		9.84	2.91	7.58
EBITDA (Earnings Before Interest , Taxes, Depreciation and Amortization)	-2.72	0.61	-0.12	1.75	4.47	4.27	1.72	4.49	1.12	4.01	1.23	1.00
Depreciation	0.14	0.13	0.14	0.10	0.19	0.07	0.11	0.07	0.11	0.10	0.00	0.11
EBIT (Earnings Before Interest and Taxes)	-2.86	0.47	-0.26	1.65	4.28	4.20	1.61	4.42	1.01	3.91	1.23	0.89
Interest Expenses	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Prior period Expenses	0.00	-2.27	0.00	0.10	0.00	0.48	0.01	-0.22	0.01	0.05	0.00	0.01
Extra Ordinary Items	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Any Other Expenses	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.03	0.00	0.03
Profit Before Tax	-2.86	2.75	-0.26	1.55	4.28	3.72	1.60	4.64	1.00	3.83	1.23	0.85
Tax	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Profit after Tax	-2.86	2.75	-0.26	1.55	4.28	3.72	1.60	4.64	1.00	3.83	1.23	0.85
Dividend Paid	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Profit transferred to Statutory reserves	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Any Other Item	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Profit transferred to Balance Sheet	2.86	2.75	-0.26	1.55	1.01	3.72	1.60	4.64	0.88	3.83	1.23	0.85
Balance Sheet Items												
Gross Block	1.96	1.27	1.47	1.28	2.24	1.18	1.42	1.26	10.39	10.37	0.29	19.41
Less: depreciation	0.88	0.87	1.04	0.97	1.16	0.92	1.18	0.99	1.13	1.09	0.00	0.11
Net block	1.08	0.40	0.43	0.31	1.08	0.26	0.24	0.27	9.26	9.28	0.29	19.30
Share Capital of CPSE	116.80	116.80	166.80	166.80	186.80	191.80	221.80	211.80	236.80	246.80	221.80	281.80
Reserves & Surplus of CPSE	23.18	26.03	22.06	27.58	28.59	31.30	33.16	35.94	36.27	39.77	37.17	40.62
Less: deferred revenue exp. / pre- acquisition loss	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Less: Profit & loss A/C (Loss figure)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Net Worth of CPSE	139.98	142.83	188.86	194.38	215.39	223.10	254.96	247.75	273.07	286.57	258.97	322.42
Investments												
Total Current assets	139.41	9.45	191.33	61.38	217.31	64.06	257.17	155.04	264.62	164.11	155.87	157.42
Total Current liabilities & provision	0.50	3.04	2.90	6.46	3.00	4.40	2.45	4.00	0.81	3.79	3.90	3.00
Net Current assets	138.91	6.41	188.43	54.92	214.31	59.66	254.72	151.04	263.81	160.31	151.97	154.42
Capital Employed (Net block + net current assets)	139.99	6.81	188.86	55.23	215.39	59.92	254.96	151.31	273.07	169.59	152.26	173.72
Total Long -term debt (loan funds)	0.00	136.02	0.00	139.15	0.00	163.18	0.00	96.44	0.00	116.98	106.71	148.70
Total Assets	139.99	142.83	188.86	194.38	215.39	223.10	254.96	247.75	273.07	286.57	258.97	322.42
No of employees of CPSE	40	32	35	32	34	30	35	33	35	35	32	35
Ratios												
PAT/Net Worth	-2.04	1.92	-0.14	0.80	1.99	1.67	0.63	1.87	0.37	1.34	0.47	0.26
EBITDA/Net Block	-252.56	151.65	-27.12	565.49	413.89	1667.22	716.67	1676.64	12.14	43.21	419.69	5.19
EBIT/Average Capital Employed(%)		4.86	-0.16	5.32	2.12	7.29	0.68	4.19	0.38	2.44	0.81	0.52
PAT per Employee (Rs. Lakhs)	-7.14	8.59	-0.73	4.85	12.59	12.39	4.57	14.07	2.87	10.94	3.83	2.43
Current Ratio	27882	310.85	6597.59	950.84	7243.67	1455.66	10496.73	3876.03	32669.14	4327.71	4000.70	5247.33
Debt Service Coverage Ratio		N.A.		N.A.		N.A.		N.A.		N.A.	N.A.	N.A.
Operating Cash Flow		N.A.		N.A.		N.A.		N.A.		N.A.	N.A.	N.A.
Average No. Days of Inventory		N.A.		N.A.		N.A.		N.A.		N.A.	N.A.	N.A.
Inventory Turnover Ratio		N.A.		N.A.		N.A.		N.A.		N.A.	N.A.	N.A.
Average Collection Period of Trade Receivables		N.A.		N.A.		N.A.		N.A.		N.A.	N.A.	N.A.
Debtors Turnover Ratio		N.A.		N.A.		N.A.		N.A.		N.A.	N.A.	N.A.
Loans Sanctioned	29.69	38.02	71.50	32.26	---	55.38	---	69.21	---	71.00	38.42	100.00
Disbursements As Per Details given in Addl. Inf. For CPSEs regd. u/s 25 of the Companies Act,1956												
NPA/Loan Assets	---	0.0010	---	0.0010	---	0.0023	---	0.0002	---	0.0016	NA	0.0008
Average cost of funds		N.A.		N.A.		N.A.		N.A.		N.A.	N.A.	N.A.
Additional for 'CPSEs registered under Sec. 25 of the Companies Act, 1956												
Disbursements	27.02	30.79	65.00	31.84	46.60	50.86	53.40	69.59	66.00	70.00	37.52	94.00
% of total resources mobilized from sources other than grant in aid of Government	---	0.71	---	-0.57	46.35	0.51	43.83	0.71	62.00	50.00	73.35	62.77
EBITDA/ Total employment	---	0.02	0.00	0.05	0.13	0.14	0.05	0.14	0.03	0.11	0.04	0.03
Recoveries as a % of amount due	---	---	---	---	68.25	71.19	70.35	76.16	70.35	74.27	----	73.60
Recoveries as a % of amount overdue for varying year (accumulated)	---	---	---	---	3.70	3.62	5.25	15.19	18.90	19.36	----	17.50



ANNEXURE-VII

Self Declaration/Certification by CPSE

It is hereby certified that the targets and actual achievements in respect of financial parameters have been worked out as per MoU Guidelines by adopting the norms and definitions laid down in MoU Guidelines for the year 2014-15. In case, any deviation is found at the time of appraisal of performance, DPE is free to evaluate as per audited accounts as per MoU Guidelines. CPSE has no right of claim in this regard.

Paresh Chandra Das

(Paresh Chandra Das)
Chairman-cum-Managing Director
National Handicapped Finance and
Development Corporation
Red Cross Bhavan, Sector-12
Faridabad-121007



ANNEXURE-VIII

Self Declaration for Compliance of Directives of Government & Regulators

It is hereby certified that the CPSE has complied all the directives of Government and requirements of regulators. In case, any deviation is found at the time of appraisal of performance, DPE is free to evaluate as per Guidelines, directives issued by the Government/ regulators. CPSE has no right of claim in this regard.

Paresh Chandra Das

(Paresh Chandra Das)
Chairman-cum-Managing Director
National Handicapped Finance and
Development Corporation
Red Cross Bhavan, Sector-12
Faridabad-121007



Computations

1((i). EBITDA (Earning before interest , taxes, Depreciation and Amortization)

EBITDA	Amt. in Rs. Cr.
Surplus (Before tax)	0.85
Add : Prior Period Exp.	0.01
Surplus (Before prior period items)	0.86
Add: Depreciation	0.11
Add: Amortisation exp	0.03
Total :EBITDA	1.0000

ii) Disbursements : Rs. Cr.

The target is optimistic and has no correlation with the best achievements for the past five financial years.

iii) % of total resources mobilized from sources other than grant in aid of Government

	Rs. Cr.
Equity Support from Government	35.00
Disbursement	94.00
Internal Resources	59.00
% of total resources mobilized from sources other than grant in aid of Government = 59/94	63.00%

iv) EBITDA /Total employment

	Amt in Rs. Cr.
EBITDA (Earnings before Interest, Taxes, Depreciation and Amortisation)	1.00
No.of Employees	35
EBITDA /Total employment	0.0286

2. (ii): % age of beneficiaries inspected during the year

Total Beneficiaries as on 31/3/2013(Cumulative)	77681	A
Benef. Expected to be assisted during 2013-14 {As per MoU 2013-14 (Excellent Tgt)}	12840	B
Total Beneficiaries as on 31/3/2014(Cumulative)	90521	C=A+B
The tgt group that can be subjected to insp.(100%)	90521	D
In terms of Numbers, the tgt. Translates to 1358	1.5% of Cumulative Benef. As on 31.3.2014	