

**MEMORANDUM  
OF  
UNDERSTANDING**

**FOR  
2020-2021**

*Between*



**MECON LIMITED**

**AND**



**MINISTRY OF STEEL  
GOVERNMENT OF INDIA**

## Brief about the CPSE

1.	Name of the CPSE	MECON LIMITED	
2.	Status (Please tick): As per DPE guidelines	Weak	
3.	Reasons of Sickness, if applicable	NA	
4.	Whether registered with BIFR, If yes, details	NO	
5.	Schedule of the CPSE (Please tick)	Schedule A	
6.	Purpose for which CPSE has been setup and the main business now	<p>MECON Ltd. (Formerly Known as Metallurgical &amp; Engineering Consultants (India) Limited) was incorporated on 31.03.1973 with an objective to operate pre-dominantly in the iron and steel sector, which was its core competence area at that time.</p> <p>MECON is a consultancy and contracting organisation in the field of iron and steel, chemicals, refineries and petrochemicals, power, road and highways, railway and water management, ports and harbours, gas and oil pipe lines, non ferrous, mining, environmental engineering etc.</p>	
7.	Number and Name of subsidiary companies along with amount invested and share in its profit during last five years	Separate sheet may be attached, if more than one subsidiary. Information may be separately given in respect of each subsidiary and aggregated (consolidated) also.	
	Year*	Name of subsidiary	Share in its profit (Rs)
	2015-16	- N.A.-	- N.A.-
	2016-17	- N.A.-	- N.A.-
	2017-18	- N.A.-	- N.A.-
	2018-19	- N.A.-	- N.A.-
	2019-20	- N.A.-	- N.A.-
8.	Number and Name of Joint Venture companies along with amount invested and share in its profit during last five years	Separate sheet may be attached, if more than one Joint Venture. Information may be separately given in respect of each Joint Venture and aggregated (consolidated) also.	
	Year*	Name of Joint Venture	Share in its profit (Rs)
	2015-16	Metallurgical & Engineering Consultants (Nigeria) Limited	NIL
	2016-17	Metallurgical & Engineering Consultants (Nigeria) Limited	NIL
	2017-18	Metallurgical & Engineering Consultants (Nigeria) Limited	NIL
	2018-19	Metallurgical & Engineering Consultants (Nigeria) Limited	NIL
	2019-20	Metallurgical & Engineering Consultants (Nigeria) Limited	NIL
9.	Details of revival plan approved earlier	<p>Under financial restructuring / package recommended by BRPSE,</p> <p>The Government of India, Ministry of Steel vide their letter No.4(46)/2004-HSM (Vol-IV) dated 27.02.2007 gave cash infusion of ₹30.00 crore as equity in exchange of fully paid up 3,00,00,000 (Three crore only) equity shares of ₹10/- each in the name of President of India.</p> <p>Further, the Government of India, Ministry of Steel vide their letters No.4(46)/2004-HSM both dated 30.03.2007 issued orders for conversion of Loan of ₹6.00 crores as on 31.03.2005 and interest thereon for ₹1.72 crore as on 31.03.2005 into equity capital in exchange of fully paid up 77,20,000 equity shares of ₹10/- each in the name of President of India.</p> <p>The Government of India, Ministry of Steel vide their letter No.4(46)/2004-HSM (Vol-IV) dated 14th February, 2007 gave 50% interest subsidy (not exceeding ₹6.50 crores per annum) on VRS Loan which phased out by 2013-14 and waiver of guarantee fee (not exceeding ₹1.92 Crores per annum) on VRS Loan till the loan retired during 2013-14.</p> <p>Moreover, the Government of India, Ministry of Steel vide their letter No.4(46)/2004-HSM(Vol.IV) dated 29.06.2007 gave cash infusion of ₹63.00 crore as 5% Non-Cumulative Redeemable Preference Share Capital in exchange of fully paid up 6,30,00,000 Non-cumulative Redeemable Preference Shares of ₹10/- each in the name of the President of India.</p>	

\* Note: 100% provision for diminution in value of investment has been made in the books of accounts.

**Mandatory Parameters**  
**(Part -A)**  
**(Applicable to all CPSEs except CPSEs Distributing grant)**

Sl. No.	Financial Performance Criteria	Unit	Marks	Current year (Estimate)	Best in 5 years	MOU Target for the year 2020-21				
						Ex.	V. Good	Good	Fair	Poor
						100%	80%	60%	40%	20%
1	<b>Turnover :</b> Revenue from Operations	Rs. Crore	10	647.51	480.37	675.00	647.00	550.00	525.00	500.00
2	<b>Operating Profit/Loss:</b>  Operating Profit as % of Revenue from Operations (Net) (%)	%	20	5.97%	-	6.25%	5.97%	4.50%	3.50%	2.50%
3	<b>Return on investment:</b>  PAT as a % of Average Net Worth	%	20	17.29%	29.15%	29.15%	17.29%	15.00%	10.00%	5.00%
<b>Total (A)</b>			<b>50</b>							

For MECON Limited

*Atul Bhatt*  
**(Atul Bhatt)**  
Chairman and Managing Director

Dated:

For Ministry of Steel

*Pradip Kumar Tripathi*  
**(Pradip Kumar Tripathi)**  
Secretary

**Other Parameters  
(Part -B)**

Applicable to all Operating CPSEs except CPSEs in Finance Sector

Sl. No.	Performance Criteria	Unit	Marks	Current year (Estimate)	Best in 5 years	MOU Target for the year 2020-21				
						Ex.	V. Good	Good	Fair	Poor
						100%	80%	60%	40%	20%
4	Completion of milestone of clients orders / agreements without time overrun stated for 2020-21 for all orders above Rs 10 Cr (%)	%	25	50%	86.13%	100%	90%	80%	70%	60%
5	Capex *	Rs Crore	5	Capital Outlay as per Statement 26 is Rs. 15.11 Cr.		7.75	7.00	6.50	6.00	5.50
6	Trade receivables (Net) as number of days of Revenue from Operations (gross)	Days	10	262	169	30	90	180	200	250
7	Reduction in Claims against the company not acknowledged as debt-Overall (%)	%	5	8.31	—	20%	18%	16%	14%	12%
8	Percentage of procurement of goods and services through GeM portal to total domestic procurement of goods and services during the previous year i.e FY 2019-20 (%)	%	5	—	—	25%	20%	15%	10%	5%
<b>Total (B)</b>			<b>50</b>							

\* - If CPSE fails to revise the capital outlay at RE stage then targets will be revised as per statement 26 accordingly.


**Note:**

- In working out achievements for the year, quantified qualifications of CAG / Statutory Auditors would be adjusted in case of overstatement of Revenue/ Profit Surplus or understatement of Loss/ Deficit in addition to the negative marks prescribed in MoU guidelines.
- Adjustment would be made in the targets in case of improvement in actual performance over the estimated performance in the base year (2019-20) as per MoU Guidelines.
- It was agreed that targets decided are unconditional and no offset will be allowed on any ground. Further evaluation would be subject to compliance of Additional Eligibility criteria as contained in MoU guidelines.

**For MECON Limited**

  
(Atul Bhatt)  
Chairman and Managing Director

**For Ministry of Steel**

  
(Pradip Kumar Tripathi)  
Secretary

**Dated:**

**PART A**  
**TREND Analysis**

Sl. No.	Particulars	Unit	Target v/s Actual	2014-15	2015-16	2016-17	2017-18	2018-19	Current Year	
									Prov. upto 30.09.2019	Estimated
1	Revenue from Operations -Gross	Rs. crore								
	Revenue from Operations -Net		Actual	430.59	327.85	349.09	480.37	479.20	183.94	647.51
			MoU	425.00	450.00	360.00	475.00	545.00	550.00	550.00
2	a. Profit before Tax	Rs. crore		33.01	(174.70)	(77.35)	44.02	9.97	(55.54)	87.03
	b. Other Incomes			108.56	72.01	58.00	109.25	51.20	23.27	48.35
	c. Extraordinary & Exceptional items			-	-	-	-	-	-	-
	d. Prior Period Items			(1.34)	0.09	-	-	-	-	-
	e. Operating Profit/ Loss (a-b+/-c+/-d)		Actual	(74.21)	(246.80)	(135.35)	(65.23)	(41.23)	(78.81)	38.68
			MoU	(51.84)	(73.95)	(175.76)	(133.20)	(74.19)	(28.53)	(28.53)
3	a. PAT	Rs. crore		20.27	(162.41)	(73.05)	58.02	13.74	(48.88)	69.00
	b. Net Worth at year end			410.23	235.22	169.86	228.27	364.48	315.60	433.49
	c. Average Net worth			413.52	322.73	202.54	199.07	296.38	340.04	398.99
	d. PAT/ Net Worth (Average Net Worth)	%	Actual	4.90%	-50.32%	-36.07%	29.15%	4.64%	-14.37%	17.29%
			MoU	3.27%	2.28%	-49.34%	-111.74%	1.75%	2.24%	2.24%
	e. Paid-up Share Capital			52.74	40.14	40.14	40.14	40.14	40.14	40.14
	f. Gol share			52.74	40.14	40.14	40.14	40.14	40.14	40.14
g. Reserves and surplus (Other Equity)			379.92	217.26	105.96	165.71	300.32	248.52	358.10	
4	Total Expenses	Rs. crore		504.80	574.65	484.44	545.60	520.43	262.75	608.83
5	Total Incomes			539.15	399.86	407.09	589.62	530.40	207.21	695.86
6	Total expenses/ Total Incomes	%		93.63%	143.71%	119.00%	92.53%	98.12%	126.80%	87.49%
7	Detail of other incomes	Rs. crore								
	a. Interest			64.33	56.10	44.19	38.72	37.71	16.03	29.37
	b. Dividend			0.02	0.01	0.01	0.01	0.01	0.01	0.01
	c. Other Incomes			44.21	15.90	13.80	70.52	13.48	7.23	18.97
	d. Total		108.56	72.01	58.00	109.25	51.20	23.27	48.35	
8	a. Cash and Bank Balance and equivalent			677.40	603.17	548.28	546.60	522.16	376.48	383.72
	b. Investment in mutual funds			NIL	NIL	NIL	NIL	NIL	NIL	NIL
	c. Investment in shares other than subsidiary/ JVs)			NIL	NIL	NIL	NIL	NIL	NIL	NIL
	d. Total (a+b+c)			677.40	603.17	548.28	546.60	522.16	376.48	383.72
	e. Cash credit/ Over-draft loan/ Short-Term loan			NIL	NIL	NIL	NIL	NIL	NIL	NIL
	f. Balance in Current account			24.21	1.28	2.16	28.82	7.25	4.50	21.83
9	Dividend paid/ declared for the year, excluding Dividend Tax			9.09	-	-	10.27	-	-	-

**Annex-III (Part-B) - TREND Analysis**

Sl. No.	Financial Performance Criteria	Unit	Target v/s Actual	2014-15	2015-16	2016-17	2017-18	2018-19	Current Year	
									Prov. upto 30.09.2019	Estimated
1	Installed Capacity in respect of each product									
2	Capacity Utilisation in respect of each product		Actual							
			MoU							
3	Contribution of each product in sales	%								
4	New orders received during the year	Rs. crore	Actual	341.22	593.4	683.4	1418.68	1003.44	4303	4929.47
			MoU	450	815	700	1200	1000	--	--
5	Exports as a percentage of Revenue from operations	%	Actual	0.71%	0.68%	0.25%	0.06%	0.96%	0.88%	0.65%
			MoU	NA	NA	NA	NA	NA	NA	NA
6	Development or Revenue from new products or product with new features		Actual							
			MoU							
7	Production efficiency parameters		Actual							
			MoU							
8	Completion of milestone of clients orders/ agreements without time	%	Actual							
			MoU							
9	R&D, Innovation, Technology up-gradation parameter		Actual							
			MoU							
10	Market share	%	Actual							
			MoU							
11	CAPEX	Rs. crore	Actual	4.52	10.03	14.36	2.69	3.71	3.29	4.82
			MoU	NA	NA	11.50	17.00	NA	4.50	4.50
12	CAPEX contracts/ projects running/ completed without time/ cost overrun to total value of CAPEX	%	Actual							
			MoU							
13	Inventory of finished goods and work in progress	Rs. crore		5.04	7.41	6.16	6.94	78.74	69.15	67.42
14	Inventory of finished goods and work in progress to RO(Net)	%	Actual	1.17%	2.26%	1.76%	1.44%	16.43%	18.80%	10.41%
			MoU	1.18%	1.28%	2.06%	1.51%	1.31%	1.30%	1.30%
15	Inventory of finished goods of more than one year	Rs. crore	Actual	NA	NA	NA	NA	NA	NA	NA
16	Inventory of finished goods of more than one year as a percentage of RO	%	Actual	NA	NA	NA	NA	NA	NA	NA
			MoU	NA	NA	NA	NA	NA	NA	NA
17	Trade Receivables (net)	Rs. crore	Actual	199.24	247.08	277.56	385.98	445.86	415.85	463.08
			MoU	141.67	225.00	147.60	269.17	261.15	271.00	271.00
18	Trade receivables (Net) as number of days of RO(gross)	Days	Actual	169.00	275.00	290.00	293.00	340.00	414.00	262.00
			MoU	122.00	183.00	150.00	207.00	180.00	180.00	180.00
19	Claims against the Company not acknowledged raised by:									
	Central Government Departments	Rs. crore		19.21	8.03	6.06	7.82	10.12	10.12	10.12
	State Governments/ Local Authorities			19.10	35.69	41.96	44.49	44.80	44.80	43.47
	CPSEs			-	-	-	-	-	-	-
	Others			60.98	84.46	128.50	153.54	183.09	160.99	164.63
	Total		Actual	99.29	128.18	176.52	205.85	238.01	215.91	218.22
			MoU	NA	NA	NA	NA	NA	NA	NA
20	Loans disbursed / Total Funds Available		Actual	NA	NA	NA	NA	NA	NA	NA
			MoU	NA	NA	NA	NA	NA	NA	NA
21	Overdue loans / Total loans (Net)		Actual	NA	NA	NA	NA	NA	NA	NA
			MoU	NA	NA	NA	NA	NA	NA	NA
22	NPA / Total loans (Net)		Actual	NA	NA	NA	NA	NA	NA	NA
			MoU	NA	NA	NA	NA	NA	NA	NA
23	Cost of raising funds as compared to similarly rated CPSEs/ entities		Actual	NIL	NIL	NIL	NIL	NIL	NIL	NIL
			MoU	NIL	NIL	NIL	NIL	NIL	NIL	NIL
24	Return (share of profit/loss) on Investment in Joint Ventures	%	Actual	NIL	NIL	NIL	NIL	NIL	NIL	NIL
			MoU	NIL	NIL	NIL	NIL	NIL	NIL	NIL
25	Value of Overseas Orders procured during the year	Rs. crore	Actual	3.44	1.39	0.46	0.16	16.71	0.6136	--
			MoU	--	--	4	--	--	--	--
26	Any other result-oriented parameters taken for target setting		Actual							
			MoU							