# MEMORANDUM OF UNDERSTANDING

FOR 2017-2018

Between



# **MECON LIMITED**

AND



MINISTRY OF STEEL GOVERNMENT OF INDIA

### Brief about the CPSE

1.	Name of the	ne CPSE	MECON LIMITED							
		ase tick): As per DPE	Weak							
	guidelines									
3.	Reasons o	f Sickness, if applicable	NA							
4.	Whether r	egistered with BIFR, If yes,	N	10						
4.	details	egistered with birth, if yes,								
5.	Schedule of	of the CPSE (Please tick)	Schee	dule A						
6.		r which CPSE has been the main business now	<ul> <li>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 tha time.</li> <li>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.</li> </ul>							
7.	companies	nd Name of subsidiary s along with amount invested in its profit during last five	Separate sheet may be attached, if more separately given in respect of each subsid	than one subsidiary. Information may be diary and aggregated (consolidated) also.						
	Year*	Name of subsidiary	Amount invested (Rs.)	Share in its profit (Rs)						
	2011-12	- N.A	- N.A	- N.A						
	2012-13	- N.A	- N.A	- N.A						
	2013-14	- N.A	- N.A	- N.A						
	2014-15	- N.A	- N.A	- N.A						
	2014-15	- N.A	- N.A	- N.A						
8.	companies and share years	along with amount invested in its profit during last five		nt Venture and aggregated (consolidated)						
	Year*	Name of Joint Venture	Amount invested (Rs.) ***	Share in its profit (Rs)						
	2011-12	Metallurgical & Engineering Consultants (Nigeria) Limited	7,60,251.90	NIL						
	2012-13	Metallurgical & Engineering Consultants (Nigeria) Limited	7,60,251.90	NIL						
	2013-14	Metallurgical & Engineering Consultants (Nigeria) Limited	7,60,251.90	NIL						
	2014-15	Metallurgical & Engineering Consultants (Nigeria) Limited	7,60,251.90	NIL						
	2015-16	Metallurgical & Engineering Consultants (Nigeria) Limited	7,60,251.90	NIL						

Г	9.	Details of revival plan approved earlier	Under financial restructuring / package recommended by BRPSE,
			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.
			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.
			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.
			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.

\* Note: For each succeeding year of MoU, one more year may be added after the MoU 2017-18 and the First year delated so that total data available is for the past five years.

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

ANNEX -II

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

	Financial Performance Criteria		Marks	Current year	Best in 3		%				
SI. No.		Unit				Ex.	V. Good	Good	Falr	Poor	/* Improvement
			-	(Estimate)	years **	100%	80%	60%	40%	20%	Improvement
E	Turnover :										
	Revenue from Operations	Rs. Crore	10	330.00	430.59	525.00	475.00	430.00	390.00	355.00	43.94%
ü	Operating Profit/Loss:										
a.	Reduction in operating Loss over previous year	%	20	30.68%		100.00%	80.00%	60.00%	40.00%	30.00%	160.80%
iii	Return on Investment:	(		1							
	Reduction in Total Expenses as a percentage of Total Inome as compared to previous year	%	20	16.35%	-4.88%	20.00%	15.00%	12.00%	10.00%	8.00%	-8.26%
	Total (A)		50								

MECON is a service organization principally engaged in Detail Engineering, Consultancy & Project Management Services for the projects in Iron & Steel Sector. Bulk of company's Business / Turnover is from this sector. As the situation of this sector for last three years is not encouraging and the situation is likely to \*\* continue for some more time (as predicted by various agencies), we have considered the figures achieved during last three years i.e., 2013-14 to 2015-16 for projecting the targets for the forthcoming Financial Year 2017-18 for all financial years.

\*\*\* Note: Best operating profit was Rs. 69.50 in the FY 2011-12.

For MECON Limited

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

Dated:

(Dr. Aruna Sharma) Secretary

For Ministry of Steel

ANNEX -II

#### Other Parameters (Part -B) pplicable to all Operating CPSEs except CPSEs in Finance Sec

	25			Derating CPSE			%				
SI. No.	Performance Criteria	Unit	Marks	(Estimate)	vears **	Ex,	V. Good	Good	ear 2017-18 Fair	Poor	Improveme
				(Estimate)	years	100%	80%	60%	40%	20%	nt =
iv	New orders Received during the year	Rs Crore	10	1418.65	683.4	1500	1200	1100	1000	900	-15.41%
v	Completion of milestone of clients orders/ agreements without time overrun stated for 2017-18 (as per Attachment A)	%	10			100%	90%	85%	80%	75%	
vi	Trade receivables (Net) as number of days of Revenue from Operations (gross)	Days	10	240	169	150	170	190	200	210	29.17%
vii	Reduction in claims against the company not acknowledged as debt	%	10	-		10%	8%	7%	6%	5%	*
viil	Human Resource Management (HRM) relate	d Paramet	Are						·		
	On-line submission of ACR/APAR in resepect of all executives (E0 and above) along with compliance of presecribed timelines w.r.t. Writing of ACR/APAR (% of number of executives)		2	ವನ	3 <del>31</del>	100%	95%	90%	85%	80%	
2	Online Quarterly vigilance clearance updation for Senior Executives (E-5 and above) (% of number of senior executives)	%	2	32	12	100%	95%	90%	85%	80%	
3	Preparation of succession plan and its approval by Board of Directors	Date	2			30.09.17	15.10.17	31,10,17	15.11.17	30.11.17	#C
4	Holding of DPC without delay for executive (E0 and above level )	%	2	3 <b>4</b>	а <u>ш</u>	100%	95%	90%	85%	80%	
	Talent management and carrier progression by imparting at least one week training in Centre of Excellence e.g. IITs, IIMs, NITs, ICAI etc. (% of executives)	%	2		-	5.0%	4.5%	4.0%	3.5%	3.0%	-
	Total (B)		50								

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For MECON Limited

Arout

(Atul Bhatt) Chairman and Managing Director

**Dated:** 

Dr. Aruna Sharma) Secretary

For Ministry of Steel

Annex III

#### PART A TREND Analysis

				TREND Ana	19515					Current Year	
SI. No.	Particulars	Unit	Target v/s Actual	2011-12	2012-13	2013-14	2014-15	2015-16	Actual upto 30.09.2016	Prov. upto 31.12.2016	Estimated
	Revenue from Operations -Gross										
1	Revenue from Operations -Net	Rs. crore	Actual	723.21	564.82	371.44	430.59	327.85	97.34	174.92	330.00
			MoU	642.00	650.00	610.00	425.00	450.00			360.00
	a. Profit before Tax			201.53	150.72	68.69	33.01	(174.70)	(78.87)	(93.08)	(105.80)
	b. Other Incomes			67.23	83.20	115.73	108.56	72.02	29.66	43.67	57.00
2	c. Extraordinary & Exceptional items	Rs. crore		-	-	-	-	-	-	-	-
2	d. Prior Period Items	103. 01010		0.37	1.83	0.36	1.34	(0.09)	0.16	0.16	-
	e. Operating Profit/ Loss (a-b+/-c+/-d)		Actual	134.67	69.35	(46.68)	(74.21)	(246.81)	(108.37)	(136.59)	(162.80)
			MoU	73.30	95.77	66.40	(51.84)	(73.95)			(175.76)
	a. PAT			136.36	101.02	49.48	20.27	(162.41)	(78.65)	(92.86)	(105.58)
	b. Net Worth at year end	Rs. crore		314.98	391.29	416.80	410.23	235.22	156.57	142.36	129.64
	c. Average Net worth			259.48	353.14	404.05	413.52	322.73	195.90	149.47	136.00
3	d. PAT/ Net Worth	%	Actual	43.29%	25.82%	11.87%	4.94%	-69.05%	-50.23%	-65.23%	-81.44%
5	d. TAI/Net Worth	70	MoU	32.09%	31.75%	18.85%	3.55%	2.37%			-96.90%
	e. Paid-up Share Capital			90.54	77.94	65.34	52.74	40.14	40.14	40.14	40.14
	f. Gol share			90.54	77.94	65.34	52.74	40.14	40.14	40.14	40.14
	g. Reserves and surplus			247.61	336.27	374.14	379.92	217.26	116.43	102.22	89.5
4	Total Expenses	Rs. crore		588.91	497.30	418.48	506.14	574.57	205.87	311.67	492.80
5	Total Incomes	KS. CIUIE		790.44	648.02	487.17	539.15	399.87	127.00	218.59	387.00
6	Total expenses/ Total Incomes	%		74.50%	76.74%	85.90%	93.88%	143.69%	162.10%	142.58%	127.34%
	Detail of other incomes										
	a. Interest			54.18	70.81	71.29	64.33	56.10	23.68	34.20	43.00
7	b. Dividend	Rs. crore		0.03	0.01	0.02	0.02	0.01	0.01	0.01	0.01
	c. Other Incomes	KS. CIUIE		13.02	12.38	44.42	44.21	15.91	5.97	9.46	13.99
	d. Total			67.23	83.20	115.73	108.56	72.02	29.66	43.67	57.00
	a. Cash and Bank Balance and equivalent			721.35	783.25	732.92	677.4	603.17	557.56	531.27	484.26
	b. Investment in mutual funds			NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
0	c. Investment in shares other than subsidiary/ JVs)			NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
8	d. Total (a+b+c)			721.35	783.25	732.92	677.40	603.17	557.56	531.27	484.26
	e. Cash credit/ Over-draft loan/ Short-Term loan			NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
	f. Balance in Current account			2.25	3.07	0.57	24.21	1.28	0.01	0.01	0.01
9	Dividend paid/ declared for the year, excluding Dividend Tax			10.98	10.35	9.72	9.09	-	-	-	-

#### PART B TRFND Analysis

				TRE	ND Analysis						
SI. No.	Financial Darformanas Oritoria	l la it	Target v/s	2011-12	2042 42	2013-14	2014-15	2015-16	Current Year		
51. NO.	Financial Performance Criteria	Unit	Actual	2011-12	2012-13				Actual upto 30.09.2016	Prov. upto 31.12.2016	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 MoU	1375.99 550	541.56 535	341.22 660	593.4 450	683.4 815		589.42	700 700
5	Exports as a percentage of Revenue from operations	%	Actual MoU	0.67% NA	0.42% NA	2.07% NA	0.71% NA	0.68% NA	0.76% NA	0.47% NA	0.25% NA
6	Development or Revenue from new		Actual	N/A	INA	INA	INA	INA	INA	INA	NA
7	products or product with new features Production efficiency parameters		MoU Actual								
8	Completion of milestone of clients		MoU Actual								
-	orders/ agreements without time R&D, Innovation, Technology up-	%	MoU Actual								
9	gradation parameter		MoU								
10	Market share	%	Actual MoU								
11	CAPEX	Rs. crore	Actual MoU	3.92 NA	9.86 NA	10.97 NA	20.17 NA	17.53 NA	2.99	4.11	11.00 11.00
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		4.79	5.88	5.74	5.04	7.41	9.50	7.15	7.15
14	Inventory of finished goods and work in progress to RO(Net)	%	Actual MoU	0.66% 1.93%	1.04% 0.78%	1.55% 0.79%	1.17% 1.18%	2.26% 1.28%	9.76%	4.09%	2.17% 2.06%
15	Inventory of finished goods of more than one year	Rs. crore	Actual	NA	NA	NA	NA	NA	NA	NA	NA
16	Inventory of finished goods of more	%	Actual	NA	NA	NA	NA	NA	NA	NA	NA
	than one year as a percentage of RO		MoU	NA	NA	NA	NA	NA	NA	NA	NA
17	Trade Receivables (net)	Rs. crore	Actual MoU	161.20 210.67	158.72 216.67	174.95 203.33	199.25 141.67	247.08 225.00	192.88	217.71	216.67 147.60
18	Trade receivables (Net) as number of days of RO(gross)	Days	Actual MoU	81.00 120.00	103.00 122.00	172.00 122.00	169.00 122.00	275.00 183.00	723.00	454.00	240.00
	Claims against the Company not acknowledged raised by:										
	Central Government Departments			14.78	16.00	16.83	19.21	8.03	4.00	4.00	4.00
19	State Governments/ Local Authorities CPSEs	Rs. crore		18.60	13.09	13.37	14.38	12.87	13.42	13.42	13.42
	Others			5.34	1.49	4.72	4.72	22.82	22.82	22.82	22.82
	Total		Actual MoU	38.72 NA	30.58 NA	34.92 NA	38.31 NA	43.72 NA	40.24	40.24	40.24 NA
20	Loans disbursed/ Total Funds Available		Actual	NA	NA NA	NA	NA	NA	NA NA	NA NA	NA
21	Overdue loans/ Total loans (Net)		MoU Actual	NA	NA	NA	NA	NA NA	NA	NA	NA NA
22	NPA/ Total loans (Net)		MoU Actual	NA NA	NA NA	NA NA	NA NA	NA NA	NA NA	NA NA	NA NA
~~~			MoU	NA	NA	NA	NA	NA	NA	NA	NA
23	Cost of raising funds as compared to similarly rated CPSEs/ entities		Actual MoU	NIL NIL	NIL NIL	NIL NIL	NIL NIL	NIL NIL	NIL NIL	NIL NIL	NIL NIL
24	Return (share of profit/loss) on Investment in Joint Ventures	%	Actual MoU	NIL	NIL NIL	NIL NIL	NIL	NIL NIL	NIL NIL	NIL NIL	NIL NIL
		D. 0			-						

## Attachment A

# LIST OF ORDERS (above Rs. 10 Crore) & MILESTONES STATED FOR FINANCIAL YEAR 2017-18

SI. No.	Work Item	Description	Client	Fees in Lakhs	Milestone activity as per timeline agreed with the client in the Contract Agreement / Work Order (falling within FY 2017-18)	Target Start / Completion date
1	E24T	Rebuilding of C.O. Battery No. 8 at BSL, Bokaro	BSL	13,053.0	Completion of TOPR Supply	01-09-2017
2	E24M	Rebuilding of C.O. Battery No. 7 at BSL, Bokaro	BSL	13,265.0	Battery ready for Start of Heating up	01-11-2017
3	1111(-11)	PMC for 33/11kV Substations awarded by OPTCL for Phase-I, II & III of ODSSP Project	ODISHA POWER TRANSMISSION CORPORATION LIMITED (OPTCL)	3,210.3	Charging/Commissioning of 33/11kV Sub-stations - 45Nos.	15-03-2018
4	23RX	EPMC for CGD and CNG Installation	Gail Gas Limited, Bangalore	1,681.0	2490 inch-km (Cumulative) laying of Steel / MDPE pipeline under CGD Bangalore project	17-02-2018
5	E24Q	Power Supply System for Sinter Plant (Package-IV), BSL	Bokaro Steel Ltd	580.0	Supply of Earth Fault Monitoring & Detection System (F.O.B)	30-09-2017
6	11611/	Detailed engineering & consultancy services for 3.0MTPA greenfield Integrated Steel Plant at Nagarnar	NMDC	35,100.0	Completion of Engineering for packages 01, 02, 03, 04, 05, 06, 07, 09, 10, 10A, 11 and 20	31-03-2018
7	()6XX	PMC Services for 3.0 MTPA Integrated Steel Plant at Nagarnar, Chhattisgarh	NMDC	24,400.0	Coke - Coal route of RMHS and Oxygen plant	31-03-2018
8	7984	Modernisation of COD Agra	DGOs	1,535.0	Construction of ware house no.01-G2-01 & 02 (02 nos) 01-G3-02 & 03 (02 nos)	31-12-2017
9	23QY	JHPL	GAIL		Completion of 30% of pipe laying	31-12-2017
10	()/41	PMC Services for integrated EMP Protected UG, OG structures for BEL (Bharat Electronics Limited)	BEL	1,237.5	Completion of site preparation, excavation, soil stabilisation and foundation	Sep'17 to Mar'18 for 4 different sites