

LOK SABHA
UNSTARRED QUESTION NO.944
FOR ANSWER ON 27/07/2015

PERFORMANCE OF MECON LIMITED

944. SHRIMATI POONAM MAHAJAN:

Will the Minister of STEEL be pleased to state:

- (a) whether there has been a decline in profitability of MECON Limited during each of the last three financial years;
- (b) if so, the details thereof including the physical and financial performance of MECON Ltd., year-wise and the reasons for decline in its profitability; and
- (c) the steps taken by the Government to improve its performance?

ANSWER

THE MINISTER OF STATE IN THE MINISTRY OF STEEL AND MINES (SHRI VISHNU DEO SAI)

- (a) Yes, Madam.
- (b) The details of physical and financial performance of MECON Ltd. during each of the last three years are given in the table below:-

(Rs. in Crore)

S.No.	Particulars	2014-15 (Provisional)	2013-14	2012-13
Physical Performance				
1.	Order Booking	593.41	341.21	541.56
Financial Performance				
1.	Turnover	389.92	341.29	511.65
2.	Profit Before Tax	33.01	68.69	150.72
3.	Profit After Tax	20.27	49.48	101.02

(Source: MECON Ltd.)

The following reasons for decline in its profitability are:-

- i) There is a general economic slowdown that affected the country as a whole which further contributed to the low order booking of MECON Ltd.
 - ii) During financial year 2013-14 the company has low order bookings which effects decline in turnover for the FY 2014-15.
 - iii) The projects in hand are nearing the completion stage resulting in low contribution towards turnover.
 - iv) Ban on iron ore mining resulted in either delay in implementation of projects or even non-materializing of expected projects.
 - v) There is uncertainty in availability of coal in the country which had an adverse effect on order booking/project execution.
- (c) An external Management Consultant was appointed to do a diagnostic study of the organization. Based on the final recommendations submitted by the management consultant, actions have been initiated in February, 2015 to re-structure the company, re-organize marketing functions, increase market presence abroad and consolidate activities in diversified sectors.
