

**MEMORANDUM
OF
UNDERSTANDING
FOR
2019-2020**

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	MECON Ltd. (Formerly Known as Metallurgical & Engineering Consultants (India) Limited) was incorporated on 31.03.1973 with an objective to operate predominantly in the iron and steel sector, which was its core competence area at that time. 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.		
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	Amount invested (Rs.)	Share in its profit (Rs)
	2013-14	- N.A.-	- N.A.-	- N.A.-
	2014-15	- N.A.-	- N.A.-	- N.A.-
	2015-16	- N.A.-	- N.A.-	- N.A.-
	2016-17	- N.A.-	- N.A.-	- N.A.-
	2017-18	- N.A.-	- 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	Amount invested (Rs.) *	Share in its profit (Rs)
	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
	2016-17	Metallurgical & Engineering Consultants (Nigeria) Limited	7,60,251.90	NIL
	2017-18	Metallurgical & Engineering Consultants (Nigeria) Limited	7,60,251.90	NIL
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 Rs.30.00 crore as equity in exchange of fully paid up 3,00,00,000 (Three crore only) equity shares of Rs.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 Rs.6.00 crore as on 31.03.2005 and interest thereon for Rs.1.72 crore as on 31.03.2005 into equity capital in exchange of fully paid up 77.20,000 equity shares of Rs.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 Rs.6.50 crores per annum) on VRS Loan which phased out by 2013-14 and waiver of guarantee fee (not exceeding Rs.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 Rs.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 Rs.10/- each in the name of the President of India.		

* 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	2018-19 (Estimate)	Best in 5 years	MOU Target for the year 2019-20					% Improvement
						Ex.	V. Good	Good	Fair	Poor	
						100%	80%	60%	40%	20%	
1	Turnover : Revenue from Operations (Net) excluding revenue from New Project of UCIL	Rs. Crore	10	470	480.22	600.00	550.00	525.00	500.00	475.00	17.02%
2	Operating Profit/Loss: CPSEs with operating loss (Loss / Deficit not taking into account other incomes, Extraordinary and Exceptional Items):- Reduction in operating Loss/ Deficit (s) over previous year	%	20	(-)Rs 45.41 Cr. *	(-) Rs 46.68 Cr. *	100.00%	90.00%	80.00%	70.00%	60.00%	-
3	Return on investment: PAT as a %age of Average Net Worth	%	20	1.57%	29.17%	5.00%	4.00%	2.00%	1.00%	0.50%	154.77%
Total (A)			50								

NOTE: 1) Percentage improvement is calculated w.r.t. on Very Good target

* Absolute figures of Operating loss

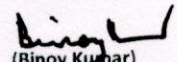
For MECON Limited


 (Atul Bhatt)

Chairman and Managing Director

Dated: 20/05/2019

For Ministry of Steel


 (Binoy Kumar)
 Secretary

Other Parameters


(Part -B)

Applicable to all Operating CPSEs except CPSEs in Finance Sector

Sl. No.	Performance Criteria	Unit	Marks	2018-19 (Estimate)	Best in 5 years	MOU Target for the year 2019-20					% Improvement
						Ex.	V. Good	Good	Fair	Poor	
						100%	80%	60%	40%	20%	
4	Completion of milestone of clients orders/ agreements without time overrun stated for 2019-20 (as per Attachment A)	%	10	50%	86.13%*	100%	90%	80%	70%	60%	80%
5	Capex	Rs Cr.	3	-	-	5	4.5	4	3.5	3	-
6	Trade receivables (Net) as number of days of Revenue from Operations (gross)	Days	10	347	169	160	180	190	200	210	48.12%
7	Reduction in claims against the company not acknowledged as debt	%	10	-6.13%	7.81%	20%	15%	10%	8%	5%	344.77%
8	Human Resource Management (HRM) related Parameters										
i	Online Human Resource Management System(HRMS) implementation (consisting of online employee data administration, employee self service, exit procedure, talent management etc) and its integration with finance	Date	4	-	-	15.12.2019	31.12.2019	15.01.2020	31.01.2020	15.02.2020	--
ii	Achievement of HR Parameters (As per Attachment-B)	Nos.	4	-	-	8	7	6	5	4	-
iii	Capability development programs for Executives to build their technical & managerial competencies for higher positions with special focus on web learning programmes	No. of programmes	2	-	-	5	4	3	2	1	-
iv	No. of initiatives for Leadership development for Women employees	No. of initiatives	2	--	--	5	4	3	2	1	--
9	Any other sector specific result-oriented measurable parameters										
	New future businesses to be added (Job Procurement) in regions or areas beyond core competence of MECON Ltd	Rs. Cr.	5	--	--	100	90	70	50	40	--
	Total (B)		50								

NOTE: 1) Percentage improvement is calculated w.r.t. Very Good target
 * - Best of last 3 years i.e. FY 2015-16, FY 2016-17 & FY 2017-18 have been taken as the said Parameter was in MoU 2015-16, MoU 2016-17 & MoU 2017-18 only.

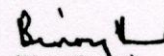
For MECON Limited


 (Atul Bhatt)

Chairman and Managing Director

Dated: 20/05/2019

For Ministry of Steel


 (Binoy Kumar)
 Secretary

LIST OF ORDERS (above Rs 10 Crore) & MILESTONES STATED FOR FINANCIAL YEAR 2019-20

Sl. No.	Work Item	Description	Client	Fees in Rs. Lakhs	Milestone activity as per timeline agreed with the client in the Contract Agreement / Work Order (falling within FY 2019-20)	Target Start / Completion date
1	Q7GG	Detailed Engineering (DE) & Project Management Consultancy (PMC) Services for Iron Ore Concentrate Slurry Pipeline for 30 MTPA Iron Ore Concentrate Slurry Pipeline Project in Odisha	JSW Utkal Steel Limited	1,400.00	Completion of Detailed Engineering of Mainline excluding As built drawings and Commissioning	30.06.2019
2	23U7	EPMC services for Schedule-2 of VDPD project	Hindustan Petroleum Corporation Limited	1,662.69	Completion of Detailed Engineering	31.12.2019
3	23QY	EPMC Services for Phulpur-Haldia Natural Gas Pipeline (PHPL) Project Phase-1 (Engineering Services)	GAIL (India) Limited	Manhour & Manmonth basis	Completion of Commissioning	30.09.2019
4	10JM	Establishment of National Institute of Homeopathy (NIH), Narela, New Delhi	Ministry of Ayush	23,108.34	Completion of buildings excluding finishing items and equipments	31.03.2020
5	Q7GS	Consultancy & Engineering services for Enhancement of Steel plant Capacity from 13 MTPA to 18 MTPA	JSW Steel Ltd	4,648.00	Preparation of Master plan layout of 18/23 MT expansion	30.06.2019
6	Q7DT	Consultancy Services for the Crushing & Screening Plant and Material Evacuation Facilities for 8.5 MTPA Project at Gandhamardan – B Mining Lease of OMC Limited.	Odisha Mining Corporation (OMC) Limited	2,562.00	Submission of Basic Design Document	29.06.2019
7	123N	Procurement, Engineering & Project Management Services for Setting up a Forged Wheel Plant at Laiganj, Rae Bareilly	RINL	2,100.00	Completion of Erection of Mechanical Equipment of Wheel Forging Line (except Reheating Furnace)	30.06.2019
8	Q6X8	Project Management & consultancy services for 3.0MTPA greenfield Integrated Steel Plant at Nagarnar	NMDC	24,400.00	Recommendation to issue PAC of BF pkg 05	30.10.2019
9	Q6QZ	Detailed engineering & consultancy services for 3.0MTPA greenfield Integrated Steel Plant at Nagarnar	NMDC	35,105.40	Commencement of engineering work of ED (W) Building	31.07.2019
10	798T	Design & Supervision Consultant for Dockyard & Fleetbase Buildings Package (DC-DY and FBB), Project	HaskoningDHV Consulting Private Limited	5,888.50	Preliminary (30 Percent) Design stage	31.08.2019

Note : Fees is excluding duties & taxes

List of HR Parameters**Attachment-B**

Sl. No.	List of HR Parameters
i	Continuation of online submission ACR/APAR in respect of all executives (E0 & above) along with compliance of prescribed timelines w.r.t writing of ACR/APAR
ii	Regular updation of succession plan and its approval by Board of Directors
iii	Continuation of holding of DPC without delay for executive (E0 & above level)
iv	Continuation of online quarterly vigilance clearance updation for Senior executives (E5 & above)
v	Continuation of talent management and career progression by imparting at least one week training of at least 5% executives in Center of Excellence e.g. IITs, IIMs, NITs, ICAI etc.
vi	Implementation of recommendation of consultant in order to achieve next level of People Capability Maturity Model (PCMM) or its equivalent.
vii	Implementation of recommendation of HR Audit
viii	Review of employee performance on the lines of FR (56j) and submitting a compliance report to Board of Directors at the end of the year

(PART A)
TREND Analysis

Sl. No.	Particulars	Unit	Target v/s Actual	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	
									Prov. upto 30.09.2018	Estimated
1	Revenue from Operations -Gross	Rs. crore	Actual	371.44	430.59	327.85	349.09	480.22	166.94	500 *
	Revenue from Operations -Net		MoU	610.00	425.00	450.00	360.00	475.00	545.00	545.00
2	a. Profit before Tax	Rs. crore		68.69	33.01	-174.70	-77.35	44.00	1.03	3.59
	b. Other Incomes			115.73	108.56	72.01	58.00	109.24	25.82	49.00
	c. Extraordinary & Exceptional items			0.00	0.00	0.00	0.00		0.00	0.00
	d. Prior Period Items			-0.36	-1.34	0.09	0.00	0.00	0.00	0.00
	e. Operating Profit/ Loss (a-b-c-d)		Actual	-46.68	-74.21	-246.80	-135.35	-65.24	-24.79	-45.41
		MoU	66.40	-51.84	-73.95	-175.76	-133.20	-74.19	-74.19	
3	a. PAT	Rs. crore		49.48	20.27	-162.41	-73.05	58.00	3.51	3.59
	b. Net Worth at year end			416.80	410.23	235.22	169.86	227.86	185.01	231.45
	c. Average Net worth			404.05	413.52	322.73	202.54	198.86	206.44	229.66
	d. PAT/ Net Worth (Average Net Worth)	%	Actual	12.25%	4.90%	-50.32%	-36.07%	29.17%	1.70%	1.57%
			MoU	22.34%	3.27%	2.28%	-49.34%	-111.74%	1.75%	1.75%
	e. Paid-up Share Capital	Rs. crore		65.34	52.74	40.14	40.14	40.14	40.14	40.14
	f. Govt share			65.34	52.74	40.14	40.14	40.14	40.14	40.14
g. Reserves and surplus (Other Equity)			374.14	379.92	217.26	105.96	165.30	123.89	166.00	
4	Total Expenses	Rs. crore		418.12	504.80	574.65	484.44	545.46	191.73	545.41
5	Total Incomes	Rs. crore		487.17	539.15	399.86	407.09	589.46	192.76	549.00
6	Total expenses/ Total Incomes	%		85.83%	93.63%	143.71%	119.00%	92.54%	99.47%	99.35%
7	Detail of other incomes	Rs. crore								
	a. Interest			71.29	64.33	56.10	44.19	38.72	18.31	34.00
	b. Dividend			0.02	0.02	0.01	0.01	0.01	0.01	0.01
	c. Other Incomes			44.42	44.21	15.90	13.80	70.51	7.50	14.99
	d. Total			115.73	108.56	72.01	58.00	109.24	25.82	49.00
8	a. Cash and Bank Balance and equivalent	Rs. crore		732.92	677.40	603.17	548.28	546.60	547.16	500.00
	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)			732.92	677.40	603.17	548.28	546.60	547.16	500.00
	e. Cash credit/ Over-draft loan/ Short-Term loan			NIL	NIL	NIL	NIL	NIL	NIL	NIL
	f. Balance in Current account			0.57	24.21	1.28	2.16	28.82	30.24	16.26
9	Dividend paid/ declared for the year, excluding Dividend Tax	Rs. crore		9.72	9.09	0.00	0.00	10.27	0.00	0.00

Note : * Revised estimate as intimated in IMC is Rs 470 Cr.

(Part-B)
TREND Analysis

Annex-III

Sl. No.	Financial Performance Criteria	Unit	Target v/s Actual	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	
									Prov. upto 30.09.2018	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	152.13	800
			MoU	660	450	815	700	1200	--	800
5	Exports as a percentage of Revenue from operations	%	Actual	2.07%	0.71%	0.68%	0.25%	0.03%	0.07%	0.02%
			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 overrun		Actual	--	--	86.13%	80%	58.33%	30%	50%
		%	MoU	--	--	60%	90%	90%	95%	95%
9	R&D, Innovation, Technology up-gradation parameter		Actual							
			MoU							
10	Market share	%	Actual							
			MoU							
11	CAPEX	Rs. crore	Actual	10.97	20.17	17.53	4.36	3.5	0.65	10
			MoU	NA	NA	NA	11.5	17	NA	NA
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		5.74	5.04	7.41	6.16	6.94	118.03	5.94
14	Inventory of finished goods and work in progress to Revenue from Operation(Net)	%	Actual	1.55%	1.17%	2.26%	1.76%	1.45%	70.70%	1.27%
			MoU	0.79%	1.18%	1.28%	2.06%	1.51%	1.31%	1.31%
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	174.95	199.24	247.08	277.56	385.77	316.30	356.67
			MoU	203.33	141.67	225.00	147.60	269.17	261.15	261.15
18	Trade receivables (Net) as number of days of RO(gross)	Days	Actual	172.00	169.00	275.00	290.00	293.00	347.00	260 *
			MoU	122.00	122.00	183.00	150.00	207.00	175.00	175.00
19	Claims against the Company not acknowledged raised by:									
	Central Government Departments	Rs. crore		16.83	19.21	8.03	6.06	7.82	9.82	9.82
	State Governments/ Local Authorities			18.09	19.10	35.69	41.96	44.49	44.65	44.65
	CPSEs			0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Others			72.78	60.98	84.46	128.50	153.54	161.07	164.00
	Total		Actual	107.70	99.29	128.18	176.52	205.85	215.54	218.47
			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	2.12	3.44	1.39	0.46	0.16	--	--
			MoU	--	--	--	4	--	--	--
26	Any other result-oriented parameters taken for target		Actual							
			MoU							

Note : * Revised estimate as intimated in IMC is 347 days