

**MEMORANDUM  
OF  
UNDERSTANDING  
FOR  
2018-2019**

*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 predominantly 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	Amount invested (Rs.)	Share in its profit (Rs)
	2012-13	- N.A.-	- N.A.-	- N.A.-
	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.-
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)
	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
	2016-17	Metallurgical & Engineering Consultants (Nigeria) Limited	7,60,251.90	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 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.</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 Rs.6.00 crores 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.</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 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.</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 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.</p>		

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

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

**Mandatory Parameters**  
(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 2018-19					% Improvement
						Ex 100%	V. Good 80%	Good 60%	Fair 40%	Poor 20%	
1	<b>Turnover :</b> Revenue from Operations	Rs. Crore	10	410	564.82	580.00	545.00	520.00	495.00	470.00	32.93%
2	<b>Operating Profit/Loss:</b> 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	-65.06*	69.35*	100.00%	90.00%	80.00%	70.00%	60.00%	
3	<b>Return on Investment:</b> Profit Earning CPSEs with no accumulated losses # PAT / Average Net Worth (%)	%	20	-4.80%	28.61%	2.00%	1.75%	1.50%	1.25%	1.00%	136.46%
Total (A)			50								

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

2)\* Figures are in absolute terms i.e Rs Cr

3)# PNC informed that CPSE should make profits in 2018-19 and accordingly "PAT/Avg. Net Worth" considered as a parameter

For MECON Limited

  
(Atul Bhatt)

Chairman and Managing Director

Dated:

For Ministry of Steel

  
(Dr. Aruna Sharma)  
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 2018-19					% Improvement
						Ex. 100%	V. Good 80%	Good 60%	Fair 40%	Poor 20%	
1	New orders Received during the year	Rs Crore	5	700	1418.68	1000	800	700	650	600	14.29%
2	Assessment of level of Project Management Maturity Model (ProMMM) in the CPSE & placing the matter before the Board for taking a decision whether to go for up-gradation in level and, if yes, getting the approval for the timelines from the Board and if no, justifiable reason to be recorded in the Board Resolution	Date	5	-	-	15.12.18	15.01.19	31.01.19	15.02.19	28.02.19	-
3	Completion of milestone of clients orders/agreements without time overrun stated for 2018-19 (as per Attachment A)	%	10	-	-	100%	95%	90%	85%	80%	-
4	Trade receivables (Net) as number of days of Revenue from Operations (gross)	Days	10	198.00	103.00	160	175	185	195	205	11.62%
5	Reduction in claims against the company not acknowledged as debt(over all) %	%	10	-	-	20%	15%	10%	8%	5%	-
6	Human Resource Management (HRM) related Parameters										
a)	Assessment of level of People Capability Maturity Model (PCMM) in the CPSE & placing the matter before the Board for taking a decision whether to go for up-gradation in level and, if yes, getting the approval for the timelines from the Board and if no, justifiable reason to be recorded in the Board Resolution (Date)	No. of Mandays	5			01-07-2018	01-08-2018	01-09-2018	01-10-2018	01-11-2018	-
b)	HR Audit and decision of the Board on recommendations of audit (Date)		5			01-01-2019	15-01-2019	01-02-2019	15-02-2019	01-03-2019	
	Total (B)		50								

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

For MECON Limited


(Atul Bhatt)  
Chairman and Managing Director

Dated:

For Ministry of Steel


(Dr. Aruna Sharma)  
Secretary

**LIST OF ORDERS (above Rs. 10 Crore) & MILESTONES STATED FOR FINANCIAL YEAR 2018-19**

Sl. 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 2018-19)	Target Start / Completion date
1	123N	Procurement, Engineering & Project Management Services for Setting up a Forged Wheel Plant at Lalganj, Rae Bareli	RINL	2,100.00	Completion of Erection of 90T Press	31-07-2018
2	10HV	Establishment of Structural & Mechanical systems of Integrated Engine testing facility for ISRO,	ISRO	4,395.89*	Completion of Erection of Loading Frame Structure	31-08-2018
3	7983	Engineering & Consultancy Services for Modernization of COD , Jabalpur	MINISTRY OF DEFENCE	1,468.44	Order placement for construction of SASD Warehouse for Phase-II Part-IB	01-06-2018
4	7984	Engineering & Consultancy Services for Modernization of COD , Agra	MINISTRY OF DEFENCE	1,539.12	Supply, Erection & Commissioning of Integrated Storage System Work for Phase-II Part 2A Warehouse	01-12-2018
5	Q79T	PMC Services for Underground and Over ground Specialized Integrated EMP Protected Hardened Structures for Cluster 1 of five (05) sites each.	BHARAT ELECTRONICS LIMITED	4,950.00	BEL Vadsar site - Completion of lower level slab at - 16m level	15-07-2018
6	Q7DT	Consultancy & PMC for setting up 8.5 MTPA Crushing & Screening Plant Complex, Material Evacuation & Associated services, infrastructure facilities of OMC at Gandhamardan Block-B, Odisha	Odisha Mining Corporation	2,562.00	Review and acceptance of ore characterisation study report	31.10.2018
7	E24M	Rebuilding of C.O. Battery No. 7 at BSL, Bokaro	SAIL	13,265.00*	Completion of performance Guarantee Test	31-07-2018
8	23RX	EPMC for CGD and CNG Installation	Gail Gas Limited, Bangalore	1,681.00	3468 inch-km (Cumulative) laying of Steel/MDPE Pipeline under CGD Bangalore Project	17-02-2019
9	E24Q	Power Supply System for Sinter Plant ( Package-IV), BSL, Bokaro	SAIL	6,282.00*	Erection of 132 KV Gas Insulated Sub Station	15.10.2018
10	9103	SAIL-RSP Modernization & Expansion	SAIL	18,592.00	Completion of Design & Engineering of Pkg. No. 76/RPN-02	31.07.2018

\* - including taxes &amp; duties

PART A  
TREND Analysis

Sl. No.	Particulars	Unit	Target v/s Actual	2012-13	2013-14	2014-15	2015-16	2016-17	Current Year	
									Prov. upto 30.09.2017	Estimated
1	Revenue from Operations -Gross	Rs. crore								
	Revenue from Operations -Net		Actual	564.82	371.44	430.59	327.85	349.09	166.77	410.00
			MoU	650.00	610.00	425.00	450.00	360.00		475.00
2	a. Profit before Tax	Rs. crore		150.72	68.69	33.01	(174.70)	(81.86)	(13.73)	(7.77)
	b. Other Incomes		83.20	115.73	108.56	72.02	57.89	34.42	57.29	
	c. Extraordinary & Exceptional items		-	-	-	-	-	-	-	
	d. Prior Period Items [Income/(Expenses)]		(1.83)	(0.36)	(1.34)	0.09	-	-	-	
	e. Operating Profit/ Loss (a+b/-c+-d)		Actual	69.35	(46.68)	(74.21)	(246.81)	(139.75)	(48.15)	(65.06)
			MoU	95.77	66.40	(51.84)	(73.95)	(175.76)		(133.20)
3	a. PAT	Rs. crore		101.02	49.48	20.27	(162.41)	(77.56)	(14.18)	(7.77)
	b. Net Worth at year end		391.29	416.80	410.23	235.22	165.56	151.48	157.79	
	c. Average Net worth		353.14	404.05	413.52	322.73	200.39	158.52	161.68	
	d. PAT/ Net Worth (Average Net Worth)	%	Actual	28.61%	12.25%	4.90%	-50.32%	-38.70%	-8.95%	-4.80%
			MoU	35.50%	22.34%	3.27%	2.28%	-49.34%		-111.75%
	e. Paid-up Share Capital			77.94	65.34	52.74	40.14	40.14	40.14	40.14
	f. Gov share			77.94	65.34	52.74	40.14	40.14	40.14	40.14
g. Reserves and surplus			336.27	374.14	379.92	217.26	111.23	97.15	96.46	
4	Total Expenses (excluding prior period items)	Rs. crore		495.47	418.12	504.8	574.66	488.84	214.92	475.06
5	Total Incomes			648.02	487.17	539.15	399.87	406.98	201.19	467.29
6	Total expenses(excluding prior period items)/ Total Incomes	%		76.46%	85.83%	93.63%	143.71%	120.11%	106.82%	101.66%
7	Detail of other incomes	Rs. crore								
	a. Interest			70.81	71.29	64.33	56.1	44.19	18.09	34
	b. Dividend			0.01	0.02	0.02	0.01	0.01	0.01	0.01
	c. Other Incomes			12.38	44.42	44.21	15.91	13.69	16.32	23.28
	d. Total			83.2	115.73	108.56	72.02	57.89	34.42	57.29
8	a. Cash and Bank Balance and equivalent			783.25	732.92	677.4	603.17	548.28	576.76	647.39
	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)			783.25	732.92	677.40	603.17	548.28	576.76	647.39
	e. Cash credit/ Over-draft loan/ Short-Term loan			NIL	NIL	NIL	NIL	NIL	NIL	NIL
	f. Balance in Current account			3.07	0.57	24.21	1.28	2.16	13.06	0.01
9	Dividend paid/ declared for the year, excluding Dividend Tax			10.35	9.72	9.09	-	-	-	-

NOTE: (1) Figures of 2016-17 has been restated in line with Ind AS implementation.

(2) No. of days have been rounded off.

(3) Figures of 2017-18 are in line with Ind AS implementation.

**PART B**  
**TREND Analysis**

Sl. No.	Financial Performance Criteria	Unit	Target v/s Actual	2012-13	2013-14	2014-15	2015-16	2016-17	Current Year	
									Prov. upto 30.09.2017	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	541.56	341.22	593.4	683.4	1418.68	333.48	700
			MoU	535	660	450	815	700	--	1200
5	Exports as a percentage of Revenue from operations	%	Actual	0.42%	2.07%	0.71%	0.68%	0.25%	0.08%	0.03%
			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	9.86	10.97	20.17	17.53	4.36	1.20	-
			MoU	NA	NA	NA	NA	11.50	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		5.88	5.74	5.04	7.41	6.14	5.28	7.15
14	Inventory of finished goods and work in progress to RO(Net)	%	Actual	1.04%	1.55%	1.17%	2.26%	1.76%	3.17%	1.74%
			MoU	0.78%	0.79%	1.18%	1.28%	2.06%		1.51%
15	Inventory of finished goods of more than one year	Rs. crore	Actual	NA	NA	NA	NA	NA	NA	NA
			MoU	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	158.72	174.95	199.25	247.08	282.85	263.94	222.08
			MoU	216.67	203.33	141.67	225.00	147.60		269.17
18	Trade receivables (Net) as number of days of RO(gross)	Days	Actual	103.00	172.00	169.00	275.00	296.00	290.00	198.00
			MoU	122.00	122.00	122.00	183.00	150.00		170.00
19	Claims against the Company not acknowledged raised by:	Rs. crore								
	Central Government Departments			16.00	16.83	19.21	8.03	6.06	6.06	-
	State Governments/ Local Authorities			14.58	18.09	19.10	35.69	41.96	41.96	-
	CPSEs			-	-	-	-	-	-	-
	Others			69.28	72.78	60.98	84.46	128.50	132.33	-
	Total		Actual	99.86	107.70	99.29	128.18	176.52	180.35	-
		MoU	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	--	
			MoU	--	--	--	--	4	--	
26	Any other result-oriented parameters taken for target setting		Actual							
			MoU							

NOTE: (1) Figures of 2016-17 has been restated in line with Ind AS implementation.

(2) No. of days have been rounded off.

(3) Figures of 2017-18 are in line with Ind AS implementation.