

**MEMORANDUM
OF
UNDERSTANDING**

**FOR
2017-2018**

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 & 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	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.-
	2015-16	- 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)
	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

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>
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* 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.

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

Sl. No.	Financial Performance Criteria	Unit	Marks	Current year (Estimate)	Best in 3 years **	MOU Target for the year 2017-18					% Improvement
						Ex. 100%	V. Good 80%	Good 60%	Fair 40%	Poor 20%	
i	Turnover : Revenue from Operations	Rs. Crore	10	330.00	430.59	525.00	475.00	430.00	390.00	355.00	43.94%
ii	Operating Profit/Loss: 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: 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


(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 3 years **	MOU Target for the year 2017-18					% Improvement
						Ex. 100%	V. Good 80%	Good 60%	Fair 40%	Poor 20%	
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%	--
viii	Human Resource Management (HRM) related Parameters										
1	On-line submission of ACR/APAR in respect of all executives (E0 and above) along with compliance of prescribed timelines w.r.t. Writing of ACR/APAR (% of number of executives)	%	2	--	--	100%	95%	90%	85%	80%	--
2	Online Quarterly vigilance clearance updation for Senior Executives (E-5 and above) (% of number of senior executives)	%	2	--	--	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	--
4	Holding of DPC without delay for executive (E0 and above level)	%	2	--	--	100%	95%	90%	85%	80%	--
5	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



(Atul Bhatt)

Chairman and Managing Director

For Ministry of Steel



(Dr. Aruna Sharma)

Secretary

Dated:

PART A
TREND Analysis

Sl. No.	Particulars	Unit	Target v/s Actual	2011-12	2012-13	2013-14	2014-15	2015-16	Current Year			
									Actual upto 30.09.2016	Prov. upto 31.12.2016	Estimated	
1	Revenue from Operations -Gross	Rs. crore										
	Revenue from Operations -Net		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	
2	a. Profit before Tax	Rs. crore		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	
	c. Extraordinary & Exceptional items			-	-	-	-	-	-	-	-	-
	d. Prior Period Items			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)		
3	a. PAT	Rs. crore		136.36	101.02	49.48	20.27	(162.41)	(78.65)	(92.86)	(105.58)	
	b. Net Worth at year end			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	
	d. PAT/ Net Worth	%	Actual	43.29%	25.82%	11.87%	4.94%	-69.05%	-50.23%	-65.23%	-81.44%	
			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			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%	
7	Detail of other incomes	Rs. crore										
	a. Interest			54.18	70.81	71.29	64.33	56.10	23.68	34.20	43.00	
	b. Dividend			0.03	0.01	0.02	0.02	0.01	0.01	0.01	0.01	
	c. Other Incomes			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	
8	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	
	c. Investment in shares other than subsidiary/ JVs)			NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	
	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	-	-	-	-	

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

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 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	10GU	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	Q6QZ	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	Q6X8	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	Q79T	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