

**GOVERNMENT OF INDIA
STEEL
LOK SABHA**

UNSTARRED QUESTION NO:944
ANSWERED ON:27.07.2015
Performance of MECON Limited
Mahajan Smt. Poonam

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 (SHRI VISHNU DEO SAI)
STEEL AND MINES

(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.
