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MANUAL–III

PROCEDURES OF DECISION MAKING PROCESS

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BUSINESS PROCESS & INTER-RELATION

BUSINESS PROCESSES

The range of services offered by the Company can be broadly categorized as under: -

ENGINEERING, CONSULTANCY AND PROJECT EXECUTION

- Pre-investment Investigations
- Market Survey & Product Mix Selection
- Planning, Analysis, Selection of Process Technology, Techno-Economic Appraisals, Preparation of Feasibility Report (TEFR), Assistance in Financial Appraisal by FIs
- Preparation of Detailed Projects Reports (DPR)
- Site Survey & Site Selection Studies
- Studies – Environmental, Risk and Hazard assessment and Management.
- Environmental Management System
- Socio-economic, rehabilitation & resettlement studies
- Up-scaling / Commercialization of Process
- Basic & Project Engg.
- Design & Detailed Engg.
- Infrastructural Planning & Design Services
- Procurement & Contract Engg.
- Preparation of Manufacturing & Fabrication Drawings
- Reliability Engg. / FMECA Studies
- Inspection & Expediting Services / Third Party Inspection
- Construction & Project Management Services

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- Commissioning & Post-Commissioning Services
- Computerization & Industrial Automation
- Software Design & Development Training, IT Consultancy including ERP Implementation
- Health Studies & Refurbishing Engg., Asset Revaluation Studies, Residual life assessment (RLA) studies
- Corporate Restructuring, Reform & Turnaround Strategies
- Engg. for Plant Relocation / Rehabilitation
- Foreign Know-how & Technology Transfer
- Energy Audit
- ISO 9000 Quality Management System Implementation Services
- ISO 14000 Environment Management System Implementation Services
- Engg. Research & Development
- Human Resource Development
- OSHA 18000 implementation.
- Design, Development & Supply of Plant, Equipment & Systems
- Engineering, Procurement, Construction & Commissioning (EPCC) Services
- Project execution on Build-Own-Operate, Lease, Transfer basis

EQUIPMENT & SYSTEMS DESIGN AND SUPPLY

- Coke Over Battery
- Blast Furnace Equipment
- Power Plants
- Oil & Gas

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- Launch Pad & ground facilities for space applications
- Materials Handling
- Hot & Cold Rolling Mills
- Processing Lines
- Chemical Plants
- Gas Cleaning Plants
- BOF Shops
- Continuous Casting Plants
- Refractory Manufacturing Plant
- Water Management System
- Environmental Protection system.

The above range of services is generally provided under the following macro processes.

- Management processes: planning, defining responsibility / authorities, review etc.
- Resource management processes: Resources identification, allocation, HRD etc.
- Product realization processes: Consultancy, Design & Engineering, EPC, Project Management, Testing & Commissioning, Designer's Supervision etc.
- Measurement, analysis and improvement processes: QA / Inspection & Expediting, CSM measurement, analysis and improvement: standardization, benchmarking etc.

As Strategic Operational measure and with a view to effectively meet Customer requirement, company resorts to outsourcing of some processes. Such processes are broadly determined as project specific (viz. drawing preparation, soil testing and surveying, ...) and in-house specific (viz. upkeep and maintenance, AMC of computers,...). As the outsourcing of process involve purchase of services, the procedure

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for determination of its need, acquisition of services and the type & extent of control company exercises to these outsourced processes are as follows:

Purchasing

Keeping in view the advances in procurement techniques, changes in business environment and various Government and CVC guidelines issued from time to time, the Purchase Procedure has been reviewed. The new Purchase and Disposal Procedure-2009 as approved by Management, in June 2009, has been implemented throughout the organization. The new Purchase and Disposal Procedure not only ensures level playing field to suppliers / contractors, but also results in Qualitative Improvement in materials / services received due to increased and fair competition.

Briefly, the Purchase and Disposal Procedure [PDP-09] deals with procurement, related to Consultancy Supply / EPC assignment, In-house requirement and methodology for Disposal of Scrap, Obsolete and Unserviceable items. The document contains, inter-alia, approach and methodology for Emergency / Local / Spot purchasing, Bid evaluation criteria, Price negotiation, Splitting of order, Cancellations of order, Banning of supplier / contractors. It also addresses Contract Management issues, in relation to purchases, to facilitate easier operation of contract.

Project related Purchasing by the company consists of Purchase of products and Outsourcing of services for fulfilling the requirements of supply of plant/equipment/ system and services for execution of Design, Contracting & Supply/turnkey/ EPC basis project assignment.

Interrelation of processes

The interrelationship of various key processes of the company for a typical work situation is depicted in exhibit 'C'. The actual interrelation of processes for a project are identified and included in project specific Quality Plan.

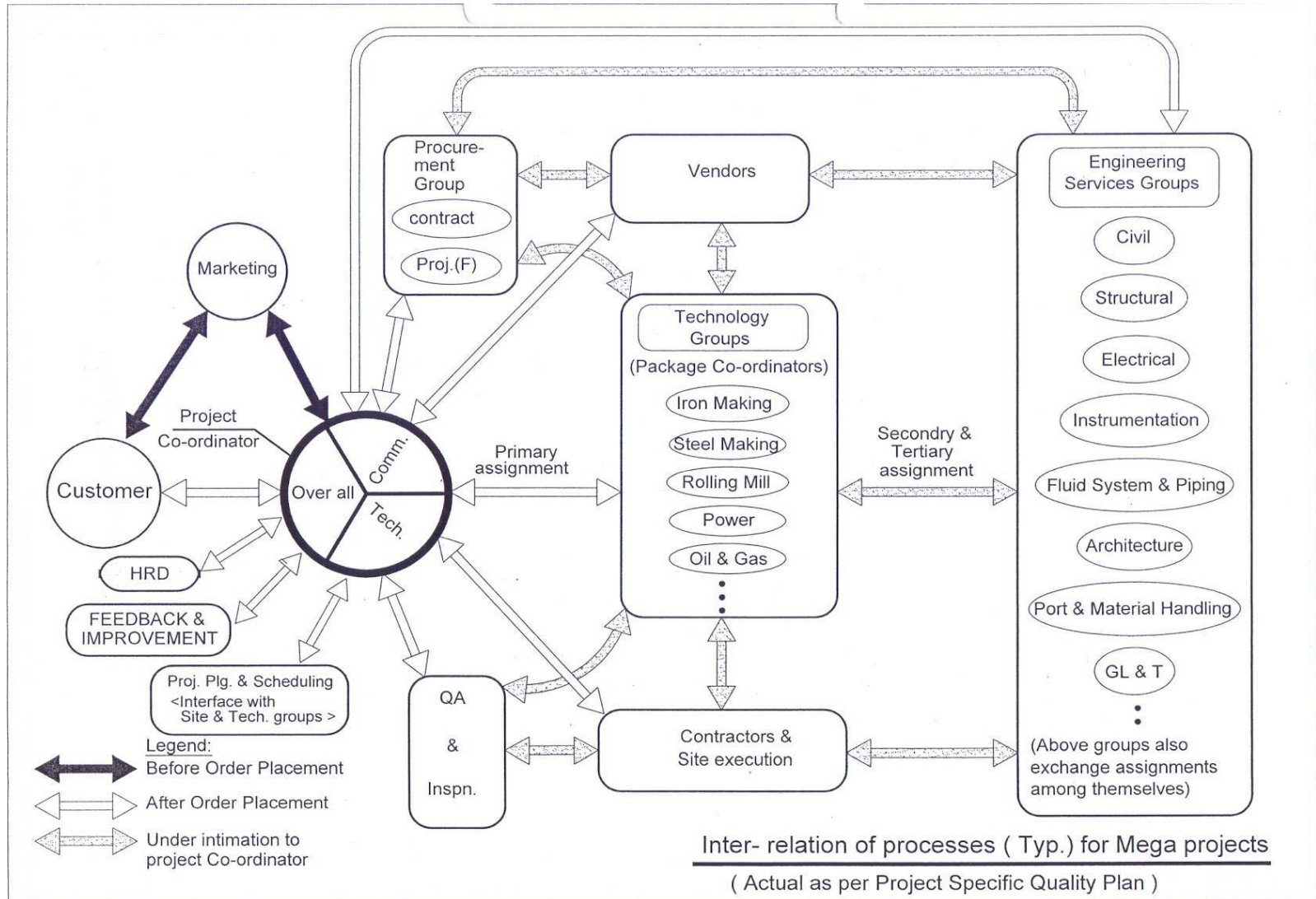
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MANAGEMENT PROCESS DESCRIPTION

PLANNING

QUALITY OBJECTIVES

The Company's Quality Management system has built-in emphasis for target driven planning exercise for all areas of its core activities. Section 4.1.3 contains details of Company's corporate Quality objectives for current financial year which are quantifiable and measurable. The performance targets are in accordance with the guidelines issued by Ministry of Steel, Govt. of India. The annual targets specific to a particular year of operation are pre-planned & made available to the entire organization. These corporate objectives / targets are arrived at through detailing/elaboration relevant to each specific departments/offices, in consultation with respective divisional heads.

In turn Sectional Heads / Office-in-charge set targets (in categories of business related, performance related and improvement related) within the sections / offices as applicable. Target setting forms the core of planning exercise which are monitored, measured, controlled and analyzed for implementing emerging improvement opportunities. Process Management & Product oriented Quality targets are monitored and periodically reviewed by respective office-in-charges / divisional heads. Management is also committed to provide adequate and quality resources including state-of-the-art infrastructure, commensurate with the demands of performance levels targeted.

QUALITY MANAGEMENT SYSTEM PLANNING

The Quality Management System (QMS) being practiced at MECON complies with the requirements of ISO 9001:2008 QMS standard and is in line with the Company's stated quality policy and objectives. The QMS practices have been documented in the form of Apex Quality Manual (AQM). While making any changes to this Apex Quality Manual, it is ensured that the integrity of the QMS system vis-a-vis requirements of ISO 9001:2008 standard and Company's Quality Policy / objectives are maintained.

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INTERNAL COMMUNICATION

MECON acknowledges that for continually improving the effectiveness of Quality Management System, participation of employees at all levels is essential. With a view to ensure free, fair and frank discussion with employees, company has established multi-channels of internal communication at various levels viz. Section/ Project Coordinator/ OIC Level/ SICs meet/ QC (QSC) meet/ MC meeting/ MR meeting. In addition to the above, open meet with employees at all levels is periodically organised (at least once in two years). The open meet is chaired by CMD and attended by all employees including Directors/EDs/GMs/SICs. Participants in this meeting are encouraged to offer suggestions directly to higher management on QMS activities.

Further, on matters pertaining to implementation and improvement in Quality Management System employees can directly approach MR/MRR with concrete suggestions/proposals. Such suggestion/proposals are deliberated in QC/QSC meeting for further needful.

MANAGEMENT REVIEW

General

Higher Management reviews the Company's Quality Management System at planned interval to ensure its suitability, adequacy and effectiveness. Management Reviews shall be organised by MR at Head Office and by MRRs at offices of their respective locations. Date, venue and duration of such reviews shall be decided by CMD at Head Office and Officer-in-charge at offices other than Head Office. The periodicity of such reviews by CMD shall be at least once in six months and for others at least once in three months.

General Managers and Directors at Head office shall undertake separate Management Reviews at their levels at least once in three months for sections/ offices/ projects under their control, against agenda drawn by them.

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At section level, structured management review shall be conducted by all SICs at least once a month. The agenda of such management review shall generally include QMS implementation and its effectiveness, formulation and monitoring of section Q- objective, Customer feedback, resource utilization, skill up-gradation, market prospecting, knowledge sharing, data base creation, employee suggestion, punctuality, upkeep etc. The record note of the structured review meeting shall be forwarded to respective Controlling Officer with copy to MR / MRR. The salient/ critical points of section review meetings, requiring higher management attention, shall be compiled by MR / MRR for deliberation in the Quality Council and in the Management Review meeting.

Agenda of the Review

The agenda of the Management Review shall cover the following:

- Follow up actions from previous Management review meeting.
- Outstanding points of the previous management review meetings.
- Review of Corrective Action Request (CAR) reports emerging out of internal audits/ third party audits carried out, specially covering :
- Corrective Action Request (CARs) overdue for closure.
- Effectiveness of corrective & preventive actions adopted.
- The summary of the internal Quality Audits carried out in the organization.
- Feedback received from third-party assessment body.
- Feedback received from Customers - both internal and external and also those received from vendors. This necessarily includes Customers complaints in specific project situations.
- Review of progress of corrective action to Customer's complaints.
- Presentation of Customers Satisfaction index (CSM)

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- Presentation of Project completion report by Project Coordinator. for major projects.
- Changes brought about by new technologies, quality concepts, market strategies and the environment (both external and internal).
- Resource needs , for enhancing Quality performance
- Any other matter having bearing on the Quality System and matters desired to be taken up by CMD /head of the offices.

Outcome/Recommendations of the Management Review

Outcome of review shall be recorded with reference to the agenda points and covering the following aspects.

- Date and venue of the meeting along-with the list of participants.
- Recommendations / decisions with precise description of required action and the time frame.
- Identification of agency responsible for taking up corrective action with a time frame.
Responsibility of preparing the record notes of review and its distribution to concerned persons shall be with MR/MRRs.

Follow up Actions : MR at Head Office and MRRs at their respective locations shall monitor the progress of recommended action.

RESOURCE MANAGEMENT

Provision of Resources

Effective Resource Management is considered crucial for executing projects within their scheduled time & cost bounds to the satisfaction of Customer's needs. Before accepting

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the assignment from Customer, it is necessary that capability analysis is done at appropriate level at initial stage & subsequently at different stages of the project life duration. The provision of resources, in respect of the company relevant to its business operations, broadly comprise (i) human resources, (ii) infrastructure facilities / in terms of both hardware / software and (iii) work environment.

Human Resources

General

For ensuring conformity to product requirements , company provides human resources which are competent on the basis of education, training, skill and experience.

Competence, Training and Awareness

With the view to ensure conformity to product / services requirement, Project Co-ordinator with the help of Section-in-Charge / Office-in-Charge identifies persons required for a project based on their qualification, competence, training, skill and awareness / experience. Wherever gaps are existing which can be filled through training / multi-skilling etc., necessary on the job specialised / specially tailored training programs are arranged. The effectiveness of such training / multi-skilling programs are subsequently evaluated on the basis of task performance during the review process undertaken by competent peer / supervisors.

In exceptional cases, where human resource gap can not be fulfilled within the project time constraints, services of qualified / competent persons / agencies are outsourced on contract / advisory basis with the specific approval of concerned authority.

Human Resource Development (HRD) Section is the central group which arranges such knowledge / skill upgradation programs based on the needs communicated by Groups / Division / Corporate Higher Management. The training needs are monitored by HRD Section from the Competence Mapping Application available on line in the Organisation.

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HRD Section organises developmental / transitional training programs, in planned manner, with greater thrust on technical knowledge & practice oriented training.

HRD Section maintains centralised and up-to-date Competence profile of employees reflecting their educational qualification, competence, training undergone and areas of experience/ awareness/ skill acquired by employees.

Infrastructure

For executing consultancy / EPC assignments the following infrastructure facilities are available.

- Office premises at head office, unit offices and at project site offices.
- Environmental Engineering Lab at Head Office (H.O.).
- Material testing laboratory (temporary nature) at mega Project sites.
- Computer Centre at H.O.
- Technical Information Centre/ Library at H.O. and Unit Offices.
- Prototype Development Centre at H.O.
- Reprography facilities such as digital xerox, digitiser, scanner, plotter, ammonia printer at H.O. and at all the offices suiting the economics
- Stores at H.O. / Unit Office / Project Site Offices.
- Office automation hardware / software with LAN facilities at all major establishments.
- Internet / video conferencing / e-mail connectivity amongst all offices.
- A host of MOU / collaboration agreement with renowned technology firms / organizations.

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- AutoCAD, AutoCAD Civil 3D, AutoCAD MAP 3D, AutoCAD Mechanical, AutoCAD MEP, Autodesk Revit Architecture, AutoCAD Revit Structure, Autoplant Piping, STAAD Pro V8i, CEASER II, NISA, PV ELITE, Primavera P6, Solid Edge V18, USIM PAC mineral processing, Design II for windows 8.31, Gas Works (1000 Pipes 7.0), Pipeline Studio TGNET & TLNET, Pipe Flow SAP II 4.7, Tekla Structure version 10.0, Mi Power, Smart Plant instrumentation, Helix delta T-S etc. The list is not exhaustive. Full list is available in MECON INFOCENTRE link “IT ASSETS”.
- Softwares downloaded from internet sources, keeping in view suitability.

As regards to support services facilities viz. local transport the company rely on its own fleet as well as engages the services of outside agencies on need basis. To and fro internal & external communication / exchange of correspondence are accomplished utilising available P&T service network & chosen courier agencies. Besides, the company has well established and reliable intra/ inter office information system supported on LAN / WAN network.

Work Environment

- MECON, primarily being design / engineering organization, its primary and physical deliverables are mainly drawings, specifications, quality assurance plan and technical documents. Its main resources are human resources. With a view to derive the best output from its people the company provides environmentally clean, congenial and conducive office environment. The work culture is participative.
- The company’s core values are “Customer Care” “Organizational Creativity” “Concern for Employees” and “Harmony with Environment”. The company offers non-discriminatory compensation package to its employees. To enhance the motivational and productivity level of its workforce various schemes such as

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suggestion scheme / performance reward scheme, productivity linked incentive schemes etc. are in place. To foster individual creativity and knowledge domain expansion, the company encourages participation of its employees in seminar / symposium etc and publication of technical papers.

- For EPC Projects, the company ensures that the equipment / structures which are designed, manufactured and installed by MECON and its sub-contractors, conform to the product requirement with regard to environment under which work is performed including applicable physical, environmental, statutory and regulatory requirement. Such specific requirements (viz. noise, temperature, humidity, lighting, weather) as applicable to product are identified in the project specific quality plan and relevant design document, technical specifications etc.
- In general, the company carries out its operation in engineering office premises and project sites and complies with all applicable statutory / regulatory norms viz. Factory act, workmen compensation act, minimum wages act, CEA rules etc.

PRODUCT REALISATION

Understanding Customer needs, meticulous planning, execution strategy, resource mobilization, responsibility allocation, imbining accountability discipline etc. are accepted as essential ingredients for successful product realization. In keeping with the above, accountability matrix typically followed for realization of large projects has been formulated and furnished at page 2 of this section. Project co-ordinator is accountable for successful realisation of project. On completion of Project, co-ordinator prepares project completion report for further analysis and future reference. A guideline format for preparing project completion report has been included as appendix to this manual.

Planning of Product Realisation

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Effective planning is the key to successful project implementation. The company stresses on P.D.C.A. (plan-do-check-act) approach of working in all spheres of its activities. Upon receipt of any project assignment from the Customer, Management nominates a project coordinator. The Project Coordinator prepares project specific Quality Plan, within a maximum period of a month and distributes the document to all participating groups in the project including the Customer. This project specific quality plan lists out the project objective, specific practices (including forms, formats, numbering system etc.), interface matrix, Customer communication mechanism besides linkage to contract & agreed schedule etc. This dynamic document supplements the Company's Apex Quality Manual and is updated as and when project information related updates are required to be incorporated. To maintain document integrity, dynamic inputs like PERT network, billing schedule, project progress etc. are cross referred as annexure to Project Quality Plan (P.Q.P).

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17	Procurement related activity /Expediting / Billing Schd Mgmt							X			
18	Selection of successful Tenderer & Placement of order									X	
19	Inspection / Exp. Of Mfg.					X					
20	Doc & Config. Control			X							
21	Site Execution, Testing, site QA, Contractor Mgmt at Site						X				
22	Invoicing, Release of Payment, BG/EMD / SD etc Mgmt								X		
23	Overall Co-ordination & Project Completion Report			X							

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In case of Mega Engineering projects, the work is divided into various packages and package coordinators are assigned responsibility to realize the package objectives. Package coordinators are the main driver of the package and are accountable to project coordinator. To facilitate effective and time bound planning and implementation, the package coordinators formulate their own plan in line with Project Quality Plan. Such plan is dynamic and shall, inter-alia, include package detail, scope, objective, time schedule, Processes (including Q.A.P, validation, monitoring, measurement, acceptance criteria etc. as applicable), activity bar chart, flow of assignment, package implementation team / structure, customer interface details, multi disciplinary responsibility matrix, Resource need/ deployment, document / record maintenance etc. Package coordinators are provided with technical support / guidance / approval and resources by respective Section-in-Charge. Package Coordinator can have communication channel with Customer / Vendor counterpart on technical matters of routine nature but all important correspondence bearing contractual, legal, interfacing implication shall be routed through Project Coordinator.

With a view to achieve consistency in project realisation process in the organisation (including its units offices at other locations) guideline for preparing project quality plan has been furnished as appendix to this manual.

MEASUREMENT, ANALYSIS AND IMPROVEMENT

General

To ensure that the Quality Management System is effective and yielding desired result, corporate quality objective / targets are set on annual basis. These quality objectives are broadly categorised as business related, customer related, performance related and improvement related. In line with the corporate quality objectives various units/ sections / groups of the company, in turn, set their own quality objectives / targets, relevant to their own areas of operations. These objectives / targets are quantifiable backed up by baseline data. These baseline data are either generated through bench marking workshops or are based on past data.

Monitoring

Customer Satisfaction

MECON being Customer focused organization, feed-back from Customers are valued high. These feed-backs are obtained through Customer satisfaction measurement form no. F-02 and F-03 (enclosed) at frequencies as defined in the form for consultancy and

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EPC Projects. These feed-backs are statistically analysed to obtain project-wise **Customer Satisfaction Measurement (CSM)** index.

In addition to Customer feed-back through CSM form, the company has a system of redressal of **Customer complaint**. The company views customer complaints very seriously. There are three tier complaint hierarchy as explained in the complaint hierarchy model furnished in exhibit 'D'. The Customer can initiate complaint in complaint log form no. F-04 (enclosed) and forward the same to CMD / Directors / Project Coordinator depending upon the level of complaint i.e. Level-1, 2 or 3 (L1/L2/L3). In all cases the recipient forwards the complaint to project coordinator for logging / monitoring and ensuring timely reply from appropriate authority.

CSM index is treated as Customer related Corporate Quality Objectives which provides critical input to management with regard to customer perception. Besides, marketing department carries out lost bid analysis. Lost bid analysis, CSM index data etc. is used for initiating corrective/ preventive action and for planning continual improvement measures.

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Customer Satisfaction Measurement (CSM) form – (Consultancy) (MECON : AQM : F-02)

(To be obtained from Customer's Project-in-charge /Package Co-ordinator **at approx. 50% (scheduled) and approx. 100% project progress stage (scheduled) for projects having Consultancy fee more than Rs 25 lakhs and only on project completion stage for projects having consultancy fee between Rs 10 lakh and Rs 25 Lakhs**)

- **Project Description** :
- **Package reference/general** :
- **Work Item No. :** **Consultancy Fee**
- **Scheduled Project Progress stage at which CSM feedback obtained** : 50% 100%

1. MECON's Scope of Service (tick mark more than one, as applicable)

- | | | | |
|--------------------|--------------------------|------------------------|--------------------------|
| Reports/FR/DPR | <input type="checkbox"/> | Software development | <input type="checkbox"/> |
| Engg. Consultancy | <input type="checkbox"/> | Third party inspection | <input type="checkbox"/> |
| Detailed Engg. | <input type="checkbox"/> | Management Consultancy | <input type="checkbox"/> |
| Project Management | <input type="checkbox"/> | Others, Pl. specify | <input type="checkbox"/> |

2. Extent of fulfillment of Project Objective (Indicate % as per progress report)

as on date

- Planned (..... %)
- Actual (..... %)

Note : Up to point no. 2 the CSM form be filled by MECON' Project Co-ordinator and handed over to Customer.

3. Project Schedule fulfillment rating (tick mark , as applicable)

- | | | |
|---------------|--------------------------|-------------------------------|
| Excellent (5) | <input type="checkbox"/> | more than 10 % ahead schedule |
| V. Good (4) | <input type="checkbox"/> | up to 10% ahead schedule |
| Good (3) | <input type="checkbox"/> | on schedule |
| Average (2) | <input type="checkbox"/> | up to 10% behind schedule |
| Poor (1) | <input type="checkbox"/> | more than 10% behind schedule |

4. Reasons for slippage in schedule

- | | | | |
|--|--------------------------|---|--------------------------|
| Delay in release of advance by Client | <input type="checkbox"/> | Due to climatic adversity | <input type="checkbox"/> |
| Non-availability of technical data from Client | <input type="checkbox"/> | Due to fund/ resource constraint (MECON / CLIENT) | <input type="checkbox"/> |

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delay in drawing approval from Client On account of Sub-Contractor engaged by Client

Non-availability Of front by Client On account of MECON

Any other reason, Pl. specify

5. Extent of satisfaction from service rendered as per scope of the Project (tick as applicable)

Service Category	Excellent (5)	V. Good (4)	Good (3)	Average (2)	Poor (1)
Reports/FR/DPR					
Basic Engg.					
Detailed Engg					
Procurement					
Inspection					
Vendor Drg. Approval					
Construction Supervision					
Erection					
Commissioning					
Post Commissioning					
Project Management					
Any other, Specify					

6. Quality of personnel deployed

Quality attributes	Excellent (5)	V. Good (4)	Good (3)	Average (2)	Poor (1)
Competence					
Commitment					
Courteousness					
Co-ordination					
Responsiveness					

7. Client's suggestion to improve system deficiency/quality of service rendered. (Kindly be system/area specific)

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8. Any other pertinent issue related to Customer satisfaction (to be mentioned by Client)

DISCLAIMER

The above feedback is based on current ongoing project and is being furnished with the sincere objective of realizing the goal of Q.M.S. This shall not be treated as legally and contractually binding on either party.

Signature.....(optional)

Name:

Designation:

Organisation:

To:

<Project Coordinator's Name>

[Specify Project Name]

MECON LIMITED,

< Office Address, as applicable >

Note : Proj. Coord. to forward copy of this feedback to Management Representative.

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Customer Satisfaction Measurement (CSM) form – (EPC) (MECON: AQM: F-03)

(To be obtained from Customer's Project-in-charge /Package Co-ordinator at approx. 50% (scheduled) and approx. 100% project progress stage (scheduled) for projects of value more than Rs 15 Crores and only on project completion stage for projects of value between Rs 1 Crore and Rs 15 Crores)

- **Project Description** :
- **Package reference/general** :
- **Work Item no. :** **Project Cost :**
- **Scheduled Project Progress stage at which CSM feedback obtained** : 50% 100%

1. MECON's Scope of Service (tick mark more than one, as applicable)

- | | | | |
|-----------------------|--------------------------|--------------------------|--------------------------|
| Basic Engg. | <input type="checkbox"/> | Construction Supervision | <input type="checkbox"/> |
| Detail Engg. | <input type="checkbox"/> | Project Management | <input type="checkbox"/> |
| Turn-Key supply | <input type="checkbox"/> | Others, Pl. specify | <input type="checkbox"/> |
| Testing/commissioning | <input type="checkbox"/> | | <input type="checkbox"/> |

2. Extent of fulfillment of Project Objective (Indicate % as per progress report)

as on date

- | | | |
|---------|----------------------|------------|
| Planned | <input type="text"/> | (..... %) |
| Actual | <input type="text"/> | (..... %) |

Note : Up to point no. 2 the CSM form be filled by MECON' Project Co-ordinator and handed over to Customer.

3. Project Schedule fulfillment rating (tick mark , as applicable)

- | | | |
|---------------|--------------------------|-------------------------------|
| Excellent (5) | <input type="checkbox"/> | more than 10 % ahead schedule |
| V. Good (4) | <input type="checkbox"/> | up to 10% ahead schedule |
| Good (3) | <input type="checkbox"/> | on schedule |
| Average (2) | <input type="checkbox"/> | up to 10% behind schedule |
| Poor (1) | <input type="checkbox"/> | more than 10% behind schedule |

4. Reasons for slippage in schedule

- | | | | |
|---------------------------------------|--------------------------|---------------------------|--------------------------|
| Delay in release of advance by Client | <input type="checkbox"/> | Due to climatic adversity | <input type="checkbox"/> |
| Non-availability of | <input type="checkbox"/> | Due to fund/ | <input type="checkbox"/> |

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technical data from
Client

resource constraint
(MECON / CLIENT)

delay in drawing
approval from Client/
Consultant

On account of
other Contractor
engaged by Client

Non-availability
Of front by Client

On account of MECON

Any other reason,
Pl. specify

**5. Extent of satisfaction from service rendered as per scope of the Project
(tick as applicable)**

Service Category	Excellent (5)	V. Good (4)	Good (3)	Average (2)	Poor (1)
Basic Engg.					
Detailed Engg					
Procurement					
Inspection					
Vendor Drg. Approval					
Construction Supervision					
Erection					
Commissioning					
Post Commissioning					
Project Management					
Any other, Specify					

6. Quality of personnel deployed

Quality attributes	Excellent (5)	V. Good (4)	Good (3)	Average (2)	Poor (1)
Competence					
Commitment					
Courteousness					
Co-ordination					
Responsiveness					

7. Client's suggestion to improve system deficiency/quality of service rendered. (Kindly be system/area specific)

8. Any other pertinent issue related to Customer satisfaction (to be mentioned by Client)

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DISCLAIMER

The above feedback is based on current ongoing project and is being furnished with the sincere objective of realizing the goal of Q.M.S. This shall not be treated as legally and contractually binding on either party.

Signature..... (optional)

Name:

Designation:

Organisation:

To:

<Project Coordinator's Name>

[Specify Project Name]

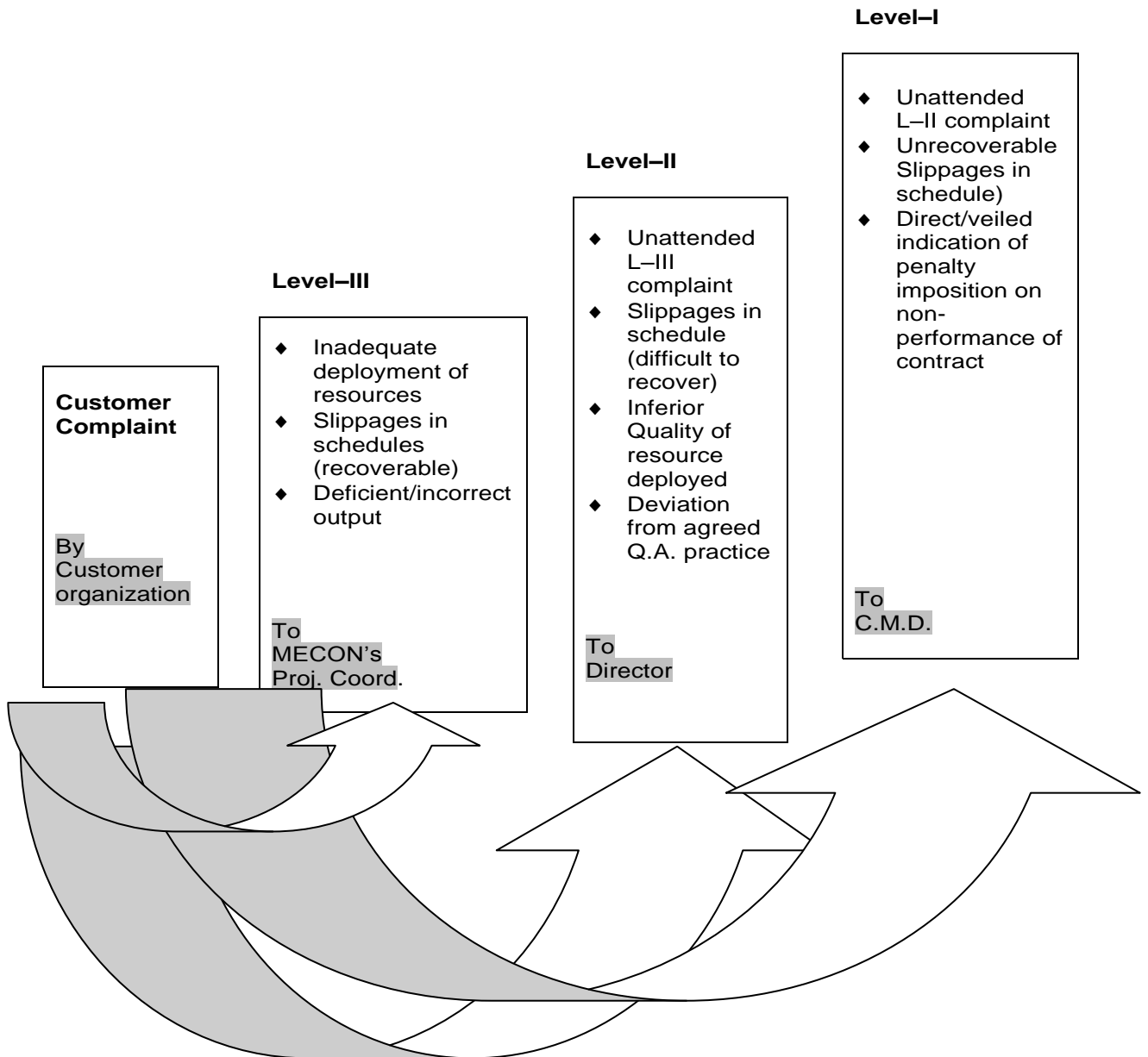
MECON LIMITED,

< Office Address, as applicable >

Note : Proj. Coord. to forward this feed-back to Management Representative.

Exhibit 'D'

3-tier Customer Complaint Hierarchy



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Internal audit

For continuous monitoring of suitability and effectiveness of Quality Management System, Internal Quality Audits are carried out periodically by trained auditors. Minimum two Internal Quality audits shall take place in a calendar year for all functional areas in any location. Such audits, in any area, shall be planned & carried-out through specific project route and also through process route. Audit of Project Coordinator in turn leads to audit of project specific functional areas. Depending upon the status and importance of project, special audits may be organised by Management Representative.

Internal Quality Audits are carried out as per procedure no. P-03 enclosed at the end of the manual. Based on the findings of audit, necessary corrections and corrective actions are promptly taken by auditee within agreed time frame.

All such departments which contribute directly towards quality of products / service output of the company are regularly audited by trained internal auditors.

The Head Office and each unit office of the Company has a pool of trained auditors who carry out Quality Audits at their respective locations, under directives from MR / MRRs.

Feedbacks on compliance of **Corrective Action Request (CAR)** are scrutinised by MR and submitted to top Management during Management Review.

Internal auditing and its effectiveness is reviewed by Management at Head office and other locations through MR and MRRs. Consequent decisions by Management are conveyed through MR / MRRs to concerned work groups, who in turn, ensures implementation.

Monitoring & Measurement of Processes

The suitability and effectiveness of Quality Management System processes are ensured through the following means.

- (i) Customer feed-back
- (ii) Internal auditing
- (iii) Setting of corporate quality objectives leading to unit offices / divisions / sections objectives.

For setting quality objectives / targets SMART concept is employed (S-specific, M-measurable, A-achievable, R-repeatable, T-time bound). Through monitoring and measurement of SMART objectives, the key business processes of the company are statistically analysed, evaluated and improved upon.

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Monitoring & Measurement of Products

For monitoring and measurement of quality of product, the planned arrangement is the approved Quality Assurance Plan (QAP).

In case of consultancy assignments MECON, on behalf of its Customers, approves the QAP furnished by suppliers. The products are inspected at intermediate / final stages as per QAP and product is recommended to be released for use in the project after ensuring that the acceptance criteria have been satisfactorily met.

For the EPC contracts, under execution by MECON, approval of QAP (Quality Assurance Plan) and inspection proper shall be undertaken as per steps identified below:

QAP Approval

- a) MECON, as principal contractor shall demand Quality Assurance Plan (QAP) from respective manufacturers (engaged as sub-contracted agency) in line with requirement of client, for supply of items / plant / equipment, under latter's scope in prescribed forms within 30 days' of placement of order or prior to start of manufacturing, whichever is earlier. In some cases (other than Turn-key order), MECON may furnish QAP (approved by Client/Consultant) to Manufacturer for compliance.
- b) Examination of manufacturers' QAP against the requirements of end-use client shall be done by 'Manufacturing & Construction Engg.' group in MECON and/or by the main technology group involved for project execution.
- c) Upon concurrence at MECON's end, the QAP shall be submitted for approval by end-use client / or its designated representative. Inspection waiver request may be covered in the QAP on the merit of the case.
- d) MECON, and its sub-contractors (manufacturer) have to ensure the comments on QAP by client or its designated representative (consultant) are resolved and incorporated in the final QAP submitted for being stamped as 'APPROVED' by client / client's consultant.
- e) Manufacturing process should start only upon receipt of 'APPROVED' or 'APPROVED AS NOTED' QAP from client / client's consultant through MECON (the principal contractor)

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Inspection / Inspection Waiver

- a) Inspection or inspection waiver processing for EPC jobs, under execution by MECON shall be undertaken by Manufacturing & Construction Engg. Group in close consultation with relevant technology group (s) or by technology group (s) themselves, strictly adhering to the system practice of the company. In exigency situation, inspection activity may be assigned to 'QA & Inspection group', who are otherwise engaged in Inspection activities for consultancy / detailed engineering projects of MECON, from the consideration of resource optimization / meeting the urgent timelines of project, in question.
- b) Based on 'Inspection Call' received from individual manufacturer in stipulated format, enclosing internal inspection reports / test certificates etc., inspection agency in MECON shall ascertain the availability of:
- I. Copy of un-priced P.O.
 - II. Approved Drawing / Data-sheet
 - III. Approved QAP
 - IV. internal inspection reports / test certificates and
 - V. Other relevant pre-inspection documents

Upon satisfying itself on the complete readiness of the plant / equipment / item either through inspection at Manufacturer's works or through desk study of pre-inspection documents submitted by manufacturer, MECON shall raise 'inspection call' to client / client's consultant for carrying out final inspection.

In case of inspection waiver requests (not covered in QAP), above steps are to be followed and such requests, accompanied by documented technical justification, etc. shall have to be submitted to client likewise the 'inspection call' described above.

- c) In EPC contract, the total material supply broadly falls under two categories of inspection activities:
- i) Inspection Category:**
Where Inspection shall be witnessed by client / consultant stamping / marking are to be done on the accepted material by Client / Consultant (or by MECON if authorized by Client / Consultant). However, the inspection certificate shall be issued by client/ Consultant, based on which dispatch clearance (DC) shall be issued to the Supplier/Manufacturer by concerned Commercial group of MECON.

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ii) Inspection waiver category:

Inspection waiver certificate shall be issued by Client / Consultant on satisfactory scrutiny /review of the test certificates and manufacturer's internal inspection reports based on which dispatch clearance (DC) shall be issued to the Supplier/Manufacturer by concerned Commercial group of MECON. This pertains to standard bought out items (BOI) of non critical/regular type or imported items from reputed manufacturers. In such cases, scope of stamping / marking of material by client / consultant may not arise. However, Inspection certificate shall be finally issued by Client/Consultant after physical verification of materials along with the relevant document on receipt at site/stores.

- d) Irrespective of the type / category of items inspected / inspection waived by client / consultant, the dispatched item must bear tags / stickers certifying "Passed Internal QC / Inspection" by the manufacturer's with signature / seal of their inspecting personnel. For both the categories as above, material received at site without any stamping / marking or even without manufacturers "Passed Internal QC / Inspection" tag / sticker shall not be taken into stores.
- e) Log Book / Registers shall have to be maintained for recording the exact description and quantity of the incoming / received material along with Dispatch Clearance Certificate, Inspection Accepted / Waiver Certificate and Packing List by the Stores-in-Charge (Client/Contractor/Mecon as per provision of contract). Stores-in-Charge shall maintain location of storing of the incoming material in the said Log Book for ease of traceability. "Goods Receipt Note" (GRN) is issued to the vendors (as applicable in the contract by Stores-in-Charge) (where vendor is not responsible for stores management) on physical verification and visual checking of the materials at site. Stamping / marking of the accepted category (i) & (ii) items are verified to the extent feasible during inward goods receipt against post inspection documents before issuance of the said GRN.

Inspection of Items involving Special Process like welding

Welding work normally carried out at site or at manufacturers' works comes under following categories:

- a) Specialized / critical category
- b) Non critical category

For category (a) items, relevant & required tests as per applicable standards and in line with designer's requirement (as per approved drawings) are generally specified in the

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QAP's. The QAPs thus prepared & submitted by manufacturer are approved by client / consultant in agreement with main contractor before start of the manufacturing / fabrication at site. The quality checks as per approved QAP and relevant drawings shall be carried out for acceptance at site. For such critical category items, welding is to be carried out as per approved WPS (Welding Procedure Specification) / PQR (Procedure Qualification Record) by the certified welders having valid welders qualification certificate. Documents pertaining to WPS, PQR & WPQ (Welder's Performance Qualification) as well as inspection document inclusive of NDT reports (as applicable) shall have to be retained as records. Wherever, radiography is involved X-ray films shall be preserved.

For category (b) items, inspection check reports along with NDT reports (as applicable) to be documented and retained. Valid competency certificates of welders with photographs, etc. shall have to be demanded and preserved as records.

In either of the situations above, the execution agency of EPC project has to ensure deployment of competent welder with valid competency certificate only.

The Q.A.P, Inspection Certificates and relevant documents of items Inspected shall be stored as record, minimum for the period of Performance Guarantee / Warrantee or as described in the Project Specific Quality Plan.

Control of Non-conforming Product

In MECON, non-conformance may refer to non-conforming product as well as intermediate / final process / service outputs. Non-conformance shall mean any deviation observed and reported, from the stated requirements.

In cases where the product does not conform to agreed product acceptance parameter, the deviations are recorded in deviation request / reporting form no. F-05 enclosed) and put up for review by QA & inspection chief or his designated representative as identified in project specific quality plan. The deviations are analysed and decision is either (i) rejected (ii) reworked and re-inspected, or (iii) concession / waiver / deviation request granted. Wherever applicable, concurrence of Customer also is obtained. In no cases, the products / services are released for use in the project without clearance from MECON and or Customers designated authority. In project contingency situations, wherever such clearances are obtained through telephone / e-mail / video conference etc, the required paper formalities are completed post facto. For all such cases of deviations records are maintained by Project Coordinators.

Procedure No. P-04 included in this manual provide guidelines for dealing with all non-conforming product / process outputs.

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MECON LIMITED

Office: -----

DEVIATION REQUEST/REPORTING FORM (MECON : AQM : F-05)
(To be used only for changes called for during Manufacturing / Construction /
Installation)

DVN No. : _____ Date: / /

Project : W.I. No. :

Item description: _____

Drg.No./Part No. _____ Rev. _____

System / Sub-System. _____

A. Deviation requested/observed during

- Mfg./Str.fab. Inspection Erection (M/E/S/P/AC) *
 Civil Construction Testing Commissioning

B. Hold exercised Yes No (with site CCB-III Concurrence only)

C. Details of deviation viz-a-viz acceptance parameters

Reported by

D. Comment of Design Group

- (i) Nature of Deviation ♣ 1 Major 2 Minor 3 In-consequential site modification
(ii) Implication of change on functional requirement.
(iii) Proposed Corrective/Change Action.
(iv) Identify interface area(s)
(v) Any concession/Waiver request Yes No

Major: Overall Product Quality Objective affected

Minor: Overall Quality Objective remains unchanged

Design In-charge

♦ Deviation report is to be logged by supervising personnel of MECON/TPIA at project site/Mfg. Works & forwarded the same to I/c.Project site (MECON)/Proj Co-ord. for onward transmittal to concerned design in-charge

♣ 1. Forward for Configuration control Board (CCB-I) review 2. Forward for CCB-II review 3. For review & corrective action on CCB-III cases by Design In-charge

* M – Mechanical, E – Electrical, S – Structural, P – Process, AC – Air Conditioning

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E. Concession / waiver request

CCB Review : Aspect considered during review

- | | | | |
|---|--------------------------------------|---|----------------------------------|
| <input type="checkbox"/> Interfaces | <input type="checkbox"/> Reliability | <input type="checkbox"/> Spare Part | <input type="checkbox"/> Testing |
| <input type="checkbox"/> Interchangeability | <input type="checkbox"/> Contract | <input type="checkbox"/> Storage | <input type="checkbox"/> Maint. |
| <input type="checkbox"/> Safety | <input type="checkbox"/> Mfg. | <input type="checkbox"/> Norms/Statutes | <input type="checkbox"/> Others |

CCB Comments

F. Review outcome (Please 3in appropriate box)

- | | |
|--|--|
| <input type="checkbox"/> Reject | <input type="checkbox"/> Cleared for Hold release with implementation of proposed Corrective/Change Action |
| <input type="checkbox"/> Rework & Re-inspect granted | <input type="checkbox"/> Concession/Waiver/Deviation request |

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Chairman

Signature of CCB members

Distribution

1/ Customer for CCB-I case 2/ Proj.Co-ord. 3/ Site-in-charge 4/ TPIA/Inspection 5/ CCB-Members

Configuration Control Board (CCB) Composition:

- CCB-I :** 1. Chairman [Head Quality Assurance of concerned office 2.Customer's rep. 3. Proj. Co-ord. 4 Concerned discipline section in-charge 5. Concerned focal point person 6. Co-opted interface design members
- CCB-II:** 1. Chairman [concerned discipline Section-in-charge], 2. Project Co-ord's representative, 3. Concerned focal point, 4. Co-opted interface design group members (if required), 6.QA's designated representative
- CCB-III:** 1. Chairman – Site-in-charge, 2 Interface design group's site rep. (co-opted if required),

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Analysis of Data

In MECON, target / objective setting aimed at effective process management, Customer focus and continual improvement forms the core of Quality Management System practice. The targets / objectives are broadly categorised as business related, Customer related, performance related and improvement related. The targets / objectives are quantifiable and measurable in nature. At the end of stipulated period the data is generated / collected and analysed using appropriate statistical techniques such as trend analysis, cumulative histogram etc.

In addition, various functional areas such as Environmental Engg., Techno-economics, Inspection, Marketing, Finance etc. collect / compile data and statistically analyse these using appropriate Operation Research techniques such as demand forecasting, sampling etc.

Improvement

Continual Improvement

Being a Customer focussed organisation and to remain afloat in the globalised & competitive business environment, MECON is committed for continual improvement. The QMS practices are periodically reviewed at section level, Quality council and management review meetings in the light of inputs from Customers, audit findings, target / objective fulfillment, business results and emerging technological and socio-economic scenarios. It strives for continual improvement in key result areas such as knowledge domain expansion, process simplification, bench-marking & standardisation, cost optimisation, enhanced Customer satisfaction etc.

Corrective & Preventive Actions

Any non-conforming products / process output which does not satisfy the intended requirement are dealt with in accordance with control of non-conforming product procedure no. P-04.

Such non-conformities are traced during the process monitoring / product inspection, process output review, internal audit, Customer satisfaction measurement and Customer complaint. All such non-conformities are reviewed and analysed for root cause at process level and correction as well as corrective action is implemented to eliminate the causes of Non Conformities and to prevent its recurrence. Records of such corrective actions are maintained.

All such instances of corrective actions are compiled in M.R. Office and deliberated in the Quality Council meeting to decide for any organisation-wide preventive action. This is important, in view of MECON being a multi-locational organisation. Preventive actions are normally initiated through review of Quality Management System, change in quality system practices, special training, technical tie-up etc. Completion Reports of Projects are systematically analysed, reviewed by Higher Management (concerned Directorates) for charting out preventive action, if any, in next project situation. The

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effectiveness of corrective actions and preventive actions are evaluated & monitored through feed-back / performance result and appropriate records are maintained.

For implementing corrective action procedure no. P-05 and for preventive action P-06 has been included in this manual.

DELEGATION OF POWER

The company has a manual containing Delegation of Powers/authorities duly approved by the Board of Directors of the Company. Under this the powers and authorities of various officers of corporate office as well as company's regional and site office in the matters of Administration, Personnel, Finance, Purchase, Contracting Assignments etc. have been indicated for guidance and discharge of their duties and responsibilities.

This document has been kept with the Public Information Officer (PIO) and Asst. Public Information Officers (APIOs).

Persons interested to know the details given under the Delegation of Power may contact PIO and APIOs.