

DIRECTORS' REPORT

Dear Members,

Your Directors have great pleasure in presenting the 19th Annual Report and Audited Statement of Accounts for the year ended March 31, 2013.

FINANCIAL RESULTS

For the year ended

	2012-2013 (Rs. in Lacs)	2011 - 2012 (Rs. in Lacs)
Sales/Other Income	8341.43	9307.75
Profit before Interest & Depreciation	1076.20	1304.11
Profit before Depreciation	844	895.03
Depreciation for the year	282.03	327.12
Profit before Taxation	561.97	567.91
Provision for Taxation:		
Current Tax	188	183
Deferred Tax	(0.32)	(9.88)
Profit after Tax	374.28	394.79
Add/Less Adjustment for previous year	8.25	(18.38)
Balance brought forward from previous year	1470.93	1207.91
Balance available for appropriation		
Proposed Dividend	85.71	80.35
Dividend Tax on proposed dividend	14.57	13.04
Transfer to General Reserve	30	20
Balance carried forward	1725.11	1470.93



COMPANY'S VISION

Our Company philosophy has always focused on customer satisfaction with uncompromising integrity and quality. We strive to carry products and new developments with the finest value and quality in the market. We envisage ourselves to be a solution provider to our customers.

COMPANY'S MISSION

The Company will strive to achieve the following:

- to maintain the quality systems as per the International standards
- to reduce the production cycle time and attain better operational efficiency
- to provide prompt services to all customers
- to reduce cost in all areas
- to add value in the supply chain to the customers
- to maximize the Shareholder's wealth

REVIEW OF OPERATIONS

The total net sales and other income of the Company have been recorded as 8341.43 Lacs for the Financial Year ending on 31st March, 2013. The corresponding figure for the previous financial year (ended 31st March, 2012) was 9307.75 Lacs. There is a decrease in turnover of about 10% . On a detailed analysis, the sales of the Company were lower in the last three quarters (Q2, Q3 and Q4 of Financial Year 2012-13), clearly reflecting the lower industrial output/ sentiments in the economy.

The recoveries in the export market have not been visible, affecting our export turnover also.

The Net Profit before tax (PBT) of the Company is Rs. 561.97 Lacs as compared to previous year figures of Rs. 567.91 Lacs, which is slightly lower by 1 %. We are striving towards protecting our bottom line growth.

DIVIDEND

Keeping in view MFL's tradition of high regard to the shareholders of the company, The Board is pleased to recommend the dividend @ 16% i.e. Re 1.60 per share of Rs. 10/- each fully paid up, for the financial year ended on 31st March, 2013. The dividend, if approved by the shareholders at the Annual General Meeting shall be payable to shareholders, whose names appear in the Register of Members, as on 23.09.2013. The total outgo on account of dividend, inclusive of Dividend Tax @ 16.995 % (inclusive of Surcharge & Educational Cess) stands at Rs. 100.28 Lacs. The tax will not be deducted at source.



TRANSFER TO GENERAL RESERVE

Out of the profits of the company, a sum of Rs. 30 Lacs transferred to general reserve and total reserve and surplus of the company is Rs. 1987.02 Lacs as on 31st March, 2013.

CURRENT PERFORMANCE

The Fasteners, as a product, has a derived demand and not a direct demand. The year that passed by, saw Industrial & Automotive activity going down.

In 2012-13, prominent Automotive companies such as Maruti Suzuki India Ltd, Hero MotoCorp Ltd. TATA Motors Ltd, Hyundai Motors etc. had to cut production at their respective plants which affected fasteners industry also. This is still continuing and we hope that the current trend reverses on the back of good monsoon and onset of festival period.

The performance of exports of your company is satisfactory. Our basket of customers is well diversified in terms of geographical spreads and hence we do not foresee difficulties in long run, although the market currently is not as buyout as it was a year ago. The exchange rates are favorable for Exports, although.

We are hopeful of delivering a fairly good and satisfying performance to our shareholders.

QUALITY MANAGEMENT SYSTEM

The Company has been accredited with numerous certifications for adopting and implementing international quality systems in all its operations. Its streamline manufacturing process and ethical business practices have enabled it to earn international certifications like: ISO 9001:2008, ISO/TS 16949:2009 and ISO 14001:2004.

The Company envisages a vision of Zero Defect Policy. The Company has strengthened its efforts towards implementing 5S & six sigma to enhance the quality of work and products. Your Company is also having international certification under OHSAS: 18001:2007, which help us to implement safety policies.



INTEGRAL REPORTS

A "Corporate Governance Report" and a "Management Discussion and Analysis Report" form an integral part of this Directors' Report as per the requirement of clause 49 of listing Agreement and have been placed as its **Annexure "A" and "B"** respectively.

The Corporate Governance Report highlights the philosophy of Corporate Governance, discloses composition of Board of Directors, discloses the code of conduct and Audit Committee, their details, functions, attendance and remuneration of directors etc. and general information for shareholders. It is supplemented by two compliance certificates:-

- (i) Certificate signed by the Managing Director affirming receipt of compliance with the code of conduct from all Board members during the year 2012-2013. (**placed at Annexure " A-2)** as per clause 49 (I) (D) (ii) of the Listing Agreement ; and
- (ii) Certificate of compliance of Corporate Governance provisions of clause 49 signed by the Auditor of the company as per clause 49 (VII) of the Listing Agreement. (**placed at Annexure " A-4)**

The Management Discussion and Analysis Report provides an overview of the affairs of the Company, its business environment, mission & objectives, outlook, operational performance, its resources & systems, strengths, opportunities, constraints, risks & concerns, strategies, prospects, etc.

DIRECTORS

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Mr. Ghanshyam Dass Soni and Mr. Jatinder Pal Singh Narang, the directors, are due to retire at the forthcoming Annual General Meeting, and being eligible, have offered themselves for re-appointment.

STATUTORY AUDITORS

1) Appointment

M/s GSK & Associates, the Statutory Auditors of the Company, retire at the ensuing Annual General Meeting and being eligible, offer themselves for reappointment. M/s GSK & Associates have under Section 224(1) of the Companies Act, 1956, furnished the certificate of their eligibility for reappointment as Auditors of the Company from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company.



II) Report

The Auditors' Report and Notes on Accounts for the financial year 2012-13 are self explanatory and therefore do not call for any further comments and explanations.

COST AUDITOR

In respect of Circular no. 52/26/CAB-2010, dated 30.06.2011, Company appointed **M/s Sanjay Kumar Garg & Associates** as the cost auditor to conduct the cost audit of the company for the financial year 2012-13.

INDUSTRIEL RELATIONS

During the year under review, harmonious industrial relations were maintained in your company.

SUBSIDIARIES

Your Company does not have any subsidiary Company.

STATUTORY DISCLOSURES

Your Directors have made necessary disclosures, as required under various provisions of the Act and clause 49 of the Listing Agreement.

DIRECTORS RESPONSIBILITY STATEMENT

Pursuant to the provisions under Section 217 (2AA) of the Companies Act, 1956, the Directors hereby confirm:-

- i) that in preparation of the annual accounts for the financial year ended 31st March, 2013 they have followed the applicable accounting standards along with proper explanation relating to material departures;
- ii) that they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss for the year under consideration;
- iii) that they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities;
- iv) that they have prepared the annual accounts of the Company for the financial year ended 31st March, 2013 on a going concern basis.



PARTICULARS OF EMPLOYEES

None of the Employees of the Company is covered under sub section (2A) of Section 217 of the Companies Act, 1956.

CONSERVATION OF ENERGY & TECHNOLOGY ABSORPTION

Your Company's energy requirements continued to develop significantly as it commissioned new manufacturing facilities and as it increased production at existing facilities. However, the Company is making all efforts to put stress on energy conservation by taking measure to ensure that plant be kept continuous running and idle time is reduced to bare minimum.

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo Information pursuant to the provisions of Section 217(1)(e) of the Companies Act, 1956, read with the Companies(Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, relating to conservation of energy, technology absorption & foreign exchange earnings and outgo are given by way of Annexure to this Report.

HUMAN RESOURCES

MFL holds pride in its systems for providing a good quality of work-life to its employees. It encourages a culture of mutual respect and trust amongst peers, superiors and subordinates. We also maintain good harmonious industrial relations amongst the employees in our organization.

MFL shares the growing concern on issues related to Environment and Occupational Health & Safety (EHS) and is committed to protect in and around its own establishment and to provide Safe & Healthy Environment to all its employees for fulfilling these obligations.

A Health, Safety & Environment Policy has been formulated and implemented through Management System. In recognition of this MFL has been awarded ISO 14001:2004 & OHSAS 18001:2007

Our HR Deptt. shall ensure competent and committed team engaged in building a culture of learning to achieve excellence in performance and employee satisfaction by enhancing their skills through Training & Development Programs for innovation & continual improvement of the employees.

FIXED DEPOSIT

Your Company has not accepted / invited any deposit within the meaning of Section 58 – A of the Companies Act, 1956.

CASH FLOW ANALYSIS

In compliance with the provision of Clause 32 of the Listing Agreement, the Cash Flow Statement for the year ended 31st March, 2013 is annexed hereto.



MATERIAL CHANGES AND COMMITMENTS

There are no material changes and commitments, affecting the financial positions of the Company that have occurred between the end of the financial year of the Company and the date of signing of this report.

SAFTY, HEALTH AND ENVIRONMENT MEASURES

Protection of environment is the prime concern of your company. Your Company complies with the relevant laws and regulations as well as take any additional measures considered necessary to prevent pollution, maximize recycle, reduce waste, discharges and emissions. Company conserves natural resources by their responsible and efficient use in all the operations and plant trees.

CORPORATE GOVERNANCE

The Company is committed to build a long term shareholder value with full emphasis on corporate governance. In achieving this objective, the Company has always endeavored to operate as a responsible and law abiding, corporate entity. The corporate governance practices followed by your Company along with a certificate from the Auditors of the Company confirming the Compliance of Corporate Governance have been given separately & form part of this Annual Report.

ACKNOWLEDGEMENT

The Board of directors' place on record their sincere appreciation for the dedicated efforts put in by all employees, their commitment and contribution toward the growth of the company.

Your directors would like to record their sincere appreciation for the support and co-operation that your Company received from all government authorities, financial institutions, distributors, suppliers and business associates whom your Company regards as partners in progress.

Your directors thank the shareholders for their confidence in the Company.

Regd. Office:
304, Gupta Arcade,
Inder Enclave,
Delhi – Rohtak Road
New Delhi – 110 087

By order of the Board


(Ravinder Mohan Juneja)
Managing Director


(Deepak Arneja)
Managing Director

Place : New Delhi
Dated : 27.07.2013



Annexure to the Directors' Report

Conservation of energy, Technology Absorption and Foreign Exchange Earnings and outgo pursuant to Section 217 (1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the report of Board of Directors) Rules, 1988.

A. Conservation of Energy

The Company continues its attempts to improve energy conservation and utilization

a) Energy Conservation measure taken:

The Company has monitored its energy consumption regularly and has made several modifications in the plant resulting in reduced energy consumption, such as:

- 1) Constant monitoring of energy consumption and further requisite follow-up.
- 2) Replacement of tube lights/lamps with energy efficient lamps, In off – hours, lights in work premises is kept off.
- 3) Introduction of methanol based systems in place of endogas generators.
- 4) Reduction of maximum demand and restricting the maximum demand to billing demand.
- 5) Air conditioning being set at relatively higher temperature.

The Company is making all efforts to put stress on energy conservation by taking measure to ensure that plant be kept continuous running and idle time is reduced to bare minimum.

b) Additional investments and proposals, if any, being implemented for reduction of consumption of energy.

- 1) Use of Air Pneumatic Tools over Electric Tools.
- 2) Emphasis on installation of lower voltage energy efficiency lamps and use of CFL lamps.
- 3) Introduction of waste heat recovery system in furnace.
- 4) Setting the room Air Conditioners at a temperature of 24° C.
- 5) Rationalization of load on different DG sets.

The Company continues to adopt energy efficient practices in its operations and implement proposals arising out of regular energy audits. The Company has put in efforts to improve overall energy efficiency by installing power efficient equipments.



- c) Impact of the measure at (a) and (b) above for reduction of energy conservation and consequent impact on the cost of production of goods.**

As a result of above measures undertaken, the power and fuel consumption in plants has been reduced thus saving in energy cost during the period under consideration.

- d) Total energy consumption and energy consumption per unit of production as per Form A of the Annexure in respect of industries specified in the Schedule thereto.**



FORM A

Form for Disclosure of Particulars with respect to Conservation of Energy.

1. POWER AND FUEL CONSUMPTION

	<u>Current Year</u> <u>2012 - 2013</u>	<u>Previous Year</u> <u>2011 - 2012</u>
a) Power		
Purchased		
i) Unit (KWH)	6619287	6164863
ii) Total Amount	40883540	34559005
iii) Rate Per Unit	6.18	5.61
b) Own Generation	Nil	Nil
b) Fuel		
Coal	Nil	Nil
Diesel Oil (Ltrs.)	404695	373547
Total Amount	17833324	15800428
Rate Per Ltr. (Rs.)	44.07	42.30
c) Gas		
Petroleum Gas (Kgs.)	26268	47833
Total Amount	1799307	2653372
Rate Per Kg. (Rs.)	67.88	55.47



2. CONSUMPTION PER UNIT OF PRODUCTION

Production (with details) Unit

Productivity	5533.15	6379.93
Electricity KWH/MT	1196.30	966.29
Diesel Oil Ltr. / MT	73.14	58.55
LPG (In KG) MT	4.75	7.50

B Technology Absorption:

- a) Efforts made in Technology absorption as per **Form B** of the Annexure

Form B

Form for disclosure of particulars with respect to absorption.

Research and Development (R & D)

The Company keeps itself updated with latest technological innovations by way of constant communication, personal discussions and visit to foreign countries/plants and benchmarking best practices.

A. Specific areas in which R& D is carried out by the company

R&D is undertaken for extending the range of the existing products, lowering costs and process improvement. Certain activities which were initiated are as under:-

- 1) Multiple Tasking of the machines.
- 2) Development of various surface finishes based on customer's needs.
- 3) Cold forging of bigger diameters in stainless steel.

B. Benefits derived as a result of the above R & D efforts.

1. Process improvement resulting in higher production.
2. Quality Improvement
3. Cost reduction.
4. Product range extension to reach newer markets.
5. Meeting customer targets on time, cost, quality and new products.



C. Technology Absorption , Adaptation & Innovation

1. Efforts made

The company keeps itself updated with latest technological innovations by way of constant communication, personal discussions and visit to foreign countries/ plants and benchmarking best practices.

D. Future plan of action

1. Adopt more value engineering ideas into products to make them more cost effective in order to meet the target costs.
2. Up gradation of existing technology.
3. Applied research and value engineering

Since this being a continuous process, continuous up gradation does take place from time to time depending upon products/ process. Any fixed line of action other than above has not been envisaged.

D. Expenditure on R& D

- i. Capital Rs. 36,584
- ii. Recurring Nil
- iii. Total Rs. 36,584
- iv. Total R& D expenditure as a percentage of total turnover 0.0044%.

The Company has incurred expenditure amounting to Rs. 36,584 (Capital Expenditure- 36,584 and Revenue Expenditure –Nil) towards Research and Development.

Technology, absorption, adaptation and innovation

1. Efforts, in brief, made towards technology absorption, adaptation and innovation.

- a. The Company is having following international certification :-

ISO 9001:2008

ISO/TS 16949: 2009

ISO 14001:2004

OHSAS 18001:2007

- b. Training of personnel in –house.



2. Benefits derived as a result of the above efforts e.g product improvement, cost reduction, product development, import substitution etc.

- a. Process improvement resulting in higher production.
- b. Cost reduction.
- c. Constant updation of the Quality Management Systems has equipped the Company to meet the stringent Quality and general standards stipulated by customers.
- d. Development of eco-friendly processes results in less quantity of effluent and emission.

While the tangible benefits arising have been mentioned above, the intangibles are countless which includes promoting corporate social responsibility by making an effective use of natural resources, and to improve quality of life. The Company does nothing by which any harm is done to the environment and that the Company complies with all laws, rules and regulations seeking to control and reduce pollution of all types and protect the environment.

3. Activities relating to Technology Imported

A Stereo Microscope purchased by the Company during the year. The Company keeps itself updated with latest technology innovation by way of constant research and development, personal discussions and visits to foreign countries / plants.

C. Foreign exchange earnings and outgo:

i) Activities relating to exports; initiatives taken to increase exports; Development of the new exports markets for products and services and export plans

Efforts: Despite severe competition from China and Taiwan, the Company has added new customers in our portfolio across the globe. Most of our customers have shown keen interest to engage with MFL, as their preferred supplier and work as a long term strategic partner, resulting in increase in new parts and business with existing customers. This interest is based on our ability to supply superior quality and complex parts at most competitive prices.

The Company participated in overseas Trade Fairs to display its products and to tap new overseas customers. Responses to company's products are good resulting in fresh enquiries from various customers.

ii) Total foreign exchange used and earned.

During the year we have earned / incurred the following in foreign exchange.

(1) Foreign Exchange Earnings: In FOB value Rs. 4055.06 Lacs
(Prev. Yr. In FOB value Rs. 4858.51 Lacs)



(II) Foreign Exchange Outgo: Rs. 1736.47 Lacs
(Prev yr. Rs. 1381.77 Lacs)

Annexure-“A”

CORPORATE GOVERNANCE REPORT

Corporate Governance refers to a set of laws, regulations and good practices that enable an organization to perform efficiently and ethically generate long term wealth and create values for the organization as well as for its stakeholders. The Company believe in sound Corporate Governance is critical for enhancing and retaining investor’s trust and the Company always seeks to ensure that its performance goals are met with integrity.

1. COMPANY’S PHILOSOPHY

The Company’s Philosophy on Corporate Governance envisages the attainment of the highest level of transparency, accountability, commitment, value for stakeholders, customer’s satisfaction and sustainable developments.

The Company remains committed to laying strong emphasis on corporate governance and will continue its efforts towards raising the standards in Corporate Governance and will also review its systems and procedures constantly in order to keep pace with the changing environment.

2. BOARD OF DIRECTORS

The Board of Directors of the Company presently consists of Five directors. The composition of Board is balanced, comprising of Executive and Non – Executive Directors (including two independent directors). Mr. Ravinder Mohan Juneja, Mr. Deepak Arneja, Managing Directors and Mr. Sudhir Arneja, Whole Time Director Mr. G D Soni and Mr. J P Singh Narang are the Non- Executive Directors of the Company.

Meetings and Attendance

Details of Meetings of Board of Directors held during the Financial Year 2012-2013

S. No.	Date of Meeting	Board Strength	No. of Directors Present
1	29 th April, 2012	5	3
2	28 th July,2012	5	3
3	19 th October,2012	5	4
4	28 th December,2012	5	3
5	30 th January,2013	5	3



Leave of absence was obtained in terms of Section 283 (1) (g) of the Companies Act and granted in all cases of absence by Directors. The Composition of the Board as on 31st March, 2013 and the attendance at the Board Meetings during the financial year and the last Annual General Meeting as also number of other Directorships and Committee Memberships are given below.

S. No.	Name of Director	Category of Director	No. of Board Meeting Attended	Last AGM Attended	No. of Directorship in other Public Co's (Chairman / Member)	No. of Committee Membership in other Public Co's (Chairman / Member)
1	Mr. Ravinder Mohan Juneja	Managing Director	5	No	-	-
2	Mr. Deepak Arneja	Managing Director	4	Yes	-	-
3	Mr. Sudhir Arneja	Whole Time Director	5	Yes	-	-
4	Mr. J. P. Singh Narang	Non Executive Director	3	No	1	-
5	Mr. Ghanshyam Dass Soni	Non-Executive Independent Director	3	No	-	-

