CRIMSON METAL ENGINEERING COMPANY LIMITED

(formerly known as SRI SAARBATI STEEL TUBES LIMITED)

CHENNAI

28

Annual Report
and Accounts for the year ended
31st March 2012

CRIMSON METAL ENGINEERING COMPANY LIMITED
(Formerly known as SRI SAARBATI STEEL TUBES LIMITED)

BOARD OF DIRECTORS	Shri. Vinay Goyal (Managing Director) Shri. A.K. Das (Whole-time Director) (upto 31.08.2012) Shri. S.N. Seshadri (Whole-time Director) Shri. A.J. Menon (Director) Shri. Rama Iyengar Srinivasa Chari (Director) Shri. Krishan Chand Batra (Director) Shri. Mahabir Singh (Director) Shri. Ramkishan Yadve (Director) (wef 02.03.2012)
AUDITORS	M/s. Abhay Jain & Co., Chartered Accountants, 16, Sunkurama Street, Chennai - 600 001.
REGISTERED OFFICE	"K Sons Complex" 163/1,Prakasam Road, II Floor, Chennai - 600 108.
WORKS - TUBE MILL DIVISION	Sedarpet Industrial Estate Mailam Road, Pondicherry 605 111.
WORKS - FLAT PRODUCTS DIVISION	Karasur Village, Villianur Commune, Pondicherry.
SHARE TRANSFER AGENTS	M/s. Cameo Corporate Services Ltd., "Subramanian Building" 1, Club House Road, Chennai - 600 002. Ph : 28460390, 28460391 Fax : 044-28460129.

Crimpson Metal Engineering Company Limited
(Formerly known as Sri Saarbati Steel Tubes Limited
Regd. Office : 163/1, Prakasam Road,
II Floor, Chennai - 600 108.

NOTICE TO THE SHAREHOLDERS

NOTICE is hereby given that the 28th Annual General Meeting of the Company will be held at Andhra Chamber of Commerce Velagapudi Ramakrishna Bldg, 23, Third Cross Street, West C.I.T Nagar, Nandhanam, Chennai – 600 035 on Friday, 28th day of September 2012 at 10 A.M to transact the following business:

ORDINARY BUSINESS

1. To receive consider and adopt the Balance Sheet as at 31st March 2012, the Profit and Loss Account for the Year ended 31st March 2012 and the report of the Directors' and Auditors' thereon.

2. To appoint a Director in place of Mr. Mahabir Singh Sehrawat who retires by rotation and being eligible, offers himself for re-appointment.

3. To appoint a Director in place of Mr. Krishan Chand Batra who retires by rotation and being eligible, offers himself for re-appointment.

4. To appoint auditors to hold office until the conclusion of the next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS

To consider and if thought fit to pass with or without modification(s) the following resolution as ordinary.

5. "RESOLVED THAT Mr. Ramkishan Yadve, who was appointed as an Additional Director, with effect from 2nd March 2012, pursuant to Section 260 of the Companies Act, 1956 and Articles of Association of the Company and who holds office only up to the date of the Annual General Meeting and in respect of whom the Company has received a Notice in writing, under section 257 of the Companies Act, 1956, from a Member signifying his intention to propose Mr. Ramkishan Yadve as a candidate for the office of a Director of the Company, be and is hereby appointed as a Director of the Company liable to retire by rotation".

By the order of the board

Place: Chennai
Date: 03.09.2012

Vinay Goyal
Managing Director

Notes:

1. A MEMBER ENTITLED TO ATTEND AND VOTE, IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER.
2. Instrument of Proxies, in order to be effective, must be received at the Company's Registered office not later than 48(forty eight) hours before the time fixed for holding the Annual General Meeting. A form of Proxy is enclosed.
3. The Register of Members and Transfer Books of the Company will remain closed from Friday, 21st September 2012 to Friday, 28th September 2012 (both days inclusive).
4. Members are requested to notify immediately the changes in their respective addresses, if any, quoting their folio number enabling the attached admission slip duly completed and signed, for admission to the meeting hall.
5. Shareholders / Proxy holders are requested to bring their copy of the annual report with them at the meeting and to produce at the entrance the attached admission slip duly completed and signed for the admission to the meeting hall.
6. Members desirous of getting any information about the accounts and operation of the company are requested to address their query to the company at the registered office of the company well in advance so that the same may reach at least seven days before the date of meeting to enable the management to keep the required information readily available at the meeting.

7. Profile of Directors being appointed / re-appointed as required under Clause 49 of the Listing Agreement entered into with the Stock Exchanges

Particulars	Item No.2	Item No.3	Item No.5
Name of the Director	Mahabir Singh Sehrawat	Krishan Chand Batra	Ramkishan Yadve
Date of appointment	12/11/2010	12/11/2010	02/03/2012
Qualifications	B.Sc	B.A	Professional
Experience in specific functional area	Retired Assistant Commissioner Of Police In New Delhi	Expertise in Business	40 years of experience in steel industry
Directorships held in other Public Companies	Nil	Nil	Nil
Committee Chairmanship/ Membership held in other Companies	Nil	Nil	Nil
Number of shares held in the Company as on 31st March 2012	Nil	40	Nil

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956:

Item No.5

The Board of Directors has appointed Mr. Ramkishan Yadve as an Additional Director with effect from 2nd March 2012. The Director vacates his office of Directorship at the ensuing Annual General Meeting. The company has received the notice in writing from the member signifying his intention to propose Mr. Ramkishan Yadve as candidate for the office of director along with the requisite deposit.

The Brief profile of the proposed director is given in the Notes annexed herewith.

Hence the resolution in Item No.5 is placed before the shareholders for approval.

None of the directors are interested in the above resolution except Mr. Ramkishan Yadve.

DIRECTORS REPORT

Your directors have the pleasure in presenting the 28th Annual Report and that of the Auditors together with the audited Balance Sheet as at 31st March 2012 and profit and loss account for the year ended on that.

PERFORMANCE

The financial results for the year ended 31st March 2012 are as under:

(Rupees in lakhs)

	31.03.2012	31.03.2011
INCOME	13205.84	8209.18
EXPENDITURE	12986.79	8010.65
EBITDA	219.04	198.53
PBT	43.01	101.16
PAT	46.8	99.85

COURSE OF BUSINESS AND OUTLOOK

Your company had achieved a turnover of Rs. 13205.84 lacs as compared to the turnover of Rs. 8209.18 lacs. The profit before tax was Rs. 43.01 lacs as compared to profit of Rs. 101.16 lacs. With continued confidence of all our associates, we will aggressively meet all the challenges with renewed faith in our company and the future that we all share.

DIVIDEND:

Since the Board of Directors have adjusted the current year profits against the accumulated losses of the previous years, not recommended any dividend for the financial year ended 31st March 2012.

DIRECTORS:

Mr. A.K.Das has resigned from the Board during the Financial year 2012-13 and the Board took on record the valuable services rendered by him.

During the year the Board of Directors has appointed Shri. Ramkishan Yadve as an Additional Director with effect from 2nd March 2012. Shri. Mahabir Singh Sehrawat and Shri.Krishan Chand Batra retires by rotation and being eligible offer for re-appointment.

Resolutions seeking the approval of the Members for the above appointments have been incorporated in the Notice of the Annual General Meeting along with their brief profile.

AUDITORS

The auditors of the company M/s ABHAY JAIN & CO., Chartered Accountants retire at the conclusion of the meeting and are eligible for reappointment. The auditors have expressed their willingness to continue in office if they are reappointed. Your Board recommends their reappointment.

PARTICULARS OF EMPLOYEES AS PER SECTION 217(2A) OF THE COMPANIES ACT, 1956:

None of the employees fall under the category specified under Sec.217 (2A) of the Companies Act, 1956 and the Rules thereunder.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE INFLOW & OUTGO:

Prescribed particulars under Section 217(1)(e) of the Companies Act, 1956 are furnished as Annexure to this Report.

EXPORTS, INITIATIVES TAKEN TO INCREASE EXPORTS; DEVELOPMENT OF NEW EXPORT MARKETS FOR PRODUCT AND SERVICES AND EXPORT PLANS:
The company has done export in a small way.

FOREIGN EXCHANGE EARNIGNS/OUTGO:
Foreign Earnings : Rs.4,90,06,010/-
Foreign Outgo : Nil

DIRECTOR'S RESPONSIBILITY STATEMENT:
Directors hereby declare:

- That in the preparation of the annual accounts the applicable accounting standards have been followed along with proper explanation related to material departures.
- That the directors had 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 period and of the profit and loss of the company for that period.
- That the directors have taken proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities subject to the inherent limitations that should be recognized in weighing the assurance..
- That the directors had prepared the annual accounts on a going concern basis.

EMPLOYEE RELATIONS:

Employee relations throughout the company were harmonious. The board wishes to place on record its sincere appreciation of the devoted efforts of all employees in advancing the company's vision and strategy to deliver another record performance.

CORPORATE GOVERNANCE:

Pursuant to clause 49 of the Listing Agreement, a report of compliance of corporate governance as on 31.03.2012 duly certified by the auditors of the company is annexed.

COMPLIANCE CERTIFICATE:

In accordance with Section 383A of the Companies Act, 1956, and Companies (Certificate) Rules, 2001, the company has obtained a certificate from a Company Secretary in whole time practice confirming that the company has complied with all the provisions of Companies Act, 1956.

ACKNOWLEDGEMENT:

Your directors would like to express their grateful appreciation for the support and co operation of all stakeholders. At the very heart of our success and our ability to deliver quality service and satisfaction is the considerable skill and motivation of all our employees, the board would like to express its sincere appreciation and gratitude.

For and on behalf of the Board

Vinay Goyal — **Managing Director**

S.N.Seshadri — **Whole Time Director**

Place: Chennai
Date: 03.09.2012

Annexure A

CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION

During the year under report, Company has consumed energy detailed below:-

	Current Year	Previous Year
1. Electricity		
Purchase Units	62,38,080	61,77,620
Rate/unit	Rs.3.79	Rs.3.67
Total Cost	Rs.2,36,53,198	Rs.2,26,45,129
Own Generated Diesel:	Rs.50,13,782	Rs.27,11,832
2. Fire Wood	Rs.1,24,09,075	Rs.43,22,185
3. FURNACE OIL(in Lts)	8,32,811	8,53,105
Total Cost	Rs.3,52,79,891	Rs.2,75,55,173
B.CONSUMPTION PER UNIT OF PRODUCTION		
Production MTs.	41,128	27,924
Electricity Units	Rs.151.67	Rs.221.23
Furnace oil Lts	Rs.33.03	Rs.46.70
C. TECHNOLOGY ABSORPTION:	Nil	Nil

Annexure – B to the Directors' Report
MANAGEMENT DISCUSSION AND ANALYSIS

MANAGEMENT DISCUSSION AND ANALYSIS

I Crimson Metal Engineering Company Ltd is in to steel industry. Our Company has survived the toughest period in the industry and that's why it's identity in the industry is well established.

II. Performance Review

The company had achieved a turnover of Rs. 13205.84 lacs as compared to Rs 8209.18 lacs in last year and made a profit of Rs.43.01 lacs as compared to a Profit of Rs. 101.16 lacs in the previous year.

III. Risks & Concerns

The main risk to which the company is exposed to is the fluctuation in the Raw material prices and the competition from the various competitors. During the course of year the company has broad based its operations. This, we believe will strengthen the company to weather any unforeseen volatility in its operations.

IV. Internal Control Systems

The company is planning further to strengthen its internal control systems and procedures commensurate with the size and nature of its business. The company has an Audit Committee comprising of Non Executive Directors to monitor the functioning.

V. Cautionary Statement:

Statement in the management discussion, corporate governance report prescribing the company's objective and expectations may be "forward looking statements" within the meaning of applicable securities laws and regulations. Actual results may differ materially from those expressed or implied. Important factors that could make a difference to the company's operations include economic demand/ supply and price conditions in the domestic/ international markets, change in government regulations, tax laws, other statutes and incidental factors.

Annexure – C to the Directors' Report
CORPORATE GOVERNANCE REPORT

Corporate Governance refers to the manner, in which a company is directed, and laws and custom affecting that direction. It includes the manner in which company operates under various laws governing it, the bye laws established by itself for its operations and the distribution of rights and responsibilities primarily among directors and managers. The fundamental concern of corporate Governance is to ensure conditions whereby a company's directors and managers act in the interest of the company.

Crimson Metal Engineering Company Ltd is committed to highest standards of corporate Governance in all its activities.

I. Board of Directors

The board comprises of 8 members – 3 executive director and 5 non – executive directors, of which 4 are independent. There was no change in the directors during the year under review.

Board Meetings & Attendance of Directors

A total of 8 board meetings held during the year on the following dates: 18.04.2011, 14.05.2011, 01.08.2011, 0308.2011, 12.08.2011, 03.09.2011, 14.11.2011 and 14.02.2012

The Annual General Meeting was held on 30th September 2011.

The Names of Board Members, their attendance at Board Meetings and Board Committee Memberships held by them as on 31.3.2012 are given below:-

Name of Director	Category	Attendance Particulars			Number of other Directorships in other Public companies and Committee Members / Chairmanships		
		Board Meetings	Last AGM (Yes/No)	Last EGM (Yes/No)	Other Director-ships	Committee Memberships (other than Crimson)	Committee Chairmanships (other than Crimson)
Shri. Vinay Kumar Goyal	(Managing Director – (Executive)	8	Yes	Yes	Nil	Nil	Nil
Shri. A.K. Das*	Whole-time Director (Executive)	8	Yes	Yes	Nil	Nil	Nil
Shri.S.N. Seshadari	Whole-time Director (Executive)	8	Yes	Yes	Nil	Nil	Nil
Shri.A.J. Menon	Non Executive	8	Yes	Yes	Nil	Nil	Nil
Shri.Rama Iyengar Srinivasa Chari	Non-executive Independent Director	8	Yes	Yes	Nil	Nil	Nil
Shri. Mahabir Singh	Non-executive Independent Director	8	Yes	Yes	Nil	Nil	Nil
Shri. Krishan Chand Batra	Non-executive Independent Director	8	Yes	Yes	Nil	Nil	Nil
Shri. Ramkishan Yadve**	Non-executive Independent Director	-	No	No	Nil	Nil	Nil

* Mr. A.K. Das has resigned from the Board with effect from 31st August 2012.

** Mr. Ramkishan Yadve has been inducted to the Board with effect from 2nd March 2012.

Code of Conduct

The Board of directors have implemented a Code of Conduct applicable to all directors and employees.

II. AUDIT COMMITTEE

I. Terms of Reference

The audit committee of the company has been mandated with the same terms of reference as specified in Clause 49 of the Listing Agreements with stock exchanges.

II. Composition

The audit committee comprises 4 Directors, three non-executive independent directors and one executive director namely, Shri.Rama Iyengar Srinivasa Chari, Chairman, Shri.Mahabir Singh, Member, Shri. Krishna Chand Batra, Member and Shri.Vinay Goyal, Member, who have considerable financial expertise and experience. The Head of Finance and the Statutory Auditors are permanent invitees to the committee.

III. Attendance

The committee met five times during the year on 14.05.2011, 12.08.2011, 03.09.2011, 14.11.2011 and 14.02.2012 and attended by all the members.

III. REMUNERATION COMMITTEE

i. Constitution

The Committee consists of 3 Non-executive and Independent Directors – Shri.Rama Iyengar Srinivasa Chari, Chairman, Shri. Mahabir Singh, Member and Shri. Krishna Chand Batra, Member.

ii. Terms of Reference:

The Remuneration Committee has been constituted to recommend and review the remuneration packages of the Managing, Whole Time Directors, and to formulate a broad policy for management remuneration.

Meetings & Attendance:

During the year under review the Remuneration Committee was held on 1st August 2011 for considering the reappointment and payment of remuneration to Mr.Vinay Kumar Goyal as the Managing Director of the Committee. All the members were present on the said meeting.

Remuneration Policy:

The Remuneration Policy as outlined by the Committee aims at:

Recognizing and rewarding performance and achievements.

While fixing the remuneration of Directors, their contribution by way of their professional services as directors, towards the growth of the Company.

This policy is in tune with current national and international practices.

The details of the remuneration paid to the Directors during the financial year 1.4.2011 to 31.3.2012 are given below:

Names of Directors	Basic Salary & Perquisites (Rs.)	Sitting Fees(Rs.)	As on 31.3.2012		Relationship with other Directors
			No. of Shares Held	% of Holding	
Mr. A.K. Das	6,96,801	Nil	Nil	Nil	Nil
Mr. S.N. Seshadri	9,33,297	Nil	80	0.001807	Nil
Mr. Vinay Goyal	9,00,000	Nil	455821	10.293850	Nil
Mr. A.J. Menon	Nil	Nil	1392856	31.454100	Nil
Mr. Rama Iyengar Srinivasa Chari	Nil	Nil	80	0.001807	Nil
Mr. Mahabir Singh	Nil	Nil	Nil	Nil	Nil
Mr. Krishan Chand Batra	Nil	Nil	40	0.000903	Nil
Mr. Ramkishan Yadve	Nil	Nil	Nil	Nil	Nil

No sitting fee is paid to the Non-executive Directors. Further the company has not entered into any pecuniary relationship or transactions with the Non-executive directors.

IV. SHAREHOLDER'S / INVESTOR'S GRIEVANCE COMMITTEE

A Shareholder's/Investor's Grievance Committee has been constituted by the Board to monitor the redressal of the shareholder's/ investors grievances. The committee reviews the status of complaints received from shareholders/investors and redressal thereof. A status report of shareholders complaints and redressal thereof is prepared and placed before the shareholders/ Investors Grievance Committee.

During the year under review the Company has received one investor complaint and resolved the same within the stipulated period.

Constitution

The Committee consists of 3 Directors namely, Shri.Mahabir Singh, Chairman, Shri. Anil Kumar Das, Member and Shri.S.N.Seshadri, Member.
Shri. S.N Seshadri is appointed as the Compliance Officer of the Company with effect from 31st August 2012 pursuant to the resignation of Shri. Anil Kumar Das,

V. SHARE TRANSFER COMMITTEE

A Share Transfer Committee has been constituted by the Board comprising of Shri.Mahabir Singh, Chairman, Shri. Anil Kumar Das, Member and Shri.S.N.Seshadri, Member, to look into matters relating to share transfers, transmission, issue of duplicate share certificates, etc. 7 meetings were held during the financial year under review. As on 31.03.2012 no shares transfers are pending for transfer for more than 15 days.

VI. GENERAL BODY MEETINGS.

I. Annual General Meetings held during the last three years are as under:

Financial Year	Location	Date and Time	No. of Special Resolution passed
2008-2009	Andhra chamber of Commerce 23, 3rd Cross Street, Chennai-35	29/09/09 11.00 a.m.	Nil
2009-2010	Andhra chamber of Commerce23, 3rd Cross Street, Chennai-35	27/09/10 10.00 a.m	Nil
2010-2011	Andhra chamber of Commerce23, 3rd Cross Street, Chennai-35	30/09/11 10.00 a.m	Reappointment of Mr A.K.Das and Mr S.N.Seshadri as Whole Time Directors of the Company

II. Extra Ordinary General Meeting held during the year:

Date and Time	02/09/2011 at 10.30 A.M
Location	Andhra Chamber of Commerce, 23, 3rd Cross Street, Chennai-35
Special Resolution passed	1.Preferential issue of 23,92,857 equity shares 2. Reappointment of Mr. Vinay Kumar Goyal as the Managing Director of the Company

III.Postal Ballot

During the financial year under review, no postal ballots were used for voting at meetings. At the ensuring AGM there is no item on the agenda that is required to be passed by postal ballot.

VII. DISCLOSURES

I. Related Party Transactions

There has been no materially significant related party transactions with the company's subsidiaries, promoters, directors, management or their relatives which may have a potential conflict with the interests of the company. Members nay refer to the notes to the accounts for details of other related party transactions.

II. Compliance with Regulations

The company has complied with the requirements of the regulatory authorities on capital markets. There have been no instances of non-compliance by the company on any matters related to the capital markets, nor as any penalty or stricture been imposed on the Company by Stock Exchange, SEBI or any other Statutory authority during the last three years.

III. Accounting Standards

The company has rigorously followed the accounting standards, laid down by the Institute of Chartered Accountants of India.

IV. Risk Management

The audit committee regularly reviews the risk management strategy of the company to ensure the effectiveness of risk management policies and procedures.

V. Whistle Blower Policy

Steps are being taken to establish a Whistle Blower Policy for the employees of the Company. However at present, every employee of the Company has the right to report to the management, concerns about unethical behaviours, actual or suspected fraud or violation of the Company's Code of Conduct. No employee of the company has been denied access to the audit committee.

VI. COMMUNICATION APPROACH

The quarterly financial results are taken on record by the Board of Directors and submitted to Stock Exchanges as per the requirements of the listing agreement and published in the Trinity (English) and Makkal Kural (Tamil).

The company has its own website, viz., www.sarbatisteel.com and all vital information relating to the company and its performance including financial results, performance updates etc. are regularly posted on the website under the head "Investors".

VII. MANAGEMENT DISCUSSION AND ANALYSIS REPORT:

Management Discussion and Analysis Report forms a part of the Directors Report.

VIII. GENERAL SHAREHOLDER INFORMATION

I. Annual General Meeting.

The 28th Annual general meeting will be held on Friday, 28th September 2012 at Andhra Chamber of Commerce 23, 3rd Cross Street, Chennai-35 at 10.00 a.m.