

CRIMSON METAL ENGINEERING COMPANY LIMITED

*Annual Report
and Accounts for the year ended
31st March 2013*

29

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

BOARD OF DIRECTORS

Shri. Vinay Goyal (Managing Director)
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 (Whole Time Director)

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.

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NOTICE TO THE SHAREHOLDERS

NOTICE is hereby given that the 29th 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 Tuesday, 24th day of September 2013 at 10 A.M to transact the following business:

ORDINARY BUSINESS

1. To receive consider and adopt the Balance Sheet as at 31st March 2013, the Profit and Loss Account for the Year ended 31st March 2013 and the report of the Directors' and Auditors' thereon.
2. To appoint a Director in place of Mr. Ramaiyengar Chari who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. A.J.Menon 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

5. To consider and if thought fit, with or without modification, the following resolution as an Ordinary Resolution:

- a) "RESOLVED THAT in accordance with the provisions of Sections 198, 269, 309 310, 314 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, the approval of the Members be and is hereby accorded for the Appointment of Mr. Ramkishan Yadve, as Whole Time Director w.e.f 27.12.2012 for a period of Five years with immediate effect on rotational basis, on a remuneration of not exceeding a sum of Rs.75,000/-, inclusive of all allowances and perquisites as recommended by the Remuneration committee and approved by the Board of Directors at their meeting held on 27.12.2012."
- b) "RESOLVED FURTHER THAT in the event of any loss, absence or inadequacy of profits in any financial year, during the term of office of 5 years, the remuneration payable to him by way of salary, allowances, commission and perquisites shall not, without the approval of Central Government (if required), exceed the limits prescribed under the Companies Act, 1956, or any amendment, modification, variation or re-enactment thereof."
- c) "RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby severally authorized to do all such acts, deeds and things and execute all such documents, instruments and writings to give effect to the aforesaid resolutions."

6. POWER TO HYPOTHECATE THE PROPERTIES OF THE COMPANY:

To consider and if thought fit to pass with or without modification the following Resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to Section 293 (1)(a) and other applicable provisions of the Companies Act, 1956, consent of the Company be and is hereby accorded to the Board of Directors of the Company to hypothecate, mortgage, lease, or otherwise on such terms and conditions and at such time or times and in such form or manner as it may think fit either the whole or substantially the whole or any one or more of the Company's undertakings or all it's undertakings or major division forming a part of whole undertaking including the present and future properties/ assets thereto to any other body corporate whether the same be its own subsidiary or otherwise for a consideration of not exceeding a sum of Rs.100 .00 crores (Rupees One Hundred Crores only)."

"RESOLVED FURTHER THAT the Board be and is hereby authorized to authorise a director or directors or committee of directors as they think fit to finalize and execute the above lease and grant power to execute any documents / deeds/ papers and writings and to do all such acts, deeds and things as may be necessary or expedient for implementing the same."

7. BORROWING POWERS:

To consider and if thought fit to pass with or without modification the following Resolution as an Ordinary Resolution:

“ RESOLVED THAT pursuant to the provisions of Section 293 1(d) of the Companies Act, 1956 the Company hereby accords its consent to the Board of Directors, to borrow money from banks and other persons, firms, bodies corporate or financial institutions, whether by way of cash credit, advance or deposits, loans or bill discounting or otherwise and whether unsecured or secured by mortgage, charge, hypothecation or lien or pledge of the Companies assets and properties whether movable or immovable and all or any of the undertakings of the Company, notwithstanding that the money to be borrowed together with the moneys already borrowed by the Company (apart from temporary loans obtained from Companies bankers in the ordinary course of business) will or may exceed the aggregate of the paid-up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose, provided, however, that the total amount of monies so borrowed and outstanding shall not, at any time, exceed the sum of Rs.100.00 crores (Rupees One Hundred Crores only).”

By the order of the board

Place: Chennai
Date: 14.08.2013

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, 20.09.2013 to Tuesday, 24.09.2013 (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

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Particulars	Name of the Director	Date of appointment	Qualifications	Experience in specific functional area	Directorships held in other Public Companies	Committee Chairmanship/ Membership held in other Companies	Number of shares held in the Company as on 31 st March 2013
Item No.2	Mr. Ramaiyengar Chari	10.03.2003	M.A	Retired Chief Secretary of Pondicherry	Nil	Nil	Nil
Item No.3	Mr.A.J.Menon	28.02.2003	Holding Diploma In business management	More than 32 years Fellow Member of British Institute of Management.Chairman of the Planters Association	Nil	Nil	1392856
Item No.5	Ramkishan Yadve	02.03.2012	Professional	41 years of experience in Steel Industry	Nil	Nil	Nil

8. The Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 for the special business is given here below.

The Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956

ITEM NO. 5

The Board of Directors has, after considering the experience and expertise, appointed Mr.Ramkishan Yadve as Whole Time Director, subject to the approval of the shareholders in General Meeting, for a period of five years with effect from 27.12.2012 as per the terms and conditions including remuneration as recommended by the Remuneration Committee and approved by the Board of Directors at its meeting held on 27.12.2012.

Hence the Board of Directors of your Company recommends this resolution for your approval.

Except the appointee director none of the present Directors of the company is in any way concerned or interested in the said resolution

ITEM NO.6

The present resolution is being put forth before the share holders so as to enable the directors to mortgage/ lease the properties, movable or immovable for obtaining financial assistance from Banks, Financial institutions or any other Government, Semi-Government, other Bodies Corporate or from any other persons.

None of the directors is interested in the above resolution.

ITEM NO.7

The present resolution is being put forth before the shareholders so as to enable the Board of directors to Borrow/ obtain financial assistance from Banks, Financial institutions or any other Government, Semi-Government, other Bodies Corporate or from any other persons for the purpose of development & expansion of the Company.

None of the directors is interested in the above resolution.

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DIRECTORS REPORT

Your directors have the pleasure in presenting the 29th Annual Report and that of the Auditors together with the audited Balance Sheet as at 31st March 2013 and profit and loss account for the year ended on that date.

PERFORMANCE

The financial results for the year ended 31st March 2013 are as under:

(Rupees in lakhs)

	31.03.2013	31.03.2012
INCOME	11844.71	13205.84
EXPENDITURE	11315.12	12986.79
EBITDA	529.59	219.04
PBT	120.60	43.01
PAT	97.20	46.80

COURSE OF BUSINESS AND OUTLOOK

Your company had achieved a turnover of Rs. 1,184,471,241 as compared to the turnover of Rs.1,320,584,191 in the previous year. The profit before tax was Rs. 12,060,778 as compared to profit of Rs. 4,301,236 last year. With continued confidence of all our business associates, we will aggressively meet all the challenges with renewed faith in our company and the future that we all share.

DIVIDEND:

The Board of Directors have adjusted the current year profits against the accumulated losses of the previous years, and hence has not recommended any dividend for the financial year ended 31st March 2013.

DIRECTORS:

Mr. Ramaiyengar Chari and Mr. A J Menon retire by rotation and being eligible offer themselves for re-appointment.

Mr. Ramkishan Yadve was appointed as Whole Time Director with effect from 27.12.2012. Since his appointment has to be approved by the Shareholders at the General Meeting your Board of Directors recommends the resolution relating to the said appointment to the shareholders for their approval.

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 by way of deemed export for Rs.3,42,11,949.

FOREIGN EXCHANGE EARNINGS/OUTGO:

Foreign Earnings : Nil
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.

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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 & MANAGEMENT DISCUSSION ANALYSIS REPORT:

A report of Compliance Of Corporate Governance, pursuant to clause 49 of the Listing Agreement, as on 31.03.2013 duly certified by the auditors of the company and the Management Discussion Analysis report is annexed.

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 including Company's Bankers, Financial Institutions and Government Authorities etc.,. Your directors also wish to thank the Executives, Staffs and Workers at all levels of the Company for their devoted service in the success of the company.

For and on behalf of the Board

COMPLIANCE CERTIFICATE:

In accordance with Section 383A of the Companies Act, 1956, and Companies (Certificate) Rules, 2001, the

Vinay Goyal **S.N.Seshadri**
Managing Director **Whole Time Director**

Place: Chennai
Date: 14.08.2013

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	53,82,274	62,38,080
Rate/unit	Rs.4.64	Rs.3.79
Total Cost	Rs.24963404	Rs.2,36,53,198
Own Generated Diesel:	17,61,598	50,13,782
2. Fire Wood	71,20,586	1,24,09,075
3. FURNACE OIL(in Lts)	6,01,545	8,32,811
Total Cost	3,38,45,588	3,52,79,891
B.CONSUMPTION PER UNIT OF PRODUCTION		
Production MTs.	43,291	41,128
Electricity Units	124.33	151.67
Furnace oil Lts	32.76	33.03
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. 1,184,471,241 as compared to the turnover of Rs. 1,320,584,191 in last year and made a profit of Rs. 12,060,778 as compared to profit of Rs. 4,301,236 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. Prices of finished products also take into account this factor and due to our quality products, we are in a position to realize better prices. During the course of the year the company has broad based its operations. These setps, 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 7 members – 3 executive director and 4 non – executive directors, of which 3 are independent.

Mr. A.K. Das has resigned from the board with effect from 31.08.2012.

Mr. Ramkishan Yadve remained as Independent Director till 26.12.2012 and thereafter became Executive Director from 27.12.2012.

Board Meetings & Attendance of Directors

A total of 6 board meetings held during the year on the following date 14th May 2012, 14th August 2012, 03rd September 2012, 15th November 2012, 27th December 2012 and 14th February 2013.

The Annual General Meeting was held on 28th September 2012.

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The Names of Board Members, their attendance at Board Meetings and Board Committee Memberships held during the year are given below:-

Name of Director	Category	Attendance Particulars		Number of Directorships in other Public companies and Committee Members / Chairmanships		
		Board Meetings	Last AGM (Yes/No)	Other Directorships	Committee Memberships (other than Crimson)	Committee Chairmanships (other than Crimson)
Shri. Vinay Kumar Goyal	(Managing Director – (Executive)	6	No	Nil	Nil	Nil
Shri. A.K. Das*	Whole-time Director (Executive)	2	No	Nil	Nil	Nil
Shri.S.N. Seshadari	Whole-time Director (Executive)	6	Yes	Nil	Nil	Nil
Shri.A.J. Menon	Non Executive - Non Independent Director	Nil	No	Nil	Nil	Nil
Shri.Rama Iyengar Srinivasa Chari	Non-executive Independent Director	6	Yes	Nil	Nil	Nil
Shri. Mahabir Singh	Non-executive Independent Director	6	No	Nil	Nil	Nil
Shri. Krishan Chand Batra	Non-executive Independent Director	6	No	Nil	Nil	Nil
Shri. Ramkishan Yadve**	Whole Time Director (Executive)	6	Yes	Nil	Nil	Nil

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

** Independent Director till 26.12.2012 and Executive Director from 27.12.2012.

Code of Conduct

The Board of directors has 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 14th May 2012, 14th August 2012, 03rd September 2012, 15th November 2012, 14th February 2013 and attended by all the members.

CRIMSON METAL ENGINEERING COMPANY LIMITED
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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 meeting of Remuneration Committee was held on 27.12.2012 for considering the

payment of Remuneration to Shri. Ramkishan Yadve and 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 1.4.2012 to 31.3.2013 are given below:

Names of Directors	Basic Salary & Perquisites (Rs.)	Sitting Fees(Rs.)	As on 31.3.2013		Relationship with other Directors
			No. of Shares Held	% of Holding	
Mr. S.N. Seshadari	2,38,766	Nil	80	0.001807	Nil
Mr. Vinay Goyal	15,00,000	Nil	455821	10.29385	Nil
Mr. A.J. Menon	Nil	Nil	1392856	31.4541	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	40,796	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 not received any investor complaint during the year.

Constitution

The Committee consists of 3 Directors namely, Shri.Mahabir Singh, Chairman, Shri. Vinay Goyal, 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. Vinay Goyal, Member and Shri.S.N.Seshadri, Member, to look into matters relating to share transfers, transmission, issue of duplicate share certificates, etc. 4 (Four) meetings were held during the financial year under review. As on 31.03.2013 no shares transfers are pending for transfer for more than 15 days.