

***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)**

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**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.

***Crimson 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 29<sup>th</sup> 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, 24<sup>th</sup> 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 31<sup>st</sup> March 2013, the Profit and Loss Account for the Year ended 31<sup>st</sup> 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

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

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 <sup>st</sup> 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 29<sup>th</sup> Annual Report and that of the Auditors together with the audited Balance Sheet as at 31<sup>st</sup> March 2013 and profit and loss account for the year ended on that date.

**PERFORMANCE**

The financial results for the year ended 31<sup>st</sup> 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.

**CRIMSON METAL ENGINEERING COMPANY LIMITED**  
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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.

**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 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**

**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>B.CONSUMPTION PER UNIT OF PRODUCTION</b>		
Production            MTs.	43,291	41,128
Electricity            Units	124.33	151.67
Furnace oil            Lts	32.76	33.03
<b>C. TECHNOLOGY ABSORPTION:</b>	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 14<sup>th</sup> May 2012, 14<sup>th</sup> August 2012, 03<sup>rd</sup> September 2012, 15<sup>th</sup> November 2012, 27<sup>th</sup> December 2012 and 14<sup>th</sup> February 2013.

The Annual General Meeting was held on 28<sup>th</sup> September 2012.



**CRIMSON METAL ENGINEERING COMPANY LIMITED**  
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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 31<sup>st</sup> 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 14<sup>th</sup> May 2012, 14<sup>th</sup> August 2012, 03<sup>rd</sup> September 2012, 15<sup>th</sup> November 2012, 14<sup>th</sup> 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 31<sup>st</sup> 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.

**CRIMSON METAL ENGINEERING COMPANY LIMITED**  
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**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
2009-2010	Andhra chamber of Commerce 23, 3 <sup>rd</sup> Cross Street, Chennai-35	29/09/10 11.00 a.m.	Nil
2010-2011	Andhra chamber of Commerce 23, 3 <sup>rd</sup> 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
2011-2012	Andhra chamber of Commerce 23, 3 <sup>rd</sup> Cross Street, Chennai-35	28/09/12 10.00 a.m.	Nil

II. Extra Ordinary General Meeting held during the year: Nil

**III. Postal Ballot**

During the financial year under review, no postal ballots were used for voting at meetings. At the ensuing 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 transaction with the company's subsidiaries, promoters, directors, management or their relatives which may have a potential conflict with the interests of the company. Members may 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 Mirror/ News Today (English) and Makkal Kural/ Malai Sudar (Tamil).

The company has its own website, viz., [www.sarbatisteel.com](http://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 29th Annual general meeting will be held on Tuesday, 24<sup>th</sup> September 2013 at Andhra Chamber of Commerce 23, 3<sup>rd</sup> Cross Street, Chennai-35 at 10.00 a.m.

**CRIMSON METAL ENGINEERING COMPANY LIMITED**  
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**II. Tentative Financial Reporting Calendar**

Financial Reporting	From	To	Date
1 <sup>st</sup> Quarter	April	June	Second week of August 2013
2 <sup>nd</sup> Quarter	July	September	Second week of November 2013
3 <sup>rd</sup> Quarter	October	December	Second week of February 2014
4 <sup>th</sup> Quarter	January	March	Last week of May 2014
Annual General Meeting	April 2013	March 2014	By 3 <sup>rd</sup> or 4 <sup>th</sup> Week of September 2014

**III. Book Closure**

The date of Book closure is from Friday, 20.09.2013 to Tuesday, 24.09.2013 (both days inclusive).

**IV. Stock Exchange Listing**

Stock Exchange	Stock Code
Bombay Stock Exchange	526977
Madras / Delhi / Ahmedabad	Applied for/ in the
Stock Exchange Ltd.	process of Delisting

**V. Market price data**

NO TRANSACTIONS REPORTED IN ANY OF THE EXCHANGES

**VI. Registrar & Transfer Agent**

M/s. Cameo Corporate Services Ltd.,  
"Subramanian Building"  
1, Club House Road, Chennai – 600 002.  
Ph: 28460390, 28460391 Fax : 044 – 28460129

**VII Share Transfer System:**

Presently the share transfer documents which are received by the Company/RTA are processed, approved and kept ready for dispatch within 15 days from the date of the receipt.

**VIII Dematerialisation of shares:**

The equity shares of the company have not been admitted for dematerialisation due to the negative networth of the Company.

**IX. Shareholding pattern as on 31.03.2013**

Category	No. of Shares Held	Percentage of Share holding
<b>A.PROMOTER HOLDING</b>		
1.Promoters		
Indian Promoters	1742712	39.35%
Foreign Promoters	NIL	
2.Persons acting in concert	NIL	
Sub-Total	1742712	39.35%
<b>B.Non-Promoters Holding</b>		
3.Institutional Investors	NIL	NIL
a. Mutual Funds and UTI	NIL	NIL
b.Banks, financial Institutions, Insurance Companies (central/state Govt.Institutions/Non-government Institutions)	NIL	NIL
c. FIs	NIL	NIL
Sub-Total	NIL	NIL
4. a. Private Corporate Bodies	45040	1.01%
b. Indian Public	582640	13.17%
c. Foreign Corporate Bodies	17040	0.38%
d. NRI	2040775	46.09%
Sub-Total	2685495	60.65%
Grand Total	4428207	100.000%

**Share Distributions Schedule as on 31-03-2013**

Sl. No.	Category of Shares	No. of Holders	%of Holders	Rs.	% of Capital
1	Up to 5000	5340	97.1438	3008800	6.79
2	5001 - 10000	72	1.3098	497200	1.12
3	10001 - 20000	27	0.4911	400930	0.91
4	20001 - 30000	5	0.0909	125200	0.28
5	30001 - 40000	8	0.1455	267940	0.61
6	40001 - 50000	1	0.0181	41200	0.09
7	50001-100000	14	0.2546	1016800	2.30
8	100001 and above	30	0.5457	38924000	87.90
	<b>TOTAL</b>	<b>5497</b>	<b>100.00</b>	<b>44282070</b>	<b>100.00</b>

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

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**X. Registered Office Location**

The company has its Registered. Office at # 163/1, K Sons Complex, II Floor, Broadway, Chennai – 600 108.

**XI. email Id for Investor Grievance Redressal:**  
investorgrievance@crmetal.in

**IX. Non-Mandatory Requirements:**

**a. Board:** The Company maintains the office of the Chairman at the registered office of the Company.

**b. Remuneration Committee:** The Board has duly constituted a Remuneration Committee, which determines the remuneration package for the Directors.

**d. Audit Qualifications:** There are no qualifications by the Auditor in the financial statements.

**e. Training of Board members and Mechanism for evaluating non-executive Board members:** Periodical meetings are held with outside skilled consultancy agencies for the Board members to appraise them in recent developments and existing laws and practices.

**f. Whistle blower Policy:** As mentioned earlier, steps are being taken to formulate the Whistle Blower Policy by the Company

For and on behalf of Board

Place: Chennai  
Date: 14.08.2013

Vinay Goyal  
Managing Director

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

**CODE OF CONDUCT**

We hereby declare that the code of Conduct for all the members of the Board and senior management of the Company has been posted on the website of our Company at [www.sarbatisteel.com](http://www.sarbatisteel.com) and all Board members and senior management of the company have affirmed compliance of the Code.

For and on behalf of Board

Place: Chennai  
Date: 14.08.2013

Vinay Goyal  
Managing Director

**Annexure – D to the Directors' Report**

**MANAGING DIRECTOR/WHOLE TIME DIRECTOR CERTIFICATION**

Dear Sirs,

In connection with the Audited Financial Results for the Financial Year ended 31<sup>st</sup> March, 2013, we Vinay Goyal, Managing Director and S.N.Seshadri, Whole Time Director certify that

(a) We have reviewed financial statements and the cash flow statement for the year and that to the best of our knowledge and belief:

- (i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.
- (ii) These statements together present a true and fair view of the Company's affair and are in compliance with existing accounting standards, applicable laws and regulations.

(b) To the best of our knowledge and belief, no transactions entered into by the Company during the year which is fraudulent, illegal or violative of the Company's code of conduct.

(c) we accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the company pertaining to the financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps taken or propose to take to rectify these deficiencies.

(d) We have indicated to the auditors and the audit committee

1. significant changes, if any, in internal control over financial reporting during the year;
2. significant changes, if any, in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
3. instances of significant fraud, if any, of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.

Vinay Goyal  
Managing Director

S.N.Seshadri  
Whole Time Director

**Auditors' Certificate regarding compliance with the conditions of Corporate Governance under Clause 49 of the Listing Agreement.**

To  
The Members of  
Crimson Metal Engineering Company Limited  
Chennai

We have examined the compliance of the conditions of Corporate Governance by the company with the Stock Exchange in India.

The Compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the company for ensuring the compliance of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the company.

In our opinion and to the best of our information and explanations given to us, we certify that the company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Agreement.

We state that in respect of investor grievances received during the year ended 31<sup>st</sup> March 2013, no investor grievances are pending against the company for the period exceeding one month as per records maintained by the company which are presented to the shareholders / investors Grievance Committee.

We further state that such Compliance is neither an assurance as to the future viability of the company nor the efficiency or effectiveness with which the management has conducted the affairs of the company.

For ABHAY JAIN & CO.,  
Chartered Accountants  
FRN : 000008S

(A.K. JAIN)  
Partner  
M. No. 70224

Place : Chennai  
Date : 14.08.2013

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

**INDEPENDENT AUDITOR'S REPORT**

**TO THE MEMBER OF CRIMSON METAL ENGINEERING CO LTD**

Report on the Financial Statements:

We have audited the accompanying financial statements of Crimson Metal Engineering Company Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements:

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility:

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion:

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
- b) in the case of Statement of Profit and Loss, of the profit for the year ended on that date; and
- c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on other Legal & Regulatory Requirements :

1 As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

2 As required by section 227(3) of the Act, we report that:

- a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
- b) in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books
- c) the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- d) in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;
- e) on the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
- f) Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

For ABHAY JAIN & CO.,  
Chartered Accountants  
FRN : 000008S

(A.K. JAIN)  
Partner

M. No. 70224

Place : Chennai  
Date : 30.05.2013



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

**The Annexure referred to in paragraph 1 of the Our Report of even date to the members of CRIMSON METAL ENGINEERING COMPANY Limited on the accounts of the company for the year ended 31st March, 2013.**

On the basis of such checks as we considered appropriate and according to the information and explanation given to us during the course of our audit, we report that:

- I. (a) The company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets.  
(b) As explained to us, fixed assets have been physically verified by the management at reasonable intervals; no material discrepancies were noticed on such verification.  
(c) In our opinion and according to the information and explanations given to us, no fixed asset has been disposed during the year and therefore does not affect the going concern assumption.
- II. (a) As explained to us, inventories have been physically verified during the year by the management at reasonable intervals.  
(b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.  
(c) In our opinion and on the basis of our examination of the records, the Company is generally maintaining proper records of its inventories. No material discrepancy was noticed on physical verification of stocks by the management as compared to book records.
- III. (a) According to the information and explanations given to us and on the basis of our examination of the books of account, the Company has not granted any loans, secured or unsecured, to companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956. Consequently, the provisions of clauses iii (b), iii(c) and iii (d) of the order are not applicable to the Company. (e) According to the information and explanations given to us and on the basis of our examination of the books of account, the Company has not taken loans from companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956. Thus sub clauses (f) & (g) are not applicable to the company.
- IV. In our opinion and according to the information and explanations given to us, there is generally an adequate internal control procedure commensurate with the size of the company and the nature of its business, for the purchase of inventories & fixed assets and payment for expenses & for sale of goods. During the course of our audit, no major instance of continuing failure to correct any weaknesses in the internal controls has been noticed.
- V. a) Based on the audit procedures applied by us and according to the information and explanations provided by the management, the particulars of contracts or arrangements referred to in section 301 of the Act have been entered in the register required to be maintained under that section.  
b) As per information & explanations given to us and in our opinion, the transaction entered into by the company with parties covered u/s 301 of the Act does not exceeds five lacs rupees in a financial year therefore requirement of reasonableness of transactions does not arises.
- VI. The Company has not accepted any deposits from the public covered under section 58A and 58AA of the Companies Act, 1956.
- VII. As per information & explanations given by the management, the Company has an internal audit system commensurate with its size and the nature of its business.
- VIII. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Accounting Records) Rules, 2011 prescribed by the Central Government under Section 209(1)(d) of the Companies Act, 1956 and are of the opinion that prima facie the prescribed cost records have been maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- IX. (a) According to the records of the company, undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, cess to the extent applicable and any other statutory dues have generally been regularly deposited with the appropriate authorities. According to the information and explanations given to us there were no outstanding statutory dues as on 31st of March, 2013 for a period of more than six months from the date they became payable.

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

(b) According to the information and explanations given to us, there is no amounts payable in respect of income tax, wealth tax, service tax, sales tax, customs duty and excise duty which have not been deposited on account of any disputes.

(c) The disputed statutory dues aggregating to ₹.161.31 Lakhs that have not been deposited on account of disputed matters pending before appropriate authorities are as under.

S No.	Nature of Disputed Statutory Dues	Amount ( Rs in Lakhs )	Forum where the Dispute is pending
1	Income Tax For the Asst Yr 2009-2010	161.31	CIT APPEAL

- X. The Company does not have any accumulated loss and has not incurred cash loss during the financial year covered by our audit and in the immediately preceding financial year.
- XI. Based on our audit procedures and on the information and explanations given by the management, we are of the opinion that, the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.
- XII. According to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- XIII. The Company is not a chit fund or a nidhi /mutual benefit fund/society. Therefore, the provision of this clause of the Companies (Auditor's Report) Order, 2003 (as amended) is not applicable to the Company.
- XIV. According to information and explanations given to us, the Company is not trading in Shares, Mutual funds & other Investments. Proper records & timely entries have been maintained in this regard & further investments specified are held in their own name.
- XV. According to the information and explanations given to us, the Company has not given any guarantees for loan taken by others from a bank or financial institution.
- XVI. Based on our audit procedures and on the information given by the management, we report that the company has not raised any term loans during the year.
- XVII. Based on the information and explanations given to us and on an overall examination of the Balance Sheet of the Company as at 31st March, 2013, we report that no funds raised on short-term basis have been used for long-term investment by the Company.
- XVIII. Based on the audit procedures performed and the information and explanations given to us by the management, we report that the Company has not made any preferential allotment of shares during the year.
- XIX. The Company has not issued any debentures till date. Hence the Provision of Clause XIX of paragraph 4 of the order is not applicable to the company.
- XX. We have the books of accounts of the accounts and report that the company has not raised any money by public issue during the year.
- XXI. Based on the audit procedures performed and the information and explanations given to us, we report that no fraud on or by the Company has been noticed or reported during the year, nor have we been informed of such case by the management.

For ABHAY JAIN & CO.,  
Chartered Accountants  
FRN : 000008S  
(A.K. JAIN)  
Partner  
M. No. 70224

Place : Chennai  
Date : 30.05.2013

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

**BALANCE SHEET AS AT 31<sup>ST</sup> MARCH 2013**

PARTICULARS	NOTES	Amount in Rupees	
		March 31 2013	March 31 2012
<b>(I) EQUITY AND LIABILITIES</b>			
<b>(1) SHAREHOLDERS' FUNDS</b>			
( a ) Share Capital	2	44,282,070	44,282,070
( b ) Reserves & Surplus	3	(22,531,973)	(32,252,959)
		<b>21,750,097</b>	<b>12,029,111</b>
<b>(2) NON-CURRENT LIABILITIES</b>			
( a ) Long Term Borrowings	4	212,433,080	144,727,894
( b ) Deferred Tax Liabilities (Net)	5	8,816,943	6,516,251
		<b>221,250,023</b>	<b>151,244,145</b>
<b>(3) CURRENT LIABILITIES</b>			
( a ) Short Term Borrowings	6	138,414,396	43,791,142
( b ) Trade Payables	7	71,071,343	117,354,180
( c ) Other Current Liabilities	8	27,056,207	30,045,154
		<b>236,541,947</b>	<b>191,190,477</b>
<b>TOTAL</b>		<b>479,542,066</b>	<b>354,463,733</b>
<b>(II) ASSETS</b>			
<b>(1) NON CURRENT ASSETS</b>			
FIXED ASSETS			
( a ) Tangible Assets	9	155,433,712	108,245,289
( b ) Capital Work in Progress	10	-	20,700,026
( c ) Long Term Loans and Advances	11	9,766,289	7,166,601
( d ) Other Non Current Investment	12	33,474	33,474
		<b>165,233,475</b>	<b>136,145,391</b>
<b>(2) CURRENT ASSETS</b>			
( a ) Inventories	13	102,052,295	62,212,321
( b ) Trade Receivables	14	109,114,224	80,442,389
( c ) Cash and cash Equivalents	15	18,383,179	6,204,283
( d ) Other Current Assets	16	43,718,992	31,361,754
( e ) Short Term Loans and Advances	17	41,039,901	38,097,595
		<b>314,308,591</b>	<b>218,318,342</b>
<b>TOTAL</b>		<b>479,542,067</b>	<b>354,463,733</b>

**Significant accounting policies**

**1 & 1.1**

Notes on Financial Statements 2 to 36

As per our report of even date annexed  
for **ABHAY JAIN & CO.,**  
Chartered Accountants

for and on behalf of the Board

**A.K. JAIN**  
Partner  
M.No. 70224

Sd/-  
**VINAY GOYAL**  
Managing Director

Sd/-  
**(S.N.SESHADRI)**  
Whole time Director

Sd/-  
**RAMKISHAN YADVE**  
Whole Time Director (Works)

Place : Chennai  
Date : 30.05.2013

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

**PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2013**

PARTICULARS	NOTES	Amount in Rupees	
		March 31 2013	March 31 2012
<b>I. INCOME</b>			
Revenue from Operations	18	1,158,459,543	1,296,521,586
Other Income	19	26,011,698	24,062,605
Total Revenue		<b>1,184,471,241</b>	<b>1,320,584,191</b>
<b>II. EXPENSES</b>			
Cost of Raw Materials Consumed	20	942,334,058	1,064,343,948
Changes in Inventories of Finished Goods	21	(26,464,165)	26,426,506
Payment to Employees	22	49,091,164	48,046,754
Other Expenses	23	166,550,740	159,862,472
Total Expenses		<b>1,131,511,796</b>	<b>1,298,679,680</b>
<b>III. Earnings before interest,tax,depreciation and amortisation (EBITDA) (I-II)</b>		<b>52,959,445</b>	<b>21,904,510</b>
Depreciation & amortisation expenses	24	8,887,937	7,997,153
Financial Expenses	25	32,010,730	9,307,296
<b>IV. Profit Before Tax &amp; Exceptional item</b>		<b>12,060,778</b>	<b>4,600,061</b>
<b>V. Exceptional item</b>			
Earlier year written back		-	(298,825)
Depreciation written back			0
<b>VI. Profit Before Tax</b>		<b>12,060,778</b>	<b>4,301,236</b>
<b>V. Tax Expenses</b>			
	26	39,100	
Deferred Tax	27	2,300,692	(378,794)
Total Tax Expenses		<b>2,339,792</b>	<b>(378,794)</b>
<b>VI Profit for the year from continuing operations</b>		<b>9,720,986</b>	<b>4,680,030</b>
<b>Earnings per Equity Share</b>			
<b>Basic and Diluted</b>		<b>2.20</b>	<b>1.06</b>

Summary of significant accounting policies 1 & 1.1

Notes on Financial Statements 2 to 36

As per our report of even date annexed

for and on behalf of the Board

for **ABHAY JAIN & CO.**,  
Chartered Accountants

Sd/-  
**VINAY GOYAL**  
Managing Director

Sd/-  
**(S.N.SESHADRI)**  
Whole time Director

Sd/-  
**RAMKISHAN YADVE**  
Whole Time Director (Works)

**A.K. JAIN**  
Partner  
M.No. 70224

Place : Chennai  
Date : 30.05.2013

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

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31 ST MARCH 2013**

	Amount in Rupees	
	FY 2012-2013	FY 2011-2012
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
<b>Profit Before Tax</b>	<b>12,060,778</b>	<b>4,301,236</b>
<b>Non-cash adjustments to reconcile profit before tax to net cash flows:</b>		
Depreciation	8,887,937	7,997,153
Interest and finance charges	32,010,730	9,307,296
Exceptional item	-	-
Other income	(26,011,698)	(24,062,605)
<b>Operating Profit before working capital changes:</b>	<b>26,947,747</b>	<b>(2,456,919)</b>
<b>Movements in working capital:</b>		
Inventories	(39,839,974)	42,450,591
Trade Receivables	(28,671,835)	(49,081,430)
Short Term Loans & Advances	(2,942,307)	(28,039,008)
Other Current assets	(14,956,927)	(11,168,492)
Trade Payables	-	-
Other Current Liabilities	45,351,470	21,356,341
<b>Cash generated from Operation</b>	<b>(14,111,826)</b>	<b>(26,938,918)</b>
<b>Less: Tax Paid</b>	<b>(39,100)</b>	<b>-</b>
<b>Net Cash From / (used in) Operating Activities (a)</b>	<b>(14,150,926)</b>	<b>(26,938,918)</b>
<b>B. Cash Flow from Investing Activities:</b>		
Other income	26,011,698	24,062,605
Purchase of Fixed Assets	(35,376,332)	(47,301,692)
Revaluation reserve	-	-
Long term loans and advances	-	-
Investment	-	16,926
<b>Net Cash From / (used in) Investing Activities (b)</b>	<b>(9,364,634)</b>	<b>(23,222,162)</b>
<b>C. Cash Flow from Financing Activities</b>		
Interest and finance charges	(32,010,730)	(9,307,296)
Proceed from Long Term Borrowing	67,705,186	56,019,026
Proceed from Short Term Borrowings	-	-
Share Capital	-	-
Share premium	-	-
<b>Net Cash from Financing Activities (c)</b>	<b>35,694,456</b>	<b>46,711,730</b>
<b>NET INCREASE/ (DECREASE) IN CASH &amp; CASH EQUIVALENTS (a+b+c)</b>	<b>12,178,896</b>	<b>(3,449,350)</b>
In Cash or Cash Equivalents		
Opening Balance as on 01.04.2012	6,204,283	9,653,633
Closing Balance as on 31.03.2013	18,383,179	6,204,283
	<b>12,178,896</b>	<b>(3,449,350)</b>

Note : Cash and cash equivalent represent Cash & Bank balance.

As per our report of even date annexed

for **ABHAY JAIN & CO.,**  
Chartered Accountants

for and on behalf of the Board

**A.K. JAIN**  
Partner  
M.No. 70224

Sd/-  
**VINAY GOYAL**  
Managing Director

Sd/-  
**(S.N.SESHADRI)**  
Whole time Director

Sd/-  
**RAMKISHAN YADVE**  
Whole Time Director (Works)

Place : Chennai  
Date : 30.05.2013

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

**SIGNIFICANT ACCOUNTING POLICIES**

**1.a) CRIMSON METAL ENGINEERING COMPANY LIMITED**

is a Public Limited company. The company incorporated under companies' act 1956 vide RC number L27105TN1985PLCO11566 issued by Register of companies (ROC) Tamilnadu. Its share is listed on stock exchanges in India. The Company is engaged in the manufacturing and selling of Black Pipe (ERW Pipe & G I Pipe) The factory is situated in Pipdic Industrial Estate, Sedarapet Puducherry – 605111.

- b) The financial statements have been prepared in accordance with generally accepted accounting in India (Indian GAAP). The company has prepared these financial statements to comply in all material respects with the Accounting Standards as notified by Companies (Accounting Standards) Rules, 2006, (as amended) and the relevant provisions of the Companies Act, 1956. The financial Statements have been prepared under the historical cost convention on an accrual basis except in case of Land (freehold and leasehold).

**1.1 Summary of significant accounting policies**

**a. Change in Presentation of financial statement:**

During the year ended 31<sup>st</sup> march 2012, the revised schedule VI notified under the Companies Act 1956, has become applicable to the company, for preparation and presentation of its financial statements. The adoption of revised Schedule VI does not impact recognition and measurement principals followed for preparation of financial statements, however it has significant impact on presentation and disclosures made in the financial statements. The company has also reclassified the previous year figures in accordance with the requirement applicable in the current year.

**b. Basis of Preparation of Financial Statements**

The financial statement are prepared under historical cost conversion, in accordance with the generally accepted accounting principles in Indian and the provisions of the Companies Act, 1956.

**c. Use of estimates.**

The preparation of financial statements in conformity with Indian GAAP requires the management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based upon the management's best knowledge of

current events and actions, actual results could differ from these estimates. Uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

**d. Tangible fixed assets.**

Fixed assets, acquired are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price, borrowing costs if capitalization criteria are met and directly attributable of bringing the asset to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price.

Subsequent expenditure related to an item of fixed assets is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard performance. All other expenses on existing fixed assets, including day to day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the period during which such expenses are incurred.

**e. Depreciation on tangible fixed assets**

Depreciation on fixed assets is calculated pro rata from the date of addition using Straight Line Method (SLM) based upon the useful lives estimated by the management or those prescribed under the Schedule XIV to the Companies Act, 1956.

**f. Borrowing costs**

Borrowing cost includes interest. Borrowing costs directly attribute to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur.

**g. Inventories**

Raw materials, components, store and spares are valued at lower of cost and net realizable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost of raw materials, components and stores and spares is determined on a weighted average basis.

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Work in progress and finished goods are valued at lower of cost and net realizable value. Cost includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the site.

**h. Revenue Recognition**

Revenue from sale of products is recognized when practically all significant risks and rewards of ownership of the goods have been passed to the buyer, usually on delivery of the goods. The Company collects central sales taxes and value added taxes (VAT) on behalf of the government and, therefore, these are not economic benefits following to the Company. Hence, they are excluded from revenue. Excise duty deducted from revenue (gross) is the amount that is included in the revenue (gross) and not the entire amount of liability arising during the year. This usually occurs upon dispatch and collection of the receivable is reasonably certain.

Interest income is recognized on a time proportion basis, taking into account the amount outstanding and the applicable interest rate. Interest income is included under the head 'other income' in the statement of profit and loss.

**i. Employee Benefits**

Liability for employee benefits, both short and long term, which are due as per the terms of employment, are recorded in accordance with Accounting Standard -15(Revised) "Employee Benefits" notified by the Companies (Accounting Standards) Rules,2006.

- a. In respect of Gratuity, the Company offers a non contributory defined benefit plan to its employees. Year end accrued liabilities of gratuity payable to employees are provided for Rs.4,87,800/- based on the liability as estimated by the management. This policy is not in accordance with the Revised Accounting Standard AS-15 "Employees Benefits".
- b. Contribution to Provident Fund and other recognized fund is charged to profit and loss account.
- c. Provision for Leave Encashment is not made as per Revised Accounting Standard AS-15 "Employees Benefits".

**j. Income Taxes**

**Current Tax**

Current tax is determined in accordance with the provisions of Income Tax Act, 1961.

**Deferred Tax**

Deferred tax resulting from "timing difference" between taxable and accounting income is accounted for using the tax rates and laws that are enacted or substantively enacted as on the balance sheet date. Deferred tax asset is recognized and carried forward only to the extent that there is a virtual certainty that the assets will be realized in future.

**k. Segment reporting**

The accounting policies adopted for segment reporting are in line with the accounting policies of the Company. The company primarily operates in single business segment which is Steel Tube (Skelp, Black pipe and GI pipe), and accordingly there are no primary segments to be reported as per Accounting Standard 17 "Segment Reporting".

**l. Earning per share**

Basic earnings per equity share is computed by dividing the net profit or loss for the period attributable to the equity shareholders by the weighted average number of equity shares outstanding during the reporting period .

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity share holders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

**m. Foreign currency transactions**

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency on the date of the transaction.

**Conversion**

Foreign currency monetary items are reported using the closing rate. Non monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

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**Exchange Difference**

Exchange differences arising on the settlement of monetary items or on reporting company's monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognized as income or as expenses in the year in which they arise.

**n. Custom & Excise Duty**

Excise Duty on finished goods lying at the factory is accounted at point of sale or dispatch. Custom Duty on imported material lying in bonded warehouse is accounted for at the time of bonding materials.

**o. Provisions**

A provision is recognized when the Company has a present obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

**p. Contingent Liabilities**

A contingent liability is a possible obligation that arises from past events whose existence will be

confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the final statement.

**q. Cash and cash equivalents**

Cash and cash equivalents for the purpose of cash flow statement comprises cash at bank and in hand and short-term investments with an original maturity of three months or less.

**r. Measurement of EBITDA**

As permitted by the Guidance Note on the Revised Schedule VI to the Companies Act, 1956, the company has elected to present earnings before interest, tax, depreciation and amortization (EBITDA) as a separate line item on the face of the statement of profit and loss. The company measures EBITDA on the basis of profit/ (loss) from continuing operations. In its measurement, the company does not include depreciation and amortization expense, finance cost and tax expense.



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**NOTES** Notes on Financial Statements for the Year ended 31st March, 2013

PARTICULARS	Amount in Rs. As at 31 st March	
	2013	2012
<b>2</b>		
<b><u>SHARE CAPITAL</u></b>		
<b><u>Authorized</u></b>		
98,50,000 Equity of Rs.10/- Each	98,500,000	98,500,000
15,000 Preference Shares of Rs.100/-Each	1,500,000	1,500,000
	<b>100,000,000</b>	<b>100,000,000</b>
<b>2.1</b>		
<b><u>Issued, Subscribed &amp; Paid Up Capital</u></b>		
4428207 equity shares of Rs 10/- each fully paid up.	44,282,070	44,282,070
<b>TOTAL</b>	<b>44,282,070</b>	<b>44,282,070</b>
<b>2.2</b>		
<b>The detail of Shareholders holding more than 5% shares.</b>		
A J MENON	31.45%	31.45%
VINAY KUMAR GOYAL	10.29%	10.29%
PREMCHAND GOYAL	7.65%	7.65%
	<b>49.40%</b>	<b>49.40%</b>
<b>3</b>		
<b><u>RESERVES &amp; SURPLUS</u></b>		
<b>3.1</b>		
<b><u>SHARE PREMIUM</u></b>		
Share premium (Equity shares ) Opening balance	9,571,429	9,571,429
Less : Transferred to Profit & loss Account to set off against accumulated loss	-	-
Add : Receiving during the year from Issue	-	-
<b>TOTAL</b>	<b>9,571,429</b>	<b>9,571,429</b>
<b>3.3</b>		
<b><u>PROFIT AND LOSS ACCOUNT</u></b>		
Profit & Loss Account	(41,824,388)	(46,504,418)
Profit for the Year	9,720,986	4,680,030
<b>TOTAL</b>	<b>(32,103,402)</b>	<b>(41,824,388)</b>
<b>GRAND TOTAL</b>	<b>(22,531,973)</b>	<b>(32,252,959)</b>
<b>4</b>		
<b><u>LONG TERM BORROWING</u></b>		
<b><u>UNSECURED</u></b>		
Loan from Others (Corporate deposits)	35,222,738	84,727,894
Trade Deposit	160,000,000	60,000,000
Term Loan from Central Bank of India	17,210,342	-
<b>TOTAL</b>	<b>212,433,080</b>	<b>144,727,894</b>

**CRIMSON METAL ENGINEERING COMPANY LIMITED**  
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PARTICULARS	Amount in Rs.	
	2013	2012
<b>5 DEFERRED TAX LIABILITY (NET)</b>		
Opening Balance	6,516,251	6,895,045
During the Year (Asset) Expenses	2,300,692	(378,794)
<b>TOTAL</b>	<b>8,816,943</b>	<b>6,516,251</b>
<b>6 SHORT TERM BORROWINGS</b>		
<b>SECURED</b>		
<b>Central Bank of India</b>	138,414,396	43,791,142
(Secured by Hypothecation of Stock in Trade, receivable, EM on Factory Land, Building, Plant & Machinery, all movable and immovable assets and personal guarantee of MD)		
<b>TOTAL</b>	<b>138,414,396</b>	<b>43,791,142</b>
<b>7 TRADE PAYABLES</b>		
Trade Payables Raw Material & General Purchase	71,071,343	117,354,180
<b>TOTAL</b>	<b>71,071,343</b>	<b>117,354,180</b>
<b>8 OTHER CURRENT LIABILITIES &amp; PROVISIONS</b>		
Book OD from Bank	-	1,631,847
Advance from Customers	660,794	1,259,566
Outstanding Liabilities	23,014,516	26,936,904
Provision for Excise Duty on Closing Stock	3,341,798	216,838
<b>TOTAL</b>	<b>27,017,107</b>	<b>30,045,154</b>
<b>11 LONG TERM LOANS AND ADVANCES</b>		
Deposit with Govt/Semi Govt.Department & Others	9,766,289	7,166,601
<b>TOTAL</b>	<b>9,766,289</b>	<b>7,166,601</b>
<b>12 OTHER NON CURRENT INVESTMENTS</b>		
<b>INVESTMENT</b>		
National Savings Certificate	33,474	33,474
<b>TOTAL</b>	<b>33,474</b>	<b>33,474</b>
<b>13 INVENTORIES CERTIFIED BY THE MANAGEMENT</b>		
Raw Material (Valued at cost FIFO method)	44,056,692	33,758,605
Finished Product (Valued at Cost or market value whichever is lower)	29,615,082	856,451
Stores(at cost)	25,950,000	25,997,238
Scrap ( at realizable value)	2,430,522	1,600,027
<b>TOTAL</b>	<b>102,052,296</b>	<b>62,212,321</b>
<b>14 TRADE RECEIVABLES</b>		
(Unsecured Considered Good)		
More than Six Month	2,560,109	3,624,499
Others	106,554,115	76,817,890
<b>TOTAL</b>	<b>109,114,224</b>	<b>80,442,389</b>

**FIXED ASSETS As on 31/03/2013**  
**NOTES-9**

*Amount in Rs.*

		GROSS BLOCK				DEPRECIATION				NET BLOCK	
Particulars	Rate %	Cost as on 01.04.2012	Additions During the Year	Deletion	Total As on 31.03.2013	As on 01.04.2012	For the Year	Deletion	Total As on 31.03.2013	As on 31.03.2013	As on 31.03.2012
Land		2,428,588	-	-	2,428,588	-	-	-	-	2,428,588	2,428,588
Building	3.34%	60,013,868	43,615,164	-	103,629,032	20,702,342	2,195,968	-	22,898,310	80,730,722	39,311,526
Plant & Machinery	4.75%	110,778,043	11,945,550	-	122,723,593	49,164,613	5,544,975	-	54,709,588	68,014,005	61,613,430
Tools and equipments	4.75%	5,164,210	-	-	5,164,210	3,446,487	245,300	-	3,691,787	1,472,423	1,717,723
Office Equipment	4.75%	2,222,494	44,795	-	2,267,289	1,542,647	107,073	-	1,649,720	617,569	679,847
Furniture & fittings	6.33%	4,190,901	52,785	-	4,243,686	2,709,464	268,501	-	2,977,965	1,265,721	1,481,437
Refrigrator	4.75%	36,670	-	-	36,670	31,112	1,742	-	32,854	3,816	5,558
Airconditioner	4.75%	1,124,041	-	-	1,124,041	544,927	53,392	-	598,319	525,722	579,114
Vehicles	9.50%	3,016,949	-	-	3,016,949	3,016,949	-	-	3,016,949	-	-
Television	4.75%	159,873	-	-	159,873	110,532	7,594	-	118,126	41,747	49,341
Computer	16.21%	3,851,049	418,065	-	4,269,114	3,716,989	446,625	-	4,163,614	105,500	134,060
Communication Equipment	4.75%	352,977	-	-	352,977	108,311	16,766	-	125,077	227,900	244,666
<b>TOTAL</b>		<b>193,339,663</b>	<b>56,076,359</b>	<b>-</b>	<b>249,416,022</b>	<b>85,094,373</b>	<b>8,887,937</b>	<b>-</b>	<b>93,982,310</b>	<b>155,433,712</b>	<b>108,245,290</b>
NOTES-10 Capital Work in progress		20,700,026		20,700,026	-	-	-	-	-	-	20,700,026
		214,039,689	56,076,359	20,700,026	249,416,022	85,094,373	8,887,937	-	93,982,310	155,433,712	128,945,316
<b>PREVIOUS YEAR</b>		<b>166,737,930</b>	<b>47,301,759</b>		<b>214,039,689</b>	<b>77,097,220</b>	<b>7,997,154</b>		<b>85,094,374</b>	<b>128,945,315</b>	<b>89,643,564</b>

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PARTICULARS	Amount in Rs.	
	2013	2012
<b>15 CASH AND CASH EQUIVALENTS</b>		
Cash on hand	92,281	93,370
Balance with Bank :		
In current account	9,038,566	1,951,225
In Fixed Deposit	9,252,331	4,159,688
<b>TOTAL</b>	<b>18,383,179</b>	<b>6,204,283</b>
<b>16 OTHER CURRENT ASSETS</b>		
TDS Receivable	7,602,380	4,205,691
Service Tax Receivable	1,071,244	944,645
Accrued Interest on NSC & FD	754,556	42,936
ED Refund Receivable-Others	11,784,771	506,824
Balance with Central Excise	17,055,062	13,681,595
Other Receivables	5,450,980	11,980,063
<b>TOTAL</b>	<b>43,718,992</b>	<b>31,361,754</b>
<b>17 SHORT TERM LOANS AND ADVANCES</b>		
(Unsecured considered good, recoverable in cash or in kind or for value to be received)		
Advance to Suppliers	8,720,340	20,850,756
Advance to Staff	649,435	375,405
PREPAID EXPS	2,238,707	1,310,874
Advances and Deposits	29,431,419	15,560,560
<b>TOTAL</b>	<b>41,039,901</b>	<b>38,097,595</b>
<b>18 SALES &amp; OTHER INCOME:</b>		
<b>SALES (INDIGENOUS)</b>		
Sales Finished Goods	994,616,536	1,244,803,236
Sales Scrap	59,868,193	74,075,083
Job Work Receipt	35,707,153	47,814,891
Gross Sales	1,090,191,882	1,366,693,210
Less: Excise Duty	103,297,820	119,177,634
<b>Net Sales</b>	<b>986,894,062</b>	<b>1,247,515,576</b>
<b>18.1 SALES (EXPORT)</b>		
Gross Sales	171,565,481	49,006,010
Less: Excise Duty	-	-
<b>Net Sales</b>	<b>171,565,481</b>	<b>49,006,010</b>
<b>REVENUE FROM OPERATIONS NET</b>	<b>1,158,459,543</b>	<b>1,296,521,586</b>
<b>19 OTHER INCOME</b>		
Misc Receipts	22,948,089	22,263,164
Rent Received	180,000	122,400
Interest Received	1,155,496	187,799
Licence Income	894,710	240,810
Sundry Balances Written Back	833,403	1,248,432
<b>TOTAL OTHER INCOME</b>	<b>26,011,698</b>	<b>24,062,605</b>

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PARTICULARS	Amount in Rs.	
	2013	2012
<b>20 RAW MATERIAL CONSUMED</b>		
Inventory at the beginning of the year	33,758,605	53,876,962
Purchases & Expenses	952,632,145	1,044,225,591
	<b>986,390,750</b>	<b>1,098,102,553</b>
Less: Inventory at the close of the year	44,056,692	33,758,605
<b>Material Consumed</b>	<b>942,334,058</b>	<b>1,064,343,948</b>
<b>21 CHANGE IN INVENTORIES OF FINISHED GOODS</b>		
Inventory at the end of the year		
Finished Goods	29,615,082	856,451
Scrap	2,430,522	1,600,027
<b>TOTAL</b>	<b>32,045,603</b>	<b>2,456,478</b>
Inventory at the beginning of the year		
Finished Goods	856,451	28,436,845
Scrap	1,600,027	2,725,649
<b>TOTAL</b>	<b>2,456,478</b>	<b>31,162,494</b>
<b>Increase / Decrease in Stock (A)</b>	<b>29,589,125</b>	<b>(28,706,016)</b>
<b>EXCISE DUTY</b>		
Opening	216,838	2,496,348
Closing	3,341,798	216,838
<b>Change in Excise Duty (B)</b>	<b>(3,124,960)</b>	<b>2,279,510</b>
<b>Change in inventories of finished goods (A+B)</b>	<b>26,464,165</b>	<b>(26,426,506)</b>
<b>22 PAYMENT TO EMPLOYEES</b>		
Salary & Bonus	44,375,183	42,750,691
PF Companies Contribution	1,292,245	1,410,981
ESI Companies Contribution	1,073,116	1,318,457
Staff Welfare	1,863,120	2,152,491
Gratuity	487,500	414,134
<b>TOTAL</b>	<b>49,091,164</b>	<b>48,046,754</b>
<b>23 OTHER EXPENSES</b>		
Labour Charges	10,370,368	13,382,242
Power & Fuel	56,982,435	58,933,089
Stores Consumed	28,077,996	32,537,335
Repairs & Maintenance Machinery	912,386	1,152,335
Repairs & Maintenance Others	668,234	816,467
Hire Charges	223,612	1,564,842
Testing & Inspection	65,509	93,220
Security Services	655,391	938,666
<b>Total Manufacturing Expenses (A)</b>	<b>97,955,931</b>	<b>109,418,196</b>
Directors Traveling expenses	114,702	215,445
Travel & Conveyance	2,531,405	2,905,965
Printing & Stationery	496,262	446,282
Telex & Telephone Exps	746,508	648,106
Postage & Telegraph	99,592	265,754
Fees, Membership and Subscription	87,422	171,383
Insurance	678,714	614,688
Director Remuneration	1,779,562	2,235,919

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PARTICULARS	Amount in Rs.	
	2013	2012
Rent, Rates & Taxes	8,735,488	2,253,384
Electricity Charges	446,754	285,173
Professional & Consulting Fees	1,582,205	832,611
Legal expts	354,550	650,224
License Fees	223,926	804,814
Books & periodicals	3,880	785
Donation	814,100	3,984,470
General Exps	475,460	165,464
Repair Furniture	-	43,983
Repair-General	742,813	1,515,938
Computer Charges	77,439	185,915
Audit Fees	180,000	217,500
Internal Audit Fees	50,000	50,000
Conference and Seminar	-	6,882
Filing & Listing fees	62,217	806,834
Repair- electrical	-	298,828
Office Exp	798,424	937,317
Penalty	5,750	20,200
Gifts & presents	204,607	1,960
Exchange rate fluctuation	8,237,000	(158,601)
<b>Total Administrative expenses (B)</b>	<b>29,528,780</b>	<b>20,407,223</b>
Advertisement	59,476	123,025
Sales Promotion	248,691	1,743,904
Brokerage & Commission	3,713,838	3,428,947
Freight Charges	34,312,594	22,428,144
Job Work expenses	729,819	2,312,861
Round Off	1,612	173
<b>Total Selling and distribution expenses (C)</b>	<b>39,066,030</b>	<b>30,037,054</b>
<b>GRAND TOTAL (A+B+C)</b>	<b>166,550,740</b>	<b>159,862,473</b>
<b>24 DEPRECIATION &amp; AMORTIZATION</b>		
Depreciation on tangible assets	8,887,937	7,997,153
Amortization of Intangible Assets	-	-
<b>TOTAL</b>	<b>8,887,937</b>	<b>7,997,153</b>
<b>25 Financial expenses</b>		
Bank Charges	2,433,257	968,126
Interest Bank	15,689,872	-
Interest-Others	13,887,601	8,339,170
<b>TOTAL</b>	<b>32,010,730</b>	<b>9,307,296</b>
<b>26 DEFERRED TAX</b>		
Deferred Tax for the year	2,300,692	(378,794)
<b>TOTAL</b>	<b>2,300,692</b>	<b>(378,794)</b>
<b>27 EARNINGS PER SHARE</b>		
The following reflects the profit and share data used in the basic and diluted EPS computations		
Profit after Tax	9,720,986	4,680,030
Net Profit for EPS calculation	9,720,986	4,680,030
Weighted average number of shares outstanding during the year (Nominal value of Rs.100/-per share each) in absolute numbers	4,428,207	4,428,207
Basic and diluted earning per share	<b>2</b>	<b>1</b>

**CRIMSON METAL ENGINEERING COMPANY LIMITED**  
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PARTICULARS	Amount in Rs.	
	2013	2012
<b>28</b>	<b>CONTINGENT LIABILITIES</b>	
(i) On account of pending appeals of Central Excise	38,051,782	38,051,782
a) Job work incorrect adoption of value vide ref:V/73/15/61/2004-CXADJ/8/02/05 for Rs.20226475/-		
b) Wrong availment of Cenvat credit vide ref.V/73/15/100/2005-CX ADJ/25/01/06 for Rs.16506601/-		
c) Removal of waste & scrap without payment of duty vide ref: V/Ch.73/15/55/2006-CX ADJ/29/01/09 for Rs.1318706/-		
(ii) Demand of Interest on Sales tax from 1992-93 to 2005-06 has been paid under Samadhan Scheme	-	-
(iii) Electricity tax on electricity bill Pondy Rs.13.10 lacs	1,310,000	1,310,000
<b>29</b>	<b>SEGMENT REPORTING</b>	
As per information given to us and to the best of our knowledge company is only manufacturing of Skelp, MS Pipes & GI Pipes therefore segment reporting in this case is not applicable.		
<b>30</b>	<b>RELATED PARTY DISCLOSURE</b>	
<b>30.1</b>	<b>Nature of Relationship</b>	
	<b>Key Managerial Person</b>	
i) Holding Company	NIL	NIL
ii) Subsidiaries	NIL	NIL
iii) Key Managerial Personnel		
Mr VinayGoyal (Managing Director)		
Mr S.N Seshadri (Whole time Director)		
Mr.Ram Kishan Yadav (Whole time Director)		
<b>30.2</b>	<b>Nature of Transaction</b>	
	<b>Directors Remuneration</b>	
Mr VinayGoyal (Managing Director)	1,500,000	900,000
Mr S.N Seshadri (Whole Time Director)	238,766	933,297
Mr.A.K.Das (Whole Time Director)	-	696,801
Mr.Ram Kishan Yadav	40,796	-
<b>TOTAL</b>	<b>1,779,562</b>	<b>2,530,098</b>
<b>31</b>	<b>Auditors Remuneration</b>	
Audit Fees	125,000	125,000
Tax Audit Fees	25,000	25,000
IT Return and Other Matters	30,000	67,500
<b>TOTAL</b>	<b>180,000</b>	<b>217,500</b>
<b>32.1</b>	<b>IMPORTED &amp; INDIGENOUS RAW MATERIALS CONSUMED</b>	
Imported	-	-
Indigenous	942,334,058	1,064,343,948
<b>TOTAL</b>	<b>942,334,058</b>	<b>1,064,343,948</b>
	<b>Percentage of consumption</b>	
Imported	0%	0%
Indigenous	100%	100%
<b>TOTAL</b>	<b>100%</b>	<b>100%</b>

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

PARTICULARS	Amount in Rs.	
	2013	2012
<b>32.2</b>	<b><u>DETAILS OF IMPORTED &amp; INDIGENOUS RAW MATERIALS CONSUMED</u></b>	
M S BILLET	392,447,452	569,900,110
H R COIL	133,519,689	221,207,633
G P COIL	321,680,836	198,153,335
ZINC	94,686,081	75,082,870
Indigenous 100 %	<b>942,334,058</b>	<b>1,064,343,948</b>
<b>33</b>	<b><u>EARNINGS AND EXPENSES IN FOREIGN CURRENCY</u></b>	
Earnings in Foreign Currency	-	USD 1,05,683
Expenses in Foreign Currency	-	-
<b>33.1</b>	Total Export includes deemed exports of Rs 3,42,11,949/-	
<b>34</b>	<b>Other Receivable included the following</b>	
Insurance Claim Receivable	5,450,980	7,500,000
Job work Income Receivable	-	4,466,250
License on hands	-	13,813
<b>TOTAL</b>	<b>5,450,980</b>	<b>11,980,063</b>
<b>35</b>	<b><u>Detail of finished goods</u></b>	
<b>35.1</b>	Purchase of stock in trade - -	
<b>35.2</b>	Sale of finished goods ( Black Pipes & GI Pipes) <b>994,616,536</b> <b>1,244,803,236</b>	
<b>35.3</b>	Closing stock of finished goods	
Opening	856,451	28,436,845
Closing	<b>29,615,082</b>	<b>856,451</b>

- 36** **GENERAL**
- Balance in Sundry Debtors/ Creditors and advances . are subject to confirmation
  - Previous Year's Figures have been re-arranged and re-grouped wherever necessary.
  - Tax deducted at source from the payment to contractors, Professional charges, Commission, interest and Salaries have been deposited.
  - In view of sufficient information from the suppliers regarding their status as SSI units the amount due to small scale Industrial Undertakings cannot be ascertained.

**SIGNATURE TO NOTES ON FINANCIAL STATEMENTS 2 TO 36**

**As per our report of Even Date Annexed**

for ABHAY JAIN & CO  
Chartered Accountants  
FRN : 000008S

( A.K. JAIN )  
Partner.  
M.No. 70224

Place:Chennai  
Date: 30.05.2013

(VINAY GOYAL)  
Managing Director

(S.N.SESHADRI)  
Whole time Director

(RAMKISHAN YADVE)  
Whole time Director



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

## IMPORTANT

Company has obtained ISIN from CDSL. Now shares can be dematted. Shareholders can approach their DP for dematting their shares

**ISIN NO: INE318P01016**

Date :

Dear Sir / Madam

Pursuant to the Green Initiative in the Corporate Governance initiated by the Ministry of Corporate Affairs (MCA) vide its circular dated 21/4/2011, your company has proposed to send the Notice / Annual Report / documents through electronic mode to our shareholders.

This, you will appreciate, would facilitate fast, secured communication and contribute towards improved environment.

Kindly arrange to send the following details to our above address duly signed, which will be considered by us for sending the future communication through Email.

<b>Company Name</b>	Crimson Metal Engineering Ltd
Folio No.	
Name (1 <sup>st</sup> / Sole Holder)	
Email ID	
Mobile Number	
Pan (Optional)	

In case if you are holding the shares in electronic mode, you may kindly register / update your correct email id with your DP, so that the future communication can be sent through the same.

Signature of the Shareholder

Thanking You,

Yours truly,  
For CRIMSON METAL ENGINEERING LIMITED

## CRIMSON METAL ENGINEERING LIMITED

(Formerly known as Sri Saarbati Steel Tubes Limited)

Regd. Office : 163/1, Prakasam Road, II Floor, Chennai -600 108.

### ATTENDANCE SLIP

Regd. Folio No. \_\_\_\_\_ No. of Shares held \_\_\_\_\_

I certify that I am a registered shareholder /proxy for the registered shareholder of the company.

I hereby record my presence at the 29<sup>th</sup> annual general meeting of the company to be held on 24<sup>th</sup> September, 2013

Member's /Proxy's Name \_\_\_\_\_

Signature: \_\_\_\_\_

NOTE: Please fill up this attendance slip and hand it over at the entrance of the meeting hall.

DATE : 24<sup>th</sup> September, 2013

TIME : 10.00 AM

VENUE : Andhra Chamber of Commerce,  
Velagapudi Ramakrishna Building,  
No. 23, IIIrd Cross Street, West CIT Nagar,  
Nandanam, Chennai - 600 035

\_\_\_\_\_  
Signature of the member / proxy  
Name :



----- Tear Here -----

## CRIMSON METAL ENGINEERING LIMITED

(Formerly known as Sri Saarbati Steel Tubes Limited)

Regd. Office : 163/1, Prakasam Road, II Floor, Chennai -600 108.

### PROXY FORM

Regd.Folio No. : \_\_\_\_\_ No. of Shares held \_\_\_\_\_

I/We.....of .....in the district  
being a member/members of **CRIMSON METAL ENGINEERING COMPANY LIMITED** hereby  
appoint.....in the district of ..... or failing him /  
her.....of..... as my/our proxy to  
attend and vote for me/us my/our behalf at the 29<sup>th</sup> Annual General Meeting of the Company to be held on Tuesday,  
the 24<sup>th</sup> September, 2013 at **Andhra Chamber of Commerce, Velagapudi Ramakrishna Building, No. 23, IIIrd Cross Street,  
West CIT Nagar, Nandanam, Chennai - 35** and at any adjournment thereof

Affix One  
Rupee  
Revenue  
Stamp

Signed this.....day of.....2013.

- N.B.:**
1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and on a poll to vote instead of himself / herself and the proxy need not be a member of the Company.
  2. This form duly completed should be deposited at the Registered Office/Share Transfer Agents M/s. Cameo Corporate Services Ltd., "Subramanian Building", 1, Club House Road, Chennai - 600 002. on or before 11.00 AM on 21<sup>st</sup> September, 2013.

**BOOK - POST  
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**To**

**If undelivered Please return to :**

**CRIMSON METAL ENGINEERING COMPANY LIMITED  
Regd. Office : 163/1, Prakasam Road,  
K.Sons Complex, II Floor,  
Chennai - 600 108.**



# CRIMSON METAL ENGINEERING COMPANY LIMITED

Manufacturers & Exporters of E.R.W. STEEL TUBES - PIPES (BLACK & GALVANISED)

Regd. & Head Office :  
No. 163/1, K.SONS COMPLEX  
II FLOOR, BROADWAY,  
CHENNAI - 600 108. INDIA

Phone : 044-25240393 / 25240559  
Fax : 044-42079967  
Website : www.sarbatisteel.com

## FORM A

**Format of covering letter of the annual audit report to be filed with the stock exchanges**

1.	Name of the Company:	CRIMSON METAL ENGINEERING COMPANY LIMITED
2.	Annual financial statements for the year ended	31st March 2013
3.	Type of Audit observation	Un-qualified
4.	Frequency of observation	Not Applicable
5.	To be signed by-	
	<input checked="" type="checkbox"/> CEO/Managing Director Mr. Vinay Goyal	<input checked="" type="checkbox"/> [Signature]
	<input type="checkbox"/> CFO/ Whole Time Director Mr. Ram Kishan Yadav	[Signature]
	<input type="checkbox"/> Auditor of the company Mr. A.K. Jain Partner M/s. Abhay Jain & Co	[Signature]
	<input type="checkbox"/> Audit Committee Chairman Sri. Rama Yogan S. Chair	[Signature]