

SRI SAARBATI STEEL TUBES LIMITED
CHENNAI

*Annual Report
and Accounts for the year ended
31st March 2009*

25

Sri Saarbati Steel Tubes Limited

BOARD OF DIRECTORS

Shri. Vinay Goyal (Managing Director)
Shri. A.K. Das (Whole-time Director)
Shri. S.N. Seshadri (Whole-time Director)
Shri. A.J. Menon (Director)
Shri. C. Ramesh Menon (Director)
Shri. Rama Iyengar Srinivasa Chari (Director)

AUDITORS

M/s. Abhay Jain & Co.,
Chartered Accountants,
16, Sunkurama Street, Chennai - 600 001.

REGISTERED OFFICE

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

WORKS - TUBE MILL DIVISION

Sedarpet Industrial Estate
Mailam Road, Pondicherry 605 111.

- 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.

NOTICE TO THE SHAREHOLDERS

NOTICE IS HEREBY GIVEN that the 25th Annual General Meeting of the shareholders of the company will be held on Tuesday the 29th day of September 2009 11.00 A.M. at Andhra Chamber of Commerce Velagapudi Ramakrishna Bldg. 23, Third Cross Street. West C.I.T Nagar, Nandanam, Chennai – 600 035.

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet of the company as at 31st March 2009, the Profit and Loss Account for the year ended on that date and the Reports of the Directors and Auditors thereon.
2. To appoint a director in the place of Directors who retires by rotation.
3. To appoint Auditors and to fix their remuneration.

Place: Chennai
Date : 26.08.2009

By Order of the Board

-sd-

Vinay Goyal
Managing Director

NOTES

1. A MEMBER OF THE COMPANY, WHO IS ENTITLED TO ATTEND AND VOTE AT THE MEETING, IS ENTITLED TO APPOINT A "PROXY" TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF 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 the share transfer books of the company will remain closed on 29.09.2009.
4. Members are requested to notify immediately changes in their respective addresses, if any, quoting their folio number enabling the company to send the communication, properly.
5. Shareholders / proxy holders are requested to bring their copy of the annual report with them at meeting and to produce at the entrance the attached admission slip duly completed and signed, for 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.

Sri Saarbati Steel Tubes Limited

7. Details of Directors seeking appointment and re-appointment at the forthcoming Annual general meeting of the company . Also refer to the explanatory statement to the notice for other appointees details.

Pursuant to Clause 49 of the Listing Agreement with the Stock Exchange.

Name of Director	Expertise in Specific Functional Areas	Qualifications	Director-Ship in Other Public Companies	Chairman/ Member of Committee of Other Public Companies
A.J. Menon	More than 30 years. Fellow member of British Institute of Management. Chairman of the Planters Association	Holding Many Diplomas in various business Managements	NIL	NIL
A.K. DAS	More than 20 years of business experience in steel tube industry.	M. Tech from IIT, kharagpur	NIL	NIL

For and on behalf of the Board

Place: Chennai

Date : 26.08.2009

sd/-
Chairman

DIRECTORS' REPORT

Your Directors have the pleasure in presenting the ANNUAL REPORT and that of the Auditors together with the audited Balance Sheet as at 31st March 2009 and the Profit and Loss account for the year ended on that date.

CHANGE OF NAME OF THE COMPANY

The name of the Company has been changed from **SRI SAARBATI STEEL TUBES LIMITED** to **CRIMSON METAL ENGINEERING COMPANY LIMITED** by virtue of a Special Resolution at the Extra Ordinary General Body Meeting held on 29.01.2009 subsequently a fresh certificate of incorporation has been obtained from the Registrar of Companies, Chennai regarding the change of name from Sri Saarbati Steel Tubes Limited to Crimson Metal Engineering Company Limited with effect from 2nd April, 2009.

Hence w.e.f. 2nd April, 2009 the name of the Company is **CRIMSON METAL ENGINEERING COMPANY LIMITED**

PERFORMANCE

The financial results for the year ended 31st March 2009 are as under:

Rs. (In Lacs)

	31.03.2009	31.03.2008
Income	10114.51	6034.77
Expenditure	9594.73	5934.90
Profit / (Loss) before Tax	1359.68	44.08
Profit /(loss)After Tax	1356.51	41.22

COURSE OF BUSINESS AND OUTLOOK:

During the year progress has continued in the company's performance. Your company had achieved a turnover of Rs. 10,114.51 Lacs as compared to the turnover of Rs. 6,034.77 Lacs. The profit before tax was Rs. 1,359.68 lacs as compared to profit of Rs.44.08 Lacs in the previous year. With the continued confidence of all our associates, we will aggressively meet those challenges with renewed faith in our company and the future that we all share.

FIXED DEPOSIT:

The Company has not accepted any Fixed Deposit from the Public during the year.

DIVIDEND

Since the Board of Directors have adjusted the current year profits against the accumulated losses of the previous years, not recommended any dividend for the financial year ended 31st March 2009.

DIRECTORS

A.J. Menon and A.K. Das retire by rotation and being eligible, offer for re- appointment.

AUDITORS

The auditors of the Company M/s ABHAY JAIN & CO., Chartered Accountants retire at the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment.

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 AND TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS/OUTGO:

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

EXPORTS, INITIATIVES TAKEN TO INCREASE EXPORTS; DEVELOPMENT OF NEW EXPORT MARKETS FOR PRODUCTS AND SERVICES AND EXPORT PLANS:

Since the company has no export activities, no reporting is required to be given under this heading.

FOREIGN EXCHANGE EARNINGS/OUTGO:

Foreign Earnings: NIL (P Y NIL)

Foreign Outgo: Rs 4,10,672 (P Y Rs 12,74,867) towards Overseas Travels.

DIRECTORS RESPONSIBILITY STATEMENT

Directors hereby declare:

- i) that in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- ii) 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 or loss of the company for that period;
- iii) that the directors had taken proper and sufficient care 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 ;
- iv) That the directors had prepared the annual accounts on a going concern basis.

EMPLOYEE RELATIONS:

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

CORPORATE GOVERNANCE:

Pursuant to clause 49 of the Listing Agreement, a report of compliance of corporate governance as on 31/03/2009 duly certified by the auditors of the company is annexed.

ACKNOWLEDGEMENTS:

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

For and on behalf of the Board

Place: Chennai

Date :26.08.2009

sd/-
Chairman

**Annexure-A to the Directors' Report
MANAGEMENT DISCUSSION AND ANALYSIS**

MANAGEMENT DISCUSSION AND ANALYSIS

I. Sri Saarbati Steel Tubes Limited is in to steel industry. Our Company has survived the toughest period in industry and that's why it's identity in the industry is well established.

II. Performance Review

The company had achieved turnover of Rs. 10114.51 lacs as compared to Rs 6034.77 lacs in last year and made a net profit of Rs 1356.51 lacs as compared to a Net Profit of Rs.41.22 lacs in the previous year.

III. Risks & Concerns

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

IV. Internal Control Systems

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

V. Cautionary Statement:

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

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.

Sri Saarbati Steel Tubes Limited is committed to highest standards of Corporate Governance in all its activities.

I. Board of Directors

The board comprises 6 members – 3 executive director and 3 non – executive directors, of which 3 are independent. There was no change in the directors during the year under review.

Board Meetings & Attendance of Directors

A total of 9 board meetings held during the year on the following dates: 25.04.2008, 30.06.2008, 31.07.2008, 22.08.2008, 30.10.2008, 24.11.2008, 20.12.2008, 24.01.2009 and 30.01.2009. The Annual General Meeting was held on 26th September 2008.

Sri Saarhati Steel Tubes Limited

Name of Director	Category	Number of meetings held during his tenure	Number of meetings attended	AGM attended	Number of other Directorships and Committee Memberships / Chairmanships excluding Pvt. Companies/Sec.25 companies		
					Other Directorships	Committee Memberships	Committee Chairmanships
Shri. A.K. Das .	Whole-time Director (Executive)	9	9	Yes	Nil	Nil	Nil
Shri.S.N. Seshadari	Whole-time Director (Executive)	9	9	Yes	Nil	Nil	Nil
Shri.Vinay Goyal	(Managing Director – (Executive)	9	9	Yes	Nil	Nil	Nil
Shri.A.J. Menon .	Director – Non-executive Independent	9	Nil	Yes	Nil	Nil	Nil
Shri.Ramesh Menon	Director – Non-executive Independent	9	Nil	Yes	Nil	Nil	Nil
Shri.Rama Iyengar Srinivasa Chari	Director – Non-executive Independent	9	8	Yes	Nil	Nil	Nil

Directors Seeking Appointment/Reappointment:-

The required information regarding the details of directors who are seeking appointment or reappointment is set out in the notes to the notice.

Code of Conduct

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

II. AUDIT COMMITTEE

I. Terms of Reference

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

II. Composition

The audit committee comprises 4 Directors, three non-executive independent directors and one executive director namely, Shri.Rama Iyengar Srinivasa Chari, Chairman, Shri.A.J.Menon, Member, Shri. C.Ramesh Menon, 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 25.04.2008, 30.06.2008, 31.07.2008, 30.10.2008 and 30.01.2009 and attended by all the members.

III. REMUNERATION COMMITTEE

i. Constitution

The Committee consists of 3 directors – Shri.Rama Iyengar Srinivasa Chari, Chairman, Shri.A.J.Menon, Member and Shri. C.Ramesh Menon, Member, all non executive and independent.

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 2008-09, No meeting of the Remuneration Committee was held.

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 1.4.2008 to 31.3.2009 are given below:

Names of Directors	Basic Salary (Rs.)	Allowances (HRA) (Rs.)	Sitting Fees(Rs.)	As on 31.3.2009	
				No. of Shares Held	% of Holding
Mr. A.K. Das	3,63,678	NIL	Nil	Nil	Nil
Mr. S.N. Seshadri	3,88,635	NIL	Nil	Nil	Nil
Mr. Vinay Goyal	4,80,000	NIL	Nil	177141	3.481%
Mr. A.J. Menon	Nil	Nil	Nil	101000	1.985%
Mr. C. Ramesh Menon	Nil	Nil	Nil	80000	1.572%
Mr. Rama Iyengar Srinivasa Chari	Nil	Nil	Nil	Nil	Nil

No sitting fees 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.

One investor complaint received has been resolved to the satisfaction of shareholders within reasonable time. There are no complaints pending as on date of this report.

Sri Saarbati Steel Tubes Limited

Constitution

The Committee consists of 3 non- executive independent directors namely, Shri.A.J.Menon, Chairman, Shri. C.Ramesh Menon, Member and Shri.Rama Iyengar Srinivasa Chari, Member. Mr.A.K.Das is the Compliance Officer.

V. SHARE TRANSFER COMMITTEE

A Share Transfer Committee has been constituted by the Board comprising of Shri. Shri.A.J.Menon, Chairman, Shri. C.Ramesh Menon, Member and Shri.Rama Iyengar Srinivasa Chari, Member, to look into matters relating to share transfers, transmission, issue of duplicate share certificates, etc. Seven meetings were held during the financial year under review. As on 31.03.2009 no share transfers are pending for transfer for more than 15 days.

VI. GENERAL BODY MEETINGS.

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

Financial Year	Location	Date and Time	No. of Special Resolution passed
2005-2006	Andhra chamber of Commerce 23, 3 rd Cross Street, Chennai-35	22/12/06 11.00 a.m.	Nil
2006-2007	Andhra chamber of Commerce 23, 3 rd Cross Street, Chennai-35	26/12/07 10.30 a.m.	Nil
2007-2008	Andhra } chamber of Commerce 23, 3 rd Cross Street, Chennai-35	26/09/08 10.00 a.m	Nil.

II. Extra-Ordinary General Meeting: During the financial year under review, one Extra-ordinary General Meeting was held on 24th January 2009 at 10.00 a.m at Andhra Chamber of Commerce, 23, 3rd Cross Street, Chennai-35. A Special resolution for approving the change of name of the Company from Sri Saarbati Steel Tubes Limited to Crimson Metal Engineering Company Limited was passed at this extra-ordinary general meeting.

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 transactions with the company's subsidiaries, promoters, directors, management or their relatives which may have a potential conflict with the interests of the company. Members may refer the notes to the accounts 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 results are not sent individually to the shareholders. No presentations were made to institutional investors or equity analysis.

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 25th annual general meeting will be held on 29th September 2009 at Andhra Chamber of Commerce 23, 3rd Cross Street, Chennai-35 at 11.00 a.m.

Sri Saarbat Steel Tubes Limited

II. Tentative Financial Reporting Calendar

Financial Reporting 2009	From	To	Date
1 st Quarter	April	June	30 th July
2 nd Quarter	July	September	30 th October
3 rd Quarter	October	December	30 th January
4 th Quarter	January	March	30 th April Unaudited / Audited on or before 30-06-2010
Annual General Meeting	April 2009	March 2010	On or before 30-09-2010

III. Book Closure

The date of closure is on 26-09-2009.

IV. Stock Exchange Listing

Stock Exchange	Stock Code
Bombay Stock Exchange	526977
Madras / Delhi / Ahmedabad Stock Exchange Ltd.	Applied for Delisting

V. Market price data

NO TRASCTIONS 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 network of the Company.

IX. Shareholding pattern as on 31.03.2009

Category	Number of Shareholders	Number of shares	%
Promoters	3	414641	8.15
Persons acting in Concert	12	1370739	26.94
Bodies Corporate	37	173300	3.40
Public	5461	1509900	29.67
Non-resident Indians	14	1619795	31.83
Total	5527	5088375	100.00

Share Distributions Schedule as on 31-03-2009

Sl. No.	Category of Shares	No. of Holders	% of Holders	Rs.	% of Capital
1	Up to 5000	5240	94.81	6420000	12.62
2	5001 - 10000	123	2.23	1016000	2.00
3	10001 - 20000	67	1.21	1023000	2.01
4	20001 - 30000	24	0.43	601000	1.18
5	30001 - 40000	9	0.16	311330	0.61
6	40001 - 50000	9	0.16	396000	0.78
7	50001-100000	13	0.24	982840	1.93
8	100001 and above	42	0.76	40133580	78.87
	TOTAL	5527	100.00	50883750	100.00

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: lakshmi@crmetal.in

XII. 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.

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

d. **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.

e. **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

Sd/-

Date : 26.08.2009

Directors

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 and all Board members and senior management of the company have affirmed compliance of the Code.

Place: Chennai
Date : 26.08.2009

For and on behalf of Board
Sd/-
Directors

Annexure A**CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION.**

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

1.Electricity		Current Year	Previous Year
Purchased Units		6078535	6770190
Rate/unit		Rs. 3.307	Rs. 3.200
Total Cost		Rs.20102473	Rs.21664497
Own Generated Diesel :		Nil	Nil
2.Coal:		Nil	Nil
3.Furnace Oil		1341510	1497823
Others		32833314	21856143
B.Consumption per unit of Production:			
Production	MTs.	25478	15610
Electricity	Units	238.58	433.71
Furnace oil	Lts.	52.65	95.95
C.Technology Absorption :		NIL	NIL

CHIEF EXECUTIVE OFFICER (CEO) AND CHIEF FINANCIAL OFFICER (CFO) CERTIFICATION

To

The Board Of Directors,
Sri Saarbati Steel Tubes Limited

We the undersigned in our respective capacity as CEO AND CFO of the company to the best of our knowledge and belief certify that :

- a) We have examined the financial statement and the cash flow statement for the year ended 31/03/2009 and based on our knowledge and belief we state that :
 - (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 affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) There are, to the best of their knowledge and belief, no transactions entered into by the company during the year which are 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 they have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and they have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which they are aware and the steps they have taken or propose to take to rectify these deficiencies.
- (d) We have indicated to the auditors and the Audit committee
 - (i) significant changes in internal control over financial reporting during the year;
 - (ii) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - (iii) instances of significant fraud of which they 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

Sd/-
Mr.AK Das

Sd/-
Mr. S N Seshadri

Place : Chennai
Date : 22/08/2009

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

TO THE MEMBERS OF M/S. SRI SARBATI STEEL TUBES 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 31st March 2009, 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

A.K. JAIN
Partner
M. No. 70224

Place: Chennai
Date : 23.06.2009

AUDITOR'S REPORT

TO THE MEMBERS OF M/S. SRI SARBATI STEEL TUBES LIMITED, CHENNAI

1. We have audited the attached Balance Sheet of M/s. SRI SAARBATI STEEL TUBES LIMITED, as at 31st March 2009 and also the Profit & Loss Account and Cash Flow Statement of the company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with Auditing Standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a Test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides, a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of section 227(4A) of the Companies Act, 1956, and on the basis of such checks as we considered appropriate and according to information and explanation given to us, we set out in the annexure a statement on the matters specified in paragraph 4 and 5 of the said order.
4. Further to our comments in the annexure referred to above, 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 the audit.
 - b) In our opinion proper books of accounts as required by Law have been kept by the company, so far as appears from our examination of those books.
 - c) The Balance Sheet and Profit & Loss Account and cash flow statement dealt with by this report are in agreement with the books of account.
 - d) In our opinion, the Balance Sheet, Profit & Loss account and cash flow statement dealt with by this report have been prepared, in all material respects, in compliance with the applicable Accounting Standards referred to in section 211(3C) of the Companies Act, 1956.
 - e) On the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the director is disqualified as 31st March 2009 from being appointed as a director in terms section 274(1)(g) of the Companies Act 1956.
 - f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (i) In the case of the Balance Sheet of the state of affairs of the company as at 31st March, 2009; and
 - (ii) In the case of Profit and Loss Account, of the profit for the year ended on that date.
 - (iii) In the case of the Cash Flow Statement, of the cash flow for the year ended on that date.

For ABHAY JAIN & CO.,
Chartered Accountants

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

Place : Chennai
Date : 23.06.2009

Sri Saarbati Steel Tubes Limited

ANNEXURE REFERRED TO IN PARAGRAPH 3 OF OUR REPORT OF EVEN DATE TO THE MEMBERS OF M/S. SRI SAARBATI STEEL TUBES LIMITED, CHENNAI, THE ACCOUNT FOR THE YEAR ENDED ON 31ST MARCH, 2009.

- (i)(a) The Company records showing full particulars including quantitative details and situation of Fixed Assets have been lost and an FIR has been filed on 03.08.2003 in that regard. It was explained to us that record from 01.04.2003 is being made. Further, the Company is taking efforts to make the records of Fixed Assets for earlier period as much as possible.
- (b) Some of the Fixed Assets were physically verified by the management randomly during the year in accordance with a programme of verification which, in our opinion, provides for physical verification of all assets at reasonable intervals. According to information and explanations given to us, no material discrepancies were noticed on such verification.
- (c) None of the Fixed Assets have been revalued during the year.
- (ii) (a) The Inventories of the company at its locations have been physically verified during the year by the management.
- (b) In our opinion the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and nature of its business.
- (c) The company has maintained proper records of inventories and the discrepancies noticed on verification between the physical stocks and the book records have been properly dealt with in the books of account.
- (iii) (a) The company has taken loans secured or unsecured from two individuals covered in the register maintained under section 301 of the companies Act, 1956 during the year under audit.
- (b) As explained to us that Loans so taken is interest free and none of the conditions on which loan has been accepted is prejudicial to the interest of the company.
- (c) The company is regularly paying the principal amount as stipulated.
- (d) There is no overdue amount of loan taken from parties listed in the register maintained under section 301 of the Companies Act, 1956.
- (iv) In our opinion and according to the information and explanation given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to the purchase of inventories, fixed assets and sale of goods. During the course of our audit, we have not observed any continuing failure to correct major weakness in internal Controls.
- (v) (a) According to the information and explanations given to us, we are of the opinion that the transactions that need to be entered into the register maintained under section 301 of Companies Act, 1956 have been so entered.
- (b) In our opinion and according to the information and explanations given to us, the transaction made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of five lakhs rupees in respect of any party covered during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
- (vi) The company has not accepted any fixed deposits from the public during the year.
- (vii) In our opinion, the company has in house internal audit system commensurate with the size and nature of its business.
- (viii) We have already broadly reviewed the books of account relating to materials, labour and other items of cost maintained by the company pursuant to the rules made by the central government for the maintenance of cost records under section 209 (1) (d) of the companies Act, 1956 and we are of the opinion that prima facie the prescribed accounts and records have been made and maintained. However, we are required to and have not carried out detailed examination of such accounts and records.
- (ix) (a) The company is regular in depositing with appropriate authorities undisputed statutory dues including investor's education protection fund, Income Tax, Wealth Tax, customs duty, excise duty, cess and other material statutory dues applicable to it. However some delays were there in payment of provident fund, Employee state insurance during the year.
- According to the information and explanation given to us, undisputed amounts payable in respect of sales tax amounts to Rs.3.70 lacs were in arrears as at 31.03.2009 for a period more than six month from the date they become payable. The company is paying the arrears in instalments to sales tax department.
- (b) According to the information and explanation given to us, the details of disputed sales tax, income tax, customs duty, wealth tax, service tax, excise duty and cess which have not been deposited as on 31 st March 2009 on account of dispute are given below:

Nature of Statute	Nature of Dues	Amount (Rs in Lacs)	Period to which the amount relates Asst. Years	Forum where the dispute is pending
Sales Tax Act	Sales Tax	13.83	1994-95	HighCourt Chennai
Sales Tax Act	Sales Tax	1.06	1995-96	Highcourt Chennai
Sales Tax Act	Sales Tax	1.50	Interest for the year 1992-93	Salestax Department
Sales Tax Act	Sales Tax	0.60	Interest for the year 1993-94	Salestax Department
Sales Tax Act	Sales Tax	9.30	Interest for the year 2002-03	Salestax Department
Sales Tax Act	Sales Tax	2.70	Interest for the year 2003-04	Salestax Department
Sales Tax Act	Sales Tax	0.38	Interest for the year 2004-05	Sales Tax Department
Sales Tax Act	Sales Tax	0.66	Interest for the year 2005-06	Sales Tax Department
Sales Tax Act	Sales Tax	0.9	Interest for the year 2001-02	Sales Tax Department
Sales Tax Act	Sales Tax	0.05	Interest for the year 2002-03	Sales Tax Department
Sales Tax Act	Sales Tax	0.51	CST not allowed	Sales Tax Department

- (x) The accumulated losses of the company exceed fifty percent of net worth at the end of the year. The company has not incurred cash loss during immediately preceding financial year.
- (xi) According to information and explanation given to us, the company has settled and paid amount due to ARCIL, State Bank of Indore and Bharat overseas Bank during the year of our audit. On account of settlement the company was benefited by Rs.8,95,81,470/- due to waiver of interest and principal by the said banks.
- (xii) The company has not granted any loan and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the company is not a chit fund or a nidhi/mutual benefit/society. Therefore, the provision of clause 4 (xiii) of the companies (Audit Report) Order 2003, are not applicable to the company.

- (xiv) In our opinion, the company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4 (xiii) of the companies (Audit Report) Order 2003, are not applicable to the company.
- (xv) The company has not given any guarantee for loans taken by others from banks or financial institutions.
- (xvi) According to the information and explanation given to us no terms loans raised by the company during the year.
- (xvii) According to the information and explanations given to us and an overall examination of the balance sheet of the company, we report that no funds raised on short term basis have been used for long term investment. No long term funds have been used to finance short term assets except permanent working capital.
- (xviii) According to the information and explanations given to us, the company has not made preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act.
- (xix) According to the information and explanations given to us, during the period covered by our audit report, the company has not issued any debentures.
- (xx) We verified the books of accounts of the company and report that the company has not raised any money by public issue during the year.
- (xxi) As per our test and according to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the course of our audit.

For ABHAY JAIN & CO.,
Chartered Accountants

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

Place : Chennai.
Date : 23.06.2009

Sri Saarbati Steel Tubes Limited

BALANCE SHEET AS AT 31ST MARCH 2009

PARTICULARS	SCH	Year Ended 31.03.2009	Year Ended 31.03.2008
SOURCES OF FUNDS			
SHARE HOLDERS FUNDS			
Share Capital	A	50,883,750	50,883,750
Reserves & Surplus		94,756,097	96,020,453
		145,639,847	146,904,203
LOAN FUNDS			
Secured Loan	C	72,120,000	162,020,004
Unsecured Loan	D	87,892,933	8,961,935
Deferred Tax Liability		6,615,000	7,051,000
		166,627,933	178,032,939
		312,267,780	324,937,142
APPLICATION OF FUNDS			
FIXED ASSETS			
Gross Block	E	210,617,965	199,808,403
Less : Depreciation		79,149,942	72,294,576
		131,468,023	127,513,827
INVESTMENTS			
CURRENT ASSETS, LOANS & ADVANCES	F	50,400	50,400
	G		
Inventories		42,354,676	57,712,125
Sundry Debtors		188,391,200	44,607,625
Cash & Bank Balances		2,091,690	2,229,505
Other Current Assets		14,342,662	23,635,765
Loans & Advances		4,408,400	6,818,376
		251,588,628	135,003,396
LESS: CURRENT LIABILITIES & PROVISIONS	H	239,726,084	242,604,963
		11,862,544	(107,601,567)
Profit & Loss Account		168,886,812	304,974,482
		312,267,780	324,937,142
Notes forming part of Accounts	R		

As per our report of even date annexed

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

Sd/-

A.K. JAIN
Partner
M.No. 70224

for and on behalf of the Board

Sd/-

(VINAY GOYAL)
Managing Director

Sd/-

S.N. SESHADRI
Whole Time Director

Sd/-

A.K. DAS
Whole Time Director

Place : Chennai
Date : 23.06.2009

Sri Saarbati Steel Tubes Limited

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2009

PARTICULARS	SCH	Year Ended 31.03.2009	Year Ended 31.03.2008
INCOME			
Sales & Other Receipts	I	1,013,973,517	586,737,976
Other Income		1,436,997	506,883
Increase/Decrease in Stock	J	(3,959,175)	16,232,377
TOTAL		1,011,451,340	603,477,236
EXPENDITURE			
Material Consumed	K	736,854,987	374,838,413
Manufacturing Expenses	L	164,983,802	162,013,730
Payment to Employees	M	16,620,031	16,372,813
Financial Expenses	N	5,559,620	9,519,580
Administrative Expenses	O	14,340,042	14,383,513
Selling Expenses	P	19,308,010	14,943,728
Prior period Exp		1,806,815	1,418,440
		959,473,307	593,490,217
PROFIT BEFORE DEPRECIATION		51,978,032	9,987,019
LESS : DEPRECIATION		(5,591,009)	(5,578,488)
BUSINESS PROFIT		46,387,023	4,408,530
EARLIER YEAR EXPS WRITTEN BACK		89,581,470	
PROFIT BEFORE TAXATION		135,968,493	4,408,530
Less : Provision for FBT		316,824	286,450
NET PROFIT AFTER TAX		135,651,670	4,122,080
Less : Deferred Tax		(436,000)	7,051,000
Balance of Loss Brought Forward		(304,974,482)	(302,045,563)
Balance Carried to Balance Sheet		(168,886,812)	(304,974,482)
Notes forming part of Accounts	R		

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

Sd/-
A.K. JAIN
Partner
M.No. 70224

for and on behalf of the Board
Sd/-
(VINAY GOYAL)
Managing Director

Sd/-
S.N. SESHADRI
Whole Time Director

Sd/-
A.K. DAS
Whole Time Director

Place : Chennai
Date : 23.06.2009

Sri Saarbati Steel Tubes Limited

SCHEDULES TO BALANCE SHEET AS ON 31.03.2009

PARTICULARS	Year Ended 31.03.2009	Year Ended 31.03.2008
SCHEDULE 'A'		
SHARE CAPITAL		
AUTHORISED		
9850000 Equity Shares of Rs 10/- each	98,500,000	98,500,000
15000 Preference Shares of 100/- each	1,500,000	1,500,000
	100,000,000	100,000,000
ISSUED, SUBSCRIBED & PAID UP		
5088375 Equity Shares of Rs 10/- each fully paid [of the above shares 635350 shares are alloted as fully paid up with out receiving the cash by way of Bonus Shares in the ratio 1:1]	50,883,750	50,883,750
	50,883,750	50,883,750
SCHEDULE 'B'		
RESERVES & SURPLUS		
Revaluation Reserves	56,932,078	58,196,434
Less: Depreciation on Revalued Building	1,264,356	1,264,356
	55,667,722	56,932,078
SHARE PREMIUM - EQUITY SHARES	39,088,375	39,088,375
	94,756,097	96,020,453
SCHEDULE 'C'		
SECURED LOANS		
1. WORKING CAPITAL TERM LOAN		
From ARCIL	-	28,000,000
From State Bank of Indore	-	8,478,827
2. WORKING CAPITAL FACILITIES		
From ARCIL (Since Debts tranferred from SBI to ARCIL)		
Cash Credit	-	15,933,717
Packing Credit	-	28,947,295
Interest Accrued for earlier years	-	6,680,000
From Bharat Overseas Bank Ltd		
Cash Credit	-	46,659,554
Packing Credit	-	15,646,600
From State Bank of Indore		
Cash Credit	-	10,627,211
Interest Accrued for earlier years	-	1,046,800

Sri Saarbati Steel Tubes Limited

PARTICULARS	Year Ended 31.03.2009	Year Ended 31.03.2008
[Secured by hypothecation of Stock in Trade and receivable all movable & immovable assets and personal guarantee of Directors on paripasu basis with ARCIL, Bank of Indore and Bharat Overseas Bank Ltd]		
Vedha Venkateswara Finance (P) Ltd	40,000,000	---
Shri A.J.Menon	32,120,000	---
	<u>72,120,000</u>	<u>162,020,004</u>
SCHEDULE 'D'		
UNSECURED LOAN		
From Directors	5,769,210	---
From Share holders	1,591,883	1,461,935
From Others (Corporate Deposits)	80,531,840	7,500,000
	<u>87,892,933</u>	<u>8,961,935</u>
SCHEDULE- 'E': (Refer Page No.20)		
SCHEDULE-F: INVESTMENTS		
National Saving Certificates	50,400	50,400
	<u>50,400</u>	<u>50,400</u>
SCHEDULE 'G'		
CURRENT ASSETS, LOANS & ADVANCES		
A. CURRENT ASSETS		
1. Inventories :		
Stores (At Cost)	5,523,456	12,903,992
Raw - Material [at cost FIFO Method]	15,073,918	18,450,701
Finished Goods [Market Price or Cost which ever is lower]	18,288,371	24,792,958
Scraps [At realisable value]	3,468,932	1,564,474
	<u>42,354,676</u>	<u>57,712,125</u>

SCHEDULE - E : FIXED ASSETS AS ON 31.03.2009

Particulars	GROSS BLOCK					DEPRECIATION					NET BLOCK	
	RATES	AS ON 01-04-08	ADDI- TION	DELI- TION	TOTAL AS 31-03-09	UP TO 31-03-08	On Opening Balance	On Addition	On Withdrawn	TOTAL Depreciation	WDV as on 31.03. 09	WDV as on 31.03.08
Land	0	2428588			2428588	0	0	0	0	0	2428588	2428588
Land [Revalued]	0	32985012			32985012	0	0	0	0	0	32985012	32985012
Building	3.34%	38469354	1344754		39814108	9993735	1284876	22597	0	21201208	18612900	18575619
Building[Revalued]	3.34%	37854983			37854983	8850493	1264356	0	0	10114849	27740134	29004490
Plant & Machinery	4.75%	70857011	8517379		79374390	31875004	3365708	233410	0	35474122	43900268	38982007
Tools & Equipment	4.75%	4832645	331565		5164210	470162	229551	10874	0	2710587	2453623	2362483
Office Equipment	4.75%	1655655	28762		1684417	1187167	78644	920	0	1266731	417686	468488
Computer	16.21%	2804046	341570		3145616	2774518	29528	38165	0	2842211	303405	29528
Furniture & Fittings	6.33%	3514102	206090		3720192	1722430	222443	8567	0	1953440	1766752	1791672
Refrigerator	4.75%	29370			29370	29370	-	0	0	29370	0	0
Air Conditioner	4.75%	997341			997341	349413	47374	0	0	396787	600554	647928
Vehicles	9.50%	3016949			3016949	3016949	-	0	0	3016949	0	0
Television	4.75%	156173			156173	80664	7418	0	0	88102	68071	75489
Communication Equipments	4.75%	207174	39442		246616	44649	9841	1096	0	55586	191030	162525
TOTAL		199808403	10809562		210617965	72294574	6539739	315629	0	79149942	131468023	127513827
Previous year figures		186667450	16140953		199808403	65451731	6147536	695309	0	72294576	127513827	118215779

Total Depreciation for the year 6855368
Less Depr on Revalued asset 1264356
Depreciation on other assets 5591009

Sri Saarbati Steel Tubes Limited

PARTICULARS	Year Ended 31.03.2009	Year Ended 31.03.2008
2. SUNDRY DEBTORS		
[Unsecured considered good]		
Due for more than six months	15,240,391	14,993,868
Other Debtors	173,150,809	29,613,757
	188,391,200	44,607,625
3. CASH & BANK BALANCES		
Cash in Hand	426,940	91,630
Balance with Scheduled Banks		
In Current Account	1,360,271	2,087,875
In Fixed Deposit	304,478	50,000
	2,091,690	2,229,505
4. OTHER CURRENT ASSETS		
Deposits with Govt. / Semi Govt. Departments	3,948,462	3,910,312
TDS Receivable	2,809,541	2,151,440
Service tax Receivable	120,219	40,586
Accrued Interest on NSC & FD	613,563	415,299
ED refund receivable	156,259	5,962,023
Balance with Central Excise	6,694,618	10,900,035
Other Receivables	-	256,070
	14,342,662	23,635,765
B. LOANS & ADVANCES		
[Unsecured considered Good, recoverable in cash or in kind or for value to be received thereof]		
Advance to Supplier	2,452,004	4,927,379
Advance to Staff	297,959	352,460
Prepaid Expenses	240,283	120,383
Advances & Deposits	1,418,154	1,418,154
	4,408,400	6,818,376
GRAND TOTAL (A(1+2+3+4)+B)	251,588,628	135,003,396
SCHEDULE 'H'		
CURRENT LIABILITIES & PROVISIONS		
CURRENT LIABILITIES		
Sundry Creditors for purchases	123,777,202	159,760,035
Outstanding Liabilities	7,945,503	6,473,561
Advance from Customer	2,682,004	4,642,710
Bank Overdraft from Bank	103,574,104	69,340,431
Provision for Excise Duty on Closing Stock	1,747,270	2,388,225
	239,726,084	242,604,963

Sri Saarbati Steel Tubes Limited

PARTICULARS	Year Ended 31.03.2009	Year Ended 31.03.2008
SCHEDULE 'I'		
SALES & OTHER INCOME		
SALES		
Finished Goods	937,915,709	407,425,132
Sales Scrap	39,996,834	32,252,591
Job Work Receipts	140,969,799	198,527,238
Gross Total	1,118,882,342	638,204,961
Less: Excise Duty Paid	104,908,825	51,466,985
Net Sales	1,013,973,517	586,737,976
OTHER INCOME		
Miscellaneous Receipt	767	-
Rent Received	146,400	146,400
Interest Received	235,291	270,247
Insurance claim Received	290,130	78,464
Foreign exchange rate Fluctuation-Income		11,772
Sundry Balances Written Back	764,409	
Total of other income	1,436,997	506,883
Total Sales & Other Income	1,015,410,514	587,244,859
SCHEDULE 'J'		
INCREASE/DECREASE IN STOCK		
Closing Stock		
Finished Goods own	18,288,371	24,792,958
Scrap	3,468,932	1,564,474
Less: Opening Stock		
Finished Goods	24,792,958	6,880,529
Scrap	1,564,474	1,423,761
EXCISE DUTY ON STOCKS		
Excise Duty on Opening Stock	2,388,225	567,460
Excise Duty on Closing Stock	1,747,270	2,388,225
	(3,959,175)	16,232,377
SCHEDULE 'K'		
MATERIAL CONSUMED		
Opening Stock	18,450,701	15,362,890
Add : Purchases & Expenses there on	733,478,204	377,926,224
	751,928,905	393,289,114
Less : Closing Stock	15,073,918	18,450,701
	736,854,987	374,838,413
SCHEDULE 'L'		
MANUFACTURING EXPENSES		
Wages & Contract Labour Charges	23,491,434	22,322,794
Power & Fuel	52,935,787	51,370,608
Stores consumed	82,261,643	82,584,768
Machinery repairs	1,364,217	731,212
Building Repairs	1,021,112	933,908
Hire charges	2,020,118	2,208,281
Repair Others	20,660	1,027,319
Testing & Inspection	33,834	15,593
Shifting Charges	798,104	728,782
Security Services	1,036,893	90,465
Total	164,983,802	162,013,730

Sri Saarbati Steel Tubes Limited

PARTICULARS	Year Ended 31.03.2009	Year Ended 31.03.2008
SCHEDULE 'M'		
PAYMENTS TO EMPLOYEES		
Salary & Bonus	11,133,256	11,250,124
Company's Contribution to PF/ESI	1,822,543	1,942,108
Staff Welfare Expenses	3,242,024	2,676,288
Gratuity	422,208	504,293
	16,620,031	16,372,813
SCHEDULE 'N'		
FINANCIAL EXPENSES		
Bank Interest	-	9,316,263
Bank charges	102,931	121,952
Interest Others	5,418,205	79,711
Interest on ESI	38,484	1,654
	5,559,620	9,519,580
SCHEDULE 'O'		
ADMINISTRATIVE EXPENSES		
Directors Travelling Expenses	911,218	661,348
Travelling & Conveyance	2,076,088	1,851,392
Printing & Stationery	636,026	610,636
Telex & Telephone Expenses	507,929	1,276,796
Postage & Telegrams	21,817	130,006
Fees, Membership & Subscription	136,707	53,774
Insurance	561,071	420,215
Director Remuneration	1,232,313	1,336,213
Rent, Rates & Taxes	2,307,815	2,339,337
Electricity Charges	124,368	395,696
Professional & Consulting Fees	1,821,686	2,881,716
Legal Expenses	300	224,562
License Fees	167,382	171,416
Books & Periodicals	90,299	84,737
Donations	319,810	159,004
General Expenses	98,237	214,289
Repair Furniture	19,512	11,320
Repair General	883,376	532,370
Computer Charges	207,915	231,450
Audit Fees	152,875	154,515
Internal Audit Fee	-	170,000
Conference and Seminar	93,074	28,455
Filling and Lisiting Charges	56,652	16,403
Repair Others	1,560,581	-
Administrative Charges	-	163
Cleaning Charges	58,277	74,959
Office Exp / Pooja Exp	230,214	240,554
Sales Tax Penalty	-	112,187
Gifts & Presents	64,200	-
	14,340,042	14,383,513
SCHEDULE 'P'		
SELLING EXPENSES		
Advertisements	33,182	25,714
Sales Promotion	4,908	356,123
Brokerage & Commission	2,530,880	1,557,100
Tender Fees	-	12,145
Freight Charges	16,260,921	12,379,790
Jobwork Expenses	28,545	-
Round Off	-	134
Sales Discount	449,574	141,476
Sundry Balances Written off	-	471,246
	19,308,010	14,943,728

SRI SAARBATI STEEL TUBES LIMITED

**SCHEDULE - R: NOTES TO THE ACCOUNTS FORMING
PART OF BALANCE SHEET AND PROFIT & LOSS
ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2009.**

SIGNIFICANT ACCOUNTING POLICIES

1. BASIS OF ACCOUNTING

Accounts are prepared in accordance with generally accepted accounting principle. The Company adopts the accrual concept in the preparation of accounts as going concern.

2. FIXED ASSETS

Fixed Assets are stated at cost, inclusive of acquisition and installation expenses. Less cenvat credit and accumulated depreciation.

Land and Building were revalued for a sum of Rs.7,08,39,995/- by an independent registered valuer on fair market value concept and the value was incorporated in the accounts in that year.

3. DEPRECIATION

Depreciation on all Assets is provided on Straight Line Method in accordance with schedule XIV of the Companies Act, 1956 as amended.

Depreciation is provided on pro rate basis from the day assets have been put to use till accounting year close and in the case assets sold up to the date of sale.

The depreciation charge for the year shown in the Profit & Loss account is after deducting an amount of Rs.12.64 Lakhs (Previous Year 12.64 Lakhs) on account of depreciation of revalued building.

4. INVESTMENTS

Investment made in National Saving Certificates are stated at cost.

5. INVENTORIES

Inventories are valued as under:-

Raw -Materials	
{including in process}	At Cost {FIFO Method}
Work -in-Progress	At Cost

Finished Goods	At Cost or Market value whichever is lower.
Scraps	At realizable value

6. REVENUE RECOGNITION

- a) Sales are shown at invoice price less return and sales tax thereon.
- b) Purchases are shown at Invoice Price Less return.
- c) Expenses are accounted on accrual basis.
- d) Interest on NSC shall be recognised on cash basis.

7. CENVAT

Cenvat credit is reckoned for on the materials purchased, stores and consumables entered into the factory premises.

8. EMPLOYEE RETIREMENT BENEFIT

The Company is contributing its contribution to Provident Fund Account as per Law and Rules applicable. Company's contribution towards provident fund is charged to Revenue

Year end accrued liabilities of Gratuity payable to employees are provided for based on the liability as estimated by the Management. This policy is not in accordance with the Revised Accounting Standard AS-15 'Employees Benefits'.

Provision for leave encashment is made on the basis of company's rules and regulation.

9. FOREIGN CURRENCY TRANSACTION:

Foreign Currency Transactions are recorded on the basis of exchange rate prevailing at the date of transaction. Foreign currency monetary items are reported at the year end closing rates. Non monetary items which are carried out at historical cost are reported using the exchange rate prevailing at the date of the transaction.

The Exchange differences arising on settlement/year end restatement of monetary items are recognized in the profit and loss account in the period in which they arise.

10. DEFERRED TAX

Deferred Tax Assets/ Liability in accordance with Accounting Standard -22 " Accounting for Taxes on Income" has been made in the books of account on timing difference on account of Depreciation and Gratuity payment at the Income Tax rates prevailing during the year of Audit.

11. IMPAIRMENT OF ASSETS:

An asset is treated as impaired when the carrying cost of assets exceeds its recoverable value. An impairment loss is charged to profit and loss account in the year in which an asset is identified as impaired after considering adjustment already carried out.

12. SEGMENT REPORTING

In the opinion of the management, as the company producing Skelp, Black Pipe and GI Pipes the external revenue on sales of Skelp is NIL for the year. These Skelp are used for captive consumption so the activities are not considered reportable segment as per Accounting Standard -17 "Segment Reporting".

13. RELATED PARTY DISCLOSURE

Nature of Transactions	Transactions with Companies/Individuals having substantial interest in this company		Transactions with Key Management Personnel and their Relatives	
	2008-09	2007-08	2008-09	2007-08
Remuneration of Directors (See Note No.14)			1,232,313	1,336,213
Loans received	32,120,000		10,206,662	
Directors Sitting Fees				
Repayment of Loans			4,009,504	
Share Capital Received				
Closing Balances	32,120,000		6,317,210	
Unsecured Loans		1,043,883		120,052
Sundry Creditors				

14. KEY MANAGEMENT PERSONAL AND THEIR REMUNARATION.

Remuneration to the Directors is Rs 12,32,313/- (Rs. 13,36,213)

Name	Designation	Total Remuneration paid during 2008-09 (Rs.)
1. Sh.Vinay Goyal	Managing Director	480000 (480000)
2. Sh.A.K.Das	Whole Time Director	363678 (339235)
3. Sh.S.N.Seshadri	Whole Time Director	388635 (399438)

15.EARNING PER SHARE

	Current Year	Previous Year
Basic & Diluted Earnings per share	26.66	0.81
Face Value of Equity Share	Rs.10	Rs.10

16 NOTES ON ACCOUNTS

A. CONTINGENT LIABILITIES:-

(not provided in the books of a/c)

- Sales Tax demands under appeal amount to Rs.31.35 lacs (Rs 35.59 lacs)
- Excise duty demand under appeal Rs.445.74 lacs (Rs. 414.24 Lacs)
- Non fulfillment of Export Obligation – Rs.111.089 lacs (Rs. 100.99 lacs)

Additional information pursuant to the provision of 3,4C and 4D of part II of schedule VI of the Companies Act, 1956 to the extent applicable to the company.

Sri Saarbati Steel Tubes Limited

B. Quantitative Particulars

CAPACITY AND PRODUCTION

(As certified by the Management)

CAPACITY	YEAR ENDED 31.03.2009	YEAR ENDED 31.03.2008
PIPES		
1.Licensed Capacity	25,000	25,000
2.Installed Capacity	55,000	55,000
SKELP		
1.Licensed Capacity	36,000	36,000
2.Installed Capacity	36,000	36,000
PRODUCTION		
a.Black Pipe	18,007	9,736
b.GI Pipes	7,471	5,874
c.Skelp	12,930	9,515
JOB WORK	30,506	37,244
SKELP	553	16,560

b.TURNOVER

TUBE MILL	As at 31.03.2009		As at 31.03.2008	
	MTs	Rs.(lakhs)	MTs	Rs.(lakhs)
Black Pipes	10,892	5,228	4,154	1,585
GI Pipes	7,473	3,883	5,699	2,461
Scrap & Rejections	2,001	367	1,720	284
Job Work Done	-	1,410	-	1,985
Recoveries & Others	190	33	157	67
MS Flats	570	248		
GI Flats	17	3		

Sri Saarbati Steel Tubes Limited

c. STOCK	MTs	As at	MTs	As at
		31.03.2009		31.03.2008
		Rs.(lakhs)		Rs.(lakhs)
OPENING STOCK				
TUBE MILL				
Black Pipes [Own]	173,048	77.45	112,907	33.340
GI Pipes (Own)	178,554	88.16	2,816	1.09
Scrap & Recoveries	73,115	15.64	50,840	14.24
Slitting Coil	216,130	79.17	-	-
ROLLING MILLS				
Skelp	162,562	58.43	-	-
CLOSING STOCK				
TUBE MILL				
Black Pipes [Own]	304,769	97.83	173,048	77.45
GI Pipes [Own]	194,654	79.71	178,554	88.16
Scrap & Recoveries	194,953	34.50	73,115	15.64
Sitting Coil	-	-	216,130	79.170
ROLLING MILLS				
Skelp	18,735	5.34	162,562	58.430

d. QUANTITATIVE DETAILS OF RAW MATERIALS AS ON 31.03.2009

	Opening Stock		Purchases		Consumption		Closing Stock	
	Qty	Value	Qty	Value	Qty	Value	Qty	Value
Billets	82.890	25.74	14971.751	4,340.59	14578.287	4,247	476.354	119.12
Coil	116.770	43.58	6010.168	2,244.00	6126.938	2,288	0.000	0
Sockets	60.940	19.96	1.7	0.22	30.161	9.80	32.479	10.38
Zinc	14.031	16.05	599.731	554.69	584.056	549	29.706	21.24

e. EARNING IN FOREIGN CURRENCY	31.03.2009	31.03.2008
Export Sales [C & F Value]	NIL	NIL
f. EXPENDITURE IN FOREIGN CURRENCY		
For Imports on CIF Basis	Nil	10,57,617
For Overseas Travel	4,10,672	2,17,250
g. CIF Value of Imports		
Raw Materials	NIL	NIL
Capital Goods and Spares	NIL	10,57,617

Sri Saarbati Steel Tubes Limited

H. Earnings in Foreign Currency

	31.03.2009	31.03.2008
	Nil	Nil

I. REMUNERATION TO AUDITORS

As Audit fee	Rs. 100,000/-	(Rs.100,000/-)
Tax Audit	Rs. 25,000/-	(Rs.25,000/-)

J. BIFR has ordered for the winding up the company but an employee of the company has filed with the the hon'ble High Court of Madras for staying proces of winding up as ordered by BIFR which was granted by hon'ble High Court of Madras vide order dt. 19.12.2005

K. GENERAL

Tax Deducted at Source from the payment to the Contractors, Professional charges, Commission and Rent amounting to Rs.29,87,492/- has been deposited within due date (except some delay in some cases).

L. Balances under the head Sundry Creditors, Debtors, Loans and Advances are subject to confirmation.

M. NSC are under lien with Commercial Tax Authorities as Deposit.

N. In view of the insufficient information from the suppliers regarding their status as SSI units the amounts due to Small Scale Industrial Undertakings cannot be ascertained.

O. Previous Year's figures have been rearranged and regrouped wherever found necessary to confirm to current year figures.

Notes : Production of Skelp 12,930 MTs and Black Pipe 7044.445 MTs being used for captive consumption for Black Pipe and GI Pipe respectively.

SIGNATURES TO SCHEDULES A TO R

As per our report of even date annexed

for **ABHAY JAIN & CO.,**

Chartered Accountants

Sd/-

(A.K. JAIN)

Partner

M. No. 70224.

Place : Chennai

Date : 23.06.2009

Sd/-

VINAYGOYAL

Managing Director

Sd/-

S.N. SESHADRI

Whole Time Director

for and on behalf of the Board

Sd/-

A.K. DAS

Whole Time Director

INFORMATION PURSUANT TO PART IV OF SCHEDULE VI TO THE COMPANIES ACT, 1956

Balance Sheet abstract and General Business Profile

1. Registration Details

Registration No.

			1	1	5	6	6
--	--	--	---	---	---	---	---

State Code

1	8
---	---

Balance Sheet Date

3	1	-	0	3	-	0	9
---	---	---	---	---	---	---	---

2. Capital raised during the year (Amount in Rs. Thousands)

Public Issue

					N	I	L
--	--	--	--	--	---	---	---

Rights Issue

					N	I	L
--	--	--	--	--	---	---	---

Bonus Issue

					N	I	L
--	--	--	--	--	---	---	---

Private Placement

					N	I	L
--	--	--	--	--	---	---	---

3. Position of mobilisation and deployment of funds (Amount in Rs. Thousands)

Total Liabilities

		3	1	2	2	6	8
--	--	---	---	---	---	---	---

Total Assets

		3	1	2	2	6	8
--	--	---	---	---	---	---	---

Sources of Funds

Paid up Capital

		0	5	0	8	8	4
--	--	---	---	---	---	---	---

Reserves and Surplus

			9	4	7	5	6
--	--	--	---	---	---	---	---

Secured Loans

			7	2	1	2	0
--	--	--	---	---	---	---	---

Unsecured Loans

			8	7	8	9	3
--	--	--	---	---	---	---	---

Application of Funds:

Net Fixed Assets

		1	3	1	4	6	8
--	--	---	---	---	---	---	---

Investments

						5	0
--	--	--	--	--	--	---	---

Net Current Assets

			1	1	8	6	3
--	--	--	---	---	---	---	---

Miscellaneous Expenditure

--	--	--	--	--	--	--	--

Accumulated Losses

		1	6	8	8	8	7
--	--	---	---	---	---	---	---

4. Performance of the Company (Amount in Rs. Thousands)

Turnover

		1	0	1	1	4	5	1
--	--	---	---	---	---	---	---	---

Total Expenditure

		9	5	9	4	7	3
--	--	---	---	---	---	---	---

Profit for the Year

1	3	5	9	6	8	4	9	3
---	---	---	---	---	---	---	---	---

Profit for the Year

1	3	5	6	5	1	6	7	0
---	---	---	---	---	---	---	---	---

Earnings per Share (Rs.)

			2	6		6	6
--	--	--	---	---	--	---	---

Dividend Rate (%)

					N	I	L
--	--	--	--	--	---	---	---

5. Generic names of three principal products / Services of the Company (As per monararity term)

a) Item Code No

	7	3	0	6		1	0
--	---	---	---	---	--	---	---

ERW Pipes (Black & Galvanised Pipes)

Schedule A to I & S form part of this Balance Sheet

for and on behalf of the Board

As per our report of even date annexed

for **ABHAY JAIN & CO.,**

Chartered Accountant

Sd/-

A.K. JAIN

Partner M.No. 70224

Sd/-

(VINAY GOYAL)

Managing Director

Sd/-

(S.N.SESHADRI)

Whole Time Director

Sd/-

(A.K. DAS)

Whole Time Director

Place : Chennai

Date : 23.06.2009

Sri Saarbati Steel Tubes Limited

CASH FLOW STATEMENT

CASH FLOW FROM OPERATING ACTIVITIES

	As at 31-03-09	As at 31-03-08
NET PROFIT/(LOSS) BEFORE TAXATION	135968493	4408530
Depreciation	[+] 5591010	[+] 5578488
Financial Expenses	[+] 5559620	[+] 9519580
Miscellaneous Income	[-] (1436997)	[-] (506883)
Fringe Benefit Tax	[-] (316824)	[-] (286450)
OPERATING PROFIT BEFOREWORKING CAPITAL CHANGE	[+] 145365303	[-] 18713266

WORKING CAPITAL CHANGE

Increase [-] / Decrease[+] in Inventories	[+] 15357449	[-] (12000737)
Increase [-] / Decrease[+] in Debtors	[-] (143783575)	[-] (3427067)
Increase [-] / Decrease[+] in Other Current Assets	[+] 9293103	[-] (2042270)
Increase [-] / Decrease[+] in Loan & Advances	[+] 2409976	[+] 42087260
Increase [+] / Decrease [-] in other Current Liabilities	[-] (2878879)	[+] 61235893
CASH GENERATED FROM OPERATIONS	(119601926)	85853080

Financial Expenses	[-] 5559620	[-] 9519580
Miscellaneous Income	[+] 1436997	[+] 506883
NET CASH FLOW FROM OPERATING ACTIVITIES (A)	21640753	95553649

CASH FLOW FROM INVESTING ACTIVITIES

Increase [-] / Decrease[+] in Fixed Assets	[-] 10809562	[-] 16140953
NET CASH FLOW USED IN INVESTMENT ACTIVITIES (B)	(10809562)	(16140953)

CASH FLOW FROM FINANCING ACTIVITIES

Decrease [+] /Increase [-] in Unsecured Loan	[+] (78930998)	[+] 6580282
Decrease [+] /Increase [-] in Secured Loan	[-] 89900004	[+] (90579230)
NET CASH FLOW USED IN FINANCING ACTIVITIES (C)	10969006	83998948

Net Increase / Decrease in Cash and Cash Equivalent	[-] (137815)	(4586252)
Cash and Cash Equivalents as on at 01-04-08	2229505	6815757
Cash and Cash Equivalents as on 31-03-09	2091690	2229505
	[-] (137815)	[+] (4586252)

Notes : Cash and Cash Equivalent represents Cash and Cash & Bank Balance

for and on Behalf of the Board

Place : Chennai
Date : 23.06.2009

Sd/-
VINAY GOYAL
Managing Director

Sd/-
S.N. SESHADRI
Whole Time Director

Sd/-
A.K. DAS
Whole - Time Director

We have examined the Cash Flow Statement of Sri Saarbati Steel Tubes Ltd. Chennai for the year ended 31-3-2008. The Statement has been prepared by the Company in accordance with the requirements of listing agreement Clause 32 with Madras Stock Exchange and is based on & is in-agreement with the corresponding Profit & Loss Account and Balance Sheet of the Company covered by our report of even date to the Shareholders of the Company.

Place : Chennai
Date : 23.06.2009

for ABHAY JAIN & CO,
Chartered Accountants,

Sd/-
[A.K. JAIN]
Partner
M.No: 70224

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 25th annual general meeting of the company to be held on 29th September, 2009

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 : 29th September, 2009

TIME : 11.00 AM

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

Signature of the member / proxy
Name :

✂-----Tear Here-----

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.....ofin the district
being a member/members of **SRI SAARBATI STEEL TUBES 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 25th Annual General Meeting of the Company to be held on Tuesday,
the 29th September, 2009 at **Andhra Chamber of Commerce, Velagapudi Ramakrishna Building, No. 23, Illrd Cross Street,
West CIT Nagar, Nandanam, Chennai - 35** and at any adjournment thereof

Affix One
Rupee
Revenue
Stamp

Signed this.....day of.....2009.

- 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 22nd September, 2009.
 3. No gifts will be distributed in the name of AGM

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