

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

*Annual Report
and Accounts for the year ended
31st March 2010*

26

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

BOARD OF DIRECTORS

Shri. Vinay Goyal (Managing Director)
Shri. A.K. Das (Whole-time Director)
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.

Crimpsom 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 26th Annual General Meeting of the shareholders of the company will be held on Monday the 27th day of September 2010 10.00 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 2010, 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 who hold office until the conclusion of the next Annual General Meeting and to fix their remuneration.

Place: Chennai
Date : 14.08.2010

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 from 24.09.2010 to 27.09.2010 (Both days inclusive).
4. Members are requested to notify immediately 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 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.

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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
Shri. S.N.SESHADRI	More than 20 years of business experience in production and material management.	B. Tech	NIL	NIL
Shri. RAMESH MENON		M.B.A.	NIL	NIL

For and on behalf of the Board

Place: Chennai

Date : 14.08.2010

sd/-
Chairman

Sd/-

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

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 2010 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 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 Registrars of Companies, Chennai regarding the change of name from Sri Saarbati Steel Tubes Limited to Crimson Metal Engineering Company Limited.

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 2010 are as under:

Rs. (In Lacs)

	31.03.2010	31.03.2009
Income	6810.62	10114.51
Expenditure	6444.94	9594.76
Profit / (Loss) before Tax	429.27	1359.68
Profit /(loss)After Tax	429.27	1356.51

COURSE OF BUSINESS AND OUTLOOK

During the year, progress has continued in the company's performance. Your company had achieved a turnover of Rs. 6810.62 lacs as compared to the turnover of Rs. 10114.64 lacs. The profit before tax was Rs. 429.27 lacs as compared to profit of Rs. 1359.68 lacs. With continued confidence of all our associates, we will aggressively meet all those challenges with renewed faith in our company and the future that we all share .

DIVIDEND

Since the Board of Directors have adjusted the current year profits against the accumulated losses of the previous years, not recommended any dividend for the financial year ended 31st March 2010.

DIRECTORS

Shri. S.N. Seshadri and Shri. C. Ramesh Menon retired by rotation and being offer for re-appointment.

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.

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.

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

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

The Company has exported pipes during the year and expecting to do more exports in the coming year.

FOREIGN EXCHANGE EARNINGS/OUTGO

Foreign Earnings : Rs.18,90,064/-

Foreign Outgo : Rs.3,09,405/-

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 judgements 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 on going concern basis.

EMPLOYEE RELATIONS

Employee relations throughout the company was 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 corporater governance as on 31/03/2010 duly certified by the auditors of the company is annexed.

ACKNOWLEDGEMENT

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

For and on behalf of the Board

Sd/-

Place: Chennai
Date: 14.08.2010

Chairman

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

Annexure – A to the Directors' Report

MANAGEMENT DISCUSSION AND ANALYSIS

MANAGEMENT DISCUSSION AND ANALYSIS

I Crimson Metal Engineering Company Ltd (formerly known as Sri Saarbati Steel Tubes Limited) is in to steel industry. Our Company has survived the toughest period if 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. 6810.62 lacs as compared to Rs 10114.51 lacs in last year and made a profit of Rs.429.27 lacs as compared to a Profit of Rs. 1356.51 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.

Crimson Metal Engineering Company Ltd (formerly known as Sri Saarbati Steel Tubes Limited) is committed to highest standards of corporate Governance in all its activities.

I. Board of Directors

The board comprises of 6 members – 3 executive directors 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 4 board meetings held during the year on the following dates: 31.07.2009, 26.08.2009, 31.10.2009 and 29.01.2010. The Annual General Meeting was held on 29th September 2009.

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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)	4	4	Yes	Nil	Nil	Nil
Shri.S.N. Seshadari	Whole-time Director (Executive)	4	4	Yes	Nil	Nil	Nil
Shri.Vinay Goyal	(Managing Director – (Executive)	4	4	Yes	Nil	Nil	Nil
Shri.A.J. Menon	Director – Non-executive Independent	4	Nil	Yes	Nil	Nil	Nil
Shri.Ramesh Menon	Director – Non-executive Independent	4	Nil	Yes	Nil	Nil	Nil
Shri.Rama Iyengar Srinivasa Chari	Director – Non-executive Independent	4	4	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.

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III. Attendance

The committee met four times during the year on 31.07.2009, 26.08.2009, 31.10.2009 and 29.01.2010 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 2009-10, 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 1.4.2009 to 31.3.2010 are given below:

Names of Directors	Basic Salary (Rs.)	Allowances (HRA) (Rs.)	Sitting Fees(Rs.)	As on 31.3.2010	
				No. of Shares Held	% of Holding
Mr. A.K. Das	4,18,596	NIL	Nil	Nil	Nil
Mr. S.N. Seshadri	6,55,542	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.

CRIMSON METAL ENGINEERING COMPANY LIMITED
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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.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. Eight meetings were held during the financial year under review. As on 31.03.2010 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
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
2008-2009	Andhra chamber of Commerce 23, 3 rd Cross Street, Chennai-35	29/09/09 11.00 a.m.	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 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 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 Monday, the 27th September 2010 at Andhra Chamber of Commerce 23, 3rd Cross Street, Chennai-35 at 10.00 a.m.

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

II. Tentative Financial Reporting Calendar

Financial Reporting 2010	From	To	Date
1 st Quarter	April	June	Last week of July 2010
2 nd Quarter	July	September	Last week of October 2010
3 rd Quarter	October	December	Last week of January 2011
4 th Quarter	January	March	Last week of May 2011
Annual General Meeting	April 2010	March 2011	By the 3 rd or 4 th week of September 2011

III. Book Closure

The date of closure is from 24-09-2010 to 27-09-2010 (Both days inclusive).

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 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 31.03.2010

Category	Number of Shareholders	Number of shares	%
Promoters	19	1886780	37.0802
Persons acting in Concert			
Bodies Corporate	36	119100	2.3406
Public	5451	1420100	27.9088
Non-resident			
Indians	14	1619795	31.8332
Foreign Corporate	1	42600	0.8372
Body			
Total	5521	5088375	100.00

Share Distributions Schedule as on 31-03-2010

Sl. No.	Category of Shares	No. of Holders	% of Holders	Rs.	% of Capital
1	Up to 5000	5233	94.78	641000	12.60
2	5001 - 10000	121	2.19	99600	1.95
3	10001 - 20000	67	1.21	102300	2.01
4	20001 - 30000	25	0.45	63100	1.24
5	30001 - 40000	9	0.16	31133	0.61
6	40001 - 50000	9	0.16	39600	0.78
7	50001-100000	13	0.24	98284	1.93
8	100001 and above	44	0.80	4013358	78.87
	TOTAL	5521	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: investorrevience@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 : 14.08.2010

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

Place: Chennai
 Date : 14.08.2010

For and on behalf of Board
 Sd/-
 Managing Director

Annexure A

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION.

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

	Current Year	Previous Year
1.Electricity		
Purchased Units	6132040	6078535
Rate/unit	Rs. 3.324	Rs. 3.307
Total Cost	Rs.20380541	Rs.20102473
Own Generated Diesel :	Nil	Nil
2.Coal:	Nil	Nil
3.Furnace Oil	878700	1341510
Total Cost	19970452	32833314
B.Consumption per unit of Production:		
Production MTs.	22918	25478
Electricity Units	267.56	238.58
Furnace oil Lts.	58.34	52.65
C.Technology Absorption :	NIL	NIL

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

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

To

The Board Of Directors,
Crimson Metal Engineering Company Limited
(formerly known as Sri Saarbati Steel Tubes Ltd.,)

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.A K Das

Sd/-
Mr. S N Seshadri

Place : Chennai
Date : 07/08/2010

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

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 (Formerly Known as SRI SAARBATI STEEL TUBES LIMITED).

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 2010, 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

Place : Chennai
Date : 29.05.2010

(A.K. JAIN)
Partner
M. No. 70224
FRN : 000008 S

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

AUDITOR'S REPORT

TO THE MEMBERS OF M/S. CRIMSON METAL ENGINEERING COMPANY LIMITED(Formerly Known as SRI SARBATI STEEL TUBES LIMITED, CHENNAI)

1. We have audited the attached Balances Sheet of M/S.CRIMSON METAL ENGINEERING COMPANY LIMITED (Formerly Known as SRI SAARBATI STEEL TUBES LIMITED), as at 31st March 2010 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 setout 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 directors is disqualified as 31st march 2010 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, 2010; 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 : 29.05.2010

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

ANNEXURE REFERRED TO IN PARAGRAPH 3 OF OUR REPORT OF EVEN DATE TO THE MEMBERS OF **M/S. CRIMSON METAL ENGINEERING COMPANY LIMITED** (Formerly known as SRI SAARBATI STEEL TUBES LIMITED), **CHENNAI**, THE ACCOUNT FOR THE YEAR ENDED ON 31ST MARCH, 2010.

- (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 an individual and two of the Corporate bodies for Rs.9.22 Crores. The Maximum amount involved during the year was Rs.15.84 Crores.
- (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 except the loan taken from Anudeep Towers (P) Ltd. The rate of Interest so paid is not 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 an 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 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.

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

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 31.03.2010 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 2010 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	1.5	Interest for the year 1992-93	Salestax Department
Sales Tax Act	Sales Tax	0.6	Interest for the year 1993-94	Salestax Department
Sales Tax Act	Sales Tax	9.3	Interest for the year 2002-03	Salestax Department
Sales Tax Act	Sales Tax	2.7	Interest for the year 2003-04	Salestax Department
Sales Tax Act	Sales Tax	0.38	Interest for the year 2004-05	Salestax Department
Sales Tax Act	Sales Tax	0.66	Interest for the year 2005-06	Salestax 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) In our Opinion and according to information and explanation given to us , there were no amounts due to a Financial Institution, Banks or Debenture Holders.As such Provision of clause 4(xi) of the company (Auditor's Report) Order 2003 are not applicable to the company.
- (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) 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

FRN : 000008 S

Place : Chennai
Date : 29.05.2010

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

BALANCE SHEET AS AT 31ST MARCH 2010

PARTICULARS	SCH	Year Ended 31.03.2010	Year Ended 31.03.2009
SOURCES OF FUNDS			
SHARE HOLDERS FUNDS			
Share Capital	A	50,883,750	50,883,750
Reserves & Surplus		93,491,741	94,756,097
		144,375,491	145,639,847
LOAN FUNDS			
Secured Loan	C	59,535,000	72,120,000
Unsecured Loan	D	41,679,686	87,892,933
Deferred Tax Liability		6,764,000	6,615,000
		107,978,686	166,627,933
		252,354,177	312,267,780
APPLICATION OF FUNDS			
FIXED ASSETS			
Gross Block	E	225,732,373	210,617,965
Less : Depreciation		86,775,704	79,149,942
		138,956,669	131,468,023
INVESTMENTS			
	F	50,400	50,400
CURRENT ASSETS, LOANS & ADVANCES			
Inventories	G	99,522,997	42,354,676
Sundry Debtors		19,042,604	188,391,200
Cash & Bank Balances		868,518	2,091,690
Other Current Assets		30,553,277	14,342,662
Loans & Advances		10,463,583	4,408,400
		160,450,979	251,588,628
LESS: CURRENT LIABILITIES & PROVISIONS	H	173,212,407	239,726,084
		(12,761,427)	11,862,544
Profit & Loss Account		126,108,535	168,886,812
		252,354,177	312,267,780
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 : 29.05.2010

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

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2010

PARTICULARS	SCH	Year Ended 31.03.2010	Year Ended 31.03.2009
INCOME			
Sales & Other Receipts	I	661,831,275	1,013,973,517
Other Income		1,308,738	1,436,997
Increase/Decrease in Stock	J	17,922,742	(3,959,175)
TOTAL		681,062,755	1,011,451,340
EXPENDITURE			
Material Consumed	K	461,622,610	736,854,987
Manufacturing Expenses	L	122,665,014	164,983,802
Payment to Employees	M	21,402,834	16,620,031
Financial Expenses	N	4,497,194	5,559,620
Administrative Expenses	O	15,722,315	14,340,042
Selling Expenses	P	18,584,040	19,308,010
		644,494,007	957,666,492
PROFIT BEFORE DEPRECIATION		36,568,749	53,784,847
LESS : DEPRECIATION		(6,361,406)	(5,591,009)
BUSINESS PROFIT		30,207,343	48,193,838
EARLIER YEAR EXPS WRITTEN BACK		12,719,933	87,774,655
PROFIT BEFORE TAXATION		42,927,276	135,968,493
Less : Provision for FBT		-	316,824
NET PROFIT AFTER TAX		42,927,276	135,651,670
Less : Deferred Tax		149,000	(436,000)
Balance of Loss Brought Forward		(168,886,812)	(304,974,482)
Balance Carried to Balance Sheet		(126,108,535)	(168,886,812)
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 : 29.05.2010

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

SCHEDULES TO BALANCE SHEET AS ON 31.03.2010

PARTICULARS	Year Ended 31.03.2010	Year Ended 31.03.2009
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 allotted 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	55,667,722	56,932,078
Less: Depreciation on Revalued Building	1,264,356	1,264,356
	54,403,366	55,667,722
SHARE PREMIUM - EQUITY SHARES	39,088,375	39,088,375
	93,491,741	94,756,097
SCHEDULE 'C'		
SECURED LOANS		
1. WORKING CAPITAL TERM LOAN		
(Secured by Hypothecation of Stock in Trade and receivable. All movable and immovable assets and personal guarantee of Directors)		
Vedha Venkateswara Finance (P) Ltd.	40,000,000	40,000,000
Shri. A.J. Menon	19,535,000	32,120,000
	59,535,000	72,120,000
SCHEDULE 'D'		
UNSECURED LOAN		
From Directors	2,479,842	5,769,210
From Share holders	8,943,883	1,591,883
From Others (Corporate Deposits)	30,255,961	80,531,840
	41,679,686	87,892,933

SCHEDULE - E : FIXED ASSETS AS ON 31.03.2010

Particulars	GROSS BLOCK				DEPRECIATION					NET BLOCK		
	RATES	ASON 01-04-09	ADDI- TION	DELI TION	TOTAL AS 31-03-10	UP TO 31-03-09	On Opening Balance	On Addition	On Withdrawn	TOTAL Depreciation	WDV as on 31.03. 10	WDV as on 31.03.09
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%	39814108	3181042		42995150	21201208	1329791	8733	0	22539732	20455418	18612900
Building[Revalued]	3.34%	37854983			37854983	10114849	1264356	0	0	11379205	26475778	27740134
Plant & Machinery	4.75%	79374390	11615197		90989587	35474122	3770284	317351	0	39561757	51427830	43900268
Tools & Equipment	4.75%	5164210			5164210	2710587	245300	0	0	2955887	2208323	2453623
Office Equipment	4.75%	1684417	79467		1763884	1266731	80010	535	0	1347276	416608	417686
Computer	16.21%	3145616			3145616	2842211	303405	0	0	3145676	0	303405
Furniture & Fittings	6.33%	3720192	232552		3952744	1953440	235488	3853	0	2192781	1759963	1766752
Refrigerator	4.75%	29370			29370	29370	-	0	0	29370	0	0
Air Conditioner	4.75%	997341			997341	396787	47374	0	0	444161	553180	600554
Vehicles	9.50%	3016949			3016949	3016949	-	0	0	3016949	0	0
Television	4.75%	156173			156173	88102	7418	0	0	95520	60653	68071
Communication Equipments	4.75%	246616	6150		252766	55586	11714	150	0	67450	185316	191030
TOTAL		210617965	15114408		225732373	79149942	7295140	330622	0	86775704	138956669	131468023
Previous year figures		199808403	10809562		210617965	72294574	6539739	315629	0	79199942	131468023	127513827

Total Depreciation for the year 7625762
Less Depr on Revalued asset 1264356
Depreciation on other assets 6361406

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

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

SCHEDULES TO BALANCE SHEET AS ON 31.03.2010

PARTICULARS	Year Ended 31.03.2010	Year Ended 31.03.2009
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)	12,523,456	5,523,456
Raw - Material [at cost FIFO Method]	43,953,938	15,073,918
Finished Goods [Market Price or Cost which ever is lower]	40,355,937	18,288,371
Scraps [At realisable value]	1,792,469	3,468,932
Stock with Agent	897,197	-
	<u>99,522,997</u>	<u>42,354,676</u>
2. SUNDRY DEBTORS		
[Unsecured considered good]		
Due for more than six months	-	15,240,391
Other Debtors	19,042,604	173,150,809
	<u>19,042,604</u>	<u>188,391,200</u>
3. CASH & BANK BALANCES		
Cash in Hand	208,972	426,940
Balance with Scheduled Banks		
In Current Account	328,919	1,360,271
In Fixed Deposit	330,627	304,478
	<u>868,518</u>	<u>2,091,690</u>
4. OTHER CURRENT ASSETS		
Deposits with Govt. / Semi Govt. Departments	3,928,462	3,948,462
TDS Receivable	3,573,219	2,809,541
Service tax Receivable	14,235	120,219
Accrued Interest on NSC & FD	653,160	613,563
ED refund receivable - others	-	156,259
Balance with Central Excise	19,417,638	6,694,618
Other Receivables	2,966,563	-
	<u>30,553,277</u>	<u>14,342,662</u>
B. LOANS & ADVANCES		
[Unsecured considered Good , recoverable in cash or in kind or for value to be received thereof]		
Advance to Suppliers	7,684,655	2,452,004
Advance to Staff	505,441	297,959
Prepaid Expenses	242,289	240,283
Advances & Deposits	2,031,198	1,418,154
	10,463,583	4,408,400
GRAND TOTAL (A(1+2+3+4)+B)	<u>160,450,979</u>	<u>251,588,628</u>
SCHEDULE 'H'		
CURRENT LIABILITIES & PROVISIONS		
CURRENT LIABILITIES		
Sundry Creditors for purchases	75,786,460	123,777,202
	8,834,356	77,945,503
Advance from Customer	945,703	2,682,004
Book Overdraft from Bank	83,430,257	103,574,104
Provision for Excise Duty on Closing Stock	4,215,631	1,747,270
	<u>173,212,407</u>	<u>239,726,084</u>

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

PARTICULARS	Year Ended 31.03.2010	Year Ended 31.03.2009
SCHEDULE 'I'		
SALES & OTHER INCOME		
SALES		
Finished Goods	550,325,203	937,915,709
Sales Scrap	40,178,010	39,996,834
Job Work Receipts	114,764,703	140,969,799
Gross Total	705,267,916	1,118,882,342
Less: Excise Duty Paid	43,436,641	104,908,825
Net Sales	661,831,275	1,013,973,517
OTHER INCOME		
Miscellaneous Receipt	-	767
Rent Received	122,400	146,400
Interest Received	413,675	235,291
Insurance claim Received	491,306	290,130
Foreign exchange rate Fluctuation-Income	-	-
Sundry Balances Written Back	281,357	764,409
Total of other income	1,308,738	1,436,997
Total Sales & Other Income	663,140,013	1,015,410,514
SCHEDULE 'J'		
INCREASE/DECREASE IN STOCK		
Closing Stock		
Finished Goods own	40,355,937	18,288,371
Scrap	1,792,469	3,468,932
Less: Opening Stock		
Finished Goods	18,288,371	24,792,958
Scrap	3,468,932	1,564,474
EXCISE DUTY ON STOCKS		
Excise Duty on Opening Stock	1,747,270	2,388,225
Excise Duty on Closing Stock	4,215,631	1,747,270
	17,922,742	(3,959,175)
SCHEDULE 'K'		
MATERIAL CONSUMED		
Opening Stock	15,073,918	18,450,701
Add : Purchases & Expenses there on	490,502,630	733,478,204
	505,576,548	751,928,905
Less : Closing Stock	43,953,938	15,073,918
	461,622,610	736,854,987
SCHEDULE 'L'		
MANUFACTURING EXPENSES		
Wages & Contract Labour Charges	27,184,870	23,491,434
Power & Fuel	41,293,226	52,935,787
Stores consumed	49,264,528	82,261,643
Machinery repairs	1,832,956	1,364,217
Building Repairs	809,804	1,021,112
Hire charges	859,746	2,020,118
Repair Others	5,824	20,660
Testing & Inspection	94,123	33,834
Shifting Charges	1,101,276	798,104
Security Services	218,661	1,036,893
Total	122,665,014	164,983,802

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

PARTICULARS	Year Ended 31.03.2010	Year Ended 31.03.2009
SCHEDULE 'M'		
PAYMENTS TO EMPLOYEES		
Salary & Bonus	15,526,579	11,133,256
Company's Contribution to PF/ESI	1,928,634	1,822,543
Staff Welfare Expenses	3,191,114	3,242,024
Gratuity	756,507	422,208
	<u>21,402,834</u>	<u>16,620,031</u>
SCHEDULE 'N'		
FINANCIAL EXPENSES		
Bank Interest	-	-
Bank charges	12,691	102,931
Interest Others	4,484,503	5,456,689
	<u>4,497,194</u>	<u>5,559,620</u>
SCHEDULE 'O'		
ADMINISTRATIVE EXPENSES		
Directors Travelling Expenses	1,636,508	911,218
Travelling & Conveyance	2,528,055	2,076,088
Printing & Stationery	605,799	636,026
Telex & Telephone Expenses	432,509	507,929
Postage & Telegrams	23,931	21,817
Fees, Membership & Subscription	115,387	136,707
Insurance	571,621	561,071
Director Remuneration	1,554,138	1,232,313
Rent, Rates & Taxes	2,475,835	2,307,815
Electricity Charges	302,917	124,368
Professional & Consulting Fees	1,165,598	1,821,686
Legal Expenses	73,700	300
License Fees	160,159	167,382
Books & Periodicals	139,718	90,299
Donations	37,240	319,810
General Expenses	607,541	98,237
Repair Furniture	33,112	19,512
Repair General	1,082,236	883,376
Computer Charges	86,664	207,915
Audit Fees	185,450	152,875
Internal Audit Fees	340,000	-
Conference and Seminar	54,191	93,074
Filing and Lisiting Fees	41,431	56,652
Repair - electricals	622,674	1,560,581
Cleaning Charges	118,679	58,277
Office Exp / Pooja Exp	393,306	230,214
Penalty	274,606	-
Gifts & Presents	59,310	64,200
	<u>15,722,315</u>	<u>14,340,042</u>
SCHEDULE 'P'		
SELLING EXPENSES		
Advertisements	94,283	33,182
Sales Promotion	45,677	4,908
Brokerage & Commission	2,751,179	2,530,880
Tender Fees	-	-
Freight Charges	14,658,441	16,260,921
Jobwork Expenses	83,900	28,545
Round Off	45	-
Sales Discount	950,515	449,574
Sundry Balances Written off	-	-
	<u>18,584,040</u>	<u>19,308,010</u>

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

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 2010.**

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

The company has provided Rs.1.49 Lacs as deferred Liability in accordance with Accounting Standard -22 Accounting for Taxes on Income has been made on timing difference on account of Depreciation and gratuity at the Income tax rates prevailing during the year of Audit

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

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	
	2009-10	2008-09	2009-10	2008-09
Remuneration of Directors (See Note No.14)			1,554,138	1,232,313
Loans received	-	32,120,000	11,933,312	10,206,662
Directors Sitting Fees				
Repayment of Loans A.J.Menon	12,585,000		7,870,680	4,307,504
Share Capital Received				
Closing Balances	19,535,000	32,120,000	11,423,725	7,361,093
Unsecured Loans				
Sundry Creditors				

14. KEY MANAGEMENT PERSONAL AND THEIR REMUNARATION.

Remuneration to the Directors is Rs 15,54,138/- (Rs. 12,32,313)

Name	Designation	Total Remuneration paid during 2009-10 (Rs.)
1. Sh.Vinay Goyal	Managing Director	480000 (480000)
2. Sh.A.K.Das	Whole Time Director	418596 (363678)
3. Sh.S.N.Seshadri	Whole Time Director	655542 (388635)

15.EARNING PER SHARE

	Current Year	Previous Year
Basic & Diluted Earnings per share	8.41	26.66
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.16.60 lacs (Rs 31.35 lacs)
 - Excise duty demand under appeal Rs.414.15 lacs (Rs. 445.74 Lacs)
 - Non fulfilment of Export Obligation – Rs.196.30 lacs (Rs. 111.089 lacs)
 - Electricity Tax On Electricity Bill Rs.13.10 lakhs(NIL)
 - Maintenance Charges Claim raised by the Pondicherry Industrial Promotion Development and Investment Corporation Ltd Rs.8.80 Lakhs (NIL)
 - Panchayat Tax Claim raised by Villianur Commune Pachayat Rs.10.55 Lakhs (NIL)
 - Interest and Damages on Provident Fund for Rs.14.31 Lakhs (NIL)

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.

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

B. Quantitative Particulars

CAPACITY AND PRODUCTION

(As certified by the Management)

CAPACITY	YEAR ENDED 31.03.2010	YEAR ENDED 31.03.2009
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	13,429	18,007
b.GI Pipes	7,681	7,471
c.Skelp	9,489	12,930
JOB WORK	38,071	30,506
SKELP	3,915	553

b.TURNOVER

TUBE MILL	As at 31.03.2010		As at 31.03.2009	
	MTs	Rs.(lakhs)	MTs	Rs.(lakhs)
Black Pipes	5,865	2,072	10,892	5,228
GI Pipes	7,412	3,398	7,473	3,883
Scrap & Rejections	2,197	355	2,001	367
Job Work Done	-	1,148	-	1,410
Recoveries & Others	217	40	190	33
MS Flats	112	34	570	248
GI Flats	-	0	17	3

c. PURCHASES

TUBEMILL	As at 31.03.2010		As at 31.03.2009	
	MTs	Rs (Lakhs)	MTs	Rs (Lakhs)
Black Pipes	30	11	60	24
GI Pipes	12	5	18	9

The Unit of Measurement of Raw Material is Metric Tonnes. Whereas Finished Stocks & Sales is converted to Metric Tonnes as per Standard Table followed by the company.

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

c. STOCK	As at 31.03.2010		As at 31.03.2009	
	MTs	Rs.(lakhs)	MTs	Rs.(lakhs)
OPENING 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
Slitting Coil	-	-	216.130	79.17
ROLLING MILLS				
Skelp	18.735	5.34	162.562	58.43
CLOSING STOCK				
TUBE MILL				
Black Pipes [Own]	598.363	198.20	304.769	97.83
GI Pipes [Own]	475.652	205.36	194.654	79.71
Scrap & Recoveries	32.114	5.73	194.953	34.50
Sitting Coil	1,075.233	337.70	-	-
Zinc Recovery	32.104	12.20	-	-
ROLLING MILLS				
Skelp	-	-	18.735	5.34

d. QUANTITATIVE DETAILS OF RAW MATERIALS AS ON 31.03.2010

	Opening Stock		Purchases		Consumption		Closing Stock	
	Qty	Value	Qty	Value	Qty	Value	Qty	Value
Billets	476.354	119.12	10368.750	2,404.03	10844.759	2,523.08	0.345	0.07
Coil	0.000	-	18860.827	1,189.97	17785.594	852.27	1075233	337.70
Sockets	32.479	10.38	2.62	1.71	0	-	35.099	12.09
Zinc	29.706	21.24	705.023	573.40	667.405	504.96	67.324	89.68

e. EARNING IN FOREIGN CURRENCY

	31.03.2010	31.03.2009
Export Sales (C&F Value) USD	41358.08	-
INR	1890064	-

f. EXPENDITURE IN FOREIGN CURRENCY

For Imports on CIF Basis	Nil	Nil
For Overseas Travel	309,405	410,672

g. CIF Value of Imports

Raw Materials	NIL	NIL
Capital Goods and Spares	NIL	NIL

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

H. REMUNERATION TO AUDITORS

As Audit fee	Rs. 125,000/-	(Rs.100,000/-)
Tax Audit	Rs. 25,000/-	(Rs.25,000/-)
IT Matters	Rs.20,000/-	(Rs.12,475/-)
Service Tax	Rs.15,450/-	(Rs.15,450/-)

I. 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

J. GENERAL

Tax Deducted at Source from the payment to the Contractors, Professional charges, Commission and Rent amounting to Rs.20,32,807/- has been deposited within due date (except some delay in some cases).

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

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

M. 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.

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

Notes : Production of Skelp 9489 MTs and Black Pipe 13429 MTs and 7301 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.

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

Place : Chennai
Date : 29.05.2010

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

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	-	1	0
---	---	---	---	---	---	---	---

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

		2	5	2	3	5	4
--	--	---	---	---	---	---	---

Total Assets

		2	5	2	3	5	4
--	--	---	---	---	---	---	---

Sources of Funds

Paid up Capital

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

Reserves and Surplus

		9	3	4	9	2
--	--	---	---	---	---	---

Secured Loans

		5	9	5	3	5
--	--	---	---	---	---	---

Unsecured Loans

		4	1	6	8	0
--	--	---	---	---	---	---

Application of Funds:

Net Fixed Assets

		1	3	8	9	5	7
--	--	---	---	---	---	---	---

Investments

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

Net Current Assets

		-	1	2	7	6	1
--	--	---	---	---	---	---	---

Miscellaneous Expenditure

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

Accumulated Losses

		1	2	6	1	0	9
--	--	---	---	---	---	---	---

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

Turnover

		6	8	1	0	6	3
--	--	---	---	---	---	---	---

Total Expenditure

		6	4	4	4	9	4
--	--	---	---	---	---	---	---

Profit for the Year

		4	2	7	7	8
--	--	---	---	---	---	---

Profit for the Year

		4	2	7	7	8
--	--	---	---	---	---	---

Earnings per Share (Rs.)

				8	.	4	1
--	--	--	--	---	---	---	---

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
 As per our report of even date annexed

for and on behalf of the Board

for **ABHAY JAIN & CO.**,
 Chartered Accountant
 Sd/-

Sd/-
(VINAY GOYAL)
 Managing Director

Sd/-
(S.N.SESHADRI)
 Whole Time Director

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

A.K. JAIN
 Partner M.No. 70224

Place : Chennai
 Date : 29.05.2010

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

CASH FLOW STATEMENT

CASH FLOW FROM OPERATING ACTIVITIES

	As at 31-03-10	As at 31-03-09
NET PROFIT/ (LOSS) BEFORE TAXATION	42927276	135968493
Depreciation	[+] 6361406	[+] 5591010
Financial Expenses	[+] 4497194	[+] 5559620
Miscellaneous Income	[-] (1308738)	[-] (1436997)
Fringe Benefit Tax	[-] -	[-] (316824)
OPERATING PROFIT BEFOREWORKING CAPITAL CHANGE	[+] 52477138	145365303
WORKING CAPITAL CHANGE		
Increase [-] / Decrease[+] in Inventories	[+] (57168321)	[+] 15357449
Increase [-] / Decrease[+] in Debtors	[-] 169348596	[-] (143783575)
Increase [-] / Decrease[+] in Other Current Assets	[+] (16210615)	[+] 9293103
Increase [-] / Decrease[+] in Loan & Advances	[+] (6055183)	[+] 2409976
Increase [+] / Decrease [-] in other Current Liabilities	[+] (66513677)	[+] (2878879)
CASH GENERATED FROM OPERATIONS	23400800	(119601926)
Financial Expenses	[-] 4497194	[-] 5559620
Miscellaneous Income	[+] 1308738	[+] 1436997
NET CASH FLOW FROM OPERATING ACTIVITIES (A)	72689482	21640753
CASH FLOW FROM INVESTING ACTIVITIES		
Increase [-] / Decrease[+] in Fixed Assets	[-] (15114408)	[-] (10809562)
NET CASH FLOW USED IN INVESTMENT ACTIVITIES (B)	(15114408)	(10809562)
CASH FLOW FROM FINANCING ACTIVITIES		
Decrease [+] /Increase [-] in Unsecured Loan	[-] 46213247	[-] (78930998)
Decrease [+] /Increase [-] in Secured Loan	[+] 12585000	[+] 89900004
NET CASH FLOW USED IN FINANCING ACTIVITIES (C)	58798247	10969006
Net Increase / Decrease in Cash and Cash Equivalent	(1223172)	(137815)
Cash and Cash Equivalents as on at 01-04-09	2091690	2229505
Cash and Cash Equivalents as on 31-03-10	868518	2091690
	(1223172)	(137815)

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

for and on Behalf of the Board

Place : Chennai
Date : 29.05.2010

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 Crimson Metal Engineering Ltd.(formerly known as Sri Saarbati Steel Tubes Ltd.,) Chennai for the year ended 31-3-2010. 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 : 29.05.2010

for ABHAY JAIN & CO,
Chartered Accountants,
Sd/-
[A.K. JAIN]
Partner
M.No. 70224

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 26th annual general meeting of the company to be held on 27th September, 2010

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 : 27th September, 2010

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 26th Annual General Meeting of the Company to be held on Monday,
the 27th September, 2010 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.....2010.

- 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 20th September, 2010.
3. No gifts will be distributed in the name of AGM

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Chennai - 600 108.