

Coastal Corporation Ltd.

(Formerly known as Coastal Trawlers Ltd.)

Regd. Off. : 15-1-37/3, Nowroji Road, Maharaniipeta, Visakhapatnam - 530-002, INDIA
Phone : 0891-2567118, Cable : COASTAL, Fax : 0891-2567132
e-mail : coastal6@eth.net & ctl@sancharnet.in

Plant : Marikavalasa (V), Paradesipalem Panchayat, Visakhapatnam Dist.
Phone : 2739323

NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the **TWENTY-SEVENTH** Annual General Meeting of the Members of **COASTAL CORPORATION LIMITED** will be held on Saturday, the 27th day of September, 2008 at 10.30 A.M. at the Registered Office of the Company situated at 15-1-37/3, Nowroji Road, Maharaniipeta, Visakhapatnam - 530 002, Andhra Pradesh, India to transact the following business :

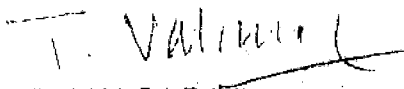
ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Annual Accounts consisting of Profit & Loss Account for the year ended 31st March, 2008 and the Balance Sheet of the Company as on that date, Schedules and Notes thereon together with the Reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Sri S.Rajaram, who retires by rotation and being eligible, offers himself for re-appointment.
3. To consider the re-appointment of Sri V.V.S. Bhagavan, Chartered Accountant, Hyderabad as Statutory Auditors to hold office from conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting at such remuneration as may be mutually agreed between the Board of Directors and the Auditors.

Regd. Office: 15-1-37/3
Nowroji Road, Maharaniipeta
Visakhapatnam - 530 002.

Place : Visakhapatnam
Date : 28.08.2008

By Order of the Board
For COASTAL CORPORATION LIMITED


(T. VALSARAJ)
MANAGING DIRECTOR

Coastal Corporation Ltd.

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NOTES :

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself/herself and such proxy need not be a member of the Company. Proxies in order to be effective, must be received by the Company not less than 48 hours before the meeting.
2. The Register of Members and Share Transfer Books of the Company will remain closed from 24th September, 2008 to 26th September, 2008 (both days inclusive)
3. Members desiring to seek any information on the annual accounts are requested to write to the Company's Compliance Officer at least seven days in advance of the meeting so that the information can be made available at the meeting.
4. The members are requested to intimate to the Company any change of their address quoting their Share Ledger Folio No(s).
5. Members / Proxies shall bring attendance slips filled in and duly signed for attending the meeting.

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DIRECTOR'S REPORT

To

The Members
COASTAL CORPORATION LIMITED
VISAKHAPATNAM - 530 002.

Your Directors have pleasure in presenting the **TWENTY-SEVENTH** Annual Report on the business and operations of the Company together with the Audited Statement of Accounts for the Financial Year ended 31st March, 2008 and the report of the Auditors thereon.

1. FINANCIAL RESULTS :

	Year Ended 31.03.2008	Year Ended 31.03.2007
Sales	19,76,94,793-00	27,29,59,831-00
Work Contract Receipts	2,85,07,827-00	4,73,06,801-00
Interest	1,07,651-00	2,31,375-00
Other Income	2,69,19,794-00	1,67,28,613-00
Total Income	25,32,30,065-00	33,72,26,620-00
Less : Expenditure	24,46,32,516-00	31,77,81,840-00
Profit before Depreciation and Taxation	85,97,549-00	1,94,44,780-00
Less : Depreciation	28,33,030-00	30,09,474-00
Profit before Taxation	57,64,519-00	1,64,35,306-00
Less: Provision for Tax	8,98,313-00	20,81,886-00
Net Profit for the Year	48,66,206-00	1,43,53,420-00

2. REVIEW OF OPERATIONS :

During the year under report, the Company has earned an income of Rs. 25,32,30,065/- as compared to Rs. 33,72,26,620/- during the previous year and the expenditure incurred amounted to Rs. 24,46,32,516/- as against Rs. 31,77,81,840/- during the previous year. The depreciation provided for the reporting year was Rs. 28,33,030/- as compared to Rs. 30,09,474/- during the previous year. Hence, Net Profit after tax was amounted to Rs. 48,66,206/- as compared to Rs. 1,43,53,420/- during the previous year.

The turnover and profit was declined due to the present sluggish market conditions in sea food industry and economic crisis at global level in all sectors. However, the Board has taken the required steps for effective operations with cautious approach for increasing the business of the company in coming years.

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3. DIVIDEND :

In view of meeting the working capital requirements for the business in view of the present financial scenario and also in order to conserve the resources for future requirements & plans, your Directors have not recommended any dividend for the financial year ended March 31, 2008.

4. CREDIT & GUARANTEE FACILITIES :

The Company has been availing Packing Credit limits and Term Loan facilities from Bank of India, Overseas Branch, Visakhapatnam from time to time and Centurion Bank of Punjab Ltd and ICICI Bank Limited for other term loans for the business requirements.

5. DEPOSITS :

The Company has not invited or accepted any Deposits from the public during the Financial year.

6. INSURANCE :

All the assets of the Company wherever necessary and to the extent required have been adequately insured.

7. EMPLOYEE RELATIONS :-

The relations with the employees have been very cordial. The Board wishes to express their appreciation to all the employees for their contribution, commitment and hard work for the growth and development of the Company. Further, the Company has been in touch relating to recruitment of required personnel from time to time.

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

Particulars of employees as required by the Provisions of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 are not given as your Company has not paid any remuneration attracting these provisions.

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9. PARTICULARS REGARDING ENERGY CONSERVATION, TECHNOLOGY ABSORPTION ETC :

Information regarding Energy Conservation and Technology Absorption required to be disclosed under section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988 is Nil as the Company has given the Plant on lease basis and the present operation of the Company involve low energy consumption. Adequate measures have, however, been taken to conserve energy. However, the Company has access regarding Conservation of Energy and Technology Absorption, wherever it is applicable.

10. FOREIGN EXCHANGE EARNINGS AND OUTGO :

During the period under review, the Company has earned Foreign Exchange to the tune of Rs.19,04,78,556/- (FOB) and has not incurred any amount in Foreign Exchange.

11. DIRECTORS' RESPONSIBILITY STATEMENT :

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956 with respect to Directors Responsibility Statement, it is hereby confirmed that :

- i. in the preparation of the annual accounts for the year ended 31st March, 2008, the applicable accounting standards had been followed along with proper explanation relating to material departures ;
- ii. the Directors have 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 as on 31st March, 2008 and of the profit or loss of your Company for that period;
- iii. the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities, and;
- iv. the Directors had prepared the annual accounts for the financial year ended 31st March, 2008 on a going concern basis.

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12. THE BOARD :

The Board of Directors of the Company is duly constituted. Sri S.Rajaram, Director of the Company retires by rotation at the forthcoming Annual General Meeting and being eligible, offers himself for re-appointment.

The Board confirms that none of the Directors of the Company is disqualified from being appointed as Director in terms of clause (g) to sub-section (1) of Section 274 of the Companies Act, 1956 and necessary declarations have been obtained from all the Directors in this regard.

13. CORPORATE GOVERNANCE:

Corporate Governance is given as an Annexure to the Directors' Report.

14. MANAGEMENT DISCUSSION AND ANALYSIS :

This has been dealt with in the separate Annexure to this Report.

15. COMPLIANCE CERTIFICATE :

The Compliance Certificate referred to in the proviso to sub-Section (1) of Section 383A of the Companies Act, 1956 was obtained.

16. AUDIT COMMITTEE :

As required under Clause 49 of the Listing Agreement, an Audit Committee was constituted by the Board and the present members of the Audit Committee are as under:

1. Sri G.V.V. Satyanarayana
2. Sri K.Venkateswara Rao
3. Smt. Jeeja Valsaraj

17. AUDITORS :

The present Statutory Auditors of the Company Sri V.V.S. Bhagavan, Chartered Accountant, Hyderabad, retire at the conclusion of the ensuing Annual General Meeting and being eligible for re-appointment. The Company has received a letter from them to the effect that their appointment if made, would be within the limits prescribed under Section 224(1-B) of the Companies Act, 1956 and that they are not disqualified for such appointment within the meaning of Section 226 of the Companies Act, 1956. The Audit Committee and the Board of Directors recommend the appointment of Sri V.V.S. Bhagavan, Chartered Accountant, Hyderabad as Statutory Auditor of the Company for the financial year 2008-09.

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18. STATUTORY COMPLIANCE :

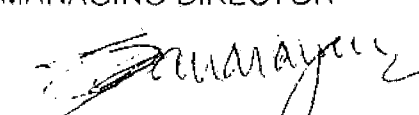
The Company has complied with the concerned provisions relating to statutory compliance with regard to the affairs of the Company in all aspects.

19. ACKNOWLEDGEMENTS :

Your Directors wish to place on record their appreciation of the continuous assistance and co-operation extended to your Company by the Customers, suppliers, dealers, Bankers, Customs Authorities, Local Bodies, Overseas Bodies & Authorities and other Agencies. Your Directors also wish to acknowledge the continued support and confidence reposed in the management by the shareholders. Your Directors also wish to place on record and sincerely acknowledge the services rendered by the employees at all levels. Thanks are also extended to our advisors, professionals and well-wishers.

By Order of the Board
For COASTAL CORPORATION LIMITED


(T. VALSARAJ)
MANAGING DIRECTOR


(G.V.V. SATYANARAYANA)
DIRECTOR

Place : Visakhapatnam
Date : 28.08.2008

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ANNEXURE TO DIRECTORS' REPORT

MANAGEMENT DISCUSSION AND ANALYSIS :

The Eleventh Five Year Plan (2007-2008 to 2011-2012) has set a healthy target of average 9% growth in GDP, following average 8.6% growth achieved in last 4 years. The Indian economy has confidently moved to higher growth plane in the current fiscal year 2007-2008 by recording growth over 8.5%. Macro economic fundamentals continue to inspire confidence of the industry players and are likely to support the investment momentum in the economy. The industrial sector, particularly the manufacturing and construction sectors have surpassed growth expectations set in the Tenth plan. While manufacturing sector has grown at an average rate of 9.1% during the last 5 years, the construction sector recorded an impressive 10.8% growth during the same period.

Continued inflationary tendencies in the economy are impacting the business sentiments. With a shortfall in domestic supply and hardening of oil prices, the prices of commodities including food have risen sharply, contributing to the present spurt in inflation.

Inclusive development of the economy, supported by a strong infrastructure is a pre-requisite for sustaining the growth momentum and improving an all-round quality of life. The challenges in realizing this goal are quite immense, ranging from physical process of land acquisition for rapid industrialization to more complex challenges of project financing and environment management. With the Government commitment to a faster pace of reform and creating a slew of world-class infrastructure, the industrial outlook remains encouraging.

As a positive indication towards this, the country has witnessed a rapid increase in private investment in infrastructure over the last five years. The estimated investment in infrastructure has now been pegged at USD 500 billion by the end of the Eleventh Five Year Plan. This is both a challenge and an opportunity for the Government as well as for the private sector in the years to come.

INDUSTRY STRUCTURE AND DEVELOPMENT:

SEAFOODS:

India seafood exports touched an all-time high of \$1,899 million in 2007-08, registering a 2.5 per cent increase over the previous year. However, when compared to 2006-07 the quantity of exports fell by 11.6 per cent to 541,701 tonne. The exports in rupee terms also fell by 8.9 per cent to Rs 7,620.92 crore.

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European Union emerged as the major market for Indian marine products accounting for 27.6 per cent of the total quantity exported. In value terms, the share stood at 35 per cent. Japan, which continued to be the second largest market, accounting for 12.4 per cent in quantity and 13.3 per cent in value.

USA occupied the third slot accounting for 6.76 per cent of the quantity and 13.33 per cent in value. China which was the fourth-largest market for Indian seafood in 2007-08. Among the various product groups, frozen shrimps had a share of 52 per cent, while frozen fish had a 17 per cent share. Frozen cuttle fish had a 10 per cent share of the seafood export market.

The target fixed for the current year stood at \$1.85 billion. Lesser fish landings and lower aquaculture production were the main reasons for the decline in exports as per the Chairman of Marine Products Export Development Authority. Overall production from export oriented aquaculture during 2007-08 stood at 133,422 ton as compared to previous year's production of 174,462 tons.

Steady growth is anticipated during the coming years due to rapid expansion taking place in the production front through shrimp farming and introduction of several resource specific vessels to enlarge the marine fish landings.

According to the projections by the FAO, the demand, per capital consumption and total consumption of seafood will increase in the next three decades, would capture fisheries will stagnate while aquaculture production is projected to increase, driven by the increase in production in China. It is projected that by the year, 40% of the world production of fish will be from aquaculture. India will be no exception. India, with its vast and diverse aquaculture potential can therefore aspire to become a world leader of seafood exports by resorting to diversified and sustainable aquaculture.

CONSTRUCTION:

The 11th Five-year Economic Plan estimates a capital requirement of about US\$320 billion to be spent over the planned period for improving roads, railways, ports, power water systems and related projects. This is policy initiative in the right direction and would raise infrastructure spending from the current 5% of GDP to about 9% in the financial year 2012.

It is estimated that atleast that 30% of the planned infrastructure expenditure shall be met through private sector participation. The private sector participation in infrastructure is being pursued through innovative routes and combination thereof, including Public-Private Partnership (PPP), formation of special purpose vehicles and provision of viability gap funding.

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PPP involves long term contracts between the Government and private sector entities detailing the rights and obligation of both parties. PPP framework offers significant advantages in terms of sharing risks, lowering the cost of provisions of services to users and also ensures the continued support of the Government through out the project life, as essential ingredient for successful implementation of infrastructure projects in the country. In order to attract the PPP, the Government is undertaking various initiatives at the highest level.

The Company has been exploring the emerging opportunities in the infrastructure sector and is optimistic about opening up of the infrastructure sector to enable the private players to make a contribution to the development of the country. As part of its long term strategy, the Company is more focused on the infra based projects.

RISKS & CONCERNS:

The Company is exposed to changes in Trade, Monetary and Fiscal policies of the countries in which operations of the Company related and also to other global economic developments. A significant part of the Company's income and revenues is sea foods and work contract receipts. The Company is vulnerable to the pace of economic reforms and deregulations being pursued by the Indian Government. In recent years, India's liberalized regime has created opportunity and also increased competition in the construction business, which have been significant interest of foreign players.

The threats are high to the much developed and established participants in both sectors, particularly in sea food sector and further the downturn in economic scenario gives signals for affecting all industrial and related sectors including infra based projects.

In view of these and present economic crisis, the Board has taken the required measures with cautious approach for effective operations which will certainly protect the interest of the Company in all aspects.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY :

The Company has adequate internal control systems and other related systems that define roles and responsibilities of personnel at various levels of the organization for their respective functional responsibilities. These systems facilitate effective checks and controls as well as tight monitoring on a continuous basis. The internal controls of the company are designed to provide reasonable assurance regarding the achievement of the effectiveness and efficiency of operations, adequacy of safeguard of assets, are liability of financial controls. The integrity and reliability of the internal controls are achieved through clear policies and procedures.