

COASTAL CORPORATION LIMITED



**32nd Annual Report for the year ending
31st March, 2013**

COASTAL CORPORATION LIMITED

COASTAL CORPORATION LIMITED
VISAKHAPATNAM

32nd ANNUAL GENERAL MEETING
ON 27TH SEPTEMBER'2013 at 10.30 A.M.

at

D.No.6-42, Besides Toyota Showroom, Marikavalasa,
Visakhapatnam-530 041, Andhra Pradesh, India

BOARD OF DIRECTORS

Mr. T.Valsaraj	Managing Director
Mr. G.V.V.Satyanarayana	Director - Finance
Mr. S.Rajaram	Director
Mrs. Jeeja Valsaraj	Director
Mr. K.Venkateswara Rao	Director
Mr. Dilip Anant Bhiwalkar	Director

Auditors :

CA V.V.S.Bhagavan
Chartered Accountant
Hyderabad

BANKERS :

Bank of India
Main Branch
Visakhapatnam.

REGISTERED OFFICE :

D.No. 15-1-37/3, JAYAPRADAAPARTMENTS,
NOWROJI ROAD, MAHARANIPETA,
VISAKHAPATNAM-530 002, ANDHRA PRADESH, INDIA
Phone : 0891-2567118, 2552556 Fax : 0891 - 2567132
Email : coastal5@eth.net : cclinvestors@gmail.com
Company Website : www.coastalcorp.in

COASTAL CORPORATION LIMITED

NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the **THIRTY SECOND** Annual General Meeting of the Members of **COASTAL CORPORATION LIMITED** will be held on **Friday, 27th day of September'2013 at 10.30 A.M.** at the Plant Office of the Company situated at **D.No.6-42, besides Toyota Showroom, Marikavalasa, Visakhapatnam-530 041, Andhra Pradesh, India.**

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Annual Accounts consisting of the Profit & Loss Account for the year ended 31st March, 2013 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 Kamireddi Venkateswara Rao, who retires by rotation and being eligible, offer himself for re-appointment.
3. To consider the re-appointment of CAV.V.S.Bhagavan, Chartered Accountants, Hyderabad as Statutory Auditors of the Company 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 to between the Board of Directors and the Auditors.

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

By Order of the Board
for Coastal Corporation Limited

Sd/-
(T.Valsara)
Managing Director

Place : Visakhapatnam
Date : 28.08.2013

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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 18.09.2013 to 26.09.2013 (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.
6. Members are requested to kindly register their e-mail-id with the company as you are aware that the Ministry of Corporate Affairs has taken a "Green initiative with regard to "Corporate Governance" by allowing paperless compliance by the companies and clarified that the service of documents by Companies to shareholders can be made through electronic mode. In compliance thereof, your company proposes to implement the same by sending the Annual report, notice of Meetings and other communications to shareholders in electronic mode to the e-mail address provided by them through company email id cclinvestors@gmail.com

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DIRECTOR'S REPORT

To

The Members
Coastal Corporation Limited
Visakhapatnam.

Your Directors have pleasure in presenting the Thirty Second Annual Report on the business and operations of the Company together with the Audited Statement of Accounts for the Financial Year ended 31st March, 2013 and the report of the Auditors thereon:

1. FINANCIAL RESULTS :

	Year Ended 31.03.2013 Rs.	Year Ended 31.03.2012 Rs.
Sales	143,14,60,283	69,49,38,739
Interest	5,32,501	14,72,786
Other Income including Operating Income	15,41,28,435	6,51,47,336
Total Income	158,61,21,219	76,15,58,861
Less : Expenditure	149,38,20,496	68,66,01,493
Profit before Depreciation and Taxation	9,23,00,723	7,49,57,368
Less : Depreciation	1,00,19,198	48,29,506
Profit before Taxation(i)	8,22,81,525	7,01,27,862
Tax Expenses		
Less: Provision for Tax	2,74,56,533	2,31,91,914
Less : Dividend on Preference Shares	27,34,106	—
Total tax Expense and Preference Dividend (ii)	3,01,90,639	2,31,91,914
Less: Prior Period Adjustments (iii)	5,890	3,683
Net Profit After Tax & Prior period adjustments (a) = (i)+(ii)+(iii)	5,20,84,996	4,69,32,265
Balance brought forward from last year(b)	7,40,01,067	3,70,68,802
Less : Transfer to General Reserve(c)	1,00,00,000	1,00,00,000
Less : Transfer to Capital Redemption Reserve(d)	1,30,00,000	—
Balance Carried to Balance Sheet(a+b-c-d)	10,30,86,063	7,40,01,067

2. REVIEW OF OPERATIONS :

During the year under review, the Company has earned an income of Rs.158,61,21,219/- as compared to Rs. 76,15,58,861/- during the previous year and the expenditure incurred amounted to Rs. 149,38,20,497/- as against Rs. 68,66,01,493/- during the previous year. The depreciation provided for the reporting year was Rs. 100,19,198/- as compared to Rs. 48,29,506/- during the previous year. Hence, Net Profit after tax was amounted to Rs.5,20,84,995/- as compared to Rs. 4,69,32,265/- during the previous year.

The efforts of Managerial Directors & Key Managerial Personnel have been continuing for effective operations and increasing the business of the company by improving the exports. The Company has identified viable parties for increasing the exports and the business of the company. Hence, the Company expects more profits in the years to come.

3. DIVIDEND:

The Company has not recommended any dividend for equity shares in view of maintaining sound cash liquidity position for immediate requirements of the business, working capital for increasing the business of the Company, commencement of Production at new modern food processing unit at P.Dharmavaram village at Yelamanchili, Visakhapatnam District, Andhra Pradesh and also to strengthen the network and reserves of the Company.

The Company has declared Dividend on 6.5% Redeemable Preference Shares on redemption an amount of Rs. 27,34,106/- out of the Profits.

4. CREDIT & GUARANTEE FACILITIES:

The Company has been availing Packing Credit limits and Term Loan and other facilities from Bank of India, Main Branch, Visakhapatnam.

5. AWARDS/CERTIFICATIONS:

- (a) The Company has been awarded an NSIC-CRISIL Performance and Credit Rating of NSIC-CRISIL SE 1B indicates 'Highest Performance Capability and Moderate Financial Strength' issued by CRISIL.

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(b) CRISIL has assigned CRISIL BB+/Stable Credit Rating for Bank Loan facilities for Long Term Loan and CRISILA4+ Credit Rating for short term Loan facilities provided by the Bank.

(c) FAPCCI has chosen Coastal Corporation Ltd., for the most coveted and sought after Award, "Excellence in Export Performance (SSI) for the year 2011-2012 (Raja Saheb of Itkyl Silver Rolling Trophy - Instituted by Sri Ch.Venkateshwar Rao, Past-President, FAPCCI).

6. DEPOSITS:

The Company has not accepted any Deposits from the public attracting the provisions of Section 58A of the Companies Act, 1956 during the financial year.

7. INSURANCE:

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

8. EMPLOYEE RELATIONS:-

The relationship with the staff and workers continued to be cordial during the year. The Directors wish to place on record their appreciation of the valuable work done and co-operation extended by them at all levels. Further, the Company has been in touch relating to recruitment of required personnel from time to time.

9. 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.

10. PARTICULARS REGARDING ENERGY CONSERVATION, TECHNOLOGY ABSORPTION ETC:

Your Company continues to explore all possible avenues to reduce energy consumption.

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As your Company is covered in the Schedule to the Companies (Disclosures of Particulars in the Report of the Board of Directors) Rules, 1988, read with Section 217(1)(e) of the Companies Act, 1956, the details under Form 'A' are furnished as an Annexure-I.

11. FOREIGN EXCHANGE EARNINGS AND OUTGO:

In accordance with the provisions of Section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, the information relating to foreign exchange earnings and outgo is provided as under

Particulars	2012-2013 Rs.	2011-12 Rs.
Foreign Exchange Earnings (FOB)	96,26,31,954/-	67,77,09,368/-
Expenditure incurred in Foreign Currency :		
1. Antidumping Fee	95,96,139/-	34,65,549/-
2. Marine Rejection Insurance	52,51,320/-	55,18,512/-
3. Export Claims	6,78,566/-	1,28,582/-
4. Commission	3,32,247/-	2,15,472/-

12. 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, 2013, 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 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 as on 31st March, 2013 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;

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- iv. The Directors had prepared the annual accounts for the financial year ended 31st March, 2013 on a going concern basis.

13. THE BOARD:

The Board of Directors of the Company is duly constituted. Sri Kamireddi Venkateswara Rao, 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.

14. CORPORATE GOVERNANCE:

Corporate Governance is given as an Annexure-II.

15. MANAGEMENT DISCUSSION AND ANALYSIS:

This has been dealt with in the separate Annexure-III.

16. COMPLIANCE CERTIFICATE:

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

17. INTERNAL AUDIT:

The Internal Audit of the Company is done by CA.R.S.V.Raman, Chartered Accountant, Visakhapatnam, who is acting in independent manner and also responsible for regulatory and legal requirements relating to operational processes and internal systems. He reports directly to the Board of Directors.

18. AUDITORS:

The present Statutory Auditors of the Company CA 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 him to the effect that his appointment

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if made, would be within the limits prescribed under Section 224(1-B) of the Companies Act, 1956 and that he is 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 CA V.V.S. Bhagavan, Chartered Accountant, Hyderabad as Statutory Auditors of the Company for the financial year 2013-14.

19. AUDITORS' REPORT:

The Auditor's Report is self Explanatory and does not require any comments from the Board of Directors.

20. COST ACCOUNTING RECORDS

Cost Accounting Records for the Financial Year under review were maintained as per Cost Accounting Records Rules. M/s. A.S.Rao & Co., Cost Accountants, Visakhapatnam were appointed as Cost Auditors of the Company pursuant to section 233B(2) and in accordance with the Provisions of sub-section(1B) of Section 224 of the Companies Act, 1956 and with the approval of Central Government to Audit the Cost Accounts for the financial year ended 31st March 2013.

The report for the year ended 31st March 2013 will be filed on or before 15th September 2013.

21. 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.

22. 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, Financial Institutions, Customs Authorities, Local Bodies, Overseas Bodies, other Corporate Bodies & Authorities and other Agencies. Your Directors also have pleasure in placing on record their appreciation for the assistance extended by the Company's Bankers viz. Bank of India, Main Branch, Visakhapatnam. 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