

22ND ANNUAL REPORT 2002-2003



COASTAL TRAWLERS LIMITED

CERTIFIED TRUE COPY

For COASTAL TRAWLERS LTD.

A handwritten signature in black ink, appearing to be 'S. Sanyal', is written over the printed text 'For COASTAL TRAWLERS LTD.'.

COASTAL TRAWLERS LIMITED

VISAKHAPATNAM

Board of Directors

Sri T. Valsaraj	Managing Director
Sri S. Rajaram	Executive Director
Sri K. Haribabu	Director
Sri G.V.V. Satyanarayana	Director

Bankers

Bank of India
Visakhapatnam Overseas Branch
Visakhapatnam

Auditor

Mr V.V.S. Bhagavan
Chartered Accountant
7-1-59/4 & 8, Ameerpet
Hyderabad - 500 016

Registered & Administrative Office

15-1-37/3, Nowroji Road, Maharani-peta
Visakhapatnam 530 002.

Coastal Trawlers Ltd.

GOVT. OF INDIA RECOGNISED EXPORT HOUSE

Regd. Off. : 15-1-37/3, Nowroji Road, Maharani-peta, Visakhapatnam - 530 002, INDIA

Phone : 0891-2567118, Cable : COASTAL, Fax : 0891-2567132

e-mail : ctl@sancharnet.in & coastalvizag@yahoo.com

Plant : Marikavlasa (V), Paradesipalem Panchayat, Visakhapatnam Dist.

Phone : 2739323

NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the **TWENTY-SECOND** Annual General Meeting of the Members of **COASTAL TRAWLERS LIMITED** will be held on **Tuesday, the 30th day of September, 2003 at 3.30 P.M.** at the Registered Office of the Company situated at 15-1-37/3, Nowroji Road, Maharani-peta, Visakhapatnam - 530 002, Andhra Pradesh, India.

ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Annual Accounts consisting of the Profit & Loss Account for the period ending 31st March, 2003 and the Balance Sheet as on that date, Schedules and Notes together with the Directors' Report and Auditors' Report thereon.
2. To appoint a Director in place of Sri K. Hari Babu, 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 the conclusion of this Annual General Meeting till the date of conclusion of the next Annual General Meeting and to fix the remuneration.

Regd. Office:-

15-1-37/3, Nowroji Road,
Maharani-peta,
Visakhapatnam - 530 002,
Andhra Pradesh.

Place: Visakhapatnam

Date : 30.08.2003.

By Order of the Board
for **COASTAL TRAWLERS LIMITED**



(T. VALSARAJ)
MANAGING DIRECTOR

NOTE :

1. A member entitled to attend and vote at the above 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 Book remain closed from 25-9-03 to 27-9-03 (both days inclusive).
3. Members are requested to intimate to the Company any change of address quoting their Share Ledger Folio No(s).

**GOVT. OF INDIA RECOGNISED EXPORT HOUSE**

Regd. Off : 15-1-37/3, Nowroji Road, Maharani Peta, Visakhapatnam - 530 002, INDIA

Phones : 567127, 567118; Cable : COASTAL; Fax No : 0891 - 567132

e-mail : cti@sancharnet.in & coastalvizag@yahoo.com

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

Phone : 739323, Fax : 739626

DIRECTORS' REPORT

To

The Members

COASTAL TRAWLERS LIMITED

VISAKHAPATNAM.

Your Directors have pleasure in presenting the **TWENTY-SECOND** Annual Report on the business and operations of your Company together with the Audited Statement of Annual Accounts for the period beginning with **1-7-02 and ending on 31st March, 2003**.

1. FINANCIAL RESULTS:

		Period ending 31.03.2003 Rs.	Year ending 31.06.2002 Rs.
		-----	-----
Income	-	16,79,07,248	36,92,03,302
Expenditure	-	17,14,58,331	38,49,27,024
Profit/(Loss) before Depreciation	-	(35,51,083)	(1,57,23,722)
Less: Depreciation	-	13,85,825	15,81,591
Net Profit/(Loss) for the year	-	(49,36,908)	(1,73,05,313)

2. REVIEW OF OPERATIONS :

During the year under review, the Company has earned an income of Rs.16,79,07,248/- as compared to Rs.36,92,03,302/- during the previous year and the Expenditure incurred amounted to 17,14,58,331/- as compared to Rs.38,49,27,024/- during the previous year. Hence, the loss before Depreciation was Rs.35,51,083/- as against Rs.1,57,23,722/- during the previous year. As a result, there was a Net Loss during the year amounting to Rs.49,36,908/- as against Rs.1,73,05,313/- during the previous year.

The Company was forced to stop its operations of processing, exports, trading and other allied services with effect from 10.09.2002. Your Directors, however revived some operations during June, 2003 and will gradually improve as early as possible.

3. OUTLOOK:

The present market conditions are not favourable in many aspects. Now the equations and combinations of many big Industrial Groups, Multi National Companies, Marketing Strategies, Political and Economic Policies, Liberalised systems changed the Industrial scenario at Global level. Accordingly, your Directors visualised that there is no alternative, except diversification

into other fields which are viable and inevitable to carry on the business and accomplish the corporate goals. Hence, the Company will enter into:

- a. new export avenues, i.e., Agro products & produce and consumer goods
- b. Shippers, shipping agents, ship operators & contractors,
- c. civil, structural, infra projects, technology parks, interlinking waterways and other related works,
- d. to set up power projects and
- e. petroleum refineries, petroleum tanker products and all kinds of gases & oils.

Based on the aforesaid facts and proposals, the Company expects bright future in coming years.

4. DIVIDEND

Yours Directors have not recommended any dividend.

5. DEPOSITS :

The Company has not accepted any Fixed Deposits from the Public during the period under review.

6. CREDIT AND GUARANTEE FACILITIES:

The Company has been availing all types of credit and guarantee facilities as may be required, for the business of the Company from Bank of India, Overseas Branch, Visakhapatnam from time to time.

7. INSURANCE :

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

8. EMPLOYEE RELATIONS :

Employee relations are cordial at all levels.

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 nil as your Company has not paid any remuneration attracting these provisions.

10. INFORMATION IN ACCORDANCE WITH THE PROVISIONS OF SECTION 217(1)(e) OF THE COMPANIES ACT, 1956 READ WITH COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF THE BOARD OF DIRECTORS) RULES, 1988 :

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 annexed hereto (Annexure-I) and forms part of this report.

11. FOREIGN EXCHANGE EARNINGS AND OUT GO :

During the period under review, the Company has earned Foreign Exchange to the tune of Rs.13,85,48,347 (FOB). The Company has not incurred any expenditure in Foreign Exchange.

12. STATUTORY COMPLIANCE:

The Company has complied with the concerned provisions relating to Statutory Compliance with regard to the affairs of the Company.

13. DIRECTORS' RESPONSIBILITY STATEMENT :

In accordance with the provisions of Section 217(2AA) of the Companies Act, 1956 relating to Director's Responsibility, it is hereby confirm :

- (a) that in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (b) that the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the Financial Year and of the profit or loss of the Company for that period;
- (c) that the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (d) that the Directors had prepared the annual accounts on a going concern basis.

14. CORPORATE GOVERNANCE:

As required under Clause 49 of the Listing Agreement, Reports on Management Discussion and Analysis and Corporate Governance together with the relevant Certificate on limited review by a Chartered Accountant are given separately which form part of this Annual report.

15. THE BOARD :

Sri K. Hari Babu, Director of the Company retires by rotation at the forthcoming Annual General Meeting and being eligible offers himself for re-appointment.

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 K. Haribabu
2. Sri G.V.V.Sartyanarayana
3. Sri S. Rajaram

17. AUDITORS :

The Statutory Auditors of the Company, Sri V.V.S. Bhagavan, Chartered Accountant, Hyderabad, retire at the conclusion of the ensuing Annual General Meeting and are recommended for re-appointment in accordance with the provisions of the Companies Act, 1956.

18. 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 the same is attached with this Report.

19. ACKNOWLEDGEMENTS :

Your Directors express their gratitude to all the shareholders of the Company for the confidence reposed in the management. They wish to place on record their appreciation of the Whole-hearted assistance, support and co-operation received by the Company from shareholders, bankers, customers, customs authorities, Government and other agencies and the Public and look forward to their support in coming years also. Your Directors also wish to thank all the employees of the Company at all levels for their sincere services. Thanks are also due to our valued advisors and well-wishers.

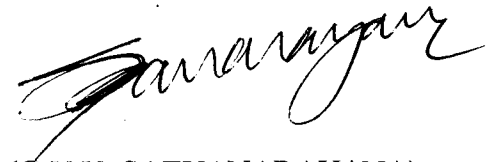
By Order of the Board
for COASTAL TRAWLERS LIMITED

1)



(T. VALSARAJ)
MANAGING DIRECTOR

2)



(G.V.V. SATYANARAYANA)
DIRECTOR

Place: Visakhapatnam
Date : 30.08.2003.

ANNEXURE TO DIRECTORS' REPORT**CORPORATE GOVERNANCE****MANAGEMENT DISCUSSION AND ANALYSIS:**

As the market conditions in the present lines of activity are not favourable, your directors have discussed at length the pros and cons of starting business in various other fields and accordingly added several new avenues of activity to the existing objects. All the operations of the Company which were stopped since 10-9-02 and some operations were again started and the balance planned to be started as early as possible depending upon the market conditions.

INDUSTRY STRUCTURE AND DEVELOPMENT

The market trends are not favourable globally in many aspects, many big industrial groups and even multinational companies are switching over to new avenues or amalgamating with similar industrial companies so as to achieve better market control and more economic operations.

SEGMENTWISE PERFORMANCE**MARKET FOR SHRIMP:**

During the nine month period under report the market conditions for shrimp were very unfavourable. The Company could achieve a market share of Rs.14,61,23,405/- as against Rs.34,69,35,788/- during the previous year.

MARKET FOR SHRIMP FEED

During the period under report the Company achieved a better performance in the sales of Shrimp Feed. The sales amounted to Rs.98,77,794/- as against Rs.19,43,109/- during the previous year. Your Directors expect further improvement in the market in the years to come.

OUTLOOK

With the diversification of activities to many new avenues, your Directors are concentrating in the new markets and expecting better results in the years to come.

RISKS AND CONCERNS

The Company's revenues depend upon the national and international market trends which are widely fluctuating. However, your Directors' varied experience and long presence in the market may enable it to compete effectively in the market and get assured and enhanced share in the market. The Company continues to follow a suitable strategy to modify its risk profile by significantly reducing the business risks.

// 2 //

INTERNAL CONTROL SYSTEM

The Company has a proper and adequate system of internal controls to ensure that all the assets and properties are adequately safeguarded and protected against unauthorised use or disposition and all the transactions are properly recorded and reported.

FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE:

These details have been dealt with in the Directors' Report.

HUMAN RESOURCES DEVELOPMENT/INDUSTRIAL RELATIONS

Human Resources Development is an important factor for the prospects of the Company. The employees are adequately motivated and have been contributing for the growth of the Company. The industrial relations continue to be cordial. As on 31-3-03 the company has an employee strength of 15 (Fifteen).

COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE:

Your Company always believes that good corporate governance ensures proper and adequate protection on the interests of all the stake-holders in the Company. The Company affirms that healthy corporate governance leads to operations and actions which serve the underlying goal of continuously enhancing the value that the Company can create for the stake-holders including Shareholders, employees, customers, suppliers, lenders, Government and other concerned parties.

BOARD OF DIRECTORS

(a) Composition and category of Directors:

As on 31-3-2003 the strength of the Board of Directors is 4 and its composition is as follows:

Promoter & Managing Director

Shri T.Valsaraj

Non-Executive Independent Directors

Sri K.Haribabu
Sri S.Rajaram, and
Sri G.V.V.Satyanarayana

(b) BOARD MEETINGS & RELATED INFORMATION:

Name of Director	Attendance		In other Companies		
	Board Meetings	General Meetings	Director/Committee Member/Chairman		
Sri T.Valsaraj	10	1	4	--	--
Sri K.Haribabu	10	1	1	--	--
Sri S.Rajaram	10	1	-	--	--
Sri G.V.V.Satyanarayana	10	1	3	--	--

(c) AUDIT COMMITTEE:

The Audit Committee as on 31st March, 2003 comprised of the following Directors:

1. Sri K.Haribabu Chairman, Audit Committee
2. Sri S.Rajaram Member
3. Sri G.V.V.Satyanarayana Member

In accordance with Clause 49 of the Listing Agreement, the terms of reference stipulated by the Board to the Audit Committee are as follows:

- (1) Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement(s) is/are correct, sufficient and credible.
- (2) Recommending the appointment and removal of external auditor, fixation of audit fee and also approval for payment for any other services.
- (3) Reviewing with management Annual Financial statements before submitting to the Board.
- (4) Reviewing with the management, external and internal auditors, the adequacy of internal control systems.
- (5) Reviewing the adequacy of internal audit function, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
- (6) Discussion with internal auditors on any significant findings and follow up thereon.