

# Coastal Corporation Ltd.

Regd. Off. : 15-1-37/3, Nowroji Road, Maharanipeta, Visakhapatnam - 530 002, INDIA  
Phone : 0891-2567118, Cable: COASTAL  
Fax : 0891-2567132

(Formerly known as Coastal Trawlers Ltd.)

## NOTICE OF TWENTY-FOURTH ANNUAL GENERAL MEETING

NOTICE is hereby given that the TWENTY-FOURTH Annual General Meeting of the Members of COASTAL CORPORATION LIMITED (Formerly, COASTAL TRAWLERS LIMITED) will be held on Friday, the 30th day of September, 2005 at 11.00 A.M. at the Registered Office of the Company situated at 15-1-37/3, Nowroji Road, Maharanipeta, 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 the Profit & Loss Account for the period ending 31st March, 2005 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 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 the conclusion of this Annual General Meeting till the date of conclusion of the next Annual General Meeting and to fix their remuneration.

### SPECIAL BUSINESS :

4. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution :

"RESOLVED THAT Smt. Jeeja Valsaraj, who was appointed as an Additional Director of the Company on 1st October, 2004 and who is eligible to hold Office upto the date of this Annual General Meeting under Section 260 of the Companies Act, 1956, be and is hereby appointed as a Director of the Company."

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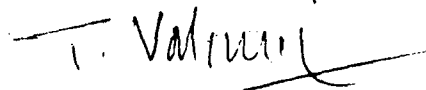
(Formerly known as Coastal Trawlers Ltd.)

5. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution :

"RESOLVED THAT Sri Venkateswara Rao Kamireddy, who was appointed as an Additional Director of the Company on 1st October, 2004 and who is eligible to hold Office upto the date of this Annual General Meeting under Section 260 of the Companies Act, 1956, be and is hereby appointed as a Director of the Company."

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

By Order of the Board  
for COASTAL CORPORATION

  
(T. VALSARAJ)  
MANAGING DIRECTOR

Place: Visakhapatnam  
Date : 26.08.2005.

## NOTE :

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 time fixed for holding the meeting.
2. An Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of the Special Business at items 4 & 5 of the above Notice is annexed hereto.
3. The Register of Members and Share Transfer Books of the Company will remain closed from Monday, September 26, 2005 to Wednesday, September 28, 2005 (both days inclusive).
4. Members desiring to seek any information on the annual accounts are requested to write to the Company Compliance Officer at least seven days in advance of the meeting so that the information can be made available at the meeting.
5. Members are requested to intimate to the Company any change of address quoting their Share Ledger Folio No(s).

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## EXPLANATORY STATEMENT PURSUANT TO THE PROVISIONS OF SECTION 173(2) OF THE COMPANIES ACT, 1956.

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### REGARDING ITEM No. 4 & 5 :


The Members are informed that the Board has appointed Smt. Jeeja Valsaraj and Sri Venkateswara Rao Kamireddy as Additional Directors of the Company on 1st October, 2004 with a view to broaden & strengthen the Board for better corporate governance and more particularly in regard to comply with the concerned provisions & procedures being a listed Company. According to the provisions of Section 260 of the Companies Act, 1956, and Articles of Association of the Company, they hold Office as Directors only upto the date of the ensuing Annual General Meeting of the Company. In accordance with the provisions of the Companies Act, 1956, their names have been proposed for appointment as Directors of the Company.

Smt. Jeeja Valsaraj and Sri Venkateswara Rao Kamireddy are having good working knowledge & experience and have strong inter personal and administrative skills. So their expertise and extensive involvement would certainly benefit the Company at large as the Board has decided to enlarge the existing activities, to enter into new viable potential business areas which are already identified and to be finalised for commencement after complying with the related procedures.

Hence your Directors recommend acceptance of the proposed Resolution in the best interest of the Company.

Smt. Jeeja Valsaraj, Sri Venkateswara Rao Kamireddy and Sri T. Valsaraj are concerned or interested in the aforesaid Resolution.

By Order of the Board  
for COASTAL CORPORATION LIMITED

  
(T. VALSARAJ)  
MANAGING DIRECTOR

Place: Visakhapatnam  
Date : 03.09.2005.

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## DIRECTORS' REPORT

To  
The Members  
COASTAL CORPORATION LIMITED  
(Formerly, COASTAL TRAWLERS LIMITED)  
VISAKHAPATNAM.

Your Directors have pleasure in presenting the TWENTY-FOURTH Annual Report on the business and operations of your Company together with the Audited Statement of Annual Accounts for year ending on 31st March, 2005.

### 1. FINANCIAL RESULTS:

	Year ending 31.03.2005 RS.	Year ending 31.03.2004 RS.
Income	18,45,57,830	137,56,19,519
Expenditure	17,85,62,642	137,16,31,924
Profit/(Loss) before Depreciation	59,95,188	39,87,595
Less: Depreciation	17,88,821	16,17,903
Net Profit/(Loss) for the year	42,06,367	23,69,692

### 2. REVIEW OF OPERATIONS :

During the year under review, the Company has earned an income of Rs.18,45,57,830/- as compared to Rs.137,56,19,519/- during the previous year and the Expenditure incurred amounted to 17,85,62,642/- as compared to Rs.137,16,31,924/- during the previous year. Hence, the profit before Depreciation was Rs.59,95,188/- as against Rs.39,87,595/- during the previous year. Depreciation charged amounted to Rs.17,88,821/- as against Rs.16,17,903/- and thus recorded a Net Profit amounting to Rs.42,06,367/- as against Rs. 23,69,692/- during the previous year.

During the year under review, the turnover of the Company had fallen considerably but still it could almost double up the Net Profit mainly due to better control and supervision exercised over purchase costs. However, it has now been on

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the lookout for devising methods to reduce and control packing & shipment expenses, administrative overheads and been employing various fund management techniques to reduce the interest burden which measures are expected to improve the profit position in the years to come.

### 3. OUTLOOK:

The diversification process of the Company is still on and the various modalities adopted by the Company to successfully carry on its programmes. The liberalised economic policy and globalisation in Corporate Sector has offered tremendous opportunities to enhance the Corporate Rapport and requires commencement of multiple activities under one roof. Hence, the Main objects of the Company have been amended to enter into new fields to make available more viable business opportunities. The required steps relating to change of name to reflect the scope of operations of the Company has been successfully completed as the Board has decided to enlarge the existing activities, to enter into new viable potential business areas which are already identified and to be finalised for commencement after complying with the related procedures. Hence, the Company expects bright future in accomplishing the corporate goals.

### 4. CHANGE OF NAME OF THE COMPANY :

The members are aware that the the Company has duly amended its Main Objects and obtained the Memorandum Acknowledging Receipt of Document in Form - II (Under Regulation 20) vide Letter No. RAP/Sec.17/3047/2003 dated 25.09.2003 from the Registrar of Companies, Andhra Pradesh, Hyderabad. The Company has duly complied with the procedural aspects relating to change of name of the Company from 'COASTAL TRAWLERS LIMITED' to 'COASTAL CORPORATION LIMITED' and obtained the fresh Certificate consequent upon change of name on 22nd February, 2005 and intimated the same to the respective Authorities and Persons. The new name will enable the Company to carry on any business activity as permitted by the Memorandum Of Association of the Company.

### 5. DIVIDEND

Your Directors have not recommended any dividend with a view to conserve cash resources and successfully implement the diversification programmes.

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

## 7. PERFORMANCE OF CENTRES :

The performance of various centres of the Company is quite satisfactory and the Board apprised them success in their continued efforts to improve the image and reputation of the Company.

## 8. CREDIT AND GUARANTEE FACILITIES:

The Company has been availing Packing Credit and Working Capital Term loan and related facilities from Bank of India, Overseas Branch, Visakhapatnam for the business requirements of the Company from time to time.

## 9. INSURANCE :

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

## 10. EMPLOYEE RELATIONS :

The employee relations are cordial at all levels.

## 11. 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.

## 12. 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 NIL as the Company has given the Plant on lease basis. However, the Company has access regarding Energy Conservation and Technology Absorption wherever applicable.



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(Formerly known as Coastal Fisheries Ltd.) **FOREIGN EXCHANGE EARNINGS AND OUT GO**

During the period under review, the Company has earned Foreign Exchange to the tune of Rs.16,26,21,430/-(FOB) and incurred Travelling Expenditure Rs.2,50,095/- in Foreign Exchange.

## 14. 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.

## 15. THE BOARD :

The Board of Directors is duly constituted and has been continuing.

Sri S. Rajaram, who retires by rotation at the forthcoming Annual General Meeting and being eligible offers himself for re-appointment.

Smt. Jeeja Valsaraj and Sri Venkateswara Rao Kamireddy were appointed as Additional Directors of the Company by the Board on 1st October, 2004. Pursuant to Section 260 of the Companies Act, 1956 and Articles of Association of the Company, such Directors are eligible only upto the date of forthcoming

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Annual General Meeting of the Company. The Board recommend their names for appointment as Directors at coming Annual General Meeting of the Company in accordance with the provisions of the Companies Act, 1956.

## 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 the same is attached with this Report.

## 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. 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.

## 19. 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.Sartyanarayana
2. Sri S. Rajaram
3. Smt. Jeeja Valsaraj

## 20. STATUTORY COMPLIANCE:

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

## 21. ACKNOWLEDGEMENTS :

Your Directors wish to place on record their appreciation for the co-operation and assistance extended to the Company by the bankers, customers, customs authorities, Government of India, Government of Andhra Pradesh, Other Agencies and the Public.



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Your Directors also express their gratitude and place on record the continued assistance and support given to the Company by the existing Promoters and Shareholders.

Finally, Your Directors would also like to appreciate the sincere efforts, dedication and loyalty of all the employees of the Company at all levels. Thanks are also due to our valued professionals, advisors and well-wishers.

By Order of the Board  
for COASTAL CORPORATION LIMITED

1)

  
(T. VALSARAJ)  
MANAGING DIRECTOR

2)

  
(G.V.V. SATYANARAYANA)  
DIRECTOR

Place: Visakhapatnam  
Date : 03.09.2005

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## ANNEXURE TO DIRECTORS' REPORT

### CORPORATE GOVERNANCE:

#### **MANAGEMENT DISCUSSION AND ANALYSIS:**

The members are well informed and aware that the Company has recently changed its name from Coastal Trawlers Limited to Coastal Corporation Limited with a view to widen the are of operations and also to commence new line of activity. The changing business philosophy and corporate culture influencing the Board to make a serious thought on commissioning new activities such as exports of oher goods, construction, civil works, Engineering activities, etc which are more viable in the present business sector. It has also been observed that the big-business magnets are also reviewing their present activities and are taking necessary steps for either diversification or expansion at substantial level. The Company has put in all the efforts to go with its diversification programme as explained earlier. So, the Company is in a better shape than ever to fulfill the goals it adopted in the past and expect a dazzling show in the days to come.

#### **INDUSTRY STRUCTURE AND DEVELOPMENT**

During the year under report the industry has gone through a tough period affected by the Tsunami hit directly on the sea food activities and aquaculture sector. The Indian coastal line wide through the nation has been seriously and severally facing the major ever set back for the industry and also for the fishermen and farmers of aquaculture. The suspension of fishing and exposure to sea was restricted by various Government agencies including the Seafood Associations affecting the industry at large. Literally the industry has, internally and externally, passed through a tough period. The present sea foods exports business is not encouraging at all due to the natural calamatic threats from time to time all over the world. The recent developments from the Central Government and State Government are only to the extent of financial support in case of contingencies. The participation of Government and other agencies to check and have caution on the natural calamatic threats are still on. The ups and downs in the industry has even kept the demand intact. Your Company has been taking steps to meet and handle any adverse situation to be faced by the industry in the yers to come.

#### **SEGMENTWISE PERFORMANCE**

##### **MARKET FOR SHRIMP:**

In the year 2004-05 the Shrimp industry continued to remain as most important item of exports fromt the country in terms of value of exprots. Volume wise the Shrimp has acquired a reasonable market as compared to previous year. Your Company has been still facing and struggling for a good shrimp market for its more export opportunities. The marine export market of the country has also touched a remarkable heights during the year under report.