

## **NOTICE OF ANNUAL GENERAL MEETING**

**NOTICE** is hereby given that the **TWENTY-NINTH** Annual General Meeting of the Members of **COASTAL CORPORATION LIMITED** will be held on Monday, the 30<sup>th</sup> Day of August, 2010 at 10.30 A.M. at the Registered Office of the Company situated at 15-1-37/3, Nowroji Road, Maharani-peta, Visakhapatnam - 530 002, Andhra Pradesh, India to transact the following business :

### **ORDINARY BUSINESS:**

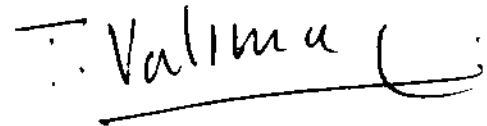
1. To receive, consider and adopt the Audited Annual Accounts consisting of Profit & Loss Account for the year ended 31<sup>st</sup> March, 2010 and the Balance Sheet of the Company as on that date, Schedules and Notes thereon together with the Reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Sri Venkateswara Rao Kamireddy, 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 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 between the Board of Directors and the Auditors.

Regd. Office:

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

Place : Visakhapatnam  
Date : 22.06.2010

By Order of the Board  
For COASTAL CORPORATION LIMITED



(T. VALSARAJ)  
MANAGING DIRECTOR

# Coastal Corporation Ltd.

(Formerly known as Coastal Trawlers Ltd.)

GOVT. OF INDIA RECOGNISED ★ STAR EXPORT HOUSE

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

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

## 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 Monday, the 23<sup>rd</sup> day of August, 2010 to Friday, the 27<sup>th</sup> day of August, 2010 (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.

## DIRECTOR'S REPORT

To

**The Members  
Coastal Corporation Limited  
Visakhapatnam – 530 002.**

Your Directors have pleasure in presenting the **TWENTY-NINTH** Annual Report on the business and operations of the Company together with the Audited Statement of Accounts for the Financial Year ended 31<sup>st</sup> March, 2010 and the report of the Auditors thereon.

### **1. FINANCIAL RESULTS :**

|                                         | <b>Year Ended<br/>31.03.2010</b> | <b>Year Ended<br/>31.03.2009</b> |
|-----------------------------------------|----------------------------------|----------------------------------|
| Sales                                   | <b>23,39,10,537.00</b>           | <b>21,02,90,163.00</b>           |
| Work Contract Receipts                  | ----                             | ----                             |
| Interest                                | <b>95709-00</b>                  | <b>6,56,153-00</b>               |
| Other Income                            | <b>3,78,67,066-00</b>            | <b>2,94,95,419-00</b>            |
| Total Income                            | <b>27,18,73,312-00</b>           | <b>24,04,41,735-00</b>           |
| Less : Expenditure                      | <b>25,98,78,808-00</b>           | <b>23,25,00,443-00</b>           |
| Profit before Depreciation and Taxation | <b>1,19,94,504-00</b>            | <b>79,41,292-00</b>              |
| Less : Depreciation                     | <b>34,09,639-00</b>              | <b>29,20,934-00</b>              |
| Profit before Taxation                  | <b>85,84,865-00</b>              | <b>50,20,358-00</b>              |
| Less: Provision for Tax                 | <b>(15,51,909-00)</b>            | <b>(10,76,712.00)</b>            |
| Less: Prior Period Adjustments          | ----                             | <b>(9,22,982)</b>                |
| Net Profit for the Year                 | <b>70,32,956.00</b>              | <b>48,66,628-00</b>              |

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## 2. REVIEW OF OPERATIONS :

During the year under review, the Company has earned an income of **Rs.27,18,73,312-00** as compared to **Rs.24,04,41,735-00** during the previous year and the expenditure incurred amounted to **Rs.25,98,78,808-00** as against **Rs.23,25,00,443-00** during the previous year. The depreciation provided for the reporting year was **Rs.34,09,639-00** as compared to **Rs.29,20,934-00** during the previous year. Hence, Net Profit after tax was amounted to **Rs.70,32,956.00** as compared to **Rs.48,66,628-00** during the previous year.

The efforts taken by the Directors as well as efficient and effective services given to its valuable customers is clearly evident with the rise of the turnover, the Company is continuing in the line of profit. However, your Directors have making all possible ways and means for increasing the business of the company and also striving to control Overheads. Hence, the Company expects more profits in the years to come.

## 3. DIVIDEND:

In view of meeting the working capital requirements for the business, 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, 2010.

## 4. PREFERENTIAL SHARES :

During the period under review the Company has issued and allotted 6.5% 13,00,000 (Thirteen lakhs) Redeemable Preference Shares of Rs. 10/- (Rupee Ten only) each at par.

## 5. 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 ICICI Bank Limited for other Term Loans for the business requirements.

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**6. DEPOSITS:**

The Company has not invited or accepted any Deposits from the public 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 Company has been in touch relating to recruitment of required personnel at all levels, for operations of the Company and to render services efficiently and effectively. The Board wishes to place on record their sincere appreciation to their employees at all levels for their commitment dedication for the growth and development of the Company.

**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.

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-1.

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**11. FOREIGN EXCHANGE EARNINGS AND OUTGO:**

During the period under review, the Company has earned Foreign Exchange to the tune of Rs.19,46,00,253/- (FOB) and has not incurred any amount in Foreign Exchange.

**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 31<sup>st</sup> March, 2009, 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 31<sup>st</sup> March, 2009 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 31<sup>st</sup> March, 2010 on a going concern basis.

**13. THE BOARD :**

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

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**14. CORPORATE GOVERNANCE:**

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

**15. MANAGEMENT DISCUSSION AND ANALYSIS:**

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

**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.

**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 him to the effect that his appointment 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 Sri V.V.S. Bhagavan, Chartered Accountant, Hyderabad as Statutory Auditors of the Company for the financial year 2010-11.

**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.

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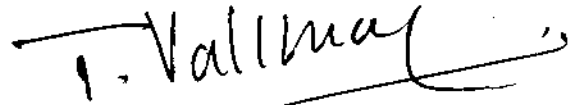
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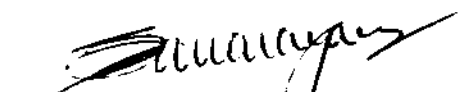
## 19. ACKNOWLEDGEMENTS:

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, Financial Institutions, Customs Authorities, Local Bodies, Overseas Bodies, other Corporate 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, well-wishers and all other persons dealing with the Company.

By Order of the Board  
For COASTAL CORPORATION LIMITED



(T. VALSARAJ)  
MANAGING DIRECTOR

  
(G.V.V. SATYANARAYANA)  
DIRECTOR

Place : Visakhapatnam  
Date : 22.06.2010

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## ANNEXURE TO DIRECTORS' REPORT

### MANAGEMENT DISCUSSION AND ANALYSIS :

#### THE GLOBAL & INDIAN ECONOMY

It's almost a decade since we entered into the 2000s. Economic growth in these years wasn't so impressive for the western economies. Indeed, the so-called fastest growing economies (such as India, Brazil, China, Mexico, Russia, and Indonesia) have seen a unprecedented economic expansion because, the eastern economies were the producers and the western economies were the consumer and the same trend would likely to continue as the companies, nowadays, are more conscious about the cost. Rising input cost (or raw material) are forcing the corporations in the industrialized economies to shift their focus on the cost-effective region to keep up the pricing competitiveness in the specific industry, they are in. Change in consumer trend is also major concern for the companies to invest more in the process of innovation, research and development (R&D).

As the economic pace is picking up, global commodity prices have staged a comeback from lows and global trade has also seen a decent growth over the last two years. Unprecedented Government intervention and exceptionally large interest rate cuts by the central bank in advanced and emerging economies have contributed a lot to pull the global economy up from the deepest recession since the World War II. Several Governments around the world launched the stimulus packages to prop up the economic growth, generate employment opportunities and the overall economic growth with the aim to reduce uncertainty in the economy and increased confidence. Global economy is seems to be expanding after a recent shock. Indian Economy, however just felt the blow of the global economic recession and the real economic growth have seen a sharp fall followed by the lower exports, capital outflow and corporate restructuring.

Year 2009 has started on the gloomy note, however the trend reversed from the first quarter of the year, financial markets posted strong gains fueled by huge amount of capital inflows which was set-aside during the economic downturn in search of a higher yield. Number of companies jumped into the equity markets to raise funds to de-leverage themselves, corporate risk have declined. Before the beginning of the economic recession, several companies betted on the better economic future and blindly raised funds thru various options (largely in a way of debt). Real Estate was the hardest hit industry during the recession. Many companies even offloaded their huge amount of stake, in order to meet the deadline to pay-off the short-term debt. Not only the realty companies which has faced that situation, actually many Small & Medium Enterprises (SMEs) have opted that option to expand themselves aggressively and routed out of the business. As the new year begins, the new wave of optimism has surrounded the economies to expand further from the recent shock, with the expectations of fresh stimulus package, shrink in unemployment rate, expectations of the high inflation, higher interest rates in the emerging economies.

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## **INDUSTRY STRUCTURE AND DEVELOPMENT:**

As per the official report by Marine Exports Product Development Authority (MPEDA) Aquaculture production increased by more than 30% during the last financial year largely because of increased output in Andhra Pradesh and Tamil Nadu. During 2009-10, total production touched 1,06,000 tonne and exports were also on the higher side as per the MPEDA data.

Indian aquaculture has demonstrated a six-and-a-half-fold growth over the last two decades, with freshwater aquaculture contributing over 95% of the total production. India utilises only about 40% of the available 2.36 million hectares of ponds and tanks for freshwater aquaculture and 13% of a total potential brackish water resource of 1.2 million hectares. In other words, there is room for both horizontal and vertical expansion of these sectors. Despite global recession and a stronger rupee, marine exports crossed the \$2-billion mark for the first time in the 2009-2010 fiscal. Indian seafood export volumes grew 10 per cent to 6,63,603 tonnes while realisation grew 15 per cent to Rs 9,921.46 crore during 2009-10. Foreign exchange earnings were up 10 per cent at \$2.105 billion.

There were also problems such as anti-dumping duties imposed by the US on shrimp imports from India, export rejections on some seafood consignment to the EU on quality concerns and problems with the Japanese markets. In spite of the above and global economic recession growth was achieved due to lower consumption of high-end seafood products.

Increased exports have due to increased trade in Middle East and South Asian countries, while exports to the traditional US market recorded a decline. Exports to Middle East countries have increased by 27% during the last one year while Southeast Asian countries imported 62% more during the last fiscal. Exports to countries like Libya, Reunion Islands, Australia, Puerto Rico, Dominican Republic, Kenya, Tanzania, Ukraine and Brazil also registered a positive growth. European Union (EU) continued to be the largest market for Indian seafood exports with a share of 30.07% in dollar realisation.

Shrimp exports continued to dominate seafood exports and accounted for 44 per cent of the total volume. However, shrimp volumes have been coming down over the years and today account for just 20 per cent. Even in foreign exchange earnings, shrimp accounted for 44 per cent of the total realisation. Close to 40 per cent of the total volume of exports was contributed by frozen fish. Although there was no significant growth in volumes on a year-on-year basis, the value realisation has moved up close to 10 per cent. The bulk of the frozen fish exports would have been contributed by China which have been importing low-value fishes such as ribbon from India in recent years. Frozen cuttlefish and squid have all along been dominating exports to the EU. While there have been handsome gains in the export of cuttlefish, squid exports have been looking down. Squid exports dropped in volume by 12 per cent and even more sharply in value by 20 per cent. This was more or less compensated by a growth in cuttlefish exports by close to 10 per cent in value.