

COASTAL CORPORATION LIMITED

VISAKHAPATNAM

30th Annual General Meeting

on 30.09.2011 at 10.30 AM

at

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

BOARD OF DIRECTORS :

Mr. T. Valsaraj	Managing Director
Mr. S. Rajaram	Director
Mrs. Jeeja Valsaraj	Director
Mr. G.V.V. Satyanarayana	Director
Mr. K. Venkateswara Rao	Director
Mr. Dilip Kumar Biwalkar	Director

Auditors :

Mr. V.V.S.Bhagavan
Chartered Accountant
Hyderabad

BANKERS :

Bank of India
Main Branch
Visakhapatnam.

REGISTERED OFFICE :

15-1-37/3, Nowroji Road, Maharanipeta,
Visakhapatnam - 530 002, Andhra Pradesh, India.
Phone : 0891-2567118, 2552556 Fax : 0891-2567132
e-mails : coastal6@eth.net ; cclinvestors@gmail.com
Company Web Site : www.coastalcorp.in

COASTAL CORPORATION LIMITED

NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the **THIRTIETH Annual General Meeting** of the Members of **COASTAL CORPORATION LIMITED** will be held on **Friday, the 30th Day of September, 2011 at 10.30 A.M.** at the **Plant Office of the Company** situated at **D.No.6-42, Marikavalasa, Besides Toyota Showroom, Visakhapatnam - 530 041, 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 year ended 31st March, 2011 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 G.V.V.Satyanarayana, who retires by rotation and being eligible, offer 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 to between the Board of Directors and the Auditors.

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 the consent of the Company be and is hereby accorded to the Board of Directors (hereinafter referred to as "the Board" which term shall be deemed to include any Committee which the Board may constitute for this purpose) in accordance with Section 293(1)(d) and other applicable provisions, if any of the Companies Act, 1956 (including any Statutory modification(s) or re-enactment(s) thereof, for the time being in force) and the Articles of Association of the Company, to borrow any sum or sums of moneys from time to time at its discretion, for the purpose of the business of the Company, from the Company's' bankers or any other bank, financial institutions or other persons, firms, bodies corporate on such terms and conditions as may be considered and suitable by the Board up to a limit of Rs.75 Crores (Rupees Seventy Five Crores only), notwithstanding that the money(s) to be borrowed together with the money(s) already borrowed by the Company (apart from the temporary loans obtained from the Company's' bankers in the ordinary course of its business) may exceed the aggregate of the paid up capital of the Company and its free reserves, i.e. the reserves not set apart for any specific

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purpose and that the Board of Directors be and are hereby empowered and authorized to arrange or fix the terms and conditions of all such monies to be borrowed from time to time as to interest, repayment, security or otherwise as they may, in their absolute discretion, think fit.

RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorized to do all such acts, deeds and things as may be necessary for giving effect to the aforesaid resolution."

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

"RESOLVED THAT the consent of the Company be and is hereby accorded in terms of Sections 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force) to the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall be deemed to include any Committee which the Board may constitute for this purpose) to mortgages, charges, lien, hypothecation and/or any other securities in addition to the mortgages, charges, lien, hypothecation and/or any other securities created/ to be created by the Company, in such form and manner and with such ranking as to priority and at such time and on such terms and conditions as the Board may determine, on all or any of the immovable and/or movable, tangible and/or intangible properties or such other assets of the Company, wherever situated, both present and future, and/or the whole or any part of the undertaking(s) of the Company in favour of the Lender(s), Banks, Financial Institutions, Agent(s) and Trustee(s)/Custodian(s) of Debenture holders/ Bondholders or any other person/agency or body corporate, for securing the borrowings availed/to be availed by the Company and/or any of the Company's Holding / Subsidiary / Associate company, by way of loan(s) and Securities (comprising fully/partly Convertible Debentures and/or Non Convertible Debentures or other debt instruments), issued/to be issued by the Company, from time to time, subject to the limits approved under Section 293(1)(d) of the Companies Act, 1956, together with interest at the respective agreed rates, additional interest, compound interest in case of default, accumulated interest, liquidated damages, commitment charges, premia on prepayment, remuneration of the Agent(s)/Trustees, premium (if any) on redemption, all other costs, charges and expenses, payable by the Company in terms of the Loan Agreement(s)/Heads of Agreement(s), Debenture Trust Deed(s) or any other document, entered into/ to be entered into between the Company and the said Lender(s), Banks, Financial Institutions, Agent(s) and Trustee(s)/ Custodian(s) of Debenture holders/ Bondholders or any other person/agency or body corporate and containing such specific terms and conditions and covenants in respect of enforcement of security as may be stipulated in that behalf and agreed to between the Board of Directors or Committee thereof and the such Lender(s), Banks, Financial Institutions, Agent(s) and Trustee(s)/Custodian(s) of Debenture holders/Bondholders or any other person/agency or body corporate.

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RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board and/or its duly constituted Committee be and are hereby authorized to finalize, settle and execute such documents/ deeds/agreements/papers/ writings as may be required and to do all such acts, deeds, letters and things, as it may in its absolute discretion deem necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in regard to creating mortgages/charges as aforesaid."

Regd. Office:

15-1-37/3

Nowroji Road,

Maharanipeta

Visakhapatnam - 530 002.

By Order of the Board
For COASTAL CORPORATION LIMITED

Sd/-

Place :Visakhapatnam

Date : 02 .09.2011

(T. VALSARAJ)
MANAGING DIRECTOR

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. An explanatory Statement pursuant to S.173(2) of the Companies Act 1956 in respect of the Special Business is annexed here.
3. The Register of Members and Share Transfer Books of the Company will remain closed from Friday, the 23rd day of September, 2011 to Tuesday, the 27th day of September, 2011 (both days inclusive)
4. 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.
5. The members are requested to intimate to the Company any change of their address quoting their Share Ledger Folio No(s).
6. Members / Proxies shall bring attendance slips filled in and duly signed for attending the meeting.
7. The Members are requested to provide email ids for quick communication from time to time to the Company email id viz. cclinvestors@gmail.com

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

REGARDING ITEM NO.4 :

In terms of the provisions of Section 293(1)(d) of the Companies Act, 1956 the Board of Directors of the Company cannot except with the consent of the Company in general meeting, borrow, moneys apart from temporary loans obtained from the Company's bankers, financial institutions in the ordinary course of business in excess of aggregate of the paid up capital and its free reserves that is to say reserves not set apart for any specific purpose

For the purpose of financing the requirements of the company and its business generally the Company may need to resort to borrowings from Banks, Financial Institutions, Company, Firm, NBFCs, Individuals, or any other juristic person and such proposed borrowings, together with existing borrowings may exceed the Company's the amount aggregating to the Company's paid up capital and its free reserves upto the limits as mentioned in the proposed Resolution.

The Board of Directors accordingly recommends the resolution set out at Item No.4 of the accompanying Notice for the approval of the members.

None of the Directors of the company is, in any way concerned or interested in the said resolution.

REGARDING ITEM NO.5 :

The members are informed that the Company has been availing loan / credit facilities from the bankers and also others to meet the requirements of the business of the Company from time to time and the said financial assistance be secured by mortgage of immovable, movable and other properties of the Company both present and future upon such terms and conditions as may be agreed by the members.

The borrowings by a Company in general is required to be secured by mortgage or charge on all or any of the movable or immovable properties of the company in such form and manner as may be determined by the Board of Directors of the Company from time to time with the lenders.

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The mortgage and/or charge on any of the movable and/or immovable properties and/or the whole or any part of the undertaking(s) of the Company, to secure borrowings of the company or of any of its holding subsidiary, affiliate or associate Company, concern may be regarded as proposal of the Company's undertaking(s) within the meaning of Section 293(1)(a) of the Companies Act, 1956. Hence, it is necessary for the Members to pass a resolution under the said section

The Board of Directors accordingly recommends the resolution set out at Item No.5 of the accompanying notice for the approval of the members.

None of the Directors of the Company is in any way concerned or interested in the said resolution.

Regd. Office:

15-1-37/3

Nowroji Road,

Maharanipeta

Visakhapatnam - 530 002.

Place :Visakhapatnam

Date : 02 .09.2011

By Order of the Board

For COASTAL CORPORATION LIMITED

Sd/-

(T. VALSARAJ)

MANAGING DIRECTOR

DIRECTOR'S REPORT

To

The Members
Coastal Corporation Limited

Your Directors have pleasure in presenting the THIRTIETH Annual Report on the business and operations of the Company together with the Audited Statement of Accounts for the Financial Year ended 31st March, 2011 and the report of the Auditors thereon.

1. FINANCIAL RESULTS :

	Year Ended 31.03.2011 Rs.	Year Ended 31.03.2010 Rs.
Sales	34,06,34,576	23,39,10,537
Interest	1,23,211	95,709
Other Income	5,18,26,663	3,78,67,066
Total Income	39,25,84,450	27,18,73,312
Less : Expenditure	37,39,77,196	25,97,72,620
Profit before Depreciation and Taxation	1,86,07,255	1,21,00,692
Less : Depreciation	37,17,908	34,09,639
Profit before Taxation	1,48,89,347	86,91,053
Less: Provision for Tax	(30,00,057.)	(15,51,909)
Less: Prior Period Adjustments	(83,433.)	(1,06,188)
Net Profit After Tax	1,18,05,857	70,32,956
Add: MAT Credit Entitlement	79,89,179	—
Add : Balance brought forward from last year	1,72,73,766	1,02,40,810
Balance Carried to Balance sheet	3,70,68,802	1,72,73,766

2. REVIEW OF OPERATIONS :

During the year under review, the Company has earned an income of Rs. 39,25,84,450 as compared to Rs. 27,18,73,312 during the previous year and the expenditure incurred amounted to Rs. 37,39,77,196 as against Rs. 25,97,72,620 during the previous year. The depreciation provided for the reporting year was Rs. 37,17,908 as compared to Rs. 34,09,639 during the previous year. Hence, Net Profit after tax was amounted to Rs. 1,18,05,857 as compared to Rs. 70,32,956 during the previous year.

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The efforts taken by the Directors & Key Managerial Personnel as well as efficient and effective services provided to its valuable customers is clearly evident in the turnover and profits of the Company. The Board has conceived plans for effective operations, increasing the turnover in view of the recovery of economy and also to control the overheads wherever possible. 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, 2011.

4. CREDIT & GUARANTEE FACILITIES:

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

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 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.

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.

9. PARTICULARS REGARDING ENERGY CONSERVATION, TECHNOLOGY ABSORPTION ETC:

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

COASTAL CORPORATION LIMITED

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.

10. 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	(Rs.)	(Rs.)
	2010-11	2009-10
Foreign Exchange Earnings (FOB)	32,53,83,738	22,55,87,505
Expenditure incurred in Foreign Currency :		
1. AntiDumping Fee	12,15,745	---
2. Marine Rejection Insurance	20,40,411	3,64,307
3. Export Claims	2,25,026	2,48,415
4. Commission	7,36,183	4,91,846

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:

- in the preparation of the annual accounts for the year ended 31st March, 2011, the applicable accounting standards had been followed along with proper explanation relating to material departures ;
- 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, 2011 and of the profit or loss of your Company for that period;
- 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;
- the Directors had prepared the annual accounts for the financial year ended 31st March, 2011 on a going concern basis.

12. THE BOARD :

The Board of Directors of the Company is duly constituted. Sri G.V.V.Satyanarayana 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-II.

14. MANAGEMENT DISCUSSION AND ANALYSIS:

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

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. 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 2011-12.

17. 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.