



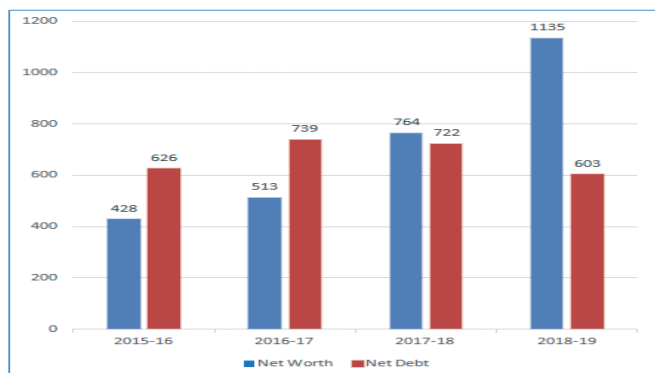
COASTAL CORPORATION LIMITED

**38TH ANNUAL REPORT
2018-2019**

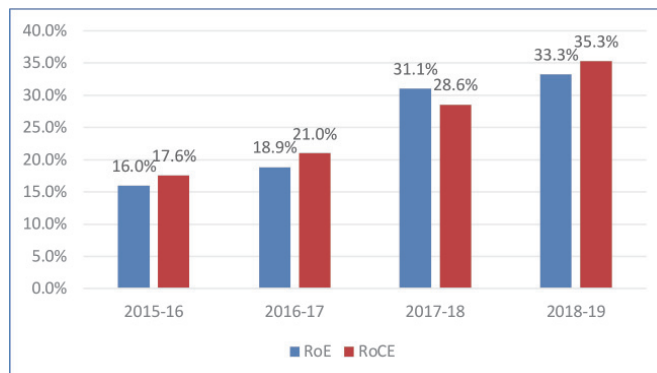


KEY PERFORMANCE INDICATORS

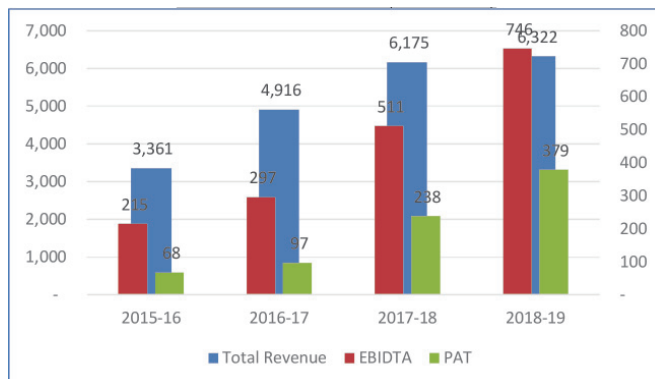
Leverage Position



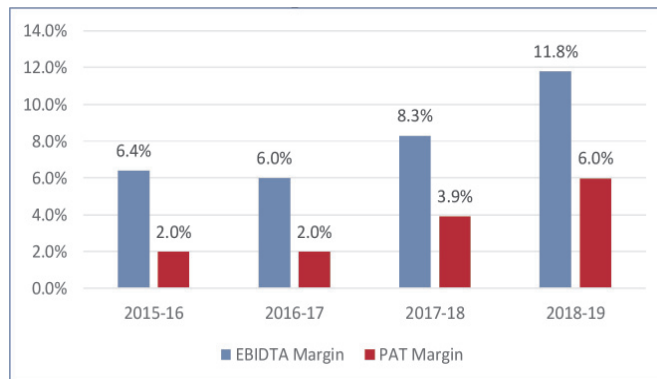
Return Ratios



Financial Performance (Rs Million)



Margin Movement



EQUITY SHARE INFORMATION

BSE CODE
501831

Dividend FY 2018-19
Rs. 1.50/-

KEY FINANCIAL HIGHLIGHTS

Market Cap
Rs.316.24Cr

Sales
Rs.616.00 Cr

Profit After Tax
Rs. 37.92 Cr

38th Annual General Meeting

on Saturday, 31st August, 2019 at 10.30 A.M.
 at Vedika, Hotel Daspalla, Suryabagh,
 Jagadamba Junction, Visakhapatnam - 530020,
 Andhra Pradesh

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COMPANY INFORMATION

<p><u>BOARD OF DIRECTORS:</u></p> <ol style="list-style-type: none"> 1. Mr. T. Valsaraj, Managing Director 2. Mr. G.V.V. Satyanarayana, Director – Finance & CFO 3. Mrs. Jeeja Valsaraj, Non-Executive Director 4. Mr. Kamireddi Venkateswara Rao, Independent Director 5. Mr. M.V.Suryanarayana, Independent Director 6. Mr. Kalyanaraman P.R., Independent Director <p><u>COMPANY SECRETARY & COMPLIANCE OFFICER:</u></p> <p>Ms. Swaroopa Meruva</p> <p><u>REGISTRAR & TRANSFER AGENT:</u></p> <p>Bigshare Services Private Limited 306, Right wing, Amrutha Ville, Opp: Yashodha Hospital, Somajiguda, Raj Bhavan Road Hyderabad – 500 082 Telephone No : 040 – 2337 4967 Fax : 040 – 2337 0295 Email : bsshyd@bigshareonline.com</p>	<p><u>STATUTORY AUDITORS:</u></p> <p>M/s. K.P. Rao & Co. Chartered Accountants Bangalore</p> <p><u>SECRETARIAL AUDITORS:</u></p> <p>M/s. Sambhu Prasad M & Associates Company Secretaries Visakhapatnam</p> <p><u>INTERNAL AUDITORS:</u></p> <p>R. Venkata Raman Chartered Accountant Chennai</p> <p><u>BANKERS:</u></p> <p>Bank of India Main Branch Visakhapatnam Andhra Pradesh</p>
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BOARD COMMITTEES

AUDIT COMMITTEE:

S.No.	Name of the Director	Nature of Directorship	Designation in Committee
1	Kalyanaraman P R	Non-Executive & Independent Director	Chairman
2	Jeeja Valsaraj	Non Executive Director	Member
3	M.V.Suryanarayana	Non- Executive & Independent Director	Member

NOMINATION & REMUNERATION COMMITTEE:

S.No.	Name of the Director	Nature of Directorship	Designation in Committee
1	M.V.Suryanarayana	Non- Executive & Independent Director	Chairman
2	Jeeja Valsaraj	Non Executive Director	Member
3	Kalyanaraman P R	Non- Executive & Independent Director	Member

STAKEHOLDERS RELATIONSHIP COMMITTEE:

S.No.	Name of the Director	Nature of Directorship	Designation in Committee
1	Jeeja Valsaraj	Non Executive Director	Chairperson
2	K. Venkateswara Rao	Non- Executive & Independent Director	Member
3	G.V.V.Satyanarayana	Executive Director	Member

CORPORATE SOCIAL RESOPONSIBILITY COMMITTEE:

S.No.	Name of the Director	Nature of Directorship	Designation in Committee
1	G.V.V.Satyanarayana	Executive Director	Chairman
2	Jeeja Valsaraj	Non Executive Director	Member
3	K. Venkateswara Rao	Non- Executive & Independent Director	Member

NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the **THIRTY EIGHTH** Annual General Meeting of the Members of **COASTAL CORPORATION LIMITED** will be held on Saturday, the 31st day of August, 2019 at 10.30 A.M. at Vedika, Hotel Daspalla, Suryabagh, Jagadamba Junction, Visakhapatnam - 530020, Andhra Pradesh, India, to transact the following business:

ORDINARY BUSINESS :

1. To receive, consider and adopt the Financial Statements of the Company for the year ended 31st March, 2019 including audited Balance Sheet as at 31st March, 2019 and Statement of Profit and Loss for the year ended on that date and the Reports of the Directors and the Auditors thereon.
2. To declare a dividend of Rs. 1.50/- per Equity Share of Rs. 10/- each (i.e., 15%) for the financial year 2018-19.
3. To appoint a Director in place of Smt. Jeeja Valsaraj (DIN: 01064411), who retires by rotation and being eligible, offer herself for re-appointment.
4. To consider and if thought fit, to pass with or without modification(s), the following Resolution as an Ordinary Resolution:

“RESOLVED THAT pursuant to the recommendations of the Audit Committee of the Board of Directors of the Company and in terms of the provisions of Sections 139, 141, 142 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 including amendment(s), statutory modification(s) or re-enactment(s) thereof for the time being in force, Bramhmayya & Co., Chartered Accountants, Visakhapatnam (Registration No.000513S), be and is hereby appointed as Statutory Auditors of the Company, in place of the retiring Auditors, M/s. K.P.Rao & Co., Chartered Accountants, Bangalore (Registration No.003135S), to hold office from the conclusion of this Annual General Meeting until the conclusion of the Forty Third Annual General Meeting of the Company to be held in the year 2024.”

SPECIAL BUSINESS:

5. Appointment of Mr. K. Venkateswara Rao as an Independent Director

To consider and if thought fit, to pass with or without modification, the following resolution as a **Special Resolution**:

RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 and all other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Regulation 16(1)(b) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Mr. K. Venkateswara Rao (holding DIN: 01678973), who was appointed as an Independent Director of the Company by the Members at their Meeting held on 30th September, 2014, as per Section 161(1) of the Companies Act, 2013 and who holds office only upto the date of this Annual General Meeting, and who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and who is eligible for re-appointment be and is hereby appointed as an Independent Director of the Company, for a period of five consecutive years from the ensuing Annual General Meeting, as per recommendation of the Board and Nomination and Remuneration Committee.

RESOLVED FURTHER THAT the approval for continuation for his appointment as an Independent Director of the Company is also accorded under Regulation (17)(1A) of SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations 2018 as he will be attaining the age of 75 years on 15.06.2020, for the remaining term of his Directorship as Independent Director of the Company.”

6. Alteration to Memorandum of Association of the Company.

To consider and if thought fit, to pass with or without modification, the following resolution as a **Special Resolution**:

“RESOLVED THAT pursuant to the provisions of section 13 and other applicable provisions, if any, of the Companies Act, 2013, including any statutory modification or re-enactment thereof for the time being in force and the Rules framed thereunder, as amended from time to time, and subject to the approval of the Registrar of Companies,

Vijayawada and/or any statutory or regulatory authority, as may be necessary, clause III of the Memorandum of Association of the company, be and is hereby altered by inserting the following new sub-clause under Part-B of Clause III, after the existing sub-clause 27".

To give or provide guarantees, corporate guarantee, counter guarantees, indemnities, securities, collateral securities, mortgages or become sureties any other business securities and to guarantee the performance of such persons, societies, trusts, companies including holding and Subsidiary companies or any other juristic persons having dealings with the company in any manner, on such terms, conditions and stipulations as may deem fit.

RESOLVED FURTHER THAT any Director of the company, be and are hereby authorized to file, sign, verify and execute all such e-forms, papers or documents, as may be required and do all such acts, deeds, matters, things as may be necessary and incidental for giving effect to this resolution, including agreeing to any change to the aforesaid clause of the Memorandum of Association of the company, as may be required by the ROC and/or any statutory/regulatory authority.

7. Approval for entering into Related Party Transactions

To consider and if thought fit, to pass with or without modification, the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT pursuant to the provisions of Section 188 of the Companies Act, 2013 ("Act") and other applicable provisions, if any, read with Rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014, as amended till date, Regulation 23(4) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, ("Listing Regulations") and the Company's policy on Related Party transaction(s), approval of Shareholders be and is hereby accorded to the Board of Directors of the Company to enter into contract(s)/ arrangement(s)/ transaction(s) with related parties within the meaning of Section 2(76) of the Act and Regulation 2(1)(zb) of the Listing Regulations, for one year on such terms and conditions as the Board of Directors may deem fit, for the financial year 2019-20, provided that the said contract(s)/ arrangement(s)/ transaction(s) so carried out shall be at arm's length basis and in the ordinary course of business of the Company.

"RESOLVED FURTHER THAT the Board of Directors be and are hereby authorised to determine the actual sums to be involved in the transactions and to finalise terms and conditions including the period of transactions and all other matters arising out of or incidental to the proposed transactions and generally to do all acts, deeds and things that may be necessary, proper, desirable or expedient and to execute all documents, agreements and writings as may be necessary, proper, desirable or expedient to give effect to this resolution.

"RESOLVED FURTHER THAT the Board of Directors be and are hereby authorised to delegate all or any of the powers conferred on it by or under this resolution to any Committee of Directors of the Company and to do all acts and take such steps as may be necessary in this regard."

8. Approval under Section 180(1)(a) of the Companies, Act, 2013

To consider, and if thought fit, to pass, with or without modifications, the following resolution as a **Special Resolution**:

RESOLVED THAT in supersession of all the earlier resolutions passed in this regard and subject to Section 180(1)(a) and other applicable provisions if any, of the Companies Act, 2013 and relevant rules made thereto including any statutory modifications or reenactments thereof, consent of the shareholders of the company be and is hereby accorded, to the Board of Directors of the Company to sell, lease, pledge, mortgage, hypothecate and/or charge all or any part of the moveable or immovable properties of the Company and the whole or part of the undertaking of the Company of every nature and kind whatsoever and/or creating a floating charge in all or any movable or immovable properties of the Company and the whole of the undertaking of the Company to or in favour of banks, financial institutions, investors and any other lenders to secure the amount borrowed by the Company or any third party from time to time for the due payment of the principal and/or together with interest, charges, costs, expenses and all other monies payable by the Company in respect of such borrowings provided that the aggregate indebtedness

secured by the assets of the Company does not exceed a sum of Rs.40,00,00,000/- (Rupees Forty Crores only) for the Company and its subsidiary companies taken together at any time.

RESOLVED FURTHER THAT the Board of Directors be and are hereby authorized to take such steps as may be necessary for obtaining approvals, statutory, contractual or otherwise, in relation to the above and to settle all matters arising out of and incidental thereto, and to sign and to execute deeds, applications, documents and writings that may be required, on behalf of the Company and generally to do all such acts, deeds, matters and things as may be necessary, proper, expedient or incidental for giving effect to this resolution.

Regd. Office:

15-1-37/3,
Jayaprada Apartments,
Nowroji Road, Maharanipeta,
Visakhapatnam-530 002

For and on behalf of the Board

For COASTAL CORPORATION LIMITED

Sd/-
T. Valsaraj
Managing Director

Place: Visakhapatnam

Date: 29.07.2019

Notes:

1. A member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote on poll instead of himself/herself and such proxy need not be a member of the Company.
2. The related Explanatory Statement pursuant to Section 102 (1) of the Companies Act, 2013 which sets out details relating to Special Business at the meeting, is annexed here to and forms part of notes.
3. Proxies in order to be effective must be received by the Company at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.
4. The Register of Members and Share Transfer Books of the Company will remain closed from 25.08.2019 to 31.08.2019 (both days inclusive).
5. In case you are holding the Company's shares in dematerialized form, please contact your depository participant and give suitable instructions to update your bank details in your demat account and to notify any changes with respect to their addresses, email id, ECS mandate.

In case you are holding Company's shares in physical form, please inform Company's RTA viz. M/s. Bigshare Services Private Limited, 06, 3rd Floor, Right Wing, Amrutha Ville Opp: Yashoda Hospital, Raj Bhavan Road Somajiguda, Hyderabad – 500082 by enclosing a photocopy of blank cancelled cheque of your bank account to update your bank details in our records.

With reference to SEBI circular, the amendment to Regulation 40 of Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 has mandated that transfer of securities would be carried out only in dematerialized form w.e.f. 01st April, 2019. Therefore we request all the holders of physical certificates to get them dematerialized.

6. M/s. Bigshare Services Pvt. Ltd, 06, 3rd Floor, Right Wing, Amrutha Ville Opp: Yashoda Hospital, Raj Bhavan Road Somajiguda, Hyderabad – 500082 is the Share Transfer Agent (STA) of the Company. All communications in respect of share transfers and change in the address of the members may be communicated to them.
7. Members holding shares in the same name under different Ledger Folios are requested to apply for consolidation of such Folios and send the relevant share certificates to the Share Transfer Agent/ Company.
8. Corporate members intending to send their authorized representatives to attend the meeting are requested to send to the Company a certified copy of the Board resolution authorizing their representative to attend and vote on their behalf at the meeting.
9. Relevant documents referred to in the accompanying Notice are open for inspection by the members at the Registered office of the Company on all working days, between 11.00 A.M. to 1.00 P.M. upto the date of the meeting.

10. Members/Proxies are requested to bring the attendance slip filled in for attending the Meeting.
11. Members who hold shares in physical form can nominate a person in respect of all the shares held by them singly or jointly. Members who hold shares in single name are advised, in their own interest to avail of the nomination facility. Members holding shares in dematerialized form may contact their respective depository participant(s) for recording nomination in respect of their shares.
12. In case of Joint holders attending the meeting, the Member whose name appears as the First Holder in the order of names as per the Register of Members of the Company will be entitled to vote.
13. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to the Depository Participants with whom they maintain their demat accounts. Members holding shares in physical form are required to submit their PAN details to registrar and share transfer agents.
14. Details under Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"), with the Stock Exchanges in respect of the Directors seeking appointment / re-appointment at the Annual General Meeting, the Directors have furnished the requisite declarations for their appointment/ re-appointment.
15. Electronic copy of the Annual Report for the year 2018-19 is being sent to all the members whose email IDs are registered with the Company/ Depository Participants(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Annual Report for the year 2018-19 is being sent in the permitted mode.
16. 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 compliances 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 share holders in electronic mode to the e-mail address provided by them through company email id: cclinvestors@gmail.com
17. In compliance with the provisions of Section 108 of the Act and the Rules framed thereunder, as amended from time to time, and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Members are provided with the facility to cast their vote electronically, through the e-voting services provided by CSDL, on all the resolutions set forth in this Notice. The instructions for e-voting are given herein below. Resolution(s) passed by Members through e-voting is/are deemed to have been passed as if they have been passed at the AGM.
18. **Transfer of Unclaimed/Unpaid amounts to the Investor Education and Protection Fund (IEPF):**

Members are requested to note that dividends not encashed or remaining unclaimed for a period of 7 (seven) years from the date of transfer to the Company's Unpaid Dividend Account, shall be transferred to the Investor Education and Protection Fund ("IEPF") established by the Central Government. Further, pursuant to the provisions of Section 124 of the Companies Act, 2013 read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ('IEPF Rules') as amended from time to time, all shares on which dividend has not been paid or claimed for seven consecutive years or more shall be transferred to IEPF Authority as notified by the Ministry of Corporate Affairs.

Members who have not yet encashed the dividend warrants from the financial year ended 31st March 2015 onwards are requested to forward their claims to the Company's Registrar and Share Transfer Agent without any further delay. It is in Members' interest to claim any un-encashed dividends and for future, opt for Electronic Clearing Service, so that dividends paid by the Company are credited to the Members' account on time.

Details of Director Seeking Re-appointment at the Annual General Meeting as on 31.03.2019

Particulars	K. Venkateswara Rao	Mrs. Jeeja Valsaraj
Date of Birth	15.06.1945	01.02.1964
Date of Appointment	30.09.2014	01.10.2004
No. of Shares held in the Company	Nil	199200

Annexure to the Notice:

**EXPLANATORY STATEMENT
(PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013)**

Item No. 4**APPOINTMENT OF STATUTORY AUDITORS**

In terms of Section 139 of the Companies Act, 2013 ("the Act") and the Companies (Audit and Auditors) Rules, 2014, made there under, the present Statutory Auditors of the Company M/s. K.P.Rao & Co., Chartered Accountants, Bangalore (Registration No. 003135S) retire at this AGM.

As per the recommendation of the Audit Committee, the Board recommends the appointment of M/s Brahmayya & Co., as the Statutory Auditors of the Company in place of the Retiring Auditors. The proposed auditors shall hold office for a period of five consecutive terms from the conclusion of Thirty Eighth Annual General Meeting till the conclusion of Forty Third Annual General Meeting of the Company.

In accordance with Section 139 of the Act M/s Brahmayya & Co., Chartered Accountants, , have certified that they are eligible to be appointed as the Statutory Auditors of the Company and they satisfy the criteria as provided in Section 141 (3) (g) of Companies Act 2013. The certificate is available for inspection of the Shareholders at the Registered office of the Company during business hours on any working day.

- (a) Proposed fees payable to the statutory auditor(s) is Rs.3,50,000/- (Rupees Three Lakhs Fifty Thousand only) per annum along with terms of appointment.

None of the Directors and /or Key Managerial Personnel of the Company and/or their relatives are in any way concerned or interested (financially or otherwise) in the proposed Ordinary Resolution.

Item No. 5**RE-APPOINTMENT OF Mr K. VENKATESWARA RAO AS INDEPENDENT DIRECTOR OF THE COMPANY:**

Mr. K. Venkateswara Rao has been a Director on the board of the Company with effect from 30.09.2014, in terms of section 149 of the Companies Act, 2013, the members at the Annual General Meeting held on 30th September, 2014 appointed Mr. K. Venkateswara Rao as an Independent Director of the Company to hold office for a term of Five (5) consecutive years with effect from 01.10.2014. Accordingly the current terms of Mr. K. Venkateswara Rao expires at this Annual General Meeting. In terms of Section 149 of the Companies Act, 2013, Mr. K. Venkateswara Rao is eligible for being re-appointed as an Independent Director for another term of Five (5) consecutive years.

Pursuant to the recommendations of the Nomination and Remuneration Committee, the Board of Directors of the Company at its meeting held on 29th July, 2019, proposed the appointment of Mr. K. Venkateswara Rao subject to the approval of the members at the ensuing Annual General Meeting for another term of Five (5) consecutive years commencing from 1st September, 2019. Mr. K. Venkateswara Rao will not be eligible to retire by rotation.

Mr. K. Venkateswara Rao is independent of the management and possesses appropriate skills, experience and knowledge.

Brief profile of Mr. K. Venkateswara Rao:

Prof. K. Venkateswara Rao, is well-known among the Chemical Engineering Institutions & Petroleum, Refining, Petrochemical and other Chemical Industries. He is now Programme Director, Petroleum Courses, JNTUK, Kakinada.

Prof. Rao established good contacts with industry as a consultant too. He is an expert in feasibility studies for Chemical Process Plants, Safety Energy Audits as well as Hazop and Risk Assessment Studies. Recognizing his research work in biodiesels, Prof. Rao has been invited by the Chairman, Parliament Standing Committee on Petroleum and Natural Gas Government of India to make a presentation on "Strategy for Development of Alternative Resources of Oil and Gas with reference to Biodiesels". Prof. Rao made the presentation on December 12, 2006.

Keeping in view his vast expertise and knowledge, it will be in the interest of the Company that Mr. K. Venkateswara Rao is appointed as an Independent Director of the Company.

Mr. K. Venkateswara Rao is a Member of the Stakeholders Relationship Committee and Corporate Social Responsibility Committee of the Board of Directors of the Company.

He does not hold any shares in the Company. The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services as an Independent Director. Accordingly, the Board recommends the resolution in relation to re-appointment of Mr. K. Venkateswara Rao as an Independent Director, for the approval by the shareholders of the Company. Copy of the draft letter for appointment of Mr. K. Venkateswara Rao as an Independent Director setting out the terms and conditions is available for inspection by members at the registered office of the Company.

Further, Mr. K. Venkateswara Rao will attain the age of 75 years on 15th June 2020. According to Regulation (17)(1A) of SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations 2018, continuation and reappointment of Director who has attained the age of 75 years require members approval through Special Resolution.

As disclosed in his resume above, Mr. K. Venkateswara Rao, has a vast experience that is much needed for the Company's progress and development.

Thus Directors propose to take Members approval beforehand for continuation of his appointment after attaining the age of 75 years.

Except Mr. K. Venkateswara Rao, being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item No. 5.

This Explanatory Statement may also be regarded as a disclosure under Regulations of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Your Directors recommend the Resolutions to be approved as Special Resolution.

Item No. 6

ALTERATION TO MEMORANDUM OF ASSOCIATION OF THE COMPANY

Your Company is currently in the phase of development by its own and through its subsidiaries. There is an on going requirement for funds by its subsidiaries for various expansion plans to be executed to carry on the activities by subsidiaries in the ordinary course of business. In this regard there is a necessity for the subsidiaries to avail loans from the banks, for which the bankers require guarantee / security from the holding company for the loans granted to subsidiaries from time to time for carrying their ordinary course of businesses.

Keeping in view of the above, it is in the interest of the Company to include such clause in its Memorandum of Association. Pursuant to the provisions of Section 13 and other applicable provisions of the Companies Act, 2013 alteration of object clause requires the approval of the shareholders by passing of special resolution and such alteration shall be effective only after getting approval from Registrar of Companies, Vijayawada.

The Directors propose to include the sub-clause under Part-B of Clause III, after the existing sub-clause 27 in Memorandum of Association of the Company.

The Directors therefore recommend the resolution at Item No. 6 of the accompanying Notice for the approval of the Members of the Company.

None of the Directors or Key Managerial Personnel of the company are anyway concerned or interested in passing of this Resolution.

Item No. 7

APPROVAL FOR ENTERING INTO RELATED PARTY TRANSACTIONS

The Members are informed that the Companies Act, 2013 aims to ensure transparency in the transactions and dealings between the Related Parties of the Company. As per the provisions of Section 188 (1) of the Companies Act, 2013 "Related Party Transactions" requires obtaining prior consent of the Board where transactions proposed to be entered into falls in the list of items referred therein and are within threshold limits prescribed under Rule 15 of Companies (Meeting