

BOARD OF DIRECTORS

Shri Madan Gopal Todi — Chairman
 Dr. V. C. Shah
 Shri B. K. Saha
 Shri Dipak Dey
 Shri Krishna Kumar Todi
 Shri Lallan Kumar Todi
 Shri Sushil Kumar Todi
 Shri Ashok Kumar Todi
 Shri Kanhaiya Kumar Todi — Managing Director

EXECUTIVES

Shri Dushyant Todi—Jt. President
 Shri Raja Saraogi—Secretary

AUDITORS

Agarwal Maheswari & Co.
 Chartered Accountants
 2B, Grant Lane
 Kolkata – 700 012

SOLICITORS & ADVOCATES

Dey & Associates
 Temple Chambers
 6, Old Post Office Street
 Kolkata – 700 001

SHARE TRANSFER AGENTS

S. K. Computers
 34/1A, Sudhir Chatterjee Street
 Kolkata – 700 006
 Tel : 2219-4815

REGISTERED OFFICE

4, Black Burn Lane
 Kolkata – 700 012

CORPORATE OFFICE

1/1, Camac Street
 Kolkata – 700 016
 Tel No. 2217-2222/23/24

CONTENTS

	Page
Notice	2
Reports of the Board of Directors	4
Auditors' Report	14
Balance Sheet	17
Profit & Loss Account	18
Cash Flow Statement	19
Schedule to the Accounts	20
Notes on Accounts	28
Balance sheet Abstract and company's General Business Profile	30

NOTICE

Notice is hereby given that the thirty-fifth Annual general meeting of **COASTAL ROADWAYS LTD.** will be held at :

Venue	Calcutta Chamber of Commerce Stephen Court 18H, Park Street Kolkata-700 071
Day	Friday
Date	September 12, 2003
Time	11:00 A.M.

To transact the following business :

Ordinary Business :

1. To receive, consider and adopt the Audited Profit & Loss Account for the year ended 31st March, 2003 together with the Balance Sheet as at that date, the Reports of the Directors and Auditors thereon.
2. To appoint Directors in place of Sri Krishna Kumar Todi and Sri Lallan Kumar Todi who retires by rotation and being eligible, offer themselves for re-appointment.
3. To appoint Auditors for the current year and to authorise the Board of Directors to fix their remuneration.

SPECIAL BUSINESS :

4. To consider and, if thought fit, to pass the following resolution which will be proposed as a Special Resolution :

"RESOLVED THAT, in accordance with the applicable provisions of the Companies Act, 1956, the Securities Contracts (Regulation). Act, 1956, the Listing Agreement with Stock Exchange and the provisions of the securities and Exchange Board of India (Delisting of Securities) Guidelines 2003, or any amendment or modification thereof, and subject to such other approvals, premissions and sanctions as may be necessary, and such conditions and modifications as may be prescribed or imposed by any Authority while granting such approvals, permissions or sanctions which may be agreed to by the Board of Directors of the company or any Committee/ persons(s) authorised by the Board, consent be and is hereby accorded to delist the Ordinary Shares of the Company from the Stock exchange at Kolkata.

RESOLVED FURTHER THAT authority be and is hereby accorded to the Board or any Committee/ person(s) authorised by the Board, to settle all questions, difficulties or doubts that may arise in this regard and to do all such acts, deeds and things as may be necessary, expedient and desirable, for the purpose of giving effect to this Resolution."

Regd. Office :
4, Black Burn Lane
Kolkata - 700 012

The 27th day of June, 2003.

By Order of the Board of Directors

(Raja Saraogi)

Secretary

NOTES :

- a) 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 the 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.
- b) The Register of Members and Share Transfer Books in respect of the Equity Shares of the Company will remain closed from Monday, 8th September 2003 to Friday, 12th September 2003 (both days inclusive).
- c) Information Under Section 205A read with the Companies unpaid Dividend (Transfer to General Revenue Account of the Central Government) Rules, 1978 as amended is given below :
 - I. Pursuant to section 205A of the Companies Act, 1956 all Unclaimed/Unpaid Dividends upto the Financial year ended 31st March, 1995 have been transferred to the General Revenue Account of the Central Government. Shareholders, who have not yet encashed their Dividend Warrants for the said period are requested to claim the amount from the Registrar of Companies, West Bengal, 234/4 A. J. C. Bose Road, Kolkata-700 020 by submitting an application in the prescribed Form.
 - II. Consequent upon amendment in Section 205A of the Companies Act, 1956 and introduction of Section 205C by the Companies (Amendment) Act, 1999 the amount of Dividend for the subsequent years remaining unpaid or unclaimed for a period of seven years from the date of transfer to Unpaid Dividend Account of the Company shall be transferred to the **Investor Education and Protection Fund** set up by the Government of India and no payments shall be made in respect of any such claims by the Fund.
- d) Particulars of Directors seeking re-election :
 1. Mr Krishna Kumar Todi, B. Tech (Hons.) from IIT, Kharagpur aged about 55 years has wide experience in the Transport & Engineering Industries. He has served the Company as a whole time Director over a period of 34 years. The Company has been highly benefited out of his management skills and professional expertise in Automotive Engineering. The Board recommends the re-election of Mr. Krishna Kumar Todi as a Director of the Company.
 2. Mr. Lallan Kumar Todi, B. Com (Hons.), LLB aged about 48 years has been associated with the Company since last 9 years. He has considerable amount of pioneering work to his credit on subjects like supply chain development, handling of ODC, export Marketing and fleet maintenance. The Board recommends the re-election of Mr. Lallan Kumar Todi as a Director of the Company.
 3. Mr. Birendra Kumar Saha, Retired IPS, aged about 65 years is a widely experienced person and has extra ordinary administration abilities. The Board recommends the re-election of Mr. Birendra Kumar Saha as a Director of the Company.
- e) Members desiring any information about accounts of otherwise, are requested to write to the company, at least 10 days in advance of the Annual General Meeting, to facilitate compilation thereof.

Explanatory statement

Item Nos. 4.

The Equity Shares of Rs. 10/-each of your Company, are presently listed on the Calcutta Stock Exchange Association Ltd (CSE) and The Stock Exchange, Mumbai(BSE) in India.

Data on trading volumes indicates that the Company's shares, are very rarely traded. BSE has extensive networking of trading terminals, which facilitates trading by Members/ Investors across the country. The trading volumes in the Company's shares on the Calcutta stock Exchange is either nil or insignificant. Continued listing on such Stock Exchange neither serves the interest of the Members/ Investors nor that of the Company.

The Board of Directors of your Company at its meeting accordingly recommended for the approval of the Members, the proposal to voluntarily delist the company's share from the CSE. The Company's shares will however continue to be listed on the BSE only.

Delisting of the Company's shares from the aforesaid Stock Exchange would result in administrative convenience and saving in costs on account of listing fees, etc. In accordance with the Securities and Exchange Board of India (Delisting of Securities) Guidelines 2003, consent of the Members by way of a Special Resolution is required for voluntary delisting of the Company's shares from the aforesaid Stock Exchanges.

None of the Directors of your Company is interested in this Special Resolution.

The Board recommends this Special Resolution for your approval.

DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting the Annual Report together with the Audited statement of Accounts for the year ended 31st March, 2003.

OPERATING RESULTS

	2002-2003 (Rs./Lacs)	2001-2002 (Rs./Lacs)
Working during the year shows a surplus of	161.80	149.25
From which is deducted		
Finance Charges	34.98	29.12
Depreciation	94.00	80.81
Provision for Taxation	7.56	11.52
	<u>136.54</u>	<u>121.45</u>
Leaving a Net Profit of	25.26	27.80
To which is added Balance brought forward from previous year	1.11	1.31
Which is appropriated as under :		
Transfer to General Reserve	25.00	28.00
Balance carried forward to next year	1.37	1.11

PERFORMANCE :

The year 2002-03 was once again a difficult period for the Indian Industry. Yet your company reported satisfactory performance. Despite stressful conditions, the Freight Earnings of the company were recorded at Rs. 3301 lacs as against Rs. 2831 lacs in the previous year. Special efforts were initiated towards improving efficiency & productivity and as a result the business volumes showed an improvement of more than 16% over the previous year. Notwithstanding this focus, the profit after tax has marginally reduced in comparison to the previous year. Frequent Oil Price increases have entailed additional costs, which in a depressed and highly competitive market could not be passed on to the customers.

During the year, the company re-organised its business process, in line with the changing needs of market. Functional specialisation was developed to enhance service levels offered to customers by responding to their increasing expectations and demand levels.

As reported last year, the continuous dedicated efforts of the management to ensure growth by offering value-added services like Third Party Logistics, Supply Chain Management and Dedicated Containerised Vehicles have helped the company to give an adequate boost to its turnover and business volumes. The company will be in a position to introduce refrigerated containers and low bed articulated PVC body containers for movement of fruits, vegetable and flowers which will also give new fillip to exports and agro-based industries, thereby giving a further boost to the Company's Turnover. The company has continued with its policy of acquiring sizeable number of container body heavy vehicles in order to reduce the dependence on hired vehicles and to have advantage of offering personalised services to various FMCG and Engineering Industries. The Board reasonably foresees that the Company will certainly achieve higher targets by

enhancing its service levels further but growth will largely depend upon political stability and liberalised policies of Reserve Bank of India by way of further reduction in Interest costs for the borrowers.

DIVIDEND :

In order to plough back profits for ongoing expansion programmes and because of low profitability the Directors express their inability to recommend any dividend for the year ended 31st March, 2003.

FINANCE AND ACCOUNTS :

The profit after tax has resulted in an internal cash generation of Rs. 119 lacs as against Rs. 109 lacs in the previous year. The shareholders fund recorded for Rs. 1073 lacs.

DEPOSIT :

No Public Deposits were invited or accepted during the year under report.

AUDITORS :

M/s. Agarwal Maheswari & Co., Chartered Accountants, retire at the ensuing Annual General Meeting and are eligible for re-appointment.

AUDITORS' REPORT :

The report of the Auditors' is self-explanatory and does not call for any further comments from the Directors.

INFORMATION REQUIRED UNDER THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF THE BOARD OF DIRECTORS) RULE 1988

A. Conservation of Energy :

The Company's operation involve no energy consumption

B. Form of Disclosure of particulars with respect to absorption of Technology and Development of R & D :

- i) Research and Development – The Company do not have any R & D Division and Company's Operations do not require this type of establishment.
- ii) Technology absorption, adoption and innovation – The Company has not imported any technology due to its nature of operation.

DIRECTORS :

Sri Krishna Kumar Todi and Sri Lallan Kumar Todi, Directors of the Company retire by rotation and being eligible offer themselves for re-appointment.

Sri B K Saha was appointed as Additional Director during the year. He holds office upto the date of the ensuing Annual General Meeting. Notice has been received pursuant to Section 257 of the Companies Act, 1956 proposing his candidature for the office of Director, subject to retirement by rotation.

PERSONNEL :

The true index to a Company's success is not only its turnover and quantum of profits but its ultimate resource. The Directors sincerely thank the employees at all levels for their dedicated services and co-operation which enabled the Company to perform satisfactorily. There are no employees drawing remuneration of Rs. 2,00,000/- a month or Rs. 24,00,000/- a year and therefore, no particulars in terms of Section 217(2A) of the Companies Act, 1956 are attached to this report.

DIRECTORS' RESPONSIBILITY STATEMENT :

Statement under sub-section (2AA) of Section 217 of the Companies Act, 1956 :

In the preparation of the Annual Accounts :

- i) the applicable accounting standards have been followed and wherever required, proper explanations relating to material departures have been given.
- 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 at the end of the financial year and of the profit or loss of the Company for that period.
- iii) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- iv) the Accounts have been prepared on a going concern basis.

CORPORATE GOVERNANCE :

Corporate Governance Report and Management analysis and Discussion Report pursuant to Clause 49 of the Listing Agreement with Stock Exchanges are provided in separate annexures to this report.

ACKNOWLEDGEMENT :

The Board acknowledges the support given by its employees, shareholders customers and bankers and looks forward for their continued support.

On behalf of the Board of Directors

Place : Kolkata



(M. G. Todi)
(Chairman)

Date : the 27th day of June, 2003

MANAGEMENT DISCUSSION AND ANALYSIS**ECONOMIC PRESPECTIVE**

The global economy has been passing through a difficult phase and the Indian economy is no exception. The industrial growth has been on a downward trend for the last couple of years. The Agriculture Sector, however, has shown positive growth, thereby contributing to the GDP. A rising trend in global crude oil prices has also compounded the pressure. The severe draught has posed a very serious challenge and in many states the agricultural growth is likely to be worst affected during current year.

ROAD FREIGHT TRANSPORT SECTOR

The Indian Road freight transport sector continues to remain unorganised and fragmented. The poor road infrastructure conditions, multiple check post for octroi and sales tax and unnecessary barrier in various states, delays, bureaucratic hurdles and other numerous problems make the freight industry unproductive and outmoded.

The year 2002-03 has been the worst for the Indian Road Freight Industry. The freight rates in the country were severely affected by the political disturbances in various states, the threat of war and above average production of certain agricultural products. Intense competition from unorganised players, the growing trend of reverse auctions, high operating costs and poor industrial growth had an adverse impact on the working of the road transport segments.

The road freight sector is poised for major changes in the coming years. With steady progress on the Government of India's plans to construct a National Highway network, the road density and quality are on the rise. The two major sections-the Golden Quadrilateral and the North-South-East-West corridors are expected to be completed by 2003 and 2007 respectively and they are fairly expected to bring about sweeping changes to the overall productivity and efficiency of this sector.

BUSINESS STRATEGY & OPPORTUNITIES

The process of economic reforms has brought the global markets closer to the Indian economy. The customers now have access to better quality products & services at competitive rates. Globalisation and competition have given emphasis to better supply chain management, which in turn has created a market for third party logistics (3PL) service providers. A growing number of customers are out sourcing showing outstanding their Logistics to 3PL providers in order to concentrate on their core competencies. Your company offers integrated logistics solutions using multi-modal transportation including state of the art warehousing facilities, customised customer services and other value added services. Your company's advanced internet based consignment tracking and enterprise wide on-line computerised systems gives it a superior edge over its rivals.

Logistics solutions have emerged as a new growth opportunity for the express cargo industry. Manufacturing companies are increasingly outsourcing their logistics requirements from their party logistics providers. Express companies world-wide, with their inherent know-how and distribution management skill coupled with warehousing facilities and technology leanings, are in the best position to offer such value added services.

On the other hand the unorganised/semi-organised segment of the express cargo industry will face pressure on margins because of unfavorable pricing environment. The unorganised sector is mostly into the documents business, where the margins are already squeezed. This segment is heavily populated with a number of players. The entry barriers in the documents business is low and coupled with the internet revolution, the importance of quick delivery of documents has lost its significance.

Logistics - The cargo and logistics companies have identified opportunities to take up integrated logistics solutions for clients. This outsourcing would enable manufacturing companies to concentrate on their primary activities, VIZ, production and marketing. Outsourcing inventory management will help the customers to have lower capital tie-up, thus reducing the associated risks.

Value added services - In an industry where differentiation is easily replicated, the cargo companies need to innovate new techniques to attract customers. In this endeavor, they add value to the core product to differentiate themselves from their competitors.

RISKS AND CONCERNS

1. All India cargo companies face threat from local players who act as niche players at state and zonal level. Because of lack of regulations, the industry is crowded with too many players, which has led to unhealthy price cutting, discounts, etc. On the other hand, the entry of MNCs has added another dimension. They enjoy the patronage of MNC customers, better equipped as they are with the latest technology and skilled and trained manpower.

There is always the threat of the industry being affected by the economic slowdown. However, with the expected revival of the economy, implementation of WTO guidelines, the industry is expected to show better performance.

2. Entry of large multinationals, by way of joint ventures and/or through 100% subsidiaries.
3. Large share of unorganised and semi-organised segment.
4. Sensitivity to economy this industry is highly dependent on the overall economic scenario. In the mid 80's, the industry grew at a rapid pace at 30-35%. This growth rate was sustained in the 90's. But due to the general slowdown of the world economy and of the Asian economy in particular, there had been a slowdown in this industry as well, and the growth rate was sluggish around 10%.
5. These factors potentially expose the Company to any significant fluctuations in the state of the Indian economy. The Company's operations have historically shown significant resilience to the normal ups & downs of the economic and industry cycles, with demand for its services continuing to grow at healthy rates even at times of an overall economic slowdown.
6. All the revenues from the existing operations are derived from services rendered in the Indian markets. The Company has also been making and contemplating investments in attractive segments.
7. Your Company's highly integrated, and competitive operations, leading positions in domestic markets, and thrust on value addition have proved to be an effective way to mitigate the impact of generic industry factors.

Your Company continue to follow suitable strategies to positively modify its risk profile by eliminating and significantly reducing key business risks and developing and implementing strategies to achieve that maximum possible degree of insulation from broad macroeconomic risks.

OUTLOOK

Your Company has drawn plans to

Consolidate its activities relating to logistics and to create a strong base of operations.

Divise strategies to bring operational efficiency, cost effective services and to face economic slowdown and competition.

Fine tune the operating structure, and improve the customer focus and increase the Company's competitive advantage. The new structure usher an era of efficiency and growth.

Your company will continue to focus on its key business by exploiting its core competence. In order to be a leading edge Company, a well-crafted strategy has been adopted entailing capitalising on the strong brand equity, optimising costs and improving operational efficiencies at all the levels. These endeavors should facilitate superior margins, despite the forecast of a challenging business environment in the immediate future.

Your Company is in advance process of introducing cold chain supply management i.e. cold storage moving on wheels. It is also exploring the carriage of fruits and flowers from the place of growth/cultivation to ultimate market of consumption by introducing specialised refrigerated vehicles. According to published data of the Ministry of Agriculture, about 40-50% of the fruits go waste because of inadequate and improper handling and transportation system. It is fairly expected to make a good break through in this area.

INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY

The Company has an internal control system commensurate with its size and nature of business and to meet the following objectives :

Efficient utilisation and protection of resources.

Compliance of statutory and internal policies and procedures.

Completeness, accuracy, promptness of the reports generated for all the transactions in the Company.

HUMAN RESOURCE MANAGEMENT

Your Company believes that constant training and development, and continuous learning, is necessary for ensuring retention of the best talent besides providing the Company a sustainable platform for growth in the business environment.

Training programmes have been devised to develop cross-functional skills. The objective is to provide Your Company's people with an opportunity to address areas, not only relevant to their job profile, but also for their all round development.

OVERVIEW

Large number of players, international as well as local, are setting up their shops in Logistics and hope to get a share of this emerging new economy business.

Your company has an edge over other players, by virtue of having strong information technology backup and better understanding of Indian roads, local laws, customer needs etc. Your Company, being a pioneer and trendsetter in express cargo industry, will always play a vital role in this industry.

SOCIAL RESPONSIBILITIES

Your company always believes that organisational growth objective is always linked with the overall development of the society and the community at large.

Your Company is in the process to introduce a Drivers Group Accident Policy (Rashta apatti Kavach policy) to Cover all the drivers of vehicles attached to the Company. This is a goodwill gesture to insure them in case of any unforeseen event, is being undertaken as part of the corporate social responsibility.