

# **COASTAL ROADWAYS LTD.**



## **ANNUAL REPORT 2005-2006**

**BOARD OF DIRECTORS**

Shri Madan Gopal Todi - Chairman  
Dr. V. C. Shah  
Shri Dipak Dey  
Shri Lallan Kumar Todi  
Shri Sushil Kumar Todi  
Shri Ashok Kumar Todi  
Shri Kanhaiya Kumar Todi - Managing Director

**EXECUTIVES**

Shri Udit Todi - President  
Shri Raja Saraogi - Vice President (Corporate  
Affairs) & Co. Secretary

**AUDITORS**

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

**SHARE TRANSFER AGENTS**

S. K. Computers  
34/1A, Sudhir Chatterjee Street  
Kolkata - 700 006  
Tel : 2219-6797

**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**

	<b>PAGES</b>
Notice	1
Report of the Board of Director	3
Auditor's Report	12
Balance Sheet	16
Profit & Loss Account	17
Cash Flow Statemeant	18
Schedule to the Accounts	19
Balance Sheet Abstruct & Company's General Business Profile	28

**NOTICE**

Notice is hereby given that the Thirty-Eight 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	Monday
Date	25th September, 2006
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, 2006 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 Ashok Kumar Todi and Sri Lallan Kumar Todi who retire 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.

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

By Order of the Board of Directors

(Raja Saraogi)

The 28th day of June, 2006

Secretary

**Notes :**

- (a) A member entitle 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 time of the meeting.
- (b) The Register of Members and Share Transfer Books in respect of the Equity Shares of the Company will remain closed from Wednesday, 20th September 2006 to Monday, 25th September 2006 (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) Brief resume of Directors proposed to be re-appointed at the 38th Annual General Meeting :
  1. Sri Ashok Kumar Todi, aged about 47 years has been associated with the Company since last 11 years. He has over 22 years of experience in Road Transport Industry and the Company has immensely benefited from his expertise in Fleet Management, Business Administration and Resource Development and Planning. The Board recommends the reappointment of Sri Ashok Kumar Todi as a Director of the Company.
  2. Sri Lallan Kumar Todi, aged about 52 years has been associated with the Company since last 11 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 Sri Lallan Kumar Todi as a Director of the Company.
- (e) Members desiring any information about accounts or otherwise, are requested to write to the Company, at least 10 days in advance of the Annual General Meeting, to facilitate compilation thereof.

**DIRECTORS' REPORT**

Dear Members,

Your Directors have pleasure in presenting the 38th Annual Report together with the Audited statement of Accounts for the year ended 31st March, 2006.

**OPERATING RESULTS**

	2005-2006 (Rs.In Lacs)	2004-2005 (Rs.In Lacs)
Working during the year shows a surplus of	207.30	216.61
From which is deducted		
Finance Charges	44.15	34.45
Depreciation	133.41	138.91
Provision for Taxation	7.81	6.06
	<u>185.37</u>	<u>179.42</u>
Leaving a Net Profit of	21.93	37.19
To which is added Balance brought forward from previous year	10.39	8.20
Which is appropriated as under :		
Transfer to General Reserve	21.00	35.00
Balance carried forward to next year	11.32	10.39

**PERFORMANCE :**

During the year under review your company's freight earnings were recorded at Rs. 3813 lacs, as against Rs. 4492 lacs in the previous year. Frequent Oil Prices hikes which in a depressed and highly competitive market conditions could not always be passed on to the customers have adversely affected the turnover as well as operational margins of the company. However due to constant efforts for reducing non-operational overheads the company has been able to make adequate control in the Net Margins. Levies of new taxes viz. Service Tax, Value Added Tax admixed with the impact of heavy increase in Diesel Prices seriously affected the further growth of business volumes of the company. This is further compounded by the nationwide slow down in Road Development Work.

It is expected that road development program will continue over a long period and by 2010-12 the Country will be networked both through National and State highways and inter connecting roads. This will give an impetus to growth of movement by high-tonnage vehicles and reduce the per tonne-km transportation cost. Your company has been adhering to its policy of constant acquisition of container body vehicles and heavy commercial vehicles in order to reduce the dependence on hired vehicles and to have the advantage of offering personalised services to its various customers from FMCG & Engineering Sector. The focus on re-engineering process of personalised and dedicated vehicle placement services will yield good favourable results in increasing the customer base and business volumes. As reported last year your Directors took timely action and reorganised its business process with the changing needs of market. Functional specialisation was strengthened to enhance service levels offered to customers by responding to their increasing expectations and demand levels. In accordance with the past

practice the old vehicles are already in the process of replacement by acquiring new heavy payload capacity vehicles with carriage capacity of 40 MT.

Based on sound and prudent logistic strategy and in order to reduce quantum of old and delayed receivables exceeding 90 days and above, the company decided to discontinue logistic service operations of those customers whose turnover remain below Rs. 10 lacs and whose payments are habitually delayed. Because of fund liquidity crisis the company also decided to become very selective in rendering services to those customers whose payments are delayed beyond 30 days. As a result of these financial decision and policies, the turnover has decreased by about 15% approx., but in this process, our requirement for funds availability has become very smooth.

#### **DIVIDEND :**

In order to plough back profits for ongoing expansion programmes and resulting constant requirement of funds emerging out of late payments by clients, the cash liquidity crunch always exists and has become insurmountable. Because of low profitability due to serious competition in transport trade and by the entry of some large cash rich overseas operators especially from Far East countries, the situation has become more alarming for the availability of funds. The Directors therefore express their inability to recommend any dividend for the year ended 31st March, 2006.

#### **FINANCE AND ACCOUNTS :**

The constant and continued efforts of your directors for faster realisation of outstandings by offering trade discounts has suitably worked out to meet the augmented need for working capital finance for increased business volumes. The company has been able to liquidate external borrowings from Rs. 293 lacs to Rs. 138 lacs. Borrowings from Institutional lenders however has increased due to acquisition of new heavy vehicles. Keeping in view, the scope of work and demand with regard to new projects, worth Rs. 20,000 crores approx. in coming years, during the year the company made an investment of Rs. 421 lacs for acquisition of new assets to further strengthen its operations. In spite of all odds, the profits after tax have resulted in an internal cash generation of Rs. 155 lacs as against Rs. 173 lacs in the previous year. The shareholders fund recorded for Rs. 1054 lacs. The company in moving ahead to achieve the targeted turnover of Rs. 5000 lacs, if not more, during the current financial year.

#### **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 Ashok Kumar Todi and Sri Lallan Kumar Todi retire by rotation at the conclusion of ensuing Annual General Meeting and being eligible offer themselves for reappointment.

**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 prepare 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.

#### **ACKNOWLEDGMENTS :**

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

Date : the 28th day of June, 2006

(M G Todi)  
(Chairman)

**REPORT ON CORPORATE GOVERNANCE****1. COMPANY'S PHILOSOPHY**

In tune with Company's overall philosophy of excellence in all spheres of its operations it has consistently endeavoured to attain the highest standards of Corporate Governance. The company firmly believes in the values of transparency, professionalism, accountability and equity in all facets of its dealings with its customers, suppliers, employees, lenders, shareholders and the society.

**2. BOARD OF DIRECTORS**

The Board is headed by the Non-Executive Chairman and comprises of persons with considerable industrial and professional experience. During the year under review 6 (six) meetings were held on 29.04.2005, 28.06.2005, 29.07.2005, 13.09.2005, 28.10.2005 & 30.01.2006. The detailed particulars of the Directors and their attendance is as under :

Director	Category	Attendance		Other Companies		
		Board Meeting	Last AGM	Member of Board	Committees	
					Member	Chairman
Mr. Madan Gopal Todi	Chairman - Non Executive	6/6	Yes	6	1	-
Dr. V. C. Shah	Non-Executive-Independent	-/6	Yes	4	-	-
Mr. Dipak Day	Non-Executive-Independent	6/6	Yes	-	-	-
Mr. B. K. Saha	Non-Executive-Independent	3/3	Yes	-	-	-
Mr. Lallan Kumar Todi	Whole time Director	3/6	Yes	2	-	-
Mr. Sushil Kumar Todi	Whole time Director	3/6	No	3	-	-
Mr. Ashok Kumar Todi	Whole time Director	4/6	Yes	3	-	-
Mr. Kanhalya Kumar Todi	Managing Director	5/6	Yes	7	-	-

\*Cease to be director from 01.10.2005

**3. AUDIT COMMITTEE**

The audit committee comprises of three non-executive directors Mr. Dipak Dey (Chairman), Mr. Madan Gopal Todi and Dr. V. C. Shah. During the year audit committee met 3 times, Mr. M. G. Todi and Mr. Dipak Dey were present in all the meetings.