

Annual *Report*

2006-2007



COASTAL ROADWAYS LIMITED

BOARD OF DIRECTORS

Shri Madan Gopal Todi - Chairman
Dr. V.C. Shah
Shri Dipak Dey
Shri A. C. Chakrabortti
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) & 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
E-maill : coastalgroup@vsnl.net

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NOTICE

Notice is hereby given that the Thirty-Ninth Annual General Meeting of COASTAL ROADWAYS LTD. will be held at :

Venue	Calcutta Chamber of Commerce Stephen Court 18 H, Park Street Kolkata-700 071
Day	Friday
Date	7th September, 2007
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, 2007 together with the Balance Sheet as at that date, the Reports of the Directors and Auditors thereon.
2. To appoint Directors in place of Shri A.C. Chakraborti and Shri Sushil Kumar Todi who retire by rotation and being eligible, offer themselves for reappointment.
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, so pass with or without modifications, the following Resolutions :

As an Ordinary Resolution

"RESOLVED THAT pursuant to Section 293(1) (d) the Companies Act, 1956, Article 58 of the Articles of Association of the Company and all other applicable provisions, if any, the company hereby accords its approval to Board of Directors to borrow from time to time any sum of sums of monies in any manner as may be required for the purpose of business of the Company, with or without security and upon such terms and conditions as they deem fit, notwithstanding that the monies to be borrowed together with monies already borrowed (apart from temporary loans obtained or to be obtained from the Company's bankers in the ordinary course of business) may exceed the aggregate of the paid-up capital of the company and its free reserves, that is to say, reserves not set apart for any specific purpose, provided that the total amount to be borrowed by the Board of Directors of the Company shall not exceed the sum of Rs. 20 Crores (Rupees Twenty Crores)."

Regd. Office :
4, Black Burn Lane
Kolkata-700 012
The 28th day of June, 2007

By Order of the Board of Directors

(Raja Saraogi)
Secretary

Explanatory Statement

Pursuant to Section 173(2) of the Companies Act, 1956

Item No. 4

Under Section 293 (1) (d) of the Companies Act, 1956 the Board of Directors of a company cannot, except with the consent of the company in general meeting, borrow monies, apart from temporary loans obtained or to be obtained from the Company's bankers in the ordinary course of business, in excess of aggregate of the paid-up capital of the company and its free reserves, that is to say, reserves not set apart for any specific purpose.

The members are well aware of the continuous efforts for increasing the business volumes for which there may be additional requirement of capital expenditure. The Board of Directors feel that it will be necessary for the company to borrow monies from institutional lenders and/or other sources which may exceed the borrowing limit stated above. The consent of the shareholders is therefore, sought in accordance with the provisions of Section 293 (1) (d) of the Companies Act, to enable the Directors to borrow monies subject to a limit of Rs. 20 Crores (Rupees Twenty Crores). Since the proposed borrowing will be in a phased manner and under monthly repayment schemes it is expected that even with the proposed increased borrowings, the debt equity ratio of the company should be within reasonable limits.

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 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 Saturday, 1st September 2007 to Friday, 7th September 2007 (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 39th Annual General Meeting :
1. Shri A.C. Chakrabortti is 76 years old. He is an FCA (Eng. & Wales) and FCA of the Institute of Chartered Accountants of India. Shir Chakrabortti had retired as a senior Partner of M/S S.R. Battiboi & Co. He has been a Director of your Company since 2006. Shri Chakrabortti serves on the Board of several other Companies. The Board recommends the re-appointment of Shri A.C. Chakrabortti as a Director of the Company.
 2. Shir Sushil Kumar Todi, B.Com. (Hons.) FCA, Aged about 50 years has been associated with the Company since 12 years. He has over 25 years of experience in Road Transport Industry and the Company has immensely benefited from his expertise in Financial Management, Business Administration, Express Logistics and Resource Development and Planning. The Board recommends the re-appointment of Shri Sushil Kumar Todi as a Director of the Company.

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Member are requested to :

1. Notify immediately, change of address, if they are holding shares in physical form and to update such details with their respective Depository Participants (DPs), if they are holding shares in electronic form.
2. Write to the Company for any information about accounts at least 10 days in advance of the Annual General Meeting and
3. Bring the copy of the Annual Report along with them and to produce the Attendance Slip at the entrance of the Meeting Hall.
4. Members/ Beneficial owners are requested to quote their Folio No./DP and Client ID Nos., as the case may be, in all correspondence with the Company.



DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting the 39th Annual Report together with the Audited Statement of Accounts for the year ended 31st March, 2007.

OPERATING RESULTS	2006-2007 (Rs. in Lacs)	2005-2006 (Rs. in Lacs)
Working during the year shows a surplus of	237.07	207.30
From which is deducted		
Finance Charges	27.29	44.15
Depreciation	171.12	133.41
Provision for Taxation	8.82	7.81
	207.23	185.37
Leaving a Net Profit of	29.84	21.93
To which is added Balnce brought forward		
from previous year	11.32	10.39
Which is appropriated as under :		
Transfer to General Reserve	30.00	21.00
Balance carried forward to next year	11.16	11.32

PERFORMANCE :

This was a much better year as compared to previous year since the Company's performance surpassed several past records in terms of turnover and set new records and milestones. The Company's freight earnings were recorded at Rs. 5071 lacs as against Rs. 3813 lacs in the previous year, registereing an exponential growth of 33% Uncertainty over fuel prices, stringent input cost incease due to commodity price movement and increase in interest rates coupled with constant pressure from customers to sustain freight rates, could lead to erosion in margins. However due to constant efforst for reducing non operational costs the company has been able to make adequate control in the Net Margins and accordingly Profits after tax registered an increase of 36% over the previous year. Keeping in view the industrial and GDP growth of the country, it is fairly expected that the Turnover during current financial year should react at least Rs. 6000 lacs, if not more and the profit margin should also increase accordingly. The Directors wish to initiate the process of acquiring smaller logistic service providing comanies with a view to strengthen the clientele and infrastructure base of the Company. The consultant has already been appointed for this purpose.

Competition in the domestic road transport industry has significantly increased with many multinational companies entering this arena. The Company is preparing to face these challenge

through focused reform process and emphasis on infrastructure enhancement. In line with past practice of constant acquisition of application specific container body vehicles and heavy commercial vehicles, the company acquired 33 such units during the year under review to reduce its dependence on hired vehicles, and offer dedicated and personalized services to various customers from FMCG and Engineering which otherwise would have increased direct operational cost substantially.

DIVIDEND :

In order to plough back profits for heavy ongoing expansion programmes and resulting constant requirement of funds emerging out of late payment by clients, the cash liquidity crunch always exists and has become insurmountable. Because of low margins due to serious competition in transport trade and by the entry of some large cash rich overseas operators, the situation has become more alarming for the availability of funds. The Directors could manage to achieve the targets without any bank borrowings but fact remains that there is liquidity crisis and therefore the Directors express their inability to recommend any dividend for the year ended 31st March 2007.

FINANCE AND ACCOUNTS :

The Company's performance during 2006-07 reflects the improved business environment. The Company's revenues and profits recorded impressive growth. Management is focused in improving operational performance through various initiatives to achieve savings in both direct and indirect costs. Borrowings from institutional lenders have increased due to ongoing fleet augmentation process. During the year company made purposeful investment of Rs. 401 lacs for acquisition of heavy vehicles to further strengthen its logistic operations. In spite of all odds, the profits after tax have resulted in an internal cash generation of Rs. 201 lacs as against Rs. 155 lacs in the previous year. The Shareholders of fund recorded for Rs. 1083 lacs.

As suggested by the Auditors of the Company and agreed by the Board, it has been decided to transfer the entire amount of gratuity payable as on 31st March 2007 to Group gratuity scheme with Life Insurance Corporation of India. Further, with regard to non provision for diminution in value of investment in equity shares of M/s. Incab Industries Ltd. amounting to Rs. 10,13,650/-, it has been decided to carry forward these shares at a notional value of Rs. 1000/- and write off the balance amount in current financial year to ensure compliance of Accounting Standard "AS-13" issued by the Institute of Chartered Accountants of India.

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 wrt absorption of Technology and Development of R & D
 - i) Reserach and Development - The COmpany do not have any R & D Division and Company's Operation do not require this type of establishment.
 - ii) Technology asborption, adoption and innovation - The Company has not imported any techonology due to its nature of operation.

DIRECTORS :

Sri Sushil Kumar Todi and Sri A. C. Chakrabortti retire by rotation at the conclusion of ensuing Annual General Meeting and being eligible offer themselves for re-appointment.

PERSONNEL :

The true index to a Company's success is not only its turnover and quantum of profits but its ulimate 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 Comanies 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 judgements 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 Exchange 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 to their continued support.

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On behalf of the board of Directors



(M. G. Todi)
(Chairman)

Place : Kolkata

Date : the 28th day of June, 2007