

Annual ***Report***

2007-2008

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COASTAL ROADWAYS LIMITED

Shri M. G. Todi
Founder Chairman & Mentor
BOARD OF DIRECTORS

Shri Kanhaiya Kr. Todi - Chairman & Managing Director
Shri A. C. Chakrabortti
Shri Dipak Dey
Shri V. C. Shah
Shri Ravi Agarwalla
Shri Beni Daga
Shri Om Prakash Kanoria
Shri Lallan Kr. Todi
Shri Sushil Kr. Todi
Shri Ashok Kr. Todi
Shri Udit Todi

EXECUTIVES

Shri Raja Saraogi - President & 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

1997/98 M and S
Report of the Board of Directors

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NOTICE

Notice is hereby given that the Fortieth Annual General Meeting of COASTAL ROADWAYS LTD. will be held as under :

| | |
|--------------|---|
| Venue | Calcutta Chamber of Commerce Stephen Court 18 H, Park Street Kolkata-700 071 |
| Day | Friday |
| Date | 12th September, 2008 |
| 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, 2008 together with the Balance Sheet as at that date, the Reports of the Directors and Auditors thereon.
2. To declare Dividend.
3. To appoint a Director in place of Dr. V.C. Shah, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint M/s Agarwal Maheswari & Co., Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to authorized the Board of Directors to fix their remuneration.

Special Business

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

"RESOLVED THAT Shri Ravi Agarwalla who was appointed as an Additional Director at the meeting of the Board of Directors of the Company held on June, 27, 2008 and who holds office up to the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing under Section 257 of the Companies Act, 1956 from some shareholders proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company, whose term of office shall be liable to retirement by rotation."

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

"RESOLVED THAT Shri Beni Daga who was appointed as an Additional Director at the meeting of the Board of Directors of the Company held on June 27, 2008 and who holds office up to the date of this Annual General Meeting and in respect of whom the Company has received a notice in

writing under Section 257 of the Companies Act, 1956 from some shareholders proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company, whose term of office shall be liable to retirement by rotation."

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

"RESOLVED THAT Shri Om Prakash Kanoria who was appointed as an Additional Director at the meeting of the Board of Directors of the Company held on June 27, 2008 and who holds office up to the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing under Section 257 of the Companies Act, 1956 from some shareholders proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company, whose term of office shall be liable to retirement by rotation."

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

"RESOLVED THAT Shri Udit Todi who was appointed as an Additional Director at the meeting of the Board of Directors of the Company held on June 27, 2008 and who holds office up to the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing under Section 257 of the Companies Act, 1956 from some shareholders proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company, whose term of office shall not be liable to retirement by rotation."

9. 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 provisions of Sections 198, 269, 309, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, consent of the Company be and is hereby accorded to the appointment of Shri Udit Todi, as whole Time Director of the Company, for a period of 5 years commencing from June 27, 2008 and subject to the terms and conditions including the remuneration to be paid and provided to him as contained in the Contract of Service entered/proposed to be entered into between the Company and Shri Udit Todi, a draft whereof is place before the meeting and, for the purpose of identification, initialed by the Chairman of the Board of Directors.

"AND FURTHER RESOLVED THAT the Board of Directors be and is hereby authorized to increase, augment and/or enhance or vary the remuneration to be paid and provided from time to time to Shri Udit Todi in accordance with the provisions of the Companies Act, 1956 and/or any statutory modification or reenactment, thereof.

"AND FURTHER RESOLVED THAT pursuant to Section 309(3) read with Section 198(4) and other applicable provisions, if any, of the Companies Acts, 1956, the remuneration as aforesaid be paid and provided as minimum remuneration to Shri Udit Todi as Whole Time Director, notwithstanding that in any financial year of the Company during his term of Office, the Company may have made no profits or its profits may be inadequate.

"AND FURTHER RESOLVED THAT the Board of Directors of the Company be and hereby authorized to do all acts, deeds, matters and things as may be considered necessary or desirable to give effect to this Resolution."

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

By Order of the Board of Directors
For Coastal Roadways Ltd.

The 27th day of June, 2008

(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 time of the meeting.

b) The Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, in respect of the Special Business set out in Item Nos. 5 to 9 of the accompanying Notice is annexed.

c) The Register of Members and Share Transfer Books of the Company will remain closed from Friday, 5th September 2008 to Friday, 12th September 2008 (both days inclusive).

d) The Dividend, as recommended by the Board, if declared at the meeting, will be paid on or after September 13, 2008 to those members whose names appear on the Company's Register of Members on September 12, 2008. In respect of the shares in electronic form, the dividend will be payable on the basis of beneficial ownership as per details furnished by depositaries as on September 4, 2008 for this purpose.

e) 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 Register 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.

f) Dr. V.C. Shah, a renowned economist aged 80 years has been associated with the Company since last 15 years. He is also on the board of various companies.

g) **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.**

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.

Item No. 5

Shri Ravi Agarwalla, Non-Executive Director.

Shri Ravi Agarwalla aged about 56 years has pioneered the growth of an engineering conglomerate company having business of excavation, evacuation, mining, and transportation etc. on Indian soils as well as on foreign lands. He has very deep insight of transportation and excavation business, which will help the company to reach new altitudes. The Board recommends the appointment of Shri Ravi Agarwalla as Director of the Company.

At the Board Meeting held on June 27, 2008, Shri Ravi Agarwalla was appointed as Additional Director of the Company. In terms of Section 260 of the Companies Act, 1956, he holds office of Director up to the date of this Annual General Meeting.

Notice has been received from a shareholder of the Company pursuant to Section 257 of the Companies Act, 1956 in prescribed manner proposing the candidature of Shri Ravi Agarwalla whose office shall not be liable to retirement by rotation. Except Shri Ravi Agarwalla who may be deemed to be concerned or interested in his own appointment none of the other Directors are interested or concerned in the said resolution.

Item No. 6

Shri Beni Daga, Non-Executive Director

Shri Beni Daga, an industrialist, aged about 52 years has vast experience of 33 years in auto parts manufacturing & engineering industry. He has been member of various forums representing automobile and related industries at National level. The company is expected to immensely benefit from his knowledge relating to the automobile industry in particular and efficient management skills in general. The Board recommends the appointment of Shri Beni Daga as Director of the Company.

At the Board Meeting held on June 27, 2008, Shri Beni Daga was appointed as additional Director of the Company. In terms of Section 260 of the Companies Act, 1956, he holds office of Director up to the date of this Annual General Meeting.

Notice has been received from a shareholder of the Company pursuant to Section 257 of the Companies Act, 1956 in prescribed manner proposing the candidature of Shri Beni Daga whose office shall not be liable to retirement by rotation.

Except Shri Beni Daga who may be deemed to be concerned or interested in his own appointment none of the other Directors are interested or concerned in the said resolution.

Item No. 7**Shri Om Prakash Kanoria, Non-Executive Director**

Shri Om Prakash Kanoria, an industrialist, B.Com, (LLB), MBA aged about 53 years has vast experience of managing various, industries like Flour Mills, edible oil refineries, tea gardens and paper industry. He is on the board of several companies and is also a committee member of Tea association of India, the Apex body representing tea industry in India. The Board recommends the appointment of Shri Om Prakash Kanoria as Director of the Company.

At the Board Meeting held on June 27, 2008, Shri Om Prakash Kanoria was appointed as Additional Director of the Company. In terms of Section 260 of the Companies Act, 1956, he holds office of Director up to the date of this Annual General Meeting.

Notice has been received from a shareholder of the Company pursuant to Section 257 of the Companies Act, 1956 in prescribed manner proposing the candidature of Shri Om Prakash Kanoria whose office shall not be liable to retirement by rotation.

Except Shri Om Prakash Kanoria who may be deemed to be concerned or interested in his own appointment none of the other Directors are interested or concerned in the said resolution.

Item No, 8**Shri Udit Todi, Whole Time Director**

Shri Udit Todi aged about 23 years is a young and dynamic management professional from the University of Nottingham, United Kingdom. With his energy and dynamic skill set he is certainly expected to revitalize the operations of the Company. The Board recommends the appointment of Shri Udit Todi as an Executive Director of the Company.

Shri Udit Todi was appointed as Additional Director of the Company on 27th June 2008. In terms of Section 260 of the Companies Act, 1956, he holds office of Director up to the date of this Annual General Meeting.

Notice has been received from a shareholder of the Company pursuant to Section 257 of the Companies Act, 1956 along with security deposit of Rs. 500/- proposing the candidature of Shri Udit Todi whose term of office shall be liable to retirement by rotation.

Except Shri Kanhaiya Kumar Todi, Shri Lallan Kumar Todi, Shri Sushil Kumar Todi, Mr. Ashok Kumar Todi and Shri Udit Todi none of the other Directors are interested or concerned in the said resolution.

Item No. 9

On 27th June 2008 Shri Udit Todi was appointed as Whole Time Director of M/s Coastal Roadways Limited, for a period of 5 years with effect from 12th June, 2008.

The particulars of the terms and conditions as laid down under Schedule XIII of the Companies Act, 1956, are as under :

SALARY.

Basic salary of Rs. 4,80,000/- per annum, subject to such annual increments as the Board may determine.

BONUS

Eligible for Bonus, profit share or profit related Pay.

OTHERS

Other Benefits including provident fund, gratuity, use of car and telephone for office purpose, leave travel assistance, medical and accident benefits and other amenities shall be provided as per service Rule of the Company.

During the Employment, the Executive Shall :

- 1) Devote substantially the whole of his time, attention and skill to the carrying out of his duties under this Agreement and shall not engage in any activities which would detract or divert from, or conflict with, the proper performance of such duties or the business of the Company for which he is required to perform duties :
- 2) At all times and in all respects faithfully, competently and diligently perform such duties and exercise such powers, authorities and discretions as are consistent with the Executive's position as Director and as may from time to time be vested in or assigned or delegated to him by the Board.
- 3) Obey all lawful and reasonable directions and instructions from time to time given to him by or under the authority of the Board, including any and all policies issued by the Company in relation to business ethics, group safety procedure, etc.
- 4) Use his best endeavors to promote, develop and protect the business, interests and reputation of the Company; and
- 5) At all times keep the Board promptly, and fully informed of his conduct of the business or affairs of the Company in the course of his employment and provide such further information, written records or explanation as the Board may require.

The Board of Directors are authorized to increase, augment and/or enhance or vary the remuneration to be paid and provided from time to time to Shri Udit Todi in accordance with the provisions of the Companies Act, 1956 and / or any statutory modification or re-enactment thereof.

The Director shall keep all information regarding the affairs of the Company secret and confidential.

The Directors recommended the passing of the Resolution contained in Item No. 9 as an Ordinary Resolution of the accompanying Notice.

Except Shri Kanhaiya Kumar Todi, Shri Lallan Kumar Todi, Shri Sushil Kumar Todi, Shri Ashok Kumar Todi and Shri Udit Todi none of the other Directors are interested or concerned in the said resolution.

This may be taken as an abstract u/s 302 of the Companies Act, 1956

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

By Order of the Board of Directors
For **Coastal Roadways Ltd.**

The 27th day of June, 2008

(Raja Saraogi)
Secretary

DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting the 40th Annual Report together with the Audited Statement of Accounts for the year ended 31st March, 2008.

| OPERATING RESULTS | 2007-2008 (Rs. in Lacs) | 2006-2007 (Rs. in Lacs) |
|--|------------------------------------|------------------------------------|
| Working during the year shows a surplus of | 352.58 | 237.07 |
| From which is deducted | | |
| Finance Charges | 64.67 | 27.29 |
| Depreciation | 238.80 | 171.12 |
| Provision for Taxation | 12.71 | 8.82 |
| | 316.16 | 207.23 |
| Leaving a Net Profit of | 36.40 | 29.84 |
| To which is added Balance brought forward | | |
| from previous year | 11.16 | 11.32 |
| Which is appropriated as under : | | |
| Transfer to General Reserve | 12.00 | 30.00 |
| Proposed Dividend & Tax thereon | 24.26 | --- |
| Balance carried forward to next year | 11.30 | 11.16 |

PERFORMANCE :

Your Company achieved an impressive growth in net operating margins thereby generating sufficient funds which could be appropriated for dividend payout after a long gap of 7 years. The Company maintained its commitment to Road-Safety and was able to maintain its leadership position in the industry and was recognized by several customers and associations for its Best Practices.

With constant efforts of your directors the company could maintain its freight earnings Rs. 5128 lacs as against Rs. 5071 lacs in the previous year. These could be considered as good results especially in a year which was beset by high input costs and the worst second quarter having huge impact on earnings because of regular political disturbances in North East, heavy rains, floods and highway damages. This was also a year of business process reengineering to enhance efficiency because of which your company has been able to register a growth of 37% in EBDT.

Due to inherent advantages of transferring cargo through containers (less damages, quicker deliveries and better realisations), we expect container penetration to rise from current 16% to above 21% by 2012 in Indian Road Freight Industry. Logistic players with significant presence and