



KESAR TERMINALS & INFRASTRUCTURE LIMITED



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From the Chairman's Desk

My Dear Shareholders,

It gives me immense pleasure to welcome you to the 9th Annual General Meeting of the Company. The Annual Report for the year ended 31st March, 2017 has been with you for some time now. With your permission, I shall take it as read.

DIVIDEND

The Directors are pleased to recommend a Dividend of Re.0.50 per Equity Share (10%) of Rs.5/- each on 1,09,26,475 Equity Shares of the Company for the year 2016-17 (previous year Re.1.00 per Equity Share (10%) of Rs. 10/- each). The dividend payout will be Rs.54.63 lakh, excluding dividend distribution tax of Rs.11.12 lakh.

WORKING FOR THE CURRENT YEAR

During the year under review, your Company achieved a turnover of Rs. 4,390.26 lakh, as against Rs.4,396.83 lakh in the previous year. The Company recorded an increase of 8.46 % in its profit after tax, which grew from Rs.1,553.98 lakh to Rs.1685.51 lakh. The Company's healthy performance was attributed to better realisation in terminal tankage charges and improvement in the average commercial utilization of tanks.

SUBSEQUENT YEAR 2017-2018

For the financial year 2017-18, the demand for tankage is expected to remain firm. However, with the commissioning of new tank farms in Kandla, the competition in tank farm business is on the increase. The Terminal users have been resisting the annual increase in rental charges, which was being accepted in the past. The new units are offering discounts in tankage charges to attract customers and consumers are expecting such discounts from all.

The Ministry of Corporate Affairs, vide notification dated February 16, 2015, notified the Companies (Indian Accounting Standard Rules), 2015, in pursuance of which, the Company has adopted the IND AS with effect from April 1, 2017.

EXPANSION AND MORDENIZATION

The Company has been exploring new avenues to optimize and expand its present capacity at its Terminals at Kandla. However, as the issue of transfer/ renewal of lease of land in favour of the Company post Demerger is yet to take place, no favourable response has been coming from Kandla Port Trust [KPT] for construction of new capacities. At the same time, imports for certain chemical products, in which India is traditionally deficit, have increased with rising demand growing from domestic end-users. The market potential for liquid storage space is increasing in India. The rise in the import and export of liquid bulk cargo is set to drive capacity growth at Indian ports and such additional Volumes will be available to private bulk liquid terminalling companies like KTIL for storage & handling. This obviously would see more entrepreneurs entering into this business segment.

The Company has about 10 acres of land on long term lease basis at Kakinada port in Andhra Pradesh. The Company plans to put up both Dry Cargo Warehousing and Bulk Liquid Terminal facilities at Kakinada. Necessary statutory permissions are being obtained from various State Government bodies including a No Objection Certificate (NOC) from the District Magistrate for putting up the proposed facilities.

The Company had plans to set up a Container Freight Station [CFS], Bonded Warehouse and Bulk Liquid Terminal at Pipavav. With the introduction of "Direct Delivery from Port" concept for seaborne containers, the container freight stations at port location may suffer from lack of business. The company is analyzing the market situation and may have to drop its plan for CFS and Bonded warehouse at Pipavav and concentrate on developing Bulk Freight Terminal.

STATUS OF COMPOSITE LOGISTICS HUB PROJECT OF THE SUBIDIARY COMPANY

The Multimodal Composite Logistics Hub project is set up by Kesar Multimodal Logistics Ltd. (KMLL), the Subsidiary of the Company, at Powarkheda under a Concession Agreement signed by the Company with Madhya Pradesh State Agricultural Marketing Board (Mandi Board) on a Design, Build, Finance, Operate and Transfer (DBFOT) basis through Public Private Participation (PPP). As reported earlier, the Hub covers an area of 88.3 acres, which includes development of an entire range of infrastructure including rail sidings for cargo and container movement, rail-side warehouses, Inland Container Depot (ICD), Cold Storage, food grains warehouse & development of common facilities for putting up agri-processing units. The 1st phase of the project has become operational.

The Private Freight Terminal of the project became operational on 19.04.2016 with loading of 1 rake of wheat and 1 rake of D.O.C. on the same day. Since then the Company has handled 90 BCN rakes (comprising of 77 Outbound and 13 Inbound BCN rakes) up to financial year ending 31st March 2017. The Company handled various outward cargos such as wheat, de-oiled cake, paddy and sand and inward movements of cement.

The operations of Inland Container Depot (ICD) and Rail Transportation of Containers from the Private Freight Terminal [PFT] of the Company have started by dispatching first lot of export cargo through 45 containers of 40 FEU each on 29.08.2017.

The facilities at the Hub also permit transportation of food grains, soya extract, vegetables and fruits from this location to any location in India by rail within 24 hours. The Cold Storage at the site is being patronized by local fruit and vegetable vendors and also traders for storing of seed potatoes, potatoes, coriander seeds, chickpeas, fruits etc.

The implementation of Goods and Service Tax (GST) Act, 2017 has trimmed the logistic costs to some extent from the current levels, However, the persisting high logistic costs can only be resolved by the development of logistics infrastructure.

DIRECTORS

Mr J K Devgupta, Director of the Company retires by rotation at this Annual General Meeting and being eligible, offers himself for reappointment.

Shri R H Kilachand has resigned as Whole-time Director of the Company w.e.f 31.05.2017 as he wishes to pursue further studies and is now continuing only as a Non-Executive Director on the Board of the Company.

EMPLOYEES

I would like to place on record the devotion and hard work of the officers, staff and workers of the Company during the year under report.

ACKNOWLEDGEMENT

We are thankful to the Banks, Customers, government authorities for their continued cooperation and the whole hearted support extended by the Shareholders during the year.

Finally, on behalf of the Board of Directors and Team of Kesar, I thank you for your support.

A S RUIA
CHAIRMAN
DIN : 00296622