



KESAR TERMINALS & INFRASTRUCTURE LIMITED

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CIN : L45203MH2008PLC178061 GSTN : 24AADCK2945C1ZR

From the Chairman's Desk

My Dear Shareholders,

It gives me immense pleasure to welcome you to the 12th Annual General Meeting of the Kesar Terminals & Infrastructure Limited as you know, we are holding this meeting over a virtual platform due to the prevailing unprecedented circumstances. I would like to thank you for sparing the time to join us today from wherever you are.

WORKING FOR THE CURRENT YEAR

During the year under review, your Company achieved a turnover of Rs. 3,747.81 lakhs, as against Rs 3,700.77 lakhs in the previous year. The Profit, after tax and after Other Comprehensive Income (OCI), was Rs. 1,407.06 lakh as against Rs. 1,847.37 lakhs in the previous year.

DIVIDEND

The Board of Directors of the Company at its meeting held on 12th March, 2020 had declared an Interim Dividend of Rs. 1.25 per share of the Face Value of Rs. 5/- each on 1,09,26,475 Equity Shares (i.e. 25%). Total outgo on the Interim Dividend was Rs. 1,64,65,563 (including Dividend Tax of Rs. 28,07,469). The Board of Directors recommends the above-referred interim dividend as final dividend for the year ended 31st March, 2020 for your approval.

SUBSEQUENT YEAR 2020-2021

The Company has managed to achieve 1.5% higher revenue during 2019-2020 compared to last year in spite of fierce price competition and addition of new storage Terminals at Kandla. It is expected that the Company would strive to achieve better revenues during the coming year, however, the development of better infrastructure and reduced demurrages at nearby Ports like Mundra / Hazira may affect the business of the Company. Further, the uncertainty in respect of lease rentals payable to Kandla Port is likely to continue to affect the bottom line. However we are in negotiation with through the Terminal association

EXPANSION AND MODERNISATION

The Company has plans to develop liquid storage tanks on the east coast of India. However, presently the import of chemicals is very low at Kakinada and all the existing terminals are basically dependent on limited congeries storage of Petroleum products. We are keeping a close watch on the developments at Kakinada and would like to kick off the development at the opportune time. At Pipavav, at present the viability of a new liquid terminal is not there and therefore we are contemplating to go for warehousing for storage of dry cargo or paid parking etc.

WHOLLY OWNED SUBSIDIARY COMPANY

The Company has a wholly owned subsidiary -Kesar Multimodal Logistics Ltd. (KMLL). The Consolidated Financial Statements of the Company and its subsidiary, prepared in accordance with Indian Accounting Standards notified under the Companies (Indian Accounting Standards) Rules, 2015 ('Ind AS'), form part of the Annual Report and are reflected in the Consolidated Financial Statements of the Company.

Composite Logistics Hub Project of the Wholly-Owned Subsidiary Company

During the year the rake movement was badly affected due to floods in Powekheda area just before harvesting of the kharif crop. It actually reduced the yield & quality of Soyabean & Maize up to 50 % which affected the running of DOC factories at Itarsi and the outward movement of rakes. Similarly, due to poor quality of maize, the end buyers didn't purchase the required quantities from this area which also affected the rake movements. Lastly the wheat Cargo movement got affected due to very low OMSS sale by FCI as the floor price was kept high and traders were not getting that price from their end buyers. The Pandemic situation during March'20 due to Covid-19 further aggravated the rake & road transport movements. The above factors affected the rake movements heavily and therefore only 69 rakes could be achieved during the year. The inward container movements also reduced during the year due to low demand of jute bags by MP Civil Supplies from West Bengal. However, increase in the rake movements during 2020-21 is expected due to FCI rakes. KMLL is also liaisoning with various cement / fertilizer companies for inward movement of their rakes at it's site. The cold storage business also got hugely affected during March'20 due to non-movement of transports etc. However, it resulted in to more storage of apple, grapes & egg as the retail sales took a hit in the area. The EXIM business preparation is now in the final stage as KMLL has tied up with DLI- Gurgaon as Container Train Operator.

KMLL has incurred substantial losses during the financial years ended 31.03.2019 & 31.03.2020. KMLL had requested its Banks to restructure the Term Loans. In the Consortium meeting held on 20.11.2017, the Banks had invoked Strategic Debt Restructuring (SDR) wherein a part of the Term Loans were to be converted into equity share capital so that the Banks hold 51% of KMLL's shares post conversion. Later, in the Consortium meeting held on 17.01.2018, the Banks had confirmed that the SDR had been approved by the respective competent authorities of the majority of the Banks. However, Reserve Bank of India [RBI] vide its



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circular dated 12.02.2018 withdrew the SDR Scheme with immediate effect and accordingly the account of KMLL had been classified as Non-Performing Asset [NPA], thereafter Dena Bank has recalled the loans from KMLL and invoked the Corporate Guarantee given by the Company, which has been contested by the Company.

KMLL had filed a Special Leave Petition (SLP) with the Hon'ble Supreme Court of India against the applicability of the said RBI circular and the Hon'ble Supreme Court of India has, on 02.04.2019, quashed the impugned Circular dated 12.02.2018 issued by RBI being ultravires section 35AA of the Banking Regulation Act as such all the actions taken under the said circular, including actions by which the Insolvency Code has been triggered must fall along with the said Circular.

Dena Bank had filed against KMLL and the Company separate petitions under the Insolvency and Bankruptcy Code, (IBC) 2016 in National Company Law Tribunal (NCLT) Mumbai on 30.10.2018. Out of that, the petition filed against the Company was dismissed by NCLT on 29.07.2019 in view of the judgement passed by the Hon'ble Supreme Court vide Order dated 02.04.2019 in Dharani Sugars and Chemicals Ltd. vs. Union of India and others along with which Special Leave Petition of KMLL vs. RBI and others was tagged and disposed off. Similarly, NCLT also dismissed the petition filed against KMLL on 02.12.2019 on the basis of the above referred order.

Further, on 30.04.2019, KMLL has filed a Writ Petition in the Hon'ble High Court of Bombay praying for reinstatement of the SDR, the outcome of which is awaited.

The Management expects a significant improvement in revenues and business of KMLL in the near future. The Company continues to extend its continuous financial support to KMLL.

ACKNOWLEDGEMENT

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.

We are thankful to the Banks, Customers, government authorities for their continued cooperation and the wholehearted 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.

H R KILACHAND
EXECUTIVE CHAIRMAN
DIN:00294835