



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 14th Annual General Meeting (AGM) of Kesar Terminals & Infrastructure Limited. As you know, this is the third year in a row of holding the AGM over a virtual platform. I would like to thank you for sparing the time to join us today from wherever you are.

CORPORATE INSOLVENCY RESOLUTION PROCESS (CIRP)

The year under review was very tough for the Company. The Company had given Corporate Guarantee in favor of Bank of Baroda (Erstwhile Dena Bank), Union Bank and Indian Bank (Erstwhile Allahabad Bank) for the loan provided to Kesar Multimodal Logistics Limited (KMLL)- Wholly owned subsidiary of the Company on 11.10.2012. KMLL had defaulted the loan repayment & the Banks had invoked the Corporate Guarantee given by the Company & filed the application under Section 7 of the IBC code, 2016, against the Company & KMLL both the applications were admitted on 7th March, 2022 and 17th February, 2022 respectively. Mr. Prashant Jain was appointed as resolution professional.

The Company being the Corporate Guarantor had deposited a sum of Rs. 800.00 Lakhs to be kept in No Lien Account with the banks towards a One Time Settlement (OTS) proposal for full and final settlement of dues of KMLL. The same will be adjusted towards the OTS settlement amount if and when the same is sanctioned. All the Banks have sanctioned the OTS and the resolution for the withdrawal of application for Corporate Insolvency Resolution Process of the Company and its subsidiary (i.e. KMLL) was put to vote in the Committee of Creditors (CoC) meeting held. The RP will then file an application for withdrawal of CIRP under section 12A with the Hon'ble NCLT, Mumbai. Once the said application is approved by the Hon'ble NCLT, both the companies shall come out of CIRP.

LITIGATIONS WITH DEENDAYAL PORT TRUST (DPT)

The litigation with the Deendayal Port Trust (DPT) in respect of their demand of transfer/upfront fees and increase in lease rentals for the leasehold lands and renewal of the said leases, the Hon'ble Gujarat High Court has issued an order against the Company. The Company along with other aggrieved parties have filed SLP with the supreme court of India. The matter is pending for hearing before supreme court.

WORKING FOR THE YEAR 2021-22

The revenue of the Company in the Financial year 2021-22 has decreased by 8.73% only as compared to previous financial year in spite of adverse effect on overall economy of the Country and closure of many Industries during first half of the financial year. Further, due to reduced imports at Kandla, price competition has increased and also one more chemical handling Terminal has been added at Kandla.

During the year under review, your Company achieved a turnover of Rs. 3,251.03 lakhs, as against Rs. 3,562.17 lakhs in the previous year. The loss, after tax and after Other Comprehensive Income (OCI), was Rs. (7,279.51) lakhs [which includes extraordinary items of Provision for impairment of Loans and investments in subsidiary company of Rs 6,858.33 lakhs and deferred tax reversal of fair value of investments of Rs 789.23 lakhs aggregating to Rs 7,647.56 lakhs] as against profit of Rs. 1,187.64 lakhs in the previous year.

The Auditors in their report for the FY 2021-22 to the members have given a qualified opinion. The qualifications are self-explanatory particularly Note No. 32 and 33.

DIVIDEND

Since the Company is under CIRP Process, no dividend on the equity shares of the Company has been recommended by the Board for the FY 2021-22.

WORKING FOR THE YEAR 2022-23

The Company would strive to achieve better revenues in the current 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.

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 one or two Companies for



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storage of Petroleum products. We are keeping a close watch on the developments at the east coast at Kakinada and would like to develop at the opportune time. At Pipavav, at present the viability of a new liquid terminal is not there and therefore, we are exploring the possibility of warehousing for storage of dry cargo or some other allied business.

COMPOSITE LOGISTICS HUB PROJECT OF THE WHOLLY OWNED SUBSIDIARY COMPANY

The Company has a wholly owned Material subsidiary- Kesar Multimodal Logistics Ltd. (KMLL). KMLL primarily deals with warehousing of food grains, cold storage for fruits & vegetables etc., custom approved export import container depot and Indian Railway approved private freight Terminal.

During the year the rake movement was better due to food grain movement of FCI. However, the movement of Maize was low due to poor quality of the crop and hence procurement for trade fell sharply. Wheat Cargo movement also 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 & increased cost of diesel severely affected the input cost of our services. In spite of this, the Company handled 201 rakes this year which is all time high. During the year, the Company has continued ICD Business on regular basis and handled export containers of large exporters and also did the first import movement from JNPT to our Terminals at Bhopal.

As the KMLL business has started to pick up with increased FCI rake loading and EXIM business, there is a need to infuse working capital in order to reduce our cost on services rendered and also to provide assured services to the Customers who are tying up with us for new business.

KMLL has incurred substantial losses during the financial years ended 31.03.2022 & 31.03.2021. However, during the financial year under review the total income of the Company increased to Rs.1,018.82 Lakhs as compared to Rs. 957.80 Lakhs in the previous financial year.

The Project of developing Composite Logistics Hub was conceived with Term Loans from 3 Banks and the Promoter's contribution (the Company). Further, the scope of the project increased due to the 2 - way rail connectivity and certain changes prescribed by the Railways which included more safety features, which resulted in the increase in the cost of the project from about Rs. 14,867.20 lakhs to about Rs. 21,991.93 lakhs. The revised means of financing envisaged additional contribution from the Promoter of about Rs. 2,591 Lakhs and additional debt of around Rs. 4,534 lakhs. Two of the three Banks reappraised the project and sanctioned their share of additional loans of Rs. 3,390 Lakhs. However, one Bank did not sanction its share of Rs. 1,144 lakhs. Consequently, the two Banks did not disburse even their share of the sanctioned term loan of Rs. 3,390 lakhs, which is not in accordance with the RBI Guidelines on Consortium lending, as a result of which KMLL had to complete the requisite work with the additional funds inducted by the Company. Thus, slow pick up of the business and funding gap created by non-sanction of the additional term loans by one Bank, resulted in a shortage of funds. There was overdue of interest and principal amounts towards the Banks of KMLL. Consequently, 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 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 Bank of Baroda, erstwhile Dena Bank has recalled the loans from KMLL and invoked the Corporate Guarantee given by the Company, which has been contested by the Company.

Lenders of KMLL had filed a Company Petition u/s 7 of the IBC, 2016 against the borrower (i.e. KMLL) and the Guarantor (i.e. the Company) in November 2020 with NCLT – Mumbai under the IBC, 2016. Both the petition had been admitted by the NCLT vide Order dated 17.02.2022 against KMLL and Order dated 07.03.2022 against KTIL. As discussed previously.

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 co-operation 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