

KESAR TERMINALS & INFRASTRUCTURE LTD.

Statement of the Executive Chairman Shri H. R. Kilachand for the 2nd Annual General Meeting of the Members of the Company on 14.9.2010

Ladies and Gentlemen,

I welcome you all to the 2nd Annual General Meeting of the Company.

COURT SANCTIONED SCHEME OF ARRANGEMENT FOR DEMERGER

As you are aware, on 12.3.2010, the Hon'ble High Court of Bombay had passed an Order pursuant to Sections 391 to 394 of the Companies Act, 1956, sanctioning the Scheme of Arrangement by way of Demerger for transfer of the undertaking, business, activities and operations pertaining to the Storage Division / Undertaking of the erstwhile 100% Holding Company viz. Kesar Enterprises Ltd. [KEL] in to the Company as a going concern with effect from the Appointed Date i.e. 1st January, 2009.

The effect of the above Arrangement has been given in the Annual Accounts of the Company, in the current financial year.

In consideration of transfer of the Storage Undertaking, on 1.6.2010, the Company had allotted 47,53,113 Equity Shares of Rs.10/- each aggregating to Rs.4,75,31,130/- for other than cash to every member of KEL, whose name appeared in the Register of Members of KEL on the Record Date i.e. 14.5.2010, in the ratio of 10:7 i.e. for every 10 Equity Shares of Rs.10/- each held in KEL, 7 Equity Shares of Rs.10/- each of the Company were allotted either in dematerialized or physical form. After the said allotment, the Share Capital of the Company is 52,53,113 Equity Shares of Rs.10/- each aggregating to Rs.5,25,31,130/- and that on allotment of the said Equity Shares, the Holding – Subsidiary Relationship between KEL and the Company has ceased with effect from 1.6.2010.

STATEMENT OF ACCOUNTS:

The Annual Report and Accounts for the year ended 31st March, 2010 are with you.

DIVIDEND:

The Board has recommended a Dividend of Rs.2.00 per share of Rs.10/- each on 52,53,113 equity shares amounting to approximately Rs.105.06 lac plus Dividend Tax for the year 2009-10, for your approval.

INCREASE IN AUTHORISED CAPITAL:

At the Extraordinary General Meeting of the members of the Company held on 24.5.2010, the Authorised Share Capital of the Company was increased from Rs.6,00,00,000/- to Rs.15,00,00,000/- divided into 1,25,00,000 Equity Shares of Rs.10/- each aggregating to Rs.12,50,00,000/- and 25,00,000 Redeemable Preference Shares of Rs.10/- each aggregating to Rs.2,50,00,000/-.

WORKING OF COMPANY:

The Storage Terminals at Kandla have done well during the year. The revenue generated was much higher in view of the completion of expansion in March 2009, resulting into commissioning of 8 additional tanks of 8800 KL capacity.

WORKING FOR THE CURRENT FINANCIAL YEAR 2009-10:

With the upturn in economic activities, the tank capacity utilization is on the rise and hence the revenue of the Storage Terminals is expected to go up further in the current financial year. The Company has also plans for putting up additional tanks in Terminal No.I subject to receipt of statutory clearances for which applications have already been submitted to the concerned authorities.

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EXPANSION / MODERNISATION

The Company has taken possession of about 10 acres of land on lease from the Port at Kakinada in Andhra Pradesh and initial site development work has commenced. The Company plans to put up both dry cargo and bulk liquid cargo handling facilities at Kakinada. Approval has been received from the Port Authorities for the proposed facilities.

The Company has purchased about 16 acres of land at Pipavav port in Gujarat and is planning to put up a Bulk Liquid Storage Terminal and a Container Freight Station [CFS] at the port. Application has been submitted to the Inter Ministerial Committee (IMC), Ministry of Commerce, New Delhi for approval of Container Freight Station (CFS) facilities for which the reply is awaited.

As informed earlier, the Company has been exploring opportunities for putting up Bulk Liquid Storage Terminals at other ports and also examining putting up other port and land based facilities such as Container Freight Station, Inland Container Depots, Multi-modal Logistic Hub at different locations.

DIRECTORS

Shri H. R. Kilachand and Smt. M. H. Kilachand retire by rotation by rotation and being eligible, offer themselves for reappointment.

To broad base the Board, the Board had appointed Shri K. Kannan and Shri J. N. Godbole on 29.1.2010 having financial, managerial and technical background; Shri J. K. Devgupta, President of the Company, on 11.5.2010 and Shri R. S. Loona on 1.6.2010 who has a legal background, as Additional Directors whose term of office are up to this Annual General Meeting. Hence, their appointments as Directors of the Company are proposed by the Members.

The Board had also appointed Shri J. K. Devgupta as Whole-time Director with substantial powers of management, designated as Executive Director for a period of 2 years from 11.5.2010 on remuneration within Schedule XIII of the Act, which was approved by the Members at the Extraordinary General Meeting held on 24.5.2010.

On 11.8.2010, the Remuneration Committee and the Board of Directors have approved appointment of Shri H. R. Kilachand as Whole-time Director designated as Executive Chairman of the Company with substantial powers of management, for a period, not exceeding, 3 years with effect from 14.9.2010 on a remuneration as mentioned in the notice, who is also the Chairman & Managing Director of Kesar Enterprises Ltd. (KEL). However, the total remuneration drawn and retained by Shri H. R. Kilachand from both the Companies shall not exceed the higher maximum limit admissible from any one of the Companies i.e. the Company or KEL as per the provisions of the Companies Act.

ACKNOWLEDGEMENT:

We are thankful to the Financial Institutions and the Banks for their financial assistance and support extended to the Company and also the Gujarat Government for their co-operation.

EMPLOYEES:

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

Thanking you.

H. R. KILACHAND