



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 10th Annual General Meeting of the Company. The Annual Report for the year ended 31.03.2018 has been with you for some time now. With your permission, I shall take it as read.

In pursuance of the Notification issued under the Companies (Indian Accounting Standard Rules), 2015, the Company has adopted the IND AS w.e.f. 01.04.2017.

WORKING FOR THE CURRENT YEAR

During the year under review, your Company achieved a turnover of Rs.4,163.21 lakh, as against Rs.4,390.26 lakh in the previous year. The Profit, after tax and after Other Comprehensive Income (OCI), was Rs.1,955.85 lakh as against Rs.2,351.99 lakh in the previous year.

DIVIDEND

The Directors have recommend a Dividend of Re.1.00 per Equity Share (20%) of Rs.5/- each on 1,09,26,475 Equity Shares of the Company for the year 2017-18 (previous year Re.0.50 per Equity Share (10%) of Rs.5/- each). The dividend payout will be Rs.109.26 lakh, excluding dividend distribution tax of Rs.22.46 lakh.

SUBSEQUENT YEAR 2018-2019

There could be some drop in revenue as new terminals have come up in Kandla thus augmenting storage capacities. The new terminals are offering lower rates to attract clients to their fold. As a consequence, the terminal users have been resisting even cost escalation related annual increase in rental charges and in fact insisting for downward revision of service charges.

EXPANSION AND MODERNISATION

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 Deendayal Port Trust (DPT) [formerly - Kandla Port Trust (KPT)] for construction of new capacities. It is expected that the issues with KPT would be sorted out during the course of the year in respect of renewal of lease of the particular plot of land where construction of additional tanks are planned.

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 and other statutory bodies for commencement of construction of the proposed facilities.

The Company has revised its plan to put up a CFS (Container Freight Station) at Pipavav due to lower than expected container traffic at the port of Pipavav. The Company now plans to set up a Bonded Warehouse and empty container storage and repair facility at its site near the port gate to start a new income stream.

WHOLLY-OWNED SUBSIDIARY COMPANY

On acquisition of 25,000 Equity Shares, held by Kesar Enterprises Ltd, the Co-Promoter of the Project, the Company along with its Nominees hold 100% Equity Share Capital of Kesar Multimodal Logistics Ltd. (KMLL). Thus, KMLL has become a Wholly-Owned Subsidiary of the Company w.e.f. 16.02.2018.

COMPOSITE LOGISTICS HUB PROJECT OF KMLL

KMLL has successfully completed construction of the 1st Phase of the Project. 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. This location is situated at nearly the centre of the Indian Railway map, and offers an opportunity to the manufacturers of bulk commodities, to quickly move their cargo from their manufacturing points to the Terminal for storage and onward distribution. The manufacturers of FMCG or white goods can also use the location as a desired central storage and distribution point for pan India distribution of their products as the GST has been implemented.

KMLL has obtained all permissions for Inland Container Depot [ICD] including posting of Customs Officials and Electronic Data Inter-phase (EDI) connectivity with Customs for processing of Import/ Export cargo documents.

KMLL has incurred substantial losses during the financial years ended 31.03.2017 & 31.03.2018. There was a cost overrun in the Composite logistic Hub project of KMLL on account of the additional facilities and increase in scope of work suggested / insisted upon by Railways. The project cost increased from about Rs.149 crore to about Rs.220 crore. The revised means of financing envisaged additional contribution from the Promoter, of about Rs.26 crore and additional debt of around Rs.45 crore. Two of the 3 banks sanctioned their share of additional loans. However, third bank did not sanction the term loan. Since the financial closure was not achieved, KMLL could not avail the additional loans from the banks and as a result, the additional loans sanctioned by the two banks also got lapsed and KMLL had to complete the requisite work from the promoter's contribution. Thus, slow pick up of the business and funding gap created by non sanction of the additional term loans by one bank, resulted in the shortage of funds and there were overdues 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, on 12.02.2018, Reserve Bank of India withdrew the SDR Scheme with immediate effect and accordingly the account of KMLL had been classified as Non-Performing Asset [NPA]. However, KMLL is in the process of submitting the resolution plan to the Banks. KMLL Management expects significant improvement in its revenues and business in the near future. The Company continues to extend its continuous financial support to KMLL.

DIRECTORS

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

Shri R H Kilachand had resigned as Whole-Time Director of the Company w.e.f. 31.05.2017 as he wanted to pursue his further studies, however, he continued only as a Non-Executive Director on the Board of the Company till 31.03.2018, when he resigned from that date.

Smt. M H Kilachand ceased to be a Director of the Company w.e.f. 07.11.2017.

Shri H R Kilachand was appointed as a Whole-Time Director designated as Executive Chairman of the Company w.e.f. 20.12.2017 for a period of 3 years.

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.

H R KILACHAND
EXECUTIVE CHAIRMAN
DIN: 00294835