



## **KESAR TERMINALS & INFRASTRUCTURE LIMITED**

Regd. Off: Oriental House, 7 Jamshedji Tata Road, Churchgate, Mumbai - 400 020, India. Website : <http://www.kesarinfra.com>  
Phone : (+91-22) 22042396 / 22851737 Fax : (+91-22) 22876162 Email : [headoffice@kesarinfra.com](mailto:headoffice@kesarinfra.com)  
CIN : L45203MH2008PLC178061 GSTN : 24AADCK2945C1ZR

### **From the Chairman's Desk**

#### **My Dear Shareholders,**

It gives me immense pleasure to welcome you to the 11<sup>th</sup> Annual General Meeting of the Company. The Annual Report for the year ended 31.03.2019 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.3,700.77 lakhs, as against Rs.4,163.21 lakhs in the previous year. The Profit, after tax and after Other Comprehensive Income (OCI), was Rs.1,847.37 lakh as against Rs.1955.86 lakhs in the previous year.

#### **DIVIDEND**

The Board of Directors have recommended 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 2018-19 (previous year Re.1 per Equity Share (20%) of Rs.5/- each). The dividend payout will be Rs.109.26 lakh, excluding dividend distribution tax of Rs.22.46 lakh.

#### **SUBSEQUENT YEAR 2019-2020**

As forecasted in the last annual report, the year saw a drop of around 11.11% in the revenue of the Company as a new Terminals who having pan India presence, have started handling chemical cargo. Further, there is severe price competition amongst the existing Terminal Operators and due to ready availability of space for cargo storage, the importers are not keen on retaining dedicated tanks and therefore we are handling most of the cargoes on comingle basis. The market situation has now stabilised to some extent, and it is expected, that in the coming year the Company will be able to retain its share of cargo handling & revenue earnings. However, the uncertainty in respect of lease rentals payable to Deendayal Port Trust [formerly Kandla Port Trust] continues and may affect the bottom line in case the order does not come in our favour.

#### **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 DPT would be sorted out during the year in respect of overall renewal of lease and that of the particular plot of land where construction of additional tanks are planned.

In order to expand the business, the Company is planning to make its presence in the East Coast of India. Some new Ports are also on the development path. The Company is actively considering to put a Bulk Liquid Terminal at Kakinada on the 10-acre plot leased from Kakinada port or any other viable location in the East Coast. Therefore, we are in the process of ascertaining the viability at these locations. This project could not be taken up last year as the Company had to fund the activities of the subsidiary Company on a regular basis.

At Pipavav in Gujarat, the Company has plans to set up a Warehouse and an empty container storage and repair facility at its own site next to the port to start a new income stream as the container traffic in the port has not grown as expected and does not support viability of a Container Freight Station (CFS). Similarly, the present volume of liquids handled at the port also does not justify putting up any Bulk Liquid Tank terminal as there is already excess capacity of bulk liquid storage tanks at the port.

#### **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**

Due to the general economic slowdown in the infrastructure sector, KMLL did not achieve the expected business volume in 2016-17 & 2017-18 and hence approached M. P. State Agricultural Marketing Board (Mandi Board), Govt. Of Madhya Pradesh for extension of time limit for construction of facilities for Phase II by 5 years. KMLL has been granted an extension of 3 years and hopes to generate sufficient revenue from 2019-20 to start construction of the Phase II of the project effective 2020-21.

During the year, KMLL showed a marked improvement in the warehousing segment and in the domestic rail movement of wheat and other agricultural produce. However, the EXIM business could not materialise as the bridge over river Narmada was shut for heavy vehicular movement for over 4 months for ongoing major repairs from December 2018 till April 2019. Further, the Company is in the process of tie up with CTO(Containerised train Operator) which is likely to be completed soon & then EXIM Business shall be restarted.

KMLL has obtained all necessary permissions for the 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.



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KMLL has incurred substantial losses during the financial years ended 31.03.2018 & 31.03.2019. Originally, the Project was conceived with Term Loans from 3 Banks and the Promoters contribution (the Company). Further, the scope of the project increased due to the 2-way rail connectivity and certain changes prescribed by the Railways including more safety features, which resulted in the increase in the cost of project from about Rs.149 crores to about Rs. 220 crores. The revised means of financing envisaged additional contribution from the Promoter of about Rs.26 crores and additional debt of around Rs. 45 crores. Two of the 3 Banks reappraised the project and sanctioned their share of additional loans of Rs. 33.90 crores. However, one Bank did not sanction its share of Rs. 11.44 crores. Consequently, the two Banks did not disburse even their share of the sanctioned term loan of Rs. 33.90 crores, which is not in accordance with the RBI Guidelines on Consortium lending, as a result of which KMLL had to partly complete the requisite work with the additional funds inducted by the Company. Thus, slow pick up of the business and the 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 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. The petition filed against KMLL in NCLT is also expected to be dismissed on the basis of the above referred order. Further, on 30.4.2019, 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.

### **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.

The Board has reappointed Shri J K Devgupta as a Non-Executive, Non-Independent Director subject to the approval of Members in the Annual General Meeting.

The Board has, on the recommendations of the Nomination and Remuneration Committee and subject to approval of members in the Annual General meeting, recommended the reappointment of the Independent Directors for another term of 5 years, not liable to retire by rotation. Shri A S Ruia, Shri, J N Godbole and Shri R S Loona were reappointed by Board. Approval of the members in the AGM is sorted.

Due to compulsory rotation of the Auditors under the Companies Act, 2013, the resolution for appointment of M/s. Chandabhoj & Jassoobhoj, Chartered Accountants as recommended by the Audit Committee and the Board, as Statutory Auditors of the Company to hold office for a term of 5 years i.e. from the conclusion of 11<sup>th</sup> AGM till the conclusion of 16<sup>th</sup> AGM (to be held during calendar year 2024), is placed for the approval of Members of the Company in the AGM.

The Auditors' Report for the financial year 2018-19 does not contain any qualification, reservation and adverse remark.

### **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 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**