



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 13th Annual General Meeting (AGM) of Kesar Terminals & Infrastructure Limited. As you know, this is the second year in a row of holding the AGM 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. FY 2020-21 was unprecedented from every perspective and will be remembered as one of the most challenging years globally.

WORKING FOR THE YEAR 2020-21

The revenue of the Company in the FY 2020-21 has decreased by 1.97% only as compared to previous FY 2019-20 inspite of the adverse effect on the overall economy of the Country and closure of many Industries during the first half of the financial year. Further, due to reduced imports at Kandla, price competition has increased and also one more bulk liquid chemical handling Terminal has been added at Kandla.

During the year under review, your Company achieved a turnover of Rs. 3,562.17 lakhs, as against Rs. 3,747.81 lakhs in the previous year. The Profit, after tax and after Other Comprehensive Income (OCI), was Rs. 1,187.64 lakhs as against Rs. 1,407.06 lakhs in the previous year.

DIVIDEND

The Board of Directors of the Company at its meeting held on 29th June, 2021 has recommended payment of Rs. 1.5 per equity share (being 30% on face value of Rs. 5 each) as final dividend for the financial year ended 31st March, 2021. The payout is expected to be Rs. 163.90 Lakhs. The payment of final dividend is subject to the approval of the shareholders of the Company at this AGM.

WORKING FOR THE YEAR 2021-22

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. The matter is under litigation with the Honourable Gujarat High Court & the Company is hopeful to receive a fair judgement.

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 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.

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

Kesar Multimodal Logistics Limited (KMLL), the wholly owned subsidiary 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 non-conducive weather where the quality got affected of the crop of growers/traders 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



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during first half of the year affected the road transport movements and therefore, our cold storage business was also affected. In spite of this, the Company handled 148 rakes this year which is an all-time high (**Inadvertently mentioned as 127 rakes in Annual Report**). During the year, the Company restarted the ICD Business on a regular basis, and handled the export containers of Trident, Vardhaman, Nahar Spinning etc. and also started cement inward movement by rakes.

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 31.03.2021 & 31.03.2020. However, during the financial year under review the total income of the Company increased to Rs. 957.80 Lakhs as compared to Rs. 439.71 Lakhs in the previous financial year.

The Project of developing the Composite Logistics Hub was conceived with Term Loans from 3 Banks and the Promoter's contribution (the Company). 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. Two of the 3 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 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 additional funds inducted by the Promoter Company KTIL.

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.

Bank of Baroda, erstwhile Dena Bank (Lenders of KMLL) had filed an application to Initiate Corporate Insolvency Resolution Process under the Insolvency and Bankruptcy Code, 2016 before the National Company Law Tribunal (NCLT), Mumbai against the Company & KMLL for recovery of its dues. The petitions were quashed by NCLT on 29.07.2019 and on 02.12.2019 respectively.

Lenders of KMLL has again filed application to Initiate Corporate Insolvency Resolution Process under the Insolvency and Bankruptcy Code, 2016 before the National Company Law Tribunal, Mumbai against the Company & KMLL for recovery of Rs. 88,10,11,929.62. The Company has filed an affidavit in reply of the petition filed with the NCLT. The Lenders of KMLL have also filed an Original Application before the Debt Recovery Tribunal (DRT) – Jabalpur against the Company and KMLL and the initial reply was filed, and the matter is yet to be heard by DRT.

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 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