Management Discussion

Harsh Kilachand - Chairman, Kesar Terminals & Infrastructure Limited
Thank you. Good afternoon dear members and a warm welcome to the 18th Annual General Meeting of Kesar Terminals & Infrastructure. I'm Harsh Kilachan, Executive Chairman of the company and I'm participating in this annual general meeting through video conferencing from the registered office of the company. It is three o' clock now. We have the quorum present and therefore I call the meeting to order.

We have with us the board members of company who I would introduce to you starting from there, Ms. Nilima Mansukhani who is the independent director and chairperson of the audit committee. Mr. Rajendra Singh Yuna who is the non executive, non independent director of the company and chairman of the Stakeholders Relationship committee. On the other side we have Mr. Mahesh Kuadia, independent director of the company and Mr. Natasha Kilachan, non executive, non independent Director of the company. And we have Mr. Jain Devgupta, Independent Director and Chairman of the CSR Committee and nomination and Remuneration committee who are attending through VC from his residence.

Apart from them we have Mrs. Archana Mulanti who is the company secretary and our CEO and CFO Mr. Vipul Doshi who are attending this AGM through VC from the registered office of the company. We also have with us our statutory auditors Mrs. Chandrabhai and Jasubhai, Chartered Accountants and our secretary auditors Mr. Mrs. Dhruvil Shah and Kapli.

This meeting as already mentioned is being held through video conferencing in compliance with the circulars issued by the Ministry of Corporate affairs and sebi. The Register of Directors and key management personnel. The register of contracts or arrangements has been made available. Members seeking to inspect such documents can send their request to hand head office at kserinfra.com as this AGM is being held for video conference, the facility of appointment of proxies by members is not applicable and hence the proxy register is not available for inspection.

The floor will be open for those members who are requested to speak at the AGM to express their views. The moderator will facilitate the session. Once I finish reading out all the resolutions and it can open the house to all the speakers. Members can also post their views or questions on the chatbot up to 3:30pm the company has provided remotely voting facility to cast their votes electronically and the notices already circulated to all the members. I would like to take this as read.

The reports of the statutory auditors on Index Financial Statements form part of the Annual Report. The Auditors in their reports to the Members have given qualified opinions and I will read the opinion on that. So the operation means that we draw attention to note number 34 of the financial statements in respect to litigation with the Dial Port Trust, formerly known as Kanla Port Trust in respect of their demand of transfer and upfront fees for change in the name and increase in lease rent on account of revision of rates for the leasehold lands and renewal of said leases in view of the pending litigation.

As stated in the Note, no provision including interest or adjustments have been made in the financial statements in respect of the incremental liability or any impact the lease assets recognized being the same, currently not assertible and accordingly depreciation assets constructed on leasehold land has been continued to be charged and the right to use lease assets are continued to be recognized based on the lease rent and the lease period as already determined and recognized in earlier years.

The final outcome of the matter may have impact on the profits of the Company as well as the right

to use leased assets and leased liability recognized by the Company and the management. Response is the impact of this is not acceptable and the Company is contesting the DP demand in the Honorable Supreme Court where the matter is pending.

So in summary, this is basically the lease rate which has basically been the pending over some time and the Company has objected to the way they have charged the lease rent and penalties and things like that and it's now subjudice, although we are also trying to work with them directly. I will now read the Chairman's speech.

In summary, I will give you the working of the year. By and large the working has been quite reasonable outside. Still the turnover is very, very marginally higher, slightly at 2% at 33 and a half cross, but. And the profit has been about 4 and a half cross. But considering the situation in the Gulf War, with the war going on and the movement of shipping, chemicals and all other products, I think I would consider it quite good. We have been able to maintain the turnover and the business spite of all these issues.

But unfortunately because of our settlement of our closure of our deal with Multimodal Limited last year in September, we have to provide for the loss of one time loss of 32.74 crores. And that is why I think the financial figures ultimately are showing a loss. This is a provision that has been made. The year has been, as I said, quite good and the company has therefore been able to declare a dividend of a total of 35% for the year, 25% right now and 10% has been declared earlier as an interim dividend.

So overall, the company has done better and we hope that we'll be able to continue the same in the coming year. The key highlight of the year actually has been sale of the subsidiary company on 10th September, which is about actually two years exactly from the time that we signed the agreement with the Dubai Ports World who we have sold this company to. It has taken a long, long time and it gone through a lot of issues because of the permission from the state government, permission from the banks, the banks issues and also dealing with DP World and others.

So it has, in spite of that and all those difficulties and time, I think everyone has kind of cooperated and we have been, we have managed finally to settle the matter last September and now all the funds have come in and everything has been closed. This company now we, after selling it, there are no more liabilities of this company or debt which is transferred on. This company remains completely debt free. This is just a survey of the whole thing. We hope that in the coming year we continue the same thing. The war did not yet work. Things are still continuing after April.

It's now three months already passed. So although it has affected everything in the moment, still we have been able to do quite okay and we are maintaining the same. So we hope that we'll be able to maintain the same situation in the coming year. And I'd like to see it place my sincere devotion and thanks to all the staff and team members who have really contributed with so much effort and dedication to settling both keeping the terminal running in the same manner as it should have and is done as well as the settlement with the multilotal logistics which was a really a task for us to do with this.

This is the summary of the year and the coming year and what we expect. Now I will take up on the resolutions. I will read the resolutions and then we will open the house and the moderator will take over and then organized speakers one by one he will name. So resolution number one is to receive, consider and adopt audited financial statements of the company for the financial ending 31st March 26th. Together with the reports of the board of directors and auditors thereof. This is an ordinary resolution.

Item two is to confirm the payment of interim dividend of 50 paisa per share which is 10% and to declare a final dividend of 1 rupee 25 paisa which is 25% per equity share for the financial year ending 3-31-26. This is also an ordinary resolution. Item number three is to appoint a director in place of Mrs. Natasha Pilachan who retires by rotation and be eligible offer herself a reappointment.

Item number four, the appointment of Harsh to legend as myself as a whole-time director. And a special resolution continuation of item number five's continuation of directorship of Mrs. Nilima Sukhani as an independent director. This is also a special designation. And item number six is to approve materially related party transaction with Kesar Enterprises which are the original parent company. This is the ordinary resolution.

I'll now open the house for speakers who would allow them to speak in turn. I pass it on to the moderator who shall moderate name wise. Moderator, take over.

Questions & Answers

Operator
Thank you sir. We will now begin the question-and-answer session. [Operator Instructions] Our first speaker Mr. Jahangir, second speaker Mr. Manji, third speaker Ms. Lekha and fourth speaker Mr. Hariram are currently not present in the panel. So I invite our speaker number five. Ms. Prakashani Shimon. Ma', am. Kindly enable your camera and you may ask your question.

Prakashini Ganesh Shenoy
Hello. Am I audible?

Harsh Kilachand - Chairman, Kesar Terminals & Infrastructure Limited
Yes, I can hear you. Can hear you.

Prakashini Ganesh Shenoy
Thank you, sir. So, I'm Prakashini Ganesh Channoy from Bombay. Respected, honorable chairman, other dignitaries on the board and my fellow shareholders. Good afternoon to all of you. I received the AGM report well in time. Which is colorful, informative, transparent and contains all the information as per the corporate governance. I thank the company secretary and her team for the same. And I also thank Ms. Reyes and for passing on the link to me without which I wouldn't be in a position to speak. Thank you both moderators. The Chairman has given a beautiful picture regarding the company and its working in all parameters. Thank you, Chairman sir. Now my questions. My first question is kindly highlight the roadmap for growth due to global situation. And my second question is how do we adopt digital technology to increase the profitability? And my third question is are we using AI application? And fourth is what is the business model?

Chairman sir, last but not the least, my earnest request to you. Please continue with VC so that people all over will have an opportunity to express their views. I wish the company good luck for a bright future and pray God that the profit of the company shall reach the peak in due course. Sir, I strongly and wholeheartedly support all the resolutions put forth in today's meeting. Thank you, Chairman sir.

Harsh Kilachand - Chairman, Kesar Terminals & Infrastructure Limited
Thank you, Mrs. Chinoy.

Operator
Thank you, ma'am. I now invite speaker number six Ms. Celestine Elizabeth Mascarenhas. Ma',am, you are in the panel. Kindly enable your camera and you may ask your question.

Celestine Elizabeth Mascarenhas
Hello. Am I audible?

Operator
Yes ma', am. You're audible and visible.

Celestine Elizabeth Mascarenhas
Yeah. Okay. Thank you. Respected chairman. Mr. Harsh Kilachan. Madam. Natasha Kilachan. Other honorable directors on the board. My dear fellow shareholders, I am Mrs. C. Mascarenas speaking from Mumbai. I have seen a lot of ups and down in this company. This share was given from Kesar Enterprise and we got it like as good as free. So it is win-win year now. I thank the company secretary Archana and her team for sending me an annual report and also registering me as a speaker at my request. Thank you so much.

Our annual report is quite simple. But it has lot of substance in it information. In spite of very difficult conditions be a dividend of say 50 was interior and 1.25 which will be given now is definitely very good. In spite of difficult tough economic conditions and the West Asia disturbances. So now I come to the query. The business of bulk liquid storage and logistics company has plans. Our plan has plans to invest in safety and modernization like tank farm management system company. Because we can't go very much. Because we don't know where the war can be and what chat challenges we will face henceforth due to the Middle east plus geopolitical and currency fluctuations. So maybe we will have to postpone the setting up of bulk terminal at other place. Have you identified some place for putting the bulk? So could you throw some light? What opportunity it will give us with this I support all the resolution. I wish my company all the best. May it grow from strength to strength. And I end up saying Namaskar and good health to all. Namaskar.

Harsh Kilachand - Chairman, Kesar Terminals & Infrastructure Limited
Thank you Mrs. Masqueranas.

Operator
Thank you, ma'am. Our speaker number seven, Mr. Masqueranas is currently not present to the panel. So I Invite speaker number eight, Mr. Lokesh Gupta. Sir, kindly enable your camera and you may ask your question.

Lokesh Gupta - Shareholder
[Foreign Speech]

Harsh Kilachand - Chairman, Kesar Terminals & Infrastructure Limited
[Foreign Speech]

Operator
Thank you, sir. I now invite speaker number nine, Mr. Vinay. Sir, kindly enable your camera and you may ask your question.

Vinay Bhide - Analyst
Hello. Am I audible?

Operator
Yes sir, you are audible.

Vinay Bhide - Analyst
Thank you. Thank you. Good afternoon to all of you. Our chairman, Mr. Kilai Chan. Mrs. Kilai Chan, other directors present on call today. Company executives, fellow shareholders, as already announced. My name is Vinay Bhide and I'm a long-term supporter and shareholder and I'm speaking from Mumbai at the outset. You know, let me thank you, you know, for having performed, you know, very well in a very challenging year and whatever performance we have done, you're well documented in the annual report as well as you know, has given us, you know, two dividends. I just had a couple of, you know, questions to ask and observations to make.

The first is, you know, on our business in operations, we are in the field of, you know, bulk liquid storage. I would like to know, you know, this, you know, storage, you know, contracts that we, you know, or rates that we engage into with our customers. What is the period? Is it, you know, is it on, you know, some three, four year contract basis or how are the rates decided? This is one part of the question.

And Isabel, the rates that we get or renewals that we get in our liquid storage business contingent on, you know, the, you know, the let us say in international factors like, you know, crude prices also. So these were, you know, the couple of questions which I wanted. Other things, you know, we have well documented in our report. I should not have any further questions to ask. But in closing, I must say I have been, you know, a sharer of this company for a long time. And I must say that everything that we do, you know, whether we, whether we, you know, grew a business, whether we document our annual reports or you know, share department or security department contacting shareholders, I see, you know, there is a quality and a very methodical way of work in all, all the things that we do. I wish that we, you know, we continue with these, you know, good standards and you know, I support all the resolutions and thank you for giving an opportunity to speak.

Harsh Kilachand - Chairman, Kesar Terminals & Infrastructure Limited
Thank you Mr. Bday, for your compliments.

Operator
Thank you, sir. Our Speaker, Number 10, Mr. Hanil Bagadia is currently not present in the panel. With this we complete the speaker shareholder queries. Now I hand over the proceedings to the management. Thank you.

Harsh Kilachand - Chairman, Kesar Terminals & Infrastructure Limited
Thank you. Okay, so I just try to summarize the answers together as far as the roadmap is concerned and the digital technology and all that. As we've already mentioned that we are using, we are going to be putting digital systems in our tank farms for monitoring to make it more efficient for growth purposes. We are looking at alternative site. We already have ownership at some sites for some time. We found that it's not viable. But things change very quickly so maybe they may change.

So we are looking at that, we're looking at the opportunities and other places and we're working to be able to find place where we can expand or put new operations. So that is what we're doing with

AI. I think everyone uses AI in some form or the other. So for information of a gathering and all that we do use the AI system which are available in the net like chat, GPT or cloud and all that. You can get data from that and we use that what we require so that answers also the other place for the terminal. We are looking at different options available to us. We hope we'll be able to inform the shareholders as soon as we are able to get some clear picture on site. Someone, Mr. Gupta mentioning of the margin due to war. Well, the margins are not affected. Our, our rates are got nothing to do with the war in the sense that it is the importers who get affected because they are getting the cargo in from outside. So to a lot of extent there has been a disruption in supplies from the Middle East.

However, what has happened is that we have switched over or the importer has switched over slightly to Southeast Asia. So they are getting a lot of cargoes coming in from that side. So from both sides we are getting some cargo and we, because of our good service, good efficient working and good customer relations are getting preference over the others for storage purposes and also for the rates because we are able to get a higher rate than the others. We also have a lot of specialized tanks which we have developed, and we are still developing where we are able to get command better rates to improve the working of the terminal.

So different kind of cargo which come in require different kind of storage. So we are trying to provide as much of variation as possible so we get the benefit ultimately. And even the customer is able to bring in cargo which are difficult to handle sometimes. So it's a win-win for both. Yeah, so. And crude prices they are not connected to at all because the international good prices got nothing to do with. We are just providing a service.

So this is the summary of all the answers I given. I think, I think on chat. Chat. Okay. So with this cabin now announced, the board of directors have appointed Mr. D. Shah, practicing company secretary as a scrutinizer to supervise the e-voting process. This will be kept open for half an hour after the meeting. So those who have not had a chance to vote, please complete the voting. Also the voting on the end. Yeah. For the next 30 minutes I authorize Mrs. Achana Mulunti, the company secretary to declare the results of the voting and place the results on the website of the company within the statutory period.

The resolutions as set forth in this notice shall be deemed to have been passed today subject to the receipt of the requisite number of votes which will be known in about two days' time. We will put it up on the website of the company. And with this I think we have completed all the items of the agenda of the meeting.

The meeting is hereby declared as closed. Thank you very much for attending and taking the time out to come and attend and we hope to see you soon in the coming year. Thank you very much. Goodbye.

Operator
[Operator Closing Remarks]