



Lancer Container Lines Ltd.

On behalf of the Board of Directors of your Company, Lancer Container Lines, it is my privilege to welcome you all to the 10th Annual General Meeting. As you are aware, the last year was one of the most challenging times faced by the global logistic sector as also our company. The global logistics sector has been severely impacted by COVID-19 related shutdowns. And as the world started opening up, the surge in global trade resulted in a collapse in global vessel schedule integrity. A much larger percentage of ships were arriving at their destinations outside of schedule, making it challenging for ports to plan cargo operations and resulting in vessels having to wait for long periods. Many ports are still struggling to maintain an efficient turnaround schedule adding pressure and delays to the stretched global supply chain.

Our Company faced these challenges head on and I am pleased to share with you that we have emerged stronger. We maneuvered through these challenges with a gentle human approach towards our employees and clients, but kept a tight focus on maintaining profitability and sufficient cash-flows to tide over any contingency. During the year under consideration FY2020-21, we faced slowdown in round trips and some difficulties in bringing back our containers to India. This impacted our overall volumes, despite which we were able to record a 17.8% YoY increase in Revenues at Rs.3126 Million for FY2020-21. We were able to increase our Profit after Tax by 21 % to Rs.97.1 Million compared to Rs.80 Million in the previous year FY2019-20. We did so by optimizing our revenue growth with a mix of lease and self- owned boxes. This is the continuation of the strategy we adopted two years back. During FY2020-21 we added 1,194 leased boxes, which now account for 12% of our boxes vs NIL in FY2018. This enabled us to improve revenues while efficiently managing cash flow.

In Q1 of the current year FY2021-22, we witnessed a sharp jump liner freight cost which we were able to pass on to customers and protect our margins. While Container rates continuing to remain high, logistic companies like ours continue to struggle with the ever-increasing costs. We expect the long-term contracted container rates to remain at elevated levels through FY22 and see some relaxation in container and freight rates only by year end.

The industry opportunity in the container business remains robust, with Global container market predicted to reach US\$10.93 billion in 2025, growing by CAGR of 8.49% over the period 2021-2025. Data shows that all major trade corridors have seen a high rate of growth

CIN: L74990MH2011PLC214448

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across the first five months of 2021, Far East export and European imports are leading the way with both up by over 50 percent in 2021. The most recent trends indicate that an overall recovery of import-export trade in India has begun in the first half of FY2021-22. Indian Exports during April-July 2021 jumped 73.86 per cent on a low base to USD 130.56 billion, against USD 75.10 billion in the year-ago period. The Shipping Ministry is putting in place a number of measures to addressing acute shortage of containers, controlling high shipping freights and ensuring timely refund of pending dues are crucial to take the country's overall exports to USD 400 billion by the end of this fiscal.

We are very optimistic of the business opportunity going forward and putting in place aggressive growth plans. During the year, we had taken a conscious decision to keep the burden on balance sheet at bare minimum, bringing down cash adjusted debt to just Rs.34 Million. The cash on hand as on 31st March, 2020-21 was at an all-time high at Rs.188 Million. Our fund flow position remains healthy and excluding cash on hand, our Return on Net Worth (RONW) percentage has improved to 38% in FY21 vs 27% in FY20.

We assure you to keep our focus on growth with margins and commitment to maximizing shareholder wealth. I am pleased to share that our Board of Directors has proposed a dividend of 5% per share to Non-promoter shareholders, another first for company. Along with the approval of Dividend, the Board also recommended issue of bonus shares in the ratio of 2:1 i.e. two new equity bonus share of Rs 10 each for every one existing fully paid up equity shares of Rs 10 each.

Coming to Corporate Social responsibility of your Company, the CSR in Lancer is more than a statutory mandate. Your Company work closely with the community members to understand their needs and take necessary actions to uplift the less privileged stakeholders from the society. A majority of CSR expenditure is focused on Education, Nutrition, Healthcare and encouraging sports/Fitness. We feel thankful & proud for our collaboration with humble organizations like Anjuman-I-Islam, MESCO Trust and Saboo Siddique Hospital for their support and enthusiasm to help the deprived section of the society & Community.

I would like to take this opportunity, on behalf of the Board of Directors, to thank each and every one of you for your continuing support in this exciting journey together.

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Thank You,

Date: September 29, 2020

Place: Navi Mumba

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