



# Lancer Container Lines Ltd.

Date- 23-11-2023

To,  
**BSE LIMITED Ltd. (BSE)**  
P.J Towers, Dalal Street  
Mumbai 400 001

**Sub. Transcript of analyst meet held on Tuesday, 21<sup>st</sup> November, 2023 at 4:00 PM IST for discussion over Un-Audited Results for Q2 FY 2023-24 & Business Outlook**

Ref. Scrip Code – 539841 i.e. Lancer Container Lines Limited

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Dear Sir/Madam,

In continuation of our letter dated 15<sup>th</sup> November, 2023 and 21<sup>st</sup> November, 2023, In compliance with the Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulation 2015.

Accordingly, please find enclosed the following:

1. Transcript of analyst meet held on Tuesday, 21<sup>st</sup> November, 2023 at 4:00 PM IST for discussion over Un-Audited Results for Q2 FY 2023-24 & Business Outlook.

Kindly take note of the same on your records and acknowledge.

Thanking You,  
Yours sincerely,

On Behalf of Board of Directors  
**Lancer Container Lines Limited**

**Miti Tailong**  
**Company Secretary and Compliance Officer**

Place- Navi Mumbai

CIN: L74990MH2011PLC214448

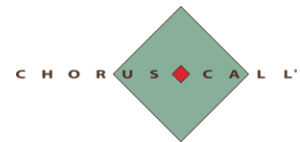
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“Lancer Container Lines Limited  
Q2 FY '24 Results Conference Call”  
November 21, 2023



**MANAGEMENT:** **MR. A.K. CHATAIWALA – CHAIRMAN AND MANAGING  
DIRECTOR – LANCER CONTAINER LINES LIMITED**  
**MR. PRAFUL JAIN – EXECUTIVE DIRECTOR – LANCER  
CONTAINER LINES LIMITED**

**MODERATOR:** **MR. PRIYADARSHI SRIVASTAVA – MONARCH  
NETWORTH CAPITAL**



**Moderator:** Ladies and gentlemen, good day and welcome to earnings call Q2 FY24 for Lancer Container Lines Limited, hosted by Monarch Network Capital. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Priyadarshi Srivastava from Monarch Network Capital. Thank you and over to you, sir.

**Priyadarshi Srivastava:** Thank you, Sagar. Good evening, everyone. On behalf of Monarch Network Capital, I welcome you all to Lancer Container Lines Q2 and H1 FY24 Earnings Call.

Today, representing Lancer Container, today we have with us Mr. A.K. Chataiwala, Chairman and Managing Director, Mr. Praful Jain, Executive Director. Now I hand over the floor to Mr. Chataiwala and Praful, sir, for their opening remarks and outlook on business. Over to you, sir.

**Praful Jain:** Thank you, Priyadarshi. Thank you, Monarch, for arranging this earnings call. We are happy to have the conversation with the shareholders to discuss the matters.

First, I just want to brief you in terms of the financial performance which has been portrayed and as per 30th September, 2023, our revenue from operation is stood at INR1,663 million in this quarter, which is a steady increase in terms of demand of our services and reduction in the freight charges. Our EBITDA remained in line, but we have shown a growth in terms of half yearly performances, which is increased by 15.63% from INR453 million in H1 FY23 to INR524.50 million H1 FY24. PAT stood at INR142.07 million in Q2 FY24 and INR283.27 million H1 FY24. The margins, PAT margins grew by 156 basis points and by 222 basis points in Q2 FY24 and H1 FY24 respectively. This is just a brief. We have added around 610 TEUs as new additional capacity for the container.

The total capacity has been reached to 15,181 TEUs as on 30th September, 2023. We can kindly proceed with the questions as we can discuss all those matters which are all queries from the shareholders.

**Moderator:** Thank you very much. The first question is from the line of Lakshmi Chalwadi from Capital Square. Please go ahead.

**Lakshmi Chalwadi:** Hello. Good afternoon, everyone. I am Lakshmi Chalwadi from Capital Square. My question is, has our EBITDA margin has been volatile from 14.6% this quarter versus 10% year-on-year and 17.1% quarter-on-quarter? What has for you should the sustainable EBITDA margin?

**Praful Jain:** If you compare from last to last year, our EBITDA margin has shown a consistent growth coming from 7.5% reaching to 9% and 10%. And right now it has been on 11% to 12% to 13%. This is the sustainable margin which we can able to see 12% to 13%.



We can see drastic fluctuation in terms of EBITDA margin because new areas of operation which has been catered to our kitty. Now, like new areas where we have entered for our NVOCC operations are Africa and Latin America, where we have a better margin in terms of the services which we provide. So, this is one of the aspects.

Apart from that, this basically depends on demand and supply. But we foresee approx 13% of margin which is sustainable and somewhere around 50 or 100 basis point growth on these margins with the addition which we are planning to do.

**Lakshmi Chalwadi:** Okay. And how many new regions were able to add from this last quarter?

**Praful Jain:** We have added Africa, then Latin America. These are the new destinations. We have a proposed destination in terms of Mediterranean region. But looking into this Hamas and Palestine issues, we have stopped ourselves to enter on those areas and we are a bit cautious in looking to those expansion plans. So, once it has been all normalized, then we can obviously look into all those models.

**Laxmi Chalwadi:** Okay. Thank you.

**Praful Jain:** Yes. Thank you.

**Moderator:** Thank you. The next question is from the line of Prashant Shah from Investor. Please go ahead.

**Prashant Shah:** Hi, sir. My question is the company had raised \$30 million through FCCB. Sir, can you please let us know how the amount will be utilized over the period of time, next few months or years?

**Praful Jain:** Yes. So, this \$30 million FCCB has been raised primarily for utilization for my wholly owned subsidiary Lancia. And the project is for the purchase of containers. So, we have already given the order to the suppliers of the containers and most of the containers we have already received, which has been deployed for the services which we provide to customers.

**Prashant Shah:** Okay, sir. And sir, one additional question. So, your views like on the progress of the Dubai subsidiary Lancia, which you said, when are you likely, when is the top line when will we get to see on this?

**Praful Jain:** You want to ask for Lancia or what?

**Prashant Shah:** Yes, yes. Basically, you said that this will be used for Lancia. So, I just wanted to understand like, when will the contribution will be reflecting in the top line?

**Praful Jain:** See, we already have started the operation because these containers they have a three months or four months delivery period once they have procured and these are all new containers. So, already some of the containers are in line and already Lancia growth can be monitored through the revenue which they are doing earlier and right now. But complete growth you can able to see post March 23-24.

**Prashant Shah:** Okay, sir. Thank you.



- Moderator:** Thank you. The next question is from the line of Amogh from Ekdanta Investments. Please go ahead.
- Amogh:** Hello. Hello, sir.
- Praful Jain:** Yes.
- Amogh:** My question is, can we expect interest rates expenses to go down due to this conversion of bonds?
- Praful Jain:** Yes, of course. See as for the accounting standard, we have to follow what are the norms, though is a zero coupon bond. But in our books, we have to take into consideration 4% rate of interest till that time bonds are not converted. So, once these bonds are converted that there is a reverse entry for this interest which has been charged to the books of account. So, going forward, if the complete bond is converted, then the reversal of the interest should be there into the books of account. And there's a less liability in terms of the interest, though there's no outflow of the interest, but that is more like a notional cost to us. I hope I answered your query.
- Amogh:** Yes, sir.
- Praful Jain:** Yes.
- Moderator:** Do you have any more follow up questions, Amogh?
- Amogh:** Not yet.
- Moderator:** All right. The next question is from the line of Vaishali Parkar Kumar from Vihan Investments. Please go ahead.
- Vaishali Parkar Kumar:** Good evening, sir. Thanks for taking my question. What is the status of our FCCB? You have mentioned that you have converted worth INR238 crores of bonds. So, how many have left? And is there any conversion going to take place in near future?
- Praful Jain:** Yes, we have total 300 bonds which has been issued to the bondholders. Out of this 300, 238 has been converted.
- Vaishali Parkar Kumar:** I think 185.
- Praful Jain:** 185 has been converted. It's 115 which is pending for conversion. So, we have till now not received any requests from the bondholder for further conversion. But I am anticipating that if there's any request coming into the picture, then we can duly intimate the stock exchanges and put this request for the conversion.
- Vaishali Parkar Kumar:** Okay. So, how it goes like, can we say that, by year end or by end of FY'24, we can convert the whole FCCB if required and then our, debt will be zero and the way you said that, FCCB's interest we can reverse. Is that so?



- Praful Jain:** Yes. So, see, the bondholders generally, as per the offering circular, they have to put a request. But based on their scenario, looking to the scenario, they have put in the request. I'm assuming that till the end of FY'24, we are able to convert entire bonds.
- Vaishali Parkar Kumar:** Okay.
- Moderator:** Thank you. The next question is from the line of Prashant Shah from Investor. Please go ahead.
- Prashant Shah:** Yes, sir. I have one last question. So, you have recently acquired Transco Logistix. So, just wanted to understand, can you throw some more light on this deal? Like, how will this deal benefit the company? Thank you.
- A.K. Chataiwala:** Good evening. This is Mr. Chataiwala here. So, basically, what we are doing is we are going the organic way as well as the inorganic way. So, we are trying to acquire certain companies which has the potential to grow faster and within two or three years, give an input to the top line and the profit of the company. Now, this Transco company, we have acquired 60% of the company stake in this.
- And this company has come and joined Lancer and they'll be sitting with Lancer's office, which is going to be a separate entity for Transco. It's going to be a separate profit and loss account out here. It's going to be like a subsidiary for them and they'll be working for Vessel Operations, which is a new venture that we are starting out here and the freight forwarding in this company. So, we foresee in about two years' time a substantial amount of growth in this company.
- Prashant Shah:** Sure, sir. Thank you very much.
- Moderator:** Thank you. The next question is from the line of Padmaja from Parmeshweri Adv. Please go ahead.
- Padmaja:** Thanks for taking my question. Sir, can you throw some light on the progress of our Dubai subsidiary Lancia and when it will start contributing to our top line?
- A.K. Chataiwala:** Yes, good evening. So, let me tell you Lancia is a 100% subsidiary of Lancer. This company was started two years back and it is doing quite well. If you see the balance sheet, it's growing really good. Now, what is happening is Lancia is acquiring certain companies in Dubai itself. New companies are being formed under Lancia.
- There's one company which is being formed by the name of ARGO. This is already in operation and let me tell you one thing is the moment we started this company about three months back, this office which we took was about a thousand square foot office in Dubai. That became small and now we've taken a 2,500 square foot office which is being done up and most probably by December 1st or by January 1st, this office, the people are going to be shifted to the new office, a bigger office. So, you can see the growth pattern in six month's time itself that they're moving to a bigger office. That is one part.



The second part is Lancia has come into a joint venture for owning vessels also in Dubai. The company has already been formed in Dubai. Again, an office has been taken, 2,500 square foot office has been taken and it is being done up. Most probably we feel that we should start the operation by January 1st or January for the shipping also.

- Padmaja:** Okay, great. Thank you so much, sir. Thanks.
- Moderator:** Thank you. The next question is from the Bhakti Oza from Capital Square. Please go ahead.
- Bhakti Oza:** Good evening, everyone. What is the status on the MLO side of a Dubai subsidiary? Are we on the tracks in terms of starting MLO operation in FY'24?
- A.K. Chataiwala:** Yes, good evening. See, as I've told you, we've already got into a joint venture for owning vessels. Now, the time frame that we've given ourselves, the offices, the company has been formed, Lancia is a 51% ownership in that company. We've already taken an office there. The company is already registered. The office is being done up.
- By 1st of January, we've already applied for sending the funds from here to buy the vessel. We've already informed the AD, we've already taken the permission from them. Most probably, we feel that by 1st of January, we should start those operations also.
- Bhakti Oza:** Okay, sir. Sir, you were also planning to enter into liquid containers. Even, can you please give some light and demand and supply of this segment?
- Praful Jain:** Can you please repeat this?
- Bhakti Oza:** You were also planning to enter into a liquid container?
- A.K. Chataiwala:** Yes. Let me tell you, liquid container, tank containers, we are planning to start tank containers. Again, let me tell you, we've already taken an office, a separate office from Lancer, and the staff is being recruited. I think most probably by January, we'll be seeing the tank containers, also some movement of tank containers happening.
- Bhakti Oza:** Okay, sir. Thank you.
- Moderator:** Thank you. The next question is from the line of Yash Sachdev from Finterest Capital. Please go ahead.
- Yash Sachdev:** Hi, sir. Good evening. So, I was just going through your press release wherein, the management has guided for a top line of 10,000 million by the end of FY'24. And I've even gone through your Q1 and Q2 results. So, I'm not able to, mean the connect the dots. In the first two quarters, the top line that the company has logged is nearly INR320 crores, INR320 to INR330 crores, wherein we are guiding, INR1000 CR achieving by end of this financial year.
- So, if you can, sir, just give us a sense of a roadmap, wherein, how the company is going to, achieve this aim, what they are aiming for INR1000 CR. And also, if you can just guide for the coming year, that is FY'25, wherein, what company aims to, clock on the terms of revenue, and even the EBITDA margins in the PAT?



- Praful Jain:** See, we have projected and provided this guidance of INR1000 crores turnover based on we are planning to start our vessel operations from September. But unfortunately, this has been delayed due to some regulatory payments, right? Because as a part of my subsidiary globally, I have to take the permission from my AD bank and then send the remittance from here.
- So, it has taken some time and now we are on the track. So, fortunately, now we can able to fund the amount to my subsidiary and start the operation. Once this operation will be started, I can foresee 35% growth in terms of my gross margins coming forward from this vessel operation.
- So, where this impact should be there in terms of turnover also, the growth will be normal in comparison. Second thing, there's a sharp decline in terms of turnover because of freight rates, which has come down drastically in past one year. So, this being nature of demand and supply cannot be constant.
- So, but we keep our things safer in terms of venturing into new verticals, where I can add some value to my turnover going forward with the new divisions like Transco, Argo and other companies where we are doing the joint ventures. So, parallely crossing this INR1,000 crores turnover will be a quarter delay, but we should be going to achieve it in coming quarters, what the guidance was provided.
- Yash Sachdev:** Okay. So, that means you are guiding this for by Q1 of FY '25?
- Praful Jain:** Yes.
- Yash Sachdev:** Right. And also, for the coming year for FY '25 can give us a sense, means INR1,000 crores you are telling by Q1 for the FY '25, any particular number that the company is eyeing?
- Praful Jain:** In terms of number, I cannot quote, but it's better to quote, you can see a growth of around 35% to 40% in terms of my total capacity and turnover.
- Yash Sachdev:** Okay. Right. And this is you are talking on an annual basis?
- Praful Jain:** Right. Yes.
- Yash Sachdev:** Right. Done. Thank you so much.
- Praful Jain:** Yes. Thank you.
- Moderator:** Thank you. The next question is from the line of Vaishali Parkar Kumar from Vihan Investments. Please go ahead.
- Vaishali Kumar:** Thanks for the opportunity once again. So, I wanted to understand, like, what will be the synergy with Transco JV into this particular company and into which segment? Yes.
- Praful Jain:** Yes. Thank you, Vaishali, once again. See, Transco, they are already a build-up network.





They have a set of clients, big clients whom they are servicing, like AllCargo, Reliance, a lot of people, Tata, they are servicing, Coromandel also. So, in South, they have a very good presence in terms of their freight forwarding business. And so, we have joined hands with them because we can foresee a growth in terms of what type of capital I'm using and what type of business they can get into the system.

So, it will be additional flow of revenue as well as profit with their joint hands. So, they are fully operational in our office from 1st of December. So, their entire team will be sitting in my office over here with the entire division and we will be functioning at 60% of the arrangement which we have done as per the announcement.

**Vaishali Kumar:** Okay. So, they are purely into freight forwarding and they don't hold any containers or anything?

**Praful Jain:-** No. They don't hold any containers. They are purely into freight forwarding and they have an expertise of vessel handling also, as mentioned by Mr. Chattaiwala. So, once our process flow will be smooth and functional, then they will be doing some sort of business in terms of vessel handling.

**Vaishali Kumar:** And one more thing I like to know, the way this Israel and Hamas war has initiated and taken place. So, what is your view? Has our any business been impacted due to this war? Are we sending logistics in that particular route? And how do you see that in the long term, how it is going to get impacted?

**Praful Jain:** So, presently we are not doing any business with Israel or any of those nations which is associated with this conflict. But we have a plan to enter into Mediterranean region through our subsidiary Lancia, which as I told earlier also, it has been on a cautious note to first of all cross-check and then we look into the business going forward. Right now, we are not doing anything in terms of those areas. But of course, as the sentiment changes, there should be some type of cautiousness you can see into the market, where we are also effectively watching.

**Vaishali Kumar:** Okay. So, when earlier we were talking about the Mediterranean areas, our region to be getting entered, for timing we will keep a hold on that and everything settled, it will get into it.

**Praful Jain:** Correct.

**Vaishali Kumar:** Right. Okay, sir. Thank you so much.

**Moderator:** Thank you. The next follow-up question is from the line of Padmaja from Parmeshweri Adv. Please go ahead.

**Padmaja:** Thank you for giving me the opportunity. Sir, the company has mentioned that it has plans of 24,000 TEUs by FY '24. And in this quarter, you have added 610 TEUs. So, total is coming around 15,181 as on 30th of September. So, does that mean that in next two quarters, you are going to add 8,000 to 9,000 TEUs in next two quarters?



- Praful Jain:** Right. See, this 24,000 TEUs, which we have given as guidance, this is consolidated numbers in terms of my subsidiaries and myself. We have already raised the FCCB amount and which has been pending delivery in terms of the containers which I have procured through the fund.
- Right. So, once this fund, which I am assuming should be coming, sorry, these containers should be coming at the end of this year by December, then we can able to reach to that number which you are mentioning.
- Padmaja:** Okay, sir. Thank you. That is it from my side.
- Moderator:** Thank you. The next question is from the Mr. Priyadarshi Srivastava. Please go ahead.
- Priyadarshi Srivastava:** Hi, sir. I had just a question that, we saw sort of a subdued revenue impact. This was mainly because of the fallen freight rates or there were some any other reasons with?
- Praful Jain:** No, it is purely in terms of the fall in the freight rate because it directly affects the top line. But if you can see my bottom line or margins, it has been intact or been increasing constantly in terms of the business which I am acquiring and entering into. So, purely, yes, it is all because of the freight rate cost down.
- Priyadarshi Srivastava:** Okay. So, what is your outlook for like next few months or something like, how you see the things from the industry perspective?
- Praful Jain:** See, what we personally feel is the way we are growing, the inorganic way, like we have about three or four companies which are going to start immediately. So, all the revenues and the profits will be added to it. So, we are very optimistic of our growth. And we see the markets are opening up also. After the war also, I think there will be a lot of people wanting exports and imports. So, we find it very, very, you can say we are very optimistic about it.
- Priyadarshi Srivastava:** Okay, sir. Thank you so much.
- Moderator:** Thank you. The next question is from the line of Yaein Kapoor, who is an individual investor. Please go ahead.
- Yaein Kapoor:** Hi, sir. Good evening. My question is regarding the margins, how much change in margin we expect once we are able to start our vessel operations from January? What could be the delta we could see for?
- Praful Jain:** See, on our container business, of course, NVOCC operations, including the freight forwarding, I can say around 13% margin we are having from this business. I am talking about the EBITDA margins. In terms of the vessel operation, it's going to start, there should be around 30%-35% of the gross margins coming on from that business. So, on a sustainable basis, if I compare all the business altogether, we should be considerably making margins between 15%-18%, on the gross basis.
- Yaein Kapoor:** On the gross basis. Okay. Thank you.



**Moderator:** Thank you. Participants may press star and one to ask the question. As there are no further questions, I would now like to hand the conference over to the management for closing comments.

**A.K.Chataiwala:** Well, let me tell you, the way Lancer is growing, like we've got about three companies which are going to start, we are very confident that we should be growing and your revenues and your profits should be increasing many folds. That is what we feel. And the team is also expanding. Now, tank containers are coming in. We'll be owning a vessel. Containers are increasing.

And another company which has been set up in Dubai. So, if you add everything, I think it's going to be really, really positive about it. We are very optimistic and very bullish about the company.

**Moderator:** Thank you.

**Praful Jain:** Also, I just want to add that being as a company looking into the micro level, that is one aspect to look into that. Apart from the industry, if you see on the macro level, the industry is also growing on enormous growth where you can see a lot of trade which has been coming. Government is doing a lot of things in terms of logistic growth, the cost of logistics which has been coming down going forward, which government is planning, the logistic corridors which are opening up.

So, on a long-term basis, I can see there's a growth channel which has been established. And as we are already into presence and have an older setup, I think we will be in a better position to cultivate from this growth channel which are coming forward.

**Moderator:** Thank you so much, sir. Sir, we have a follow up question from Amogh.

**Amogh:** Yes. Sir, one small question. Are we still keeping our target of 24,000 TEU's by financial year '25?

**Praful Jain:** Yes.

**Amogh:** Okay.

**Moderator:** Thank you. We have another question from Sahil Gupta from Finlex Capital Advisors. Please go ahead.

**Sahil Gupta:** Also, I want to know how many satellite offices we have in India and what is our employee strength and where all overseas I see you are expanding a lot in Dubai and African countries. So, are we planning to open our own offices and deploy our own people or are we working through agents?

**Praful Jain:** We already have a setup in Dubai where we have our own people in terms of my subsidiary. We have a staff strength of somewhere around 20 people over there. We already have a staff strength of around 270 people in India and 14 branches across. It is all scattered to all the major ports, port areas over here. So, this is how the setup is up now. I am sorry if I missed out something in terms of your question. Can you please repeat?



- Sahil Gupta:** Yes. And sir, in Africa also, you are planning to enter?
- Praful Jain:** No, Africa, we don't want to have our direct presence. It should be majorly catered through the agency.
- Sahil Gupta:** Okay. Sir, the vessel which you are owning, it will be only a single vessel or you are planning to open multiple vessels and that will help to move the...
- Praful Jain:** Start with one and we have a plan to reach to three or four vessels.
- Sahil Gupta:** Okay. And how are you going to help, sir? The depreciation and other things will not be too much on vessel owning or will this be a new line of business for you?
- Praful Jain:** No, we have already seen, we have already identified the experienced staff in terms of vessel handling. We have one captain who has already joined hands with us and he is into the vessel operations, since 30-35 years. So, he is already in and out of the business being known and there is already a calculation which works out in terms of having this vessel considering the depreciation, all the expenses being chartering into.
- Sahil Gupta:** Sure. Thank you.
- Moderator:** Thank you so much. On behalf of Monarch Network Capital, that concludes this conference. Thank you for joining us and you may now disconnect your lines.
- Praful Jain:** Thank you so much.
- A.K.Chataiwala:** Thank you.