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Cargo Shortage Claims in Dry Bulk Shipping: An eternal problem

by Capt. Vinod Dubey, FICS

In the world of dry bulk shipping, discrepancies between the quantity of cargo loaded and discharged are not uncommon. These differences can range from minor to significant, and the responsibility for cargo care, both in terms of quality and quantity, lies squarely on the shoulders of the vessel and its crew. If not handled correctly, these discrepancies can lead to cargo shortage claims, potentially putting shipowners in difficult situations. In this article, we will discuss the steps that a prudent ship's staff can take to avoid such disputes and safeguard the owner's interests.

Accurate Cargo Calculations at the Load Port

One of the most crucial steps in preventing cargo shortages is ensuring accurate calculations at the load port. The cargo quantity for the Bill of Lading (B/L) is determined either by a draft survey or by shore scales. Regardless of the method used, draft survey accuracy is critical.

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One of the most crucial steps in preventing cargo shortages is ensuring accurate calculations at the load port. The cargo quantity for the Bill of Lading (B/L) is determined either by a draft survey or by shore scales. Regardless of the method used, draft survey accuracy is critical.

Ship staff should avoid **common mistakes** during draft surveys, such as:

- Using **constant** values from previous cargo records instead of recalculating the current constants.
- Incorrectly estimating the unpumpable **ballast** quantity.
- Using an inaccurate sea water density due to non-certified **hydrometers**.

External factors such as rough weather, poor visibility, or high swell at outer anchorage can also complicate **draft surveys**. In these cases, ship staff must make note of the conditions that may affect the accuracy of their readings and include these observations in their reports. For example, remarks about swell height or other factors affecting draft reading should be included in the documentation to strengthen the owner's position in case of a dispute.

Even when **shore scales** are used to determine the B/L figures, it is equally important to conduct an accurate draft survey. This allows the ship's crew to compare the results and highlight any discrepancies



Grain in bulk carrier. Image source: [Gard](#)

between the shore scale and draft survey quantities.

Handling Discrepancies at Load Ports

In the event of a shortage between the shore scale and the draft survey quantity, the master should insert the draft survey figure in the Mate's Receipt. If a clean Mate's Receipt is required, the master should issue a Letter of Protest (LOP) clearly stating that the B/L quantity is based on the shore scale and include the discrepancy between the shore and draft survey quantities. This LOP should be referenced in the Statement of Facts (SOF) as a remark.

If the discrepancy exceeds 0.5% (a common industry practice), the master should request the attendance of the owner's P&I surveyor at the load port to witness the draft survey and verify the cargo quantity. This step adds an extra layer of protection for the owner in case of future claims.

Precautions During Voyage

Even after taking all the necessary precautions at the load port, cargo shortage claims may still arise at the discharge port. To defend against these claims, a few steps should be followed during the voyage and at the discharge port.

For bulk cargoes with high moisture content, such as coal or ore, moisture may accumulate in the hold bilges and need to be pumped out by the crew. It is critical that the master informs the charterers of this water buildup and secures their consent before pumping. Over the course of a long voyage, especially if the loading port had a high moisture content, the water removed may be significant enough to contribute to a perceived cargo shortage.

Precautions at Discharge Ports, Especially Multiple Discharge Ports

Cargo shortage claims are even more likely to arise when the vessel discharges cargo at multiple ports. In these cases, frequent draft surveys must be conducted to monitor the discharge quantities, and care should be taken to avoid over-discharging at any one port.

If there is any cargo spillage during discharge, photographic evidence should be collected, and an LOP should be issued for any potential short landing. The master should also include a remark in the SOF stating: *"The vessel shall not be responsible for individual port quantities/any over-landing/short landing at any of the discharge ports. The vessel is only responsible for the total discharged quantity."*

Conclusion

Cargo shortage claims are a persistent issue in the dry bulk industry, particularly when the B/L is issued based on shore scales, when cargo is discharged at multiple ports, or when cargo operations take place at open anchorage ports. However, by taking the precautions outlined in this article—such as ensuring accurate draft surveys, documenting discrepancies, securing consent for moisture pumping, and carefully monitoring discharge quantities—a diligent and attentive ship's crew can place the shipowner in a strong position to defend against such claims.



About the Author

Capt. Vinod Dubey, is a Master mariner, MBA from Cardiff Metropolitan, Commercial Operations Manager, Adhart Shipping Pte Ltd. He is a sailor by profession and writer at heart. He has published his novel "Indiyaapa" (a fictional love story of a sailor) followed by his recent poetry collection " Weekend Wali Kavita".

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Predicting Shipping Cycle – A Midas touch, the shipping industry is still vying for

by Sunil Anand Roy, MICS

The transport of goods by sea remains the most efficient and carbon friendly method till date. Shipping trade dominates, handling about 80% of the volume and 70% of the value of international trade. The industry produces only 11% of total Carbon from transportation industry and 3% of total global CO2 emissions. Shipping has always responded quickly and smoothly to newer challenges.

However, there is one thing which the industry has not been able to shred, and it is the cyclic nature of the Shipping Business.



The industry goes through cyclic phase as shown above. A green phase where increased asset value, continues to grow more, even though the asset ages, leading to attractive increase in the investment and tonnage, which is then followed by disbalanced supply and demand, decreasing freight rate and reduced asset value, and turning into red zone, a period marked by low freight rates and losses for existing ship owners and time charterers. Continued losses triggers scrap of uneconomical shipping assets or layup, reduced shipbuilding activities and reduction in available tonnage. This is also marked by diminishing cash flow for shipowners and the position where the PE firms pour in money to save the distressed shipowners, while making use of the opportunity to buy assets at low prices, and sometimes acquisitions of cash starved entities. With reduction in shipbuilding activities and increased scrap of older tonnage, the supply starts to balance and there is improvement in demand for shipping services. This starts to improve freight and earnings and increase in assets' value and return to green zone of profit. (cont'd at page 5)

New ships are ordered and traditional shipping finance, such as mortgage, bonds or IPOs become readily available, which leads to further investment and continued increase in orderbooks, a possible flooding, and now supply becomes excess, spot rate weakens and charterer may default, followed by diminishing cash flow for shipowners, and the cycle continues.

Two Primary Reasons for Cyclicity

A. Shipping service is a derived demand

Shipping is dependent on World Trade. If the trade increases the demand for shipping services increases and if trade decreases, the demand for shipping services decreases. Derived demand follows the following rules, that form the framework to determine the demand of shipping services at a given time.

Rule 1: There are few, if any, substitutes for shipping. (Because of economics of scale, transportation of goods by other means is not economical, and hence no substitute).

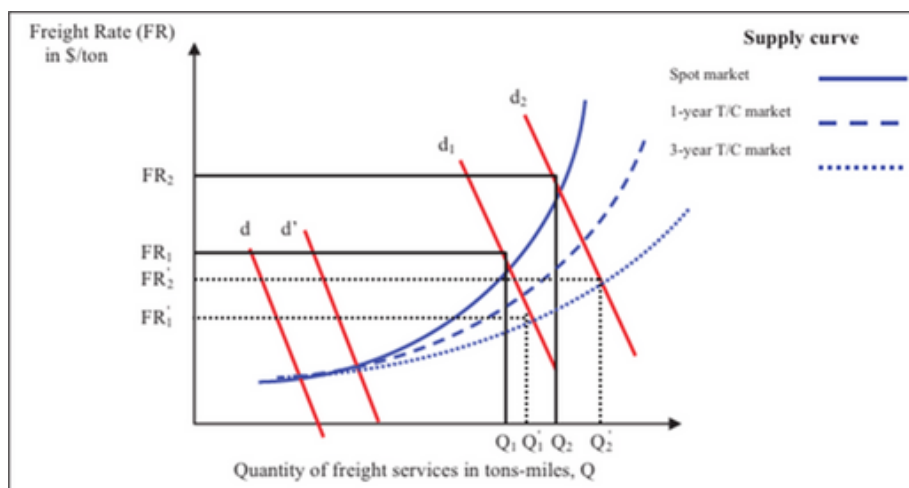
Rule 2: Although there may be alternate sources of product supplied, these too will normally require transportation by sea. (If preference for customer changes, for e.g., change to Petrol car from diesel, an alternate product or LNG as fuel for industries, and these substitutes still require transportation by sea. In similar way, changes in customer preferences for finished products still require transportation by sea).

Rule 3: Freight rates are a small proportion of the final cost. (A simple calculation can be freight rate for transportation of 70000 tons of Gasoline by an Aframax tanker from Port A to Port B, voyage of 20 days. The freight rate for Aframax tanker is approximately 45,000 USD/day, so total freight is USD 900,000 for the voyage. The value of 70,000 tonnes or 85 million liter of Gasoline @ 1.5USD/liter based on wholesale price ex-refiner is roughly USD 130 Million. The freight thus works out to be around 1/130 or 0.8% of the total cost of the product). For Bulker and Box ships, the daily freight rate is lower, however the commodity transported may also have a lower value in similar proportion.

Rule 4: The elasticity of demand for the final product is an important factor in the elasticity of shipping. The lower or higher the elasticity of the final product, the lower or higher will be the price of elasticity of shipping.

B. Inelasticity of Shipping services

The next important reason for the cyclicity is the inelasticity of the supply of shipping services in short time, i.e., the amount of tonnage cannot be changed quickly, when demand changes, because it takes at least two years for new ships to be built, starting from planning stage. In short cycle, where the supply can be influenced by lay ups, the supply follows a J-curve as shown below.



(cont'd at page 6)

The subject of Shipping Finance and Shipping Economics is an interesting and dynamic subject. While the experts of the subjects have acknowledged the cyclic nature of the industry and have focused for a long time to predict the cyclicity, to achieve best ROI but at times have burnt their hands, because of the dynamic factors of World trade as well as Geopolitics.

Predicting the cycle correctly and acting on it timely, a Midas touch, which the industry is still vying for.

*This article was originally published in "The Engine Room", an annual publication published by **DMET Singapore alumni association**, a 75 year old Marine Engineering institution, and one of the oldest existing Maritime training center in the World.*



About the Author

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Shipped on Board Date - II

by Jagannath / NAU

1. We had earlier penned an article on [Shipped on Board Date](#). Given that we recently encountered further queries on this topic and have had the opportunity to view the latest article of The Shipping and Freight Resource on [Should the Shipped on Board date and the Bill of Lading date be the same?](#), we are penning our further thoughts on this subject.
2. Sale contracts used for international trade frequently provide for shipment to be effected by a particular date. Whether the shipment has been effected by the particular date would be ascertained by reviewing the SOB date i.e., the date when the goods were shipped (loaded) on board a vessel for carriage. The importance of this date is that from this time onwards, the cargo is under the care and custody of the Owner/Carrier and who would be liable to the cargo owners for any cargo damage or loss but subject to the contractual provisions (which would generally provide for both exclusions and limitations of liability either by incorporation of compulsorily applicable cargo conventions or in its absence by contractual incorporation).
3. There remains a view that the Carrier becomes liable as soon as the container is placed in the CYⁱ. However, it is our view that this will depend on the contract. In any event, if the Contractual Carrier is different from the Actual Carrier/Owner, then the Actual Carrier/Owner will not come on risk till such time the container is loaded on board the vessel.
4. As mention in 2 above, if the Bs/L reflect a date after the shipment period provided in the sale contract, then the the buyer is entitled to reject the documents given that this not what they had agreed. Similarly, if the payment for the goods is through a financial institution, they would similarly reject any payments given that the documents provided are not in conformity with the documents required.
5. Given that any failure to ship the goods by the SOB date may result in rejection of goods, Shipper's may request the Owner/Carrier to back date the BL to ensure conformity to the contract. This however is fraught with dangers given that issue of an incorrect SOB would lead to a charge of fraudⁱⁱ of the Owners/Carrier such that they would have no defence if pursued for recovery. Additionally, liability insurers specifically exclude coverage for such incorrect BL SOB datesⁱⁱⁱ.
6. In Bulk and Break-Bulk shipments, as mentioned in our earlier [article](#), the SOB date is when the cargo is loaded on board the vessel. However, in container vessels, the general practice is to consider the date of sailing of the vessel as the SOB^{iv}. As stated in Shipping and Freight Resource's article referred earlier, sometimes cargo interests ask for the SOB date to be the date when the container was loaded and not the date of sailing, particularly when the loading operation continues for a few days. We would caution against this practice due to the following reasons:
 - i. Due to specialization in the container industry, we often find that there are various participants including the Owners, Charterers/Operators. Given that the loading operations are only concluded when all the containers are loaded, it is not uncommon for some of the loaded containers to be discharged as "shut out" cargo allowing the vessel to sail without them. In this case, the issue would be whether loading of the containers initially would result in the transfer of risk to Owners? If the contract between Owners and Operator provides for the risks of loading to be on Operators, then we submit that the Owners risk will only incept once the containers have all been loaded and the vessel is ready to sail.
 - ii. We are aware that, if the vessels engaged are chartered, the Bs/L issued to the cargo interests would generally be of the Operators. If loading of the containers would trigger a SOB B/L of the Operator, then the Operator may face a difficulty should the container be later discharged from the vessel for operational reasons. Additionally, the Operator may face issues in their liability cover if one of the pre-conditions of cover is that the Operator, in turn, contracts upwards on similar terms.
 - iii. Container vessels have developed in size exponentially. Loading is generally conducted using multiple gantries. Due to the complex loading operations, terminals rarely allow third parties access to view the loading process. Instead, terminals update all interested parties of the containers loaded in their system/website and which is generally known when the vessel loading has been accomplished. *(cont'd at page 8)*

i. See one definition from Maersk which can be viewed [here](#).

ii. See Brown Jenkinson Co V Percy Dalton [1957] 2 Lloyds Rep 1.

iii. See Rule 34 1 X of the [Gard Rules for Ships 2024](#) which states "liabilities, costs and expenses arising out of the issue of an ante-dated or post-dated Bill of Lading, waybill or other document containing or evidencing the contract of carriage, that is to say a Bill of Lading, waybill or other document recording the loading or shipment or receipt for shipment on a date prior or subsequent to the date on which the cargo was in fact loaded, shipped or received as the case may be;"(words in underline by us for emphasis).

iv. See [procedures followed by CMA](#) - More on documentation Pt 2 and which states "Shipped onboard Date Shipped on Board Date showing on the draft BL is Vessel ETD Date. After vessel departure Shipped on board date might change as per Actual Departure Date. Correct SOB date will appear on the BL at the time of BL Release. To check SOB Date, please refer to [Vessel Unberthing Report](#)."

iv. In a strive to optimise, Bs/L are generally processed by the Carrier's Shipping Systems, and which incorporate various dates/notations on the basis of various rules (there may be a rule on the SOB date being the date of vessel sailing). Accordingly, we submit that this is a natural development and therefore should be the basis how the SOB's should be stated in the Bs/L issued. If the Shipper have concerns that their cargo may face difficulty to fulfill the shipment dates, then they should take a pro-active approach and plan their shipments to be loaded in an earlier vessels.

v. As mentioned in our earlier article Shipped on Board Date, it would be preferable for the trade to use recommended [Incoterms © 2010](#)^v (at the time of that article, this was the latest edition of the Incoterms) and which will remove the necessity of having a SOB to deal with the transfer of risk. This may not however be possible in Bulk/Break Bulk shipments where the transfer of risks may occur on loading.

7. In conclusion, given the changes occurring in container shipping,

- i. relook at the contractual basis for transfer of risks between Buyer and Seller.
- ii. if SOB date is required to be stated in a Bs/L issued by a Carrier, then this should be contractually agreed say on the Carriers standard operating procedures rather than on a case to case basis.

v. The present incoterms are [Incoterms © 2020](#).



Continuation to Facing the Future of Shipping: Tackling Transformation, Technology and Talent Challenges

by Nikhil Modak, FICS, PGCSCM, EMBA (Finance)

Recently, I had an opportunity to attend the Maritime Leaders Forum – Facing the Future of Shipping: Tackling Transformation, Technology and Talent Challenges hosted by Institute of Chartered Shipbrokers in London.

Firstly, I would like to thank the support staff of Institute of Chartered Shipbrokers who made the event possible and all the panelists who enlighten us with their views on tackling the challenges of the 3T's.

We are facing two transformations in the shipping industry, while the first one lies in ESG domain of achieving net zero carbon emissions the second one lies in the scope of compliance as there is quite a lot of push to ensure dirty money does not end up in shipping industry.

This has put up regulatory constraints (BASEL 4, ESG, etc.) in shipping finance with shipping banks cherry picking the projects and very few lending money for ship acquisition in Europe which have opened doors to private debt investors.

Shipping asset financing:

Shipping asset financing is a bit different from corporate financing. Traditionally ship owning was a family-owned business, one side we have a ship owner and on the other side we have the lending side (i.e., debt, investment, sub lending, capital providing).

Then we have the advisory world which comprises of legal, financing, etc. who help the ship owner with regulations, compliance, arranging best financial deals, etc.)

Other option for financing is via private debt investors (lending money) or equity investors (where shareholders either take shares either of the ship (ex KG system) or the corporate)

Within the equity space there are different flavors of investment:

- Common equity – every share holder puts money on the table and the table is at risk and shareholders expect good returns.
- Structure equity – ensures minimum level of returns for the investors. Germany) and GIFT city changes same.

Shipping Markets:

London, US, Germany (KG system), Singapore, Hong Kong and Japan have always been traditional shipping markets to raise capital and all eyes are on India view there has been a huge push from the government of India to be recognized as a Ship owning nation. Indian investors point of view, the IRR doesn't look so attractive as risk free government bonds are giving a return of close to 7.5% to 8% whereas Indian market is giving returns close to 12% to 15% which is quite high compared to what shipping returns would pay.

We must wait and see whether government initiatives (ex like KG system in Germany) and GIFT city changes same.



(cont'd at page 10)

Below is an IRR illustrative table based on different interest rates and earnings.

IRR	HIRE PER DAY (1ST YEAR WITH HIRE/OPEX ESC 4%)					
	8.60%	USD 10000	USD 11250	USD 12500	USD 13750	USD 15000
INTEREST RATE	4.80% pa	0.6%	5.4%	9.9%	14.5%	19.2%
	5.40% pa	0.0%	4.8%	9.3%	13.7%	18.4%
	6.00% pa	-0.5%	4.2%	8.6%	13.0%	17.6%
	6.60% pa	-1.1%	3.6%	8.0%	12.3%	16.8%
	7.20% pa	-1.6%	3.0%	7.3%	11.6%	16.0%

I had considered cost of debt at 6% which might be achieved in London market where LIBOR is going on around 4.5%. With a debt of 6%, daily returns need to be in excess of USD 12000 per day assuming market will improve 4% YoY for the IRR to be more than cost of debt.

Indian banks don't finance shipping projects (SBI and ICICI does it via their London branch at better rates) but finance working capital at 8.5% to AAA companies and at 10.5% to BBB companies.

Assumptions	42K Handy
Opex	USD 4500 per day
Capex	USD 35,000,000
Debt	70%
Cost of Debt	6.0% pa
Depreciation Rate*	8.5% pa
SS & DD	USD 1,250,000
Scrap Value	USD 5,950,000
Age of Vessel	0 years
Life of Vessel	20 years
Debt Tenor	15 years
Construction Start Date	1-Jan-25
Revenue per day	USD 12500
Revenue generated for	350 days
Number of years for IRR	20 years
Debt	USD 24,500,000
Own Equity	USD 10,500,000
EMI/per year	-USD 2,522,588
LDWT	8500
SCRAP VAL/TONNE	700

Escalation YoY pa	
Revenue	4.0%
OPEX	4.0%

Note: Depreciation has been calculated basis reducing balance method.

Scrap value during end of term could be more rather than what has been assumed considering inflation over next 20 years and cost of producing green steel.

Newbuilding, yards have different payment terms (article on same has been published already in ICS newsletter earlier this years). There are different debt structures (ex. balloon payment where principal amount component is less during the initial years with a major payment coming up in later years) available from lenders and view same calculations will differ.

Financial markets (country) where one raises capital/debt is also important. Japanese banks offer capital at very low cost however are extremely choosy and need healthy balance sheet for last 20/30 years.

There are few good sale and purchase brokers providing valuable insights/deals in raising the capital and coming up with their financial IRR models depending upon the terms but more important is timing of entering into the deal as shipping is a highly volatile and cycling business.

(cont'd at page 11)

Appendix 1

Counter	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20
Timeline	1-Jan-25	31-Jan-26	31-Jan-27	31-Jan-28	31-Jan-29	31-Jan-30	31-Jan-31	31-Jan-32	31-Jan-33	31-Jan-34	31-Jan-35	31-Jan-36	31-Jan-37	31-Jan-38	31-Jan-39	31-Jan-40	31-Jan-41	31-Jan-42	31-Jan-43	31-Jan-44
Phasing																				
Phasing of Capital Cost	100%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Debt Drawn	24,500,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Equity Drawn	10,500,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Debt Schedule																				
Opening Balance	24,500,000	23,447,412	22,331,669	21,148,982	19,895,333	18,566,465	17,157,865	15,664,730	14,082,047	12,404,382	10,626,057	8,741,033	6,742,907	4,624,894	2,379,800	2,379,800	2,379,800	2,379,800	2,379,800	2,379,800
Addition	24,500,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Elim Closing Balance	2,522,588	2,522,588	2,522,588	2,522,588	2,522,588	2,522,588	2,522,588	2,522,588	2,522,588	2,522,588	2,522,588	2,522,588	2,522,588	2,522,588	2,522,588	-	-	-	-	-
Prinopie	23,447,412	22,331,669	21,148,982	19,895,333	18,566,465	17,157,865	15,664,730	14,082,047	12,404,382	10,626,057	8,741,033	6,742,907	4,624,894	2,379,800	-	2,379,800	2,379,800	2,379,800	2,379,800	2,379,800
Interest	1,052,588	1,115,743	1,162,688	1,253,649	1,328,868	1,408,800	1,493,116	1,582,703	1,677,665	1,778,325	1,885,024	1,998,126	2,118,013	2,245,094	2,379,800	-	-	-	-	-
Amount	1,470,000	1,406,845	1,339,900	1,268,939	1,193,720	1,113,988	1,029,472	939,885	844,923	744,263	637,563	524,462	404,574	277,494	142,788	0	0	0	0	0
Depreciation Schedule (reducing balance method)																				
Annual depreciation charge	2,967,525	2,715,919	2,485,646	2,274,897	2,082,017	1,905,490	1,743,930	1,596,059	1,460,744	1,336,892	1,223,542	1,119,802	1,024,858	937,964	858,438	785,854	719,041	658,076	602,280	551,215
Cost	35,000,000	35,000,000	35,000,000	35,000,000	35,000,000	35,000,000	35,000,000	35,000,000	35,000,000	35,000,000	35,000,000	35,000,000	35,000,000	35,000,000	35,000,000	35,000,000	35,000,000	35,000,000	35,000,000	35,000,000
Accumulated Depreciation	2,967,525	5,683,445	8,169,091	10,443,988	12,526,005	14,431,495	16,175,426	17,771,494	19,232,238	20,569,130	21,792,872	22,912,475	23,937,333	24,875,297	25,733,735	26,519,388	27,238,429	27,896,505	28,498,785	29,050,000
Net Carrying Value	32,032,475	29,316,555	26,830,909	24,556,012	22,473,995	20,966,505	19,228,574	17,228,506	15,767,762	14,430,870	13,207,328	12,087,525	11,062,667	10,124,703	9,266,265	8,480,612	7,761,571	7,103,495	6,501,215	5,950,000
SSADD																				
SSADD Flag	FALSE	FALSE	TRUE	FALSE	FALSE	TRUE	FALSE	FALSE	TRUE	FALSE	FALSE	TRUE	FALSE	FALSE	TRUE	FALSE	FALSE	TRUE	FALSE	FALSE
Value	416,667	416,667	416,667	416,667	416,667	416,667	416,667	416,667	416,667	416,667	416,667	416,667	416,667	416,667	416,667	416,667	416,667	416,667	416,667	416,667
Daily Expenditure																				
Interest * SSDD	5,169	4,996	4,813	4,618	4,412	4,194	3,962	3,717	3,456	3,181	2,888	2,578	2,250	1,902	1,533	1,142	1,142	1,142	1,142	1,142
OPEX	4,500	4,680	4,867	5,062	5,264	5,475	5,694	5,922	6,159	6,405	6,661	6,928	7,205	7,493	7,793	8,104	8,428	8,766	9,116	9,481
Daily Depreciation	8,130	7,441	6,810	6,233	5,704	5,221	4,778	4,373	4,002	3,663	3,352	3,068	2,808	2,570	2,352	2,152	1,970	1,803	1,650	1,510
Total	17,799	17,117	16,490	15,913	15,381	14,869	14,434	14,011	13,617	13,248	12,902	12,574	12,262	11,964	11,677	11,396	11,140	10,908	10,690	10,481
Revenue Generation																				
Annual Revenue generation	4,375,000	4,550,000	4,732,000	4,921,280	5,118,131	5,322,856	5,535,771	5,757,202	5,987,490	6,226,989	6,476,069	6,735,111	7,004,516	7,284,697	7,576,084	7,879,128	8,194,293	8,522,065	8,862,947	9,217,465
Daily revenue generation	11,986	12,466	12,964	13,483	14,022	14,583	15,166	15,773	16,404	17,060	17,743	18,452	19,190	19,958	20,756	21,587	22,450	23,348	24,282	25,253
IRR Computation																				
Flag	TRUE	TRUE	TRUE	TRUE	TRUE	TRUE	TRUE	TRUE	TRUE	TRUE	TRUE	TRUE	TRUE	TRUE	TRUE	TRUE	TRUE	TRUE	TRUE	TRUE
Capex	-10500000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Revenue	4375000	4550000	4732000	4921280	5118131	5322856	5535771	5757202	5987490	6226989	6476069	6735111	7004516	7284697	7576084	7879128	8194293	8522065	8862947	9217465
Expenditure	-3529167	-3531711	-3533995	-3533195	-3531879	-3529907	-3528425	-3517970	-3509464	-3498719	-3485531	-3469682	-3450937	-3429044	-3403733	-3374795	-3430338	-3416593	-3744070	-3877166
Debt Repayment	-1052588	-1115743	-1182688	-1253649	-1328866	-1408800	-1493116	-1582703	-1677665	-1778325	-1885024	-1998126	-2118013	-2245094	-2379800	0	0	0	0	0
Net Cash Flows	-10706754	-97454	16218	134436	257364	385250	518230	656529	800361	949945	1105513	1267304	1435566	1610559	1792552	4504411	4701255	4905971	5118877	5340299
EIRR	8.60%																			

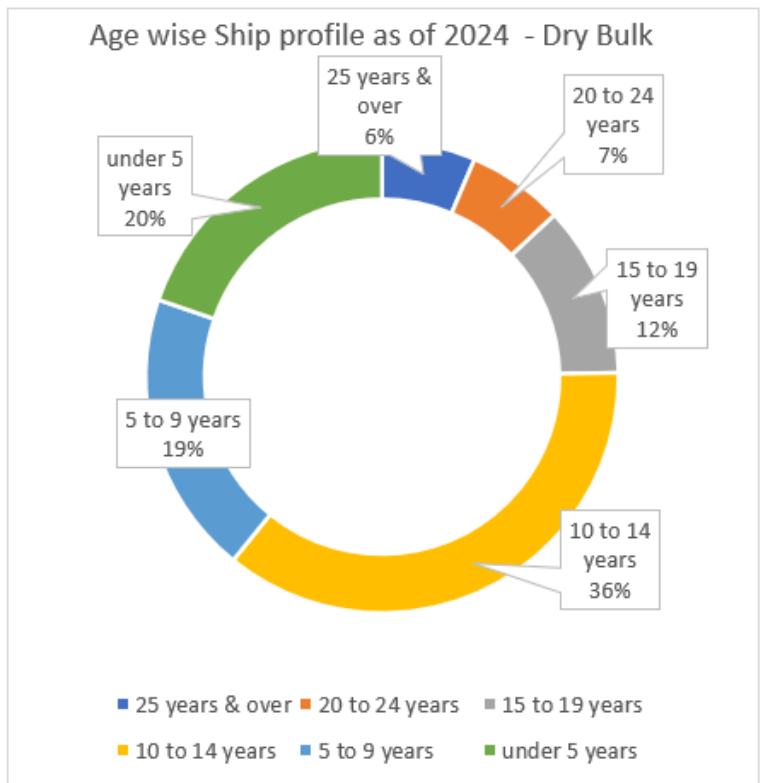
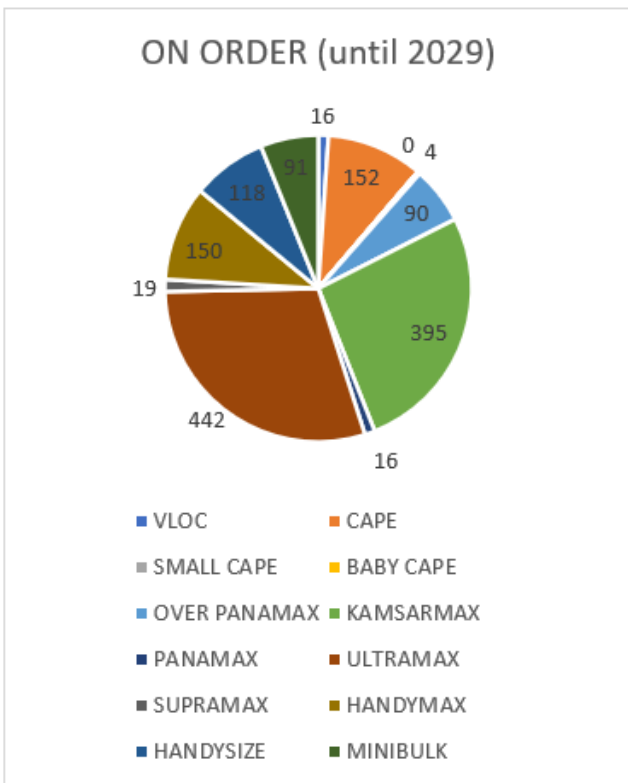
Disclaimer:

Above should not be considered as any consultant advice. Readers should not act of or rely on any content and should seek professional advice if they want to invest in shipping assets.

Readers are advised to do a NPV analysis on an asset running on traditional fuel and alternate fuel and then come to any conclusion. Availability of alternate fuel needs to be considered as well.

Here, I (as an investor) would like to revisit the previous IRR calculations with backing of some data (source BRS)

1.Transformation



As per data available from BRS, as we move close to 2035 close to 60% (around 8500 ships) of the dry bulk fleet would be scrapped / close to the scrapping age and with only 1500 newbuilding ships on order until 2029 we can see an impending dry bulk boom coming up.

Second set of data which I would like to highlight is number of bigger sizes of tonnage on order and existing fleet reaching 20 years until 2029.

Number Of Ships	Delivered	On Order for delivery in:							Reaching 20 years by 2029
	2024	2024	2025	2026	2027	2028	2029...	ON ORDER	
VLOC	0	0	0	5	8	3	0	16	175
CAPE	32	11	36	46	24	30	5	152	760
SMALL CAPE	0	0	0	0	0	0	0	0	10
BABY CAPE	0	0	0	4	0	0	0	4	107

View regulatory constraints most European banks have become choosy on financing projects.

Plus, as there is no proper road map on alternate fuel investors are holding on from putting in money into Shipping with new order book being all time low and if the trend continues, we will see fleet size dropping to 2008 levels by 2030-2035 and we may witness **a major SUPPLY DISRUPTION. No doubt rates will soar up, but the question remains without proper road map on alternate fuel** how we are going to tackle the transformation without landing into supply disruption?

2. Technology

Digitalization

Off late digitalization is being discussed a lot in shipping Industry but I think it is not something new as systems application and products in data processing (SAP) has been around in supply chain/manufacturing (ex-inventory management system in a steel industry) for over decades, it's just we are extending/linking it to shipping industry.

Said so, digitalization is like a double edge sword and sometimes too much information becomes available which is a cause of concern (Houthi's targeting selective vessels or vessel position being circulated in the market even before owner puts her out jeopardizing her earnings potential). Not all companies are equipped to dealt with cyber attacks which have been on rise and targeting shipping/trading companies over last 3 to 4 years. With rise of digitalization in Shipping industry and too much information being available online, chance of same being misused has increased if the data is not handled, stored in a proper way.

Technology in alternate fuel engines

We are still waiting to see what type of alternative fuel would come in force, until that there are ships coming out which can run on dual fuel which comes with its own set up problems as we are venturing in unforeseen territory. In this article would like to focus more on the impact due to technology.

Another major point of concern here is crunch of top 4 officers which shipping industry is already facing. During the leadership forum, understand that there is training being provided but in my opinion simulation training is like playing a video game where one is aware that there is a second life, but that's not the case when working onboard as decisions have consequences. Simulations training programs are good, but they can never replace onboard experience and with more and more seafarers opting for shore-based jobs there is an acute crunch of top 4 and the numbers are dwindling.

With dual engines coming in we will see overlapping of ranks (i.e. parallel contracts for top ranks) considering familiarization which is going to put a pressure on the already dwindling numbers.

(cont'd at page 14)

It would be worth to undertake survey/feedback to see what (in terms of revenue, perks, flexibility) will hold Senior officers to continue sailing on board.

We need a detailed data and prepare a road map on:

- No of ships
- No of seafarers with their nationality/age group/rank/experience/English vocabulary

3. Talent challenges

Shipping industry has a proper guideline for onboard personnel but when it comes to shore-based personnel there are no entry barriers (pre-requisite). Inexperienced staff can often result in loss of opportunities or escalations in claims if operational issues are not handled timely. Investors investing millions in assets should think over this aspect, moreover the push should be from the banking and insurance system as it is their money is at stake.

Ships trade worldwide and vessel need constant guidance while entering/leaving the port(s) and during port operations. Misunderstandings due to language barrier could be fatal. This is something which needs to be improved.



About the Author

Nikhil Modak is a shipping professional with 25 years of experience, starting in ship management and later transitioning into shipbroking. He contributed to the management of K-Line vessels with K-Steamship and shifted focus to commercial roles over the past 20 years. His expertise includes working with commodity traders and dry bulk ship owners, serving as GM of Chartering, and acting as a competitive shipbroker. He has experience with Handy-size to Panamax vessels, most recently managing part cargoes and parcels with the Clipper Group, specializing in steel, pipes, fertilizers, and agricultural products in the Red Sea, Persian Gulf, and Indian Ocean regions.



Got something to share? Let us hear it!

*If you've got an article, a poem, or a story that you'd like to share, here is your chance! Send it to us before **25 November** to be included in the next edition.*

Email us at membership@ics.org.sg.

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Editorial

by Sridev Mookerjee, FICS

We are pleased to bring out our third quarter newsletter of the year 2024. Here are the event highlights for this quarter

Annual Awards Ceremony

Our signature event “Annual Award Ceremony” (cocktail and dinner besides of course presentation of Awards) for 2024 was held on 15th August, 2024 at Tanglin Club Churchill Room where we had a gathering of over 100 Members and Guests. Our Guest-of-honour for the event was Mr Teo Eng Dih, Chief Executive of the Maritime Port Authority of Singapore.



(cont'd at page 16)

New Members Elected

The following candidates have been elected as member during this quarter:

- Jordan Liew
- Junnan Pan
- Sunil Roy
- Victor Yang
- Yatish Malhotra

Annual General Meeting

The Annual General Meeting was held on 25th September 2024 at RNN Conference Centre.



We were thrilled to introduce three new members to our executive committee—Elias, Vinod, and Senthil—who shared their insights about ICS and their reasons for joining the committee to strengthen support for our members.



During the AGM, Chairperson Elaine Yu Kai presented the Chairman's Report, which covered significant events from the past year, including the Annual Awards Ceremony, Professional Talk, Conference/Webinars, and Open Day. Updates on membership status and developments in education, such as Classroom Training and partnerships with shipping authorities, were also included. The report noted continued support from the Maritime and Port Authority (MPA), which sponsors the ICS Best Overall Student prize and subsidizes various training programs.

(cont'd at page 17)

Up-Coming Events

- 25 Oct** - ICS Vice Chairman Krishanan Subramaniam FICS to visit the Singapore branch
- 26 Nov** - Professional Talk (Behind the EU ETS: A Deep Dive for Shipowners and Charterers)
- 28 Nov** - End-of-Year Cocktail with Moore Stephens and WISTA

Member's Benefits

We like to once again highlight the following local benefits of renewing your membership and inspire other eligible candidates to take membership of this prestigious shipping and maritime institute.



Local Benefits to Members/Fellows



HARRY'S BAR + DINING

15% off for Members and Fellows

Download the app from [App Store](#) or [Google Play](#).

YUMMY PUNJABY

10% off for Members and Fellows

321 Alexandra Rd #02-14 Alexandra Central Mall,
Singapore 159971





GRAVY RESTAURANT & BAR

- 10% off the bills on ala carte food items
- All time happy hour on alcohol
- No corkage charge on the first bottle if you are bringing your own

In closing, I like to extend my special thanks to Capt. Vinod Dubey, Mr Nikhil Modak, Mr Sunil Roy, and Mr Jagannath Muthu for contributing their articles to this newsletter.