

ARUN SHARMA: Chairman at Indian register IRClass.
Photo: IRCLASS



IRClass looks to global stage for diversification

Indian classification society lines up targets and keeps momentum in support of domestic shipbuilding

Pinaki Routray **New Delhi**

Indian Register of Shipping (IR-Class) is looking to carve out a position on the international scene as it becomes more commercially focused.

The classification society, which celebrated 40 years last year, is looking to set up a ship design centre and diversify into areas including railways and defence.

Chairman Arun Sharma says the organisation has started to demonstrate its capabilities to its international customers and has made significant inroads.

The Indian society became a full member of the International Association of Classification Societies (IACS) in 2010 and is now a member of its safety panel, heading its quality group.

IRClass classes around 11 million gross tons (gt) of Indian-flag ships, including one million gt in the past 12 months.

In the meantime, it expects to gain euro class membership this month and this is expected to create business opportunities with European owners and builders.

IRClass has set up regional offices in London and Piraeus, Nigeria, Hong Kong and the Philippines to gain visibility.

Sharma, however, believes that despite making fast progress internationally, lack of growth in domestic shipbuilding is having an impact.

“Frankly speaking, for any



INDIA-FLAGGED: IRClass classes around 11 million gt. Photo: SCANPIX

class society to do well, we need to be a major shipbuilding nation and sadly we are not,” he told TradeWinds.

India’s share of global shipbuilding is now a mere 0.1%, a drop from 0.8% in 2009.

SUPPORTING LOCAL YARDS

Sharma says that the classification society, in support of the country’s shipbuilding industry, is speaking to the government to initiate supportive measures and hopes for a turnaround of fortunes in the not too distant future.

At the same time, Sharma is targeting the Indian defence sector and coastal shipping, as these sectors are expected to expand in the coming years.

To assist coastal and inland shipping, IRClass framed rules for river-sea vessels (RSV) and coastal ships five years ago and hopes that new ships will be built and provide it with business opportunities.

Last year, New Delhi-based Jindal group ordered a series of 8,000-

dwt coastal ships at Bangladeshi shipbuilder Western Marine Shipyard, all to be classed by the Indian society.

The newbuildings are expected to start rolling out of the yard by the middle of next year and, says Sharma, the real worth of the new rules for RSVs and coastal shipping around the subcontinent will be demonstrated once they start trading.

He says that coastal shipping between Bangladesh and India, however, is likely to be dominated by Indian vessels as Bangladeshis are reluctant to class their ships because of the additional cost, raising potential safety issues in Indian waters.

In the past two years, IRClass has moved into ship design and has taken over a marine equipment testing facility. It spent \$8m acquiring a majority 51% stake in Mumbai-based Safess Quality Management and 100% of Bangalore-based testing facility GML.

Sharma says the acquisitions

have proved profitable with the facilities yielding an annual return each of 20%.

Meanwhile, IRClass is currently negotiating with a European company to set up a joint venture to collaborate in developing new ship designs.

It has earmarked around \$10m for the move and aims to finalise the deal within the next three months.

Sharma reveals that the Indian shipping ministry has been pushing IRClass to set up the joint venture and it expects to secure sizeable contracts from government state-owned companies during its initial period.

Sharma says that to become an international player, IRClass must develop a diverse range of products and services to attract clients.

It has linked up with GTT of France to develop rules for LNG carrier construction in India, especially for small vessels.

And in its diversification drive, IRClass is working closely with Indian Railways testing its equipment.

Added Sharma: “We have already made rules for single buoy mooring (SBM) facilities and offshore ships and structures, including platforms. The next step will be to market our products well to gain an international presence.”

The society is also now working closely with the Iranian government and state-owned companies, including Islamic Republic of Iran Shipping Lines (IRISL) to secure business, especially given Iran is expected increase its energy trading and offshore activities following the lifting of UN sanctions.

“Iranians are keen on getting their ship surveyors trained by us, and we are looking to set up a base in Tehran in the near future,” Sharma said.

EARNINGS

Jebsens turns in strong results in weak market

Trond Lillestolen **Oslo**

Bergen-based bulker company Kristian Jebsens Rederi has turned in a better performance last year, logging a profit despite the weak market.

The private owner posted a pre-tax profit of NOK 7m (\$0.9m), up from a loss of NOK 41m in 2014. Revenues dropped from NOK 472m to NOK 408m. Book equity was minus NOK 3m at the end of 2015.

The board, chaired by majority owner Bjorn Jebsen, says it is “satisfied” with the result, given the weak dry cargo market in 2015. It says the market developed from “bad to worse” and reached the bottom at the end of 2015. The board says the market has improved somewhat in the second quarter this year but expects it to continue to be weak during 2016.

Jebsen says it has been able to renew parts of its chartered tonnage at sharply reduced rates. The company has chosen to focus on securing cargoes for 2016.

Its strategy is largely based on contract shipping with a focus on niche markets.

Last year, Jebsen made a return to shipowning, taking delivery of the 35,000-dwt bulkers *Sharpnes* and *Swiftnes* (both built 2015). The vessels were built at Tsunishi Heavy Industries (Cebu) and are understood to have cost \$25m each. Jebsen holds 25% in the ships and is managing owner. The bulkers are now probably worth in excess of \$11m apiece.

DRY CARGO

Indian Cements vintage bulker sells for scrap

Pinaki Routray **New Delhi**

Chennai-based bulker player India Cements Ltd (ICL) has sold its oldest bulker.

A senior ICL official confirms the 41,000-dwt *Chennai Jayam* (built 1983) was sold to Bangladesh for \$290 per ldt last week. It was the company’s first ship, acquired from AM Nomikos during the shipping boom in November 2007 as *Effy N* for \$30m.

The company then had plans to expand its fleet to four ships for its own cargoes, including coal, but the 2008 downturn in shipping led to a rethink.

India Cements, however, bought the 52,500-dwt *Chennai Selvam* (built 2001) in 2012 for \$15.5m.

The company official says it will now resort to spot chartering ships to transport coal and limestone as current low charter rates enable it to control freight costs.

This is the second Chennai-based owner that seems to be going in the same direction. TradeWinds earlier reported that Sanmar Shipping is considering offloading two bulkers — the 73,000-dwt *Sanmar Paragon* (built 1998) and 54,000-dwt *Sanmar Phoenix* (built 2002) — in the coming months.