

Shipping Corp to maintain status quo on Irano Hind despite sanctions

Mamuni Das



Mr S. Hajara, Chairman and Managing Director, Shipping Corporation of India (file photo). -- Shashi Ashiwal

New Delhi, Jan. 17:

The going is getting tougher for Irano Hind Shipping Company, the joint venture of Shipping Corporation of India (SCI) with Islamic Republic International Shipping Line, following the recent US sanctions on all its subsidiaries. But, SCI has no plans to change its stance on continuing as a promoter of the company.

“We have not received any directives from the Government to change our strategy with regards to Irano Hind. We maintain a status quo position on Irano Hind,” Mr S. Hajara, Chairman and Managing Director, SCI, told *Business Line*.

Sanctions

While Irano Hind has been under various US and UN sanctions for some years now, the company received a bigger setback in December 2011, when all its subsidiaries came under US sanctions.

Irano Hind, with its subsidiaries, had a fleet of seven ships with an aggregate of 0.66 million dwt (dead weight tonnage) in March 2011. SCI, which has a 49 per cent ownership in Irano Hind, also has substantial interest in the subsidiaries.

Shipping Ministry sources say that a change in strategy for India's position on Irano Hind will have to be an inter-Ministerial decision, with External Affairs Ministry's inputs.

Currency limits

The US and UN sanctions prevent Irano Hind from dealing in euros and dollars. This has certain implications and affects the operations as charter hires are denominated in these currencies. Additionally, the requisite insurance covers are also not available from insurance firms that deal in dollars or euros.

“The going has become tough after the sanctions. Despite difficulties, the vessels of the company are gainfully employed. This is in the backdrop of the shipping industry going through a difficult phase,” said Mr Hajara, who is on the Board of Irano Hind.

Dividend payout

Irano Hind, which paid dividend to SCI in euros and US dollar earlier years, paid a dividend in United Arab Emirates Dirham in 2011, as result of the US sanctions.

Financially, Irano Hind does not contribute much to SCI. The total income received as dividends from Irano-Hind for fiscal 2008, 2009 and 2010 was less than 0.1 per cent of SCI total income in each of those years.

Mr Hajara did not get into specifics about company, pointing out that the SCI is not involved in the day-to-day operations of the company.

A sector analyst says that vessels of Irano Hind are tankers, with capacities of 120,000-150,000 dwt, which are engaged in the India-Iran route.

“In 2012, they have done shipments for IOC. In 2009 and 2010 there were several shipments to India catering to Indian refineries. However, it has also served in international routes,” said Mr Anand V. Sharma, Director, Mantrana Maritime Advisory.

Irano Hind was set up in 1975 by the Governments of Iran and India. The key focus of this company was to ship iron ore from India to Iran, following Iran's funding of the Kudremukh iron ore mines.

mamuni@thehindu.co.in

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