

## Syllabus

### FUNDAMENTALS OF SHIPPING FINANCE

#### Course Objectives:

1. To learn about the functions and market structure of shipping industry
2. To understand the shipping services and shipping networks
3. To learn about the different sources of shipping finance and sources of capital
4. To understand the various investment decisions of shipping companies
5. To learn the nuances of the sale and purchase of ships

#### Course Outcomes:

- CO1: Be able to understand the functions of shipping industry  
CO2: Comprehend the network and services of shipping business  
CO3: Get exposed to the sources of capital for shipping companies  
CO4: Demonstrate the importance of various investment decisions  
CO5: Be able to understand the process of ship sale and purchase  
CO6: Ability to apply the knowledge of shipping finance

#### **MODULE-1: OVERVIEW OF SHIPPING BUSINESS**

Maritime transportation, Functions of Shipping, Challenges facing the shipping industry, Market Structure of Shipping, Shipping Markets.

#### **MODULE-2: SHIPPING SERVICES AND NETWORKS**

Shipping Services and Networks, Charter services, Liner shipping services, Shipping Alliances, Frequency of service, Fleet and vessel size, Number of port calls.

#### **MODULE-3: BASICS OF SHIPPING FINANCE AND SOURCES OF CAPITAL**

Ship Finance, Sources of Ship Financing, Financing from banks, Mortgaged-backed loans, Financial and Non-financial covenants, Equity as a Source of Capital, Debt as a Source of Capital, Leasing as a Source of Capital, Mezzanine Financing, Capital Budgeting and Cost of Capital.

#### **MODULE-4: INVESTMENT DECISIONS OF SHIPPING COMPANIES**

Types of investment decisions, Evaluation Criteria, Non-discounted Cash Flow Techniques-Payback period (PB), Accounting Rate of return (ARR), Discounted Cash Flow Techniques-Net Present value (NPV), Internal Rate of return (IRR), Profitability index (PI), Discounted Payback period, Salient Features of Investment Decisions, Conflict in Ranking.

#### **MODULE-5: SALE AND PURCHASE OF SHIPS**

Ship as an Investment, Market Price, Cash Flow, Charter Rates, Forward Freight Agreements (FFA), Sale and Purchase of Ships, Stages of Ship S & P, Second-hand ship sale contracts, Information about Ship Sales, S & P Confidentiality.

#### **REFERENCES**

1. Shipping Finance, Stephenson Harwood, Globe Law and Business Limited, 2018
2. The International Handbook of Shipping Finance - Theory and Practice, Kavussanos, Manolis G., Visvikis, Palgrave Macmillan Publishers, 2016
3. HSBA Handbook on Ship Finance, Schinas, Orestis, Grau, Carsten, Johns, Max (Eds.), Springer, 2015