



## Cash buyer GMS flips a Bahri VLCC for a healthy profit

Dubai-based cash buyer re-sells a 1996-built VLCC for a seven figure gain in just two months

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By Max Tingyao Lin in London

Cash buyer GMS is re-selling a vintage VLCC previously owned by Bahri for handsome profits, supported by strong buying appetite for old tonnage amid increasing demand of floating storage.

According to brokers, the Dubai-based cash buyer bought the 300,000-dwt Ghawar (built 1996) from Bahri for \$19.5m in late January, renamed the vessel as Gringo and sold it for \$21m near the end of March.

The ship was said to be destined to a Singapore-based company for conversion into a floating storage unit.



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When contacted by TradeWinds, GMS founder and chief executive Anil Sharma said the deals took place without commenting on the buyer's identity and pricing details.

But Sharma added: "If you have a tanker today, you generally make money."

While demolition rates have fallen by more than 10% in the past two months, tanker asset prices are staying at firm levels.



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## Strong interest

Market sources observed strong interest for aged VLCCs lately, with the ongoing price war among oil producers expected to result in severe oversupply and more floating storage.

While the US, Russia and Saudi Arabia are reportedly working on a new supply reduction deal, some analysts expect oil firms will still need to store some crude supply

at sea with the oil demand collapse triggered by coronavirus.

“Even if the cut happens, it won't be until May or June as April barrels have already been sold,” Jefferies analyst Randy Giveans said. “Even then, the oil market would still be massively oversupplied.”

## Lucky deal

Sharma said the resale was a “fortunate” event as GMS was originally buying on behalf of another company interested in the ex-Bahri ship but could not make an offer in January.

“[The company] backed out [on us]. We were stuck as we had paid slightly above scrap” value, Sharma said.



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“Fortunately for us, the tanker market moved [up] and we had several buyers showing up.”

With travel restrictions across the globe amid the Covid-19 outbreak, Sharma admitted delivering the ship to the final buyer would be more difficult than usual, though.

Bahri handed over the Mitsubishi Heavy Industries-built ship to GMS in Egypt, where the buyer completed the physical inspection and deployed some of its own “observers” on board, according to Sharma.

But GMS’ crew needs to hold the vessel until a suitable location can be found for the buyer to take delivery, Sharma added. “We haven't delivered the vessel. I don't want to jinx it.”

## Legal issues

Separately, Sharma confirmed GMS bought the VLCC from Bahri in a deal that allowed further trading.

The move would help GMS avoid the kind of legal tussle it had with Tai Chong Cheang (TCC).



TradeWinds reported Sharma's company bought the 173,000-dwt bulker CSK Glory (built 2002) in a \$9.5m scrap deal in April 2019.

As recycling rates subsequently fell, GMS sought to trade the vessel and approached TCC to renegotiate a deal.

GMS offered to let TCC determine the vessel's trading on top of a 50% cut of the net earnings, but TCC asked for \$2m cash instead, according to commercial sources.

With the two sides failing to reach an agreement, TCC eventually secured an order from the English High Court to prevent the ship from trading.

"We are also a shipowner," Sharma said. "We are constantly in the market buying ships, both for scrapping and for trading." (Copyright)

**GMS Anil Sharma VLCCs Sale And Purchase Ship Recycling**

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