

# APPENDIX 'A'

## STANDARD AGREEMENT FOR SHIP MANAGEMENT

DATED \_\_\_\_\_

BETWEEN

ABC

(AS OWNERS)

AND

SOUTH ASIA SHIP MANAGEMENT (PVT) LTD.,  
(AS MANAGERS)

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Addendum No. 1

Addendum No. 2

Addendum No. 3

# **AGREEMENT FOR SHIP MANAGEMENT**

This AGREEMENT is made this \_\_\_\_\_

BETWEEN:

(1) ABC, a company incorporated under the laws of \_\_\_\_\_ and having its REGISTERED OFFICE at \_\_\_\_\_ (hereinafter called "Owners")

and

(2) SOUTH ASIA SHIP MANAGEMENT (PVT.) LTD. a company incorporated under the laws of Pakistan and having its registered office at MUHAMMAD BUKSH & SONS BUILDING. 23-WEST WHARF ROAD, KARACHI, PAKISTAN. (hereinafter called "the Managers")

WHEREAS:

(A) In this Agreement save where the context otherwise requires the expression "the Vessel" means registered in \_\_\_\_\_ more fully described in Addendum 1 hereto,

and

(B) The owners have agreed that the management of the Vessel shall be entrusted to the Manager on terms and conditions hereinafter set forth.

NOW IT IS HEREBY MUTUALLY AGREED as follows:

## **1. COMMENCEMENT**

(a) The Owners hereby appoint the Managers and the Managers hereby accept their appointment to act as managers of the Vessel as and from date of delivery on terms and conditions hereinafter set forth.

## **2. GENERAL OBLIGATIONS OF THE MANAGERS**

The Managers undertake to use their best endeavours:

(a) To manage the Vessel on behalf of the Owners in accordance with sound ship management practice, to keep the Vessel at all times seaworthy in conformity with the requirements of regulations, and perform all matters pertaining to classification and insurance.

(b) To protect and promote the interests of the Owners in all matters relating to the efficient operation and management of the Vessel.

PROVIDED HOWEVER that the Managers:

(i) Shall not be required so to exercise their powers hereunder as to give preference in any respect to the Owners, it being understood and agreed that the Managers shall so far as practicable ensure a fair distribution of available qualified manpower, supplies and services to all vessels managed by them.

(ii) Shall not be answerable for the consequences of any decision or exercise of judgment taken or made in the exercise of their powers hereunder which was taken or made honestly and in good faith.

## **3. SPECIAL OBLIGATIONS OF THE MANAGERS**

The † Managers shall (except as the Owners may from time to time otherwise instruct the Managers and without prejudice to the generality of the powers vested in them as Managers of the Vessel provide the management services-specified hereunder and shall have power in the name of the Owners or otherwise on their behalf to do all things which may be expedient or necessary for the provision of the said services or otherwise in relation to the proper and efficient management of the Vessel:

(a) Arrangement for the Vessel to perform her employment in accordance with Owners direction.

(b) Arranging the various licenses, and certificates, including classification, trading, safety, registration and other certificates and documents required for the sailing,

trading and operation of the Vessel as well as punctual renewal of same from time to time.

(c) The Procuring and arrangement for fuel, fresh water, stevedoring, port entrance and clearance, pilots, sub-agencies, consular requirements and any and all other services incidental to and required for the proper management, operation and conduct of the business of the Vessel, or otherwise as directed by the Owner, and a quarterly report on the general operation and status of the Vessel, her Crew etc. shall be forwarded to owner.

(d) To prepare, issue or cause to be issued to shippers the customary freight contracts, cargo receipts and/or bills of lading as may be prescribed by the Owner from time to time.

(e) Arrangement for the supervision of the daily maintenance, survey and repair of the Vessel, supply of necessary spare parts, and entering into contracts with any person, firm or company on behalf of the Owners in connection therewith on such commercial terms and conditions as the Managers may decide.

(f) Arrangement for the employment, payment, transfer, discharge and supervision of the Vessel's crew (masters, officers, engineers, ratings etc.) and attendance to all matters pertaining to training, transport, discipline, labor relations, victualling, welfare and amenities, and ensure that the Vessel † is always properly manned and that the Vessel's personnel are properly instructed in the running and maintenance of the Vessel as may from \time to time be required under all relevant regulations and statutes.

(g) Appointment and instruction of Vessel's agents as the Vessel may require.

(h) Arrangement (in accordance with Owners' instructions) of all insurance in connection with the vessel (including hull, machinery, earnings) against usual marine and war risks, and entry of the Vessel in Protection and Indemnity Defence and other such associations appropriate to the Vessel.

(i) To procure and terminate the service of such qualified persons as masters, officers, engineers, seaman, fireman, catering staff, surveyors, superintendents and other necessary persons as managers may think proper and necessary for efficient running of and maintenance of the ship and settle and pay or provide for the payment of the remuneration of all such persons and to arrange for such training of the said persons

as required. Should the owner have reason to be dissatisfied with the services of any superintendent, master, officer or crew members employed on the vessel or in connection with the provisions of service hereby contracted for, then the owner shall have the right to indicate such dissatisfaction including the cause thereof to the manager who shall commence an investigation into the faults and if such facts are found to be substantiated, master, officer or crew member to cease to be employed on the vessel.

(j) Handling and settlement of insurance, average, salvage and other claims and disputes arising in connection with the vessel.

(k) In case of general or particular average, the Manager shall, when requested by the Owner, appoint an adjuster and may assist in preparing the average account, take proper security for the cargo's and freights proportion of average, and in all ways reasonably possible protect the interest of the Vessel and/or the Owner, Such fees as may be allowed by underwriters shall be retained by the Manager as compensation therefore.

(l) In case of P&I average, the Manager shall, when requested by the Owner, settle claims in conjunction with the manager of the Owner's protection and indemnity insurance clubs and to make disbursements accordingly for the Owner's account, and to do such other acts and execute such documents as in the Manager's judgment may be necessary and appropriate to the conduct of such agency and the operation of said Vessel.

(m) Payment on behalf of the Owners of all expenses due and properly incurred in and about provision of the foregoing services or otherwise in relation to the proper and efficient management of the vessel.

PROVIDED HOWEVER that the Managers may not sell, mortgage, financially commit the Vessel, or order major repairs or major structural changes of the Vessel, enter into or cancel charter parties or contracts of afreightment for the Vessel, or lay up or break lay up without the Owners' prior approval. In case expenses outside the budget exceeding 10,000 ( Ten Thousand U.S. Dollars ) separate approval of the owner to be obtained before commitment of such work case by case.

#### **4. RIGHTS OF THE MANAGERS**

The Managers shall (without prejudice to the generality of the powers vested in them as aforesaid) be entitled in relation to the proper and efficient management of the Vessel.

(a) To employ any such agents or insurance brokers as they may deem fit and to sub delegate such of the powers conferred on them by this Agreement as they may deem fit.

(b) To employ superintendents, surveyors, consultants and other experts to supervise or advise in relation to the maintenance of the Vessel.

(c) To make, adjust, apportion, or settle all average, salvage and other claims in respect of the vessel or refer the same to arbitration or legal suit.  
The Manager shall collect the Owners approval if the action of the Manager expose the Owner for a major financial responsibility.

(d) To bring or defend on behalf of the Owners actions, suits or proceedings in connection with all matters hereby entrusted to the Managers.

(e) To obtain legal advice in relation to disputes or other matters affecting the interests of the owners in respect of the Vessel.

(f) To be named in Owners' Hull and Machinery Policy together with their Sub-Managers if nominated referred to in Clause 10(b) of this Agreement, and in Owners' protection & Indemnity Policy together with their Sub-Managers and Manning Agents referred to in Clause 10(b) of this Agreement.

#### **5. ACCOUNTING AND BOOK-KEEPING**

(a) The Managers shall keep proper books, records and accounts relating to the management of the Vessel in accordance with generally accepted accounting practices and the usual management accounting procedures adopted by the Managers, and shall make the same available during normal business hours for inspection and audit pursuant to prior written request by the Owners or accountants designated by Owners.

(b) The Managers shall submit the following to the Owners:

(i) A budget for the applicable year of management of the Vessel. Annual budgets for subsequent twelve months' period will be submitted for Owners' approval, one month prior to commencement of the year.

(ii) Quarterly Management Reports supported by Operating Statement Analysis on Vessel's operation by about twenty-five days in arrears.

(c) The Managers shall credit to the Vessel all discounts and all other sums whatsoever, received by them in respect of the Vessel, other than sums payable by the Owners to the Managers under this Agreement.

## **6. PERIOD/TERMINATION OF AGREEMENT**

The appointment of the Managers shall commence and take effect as and from the date specified in Clause 1 and shall (subject as hereinafter provided) continue for a period of 12 months from that date and shall thereafter continue unless and until cancelled by either party upon three month's notice in writing of termination.

PROVIDED HOWEVER, that without prejudice to the rights here under of either party:

(a) The Managers shall be entitled (but not bound) to terminate their appointment by one month's notice in writing in any of the following events:

(i) The Owners cease to have the Vessel at their disposal as registered Owners of the Vessel.

(ii) Any funds payable by the Owners under this Agreement shall remain unpaid after one month of payment having been demanded in writing by the Managers.

(b) The Owners shall be entitled (but not bound) to terminate forthwith the appointment of the Managers by One Month's notice in writing if there shall occur any gross negligence or wilful misconduct of the Managers to perform any of the duties entrusted to them under this Agreement.

(c) Either party may by THREE month's notice in writing to the other forthwith terminate the appointment if an order be made or resolution be passed for the winding-up of the other than a winding-up for the purpose of reconstruction or amalgamation) or if a Receiver be appointed for the undertaking of property of the other or if the other shall suspend payment or cease to carry on business or make any special arrangements or composition with its creditors.

(d) This Agreement shall automatically terminate in 3 months in the event the Vessel shall become an actual, constructive, compromised or arranged total loss, or in case of sale of the Vessel.

(e) Upon termination of the Agreement, the fee payable to the Managers shall be adjusted accordingly, taking into account time and expenses incurred up to time of termination. The Owners shall also bear any additional expenses that the Managers may incur in terminating any employment contract the Managers may have entered into with the officers and crew provided always the Managers shall use their best endeavours to minimize such expenses by mitigating all such losses, and any other costs and expenses incurred by the Managers in connection with the termination of this Agreement and the management of the Vessel.

## **7. MANAGERS' REMUNERATION**

(a) The Managers shall be paid as remuneration for their services as Managers under this Agreement a fee to be agreed from time to time.

(b) The remuneration shall commence to be earned as from the time specified in Clause 1 hereof and is payable monthly in advance.

(c) The monthly fee is subject to annual review and adjustment, the first adjustment to be made in January 1997.

(d) In addition to the compensation payable to the manager under the provisions, the owner shall reimburse the manager for the amount of such necessary travelling expenses, lodging long distance telephone calls, telegrams, teletype charges, radio grams, cable and ship's postages. Additionally for the service at any shipyard or dry docking survey, dry docking or major repairs of the vessel, of any engineer or technical employees of the manager, the manager shall receive the sum of USD 125 per day for

each such person in addition to the travelling expenses hereinabove provided.

(e) The funds agreed as per operating budget should be credited in managers accounts at least 10 days in advance of the beginning of each month, however if the funds advanced by the Owner on the basis of the operational budget furnished by the Manager, together with any other amounts received by the Manager for the owners account, are not sufficient to cover the actual expenditures, the owner shall immediately balance such shortage and also compensate any interest paid by the Manager or such deficiency.

#### 8. DISBURSEMENTS/PAYMENTS

(a) The Managers, their Sub-Managers and Manning Agents, shall at their own expense provide all office accommodation, equipment, stationary, local communication expenses (\_\_\_\_\_) and office staff required for the provision of the services hereby contracted for.

(b) Subject as above provided the Owners shall (in addition to payment of the remuneration provided for in Clause 7 hereof) reimburse the Managers in respect of all disbursements and expenses of whatsoever kind which are incurred by the Managers whether directly or by their agents in connection with the provision of the services hereby contracted for and whether incurred before, during or after the period of this Agreement.

(c) The Owners shall also reimburse the Managers for Manager's prede livery expenses including, but not limited to, initial officer and crew movements, communication expenses, stand by expenses for officers and crew, etc. The Owners shall advance the Managers an amount of US \$ \_\_\_\_\_(United States Dollars: \_\_\_\_\_) fifteen(15) days before the Managers take over the Vessel. If the amount of exceeds the Managers' actual predelivery expenses, the balance shall be credited to the Owners' obligations to make advances under Clause 8 (d) below.

(d) The Owners shall, upon the date the Vessel is taken over by the Managers, advance to the Managers an amount representing the sum of the budget for first year of operation pro rata from the takeover date to the end of the subsequent calendar month. Thereafter, the Managers shall provide the Owners not later than the tenth (10th) working day of each successive month, a telex report by budget category of the proceeding month's expenditures on behalf of the Owners and the Vessel. The Owners shall reimburse the Managers such reported expenditures within five (5) working days after receipt of such telex report but each such reimbursement shall be made only up to

an amount that will bring the balance in the Managers' account to a sum equal to the average monthly amount based on the agreed total budget for the applicable year of management. The Owners and the Managers shall, at the end of the sixth (6th) month after the takeover date, consult to ensure that the balance in the Managers' expenditures on behalf of the Owners and the Vessel, neither more nor less, and the advances hereunder shall be adjusted as mutually agreed. Upon reasonable notice and verification, the Owners shall provide the Managers with any additional funds which the Managers may require to cover any Vessel expense unforeseen in any particular month.

(e) The owners shall remit any funds or advances required by the Managers to a bank account with

CREDIT TO

\_\_\_\_\_  
\_\_\_\_\_

FOR THE ONWARD CREDIT TO:

\_\_\_\_\_  
\_\_\_\_\_

## 9. RESPONSIBILITIES/LIABILITY/INDEMNITY

### (1) Force Majeure

Neither the Owners nor the Managers shall be under any liability for any failure to perform any of their obligations hereunder by reason of any cause whatsoever of any nature or kind beyond their reasonable control.

### (2) Liability to Owners

Without prejudice to sub-clause 9(1), the Managers shall be under no liability whatsoever to the Owners for any loss, damage, delay or expense of whatsoever nature, whether direct or indirect, (including but not limited to loss of profit arising out of or in connection with detention of or delay to the Vessel) and howsoever arising in the course of performance of the management services.

UNLESS same is proved to have resulted solely from the negligence, gross negligence or wilful default of the Managers or their employees or agents, or sub-contractors employed by them in connection with the Vessel, in which case (save where loss, damage, delay or expense has resulted from the Manager's personal act or omission committed with the intent to cause same or recklessly and with knowledge that such loss, damage, delay or expense would probably result) the Managers' liability for each incident or series of incidents giving rise to a claim or claims shall never exceed a total of the annual management fee payable hereunder.

(3) Indemnity

Except to the extent and solely for the amount therein set out that the Managers would be liable under sub-clause 9(2) the Owners hereby undertake to keep the Managers and their employees, agents and sub-contractors indemnified and to hold them harmless against all actions, proceedings, claims, demands or liabilities whatsoever or howsoever arising which may be brought against them or incurred or suffered by them arising out of or in connection with the performance of the Agreement, and against and in respect of all costs, loss, damages and expenses (including legal costs and expenses on a full indemnity basis) which the Managers may suffer or incur (either directly or indirectly) in the course of the performance of this Agreement.

(4) "Himalaya"

It is hereby expressly agreed that no employee or agent of the Managers (including every sub-contractor from time to time employed by the Managers) shall in any circumstances whatsoever be under any liability whatsoever to the Owners for any loss, damage or delay of whatsoever kind arising or resulting directly or indirectly from any act, neglect or default on his part while acting in the course of or in connection with his employment and, without prejudice to the generality of the foregoing provisions in this Clause, every exemption, limitation, condition and liberty herein contained and every right, exemption from liability, defence and immunity of whatsoever nature applicable to the Managers or to which the Managers are entitled hereunder shall also be available and shall extend to protect every such employee or agent of the Managers acting as aforesaid and for the purpose of all the foregoing provisions of this Clause 9 the Managers are or shall be deemed to be acting as agent or trustee on behalf of and for the benefit of all persons who are or might be their servants or agents from time to time (including sub-contractors as aforesaid) and all such persons shall to this extent be or be deemed to be parties of this Agreement.

## **10. ASSIGNMENT**

(a) The Managers may not assign or subcontract this Agreement without the Owners' prior written approval, which shall not be unreasonably withheld.

(b) Not with standing the above paragraph, it is hereby mutually agreed that the Managers are entitled to appoint if required any sub-managers and any manning agent as they deem fit in carrying out their obligations.

## **11. GOVERNING LAW AND ARBITRATION**

(a) This Agreement shall be governed by English Law.

(b) Any dispute shall be referred to arbitration in London in accordance with the Arbitration Act of 1950 and 1979 or any statutory modification or re-enactment thereof for the time being in force and be settled in accordance with Rules of London Maritime Arbitrators Association.

## **12. MANAGERS LIEN**

The Managers shall have a lien on the ship for all their outstanding dues against the ship for management fee and/or expenses incurred and/or accrued by the managers for/ on the ship on behalf of the owners.

## **13. NOTICES**

(a) Any notice which the Managers may wish to give to the Owners shall be validly given if sent to the Owners at the following address:

ABC

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TEL:  
FAX:

SOUTH ASIA SHIP MANAGEMENT (PVT) LTD.,

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(b)Any notice which the Owners may wish to give to the Managers shall be validly given if sent to the Managers' registered address, presently at:

SOUTH ASIA SHIP MANAGEMENT (PVT.) LTD.  
MUHAMMAD BUKSH & SONS BUILDING. 23-WEST WHARF ROAD, KARACHI, PAKISTAN.

TEL : (9221) 2316240-1-2  
FAX : (9221) 2316239 – 2316243  
TLX : 20331 SAM PK  
E-MAIL : saa@webnet.com.pk

(c)Notices required to be given in writing may be given by letter, cable, telex or telefax.

Signed this

**As Owners**  
A B C

**As Managers**  
SOUTH ASIA SHIP MANAGEMENT (PVT) LIMITED.

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**DIRECTOR**

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**ATTORNEY-IN-FACT**