

Press Release

Global Offshore Services Limited (GOSL)

24 October, 2017



Rating Assigned

Total Bank Facilities Rated*	Rs. 391.82 Cr
Long Term Rating	SMERA D (Assigned)
Long Term Rating	SMERA C (Assigned)
Short Term Rating	SMERA A4 (Assigned)

*Refer Annexure for details

Rating Rationale

SMERA has assigned rating of '**SMERA D**' (**read as SMERA D**) to the Rs. 351.09 crore facility and long term rating of '**SMERA C**' (**read as SMERA C**) on the Rs. 24.98 crore bank facilities. SMERA has further assigned short term rating of '**SMERA A4**' (**read as SMERA A four**) on the Rs. 15.75 crore facilities of Global Offshore Services Limited (GOSL).

GOSL (the erstwhile Garware Offshore Services Limited), incorporated in 1976 was promoted by the Late Mr. B D Garware. The Mumbai-based company, led by Mr. Ashok Bhalchandra Garware (Chairman) and Mr. Aditya Ashok Garware (Vice Chairman), is engaged in offshore services and offers shipping vessels to exploration and oil production companies. The company owns and operates six vessels and also has six vessels in its subsidiaries'. The company and its subsidiaries cater to Cairn Energy, Oil and Natural Gas Corporation (ONGC), British Gas, TOTAL to name a few.

List of key rating drivers and their detailed description:

Strengths:

Experienced management: The management possesses extensive experience in the oil industry. Mr. Ashok Garware, Chairman, has more than three decades of experience in the oil industry while Mr. Aditya Garware has over two decades of experience in the shipping industry.

Weaknesses

Weak financial risk profile: GOSL's networth stood at Rs. 423.74 crore as on 31 March, 2017 compared to Rs. 589.41 crore in the previous year. The gearing stood high at 2.66 times as on 31 March, 2017.

The coverage indicators are weak with negative interest coverage ratio in FY2016-17 (1.73 times in FY2015-16). The debt service coverage ratio (DSCR) stood at 0.03 times in FY2016-17 (0.71 times in FY2015-16).

Margins are susceptible to volatility in global oil prices: The margins of the company are susceptible to volatility in global oil prices. The company has incurred operating losses in FY2016-17 compared to 28.78 per cent in FY2015-16 and 42.26 per cent in FY2014-15.

Delays in repayment of debts: There has been irregularity in the repayment of principal and interest on term loans due to a weak financial risk profile and liquidity.

Analytical approach: SMERA has considered the standalone business and financial risk profiles of the company.

Applicable Criteria

- Application of Financial Ratios and Adjustments: <https://www.smera.in/criteria-fin-ratios.htm>
- Default Recognition: <https://www.smera.in/criteria-default.htm>

About the Rated Entity - Financials

For FY2016-17, GOSL (consolidated) reported net loss of Rs. 125.34 crore on operating income of Rs. 161.76 crore compared to net loss of Rs.11.26 crore on operating income of Rs. 372.07 crore for FY2015-16. The net worth stood at Rs. 423.74 crore as on 31 March, 2017 as against Rs. 589.41 crore as on 31 March, 2016.

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

Rating History for the last three years: Not Applicable

*Annexure – Details of instruments rated:

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Crore)	Ratings
Term loan I	NA	NA	November 2022	41.50	SMERA D
Term loan II	NA	NA	August 2022	39.15	SMERA D
Term loan III	NA	NA	March 2023	107.68	SMERA D
Term loan IV	NA	NA	December 2024	76.39	SMERA D
Term loan V	NA	NA	December 2018	20.70	SMERA D
Term loan VI	NA	NA	February 2018	21.34	SMERA D
Term loan VII	NA	NA	February 2020	10.33	SMERA D
Term loan VIII	NA	NA	NA	4.98	SMERA C
Cash Credit I	NA	NA	NA	24.00	SMERA D
Cash Credit II	NA	NA	NA	20.00	SMERA C
Bank Guarantee I	NA	NA	NA	10.00	SMERA D
Bank Guarantee II	NA	NA	NA	14.75	SMERA A4
Letter of Credit	NA	NA	NA	1.00	SMERA A4

Note on complexity levels of the rated instrument: <https://www.smera.in/criteria-complexity-levels.htm>

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ABOUT SMERA

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