

Press Release

Global Offshore Services Limited

March 12, 2020

Rating Reaffirmed



Total Bank Facilities Rated*	Rs. 386.84 Cr.
Long Term Rating	ACUITE D (Reaffirmed)
Long Term Rating	ACUITE C (Reaffirmed)
Short Term Rating	ACUITE A4 (Reaffirmed)

* Refer Annexure for details

Rating Rationale

Acuite has reaffirmed the long term rating of '**ACUITE D**' (read as **ACUITE D**), '**ACUITE C**' (read as **ACUITE C**) and the short term rating of '**ACUITE A4**' (read as **ACUITE A four**) to the Rs. 386.84 crore bank 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. Aditya Ashok Garware (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 and TOTAL to name a few.

Analytical Approach

Acuite has considered the standalone business and financial risk profiles of GOSL to arrive at this rating.

Key Rating Drivers

Strengths

- **Experienced Management**
The management of the company has extensive experience in the oil and shipping industry. Mr. Aditya Garware has over two decades of experience in the aforementioned industry.

Weaknesses

- **Delays in debt servicing**
There has been irregularity in the repayment of principal and interest on term loans due to weak financial risk profile and liquidity.
- **Weak financial risk profile**
GOSL's net worth stood at Rs.191.46 crore as on 31 March, 2019 compared to Rs. 263.19 crore in the previous year. The gearing stood at 2.03 times as on 31 March, 2019 as against 1.41times as on 31 March, 2018. The coverage indicators are weak with negative interest coverage ratio (ICR) and debt service coverage ratio (DSCR) in FY2019.

Rating Sensitivity

Not Applicable

Material Covenants

None

Liquidity Position – Weak

Liquidity profile of GOSL is expected to remain weak. The company's working capital operations are expected to remain intensive with high GCA days of 316 days for FY2019 on account of high inventory of 292 days. Acuite believes that the liquidity of the firm is likely to remain weak over the medium term on account of negative cash accrual.

About the Rated Entity - Key Financials

	Unit	FY19 (Actual)	FY18 (Actual)
Operating Income	Rs. Cr.	64.82	76.57
PAT	Rs. Cr.	(71.76)	(151.62)
PAT Margin	(%)	(110.71)	(198.01)
Total Debt/Tangible Net Worth	Times	2.03	1.41
PBDIT/Interest	Times	(0.78)	(4.97)

Status of non-cooperation with previous CRA (if applicable)

Not Applicable

Any other information

None

Applicable Criteria

- Default Recognition -<https://www.acuite.in/view-rating-criteria-52.htm>
- Entities in Services Sector-<https://www.acuite.in/view-rating-criteria-50.htm>
- Financial Ratios And Adjustments -<https://www.acuite.in/view-rating-criteria-53.htm>

Note on complexity levels of the rated instrument

<https://www.acuite.in/view-rating-criteria-55.htm>

Rating History (Upto last three years)

Date	Name of Instrument / Facilities	Term	Amount (Rs. Cr.)	Ratings/Outlook
24-Dec-2018	Term Loan I	Long Term	41.50	ACUITE D (Reaffirmed)
	Term Loan II	Long Term	39.15	ACUITE D (Reaffirmed)
	Term Loan III	Long Term	107.68	ACUITE D (Reaffirmed)
	Term Loan IV	Long Term	76.39	ACUITE D (Reaffirmed)
	Term Loan V	Long Term	20.70	ACUITE D (Reaffirmed)
	Term Loan VI	Long Term	21.34	ACUITE D (Reaffirmed)
	Term Loan VII	Long Term	10.33	ACUITE D (Reaffirmed)
	Term Loan VIII	Long Term	4.98	ACUITE C (Withdrawn)
	Cash Credit I	Long Term	24.00	ACUITE D (Reaffirmed)
	Cash Credit II	Long Term	20.00	ACUITE C (Reaffirmed)
	Bank Guarantee I	Short Term	10.00	ACUITE D (Reaffirmed)
	Bank Guarantee II	Short Term	14.75	ACUITE A4 (Reaffirmed)
	Letter of Credit	Short Term	1.00	ACUITE A4 (Reaffirmed)

24-Oct-2017	Term Loan I	Long Term	41.50	ACUITE D (Assigned)
	Term Loan II	Long Term	39.15	ACUITE D (Assigned)
	Term Loan III	Long Term	107.68	ACUITE D (Assigned)
	Term Loan IV	Long Term	76.39	ACUITE D (Assigned)
	Term Loan V	Long Term	20.70	ACUITE D (Assigned)
	Term Loan VI	Long Term	21.34	ACUITE D (Assigned)
	Term Loan VII	Long Term	10.33	ACUITE D (Assigned)
	Term Loan VIII	Long Term	4.98	ACUITE C (Assigned)
	Cash Credit I	Long Term	24.00	ACUITE D (Assigned)
	Cash Credit II	Long Term	20.00	ACUITE C (Assigned)
	Bank Guarantee I	Short Term	10.00	ACUITE D (Assigned)

***Annexure – Details of instruments rated**

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Cr.)	Ratings/Outlook
Term Loan I	01-Dec-2014	Not Applicable	31-Dec-2022	41.50	ACUITE D (Reaffirmed)
Term Loan II	01-Sept-2015	Not Applicable	31-Aug-2022	39.15	ACUITE D (Reaffirmed)
Term Loan III	01-Apr-2015	Not Applicable	31-Mar-2023	107.68	ACUITE D (Reaffirmed)
Term Loan IV	01-Feb-2015	Not Applicable	31-Dec-2024	76.39	ACUITE D (Reaffirmed)
Term Loan V	01-Mar-2009	Not Applicable	31-Dec-2018	20.70	ACUITE D (Reaffirmed)
Term Loan VI	01-May-2007	Not Applicable	28-Feb-2018	21.34	ACUITE D (Reaffirmed)
Term Loan VII	01-Mar-2013	Not Applicable	29-Feb-2020	10.33	ACUITE D (Reaffirmed)
Cash Credit	Not Applicable	Not Applicable	Not Applicable	24.00	ACUITE D (Reaffirmed)
Cash Credit	Not Applicable	Not Applicable	Not Applicable	20.00	ACUITE C (Reaffirmed)
Bank Guarantee	Not Applicable	Not Applicable	Not Applicable	10.00	ACUITE D (Reaffirmed)
Bank Guarantee	Not Applicable	Not Applicable	Not Applicable	14.75	ACUITE A4 (Reaffirmed)
Letter of Credit	Not Applicable	Not Applicable	Not Applicable	1.00	ACUITE A4 (Reaffirmed)

Contacts

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About Acuité Ratings & Research:

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