

Press Release

Global Offshore Services Limited

May 28, 2021

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.126.77 crore as on 31 March, 2020 compared to Rs. 191.46 crore in the previous year. The gearing stood at 3.29 times as on 31 March, 2020 as against 2.03 times as on 31 March, 2019. The coverage indicators are weak with negative interest coverage ratio (ICR) and debt service coverage ratio (DSCR) in FY2020.

Liquidity Position – Weak

Liquidity profile of GOSL is expected to remain poor. The company's working capital operations are expected to remain intensive with high GCA days of 307 days for FY2020 on account of high inventory of 292 days. Acuite believes that the liquidity of the firm is likely to remain poor over the medium term on account of negative cash accrual.

Rating Sensitivity

- Curing of default

Material Covenants

None

Outlook: Not Applicable

About the Rated Entity - Key Financials

	Unit	FY20 (Actual)	FY19 (Actual)
Operating Income	Rs. Cr.	70.80	64.82
PAT	Rs. Cr.	(64.83)	(71.76)
PAT Margin	(%)	(91.57)	(110.71)
Total Debt/Tangible Net Worth	Times	3.29	2.03
PBDIT/Interest	Times	(0.72)	(0.78)

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
12-Mar-2020	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)
	Cash Credit	Long Term	24.00	ACUITE D (Reaffirmed)
	Cash Credit	Long Term	20.00	ACUITE C (Reaffirmed)
	Bank Guarantee	Short Term	10.00	ACUITE D (Reaffirmed)
	Bank Guarantee	Short Term	14.75	ACUITE A4 (Reaffirmed)
	Letter of Credit	Short Term	1.00	ACUITE A4

				(Reaffirmed)
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
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	5.30 (Reduced from Rs.20.00 Cr)	ACUITE C (Reaffirmed)
Bank Guarantee	Not Applicable	Not Applicable	Not Applicable	10.00	ACUITE D (Reaffirmed)
Bank Guarantee	Not Applicable	Not Applicable	Not Applicable	6.89 (Reduced from Rs.14.75 Cr)	ACUITE A4 (Reaffirmed)
Letter of Credit	Not Applicable	Not Applicable	Not Applicable	1.00	ACUITE A4 (Withdrawn)
Proposed Bank Facility	Not Applicable	Not Applicable	Not Applicable	23.56	ACUITE A4 (Reaffirmed)

Contacts

Analytical	Rating Desk
Aditya Gupta Vice President- Corporate and Infrastructure Sector Tel: 022-49294041 aditya.gupta@acuite.in Aishwarya Phalke Senior Analyst - Rating Operations Tel: 022-49294031 aishwarya.phalke@acuite.in	Varsha Bist Manager - Rating Desk Desk Tel: 022-49294011 rating.desk@acuite.in

About Acuité Ratings & Research:

Acuité Ratings & Research Limited is a full-service Credit Rating Agency registered with the Securities and Exchange Board of India (SEBI). The company received RBI Accreditation as an External Credit Assessment Institution (ECAI), for Bank Loan Ratings under BASEL-II norms in the year 2012. Since then, it has assigned more than 6,000 credit ratings to various securities, debt instruments and bank facilities of entities spread across the country and across a wide cross section of industries. It has its

Registered and Head Office in Mumbai.

Disclaimer: *An Acuité rating does not constitute an audit of the rated entity and should not be treated as a recommendation or opinion that is intended to substitute for a financial adviser's or investor's independent assessment of whether to buy, sell or hold any security. Acuité ratings are based on the data and information provided by the issuer and obtained from other reliable sources. Although reasonable care has been taken to ensure that the data and information is true, Acuité, in particular, makes no representation or warranty, expressed or implied with respect to the adequacy, accuracy or completeness of the information relied upon. Acuité is not responsible for any errors or omissions and especially states that it has no financial liability whatsoever for any direct, indirect or consequential loss of any kind arising from the use of its ratings. Acuité ratings are subject to a process of surveillance which may lead to a revision in ratings as and when the circumstances so warrant. Please visit our website (www.acuite.in) for the latest information on any instrument rated by Acuité.*