

## Press Release

### Global Offshore Services Limited

August 24, 2022

### Rating Reaffirmed



Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	10.00	-	ACUITE D   Reaffirmed
Bank Loan Ratings	30.45	-	ACUITE A4   Reaffirmed
Bank Loan Ratings	341.09	ACUITE D   Reaffirmed	-
Bank Loan Ratings	5.30	ACUITE C   Reaffirmed	-
<b>Total Outstanding Quantum (Rs. Cr)</b>	386.84	-	-
<b>Total Withdrawn Quantum (Rs. Cr)</b>	0.00	-	-

### Rating Rationale

Acuité 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).

#### Rationale for rating reaffirmation

The rating reaffirmation of GOSL takes into account the continued default as confirmed by the bankers. Confirmation of curing of default as per Acuite's default recognition criteria will remain a key rating sensitivity.

#### About the Company

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 in India and one vessel in its subsidiaries'. The company and its subsidiaries cater to Cairn Energy, Oil and Natural Gas Corporation (ONGC) and TOTAL to name a few.

#### Analytical Approach

Acuité 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

Financial risk profile of GOSL is weak marked by low networth, high gearing and weak debt protection metrics. The networth of the company got declined to Rs.48 Cr as on 31 March, 2022 as against Rs.110 Cr as on 31 March, 2021 on account of decline in reserves. The gearing (debt-equity) has increased to 8.58 times as on 31 March, 2022 as against 3.68 times as on 31 March, 2020. The total debt of Rs.408 Cr as on 31 March, 2022 consists of long term bank borrowings of Rs.25 Cr and short term working capital limit of Rs.383 Cr.

The coverage indicators are weak with negative interest coverage ratio (ICR), Debt service coverage ratio (DSCR) and Net Cash Accruals to Total debt (NCA/TD) for FY2022 as against FY2021. The Total outside liabilities to Tangible net worth stood high at 11.24 times for FY2022 as against 4.63 times for FY2021.

## Rating Sensitivities

- Curing of default

## Material covenants

None

## Liquidity position - Poor

GOSL has poor liquidity position marked by negative net cash accruals (NCA) to its maturing debt obligations. The working capital operations of the company are highly intensive marked by its gross current asset (GCA) days of 259 days for FY2022 as against 205 days for FY2021.

Acuité believes that the liquidity of GOSL is likely to remain poor over the medium term on account of negative cash accrual.

## Outlook: Stable

Not applicable

## Key Financials

Particulars	Unit	FY 22 (Actual)	FY 21 (Actual)
Operating Income	Rs. Cr.	47.35	61.20
PAT	Rs. Cr.	(62.05)	(17.22)
PAT Margin	(%)	(131.04)	(28.14)
Total Debt/Tangible Net Worth	Times	8.58	3.68
PBDIT/Interest	Times	(0.80)	1.54

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

Not applicable

## Any other information

None

## Applicable Criteria

- Service Sector: <https://www.acuite.in/view-rating-criteria-50.htm>

- Default Recognition: <https://www.acuite.in/view-rating-criteria-52.htm>
- Application Of 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

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
28 May 2021	Bank Guarantee	Short Term	6.89	ACUITE A4 (Reaffirmed)
	Letter of Credit	Short Term	1.00	ACUITE A4 (Withdrawn)
	Term Loan	Long Term	41.50	ACUITE D (Reaffirmed)
	Cash Credit	Long Term	24.00	ACUITE D (Reaffirmed)
	Term Loan	Long Term	39.15	ACUITE D (Reaffirmed)
	Cash Credit	Long Term	5.30	ACUITE C (Reaffirmed)
	Term Loan	Long Term	107.68	ACUITE D (Reaffirmed)
	Term Loan	Long Term	21.34	ACUITE D (Reaffirmed)
	Bank Guarantee	Short Term	10.00	ACUITE D (Reaffirmed)
	Term Loan	Long Term	20.70	ACUITE D (Reaffirmed)
	Term Loan	Long Term	76.39	ACUITE D (Reaffirmed)
	Term Loan	Long Term	10.33	ACUITE D (Reaffirmed)
	Proposed Bank Facility	Short Term	23.56	ACUITE A4 (Reaffirmed)
12 Mar 2020	Term Loan	Long Term	41.50	ACUITE D (Reaffirmed)
	Cash Credit	Long Term	24.00	ACUITE D (Reaffirmed)
	Cash Credit	Long Term	20.00	ACUITE C (Reaffirmed)
	Term Loan	Long Term	39.15	ACUITE D (Reaffirmed)
	Term Loan	Long Term	76.39	ACUITE D (Reaffirmed)
	Term Loan	Long Term	21.34	ACUITE D (Reaffirmed)
	Bank Guarantee	Short Term	14.75	ACUITE A4 (Reaffirmed)
	Bank Guarantee	Short Term	10.00	ACUITE D (Reaffirmed)
	Letter of Credit	Short Term	1.00	ACUITE A4 (Reaffirmed)
	Term Loan	Long Term	20.70	ACUITE D (Reaffirmed)

	Term Loan	Long Term	10.33	ACUITE D (Reaffirmed)	
	Term Loan	Long Term	107.68	ACUITE D (Reaffirmed)	
	Term Loan	Long Term	41.50	ACUITE D (Reaffirmed)	
		Long			
24 Dec 2018	Term Loan	Term	39.15	ACUITE D (Reaffirmed)	
	Term Loan	Long Term	107.68	ACUITE D (Reaffirmed)	
	Term Loan	Long Term	76.39	ACUITE D (Reaffirmed)	
	Term Loan	Long Term	20.70	ACUITE D (Reaffirmed)	
	Term Loan	Long Term	21.34	ACUITE D (Reaffirmed)	
	Term Loan	Long Term	10.33	ACUITE D (Reaffirmed)	
	Term Loan	Long Term	4.98	ACUITE C (Withdrawn)	
	Cash Credit	Long Term	24.00	ACUITE D (Reaffirmed)	
	Cash Credit	Long Term	20.00	ACUITE C (Reaffirmed)	
	Bank Guarantee	Long 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 Oct 2017	Term Loan	Long Term	41.50	ACUITE D (Assigned)
		Term Loan	Long Term	39.15	ACUITE D (Assigned)
Term Loan		Long Term	107.68	ACUITE D (Assigned)	
Term Loan		Long Term	76.39	ACUITE D (Assigned)	
Term Loan		Long Term	20.70	ACUITE D (Assigned)	
Term Loan		Long Term	21.34	ACUITE D (Assigned)	
Term Loan		Long Term	10.33	ACUITE D (Assigned)	
Term Loan		Long Term	4.98	ACUITE C (Assigned)	
Cash Credit		Long Term	24.00	ACUITE D (Assigned)	
Cash Credit		Long Term	20.00	ACUITE C (Assigned)	
Bank Guarantee		Short Term	10.00	ACUITE D (Assigned)	
Bank Guarantee		Short Term	14.75	ACUITE A4 (Assigned)	
Letter of Credit		Short Term	1.00	ACUITE A4 (Assigned)	

## Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Rating
Punjab National Bank	Not Applicable	Bank Guarantee/Letter of Guarantee	Not Applicable	Not Applicable	Not Applicable	6.89	ACUITE A4   Reaffirmed
State Bank of India	Not Applicable	Bank Guarantee/Letter of Guarantee	Not Applicable	Not Applicable	Not Applicable	10.00	ACUITE D   Reaffirmed
State Bank of India	Not Applicable	Cash Credit	Not Applicable	Not Applicable	Not Applicable	24.00	ACUITE D   Reaffirmed
Punjab National Bank	Not Applicable	Cash Credit	Not Applicable	Not Applicable	Not Applicable	5.30	ACUITE C   Reaffirmed
Not Applicable	Not Applicable	Proposed Short Term Bank Facility	Not Applicable	Not Applicable	Not Applicable	23.56	ACUITE A4   Reaffirmed
State Bank of India	Not Applicable	Term Loan	01-12-2014	Not available	31-12-2022	41.50	ACUITE D   Reaffirmed
State Bank of India	Not Applicable	Term Loan	01-09-2015	Not available	31-08-2022	39.15	ACUITE D   Reaffirmed
State Bank of India	Not Applicable	Term Loan	01-04-2015	Not available	31-03-2023	107.68	ACUITE D   Reaffirmed
State Bank of India	Not Applicable	Term Loan	01-02-2015	Not available	31-12-2024	76.39	ACUITE D   Reaffirmed
State Bank of India	Not Applicable	Term Loan	01-03-2009	Not available	31-12-2018	20.70	ACUITE D   Reaffirmed
State Bank of India	Not Applicable	Term Loan	01-05-2007	Not available	28-02-2018	21.34	ACUITE D   Reaffirmed
State Bank of India	Not Applicable	Term Loan	01-03-2013	Not available	29-02-2020	10.33	ACUITE D   Reaffirmed

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### About Acuité Ratings & Research

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