

Global Offshore Services Limited

May 09, 2017

Ratings

Facilities	Amount (Rs. crore)	Rating ¹	Rating Action
Long term Bank Facilities – Term Loan	371.30	CARE D	Reaffirmed
Long term Bank Facilities – Fund Based Limits	24.00	CARE D	Reaffirmed
Long/Short term Bank Facilities – Non Fund Based	15.00	CARE D/CARE D	Reaffirmed
Long term Bank Facilities – Term Loan	9.19	CARE C; Stable	Revised from CARE D
Long term Bank Facilities – Fund Based Limits	20.00	CARE C; Stable	Revised from CARE D
Long/Short term Bank Facilities – Non Fund Based	13.00	CARE C; Stable/CARE A4	Revised from CARE D/CARE D
Total Facilities	452.49 (Rupees Four hundred fifty two crore and forty nine lakhs only)		

Details of instruments/facilities in Annexure-1

Detailed Rationale & Key Rating Drivers

The revision in the rating assigned to the bank facilities sanctioned by United Bank of India to Global Offshore Services Ltd (GOSL) considers no delay/default in debt servicing by the company while reaffirmation of rating assigned to the other bank facilities of GOSL takes into account the on-going delay in debt servicing obligation by the company.

Detailed description of the key rating drivers

The revision in the rating assigned to the bank facilities sanctioned by United Bank of India to Global Offshore Services Ltd (GOSL) considers no delay/default in debt servicing by the company while reaffirmation of rating assigned to the other bank facilities of GOSL takes into account the on-going delay in debt servicing obligation by the company.

Sharp decline in E&P spending has worldwide affected players like GOSL who are into chartering of support vessels for E&P activity. Coupled with that there was re-pricing of contracts by the principal client of the company i.e. ONGC in April 2016. While majority of the vessels in its Netherlands subsidiary was un-deployed. This has affected the cash generation ability and hence liquidity of the company and the company had approached its Lenders for reschedulement of debt. The re-schedulement did not materialize and the company had defaulted in debt servicing to some of the lenders.

Analytical Approach: Standalone

Applicable Criteria:

[Criteria on assigning Outlook to Credit Ratings](#)

[CARE's Policy on Default Recognition](#)

[Criteria for Short Term Instruments](#)

About the Company

Global Offshore Services Ltd (GOSL; erstwhile Garware Offshore Services Ltd) promoted by late Mr B D Garware, has been engaged in the offshore services business since 1984. The company's vessels support the oil and gas exploration efforts and are employed with various E&P companies. As on June 30, 2016, the company had six vessels (two PSV's; Four ATHSV) in its books and seven vessels (five PSV's and two AHTSV) in its subsidiaries books with an average age of the vessels of about 6 years. GOSL has two wholly-owned subsidiaries: Garware Offshore International Services Pte Ltd (incorporated in Singapore) having one vessel and Global Offshore Services B.V. (incorporated in The Netherlands) having six vessels.

¹Complete definition of the ratings assigned are available at www.careratings.com and other CARE publications

During FY16 (refers to the period April 1 to March 31), on a standalone basis GOSL posted a PAT of Rs.30.01 crore (PY: Rs.20.68 crore) on a total income of Rs.160.21 crore (PY: Rs.91.40 crore). While during 9MFY17 (on a standalone basis), the company has posted a net loss of Rs.4.81 crore on a total income of Rs.76.90 crore.

During FY16, on a consolidated basis GOSL posted a net loss of Rs.25.39 crore (PY: Net profit of Rs.55.18 crore) on a total income of Rs.372.74 crore (PY: Rs.400.44 crore). While during 9MFY17 (on a consolidated basis), the company had posted a net loss of Rs.93.61 crore on a total income of Rs.125.35 crore.

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

Rating History for last three years: Please refer Annexure-2

Note on complexity levels of the rated instrument: CARE has classified instruments rated by it on the basis of complexity. This classification is available at www.careratings.com. Investors/market intermediaries/regulators or others are welcome to write to care@careratings.com for any clarifications.

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****For detailed Rationale Report and subscription information, please contact us at www.careratings.com**

About CARE Ratings:

CARE Ratings commenced operations in April 1993 and over two decades, it has established itself as one of the leading credit rating agencies in India. CARE is registered with the Securities and Exchange Board of India (SEBI) and also recognized as an External Credit Assessment Institution (ECAI) by the Reserve Bank of India (RBI). CARE Ratings is proud of its rightful place in the Indian capital market built around investor confidence. CARE Ratings provides the entire spectrum of credit rating that helps the corporates to raise capital for their various requirements and assists the investors to form an informed investment decision based on the credit risk and their own risk-return expectations. Our rating and grading service offerings leverage our domain and analytical expertise backed by the methodologies congruent with the international best practices.

Disclaimer

CARE's ratings are opinions on credit quality and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE has based its ratings/outlooks on information obtained from sources believed by it to be accurate and reliable. CARE does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE have paid a credit rating fee, based on the amount and type of bank facilities/instruments.

In case of partnership/proprietary concerns, the rating /outlook assigned by CARE is based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating/outlook may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors.

Annexure-1: Details of Instruments/Facilities

Name of the Instrument	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Non-fund-based-LT/ST	-	-	-	15.00	CARE D / CARE D
Fund-based - LT-Term Loan	-	-	-	371.30	CARE D
Fund-based - LT-Cash Credit	-	-	-	24.00	CARE D
Term Loan-Long Term	-	-	-	9.19	CARE C; Stable
Fund-based - LT-Cash Credit	-	-	-	20.00	CARE C; Stable
Non-fund-based - LT/ ST-BG/LC	-	-	-	13.00	CARE C; Stable / CARE A4

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Annexure-2: Rating History of last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating history			
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2017-2018	Date(s) & Rating(s) assigned in 2016-2017	Date(s) & Rating(s) assigned in 2015-2016	Date(s) & Rating(s) assigned in 2014-2015
1.	Non-fund-based-LT/ST	LT/ST	15.00	CARE D / CARE D	-	1)CARE D / CARE D (07-Feb-17) 2)CARE BB / CARE A4 (Under Credit Watch) (23-Aug-16) 3)CARE BBB+ / CARE A3+ (Under Credit Watch) (20-May-16)	1)CARE A / CARE A2+ (21-Dec-15)	1)CARE AA- / CARE A1+ (26-Mar-15)
2.	Fund-based - LT-Term Loan	LT	371.30	CARE D	-	1)CARE D (07-Feb-17) 2)CARE BB (Under Credit Watch) (23-Aug-16) 3)CARE BBB+ (Under Credit Watch) (20-May-16)	1)CARE A (21-Dec-15)	1)CARE AA- (26-Mar-15)
3.	Fund-based - LT-Cash Credit	LT	24.00	CARE D	-	1)CARE D (07-Feb-17) 2)CARE BB (Under Credit Watch) (23-Aug-16) 3)CARE BBB+ (Under Credit Watch) (20-May-16)	1)CARE A (21-Dec-15)	1)CARE AA- (26-Mar-15)
4.	Term Loan-Long Term	LT	9.19	CARE C; Stable	-	-	-	-
5.	Fund-based - LT-Cash Credit	LT	20.00	CARE C; Stable	-	-	-	-
6.	Non-fund-based - LT/ ST- BG/LC	LT/ST	13.00	CARE C; Stable / CARE A4	-	-	-	-

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