December 03, 2015

CARE REAFFIRMS THE RATINGS ASSIGNED TO THE BANK FACILITIES OF SEAMEC LIMITED, RATING FACILITY ENHANCED

Ratings

Facilities	Amount (Rs. crore)	Ratings[1]	Remarks
Long/Short Term Bank Facilities	25.00 (enhanced from Rs. 24.27 crore)	CARE A/CARE A1 (CARE Single A/ A One)	Reaffirmed
Short Term Bank Facilities	21.00 (enhanced from Rs. 12.73 crore)	CARE A1 (A One)	Reaffirmed
Short Term Bank Facilities	5.00	CARE A1 (A One)	Assigned
Total Facilities	**51.00 (Rupees Fifty One Crore Only)**		

Rating Rationale

The rating assigned to the bank facilities of Seamec Limited, derives strength from the established position of the company in offshore servicing industry, long-standing business relationship with clients, strong financial risk profile marked by healthy net worth, comfortable debt service coverage indicators and adequate liquidity position.

These rating strengths are partially tempered by the concentration of revenues from offshore services, high average age of fleet and redeployment risk at competitive rates.

Any large sized debt funded vessel acquisition having significant implications on the capital structure of the company would be a key rating monitorable.

Background

Incorporated in December 1986, Seamec Limited (erstwhile South East Asia Marine Engineering &Construction Limited) owns and manages offshore support vessels. The services provided by Seamec includes diving support, marine & vessel management, firefighting, sub-sea construction pipe-laying, rescue operations, logistics, mooring and de-mooring, carnage etc. The company was initially promoted by Peerless Finance, but after a series of change in 2001 Seamec became a subsidiary of Technip, France (one of the largest oilfield engineering, construction and service group in Europe). Subsequently HAL (part of the Delhi-based MM Agarwal group) Offshore acquired a 51% stake in the company in April 2014 and increased its shareholding to 75% in September 2014. HAL Offshore is into the same line of business and also provides integrated offshore services to the oil and gas industry.

The company currently owns and manages 5 vessels which are used to provide diving support and manned and un-manned subsea operations and related activities. Of the 5 vessels 4 vessels are Multi-Support Vessels (MSV), while the 5th vessel is a Utility Vessel. SEAMEC has also set up a wholly owned subsidiary in Dubai during March 2010. The subsidiary also owned and operated a single vessel, which however was sold in October 2014.

During FY15 (refers to the period April 01 to March 31), the company earned a PAT of Rs.54.02 crore (PY Rs. 1.05 crore) on a total income of Rs.374.91 crore (PY Rs. 420.46). Based on unaudited Q1 FY16 results, the company earned a PAT of Rs.13.15 crore on a total income of Rs.94.45 crore.

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



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

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.

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 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 assigned by CARE is based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating 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.

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