

Aban Offshore Limited

February 14, 2024

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	377.81 (Enhanced from 374.66)*	CARE D	Reaffirmed
Cumulative Redeemable Preference Shares - Series-I	105.00	CARE D	Reaffirmed
Cumulative Redeemable Preference Shares - Series-II	156.00	CARE D	Reaffirmed
Cumulative Redeemable Preference Shares - Series-III	20.00	CARE D	Reaffirmed

Details of instruments/facilities in Annexure-1.

*Increased on account of changes in foreign currency exchange rates

Rationale and key rating drivers

The ratings assigned to bank facilities and preference share issues of Aban Offshore Ltd (AOL) factor in the instances of delays in debt servicing.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Satisfactory track record of timely servicing of debt obligation on a sustained basis

Analytical approach: Standalone

Outlook: Not Applicable

Detailed description of the key rating drivers:

Key weaknesses

Moderate financial performance: Due to the continuous decline in utilization of fleet, there was significant drop in the revenue over the past years. However, the situation has now improved due to higher exploration activities and increase in crude price leading to improved day rates. The company has also sold about 9 idle rigs and over FY22 and FY23 and is in the process of sale of one more idle rig as well. With the sale of idle assets there has been a better utilization of fixed costs in FY24. However, due to write off of past receivables of about Rs. 161.29 crore in 9MFY24, the PBILDT margins continue to remain negative.

Liquidity: Poor

AOL has been experiencing liquidity issues resulting in delays in debt servicing.

Key strengths

Experience of Promoters: AOL was promoted in 1986 by Aban Constructions Private Limited, in collaboration with Chiles Offshore Inc. (COI), USA, an offshore drilling company in the Gulf of Mexico. Company's management team includes by Mr Reji Abraham (Managing Director) and Mr C P Gopalakrishnan, (CFO& Deputy MD).

Applicable criteria

[Financial Ratios – Non financial Sector](#)

[Service Sector Companies](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Policy on default recognition](#)

[Rating Outlook and Credit Watch](#)

¹Complete definition of the ratings assigned are available at www.careedge.in and other CARE Ratings Ltd.'s publications

About the company and industry

Industry classification

Macro Economic Indicator	Sector	Industry	Basic Industry
Energy	Oil, Gas & Consumable Fuels	Oil	Oil Equipment & Services

Aban Offshore Limited (AOL), the flagship company of Aban group, provides offshore drilling services to companies engaged in exploration and production of oil and gas. AOL is the largest private player in India in the offshore drilling industry and is one of the largest in the world. The company and its wholly owned subsidiaries had a total of four operational assets by the end of December 2023.

Brief Financials (₹ crore)	March 31, 2022 (A)	March 31, 2023 (A)	9MFY24 (UA)
Total operating income	82.07	75.99	60.79
PBILDT	29.39	-72.94	-133.20
PAT	-105.74	-112.64	-206.60
Overall gearing (times)	-ve	-ve	NA
Interest coverage (times)	0.37	-ve	-ve

A: Audited; UA: Unaudited; NA: Not available. Note: 'the above results are latest financial results available'

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

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

Covenants of rated instrument / facility: Detailed explanation of covenants of the rated instruments/facilities is given in Annexure-3

Complexity level of various instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned along with Rating Outlook
Fund-based - LT-Term Loan		-	-	Payable on Demand	377.81	CARE D
Preference Shares-Cumulative Redeemable Preference Shares	INE421A04055	03-Aug-2008	10%	August 03, 2016	20.00	CARE D
Preference Shares-Cumulative Redeemable Preference Shares	INE421A04071/ INE421A04063/ INE421A04089	16-Jun-2005	10%	June 16, 2016	105.00	CARE D
Preference Shares-Cumulative Redeemable Preference Shares	INE421A04097	30-Mar-2007	10%	March 30, 2015	156.00	CARE D

Annexure-2: Rating history for the last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022	Date(s) and Rating(s) assigned in 2020-2021
1	Preference Shares-Cumulative Redeemable Preference Shares	LT*	105.00	CARE D	-	1)CARE D (24-Feb-23) 2)CARE D (15-Apr-22)	1)CARE D (RPS) (08-Mar-22) 2)CARE D (RPS) (05-Apr-21)	1)CARE D (RPS) (01-Mar-21)
2	Preference Shares-Cumulative Redeemable Preference Shares	LT	156.00	CARE D	-	1)CARE D (24-Feb-23) 2)CARE D (15-Apr-22)	1)CARE D (RPS) (08-Mar-22) 2)CARE D (RPS) (05-Apr-21)	1)CARE D (RPS) (01-Mar-21)
3	Fund-based - LT-Term Loan	LT	377.81	CARE D	-	1)CARE D (24-Feb-23)	1)CARE D (08-Mar-22) 2)CARE D (05-Apr-21)	-
4	Preference Shares-Cumulative Redeemable Preference Shares	LT	20.00	CARE D	-	1)CARE D (24-Feb-23) 2)CARE D (15-Apr-22)	1)CARE D (RPS) (08-Mar-22) 2)CARE D (RPS) (05-Apr-21)	1)CARE D (RPS) (01-Mar-21)
5	Non-fund-based - LT/ ST-BG/LC	LT/ST**	-	-	-	-	1)Withdrawn (08-Mar-22) 2)CARE D / CARE D (05-Apr-21)	-
6	Fund-based - LT-Cash Credit	LT	-	-	-	-	1)Withdrawn (08-Mar-22) 2)CARE D (05-Apr-21)	-

*Long term; **Short term.

Annexure-3: Detailed explanation of covenants of the rated instruments/facilities – Not Applicable**Annexure-4: Complexity level of the various instruments rated**

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Term Loan	Simple
2	Preference Shares-Cumulative Redeemable Preference Shares	Simple

Annexure-5: Lender details

To view the lender wise details of bank facilities please [click here](#)

Note on the complexity levels of the rated instruments: CARE Ratings has classified instruments rated by it on the basis of complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for any clarifications.

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