

## Aban Offshore Limited

February 06, 2025

Facilities/Instruments	Amount (₹ crore)	Rating <sup>1</sup>	Rating Action
Long Term Bank Facilities	387.47 (Enhanced from 377.81) *	CARE D	Reaffirmed
Long Term Instruments - Cumulative Redeemable Preference Shares	105.00	CARE D	Reaffirmed
Long Term Instruments - Cumulative Redeemable Preference Shares	156.00	CARE D	Reaffirmed
Long Term Instruments - Cumulative Redeemable Preference Shares	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 key rating drivers:

#### Key weaknesses

#### Moderate financial performance

The company has faced a continued decline in fleet utilization, resulting in a significant drop in revenue over the past few years. The pandemic in FY21 severely impacted the oil and gas sector, with reduced consumption and lower exploration activities, which in turn led to a steep fall in day rates and decreased revenue for Aban. PBILDT margins also turned negative due to the under-absorption of fixed costs.

However, the situation has now improved with the recovery of exploration activities and rising crude prices. Additionally, the sale of idle assets, including nine rigs over FY22 and FY23, has allowed the company to better optimize fixed costs by eliminating expenses related to maintaining non-operational assets. This operational streamlining has led to better utilization of fixed costs, resulting in an improvement in operating margins, though the scale remains modest at Rs. 65.79 crores in H1FY25.

#### Liquidity: Poor

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

#### Key strengths

#### Extensive Experience of Promoters

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

<sup>1</sup>Complete definition of ratings assigned are available at [www.careedge.in](http://www.careedge.in) and other CARE Ratings Limited's publications.

## Applicable criteria

[Definition of Default](#)

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

[Rating Outlook and Rating Watch](#)

[Financial Ratios – Non financial Sector](#)

[Service Sector Companies](#)

## About the company and industry

### Industry classification

Macroeconomic 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. The company and its wholly owned subsidiaries had a total of four operational assets by the end of December 2024.

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)	H1FY25 (UA)
Total operating income	75.99	90.20	65.79
PBILDT	-72.94	-186.93	43.31
PAT	-112.64	-282.98	169.79
Overall gearing (times)	-0.77	-0.58	-0.68
Interest coverage (times)	-1.05	-2.92	1.35

A: Audited UA: Unaudited; Note: these are latest available financial results

**Status of non-cooperation with previous CRA:** Not applicable

**Any other information:** Not applicable

**Rating history for last three years:** Annexure-2

**Detailed explanation of covenants of rated instrument / facility:** Annexure-3

**Complexity level of instruments rated:** Annexure-4

**Lender details:** Annexure-5

**Annexure-1: Details of instruments/facilities**

<b>Name of the Instrument</b>	<b>ISIN</b>	<b>Date of Issuance (DD-MM-YYYY)</b>	<b>Coupon Rate (%)</b>	<b>Maturity Date (DD-MM-YYYY)</b>	<b>Size of the Issue (₹ crore)</b>	<b>Rating Assigned and Rating Outlook</b>
Fund-based - LT-Term Loan	NA	-	-	03-Feb-2025	387.47	CARE D
Preference Shares-Cumulative Redeemable Preference Shares	INE421A04055	03-Aug-2008	10	03-Aug-2016	20.00	CARE D
Preference Shares-Cumulative Redeemable Preference Shares	INE421A04097	30-Mar-2007	10	30-Mar-2015	156.00	CARE D
Preference Shares-Cumulative Redeemable Preference Shares	INE421A04071	16-Jun-2005	10	16-Jun-2016	35.00	CARE D
Preference Shares-Cumulative Redeemable Preference Shares	INE421A04063	16-Jun-2005	10	16-Jun-2016	35.00	CARE D
Preference Shares-Cumulative Redeemable Preference Shares	INE421A04089	16-Jun-2005	10	16-Jun-2016	35.00	CARE D

**Annexure-2: Rating history for 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 2024-2025	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
1	Preference Shares-Cumulative Redeemable Preference Shares	LT	105.00	CARE D	-	1)CARE D (14-Feb-24)	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)
2	Preference Shares-Cumulative Redeemable Preference Shares	LT	156.00	CARE D	-	1)CARE D (14-Feb-24)	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)
3	Fund-based - LT-Term Loan	LT	387.47	CARE D	-	1)CARE D (14-Feb-24)	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 (14-Feb-24)	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)
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)

LT: Long term; LT/ST: Long term/Short term

**Annexure-3: Detailed explanation of covenants of rated instruments/facilities:** Not applicable

**Annexure-4: Complexity level of 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 complexity levels of rated instruments:** CARE Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to [care@careedge.in](mailto:care@careedge.in) for clarifications.

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