

## Aakash Exploration Services Limited

June 02, 2025

Facilities/Instruments	Amount (₹ crore)	Rating <sup>1</sup>	Rating Action
Long Term Bank Facilities	7.50	CARE BB+; Stable; ISSUER NOT COOPERATING*	Downgraded from CARE BBB-; Stable and moved to ISSUER NOT COOPERATING category
Long Term / Short Term Bank Facilities	17.50	CARE BB+; Stable / CARE A4+; ISSUER NOT COOPERATING*	Downgraded from CARE BBB-; Stable / CARE A3 and moved to ISSUER NOT COOPERATING category

Details of instruments/facilities in Annexure-1.

\*Issuer did not cooperate; based on best available information.

### Rationale and key rating drivers

CARE Ratings Ltd. (CARE Ratings) has been seeking information from Aakash Exploration Services Limited (AESL) to monitor the ratings vide e-mail communications dated April 25, 2025, May 14, 2025, May 16, 2025, May 21, 2025, amongst others and numerous phone calls. However, despite our repeated requests, the company has not provided the requisite information for monitoring the ratings. In line with the extant SEBI guidelines, CARE Ratings has reviewed the rating on the basis of the best available information which however, in CARE Ratings' opinion is not sufficient to arrive at a fair rating. The ratings on AESL's bank facilities will now be denoted as **CARE BB+; Stable / CARE A4+; ISSUER NOT COOPERATING\***.

**Users of this rating (including investors, lenders and the public at large) are hence requested to exercise caution while using the above rating(s).**

Ratings assigned to the bank facilities of AESL have been revised on account of non-availability of the requisite information to conduct the review. Ratings assigned to bank facilities of AESL derive strength from extensive experience of the promoters in oil & gas service industry, moderately diversified revenue stream, reputed customer base with lower counter party risk, comfortable capital structure and debt coverage indicators, and adequate liquidity.

However, the above rating strengths are constrained by moderate scale of operation and profitability and moderate orderbook. The ratings also remained constrained due to the inherent risk associated with the re-awarding of maturing contracts arising from client concentration and presence in the competitive oil & gas services industry having susceptibility to volatile day rates.

**Analytical approach:** Standalone

**Outlook:** Stable

CARE Ratings Limited (CARE Ratings) believes that AESL will continue to benefit from its established clientele base and extensive experience of the promoters in the industry. CARE Ratings also believes that AESL shall sustain its comfortable financial risk profile over the medium term.

**Detailed description of key rating drivers:**

At the time of last rating on July 04, 2024, the following were the rating strengths and weaknesses considered (updated for the abridged financials of FY25).

**Key strengths**

**Extensive experience of promoters in oil and gas services industry**

AESL is promoted by Vipul Haria (MD and Chairman) and Hemang Haria (Director and CFO). Promoters of the company have been engaged in the oil and gas services industry for more than two decades which enabled them to develop a strong understanding of market dynamics and establish healthy relationships with its clientele. Board of director of AESL comprise six directors including three independent directors. Top management of the company is ably supported by a qualified team of professionals.

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

### **Moderately diversified revenue stream with reputed customers base having low counter-party risk**

Asset base of AESL includes fifteen rigs, six mobile steaming units (MSU), nine mobile pumping units (MPU) and three sucker rod pumping (SRP) units. Asset utilisation remains healthy at 80% for rigs and 78% for other equipment as on March 31, 2024. AESL has moderately diversified revenue streams with revenue from the rigs forming around 67% (FY23: 53%) of its TOI in FY24 and balance was from other services.

Over the years, AESL has been providing various services to a reputed clientele which includes ONGC Limited (rated 'CARE AAA; Stable/CARE A1+'), Oil India Limited (rated 'CARE AAA; Stable/CARE A1+'), Reliance Industries Limited (rated 'CARE AAA; Stable/CARE A1+'), and Vedanta Limited among others. Credit profile of its customers remained healthy, thereby reducing any counter-party credit risk.

### **Comfortable capital structure and debt coverage indicators**

AESL has low debt level with total debt at ₹17.48 crore as on March 31, 2025 (₹25.72 crore as on March 31, 2024). With the low debt level and moderate net-worth base of ₹60.36 crore, its capital structure remained comfortable marked by overall gearing of 0.29x as on March 31, 2025 (0.44x as on March 31, 2024).

With low debt levels and moderate profitability, AESL's debt coverage indicators also remained comfortable marked by PBILDT interest coverage and total debt to gross cash accruals (TDGCA) of 5.13x (FY24: 9.83x) and 1.84x (FY24: 1.81x) respectively, in FY25. With no major capex planned in near to medium term, CARE Ratings expects AESL to maintain its comfortable capital structure below unity.

### **Stable industry outlook**

Government of India aims at reducing the country's dependence on oil imports from around 84% at present to 50% by 2030. Thus, to increase the pace of activities in the exploration and production (E&P) segment, it has formulated revised licensing policy, viz., 'Hydrocarbon Exploration and Licensing Policy (HELP)' to replace New Exploration and Licensing Policy (NELP). HELP is focused on uniform licensing for all hydrocarbons, bidding on revenue sharing basis rather than profit sharing basis, which hitherto required estimation of costs, Open Acreage Licensing Policy' wherein a bidder may apply to the government seeking exploration of any block and pricing freedom for gas produced in high risk / high pressure areas and reduced royalty rates to address issues, such as licensing requirements, cost finalisation and gas pricing, which presently beleaguer the E&P industry. The government also brought in policy to incentivise greater recovery from the hydrocarbon-producing assets through the expression of interest (EOI) Policy. These pro-active policy measures are likely to increase the pace of E&P activities, which might also augur well for oil and gas field service providers like AESL through additional business opportunities.

### **Key weaknesses**

#### **Moderate scale of operation and profitability**

Over last five years ended FY25, TOI of AESL grew at a moderate compounded annual growth rate (CAGR) of around 10%. The growth in the scale of operation was supported by the steady increase in the asset base along with increased order execution and recurring revenue from the short-term contracts. Overall scale of operations remained moderate marked by TOI of ₹98.19 crore in FY25 (FY23: ₹92.61 crore).

PBILDT margin remained moderate in the range of 16-20% in last 2-3 years ended FY4. However, in FY25, PBILDT margin moderated by 860 bps to 10.30%.

With the moderated PBILDT margin, profit after tax (PAT) margin also moderated to 1.87% for the year ended FY25. AESL reported GCA of around ₹9.50 crore in FY25 as against ₹14.17 crore in FY24.

#### **Moderate orderbook with customer concentration**

As on March 31, 2024, AESL had total order book of ₹99.45 crore which is to be executed in next 2-2.5 years. Apart from above order book, company also generates revenue from the various short-term contracts (on call basis which is for less than one year). Maturity profile of the contracts is fairly spread thus providing the moderate revenue visibility. AESL's orderbook is concentrated towards rig segment which forms around 57% of its order book as on March 31, 2024, while balance is towards other services. AESL's customer base remains concentrated with ONGC Limited forming the highest share of around 52% followed by Reliance Industries Limited at around 12% as on March 31, 2024. CARE Ratings notes that AESL has established track record of receiving orders (including new as well as re-award) on regular basis from the above-mentioned clients thus partly mitigating the risk.

#### **Presence in a competitive rig segment having susceptibility to volatile day rates**

There are a few players in the domestic market having a significant presence in the oil exploration and production (E&P) segment. Such players also have their own units engaged in the E&P-related services. These companies also float tenders for the particular oil/gas asset-related services, which are awarded-based technical and commercial criteria to the qualifying bidder. Hence, entities engaged in such services remain exposed to the competition in the industry, particularly in the rigs and its related business.

Additionally, the company also remains exposed to risks associated with volatility in daily rates of rigs, at time of re-award of the contracts which is also tender driven. The day rates depend upon the various factors including crude oil price and its outlook and demand-supply dynamics of the equipment among others. The contracts thus awarded are for fixed tenure and post the completion of the same, it gets re-auctioned which entails the contract re-award risk. Historically, AESL was successful in getting renewal/re-award for some of its contracts.

### Applicable criteria

[Policy in respect of non-cooperation by issuers](#)

[Definition of Default](#)

[Rating Outlook and Rating Watch](#)

[Financial Ratios – Non financial Sector](#)

[Service Sector Companies](#)

[Short Term Instruments](#)

### About the company and industry

#### Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Energy	Oil, Gas & Consumable Fuels	Oil	Oil Equipment & Services

Ahmedabad (Gujarat) based, Aakash Exploration Services Limited (AESL) was initially incorporated as a partnership firm "Aakash Roadlines" in May 2006 for providing transportation and allied services. Later, in 2007, firm converted into a private limited company named 'Aakash Exploration Services Private Limited' and changed its business to oil & gas field services. Later, its constitution was changed to public limited company and got listed on NSE on April 27, 2018.

AESL provides oil & gas field services at production stage which comprise workover & drilling services, well & wellhead maintenance services, oil enhance recovery services, and oil & gas compression among others.

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (A)
Total operating income	92.61	98.19
PBILDT	17.50	10.11
PAT	6.21	1.84
Overall gearing (times)	0.44	0.29
Interest coverage (times)	9.83	5.13

A: Audited; 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**

Name of the Instrument	ISIN	Date of Issuance	Coupon Rate (%)	Maturity Date	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT/ ST-Cash Credit	-	-	-	-	7.50	CARE BB+; Stable / CARE A4+; ISSUER NOT COOPERATING*
Non-fund-based - LT/ ST-Bank Guarantee	-	-	-	-	10.00	CARE BB+; Stable / CARE A4+; ISSUER NOT COOPERATING*
Term Loan-Long Term	-	-	-	February 2026	7.50	CARE BB+; Stable; ISSUER NOT COOPERATING*

\*Issuer did not cooperate; based on best available information.

**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 2025-2026	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
1	Fund-based - LT/ ST-Cash Credit	LT/ST	7.50	CARE BB+; Stable / CARE A4+; ISSUER NOT COOPERATING*	-	1)CARE BBB-; Stable / CARE A3 (04-Jul-24)	-	-
2	Term Loan-Long Term	LT	7.50	CARE BB+; Stable; ISSUER NOT COOPERATING*	-	1)CARE BBB-; Stable (04-Jul-24)	-	-
3	Non-fund-based - LT/ ST-Bank Guarantee	LT/ST	10.00	CARE BB+; Stable / CARE A4+; ISSUER NOT COOPERATING*	-	1)CARE BBB-; Stable / CARE A3 (04-Jul-24)	-	-

\*Issuer did not cooperate; based on best available information.

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/ ST-Cash Credit	Simple
2	Non-fund-based - LT/ ST-Bank Guarantee	Simple
3	Term Loan-Long Term	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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