Deep Industries Limited

September 09, 2025

Facilities/Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Long-term bank facilities	269.69 (Enhanced from 205.69)	CARE A+; Stable	Reaffirmed
Long-term / Short-term bank facilities	189.50 (Enhanced from 101.50)	CARE A+; Stable / CARE A1	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Ratings assigned to bank facilities of Deep Industries Limited (DIL) continue to derive strength from its established position in the domestic oil and gas service industry with diversified portfolio offering natural gas compression and dehydration services, drilling and workover rigs and integrated project management services to its reputed clientele with low counterparty risk. Ratings also favourably factor in DIL's moderate-yet-growing scale of operations while maintaining healthy profitability, its comfortable capital structure and debt coverage indicators and strong liquidity. Additionally, efficient deployment of its large asset base and healthy orderbook of ₹3,050 crore as on June 30, 2025, provides a strong revenue visibility.

However, ratings continue to remain constrained on account of DIL's presence in the competitive rig services business, which is also susceptible to volatile day rates due to its linkages with crude oil prices. Ratings are also constrained by inherent risk associated with re-awarding of maturing contracts arising from client concentration and its exposure of DIL towards its subsidiaries and group companies.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Growth in scale of operations marked by total operating income (TOI) of over ₹1,000 crore while maintaining healthy profitability leading to return on capital employed (ROCE) above 15% on a sustained basis.

Negative factors

- Decline in its scale of operations marked by TOI of less than ₹400 crore or moderation in the revenue visibility on a sustained basis.
- Moderation of the total debt to profit before interest, lease rentals, depreciation and tax (PBILDT) beyond 1.50x on a sustained basis.
- Large-size debt-funded capex of acquisition, leading to adjusted overall gearing above 0.40x.
- Elongation of the operation cycle beyond 130 days on a sustained basis.
- Major unrelated business acquisition, leading to significant moderation in the liquidity profile.

Analytical approach: Consolidated

CARE Ratings Limited (CareEdge Ratings) has considered the consolidated financial statements of DIL including its subsidiaries due to common promoter group and strong operational and financial linkages among them. Details of subsidiaries consolidated are listed under Annexure-6.

Outlook: Stable

CareEdge Ratings believes that DIL would continue to maintain its comfortable financial risk profile supported by lower reliance on debt and strong liquidity, while benefitting from established track record of operation and long association with reputed oil and gas exploration companies.

[1]Complete definition of ratings assigned are available at www.careratings.com and other CARE Ratings Limited's publications.

Detailed description of key rating drivers:

Key strengths

Established position in domestic oil and gas service business

DIL has presence in the oil and gas service industry for over three decades, offering a diverse portfolio that includes gas compression (GC), gas dehydration units (GDUs), work-over rigs, and drilling rigs. It is a leading charter hire service provider to oil and gas exploration companies, with a dominant domestic market share, especially in the GC segment.

Recently, DIL expanded into production enhancement services for mature oil and gas fields, leveraging its strong domain specific technical expertise, boosting overall hydrocarbon recovery and extending asset life.

The company has a robust asset base, majority being debt-free, ensuring financial and operational flexibility. These assets are relatively new, with average ages of ~6 years for rigs and ~8 years for compressors, offering a remaining useful life of ~20 years. As of June 30, 2025, asset deployment was strong at ~88% for GCs and ~95% for rigs with the remaining assets tied to confirmed orders. While GDU deployment was moderate at 64%, its contribution to total income is limited.

Diversified revenue streams with reputed clientele leading to low counterparty risk

DIL has a diversified revenue stream, which includes natural gas services (gas compression, gas dehydration and charter hire of entire natural gas processing facility), integrated project management services (drilling and work over rigs, integrated drilling and completion services) and production enhancement services.

In FY25, on a standalone basis, DIL derived 68% of its TOI from natural gas services (FY24: 55%) and 38% from integrated project management services (FY24: 45%).

CareEdge Ratings expects revenue share of high-margin GCs and rigs to remain healthy going forward, considering healthy orderbook with scheduled deployment per contracted date and planned addition of the new assets in these divisions.

DIL also provides oil and gas services in the middle east region through its UAE-based subsidiaries, Deep International DMCC (DIDMCC) and SAAR International FZ LLC (SAAR) and operates CNG Booster Compressors manufacturing unit under another subsidiary, Raas Equipment Private Limited (REPL).

The company has also diversified its revenue stream into offshore services through its step-down subsidiary, Dolphin Offshore Enterprises India Limited (DOEIL), which has leased an accommodation barge and anchor handling and tug supply vessel (AHTS). Oil and Natural Gas Corporation Limited (ONGC; rated 'CARE AAA; Stable / CARE A1+') remains one of key clients for DIL, with the latter having an established track record of regularly receiving orders across its business segments from ONGC. Apart from ONGC, DIL also has orders from other reputed clientele such as Oil India Limited (OIL; rated 'CARE AAA; Stable/CARE A1+'), Vedanta Limited, Selan Exploration Technology Limited and GSPC LNG Limited.

Strong revenue visibility backed by healthy order book

As on June 30, 2025, DIL has healthy orderbook of ₹3,050.52 crore (₹1,246 crore as on June 30, 2024), which is 5.26x of its consolidated TOI of FY25. Significant growth in the orderbook was primarily driven by the award of a production enhancement contract (PEC) from ONGC (~₹1,400 crore) and the leasing of a floating barge under DOEIL (~₹281 crore), apart from a steady growth in its Oil & Gas service orderbook. While PEC contract would be executed over 15 years, other orders would be executed in the next 2-3 years, providing a strong revenue visibility.

Under the scope of PEC, ONGC's Rajahmundry field in Andhra Pradesh, was taken over by DIL in April 2025. While DIL would be deriving a fixed monthly revenue for maintaining the baseline production, it will earn revenue share equivalent to 64% from the incremental production, over and above the baseline production from the said field. As articulated by the management, DIL commenced the operation at the said field in Q1FY26 and has surpassed the baseline production in the month of August 2025.

Significant growth in the scale of operation while maintaining healthy profitability

On a consolidated basis, TOI of DIL grew by 35% to ₹579.80 crore in FY25 (FY24: ₹428.26 crore), backed by strong execution of the orders on a standalone level, while performance of the subsidiaries largely remained stable.

The growth momentum further continued with TOI grew by 62% y-o-y to ₹199.50 crore in Q1FY26 (Q1FY25: ₹123.46 crore). On a consolidated basis, PBILDT margin continued to remain healthy at 40-42% in FY25 and Q1FY26. DIL acquired Kandla Energy and Chemicals Limited (KECL) which was under liquidation and Dolphin Offshore Shipping Limited (DOSL) from corporate insolvency resolution process (CIRP) in FY25. Subsequent to this acquisition, it wrote-off (non-cash item) of inventory and certain receivables of ~₹251 crore resulting in net loss of ₹78.76 crore in FY25. Adjusting the same, DIL's PAT remained healthy at ₹172.29 crore in FY25 (FY24: ₹123.58 crore). Consequently, its gross cash accruals (GCA) too remained healthy at ₹227.30 crore in FY25, exhibiting a y-o-y growth of ~50%.

Going forward, with a healthy order book, addition of new assets towards recently awarded orders and steady operations in subsidiaries including commencement of operations in DOEIL, CareEdge Ratings expects TOI to grow by ~30-35% while maintaining profitability at present level.

Comfortable capital structure and debt coverage indicators
Overall gearing of DIL remained comfortable at 0.18x as on March 31, 2025, compared to 0.16x as on March 31, 2024. DIL has low reliance on external debt with majority of its existing assets are debt free. With strong cash accruals and low debt levels, its debt coverage indicators also stood comfortable marked by PBILDT interest coverage and total debt to GCA (TD/GCA) of 20.64x and 0.90x, respectively, in FY25, compared to 19.83x and 1.05x, respectively, in FY24.

The total debt of DIL is expected to increase in the near term for planned capex of ~₹400 crore during FY26-FY27, which includes capex of ~₹170 for rigs and GC segment and ~₹160 crore for PEC. DIL proposes to fund the said capex with additional term debt of ~₹68 crore and balance from the internal accruals as well as available liquidity. The company is also planning a qualified institutional placement (QIP) issue of ~₹300 crore for its capex needs as well as to shore-up its liquidity.

Nevertheless, CareEdge Ratings expects DIL to maintain comfortable capital structure and debt coverage indicators, considering its healthy profitability and a net worth base and low debt level.

Key weaknesses

Presence in a competitive rig segment having susceptibility to volatile day rates along with concentrated clientele
Despite healthy growth in scale of operations, DIL continues to operate on a moderate base in the overall oil and gas service industry. Majority orderbook is from ONGC/ONGC-led consortium, which forms ~70% of order book as on June 30, 2025. On a standalone basis, revenue from ONGC forms ~63% of net sales in FY25 (FY24: 49%). This exposes it to the customer concentration risk. However, CareEdge Ratings notes that ONGC being one of India's most strategically important central public sector undertaking (PSU), mitigates concentration risk to a certain extent. Over the years, DIL exhibited track record of securing new contracts and re-award of existing contracts from ONGC.

DIL also remains exposed to the risk of re-award of the on-going contracts on their expiry, which is, however, inherent in the oil and gas service industry. Also, orders (new as well as re-awards) are received through competitive bidding; hence, it remains exposed to competition in the industry, particularly in the workover rigs segment. Further, the company also remains exposed to risks associated with volatility in day rates of rigs at the time of the re-award of contracts, as day rates largely move in tandem with crude oil prices and demand-supply dynamics of assets, and thus, remain volatile.

Exposure towards subsidiaries and group companies
As on March 31, 2025, DIL has extended ₹90.63 crore as loans and advances (L&A) to Prabha Energy Limited (PEL; erstwhile Prabha Energy Private Limited; ₹58.65 crore as on March 31, 2024). PEL is owned and operated by the common promoter group. L&A was extended by DIL was as part of the funding requirement towards PEL's oil and gas exploration assets. While the same are interest bearing and expected to recover in the medium term, adjusting the same from the tangible net worth of DIL, its adjusted overall gearing stood at 0.19x as on March 31, 2025 (0.17x as on March 31, 2024). Major increase in the L&A, impacting DIL's liquidity would remain key rating monitorable.

On a standalone level, DIL's L&A exposure towards its subsidiaries/step-subsidiaries have also increased from ₹96.24 crore as on March 31, 2024, to ₹196.37 crore as on March 31, 2025. Large of part of the same was extended for funding refurbishment capex of Prabha barge of ~₹222 crore. Since, the barge is leased and commenced revenue generation, these L&A are envisaged to be recovered gradually.

Liquidity: Strong

DIL has strong liquidity characterised by healthy GCA vis-à-vis its low debt repayment obligations and healthy liquid investment and cash & bank balance. Company is expected to earn GCA of over ~₹250 crore compared to debt repayment obligation of ~₹77 crore in FY26. Its liquidity is also supported by healthy liquid investment and free cash and bank balance of ₹140.07 crore (excluding margin money of ₹33.94 crore) as on March 31, 2025. Healthy cash accruals and liquid investment provide adequate headroom to fund its capex requirements. Liquidity of DIL includes receipt of arbitration award of ~₹80 crore from ONGC in Q1FY24. Though, ONGC appealed against this with the higher authority, the said amount is non-lied marked and free to be utilised by DIL.

Current ratio and quick ratio remained strong at 1.58x and 1.38x respectively as on March 31, 2025. DIL has fixed monthly billing, resulting in moderate average utilisation of its fund-based limits. Average utilisation of its fund based working capital limits (on a standalone level) stood moderate at ~40% for the past six months ended June 30, 2025. DIL also utilises the non-fund based working capital limits in the form of bank guarantee (BG), which are used for submission of performance/financials (as per terms) BGs to customers. On a standalone basis, average utilisation of its non-fund based working capital limits stood moderate at 58% in the last six months ended June 30, 2025.

Environment, social, and governance (ESG) risks

Risk Factors	Compliance and action by the company
Environmental	DIL's Business Responsibility Policy is based on National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business as released by Ministry of Corporate Affairs, Government of India. It endeavours to address a majority Sustainable Development Goals (SDGs) aimed at building economic capital, ensuring environmental integrity, enabling economic development and building social capital. DIL's all gas processing equipment are running on gas-based engines, which uses natural gas as fuel. Natural gas is a green form of gas which enables in less carbon emission.
Social	DIL has implemented corporate social responsibility policy and undertakes various CSR initiatives with specific focus on health & education. The company works with under privileged and affirmative population to improve livelihood and overall development of the communities it serves.
Governance	Being a listed company, DIL complies with regulatory requirement for disclosures. The company has all required committees in place such as corporate social responsibility, vigil mechanism and whistle blower policy among others. Its board of director comprises six directors, which include three independent directors and one woman director.

Applicable criteria

Consolidation
Definition of Default
Liquidity Analysis of Non-financial sector entities
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

Incorporated in 1991 and promoted by Paras Savla and Rupesh Savla, DIL is engaged in providing gas compression services, drilling and workover services, gas dehydration services and integrated project management services for the oil & gas industry.

Brief Financials (₹ crore) – Consolidated	March 31, 2024 (A)	March 31, 2025 (A)	Q1FY26 (UA)
Total operating income	428.26	579.80	199.50
PBILDT	167.72	244.58	81.59
PAT	125.16	-78.76	61.70
Adjusted PAT*	123.58	172.29	61.70
Overall gearing (times)	0.16	0.18	NA
Interest coverage (times)	19.73	20.64	19.78

A: Audited; UA: Unaudited; * adjusting one-time non-cash exceptional items; NA: Not available; Note: these are latest available financial results

Brief Financials (₹ crore) – Standalone	March 31, 2024 (A)	March 31, 2025 (A)	Q1FY26 (UA)
Total operating income	383.18	481.15	172.60
PBILDT	151.52	194.34	63.14
PAT	104.25	130.34	46.76
Overall gearing (times)	0.16	0.20	NA
Interest coverage (times)	22.24	13.07	15.07

A: Audited; UA: Unaudited; NA: Not available; 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-Cash Credit	-	-	-	-	48.00	CARE A+; Stable
Fund-based - LT-Term Loan	-	-	-	March 2030	221.69	CARE A+; Stable
Non-fund-based - LT/ ST-Bank Guarantee	-	-	-	-	189.50	CARE A+; Stable / CARE A1

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-Term Loan	LT	221.69	CARE A+; Stable	-	1)CARE A+; Stable (04-Sep-24)	1)CARE A; Positive (06-Oct-23)	1)CARE A; Positive (27-Jan-23) 2)CARE A; Positive (05-Jan-23)
2	Fund-based - LT-Cash Credit	LT	48.00	CARE A+; Stable	-	1)CARE A+; Stable (04-Sep-24)	1)CARE A; Positive (06-Oct-23)	1)CARE A; Positive (27-Jan-23) 2)CARE A; Positive (05-Jan-23)
3	Non-fund-based - LT/ ST-Bank Guarantee	LT/ST	189.50	CARE A+; Stable / CARE A1	-	1)CARE A+; Stable / CARE A1 (04-Sep-24)	1)CARE A; Positive / CARE A1 (06-Oct-23)	1)CARE A; Positive / CARE A1 (27-Jan-23) 2)CARE A; Positive / CARE A1 (05-Jan-23)

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

Annexure-5: Lender details

To view lender-wise details of bank facilities please click here

Annexure-6: List of entities consolidated

Sr No	Name of the entity	Extent of consolidation	Rationale for consolidation
1	Deep Onshore Services Private Limited (DOSPL)	Full	Wholly owned subsidiary of DIL
2	Deep International DMCC (DIDMCC)	Full	Wholly owned subsidiary of DIL
3	SAAR International FZ LLC (SAAR)	Full	Wholly owned subsidiary of DIL
4	Deep Exploration Services Private Limited (DESPL; formally known as Indra Offshore Services Private Limited)	Full	Wholly owned subsidiary of DIL
5	Kandla Energy & Chemicals Limited (KECL)	Full	Wholly owned subsidiary of DIL
6	RAAS Equipment Private Limited (REPL)	Full	Subsidiary of DIL
7	Deep Onshore Drilling Services Private Limited (DODSPL)	Full	Subsidiary of DIL
8	Breitling Drilling Services Private Limited (BDSPL)	Full	Subsidiary of DIL
9	Dolphin Offshore Enterprise India Limited (DOEIL)	Full	Step-down subsidiary of DIL
10	Dolphin Offshore Enterprise (Mauritius) India Limited (DOEMIL)	Full	Step-down subsidiary of DIL
11	Beluga International DMCC (BIDMCC)	Full	Step-down subsidiary of DIL
12	Dolphin Offshore Shipping Limited (DOSL)	Full	Step-down subsidiary of DIL

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

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