

Deep Industries Limited

October 09, 2026

Facilities/Instruments	Name of the Regulator ¹	Amount (₹ crore)	Rating ²	Rating Action
Long-term / Short-term bank facilities	RBI	179.50 (Reduced from 189.50)	CARE A+; Stable / CARE A1	Reaffirmed
Long-term bank facilities	RBI	288.69 (Enhanced from 269.69)	CARE A+; Stable	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 service 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 factor in growing scale of operations while maintaining healthy profitability in FY26 (FY refers April 01 to March 31) and Q1FY27, apart from DIL's comfortable capital structure and debt coverage indicators. Efficient deployment of its large asset base and healthy orderbook of ₹3,047 crore as on June 30, 2026, provides a strong revenue visibility.

CARE Ratings Limited (CareEdge Ratings) takes note of the significant recovery of the loans and advances (L&A) extended by DIL to Prabha Energy Limited (PEL; an associate of DIL) as on June 30, 2026, further supporting its strong liquidity position.

However, ratings continue to remain constrained considering DIL's presence in the competitive oil and gas 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 higher client concentration.

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

CareEdge Ratings has considered the consolidated financial statements of DIL including its subsidiaries due to strong operational and financial linkages among them. Consolidated subsidiaries are listed under Annexure-5.

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.

¹SEBI: Securities and Exchange Board of India; RBI: Reserve Bank of India; MCA: Ministry of Corporate Affairs; IRDAI: Insurance Regulatory and Development Authority of India; PFRDA: Pension Fund Regulatory and Development Authority

²Complete definitions of the ratings assigned are available at www.careratings.com and in 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. DIL has 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 ~7 years for rigs and ~9 years for compressors, offering a remaining useful life of ~20 years. As on June 30, 2026, asset deployment was strong at 90% for rigs and 85-90% for gas processing fleets.

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 FY26, on a standalone basis, DIL derived 61% of its TOI from natural gas services (FY25: 62%) and 39% from integrated project management services (FY25: 62%). 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 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).

DIL 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 a long 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 (rated 'CARE A; Stable/CARE A1').

Strong revenue visibility backed by healthy order book

As on June 30, 2026, DIL has healthy orderbook of ₹3,047 (₹3,050 crore as on June 30, 2025), which is 3.29x of its consolidated TOI of FY26. Growth in the orderbook in the last two years was primarily driven by the award of a production enhancement contract (PEC) from ONGC and the leasing of a floating 'Prabha' barge under DOEIL, apart from a steady growth in its oil and gas service orderbook. While PEC contract worth ₹1,395 crore as on June 30, 2026, would be executed over 15 years, other orders would be executed in the next 3-4 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. Revenue from the PEC segment is envisaged to grow significantly from FY28 onwards.

Significant growth in the scale of operation while maintaining healthy profitability

On a consolidated basis, TOI of DIL grew by 60% to ₹926.31 crore in FY26 (FY25: ₹579.80 crore), backed by strong execution of the orders on a standalone level and improved performance of its subsidiaries. The growth momentum further continued with TOI, grew by 40% y-o-y to ₹278.92 crore in Q1FY27 (Q1FY26: ₹199.50 crore). The PBILDT margin continued to remain healthy at ~40% in FY26 and ~39% Q1FY27.

In FY25, DIL acquired Kandla Energy and Chemicals Limited (KECL), which was under liquidation and it was merged with it from March 30, 2026, pursuant to the scheme of amalgamation sanctioned by the Hon'ble National Company Law Tribunal, Ahmedabad Bench. Post the said merger, DIL, wrote-off KECL's inherited receivable amounting to ~₹208 crore in FY26 and (FY25: impairment of ~₹256 crore of inventories). Adjusting the above non-cash transactions, DIL's PAT (on a consolidated basis) remained healthy at ₹405.34 crore in FY26 (FY25: ₹172.29 crore). Consequently, its gross cash accruals (GCA) also grew from ₹227.30 crore in FY25 to ₹442.20 crore in FY26.

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 ~20% while maintaining profitability at present level.

Comfortable capital structure and debt coverage indicators

DIL's financial risk profile remains strong, underpinned by a healthy net worth of over ₹1,500 crore as on March 31, 2026, and a comfortable capital structure, with overall gearing at 0.13x as on March 31, 2026 (PY: 0.18x). DIL has low reliance on external debt with majority its existing assets are debt free. With strong cash accruals and low debt levels, DIL's debt coverage indicators also stood comfortable marked by PBILDT interest coverage and total debt to GCA (TD/GCA) of 22.34x and 0.46x, respectively, in FY26, compared to 20.64x and 0.90x, respectively, in FY25.

DIL's total debt is expected to increase in the near term for planned capex of ~₹350 crore in FY27, which includes capex of ~₹140 crore for rigs and GC segment and ~₹160 crore for PEC. DIL proposes to fund the said capex with additional term debt of ~₹100 crore and balance from the internal accruals and available liquidity. CareEdge Ratings expects DIL to maintain comfortable capital structure and debt coverage indicators, considering low debt levels against its healthy profitability and a healthy net worth base.

Recovery in the L&A extended to PEL

As on March 31, 2026, DIL has extended ₹134.75 crore (PY: ~₹91 crore) as L&A to PEL, out of which DIL received ₹88.93 as on June 30, 2026. PEL is owned and operated by the common promoter group. L&A was extended by DIL as part of the funding requirement towards PEL's oil and gas exploration assets. These L&A are interest bearing, and balance amount is expected to be recovered in the medium term. Going forward, significant increase in the L&A, impacting DIL's liquidity would remain key rating monitorable.

Key weakness

Presence in a competitive rig segment having susceptibility to volatile day rates and 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 ~65% of order book as on June 30, 2026.

In February 2026, DIL received a provisional suspension notice from ONGC following a force majeure event involving violent sabotage of the one rig by unidentified miscreants in Bokaro, Jharkhand. Under this provisional suspension, DIL was barred from bidding new tenders or receiving new orders from ONGC, for the workover rig segment. The provisional suspension did not apply to the other existing/ongoing contracts across all segments and all business and commercial activities with ONGC remained uninterrupted.

On a standalone basis, revenue from ONGC forms ~67% of net sales in FY26 (FY25: 63%). This exposes DIL 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. While, DIL received several new orders under GC segment post February 2026 incident, the suspension under workover rig continues.

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. Orders (new and re-awards) are received through competitive bidding; hence, it remains exposed to competition in the industry, particularly in the workover rigs segment. 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.

Liquidity: Strong

DIL has strong liquidity characterised by healthy GCA against its low debt repayment obligations and healthy liquid investment and cash & bank balance. The company is expected to earn GCA of over ~₹350 crore compared to debt repayment obligation of ~₹98 crore in FY27. DIL's liquidity is also supported by healthy liquid investment and free cash and bank balance of ₹121.40 crore (excluding margin money of ₹37.33 crore) as on March 31, 2026, against ₹140.07 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-lien marked and free to be utilised by DIL.

Current ratio and quick ratio remained healthy at 1.88x and 1.58x, respectively, as on March 31, 2026. Average utilisation of its fund-based working capital limits (on a standalone level) stood moderate at ~34% for the past nine months ended August 31, 2026. DIL also utilises the non-fund-based working capital limits in the form of bank guarantee (BG), which is used for submission of performance/financials (per terms) BGs to customers. On a standalone basis, average utilisation of its non-fund-based working capital limits stood moderate at ~67% in the last six months ended July 31, 2026.

Assumptions/Covenants: Not applicable

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 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 and gas industry.

Particular- Consolidated	March 31, 2025 (A)	March 31, 2026 (A)	Q1FY27 (UA)
Total operating income	579.80	926.31	278.92
PBILDT*	244.58	393.94	108.14
PAT	(78.76)	197.06	89.14
Adjusted PAT [®]	172.29	405.34	89.14
Overall gearing (times)	0.18	0.13	NA
Interest coverage (times)	20.64	22.34	25.15

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

*PBILDT: Profit before interest, lease rentals, depreciation, and tax

Particular- Standalone	March 31, 2025 (A)^	March 31, 2026 (A)	Q1FY27 (UA)
Total operating income	481.15	715.16	171.78
PBILDT*	194.33	278.85	74.63
PAT	(115.43)	97.48	55.18
Adjusted PAT®	134.39	305.77	55.18
Overall gearing (times)	0.17	0.15	NA
Interest coverage (times)	13.07	16.32	18.99

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

^Restated audited financial statements. *PBILDT: Profit before interest, lease rentals, depreciation and tax

Status of non-cooperation with previous CRA:

Any other information: Not applicable

Rating history for last three years: Annexure-2

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

For complexity level of instruments rated refer to Annexure-1

Lender details: Annexure-4

Disclosure on facilities/instruments and name of regulators:

A list of facilities / instruments falling under the purview of financial sector regulators (FSRs) along with the names of respective FSRs has been duly disclosed by CareEdge Ratings on its website. A link to the same has been provided below for ready reference:

https://www.careratings.com/activities_and_regulators

Note: For facilities or instruments falling under the purview of FSRs other than Securities and Exchange Board of India (SEBI), the grievance / dispute redressal mechanisms and investor protection mechanisms provided by SEBI shall not be available.

Annexure-1: Details of instruments/facilities

Name of the Instrument	Name of the Regulator	Complexity Level	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Cash Credit	RBI	Not Applicable	-	-	-	-	58.00	CARE A+; Stable
Fund-based - LT-Term Loan	RBI	Not Applicable	-	-	-	30-06-2030	230.69	CARE A+; Stable
Non-fund-based - LT/ST-Bank Guarantee	RBI	Not Applicable	-	-	-	-	179.50	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 2026-2027	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
1	Fund-based - LT-Term Loan	LT	230.69	CARE A+; Stable	-	1)CARE A+; Stable (09-Sep-25)	1)CARE A+; Stable (04-Sep-24)	1)CARE A; Positive (06-Oct-23)
2	Fund-based - LT-Cash Credit	LT	58.00	CARE A+; Stable	-	1)CARE A+; Stable (09-Sep-25)	1)CARE A+; Stable (04-Sep-24)	1)CARE A; Positive (06-Oct-23)
3	Non-fund-based - LT/ ST-Bank Guarantee	LT/ST	179.50	CARE A+; Stable / CARE A1	-	1)CARE A+; Stable / CARE A1 (09-Sep-25)	1)CARE A+; Stable / CARE A1 (04-Sep-24)	1)CARE A; Positive / CARE A1 (06-Oct-23)

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

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not applicable**Annexure-4: Lender details**To view lender-wise details of bank facilities please [click here](#)**Annexure-5: 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	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	Deep Natural Resources Limited	Full	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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