

## Aban Offshore Limited

February 24, 2023

Facilities/Instruments	Amount (₹ crore)	Rating <sup>1</sup>	Rating Action
Long Term Bank Facilities	374.66 (Reduced from 454.37)	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.

### 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. The reduction in long-term bank facilities is due to closure of a term-loan through one-time settlement (OTS).

### 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

### Key weaknesses

**Continuous moderation in financial performance:** The company has seen continued decrease in the utilization of fleet which had resulted in significant drop in the revenue over the past few years. In FY21 and FY22, with the outbreak of pandemic resulted in reduced consumption of oil and reduced demand for drilling. However, the situation is now better with improved exploration activities and increase in crude price. On account of losses reported and continuous underutilization of fleets, there are ongoing delays in debt servicing. During FY22 and FY23, the company has sold about 9 rigs and the proceeds of the same has been used for OTS of term loan from Central Bank of India. The sale of idle assets is expected to help in better utilization of fixed costs.

### Liquidity: Poor

On account of low fleet utilization, AOL has been experiencing liquidity issues resulting in delays in debt servicing.

### Key strengths

**Experience of Promoters:** AOL, largest private player in India in the offshore drilling industry 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), Mr C P Gopalakrishnan, (CFO& Deputy MD) and Mr P Venkateswaran, (Vice-Chairman & Non-executive Independent Director).

### Applicable criteria

[Policy on default recognition](#)

[Financial Ratios – Non financial Sector](#)

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

[Rating Outlook and Credit Watch](#)

[Service Sector Companies](#)

[Infrastructure Sector Ratings](#)

<sup>1</sup>Complete definition of the ratings assigned are available at [www.careedge.in](http://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 2022.

Brief Financials (₹ crore)	March 31, 2021 (A)	March 31, 2022 (A)	9MFY23 (Prov.)
Total operating income	155.93	82.07	61.46
PBILDT	-58.09	29.39	-13.45
PAT	-231.30	-105.74	-3.22
Overall gearing (times)	-ve	-ve	-ve
Interest coverage (times)	-ve	0.37	-ve

A: Audited; Prov.: Provisional

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

**Any other information:** Not Applicable

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

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

**Complexity level of the 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	374.66	CARE D
Preference Shares-Cumulative Redeemable Preference Shares	INE421A04055	2008-08-03	10%	August 03, 2016	20.00	CARE D
Preference Shares-Cumulative Redeemable Preference Shares	INE421A04071/ INE421A04063/ INE421A04089	2005-06-16	10%	June 16, 2016	105.00	CARE D
Preference Shares-Cumulative Redeemable Preference Shares	INE421A04097	2007-03-30	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 2022-2023	Date(s) and Rating(s) assigned in 2021-2022	Date(s) and Rating(s) assigned in 2020-2021	Date(s) and Rating(s) assigned in 2019-2020
1	Preference Shares-Cumulative Redeemable Preference Shares	LT*	105.00	CARE D	1)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)	1)CARE D (RPS) (04-Mar-20)
2	Preference Shares-Cumulative Redeemable Preference Shares	LT	156.00	CARE D	1)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)	1)CARE D (RPS) (04-Mar-20)
3	Fund-based - LT-Term Loan	LT	374.66	CARE D	-	1)CARE D (08-Mar-22) 2)CARE D (05-Apr-21)	-	1)CARE D (04-Mar-20)
4	Preference Shares-Cumulative Redeemable Preference Shares	LT	20.00	CARE D	1)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)	1)CARE D (RPS) (04-Mar-20)
5	Non-fund-based - LT/ ST-BG/LC	LT/ST**	-	-	-	1)Withdrawn (08-Mar-22) 2)CARE D / CARE D (05-Apr-21)	-	1)CARE D / CARE D (04-Mar-20)
6	Fund-based - LT-Cash Credit	LT	-	-	-	1)Withdrawn (08-Mar-22) 2)CARE D (05-Apr-21)	-	1)CARE D (04-Mar-20)

\*Long-term; \*\*Long-term/Short-term.

**Annexure-3: Detailed explanation of the 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](mailto:care@careedge.in) for any clarifications.

**Contact us****Media contact**

Name: Mradul Mishra

Phone: +91-22-6754 3596

E-mail: [mradul.mishra@careedge.in](mailto:mradul.mishra@careedge.in)

**Analyst contact**

Name: Swathi Subramanian

Phone: 9444234834

E-mail: [swathi.subramanian@careedge.in](mailto:swathi.subramanian@careedge.in)

**Relationship contact**

Name: Pradeep Kumar V

Phone: +91-98407 54521

E-mail: [pradeep.kumar@careedge.in](mailto:pradeep.kumar@careedge.in)

**About us:**

Established in 1993, CARE Ratings is one of the leading credit rating agencies in India. Registered under the Securities and Exchange Board of India, it has been acknowledged as an External Credit Assessment Institution by the RBI. With an equitable position in the Indian capital market, CARE Ratings provides a wide array of credit rating services that help corporates raise capital and enable investors to make informed decisions. With an established track record of rating companies over almost three decades, CARE Ratings follows a robust and transparent rating process that leverages its domain and analytical expertise, backed by the methodologies congruent with the international best practices. CARE Ratings has played a pivotal role in developing bank debt and capital market instruments, including commercial papers, corporate bonds and debentures, and structured credit.

**Disclaimer:**

The ratings issued by CARE Ratings are opinions on the likelihood of timely payment of the obligations under the rated instrument and are not recommendations to sanction, renew, disburse, or recall the concerned bank facilities or to buy, sell, or hold any security. These ratings do not convey suitability or price for the investor. The agency does not constitute an audit on the rated entity. CARE Ratings has based its ratings/outlook based on information obtained from reliable and credible sources. CARE Ratings does not, however, guarantee the accuracy, adequacy, or completeness of any information and is not responsible for any errors or omissions and the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE Ratings have paid a credit rating fee, based on the amount and type of bank facilities/instruments. CARE Ratings or its subsidiaries/associates may also be involved with other commercial transactions with the entity. In case of partnership/proprietary concerns, the rating/outlook assigned by CARE Ratings is, inter-alia, based on the capital deployed by the partners/proprietors and the current financial strength of the firm. The ratings/outlook may change in case of withdrawal of capital, or the unsecured loans brought in by the partners/proprietors in addition to the financial performance and other relevant factors. CARE Ratings is not responsible for any errors and states that it has no financial liability whatsoever to the users of the ratings of CARE Ratings. The ratings of CARE Ratings do not factor in any rating-related trigger clauses as per the terms of the facilities/instruments, which may involve acceleration of payments in case of rating downgrades. However, if any such clauses are introduced and triggered, the ratings may see volatility and sharp downgrades.

**For the detailed Rationale Report and subscription information,  
please visit [www.careedge.in](http://www.careedge.in)**