

Global Vectra Helicorp Limited

January 12, 2024

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term / Short Term Bank Facilities	15.00	CARE BB+; Stable / CARE A4+	Assigned
Short Term Bank Facilities	40.00	CARE A4+	Assigned

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

The assigned rating to the bank facilities of Global Vectra Helicorp Limited (GVHL) takes into account its long track record of operations, its top position in the market and reputed clientele base. However, the rating is constrained by its moderate scale of operations along with modest debt metrics, customer concentration risk and stretched liquidity.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Improvement in the revenue on sustained basis.
- Operating margin above 17% leading to improvement in liquidity on sustained basis.

Negative factors

- Non-renewal of contracts or insufficient contracts impacting the cashflow.
- Decline in operating margin resulting in deterioration in DSCR below 1.10x.

Analytical approach: Standalone

Outlook: Stable

The stable outlook reflects the mid-term revenue visibility on account of GVHL's existing contracts with its customers, high success rate in bidding in tenders, and consistent track record of renewal of the contracts by clients.

Detailed description of the key rating drivers:

Key weaknesses

Moderate scale of operations:

The company primarily provides chartered helicopter services to Oil and Gas companies followed by services extended to various central and state government agencies for pilgrimages, geophysical survey, etc. Considering company's visibility in terms of contracts that are in place with its customers and its top position in the industry CARE Rating expects both the revenue and operating margin of the company to improve in near to mid-term. The spike in demand for helicopter charter services in FY25 (considering general elections being held in the country) is expected to support revenue and profitability improvement in the short term. However, the overall scale of operations will continue to remain moderate.

The Total Income from operations was in the range of Rs.299.58 crores-Rs.480.31 over FY19-FY23. The services of the company were impacted during covid due to disruptions in mobilisation. However, in FY23, company was able to reach its pre-covid level, with total income from operations at Rs. 411.11 crores (FY22: 335.43 crores). The operating margins of the company have been volatile in the range of 10%-20% over FY19-FY23. As per H1FY24 interim financials, the revenue stood at Rs. 222.64 crores and operating margin of the company stood at 12.23% (FY23: ~at 10%; FY22: 15%).

¹Complete definition of the ratings assigned are available at www.careedge.in and other CARE Ratings Ltd.'s publications

Modest debt metrics and network:

GVHL's debt metrics are expected to remain modest in near to mid-term given high proportion of lease liability against the leased helicopters. The overall gearing ratio is high at 2.85x in FY23 (FY22: 2.26x) as ~82% of total debt comprises of lease liability. Though the company's bank borrowings remain moderate, the total outside liabilities to network ratio remains weak at 4.54x as on March 31, 2023 (FY22: 3.70x) due to high lease liability. The company's reported network as on 31st March 2023 was Rs.28.1 crore due to consistent PAT level losses reported in the past. CARE Ratings in its analysis, has considered the lease payables to the group companies to the extent of Rs.104 crores as part of network as they are subordinated to bank debt, and accordingly the adjusted network stands at Rs.132.08 crores as at FY23 (As on March 31, 2022: Rs. 144.92 crores).

Customer concentration risk:

GVHL is exposed to customer concentration risk as top five customers of the company contribute more than 90% to its total revenue. Out of the top 5 customer, ONGC remains the major revenue contributor at ~60% as of June 30, 2023. However, given that there are limited competitors in the industry as a helicopter service provider and GVHL being a top player, the concentration risk is mitigated.

Key strengths

Long track record of operations and experienced management:

The company has a long track record of operation of more than two decades and stands to be the top player in providing helicopter service in India. The company benefits from rich experience of the management with more than four decades of experience in the aviation industry.

Long term contracts with reputed clientele having comfortable credit profile:

The contracts with the customers are generally for three years and with few major customers it is for five to seven years, thus ensuring revenue visibility for medium term. The clientele of the company includes reputed and high credit worthy customers such as ONGC, Vedanta Ltd (Cairn) and Reliance Industries Limited as well as central and state government agencies.

Liquidity: Stretched

The liquidity of the company is stretched with modest cash and bank balance of Rs.1.65 crores as on March 31, 2023. In addition to this, the sanctioned fund-based working capital facility is limited, at Rs.10 crore, which is also utilised upto 85% on average for the last twelve months ended August 31, 2023. The company has high lease payments of Rs.144.27 crores & Rs.153.27 crores for FY24 & FY25, respectively. As per CARE's assessment, despite the expected improvement in GCA driven by improvement in operating margin, the DSCR is expected to remain modest. The gross cash accruals for FY23 stood at Rs. 56.99 crores as of March 31, 2023 (FY22: Rs. 73.17 crores).

Applicable criteria

[Policy on default recognition](#)

[Financial Ratios – Non financial Sector](#)

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

[Rating Outlook and Credit Watch](#)

[Short Term Instruments](#)

[Service Sector Companies](#)

About the company and industry

Industry classification

Macro Economic Indicator	Sector	Industry	Basic Industry
Services	Services	Transport Services	Transport Related Services

Global Vectra Helicorp Limited (GHVHL), provides helicopter services in India. The services include offshore services to Oil& Gas companies, Onshore services for State Governments, VIP flying, Election flying, religious flying, etc. The company also provides services for specialized aerial geophysical survey and most recently has started power industry support service. As of July 31, 2023, company operates 29 helicopters, out of which only four are owned and rest are on lease.

Brief Financials (₹ crore)	March 31, 2022 (A)	March 31, 2023 (A)	H1FY24 (UA)
Total operating income	335.34	411.12	222.64
PBILDT	49.26	41.42	27.22
PAT	-4.94	-16.63	-9.23
Overall gearing (times)	2.26	2.85	3.36
Interest coverage (times)	2.94	1.98	1.69

A: Audited UA: Unaudited; Note: 'the above results are latest financial results available'

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

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

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

Complexity level of 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/ST		-	-	-	15.00	CARE BB+; Stable / CARE A4+
Non-fund-based - ST-Bank Guarantee		-	-	-	40.00	CARE A4+

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 2023-2024	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
1	Fund-based-LT/ST	LT/ST*	15.00	CARE BB+; Stable / CARE A4+				
2	Non-fund-based - ST-Bank Guarantee	ST	40.00	CARE A4+				

*Long term/Short term.

Annexure-3: Detailed explanation of 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/ST	Simple
2	Non-fund-based - ST-Bank Guarantee	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 for any clarifications.

Contact us

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About us:

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