Global Vectra Helicorp Limited

December 18, 2024

Facilities/Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Long Term / Short Term Bank Facilities	10.00 (Reduced from 15.00)	CARE BB+; Stable / CARE A4+	Reaffirmed
Short Term Bank Facilities	40.00	CARE A4+	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

The affirmation of the rating assigned to bank facilities of Global Vectra Helicorp Limited (GVHL) continues to factor in its one of the leading players in industry providing charter helicopter services, long track record of operations and its reputed clientele. The rating also factors in the improvement in GVHL's performance in FY24 and CARE Edge's expectation of growth to be sustained in the medium term considering GVHL's leading position ensuring the company in renewal of existing contracts and bagging new contracts. The on-going negotiation of the company with its clientele with regards to the elimination of LD charges in contract clauses are further expected to benefit the company in medium to long term.

However, the volatility in profitability, customer concentration risk and high leverage in the form of operating/finance leases continues to offset the strength of the company. Moreover, the liquidity is stretched with high utilisation of the working capital limits, modest cash and bank balance and high lease obligations.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Improvement in the revenue on sustained basis with PAT margin at 3%
- Improvement in capital structure with overall gearing at 2x and TD/GCA at 3.5 times

Negative factors

- Non-renewal of contracts or insufficient contracts impacting the cashflow.
- Deterioration in capital structure with overall gearing above 4 times and TD/GCA above 7x

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 key rating drivers:

Key weaknesses

Volatility in profitability:

GVHL has been incurring losses in past few years due to LD charges levied by its customers and fixed price contract entered into by the company with its clientele. GVHL has booked marginal profit at ₹.1.21 crores in FY24 (FY23: Loss of ₹16.63 crores). However, the company has presently negotiated with its clientele for discontinuance of LD charges clause and addition of price escalation clause in new contracts. This will benefit the company in medium to long term, thereby enhancing the profit growth.

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

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 ~67% as of March 31, 2024. 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.

Continuance of Modest debt metrics and networth:
CARE Edge expects the leverage of the company to remain high in medium to long-term considering the capital-intensive assets. The debt profile of the company majorly comprises of lease liabilities as majority of the helicopters are leased. There is no term loan in the company though. As on March 31, 2024, the overall gearing ratio of the company stood at 3.81x (As on March 31, 2023: 2.85x) and total outside liabilities to networth stood at 6.11x (FY23: 4.54x). The networth of the company stood at ₹125.80 crores in FY24 (FY23: ₹132.09 crores). The net worth of the company continues to remain supported by the quasi equity that remain subordinated to the bank facilities to the extent of ₹.104 crores. The growth in net worth continues to remain restricted by the PAT losses book by the company in past few years.

Key strengths

Improved performance in FY24; Expected to sustain the growth
Given the top position of GVHL is helicopter service industry, increasing demand in the Oil & Gas companies and limited reputed competitors in the industry, CARE Edge expects sustained growth of GVHL in terms of both revenue and operating margin in medium term. Also, with the limited supply in the industry and GVHL's long track record of operations in catering the demand for helicopter services, there is medium term revenue visibility backed by renewal of existing contracts and winning new contracts. The increasing demand for the services has resulted in total fleets of GVHL at 30 as on date.

The company has booked 22% growth in TOI in FY24 with TOI improved at ₹502.74 crores (FY23: ₹411.11 crores) and the operating margin improved to 17.06% (FY23: 10%). In H1FY25, the company's TOI stood at ~₹265 crores and operating margin at 10.44%.

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.

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.

Liquidity: Stretched

The liquidity of GVHL continues to remain stretched as reflected by its maximum average utilisation of fund-based limits at ~91% and non-fund-based limit at ~80% for last twelve months ended October 31, 2024. The cash and balance continue to remain low at ₹3.63 crores (As on March 31, 2024: ₹2.24 crores). Moreover, the liquidity remains stretched with tightly matched gross cash accruals against high lease payments. However, a part of the lease payments is to group company and there is no fixed repayment schedule for the same, hence supporting GVHL's liquidity. The current ratio is low at 0.56 times in FY24.

Applicable criteria

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
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 September 30, 2024, company operates 30 helicopters, out of which only four are owned and rest are on lease.

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)	H1FY25 (UA)
Total operating income	411.12	502.73	264.68
PBILDT	41.42	85.76	27.64
PAT	-16.63	1.21	-10.28
Overall gearing (times)	2.85	3.81	NA
Interest coverage (times)	1.98	2.55	1.65

A: Audited UA: Unaudited NA: Not available; Note: these are latest available financial results

Status of non-cooperation with previous CRA:
Brickwork, vide its press release dated November 12, 2024, has downgraded the credit rating of bank facilities of GVHL under non-cooperation category citing non-availability of information and non-cooperation by GVHL.

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 (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based-LT/ST		-	-	-	10.00	CARE BB+; Stable / CARE A4+
Non-fund-based - ST-Bank Guarantee		-	-	-	40.00	CARE A4+

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 2024-2025	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
1	Fund-based-LT/ST	LT/ST	10.00	CARE BB+; Stable / CARE A4+	-	1)CARE BB+; Stable / CARE A4+ (12-Jan-24)	-	-
2	Non-fund-based - ST-Bank Guarantee	ST	40.00	CARE A4+	-	1)CARE A4+ (12-Jan-24)	-	-

ST: Short 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	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 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 for clarifications.

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