

BUZZING

STOCK

Global Vectra Helicorp Ltd.

CMP – Rs.268

Analyst

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Key Stock Data

Sensex	14356
Nifty	4146
Sector	Aviation
Bloomberg	GVH@IN
Reuters	GLVE.BO
No. of shares (m)	14
Market Cap (Rs m)	3,057
Market Cap (US\$ m)	69.3
52-week H/L	Rs.327/155

Shareholding Pattern (%)

Promoters	75.00
Mutual Funds	9.61
FII's	5.69
Corporate Bodies	0.69
Pubic & Others	9.01

Global Vectra Helicorp Ltd (GVHL), helicopter company serving the oil and gas sector in India, is all set take advantage of increased exploration activity in India. This is on back of NELP VI whereby 24 deepwater and 6 shallow water blocks were offered. GVHL is in an expansion phase whereby it is planning to expand its fleet size to 29 by FY09.

Business overview: The company currently owns 14 Bell 412 helicopters employed to transport crew and cargo to offshore platforms. Exploration companies charter them for a period of 1-3 years for monthly charge plus hourly flying charges. Of the total 14 helicopters, contracts for 9 helicopters provide the company protection against rising Aviation Turbine Fuel (ATF) prices.

Expansion plans: Currently, GVHL has fleet size of 14 Bell 412 helicopters of which 5 are owned and rest are on lease. It has grown from 7 fleet in FY05 to 11 in FY06. The company is expected to increase its fleet size upto 20 in FY07 and still further to 29 in FY09.

Out of total fleet size expected in FY09, 24 will be Bell 412 helicopters and 5 will be EC155B1 helicopters specially utilized in deep water exploration activity. EC155B1 helicopters are technological advanced helicopters provided by Euro copter. GVHL will purchase 2 EC155B1 in FY07.

Alongwith abovementioned expansion plans, the company is planning to set up a hanger at Mumbai's Juhu Aerodome and upgrade 6 Bell 412 helicopters to meet Aviation Standard – 4 (AS-4) requirement.

This increase in fleet size is expected to contribute significantly to the topline. The FY06 revenues did not reflect the effect of increase in fleet size to 11 from 7. Hence, FY07 revenues are expected to witness strong growth on expectation of full year revenues from 11 fleets. Due to ongoing expansion activity, the same trend is expected to continue over next 4 years till FY11.

Funding: The expansion plan till FY07 are expected to cost around Rs.2.4b to be funded by mixture of debt and equity. It has borrowed to the tune of Rs.1.4b with the rest of capex requirement being funded by equity and internal accruals. GVHL raised funds to the tune of Rs.518m through Initial Public Offering (IPO) in FY06.

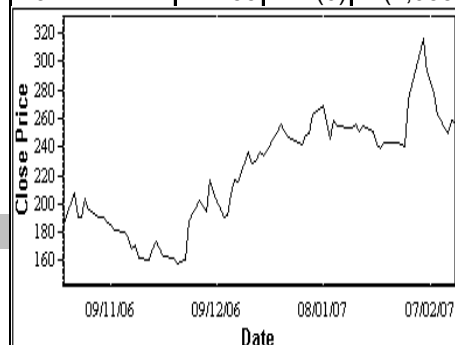
Strong Clientele: The main clients for GVHL include ONGC, Reliance, GSPC, Transocean and British Gas Exploration & Production India Ltd. The contract with oil and gas major is for monthly charge of \$90,000 and hourly charge of \$520.

Client	Service	Region	Tenure	No. of Helicopters
Indian and Major	Oil Gas Air Logistics support for crew/personnel and essential cargo to and from offshore	Mumbai High	Ends May 2006	Four helicopters
	Air Logistics support for crew/personnel and essential cargo to and from offshore	Mumbai High	Three years and renewable for 1 year (from May, 2006)	Nine helicopters of which four are in operation with the Indian oil and gas major and the balance five are being mobilised from outside India.
Reliance Industries Limited	Air Logistics support for crew/personnel and essential cargo to and from offshore	West Coast	One year and extensions (from Jan 2006)	1
GSPC	Air Logistics support for crew/personnel and essential cargo to and from offshore	Vishakapatnam	Two and extensions (Expiry July, 2007)	1
Transocean	Integrated services for an Indian oil and gas major	Mumbai High & East coast	Two years (from July, 2005)	Two (However only one helicopter has been requested for)
BGEIPL	Air Logistics support for crew/personnel and essential cargo to and from offshore	Mumbai High	Two years extendable for one year (from July, 2005)	Two

Valuations: In FY06, GVHL's revenues at Rs.895m were up by 73% YoY. Increased EBIDTA margins lead to turnaround with the company posting profit of Rs.64m compared to loss of Rs.4m in FY05. In Q3FY07, the company reported excellent set of numbers. Revenue stood at Rs.402m. The company reported strong EBIDTA at 48% leading to PAT at Rs.53m. The current market price discounts the Q3FY07 annualized EPS of 15.1 by 17.7x.

Financial Snapshot

Global Vectra Helicorp Limited							Rs.m		Ratios (%)		
Financial Year End: March	Q3 FY06	Q3 FY05	Chg. (%)	FY06	FY05	Chg. (%)		FY06	FY05	Chg.(%)	
Net Sales	402	-	-	895	517	73	Debt -Equity	7.8	2.4	228	
Other Income	5	-	-	3	7	(56)	PBIDTM	50.5	4.7	974	
Total Income	407	-	-	898	524	71	PBDTM	25	1	1,713	
Total Expenditure	210	-	-	481	500	(4)	RoCE	29	4	600	
PBIDT	197	-	-	417	24	1,616	RoNW	55	(6)	(1,053)	
Interest	80	-	-	230	17	1,234					
PBDT	116	-	-	188	7	2,541					
Depreciation	38	-	-	92	14	558					
Tax	7	-	-	8	3	142					
Reported Profit After Tax	53	-	-	64	(4)	1,584					
Extra -ordinary Items	-	-	-	(3)	-	-					
Adj. Profit After Extra-ordinary	53	-	-	67	(4)	1,649					
No. of shares (m)	140			112	80						
EPS (annualised.) (Rs.)	15.1			5.7	-						
P/E	17.7										



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