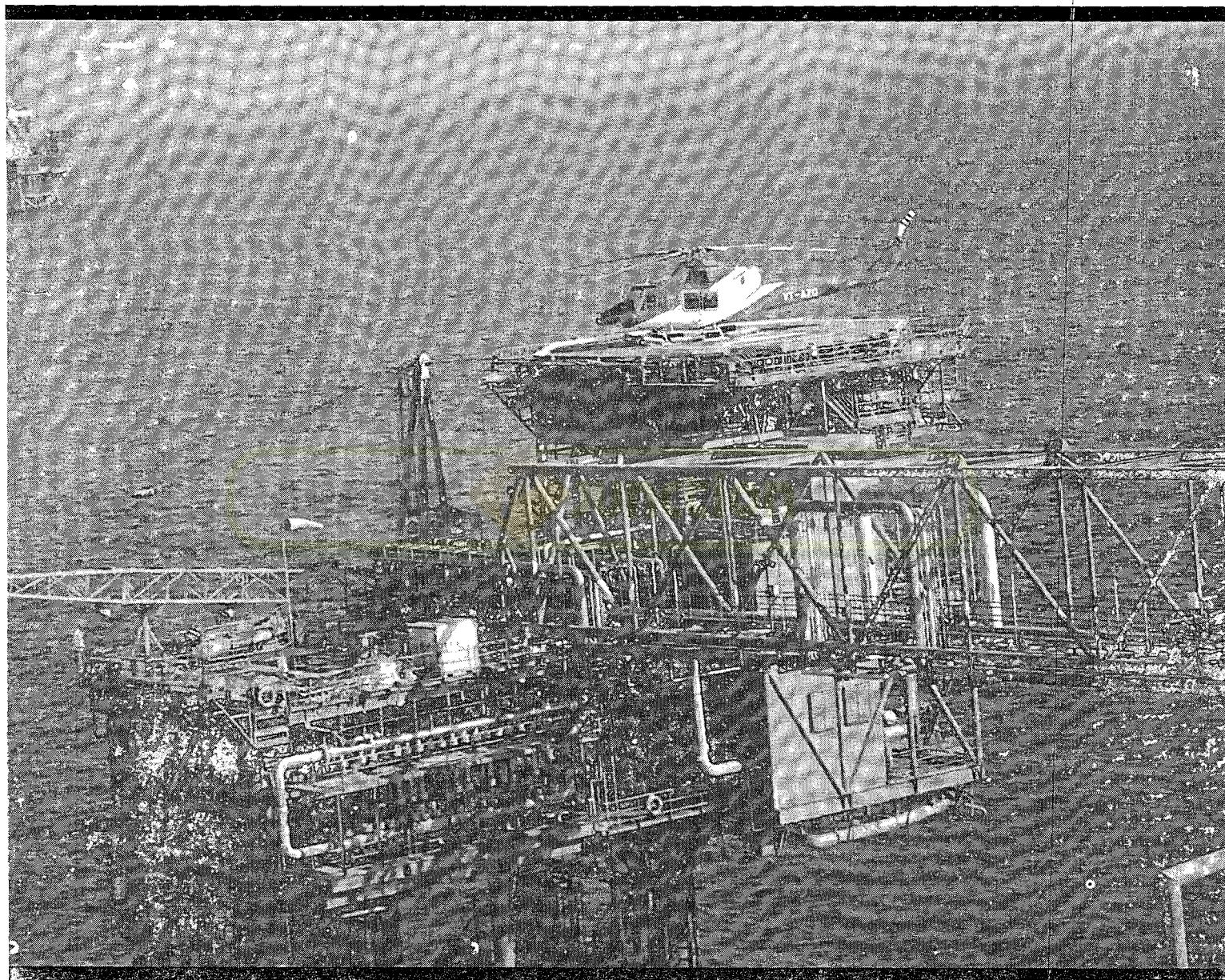


**Global** VEETIA  
**helicorp**  
LLC



**9th Annual Report 2006-2007**



**BOARD OF DIRECTORS**

Lt.Gen.(Retd.) SJS Saighal  
(Chairman)

Mr. Ravinder Kumar Rishi  
(Non-Executive Director)

Mr. P. Rajkumar Menon  
(Whole-time Director)

Mr. Siddharth Om Prakash Verma  
(Whole-time Director)

Mr. R.S.S.L.N. Bhaskarudu  
(Independent Director)

Dr. Gautam Sen  
(Independent Director)

Maj.Gen.(Retd.) Gurdial Singh Hundal  
(Independent Director)

Dr. Chandrathil Gouri Krishnadas Nair  
(Independent Director)

**COMPANY SECRETARY**

Mr.Raakesh D.Soni

**AUDITORS**

BSR & Co.

Chartered Accountants

**BANKERS**

ABN Amro Bank N.V.

UTI Bank Limited

Standard Chartered Bank

**REGISTERED OFFICE**

A-54, Kailash Colony,

New Delhi – 110 048

Tel. No.:-91-11-2923 5035

Fax No.:-91-11-2923 5033

**CORPORATE OFFICE**

B-314, 3<sup>rd</sup> Floor, Sunder Villa,

19-S.V.Road, Santacruz (West),

Mumbai – 400 054

Tel. No.:-91-22-26611293

Fax No.:-91-22-26611282

**REGISTRAR & TRANSFER AGENTS**

Intime Spectrum Registry Limited

C-13, Pannalal Silk Mills Compound,

L.B.S. Marg, Bhandup (W), Mumbai – 400 078

Tel No.:-91-22-2596 3838

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**NOTICE**

The Ninth ANNUAL GENERAL MEETING of the Global Vectra Helicorp Limited will be held on the Wednesday, 25<sup>th</sup> day of July, 2007 at 4.00 p. m. at Regency Hall, Lower Lobby Level, Inter Continental The Grand New Delhi, Barakhamba Avenue, Connaught Place, New Delhi-110 001, India to transact the following business:

**ORDINARY BUSINESS:**

1. To receive, consider and adopt the Audited Profit and Loss Account for the year ended 31<sup>st</sup> March, 2007 and the Balance Sheet as at that date together with the Report of the Directors and the Auditors thereon.
2. To appoint a Director in place of Dr. Gautam Sen, who retires by rotation and is eligible for re-appointment.
3. To appoint a Director in place of Mr. R.S.S.L.N. Bhaskarudu, who retires by rotation and is eligible for re-appointment.
4. To appoint Auditors & fix their Remuneration.

**SPECIAL BUSINESS:**

5. To consider and if thought fit, to pass, with or without modifications, the following resolution as a Special Resolution:

**"RESOLVED THAT** in accordance with the provisions of Section 81 and other applicable provisions, if any, of the Companies Act, 1956 [the "Act" references to which includes any statutory modification(s), amendment(s) or reenactment (s) thereof], and in accordance with the provisions of the Memorandum of Association and Articles of Association of the Company, the Listing Agreements entered into by the Company with the Stock Exchanges where the Company's shares are listed and subject to the approvals of the Government of India and Reserve Bank of India, where necessary, and subject to the Regulations / guidelines, if any, prescribed by the Securities and Exchange Board of India ("SEBI") or any other relevant authority from time to time to the extent applicable, and subject to such consents and such other approvals, permissions and sanctions as may be considered necessary by the Board of Directors of the Company (hereafter referred to as the "Board", which term shall be deemed to include a duly authorized committee thereof, for the time being exercising the powers conferred by the Board) and subject to such conditions or modifications as may be prescribed by any of them in granting any such approvals, permissions and sanctions and which may be agreed by the Board, the consent of the members be and is hereby accorded to the Board to offer,

issue and allot (including with provision for reservation on firm and/or competitive basis of such part of issue and for such categories of persons as may be permitted) in the course of one or more domestic/ international offerings to all eligible investors including Domestic/Foreign Institutions, Non-Resident Indians, Corporate Bodies, Mutual Funds, Banks, Insurance Companies, Pension Funds, individuals and/or trustees and/or stabilization agents or otherwise, whether Members of the Company or not, through a public issue and/ or on a private placement basis, Ordinary Shares, debentures whether partly/fully convertible, and/or securities linked to Ordinary Shares and/or foreign currency convertible bonds convertible into Equity shares or depository receipts and/or securities convertible into equity shares at the option of the Company and/or the holder of such securities and/ or equity shares through depository receipts and/or bonds with Share Warrants, attached (hereinafter collectively referred to as "Securities"), through prospectus and/ or offer letter and/or circular basis so however that the total amount raised through the aforesaid Securities do not exceed US \$ 15 Million (US \$ Fifteen Million) including green shoe option if any, such issue and allotment to be made at such time or times, in one or more tranches, at such price or prices, including the face value, amount of premium, rate of interest, redemption period, manner of redemption, amount of premium on redemption, number of equity shares to be allotted on redemption/ conversion etc. provided that the price of the equity shares so issued on conversion shall not be less than Rs.247/- (including premium of Rs. 237/-) per equity shares of Rs.10/- each being the price prescribed under the Foreign Convertible Bonds and Ordinary Shares (Through Depository Receipt Mechanism) (Amendment) Scheme, 2005 and in such manner and where necessary in consultation with the Lead Managers and/or Underwriters and/or Stabilization Agents and/or other Advisors or otherwise, on such terms and conditions as the Board, may, in its absolute discretion decide at the time of issue of Securities with a right to the Board to retain for additional allotment such amount of subscription of the offer as the Board may deem fit.

**RESOLVED FURTHER THAT** in the event of an issue of Securities convertible into Equity Shares, the consent of the Members be and is hereby accorded to the Board to offer, issue and allot such number of Equity Shares as may be required to be issued and allotted upon conversion of any Securities referred to above or as may be necessary in accordance with the terms of the offer, all such shares ranking pari passu inter se with the then existing Equity

Shares of the Company in all respects AND THAT the consent of the members be and is hereby also accorded to the Board for listing of the said convertible securities and/or equity shares arising out of such securities.

**RESOLVED FURTHER THAT** for the purpose of giving effect to this resolution, the Board be and is hereby authorised to do all such acts, deeds, matters and things as it may in its absolute discretion deem necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in regard to the offer/issue, allotment and utilization of the proceeds and further to do all such acts, deeds, matters and things and to finalise and execute all documents and writings as may be necessary, proper, desirable or expedient as it may deem fit and to give such directions and/or instructions as it may from time to time decide and to accept and give effect to such modifications, changes, variations, alterations, deletions, additions as regards the terms and conditions, including the premium to be charged on the Securities, to vary the size of the issue, listing of securities issued by the Company and/or equity shares arising out of such securities, lead managers, banks or other authorities or agencies concerned or as the Board may suo moto decide in its absolute discretion in the best interest of the Company without requiring any further approval of the members and to do all such acts, deeds, matters to do things whatsoever, including settling any question, doubt or difficulty that may arise with regard to or in relation to raising of resources as authorised herein, and that all or any of the powers conferred on the Board vide this resolution may exercised by the Board."

**For and on behalf of the board**

**RAAKESH D.SONI**  
Company Secretary

Place:- Mumbai  
Date:- 27<sup>th</sup> June, 2007  
Registered Office  
A-54, Kailash Colony  
New Delhi – 110 048

**NOTES:**

- (a) **A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXIES TO BE EFFECTIVE, SHOULD BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LATER THAN 48 HOURS BEFORE THE**

**COMMENCEMENT OF THE MEETING.**

- (b) The Explanatory Statement pursuant to section 173 of the Companies Act, 1956, is given below and forms part of the Notice.
- (c) M/s. Intime Spectrum Registry Limited (Intime), C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (West), Mumbai – 400 078, is the Registrar and Share Transfer Agent for physical shares of the Company. Intime is also the depository interface of the Company with the both NSDL and CDSL.
- However, keeping in view the convenience of shareholders, documents relating to shares will continue to be received by the Company at Corporate Office of the Company at B-314, 3<sup>rd</sup> Floor, Sunder Villa, Santacruz (West), Mumbai – 400056 (Maharashtra), Tel No. 91-22-2661 1293, Registered Office at A-54, Kailash Colony, New Delhi – 110 048, Tel No. 91-11-2923 5035 ; e-mail address: [raakesh@gvhl.net](mailto:raakesh@gvhl.net).
- (d) The Register of Members and Share Transfer Books of Company will remain closed from Thursday, 19<sup>th</sup> July, 2007 to Wednesday, 25<sup>th</sup> July, 2007 (both days inclusive) in connection with the Annual General Meeting.
- (e) Members / proxies should bring the attendance slips duly filled in and signed for attending the meeting.

**EXPLANATORY STATEMENT PURSUANT TO SECTION 173 OF THE COMPANIES ACT, 1956.**

**ITEM NO.5**

This resolution relates to the proposal by the Company to issue / offer Equity Shares / other equity related instrument like Convertible Bonds / Foreign Currency Convertible Bonds / Depository Receipts including green shoe option, if any , in the course of domestic / international offering , in the aggregate amount of approximately USD 15 Million.

The purpose of the issue is to meet the funding requirements for the Fleet Expansion plans of the Company for the current year. The Company would need to raise approximately USD 15 Million in order to meet its obligation.

The detailed terms and conditions for the offer will be determined in consultation with the Advisors, lead managers and Underwriters and such other authority or authorities as may be required to be consulted by the Company considering the prevailing market conditions and other relevant factors.

The Department of Economic Affairs, Ministry of Finance, Government of India has amended the Foreign Convertible Bonds and Ordinary shares (Through Depository Receipt Mechanism) Scheme, 1993 vide its notification dated August 31, 2005. As per Foreign Convertible Bonds and Ordinary shares (Through

Depository Receipt Mechanism) (Amendment) Scheme, 2005, the pricing of the Foreign Convertible Bonds and ordinary Shares (Through Depository Receipt Mechanism) shall not be less than the higher of the following two averages –

1. The average weekly high and low of the closing prices of the related shares quoted on the stock exchange during the six months preceding the relevant date;  
AND
2. The average weekly high and low of the closing prices of the related shares quoted on the stock exchange during the two weeks preceding the relevant date.

(Relevant date is the date 30 days prior to the date on which the meeting of the shareholders is held, in terms of section 81 (1A) of the Companies Act, 1956 to consider the proposed issue).

The price Rs. 247 / - per equity shares of Rs. 10/- each stated in the resolution has been computed with respect to the Relevant date June 24, 2007 in accordance with the aforesaid notification.

The pricing of the international issue will be free market pricing and may be at a premium or discount to market price in accordance with international practice provided such price shall not be less than Rs. 247/- per equity shares of Rs.10/- each.

Since the pricing of the offering cannot be decided except at a later stage, it is not possible to state the price or the exact number of securities or shares to be issued. For the reasons aforesaid, an enabling resolution is being passed to give adequate flexibilities and discretion to the board to finalise the terms.

The Special Resolution seeks to give the Board powers to issue Securities in such tranche or tranches at such time or times, at such price or prices and to such persons including institution and / or incorporated bodies and / or individuals or otherwise as the board may, in its absolute discretion, deem fit.

The consent of the shareholders is being sought pursuant to the provisions of Section 81 (1A) and other applicable provisions of the Companies Act, 1956 and in terms of the provisions of the listing Agreements entered into by the Company with the various stock exchanges in India where the Company's securities are listed.

Under Section 81 (1A) of the Companies Act, 1956, shareholders approval by a special resolution is required for issue of shares to persons other than existing shareholders of the Company. Since issue of Depository Receipts, Convertible Bonds, and Convertible Securities representing underlying

Equity shares under the above resolution involves issue of Equity shares to persons other than existing shareholders, special resolution in terms of section 81 (1A) is proposed for your approval.

Similarly, the Listing Agreement referred to above provides, inter alia, that the Company in the first instance, should offer all securities to be issued by the Company for subscription pro-rata to the existing equity shareholders unless the shareholders in general Meeting decide otherwise.

The said Special Resolution, if passed, shall have the effect of allowing the Board on behalf of the Company to issue and allot the Securities otherwise than on a pro-rata basis with the existing Equity Shares of the Company.

The ordinary shares, if any, allotted on issue, conversion of securities shall rank in all respects pari passu with the existing Equity Shares of the Company.

The Board of Directors believes that such issues are in the interest of the Company and therefore recommends the resolution for your approval.

None of the Directors of the Company are, in any way, concerned or interested in this resolution.

**For and on behalf of the board**

**RAAKESH D.SONI**  
Company Secretary

Place:- Mumbai  
Date:- 27<sup>th</sup> June, 2007  
Registered Office

A-54, Kailash Colony  
New Delhi – 110 048

Brief Resume and other information in respect of Non-Executive Directors seeking re-appointment at the Annual General Meeting:

**Dr. Gautam Sen**

Dr. Gautam Sen aged about 53 years holds a B.Sc. (Econ.) International Relations, LSE University of London and Ph. D. degree jointly in the Departments of International Relations and Economics, LSE. He has had an extensive career in academics. He has been the Director of the Gandhi-Einstein Foundation since 2004. He has been a principal lecturer since 1992 at the LSE summer school course on Development of the International Political Economy. He has been a lecturer at various universities throughout his career. He was an informal adviser to the Government of India (Prime Minister, Law Commission and Ministry of External Affairs) on issues of economic liberalisation and relations with Nepal.

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He is a member of the following committees of the Board of Directors of the Company:

1. Audit Committee - Member
2. Remuneration Committee - Chairman

He is not a Director and member of Committees of the Board of any other Company.

He does not hold any shares of the Company.

Nature of expertise in specific functional area - Economist

**Mr. R.S.S.L.N. Bhaskarudu**

Mr. Bhaskarudu aged about 66 years holds a B.E. (Electrical) degree from the college of Engineering, Kakinada, Andhra University. His prior work experience from 1961 to 2005 is in the area of electrical engineering and management in various companies. From 1961 to 1962 he worked as an executive engineer in the Andhra Pradesh State Electric Board. He has also obtained specialized training in technologies such as large size turbo generators, steam turbine manufacturing technology.

He is a member of the following committees of the Board of Directors of the Company:

1. Audit Committee - Chairman
2. Shareholders'/Investors' Grievance Committee - Member

He is a Director and member of Committees of the Board of the following other companies:

**Directorship**

1. Haryana Aban Power Company Limited – Chairman
2. Countrywide Power Transmission Limited – Chairman
3. GMR Infrastructure Limited
4. GMR Hyderabad International Airport Limited
5. Rashtriya Ispat Nigam Limited

**Members of Committees of the Board**

1. Rashtriya Ispat Nigam Limited  
- Audit Committee

He does not hold any shares of the Company.

Nature of expertise in specific functional area – Production, Project, Finance, Personnel and HR Management



## DIRECTORS' REPORT

The Directors take pleasure in presenting the Ninth Annual Report of the Company and audited accounts of the Company for the year ended 31<sup>st</sup> March, 2007.

### FINANCIAL PERFORMANCE

| Particulars   | Year ended 31 <sup>st</sup> March, 2007 | Year ended 31 <sup>st</sup> March, 2006 |
|---|---|---|
| Gross Income from operations  | 14978.54                                | 8986.95                                 |
| Profit before interest, depreciation, amortisation of expenses, exceptional items and Tax | 6707.13                                 | 4558.17                                 |
| Less : Interest   | 3249.09                                 | 2294.63                                 |
| Less : Depreciation ( Net )   | 1570.86                                 | 921.07                                  |
| Less : Amortisation of expenses   | 0.00                                    | 346.52                                  |
| Less : Exceptional items  | 0.00                                    | 41.56                                   |
| Profit before tax   | 1887.18                                 | 954.39                                  |
| Less : Provision for taxation   | 637.49                                  | 316.17                                  |
| Profit after tax  | 1249.69                                 | 638.22                                  |
| Balance of Profit for earlier years   | 692.47                                  | 54.25                                   |
| Balance carried forward to Balance Sheet  | 1942.16                                 | 692.47                                  |

### OPERATION REVIEW:

During the year under review, the Gross Income of the Company has gone up by 66.67% from Rs.8986.95 Lacs to Rs.14978.54 Lacs. The Profit before tax (PBT) has increased by 97.74% from Rs.954.39 Lacs to Rs.1887.18 Lacs. The Profit after tax (PAT) has increased by 95.81% from Rs.638.22 Lacs to Rs.1249.69 Lacs.

### DIVIDEND:

With view to augment resources for expansion activities, your Directors do not recommend any dividend for the year.

### CHANGE IN CAPITAL STRUCTURE

During the year Company has come out with Public Issue of 35,00,000 Equity Shares of Rs.10/- each for cash at a price of Rs.185/- per equity shares including a share premium of Rs.175/- per equity shares aggregating Rs.6475 Lacs comprising a fresh issue of 28,00,000 Equity Shares of Rs.10/- each by the Company and offer for sale by Azal Azerbaijan Aviation Limited of 7,00,000 equity shares of Rs.10/- each. The issue was open between September 29, 2006 to October 6, 2006. It was oversubscribed by 3.53 times and shares were allotted on 19<sup>th</sup> October, 2006. Company has raised Rs. 5180 Lacs through IPO consequently, the issued, subscribed and paid-up share capital of the Company stands increased to 1,40,00,000 at a face value of Rs.14,00,00,000/-.

### DIRECTORS

In accordance with the provisions of the Companies Act, 1956, Dr. Gautam Sen and Mr. R.S.S.L.N. Bhaskarudu retire by rotation in the forthcoming Annual General Meeting. All of them, being eligible offer themselves for re-appointment.

Mr. Ambrish Thakker resigned as a Director of the Company w.e.f. 7<sup>th</sup> June, 2006. Mr. Thakker has been providing valuable guidance to the Company. The Board of Directors wish to place on record their sincere appreciation for valuable contribution made during his tenure of the office.

### DIRECTORS RESPONSIBILITY STATEMENT

Pursuant to the provisions of Section 217(2AA) of the Companies Act, 1956, the Board hereby certifies and confirm that:

- 1) in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- 2) the directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affair of your Company at the end of the financial year and of the profit of your Company for the year under review;
- 3) the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provision of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- 4) the directors have prepared the annual accounts on a going concern basis.

### MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Management Discussion and Analysis Report, as required under the Listing Agreements with the Stock Exchanges, is enclosed at Annexure-A.

**PARTICULARS OF EMPLOYEES**

As required under the provisions of The Companies (Particulars of Employees) Rules, 1975 read with Section 217 (2A) of the Companies Act, 1956, the names and other particulars of employees receiving remuneration above the prescribed threshold are set out in the Annexure –B appended to this report.

**AUDITORS**

M/s. BSR & Co., Chartered Accountants, retire as auditors of the Company and have given their consent for re-appointment. The Shareholders will be required to elect auditors for the current year and fix their remuneration.

As required under the provisions of Section 224 of the Companies Act, 1956, the Company has obtained a written certificate from the above auditors proposed to be re-appointed to the effect that their re-appointment, if made, would be in conformity with the limits specified in the said Section.

The observations of the Auditors in their report read with the relevant to accounts are self explanatory and further explanation has been given under Remarks of the Auditors.

**FIXED DEPOSITS**

The Company has not accepted any Fixed Deposits either from any member, director or public.

**INSURANCE**

The Helicopters and insurable interest of your Company like Building, Plant and Machinery, Stocks etc., are properly insured.

**CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION**

In view of the nature of activities which are being carried out by the Company, Rules 2A and 2B of the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, concerning conservation of energy and technology absorption respectively are not applicable to the Company.

**FOREIGN EXCHANGE EARNING AND OUTGO**

The Company earned Rs. 37,54,01,445/- (previous year Rs.3,00,79,966/-) in foreign exchange during the year. The foreign exchange outgoes amount to Rs. 58,05,83,267/- ( previous year Rs. 38,45,33,847/-).

**CORPORATE GOVERNANCE**

Your Company has complied with the provisions of Clause 49 of the Listing Agreement. A Certificate from the Practising Company Secretary regarding compliance of Corporate Governance as stipulated in Clause 49 of the Listing Agreement forms a part of this Annual Report.

**REMARKS OF THE AUDITORS**

Reference is drawn to Clause no.(f) of the Auditors' Report and Clause 17.7 of the Notes to the financial statements. One of our customer has retained this amount from our payments as per the contract for some delay in implementing AS-4 on our Helicopters. This is an issue affecting our industry because implementation of AS-4 was for the first time in India and we are the first to implement the same. Directorate General of Civil Aviation has also written to this customer showing concerns for retention of such money from our payments. We have already been discussing this matter with the customer and we are fairly sure to receive this amount. Our customer has assured us that they are taking all steps to resolve the issue in our favour.

Reference is drawn to Clause no.(ix)(a) of the Annexure to the Auditors' Report regarding delay in depositing statutory dues pertaining to Income Tax & Cess, Provident Fund & Profession Tax. In this regard, it may be noted that the Company has already began making payment of the balance outstanding towards Income Tax & Cess, Provident Fund & Profession Tax and are taking necessary steps to streamline the entire process for making timely payment of the same in the future period.

**ACKNOWLEDGEMENTS**

Your Directors thank the Company's clients, vendors, investors and bankers for their continued support during the year. Your Directors place on record their appreciation of the contribution made by employees at all levels. Your Company's consistent growth was made possible by their hard work, solidarity and support. Your directors also thank the Governments of Maharashtra, Delhi, Andhra Pradesh and Orissa for the patronage extended to your Company in mobilising various forward bases. Your Directors look forward to their continued support in the future.

For and on behalf of the Board

Lt. Gen. (Retd.) SJS Saighal  
Chairman

Siddharth Om Prakash Verma  
Whole-Time Director

Place: Mumbai

Date: 27<sup>th</sup> June, 2007



## ANNEXURE -A

**MANAGEMENT DISCUSSION & ANALYSIS REPORT****OVERVIEW –**

Global Vectra Helicorp Ltd (GVHL) is the country's largest offshore air-logistics company serving the Oil & Gas (O&G) Exploration and Production (E&P) sector in India. The company's total fleet size was eleven helicopters as on 31<sup>st</sup> March, 2006 and increased to eighteen helicopters as on 31<sup>st</sup> March, 2007. There are a total of 225 highly motivated employees working for GVHL ensuring a smooth and professional functioning of the company's operations. The company's primary business as an airlogistics company is transportation of personnel and cargo to offshore locations across the east and west coastlines of the Indian sub-continent. The company's main base is located at Juhu, Mumbai and the forward bases are located at Bhubanehswar, Vishakhapatnam, Rajamundry and Pondicherry. The company is in the process of opening some more bases towards the south to cater for the expanding operations of its clients.

**Industry Structure & Developments –**

Oil is the engine driver for economic progress world over and India is no exception to this. It is also a well known fact that helicopter services and offshore exploration activity go hand-in-hand. Infact, the prospects of the offshore helicopter industry in any geographical region is directly connected with the scale and momentum of the local offshore exploration activity. This in turn is a factor of the demand for oil, which in the case of a developing economy like India, is extremely high and is poised to grow from the year 2004 levels of 115 MTs to 377 MTs by year 2020 (source: Rotor India, March'07)

Inspite of the growing need, India remains one of the least explored regions in the world with a well density of 20 per 10000 Km<sup>2</sup>. Of the 26 sedimentary basins, only 15 are under various degress of exploration which amounts to only 18% acreage explored so far. The heartening fact from the helicopter industry's point of view is that 85% of India's Oil & Gas is located offshore. And this is where the growth is likely to come from for the offshore helicopter industry.

**The Helicopter Scenario -**

There are more than 25,000 civil registered helicopters in the world. Of these, more than 10,000 are operating in the USA. Compared to these numbers, India's share is quite small with only 185 (appx) civil registered helicopters in India, of which about 120 are working in the Non-Scheduled segment. In the Non-Scheduled segment, about 38 helicopters are working for the offshore E&P industry, which accounting for 32% of the Non-Scheduled helicopter fleet in India. The helicopters are spread on the east and west

coast as they are serving the E&P efforts on both sides of the Indian subcontinent. ONGC remains the largest offshore helicopter services user in India.

The charter-hired fleet breakup of some of the major E&P and allied companies in India is somewhat as follows:

| Sr. No. | User             | Helicopter Nos. |
|---------|------------------|-----------------|
| 1       | ONGC             | 23              |
| 2       | RIL              | 03              |
| 3.      | British Gas      | 02              |
| 4.      | Cairn Energy     | 02              |
| 5.      | Transocean       | 02              |
| 6.      | GSPC             | 01              |
| 7.      | Dolphin Drilling | 01              |
| 8.      | Hindustan Oil    | 01              |
| 9.      | GAIL             | 01              |
| 10.     | CGG              | 01              |
| 11.     | Western Geco     | 01              |

Of the total fleet of offshore helicopters in India, about 75% are operating in the west coast and the balance in the east coast. This is because Mumbai High still remains the largest producing field in India. As on date, ONGC, British Gas, Cairn Energy and Reliance Industries are either exploring and/or producing in the west coast. While in the east coast, there is ONGC, Gujarat State Petroleum Corporation, Reliance Industries Ltd, Cairn Energy, GAIL, HOEC, Dolphin Drilling, Transocean t etc along with some other companies involved in the E&P and allied activity accounting for the balance 25% of the offshore helicopter population.

**New Developments –**

1. To compensate for the galloping demand for energy in the country, the Govt. of India launched the New Exploration & Licensing Policy (NELP) in 1997-98. The idea behind this policy was to provide a fillip to the local E&P activity by offering a level playing field in which all parties could compete for exploration acreage.

Buoyed by freedom and opportunity offered by the NELP, many new entrants became interested in India's exploration regions. A total of six rounds of bidding have taken place which has offered 163 blocks so far.

The fact that the NELP has been a success can amply be demonstrated by the following facts:

- i. Currently, about 8% of the total recoverable oil reserves of about 4800 million barrels (MMBLS) and 22% of the total recoverable gas reserves of about 22 trillion cubic feet (TCF) are owned by the private sector
- ii. In the last 4 years, Pvt/JV companies have made 32 significant hydrocarbon discoveries, both in the NELP and Pre-NELP blocks. These discoveries were made in five major areas: Mahanadi – NEC offshore, Krishna-Godavari offshore, Gulf of Cambay, onland Rajasthan and Cambay Basins

As a direct result of all these major finds in the east coast, the growth in E&P activity is perceptibly coming from the east coast. This has resulted in an increased helicopter deployment in the east coast and this in turn explains the rising numbers in offshore helicopter in this region. Infact, there is a view that the Krishna-Godavari region is likely to rival Mumbai High region in O&G recovery in times to come thereby tilting the quantum of helicopter deployment in favour of the east coast. This implies that the offshore helicopter numbers in India could grow significantly by year 2010 with large portion of demand coming from the east coast activity.

The company is looking to meet the increasing helicopter demand which is stemming from the growing rig numbers in the country. As more and more rigs join the Indian shores, the offshore helicopter numbers will have to grow to meet the increasing air-transportation needs of crew and cargo. Most of the oil majors have laid out ambitious plans for mobilizing additional rigs to meet their Minimum Works Program (MWP) submitted by them towards their NELP bids.

In March, 2007 the following major rig companies were working in India:

| Sr. No.      | Rig Owner      | Jack-Ups  | Drill Ships | Total     |
|--------------|----------------|-----------|-------------|-----------|
| 1            | ONGC           | 8         | 2           | 10        |
| 2            | Aban Loyd      | 5         | 1           | 6         |
| 3            | GE Shipping    | 1         | 1           | 2         |
| 4            | Jagson Intl.   | 1         | -           | 1         |
| 5            | Noble Drilling | 2         | -           | 2         |
| 6            | ENSCO          | 2         | -           | 2         |
| 7            | Saipem         | 1         | -           | 1         |
| 8            | Pride Foramer  | 1         | -           | 1         |
| 9            | Transocean     | 7         | 3           | 10        |
| 10           | Dolphin AS     | -         | 1           | 1         |
| <b>Total</b> |                | <b>28</b> | <b>8</b>    | <b>36</b> |

(The actual numbers may vary a bit from the ones indicated above)

Apart from the above, many more rigs have been lined up by the E&P sector in the next 12 months to 36 months. Once these join their fleets, a strong growth in offshore helicopter numbers is expected.

## OUTLOOK ON OPPORTUNITIES

### 1. Increasing Acreage Under Exploration :

85% of the energy reserves are in the offshore (Source: DGH, GOI) as a result of which there is a wealth of opportunity opening up for the offshore helicopter services in India. With only 18% of India's acreage under exploration, there is a vast potential for the E&P industry to take off in India.

### 2. Additional Rigs:

With 38 odd rigs in operation, a total of 38 helicopters are in use in offshore. The oil companies have lined up a number of rigs to be mobilized into the country over the next few months. This will surely add to the helicopter numbers. Emerging Market (Krishna-Godavari Basin): The east coast, specifically the KG Basin is a strong emerging market for helicopter operations due to the major gas finds by Reliance Industries Ltd and Gujarat State Petroleum Corporation Ltd. With production slated to begin in 2008-2009 for RIL and GSPC, the situation is well set for a leap in helicopter numbers in the east coast.

### 3. Entry of new International E&P players: Round six of NELP attracted 162 bids for a total of 52 blocks. As many as 35 foreign firms participated in this round. All this interest from international firms will attract new helicopter business thereby augmenting offshore helicopter numbers in India.

### 4. Small field development: With 'easy' oil becoming less and less probable, the E&P industry is looking at meeting the demand of energy by developing even marginal fields for any recovery these might hold.

### 5. EOR Plan: Existing E&P players are investing heavily towards Enhanced Oil Recovery (EOR) plans. This will go in favour of more intensive helicopter utilization if not enhanced numbers.

### 6. GOI's vision of complete Exploration Coverage by 2025: The Govt. of India's vision of full exploration coverage of India's sedimentary basis by 2025 will bring in its wake high helicopter numbers for offshore support. The NELP is the path chosen by the Govt. to attain the vision and the increasing helicopter numbers are obviously - upside of this exercise.

## OUTLOOK ON THREATS, RISK AND CONCERNS –

### 1. Shortage of Equipment & Manpower:

With the worldwide exploration activity peaking once again, there is a shortage of rigs in the international market. This is mostly due to the fact that very few rigs were built in the past two decades when oil prices were low and also a result of the damage caused by hurricane Rita and Katrina damaged rigs operating in the Gulf of Mexico thereby worsening the situation.

### 2. Increasing Manpower Costs:

Following the unprecedented boom in aviation, the availability of qualified and experienced pilots and engineers is becoming tight. This has led to an increase in salaries across the spectrum thereby