

13th ANNUAL REPORT – 2010-2011



"GVHL, a large and diverse fleet meeting each mission"



BOARD OF DIRECTORS

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

Mr. Ravinder Kumar Rishi
(Non-Executive Director)

Mr. P. Raj Kumar Menon
(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

B S R & Co.
Chartered Accountants

BANKERS

The Royal Bank of Scotland N.V.

Axis Bank Limited

Standard Chartered Bank

HDFC Bank Limited

REGISTERED OFFICE

A-54, Kailash Colony,
New Delhi – 110 048
Tel. No.:-91-11-2923 5035
Fax No.:-91-11-2923 5033

CORPORATE OFFICE

Hanger No. C-He / Hf,
Airports Authority of India,
Civil Aerodrome, Juhu,
Mumbai – 400 054
Tel. No.:-91-22-6140 9200
Fax No.:-91-22-6140 9253

REGISTRAR & TRANSFER AGENTS

Link Intime India Private 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 Thirteen ANNUAL GENERAL MEETING of the Global Vectra Helicorp Limited will be held on the Friday, 23rd day of September, 2011 at 1.30 p. m. at ISKON Temple, Complex Hare Krishna Hill, Sant Nagar Main Road, East of Kailash, New Delhi – 110 065, India, to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Profit and Loss Account for the year ended 31st March, 2011 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 partial modification of the Resolution passed at the 10th Annual General Meeting held on 25th September, 2008, at the 11th Annual General Meeting held on 29th September, 2009 and at the 12th Annual General Meeting held on 16th September, 2010 and in accordance with the provision of the sections 198, 269, 309, 310 and read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactments thereof, for the time being in force) in the event of loss or inadequacy of profits in any financial year of the Company during the term of office of Mr. P. Raj Kumar Menon as a Whole-time Director of the Company, the remuneration, perquisites / benefits set out in the Agreement dated 1st September 2007 and 1st September 2009 be paid or granted to Mr. P. Raj Kumar Menon as the minimum remuneration and in case of payment of excess remuneration to Mr. P. Raj Kumar Menon be waived, the details of which is as under:-

For the period 01-09-2007 to 31-03-2008	Rs. 18,69,463
For the period 01-04-2008 to 31-03-2009	Rs. 21,07,986
For the period 01-04-2009 to 31-03-2010	Rs. 19,41,011
For the period 01-04-2010 to 31-03-2011	Rs. 11,63,798

notwithstanding the fact that such remuneration is in excess of the statutory ceiling specified in this regard as in force and amended from time to time and necessary approval of the Central Government will be obtained as may be required, to make up the shortfalls if any, without any further reference to / approval of the General Meeting.”

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

“RESOLVED THAT in partial modification of the Resolution passed at the 10th Annual General Meeting held on 25th September, 2008, at the 11th Annual General Meeting held on 29th September, 2009 and at 12th Annual General Meeting held on 16th September, 2010 and in accordance with the provision of the sections 198, 269, 309, 310 and read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactments thereof, for the time being in force) in the event of loss or inadequacy of profits in any financial year of the Company during the term of office of Captain Dharendra Kumar Chand as a Whole-time Director of the Company, the remuneration, perquisites / benefits set out in the Agreement dated 30th January 2008 be paid or granted to Captain Dharendra Kumar Chand as the minimum remuneration and in case of payment of excess remuneration to Captain Dharendra Kumar Chand be waived, the details of which is as under:-

For the period 30-01-2008 to 31-03-2008	Rs. 10,11,154
For the period 01-04-2008 to 31-03-2009	Rs. 35,95,368
For the period 01-04-2009 to 29-01-2010	Rs. 20,42,014

notwithstanding the fact that such remuneration is in excess of the statutory ceiling specified in this regard as in force and amended from time to time and necessary approval of the Central Government will be obtained as may be required, to make up the shortfalls if any, without any further reference to / approval of the General Meeting.”

By Order of the Board of Directors

RAAKESH D.SONI
Company Secretary

Place: - Mumbai
Date: - 26th May, 2011
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. Link Intime India Private Limited, 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 Hanger No. C-He / Hf, Airports Authority of India, Civil aerodrome, Juhu, Mumbai – 400054 (Maharashtra), Tel No. 91-22-6140 9200, Registered Office at A-54, Kailash Colony, New Delhi – 110 048, Tel No. 91-11-2923 5035 ; e-mail address: raakesh@gvhl.net.

(d) The Register of Members and Share Transfer Books of Company will remain closed from 22nd day, September, 2011 to 23rd day, September, 2011 (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.

By Order of the Board of Directors

RAAKESH D.SONI
Company Secretary

Place: - Mumbai
Date: - 26th May, 2011
Registered Office
A-54, Kailash Colony
New Delhi – 110 048

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

ITEM NO. 5

The members of the Company had approved the payment of remuneration to Mr. P. Raj Kumar Menon at the 10th Annual General Meeting held on 25th September, 2008 and waiver of excess remuneration paid to Mr. P. Raj Kumar Menon, Whole-time Director of the Company, at the 11th Annual General Meeting held on 29th September, 2009 due to loss / inadequacy of the profit and for re-appointment at the 12th Annual General Meeting held on 16th September, 2010. The remuneration paid was excess of limits specified in

Sections 198, 269, 309, 310 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactments thereof, for the time being in force). As the tenure was not completed during the year, the Ministry of Corporate affairs want latest members resolution alongwith amount of excess remuneration paid. The approval of the members is now sought for waiver of the excess remuneration paid to Mr. P. Raj Kumar Menon, as mentioned in item no. 5 subject to approval of the Central Government.

The Board of Directors recommend the resolution for the approval of the members. Except Mr. P. Raj Kumar Menon, Whole-time Director of the Company, no other Directors of the Company are concerned or interested in the Resolution at Item No. 5 of the Notice.

ITEM NO. 6

The members of the Company had approved the payment of remuneration to Captain Dharendra Kumar Chand at the 10th Annual General Meeting held on 25th September, 2008 and waiver of excess remuneration paid to Captain Dharendra Kumar Chand, Whole-time Director of the Company, at the 11th Annual General Meeting held on 29th September, 2009 and at the 12th Annual General Meeting held on 16th September, 2010 due to loss / inadequacy of the profit. The remuneration paid was excess of limits specified in Sections 198, 269, 309, 310 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactments thereof, for the time being in force). As the Ministry of Corporate affairs want latest members resolution alongwith amount of excess remuneration paid. The approval of the members is now sought for waiver of the excess remuneration paid to Captain Dharendra Kumar Chand, as mentioned in item no. 6 subject to approval of the Central Government.

The Board of Directors recommends the resolution for the approval of the members. Except Captain Dharendra Kumar Chand, Whole-time Director of the Company, during his tenure, no other Directors of the Company are concerned or interested in the Resolution at Item No. 6 of the Notice.

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

Dr. Gautam Sen

Dr. Gautam Sen aged about 57 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 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.

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

1. Audit Committee
2. Remuneration Committee

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

R.S.S.L.N. Bhaskarudu

Mr. Bhaskarudu aged about 70 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 Chairman of the Audit committee of the Board of Directors of the Company:

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

Sr. No.	Name of the Company	Director / Chairman	Committee – Chairmanship / Membership		
			AC	CG	CGC
1.	Haryana Aban Power Company Ltd.	D & C			
2.	GMR Infrastructure Ltd.	D	YES	YES	
3.	GMR Hyderabad International Airport Ltd.	D	YES-C		
4.	GMR Upper Karnali Hydro Project	D	YES		
5.	GMR Male International Airport Pvt. Ltd.	D	YES		
6.	Delhi International Airport Pvt. Ltd.	D	YES		
7.	Fatepipe Networks India Ltd.	D	YES-C		YES - C
8.	Murari Power Generation India Pvt. Ltd.	D			

C – Chairman, CG – Corporate Governance Committee, CGC – Corporate Grievances Committee,

D – Director, D & C – Director and Chairman, AC – 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 Thirteen Annual Report of the Company and audited accounts of the Company for the year ended 31st March, 2011.

FINANCIAL PERFORMANCE

Particulars	(Rupees' in Lacs)	
	Year ended 31 st March, 2011	Year ended 31 st March, 2010
Service Income	22862.81	24473.49
Other Operating Income	294.70	129.96
Other Income	317.99	1588.91
Gross Income from operations	23475.50	26192.37
Profit before interest, depreciation, amortisation of expenses, exceptional items and Tax	1278.00	7016.50
Less : Interest	2965.00	3847.03
Less : Depreciation (Net)	2750.11	3666.63
(Loss) for the year before extraordinary items and before Tax	-4437.11	-497.16
Add:- Extraordinary Item – Liabilities written back	0.00	1169.43
Profit/(Loss) for the year after extraordinary items and before Tax	-4437.11	672.27
Less : Provision for taxation	-0.63	-77.03
Profit / Loss after tax	-4437.74	749.30
Balance of Profit/(Loss) for earlier years	-4872.44	-5621.74
Amount available for appropriation	-9310.18	-4872.44
Balance carried forward to Balance Sheet	-9310.18	-4872.44

OPERATION REVIEW:

During the year under review, your Company achieved Service Income of Rs. 22862.81 Lacs as compared to Rs. 24473.49 Lacs of previous Financial Year. Total Income of Rs. 23475.50 Lacs as compared to Rs. 26192.37 Lacs of previous Financial Year.

After considering Interest, Depreciation, Foreign Exchange (Loss) / Gain and Extra-ordinary items, the Company has Loss Before Tax of Rs. 4437.11 Lacs for the current year as against Profit of Rs. 672.27 Lacs in the previous year. After making provision for tax, the net Loss was Rs. 4437.74 Lacs for the current year as against Profit of Rs. 749.30 Lacs.

DIVIDEND:

The Board of Directors regret inability to declare dividend in view of loss incurred during the year.

ISSUE OF NON CONVERTIBLE CUMULATIVE REDEEMABLE PREFERENCE SHARES

The Company entered into an agreement on 18 December 2009 with one of the group companies for conversion of outstanding lease rentals due on 30 September 2009 amounting to USD 13.725 million (equivalent of Rs 6,593.49 Lakhs at the exchange rate prevailing as on 30 September 2009) into Non Convertible Cumulative Redeemable Preference Shares. The agreement has been approved by the shareholders at the extraordinary general meeting ('EGM') held on 1 February 2010. The Company has obtained the statutory approvals necessary and in exercise of the powers conferred vide resolutions passed in the EGM, the Company during the current year has issued 6,593,490 5.46% Non Convertible Cumulative Redeemable Preference Shares of face value of Rs. 100 each. Pursuant to issue of preference share, the net worth of the company stands at Rs 3700.99 Lacs as at 31 March 2011.

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. Both of them, being eligible offer themselves for re-appointment.

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

Information as per Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 forms part of this Report. As per provisions of Section 219 (1)(b)(iv) of the Companies Act, 1956, the Report and Accounts, excluding the statement of particulars of the employee under Section 217(2A) of the Companies Act, 1956. Any shareholder interested in obtaining a copy of the statement may write to the Company Secretary at the Registered Office of the Company.

AUDITORS

M/s. B S R & 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

Your Company has not accepted any deposits from the public under section 58A of the Companies Act, 1956.

INSURANCE

The Helicopters fleet and insurable interest of your Company like Building, Hanger. Plant and Machinery, Furniture and Fixture, Stocks, Computers, Vehicles 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. 1,287,985,717/- (previous year Rs. 1,373,328,412/-) in foreign exchange during the year. The foreign exchange outgoes amount to Rs. 809,545,568/- (previous year Rs. 789,945,764/-)

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 schedule 29 of the financial statements, Company has received an order from the Office of the Commissioner of Customs (Preventive) confirming the demand for differential duty of customs alongwith penalty aggregating Rs 262,195,030. No provision has been made by the Company for the same nor the interest due thereon as at 31st March, 2011. The Management believes that the Company is in compliance with the relevant customs and other regulatory guidelines in this respect and the matter is being contested by the Company with the appropriate authorities.

Reference is drawn to Clause no. (g) of the Auditors' Report and schedule 30 to the financial statements. In this regard, Board informs that Company has already filed a application with Central Government for approval and the waiver of the excess remuneration to Whole-time Directors of the Company and permission of the Central Government is awaited. Approval of the Central Government for excess remuneration of Chief Executive Officer is received.

Reference is drawn to Clause no.(h) of the Auditors' Report and schedule 34 to the financial statements, certain customers have disputed taxes levied by the Company aggregating Rs.93,949,478/- (previous year: Rs. 84,503,378). Consequently management have not paid the said taxes to the authorities. No provision has been made by the Company in respect of the outstanding. The Management believes that they have strong case to collect the outstanding amount.

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 Andhra Pradesh, Arunachal Pradesh, Delhi, Jammu and Kashmir, Gujarat, Maharashtra, Nagaland, Orissa, Pondicherry and Punjab 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

Mr. P. Rajkumar Menon
Whole-Time Director

Place: Mumbai

Date: 26th May, 2011

ANNEXURE - A

MANAGEMENT DISCUSSION & ANALYSIS REPORT**OVERVIEW**

Global Vectra Helicorp Limited, India's largest private helicopter company has a fleet of 22 helicopters:

- **15 BELL 412's, (One more new Bell 412 expected in the second half of this year)**
- **1 EC 155,**
- **3 AS 350 B3, (three more booked)**
- **1 EC 135 P2+**
- **2 AW 139 (1 more AW 139 joining our fleet by end May 2011)**

The fleet deployed both offshore and onshore. With a **modern and technologically advanced fleet of helicopters**, Global Vectra Helicorp Limited provides a range of essential and innovative services to strategic sectors for various purposes. Through its onshore activities under the name of "Birdie", it supplies helicopter services to other sectors than Oil and Gas such as:

- **Geophysical Survey**
- **Corporate and VVIP flights**
- **Aerial Photography**
- **Tourism**
- **Underslung operations**

It has world class maintenance facilities and highly skilled and experienced pilots to ensure safe, secure and uninterrupted services to the nation.

We pride ourselves in having premium clients such as **Geotech, Fugro, Govt. of Arunachal Pradesh in the onshore activities and major oil and gas companies in India such as ONGC, Reliance Industries, British Gas, Transocean, GSPC.**

GVHL provides services to its clients under long-term contracts. These contracts range from one to five years with renewal options. Companies involved in offshore E&P activities have to use helicopter services extensively for transportation of crew, cargo and medevac.

GVHL will continue to focus primarily on the offshore oil segment. Offshore flying constitutes 47 per cent of the helicopter market in India. While charter business is adhoc by nature, offshore E&P support offers the benefits of assured business every month as well as long term security.

GVHL has a total staff of 260 including **74 pilots and 98 engineering staff**. For its customers in the Oil and Gas sector GVHL transport crew and cargo for their exploration and production activities utilizing a **young fleet of helicopters** operated by trained pilots and maintained by highly qualified maintenance personnel.

Our **major maintenance base for the offshore fleet is Mumbai** where all maintenance work is carried out including 3000 hours check on its Bell 412 fleet of aircraft in a 6000 sqm state-of-the-art hangar.

Our onshore activities take place in principle throughout the Indian subcontinent with operating nuclei in **Greater Noida/New Delhi and Bangalore** whereas our offshore division, with main base at Juhu airport in Mumbai,

services the oil and gas industry as well in Porbander, Diu, Trivandrum, Madurai, Vijayawada, Chennai, Rajahmundry, Vizag, Bhubaneswar and Itanagar.

GVHL is totally committed to maintaining the highest possible standards in everything we do, with an emphasis on our operations, maintenance and safety. GVHL is the only operator in India having introduced a full and formal **Safety Management System (SMS) as per international recommendations** and requirements of the Global Oil/Gas Industry and International Civil Aviation Organisation.

As part of our continuing effort to further enhance our management systems we have implemented an **ERP (Enterprise Resource Planning) System from IFS AB, a Swedish company and one of the world's leading providers of business software**. Through this system we have integrated the management data of Flight Operations, Maintenance Repair and Overhaul (MRO) processes, Quality Control, Logistics, Inventory Management, Human Resources/Payroll and Finance.

MISSION STATEMENT

To become one of the world's leading and preferred helicopter services providers. We strive to deliver superior returns to our shareholders by tirelessly pursuing new growth opportunities while continuously improving our profitability. Above all, we are committed to the safety of human life whether with our customers, our own company or the society we work in. In recognition of this commitment, we strive to deliver high quality, cost effective and safe helicopter services in the markets we serve. We are dedicated to creating a workplace that respects and values people from diverse backgrounds and enable all employees to do their work to the best of their capabilities.

The Oil and Gas Industry to-day**Introduction**

Oil accounts for 31 per cent of India's total energy consumption and there is unlikely to be any significant scaling down of dependence on these fuels in the next five to ten years.

Currently, of the six core industries identified in India, the oil and gas sector has propelled the growth of Indian economy most and the Government is looking for more investors in the sector. India is currently world's fifth biggest energy consumer and the need is continuously growing, according to KPMG's 'Oil and Natural Gas Overview 2010',

Currently, about 58 per cent of the prospective Indian sedimentary basins have been explored and till the ninth round of NELP, there were 34 oil and gas blocks on offer. India naturally has about 138 billion barrels of oil and oil equivalent gas and bulk of this has not been found yet.

India will account for 12.59 per cent of Asia Pacific's regional oil demand by 2014, according to the latest 'India Oil & Gas Report'.

Production

According to the provisional production data released by the Ministry of Petroleum and Natural Gas, dated January

2011

Crude Oil production from the period April-January 2011 was 31.411 million metric tonne (MMT), as compared to the 28.072 MMT in the past corresponding period.

Natural Gas production during April-January 2011 was 44030 million cubic metres, as compared to 38490.7 million cubic metres in the corresponding period in 2010.

From April-January 2011, 136.46 MMT of crude oil was refined, compared to 133.26 MMT in the corresponding period in 2010.

India will account for 12.59 per cent of Asia Pacific's regional oil demand by 2014, while providing 10.13 per cent of supply, according to the Business Monitor International's 'India Oil and Gas Report Q4 2010'. The regional oil production was estimated at 8.82mn barrels per day (b/d) in 2010 compared to 8.35mn b/d in 2001.

The projected production for crude oil in 2010-11 is 37.96 (MMT), which is about 12.67 per cent higher than the actual crude oil production of 33.69 MMT during 2009-10. The projected production for natural gas (including coal bed methane or CBM) for 2010-11 is 53.59 billion cubic metre (BCM), 12.8 per cent higher than the actual production of 47.51 BCM in 2009-2010.

Oil & Natural Gas Corporation (ONGC) produced maximum domestic oil in 2010, averaging to 830,000 b/d highlighted the 'India Oil and Gas Report Q4 2010'. The report predicts that with such effort, the production of oil in India will be as high as 950,000 b/d by 2012.

Consumption

India's current petroleum products consumption rate from April 2010 to February 2011 was 128.827 million tonnes (MT), as per the estimates of the Planning and Analysis Cell (PPAC).

Diesel consumption in the country grew at 4 per cent annual rate to 4.96 MT in October 2010 while petrol sales were up 7.3 per cent at 1.21 MT. Jet fuel consumption was up 10 per cent at 434,100 tonnes. Overall fuel sales in the country were up one per cent at 11.647 MT in October 2010 against 11.538 MT in the same month in the previous year.

Gas consumption is set to rise from an estimated 63 BCM in 2010 to 110 BCM, with domestic supply up from around 45 BCM in 2010 to at least 70 BCM by 2014.

Gas

The gas transmission domain was dominated by Gas Authority of India Ltd (GAIL) till, in April 2009, the first natural gas production started from Krishna Godavari (KG) basin deepwater block by Reliance Gas Transportation Infrastructure Ltd. Currently, the natural gas production from the KG D6 block is about 60 million standard cubic metres per day (MMSCMD). The natural gas production from the block is expected to be in the range of 80-89 MMSCMD till March 2012.

Gas production is expected to rise from an estimated 45BCM in 2010 to a possible 95 BCM by 2019.

Natural gas is expected to play a key role in India's energy mix by 2025. The proportion of natural gas in the total energy mix has increased to 10 per cent in 2009 from 4 per

cent in 1999. The same is expected to increase to 20 per cent in 2025.

For the FY 2011-12, the target for Gas Marketing is 85.5 MMSCMD and for production of 422 TMT of Polymers (HDPE & LLDPE) and 1,350 TMT of Liquid Hydrocarbons.

Natural gas production in India grows at an average annual rate of 4.0 per cent over the projection period, the fastest growth in non-OECD Asia. Most of the growth in India's natural gas production is expected in the near term, averaging 11.7 per cent per year as total production grows from 1.1 trillion cubic feet in 2007 to 2.7 trillion cubic feet in 2015.

In January 2011, ONGC created an exploration landmark when **gas flowed out from the Barren Measure shale** at a depth of around 1700 m, in its first research and development (R&D) well RNSG-1 near Durgapur at Ichchapur, West Bengal. This breakthrough is significant as India is the first Asian country where gas was discovered from shale outside U.S and Canada. The well RNSG-1 drilled down to a depth of 2000 m. The Barren Measure Shale, which is the main target, was encountered from 985 to 1843 m.

Investments

- Essar Oil has started pumping gas trapped in seams of coal in its Raniganj CBM (coal bed methane) acreage in West Bengal. The acreage is expected to produce gas for 15 years and Essar Oil is investing US\$ 300 million for CBM gas production. The company is producing 90,000-100,000 million cubic metres per day of gas and will touch a peak output of over three million cubic metres.
- Oil & Natural Gas Corporation (ONGC) plans to invest over US\$ 3.82 billion on onshore operations in Gujarat over the next five years. ONGC will also set up a 10 mega watt (MW) solar power project in the state with an investment of US\$ 33.73 million. Under the programme, the company has earmarked over US\$ 1.79 billion for revamping its 90 installations, including 200 km-long pipeline network and 65 tanks in the state. It is also commissioning 850 km of new pipelines at an investment of US\$ 150 million.
- Essar Energy has acquired Shell's Stanlow Refinery for US\$ 350 million in cash. Stanlow Refinery is the second-largest refinery in the UK and will provide Essar a direct access in that market. The complete acquisition is expected to be completed by end of 2011. It is expected that the acquisition will be completed during the second half of 2011.
- International Finance Corporation (IFC) would make an equity investment of US\$ 25 million in Bhagyanagar Gas Ltd (BGL), a company floated by HPCL and GAIL for setting up city gas distribution (CGD) projects in Andhra Pradesh. The proposed investment would support BGL's capital expenditure of US\$276 million to create gas distribution infrastructure in the major cities of the state.
- ONGC and GAIL have agreed for mutual business growth covering natural gas as well as petro-chemicals. This over-arching understanding was documented in the form of various agreements and exchange of letters, which were initialed in the office of GAIL.

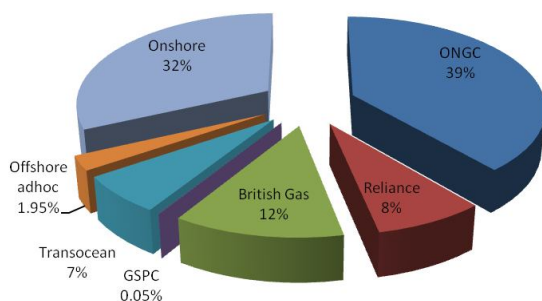
Government Initiatives

- The Government of India has implemented NELP, by which 100 Per cent FDI is permitted for small and medium sized oil fields through competitive bidding.
- The refining sector is open to public-private partnerships (PPP) as well as only private investments. In case of an Indian private company, FDI of 100 per cent is permitted.
- 100 per cent FDI is allowed for petroleum products and pipeline sector as well as natural gas/LNG pipeline, for infrastructure related to marketing of petroleum products, market study of formulation and investment financing.
- For trading and marketing, minimum 26 per cent equity is recovered over five years.

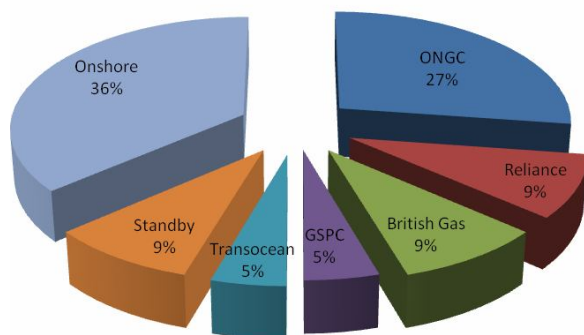
Onshore Activities

Our onshore activities are carried out on PAN India basis under the name of BIRDIE. The Company is operating in Greater Noida, New Delhi, Mumbai, Rajahmundry and Bangalore. Our onshore activities include corporate services, business promotion, political rallies, tourism, pilgrimage, geophysical survey, power-line cleaning and emergency services. The Company is using single or double engine Helicopters for the same. Some of our premium onshore clients include Fugro, Government of Arunachal Pradesh, Government of Punjab, Government of Haryana, Atomic Mineral Development etc.

GVHL - Client wise Revenue Contribution (2010-2011)



Average Fleet Deployed for FY 2010-2011 (22 Helicopters)



FINANCIAL PERFORMANCE

During the year under review, your Company achieved Service Income of Rs. 22862.81 Lacs as compared to Rs. 24473.49 Lacs of previous Financial Year. Total Income of Rs. 23475.50 Lacs as compared to Rs. 26192.37 Lacs of previous Financial Year.

Loss before Interest, Depreciation, Tax, Foreign Exchange (Loss) / Gain and Extra-ordinary items for the current year was Rs. 2171.81 Lacs compared to Rs. 715.86 Lacs in the previous year.

The Company continued to maintain its operating margin and during the year Company has renewed contracts for a period of 3 to 5 years with its major customers at revised rates.

After considering Interest, Depreciation, and Foreign Exchange (Loss) / Gain Extra-ordinary items, the Company has Loss before Tax of Rs. 4437.11 Lacs for the current year as against Profit of Rs. 672.27 Lacs in the previous year. After making provision for tax, the net Loss was Rs. 4437.74 Lacs for the current year as against Profit of Rs. 749.30 Lacs in the previous year.

INTERNAL CONTROL SYSTEMS AND ADEQUACY

The Company has a proper and adequate system of internal control to ensure that all activities are monitored and controlled against and unauthorized use or disposition of the assets and those transactions are authorised, recorded and reported correctly.

The Company ensure adherence to all internal control policies and procedures as well as compliance with all regulatory guidelines. The Audit Committee of the Board of Directors appraised the adequacy of internal controls.

HUMAN RESOURCES

The Company takes pride in the commitment, competence and dedication shown by its employees in all areas of business. Various HR initiatives are taken to align the HR Policies to the requirement of the business.

As on March 31, 2011 the Company has a total workforce of 260 employees.

CAUTIONARY STATEMENT

Statement in this Report on Management Discussion and Analysis describing the Company's objectives, projections, estimates, figures and expectation may constitute "forward looking statement" within the meaning of applicable laws and regulations. Actual results might differ materially from those expressed or implied.

The company assumes no responsibility in respect of forward looking statements herein which may undergo changes in future on the basis of subsequent developments, information or events.