

Regulatory Story

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Great Eastern Energy Corp Ltd - GEEC

Final Results

Released 07:00 05-Jul-2017

RNS Number : 1237K

Great Eastern Energy Corp Ltd

05 July 2017

5 July 2017

Great Eastern Energy Corporation Limited ("Great Eastern" or "the Company")

Full Year Results Year ended 31 March 2017

Great Eastern Energy Corporation Limited (LSE: GEEC), the fully integrated, leading Indian Coal Bed Methane (CBM) Company, is pleased to announce its Preliminary Results for the 12 months ended 31 March 2017.

Highlights:

Operational and Corporate: optimisation strategy continues to deliver

- FY 2017 production increased 11% to 16.41 mmscfd (FY16: 14.79 mmscfd)
- Production: July 2017 - 20.10 mmscfd; November 2016 - 17.67 mmscfd; July 2016 - 16.51 mmscfd
- Rate of production growth:

Period	November 2015 to July 2016	July 2016 to November 2016	November 2016 to July 2017
Rate of increase of average production per month (mmscfd)	0.16	0.29	0.30
Growth Rate (%) over the previous period		85%	4.60%

- FY 2017 average sales 8.66 mmscfd (FY 16: 8.60 mmscfd)

	FY 2017	FY 2016
Average Price (Rs./scm)	21.45	21.32
Average Price (\$/mmbtu)*	10.07	10.26

*Pricing is based in Rs.

The Indian rupee depreciated by 2.5% over the year (Rs. 65.46 / \$ to Rs. 67.09 / \$)

- Increase in estimate of 1C, 2C, and 3C Reserves as announced on December 5, 2016; report done by independent reserve engineers Advance Resource International, Inc. (ARI)
- Original-Gas-In-Place (OGIP) reconfirmed as 2.62 TCF

Reserve Classification System		As on	As on	% Change
		30-Nov-14	30-Apr-16	
		(Gross)	(Gross)	
Reserves (BCF)	1P	259.10	354.20	37%
	2P	442.70	517.20	17%
	3P	543.40	594.70	9%
Contingent Resources (BCF)	1C	169.90	375.70	121%
	2C	274.30	590.80	115%
	3C	419.80	701.40	67%
OGIP (TCF)	Best Estimation	2.62	2.62	-

Financials for FY 2017:

As previously announced, lower revenue, EBITDA, and cash generation reflect the continued operational issues at one of the Company's largest customer's plants which still remain unsolved. In January 2017, the plant had stabilised for approximately 2 weeks but since then it has again been facing operational issues. The minimum guaranteed offtake quantity is being adhered to by the customer.

Due to this, the adverse impact on revenue and pre-tax cash generation is US\$ 4.94m and US\$ 4.54m respectively.

- Total revenue US\$ 28.82m [2016: US\$ 29.40m]
- EBITDA US\$ 13.29m [2016: US\$ 14.67m]
- Cash generation US\$ 2.55m [2016: US\$ 3.78m]
- PBT pre MTM / DTE* US\$ (1.89)m [2016: US\$ (1.92)m]
- PAT pre MTM / DTE* US\$ (1.89)m [2016: US\$ (1.92)m]
- PAT pre MTM* US\$ (1.66)m [2016: US\$ (0.45)m]

- PAT post MTM / DTE* US\$ (1.17)m [2016: US\$ (2.62)m]
- The Company has a net debt of US\$ 93.53m as at 31 March 2017 with a debt:equity ratio of 1.13

The Indian rupee depreciated by 2.5% over the year (Rs. 65.46 / \$ to Rs.67.09 / \$)

** MTM (Mark to Market) is on account of the restatement of the foreign currency loans and derivatives*

DTE (Deferred Tax Expense) is on account of difference in depreciation rates used for financial accounts and tax accounts and other expenses like exchange fluctuation / MTM

Outlook:

- Further accelerate production at Raniganj (South) block
- Further sales contracts with few customers expected soon
- New E&P policy announcements in India will provide further expansion opportunities

Prashant Modi, Managing Director & CEO of Great Eastern, said:

"We are delighted with the progress of our production growth and gives us further confidence of growth in the future. The recent policy announcements in India for the E&P sector have given a renewed thrust to the investment climate here. With the continued growth of the Indian economy and stable government policies, we expect the demand to grow even further."

About the Company

The Company is a fully integrated gas production, development and exploration company in India, providing gas to the growing industrial region of West Bengal. Gas is being produced (Coal Bed Methane gas) from the Raniganj (South) license area, which covers 210 sq. km, with 2.62 TCF of Gas-in-Place.

The Company's second asset is the Mannargudi license situated in the state of Tamil Nadu in India, which covers an area of 667 sq. km and 0.98 TCF Gas-in-Place.

For further information please visit www.geecl.com

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Chairman's Statement

Operational update: Reserves, Drilling & Production delivering results

In FY 2017, we continued to make strong progress delivering our optimisation strategy.

Production achieved was 20.10 mmscfd.

Rate of production growth:

Period	November 2015 to July 2016	July 2016 to November 2016	November 2016 to July 2017
Rate of increase of average production per month (mmscfd)	0.16	0.29	0.30
Growth Rate (%) over the previous period		85%	4.60%

The average sales price was as follows:

	FY 2017	FY 2016
Average Price (Rs./scm)	21.45	21.32
Average Price (\$/mmbtu)*	10.07	10.26

* Pricing is based in Rs.

The Indian rupee depreciated by 2.5% over the year (Rs. 65.46 / \$ to Rs. 67.09 / \$)

A total of 156 wells (150 wells producing / dewatering) have been drilled at our Raniganj (South) block, which with planned dewatering and optimisation measures provides a substantial base for production growth.

Reserves

As announced in December 2016, the independent reserve engineers, Advance Resources International, Inc., increased in estimate of 1C, 2C, and 3C Reserves. Original-Gas-In-Place (OGIP) reconfirmed as 2.62 TCF.

Sales, Marketing, & Distribution

The Company has 51.38 mmscfd of gas under contract / MOU.

Great Eastern is well placed to supply gas in and around the highly industrialised region of Asansol-Raniganj-Durgapur through its own dedicated pipeline network.

Mannargudi CBM Block

The Company's second asset Mannargudi license is situated in the state of Tamil Nadu, southern India and covers an area of 667 sq. km with 0.98 TCF Gas-in-Place.

The block is currently under Arbitration with the Government.

Financials

Total revenue stood at US\$ 28.82m in FY 2017, while EBITDA was US\$ 13.29m for the year. The Company has a net debt of US\$ 93.53m as at 31 March 2017 with a debt:equity ratio of 1.13.

The demand and supply dynamic for Indian gas, and the pricing environment, remains attractive and the Board is confident that it is likely to remain so for the foreseeable future.

CSR

Great Eastern has contributed towards improving the environment in this area with the use of clean energy. We continue conducting medical camps, blood donation camps, and community health initiatives, which is being widely appreciated. We have built roads from villages making commuting faster and easier for the community.

Indian Economy

The prospects of the Indian economy are currently marked by positive developments on several fronts.

Eventual roll out of some of the most ambitious structural reforms measures are expected to give major boost to the performance of the entire economy. These include:

- a) Implementation of the Goods and Services Tax (GST) framework
- b) Implementation of the Bankruptcy Code
- c) Further liberalisation of the FDI regime

Headline inflation is projected in the range of 2.0%-3.5% in the first half of the year and 3.5%-4.5% in the second half.

Overall current account deficit (CAD) narrowed to US\$ 3.5 billion in Jan-Mar 2017 (0.6% of GDP), compared to US\$ 8 billion in the previous quarter.

For the year as a whole, CAD stood at US\$ 15 billion (0.7% of GDP) against US\$ 22 billion in 2016 (1.1% of GDP).

FDI inflows stood at US\$ 60.2 billion in 2016-17.

These should provide cushion against possible global turmoil and help maintain the currency exchange rate.

The growth rate is pegged in the 7.5% level for the current year.

Outlook

The Company continues to deliver on its optimisation programme and drive future growth through increasing the production at the Raniganj (South) Block. India is embarking on a high trajectory growth with investor friendly policies in place, thereby providing us with one of the most promising markets.

Click on, or paste the following link into your web browser, to view the associated PDF document.

http://www.rns-pdf.londonstockexchange.com/rns/1237K_-2017-7-4.pdf

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