

## Regulatory Story

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**Great Eastern Energy Corp Ltd** - GEEC  
Half Year Results  
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17 November 2016

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

#### **Half Year Results for the six months ended 30 September 2016**

Great Eastern Energy Corporation Limited (LSE: GEEC), the fully integrated, leading Indian Coal Bed Methane (CBM) Company, is pleased to announce its half year results for the six months ended 30 September 2016.

#### **Highlights:**

##### **Operational and Corporate: optimisation strategy continues to deliver**

- Production: November 2016 - 17.67 mmscfd; July 2016 - 16.51 mmscfd; November 2015 - 15.26 mmscfd
- Rate of production growth:

<b>Period</b>	<b>July 2015 to November 2015</b>	<b>November 2015 to July 2016</b>	<b>July 2016 to November 2016</b>
Rate of increase of average production per month (mmscfd)	0.05	0.16	0.29
Growth Rate (%) over the previous period		212%	85%

- The Company has signed a "Heads of Agreement" with a large customer for ~9 mmscfd. The Company expects this customer's peak requirement, once its operations are fully up and running, to be ~100 mmscfd. Supply is expected to start in January 2017

- H1 FY 2017 average sales 8.22 mmscfd (H2 FY 16: 7.72 mmscfd; H1 FY16: 9.48 mmscfd)

	H1 FY 2017	H1 FY 2016
Average Price (Rs./scm)	Rs. 21.36	Rs. 21.31
Average Price (\$/mmbtu)*	\$10.05	\$10.45

\*Pricing is based in Rs.

The Indian rupee depreciated by 4% over the year (Rs. 64.23 / \$ to Rs. 66.95 / \$)

### Financials:

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 was expected to be fully resolved by September 2016. In the interim a minimum guaranteed offtake quantity has been in put in place since mid-November 2015 and is being adhered to. The customer's offtake has been increasing steadily but still hasn't reached the optimal level.

Due to this, the adverse impact on revenue and pre-tax cash generation is \$3.11m and \$2.86m respectively.

As announced in July 2016, in line with best industry practice, since no further drilling program was undertaken, the Company has adopted a new accounting method by charging majority of the expenses and interest to the Income Statement which were earlier being capitalised.

If the Company had adopted the new accounting method in H1 FY 2016, then expenses amounting to \$1.43m and interest amounting to \$2.48m, which were capitalised, would have been charged to the Income Statement.

In H1 FY 2017, expenses amounting to \$1.40m and interest amounting to \$2.42m that would have been capitalised under the old accounting method, have now been charged to the Income Statement under the new accounting method.

Expenses moved to the Income Statement under the new accounting method:

	H1 FY 2016 (if adopted)	H1 FY 2017
Expenses	\$1.43m	\$1.40m
Interest	\$2.48m	\$2.42m
<b>TOTAL</b>	<b>\$3.91m</b>	<b>\$3.82m</b>

	As at 30 September 2015	As at 30 September 2015	As at 30 September 2016	As at 30 September 2016
	Limited Review	As per new accounting method	Limited Review	As per old accounting method
Revenue	\$16.45m	\$16.45m	\$13.50m	\$13.50m
EBITDA	\$10.68m	\$9.25m	\$5.85m	\$7.25m

Cash Generation (pre-tax)	\$7.58m	\$3.67m	\$0.14m	\$3.96m
PBT pre MTM / DTE *	\$5.46m	\$1.55m	\$(2.16)m	\$1.66m
PAT pre MTM / DTE *	\$5.36m	\$1.45m	\$(2.16)m	\$1.66m
PAT pre MTM *	\$3.85m	\$(0.06)m	\$(1.54)m	\$2.28m
PAT post MTM / DTE *	\$2.37m	\$(1.54)m	\$(1.19)m	\$2.63m
Net Debt	\$90.34m		\$92.59m	
Debt : Equity Ratio	1.04		1.10	

The Indian rupee depreciated by 4% over the year (Rs. 64.23 / \$ to Rs. 66.95 / \$)

\* 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:

- Decisive action taken to maximise production at Raniganj (South) block providing positive results

	November 2016	July 2016
Dewatering wells	36	37
Producing / Dewatering wells	114	113
Total	150	150

- 144 further wells planned to be drilled on the Raniganj (South) block which will take total wells on the Raniganj (South) Block to 300
- Operational strategy in place to continue to maximise production from existing wells and to continue to pursue sales opportunities in the highly industrialised region of Asansol-Raniganj-Durgapur through our own dedicated pipeline network
- An updated Competent Persons Report (CPR) from Advanced Resources International, Inc. (ARI) is expected to be issued in November 2016

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

"We are delighted with the progress of our strategic goal of further optimising well production, as is evident from the production achieved. Our underlying consistent performance during the period and further customers expected to come on line in the near future gives us further confidence."

**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](http://www.geecl.com)

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**Chairman's Statement**

**Operational update: Reserves, Drilling & Production delivering results**

In the first six months of FY 2017, we continued to make strong progress delivering our optimisation strategy. Production in November 2017 was 17.67 mmscfd.

Rate of production growth:

<b>Period</b>	<b>July 2015 to November 2015</b>	<b>November 2015 to July 2016</b>	<b>July 2016 to November 2016</b>
Rate of increase of average production per month (mmscfd)	0.05	0.16	0.29
Growth Rate (%) over the previous period		212%	85%

The average sales price was as follows:

	H1 FY 2017	H1 FY 2016
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Average Price (\$/mmbtu)*	\$10.05	\$10.45

\* Pricing is based in Rs.

The Indian rupee depreciated by 4% over the year (Rs. 64.23 / \$ to Rs. 66.95 / \$)

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

An updated Competent Persons Report (CPR) from Advanced Resources International, Inc. (ARI) is expected to be issued in November 2016.

### Sales, Marketing, & Distribution

The Company has 50.92 mmscfd of gas under contract / MOU.

The Company has signed a "Heads of Agreement" with a large customer for ~9 mmscfd. The Company expects this customer's peak requirement, once its operations are fully up and running, to be ~100 mmscfd.

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

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 was expected to be fully resolved by September 2016. In the interim a minimum guaranteed offtake quantity has been in put in place since mid-November 2015 and is being adhered to. The customer's offtake has been increasing steadily but still hasn't reached the optimal level.

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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.

Great Eastern views itself as an integral part of the community in which it works, with the business designed to not only create value for the Company but also to make a positive contribution to the sustainable development of the local area.

I would like to thank our management team and all personnel for their on-going contribution to our continuing success.

## **Indian Economy**

The Indian economy continues to show strong growth potential while a number of major economies are slowing down

- The Indian economy is growing at around 7.6%. This is expected to pick up in 2016-17 to 7.8%
- India showed improvement in World Bank's "Ease of Doing Business" Ranking. This was noted during British Prime Minister's visit to India. Britain has offered its expertise to further help India improve Ease of Doing Business
- Implementation of GST should be a positive develop and contribute to boost growth
- After three years of drought-like situation, monsoon this year has been normal. Normal monsoon helps create better demand in rural areas

- Investment should thus get a leg up, with Reserve Bank continuing with a growth friendly policy framework
- The inflation outlook for 2016-17 has improved. RBI forecasts 4% inflation. Muted inflation behaviour - both wholesale and retail - provide policy scope for a low-interest regime
- Relative stability in India has attracted huge increase in FDI inflows. It is estimated at around \$51 billion this year
- Both fiscal deficit (3.5% in 2016-17 and 3.3% in 2017-18) and current account deficit (-1% in 2016-17 and -1.2% in 2017-18) are at comfortably low levels. A low current account deficit should provide a cushion against any adverse developments in the global economy post-Brexit
- Foreign exchange reserves at around \$360 billion; a further firewall for India from global headwinds
- Low oil prices are an advantage for inflation control
- Reflecting the economy's underlying strength, the Indian rupee has shown resilience in the face of global currency market upheavals

## **Outlook**

The Company continues to deliver on its optimisation programme and drive future growth through increasing the production at the Raniganj (South) Block. With new customers expected to come online in the near future and further production growth, the Board is confident about the future.

Click on, or paste the following link into your web browser, to view the associated PDF document.  
[http://www.rns-pdf.londonstockexchange.com/rns/4298P\\_1-2016-11-17.pdf](http://www.rns-pdf.londonstockexchange.com/rns/4298P_1-2016-11-17.pdf)

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