

Regulatory Story

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Great Eastern Energy Corp Ltd - GEEC
Half-year Results
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Great Eastern Energy Corp Ltd
29 November 2018

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

Half Year Results for the six months ended 30 September 2018

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 2018.

	H1 FY 2019	H1 FY 2018
Sales	11.56 mmscfd	9.53 mmscfd
% change	21%	

	H1 FY 2019	H1 FY 2019	H1 FY 2018
Price (\$/mmbtu)*	\$ 10.60	\$ 11.28**	\$ 10.64

* Pricing is based in Indian rupee ("INR")

** On constant currency basis

The INR depreciated by 6% against the US\$ over the year (INR 64.37 / \$ to INR 68.51 / \$)

Financials for H1 FY 2019:

	As at 30-Sep-18		As at 30-Sep-17
		On constant currency basis	
Revenue	\$ 20.71m	\$ 22.04m	\$ 16.63m
EBITDA	\$ 12.69m	\$ 13.50m	\$ 8.79m
PAT pre MTM / DTE*	\$ 3.91m	\$ 4.16m	\$ (0.02)m

Cash Profit	\$ 7.07m	\$ 7.52m	\$ 2.11m
EPS pre MTM / DTE*	\$ 3.30c	\$ 3.50c	-
Cash EPS	\$ 5.90c	\$ 6.30c	\$ 1.80c
Net Debt	\$ 73.28m	\$ 81.34m	\$ 89.76m
Debt : Equity Ratio	1.09	1.09	1.17

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

- H1 FY 2019 production was 18.27 mmscfd (FY18: 19.61 mmscfd). The slight decline is due to the pumps in some wells being run at a lower rate to reduce the pump downtime. We are in the process of replacing these pumps with optimal capacity pumps given the current well conditions. Furthermore, a limited number of wells have shown some decline in production as per the estimated production profile, but continue to perform above the established decline curves. This is in line with the general performance and behaviour of CBM wells. We are confident of increasing the production with the measures being undertaken by the Company.
- The Company has reached an initial understanding with GAIL (India) Limited for either entering into a gas offtake agreement or a gas transmission agreement through GAIL's upcoming "Jagdishpur - Haldia & Bokaro - Dhamra pipeline." This pipeline is expected to be operational by early 2020 and will potentially give the Company access to a much larger market in and around the city of Kolkata.
- Shale gas and CBM reserves and resources in the Raniganj (South) block (as announced on November 15, 2018):
 - **OGIP of 6.13 TCF (best estimate) / 9.25 TCF (high estimate)**
 - **3P + 3C + 3U is 2,988.40 BCF (2.99 TCF)**
 - **Undiscounted value of \$13.78 billion**
 - **Discounted value of \$4.31 billion**
- The Company expects to start initial Shale gas exploration work of drilling core wells in the first half of next year. Depending on the results obtained and analysed from the core wells, we thereafter intend to drill an optimum number of pilot production wells.
- Based on further results obtained and analysed from the pilot production wells, the total investment envisaged for the full development of Shale resources in our block could be in the region of \$2 billion.

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

"These are exciting times for the Company as we are at the cusp of taking the next big leap in our operations. The tremendous growth in the revenues and profit gives us even more confidence for the future. The Indian economy has been growing at a fast pace, and energy demand is expected to move in the same direction.

We are engaged with GAIL for either a gas offtake agreement or a gas transmission agreement through their upcoming pipeline, which will give us access to a much larger market in and around the city of Kolkata.

Along with our ongoing program for CBM development, we are eagerly looking forward to undertake exploration and development of the Shale gas resources in our Raniganj block.

It is heartening to see that when we listed on the LSE in December 2005 the OGIP for our Raniganj (South) block was 1.39 TCF, and now it has significantly increased to up to 9.25 TCF. Furthermore, with an undiscounted value of \$13.78 billion and a discounted value of \$4.31 billion, it is truly phenomenal. If we were to include the OGIP of our Mannargudi block, the total OGIP for the Company goes up to 10.23 TCF."

About the Company

A fully integrated gas production, development and exploration Company in India. Gas is being produced from the Raniganj (South) block in West Bengal, which covers 210 sq. km with 9.25 TCF of Original Gas-in-Place. The Company's second license is the Mannargudi block in Tamil Nadu, which covers 667 sq. km with 0.98 TCF of Original Gas-in-Place.

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Chairman's Statement

India's economy has continued to surge ahead with strong overall growth and further policy liberalisation.

As India's GDP has grown robustly, energy demand has also risen. To meet an increasing part of the country's additional energy needs, the Government has significantly liberalised the policy regime for the domestic hydrocarbons sector. They have also recently allowed existing contractors the right to explore for all hydrocarbons within their license areas.

The Board is confident that the overall state of the economy will continue to remain robust, notwithstanding the forthcoming general elections to be held mid next year.

I am delighted that the resource evaluation done by Advance Resources International, Inc., has significantly increased the estimates for the OGIP to up to 9.25 TCF in our Raniganj (South) block, which includes 6.63 TCF of Shale resources and 2.62 TCF of CBM resources.

The overall results for the first half of the current financial year are strong and we are confident the figures for the full year will reflect the continuing buoyancy.

Great Eastern has contributed towards the national effort at reducing environmental pollution through use of clean fuel. By using gas in its own operations and by supplying gas to its customers, Great Eastern has helped improve the air quality and environmental footprint in its area of operation.

The Company has also engaged with the local community and raised their quality of life by organising medical camps, health initiatives, and sports activities, which have been widely appreciated.

The Company's second asset, Mannargudi block, is situated in the state of Tamil Nadu, and covers an area of 667 sq. km with 0.98 TCF Gas-in-Place. The block is currently under Arbitration with the Government.

With the new pipeline infrastructure coming up, thereby giving us access to new markets, and the Indian economy growing at a robust rate, we are confident that the demand for energy will continue to grow.

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