

Business Standard

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Great Eastern Energy plans 'sponsored' issue

Arun Kumar / New Delhi August 29, 2008, 0:45 IST

A first for Indian markets, AIM-listed firm looks for liquidity.

Delhi-based Great Eastern Energy Corporation (GEEC) is planning a public issue, part of which will be "sponsored", meaning foreign shareholders will also tender their shares for sale, a first for the Indian markets.

GEEC, a coal bed methane exploration and development company promoted by Yogendra Kumar Modi, is listed on the London Stock Exchange's Alternative Investment Market (AIM).

The issue, which is awaiting approval from the Securities and Exchange Board of India (Sebi), is unique in that such sponsored issues by Indian companies (like Infosys) have so far been restricted to overseas share sales by Indian companies.

Investment banking sources said GEEC plans to mop up around Rs 1,000 crore, half of which will accrue to the company and the rest to shareholders.

Notices sent to the holders of GEEC's Global Depository Receipts (GDRs) said the company is planning a public offer of 92.6 million shares, comprising a fresh issue of 46.6 million shares and roughly an equal number offered by shareholders.

Depending on the response, the company has an enabling provision for a "greenshoe option", meaning the company can keep oversubscriptions to the extent of 15 per cent of the issue size.

The company has appointed ABN Amro, Enam Securities and DSP Merrill Lynch as lead managers for the IPO.

The company has a paid up capital of Rs 54.46 crore, comprising Re 1 each, which will increase

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to a little over Rs 59 crore.

GEEC was listed on AIM in 2005 and some of the major shareholders include UK-based finance conglomerates AEGON and Fidelity. The promoters hold around 66 per cent, of which nearly 32 per cent is in the form of GDRs.

The notice to GDR-holders explains that the listing on the Indian markets is driven by the need for liquidity given that low trading levels on AIM make it difficult for investors to enter or exit the company.

The Indian listing is also necessary because under Sebi norms, a company registered in India but listed overseas cannot opt for a follow-on issue overseas or a private placement without listing on the Indian bourses first.

The only two other companies that fall in this category are Rediff.com and Satyam Infoway, both of which are registered in India but listed on Nasdaq.

Meanwhile, bankers are in talks with Sebi over the sponsored portion of the issue. "There are some issues in term of disclosing the name of the public shareholder at the time of filing the draft red herring prospectus," sources said.

GEEC has a licence for an over 210 sq km coal bed methane block in the Raniganj coal field in West Bengal where it has started production.

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