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Modi firm eyes local listing

SAMBIT SAHA



Modi: Money matters

Calcutta, Jan. 29: Great Eastern Energy Corporation (GEECL), the first Indian company to commercially produce coal bed methane (CBM), is planning to tap local bourses.

The company, which produces CBM in the Asansol region, is listed on the London AIM market.

GEECL chairman Y.K. Modi said the company could raise Rs 100-150 crore through the issue to finance its expansion plans.

The public offer is also necessary to meet government regulations.

In December 2005, the company, which is registered in India, was given a three-year window to get listed on local bourses when it launched a public offer on the London AIM market.

It had raised \$40 million through the share sale.

However, the trade in the GEECL stock is thin. "There is hardly any liquidity in that market since most of the shares are held by large institutions," Modi said.

An IPO in India will create a pool of retail investors leading to brisk trading. "The true worth of the share and the company will be unlocked," Modi said.

Promoters have a 65 per cent stake in the company. The rest is held by financial institutions.

GEECL plans to invest Rs 200 crore every year over the next three years to increase production to 35 million standard cubic feet per day (mmscfd) of gas by 2010 from the CBM field, which lies between Asansol and Raniganj in Burdwan district.

The company hopes to reach 5 mmscfd of gas production by the end of 2008 from 2.6 mmscfd now by drilling more wells.

GEECL has recently received a loan of Rs 350 crore from the State Bank of India to finance its project.

It has already spent Rs 250 crore on the project. Modi said investment would be Rs 500 crore every year from 2010 to reach the targeted level of 100 mmscfd of gas by 2014.

The company will also invest in pipeline networks in the Asansol-Raniganj region. It is in talks with steel mills of the region to sell gas.

GEECL will enter into a partnership with Indian Oil Corporation to convert some of the existing petrol pumps on the highways to CNG stations.

Modi said there was a plan to extend the pipeline to Calcutta after 2010 to meet CNG demand.

