

# TIMES ONLINE

Nick Hasell: Tempus

## GEE

Great Eastern Energy (GEE), a producer of coal bed methane, may have been the first Indian company to list on AIM, but it also remains the most successful. At yesterday's 265p, its shares have nearly trebled in four years, the steepest premium since float of any of its compatriots.

That progress has been matched by underlying improvements. The company may remain in the red — yesterday it reported a \$6.5 million (£4 million) loss for the 12 months to March 31 — but full commercial production from its Raniganj South field in West Bengal is within sight. GEE's strategy rests on supplying the region's industrial companies, largely steelmakers, with cheaper and cleaner-burning alternatives to furnace oil. It is now a month away from completing the construction of a 57km (35-mile) pipeline that should fulfil that promise.

Critically, it has a monopoly on gas supply in the surrounding area. The other draw is an imminent listing in India that should raise cash for expansion — including buying new licences in the forthcoming auction of prospective coal bed methane acreage, where it has proven technical skills — and improve the liquidity of the shares. Yogendra Modi, GEE's chairman, holds a 65 per cent stake, limiting the ability of Western institutions to take sizeable positions.

At a multiple of 14 times forecast 2011 earnings, GEE is expensive on conventional measures. Even so, with its investment case intact and production set to double on the year, hold on.