



GUJARAT NRE COKE LIMITED

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CIN: L51909WB1986PLC040098 ; WEBSITE : www.gujaratnre.com

The address of Mr. Arun Kumar Jagatramka, CMD, Gujarat NRE Coke Limited on the occasion of the 29th AGM to be held on 19 September 2016 at Kala Mandir, Kolkata.

Dear Friends,

Good morning and welcome! It is a great honour to chair the 29th AGM of our company, Gujarat NRE Coke Limited. On behalf of the Board of Directors of the Company and on my personal behalf, I am very happy to see you here.

The company's Annual report with full information of the company's accounts, directors' report, independent auditors' report, management discussion and analysis along with other financial statements for the year ended March 31, 2016 has already been circulated to you. With your consent I would like to consider them read and known by all present.

World economy has just emerged from the lethal effects of the biggest Financial Crisis in living memory. The continued downturn of the last 8 years has subdued demand and muted industrial growth on a global scale.

The domestic metallurgical coke industry, has been reeling under a crisis caused by huge dumping from China, and thus operating at about 25% of its capacity. Around 4 million tonnes of Chinese met coke was imported last year which far surpasses the current domestic production of 3 MTPA by merchant met coke producers in India. This unscrupulous Chinese dumping is at a price lower than the cost of met coke production in India. Chinese dumping and low domestic consumption, has also plagued steel, thus leading to the low demand in domestic met coke.

But I am happy to note that the year 2016-17 has started with a positive note, bringing back the hope for revival in the met coke industry and the country. China has infused the much needed





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credit facilities in its own commodities market. Elevated infrastructure and construction activity in China has resulted in an increase in its steel demand. This has resulted in the Chinese coke prices to rise from USD 110-115 (in January- March 2016) to USD 170-190 (in April-June 2016) and, further to around USD 300 per tonne as of now.

More importantly, government measures in India—like imposition of MIP and the safeguard duty on steel as well as a massive spending in infrastructure has resulted in the rise in steel production and consumption; directly leading to the increase in met coke demand in the country. The industry expects this boosted price to sustain over a longer period.

Also, the investigation for imposition of anti-dumping duty on low ash metallurgical coke from China is progressing well, and the industry is hopeful of getting the duty imposed, thereby providing the much needed relief to the domestic met coke industry, as has already been provided to steel.

Now for some more good news! Even as we are waiting for the critically important imposition of Anti-Dumping Duty, met coke prices have already started to climb. From Rs. 12-13000 in April 2016, we are now taking orders at Rs. 20-21000 today. This augurs well for our Company, and the industry. We are hopeful that the revival of the steel and met coke industries will be beneficial for us and accordingly have started to ramp up production, to be able to cater to this newly increased demand. In this process our production has gone up from 6100 MT in May 2016 to 21000 MT in August 2016 and is expected to climb further in the coming months.

Recently we have also completed the merger of group companies—namely NRE Metcoke Ltd. and Bajrang Bali Coke Industries Ltd. thereby further strengthening the financials of the company.





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It is noteworthy to mention in this regard that our Company, on receipt of requisite approvals, has allotted 46,78,69,140 (Forty six crore, seventy eight lakh, sixty nine thousand, one hundred and forty) equity shares of Rs. 10/- each, at Rs. 11.03, including a premium of Rs. 1.03 per equity share, to Lenders during FY 2015-16. These equity shares have been allotted consequent to the option exercised by the said Lenders to convert their debt into equity shares of the Company, under the CDR package in accordance with the resolution passed by the members of the Company. This development has helped to reduce the debt of the Company by quite a considerable amount.

I am happy to inform you that the green cover around our plants has increased and is thriving under our care. Other environment friendly activities like rain-water harvesting, check dam management, a conscious reduction in smoke emissions from our chimneys and effective waste management and more, are also functional.

CSR activities include financial help and support provided to local schools and schoolchildren in a number of ways, blood donation drives and tree plantation exercises in and around our plants.

Today, when the stress of the Great Recession seems to be finally easing, I would like to take this opportunity to outline the path that we as a nation need to take to create and build ourselves a happier future.

The Global Recession created overstretched balance sheets, massive debts and stressed assets. For us, as a nation, as an economy to carve out a future within this scenario is possible, but only when a positive and supportive environment is generated. We must stop the blame game and inculcate trust within ourselves. Before the recession, companies that have proven themselves capable, companies that have given periodic and consistent returns to their stakeholders need their support and faith today, in order to start creating wealth again. The





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current scenario of banks scrambling to sell off stressed albeit, prime assets at throwaway prices is lamentable and distressing.

Recent popular opinion, fuelled by a handful of bad eggs, has generated an environment of mistrust and antipathy for Indian promoters and bankers, thus creating a vacuum for upward growth and problem solving.

All the promoters and the top-level executives of all Indian companies are trying very hard to reduce the debt profiles, to start creating wealth for India again. But we cannot do it alone. We need the nation with us. We have done it before, and we can and will do it again.

To conclude, I would like to express my heartfelt gratitude to you, our valued shareholders, for your unstinted and continuous support. It is with your strength that Gujarat NRE Coke Ltd. grows, achieves new heights and creates wealth.

Thank you.

