

Mukand Ltd.

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CIN : L99999MH1937PLC002726

Date:24/09/2020

1. Department of Corporate Services BSE Ltd., Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001. ISINCODE:INE304A01026 INE304A04012 BSE Scrip Code : 500460	2. Listing Department National Stock Exchange of India Ltd. Exchange Plaza, Plot no. C/1, G Block, Bandra-Kurla Complex Bandra (E), Mumbai - 400051. ISINCODE: INE304A01026 INE304A04012 NSE Scrip Name : MKANDLTD.
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Dear Sir/Madam,

Sub.: Submission of the copy of the communication issued to shareholders of the Company

With reference to the above and in compliance with the provisions of Regulation 30 and 47 of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015, we hereby enclose the copy of e-communication issued to the shareholders of the Company on 24th September, 2020.

This is for information and records.

For **Mukand Limited**

K. J. Mallya
Company Secretary
(kjmallya@mukand.com)
Cell: 9820990922



MUKAND LIMITED

(CIN: L99999MH1937PLC002726)

Regd. Office: Bajaj Bhawan, Jamnalal Bajaj Marg, 226, Nariman Point, Mumbai - 400021

Tel: 022-61216666, Fax: 022-22021174,

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September 24, 2020

Re.: **Chairman's Letter to Shareholders**

Dear Shareholders,

It is always a pleasure to interact with you. Unfortunately at this AGM, due to the risk associated with Covid 19, we will not be meeting personally. We hope and pray that you will all follow the precautions suggested by our Government and take extra care of yourselves during this pandemic.

The last few months have been disheartening on several fronts. However, we are proud to say that despite the shutdown for approximately 45 days from March 24, 2020, your Company has managed to restart production in May, facing considerable difficulties on several fronts which your dedicated plant managers handled well, complying with the safety procedures required during this health crisis. As you are aware, your Company manufactures alloy steel and stainless steel long products. Alloy steels are manufactured from the Company's Ginigera facilities in Karnataka while stainless steel is manufactured from the Dighe facilities in Thane, Maharashtra and both these facilities have restarted safely and are approaching full capacity utilisation.

Our manufacturing, quality and product leadership over these years which continues to strengthen and keep us ahead of our competitors, did not yield commensurate positive financial results on account of our rising debt and high interest costs, due to various unfortunate factors such as the shut down of iron ore mines in Karnataka a

few years ago, the economic shock of demonetisation and the sharp drop in automotive demand from November 2018.

We now would like to share various encouraging developments with you.

Mukand is the market leader in the manufacture of specialty steel long products in the Country supplying leading automobile and auto component manufacturers. As you may be aware, the demand for two wheelers and passenger cars which was sluggish since November 2018, has accelerated with great speed since August 2020. This has led to a substantial increase in the demand for our special steel products which has already exceeded our production capacity in the month of September, 2020. With the expected and sustained higher demand Countrywide of two and four wheelers, we expect the demand for our products to remain strong.

In May 2018 your Company formed a joint venture (JV) Company with Sumitomo Corporation, Japan for the business of rolling, finishing and marketing of wire rods, bars, bright bars and wires made from blooms and billets procured exclusively from Mukand's Ginigera, (Karnataka) plant.

Mukand Ltd. holds a 51% stake in this JV, Mukand Sumi Special Steel Ltd. (MSSSL). Your Company Management has recommended to disinvest its share upto 51% in the JV for a consideration of approximately Rs 1,200 crore to one or more Promoter Group Companies. This divestment will be completed in tranches over the next one year. It will reduce the Company's debt by around Rs 1,200 crore. We would like to emphasise here that your Company continues to retain ownership of its flagship alloy steel manufacturing assets in Ginigera (Karnataka) and its mutually exclusive relationship for the supply of alloy steel to MSSSL, thereby retaining all its existing capabilities of generating revenues and profits from its owned facilities.

We are also glad to inform you that the Company is close to finalising the sale of 100 acres of its surplus land at Dighe, Thane and has finalised the sale of 42 acres of its surplus land at Sinnar, Maharashtra.

We expect a significant further reduction in debt and interest costs as these transactions materialise over the coming months.

Further, we are truly happy to inform you that the Company is also negotiating a promoter backed line of credit at competitive rates of interest to replace our high cost borrowings. We expect this will result in a substantial saving of interest every year.

We, at Mukand, are convinced that the year 20-21 will be the turning point for your Company. We thank you for your continued support and look forward to a brighter future together.

As we extend our good wishes for the upcoming festivals of Navratri and Diwali to you and your families, may we please also express our desire that you follow all health related precautions to stay safe.

Niraj Bajaj
Chairman and Managing Director

Rajesh Shah
Co-Chairman and Managing Director