

DANDOT CEMENT COMPANY LIMITED

Registered Office: 5 - Zafar Ali Road, Gulberg-V, Lahore, Pakistan
Postal Address: 43-A/S Zafar Ali Road, Gulberg V, Lahore, Pakistan
Telephone: +92-42-35758614-15
email: cfo@dandotcement.com

March 05, 2021.

Mr. Hafiz Maqsood Munshi,
Manager,
Companies and Securities Compliance-RAD,
Pakistan Stock Exchange Limited,
Stock Exchange Building, Stock Exchange Road,
Karachi.

Dear Sir,


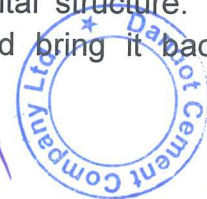

Suspension of Business Operations / Commercial Production

Please refer to your letter PSX/Gen-178 dated February 01, 2021 in the subject matter. In response thereto, we would like to submit the following:

In May 2019, Dandot Cement Company (the "Company") acquired by Calicom Industries (Pvt.) Limited under the Listed Companies (Substantial Acquisition of Voting Shares and Takeovers) Regulations, 2017. After acquisition, despite comprehensive annual maintenance and other repairs, the Company could not achieve feasible production levels which could control financial losses and more importantly, the plant's emission levels could not meet the environmental levels prescribed under the law. Earlier, the Provincial Cabinet of the Government of Punjab had also directed the Company to upgrade the plant on both economical viable scale and on modern technology to mitigate environmental risks.

In order to meet the legal standards and prevent sanctions from Environmental department, the company decided to immediately close down the operations and move towards upgrading it through Balancing, Modernization and Replacement (BMR).

The Company signed a Memorandum of Understanding (MOU) with a renowned cement EPC contractor from China for BMR. The total financial outlay of the BMR is estimated at PKR 3.5 billion including PKR 2.5 billion (\$12 million) for import of new machinery & equipment. For this purpose an amount of PKR 2.2 billion has already been approved by a consortium of financial institutions under the TERF scheme of State Bank of Pakistan (SBP) and remaining amount shall be invested by the sponsors as fresh equity. As soon as the relevant Letters of Credit (LCs) for import of the said machinery under BMR is established, the company shall move for relevant approvals from SECP for equity additions and change in capital structure. The company hopes to complete the BMR within 14 months and bring it back to commercial operations.

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We would like to emphasize here that the suspension of commercial production in operations of the plant is not attributable to any intentional default or malafide of the Company. Rather it is done as a logical step to embark upon execution of the BMR. After the BMR, the company shall attain production efficiencies for long term financial viability, ensure environmental compliance and increase operable life of the plant.

Further, at this critical time when the new sponsors are finalizing the BMR, TERF loans, etc. and reviving the very fundamentals of the company, placing the Company on the "Defaulter Segment" adversely affects confidence levels of the concerned financial institutions and others, and dissuades remedial measures taken-up by the new management and sponsors. In fact, it acts against the overall interests of the shareholders of the company, both majority and minority.

On the basis of above, we request you to please take a lenient view and kindly remove the Company's name from the Defaulters' Segment.

Your earliest response and cooperation in this regard shall be highly appreciated.

Thanks with best regards.

Muhammad Kamran
Company Secretary

