

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

April 5, 2022.

Mr. Hafiz Maqsood Munshi,
Senior Manager,
Listed Companies Compliance Department-RAD,
Pakistan Stock Exchange Limited,
Stock Exchange Building, Stock Exchange Road,
Karachi.

PROGRESS REPORT - BMR

Dear Sir,

In continuation of our previous progress report dated December 30, 2021, we would like to submit the following updated progress report for the Quarter ended March 31, 2022 under section 5.11.2 (b) of PSX Regulations.

Under the BMR programme, following activities are being carried out during the quarter:

1. The Company has signed an additional agreement of USD 640,000 with its existing Chinese Supplier, Tianjin Cement Industry Design and Research Institute Company Limited (TCDRI), to import additional equipments for modification of Coal Grinding, Pulverized Coal Storage, Cement Extraction & Feeding, Cement Mill Grinding and Preheater Fabrication.
2. Additionally, the management has also finalized a PLC/DCS system (programmable logic control / Distributed Control System) for automation of the remaining areas of the plant through a separate contract with Zhejiang SUPCON Technology Co., Ltd. which will provide seamless integration and central control of the entire plant for achieving better operational and maintenance efficiencies.
3. Equity of PKR 195 million has been injected by the management during the quarter including cash margin of PKR 63 million (20% of USD 1.722 million). For the purpose of BMR, the Company will arrange PKR 1,878 million through equity and to date an amount of PKR 463 million has already been injected by the management of the Company.
4. Detailed drawings of BMR civil works is in final stages and hopefully will be completed in this quarter. However, Contracts for construction of Boundary Wall with Electrical and Plumbing have been finalized during the quarter and related work is in progress. For the purpose IESCO connection has also been restored during the quarter.
5. The management is also working on different options & feasibility for solar power plant which may reduce the dependency of the company on national grid and will provide stable uninterrupted and cheaper electricity.

6/4/22

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6. Topographic survey of the plant site has also been completed during the quarter. This survey locates all surface of the property and depicts all natural features and elevations necessary for BMR.
7. For the purpose of designing of the civil foundations, sub-soil investigation has also been completed in this quarter.
8. Preliminary design has been received from TCDRI for structure of preheater, calciner, clinker cooler and art bag house.
9. As some of the old equipments will be replaced with the new equipments therefore, contracts have been awarded for dismantling of the existing old equipment which be replaced with the new equipment and dismantling will start in this quarter.
10. Steel structure drawings for the new civil buildings are scheduled to be completed in this quarter and thereafter, related procurement and fabrication process will start.
11. Shipments of the imported plant & machinery will commence before the year end and hopefully will be completed in the first quarter after the year end i.e., June 30, 2022. The commercial production is scheduled to be started after six months of the last shipment.

Following is the detailed breakup of revised BMR project cost which increased to PKR 5.15 billion from 3.8 billion due to the fact of additions in plant & machinery (mentioned in 1 & 2) along with the factors of exchange fluctuation loss, unprecedented increase in commodity prices and reimposition of sales tax.

(In millions)				
Sr. No.	Description	Sources of Fund		Total (PKR)
		Equity (PKR)	Debt (PKR)	
1.	Imported machinery (USD 14.324 million)	595	2,042	2,637
2.	Duties and taxes on imports	627	-	627
3.	Civil and mechanical works	-	1,228	1,228
4.	Costs during construction	161	-	161
5.	Miscellaneous	495	-	495
	TOTAL	1,878	3,270	5,148



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In view of the above, the suspension of commercial production in operations of the plant is not attributable to any intentional default or mala fide of the Company. Rather, it is done as a logical step to embark upon the 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. Furthermore, we would like to emphasize here that currently, the new sponsors are working hard for the revival of the Company.

We hereby re-request you to take a lenient view and reconsider the step of PSX in placing the Company's name in 'Defaulter's Segment'.

Yours Sincerely,



Muhammad Kamran
Company Secretary