

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

Date: June 03, 2021.

The General Manager,
Pakistan Stock Exchange Limited,
Stock Exchange Building,
Stock Exchange Road,
Karachi.

Subject: Declaration of Right Shares

Dear Sir,

We have to inform you that the Board of Directors of Dandot Cement Company Limited (the "Company"), in their meeting held on June 3rd, 2021 at 2:30 pm at 5 - Zafar Ali Road, Gulberg-V, Lahore, has decided to increase the paid-up share capital of the Company by issue of a further 153,333,334 (One Hundred Fifty Three Million Three Hundred Thirty Three Thousand Three Hundred and Thirty Four) ordinary shares, having face value of PKR 10/- (Pak Rupees Ten) each, as Right Shares, to be offered to the members in proportion of 161.67583966 Right Shares for every 100 ordinary shares held i.e. 161.67583966%, at a price of PKR 15/- (Pak Rupees Fifteen) per Right Share inclusive of a premium of PKR 5.0/- (Pak Rupees Five) per Right Share.

The Share Transfer Books of the Company will be closed from 18/06/2021 to 25/06/2021 (both days inclusive) to determine the entitlement of Right Shares.

Transfers received at Corplink (Pvt.) Limited, Wings Arcade, 1-K Commercial, Model Town, Lahore at the close of the business on 17/06/2021 will be treated in time for the purpose of entitlement of Right Shares to the transferees.

Following details are enclosed:

1. Statement with respect to the details of the Right Issue, including the quantum of issue, issue size, issue price, purpose of issue, utilization of proceeds, benefits of the issue to the Company and its shareholders, risk factors and justification for issue of shares at premium (**Annexure A**).

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2. Certified true copy of the Extracts of the Resolutions passed by the Board of Directors of the Company dated June 03, 2021 (**Annexure B**).
3. Draft copy of the notice of the Right Issue and book closure to the Shareholders prior to its publication in the newspapers (**Annexure C**).

You may please inform the TRE Certificate Holders of the Exchange accordingly.

Yours Sincerely,



Company Secretary



Enclosed: As Above

Copy to:
The Commissioner
Corporate Supervision Department
Securities and Exchange Commission
of Pakistan
Islamabad

The Director
Surveillance Supervision Enforcement
Securities and Exchange Commission
of Pakistan
Islamabad

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Annexure A

Dandot Cement Company Limited

Statement pertaining to Quantum of Issue, Issue Size, Issue Price, Purpose of Issue, Utilization of Proceeds, Benefits of the Issue to the Company and the shareholders, Risk Factors, and Justification for Issue of Shares at Premium, under Rule 3 of the Companies (Further Issue of Shares) Regulations, 2020.

Quantum of the Right Issue (i.e. as a percentage of existing paid-up capital)

The quantum of the Right Issue is 161.67583966% of the existing paid-up capital of the Company i.e. 161.67583966 right shares for every 100 ordinary shares held by the shareholders of the Company.

Right Issue Size

The Company shall issue 153,333,334 (One Hundred Fifty Three Million Three Hundred Thirty Three Thousand Three Hundred and Thirty Four) ordinary shares, at a price of PKR 15.0/- (Pak Rupees Fifteen) per share, aggregating to PKR 2,300,000,010/- (Pak Rupees Two Billion Three Hundred Million and Ten).

Right Issue Price

PKR 15.0/- per share inclusive of a premium of PKR 5.0/- (Pak Rupees Five) per share.

Purpose of the Right Issue

In Pursuance of Strategic Financial Management strategy of the company, the management has decided to increase its equity base by issuance of right shares. The main purpose of Right issue is re-profiling of balance sheet through capitalization and repayment of sponsor loan.

Utilization of Proceeds of the Right Issue

The proceeds from right issue will be utilized for capitalization and repayment of sponsor loan.

Benefits to the Company and Shareholders

Equity base of the Company will be strengthened and the Company will be able to maintain a healthy debt to equity ratio.

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Risk Factors associated with the Right Issue, if any

The Right Issue of the Company is being made at a price which is in line with the current share price in the market and hence there is no major investment risk associated with the Right Issue. The directors and substantial shareholders have given undertakings for subscription (or arrangement of subscription) of their respective right entitlements and the balance portion of the Right Issue is to be fully underwritten as per requirement of the applicable regulations.

Justification for issue of shares at premium

The premium charged over par value is inline with the current market price of the Company.

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Annexure B

Extracts of the Resolutions passed by the Board of Directors of Dandot Cement Company Limited (the "Company") at its meeting held on June 03, 2021 at 5 - Zafar Ali Road, Gulberg-V, Lahore.

A meeting of the Board of Directors of the Company was held at 2:30 pm on June 03, 2021 at 5 - Zafar Ali Road, Gulberg-V, Lahore.

During the meeting, the Board of Directors of the Company discussed and approved the proposed issuance of further share capital by the Company by way of right issue. The Board of Directors of the Company stated that all requirements of the Companies Act, 2017 and the Companies (Further Issue of Shares) Regulations, 2020 have been considered by the Board of Directors of the Company and shall be duly complied by the Company.

Accordingly, the following resolutions were passed by the Board of Directors:

RESOLVED THAT the ordinary paid up share capital of the Company be increased from PKR 948,399,800/- (Pak Rupees Nine Hundred Forty Eight Million Three Hundred Ninety Nine Thousand Eight Hundred) to PKR 2,481,733,140/- (Pak Rupees Two Billion Four Hundred Eighty One Million Seven Hundred Thirty Three Thousand One Hundred Forty), by issue of further 153,333,334 (One Hundred Fifty Three Million Three Hundred Thirty Three Thousand Three Hundred and Thirty Four) ordinary shares of the Company of PKR 10/- (Pak Rupees Ten) each, to be offered to the shareholders of the Company in proportion to the number of shares held by each shareholder (i.e. as right shares) in accordance with the provisions of Section 83 of the Companies Act, 2017 and all applicable laws, at a price of PKR 15.0/- (Pak Rupees Fifteen) per share (i.e. at a premium of PKR 5.0/- (Pak Rupees Five) per share), in the ratio of 161.67583966 right shares for every 100 existing ordinary shares of PKR 10/- each held (i.e. 161.67583966%), against payment to the Company of the price of the shares subscribed, which shares shall rank *pari passu* in all respects with the existing ordinary shares of the Company (the "Right Issue").

FURTHER RESOLVED THAT the following are the quantum, size, price and purpose of the Right Issue, along with the utilization of proceeds, benefits of the Right Issue to the Company and the shareholders of the Company, the risk factors associated with the Right Issue, and the justification for the issue of shares at premium, in accordance with Regulation 3(1)(iii) of the Companies (Further Issue of Shares) Regulations, 2020:

Quantum of the Right Issue (i.e. as a percentage of existing paid up capital)

The quantum of the Right Issue is 161.67583966% of the existing paid-up capital of the Company i.e. 161.67583966 right shares for every 100 ordinary shares held by the shareholders of the Company.

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Right Issue Size

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Right Issue Price

PKR 15.0/- per share (inclusive of a premium of PKR 5.0/- Pak Rupees Five per share).

Purpose of the Right Issue

Pursuance to Strategic Financial Management strategy of the company, the management has decided to increase its equity base by issuance of right shares. The main purpose of Right issue is re-profiling of balance sheet through capitalization and repayment of sponsor loan.

Utilization of Proceeds of the Right Issue

The proceeds from right issue will be utilized for capitalization and repayment of sponsor loan.

Benefits to the Company and its Shareholders

Equity base of the Company will be strengthened and the Company will be able to maintain a healthy debt to equity ratio.

Risk Factors associated with the Right Issue, if any

The Right Issue of the Company is being made at a price which is in line with the current share price in the market and hence there is no major investment risk associated with the Right Issue. The directors and substantial shareholders have given undertakings for subscription (or arrangement of subscription) of their respective right entitlements and the balance portion of the Right Issue is to be fully underwritten as per requirement of the applicable regulations.

Justification for issue of shares at premium

The premium charged over par value is inline with the current market price of the Company.

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FURTHER RESOLVED THAT the letter of offer will be signed by any 2 directors of the Company in compliance with the applicable laws.

FURTHER RESOLVED THAT the draft of the circular to accompany the letter of offer, pursuant to Section 83(3) of the Companies Act, 2017, as placed before the directors be and is hereby approved and the Taha Muhammad Naseem (Chief Executive Officer) and Muhammad Kamran (Company Secretary), be and are hereby severally authorized to sign the circular on behalf of all the directors.

FURTHER RESOLVED THAT all fractional entitlements, if any will be consolidated in the name of the Company Secretary (under trust) and unpaid letters of right in respect thereof shall be sold on the Pakistan Stock Exchange Limited, the net proceeds from which sale, once realized, shall be distributed / paid to the entitled shareholders in accordance with their respective entitlements as per applicable regulations.

FURTHER RESOLVED THAT if any right offer is not taken up by the shareholders till the last date of payment of right shares offered, then these right offers shall be deemed to have been declined and will be treated as cancelled. In that event these will be offered and allotted to such persons as the directors may deem fit in accordance with Section 83(1)(a)(iv) of the Companies Act, 2017, including the sponsors, directors or associated undertaking of the Company or any third party, before calling upon the underwriters to subscribe to any unsubscribed shares.

FURTHER RESOLVED THAT the Company be and is hereby authorized to close its share transfer books from 18/06/2021 to 25/06/2021 (both days inclusive) to determine entitlements of the shareholders of the Company with respect to the Right Issue.

FURTHER RESOLVED THAT the Taha Muhammad Naseem (Chief Executive Officer) and Muhammad Kamran (Company Secretary), be and are hereby severally authorized to do the following on behalf of the Company:

- (i) appoint / negotiate with consultants / advisors / auditors and underwriter(s) to the Right Issue, to finalize terms and conditions and sign underwriting agreements(s), other documents and settle / finalize fees, underwriting commission, take up commission and third party expenses and / or any other expenses relating to the Right Issue;
- (ii) to prepare the schedule for issue of right shares including date of payment, and to make any amendment in the said schedule, appointment of banker(s) to the issue, announce book closure dates, and to take all necessary actions, in respect of the Right Issue and ancillary matters thereto, as required by the Securities and Exchange Commission of Pakistan ("SECP") / Pakistan Stock Exchange Limited ("PSX") / Central Depository Company of Pakistan Limited ("CDC") (including, but not limited to, induction of the offer for right shares in the Central Depository System of the CDC) or any other authority;

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- (iii) to open, maintain, operate and close bank accounts for the purpose of amounts received from subscription of shares
- (iv) to allot / credit right shares and file returns as required by SECP / PSX / CDC along with the auditors' certificates; and
- (v) to take all other necessary steps, and do all other acts, deeds and things, to prepare the offer letter, circular and schedule for issue of right shares and any other documents and to make any amendment in the said documents and schedule and to take all necessary action as may be required in this regard including execution of any documents and agreements or any ancillary or incidental actions to give effect to the above resolutions.

Certified that the above mentioned is a true and valid extract from the meeting of the Board of Directors of Dandot Cement Company Limited held at 5 - Zafar Ali Road, Gulberg-V, Lahore on June 03, 2021.



Company Secretary



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Annexure C

NOTICE OF RIGHT ISSUE AND BOOK CLOSURE

Members are hereby notified that the Board of Directors of Dandot Cement Company Limited (the "Company") in their meeting held on June 03, 2021 has decided to issue further capital by offering 153,333,334 ordinary right shares of PKR 10/- (Pak Rupees Ten) each, in the proportion of 161.67583966 right shares for every 100 ordinary shares held (i.e. 161.67583966%), at a price of PKR 15.0/- (Pak Rupees Fifteen) per share inclusive of a premium of PKR 5.0/- (Pak Rupees Five) per share, against payment to the Company of the price of the shares subscribed by the shareholders, which shares shall rank *pari passu* in all respect with the existing ordinary shares of the Company.

The Share Transfer Books of the Company will remain closed from **18/06/2021** to **25/06/2021** (both days inclusive) to determine the entitlements of the shareholders of the Company. Physical transfers / CDC Transaction IDs received at the Company's share registrar Corplink (Pvt.) Limited, Wings Arcade, 1-K Commercial, Model Town, Lahore, **Telephone: +92 42 35916714, Email: corplink786@gmail.com** by the close of business (5:00 p.m.) on **17/06/2021** will be treated in time for entitlement of right shares.

Company Secretary

