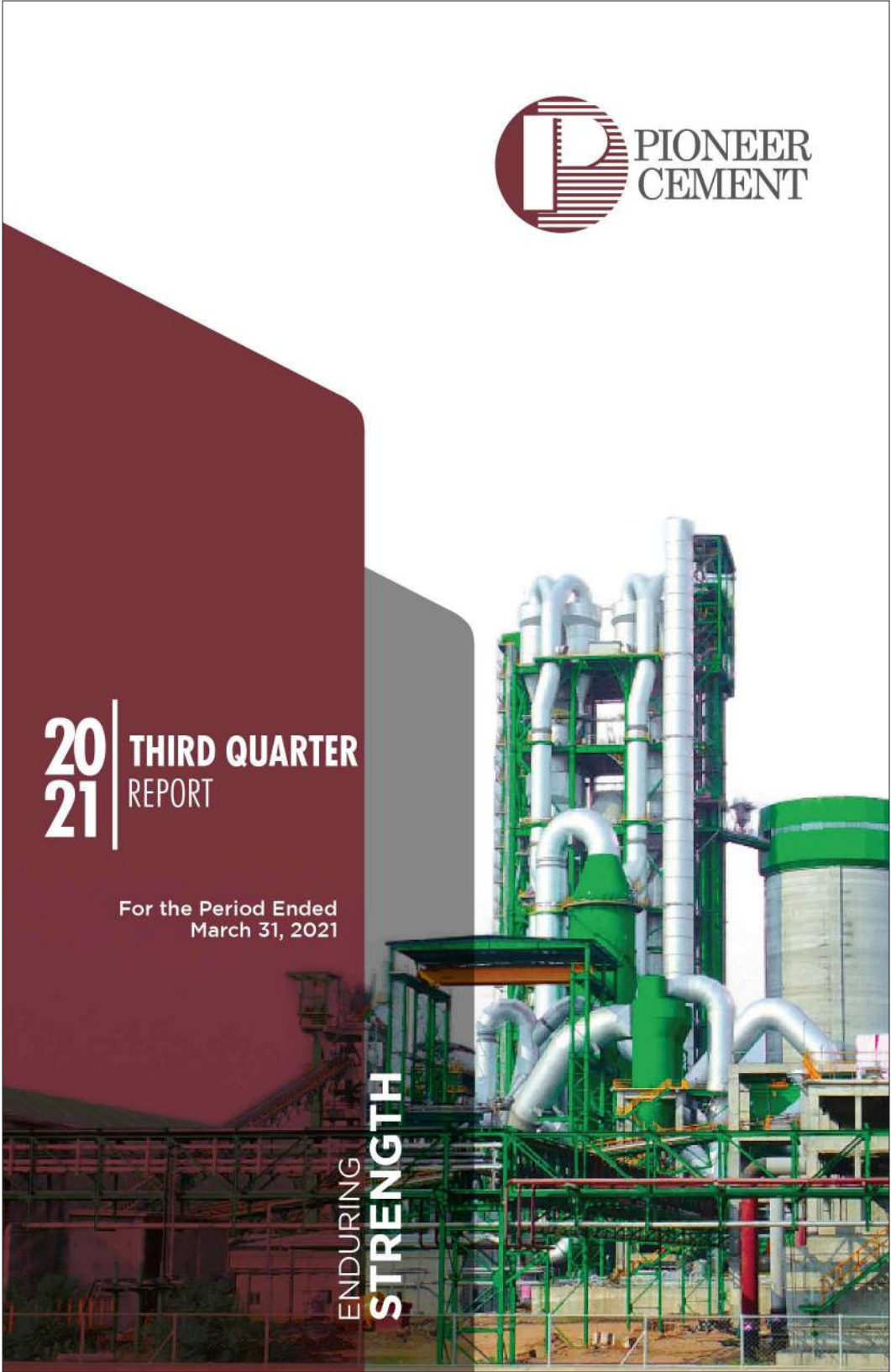




**20  
21** | **THIRD QUARTER  
REPORT**

For the Period Ended  
March 31, 2021

ENDURING  
**STRENGTH**







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## CORPORATE INFORMATION

### Board of Directors

- Mr. Aly Khan (Chairman)
- Mr. Sajid Feroze (CEO)
- Ms. Aleeya Khan
- Mr. Shafiuddin Ghani Khan
- Mr. Mohammed Aftab Alam
- Mirza Ali Hasan Askari
- Mr. Jamal Nasim
- Mr. Rafique Dawood

### Audit Committee

- Mr. Jamal Nasim (Chairman)
- Mr. Aly Khan
- Ms. Aleeya Khan
- Mr. Shafiuddin Ghani Khan
- Mr. Mohammed Aftab Alam

### HR & Remuneration Committee

- Mr. Shafiuddin Ghani Khan (Chairman)
- Mr. Aly Khan
- Mr. Sajid Feroze (CEO)
- Ms. Aleeya Khan
- Mr. Mohammed Aftab Alam

### Chief Financial Officer

- Mr. Waqar Naeem

### Chief Internal Auditor

- Mr. Jamal-ud-Din

### Company Secretary

- Mr. Abdul Wahab

### Bankers

- Allied Bank Limited
- Askari Bank Limited
- Bank Al Habib Limited
- Bank of Khyber
- Dubai Islamic Bank
- First Credit and Investment Bank
- Habib Bank Limited
- JS Bank Limited
- MCB Bank Limited
- Meezan Bank Limited
- National Bank of Pakistan
- Samba Bank
- The Bank of Punjab
- United Bank Limited

### Statutory Auditors

EY Ford Rhodes  
Chartered Accountants

### Cost Auditors

Ale Imran & Co.  
Chartered Accountants

### Legal Advisor

Hassan & Hassan

### Registered Office

135-Ferozepur Road, Lahore  
Tel: +92 (42) 37503570-72  
Fax: +92 (42) 37503573-4  
Email: pioneer@pioneercement.com

### Factory

Chenki, District Khushab  
Tel: +92 (454) 898101-3  
Fax: +92 (454) 898104  
Email: factory@pioneercement.com

### Regional Offices

#### Karachi Office

4th Floor, KDLB Building West Wharf,  
Karachi  
Tel: +92 (21) 32201232-3  
Fax: +92 (21) 32201234  
Email: pclkhi@pioneercement.com

#### Multan Office

House No. 218, Naqshband Colony,  
Khanewal Road, Multan  
Tel: +92 (61) 6510404  
Fax: +92 (61) 6510405

#### Faisalabad Office

Office No. 3, 2nd Floor, Sitara Tower,  
Bilal Chowk, New Civil Lines, Faisalabad  
Tel: +92 (41) 2630030, 2640406-7  
Fax: +92 (41) 2630923

### Share Registrar

Corplink (Pvt) Limited  
Wings Arcade, I-K Commercial,  
Model Town, Lahore  
Tel: +92 (42) 35839182, 35916714  
Fax: +92 (42) 35869037  
Email: corplink786@yahoo.com,  
shares@pioneercement.com

## DIRECTORS' REPORT TO THE SHAREHOLDERS

Directors of your Company are pleased to present financial statements for the nine months ended March 31, 2021.

### The Cement Sector

During the period under review, Pakistan's cement industry dispatched 43.3 million tons of cement; volumetric growth of 17.0% on year over year (YoY) basis. Dispatches to domestic market grew by 5.6 million tons (18.3% YoY) to clock in at 36.2 million tons whereas industry's export reached at 7.1 million tons registering a growth of 10.8% over same period last year (SPLY).

### The Company

During the current period under review, your Company produced and dispatched record volume of cement. 2,534,472 tons of cement was produced compared to 1,149,442 tons produced during SPLY, growth of 120.5%. During the nine months of the FY 2021, local sale volumes surged to 2,500,276 tons, registering growth of 120.6% whereas 12,222 tons cement was sold overseas cumulating to total dispatches of 2,512,498 tons; growth of 119.3%.

A comparative summary of production and sales volumes is given below:

	Jul-Mar		(Tons)	
	FY 2021	FY 2020	Variance	%
<b>Production</b>				
Cement	<b>2,534,472</b>	1,149,442	1,385,030	120.50
<b>Cement Sales</b>				
Domestic	<b>2,500,276</b>	1,133,413	1,366,863	120.60
Exports	<b>12,222</b>	12,176	46	0.38
<b>Total Sales</b>	<b>2,512,498</b>	1,145,589	1,366,909	119.32

The comparative summary of key financial results for the period under review with SPLY performance is given below:

Particulars	(Rs. in million)			
	Jul-Mar		Jan-Mar	
	FY 2021	FY 2020	FY 2021	FY 2020
Net sales	<b>15,641</b>	5,973	<b>6,270</b>	1,825
Cost of sales	<b>12,952</b>	6,031	<b>4,721</b>	1,928
Gross profit / (loss)	<b>2,689</b>	(58)	<b>1,550</b>	(103)
Gross profit / (loss) - %	<b>17.2%</b>	(1.0%)	<b>24.7%</b>	(5.7%)
Operating profit / (loss)	<b>2,635</b>	(414)	<b>1,451</b>	(401)
Operating profit / (loss) - %	<b>16.8%</b>	(6.9%)	<b>23.1%</b>	(22.0%)
Profit / (loss) before taxation	<b>1,307</b>	(679)	<b>962</b>	(484)
Profit / (loss) after taxation	<b>1,293</b>	(523)	<b>687</b>	(411)
Earnings / (loss) per share (Rupees)	<b>5.69</b>	(2.30)	<b>3.02</b>	(1.81)

Net revenue for the nine months period under review amounted to Rs. 15,641 million compared to Rs. 5,972.9 million earned during SPLY, YoY growth of 161.9%. Quantitative growth in the domestic market coupled with recovery in sales retention led to this growth in Company's topline.

Cost of sales for the three quarters period ended March 31, 2021 increased from SPLY's Rs. 6,031.2 million to Rs. 12,952.2 million. This increase is mainly attributable to 119.3% YoY quantitative growth in total dispatches. Efficient operations of new production line have pulled the overall per ton variable manufacturing cost down.

Surge in production volumes has been supported by new cement plant which has yielded economies of scale. Interest cost on loans obtained to finance new cement plant has been charged against profits which was capitalized as part of borrowings costs in the corresponding period.

Due to the factors discussed in the preceding paragraphs, net profit for the nine months period ended March 31, 2021 clocked in at Rs. 1,293 million compared to net loss after tax of Rs. 523.2 million recorded during SPLY.

During the second quarter of current financial year, the installation of 12 MW Waste Heat Recovery Power Plant had already been completed and it started contributing low-cost electricity to Company's power requirements. Both units of Coal Fired Power Project (CFPP) 24 MW are in testing phase and will commence commercial power generation shortly.

### **Going Forward**

We expect coming years to continue tangible turnaround by cement industry after the favorable package by the Government to boost construction activity in the country. Extension in amnesty scheme for investment in real estate sector and the condition mandated by State Bank of Pakistan on commercial banks to lend minimum 5% of their loan portfolio to housing sector will play a pivotal role to nurture demand from private sector. The Company is also exploring new profitable export markets to augment more margins to the bottom line. After signs of recovery of hung-up industrial activity around the globe due to COVID-19, fuel prices are on an upward trend. This global upsurge in fuel prices directly impacts the cost of cement production. However, the efficiencies of new line and reliance on captive power generation will mitigate the adverse impact on input costs.

The management of the Company will continue to channel its efforts and focus on operational efficiencies to add more value to shareholders.

### **Acknowledgement:**

The Board acknowledges the assistance and cooperation of all stakeholders including financial institutions, customers, creditors, government departments, employees and all others who strengthened the Company.

For and on behalf of the board



**Sajid Feroze**  
Chief Executive Officer

April 29, 2021  
Lahore



**Aly Khan**  
Chairman

April 29, 2021  
Lahore

موجودہ مالی سال کی دوسری سہ ماہی کے دوران 12 میگا واٹ کے ویسٹ ہیٹ ریکوری پلانٹ نے تنصیب مکمل ہونے کے بعد کمپنی کی ضروریات کو پورا کرنے کے لئے کم لاگت کی بجلی کی پیداوار شروع کر دی ہے۔ 24 میگا واٹ کوندہ سے چلنے والے پلانٹ کے دونوں یونٹس جانچ پڑتال کے آخری مراحل سے گزر رہے ہیں اور جلد کمرشل پیداوار شروع ہو جائے گی۔

### مستقبل کا نقطہ نظر

ہمیں توقع ہے کہ آنے والے سالوں میں حکومت پاکستان کے اعلان کردہ معاشی پیکیجز جو کہ ملک میں تعمیراتی صنعت کو فروغ دیں گے ان سے سینٹ کی صنعت کو بھی سہارہ ملے گا۔ جائیداد کی خرید و فروخت میں سرمایہ کاری کے لئے ایمنسٹی سکیم میں توسیع اور کمرشل بینکوں کے لئے یہ شرط کہ وہ اپنے قرضہ جات کا 5% گھروں کی تعمیر کے لئے قرضہ کی فراہمی کے لئے استعمال کریں، پرائیویٹ سیکٹر میں سینٹ کی مانگ میں اضافے کا باعث بنے گا۔ کمپنی منافع بخش برآمدی منڈیوں کی تلاش میں ہے تاکہ آمدن میں اضافہ کیا جاسکے۔ COVID-19 کی وجہ سے دنیا میں صنعتی سرگرمیوں کی بحالی کے اثرات کو دیکھتے ہوئے ایندھن کی قیمتیں بڑھ رہی ہیں۔ ایندھن کی قیمتوں میں اس عالمی اضافے کی وجہ سے سینٹ کی پیداوار کی لاگت پر بھی اثر پڑے گا۔ تاہم نئے پلانٹ کی موثر کارکردگی اور توانائی کے دوسرے ذرائع پر انحصار سے لاگت پر زیادہ اثر نہیں پڑے گا۔

کمپنی کی انتظامیہ آپریشنل افادیت میں اضافہ کے لئے اپنی کوششیں جاری رکھے گی تاکہ حصص داران کی قدر میں مزید اضافہ ہو۔

### اظہار تشکر

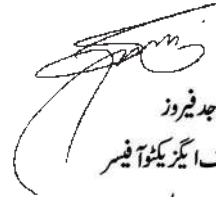
بورڈ آف ڈائریکٹرز تمام شراکت داران حصص داران کسٹمر سپلائرز مالیاتی اداروں اور نگران اداروں اور ملازمین کے اعتماد اور تعاون کا تہ دل سے مشکور ہے۔



چیرمین

29 اپریل 2021

لاہور



ساجد فیروز

چیف ایگزیکٹو آفیسر

29 اپریل 2021

لاہور



## ڈائریکٹرز رپورٹ برائے حصص داران

آپ کی کمپنی کے ڈائریکٹران 31 مارچ، 2021 کو ختم ہونے والی تیسری سہ ماہی کے حسابات کا جائزہ پیش کرتے ہیں۔

### سیمنٹ سیکٹر

زیر نظر عرصہ کے دوران پاکستان میں سیمنٹ کی صنعت نے %17.0 کی شرح نمو کے ساتھ کل 43.3 ملین ٹن ترسیلات کیں۔ مقامی ترسیلات %18.3 اضافے کے ساتھ 5.6 ملین ٹن بڑھ کر 36.2 ملین ٹن ہو گئیں۔ تاہم برآمدات 7.1 ملین ٹن رہیں جو کہ تقابلی عرصہ کی نسبت %10.8 کا اضافہ ظاہر کرتی ہیں۔

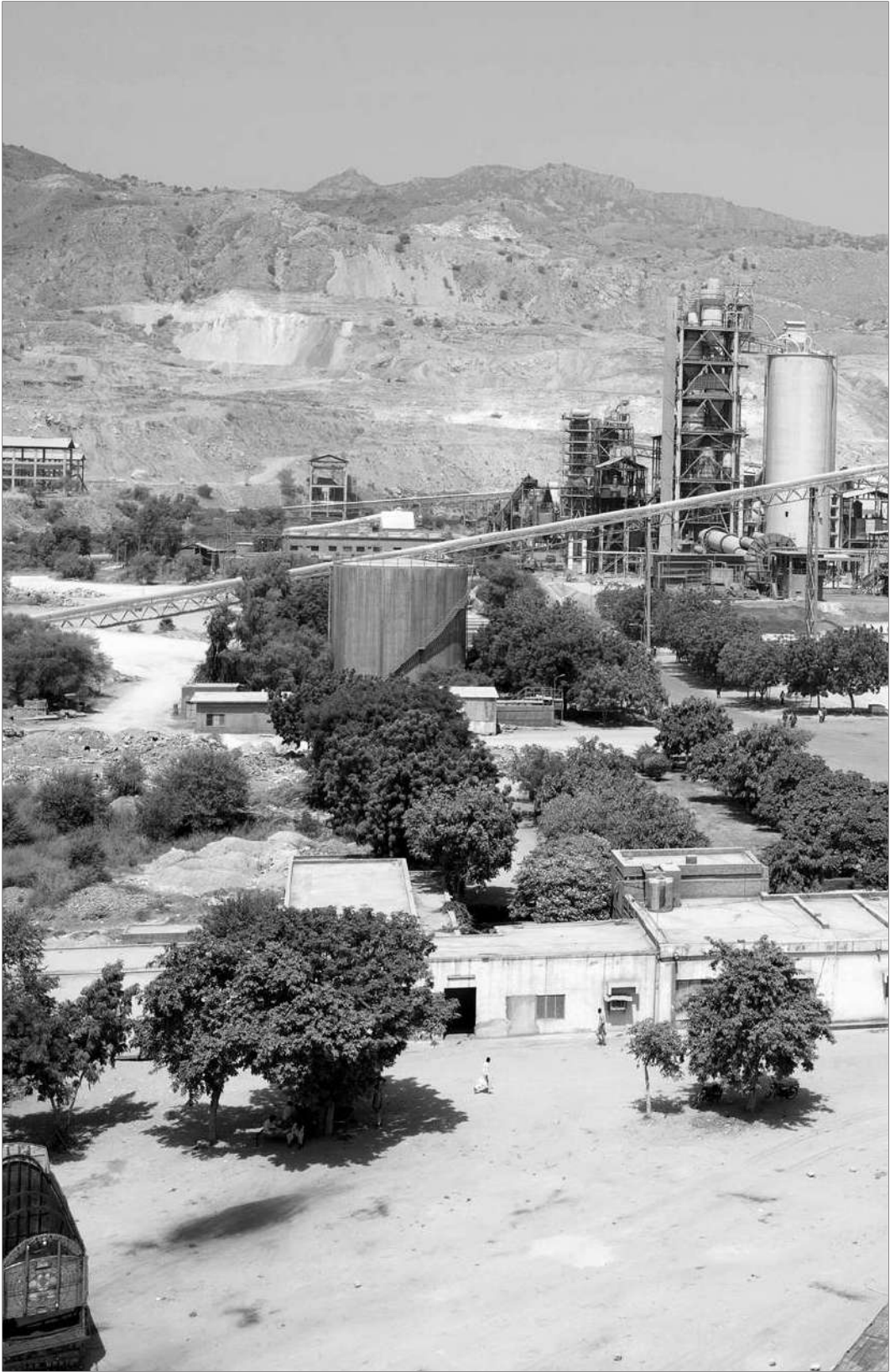
### کمپنی کی کارکردگی

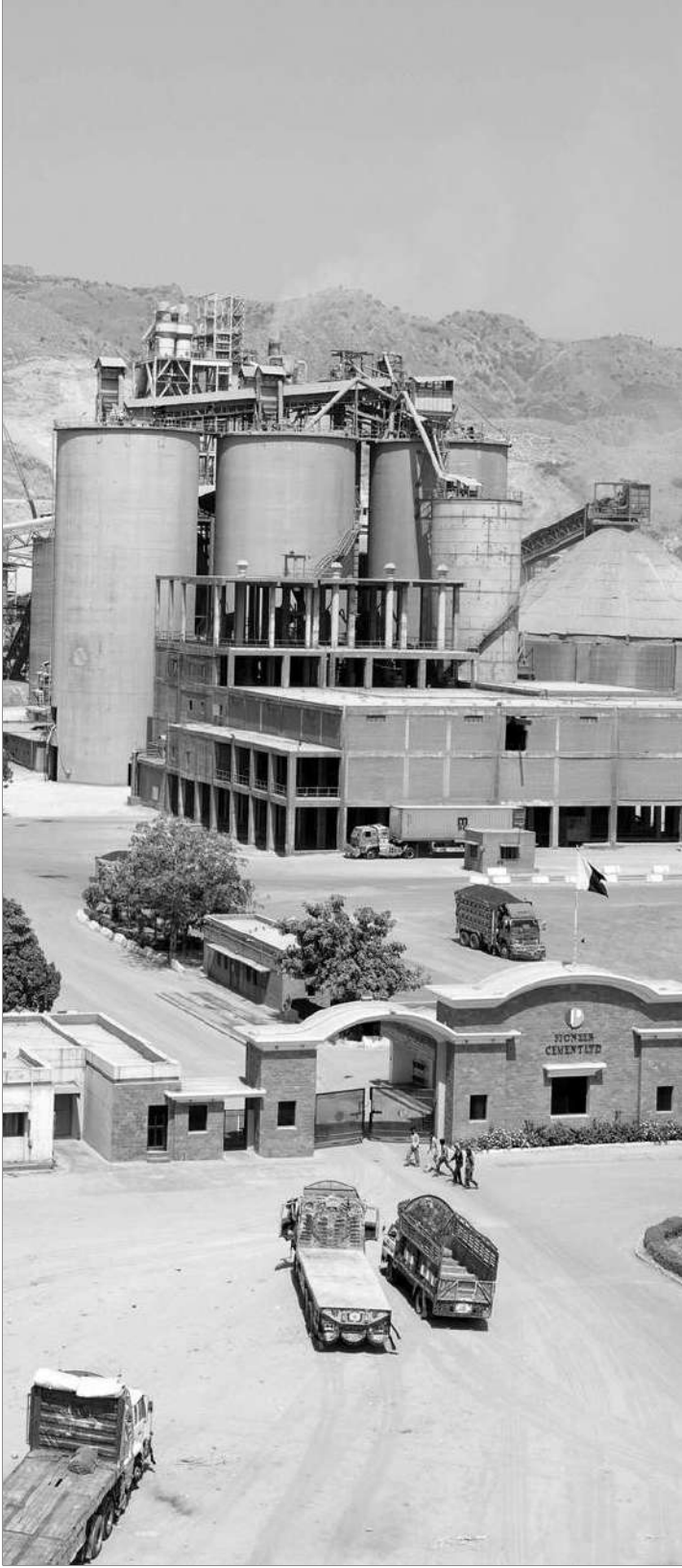
آپ کی کمپنی نے زیر نظر عرصہ کے دوران سیمنٹ کی ریکارڈ پیداوار اور ترسیلات کیں اور %120.5 کی شرح سے ترقی کرتے ہوئے 2,534,472 ٹن سیمنٹ بنایا گیا جبکہ گزشتہ سال اسی عرصہ کے دوران 1,149,442 ٹن بنایا گیا تھا۔ مالی سال 2021 کے پہلے نو ماہ کے دوران مقامی فروخت کی مقدار %120.6 ترقی سے 2,500,276 ٹن تک بڑھ گئی جبکہ 12,222 ٹن سیمنٹ برآمد کیا گیا اس طرح کل ترسیلات %119.3 ترقی سے 2,512,498 ٹن رہیں۔

زیر نظر عرصہ کے دوران کمپنی نے خالص آمدنی 15,641 ملین روپے حاصل کی جو کہ پچھلے سال 5,972.9 ملین روپے تھی اس طرح %161.9 کا اضافہ ہوا۔ فروخت کی قیمتوں میں بحالی اور مقامی منڈی میں مقداری نمو کی وجہ سے کمپنی نے بہتر نشوونما کی۔

رواں سال 31 مارچ، 2021 کو ختم ہونے والے عرصہ کے دوران فروخت کی لاگت پچھلے سال کے 6,971.5 ملین روپے کے مقابلے میں 12,952.2 ملین روپے رہی۔ ترسیلات میں %119.3 کی مقداری نشوونما اس اضافے کا سبب رہی۔ نئی پیداواری لائن کی موثر کارکردگی نے پیداواری لاگت کم کرنے میں کردار ادا کیا۔

متذکرہ بالا عوامل کی وجہ سے کمپنی کا خالص منافع 31 مارچ، 2021 کو ختم ہونے والی سہ ماہی تک 1,293 ملین روپے رہا جبکہ گزشتہ سال اسی عرصہ کے دوران 523.2 ملین روپے کا بعد از ٹیکس خسارہ ہوا تھا۔





# CONDENSED INTERIM FINANCIAL STATEMENTS

## CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2021

Rupees in thousand			March 31 2021	June 30 2020
	Note		Un-audited	Audited
<b>ASSETS</b>				
<b>NON CURRENT</b>				
Property, plant and equipment	6	42,997,701		41,557,935
Investment property		85,531		85,531
Long term deposits		64,672		64,922
		<b>43,147,904</b>		41,708,388
<b>CURRENT</b>				
Stores, spare parts and loose tools	7	2,598,918		2,615,489
Stock-in-trade	8	514,884		418,089
Trade debts - unsecured		1,261,056		974,170
Loans and advances		730,527		855,637
Trade deposits and short term prepayments		15,537		2,306
Advance income tax - net		1,161,207		991,991
Sale tax receivable - net		-		360,269
Other receivable		226		228
Short term investments	9	938,101		741,736
Cash and bank balances	10	510,774		366,214
		<b>7,731,230</b>		7,326,129
		<b>50,879,134</b>		49,034,517
<b>EQUITY AND LIABILITIES</b>				
<b>SHARE CAPITAL AND RESERVES</b>				
Authorized share capital		3,500,000		3,500,000
Issued, subscribed and paid up capital		2,271,489		2,271,489
<b>Reserves</b>				
<b>Capital</b>				
Share premium		197,517		197,517
Surplus on revaluation of property, plant and equipment - net of tax		2,642,986		2,711,132
<b>Revenue</b>				
Accumulated profits		9,309,252		7,948,088
		<b>12,149,755</b>		10,856,737
		<b>14,421,244</b>		13,128,226
<b>LIABILITIES</b>				
<b>NON CURRENT</b>				
Long term financing - secured	11	18,409,147		18,901,627
Long term deposits		14,142		4,237
Deferred grant		8,172		6,624
Deferred liabilities		1,628,219		1,837,831
Retention money		802,419		794,691
		<b>20,862,099</b>		21,545,010
<b>CURRENT</b>				
Trade and other payables	12	5,381,762		5,101,747
Loan from related party		200,000		500,000
Contract liabilities		124,129		110,053
Sales tax payable - net		742,915		-
Accrued interest / profit on financing	13	555,714		971,523
Short term borrowings - secured	14	4,288,616		5,892,041
Current portion of long term financing - secured	11	4,241,086		1,720,406
Unclaimed dividend		61,569		65,511
		<b>15,595,791</b>		14,361,281
		<b>36,457,890</b>		35,906,291
<b>CONTINGENCIES AND COMMITMENTS</b>	15	-		-
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>50,879,134</b>		49,034,517

The annexed notes from 1 to 20 form an integral part of these condensed interim financial statements.

  
Chief Financial Officer

  
Chief Executive Officer

  
Chairman

## CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS

FOR THE NINE MONTHS ENDED MARCH 31, 2021 (UN-AUDITED)

Rupees in thousand		Nine months ended		Quarter ended	
	Note	March 31,		March 31,	
		2021	2020	2021	2020
<b>Revenue from contracts with customers - gross</b>					
Cement - local		23,506,333	9,986,259	9,285,262	3,127,491
Cement - export		59,950	62,078	8,258	14,932
		<b>23,566,283</b>	10,048,337	<b>9,293,520</b>	3,142,423
Less:					
Sales tax		(3,968,176)	(1,702,317)	(1,557,610)	(529,048)
Federal excise duty		(3,750,416)	(2,266,764)	(1,384,923)	(752,162)
Commission		(177,656)	(60,594)	(69,286)	(21,036)
Discount and rebate		(29,039)	(45,714)	(11,313)	(14,956)
		<b>(7,925,287)</b>	(4,075,389)	<b>(3,023,132)</b>	(1,317,202)
<b>Revenue from contracts with customers - net</b>					
		<b>15,640,996</b>	5,972,948	<b>6,270,388</b>	1,825,221
Cost of sales	16	(12,952,183)	(6,031,184)	(4,720,759)	(1,928,474)
<b>Gross profit / (loss)</b>					
		<b>2,688,813</b>	(58,236)	<b>1,549,629</b>	(103,253)
Distribution cost		(101,711)	(235,505)	(33,800)	(73,878)
Administrative expenses		(94,002)	(81,070)	(34,110)	(23,819)
Other expenses		(97,600)	(86,558)	(72,001)	(86,354)
Other income		239,452	47,049	41,148	(113,941)
		<b>(53,861)</b>	(356,084)	<b>(98,763)</b>	(297,992)
<b>Operating profit / (loss)</b>					
		<b>2,634,952</b>	(414,320)	<b>1,450,866</b>	(401,245)
Finance cost		(1,327,579)	(265,136)	(488,895)	(82,875)
<b>Profit / (loss) before taxation</b>					
		<b>1,307,373</b>	(679,456)	<b>961,971</b>	(484,120)
Current tax		(237,123)	(90,915)	(94,255)	(27,839)
Deferred tax		222,768	247,172	(181,209)	100,428
		<b>(14,355)</b>	156,257	<b>(275,464)</b>	72,589
<b>Profit / (loss) after taxation</b>					
		<b>1,293,018</b>	(523,199)	<b>686,507</b>	(411,531)
<b>Earnings / (loss) per share - basic and diluted (Rs.)</b>					
		<b>5.69</b>	(2.30)	<b>3.02</b>	(1.81)

The annexed notes from 1 to 20 form an integral part of these condensed interim financial statements.

  
Chief Financial Officer

  
Chief Executive Officer

  
Chairman

**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME**  
FOR THE NINE MONTHS ENDED MARCH 31, 2021 (UN-AUDITED)

Rupees in thousand	Nine months ended		Quarter ended	
	March 31,		March 31,	
	2021	2020	2021	2020
<b>Profit / (loss) after taxation</b>	<b>1,293,018</b>	<b>(523,199)</b>	<b>686,507</b>	<b>(411,531)</b>
Other comprehensive income				
Items that may be reclassified to statement of profit or loss	-	-	-	-
Items that will not be reclassified to statement of profit or loss subsequently	-	-	-	-
Other comprehensive income for the period	-	-	-	-
<b>Total comprehensive income / (loss) for the period</b>	<b>1,293,018</b>	<b>(523,199)</b>	<b>686,507</b>	<b>(411,531)</b>

The annexed notes from 1 to 20 form an integral part of these condensed interim financial statements.

  
Chief Financial Officer

  
Chief Executive Officer

  
Chairman

**CONDENSED INTERIM STATEMENT OF CASH FLOWS**  
FOR THE NINE MONTHS ENDED MARCH 31, 2021 (UN-AUDITED)

Rupees in thousand	Note	Nine Months Ended March 31	
		2021 Un-audited	2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash generated from operations	17	4,315,958	2,413,991
Income tax (paid) / refund		(406,340)	24,873
Workers' profit participation fund paid		-	(13,305)
Workers' welfare fund paid		-	(31,527)
Gratuity and compensated absences paid		(11,969)	(13,060)
Decrease / (increase) in long term deposits - net		9,655	(8,020)
<b>Net cash generated from operating activities</b>	A	<b>3,907,304</b>	2,372,952
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Capital expenditure incurred		(2,151,803)	(2,868,065)
Proceeds from disposal of property, plant and equipment		2,339	-
Retention money payable		7,728	(1,116,140)
Redemption of short term investments		-	3,304
<b>Net cash used in investing activities</b>	B	<b>(2,141,736)</b>	(3,980,901)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Long term financing - secured - net		2,029,747	3,877,085
Short term borrowings - net		(1,903,425)	68,048
Dividend paid		(3,942)	(2,265)
Finance cost paid		(1,743,388)	(2,311,406)
<b>Net cash (used in) / generated from financing activities</b>	C	<b>(1,621,008)</b>	1,631,462
<b>Net increase in cash and cash equivalents</b>	A+B+C	<b>144,560</b>	23,513
<b>Cash and cash equivalents - at the beginning of the period</b>		<b>366,214</b>	210,924
<b>Cash and cash equivalents - at the end of the period</b>		<b>510,774</b>	234,437

The annexed notes from 1 to 20 form an integral part of these condensed interim financial statements.

  
Chief Financial Officer

  
Chief Executive Officer

  
Chairman

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY**  
FOR THE NINE MONTHS ENDED MARCH 31, 2021 (UN-AUDITED)

Rupees in thousand

	Issued, subscribed and paid-up capital	Reserves			Sub total	Total equity
		Capital		Revenue		
		Share premium	Surplus on revaluation of property, plant and equipment	Accumulated profits		
<b>Balance as at 30 June 2019 (audited)</b>	2,271,489	197,517	2,816,077	8,036,260	11,049,854	13,321,343
Loss after taxation for the period	-	-	-	(523,199)	(523,199)	(523,199)
Other comprehensive income for the period	-	-	-	-	-	-
	-	-	-	(523,199)	(523,199)	(523,199)
Surplus on revaluation of property, plant and equipment realized through incremental depreciation - net of tax	-	-	(89,089)	89,089	-	-
<b>Balance as at 31 March 2020 (unaudited)</b>	2,271,489	197,517	2,726,988	7,602,150	10,526,655	12,798,144
<b>Balance as at 30 June 2020 (audited)</b>	<b>2,271,489</b>	<b>197,517</b>	<b>2,711,132</b>	<b>7,948,088</b>	<b>10,856,737</b>	<b>13,128,226</b>
Profit after taxation for the period	-	-	-	1,293,018	1,293,018	1,293,018
Other comprehensive income for the period	-	-	-	-	-	-
	-	-	-	1,293,018	1,293,018	1,293,018
Surplus on revaluation of property, plant and equipment realized through incremental depreciation - net of tax	-	-	(68,146)	68,146	-	-
<b>Balance as at 31 March 2021 (unaudited)</b>	<b>2,271,489</b>	<b>197,517</b>	<b>2,642,986</b>	<b>9,309,252</b>	<b>12,149,755</b>	<b>14,421,244</b>

The annexed notes from 1 to 20 form an integral part of these condensed interim financial statements.

  
Chief Financial Officer

  
Chief Executive Officer

  
Chairman



## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED MARCH 31, 2021 (UN-AUDITED)

### 1 LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 Pioneer Cement Limited (the Company) was incorporated in Pakistan as a public company limited by shares, on February 09, 1986. Its shares are quoted on Pakistan Stock Exchange. The principal activity of the Company is manufacturing and sale of cement. The registered office of the Company is situated at 135 Ferozepur Road, Lahore. The Company's production facility is situated at Chenki, District Khushab in Punjab province with land area of 2,429 kanal and 9 marla.
- 1.2 The Company commenced its operations with an installed integrated cement production capacity of 2,200 tons per day. During the year 2005, the capacity was optimized to 2,585 tons cement per day. In financial year 2006, another production line of 4,730 tons cement per day capacity was completed which started commercial operations from April 2006. During the year 2020, the Company completed the installation of another integrated cement plant with an installed cement production capacity of 10,000 tons per day which started commercial production in June 2020.
- 1.3 During the period, the Company completed the installation of 12 MW Waste Heat Recovery which is in operation since December 2020 whereas 24 MW Coal Power Plant has also started power generation.

### 2 BASIS OF PRESENTATION AND MEASUREMENT

- 2.1 These condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

- 2.2 The condensed interim financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the financial statements of the Company for the year ended June 30, 2020.
- 2.3 These condensed interim financial statements are unaudited and being submitted to the shareholders as required under Section 237 of the Companies Act, 2017 and the Listing Regulations of Pakistan Stock Exchange Limited.
- 2.4 The condensed interim financial statements have been prepared under the historical cost convention. These condensed interim financial statements are prepared in Pak Rupees, which is the functional currency of the Company. Figures have been rounded off to the nearest thousand rupees unless otherwise stated.

### 3 ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting

policies and the reported amounts. Actual results may differ from these judgements, estimates and assumptions.

Judgements and estimates made by the management in the preparation of these condensed interim financial statements are the same as those applied in the Company's annual audited financial statements for the year ended 30 June 2020.

#### 4 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation adopted in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the financial statements for the year ended June 30, 2020, except as follows:

##### 4.1 Standards, amendments or interpretations which became effective during the period

The Company has adopted the following amendments to standards and conceptual framework effective for annual period beginning on 01 January 2020. The adoption of these amendments and conceptual framework did not have an impact on these condensed interim financial statements. The Company has not early-adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

##### New Standards, Interpretations and Amendments

IFRS 3	Definition of a Business — (Amendments)
IAS 39, IFRS 9 and IFRS 7	Interest rate benchmark reform — (Amendments)
IAS 1 and IAS 8	Definition of Material — (Amendments)
Conceptual framework	The Conceptual Framework for Financial Reporting
IFRS 16	Covid-19-Related Rent Concessions (Amendments)

#### 5 TAXATION, WORKERS' WELFARE AND WORKERS' PROFIT PARTICIPATION FUND

Provisions in respect of Workers' Welfare Fund, Workers' Profit Participation Fund and Taxation are estimated based on management judgment and prevailing laws, these are subject to final adjustments in the annual audited financial statements.

Rupees in thousand	Note	March 31 2021 Un-audited	June 30 2020 Audited
<b>6 PROPERTY, PLANT AND EQUIPMENT</b>			
Operating property, plant and equipment	6.1	<b>35,699,642</b>	34,650,824
Capital work in progress	6.2	<b>7,298,059</b>	6,907,111
		<b>42,997,701</b>	41,557,935
<b>6.1 Operating property, plant and equipment</b>			
Opening book value		<b>34,650,824</b>	11,053,352
Additions during the period / year	6.1.1	<b>1,760,855</b>	24,022,740
		<b>36,411,679</b>	35,076,092
Disposals during the period / year	6.1.2	<b>(1,780)</b>	-
Depreciation for the period / year		<b>(710,257)</b>	(425,268)
Closing book value		<b>35,699,642</b>	34,650,824

Rupees in thousand	Note	March 31, 2021 Un-audited	June 30 2020 Audited
<b>6.1.1 Additions during the period / year</b>			
Factory building on freehold land		154,719	681,964
Plant and machinery		1,590,141	23,332,035
Office equipment		13,945	6,054
Furniture, fixture and equipment		1,624	634
Computers and accessories		348	2,053
Vehicles		78	-
		<b>1,760,855</b>	<b>24,022,740</b>

<b>6.1.2 Disposals during the period / year</b>			
Furniture and fixture		102	-
Vehicles		1,678	-
		<b>1,780</b>	<b>-</b>

<b>6.2 Capital work in progress</b>			
Opening balance		6,907,111	25,053,163
Additions during the period / year		2,059,997	5,794,842
Transferred to operating fixed assets		(1,669,049)	(23,940,894)
Closing balance	6.2.1	<b>7,298,059</b>	<b>6,907,111</b>

<b>6.2.1 Represented by</b>			
WHR, Coal Power Plant and civil works	6.2.2	6,320,797	6,152,067
Other plant and machinery items		101,697	93,460
Office premises under construction		838,397	625,843
Other civil works		37,168	35,741
Closing balance		<b>7,298,059</b>	<b>6,907,111</b>

**6.2.2** The amount of borrowing cost capitalized during the period amounts to Rs. 380.04 million (June 30, 2020: Rs. 3,021.89 million). The applicable financing rates for the under construction projects ranges from KIBOR plus 20 bps to KIBOR plus 175 bps (June 30, 2020: KIBOR plus 20 bps to KIBOR plus 175 bps).

Rupees in thousand		March 31 2021 Un-audited	June 30 2020 Audited
<b>7 STORES, SPARE PARTS AND LOOSE TOOLS</b>			
Stores		436,115	536,649
Spare parts		1,901,252	1,856,839
Loose tools		14,887	15,435
		<b>2,352,254</b>	<b>2,408,923</b>
Stores, spares and loose tools in transit		<b>290,597</b>	<b>250,499</b>
		<b>2,642,851</b>	<b>2,659,422</b>
Provision for slow moving stores and spare parts		<b>(43,933)</b>	<b>(43,933)</b>
		<b>2,598,918</b>	<b>2,615,489</b>

Rupees in thousand	March 31 2021 Un-audited	June 30 2020 Audited
<b>8 STOCK-IN-TRADE</b>		
Raw materials	110,444	51,432
Packing materials	32,800	47,716
Work in process	199,526	239,397
Finished goods	172,114	79,544
	<b>514,884</b>	418,089

#### 9 SHORT TERM INVESTMENTS

##### Fair value through profit or loss:

##### -Investment with Shariah compliant funds

##### Meezan Islamic Fund

Units 4,004,681 (June 30, 2020: 4,004,681)

243,505 186,964

##### NBP Islamic Stock Fund

Units 22,977,008 (June 30, 2020: 22,977,008)

284,465 217,438

##### KSE Meezan Index Fund

Units 913,849 (June 30, 2020: 913,849)

63,656 48,811

##### Meezan Balance Fund

Units 11,443,064 (June 30, 2020: 11,443,064)

181,101 156,926

##### Meezan Assets Allocation Fund

Units 3,520,814 (June 30, 2020: 3,520,814)

162,392 128,708

##### Meezan Islamic Income Fund

Units 12,253 (June 30, 2020: 12,253)

663 631

**935,782** 739,478

##### -Investment with conventional funds

##### NBP Government Securities Liquid Fund

Units 1,448 (June 30, 2020: 1,413)

15 14

##### NBP Money Market Fund

Units 232,873 (June 30, 2020: 227,118)

2,304 2,244

**2,319** 2,258

**938,101** 741,736

#### 10 CASH AND BANK BALANCES

These include sales collection in process (cheques in hand) amounting to Rs 334.14 million (June 30, 2020: Rs. 129.98 million).

Rupees in thousand	Note	March 31 2021 Un-audited	June 30 2020 Audited
<b>11 LONG TERM FINANCING - SECURED</b>			
<b>ISLAMIC BANK</b>			
Meezan Bank Limited - I	11.1	450,000	450,000
Meezan Bank Limited - II	11.1	375,000	375,000
Meezan Bank Limited - III	11.2	1,389,000	-
Meezan Bank Limited - Syndicate	11.1	2,592,831	2,592,831
		<b>4,806,831</b>	3,417,831
Less: Current portion		<b>(746,783)</b>	(187,500)
		<b>4,060,048</b>	3,230,331

Rupees in thousand		March 31 2021	June 30 2020
	Note	Un-audited	Audited
<b>NATIONAL BANK OF PAKISTAN SYNDICATE</b>			
Syndicate I			
Conventional Component (Syndicate I)	11.1	12,999,740	12,999,740
Islamic Component (Syndicate I)	11.1	1,999,960	1,999,960
		14,999,700	14,999,700
Less: Current portion		(2,999,970)	(1,500,000)
		11,999,730	13,499,700
Syndicate II			
Conventional component	11.1	2,081,000	2,081,000
Less: Current portion		(346,833)	-
		1,734,167	2,081,000
Bilateral facility			
Less: Current portion	11.3	600,000	-
		(50,000)	-
		550,000	-
<b>JS BANK LIMITED</b>			
Opening Balance	11.1	123,502	-
Additions during the period/year		65,070	129,930
Payments during the period/year		(24,375)	-
Finance cost		2,560	-
Deferred grant - net of finance cost		(4,055)	(6,428)
Term finance - under refinance scheme for payroll financing		162,702	123,502
Less: Current portion of long term financing		(97,500)	(32,906)
		65,202	90,596
		18,409,147	18,901,627

- 11.1** There is no change in the terms of the facility as disclosed in note 21 to the financial statements for the year ended 30 June 2020.
- 11.2** During the period, the Company has obtained Diminishing Musharkah facility of Rs. 1,389 million. The purpose of the facility is to meet long term financial requirements of the Company. This facility carries profit at 3 months KIBOR plus 1.1% per annum payable quarterly whereas the principal is repayable in five years including a grace period of two years. The facility is secured by way of exclusive charge over existing Waste Heat Recovery Power Plant, Cement Grinding Enhancement Project and lien over investments with Al Meezan Investment and NBP funds with 35% margin.
- 11.3** During the period, the Company has obtained bilateral facility of Rs. 2.1 billion, to finance the construction of support buildings of new cement plant. This facility carries mark-up at 6 months KIBOR + 1.5% per annum payable quarterly in arrears whereas the principal is payable in seven years including a grace period of one year. This facility is secured by way of pari passu charge over all present and future fixed assets of the Company excluding existing Waste Heat Recovery Power Plant, Cement Grinding Mills, Cement Grinding Enhancement Project and 24 MW Coal power plant with 25% margin.

Rupees in thousand		March 31 2021	June 30 2020
	Note	Un-audited	Audited
<b>12</b>	<b>TRADE AND OTHER PAYABLES</b>		
	Creditors	3,207,424	2,657,044
	Accrued expenses	479,092	673,775
	Deposits	33,395	24,044
	Excise duty on cement	1,294,359	1,620,026
	Royalty and excise duty	103,813	50,767
	Withholding tax payable	104,193	26,321
	Employees' compensated absences	49,577	49,408
	Workers' profit participation fund	70,249	-
	Workers' welfare fund	26,694	-
	Others	12,966	362
		<b>5,381,762</b>	<b>5,101,747</b>
<b>13</b>	<b>ACCURED INTEREST / PROFIT ON FINANCING</b>		
	<b>ISLAMIC BANKS</b>		
	Long term financing	102,339	198,464
	Short term borrowing	-	51,525
		<b>102,339</b>	<b>249,989</b>
	<b>CONVENTIONAL BANKS</b>		
	Long term financing	373,272	611,772
	Short term borrowing	80,103	109,762
		<b>453,375</b>	<b>721,534</b>
		<b>555,714</b>	<b>971,523</b>
<b>14</b>	<b>SHORT TERM BORROWINGS - SECURED</b>		
	<b>ISLAMIC BANKS</b>		
	Meezan Bank Limited - Running		
	Musharaka / Murabaha	14.1	-
	Meezan Bank Limited - Salam	14.1	-
			555,886
			839,089
			<b>1,394,975</b>
	<b>CONVENTIONAL BANKS</b>		
	Allied Bank Limited	14.2	613,848
	National Bank of Pakistan	14.3	1,004,612
	MCB Bank Limited	14.3	544,989
	Bank Al Habib Limited	14.3	379,682
	Habib Bank Limited	14.3	1,056,218
	JS Bank Limited	14.3	274,114
	United Bank Limited	14.3	391,933
	Banks overdrawn		23,220
			<b>4,288,616</b>
			<b>4,497,066</b>
			<b>4,288,616</b>
			<b>5,892,041</b>

**14.1** During the period, these facilities have been paid off and settled.

**14.2** The Company has obtained short term Running finance / Money market line / LC facility / Finance against imported merchandise and FATR from Allied Bank Limited amounting to Rs. 1,500 million in aggregate (June 30, 2020: Rs. 1,500 million). This facility carries mark-up at the rate 3 months KIBOR plus 0.60% per annum (June 30, 2020: 0.35%) payable to the Bank on quarterly basis, while mark-up in respect of money market loan transaction would be advisable at the time of transaction. The facility is secured by lien on Company's investment in Government Securities Fund and / or Cash Fund of ABL Asset Management Company with 5% margin and also contains joint pari passu hypothecation

charge over present and future current assets of the company with 25% of margin. LC facility also carries lien on import documents / Bill of exchange / Trust receipts. These extendable facilities will expire on June 30, 2021

**14.3** There is no change in the terms of the facility as disclosed in note 28 to the financial statements for the year ended 30 June 2020.

## **15 CONTINGENCIES AND COMMITMENTS**

### **15.1 Contingencies**

There has been no significant change in the contingencies as disclosed in the annual financial statements for the year ended June 30, 2020.

### **15.2 Commitments**

Commitments in respect of outstanding letters of credit amount to Rs. 598.23 million (June 30, 2020: Rs.550.75 million). In addition, commitment in respect of contracts registered with banks amount to Rs. 39.90 million (June 30, 2020: Rs.10.61 million).

Commitments in respect of issued letters of guarantee favoring Collector of Customs, Karachi amount to Rs.78.86 million (June 30, 2020: Rs.78.86 million)

Rupees in thousand	Nine months ended		Quarter ended	
	March 31,		March 31,	
	2021	2020	2021	2020
<b>16 COST OF SALES</b>				
Raw material consumed	1,217,940	592,433	475,731	201,979
Packing material consumed	1,416,863	663,502	520,398	216,746
Fuel and power	8,738,665	4,468,524	3,269,313	1,719,702
Stores and spares consumed	99,925	64,912	32,250	17,639
Salaries, wages and benefits	501,237	267,386	177,118	103,191
Insurance	30,992	7,084	9,881	1,716
Repairs and maintenance	54,727	40,921	5,882	20,686
Depreciation	702,919	301,661	264,632	34,202
Other manufacturing expenses	241,614	107,866	134,667	27,691
Total manufacturing cost	13,004,882	6,514,289	4,889,872	2,343,552
<b>Work in process</b>				
Opening balance	239,397	201,136	149,439	236,755
Closing balance	(199,526)	(411,749)	(199,526)	(411,749)
	39,871	(210,613)	(50,087)	(174,994)
<b>Cost of goods manufactured</b>	13,044,753	6,303,676	4,839,785	2,168,558
<b>Finished goods</b>				
Opening balance	79,544	65,921	53,088	98,329
Closing balance	(172,114)	(91,941)	(172,114)	(91,941)
	(92,570)	(26,020)	(119,026)	6,388
	12,952,183	6,277,656	4,720,759	2,174,946
Test run production cost capitalized	-	(246,472)	-	(246,472)
	12,952,183	6,031,184	4,720,759	1,928,474

Rupees in thousand	March 31,	
	2021	2020
	Un-audited	
<b>17 CASH GENERATED FROM OPERATIONS</b>		
Profit / (loss) before taxation	1,307,373	(679,456)
<b>Adjustment for:</b>		
Depreciation	710,257	372,489
Provision for gratuity and compensated absences	25,794	39,847
Finance cost	1,327,579	265,136
Gain on disposal of property, plant and equipment	(559)	-
Workers' profit participation fund	70,249	-
Workers' welfare fund	26,694	-
Liabilities written back	-	(13,847)
Dividend income	-	(127)
Loss on redemption of short term investment	-	(287)
Unrealized (gain) / loss on investment	(196,373)	86,287
<b>Cash flow before working capital changes</b>	<b>3,271,014</b>	<b>70,042</b>
<b>Working capital changes (Increase) / decrease in current assets:</b>		
Stores, spares and loose tools	16,571	(646,305)
Stock-in-trade	(96,795)	(227,177)
Trade debts	(286,886)	(244,967)
Loans, advances, deposits and short term prepayments	111,879	(209,705)
Sales tax receivable - net	-	485,752
Other receivables	2	99
<b>Increase in current liabilities:</b>		
Trade and other payables	182,913	3,146,136
Contract liabilities	14,076	40,116
Sales tax payable - net	1,103,184	-
<b>Cash generated from operations</b>	<b>4,315,958</b>	<b>2,413,991</b>

## 18 FAIR VALUE OF FINANCIAL INSTRUMENTS

**18.1** Fair value is the amount that would be received on sale of an asset or paid on transfer of a liability in an orderly transaction between market participants at the measurement date. Consequently, differences can arise between carrying values and fair value estimates. Underlying the definition of fair value is the presumption that the company is a going concern without any intention requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

IFRS 13 'Fair value Measurements' requires the Company to classify fair value measurements using fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 Inputs other than quoted prices included within Level 1 that are observable for the assets or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 Inputs for the assets or liability that are not based on observable market data (unobservable inputs).



Rupees in thousand	Cash and cash equivalents	Amortized cost	Fair value through profit or loss	Total
<b>March 31, 2021 (Un-audited)</b>				
<b>Financial assets measured at fair value</b>				
Short term investments	-	-	938,101	<b>938,101</b>
<b>Financial assets not measured at fair value</b>				
<b>Non-current assets</b>				
Long term deposits	-	64,672	-	<b>64,672</b>
<b>Current assets</b>				
Trade debts - unsecured	-	1,261,056	-	<b>1,261,056</b>
Loans and advances	-	56,308	-	<b>56,308</b>
Trade deposits	-	9	-	<b>9</b>
Other receivables	-	226	-	<b>226</b>
Cash and bank balances	510,774	-	-	<b>510,774</b>
	<b>510,774</b>	<b>1,382,271</b>	<b>938,101</b>	<b>2,831,146</b>
<b>June 30, 2020 (audited)</b>				
<b>Financial assets measured at fair value</b>				
Short term investments	-	-	741,736	741,736
<b>Financial assets not measured at fair value</b>				
<b>Non-current assets</b>				
Long term deposits	-	64,922	-	64,922
<b>Current assets</b>				
Trade debts - unsecured	-	974,170	-	974,170
Loans and advances	-	14,797	-	14,797
Trade deposits	-	9	-	9
Other receivables	-	228	-	228
Cash and bank balances	366,214	-	-	366,214
	366,214	1,054,126	741,736	2,162,076

Rupees in thousand	March 31 2021 Un-audited	June 30 2020 Audited
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**18.2 The Company does not hold any financial liability at fair value.**

	March 31 2021 Un-audited	June 30 2020 Audited
<b>Financial liabilities at amortized cost</b>		
Long term financing - secured	<b>22,650,233</b>	20,622,033
Trade and other payables	<b>3,782,454</b>	3,404,633
Loan from related party	<b>200,000</b>	500,000
Contract liabilities	<b>124,129</b>	110,053
Accrued interest / mark-up	<b>555,714</b>	971,523
Short term borrowings - secured	<b>4,288,616</b>	5,892,041
Unclaimed dividend	<b>61,569</b>	65,511
	<b>31,662,715</b>	31,565,794

At March 31, 2021, the Company had following financial instruments with respect to their level.

Rupees in thousand	March 31, 2021 Un-audited		
	Level 1	Level 2	Level 3
<b>Financial assets at fair value through profit or loss</b>			
Short term investment	938,101	-	-

Rupees in thousand	June 30, 2020 Audited		
	Level 1	Level 2	Level 3
<b>Financial assets at fair value through profit or loss</b>			
Short term investment	741,736	-	-

## 19 TRANSACTIONS WITH RELATED PARTIES

19.1 Related parties include major shareholders of the Company, entities having directors in common with the Company, associated companies, staff retirement funds, Workers Profit Participation Fund (WPPF), directors and key management personnel. Significant transactions along with their balances are as under:

Relationship with Company	Nature of Transaction	March 31, 2021	
		2021 Un-audited	2020
Common Directorship	Repayment of loan from related party	300,000	-
Key management personnel excluding CEO	Remuneration	142,025	115,813
CEO	Remuneration	23,644	20,681
Staff retirement contribution plan	Contribution to staff provident fund	15,885	13,305

Rupees in thousand	March 31	
	2021 Un-audited	June 30 2020 Audited
<b>Balances:</b>		
Loan from related party	200,000	500,000

## 20 DATE OF AUTHORIZATION

These condensed interim financial statements were authorized for issue by the Board of Directors of the Company on April 29, 2021.

  
Chief Financial Officer

  
Chief Executive Officer

  
Chairman



**PIONEER CEMENT**  
LIMITED.

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