



**PIONEER
CEMENT LTD.**

Cost Auditors' Report

For the year ended June 30, 2011

SIDDIQI & COMPANY
Cost & Management Accountants

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COST AUDITORS' REPORT, 2010-2011 PIONEER CEMENT LIMITED

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01. CORPORATE INFORMATION

BOARD OF DIRECTORS

Asif H. Bukhari
Aly Khan
Cevdet DAL
Etrat Hussain Rizvi
Omer Adil Jaffar
Saleem Shahzada
William Gordon Rodgers
Javed Haider (NBP)
Rafique Dawood (FDIB)
Syed Mazher Iqbal (MD&CEO)

AUDIT COMMITTEE

Chairman
Rafique Dawood (FDIB)

Members

Aly Khan
William Gordon Rodgers
Saleem Shahzada
Javed Haider (NBP)

CHIEF FINANCIAL OFFICER

Amjad Waqar

COMPANY SECRETARY

Syed Anwar Ali

CHIEF INTERNAL AUDITOR

Jamal-ud-Din

SENIOR MANAGEMENT

Shaikh Javed Elahi
Executive Director Operations
Rizwan Butt
GM Marketing & Sales
M. Saleem Waheed
GM M.I.S

STATUTORY AUDITORS

Ernst & Young Ford Rhodes Sidat Hyder
Chartered Accountants

COST AUDITORS

SIDDIQI & COMPANY
Cost & Management Accountants

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LEGAL ADVISORS

Hassan & Hassan

BANKERS

Askari Commercial Bank Limited
Bank Al-Habib Limited
Bank Islami Pakistan Limited
Habib Bank Limited
Faysal Bank Limited
JS Bank Limited
Meezan Bank Limited
MCB Bank Limited
National Bank of Pakistan
The Bank of Punjab
United Bank Limited

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Phone No. (091) 5262707, Fax (091) 5262524

REGISTERED OFFICE / MARKETING OFFICE

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Shahrah-e-Quaid-e-Azam,
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Email: pcllahore@pioneercement.com

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Telephone (0454) 720832-3
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Email: factory@pioneercement.com

WEBSITE

www.pioneercement.com

02. THE COMPANY & MANUFACTURING PROCESS

1. THE COMPANY

The company was incorporated in Pakistan on February 09, 1986 as a public limited company and is quoted on all stock exchanges in Pakistan. Its main business activity is manufacturing and sale of cement.

The company commenced its operation with an installed capacity of 2,000 tons per day clinker. During 2005, the capacity was optimized to 2,350 tons per day. During the year ended June 30, 2006, another production line of 4,300 tons per day clinker capacity was added which started commercial operations from April 2006. This brought up capacity at 6,650 tons per day.

2. OPERATIONS

Basically the main objective of the company is to manufacture and sell Portland Cement.

3. MANUFACTURING PROCESS

The company is using the Dry Process Technology for manufacturing of cement. It owns leased lime stone quarries. The process consists of the following departments:-

- (i) Lime Stone / Clay / Shale Quarries and Transportation
- (ii) Crushing
- (iii) Raw Mill (Raw Meal)
- (iv) Kiln
- (v) Grinding (Cement Mill)
- (vi) Packing & Storage

The major raw materials include:

- (i) Lime Stone
- (ii) Clay / Shale
- (iii) Gypsum

Packing – Paper / Polypropylene bags are used in packing.

4. FACTORY LOCATION

The company's cement manufacturing plant is located in Chenki, District Khushab, Punjab.

COST AUDITORS' REPORT

We, **SIDDIQI & COMPANY, Cost & Management Accountants** having been appointed to conduct an audit of cost accounts of **PIONEER CEMENT LIMITED**, have examined the books of account and the statement prescribed under clause (e) of sub-section 230 of the Companies Ordinance, 1984 and the other relevant records for the year ended June 30, 2011, and report that:-

1. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of this audit.
2. In our opinion:
 - (a) proper cost accounting records as required by clause (e) of sub-section (1) of section 230 of the Companies Ordinance, 1984 (XLVII of 1984), and as required by these rules, have been kept by the company;
 - (b) proper returns, statements and schedules for the purpose of audit of cost accounts have been received from offices of the company situated in Pakistan;
 - (c) the said books and records give the information required by the rules in the manner so required; and
3. In our opinion and, subject to best of our information:-
 - (a) the annexed statement of capacity utilization and stock-in-trade are in agreement with the books of account of the company and exhibit true and fair view of the company's affairs; and
 - (b) cost accounting records have been properly kept so as to give a true and fair view of the cost of production, processing, manufacturing and marketing of the under mentioned products of the company, namely,
 - Ordinary Portland Cement

The matters contained in the ANNEXED Forms are part of this report.

SIDDIQI & COMPANY
Cost & Management Accountants

Karachi:

1. CAPACITY (Tonne)

(a)

Clinker:

- Line-I (300 days x 2,350 T/D)
- Line-II (300 days x 4,300 T/D)
- Total

Annual Licensed / Installed Capacity	Annual Utilized Capacity	% of Rated Operational Capacity
705,000	419,679	60%
1,290,000	769,619	60%
1,995,000	1,189,298	60%

- The company has not utilized its full production capacity due to certain plant modifications and low demand due to recessionary condition.

(b) The company is engaged in the manufacturing and sale of cement.

2. COST ACCOUNTING SYSTEM

- Manufacturing of cement is a continuous process, therefore, the company uses process cost accounting system as prescribed by SECP as per Cement Industry (Cost Accounting Records) Order, 1994.

The company has classified whole manufacturing process into six major stages / departments for the purpose of maintaining cost accounting records shown as under:

- i) Lime stone / Clay / Shale Quarries and Transportation
- ii) Crushing
- iii) Raw Mill
- iv) Kiln
- v) Grinding (Cement Mill)
- vi) Packing & Storage

The company is operating EXCEL based in house software, which generates cost statements relating to six stages / departments and allocates cost thereon.

3. PRODUCTION

Qty. in Tonne

(a)

– **Clinker**

- **Line-I**
Ordinary Portland
- **Line-II**
Ordinary Portland

Production Years		Increase / Decrease	
2011	2010	Tonne	%
419,679	469,240	(49,561)	(11%)
769,619	693,990	75,629	11%
1,189,298	1,163,230	26,068	2%

– **Cement**

- Ordinary Portland

1,284,927	1,266,968	17,959	1%
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(b) The plant design facilitates production of the various types of cement as per production requirements within the installed capacity limits.

(c) There was no addition in production capacity in the last two years.

4. RAW MATERIAL

(a) Major Raw Materials Consumed

	2011			2010			2009		
	Quantity (Tonne)	Value Rs. in '000	Rate per Tonne	Quantity (Tonne)	Value Rs. in '000	Rate per Tonne	Quantity (Tonne)	Value Rs. in '000	Rate per Tonne
Limestone	1,535,994	175,452	114	1,506,361	160,803	107	1,501,810	139,133	93
Shale / Clay	188,684	13,899	74	182,731	11,539	63	190,062	11,133	59
Laterite	70,533	46,529	660	52,694	36,072	685	66,207	35,879	542
Bauxite	24,078	14,369	597	20,405	12,370	606	11,472	6,670	581
Gypsum	55,742	29,093	522	62,255	29,213	469	42,657	15,573	365
Fly Ash	-	-	-	-	-	-	809	307	379
Salica Sand	-	-	-	774	500	646	-	-	-
Additives	34,393	3,929	114	40,061	4,276	107	15,639	1,375	88
Direct raw material cost		283,271			254,773			210,070	
Add / (less):									
Material handling & other cost		13,098			11,658			11,669	
Duty draw back on exports		(9,409)			(3,059)			(1,530)	
Total cost of raw material consumed		286,960			263,372			220,209	

(b) Major Raw Materials consumption per unit of production compared with standard requirements.

Description	Budget Standard Tonne	ACTUAL			% Increase / (Decrease) as compared to Budget Standard		
		2011	2010	2009	2011	2010	2009
		Tonne	Tonne	Tonne			
Limestone – Clinker	1.31	1.29	1.29	1.30	(1.53)	(1.53)	(0.76)
Clay / Shale – Clinker	0.16	0.16	0.16	0.17	(0.00)	-	6.25
Laterite/Iron Ore – Clinker	0.04	0.06	0.05	0.06	50.00	25.00	50.00
Bauxite – Clinker	0.02	0.02	0.02	0.01	(0.00)	-	(50.00)
TOTAL – Clinker	1.53	1.53	1.52	1.54	0.00	(0.65)	0.65
Gypsum – Cement	0.05	0.04	0.05	0.04	(20.00)	-	(20.00)
Additives – Cement	0.04	0.03	0.03	0.02	(25.00)	(25.00)	(50.00)

(c) Explanation of Variances

- The variances from budget / standards are attributed to chemical contents of raw materials.

(d) Method of Accounting

- The company is maintaining raw material records using weighted average cost.
- Limestone and shale / clay are extracted from leased mines.
- Laterite / Iron ore, Bauxite and Gypsum are purchased from open market. The quantities and values are recorded in the stores ledgers and general ledgers from receiving reports.

5. WAGES AND SALARIES**(a) Total wages and salaries paid for all categories of employees**

	2011	2010	2009	% Increase / (Decrease)	
	Rs. in '000	Rs. in '000	Rs. in '000	Base 2010	Base 2009
– Direct labour cost on production	136,123	137,915	137,841	(1.30)	(1.25)
– Indirect labour cost on production	64,173	66,528	57,219	(3.54)	12.15
– Total Direct & Indirect Labour Cost	200,296	204,443	195,060	(2.03)	2.68
– Employees' cost on administration	32,709	52,048	69,126	(37.16)	(52.68)
– Employees' cost on selling and distribution	24,701	22,730	31,425	8.67	(21.40)
Total employees cost	257,706	279,221	295,611	(7.71)	(12.82)

- Employees cost substantially decreased during the year under review.

(b) Salaries and perquisites of chief executive, directors and executives

Rs. in '000

	Chief Executive		Executives	
	2011	2010	2011	2010
Total number	1	1	17	17
(Rupees in '000')				
Basic salary	3,372	3,563	16,661	20,845
Contribution to provident fund and gratuity	337	84	1,327	1,393
Allowances & benefits	3,151	5,244	16,925	21,111
	6,860	8,891	34,913	43,349

- In addition, the chief executive and all the executives of the company have been provided with free use of company owned and maintained cars with other benefits in accordance with their entitlements as per rules of the company.
- No remuneration is paid / payable to the directors of the company.

(c) Total man-days of direct labour**Available:** 300 days x 461 workers = 138,300 days**Worked:** 215 days x 461 workers = 99,115 days

Worked	Available	% Worked
99,115	138,300	72

(d) Average number of production workers employed

2011	2010	% of Increase/(Decrease)
461	488	(6)

(e) Direct labour cost per tonne

	2011	2010	2009	% of Increase/(Decrease)	
				Base 2010	Base 2009
Direct Labour Cost (Rs. in '000)	136,123	137,915	137,841	(1)	(1)
Production in Tonne - Cement	1,284,927	1,266,968	1,033,587	1	24
Cost per Tonne (Rs. / tonne)	106	109	133	(3)	(21)

- (f) There is insignificant variance in labour cost.

(g) Comments on Incentives Scheme- **Defined Benefit Plan**

The company operates under mentioned gratuity schemes:

- **Contractual Workers**

The company operates unfunded gratuity scheme for its contractual workers.

- **Defined Contribution Plan**

The company also operates an approved contributory provident fund for all its permanent employees and equal monthly contributions are made both by the company and the employees of at the rate of 10 percent of basic salary.

- **Compensated Absences**

Accrual for compensated absences is made to the extent of the value of accrued absences of the employees at the balance sheet date using their current salary levels.

6. STORES AND SPARE PARTS**(a) Expenditure per unit of output**

Stores & Spares	(Rs. in '000)
Production	(Qty. in tonne)
Cost per tonne	(Rs. / tonne)

2011	2010	Increase / (Decrease) %
141,171	163,565	(14)
1,284,927	1,266,968	1
110	129	(15)

- Per tonne cost of stores and spares has decreased during the year under review.

(b) System of stores

- These are valued at lower of weighted average cost and net realizable value. Cost comprises invoice value and other direct costs. Items in transit are valued at cost comprising invoice value plus other charges incurred thereon.
- Net realizable value is the estimated selling price in the ordinary course of business less estimated costs necessary to make a sale.

(c) Proportion of closing inventory of stores representing items which have not moved for over twenty four months.

- There are no slow moving items as such except necessary long term use items of stores / spares to meet emergency requirements compatible with size of cement production of the company.

7. DEPRECIATION**(a) Method of depreciation**

- Depreciation is calculated on straight line method except plant and machinery and coal firing system on which depreciation is charged on the basis of units of production method. Depreciation on additions is charged from the month in which the asset is available for use and on disposals upto the month of disposal.
- Maintenance and normal repairs are charged to profit and loss account as and when incurred. Major renewals and improvements are capitalized. Gains and losses on disposals of assets, if any, are included in the profit and loss account.
- As stated by the management fixed assets register is maintained but its physical verification was not carried out.

(b) Basis of allocation of depreciation on common assets to the different departments.

Depreciation on common assets is allocated as under:

- (i) Cost of Sales
- (ii) Admin. & General
- (iii) Selling & Distribution

2011		2010	
Rs. in '000	% age	Rs. in '000	% age
365,976	99	387,256	99
2,267	1	2,202	1
2,422	1	2,385	1
370,665	100	391,843	100

(c) Basis of charging depreciation to cost of products

- The depreciation is allocated to cost of production on the value of assets employed.

8. OVERHEADS**(a) Total amounts of the overheads**

	2011	2010	2009
	Rs. in '000	Rs. in '000	Rs. in '000
(i) Factory	446,449	467,329	449,846
(ii) Administration	52,321	78,835	97,654
(iii) Selling & distribution	150,576	158,842	359,975
(iv) Financial charges	357,916	392,658	451,465
	1,007,262	1,097,664	1,358,940

(i) Factory Overheads

	2011	2010	2009	% Increase / (Decrease)	
				Based on 2010	Based on 2009
	Rs. in '000	Rs. in '000	Rs. in '000		
Travelling and conveyance	25,558	26,114	27,318	(2)	(6)
Insurance	8,592	10,120	10,236	(15)	(16)
Repairs & maintenance	32,807	42,318	37,935	(22)	(14)
Communication	640	1,815	2,324	(65)	(72)
Depreciation	365,976	376,054	362,299	(3)	1
Other manufacturing expenses	12,876	10,908	9,734	18	32
	446,449	467,329	449,846	(4)	(1)

– Factory overheads decreased mainly due to decrease in repair & maintenance and depreciation.

(ii) Administration Overheads

	2011	2010	2009	% Increase / (Decrease)	
				Based on 2010	Based on 2009
	Rs. in '000	Rs. in '000	Rs. in '000		
Salaries, wages and benefits	32,709	52,048	69,126	(37)	(53)
Travelling and conveyance	1,022	1,807	2,095	(43)	(51)
Vehicle running expenses	3,087	3,551	4,150	(13)	(26)
Communication	985	1,696	2,232	(42)	(56)
Printing and stationery	838	1,352	1,528	(38)	(45)
Utilities	1,538	3,574	3,809	(57)	(60)
Repair & maintenance	1,217	1,737	1,667	(30)	(27)
Rent, rates and taxes	246	959	1,846	(74)	(87)
Legal and professional charges	4,216	3,081	1,835	37	130
Insurance	309	428	799	(28)	(61)
Auditors' remuneration	1,785	2,695	3,381	(34)	(47)
Fee and subscription	1,664	3,081	548	(46)	204
Entertainment	301	539	707	(44)	(57)
Depreciation	2,267	2,202	3,106	3	(27)
Amortization	109	-	-	100	-
Others	28	85	825	(67)	(97)
	52,321	78,835	97,654	(34)	(46)

– The overall admin. overheads decreased except increase in legal & professional charges as compared to last year.

(iii) Selling and Distribution Overheads

	2011 Rs. in '000	2010 Rs. in '000	2009 Rs. in '000	% Increase / (Decrease)	
				Based on 2010	Based on 2009
Salaries, wages and benefits	24,701	22,730	31,425	9	(21)
Travelling and conveyance	388	378	722	3	(46)
Vehicle running expenses	2,427	2,101	3,474	16	(30)
Communication	1,179	1,513	2,335	(22)	(50)
Printing and stationery	565	586	1,454	(4)	(61)
Rent, rates and taxes	1,478	1,803	1,789	(18)	(17)
Utilities	1,009	1,272	1,457	(21)	(31)
Repairs & maintenance	1,275	792	1,597	61	(20)
Legal and professional charges	6,926	5,921	5,038	17	37
Insurance	296	490	830	(40)	(64)
Fee & subscription	407	433	1,661	(6)	(75)
Advertisements / sales promotion	3,071	1,727	2,137	78	44
Frieght & handling Charges	103,946	116,138	301,599	(10)	(66)
Entertainment	486	573	738	(15)	(34)
Depreciation	2,422	2,385	3,719	2	(35)
	150,576	158,842	359,975	(5)	(58)

- Selling and distribution overheads decreased mainly due to decrease in frieght and handling charges which relates directly to exports. However, advertisement / sales promotion expenses increased as compared to previous years.

(iv) Financial Charges

	2011 Rs. in '000	2010 Rs. in '000	2009 Rs. in '000	% Increase / (Decrease)	
				Based on 2010	Based on 2009
– Mark-up on long term financing / loans / lease / profit on murhaba financing	202,389	270,590	361,790	(25)	(44)
– Interest on long / short term finances	142,584	106,804	74,974	34	90
– Fee, charges and commission	12,943	15,264	14,701	(15)	(12)
	357,916	392,658	451,465	(9)	(21)

- The financial charges decreased due to decrease in markup on long term finances / loans.

(b) Reasons for any significant variances

- Reasons are already stated against each para shown above.

(c) Basis of allocation of overheads

- The allocation was made on activity based on %age basis.

(d) Cost of Packing (OPC)

	Quantity in Tonne	
	2011	2010
– Packed Cement	1,275,973	1,272,418
– Bulk Cement	-	706
Total	1,275,973	1,273,124

	2011		2010		Increase / (Decrease)	
	Rs. in '000	Rupees/Ton	Rs. in '000	Rupees/Ton	Rupees/Ton	%
Packing material	449,538	352.31	389,454	306.07	46.24	15
Power	12,000	9.40	10,446	8.21	1.20	15
Stores and spares	2,976	2.33	1,872	1.47	0.86	59
Salaries and other benefits	16,728	13.11	17,185	13.50	(0.39)	(3)
Insurance	139	0.11	202	0.16	(0.05)	(31)
Repairs and maintenance	427	0.33	1,854	1.46	(1.12)	(77)
Depreciation	6,759	5.30	7,125	5.60	(0.30)	(5)
Other overheads	14,709	11.53	14,914	11.71	(0.19)	(2)
	503,277	394.43	443,052	348.17	46.25	13

- The per tonne packing cost increased due to increase in cost of paper bags.

9. ROYALTY / TECHNICAL AID PAYMENTS

	2 0 1 1			2 0 1 0		
	Production in Tonne	Rupees in '000	Rupees / Tonne	Production in Tonne	Rupees in '000	Rupees / Tonne
Limestone / Clay	1,759,071	53,805	30.57	1,729,152	52,859	30.57

- Royalty and excise duty is paid to the Provincial Govt. on the quantity of lime stone / clay extracted and transported to mill from land at statutory rates.

10. ABNORMAL NON-RECURRING FEATURES**(a) Features affecting production**

= NONE =

(b) Special expenses

= NONE =

11. COST OF PRODUCTION*(As per Schedule-1 attached)*

	2 0 1 1			2 0 1 0			Increase / (Decrease) % Rs. P/Ton
	Qty. in Tonne	Rs. in 000	Rs. Per Ton	Qty. in Tonne	Rs. in 000	Rs. Per Ton	
Cement							
OPC	1,284,927	4,554,606	3,545	1,266,968	3,934,572	3,106	14
Clinker consumed for sale							
OPC	2,490	7,146	2,870	440	1,106	2,514	14
		<u>4,561,752</u>			<u>3,935,678</u>		

– The per ton cost of production increased mainly on account of increase in coal and electricity prices.

12. SALES*(As per Schedule-2 attached)*

	2 0 1 1			2 0 1 0			Increase / (Decrease) % Rs. P/Ton
	Qty. in Tonne	Rs. in 000	Rs. Per Ton	Qty. in Tonne	Rs. in 000	Rs. Per Ton	
Local							
– OPC	1,003,048	4,315,511	4,302	1,081,500	3,196,103	2,955	46
– Clinker	-	-	-	200	579	-	-
	1,003,048	4,315,511	4,302	1,081,700	3,196,682	2,955	46
Export							
– OPC	272,925	950,764	3,484	191,624	675,279	3,524	(1)
– Clinker	2,490	6,613	2,656	240	873	3,638	(27)
	275,415	957,377	3,476	191,864	676,152	3,524	(1)
Total	<u>1,278,463</u>	<u>5,272,888</u>	<u>4,124</u>	<u>1,273,564</u>	<u>3,872,834</u>	<u>3,041</u>	<u>36</u>

– Average selling price per ton of cement increased as compared to previous year.

– Cement was exported to Aghanistan, India and Madagascar.

– Clinker was exported to India.

13. PROFITABILITY*(As per Schedule-3 attached)*

	2 0 1 1			2 0 1 0			Increase / (Decrease) % Rs. P/Ton
	Qty. in Tonne	Rs. in 000	Rs. Per Ton	Qty. in Tonne	Rs. in 000	Rs. Per Ton	
Profit / (Loss)							
Local							
- OPC	1,003,048	318,600	318	1,081,500	(726,729)	(672)	(147)
- Clinker	-	-	-	200	(298)	(1,490)	-
	1,003,048	318,600	318	1,081,700	(727,027)	(672)	(147)
Export							
- OPC	272,925	(246,243)	(902)	191,624	(132,562)	(692)	30
- Clinker	2,490	(533)	(214)	240	270	1,125	-
	275,415	(246,776)	(896)	191,864	(132,292)	(690)	30
Total	1,278,463	71,824	56	1,273,564	(859,319)	(675)	(108)

- The company earned profit of Rs. 71.824 million as against loss of Rs. 859.319 million last year due to better selling prices in the domestic market.

14. COST AUDITORS' OBSERVATIONS AND CONCLUSIONS**(a) Matters which appear to him to be clearly wrong in principle or apparently unjustifiable.**

- No such matters have so far come to our notice except that current liabilities of Rs. 4,404,220 million against current assets Rs. 1,184,191 million which shows that current liabilities increased by Rs. 3,220,029 (OR 272%) over the current assets. The current ratio is negative which speaks of weak liquidity position of the company.

(b) Cases where the company funds have been used in a negligent or inefficient manner.

= NONE =

(c) Factors which could have been controlled but have not been done resulting in increase in the cost of production.

= NONE =

(d) (i) The adequacy or otherwise of Budgetary Control System, if any, in vogue in the company.

- The company prepares its budget on annual basis. A monthly report comparing actual results with budget is generated alongwith the reasons for major variances. On the basis of such variances, corrective measures are initiated, implemented and followed up.

(ii) The scope and performance of Internal Audit, if any.

- A full fledged internal audit department has been established by the company. The audit findings are reported to the top management through the audit committee and corrective measures are immediately adopted wherever necessary.

(e) Suggestion for improvements in performance.

(i) rectification of general imbalance in production facilities

- Cement grinding capacity of 1,620,000 M.Tonne is not in harmony with clinker capacity of 1,995,000 M.Tonne. Management may consider to rectify the imbalance in the plant.

(ii) fuller utilization of installed capacity

- Optimum plant capacity has not been fully utilized in the year under review. Efforts should be made to utilize the capacity at the maximum level.

(iii) Comments on areas offering scope for

(a) Cost reduction

- The management shall have to fully utilize the plant capacity to reduce per tonne cost on larger volume of production.

(b) Increased productivity

- Same comments as above.

(c) Key limiting factors causing production bottle necks

- As stated at item e(i) above grinding capacity of cement is lower than clinker production capacity.

(d) Improved inventory policies

- Present inventory policies appear to be satisfactory.

(e) Energy conservancy

- The company is using 'COAL' as one of the cheapest source of energy.

(iv) State of technology

- The company uses 'Dry Process' which is the latest technology in cement production.

(v) Plant

- Initially the plant was new when installed. However during the year 2005-2006, a second line (Kiln-II) was installed and commissioned which includes new and used equipments.

15. RECONCILIATIONS WITH FINANCIAL STATEMENTS

- The cost accounts are reconciled with audited financial accounts for the year ended June 30, 2011 as per reconciliation statement annexed herewith.

16. COST STATEMENTS

- Copies of all cost statements on the formats prescribed by Securities and Exchange Commission of Pakistan under clause (e) of sub-section (1) of section 230 of the Companies Ordinance, 1984, duly authenticated by the Chief Executive and Chief Financial Officer of the company, and verified by us are appended to the report.

17. MISCELLANEOUS

- Figures have been rounded off to the nearest thousand.
- Previous year's figures have been re-arranged and regrouped where necessary to facilitate comparison.

SIDDIQI & COMPANY
Cost & Management Accountants

Karachi :

Schedule-1

COST OF PRODUCTION

YEAR : 2011

a) Quantitative Data	Quantity in Tonne		
	CEMENT OPC	CLINKER OPC	TOTAL
Production (Tonne)	1,284,927	2,490	1,287,417

b) Cost Elements	Rupees in '000		
	CEMENT OPC	CLINKER OPC	TOTAL
Cost of sales	4,524,016	7,146	4,531,162
Inventory adjustments (finished goods)	30,590	-	30,590
Cost of goods manufactured	4,554,606	7,146	4,561,752

YEAR : 2010

a) Quantitative Data	Quantity in Tonne		
	CEMENT OPC	CLINKER OPC	TOTAL
Production (Tonne)	1,266,968	440	1,267,408

b) Cost Elements	Rupees in '000		
	CEMENT OPC	CLINKER OPC	TOTAL
Cost of sales	3,952,708	1,106	3,953,814
Inventory adjustments (finished goods)	(18,136)	-	(18,136)
Cost of goods manufactured	3,934,572	1,106	3,935,678

Schedule-2

NET SALES REALIZATION

YEAR : 2011

a) Quantitative Data	Quantity in Tonne				
	LOCAL SALES		EXPORT SALES		TOTAL
	OPC	Clinker	OPC	Clinker	
Packed Cement / Clinker	1,003,048	-	272,925	2,490	1,278,463
Bulk Cement	-	-	-	-	-
Total quantity sold	1,003,048	-	272,925	2,490	1,278,463

b) Net Sales Value	Rupees in '000				
	LOCAL SALES		EXPORT SALES		TOTAL
	OPC	Clinker	OPC	Clinker	
Gross Sales	5,974,308	-	960,701	6,613	6,941,622
Less:					
Federal excise duty	702,134	-	-	-	702,134
Sales tax	858,383	-	-	-	858,383
Special excise duty	67,023	-	-	-	67,023
Discount / Commission	31,257	-	9,937	-	41,194
	1,658,797	-	9,937	-	1,668,734
Net sales realization	4,315,511	-	950,764	6,613	5,272,888

YEAR : 2010

a) Quantitative Data	Quantity in Tonne				
	LOCAL SALES		EXPORT SALES		TOTAL
	OPC	Clinker	OPC	Clinker	
Packed Cement / Clinker	1,080,794	200	191,624	240	1,272,858
Bulk Cement	706	-	-	-	706
Total quantity sold	1,081,500	200	191,624	240	1,273,564

b) Net Sales Value	Rupees in '000				
	LOCAL SALES		EXPORT SALES		TOTAL
	OPC	Clinker	OPC	Clinker	
Gross Sales	4,648,434	840	679,076	873	5,329,223
Less:					
Federal excise duty	757,050	140	-	-	757,190
Sales tax	636,719	115	-	-	636,834
Special excise duty	32,224	6	-	-	32,230
Discount / Commission	26,338	-	3,797	-	30,135
	1,452,331	261	3,797	-	1,456,389
Net sales realization	3,196,103	579	675,279	873	3,872,834

Schedule-3

PROFITABILITY

YEAR : 2011

a) Quantitative Data	Quantity in Tonne				
	LOCAL		EXPORT		TOTAL
	OPC	Clinker	OPC	Clinker	
Packed Cement	1,003,048	-	272,925	2,490	1,278,463
Bulk Cement	-	-	-	-	-
Total quantity sold	1,003,048	-	272,925	2,490	1,278,463

b) Product wise Profitability	Rupees in '000				
	LOCAL		EXPORT		TOTAL
	OPC	Clinker	OPC	Clinker	
Net sales	4,315,511	-	950,764	6,613	5,272,888
Less: Cost of goods manufactured	3,580,396	-	974,210	7,146	4,561,752
Inventory adjustment (finished)	(30,590)	-	-	-	(30,590)
Cost of goods sold	3,549,806	-	974,210	7,146	4,531,162
Gross profit / (loss)	765,705	-	(23,446)	(533)	741,726
Less:					
Selling & distribution	36,838	-	9,792	-	46,630
Export expenses	-	-	103,946	-	103,946
Admin. Expenses	41,334	-	10,987	-	52,321
Financial charges	282,754	-	75,162	-	357,916
Other operating income	(15,956)	-	(4,241)	-	(20,197)
Other operating charges	102,136	-	27,150	-	129,286
	447,105	-	222,797	-	669,902
Profit / (loss) before taxation	318,600	-	(246,243)	(533)	71,824

YEAR : 2010

a) Quantitative Data	Quantity in Tonne				
	LOCAL		EXPORT		TOTAL
	OPC	Clinker	OPC	Clinker	
Packed Cement	1,080,794	200	191,624	240	1,272,858
Bulk Cement	706	-	-	-	706
Total quantity sold	1,081,500	200	191,624	240	1,273,564

b) Product wise Profitability	Rupees in '000				
	LOCAL		EXPORT		TOTAL
	OPC	Clinker	OPC	Clinker	
Net sales	3,196,103	579	675,279	873	3,872,834
Less: Cost of goods manufactured	3,342,361	503	592,211	603	3,935,678
Inventory adjustment (finished)	18,136	-	-	-	18,136
Cost of goods sold	3,360,497	503	592,211	603	3,953,814
Gross profit	(164,394)	76	83,068	270	(80,980)
Less:					
Selling & distribution	36,264	15	6,425	-	42,704
Export expenses	-	145	115,993	-	116,138
Admin. Expenses	66,946	27	11,862	-	78,835
Financial charges	333,442	136	59,080	-	392,657
Other operating income	(17,226)	(7)	(3,052)	-	(20,285)
Other operating charges	142,910	58	25,321	-	168,289
	562,335	374	215,629	-	778,339
Profit / (loss) before taxation	(726,729)	(298)	(132,562)	270	(859,319)

Reconciliation of Cost of Accounts with Audited Financial Accounts

For the year ended June 30, 2011

Cost accounts are in agreement with audited financial accounts of the company for the year ended June 30, 2011 as shown below:

	2011 Rs. in '000
Cost of sales (as per cost accounts)	<u><u>4,531,162</u></u>
Cost of sales (as per financial accounts)	<u><u>4,531,162</u></u>

PIONEER CEMENT LIMITED

STATEMENT OF PRODUCTION CAPACITY

Under Rule 4(1)(a) of Companies (Audit of Cost Accounts) Rule 1998

As at June 30, 2011 as compared with June 30, 2010

Machine Hours

Departments	Licensed / Installed Capacity Machine Hours	2010-2011		2009-2010	
		Utilized Capacity Machine Hours	% of Installed Capacity	Utilized Capacity Machine Hours	% of Installed Capacity
Raw Mill - 1	7,200	4,144	58%	5,388	75%
Raw Mill - 2	7,200	3,527	49%	2,274	32%
Raw Mill - 3	7,200	4,316	60%	4,498	62%
Total	21,600	11,988	55%	12,160	56%
Kiln - 1	7,200	4,910	68%	5,617	78%
Kiln - 2	7,200	5,283	73%	5,027	70%
Total	14,400	10,193	71%	10,644	74%
Cement Mill - 1	7,200	6,557	91%	6,797	94%
Cement Mill - 2	7,200	5,890	82%	4,455	62%
Cement Mill - 3	7,200	5,429	75%	4,040	56%
Total	21,600	17,876	83%	15,291	71%

Production Units/Tonnes

Departments	Licensed / Installed Capacity Tonnes	2010-2011		2009-2010	
		Utilized Capacity Tonnes	% of Installed Capacity (Tons)	Utilized Capacity Tonnes	% of Installed Capacity (Tons)
Raw Mill - 1	1,260,000	676,019	54%	746,486	59%
Raw Mill - 2	1,260,000	440,065	35%	250,495	20%
Raw Mill - 3	1,260,000	708,270	56%	771,806	61%
Total	3,780,000	1,824,355	48%	1,768,787	47%
Kiln - 1	705,000	419,679	60%	469,240	67%
Kiln - 2	1,290,000	769,619	60%	693,990	54%
Total	1,995,000	1,189,298	60%	1,163,230	58%
Cement Mill - 1	900,000	804,178	89%	866,967	96%
Cement Mill - 2	360,000	248,233	69%	214,773	60%
Cement Mill - 3	360,000	232,517	65%	185,228	51%
Total	1,620,000	1,284,927	79%	1,266,968	78%

Reasons for under capacity utilization:

The company has not utilized its full production capacity due to certain plant modifications and low demand due to recessionary condition.

Chief Executive

Chief Financial Officer

Karachi:

PIONEER CEMENT LIMITED

STATEMENT OF STOCK IN TRADE

Under Rule 4(1)(b) of Companies (Audit of Cost Accounts) Rule 1998

As at June 30, 2011 as compared with June 30, 2010

		2010-2011		2009-2010	
		Quantity	Amount Rs. in '000	Quantity	Amount Rs. in '000
1) <u>Stock of Raw And Packing Materials</u>					
Bauxite	Tons	3,387	1,987	3,859	2,278
Iron Ore	Tons	614	403	15,955	10,552
Silica Sand	Tons	2,527	1,567	2,527	1,567
Gypsum	Tons	5,545	2,894	9,175	4,302
Packing Material	Nos	1,720,636	30,740	583,310	9,864
	Sub-Total		37,591		28,564
2) <u>Work in Process</u>					
Lime Stone Crushed	Tons	15,624	2,759	22,817	3,888
Clay Crushed	Tons	6,465	879	4,338	551
Raw Meal - OPC	Tons	17,535	7,435	12,807	5,392
Clinker - OPC	Tons	22,670	65,065	30,653	77,070
	Sub-Total		76,138		86,901
3) <u>Finished Goods</u>					
Cement - OPC	Tons	14,978	47,197	6,024	16,607
	Sub-Total		47,197		16,607
	Grand Total (1 + 2 + 3)		160,926		132,072

REMARKS:

- 1) In terms of clause 3(2) of Companies (Audit of Cost Audit) Rules, 1998 (SRO:846/(1)/98 dt. July 24, 1998, the Cost Auditors were appointed by the directors with the prior approval of Securities & Exchange Commission of Pakistan within sixty days of the close of financial year of the company.
- 2) In view of the above mentioned constraints appointing the Cost Auditors after the close of the financial year; the cost auditors were not present on the date of physical stock taking as of the close of the financial year. Under these circumstances, the physical stock taking carried out and financial accounts as certified by the statutory auditors as of June 30, 2011 were relied upon for the purpose of the above mentioned statement of stock in trade [under clause (4)(1)(b) of Companies (Audit of Cost Accounts) Rules, 1998].

Chief Executive

Chief Financial Officer

Karachi:

PIONEER CEMENT LIMITED
DEPARTMENTAL COST STATEMENT
FOR THE YEAR ENDED : 30-06-2011

LIMESTONE - QUARRY

<u>A. Quantitative Data</u>	<u>Year: 2010-11</u>		<u>Year: 2009-10</u>	
	<u>Tones</u>		<u>Tones</u>	
Opening Stock at Quarry	-	-	-	-
Quantity Quarried	1,570,387		1,546,421	
Total Available:	1,570,387		1,546,421	
Quantity Transported To Crusher	1,570,387		1,546,421	
Closing Stock At Quarry	-	-	-	-
<u>B. Cost Statement</u>	<u>For The Year: 2010-11</u>		<u>For The Year: 2009-10</u>	
	<u>Rs./000</u>	<u>Rs./Ton</u>	<u>Rs./000</u>	<u>Rs./Ton</u>
<u>Direct Departmental Cost :</u>				
Explosive (if any).	-	-	-	-
Quarrying Cost	24,121	15.36	23,753	15.36
Royalty and duties	51,913	33.06	51,032	33.00
Labour cost:				
Salaries	3,242	2.06	3,183	2.06
Employees' Other Benefits	844	0.54	458	0.30
Stores & Spares	105	0.07	98	0.06
insurance	18	0.01	12	0.01
Repairs and maintenance	112	0.07	124	0.08
Quarry Development Charges	7,500	4.78	10,018	6.48
Deprecation	-	-	-	-
Other Overheads	923	0.59	835	0.54
Sub-Total :	88,778	56.53	89,513	57.88
<u>Indirect Departmental Cost :</u>				
Other Factory Expenses (Annexure XI)	-	-	-	-
Sub-Total :	-	-	-	-
Total Cost Added For The Period	88,778	56.53	89,513	57.88
Add: Cost of Opening Stock	-	-	-	-
Total Cost of Available Stock :	88,778	56.53	89,513	57.88
<u>C. Cost Distribution:</u>				
Cost Transferred to transportation	88,778	56.53	89,513	57.88
Cost of Closing Stock	-	-	-	-
Total Cost Accounted For:	88,778	56.53	89,513	57.88

Chief Executive

Chief Financial Officer

PIONEER CEMENT LIMITED
DEPARTMENTAL COST STATEMENT
FOR THE YEAR ENDED : 30-06-2011

CLAY/SHALE - QUARRY

A. Quantitative Data

	<u>Year: 2010-11</u>	<u>Year: 2009-10</u>
	<u>Tones</u>	<u>Tones</u>
Opening Stock at Quarry	-	-
Quantity Quarried	<u>188,684</u>	<u>182,731</u>
Total Available:	188,684	182,731
Quantity Transported To Crusher	<u>188,684</u>	<u>182,731</u>
Closing Stock At Quarry	<u>-</u>	<u>-</u>

B. Cost Statement	<u>For The Year: 2010-11</u>		<u>For The Year: 2009-10</u>	
	<u>Rs./000</u>	<u>Rs./Ton</u>	<u>Rs./000</u>	<u>Rs./Ton</u>
<u>Direct Departmental Cost :</u>				
Explosive (if any)				
Quarrying Cost	970	5.14	939	5.14
Royalty and duties	1,892	10.03	1,827	10.00
Labour cost:				
Salaries	390	2.06	376	2.06
Employees' other benefits	101	0.54	54	0.30
Stores & Spares	13	0.07	12	0.06
Insurance	2	0.01	1	0.01
Repairs and Maintenance	13	0.07	15	0.08
Quarry Development Charges	901	4.78	1,184	6.48
Depreciation	-	-	-	-
Other overheads	111	0.59	99	0.54
<u>Sub-Total :</u>	<u>4,394</u>	<u>23.29</u>	<u>4,507</u>	<u>24.66</u>
<u>Indirect Departmental Cost :</u>				
Other Factory Expenses (Annexure XI)	-	-	-	-
<u>Sub-Total :</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Cost Add for the period	4,394	23.29	4,507	24.66
Add: cost of opening stock	-	-	-	-
Total Cost of Available Stock :	<u>4,394</u>	<u>23.29</u>	<u>4,507</u>	<u>24.66</u>
C. Cost Distribution				
Cost Transferred to transportation	4,394	23.29	4,507	24.66
Cost of Closing Stock	-	-	-	-
Total Cost Accounted For:	<u>4,394</u>	<u>23.29</u>	<u>4,507</u>	<u>24.66</u>

Chief Executive

Chief Financial Officer

PIONEER CEMENT LIMITED
DEPARTMENTAL COST STATEMENT
FOR THE YEAR ENDED : 30-06-2011

LIMESTONE - TRANSPORTATION

Annex II (a)

<u>A. Quantitative Data</u>	<u>Year: 2010-11</u>		<u>Year: 2009-10</u>	
	<u>Tones</u>		<u>Tones</u>	
Quantity Transported From Quarry	1,570,387		1,546,421	
	<hr/>		<hr/>	
<u>B. Cost Statement</u>	<u>For The Year: 2010-11</u>		<u>For The Year: 2009-10</u>	
	<u>Rs./000</u>	<u>Rs./Ton</u>	<u>Rs./000</u>	<u>Rs./Ton</u>
<u>Direct Departmental Cost :</u>				
<u>a. Outside Contract Costs</u>				
Transportation Costs	90,602	57.69	75,566	48.86
<u>b. Own Transportation Cost</u>				
Duties	-	-	-	-
Labour cost:				
Salaries	-	-	-	-
Employees' Other Benefits	-	-	-	-
Stores & Spares	-	-	-	-
Insurance	-	-	-	-
Repairs and maintenance	-	-	-	-
Depreciation	-	-	-	-
Other Overheads	-	-	-	-
<u>Sub-Total :</u>	-	-	-	-
<u>Indirect Departmental Cost :</u>				
Other Factory Expenses (Annexure XI)	-	-	-	-
<u>Sub-Total :</u>	90,602	57.69	75,566	48.86
Total Cost Added For The Period	90,602	57.69	75,566	48.86
Cost received (during the year)	88,778	56.53	89,513	57.88
Add: Cost of Opening Stock	-	-	-	-
Total Cost of Available Stock :	179,380	114.23	165,079	106.75
<u>C. Cost Distribution:</u>				
Cost Transferred to Crusher	179,380	114.23	165,079	106.75
Cost of Closing Stock.	-	-	-	-
Total Cost Accounted For:	179,380	114.23	165,079	106.75

Chief Executive

Chief Financial Officer

PIONEER CEMENT LIMITED
DEPARTMENTAL COST STATEMENT
FOR THE YEAR ENDED : 30-06-2011

CLAY/SHALE - TRANSPORTATION

A. Quantitative Data

Year: 2010-11
Tones

Year: 2009-10
Tones

Quantity Transported From Quarry

188,684

182,731

B. Cost Statement

For The Year: 2010-11

For The Year: 2009-10

Rs./000 Rs./Ton

Rs./000 Rs./Ton

Direct Departmental Cost :

a. Outside Contract Costs

Transportation Costs

9,506

50.38

7,031

38.48

b. Own Transportation Cost

Duties.

-

-

-

-

Labour cost:

Salaries

-

-

-

-

Employees' Other Benefits

-

-

-

-

Stores & Spares

-

-

-

-

Insurance

-

-

-

-

Repairs and maintenance

-

-

-

-

Depreciation

-

-

-

-

Other Overheads

-

-

-

-

Sub-Total :

-

-

-

-

Indirect Departmental Cost :

Add:

Other Factory Expenses (Annexure XI)

-

-

-

-

Sub-Total :

9,506

50.38

7,031

38.48

Total Cost Added For The Period

9,506

50.38

7,031

38.48

Cost received (during the year)

4,394

23.29

4,507

24.66

Add: Cost of Opening Stock

-

-

-

-

Total Cost Available Stock :

13,899

73.66

11,538

63.14

C. Cost Distribution:

Cost Transferred to Crusher

13,899

73.66

11,538

63.14

Cost of Closing Stock

-

-

-

-

Total Cost Accounted For:

13,899

73.66

11,538

63.14

Chief Executive

Chief Financial Officer

PIONEER CEMENT LIMITED
DEPARTMENTAL COST STATEMENT
FOR THE YEAR ENDED : 30-06-2011

LIMESTONE - CRUSHER

A. Quantitative Data	Year: 2010-11		Year: 2009-10	
	Tones		Tones	
Opening Stock (Crushed material)	22,817		30,227	
Quantity Crushed During The Period	1,570,387		1,546,421	
	-		-	
Total Crushed Material Available:	1,593,204		1,576,648	
Less: Transferred to Cement Mill	34,393		40,061	
Less: Closing Stock (Crushed material)	15,624		22,817	
Transferred To Raw Mill	1,543,187		1,513,770	
B. Cost Statement	For The Year: 2010-11		For The Year: 2009-10	
	Rs./000	Rs./Ton	Rs./000	Rs./Ton
Direct Departmental Cost :				
Direct material (if any)	-	-	-	-
Salaries	12,321	7.85	12,789	8.27
Employee's other benefits	2,415	1.54	2,233	1.44
Stores & Spares	10,264	6.54	10,934	7.07
Repairs and Maintenance	4,710	3.00	4,677	3.02
Insurance	746	0.47	905	0.59
Depreciation	29,397	18.72	31,241	20.20
Other Overheads	835	0.53	851	0.55
Sub-Total :	60,687	38.64	63,630	41.15
Indirect Departmental Cost :				
Power (Annexure X)	14,606	9.30	12,546	8.11
Other Factory Expenses (Annexure XI)	22,762	14.49	22,787	14.74
Sub-Total :	37,369	23.80	35,333	22.85
Total Cost Crushing Process:	98,056	62.44	98,962	63.99
Add:				
Cost received (during the year)	179,380	114.23	165,079	106.75
Total Cost Added For The Period	277,436	176.67	264,041	170.74
Cost Of Opening stock	3,888	-	4,627	-
Total Cost of Available Stock:	281,324	176.58	268,668	170.40
C. Cost Distribution				
Cost transferred to Raw Mill	272,493	176.58	257,954	170.40
Cost transferred to Cement Mill	6,073	176.58	6,827	170.40
Cost of closing stock	2,759	-	3,888	-
Total Cost Accounted For:	281,324	176.58	268,668	170.40

Chief Executive

Chief Financial Officer

PIONEER CEMENT LIMITED
DEPARTMENTAL COST STATEMENT
FOR THE YEAR ENDED : 30-06-2011

SHALE/CLAY - CRUSHER

A. Quantitative Data	Year: 2010-11		Year: 2009-10	
	Tones		Tones	
Opening Stock (Crushed material)	4,338		2,750	
Quantity Crushed During The Period	188,684		182,731	
Add Trial Production -	-		-	
Total Crushed Material Available:	193,022		185,481	
Less: Closing Stock (Crushed material)	6,465		4,338	
Transferred To Raw Mill	186,557		181,143	
	For The Year: 2010-11		For The Year: 2009-10	
B. Cost Statement	Rs./000	Rs./Ton	Rs./000	Rs./Ton
Direct Departmental Cost :				
Direct material (if any)	-	-	-	-
Labour cost	-	-	-	-
Salaries	1,480	7.85	1,511	8.27
Employee's other benefits	290	1.54	264	1.44
Stores & Spares	1,233	6.54	1,292	7.07
Repairs and Maintenance	566	3.00	553	3.02
Insurance	90	0.47	107	0.59
Depreciation	3,532	18.72	3,692	20.20
Other Overheads	100	0.53	101	0.55
Sub-Total:	7,292	38.64	7,519	41.15
Indirect Departmental Cost :				
Power (Annexure X)	1,755	9.30	1,482	8.11
Other Factory Expenses (Annexure XI)	2,735	14.49	2,693	14.74
Sub-Total:	4,490	23.80	4,175	22.85
Total Cost: :	11,782	62.44	11,694	63.99
Add:				
Cost Received (during the year)	13,899	73.66	11,538	63.14
Total Cost Added For The Period	25,681	136.11	23,232	127.14
Cost Of Opening stock	551	-	327	-
Total Cost of Available Cost:	26,232	135.90	23,559	127.02
C. Cost Distribution				
Cost Transferred To Raw Mill	25,353	135.90	23,009	127.02
Cost of Closing Stock	879	135.90	551	127.02
Total Cost Accounted For:	26,232	135.90	23,560	127.02

Chief Executive

Chief Financial Officer

PIONEER CEMENT LIMITED
DEPARTMENTAL COST STATEMENT
FOR THE YEAR ENDED : 30-06-2011

Stock Hall Storage

A. Quantitative Data

	Shale/ Overburden		Lime Stone		Gypsum	
	For the year tonnes	Last year tonnes	For the year tonnes	Last year tonnes	For the year tonnes	Last year tonnes
Opening Stock						
Received from crusher						
Total						
Issued to Mix/Slurry						
Closing Stock						

B. Cost Statement

	For the year Rs. 000 per tonne	Last year Rs. 000 per tonne
Labour Costs :		
Salaries.		
Employees' other benefits.		
Indirect materials.		
Repairs and maintenance		
Insurance		
Fuel-Oil		
Gas		
Depreciation		
Other Overheads		
Sub-Total (a) :		
Indirect Departmental Costs :		
Compressed Air (Annexure IX).		
Power (Annexure X)		
Other Expenses (Annexure XI).		
Sub-Total (b) :		
Total Cost (a+b) :		

NOT APPLICABLE

C: Cost Distribution

	Quantity issued to Raw Mill (Tonnes)	Cost of Stock Hall Applicable to issues		Cost of Applicable to Closing Stock	
		Rupees	Rs. / Tonne	Rupees	Rs. / Tonne
Shale					
Lime Stone.					
Gypsum.					
Total.					

D. Cost Summary (Upto Stock Hall Stage)

Cost Transferred and Cost of closing Stock:

	Shale		Lime Stone		Total	
	Rs.	Rs. / Tonne	Rupees	Rs. / Tonne	Rupees	Rs. / Tonne
Opening Stock.						
Add : Received from Crusher/ purchase Stock Hall						
Total						
Less: Cost of closing stock.						
Cost applicable to quantities issued to Raw Mill						

Chief Executive

Chief Financial Officer

PIONEER CEMENT LIMITED
DEPARTMENTAL COST STATEMENT
FOR THE YEAR ENDED : 30-06-2011

RAW MILL - OPC

A. Quantitative Data	Year: 2010-11		Year: 2009-10	
	Tones		Tones	
Opening Stock	12,805		15,882	
Lime Stone	1,543,187		1,513,770	
Shale	186,557		181,143	
Laterite	70,533		52,694	
Bauxite	24,078		20,405	
Salica Sand	-		774	
Raw Meal Production	1,824,355		1,768,786	
Total Raw Meal	1,837,160		1,784,668	
Less : Raw Meal Transferred To Kiln	1,819,625		1,771,862	
Closing Stock	17,535		12,806	
	For The Year: 2010-11		For The Year: 2009-10	
B. Cost Statement	Rs./000	Rs./Ton	Rs./000	Rs./Ton
Cost Transferred In				
Lime Stone	272,493	149.36	257,954	145.84
Shale	25,353	13.90	23,008	13.01
Direct Material Consumed				
Laterite	46,529	25.50	36,072	20.39
Bauxite	14,369	7.88	12,370	6.99
Salican Sand	-	-	500	0.28
Direct Departmental Cost :				
Salaries	24,561	13.46	25,440	14.38
Employees' Other Benefits	4,822	2.64	4,457	2.52
Grinding Material	-	-	1,361	0.77
Lining Plates	309	0.17	477	0.27
Stores & Spares	11,833	6.49	16,192	9.15
Repairs and Maintenance	4,721	2.59	7,536	4.26
Insurance	1,531	0.84	1,822	1.03
Depreciation	59,921	32.85	64,430	36.43
Other overheads	1,715	0.94	1,740	0.98
	468,157	256.62	453,356	256.31
Sales Tax Input on Export Sales	(9,409)	(5.16)	(3,059)	(1.73)
Sub-Total:	458,749	251.46	450,297	254.58
Indirect Departmental Cost :				
Power (Annexure X)	247,309	135.56	228,604	129.24
Other Factory Expenses (Annexure XI)	67,571	37.04	66,408	37.54
Sub-Total:	314,879	172.60	295,011	166.79
Total Cost Added For The Period:	773,628	424.06	745,309	421.37
Add:				
Cost of Opening Stock	5,392	-	6,073	-
Total Cost Available	779,020	424.04	751,382	421.02
Cost Distribution				
Cost Transferred to Kiln	771,585	424.04	745,990	421.02
Closing Stock of Raw Meal	7,435	424.03	5,392	421.07
Total Cost Accounted For:	779,020	424.04	751,382	421.02

Chief Executive

Chief Financial Officer

PIONEER CEMENT LIMITED
DEPARTMENTAL COST STATEMENT
FOR THE YEAR ENDED : 30-06-2011

KILN - OPC

A. Quantitative Data	Year: 2010-11		Year: 2009-10	
	Tones		Tones	
Raw Meal received	1,819,625		1,771,862	
Less: Burning Loss	630,327		608,632	
Clinker Produced	1,189,298		1,163,230	
Opening Stock of Clinker	30,653		32,515	
Total Clinker Available	1,219,951		1,195,745	
Clinker Transferred to Grinding	1,194,791		1,164,652	
Clinker Sales	2,490		440	
Closing Stock of Clinker	22,670		30,653	
B. Cost Statement	For The Year: 2010-11		For The Year: 2009-10	
	Rs./000	Rs./Ton	Rs./000	Rs./Ton
Direct Departmental Cost.				
Labour :				
Salaries	31,525	26.51	32,602	28.03
Employee's other benefits	6,197	5.21	5,710	4.91
Fire Bricks	54,280	45.64	65,583	56.38
Lining plates	4,541	3.82	11,599	9.97
Stores & Spares	22,020	18.52	30,722	26.41
Fuel-Oil	4,642	3.90	13,744	11.82
Coal	2,069,848	1,740.39	1,577,562	1,356.19
Material Handling Cost	13,098	11.01	11,658	10.02
Insurance	2,854	2.40	3,340	2.87
Repairs and Maintenance	12,861	10.81	16,631	14.30
Depreciation	117,723	98.98	117,265	100.81
Other Overheads	3,259	2.74	3,241	2.79
Sub-Total:	2,342,847	1,969.94	1,889,656	1,624.49
Indirect Departmental Cost :				
Power (Annexure X)	216,950	182.42	195,295	167.89
Other Factory Expenses (Annexure XI)	92,962	78.17	91,670	78.81
Sub-Total:	309,912	260.58	286,965	246.70
Total Cost Added For The Period:	2,652,759	2,230.53	2,176,621	1,871.19
Add:				
Cost Received (during the year)	771,585	648.77	745,990	641.31
Cost of Opening Stock	77,070	-	83,819	-
Total Cost Available	3,501,414	2,870.13	3,006,430	2,514.27
Cost Distribution:				
Cost Transferred to Grinding	3,429,203	2,870.13	2,928,254	2,514.27
Cost Clinker Sales	7,146	2,870.13	1,106	2,514.27
Cost of Closing Stock of Clinker	65,065	2,870.13	77,070	2,514.27
Total Cost Accounted For:	3,501,414	2,870.13	3,006,430	2,514.27

Chief Executive

Chief Financial Officer

PIONEER CEMENT LIMITED
DEPARTMENTAL COST STATEMENT
FOR THE YEAR ENDED : 30-06-2011

CEMENT MILL- OPC

A. Quantitative Data	Year: 2010-11		Year: 2009-10	
	Tones		Tones	
Opening Stock of Cement	6,025		12,180	
Clinker Consumed	1,194,791		1,164,652	
Gypsum added	55,742		62,255	
Other Additives	34,393		40,061	
Cement produced	1,284,926		1,266,968	
Adjustment from SRC	-		-	
Total Available	1,290,951		1,279,148	
Less: Cement Despatches	1,275,973		1,273,124	
Closing Stock of Cement	14,978		6,024	
	For The Year: 2010-11		For The Year: 2009-10	
B. Cost Statement	Rs./000	Rs./Ton	Rs./000	Rs./Ton
Direct Departmental Cost				
Gypsum	29,093	22.64	29,213	23.06
Fly Ash	-	-	-	-
Additives	6,073	4.73	6,827	5.39
Salaries	26,070	20.29	26,858	21.20
Employee's other benefits	5,137	4.00	4,795	3.78
Stores & Spares	20,949	16.30	20,261	15.99
Repairs and Maintenance	6,571	5.11	8,278	6.53
Grinding material	6,313	4.91	-	-
Lining plates	5,133	3.99	1,496	1.18
Insurance	1,601	1.25	1,822	1.44
Depreciation	59,363	46.20	62,801	49.57
Other Overheads	1,795	1.40	1,824	1.44
Sub-Total:	168,097	130.82	164,174	129.58
Indirect Departmental Cost :				
Power (Annexure X)	373,578	290.74	322,826	254.80
Other Factory Expenses (Annexure XI)	80,452	62.61	76,266	60.20
Sub-Total:	454,029	353.35	399,092	315.00
Total Cost Added For The Period :	622,126	484.17	563,267	444.58
Add:				
Cost Received (during the year)	3,429,203	2,668.79	2,928,254	2,311.23
Cost of Opening Stock	16,607	-	34,743	-
Total Cost Available	4,067,937	3,151.12	3,526,263	2,756.73
Cost Distribution				
Cost transferred to silos	4,020,739	3,151.12	3,509,656	2,756.73
Cost of Closing Stock of Cement	47,197	3,151.13	16,607	2,756.73
Total Cost Accounted For:	4,067,937	3,151.12	3,526,263	2,756.73

Chief Executive

Chief Financial Officer

PIONEER CEMENT LIMITED
DEPARTMENTAL COST STATEMENT - PACKING & STORAGE - OPC
FOR THE YEAR ENDED : 30-06-2011

A. Quantitative Data		Year: 2010-11		Year: 2009-10	
Cement packed during the period	(Tones)	1,275,973		1,272,418	
Cement Despatch during the period-Bulk	"	-		706	
Total Dispatches	"	1,275,973		1,273,124	
Cement packed during the period	(Nos/Bags)	25,519,460		25,448,360	

B. Cost Statement	For The Year: 2010-11		For The Year: 2009-10	
	Rs./000	Rs./Ton	Rs./000	Rs./Ton
Direct Departmental Costs				
Packing Materials.	449,538	352.31	389,454	306.07
Salaries	13,959	10.94	14,607	11.47
Employees' Other Benefits	2,769	2.17	2,578	2.02
Stores & Spares	2,976	2.33	1,872	1.47
Repairs and Maintenance	427	0.33	1,854	1.46
Insurance	139	0.11	202	0.16
Depreciation	6,759	5.30	7,125	5.60
Other Overheads	2,346	1.84	2,503	1.97
Sub-Total:	478,914	375.33	420,194	330.22
Indirect Departmental Cost :				
Power (Annex X)	12,000	9.40	10,446	8.21
Other Factory Expenses (Annexure XI)	12,363	9.69	12,411	9.75
Sub-Total:	24,363	19.09	22,857	17.96
Total Cost Added For The Period :	503,277	394.42	443,052	348.18
Add: Cost Received/Transferred in (During the year)	4,020,739	3,151.12	3,509,656	2,756.73
Total Cost of Cement Packed	4,524,016	3,545.54	3,952,708	3,104.73
C. Cost of Cement Sold:				
Cost of Cement Packed	4,524,016	3,545.54	3,950,733	3,104.90
Cost of Bulk Cement	-	-	1,975	2,798.66
	4,524,016	3,545.54	3,952,708	3,104.73

Chief Executive

Chief Financial Officer

PIONEER CEMENT LIMITED
DEPARTMENTAL COST STATEMENT – AIR COMPRESSING
FOR THE YEAR ENDED : 30-06-2011

A . QUANTITATIVE DATA

	For the Year	Last Year

Compressed Air Produced

B. Cost Statement		
	For the Year	Last Year
	Rupees	Rupees

Direct Departmental Costs		
Packing material		
Other material		
Salaries		
Insurance		
Repair and maintenance		
Depreciation		
Other Overhead		
Sub-Total (a) :		

Indirect Material Costs		
Power (Annex-X)		
Other Expenses (Annex-XI)		
Sub-Total (b) :		
Total Cost (a+b)		

C. Cost Distribution

	For the Year		Last Year	
	Quantity Compressed Air	Cost Rupees	Quantity Compressed Air	Cost Rupees
Departments Using Compressed air :				
Raw Mill				
Kiln				
Cement				
Pack House				
TOTAL				

Chief Executive

Chief Financial Officer

PIONEER CEMENT LIMITED
STATEMENT SHOWING THE COST OF POWER PURCHASED
FOR THE YEAR ENDED: 30-06-2011

Cost of Power Purchased	For The Year - 2010-11		For The Year - 2009-2010	
	Quantity	Amount	Quantity	Amount
	Units	Rs./000	Units	Rs./000
Energy Charges	128,355,566	824,345	124,342,422	701,656
Fixed Charges	263,896	86,734	270,484	79,932
Fuel Adjustment Charges	128,355,566	12,694	124,342,422	12,524
Electricity Duty	128,355,566	8,311	124,342,422	7,017
Surcharges	128,355,566	-	124,342,422	-
Additional Surcharges	128,355,566	-	124,342,422	-
income Tax	-	-	-	-
Others	-	20,000	-	47,135
Total	128,355,566	952,085	124,342,422	848,264
Cost per Unit (Rs.)		7.42		6.82

Distribution of power Cost	Total Cost	Total Cost
	Year: 2010-11	Year: 2009-10
	Amount	Amount
	Rs./000	Rs./000
Lime Stone & Clay	-	-
Transportation	-	-
Crusher	16,361	14,028
Raw Mill	247,309	228,604
Kiln	216,950	195,295
Cement Mill	373,578	322,826
Pack House	12,000	10,446
	866,198	771,199
Indirect Consumption	85,887	77,065
Total	952,085	848,264

Chief Executive

Chief Financial Officer

**PIONEER CEMENT LIMITED
OTHER FACTORY EXPENSES
FOR THE YEAR ENDED : 30-06-2011**

A. Cost Statement	For The Year: 2010-11 Rs./000	For The Last Year: 2009-10 Rs./000
<u>Direct Departmental Costs</u>		
Power (Annex X)	85,887	77,065
Salaries	46,909	49,453
Employees' Other Benefits	21,841	21,147
Stores & Spares	1,320	1,777
Repairs and Maintenance	2,951	2,790
Insurance	1,633	1,923
Depreciation	89,281	89,502
Other Overheads.	29,023	28,578
Total:	278,844	272,235
<u>B. Cost Distribution</u>		
Quarry Lime Stone /Clay	-	-
Crusher - Lime Stone	22,762	22,787
Crusher - Clay	2,735	2,693
Raw Mill - OPC	67,571	66,408
Raw Mill - SRC	-	-
Kiln - OPC	92,962	91,670
Kiln - SRC	-	-
Cement Mill - OPC	80,452	76,266
Cement Mill - SRC	-	-
Pack House - OPC	12,363	12,411
Pack House - SRC	-	-
Total:	278,844	272,235

Chief Executive

Chief Financial Officer

PIONEER CEMENT LIMITED
SUMMARY COST REPORT
FOR THE YEAR ENDED 30TH JUNE,2011

Rs. in '000

	Power	General Factory	Q U A R R Y		TRANSPORTATION		C R U S H E R		RAW MILL	KILN	CEMENT MILL	PACK HOUSE	GRAND
			Lime Stone	Clay	Lime Stone	Clay	Lime Stone	Clay	OPC	OPC	OPC	OPC	TOTAL
Opening Balance	-	-	-	-	-	-	3,888	551	5,392	77,070	16,607	-	103,508
Direct Cost Added By :													
Departments During the Period	-	-	88,778	4,394	90,602	9,506	60,687	7,292	160,903	2,342,847	162,024	478,914	3,405,947
Add: Cost Allocation (Power & FOH)	(866,198)	-	-	-	-	-	14,606	1,755	247,309	216,950	373,578	12,000	866,198
General Factory		(278,845)					22,762	2,735	67,571	92,962	80,452	12,363	278,845
Total	-	-	88,778	4,394	90,602	9,506	101,943	12,333	481,175	2,729,829	632,661	503,277	4,654,498
Add Cost Transferred In:													-
From Quarry			(88,778)	(4,394)									
From Transportation					(90,602)	(9,506)	-	-					
From Crusher (Lime Stone)							179,380		272,493				
From Crusher (Shale/Clay)								13,899	25,353				
From Raw Mill										771,585			
From Kiln											3,429,203		
From Cement Mill											6,073	4,020,739	
		-	-	-	-	-	281,323	26,232	779,021	3,501,414	4,067,937	4,524,016	
Less: Cost Transferred Out:									(27,639)				
To Transportation			-	-									
To Crusher (Lime Stone)					-								
To Crusher (Shale/Clay)						-							
To Raw Mill							(272,493)	(25,353)					
To Kiln									(771,585)				
To Cement Mill							(6,073)			(3,429,203)			
To Pack House											(4,020,739)		
Cost of Goods Sold - Cement							2,758	879	7,436	72,211	47,198		4,524,016
Cost of Goods Sold - Clinker										(7,146)			7,146
Closing Balances			-	-	-	-	2,758	879	7,436	65,065	47,198		123,336
													4,531,162

QUANTITATIVE DATA

Qty in Tonne

Opening Stock (Tonnes)	22,817	4,338	12,805	30,653	6,025								
Quantity Produced (Tonnes)	1,570,387	188,684	1,824,355	1,189,298	1,284,927	-							
Quantity Transfer out (Tonnes)	(1,543,187)	(186,557)	(1,819,625)	(1,194,791)	(1,275,973)	-							
Transfer to Cement Mill	(34,393)												
Clinker Sales (Tonnes)				(2,490)									
Closing Stock (Tonnes)	15,624	6,465	17,535	22,670	14,978	-							

Chief Executive

Chief Financial Officer