PIONEER CEMENT LTD.

Annual Report 2022

SHAPING THE FUTURE

ABOUT THE REPORT

This report provides brief synopsis of Company's business, performance, activities and corporate information. The 2022 report covers the period from July 01, 2021 to June 30, 2022 and includes financial statements for the year ended June 30, 2022. These financial statements have been prepared as per International Financial Reporting Standards applicable in Pakistan and the requirements of Companies Act, 2017. Independent auditor's report on these financial statements along with review report on Statement of Compliance under Code of Corporate Governance Regulations, 2019 is also part of this Annual Report. The Company has also adopted the Integrated Reporting (IR) Framework by applying the fundamental concepts, content elements and guiding principles as described in the IR Framework. This Annual Report is also available at http://www.pioneercement.com.

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COMPANY INFORMATION

BOARD OF DIRECTORS
Mr. Aly Khan ....(Chairman)
Syed Mazher Iqbal .... (CEO)
Ms. Aleeya Khan
Mr. Shafiuddin Ghani Khan
Mr. Mohammed Aftab Alam
Mirza Ali Hasan Askari
Mr. Jamal Nasim
Mr. Rafique Dawood (late)

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
Ms. Aleeya Khan
Mr. Mohammed Aftab Alam
Syed Mazher Iqbal .... (CEO)

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

STATUTORY AUDITORS
EY Ford Rhodes
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

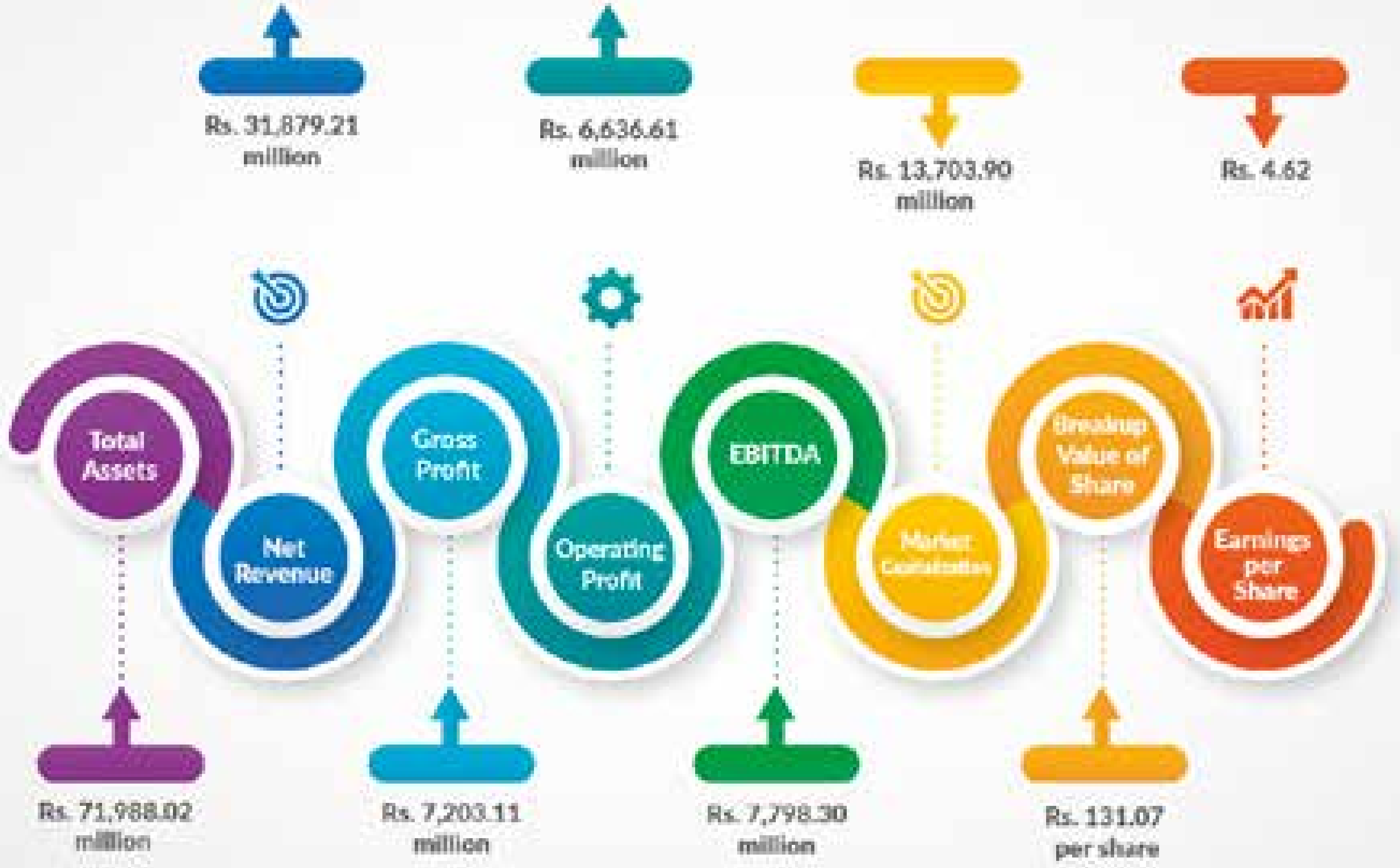
REGIONAL OFFICES
Karachi Office
4th Floor, KDLB Building West Wharf, Karachi
Tel: +92 (21) 32201232-3
Fax: +92 (21) 32201234
Email: pclkhi@pioneercement.com

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, 1-K Commercial,
Model Town, Lahore
Tel: +92 (42) 35839182, 35916714
Fax: +92 (42) 35869037
Email: corplink786@yahoo.com
shares@pioneercement.com

YEAR AT A GLANCE



NOTICE OF ANNUAL GENERAL MEETING

27th OCTOBER
2022 AT 11:00 A.M.

Notice is hereby given that the 36th Annual General Meeting (AGM) of Pioneer Cement Limited will be held at ICMAP Building, 42-Ferozepur Road, Lahore on Thursday, October 27, 2022 at 11:00 a.m. to transact the following business:-

1. To confirm minutes of last AGM held on October 28, 2021.
2. To receive, consider and adopt the audited financial statements for the year ended June 30, 2022 and auditor's report thereon.
3. To appoint auditors for the year ending June 30, 2023 and to fix their remuneration.
4. To transact any other business as may be placed before the meeting with permission of the Chairman.

By Order of the Board

Lahore
September 22, 2022

Abdul Wahab
Company Secretary

NOTES:

1. Share transfer books closure

The share transfer books of the Company shall remain closed from October 20, 2022 to October 27, 2022 (both days inclusive) for the purpose of holding AGM. Transfer requests received at the Company's Registrar office M/s. Corplink (Pvt.) Limited, Wings Arcade, 1-K Commercial, Model Town, Lahore prior to the close of business hours on October 19, 2022 will be treated in time for the purpose of attending the AGM.

2. Appointment of Proxy

A member entitled to attend and vote at this meeting may appoint another member as proxy to attend, speak and vote on his/her behalf. Proxies in order to be effective must be received by the Company at its Registered Office not later than 48 hours before the meeting.

a. The CDC shareholders are requested to bring original Computerized National Identity Card (CNIC)/Passport for the purpose of identification to attend the meeting.

b. In case of corporate entity, the board's resolution or power of attorney with specimen signature of the nominee should be produced at the time of the meeting.

3. Change of Address

Shareholders having physical shares are requested to immediately notify the change in address, if any.

4. Submission of CNIC/NTN

Shareholders who have not yet submitted copy of their CNIC/NTN certificate to the Company are requested to send the same at the earliest.

5. Annual Report

Shareholders who wish to receive annual reports and notice of the general meetings through email are requested to provide the following particulars to the Share Registrar through a letter duly signed by them containing the following:

a. Name
b. Registered Folio/ CDC Account No.
c. Email/ Postal address
d. CNIC
e. Shareholding
f. Contact Number

Shareholders are also requested to notify any change in their email addresses to the Share Registrar.

6. Consent for video conference facility

In compliance with Section 134(1)(b) of the Companies Act, 2017, if the Company receives request from members holding aggregate 10% or more shareholding, residing at a geographical location to participate in the meeting through video link facility, at least 10 days prior to the date of general meeting, the Company will arrange video link facility in that city.

To avail this facility, please provide following information and submit to registered office of the Company.

"I/We,______ of ____ being a member of Pioneer Cement Limited and holder of ________ordinary shares as per Registered Folio/ CDC Account No.______ hereby opt for video conference facility at _______."

Signature of member

The Company will intimate those members regarding venue of video conference facility at least 5 days before the date of the general meeting along with complete information necessary to enable them to access the facility.

7. Online participation in AGM

In order to ensure safety and health of our shareholders, the Company shall also provide online facility for the participation in AGM. Shareholders interested in attending the AGM online are hereby requested to get themselves registered with the Company Secretary office by sending an e-mail with subject: "Registration for AGM" at the earliest but not later than 72 hours before the meeting on e-mail: shares@pioneercement.com along with a valid copy of both sides of CNIC, Folio/CDC Account Number, and cell number.

After due verification, the Company shall share relevant details with the shareholders through email.

8. Conversion of physical shares into CDC Account

Section 72 of the Companies Act, 2017 requires every company to replace its physical shares with book-entry form within the period to be notified by the SECP.

The shareholders having physical shareholding are accordingly encouraged to open their account with Investor Account Services of CDC or Sub-account with any of the brokers and convert their physical shares into scrip less form. This will facilitate the shareholders in many ways, including safe custody and sale of shares, any time they want, as the trading of physical shares is not permitted as per existing regulations of the Pakistan Stock Exchange Limited.

9. Availability of Financial Statements on website

The audited financial statements have been placed on website of the Company as required under Section 223 of Companies Act 2017.

10. Transmission of Annual Report through CD

The Company has circulated CD of annual report to the members at their registered address. Printed copy may be provided to the members upon request.

ORGANIZATIONAL OVERVIEW AND EXTERNAL ENVIRONMENT

01

GEOGRAPHICAL PRESENCE

Plant
Dhenki, District Khushab.

Head Office
135 - Ferozepur Road, Lahore.

Regional Office - Karachi
4th Floor, KDLB Building,
West Wharf, Karachi.

Regional Sales Office – Multan
House No. 218, Naqshband Colony,
Khanewal Road, Multan.

Regional Sales Office – Faisalabad
Office No. 3, 2nd Floor, Sitara Tower,
New Civil Lines, Faisalabad.

PRINCIPAL BUSINESS ACTIVITIES

Pioneer Cement Limited (the Company) was incorporated in 1986. Its main business activity is manufacturing, marketing and sale of Cement and Clinker. Installed cement manufacturing capacity of the Company is 5,194,500 tons per annum. The plant is located at Chenki, District Khushab, Punjab province. The Company's shares are quoted on Pakistan Stock Exchange Limited.

MARKETS

Geographically, the plant is ideally located to cater the market needs of Central and South Punjab. The Company operates through distributors, dealers and retailers in the local market. The Company has also established its foothold in export markets, mainly in Afghanistan and India.

PRODUCTS

The Company produces and sells cement under brand "Pioneer Cement". The Company as part of its vertical integration strategy is also manufacturing interlocking concrete pavers. The Company also sells clinker based on local and international demand.

OUR VISION

To be the preferred provider of cement and building solutions in Pakistan.

OUR MISSION

To surpass stakeholder expectations by providing best in class products and solutions through safe, sustainable and innovative operations.

STRATEGIC OBJECTIVES

- Customers' satisfaction
- Maximize shareholders' value
- Efficient deployment of resources
- Research and development
- Environmental initiatives

CODE OF BUSINESS CONDUCT AND ETHICAL GUIDELINES

Code of Business Conduct

- Honest and ethical conduct
  a) Fair dealing
  b) Avoiding conflict of interest
  c) Protection of confidential information

- Applicable laws and regulations
  a) Compliance with laws, rules and regulations
  b) Insider trading laws
  c) Environmental laws

- Protection of employees and resources
  a) Protection of Company's assets
  b) Employee health and safety
  c) Cyber security

Ethical Guidelines

- Transparency and justice
- Sound business policies
- Judicious use of Company's resources
- Integrity at all levels

CULTURE

Our culture focuses on empowering people to be passionate and innovative in a reverential and inclusive way. It is free, fair, open, performance driven and collaborative. Contributing to a safe, healthy and sustainable future for the communities and the environment is a fundamental part of our business ideology. We are driven by the goal of achieving the highest level of governance and building a sustainable brand for all stakeholders.

QUALITY POLICY

We are committed to produce high quality cement as per the national and international standards. The management ensures that products of the Company always exceed product quality requirements to achieve customer satisfaction. We are committed to abide by all applicable laws and regulations and actively strive for continual improvement including prevention of pollution by establishing and monitoring our quality and environmental objectives. The Company is committed to communicate and maintain this policy at all levels and to achieve continual improvement through teamwork.

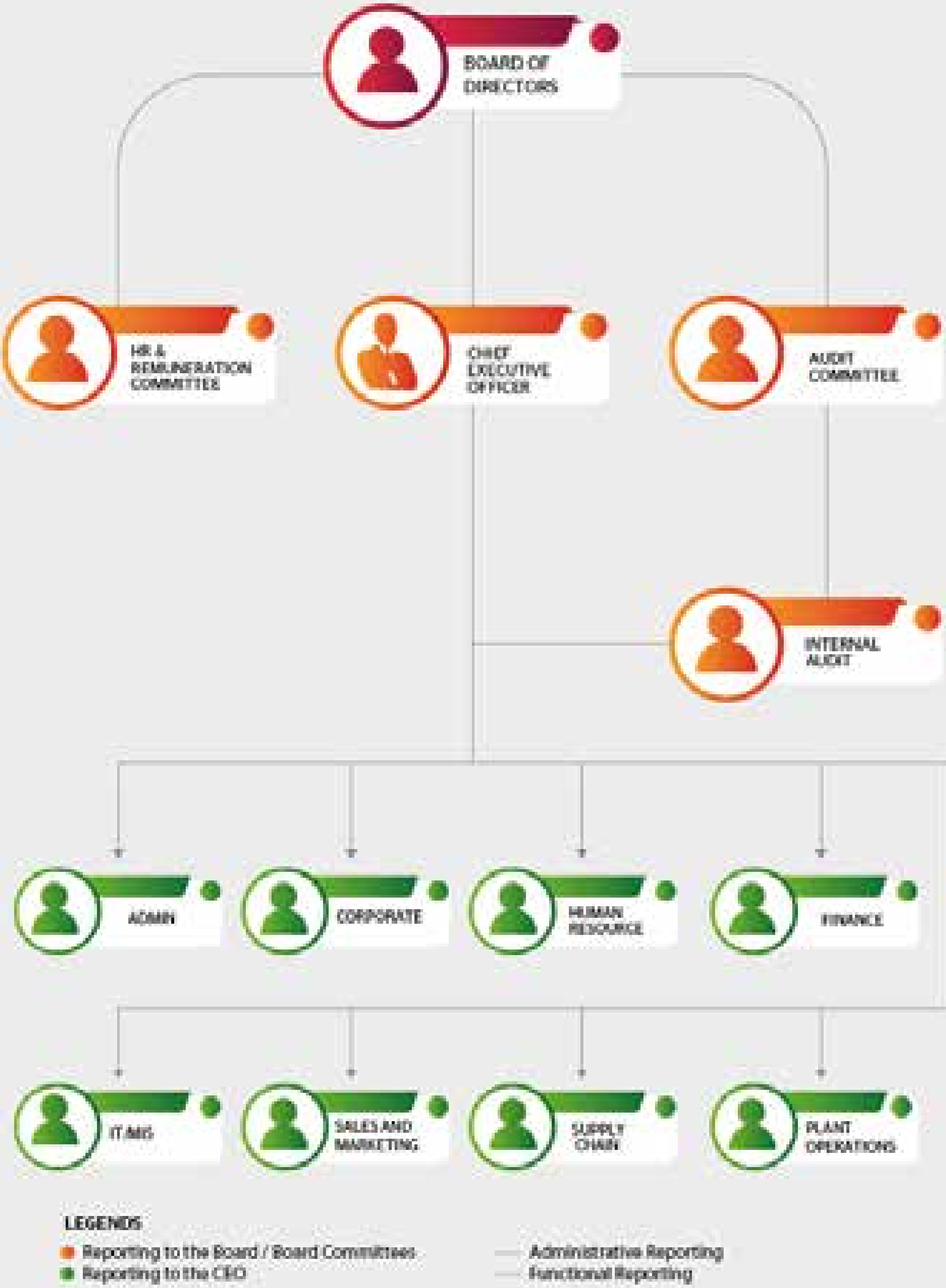
CORE VALUES

- Professional ethics
- Respect and courtesy
- Recognition of human asset
- Teamwork
- Innovation and improvement

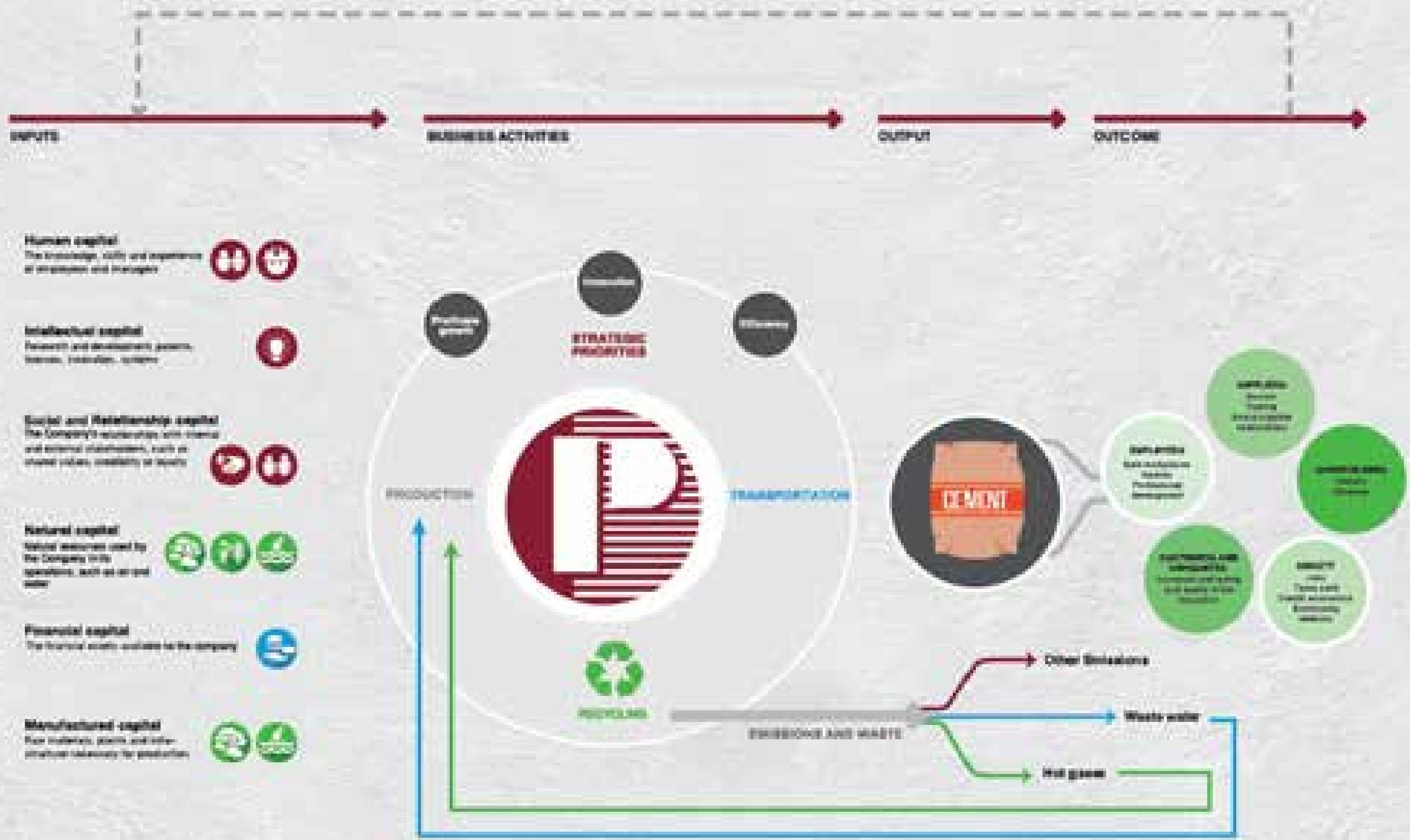
OWNERSHIP AND OPERATING STRUCTURE

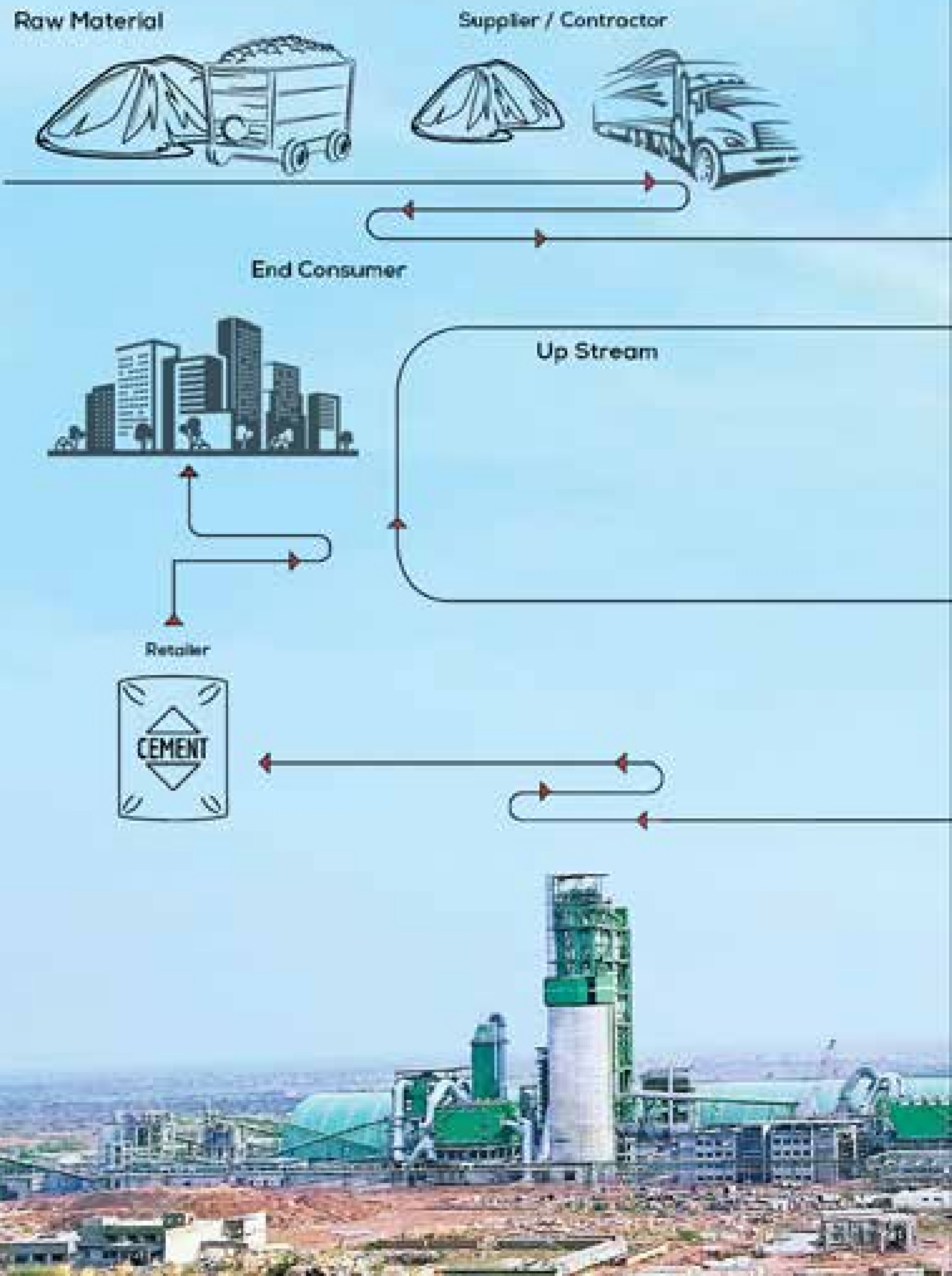
The Company was incorporated in 1986 and its shares are quoted on Pakistan Stock Exchange Limited. Vision Holding Middle East Limited, a company incorporated in British Virgin Islands holds 47% shares of the Company. Currently the Company has a free float of 50% out of total shares of 227,148,793. Further details are provided in Pattern of Shareholding annexed to this report.

ORGANIZATIONAL STRUCTURE

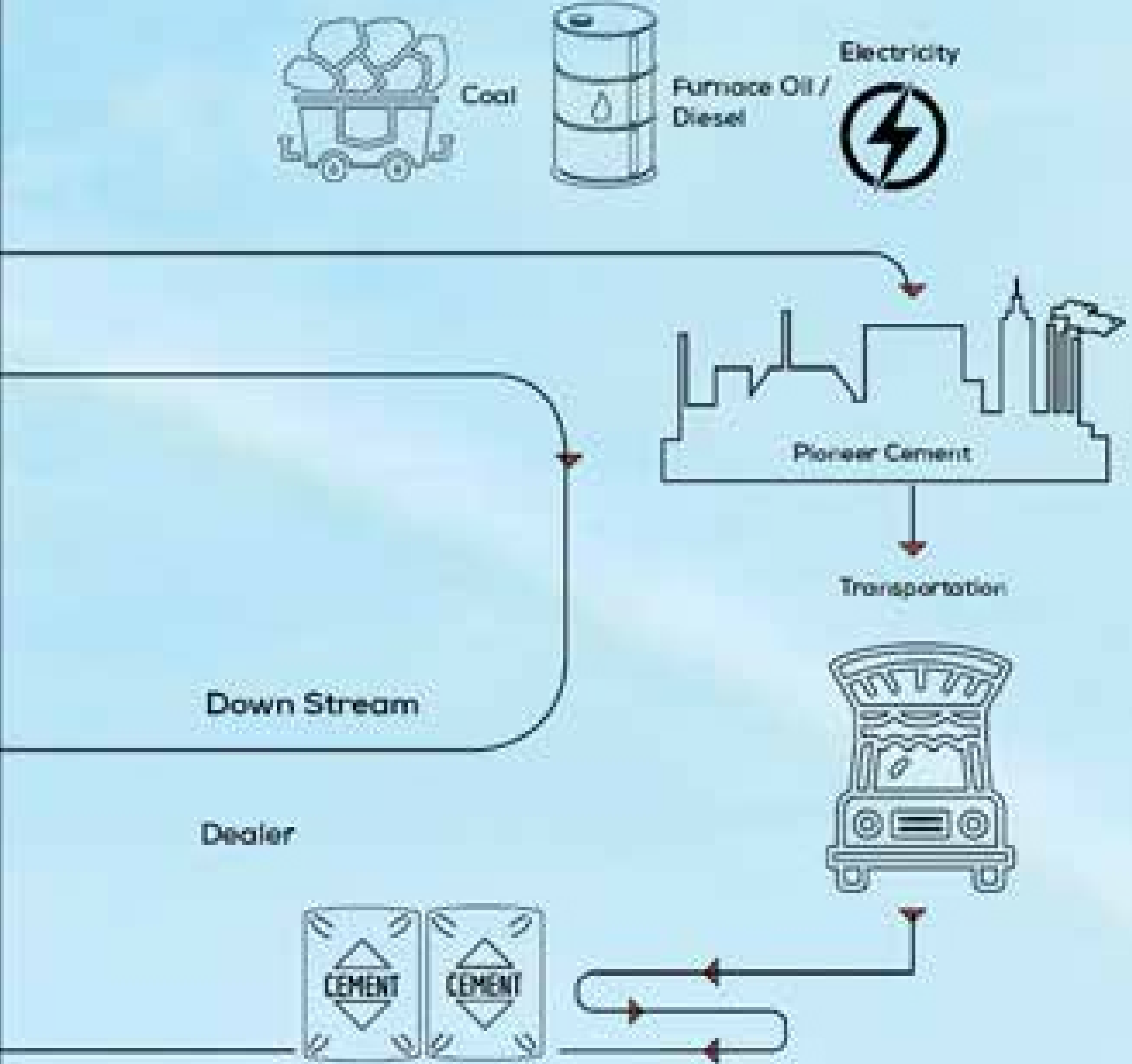


BUSINESS MODEL




Raw Material
Supplier / Contractor
End Consumer
Up Stream
Retailer
CEMENT

VALUE CHAIN ANALYSIS



PESTEL ANALYSIS

External Factors	Description	Our Response
Political	Political instability together with associated regulatory and policy changes	• PCL regularly monitor the change in policy and regulation for continuous evaluation of business
Economic	Price hike in input costs Exchange rate fluctuations PSDP allocations	• Improve operations and processes to bring efficiency • Use an optimal blend of local and imported coal • Shifting on local and Afghan coal to shield from adverse effects of exchange rate fluctuations
	Vulnerability to interest rate hikes due to high leverage	• Gradual reduction in outstanding debt • Swapping high-cost financing with new low-priced debt
	Post pandemic demand driven inflation	• Cost rationalization drive across the Company
Social	Community development	• Responsible and resourceful operating methods • Preferential recruitments of local community • Continuous CSR drives and activities
	Investment in health	• Construction and operations of Medical Center at our plant • Free emergency ambulance services • Public dispensary in Chenki village and provision of direct financial support to TB Center Foundation
	Investment in education	• Establishment of two fully funded primary schools in Chenki village • Funding the construction of an additional building in District Public School Jauharabad and Sargodha, enabling enrolment of additional 500 students
Technological	Technical obsolescence of production facilities	• Installation of state of the art line III • Regular BMR activities on old production lines • Continuous upgradation to remove bottlenecks of production lines • Maintenance of safety spare parts
Environmental	Requirements regarding treatments of wastes and carbon emissions Helping heal the planet	• Clean and green strategy • Regular plantation campaigns • Installation of dust collectors • Water preservation strategies including construction of rain water storage ponds • The head office building under construction is L.E.E.D certified
Legal	Compliance with applicable laws and regulations	• Company has both inhouse and external legal advisors / tax consultants in order to ensure compliance with all legal /regulatory requirements

THE LEGITIMATE NEEDS AND INTERESTS OF KEY STAKEHOLDERS

The Company gives special focus to identify, comprehend and fulfill the needs and interest of our valuable stakeholders. A list of the key stakeholders with their respective need is tabulated below:

Stakeholder	Interest
Shareholder	• Maximization of wealth • Dividend payment • Timely and accurate provision of relevant information
Employee	• Market competitive remuneration • Business continuity • Employee welfare • Performance based reward system
Customer	• Premium quality products • Value for money • Availability of product
Supplier	• Timely payments • Accurate bookkeeping • Business continuity
Financial institutions	• Timely payments • Financial projections and project feasibilities • Business continuity
Regulators	• Adherence to laws and regulations • Periodic submission of reports

SWOT ANALYSIS

SWOT

STRENGTHS

- Ideally located to access Central and South Punjab markets
- Modern and state of the art machinery
- Competent and committed management team
- Reliable distribution network
- Multiple production lines providing manufacturing flexibility
- Capital and technology intensive nature of industry works as a strong entry barrier for new entrants

WEAKNESSES

- Single product which limits our ability to attract different cadre of customers
- Relatively homogeneous product limiting pricing strategies

OPPORTUNITIES

- Projects under "China Pakistan Economic Corridor" and Naya Pakistan Housing Scheme
- Demographic composition shall drive housing demand
- Lower per capita cement consumption in Pakistan compared to global standards

THREATS

- High energy and other inputs cost
- Higher interest rates will put pressure on profitability of companies operating with higher debt leverage
- Political and economic instability will lead to cut on public sector development projects which may curtail demand

COMPETITIVE LANDSCAPE AND MARKET POSITIONING

The Company's competitive landscape and market positioning in terms of Porter's five-forces model is described below:

THREAT OF NEW ENTRANT: LOW

a) Capital and technology intensive industry
b) Distribution channels already engaged

SUBSTITUTE PRODUCT

There is no direct substitute of cement

BARGAINING POWER OF BUYER: LOW

Cement in Pakistan is not usually sold to end consumers directly. Manufacturers sell the product through a network of distributors, dealers and retailers who further supply to the end consumers.

BARGAINING POWER OF SUPPLIER: LOW

Raw material is obtained through long term lease contracts with Mines and Mineral Department, Government of the Punjab. Fuel is purchased after detail evaluation from different sources.

COMPETITIVE RIVALRY: HIGH

The cement companies are geographically situated all over Pakistan producing homogenous products that results in intensified competition as far as market share and charging the price is concerned. However, the Company has established itself as a reputable brand in the local market due to its superior quality.

LEGISLATIVE AND REGULATORY ENVIRONMENT

The Company usually operates in a tightly regulated environment due to nature of the sector and by virtue of being a public listed company. There is a list of regulatory compliances that have to be met which the government authorities closely monitor. Following are the applicable laws and regulations to which the Company is required to comply with:

a) Companies Act and related rules
b) Income Tax Ordinance and related rules
c) Sales Tax Act and related rules
d) Federal Excise Act and related rules
e) Code of corporate Governance for listed Companies and related rules
f) Competition Act
g) Federal and Provincial laws pertaining to protection of environment
h) PSX regulations and guidelines.
i) Foreign Exchange Regulation Act

In addition to compliance with above laws, the Company also complies with statutory financial reporting framework as disclosed in note 2 of accompanied financial statements.

GLOBAL AND NATIONAL POLITICAL ENVIRONMENT

Political environment greatly affects the cement sector growth in Pakistan which is primarily driven by overall government spending and development projects. Due to the widening fiscal deficit, PSDP spending has greatly reduced over the last couple of years. However, due to China Pakistan Economic Corridor (CPEC) related developments, the overall demand remained good for last couple of years.

On the regional scale, trade restrictions were imposed by both India and Pakistan after escalated border tensions which resulted in loss of a key export market. Subsequent to upward policy rate revisions by Federal Reserve, the USD to PKR parity is expected to further deteriorate. This rupee depreciation will make it difficult for Pakistani exporters to compete in international markets while imports will become more expensive, increasing the import bills. To cater its energy requirements, Pakistan relies heavily on imported fuel. The Russia-Ukraine war has put immense pressure on our economy. This has also impacted the input cost of the Company.

SIGNIFICANT CHANGES FROM PRIOR YEARS

There is no significant change from prior year's organizational and external environment.

HISTORY OF MAJOR EVENTS

1986
Incorporated as public limited company

1992
Start of commissioning of production line-I and listing of shares

1994
Commencement of production with capacity of 2,000 tons clinker per day

2001
Switchover from furnace oil as main fuel to coal firing system

2004
Start of commissioning of production line-II

2005
Capacity optimization of production line-I to 2,350 tons clinker per day

2006
Commencement of production line-II with capacity of 4,300 tons clinker per day

2007
"Brand of the Year" award

2014
"Professional Excellence Award" from ICAP

2016
Commissioned 6 MW WHRPP & 6 MW Coal Fired Power Plant

2017
Commencement of construction of 10,000 tons cement per day plant

2018
Successful upgradation of cement grinding mills at Line I & II

2020
Commencement of production from line-III with capacity of 10,000 tons cement per day

2021
Commencement of power generation from 12 MW WHRPP & 24 MW Coal Fired Power Plant

2022
Highest-ever despatches of 3,388,349 tons and a topline of Rs. 31,879 million

STRATEGY AND RESOURCE ALLOCATION

02

STRATEGIES IN PLACE TO ACHIEVE THE STRATEGIC OBJECTIVES

Goal Type	Objective	Strategies to Achieve
Short Term	Improved capacity utilization	• Develop new markets locally and internationally • Target 320+ days run factor on production lines • Ensure uninterrupted supply of raw materials fuel and power
	Cost competitiveness	• Effective use of resources • Optimal fuel blend • Efficient power generation mix
	Corporate social responsibility	• Continuous engagement with local community • Compliance to applicable laws and regulations
Medium Term	Economies of scale	• Brownfield expansion • Quantitative sale growth
	HR excellence	• Linking HR planning to overall business strategy • Professional training and development • Employee retention policies
	Higher return for investor	• Implement cost effective measures to improve profitability • Identification of new local and export markets • Capacity enhancement to cater market demand • Optimum financial management
Long Term	Modern production facility	• Continuous BMR and preventive plant maintenance • Eradicating operational inefficiencies via strong control system and ethical values • Improvement of organizational structure
	Exploring economical sources of energy	• Exploring new sources for economical energy like solar etc. • Environment friendly operations

RESOURCE ALLOCATION

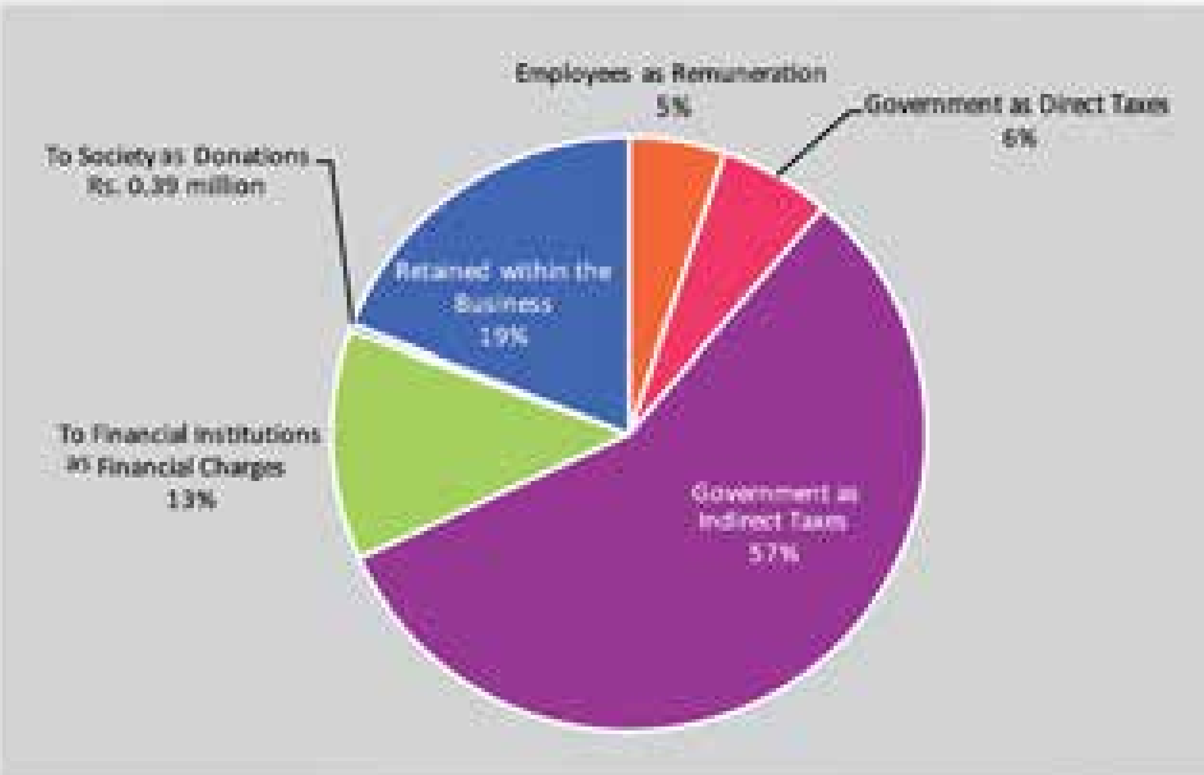
Nature of Capital	Factors Affecting the Availability, Quality and Affordability	Organizational Expectation	Value Created
Human Capital consists of employee knowledge, skills, know-how, good health, ethics, and education that the Company has invested in to realize their potential as productive members of the Company	• Number of employees • Diversity • Total investment in training • Injuries per million working hours • Severance rate • Compliance with labor laws	• Human capital is greatly valued at the Company. Our people are the strength behind our ability to deliver. Our operations require people with specialized skill sets for which we employ qualified engineering, geology, mining experts along with professional experts for support functions	• Employee strength is 1,098 • Equal opportunity employer • Training of employees • No major injuries reported • Monitor employee turnover and HR cost per employee
Intellectual Capital is the value of a company's employee knowledge, skills, business training, or any proprietary information that may provide the company with a competitive advantage	• Brand awareness • Patents applied for	• Over the period, the Company has established its premium brand in cement sector "Pioneer Cement"	• Brand "Pioneer Cement" is registered with Intellectual Property Rights Organization, Pakistan
Social and Relationship Capital involves the business itself, formal and informal entities and institutions associated with it, as well as the relationships with and between employees, communities and other stakeholders	• Great place to work ranking • Number of volunteers • Claims/lawsuits • Involvement in social activities • Involvement in cultural projects • Customer satisfaction index • Provisions for social projects • "Social investment" (money spent on philanthropy)	• As a responsible corporate citizen, the Company constantly contributes towards welfare of the society and is playing an active and continuous role in various community development programs	• Construction and maintenance of mosque • Medical dispensaries • Local ambulance service • Financial and practical support towards regional educational institutions • Development and maintenance of road infrastructure in plant vicinity • Tree plantation drives • Establishment of two fully funded primary schools in Chenki village

BUILDING A SUSTAINABLE BUSINESS

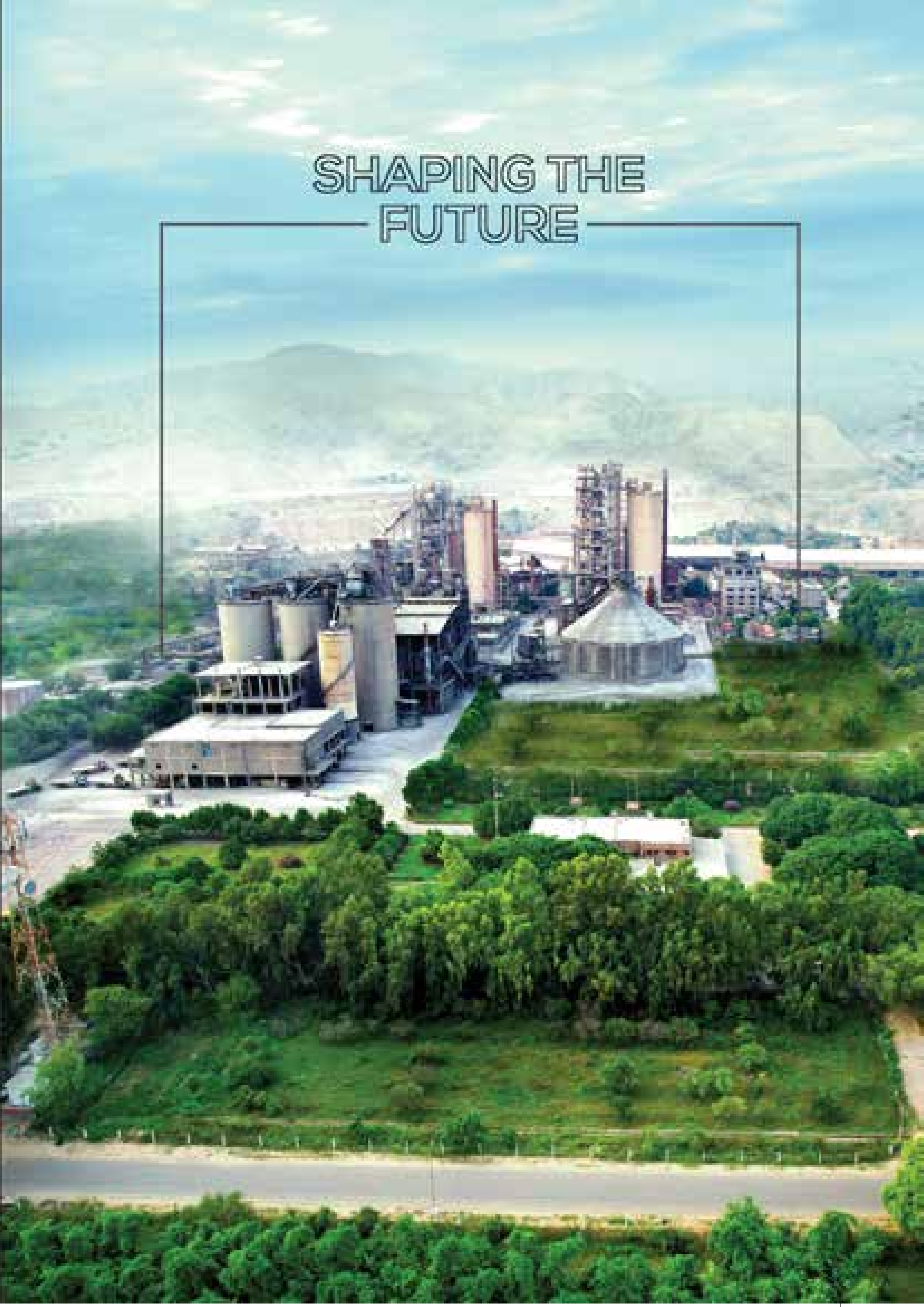
Nature of Capital	Factor Affecting the Availability, Quality and Affordability	Organizational Expectation	Value Created
Natural Capital are natural assets in their role of providing natural resource inputs and environmental services for economic production	• Carbon emissions • Energy consumption per ton of cement produce • Environmental accidents • Reduced waste • Environmental protection	• Mineral resources are key requirements for our operations. Our topmost priority is to utilize these resources in a sustainable and eco-conscious manner. • The Company aims to shift towards alternative fuels	• Environment friendly operations • Waste Heat Recovery Plant produced 63 million units • Use of advance quarry extraction and mining techniques to reduce waste
Financial Capital is any economic resource measured in terms of money used by entrepreneurs and businesses to buy what they need to make their products or to provide their services to the sector of the economy upon which their operation is based	• Liquidity • Cash Flow • Financial Arrangements	• The Company is committed to maximize its asset utilization and optimize capital allocation. • The Company continue to look for opportunities to further rationalize costs across the board, so as to create greater value for all stakeholders	• Capex: Rs. 976 million • Fixed Assets: Rs. 63,334 million • Cash and Bank balance: Rs. 589 million
Manufactured Capital refers to material goods and infrastructure owned, leased or controlled by an organization that contribute to production or service provision, but do not become embodied in its output	• Infrastructure • Building • Equipment	• Our best-in-class machinery and equipment on our manufacturing facilities helps us to deliver to our stakeholders' expectations	• Cement production capacity: 5,194,500 tons per annum • Varying production capacity lines provide flexibility

VALUE CREATED
BY BUSINESS

In thousands



SHAPING THE FUTURE



STRATEGIC DECISION MAKING

Strategic decisions are usually taken after detailed discussion and brainstorming. These are long term in nature and have implication on various tactical and operational areas.

Management team presents identified problems to the Board, and the Board then approves methodologies to counter the problem and minimize the impact. Following specific steps are normally used:

- Identification of problems
- Gathering of information
- Identification of possible solution
- Evaluation and selection of the best option
- Corrective and preventive measures

The Board after considering all available options, takes a decision which is implemented by management.

KEY RESOURCES AND CAPABILITIES

Following key resources and capabilities of the Company enable it to enjoy competitive advantage to place it in a favorable business position.

- Ideal location of our plant provides access to local markets in Central and South Punjab
- Modern and state of the art machinery
- Competent and professional management team
- Varying production capacity lines provide flexibility

EFFECT OF:

Technological Changes

The Company has taken several initiatives for its various processes so as to bring efficiencies and achieve economies of scales. The Company not only ensures that it acquires latest technologies and tools for its state-of-the-art production facility it also implements the newer technologies for its earlier lines as well. These investments in technology allows the Company to reap benefits in terms of efficiencies and lower costs in pursuance of its long and medium terms goals. The management maintains safety inventory of critical spares to ensure plant availability.

Societal issues

Pioneer Cement believes in giving back to the society and accordingly the societal issues relating to education, health and poverty alleviation are part of its strategic plans. For the employees, the Company has adequate health, safety and environment related policies and procedures. For the society at large, Company takes part in various philanthropic activities for betterment of society at large.

Environmental challenges

The Company acknowledges that our environment faces several problems, and many of these seem to be worsening with time. The issues are creating environmental imbalances impacting our society as a whole. It is therefore increasingly important to raise awareness of the existence of these issues, as well as taking practical steps to reduce their negative impact.

KEY PERFORMANCE INDICATORS

KPI's	Unit	2022	2021	Increase/ (Decrease)
Growth in sales volume	Tons	3,388,349	3,380,599	0.23%
Return on capital employed	%	22.62%	13.34%	9.28%
EBITDA margin	Rs. in million	7,763	5,002	2,761
	%	24.35%	22.93%	55%
Fixed cost	Rs. in million	1,052	1,007	45
	% of net sales	3.30%	4.62%	4.47%
Free cash flows	Rs. in million	7,830	4,290	3,540
Earnings per share	Rs.	4.62	8.69	(4.07)
Debt to equity	Times	1.64	2.15	0.51
Gross revenue per employee	Rs. in million	40	30	10

BOARD STATEMENT ON THE FOLLOWING

SIGNIFICANT PLANS AND DECISIONS

The Company always pursues a policy of inclusiveness where all the stakeholders are well informed of all material information by timely announcements on stock exchange and website. The Company does not have any plans for corporate restructuring or discontinuation of any business unit operations. However, the Company is continuously assessing new avenues and business ventures including green and brown field expansions.

BUSINESS RATIONALE OF MAJOR CAPITAL EXPENDITURE

Recently, the Company has commissioned third production line along with power generation plants. Apart from regular BMR activities the Company is also evaluating alternative green energy sources. This will help in reducing carbon footprint as well as adding value to the shareholders.

The Company's new head office building is near completion. The building is located in the center of city and is L.E.E.D certified. After completion it will serve as corporate identity of the Company.

SIGNIFICANT CHANGES IN OBJECTIVES AND STRATEGIES FROM PRIOR YEARS

There is no significant change from prior year's organizational strategy.

RISKS AND OPPORTUNITIES

03

KEY RISKS AND OPPORTUNITIES
EFFECTING CAPITALS

The Company and industry at large, is facing major risk of constant increase in fuel & power generation cost. The increase in power generation cost is substantially attributable to commodity super cycle in the international market. Company has responded to this by using a blend of imported and local coal to reduce the adverse impact of high international prices.

Type of Capital	Risk	Key Risk Source	Opportunity	Mitigation Strategy
Financial	Surge in input cost Source: Magnitude: Likelihood:	• Increased fuel and power generation cost causes the cost of production to rise and squeeze margins of the Company	The plant is designed to operate on varying fuel mix 48 MW captive power generation capability	• Identification of alternate sources of energy • Evaluation and analysis of coal specifications and prices of various origins and suppliers and on a regular basis • Captive power generation to reduce reliance on national grid
	Inconsistent Government Policies Bulging fiscal deficit Source: Magnitude: Likelihood:	• Changes in Government policies with respect to public sector development expenditure, • Fiscal measures to increase tax revenue such as imposition of super tax	Improved margins by better fixed cost absorption through increased market share	• Regular monitoring of change in rules and regulation • Engaging with Government through relevant forums to ensure stabilized policies • Planning of capital expenditures
	Policy rate revisions Source: Magnitude: Likelihood:	• State Bank of Pakistan regularly conducts monetary policy reviews and accordingly revises policy rates to manage flow of capital	Explore new avenues to yield higher rate of return	• Improve the Company's operating cycle • Debt reduction remains key focus of the management

Type of Capital	Risk	Key Risk Source	Opportunity	Mitigation Strategy
Human	Brain Drain Source: Magnitude: Likelihood:	• Key employees and workers leave the Company causing drain of competent workforce	• Ensured motivated and skilled work force retention • Management trainee and apprenticeship programs to induct young blood	• The Company values its employees as the most essential capital • Provides congenial environment and growth opportunities • Further Company has proper succession plan in place Promote conducive and professional culture through employee empowerment and trainings
	Health & Safety Source: Magnitude: Likelihood:	• Personal health and safety risks at plant site • Special focus on under construction sites	• Safe work environment	• Periodic review of safety guidelines violations • Dedicated health and safety department
Manufacturing	Technological Obsolescence Source: Magnitude: Likelihood:	• Technological shift rendering the Company's production process inefficient	• Increase value addition in production lines	• BMR and major capital expenditures are incurred regularly to continuously improve product quality and process efficiency State-of-the-art newly installed cement production line III is an example
	Break-down in operations Source: Magnitude: Likelihood:	• Machinery breakdown/ stoppages adversely affect the profitability of the entity as it hampers production and causes operational delays in addition to start-up costs	• Well formulated business continuity plan • Production lines with varying capacities ensure flexible plant operations	• Production team has set up number of operational checks to ensure smooth operations and avoid breakdown • Installation of early warning systems • Periodic training of technical workforce • Insurance from top rated companies
Natural	Environmental Risk Source: Magnitude: Likelihood:	• Potential threat of adverse effects on environment arising out of the plant operation	• Eco-friendly designed plants	• Waste heat recovery power plant has been commissioned reducing environmental de-generation. The Company focuses on energy conservation, operational efficiencies and reducing carbon footprint

LEGENDS

RISK MANAGEMENT METHODOLOGY

There are many potential disruptive threats which can occur at any time and affect the normal business process. The Company has considered a wide range of potential threats and has specifically examined each potential environmental disaster and emergency situation. The focus remained to ascertain the level of business disruption which could arise from each type of disaster.

ASCERTAINING THE LEVEL OF RISK TOLERANCE

The Board of Directors provides the strategic direction for effective risk management and ensures that a robust risk management system remains in place. As per the Board's directions, the Company has formulated a comprehensive risk management system, to help in integration of risk management practices across all the functions.

The Company manages the risk through Risk Management Team which is tasked to devise policies and oversee risk management function. The key objective of the risk management system is to support business success and ensure operations as a going concern.

STATEMENT BY THE BOARD ON ASSESSMENT OF THE COMPANY'S PRINCIPAL RISKS

The Board of Directors has overall responsibility to ensure that an effective risk management process is in place. This includes identifying and prioritizing strategic, financial, operational, legal and external risks and establishing controls to mitigate those risks. The Risk Management Team investigates potential risks by reviewing both internal and external indicators and challenges, and the key factors that may impact the business in the context of the environment in which the Company operates. The Board of Directors is regularly informed of risks towards future performance, solvency and liquidity of the Company.

THE INITIATIVES TAKEN BY THE COMPANY IN PROMOTING AND ENABLING INNOVATION

With an aim to promote and enable innovation, the Company is carrying out the following initiatives:

1) Looking for alternative energy efficient solutions for energy rich processes at kiln and cement mills

2) Investing on IT department to keep its approach proactive by developing and implementing tools like Power BI and dashboards

3) IT enabled sales force and logistic automation

STRATEGY TO OVERCOME LIQUIDITY RISK

The Company has a robust treasury management system that ensures effective cash flow management, safeguarding against any related risks. Cash flow forecasting and periodic evaluations of planned revenues are carried out to ensure smooth operations. Sufficient working capital facilities are also negotiated to bridge any financing gap.

ADDRESSING THE RISK OF INADEQUACY IN CAPITAL STRUCTURE

The prime objective of the Company is to maximize the value to its shareholders. In this regard, the Company ensures that an optimal mix of debt and shareholder equity is utilized to yield better return on financial capital. Any inadequacy in capital structure is primarily managed through internal cash flow generation, i.e., reduced operating cycle, improve margins and rationalize operating costs.

DEBT REPAYMENTS

To maintain optimal capital structure, the Company has reduced its total outstanding total debt by Rs. 4,826 million from the debt level reported at the end of last year. The loan repayments have been mainly sourced through cash flows that the Company has generated, despite the challenging circumstances in the current financial year. The aforesaid steps have improved the capital structure of the Company.

No default has been made in payment of any debt during the year. Moreover, the Company faces no risk of default in payment of any obligation.

CORPORATE SOCIAL RESPONSIBILITY

04

CORPORATE SOCIAL RESPONSIBILITY

CORPORATE SOCIAL RESPONSIBILITY

As a responsible corporate citizen, we remain committed to the community in which we operate and actively work for its development. Our CSR initiatives are strategically devised and effectively implemented to have a positive impact on health, education and environment.

Education

Reaffirming our strong commitment to contribute in progressive and educated Pakistan, we have proactively sponsored a number of initiatives. We have established two primary schools in Chenki village where our plant is located. These fully funded schools are well equipped with resources to provide quality education to children. Other initiatives include funding the construction of an additional building in District Public School Jauharabad and District Public School Sargodha, enabling the schools to enroll an additional 500 students. Furthermore, we provide ongoing support to SOS Schools and Vocational Training Institute of Quaidabad. We are also working with Pakistan's premier business school IBA to ensure the quality and relevance of their business curriculum. The Company has contributed in the construction of a residential facility for its faculty members.

Health and Safety

Our healthcare initiatives reflect our commitment to continuously give back to the community by supporting those in need. The Pioneer Medical Center at our plant provides free medical and emergency ambulance services not just to our employees but also to the local community. We have established a public dispensary in Chenki village and have also provided financial support to TB Center Foundation. Health, safety and well-being of people is of utmost importance to us. Our Health Safety and Environment (HSE) department is committed to provide and maintain healthy working conditions, equipment and systems at work, along with effective information, instruction, training and

supervision. HSE department is responsible for promoting the health and safety of all the employees through effective occupational and environmental management practices.

Local Community Development

To strengthen ties with the communities where we operate, we have rolled out several development initiatives like the construction and maintenance of Chenki village mosque and the development of a 15 km stretched road connecting Chenki village to Jabbi village, which provides convenience to thousands of commuters

Environmental Protection

The future of our environment is deeply connected to what we do today. At Pioneer Cement, we use responsible and resourceful methods in all our operations. Our initiatives to reduce our environmental footprint include the installation of energy-efficient coal firing burners, which reduce the gaseous emissions, and Waste heat recovery power plants (WHRPP) that generate electricity from these emissions.

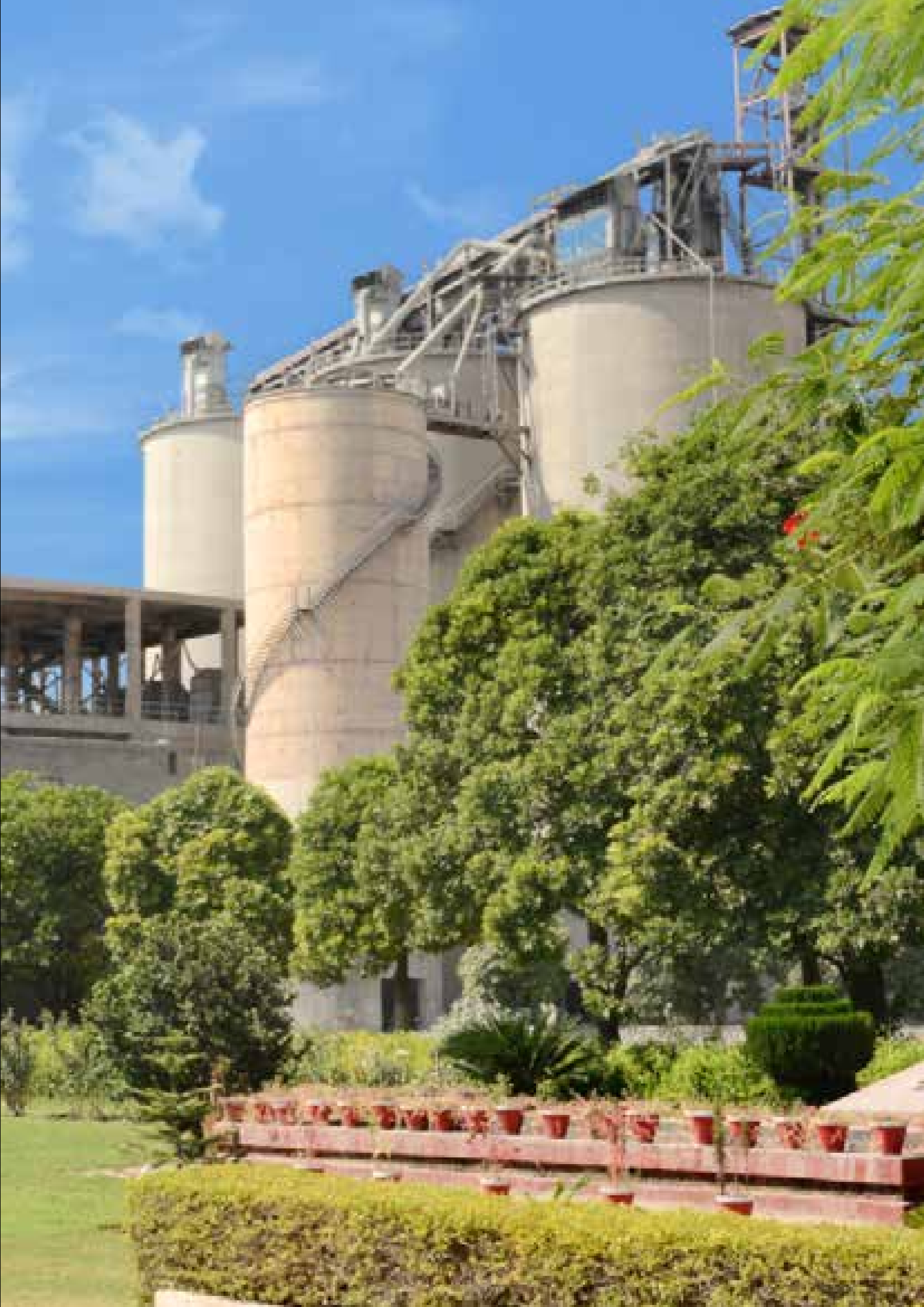
Ensuring Environment Friendly Operations, Products and Services

The Company believes that acting in a sustainable manner in all our operations is not only a business imperative but also a competitive advantage in the long run. Our new plant is equipped with technologically advanced extensive dust collection equipment, which heavily reduces our carbon footprint. We are consistently adopting the latest technologies that are cleaner and greener. Our plants and processes are constantly improving to become more energy efficient. The Green Office Diploma by WWF Pakistan is an authentication of our quest towards a resource-efficient entity. Health, Safety and Environment (HSE) department at our plant plays a pivotal role in ensuring that we abide by international standards of having an eco-friendly and safe working environment. Pioneer Cement is ISO 9001:2015 certified for Quality Management Systems and ISO 14001:2015 certified for Environmental Management Systems. Our management systems were comprehensively audited by TUV Austria and we were awarded these qualifications.


SAVE
THE ENVIRONMENT

Life at PIONEER

Pioneer Cement Limited emphasizes greatly on professional growth of its employees as it considers them a key asset. Training and development activities are considered an essential part of Company's culture as it boosts employee morale and provides an opportunity to increase their knowledge base. Pioneer strongly believes in maintaining a healthy work culture for employees. Several employee engagement activities are put in place for developing a sound work environment. Over the years, the Company has realized, these recreational activities rejuvenate the employees making them more productive and committed towards organizational goals. That's the reason, Pioneer has developed a culture of celebrating every significant event. As an equal opportunity employer, Pioneer believes in hiring young and enthusiastic graduates. The Company helps them in developing necessary skill set that can enhance their careers and align their goals. Pioneer also advocates gender diversity in our culture; women are employed, valued and promoted on the basis of their talent and achievements.



STATEMENT ON ADOPTION OF AND COMPLIANCE WITH SECP'S CSR GUIDELINES

The Company has voluntarily adopted the Corporate Social Responsibility (Voluntary) Guidelines, 2013 issued by SECP and is in the initial stages of its compliance.

ADOPTION OF INTERNATIONAL STANDARDS

Corporate Social Responsibility remain pivotal to Company's overall strategy and mission. In this regard, the Company is evaluating best CSR and sustainability practices in light of guidance provided by international standards.

Certifications acquired and international standards adopted for best sustainability and CSR practices.

GOVERNANCE

LEADERSHIP STRUCTURE OF THOSE CHARGED WITH GOVERNANCE

Composition of Board and its Committees

The Board is composed in line with the best corporate governance requirements and guidelines. The Board is composed to bring diversity in terms of knowledge and experience and comprises of independent and non-executive directors. Non-executive and independent directors are equally involved and participate in all Board meetings. Following is the composition of the Board and its sub committees along with number of meetings held and attendance status.

Sr No.	Name of Directors	Attendance		
		Board of Directors	Audit Committee	HR & Remuneration Committee
1	Mr. Aly Khan (Chairman of BOD) Non-Executive Director	4	4	1
2	Ms. Aleeya Khan Non-Executive Director	3	3	1
3	Mr. Mohammed Aftab Alam Non-Executive Director	4	4	1
4	Mirza Ali Hasan Askari Non-Executive Director	4	-	-
5	Mr. Shafiuddin Ghani Khan (Chairman HR & Remuneration Committee) Independent Director	4	4	1
6	Mr. Jamal Nasim (Chairman Audit Committee) Independent Director	4	4	-
7	Mr. Rafique Dawood* (Deceased on August 19, 2022) Independent Director	3	-	-
8	Syed Mazher Iqbal CEO	4	-	1
	Total meetings held during the year	**4**	**4**	**1**

* Subsequent to the year end, Mr. Rafique Dawood passed away and the Board has appointed Mr. Doraib A Kisat to fill the casual vacancy.

Basis for Independence

Independent director means a director of company, not being a whole-time director and who is neither a promoter nor belongs to a promoter group. Here, promoter means a person or persons who are in over-all control of a company. Mr. Shafiuddin Ghani Khan, Mr. Jamal Nasim and Mr. Rafique Dawood do not bear any executive role nor in any way related to the promoters. They are acting as independent directors in accordance with Code of Corporate Governance Rules.

PROFILE OF DIRECTORS

Mr. Aly Khan

Mr. Aly Khan is an Honors M.Sc. Graduate from Boston College and an Undergraduate B.S. from Northeastern University.

Over the course of the last decade, he has cultivated his professional career working in London, Singapore and New York for various global institutions including Citi Group and Yang Ming Marine Transport Corporation in several management and training capacities.

Locally, Mr. Khan has extended valuable contributions to multiple ventures through key management roles including spearheading the construction and operation of Pakistan's first commercial L.E.E.D. Certified Building, and growing one of the country's largest dairy businesses to 600,000 liters per day of sales.

He is also a director in Hub Power Company Limited, Haleeb Foods Limited and Qasim International Container Terminal. He is an SECP certified director in corporate governance.

Ms. Aleeya Khan

Ms. Aleeya Khan holds an M. Arch. Graduate Degree from Columbia University and an Undergraduate Honors B. Arts in Urban Design & Architecture from New York University.

During her time at university, she periodically worked at globally recognized architecture firm, Beyer Blinder Belle. After finishing her formal education Ms. Khan spent six months working at a New York based practice Only-If Architecture and then moved back to Pakistan to work at Imperial Developers & Builders (Private) Ltd, the real estate development arm of Mega Conglomerate.

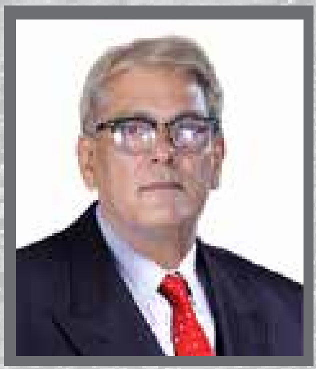
Over the last few years, she has been working on several projects to expand the IDBL portfolio and continue in its goal to change the Real Estate landscape of Pakistan.

She is also a director in Hub Power Company Limited and Haleeb Foods Limited. She is an SECP certified director in corporate governance.

Mr. Mohammed Aftab Alam

Mr. Aftab Alam has over thirty years of diversified management experience. Working at companies such as Coca Cola and Hutchison Port Holdings he has managed roles across several functions including strategic business planning, finance and accounts, audit, corporate affairs, legal affairs, taxation, investment and business development.

Mr. Alam is a fellow member (FCA) of Institute of Chartered Accountants of Pakistan. He is also a fellow member (FICS) of Institute of Chartered Secretaries of Pakistan.



Mirza Ali Hasan Askari

Mirza Ali Hasan Askari is a graduate in Marketing Management from American College Paris, France. He possesses more than thirty years of vast professional experience in various companies including Faysal Investment Bank, Societe Generale and Bank of Credit & Commerce International (BCCI).

He is member of the Board and a SECP certified director in corporate governance

Mr. Shafiuddin Ghani Khan

Mr. Shafiuddin was elected as director of the Company in the annual general meeting held in October, 2011. He is member of the Board and Chairman of the HR&R Committee.

Mr. Shafiuddin holds a Bachelor of Science (Finance) degree from University of Oregon, USA. After completing his education Shafiuddin came back to Pakistan and developed his real estate and construction business.

He completed several projects in the city of Karachi especially in the area of DHA and Clifton and enjoys high reputation.

Mr. Jamal Nasim

Mr. Jamal Nasim has been elected as an independent director at Pioneer Cement Limited. Mr. Jamal Nasim is a certified director having successfully completed all parts of the Director Education Program from Pakistan Institute of Corporate Governance.

Presently he is Chief Executive Officer / President of Industrial Development Bank Limited. He started his career from National Development Finance Corporation in Pakistan.

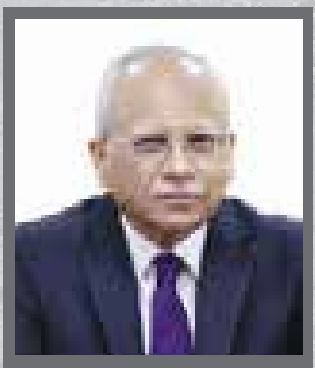
Mr. Nasim has about 35 years professional experience in Development Banking, Finance, Risk Management and Audit fields. After having Bachelor of Commerce from Punjab University, he has done MBA from The Asian Institute of Management, Manila, Philippine.

PROFILE OF DIRECTORS

Mr. Rafique Dawood (late)

Mr. Rafique Dawood was first nominated on the Board by First Dawood Investment Bank Ltd. He had over 30 years' experience in the financial and manufacturing sectors in Pakistan and Canada. He deceased on August 19, 2022.

He was an MBA from Harvard Business School and had an extensive exposure to business having held senior management positions with various family concerns both in Pakistan and abroad.



Syed Mazher Iqbal

Syed Mazher Iqbal is a fellow member of Institute of Chartered Accountants of Pakistan (ICAP) with over 30 years of diversified experience in the fields of finance and general management. Mr. Iqbal is a seasoned professional with experience in commercial and investment banks, insurance and large manufacturing concerns. He has over 20 years' experience as DMD and MD& CEO of large listed companies and has been instrumental in financial and operation turnaround of General Tyre Pakistan and Pioneer Cement Limited for which he was awarded professional excellence award for the year 2014 by ICAP.

Currently he is serving as the CEO of Pioneer Cement Limited as well as CEO of Haleeb Foods Limited. Having completed his audit training from AF Ferguson & Co Chartered Accountants, he was also associated with local as well as multinational organizations like Kuwait Finance House, Kuwait National Petroleum Company, Orix Investment Bank, and ICI Pakistan Limited.

Mr. Iqbal is a member of executive committee of All Pakistan Cement Manufacturers Association and Chairman of Pakistan Dairy Association. He is an SECP certified director in corporate governance. In addition to his professional responsibilities, he spends time in philanthropic activities and is associated with a hospice, treating terminally ill cancer patients.

COMPLIANCE WITH RESPECT TO MAXIMUM NUMBER OF DIRECTORSHIP

Listed Companies (Code of Corporate Governance) Regulations, 2019 requires that subject to the requirements of section 155 of the Companies Act, 2017, it is mandatory that no person shall be elected or nominated or hold office as a director of a listed Company including as an alternate director of more than seven listed companies simultaneously.

The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Company.

GOVERNANCE

HOW THE BOARD OPERATES

The Board sets the overall strategy and direction for the management to manage the Company. The Board oversees the conduct of the business and takes on the role of governance to make decisions about the direction of the Company, oversight of the business, strategic planning, decision-making, risk and control framework, regulatory compliance and financial planning to protect and enhance Company's long term and strategic value.

MATTERS DELEGATED TO THE MANAGEMENT

The Board through Chief Executive Officer has assigned routine matters to management and oversees the progress through periodic meetings. Procurement, production, sales & marketing are the key functions delegated by the board to management team. To support these functions, cash flow management is also a part of delegated tasks. Board has also entrusted management with implementation of such internal controls required for the preparation of financial statements in compliance with applicable laws and regulations. The Board regularly meets to approve those financial statements.

ANNUAL EVALUATION OF PERFORMANCE OF THE BOARD AND ITS COMMITTEES

The Board has an evaluation process to assess its own performance particularly governance areas. The Board is committed to ensure high standards of Corporate Governance and Ethical Values to preserve and maintain stakeholders' value. Both the Company and the Board are committed to create a culture of respect and inclusivity for all the board members. The performance of Board and its Committees is evaluated on annual basis and is measured considering following criteria:

- Conduct of meeting and participation by each member
- Formation of Committees
- Establishment of internal control system
- Review of financial statement and performance
- Competencies of board members and knowledge of economic and business environment

PERFORMANCE EVALUATION OF CHAIRMAN OF THE BOARD

The Board has clearly defined the roles and responsibilities of the Chairman. The Chairman is responsible for leadership and ensures that the board plays an effective role in fulfilling its responsibilities. He encourages an inclusive environment that enables directors to carry out Board's business in line with legal and regulatory requirements. The performance of Chairman of the Board is evaluated through criteria set by the Board itself.

PERFORMANCE EVALUATION OF CEO

CEO is responsible for operations and overall affairs of the Company under the oversight of the Board and its Committees. He is also entrusted with the powers of management of affairs of the Company underlined by applicable laws, guidelines provided by the Board and Memorandum / Article of Association of Company. He is responsible for setting directions for overall culture of the Company.

The performance of the CEO is evaluated through criteria set by the Board comprising operational efficiencies, internal and external customer satisfaction, growth and quantum of value added to the shareholders.

BOARD'S PERFORMANCE EVALUATION BY EXTERNAL CONSULTANT

The performance of the Board is subject to internal evaluation as well as through an independent consultant. Internal evaluation of the Board's performance is performed annually however, as per the applicable regulations, the Company is required to carry out evaluation by external consultant once in three-year period.

ORIENTATION COURSES FOR DIRECTORS

The Company arranges orientation session for newly elected directors in order to equip them with better understanding of applicable laws, regulations and best corporate practices. Orientation courses also acquaint directors with necessary understanding on operations of the Company so they can effectively perform their duties and responsibilities on behalf of shareholders.

DIRECTORS' TRAINING PROGRAM

All the member of the Board are certified under Directors' Training Program from SECP approved institutions. However, for newly appointed directors, the Company ensures required training within stipulated time.

In addition to the mandatory training requirement of directors, Mr. Waqar Naeem, Chief Financial Officer of the Company has also completed Directors' Training Program from SECP approved institution.

EXTERNAL OVERSIGHT OF KEY FUNCTIONS OF THE COMPANY

The Company ensures the efficiency, effectiveness and credibility of its key functions through regular monitoring, benchmarking and assessment of progress against goals assigned to respective functions. All the processes and functions are subject to review by the internal audit department. However, the Company also seeks expertise from external local and foreign consultants namely on:

- Cement manufacturing processes with respect of technological advancements and process improvements
- Power generation units to bring improvement and efficiency
- The information systems and network security for technological advancements and safeguard against potential security breaches
- Accounting and financial reporting function of the Company is also subject to review by external experts

POLICY FOR RELATED PARTY TRANSACTIONS

All transactions with the related parties require the approval of the Audit Committee of the Company, which is chaired by an Independent Director. Upon the recommendation of the Audit Committee, these transactions are placed before the Board of Directors for their approval. The transactions are disclosed in the financial statements, including the name, basis of the relationship, nature, and amounts in line with the requirements of the 4th Schedule to the Companies Act, 2017 and applicable International Financial Reporting Standards.

DETAILS OF ALL RELATED PARTIES TRANSACTIONS

The Company reviews all transactions with related parties of the Company. All such transactions are carried out on mutually agreed terms and are reported in light of applicable laws and regulations in attached financial statements.

DISCLOSURE OF DIRECTORS' INTEREST IN RELATED PARTY TRANSACTIONS

As per Code of Corporate Governance applicable to listed companies, related party transactions where majority of the directors are interested shall be placed before the general meeting for approval.

Transactions during the year with related parties are disclosed in attached financial statements however these are not required to be placed before general meeting since majority of directors are not interested.

DISCLOSURE OF BOARD'S POLICY ON:

a) Governance of Risk and Internal Controls

The Board of Directors has established an effective system of internal controls to ensure that business is conducted efficiently, assets of the Company are protected and financial statements are reliably presented. The Company has a competent and independent internal audit team that evaluates the application of financial controls on periodically. The Company's risk management team is tasked to assess and reduce risks in order to safeguard shareholders' interests. Risk assessment is performed regularly to create a good understanding of the Company's key risks and take any relevant measures to address them.

b) Diversity

The Board of Directors of the Company continues to have a firm commitment in promoting diversity, equal opportunity and talent development at every level in the Company, including the Board and the management level. The Board has set clear guidelines to seek, attract and recruit highly qualified candidates for all positions in the Company. The

Board of Directors firmly believes that the diverse mix of gender, knowledge, expertise and skill sets of the members enhances the effectiveness of the Board.

c) Director's Interest in Significant Contracts and Arrangements

No director has any interest in significant contracts and arrangements other than those disclosed in annexed financial statements, if any.

d) Directors' Remuneration

Remuneration Policy for Directors is approved by the Board of Directors. All the directors excluding CEO are entitled to a meeting fee of Rs. 30,000 for each board meeting attended.

The breakup of remuneration paid to the Chief Executive Officer is disclosed in note 46 of the annexed the financial statements.

e) Retention of Meeting Fee by the Executive Director

All the elected directors are non-executive or independent. However, the CEO not being elected director is deemed to be a director and is not entitled to receive meeting fee for any board meeting he attends.

f) Security Clearance of Foreign Directors

No foreign director was on Board of Directors of the Company during the year.

g) Board Meetings Held Outside Pakistan

No meeting of the Board of Directors of the Company was held abroad during the year.

h) Human Resource Management and Succession Planning

The Company recognizes its human resources as one of the most valuable assets. High performing employees are particularly awarded to create a conducive environment and to motivate other employees for better performance.

Succession planning is done for all key positions in the organization and is reviewed regularly by the HR & R committee. Movements into the key positions are also prioritized, based on finalized succession plan. Ongoing development support through an individual development plan covering critical exposures through assignments, special projects and training by professional coaches are provided to employees in the succession pipeline.

i) Social and Environmental Responsibility

The Company is committed for securing environment and accordingly has successfully achieved certification of ISO 14001:2015 and ISO 45001:2018. Further, the Company has also been awarded Green Office Diploma after complying with the criteria of reducing consumption of natural resources. The Company continues to comply with all the applicable environmental laws and standards.

j) Communication with Stakeholders

The Company put special emphasis on meeting and understanding the demand of all the stakeholders through meetings on regular intervals. The Company always pursue a policy of inclusiveness where all the stakeholders are well informed of all material information by timely announcements on stock exchange and website. Frequency of communication with stakeholders is based on the corporate and business requirements.

k) Investors' Relationship and Grievances.

Investor Grievance Policy has been developed in order to establish guidelines for effectively handling and resolving the grievances of investors and shareholders. The Company also holds corporate briefing session annually and participates in investor conferences.

l) Employee Health, Safety and Protection

As a responsible corporate citizen, the Company gives highest priority to health and safety of its employees. Employees have been equipped with the safety tools and protection devices for protection from inherent noises. A dedicated Safety Department has been developed to promote compliance with safety rules and practices. Such rules and practices are reviewed and evaluated periodically and all necessary measures are taken to avoid any undesired event. Regular training sessions are conducted to promote best practices and ensure a safe work environment.

m) Whistle Blowing Policy

The Company is committed to high standards of ethical, moral and legal business conduct. In line with Company's commitment to open communication, this policy aims to provide an avenue for all the stakeholders to raise concerns and reassurance that they will be protected from reprisals or victimization for whistleblowing.

If any stakeholder believes reasonably and in good faith that malpractices exist in the Company, he/she is encouraged to report these immediately on the designated email or landline number.

The name of whistleblower will be kept under strict confidentiality. All the complaints are addressed however priority will be given on basis of below criteria:

a. The seriousness of the issue raised
b. The credibility of the concern and
c. The likelihood of confirming the allegation from credible sources

This policy also provides a platform for employees to call out behavior that violates the Company's policies. At Pioneer Cement, employees are encouraged to freely communicate their concerns if they suspect anybody going against the Company's code of conduct.

n) Safety of Records

The objective of this Policy is to safeguard Company's record by taking effective actions pertaining to the creation, management, retention, and disposal of record. This policy also provides the Company's employees with guidance on the use and retention of Company's record. The Company safely retains the record in order to fulfil minimum record keeping time period stipulated under corporate and tax laws.

o) Providing Reasonable Opportunity to the Shareholder for Participation in the AGM

Company encourages all shareholders to participate in AGM. In order to facilitate participation from shareholders of distant locations, Company also arranged video link facility for their convenience and flexibility.

BUSINESS CONTINUITY AND DISASTER RECOVERY PLAN

The Board recognize the importance of business continuity and disaster recovery plans and accordingly has devised these plans as per the best global practices. These plans prescribe the recommended procedures in the event of an actual emergency situation. The principal objective of these plans is to develop, test and document a well-structured and easily understood plan which will help the company in avoiding any interruptions in the business operations and recover as quickly and effectively as possible from an unforeseen disaster or emergency.

Further, the Company has comprehensive insurance cover in case of any catastrophic incident to indemnify it against any loss.

A BRIEF DESCRIPTION ABOUT ROLE OF THE CHAIRMAN AND THE CEO

Roles and responsibilities of the Chairman and CEO are in line with the legal and regulatory requirements. The Chairman of the Board and CEO of the Company have well defined, separate but complementary roles. The Chairman is responsible for leadership and ensures that the Board plays an effective role in fulfilling its responsibilities. He encourages an inclusive environment that enables directors to carry out Board's business.

CEO is responsible for operations and overall affairs of the Company under the oversight of the Board and its Committees. He is also entrusted with the powers of management of affairs of the Company underlined by applicable laws, guidelines provided by the Board and Memorandum / Article of Association of Company. He is responsible for setting directions for overall culture of the Company.

TERMS OF REFERENCE OF BOARD COMMITTEES

Audit Committee

The Board has provided adequate resources and authority to enable the audit committee to carry out its responsibilities effectively. The terms of reference of the audit committee include the following:

- Determination of appropriate measures to safeguard the company's assets
- Review of annual and interim financial statements of the company, prior to their approval by the Board of Directors
- Review of preliminary announcements of results prior to external communication and publication
- Facilitating the external audit and discussion with external auditors
- Review of management letter issued by external auditors and management's response thereto
- Review of the scope and extent of internal audit, audit plan, reporting framework
- Consideration of major findings of internal investigations of activities

- Ascertaining that the internal control systems including financial and operational controls, accounting systems for timely and appropriate recording of transactions
- Review of the company's statement on internal control systems prior to endorsement by the board of directors and internal audit reports
- Determination of compliance with relevant statutory requirements
- Monitoring compliance with the regulations and identification of significant violations thereof
- Review of arrangement for staff and management to report to audit committee in confidence
- Recommend to the Board of directors the appointment of external auditors, their removal, audit fees, the provision of any service permissible to be rendered to the company by the external auditors
- Consideration of any other issue or matter as may be assigned by the board of directors

HR & Remuneration Committee

The Board has provided adequate resources and authority to enable the HR & Remuneration committee to carry out its responsibilities effectively.

The Board has approved following TOR's:

1. Devise policy and framework for appointment and remuneration of Directors, CEO and key management positions
2. Undertake annual evaluation of the Board and its Committees' performance
3. Recommend human resource management policy
4. Recommending to the Board the selection, evaluation, development, compensation of COO, CFO, CS and Head of Internal Audit
5. Consider and approve CEO's recommendation regarding key management positions

CHAIRMAN'S REVIEW REPORT

> As the tide slowly turned on the Covid pandemic in the rest of the world, Pakistan faced continuous macroeconomic pressures ranging from currency devaluation due to low exchange reserves to exponential inflation as a result of a global commodity super cycle.

A noted lack of direction on the political front also factored into the financial woes of the country with no movement on the much-needed structural reforms required to enable sustainable economic growth.

Despite these constraints, Pioneer persevered.

While the cement industry saw an overall drop in dispatches; we posted a quantifiable growth in ours coupled with a healthy increase in our topline year on year. Unfortunately, the government as per the past several years of policy did not attempt to expand the tax net but continued to load taxes on companies like ours and the application of super tax and consequent non-cash adjustments restricted our EPS to just Rs. 4.62 per share as we were gearing up for higher incremental production in line with the larger industry.

With all these factors in mind the Board, through its various committees, sets a strategic direction for the Company, focusing on cost effective production through procurement of local and Afghan coal, self-generation of power through our 48MW of internal WHR and coal capacity, exploration of solar generation and of course capacity expansion.

Additionally, direction was given to the management to focus on a system driven integrated organizational approach, perfectly highlighted, for example, through the digitalization of our sales and marketing department.

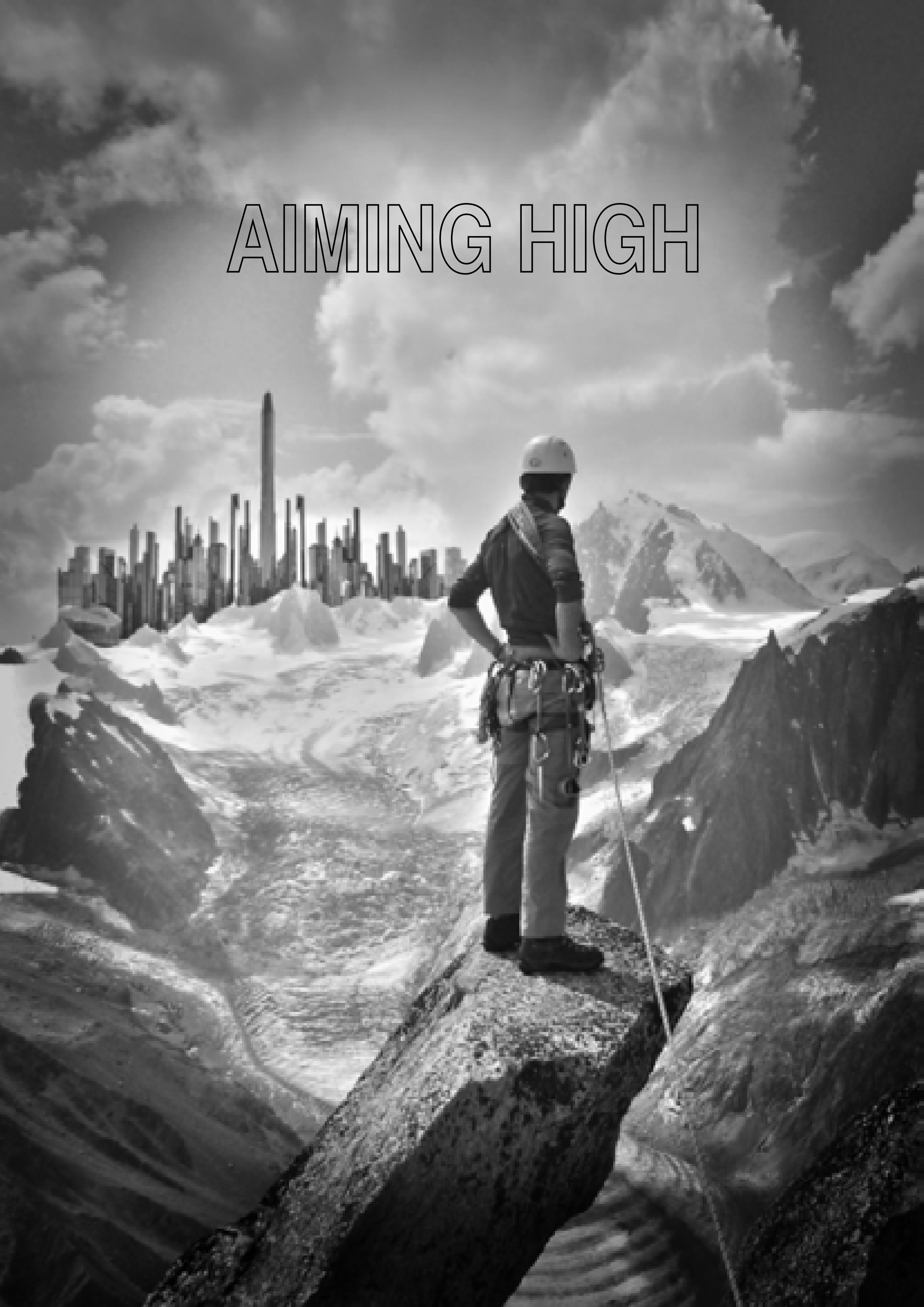
At the time of publishing this annual report, our sales team has real time access to smart dash boards, dispatch tracking, market appraisals and transportation reviews; moving the organization toward global best practices.

This will continue to be our future focus. Economic and political difficulties are part and parcel of operations in developing markets and ours is no exception. Nevertheless, we will forge ahead with a renewed emphasis on how to be better at every process and seek shareholders' support in continuing to deliver results.

With that in mind, I would like to extend my gratitude to all our stakeholders for their unwavering confidence in the company and commit to continue to push the company toward better results, toward growth and toward the future.

Warmest Personal Regards,

Aly Khan
Chairman
September 22, 2022


AIMING HIGH

DIRECTORS' REPORT TO THE SHAREHOLDERS

In the name of Allah, the most Gracious, the most Merciful.

The Directors of the Company are pleased to present their report together with audited financial statements for the year ended June 30, 2022 and auditor's report thereon.

GLOBAL ECONOMY

The World has witnessed unprecedented challenges post COVID-19 pandemic further deepened by the Russian-Ukraine conflict. Economies across the globe introduced accommodating fiscal and monetary policies to protect their population from fallouts of inflationary pressures amid restricted economic activities. Post mass-vaccination campaigns, restoration of economic activities created supply-demand imbalance and exposed supply chain bottlenecks including transportation and mining limitations internationally. Russian-Ukraine conflict has further increased the already high demand-driven commodity prices. World economies faced exceptional inflationary pressures and in response, central banks have increased policy rates to keep a check on inflation by slowing down the economic pace.

PAKISTAN'S ECONOMY

Historically, our economy has encountered multiple boom-bust cycles due to long outstanding structural imbalances including but not limited to exchange rate volatility, energy sector issues, political instability and growing current account & fiscal deficits.

Pakistan's economy witnessed V-shaped recovery from COVID-19 hit 0.94% GDP growth during FY 2020 which improved to 5.74% during FY 2021 and sustained at 5.97% during FY 2022. Agriculture sector posted growth of 4.40% during FY 2022 against 3.48% growth during last year (LY). All subsectors including crops and livestock outperformed respective budgeted targets. Large scale manufacturing celebrated growth of 10.4% in comparison to 4.2% growth recorded last year.

Supported by competitive energy tariff, export facilitation schemes, easy access to subsidized credit and introduction of textile policy, exports reached new all-time high level of USD 31.76 billion representing a growth of 25.51% from last year.

On the other hand, our economy was not immune to the adverse impacts of surge in global commodity prices. Total import bill for FY 2022 exceeded USD 80 billion which comprised mainly of crude and petroleum products (USD 17.7 billion), medicinal products (USD 4.1 billion), LNG (USD 4.9 billion), plastic material (USD 3.1 billion), iron and steel (USD 2.9 billion) and others.

Mainly triggered by high commodity prices, CPI inflation for the FY 2022 surpassed 11%.

CEMENT INDUSTRY

During the year under review, cement industry made volumetric dispatches of 52.89 million tons compared to 57.43 million tons dispatched during previous year. It comprises of 47.63 million tons of local dispatches (LY: 48.12 million tons) and 5.26 million tons of exports (LY: 9.31 million tons).

BUSINESS PERFORMANCE

PRODUCTION AND SALES VOLUME

A quantitative summary of the production and sales is given below:

Particulars	FY 2022	FY 2021	Variance
	Tons		%
Installed cement Capacity	5,194,500	5,194,500	-
Cement production	3,372,946	3,408,046	(1.03)
Cement sales	3,388,349	3,380,599	0.23

FINANCIAL PERFORMANCE

The financial performance of the Company is as follows:

Particulars	FY 2022	FY 2021	Variance
	Rs. in thousands		%
Net sales	31,879,207	21,817,605	46.12
Gross profit	7,203,112	4,117,945	74.92
Operating profit	6,636,613	3,718,188	78.49
Profit before taxation	3,944,646	2,203,035	79.06
Profit after taxation	1,050,270	1,974,446	(46.81)

REVENUE

Gross sales for the year under review amounted to Rs. 44,509.29 million compared to Rs. 32,636.88 million in corresponding year. Deductions for the year amounting to Rs. 12,630.08 million on account of applicable taxes, duties and commission/discounts resulted in net sales of Rs. 31,879.21 million (LY: Rs. 21,817.61 million); growth of 46.12%. This growth in topline is mainly attributable to cost-driven increase in sale price in local market.

COST OF SALES

Cost of sales for the current year amounted to Rs. 24,676.09 million: an increase of Rs. 6,976.44 million (39.42%). Total manufacturing cost for the year under review was Rs. 24,554.46 million compared to Rs. 17,837.47 million incurred during comparative year: an increase of 37.66%. Major increase was observed in fuel and power cost which amounted to Rs. 18,301.23 million (2021: Rs.12,052.94 million) followed by Rs. 252.82 million increase in packing material cost which during the year under review amounted to Rs. 2,188.89 million (2021: Rs. 1,936.07 million). Per ton analysis of cost of sales is as follows:

- Fuel and power cost per ton of cement sold amounted to Rs. 5,401 per ton compared to Rs. 3,565 per ton in last year. Substantial increase in fuel cost is attributable to rising coal cost in both international and local markets as well as depreciation of Pak rupee against USD. In order to minimize adverse impact of imported coal cost, the Company switched to cost-effective local and Afghan origin coal.

- With respect to power sourcing, the Company has largely relied upon captive power plants comprising waste heat recovery and coal fired power plants. This has helped to mitigate the adverse impacts caused by upward revisions in electricity tariff and volatile fuel price adjustments.

- Packing material cost for the current year increased to Rs. 646 per ton (LY: Rs. 573 per ton) mainly on account of increase in paper prices in the international market and devaluation of Pak rupee.

OPERATING PROFIT AND PROFIT AFTER TAX

Due to increased sale prices and production efficiencies mitigating the impacts of adverse commodity price cycle, the Company has earned operating profit of Rs. 6,634.88 million (2021: Rs. 4,020.72 million). Distribution cost and administration expenses for the year amounted to Rs. 119.46 million and Rs. 134.23 million respectively compared to Rs. 118.60 million and Rs. 128.39 million incurred during LY.

Finance cost for the year has increased to Rs. 2,656.19 million (2021: Rs. 1,817.68 million). Current year charge to profit or loss statement includes finance cost on loan obtained to finance 24 MW Coal Power Plant whereas in the corresponding year, such cost was made part of project cost in line with applicable financial reporting standards. In addition to the above, State Bank of Pakistan increased policy rate which has pushed the finance cost up despite the fact that at the reporting date outstanding long-term debt reduced to Rs. 18,030.03 million (LY: Rs. 21,534.33 million).

Profit before tax of Rs. 3,944.65 million represents margin of 12.37% compared to 10.09% earned during LY. Pursuant to imposition of Super Tax for the tax year 2022 and onwards, a hefty charge is booked for the current year on account of taxation. Super tax on current year's income amounted to Rs. 216.47 million whereas it has unfavorably impacted carrying amounts of deferred tax liability to take the non-cash charge on account of deferred tax to Rs. 1,994.26 million for the current year. Effective tax rate as a percentage of profit before tax is 73.37% (LY: 10.38%). The afore-mentioned has restricted the profit after tax to Rs. 1,050.27 million (LY: Rs. 1,974.45 million).

EARNINGS PER SHARE

For the current financial year, earnings per share amounted to Rs. 4.62 compared to Rs. 8.69 per share reported for the last year.

DIVIDENDS

Keeping in view the ongoing repayments of loans obtained to finance the expansion projects and applicability of super tax, the Board has decided not to recommend any dividend for FY 2021-22. However, the Board is optimist about the future prospects of cement industry, Company performance and availability of future profits and will consider distribution of profits in future.

COMPOSITION OF BOARD OF DIRECTORS

Total number of directors is eight comprising seven elected directors and Chief Executive Officer. Elected directors are as follows:

1. Mr. Aly Khan
2. Ms. Aleeya Khan
3. Mr. Shafiuddin Ghani Khan
4. Mr. Mohammed Aftab Alam
5. Mirza Ali Hasan Askari
6. Mr. Jamal Nasim
7. Mr. Rafique Dawood (late)

Subsequent to the year end, Mr. Rafique Dawood passed away and the Board has appointed Mr. Doraib A Kisat to fill the casual vacancy.

All the elected directors are non-executive including three independent directors. The positions of the Chairman and the CEO are kept separate in line with the requirements of the Code of Corporate Governance.

Total number of directors including CEO	
i) Male	7
ii) Female	1

Composition	
i) Independent Director (elected)	3
ii) Other Non-Executive Directors (elected)	4
iii) Chief Executive Officer	1

DIRECTORS' REMUNERATION

Remuneration Policy for Directors is approved by the Board of Directors. All the directors excluding CEO are entitled to a meeting fee of Rs. 30,000 for each board meeting attended.

The breakup of remuneration paid to the Chief Executive Officer is disclosed in note 46 to the financial statements.


PIONEER
CEMENT LTD.

MEETINGS OF BOARD OF DIRECTORS AND COMMITTEES

During the year under review, meetings of Board of Directors and its Committees were held as per the requirements of Code of Corporate Governance. Attendance of each director in the meetings is summarized below:

		Attendance		
Sr No.	Name of Directors	Board of Directors	Audit Committee	HR & Remuneration Committee
1	Mr. Aly Khan (Chairman BoD) Non-Executive Director	4	4	1
2	Ms. Aleeya Khan Non-Executive Director	3	3	1
3	Mr. Mohammed Aftab Alam Non-Executive Director	4	4	1
4	Mr. Mirza Ali Hasan Askari Non-Executive Director	4	-	-
5	Mr. Shafiuddin Ghani Khan (Chairman HR & Remuneration Committee) Independent Director	4	4	1
6	Mr. Jamal Nasim (Chairman of Audit Committee) Independent Director	4	4	-
7	Mr. Rafique Dawood (late) Independent Director	3	-	-
8	Syed Mazher Iqbal CEO	4	-	1

ADEQUACY OF INTERNAL FINANCIAL CONTROLS

The Board has established an effective system of internal controls to ensure that business is conducted efficiently, assets of the Company are protected and financial statements are reliably presented. The Company has a competent and independent internal audit team that evaluates the application of financial controls periodically.

CORPORATE AND FINANCIAL REPORTING FRAMEWORK

The Board reviews the strategic direction of the Company on regular basis. The business plan and performance against budgetary targets set by the Board are also reviewed regularly. The Board is committed to maintain a high standard of corporate governance and ensures comprehensive compliance to the Code of Corporate Governance.

In this regard, the Board is pleased to confirm the following:

a) The financial statements prepared by the management present fairly its state of affairs, the result of its operations, its cash flows position and changes in its equity
b) Proper books of account have been maintained
c) Appropriate accounting policies have been consistently applied in the preparation of financial statements and accounting estimates are based on reasonable and prudent judgment
d) International Financial Reporting Standards as applicable in Pakistan have been followed in preparation of the financial statements and any departure from the Standards, if any, has been adequately disclosed
e) The existing system of internal controls and procedures is regularly reviewed by Audit Committee and updated when required
f) There is no significant doubt upon Company's ability to continue as a going concern

g) There has been no material departure from the best practices of corporate governance
h) The Statement of Ethics and Business Strategy is prepared and circulated amongst the directors and employees
i) No default has been made in payment of any debt
j) There is no material change affecting the financial position of the Company occurring between financial year end and date of audit report
k) The Board has adopted a mission statement and a statement of overall corporate strategy
l) As required by the Code of Corporate Governance, statements regarding the following are annexed:
    i. Key operating and financial data for last six years
    ii. Statement of Pattern of Shareholding
    iii. Statement of shares held by associated companies, undertakings and related persons
    iv. Statement of other information

CORPORATE SOCIAL PERFORMANCE

HEALTH, SAFETY AND ENVIRONMENT

The Company is committed to provide its staff a safe, healthy and nurturing environment and accordingly has received certification of ISO 14001:2015 and ISO 45001:2018. Further, the Company has also been awarded Green Office Diploma after complying with the criteria of reducing consumption of natural resources. Your Company continues to comply with all the applicable environmental laws and standards. During the year, multiple tree planation drives were carried out at plant locality to promote green and clean environment.

GASEOUS AND DUST EMISSION

The Company is dedicated to maintain a pollution free atmosphere and accordingly electrostatic precipitator and dust collectors have been installed at all the three production lines of the Company. The Company has installed two waste heat recovery power plants having total power generation capacity of 18 MW; thus, minimizing waste hot gases emission during production process.

Cement production plant-III is a state of the art technology with efficient processes specifically designed to save fuel and power consumption.

EMPLOYEE SAFETY

As a responsible corporate citizen, the Company gives highest priority to health and safety of its employees. Employees have been equipped with proper safety tools and protection devices to ensure occupational safety. A dedicated Safety Department has been developed to promote compliance with safety rules and practices. Such rules and practices are reviewed and evaluated periodically and all the necessary measures are taken to avoid any undesired event. Regular training sessions are conducted to promote the best practices and ensure a safe work environment.

COMMUNITY INVESTMENT AND WELFARE SCHEME

The Company, as a responsible corporate citizen, is constantly contributing towards welfare of the society and is playing an active and continuous role in various community development and maintenance programs. These measures also include construction and maintenance of mosque, medical dispensaries, ambulance service, primary schools at Chenki and extending financial support to Divisional Public School at Jauharabad. The Company continuously coordinates with the communities in the surrounding areas of the plant to meet their socio-economic needs. Residents of plant vicinity have fetched additional benefits from the expansion of the Company. New job opportunities have already been generated at the plant site due to expansion of production capacity. The Company has reconstructed and is maintaining 8 km long road and other infrastructure in the factory vicinity in order to improve general living standards of the adjacent communities. Multiple clean drinking water facilities have also been installed for the residents of plant vicinity.

CONTRIBUTION TO NATIONAL EXCHEQUER

The Company paid an amount of Rs. 11,836.50 million (2021: Rs. 11,224.98 million) into the government treasury on account of income taxes, levies, sales tax and excise duty.

EMPLOYEE WELFARE

PROVIDENT FUND / GRATUITY

The Company operates a funded registered provident fund for all permanent employees while all contractual employees below the age of 60 years are entitled to gratuity. The fair value of the investments of the provident fund as on June 30, 2022 was Rs. 255.92 million (2021: Rs. 221.83 million).

MEDICAL AND HOSPITALIZATION

All eligible employees of the Company including their spouse and children are provided with medical and hospitalization facilities as per the Company policy in order to provide them peace of mind to concentrate on discharging their professional duties in a more productive way. Your Company also made arrangements for the free COVID-19 vaccination of its employees at factory premises. All the employees were encouraged to get themselves vaccinated.

AUDITORS

After completing a term of 5 years, M/s EY Ford Rhodes, statutory auditors of the Company, will retire at the conclusion of the 36th Annual General Meeting. As recommended by Audit Committee, the Board has recommended M/s KPMG Taseer Hadi & Co as auditors of the Company.

HUMAN CAPITAL

The Company recognizes its human resource as one of the most valuable assets. High performing employees are particularly awarded to create a conducive environment and to motivate other employees for better performance.

DIRECTORS' TRAINING PROGRAM

Code of Corporate Governance requires all listed companies to make appropriate arrangements to conduct orientations and training courses for Directors. The Company has carried out necessary trainings of the Board members as per the requirements of Code of Corporate Governance.

EVALUATION OF BOARD'S OWN PERFORMANCE

The Board of Directors has developed criteria to evaluate and improve its own performance. The criteria circulated among the directors emphasizes on corporate goal and vision, independence of board and evaluation of board's committees. Feedbacks and recommendations are provided by the Board members and are then incorporated for future evaluations.

PATTERN OF SHAREHOLDING

Company's pattern of shareholding is in compliance with Section 227 (2) (f) of the Companies Act, 2017, as at June 30, 2022 and the relevant detail is annexed to the report.

FUTURE OUTLOOK

High commodity prices are still creating imbalance to our current account position. Government has taken unpleasant fiscal and monetary decisions to secure IMF disbursement. Imposition of indirect taxes and duties on petroleum products have resulted in sharp increase in Sensitive Price Index, affecting purchasing power of consumers nationwide. Above all, political uncertainty bars restoration of investors' confidence which is depicted in exchange rate volatility.

For cement industry, limited government spending, higher coal prices, increased national grid tariff and upward revisions in policy rate pose a challenge. We, at Pioneer Cement Limited, will remain focused to achieve operational efficiencies to enhance value for shareholders and to maximize return to general public as a whole.

ACKNOWLEDGEMENT

The Board acknowledges the assistance and cooperation of all stakeholders including financial institutions, customers, creditors, Government departments and all others who strengthened the Company. The Board also places on record its gratitude for the dedication of employees of the Company.

For and on behalf of the Board

Syed Mazher Iqbal
Chief Executive Officer
September 22, 2022

Aly Khan
Chairman

AUDIT COMMITTEE REPORT

In compliance with the requirements of Code of Corporate Governance Regulations 2019, the Board has formed Audit Committee (the Committee) to primarily assist the Board in briefing on financial performance of the Company, status of legal compliances and suggestions for appropriate measures to safeguard the Company's assets. The Board has developed a mechanism for identification of risks and assigning appropriate measures which are regularly monitored and implemented by the management across all the major functions of the Company and are presented to the Committee for review. The Board ensures that majority members of each committee are financially literate as defined in Companies (Code of Corporate Governance) Regulations, 2019.

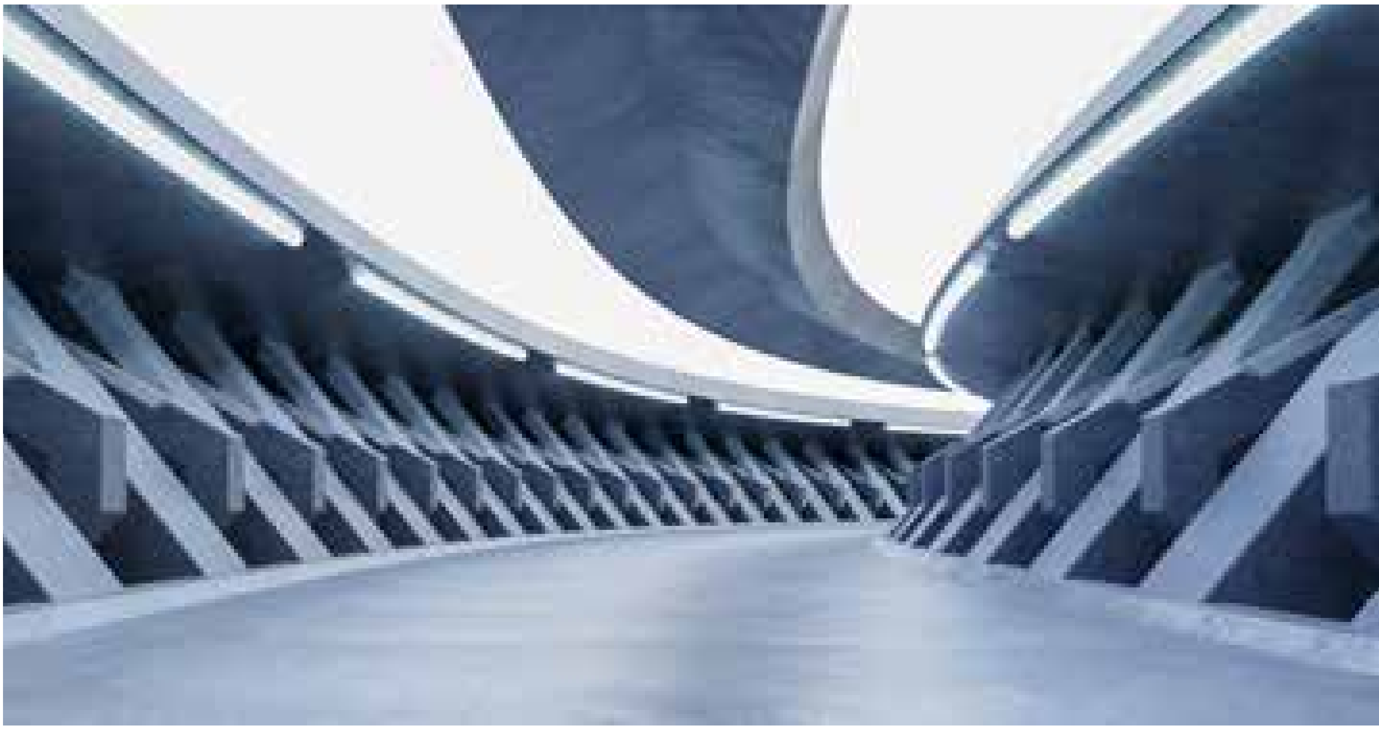
The composition of the Committee along with number of meetings held and members' attendance summary is tabulated below:

Sr No.	Name of Directors	Status	Attendance
1	Mr. Jamal Nasim (Chairman of Audit Committee)	Independent	4
2	Mr. Aly Khan	Non-Executive	4
3	Ms. Aleeya Khan	Non-Executive	3
4	Mr. Mohammad Aftab Alam	Non-Executive	4
5	Mr. Shafiuddin Ghani Khan	Independent	4
Number of meetings held during the year			**4**

The Audit Committee has appointed Chief Internal Auditor as secretary of the Committee. CEO and CFO attended the meetings on invitation of Chairman of the Committee. External auditors also attended the meetings of the audit committee where matters related to accounts and audit were discussed.

For the financial year ended June 30, 2022, the Committee is pleased to report that:

- The Committee reviewed the quarterly, half yearly and annual financial statement of the Company
- The Committee was also briefed on operations of the Company compared with comparative period's performance and against budgeted targets. Prior to publication by the Company, the Committee also reviewed preliminary announcements of financial results
- The annual financial statements for the year ended June 30, 2022 were presented to the Committee. The Committee noted that revaluation of fixed asset at the reporting date has generated additional net of tax surplus of Rs. 13,778 million. Further, at the reporting date, there are multiple tax contingencies pending at different legal/tax authorities. After review of financial statements, the Committee was of the view that the above-mentioned matters have been fairly presented and disclosed for the understanding of users of financial statements. The Committee recommended the financial statement for approval of the Board
- The Committee reviewed all the related party transactions and recommended the same for approval of the Board
- Appropriate accounting policies have been consistently applied. All core and other applicable International Accounting Standards were followed in preparation and presentation of financial statements of the Company
- Company's system of internal control is sound in design and is continually evaluated
- The Committee approved the audit plan for the upcoming financial year presented by Head of Internal Audit which ensured that all major systems and operational areas are covered and reviewed periodically
- The Committee on the basis of the internal audit reports, reviewed the adequacy of controls and compliance shortcomings in areas audited



and discussed corrective responses. This has ensured the continual evaluation of controls and improved compliance. The review of internal audit reports also included findings, conclusions, recommendations and action plans agreed with management. Status of follow up on outstanding observations is regularly reviewed

- The Committee reviewed the Annual Report of the Company and found it fair, balanced and understandable for the users of financial statements

- The Committee ensured that statutory and regulatory obligations and requirements of best practices of code of corporate governance have been met. Present auditors, M/s. EY Ford Rhodes, Chartered Accountants, one the big four global auditing firms, are registered with Audit Oversight Board and have been given satisfactory rating under QCR program by ICAP

- Appointment of external auditors and the matter related to fixing of their audit fee was reviewed. The Committee recommended to the Board appointment of M/s KPMG Taseer Hadi & Co., Chartered Accountants for the financial year 2022-23 in place of M/s. EY Ford Rhodes, Chartered Accountants who shall retire at the conclusion of upcoming Annual General Meeting after completing a term of five years

- The Committee also observed that no cases of material complaints regarding accounting, internal accounting controls or audit matters, or whistle blowing were received by the committee

- The Head of Internal Audit has direct access to the Chairman of the Committee and the Committee has ensured staffing of personnel with sufficient internal audit acumen and that this function has all necessary access to Management and the right to seek information and explanations

- Performance of the Committee is annually reviewed by the Board as per the set criteria. However, the Committee is devising the checklist for self-evaluation of its performance

- The Chairman of the Committee was also present at Annual General Meeting held on October 28, 2021 to answer questions raised by shareholders

22 September 2022

JAMAL NASIM
Chairman of
Audit Committee

ENTERPRISE RESOURCE PLANNING

The Company has implemented state-of-the-art Enterprise Resource Planning (ERP) solution by Oracle Systems. Oracle ERP works on modular approach and is fully integrated enabling management to make effective decisions based on timely, accurate and structured information. The ERP caters all the requirements of business operation right from attendance management to payroll processing, customer order fulfillment and invoicing, procurement to payment, assets tracking & management, inventory & cost management and financial reporting.

A dedicated team of professionals are part of Management Information Systems department (MIS) to facilitate new developments and also provide day to day support. MIS regularly updates the system for new technological changes and also incorporate development requirements for changing business scenarios. MIS department enjoy full support of the management in terms of resources required.

Orientation courses are arranged for new ERP users and focused sessions are also held for existing users in case of any change or update in module.

A risk matrix is available and is continuously checked and audited as part of the system audits. Process changes or developments are first thoroughly tested on cloned system before final implementation in live environment.

The Company has formal user authorization matrix which provide access to user based on their assigned roles. Any change in user role is incorporated after approval of relevant head of department. This authorization matrix is also periodically reviewed.

CHAIRMAN'S SIGNIFICANT COMMITMENTS AND ANY CHANGES THERETO

Mr. Aly Khan, the Chairman of the Board has cultivated his professional career working in London, Singapore and New York for various global institutions including Citi Group and Yang Ming Marine Transport Corporation in several management and training capacities.

He is also serving on board of Hub Power Company Limited, Haleeb Foods Limited and Qasim International Container Terminal. There is no significant change in his commitment from last year.

GOVERNMENT POLICIES AND IMPACT ON CEMENT SECTOR AND THE COMPANY

In Pakistan, cement demand is closely linked to the overall economic growth, particularly the infrastructure and housing sector. Pakistan's Public Sector Development Projects (PSDP) allocation plays an important role in driving the demand of cement. Annual allocation of PSDP by Federal and Provincial governments plays a vital role on demand for cement locally. Historical data related to the financial performance of the sector depicts a strong correlation with changes in economic environment. Slowdown in economic activity in the country affects cement demand on the back of slowdown in construction and development activities. With the unprecedented monsoon season and the recent devastating floods in Pakistan, economic activity is expected to slow down which will resultantly reduce the PSDP allocation. Moreover, the recent imposition of super tax on industry at the rate of 10% in FY 2022 and 4% onward will put pressure on the margins of companies operating in cement sector in times to come.

GOVERNANCE PRACTICES EXCEEDING LEGAL REQUIREMENTS

A robust compliance process is part of the management philosophy and it includes, but is not limited to, compliance program administration, communication, continuous education and training of employees and periodic oversight by the board to adhere to best governance practices.

The Company ensures that in addition to compliance with all mandatory legal requirements it also carries out the other practices that are one step ahead of statutory requirements. Following is the set of examples of management philosophy of compliance beyond legal requirements:

a) Implementation of Environmental Protection Policies

It has always been the Company's endeavor to enhance its environment conservation measures, continue to be profitable and sensitive towards societal wellbeing. The Company has been consistently adopting new technologies that are cleaner and greener. The Company's processes are driven to become more energy efficient, given its quest to become better stewards of natural resources. In recognition of these efforts, the Company has also been awarded Green Office Diploma.

b) **Implementation of Comprehensive Health and Safety Program**
The cornerstone of the Company's compliance philosophy is emphasis on ensuring that the health and safety measures on manufacturing site are in line with best global practices. The Company is committed to provide its staff a safe, healthy and nurturing environment and accordingly has received certification of ISO 14001:2015 and ISO 45001:2018.

c) **Timely Dissemination of Information on PSX and Company's Website**
The Company ensures that all the material information is communicated to the stakeholders through PSX, and the SECP in shortest time possible.

d) **Compliance with Non-mandatory Clauses of Code of Corporate Governance**
The Company encourages that in addition to all those charged with governance, the management of the Company is also certified Directors' Training Program. Further, the Company has also upload key policies on its website.

e) Disclosure of Financial Ratios, Reviews, Risk Matrices and Graphs

For better understanding of all the stakeholders of the Company, this annual report comprises of detailed management commentary on key ratios along with visual descriptions in shapes of graphs and tables.

f) Adoption of International Integrated Reporting

The Company is in initial stage of adoption of International Integrated Reporting Framework issued by Integrated Reporting Council (IIRC).

STATEMENT OF COMPLIANCE
WITH LISTED COMPANIES
(CODE OF CORPORATE GOVERNANCE)
REGULATIONS, 2019

Name of Company: Pioneer Cement Limited
Year ended : June 30, 2022

The Company has complied with the requirements of the Regulations in the following manner:-

1.The total number of directors are 8 as per the following,-

a. Male: Seven
b. Female: One

2.The composition of board is as follows:

a) Independent directors	Mr. Shafiuddin Ghani Khan Mr. Rafique Dawood (late) Mr. Jamal Nasim
b) Non-executive directors	Mr. Aly Khan Mr. Mohammed Aftab Alam Mirza Ali Hasan Askari
c) Executive directors	Syed Mazher Iqbal (CEO)
d) Female director	Ms. Aleeya Khan

3. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including Pioneer Cement Limited;

4. The Company has prepared a code of conduct and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures;

5. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. The Board has ensured that complete record of particulars of the significant policies along with their date of approval or updating is maintained by the Company;

6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board/ shareholders as empowered by the relevant provisions of the Act and these Regulations;

7. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board;

8. The Board have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations;

9. The Board is complying with Section 19 of the Code of Corporate Governance;

10. The Board approves appointment of Chief Financial Officer, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations;

11. Chief Executive Officer and Chief Financial Officer duly endorsed the financial statements before approval of the Board;

12. The Board has formed committees comprising of members given below.-

a) Audit Committee	Mr. Jamal Nasim (Chairman) Mr. Aly Khan Ms. Aleeya Khan Mr. Shafiuddin Ghani Khan Mr. Mohammed Aftab Alam
b) HR and Remuneration Committee	Mr. Shafiuddin Ghani Khan (Chairman) Mr. Aly Khan Ms. Aleeya Khan Mr. Mohammed Aftab Alam Syed Mazher Iqbal (CEO)

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance;

14. The frequency of meetings of the committee were as per following;

    a) Audit Committee (quarterly)
    b) HR and Remuneration Committee (yearly);

15. The Board has set up an effective internal audit function who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company;

16. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the Chief Executive Officer, Chief Financial Officer, Head of Internal Audit, Company Secretary or any director of the Company;

17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.

18. We confirm that all other requirements of the Regulations have been complied with.

ALY KHAN
Chairman
September 22, 2022

TO THE MEMBERS OF PIONEER CEMENT LIMITED

REVIEW REPORT ON THE STATEMENT OF COMPLIANCE CONTAINED IN LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of Pioneer Cement Limited (the Company) for the year ended 30 June 2022 in accordance with the requirements of regulation 36 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Regulations.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended 30 June 2022.

EY Ford Rhodes
Chartered Accountants
Place: Lahore
Date: 30 September 2022
UDIN: CR202210079TMIzQa8GN

ANALYSIS OF THE FINANCIAL INFORMATION

06

ANALYSIS OF THE FINANCIAL PERFORMANCE

CURRENT YEAR VS PROJECTIONS

Commodity super cycle exaggerated by slowdown in the economy due to political instability, inflation and lower allocation of PSDP posed many challenges for companies specially fuel-intensive industries like cement sector. Amidst these rising costs, the Company was able to mitigate the adverse effects on back of improved sales retention. Despite unfavorable industry situation, actual volumetric growth from last year was close to the target set by management of the Company as projection. However, another pertinent factor is introduction of super tax and upward revisions of policy rates which has restricted the EPS to Rs. 4.62.

CURRENT YEAR VS LAST YEAR

Brief extracts of key performance indicators' results for current year compared with the last year's performance are tabulated below:

Key Performance KPI's	2022	2021	Increase/ (Decrease)
Financial	-----------------------------Rs. in million-----------------------------		
Net revenue	31,879	21,818	10,061
Finance cost	2,656	1,818	838
Profit before tax	3,945	2,203	1,742
Profit after tax	1,050	1,974	(924)
Outstanding total debt	22,315	26,792	(4,477)
Non-Financial	----------------------------------Tons---------------------------------		
Cement production	2,892,941	2,955,316	(62,375)
Cement dispatch	3,388,349	3,380,599	7,750
	---------------------------No. of employees--------------------------		
Head count	1,098	1,105	7

Dispatches and Net Revenue

Topline of the Company grew by 46.12% to Rs. 31,879.21 million during the current year compared to Rs. 21,817.61 million earned during the corresponding year, a growth of 46.12%. During the current year, the Company dispatched 3,388,349 tons cement in local market as compared to 3,367,822 tons dispatched in last year. Average domestic net sales per ton during the current year amounted to Rs. 9,418/- per ton compared to LY Rs. 6,465 per ton; an increase of 45.68%.

Finance Cost

Finance cost for the year under review amounted to Rs. 2,656.19 million compared to Rs. 1,817.68 million incurred during last year. This increase is mainly on account of increase in policy rates that despite reduction in overall debt.

Profitability

Despite 46.12%, growth in topline, increase input costs, higher interest rates and introduction of 10% super tax, all combined have taken a toll on bottom line which shrunk by 47%.

Outstanding Total Debt

The Company has successfully able to reduce debt outstanding by 17% primarily through internal cash flow generation, i.e., reduced operating cycle, improve margins and rationalize operating costs.

A more detailed analysis on current year's performance is made part of Directors' Report.

FINANCIAL HIGHLIGHTS
SIX YEARS AT A GLANCE

Description	2022	2021	2020	2019	2018	2017
Production and Sales			Tons '000'			
Clinker Production	2,893	2,955	1,540	1,257	1,551	1,564
Cement Production	3,373	3,408	1,737	1,443	1,543	1,405
Cement / Clinker Dispatches						
Domestic Market	3,388	3,368	1,723	1,384	1,577	1,634
International Market	-	13	12	62	69	36
	3,388	3,381	1,735	1,446	1,646	1,670
Cement Capacity Utilization (based on installed capacity)	64.93%	65.61%	50.42%	65.72%	70.31%	64.01%
Financial position			Rupees in million			
Assets Employed						
Property plant and equipment	63,243	42,945	41,558	36,107	22,920	12,237
Other long term assets	170	153	150	141	120	115
Current assets	8,575	8,383	7,326	6,030	6,071	5,408
Total Assets	71,988	51,481	49,035	42,277	29,111	17,760
Financed by						
Shareholders' equity	13,593	12,481	10,417	10,505	10,517	9,519
Surplus on revaluation of fixed assets-net of tax	16,178	2,618	2,711	2,816	3,112	2,728
Long term liabilities	25,144	19,399	21,567	19,268	11,032	3,826
Other Current liabilities	17,073	16,983	14,340	9,688	4,451	1,687
Total Funds Invested	71,988	51,481	49,035	42,277	29,111	17,760
Turnover and profit / (Loss)						
Net turnover	31,879	21,818	6,287	9,734	10,121	10,631
Gross profit	7,203	4,118	(103)	2,135	2,811	4,428
Operating profit / (loss)	6,601	4,021	(363)	1,594	2,308	4,104
Profit / (loss) before taxation	3,945	2,203	(755)	1,323	2,213	4,070
Profit after taxation	1,050	1,974	(210)	790	1,644	2,918
EBITDA	7,763	5,002	63	2,103	2,822	4,569
Earnings per share (Rs.)	4.62	8.69	(0.92)	3.48	7.24	12.84
Breakup value per share (Rs.)	131.07	66.47	57.80	58.65	60.00	53.92
Cash flow summary						
Net cash generated from operating activities	8,191	4,400	525	3,285	1,775	1,751
Net cash used in investing activities	(544)	(2,302)	(5,854)	(13,591)	(9,051)	(2,429)
Net cash (outflow) / inflow from financing activities	(7,463)	(2,126)	5,485	10,024	7,460	327
Increase / (decrease) in cash and cash equivalents	184	(29)	155	(282)	184	(351)
Cash and cash equivalents at beginning of the year	337	366	211	493	309	660
Cash and cash equivalents at end of the year	521	337	366	211	493	309

FINANCIAL RATIOS

Ratios Description		2022	2021	2020	2019	2018	2017
Profitability Ratios							
Gross profit ratio	%	23.00	18.87	(1.64)	21.93	27.77	41.65
Net profit to sales	%	3.29	9.05	(3.33)	8.12	16.24	27.44
EBITDA margin to sales	%	24.35	22.93	1.00	21.61	27.88	42.98
Return on shareholders' funds	%	7.73	15.82	(2.00)	7.52	16.41	33.65
Return on capital employed	%	22.62	13.34	(1.26)	6.85	15.27	43.71
Shareholders' funds	%	41.36	29.33	26.77	31.51	46.82	68.96
Return on equity	%	4.68	13.99	(1.59)	5.87	12.71	25.46
Liquidity Ratios							
Current ratio	Times	0.50	0.49	0.51	0.62	1.36	3.21
Quick / Acid test ratio	Times	0.21	0.27	0.30	0.39	0.88	2.18
Cash to current liabilities	Times	0.03	0.02	0.03	0.02	0.11	0.18
Cash flow from operations to sales	Times	0.26	0.20	0.08	0.34	0.18	0.16
Operating cash flow to capital expenditures	Times	8.39	1.89	0.09	0.24	0.17	0.76
Cash flow coverage ratio	Times	0.37	0.16	0.02	0.15	0.17	0.76
Investment /Market Ratios							
Earnings per share (EPS)	Rs.	4.62	8.69	(0.92)	3.48	7.24	12.84
Price earnings ratio	Times	13.05	15.08	(68.31)	6.51	6.47	10.12
Price to book ratio	%	46.03	197.18	109.07	38.62	78.10	241.10
Dividend yield ratio	%	0.00	0.00	0.00	0.00	8.69	4.23
Dividend payout ratio	%	0.00	0.00	0.00	0.00	56.23	42.82
Cash dividend per share	Rs.	-	-	-	-	4.07	5.50
Market value per share at the year end	Rs.	60.33	131.07	63.04	22.65	46.86	130
Breakup value per share	Rs.						
i. Without surplus on revaluation of property, plant and equipment	Rs.	59.84	54.95	45.86	46.25	46.30	41.91
ii. With surplus on revaluation of property plant and equipment	Rs.	131.07	66.47	57.80	58.65	60.00	53.92
Free cash flow	Rs. in million	7,830	4,290	443	3,071	1,597	1,348
Economic value added (EVA)	Rs. in million	(2,485)	(969)	(4,401)	(1,785)	782	2,426
Capital Structure							
Financial leverage ratio	Times	0.75	1.80	2.06	1.61	0.79	0.19
Weighted average cost of debt	%	10.77	9.05	14.41	11.22	5.79	5.22
Debt to equity ratio	Times	1.64	2.15	2.55	2.04	1.02	0.24
Net assets per share	Rs.	131.07	66.47	57.80	58.65	60.00	53.92
Interest cover	Times	2.92	2.75	0.16	7.77	29.73	131.70
Activity / Turnover Ratios							
Total assets turnover ratio	%	51.64	43.41	13.77	27.27	43.19	65.37
Fixed assets turnover ratio	%	59.94	51.53	16.15	32.89	57.32	93.36
No. of days in inventory	Days	65	70	150	105	97	84
No. of days in receivables	Days	12	13	18	12	8	4
No. of days in payables	Days	93	108	210	88	51	46
Operating cycle	Days	(15)	(26)	(42)	29	55	42
Employee Productivity ratios							
Production per employee	Tons	3,001	3,110	1,589	1,369	1,640	1,608
Revenue per employee	Rs. in million	40	30	14	13	16	17
Others							
Spares Inventory as % of assets cost	%	3.26	3.99	3.79	2.04	2.41	2.85
Maintenance cost as % of operating expenses	%	0.48	0.52	0.81	0.97	1.05	0.90

ANALYSIS OF STATEMENT OF FINANCIAL POSITION

Description	2022	2021	2020	2019	2018	2017
	---------------------------- Rupees in million---------------------------					
Share capital and reserves	13,593	12,481	10,417	10,505	10,517	9,519
Surplus on revaluation of fixed assets	16,178	2,618	2,711	2,816	3,112	2,728
Long term liabilities	25,144	19,399	21,567	19,268	11,032	3,826
Current liabilities	17,073	16,983	14,340	9,688	4,451	1,687
Total equity and liabilities	71,988	51,481	49,035	42,277	29,111	17,760
Non current assets	63,413	43,098	41,708	36,247	23,040	12,352
Current assets	8,575	8,383	7,326	6,030	6,071	5,408
Total assets	71,988	51,481	49,035	42,277	29,111	17,760
Vertical analysis	%					
Share capital and reserves	18.88	24.24	21.24	24.85	36.13	53.60
Surplus on revaluation of fixed assets	22.47	5.09	5.53	6.66	10.69	15.36
Long term liabilities	34.93	37.68	43.98	45.58	37.90	21.54
Current liabilities	23.72	32.99	29.24	22.91	15.29	9.50
Total equity and liabilities	100.00	100.00	100.00	100.00	100.00	100.00
Non current assets	88.09	83.72	85.06	85.74	79.15	69.55
Current assets	11.91	16.28	14.94	14.26	20.85	30.45
Total assets	100.00	100.00	100.00	100.00	100.00	100.00
Horizontal analysis (i)						
Cumulative						
Share capital and reserves	73.81	59.59	33.20	34.33	34.48	21.72
Surplus on revaluation of fixed assets	467.76	(8.12)	(4.85)	(1.17)	9.20	(4.25)
Long term liabilities	967.48	723.58	815.61	718.04	368.35	62.41
Current liabilities	880.02	874.84	723.13	456.09	155.48	(3.16)
Total equity and liabilities	387.47	248.60	232.04	186.28	97.13	20.26
Non current assets	503.92	310.45	297.22	245.21	119.43	17.64
Current assets	100.94	96.43	71.67	41.30	42.26	26.72
Total assets	387.47	248.60	232.04	186.28	97.13	20.26
Horizontal analysis (ii)						
Year vs Year						
Share capital and reserves	8.91	19.81	(0.84)	(0.12)	10.49	21.72
Surplus on revaluation of fixed assets	517.93	(3.43)	(3.73)	(9.50)	14.04	(4.25)
Long term liabilities	29.61	(10.05)	11.93	74.66	188.37	62.41
Current liabilities	0.53	18.43	48.02	117.67	163.81	(3.16)
Total equity and liabilities	39.83	4.99	15.98	45.23	63.91	20.26
Non current assets	47.14	3.33	15.07	57.32	86.53	17.64
Current assets	2.30	14.42	21.49	(0.67)	12.26	26.72
Total assets	39.83	4.99	15.98	45.23	63.91	20.26

ANALYSIS OF STATEMENT OF PROFIT OR LOSS

Description	2022	2021	2020	2019	2018	2017
	---------------------------- Rupees in million--------------------------					
Net turnover	31,879	21,818	6,287	9,734	10,121	10,631
Cost of sales	(24,676)	(17,700)	(6,390)	(7,599)	(7,311)	(6,203)
Gross profit	7,203	4,118	(103)	2,135	2,811	4,428
Distribution cost	(119)	(119)	(253)	(182)	(167)	(94)
Administrative expenses	(134)	(128)	(109)	(143)	(98)	(85)
Other income / (charges)	(349)	150	102	(215)	(239)	(145)
Operating profit	6,601	4,021	(363)	1,594	2,308	4,104
Finance cost	(2,656)	(1,818)	(393)	(271)	(95)	(35)
Profit before taxation	3,945	2,203	(755)	1,323	2,213	4,070
Taxation	(2,894)	(229)	546	(533)	(569)	(1,152)
Profit after taxation	1,050	1,974	(210)	790	1,644	2,918
Vertical analysis	%					
Net turnover	100.00	100.00	100.00	100.00	100.00	100.00
Cost of sales	(77.40)	(81.13)	(101.64)	(78.07)	(72.23)	(58.35)
Gross profit	22.60	18.87	(1.64)	21.93	27.77	41.65
Distribution cost	(0.37)	(0.54)	(4.02)	(1.87)	(1.65)	(0.88)
Administrative expenses	(0.42)	(0.59)	(1.73)	(1.47)	(0.96)	(0.80)
Other income / (charges)	(1.09)	0.69	1.62	(2.21)	(2.36)	(1.37)
Operating profit	20.71	18.43	(5.77)	16.38	22.80	38.61
Finance cost	(8.33)	(8.33)	(6.25)	(2.78)	(0.94)	(0.33)
Profit / (loss) before taxation	12.37	10.10	(12.02)	13.59	21.86	38.28
Taxation	(9.08)	(1.05)	8.68	(5.47)	(5.62)	(10.84)
Profit / (loss) after taxation	3.29	9.05	(3.33)	8.12	16.24	27.44
Horizontal analysis (i)						
Cumulative						
Net turnover	240.35	132.93	(32.88)	3.92	8.06	13.50
Cost of sales	360.26	230.14	19.19	41.74	36.36	15.69
Gross profit	79.84	2.81	(102.57)	(46.70)	(29.82)	10.56
Distribution cost	99.16	97.74	321.31	204.07	178.28	56.83
Administrative expenses	64.62	57.45	33.19	75.45	19.62	3.73
Other income / (charges)	(86,385)	36,970	25,090	(53,393)	(59,170)	(36,106)
Operating profit	70.83	4.05	(109.38)	(58.75)	(40.28)	6.21
Finance cost	15,104.27	10,304.60	2,148.16	1,449.54	443.19	98.59
Exchange gain / (loss)	-	-	(100.00)	(100.00)	(100.00)	(100.00)
Profit before taxation	2.55	(42.73)	(119.64)	(65.60)	(42.48)	5.79
Taxation	117.98	(82.79)	(141.10)	(59.87)	(57.17)	(13.24)
Profit after taxation	(58.30)	(21.61)	(108.32)	(68.62)	(34.73)	15.83
Horizontal analysis (ii)						
Year vs Year						
Net turnover	46.12	247.03	(35.41)	(3.83)	(4.79)	13.50
Cost of sales	39.42	176.99	(15.91)	3.94	17.86	15.69
Gross profit	74.92	(4,094.36)	(104.83)	(24.05)	(36.53)	10.56
Distribution cost	0.72	(53.07)	38.55	9.27	77.45	56.83
Administrative expenses	4.55	18.22	(24.09)	46.67	15.32	3.73
Other income / (charges)	(333)	47	(147)	(10)	64	(36,106)
Operating profit	64.17	(1,208.78)	(122.75)	(30.93)	(43.78)	6.21
Finance cost	46.13	362.80	45.09	185.26	173.52	98.59
Profit / (loss)before taxation	79.06	(391.65)	(157.09)	(40.20)	(45.63)	5.79
Taxation	1,166	(142)	(202)	(6)	(51)	(13)
Profit / (loss) after taxation	(46.81)	(1,041.91)	(126.52)	(51.92)	(43.65)	15.83

STATEMENT OF CASH FLOWS
DIRECT METHOD

	2022	2021
	(Rupees in thousands)	
Cash flows from operating activities		
Cash receipt from customers-net	44,171,993	32,338,503
Cash paid to suppliers and employees	(35,575,187)	(27,240,398)
Cash generated from operation	8,596,806	5,098,105
Income tax paid	(119,033)	(609,350)
WPPF paid	(240,152)	(80,000)
Long term deposits - net	(14,076)	18,653
Gratuity paid	(15,213)	(10,122)
Employees compensated absences paid	(17,319)	(17,448)
	(405,793)	(698,267)
Net cash generated from operating activities	8,191,013	4,399,838
Cash flow from investing activities		
Capital expenditure incurred	(976,074)	(2,323,773)
Proceeds from disposal of property, plant and equipment	3,121	1,712
Receipt of return on bank deposits	20,429	19,307
Disposals of short-term investments	408,677	586
Net cash used in from investing activities	(543,848)	(2,302,168)
Cash flow from financing activities		
Proceeds in long-term financing	2,000,000	2,950,000
Repayment of long-term financing	(5,509,964)	(2,040,126)
Repayment of loan from related party	(350,000)	(150,000)
Repayment of short-term borrowings - net	(1,039,614)	(634,792)
Finance cost paid	(2,563,359)	(2,246,961)
Dividend paid	(280)	(4,568)
Net cash used in from financing activities	(7,463,217)	(2,126,447)
Net increase / (decrease) in cash and cash equivalents	183,948	(28,777)
Cash and cash equivalents at beginning of the year	337,438	366,215
Cash and cash equivalents at end of the year	521,386	337,438

SHARIAH COMPLIANCE
RATIOS

Shariah Ratios	Benchmark	2022	2021	Status
Interest bearing debt to total assets	<37%	22.43%	36.59%	●
Illiquid assets to total assets	>25%	94.98%	90.85%	●
Net liquid assets vs market price per share (MPPS)	> MPPS	50.41	31.75	●

COMMENTARY ON FINANCIAL PERFORMANCE

Financial Performance

The sale has increased almost three times in last five years. The quantitates sold have doubled due to installation of new cement production plant. Major focus of the company has been local market and export has only been made considering available margins. The production cost has doubled in last two years on account rupee depreciation and higher energy input cost. Gross profit margin has declined over the years as industry has not been able to fully pass on incremental production cost. Gross loss in FY 2020 is attributable to tough market dynamics resulting in sharp decline in sale price.

By and large, Company has been able to keep admin and distribution expenses in check. WPPF and WWF contributions, as per their nature, follow the profit trajectory.

Multiple long-term loans obtained to finance the construction of expansion projects coupled with hike in applicable interest rates has raised the finance cost to Rs. 2,656.19 million for the FY 2022.

During the current year, application of super tax and resultant non cash tax adjustment has resulted in tax charge of Rs. 2,894.38 million; 73.37% of PBT.

Financial Position

The asset base of the Company has witnessed mighty expansion of Rs. 54,227.85 million over last five years caused by construction of new cement plant and captive power generation plants. During the current year, revaluation of fixed assets has resulted in net increase of Rs. 13,560.11 million in surplus balance. The share of long-term assets in balance sheet has increased to 88.09% compared to 69.55% in FY 2017.

Short term-investments build till FY 2017 were mainly utilized by the Company for the construction of expansion projects.

The equity growth of 2.43 times during last 5 years is mainly contributed by revaluation surplus as discussed above along with 56.21% increase in revenue reserves.

During the year, the Company has reduced loan liabilities by Rs. 4,476.41 million primarily through internal cash flow generation, i.e., reduced operating cycle, improved margins and rationalized operating costs.

Cash Flows

Profitability and generation of operating cash flows have primarily been in line. Investment of Rs.33,772.04 million have made on new cement plant, captive power plants and on BMR activities which was financed through operating cash flows and disbursement of new financing facilities.

During last two years, hefty outflows have been observed on account of financing activities mainly due to repayment of long-term loans.

Profitability Ratios

During the period of last two years, Company has been able to restore its profitability which was negative in FY 2020. This was achieved through efficiency in production process and reliance on captive power generation plants instead on national grid. However, profitability trend line over the spam of six years is declining as Company has not been able to fully pass on higher production cost to the customers.

Liquidity Ratios

The liquidity indicators have started to improve from current year . After the operations of new cement plant supported by captive power plants, operating cash flows have witnessed sharp growth resulting in significant improvement in liquidity ratios. We expect liquidity position to further strengthen in coming years supported by improved cash margins and repayment of loans obtained for expansion.

EXPLANATION OF NEGATIVE CHANGE IN PERFORMANCE

During FY 2022, major negative performance was observed in finance cost and tax charge for the year; briefly explained below:

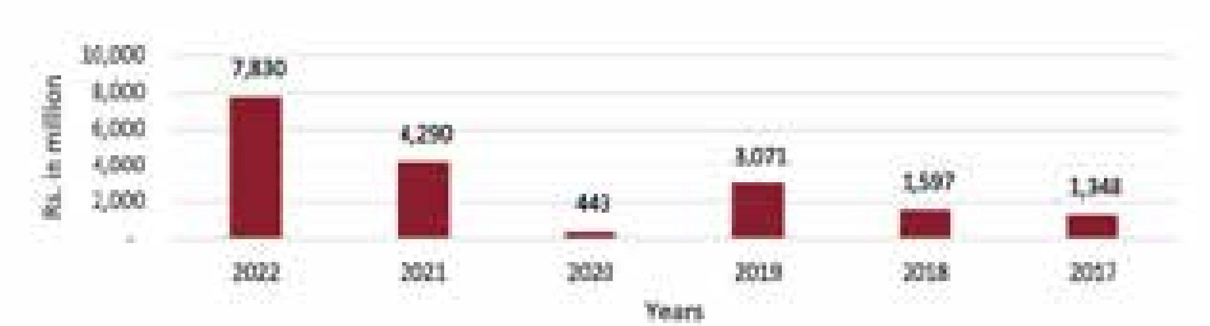
i. Finance cost for the year has increased to Rs. 2,656.19 million (2021: Rs. 1,817.68 million). Current year charge includes finance cost on loan obtained to finance 24 MW Coal Power Plant whereas in the corresponding year, such cost was made part of project cost in line with applicable financial reporting standards. In addition to the above, State Bank of Pakistan increased policy rate which has pushed the finance cost up despite the fact that at the reporting date outstanding long-term debt reduced to Rs. 18,030.03 million (LY: Rs. 21,534.33 million).

ii. Pursuant to imposition of Super Tax for the tax year 2022 and onwards, a hefty charge is booked on account of taxation. Super tax on current year's income amounted to Rs. 216.47 million whereas it has unfavorably impacted carrying amounts of deferred tax liability to take non-cash charge on account of deferred tax to Rs. 1,994.26 million.

Despite 46.12%, growth in topline, increase input costs, higher interest rates and introduction of 10% super tax, all combined have taken a toll on bottom line which shrunk by 47%.

Free Cash Flows

Free cash flows to the Company represent cash generated from operation reduced by maintenance capital expenditures necessary to keep the plant operational at existing levels. From the year 2017 till 2020, free cash flows witnessed decline because the Company was not able to fully pass on increased production cost to end consumers. However, during the current and comparative year free cash flows recovered sharply due to commencement of production from new and efficient plant line III supported by captive power generation plants and resultant volumetric growth.

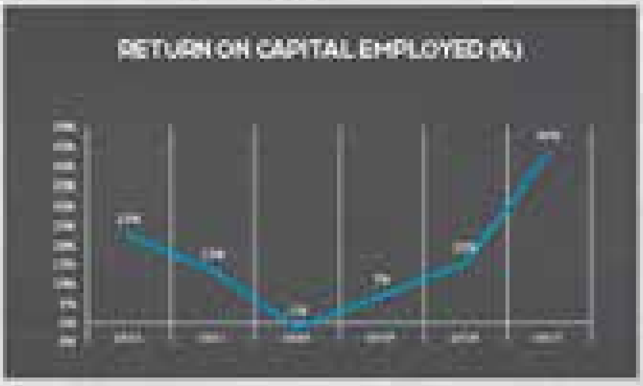


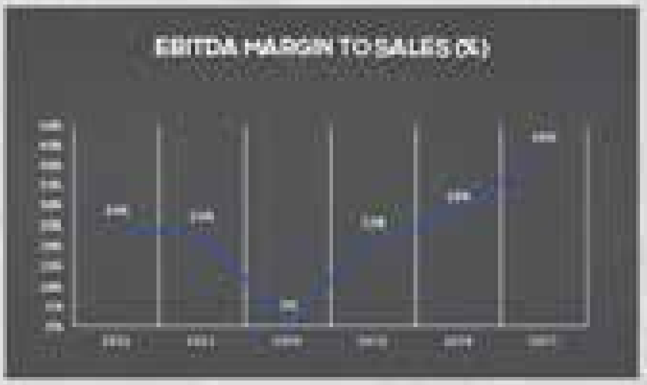
Dupont Analysis

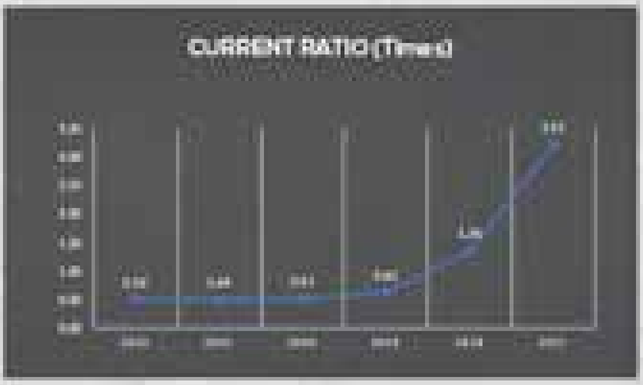
Description	Unit	2022	2021	2020	2019	2018	2017
Profit margin	%	3.29	9.05	(3.33)	8.12	16.24	27.44
Asset turnover	Times	0.52	0.43	0.14	0.27	0.43	0.65
Equity multiplier		4.74	4.39	4.36	3.40	2.34	1.88

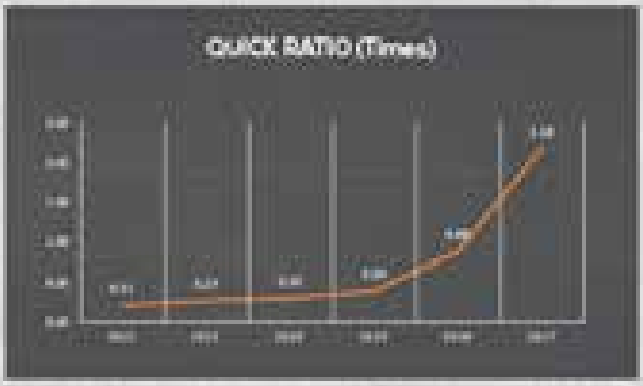
DuPont analysis is a technique used to analyze decomposed drivers of return on equity. Due to the factors mentioned above in section of free cash flows this ratio dropped till the year 2020. Subsequent recovery in year 2021 was triggered by increased quantitative dispatches and improved sale prices in local market. However, for the year under review, the dip indicates significant increase in tax charge caused by application of super tax on earnings for the year and resultant non cash tax adjustments restricting the bottom line.

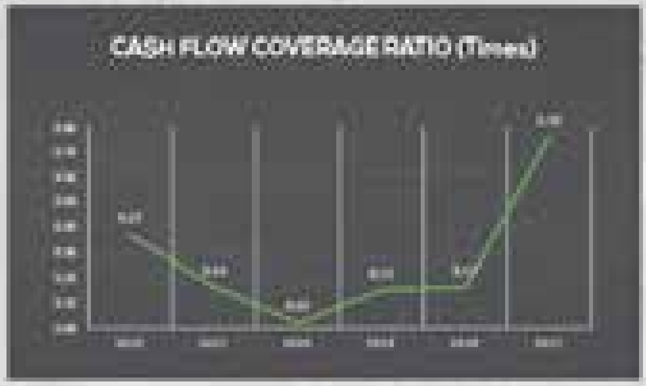
GRAPHICAL PRESENTATION

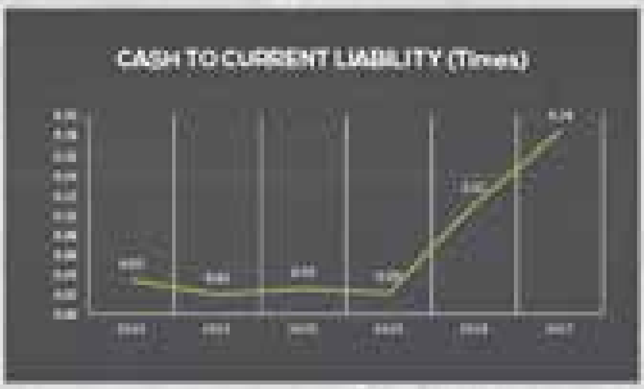


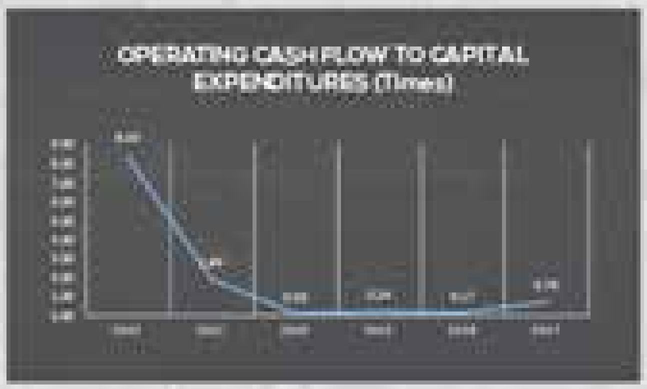




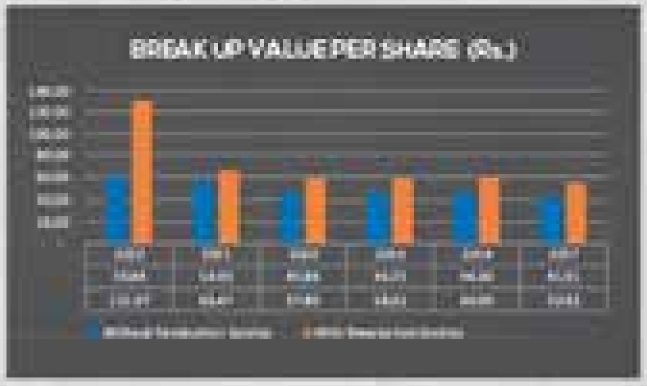


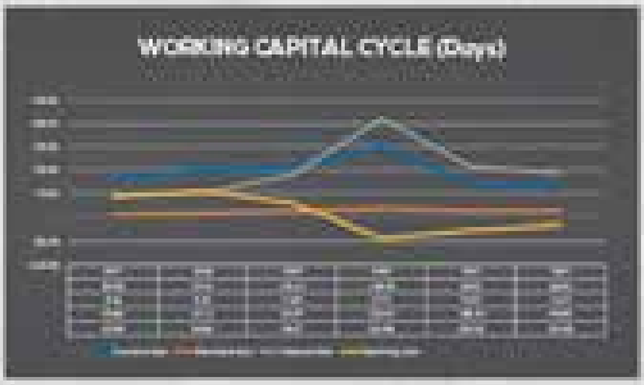


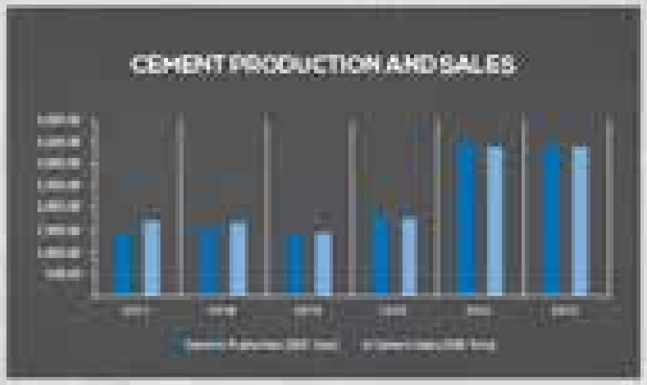

CASH TO CURRENT LIABILITY (Times)

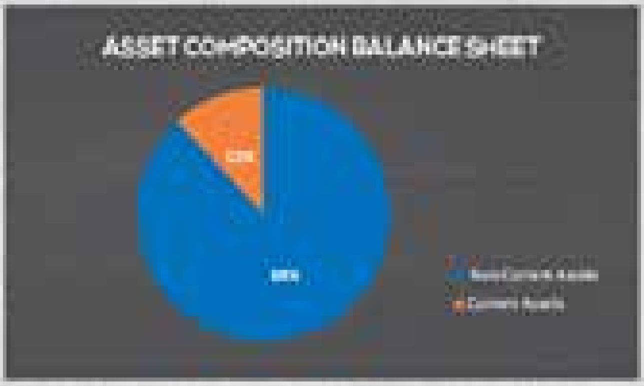

OPERATING CASH FLOW TO CAPITAL EXPENDITURES (Times)


EARNINGS PER SHARE (Rs.)


BREAK UP VALUE PER SHARE (Rs.)


WORKING CAPITAL CYCLE (Days)


CEMENT PRODUCTION AND SALES


ASSET COMPOSITION BALANCE SHEET


CURRENT ASSETS

QUARTERLY PERFORMANCE ANALYSIS

Particulars	FY 2022 Actual					FY 2021
	Q1	Q2	Q3	Q4	Total	Actual
	---------------------------------------Rs. in million---------------------------------------					
Turnover	6,197	8,614	7,728	9,340	31,879	21,818
Cost of sales	(4,735)	(6,837)	(6,078)	(7,026)	(24,676)	(17,700)
Gross profit	1,463	1,777	1,650	2,313	7,203	4,118
Distribution costs	(28)	(29)	(28)	(34)	(119)	(119)
Admin expense	(36)	(32)	(31)	(35)	(134)	(128)
Other operating expense	(89)	(83)	(79)	(139)	(389)	84
Other income	10	9	9	13	40	66
Finance cost	(580)	(593)	(764)	(719)	(2,656)	(1,818)
Profit before tax	739	1,049	757	1,399	3,945	2,203
Taxation	(259)	(386)	(272)	(1,978)	(2,894)	(229)
Profit after tax	480	663	485	(578)	1,050	1,974

METHODS AND ASSUMPTIONS USED IN COMPILING THE INDICATORS

Key Performance Indicators (KPI's) are the vital indicators of progress toward an intended result. KPI's provide a direction for strategic and operational improvement, create an analytical basis for decision making and help priorities on what matters the most.

Following is the step-by-step methodology used by management in compiling the indicators:

- Select and design performance measures that are meaningful
- Bring measures to business in a consistent way using the right data
- Design insightful and actionable KPI's that are focused on improvement
- Convincingly hit performance targets and make measurement about transformation

As a general rule of thumb, the best KPI's are related to revenue. The Company has ranked revenue related KPI's as the best indicator of performance.

SEGMENTAL REVIEW

An operating segment is a component of the Company that engages in business activities from which it earns revenues and incurs expenses and whose operating results are regularly reviewed by the management to make decisions. However, the activities of Pioneer Cement Limited are classified into one operating segment, therefore, the Company is not subject to reporting under segment review.

CONTRIBUTION TO THE NATIONAL EXCHEQUER

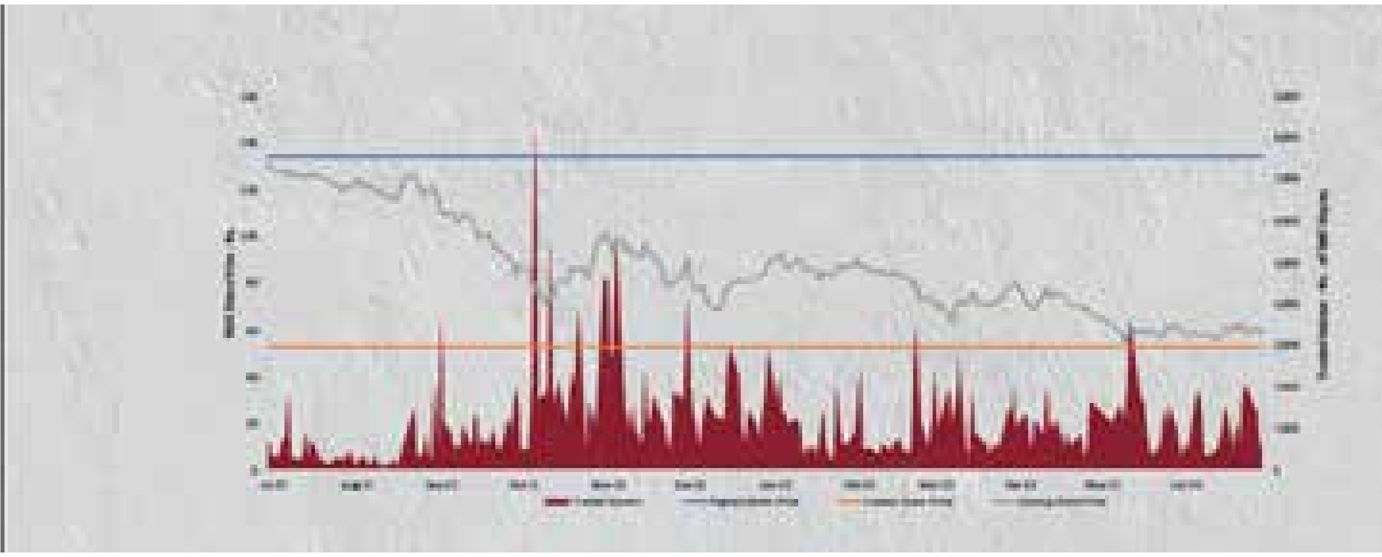
The Company being a responsible corporate entity is committed to timely discharge its responsibilities in this regard. Amount payable to statutory authorities, separately disclosed in Note 23.2 of annexed financial statements, represents liability in the normal course of business and is not due yet. The Company in current year has contributed PKR 13,342 million (2021: PKR 10,899 million) into the Government Treasury on account of income taxes, excise duty, sales tax, and other government levies.

CEO'S PRESENTATION ON THE COMPANY'S BUSINESS PERFORMANCE

The CEO's briefing on business performance of the Company and future outlook is uploaded on website of the Company under investor information section. Below is the link of section;

http://pioneercement.com/about-us/investors-information

SENSITIVITY ANALYSIS
SHARE PRICE



Pioneer Cement Limited was incorporated in Pakistan as a public company limited by shares on 09 February 1986. The shares of the Company are quoted on Pakistan Stock Exchange. Share price in general is affected by number of factors. Primary factors that immediately impact share price is financial performance of Company and general public sentiment towards political environment of the country. In compliance with laws and regulations issued by competent authority, the Company disseminate price sensitive information timely on designated data portals and website.

Brief Synopsis of Performance of the Company's Share During Financial Year 2022 is:

	Rs.per share
Highest share price	134.40
Lowest share price	52.50
Average share price	85.79
Closing share price - Jun 30, 2022	60.33

The equity profile of the Company on June 30, 2022 is:

Number of shares	227,148,793
Free float - number	113,574,397
Free float - %	50%
Market capitalization	Rs. 13.7 billion

Key Variables / Factors Affecting Share Price are:

Selling Price

Slight change in price of cement bag greatly affect the profitability of the Company. Based on sales volume and rate of FY 2022 increase of Rs.10 in price of cement bag will result in increased revenue by 562 million. Profitability impact share price.

Operational Cost

Operations of the Company are highly energy centric. Fuel and Power constitutes almost 75% of manufacturing cost. The Company has its own captive power generation capability in order to reduce the dependence on national grid. However, since coal is major component of Fuel and Power which exposes the Company to volatility in international coal prices resultantly impacting share price.

Interest Rate

The cement sector is capital intensive sector. Capital intensity in terms of both initial capital requirement as well as maintenance or expansionary capex. Pioneer Cement Limited, being no exception is highly leverage Company. Any upward or downward revision of policy rate impacts profitability of the Company.

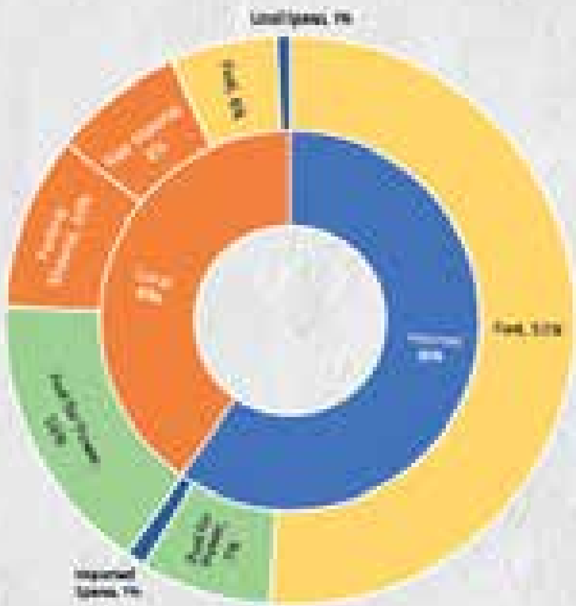
COMPOSITION OF LOCAL VS IMPORTED MATERIAL

Material Consumed	2022	2021
	Rs. in million	
Imported fuel	11,363	7,264
Imported stores & spares	264	187
Imported fuel for power	1,649	650
Total-Imported	**13,276**	**8,100**
Local raw material	1,677	1,668
Local fuel	1,346	246
Local fuel for power	3,581	3,866
Local stores & spares	167	115
Local packing material	2,189	1,936
Total-Local	**8,960**	**7,832**

Sensitivity for each 5% Change in US$ Parity

Each 5% increase in USD Vs. PKR	664	405
Each 5% decrease in USD Vs. PKR	(664)	(405)

Financial Year 2022



Financial Year 2021

IT GOVERNANCE AND CYBERSECURITY

07

IT GOVERNANCE AND CYBERSECURITY

CYBER RISK AND BOARD'S RESPONSIBILITY

Cybersecurity attacks are among the gravest risks that businesses face today, therefore, stakeholders want to better understand how companies are preparing for and responding to cybersecurity incidents. The management and the Board have a clear understanding of potential cyber threats. In order to evaluate and implement the appropriate response plan, the Board has formed the Risk Management Team through which they apprehend the legal and regulatory implications related to cyber risks, cybersecurity and data protection. Since the Board is steward of the Company, therefore it ensures that adequate policies and related guidelines are in place.

The Board is fully aware of the fact that any failure to provide appropriate oversight might result in damage to the corporate reputation along with the potential liability through litigation from stakeholders, especially investors. Best practices are adopted continuously with an aim to adequately manage and monitor cyber risks. Risk Management Team closely monitors technological advancements to keep the Board updated. There was no breach of cyber security during the year.

INFORMATION TECHNOLOGY (IT) GOVERNANCE

Comprehensive IT policies and procedures are in place to regulate quality assurance, data and system ownership, information security and responsibility segregation. The Risk Management Team ensures that IT related investments are evaluated, selected, and funded effectively in accordance with business needs. MIS department is involved in pertinent decision-making processes to ensure that business requirements are met on time. Management is focused on establishing a framework for IT governance by aligning IT strategy with overall business strategy in order to manage risk effectively and optimize resource utilization.

CYBERSECURITY PROGRAM

While overseeing cybersecurity plans, the Board applies the same approach that they apply to other business risks. A risk preparedness oversight approach addresses issues related to culture that cybersecurity risk is not only an IT concern but also an enterprise-wide business issue. When establishing an oversight framework, the Board has established the right structure, hires the right people and inculcates a culture to address issues related to policies and processes. The MIS department of the Company has separately prepared IT related disaster recovery and business continuity plan, this is to make sure that in case cyber incidents occur, the Company has the right team to respond with planned protocols to reduce any negative consequences.

Specific to cement sector, the Central Control Room (CCR) integrates the advanced technologies to control complete manufacturing process and to monitor equipment performance. Therefore, protection from Cyber Security attacks is of paramount importance.

On the industry trend, manufacturing companies are seeing an increase in cyber-related risks associated with the control systems used to manage operations. These systems can range from programmable logic controllers and distributed control systems to industrial IoT devices. Collectively, these control systems make up the operational technologies that allow facilities to operate.

OVERSIGHT OF IT GOVERNANCE AND THE CYBERSECURITY RISK BY THE BOARD

The Board is charged with overseeing the Company's cybersecurity risk. In response to new challenges, the Board has a charter which includes following:

1. That cybersecurity risk is not only an IT concern but also an enterprise-wide business issue
2. Directors need to be familiar with the legal implications of cyber risks related to the Company
3. Boards should be equipped with adequate access to cybersecurity expertise
4. Discussions about cyber-risk management should be given regular and adequate time on board meeting agenda
5. Management should be provided with the guidelines to establish an enterprise-wide cyber-risk management framework with adequate staffing and budget

OVERSIGHT OF IT GOVERNANCE AND CYBERSECURITY BY THE BOARD

The Board manages the oversight of IT governance and cybersecurity risks through Risk Management Team which is tasked to devise policies. In this regard, the Board has specifically delegated its powers to the CEO of the Company to look after the matters.

EARLY WARNING SYSTEM

Global trends have shown that cybercriminals typically attack private institutions with the goal of acquiring data, primarily targeting personal data and intellectual property. In order to protect Company's and employee's data, the Risk Management Team regularly conducts the training and education programs for awareness of employees regarding early signs of cybersecurity breach. In this regard, a comprehensive manual is designed which features early signs such as slow browser, an unexplainable increase in pop-up messages, sudden computer or program crashes, and suspicious anti-virus warnings. Employees are advised to immediately contact designated helpdesk established for the purpose.

SECURITY ASSESSMENT OF TECHNOLOGY ENVIRONMENT

With ever-increasing importance of data and related cybersecurity breaches, The Companies across the globe are giving special emphasis on data security. The Board is well aware of its responsibilities to support and participate in the development, implementation and enforcement of information security policies.

In this regard, the Board has tasked Risk Management Team to carry out comprehensive security assessment internally prior to hiring independent expert. The team is currently in process of evaluating the security assessment internally.

CONTINGENCY AND DISASTER RECOVERY PLAN FOR POSSIBLE IT FAILURE OR CYBER BREACH

The Board recognize the importance of business continuity and disaster recovery plans and accordingly has devised these plans as per the best global practices. These plans prescribe the recommended procedures in the event of an actual emergency situation. The MIS department of the Company has separately prepared IT related disaster recovery and business continuity plan, this is to make sure that in case cyber incidents occur, the Company has the right team to respond with planned protocols to reduce any negative consequences.

DISCLOSURE OF ADVANCEMENT IN DIGITAL TRANSFORMATION

The Fourth Industrial Revolution heralds an era of tremendous potential for innovation and growth. Digital transformations are revolutionizing all aspects of business operations. The right application of technology leads to more informed decision making, new opportunities for upskilling and cross-functional collaboration. Depending on needs and based on cost versus benefit analysis, the Company is using a mix of cloud based and onsite system.

The Company is using weigh bridge linked dispatch recording system to mitigate the chances of human error by eliminating manual data input.

After the evolvement of artificial intelligence in businesses particularly manufacturing sector, The Company is also evaluating the use of RPA, block chain and other techniques of artificial intelligence to further streamline its processes.

EDUCATION AND TRAINING OF EMPLOYEES TO MITIGATE CYBERSECURITY RISKS

The Company encourage employees to follow cybersecurity protocols and for this purpose has develop a comprehensive training program. Key points of the program are listed below:

- Educate employees in cybersecurity, especially to:

  i. Protect from phishing attacks
  ii. SOP to use strong passwords and change regularly
  iii. Use updated versions of software
  iv. Introduce multifactor authentication for logins
  v. Install updated virus protection software and firewall and
  vi. Instructions to use secure Wi-Fi and VPN's

- Use software to monitor and protect endpoints
- Establish and set up proper data backups.
- Protect sensitive data with encryption.
- Adopt a zero-trust security model.
- Inject Cybersecurity into work culture DNA

FUTURE OUTLOOK

08

FORWARD LOOKING STATEMENT

Global Level Outlook

The economic fallout from the Russia-Ukraine conflict has created economic damage that will contribute to a significant slowdown in global growth and add to inflation in future. Fuel and food prices have increased rapidly, disproportionately affecting vulnerable populations in low-income countries. Global growth is projected to slow down to about 3.3 percent over the medium term. The war is putting pressure on commodity prices and has resulted in inflation projections in emerging markets and developing economies.

National Level Outlook

Economic growth remained relatively high, but in the presence of macroeconomic imbalances it will not be sustainable. Pakistan is currently facing several severe challenges like accelerating inflation, high external deficits, exchange rate depreciation, declining foreign exchange reserves and mounting uncertainty.

The primary contributors of increasing inflation are the surge in international commodity prices and the massive exchange rate depreciation. In fact, the depreciation of the rupee both against the USD and on a trade weighted basis against the currencies of Pakistan's main trading partners is primarily the reflection of inflation differential between Pakistan and its main trading partners. Further relatively high domestic inflation is fueled by Rupee depreciation. However, currency depreciation itself feeds into higher domestic inflation. In this sense, Pakistan is caught into a vicious inflation/currency depreciation spiral. In the short run a predicament to stop this cycle is to pursue restrictive fiscal and monetary policies, coupled with policies and announcements that restore market confidence.

Industry Level Outlook

With the unprecedented monsoon season and the recent devastating floods in Pakistan, the cement industry is in a state of flux at the moment. A number of factors are causing changes in the industry, and it is difficult to predict what the future holds. The factors affecting the cement industry is the increasing cost of raw materials, limited government spending, increased national grid tariff and upward revisions in policy rates.

Company Level Outlook

The management of the Company despite all the challenges as explained above is hopeful to achieve operational efficiencies to enhance value for shareholders and to maximize return to general public as a whole.

Following are factors that will affect the operations of the Company in future:

Factors	Impacting Area	Type	Outlook
Market demand	Revenue	External	Short Term
High input cost	Revenue	External	Short Term
Reduction in PSDP allocation	Operations	External	Medium Term
Loss of human capital	Resources	Internal	Short Term
Change in technology	Operations	External	Long Term
Environment	Operations	External	Long Term

The impact of aforementioned factors, particularly of short-term kind, based on financial year 2022 results, on key financial indicators is quantified below:

For Each:	Projected Impact on		
	Revenue	Gross Profit	Profit Before Tax
	Rs. in thousands		
10% increase in sales volume	3,187,921	911,415	847,616
Rs.10 per bag increase in price	562,466	562,466	523,093
5% increase in production cost	-	(1,138,253)	(1,058,575)
1% increase in policy rate	-	-	(207,531)

IMPACT OF EXTERNAL ENVIRONMENT ON FUTURE OUTLOOK OF THE COMPANY

Type	Explanation	Tenure	Business Impact
Political	Political stability and importance of construction sector in the country's economy.	Short Term	High
	Taxation - tax rates and incentives	Short Term	High
	Industrial safety regulations in the Industrials sector.	Medium Term	Moderate
Economic	Government intervention in the free market and related Industrial measures	Short Term	Moderate
	Skill level of workforce in Construction and building Materials industry.	Medium Term	Moderate
	Labor costs and productivity in the economy	Long Term	High
	Unemployment rate	Long Term	Low
Social	Demographics and skill level of the population	Long Term	Moderate
	Culture (gender roles, social conventions etc.)	Long Term	Low
	Leisure interests	Long Term	Low
Technological	Technology's impact on product offering	Long Term	High
	Impact on value chain structure in Industrials sector	Short Term	Moderate
	Recent technological developments	Short Term	Moderate
Environmental	Climate change	Medium Term	High
	Waste management in Industrials sector	Short Term	High
	Attitudes toward “green” or ecological products	Long Term	Moderate

STATUS OF THE PROJECTS IN PROGRESS

After the successful commissioning of new production line, 24MW CFB and 12MW WHR also started commercial production. The new production line has provided the Company with the flexibility & expansion of its operations and helped in strengthening its foothold in local market. The Company’s new head office building, which will be Lahore’s first L.E.E.D. certified building, is near to completion and is in the finishing stage.

DISCLOSURE REGARDING ACTUAL PERFORMANCE AGAINST PREVIOUS YEAR'S FUTURE OUTLOOK

During the financial year 2021-22, the cement industry in Pakistan has registered declined sales volume. This fall is attributable to range of factors, such as high inflation, interest rates revisions, costly raw materials, high cost of doing business and political uncertainty period during the year. Out of aforementioned factors, particularly to blame was upward electricity tariff revisions which cause the sector to lose cost competitiveness in the international market. However, despite unfavorable industry situation, the target set by management of the Company to achieve volumetric growth from last year has been successfully accomplished.

Amidst these rising costs, the Company was able to mitigate the adverse effects on back of improved sales retention. However, another pertinent factor is introduction of super tax and upward revisions of policy rates which combined have taken a toll on margins of the Company resultantly restricting the EPS to Rs. 4.62 per share.

SOURCE OF INFORMATION AND ASSUMPTIONS USED FOR PROJECTIONS / FORECASTS

While designing forward statement, the Company has based the statement on historic data, available contracts, benchmarking against best industry practices and professional judgement of experienced management team.

In order to derive assumptions, both internal or external sources of information are used. Internal information is obtained through a collaborative effort of various departments within the Company. While external information, such as market trends, industry analysis, current and forecasted interest, foreign currency rates, seasonal variations and competitors' actions are obtained through various publications and forums.

THE COMPANY'S ABILITY TO RESPOND TO THE CHALLENGES

Economic and political difficulties are part and parcel of operations in developing markets and ours is no exception. The Company will forge ahead with a renewed emphasis on how to be better at every process. The management of the Company is fully aware of challenging circumstances going forward and is confident of its abilities, sufficiency and availability of its capitals to face uncertainty and future risks. Following are the Capitals that enhance Company's ability to respond to new challenges:

Human:	Competent and professional team of 1,098 employees.
Intellectual:	Brand recognition of "Pioneer Cement".
Social and Relationship:	Strong foothold in CSR activities in local community.
Natural:	Environment Friendly Operations.
Financial:	Company's ability to generate internal and external cash flows.
Manufactured:	Flexible and efficient production lines.

STAKEHOLDERS' RELATIONSHIP AND ENGAGEMENT

09

STAKEHOLDERS' RELATIONSHIP AND ENGAGEMENT

STAKEHOLDERS' ENGAGEMENT POLICY

The stakeholders' engagement policy provides direction on identification and how to engage stakeholders. It facilitates gaining stakeholders inputs and responding to their needs. It supports coherence in engagement of stakeholders with the aim to improve transparency and accountability, build trust and ownership, draw on stakeholders' expertise, and enhance delivery of results. The Company acknowledges and honors the trust reposed in us by our stakeholders. The Company strive to enforce a transparent relationship with them. For this purpose, the Company conducts frequent interactions to communicate its financial and operational performance, outlook, regulatory and economic environment. The key objectives of stakeholder policy are:

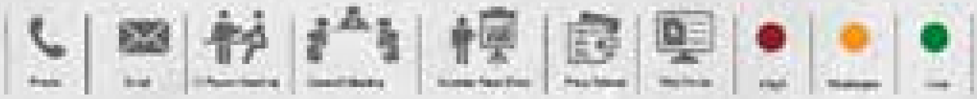
- Increase participation in sessions and intersessions
- Enhance contribution to the design, implementation, monitoring and evaluation
- Facilitate understanding of policies and priority action points
- Enable the Company to understand and respond to their perceptions and interests

Stakeholders are identified through stakeholder analysis tools on the basis of their interest and influence in business.

STAKEHOLDERS' ENGAGEMENT PROCESS AND THE FREQUENCY

Stakeholder	Category	Communication Mode	Interest	Influence	Expectation	Frequency
Institutional Investor	External				Return on investment	Quarterly, Annually, Need Basis
General Shareholder	Internal				Return on investment	Annually, Need Basis
Sponsor	Internal				Return on capital employed, Payback period	Daily, Monthly, Quarterly,Annually
Customer	External				Higher product quality, Order fulfillment	Need Basis
Supplier	External				Timely payments, Contract compliance	Need Basis
Financial Institution	External				Debt servicing	Monthly, Need Basis
Statutory Bodies	External				Fair presentation, Timely compliance	Need Basis
Employees	Internal				Health & Safety, Market based remuneration, Job security, Personal development	Daily, Monthly, Quarterly,Annually
Community	External				Environmental safety, Corporate social responsibility, Growth & innovation	Need Basis
Media	External				Public announcements	Need Basis
Analyst	External				New developments, Performance reviews	Annually, Need Basis

LEGENDS



The relationship with stakeholders mentioned above provides the Company with vital insight regarding not only on current best practices in the corporate environment but also helps the Company in deriving its future strategies. Apart from this, managing these relationships leads to better outcomes as effective stakeholder engagement warrants value creation and process improvement in shape of:

- Improved decision-making
- Greater transparency and therefore understanding of decision-making processes
- Improved collaboration and opportunities for partnership
- Opportunities to leverage existing community skills and expertise
- Increased capacity to innovate
- Greater community understanding and sector reforms
- Formalized, open, consistent and transparent communication channels
- Align the Company's initiatives to their need, resulting in better planned, targeted and informed commissioning activities

ENCOURAGE THE MINORITY SHAREHOLDERS TO ATTEND THE GENERAL MEETINGS

The Company values its shareholders' who are providers of equity finance to the Company. The Company also encourages minority shareholders to participate meetings and corporate briefing sessions. The Company takes numerous steps to encourage its minority shareholders to attend the general meetings, namely:

- Sending notice of the meetings to all the shareholders at least twenty-one days before the general meeting and at least seven days prior to holding of corporate briefing session
- Publication of notice for general meetings in newspapers having country-wide circulation
- Notices are also posted on the Company's website and disseminated to stock exchange for better reach to the shareholders
- Providing printed proxy forms to every shareholder to enable them to nominate any other shareholder to attend and vote in the meeting on his/her behalf

INVESTORS' RELATIONS SECTION ON THE CORPORATE WEBSITE

For ease of investors and to keep them updated about price sensitive information and performance, the Company has created a specific section on its corporate website http://www.pioneercement.com namely "Investors' Information".

ISSUES RAISED IN THE LAST AGM, DECISIONS TAKEN AND THEIR IMPLEMENTATION STATUS

The Company interacts with its shareholders on regular basis through different means. The Company's policy of inclusiveness helps the shareholders to understand the business situation timely. The last AGM was held on October 28, 2021.

The questions raised in last general meeting are of inquisitive nature and were answered properly to the satisfaction of shareholders by the Chairman. There was no question raised during the meeting which required any action.

CORPORATE BRIEFING SESSIONS (CBS) AND ANALYST BRIEFINGS

In line with the Company's policy to keep its stakeholders updated on overall affairs of its business operations, the Company regularly arranges investor briefing sessions along with mandatory CBS.

The last CBS was held on November 24, 2021 where invitation was extended to all the stakeholders through announcement on PSX portal and also on the Company's website. For the ease and flexibility of participation the session was held via video link facility. The management of the Company briefed the participants regarding the financial performance and future outlook of the Company and sector. Towards the end of session, the management also held Q&A section to encourage active participation from the stakeholders.

Apart from this, the Company during last year also part of Pakistan Mid Caps Conference arranged by Topline Securities to showcase its potential to various local and foreign investors.

INVESTORS' COMPLAINTS

The Company values its relationship with all its stakeholders, and strives to protect and safeguard their interests. The Company recognizes the importance of timely and fair disclosure of all material information to all stakeholder to enable them in making timely and informed decisions.

The Company values the feedback of its stakeholder and for this purpose has a designated email address where the shareholders can lodge their complaints or queries. A dedicated section has been formed to handle shareholders' queries. The policy ensures that grievances notified by the shareholders are handled and resolved efficiently. The proper record is maintained along with respective actions taken for resolution. The Company's contact details are disclosed in the 'Investor Relations' section on its website and mentioned in the 'Company Information' section of this Report.

STRIVING FOR EXCELLENCE IN CORPORATE REPORTING

10

STRIVING FOR EXCELLENCE IN CORPORATE REPORTING

BOARD'S STATEMENT ON COMPLIANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

The Board has established effective oversight on Company's compliance with IFRS. The compliance is ensured through:

- Team of finance and accounting professionals
- Through inclusion of finance literate members on the Board, including the CEO. Finance literate members of the Board are qualified from recognized body of professional accountants
- Audit Committee of the Board also comprises of financial literate members
- Compliance is also ensured through regular audits of accounting record by external audit firm

In this regard, the Board is pleased to confirm the following:

a) The financial statements prepared by the management present fairly its state of affairs, the result of its operations, its cash flows position and changes in its equity
b) Proper books of account have been maintained
c) Appropriate accounting policies have been consistently applied in the preparation of financial statements and accounting estimates are based on reasonable and prudent judgment
d) The financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

a) IFRS issued by the International Accounting Standards Board as notified under the Companies Act, 2017 (the Act)
b) Provisions of and directives issued under the Act

Where provisions of and directives issued under the Act differ from the IFRSs, the provisions of and directives issued under the Act have been followed.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

ADOPTION OF INTEGRATED REPORTING FRAMEWORK

The Company has adopted the Integrated Reporting Framework by applying the fundamental concepts, content elements and guiding principles as described in the IR Framework.

FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

11

INDEPENDENT AUDITOR'S REPORT

To the members of Pioneer Cement Limited

Report on the Audit of the Financial Statements for the year ended 30 June 2022

Opinion

We have audited the annexed financial statements of Pioneer Cement Limited (the Company), which comprise the statement of financial position as at 30 June 2022, and the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, statement of profit or loss, statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 June 2022 and of the profit, total comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following are the key audit matters:

Key audit matters	How our audit addressed the key audit matter
1. TAX CONTINGENCIES	
As disclosed in Note 27.1 to the financial statements, certain tax matters are pending adjudication at various levels with the taxation authorities and other legal forums. The aggregate amounts involved in such contingencies is Rs. 1,150.64 million as of 30 June 2022 (as of 30 June 2021: Rs. 1,129.89 million). The tax contingencies require management to make judgements and estimates in relation to the interpretation of tax laws and regulations and the recognition and measurement of any provisions that may be required against such contingencies. Due to inherent uncertainties and the time period such matters may take time to resolve, the management judgements and estimates in relation to such contingencies may be complex.	• We obtained explanations from management and corroborative evidence including communication with local tax authorities and confirmations of external tax advisors. We gained understanding of the current status of tax assessments to monitor developments in active cases. • We analyzed and tested management's position particularly on cases where there had been significant developments with local tax authorities. • We involved internal tax experts to assess and review the management's conclusions on contingent tax matters and evaluated whether adequate disclosures have been made in Note 27.1 to the financial statements in line with the requirements of IAS 37 and Fourth Schedule of the Companies Act, 2017. • We also evaluated whether the liabilities and exposures for uncertain tax positions were appropriately disclosed in the financial statements.

Key audit matters	How our audit addressed the key audit matter
2. REVALUATION OF CERTAIN CLASSES OF OPERATING FIXED ASSETS	
Refer to Notes 4.1.1, 5 and 19 to the financial statements. The Company has a policy of recording certain operating fixed assets i.e., freehold land, factory building on freehold land, plant and machinery, waste heat recovery plants and coal power plants at revalued amounts. Valuations are performed by independent valuer with sufficient frequency. Latest revaluation has undertaken as at 30 June 2022 and consequently, additional revaluation surplus - net of deferred tax amounting to Rs. 13,778 million has been recognized in the financial statements and the closing balance of revaluation surplus - net of deferred tax on property, plant and equipment at the year-end amounts to Rs. 16,178 million. We have identified revaluation of these items as key audit matter due to its financial magnitude and judgement involved in the assessment of the fair value of these assets. The judgment relates to the valuation methodologies used and the assumptions included in each of those methodologies.	• We reviewed the valuation reports and assessed whether the valuation approach was in accordance with professional valuation standards and suitable for determining the fair value; • We assessed whether the increase in valuation was correctly accounted for within the revaluation reserve and statement of comprehensive income; • We involved a valuation specialist engaged by us to assist in evaluating the methodology used by the management's expert in determining the revalued amount and to assist us in evaluating the reasonableness of key estimates and assumptions adopted in the valuations report by the management's expert; • We assessed the competence, objectivity and independence of the valuer(s) used; • We checked that the revaluation surplus has been recorded in the financial statements as per applicable accounting and reporting standards; accounting principles; and • We reviewed the adequacy of disclosure made in the financial statements in accordance with the requirements of the applicable accounting and reporting standards.

Information Other than the Financial Statements and Auditors' Report Thereon

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of directors are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);

b) the statement of financial position, the statement of profit or loss, statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;

c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and

d) no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

The engagement partner on the audit resulting in this independent auditors' report is Ahsan Shahzad.

EY Ford Rhodes
Chartered Accountants
Place: Lahore
Date: 30 September 2022
UDIN: AR202210079IKmkfsiTL

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2022

	Note	2022	2021
		Rupees in thousands	
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	5	63,243,216	42,945,194
Investment property	6	90,396	88,450
Long-term deposits	7	79,340	64,714
		63,412,952	43,098,358
CURRENT ASSETS			
Stores, spares and loose tools	8	4,504,964	3,080,234
Stock-in-trade	9	533,590	658,882
Trade receivables	10	1,708,217	1,333,978
Loans and advances	11	281,934	720,854
Short-term prepayments		898	7,048
Income tax receivable - net	12	484,150	1,265,134
Other receivables	13	225	236
Short-term investments	14	472,196	978,738
Cash and bank balances	15	588,896	337,437
		8,575,070	8,382,541
TOTAL ASSETS		71,988,022	51,480,899
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital	16	3,500,000	3,500,000
Issued, subscribed and paid up share capital	17	2,271,489	2,271,489
Capital reserves			
Share premium	18	197,517	197,517
Surplus on revaluation of property, plant and equipment - net of tax	19	16,178,271	2,618,157
		16,375,788	2,815,674
Revenue reserve - unappropriated profit		11,124,064	10,012,127
		29,771,341	15,099,290
LIABILITIES			
NON CURRENT LIABILITIES			
Long-term financing	20	13,775,111	16,794,355
Long-term deposits	21	44,884	44,334
Deferred liabilities	22	10,511,694	1,757,564
Retention money		812,169	802,746
		25,143,858	19,398,999
CURRENT LIABILITIES			
Trade and other payables	23	7,129,689	5,422,385
Loan from related party		-	350,000
Contract liabilities		160,306	119,792
Sales tax payable - net		401,869	457,180
Accrued mark-up / profit on financing	24	780,233	575,086
Short-term borrowings	25	4,285,143	5,257,251
Current portion of long-term financing	20	4,254,920	4,739,973
Unclaimed dividend	26	60,663	60,943
		17,072,823	16,982,610
TOTAL LIABILITIES		42,216,681	36,381,609
TOTAL EQUITY AND LIABILITIES		71,988,022	51,480,899
CONTINGENCIES AND COMMITMENTS	27		

The annexed notes from 1 to 51 form an integral part of these financial statements.

CHIEF FINANCIAL OFFICER

CHIEF EXECUTIVE OFFICER

CHAIRMAN

STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 30 JUNE 2022

	Note	2022	2021
		Rupees in thousands	
Revenue from contracts with customers - net	28	31,879,207	21,817,605
Cost of sales	29	(24,676,095)	(17,699,660)
Gross profit		7,203,112	4,117,945
Distribution cost	30	(119,459)	(118,602)
Administrative expenses	31	(134,230)	(128,386)
Other operating expenses	32	(312,810)	(152,769)
		(566,499)	(399,757)
Operating profit		6,636,613	3,718,188
Other income	33	40,326	65,932
Remeasurement (loss) / gain on assets held at fair value - net	34	(76,107)	236,598
Finance costs	35	(2,656,186)	(1,817,683)
		(2,691,967)	(1,515,153)
Profit before taxation		3,944,646	2,203,035
Taxation			
Income tax - current	36	(900,018)	(336,207)
Deferred tax	22.1	(1,994,358)	107,618
		(2,894,376)	(228,589)
Profit for the year		1,050,270	1,974,446
Earnings per share - basic and diluted	37	4.62	8.69

The annexed notes from 1 to 51 form an integral part of these financial statements.

CHIEF FINANCIAL OFFICER

CHIEF EXECUTIVE OFFICER

CHAIRMAN

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2022

	Note	2022	2021
		Rupees in thousands	
Profit for the year		1,050,270	1,974,446
Items that may be reclassified to statement of profit or loss subsequently		-	-
Items that will not be reclassified to statement of profit or loss subsequently:			
Surplus on revaluation of property, plant and equipment	19	20,365,657	-
Related deferred tax		(6,585,731)	-
Increase in deferred tax liability on revaluation surplus due to change in tax rate		(153,575)	-
		13,626,351	-
Re-measurement loss on defined benefit plan	22.3.4	(6,436)	(4,763)
Related deferred tax		1,866	1,381
		(4,570)	(3,382)
Other comprehensive income / (loss) for the year		13,621,781	(3,382)
Total comprehensive income for the year		14,672,051	1,971,064

The annexed notes from 1 to 51 form an integral part of these financial statements.

CHIEF FINANCIAL OFFICER

CHIEF EXECUTIVE OFFICER

CHAIRMAN

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2022

	Note	2022	2021
		Rupees in thousands	
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before working capital changes	38	8,194,022	4,939,054
Working capital changes:			
Increase in stores, spare parts and loose tools		(1,428,791)	(464,745)
Decrease / (increase) in stock-in-trade		125,292	(240,793)
Increase in trade receivables		(381,942)	(363,837)
Increase in loans and advances		438,920	134,783
Decrease / (increase) in trade deposits and short term prepayments		6,150	(4,742)
Decrease / (increase) in other receivables		11	(8)
Increase in trade and other payables		1,648,514	263,146
Increase in retention money		9,423	8,055
Increase in contract liabilities		40,514	9,739
(Decrease) / increase in sales tax payable		(55,311)	817,449
		402,780	159,047
Cash generated from operations		8,596,802	5,098,101
Income tax paid - net		(119,034)	(609,350)
Workers' profit participation fund paid		(240,152)	(80,000)
Employees' compensated absences paid		(17,319)	(17,448)
Gratuity paid		(15,213)	(10,122)
(Increase) / decrease in long term deposits - net		(14,076)	18,655
		(405,794)	(698,265)
Net cash flows from operating activities	A	8,191,008	4,399,836
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditures incurred		(976,074)	(2,323,773)
Proceeds from disposal of property, plant and equipment		3,121	1,712
Receipt of return on bank deposits		20,429	19,307
Proceeds from disposal of short-term investments		408,676	586
Net cash flows used in investing activities	B	(543,848)	(2,302,168)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from long-term financing		2,000,000	2,950,000
Repayment of long-term financing		(5,509,952)	(2,040,126)
Repayment of loan from related party		(350,000)	(150,000)
Repayment of short-term borrowings - net		(1,039,618)	(634,790)
Finance cost paid		(2,563,361)	(2,246,961)
Dividend paid		(280)	(4,568)
Net cash flows used in financing activities	C	(7,463,211)	(2,126,445)
Net increase / (decrease) in cash and cash equivalents	A+B+C	183,949	(28,777)
Cash and cash equivalents at beginning of the year		337,437	366,214
Cash and cash equivalents at end of the year	39	521,386	337,437

The annexed notes from 1 to 51 form an integral part of these financial statements.

CHIEF FINANCIAL OFFICER | CHIEF EXECUTIVE OFFICER | CHAIRMAN

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2022

	Issued, subscribed and paid-up capital	Reserves			Sub-Total	Total
		Capital		Revenue		
		Share premium	Revaluation surplus	Unappropriated profit		
	......Rupees in thousands......					
Balance as at 01 July 2020	2,271,489	197,517	2,711,132	7,948,088	10,856,737	13,128,226
Profit for the year	-	-	-	1,974,446	1,974,446	1,974,446
Other comprehensive loss for the year	-	-	-	(3,382)	(3,382)	(3,382)
Total comprehensive income for the year	-	-	-	1,971,064	1,971,064	1,971,064
Revaluation surplus realized through incremental depreciation - net of tax	-	-	(92,975)	92,975	-	-
Balance as at 30 June 2021	2,271,489	197,517	2,618,157	10,012,127	12,827,801	15,099,290
Profit for the year	-	-	-	1,050,270	1,050,270	1,050,270
Other comprehensive income for the year	-	-	13,626,351	(4,570)	13,621,781	13,621,781
Total comprehensive income for the year	-	-	13,626,351	1,045,700	14,672,051	14,672,051
Revaluation surplus realized through incremental depreciation - net of tax	-	-	(66,237)	66,237	-	-
Balance as at 30 June 2022	2,271,489	197,517	16,178,271	11,124,064	27,499,852	29,771,341

The annexed notes from 1 to 51 form an integral part of these financial statements.

CHIEF FINANCIAL OFFICER

CHIEF EXECUTIVE OFFICER

CHAIRMAN

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

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 09 February 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.

2. STATEMENT OF COMPLIANCE

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

- International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017 (the Act); and

- Provisions of and directives issued under the Act.

Where provisions of and directives issued under the Act differ from the IFRSs, the provisions of and directives issued under the Act have been followed.

2.1 New standards, interpretations and amendments applicable to the financial statements for the year ended 30 June 2022

The accounting policies adopted are consistent with those of the previous financial year, except for the following new and amended standards and interpretations effective for annual period beginning on 1 July 2021, as listed below. The Company has not early-adopted any standard, interpretation or amendment that has been issued but is not yet effective except that is mentioned in Note 2.1.3.

New Amendments

2.1.1 IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 - Interest Rate Benchmark Reforms - Phase 2 - (Amendments)

In August 2020, the IASB published Interest Rate Benchmark Reform - Phase 2, Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16. With publication of the Phase 2 amendments, the IASB has completed its work in response to interbank offered rate (IBOR) reform. The amendments provide temporary reliefs which address the financial reporting effects when an IBOR is replaced with an alternative nearly risk-free interest rate (RFR).

The amendments include a practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest. Inherent in allowing the use of this practical expedient is the requirement that the transition from an IBOR benchmark rate to an RFR takes place on an economically equivalent basis with no value transfer having occurred.

Any other changes made at the same time, such as a change in the credit spread or maturity date, are assessed. If they are substantial, the instrument is derecognized. If they are not substantial, the updated effective interest rate (EIR) is used to recalculate the carrying amount of the financial instrument, with any modification gain or loss recognized in profit or loss. The practical expedient is also required for entities applying IFRS 4 that are using the exemption from IFRS 9 (and, therefore, apply IAS 39 Financial Instruments: Recognition and Measurement) and for IFRS 16 Leases, to lease modifications required by IBOR reform. These amendments had no impact on the financial statements of the Company.

2.1.2 IFRS 16 Covid-19-Related Rent Concessions beyond 30 June 2021 - Amendment to IFRS 16

In March 2021, the Board amended the conditions of the practical expedient in IFRS 16 that provides relief to lessees from applying the IFRS 16 guidance on lease modifications to rent concessions arising as a direct consequence of the covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the covid-19 related rent concession the same way it would account for the change under IFRS 16, if the change were not a lease modification. Following the amendment, the practical expedient now applies to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022, provided the other conditions for applying the practical expedient are met.

Lessees will apply the amendment retrospectively, recognizing the cumulative effect of initially applying it as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of the annual reporting period in which they first apply the amendment. In the reporting period in which a lessee first applies the 2021 amendment, the lessee will not be required to disclose the information required by paragraph 28(f) of IAS 8.

The amendment to IFRS 16 will provide relief to lessees for accounting for rent concessions from lessors specifically arising from the covid-19 pandemic. While lessees that elect to apply the practical expedient do not need to assess whether a concession constitutes a modification, lessees still need to evaluate the appropriate accounting for each concession as the terms of the concession granted may vary.

The adoption of above amendments applied for the first time in the period did not have any impact on the financial statements of the Company.

2.1.3 IAS 16 Property, Plant and Equipment: Proceeds before intended use — (Amendments)

In May 2020, the IASB issued Property, Plant and Equipment - Proceeds before Intended Use , which prohibits entities from deducting from the cost of an item of property, plant and equipment (PP&E), any proceeds of the sale of items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the costs of producing those items, in profit or loss.

The amendment is effective for annual periods beginning on 01 January 2022 and must be applied retrospectively only to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment. However, the Company has early adopted this amendment retrospectively on 01 July 2021.

The first-time adoption of above amendment did not have any material impact on the financial statements of the Company.

2.2 Standards, interpretation and amendments to approved accounting standards that are not yet effective

The following standards, amendments and interpretations with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard or interpretation:

Standard or Interpretation

- **Reference to the Conceptual Framework – Amendments to IFRS 3**

  In May 2020, the IASB issued Amendments to IFRS 3 Business Combinations - Reference to the Conceptual Framework. The amendments are intended to replace a reference to a previous version of the IASB's Conceptual Framework (the 1989 Framework) with a reference to the current version issued in March 2018 (the Conceptual Framework) without significantly changing its requirements.

  The amendments add an exception to the recognition principle of IFRS 3 to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets or IFRIC 21 Levies, if incurred separately. The exception requires entities to apply the criteria in IAS 37 or IFRIC 21, respectively, instead of the Conceptual Framework, to determine whether a present obligation exists at the acquisition date. At the same time, the amendments add a new paragraph to IFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date.

  The amendments are effective for annual periods beginning on 01 January 2022 and must be applied prospectively. Earlier application is permitted if, at the same time or earlier, an entity also applies all of the amendments contained in the Amendments to References to the Conceptual Framework in IFRS Standards (March 2018). The amendments are not expected to have a material impact on the financial statements of the Company.

- **Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37**

  In May 2020, the IASB issued amendments to IAS 37 to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making.

  The amendments apply a 'directly related cost approach'. The costs that relate directly to a contract to provide goods or services include both incremental costs (e.g., the costs of direct labour and materials) and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

The amendments are effective for annual periods beginning on 1st January 2022 and must be applied prospectively to contracts for which the Company has not yet fulfilled all of its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). Earlier application is permitted and must be disclosed.

Considering the nature of operation of the Company, these amendments are not expected to have a material impact on the financial statements of the Company.

- **AIP IFRS 1 - First-time Adoption of International Financial Reporting Standards - Subsidiary as a first time adopter**

As part of its 2018-2020 annual improvements to IFRS standards process , the IASB issued an amendment to IFRS 1 First-time Adoption of International Financial Reporting Standards. The amendment permits a subsidiary that elects to apply paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported in the parent's consolidated financial statements, based on the parent's date of transition to IFRS, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of IFRS 1.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier application is permitted.

- **AIP IAS 41 Agriculture - Taxation in fair value measurements**

As part of its 2018-2020 annual improvements to IFRS standards process, the IASB issued amendment to IAS 41 Agriculture. The amendment removes the requirement in paragraph 22 of IAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of IAS 41. An entity applies the amendment prospectively to fair value measurements on or after the beginning of the first annual reporting period beginning on or after 1 January 2022 with earlier adoption permitted.

These amendments are not applicable to the Company.

- **AIP IFRS 9 - Fees in the '10 per cent' test for derecognition of financial liabilities**

As part of its 2018-2020 annual improvements to IFRS standards process, the IASB issued amendment to IFRS 9. The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted. The Company will apply the amendments to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

- **Classification of Liabilities as Current or Non-current - Amendments to IAS 1**

In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and must be applied retrospectively. The Company expects that these amendments will have no impact on financial statements as their current practice is already in line with the proposed amendments.

- **Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2**

In February 2021, the IASB issued amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements, in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments to IAS 1 are applicable for annual periods beginning on or after 1 January 2023 with earlier application permitted. Since the amendments to the Practice Statement 2 provide non-mandatory guidance on the application of the definition of material to accounting policy information, an effective date for these amendments is not necessary.

The Company expects that the adoption of the above improvements to the standards will have no material effect on the Company's financial statements, in the period of initial application.

- **Definition of Accounting Estimates - Amendments to IAS 8**

  In February 2021, the IASB issued amendments to IAS 8, in which it introduces a definition of 'accounting estimates'. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.

  The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted as long as this fact is disclosed. The amendments are not expected to have a material impact on the Company.

- **Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Amendment to IFRS 10 & IAS 28**

  In December 2015, the IASB decided to defer the effective date of the amendments until such time as it has finalized any amendments that result from its research project on the equity method. Early application of the amendments is still permitted.

  The amendments address the conflict between IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that a full gain or loss is recognized when a transfer to an associate or joint venture involves a business as defined in IFRS 3. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognized only to the extent of unrelated investors' interests in the associate or joint venture.

  The amendments must be applied prospectively. Early application is permitted and must be disclosed. These amendments are not applicable to the Company.

In addition to the above standards and amendments, improvements to various accounting standards and conceptual framework have also been issued by the IASB. Such improvements are generally effective for accounting periods beginning on or after 01 January 2022. The Company expects that such improvements to the standards will not have any material impact on the Company's financial statements.

Further, the following new standards have been issued by IASB which are yet to be notified by the Securities and Exchange Commission of Pakistan (SECP) for the purpose of applicability in Pakistan:

Standard or Interpretation or amendment

- **IFRS 1 - First-time Adoption of International Financial Reporting Standards**

  In November 2008, the IASB issued IFRS 1 First time adoption of international reporting standards, sets out the procedures that an entity must follow when it adopts IFRSs for the first time as the basis for preparing its general purpose financial statements for a period beginning on or after 1 July 2004. However, the SECP has not yet notified its date of applicability in Pakistan.

- **IFRS 17 – Insurance Contracts**

  In May 2017, the IASB issued IFRS 17 Insurance Contracts (IFRS 17) to replace IFRS 4 Insurance Contracts (IFRS 4) which was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply. The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of IFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts

IFRS 17 is effective for reporting periods beginning on or after 1 January 2023, with comparative figures required. Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17. This standard is not applicable to the Company.

3. BASIS OF PREPARATION

3.1 BASIS OF MEASUREMENT

The financial statements have been prepared under the 'historical cost convention' except for freehold land, factory building, plant and machinery, waste heat recovery power plants, coal power plants, investment property, short term investments and certain other financial instruments which are carried at revalued amounts / fair value and retirement benefit obligations which are measured at present value.

3.2 PRESENTATION CURRENCY

These financial statements are presented in Pak Rupees, which is the Company's functional currency. All figures have been rounded off to the nearest thousand rupees, unless otherwise stated.

3.3 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of financial statements in conformity with accounting and reporting standards, as applicable in Pakistan, requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expenses. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgment about carrying value of assets and liabilities that are not readily available from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which estimates are revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgments made by the management in the application of accounting and reporting standards, as applicable in Pakistan that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are documented in the following accounting policies and notes, and relate primarily to:

	Note
Estimates	
- Useful lives of property, plant and equipment	4.1
- Defined benefit plans (gratuity)	4.9
- Provision for taxation	4.11
- Impairment of financial and non-financial assets	4.18
Estimate and judgment	
- Provisions and contingent liabilities	4.10

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented.

4.1 Property, plant and equipment

4.1.1 Operating property, plant and equipment

a) Measurement

All operating fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses, if any, except for, freehold land, factory building on freehold land, plant and machinery, waste heat recovery power plants and coal power plants, which are stated at revalued amount less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any, and freehold land is stated at revalued amount. Valuations are performed by independent valuer with sufficient frequency to ensure that fair value of a revalued asset does not differ materially from its carrying amount.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repair and maintenance costs are charged to statement of profit or loss during the period in which they are incurred.

b) Depreciation

Depreciation is calculated at the rates specified in note 5.1 to these financial statements on straight line method except for plant and machinery on which depreciation is charged on the basis of units of production method (UoP method). Depreciation on additions is charged from the month in which the asset is available for use and on disposal up to the preceding month of disposal. Assets' residual values and useful lives are reviewed and adjusted, if appropriate at each reporting date.

c) Judgement and estimates

Residual value and the useful life of assets are reviewed at each financial year end and if expectations differ from the change is accounted for as change in accounting estimate in accordance with IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors.

d) De-recognition

An item of operating fixed assets is de-recognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset is included in statement of profit or loss in the year the asset is de-recognized.

4.1.2 Capital work in progress

These are stated at cost less impairment loss, if any including capitalization of borrowing cost. It consists of expenditure incurred and advances paid to acquire fixed assets in course of their construction and installation. Cost also includes applicable borrowing cost, if any. Transfers are made to relevant operating fixed assets category as and when assets are available for use as intended by the management.

4.2 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are charged to statement of profit or loss as and when incurred.

4.3 Investment property

Property not held for own use or leased out under operating lease is classified as investment property. Investment properties are initially measured at cost, including transaction cost. Subsequent to initial recognition, investment properties are stated at fair value. Gains or losses arising from change in fair value of properties are included in profit or loss in the year which they arise. Fair values are determined based on an annual valuation performed by an independent valuer.

Transfers are made to (or from) investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Company accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

4.4 Stores, spare parts and loose tools

These are valued at lower of weighted average cost and net realizable value, except items in transit, which are stated at invoice amount plus other charges paid thereon. Provision for slow moving, damaged and obsolete items are charged to statement of profit or loss. Value of items is reviewed at each statement of financial position date to record provision for any slow moving items, damaged and obsolete items.

Net realizable value signifies the selling price in the ordinary course of business less estimated cost necessarily to be incurred in order to make the sale, which is generally equivalent to the estimated replacement cost.

Spare parts of capital nature which can be used only in connection with an item of property, plant and equipment are shown separately as capital spare parts and are carried at cost less accumulated impairment, if any.

4.5 Stock in trade

These are stated at the lower of cost and NRV. The methods used for the calculation of cost are as follows:

i)	Raw and packing materials	-	at weighted average cost comprising of purchase price, transportation and other overheads.
ii)	Work in process and finished goods	-	at weighted average cost comprising quarrying cost, transportation, government levies, direct cost of raw material, labour and other manufacturing overheads.

Net realizable value signifies the estimated selling price in the ordinary course of business less estimated costs of completion and estimated costs necessary to make the sale.

4.6 Contract balances

a) Trade receivables

A receivable is recognized if an amount of consideration that is unconditional is due from the customer (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in Note 4.14. "Financial instruments".

b) Contract liabilities

A contract liability is recognized if a payment is received or a payment is due (whichever is earlier) from a customer before the Company transfers the related goods or services. Contract liabilities are recognized as revenue when the Company performs under the contract (i.e., transfers control of the related goods or services to the customer).

4.7 Cash and bank balances

Cash and bank balances are carried in the statement of financial position at cost. For the purposes of the cash flow statement, cash and bank balances comprise cash in hand, cash at banks in current, savings and deposit accounts and other short-term highly liquid instruments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and bank balances, as defined above, net of outstanding bank overdrawns as they are considered an integral part of the Company's cash management.

4.8 Surplus on revaluation of fixed assets

A revaluation surplus is recorded in statement of comprehensive income and credited to the asset revaluation surplus in equity. However, to the extent that it reverses a revaluation deficit of the same asset previously recognized in profit or loss, the increase is recognized in profit or loss. A revaluation deficit is recognized in the statement of profit or loss, except to the extent that it offsets an existing surplus on the same asset recognized in the asset revaluation surplus.

An annual transfer from the asset revaluation surplus to retained earnings is made for the difference between depreciation based on the revalued carrying amount of the asset and depreciation based on the assets' original cost. Cost and accumulated depreciation of assets till the date of revaluation are grossed up with the rate of revaluation, calculated on the basis of net book value before revaluation and fair value of respective assets.

4.9 Employees' benefits

Defined contribution plan

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contribution into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognized as an employee benefit expense in the statement of profit and loss when they are due.

The Company operates an approved contributory provident fund for all its permanent employees. Equal monthly contributions are made both by the Company and the employees at the rate of 10 percent of basic salary. The Company's contributions are recognized as employee benefit expense when they are due

Defined benefit plan – contractual workers

The Company operates an unfunded gratuity scheme covering its contractual workers with one or more years of service with the Company. Provision for gratuity is made to cover obligations under the scheme in respect of employees who have completed the minimum qualifying period. The Company has valued provision for gratuity using the projected unit credit method in accordance with IAS - 19.

Experience adjustments are recognized in statement of comprehensive income when they occur. Amounts recorded in statement of profit or loss are limited to current and past service cost, gains or losses on settlements and interest income/expense. All other changes in net defined benefit liability are recognized in statement of comprehensive income with no subsequent recycling to statement of profit or loss.

Judgement and estimates

The cost of the defined benefit gratuity plan are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. Discount rate is determined by reference to market yields on government bonds, since the long-term private sector bond market is not deep enough in Pakistan. The term of the assumed yield of the government bonds is consistent with the estimated term of the post-employment benefit obligations.

Mortality rates are based on State Life Corporation (SLIC) 2001 - 2005 ultimate mortality rates with 1 year setback as per recommendation of Pakistan Society of Actuaries ("PSOA"). These mortality tables tend to change only at intervals in response to demographic changes. Future salary increases and pension increases are based on expected future inflation rates for the respective countries.

Further details about gratuity obligations are provided in Note 22.3.

Compensated absences

All permanent and contractual workers are entitled for compensated absences plan. Accrual for compensated absences is made to the extent of the value of accrued absences of the employees at the reporting date using their current salary levels.

4.10 Provisions and contingencies

a) Provisions

Provisions are recognized in the statement of financial position when the Company has a legal or constructive obligation as a result of past events and it is probable that outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. However, provisions are reviewed at each statement of financial position date and adjusted to reflect current best estimate.

Judgement and estimates

As the actual outflows can differ from estimates made for provisions due to changes in laws, regulations, public expectations, technology, prices and conditions, and can take place many years in the future, the carrying amounts of provisions are reviewed at each reporting date and adjusted to take account of such changes. Any adjustments to the amount of previously recognized provision is recognized in the statement of profit or loss unless the provision was originally recognized as part of cost of an asset.

b) Contingencies

A contingent liability is disclosed when the Company has a possible obligation as a result of past events, whose existence will be confirmed only by the occurrence or non-occurrence, of one or more uncertain future events not wholly within the control of the Company; or the Company has a present legal or constructive obligation that arises from past events, but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability.

Judgement and estimates

The assessment of the contingencies inherently involves the exercise of significant judgment as the outcome of the future events cannot be predicted with certainty. The Company, based on the availability of the latest information, estimates the value of contingent assets and liabilities which may differ on the occurrence / non-occurrence of the uncertain future events.

4.11 Taxation

4.11.1 Income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses. The charge for income tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years.

a) Current tax

The current income tax charge is calculated on the basis of the tax laws enacted at the end of the reporting period and is based on taxable income at the current rate of taxation after taking into account applicable tax credits, tax losses, rebates and exemptions available, if any, or minimum taxation at the specified applicable rate for the turnover or Alternative Corporate Tax, whichever is higher and tax paid on final tax regime and super tax. However, for income covered under final tax regime, taxation is based on applicable tax rates under such regime. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

b) Deferred tax

Deferred income tax is provided using the balance sheet liability method for all temporary differences at the reporting date between tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liability is recognized for all taxable temporary differences and deferred tax asset is recognized for all deductible temporary differences and carry forward of unused tax losses and unused tax credits, if any, to the extent it is probable that future taxable profits will be available against which these can be utilized. The Company recognizes deferred tax liability on surplus on revaluation of fixed assets which is adjusted against the related surplus.

Deferred income tax assets and liabilities are measured at the tax rate that is expected to apply to the periods when the asset is realized or the liability is settled, based on tax rates that have been enacted or substantively enacted at the reporting date. In this regard, the effects on deferred taxation of the portion of income expected to be subject to final tax regime is adjusted in proportion to the respective revenues.

The Company offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Current and deferred tax is recognized in statement of profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity, in this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

Judgment and estimates

Significant judgment is required in determining the income tax expenses and corresponding provision for tax. There are many transactions and calculations for which the ultimate tax determination is uncertain as these matters are being contested at various legal forums. The Company recognizes liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred tax assets and liabilities in the period in which such determination is made.

Further, the carrying amount of deferred tax assets is reviewed at each reporting date and is adjusted to reflect the current assessment of future taxable profits. If required, carrying amount of deferred tax asset is reduced to the extent that it is no longer probable that sufficient taxable profits to allow the benefit of part or all of that recognized deferred tax asset to be utilized. Any such reduction shall be reversed to the extent that it becomes probable that sufficient taxable profit will be available.

4.11.2 Sales tax

Expenses and assets are recognized net of the amount of sales tax, except:

- When receivables and payables are stated with the amount including the sales tax; and

- When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of current assets or current labilities in the statement of financial position.

4.12 Operating segments

For management purposes, the activities of the Company are organized into one operating segment i.e., manufacturing, marketing and sale of cement. The Company operates in the said reportable operating segment based on the nature of the products, risks and returns, organizational and management structure, and internal financial reporting systems. Accordingly, the figures reported in the financial statements are related to the Company's only reportable segment.

4.13 Foreign currency translations

Transactions in foreign currencies are translated into Pakistani Rupee at the rates of exchange approximating those ruling on the date of transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated into Pakistani Rupee at the rates of exchange ruling at the reporting date. Any resulting gain or loss arising from changes in exchange rates is taken to statement of profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. There are no non-monetary items measured at fair value in a foreign currency. In determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which the Company initially recognizes the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Company determines the transaction date for each payment or receipt of advance consideration.

4.14 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

4.14.1 Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price.

In order for a financial asset to be classified and measured at amortized cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortized cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortized cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

Financial assets at amortized cost (debt instruments)	Financial assets at amortized cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired. The Company's financial assets at amortized cost includes receivables, long term security deposits and cash and bank balances.
Financial assets at fair value through OCI (debt instruments)	For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognized in the statement of profit or loss and computed in the same manner as for financial assets measured at amortized cost. The remaining fair value changes are recognized in OCI. Upon derecognition, the cumulative fair value change recognized in OCI is recycled to profit or loss. The Company doesn't have any financial assets measured at fair value through OCI.
Financial assets designated at fair value through OCI (equity instruments)	Upon initial recognition, the Company can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by instrument basis. Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognized as other income in the statement of profit or loss when the right of payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment. The Company hasn't elected to classify any financial assets under this category.
Financial assets at fair value through profit or loss	Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognized in the statement of profit or loss. The Company has classified short-term investments at fair value through profit or loss.

4.14.2 Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, or payables, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables (excluding due to statutory authorities), long-term loans, short-term borrowings, mark-up accrued on borrowings and unclaimed dividend.

Subsequent measurement

For the purposes of subsequent measurement, financial liabilities are classified in two categories:

- Financial liabilities at fair value through profit or loss
- Financial liabilities at amortized cost (loans and borrowings)

Financial liabilities at fair value through profit or loss	Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. Gains or losses on liabilities held for trading are recognized in the statement of profit or loss. Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Company has not designated any financial liability as at fair value through profit or loss.
Financial liabilities at amortized cost (loans and borrowings)	This is the category most relevant to the Company. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the Effective Interest Rate (EIR) method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit or loss.

4.14.3 Derecognition

a) Financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

b) Financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit or loss.

4.14.4 Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the entity currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

4.15 Government grants

Grants from the government are recognized at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with all attached conditions. When the Company received a grant related to an expense item, it is recognized as income over the period necessary to match the costs that it is intended to compensate. Where the grant relates to an asset, it is recognized as deferred income and charged to profit or loss over the expected useful life of the related asset. Benefit of a loan at a below-market rate of interest is recognized as deferred income. Deferred income is recognized as income on a systematic basis over the periods that the related costs, for which it is intended to compensate are expensed.

4.16 Revenue recognition

Revenue from contracts with customers is recognized when control of the goods are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods. The Company has generally concluded that it is the principal in its revenue arrangements, because it typically controls the goods before transferring them to the customer.

a) Sale of goods

The Company sells cement and revenue from sale of which is recognized at the point in time when the performance obligations arising from the contract with a customer is satisfied and the amount of revenue that it expects to be entitled to can be determined. This usually occurs when control of the asset is transferred to the customer, which is when goods are dispatched to the customer. The normal credit terms for customers is as per sale order.

The Company also receives advance payments from certain customers for the sale of goods with a delivery lead time of up to 30 days after receipt of payment. The Company applies the practical expedient for short-term advances received from customers. That is, the promised amount of consideration is not adjusted for the effects of a significant financing component if the period between the transfer of the promised good or service and the payment is one year or less.

b) Other Revenue

- Return on bank deposits is recognized on time proportion basis using effective interest method.
- Scrap sales are recognized on transfer of control to customer.
- Rental income arising from investment property is accounted for on accrual basis over the lease period and is included in revenue due to its operating nature.
- Dividend income is recognized when the Company's right to receive establishes.
- Other revenues are accounted for on accrual basis.

4.17 Dividend and appropriation reserves

Dividend and other appropriation to reserves are recognized in the financial statements in the year in which these are approved.

4.18 Impairment of financial and non-financial assets

4.18.1 Impairment of financial assets

The Company recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate.

The Company measures the expected credit losses of a financial instrument in a way that reflects:

- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- the time value of money, if applicable; and
- reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of actual default in the future.

Expected credit losses are measured for the maximum contractual period over which the entity is exposed to credit risk. ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

4.18.2 Impairment of non-financial assets

Assets that have an indefinite useful life, for example freehold land, are not subject to depreciation and are tested annually for impairment. Assets that are subject to depreciation are reviewed for impairment at each reporting date, or whenever events or changes in circumstances indicate, that the carrying amount may not be recoverable. Carrying amounts of other non-financial assets other than stores, spares and loose tools are also reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognized, equal to the amount by which the asset's carrying amount exceeds its recoverable amount.

An asset's recoverable amount is the higher of its fair value less costs to sell and value-in-use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows. Non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at each reporting date. Reversals of the impairment loss are restricted to the depreciated cost of the asset. An impairment loss, or the reversal of an impairment loss, is recognized in the statement of profit or loss for the year.

The Company's corporate assets do not generate separate cash inflows. If there is an indication that a corporate asset may be impaired, then the recoverable amount is determined for the CGU to which the corporate asset belongs. An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in statements of profit or loss.

Impairment loss recognized in prior periods is assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

4.19 Earnings per share

The Company presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit after tax attributable to ordinary shareholders of the Company by the total number of ordinary shares outstanding during the year.

Diluted EPS is calculated by adjusting basic EPS with weighted average number of ordinary shares that would be issued on conversion of all dilutive potential ordinary shares into ordinary shares and post-tax effect of changes in profit or loss attributable to ordinary shareholders of the Company that would result from conversion of all dilutive potential ordinary shares into ordinary shares.

4.20 Current versus non-current classification

The Company presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within twelve months after the reporting period; or
- Cash or bank balances unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

The Company classifies all other liabilities as non-current. Deferred tax liabilities are classified as non-current assets and liabilities.

4.21 Events after the reporting period

If the Company receives information after the reporting period, but prior to the date of authorization for issue, about conditions that existed at the end of the reporting period, the Company will assess if the information affects the amounts that it recognizes in the financial statements. The Company will adjust the amounts recognized in its financial statements to reflect any adjusting events after the reporting period and update the disclosures that relate to those conditions in the light of the new information. For non-adjusting events after the reporting period, the Company will not change the amounts recognized in its financial statements but will disclose the nature of the non-adjusting event and an estimate of its financial effect, or a statement that such an estimate cannot be made, if applicable.

4.22 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the financial statements at fair value on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

As at reporting date, the Company has fair value modelling for financial or non-financial assets as mentioned in Note 44.

	Note	2022	2021
		Rupees in thousands	
5. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	5.1	60,225,352	40,660,329
Capital work in progress	5.2	2,958,225	2,284,865
Capital spares		59,639	-
		63,243,216	42,945,194

5.1 Operating fixed assets

2022

	Note	COST / REVALUATION: As at 01 July 2021	Additions	Revaluation surplus	Disposals	As at 30 June 2022	DEPRECIATION: As at 01 July 2021	Disposals	For the year	Revaluation surplus	As at 30 June 2022	WRITTEN DOWN VALUE: As at 30 June 2022	Depreciation rate
		Rupees in thousands					Ruppees in thousands						%
Owned													
Freehold land	5.1.1	262,946	-	408,895	-	671,841	-	-	-	-	-	671,841	-
Factory building on freehold land	5.1.1	4,142,329	14,306	3,442,947	-	7,599,582	1,965,228	-	137,520	2,092,163	4,194,911	3,404,671	4
Leasehold improvements		10,833	-	-	-	10,833	10,833	-	-	-	10,833	-	33
Roads and quarry development		56,008	-	-	-	56,008	56,008	-	-	-	56,008	-	20
Plant and machinery line - I	5.1.1	7,144,992	545	1,592,938	-	8,738,475	5,229,339	-	13,351	1,168,831	6,411,521	2,326,954	UoP method
Plant and machinery line - II	5.1.1	8,514,706	29,542	2,279,334	-	10,823,582	2,516,175	-	115,374	701,984	3,333,533	7,490,049	UoP method
Plant and machinery line - III	5.1.1	23,914,656	290,085	13,115,198	-	37,319,939	520,766	-	612,896	614,267	1,747,929	35,572,010	UoP method
Waste heat recovery plant (WHR) - II	5.1.1	1,514,987	14,300	1,171,023	-	2,700,310	30,039	-	51,987	62,809	144,835	2,555,475	4
WHR & coal power plant - I	5.1.1	1,654,335	-	1,482,496	-	3,136,831	292,396	-	66,173	321,325	679,894	2,456,937	4
Coal power plant - II	5.1.1	3,988,115	2,259	1,904,319	-	5,894,693	11,300	-	135,619	70,114	217,033	5,677,660	4
Furniture and fixtures		42,257	216	-	-	42,473	30,638	-	1,866	-	32,504	9,969	10
Office equipment		81,008	205	-	-	81,213	46,110	-	6,278	-	52,388	28,825	10
Computers and accessories		36,568	999	-	(735)	36,832	34,421	(735)	1,811	-	35,497	1,335	33
Vehicles		181,167	8,595	-	(3,187)	186,575	141,325	(3,187)	18,811	-	156,949	29,626	20
		51,544,907	361,052	25,397,150	(3,922)	77,299,187	10,884,578	(3,922)	1,161,686	5,031,493	17,073,835	60,225,352	

2021

	COST / REVALUATION: As at 01 July 2020	Additions / transfers	Revaluation surplus	Disposals	As at 30 June 2021	DEPRECIATION: As at 01 July 2020	Disposals	For the year	Revaluation surplus	As at 30 June 2021	WRITTEN DOWN VALUE: As at 30 June 2021	Depreciation rate
	Rupees in thousands					Ruppees in thousands						%
Owned												
Freehold land	91,104	171,842	-	-	262,946	-	-	-	-	-	262,946	-
Factory building on freehold land	3,590,876	551,453	-	-	4,142,329	1,845,046	-	120,182	-	1,965,228	2,177,101	4
Leasehold improvements	10,833	-	-	-	10,833	10,833	-	-	-	10,833	-	33
Roads and quarry development	56,008	-	-	-	56,008	56,008	-	-	-	56,008	-	20
Plant and machinery line - I	7,123,593	21,399	-	-	7,144,992	5,198,741	-	30,598	-	5,229,339	1,915,653	UoP method
Plant and machinery line - II	8,454,574	60,132	-	-	8,514,706	2,344,051	-	172,124	-	2,516,175	5,998,531	UoP method
Plant and machinery line - III	23,258,930	655,726	-	-	23,914,656	2,182	-	518,584	-	520,766	23,393,890	UoP method
Waste heat recovery plant (WHR) - II	-	1,514,987	-	-	1,514,987	-	-	30,039	-	30,039	1,484,948	4
WHR & coal power plant - I	1,650,801	3,534	-	-	1,654,335	226,298	-	66,098	-	292,396	1,361,939	4
Coal power plant - II	-	3,988,115	-	-	3,988,115	-	-	11,300	-	11,300	3,976,815	4
Furniture and fixtures	40,545	1,914	-	(202)	42,257	29,041	(202)	1,799	-	30,638	11,619	10
Office equipment	66,035	14,973	-	-	81,008	40,629	-	5,481	-	46,110	34,898	10
Computers and accessories	36,126	542	-	(100)	36,568	31,732	(100)	2,789	-	34,421	2,147	33
Vehicles	175,614	7,231	-	(1,678)	181,167	119,654	(559)	22,230	-	141,325	39,842	20
	44,555,039	6,991,848	-	(1,980)	51,544,907	9,904,215	(861)	981,224	-	10,884,578	40,660,329	

5.1.1 The latest revaluation of freehold land, factory building on freehold land, plant and machinery, waste heat recovery plants and coal power plants was conducted during the year ended 30 June 2022 by Hamid Mukhtar & Company which created an additional net revaluation surplus of Rs. 13,780 million. Fair values of these assets are based on proprietary database of prices of transactions of similar nature, location and condition. For fair value hierarchy, techniques and inputs used, refer to Note 44 to the financial statements.

5.1.2 Had there been no revaluation, written down values of such assets would be as follows:

	Cost	Net book value 2022	Net book value 2021
	Rupees in thousands		
Freehold land	203,253	203,253	203,253
Factory building on freehold land	1,724,816	496,866	534,683
Plant and machinery line - I	4,670,860	1,484,226	1,483,464
Plant and machinery line - II	4,701,906	3,321,864	3,357,159
Plant and machinery line - III	24,204,741	23,071,081	23,393,889
WHR & coal power plant - I	1,645,644	1,288,966	1,354,792
Waste heat recovery plant - II	1,529,287	1,447,261	1,484,948
Coal power plant - II	3,990,374	3,843,455	3,976,815
	42,670,881	35,156,972	35,789,003

5.1.3 Forced Sale Values of the assets under revaluation at the date of revaluation were as follows:

	2022 Rupees in thousands
Freehold land	571,885
Factory building on freehold land	2,893,972
Plant and machinery line - I	1,861,143
Plant and machinery line - II	5,992,418
Plant and machinery line - III	28,457,610
WHR & coal power plant - I	1,965,548
Waste heat recovery plant - II	2,044,380
Coal power plant - II	4,542,128
	48,329,084

5.1.4 Depreciation for the year has been allocated as follows:

	Note	2022	2021
		Rupees in thousands	
Cost of sales	29	865,052	845,097
Cost of sales (fuel and power)	29	288,195	125,142
Cost of sales (raw material consumed)	29	125	146
Distribution cost	30	1,344	1,635
Administrative expenses	31	6,970	9,204
		1,161,686	981,224

5.1.5 The operating fixed assets include fully depreciated assets having cost of Rs. 959.07 million (2021: Rs. 927.44 million).

5.1.6 **Particulars of immovable fixed assets**

Description of asset	Location	Area of Land
Head office - under construction	Plot No. 64, Block B1, Gulberg-3, Lahore	3.859 Kanals
Manufacturing plant	Mouza Chenki Shumali, District Khushab	2,429.45 kanals

	Note	2022	2021
		Rupees in thousands	

5.2 Capital work in progress

	Note	2022	2021
Opening balance		2,284,865	6,907,111
Additions during the year	5.2.1	673,360	2,262,274
Transferred to operating fixed assets		-	(6,884,520)
Closing balance		2,958,225	2,284,865

Represented by

	Note	2022	2021
Civil work at factory including non plant building		1,802,923	1,439,272
Other plant and machinery items		169,463	96,048
Office premises under construction	5.2.2	939,643	705,772
Other civil works		46,196	43,773
		2,958,225	2,284,865

5.2.1 The amount of borrowing cost capitalized during the year amounts to Rs. 117.98 million (2021: Rs. 458.29 million). The applicable financing rates for the under construction projects was 03 month KIBOR plus 150 bps (2021: KIBOR plus 20 bps to 175 bps).

5.2.2 This represents new head office building under construction located at 64-B/1, Gulberg-III, Lahore, having land area of 3.859 kanals.

6. INVESTMENT PROPERTY

	2022	2021
	Rupees in thousands	
Opening balance	88,450	85,531
Net gain from fair value adjustment	1,946	2,919
Closing balance	90,396	88,450

6.1 The property was reclassified from owner-occupied property to investment property during financial year 2013 and comprises of an office building in Karachi leased out under operating lease agreement. Investment property includes Office No. 701,702,703 and 704, 7th Floor, Lackson Square Building Number 3, Karachi having total covered area of 9,630 square feet .

6.2 The latest valuation of investment property was conducted during the year ended 30 June 2022 by Surval using a sales comparison approach. The forced sale value of investment property, based on valuation at year end, is Rs. 76.84 million (2021: Rs. 75.18 million).

6.3 Break of net profit arising from investment property is as follows:

	Note	2022	2021
		Rupees in thousands	
Rental income		10,182	9,256
Operating expenses		(3,562)	(3,366)
Net profit		6,620	5,890

7. LONG-TERM DEPOSITS

	Note	2022	2021
Security deposits against utilities		35,848	35,848
Others		43,492	28,866
	7.1	79,340	64,714

7.1 These are non-interest bearing and cover terms of more than one year in the ordinary course of business. These deposits have not been discounted to present value using the effective interest rate method as the effect of discounting is considered to be immaterial.

		Note	2022	2021
			Rupees in thousands	
8.	**STORES, SPARES AND LOOSE TOOLS**			
	Stores		2,162,362	687,866
	Spare parts		2,349,356	2,053,315
	Loose tools		17,219	53,561
			4,528,937	2,794,742
	Stores in transit		24,021	329,425
			4,552,958	3,124,167
	Provision for slow moving stores and spare parts	8.1	(47,994)	(43,933)
			4,504,964	3,080,234
8.1	Set out below is the movement of slow moving stores and spare parts:			
	Opening balance		43,933	43,933
	Provision for the year		4,061	-
	Closing balance		47,994	43,933
9.	**STOCK-IN-TRADE**			
	Raw material		78,657	125,148
	Packing material		119,817	76,982
	Work in process		152,126	259,633
	Finished goods		182,990	197,119
			533,590	658,882
10.	**TRADE RECEIVABLES**			
	Trade receivables		1,749,165	1,367,223
	Allowance for expected credit losses	10.1	(40,948)	(33,245)
			1,708,217	1,333,978
10.1	Set out below is the movement of the allowance for expected credit losses of trade receivables:			
	Opening balance		33,245	29,216
	Allowance for the year		7,703	4,029
	Closing balance		40,948	33,245
10.2	The aging analysis of these trade receivables and their credit risk exposure using a provision matrix is disclosed in Note 42.4.			
11.	**LOANS AND ADVANCES**			
	Loans to employees	11.1	3,790	4,544
	Banks' margin against letter of credit		4,984	11,731
	Advances to:			
	Suppliers		27,266	73,890
	Contractors		220,863	332,571
	Service providers		25,031	298,118
		11.2	273,160	704,579
			281,934	720,854

11.1 The loans are granted to the employees of the Company in accordance with the Company's employment terms with each eligible employee. These loans are for maximum period of 10 and 18 months. The loan is secured against salary. The loans are interest free and are repayable in cash in accordance with the predefined repayment schedule.

11.2 These are non interest bearing and are generally for a term of less than 12 months.

	Note	2022	2021
		Rupees in thousands	

12. INCOME TAX RECEIVABLE - NET

	Note	2022	2021
Opening balance - net		1,265,134	991,991
Provision for tax during the year		(900,018)	(336,207)
		365,116	655,784
Advance income tax paid during the year - net		119,034	609,350
Closing balance - net		484,150	1,265,134

13. OTHER RECEIVABLES

	Note	2022	2021
Receivable from WAPDA	13.1	19,381	19,381
Others		3,198	3,209
		22,579	22,590
Allowance for expected credit losses		(22,354)	(22,354)
		225	236

13.1 This represents rebate claim under incentive package for industries from Water and Power Development Authority (WAPDA) in accordance with their letter no. 677-97 / GMCS / DG (C) / DD (R&CP) / 57000 dated 19 September 2001. The Company continues to pursue for recovery. However, allowance for expected credit losses of full amount has already been made in these financial statements.

14. SHORT-TERM INVESTMENTS

	2022	2021	2022	2021
	Units in thousands		Rupees in thousands	
Investments with Shariah compliant funds				
Meezan Islamic Fund	4,005	4,005	225,189	253,801
NBP Islamic Stock Fund	23,222	23,222	246,292	295,734
KSE Meezan Index Fund	-	914	-	66,593
Meezan Balanced Fund	-	11,443	-	185,380
Meezan Asset Allocation Fund	-	3,521	-	174,139
Meezan Islamic Income Fund	14	13	715	666
	27,241	43,118	472,196	976,313
Investments with conventional funds				
ABL Government Securities Fund	-	4	-	38
NBP Government Securities Liquid Fund	-	1	-	15
NBP Money Market Fund	-	240	-	2,372
	-	245	-	2,425
	27,241	43,363	472,196	978,738

14.1 These short-term investments are measured at fair value through profit or loss. The fair value of these investments has been determined using their respective redemption Net Assets Value, published by Mutual Funds Association of Pakistan (MUFAP) on its website, at the reporting date.

15. CASH AND BANK BALANCES

	Note	2022	2021
		Rupees in thousands	
Cash in hand		1,126	735
Cheques in hand		485,757	208,786
Balance with banks in:			
- Deposit accounts	15.1	77,666	95,627
- Current accounts		24,347	32,289
	15.2	102,013	127,916
		588,896	337,437

15.1 These carry profits at rates ranging from 2.75% to 12.75% (2021: 5.5% to 6%) per annum.

15.2 Out of this, an aggregate amount of Rs. 65.98 million (2021: Rs. 69.68 million) has been deposited with Shariah-compliant Islamic Banks.

	Note	2022	2021	2022	2021
		Shares in thousands		Rupees in thousands	
16. AUTHORIZED SHARE CAPITAL					
Ordinary shares of Rs.10/- each		300,000	300,000	3,000,000	3,000,000
Preference shares of Rs.10/- each		50,000	50,000	500,000	500,000
		350,000	350,000	3,500,000	3,500,000
17. ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL					
Issued for cash ordinary shares of Rs.10/- each		184,464	184,464	1,844,642	1,844,642
Issued for consideration other than cash					
Ordinary shares of Rs.10/- each	17.2	23,223	23,223	232,228	232,228
Ordinary shares of Rs.10/- each	17.3	4,394	4,394	43,937	43,937
		27,617	27,617	276,165	276,165
Issued as fully paid bonus shares					
Ordinary shares of Rs.10/- each		15,068	15,068	150,682	150,682
		227,149	227,149	2,271,489	2,271,489

17.1 Vision Holding Middle East Limited (VHMEL), a company incorporated and operating in British Virgin Island, having postal address of P.O. Box 728, 38 Esplanade, St. Helier, Jersey JE4 8ZT, Channel Islands, held 106.863 million (2021: 106.863 million) ordinary shares of Rs. 10 each as on 30 June 2022 comprising 47% of paid up share capital. William Gordan Rodgers is authorized agent of VHMEL.

17.2 During the year ended 30 June 2010, the Company issued 23,222,813 ordinary shares to National Bank of Pakistan (NBP) with a face value of Rs.10/- each under restructuring arrangement against outstanding loan liabilities at the rate of Rs.15/- per share. The arrangement was approved by shareholders in their general meeting held on 31 October 2009. The premium of Rs.5/- per share has been shown under capital reserve account in the statement of changes in equity.

17.3 During the year ended 30 June 2011, the Company issued 3,006,187 ordinary shares and 1,387,503 ordinary shares having face value of Rs.10/- each under restructuring arrangement against outstanding loan liabilities at the rate of Rs.15/- per share to National Bank of Pakistan (NBP) and the Bank of Punjab (BOP) respectively. The arrangement was approved by the shareholders in their general meeting held on 25 October 2010. The premium of Rs.5/- per share has been shown under capital reserve account in the statement of changes in equity.

18. SHARE PREMIUM

This reserve can be utilized only for the purpose specified in section 81 (2) of the Companies Act, 2017.

	Note	2022	2021
		Rupees in thousands	
19. SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT - NET OF TAX			
Gross surplus			
Opening balance		3,678,480	3,809,431
Surplus on revaluation carried out during the year		20,365,657	-
Transferred to accumulated profits in respect of incremental depreciation charged during the year		(98,861)	(130,951)
	19.1	23,945,276	3,678,480
Less: Deferred tax liability			
Opening balance		1,060,323	1,098,299
Increase in surplus revaluation carried out during the year		6,585,731	-
Incremental depreciation charge on related assets		(32,624)	(37,976)
Increase in deferred tax liability due to change in tax rate		153,575	-
		7,767,005	1,060,323
Closing balance of surplus on revaluation - net of tax		16,178,271	2,618,157

19.1 This includes surplus on revaluation of freehold land amounting to Rs. 468.59 million (2021: Rs. 59.69 million).

20. LONG-TERM FINANCING

	Note	2022	2021
		Rupees in thousands	
Islamic long-term financing arrangements			
Meezan Bank Limited - I	20.1	112,500	450,000
Meezan Bank Limited - II	20.2	-	281,250
Meezan Bank Limited - III	20.3	350,000	1,389,000
Meezan Bank Limited - IV	20.4	950,000	-
Meezan Bank Limited - Syndicate	20.5	2,333,548	2,592,831
National Bank of Pakistan - Syndicate I	20.6	1,400,000	1,800,000
		5,146,048	6,513,081
Conventional long-term financing arrangements			
National Bank of Pakistan - Syndicate I	20.6	9,099,900	11,699,700
National Bank of Pakistan - Syndicate II	20.7	727,000	2,081,000
National Bank of Pakistan - Bilateral facility	20.8	1,008,333	1,100,000
JS Bank Limited	20.9	48,750	140,547
Allied Bank Limited - facility I	21.10	1,000,000	-
Allied Bank Limited - facility II	21.11	1,000,000	-
		12,883,983	15,021,247
Total long-term financing		18,030,031	21,534,328
Current portion		(4,254,920)	(4,739,973)
Non-current portion		13,775,111	16,794,355

20.1 The Company has obtained Diminishing Musharaka / Ijarah facility of up to Rs. 900 million to finance the installation of waste heat recovery power plant and coal fired boiler at 3 months KIBOR plus 1.1% per annum for a tenure of five years including grace period of one year with quarterly rental frequency. The facility is secured by way of pari passu charge over Waste Heat Recovery Power Plant and investments of the Company with Al Meezan Investments Management Limited and NBP Funds Management Limited.

20.2 The Company obtained Diminishing Musharaka / Ijarah facility of up to Rs. 600 million for cement grinding capacity enhancement project at 3 months KIBOR plus 1.1%. The facility was secured by creation of specific hypothecation charge over complete cement grinding mill up to Rs. 650 million. The facility was re-payable in five years including a grace period of one year on quarterly basis.

20.3 The Company has obtained Diminishing Musharaka (Sale & Lease Back) facility amounting to Rs.1,390 million. This facility carries markup / profit at 3-Month KIBOR + 1.10% per annum payable quarterly whereas the principal was originally repayable in five years including a grace period of two years. The facility is secured by way of pari passu charge over waste heat recovery power plant, and investments of the Company with Al Meezan Investments Management Limited and NBP Funds Management Limited. During the year, the Company has made advance payment of Rs. 1,039 million.

20.4 During the year, the Company has obtained Diminishing Musharaka (Sale & Lease Back) facility amounting to Rs.950 million. This facility carries markup / 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 one year. The facility is secured by way of exclusive charge over cement grinding capacity enhancement project and lien over investments of the Company with Al Meezan Investments Management Limited and NBP Funds Management Limited.

20.5 The Company has obtained Syndicated Diminishing Musharaka facility amounting to Rs. 2,600 million to finance 24 MW Coal Power Plant. Meezan Bank Limited is the lead arranger and agent of this facility. This facility carries markup / profit at 6 months KIBOR plus 1.1% per annum payable semi annually whereas the principal is repayable in seven years including a grace period of two years. The facility is secured by way of exclusive charge over all present and future plant, machinery and equipment of the project and pari passu charge over all present and future immovable fixed assets (land and buildings) of the Company with 25% margin.

20.6 The Company has obtained syndicated facility amounting to Rs. 15,000 million to finance new integrated cement plant supported by a 12 MW Waste Heat Recovery Plant. This comprises of Rs. 13,000 million term finance loan and Rs. 2,000 million musharaka facility. National Bank of Pakistan is the lead arranger and agent of this facility. This facility carries markup / profit at 6 months KIBOR plus 1.1% per annum payable quarterly whereas the principal is repayable in seven years including a grace period of two years. This facility is secured by first pari passu charge by way hypothecation over all present and future fixed assets of the Company excluding existing waste heat recovery power plant, cement grinding up gradation project and 24 MW coal power plant with 25% margin; and by first pari passu mortgage over land and building of the Company with 25% margin.

20.7 The Company has obtained syndicated facility amounting to Rs. 2,081 million to finance new integrated cement plant supported by a 12 MW waste heat recovery power plant. National Bank of Pakistan is the lead arranger and agent of this facility. This facility carries markup / profit at 3 months KIBOR plus 1.75% per annum payable quarterly whereas the principal is repayable in four years including a grace period of six months. This facility is secured by way of pari passu charge by way of hypothecation over all present and future fixed assets of the Company excluding existing waste heat recovery power plant, cement grinding mills, cement grinding upgradation project and 24 MW coal power plant with 25% margin; and by first pari passu constructive equitable mortgage over land and building of the Company with 25% margin.

20.8 The Company has obtained bilateral facility amounting to Rs. 2,100 million from National Bank of Pakistan to finance non-plant buildings and infrastructure work for Line-III This facility carries markup at 6 months KIBOR plus 1.50% per annum payable quarterly whereas the principal is repayable in seven years including a grace period of one year. This facility is secured by way of first pari passu charge by way of hypothecation over all present and future fixed assets of the Company excluding existing waste heat recovery power plant, cement grinding mills, cement grinding upgradation project and 24 MW coal power plant with 25% margin; and by pari passu constructive equitable mortgage over land and building of the Company with 25% margin.

20.9 The Company has obtained term finance under refinance scheme for payment of wages and salaries to the workers and employees of business concerns of up to Rs. 195 million to finance salaries and wages expense for three months from April to June 2020. This facility carries markup at 1 month KIBOR plus 2% per annum uptill grant of refinance from State Bank of Pakistan (SBP), and afterwards SBP rate + 3% per annum payable quarterly whereas the principal is repayable in two years and nine months including a grace period of six months. This facility is secured by way of first pari passu charge of Rs. 260 million over cement grinding Mill Z-1 (Cement Line 1) of the Company inclusive of 25% margin.

20.10 During the year, the Company has obtained a long term loan facility of Rs. 1,000 million from Allied Bank Limited. This facility carries markup at 3 months KIBOR plus 0.70% per annum payable quarterly whereas the principal is repayable in five years including grace period of one year. The facility is secured against first pari passu charge over existing waste heat recovery power plant of the Company with 25% margin.

20.11 During the year, the Company has obtained a long term loan facility of Rs. 1,000 million from Allied Bank Limited to finance the construction of head office building. This facility carries markup at 3 months KIBOR plus 0.70% per annum payable quarterly whereas the principal is repayable in eight years including grace period of two years. The facility is secured against first pari passu mortgage charge over the project with 25% margin.

21. LONG-TERM DEPOSITS

	2022	2021
	Rupees in thousands	
Security deposits payable in respect of:		
- Goods and services	39,992	39,442
- Office building	4,892	4,892
	44,884	44,334

21.1 As per the terms of the agreement, these deposits can be utilized in normal course of business. Further, these deposits have not been discounted to present value using the effective interest rate method as the effect of discounting is considered to be immaterial.

22. DEFERRED LIABILITIES

	Note	2022	2021
		Rupees in thousands	
Deferred tax liability	22.1	10,310,243	1,578,445
Deferred grant	22.2	786	5,868
Defined benefits obligation	22.3	200,665	173,251
		10,511,694	1,757,564

22.1 Deferred tax liability

	Opening Deferred tax liability / (asset)	Deferred tax expense / (income) Charged to statement of profit or loss	Charged to OCI	Closing Deferred tax liability / (asset)
As at 30 June 2022	Rupees in thousands			
Taxable temporary differences				
Accelerated depreciation for tax purposes	4,276,440	2,067,893	-	6,344,333
Revaluations of property, plant and equipment	1,060,323	(32,623)	6,739,306	7,767,006
	5,336,763	2,035,270	6,739,306	14,111,339
Deductible temporary differences				
Post-employment benefits	(59,975)	(25,211)	(1,866)	(87,052)
Provision for slow moving stores and spare parts	(11,467)	(4,371)	-	(15,838)
Expected credit losses of debt instruments	(8,677)	(12,213)	-	(20,890)
Unabsorbed depreciation losses available for offsetting against future taxable income	(3,070,659)	333,337	-	(2,737,322)
Unabsorbed business losses available for offsetting against future taxable income	(109,641)	109,641	-	-
Alternate corporate tax recoverable against tax charge in future years	(336,207)	(430,192)	-	(766,399)
Minimum tax recoverable against tax charge in future years	(135,686)	2,470	-	(133,216)
Others	(26,006)	(14,373)	-	(40,379)
	(3,758,318)	(40,912)	(1,866)	(3,801,096)
	1,578,445	1,994,358	6,737,440	10,310,243
As at 30 June 2021				
Taxable temporary differences				
Accelerated depreciation for tax purposes	3,460,758	815,682	-	4,276,440
Revaluations of property, plant and equipment	1,098,299	(37,976)	-	1,060,323
	4,559,057	777,706	-	5,336,763
Deductible temporary differences				
Post-employment benefits	(52,146)	(6,448)	(1,381)	(59,975)
Provision for slow moving stores and spare parts	(11,467)	-	-	(11,467)
Expected credit losses of debt instruments	(13,461)	4,784	-	(8,677)
Unabsorbed depreciation losses available for offsetting against future taxable income	(2,659,807)	(410,852)	-	(3,070,659)
Unabsorbed business losses available for offsetting against future taxable income	-	(109,641)	-	(109,641)
Alternate corporate tax recoverable against tax charge in future years	-	(336,207)	-	(336,207)
Minimum tax recoverable against tax charge in future years	(134,732)	(954)	-	(135,686)
Others	-	(26,006)	-	(26,006)
	(2,871,613)	(885,324)	(1,381)	(3,758,318)
	1,687,444	(107,618)	(1,381)	1,578,445

22.2 Deferred grant

This represents deferred grant recognized on loan received from JS Bank Limited at below market interest rate under SBP refinance scheme for payment of wages and salaries to the workers and employees of business concerns (as described in Note 21.8).

	Note	2022	2021
		Rupees in thousands	
Movement during the year is as follows:			
Opening balance		5,868	6,624
Amount recognized as deferred grant during the year		-	10,567
Amount recognized as income during the year		(5,082)	(11,323)
Closing balance		786	5,868
22.3 Defined benefits obligation	22.3.1	200,665	173,251

22.3.1 The amounts recognized in the statement of financial position are as follows:

	Note	2022	2021
Staff retirement benefits - gratuity	22.3.2	199,721	172,307
Benefit payable		944	944
		200,665	173,251

	2022	2021
	Rupees in thousands	

22.3.2 Movements in the present value of defined benefit obligation:

	2022	2021
Opening balance	172,307	150,267
Current service cost	19,721	15,916
Interest cost on defined benefit obligation	16,470	12,307
Benefits paid	(15,213)	(10,104)
Benefits due but not paid	-	(842)
Actuarial losses from changes in financial assumptions	1,358	549
Experience adjustments	5,078	4,214
Closing balance	199,721	172,307

22.3.3 The amounts recognized in the statement of profit or loss are as follows:

	2022	2021
Current service cost	19,721	15,916
Interest cost on defined benefit obligation	16,470	12,307
Expense recognized in cost of sales	36,191	28,223

22.3.4 The amounts chargeable to other comprehensive income are as follows:

	2022	2021
Actuarial losses from changes in financial assumptions	1,358	549
Experience adjustments	5,078	4,214
Re-measurement loss charged to other comprehensive income	6,436	4,763

22.3.5 Estimated expense to be charged to statement of profit or loss in next year

	Rupees in thousands
Current service cost	22,420
Interest cost on defined benefit obligation	25,755
Amount chargeable to statement of profit or loss	48,175

22.3.6 Significant assumptions

Qualified actuaries have carried out the valuation as at 30 June 2022. The projected unit credit method, based on the following significant assumptions, is used for valuation of the scheme:

	2022	2021
Discount rate for interest cost in profit or loss charge	10.00%	8.50%
Discount rate for obligation	13.25%	10.00%
Expected rates of salary increase in future years	12.25%	9.00%
Mortality rates	SLIC 2001-2005 Setback 1 year	
Retirement age assumption	Age 60	Age 60

Sensitivity analysis

A quantitative sensitivity analysis for significant assumptions on defined benefit obligation is as shown below:

Sensitivity level	Assumption	Defined benefit obligation
+100 bps	Discount rate	(183,534)
-100 bps	Discount rate	218,200
+100 bps	Expected increase in salary	(218,473)
-100 bps	Expected increase in salary	183,020

The sensitivity analyses above have been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

The average duration of the defined benefit plan obligation at the end of the reporting period is 9 years (2021: 9 years).

	Note	2022	2021
		Rupees in thousands	

22.3.7 Maturity profile of the defined benefit obligation

Projected payments (undiscounted)			
Year 1		10,680	13,477
Year 2		17,091	14,505
Year 3		22,552	15,272
Year 4		29,230	20,016
Year 5		26,749	25,045
Year 6 to Year 10		187,765	132,311

23. TRADE AND OTHER PAYABLES

	Note	2022	2021
Creditors	23.1	5,026,161	3,192,161
Payable to statutory authorities	23.2	1,033,725	1,485,298
Accrued expenses	23.3	872,774	610,588
Deposits		8,884	3,767
Employees' compensated absences	23.4	63,129	56,540
Workers' profit participation fund	23.5	1,850	30,152
Workers' welfare fund	23.6	122,361	41,858
Others		805	2,021
		7,129,689	5,422,385

23.1 These are non-interest bearing and generally have payment terms upto 90 days .

23.2 Payable to statutory authorities

		2022	2021
Excise duty on cement		799,028	1,273,317
Royalty and excise duty		47,380	58,974
Other taxes		187,317	153,007
		1,033,725	1,485,298

23.3 This includes provision amounting to Rs. 140.68 million (2021: Rs. 108.73 million) recorded in respect of marking fee under Pakistan Standards and Quality Control Authority (PSQCA) Act, 1996. The Company is under a industry-wide dispute on the basis of calculation of marking fee.

	Note	2022	2021
		Rupees in thousands	

23.4 Employees' compensated absences

Opening balance		56,540	49,408
Charge as expense for the year		23,908	24,580
		80,448	73,988
Payments made during the year		(17,319)	(17,448)
Closing balance		63,129	56,540

23.5 Workers' profit participation fund

Opening balance		30,152	-
Charge for the year	32	211,850	110,152
		242,002	110,152
Payments made during the year		(240,152)	(80,000)
Closing balance		1,850	30,152

The Company retains Workers' Profit Participation Fund on its business operations till the date of allocation to workers. Interest is paid at prescribed rate under the Companies Profit (Workers' Participation) Act, 1968 on funds utilized by the Company till the date of allocation to workers.

	Note	2022	2021
		Rupees in thousands	
23.6 Workers' welfare fund			
Opening balance		41,858	-
Charge for the year	32	80,503	41,858
		122,361	41,858
Payments made during the year		-	-
Closing balance		122,361	41,858

The Company has not paid the amount of Workers' welfare fund until it is ascertained as to whether the same is required to be paid to Federal Government or Provincial Government. The Company has filled writ petition on 07 December 2021 with Lahore High Court, on the above matter, which is pending adjudication.

23.7 The contribution payable to provident fund as at 30 June 2022 amounts to Rs. Nil (2021: Nil). Further, all investments out of provident fund have been made in the in collective investment schemes, listed equity and listed debt securities in accordance with the provisions of section 218 of the Companies Act, 2017 and the rules formulated for the purpose.

24. ACCRUED MARK-UP / PROFIT ON FINANCING

	Note	2022	2021
		Rupees in thousands	
Accrued profit on financing from islamic banks:			
Long term financing		221,485	120,109
Short term borrowings		35,662	2,169
		257,147	122,278
Accrued mark-up on financing from conventional banks:			
Long term financing		423,400	375,644
Short term borrowings		99,686	77,164
		523,086	452,808
		780,233	575,086

25. SHORT-TERM BORROWINGS

	Note	2022	2021
Islamic Banks			
Meezan Bank Limited - Running Musharaka/Murabaha/Letter of Credit		-	450,225
Meezan Bank Limited - Running Musharaka	25.1	999,159	990,002
Bank overdrawn	25.9	23,225	-
		1,022,384	1,440,227
Conventional Banks			
Allied Bank Limited	25.2	490,243	508,667
National Bank of Pakistan	25.3	999,582	996,078
MCB Bank Limited	25.4	432,226	394,140
Bank Al Habib Limited	25.5	130,247	422,362
Habib Bank Limited	25.6	796,839	732,850
JS Bank Limited	25.7	971	409,972
United Bank Limited	25.8	368,366	352,955
Bank overdrawn	25.9	44,285	-
		3,262,759	3,817,024
		4,285,143	5,257,251

25.1 The Company has obtained Running Musharaka facility of Rs. 1,000 million . The facility carries profit rate of 1 month KIBOR plus 1.10% p.a (2021: 1 month KIBOR plus 1.10% p.a) on basis of Meezan Bank's average Musharaka investment determined at the time of disbursement and is payable on quarterly basis. This also carries 0.001% bank share of Musharaka profit if Musharaka profit exceeds beyond profit rate. The facility is secured against joint pari passu charge over current assets of the Company and lien over investments of the Company with Al Meezan Investments Management Limited and NBP Funds Management Limited .

25.2 The Company has obtained short term running finance / Money market line / LC facility and FATR from Allied Bank Limited amounting to Rs. 1,500 million in aggregate (2021: Rs. 1,500 million). Running finance facility carries markup at the rate of 3 months KIBOR plus 0.35% per annum whereas applicable rate for FATR facility is 3 months KIBOR plus 0.5% per annum (2021: 3 months KIBOR plus 0.35% and 0.50% per annum respectively) payable on quarterly basis, while markup 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 charge over current assets of the Company with 25% of margin. LC facility also carries lien on import documents / Bill of exchange / Trust receipts.

25.3 The Company has obtained a running finance facility amounting to Rs.1,000 million. The facility is secured against joint pari passu charge over current assets of the Company with 25% margin. This carries markup at the rate of 3 months KIBOR plus 0.85% per annum (2021: 3 months KIBOR plus 0.85% per annum) subject to rebate linked to actual markup payment date payable on quarterly basis. In addition, the Company has also obtained a Letter of Credit facility of Rs. 500 million for import of coal, stores and machinery parts which is secured by lien over import documents.

25.4 The Company has obtained a running finance facility amounting to Rs. 500 million. The facility is secured against joint pari passu charge on the current assets of the Company with 25% margin .This carries markup at the rate of 3 months KIBOR plus 0.20% per annum (2021: 3 months KIBOR plus 0.20% per annum) payable on quarterly basis. This facility also has a Letter of Credit sub limit of Rs. 500 million to import coal, packing material, stores and machinery parts which is secured by lien over import documents.

25.5 The Company has obtained running finance/letter of credit sight facility/FATR facility of Rs. 500 million. This facility carries markup at the rate of 3 months KIBOR plus 1.25% per annum (3 months KIBOR plus 1.25% per annum) payable on quarterly basis. The facility is secured against joint pari passu charge over current assets of the Company with 25% margin. LC facility also carries lien on import documents / Bill of exchange / Trust receipts.

25.6 The Company has obtained running finance/letter of credit sight facility/FATR facility of Rs. 700 million. The facility is secured against joint pari passu charge over current assets of the Company with 25% margin. LC facility also carries lien on import documents / Trust receipts. In addition to the above mentioned facility, the Company has also obtained a letter of credit sight facility/ Finance against Imported Merchandise facility amounting to Rs. 550 million. The facility is secured against pledge of coal with 10% margin. These facilities carry markup at the rate of 1 month / 3 months KIBOR plus 0.50% (2021: 3 months KIBOR plus 0.50%) per annum payable on quarterly basis.

25.7 The Company has obtained letter of credit sight facility / Finance against Imported Merchandise up to Rs. 700 million to import coal. The letter of credit sight facility is secured against lien over import documents with 5% cash margin whereas FIM is secured against pledge of coal with 5% margin. FIM carries markup at the rate of 3 months KIBOR plus 1.5% per annum (2021: 3 months KIBOR plus 2% per annum). This facility contains LC sublimit of Rs. 300 million to import stores, spares and tools, Rs. 20 million for obtaining foreign technical services and FIM of Rs. 665 million against import of coal. The Company has also obtained letter of guarantee (LG) facility amounting to Rs. 50 million which shall be secured against 100% margin, if availed. Further, the Company has also obtained a forward cover facility amounting to Rs. 70 million which was not utilized during the year.

25.8 The Company has obtained Non-Interest Cash Finance (NICF)/letter of credit sight facility/FATR facility of Rs. 400 million. The facility carries markup at the rate of 1 month KIBOR plus 1.25% (2021: 1 month KIBOR plus 1.25%) per annum payable on quarterly basis whereas NICF carries markup at the rate of 1 month KIBOR plus 1.50% (2020: 1.50%) . The facility is secured against Joint pari passu charge over current assets of the Company with 25% margin. LC facility also carries lien on import documents / Bill of exchange / Trust receipts.

25.9 This represents temporary overdrawn balance due to cheques issued by the Company as at reporting date.

	Note	2022	2021
		Rupees in thousands	
26. UNCLAIMED DIVIDEND			
Opening balance		60,943	65,511
Payments made during the year		(280)	(4,568)
Closing balance	26.1	60,663	60,943

26.1 This amount has been deposited in a profit account carrying 13% (2021: 4.5%) profit rate maintained with a shariah compliant bank.

27. CONTINGENCIES AND COMMITMENTS

27.1 Contingencies

Based on the advice of legal consultant and assessment of facts of the cases, the Company expects favorable outcome in the matters described below. Accordingly no provision has been recognized for the following cases.

Tax Matters

The aggregate exposure of the following cases amounts to Rs. 1,150.64 million (2021: Rs. 1,129.89 million).

27.1.1 Demands of sales tax including additional tax and penalty on lime stone and clay amounting to Rs. 4.52 million and Rs. 8.29 million were raised respectively. The case for Rs. 4.52 million is pending in the Lahore High Court, Lahore (LHC) whereas case for Rs. 8.29 million was decided by the Collector of Sales Tax (Appeal) on 3 February 2007 partially reducing the value of sales tax amount from Rs. 8.29 million to Rs. 2.80 million. The Company has deposited Rs. 2.20 million and filed an appeal against the order of Collector Sales Tax (Appeal) in Sales Tax Tribunal, Lahore which is pending adjudication.

27.1.2 The income tax assessments of the Company have been finalized up to tax year 2012. While finalizing the said assessments, income tax authorities made certain additions / disallowances and accordingly raised income tax demands. As a result of appeals filed by the Company before different appellate fora; the said additions / disallowances and income tax demands had been reduced to Rs. 1,251 million and Rs. 90.50 million respectively. However, certain number of appeals of Company as well as tax department are still pending adjudication at different appellate forum.

27.1.3 The Deputy Commissioner Inland Revenue (DCIR) passed an amended order dated 29 November 2018 under section 161(1A)/205 of the Income Tax Ordinance, 2001 (the Ordinance) for tax year 2012, wherein demand of Rs. 10.91 million was created. Being aggrieved with the said order, the company filed an appeal before Commissioner Inland Revenue Appeals [CIR(A)] which was decided against the Company. However, being aggrieved with the said order, the company filed an appeal before the Appellate Tribunal Inland Revenue (ATIR). The ATIR after considering the facts of the case remanded the case back to the CIR (A) to decide the case on its merits, the case is pending adjudication.

27.1.4 The Additional Commissioner Inland Revenue (ADCIR) passed an amended order dated 28 June 2019 under section 122(5A) of the Ordinance for tax year 2013, wherein certain additions were made which resulted into taxable income of Rs. 1,849 million and reduction in refunds of Rs. 2.99 million. Being aggrieved with the said order, the company filed an appeal before CIR(A), wherein the CIR(A) vide order dated 26 December 2019 granted substantial relief to the Company. CIR being dissatisfied filed an appeal before the ATIR which is pending adjudication. The management believes that there is a reasonable probability that the matter will be decided in favor of the Company. Pending the outcome of the matter, no provision has been made in these financial statements.

27.1.5 The DCIR passed an amended order dated 11 March 2020 under section 161(1A)/205 of the for tax year 2013, wherein demand of Rs. 6.99 million was created. Being aggrieved with the said order, the Company filed an appeal before CIR(A). CIR(A) vide no. 111 dated 30 November 2021 remanded back the impugned order to revisit the issue and examination of contention of the Company, however, remand back proceedings have not been initiated.

27.1.6 The Company's case was selected under section 214C/177 of the Ordinance by the FBR for audit of its income tax affairs for the tax year 2014. Audit proceedings were finalized by the DCIR and passed an order dated 09 September 2017 under section 122(1) of the Ordinance, wherein certain additions were made which resulted into taxable income at Rs. 1,304 million and income tax demand at Rs. 347 million. Being aggrieved with the said order, the Company filed an appeal on 08 December 2017 before the CIR(A) wherein the CIR(A) vide order dated 24 April 2020 granted partial relief to the Company. Being aggrieved with the order of CIR(A), both the Company and CIR filed appeals before the ATIR, the Company's appeal is decided in its favour thereby deleting additions made into the taxable income of the Company, whereas appeal filed by the CIR is a pending adjudication.

27.1.7 The ADCIR passed an amended order dated 29 January 2019 under section 122(5A) of the Ordinance for tax year 2017, wherein certain additions were made which resulted into increase in taxable income of Rs. 4.42 million and income tax demand of Rs. 1.09 million. Being aggrieved with the said order, the company filed an appeal before CIR(A), wherein the CIR(A) vide order dated 26 December 2019 decided the appeal against the Company. Being aggrieved with the said order, the Company filed an appeal before the ATIR which is pending adjudication.

27.1.8 The ADCIR passed an amended order dated 25 November 2016 under section 122(5A) of the Ordinance for tax year 2015, wherein certain additions were made which resulted into taxable income of Rs. 4,131 million and income tax demand of Rs. 514 million. Being aggrieved with the said order, the Company filed an appeal before CIR(A) who deleted all the additions except the addition made under section 18(1)(d) of the Ordinance amounting to Rs. 550 million. Being aggrieved with the Order of CIR(A), both the Company and tax department filed appeals before the ATIR, wherein the ATIR vide its combined order dated 13 September 2017 decided the appeals in favour of the Company. Against the said order of the ATIR, the tax department filed a reference bearing No.121750/17, before the honorable LHC, which is pending adjudication.

27.1.9 The ACIR initiated proceedings u/s 122(5A) of the Ordinance for Tax Year 2016 which resulted into impugned addition of Rs. 144 million thus creating impugned demand of Rs. 58 million. The Company, being aggrieved from the aforesaid impugned order filed an Appeal before the CIR-A. The CIR-A on order dated 28-01-2021 granted partial relief against the impugned addition. The Company being dissatisfied from the aforesaid Appellate Order, preferred appeal before the learned Appellate Tribunal Inland Revenue (the learned ATIR). However, the case has not been fixed for hearing till date.

27.1.10 The DCIR passed an order dated 18 October 2019 under section 11(2) of the Act for the tax year 2018, wherein the sales tax demand of Rs. 42.66 million was created. However, being aggrieved from the aforesaid order, the Company filed appeal in terms of section 45B of the Act before CIR (A). The CIR (A) passed an order dated 16 November 2020 under section 11(2) of the Act for the tax year 2018, wherein the sales tax demand of Rs. 42.66 million was raised after deleting penalty. However, being aggrieved with the said order, the company filed an appeal before ATIR which is pending adjudication.

27.1.11 The Company's case was selected for the audit of its sales tax affairs under section 25 of Sales Tax Act, 1990 (the Act) for the tax year 2017. The Company filed an appeal against order of DCIR. CIR (A) finalized the proceedings through its order dated 27 April 2021 wherein the sales tax demand of Rs 24.89 million was created. The Company filed an appeal before ATIR against the said order which is pending adjudication.

27.1.12 The DCIR passed an order dated 15 October 2019 under section 11(2) of the Act for the tax year 2017, wherein the sales tax demand of Rs. 20.95 million was created. However, being aggrieved with the said order, the Company filed an appeal before CIR(A). The CIR (A) passed an order dated 16-11-2020 under section 11(2) of the Act for the tax year 2017, wherein the sales tax demand of Rs. 20.95 million was raised after deleting penalty. However, being aggrieved with the said order, both the company and CIR filed an appeal before ATIR which is pending adjudication.

27.1.13 Commissioner passed an order that during the tax period 2008-2009, one of the suppliers of the Company namely M/s Al-Noor General Order Supplier allegedly did not deposit the tax paid by it on the supplies and therefore, the Company was not entitled to claim input tax in its monthly sales tax returns and a demand of Rs. 9.06 million was created. ATIR decided the order against the Company. The Company has filed an appeal against the said order in LHC which is pending adjudication.

27.1.14 The DCIR Lahore has imposed additional tax of Rs. 20.98 million in respect of tax year 2016 for default on payment of advance tax. The Company challenged the order before CIR (A). The learned CIR(A) vide it's order dated 28 January 2021 by accepting the stance of the company reduced the amount of the additional tax. The Company, in the meantime, firstly filed rectification application before CIR (A) and secondly filed appeal before the Appellate Tribunal. On 6 June 2022 CIA(A) allowed the rectification and further reduce the advance tax and considering above facts the appeal before Tribunal was dismissed. The department being aggravated has filed appeal against the order dated 6 June 2022. The department's appeal is pending adjudication.

Other Matters

27.1.15 The Commissioner Social Security raised a demand of Rs. 0.7 million for non-payment of social security during the year 1994. An appeal was filed against above mentioned decision and the case is pending in the Labour Court, Lahore. The management anticipates a favorable outcome of this petition, hence, no provision has been made in these financial statements.

27.1.16 The issue pertaining to interpretation of sub-section (2) of section 4 of the Central Excise Act, 1944 (the "1944 Act") has been adjudicated by the Honorable Supreme Court of Pakistan vide judgment dated 15 February 2007 (the "Supreme Court Judgment") in appeal nos. 1388 and 1389 of 2002, 410 to 418 of 2005, 266, 267 & 395 of 2005 (the "Appeal"). By way of background it is pointed out that the controversy between the Department and the Company pertained to whether in view of the words of sub-section (2) of section 4 of the 1944 Act "duty shall be charged on the retail price fixed by the manufacturer, inclusive of all charges and taxes, other than sales tax..." retail prices would include the excise duty leviable on the goods. The Honorable Lahore High Court as well as the Honorable Peshawar High Court held that excise duty shall not be included as a component for determination of the value (retail price) for levying excise duty (the "Judgments"). The department being aggrieved of the judgments impugned the same before the Supreme Court of Pakistan vide the Appeals, in pursuance whereof leave was granted to determine in the aforesaid issue. The Honorable Supreme Court of Pakistan vide the Supreme Court Judgment upheld the Judgments and the Appeals filed by the department were dismissed. In the Supreme Court Judgment it has been categorically held that excise duty is not to be included as a component for determination of the value (retail price) for levying excise duty under sub-section (2) of section 4 of the 1944 Act.

In view of the above, during the year ended 30 June 2008, the Company had filed a refund claim amounting to Rs. 734.06 million before Collector, Sales Tax and Federal Excise Duty, Government of Pakistan (the Department). During the year ended 30 June 2010, the aforesaid refund claim has been rejected by the Department, however, the Company filed an appeal before Commissioner (Appeals) Inland Revenue, Lahore which has been decided in favour of the Company. Later on, tax department filed an appeal to the Appellate Tribunal Inland Revenue where case has also been decided in favour of the Company. However, same will be accounted for at the time of its realization.

27.1.17 On 31 August 2009, the Competition Commission of Pakistan (CCP) imposed a penalty on the Company via an order dated 27 August 2009 amounting to Rs. 364 million, which is 7.5 percent of the turnover as reported in the last published financial statements as of 30 June 2009. CCP has also imposed penalties on 19 other cement manufacturing companies against alleged cartelization by cement manufacturers under the platform of All Pakistan Cement Manufacturers Association (APCMA) to increase cement prices by artificially restricting production.

The penalized cement companies jointly filed a petition in the Honorable Lahore High Court challenging the imposition of penalties by the CCP and any adverse action against the cement companies has been stayed by the Honorable Lahore High Court. During the year, on the request of CCP, the Company has shared certain information with CCP regarding cement quantities sold, applicable sale prices and production. Subsequent to the year end, CCP has issued a press release which states that CCP has taken another notice on increase in cement prices. The management of the Company believes that it has no adverse consequence to the Company, and accordingly, no provision has been made against the above in these financial statements.

27.1.18 During the year ended 30 June 2013, one of the shareholders filed a suit in the Honorable High Court of Sindh against parties involved in public announcement dated 22 May 2012 pursuant to Listed Companies (Substantial Acquisition of Voting Shares and Take-Overs) Ordinance, 2002 including Company and its CEO, raising objections on legality of the transaction. The management considers that the shares transfer was valid and in accordance with the requirements of the applicable laws and regulations. The case is not fixed for hearing.

27.2 Commitments

		Note	2022	2021
			Rupees in thousands	
27.2.1	Commitments in respect of:			
	Outstanding letters of credit		22,509	1,355,770
	Contracts registered with banks		42,650	34,030
	Issued letters of guarantee favouring Collector of Customs - Karachi		78,860	78,860
			144,019	1,468,660
27.2.2	Contracts for capital expenditure		1,639,680	1,829,200

28. REVENUE FROM CONTRACTS WITH CUSTOMERS - NET

28.1 Disaggregated revenue information

Set out below is the disaggregation of the Company's revenue from contracts with customers:

	Note	2022	2021
Sale of cement		44,502,058	32,615,931
Sale of paver		7,228	20,949
Total revenue from contracts with customers - gross		44,509,286	32,636,880
Less:			
Sales Tax		7,278,708	5,469,540
Federal Excise Duty		5,082,524	5,051,759
Commission		226,509	237,766
Discount and rebate		42,338	39,475
Freight on cement sold to projects		-	20,735
		12,630,079	10,819,275
Total revenue from contracts with customers - net		31,879,207	21,817,605
Geographical markets			
Pakistan		44,509,286	32,574,058
Afghanistan		-	62,822
		44,509,286	32,636,880
Timing of revenue recognition			
Goods transferred at a point in time		44,509,286	32,636,880

28.2 Contract balances

	Note	2022	2021
Trade receivables	28.2.1	1,708,217	1,333,978
Contract liabilities	28.2.2	(160,306)	(119,792)
		1,547,911	1,214,186

28.2.1 Trade receivables are non-interest bearing and credit terms for customers are as per sale order. The increase in trade receivables pertains to increase in overall revenue from customers during the year.

28.2.2 Contract liabilities represent short-term advances received from customers against delivery of goods in future. Contract liabilities as at the beginning of the year, aggregating to Rs. 34.4 million (2021: Rs. 28.80 million), have been recognized as revenue upon dispatch of goods.

	Note	2022	2021
		Rupees in thousands	

29. COST OF SALES

	Note	2022	2021
Raw material consumed	29.1	1,677,090	1,678,461
Packing material consumed		2,188,892	1,936,070
Fuel and power	5.1.4	18,301,226	12,052,944
Stores and spare parts consumed		428,480	333,615
Salaries, wages and benefits	29.2	733,497	714,520
Travelling and conveyance		43,602	34,262
Insurance		25,012	22,237
Repairs and maintenance		118,180	92,884
Depreciation	5.1.4	865,052	845,097
Provision for slow moving stores and spare parts	8	4,061	-
Other manufacturing expenses		169,367	127,381
Total manufacturing cost		24,554,459	17,837,471
Work in process			
Opening balance		259,633	239,397
Closing balance	9	(152,126)	(259,633)
		107,507	(20,236)
Cost of goods manufactured		24,661,966	17,817,235
Finished goods			
Opening balance		197,119	79,544
Closing balance	9	(182,990)	(197,119)
		14,129	(117,575)
Cost of sales		24,676,095	17,699,660

29.1 Raw material consumed

	Note	2022	2021
Opening balance		125,148	51,432
Royalty paid for extraction of clay and lime stone		511,671	550,927
Quarrying / transportation / purchases and other overheads		1,118,928	1,201,250
		1,755,747	1,803,609
Closing balance	9	(78,657)	(125,148)
		1,677,090	1,678,461

29.2 Includes amount pertaining to employee benefits as follows:

	2022	2021
Provident fund	13,815	15,367
Gratuity	32,823	28,223
Compensated absences	18,187	17,077
	64,825	60,667

30. DISTRIBUTION COST

	Note	2022	2021
Salaries, wages and benefits	30.1	75,953	74,467
Travelling and conveyance		2,507	1,450
Vehicle running expenses		4,177	3,165
Communication		1,992	2,556
Printing and stationery		1,315	1,041
Rent, rates and taxes		9,055	8,444
Utilities		4,283	3,844
Repairs and maintenance		2,514	1,767
Allowance for expected credit losses	10.1	7,703	4,029
Legal and professional charges		1,094	2,460
Insurance		327	327
Fee and subscription		2,243	4,004
Advertisements / sales promotion		192	7,856
Freight and handling charges		2,617	47
Entertainment		2,143	1,510
Depreciation	5.1.4	1,344	1,635
		119,459	118,602

		Note	2022	2021
			Rupees in thousands	
30.1	**Includes amount pertaining to employee benefits as follows:**			
	Provident fund		2,851	2,699
	Compensated absences		2,923	3,249
			5,774	5,948
31	**ADMINISTRATIVE EXPENSES**			
	Salaries, wages and benefits	31.1	87,123	87,863
	Travelling and conveyance		1,110	275
	Vehicle running expenses		7,096	3,753
	Communication		2,903	2,321
	Printing and stationery		1,229	1,208
	Rent, rates and taxes		7,684	7,071
	Utilities		27	29
	Repairs and maintenance		4,040	4,080
	Legal and professional charges		5,067	3,884
	Insurance		1,257	1,121
	Auditors' remuneration	31.2	2,348	2,350
	Fee and subscription		7,128	5,003
	Depreciation	5.1.4	6,970	9,204
	Entertainment		45	88
	Others		203	136
			134,230	128,386
31.1	**Includes amount pertaining to employee benefits as follows:**			
	Provident fund		2,685	2,706
	Compensated absences		2,798	4,254
			5,483	6,960
31.2	**Auditors' remuneration**			
	Annual audit fee		1,210	1,100
	Fee for half yearly review		484	440
	Special certifications		300	480
	Out of pocket expenses		354	330
			2,348	2,350
32.	**OTHER OPERATING EXPENSES**			
	Workers' profit participation fund	23.5	211,850	110,152
	Workers' welfare fund	23.6	80,503	41,858
	Realized loss on sale of short-term investments		20,071	-
	Donations	32.1	386	759
			312,810	152,769

32.1 None of the Directors of the Company or his spouse has any interest in any of the donees.

	Note	2022	2021
		Rupees in thousands	

33. OTHER INCOME

Income from financial assets:

	Note	2022	2021
Return on deposits		20,429	19,307
Income from short-term investments recognized at fair value through profit or loss:			
- Dividend income		258	3,909
- Unrealized gain on re-measurement to fair value		-	-
		258	3,909
		20,687	23,216
Income from non-financial assets:			
Scrap sales		5,490	32,042
Gain on disposal of fixed assets		3,121	593
Rental income arising from investment property	6.3	10,182	9,256
Rental income		846	825
		19,639	42,716
		40,326	65,932

34. REMEASUREMENT (LOSS) / GAIN ON ASSETS HELD AT FAIR VALUE - NET

	Note	2022	2021
		Rupees in thousands	
Fair value gain on investment property carried at fair value	6	1,946	2,919
Unrealized loss on re-measurement to fair value on short-term investments		(78,053)	233,679
		(76,107)	236,598

35. FINANCE COSTS

	2022	2021
Profit on long-term financing from islamic banks	629,812	301,938
Mark-up on long-term financing from conventional banks	1,383,035	1,216,408
Mark-up on short-term borrowings	625,391	289,084
Bank charges and commission	17,948	10,253
	2,656,186	1,817,683

36. INCOME TAX - CURRENT

36.1 The provision for current year tax represents tax on alternate corporate tax at the rate of 17% on accounting profit before tax and super tax at the rate of 10% on taxable income. Further, Reconciliation between the tax chargeable on accounting profit and taxable profit is not relevant as the Company is subject to alternate corporate tax, hence, is not presented.

37. EARNINGS PER SHARE - BASIC AND DILUTED

37.1 Basic earnings per share

	2022	2021
Profit attributable to ordinary shareholders - Rupees in thousands	1,050,270	1,974,446
Weighted average number of ordinary shares - in thousands	227,149	227,149
Basic earnings per share - Rupees	4.62	8.69

37.2 Diluted earnings per share

Diluted earnings per share has not been presented as the Company does not have any convertible instruments in issue as at 30 June 2022 (2021: Nil).

	Note	2022	2021
		Rupees in thousands	
38. PROFIT BEFORE WORKING CAPITAL CHANGES			
Profit before tax for the year		3,944,646	2,203,035
Adjustments to reconcile profit before tax to net cash flows:			
Depreciation of operating property, plant and equipment	5.1.4	1,161,686	981,224
Allowance for expected credit losses	30	7,703	4,029
Provision for gratuity	22.3.3	36,191	28,223
Provision for compensated absences	23	23,908	24,580
Provision for slow moving stores and spare parts	30	4,061	-
Finance costs	35	2,656,186	1,817,683
Gain on disposal of property, plant and equipment	33	(3,121)	(593)
Fair value gain on investment property carried at fair value	6	(1,946)	(2,919)
Amortization of deferred grant		(5,082)	(11,323)
Provision for Workers' Profit Participation Fund	32	211,850	110,152
Provision for Workers' Welfare Fund	32	80,503	41,858
Return on deposits	33	(20,429)	(19,307)
Realized loss on sale of short-term investments	32	20,071	-
Dividend income on short-term investments	33	(258)	(3,909)
Unrealized loss / (gain) on re-measurement to fair value of short-term investments	34	78,053	(233,679)
		4,249,376	2,736,019
Profit before working capital changes		8,194,022	4,939,054
39. CASH AND CASH EQUIVALENT			
Cash and bank balances	15	588,896	337,437
Bank overdrawn	25	(67,510)	-
		521,386	337,437

40. PRODUCTION CAPACITY (300 days basis)	2022	2021
	Metric tons	
Rated capacity - cement		
- Line I	775,500	775,500
- Line II	1,419,000	1,419,000
- Line III	3,000,000	3,000,000
	5,194,500	5,194,500
Actual production - cement		
- Line I	424,687	757,077
- Line II	51,432	330,328
- Line III	2,896,827	2,320,641
	3,372,946	3,408,046

41. CAPITAL RISK MANAGEMENT

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefit for other stake holders and to maintain an optimal capital structure to reduce the cost of capital. The Company closely monitors the return on capital along with the level of distributions to ordinary shareholders.

The Company manages its capital structure and makes adjustment to it in light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policy and processes during the year ended 30 June 2022.

The Company's strategy is to ensure compliance with the Prudential Regulations issued by the State Bank of Pakistan and is in accordance with agreements executed with financial institutions so that the total short and long-term borrowings to equity ratio does not exceed the lender covenants.

Consistent with others in the industry and the requirements of the lenders, the Company monitors the capital structure on the basis of gearing ratio. This ratio is calculated as net borrowings divided by total capital employed.

Net borrowings represent long-term financing, and short-term borrowings obtained by the Company, less cash and bank balances. Total capital employed includes 'total equity' plus 'borrowings'. Gearing ratio at the year end is as follows:

	2022	2021
	Rupees in thousands	
Long-term financing - current and non-current	18,030,031	21,534,328
Short-term borrowing	4,285,143	5,257,251
Total borrowings	22,315,174	26,791,579
Less: cash and bank balances	(588,896)	(337,437)
Net borrowings	21,726,278	26,454,142
Share capital	2,271,489	2,271,489
Reserves	27,499,852	12,827,801
Total equity	29,771,341	15,099,290
Total capital employed	51,497,619	41,553,432
Gearing ratio	42.19%	63.66%

The Company finances its operations through equity, borrowings and management of working capital with a view to maintain an appropriate mix between various sources of finance to minimize risk.

The management of the Company continuing with operational and infrastructure rehabilitation program with the objective of converting and maintaining the Company into profitable entity and has taken financial measures to support such rehabilitation program. Relative of a director of the Company has provided guarantee to a bank to partially secure a long term obligation. Further, in order to improve liquidity and profitability of the Company, the management is planning to take certain appropriate steps such as increase sales through export of cement to neighboring countries, cost control and curtailing financing cost by means of debt management.

In order to achieve this overall objective, the Company's capital management, among other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. During the year, the Company was in non-compliance with some of the financial covenants with respect to long-term facilities, however, the Company has obtained relaxation / waiver from banks regarding foresaid non-compliance at reporting date.

42. FINANCIAL RISK MANAGEMENT

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on having cost efficient funding as well as to manage financial risk to minimize earnings volatility and provide maximum return to shareholders. Risk management is carried out by the Company's Finance and Planning Department under policies approved by the Senior Management. The Board provides principles for overall risk management, as well as policies covering specific areas such as foreign exchange risk, interest rate risk, credit risk and investment of excess liquidity.

42.1 Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise three types of risk: interest rate risk, currency risk and other price risk, such as equity risk. Financial instruments affected by market risk include loans, borrowings and investments. The Company is exposed to interest rate risk, liquidity risk, credit risk and equity risk. The sensitivity analysis in the following sections relate to the position as at 30 June 2022 and 30 June 2021.

a) Foreign currency risk

Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly from future commercial transactions or receivables and payables that exist due to transactions in foreign currencies. The Company is not exposed to any foreign exchange risk at reporting date.

b) Equity price risk

The Company is exposed to equity price risk, which arises from investments measured at fair value. The management of the Company monitors the proportion of equity securities in its investment portfolio based on market indices. Material investments within the portfolio are managed on an individual basis and all buy and sell decisions are approved by the authorized individual in the management of the company. The Company is exposed to equity price risk as the Company holds following investments classified as fair value through OCI:

	2022	2021
	Rupees in thousands	
Short term investments	472,196	978,738

If Net Asset Value (NAV) at the year end date, fluctuates by 2% higher / lower with all other variables held constant, profit before taxation for the year would have been changed as following:

Changes in NAV %	2022	2021
	Rupees in thousands	
+2%	9,444	19,575
-2%	(9,444)	(19,575)

42.2 Liquidity risk

Liquidity risk represents the risk that the Company will encounter difficulties in meeting obligations associated with financial liabilities. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities. Due to dynamic nature of the business, the Company maintains flexibility in funding by maintaining committed credit lines available. The Company's liquidity management involves projecting cash flows and considering the level of liquid assets necessary to meet these, monitoring balance sheet liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans.

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to contractual maturity dates. The amounts disclosed in the table are the contractual undiscounted cash flows.

	On demand	Up to 1 year	Between 1 to 5 years	5 years and above	Total
	Rupees in thousands				
At 30 June 2022					
Long-term financing	-	4,254,920	12,683,444	1,091,667	18,030,031
Long-term deposits	-	-	44,884	-	44,884
Defined benefits obligation	-	-	200,665	-	200,665
Unclaimed dividend	-	60,663	-	-	60,663
Retention money	-	-	812,169	-	812,169
Trade and other payables	-	6,095,964	-	-	6,095,964
Accrued mark-up / profit on financing	-	780,233	-	-	780,233
Short-term borrowings	-	4,285,143	-	-	4,285,143
Loan from related party	-	-	-	-	-
	-	15,476,923	13,741,162	1,091,667	30,309,752

	On demand	Up to 1 year	Between 1 to 5 years	5 years and above	Total
	Rupees in thousands				
At 30 June 2021					
Long-term financing	-	4,739,973	16,794,355	-	21,534,328
Long-term deposits	-	-	44,334	-	44,334
Defined benefits obligation	-	-	173,251	-	173,251
Unclaimed dividend	-	60,943	-	-	60,943
Retention money	-	-	802,746	-	802,746
Trade and other payables	-	3,937,087	-	-	3,937,087
Accrued mark-up / profit on financing	-	575,086	-	-	575,086
Short-term borrowings	-	5,257,251	-	-	5,257,251
Loan from related party	-	350,000	-	-	350,000
	-	14,920,340	17,814,686	-	32,735,026

42.3 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's interest rate risk arises from short and long-term borrowings and bank balance in deposit accounts. These are benchmarked to variable rates which expose the Company to cash flow interest rate risk. The Company analyses its interest rate exposure on a regular basis by monitoring interest rate trends to determine whether they should enter into hedging alternatives.

At the reporting date, the Company's interest bearing financial instruments at variable rate instruments is:

	2022	2021
	Rupees in thousands	
Financial assets		
Deposits with banks	77,666	95,627
Financial liabilities		
Long-term financing	(18,030,031)	(21,534,328)
Short-term borrowings	(4,285,143)	(5,257,251)
	(22,315,174)	(26,791,579)
Financial liabilities at variable rate instruments - net	(22,237,508)	(26,695,952)

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in mark-up / interest rates at the reporting date would have increased / (decreased) profit for the year by the amounts shown below. This analysis assumes that all other variables, remain constant. The analysis is performed on the same basis for 2021.

Cash flow sensitivity - variable rate instruments	Increase / decrease in basis points	2022	2021
		Effects on profit before tax Rupees in thousands	
	+1%	(222,375)	(266,960)
	-1%	222,375	266,960

Fair value sensitivity analysis for fixed rate instruments

Borrowings obtained at fixed rate expose the Company to fair value interest rate risk. The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rate at the reporting date would not affect profit or loss of the Company.

42.4 Credit risk

Credit risk is the risk which arises with the possibility that one party to a financial instrument will fail to discharge its obligation and cause the other party to incur a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables and other financial assets as listed below) and from its financing activities, including deposits with banks and financial institutions, and other financial instruments. Concentration of credit risk arises when a number of counterparties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. The Company attempts to control credit risk by monitoring credit exposures, limiting transactions with specific counterparties and continually assessing the creditworthiness of counterparties. The Company does not believe it is exposed to major concentration of credit risk, however to manage any possible exposure the Company applies approved credit limits to its customers.

The management monitors and limits the Company's exposure to credit risk through monitoring of client's credit exposure review and conservative estimates of allowance for expected credit losses (ECL), if any.

Concentration of credit risk indicates the relative sensitivity of the Company's performance to developments affecting a particular industry. The Company seeks to minimize the credit risk exposure through having exposures only to customers and counter parties considered credit worthy and obtaining securities where applicable. The maximum exposure to credit risk at the reporting date is:

	Note	2022	2021
		Rupees in thousands	
Long-term deposits	7	79,340	64,714
Trade receivables	10	1,708,217	1,333,978
Loans to employees	11	3,790	4,544
Other receivables	13	225	236
Short-term investments	14	472,196	978,738
Bank balances	15	102,013	127,916
		2,365,781	2,510,126

a) Financial assets with financial institutions

The credit risk on liquid funds is limited because the counter parties are banks and mutual funds of asset management companies with reasonably high credit ratings. The credit quality of financial assets held with banking companies that are neither past due nor impaired can be assessed by reference to external credit ratings or to historical information about counterparty default rate:

i) Bank balances	Rating			2022	2021
	Short-term	Long-term	Agency	Rupees in thousands	
Askari Bank Limited	A1+	AA+	PACRA	6,471	2,637
Bank Al-Habib Limited	A1+	AAA	PACRA	1,399	2,312
Bank Islami Pakistan Limited	A1	A+	PACRA	363	199
Dubai Islamic Bank Limited	A-1+	AA	VIS	324	217
Habib Bank Limited	A-1+	AAA	VIS	-	11,168
MCB Limited	A1+	AAA	PACRA	2,332	2,372
Meezan Bank Limited	A-1+	AAA	VIS	65,296	69,268
National Bank of Pakistan	A1+	AAA	PACRA	1,413	4,359
The Bank of Punjab	A1+	AA+	PACRA	11,183	15,471
United Bank Limited	A-1+	AAA	VIS	13,232	15,497
JS Bank Limited	A-1+	AA-	PACRA	-	4,416
				102,013	127,916

ii) Short-term investments

	2022	2021
Funds having AAA rating (PACRA)	-	15
Funds having AA rating (PACRA)	-	2,372
Funds having AA- rating (JCR-VIS)	-	38
Unrated (equity based funds)	472,196	976,313
	472,196	978,738

Due to the Company's long standing business relationships with these counterparties and after giving due consideration to their strong financial standing, the management does not expect non-performance by these counterparties on their obligations to the Company. Further, the Company has assessed that the ECL on bank balances is immaterial and hence, has not been recognized.

b) Trade receivables

Credit risk related to trade receivables is managed by established procedures and controls relating to customers credit risk management. Outstanding receivables are regularly monitored. There are not major customers with balances accounting for over 10% of the total amounts of receivable as at 30 June 2022 and 2021. Further, an impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by geographical region, product type, customer type and rating, and coverage by letters of credit or other forms of credit insurance). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written-off if past due for more than three year and are not subject to enforcement activity. Set out below is the information about the credit risk exposure on the Company's trade receivables using a provision matrix:

	Estimated total gross carrying amount at default	Expected credit loss rate (%)	Expected credit loss
At 30 June 2022	Rupees in thousands		Rupees in thousands
Upto 30 Days	1,612,394	0.19%	3,085
31 to 90 Days	25,776	7.64%	1,968
91 to 180 Days	15,912	6.22%	989
More than 181 Days	12,792	9.65%	1,234
Between 1 to 2 years	52,391	7.20%	3,770
Between 2 to 3 years	10,753	100.00%	10,753
More than 3 years	19,147	100.00%	19,147
Total trade receivables	1,749,165		40,946
At 30 June 2021			
Upto 30 Days	1,231,563	0.24%	2,919
31 to 90 Days	27,363	6.72%	1,839
91 to 180 Days	30,281	6.11%	1,850
More than 181 Days	31,555	7.98%	2,518
Between 1 to 2 years	24,994	10.61%	2,652
Between 2 to 3 years	6,019	100.00%	6,019
More than 3 years	15,448	100.00%	15,448
Total trade receivables	1,367,223		33,245

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the customer. In monitoring customer credit risk, customers are grouped according to their credit characteristics, including whether they are an individual or a legal entity, their trading history with the Company and existence of previous financial difficulties.

c) Other financial assets

Other financial assets mainly comprise of long-term deposits, loan to employees and other receivables. The Company has provided for provision for ECL in full for other receivable past due more than one year. For other financial assets, the Company has assessed, based on historical experience, that the ECL associated with these financial assets is trivial and therefore, no ECL has been recognized on these financial assets.

42.5 Other price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices, other than those arising from interest rate risk or currency risk. Whether those factors are caused by factors specific to individual financial instruments or its issuer, or all factors effecting all similar financial instruments trading in the market.

43. FINANCIAL INSTRUMENTS BY CATEGORIES

	Cash and bank	Amortized cost	Fair value through P/L	Total
	Rupees in thousands			
43.1 Financial assets				
At 30 June 2022				
Long-term deposits	-	79,340	-	79,340
Trade receivables	-	1,708,217	-	1,708,217
Loans to employees	-	3,790	-	3,790
Other receivables	-	225	-	225
Short-term investments	-	-	472,196	472,196
Bank balances	102,013	-	-	102,013
	102,013	1,791,572	472,196	2,365,781
At 30 June 2021				
Long-term deposits	-	64,714	-	64,714
Trade receivables	-	1,333,978	-	1,333,978
Loans to employees	-	4,544	-	4,544
Other receivables	-	236	-	236
Short-term investments	-	-	978,738	978,738
Bank balances	127,916	-	-	127,916
	127,916	1,403,472	978,738	2,510,126

43.2 Financial liabilities - at amortized cost

	2022	2021
	Rupees in thousands	
Long-term financing	18,030,031	21,534,328
Long-term deposits	44,884	44,334
Defined benefits obligation	200,665	173,251
Unclaimed dividend	60,663	60,943
Retention money	812,169	802,746
Trade and other payables	6,095,964	3,937,087
Accrued mark-up / profit on financing	780,233	575,086
Short-term borrowings	4,285,143	5,257,251
Loan from related party	-	350,000
	30,309,752	32,735,026

44. FAIR VALUE MEASUREMENT

The following table shows the carrying amounts and fair values of assets according to there respective category, including their levels in the fair value hierarchy for financial instruments measured at fair value. It does not include fair value information for financial assets not measured at fair value if the carrying amount is reasonable approximation of fair value.

	Level 1	Level 2	Level 3	Total
	Rupees in thousands			
At 30 June 2022				
Short-term investments	-	472,196	-	472,196
Operating fixed assets:				
Freehold land	-	671,841	-	671,841
Factory building on freehold land	-	-	3,404,671	3,404,671
Plant and machinery line I	-	-	2,326,954	2,326,954
Plant and machinery line II	-	-	7,490,049	7,490,049
Plant and machinery line III	-	-	35,572,010	35,572,010
WHR & coal power plant - I	-	-	2,555,475	2,555,475
Waste heat recovery plant - II	-	-	2,456,937	2,456,937
Coal power plant - II	-	-	5,677,660	5,677,660
Investment property	-	90,396	-	90,396
	-	1,234,433	59,483,756	60,718,189

	Level 1	Level 2	Level 3	Total
		Rupees in thousands		
At 30 June 2021				
Short-term investments	-	978,738	-	978,738
Operating fixed assets:				
Freehold land	-	262,946	-	262,946
Factory building on freehold land	-	-	2,177,101	2,177,101
Plant and machinery line I	-	-	1,915,653	1,915,653
Plant and machinery line II	-	-	5,998,531	5,998,531
Plant and machinery line III	-	-	23,393,890	23,393,890
WHR & coal power plant - I	-	-	1,484,948	1,484,948
Waste heat recovery plant - II	-	-	1,361,939	1,361,939
Coal power plant - II	-	-	3,976,815	3,976,815
Investment property	-	88,450	-	88,450
	-	1,330,134	40,308,877	41,639,011

There are no transfers between levels 1, 2 and 3 during the year and there were no changes in valuation techniques during the years.

44.1 Valuation techniques used to derive fair values

a) Level 2

The Company obtains independent valuations for its freehold land and investment property. The management updates its assessment of the fair value of these assets, taking into account the most recent independent valuation. The management determines an asset's value within a range of reasonable fair value estimates. Level 2 fair value of freehold land and investment property has been derived using a sales comparison approach. Sale prices of comparable land in close proximity are adjusted for differences in key attributes such as location and size of the property. The most significant input into this valuation approach is price per square foot. Further, the level 2 fair value of short-term investments has been determined using their respective redemption Net Assets Value, published by Mutual Funds Association of Pakistan (MUFAP) on its website, at the reporting date.

b) Level 3

The Company obtains independent valuations for its factory building on freehold land and plant and machinery (collectively includes "plant line I, II & III, waste heat recovery plant I & II and coal power plant I & II"). The management updates its assessment of the fair value of each asset mentioned above, taking into account the most recent independent valuation. The management determines an asset's value within a range of reasonable fair value estimates. Level 3 fair value of building on freehold land and plant and machinery had been determined using market approach as per International Valuation Standards, 2022. The valuer determined the construction cost per square feet of a similar building in a similar location to arrive at replacement value which had been adjusted using a suitable depreciation rate. The valuer calculated specific investment costs of production plant lines based on estimated replacement value of comparable production plant lines using research from the market and from their database. Cost approach is used for waste heat recovery power plants and coal power plants. Other inputs includes technological advancement and improvements in functionality, materials, control systems, automation, present operational condition and age of plant and machinery etc.

44.2 Valuation inputs and relationship to fair value

Description	Significant unobservable inputs	Quantitative data / range and relationship to the fair value
Buildings on freehold land	Cost of construction of a new similar building. Suitable depreciation rate to arrive at depreciated replacement value.	The market value had been determined by using a suitable depreciation factor on cost of constructing a similar new building. Higher, the estimated cost of construction of a new building, higher the fair value. Further, higher the depreciation rate, the lower the fair value of the building.
Plant and machinery	Cost of acquisition of similar plant and machinery with similar level of technology. Suitable depreciation rate to arrive at depreciated replacement value.	The market value had been determined by using cost of acquisition of similar plant and machinery with similar level of technology and applying a suitable depreciation factor based on remaining useful lives of plant and machinery. The higher the cost of acquisition of similar plant and machinery, higher the fair value of plant and machinery. Further, higher the depreciation rate, the lower the fair value of plant and machinery.

45. CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

	Long-term financing	Short-term borrowings	Accrued mark-up / profit on financing	Loan from related party	Total
			Rupees in thousands		
Balance as at 01 July 2020	20,622,033	5,892,041	971,523	500,000	27,985,597
Additions	2,950,000	(634,790)	(2,246,961)	(150,000)	(81,751)
Payments	(2,040,126)	-	-	-	(2,040,126)
Finance cost	12,988	-	1,804,695	-	1,817,683
Finance cost capitalized	-	-	45,829	-	45,829
Recognition of grant	(10,567)	-	-	-	(10,567)
Balance as at 30 June 2021	21,534,328	5,257,251	575,086	350,000	27,716,665
Additions	2,000,000	(1,039,618)	(2,563,361)	(350,000)	(1,952,979)
Payments	(5,509,952)	-	(5,509,952)	-	(5,509,952)
Bank overdrawn	-	67,510	-	-	67,510
Finance cost	5,655	-	2,650,531	-	2,656,186
Finance cost capitalized	-	-	117,977	-	117,977
Balance as at 30 June 2022	18,030,031	4,285,143	780,233	-	23,095,407

46. REMUNERATION OF DIRECTORS, CHIEF EXECUTIVE OFFICER AND EXECUTIVES

The aggregate amounts charged in the financial statements for the year are as follows:

	Chief Executive Officer		Executives		Total	
	2022	2021	2022	2021	2022	2021
Number:	1	1	37	33	38	34
			Rupees in thousands			
Basic Salary	14,102	14,758	81,825	87,868	95,927	90,354
Contribution to Provident Fund Trust	-	1,331	7,127	7,572	7,127	7,162
Allowances & benefits:						
- House Rent	6,346	6,641	36,821	39,541	43,167	40,660
- Utilities	1,410	1,476	8,183	8,787	9,593	9,035
- Others	7,068	6,595	57,556	61,421	64,624	39,293
	28,926	30,801	191,512	205,189	220,438	186,504

46.1 In addition, the Chief Executive Officer and all the executives of the Company have been provided with free use of the Company owned and maintained cars and other benefits in accordance with their entitlements as per rules of the Company.

46.2 No remuneration is being paid / payable to the directors of the Company except meeting fee which is paid to all 6 non-executive directors at the rate of Rs. 30,000 per meeting attended accumulating to Rs. 690 thousands paid during the year. (2021: Rs. 588 thousands).

47. TRANSACTIONS WITH RELATED PARTIES

The related parties of the Company comprise of the associated companies and undertakings having directors in common, directors and key management personnel. Amounts due from and to related parties, remuneration of directors and key management personnel are disclosed in the relevant notes. The transactions with the related parties are carried out at mutually agreed terms. Transactions with related parties other than those disclosed elsewhere in the financial statements are as follows:

Name of related party	Relationship	Nature of Transaction	2022	2021
			Rupees in thousands	
Imperial Developers and Builders (Private) Limited	Common Directorship	Repayment of loan	350,000	150,000
Workers' profit participation fund	Workers' profit participation fund	Payments to WPPF	240,152	80,000
Provident fund trust	Staff retirement benefit	Contribution to staff provident fund	19,351	20,772

48. NUMBER OF EMPLOYEES

	2022	2021
	Number of employees	
Number of employees at year end including permanent and contractual - total	1,098	1,105
Average number of employees during the year - total	1,124	1,096
Number of employees at year end including permanent and contractual - factory	1,005	1,010
Average number of employees during the year - factory	1,030	1,002

49. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issuance by the Board of Directors of the Company on 22 September 2022.

50. CORRESPONDING FIGURES

Corresponding figures have been re-arranged, wherever necessary, for better and fair presentation. However, no significant re-arrangement / reclassifications have been made in these financial statements.

51. EVENTS AFTER REPORTING DATE

There are no material events after the reporting date requiring adjustment and/ or disclosure.

CHIEF FINANCIAL OFFICER | CHIEF EXECUTIVE OFFICER | CHAIRMAN

OTHER INFORMATION

12

PATTERN OF SHAREHOLDING

AS ON JUNE 30, 2022

No. of Shareholders	Shareholdings		Total Number of Shares Held
	From	To	
1986	1	100	67,403
2278	101	500	642,161
1621	501	1,000	1,282,153
1878	1,001	5,000	4,492,438
377	5,001	10,000	2,905,539
126	10,001	15,000	1,604,195
77	15,001	20,000	1,409,425
42	20,001	25,000	967,244
36	25,001	30,000	1,031,093
26	30,001	35,000	878,331
23	35,001	40,000	862,739
5	40,001	45,000	210,315
25	45,001	50,000	1,235,977
9	50,001	55,000	477,050
9	55,001	60,000	527,981
10	60,001	65,000	622,329
10	65,001	70,000	687,404
7	70,001	75,000	508,284
5	75,001	80,000	386,431
8	80,001	85,000	667,201
5	85,001	90,000	443,000
3	90,001	95,000	278,258
10	95,001	100,000	993,558
4	100,001	105,000	411,554
2	105,001	110,000	213,454
4	115,001	120,000	471,552
5	125,001	130,000	643,771
3	135,001	140,000	413,000
4	145,001	150,000	599,000
1	150,001	155,000	152,000
3	155,001	160,000	475,400
3	165,001	170,000	505,000
1	180,001	185,000	181,500
1	185,001	190,000	190,000
6	195,001	200,000	1,200,000
1	200,001	205,000	203,737
1	210,001	215,000	211,682
1	225,001	230,000	228,000
2	245,001	250,000	492,933
2	270,001	275,000	548,444
1	285,001	290,000	286,755
2	295,001	300,000	600,000

No. of Shareholders	Shareholdings From	Shareholdings To	Total Number of Shares Held
1	320,001	325,000	322,353
2	340,001	345,000	682,190
1	345,001	350,000	350,000
1	370,001	375,000	370,858
1	375,001	380,000	376,700
2	385,001	390,000	775,254
1	390,001	395,000	395,000
1	395,001	400,000	400,000
1	415,001	420,000	415,500
1	495,001	500,000	500,000
1	595,001	600,000	600,000
1	620,001	625,000	622,000
1	645,001	650,000	650,000
1	695,001	700,000	700,000
1	740,001	745,000	744,700
1	775,001	780,000	777,500
1	930,001	935,000	931,102
1	940,001	945,000	944,368
1	1,035,001	1,040,000	1,037,000
1	1,100,001	1,105,000	1,102,000
1	1,145,001	1,150,000	1,148,500
1	1,155,001	1,160,000	1,155,300
1	1,380,001	1,385,000	1,381,000
1	1,495,001	1,500,000	1,500,000
1	1,600,001	1,605,000	1,605,000
1	1,615,001	1,620,000	1,618,500
1	1,845,001	1,850,000	1,850,000
1	2,110,001	2,115,000	2,110,747
1	2,840,001	2,845,000	2,843,200
1	3,195,001	3,200,000	3,197,766
1	3,340,001	3,345,000	3,342,000
1	3,745,001	3,750,000	3,750,000
1	3,995,001	4,000,000	4,000,000
1	4,040,001	4,045,000	4,044,000
1	4,690,001	4,695,000	4,690,100
1	5,575,001	5,580,000	5,575,963
1	7,955,001	7,960,000	7,959,707
1	24,605,001	24,610,000	24,609,001
1	106,860,001	106,865,000	106,863,193
8,664			**227,148,793**

CATEGORIES OF SHAREHOLDERS

CATEGORIES OF SHAREHOLDERS	SHARES HELD	%
Directors, Chief Executive Officer, their spouse and minor children	31,173	0.0137
Associated Companies, undertakings and related parties	4,964,044	2.1854
NIT and ICP	71,500	0.0315
Banks, Development Financial Institutions & Non Banking Financial Institutions	10,080,463	4.4378
Insurance Companies	4,214,368	1.8553
Modarabas and Mutual Funds	1,839,133	0.8097
Shareholders holding 10% or more	131,472,194	57.8793
General Public		
a. Local	39,183,959	17.2503
b. Foreign	4,400,690	1.9374
Others		
a. Leasing Companies	343,842	0.1514
b. Investment Companies	1,111,216	0.4892
c. Joint Stock Companies	44,324,236	19.5133
d. Pension Funds	272,392	0.1199
e. Foreign Companies	114,990,730	50.6235
f. Others	1,321,047	0.5816

CATEGORIES OF SHAREHOLDING REQUIRED UNDER CODE OF CORPORATE GOVERNANCE (CCG)
As on June 30, 2022

SR. #	CATEGORIES	SHARES HELD	%
	ASSOCIATED COMPANIES, UNDERTAKINGS AND RELATED PARTIES:		
1	IMPERIAL DEVELOPERS AND BUILDER (PRIVATE) LIMITED (CDC)	4,690,100	2.0648
2	CDC -TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST (CDC)	273,944	0.1206
	MUTUAL FUNDS		
1	CDC - TRUSTEE ABL STOCK FUND (CDC)	713	0.0003
2	CDC - TRUSTEE AKD AGGRESSIVE INCOME FUND - MT (CDC)	2,500	0.0011
3	CDC - TRUSTEE AKD INDEX TRACKER FUND (CDC)	29,400	0.0129
4	CDC - TRUSTEE AL HABIB ISLAMIC STOCK FUND (CDC)	18,000	0.0079
5	CDC - TRUSTEE ALFALAH GHP ALPHA FUND (CDC)	59,500	0.0262
6	CDC - TRUSTEE ALFALAH GHP ISLAMIC DEDICATED EQUITY FUND (CDC)	11,500	0.0051
7	CDC - TRUSTEE ALFALAH GHP ISLAMIC STOCK FUND (CDC)	128,500	0.0566
8	CDC - TRUSTEE ALFALAH GHP STOCK FUND (CDC)	83,500	0.0368
9	CDC - TRUSTEE ALFALAH GHP VALUE FUND (CDC)	36,000	0.0158
10	CDC - TRUSTEE ATLAS STOCK MARKET FUND (CDC)	337	0.0001
11	CDC - TRUSTEE FAYSAL STOCK FUND (CDC)	100	0.0000
12	CDC - TRUSTEE HBL INCOME FUND - MT (CDC)	53,000	0.0233
13	CDC - TRUSTEE KSE MEEZAN INDEX FUND (CDC)	370,858	0.1633
14	CDC - TRUSTEE LAKSON EQUITY FUND (CDC)	106,670	0.0470
15	CDC - TRUSTEE MEEZAN ISLAMIC FUND (CDC)	650,000	0.2862
16	CDC - TRUSTEE UBL DEDICATED EQUITY FUND (CDC)	7,000	0.0031
17	CDC-TRUSTEE ALHAMRA ISLAMIC ASSET ALLOCATION FUND (CDC)	193	0.0001
18	MSBFSL - TRUSTEE ABL ISLAMIC STOCK FUND (CDC)	5,805	0.0026
19	MSBFSL TRUSTEE ABL ISLAMIC DEDICATED STOCK FUND (CDC)	3,000	0.0013
20	MC FSL - TRUSTEE JS VALUE FUND (CDC)	266,500	0.1173
	DIRECTORS AND THEIR SPOUSE AND MINOR CHILDREN:		
1	SYED MAZHER IQBAL (CEO) (CDC)	10,500	0.0046
2	MR. MOHAMMED AFTAB ALAM (CDC)	100	0.0000
3	MIRZA ALI HASAN ASKARI (CDC)	100	0.0000
4	MR. SHAFIUDDIN GHANI KHAN (CDC)	100	0.0000
5	MR. ALY KHAN	1	0.0000
6	MS. ALEEYA KHAN	11	0.0000
7	MR. RAFIQUE DAWOOD (CDC)	19,340	0.0085
8	MR. JAMAL NASIM	1,010	0.0004
9	MRS. FATIN ALY KHAN W/O ALY KHAN	11	0.0000
	EXECUTIVES:	250	0.0001
	PUBLIC SECTOR COMPANIES & CORPORATIONS:	-	-
	BANKS, DEVELOPMENT FINANCE INSTITUTIONS, NON BANKING FINANCE COMPANIES, INSURANCE COMPANIES, TAKAFUL, MODARABAS AND PENSION FUNDS:	14,917,122	6.5671
	SHAREHOLDERS HOLDING FIVE PERCENT OR MORE VOTING INTEREST		
1	VISION HOLDING MIDDLE EAST LIMITED (CDC)	106,863,193	47.0455
2	MAPLE LEAF CAPITAL LIMITED (CDC)	24,609,001	10.8339

ALL TRADES IN THE SHARES OF THE LISTED COMPANY, CARRIED OUT BY ITS DIRECTORS, EXECUTIVES AND THEIR SPOUSES AND MINOR CHILDREN ARE AS FOLLOWS:

	Sales	Purchase
MR. WAQAR NAEEM (CFO)	25,000	-

FORM OF PROXY

Registered Folio / CDC Account No. ______________________

I/We____

(Name)

of____

(Address)

being a member of Pioneer Cement Limited hereby appoint

____

(Name)

of____

(Address)

or failing him____

(Name)

of ____

(Address)

(also being a member of the Company) as my/ our proxy to attend, act and vote for me/ us and on my/ our behalf, at the 36th Annual General Meeting of the Company to be held on Thursday, October 27, 2022 at ICMAP Building, 42 Ferozepur Road, Lahore and at any adjournment thereof.

As witness my hand this _____________ day of October 2022.

____

Signature of the Shareholder / Appointer

WITNESSES

1	Name ______________________	2	Name ______________________
	Address ___________________		Address ___________________
	CNIC # _____________________		CNIC # _____________________

Note: Proxies in order to be effective must reach the Company's Registered Office not later than 48 hours before the time for holding the meeting and must be duly stamped, signed and witnessed. Proxies of the Members through CDC should be accompanied with attested copies of their CNIC.

AFFIX
CORRECT
POSTAGE

Company Secretary
Pioneer Cement Limited
135 - Ferozepur Road, Lahore
Tel : +92 (42) 37503570-2
Fax: +92 (42) 37503573-4
Email: shares@pioneercement.com

اعتراف

بورڈ مالیاتی اداروں، صارفین، قرض دہندگان، سرکاری محکموں اور کمپنی کو مضبوط بنانے والے تمام دیگر اسٹیک ہولڈرز کی معاونت اور تعاون کو تسلیم کرتا ہے۔ بورڈ کمپنی کے ملازمین کی محنت اور لگن پر ان کا شکر گزار ہے۔

سید مظہر اقبال
چیف ایگزیکٹو

علی خان
چیئرمین

22 ستمبر 2022

انسانی سرمایہ

کمپنی اپنے ملازمین کو اپنا حقیقی اثاثہ مانتی ہے۔ اعلیٰ کارکردگی کے حامل ملازمین کو انعامات دیے جاتے ہیں تاکہ دوسرے ملازمین کو اپنی کارکردگی کو بہتر کرنے کیلئے سازگار ماحول دیا جائے۔

ڈائریکٹرز کیلئے تربیتی پروگرام

کوڈ آف کارپوریٹ گورننس کے تحت تمام کمپنیز پابند ہیں کہ وہ اپنے ڈائریکٹرز کیلئے آگاہی اور تربیتی کورس کا اہتمام کریں۔ کمپنی نے بورڈ ارکان کی تربیت کیلئے کوڈ آف کارپوریٹ گورننس کے مطابق پروگرام مرتب کئے ہیں۔

بورڈ کی اپنی کارکردگی کا جائزہ

بورڈ آف ڈائریکٹرز نے اپنی کارکردگی کو جانچنے اور اس میں بہتری کیلئے ایک معیار مقرر کیا ہے۔ وہ معیار سوالنامے کی شکل میں ڈائریکٹرز میں تقسیم کیا جاتا ہے جس کا مقصد بورڈ کی خود مختاری اور بورڈ کی کمیٹیوں کی تشکیل پر ان کی توجہ ہے۔ بورڈ ارکان کی طرف سے آراء اور تجاویز پیش کی جاتی ہیں اور وہ مستقبل کی منصوبہ بندی کیلئے استعمال کی جاتی ہیں۔

حصص داری کی ترتیب

کمپنی کی 30 جون 2022 کی حصص داری کی ترتیب کمپنیز ایکٹ 2017 کی شق 227(2)(f) کے مطابق ہے اور رپورٹ کے ساتھ منسلک ہے۔

آڈیٹرز

5 سال مکمل کرنے کے بعد میسرز ای وائی فورڈ رہوڈز (آڈیٹرز) 38 ویں سالانہ اجلاس عام کے اختتام کے موقع پر ریٹائر ہو جائیں گے۔ آڈٹ کمیٹی کی سفارش کے تحت بورڈ میسرز کے پی ایم جی تاثیر ہادی اینڈ کمپنی کی بطور آڈیٹر تقرری کی تجویز دیتا ہے۔

مستقبل کا نقطہ نظر

اجناس کی بڑھتی ہوئی قیمتیں اب بھی ہمارے کرنٹ اکاؤنٹ پوزیشن میں عدم توازن پیدا کر رہی ہیں۔ حکومت نے آئی ایم ایف سے قرض لینے کے لئے سخت مالی اور انتظامی فیصلے کئے ہیں۔ پیٹرولیم مصنوعات پر بالواسطہ ٹیکسوں اور محصولات کے نفاذ کے نتیجے میں افراط زر میں تیزی سے اضافہ ہوا ہے جس سے ملک بھر میں صارفین کی قوت خرید متاثر ہوئی ہے۔ سب سے بڑھ کر یہ کہ سیاسی غیر یقینی صورتحال سرمایہ کاروں کے اعتماد کو متزلزل کر رہی ہے جو کہ شرح مبادلہ کے اتار چڑھاؤ سے بھی ظاہر ہے۔

سیمنٹ کی صنعت کے لئے محدود سرکاری ترقیاتی اخراجات، کوئلے اور بجلی کی بڑھتی ہوئی لاگت اور شرح سود میں اضافہ بڑی رکاوٹیں ہیں۔ پائنیر سیمنٹ اپنے شیئر ہولڈرز کی استعداد کار بڑھانے اور عام لوگوں کے لئے مجموعی طور پر زیادہ سے زیادہ منافع حاصل کرنے پر توجہ مرکوز رکھے گی۔

گیس اور دھول کا اخراج

کمپنی آلودگی سے پاک ماحول کو برقرار رکھنے کیلئے کوشاں ہے اور اس کیلئے دھول جمع کرنے والے آلات کمپنی کے پیداواری مقام پر لگائے ہیں۔ کمپنی نے 2 ویسٹ ہیٹ ریکوری پلانٹ بھی لگائے ہیں جن کی استعداد کار 18 میگا واٹ ہے جو کہ پیداواری عمل کے دوران پیدا شدہ ہوا اس کو استعمال کرتے ہوئے بجلی پیدا کرتے ہیں۔

ہمارا نیا تعمیر شدہ سیمنٹ پلانٹ جدید ترین ٹیکنالوجی کا حامل ہے جس میں ایندھن اور بجلی کی کھپت کم ہے۔

ملازمین کی حفاظت

بطور ذمہ دار کارپوریٹ شہری آپ کی کمپنی اپنے ملازمین کی صحت اور تحفظ کو اولین ترجیح دیتی ہے۔ کمپنی کے ملازمین کو مطلوبہ حفاظتی آلات فراہم کئے گئے ہیں تا کہ وہ بحفاظت اپنا کام کر سکیں۔ ایک علیحدہ حفاظتی شعبہ بھی قائم کیا گیا ہے جو کہ حفاظتی قواعد وضوابط قائم کر سکے اور اس کے ساتھ تعمیل کو یقینی بنائے۔ وقتاً فوقتاً قواعد وضوابط پر نظر ثانی کی جاتی ہے تا کہ کسی بھی ناخوشگوار واقع سے بچنے کے لئے ضروری اقدامات کئے جا سکیں۔

کمیونٹی سرمایہ کاری اور فلاحی سکیم

کمپنی ایک کارپوریٹ شہری کے طور پر سوسائٹی کی فلاح و بہبود کیلئے اپنا کردار ادا کرتی رہتی ہے۔ کمپنی علاقائی ترقی اور فلاحی پروگراموں میں بڑھ چڑھ کر حصہ لیتی ہے جس میں بیکی گاؤں کے علاقے کی مسجد، طبی ڈسپنسری، ایمبولینس سروس، مقامی پرائمری سکول اور بوہڑ آباد میں زوجیل پبلک سکول کی تعمیر اور مالی امداد شامل ہے۔ پلانٹ کے ارد گرد مقیم لوگ نئے پلانٹ کی تنصیب سے مزید فوائد حاصل کر رہے ہیں۔ نئی سڑک کی تعمیر اور دوسرے ترقیاتی منصوبوں سے نزدیکی علاقوں کے لوگوں کے طرز زندگی پر بہتر اثرات مرتب ہوں گے۔ پلانٹ کے ارد گرد مقیم لوگوں کے لئے پینے کے صاف پانی کی سہولیات بھی فراہم کی گئی ہیں۔

قومی خزانے میں شراکت

کمپنی نے قومی خزانے میں اس سال 12,836.50 ملین روپے (2021: 11,224.98 ملین روپے) کو ٹیکس، محصولات، سیلز ٹیکس اور ایکسائز ڈیوٹی کی مد میں جمع کرائے۔

بہبود ملازمین

پراویڈنٹ فنڈ/گریجویٹی

کمپنی اپنے تمام مستقل ملازمین کے لئے رجسٹرڈ پراویڈنٹ فنڈ سکیم بشمول تمام معاہدہ جاتی ملازمین جن کی عمر 60 سال سے کم ہے کے لئے گریجویٹی سکیم چلا رہی ہے۔

پراویڈنٹ فنڈ کی سرمایہ کاری کی آڈٹ شدہ قیمت 30 جون 2022 کو 255.92 ملین روپے (2021: 221.83 ملین روپے) ہے۔

طبی سہولیات

کمپنی پالیسی کے تحت کمپنی کے تمام اہل ملازمین کو بشمول بیوی بچوں کے مفت طبی سہولیات فراہم کی جاتی ہیں [illegible] آپ کی کمپنی نے ملازمین کی سہولت کے لئے کووڈ-19 ویکسین [illegible] کے لئے مستقل طور پر نگرانی جاری ہے۔

کارپوریٹ اور مالی رپورٹنگ کا طریقہ کار

بورڈ کمپنی کی حکمت عملی کی سمت کا جائزہ باقاعدگی سے لیتا رہتا ہے۔ کاروباری منصوبہ جات اور بجٹ کے اہداف کے حصول کیلئے بھی باقاعدہ جائزہ لیا جاتا ہے۔ بورڈ کارپوریٹ گورننس کے اعلیٰ معیار کو برقرار رکھنے کیلئے پرعزم ہے اور سکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے نافذ کردہ کوڈ آف کارپوریٹ گورننس کی جامع تعمیل کو یقینی بناتا ہے۔

بورڈ مندرجہ ذیل امور کی تصدیق کرتا ہے:

- پائنیر سیمنٹ کی انتظامیہ کے تیار کردہ مالی حسابات، کاروباری نتائج، کیش فلو کی حالت اور سرمایہ میں رد و بدل کا قابل اعتبار جائزہ پیش کرتے ہیں۔
- حساب کتاب کی مناسب کتب کو برقرار رکھا گیا ہے۔
- مالی حسابات کی تیاری میں اکاؤنٹنگ پالیسیز کا تسلسل رکھا گیا ہے اور اکاؤنٹنگ کے اندازے مناسب اور محتاط ہیں۔
- مالی حسابات کی تیاری میں پاکستان میں مروجہ بین الاقوامی اکاؤنٹنگ کے معیار کا خیال رکھا جاتا ہے اور اگر ان میں کوئی تبدیلی ہو تو باقاعدہ ظاہر کیا جاتا ہے۔
- آڈٹ کمیٹی اندرونی کنٹرول اور ضابطوں کے موجودہ نظام کا باقاعدگی سے جائزہ لیتی ہے۔ اور ضرورت پڑنے پر تبدیلی بھی تجویز کرتی ہے۔
- مستقبل میں کمپنی کی کاروباری قابلیت پر کوئی اہم قابل ذکر شبہات نہیں ہیں۔
- کارپوریٹ گورننس کے بہترین طریقوں سے کسی قسم کا قابل ذکر اختلاف نہیں پایا جاتا۔
- اخلاقی اور کاروباری ضابطہ بنایا گیا ہے اور ڈائریکٹرز اور کارکنان میں بھی تقسیم کیا گیا ہے۔
- بورڈ نے مشن سٹیٹمنٹ اور کاروباری حکمت عملی کی سٹیٹمنٹ بھی بنائی ہے۔
- کوڈ آف کارپوریٹ گورننس کے تحت مندرجہ ذیل بیانات لف ہذا ہیں۔

  ۱) چھ سالہ مالیاتی اور کاروباری اعداد کا خلاصہ۔

  ۲) حصص داری کی ترکیب۔

  ۳) ایسوسی ایٹڈ کمپنیز، ڈائریکٹرز اور متعلقہ اشخاص کے حصص کی ترکیب۔

  ۴) دیگر معلومات کا بیان۔

کارپوریٹ سماجی کارکردگی

صحت، تحفظ اور ماحول

آپ کی کمپنی پلانٹ کے ارد گرد رہنے والے تمام لوگوں کے تحفظ اور صحت مندانہ ماحول کی فراہمی کو ترجیح دیتی ہے۔ انتظامیہ اپنے سٹاف کو ایک محفوظ، صحت مندانہ اور خوشگوار کام کا ماحول دینے کیلئے پرعزم ہے اور اس کے مطابق ISO 14001:2015 اور ISO 45001:2018 کے سرٹیفیکیٹ بھی حاصل کر چکی ہے۔ مزید برآں قدرتی ذرائع کے استعمال میں کمی کی بدولت آپ کی کمپنی گرین آفس ایوارڈ بھی حاصل کر چکی ہے۔ آپ کی کمپنی ماحولیات کے معیار کو قائم رکھنے کے اقدامات جاری رکھے ہوئے ہے۔ سال کے دوران ماحول کو صاف اور سرسبز رکھنے کے لئے پلانٹ کے گرد و نواح میں بڑے پیمانے پر شجرکاری کی گئی۔

کل اراکین بشمول چیف ایگزیکٹو آفیسر

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ایگزیکٹو	۱

بورڈ آف ڈائریکٹرز اور کمیٹیز کے اجلاس

سال کے دوران بورڈ آف ڈائریکٹرز اور کمیٹی میٹنگز کوڈ آف کارپوریٹ گورننس کے تحت منعقد ہوئیں۔ حاضری کی تفصیل درج ذیل ہے۔

نمبر شمار	نام	عہدہ	بورڈ	آڈٹ کمیٹی	ایچ آر آر کمیٹی
۱۔	جناب علی خان	(چیئرمین) نان ایگزیکٹو	۴	۴	۱
۲۔	محترمہ عالیہ خان	نان ایگزیکٹو	۳	۳	۱
۳۔	جناب شفیع الدین غنی خان	انڈیپینڈنٹ	۴	۴	۱
۴۔	جناب محمد آفتاب عالم	نان ایگزیکٹو	۴	۴	۱
۵۔	مرزا علی حسن عسکری	نان ایگزیکٹو	۴	-	-
۶۔	جناب جمال نسیم	انڈیپینڈنٹ	۴	۴	-
۷۔	جناب رفیق داؤد (مرحوم)	انڈیپینڈنٹ	۳	-	-
۸۔	جناب سید مظہر اقبال	چیف ایگزیکٹو آفیسر	۴	-	-

ڈائریکٹرز کا معاوضہ

بورڈ آف ڈائریکٹرز کی منظور کردہ معاوضے کی پالیسی کے مطابق ہر حاضر ڈائریکٹرز کو فی میٹنگ -/30,000 روپے دیئے جاتے ہیں۔
چیف ایگزیکٹو کو ملنے والے معاوضے کی تفصیل مالی گوشواروں کے نوٹ 46 میں درج ہے۔

داخلی مالیاتی کنٹرول کی افادیت

بورڈ آف ڈائریکٹرز نے داخلی معاملات کو کنٹرول کرنے کیلئے ایک موثر نظام بنایا ہے تاکہ کاروباری معاملات بہتر طریقے سے چلیں، کمپنی کے اثاثے محفوظ رہیں اور مالی گوشوارے شفافیت سے پیش کئے جائیں۔ مینجمنٹ نے ایک قابل اعتماد اور آزاد انٹرنل آڈٹ ٹیم بنائی ہے جو کہ سہ ماہی بنیادوں پر مالی معاملات کا جائزہ لیتی ہے۔

فیصد تھی۔ حکومت کے سپر ٹیکس کے نفاذ کے بعد کمپنی کو اس سال 216.47 ملین روپے اور موخر ٹیکس میں 1,994.26 ملین روپے کا اضافی بوجھ برداشت کرنا پڑا ہے۔ ان عوامل کی وجہ سے بعد از ٹیکس منافع 1,050.27 ملین روپے تک محدود ہو گیا جو گزشتہ مالی سال میں 1,974.45 ملین روپے تھا۔

فی حصص آمدنی

موجودہ سال کے دوران کمپنی کو فی حصص 4.62 روپے کا منافع ہوا جبکہ پچھلے سال اس عرصے کے دوران فی حصص منافع 8.69 روپے تھا۔

قابل تقسیم منافع

توسیعی منصوبوں کی تعمیر کے لئے حاصل کردہ قرضوں کی ادائیگی کو مدنظر رکھتے ہوئے بورڈ نے مالی سال 2022 کے لئے منافع کی تقسیم کی سفارش نہ کرنے کا فیصلہ کیا ہے۔ تاہم بورڈ سیمنٹ کی صنعت کے مستقبل، کمپنی کی کارکردگی اور منافع کی دستیابی کے بارے میں پر امید ہے اور آنے والے وقت میں منافع کی تقسیم پر غور کرے گا۔

بورڈ آف ڈائریکٹرز

بورڈ ارکان کی کل تعداد بشمول چیف ایگزیکٹو آفیسر آٹھ ہے جن میں ایک ایگزیکٹو اور سات نان ایگزیکٹو ڈائریکٹرز شامل ہیں۔

مندرجہ ذیل سات ڈائریکٹرز منتخب شدہ ہیں۔

۱۔	جناب علی خان	(چیئرمین) نان ایگزیکٹو
۲۔	محترمہ عالیہ خان	نان ایگزیکٹو
۳۔	جناب شفیع الدین غنی خان	انڈیپنڈنٹ
۴۔	جناب محمد آفتاب عالم	نان ایگزیکٹو
۵۔	مرزا علی حسن عسکری	نان ایگزیکٹو
۶۔	جناب جمال نسیم	انڈیپنڈنٹ
۷۔	جناب رفیق داؤد (مرحوم)	انڈیپنڈنٹ

سال کے اختتام کے بعد جناب رفیق داؤد صاحب رضائے الٰہی سے انتقال کر گئے اور بورڈ نے قابل اطلاق قوانین کے تحت جناب دور یپ اے۔ کیسٹ کو بطور ڈائریکٹر نامزد کر دیا ہے۔

کمپنی کے تمام منتخب ڈائریکٹرز نان ایگزیکٹو ہیں جن میں تین انڈیپنڈنٹ ڈائریکٹرز بھی شامل ہیں۔ کوڈ آف کارپوریٹ گورننس 2019 کے تحت چیئرمین اور چیف ایگزیکٹو کے عہدے الگ الگ ہیں۔

مالیاتی کارکردگی

آمدن

موجودہ مالی سال کے دوران کمپنی کی مجموعی فروخت 44,509.29 ملین روپے رہی جو کہ گزشتہ سال 32,636.88 ملین روپے تھی۔ قابل اطلاق ٹیکس، محصولات اور کمیشن مجموعی طور پر 12,630.08 ملین روپے رہا جس کے نتیجے میں خالص فروخت 31,879.21 ملین روپے (2021: 21,817.61 ملین روپے) رہی۔ 46.12 فیصد کا یہ اضافہ بنیادی طور پر مقامی منڈی میں قیمت فروخت میں اضافے کی وجہ سے ہے۔

فروخت کی لاگت

رواں سال کے لئے فروخت کی لاگت 24,676.09 ملین روپے رہی جو کہ گزشتہ سال کے مقابلے میں 6,976.44 ملین روپے زیادہ ہے۔ زیر نظر سال کی کل پیداواری لاگت 24,554.46 ملین روپے رہی جبکہ گزشتہ سال کے دوران یہ 17,837.47 ملین روپے تھی۔ ایندھن اور بجلی کے اخراجات میں بڑا اضافہ دیکھا گیا جس کی وجہ سے مجموعی لاگت 18,301.23 ملین روپے (2021: 12,052.94 ملین روپے) ہوگئی۔ پیکنگ میٹیریل کی لاگت 252.82 ملین روپے کے اضافے سے 2,188.89 ملین روپے (2021: 1,936.07 ملین روپے) رہی۔

فروخت کی لاگت کا فی ٹن تجزیہ مندرجہ ذیل ہے:

- فروخت ہونے والے سیمنٹ میں ایندھن اور بجلی کی لاگت 5,401 روپے فی ٹن رہی جبکہ گزشتہ سال یہ 3,565 روپے فی ٹن تھی۔ ایندھن کی بڑھتی ہوئی لاگت کی بنیادی وجہ عالمی اور مقامی منڈی میں کوئلے کی بڑھتی ہوئی قیمت اور ڈالر کے مقابلے میں پاکستانی روپے کی قدر میں کمی ہے۔ درآمدی کوئلے کی لاگت کے منفی اثرات کو کم کرنے کے لئے کمپنی نے افغان اور کم قیمت مقامی کوئلے کا استعمال شروع کر دیا ہے۔
- بجلی کے ذرائع کے حوالے سے کمپنی نے بڑی حد تک ویسٹ ہیٹ ریکوری اور کوئلے سے چلنے والے پاور پلانٹس پر انحصار کیا ہے اس سے کمپنی کو بجلی کی لاگت میں اضافے کے منفی اثرات کم کرنے میں مدد ملی ہے۔
- بین الاقوامی منڈی میں کاغذ کی قیمتوں میں اضافے کے ساتھ ساتھ روپے کی قدر میں کمی کی وجہ سے رواں سال کے لئے پیکنگ میٹیریل کی لاگت بڑھ کر 646 روپے فی ٹن (2021: 573 روپے فی ٹن) ہوگئی۔

آپریٹنگ اور بعد از ٹیکس منافع

فروخت کی قیمت میں اضافے اور بہتر پیداواری کارکردگی کی وجہ سے کمپنی نے پیداواری اخراجات میں اضافے کے منفی اثرات کو کم کرتے ہوئے 6,634.88 ملین روپے (2021: 4,020.72 ملین روپے) کا آپریٹنگ منافع کمایا ہے۔ سال کے لئے تقسیمی لاگت اور انتظامی اخراجات بالترتیب 119.46 ملین روپے اور 134.23 ملین روپے ہے جبکہ گزشتہ سال یہ 118.60 ملین روپے اور 128.39 ملین روپے تھے۔

رواں سال کے لئے مالی لاگت 2,656.19 ملین روپے (2021: 1,817.68 ملین روپے) رہی ہے۔ موجودہ سال کے مالی اخراجات میں 24 میگا واٹ کول پاور پلانٹ کی تعمیر کی مالی معاونت کے لئے حاصل کردہ قرضوں پر مالی لاگت بھی شامل ہے جبکہ گزشتہ سال ان اخراجات کو قابل اطلاق مالیاتی رپورٹنگ معیارات کی دفعات کے مطابق پراجیکٹ لاگت کا حصہ بنایا گیا تھا۔ مزید برآں اسٹیٹ بینک نے قابل اطلاق پالیسی ریٹ میں بار بار اضافہ کیا جس سے مالی لاگت میں اضافہ ہوا باوجود اس کے کہ اس سال ادائیگیوں کی وجہ سے کل طویل مدتی قرض کم ہو کر 18,030.03 ملین روپے (2021: 21,534.33 ملین روپے) ہو گیا۔ 3,944.65 ملین روپے کا قبل از ٹیکس منافع 12.37 فیصد کی شرح سے ہے جو کہ گزشتہ سال 10.09

ڈائریکٹرز رپورٹ برائے حصص داران

اللہ کے نام سے شروع جو بڑا مہربان اور رحم والا ہے

آپ کی کمپنی کے ڈائریکٹرز 30 جون 2022 کو ختم ہونے والے مالی سال کی سالانہ رپورٹ بمع آڈٹ شدہ مالی گوشوارے اور آڈیٹرز رپورٹ خوشی سے پیش کر رہے ہیں۔

عالمی معیشت

دنیا نے کووڈ-19 وبا کے بعد بے شمار مسائل کا سامنا کیا جن کو روس اور یوکرین جنگ نے مزید بڑھا دیا ہے۔ وسیع پیمانے پر ویکسینیشن مہمات کے بعد جب عالمی سطح پر معاشی سرگرمیاں بحال ہوئیں تو محدود رسد، نقل و حمل اور رکاوٹوں کی وجہ سے اشیاء کی قیمتوں میں بے پناہ اضافہ دیکھا گیا ہے۔ عالمی معیشتوں کو غیر معمولی مشکلات کا سامنا کرنا پڑا اور اس کے جواب میں مرکزی بینکوں نے معاشی سرگرمیوں کو سست کرنے اور افراط زر پر قابو پانے کے لئے شرح سود میں اضافہ کیا۔

ملکی معیشت

تاریخی طور پر ہماری معیشت نے روپے کی گراوٹ، توانائی کے شعبے میں عدم مطابقت، سیاسی عدم استحکام، مسلسل بڑھتے ہوئے کرنٹ اکاؤنٹ اور مالی خسارے کی وجہ سے کئی اتار چڑھاؤ دیکھے ہیں۔

کووڈ 19 کی وبا کی وجہ سے مالی سال 2020 کے دوران پاکستانی معیشت کی شرح نمو صرف 0.94 فیصد رہی۔ حکومت کے مثبت اقدامات کے نتیجے میں مالی سال 2021 اور 2022 میں شرح نمو بحال ہو کر بالترتیب 5.74 اور 5.97 فیصد ہوگئی۔ مالی سال 2022 میں زرعی شعبے میں 4.40 فیصد ترقی ہوئی جو کہ پچھلے سال کے دوران 3.48 فیصد تھی۔ فصلوں اور لائیو سٹاک سمیت تمام ذیلی شعبوں نے متعلقہ اہداف کو پیچھے چھوڑ دیا۔ بڑے پیمانے پر پیداواری شعبے کی شرح نمو گزشتہ سال کی 4.2 فیصد کے مقابلے میں 10.4 فیصد رہی۔

مسابقتی توانائی ٹیرف، برآمدی سہولت سکیموں، آسان قرضوں کی سہولت اور ٹیکسٹائل پالیسی متعارف کرانے کی وجہ سے برآمدات 31.76 ارب ڈالر کی بلند ترین سطح پر پہنچ گئیں جو گزشتہ سال کے مقابلے میں 25.51 فیصد زیادہ ہیں۔

دوسری جانب ہماری معیشت بھی عالمی مہنگائی کے منفی اثرات سے محفوظ نہیں تھی۔ مالی سال 2022 کا کل درآمدی بل 80 ارب ڈالر سے تجاوز کر گیا جو بنیادی طور پر پیٹرولیم مصنوعات 17.7 ارب ڈالر، میڈیکل مصنوعات 4.1 ارب ڈالر، ایل این جی مصنوعات 4.9 ارب ڈالر، پلاسٹک مصنوعات 3.1 ارب ڈالر، آئرن اور سٹیل مصنوعات 2.9 ارب ڈالر اور دیگر مصنوعات کی درآمد پر مشتمل ہے۔

اس وجہ سے مالی سال 2022 کے دوران افراط زر کی شرح 11 فیصد سے تجاوز کر گئی۔

سیمنٹ کی صنعت

زیر نظر سال کے دوران سیمنٹ کی صنعت نے 52.89 ملین ٹن سیمنٹ فروخت کیا جبکہ گزشتہ سال 57.43 ملین ٹن سیمنٹ بیچا گیا تھا۔ مقامی سطح پر سیمنٹ کی کل 47.63 ملین ٹن رہی جو کہ گزشتہ سال 48.12 ملین ٹن تھی۔ برآمدات 5.26 ملین ٹن رہیں جو کہ گزشتہ سال اسی عرصے کے دوران 9.31 ملین ٹن تھیں

۵۔ وہ ممبران جو سالانہ رپورٹ اور اجلاس عام کا نوٹس بذریعہ ای میل حاصل کرنا چاہتے ہیں ان سے گزارش ہے کہ وہ اپنا نام، پتہ، فولیو نمبر، ای میل ایڈریس اور رابطہ نمبر کمپنی کے شیئر رجسٹرار کو بذریعہ خط ارسال کریں۔

۶۔ کمپنیز ایکٹ ۲۰۱۷ کی شق (ب)(۱)۱۳۲ کے مطابق ۱۰ فیصد یا اس سے زیادہ شیئرز رکھنے والے ممبران جو کسی ایک جغرافیائی مقام سے بذریعہ ویڈیو لنک شرکت کرنے کی درخواست کمپنی کو اجلاس سے ۱۰ دن قبل کرتے ہیں تو کمپنی اس متعلقہ شہر میں ویڈیو لنک کی سہولت کا بندوبست کرے گی۔
اس سہولت سے مستفید ہونے کیلئے مندرجہ ذیل معلومات کمپنی کے رجسٹرڈ پتے پر جمع کروائیں۔ کمپنی تمام ممبران کو اجلاس سے ۵ دن قبل ویڈیو کانفرنس کی سہولت سے متعلق جگہ تمام ضروری معلومات مطلع کرے گی۔

میں/ہم .... سکنہ .... پاینیر سیمنٹ لمیٹڈ کے ممبر کی حیثیت سے ملکیتی .... عام شیئرز
بمطابق رجسٹرڈ فولیو/سی ڈی سی اکاؤنٹ نمبر .... ویڈیو کانفرنس
بمقام .... کی سہولت لینا چاہتا ہوں/چاہتے ہیں۔

دستخط ممبر ....

۷۔ کمپنیز ایکٹ ۲۰۱۷ کی شق ۷۲ کے تحت تمام کمپنیز کے لئے یہ لازم ہے کہ وہ فزیکل شیئرز کو ایس ای سی پی کے متعین کردہ وقت کے مطابق بک انٹری فارم میں تبدیل کریں۔
وہ ممبران جن کے پاس فزیکل شیئرز موجود ہیں ان سے گزارش کی جاتی ہے کہ وہ جلد از جلد سی ڈی سی میں انویسٹر اکاؤنٹ یا کسی بھی بروکر کے پاس سب اکاؤنٹ کھلوائیں اور اپنے شیئرز کو فزیکل فارم سے بک انٹری فارم میں تبدیل کرائیں۔ اس طرح شیئرز ہولڈرز کو اپنے شیئرز محفوظ رکھنے اور خرید و فروخت میں آسانی ہوگی کیونکہ پاکستان سٹاک ایکسچینج کے ریگولیشنز کے مطابق اب فزیکل شیئرز کی خرید و فروخت کی اجازت نہیں ہے۔

۸۔ اپنے شیئر ہولڈرز کی سلامتی اور صحت کو مدنظر رکھتے ہوئے کمپنی نے ویڈیو لنک کے ذریعے اجلاس میں شرکت کے خصوصی انتظامات کئے ہیں۔ ویڈیو لنک کے ذریعے اجلاس میں شرکت کے خواہشمند ممبران سے گزارش ہے کہ وہ پہلے اپنے آپ کو کمپنی سیکرٹری کے آفس میں اجلاس کے شروع ہونے سے کم از کم ۲۴ گھنٹے قبل shares@pioneercement.com پر رجسٹر کروائیں اور اپنا نام، فولیو/سی ڈی سی اکاؤنٹ نمبر، شناختی کارڈ نمبر، ای میل اور فون نمبر بھی فراہم کریں۔ تصدیق کرنے کے بعد کمپنی شیئر ہولڈرز کو بذریعہ ای میل متعلقہ معلومات فراہم کرے گی۔

۹۔ کمپنیز ایکٹ ۲۰۱۷ کی شق ۲۲۳ کے تحت آڈٹ شدہ مالیاتی گوشوارے کمپنی کی ویب سائٹ پر رکھ دیئے گئے ہیں۔

۱۰۔ کمپنی نے سالانہ رپورٹ کی سی ڈی تمام شیئر ہولڈرز کے پتوں پر ارسال کر دی ہے۔ کسی بھی رکن کی درخواست پر اسے طبع شدہ نقل فراہم کر دی جائے گی۔

سالانہ اجلاس عام کی اطلاع

بذریعہ نوٹس ہذا اطلاع دی جاتی ہے کہ پائنیر سیمنٹ لمیٹڈ کے شیئرز ہولڈرز کا ۳۶واں سالانہ اجلاس عام بروز جمعرات ۲۷ اکتوبر ۲۰۲۲ء دن ۱۱:۰۰ بجے مندرجہ ذیل عمومی امور کی انجام دہی کیلئے ICMAP بلڈنگ ۴۰ فیروز پور روڈ لاہور میں منعقد ہوگا۔

۱۔ شیئرز ہولڈرز کے ۳۵ویں سالانہ اجلاس عام منعقدہ ۲۸ اکتوبر ۲۰۲۱ء کی کارروائی کی توثیق۔

۲۔ ۳۰ جون ۲۰۲۲ء کو ختم شدہ سال کیلئے کمپنی کے آڈٹ شدہ حسابات مع آڈیٹرز رپورٹ پر غور کرنا اور انہیں منظور کرنا۔

۳۔ سال ۳۰ جون ۲۰۲۳ء کیلئے کمپنی کے آڈیٹرز کی تقرری اور ان کیلئے مشاہرہ کا تعین کرنا۔

۴۔ صدر اجلاس کی اجازت سے اجلاس میں پیش کئے جانے والے دیگر امور انجام دینا۔

حسب الحکم بورڈ

مورخہ: ۲۲ ستمبر ۲۰۲۲ء

عبدالوہاب
کمپنی سیکرٹری

نوٹ:

۱۔ کمپنی کے کھاتے برائے منتقلی حصص مورخہ ۲۰ اکتوبر ۲۰۲۲ء سے ۲۷ اکتوبر ۲۰۲۲ء تک (دونوں دن شامل ہیں) اجلاس عام کے انعقاد کے لئے بند رہیں گے۔ کمپنی کے شیئر رجسٹرار میسرز کارپ لنک پرائیویٹ لمیٹڈ، ونگز آرکیڈ، ۱-کے کمرشل، ماڈل ٹاؤن، لاہور کو مورخہ ۱۹ اکتوبر ۲۰۲۲ء کو دفتری اوقات کار کے ختم ہونے تک موصول ہونے والے شیئر ٹرانسفرز کو سالانہ اجلاس میں شرکت کیلئے بروقت تصور کیا جائے گا۔

۲۔ کوئی بھی شیئرز ہولڈر جو اجلاس ہذا میں شرکت کرنے اور ووٹ دینے کا حقدار ہے وہ اپنی جگہ اجلاس میں شرکت کرنے کیلئے اپنا پراکسی مقرر کرنے کا بھی حقدار ہے۔ پراکسی کیلئے ضروری ہے کہ وہ اجلاس کے انعقاد کیلئے مقرر کردہ وقت سے کم از کم ۴۸ گھنٹے قبل کمپنی کے رجسٹرڈ آفس میں موصول ہو جائے۔

(الف) سی ڈی سی اکاؤنٹ ہولڈرز کو ہدایت کی جاتی ہے کہ وہ اجلاس میں شرکت کے وقت اپنی شناخت کی تصدیق کے لئے اپنا اصل کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ ساتھ لائیں۔

(ب) کمپنی کی صورت میں بورڈ کی قرارداد یا پاور آف اٹارنی مع دستخط کے نمونہ متعلقہ اجلاس میں شرکت کیلئے پیش کرنا ہوگا۔

۳۔ وہ ممبران جن کے پاس فزیکل شیئرز ہیں ان سے التماس ہے کہ وہ اپنے ڈاک کے پتوں میں اگر کوئی تبدیلی ہو تو اس سے فوری مطلع کریں۔

۴۔ ممبران سے گزارش ہے کہ اگر انہوں نے اپنے شناختی کارڈ کی نقل یا این۔ ٹی۔ این سرٹیفکیٹ کی نقل پہلے فراہم نہیں کی تو فوری طور پر کمپنی کے پاس جمع کرائیں۔

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