

**THIRD QUARTER REPORT
FOR THE PERIOD ENDED
MARCH 31, 2021
(Un-Audited)**



PROSPERITY WEAVING MILLS LTD.



PROSPERITY WEAVING MILLS LTD.

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PROSPERITY WEAVING MILLS LTD.

COMPANY INFORMATION

BOARD OF DIRECTORS

Mr. Shahzada Ellahi Shaikh	Non-Executive Director / Chairman
Ms. Parveen Akhter Malik	Independent Non-Executive Director
Mr. Arfa Waheed Malik	Independent Non-Executive Director
Mr. Aneeq Khawar	Independent Non-Executive Director
Mr. Javaid Bashir Sheikh	Non-Executive Director
Mr. Shaukat Ellahi Shaikh	Non-Executive Director
Mr. Shafqat Ellahi Shaikh	Non-Executive Director
Mr. Amin Ellahi Shaikh	Non-Executive Director
Mr. Haroon Shahzada Ellahi Shaikh	Non-Executive Director
Mr. Raza Ellahi Shaikh	Executive Director

MANAGING DIRECTOR (Chief Executive) Mr. Raza Ellahi Shaikh

AUDIT COMMITTEE

Ms. Parveen Akhter Malik	Chairperson
Mr. Amin Ellahi Shaikh	Member
Mr. Haroon Shahzada Ellahi Shaikh	Member
Mr. Syed Mohsin Gilani	Secretary

HUMAN RESOURCE & REMUNERATION (HR & R) COMMITTEE

Ms. Parveen Akhter Malik	Chairperson
Mr. Raza Ellahi Shaikh	Member
Mr. Amin Ellahi Shaikh	Member
Mr. Muhammad Azam	Secretary

EXECUTIVE COMMITTEE

Mr. Raza Ellahi Shaikh	Chairman
Mr. Shahzada Ellahi Shaikh	Member
Mr. Amin Ellahi Shaikh	Member
Mr. Haroon Shahzada Ellahi Shaikh	Member
Mr. Muhammad Azam	Secretary

CORPORATE SECRETARY

Mr. Syed Mohsin Gilani

CHIEF FINANCIAL OFFICER (CFO)

Mr. Muhammad Tariq Sheikh

HEAD OF INTERNAL AUDIT

Mr. Kashif Saleem

AUDITORS

Messrs Yousuf Adil.
Chartered Accountants

CORPORATE ADVISORS

Bandial & Associates

LEAD BANKERS

Albaraka Bank (Pakistan) Ltd.
Allied Bank Ltd.
Askari Bank Ltd.
Bank Alfalah Ltd.
Faysal Bank Ltd.
Habib Bank Ltd.
Meezan Bank Ltd.
MCB Bank Ltd.
National Bank of Pakistan
Standard Chartered Bank (Pakistan) Ltd.
The Bank of Punjab
United Bank Ltd.

REGISTERED OFFICE

Nagina House
91-B-1, M.M. Alam Road
Gulberg-III, Lahore-54660
www.nagina.com

WEB REFERENCE

SHARES REGISTRAR

M/s Hameed Majeed Associates (Pvt.) Ltd.
1st Floor, H.M. House
7-Bank Square, Lahore
Phone # 042-37235081-2
Fax # 042-37358817

MILLS

13.5 K.M
Sheikhupura Sharaqpur Road, Sheikhupura



PROSPERITY WEAVING MILLS LTD.

DIRECTORS' REVIEW

The Directors are pleased to present the un-audited condensed interim financial information of the Company for the third quarter ended on March 31, 2021. The comparative figures for the corresponding quarter ended on March 31, 2020 are included for comparison, except in statement of financial position where figures are for the year ended on June 30, 2020.

Company Performance

Alhamdulillah, during the 3rd quarter of the financial year 2020-21 ended on March 31, 2021, your company has earned after tax profit of Rs. 187,886,893 or 8.86% of sales compared to Rs. 38,917,882 or 2.80% of sales during same period of last year (SPLY). Earning per share (EPS) is Rs. 10.17 in current quarter compared to Rs. 2.11 during the corresponding quarter of previous year.

During the quarter the company benefitted from a combination of high fabric demand and rising prices. The current quarter also benefited from the full production of the 36 looms that started in the last quarter. Combination of volume and price increase has caused increase in sales revenue by 52.50% over the SPLY and stood at Rs. 2,120,753,098 compared to Rs. 1,390,685,635 during SPLY. Cost of sales decreased from 89.18% of sales during the SPLY to 85.32% of sales during the quarter under review. Increase in sales revenue and reduction in cost of sales resulted in increase of Gross Profit (GP) from 10.82% of sales during the SPLY to 14.68% during the period under review.

Because of higher sales, overall operating expenses decreased from 4.33% of sales during SPLY to 3.95% of sales during the period under review. The Company has been able to generate stable cash flows and made timely discharge of its operating and financial liabilities. Due to lower short term borrowings finance cost reduced from 1.85% of sales during SPLY to 1.04% during the period under review.

According to the figures issued by the Pakistan Cotton Ginners Association, for the crop year 2020-21, Kapas, (seed cotton) arrivals upto April 01, 2021, at the Ginneries totaled 5.645 million bales. Data for last year is only available upto March 15, 2020 which showed arrival of 8.571 million bales. Therefore, the current year arrival is lower by 2.926 million bales showing decrease in arrival of 34.14%.

Dividend

The Board of Directors in their meeting held on 29th April, 2021, have declared first interim cash dividend @ 75% i.e Rs.7.50 per share for the year ending on 30th June 2021.

The share transfer books for ordinary shares of the Company will be closed from Friday, May 14, 2021 to Thursday, May 20, 2021 (both days inclusive). Valid transfer(s) received in order by our Share Registrar, M/s Hameed Majeed Associates (Pvt.) Limited, 1st Floor, H.M. House, 7-Bank Square, Lahore by the close of business on Thursday, May 13, 2021 will be in time to be passed for payment of dividend to the transferee(s).



PROSPERITY WEAVING MILLS LTD.

Future Outlook

The profit achieved by the company in the current quarter has been remarkable. Fabric demand was strong in the local as well in the export markets allowing the Company to enjoy better unit prices. The favourable conditions and internal cost controls has resulted in another lucrative quarter. The Company is getting export as well as local orders. The value added textile sectors received substantial export orders which culminated into high fabric demand in local market at profitable prices. The outlook for the rest of the financial year is reasonably optimistic. However, in the recent past we have witnessed rupee strengthening against USD which may adversely affect the fabric margins. Barring any unforeseen developments, the fourth quarter should also report reasonable profits.

However, the third wave of Coronavirus disease has afflicted the country and may have an adverse effect on company performance. Government appears to be taking effective steps to combat the pandemic. Government has launched Publicity campaigns for educating the population to follow strict SOP's for good health and to avoid serious economic repercussions. Government effort to vaccinate the maximum number of people is commendable and it is hoped that the pace of vaccination shall accelerate. Our production facilities are adopting strict safety measures to keep the staff and workers safe.

The Government energy policy may become an issue affecting profitability as there is a proposal to restrict availability of gas for power generation. If this Government proposal is implemented the cost of energy will rise substantially and affect profitability. It is hoped that the textile sector which is contributing so handsomely to economic growth, exports and employment is spared from the policy to disconnect gas. In addition, there is concern that the rates for electricity and gas may also be increased and adversely affect profitability.

The Pakistan federal budget for financial year 2021-22 may increase taxation on industry and at the same time may curtail tax incentives. Utility prices may also rise. The combined burden of higher taxation and more expensive utilities may affect demand in the domestic market.

The cotton shortage can pose a threat for the continued viability of the industry and can also adversely affect the textile value added sector. Experts are attributing the crop shortage to unfavourable climatic conditions, lower cultivation area, pest attacks and low quality seeds. Textile industry continued reliance on imported cotton can have serious consequences on viability of the local spinners and force them to raise prices for the weaving industry. It is hoped that the agriculture sector will rise to the challenge and produce a much larger raw cotton crop in the 2021-22 season.

Acknowledgement

Continued diligence and devotion of the staff and workers of the Company and good human relations at all levels deserve acknowledgement. The Directors also wish to place on record their gratitude to the bankers for their continued support to the Company.

On behalf of the Board.

Haroon Shahzada Ellahi Shaikh
Director

Raza Ellahi Shaikh
Chief Executive Officer

Lahore: April 29, 2021

ڈائریکٹرز کا جائزہ

ڈائریکٹرز 31 مارچ، 2021 کو مختتمہ تیسری سہ ماہی کے لئے کمپنی کی غیر نظر ثانی شدہ مالیاتی معلومات پیش کرتے ہوئے خوشی محسوس کر رہے ہیں۔ 31 مارچ، 2020 کو ختم ہونے والی سہ ماہی کے تقابلی اعداد و شمار بھی موازنہ کے لئے شامل کئے گئے ہیں۔ ماسوائے سٹیٹمنٹ آف فنانشل پوزیشن کے جہاں تقابلی اعداد و شمار 30 جون، 2020 کو مختتمہ سال کے لئے ہیں۔

کمپنی کی کارکردگی

الحمد للہ، آپ کی کمپنی نے 31 مارچ، 2021 کو ختم ہونے والی مالی سال 2020-21 کی تیسری سہ ماہی کے دوران گزشتہ سال کی اسی مدت کے دوران 38,917,882 روپے یا فروخت کا 2.80 فیصد کے مقابلے میں 187,886,893 روپے یا فروخت کا 8.86 فیصد منافع کمایا ہے۔ فی شیئر آمدنی (EPS) گزشتہ سال کی اسی سہ ماہی کے دوران 2.11 روپے کے مقابلے میں 10.17 روپے ہے۔

تیسری سہ ماہی کے دوران کمپنی نے فیہرک کی زیادہ طلب اور بڑھتی ہوئی قیمتوں کے امتزاج کا فائدہ اٹھایا ہے۔ رواں سہ ماہی میں 36 لومز کی بھرپور پیداوار جو گزشتہ سہ ماہی میں شروع ہوئی کا بھی فائدہ اٹھایا ہے۔ حجم اور قیمت میں اضافہ کے امتزاج کے نتیجے میں فروخت کی آمدنی گزشتہ سال کی اسی سہ ماہی سے 52.50 فیصد زیادہ ہوئی اور کمپنی کی فروخت آمدنی گزشتہ سال اسی مدت کے دوران 1,390,685,635 روپے کے مقابلے میں 2,120,753,098 روپے رہی۔ زیر جائزہ مدت کے دوران فروخت کی لاگت گزشتہ سال کی اسی مدت کے دوران فروخت کی 89.18 فیصد سے کم ہو کر 85.32 فیصد ہو گئی۔ فروخت کی آمدنی میں اضافہ اور فروخت کی لاگت میں کمی کے نتیجے میں مجموعی منافع (GP) گزشتہ سال کے اسی مدت کے دوران فروخت کا 10.82 فیصد سے بڑھ کر زیر جائزہ مدت کے دوران فروخت کا 14.68 فیصد ہو گیا۔

فروخت میں اضافہ کی وجہ سے مجموعی کاروباری اخراجات زیر جائزہ مدت کے دوران گزشتہ سال کی اسی مدت کے فروخت کے 4.33 فیصد سے کم ہو کر فروخت کے 3.95 فیصد تک ہوئے۔ کمپنی مستحکم نقد بہاؤ کمانے اور اپنے تمام کاروباری واجبات اور مالی ادائیگیاں بروقت ادا کرنے کے قابل رہی ہے۔ مختصر مدتی قرضوں کی کمی کی وجہ سے مالی اخراجات گزشتہ سال کی اسی مدت میں فروخت کے 1.85 فیصد سے کم ہو کر زیر جائزہ مدت کے دوران 1.04 فیصد تک ہوئے۔

فصل سال 2020-21 کیلئے پاکستان کاٹن جزر ایسوسی ایشن کی طرف سے جاری کردہ اعداد و شمار کے مطابق کپاس، (بیج کپاس) کی یکم اپریل، 2021ء تک جزر میں کل آمد 5.645 ملین گانٹھیں ہیں۔ گزشتہ سال کے اعداد و شمار فقط 15 مارچ، 2020ء تک دستیاب ہیں جو 8.571 ملین گانٹھوں کی آمد ظاہر کرتی ہیں۔ اس لئے رواں سال کی آمد 2.926 ملین گانٹھوں سے کم ہوئی جو آمد میں 34.14 فیصد کی کمی ظاہر کرتی ہے۔

منافع منقسمہ

بورڈ آف ڈائریکٹرز نے 29 اپریل 2021 کو اپنی میٹنگ میں، 30 جون 2021 کو ختم ہونے والے سال کیلئے پہلا عبوری نقد منافع منقسمہ بشرح 75 فیصد یعنی 7.50 روپے فی عام شیئر کا اعلان کیا ہے۔

کمپنی کے انتقال حصص کی کتب عام حصص کیلئے بروز جمعہ 14 مئی 2021 سے بروز جمعرات 20 مئی 2021 (بشمول دونوں ایام) بند رہیں گی۔ منتقلی کی مکمل درخواستیں کوکہ بروز جمعرات 13 مئی 2021 کے اوقات کار میں کمپنی کے شیئر رجسٹرار میسرز حمید مجید ایسوسی ایٹس (پرائیویٹ) لمیٹڈ، چلی منزل، انیج۔ ایم ہاؤس، 7 بینک اسکوائر، لاہور کو موصول ہوں گی، منافع منقسمہ کی ادائیگی کے لئے بروقت بھی جائیں گی۔

مستقبل کا نقطہ نظر

رواں سہ ماہی میں کمپنی کو حاصل ہونے والا منافع قابل ذکر ہے۔ مقامی اور برآمدی منڈیوں میں فیبرک کی مضبوط طلب کے باعث کمپنی نے بہتر یونٹ قیمتوں کا فائدہ اٹھایا ہے۔ سازگار حالات اور داخلی لاگت کنٹرول کے نتیجے میں ایک اور منافع بخش سہ ماہی ہوا ہے۔ کمپنی کو درآمدی اور مقامی آرڈرز وصول ہو رہے ہیں۔ ویلیو ایڈڈ ٹیکسٹائل کاروبار کی بیرونی ملک سے کافی آرڈر موصول ہوئے ہیں، جس سے مقامی مارکیٹ میں فیبرک کی طلب اور منافع بخش قیمتوں میں اضافہ ہوا ہے۔ باقی مالی سال کا نقطہ نظر مناسب حد تک پُر امید ہے۔ تاہم، ماضی قریب میں ہم نے امریکی ڈالر کے مقابلے روپیہ کی مضبوطی دیکھی ہے جو فیبرک مارجنز کو منفی متاثر کر سکتی ہے۔ کسی بھی غیر متوقع پیش رفتوں سے قطع نظر، چوتھی سہ ماہی میں بھی صحت مند منافع بیان کیا جانا چاہئے۔

تاہم، COVID-19 کی تیسری لہر نے ملک کو متاثر کیا ہے اور کمپنی کی کارکردگی پر بھی اس کا منفی اثر پڑ سکتا ہے۔ حکومت اس وبا کی بیماری سے نمٹنے کے لئے موثر اقدامات کر رہی ہے۔ حکومت نے سنجیدہ معاشی نقصانات سے بچنے اور اچھی صحت کے لئے عوام کو ایس او پیز پر سختی سے عمل کرنے کی تعلیم دینے کے لئے جلیٹی تشبیہی اقدامات کا آغاز کیا ہے۔ زیادہ سے زیادہ لوگوں کو ویکسین لگانے کے لئے حکومتی کوشش قابل تعریف ہے اور امید ہے کہ ویکسینیشن کی رفتار تیز ہو جائے گی۔ ہماری پیداواری فیکٹریاں عملہ اور کارکنوں کو محفوظ رکھنے کے لئے سخت حفاظتی اقدامات پر عملدرآمد کر رہی ہیں۔

حکومت کی توانائی کی پالیسی منافع کو متاثر کرنے کا سبب بن سکتی ہے جیسے کہ بجلی کی پیداوار کے لئے گیس کی دستیابی کو محدود کرنے کی تجویز دی گئی ہے۔ اگر حکومت کی اس تجویز پر عمل درآمد ہوتا ہے تو بجلی کی لاگت میں کافی حد تک اضافہ ہوگا اور منافع پر اثر پڑے گا۔ امید ہے کہ ٹیکسٹائل کا شعبہ جو کہ معاشی نمو، برآمدات اور روزگار میں بہت زیادہ حصہ شامل کر رہا ہے اس کو گیس منقطع کرنے کی پالیسی سے بچایا جائے گا۔ اس کے علاوہ، یہ خدشہ بھی ہے کہ بجلی اور گیس کے نرخوں میں بھی اضافہ کیا جاسکتا ہے جس سے منافع بری طرح متاثر ہو سکتا ہے۔


مالی سال 2021-22 کے لئے پاکستان کے بجٹ میں صنعت پر ٹیکس میں اضافہ اور ٹیکس مراعات میں کمی واقع ہو سکتی ہے۔ پٹیلی کی قیمتیں بھی بڑھ سکتی ہیں۔ زیادہ ٹیکسوں اور مزید مہنگے بولوں کا بوجھ مقامی مارکیٹ میں طلب کو متاثر کر سکتا ہے۔


کپاس کی قلت انڈسٹری کی موجودہ صلاحیت کے لئے خطرہ بن سکتی ہے اور اس سے ٹیکسٹائل ویلیو ایڈڈ شعبہ پر بھی منفی اثر پڑ سکتا ہے۔ ماہرین فصل کی قلت کو موسم کے نامناسب حالات، کاشت کے کم رقبے، کیڑوں کے حملوں اور غیر معیاری بیج کی وجہ قرار دے رہے ہیں۔ ٹیکسٹائل انڈسٹری کا مسلسل درآمد کپاس پر انحصار مقامی سپلائرز کی صلاحیت کو شدید نقصانات پہنچا سکتی ہے اور انہیں ویونگ انڈسٹری کے لئے قیمتوں میں اضافہ کرنے پر مجبور کر سکتی ہے۔ امید ہے کہ زرعی شعبہ اس چیلنج کو قبول کرے گا اور بیزنس 2021-2022 میں مزید زیادہ خام کپاس کی فصل پیدا کرے گا۔

اظہار تشکر

کمپنی کے عملے اور کارکنوں کی مسلسل محنت اور جذبہ اور تمام سطحوں پر اچھے انسانی تعلقات کا اعتراف کرتے ہیں۔ ڈائریکٹرز کمپنی کی مسلسل حمایت پر بینکرز کا بھی شکریہ ادا کرتے ہیں۔

منجانب بورڈ


رضا الہی شیخ
چیف ایگزیکٹو آفیسر


ہارون شہزادہ الہی شیخ
ڈائریکٹر

لاہور: 29 اپریل، 2021ء



PROSPERITY WEAVING MILLS LTD.


CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT MARCH 31, 2021

	Un-Audited March 31, 2021	Audited June 30, 2020
NoteRupees.....	
EQUITY AND LIABILITIES		
SHARE CAPITAL AND RESERVES		
Authorized share capital 20,000,000 (June 30, 2020: 20,000,000)		
Ordinary shares of Rs. 10 each	200,000,000	200,000,000
Issued, subscribed and paid up capital	184,800,000	184,800,000
Reserves	1,371,818,087	892,807,599
Revaluation surplus on land	102,840,634	102,840,634
TOTAL EQUITY	1,659,458,721	1,180,448,233
LIABILITIES		
NON-CURRENT LIABILITIES		
Long term finances	4 1,674,069,459	1,532,463,585
Employees retirement benefits	144,191,949	131,777,782
Deferred taxation	14,817,450	2,578,748
Deferred grant	5 755,743	1,600,609
	1,833,834,601	1,668,420,724
CURRENT LIABILITIES		
Trade and other payables	484,044,377	553,599,248
Accrued interest / mark-up	19,341,646	25,774,267
Short term borrowings	105,361,059	366,998,931
Current portion of long term finances	351,686,293	86,081,234
Unclaimed dividend	5,289,251	5,289,251
Current portion of deferred grant	5,912,641	2,954,590
	971,635,267	1,040,697,521
TOTAL LIABILITIES	2,805,469,868	2,709,118,245
CONTINGENCIES AND COMMITMENTS		
6		
TOTAL EQUITY AND LIABILITIES	4,464,928,589	3,889,566,478

The annexed explanatory notes from 1 to 14 form an integral part of these condensed interim financial statements.

Lahore: April 29, 2021


Haroon Shahzada Ellahi Shaikh
Director


Muhammad Tariq Sheikh
Chief Financial Officer



PROSPERITY WEAVING MILLS LTD.

	Un-Audited March 31, 2021	Audited June 30, 2020
NoteRupees.....	
ASSETS		
NON-CURRENT ASSETS		
Property plant & equipment	7 2,299,583,844	2,092,871,933
Intangible assets	196,449	1,080,471
Long term deposits	15,039,000	15,039,000
	2,314,819,293	2,108,991,404
CURRENT ASSETS		
Stores, spare parts and loose tools	81,278,337	55,171,197
Stock-in-trade	646,372,399	518,606,568
Trade receivables	670,734,903	587,479,860
Advances	13,301,755	7,685,037
Short term prepayments	11,743,950	2,502,764
Other receivables	4,335,171	3,507,783
Sales tax refundable	90,411,748	61,439,008
Other financial assets	8 589,953,603	473,158,143
Advance income tax - net	34,603,908	57,797,558
Cash and bank balances	7,373,522	13,227,156
	2,150,109,296	1,780,575,074
TOTAL ASSETS		
	4,464,928,589	3,889,566,478

The annexed explanatory notes from 1 to 14 form an integral part of these condensed interim financial statements.

Raza Ellahi Shaikh
Chief Executive Officer



PROSPERITY WEAVING MILLS LTD.

CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (UN-AUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2021

	Nine Months Ended		Quarter Ended	
	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
NoteRupees.....	Rupees.....	
Sales-net	5,738,232,897	4,603,091,036	2,120,753,098	1,390,685,635
Cost of sales	9 (4,952,318,925)	(4,145,155,633)	(1,809,355,124)	(1,240,163,182)
Gross profit	785,913,972	457,935,403	311,397,974	150,522,453
Distribution cost	(107,715,280)	(75,533,800)	(39,279,544)	(37,536,181)
Administrative expenses	(78,761,465)	(77,140,709)	(29,680,737)	(25,035,994)
Other operating expenses	(36,792,330)	(22,503,563)	(14,890,624)	2,347,737
	(223,269,075)	(175,178,072)	(83,850,905)	(60,224,438)
	562,644,897	282,757,331	227,547,069	90,298,015
Other income	25,269,249	56,631,565	7,773,296	(5,937,821)
Operating profit	587,914,146	339,388,896	235,320,365	84,360,194
Finance cost	(62,958,629)	(92,528,143)	(22,008,388)	(25,698,721)
Profit before taxation	524,955,517	246,860,753	213,311,977	58,661,473
Provision for taxation	(89,010,710)	(69,071,172)	(25,425,084)	(19,743,591)
Profit after taxation	435,944,807	177,789,581	187,886,893	38,917,882
Other comprehensive income				
Items that will not be reclassified subsequently to statement of profit or loss				
Unrealized gain/(loss) on remeasurement of equity investments designated at FVTOCI	43,065,681	(90,108,938)	(15,368,932)	(138,936,321)
Total comprehensive income / (loss) for the period	479,010,488	87,680,643	172,517,961	(100,018,439)
Earnings per share - basic and diluted	23.59	9.62	10.17	2.11

The annexed explanatory notes from 1 to 14 form an integral part of these condensed interim financial statements.

Haroon Shahzada Ellahi Shaikh
Director

Muhammad Tariq Sheikh
Chief Financial Officer

Raza Ellahi Shaikh
Chief Executive Officer

Lahore: April 29, 2021



PROSPERITY WEAVING MILLS LTD.

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

	Nine months ended	
	March 31, 2021	March 31, 2020
Rupees.....	
A. CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	524,955,517	246,860,753
Adjustments for:		
Depreciation of property, plant and equipment	162,869,805	157,311,183
Amortization of intangible asset	884,022	884,021
Provision for employee benefits	26,043,876	28,625,054
Gain on disposal of property, plant and equipment	(2,892,180)	(6,791,756)
Gain on sale of short term investments designated at FVTPL	-	(24,388,361)
Dividend income	(20,882,210)	(25,693,584)
Finance cost	62,958,629	92,528,143
Operating cash flow before working capital changes	753,937,459	469,335,453
Changes in working capital		
(Increase) / decrease in:		
Stores, spare parts and loose tools	(26,107,140)	1,155,675
Stock-in-trade	(127,765,831)	(118,952,325)
Trade receivables	(83,255,043)	493,527,002
Advances	(5,616,718)	(22,123,685)
Short-term prepayments	(9,241,186)	(4,701,128)
Other receivables	(827,388)	(8,490,651)
Sales tax refundable	(28,972,740)	15,372,348
	(281,786,046)	355,787,236
Decrease in Trade and other payables	(69,554,871)	(22,174,920)
Cash generated from operations	402,596,542	802,947,769
Employee benefits paid	(13,629,709)	(11,174,372)
Finance cost paid	(67,278,065)	(113,282,322)
Income taxes paid	(53,578,358)	(35,632,531)
Net cash generated from operating activities	268,110,410	642,858,544



PROSPERITY WEAVING MILLS LTD.

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

Nine months ended	
March 31, 2021	March 31, 2020
.....Rupees.....	

B. CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of property, plant and equipment	(369,974,536)	(23,306,599)
Proceeds from disposal of property, plant and equipment	3,285,000	51,965,400
Purchase of short term investments	(690,572,037)	(975,853,977)
Proceeds from sale of short term investments	616,842,258	956,641,925
Proceeds from redemption of sales tax refund bonds	-	28,600,000
Dividend received	20,882,210	25,693,584
Net cash (used in)/ generated from investing activities	(419,537,105)	63,740,333

C. CASH FLOWS FROM FINANCING ACTIVITIES

Long term finances obtained	444,578,672	-
Repayment of long term finances	(37,367,739)	(203,666,019)
Short term borrowings excluding running finance	(302,195,419)	(120,806,530)
Dividend paid	-	(73,521,545)
Net cash used in financing activities	105,015,514	(397,994,094)
Net (decrease)/ increase in cash and cash equivalents (A+B+C)	(46,411,181)	308,604,783
Cash and cash equivalents at beginning of the period	(51,576,357)	(481,480,747)
Cash and cash equivalents at end of the period	(97,987,538)	(172,875,964)

Cash and cash equivalents

Cash and bank balances	7,373,522	15,988,123
Running finance	(49,009,880)	(153,989,289)
Bank overdraft	(56,351,180)	(34,874,798)
	(97,987,538)	(172,875,964)

The annexed explanatory notes from 1 to 14 form an integral part of these condensed interim financial statements.

Haroon Shahzada Ellahi Shaikh
Director

Muhammad Tariq Sheikh
Chief Financial Officer

Raza Ellahi Shaikh
Chief Executive Officer

Lahore: April 29, 2021



PROSPERITY WEAVING MILLS LTD.

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

	Issued, Subscribed and paid up share capital	Capital reserves			Revenue Reserve	Total
		Amalgamation reserve	Revaluation surplus on land	Fair value reserve	Unappropriated profit	
-----Rupees-----						
Balance as at June 30, 2019 - Audited	184,800,000	16,600,000	102,840,634	(50,795,934)	901,143,695	1,154,588,395
Comprehensive income						
Profit after taxation	-	-	-	-	177,789,581	177,789,581
Other comprehensive loss	-	-	-	(90,108,938)	-	(90,108,938)
Total comprehensive (loss)/income for the period	-	-	-	(90,108,938)	177,789,581	87,680,643
Transactions with owners						
Final dividend for the year ended June 30, 2019 @ 40 % i.e. Rs. 4 per ordinary share	-	-	-	-	(73,920,000)	(73,920,000)
Balance as at March 31, 2020 - Un-audited	184,800,000	16,600,000	102,840,634	(140,904,872)	1,005,013,276	1,168,349,038
Comprehensive income						
Loss after taxation	-	-	-	-	(23,034,287)	(23,034,287)
Other comprehensive income /(loss) - net of tax	-	-	-	36,439,719	(1,306,237)	35,133,482
Transfer of loss on disposal of equity investment at FVTOCI to unappropriated profit	-	-	-	17,262,426	(17,262,426)	-
Total comprehensive income/(loss) for the period	-	-	-	53,702,145	(41,602,950)	12,099,195
Balance as at June 30, 2020 - Audited	184,800,000	16,600,000	102,840,634	(87,202,727)	963,410,326	1,180,448,233
Comprehensive income						
Profit after taxation	-	-	-	-	435,944,807	435,944,807
Other comprehensive Income	-	-	-	43,065,681	-	43,065,681
Transfer of gain on disposal of equity investment at FVTOCI to unappropriated profit	-	-	-	(7,124,904)	7,124,904	-
Total comprehensive income for the period	-	-	-	35,940,777	443,069,711	479,010,488
Balance as at March 31, 2021 - Un-audited	184,800,000	16,600,000	102,840,634	(51,261,950)	1,406,480,037	1,659,458,721

The annexed explanatory notes from 1 to 14 form an integral part of these condensed interim financial statements.

Haroon Shahzada Ellahi Shaikh
Director

Muhammad Tariq Sheikh
Chief Financial Officer

Raza Ellahi Shaikh
Chief Executive Officer

Lahore: April 29, 2021



PROSPERITY WEAVING MILLS LTD.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2021

1 LEGAL STATUS AND OPERATIONS

1.1 Prosperity Weaving Mills Limited (the Company) was incorporated in Pakistan on November 20, 1991 as a public limited company under the repealed Companies Ordinance, 1984 (Now Companies Act 2017) and listed on Pakistan Stock Exchange Limited on October, 17 1995. The registered office of the Company is situated at Nagina House, 91-B-1, M.M. Alam Road, Gulberg-III, Lahore. The principal activity of the Company is manufacturing and sale of woven cloth. The plant measuring 210 kanals is located at 13.5 km Sheikhupura Sharaqpur road, District Sheikhupura in the Province of Punjab.

1.2 These condensed interim financial statements are presented in Pak Rupees, which is the Company's functional and presentation currency.

2 STATEMENT OF COMPLIANCE

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

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

- Provisions of and directives issued under the Companies Act, 2017.

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

2.2 These condensed interim financial statements do not include all of the information required for the full financial statements and, therefore, these should be read in conjunction with annual audited financial statements for the year ended June 30, 2020. Comparative condensed statement of financial position is extracted from annual audited financial statements for the year ended June 30, 2020, whereas comparative condensed statement of profit or loss and other comprehensive income, comparative condensed statement of changes in equity and comparative of statement of cash flows are stated from un-audited condensed interim financial statements for the nine months ended March 31, 2020.

3 ACCOUNTING POLICIES AND ESTIMATES

The significant accounting policies and methods of computation adopted in preparation of these condensed interim financial statements are the same as those applied in preparation of the annual audited financial statements of the Company for the year ended June 30, 2020.

3.1 Financial risk management

The Company's financial risk management objective and policies are consistent with those disclosed in the annual audited financial statements of the Company for the year ended June 30, 2020.

3.2 Fair value of financial assets and liabilities

The carrying value of financial assets and financial liabilities reported in these condensed interim financial statements approximates their fair values.

3.3 Estimates and judgements

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

4 LONG TERM FINANCES

	Note	Un-Audited March 31, 2021	Audited June 30, 2020
From banking companies		-----Rupees-----	
Opening balance		1,618,544,819	1,673,541,256
Obtained during the period / year		444,578,672	148,624,925
Repayments made during the period / year		(37,367,739)	(203,621,362)
		<u>2,025,755,752</u>	<u>1,618,544,819</u>
Less: Current portion shown under current liabilities		(351,686,293)	(86,081,234)
		<u>1,674,069,459</u>	<u>1,532,463,585</u>



PROSPERITY WEAVING MILLS LTD.

	Note	Un-Audited March 31, 2021	Audited June 30, 2020
		-----Rupees-----	
5 DEFERRED GRANT			
As at July 01		4,555,199	-
Recognized during the year		8,578,673	4,865,819
Amortized during the year		(6,465,488)	(310,620)
As at June 30		<u>6,668,384</u>	<u>4,555,199</u>
Less: Current portion shown under current liabilities		<u>(5,912,641)</u>	<u>(2,954,590)</u>
		<u>755,743</u>	<u>1,600,609</u>
6 CONTINGENCIES AND COMMITMENTS			
6.1 Contingencies			
There is no significant change in the status of contingencies as disclosed in note 13.1 & 13.2 of the audited financial statements for the year ended June 30, 2020.			
6.2 Commitments			
Irrevocable letters of credit for:			
Capital expenditures		74,498,466	323,929,790
Non-capital expenditures		18,748,662	-
Raw Material		148,486,598	-
		<u>241,733,726</u>	<u>323,929,790</u>
Short term lease			
Payable within one year		<u>1,199,191</u>	<u>747,117</u>
		<u>242,932,917</u>	<u>324,676,907</u>
7 PROPERTY PLANT & EQUIPMENT			
Operating fixed assets - Owned	7.1	2,299,583,844	2,053,047,346
Capital work in progress		-	39,824,587
		<u>2,299,583,844</u>	<u>2,092,871,933</u>
7.1 Operating fixed assets - Owned			
Opening written down value		2,053,047,346	2,189,508,049
Additions during the period / year			
Building on free hold land-factory		5,815,940	7,038,630
Plant and machinery		390,991,584	121,911,340
Electric installation		2,695,917	1,500,000
Furniture and fixtures		-	531,892
Office equipment		199,000	639,899
Vehicles		10,096,682	4,667,157
		<u>409,799,123</u>	<u>136,288,918</u>
Written down value of property, plant and equipment disposed off		(392,820)	(61,971,590)
Depreciation charged during the period / year		(162,869,805)	(210,778,031)
Written down value at end of the period / year		<u>2,299,583,844</u>	<u>2,053,047,346</u>
8 OTHER FINANCIAL ASSETS			
Investments classified as FVTPL			
Treasury bills		257,873,208	-
Equity investments	8.1	332,080,395	279,944,652
Mutual funds		-	193,213,491
		<u>332,080,395</u>	<u>473,158,143</u>
		<u>589,953,603</u>	<u>473,158,143</u>



PROSPERITY WEAVING MILLS LTD.

	Note	Un-Audited March 31, 2021	Audited June 30, 2020
8.1 Reconciliation between fair value and cost of investments classified at FVTOCI			
		-----Rupees-----	
Fair value of investments			
-in listed equity securities		332,080,395	279,944,652
-in units of mutual funds		-	193,213,491
		332,080,395	473,158,143
Unrealized loss on remeasurement of investments		(51,261,950)	(87,202,727)
Cost of investment		383,342,345	560,360,870

Nine Months Ended (Un-Audited)		Quarter Ended (Un-Audited)	
March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
-----Rupees-----		-----Rupees-----	

9 COST OF SALES

Raw material consumed	3,900,092,713	3,366,814,509	1,497,922,956	1,032,071,512
Fuel and power	371,303,033	359,409,233	124,959,293	109,460,413
Salaries, wages and benefits	301,385,529	297,927,530	114,658,303	106,686,168
Stores and spares consumed	55,347,413	51,666,320	22,111,239	16,191,123
Sizing material consumed	97,922,273	86,305,631	34,293,917	26,782,999
Depreciation	155,645,038	149,119,317	57,429,940	49,787,706
Packing material consumed	23,468,162	17,232,271	9,555,205	4,527,744
Insurance	8,761,457	8,995,824	3,019,132	2,987,417
Repairs and maintenance	5,321,806	912,565	1,911,186	(11,968)
Vehicles running and maintenance	4,495,421	5,564,050	1,695,667	2,274,860
Traveling and conveyance	295,755	400,890	115,465	87,368
Lease rentals-land	274,518	268,573	91,506	73,667
Fee and subscription	291,485	528,812	60,200	17,000
Entertainment	843,736	825,404	266,150	212,252
Others	3,793,776	4,281,917	1,204,666	1,266,140
Manufacturing cost	4,929,242,115	4,350,252,846	1,869,294,825	1,352,414,401
Work-in-process:				
At beginning of period	86,316,978	96,033,482	95,020,428	101,895,286
At end of period	(108,038,937)	(100,756,141)	(108,038,937)	(100,756,141)
	(21,721,959)	(4,722,659)	(13,018,509)	1,139,145
Cost of goods manufactured	4,907,520,156	4,345,530,187	1,856,276,316	1,353,553,546
Finished stocks:				
At beginning of period	234,619,936	75,507,815	147,628,101	162,798,919
Cloth purchased	13,117,641	500,215	8,389,515	193,301
At end of period	(202,938,808)	(276,382,584)	(202,938,808)	(276,382,584)
	44,798,769	(200,374,554)	(46,921,192)	(113,390,364)
	4,952,318,925	4,145,155,633	1,809,355,124	1,240,163,182

10 TRANSACTIONS WITH RELATED PARTIES

The related parties comprise of associated companies, directors of the company and key management personnel. The transactions between the Company and the related parties are carried out as per agreed terms. The consideration is determined on commercial terms and conditions. The transactions with related parties during the period generally consist of sales and purchases.

Nature and description of related party transactions during the period along with monetary values are as follows:

Nature of Relationship	Nature of Transaction	Nine Months Ended (Un-Audited)	
		March 31, 2021	March 31, 2020
		-----Rupees-----	
Associated companies	Purchase of goods and services	1,302,992,044	1,192,031,400
	Sale of goods and services	68,115	8,201,649
	Dividend paid	-	22,317,132
Key management personnel	Remuneration and other benefits	29,529,096	30,892,731
	Dividend paid to directors and their close family members	-	42,436,252

There is no balance outstanding to or from associated undertakings as at reporting date.



PROSPERITY WEAVING MILLS LTD.

11 FAIR VALUE OF FINANCIAL INSTRUMENTS

Financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

Level 3 - Inputs for the asset or liability that are not based on observable market data (i.e., unobservable inputs).

The following table presents the Funds/Company's financial assets which are carried at fair value:

Financial assets - at fair value	March 31, 2021			
	Level 1	Level 2	Level 3	Total
	Rs			
-Equity investments designated at FVTOCI	332,080,395	-	-	332,080,395
-Treasury bills designated at FVTOPI	257,873,208	-	-	257,873,208
As at March 31, 2021	589,953,603	-	-	589,953,603
	June 30, 2020			
Financial assets - at fair value	Level 1	Level 2	Level 3	Total
-Equity investments designated at FVTOCI	279,944,652	-	-	279,944,652
-Mutual funds designated at FVTOCI	193,213,491	-	-	193,213,491
As at June 30, 2020	473,158,143	-	-	473,158,143

At March 31, 2021 the company holds short term investments where the company has used Level 1 inputs for the measurement of fair values and there is no transfer between levels.

12 CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

	Nine Months Ended (Un-Audited)		
	June 30, 2020	Net Cash flow	March 31, 2021
	Rupees.....		
Long term finances	1,618,544,819	407,210,933	2,025,755,752
Short term borrowings	366,998,931	(261,637,872)	105,361,059
	1,985,543,750	145,573,061	2,131,116,811

13 CORRESPONDING FIGURES

13.1 Corresponding figures have been rearranged and regrouped where ever necessary for the purpose of comparison.


13.2 Figures have been rounded off to the nearest rupee.

14 DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements (un-audited) have been approved by the board of directors of the Company and authorized for issue on April 29, 2021.

Lahore: April 29, 2021


Haroon Shahzada Ellahi Shaikh
 Director


Muhammad Tariq Sheikh
 Chief Financial Officer


Raza Ellahi Shaikh
 Chief Executive Officer

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PROSPERITY WEAVING MILLS LTD.

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