

**THIRD QUARTER REPORT
FOR THE PERIOD ENDED
MARCH 31, 2022
(Un-Audited)**



PROSPERITY WEAVING MILLS LTD.



PROSPERITY WEAVING MILLS LTD.

CONTENTS

Company Information	03
Directors' Review	04
Condensed Interim Statement of Financial Position	08
Condensed Interim Statement of Profit or Loss and Other Comprehensive Income	10
Condensed Interim Statement of Cash Flows	11
Condensed Interim Statement of Changes in Equity	13
Notes to the Condensed Interim Financial Statements	14



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

Allied Bank Ltd.
Askari Bank Ltd.
Bank Alfalah Ltd.
Habib Bank Ltd.
Meezan Bank Ltd.
MCB Bank Ltd.
National Bank of Pakistan
Soneri Bank Limited
United Bank Ltd.

REGISTERED OFFICE

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

REGIONAL OFFICE

2nd Floor, Shaikh Sultan Trust Bldg. No. 2, 26-Civil Lines,
Beaumont Road, Karachi - 75530

WEB REFERENCE

www.nagina.com

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, 2022. The comparative figures for the corresponding quarter ended on March 31, 2021 are included for comparison, except in statement of financial position where figures are for the year ended on June 30, 2021.

Company Performance

During the 3rd quarter of the financial year 2021-22 ended on March 31, 2022, your company has earned after tax profit of Rs. 86,243,896 or 2.86% of sales compared to Rs. 187,886,893 or 8.86% of sales during same period of last year (SPLY). Earning per share (EPS) is Rs. 4.67 in current quarter compared to Rs. 10.17 during the corresponding quarter of previous year. Lower profit for the quarter is due to colossal increase in raw material and energy costs.

Higher selling prices for fabric resulted in increase in sales revenue by 42.28% of the SPLY. Sales revenue for the quarter under review is Rs. 3,017,360,182 compared to Rs. 2,120,753,098 during SPLY. Higher raw material costs resulted in increase in cost of sales from 85.32% of sales during SPLY to 92.14% of sales during the period under review. Consequently, Gross Profit (GP) has reduced to 7.86% during the period under review as compared to 14.68% during the SPLY.

Higher sales during the period resulted in overall operating expenses decreasing from 3.95% of sales during SPLY to 3.58% of sales. However, sea freights were abnormally high because of global port disruptions. 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 and repayment of long term loans, finance cost reduced from 1.04% of sales during SPLY to 0.73% during the period under review.

According to the figures issued by the Pakistan Cotton Ginners Association, for the crop year 2021-22 (final data of the year), Kapas, (seed cotton) arrivals upto March 01, 2022, at the Ginneries totalled 7.442 million bales compared to 5.638 million bales for similar period of financial year 2020-21 showing increase in arrival of 32%.

Future Outlook

The quarter under review was not as profitable in comparison to the past. As elaborated above the yarn prices increased manifold which could not be fully absorbed into fabric selling prices. Resultantly, the product margins were on the lower side. Customers report that they are unable to pass on cost increases to the international buyers. Value added exporters of Pakistan are also complaining of exorbitant rise in container freight and shortage of shipping space for export of textiles. For the next quarter things are still uncertain. Product margins are very tight. Recently SBP has hiked policy rate by 2.50% which will ultimately cause rise in borrowing costs. Exchange market has remained extremely volatile with PKR/USD parity touching level of 189. Devaluation of Pakistan rupee is likely to substantially increase the cost of raw material and other conversion costs. Recently Government has announced increase in minimum wage. This will also negatively impact on operating costs. We do not have clarity on future energy policy of the Government. It is feared that government may be forced to increase the price of fuels, electricity and gas. In addition, the impact of the IMF program is likely to increase other costs further and may also result in higher taxation. Therefore, the prospects of fourth quarter are not very promising. However, your management is closely watching the changing situation and will continue to strive to remain profitable.



PROSPERITY WEAVING MILLS LTD.

The company is continuing to pursue a BMR and expansion program. 26 new looms have arrived at the mills and have been installed. Your company has opened LCs for import of 48 new looms along with related machinery. It is hoped that 48 loom expansion project will be completed by the end of June 2023.

It is hoped that the Government would bring in long term business friendly policies such as uninterrupted energy supplies in cost effective manner. Release of outstanding tax refunds should also be expedited. The Government should also encourage the completion of value chain in Pakistan so that as a country we can focus on export of finished textile products which will be more beneficial for the country.

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.

A handwritten signature in black ink, appearing to read "Haroon".

Haroon Shahzada Ellahi Shaikh
Director

A handwritten signature in black ink, appearing to read "Raza Ellahi Shaikh".

Raza Ellahi Shaikh
Chief Executive Officer

Lahore: April 28, 2022

ڈائریکٹرز کا جائزہ

ڈائریکٹرز 31 مارچ 2022ء کو اختتام نوامی کے لئے کمپنی کی غیر نظر ثانی شدہ منجمد عبوری مالیاتی معلومات پیش کرتے ہوئے خوشی محسوس کر رہے ہیں۔ 31 مارچ 2021ء کو ختم ہونے والی نوامی کے تقابلی اعداد و شمار بھی موازنہ کے لئے شامل کئے گئے ہیں، ماسوائے سیٹمنٹ آف فنانشل پوزیشن کے جہاں تقابلی اعداد و شمار 30 جون 2021ء کو اختتامہ سال کے لئے ہیں۔

کمپنی کی کارکردگی

آپ کی کمپنی نے 31 مارچ 2022ء کو ختم ہونے والی مالی سال 2021-22 کی تیسری سہ ماہی کے دوران ٹیکس کے بعد منافع 86,243,896 روپے یا فروخت کا 2.86 فیصد جبکہ گزشتہ سال کی اسی سہ ماہی کے دوران 187,886,893 روپے یا فروخت کا 8.86 فیصد بعد از ٹیکس منافع کمایا۔ زیر جائزہ سہ ماہی کے لئے فی شیئر آمدنی (EPS) گزشتہ سال کی اسی مدت کے لئے 10.17 روپے کے مقابلے 4.67 روپے ہے۔ سہ ماہی کے منافع میں کمی خام مال اور توانائی کے اخراجات میں بہت زیادہ اضافہ کی وجہ سے ہوئی ہے۔ فیکٹری کی زیادہ فروخت قیمتوں کے نتیجے گزشتہ سال کی اسی مدت کے مقابلے فروخت آمدنی 42.28 فیصد تک زیادہ ہوئی۔ زیر جائزہ سہ ماہی کے لئے فروخت آمدنی گزشتہ سال کی اسی مدت کے دوران 2,120,753,098 روپے کے مقابلے 3,017,360,182 روپے ہے۔ خام مال کے زیادہ اخراجات کے نتیجے فروخت کی لاگت گزشتہ سال کی اسی مدت کے دوران فروخت کی 85.32 فیصد سے بڑھ کر زیر جائزہ مدت کے دوران فروخت کی 92.14 فیصد ہو گئی ہے۔ اس طرح مجموعی منافع (GP) گزشتہ سال کے اسی مدت کے دوران فروخت کے 14.68 فیصد سے کم ہو کر زیر جائزہ مدت کے دوران فروخت کے 7.86 فیصد تک ہو گیا ہے۔

فروخت میں اضافہ کی وجہ سے مجموعی کاروباری اخراجات گزشتہ سال کی اسی مدت کے دوران فروخت کے 3.95 فیصد سے کم ہو کر زیر جائزہ مدت کے دوران فروخت کے 3.58 فیصد تک ہوئے۔ تاہم، عالمی پورٹ خلل کی وجہ سے سمندری فریٹ غیر معمولی زیادہ تھے۔ کمپنی مستحکم نقدی بہاؤ پیدا کرنے اور اپنے کاروباری واجبات کی بروقت ادائیگی کرنے میں کامیاب رہی۔ مختصر مدتی قرضوں کی کمی کی اور طویل مدتی قرضوں کی واپس ادائیگی کی وجہ سے مالی اخراجات گزشتہ سال کی اسی مدت کے دوران فروخت کے 1.04 فیصد سے کم ہو کر زیر جائزہ مدت کے دوران 0.73 فیصد تک ہو گئے۔

پاکستان کاشن جیزز ایسوسی ایشن کی طرف سے فصل سال 2021-22 کے لئے جاری کردہ اعداد و شمار کے مطابق یکم مارچ 2022ء (سال کا مکمل ڈیٹا) تک جیزز میں کپاس، (بیج کپاس) کی بیج سال 2020-21 کی کل 5.638 ملین گناٹھوں کے مقابلے 7.442 ملین گناٹھیں ہوئی جو کہ 32 فیصد کا اضافہ ظاہر کر رہی ہے۔

مستقبل کا نقطہ نظر

زیر جائزہ سہ ماہی ماضی کے مقابلے میں اتنی منافع بخش نہیں رہی۔ جیسا کہ اوپر بیان کیا گیا ہے کہ دھماگے کی قیمتوں میں کمی گنا اضافہ ہوا جو کپڑے کی فروخت قیمتوں میں مکمل طور پر جذب نہیں ہو سکا۔ نتیجتاً، پروڈکٹ مارجن میں کمی کا رجحان رہا۔ صارفین بتاتے ہیں کہ وہ لاگت میں اضافے کو بین الاقوامی خریداروں تک منتقل کرنے سے قاصر ہیں۔ پاکستان کے ویلیو ایڈڈ ایکسپورٹرز بھی کنٹینرز کے کرایہ میں بے تحاشہ اضافے اور ٹیکسٹائل کی برآمد کے لیے شپنگ سبس کی کمی کی شکایت کر رہے ہیں۔ اگلی سہ ماہی کے لیے چیزیں ابھی تک غیر یقینی ہیں۔ مصنوعات کے مارجن بہت سخت ہیں۔ حال ہی میں اسٹیٹ بینک نے پالیسی ریٹ میں 2.50 فیصد اضافہ کیا ہے جو بالآخر قرض کے اخراجات میں اضافے کا سبب بنے گا۔ ایکسیج مارکیٹ پاکستانی روپیہ/ امریکی ڈالر برابری کی سطح 189 کو چھونے کے ساتھ انتہائی اتار چڑھاؤ کا شکار ہے۔ پاکستانی روپیہ کی قدر میں کمی سے خام مال کی قیمت اور دیگر کنورشن کے اخراجات میں خاطر خواہ اضافہ ہونے کا امکان ہے۔ حال ہی میں حکومت نے کم از کم اجرت میں اضافے کا اعلان کیا ہے۔ اس سے آپریٹنگ اخراجات پر بھی منفی اثر پڑے گا۔ ہمارے پاس حکومت کی مستقبل کی توانائی پالیسی کے بارے میں کوئی وضاحت نہیں ہے۔ خدشہ ہے کہ حکومت ایندھن، بجلی اور گیس کی قیمتوں میں اضافے کرنے پر مجبور ہو سکتی ہے۔ اس کے علاوہ، آئی ایم ایف پروگرام کے اثرات سے دیگر اخراجات میں مزید اضافہ ہونے کا امکان ہے اور اس کے نتیجے میں ٹیکسوں میں اضافہ بھی ہو سکتا ہے۔ لہذا، چوتھی سہ ماہی کے امکانات زیادہ امید افزا نہیں ہیں۔ تاہم، آپ کی انتظامیہ بدلتی ہوئی صورتحال پر گہری نظر رکھے ہوئے ہے اور منافع بخش رہنے کی کوشش جاری رکھے گی۔

کمپنی BMR اور توسیع پروگرام کو جاری رکھے ہوئے ہے۔ 26 نئی لومز ملز میں بیج چکی ہیں اور انسٹال کر دی گئی ہیں۔ آپ کی کمپنی نے متعلقہ مشینری کے ساتھ 48 نئی لومز کی درآمد کے لیے LCs کھولی ہیں۔ امید ہے کہ 48 لومز کا توسیعی منصوبہ جون 2023 کے آخر تک مکمل ہو جائے گا۔




PROSPERITY WEAVING MILLS LTD.


امید ہے کہ حکومت لاگت بچانے والے موثر انداز میں توانائی کی بلا تعطل فراہمی جیسی طویل مدتی کاروبار دوست پالیسیاں لائے گی۔ بقایا ٹیکس ریفنڈز کے اجراء کو بھی تیز کیا جانا چاہیے۔ حکومت کو پاکستان میں ویلیو چین کی تکمیل کی بھی حوصلہ افزائی کرنی چاہیے تاکہ بحیثیت ملک ہم تیار ٹیکنائیل مصنوعات کی برآمد پر توجہ مرکوز کر سکیں جو ملک کے لیے زیادہ فائدہ مند ثابت ہوگی۔

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 اور دیگر حصہ داروں کا بھی شکریہ ادا کرتے ہیں۔

منجانب بورڈ


رضا الہی شیخ
چیف ایگزیکٹو آفیسر


ہارون شہزادہ الہی شیخ
ڈائریکٹر
لاہور: 28 اپریل 2022ء



PROSPERITY WEAVING MILLS LTD.

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT MARCH 31, 2022

	Un-Audited March 31, 2022	Audited June 30, 2021
NoteRupees.....	
EQUITY AND LIABILITIES		
SHARE CAPITAL AND RESERVES		
Authorized share capital 20,000,000 (June 30, 2021: 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	1,852,153,814	1,459,037,799
Revaluation surplus on land	102,840,634	102,840,634
TOTAL EQUITY	2,139,794,448	1,746,678,433
LIABILITIES		
NON-CURRENT LIABILITIES		
Long term finances	4 1,709,960,277	1,636,851,483
Employees retirement benefits	154,039,907	144,752,291
Deferred taxation	86,799,490	59,799,491
Deferred grant	5 -	1,630,759
	1,950,799,674	1,843,034,024
CURRENT LIABILITIES		
Trade and other payables	749,659,505	507,635,367
Accrued interest / mark-up	21,497,296	19,964,457
Short term borrowings	6 525,099,872	56,439,271
Current portion of long term finances	323,669,995	355,244,128
Unclaimed dividend	6,411,726	6,255,331
Current portion of deferred grant	3,246,499	6,477,975
	1,629,584,893	952,016,529
TOTAL LIABILITIES	3,580,384,567	2,795,050,553
CONTINGENCIES AND COMMITMENTS		
7		
TOTAL EQUITY AND LIABILITIES	5,720,179,015	4,541,728,986

The annexed explanatory notes from 1 to 16 form an integral part of these condensed interim financial statements.

Haroon Shahzada Ellahi Shaikh
Director

Muhammad Tariq Sheikh
Chief Financial Officer

Lahore: April 28, 2022



PROSPERITY WEAVING MILLS LTD.

		Un-Audited March 31, 2022	Audited June 30, 2021
Note	Rupees.....	
ASSETS			
NON-CURRENT ASSETS			
Property plant & equipment	8	2,498,173,736	2,299,138,706
Long term deposits		15,039,000	15,039,000
		2,513,212,736	2,314,177,706
CURRENT ASSETS			
Stores, spare parts and loose tools		86,780,880	79,494,299
Stock-in-trade		1,462,101,003	956,620,251
Trade receivables		1,127,185,871	686,478,806
Advances		35,450,874	9,866,823
Short term prepayments		10,156,016	7,581,657
Other receivables		1,175,466	2,361,381
Sales tax refundable		184,307,453	38,856,991
Other financial assets	9	255,786,461	352,604,933
Advance income tax - net		25,701,334	32,319,337
Cash and bank balances		18,320,921	61,366,802
		3,206,966,279	2,227,551,280
TOTAL ASSETS		5,720,179,015	4,541,728,986

The annexed explanatory notes from 1 to 16 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, 2022

	Note	Nine Months Ended		Quarter Ended	
		March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
		Rupees.....		Rupees.....	
Revenue from contracts with customers	10	8,933,674,657	5,738,232,897	3,017,360,182	2,120,753,098
Cost of sales	11	(8,044,402,828)	(4,952,318,925)	(2,780,086,083)	(1,809,355,124)
Gross profit		889,271,829	785,913,972	237,274,099	311,397,974
Distribution cost		(155,043,468)	(107,715,280)	(68,209,231)	(39,279,544)
Administrative expenses		(88,326,034)	(78,761,465)	(30,758,484)	(29,680,737)
Other operating expenses		(41,992,069)	(36,792,330)	(9,175,494)	(14,890,624)
		(285,361,571)	(223,269,075)	(108,143,209)	(83,850,905)
		603,910,258	562,644,897	129,130,890	227,547,069
Other income		33,904,643	25,269,249	14,956,152	7,773,296
Operating profit		637,814,901	587,914,146	144,087,042	235,320,365
Finance cost		(72,944,947)	(62,958,629)	(21,941,222)	(22,008,388)
Profit before taxation		564,869,954	524,955,517	122,145,820	213,311,977
Provision for taxation		(132,026,367)	(89,010,710)	(35,901,924)	(25,425,084)
Profit after taxation		432,843,587	435,944,807	86,243,896	187,886,893
Other comprehensive income					
Items that will not be reclassified subsequently to statement of profit or loss					
Fair value gain / (loss) on investment in equity instrument designated at FVTOCI		6,472,427	43,065,681	(2,044,418)	(15,368,932)
Total comprehensive income for the period		439,316,014	479,010,488	84,199,478	172,517,961
Earnings per share - basic and diluted		23.42	23.59	4.67	10.17

The annexed explanatory notes from 1 to 16 form an integral part of these condensed interim financial statements.

Lahore: April 28, 2022


Haroon Shahzada Ellahi Shaikh
Director


Muhammad Tariq Sheikh
Chief Financial Officer


Raza Ellahi Shaikh
Chief Executive Officer



PROSPERITY WEAVING MILLS LTD.

CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2022

	Nine months ended	
	March 31, 2022	March 31, 2021
Rupees.....	
A. CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	564,869,954	524,955,517
Adjustments for:		
Depreciation of property, plant and equipment	168,608,201	162,869,805
Amortization of intangible asset	-	884,022
Provision for employee benefits	27,668,574	26,043,876
Gain on disposal of property, plant and equipment	(3,627,409)	(2,892,180)
Gain on sale of other Financial assets	(5,089,845)	-
Dividend income	(25,187,389)	(20,882,210)
Finance cost	72,944,947	62,958,629
Operating cash flow before working capital changes	800,187,033	753,937,459
Changes in working capital		
(Increase) / decrease in:		
Stores, spare parts and loose tools	(7,286,581)	(26,107,140)
Stock-in-trade	(505,480,752)	(127,765,831)
Trade receivables	(440,707,065)	(83,255,043)
Advances	(25,584,051)	(5,616,718)
Short-term prepayments	(2,574,359)	(9,241,186)
Other receivables	1,185,915	(827,388)
Sales tax refundable	(145,450,462)	(28,972,740)
	(1,125,897,355)	(281,786,046)
Increase / (decrease) in Trade and other payables	242,024,138	(69,554,871)
Cash generated from operations	(83,686,184)	402,596,542
Employee benefits paid	(18,380,958)	(13,629,709)
Finance cost paid	(76,274,343)	(67,278,065)
Income taxes paid	(98,408,364)	(53,578,358)
Net cash (used in) / generated from operating activities	(276,749,849)	268,110,410




PROSPERITY WEAVING MILLS LTD.

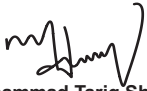
CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2022


	Nine months ended	
	March 31, 2022	March 31, 2021
Rupees.....	
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(373,430,322)	(369,974,536)
Proceeds from disposal of property, plant and equipment	9,414,500	3,285,000
Purchase of other financial assets	(1,100,000,671)	(690,572,037)
Proceeds from sale of other financial assets	1,208,381,414	616,842,258
Dividend received	25,187,389	20,882,210
Net cash (used in) investing activities	(230,447,690)	(419,537,105)
C. CASH FLOWS FROM FINANCING ACTIVITIES		
Long term finances obtained	303,822,044	444,578,672
Repayment of long term finances	(262,287,382)	(37,367,739)
Short term borrowings excluding running finance and bank overdraft	373,430,639	(302,195,419)
Dividend paid	(46,043,605)	-
Net cash generated from financing activities	368,921,695	105,015,514
Net (decrease)/ increase in cash and cash equivalents (A+B+C)	(138,275,844)	(46,411,181)
Cash and cash equivalents at beginning of the period	4,927,531	(51,576,357)
Cash and cash equivalents at end of the period	(133,348,313)	(97,987,538)
Cash and cash equivalents		
Cash and bank balances	18,320,921	7,373,522
Running finance	(85,221,717)	(49,009,880)
Bank overdraft	(66,447,517)	(56,351,180)
	(133,348,313)	(97,987,538)

The annexed explanatory notes from 1 to 16 form an integral part of these condensed interim financial statements.

Lahore: April 28, 2022


Haroon Shahzada Ellahi Shaikh
 Director


Muhammad Tariq Sheikh
 Chief Financial Officer


Raza Ellahi Shaikh
 Chief Executive Officer



PROSPERITY WEAVING MILLS LTD.

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2022

	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, 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 (loss)/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
Comprehensive income						
Profit after taxation	-	-	-	-	205,631,947	205,631,947
Other comprehensive income /(loss) - net of tax	-	-	-	20,524,538	(336,772)	20,187,766
Total comprehensive income/(loss) for the period	-	-	-	20,524,538	205,295,175	225,819,713
Transactions with owners						
Interim dividend @ 75% i.e. Rs.7.5 per share for the year ended June 30, 2021	-	-	-	-	(138,600,000)	(138,600,000)
Balance as at June 30, 2021 - Audited	184,800,000	16,600,000	102,840,634	(30,737,412)	1,473,175,212	1,746,678,433
Comprehensive income						
Profit after taxation	-	-	-	-	432,843,587	432,843,587
Other comprehensive Income	-	-	-	6,472,427	-	6,472,427
Transfer of gain on disposal of equity investment at FVTOCI to unappropriated profit	-	-	-	(15,894,620)	15,894,620	-
Total comprehensive income for the period	-	-	-	(9,422,193)	448,738,207	439,316,014
Transactions with owners						
Final dividend @ 25% i.e. Rs.2.5 per share for the year ended June 30, 2021	-	-	-	-	(46,200,000)	(46,200,000)
Balance as at March 31, 2022 - Un-audited	184,800,000	16,600,000	102,840,634	(40,159,605)	1,875,713,419	2,139,794,448

The annexed explanatory notes from 1 to 16 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 28, 2022



PROSPERITY WEAVING MILLS LTD.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2022

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 and Regional Office at 2nd Floor, Shaikh Sultan Trust Bldg. No. 2, 26-Civil Lines, Beaumont Road, Karachi. The principal activity of the Company is manufacturing and sale of woven cloth. The plant measuring 210 kanals is located at 13.5 km Sharakpura road, District Sheikhpura 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, 2021. Comparative condensed statement of financial position is extracted from annual audited financial statements for the year ended June 30, 2021, 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, 2021.

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, 2021.

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, 2021.

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, 2021.

4 LONG TERM FINANCES

	Note	Un-Audited March 31, 2022	Audited June 30, 2021
		-----Rupees-----	
From banking companies			
Opening balance		1,992,095,611	1,618,544,819
Obtained during the period / year		303,822,044	498,567,718
Repayments made during the period / year		(262,287,382)	(125,016,926)
		<u>2,033,630,272</u>	<u>1,992,095,611</u>
Less: Current portion shown under current liabilities		<u>(323,669,995)</u>	<u>(355,244,128)</u>
		<u>1,709,960,277</u>	<u>1,636,851,483</u>



PROSPERITY WEAVING MILLS LTD.

	Note	Un-Audited March 31, 2022	Audited June 30, 2021
		-----Rupees-----	
5 DEFERRED GRANT			
As at July 01		8,108,734	4,555,199
Recognized during the period / year		-	9,368,379
Amortized during the period / year		(4,862,235)	(5,814,843)
As at period / year end		3,246,499	8,108,734
Less: Current portion shown under current liabilities		(3,246,499)	(6,477,975)
		-	1,630,759
6 SHORT TERM BORROWING			
From banking companies:			
Running finance - secured		85,221,717	2,465,663
Bank overdraft - unsecured		66,447,517	53,973,608
Foreign currency loans		373,430,638	-
		525,099,872	56,439,271
7 CONTINGENCIES AND COMMITMENTS			
7.1 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, 2021.			
7.2 Commitments			
Irrevocable letters of credit for:			
Capital expenditures		612,142,051	19,118,862
Non-capital expenditures		19,337,681	261,542,993
Raw Material		91,240,437	-
		722,720,169	280,661,855
Short term lease			
Payable within one year		1,282,216	821,829
		724,002,385	281,483,684
8 PROPERTY PLANT & EQUIPMENT			
Operating fixed assets - Owned	8.1	2,158,345,310	2,246,300,367
Capital work in progress		339,828,426	52,838,339
		2,498,173,736	2,299,138,706
8.1 Operating fixed assets - Owned			
Opening written down value		2,246,300,367	2,053,047,346
Additions during the period / year			
Building on free hold land-factory		-	5,815,940
Plant and machinery		74,351,495	390,991,583
Electric installation		-	2,695,917
Furniture and fixtures		328,000	694,499
Office equipment		807,500	306,000
Vehicles		10,953,240	20,149,374
		86,440,235	420,653,313
Written down value of property, plant and equipment disposed off		(5,787,091)	(4,097,260)
Depreciation charged during the period / year		(168,608,201)	(223,303,032)
Written down value at end of the period / year		2,158,345,310	2,246,300,367
9 OTHER FINANCIAL ASSETS			
Investments classified as FVTOCI			
Equity investments	9.1	255,786,461	352,604,933



PROSPERITY WEAVING MILLS LTD.

	Note	Un-Audited March 31, 2022	Audited June 30, 2021
9.1 Reconciliation between fair value and cost of investments classified at FVTOCI			
		-----Rupees-----	
Fair value of investments			
-in listed equity securities		255,786,461	352,604,933
Unrealized loss on remeasurement of investments		(40,159,605)	(30,737,412)
Cost of investment		295,946,066	383,342,345

	Nine Months Ended (Un-Audited)		Quarter Ended (Un-Audited)	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
	-----Rupees-----		-----Rupees-----	

10 Revenue from contracts with customer

Export

Cloth	2,651,520,768	2,487,751,796	1,128,384,264	963,074,503
Add: Export rebate	543,164	367,889	249,099	172,909
	2,652,063,932	2,488,119,685	1,128,633,363	963,247,412

Local

Cloth	7,285,139,940	3,757,933,306	2,185,554,353	1,332,501,498
Yarn	840,060	6,331,755	278,460	5,834,016
Waste	63,323,456	38,354,648	23,854,596	15,946,138
	7,349,303,456	3,802,619,708	2,209,687,409	1,354,281,653
Less: Sales tax on sales	(1,067,692,731)	(552,506,497)	(320,960,591)	(196,775,967)
	6,281,610,725	3,250,113,211	1,888,726,818	1,157,505,686
Total	8,933,674,657	5,738,232,897	3,017,360,181	2,120,753,098

11 COST OF SALES

Raw material consumed	7,136,907,500	3,900,092,713	2,660,558,406	1,497,922,956
Fuel and power	565,745,426	371,303,033	239,136,320	124,959,293
Salaries, wages and benefits	367,326,661	301,385,529	135,720,863	114,658,303
Stores and spares consumed	52,752,125	55,347,413	16,726,400	22,111,239
Sizing material consumed	133,785,198	97,922,273	48,754,880	34,293,917
Depreciation	159,965,015	155,645,038	53,900,038	57,429,940
Packing material consumed	33,609,805	23,468,162	11,644,420	9,555,205
Insurance	10,731,114	8,761,457	3,691,400	3,019,132
Repairs and maintenance	387,126	5,321,806	(568,559)	1,911,186
Electricity duty	42,548,491	-	42,548,491	-
Vehicles running and maintenance	5,394,020	4,495,421	1,823,907	1,695,667
Traveling and conveyance	498,401	295,755	170,516	115,465
Lease rentals-land	301,968	274,518	100,656	91,506
Fee and subscription	520,200	291,485	62,500	60,200
Entertainment	990,400	843,736	346,446	266,150
Others	3,808,844	3,793,776	1,402,550	1,204,666
Manufacturing cost	8,515,272,294	4,929,242,115	3,216,019,234	1,869,294,825

Work-in-process:

At beginning of period	112,850,341	86,316,978	162,690,957	95,020,428
At end of period	(207,717,455)	(108,038,937)	(207,717,455)	(108,038,937)
	(94,867,114)	(21,721,959)	(45,026,498)	(13,018,509)

Cost of goods manufactured

Finished stocks:				
At beginning of period	441,079,911	234,619,936	426,407,664	147,628,101
Cloth purchased	876,409	13,117,641	644,355	8,389,515
At end of period	(817,958,672)	(202,938,808)	(817,958,672)	(202,938,808)
	(376,002,352)	44,798,769	(390,906,653)	(46,921,192)
	8,044,402,828	4,952,318,925	2,780,086,083	1,809,355,124

12 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.



PROSPERITY WEAVING MILLS LTD.

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, 2022	March 31, 2021
	Rupees.....	
Associated companies	Purchase of goods and services	3,535,214,706	1,302,992,044
	Sale of goods and services	96,312	68,115
	Dividend paid	13,948,208	-
Key management personnel	Remuneration and other benefits	36,781,864	29,529,096
	Dividend paid to directors and their close family members	26,523,907	-

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

13 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, 2022			
	Level 1	Level 2	Level 3	Total
	Rs			
-Equity investments designated at FVTOCI	255,786,461	-	-	255,786,461
As at March 31, 2022	255,786,461	-	-	255,786,461
	June 30, 2021			
Financial assets - at fair value	Level 1	Level 2	Level 3	Total
-Equity investments designated at FVTOCI	352,604,933	-	-	352,604,933
As at June 30, 2021	352,604,933	-	-	352,604,933

At March 31, 2022 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.

14 CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

	Nine Months Ended (Un-Audited)		
	June 30, 2021	Net Cash flow	March 31, 2022
Rupees.....		
Long term finances	1,992,095,611	41,534,661	2,033,630,272
Short term borrowings	56,439,271	468,660,601	525,099,872
	2,048,534,882	510,195,262	2,558,730,144

15 CORRESPONDING FIGURES

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

15.2 Figures have been rounded off to the nearest rupee.

16 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 28, 2022.

Haroon Shahzada Ellahi Shaikh
Director

Muhammad Tariq Sheikh
Chief Financial Officer

Raza Ellahi Shaikh
Chief Executive Officer

Lahore: April 28, 2022

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