

**FIRST QUARTER REPORT  
FOR THE PERIOD ENDED  
SEPTEMBER 30, 2020  
(Un-Audited)**



**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 Deloitte 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](http://www.nagina.com)

### WEB REFERENCE

### SHARES REGISTRAR

M/s Hameed Majeed Associates (Pvt.) Ltd.  
1<sup>st</sup> 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 statements of the Company for the 1<sup>st</sup> quarter ended on September 30, 2020. The comparative figures for the corresponding quarter ended on September 30, 2019 are included for comparison, except in statement of financial position where comparative figures are for the year ended on June 30, 2020.

### **Company Performance**

Alhamdulillah, during the quarter under review, your Company has earned after tax profit of Rs. 58,851,729 compared to Rs. 17,279,353 during the same period of last year (SPLY). Earning per share (EPS) for the quarter is Rs. 3.18 compared to Rs. 0.94 for the SPLY. The satisfactory results are on the back of enhanced orders and margins in the weaving sector. Our customers producing value added textiles like home furnishings, workwear, personal protective clothing placed good volume of orders and enabled the company to make decent profits.

Sales revenue for the quarter under review increased by 23.45% over the SPLY and stood at Rs. 1,771,690,933 compared to Rs. 1,435,122,497. Increase in sales revenue is mainly due to change in production pattern which resulted in higher volume turnover. Cost of sales decreased from 91.77% during SPLY to 90.68% of sales during quarter under review. Increase in sales revenue and decrease in cost of sales resulted in increase of Gross Profit (GP) from 8.23% of sales during corresponding SPLY to 9.32% of sales during quarter under review.

Because of higher volume turnover overall operating expenses increased by 49.89% over the SPLY. The company has been able to generate stable cash flows and made timely discharge of its operating and financial liabilities. Finance cost decreased from 2.77% during SPLY to 1.24% of sales during the period under review. The decrease is mainly due to reduction in Kibor rates and conversion of long-term debt into concessional LTFF loans.

According to the figures issued by the Pakistan Cotton Ginners Association, for the crop year 2020-21, Kapas, (seed cotton) arrivals up to October 15, 2020, at the Gineries totalled 2.688 million bales compared to 4.440 million bales for SPLY showing decrease in arrival of 39.45%.

### **Future Outlook**

The first quarter financial results have been satisfactory. Fabric demand is healthy both in local as well as international markets. Value added sectors such as home textiles and apparel are receiving handsome export orders which is creating global fabric demand. We are cautiously optimistic about the textile sector for the rest of the year.

The State Bank of Pakistan (SBP) has been aggressively supporting the economy with timely schemes to provide liquidity to manufacturing companies. The SBP has also provided an excellent scheme for long term investment funding. The federal government has also been extremely helpful for the promotion of business during this difficult time. Electricity and gas prices for the export sector has been provided at very reasonable rates. Sales tax refunds have also improved. It is hoped that the positive policies of the government and SBP will continue and Pakistan will achieve even greater success.

Business friendly policies such as uninterrupted and cost-effective energy supplies, timely issuance of due tax refunds are required. Management is vigilantly reviewing the ever-changing conditions in order to enhance company profits.

Profitability should also be helped by continuous efforts to develop new products and diversify marketing channels. Under our continuous BMR/ expansion programme recently imported 36 weaving machines are under installation at our mills. These machines will start production shortly. It is hoped that demand for fabric will remain strong and allow Management to launch another BMR / expansion project.

However global business outlook is still uncertain because of ramifications of COVID-19. In the winter most world economies are fearful of the second wave of the pandemic. We hope and pray that the world gets a vaccine quickly and the disease is controlled.

In Pakistan the cotton crop outlook is not encouraging. Cotton quality and quantity has suffered due to excessive rainfalls and lower cultivation area. It is unfortunate to predict that we may end up producing even lower crop quantity compared to last year.

### **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 thanks to the bankers and other stakeholders for their continued support to the Company.

On behalf of the Board.

**Haroon Shahzada Ellahi Shaikh**

Director

**Raza Ellahi Shaikh**

Chief Executive Officer

Lahore: October 28, 2020



## PROSPERITY WEAVING MILLS LTD.

### ڈائریکٹرز کا جائزہ

ڈائریکٹرز 30 ستمبر 2020ء کو مختصر پہلی سہ ماہی کے لئے کمپنی کی غیر نظر ثانی شدہ مالیاتی معلومات پیش کرتے ہوئے خوشی محسوس کر رہے ہیں۔ 30 ستمبر 2019ء 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 2020ء کو مختصر سال کے لئے ہیں۔

#### کمپنی کی کارکردگی

الحمد للہ، آپ کی کمپنی نے پچھلے سال کی اسی سہ ماہی کے دوران 17,279,353 روپے کے مقابلے زیر جائزہ سہ ماہی میں 58,851,729 روپے بعد از ٹیکس منافع کمایا ہے۔ فی شیئر آمدنی (EPS) گزشتہ سال کی سہ ماہی کے دوران 0.94 روپے کے مقابلے میں 3.18 روپے ہے۔ تسلی بخش نتائج و یونگ سیکٹر میں زیادہ آرڈرز اور منافع کی وجہ سے ہیں۔ ہمارے سیکٹرز پروڈکٹس یونگ سیکٹر اور ٹیکسٹائل مشینا ہوم فرنیچر، کام کے لباس، ذاتی حفاظتی کپڑوں کے آرڈرز کے حجم میں اچھا اضافہ ہوا اور کمپنی کو بہتر منافع کمانے کے قابل بنایا ہے۔

زیر جائزہ سہ ماہی کی فروخت آمدنی گزشتہ سال سے 23.45 فیصد بڑھ گئی اور گزشتہ سال کی اسی سہ ماہی کی 1,435,122,497 روپے کے مقابلے میں 1,771,690,933 روپے رہی۔ بنیادی طور پر فروخت کی مالیت میں اضافہ پیداوار اور ڈیزائن میں تبدیلی کی وجہ سے ہوا جس کے نتیجے میں فروخت کے حجم میں اضافہ ہوا۔ زیر جائزہ سہ ماہی کے دوران فروخت کی لاگت گزشتہ سال کی اسی مدت کی فروخت کی 91.77 فیصد سے کم ہو کر 90.68 فیصد ہو گئی۔ فروخت کی آمدنی میں اضافہ اور فروخت کی لاگت میں کمی کے نتیجے میں مجموعی منافع (GP) گزشتہ سال کی اسی مدت کے دوران فروخت کے 8.23 فیصد سے بڑھ کر زیر جائزہ مدت کے دوران فروخت 9.32 فیصد ہو گیا۔

حجم کے لحاظ سے زیادہ آمدنی کی وجہ سے انتظامی اخراجات گزشتہ سال کی اسی سہ ماہی سے 49.89 فیصد سے زیادہ ہوئے۔ کمپنی منطقی نقد بہاؤ کمانے اور اپنے تمام کاروباری واجبات اور مالی ادائیگیاں بروقت ادا کرنے کے قابل رہی ہے۔ مالی اخراجات گزشتہ سال کی اسی سہ ماہی میں 2.77 فیصد سے کم ہو کر زیر جائزہ سہ ماہی میں 1.24 فیصد ہوئے۔ مالی اخراجات میں یہ کمی بنیادی طور پر KIBOR کی شرح میں کمی اور طویل مدتی قرضوں کی رعایتی LTFTR قرضوں میں تبدیلی کی وجہ سے ہوئی ہے۔

فصل سال 2020-21 کیلئے پاکستان کاٹن جنرل ایسوسی ایشن کی طرف سے جاری کردہ اعداد و شمار کے مطابق کپاس، (بیج کپاس) کی 15 اکتوبر 2020ء تک ہنزہ میں آمد گزشتہ سال کی اسی مدت میں 4.440 ملین گانٹھوں کے مقابلے میں کل 2.688 ملین گانٹھیں ہو گئیں جو 39.45 فیصد کمی کی ظاہر کرتی ہے۔

#### مستقبل کا نقطہ نظر

زیر جائزہ سہ ماہی تلی پیش رہی ہے۔ کپڑے کی طلب مقامی اور بین الاقوامی دونوں مارکیٹوں میں صحت مند ہے۔ ویلیو ایڈڈ سیکٹرز مثلاً ہوم ٹیکسٹائلز اور پلبوسٹاکسٹائلز کو کافی برآمدی آرڈرز وصول ہو رہے ہیں جو کہ پکڑے کی عالمی طلب پیدا کر رہی ہے۔ ہم باقی سال میں ٹیکسٹائل سیکٹر کے بارے میں متاثر انداز میں پُر امید ہیں۔

اسٹیٹ بینک آف پاکستان (SBP) میٹرو پیٹرنگ کمپنیوں کو لیکو پڑے پنی فراہم کرنے کے لئے بروقت اکٹھوں کے ذریعے معیشت کی جارحانہ حمایت کر رہا ہے۔ اسٹیٹ بینک آف پاکستان نے طویل مدتی سرمایہ کاری کی فنڈنگ کے لئے ایک بہتر پالیسی فراہم کی ہے۔ وفاقی حکومت بھی اس مشکل وقت میں کاروبار کے فروغ کے لئے بہت زیادہ مددگار رہی ہے۔ برآمدی شعبے کے لئے بجلی اور گیس کی قیمتیں انتہائی مناسب نرخوں پر مہیا کی جارہی ہیں۔ سیکٹر ٹیکس کی قابل واپسی رقم میں بھی بہتری آئی ہے۔ امید ہے کہ حکومت اسٹیٹ بینک آف پاکستان کی مثبت پالیسیاں جاری رہیں گی اور پاکستان اس سے بھی زیادہ کامیابی حاصل کرے گا۔

بالنظن اور موثر لائسنس فراہمی، بیٹا سیکٹر ٹیکس، انکم ٹیکس، DTL اور ٹیکسٹائل لوئی اپ گریڈیشن قوم کی واپسی کو تیز کرنے کی کاروبار دوستانہ پالیسیاں درکار ہیں۔ انتظامیہ کمپنی کے منافع کو بڑھانے کے لئے ہمیشہ تبدیل ہوتے حالات کا بغور جائزہ لے رہی ہے۔

نئی مصنوعات کی تیاری اور مارکیٹنگ چینلز میں جدت کی مسلسل کوششوں سے بھی منافع کو بہتر بنانے میں مدد ملے گی۔ ہمارے مسلسل BMR توجیح پروگرام کے تحت حالیہ در آمد شدہ 36 یونگ مشینیں ہماری ملز میں نصب کی جارہی ہیں۔ یہ مشینیں جلد ہی پیداوار دینا شروع کر دیں گی۔ امید کی جارہی ہے کہ کپڑے کی طلب مستحکم رہے گی جو کہ انتظامیہ ایک اور BMR توجیح منصوبہ شروع کرنے میں مدد دے گی۔

تاہم، COVID-19 کے اثرات کی وجہ سے عالمی کاروباری نقطہ نظر ابھی بھی غیر یقینی ہے۔ سردیوں میں انکم ڈیٹا کی معیشتیں واپسی بیماری کی دوسری لہر سے خوف زدہ ہیں۔ ہم امید اور دعا کرتے ہیں کہ دنیا کو جلد از جلد ویکسین مل جائے اور اس بیماری پر قابو پایا جاسکے۔

پاکستان میں کپاس کی فصل کے آئندہ امکانات حوصلہ افزا نہیں ہیں۔ زیادہ بارش اور کاشت کے کم رقبے کی وجہ سے کپاس کے معیار اور مقدار کو نقصان پہنچا ہے۔ بد قسمتی سے یہ پیش گوئی ہے کہ ہم پچھلے سال کے مقابلے میں فصل کی کم مقدار پیدا کر سکتے ہیں۔

#### اظہار تشکر

کمپنی کے عملے اور کارکنوں کی مسلسل محنت اور جذبہ اور تمام سطحوں پر اچھے تعلقات کا اعتراف کرتے ہیں۔ ڈائریکٹرز کمپنی کی مسلسل حمایت پر دیگر زکا بھی شکر ادا کرتے ہیں۔

بارون شہزادہ لکھی شیخ  
ڈائریکٹر

منجانب بورڈ

رضا الہی شیخ  
چیف ایگزیکٹو آفیسر

لاہور: 28 اکتوبر 2020ء



# PROSPERITY WEAVING MILLS LTD.


## CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT SEPTEMBER 30, 2020

	Un-Audited September 30, 2020	Audited June 30, 2020
Note	.....Rupees.....	
<b>EQUITY AND LIABILITIES</b>		
<b>SHARE CAPITAL AND RESERVES</b>		
Authorized share capital 20,000,000 (June 30, 2020: 20,000,000) ordinary shares of Rs. 10 each	<u>200,000,000</u>	<u>200,000,000</u>
Issued, subscribed and paid up capital	<u>184,800,000</u>	184,800,000
Reserves	<u>992,201,266</u>	892,807,599
Revaluation surplus on land	<u>102,840,634</u>	102,840,634
<b>TOTAL EQUITY</b>	<u><b>1,279,841,900</b></u>	<u>1,180,448,233</u>
<b>LIABILITIES</b>		
<b>NON-CURRENT LIABILITIES</b>		
Long term finances	4 <u>1,865,959,106</u>	1,532,463,585
Employee retirement benefits	<u>134,739,479</u>	131,777,782
Deferred grant	5 <u>2,534,177</u>	1,600,609
Deferred taxation	<u>2,578,748</u>	2,578,748
	<u>2,005,811,510</u>	1,668,420,724
<b>CURRENT LIABILITIES</b>		
Trade and other payables	<u>506,262,174</u>	553,599,248
Accrued interest / markup	<u>18,202,485</u>	25,774,267
Short term borrowings	6 <u>215,947,250</u>	366,998,931
Current portion of long term finances	<u>169,537,099</u>	86,081,234
Current portion of deferred grant	<u>6,938,365</u>	2,954,590
Unclaimed dividend	<u>5,289,251</u>	5,289,251
	<u>922,176,624</u>	1,040,697,521
<b>TOTAL LIABILITIES</b>	<u><b>2,927,988,134</b></u>	<u>2,709,118,245</u>
<b>CONTINGENCIES AND COMMITMENTS</b>	7	
<b>TOTAL EQUITY AND LIABILITIES</b>	<u><b>4,207,830,034</b></u>	<u>3,889,566,478</u>

The annexed explanatory notes from 1 to 15 form an integral part of these condensed interim financial statements.

Lahore: October 28, 2020

  
 Haroon Shahzada Ellahi Shaikh  
 Director

  
 Muhammad Tariq Sheikh  
 Chief Financial Officer



# PROSPERITY WEAVING MILLS LTD.

## CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT SEPTEMBER 30, 2020

	Note	Un-Audited September 30, 2020 .....Rupees.....	Audited June 30, 2020
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	8	2,059,428,126	2,092,871,933
Intangible assets		785,796	1,080,471
Long term deposits		15,039,000	15,039,000
		<b>2,075,252,922</b>	<b>2,108,991,404</b>
<b>CURRENT ASSETS</b>			
Stores, spare parts and loose tools		58,659,217	55,171,197
Stock-in-trade		631,551,877	518,606,568
Trade receivables		530,534,334	587,479,860
Advances		341,700,230	7,685,037
Short term prepayments		10,842,335	2,502,764
Other receivables		3,507,783	3,507,783
Sales tax refundable		137,959,226	61,439,008
Other financial assets	9	353,252,370	473,158,143
Advance income tax - net		55,204,837	57,797,558
Cash and bank balances		9,364,903	13,227,156
		<b>2,132,577,112</b>	<b>1,780,575,074</b>
<b>TOTAL ASSETS</b>		<b>4,207,830,034</b>	<b>3,889,566,478</b>

The annexed explanatory notes from 1 to 15 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 QUARTER ENDED SEPTEMBER 30, 2020

	Note	Quarter Ended	
		September 30 2020	September 30 2019
		.....Rupees.....	
Sales - net		1,771,690,933	1,435,122,497
Cost of sales	10	(1,606,567,819)	(1,316,988,007)
<b>Gross profit</b>		<b>165,123,114</b>	<b>118,134,490</b>
Distribution cost		(36,753,531)	(15,289,707)
Administrative expenses		(25,692,156)	(27,169,469)
Other operating expenses		(5,933,092)	(3,160,983)
		<b>(68,378,779)</b>	<b>(45,620,159)</b>
		<b>96,744,335</b>	<b>72,514,331</b>
Other income		6,426,467	4,864,785
<b>Operating profit</b>		<b>103,170,802</b>	<b>77,379,116</b>
Finance cost		(21,916,820)	(39,737,755)
<b>Profit before taxation</b>		<b>81,253,982</b>	<b>37,641,361</b>
Provision for taxation		(22,402,253)	(20,362,008)
<b>Profit after taxation</b>		<b>58,851,729</b>	<b>17,279,353</b>
<b>Other comprehensive income</b>			
<b>Items that will not be reclassified subsequently to statement of profit or loss:</b>			
Fair value gain / (loss) on investment in equity instrument designated at FVTOCI		40,541,938	(14,063,987)
<b>Total comprehensive income for the period</b>		<b>99,393,667</b>	<b>3,215,366</b>
<b>Earnings per share - basic and diluted</b>		<b>3.18</b>	<b>0.94</b>

The annexed explanatory notes from 1 to 15 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: October 28, 2020



# PROSPERITY WEAVING MILLS LTD.

## CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2020

	Quarter Ended	
	September 30 2020	September 30 2019
	.....Rupees.....	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	81,253,982	37,641,361
Adjustments for:		
Depreciation of property, plant and equipment	49,744,764	52,350,503
Amortization of intangible assets	294,675	294,674
Provision for employee benefits	8,681,292	9,541,682
Dividend income	(6,072,000)	(2,840,020)
Interest income	-	(822,739)
Gain on disposal of property, plant and equipment	(354,467)	(6,173,048)
Loss on sale of short term investments	-	5,536,860
Fair value gain on other financial assets	-	(565,839)
Finance cost	21,916,820	39,737,755
	<u>74,211,084</u>	<u>97,059,828</u>
Operating cash flow before working capital changes	155,465,066	134,701,189
<b>Changes in Working capital</b>		
(Increase) / decrease in:		
Stores, spare parts and loose tools	(3,488,020)	(10,427,806)
Stock-in-trade	(112,945,309)	(28,179,491)
Trade receivables	56,945,526	313,535,498
Advances	(334,015,193)	8,593,283
Short term prepayments	(8,339,571)	(8,751,185)
Other receivables	-	(30,848)
Sales tax refundable	(76,520,218)	(4,255,233)
	<u>(478,362,785)</u>	<u>270,484,218</u>
Decrease in trade and other payables	(47,337,074)	(8,076,197)
	<u>(525,699,859)</u>	<u>262,408,021</u>
<b>Cash generated (used in) / generated from operations</b>	<u>(370,234,793)</u>	<u>397,109,210</u>
Finance cost paid	(29,488,602)	(50,769,213)
Employee benefits paid	(5,719,595)	(4,664,556)
Income taxes paid	(19,809,532)	(11,453,674)
<b>Net cash (used in) / generated from operating activities</b>	<u>(425,252,522)</u>	<u>330,221,767</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(16,371,490)	(6,063,628)
Proceeds from disposal of property, plant and equipment	425,000	48,690,400
Purchase of other financial assets	(155,000,000)	(48,798,145)
Proceeds from sale of other financial assets	315,447,712	43,763,784
Dividend received	6,072,000	2,840,020
<b>Net cash generated from investing activities</b>	<u>150,573,222</u>	<u>40,432,431</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Long term finances obtained	529,535,479	-
Repayment of long term finances	(107,666,750)	(67,253,759)
Short term borrowings excluding running finance & bank overdraft	(226,718,930)	(425,000,000)
Dividend paid	-	(35,138)
<b>Net cash generated from / (used in) financing activities</b>	<u>195,149,799</u>	<u>(492,288,897)</u>
<b>Net decrease in cash and cash equivalents</b>	<u>(79,529,501)</u>	<u>(121,634,699)</u>
<b>Cash and cash equivalents at beginning of the period</b>	<u>(51,576,357)</u>	<u>(481,480,747)</u>
<b>Cash and cash equivalents at end of the period</b>	<u>(131,105,858)</u>	<u>(603,115,446)</u>
<b>CASH AND CASH EQUIVALENTS</b>		
Cash and bank balances	9,364,903	72,299,218
Running finance	(108,654,446)	(498,521,028)
Bank overdraft	(31,816,315)	(176,893,636)
	<u>(131,105,858)</u>	<u>(603,115,446)</u>

The annexed explanatory notes from 1 to 15 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: October 28, 2020



# PROSPERITY WEAVING MILLS LTD.

## CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2020

	Issued, subscribed and paid up capital	Capital reserve			Revenue reserve	Total
		Amalgamation reserve	Revaluation surplus on land	Fair value reserve	Unappropriated profit	
----- Rupees -----						
<b>Balance at June 30, 2019 (Audited)</b>	184,800,000	16,600,000	102,840,634	(50,795,934)	901,143,695	1,154,588,395
<b>Comprehensive income</b>						
Profit after taxation	-	-	-	-	17,279,353	17,279,353
Other comprehensive loss - net of tax	-	-	-	(14,063,987)	-	(14,063,987)
<b>Total comprehensive (loss) / income for the period</b>	-	-	-	(14,063,987)	17,279,353	3,215,366
<b>Balance as at September 30, 2019 (Un-audited)</b>	184,800,000	16,600,000	102,840,634	(64,859,921)	918,423,048	1,157,803,761
<b>Transactions with owners</b>						
Final dividend for the year ended June 30, 2019 @ 40% i.e. Rs.4 per ordinary share	-	-	-	-	(73,920,000)	(73,920,000)
<b>Comprehensive income</b>						
Profit after taxation	-	-	-	-	137,475,941	137,475,941
Other comprehensive loss - net of tax	-	-	-	(39,605,232)	(1,306,237)	(40,911,469)
Transfer of loss on disposal of equity investments at FVTOCI to unappropriated profit	-	-	-	17,262,426	(17,262,426)	-
<b>Total Comprehensive (loss) / income for the period</b>	-	-	-	(22,342,806)	118,907,278	96,564,472
<b>Balance at June 30, 2020 (Audited)</b>	184,800,000	16,600,000	102,840,634	(87,202,727)	963,410,326	1,180,448,233
<b>Comprehensive income</b>						
Profit after taxation	-	-	-	-	58,851,729	58,851,729
Other comprehensive income - net of tax	-	-	-	40,541,938	-	40,541,938
Transfer of gain on disposal of equity investments at FVTOCI to unappropriated profit	-	-	-	(1,117,549)	1,117,549	-
<b>Total comprehensive income for the period</b>	-	-	-	39,424,389	59,969,278	99,393,667
<b>Balance at September 30, 2020 (Un-audited)</b>	184,800,000	16,600,000	102,840,634	(47,778,338)	1,023,379,604	1,279,841,900

The annexed explanatory notes from 1 to 15 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: October 28, 2020



# PROSPERITY WEAVING MILLS LTD.

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2020

### 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 Sheikhpura Sharaqpur 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
- 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, 2019, 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 first quarter ended September 30, 2019.

### 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

	Un-Audited September 30 2020	Audited June 30 2020
-----Rupees-----		
From Banking Companies		
Opening balance	1,618,544,819	1,673,541,256
Obtained during the period / year	524,618,136	148,624,925
Repayments made during the period / year	(107,666,750)	(203,621,362)
	<u>2,035,496,205</u>	<u>1,618,544,819</u>
Less: Current portion shown under current liabilities	<u>(169,537,099)</u>	<u>(86,081,234)</u>
	<u>1,865,959,106</u>	<u>1,532,463,585</u>



# PROSPERITY WEAVING MILLS LTD.

	Un-Audited September 30 2020	Audited June 30 2020
-----Rupees-----		
<b>5 DEFERRED GRANT</b>		
As at July 01	4,555,199	-
Recognized during the year	6,584,464	4,865,819
Amortized during the year	(1,667,121)	(310,620)
As at June 30	<u>9,472,542</u>	<u>4,555,199</u>
Less: Current portion shown under current liabilities	<u>(6,938,365)</u>	<u>(2,954,590)</u>
	<u>2,534,177</u>	<u>1,600,609</u>
<b>6 SHORT TERM BORROWING</b>		
From banking companies:		
Running finance - secured	108,654,446	71,701
Bank overdraft - unsecured	31,816,315	64,731,812
Foreign currency loans	75,476,489	302,195,418
	<u>215,947,250</u>	<u>366,998,931</u>
<b>7 CONTINGENCIES AND COMMITMENTS</b>		
<b>7.1 Contingencies</b>		
There is no significant change in the status of contingencies as disclosed in the note 13.1 & 13.2 of the financial statement for the year ended June 30, 2020.		
<b>7.2 Commitments</b>		
<b>Irrevocable letters of credit for</b>		
Capital expenditures	-	323,929,790
Non-capital expenditures	281,959,849	-
	<u>281,959,849</u>	<u>323,929,790</u>
<b>Short term lease</b>		
Payable within one year	404,060	747,117
	<u>282,363,909</u>	<u>324,676,907</u>
<b>8 PROPERTY, PLANT AND EQUIPMENT</b>		
Operating fixed assets - owned	8.1 2,003,232,049	2,053,047,346
Capital work in progress	8.2 56,196,077	39,824,587
	<u>2,059,428,126</u>	<u>2,092,871,933</u>
<b>8.1 Operating fixed assets - Owned</b>		
Opening written down value	2,053,047,346	2,189,508,049
Additions during the period / year:		
Building on free hold land- Factory	-	7,038,630
Plant and machinery	-	121,911,340
Electric installation	-	1,500,000
Furniture and fixture	-	531,892
Office equipment	-	639,899
Vehicles	-	4,667,157
	-	136,288,918
Written down value of property, plant and equipment disposed off	(70,533)	(61,971,590)
Depreciation charged during the period/year	(49,744,764)	(210,778,031)
Written down value at end of the period/year	<u>2,003,232,049</u>	<u>2,053,047,346</u>
<b>8.2 Capital work in progress</b>		
Plant and machinery	48,520,249	20,721,447
Advances for plant and machinery	7,675,828	19,103,140
	<u>56,196,077</u>	<u>39,824,587</u>
<b>Movement in capital work in progress</b>		
At beginning of the period / year	39,824,587	4,980,805
Additions	16,371,490	170,119,598
Transfer to property, plant and equipment	-	(135,275,816)
At end of the period / year	<u>56,196,077</u>	<u>39,824,587</u>



# PROSPERITY WEAVING MILLS LTD.

	Note	Un-Audited September 30 2020	Audited June 30 2020
-----Rupees-----			
<b>9 OTHER FINANCIAL ASSETS</b>			
<b>Investments classified as FVTOCI</b>			
Equity investments		308,057,242	279,944,652
Mutual funds		45,195,128	193,213,491
	12	<u>353,252,370</u>	<u>473,158,143</u>
<b>9.1 Reconciliation between fair value and cost of investments classified at FVTOCI</b>			
Fair value of investments			
-in listed equity securities		308,057,242	279,944,652
-in units of mutual funds		45,195,128	193,213,491
		<u>353,252,370</u>	<u>473,158,143</u>
Unrealized loss on remeasurement of investments		(47,778,338)	(87,202,727)
Cost of investment		<u>401,030,708</u>	<u>560,360,870</u>
		<b>Quarter Ended (Un-audited)</b>	
		September 30 2020	September 30 2019
		-----Rupees-----	
<b>10 COST OF SALES</b>			
Raw material consumed		1,220,576,095	1,158,006,254
Fuel and power		126,442,262	137,551,948
Salaries, wages and benefits		95,298,000	96,622,335
Stores and spares consumed		16,921,550	12,811,717
Sizing material consumed		30,358,822	29,065,042
Depreciation		47,443,549	49,652,544
Packing material consumed		7,255,564	6,109,038
Insurance		3,124,772	2,962,415
Repairs and maintenance		1,198,337	626,267
Vehicles running and maintenance		1,444,429	1,971,300
Traveling and conveyance		89,970	128,125
Lease rentals-land		91,506	91,506
Fee and subscription		38,000	471,312
Entertainment		259,464	303,587
Others		1,148,918	1,434,415
<b>Manufacturing cost</b>		<b>1,551,691,238</b>	<b>1,497,807,805</b>
Work-in-process:			
At beginning of period		86,316,978	96,033,482
At end of period		(88,709,741)	(86,583,899)
		<u>(2,392,763)</u>	<u>9,449,583</u>
<b>Cost of goods manufactured</b>		<b>1,549,298,475</b>	<b>1,507,257,388</b>
Finished stocks:			
At beginning of period		234,619,936	75,507,815
Cloth purchased		1,151,650	282,409
At end of period		(178,502,242)	(266,059,605)
		<u>57,269,344</u>	<u>(190,269,381)</u>
		<u>1,606,567,819</u>	<u>1,316,988,007</u>
<b>11 TRANSACTIONS WITH RELATED PARTIES</b>			
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	Quarter Ended (Un-audited)	
		September 30 2020	September 30 2019
		.....Rupees.....	
Associated companies	Purchase of goods and services	441,301,595	408,572,252
	Sale of goods and services	-	46,800
	Rent expense	251,550	239,580
Key Management Personnel	Remuneration and other benefits	9,180,086	12,019,404

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

### 12 FAIR VALUE OF FINANCIAL INSTRUMENTS

The table below analysis 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 (that is, as prices) or indirectly (that is, derived from prices).

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

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

	September 30, 2020			Total
	Level 1	Level 2	Level 3	
	Rs			
<b>Financial assets - at fair value</b>				
Equity Investments designated at FVTOCI	308,057,242	-	-	308,057,242
Mutual Funds designated at FVTOCI	45,195,128	-	-	45,195,128
<b>At September 30, 2020</b>	<b>353,252,370</b>	<b>-</b>	<b>-</b>	<b>353,252,370</b>
	June 30, 2020			
Financial assets - at fair value				
Equity Investments designated at FVTOCI	279,944,652	-	-	279,944,652
Mutual Funds designated at FVTOCI	193,213,491	-	-	193,213,491
<b>At June 30, 2020</b>	<b>473,158,143</b>	<b>-</b>	<b>-</b>	<b>473,158,143</b>

At September 30, 2020 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.

### 13 CORRESPONDING FIGURES

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



## PROSPERITY WEAVING MILLS LTD.

### 14 GENERAL

The figures have been rounded off to the nearest Rupee.

### 15 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 October 28, 2020.

**Haroon Shahzada Ellahi Shaikh**  
Director

**Muhammad Tariq Sheikh**  
Chief Financial Officer

**Raza Ellahi Shaikh**  
Chief Executive Officer

Lahore: October 28, 2020

**PROSPERITY WEAVING MILLS LTD.**

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