

Independent Auditors' Report

To
The Board of Directors
Prince Pipes and Fittings Limited

Report on the Audit of Financial Results

Opinion

We have audited the accompanying financial results of Prince Pipes and Fittings Limited ("the Company") for the three months and year ended 31 March 2020 ("financial results"), attached herewith, being submitted by the Company pursuant to the requirement of Regulation 33 of the Securities and Exchange Board of India ("SEBI") (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("Listing Regulations").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial results:

- i) are presented in accordance with the requirements of Regulation 33 of Listing Regulation in this regard; and
- ii) give a true and fair view in conformity with the recognition and measurement principles laid down in the applicable accounting standards and other accounting principle generally accepted in India of the net profit and other comprehensive income and other financial information for the three months and year ended 31 March 2020.

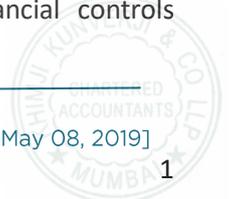
Basis for Opinion

We conducted our audit in accordance with the Standard on Auditing ("SA") specified under section 143(10) of the Companies Act, 2013 ("the Act"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Results section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountant of India together with the ethical requirement that are relevant to our audit of the financial result under the provision of the Act and the Rules thereunder, and we have fulfilled our ethical responsibilities in accordance with these requirements and Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the financial results.

Management's and Board of Directors' Responsibilities for the Financial Results.

These financial results have been prepared on the basis of the financial statements.

The Company's management and Board of Directors are responsible for the preparation and presentation of these financial result that give a true and fair view of the net profit and other comprehensive income and other financial information in accordance with the accounting with the recognition and measurement principles laid down in the Indian Accounting Standards ("Ind AS") prescribed under Section 133 of the Act read with relevant rules issued thereunder and other accounting principle generally accepted in India and in compliance with Regulation 33 of Listing Regulations. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls



that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial annual results that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

The Company's Management and Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibility for the Audit of Financial Results

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

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

- Identify and assess the risks of material misstatement of the financial results, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures in financial results made by the Management and Board of Directors.
- Conclude on the appropriateness of the Management and Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial results or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.



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

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

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

Other Matter

The figures for the three months ended 31 March 2020 are the balancing figures between the audited figures with respect to full financial year and the published unaudited year to date figures upto the third quarter of the current financial year which were subject to limited review by us.

The financial results for the comparative three months ended 31 March 2019 were not reviewed or audited by any auditors and are based on management certified unaudited financial information.

For Khimji Kunverji & Co LLP
(formerly Khimji Kunverji & Co)
Chartered Accountants
FRN-105146W/W100621

Kamlesh R Jagetia
Partner (F-139585)
ICAI UDIN: 20139585AAAAAQ2356

Place: Mumbai
Date: 25 June 2020



Prince Pipes and Fittings Limited

CIN NO : L26932GA1987PLC006287

Statement of Audited Financial Results for the Three Months and Year Ended 31.03.2020

Particulars	Rs.in million				
	Three Months Ended			Year Ended	
	31.03.2020 Audited (Refer Note 2)	31.12.2019 Unaudited	31.03.2019 Unaudited (Refer Note 2)	31.03.2020 Audited	31.03.2019 Audited
I REVENUE					
a Revenue from Operations	4,307.58	3,959.02	4,989.71	16,356.57	15,718.69
b Other Income	51.65	7.66	19.04	69.44	71.26
Total Revenue	4,359.23	3,966.68	5,008.75	16,426.01	15,789.95
II EXPENSES					
a Cost of Materials Consumed	3,117.74	2,614.64	3,255.17	11,672.24	10,728.59
b Purchase of Stock-in-Trade	112.15	195.17	115.05	484.88	340.84
c Changes in Inventories of Finished Goods, Stock-in-Trade and Work-in-Progress	(235.90)	(140.20)	224.60	(892.75)	204.18
d Employee Benefit Expense	241.68	234.40	231.79	901.60	816.83
e Finance Cost	82.06	88.93	89.38	331.70	363.04
f Depreciation and Amortization Expenses	143.90	133.26	113.28	519.78	435.72
g Other Expenses	495.56	521.54	580.02	1,902.82	1,787.64
Total Expenses	3,957.19	3,647.74	4,609.29	14,920.27	14,676.84
III Profit before tax and exceptional items (I - II)	402.04	318.94	399.46	1,505.74	1,113.11
IV Tax expense					
Current tax	117.77	80.26	118.01	401.42	272.33
Deferred tax	1.48	3.17	(17.55)	(13.45)	8.19
(Excess) / Short Provision for tax adjustments in respect of earlier years (Net)	-	(7.30)	-	(7.30)	11.27
Total Tax Expense	119.25	76.13	100.46	380.67	291.79
V Profit for the period	282.79	242.81	299.00	1,125.07	821.32
VI Other Comprehensive Income					
a Items that will not be reclassified to Profit or Loss	(11.06)	-	(3.99)	(11.19)	(2.39)
b Income tax relating to items that will not be reclassified to profit or loss	2.61	-	0.79	2.65	0.74
c Items that will be reclassified to Profit or Loss	(0.21)	0.61	(3.87)	2.04	0.61
d Income tax relating to items that will be reclassified to profit or loss	-	-	-	-	-
Total Other Comprehensive Income	(8.66)	0.61	(7.07)	(6.50)	(1.04)
Total Comprehensive Income for the period	274.13	243.42	291.93	1,118.57	820.28
VII EQUITY					
Equity Share Capital	1,100.26	1,100.26	900.16	1,100.26	900.16
Other Equity				7,276.50	3,088.97
VIII Earning per equity share in Rs. (Face Value per Share Rs 10 each) (Not Annualised)					
Basic (in Rs.)	2.96	2.67	3.32	11.77	9.12
Diluted (in Rs.)	2.96	2.67	3.32	11.77	9.12

Notes :

- The above results were reviewed by Audit Committee and approved by the Board of Directors at their respective meetings held on 25.06.2020 and have been audited by the statutory auditors of the Company.
- Figures for the year ended 31.03.2020 and 31.03.2019 represents the difference between the audited figures in respect to the full financial year and published figures of period ended 31.12.2019 (limited reviewed) and 31.12.2018 (unaudited).
- During the year ended 31.03.2020, the Company had completed the Initial Public Offer (IPO) of its equity shares comprising a fresh issue of 1,40,44,943 equity shares having a face value of Rs. 10 each at an offer price of Rs.178 per share aggregating to Rs.2,500 million and an offer for sale of 1,40,44,942 equity shares by existing shareholders aggregating to Rs.2,500 million. Pursuant to the IPO, the equity shares of the Company have got listed on BSE limited and NSE limited on 30.12.2019.

- 4 During the year ended 31.03.2020, the Company had undertaken a private placement of 5,96,500 Compulsorily convertible preference shares (CCPS) having a face value of Rs.100 each at a premium of Rs.1,680 each aggregating to Rs.1,061.77 million. The same have been converted into 59,65,000 equity shares of Rs.10 each at a premium of Rs. 168 each on 09.12.2019.
- 5 The Board of Directors of the Company at its meeting held on March 12, 2020 declared an interim dividend of Re. 1 per equity share of Rs. 10/- each for the year ended March 31, 2020
- 6 In view of the unprecedented COVID 19 pandemic, the management has made an assessment of its position as at the Balance Sheet date. In assessing, the Company has taken into consideration external and internal information upto the date of approval of these financial results. In accordance with the Government's directive post partial lifting of the lockdown from 23.04.2020 and after receiving the necessary approvals from the respective government departments, vide our intimation letter on 05.05.2020, the Company resumed partial operations including dispatch of finished goods to our channel partners and gradually scaling up the utilization of manufacturing facilities across the nation. The Company has assessed its liquidity, assets, capital & financial resources, profitability, internal financial reporting and has concluded that there has been no material impact to its operations or its financial position.
- 7 The Ministry of Finance (Department of Revenue) issued notification on 26.08.2019 levying provisional anti-dumping duty under the Customs Tariff Act, 1975 on imports of Chlorinated Polyvinyl Chloride. Accordingly, the Company has paid Rs. 76.48 million as an provisional anti-dumping duty in the previous quarter. Based on the order of the government on the final anti-dumping duty, during the current quarter, the amount of provisional anti-dumping duty paid is accounted as expenses in the financial results.
- 8 The Company has adopted Indian Accounting Standard 116 - Leases (Standard), with effect from 01.04.2019 using the modified retrospective method under the transitional provisions of the Standard and has taken the cumulative adjustments to retained earnings as on 01.04.2019, which is the date of first application of the standard. Accordingly, the financial results for the period ended 31.03.2019 and the year ended 31.03.2019 have not been adjusted. The effect of implementing this standard is as under :

Particulars	Rs.in million		
	Three Months Ended		Year Ended
	31.03.2020	31.12.19	31.03.2020
Depreciation and Amortisation expenses are higher by	3.98	3.98	15.92
Finance Costs are higher by	0.85	0.74	2.75
Rent and Maintenance Expenses are lower by	4.91	4.83	19.39

Particulars	Rs.in million
	01.04.2019
Right of Use Assets recognised as on 01.04.2019	62.37
Lease Liabilities recognised as on 01.04.2019	60.59
Net Impact on Retained Earnings as on 01.04.2019	1.78

- 9 The Government of India, on 20.09.2019 vide the Taxation Laws (Amendment) Ordinance 2019, inserted a new section 115BAA in the Income Tax Act, 1961 which provides an option to the Company for paying income tax at reduced rates subject to compliance of the conditions stipulated therein. Pursuant to election of above option, the Company has reversed deferred tax liabilities amounting to Rs. 49.94 million due to reduction in effective income tax rate from 34.944% to 25.168% during the year ended 31.03.2020.
- 10 The Company has commissioned a new manufacturing plant at Jobner, Rajasthan in September 2019. The installed capacity of the manufacturing plant at Rajasthan as on 31.03.2020 is 20,909 MT.
- 11 The Company is engaged in manufacturing and selling of PVC, CPVC, PPR and HDPE Pipes and Fittings primarily in India.



12 Statement of Assets & Liabilities:

Particulars	Rs.in million	
	As at 31.03.2020 (Audited)	As at 31.03.2019 (Audited)
ASSETS		
Non-Current Assets		
Property, plant and equipment	4,809.25	3,595.08
Capital Work in Progress	75.33	615.10
Right-of-Use Assets	46.45	-
Goodwill	2.96	2.96
Other Intangible Assets	27.16	35.55
Financial Assets		
Investments	6.29	7.77
Loans	103.12	74.22
Other Financial Assets	86.78	86.78
Other Non-Current Assets	497.34	582.19
Total Non-Current Assets	5,654.68	4,999.65
Current Assets		
Inventories	3,445.18	2,010.56
Financial Assets		
Trade Receivables	1,797.08	2,503.61
Cash and Cash Equivalents	0.57	88.90
Other Balances with Banks	2,569.67	134.25
Loans	10.60	2.33
Other Financial Assets	74.72	1.32
Current tax Assets	-	2.18
Other Current Assets	549.62	595.91
Total Current Assets	8,447.44	5,339.06
Total Assets	14,102.12	10,338.71
EQUITY AND LIABILITIES		
Equity		
Equity Share Capital	1,100.26	900.16
Other Equity	7,276.50	3,088.97
Total Equity	8,376.76	3,989.13
Liabilities		
Non-Current Liabilities		
Financial liabilities		
Borrowings	394.59	1,057.69
Lease Liabilities	28.14	-
Other Financial Liabilities	146.05	160.29
Provisions	112.63	78.16
Deferred Tax liabilities (Net)	133.09	149.20
Total Non-Current Liabilities	814.50	1,445.34
Current Liabilities		
Financial liabilities		
Borrowings	2,038.11	1,456.78
Lease Liabilities	15.82	-
Trade Payables	1,807.83	2,151.63
Other Financial Liabilities #	889.86	1,114.69
Provisions	20.90	16.47
Current tax Liabilities	50.71	-
Other Liabilities	87.63	164.67
Total Current Liabilities	4,910.86	4,904.24
Total Liabilities	5,725.36	6,349.58
Total Equity and Liabilities	14,102.12	10,338.71

Includes Current Maturities of Long Term Borrowing Rs. 165.01 million (March 31, 2019: Rs. 454.65 million)



13 Statement of Cashflow:

Particulars	Rs.in million	
	Year Ended 31.03.2020	Year Ended 31.03.2019
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit/ (Loss) Before Tax	1,505.74	1,113.11
Adjustments for:		
Depreciation and Amortisation Expenses	519.78	435.72
Provision for Gratuity and Leave Encashment	38.89	13.75
Interest paid	285.09	329.30
Provision for Doubtful Debts	16.96	4.93
Provision for Diminution in value of an asset	4.29	-
Bank Commission and Charges paid	45.19	30.99
Employee Stock Compensation for Option granted	6.02	9.41
Unrealised Foreign Exchange Difference	49.57	(33.00)
Mark to Market loss/ (gain) on Derivatives	(10.85)	6.03
Gain/Loss on fair valuation of Investments through Profit and loss	1.82	(0.69)
(Profit)/Loss on sale of Fixed Assets	13.52	(28.87)
Dividend Received	(0.09)	(0.05)
Operating Profit before Working Capital Changes	2,475.93	1,880.63
Adjustments for :		
Decrease/(Increase) in Inventories	(1,434.62)	404.61
Decrease/(Increase) in Trade Receivables	706.53	(109.68)
Decrease/(Increase) in Other financial / non-financial Assets	(2,491.23)	(185.12)
Increase/(Decrease) in Trade payable & other liabilities	(431.46)	501.04
Cash Generated from Operations	(1,174.85)	2,491.48
Taxes paid (net)	(371.81)	(305.05)
Net Cash Flow from Operating Activities (A)	(1,546.66)	2,186.43
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Property, Plant and Equipment	(1,206.73)	(917.98)
Sale of Property, Plant and Equipment	19.05	84.38
Capital Advances Paid	81.40	(217.03)
Purchase of Non-Current Investment	(1.04)	-
Dividend Received	0.09	0.05
Net Cash Flow from Investing Activities (B)	(1,107.23)	(1,050.59)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Long Term/Short Term Borrowings (Net)	(371.41)	(688.97)
Dividend paid	(110.02)	-
Principal payment of lease	(16.64)	-
Interest on lease payment	(2.75)	-
Issue of equity shares	200.10	-
Securities Premium on issue of shares	3,193.81	-
Bank Commission and Charges paid	(45.19)	(30.99)
Interest paid excluding lease	(282.34)	(329.30)
Net Cash Flow from Financing Activities (C)	2,565.56	(1,049.26)
D. Net Increase/(Decrease) in Cash & Cash Equivalents (A+B+C)	(88.33)	86.59
Cash and Cash Equivalents at the beginning of the year	88.90	2.31
Cash and Cash Equivalents at the end of the year	0.57	88.90
Net Increase/(Decrease) in Cash & Cash Equivalents	(88.33)	86.59

14 The figures for the previous periods have been regrouped wherever necessary.

Mumbai
Date : 25.06.2020



For and on behalf of the Board
Prince Pipes and Fittings Limited

Jayant S. Chheda
Managing Director
(DIN No : 00013206)

