



Quick Insight Update

Performance Review for Q3FY22 vs Q3FY21

- Sales volume decreased by 11.6 % at 32,435 MT
- Revenue increased by 21% to ₹664Cr led by better product mix towards value added products
- EBITDA grew by 8% to ₹111Cr
- EBITDA Margins came in at 16.7% vs 18.75%
- PAT at ₹67Cr, flat YoY
- Working Capital days increased to 80 days as compared to 28 days

Key Concall Highlights
Volume De-Growth

The company saw volume de-growth of 11.6% mainly due to:

- a) Unseasonal rainfall
- b) Softening of PVC prices which had resulted into muted sentiments across the value chain causing de-stocking
- c) Higher base of last year- 18% volume growth in Q3FY21

Given the fact that agri pipe demand has been weak and there is no substantial pick up from Jal Jeevan Mission scheme, we believe that Q4FY22 volumes would most probably see de-growth YoY.

EBITDA

The company saw EBITDA growth of 8% mainly due to:

- a) Inventory gain of 7-10 Cr
- b) Decline in Advertising & Promotion expense 14% yoy

Working Capital

	Q3FY22	Q3FY21
Sharp increase in Working Capital cycle days	80	28
Increase due to higher Inventory days	115	46
Increase in Debtor days due to strong revenue growth vis-à-vis Q3FY21	48	39

Given the raw material supply shortage, company has taken conscious decision to have higher inventory levels which they intend to rationalise over next few months or early Q1FY23.

View

We had recommended Prince Pipes & Fittings Ltd. about a year back at ~300 levels. The stock saw a good surge of ~133% on strong set of quarterly performance as well as favourable policy of the government.

Post hitting our target of 480-500, we had recommended investors to book partial profit. The stock has been a major re-rating candidate in the last one year with company rewarding investors handsomely.

However, from recent management commentary, we feel that there will be short term headwinds w.r.t. volume growth and margin. We expect Q4FY22 numbers to be relatively muted. We feel investors should use this opportunity to cash out at these levels. Further, we would be closely watching company's performance and we may re-initiate our coverage based on any positive development.

Nifty	17,266.75
Sensex	57,808.58
Key Stock Data	
CMP	₹695.30
Market Cap (₹ bn)	76.87
52W High/Low	897.00/382.00
Shareholding pattern (%)	
Promoter	62.94%
FII	4.84%
DII	13.75%
Public & Others	18.47%

Source: Company Data, Way2Wealth Research

Financial Performance

(₹Cr)

Profit & Loss	Q3FY22	Q2FY22	% Q0Q	Q3FY21	% YoY	FY21	FY20	% YoY
Revenue	664	761	-13%	549	21%	2,072	1,636	27%
Cost of Material	456	548	-17%	356	28%	1,379	1,126	22%
Gross Profit	208	213	-2%	193	8%	693	510	36%
Other Expenses	97	90	8%	90	8%	331	280	18%
EBITDA	111	123	-10%	103	8%	362	230	57%
EBITDA Margin	16.7%	16%	3%	18.8%	-11%	17%	14%	24%
Other Income	2	1	100%	5	-60%	18	7	157%
Depreciation	18	17	6%	15	20%	59	52	13%
Finance Cost	3	3	0%	4	-25%	21	33	-36%
PBT	92	104	-12%	89	3%	300	152	97%
Tax	25	28	-11%	22	14%	77	38	103%
Net Profit	67	76	-12%	67	0%	223	114	96%
EPS	6.11	6.92	-12%	6.07	1%	20.16	11.77	71%

Source - Company Data, Way2Wealth Research

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Disclosure of Interest Statement in Prince Pipes & Fittings Ltd. as on 9th February 2022

Name of the Security	Prince Pipes & Fittings Ltd
Name of the analyst	Harshil Gandhi
Analysts' ownership of any stock related to the information contained	NIL
Financial Interest	
Analyst :	No
Analyst's Relative : Yes / No	No
Analyst's Associate/Firm : Yes/No	No
Conflict of Interest	No
Receipt of Compensation	No
Way2Wealth ownership of any stock related to the information contained	NIL
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