BUY (Maintained)

CMP: **INR 16,944** Target Price: **INR 20,700 (INR 19,150)** ▲ 22%

ICICI Securities

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17 November 2025

India | Equity Research | Results Update

PTC Industries

Defence

Gearing up for accelerated growth as capacities begin to commission

PTC Industries (PTCIL)'s Q2FY26 EBITDA recovered to INR 257mn (+21% YoY), after a dismal Q1, as we believe TARC EBITDA losses would have reduced and ATL performance has improved. EBITDA margin, at 20.6%, was still from lower YoY levels of 29% due to Tarc. PTCIL has already completed VAR (1,500tpa) and VIM (900tpa) and also progressing well in terms of approvals and JVs (received orders from GTRE and BrahMos; JV with BDL). The company is expected to commission the remaining 5,200tpa facilities by Q4FY26; thus, geared up for quantum jump in its earnings, since global material tightness will potentially work in its favour to get orders faster. We retain **BUY**, with a revised target price of INR 20,700 (based on 50x FY28E EPS).

Performance improves

PTCIL's Q2FY26 top-line performance was stellar at INR 1.25bn (+72%/+28% YoY/QoQ), partially driven by strong growth in Aero Technologies (ATL). EBITDA stood at INR 257mn (+21%/+193% YoY/QoQ); though margins at 20.6% took a hit of 870bps YoY, mainly due to TARC performance still being weaker (QoQ losses have come down, as PTCIL is taking corrective measures to turn around the company). Other highlights: 1) Gross margins were robust at 87.1%; while it improved 1,420bps YoY, was stable QoQ. 2) Employee cost jumped 359% YoY to INR 357mn (+5% QoQ). 3) Received orders worth INR 1.1bn from BrahMos Aerospace for supply of titanium castings. 4) Commissioned VIM and VAR for larger titanium castings at Aerolloy. 5) Signed an MoU with Kineco Aerospace & Defence for collaboration on value-added aerospace components.

Capacities start commissioning; ready for LEAP in earnings

PTCIL has commissioned 1,500tpa VAR and 900tpa VIM capacity. The remaining 5,200tpa titanium metal capacity (EBCHR and PAM combined) is likely to be commissioned by early Q4FY26. Meanwhile, PTCIL has started securing approval and new orders. We believe, given the global material tightness and India's push for indigenisation, approval will likely come at a faster pace. The company is also looking to set up aerospace-grade titanium sponge unit in Odisha for backward integration. Until then, it has inked long-term contact with AMIC Toho Titanium Metal Company Ltd. for the supply of titanium. We believe, put together, these should propel PTCIL's earnings multi-fold in the next 4–5 years.

Financial Summary

Y/E March (INR mn)	FY25A	FY26E	FY27E	FY28E
Net Revenue	3,080	7,297	12,175	24,066
EBITDA	752	1,304	3,276	8,209
EBITDA Margin (%)	24.4	17.9	26.9	34.1
Net Profit	610	768	2,213	6,210
EPS (INR)	40.7	51.3	147.7	414.4
EPS % Chg YoY	41.4	24.0	188.1	180.6
P/E (x)	410.0	330.5	114.7	40.9
EV/EBITDA (x)	293.4	192.9	77.2	30.7
RoCE (%)	7.6	6.9	15.9	35.0
RoE (%)	6.4	5.4	13.9	30.8

Vikash Singh
singh.vikash@icicisecurities.com
+91 22 6807 7289
Mohit Lohia
mohit.lohia@icicisecurities.com
Pritish Urumkar
Pritish.urumkar@icicisecurities.com

Market Data

Market Cap (INR)	254bn
Market Cap (USD)	2,862mn
Bloomberg Code	PTCIL IN
Reuters Code	PCIN.BO
52-week Range (INR)	17,995 /9,756
Free Float (%)	40.0
ADTV-3M (mn) (USD)	3.9

Price Performance (%)	3m	6m	12m
Absolute	23.4	21.0	53.1
Relative to Sensex	18.5	17.0	44.1

ESG Score	2023	2024	Change
ESG score	NA	68.2	NA
Environment	NA	48.5	NA
Social	NA	78.5	NA
Governance	NA	79.1	NA

Note - Score ranges from 0 - 100 with a higher score indicating higher ESG disclosures.

Source: SES ESG, I-sec research

Earnings Revisions (%)	FY27E	FY28E
Revenue	0.5	6.3
EBITDA	0.2	7.8
EPS	0.4	8.6

Previous Reports

10-08-2025: Re-initiating coverage

31-03-2025: Company Update

Outlook: Structural growth story intact

PTCIL would be ramping up its recently commissioned 1,500tpa VAR capacity, which shall be further supported by the addition of another 5,200tpa titanium metal capacity (EBCHR and PAM combined) by early Q4FY26. Further, its endeavour to backward integrate into titanium sponge production (signed a MoU with Odisha Govt.) is a positive step, as it may make the company an integrated player in the titanium manufacturing value chain. Only a few countries in the world have aerospace-grade titanium capabilities, and PTC is one of the them. This should open up new opportunities.

The company has managed to break inroads in new products, commissioned additional capacities and tied up with new players to utilise the facilities faster; thus, we have increased our FY28E EPS by 9% and our target price stands revised from INR 19,150 to INR 20,700 (based on 50x FY28E EV/EBITDA). Maintain BUY.

Exhibit 1: Earnings Revision

(INR mn)	FY27E			FY28E		
	New	Old	% Chg	New	Old	% Chg
Sales	12,175	12115	*0.5*	24,066	22649	*6.3*
EBITDA	3,276	3269	*0.2*	8,209	7616	*7.8*
PAT	2,213	2204	*0.4*	6,210	5720	*8.6*

Source: I-Sec research, Company data

Key risks

- Dependence on exports.
- Delay in commissioning/ramp-up of new capacity.
- Product development, approvals and sales execution is lengthy and expensive.

Key events during the quarter

- Aerolloy Technologies Limited (ATL) has commissioned an advanced Vacuum Induction Melting (VIM) facility for superalloy materials and large investment castings, and a Vacuum Arc Remelting (VAR 400) furnace for titanium castings.
- Received INR 1.1bn orders to supply titanium castings to BrahMos over the next 24 months.
- Received orders from GTRE (DRDO) or Post-Cast Operations to manufacture Single Crystal 'Ready-to-Fit' Turbine Blades (first for an Indian company).
- Trac (UK subsidiary) has been undergoing expansion plans to add new technologies such as
    - Electrical Discharge Machining (EDM) systems from Sodick to enhance precision manufacturing of complex turbine blade and vane components and advanced cooling passageways.
    - Deep Hole Drilling (DHD) machines from Makino, critical for creating internal cooling passages in high-performance turbine components.
    - Automated storage and retrieval systems (Modula) to optimise workflow efficiency, manage space effectively, and improve traceability.
- Trac has also secured a multi-million-GBP partnership with the clean-tech company **Coolbrook** to supply components for their RotoDynamic Heater (RDH) technology (potential annual revenue can be over GBP 10mn at full production).
- Signed a MoU with Bharat Dynamics Limited (BDL) to establish a joint venture for the design, development, and manufacture of complete propulsion systems,

guided bombs, and aero-engines for missiles, UAVs and loitering munitions, subject to requisite regulatory approvals.

- Signed a MoU with Kineco Aerospace & Defence to jointly develop hybrid aero structures, localise flight-critical components, and participate in global RFQs, creating an integrated ecosystem for advanced aerospace manufacturing in India.

Exhibit 2: PTC Industries' Q2FY26 performance review

(INR mn)	Q2FY26	Q2FY25	% Chg YoY	Q1FY26	% Chg QoQ	H1FY26	H1FY25	% Chg YoY
Net sales	**1,246**	**724**	*72.2*	**971**	*28.3*	**2,218**	**1,192**	*86.0*
Gross Margin	1,086	528	*105.8*	849	*27.9*	1,935	938	*106.3*
Gross Margin (%)	*87.1*	*72.9*		*87.4*		*87.2*	*78.7*	
Employee cost	357	78	*359.1*	339	*5.2*	697	157	*343.9*
Other expenditure	471	237	*98.5*	422	*11.7*	893	468	*90.8*
EBITDA	**257**	**212**	*21.1*	**88**	*192.8*	**345**	**313**	*10.3*
Margin (%)	*20.6*	*29.3*		*9.0*		*15.6*	*26.2*	
Other Income	82	84	*(2.6)*	106	*(22.4)*	188	121	*55.4*
Depreciation	91	42	*116.5*	86	*5.5*	177	84	*112.2*
EBIT	248	255	*(2.5)*	107	*131.4*	355	350	*1.6*
Interest	19	34	*(45.7)*	17	*11.1*	35	66	*(46.6)*
PBT	**230**	**220**	*4.2*	**91**	*153.6*	**320**	**284**	*12.8*
Tax expense:	48	47	*2.2*	39	*23.9*	87	62	*41.0*
PAT	**181**	**173**	*4.8*	**52**	*251.8*	**233**	**222**	*4.9*

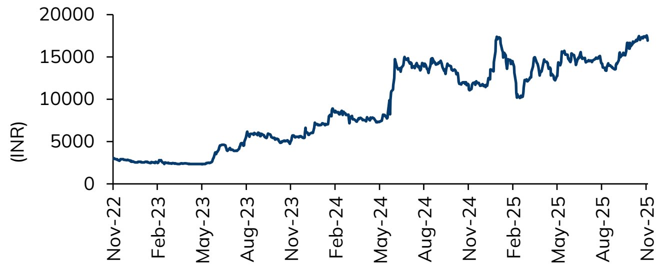
Source: I-Sec research, Company data

Exhibit 3: Shareholding pattern

%	Mar'25	Jun'25	Sep'25
Promoters	59.8	59.8	59.8
Institutional investors	10.4	10.8	11.9
MFs and others	5.6	5.7	6.2
FIs/Banks	1.7	1.7	2.2
Insurance	0.0	0.0	0.1
FIIs	3.1	3.4	3.4
Others	29.8	29.4	28.3

Source: Bloomberg, I-Sec research

Exhibit 4: Price chart



Source: Bloomberg, I-Sec research

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Financial Summary

Exhibit 5: Profit & Loss

(INR mn, year ending March)

	FY25A	FY26E	FY27E	FY28E
Net Sales	**3,080**	**7,297**	**12,175**	**24,066**
Operating Expenses	1,794	3,341	4,623	7,814
EBITDA	**752**	**1,304**	**3,276**	**8,209**
EBITDA Margin (%)	24.4	17.9	26.9	34.1
Depreciation & Amortization	213	332	482	607
EBIT	539	972	2,794	7,602
Interest expenditure	-	-	-	-
Other Non-operating Income	342	118	35	101
Recurring PBT	**792**	**960**	**2,699**	**7,573**
Profit / (Loss) from Associates	**-**	**-**	**-**	**-**
Less: Taxes	173	192	486	1,363
PAT	619	768	2,213	6,210
Less: Minority Interest	-	-	-	-
Extraordinaries (Net)	-	-	-	-
Net Income (Reported)	**610**	**768**	**2,213**	**6,210**
Net Income (Adjusted)	**610**	**768**	**2,213**	**6,210**

Source Company data, I-Sec research

Exhibit 6: Balance sheet

(INR mn, year ending March)

	FY25A	FY26E	FY27E	FY28E
Total Current Assets	8,256	7,891	8,735	15,732
of which cash & cash eqv.	3,818	3,888	2,500	3,613
Total Current Liabilities & Provisions	1,078	1,347	2,021	2,927
Net Current Assets	**7,177**	**6,545**	**6,714**	**12,805**
Investments	45	45	45	45
Net Fixed Assets	3,828	4,798	7,316	9,209
ROU Assets	-	-	-	-
Capital Work-in-Progress	1,849	3,422	2,922	2,922
Total Intangible Assets	647	647	647	647
Other assets	1,121	1,121	1,121	1,121
Deferred Tax Assets	37	37	37	37
Total Assets	**14,760**	**16,670**	**18,882**	**26,840**
Liabilities				
Borrowings	**608**	**1,550**	**1,550**	**1,550**
Deferred Tax Liability	**204**	**204**	**204**	**204**
provisions	10	10	10	10
other Liabilities	71	71	71	71
Equity Share Capital	150	150	150	150
Reserves & Surplus	13,717	14,684	16,897	23,107
Total Net Worth	**13,867**	**14,834**	**17,047**	**23,257**
Minority Interest	-	-	-	-
Total Liabilities	**14,760**	**16,670**	**18,882**	**26,840**

Source Company data, I-Sec research

Exhibit 7: Cashflow statement

(INR mn, year ending March)

	FY25A	FY26E	FY27E	FY28E
Operating Cashflow	**(72)**	**1,932**	**1,267**	**1,970**
Working Capital Changes	(1,019)	702	(1,558)	(4,977)
Capital Commitments	(2,640)	(2,874)	(2,500)	(2,500)
Free Cashflow	**(2,712)**	**(942)**	**(1,233)**	**(530)**
Other investing cashflow	**(538)**	**-**	**-**	**-**
Cashflow from Investing Activities	(3,178)	(2,874)	(2,500)	(2,500)
Issue of Share Capital	7,411	968	2,213	6,210
Interest Cost	(89)	(130)	(130)	(130)
Inc (Dec) in Borrowings	(1,221)	942	-	-
Dividend paid	-	-	-	-
Others	(610)	(768)	(2,213)	(6,210)
Cash flow from Financing Activities	5,491	1,011	(130)	(130)
Chg. in Cash & Bank balance	**2,241**	**69**	**(1,363)**	**(660)**
Closing cash & balance	3,818	3,888	2,525	1,840

Source Company data, I-Sec research

Exhibit 8: Key ratios

(Year ending March)

	FY25A	FY26E	FY27E	FY28E
Per Share Data (INR)				
Reported EPS	41.3	51.3	147.7	414.4
Adjusted EPS (Diluted)	40.7	51.3	147.7	414.4
Cash EPS	54.9	73.4	179.8	454.9
Dividend per share (DPS)	-	-	-	-
Book Value per share (BV)	925.4	990.0	1,137.7	1,552.1
Dividend Payout (%)	-	-	-	-
Growth (%)				
Net Sales	19.9	136.9	66.8	97.7
EBITDA	3.6	73.4	151.2	150.6
EPS (INR)	41.4	24.0	188.1	180.6
Valuation Ratios (x)				
P/E	410.0	330.5	114.7	40.9
P/CEPS	308.5	230.8	94.2	37.2
P/BV	18.3	17.1	14.9	10.9
EV / EBITDA	293.4	192.9	77.2	30.7
P / Sales	82.4	34.8	20.9	10.5
Dividend Yield (%)	-	-	-	-
Operating Ratios				
Gross Profit Margins (%)	82.7	63.7	64.9	66.6
EBITDA Margins (%)	24.4	17.9	26.9	34.1
Effective Tax Rate (%)	21.8	20.0	18.0	18.0
Net Profit Margins (%)	20.1	10.5	18.2	25.8
NWC / Total Assets (%)	-	-	-	-
Net Debt / Equity (x)	(0.2)	(0.2)	(0.1)	(0.1)
Net Debt / EBITDA (x)	(4.3)	(1.8)	(0.3)	(0.3)
Profitability Ratios				
RoCE (%)	7.6	6.9	15.9	35.0
RoE (%)	6.4	5.4	13.9	30.8
RoIC (%)	7.8	7.4	16.0	32.0
Fixed Asset Turnover (x)	-	-	-	-
Inventory Turnover Days	291	144	151	171
Receivables Days	201	117	108	111
Payables Days	68	64	69	59

Source Company data, I-Sec research

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Name of the Compliance officer (Research Analyst): Mr. Atul Agrawal, Contact number: 022-40701000, **E-mail Address** : complianceofficer@icicisecurities.com

For any queries or grievances: Mr. Jeetu Jawrani Email address: headservicequality@icicidirect.com Contact Number: 18601231122