

31 March 2025

India | Equity Research | Company Update

## PTC Industries

Defence

### Safran order coincides with capacity addition

Aerolloy Technologies (ATL), a wholly-owned subsidiary of PTC Industries (PTCIL), has received a significant long-term order from Safran Aircraft Engines, entailing supply of seven cast aero-engine components, utilising both titanium (Ti) and superalloys for CFM's advanced LEAP-1A and LEAP-1B engines. This collaboration positions ATL as the only Indian company supplying cast (aeroengine) components in Ti and superalloys. This development coincides with PTC's capacity addition initiatives in the UP Defence Industrial Corridor, potentially resulting in a significant earnings uptick in the near term. We maintain our positive outlook on the PTC stock with an unchanged TP of INR 20,070 (DCF-based valuation). Maintain **BUY**.

### Another major order with vast potential

The recent order from Safran encompasses components for both LEAP-1A and LEAP-1B engines, reinforcing PTCIL's competency in producing complex components for next-generation aero engines. The LEAP engine is the fastest growing in the history of aviation – with a 60% win rate in A320neo and being the sole source for 737 Max and C 919 platforms. Since Entry into Service (EIS), over 20,400 engines have been ordered and over 11,600 engines are in backlog (until Oct'24). In India, there are over 370 LEAP-powered aircraft currently in operation and more than 2,000 LEAP engines on order for domestic airlines. We believe that by expanding partnerships with key Indian suppliers such as ATL, Safran is enhancing production capabilities for the LEAP engine in India.

### Ongoing capacity addition dovetails into order book accretion

We expect Apr'25, Sep'25 and Dec'25 to be important milestones for the company. Key points: 1) 900tpa VIM is installed and expected to be commissioned by Apr'25. 2) Enhancement of casting capacity for both Ti and superalloys likely by Sep'25. 3) Forging and rolling mills likely to be commissioned by Dec'25. On the metal side, 1,500tpa VAR is already commissioned while 5,000tpa EBCHR and 200tpa PAM are expected to be commissioned in Dec'25 and Apr'25, respectively. In our view, the recent order dovetails well into the casting capacity enhancement. Hence, we see a good possibility of earning uptick post FY27E.

### Financial Summary

Y/E March (INR mn)	FY24A	FY25E	FY26E	FY27E
Net Revenue	2,569	4,113	7,499	17,120
EBITDA	726	1,066	1,891	5,959
EBITDA Margin (%)	28.3	25.9	25.2	34.8
Net Profit	422	788	1,238	4,446
EPS (INR)	29.2	52.6	82.7	296.9
EPS % Chg YoY	51.5	80.0	57.2	259.0
P/E (x)	511.2	284.0	180.7	50.3
EV/EBITDA (x)	308.3	198.6	113.0	36.0
RoCE (%)	7.8	6.7	8.6	24.4
RoE (%)	11.3	9.9	10.3	26.9

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#### Market Data

Market Cap (INR)	224bn
Market Cap (USD)	2,620mn
Bloomberg Code	PTCIL IN
Reuters Code	PCIN.BO
52-week Range (INR)	17,995 /7,025
Free Float (%)	34.0
ADTV-3M (mn) (USD)	3.9

Price Performance (%)	3m	6m	12m
Absolute	10.4	10.5	103.8
Relative to Sensex	12.1	20.1	98.7

ESG Score	2023	2024	Change
ESG score	NA	NA	NA
Environment	NA	NA	NA
Social	NA	NA	NA
Governance	NA	NA	NA

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

Source: SES ESG, I-sec research

#### Previous Reports

13-03-2025: [Company Update](#)

27-02-2025: [Company Update](#)

### Outlook: Set for a long haul

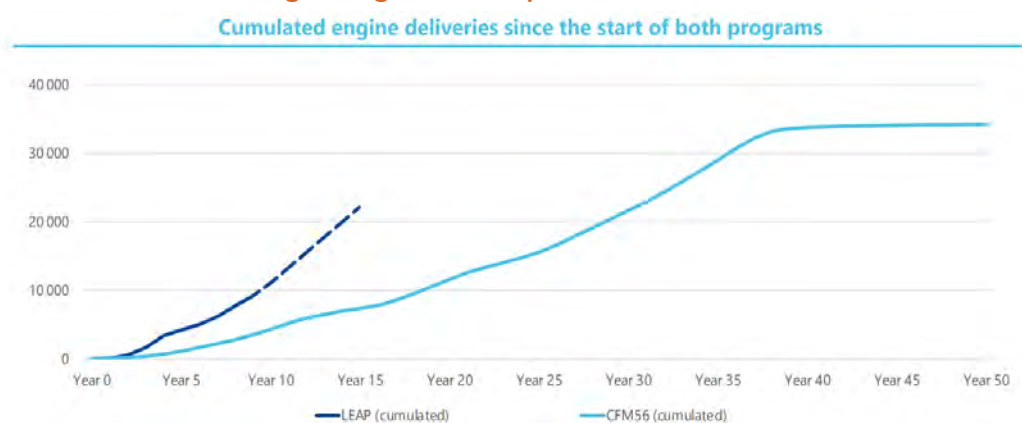
In our view, PTCIL's revenue should see a 56% CAGR through to FY32E, largely led by capacity ramp-up. Plus, its business model has a significant moat with only a handful of companies globally producing aerospace-grade Ti and superalloy castings. The current order from SAFRAN reinforces our belief that PTCIL is likely to be an integral part of LEAP engines in the near future. We maintain our **BUY** rating on the PTC stock with an unchanged TP of INR 20,070 on a DCF-based methodology.

### Exhibit 1: LEAP – the engine of choice on narrowbody platforms



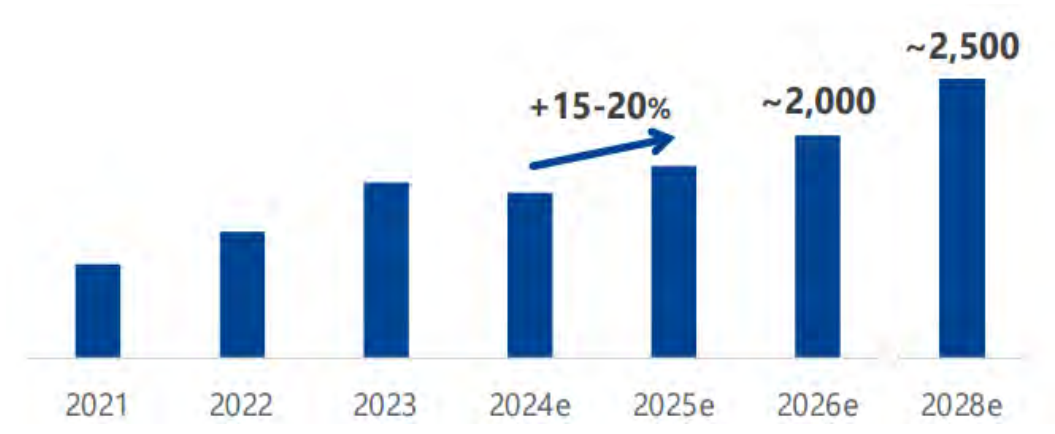
Source: Safran, I-Sec research

### Exhibit 2: LEAP fleet is growing twice compared to CFM56



Source: Safran, I-Sec research

Exhibit 3: LEAP engine production roadmap



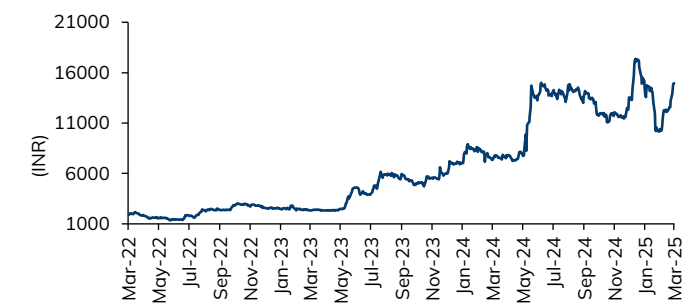
Source: Safran, I-Sec research

Exhibit 4: Shareholding pattern

%	Jun'24	Sep'24	Dec'24
Promoters	60.2	59.8	59.8
Institutional investors	29.9	9.5	9.6
MFs and others	24.3	3.8	4.8
FIs/Banks	1.2	0.9	1.4
Insurance	0.2	0.0	0.0
FIIIs	3.8	4.8	3.4
Others	10.3	30.7	30.6

Source: Bloomberg, I-Sec research

Exhibit 5: Price chart



Source: Bloomberg, I-Sec research

## Financial Summary

### Exhibit 6: Profit & Loss

(INR mn, year ending March)

	FY24A	FY25E	FY26E	FY27E
<b>Net Sales</b>	<b>2,569</b>	<b>4,113</b>	<b>7,499</b>	<b>17,120</b>
Operating Expenses	1,225	1,782	3,054	5,963
<b>EBITDA</b>	<b>726</b>	<b>1,066</b>	<b>1,891</b>	<b>5,959</b>
EBITDA Margin (%)	28.3	25.9	25.2	34.8
Depreciation & Amortization	166	237	412	562
EBIT	560	829	1,479	5,397
Interest expenditure	152	134	130	130
Other Non-operating Income	134	315	199	155
<b>Recurring PBT</b>	<b>541</b>	<b>1,010</b>	<b>1,548</b>	<b>5,421</b>
<b>Profit / (Loss) from Associates</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Less: Taxes	119	223	310	976
PAT	422	788	1,238	4,446
Less: Minority Interest	-	-	-	-
Extraordinaries (Net)	-	-	-	-
<b>Net Income (Reported)</b>	<b>422</b>	<b>788</b>	<b>1,238</b>	<b>4,446</b>
<b>Net Income (Adjusted)</b>	<b>422</b>	<b>788</b>	<b>1,238</b>	<b>4,446</b>

Source Company data, I-Sec research

### Exhibit 7: Balance sheet

(INR mn, year ending March)

	FY24A	FY25E	FY26E	FY27E
Total Current Assets	4,155	8,677	7,451	11,438
of which cash & cash eqv.	1,578	5,492	3,545	2,813
Total Current Liabilities & Provisions	412	628	802	2,282
<b>Net Current Assets</b>	<b>3,743</b>	<b>8,048</b>	<b>6,649</b>	<b>9,156</b>
Investments	18	18	18	18
Net Fixed Assets	2,302	3,230	6,318	8,756
ROU Assets	-	-	-	-
Capital Work-in-Progress	1,587	3,922	3,422	2,922
Total Intangible Assets	9	9	9	9
Other assets	886	886	886	886
Deferred Tax Assets	-	-	-	-
<b>Total Assets</b>	<b>8,545</b>	<b>16,113</b>	<b>17,302</b>	<b>21,747</b>
<b>Liabilities</b>				
<b>Borrowings</b>	<b>1,819</b>	<b>1,600</b>	<b>1,550</b>	<b>1,550</b>
<b>Deferred Tax Liability</b>	<b>177</b>	<b>177</b>	<b>177</b>	<b>177</b>
provisions	11	11	11	11
other Liabilities	81	81	81	81
Equity Share Capital	144	150	150	150
Reserves & Surplus	6,312	14,094	15,332	19,778
<b>Total Net Worth</b>	<b>6,456</b>	<b>14,244</b>	<b>15,482</b>	<b>19,928</b>
Minority Interest	-	-	-	-
<b>Total Liabilities</b>	<b>8,545</b>	<b>16,113</b>	<b>17,302</b>	<b>21,747</b>

Source Company data, I-Sec research

### Exhibit 8: Cashflow statement

(INR mn, year ending March)

	FY24A	FY25E	FY26E	FY27E
<b>Operating Cashflow</b>	<b>(963)</b>	<b>768</b>	<b>1,232</b>	<b>1,898</b>
Working Capital Changes	(1,634)	(391)	(548)	(3,240)
Capital Commitments	(648)	(3,500)	(3,000)	(2,500)
<b>Free Cashflow</b>	<b>(1,610)</b>	<b>(2,732)</b>	<b>(1,768)</b>	<b>(602)</b>
<b>Other investing cashflow</b>	<b>43</b>	<b>-</b>	<b>-</b>	<b>-</b>
Cashflow from Investing Activities	(604)	(3,500)	(3,000)	(2,500)
Issue of Share Capital	2,956	7,000	-	-
Interest Cost	(134)	(134)	(130)	(130)
Inc (Dec) in Borrowings	22	(219)	(50)	-
Dividend paid	-	-	-	-
Others	-	-	-	-
Cash flow from Financing Activities	2,841	6,647	(180)	(130)
<b>Chg. in Cash &amp; Bank balance</b>	<b>1,274</b>	<b>3,915</b>	<b>(1,948)</b>	<b>(732)</b>
Closing cash & balance	1,343	5,258	3,310	2,578

Source Company data, I-Sec research

### Exhibit 9: Key ratios

(Year ending March)

	FY24A	FY25E	FY26E	FY27E
<b>Per Share Data (INR)</b>				
Reported EPS	29.2	52.6	82.7	296.9
Adjusted EPS (Diluted)	29.2	52.6	82.7	296.9
Cash EPS	40.7	68.4	110.2	334.5
Dividend per share (DPS)	-	-	-	-
Book Value per share (BV)	447.1	951.4	1,034.1	1,331.1
Dividend Payout (%)	-	-	-	-
<b>Growth (%)</b>				
Net Sales	17.2	60.1	82.3	128.3
EBITDA	23.9	46.8	77.4	215.1
EPS (INR)	51.5	80.0	57.2	259.0
<b>Valuation Ratios (x)</b>				
P/E	511.2	284.0	180.7	50.3
P/CEPS	366.7	218.3	135.6	44.7
P/BV	33.4	15.7	14.5	11.2
EV / EBITDA	308.3	198.6	113.0	36.0
P / Sales	87.1	54.4	29.8	13.1
Dividend Yield (%)	-	-	-	-
<b>Operating Ratios</b>				
Gross Profit Margins (%)	76.0	69.3	65.9	69.6
EBITDA Margins (%)	28.3	25.9	25.2	34.8
Effective Tax Rate (%)	22.0	22.0	20.0	18.0
Net Profit Margins (%)	16.4	19.2	16.5	26.0
NWC / Total Assets (%)	-	-	-	-
Net Debt / Equity (x)	0.0	(0.3)	(0.1)	(0.1)
Net Debt / EBITDA (x)	0.3	(3.7)	(1.1)	(0.2)
<b>Profitability Ratios</b>				
RoCE (%)	7.8	6.7	8.6	24.4
RoE (%)	11.3	9.9	10.3	26.9
RoIC (%)	8.9	9.0	11.6	31.3
Fixed Asset Turnover (x)	0.7	1.1	1.4	2.1
Inventory Turnover Days	124	156	137	182
Receivables Days	185	148	109	119
Payables Days	26	46	42	77

Source Company data, I-Sec research

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