

Date : 16/06/25

Techno Funda : Buy Hindustan Aeronautics Limited

Buy Range : @ ₹5050-5070

Target : 1st@₹5,350, 2nd @₹ 6,300

Stock Info	
Mkt Cap (cr)	336728.2
52-Weeks High/Low	5,674.75/3,046.05
Avg Volume	27,10,845
No. of eq shares (cr)	66.88
Face Values	5.00
Bse Code	541154
Nse Code	HAL
Free Float (cr)	95496.12
Source : NSE/BSE	

Particulars	2024	2025
Operating Margin %	27.48%	26.77%
Net Margin %	25.08%	27.00%
ROE %	28.92%	26.09%
ROA %	10.50%	9.00%
ROCE %	26.30%	20.50%
Equity-to-Asset	0.37	0.33
Interest Coverage	263	956
Current Ratio	1.73	2.04
DSO	55	54
DIO	390	505
DPO	101	125
PE Ratio	29.2	33.39
EV-to-EBITDA	16.8	19.7
PS Ratio	7.32	9.02

Source : Company, Fin2Research

Particulars	2024	2025
Sales	30381.00	30981.00
Operating Profit	9752.00	9608.00
Profit before tax	10225.00	10867.00
Net Profit	7621.00	8364.00
EPS	113.96	125.07

Source : Company

Particulars	(TTM)
Promoters	71.64%
Mutual Funds/AIF	4.31%
Insurance co. & others	3.34%
Other DIIs	0.65%
FII	12.08%
Retails and Others	7.98%
Total	100.0%

Source : Company

Hindustan Aeronautics Ltd: Hindustan Aeronautics Ltd (HAL) operates in the aerospace and defense sector. It is involved in the design, development, and manufacturing of aircraft, helicopters, systems and accessories, power plants, avionics, and various materials such as castings, rolled rings, and rubber products. The company also produces aerospace components, including structures, tanks, and cryogenic engines. HAL derives the majority of its revenue from India, with additional contributions from international markets. Its core operations include the manufacture, repair, and maintenance of aircraft and helicopters.

Key Highlights : 1. In FY 2024–25, Hindustan Aeronautics Ltd reported total revenue of ₹30,105 crores, marking a 7% increase from ₹28,162 crores in the previous year. After adjusting for a one-time impact of ₹1,502 crores from the LCA IOC contract in FY 2023–24, the adjusted revenue growth stood at 7.25%, indicating consistent and sustainable performance. The company posted a profit before tax (PBT) of ₹10,820 crores, accounting for 35% of revenue, reflecting strong profitability.

2. For FY 2025–26, management has guided for revenue growth in the range of 7% to 8%, with the potential to reach 8% to 10% or even higher, depending on contract amendments and delivery timelines. Over the medium term (next 2–3 years), HAL anticipates double-digit revenue growth in the range of 12% to 13%, supported by increased deliveries of platforms such as LCA Mark 1A, ALH, and LCH.

3. HAL is undertaking significant capacity building and capability enhancement through a five-year CAPEX plan of ₹14,000 to ₹15,000 crores, aimed at expanding manufacturing for helicopters, fighter jets, trainers, and aero engines. The production capacity for LCA Mark 1A is expected to scale up to 24 units by FY 2026–27 and potentially reach 30 units by FY 2027–28, with active collaboration from private sector partners such as L&T, VEM, Alpha Tocol, and Tata TASL. Helicopter production capacity, including platforms like the LCH Prachand, is targeted at 30 units per annum, supported by infrastructure investments such as the Tumkuru plant to enhance scalability.

4. Key Project Timelines: **LCA Mark 1A:** HAL expects to deliver 12 units in calendar year 2025, with delivery volumes set to increase in subsequent years as GE addresses current supply chain constraints. Twelve GE engines have been confirmed for 2025.

a). LCA Mark 2: The prototype flight is targeted for Q1 of FY 2025–26, with certification anticipated by FY 2029–30 and production to commence in FY 2030–31, positioning the program as a key long-term growth driver.

b). Sukhoi-30 Upgrade: Design and development work is scheduled to begin within the next six months. Orders for 84 upgraded units, valued at ₹60,000 crores, are expected over the next 5–6 years, offering a substantial revenue pipeline.

c). AL-31FP Engines: HAL plans to deliver 240 engines over the next eight years at a rate of 30 units annually. Current indigenization stands at 57%, with efforts underway to further increase this level, supporting the government's self-reliance initiative in defense manufacturing.

5. MRO Business: HAL's Repair and Overhaul (ROH) segment is projected to grow at an annual rate of 5%, backed by a strong in-service fleet, including approximately 340 ALH helicopters, over 250 Sukhoi-30 aircraft, and more than 150 Dornier aircraft. Despite the expected phase-out of older platforms like the MiG-21, no major decline in ROH demand is anticipated, ensuring stable and recurring revenue from the MRO business.

Key Risks : 1. Supply chain challenges and dependency on government contracts could pose risks, but these are mitigated by HAL's strategic importance and ongoing capacity-building efforts.

2. Faced supply chain issues for LCA Mark 1A and grounding of the ALH fleet due to an accident, which could impact delivery schedules.

Buy Range : @ ₹5,050 - ₹5,070

Target : 1st @ ₹5,350 , 2nd @ ₹6,300



- **Price :** The price is trading above all key moving averages (20, 50, and 150-day). The moving averages are stacked in a bullish formation (20-day > 50-day > 150-day), and all are sloping upwards, indicating health and strength in the trend across short, medium, and long terms. The 20-day MA at ₹5004 is acting as immediate dynamic support.
- The RSI is at a healthy level of 58.21. It has cooled off from overbought levels (likely above 70 during the May peak) but remains comfortably above the 50 mark. This indicates that the bullish momentum is still intact, though not as aggressive as it was a few weeks ago.
- **Next Support Levels:** The lower Bollinger Band at ₹4902, followed by the strong support of the 50-day MA at ₹4648. The major, long-term support level is marked at ₹3800.

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- The suggestion is valid for 3-5 months; if we want to carry subsequent positions, we will contact via mail or other mode of communications.
- Once target1 achieved, use trailing stop loss of recommended average price.

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