

# Hindustan Aeronautics Ltd ( HAL)

## Aerospace & Defence

LTP 4300

**BUY**

**Price Target 7000**

**Potential From CMP : 62%**

**Date:08-October-2024**

## Company Abstract

Hindustan Aeronautics is engaged in the business of Manufacture of Aircraft and Helicopters and Repair, Maintenance of Aircraft and Helicopters. The history and growth of Hindustan Aeronautics Limited is synonymous with the growth of Aeronautical industry in India for more than 79 years.

The Company which had its origin as Hindustan Aircraft Limited was incorporated on 23 Dec 1940 at Bangalore by Shri Walchand Hirachand, a farsighted visionary, in association with the then Government of Mysore, with the aim of manufacturing aircraft in India. In March 1941, the Government of India became one of the shareholders in the Company and subsequently took over its management in 1942. In collaboration with the Inter Continental Aircraft Company of USA, the Company commenced its business of manufacturing of Harlow Trainer, Curtiss Hawk Fighter and Vultee Bomber Aircraft.

In January 1951, Hindustan Aircraft Limited was placed under the administrative control of Ministry of Defence, Government of India.

## Company Financial Details

1. Hindustan Aeronautics Limited Operates in the Industrial Sector.
2. The current price is 4300, reflecting the market's valuation of the company.
3. The Price to earning Ratio ( P/E) is 37.9, indicating the company's earning relative to its stock price.
4. With a Market Capitalisation of 2.90T CR, HAL holds a significant position in the market.
5. The company reported a net profit of 7595 CR in the last F.Y 2023-24

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## Profit & Loss

Consolidated Figures in Rs. Crores / [View Standalone](#)

[RELATED PARTY](#)

	Mar 2015	Mar 2016	Mar 2017	Mar 2018	Mar 2019	Mar 2020	Mar 2021	Mar 2022	Mar 2023	Mar 2024	TTM
Sales +	15,939	16,758	17,950	18,520	20,008	21,445	22,882	24,620	26,927	30,381	30,813
Expenses +	13,560	14,285	14,719	15,071	15,457	16,531	17,538	19,205	20,242	20,630	20,958
<b>Operating Profit</b>	<b>2,379</b>	<b>2,474</b>	<b>3,231</b>	<b>3,449</b>	<b>4,551</b>	<b>4,914</b>	<b>5,344</b>	<b>5,415</b>	<b>6,686</b>	<b>9,752</b>	<b>9,855</b>
OPM %	15%	15%	18%	19%	23%	23%	23%	22%	25%	32%	32%
Other Income +	1,650	1,608	1,058	776	376	423	364	985	1,673	1,923	2,252
Interest	15	6	16	35	178	360	267	65	64	43	32
Depreciation	822	863	681	947	1,025	999	1,158	1,111	1,785	1,407	1,355
<b>Profit before tax</b>	<b>3,191</b>	<b>3,213</b>	<b>3,592</b>	<b>3,243</b>	<b>3,725</b>	<b>3,979</b>	<b>4,283</b>	<b>5,225</b>	<b>6,510</b>	<b>10,225</b>	<b>10,720</b>
Tax %	25%	38%	27%	39%	37%	28%	24%	3%	10%	25%	
<b>Net Profit +</b>	<b>2,399</b>	<b>2,004</b>	<b>2,625</b>	<b>1,990</b>	<b>2,328</b>	<b>2,883</b>	<b>3,246</b>	<b>5,080</b>	<b>5,828</b>	<b>7,621</b>	<b>8,244</b>
EPS in Rs	24.89	27.72	36.30	29.76	34.82	43.10	48.53	75.96	87.14	113.96	123.27
Dividend Payout %	20%	31%	30%	54%	28%	39%	31%	26%	32%	31%	

SOURCE:SCREENER.IN

## Balance Sheet

Consolidated Figures in Rs. Crores / [View Standalone](#)

[CORPORATE ACTIONS](#)

	Mar 2015	Mar 2016	Mar 2017	Mar 2018	Mar 2019	Mar 2020	Mar 2021	Mar 2022	Mar 2023	Mar 2024
Equity Capital	482	362	362	334	334	334	334	334	334	334
Reserves	16,322	10,671	12,198	9,177	11,748	12,914	15,090	18,979	23,238	28,804
Borrowings +	165	80	1,022	905	4,116	5,927	53	49	52	50
Other Liabilities +	47,370	45,420	38,163	38,047	35,298	35,027	37,619	40,892	45,652	51,723
<b>Total Liabilities</b>	<b>64,339</b>	<b>56,532</b>	<b>51,744</b>	<b>48,463</b>	<b>51,496</b>	<b>54,203</b>	<b>53,096</b>	<b>60,254</b>	<b>69,276</b>	<b>80,911</b>
Fixed Assets +	7,366	6,925	7,350	7,566	7,459	7,357	7,166	6,766	6,834	6,737
CWIP	235	1,025	1,389	1,462	1,502	2,043	1,950	2,473	1,885	2,493
Investments	570	916	994	1,010	910	991	1,121	1,363	1,458	1,591
Other Assets +	56,168	47,666	42,011	38,425	41,625	43,812	42,860	49,653	59,099	70,089
<b>Total Assets</b>	<b>64,339</b>	<b>56,532</b>	<b>51,744</b>	<b>48,463</b>	<b>51,496</b>	<b>54,203</b>	<b>53,096</b>	<b>60,254</b>	<b>69,276</b>	<b>80,911</b>

SOURCE:SCREENER.IN

## Order Book Position

**ORDER BOOK POSITION** The Order Book position of the Company stands at `94,129 Crore as on March 31, 2024. During the year, the Company received manufacturing contracts of over `19,000 Crores and ROH Contracts of over `15,000 Crores, contributing to an outstanding order book of `94,129 Crores as on March 31, 2024. Major Orders bagged include Contracts for supply of ALH to Indian Army and Indian Coast Guard, RD-33 engine to Indian Air Force, Dornier-228 Mid Life Upgrade to Indian Navy, Dornier-228 to Indian Coast Guard, 6 sets of LM2500 Gas Turbines (GT) and Gas Turbine Auxiliary Equipment (GTAE) for NGMV Program of Cochin Shipyard Ltd and 2 Nos. of Hindustan 228 export to Guyana Defence Forces. ( **Source Company Annual Report 2024** )

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## KEY RATIOS

EV/R	8.63
EV/EBITDA	29.57
PE/GROWTH	33.09
PE RATIO	37.9
BETA	.87
P/B RATIO	9.98
ROCE	38.9
ROE	28.9

## PROS

- Company is almost debt free.
- Company has delivered good profit growth of 26.8% CAGR over last 5 years
- Company has a good return on equity (ROE) track record: 3 Years ROE 28.4%
- Company has been maintaining a healthy dividend payout of 29.5%
- Company's working capital requirements have reduced from 62.0 days to 37.0 days

## CONS

- Stock is trading at 10.7 times its book value
- The company has delivered a poor sales growth of 8.71% over past five years.
- Promoter holding has decreased over last 3 years: -3.51%

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# Technical Analysis



1. Stock is trading at major support level and today we have seen a good recovery from the support levels.
2. Stocks is trading at golden buy levels of Fibonacci
3. RSI also almost touched which shows we are oversold and also seen a RSI Divergence
4. Technically stock is looking strong to show good jump and with volumes.

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# HAL 3 Years Chart



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Akash Garg Proprietor of AG Analyst (Sole Proprietor) is an Individual Research Analyst having its office at House No 414 Ward No 15, Moti Colony, Near 999 Mobile Shop, Palwal, Faridabad, Haryana, 121102.

Akash Garg Proprietor of AG Analyst (Sole Proprietor) was registered with SEBI as an Individual vide Registration number INH000011501 on Feb 23, 2023, pursuant to which it provides Research Analyst services to its clients.

### 2. About the Research Analyst:

**Mr. Akash Garg has done BCOM and Chartered Accountant.** With a strong analytical skill set, he excels in identifying investment ideas and implementing effective strategies.

### 3. Details of Business activities:

**Mr. Akash Garg** provides recommendations based on both fundamental and technical analysis. He also provide research calls on telegram/whatsapp to the free subscribers, if any. And the subscribers who want to join for paid services then the same will be provided on paid services by taking subscription amount from that client.

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