kotak neo

Ratings Monitor

One Report – to monitor stocks and identify triggers to re-evaluate ratings

Hindustan Aeronautics (HAL)

Current Market Price	Fair Value (FV)
Rs.4,365	Rs.4,810

Date: 9 July 2026

Previous Rating: - NA **Current Rating:** ADD **Change:** Initiating Coverage

Ratings Rationale

- Hindustan Aeronautics Ltd (HAL) is India's premier aerospace manufacturer engaged in manufacturing and MRO of aerospace systems.
- HAL's order book has expanded 4x over the past decade to Rs2.54 lakh cr.
- Large programs such as Tejas MK1A, LCH Prachand, Su-30 MKI, HTT-40 and AL-31FP, provide strong 8+ year of visibility.
- The prospective pipeline of ~Rs4.6 lakh cr across programs such as Tejas Mk2, IMRH and helicopters further underpins long-term growth.
- Additionally, the ROH segment (~Rs24000cr orders) offers stable, recurring revenues with shorter execution cycles, complementing the manufacturing business.
- Healthy order book with strong prospect pipeline provides long-term visibility.
- We expect HAL's earnings to grow at 15% CAGR over FY26-30E; initiate with an ADD rating.

(CAGR: Compound Annual Growth Rate EPS: Earnings Per Share, ROH: Repair, Overhaul & Spares, PAT: Profit After Tax, MRO: Maintenance, Repair, and Operations, LCH: Light Combat Helicopter, P/E: Price to Earnings, EV: enterprise Value, EBITDA: EBITDA: Earnings Before Interest, Tax, Depreciation & Amortization, DCF: Discounted Cash Flows, IMRH: Indian Multi Role Helicopter, HTT: Hindustan Turbo Trainer)

Valuation

We arrive at DCF-based FV of Rs4,810 (27x P/E and 20x EV/EBITDA on March 2028 EPS)

RATING SCALE (PRIVATE CLIENT GROUP)

Definitions of ratings

BUY	–	We expect the stock to deliver more than 15% returns over the next 12 months
ADD	–	We expect the stock to deliver 5% - 15% returns over the next 12 months
REDUCE	–	We expect the stock to deliver -5% - +5% returns over the next 12 months
SELL	–	We expect the stock to deliver < -5% returns over the next 12 months
NR	–	**Not Rated.** Kotak Securities is not assigning any rating or price target to the stock. The report has been prepared for information purposes only.
SUBSCRIBE	–	We advise investor to subscribe to the IPO.
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NA	–	**Not Available or Not Applicable.** The information is not available for display or is not applicable
NM	–	**Not Meaningful.** The information is not meaningful and is therefore excluded.
NOTE	–	Our target prices are with a 12-month perspective. Returns stated in the rating scale are our internal benchmark.

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