SMIFS LIMITED
LEGACY | TRUST | GROWTH

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MONTHLY

RESEARCH RECOMMENDATIONS

June 2026

HINDUSTAN AERONAUTICS LIMITED (HAL) (Previous Close: INR4303.80)

Buying Price: INR4303.80 | Stop-Loss: Closing Below INR4060 | Target: INR4800

Risk/Reward Ratio- around 1:2.07
Projected Timeframe - 2 Months

Projected Profit- around 11.59%
Projected Loss- around 5.59%

Chart:

Technical View:

HAL is consolidating near the critical ₹4,250–₹4,300 support zone after a sharp rally and subsequent correction from higher levels. The stock is attempting to stabilize around its moving average support, suggesting demand is emerging on declines. Despite recent volatility, the broader structure remains constructive, with higher lows still intact on the medium-term chart. Volumes near support indicate active participation, while the pullback appears more corrective than trend reversing. If price sustains above ₹4,250, the setup favors a rebound towards ₹4,800. The bullish bias remains intact above ₹4,060, while a decisive breakdown below this level could trigger deeper profit booking.

HINDUSTAN AERONAUTICS LIMITED (HAL) (Previous Close: INR4303.80)

Buying Price: INR4303.80 | Stop-Loss: Closing Below INR4060 | Target: INR4800

Hindustan Aeronautics Limited (HAL) is India's premier aerospace and defence manufacturing company, occupying a near-monopoly position across military aircraft, helicopters, aero-engines, maintenance, repair and overhaul (MRO), and next-generation indigenous defence platforms. As the principal beneficiary of India's defence indigenisation strategy, HAL sits at the center of a multi-decade military modernisation cycle.

Investment Rationale:

Tejas Deliveries Mark the Beginning of a New Growth Cycle: The Tejas Mk1A programme is the most important earnings catalyst for HAL over the next three years. The company currently has orders for 180 Tejas aircraft (83 + 97 aircraft) worth more than ₹1.1 trillion. While FY26 growth was impacted by delays in GE engine deliveries, the manufacturing bottleneck now appears to be easing. HAL has already expanded production capacity to 24 aircraft annually and management expects deliveries to commence from 2QFY27. More than 20 aircraft structures are already built, indicating that future growth is largely dependent on engine availability rather than manufacturing readiness. As deliveries ramp up, Tejas is expected to become the largest contributor to manufacturing revenue growth, creating a significant acceleration in topline and earnings over FY27-FY29.

Helicopters and Aero-Engines Create Multiple Growth Engines: HAL's investment story is no longer dependent on a single platform. The recent order for 156 LCH Prachand helicopters worth approximately ₹628 billion, coupled with an expected pipeline of 143 ALH helicopters, creates a second large growth vertical. Simultaneously, the company is strengthening its aero-engine ecosystem through AL-31FP, RD-33 and future GE-414 engine programmes. The partnership with Safran for LEAP engine components and increasing localisation of engine manufacturing expands HAL's participation beyond defence aviation into global aerospace supply chains.
These businesses provide diversification, improve revenue visibility and reduce dependence on any single programme execution cycle.

Record Order Book and ₹4.2 Trillion Opportunity Pipeline Support Long-Term Visibility: HAL closed FY26 with a record order book of ₹2.5 trillion after securing fresh orders worth approximately ₹970 billion during the year. In addition, management has identified nearly ₹900 billion of potential order inflows over the next two years through ALH helicopters, Sukhoi upgrades and Dornier programmes. Beyond this, future opportunities across Tejas Mk2, IMRH, LUH, NUH and TEDBF collectively represent a total addressable market exceeding ₹4 trillion. Few industrial companies in India possess a comparable pipeline of visible opportunities backed by government spending commitments. The significance of this opportunity lies not merely in its size but in HAL's strategic positioning as the incumbent platform developer and manufacturer, giving it a structural competitive advantage that private-sector competitors are unlikely to replicate in the foreseeable future.

Strong Financial Profile Provides Earnings Visibility and Downside Protection
Despite Tejas delivery delays, HAL reported FY26 revenue of ₹331 billion, EBITDA of ₹98 billion and PAT of ₹91 billion. EBITDA margins remained healthy at 30% while return ratios continued above 22%. The company maintains a debt-free balance sheet and it has planned its ₹120 billion capex programme entirely through internal accruals. Operating cash flow remains robust and supports continued investment in future programmes while maintaining shareholder returns.
As manufacturing revenues increase, HAL is expected to transition from a predominantly ROH-led business towards a more balanced manufacturing-led model, supporting sustained earnings growth over the medium term.

Valuation and Outlook: HAL appears to be entering the execution phase of a defence cycle that has been under development for several years. FY26 was largely characterised by supply-chain constraints and capacity expansion, while FY27 is expected to mark the beginning of meaningful platform deliveries. Revenue growth should be driven by the commencement of Tejas Mk1A deliveries, HTT-40 execution, helicopter production ramp-up, Sukhoi upgrade programmes and continued strength in the high-margin ROH business. The combination of a record order book, improving supply-chain conditions and increasing manufacturing contribution should support sustained earnings growth over the next several years. Given its dominant market position, exceptional order visibility, strong balance sheet, superior return ratios and expected earnings CAGR of 15-20% over FY26-FY28. We expect HAL to deliver revenue of approximately ₹377 billion in FY27, with EPS of ₹150 and is expected to trade at 35x FY27E earnings.

SIEMENS LIMITED (Previous Close: INR3844)

Buying Price: INR3844 | Stop-Loss: Closing Below INR3675 | Target: INR4200

Risk/Reward Ratio- around 1:2:1

Projected Timeframe - 1 – 1.5 Months

Projected Profit- around 9.25%

Projected Loss- around 4.39%

Chart:

Analysis:

Siemens is witnessing a strong continuation of its bullish structure after a sharp breakout from the ₹3,550–₹3,730 consolidation zone. The stock has reclaimed key moving average support and is now stabilizing near recent swing highs, indicating sustained buying interest. The recent price action suggests a classic breakout–retest formation, where dips are being absorbed quickly. Volumes have expanded during the breakout leg, highlighting institutional participation and fresh momentum buying. As long as price sustains above ₹3,675, the structure favors continuation towards ₹4,200. A breakdown below ₹3,675 would weaken the bullish setup and trigger profit booking pressure.

OLA ELECTRIC MOBILITY LIMITED (Previous Close: INR41.49)

Buying Price: INR41.49 | Stop-Loss: Closing Below INR37 | Target : INR50.50

Risk/Reward Ratio- around 1:2.01
Projected Timeframe - 3 Months

Projected Profit- around 21.71%
Projected Loss- around 10.82%

<u>Chart</u>:

Analysis:

Ola Electric is showing signs of a strong trend reversal after forming a base near the ₹23–₹31 support zone. The stock has now reclaimed the crucial ₹39 breakout level with a strong bullish candle, signaling fresh momentum and short-covering activity. The rising price structure, coupled with improving moving average alignment, indicates a shift from accumulation to expansion phase. Volumes have picked up sharply on breakout attempts, reflecting aggressive buying participation. As long as price sustains above ₹37, the setup favors an upside move towards ₹50.50. A breakdown below ₹37 would invalidate the bullish structure and weaken momentum.

INSOLATION ENERGY LIMITED

CMP (INR) (As on 29th May 2026): INR126 | Target: INR227 | Upside (%): 80% | Recommendation: BUY | Timeframe – 12 to 18 Months

Insolation Energy Limited is India's leading solar PV module manufacturers with a rapidly expanding integrated renewable energy platform. The company operates advanced manufacturing facilities with installed module capacity of 5.5 GW and serves utility-scale, commercial & industrial (C&I), rooftop and distributed solar markets across India. The company is rapidly scaling solar manufacturing with a strong focus on modules and backward integration.

Investment Rationale:

Strong Manufacturing Capacity Expansion and Backward Integration Strategy: Insolation Energy is expanding its module capacity from 5.5 GW to ~7 GW by FY28, which will further strengthen its position in the domestic market. Simultaneously, the company is establishing a 4.5 GW TOPCon solar cell manufacturing facility and an 18,000 MTPA aluminium frame manufacturing plant as part of its backward integration strategy. The management expects phased commissioning of solar cell to begin in Q3/Q4 FY27, with full ramp-up likely by Q1 FY28. The company has also secured additional land in Madhya Pradesh for future wafer and ingot manufacturing projects and aims to establish upstream manufacturing before ALMM Part-III comes into force in June 2028. The integrated manufacturing ecosystem is expected to improve cost efficiencies, reduce dependence on imports, enhance supply-chain security and support margin expansion over the medium term.

Structural Industry Tailwinds Supported by Government Policies: India's renewable energy sector continues to witness strong structural demand supported by aggressive government renewable energy targets, ALMM implementation, Production Linked Incentive (PLI) schemes, rising Renewable Purchase Obligations (RPO), PM-KUSUM, PM Surya Ghar and increasing solar adoption across utility-scale and rooftop segments. The implementation of ALMM List-II from June 2026 is expected to create mandatory domestic demand for integrated solar cell manufacturers, benefiting companies with integrated manufacturing capabilities such as Insolation Energy. Additionally, increasing focus on supply-chain localization and import substitution is expected to support long-term domestic manufacturing opportunities.

Diversified Distribution Network Enhances Revenue Visibility: Insolation Energy operates through a diversified business model with presence across government projects, EPC contractors, project developers, OEM partnerships and channel partners/distributors. This diversified customer mix reduces dependence on any single segment and provides better revenue visibility and demand stability across business cycles. The company has established a strong pan-India distribution network with over 700 channel partners, supporting increasing penetration across rooftop, C&I and distributed solar markets. Additionally, participation in government-led renewable energy programs and KUSUM-linked projects provides long-term execution opportunities.

INSOLATION ENERGY LIMITED

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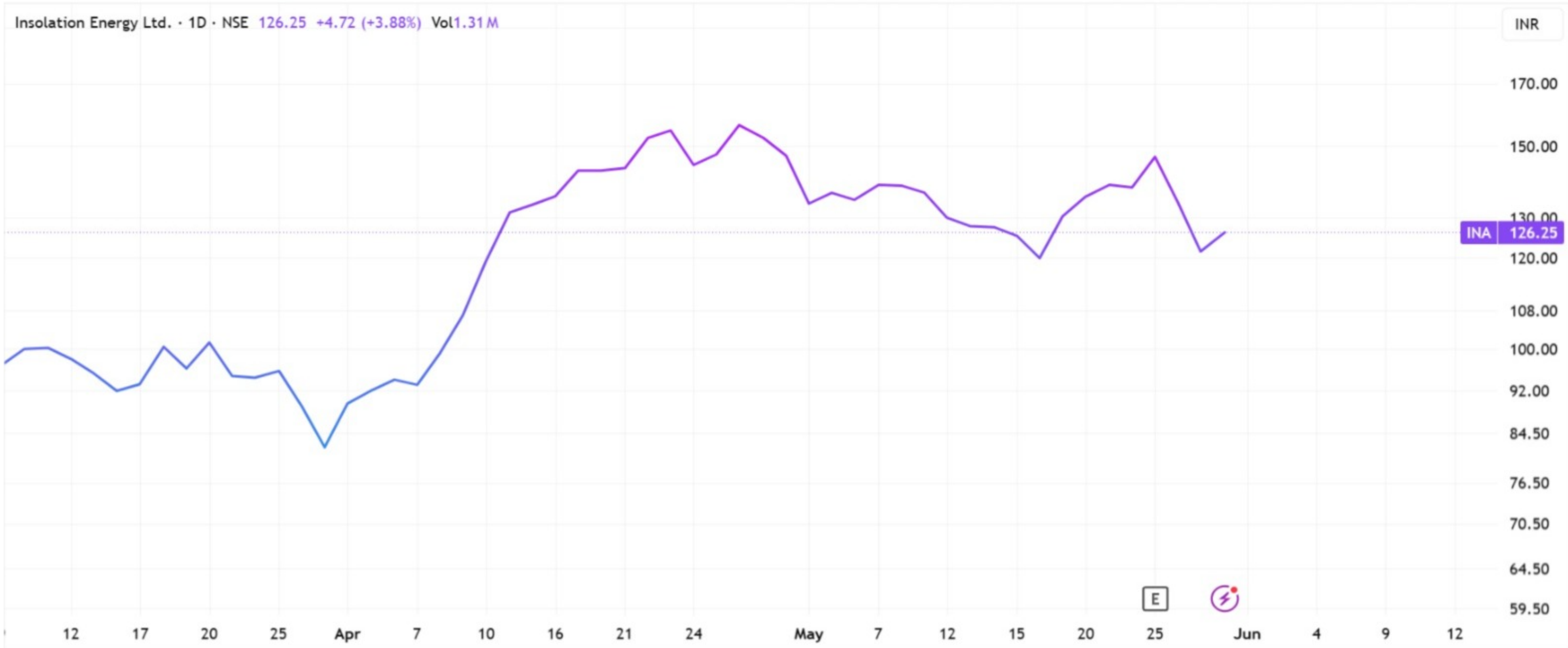
Valuation and Outlook:

Insolation Energy aggressive manufacturing expansion, backward integration strategy and favorable policy environment provide strong growth visibility. The commissioning of the solar cell and aluminium frame manufacturing facilities is expected to significantly strengthen the company's integrated manufacturing ecosystem, improve margin profile and enhance long-term competitiveness. Additionally, increasing localization mandates under ALMM and strong demand growth across utility-scale, rooftop, C&I, BESS and government-led solar programs are likely to support sustained revenue growth over the coming years. We expect the revenue growth to remain strong and register a CAGR of 62% to ₹56,500 million over FY26-FY28E supported by capacity ramp-up and higher dispatch volumes. EBITDA margin is expected to improve mainly led by backward integration into solar cell and aluminium frame. The EPS to register a CAGR of ~68% over FY26-FY28E. Based on our valuation, we assign a multiple of 15x to FY27E EPS of ₹15.1, arriving at a target price of ₹227 per share.



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	Long term Investing	Medium term investing	Short term Trading	Intra – day Trading
Fundamentals	High	Medium	Low	Absent
Derivatives	Low	Low	High	High
Technicals	Low	Low	High	High

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Long-term Investment
- 12 to 18 month perspective – Detailed company reports
- Others – Muhurat Picks and Annual Strategy Picks

Medium-term Investment
- 3 to 6 months perspective
- Technical and Quant Picks

Short-term Investment & Trading
- 1 month investment call
- Positional Momentum Picks
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