IPO REVIEW

Hy-Tech Engineers IPO

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- The company is engaged in the manufacturing, designing and supply of hydraulic fittings and catering to diverse industrial applications.
- It has four decades of operational experience and has 11+K SKUs to meet varied demands.
- The company posted steady growth in its top and bottom lines for the reported periods.
- Based on its recent financial data, the issue appears fully priced.
- Well-informed investors may park funds for medium to long term.

About the Company

Hy-Tech Engineers Ltd. (HTEL) is an engineering company engaged in the design, manufacture and supply of hydraulic fittings catering to diverse industrial applications, with over four decades of operational experience in the hydraulics industry. Its product portfolio comprises standard hydraulic fittings viz. DIN-metric fittings, JIC flared and flareless fittings, O-Ring Face Seal (ORFS) fittings and conversion fittings, as well as fittings customized to customer specifications. As of March 31, 2026, its portfolio consists of more than 11,000 stock keeping units (SKUs) of hydraulic fittings, serving diverse application needs across industries such as construction machinery, automotive, farming machinery, injection moulding machines and hydraulic systems. In addition, it has obtained certifications which enable it to cater to sectors such as railways and defence, thereby expanding its addressable market.

HTEL operates on a business-to-business (B2B) model across both domestic and international markets. Its sales approach combines direct engagement with original equipment manufacturers (“OEMs”) and other industrial customers as also through a network of authorized distributors and distribution partners. Direct customer engagement enables it to build long-term relationships and offer tailored solutions aligned with specific industry requirements. During Fiscal 2026, the company supplied to 170 direct customers including OEMs. To complement its direct sales efforts, the company leverages a network of distributors and distribution partners in India and overseas, which allows it to expand its reach to a broader customer base.

The distributors typically maintain inventory in their territories, promote its products, provide after-sales support, and act as the primary interface for customers. This dual-channel distribution strategy enhances HTEL’s market penetration and provides it with the opportunity to increase market share for its offerings across a wide range of industrial sectors. It has also engaged with a non-exclusive distribution partner in Europe who is not directly involved in customer acquisition but primarily provide post-sale services, local coordination and logistics support.

As on March 31, 2026, its international presence extends to markets such as USA, Belgium, Poland, Russia, Brazil, Italy, Saudi Arabia, Hungary, UAE, Thailand and Germany supported by relationships with global customers including OEMs, industrial customers and distributors.

Currently, the company has six operational manufacturing facilities in India, out of which four are located in the state of Maharashtra and the other two in the state of Madhya Pradesh. Its Nashik Unit offers it with backward integration capabilities that provide the company competitive advantages including reduced reliance on external suppliers, cost efficiency, lead time reduction, and enhanced quality control. The company does direct sales of around 63% in domestic markets and 26% in overseas markets, rest is generated from distributors. As of March 31, 2026, it had 468 employees on its payroll and additional 253 contractual personnel.

Issue Details / Capital History

The company is coming out with its maiden book building route combo IPO of 25610205 equity shares (worth Rs. 135.73 cr.at the upper cap). The IPO consists of fresh equity shares worth Rs. 60.00 cr. (approx. 11320755 equity shares at the upper cap) and an Offer for Sale (OFS) of 14289450 equity shares (worth Rs. 75.73 cr. at the upper cap). The company has announced a price band of Rs. 50 – Rs. 53 per equity shares of Rs. 5 each. The issue opens for subscription on August 24, 2026, and will close on August 27, 2026. The minimum application to be made is for 283 shares and in multiples thereon, thereafter. Post allotment, shares will be listed on BSE and NSE. The issue constitutes 27.0% of the post-IPO paid-up equity capital. From the net proceeds of the fresh equity issue, the company will utilize Rs. 16.00 cr. for repayment/prepayment of certain borrowings, Rs. 29.97 cr. for capex on procurement of machinery and equipment for expansion, and the rest for general corporate purposes.

The sole Book Running Lead Manager (BRLM) to this issue is New Berry Capitals Pvt. Ltd., while Bigshare Services Pvt. Ltd. is the registrar to the issue. New Berry Capitals is also a syndicate member.

After issuing/converting initial equity shares at par value, the company has issued further equity shares in the price range of Rs. 40 – Rs. 677.50 per share (on the basis of Rs. 5 FV) between February 2008, and December 2021. It has also issued bonus shares in the ratio of 0.67 for 1 in December 1990, 111 for 1 in February 2025. The average cost of acquisition of shares by the promoters/selling stakeholders is Rs. 0.12, Rs. 0.22, and Rs. 9.43 per share.

Post-IPO, its current paid-up equity capital of Rs. 41.77 cr. (83531840 equity shares) will stand enhanced to Rs. 47.43 cr. (94852595 equity shares). Based on the upper cap of the price band, the company is looking for a market cap of Rs. 502.72 cr.

Financial Performance

On the financial performance front, for the last three fiscals, the company has (on a consolidated basis) posted a total income/net profit, of Rs. 141.17 cr. / Rs. 11.60 cr. (FY24), Rs. 166.71 cr. / Rs. 19.62 cr. (FY25), and Rs. 193.44 cr. / Rs. 22.59 cr. (FY26). The company posted steady growth in its top and bottom lines for the reported periods.

For the last three fiscals, the company has posted an average EPS of Rs. 2.37 and an average RoNW of 19.77 %. The issue is priced at a P/BV of 3.63 based on its NAV of Rs. 14.61 as of March 31, 2026, and at a P/BV of 2.76 based on its post-IPO NAV of Rs. 19.19 per share at the upper cap.

If we attribute FY26 super earnings to its post-IPO fully diluted paid-up equity capital, then the asking price is at P/E of 22.27. Based on FY25 earnings, the P/E stands at 25.60. The issue appears fully priced based on its recent average performance.

For the reported periods, the company has reported PAT Margins of 8.21% (FY24), 11.77% (FY25), 11.68% (FY26), and RoCE margins of 15.24%, 20.46%, 24.40%, respectively, for the referred periods.

Dividend Policy

The company has paid a dividend of 150% for FY24, 5.00% for FY25, and 8.00% for FY26. It has already adopted a dividend policy in February 2025, based on its financial performance and future prospects

Comparison with Listed Peers

As per the offer document, the company has shown Aeroflex Ind., Dynamatic Techno, and Yuken India, as its listed peers. They are currently trading at a P/E of 93.5, 136.0, and 82.7 (as of Aug. 20, 2026). However, they are not truly comparable on an apple-to-apple basis. This comparison appears to be an eyewash. This comparison appears to be an eyewash.

Merchant Banker's Track Record

The sole BRLMs associated with this issue has handled just 1 IPOs in the last three fiscals and that opened at 4.17% premium on the listing date.

Conclusion / Investment Strategy

HTEL is engaged in the manufacturing, designing and supply of hydraulic fittings and catering to diverse industrial applications. It has four decades of operational experience and has 11+K SKUs to meet varied demands. The company posted steady growth in its top and bottom lines for the reported periods. Based on its recent financial data, the issue appears fully priced. Well-informed investors may park funds for medium to long term.

About Dilip Davda

Dilip Davda is a veteran financial journalist associated with the Indian stock market since 1978. He has been contributing to print and electronic media on capital markets, insurance, and finance since 1985. He is widely recognized for reviewing public issues and non-convertible debentures (NCDs) in the primary market, with a special emphasis on SME public issues.

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