

Hy-Tech Engineers Ltd – IPO Investment Note

Issue Open	Issue Close	Price Band (₹)	Rating
24 August 2026	27 August 2026	₹50-53	Subscribe

Investment Summary

Hy-Tech Engineers Limited is an established precision engineering company engaged in manufacturing hydraulic fittings and fluid-conveyance components, with a portfolio of over **11,000 SKUs**. The company operates six manufacturing facilities across Maharashtra and Madhya Pradesh and caters to diversified end-user industries including construction machinery, farming equipment, automotive, injection moulding and hydraulic systems. It also has a meaningful export presence, with exports contributing 29.37% of FY26 revenue, led by the USA. **Revenue from operations** increased from ₹137.71 Cr in FY24 to **₹189.40 Cr in FY26**, while **PAT** increased from ₹11.60 Cr to **₹22.59 Cr** during the same period. The company has demonstrated healthy cash conversion, improving capital efficiency and declining leverage, while the proposed capacity expansion provides headroom for future volume growth. However, customer concentration, dependence on the US market, elevated receivable days and moderate utilisation at certain manufacturing facilities remain key monitorables. The IPO comprises a **Fresh Issue of ~1,13,20,755 shares** aggregating to **₹60.00 Cr** and an **OFS of 1,42,89,450 shares** aggregating to **~₹75.73 Cr** at the upper price band. Fresh proceeds will primarily fund **₹29.97 Cr of capacity expansion** and **₹16.00 Cr of debt repayment**, with the balance towards general corporate purposes. Considering its established operating history, diversified industrial exposure, healthy cash-flow generation and capacity-led growth opportunity, we recommend a Subscribe stance for a medium- to long-term investment horizon, while monitoring execution of expansion plans, capacity utilisation and receivable discipline.

Company Overview

Hy-Tech Engineers Limited was incorporated in 1978 as 'Hy-Tech Engineers Private Limited' and subsequently converted into a public limited company as 'Hy-Tech Engineers Limited' in March 2022. Headquartered in Thane, Maharashtra, the company has over four decades of experience in manufacturing precision hydraulic tube fittings and fluid-conveyance components used in high-pressure hydraulic systems. Its portfolio comprises DIN metric fittings, JIC flared and flareless fittings, O-Ring Face Seal (ORFS) fittings, conversion fittings, adaptors, hose fittings and customised hydraulic connectors, with more than 11,000 SKUs as of FY26. The company serves customers across industries including construction machinery, farming equipment, automotive, injection moulding machines, hydraulic systems and industrial machinery. It operates six manufacturing facilities, comprising four units in Maharashtra and two in Madhya Pradesh. In FY26, its piece-based manufacturing facilities had aggregate installed capacity of 4.83 Cr units and actual production of 3.27 Cr units, besides the Nashik facility with installed capacity of 3,120 MTPA. Hy-Tech caters to both domestic and overseas markets, with exports contributing 29.37% of FY26 revenue, including 21.42% from the USA. The company is promoted by Hemant Tukaram Mondkar, Surekha Hemant Mondkar and Ashwin Hemant Mondkar.

Business Model

Hy-Tech operates a B2B precision-component manufacturing model, designing and manufacturing hydraulic fittings and connectors used for transferring pressurised fluids across industrial machinery. Its portfolio of 11,000+ SKUs enables it to cater to standardised specifications as well as customised customer requirements. Products are primarily manufactured from carbon steel and stainless steel across the company's six manufacturing facilities. Revenue is predominantly generated through direct sales to OEMs and other industrial customers, which contributed 88.42% of FY26 revenue, while distributors accounted for the remaining 11.58%. Domestic sales contributed 70.63%, while exports contributed 29.37%, with the USA being its largest overseas market. Customer orders are generally received through purchase orders rather than long-term contracts, with pricing and raw-material adjustments negotiated periodically. The company sells into multiple end-use industries including construction machinery, farming, automotive, injection moulding and hydraulic systems, reducing dependence on a single application. Growth is driven through expansion of production capacity, addition of new product variants and deeper penetration of domestic and export customers. The IPO-funded capex is intended to further expand capacity at the Kavathe, Shirwal and Pithampur Unit-I facilities.

Investment Rationale

Established Manufacturing Franchise with Diversified Product Portfolio: Hy-Tech has operated since 1978 and offers more than 11,000 hydraulic fitting SKUs across DIN, JIC, ORFS, adaptors and customised connectors. Its products cater to multiple industrial applications, reducing reliance on any single product category.

Strong Financial Growth with Improved Profitability: Revenue from operations increased from ₹137.71 Cr in FY24 to ₹189.40 Cr in FY26, while EBITDA increased from ₹22.55 Cr to ₹41.69 Cr and PAT from ₹11.60 Cr to ₹22.59 Cr. EBITDA margin improved materially from 16.38% in FY24 to 22.01% in FY26, reflecting improved operating profitability.

Healthy Cash Conversion and Improving Balance Sheet: The company generated ₹30.33 Cr of operating cash flow in FY26 against PAT of ₹22.59 Cr, indicating healthy earnings conversion. Debt-to-Equity also improved from approximately 0.50x in FY24 to 0.24x in FY26, while ROCE increased to 24.40%, reflecting improving capital efficiency.

Established Domestic and Export Customer Base: Hy-Tech derives revenue from both Indian and international markets, with exports contributing 29.37% of FY26 revenue. Customer concentration is manageable at the individual level, with the largest customer contributing 9.34% and the top 10 customers contributing 45.32% of FY26 revenue.

IPO-Funded Capacity Expansion to Support Future Growth: The company proposes to deploy ₹29.97 Cr towards new machinery at Kavathe, Shirwal and Pithampur Unit-I. Management expects the equipment to enhance production capabilities, introduce new products and improve operating flexibility, providing capacity for further domestic and export growth.

Key Risk Factors

Customer Concentration and Absence of Long-Term Contracts: The top 10 customers contributed 45.32% of FY26 revenue, while customer relationships generally operate through purchase orders without fixed long-term volume commitments. Loss or reduction of orders from major customers could therefore affect utilisation and profitability.

Significant Exposure to the US Market and Related-Party Distributor: Exports accounted for 29.37% of FY26 revenue, with the USA contributing 21.42%. The company also relies on Promoter Group entity Hy-Tech USA Inc. as the exclusive distributor for North America, Canada and Brazil, exposing it to US demand, tariffs, currency movements and related-party dependence.

Capacity Utilisation and Expansion Execution Risk: Several manufacturing facilities operated at only around 60–71% utilisation in FY26, while the company is undertaking additional capacity expansion. Further, orders for 100% of the ₹28.54 Cr machinery cost proposed under the IPO capex had not yet been placed as of the RHP date, creating utilisation, execution and cost-overflow risks.

Raw-Material and Supplier Concentration: Carbon steel and stainless steel are the principal raw materials, with material costs representing 41.33% of FY26 total expenses. The top 10 suppliers contributed 65.61% of FY26 purchases, and the company does not have long-term arrangements with suppliers, exposing margins to input-cost and supply volatility.

End-Market Cyclicity and Receivable Exposure: Construction machinery, farming and automotive collectively contributed 54.82% of FY26 revenue, exposing demand to industrial, infrastructure and agricultural cycles. Further, average receivable days remained relatively high at 91 days in FY26, creating working-capital and collection risks if customer payment cycles deteriorate.

Financial Snapshot

Metric	FY24	FY25	In Cr FY26
Revenue from Operations	137.71	161.38	189.40
EBITDA	22.55	35.79	41.69
EBITDA Margin	16.38%	22.18%	22.01%
Profit After Tax (PAT)	11.60	19.62	22.59
PAT Margin	8.42%	12.16%	11.93%
Basic EPS (₹)	1.39	2.35	2.70

IPO Details and Use of Proceeds

Parameter	Details
Issuer	Hy-Tech Engineers Limited
IPO Issue Size	2,56,10,204 shares (agg. up to 135.73 Cr) Fresh Issue 1,13,20,754 shares (agg. up to ₹60.00 Cr) Offer for Sale 1,42,89,450 shares (agg. up to ₹75.73 Cr)
Price Band	₹50 – ₹53 per share
Face Value	₹5 per share
IPO Opening Date	24 August 2026
IPO Closing Date	27 August 2026
Listing	NSE / BSE
Promoter Holding (Pre/Post)	Pre-IPO: 97.99% → Post-IPO: ~71.23%
Book Running Lead Managers	New Berry Capitals Private Limited
Use of Proceeds	• ₹29.97 Cr towards machinery/capacity expansion • ₹16 Cr towards repayment/prepayment of borrowings

Valuation and Outlook

At the upper price band of **₹53.00**, Hy-Tech Engineers is valued at a FY26 P/E of **22.25x**, based on a post-issue market capitalization of **~₹502.72 Cr**. The valuation appears reasonable considering its established presence in precision hydraulic fittings, diversified end-user exposure, healthy cash-flow generation, improving balance sheet and capacity-led growth plans. The RHP-listed peers Aeroflex Industries, Dynamatic Technologies and Yuken India trade at FY26 P/E multiples of 107.04x, 230.32x and 69.32x, respectively, although differences in scale and business mix limit direct comparability. The proposed ₹29.97 Cr capacity expansion and ₹16.00 Cr debt repayment should support future growth; however, successful utilisation of incremental capacity remains important given moderate utilisation at certain facilities. We recommend a **Subscribe stance** for a medium- to long-term investment horizon, while monitoring capacity utilisation, receivable days, US exposure, customer concentration and margin sustainability.

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