Hy-Tech Engineers Ltd

IPO NOTE | 24th August,2026

Canara Bank Securities Ltd
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ABOUT THE COMPANY: Incorporated in December 1978, Hy-Tech Engineers Limited is an engineering company engaged in the design, manufacture and supply of hydraulic fittings for diverse industrial applications. With over four decades of experience in the hydraulics industry, the Company offers a portfolio of more than 11,000 SKUs, including DIN-metric fittings, JIC flared and flareless fittings, O-Ring Face Seal (ORFS) fittings, conversion fittings and customized hydraulic fittings.

KEY BUSINESS INSIGHTS: HyTech has maintained a 48 -year track record of customer satisfaction, balancing capacity with customer additions. It's philosophy is based on Aristotle's 3 guidelines: ethics (ethos), empathy/relationships (pathos), and logic(logos). The company prioritizes stakeholder satisfaction: customers,600 employees, vendors, and now investors. The product range includes DIN, JIC, ORFS, and conversion fittings, with over 11,000 SKUs. It operates 6 manufacturing facilities:2 in Madhya Pradesh (near Indore & Jaipur) and 4 in Maharashtra (2 in Shirwal, 1 captive forging unit in Nashik). Backward integration includes in-house design of dies and tools, and a captive forging plant for low-volume, high-mix products. It operates on a B2B model, serving both domestic and international markets (USA, Belgium, Poland, Russia, Brazil, Italy, Saudi Arabia etc.). As of FY26,62.60% of Revenue from Operations is from the domestic market & 25.82% of Revenue from Operations is from overseas market. Sales channels include direct sales to OEMs and sales through distributors. Exports have been ongoing to approximately 10 countries. Key customer sectors include farming equipment, construction equipment, automotive, injection molding machines, railways, and defence. HyTech serves 170 customers with 90% of repeat customers, with relationship exceeding for approximately 25 years.

OUR VIEW: The company has shown the ability to generate 3x business from the investment amount as compared to its peers which is able to generate 2x business and will continue to do so in the future. The company has also shown a revenue CAGR of 17.28% and able to maintain EBITDA margins of 22% since the previous two years which is higher than most of its peers. The company has a significant market share in the Indian domestic industry. Out of the total market in India, its share is higher than its peers. So, the current tailwinds in this industry & the growing capital goods sector are likely to benefit the company the most. Although the Company has a high revenue concentration, it serves 170 customers with 90% of repeat customers, with relationship exceeding for approximately 25 years. At the upper price band of Rs.53, the stock is available at a P/E ratio of 19.63 with the average industry P/E ratio of 148.55. Hence it has a lower ratio than most of its peers suggesting attractive valuation. Because of the above-mentioned reasons, the Company is likely to perform well in the long term and hence we give a "Subscribe" recommendation.

SUBSCRIBE

ISSUE DETAILS	
Price Band (in ₹ per share)	50-53
Issue size (in ₹ Crore)	136.00
Fresh Issue (in ₹ Crore)	60.00
Offer for Sale (in ₹ Crore)	76.00
Issue Open Date	24-08-2026
Issue Close Date	27-08-2026
Tentative Date of Allotment	28-08-2026
Tentative Date of Listing	01-09-2026
Total Number of Shares (in lakhs)	256.10
Face Value (in ₹)	5.00
Exchanges to be Listed on	BSE & NSE

APPLICATION	LOTS	SHARES	AMOUNT (₹)
Retail (Min)	1	283	₹14,999
Retail (Max)	13	3,679	₹1,94,987
S-HNI (Min)	14	3,962	₹2,09,986
S-HNI (Max)	66	18,678	₹9,89,934
B-HNI (Min)	67	18,961	₹10,04,933

BRLMs: New Berry Capitals Private Ltd.

PROMOTERS: HEMANT TUKARAM MONDKAR, SUREKHA HEMANT MONDKAR AND ASHWIN HEMANT MONDKAR

BRIEF FINANCIALS

PARTICULARS (Rs. Cr)*	FY26	FY25	FY24
Share Capital	41.77	41.77	0.37
Net Worth	122.02	101.25	82.22
Revenue from Operations	189.40	161.38	137.71
EBITDA	41.69	35.79	22.55
EBITDA Margin (%)	22.01	22.18	16.38
Profit/(Loss) After Tax	22.59	19.62	11.60
EPS (in Rs.)	2.70	2.35	1.39
Net Asset Value (in Rs.)	14.61	12.12	9.84
Total borrowings	29.76	43.53	40.84
P/E#	19.63	NA	NA
P/B#	3.63	NA	NA

** Restated consolidated financials; #Calculated at upper price band of Rs.53. The increase of share capital from FY24 to FY25 reflects the bonus issue of 82,786,020 shares.*

Source: RHP

FINANCIAL STATEMENTS

Particulars	FY2024	FY2025	FY2026
I.Income			
Revenue from Operations	137.71	161.38	189.40
Other income	3.46	5.33	4.03
Total income	**141.17**	**166.71**	**193.43**
II.Expenses			
Cost of materials consumed	50.44	59.18	67.32
Cost of materials consumed as a % Revenue	*36.63%*	*36.67%*	*35.54%*
Manufacturing Expenses and Operating Expenses	34.33	38.54	45.81
Manufacturing Expenses and Operating Expenses as a % Revenue	24.93%	23.88%	24.19%
Changes in inventories of finished goods, work-in-progress and stock in trade	-0.73	-3.38	-1.33
Changes in Inventories of Finished Goods and Work-in-Progress as a % Revenue	-0.53%	-2.09%	-0.70%
Employee benefits expense	19.24	20.32	23.35
Employee Benefit Expenses as a % Revenue	13.97%	12.59%	12.33%
Other expenses	11.88	10.94	12.58
Other Expenses as a % Revenue	8.63%	6.78%	6.64%
Total expenses	**115.16**	**125.60**	**147.73**
EBITDA	**22.55**	**35.78**	**41.67**
EBITDA Margins	**16.4%**	**22.2%**	**22.0%**
Less			
Depreciation and amortisation expense	7.34	10.11	10.68
EBIT	**15.21**	**25.67**	**30.99**
EBIT Margins	**11%**	**15%**	**16%**
Less			
Finance cost	2.87	4.81	4.47
Profit before share of profit of joint venture, exceptional item and income tax	12.34	20.86	26.52
Exceptional Item (Impact of Labour Codes)	0.00	0.00	0.00
Share of profit/(loss) of joint venture, net of tax	0.00	0.00	0.00
III.Profit from continuing operations before tax(PBT)	**15.80**	**26.19**	**30.55**
IV.Tax Expense			
Current tax	4.21	6.74	8.45
Current tax relating to prior years	0.00	0.03	0.10
Deferred tax	0.00	-0.19	-0.57
Total tax expenses	**4.21**	**6.58**	**7.98**
V.Profit for the year / Profit After Tax (PAT)	**11.59**	**19.61**	**22.57**
PAT Margins	**8%**	**12%**	**12%**
VI.EPS			
Basic	2.70	2.35	1.39
Diluted	2.70	2.35	1.39

Particulars	FY2024	FY2025	FY2026
Cash generated from operating activities	23.96	22.97	38.62
Income tax paid (net of refunds)	-5.28	-5.95	-8.29
Net cash generated from operating activities	18.68	17.02	30.33
Net cash used in investing activities	-35.52	-13.40	-7.15
Net cash (used in) / generated from financing activities	16.60	-3.50	-21.26
Net increase / (decrease) in cash and cash equivalents	-0.24	0.12	1.91
Balance as at beginning	0.84	0.60	0.73
Cash and cash equivalent as at year end	***0.60***	***0.73***	***2.64***

Particulars	FY2024	FY2025	FY2026
I. ASSETS			
1.Non-Current Assets			
Property, Plant and Equipment	55.77	64.1	59.43
Intangible Assets	0.11	0.03	0.26
Capital Work in progress	5.63	3.15	5.75
Intangible Assets under development	0	0.2	0
Financial Assets - Investments	0.81	1.72	2.23
Financial Assets - Other Financial Assets	11.38	2.56	2.41
Deferred Tax Assets (Net)	1.31	1.51	1.99
Other Non-Current Assets	2.03	0.61	5.12
Total Non-Current Assets	**77.04**	**73.88**	**77.19**
2.Current Assets			
Inventories	21.02	26.71	28.37
Trade Receivables	36.86	45.72	49.9
Cash and Cash Equivalents	0.6	0.73	2.64
Other balances with banks	4.89	0.58	12.33
Loans	0.17	0.14	0.17
Other Financial Assets	0.48	17.67	0.23
Other Assets	4.5	5.21	4.87
Current Tax Assets(Net)	0.67	0	0
Total Current Assets	**69.19**	**96.76**	**98.51**
TOTAL ASSETS	**146.23**	**170.64**	**175.7**
II. EQUITY AND LIABILITIES			
A.Equity			
Equity Share capital	0.37	41.77	41.77
Other Equity	81.84	59.48	80.25
Total Equity	**82.21**	**101.25**	**122.02**
B.LIABILITIES			
1.Non-current Liabilities			
Borrowings	20.57	22.88	17.12
Other Financial Liabilities	1.28	1.4	1.6
Provisions	1.22	1.28	1.31
Total Non-Current Liabilities	**23.07**	**25.56**	**20.03**
2.Current Liabilities			
Borrowings	20.27	20.65	12.64
Trade Payables (MSME)	2.83	2.14	2.91
Trade Payables (Other than MSME)	10.52	14.46	11.97
Other Financial Liabilities	3.54	3.83	3.76
Other Current Liabilities	2.5	1.27	0.47
Provisions	0.91	0.96	1.14
Current tax Liabilities (net)	0.39	0.53	0.78
Total Current Liabilities	**40.96**	**43.84**	**33.67**
TOTAL EQUITY AND LIABILITIES	**146.24**	**170.65**	**175.72**

OBJECTS OF THE OFFER

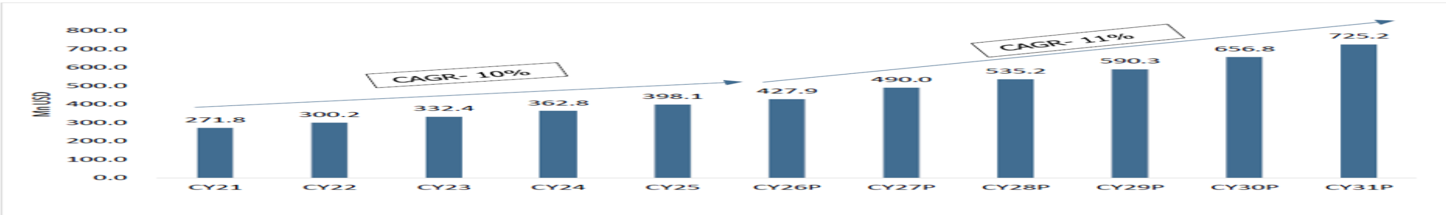
The Company proposes to utilise the Net Proceeds from the Issue towards the following objects:

- Funding capital expenditure requirement of the Company towards procurement of machinery and equipment for expansion at Kavathe Unit, Shirwal Unit and procurement Pithampur Unit-I - **29.97Crs**.
- Prepayment or repayment, in full or in part, of certain outstanding borrowings availed by the Company - **16.00Crs.**
- General Corporate Purposes

INDUSTRY OVERVIEW

Industry Size & Market Share

- Total Size: Hydraulic fittings are critical components of hydraulic systems, designed to connect pipes, tubes and hoses while ensuring leak-proof transmission of pressurized hydraulic fluids. They enable the flow, distribution, mixing and directional control of hydraulic fluids, thereby facilitating efficient power transmission in hydraulic equipment.



Source: Maia Research, Care Edge Research

- Market Share: Fittings include tube or pipe fittings such as coupling, elbow sleeves made of iron or steel. The top 5 countries accounted for a share of 65% in exports of fittings from India in FY26 with USA contributing as the largest share at 35%.

Scope & Tailwinds (Growth Drivers)

- A principal component of strategy is to continue the pace of growth by expanding the size and scope of the Company's business and further expanding the Company's distribution network and product offerings in response to increasing customer needs. Continuous expansion increases the challenges involved with the company's ability to maintain high levels of customer satisfaction and quality standards, develop and maintain relationships with the company's distributors, direct customers and the company's vendors.

Headwinds (Challenges)

- Key challenges include increasing compliance requirements in export markets, rising demand for automation and Industry 4.0-enabled manufacturing, shorter delivery timelines, and continued pressure on product innovation, quality consistency and supply chain resilience.
- The fiscal 2026 decline was likely a combination of a high base effect, sharp drop in food inflation as crop production remained positive, higher input costs, and weak crop mandi prices, indicating continued resilience but near-term sectoral headwinds.

Competitive Placement

- Honda leads the global two-wheeler market, followed by Hero MotoCorp, Yamaha, TVS, Yadea, and Bajaj Auto. However, their combined market share declined from 77.5% in CY2019 to 63.9% in CY2025 due to rising competition from EV players.
- The global two-wheeler market is expected to grow at an 8.5–10.5% CAGR to reach 110–120 million units by CY2030, driven by demand in India, China, and Southeast Asia. EVs are projected to grow faster at 16–18% CAGR, increasing global penetration from 29.1% in CY2025 to 41–43% by CY2030, with India expected to remain the largest market.

COMPETITIVE STRENGTHS OF THE COMPANY

Integrated operations and product development capabilities

- The company's manufacturing operations encompass die-designing, forging, heat treatment, machining, plating and inspection and testing, which are primarily conducted in-house. They have in-house design capabilities that allow them to tailor products to specific customer needs, enabling them to maintain wide product range that caters to both standard and specialized applications.
- They operate with backward integration at the company's Nashik Unit which is equipped to manufacture forged components which are in turn used at the company's other facilities to manufacture hydraulic fittings. As of March 31, 2026, they have a total installed capacity of forging capacity of 3,120.00 MT per annum at the company's Nashik Unit and a manufacturing capacity of 483.00 lakhs pieces per annum of hydraulic fittings across all the company's other facilities. This backward integration reduces reliance on external suppliers and supports cost efficiency, lead time reduction, and quality control.
- The integration of product development, captive forging, design, manufacturing, and quality assurance functions enables them to offer a diverse range of products and respond to varied customer requirements.

Diversified customer base with wide market reach

- They served 170 direct customers in Fiscal 2026, compared to 152 in Fiscal 2025 and 144 in Fiscal 2024, while the number of distributors and distribution partners has grown from 5 in Fiscal 2024 to 7 in Fiscal 2026. This dual-channel approach provides access to diverse customer segments and reduces dependence on any single sales channel or industry vertical.

Experienced leadership, deep market understanding and industry credibility

- The Company benefits from over four decades of experience in the hydraulic fittings industry, led by the company's Promoter, Hemant Tukaram Mondkar,10 an alumnus of the Indian Institute of Technology (IIT), Bombay. He brings strategic vision and technical expertise that have been pivotal in strengthening the company's market position in both domestic and international markets.
- The company's long-standing presence across diverse geographies and application of the company's products for various industrial uses has positioned them to meet the qualification standards set by direct customers including OEMs, in sectors such as construction, agricultural machinery, automotive components, injection moulding machines and hydraulic systems.

Established global presence with access to growing international markets

- As of March 31, 2026, the company's operations span both domestic and international markets, supported by a product portfolio of over 11,000 SKUs. During the last three Fiscals, they have exported hydraulic fittings to eleven countries including the USA, Belgium, Poland, Russia, Brazil, Italy, Saudi Arabia, Hungary, UAE, Thailand and Germany. They have entered into a distribution agreement dated April 1, 2022 with the company's Promoter Group entity, Hy-Tech USA Inc., pursuant to which they have appointed them as the exclusive distributor of all hydraulic fittings and related equipment manufactured by them for the company's customers, including OEMs, in North America, Canada, and Brazil.

Decentralized cell-based manufacturing model

- Each cell functions with dedicated oversight for production, quality, and design support, which promotes ownership of outcomes, alignment with customer expectations, and consistency in delivery. This approach helps them respond flexibly to customer needs while maintaining standards of quality and reliability.

RISK FACTORS

Revenue Concentration Risks

- The company is dependent on a few customers for a major portion of their revenues with the top 10 customers contributing to 45.32%,42.02% & 48.72%. It also does not enter into long-term arrangements with their customers.
- Company also derives a significant portion of revenue from operations from exports, which accounted for 29.37%,28.30% & 33.14% of the total revenues in Fiscal 2026,2025 & 2024, respectively. The substantial portion of revenue was generated from the United States of America, which contributed 21.42%,22.85% & 24.56% of the total revenues during the same period. Company is dependent on it's Promoter group member i.e. Hy-Tech USA Inc. for a significant portion of it's export revenue. They have entered into a distribution agreement with Hy-Tech USA Inc., pursuant to which they have appointed them as the exclusive distributor of all hydraulic fittings and related equipment manufactured by them for their customers, including OEMs, in North America, Canada, and Brazil.
- They have four out of their six Manufacturing Facilities are located in the state of Maharashtra and the balance two Manufacturing Facilities located in the state of Madhya Pradesh. The Manufacturing Facilities located in Maharashtra contributed 77.64%, 77.27% and 77.43% of their revenue from operations for Fiscals 2026, 2025, and 2024, respectively.
- During Fiscals 2026, 2025, and 2024, 88.42%, 88.60%, and 90.64% respectively, of their revenue from operations, was generated through direct sales in both domestic and export markets. Within domestic sales, a substantial portion of their revenue is derived from direct customers. While they cater to multiple industry segments, a significant portion of their revenue comes from construction machinery, farming and automotive industry segments, which collectively contributed 54.82%, 52.33% and 54.55% of their revenue from operations in Fiscals 2026, 2025 and 2024, respectively.

Raw Material price Risks

- They are dependent on third party suppliers for raw materials used in their manufacturing operations. Their primary raw materials include carbon steel and stainless steel, materials which they primarily source from local suppliers in India. Volatility in the commodity markets could impact the pricing of their raw materials. Price increases of their raw materials could materially impact their production costs and profitability.

Risks arising due to conflict of interest

- The Promoter Group member, Hy-Tech USA Inc. is engaged in the business of distribution of hydraulic fittings in the North American region which may result in conflict of interest. In the event such conflict materialises, their customers or business partners may favour entities affiliated with the company's Promoter Group, or they may lose certain commercial opportunities.
- They have in the past entered into transactions with some of their related parties. The transactions they have entered into and any future transactions with their related parties may have involved or could potentially involve conflicts of interest which may be detrimental to the Company's interest.

Competitive and fragmented industry with low barriers to entry

- They compete with a range of unorganized players, at the national and regional level. With the potential entry of new competitors, given the low entry barriers in the industry where they operate, the company's ability to retain their existing customers and to attract new customers is critical to their continued success.
- As a result, there can be no assurance that they will not encounter increased competition in the future nor can there be any assurance that they will, in light of competitive pressures, be able to effectively compete effectively against their competitors in the various product and service segments they operate in, whether on the basis of pricing, quality or range of services or otherwise.

PEER COMPARISON

Name of the company	Revenue from Operations(in cr)	Face Value (Rs per share)	EPS (in Rs)	NAV (Per share Rs)	RoE (%)	P/E*	P/B*
Hy-Tech Engineers Limited	189.4	5	2.70	14.61	20.24	19.63	3.63
Aeroflex Industries Limited	441.94	2	4.28	33.8	14.06	111.05	14.06
Dynamatic Technologies Limited	1621.34	10	47.73	1,168.41	7.89	246.49	10.07
Yuken India Limited	462.17	10	10.81	274.66	4.27	88.1	3.47

***P/E & P/B ratio based on closing market price as of August 20th 2026,at the upper price band of IPO, financial details consolidated audited results as of FY26.**

Canara Bank Securities Ltd.
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