



I P O R E S E A R C H D E S K

RESEARCH REPORT DATED 27 AUGUST 2026

Hy-Tech Engineers Limited

Mainboard IPO — Research Note

ISSUE DATES	24 August 2026 – 27 August 2026 (closes today)
PRICE BAND	₹50 – ₹53 per share
LOT SIZE	283 shares · ₹14,999 at the upper band
ISSUE SIZE	₹135.73 Cr · Fresh ₹60 Cr + OFS ₹75.73 Cr
LISTING	BSE & NSE · 1 September 2026 (tentative)
LEAD MANAGER	New Berry Capitals Private Limited (sole BRLM)

SECTOR Engineering — High-Pressure Hydraulic Fittings	FINANCIALS Rev ₹193 Cr (FY26) · PAT ₹22.6 Cr · EBITDA 22.0% · 2Y PAT CAGR 39.6%
VALUATIONS P/E 22.3x · P/B 3.6x · RoE 20.24% · RoCE 24.40% — cheapest in peer set	DEMAND Overall 51.54x · sHNI 142.04x · bHNI 55.49x · QIB ex- anchor 0.83x (D3)
GMP +₹30 · +56.6% over ₹53 · implied listing ₹83	RECOMMENDATION APPLY (listing gains)

I P O R E S E A R C H D E S K

BHNI Advisory · Listing & Short-Term Momentum Mandate

2. Executive Summary

Hy-Tech Engineers makes high-pressure hydraulic fittings — the connectors, adaptors and seals that hold hydraulic circuits together in tractors, cranes, dump trucks and heavy machinery. It has been doing it from Thane since 1978. The catalogue runs to more than 11,000 product varieties across roughly 483 lakh pieces of annual capacity at six plants, with a captive forging unit at Nashik supplying its own metal. FY26 revenue was ₹193.44 Cr, PAT ₹22.59 Cr, EBITDA margin 22.01%.

On fundamentals this is the best of the three mainboard issues closing today. PAT compounded at 39.6% over two years, EBITDA margin expanded from 15.97% to 21.55%, debt fell from ₹43.53 Cr to ₹29.76 Cr, and the company earns 20.24% on equity and 24.40% on capital employed. At ₹53 it prices at 22.3x — against Yuken India at 69x, Aeroflex at 107x and Dynamatic beyond 230x. Ninety-five per cent of FY26 revenue came from repeat customers. There is a real business here at a multiple that is hard to argue with.

The market has already worked that out. The book closed Day 3 at 51.54x overall with sHNI at 142.04x and bHNI at 55.49x, and GMP sits at ₹30 — a 56.6% premium implying a ₹83 listing. Which is exactly the problem for an allocation decision: at these multiples, allotment in both HNI buckets comes down to a draw of lots. We rank this third of three and size it accordingly. Apply from whatever PANs remain after the first two calls are funded — the expected value is excellent and the expected allotment is close to nil.

Recommendation	Listing-Day View	Momentum View (T+2 - T+5)
APPLY (listing gains) — last priority	Expected listing band of 50–60% over ₹53, i.e. ₹80 – ₹85	Exit on the print; a 51x book unwinds fast once allotment hits

This desk carries a listing and short-term momentum mandate only. No long-term view is expressed on this name.

3. Company Overview & Business Model

Hydraulic fittings are unglamorous and essential. Every hydraulic circuit — the arm of an excavator, the tipping mechanism on a dump truck, the three-point linkage on a tractor — runs fluid at pressures that will destroy a badly made connector. Hy-Tech makes those connectors: DIN-metric, JIC and O-ring face-seal fittings, standard and customised, in more than 11,000 varieties. Incorporated in 1978 and run out of Wagle Industrial Estate in Thane, the company has spent four decades accumulating a catalogue rather than a technology.

That catalogue is the business. An OEM designing a machine specifies fittings by part number, and once specified, the part is designed into the bill of materials for the life of the platform. It is why 95% of FY26 operating revenue came from repeat customers and why a fittings maker with no patents and no software can hold 22% EBITDA margins. The moat is qualification and inventory breadth, not invention.

Manufacturing runs across six plants in Maharashtra and Madhya Pradesh — Thane, Shirwal and Kavathe in the Khandala belt, two units at Pithampur, and a forging facility at Ambad in Nashik. Total capacity is roughly 483 lakh pieces a year. The Nashik unit matters more than its size suggests: it forges the company's own blanks, which is genuine backward integration in a business where steel input quality determines burst pressure. Headcount is 468 permanent and 253 contractual as of 31 March 2026, and the plants carry IATF 16949, ISO 14001, ISO 45001 and IRIS certification.

Sales go direct to roughly 170 OEMs, with seven distributors covering the smaller accounts. Hemant Tukaram Mondkar promotes the company alongside Surekha and Ashwin Mondkar, with four decades of technical experience in the segment. Promoter holding falls from 97.99% to 71.23% — this was a closely held family business until this week.

Note what the fresh issue actually funds. ₹29.97 Cr goes into automation and ₹16 Cr repays debt. In a business whose competitive problem is that it is small relative to global fittings houses, automation capex is the right use of money — but the RHP concedes the machinery is being procured without confirmed customer orders behind it.

4. Market Position & Client Base

Hy-Tech is not a market leader in any measurable sense and the RHP does not claim to be. It is a mid-sized, well-run Indian fittings maker competing against both global majors and a long tail of unorganised domestic shops. Revenue of ₹193 Cr places it an order of magnitude below Yuken India or Aeroflex. The RHP is candid that scale is a competitive disadvantage.

What it does have is stickiness. The top 10 customers accounted for 45.32% of FY26 revenue — meaningful concentration, and there are no long-term contracts backing it. Set against that, 95% of revenue is repeat business. Both facts are true and they pull in opposite directions: the customers are concentrated but they do not leave, because switching a qualified fitting on a production platform means re-validating the hydraulic circuit.

Exports run to 11 countries and 176 foreign delivery locations, contributing 29.37% of revenue. The United States alone is roughly 21% of the top line, which is a single-market exposure worth watching in the current tariff environment. The company does not use hedging contracts against its foreign currency exposure — an unusual disclosure for a business with nearly a third of revenue in dollars, and one that leaves the margin exposed to the rupee in both directions.

The supplier side is tighter than the customer side. The top 10 suppliers account for roughly 66% of purchases. Backward integration at Nashik takes some of that risk off the table for forged components, but the steel itself and the specialised alloys still come from a narrow set of vendors.

5. Revenue Mix & Geographic Distribution

Revenue Composition — FY2026	Amount (₹ Cr)	Share
Domestic product sales	127.05	67.08%
Export product sales	55.62	29.37%
Scrap, incentives and labour charges	6.73	3.55%
Total Revenue from Operations	189.40	100.00%

Two-thirds domestic, roughly three-tenths export. The domestic book tracks Indian capital goods and agricultural equipment demand — tractors, construction machinery, material handling — which has been the stronger end of the industrial cycle. The export book is where the margin is, and where the risk is.

Within exports, the US at about 21% of total revenue is the concentration that matters. American hydraulics OEMs qualify Indian suppliers slowly and drop them slowly, so the relationship is durable. But a tariff action or a demand slowdown in US construction and agriculture equipment lands on a fifth of the top line, and with no hedging in place the currency leg is unhedged on top of the volume leg.

The 3.55% from scrap, incentives and labour charges is small but worth naming, because in a machining business scrap sales are a real recovery on input cost rather than an accounting adjustment. It also means reported operating revenue slightly overstates product-level performance.

6. Operating Metrics & Capital Efficiency

Operating Metric — FY2026	Value
Product varieties / SKUs	11,000+
Annual manufacturing capacity	~483 lakh pieces
Manufacturing plants	6 (Maharashtra & Madhya Pradesh)
Captive forging facility	Nashik (Ambad)
Direct OEM customers	~170
Distributors	7
Repeat-customer revenue share	95%
Top 10 customer concentration	45.32%
Export destinations	11 countries · 176 locations
Employees	468 permanent · 253 contractual
Return on equity / capital employed	20.24% / 24.40%

The return profile is the strongest single argument in this document. RoE of 20.24% and RoCE of 24.40% on a business carrying only ₹29.76 Cr of debt against ₹122.02 Cr of net worth is genuine capital efficiency, not leverage dressed up. For comparison, the two names this issue is most often bracketed with earn a fraction of that.

Where the model consumes cash is receivables. ₹49.90 Cr outstanding against roughly ₹189 Cr of operating revenue means customers take about 91 days to pay. In a business selling to OEMs with far more bargaining power, that is structural rather than fixable — and it is why a profitable company carrying 22% EBITDA margins still needed ₹40-odd crore of debt before this issue.

The automation capex of ₹29.97 Cr is roughly a quarter of current net worth and is aimed at exactly the right problem: unit cost in a business where the competitive gap against larger players is scale efficiency, not capability. The honest caveat is that the RHP states the machinery is being procured without confirmed orders in hand. Capacity ahead of demand is how good small manufacturers turn a strong return profile into an ordinary one.

7. IPO Structure & Use of Proceeds

Issue Structure

Particulars	Shares	Amount (₹ Cr)	% of Total
Fresh Issue	1,13,20,754	60.00	44.21%
Offer for Sale (OFS)	1,42,89,450	75.73	55.79%
Total Issue Size	2,56,10,204	135.73	100.00%

Use of Proceeds — Fresh Issue

Objective	Amount (₹ Cr)	% of Fresh Issue
Capital expenditure — plant automation	29.97	49.95%
Repayment / prepayment of borrowings	16.00	26.67%
General corporate purposes	14.03	23.38%
Total Fresh Issue	60.00	100.00%

⚠️ OFS at 55.8% — promoter monetisation above the halfway mark.

₹75.73 Cr of the ₹135.73 Cr raised goes to the promoter family, not the company. Hemant Tukaram Mondkar sells 89,80,961 shares for ₹47.60 Cr and Surekha Hemant Mondkar 53,08,489 shares for ₹28.13 Cr. With OFS above 50% the rule is to read it as a signal, and we do — but read it in context. This was a 97.99% promoter-held company; some sell-down is arithmetically required to create a public float at all, and the family still holds 71.23% after the issue. That is a materially different picture from a private-equity register clearing out at the top. The ₹60 Cr fresh component funds automation and debt reduction, both real uses.

Category Reservation & Maximum Allottees

Category	Shares Offered	% of Issue	Max Allottees at Min Bid
Anchor Investors	76,83,060	30.00%	8 (allotted)
QIB (ex-anchor)	51,22,042	20.00%	—
NII — bHNI (> ₹10 L)	25,61,020	10.00%	646
NII — sHNI (₹2-10 L)	12,80,510	5.00%	323
Retail Individual (RII)	89,63,571	35.00%	31,673

Maximum-allottee figures assume every applicant bids the category minimum in full. Under SEBI's non-institutional allotment framework the minimum allotment is one lot, so the practical number of allottees can exceed these figures with each receiving a single lot.

New Berry Capitals is the sole Book Running Lead Manager, with Bigshare Services as registrar. Anchor allocation was finalised on 21 August 2026 at ₹53 — the top of the band. Anchor lock-in releases 50% after 30 days and the balance after 90 days.

8. Financial Performance Analysis

Profit & Loss

Particulars (₹ Cr)	FY2024	FY2025	FY2026
Total Income	141.17	166.71	193.44
Growth (% YoY)	—	18.1%	16.0%
EBITDA	22.55	35.79	41.69
EBITDA Margin (%)	15.97%	21.47%	21.55%
PAT	11.60	19.62	22.59
PAT Margin (%)	8.22%	11.77%	11.68%

Balance Sheet & Returns

Particulars (₹ Cr)	FY2024	FY2025	FY2026
Net Worth	82.22	101.25	122.02
Total Debt	40.84	43.53	29.76
Debt / Equity (x)	0.50	0.43	0.24
Total Assets	146.24	170.65	175.71
Return on Equity (%)	—	—	20.24%
Return on Capital Employed (%)	—	—	24.40%

Revenue compounded at 17.1% over two years. EBITDA compounded at 36.0% and PAT at 39.6%. When profit grows more than twice as fast as revenue for two consecutive years, either something structural improved or something one-off happened, and here it is the former: EBITDA margin went from 15.97% in FY24 to 21.47% in FY25 and held at 21.55% in FY26.

The margin step-change landed almost entirely in FY25 — a 550 basis point jump in a single year — and then flattened. That pattern is consistent with the Nashik forging unit coming into its own and taking bought-out component cost in-house, plus better absorption of fixed cost as volumes filled the plants. The important read is the FY26 number: the company held the gain rather than giving it back, which suggests it was structural rather than a good year for input prices.

The balance sheet did the right things at the same time. Debt fell from ₹43.53 Cr to ₹29.76 Cr while net worth compounded from ₹82.22 Cr to ₹122.02 Cr entirely out of retained earnings, taking D/E from 0.50x to 0.24x. Total assets barely moved in FY26 — ₹170.65 Cr to ₹175.71 Cr — meaning the ₹26.7 Cr of incremental revenue came off existing capacity. That is what produces a 24.40% return on capital employed.

The one line we would push back on is working capital. Receivables of ₹49.90 Cr represent more than a quarter of annual operating revenue at roughly 91 days. Growth in this business will consume cash before it produces it, and the ₹14 Cr of general corporate purposes in the fresh issue will be absorbed quickly if revenue keeps compounding at these rates.

9. Valuation

Company	P/E (x)	RoE	Comment
Hy-Tech Engineers (at ₹53)	22.3	20.24%	Smallest, cheapest, best returns
Yuken India	69.0	—	Hydraulic systems, larger scale
Aeroflex Industries	107.0	—	Flexible flow solutions
Dynumatic Technologies	230+	—	Hydraulics & aerospace

Peer set per the RHP Basis for Issue Price. Hy-Tech P/E computed on post-issue diluted EPS of ₹2.38 against a market capitalisation of ₹502.72 Cr at the upper band; P/B 3.63x on NAV of ₹14.61.

At 22.3x FY26 earnings against a peer set starting at 69x, this is the cheapest mainboard engineering issue we have looked at this quarter — and it is not cheap because the business is worse. On returns it is comfortably the best of the four: 20.24% RoE and 24.40% RoCE against peers earning single digits or, in Dynumatic's case, barely earning at all.

The discount is explained by size, not quality. Hy-Tech at ₹193 Cr of revenue and a ₹503 Cr market capitalisation is a fraction of the comparables, and small caps trade at a liquidity and durability discount for good reasons — a single customer loss or a bad quarter moves the earnings line far more than it would at Yuken. The RHP itself flags scale as a competitive disadvantage.

Still, the arithmetic is hard to argue with. A 39.6% two-year PAT CAGR at 22.3x is a PEG well under one. If the automation capex lands and margins hold, this is a business that grows into a materially higher multiple. That is a hold thesis and not ours — but it matters for the listing trade, because a day-one buyer looking at 22x against 69x, 107x and 230x has an easy, defensible reason to pay up. This is the cleanest valuation anchor of the three issues closing today, and it is a large part of why the grey market is quoting 56.6%.

10. Demand, Applications, Anchor Quality & BRLM Track Record

10.1 Subscription Trajectory

Category	Day 1 (24 Aug)	Day 2 (25 Aug)	Day 3 (26 Aug)
QIB (ex-anchor)	0.50x	0.60x	0.83x
NII — Total	9.02x	25.21x	84.34x
NII — bHNI (> ₹10 L)	5.73x	16.22x	55.49x
NII — sHNI (₹2–10 L)	15.60x	43.19x	142.04x
Retail (RII)	11.53x	27.99x	66.45x
Overall	7.84x	19.57x	51.54x

Figures at 17:00 IST close each day; approximately 17,47,916 applications received to Day 3. The issue remains open through today, 27 August — final figures will be materially higher.

This is what a runaway small mainboard book looks like. Day 1 closed at 7.84x — most issues do not reach that on Day 3. By Day 3 the overall figure was 51.54x with sHNI at 142.04x and retail at 66.45x, on roughly 17.5 lakh applications for a ₹135.73 Cr issue. Today's close will push all of it higher.

Two features stand out. First, sHNI is running at nearly three times the bHNI multiple — 142.04x against 55.49x. The ₹2 lakh ticket is far more contested than the ₹10 lakh ticket, which is the opposite of what a funding-cost argument would predict and tells you this book is being driven by breadth of participation rather than by leveraged size. Second, retail at 66.45x on a ₹15,000 minimum is genuine mass demand, not a syndicate placing stock.

QIB ex-anchor at 0.83x is the same story we have written three times this week — institutions outside the anchor list did not bid. On a ₹135 Cr issue with a sole small lead manager that is close to expected; there is no institutional distribution here to speak of. It matters less than it would on a large issue, because the anchor tranche is 30% and the retail and HNI books have covered the deal fifty times over.

10.2 Subscription & Application-Wise Breakup

Category	Lot(s)	Qty (shares)	Application Amount (₹)	Shares Reserved
Retail	1	283	14,999	89,63,571
sHNI	14	3,962	2,09,986	12,80,510
bHNI	67	18,961	10,04,933	25,61,020

Minimum application size per category at the ₹53 upper band. Retail maximum is 13 lots (3,679 shares, ₹1,94,987); sHNI maximum is 66 lots (18,678 shares, ₹9,89,934).

What to Bid — bHNI and sHNI

Particulars	bHNI	sHNI
Category	NII — above ₹10 lakh	NII — ₹2 to ₹10 lakh
Lots	67 lots	14 lots
Quantity	18,961 shares	3,962 shares
Bid Price	₹53 (upper band / cut-off)	₹53 (upper band / cut-off)
Application Amount	₹10,04,933	₹2,09,986

Bid in whichever bucket the funds in that PAN allow — bHNI at 67 lots, 18,961 shares, ₹10,04,933, or sHNI at 14 lots, 3,962 shares, ₹2,09,986. Both are at ₹53. Fund the first two calls on the desk first; put whatever capacity remains into this one. At a 51x book the allotment is a draw of lots either way, so the bid is about optionality, not about sizing.

This is the reason Hy-Tech ranks third rather than first. On expected value it is arguably the strongest of the three — the cheapest multiple, the best return ratios and by far the largest grey market premium. On expected allotment it is the weakest by a wide margin. The bHNI bucket holds 25,61,020 shares and the sHNI bucket 12,80,510; against a Day 3 book of 55.49x and 142.04x respectively, and a closing day still to come, allotment in both categories falls to a lottery. Capital committed here is capital not committed to an issue where the shares actually arrive.

10.3 Grey Market Premium

Particulars	Value
GMP as at 26 Aug 2026, 17:00 IST	₹30
Implied premium over ₹53	56.60%
Implied listing price	₹83
GMP range through the issue	₹2 – ₹30
Trend into the close	Rising — ₹28 to ₹30 in the last session

A premium that started near ₹2 and ended at ₹30 is a re-rating during the issue, not a quote defended from Day 1. That shape usually reflects operators marking up against a subscription curve that surprised them — and a book that went 7.84x, 19.57x, 51.54x will surprise anyone. At 56.6% this is the largest premium across the three issues closing today by a factor of nearly three.

The caution is proportional to the number. Grey market quotes are unofficial, unsettled, thinly traded and least reliable exactly when they are moving fastest — which is the case here. A 56.6% premium also carries its own risk: it sets an expectation the listing has to clear, and small issues with enormous premiums have a history of opening well and then giving back a third of the gain within the session as

allotted stock hits the tape. We hold the 50–60% expectation because the GMP, the subscription and the valuation all point the same way, but we would not extend beyond it.

10.4 Anchor Quality — Seven-Year Backtest

The anchor book was allocated on 21 August: 76,83,060 shares at ₹53 to just 8 investors, totalling ₹40.72 Cr — 30% of the issue. Of that, 23,99,840 shares, or 31.24%, went to a single domestic mutual fund through 4 schemes. Nil was allocated to life insurance companies and pension funds.

Anchor Investor	₹ Cr	% Anchor	Prior Issues	Avg P/E	Avg Listing Gain
Winro Commercial (India)	12.00	29.47%	26	123.5	18.9%
WhiteOak Capital Multicap Fund	7.08	17.39%	64	62.5	18.8%
Ashika Global Finance	6.00	14.74%	13	35.1	18.4%
WhiteOak Capital Equity Fund	5.00	12.28%	64	62.5	18.8%
Varanium Dynamic — Emerging Fund	5.00	12.28%	2	28.5	10.2%
WhiteOak Balanced Advantage Fund	3.03	7.44%	64	62.5	18.8%
WhiteOak Aggressive Hybrid Fund	2.01	4.94%	64	62.5	18.8%
WhiteOak Equity Savings Fund	0.60	1.47%	64	62.5	18.8%

Prior-issue counts, average P/E and average listing-day gains are computed at the fund-house level from the desk's seven-year anchor base file (2020–2026). WhiteOak scheme rows share the house-level record.

Eight investors is a very short list, and effectively it is four names. WhiteOak Capital across five vehicles took ₹17.72 Cr, or 43.52% of the tranche. Winro Commercial took ₹12.00 Cr at 29.47%. Ashika Global Finance ₹6.00 Cr and Varanium ₹5.00 Cr. That is the whole book. Two entities hold nearly three-quarters of it.

On the record itself, the read is better than the concentration suggests. WhiteOak has anchored 64 mainboard issues over seven years with an 18.78% average listing gain. Winro Commercial, a Kolkata-based NBFC that appears regularly in the small-cap anchor circuit, carries 18.88% across 26 issues. Ashika Global's vehicle shows 18.44% across 13, and notably participates in issues averaging 50.54x subscription — this is a house that specialises in exactly this kind of heavily-bid small mainboard deal. Three of the four cluster tightly around 18–19% average listing gains, which is a consistent and credible profile.

What gives us pause is the absence of everything else. No SBI, ICICI Prudential, HDFC, Nippon or Kotak. No insurance money, no pension money, stated explicitly in the circular. A ₹40 Cr anchor tranche is too small to interest the large domestic institutions, so their absence is partly structural rather than a verdict on price. But it does mean the institutional floor under this stock after listing is thin, and the 30% anchor tranche begins unlocking after 30 days into a register with very little natural institutional demand behind it.

10.5 BRLM Track Record — Seven-Year Backtest

Lead Manager	Mainboard IPOs (7Y)	Hit Rate	Avg Listing Gain
New Berry Capitals (sole BRLM)	No mainboard history on file	—	—

Computed from the desk's seven-year lead-manager base file covering mainboard issues from 2020 to 2026.

New Berry Capitals does not appear in our seven-year mainboard base file. There is no hit rate to quote, no average listing gain, and no recent-year trend, because on our data this is the desk's first mainboard issue in the period. It is also the sole lead manager — there is no second name on the cover to lean on.

We are not going to dress that up. A single small merchant banker with no measurable mainboard record is the weakest syndicate position of the three issues closing today, and it explains the 0.83x ex-anchor QIB book — there is no institutional distribution to place stock with. On a ₹135 Cr issue that has been covered fifty times by retail and HNI money, the syndicate's distribution capability is close to irrelevant for getting the deal done. It becomes relevant on listing day and after, when there is no house standing behind the stock and no research coverage to follow it.

Strong anchor participation and a good BRLM track record reduce listing risk; they do not eliminate it. Here the anchor record is decent and the BRLM record is absent — the case rests on valuation and on a demand curve that has run away from both.

11. Risk Factors

[PRIMARY CONCERN] Allotment probability, not business quality, is the binding constraint.

The bHNI bucket holds 25,61,020 shares and the sHNI bucket 12,80,510. Against a Day 3 book of 55.49x in bHNI and 142.04x in sHNI — with the closing day still to run — allotment in both categories becomes a draw of lots rather than a proportionate entitlement. An application here is a lottery ticket with good odds of paying well and poor odds of being drawn. That is why this issue ranks last on the desk despite carrying the best fundamentals and the largest premium of the three: capital blocked in a bucket where shares are unlikely to arrive is capital withheld from an issue where they will.

A sole lead manager with no mainboard track record.

New Berry Capitals is the only Book Running Lead Manager and does not appear in our seven-year mainboard base file. There is no hit rate, no average listing gain and no distribution record to backtest. The consequence is visible in the 0.83x ex-anchor QIB book and will be felt after listing, when there is no syndicate house providing coverage, market-making support or an institutional bid under the stock.

3. **OFS at 55.8% is promoter monetisation.** ₹75.73 Cr of ₹135.73 Cr goes to the Mondkar family rather than the company. Context softens it — a 97.99% promoter-held business has to sell down to create a float, and the family retains 71.23% — but the fact remains that more than half the money raised does not reach the balance sheet.
4. **Customer concentration without contracts.** The top 10 customers account for 45.32% of FY26 revenue and the RHP discloses no long-term supply agreements backing that. The 95% repeat-revenue figure is genuine mitigation, but it is a behavioural pattern rather than a contractual right, and it has not been tested through a downturn in construction or agricultural equipment demand.
5. **Supplier concentration at roughly 66% of purchases.** The top 10 suppliers represent about two-thirds of procurement. Backward integration at the Nashik forging unit removes part of the exposure on formed components, but the underlying steel and specialty alloys still come from a narrow vendor set, and a price or availability shock passes into a 22% EBITDA margin quickly.
6. **Unhedged US dollar exposure on roughly a fifth of revenue.** Exports are 29.37% of revenue with the United States alone at approximately 21%, and the company states it does not use hedging contracts for foreign currency exposure. Rupee movement lands directly in the margin. For a business this size, an adverse 3–4% currency move is a meaningful share of annual profit.
7. **Automation capex committed without confirmed orders.** ₹29.97 Cr — roughly a quarter of current net worth — is earmarked for plant automation, and the RHP concedes the machinery is being procured without confirmed customer orders behind it. Cost escalation and vendor delay are both flagged. Capacity ahead of demand is the classic route by which a 24% RoCE becomes an ordinary one.

- 8. Working capital intensity at 91 days of receivables.** ₹49.90 Cr of receivables against roughly ₹189 Cr of operating revenue means over a quarter of the year's sales are outstanding at any time. Selling to OEMs with more bargaining power makes this structural. Growth will consume cash before it generates it, and the ₹14 Cr of general corporate purposes will not stretch far at a 17% revenue growth rate.
- 9. Scale disadvantage against listed competition.** At ₹193 Cr of revenue Hy-Tech is an order of magnitude smaller than Yuken India, Aeroflex or Dynamatic. The RHP names this as a competitive limitation. Small manufacturers win on service and catalogue breadth and lose on unit cost and balance-sheet resilience when a cycle turns.

 Listing volatility.

A 56.6% grey market premium on a ₹135 Cr issue covered more than fifty times sets a very high bar for the opening print. Issues of this profile have a consistent history of opening strong and surrendering a material share of the gain within the first session as allotted stock is sold into the tape — and with no institutional distribution, no research coverage and a 30% anchor tranche unlocking after 30 days, there is little natural demand to absorb it. A weak broad market on 1 September would amplify all of this. We do not consider this a risk-free recommendation.

12. Investment Strengths & Positive Indicators

- 1. The cheapest multiple in its peer set, on the best returns.** 22.3x FY26 earnings against Yuken India at 69x, Aeroflex at 107x and Dynamatic beyond 230x — while earning 20.24% on equity and 24.40% on capital employed, comfortably the strongest return profile in the comparison. A day-one buyer has an easy and defensible reason to pay up.
- 2. Profit compounding at nearly 40% with structural margin gain.** PAT compounded 39.6% and EBITDA 36.0% over two years against revenue at 17.1%. EBITDA margin moved from 15.97% to 21.55% and — importantly — held the gain in FY26 rather than giving it back, which points to backward integration and fixed-cost absorption rather than a favourable input-price year.
- 3. Revenue that does not need to be re-won each year.** 95% of FY26 operating revenue came from repeat customers. Once a fitting is specified into an OEM's bill of materials, changing it means re-validating the hydraulic circuit. That is why a catalogue business with no patents sustains 22% EBITDA margins.
- 4. Genuine backward integration.** The captive forging unit at Nashik supplies the company's own blanks. In a business where steel quality determines burst pressure and where bought-out components are the largest cost line, owning that step is both a margin lever and a supply-security one — and it shows in the FY25 margin step-change.
- 5. A balance sheet that deleveraged while growing.** Debt fell from ₹43.53 Cr to ₹29.76 Cr and D/E from 0.50x to 0.24x, with net worth compounding from ₹82.22 Cr to ₹122.02 Cr entirely from retained earnings. Total assets barely moved in FY26 while revenue rose ₹26.7 Cr — incremental growth came off existing capacity.
- 6. Catalogue breadth and qualification depth.** More than 11,000 product varieties across roughly 483 lakh pieces of annual capacity, with IATF 16949, ISO 14001, ISO 45001 and IRIS certification, serving around 170 OEMs directly. Breadth of qualified SKUs is the barrier a new entrant cannot short-cut.
- 7. Demand that broke away from the pack.** 51.54x overall at the Day 3 close on approximately 17.5 lakh applications, with retail at 66.45x and sHNI at 142.04x on a ₹135 Cr issue. Day 1 closed at 7.84x — a level most issues do not reach by Day 3. This is breadth of participation, not a placed book.
- 8. An anchor group with a consistent listing record.** WhiteOak Capital across five vehicles at 43.52% of the tranche carries an 18.78% average listing gain across 64 prior issues; Winro Commercial 18.88% across 26; Ashika Global 18.44% across 13, typically in issues averaging 50x subscription. Three of the four names cluster tightly around 18–19% — a credible and repeatable profile for this kind of deal.

13. Final Recommendation & Conclusion

R E C O M M E N D A T I O N

APPLY (listing gains)

Last priority · bHNI or sHNI as funds permit · allotment is a draw of lots

Take the five pillars in turn and this issue wins four of them. Financial quality is the best of the three closing today — 39.6% two-year PAT CAGR, EBITDA margin up 558 basis points and held, D/E down to 0.24x, RoE 20.24% and RoCE 24.40%. Valuation at 22.3x against a peer set beginning at 69x is the cleanest anchor a day-one buyer could ask for. GMP at ₹30 is a 56.6% premium, re-rated from ₹2 during the issue rather than defended from the open. Demand is extraordinary at 51.54x overall with retail at 66.45x. Only OFS disappoints at 55.8%, and even that is softened by a promoter family going from 97.99% to 71.23% rather than a financial investor clearing out.

So why last priority? Because a recommendation has to account for what you actually receive, not just what it is worth. At 55.49x in bHNI and 142.04x in sHNI on Day 3 — with the closing day still to run — allotment in both buckets resolves to a lottery. The expected value of an application here is the highest of the three issues on the desk; the expected quantity of stock is close to zero. Capital blocked in a bucket where shares almost certainly will not arrive is capital withheld from Symbiotec and Skyways, where they will.

The instruction follows from that arithmetic. Fund the first two calls fully. Whatever PAN capacity remains after that goes here, in whichever bucket that account can afford — bHNI where there is ₹10 lakh available, sHNI where there is ₹2 lakh. Do not reorder the book to chase this one. If the shares arrive, exit on the listing print: a 56.6% premium on a ₹135 Cr issue with no institutional distribution and no research coverage is not a position to hold into the T+5 tape, and we express no view on where this trades in a year.

Execution: bHNI — 67 lots, 18,961 shares at ₹53, ₹10,04,933. sHNI — 14 lots, 3,962 shares at ₹53, ₹2,09,986. Use whichever the funds in that PAN allow, after the higher-priority calls are funded. At this level of subscription the bucket you choose changes the size of a possible allotment, not the likelihood of getting one.

This is not a risk-free recommendation. A strong anchor book does not guarantee listing gains — and this one is eight investors deep, with two entities holding nearly three-quarters of it, no insurance or pension participation, and a sole lead manager carrying no mainboard track record. A 56.6% premium sets a bar the listing has to clear, and issues of this profile frequently open strong and surrender a large share of the gain within the session. A weak market on 1 September can override every favourable signal in this note.

Category-Wise Guidance

Investor Category	Guidance	Allocation Approach	Exit Window
BHNI	APPLY (listing gains) — last priority	Bid 67 lots / 18,961 shares at ₹53 = ₹10,04,933 where funds permit; otherwise sHNI at 14 lots / 3,962 shares = ₹2,09,986. Only from PAN capacity left after the higher-priority calls are funded.	Listing day

IPO Research Desk operates a BHNI-only advisory mandate covering the listing print and the immediate momentum window. The sHNI route above is stated solely as the funding-constrained alternative within that mandate. No long-term view is expressed.

14. Standard Disclaimer

The analysis presented herein is based on publicly available information and data as of the date of publication. Investors should conduct their own due diligence before making investment decisions. Past performance is not indicative of future results. The author does not guarantee the accuracy, completeness, or timeliness of the information provided. Investment in IPOs and equity markets involves substantial risk, including the risk of loss of principal. Market conditions, company performance, regulatory changes, and macroeconomic factors can significantly impact investment outcomes.

Past performance is not indicative of future returns.