**Operator:** Ladies and gentlemen, good day and welcome to the Q1 FY27 earnings conference call for Hy-Tech Engineers Ltd. The management will be sharing the key operating and financial highlights for the quarter ended June 30, 2026, followed by a question-and-answer session. Please note that some of the statements made in today's discussion may be forward-looking in nature and may involve risks and uncertainties. Documents relating to the company's financial performance are available on the stock exchange and the company's website. We trust you have been able to go through them. As a reminder, all participant lines will be in listen-only mode, and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal the operator by pressing star and then zero on a touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Hemant Mohonkar, Chairman and Managing Director. Thank you, and over to you, sir.

**Hemant Mohonkar - Chairman & Managing Director:** Thank you, Joe. Good morning, and welcome to all of you. I am Hemant Mohonkar, Chairman and Managing Director of Hy-Tech Engineers Ltd. First of all, I would like to extend a warm welcome to all of you for the first earnings call as a listed company to discuss our Q1 FY27 performance.

I want to begin by thanking all of you—shareholders, investors, and stakeholders—for the overwhelming response to our IPO and for the trust you have placed in Hy-Tech Engineers Ltd. We successfully listed on the NSE and BSE on September 1, marking an important milestone in our journey. While the listing represents a new chapter for the company, our focus remains firmly on the fundamentals that have been built over more than 4 decades.

Before discussing the quarter, I would briefly tell you the history of Hy-Tech Engineers Ltd. and the business that we have built. Hy-Tech Engineers Ltd. was established in December 1978, and we started with a very small shop of 1,000 square feet with 1 lathe, 1 drill machine, and 1 hacksaw. Over the last 4 decades, we have developed into a very strong engineering company manufacturing hydraulic fittings. We have extremely good, long-standing relationships with almost all the leading OEMs in India, as well as with a few of them in the USA and Europe.

We specialize in hydraulic fittings. These hydraulic fittings are normally used in all types of equipment, such as construction equipment, including excavators, loaders, and backhoe loaders. They are also used in tractors and injection molding machines. The majority of equipment running on hydraulic systems consumes these fittings.

Initially, these fittings were imported from Germany and other parts of Europe, such as Italy. In India, we started manufacturing them as an import substitute. This gave us a tremendous amount of impetus for increasing the business. Since it was an import-substitute item, Hy-Tech Engineers Ltd. has always enjoyed a major share of the domestic business.

These components in the equipment are relatively very small. Our fittings may account for 1-2% of the equipment cost. All OEMs say that they are C-category items, but I always say that C stands for low cost, and at the same time, C stands for critical. These hydraulic fittings are extremely critical in nature. There should not be any leakage or other problems, and they have to withstand very high pressure. Therefore, the criticality of manufacturing these fittings is very important, and that is the reason we stand out in the market.

Today, we have a portfolio of almost 11,000 different SKUs, and we manufacture different types of fittings. Quite a few are DIN-standard fittings, which comply with German standards. Then we have SAE JIC standards, which are American standards, and we have ORFS, which means O-ring face sealing, required in tractor applications. The majority of them are standard products. Eighty percent of our business is from standard fittings, and 20% are specifically made for OEMs.

The strength of our business is our manufacturing facility, which ranges from forging through to final plating. We do not have to depend on anyone outside for manufacturing fittings. It is an end-to-end integrated manufacturing facility, which gives us the flexibility to respond to our customers on time. Our development time is also hardly 2 weeks. Within 2 weeks, we can develop a new fitting and provide it to our customers. This response is helping us get more and more OEMs.

The only thing we purchase today is steel. We procure it directly from the majority of mills. We do not buy it from the trading market, and most of it is available domestically. We do not have to import any material.

I cannot name all the companies because I am not supposed to, but all the major customers manufacturing tractors, excavators, and injection molding machines are our customers. We are a leading company in the Indian market, and our turnover is far higher than that of our competitors. Our next competitor has less than half our turnover. Therefore, we are enjoying this leading position in the market.

We have around 170 direct customers and more than 70 active distributors. We have a presence across 11 countries for exports. The majority of our exports are to the USA, and the second-largest market is Europe. We also supply some products to Dubai, in very limited quantities, but that is a business which can grow over a period of time.

We started the US business sometime in 2012, and now almost 25% of our business is going to the USA. Around 7-8% goes to Europe, and there is a tremendous amount of scope for increasing this business, especially in Europe, because there are no tariff restrictions in Europe like those we have in the USA because of the current president. In Europe, we have plenty of opportunities to grow.

The cost of manufacturing in Europe is very high, and we are almost 25% cheaper on a landed-price basis in Europe. This gives us an advantage, and many people are coming from Europe to India and approaching us.

The second advantage we have is that our domestic OEMs also have plants abroad. For instance, I will give you the example of a company called John Deere. They have almost 8-10 plants in Europe and about 47 plants in the USA. This business is going to be our business of the future for the next 2-3 years, and it is rapidly going to grow.

We have a total of 6 manufacturing facilities. We have 2 in Shirwal, which is very close to Pune. We have 1 in Pithampur and 1 in Nashik.

**Hemant:** We have 1 in Thane, 2 in {? Chittampoor ?}, 1 in Nashik, and 1 in Thane. That is our original plan. Today, we are manufacturing around 35 lakhs of fittings every month. With the proceeds we have received from the IPO, we are going to increase this to 70 lakhs per month. We are going to double the turnover over the next 3 years. This is our plan; this is our growth plan.

The second important point is that we have now received IRIS certification, which is a railway certification, so we are now eligible to enter the railway business. We are also registered with DRDO, which is a defense organization, so we now have the opportunity to enter the defense sector as well. We have also registered ourselves with Cochin Shipyard and Mazagon Dock. These registrations will give us an entirely new business, which will contribute further to the progress and growth of the company.

Recently, we participated in Bauma, and the response was tremendous. A few OEMs that were not working with us are also now very keen to start working with us. Therefore, I expect domestic business to grow by about 15-20%. Although the business in India is growing at about 7-8%, we will grow at 20% because we will receive more SOBs, or share of business, from our existing customers, as well as add a few more OEMs.

As of today, our OEM business accounts for 70-80% of our business, and that is going to remain the same. We have 4 distributors in India: 1 in Ahmedabad, 1 in Bangalore, 1 in Delhi, and 1 in Pune. These distributors supply our standard fittings in the market. Their business accounts for only about 10% of our total business, but there is a possibility of that business also growing by around 10%, 15%, 20%, or 30%. That will also contribute to our progress.

The new OEMs we met at Bauma include Tata Hitachi, which is a major OEM, and SANY, a Chinese manufacturer. There was also one more company, Fluid Connecto. It is also in India, in Bangalore, but it has a plant in Italy. They are also very keen. Therefore, the amount of business that we are likely to receive and that is currently in the pipeline is quite substantial. We expect a minimum of 20% growth this year and perhaps slightly more than that in the following 2 years, because this year will go toward acquiring the new OEMs and capturing the new business.

Coming to our financial performance, Sunil will talk to you about that. Sunil, can you take this up? Wait, I will talk about something else for a moment.

Now, let us talk about the growth strategy. I have already told you that the business is coming. From a business point of view, to increase manufacturing from 35 lakhs to 70 lakhs of fittings, we need an additional plant. The existing plant has around 35-40% infrastructure available with us, so we can increase capacity from 200 to 300 without any problem. We have the infrastructure, and adding these {? object ?} machines will give us that business.

Over and above that, for future expansion, we are acquiring 6.5 acres of land. This has now been approved by the board, and we will acquire this land within the next 3-4 months. Since it takes a long time to obtain government approvals, and building and construction will take about 1 year, the plant will be ready within 2 years, but we will have to start today. We are acquiring this additional land because we have confidence in our growth, and that is the reason we are taking this step.

At that facility, we have also decided to go for greater automation. There will be more automatic machines, and we will try to keep the labor component as low as possible. Productivity will be almost 2 times that of the current plant. That will help us produce more and more fittings.

As I told you, John Deere has 47 plants in the USA. We have been approved at all their plants, and business from around 6-7 plants has already started coming to us. They are insisting that we supply all the fittings from the USA. Therefore, we are opening a company in the USA, and that has also been approved by the board today. We are in the process of forming that company.

As you all know, my elder son is in the USA, so he will take care of that business. He is taking care of all our marketing business in the USA, and because of his presence there, the USA business is going to be our major focus for the next 2-3 years. We have been working in the USA for the last 6-7 years, but now they want us to set up a warehouse there. An entity of Hy-Tech Engineers Ltd., as a 100% subsidiary, will be established there, and that business will commence.

As far as technology upgrades are concerned, I want to share something very interesting with you. We have purchased 1 rotary transfer machine which produces around 70,000 pieces per month. It is a single, completely automatic machine operated by 1 person. This is going to give us a tremendous increase in manufacturing speed. We already have 2 such machines, and we are going to buy 4 more machines in the near future.

We are constantly upgrading our technology to improve productivity. This has been going on for the last 6-8 years, and technologically, Hy-Tech Engineers Ltd. is a very competent manufacturing organization.

I think we will address whatever questions you have during the question-and-answer session. I will now hand over to Sunil Satwani for the first-quarter figures, and he will explain the financials to you. Thank you very much for listening to me, friends.

**Sunil Satwani - Chief Financial Officer:** Thank you, Hemant sir. Good morning, everyone. I am Sunil Satwani, Chief Financial Officer of Hy-Tech Engineers Ltd. It is a pleasure to welcome all of you to Hy-Tech Engineers Ltd.'s first earnings call following our listing.

I will take you through the financial performance for Q1 FY27, followed by a brief update on our capital position and priorities for the year ahead.

We delivered revenue from operations of Rs.430 million in Q1 FY27, representing a 13% year-on-year increase compared with Rs.380 million in Q1 FY26.

Coming to EBITDA, EBITDA stood at Rs.84 million compared with Rs.82 million in the corresponding quarter of the previous year. The EBITDA margin was 19.6% in the current quarter compared with 21.5% in the corresponding quarter of the previous year.

At the profit level, PBT, or profit before tax, increased 9% year-on-year to Rs.61 million, while PAT increased 11% year-on-year to Rs.46 million compared with Rs.41 million in Q1 FY26. Our PAT margin stood at 10.7%.

The quarter reflects continued revenue growth while maintaining healthy profitability. Although EBITDA margins were lower compared with the corresponding period of the previous year, we remain focused on improving operating efficiency, productivity, and cost absorption as volumes scale up.

Following our IPO, as sir said, the company raised Rs.135.7 crore, including Rs.60 crore through the fresh issue. The fresh issue proceeds are being utilized toward the identified objectives, including capital expenditure, repayment of borrowings, and general corporate purposes.

This IPO has strengthened our balance sheet and provides us with greater financial flexibility to support the next phase of our growth. Our approach toward capital allocation will remain disciplined.

As sir has already said, we have constantly focused on increasing our capacity. We intend to deploy capital toward projects that strengthen our manufacturing capabilities, improve productivity, and create additional capacity in line with customer demand. We will continue to maintain a balance between growth investment, financial discipline, and efficient utilization of our capital.

From a financial perspective, our priorities for FY27 are centered around 3 areas. First, driving revenue growth through higher utilization of our existing assets and increasing business from existing and new customers.

Second, improving our operating efficiency and productivity, particularly through automation. As sir said, we have procured rotary transfer machines and are going to procure more similar machines to increase automation and productivity. Process optimization should support better absorption of our fixed costs as volumes increase.

Third, maintaining disciplined capital allocation and a healthy balance sheet while funding our growth initiatives.

Overall, we believe we have entered FY27 with a strong operating platform, a strengthened balance sheet, and multiple avenues for growth. As a new listed company, our objective is to build on this foundation and deliver consistent, profitable, and sustainable growth over the coming years.

With that, I would like to thank all of you once again for joining our first earnings call. We are now happy to take questions. Thank you.

**Operator:** Thank you very much, sir. We will now begin the question-and-answer session. Anyone who wishes to ask a question may press star and 1 on their touchtone telephone. If you wish to withdraw from the question queue, you may press star and 2. Participants are requested to use a handset while asking a question. Ladies and gentlemen, to ensure that management is able to address questions from all participants in the question queue, please limit yourself to 2 questions only. Should you have a follow-up question, please rejoin the queue. We will wait for a moment while the question queue assembles. The first question is from the line of Srinivas Reddy from Yellow Investments. Please go ahead.

**Srinivas Reddy – Yellow Investments:** Yes, sir. Very good morning. Am I audible?

**Sunil Satwani – Chief Financial Officer:** Yes, yes. Good morning.

**Srinivas Reddy – Yellow Investments:** Yes, sir. The PPT presentation itself shows on slide 5 that raw material cost fell as a share of sales, while employee cost rose to 28.5%. What really impacted the margins, and what FY27 margin should we model?

**Hemant:** Can you repeat the question, Reddy?

**Srinivas Reddy – Yellow Investments:** Sir, one final thing: what FY27 margin should we model? What are we expecting?

**Hemant:** You are asking about margins, sir. You are talking about the margins?

**Srinivas Reddy – Yellow Investments:** Yes, sir. EBITDA margin.

**Hemant:** Yes. Either EBITDA margin, or I can tell you that even PAT can grow by about 25–30% in absolute terms. EBITDA margin will be maintained at about 24–25%.

I will tell you one thing which I wanted to explain in support of what my CFO told you. In the first quarter, there were 2 problems as far as performance was concerned. One was that, if you remember, all of you investors, in February, March, and April, because of the war, all prices went up. Input costs had increased, and we requested all our OEMs for a price revision.

We received that price revision effective April 1, but we will receive the benefit in the second quarter. The profit currently lying with the OEMs will be transferred to us, and that will come in the second quarter.

This is an important point which everybody has to note, and that is the reason the quarter-on-quarter performance increased only to the extent of 10%. Otherwise, we are definitely expecting around 20% growth this year.

EBITDA margin will be completely maintained because we received the price revision and compensation from customers for the input costs that had increased. Reddy, am I okay? Have I answered your question?

**Srinivas Reddy – Yellow Investments:** Yes, sir. Fantastic, sir. One final question: regarding Mazagon Dock and Cochin Shipyard, the annual report mentions that we have received the approvals, but the investor deck omitted them. Are they currently our customers, and what have they earned so far?

**Management:** This has just started. We are now registered, and whenever they float tenders, we will start receiving the tenders and then we will have to bid for them. This process will continue from now.

**Srinivas Reddy – Yellow Investments:** When do we expect our first revenue from them, sir? Perhaps after 1 quarter, 4 or 5 months?

**Management:** 5–6 months. I cannot guarantee anything because, with government organizations, we do not know. But the registration itself was quite difficult and took about 1 year or so. We have completed the registration, and now the business will come. However, that business is not going to make a significant difference to our growth, as I told you in my speech.

**Srinivas Reddy – Yellow Investments:** Okay, sir. Are those products in a higher-margin range compared with our regular products, or are they in the same range?

**Management:** Pardon?

**Srinivas Reddy – Yellow Investments:** Are those products in the higher-margin range, or do they have regular margins?

**Management:** No, they have regular margins. But if you see, we are doing around 30% of our business through exports, where we receive better margins. We get almost 10% additional margin. With the rupee declining against the dollar, we are also getting that advantage.

**Srinivas Reddy – Yellow Investments:** Yes, sir. Fantastic. That is all from my side. Thank you very much, sir.

**Management:** Otherwise, achieving EBITDA of 23-24% in a normal engineering business is difficult. In a normal engineering company, you get EBITDA of about 15-16%. But we have always been at about 22-23% in the previous year and this year. This is because our operations are very efficient.

Just to tell you, Kaizen implementation, or Japanese manufacturing techniques, is the foundation of Hy-Tech Engineers Ltd.

**Srinivas Reddy – Yellow Investments:** Okay, sir. Thank you.

**Management:** Right, right, {? Mr. Priti ?}. Okay.

**Operator:** Thank you. The next question is from the line of Rahil Dasani from MAPL. Please go ahead.

**Rahil Dasani – MAPL:** Hi. Am I audible?

**Operator:** Yes, please go ahead.

**Rahil Dasani – MAPL:** First of all, sir, good afternoon, and thank you for this opportunity. Your briefing was very good to hear and very helpful.

My first question is whether you can explain our products and their criticality for our customers in a better way, and also how difficult they are to manufacture accurately. If you can start with this, that would be helpful, sir. I would like to understand our products and our customers overall.

**Management:** It is very difficult to explain this to you over the phone, but I will try. Have you ever seen a backhoe loader on the road? Have you seen one?

The entire movement of digging, collecting sand, and everything else in a backhoe loader is performed by shovels that move up and down. These movements are entirely carried out through a hydraulic system.

That equipment has a power pack, which consists of a motor, a hydraulic motor, a hydraulic pump, some valves, and pipelines. If you look at all these pipelines, they come right up to the end; you will find these lines throughout the backhoe loader.

If you go through our DRHP, we have explained this there as well. All these connectors connect the pipelines, and those pipelines are subject to very high pressure of 300 bar. Three hundred bar means 300 kilograms per square centimeter. The normal pipeline we have in our homes operates at

1 bar, so 300 bar is extremely high pressure.

The joint has to sustain that high pressure. To sustain that pressure, the quality of the fitting has to be good, the joints have to be accurate, the machining has to be precise, and the sealing elements also have to be properly taken care of.

That is why this is not a normal engineered machined item. It is an item that is very critical in nature. It has standards for withstanding those pressures, and what we have to guarantee to our customers is that the fitting is leak-proof and can withstand such high pressures.

This is very important. That is the reason not many people are able to meet the requirements of customers. That is why we play an important role. Have you understood it to some extent?

**Rahil Dasani – MAPL:** Yes, sir. That was very helpful.

**Management:** Thank you very much. It is otherwise very difficult to explain, but you are most welcome to visit our plant and see what we manufacture. We can share with you all the types of products that we make.

Let me tell you one thing: nobody else in India manufactures the entire variety of fittings that we manufacture. That much I can tell you.

**Rahil Dasani – MAPL:** Understood. When we say that 70-75% of our business is with OEMs, what do we mean by OEMs? Do we mean hydraulic system manufacturers, or do we mean the end manufacturers of automotive or construction machinery?

**Management:** No, I will tell you. These are customers that manufacture excavators, for example, Tata Hitachi. Then there is JCB, and there is Mahindra & Mahindra. All these companies manufacture equipment commonly called earthmoving equipment, which is required for infrastructure.

Then there is road-building machinery manufactured by Ammann in Gujarat. There are many companies involved. Wirtgen is another company; I think you have heard the name. Road-building machinery also has a lot of hydraulic content.

Then there are injection molding machines used to make plastic items; they are also completely hydraulic. Therefore, the applications are very wide.

These are the OEMs. All these equipment manufacturers are the OEMs of Hy-Tech Engineers Ltd.

**Rahil Dasani – MAPL:** Original—

**Management:** OEM stands for original equipment manufacturer. We basically sell directly to the end customers, such as JCB and Tata. Understood?

The advantage is that they manufacture a definite number of pieces of equipment every month, so we continue to receive repeat orders. It is a B2B business.

**Rahil Dasani – MAPL:** Understood. Since you said in your introductory note that we already serve all the major OEM customers, what sort of wallet share do we have with them? For example, if they procure Rs.100 worth of hydraulic fittings, are we their sole vendor, or how does it work?

**Management:** Not all of them. It varies. A few customers have been working with us for the last 40 years. We still have a customer called Windsor Machines, which is 48 years old. We started with them, and they were our first customer. They are still buying 100% from us.

For example, John Deere buys 100% from us. Some customers buy 50% from us, and some buy 70%. A few new customers buy only 10% from us, but they are increasing their SOP with us.

Every year, we add roughly 2-3 OEMs. They start at 0% and gradually go up to 50-60%. However, from a business point of view, we do not depend entirely on a single source. We do not have a single customer that contributes more than 15% of our business. We have spread the business across many customers because anything can happen to anybody.

**Rahil Dasani – MAPL:** Understood. Since 100% of the SOP in some cases is not with us, who would you say are the key competitors? Are they global companies such as Parker and Gates, Chinese companies, or domestic competitors?

**Management:** There is no Chinese company here. In fact, Chinese equipment manufacturers are also buying fittings from us. Therefore, there is no Chinese competition.

Parker is not really a competitor. Parker is now bringing material for infrastructure projects that are awarded or allotted to foreign companies. Those companies buy Parker fittings and bring them to India.

But locally, the price of Parker fittings is exactly double our price. Therefore, there is no price competition from Parker for us.

As far as domestic competition is concerned, as I told you in my speech, our second domestic competitor has less than half the turnover of Hy-Tech Engineers Ltd.

Over the last 40-45 years, we have built very good relationships with OEMs. In fact, today, if any new multinational company comes to India and asks whom it should approach for fittings, everybody points to Hy-Tech Engineers Ltd. This is the name and the image we have built.

**Operator:** Sorry to interrupt, Mr. Dasani. May we request you to rejoin the queue, sir? Thank you. A reminder to participants: please limit yourself to 2 questions only. Should you have a follow-up question, please rejoin the queue. The next question is from the line of Gaurav Shukla from Finvester. Please go ahead.

**Gaurav Shukla – Finvester:** Am I audible, sir?

**Operator:** Yes, please go ahead.

**Management:** Yes, Mr. Shukla. Please go ahead.

**Gaurav Shukla – Finvester:** What is the revenue growth guidance for FY27 and FY28?

**Management:** As I told you, we will grow at a minimum of about 20% year-on-year, and the bottom line will grow at a minimum of 25-30%. The bottom line will continue to grow at about 25-30%, while the top line will grow at 20%.

**Gaurav Shukla - Finvester:** What is the current order book, sir?

**Management:** Regarding the order book, we have annual schedules from all OEMs. They do not give us a conventional order book. They give us a contract order with a price and continue sending us schedules. In that sense, we are booked.

**Gaurav Shukla - Finvester:** What is the current utilization level of the forging and hydraulic-fitting plants?

**Management:** Currently, we are utilizing around 60-70% of our capacity. We always maintain extra capacity because when a new OEM comes with an order of Rs.10 crore or Rs.15 crore, it asks whether we have the capacity.

We have to demonstrate the capacity to the customer. One thing I want to share with you is that although we have installed capacity, our operating expenses are in line with the business we are doing. However, our capital investment is always slightly higher, to the extent of 20-25%. This is the philosophy we follow at Hy-Tech Engineers Ltd.

Therefore, when any new customer comes, we have capacity available to allocate to that customer.

**Gaurav Shukla - Finvester:** Is any capex planned this year, if I understand correctly?

**Management:** Are you asking about any capacity expansion plan in this financial year or in FY28? I am not able to understand. Could you reword your question?

**Gaurav Shukla - Finvester:** I am asking about the capex plan and the capacity expansion plan.

**Management:** We have Rs.30 crore of {? object ?} now, and we will be implementing that. We have Rs.30 crore allocated for capex this year, and we will implement it within 1 year.

**Gaurav Shukla - Finvester:** One simple thing, sir. The CFO said in his opening comments that margins were under pressure because of the raw material price increase. How do you compensate for the raw material price increase arising from geopolitical issues?

**Management:** Come on, the customers are paying us for the increase. The customers have already given it. This will be reflected in the second quarter, as I told you.

**Gaurav Shukla - Finvester:** Okay, sir. Very good, sir. Thank you. This is all from my end.

**Management:** Right. Bye-bye.

**Gaurav Shukla - Finvester:** All the best, sir.

**Operator:** Thank you. The next question is from the line of Rajiv Mehta from Yes Securities. Please go ahead.

**Rajiv Mehta - Yes Securities:** Hi. Good morning. I want to understand—

**Management:** Good morning, Rajiv. Good morning.

**Rajiv Mehta - Yes Securities:** I want to understand the diversification from an end-industry point of view. First, can you give us the current revenue breakup by industry or application, where your products are used? Do we have more opportunities within the same industries? Are we looking at other manufacturing sectors, such as defense, aerospace, or other industries where our products can be used, allowing us to continue growing at 25-30% for multiple years? Is that something you aspire to do?

**Management:** Rajiv, the answer is as follows. In the present circumstances, we will grow by about 20%, as I told you. We have already registered with the railways with {? IRIS ?} certification and also with DRDO for defense. This business will come over a period of time, but it takes a long time to obtain these certifications.

**Management:** As current revenue, the 20% growth I told you about is independent of this, and this will be additional growth.

**Rajiv Mehta - Yes Securities:** When you say 20-25% growth, are you already building in the revenue coming from the capex that you are currently—

**Management:** You asked about aviation. As of today, we are not thinking about aviation because a tremendous amount of certification and approvals are required. However, over a period of time, we will certainly look into it.

Railway and defense will start, but they will not start very quickly because they take their own time. Perhaps 1-2 years down the line, this business will start, but that will be over and above the 20% I am discussing.

Let me share something with all the investors. The total requirement for these fittings worldwide is 40,000 crores. How much? 40,000 crores. Out of that, 20,000 crores of fittings are consumed in the USA, 10,000 crores are consumed in Europe, and around 2,000 crores are consumed in India. We have about 10% of the Indian market. The balance 8,000 crores is spread across other countries.

We have a very good position in the USA and Europe, where the major portion of the business exists. Therefore, the existing product itself has tremendous growth potential. Do you understand, Rajiv?

**Rajiv Mehta - Yes Securities:** Yes.

**Management:** Over and above that, we will work on expanding the market. This is what we are going to do. Therefore, there is no problem with the growth we have planned.

**Rajiv Mehta - Yes Securities:** How should we look at your current capex and the announcements you have made in the USA? How many years of revenue growth opportunity are you building with the current capex, and will you make further announcements in the USA?

**Management:** The current capex of Rs.30 crore that we have taken from the IPO will add another Rs.100 crore to our business.

**Rajiv Mehta – Yes Securities:** Understood.

**Management:** One thing, Rajiv, let me tell you: every year, 50% of our profit has been invested in capex for the last 25 years. We will continue doing that.

**Rajiv Mehta – Yes Securities:** We have a continuous opportunity to continue with that, correct? This suggests that we can achieve 25–30% growth for multiple years.

**Management:** Yes, for multiple years—for the next 10 years.

**Rajiv Mehta – Yes Securities:** Understood, sir. Thank you. I may come back in the queue. Thank you.

**Management:** Okay.

**Operator:** Thank you. The next question is from the line of Arvind Arora from {? A-Square Capital ?}. Please go ahead.

**Arvind Arora – {? A-Square Capital ?}:** Thank you for the opportunity, and congratulations, sir, on the fantastic listing and good set of numbers.

My question is more about the data-center opportunity. Since the device that you prepare seems capable of being used in the data-center segment, is there any discussion currently taking place? Could you throw some light on that?

**Management:** This is a very good question. Data centers require stainless-steel fittings, and there is tremendous scope for these stainless-steel fittings.

Over the last 2 years, we have already developed the range required for data centers, but it is also applicable to oil and gas. Similar stainless-steel fittings are required in data centers. We have just started manufacturing these fittings, and we will enter the data-center opportunity over the next 1 year, positively.

**Arvind Arora – {? A-Square Capital ?}:** I know this is a fast-growing business, and we will not miss the opportunity. Are any discussions ongoing with a customer where we have received specifications and are working on something?

**Management:** For data centers, no, not at the moment. Nothing is happening at the moment. As I told you, the product has been established only recently. Now we will approach customers and speak with them, and perhaps this will come in around {? 28-29 ?}.

**Arvind Arora – {? A-Square Capital ?}:** Understood. How much do we spend on R&D?

**Management:** We spend around 1% of our revenue on R&D.

**Arvind Arora – {? A-Square Capital ?}:** Only 1%? Do you plan to increase that?

**Management:** I will tell you one thing. We do not have a product that is non-standard. These are all standard products that we manufacture according to standards established worldwide.

The R&D we have to undertake is, for example, the stainless-steel fittings I mentioned. We developed those over the last 1.5-2 years. This is a new development on which we have spent money.

Therefore, we do not have to spend too much money on R&D. One percent is more than sufficient for us. Unless we enter additional products such as valves, which we are also considering, we do not need to increase it. I am not committing to anything, but we are going to upgrade our product range with higher-value-added products such as valves, which are also related to hydraulics.

**Arvind Arora - {? A-Square Capital ?}:** Understood. You mentioned that revenue growth would be around 20% and PAT growth would be 30%. This clearly indicates operating leverage. Will we continue to get this operating leverage after this year, including in FY28?

**Management:** Yes. I think you should wait for our second quarter.

**Arvind Arora - {? A-Square Capital ?}:** Okay, sir. That is all from my side. Thank you, and more power to you.

**Management:** Thank you.

**Operator:** Thank you. The next question is from the line of Shubham Gupta from {? Prosper Wealth Private Limited ?}. Please go ahead.

**Shubham Gupta - {? Prosper Wealth Private Limited ?}:** Hi, sir. Can you tell us more about your US customers? Which customers are lined up, and what total revenue potential do you see from the USA?

**Management:** I have already discussed that. Twenty-five percent of our revenue comes from the USA.

**Shubham Gupta - {? Prosper Wealth Private Limited ?}:** I mean in the future.

**Management:** In the future, this will remain at 25% as our turnover increases because we do not want to increase that share. As I told you, the philosophy and policy of Hy-Tech Engineers Ltd. is to spread the business across different markets.

What happens if the relationship with the Trump administration changes? We cannot afford to have too much business from the USA. Do you understand?

**Shubham Gupta - {? Prosper Wealth Private Limited ?}:** Okay.

**Management:** We are focusing on Europe. We are also focusing on other markets. For example, yesterday we had a customer from Australia, and that customer has also made a commitment to us.

We have to spread our business across different countries. Given the geopolitical situation we are facing today, we cannot depend on a single country. Are you able to appreciate that?

**Shubham Gupta – {? Prosper Wealth Private Limited ?}:** Yes, sir.

**Shubham Gupta – {? Prosper Wealth Private Limited ?}:** Over the next 1-2 years, how will our exports grow as a percentage of overall revenue?

**Management:** I will tell you. We have already prepared a 5-year plan. Over 5 years, we have decided to reach 50% exports and 50% domestic business. That is the plan.

Today, we are at about 30% exports. Year-on-year, we will continue increasing the percentage of exports, but not beyond 50%. That export business will also be spread across different countries.

**Shubham Gupta – {? Prosper Wealth Private Limited ?}:** Okay, sir.

**Management:** Now you understand what I am saying. Twenty-five percent of exports will be to the USA, and the balance 25% will be to Europe, Australia, New Zealand, Dubai, and other markets. We will spread the business so that we do not depend on a single country.

**Shubham Gupta – {? Prosper Wealth Private Limited ?}:** Understood, sir. Who are our current clients in the USA?

**Management:** I cannot tell you that. I cannot tell you that. I cannot tell you that.

**Shubham Gupta – {? Prosper Wealth Private Limited ?}:** Okay, sir. Thank you.

**Management:** Right.

**Operator:** Thank you. The next question is from the line of {? Subhanu Bangal ?} from {? Treehead Capital ?}. Please go ahead.

**{? Subhanu Bangal ?} – {? Treehead Capital ?}:** Thank you for the opportunity. I hope I am audible, sir. According to the PPT, our current hydraulic-fitting capacity is around 483 lakh pieces per annum, and our forging capacity is around 3,120 metric tons per annum. What will our future capacity be after this expansion?

**Management:** From 35 lakhs, we will go to 50 lakhs.

**{? Subhanu Bangal ?} – {? Treehead Capital ?}:** Sorry, can you repeat that?

**Management:** Today, we are at about 200, correct? With the money we have received from the IPO, after investing Rs.30 crore, we will go to around Rs.300-320 crores.

**{? Subhanu Bangal ?} – {? Treehead Capital ?}:** No, sir. I am asking about the total capacity expansion. What will our total capacity be?

**Management:** I am telling you. You multiply it now. If it is 50%, the quantity will also increase by 50%. Both tonnage and quantity will increase. The capacity of 35 lakhs will go to 50 lakhs, and tonnage will also increase by 1.5 times.

**{? Subhanu Bangal ?} – {? Treehead Capital ?}:** Understood. My next question is about our EBITDA margin. We have maintained an EBITDA margin of around 22% for the last 2 years, and you mentioned earlier that you are targeting an EBITDA margin of around 24-25% this year. Am I correct?

**Management:** Yes, you are correct. It will increase by 1% year-on-year. There are 2 reasons for this. First, as I told you, we will increase exports, which will give us better pricing.

Second, we have implemented all our Kaizen activities, so our operational efficiencies will continue improving. We are planning to increase our EBITDA margin year-on-year by about 0.5-1%, so that we will reach 25% over a period of 2-3 years.

**{? Subhanu Bangal ?} – {? Treehead Capital ?}:** My last question is about fixed assets. If I look at the balance sheet, fixed assets declined by around Rs.6 crore year-on-year. What happened in FY26?

**Management:** What?

**{? Subhanu Bangal ?} – {? Treehead Capital ?}:** Fixed assets declined by around Rs.6 crore. If I look at property, plant, and equipment, as of March FY25, our property, plant, and equipment was Rs.641 million, and at the end of FY26 it was around Rs.594 million. Why did it decline?

**Management:** When did it decline? Which year? It has not declined, {? Subhanu ?}. Which year are you comparing?

**{? Subhanu Bangal ?} – {? Treehead Capital ?}:** I am comparing it with FY26.

**Management:** FY26 was Rs.594.95 million in PPE, correct?

**{? Subhanu Bangal ?} – {? Treehead Capital ?}:** Yes, property, plant, and equipment.

**Management:** And as of June, are you comparing it with June 2026?

**{? Subhanu Bangal ?} – {? Treehead Capital ?}:** No. I am comparing it with FY25.

**Management:** In FY25, it was Rs.595 million, which has remained the same at Rs.594.95 million. It is slightly lower because of the depreciation effect, but it remains at the same level.

**{? Subhanu Bangal ?} – {? Treehead Capital ?}:** Right.

**Management:** Sorry. No, FY25-end was Rs.641 million. Have you also considered CWIP, or capital work in progress, along with this?

As I said, when considering fixed assets, depreciation is included, and in addition to that, we are adding capacity that is recorded under CWIP. You also need to consider that. Therefore, our capacity and our PPE are increasing year-on-year.

**{? Subhanu Bangal ?} – {? Treehead Capital ?}:** Okay. Thank you. Understood.

**Management:** I will add to this that we are also receiving some subsidy for implementing our machinery in the zone. That also affects the WDV.

**{? Subhanu Bangal ?} – {? Treehead Capital ?}:** Okay. Thank you.

**Management:** Yes.

**Operator:** Thank you. The next question is from the line of {? Uttam Purohit ?} from {? VVD Asset Management ?}. Please go ahead.

**{? Uttam Purohit ?} – {? VVD Asset Management ?}:** Thank you for the opportunity. I have 1 question. How do we contract or sign LOIs with OEMs? Are these fixed-price contracts or variable, because based on the earlier comment, it seems that we have to go back to them whenever there is a price increase or decrease affecting our books? Can you explain this in more detail?

**Management:** Do you want to know whether we have contracts with all the OEMs?

**{? Uttam Purohit ?} – {? VVD Asset Management ?}:** No. Generally, I believe the component price is fixed with them in advance. I want to understand that aspect.

**Management:** During discussions and under long-term agreements—which are not written agreements but understandings—whatever increase occurs in the price of raw materials is compensated by them.

In fact, this year, we also received compensation for increases in other operating expenses and other costs. Because of our good relationship, this is a long-term arrangement. They want us to survive, and we never overcharge them. We are always reasonable with our OEMs, and they also compensate us because of our quality and delivery.

**Management:** Everything is completely clear in the relationship, and we have no problem obtaining compensation for any additional expenses that increase. They expect us to improve our operational efficiency and try to give them a 1% year-on-year reduction and so on. Whatever is agreed with them, we comply with, and we have no problem as far as cost compensation from the OEMs is concerned.

**{? Uttam Purohit ?} – {? VVD Asset Management ?}:** Understood. One more thing on forging capacity: right now, utilization is somewhere around 68-69%. Are we also expanding that facility?

**Management:** One mechanical press has already arrived at one of our plants in Shirwal, and another mechanical press is being installed at our Nashik plant.

We are increasing capacity. Today, we have about 15-20% additional forging capacity. With this addition, we will be able to meet the requirement because forging is not something we are going to outsource at all. The quality of forging available in the market is not up to the mark.

The forging quality required for these fittings is absolutely to international standards, and that is something we cannot get done externally. Therefore, our forging capacity is more than adequate. For whatever expansion is required, we have a complete team and the technology to carry out our own forging in-house.

**{? Uttam Purohit ?} – {? VVD Asset Management ?}:** Understood. One last question. Generally, we complete these price hikes arising from raw material increases within 3-6 months. Is that the correct understanding?

**Management:** You are right.

**{? Uttam Purohit ?} – {? VVD Asset Management ?}:** Thank you.

**Management:** You are right.

**Operator:** Thank you. The next question is from the line of Anshul Manduwara from Indus Opportunities Fund. Please proceed.

**Anshul Manduwara – Indus Opportunities Fund:** Good afternoon, sir. Congratulations on a successful IPO. My simple question is: when we talk about hydraulic fittings, do we have any capacity or manufacturing capability for flexible flow solutions as well? Or are we focusing only on the hydraulic portion of the business?

**Management:** No. As I told you in my opening remarks, we are looking at valves as well and upgrading to valves. However, the fitting business itself is so large that we can increase it to the extent required.

You are asking whether we have the capability to change the products or add-on products. Have I understood your question correctly, or are you asking something else?

**Anshul Manduwara – Indus Opportunities Fund:** My question is whether we have existing capabilities for flow solutions as well.

**Management:** What type of solution?

**Anshul Manduwara – Indus Opportunities Fund:** Flexible flow solutions, essentially for liquid and gas flow movement at pressures lower than those handled by your current products.

**Management:** No, we are not entering low-pressure fittings. Low-pressure fittings are mostly used for lubrication and are generally brass fittings. We are not entering the brass-fittings market at all.

We are entering the stainless-steel-fittings market, which will be related to oil and gas, as well as data-center requirements. Therefore, stainless-steel fittings are fine, but we are not going to enter the brass business.

**Anshul Manduwara – Indus Opportunities Fund:** Thank you.

**Management:** I will also tell you one of the major reasons for this. Brass prices fluctuate based on copper prices, and there is also a significant risk of pilferage. Therefore, we do not want to take that risk.

**Anshul Manduwara – Indus Opportunities Fund:** My second question is that, since we are already an OEM for major off-road equipment brands, do we sell under our own brand through our distributor network, or are we planning to do so?

**Management:** I have already shared this with you. We do direct business with OEMs, and we go through distributors for small OEMs.

There are very small OEMs that give us a very small amount of business every month. To reduce the operational burden, we have established distributors across different locations. However, the majority of our business is, as I told you, 70-75% from OEMs, while distributor business is hardly 10%.

**Anshul Manduwara - Indus Opportunities Fund:** Okay, sir. Thank you for your time.

**Management:** Right. Okay.

**Operator:** Thank you. The next question is from the line of Aditya from Happy to Invest. Please go ahead.

**Management:** Go ahead.

**Operator:** Aditya, your line is unmuted. Please go ahead with your question. Aditya, please unmute yourself and proceed with your question. As there is no response from the current questioner, we will move to the next question from the line of Rahil Dasani from MAPL. Please go ahead.

**Rahil Dasani - MAPL:** Thank you for the opportunity again. You shared a very interesting point that the Indian market for hydraulic fittings itself is 2,000 crores and perhaps even larger, while our scale is much smaller than that.

How do you think we should capture this market share? Would we need to scale up our distributor base, given that distributors currently represent a very small portion of our revenue? Would we need to significantly expand the distributor base, or how will we scale up here?

**Management:** Scaling is already taking place. A majority of the opportunities are coming from OEMs.

For example, consider a company called SANY. It is a Chinese company manufacturing excavators and is now one of the leading excavator manufacturers in India. It probably sells around 600 excavators a month, but all of its fittings are imported from China.

SANY has a commitment to the government to indigenize its supplies. There was a 3-year time period, and that period is now over. Last month, the SANY director visited us and said, "Sir, we have a tremendous requirement for these fittings. Can you manufacture them?" They need to replace the imports with domestic supplies. We said that we are available.

There are quite a few such businesses. This will give us additional growth in the domestic market.

The second point is that, as I told you, the majority of external contractors that receive contracts and tenders in India bring their own fittings from outside. We are now approaching them and registering ourselves with those project companies so that they will start using our fittings. This is another available avenue.

The third avenue is that some OEMs, because of local conditions, buy from small parties. For example, one customer in Bangalore has 7 suppliers for hydraulic fittings. They want to reduce that number completely to around 2 suppliers. Hy-Tech Engineers Ltd. has an opportunity there, and we will receive more and more {? SOB ?} from them.

These are the avenues for domestic growth. We can grow domestically. For example, today our domestic business is around Rs.120-130 crores, excluding exports. This business will double in 3-4 years by pursuing these avenues.

**Rahil Dasani – MAPL:** Understood. It is very good to hear that the government is supporting us in indigenizing Chinese supplies.

**Management:** Yes. This is a good thing. For 3 years, they did not take action. My marketing people were approaching them, but they said that everything was fine.

They were also subsidizing prices. They were sending material to India at subsidized prices to compete in the Indian market. That will gradually decline, and many opportunities are available.

**Rahil Dasani – MAPL:** If I were to ask, out of this 2,000 crores, how much represents Chinese sales or Chinese imports?

**Management:** I do not know. It could be around 100 crores, 200 crores, or 300 crores. I do not know. I have never assessed it.

**Rahil Dasani – MAPL:** Understood. One last question from my side. Excluding the current capex plan of {? 30 CR ?} for adding machines in our existing units, we plan to acquire 6.5 acres of land. Can you share more details about that and how much it will cost?

**Management:** I will share the entire plan for the 6.5 acres with you in November. We have just received approval from the board to proceed. Now we have to prepare the complete plan.

However, let me tell you that I am preparing the plan for an investment of 350-500 crores.

**Rahil Dasani – MAPL:** Sorry, can you repeat that?

**Management:** I am planning that for 2-3 years from now, not immediately.

**Rahil Dasani – MAPL:** Understood. If you can share the total land acreage of our current 5-6 units, assuming I am not mistaken about the number of units, what is it?

**Management:** It is about 3 plus 4, which is 7, plus 1, which is 8. Hy-Tech Engineers Ltd. has about 8 acres.

**Rahil Dasani – MAPL:** We currently have 8 acres.

**Management:** Yes, that is 320,000 square feet.

**Rahil Dasani – MAPL:** Understood. Perfect, sir. Thank you. This was very helpful.

**Management:** Right.

**Operator:** Thank you. The next question is from the line of Rajnish Bhandari from VMRA. Please go ahead.

**Rajnish Bhandari – VMRA:** Can you hear me?

**Management:** Yes, Rajnish. Go ahead.

**Rajnish Bhandari – VMRA:** Thank you for the opportunity, sir. I wanted to check one comment made by your CFO. Employee expenses increased somewhat in this quarter. Can you explain what caused the increase in employee expenses?

**Management:** I think I have already shared this with you. Employee expenses have not increased; they are the same. The top line has declined—

**Rajnish Bhandari – VMRA:** Hmm.

**Management:** When I say the top line, we have shifted the business. In the second quarter, it will be corrected.

**Rajnish Bhandari – VMRA:** Are you saying that the absolute amount spent on employee expenses is the same between the quarters? If I remember correctly, it was higher.

**Management:** The absolute figure is slightly higher.

**Management:** Employee expenses in the current quarter are higher, at around 68—I believe we are comparing them with Q1 of last year. There has been an increase in the top line, so in terms of absolute value, employee expenses will also grow along similar lines.

What sir wants to say is that some sales were cut off and shifted to the next quarter because of the cut-off procedure under the accounting standards. If I add that particular sales amount, employee expenses will remain at around 12% of total sales in percentage terms. Understood?

**Rajnish Bhandari – VMRA:** Understood. Thank you. That was what I was wondering about. Thank you.

**Management:** Yes.

**Operator:** Thank you. The next follow-up question is from the line of Srinivas Reddy from Yellow Investments. Please go ahead.

**Srinivas Reddy – Yellow Investments:** I have one question on our SKU catalog. We have a fantastic catalog of around 11,000 SKUs, which is our moat. What caught my eye is that in fiscal 2024, the number of newly produced SKUs was around 2,206, but it fell to 880. I want to understand whether we are moving toward higher-value parts or whether there has simply been a slowdown in the addition of new SKUs.

**Management:** Srinivas, can you repeat the question, please?

**Srinivas Reddy – Yellow Investments:** In fiscal 2024, the number of new SKUs added to our catalog was around 2,206. This is the data from the RHP. In fiscal 2026, around 880 new SKUs were added to our catalog. I want to understand whether we are producing a lower number of higher-value parts or whether we are deliberately slowing the addition of new SKUs.

**Management:** It is not a question of cost or anything else. Suppose you are working with OEMs and they introduce new equipment. They then give us an RFQ for new items. That is how SKUs get added.

**Management:** It depends on the inquiries received from companies or OEMs. We develop the SKUs based on those inquiries. That is what sir wants to say.

**Srinivas Reddy – Yellow Investments:** Understood, sir. That is all from my side. Thank you.

**Operator:** Thank you. The next question is from the line of Rajnish Bhandari from VMRA—

**Operator:** Thank you. The next question is from the line of Paras Chheda from Purple Ventures LLP. Please go ahead.

**Paras Chheda – Purple Ventures LLP:** Thank you, sir, for this opportunity. Most of my questions have been answered. For clarity, I have 2 queries.

First, we work on 5-year goals. At the end of 5 years, what kind of business size or revenue are we targeting?

**Management:** 5 years from now, we will reach 500 crores—500 crores. Calculate it on the basis of 20-25% growth, and you will arrive at the figure.

**Paras Chheda – Purple Ventures LLP:** On the PAT side, you said growth would be around 25-30%.

**Management:** Yes.

**Paras Chheda – Purple Ventures LLP:** For simplicity and clarity, what is the market size of our products in India and globally?

**Management:** What do you mean by market size? Are you asking about market share?

**Paras Chheda – Purple Ventures LLP:** No, market size—the overall market size.

**Management:** I told you that. The total market size in India is 2,000 crores. I will repeat it: 20,000 crores in the USA, 10,000 crores in Europe, 2,000 crores in India, and 8,000 crores in other countries. That is the market size for the products we manufacture. Is that clear?

**Paras Chheda – Purple Ventures LLP:** Understood, sir. It is quite clear. You also said that the impact on the EBITDA margin was a one-off due to the first-time expenses.

**Management:** We should not repeat the question.

**Paras Chheda – Purple Ventures LLP:** I believe I understood, sir. That is fine. Thank you very much, sir.

**Operator:** Thank you. Ladies and gentlemen, as there are no further questions from the participants, I now hand the conference over to the management for the closing remarks.

**Management:** Thank you very much, all of you, for joining our first earnings call. I am very happy, and you have been very inquisitive in asking questions about Hy-Tech Engineers Ltd.

I can assure you that, for any queries or doubts, please feel free to write to us. I am giving you an open invitation to visit our factory in Silvassa whenever you wish. Stay invested and grow with us.

Thank you very much. Thank you, everyone. Thank you. Thank you, everyone. Thank you, everyone. Yes, thank you.

**Operator:** On behalf of Hy-Tech Engineers Ltd., that concludes this conference. Thank you for joining us, and you may now disconnect your lines.

---

Note: {? ... ?} indicates a figure or name where audio clarity was insufficient for confident transcription. Verify against the source audio or the company's published filings.