Ardee Industries Ltd. SUBSCRIBE

BP WEALTH

IPO Note 04th Aug 2026

Company Overview

Ardee Industries Limited (AIL) is an integrated recycler and manufacturer of refined lead and lead alloys, operating in India's growing circular economy. Incorporated in 1993, the company was acquired in 2021 by its current promoters, Sandeep Aggarwal, Nikunj Aggarwal and Esha Gupta, who collectively bring over four decades of industry experience. Today, AIL ranks among the top six manufacturers of pure lead and lead alloys in India by market share. The company's business model converts battery waste into finished metal products. It sources used lead acid batteries (ULABs), lead scrap and other lead bearing materials from 58 countries, with imports accounting for 86.9% of raw material purchases in FY26. At its manufacturing facility in Naidupet, Andhra Pradesh, the batteries are dismantled and separated into plastic and lead components. The recovered lead is smelted, refined and converted into either high purity refined lead or customised lead alloys, while the plastic is sold separately and contributed 3.4% of FY26 revenue. Refined lead accounted for 56.5% of product sales in FY26, while lead alloys contributed 27.5%. The company's products are primarily supplied to battery manufacturers serving the automotive, industrial, telecom and energy storage markets. To reduce exposure to commodity price volatility, AIL follows a back to back pricing mechanism, where selling prices are linked to prevailing London Metal Exchange (LME) prices, helping preserve margins despite fluctuations in lead prices. As of May 2026, AIL operated an installed manufacturing capacity of 156,950 MTPA. The company serves customers across 12 Indian states and exports to eight countries, with exports contributing 39.8% of FY26 revenue. Customer relationships remain strong, with 85.9% of FY26 revenue generated from repeat customers. The Ardee brand is empanelled with the MCX, while ARDEE LEAD 9997 is listed on the London Metal Exchange (LME), reflecting the company's ability to meet internationally accepted quality standards.

Objects of the issue

The offer comprises of a fresh issue of Rs. 320 crores and offer for sale of Rs. 106 crores. The objects of the offer are to:

⇒ Funding incremental working capital requirement of company;

⇒ Repayment and/or pre-payment, in full or in part, of certain borrowings availed by company; and

⇒ General corporate purposes.

Investment Rationale

Global sourcing network and integrated processing create a difficult-to-replicate business model

Ardee has built a vertically integrated recycling business that combines global scrap sourcing, advanced refining capabilities and customised alloy manufacturing, creating a business model that is difficult to replicate. The company procures recyclable lead scrap from over 50 countries, with imports accounting for 86.9% of raw material purchases in FY26, reducing dependence on domestic scrap availability and ensuring a consistent supply of raw materials. Its integrated manufacturing facility near the Chennai, Ennore and Kattupalli ports enables efficient import of scrap and export of finished products, while its proximity to leading battery manufacturers supports just-in-time deliveries and lower logistics costs. Unlike conventional lead recyclers that primarily produce commodity-grade lead, Ardee manufactures 99.97%-99.985% purity refined lead and customised lead alloys containing calcium, antimony, tin, silver and cadmium to meet customer-specific requirements. These capabilities are supported by NABL-accredited laboratories, ISO-certified manufacturing processes and rigorous quality control systems, creating meaningful technical barriers and high customer qualification standards. Consequently, 85.9% of FY26 revenue was generated from repeat customers, while exports increased from Rs. 82 cores in FY24 to Rs. 465 cores in FY26, with the international footprint expanding from 4 to 8 countries. The company further protects profitability through LME-linked back-to-back pricing and disciplined hedging practices, reducing the impact of commodity price volatility on margins.

Scaling into a diversified recycling platform expands long-term growth opportunities

Ardee is leveraging its existing manufacturing platform to build a larger and more diversified recycling business rather than relying solely on growth in recycled lead. The company has expanded installed capacity from 54,750 MTPA in FY24 to 156,950 MTPA as of May 2026, supported by investments in advanced processing technologies that improve metal recovery and operating efficiency. Beyond capacity expansion, it plans to diversify into plastic granules, tin recycling and copper recycling, allowing

Issue Details	
Offer Period	05th Aug 2026 - 07th Aug 2026
Price Band	Rs. 50 - Rs. 53
Bid Lot	281
Listing	BSE & NSE
Issue Size (no. of shares in crores)	8
Issue Size (Rs. in crores)	426
Face Value (Rs.)	2

Issue Structure	
QIB	50%
NII	35%
Retail	15%
BRLM	Pantomath Capital Advisors Pvt. Ltd.
Registrar	KFin Tech. Ltd.

Particulars	Pre Issue %	Post Issue %
Promoter & Promoter Group	91.48	67.62
Public	8.52	32.38
Total	**100.0**	**100.0**

(Assuming issue subscribed at higher band)

Research Team - 022-61596138

it to extract greater value from existing waste streams while participating in a broader non-ferrous recycling opportunity. The recently acquired 5.56-acre land parcel adjoining the Naidupet facility enables these businesses to utilise existing utilities, laboratories, logistics infrastructure and technical capabilities, reducing incremental capital and operating costs. The proposed integration of Pilot Industries' lead recycling operations will add a manufacturing facility in Rajasthan, expanding Ardee's presence beyond South India while improving governance and consolidating operations under a single platform. The IPO proceeds will further support this transition by funding working capital for exports and shifting imports from the Cash Against Documents (CAD) model to the Free on Board (FOB) model, providing greater control over procurement, logistics and shipment planning. Together with increasing formalisation of India's recycling industry under the Battery Waste Management Rules (BWMR) and Extended Producer Responsibility (EPR) framework, these initiatives position Ardee to strengthen its market presence while creating multiple avenues for future growth.

Valuation

Ardee Industries Limited (AIL) is one of India's leading organised lead recyclers, with an integrated business model spanning global scrap sourcing, refining and value-added alloy manufacturing. The company has delivered strong operational and financial improvement over the last three years while positioning itself to benefit from the formalisation of India's lead recycling industry. The company's financial profile has strengthened materially over the last three years. Revenue and PAT registered a CAGR of 58.8% and 207.5%, respectively over FY24-FY26, supported by capacity expansion, improving product mix and growing export contribution. EBITDA margins expanded from 6.1% in FY24 to 12.6% in FY26, while PAT margins improved from 1.9% to 7.3%, reflecting better operating leverage and higher realisations from value-added products. Capital efficiency has also improved significantly, with ROCE increasing to 44.3% and RoNW to 57.5% in FY26, while the debt-to-equity ratio declined sharply from 4.87x in FY24 to 1.25x, demonstrating a stronger balance sheet and improving financial flexibility. At the upper price band, the issue is valued at 19.72x FY26 EPS, representing a meaningful discount to listed peers Gravita India (35.37x) and Pondy Oxides & Chemicals (31.94x). AIL has demonstrated stronger profitability, generating an EBITDA margin of 12.6%, while also delivering a substantially higher RoNW of 57.5%, reflecting efficient capital deployment and disciplined execution. We also believe the company's integrated sourcing network, established export franchise and focus on value-added products support a business profile comparable with larger listed peers. Looking ahead, we expect better capacity utilisation at the expanded facility, increasing export contribution, operational benefits from the shift to the FOB procurement model, and diversification into plastic, tin and copper recycling to support earnings growth over the medium term. In addition, structural demand from automotive, renewable energy, telecom and data centre applications, together with the implementation of the Battery Waste Management Rules, 2022 and the Extended Producer Responsibility (EPR) framework, should continue to accelerate the shift towards organised recyclers. **Considering its integrated business model, improving financial profile and attractive valuation relative to peers, we recommend a "SUBSCRIBE" rating for the issue with a long-term investment horizon.**

Key Risks

⇒ **Customer concentration and end-market dependence**: Revenue remains concentrated, with Amara Raja Energy & Mobility contributing 40.6% of FY26 revenue and the top ten customers accounting for 91.6%. Additionally, over 84% of revenue is derived from the battery and metal industries, exposing the company to customer concentration and sector-specific demand risks.

⇒ **Dependence on imported raw materials and commodity prices**: The company sourced 86.9% of its raw materials through imports in FY26, exposing it to global supply disruptions, foreign exchange fluctuations and LME lead price volatility. While back-to-back pricing and hedging reduce risk, they may not fully offset adverse price movements.

⇒ **Regulatory and operational risks**: Lead recycling is subject to stringent environmental, health and safety regulations. Any non-compliance, workplace incidents or tightening of environmental norms could disrupt operations and adversely impact financial performance .

Ardee Industries Ltd.

Income Statement (Rs. in crores)

Particulars	FY24	FY25	FY26
Revenue:			
Revenue from operations	233	276	365
Total revenue	**233**	**276**	**365**
Expenses:			
Cost of materials consumed	168	179	223
Change in inventories	(19)	(25)	1
Employee benefits expense	21	24	30
Other expenses	43	53	48
Total operating expenses	**213**	**230**	**302**
EBITDA	**19**	**46**	**63**
Depreciation & amortization	1	2	6
EBIT	**18**	**44**	**57**
Finance costs	3	5	6
Other income	0	0	1
PBT	**16**	**39**	**52**
Tax	4	10	11
Net profit	**12**	**29**	**41**
Diluted EPS (₹)	(1)	1	0

Source: RHP, BP Equities Research

Cash Flow Statement (Rs. in crores)

Particulars	FY24	FY25	FY26
Cash Flow from operating activities	-25	8	30
Cash flow from/(used in) investing activities	-27	-23	-20
Net cash flows (used in) / from financing activities	54	13	4
Net increase/(decrease) in cash and cash equivalents	**2**	**-2**	**14**
Cash and cash equivalents at the beginning of the period	**0**	**2**	**0**
Cash and cash equivalents at the end of the period	**2**	**0**	**14**

Source: RHP, BP Equities Research

Ardee Industries Ltd.

Balance Sheet (Rs. in crores)

Particulars	FY24	FY25	FY26
Assets			
Property, Plant & Equipment	45	67	71
Capital Work-in-Progress	10	5	2
Other Non-current Assets	10	9	11
Total Non-current Assets	**65**	**80**	**83**
Inventories	42	45	116
Trade Receivables	40	60	25
Cash & Cash Equivalents	2	0	14
Other Current Assets	48	77	125
Total Current Assets	**131**	**182**	**280**
Total Assets	**196**	**262**	**363**
Equity & Liabilities			
Equity Share Capital	3	3	51
Other Equity	26	59	96
Total Equity	**29**	**63**	**147**
Long-term Borrowings	23	23	15
Other Non-current Liabilities	1	1	3
Total Non-current Liabilities	**23**	**24**	**18**
Short-term Borrowings	120	143	168
Trade Payables	9	23	14
Other Current Liabilities	14	10	17
Total Current Liabilities	**144**	**175**	**198**
Total Liabilities	**167**	**199**	**216**
Total Equity & Liabilities	**196**	**262**	**363**

Source: RHP, BP Equities Research

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Disclaimer Appendix

Analyst (s) holding in the Stock : Nil

Analyst (s) Certification:

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