



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

RESEARCH REPORT DATED 6 AUGUST 2026

Ardee Industries Limited

Mainboard IPO — Research Note

ISSUE DATES	5 – 7 August 2026 · Listing 12 August 2026 (tentative)
PRICE BAND	₹50 – ₹53 per share · Face value ₹2
LOT SIZE	281 shares · ₹14,893 at upper band
ISSUE SIZE	₹425.87 Cr · Fresh ₹320 Cr / OFS ₹106 Cr
BHNI — MIN BID	68 lots · 19,108 shares · ₹10,12,724 at ₹53

SECTOR Non-Ferrous Metal Recycling — Lead & Lead Alloys	FINANCIALS Rev ₹1,169 Cr (FY26) · PAT ₹85 Cr · 2Y Rev CAGR 59%
VALUATIONS P/E ~19.7x post-issue · vs peers ~30x+ · discount	DEMAND Anchor ₹127.8 Cr · bHNI 18.9x / sHNI 23.9x (Day 2)
GMP +₹15.25 / ~29% over ₹53 · as of 6 Aug 2026	RECOMMENDATION APPLY (listing gains)

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

2. Executive Summary

Ardee Industries recovers lead from end-of-life batteries and non-ferrous scrap, refines it into high-purity lead and lead alloys, and sells it back to battery makers, auto component firms, and chemical users. It is a spread business dressed as a growth story: buy scrap, smelt, sell metal, earn the difference. The numbers, though, are hard to ignore. Total income went from ₹463 Cr in FY24 to ₹1,169 Cr in FY26, PAT from ₹9 Cr to ₹85 Cr, and EBITDA margin doubled from roughly 6% to 12.6% over the same two years.

The setup into listing is the reason to look. The issue is fresh-heavy — ₹320 Cr of a ₹426 Cr book is primary capital going into working capital and a little debt repayment, with the OFS a modest 25%, so promoters are not treating this as an exit. At ₹53 the company asks about 19.7x post-issue earnings against a listed recycler peer set that trades north of 30x. GMP has firmed from ₹8 to ₹15.25 (~29%) over two sessions, and the book is already running hot — the bHNI bucket was 18.9x and sHNI 23.9x subscribed on Day 2 with a full day still to go. Pantomath is the sole book-runner; its 7-year mainboard record is 14 issues, an ~79% listing-premium hit rate and a ~25% average listing-day gain, and its more recent issues have all listed green.

The call is **APPLY (listing gains)**. This is a listing-day trade — a valuation discount to peers, a fresh-heavy structure, firming GMP and a demand curve bending up into the close. On the current setup a **15–20% listing gain looks likely**. We are in it for the listing pop, not for a view on where lead-acid demand sits in five years.

Recommendation	Expected Listing Gain
APPLY (listing gains) — listing day	~15–20% looks likely

3. Company Overview & Business Model

Ardee Industries, incorporated in 1993 and headquartered in New Delhi, is a secondary lead producer. Its raw material is waste — used lead-acid batteries at end of life and non-ferrous scrap — which it collects, breaks down, smelts and refines into high-purity lead, refined lead and specialised lead alloys. The output goes back into the value chain it came from: battery and energy-storage manufacturers first, then automotive component makers and chemical users. Manufacturing sits at a single plant at Menakur village, Naidupet, in Tirupati district, Andhra Pradesh.

The economics are a spread. Ardee buys scrap at a discount to the London Metal Exchange lead price, incurs processing and energy cost, and sells refined metal at a price benchmarked to LME. What it keeps is the conversion margin. That structure explains both the thin absolute margins — EBITDA at 12.6% even after a strong FY26 — and the working-capital intensity: the business has to carry scrap inventory and extend receivables to institutional buyers, which is why ₹220 Cr of the fresh proceeds is earmarked for incremental working capital rather than a plant or a marquee acquisition.

The growth story rests on two legs. One is regulatory: the Battery Waste Management Rules, 2022 put extended-producer-responsibility obligations on battery makers and push formal recycled content into the supply chain, which favours an organised recycler over the informal backyard smelters that have historically dominated Indian lead recovery. The other is diversification — management has signalled a move beyond lead into plastics, tin and copper recycling. Promoter holding falls from 91.48% to 67.62% post-issue, so control is undisturbed.

What could break it: this is a commodity-spread manufacturer with one plant, a levered balance sheet, and a customer base concentrated in a handful of battery names. None of that matters much for a listing-day trade, but it frames why we are unwilling to hold the name on fundamentals.

4. Market Position & Client Base

India's lead-recycling market is large but overwhelmingly informal. The organised segment — of which Ardee is a part — is the structural winner as EPR enforcement tightens and battery makers are pushed toward auditable, compliant recycled supply. Ardee does not disclose a hard market-share number, and we would not put weight on one if it did; the more useful frame is that it is a mid-sized organised player scaling fast into a formalising market, not a dominant incumbent.

The client base is the double-edged part of the story. Ardee sells primarily to institutional buyers in energy storage and automotive — the kind of counterparties that give a recycler credibility and repeat volume, but also concentration. Public commentary around the issue flags customer concentration as a live risk, with a meaningful share of revenue tied to the top handful of accounts. That is the norm for a B2B metals supplier, but it is a norm that cuts against you when one large buyer switches sourcing or renegotiates on a soft lead cycle.

The moat, such as it is, is cost and compliance rather than product. Refined lead is a commodity; Ardee cannot charge a premium for it. What it can do is be the low-cost, fully-compliant organised supplier at a time when the compliance bar is rising — a regulatory moat, not a pricing one. That is a real edge, but it is contingent on the rules being enforced, which is itself a risk we return to later.

5. Geographic Distribution & Revenue Model

Ardee is a predominantly domestic operation. Collection of scrap and end-of-life batteries and sale of refined metal both sit largely within India, with the single Tirupati plant serving as the production hub. The revenue model is straightforward volume-linked manufacturing sale: metal shipped at LME-benchmarked prices, invoiced to institutional buyers, with the margin sitting in the scrap-to-metal spread rather than in any recurring or subscription stream.

Because output is priced off LME lead, the company carries commodity-price exposure on both sides of the trade — the cost of scrap and the price of refined metal move together, but not always in lockstep or on the same timing, and inventory held through a falling-price window can compress a quarter. There is no material export or currency-hedging story here that changes the risk profile; the exposure that matters is the lead cycle itself, addressed in the risk section. Channel mix is institutional and direct rather than distributor-led.

6. IPO Structure & Use of Proceeds

Issue Structure

Particulars	Amount (₹ Cr)	% of Total
Fresh Issue	320.00	75.1%
Offer for Sale (OFS)	105.87	24.9%
Total Issue Size	425.87	100%

Use of Proceeds (Fresh Issue)

Objective	Amount (₹ Cr)	% of Fresh
Incremental working capital	220.00	68.8%
Repayment / pre-payment of borrowings	20.00	6.3%
General corporate purposes & issue expenses	~80.00	24.9%
Total	320.00	100%

OFS at ~25% of the issue is a positive tell. Three-quarters of the money is fresh primary capital going into the business, and the promoter is selling only a quarter of the book while retaining 67.6% control. This is not an existing-investor exit dressed up as a growth raise — read the structure as an alignment signal, not a warning.

The category split is standard mainboard: QIB 50% (inclusive of the anchor portion), NII 15%, retail 35%. Anchors were allotted ₹127.76 Cr — 24,105,584 shares at ₹53 — across seven investors on 4 August. Pantomath Capital Advisors is the sole book-running lead manager; its track record is dissected in Section 9. The one caution embedded in the use of proceeds: ₹220 Cr into working capital and only ₹20 Cr into debt tells you this is a business that consumes cash to grow, and even after the raise it will remain levered.

7. Financial Performance Analysis

Profit & Loss (₹ Cr)

Particulars	FY24	FY25	FY26	2Y CAGR
Total Income	463.39	743.53	1,168.88	58.8%
EBITDA	28.06	65.93	147.08	128.9%
EBITDA Margin (%)	6.1%	8.9%	12.6%	—
PAT	8.95	33.27	84.68	207.6%
PAT Margin (%)	1.9%	4.5%	7.2%	—

Balance Sheet (₹ Cr)

Particulars	FY24	FY25	FY26
Net Worth	29.25	62.60	147.38
Total Borrowings	142.36	165.77	182.75
D/E (x)	4.87	2.65	1.24
Total Assets	196.12	262.06	363.33
RoNW (%)	30.6%	53.1%	57.5%

The trajectory is the story: revenue more than doubled in two years, PAT compounded at over 200%, and margins expanded through the period. Two forces drove it. Volume — Ardee has been scaling throughput as organised demand formalised — and operating leverage on a largely fixed processing and overhead base, which is what takes an EBITDA margin from 6% to 12.6% when revenue nearly triples. That margin expansion is real, but note where it starts: 6% is a wafer-thin base, and even 12.6% is modest for anything other than a commodity converter. Do not extrapolate the doubling; a favourable lead cycle flatters a spread business, and the mean reversion cuts the other way too.

The balance sheet is where the caution lives. Borrowings rose every year in absolute terms — ₹142 Cr to ₹183 Cr — even as the D/E ratio fell from a stretched 4.9x to a more digestible 1.2x, and the improvement in the ratio is mostly the denominator: net worth grew on retained profit, not deleveraging. The RoNW numbers look spectacular at ~57%, but that is leverage and a thin equity base talking. Post-issue, once ₹320 Cr of fresh equity lands, book value roughly triples and that RoNW normalises hard toward the 15–20% zone. Anyone underwriting this on a 57% return number is reading the pre-money optics.

Cash conversion is the line we can't wave away. A business that puts ₹220 Cr of fresh proceeds straight into working capital, while borrowings climb alongside reported profit, is telling you that growth here is cash-hungry — receivables and scrap inventory absorb the earnings before they reach free cash flow. That is normal for a scaling metals converter, but it means the reported PAT is not the same as cash in hand. For a listing trade it is immaterial. For a hold it would be the first thing we'd want to see resolved.

8. Valuation

Company	P/E	P/B	RoNW %	Rev Growth %
Ardee Industries (₹53, post-issue)	~19.7x	~3.7x	57.5%	58.8%
Gravita India	~38x	~8x	~22%	~25%
Pondy Oxides & Chemicals	~24x	~3x	~14%	~15%
Peer Median (approx.)	~30x	~5x	~18%	~20%

At ₹53 Ardee prints at roughly 19.7x post-issue FY26 earnings (about 16x on the pre-money base), against a listed lead-and-non-ferrous recycler set that sits north of 30x on median, with Gravita — the closest and best-run comparable — closer to 38x. On the face of it that is a clear discount, and it is the single most defensible plank of the bull case. The question is whether the discount is earned or deserved. Some of it is deserved: Ardee is smaller, single-plant, more levered, and has a shorter public track record than Gravita, and it does not command Gravita's premium for scale and execution. But even hair-cutting for all of that, ~20x for a business growing revenue at ~59% and profit at triple digits leaves visible room to the peer band. For a listing trade that gap is exactly what you want — you are not being asked to pay up for the growth, which is what makes the risk-reward on the print favourable.

9. Demand, Application-Wise Breakup, Anchor Quality & BRLM Track Record

9.1 Subscription Trajectory

Category	Day 1 (5 Aug)	Day 2 (6 Aug) *	Trend
QIB	1.13x	1.22x	Builds on Day 3
NII — bHNI (>₹10 L)	5.37x	18.94x	Surging
NII — sHNI (₹2–10 L)	6.00x	23.91x	Surging
Retail	3.42x	10.93x	Strong
Overall	3.23x	10.23x	Strong

*Intra-day Day-2 figures as of 6 August 2026; the issue closes 7 August, so category multiples will move further. QIB traditionally back-loads to the final session — 1.22x on Day 2 is not a concern; the NII and retail surge is doing exactly what a well-received issue does.

9.2 Application-Wise Breakup (Live) & the bHNI Bid

This is the practical crux for a bHNI desk: it is not the headline subscription multiple that decides whether the client gets shares, it is how many applications are fighting over each bucket. The live application-wise breakup — approximate application counts against the reserved slots per category — is below.

Category (Approx. Applications)	Reserved Slots	Applications	Subscribed (x)
bHNI — HNI (>₹10 L)	2,043	11,578	5.67x
sHNI — HNI (₹2–10 L)	1,021	35,897	35.16x
Retail (RII)	1,00,083	12,33,105	12.32x
Total	1,03,147	12,80,580	—

The minimum big-HNI bid is **68 lots = 19,108 shares = ₹10,12,724** at the ₹53 cut-off, per PAN. The live count is the opportunity: the big-HNI (>₹10 L) bucket has drawn only ~11,578 applications against ~2,043 reserved slots — about 5.67x, the softest of the three buckets in application terms. Allotment in the big-HNI category is settled by a draw of lots at the minimum ticket, so the way to maximise allotment is to bid the minimum from as many PANs as possible rather than to scale a single large application. Bid 68 lots — ₹10,12,724 — from every available PAN.

Application counts are approximate and live as of 6 August 2026; exact figures are confirmed only at the basis of allotment.

bHNI read: at ~5.67x on live applications, the big-HNI bucket is the least crowded of the three — allotment odds at the minimum ticket are better here than the headline share-subscription implies. The move is breadth, not size: bid the ₹10,12,724 minimum across every available PAN rather than concentrating one large ticket. With a ~29% GMP and a 15–20% listing gain looking likely, the setup rewards maximising the number of qualifying minimum applications.

9.3 Grey Market Premium

GMP is ₹15.25 as of 6 August 2026 — about 29% over the ₹53 upper band, implying an indicative listing around ₹68. It has firmed from ₹8 (~15%) at Day-1 open, and a rising GMP into a rising subscription is the combination you want to see. Treat the number for what it is: an unofficial, unregulated, thinly-traded quote that can be marked up or collapse in a session and is not a price you can transact at. It tells you sentiment is positive and strengthening; it does not guarantee the print.

9.4 Anchor Quality

Anchor	Prior Issues (7Y)	Avg Listing Gain	Typical P/E	This Issue Fit
Winro Commercial (India)	26	18.9%	~high	Comfortable
Bank of India Small Cap Fund	24	9.9%	~35x	Comfortable
Bengal Finance & Investment	16	9.0%	~29x	Comfortable
Cognizant Capital	4	8.0%	~24x	Comfortable
IMAP India / India Max Fund	4	neg.	~34x	Weak history
Wealth Co — Bharat Value Fund	n/a	—	—	Not in base

The honest read on this book: domestic and credible, but not marquee. Three genuine repeat participants carry it — Winro Commercial (26 prior mainboard issues in our 7-year base, ~19% average listing gain), Bank of India Mutual Fund (24 issues, ~10%) and Bengal Finance (16 issues, ~9%) — and together those three took the bulk of the anchor portion at 19.57% each. The rest are small: Cognizant and IMAP/India Max have only four prior issues apiece, and IMAP's average listing gain in our data is actually negative. Just one true mutual fund — Bank of India Small Cap, at 19.57% — sits in the book; the balance is AIF and investment-company money. There is no SBI / ICICI Pru / Nippon marquee tier here.

Two things cut in the issue's favour, though. First, the anchors that matter here have historically bought in the ~28–35x P/E band; this issue at ~20x is comfortably inside — and for Winro, below — their usual valuation comfort zone, so nobody in this book is stretching. Second, the demand is clearly there regardless of the marquee gap. One flag worth naming: the Bharat Value Fund anchor is run by The Wealth Company, the asset-management arm of the Pantomath group — the same group as the sole book-runner. It is disclosed and legal, but a book-runner's affiliate anchoring its own issue is an independence optic we note rather than celebrate.

9.5 BRLM Track Record — Pantomath Capital Advisors

Book-Runner	Issues (7Y)	Positive	Hit Rate	Avg Gain
Pantomath Capital Advisors	14	11	~79%	~25%

Pantomath has run 14 mainboard issues since 2020 with an ~79% listing-premium hit rate and a ~25% average listing-day gain — a genuinely good aggregate. Two nuances from the year-wise data sharpen it. The lifetime hit rate is dragged by 2020, when four of seven issues listed positive; from 2021 through 2024 the record is seven issues, all seven green. So the recent-form read is better than the headline. The offsetting note is volume — Pantomath was quiet in 2025, with no mainboard issue in our base that year, so this is a house re-engaging rather than one running a constant book. On balance the BRLM signal is a positive for the listing thesis: a credible track record, improving hit rate in the years that matter, and a ~25% average gain that fits an issue priced at a discount to peers.

Strong anchor participation and a good BRLM track record reduce listing risk; they do not eliminate it.

10. Risk Factors

[PRIMARY CONCERN] Lead-price and conversion-spread volatility

Ardee earns a spread between scrap it buys and refined lead it sells, both benchmarked to LME lead. Its EBITDA margin is only 12.6% even after a strong year, so a modest adverse move in the spread — or inventory held through a falling-price window — compresses profit disproportionately. The recent margin doubling partly reflects a favourable lead cycle, which mean-reverts. This is the risk we would start with.

Single manufacturing facility

All production runs through one plant at Naidupet, Tirupati. A fire, environmental-compliance action, power disruption or local stoppage at that site would halt output with no alternate capacity to absorb it. For a company raising ₹220 Cr of working capital to scale a single line, concentration of operational risk in one location is material.

3. Working-capital intensity and cash conversion. The single largest use of proceeds is ₹220 Cr for incremental working capital, and borrowings rose every year even as profit grew. Reported PAT is not converting cleanly to cash — receivables and scrap inventory absorb it, so a working-capital shock would bite quickly.

4. Leverage remains after the raise. D/E has fallen to 1.24x, but almost entirely because net worth grew, not because debt was repaid — only ₹20 Cr of proceeds goes to borrowings. The company stays levered post-issue, which limits flexibility if the lead cycle turns.

5. Customer concentration. Revenue is skewed toward a small set of institutional battery and auto buyers. Contracts are typically volume orders without long exclusivity, so the loss of a top account on a soft cycle would hit volume and pricing at once.

6. Regulatory dependence cuts both ways. The bull case leans on the Battery Waste Management Rules formalising demand toward organised recyclers. If enforcement stays lax or informal-sector smelters keep undercutting on price, the tailwind the story is priced on weakens.

7. Margin sustainability. The move from 6% to 12.6% EBITDA margin is impressive but young — part durable operating leverage, part cycle and mix that is not. Underwriting it as the new normal is the classic way to overpay for a converter.

8. Lithium-ion substitution (structural). Over a multi-year horizon, lithium-ion adoption moderates lead-acid battery demand and the feedstock for secondary lead. Not a listing-window risk, but the reason we hold no long-term view on the name.

9. Book-runner / anchor affiliation. The Bharat Value Fund anchor is managed by The Wealth Company, the Pantomath group's AMC — the same group as the sole book-runner. Disclosed and permissible, but an affiliate anchoring an issue its own group is running is a governance optic worth weighing.

Listing Volatility

Even with a firm anchor book, a ~29% GMP and a surging subscription, mainboard listings in the current regime have shown sharp intraday swings on the print and through the first sessions. A weak open, a broad-market gap-down, or thin follow-through momentum can undo the setup regardless of how the book looked going in. We do not consider this a risk-free recommendation.

11. Investment Strengths & Positive Indicators

- 1. Exceptional growth print.** Total income compounded ~59% and PAT ~208% over FY24-FY26. Whatever the sustainability debate, the two-year trajectory is one of the strongest in the current mainboard cohort and is exactly the kind of number that draws demand into a listing.
- 2. Operating leverage is real.** EBITDA margin doubled from ~6% to 12.6% as revenue nearly tripled — genuine leverage on a fixed processing base, not just a pricing windfall. The direction of travel on margins is the right one.
- 3. Regulatory tailwind.** The Battery Waste Management Rules push formal recycled content into the battery supply chain and favour organised recyclers over the informal sector. Ardee sits on the right side of a structural, policy-backed shift.
- 4. Valuation discount to peers.** At ~19.7x post-issue against a recycler peer set north of 30x, buyers are not being asked to pay up for the growth. That gap is the core of the listing-day risk-reward.
- 5. Fresh-heavy, low-OFS structure.** Three-quarters of the issue is primary capital into the business; the OFS is only ~25% and the promoter retains 67.6%. The structure reads as alignment, not exit.
- 6. Demand and GMP both firming.** bHNI 18.9x and sHNI 23.9x on Day 2 with a day to spare, and a GMP that has climbed from ₹8 to ₹15.25. Rising premium into rising subscription is the combination that historically lists well.
- 7. Credible sole book-runner.** Pantomath's ~79% seven-year hit rate — and a clean 7-for-7 from 2021 to 2024 — is a supportive signal for the print, with a ~25% average listing gain that fits a discounted issue.

12. Final Recommendation & Conclusion

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

APPLY (listing gains)

The five pillars line up the same way. Financial quality is a genuine growth print with a caveat — ~59% revenue and ~208% profit CAGR, but on thin margins, a levered balance sheet and cash conversion that lags reported profit. Valuation is the strongest plank: ~19.7x post-issue against peers north of 30x means the growth is not being paid for. GMP at ~29% and firming, demand surging with bHNI near 19x and sHNI near 24x on Day 2, and an OFS at a low ~25% that keeps the promoter in the boat — every one of those points toward a well-received listing.

So we play it. This is a listing-day call: apply for the pop and take the print, where a 15–20% gain looks likely on the current setup. If momentum carries at listing, ride it; otherwise take the listing-day print. We do not carry a fundamental view on Ardee — the commodity-spread economics, single plant, leverage and lithium-ion overhang are why we would not hold it on the story — and this call should not be read as one. It is a trade on a discounted, well-bid issue with a credible book-runner behind it.

BHNI Guidance

Investor Category	Guidance	Application Approach	Exit Window
BHNI	APPLY (listing gains)	Bid the minimum 68 lots — 19,108 shares at ₹53 = ₹10,12,724 — per PAN; apply from all available PANs to qualify	Listing day; ride momentum if it carries

Not a risk-free recommendation; a strong anchor book does not guarantee listing gains.

13. 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.