IPO DETAILS

ASSET RECONSTRUCTION COMPANY (INDIA) LIMITED

#IPOlogy

ISSUE OPEN	ISSUE CLOSE
09/09/2026	11/09/2026

Min. Lot Size	Issue Price Band
107 Shares	₹132 - ₹139

Issue Size

Fresh Issue:
0.00 Cr Eq Shares
(₹ 0.00 Cr)

OFS:
5.27 Cr Eq shares
(₹732.97 Cr)

Face Value
₹10

Industry
Asset Reconstruction industry

Listing at
NSE, BSE

Rating
Avoid

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For Facts & Figures

ASSET RECONSTRUCTION COMPANY (INDIA) LIMITED

Rationale

Considering the FY26 EPS of Rs 10.82 on a post-issue basis, the company is set to list at a P/E of ~13x with a market cap of Rs 4,516 Cr. There are no listed comparable companies in India or globally in terms of their business and scale of operations; therefore, an industry comparison is not possible.

We assign an "Avoid" rating to this IPO. The company registered stagnant bottom-line growth, with PAT showing a modest CAGR of 3.16%, rising from ₹330.4 crore in FY24 to ₹351.6 crore in FY26. This growth is hindered by a high-risk asset profile, where 34.94% of total AUM (₹7,040.2 crore) consists of legacy security receipts (SRs) past the eight-year resolution period. According to RBI regulations, these must be treated as loss assets, which may lead to significant write-offs. This trend poses a continuous challenge for future earnings.

Objectives of the issue

To achieve the benefits of listing the Equity Shares on the Stock Exchanges.

Company Overview

Asset Reconstruction Company (India) Limited (ARCIL) is one of India’s largest asset reconstruction companies, established in 2002 and starting operations after RBI registration in August 2003. It acquires stressed financial assets from banks and financial institutions to maximise recoveries through restructuring, settlements, enforcement, and insolvency proceedings.

ARCIL is the second-largest ARC in India by AUM and net worth. As of March 31, 2025, the Indian ARC industry had an AUM of approximately ₹1.34 lakh crore, with the top seven players holding 74% of the market. ARCIL's market share increased to 12.6% in FY25 from 10.3% in FY24, making it the largest private ARC after Edelweiss based on disclosed peer-set market share.

The company utilises a diversified stressed-asset acquisition model, including cash acquisitions, co-investor acquisitions, ordinary Security Receipt (SR) acquisitions, and structured acquisitions. As of March 31, 2026, structured acquisitions made up the largest share at ₹11,242 crore (55.8% of AUM), followed by ordinary SR acquisitions at ₹7,276 crore (36.1%). Cash and co-investor acquisitions accounted for 7.9% and 0.2%, respectively.

Corporate loans make up the majority of ARCIL’s portfolio, accounting for ₹13,853 crore (68.8% of AUM) as of March 31, 2026. SME & Other loans were ₹1,552 crore (7.7%), while retail loans reached ₹4,745 crore (23.6%). Notably, retail AUM grew from ₹1,942 crore in FY24 to ₹4,745 crore in FY26, a 56.3% CAGR, highlighting the company's focus on retail stressed assets.

ARCIL has established a strong origination and recovery franchise through long-term relationships with financial institutions, collaborating with 32 private banks, 28 public banks, 51 NBFCs, 18 housing finance companies, two cooperative banks, and seven other institutions. By March 31, 2026, it had acquired stressed assets totalling ₹89,909 crore in principal debt for ₹44,114 crore, or 49.1% of the principal, with cumulative recoveries of about ₹31,915 crore.

ARCIL's revenue comes from fee income, investment income, recoveries of written-off SRs, interest income, and fair-value gains. In FY26, consolidated revenue rose 24.1% YoY to ₹722 crore, with total income at ₹750 crore. Breakdown of operating revenue includes: ₹236 crore from fee and other income, ₹205 crore from other operating/investment income, ₹66 crore from recoveries, ₹21 crore in interest, and ₹194 crore in unrealised fair-value gains.

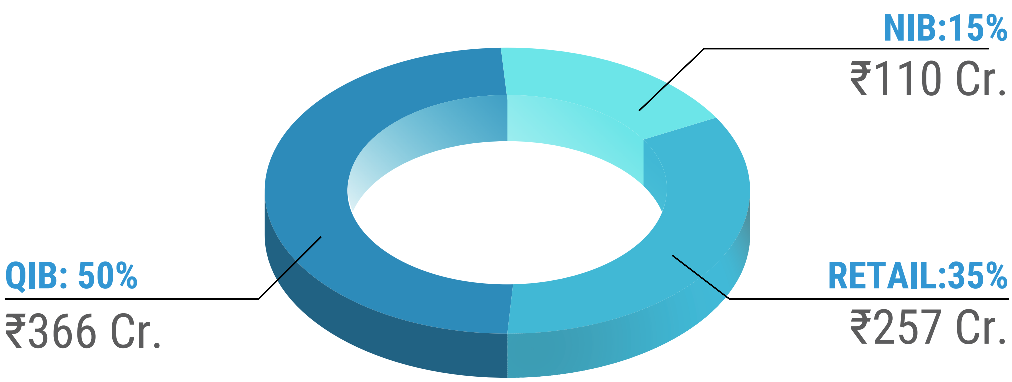
Pan-India Presence & Strong Leadership

ARCIL is backed by Avenue India Resurgence Pte. Ltd. and State Bank of India (SBI), with SBI owning 19.95% of its equity capital. Led by CEO Phanindranath Kakarla, Chairman Narayanan Subramaniam, and CFO Pramod Kumar Gupta, ARCIL has 13 offices across 12 states, supported by 218 valuers, 206 agents, and over 988 lawyers as of March 31, 2026.

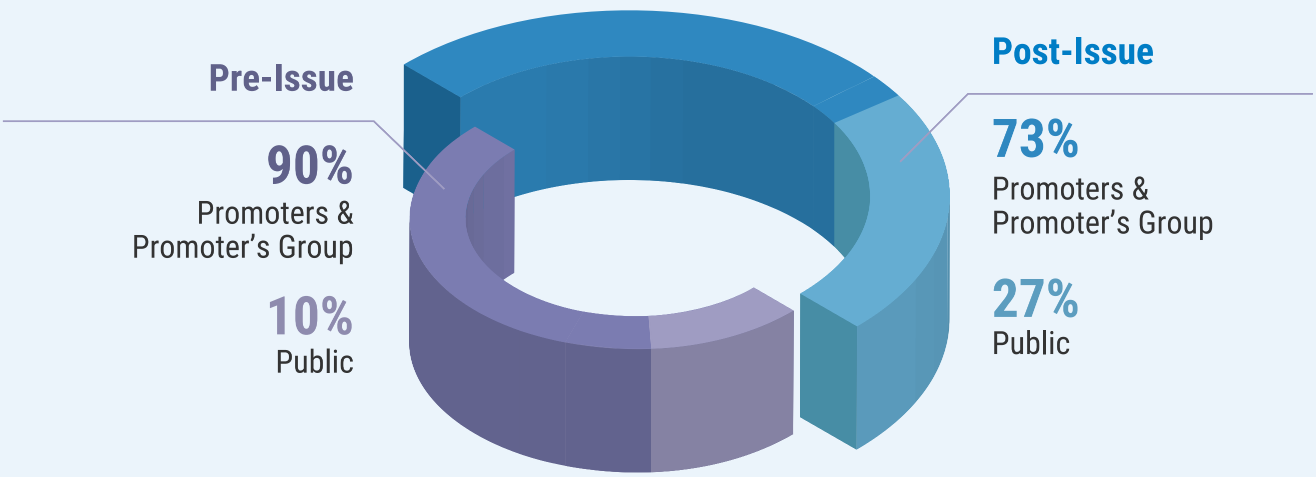
ASSET RECONSTRUCTION COMPANY (INDIA) LIMITED

Issue Details

Issue Break-Up



Shareholding Pattern



Capital Structure (in ₹ Cr.)

500 Cr
Authorised Equity Share Capital

325 Cr
Paid-Up Capital (Pre-Offer)

325 Cr
Paid-Up Capital (Post-Offer)

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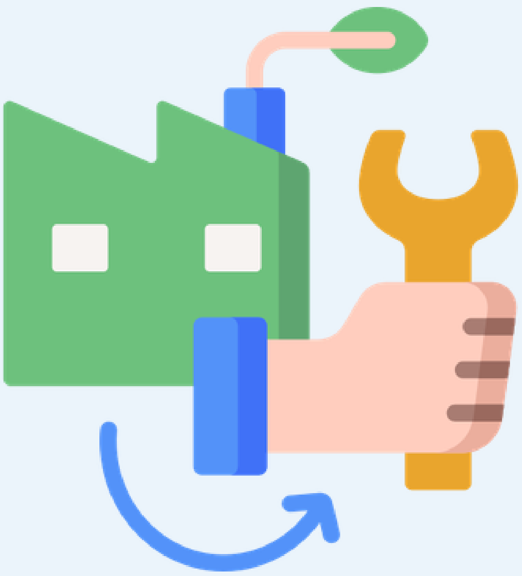
FINANCIAL SERVICES

ASSET RECONSTRUCTION COMPANY (INDIA) LIMITED

Valuations and Peer Comparison



Market Capitalisation

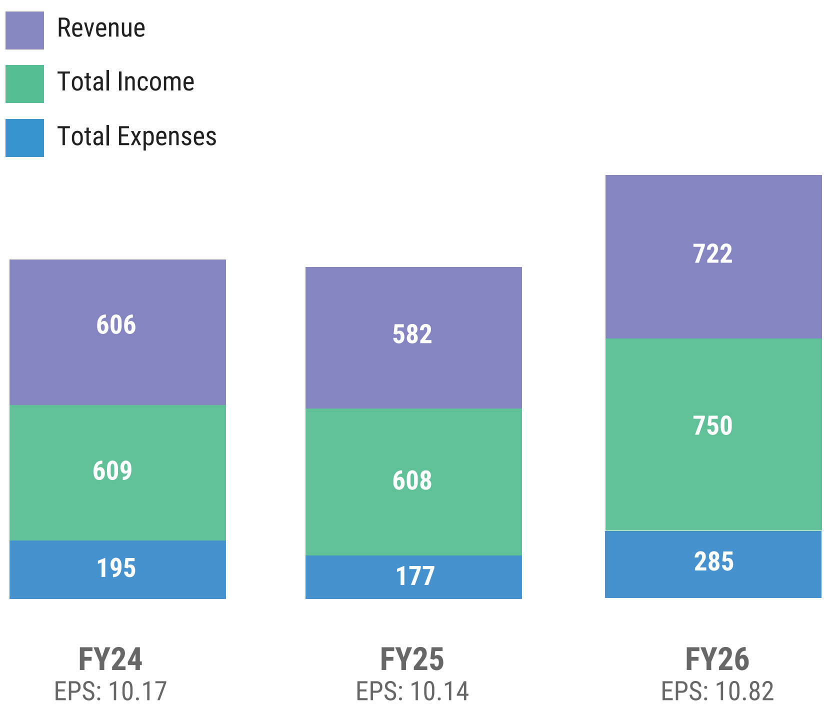
₹4,516 Cr.

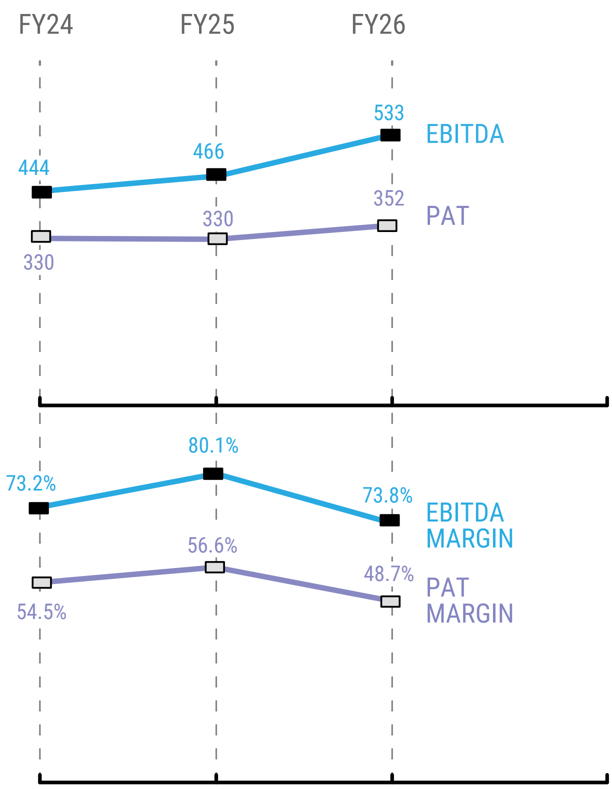
P/E

13x

Given the emerging nature of the industry, adequate data for comparison is currently unavailable.

Financial Snapshot (in ₹ Cr.)





ASSET RECONSTRUCTION COMPANY (INDIA) LIMITED

Business Insights

Competitive Strengths

- Established Position in the ARC Industry.
- Strong Institutional Relationships and Acquisition Track Record.
- Diversified Stressed-Asset Portfolio.
- Integrated Fee and Recovery-Based Revenue Model.
- Deep Expertise in Security Receipt and Resolution Management.

Business Strategy

- Increase Acquisition of Stressed Assets.
- Diversification Toward Retail and Granular Assets.
- Focus on Structured Acquisitions and Value Creation.
- Enhance Fee-Based and Asset-Management Income.
- Accelerate Resolution and Recovery of Acquired Assets.

Risks

- ARCIL's profitability is inherently dependent on its ability to recover value from stressed assets acquired at appropriate prices. Delays in resolution, lower-than-expected recoveries or deterioration in underlying collateral values can reduce cash flows and profitability. As of FY26, the company had cumulative recoveries of around ₹31,915 crore against ₹44,114 crore of cumulative acquisition cost.
- ARCIL operates through competitive acquisition processes such as Swiss Challenge and anchor bids. Increased competition among ARCs, banks retaining stressed assets for longer or declining corporate NPAs could make it difficult to acquire sufficient assets at attractive risk-adjusted prices.
- Resolution of stressed assets can be highly unpredictable, with recoveries dependent on borrower negotiations, litigation, insolvency proceedings and asset monetisation. Consequently, accounting gains may not translate into equivalent near-term cash flows. ARCIL's FY26 earnings also benefited from ₹194 crore of net fair-value gains, highlighting the potential for reported earnings to fluctuate with asset valuations.

Promoters and Management Details

Phanindranath Kakarla - CEO & Managing Director

Narayanan Subramaniam - Chairman

Pramod Kumar Gupta - CFO