IPO Note

ASSET RECONSTRUCTION COMPANY (INDIA) LIMITED

SEP 09th, 2026

Sep 09th, 2026

Details of the Issue	
Price Band	₹ 132 - ₹ 139
Issue Size	₹ 733 Cr
Market Cap	₹ 4,516.07 Cr
Face Value	₹ 10
Bid Lot	107
Listing on	BSE,NSE
Investment Range	₹ 14,124 - ₹ 14,873

Important Indicative Dates (2026)	
Opening	09 - Sep
Closing	11 - Sep
Basis of Allotment	15 - Sep
Refund Initiation	16 - Sep
Credit to Demat	16 - Sep
Listing Date	17- Sept

Lead Manager
IIFL Capital Services Ltd
IDBI Capital Market & Securities Ltd
JM Financial Ltd

Offer Details	
Offer Size	₹ 733 Cr
Fresh Issue	-
OFS	₹ 733 Cr

Type	In Rs Cr	No of Shares (Mn)		% of Issue
		Upper	Lower	
QIB	367	26.37	27.77	50
NII	110	7.91	8.33	15
Retail	257	18.46	19.44	35
Employ.	-	-	-	-
Total	733	52.73	55.53	100

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Company Profile

Asset Reconstruction Company (India) Limited is an asset reconstruction company (ARC) engaged in acquiring stressed assets from banks and financial institutions and implementing resolution strategies to maximize recoveries and optimize asset value. It received its RBI certificate of registration in August 2003 and is recognized as the first ARC incorporated in India. The Company operates across three key verticals—Corporate Loans, SME & Other Loans, and Retail Loans—acquiring both individual and portfolio-based secured and unsecured stressed assets and employing resolution, restructuring, enforcement, settlement and collection strategies based on the underlying asset profile. Its revenues are primarily generated through fee and investment income, supported by established relationships with banks, financial institutions, NBFCs and housing finance companies. The Company has also expanded its retail loan presence and leverages legal mechanisms, collection infrastructure and data analytics to strengthen asset resolution and recovery. As of March 31, 2026, it operated through 13 offices across 12 states, including Delhi, with 206 permanent employees, supported by registered valuers, collection agents and empanelled lawyers across the acquisition, valuation, resolution and collection functions.

GEPL's Insights & Investment Thesis:

- Asset Reconstruction Company (India) Ltd is the second-largest ARC by AUM, providing scale, credibility and established relationships with financial institutions.
- The Company is well positioned to benefit from the structural growth in India's stressed asset market, supported by its strategy to increase exposure to Retail and SME & Other loans.
- Based on the FY26 earnings, relative to the company's paid-up capital, the issue is priced at a P/E ratio of 11x. The company is continuing to increase its exposure in Retail, SME, and Other loans, growing its corporate loan business, and fairly valued. Therefore, we recommend a "**Subscribe**" rating for issue.

Business Highlights & Services

With over two decades of experience and being the first ARC incorporated in India, the Company has built significant expertise in stressed asset acquisition, resolution and recovery. Its strong market position, including being the second-largest ARC by AUM, provides scale, credibility and established relationships with financial institutions. The Company's AUM increased from ₹152.3 billion in FY24 to ₹168.5 billion in FY25 and further to ₹201.5 billion in FY26, supported by stressed asset acquisitions of ₹20.7 billion, ₹39.8 billion and ₹59.6 billion, respectively. The sustained growth in AUM provides a larger asset base for future recoveries and fee/investment income generation.

The Company has demonstrated strong profitability, with FY25 PAT of ₹3.55 billion, while maintaining a high capital adequacy ratio of 88.41%, low debt-to-equity of 0.11x and ROA of 11.73%. Its strong net worth of ₹27.7 billion further provides financial flexibility to participate in larger stressed asset opportunities. A comprehensive credit assessment framework, supported by proprietary technology, borrower scorecards, credit bureau data, legal due diligence and collateral evaluation, enables the Company to selectively acquire assets based on risk-adjusted return potential. Its large historical portfolio data also strengthens pricing, underwriting and recovery decisions.

The company has diversified portfolio with exposure across Corporate, SME & Other Loans and Retail Loans provides diversified income streams and reduces dependence on any single asset class. The Company's established collection infrastructure and specialised teams further support resolution across different borrower segments. It has Long-standing relationships with private and public sector banks, NBFCs, HFCs and other financial institutions provide access to a broad pipeline of stressed assets. Its extensive seller network also enhances its ability to negotiate transaction structures and participate in co-investment opportunities. The Company employs a wide range of resolution strategies, including IBC proceedings, negotiated settlements, restructuring, SARFAESI enforcement and DRT-led recovery. Its ability to act as a resolution applicant under the IBC further expands the addressable opportunity and provides an additional avenue for acquiring and resolving stressed assets.

With nationwide operating presence, supported by over 218 registered valuers, 206 collection agents and 988+ empanelled lawyers as of March 31, 2026, provides extensive execution capabilities. Digital collection platforms, analytics-led borrower prioritisation and third-party recovery partnerships can improve collection efficiency, particularly across geographically dispersed retail portfolios. Continued evolution of India's insolvency and stressed asset resolution framework, coupled with banks and financial institutions' need to clean up balance sheets, provides a favourable long-term environment for established ARCs. The Company's scale, capital position, regulatory experience and resolution capabilities position it to capture a larger share of this opportunity.

The Company is well positioned to benefit from the structural growth in India's stressed asset market, supported by its strategy to increase exposure to Retail and SME & Other loans, where rising credit penetration and delinquencies are creating a growing pool of stressed assets. Its Retail AUM has increased significantly from ₹19.4 billion in FY24 to ₹47.4 billion in FY26, supported by a 2.3x increase in its retail borrower base, while its established presence in corporate and real estate stressed assets provides additional diversification and growth opportunities. The Company's technology-led operating model, incorporating proprietary platforms, data analytics, borrower scorecards, CIC scrubs, geo-tracking, AI/ML models and automated collection workflows, strengthens acquisition decisions, pricing and recovery efficiency while enabling scalable growth. Its extensive collection infrastructure, supported by in-house teams and external agencies, provides nationwide recovery capabilities across secured and unsecured portfolios. Further, the proposed expansion into recovery-as-a-service for banks could create an asset-light, fee-based revenue stream by leveraging its existing collection, legal and technology capabilities. The Company's entry into MFI and unsecured stressed assets, alongside its ability to deploy multiple resolution strategies including restructuring, settlements, enforcement and priority funding, further expands its addressable market. Overall, the combination of a growing stressed asset pool, expanding AUM, diversified portfolio, technology-driven operations, robust recovery infrastructure and emerging asset-light business opportunities positions the Company well for sustained AUM growth, improved recovery efficiency and long-term earnings potential.

AUM wise revenue breakup

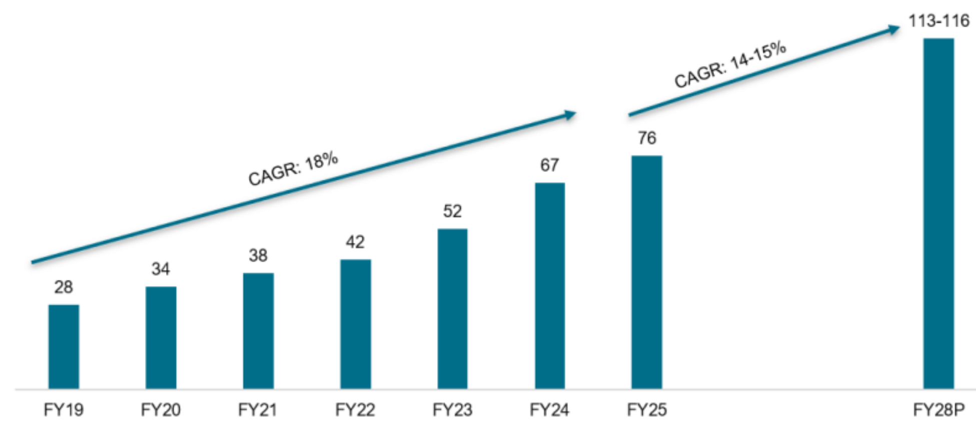
Particular	FY26		FY25		FY24	
	INR (Cr)	% of revenue	INR (Cr)	% of revenue	INR (Cr)	% of revenue
Public Sector Bank	4,437	22.02%	4,710	27.95%	4,865	31.94%
Private Sector Bank	5,036	24.99%	4,555	27.03%	4,322	28.38%
Co-operative Bank	90	0.45%	131	0.78%	136	0.89%
NBFC, HFCs and Other	10,587	52.54%	7,457	44.25%	5,906	38.78%
Total AUM	**20,150**	**100%**	**16,853**	**100%**	**15,230**	**100%**

Recovery Ratings

Recovery Ratings	Percentage of outstanding rated AUM		
	As of March 31, 2026	As of March 31, 2025	As of March 31, 2024
RR1+[(1)]/RR1[(2)]	32.83%	34.32%	34.33%
RR2[(3)]	54.75%	44.95%	45.30%
RR3[(4)]	10.49%	17.65%	15.81%
RR4/ RR5[(5)]	1.93%	3.08%	4.56%
Total	**100.00%**	**100.00%**	**100.00%**
Unrated[(6)]	Rating is under process		

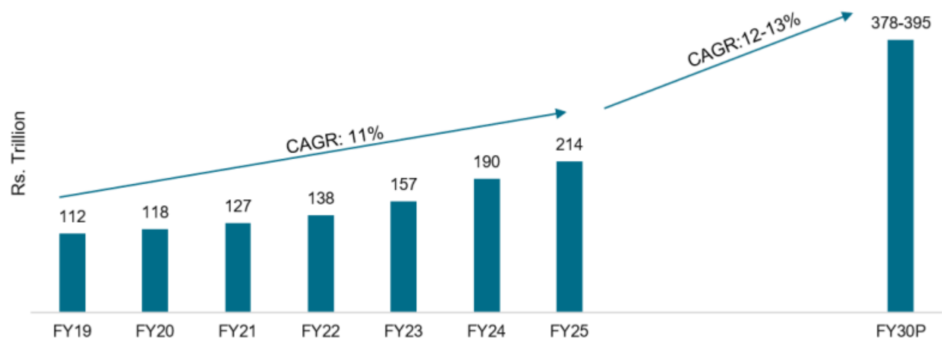
Industry Overview

Growth Trend in Retail Credit over the years



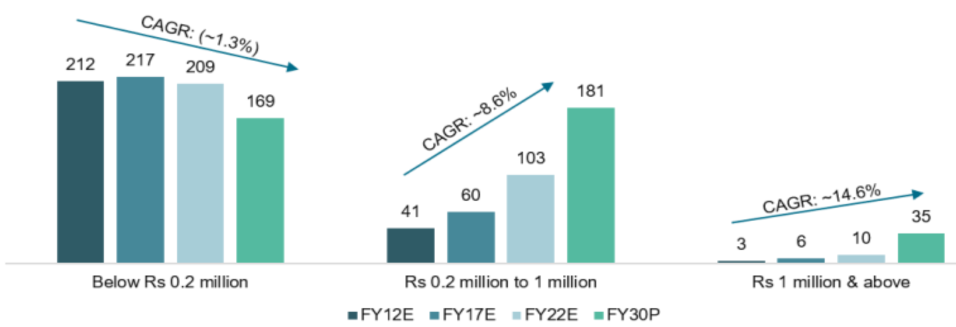
Note: E: Estimated, P: Projected; We have considered Personal loans (under SCBs) and Retail Loans (under NBFCs) together as Retail Credit
Source: RBI, Crisil Intelligence

Growth Trend in Systemic Credit over the years



Note: E: Estimated, P: Projected; considered domestic banking credit (after deduction of bank lending to NBFC) and NBFC credit as systemic credit
Source: RBI, company reports, Crisil Intelligence

Projected CAGR across various earning categories of population (Population in million, CAGR in %)



Note: E: Estimated, P: Projected; Source: Crisil Intelligence

Company's Competitive Strength

- India's First ARC with the second Largest AUM.
- Expertise in Acquiring Stressed Assets with increasing investment in SRs.
- Ability to Implement Resolution Strategies and a Robust Collections Framework.
- Track Record of Consistent Financial and Operational Performance.
- Experienced Board of Directors, Management Team and Marquee Investors.

Key Strategies Implemented by Company

- Increase the Proportion of the Retail, and SME and Other Loans.
- Continue to Grow the Corporate Loans Business.
- Continue to Focus on Effective Use of Technology and Data Analytics to improve operational efficiency.
- Strengthening the Retail Loan Collection Capabilities.
- Pursue New Business Opportunities.

Particular (INR in Cr)	FY26	FY25	FY24
Equity Capital	325	325	325
Reserves and Surplus	3,456	3,093	2,751
Non-Controlling Interest	-826	-755	-650
Net Worth	2,955	2,663	2,427
Revenue	722	582	606
Growth (%)	24%	-4%	
EBITDA	533	446	444
EBITDAM (%)	73.82%	76.63%	73.23%
PAT	323	309	311
PATM (%)	44.7%	53.2%	51.3%
ROE (%)	12.5%	13.0%	14.2%

Notes

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