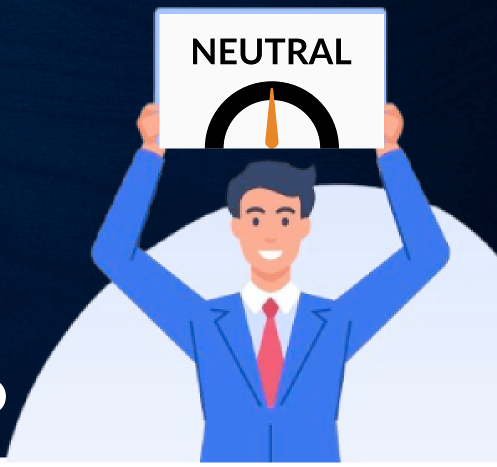
॥ सर्वे भवन्तु धनिनः ॥

swastika



Arcil
Premier ARC

IPO NOTE

ASSET RECONSTRUCTION CO.(INDIA) LIMITED

Rating:

NEUTRAL

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 the value of such assets.

OBJECTS OF THE ISSUE

- The Asset Reconstruction Co.(India) Ltd. IPO is a 100% Offer for Sale (OFS), so the company will not receive any funding and the entire IPO proceeds will go to the selling shareholders.

ISSUE OFFER

Issue Opens on	SEP 09, 2026
Issue Close on	SEP 11, 2026
Total IPO size (cr)	₹733 CR
Fresh issue (cr)	-
Offer For Sale (cr)	₹733 CR
Price Band (INR)	₹132-139
Market Lot	107 SHARES
Face Value (INR)	₹10
Listing At	BSE, NSE
Market Cap (Pre IPO)	₹4,516.07 CR.

FINANCIALS (RESTATED CONSOLIDATED)

PARTICULARS (IN CRORE)	FY 2026	FY 2025	FY 2024
Equity Share Capital	324.89	324.89	324.89
Net Worth	3,079.39	2,767.80	2462.51
Revenue from operations	**721.69**	**581.75**	**605.82**
EBITDA Margin%	69.81%	76.63%	73.23%
Net Profit/Loss of the year	**407.84**	**355.32**	**305.34**

MINIMUM INVESTMENT DETAILS

Number of Shares	5,27,31,946
Minimum Investment Amount	₹14,873
Small-HNI (Min)/ 1,498 Shares	₹2,08,222
Big-HNI (Min)/ 7,276 Shares	₹10,11,364

FINANCIAL RATIOS OF FY26

Debt to Equity	RoNW	P/E (Pre IPO)
0.37x	12.52%	11.08x

INDICATIVE TIMETABLE

Basis of Allotment	15-09-2026
Refunds/Unblocking ASBA Fund	16-09-2026
Credit of Share to Demat A/c	16-09-2026
Listing Date	17-09-2026

OUTLOOK & VALUATION

- While corporate loans represent the majority of its assets (~68.7% of AUM), its retail NPA portfolio has grown rapidly—expanding from ₹1,943 crore in FY24 to ₹4,745 crore in FY26.
- At the upper price band of ₹139, the company commands a post-issue P/E of ~11.1x based on FY26 post-issue EPS of ₹12.55. Post-issue P/BV stands at ~1.46x (based on FY26 Net Worth of ₹3,079 Cr).
- As a unique pure-play ARC listing, valuations are typically benchmarked against specialized NBFCs and distressed debt managers, where a P/E band of 11x–14x is considered reasonable relative to its high EBITDA margins (~73.8%).
- ARCIL as a fundamental play on India's evolving credit cycle. While the 100% OFS structure limits near-term capital expansion, the company's reasonable P/E valuation (~11x FY26) and high profitability make it a solid choice for long-term investors seeking financial sector diversification.

ISSUE BREAK-UP (%)

QIB Portion	50%
Retail Portion	35%
NII Portion	15%

COMPANY PROFILE

- The Company acquires stressed assets from banks and financial institutions and resolves them through restructuring, security enforcement and settlements to maximize recoveries and asset value.
- It operates across three segments: Corporate Loans, SME & Other Loans, and Retail Loans, with assets classified based on the resolution strategy adopted.
- The Company has established relationships with banks, financial institutions, NBFCs and housing finance companies, supporting its stressed asset acquisition franchise
- The Company's increasing focus on retail and SME loans strengthens its growth prospects, supported by its established track record of acquiring and resolving retail loans since 2008 and SME & Other loans since inception.
- Its early investments in dedicated teams, processes, branch infrastructure and technology have built strong execution capabilities and provide a first-mover advantage.

COMPETITIVE STRATEGIES

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

KEY CONCERNS

- Revenues heavily depend on the value and composition of managed assets.
- Failure to timely recover outstanding stressed asset amounts impacts cash flows.
- Non-compliance with RBI inspection observations exposes the company to penalties.
- Inability to acquire sufficient stressed assets at appropriate prices limits growth.
- High reliance on third-party collection agents exposes the company to fraud risks.

KEY STRENGTHS

- Expertise in acquiring stressed assets and investing in security receipts.
- Uses structured data consolidation and credit assessment for acquisitions.
- Leverages data analytics and scorecards for risk and recovery prediction.
- Employs multiple IBC and SARFAESI Act resolution strategies.
- Strong strategic partnerships with banks, NBFCs, and fintech platforms.

COMPARISON WITH LISTED INDUSTRY PEERS

The Company acquires stressed assets from banks and financial institutions and implements resolution strategies to maximize recoveries and enhance asset value.

There are no directly comparable listed companies of similar size in India or globally. While overseas Asset Management Companies (AMCs), such as China Huarong Asset Management and Bangkok Commercial Asset Management, operate in a similar space, direct comparison is not appropriate due to differences in government backing, regulatory frameworks, asset acquisition processes, and resolution mechanisms. Hence, overseas AMCs are not directly comparable to Indian Asset Reconstruction Companies (ARCs).

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