IPO Note – Asset Reconstruction Co.(India) Ltd (08th September 2026)

Company Overview

- ARCIL acquires and resolves stressed assets/NPAs from banks and financial institutions through restructuring, enforcement, settlements and asset monetisation. It earns primarily through management, collection and resolution fees, along with investment income from SRs.
- As of March 2026, ARCIL managed AUM of ₹20,150 crore, comprising 68.75% corporate, 23.55% retail and 7.70% SME & Other assets. Retail AUM increased from ₹1,942 crore in FY24 to ₹4,745 crore in FY26, a 56.3% CAGR, reflecting diversification from its historically corporate-focused portfolio.
- With over two decades of experience, ARCIL acquired ₹5,959 crore of stressed assets in FY26, taking cumulative acquisitions/SRs issued to ₹44,114 crore. Its strategy focuses on mid-sized stressed assets, while real estate accounted for 34.34% of AUM in March 2026. ARCIL was the 2nd most profitable private ARC in India in FY25, with standalone profit of ₹355.3 crore, and ranked 2nd by AUM at ₹16,853 crore.
- ARCIL is strengthening retail and MSME resolution through data analytics, borrower scorecards, geo-tracking and digital payment infrastructure. Its 13 offices across 12 states, supported by collection agencies, trained manpower, lawyers and valuers, provide a scalable platform for granular stressed-asset resolution.

Sector Outlook

- The stressed-asset opportunity is shifting from corporate to retail/MSME loans, with stressed retail assets across banks and NBFCs reaching ₹6,964 billion in FY26, growing at a 12.3% CAGR since FY20. Retail SR issuances also rose 21% YoY to ₹58,826 crore in FY26, supporting a growing acquisition opportunity for ARCs.
- ECL implementation from April 2027 is expected to accelerate early recognition and sale of stressed assets, potentially creating a larger acquisition pipeline for ARCs in FY27–FY28, although strong redemptions and limited corporate asset supply may keep overall AUM growth subdued.

Asset Reconstruction Co.(India) Ltd

₹ 132 – 139 **Price Band**	**₹ 732.97 Cr** Issue Size
09th September – 11th September Subscription Days	**17th September 2026** Listing date

SUBSCRIBE

Particulars	IPO Details
No of Shares under IPO	5.2732
Post Issue MCap (Cr.)	**₹ 4,516.07**
QIB (Cr.)	2.6366
NIB (Cr.)	0.7910
Retail (Cr.)	**1.8456**

Shareholding Pattern	Pre Issue (%)	Post Issue (%)
Promoter	89.68%	78.67%
Others	10.32%	21.33%
Total	**100%**	**100%**

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Company Outlook

- ARCIL reported total income of ₹785.1 crore in FY26, registering 25.9% YoY growth, while revenue from operations rose 26.3% to ₹753.0 crore, supported by higher fee income and fair-value gains. Profit after tax (PAT) stood at ₹407.8 crore, translating into a strong PAT margin of 51.95% and RoNW of 13.95%. The company maintained a robust capital position, with CRAR at 65.31% and a conservative debt-to-equity ratio of 0.39x.

- ARCIL is coming with an IPO of ₹732.97 crore, comprising entirely of an Offer for Sale (OFS) of 5.27 crore equity shares, with no fresh issue.

- At the upper price band of ₹139, ARCIL is valued at a post-issue P/E of ~11.1x, implying a post-issue market capitalisation of ₹4,516.07 crore. The valuation appears reasonable considering its strong FY26 PAT of ₹407.8 crore, 51.95% PAT margin, 13.95% RoNW, strong 65.31% CRAR and leadership position in the ARC industry. The company also stands to benefit from the shift toward retail/MSME stressed assets and upcoming ECL implementation, supporting future acquisition opportunities. We recommend SUBSCRIBE from a long-term perspective.

Key Risks

- ARCIL's earnings are highly dependent on the timely recovery and resolution of acquired stressed assets; prolonged legal proceedings, weaker recoveries or deterioration in asset values could delay cash flows and adversely impact AUM, revenue and profitability

Particulars	FY24	FY25	FY26
Revenue (Rs. Cr)	**570.1**	**596.4**	**753.0**
Revenue Growth %		*4.6%*	*26.3%*
EBITDA (Rs. Cr)	**416.4**	**491.9**	**588.9**
EBITDA Growth %		*18.1%*	*19.7%*
EBITDA Margin %	**73.0%**	**82.5%**	**78.2%**
PAT (Rs. Cr)	305.3	355.3	407.8
RONW (%)	**12.99%**	**13.59%**	**13.95%**

Note: *Asset Reconstruction Co.(India) Ltd has no directly comparable listed peers.*

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