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IPO Note
07th September 2026

Asset Reconstruction Co. (India) Ltd

Subscribe

Rating: Subscribe

Issue Offer

Total issue size: OFS – INR 7,330 Mn (52.7 Mn shares)

Issue Summary	
Price Band (INR)	132-139
Face Value (INR)	10
Implied Market Cap (INR mn)	45,161
Market Lot	107
Issue Opens on	09 September, 2026
Issue Close on	11 September, 2026
No. of share pre-issue	32,48,97,140
No. of share post issue	32,48,97,140
Listing	NSE / BSE

Issue Break-up (%)	
QIB Portion	≤ 50
Retail Portion	≥ 35
NII Portion	≥ 15

Book Running Lead Managers

IIFL Capital Services Limited
IDBI Capital Markets & Securities Limited
JM Financial Limited

Registrar

MUFG Intime India Private Limited

Shareholding Pattern	Pre-Issue	Post-Issue
Promoters	89.68%	78.67%
Public & Others	10.32%	21.33%

Objects of the Offer	Exp. Amt (INR Mn.)
The promoter and other selling shareholders will carry out an offer for sale of INR 7,330 Mn. The company will not receive any proceeds and will achieve the benefits of listing on the stock exchanges.	7,330

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Asset Reconstruction Company (India) Limited (ARCIL) is India's first asset reconstruction company (ARC), incorporated in February 2002 and registered with the RBI since August 2003. It is the second-largest ARC in India by assets under management and acquires stressed secured and unsecured assets from banks, NBFCs and housing finance companies. The company operates across three business verticals: Corporate Loans, SME and Other Loans, and Retail Loans, earning fee income and investment income through restructuring, enforcement, settlement and collection strategies. As of 31 March 2026, ARCIL operated through 13 offices across 12 states with 206 employees, supported by 218 registered valuers and 206 collection agencies. This is India's first-ever ARC listing, structured as a 100% Offer for Sale by promoters Avenue India Resurgence Pte. Ltd. and State Bank of India, along with Lathe Investment Pte. Ltd. and The Federal Bank Ltd.

Investment Rationale:

Pioneer status with industry-leading profitability: ARCIL is India's first ARC and the second-largest by AUM (~INR 168,530 Mn as of FY25). The business runs on a lean cost base of ~0.68% of AUM, translating into a standalone RoA of 11.73% in FY25. FY26 EBITDA margin stood at 78.2% and PAT margin at 51.9%, among the best in the sector, with a healthy RoNW of 13.95%.

Consistent profitable growth with a diversifying retail book: Standalone total income grew 26% YoY in FY26 to INR 7,851 Mn and PAT rose 15% YoY to INR 4,078 Mn. The company has meaningfully scaled its retail stressed-assets vertical, backed by dedicated collections infrastructure and data analytics, reducing reliance on lumpy corporate resolutions and improving earnings visibility.

Conservative balance sheet with leverage headroom: Standalone debt-to-equity remains low at 0.39x in FY26 (0.11x in FY25) despite stepped-up acquisitions. Net worth grew to INR 30,790 Mn from INR 24,630 Mn in FY24, comfortably above the RBI-mandated minimum net worth of INR 3,000 Mn by March 2026, which supports further consolidation in the ARC sector in ARCIL's favour.

Valuation & Outlook: ARCIL will be India's first listed ARC; the RHP notes no direct domestic listed peer for valuation comparison. At the upper price band of INR 139, the issue is priced at a post-IPO P/E of 11.1x on restated standalone FY26 EPS of INR 12.55, and at a P/B of 1.47x on FY26 NAV of INR 94.78 per share, a reasonable entry point given FY26 RoNW of 13.95% and best-in-class cost efficiency. Key watch points include the complete OFS structure (no primary proceeds), a sharp rise in borrowings from INR 3,060 Mn (FY25) to INR 12,060 Mn (FY26) to fund acquisitions, and the inherently cyclical, recovery-dependent nature of the business. Overall, ARCIL's pioneer status, disciplined underwriting, industry-leading margins and reasonable entry valuation support a favourable risk-reward. **At the upper price band of INR 139, the issue is priced at a P/E of 11.1x based on the post-IPO FY26 EPS of INR 12.55. We recommend a "Subscribe" rating for the issue.**

Particulars (INR Mn)	FY24	FY25	FY26
Revenue	5,741.10	6,234.00	7,850.80
Growth (%) YoY	–	8.6%	25.9%
EBITDA	4,163.60	4,918.80	5,889.30
Margins (%)	72.5%	82.5%	78.2%
PAT/(Loss)	3,053.40	3,553.20	4,078.40
Margins (%)	53.2%	57.0%	51.9%

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Stock Rating Scale	Absolute Return
BUY	>20%
ACCUMULATE	12% to 20%
HOLD	5% to 12%
NEUTRAL	-5% to 5%
REDUCE	-5% to -12%
SELL	<-12%

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