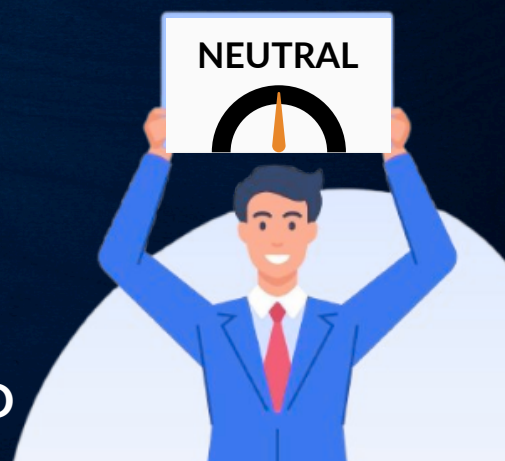




# IPO NOTE

## ASSET RECONSTRUCTION CO.(INDIA) LIMITED



Rating:

**NEUTRAL**



### 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. |

### 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  |

### 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 |

### ISSUE BREAK-UP (%)

|                |                            |
|----------------|----------------------------|
| QIB Portion    | <div><div></div></div> 50% |
| Retail Portion | <div><div></div></div> 35% |
| NII Portion    | <div><div></div></div> 15% |

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.

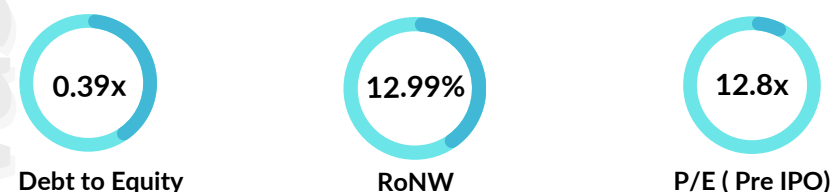
### OBJECTS OF THE ISSUE

- 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.

### FINANCIALS (RESTATED CONSOLIDATED)

| PARTICULARS (IN CRORE)             | FY 2026       | FY 2025       | FY 2024       |
|------------------------------------|---------------|---------------|---------------|
| Equity Share Capital               | 324.89        | 324.89        | 324.89        |
| Net Worth                          | 2955.21       | 2663.14       | 2462.51       |
| <b>Revenue from operations</b>     | <b>721.69</b> | <b>581.75</b> | <b>605.82</b> |
| EBITDA Margin%                     | 69.81%        | 76.63%        | 73.23%        |
| <b>Net Profit/Loss of the year</b> | <b>351.68</b> | <b>329.50</b> | <b>330.46</b> |

### FINANCIAL RATIOS OF FY26



### 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 ₹4,748 crore in FY26.
- At the upper price band of ₹146, 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.



## 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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CDSL/NSDL: IN-DP-115-2015 RBI Reg. No.: B-03-00174 IRDA Reg. No.: 713.

For additional information & risk factors please refer to the Red Herring Prospectus