



**Press Release**  
**ALCHEMIST ASSET RECONSTRUCTION COMPANY LIMITED**  
**December 18, 2025**  
**Rating Reaffirmed**

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	100.00	ACUITE A-   Stable   Reaffirmed	-
Total Outstanding Quantum (Rs. Cr)	100.00	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

**Rating Rationale**

Acuite has reaffirmed its long-term rating to '**ACUITE A-**' (read as **ACUITE A minus**) on the Rs. 100.00 crore bank facilities of Alchemist Asset Reconstruction Company Limited (AARCL). The outlook remains '**Stable**'.

**Rationale for the rating**

The reaffirmation of the rating to the bank loan facilities of Alchemist Asset Reconstruction Company Limited (AARCL) continues to factor in the company's experienced management and promoter group, steady AUM position, and comfortable capitalization with very strong CRAR and low gearing. The company's financial profile, however, reflects moderation in profitability during FY25 compared to FY24, primarily due to lower recoveries and higher provisioning. Nevertheless, AARCL maintains a robust capital structure with CRAR improving to 108.50% in FY25 and D/E ratio at 0.07 times, providing significant loss absorption capacity and headroom for growth. The ratings remain constrained by the inherent challenges in resolving stressed assets, intense competition among ARCs, and potential regulatory changes impacting the distressed asset ecosystem.

The rating continues to take into account AARCL's its operational track record of over a decade in the asset reconstruction industry. Going forward, any changes in promoter shareholding and movement in capitalization buffers would remain key monitorables. Further, Acuite has taken cognizance of the Income Tax Department's search and seizure operations conducted in October, 2022, wherein the final assessment was completed and no additional tax liability has been levied by the income tax department. Acuite shall keep monitoring the situation for its implications on the operational and financial performance of the company. Going forward, AARCL's ability to profitably grow and achieve timely resolution of assets along with changes in promoter shareholding are key credit monitorables.

**About the company**

Incorporated in 2002, Alchemist Asset Reconstruction Company Limited (AARCL) is a Delhi-based Company engaged in acquiring distressed assets from banks and financial institutions and resolving them through appropriate resolution strategies. The company is licensed with RBI as Securitization and Asset Reconstruction Company since 2007 and was started by Mr. Alok Dhir and family who hold ~23.34 per cent as on March 31, 2025. The remaining stake is held by DMI Finance Private Limited along with other high Networth Individuals and Corporates (some owned by Mr. Dhir)



Not Applicable

### **Analytical Approach**

Acuité has adopted a standalone approach on AARCL's business and financial risk profile for arriving at the rating.

### **Key Rating Drivers**

#### **Strength**

**Benefits emanating from marquee investor base coupled with domain expertise of key promoters**

AARCL is sponsored by Mr. Alok Dhir and is in the business of acquisition and resolution of stressed assets since 2007. Mr. Alok Dhir is also a Managing Partner at Dhir & Dhir Associates, a leading Law Firm in India. The management team comprises of seasoned professionals in various domains such as acquisition, resolution, legal and compliance, monitoring, among others. Acuité believes that AARCL will continue to benefit from the domain expertise of the promoters and the ability of the promoters to attract diverse investors both as equity shareholder as well as QBs for their acquisitions.

#### **Comfortable capitalization**

The company's capital position is comfortable as reflected by CRAR of 108.50 percent as on March 31, 2025 (P.Y: 88.33 percent). The increase in CRAR is attributable to decrease in risk weighted assets for the year. Further, the gearing remained low at 0.07 times as on March 31, 2025 as against 0.05 times as on March 31, 2024. The company's ability to leverage its strong capital position and low gearing to scale acquisitions and enhance recoveries will be a key driver for profitability improvement. AARCL remains compliant with RBI's ARC guidelines, including capital adequacy norms and governance standards, which supports operational credibility.

#### **Steady AUM Position and Acquisition Momentum**

The company reported AUM of Rs 1,148 crore as on FY25, reflecting stability despite industry challenges. Renewed acquisition momentum in FY26 (Rs 142 crore in Q2) indicates an active pipeline and business traction, which is expected to support future revenue streams.

#### **Weakness**

##### **Volatility in Profitability**

AARCL's earnings profile remains susceptible to volatility due to the timing and quantum of recoveries and provisioning requirements. While FY24 witnessed a sharp improvement in profitability driven by major recoveries, FY25 saw a significant moderation with PAT declining to Rs 0.45 crore from Rs 10.58 crore in FY24, primarily on account of lower recoveries and elevated credit costs. This cyclicity in income is inherent to the ARC business model and remains a key monitorable.

#### **Inherent challenges in the asset reconstruction business**

AARCL is likely to continue to face challenges given the inherent nature of the asset reconstruction business. The changes in the regulatory regime pertaining to acquisition of distressed assets from banks by ARC has tilted the balance in favor of those ARCs who are able to acquire assets for direct cash conditions as against issuance of Security receipts. The current disposition does not provide any significant benefits to the banks (sellers of these distressed assets) in case the investment of the bank in these SR's exceed a threshold limit. Hence, the banks are incentivized to go for cash deals. While the regulation has allowed QBs investment, the ability of any ARC to tap this route will depend to a large extent on their demonstrated track record of recovery especially in a similar sector. Any challenges in achieving meaningful resolution of these assets will also have a bearing on the ability of the ARC to attract future support from the QBs for their acquisitions. The intense competition from other ARC's will also add to the headwinds in achieving the growth in scale of operations.

#### **Rating Sensitivity**

- Changes/dilution in promoter shareholding

- Resolution of distressed assets & financial performance
- Single sectorial concentration beyond 35 per cent
- Changes in regulatory environment

### Liquidity Position Adequate

Given its scale of operations, AARC's liquidity position remains adequate, supported by a CRAR of 108.50% and a tangible net worth of Rs 209.97 crore as on March 31, 2025. Alchemist Asset Reconstruction Company's liquidity profile is also comfortable, with cash and bank balances of Rs 24.76 crore as on March 31, 2025. The company maintains a conservative capital structure, reflected in a low debt-to-equity ratio of 0.07x.

### Outlook - Stable

### Other Factors affecting Rating

None

### Key Financials - Standalone / Originator

Particulars	Unit	FY25 (Actual)	FY24 (Actual)
Total Assets	Rs. Cr.	229.16	224.20
Total Income*	Rs. Cr.	59.03	99.54
PAT	Rs. Cr.	0.45	10.58
Net Worth	Rs. Cr.	209.97	199.45
Return on Average Assets (RoAA)	(%)	0.20	4.02
Return on Average Net Worth (RoNW)	(%)	0.22	5.55
Debt/Equity	Times	0.07	0.05
Gross NPA	(%)	NA	NA
Net NPA	(%)	NA	NA

\*Total income equals to Net Interest Income plus other income

### Status of non-cooperation with previous CRA (if applicable):

Not Applicable

### Any other information

None

### Applicable Criteria

- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>
- Banks And Financial Institutions: <https://www.acuite.in/view-rating-criteria-45.htm>
- Default Recognition: <https://www.acuite.in/view-rating-criteria-52.htm>

### Note on complexity levels of the rated instrument

In order to inform the investors about complexity of instruments, Acuite has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuite's categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is

different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on [www.acuite.in](http://www.acuite.in).

## Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
20 Sep 2024	Secured Overdraft	Long Term	12.00	ACUITE A-   Stable (Reaffirmed)
	Proposed Long Term Bank Facility	Long Term	77.44	ACUITE A-   Stable (Reaffirmed)
	Term Loan	Long Term	10.56	ACUITE A-   Stable (Reaffirmed)
23 Jun 2023	Term Loan	Long Term	13.00	ACUITE A-   Stable (Downgraded from ACUITE A   Stable)
	Secured Overdraft	Long Term	12.00	ACUITE A-   Stable (Downgraded from ACUITE A   Stable)
	Proposed Long Term Bank Facility	Long Term	75.00	ACUITE A-   Stable (Downgraded from ACUITE A   Stable)
28 Mar 2022	Secured Overdraft	Long Term	25.00	ACUITE A   Stable (Reaffirmed)
	Proposed Long Term Bank Facility	Long Term	75.00	ACUITE A   Stable (Reaffirmed)

## Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Complexity Level	Rating
Not Applicable	Not avl. / Not appl.	Proposed Long Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	81.50	Simple	ACUITE A-   Stable   Reaffirmed
Union Bank of India	Not avl. / Not appl.	Secured Overdraft	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	12.00	Simple	ACUITE A-   Stable   Reaffirmed
Union Bank of India	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	30 Jun 2027	6.50	Simple	ACUITE A-   Stable   Reaffirmed

## Contacts

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### About Acuité Ratings & Research

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