

**RATING RATIONALE**

17 March 2026

**Pridhvi Asset Reconstruction and Securitisation Company Ltd**

**Brickwork Rating assigns the rating at BWR A-/Stable for the Bank Loan Facilities of Rs. 75.00 Crores of Pridhvi Asset Reconstruction and Securitisation Company Ltd**

**Particulars**

Facilities**	Amount(Rs.Crores)	Tenure	Rating
Fund Based Bank Facilities	75.00	Long Term	BWR A-/Stable (Assignment)
<b>Grand Total</b>	<b>75.00</b>	<b>(Rupees Seventy Five Crores Only)</b>	

\*Please refer to BWR website [www.brickworkratings.com/](http://www.brickworkratings.com/) for the definition of the ratings

\*\* Details of Bank Loan Facilities are provided in Annexure-I

**Note: The aforesaid facilities are fund based bank loan facilities including existing SOD facilities of Rs.50.00 Crores and proposed SOD facilities of Rs.25.00 Crores from Union Bank of India.**

**RATING ACTION/ OUTLOOK: ASSIGNMENT/STABLE**

Brickwork Rating assigns the long-term rating at BWR A-/Stable for Bank Loan facility amounting to Rs 75.00 Crores ( existing +proposed) of Pridhvi Asset Reconstruction and Securitisation Company Ltd (PARAS or the “Company”). BWR has relied upon the information/ clarification provided by PARAS, its past few years audited financials, performance up to 9MFY26 and estimates and projections for the ensuing two years, and the information available from the public sources

The rating assignment factors in the company’s existence in the financial sector for more than 18 years especially in asset reconstruction and securitisation segment, strong board and an experienced management team which ensures board approved policies and compliance with extant regulatory guidelines, comfortable capitalisation and growth in business through active acquisitions and steady resolutions. The rating however, is constrained by execution risk associated with the resolution of recently acquired assets and ability to adapt to the potential regulatory changes in the distressed assets industry.

Going forward, the impact of regulatory changes on the distressed asset industry and the company’s ability to resolve stressed assets profitably will be the key monitorable.

The stable outlook indicates the company’s credit risk profile will be stable over the medium term, with low likelihood of change in the rating and/ or outlook over the near to medium term.

## KEY COVENANTS OF THE FACILITY RATED

For the bank loan facilities, the covenants shall be standard in terms of sanction

## KEY RATING DRIVERS

### Credit Strengths:-

- **Strong Board and management Team:** The Company comprises experienced board members from the industry and experienced management team over a decade in the similar field. The Management team is led by Mr. Mallikarjuna as a Managing Director and Chief Executive Officer of the Company. The company gains from the expertise of its resolution team. The company has five independent directors in line with the regulatory requirements, and the company confirms compliance with all the regulatory guidelines including the governance framework, applicable board approved policies like acquisition of assets and valuation methodology adopted, regulatory disclosures in financial statements.
- **Steady Growth in Business:** For the current FY26, the 9MFY26 AUM stood at Rs. 3656 crores and the company expects acquisitions to increase in the last quarter of the year to support the business growth. Recent acquisition momentum of Rs 1718 crores in FY 25 and 1466 crores in 9MFY26 indicates an active pipeline and business traction, which is expected to support future revenue growth. Since 2022, the company has demonstrated good recovery momentum. Against total cumulative acquisitions of Rs. 5515 crores, the company has achieved a cumulative recovery of Rs. 4100 crores. The efficiency of acquisitions has improved drastically; the cost of acquisition fell from 54.20% in FY24 to 38% in FY25.
- **Improving Earnings Profile:** The Company has reported total income of Rs 108 crores as on 31 March 2025 (excluding one time income earned on redemption of SRs of a trust formed by an ARC). Net profit after tax for the year was Rs 51 crores against Rs 42 crores and 7 crores respectively in the previous two corresponding years, resulting in an increase of PAT by 22%. The PAT margins at ~50% are comparable with the peers in the industry.
- **Comfortable capitalisation:** The Total CRAR ratio as at 31 March 2024 were 53.17% and remains strong at 62.21% as on 31 March 2025 and 60.68% as on 31 December 2025. Gearing also improved to 0.51 times as on 31 Mar 2025 from 0.94 as on 31 Mar 2024, and expected to be maintained below 1x levels. The Company reported net owned funds (NOF) of Rs 304 crores as on 30 September 2025 achieved through internal accruals during the year as supported by CA certificate however the same remains subject to verification in audited financial statement for FY 2026. BWR will continue to monitor the sustainability of the capital positions and confirmation of NOF level in the audited financials.

**Credit Risks:-**

- **Recovery Uncertainty due to increasing share of unsecured retail portfolio:** The rating remains constrained by the increasing proportion of recently acquired portfolios comprising unsecured retail assets, which inherently carry relatively higher recovery risk compared to secured corporate exposures. As this asset typically lacks collateral backing, recovery outcomes depend largely on borrower repayment behaviour, legal proceedings, and collections mechanism consequently the company may face higher operational and recovery related cost additionally the granular nature of the retail portfolio may result in longer resolution timelines and variability in earning which could exert pressure on profitability.  
However, risk are partially mitigated by the fact that a significant proportion of the acquired accounts are in lower delinquency buckets, supporting recovery prospects while recovery responsibilities continue to rest with the selling institutions.  
Sustained recovery performance in the unsecured retail portfolio will be a key monitorable.
- **Inherent Risk associated with ARC business:** The ARC faces general industry challenges arising from developments in the policy framework as the distressed asset market in India continuously evolves. The ARCs will continue to face challenges, given the inherent nature of the asset reconstruction business and ARC industry as a whole. Since the resolution of stressed assets is subject to a variety of factors, recoveries amount and time may not always be as expected. The earnings profile is volatile because of unpredictable recoveries from acquired assets. One of the major challenges is sale of NPAs on 100% cash basis as compared to security-receipts-based model adopted earlier which requires the ARCs to bring in more capital and/or arrange other qualified buyers to part-fund the transaction. The company is moderately sized as the AUM was Rs. 3657 crores as of 31 December 2025 and its ability to enhance its book in a competitive environment will be monitorable.

**ANALYTICAL APPROACH - Standalone**

To arrive at its ratings, BWR has considered the standalone performance of Pridhvi Asset Reconstruction and Securitisation Company Ltd. BWR has applied its rating methodology as detailed in the Rating Criteria.

**RATING SENSITIVITIES**

**Positive:**

- Steady growth in acquisitions with improved resolutions, increasing its AUM portfolio substantially i.e. 15% over and above its projections shared with BWR, coupled with improved earnings profile over the medium term reflected through active acquisitions and faster resolutions on a sustained basis

**Negative:**

- Gearing above 2x levels shall be the rating negative
- Material shortfall in recoveries is impacting liquidity and earning profile
- Non-compliance or breach of any of the regulatory guidelines

**Liquidity Indicators - ADEQUATE**

As at 31 December 2025, the company had cash and bank balances of Rs. 20.41 crores which includes bank deposit of Rs 2.50 crores pledged against SOD limit; free cash and bank balance of Rs. 17.91 crores, is adequate to meet its 3-month debt obligations/ repayments of Rs. 8.17 crores. The company estimates a recovery of Rs. 590 crores in next twelve months as against the repayment obligations of Rs. 84.04 crores in next 12 months. Further there is no mismatch in cumulative cash flows for the next 3 year maturity bucket as per the ALM statement as of 31 December 2025.

**ABOUT THE ENTITY**

Pridhvi Asset Reconstruction and Securitisation Company Limited (PARAS) was incorporated under the Companies Act 1956 on 27th March, 2007 having its registered office in Hyderabad , Telangana.

The Company was issued Certificate of Registration by the Reserve Bank of India on 09 April 2008 to carry on the business of Securitisation or Asset Reconstruction under Section 3 of the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (SARFAESI Act 2002).

PARAS is promoted by Sri M. Siva Rama Vara Prasad, a first generation entrepreneur. He acquired several sick companies and turned them around into viable units both in India and abroad. It belongs to Prasaditya Group .

Punjab National Bank, UCO Bank and Union Bank of India are the institutional shareholders, with 8.28%, 4.15% and 0.83% respectively as of 31 March 2025. The company has been banking with Union Bank of India since 2012.

**KEY FINANCIAL INDICATORS (Standalone)**

Parameters	Units	FY23	FY24	FY 25	9MFY26
Result Type		Audited	Audited	Audited	Unaudited and provisional
AUM	Rs Crs	1,224.00	1,356.00	2,659.00	3656.00
Total revenue from operations	Rs Crs	35.00	83.00	105.00	120.00
Total operating Expenses	Rs Crs	27.00	28.00	35.00	36.00
PAT	Rs Crs	6.50	41.52	50.55	83.4
RoA	%	2.27%	9.43%	11.66%	13.72% (annualised)
Total Equity	%	138.00	214.00	265.00	326.00
D/E	times	0.97x	0.94x	0.51x	0.71x
CRAR	%	56.46%	53.17%	62.21%	54.27%
Recovery	Rs in crs	910.52	1069.00	1462.00	575.13
Acquisitions	Rs in Crs	722.00	1166.00	1718.00	1466.00

**NON-COOPERATION WITH PREVIOUS RATING AGENCY IF ANY:** There is no non cooperation with other CRA

**Any Other Information:** None

**RATING HISTORY FOR THE PREVIOUS THREE YEARS [including withdrawal and suspended]**

Sr. No.	Facilities	Type	Current Rating (March 2026)		Rating History for the past 3 years		
			Amount Rs Crs	Rating	FY 2025	FY 2024	FY 2023
1	Fund Based	Long Term	50.00	BWR A-/ Stable Assignment	NA	NA	NA
	Fund Based (proposed)	Long Term	25.00	BWR A-/ Stable Assignment	NA	NA	NA
<b>Total</b>			<b>75.00</b>		<b>Rupees Seventy Five Crores Only</b>		

**COMPLEXITY LEVELS OF THE INSTRUMENTS:** Simple

For more information, visit [www.brickworkratings.com/download/ComplexityLevels.pdf](http://www.brickworkratings.com/download/ComplexityLevels.pdf)

**Hyperlink/Reference to applicable Criteria**

- [General Criteria](#)
- [Approach to Financial Ratios](#)
- [Banks & Financial Institutions](#)

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**Pridhvi Asset Reconstruction and Securitisation Company Ltd**

**ANNEXURE-I**

**Details of Bank Loan Facilities rated by BWR:**

<b>Sr. No.</b>	<b>Name of the Bank/ Lender</b>	<b>Type of Facilities</b>	<b>Long Term (Rs Crs)</b>	<b>Short Term (Rs Crs)</b>	<b>Total</b>	<b>Complexity**</b>
1	Union Bank of India	Secured Overdraft	50.00	-	50.00	Simple
2	Proposed	Secured Overdraft	25.00	-	25.00	Simple

\*\*<http://www.brickworkratings.com/download/ComplexityLevels.pdf>

**ANNEXURE II**

**INSTRUMENT DETAILS: NA**

**ANNEXURE III**

**List of entities consolidated: NA**

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