

Performance of ARC Industry (as on March 2026)

	(in INR crore)		
	March 2026	March 2025	Growth 2025-26
Total Dues acquired	1,819,669	1,614,659	205,010
SR issued	350,867	321,665	29,202
SR redeemed	218,209	187,504	30,705
SR outstanding	132,658	134,161	-1,503
SR issued			
Corporate	292,041	273,067	18,974
Retail	58,826	48,598	10,228
Total	350,867	321,665	29,202

Success Story - NARCL- IDRCL From Deadlock to Resolution

India's Largest and Fastest Insolvency Turnaround

Once a sprawling industrial titan with interests ranging from the Yamuna Expressway to the Buddh International Circuit, Jaiprakash Associates Limited (JAL) eventually faced a 'binary moment' when its massive debt became unsustainable. With businesses spanning from EPC, cement (5.2 MTPA), power generation (~ 2,500 MW), real estate, hospitality (5 properties, 867 keys), fertiliser (7,22,700 MTPA) and sports infrastructure (land bank of ~2,400 acres for SDZ), at its peak, the group developed landmark assets. These achievements were eventually eclipsed by financial liabilities exceeding INR 60,000 crore - a figure surpassing the GDP of several small nations. The challenge was not merely the size of the debt, but the complexity of the underlying businesses, inter-creditor security structure, extensive litigation history, diverse asset classes and thousands of stakeholders. JAL had already witnessed years of restructuring efforts, legal proceedings, and recovery

attempts before entering Corporate Insolvency Resolution Process (CIRP).

After years of aggressive expansion and mounting leverage, the empire entered CIRP. CIRP admission was delayed by over six years due to litigation. By the time NARCL acquired the debt in March 2025, nine months of the CIRP period had elapsed, and the cancellation of land allocation by YEIDA was upheld by the Allahabad High Court, thus significantly impacting JAL's monetisable value. It was at this critical juncture that NARCL's intervention changed the trajectory of JAL's CIRP. By acquiring nearly 85 percent of the admitted financial claim, NARCL consolidated a highly fragmented lender base into a unified decision-making framework, eliminating the conflicting priorities of multiple lenders that often stall large-ticket resolutions and the path was cleared for swift, commercial decision-making.

The task before NARCL and IDRCL was far from straightforward. JAL's resolution involved significant

Our Vision

To harness a common platform for Asset Reconstruction Companies acting in coordination and develop favourable legal and regulatory environment for smooth functioning of ARCs.

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complexity requiring extensive diligence to assess multiple operating businesses, manage ~20,000 employees, diverse security structures, and competing creditor interests. While navigating these complexities, lenders of subsidiaries saw opportunity to encash their security by sale of shares in the subsidiary, which could potentially erode value for potential buyers of JAL. A key strategic decision was whether to sell JAL in 12 business clusters or as a whole. While the suspended directors initially fought the insolvency through various legal appeals, the tribunal ultimately ordered the sale of JAL as a whole. Despite expectations of higher recoveries through a cluster sale, uncertainties around timelines and the cancellation of land allocation by YEIDA made this decision crucial. Supported by extensive diligence, NARCL and IDRCL aligned with the NCLT's direction, preserving enterprise value, enhancing bidder confidence, attracting leading business groups, and enabling a faster, value-maximising resolution.

IDRCL played an extremely critical role in execution by ensuring readiness of the virtual data room, appointment of specialised advisors, uninterrupted operations, and timely dissemination of information to bidders by diligently working with the Resolution Professional. The rapid turnaround of the account was driven by IDRCL's timely decision-making, strategic clarity, and focused execution. One of the defining features of JAL's resolution was the management of a highly diverse stakeholder base, including secured lenders, operational creditors, employees, government authorities and nearly 3,700 homebuyers. The role of the Resolution Professional and its advisors is critical in such cases. A dedicated sub-committee comprising IDRCL, the Resolution Professional, and the homebuyers' representative enabled faster consultations, effective negotiations, and timely decision-making while safeguarding stakeholder interests. The treatment of homebuyers deserves special mention. Given the social sensitivity and judicial oversight surrounding homebuyers, NARCL and IDRCL adopted a homebuyer-centric approach, protecting the commercial interest of homebuyers with the aim of preserving their confidence in the insolvency framework.

Resolution plans included contingent elements, particularly payments linked to the litigated JAL Land Bank, making comparisons of Resolution Plans difficult. IDRCL eliminated contingent considerations and implemented a transparent challenge process to ensure a level playing field. Towards this, the Resolution Professional, its advisors, and sub-committee members held multiple structured meetings with all Prospective RAs. A Challenge process - described as a 'high-stakes escape room' for India's corporate giants enhanced bid competitiveness, reduced disputes and maximised recoveries for creditors in a timely manner. Despite a last-minute intervention in the form of a settlement proposal from the promoters, CoC remained focused on the auction results and stakeholders' benefit. The process eventually culminated in approval of Adani Enterprises' resolution plan as it secured overwhelming creditor support (including homebuyers) because of

its superior certainty of implementation, significant upfront cash component, and stronger overall value proposition for all stakeholders, specifically homebuyers. The transaction ensured meaningful recoveries for lenders while transferring the assets to a sponsor capable of implementing the plan for such a complex business.

Given the scale and public interest involved, central government authorities, including the Enforcement Directorate (ED), the Department of Financial Services (DFS), lenders' committee and other agencies were closely watching at various stages of the process. The JAL resolution was more than a financial recovery - it balanced complex commercial, legal, and stakeholder interests while effectively managing a process akin to running 3-4 large processes. It unlocked value for lenders, provided certainty to homebuyers, and ensured business continuity for employees and creditors. Resolved within just 14 months of acquisition, it stands among the largest and fastest resolutions in Indian ARC history. JAL resolution highlights the transformative role of NARCL and IDRCL in India's stressed asset ecosystem. It also showcased how decisive action, stakeholder alignment, and commercial pragmatism can accelerate recoveries and strengthen confidence in India's insolvency framework.

(Article by Avinash Kulkarni and Hiral Mistry from IDRCL. Views expressed are personal.)

CIBIL Best Data Quality Awards



ARC Consumer GOLD 2025-26
UV Asset Reconstruction Company

ARC Consumer SILVER 2025-26
Indiabulls Asset Reconstruction Company

We invite topical articles from our colleagues to be published in the Newsletter - Chief Executive Officer

IT Heads Meet at Phoenix ARC on 27-04-2026



Mr Sharad Prasad, consultant at Phoenix ARC, made a presentation on the Digital Personal Data Protection (DPDP) Act and its implications for the industry.

Ms Satakshi Pathak from NLU also made an insightful presentation from a legal and practical perspective, highlighting key provisions and compliance aspects.

Free-AI Committee Report

The Reserve Bank of India (RBI) on 13 August 2025 issued the report on the 'Framework for Responsible and Ethical Enablement of Artificial Intelligence' (FREE-AI Report) based on the recommendations proposed by the FREE-AI Committee.

The Committee was constituted in December 2024 to identify risks stemming from Artificial Intelligence (AI) adoption and recommend regulatory frameworks on AI adoption in the financial sector. The Committee has laid down a set of seven overarching principles, 'Sutras', to guide responsible AI innovation, governance and policy in the financial sector.

- i) Public trust should be the foundation of AI systems.
- ii) Disclosure of the use of AI and allowing individuals the final authority to override AI systems.
- iii) Responsible, socially useful innovation should take priority over cautionary restraint.
- iv) AI systems should be designed and tested to promote fairness, equity and inclusion.

- v) Entities deploying AI systems should be accountable for decisions of the AI systems, regardless of the level of autonomy of systems.
- vi) AI systems should be understandable by design to entities deploying them.
- vii) AI systems should be safe, sustainable and resilient to physical and cyber risks.

The Report brings welcome clarity on the adoption of AI in the financial sector. It recognises the transformative potential of AI while laying down seven guiding Sutras along with practical recommendations to ensure that innovation is balanced with core principles of trust, fairness, and accountability. It also places these sector-specific measures within the larger national framework by referencing the IndiaAI Mission, the government's flagship initiative aimed at building a cohesive and strategic AI ecosystem. Going forward, financial sector participants should revisit their existing AI service agreements and work towards putting in place a board-approved policy covering AI governance frameworks, creation of an AI inventory, and foundational consumer protection safeguards.

Legal Updates

Supreme Court of India

Citation: Civil Appeal No. 1606 of 2026 in the matter of M.R. Vasumati Vs The Authorised Officer & Ors. | Bench: Justice Dipankar Datta & Justice Augustine George Masih

Date of Judgment: 9 June 2026

The Hon'ble Supreme Court set aside a SARFAESI auction sale conducted 16 years ago, holding that the 15-day timeline under Rule 9(4) of the Security Interest (Enforcement) Rules, 2002 for payment of the balance sale consideration is mandatory and not directory. The auction purchaser had deposited the balance amount five days beyond the deadline without any written extension agreement. The Court emphasised that Rule 9's provisions are 'neither ornamental nor directory' and that deviation therefrom, absent legally sustainable justification, vitiates the sale - even after the passage of considerable time.

Madras High Court

Citation: WP No.16489 of 2026 in the matter of Vijayanand Srinivasan Vs Punjab National Bank | Bench: Chief Justice Sushrut Arvind Dharmadhikari & Justice G. Arul Murugan

Date of Judgment: 5 June 2026

The Hon'ble Madras High Court issued statewide directions for the expeditious disposal of applications filed by banks under Section 14 of the SARFAESI Act, 2002 before Judicial Magistrates.

The Hon'ble High Court held that the nature of the inquiry under Section 14 is purely ministerial and not adjudicatory - the designated authority must confine itself to verifying territorial jurisdiction, service of notice under Section 13(2), and the mandatory affidavit.

(Contributed by Swati Maradani, Senior Manager, Legal, Edelweiss ARC)

Election of Office Bearers



ASSOCIATION OF ARCS IN INDIA OFFICE BEARERS 2026-2028*

*from July 08, 2026



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Chairman
(J.C. Flowers ARC)



MR CHANDAN CHURIWAL
Vice Chairman
(ACRE)



MR MALLIKARJUNA R
Secretary
(Prasaditya ARC)



MR GIRISH S SINHA
Treasurer
(ASREC)

MEMBERS



MR PHANINDRANATH KAKARLA
(ARCIL)



MR SRINIVASAN VISWANATHAN
(J.M. Financial ARC)



MR AERIK SHARMA
(Encore ARC)

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