May 09, 2025

Blacksoil Capital Private Limited: Ratings reaffirmed; rated amount enhanced

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long-term/Short-term bank lines – Fund based	350.00	650.00	[ICRA]BBB+ (Positive)/[ICRA]A2; reaffirmed and assigned for enhanced amount
Commercial paper programme	50.00	50.00	[ICRA]A2; reaffirmed
Total	**400.00**	**700.00**	

**Instrument details are provided in Annexure I*

Rationale

The ratings continue to factor in Blacksoil Capital Private Limited's (BCPL) established track record in the wholesale lending business with an improving scale of operations, its satisfactory financial profile with a track record of adequate profitability and capitalisation, and its resourceful promoter group. ICRA is cognisant of the proposed merger of BCPL with Caspian Impact Investments Private Limited (CII; rated [ICRA]BBB+ (Stable)/[ICRA]A2), whereby CII will cease to exist and the merged entity will operate under the brand name of Blacksoil. The successful consummation of the transaction will further augment the scale of operations and customer network. The proposed transaction is subject to regulatory approvals and the management expects the same to be completed in H1 FY2026[1].

BCPL's capitalisation is characterised by a net worth of about Rs. 468 crore and a gearing of 1.4 times as of December 31, 2024[2]. As the aforesaid merger will be settled through a share swap, significant cash outflow is not expected on account of the same, except the amount of Rs. 28 crore already paid to provide exit to SIDBI Trustee Company Limited A/c Samridhi Fund (SIDBI Fund). The post-merger capitalisation profile is also expected to remain adequate, though incremental growth will be debt funded. Thus, the leverage is likely to increase over the medium term.

While reaffirming the ratings, ICRA continues to consider the relatively risky profile of the loan book with vulnerability to concentration risk, and the low diversification in the borrowing profile despite the recent improvement. While the headline asset quality indicator, gross non-performing assets (GNPAs)/gross advances (excluding investment in units of alternative investment funds; AIFs), improved to 0.9% as of December 31, 2024 from 1.7% as of March 31, 2024, this was partially driven by write-offs (~Rs. 5 crore each in FY2024 and 9M FY2025). Nevertheless, ICRA takes note of the low level of write-offs made by BCPL since inception. Notwithstanding the same, its ability to maintain adequate asset quality and keep the credit costs under control will remain monitorable, especially as the borrowers' credit profile will continue to be modest in the merged entity as well.

BCPL's headline profitability has been steady over the years with the consolidated return on managed assets (RoMA) in the range of 3.0-4.0% during FY2020-FY2024. However, as expected, the profitability moderated in 9M FY2025 due to the decline in investment income following the sale of investments in units of AIFs managed by Blacksoil Asset Management Private Limited (BAMPL; wholly-owned subsidiary of BCPL)[3]. The standalone RoMA was 2.5%[4] (annualised) in 9M FY2025. In this

[1] The proposed transaction is approved by the Reserve Bank of India (RBI) while the National Company Law Tribunal's (NCLT) approval is awaited. Both entities will continue to operate independently until regulatory approvals are received

[2] As of March 31, 2024, the standalone net worth was Rs. 431 crore, while the consolidated net worth was Rs. 437 crore

[3] As per the RBI's notification dated December 19, 2023, if a regulated entity (RE) has invested in an AIF scheme and if the AIF has made a downstream investment in the RE's debtor company, the RE shall liquidate its investment in the scheme within 30 days from the date of such downstream investment by the AIF

[4] Standalone RoMA between FY2020 and FY2024 was 3.0-4.1%

regard, while the aforesaid merger will gradually lead to benefits of economies of scale, BCPL's headline profitability indicators may be impacted during the transition phase due to CII's relatively modest profitability.

The Positive outlook reflects ICRA's expectation that BCPL's improving scale of operations and enhanced customer reach and investor/lender base, post-merger, will augur well for its credit profile. It is expected to witness a moderation in the concentration risk with the improvement in scale while continuing to benefit from the experience and business network of the sponsor companies.

Key rating drivers and their description

Credit strengths

Adequate capitalisation – BCPL's capitalisation was characterised by a net worth of about Rs. 468 crore[5], gearing of 1.4 times, and a capital adequacy ratio of 41% as of December 31, 2024. The capital profile has been supported by regular capital infusions by the promoters, as the pace of internal accruals has been modest. The last round of capital infusion of Rs. 104 crore was in Q4 FY2024. It is noted that the purchase consideration for the merger with CII will be settled through a share swap. Hence, significant cash outflow is not expected on account of this transaction, except the amount of Rs. 28 crore already paid to provide exit to SIDBI Fund. The post-merger capitalisation profile is also expected to remain adequate, though incremental growth will be debt funded. Thus, the leverage is likely to increase over the medium term. Herein, ICRA notes the management's intent to operate at a maximum gearing of 2.5-3.0 times in the medium term.

Adequate profitability trajectory, notwithstanding moderation in 9M FY2025 – Despite the relatively small scale of operations and the asset quality pressure witnessed in the preceding years, BCPL has demonstrated a track record of adequate profitability since inception. It reported steady profitability during FY2020-FY2024, with consolidated RoMA of 3.0-4.0%. The consolidated revenue has also been supported by income from sponsor investment in the units of AIFs and management fees from the distribution of AIF units. However, as expected, the profitability moderated in 9M FY2025 due to the decline in investment income following the sale of investments in AIF units held by BCPL and managed by BAMPL. Additionally, the uptick in operating and credit costs impacted the profitability in 9M FY2025. The standalone RoMA was 2.5%[6] in 9M FY2025. Going forward, BCPL's ability to scale up the operations and maintain adequate asset quality, and consequently keep the credit costs under control, will be imperative for sustaining the profitability trajectory. While the aforesaid merger will gradually lead to benefits of economies of scale, BCPL's headline profitability indicators may be impacted during the transition phase due to CII's relatively modest profitability.

Resourceful promoter group – BCPL is backed by the promoters of the Navneet Group, the Avvashya Group, Mahavir Agency and Blacksoil Group. The promoters have demonstrated their continued commitment to the company through regular capital infusions. During FY2019-FY2024, the promoters infused equity capital aggregating Rs. 219 crore in BCPL with the last infusion (Rs. 104 crore) in Q4 FY2024. The wide business network of the promoters helps source new business and they are also involved in the company's credit/investment decisions. Further, supported by the promoters' business network, BCPL has been able to raise funds through non-convertible debentures (NCDs) issued to high-net-worth individuals (HNIs) and family offices apart from raising intercorporate deposits (ICDs) from various corporate entities. BCPL's existing shareholders will continue to hold a stake of about 80% in the combined entity while the balance will be held by CII's shareholders. The combined entity will be jointly spearheaded by the current management of BCPL and CII with Mr. Mohinder Bansal leading the company as the Chairman while Mr. Ankur Bansal will be the Managing Director.

[5] As of March 31, 2024, the standalone net worth was Rs. 431 crore, while the consolidated net worth was Rs. 437 crore

[6] Standalone RoMA between FY2020 and FY2024 was 3.0-4.1%

Credit challenges

Vulnerability to concentration risk – BCPL's loan book remains exposed to concentrated risk, which makes it vulnerable to lumpy slippages. As of December 31, 2024, the top 10 exposures accounted for 27% of the loan book (38% as of December 31, 2023). Further, lumpy slippages from large exposures can adversely impact the profitability. While BCPL predominantly operates in a segment with a ticket size of Rs. 5-30 crore, CII's relatively lower ticket size will bring granularity to the portfolio on the successful completion of the merger. Nonetheless, the portfolio mix of the merged entity will remain wholesale oriented; thus, concentration risk will persist over the medium term. However, it is not expected to increase materially for the merged loan book, given the modest overlap of customers between BCPL and CII.

Relatively risky borrower profile – BCPL's loan book comprises lending to venture capital (VC)/private equity (PE) backed growth companies (39% of the loan book[7] as of December 31, 2024), loans to financial institutions (30%) and supply chain finance (29%). It remains sector agnostic in the growth company segment. ICRA notes the risk associated with the underlying borrower segment as the businesses of these borrowers have limited track records and volatile cash flows. Further, in the supply chain segment, while BCPL has a right to recourse on the anchor companies, these are also growth companies. In this regard, the interlinkage between the supply chain and the growth company lending segment is noted.

BCPL's headline asset quality indicator, GNPAs/gross advances (excluding investment in units of AIFs), improved to 0.9% as of December 31, 2024 from 1.7% as of March 31, 2024 and 6.3% as of March 31, 2023, though this was partially driven by the uptick in write-offs (~Rs. 5 crore each in FY2024 and 9M FY2025 compared to negligible write-offs in FY2022 and FY2023). Nevertheless, aggregate write-offs have been low since inception (aggregate net write-off of ~Rs. 16 crore compared to cumulative disbursements of Rs. 5,934 crore and outstanding loan book of Rs. 905 crore as of December 31, 2024[8]), which reflects positively on the company's underwriting and credit monitoring track record, providing comfort. Notwithstanding the above, BCPL's ability to maintain adequate asset quality and keep the credit costs under control will remain critical, especially given the modest credit profile of CII's borrowers (focused on impact-focused sectors including the food & agri sector and small business finance). Herein, the partial credit guarantees available from Rabo Foundation, United States International Development Finance Corporation (USDFC), Michael & Susan Dell Foundation (MSDF), Villgro, and National Credit Guarantee Trustee Company Limited (NCGTC) among others, for a part of CII's portfolio, will mitigate the ultimate credit risk to some extent. However, the continuation of these guarantees in the merged entity will also be monitorable. Nonetheless, BCPL's overall capitalisation profile provides sufficient cushion to absorb any losses.

Low diversification in borrowing profile, notwithstanding recent improvement – BCPL's borrowing profile remains skewed towards unlisted and unrated NCDs issued to HNIs and family offices. As of December 31, 2024, NCDs issued to HNIs and family offices accounted for 61% of the total borrowings followed by borrowings from banks and financial institutions (37%) and ICDs (2%). Nonetheless, BCPL has registered an improvement in its borrowing profile with the share of borrowings from banks/financial institutions increasing from 12% as of March 31, 2023. ICRA also notes that ~30% of the loan book (excluding investment in AIFs), comprising funding extended in the form of NCDs, may not be eligible for the security cover for bank funding. Further, the NCDs are issued for three years with put/call options at two years, exposing the company to refinancing risk. However, the put options exercised by investors remained limited at less than 6-8% of the total NCDs issued till March 31, 2025.

The successful merger may improve the borrowing mix in the near term, given the higher share of borrowings from banks and financial institutions at CII. However, BCPL's ability to further diversify its borrowing profile at competitive costs will be critical for growth and profitability.

[7] *Excluding investment in units of AIFs*

[8] *Excluding legacy real estate segment*

Liquidity position: Adequate

BCPL's asset-liability management (ALM) statement shows positive cumulative mismatches in all the buckets, supported by low financial leverage and the adequate on-balance sheet liquidity maintained by it. As of March 31, 2025, it had a cash/bank balance aggregating Rs. 57 crore and liquid investments of ~Rs. 80 crore. The available liquidity accounted for ~19% of its borrowings as of March 31, 2025, adequately covering the debt obligations for the next three months. However, ICRA notes that all the NCDs issued by BCPL provide investors with the right to exercise a put option after 24 months from the issuance date; thus, unforeseen put options exercised by the investors can impact liquidity. Nevertheless, the put options exercised by investors remained limited at less than 6-8% of the total NCDs issued till March 31, 2025. Further, since the proposed acquisition of CII will be settled through a share swap, BCPL's liquidity profile is expected to remain unimpacted.

Rating sensitivities

Positive factors – The continued scale-up of operations while maintaining healthy asset quality and capitalisation will be a credit positive. Healthy profitability and augmentation of the borrowing profile also remain imperative.

Negative factors – A deterioration in the asset quality, affecting the company's profitability, solvency and liquidity profile, may lead to pressure on the credit profile. A sustained and material increase in the leverage will also be a credit negative.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	ICRA's Credit Rating Methodology for Non-banking Finance Companies (NBFCs)
Parent/Group support	Not applicable
Consolidation/Standalone	Consolidation

About the company

Blacksoil Capital Private Limited (BCPL) is a non-deposit accepting non-banking financial company (NBFC), registered with the Reserve Bank of India (RBI). It was formed in 2016 through the acquisition of a defunct NBFC, Sarvodaya Capital, by the existing promoters. The NBFC initiated its lending operations in 2016 with real estate financing and gradually diversified to providing finance to growth companies (backed by venture capital and private equity) and financial institutions in the form of term loans, debt investments and structured debt. The company forayed into supply chain financing in 2021 after the acquisition of Saraloan Technologies Private Limited. In FY2022, BCPL exited the real estate lending business and the legacy book was run down in FY2024. Further, the company has a presence in opportunistic off-balance sheet co-investment[9] and referral lending[10].

Until FY2024, BCPL had two wholly-owned subsidiaries, i.e. Blacksoil Asset Management Private Limited (flagship company of BCPL for managing the AIF business) and Saraloan Technologies Private Limited (fintech platform used for evaluating small-ticket loans of up to Rs. 2-2.5 crore, primarily in the small and medium business loan segment). In FY2025, it acquired a sizeable stake in a Singapore-based investment management fund, investing in growth companies in Southeast Asia (excluding India). Further, pursuant to the proposed terms for the merger with CII, BCPL acquired SIDBI Fund's 20% stake in CII[11], making the latter its associate.

Key investors in the company include the promoters of the Avvashya Group (managed by Mr. Shashi Kiran Shetty; Allcargo Logistics Limited is the flagship entity of the Group), the Navneet Group (managed by Mr. Gnanesh Gala; Navneet Education Limited is the flagship entity of the Group), Mahavir Agency (managed by Mr. Virendra Gala; engaged in real estate advisory) and Blacksoil Group (the Bansals).

[9] *Co-investment with HNIs and family offices*

[10] *BCPL acts as the direct selling agent of a large financial institution*

[11] *All the other shareholders of CII will continue to be shareholders in the merged entity*

BCPL reported a standalone profit after tax (PAT) of Rs. 22 crore on total income of Rs. 121 crore in 9M FY2025. It reported a standalone PAT of Rs. 33 crore on total income of Rs. 139 crore in FY2024. The consolidated PAT and total income were Rs. 33 crore and Rs. 157 crore, respectively, in FY2024. The company's capitalisation is characterised by a standalone net worth of Rs. 468 crore and a gearing of 1.4 times as of December 31, 2024.

Key financial indicators (audited)

BCPL (standalone)	FY2023	FY2024	9M FY2025*
	Ind-AS	Ind-AS	Ind-AS
Total income	104	139	121
Profit after tax	27	33	22
Total managed assets	857	1,047	1,308
Return on managed assets	3.6%	3.4%	2.5%
Gross gearing (times)	1.5	1.1	1.4
Gross NPA	6.3%	1.7%	0.9%
CRAR	38%	46%	41%

*Source: Company, ICRA Research; * Provisional numbers; All ratios as per ICRA's calculations; Amount in Rs. crore*

BCPL (consolidated)	FY2023	FY2024
	Ind-AS	Ind-AS
Total income	118	157
Profit after tax	27	33
Total managed asset	880	1,078
Return on managed assets	3.4%	3.4%
Gross gearing (times)	1.4	1.1

Source: Company, ICRA Research; All ratios as per ICRA's calculations; Amount in Rs. crore; As of March 31, 2024, BCPL had two wholly-owned subsidiaries, i.e. Blacksoil Asset Management Private Limited and Saraloan Technologies Private Limited

CII

Caspian Impact Investments Private Limited (CII) is a non-deposit taking NBFC, which was launched in 2013. It is the third fund to be set up and managed by Caspian Impact Investment Adviser Private Limited (CIIA). CII extends debt to enterprises with businesses that strive to create a social and/or environmental impact in a responsible, transparent and sustainable manner. It offers term loans, working capital loans and subordinated loans with ticket sizes ranging from Rs. 0.5-15 crore (Rs. 0.01-0.20 crore for its granular book) and tenures ranging from 0.5-5 years. CII's focus sectors include small business finance (SBF), microfinance institution (MFI), food & agriculture (F&A), general impact institutions (GII), healthcare (HEA), clean energy and efficiency (CLE), affordable housing finance and development (AHFD) and financial inclusion enablers (FIE).

Key financial indicators (audited)

CII	FY2023	FY2024	9M FY2025*
	Ind-AS	Ind-AS	Ind-AS
Total income	84.6	97.5	79.0
Profit after tax	3.4	8.5	3.5
Total managed assets	686.8	714.8	660.5
Return on managed assets	1.2%	1.2%	0.7%
Gross gearing (times)	3.1	2.9	2.6
Gross NPA	1.2%	1.1%	2.0%
CRAR	35.3%	36.4%	39.6%

*Source: Company, ICRA Research; *Provisional; All ratios as per ICRA's calculations; Amount in Rs. crore*

Status of non-cooperation with previous CRA: Not applicable

Any other information:

BCPL may face prepayment risk, given the possibility of debt acceleration upon the breach of covenants, including financial covenants and operating covenants. Upon failure to meet the covenants, if the company is unable to get waivers from the lenders or they do not provide it with adequate time to arrange for alternative funding to pay off the accelerated loans, the ratings would face pressure.

Rating history for past three years

	Current (FY2026)			Chronology of rating history for the past 3 years					
				FY2025		FY2024		FY2023	
Instrument	**Type**	**Amount rated (Rs. crore)**	**May 09, 2025**	**Date**	**Rating**	**Date**	**Rating**	**Date**	**Rating**
Commercial paper	Short term	50.00	[ICRA]A2	May 17, 2024	[ICRA]A2	Jun 02, 2023	[ICRA]A2	Jun 02, 2022	[ICRA]A3+
				Sep 12, 2024	[ICRA]A2				
Long term/Short term-others-fund based	Long term/ Short term	650.00	[ICRA]BBB+ (Positive)/ [ICRA]A2	May 17, 2024	[ICRA]BBB+ (Positive)/ [ICRA]A2	Jun 02, 2023	[ICRA]BBB+ (Stable)/ [ICRA]A2	Jun 02, 2022	[ICRA] BBB (Stable)/ [ICRA]A3+
				Sep 12, 2024	[ICRA]BBB+ (Positive)/ [ICRA]A2				
Long-term borrowing programme	Long term	-	-	May 17, 2024	[ICRA]BBB+ (Positive)	Jun 02, 2023	[ICRA]A2	Jun 02, 2022	[ICRA] BBB (Stable)
Long-term/ Short-term bank lines – Unallocated^	Long term/ Short term	-	-	-	-	Jun 02, 2023	[ICRA]BBB+ (Stable)/ [ICRA]A2	Jun 02, 2022	[ICRA]BBB (Stable)/ [ICRA]A3+

^Clubbed with fund-based bank lines

Complexity level of the rated instruments

Instrument	Complexity indicator
Long-term/Short-term fund-based bank lines	Simple
Commercial paper	Very Simple

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: Click Here

Annexure I: Instrument details

ISIN	Instrument name	Date of issuance	Coupon rate	Maturity	Amount rated (Rs. crore)	Current rating and outlook
-	**Long-term/Short-term bank lines – Fund-based bank lines**	Sep 2021 to Nov 2024	MCLR linked	Sep 2024 to Nov 2029	650.00	[ICRA]BBB+ (Positive) /[ICRA]A2
-	**Commercial paper programme***	-	-	-	50.00	[ICRA]A2

*Source: Company; *Proposed*

Please click here to view details of lender-wise facilities rated by ICRA

Annexure II: List of entities considered for consolidated analysis

Company name	BCPL ownership	Consolidation approach
BCPL	Rated entity	Full consolidation
Blacksoil Asset Management Private Limited	100%	Full consolidation
Saraloan Technologies Private Limited	100%	Full consolidation

Source: Company; As of March 31, 2024

In FY2025, BCPL acquired a sizeable stake in a Singapore-based investment management fund, investing in growth companies in Southeast Asia (excluding India)

Pursuant to the proposed terms for acquiring CII, BCPL acquired SIDBI Fund's 20% stake in CII[12], making the latter its associate

[12] *All the other shareholders of CII will continue to be shareholders in the merged entity*

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