

September 12, 2024

Caspian Impact Investments Private Limited – Update on material event

Summary of ratings outstanding

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Outstanding
Long-term fund-based lines	265.00	265.00	[ICRA]BBB+ (Stable)
Fund based – Working capital facilities	40.00	40.00	[ICRA]A2
Total	305.00	305.00	

*Instrument details are provided in Annexure-I

Rationale

Material event

On September 4, 2024, Caspian Impact Investments Private Limited (CII) intimated ICRA regarding its proposal to merge with Blacksoil Capital Private Limited (BCPL; rated [ICRA]BBB+ (Positive)/[ICRA]A2). CII's board of directors has approved the proposed merger vide their board resolution dated August 23, 2024. The proposed scheme is subject to the receipt of regulatory and other approvals, including from the Reserve Bank of India (RBI), the National Company Law Tribunal (NCLT) and the lenders of both companies. Following the completion of the merger, CII will cease to exist and the merged entity will operate under the brand name of Blacksoil.

Impact of the material event

ICRA has taken note of the proposed merger. The successful completion of the merger is expected to favourably impact the scale of operations, customer network, investor base and borrowing franchise of the merged entity. While BCPL is backed by the promoters of the Navneet Group, the Avvashya Group and Mahavir Agency, CII's shareholders include institutional investors such as FMO Entrepreneurial Development Bank, GrayMatters Capital, Triodos among others. As per the proposed scheme, CII's shareholders¹ would receive about 21% of the shares in the merged entity, with BCPL's existing shareholders holding the balance. The merged entity will be jointly spearheaded by the current management of BCPL and CII with Mr. Mohinder Pal Bansal leading the company as the Chairman while Mr. Ankur Bansal will be the Managing Director.

CII's management believes that the increase in the scale of operations will gradually lead to benefits of economies of scale. Also, the merged entity is expected to maintain a more diversified product mix. In addition to lending in the wholesale segment, which is common territory for both entities, CII is focused on the food & agri sectors and small business finance through its co-lending partnerships while BCPL has an established presence in lending to growth companies and providing supply chain finance (through on-balance sheet and co-lending). Additionally, while BCPL predominantly operates in a segment with a ticket size of Rs. 5-30 crore, the relatively lower ticket size of CII will render granularity to the portfolio. The concentration risk in the merged loan book is not expected to increase, given the modest overlap of customers between CII and BCPL.

ICRA is cognisant of the risk associated with the underlying borrower segment of both companies. Nonetheless, the partial credit guarantees available for a part of CII's portfolio mitigate the ultimate credit risk to some extent. Moreover, BCPL has a demonstrated track record of successful exits from the stressed accounts in the past with the successful implementation of resolution plans to curtail losses and lower write-offs since inception.

¹ Except for SIDBI's Samridhi Fund; this fund's stake is proposed to be acquired by BCPL prior to the merger

The merged entity's capitalisation profile is expected to remain adequate with an adjusted tangible net worth of Rs. 575-585 crore and a gearing of 1.7 times (basis financials as of March 2024). Further, the proposed merger will be settled through a share swap; hence, no cash outflow is expected on account of this transaction. All the shareholders of CII (except those holding SIDBI's Samridhi Fund; their 20.04% stake in CII is proposed to be bought by BPCL) are expected to become shareholders of the merged entity.

ICRA notes that the integration process would start only after the receipt of all key approvals (including from the RBI); as such, both entities would be operating separately until the merger process is fully concluded. ICRA will continue to monitor the development of the merger process as well as the timelines involved and will take the appropriate action as may be required. Please refer to the following link for the previous detailed rationale that captures the key rating drivers and their description, liquidity position and rating sensitivities: [Click here](#)

Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	Rating Methodology for Non-banking Finance Companies
Parent/Group support	Not Applicable
Consolidation/Standalone	Standalone

About the company

Caspian Impact Investments Private Limited (CII) is a non-deposit taking non-banking financial company (NBFC), which was launched in 2013. 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)

Caspian Impact Investments Private Limited	FY2022	FY2023	FY2024
Audited/Unaudited	Audited	Audited	Audited
As per	Ind-AS	Ind-AS	Ind-AS
Total income	67.8	84.6	97.0
Profit after tax	0.2	3.4	8.5
Total managed assets	624	687	715
Return on average managed assets	0.0%	0.5%	1.2%
Gearing (reported; times)	2.8	3.1	2.9
Gross NPAs	2.6%	1.2%	1.1%
Capital-to-risk weighted assets ratio	37.2%	35.3%	36.4%

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

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

		Current (FY2025)				Chronology of rating history for the past 3 years					
		FY2025				FY2024		FY2023		FY2022	
Instrument	Type	Amount Rated (Rs Crore)	Sep 12, 2024	Date	Rating	Date	Rating	Date	Rating	Date	Rating
Fund Based Lines	Long Term	265.00	[ICRA]BBB+ (Stable)	Apr 04, 2024	[ICRA]BBB+ (Stable)	Oct 17, 2023	[ICRA]BBB+ (Stable)	Mar 28, 2023	[ICRA]BBB (Positive)	Jul 05, 2021	[ICRA]BBB (Stable)
								Jul 01, 2022	[ICRA]BBB (Positive)		
Working capital demand Loan	Short Term	40.00	[ICRA]A2	Apr 04, 2024	[ICRA]A2	Oct 17, 2023	[ICRA]A2	Mar 28, 2023	[ICRA]A2	Jul 05, 2021	[ICRA]A2
								Jul 01, 2022	[ICRA]A2		
Non-convertible debentures	Long term	0.00	-	-	-	Oct 17, 2023	[ICRA]BBB+ (Stable); withdrawn	Mar 28, 2023	[ICRA]BBB (Positive)	Jul 05, 2021	[ICRA]BBB (Stable)
								Jul 01, 2022	[ICRA]BBB (Positive)		
Non-convertible debentures	Long term	0.00	-	-	-	-	-	Mar 28, 2023	[ICRA]BBB (Positive); withdrawn	Jul 05, 2021	[ICRA]BBB (Stable)
								Jul 01, 2022	[ICRA]BBB (Positive)		
Non-convertible debentures	Long term	0.00	-	-	-	-	-	Jul 01, 2022	[ICRA]BBB (Positive); withdrawn	Jul 05, 2021	[ICRA]BBB (Stable)

Complexity level of the rated instrument

Instrument	Complexity Indicator
Long-term fund-based lines	Simple
Working capital demand loan	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 / Sanction	Coupon Rate	Maturity Date	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	Long-term fund-based lines	Aug 18 to Mar 24	9.00-12.85%	Jul 23 to Jun 27	180.47	[ICRA]BBB+ (Stable)
NA	Long-term bank lines – Proposed/Unallocated	NA	NA	NA	84.53	[ICRA]BBB+ (Stable)
NA	Working capital demand loan	Jan 22	10.80%	1 year	40.00	[ICRA]A2

Source: Company

[Please click here to view details of lender-wise facilities rated by ICRA](#)

Annexure II: List of entities considered for consolidated analysis

Not applicable

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