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# Exclusive: BlackSoil Capital picks Navi Mumbai mall for commercial realty bet

BY SWET SARIKA



Asset management company BlackSoil Group has backed a mall in Navi Mumbai through its recently formed non-banking financial company (NBFC) BlackSoil Capital, a top company executive told News Corp VCCircle.

The NBFC, which is also [looking to invest in startups](#), real estate and unlisted firms via promoter funding, has built a book size of Rs 100 crore in a short span of time. It has done two investments through the venture debt route—\$2.2 million in deals and discounts site [Nearbuy](#) and an undisclosed amount in cloud telephony firm [Knowlarity](#). It is in advanced stages of discussion for its third deal.

In the promoter funding segment, it has committed funds to the promoters of an automobile components firm and a PVC products maker.

In its latest real estate transaction, BlackSoil Capital has invested Rs 15 crore (\$2.2 million) through structured debt in Centre One Mall, Navi Mumbai. Located in Vashi, the mall has been closed for renovation for six months now, mall authorities confirmed to VCCircle. The *Mid-Day* newspaper had reported that the mall downed its shutters on 31 March, 2015.

The mall's website suggests that it was rented out to a host of brands such as Lee, Nike, Café Coffee Day, Hokey Pokey, Jockey, Spykar and Samsonite, among others.

"This is a landmark property in Navi Mumbai. So far the owners had rented out area-wise to different brands, but now the property has been taken on rental agreement by a single retailer for 6-7 years. The owners have raised capital to redo the property and take it to a new level," said Ankur Bansal, vice-president, BlackSoil Group.

He added that there is enough clarity on exit when it happens 6-7 years later. "The exit will be either funded through rental income or through refinancing as and when it happens.

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out as against the uncertainty of tenants in greenfield or ongoing projects," he said.

BlackSoil lends capital at the rate of 15-18 percent.

This marks the second investment by the firm in real estate, and the first in the commercial/retail segment. In residential real estate, it has sealed a co-investment deal with a Bangalore-based developer for an ongoing project. Bansal did not share the name of the developer as the deal is yet to see fruition.

BlackSoil Group also has a real estate-focussed private equity fund that was launched in 2013. It has so far made six investments from a total corpus of Rs 160 crore, and already exited three of them. Currently, it is sitting on dry powder of Rs 30-40 crore from the corpus.

### Investors go in for retail therapy

The capital infusion comes at a time when the commercial real estate market—including both office assets and malls—has shown considerable improvement. Vacancy levels have gone down considerably over the last couple of quarters, thereby improving rentals. While demand has been on the rise, supply has not been able to keep up pace. Sensing the opportunity, debt players such as Altico Capital, Piramal Fund Management and Xander Finance have added the segment in their investment horizon. While they continue to invest in residential properties, they are aggressively chasing investments in the commercial segment as well.

Piramal Fund Management (PFM), the financial services arm of the Piramal Group, recently expanded its portfolio to offer Flexi Lease Rental Discounting (LRD) loans for completed commercial assets that include office and retail space. The firm said it intends to scale up its book size to Rs 10,000 crore by FY2017-18.

Retail properties, in particular, have caught the fancy of global investors lately. Recently, Canada Pension Plan Investment Board (CPPIB) picked up a stake in the Bangalore asset of mall developer The Phoenix Mills. Dutch pension fund APG recently forged a platform with Virtuous Realty to develop malls in India.

According to a recent note by JLL India, 2017 is likely to see the highest mall space becoming operational, second only to 2011. High levels of activity are expected 2017 onwards, after a prolonged slowdown from 2014 that lasted through 2016. "This slowdown was the result of very few malls getting completed in these three years, and also due to poorly-performing malls shutting down," it said.

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Tags: Blacksoil Capital , Ankur Bansal , real estate , NBFC , investment , retail real estate , venture debt , promoter funding , private equity , Centre One Mall , Navi Mumbai , Vashi

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