

January 18, 2022

## Unison Enviro Private Limited- Update on Entity

### Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Long Term - Fund Based – Term Loan*	543.00	543.00	[ICRA]A+(CE)(Stable); outstanding
<b>Total</b>	<b>543.00</b>	<b>543.00</b>	
Rating Without Explicit Credit Enhancement			[ICRA]BBB+

\*Instrument details are provided in Annexure-1

Note: The (CE) suffix mentioned alongside the rating symbol indicates that the rated instrument/facility is backed by some form of explicit credit enhancement. This rating is specific to the rated instrument/facility, its terms and its structure and does not represent ICRA's opinion on the general credit quality of the entity concerned. The last row in the table above also captures ICRA's opinion on the rating without factoring in the explicit credit enhancement

### Rationale

On December 25, 2021, Ashoka Buildcon Limited (ABL) has announced that Ashoka Concessions Limited (ACL) ([ICRA]A &), subsidiary of ABL, has entered into share subscription and share purchase agreements (SPAs) with Galaxy Investments II Pte. Ltd., an affiliate of Kohlberg Kravis Roberts & Co. L.P. (KKR), for divesting 100% stake in five BOT toll subsidiaries of ACL i.e., Ashoka Highways (Bhandara) Limited, Ashoka Highways (Durg) Limited ([ICRA] BBB+ &), Ashoka Belgaum Dharwad Tollway Limited ([ICRA]A (CE)&), Ashoka Sambalpur Baragarh Tollway Limited ([ICRA]A (CE) &) and Ashoka Dhankuni Kharagpur Tollway Limited ([ICRA] BBB+ &), for an aggregate consideration of Rs.1337 crore. The deal is expected to get concluded by September 30, 2022, subject to receipt of necessary approval / consents from concerned Lenders and National Highways Authority of India (NHAI) and completion of certain conditions precedent therein.

ICRA is further given to understand from the total consideration received, Rs. 1,200 crores will be utilized to facilitate the exit of SBI Macquarie, which currently holds 36% stake in ACL and some portion will be utilized to pay other shareholders in these subsidiaries and balance proceeds will be utilized for repayment by ACL for repayment of unsecured loans of ABL. Total cumulative fund infusion (including equity infusion and support by way of loans and advances) by ACL in these subsidiaries before closure of deal will be around Rs. 2,100 crores. ACL has already provisioned around Rs 250 crore in the past, therefore approximately Rs 500-Rs 600 crore will be incremental provisioning in ACL in FY 2022. Some of these assets required financial support from ACL to meet major maintenance expenses and debt obligations.

Some of these assets required financial support from ACL to meet major maintenance expenses and debt obligations. ICRA notes that post sale of the assets, ultimate sponsor ABL shall no longer be required to support these SPVs for any cash flow mismatches which were earlier a drag on its cash flows. ICRA will continue to monitor any developments in this front for any implications on credit profile of ABL.

Please refer to the following link for the previous detailed rationale that captures Key rating drivers and their description, Liquidity position, Rating sensitivities: [Click here](#)

### Analytical approach

Analytical Approach	Comments
Applicable Rating Methodologies	<a href="#">Corporate Credit Rating Methodology</a> <a href="#">Rating methodology for City Gas Distribution companies</a>

	<a href="#">Approach for rating debt instruments backed by third-party explicit support</a>
<b>Parent/Group Support</b>	Parent/Group Company: Ashoka Buildcon Limited (ABL) The rating is based on the strength of the irrevocable and unconditional corporate guarantee provided by the parent, ABL
<b>Consolidation/Standalone</b>	Standalone

## About the company

Incorporated in December 2015, Unison Enviro Private Limited (UEPL) has been authorised by the Petroleum and Natural Gas Regulatory Board (PNGRB) to implement the City Gas Distribution (CGD) network in the Geographical Areas (GA) of Ratnagiri and Latur & Osmanabad in the state of Maharashtra; and Chitradurga & Devangere in the state of Karnataka. UEPL has received authorisation from PNGRB for marketing exclusivity in the Ratnagiri region for five years (ending in CY2022) and Latur-Osmanabad and Chitradurga & Devangere for eight years (ending in 2027). Further, UEPL will continue to enjoy infrastructure exclusivity in all the three GAs for a 25-year period (till CY2041 for Ratnagiri GA and CY2043 for the other two GAs). The authorisation for implementation of CGD network in Ratnagiri GA was granted by PNGRB under the 6th round of CGD bidding organised by it in August 2016. The authorisation for Latur & Osmanabad and Chitradurga & Devangere GAs was granted in September 2018 under the 9th round of CGD bidding. ABL holds 51% stake in UEPL with the balance being held by North Haven India Infrastructure Fund (NHIIF). NHIIF is an India dedicated alternative investment fund of Morgan Stanley Infrastructure Partners (MSIP).

## Key financial indicators (audited)

UEPL Standalone	FY2020	FY2021
Operating Income (Rs. crore)	6.6	20.4
PAT (Rs. crore)	-8.9	-13.2
OPBDIT/OI (%)	-78.1%	-7.4%
PAT/OI (%)	-135.8%	-64.9%
Total Outside Liabilities/Tangible Net Worth (times)	0.1	0.4
Total Debt/OPBDIT (times)	NM	NM
Interest Coverage (times)	NM	NM

PAT: Profit after Tax; OPBDIT: Operating Profit before Depreciation, Interest, Taxes and Amortisation

## Status of non-cooperation with previous CRA: Not applicable

## Any other information: None

## Rating history for past three years

	Instrument	Current Rating (FY2021)				Chronology of Rating History for the past 3 years			
		Type	Amount Rated (Rs. crore)	Amount Outstanding as of January 18, 2022 (Rs. crore)	Date & Rating in FY 2022		Date & Rating in FY2021		Date & Rating in FY2019
					January 18, 2022	Sep 03, 2021			
1	Term Loans	Long-term	543.0	-	[ICRA]A+(CE) (Stable)	[ICRA]A+(CE) (Stable)	-	-	-

## Complexity level of the rated instrument

Instrument	Complexity Indicator
Long-term Fund-based – Term 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 analyzing 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, is available on ICRA's website: [www.icra.in](http://www.icra.in)

### Annexure-1: Instrument details

ISIN No	Instrument Name	Date of Issuance / Sanction	Coupon Rate	Maturity Date	Amount Rated (RS Crore)	Current Rating and Outlook
NA	Term Loan	FY2021	NA	FY2035	543.0	[ICRA]A+(CE) (Stable)

Source: Company

### Annexure-2: List of entities considered for consolidated analysis- Not Applicable

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