

March 13, 2023^(Revised)

Unison Enviro Private Limited: Placed on rating watch with developing implications

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]AA- (CE), Placed on rating watch with developing implications
Total	543.00	543.00	
Rating Without Explicit Credit Enhancement			[ICRA]BBB+

*Instrument details are provided in Annexure-I

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

Material Event

On March 03, 2023, Ashoka Buildcon Limited (ABL) along with its co-shareholder North Haven India Infrastructure Fund¹ (NHIIF), an investment fund managed by Morgan Stanley India Infrastructure, announced that ABL has entered into a Share Purchase Agreement (SPA) with Mahanagar Gas Limited (MGL)([ICRA]AAA(Stable)/A1+), for sale of their 100% stake held in Unison Enviro Private Limited (UEPL) for an aggregate consideration of Rs. 531 crore. The deal is expected to be concluded by March 31, 2024, subject to satisfaction of customary conditions including approval by Petroleum & Natural Gas Regulatory Board (PNGRB) and lenders of UEPL.

Impact of Material Event

ABL holds 51% stake in UEPL with the balance being held by NHIIF. The rating on bank lines of UEPL is based on the strength of the unconditional corporate guarantee provided by ABL. ICRA takes note of the development and has placed the ratings of [ICRA]AA-(CE) outstanding on the Rs.543.00 crore bank lines of UEPL on watch with developing implications, as corporate guarantee from ABL will fall off post acquisition. ICRA will continue to monitor the developments and will take appropriate rating action as and when further details are available.

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

Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Rating methodology for City Gas Distribution companies Approach for rating debt instruments backed by third-party explicit support
Parent/Group support	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

¹ NHIIF is an India dedicated alternative investment fund of Morgan Stanley Infrastructure Partners (MSIP)

Consolidation/Standalone

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 CGD network in GAs of Ratnagiri, Latur and Osmanabad in Maharashtra, along with Chitradurga and Davanagere in Karnataka. UEPL has received authorisation from PNGRB for marketing exclusivity in the Ratnagiri region for five years (ending in CY2023), and for Latur and Osmanabad as well as Chitradurga and Davanagere for eight years (ending in CY2029). Further, UEPL will continue to enjoy infrastructure exclusivity in all the three GAs for a 25-year period (till CY2043 for Ratnagiri GA and CY2045 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 and Osmanabad as well as Chitradurga and Davanagere 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).

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Current Rating (FY2023)					Chronology of Rating History for the Past 3 Years					
Instrument	Type	Amount Rated (Rs. crore)	Amount Outstanding as on Sept 30, 2022 (Rs. crore)	Date & Rating in FY2023		Date & Rating in FY2022		Date & Rating in FY2021	Date & Rating in FY2020	
				Mar 13, 2023	Dec 30, 2022	Jan 18, 2022	Sep 03, 2021			
1	Term Loans	Long term	543.0	158.0	[ICRA]AA-(CE); Rating watch with developing implications	[ICRA]AA-(CE) (Stable)	[ICRA]A+(CE) (Stable)	[ICRA]A+(CE) (Stable)	-	-

Complexity level of the rated instruments

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 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
NA	Term Loan	FY2021	NA	FY2035	543.0	[ICRA]AA- (CE), Rating watch with developing implications

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

Corrigendum

Rationale dated March 13, 2023 has been revised with changes as below:

- The hyperlink given for the previous detailed rationale on page number 1 has been corrected.

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