

GSPL India Gasnet Limited

June 19, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long-term bank facilities	4,260.86 (Reduced from 5,131.00)	CARE A (RWD)	Upgraded from CARE A-; Continues to be on Rating Watch with Developing Implications

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

The upgrade in ratings assigned to GSPL India Gasnet Limited (GIGL) considers declaration of commercial operations date (COD) on August 22, 2024, for 1417.80 km thus largely alleviating construction related risk. The project length of 1,694 km is divided in three phases- of which phase-I of 442 km of pipeline has been operational since November 2018. For execution of pending work related to phase-II and phase-III GIGL had received extension of time till December 31, 2024, from Petroleum and Natural Gas Regulatory Board (PNGRB). However, COD was declared on August 22, 2024, while de-scoping pending work related to phase-2 and phase-3. Correspondingly, debt related to descope portion was surrendered leading to reduction in debt from ₹5,076 crore sanctioned debt to ₹4,289 crore as on project COD. Of the four descope pipeline, GIGL is currently executing work related to three spur lines- National Fertilizers Limited (NFL) Bhatinda, HPCL Mittal Energy Limited (HMEL) and Jodhpur connectivity line of which work related to NFL and HMEL is expected to be completed by 9MFY26 (refers to April 01 to December 31) while Jodhpur connectivity line shall be completed by the end of FY27. The estimated cost of work per GIGL's articulation is ₹344 crore to be funded through incremental debt of ₹100 crore, capex advance from customers and balance through equity infusion from sponsors. Per management articulation, there is no movement in work related to 130 Km Bhatinda to Jalandhar trunk pipeline due to RoW issues and this has been notified to Petroleum and Natural Gas Regulatory Board (PNGRB) by GIGL.

Ratings continues to derive strength from its strong parentage, it being a joint venture (JV) of Gujarat State Petronet Limited (GSPL: rated CARE AA+ (RWD)/ CARE A1+; 52% stake), Indian Oil Corporation Limited (IOCL; 26% stake), Bharat Petroleum Corporation Limited (BPCL; rated 'CARE AAA; Stable/CARE A1+; 11% stake'), and Hindustan Petroleum Corporation Limited (HPCL; 11% stake), with the sponsors having established presence in the natural gas transmission and downstream natural gas value chain, and GIGL's strategic importance to its sponsors. GIGL benefits from competitive tariff compared to the existing natural gas pipelines and demand derived in the vicinity of project area. The rating is also underpinned by unconditional and irrevocable sponsor support undertaking (SSU) extended by the JV partners to the extent of their stake to fund cost overrun and maintain debt service coverage ratio (DSCR) of at least unity in its operational phase. Per SSU, all JV partners have timely brought funds to bridge cost overrun and shortfall in cashflows in operational phase due to lower than estimated offtake of natural gas. CARE Ratings Limited (CareEdge Ratings) expects timely support as per SSU in the medium term in light of expected cash deficit till ramp up of gas volumes.

Ratings of long-term bank facilities of GIGL continue to be on a rating watch with developing implications with ratings assigned to its 52% joint venture (JV) partner, GSPL following the announcement of GSPL's amalgamation in Gujarat Gas Limited (GGL; rated CARE AAA; Stable/CARE A1+) and subsequent demerge of gas transmission business in GSPL Transmission Limited (GTL) and its two JVs- GIGL and GSPL India Transco Limited (GITL; rated CARE A (RWD)). CareEdge Ratings would continue to monitor the developments and will take a view on ratings once the merger and subsequent de-merger is completed.

The rating strengths are partly tempered by decline in volume throughput in FY25 against FY24 and lower than expected off-take as per gas transmission agreement (GTA). However, volumes are expected to be ramped up from FY26 owing to increase in off-take by IOCL and expected volumes from NFL and HMEL upon completion of pipeline which renders volume visibility. Going forward, ramp up in volume as envisaged and continued timely support from sponsor shall remain crucial.

Fixed tariff over the project period, and interest rate risk are other credit weaknesses. Ratings are also constrained by on-going dispute between GIGL and PNGRB considering change in pipeline diameter for few Kms without prior approval of PNGRB.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Significantly higher than expected volumes of 10 million metric standard cubic meters per day (mmscmd) in the near-to-medium term.
- Achievement of self-sustainable operations.

¹Complete definition of ratings assigned are available at www.careratings.com and other CARE Ratings Limited's publications.

Negative factors

- Significantly lower-than-anticipated volume over medium term.
- Delaying receipt of need-based support from the promoters.

Analytical approach:

Standalone while factoring financial and technical support from its sponsors. The expected support by way of equity infusion by the sponsors, GSPL, IOCL, HPCL, and BPCL is central to GIGL's analysis. Per the sponsor support undertaking extended by sponsors, the sponsors shall fund in the proportion of their shareholding for the line pack as and when required and also arrange for the utilisation of natural gas pipeline capacity or infuse such funds to maintain DSCR of at least unity in its operational phase.

Outlook: Not applicable

Detailed description of key rating drivers:

Key strengths

Strong parentage with stake of GSPL, IOCL, HPCL, and BPCL

GIGL's majority stake holder, GSPL, has 52% stake and is one of the leading players in developing natural gas transportation infrastructure in the country. GSPL is engaged in natural gas transmission business across Gujarat, and it owns the second-largest natural gas transmission network in India. Based on the announcement from August 30, 2024, GSPL's gas transmission business will be transferred to the newly formed GTL. Consequently, GIGL will no longer be a joint venture of GSPL, and GTL will become the new majority joint venture partner. As per the scheme of amalgamation SSU extended by GSPL shall continue post amalgamation. IOCL, having 26% stake in GIGL, is India's largest oil refining and marketing company. IOCL and its subsidiaries have a dominant share of the petroleum products market, national refining capacity, and downstream sector pipeline capacity in India. IOCL has presence in the entire value chain of the oil and gas sector, including refining, petrochemicals, natural gas, and pipelines. BPCL, having 11% stake in GIGL, is a public sector undertaking which is an integrated oil company engaged in refining crude oil and marketing petroleum products. It is the second-largest public sector refining company in India. HPCL, having 11% stake in GIGL, is one of the largest oil refining and marketing companies in India with vast experience in refinery operations, maintenance, and project execution. GIGL assumes strategic importance for its sponsors' future growth plans in the sector. Therefore, CareEdge Ratings expects GIGL to receive significant continued managerial, operational, technical, and need-based financial support from its sponsors in their respective proportion.

Sponsor support undertaking in place for project

GIGL's JV partners have provided sponsor support undertaking to the project in timely equity contribution, meeting cost overrun and enabling good pipeline capacity utilisation. The sponsors have infused ₹2,229 crore of equity, over the required amount, as on March 31, 2025. The sponsors shall also arrange for line pack, pipeline capacity utilisation and loans and advances as and when required in the project such that the DSCR of at least unity is maintained by GIGL in the operational phase per the terms of the sponsor support undertaking. Per managements articulation, the sponsors have infused ₹81 crore in April 2025 to fund the operational shortfall for FY25.

Achievement of COD while descoping of the balance portion

GIGL had earlier received the environmental clearance for the project from the Ministry of Environment, Forest and Climate Change (MoEFCC). GIGL has secured ~100% right of way (RoW) for the project. The total project of 1,693.50 kms was being executed in three phases. The project got COD on August 22, 2024, for the completed pipeline length of 1,417.8 and the remaining construction of pipeline length of 276.2 km is descoped thus mitigating construction related risk.

The project's phase-I, including 442 kms of natural gas pipeline, achieved commercial operations date (COD) in November 2018. For the project's phase-II, project achieved COD on 890.8 kms length while balance 53.2 kms length has been descoped due to pending considering right of use (RoU) issues with the farmers pertaining to the amount of compensation for the land parcels in Punjab. Considering phase-III, the company has earlier reduced the scope of work to 308 kms, of which 85 kms of HPCL Rajasthan Refinery Limited (HRRL) connectivity stands completed and ~223 kms of pending line has been descoped. Correspondingly, debt related to descoped portion was surrendered leading to reduction in debt from ₹5,076 crore sanctioned debt to ₹4,289 crore as on project COD. Of the four pipelines descoped for issuance of COD, GIGL is currently executing work related to three spur lines- National fertilizers Limited (NFL) Bhatinda, HPCL Mittal Energy Limited (HMEL) and Jodhpur connectivity line of which work related to NFL and HMEL is expected to be completed by 9MFY26 (refers to April 01 to December 31) while Jodhpur connectivity line shall be completed by end of FY28. The estimated cost of work per GIGL's articulation is ₹344 crore to be funded through incremental debt of ₹100 crore, customer advances and balance through equity infusion from sponsors. Per management articulation, there is no movement in work related to 130 Km Bhatinda to Jalandhar trunk pipeline due to RoW issues and this has been notified to Petroleum and Natural Gas Regulatory Board (PNGRB) by GIGL.

Envisaged availability of natural gas from primary sources and connectivity with existing and upcoming regassified liquified natural gas (RLNG) terminals

The primary natural gas sources for the pipeline shall consist of the existing RLNG terminals at Dahej, Hazira, and Mundra in Gujarat. Gradually, the upcoming terminals of Swan LNG at Jafrabad, HPCL at Chhara, RJON-90/1 block of Focus Energy Limited (FEL; rated 'CARE BBB-; Stable/CARE A3') in Rajasthan, RIL-BP R-series and ONGC KG 98/2 shall contribute as additional sources. As on date, GIGL's natural gas pipeline is already connected to the Rageshwari gas field of Vedanta in Barmer and Dadri Bawana Nangal natural gas pipeline of GAIL India Limited (GAIL; rated 'CARE AAA; Stable/CARE A1+') at Jalandhar. GIGL's pipeline will also be connected to other domestic natural gas sources through other trunk pipelines.

Long-term project loan providing cushion to its cash flows; despite interest rate risk persists

Per the sanction terms, the term loan is to be repaid in 68 structured quarterly instalments which has commenced from December 31, 2024, and end on September 30, 2041. Thus, the overall loan repayments are expected to be over 17 years which impart generation and retention of surpluses. GIGL is exposed to the risk associated with adverse movements in interest rate considering floating interest rate structure of the term loan. This particularly gets accentuated considering the inflows in the form of pipeline tariff shall remain fixed for the project's entire tenure. Of the total sanctioned debt of ₹5,076 crore, project debt of ₹4,289.31 crore has been drawn while balance sanctioned debt of ₹787 crore pertaining to descope project has been surrendered. The outstanding debt as on March 31, 2025, stands at ₹4,197.57 crore. Post achievement of project COD, the interest rate has been reduced by 70 bps.

Competitive tariff compared to existing natural gas transmission pipelines

The existing natural gas transmission pipelines in India follow a 'cost-plus' approach for determining the tariff under the Petroleum and Natural Gas Regulatory Board (PNGRB) regulations, whereas GIGL's natural gas pipeline project is being implemented at a fixed tariff for 25 years. Hence, the tariff quoted is competitive. Thus, considering lower tariff, GIGL is expected to get additional volumes since some customers may divert their volumes to the new natural gas pipeline. PNGRB has given a 25-year infrastructure exclusivity period to GIGL for the natural gas pipeline, and hence, the substitution risk is minimal. GIGL's natural gas pipelines are connected to the existing natural gas trunk pipelines. The integration of the natural gas pipelines to the National Gas Grid will facilitate bi-directional natural gas flow and will result in the formation of seamless network of natural gas pipelines connecting natural gas production sources and liquified natural gas (LNG) terminals with major demand centres in India.

Stable demand is envisaged for natural gas in the region of pipeline

To address the environmental concerns, the Government of India (GoI) has been actively promoting a shift toward cleaner energy sources, including natural gas. In India, major consuming sectors of natural gas include fertilisers, petrochemicals, sponge iron (as feedstock), and power and city gas distribution (CGD). Power and fertiliser sectors have always been the biggest contributor to India's total natural gas demand. Recently, on award of CGD geographical areas (GAs) by the regulator across the country, CGD sector is expected to add-up significant transportation volumes in the near future. In addition to this, the infrastructure facilities for unloading, storage and re-gasification of imported LNG are also being improved by expansion at the existing terminals and green-field capacities are being established at locations across the country. The development of Delhi Mumbai Industrial Corridor (DMIC) and conversion to compressed natural gas (CNG) in key cities along the natural gas pipeline is expected to drive the demand for GIGL.

Key weaknesses

Risk related to volume ramp-up and lower than stipulated offtake as compared to GTA

GIGL is exposed to the marketing risk as the GTA's are shorter in tenor. Currently, the actual capacity utilisation stands low at below 10% in FY25. Despite, firm GTA's of 7.38 mmscmd in FY25, the actual volume stood low at 3.7 mmscmd. GTAs signed by GIGL are short tenor exposing it to the risk of renewals. Currently, it has firm GTAs of up to 7.72 mmscmd as on March 31, 2025. Going forward, volumes are expected to be ramped up from anchor customers such as IOCL Panipat, HRRL, HEML and NFL among others. Ramp-up in volume as envisaged leading to self-sustainable operations shall remain key rating sensitivity.

GIGL has fixed tariff over the project's entire economic life of 25 years. Fixed tariff may translate to lower realisations in case of greater operating expenses, lower-than-expected natural gas transmission volumes and increase in the interest rates in the economy in the future, affecting its debt coverage. However, CareEdge Ratings expects DSCRs under the stress scenarios shall be supported by the sponsors as articulated by way of sponsor support undertaking.

Moderation in operating performance in FY25

In FY25, GIGL reported TOI of ₹240 crore registering year-over-year (y-o-y) de-growth of 34% over FY24, due to lower throughput volumes at 3.7 mmscmd in FY25 compared to 5.8 mmscmd in FY24. GIGL handled lower volumes due to lower volumes from IOCL Panipat, GAIL India and HRRL compared to the GTA signed. In FY24, volumes were higher considering leakage in IOCL's Dadri Panipat Pipeline (DPP) due to which gas was diverted from DPP to GIGL's pipeline from July 26, 2023, to February 16, 2024, leading surge in overall volumes. Currently, GIGL has firm Gas Transmission Agreements (GTAs) upto 7.72 mmscmd as on March 31, 2025. The PBILDT margins deteriorated to 73% in FY25 from 85% in FY24, primarily due to lower throughput leading to lower absorption of fixed costs.

Liquidity: Adequate

GIGL's sponsors have extended the sponsor support undertaking in favour of its lenders that they shall arrange necessary funds for cost overrun and also for line pack, pipeline capacity utilisation and loans and advances as and when required in relation to the project such that DSCR of at least unity is maintained by GIGL in the operational phase. The entire term debt required for the project (including debt towards cost overrun) has been tied up and final project debt of ₹4,289.31 crore has been drawn while balance sanctioned debt of ₹787 crore pertaining to descope project is surrendered. Term loan repayments have commenced from December 31, 2024. The sponsors have already infused ₹2,229 crore till March 31, 2025, towards the project. The promoters have infused ~₹81 crore in April 2025 and will infuse further money towards operational support due to lower volume of gas handled in FY25. CareEdge Ratings, expects the sponsor support to continue to meet the operational requirements in case of lower-than-anticipated volumes.

Assumptions/Covenants: Not applicable**Environment, social, and governance (ESG) risks: Not applicable****Applicable criteria**
[Definition of Default](#)
[Factoring Linkages Parent Sub JV Group](#)
[Liquidity Analysis of Non-financial sector entities](#)
[Rating Outlook and Rating Watch](#)
[Financial Ratios – Non financial Sector](#)
[Infrastructure Sector Ratings](#)
About the company and industry**Industry classification**

Macroeconomic indicator	Sector	Industry	Basic industry
Energy	Oil, gas & consumable fuels	Gas	Gas transmission/Marketing

GIGL was incorporated in October 2011 as a subsidiary of GSPL. In April 2012, a JV agreement was executed between GSPL, IOCL, BPCL, and HPCL. Share of JV partners in GIGL is GSPL (52%), IOCL (26%), BPCL (11%), and HPCL (11%). GIGL was given authorisation for developing natural gas pipeline for transmission of natural gas from Mehsana in Gujarat to Bhatinda in Punjab and Srinagar in Jammu and Kashmir with an approximate pipeline length of 2,012 kms. The scope was subsequently revised to 1,929 kms (from Mehsana in Gujarat to Bhatinda and Gurdaspur in Punjab) as approved by the PNGRB and further to 1,693.50 kms. The authorisation to lay down the natural gas pipeline was given by the PNGRB on July 07, 2011. GIGL has received the project through a competitive bidding process based on the project's fixed tariff over 25 years. The project cost was earlier revised to ₹7,384 crore.

The total project of 1,693.50 kms was being executed in three phases. The project got COD on August 02, 2024, for the completed pipeline length of 1,417.8 and the remaining construction of pipeline length of 276.2 km is descope. Final project cost stands at ₹6,240 crore.

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (A)
Total operating income	365.51	239.67
PBILDT	310.47	175.60
PAT	-139.28	-265.32
Overall gearing (times)	1.94	2.47
Interest coverage (times)	1.01	0.51

A: Audited; Note: these are latest available financial results

Status of non-cooperation with previous CRA: Not applicable**Any other information: Not applicable****Rating history for last three years: Annexure-2****Detailed explanation of covenants of rated instrument / facility: Annexure-3**

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Non-fund-based - LT-Bank Guarantee		-	-	-	50.00	CARE A (RWD)
Term Loan-Long Term		-	-	September 30, 2041	4210.86	CARE A (RWD)

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2025-2026	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023
1	Non-fund-based - LT/ ST-Bank Guarantee	LT/ST	-	-	-	-	-	1)Withdrawn (24-Nov-22)
2	Term Loan-Long Term	LT	4210.86	CARE A (RWD)	-	1)CARE A-(RWD) (09-Sep-24) 2)CARE A-; Stable (30-Aug-24)	1)CARE A-; Stable (02-Jun-23)	1)CARE A-(RWN) (06-Jan-23) 2)CARE A-(RWN) (27-Dec-22) 3)CARE A-(CW with Negative Implications) (24-Nov-22)
3	Un Supported Rating-Un Supported Rating (Short Term)	ST	-	-	-	-	-	1)Withdrawn (24-Nov-22)
4	Non-fund-based - LT-Bank Guarantee	LT	50.00	CARE A (RWD)	-	1)CARE A-(RWD) (09-Sep-24) 2)CARE A-; Stable (30-Aug-24)	1)CARE A-; Stable (02-Jun-23)	1)CARE A-(RWN) (06-Jan-23)

LT: Long term; ST: Short term; LT/ST: Long term/Short term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not applicable

Annexure-4: Complexity level of instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Non-fund-based - LT-Bank Guarantee	Simple
2	Term Loan-Long Term	Simple

Annexure-5: Lender details

To view the lender wise details of bank facilities please [click here](#)

Note on complexity levels of rated instruments: CareEdge Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

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