GSPL Transmission Limited

October 27, 2026

Facilities/Instruments	Name of the Regulator[1]	Amount (₹ crore)	Rating[2]	Rating Action
Long-term / Short-term bank facilities	RBI	250.00	CARE AA+; Stable / CARE A1+	Assigned
Long-term bank facilities	RBI	50.00	CARE AA+; Stable	Assigned

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Ratings assigned to bank facilities of GSPL Transmission Limited (GTL) derives strength from GTL's established position as one of the largest players in the natural gas transmission business in India together with its leadership position in Gujarat and strategic location with connectivity to major natural gas supply sources. The company was incorporated in July 2024. Pursuant to the scheme of arrangement, Gujarat State Petroleum Corporation Limited (GSPC), Gujarat State Petronet Limited (GSPL) and GSPC Energy Limited (GEL) were amalgamated with Gujarat Gas Limited (GGL; now known as Gujarat Energy Limited; rated CARE AAA; Stable/CARE A1+), while the natural gas transmission business of GEL and GSPL (and two joint venture [JV] companies) was demerged into GTL, with the appointed date for the demerger being April 1, 2025. Post regulatory and shareholder approvals, the scheme was effective 1st May 2026. Accordingly, GTL has emerged as a focused gas transmission entity, housing the transmission business earlier undertaken by GSPL & GEL.

Ratings further derives strength from GTL's open-access operating model, significant share in the natural gas transmission business and increasing demand for natural gas from consumer segments, and its strong financial profile. GTL's financial risk profile remains healthy, marked by nil debt and strong liquidity. Gas Transmission Agreements (GTAs) provide revenue visibility in the near-to-medium term on scheduled expiry of GTAs. However, the risk is mitigated, given track record of GTA renewal upon expiry.

However, GTL's long-term rating remains constrained due to project implementation and marketing risks associated with its ongoing capital expenditure programme and its vulnerability to regulatory risk. CARE Ratings Limited (CareEdge Ratings) also notes that while the financial performance of two large-sized JVs has improved, there may be a requirement for minor operational support if there is a delay in ramp-up of volumes as envisaged. However, GTL's strong liquidity is expected to sufficiently address support requirement.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Substantial increase in volume throughput leading to increase in scale of operations.

Negative factors

- Major debt-funded capex and/or higher-than-anticipated investments in JVs leading to total debt/profit before interest, lease rentals, depreciation, and taxation (PBILDT) to beyond 1.50x on a sustained basis.

Analytical approach: Standalone; along with planned investments in its two JVs. GTL's majority income and cash flows are generated from its core natural gas transmission business. Hence, a standalone approach has been considered for analysis. However, the equity/shortfall support envisaged to be provided by GTL in its two JVs, has been suitably factored in the analysis. Entities where support is factored in GTL's analysis are listed below:

Sr No.	Name of Entity
1.	GSPL India Gasnet Limited
2.	GSPL India Transco Limited

[1]SEBI: Securities and Exchange Board of India; RBI: Reserve Bank of India; MCA: Ministry of Corporate Affairs; IRDAI: Insurance Regulatory and Development Authority of India; PFRDA: Pension Fund Regulatory and Development Authority.
[2]Complete definitions of ratings assigned are available at www.careratings.com and in other CARE Ratings Limited's publications.

Outlook: Stable

The stable outlook on long-term rating reflects expectation that GTL will continue to benefit from its leadership position in the natural gas transmission business in Gujarat. CareEdge Ratings also expects GTL to maintain healthy operational and financial risk profile and a healthy capital structure in the medium term.

Detailed description of key rating drivers

Key strengths

Strategic location in Gujarat, the highest natural gas-consuming state, and its established track record

GSPL (transmission business now with GTL) commenced its operations by transmitting natural gas provided by GSPC. Over the years, GTL has invested significantly in developing its natural gas pipeline network, which is now connected to major natural gas supply sources in Gujarat, including designated collection points near natural gas fields in Hazira, regassified liquified natural gas (RLNG) from Shell's terminal at Hazira, Petronet LNG Limited's terminal at Dahej, GSPC LNG Limited's (GLL's) terminal at Mundra and Swan LNG floating storage regasification unit (FSRU; Phase-1), and Chhara LNG terminal. Gujarat is the primary origination and entry point for domestic natural gas produced in the Arabian Sea and imported RLNG for western and northern India, owing to its strategic location and oceanic access to liquified natural gas (LNG) exporting countries in the Middle East and Asia. It is also the highest natural gas-consuming state, with ~40% of total domestic natural gas consumption in the country. These factors support steady utilisation of GTL's natural gas transmission pipelines. The gas transmission undertaking has over two decades of experience in the natural gas transmission business. GTL is the leader in this segment in Gujarat and is the second-largest player in India. Board of GTL comprises of Directors appointed by Government of Gujarat (GoG) and independent professional directors. The top management is supported by a team of professional and technical staff at various levels.

Operating on an open access basis

GTL is a pure natural gas transmission company operating on an open access basis; it does not buy or sell natural gas. Open access enables natural gas consumers to separately negotiate their natural gas supplies from several suppliers. Operating on an open access basis allows GTL to target natural gas suppliers and consumers, resulting in increased revenues from a broader customer base. Operating as a natural gas transmission-only entity helps GTL minimise risks associated with fluctuations in natural gas prices.

GTAs provide medium-term revenue visibility

GTL has contracts on hand with reputed clients in the region, which includes large industries and city gas distribution (CGD) entities, which use natural gas either as feedstock, fuel or supply it for further distribution. GTL's total contracted volumes on hand are 44.30 million metric standard cubic meter per day (MMSCMD), which provides a medium-term visibility to its revenue stream. Majority GTAs, which expired in FY26, were largely renewed.

Low level of competition because of regulated nature of business

GTL, with its ~2,878-km long natural gas pipeline network as on June 30, 2026, is currently the second-largest natural gas transmission network operator in the country after GAIL (India) Limited (GAIL; rated 'CARE AAA: Stable/CARE A1+'). GAIL's market share is ~70% in the natural gas transmission business, with primary focus on serving western and northern India. In contrast, GTL has an extensive network in Gujarat, covering 26 districts. GTL follows leading strategy and develops natural gas pipeline network in newer markets after thorough research and assessment of potential gas demand from user segments. For laying natural gas pipeline, GTL and other players must obtain exclusive authorisation from Petroleum and Natural Gas Regulatory board (PNGRB), which ensures no duplication of the pipeline and low level of competition.

Cost-plus nature of tariff leading to assured returns, despite the inherent regulatory risk

GTL's high-pressure, low-pressure and HAPI pipeline network has been authorised by the PNGRB, which has an established methodology to determine the tariff for the transportation of natural gas. Per PNGRB regulations, a 'cost-plus' approach for determining the tariff is followed, which allows natural gas transmission entities to earn an annual return of 12% (post tax) on their capital employed. The methodology provides for tariff review at five-year intervals. Significant change in government policy and the tariff may impact revenues generated from the pipeline. Hence, GTL remains exposed to regulatory risk. As per the tariff order issued by PNGRB, the current tariff for high pressure pipeline of GTL is ₹18.10/MMBTU effective May 01, 2024.

Increasing demand for natural gas

In India, natural gas contributes ~6.70% of the overall energy mix where major consuming sectors include fertilisers, petrochemicals and sponge iron (as feedstock), and power and CGD (as fuel). Power and fertiliser sectors have always been the biggest contributors to India's total natural gas demand. Recently, with the award of CGD geographical areas (GAs) by the PNGRB across the country, CGD sector is expected to add natural gas transportation volume in the near future. Infrastructure facilities for unloading storage and regasification of imported LNG are also being improved by expansion at existing terminals and greenfield capacities being established at locations across the country.

Financial profile marked by healthy profitability, low leverage, and strong liquidity

In FY26, GTL's total operating income (TOI) stood at ₹1104 crore and healthy PBILDT at ₹609 crore. Natural gas transmission volumes transported remain largely stable at 28.8 MMSCMD against 30.8 MMSCMD in FY25, indicating ~6% volume dip. The volume dip can be primarily attributable to gas shortage in March, due to West Asia war. GTL has a comfortable leverage with nil outstanding fund-based debt resulting in comfortable PBILDT interest coverage of 44.49x. GTL has strong liquidity with cash and bank balances of ~₹2351 crore as on March 31, 2026. Pursuant to the completion of the scheme, GSPL's 54.17% shareholding in GGL is eliminated and subsequently GTL's net worth is reduced by ~₹3900 crore.

Key weaknesses

Risk associated with its own mid-sized capex plans

GTL has planned a capital expenditure of apprx ₹3,500 crore over next 2 to 3 years towards expansion of its existing natural gas pipeline network, laying new spur lines, and capacity augmentation. The management has indicated that this capex will primarily be funded through internal accruals and surplus liquidity (cash and cash equivalents), ensuring minimal reliance on external borrowings. However, in case of a shortfall, term debt may be availed. While these investments are expected to strengthen infrastructure and support future growth, they also entail project implementation and regulatory approval risks associated with mid-sized capex plans.

Lower than envisaged volume ramp-up in its two JVs

GSPL India Gasnet Limited (GIGL; rated 'CARE A/ A1; Rating Watch with Developing Implications [RWD]') has achieved commercial operations date (COD) on August 22, 2024, for 1,418 km, alleviating construction risk to large extent. While declaring COD, the pending work was descoped and GIGL had correspondingly surrendered debt, leading to reduction in debt from ₹5,076 crore to ₹4,289 crore as on project COD. While GIGL's operating performance has improved, it remain lowered than envisaged.

In FY26, GIGL reported a TOI of ₹315 crore against TOI of ₹240 crore in FY25. GIGL's PBILDT increased to ₹250 crore in FY26 against PBILDT of ₹176 crore in FY25. The gas throughput volume increased and stood at 4.8 MMSCMD in FY26 against 3.7 MMSCMD in FY25. In FY26, GIGL reported shortfall which shall be funded by its promoters. Going forward, ramping up of volumes as envisaged shall remain critical.

In FY26, GSPL India Transco Limited (GITL; rated CARE A/ CARE A1 [RWD]) has achieved volume of 1.81 MMSCMD against 2.08 in FY25. The transmission revenue reported in FY26 was ~₹106 crore against ~₹111 crore in FY25. The PBIDLT margin remained stable at 61.74% in FY26. Volumes in FY26 were lower, considering temporary shutdown of Ramagundam Fertilizers and Chemicals Limited's (RFCL's) urea plant for repairs and maintenance followed by operations at lower capacity thereafter, which per managements articulation are now revived at full capacity. Hence, volume are expected to remain ~2 MMSCMD in FY27. While no support is envisaged to be extended to GITL in the near-to-medium term, ramp-up of volumes as envisaged shall remain critical.

GTL's exposure in the form of investment and loans/advances of these two JVs stood at 22% of net worth as on March 31, 2026. GTL holds 52% stake in each of these entities as on March 31, 2026. Higher than anticipated shortfall funding in JVs by GTL, owing to delay in volume ramp up of GIGL and GITL shall remain key rating monitorable.

Liquidity: Strong

GTL's liquidity is strong marked by cash accruals of over ₹618 crore in FY26, against nil outstanding funded debt as on March 31, 2026. GTL had free cash and bank balance of ~₹2,351 crore as on March 31, 2026. Comfort can be drawn from significant financial flexibility; it has with its very low leverage and good revenue visibility. Utilisation of fund-based working capital limits was nil for 12 months ending June 2026, whereas average utilisation of non-fund-based limits was ~36% for 12 months ending June 2026.

Assumptions/Covenants: Not applicable

Environment, social, and governance (ESG) risks:

Environmental: CareEdge Ratings takes note of the fact that GTL is in transmission of natural gas, which is a relatively cleaner source of energy, it has lower carbon emissions against other fossil fuels. There is strong impetus of the Government of India (GoI) to increase the share of natural gas in India's primary energy mix. This mitigates the environmental risk to some extent.

Social: GTL has a comprehensive Quality, Health, Safety and Environment (QHSE) policy. GTL plans, designs, constructs, operates, and maintains natural gas pipeline and related infrastructure in compliance with latest codes, standards and statutory requirements in a way that minimises risks and hazards. GTL is also willing to support local vendors, vulnerable and marginalised groups and other supply chain partners. GTL places a strong emphasis on inclusiveness, diversity, employee and worker health and wellbeing, and on-going learning and development.

Governance: From a governance point of view, GTL's Board is diversified with four, of seven directors as independent directors. GTL's Board also includes three women directors. Quality of financial reporting and disclosures are adequate.

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
Short Term Instruments

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Energy	Oil, gas, and consumable fuels	Gas	Gas transmission/marketing

GTL was incorporated in July 2024. The Composite Scheme of Amalgamation and Arrangement involved GSPC, GSPL, GTL, GEL and GGL, now renamed to Gujarat Energy Limited. The scheme became effective on May 1, 2026, pursuant to which GSPC, GSPL and GEL were amalgamated with GGL, while the Gas Transmission Business Undertaking of Gujarat Energy Limited was demerged into GTL from April 1, 2025. Accordingly, GTL is primarily engaged in the transmission of natural gas through pipelines on an open-access basis from supply points to demand centres. The company also holds investments in GIGL and GITL, which are engaged in the development and operation of natural gas transmission infrastructure.

Brief Financials (₹ crore)	March 31, 2025 (A)	March 31, 2026 (A)
Total operating income^	754.71	1,104.36
PBILDT*	496.55	608.91
Profit after tax (PAT)	330.88	405.63
Overall gearing (x)	0.00	0.00
Interest coverage (x)	70.23	44.49

A: Audited; UA: Unaudited; Note: These are latest available financial results.
*PBILDT: Profit before interest, lease rentals, depreciation, and tax
^the total operating income is inclusive of gain on system usage gas charges during FY25 and FY26.

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

For complexity level of instruments rated refer to Annexure-1.

Lender details: Annexure-4

Disclosure on facilities/instruments and name of regulators:
A list of facilities / instruments falling under the purview of financial sector regulators (FSRs) along with the names of respective FSRs has been duly disclosed by CareEdge Ratings on its website. A link to the same has been provided below for ready reference:

https://www.careratings.com/activities_and_regulators

Note: For facilities or instruments falling under the purview of FSRs other than Securities and Exchange Board of India (SEBI), the grievance / dispute redressal mechanisms and investor protection mechanisms provided by SEBI shall not be available.

Annexure-1: Details of instruments/facilities

Name of the Instrument	Name of the Regulator	Complexity Level	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based/Non-fund-based-LT/ST	RBI	NA	-		-	-	75.00	CARE AA+; Stable / CARE A1+
Non-fund-based-LT/ST	RBI	NA	-		-	-	175.00	CARE AA+; Stable / CARE A1+
Term Loan-Long Term	RBI	NA	-		-	proposed	50.00	CARE AA+; Stable

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 2026-2027	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
1	Fund-based/Non-fund-based-LT/ST	LT/ST	75.00	CARE AA+; Stable / CARE A1+				
2	Non-fund-based-LT/ST	LT/ST	175.00	CARE AA+; Stable / CARE A1+				
3	Term Loan-Long Term	LT	50.00	CARE AA+; Stable				

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

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

Annexure-4: Lender details

To view 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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