GUJARAT GAS

26th November, 2025

GGL/SEC/2025/1517

BSE Limited	**National Stock Exchange of India Ltd.**
Phrioz Jijibhoy Tower, Dalal Street, Mumbai	Exchange Plaza, 5th Floor, Plot No. C/1, G Block, Bandra Kurla Complex, Bandra (East), Mumbai 400 051
Company Code: BSE - 539336	Company Code: NSE-GUJGASLTD

Sub: Disclosure under Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

Dear Sir/ Madam,

Please find attached the Press Release issued by India Ratings and Research Pvt. Limited on 26th November, 2025. The Long-term/Short-term Rating for Bank facilities of Gujarat Gas Limited (GGL) has been affirmed at IND AAA/Stable / IND A1+.

Kindly take it on record.

Thanking you,

For, Gujarat Gas Limited

SANDEEP
VISHNUPRASAD
DAVE

Sandeep Dave
Company Secretary

Encl.: As above

India Ratings & Research
A Fitch Group Company

India Ratings Affirms Gujarat Gas's Bank Loan Facilities at 'IND AAA/Stable'

Nov 26, 2025 | Gas Transmission/Marketing

India Ratings and Research (Ind-Ra) has affirmed Gujarat Gas Limited's (GGL) bank loan facilities' rating as follows:

Details of Instruments

Instrument Type	Date of Issuance	Coupon Rate	Maturity Date	Size of Issue (million)	Rating assigned along with Outlook/Watch	Rating Action
Bank loan facilities*	-	-	-	INR47,000	IND AAA/Stable/IND A1+	Affirmed

* Interchangeable with working capital limits

Analytical Approach

Ind-Ra has revised its rating approach from a standalone view of GGL to taking a standalone view of GGL while factoring in the consolidated business and financial profile of GGL's parent, Gujarat State Petroleum Corporation Limited (GSPC), which is expected to be amalgamated into GGL (by end-FY26) to arrive at the ratings. The agency notes the ongoing proposed scheme of arrangement, under which Gujarat State Petroleum Corporation Limited (GSPC), Gujarat State Petronet Limited (GSPL), and GSPC Energy Limited (GEL) will be amalgamated into GGL, followed by the demerger of the transmission business i.e. GSPL and its subsidiaries from GGL into GSPL Transmission Limited (GTL). Considering the ongoing scheme of arrangement, Ind-Ra has considered the consolidated business profile of the resultant entity post the scheme of amalgamation and the demerger.

Detailed Rationale of the Rating Action

The ratings reflect GGL's continued strong operational and financial risk profile, backed by its healthy EBITDA generation in the CGD business, its net cash position, and the expected revenue from the gas trading business post GSPC's amalgamation with GGL. The gas trading business is likely to witness an increase in revenue from customers (fertiliser manufacturers and power generating companies) other than GGL from FY27. Post the merger, GGL shall operate as a direct subsidiary (25.86%) of the government of Gujarat.

Ind-Ra also derives comfort from the company's sizeable scale of operations, as it is the largest city gas distribution (CGD) entity in India, with a well-diversified base of 27 GAs across six states and one union territory. Also, post the amalgamation, GGL will benefit from GSPC's long-term and spot contract sourcing ability for its CGD business. On the growth front, Ind-Ra expects GGL to witness higher revenues from the compressed natural gas (CNG) segment, driven by the management's sustained focus on CNG volume growth, and the addition of new CNG stations under the asset-light fully dealer owned dealer operated (FDODO) model.

The ratings also reflect GGL's ability to fund its planned capex in the CGD business and its minimal capex requirements for maintaining the exploration and production (E&P) business, which would come under GGL post the amalgamation. The capex for both businesses is likely to be funded by internal accruals on account of strong EBITDA generation.

The credit metrics continue to be strong, considering the net cash position of GGL and the amalgamating entities as of September 2025. Ind-Ra expects the resultant entity post amalgamation to remain net debt-free, thereby keeping the credit metrics strong. Any large capex plans in the existing business segments or new opportunities shall be monitored by

Ind-Ra. Ind-Ra will also continue to monitor any contingent liability that might materialise on the books of GGL/GSPC during and/or after the completion of the scheme of arrangement.

List of Key Rating Drivers

Strengths:

- Business model to remain resilient post amalgamation Focus on increasing CNG volumes
- Continued strong credit metrics

Weaknesses:

- Gas sourcing to become key determinant of success
- Entry of new players
- Industrial volumes to remain dependent on alternatives

Detailed Description of Key Rating Drivers

Business Model to Remain Resilient Post Amalgamation: GGL's business model remains strong, with a total volume of 8.8mmscmd in 1HFY26 (FY25: 9.62mmscmd; FY24: 9.35mmscmd) – largely driven by the industrial segment (1HFY26: 52% FY25: 59%; FY24-62%) and the CNG segment (1HFY26: 38%; FY25:32%; FY24-29%), and the balance comprising commercial and domestic piped natural gas (PNG). Ind-Ra expects a further improvement in volumes over the short-to-medium term, led by a likely rise in volumes from new geographical areas, especially for CNG and domestic-piped natural gas (D-PNG), which is stickier than industrial/commercial PNG volumes. The total volume proportion of CNG and D-PNG segments increased to 47% during 1HFY26 (FY25: 40% FY24: 37%, FY23: 37%). The company expects to increase the volumes from the GAs being developed in Rajasthan, Madhya Pradesh, Haryana and Punjab. GGL's capex plans also focus on the online conversion of daughter CNG stations along with expanding its DPNG network. In addition, the company plans to expand its CNG segment through the FDODO model.

In the industrial segment, GGL's business profile has seen a major boost post the March 2019 National Green Tribunal order that banned the use of coal gasifiers in the Morbi industrial cluster, leaving the options of natural gas (NG) and propane. Morbi drives 40%-50% of GGL's industrial volumes. However, the availability of propane gas, which is cheaper than NG, in the Morbi cluster has resulted in customers shifting to propane from NG. Furthermore, the falling prices of propane during FY25-1HFY26 led to a decrease in the volumes from industrial customers, as dual feeder facilities (which can use both NG and propane) shifted to propane during this period. GGL's industrial-piped natural gas (I-PNG) volumes decreased to 4.5mmscmd in 1HFY26 (1HFY25: 6.08mmscmd, FY25: 5.66mmscmd; FY24: 5.77mmscmd; FY23: 5.13mmscmd). However, GGL has undertaken steps to retain industrial Morbi customers, and reduced prices for its industrial customers by INR3.25/scm as of August 2025. Furthermore, to regain its lost customers in the Morbi cluster, the company is actively considering an entry into the propane trading business. It has been actively engaging with international propane suppliers for both spot and long-term supply contracts and is also engaged in discussions with nearby ports and fleet service providers for handling imported propane and for last-mile transportation of propane.

In addition, the company has been focusing on tapping non-Morbi customers in newer markets and industries in other developing GAs such as rural Ahmedabad, Thane, Palghar, Dadra and Nagar Haveli (DNH) and Dahej to reduce reliance on Morbi volumes. Ind-Ra believes that the CGD volumes would be driven by the following factors: i) GGL's ability to retain and regain industrial customers with competitive pricing of NG against propane, along with finding new markets for its industrial volumes; ii) growth in CNG volumes, which could partially offset any potential impact on the industrial segment's volumes.

GGL was awarded 11 GAs between FY15-FY17, one GA in the ninth CGD round and six GAs in the 10th distribution round during FY19. All the GAs awarded to GGL are operational. Ind-Ra believes GGL could add 1-1.5mmscmd to the sales volumes from the new GAs over the next three-to-five years and improve its segment mix. Additionally, the six new GAs of GGL are spread across Haryana, Punjab, Madhya Pradesh and Rajasthan; this will augment its presence in the north and west of India and enable diversification of its portfolio (in addition to Ahmedabad rural GA). Moreover, as more GAs become connected, the intercity movement and use of CNG are likely to see a faster uptick, supporting volume growth.

GSPC's gas trading business has been selling 45%-50%% of its volumes to GGL, and the balance mainly to customers in the fertilisers sector. Post the amalgamation, Ind-Ra expects GSPC's other customers to continue to contribute to the gas trading business's volumes. During FY25, GSPC recorded revenue from operations of INR201.2 billion (FY24: INR184.53 billion; FY23: INR276.99 billion), with volumes of 12.5mmscmd (11.5mmscmd; 11.4mmscmd), of which a sizeable portion was to GGL (FY25: 48%; FY24: 52%; FY23: 44%). The balance was sold mainly to customers in the fertiliser industry, which will continue to add to the topline. The margins for the gas trading business stood at INR2.6/scm in FY25 (FY24: INR2.6/scm; FY23: INR7.7/scm), considering a calorific value of 9880 kcal/scm, and the EBITDA amounted to INR11.73 Billion (INR10.75 billion; IN32.32 billion) . On an absolute basis, post the completion of the amalgamation, the reported revenue shall be adjusted, to the extent of GGL's backward integration and the balance is likely to reflect as an added business segment for GGL. Furthermore, the management plans to scale up GSPC's gas trading business over the medium term. GSPC's sizeable trading business provides a cost advantage to both GGL and GSPC, and further scaling up of the business could enhance the same.

Focus on Increasing CNG Volumes: GGL's CNG volumes increased by 12.4% yoy to 3.33mmscmd in 1HFY26 (1HFY25: 2.96mmscmd; FY25: 3.06mmscmd; FY24: 2.72mmscmd; FY23: 2.42mmscmd). The company expects to add 20 new CNG stations under the FDODO scheme during FY26, which will increase the CNG volumes significantly without adding to the capex burden. In 1HFY26, GGL entered into about 74 agreements for FDODO outlets, of which 20 stations are likely to be commissioned by end-FY26 and 54 in the next financial year. The management expects the FDODO scheme to add 1mmscmd volume in the CNG segment, which will span out over the medium term. CNG competes against the more expensive petrol, and it also benefits from part-APM sourcing, resulting in healthy gross margins for the segment.

Continued Strong Credit Metrics: Ind-Ra expects the credit metrics to remain strong over the medium term, with the strong cash flow generation of INR20 billion-23 billion from the CGD business and the gas trading business (ex-sales to GGL), post the amalgamation, being sufficient to take care of the capex requirements of the company. As a result, Ind-Ra does not expect any debt to be undertaken for the planned capex within the CGD space. Also, the management has articulated that it does not plan to undertake any major capex for the businesses of the entities that will be amalgamated into GGL.

Despite undertaking a total capex of INR2.9 billion during 1HFY26 (FY25: INR7.5 billion; FY24: INR8.3 billion; FY23: INR10.9 billion), GGL's credit metrics improved over this period because its entire external debt had been repaid by FY23, and it did not have any gross debt at 1HFYE26 (FY25: nil, FY24: nil; FY23: nil; FY22: INR4.8 billion). As a result, the gross interest coverage too (EBITDA/gross interest expense) has remained comfortable (FY25:58x FY24: 64.0x; FY23:59.3x; FY22: 36.5x). GGL's net leverage (net debt/EBITDA) continued to be negative in FY25 (FY24: Negative; FY23: negative; FY22: 0.2x; FY21: 0.3x).

Ind-Ra expects the net leverage to continue to be negative even after the amalgamation, as GSPC's consolidated balance sheet was net debt negative at the end of FY25. However, if the company were to take on additional debt for unplanned capex/acquisitions/business diversifications, its impact on the credit metrics will remain a key monitorable.

The transmission business shall be demerged from the amalgamated entity by FY26, and Ind-Ra has factored the same in its assessment.

Gas Sourcing to Become Key Determinant of Success: CGD entities benefit from domestic gas allocation for the CNG and D-PNG segments, while industrial/commercial PNG are serviced from regasified liquefied natural gas (RLNG). Given the reduction in APM allocation for priority segments (D-PNG and CNG), the incremental demand to meet the shortfall is also likely to be met through RLNG. The shortfall in allocation for the priority segment was about 50% in 1HFY26, which was met by allocations from the new well gas, high pressure high temperature (HPHT) gas, and spot and term RLNG contracts. A higher proportion of RLNG in the overall mix, and greater sales to industrial PNG segments would necessitate the tying up of long-term RLNG at competitive rates. GGL's ability to tie up long-term HPHT/RLNG would be a key determinant of its ability to serve customers at a competitive price. However, Ind-Ra draws comfort from GSPC's sizeable sourcing volumes of 11.5-12.5mmscmd, which equips it with strong negotiation power to source competitively.

Entry of New Players: The recent regulatory developments that would fix the network compression and transportation tariffs for relevant networks could expose GGL to the risk of competition. However, the regulations require a new entrant to pay charges to incumbents as determined under the Petroleum and Natural Gas Regulatory Board's regulations. Hence, even if a new entrant were to foray into the segment in view of the lucrativeness of Morbi volumes, Ind-Ra expects the margins earned by GGL on its Morbi volumes to compress only to a certain extent. Furthermore, based on its discussions with CGD players, Ind-Ra considers the possibility of competition to be limited, as the players have been focusing on expanding the network in newly won areas rather than competing in an existing GA.

Industrial Volumes to Remain Dependent on Alternatives: Ind-Ra expects GGL's industrial volumes to continue to be underpinned by the pricing of alternative sources. The company sources its RLNG from GSPC, which has entered into spot, medium-term and long-term RLNG contracts of up to 13.7mmscmd to meet demand from GGL as well as its other customers. For increasing the volume share in I-PNG, the company could offer higher discounts for volume share in the industrial segment, which could impact its blended margins. For majority of the volumes catered to in FY25 on the industrial side, the company had relied on spot RLNG, as spot market prices had dropped below the the prices of long-term sourcing contracts, which enabled the company to reduce prices by INR 3.25/scm for its industrial customers. For the incremental volumes in I-PNG, GGL would have to rely on short-term contracts or spot contracts for gas sourcing, which could result in margins remaining vulnerable to international prices.

Liquidity

Adequate: Ind-Ra expects the liquidity to remain adequate over the medium term, backed by the low working capital requirements of the sector, the availability of banking lines, and sufficient cash flow generation. GGL's cash and cash equivalents stood at INR20 billion in 1HFY26 (FY25: INR16.25 billion; FYE24: INR9.2 billion, FYE23: INR6.7 billion). Also, the company's cash flow from operations remained positive and increased to INR18.9 billion in FY25 (FY24: INR16.7 billion; FYE23: INR23.9 billion), led by stronger operating metrics and a continued short working capital cycle of six days (seven days; six days), which is an inherent characteristic of the industry. Furthermore, the company is net debt negative, and hence, has nil repayments on its books.

Ind-Ra expects the cash flow from operations to remain sufficient to fund a major portion of the cash outflows in the form of capex (FY25:7.5 billion; FY24: INR8.3 billion; FY23: INR10.9 billion) and dividend payments (INR3.9 billion; INR4.58 billion; INR1.38 billion) over the near-to-medium term, thereby limiting the need for incremental debt. GGL had made an investment of INR1 billion in GSPC LNG in FY24; however, it had not made any further investments in the entity until 1HFYE26. Ind-Ra will continue to monitor GGL's investments and the impact of the same on the company's credit profile. The company plans to undertake capex of nearly INR6 billion-7 billion each year during FY26-FY28 on new GAs and the expansion and improvement of the existing GAs, which Ind-Ra expects to be funded from internal cash flows. The company has sufficient fund-based working capital limits, which remained unutilised for the 12 months ended October 2025. The unutilised lines, coupled with access to capital markets and other prudent sources of funding provide sufficient cushion for any liquidity mismatches in the near term.

Rating Sensitivities

Positive: Not applicable

Negative: A substantial fall in the operating margin and/or lower-than-Ind-Ra-expected volumes on a sustained basis of the consolidated entity and/or lower-than-expected margin in the non-industrial segment and/or any unexpected debt-led capex in the consolidated business profile post the amalgamation, leading to the net leverage of exceeding 1.5x, will be negative for the ratings. Any adverse regulatory development could also lead to a negative rating action.

Any Other Information

Not applicable

ESG Issues

ESG Factors Minimally Relevant to Rating: Unless otherwise disclosed in this section, the ESG issues are credit neutral or have only a minimal credit impact on GGL, due to either their nature or the way in which they are being managed by the entity. For more information on Ind-Ra's ESG Relevance Disclosures, please click here. For answers to frequently asked questions regarding ESG Relevance Disclosures and their impact on ratings, please click here.

About the Company

GGL is India's largest CGD Company, with 27 CGD licenses spread across 44 districts in six states (Gujarat, Maharashtra, Rajasthan, Haryana, Punjab and Madhya Pradesh) and one union territory (Dadra & Nagar Haveli).

Key Financial Indicators

Particulars	FY25	FY24
Revenue (INR billion)	164.9	156.9
EBITDA (INR billion)	18.9	18.7
EBITDA margin (%)	10.94	11.96
Gross debt (INR billion)	NIL	Nil
Gross interest coverage (x)	62.8	68.7
Net leverage (x)	NM	NM
Source: Ind-Ra, GGL Standalone financial statements		

Status of Non-Cooperation with previous rating agency

Not applicable

Rating History

Instrument Type	Rating Type	Rated Limits (million)	Current Ratings	Historical Rating/Outlook				
				27 August 2024	20 October 2023	28 August 2023	26 April 2023	27 April 2022
Issuer rating	Long-term	-	-	-	WD	IND AAA/Stable	IND AAA/Stable	IND AA+/Positive
Bank loan facilities	Long-term/Short-term	INR47,000	IND AAA/Stable / IND A1+	IND AAA/Stable / IND A1+	IND AAA/Stable / IND A1+	IND AAA/Stable / IND A1+	IND AAA/Stable / IND A1+	IND AA+/Positive/IND A1+
Commercial paper	Short-term	INR350	-	WD	IND A1+	IND A1+	IND A1+	IND A1+

Bank wise Facilities Details

The details are as reported by the issuer as on (26 Nov 2025)

#	Bank Name	Instrument Description	Rated Amount (INR million)	Rating
1	Axis Bank Limited	Bank Loan	8900	IND AAA/Stable / IND A1+
2	IndusInd Bank Limited	Bank Loan	25000	IND AAA/Stable / IND A1+
3	Yes Bank Ltd	Bank Loan	9000	IND AAA/Stable / IND A1+
4	NA	Bank Loan	4100	IND AAA/Stable / IND A1+

Complexity Level of the Instruments

Instrument Type	Complexity Indicator
Bank loan facilities	Low

For details on the complexity level of the instruments, please visit https://www.indiaratings.co.in/complexity- indicators.

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About India Ratings

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Ind-Ra currently maintains coverage of corporate issuers, financial institutions (including banks and insurance companies), finance companies, urban local bodies, and structured finance and project finance companies.

Headquartered in Mumbai, Ind-Ra has seven branch offices located in Ahmedabad, Bengaluru, Chennai, Gurugram, Hyderabad, Kolkata and Pune. Ind-Ra is recognised by the Securities and Exchange Board of India and the Reserve Bank of India.

Ind-Ra is a 100% owned subsidiary of the Fitch Group.

Solicitation Disclosures

Additional information is available at www.indiaratings.co.in. The ratings above were solicited by the issuer, and therefore, India Ratings has been compensated for the provision of the ratings.

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APPLICABLE CRITERIA AND POLICIES

Evaluating Corporate Governance