Indradhanush Gas Grid Limited

August 05, 2026

Facilities/Instruments	Name of the Regulator[1]	Amount (₹ crore)	Rating[2]	Rating Action
Long-term bank facilities	RBI	927.60	CARE A; Stable	Assigned

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

The rating assigned to bank facilities of Indradhanush Gas Grid Limited (IGGL) draws strength from the strong parentage and demonstrated support of its financially strong promoters, including Indian Oil Corporation Limited (IOCL: rated 'CARE AAA; Stable/ CARE A1'), Oil and Natural Gas Corporation Limited (ONGC: rated 'CARE AAA; Stable/ CARE A1+'), GAIL (India) Limited (GAIL: rated 'CARE AAA; Stable/ CARE A1+'), Oil India Limited (OIL: rated 'CARE AAA; Stable/ CARE A1+'), and Numaligarh Refinery Limited (NRL). The rating also factors in Government of India (GOI) support in the form of Viability Gap Funding (VGF) and loan at concessional rate from Oil Industry Development Board (OIDB), the sponsors' continued commitment towards the North-East Gas Grid (NEGG) project in the form of equity commitment. CARE Ratings Limited (CareEdge Ratings) takes comfort from the equity commitment and proposed corporate guarantee to be given by the promoters for Duliajan Feeder Line (DFL). The rating also derives strength from the strategic importance of the project as the sole common carrier gas pipeline in the north-east region with connectivity to the National Gas Grid, the regulated tariff framework approved by Petroleum and Natural Gas Regulatory Board (PNGRB), long-term revenue visibility considering gas transportation arrangements and availability of significant quantum of gas in Upper Assam region and the favourable demand outlook for natural gas in India.

However, the rating strengths are tempered by project execution and ramp-up risks associated with the remaining phases of the NEGG project (including DFL extension), notwithstanding the successful commissioning of Phase I. The rating also remains constrained by the susceptibility of the company's revenues and profitability to gas transportation volumes, exposing it to operational and demand risks in the stabilisation phase.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Timely commissioning of the remaining phases of the NEGG and DFL within the envisaged timelines, resulting in significant improvement in operational performance and cash flows.
- Faster-than-expected ramp-up in gas transportation volumes above 5.5 mmscmd following integration with the National Gas Grid.

Negative factors

- Material delay in commissioning of the balance phases, leading to cost overruns and slower-than-expected ramp-up in gas transportation volumes from FY29, adversely impacting cash accruals and debt coverage metrics.
- Any weakening in the financial support from the sponsors, including delays in envisaged equity infusion or corporate guarantee for the proposed debt pertaining to DFL or delay in funding support as and when required.

Analytical approach: Standalone with strong technical, operational, managerial, and financial linkages of IGGL with its CPSE sponsors - IOCL, ONGC, GAIL, OIL, and NRL. IGGL's pipeline network holds strategic importance for the sponsors, being the sole common carrier natural gas pipeline in the north-east region that facilitates evacuation and transportation of gas from upstream producing fields and provides critical connectivity to the National Gas Grid. IGGL's importance is further reiterated by the financial support provided by its sponsors in the form of timely equity infusions, corporate guarantee for debt availment and financial assistance to bridge interim funding gaps towards operational expenses and debt servicing obligations.

Outlook: Stable

The Stable outlook reflects the expectation that IGGL will continue to benefit from the strong financial, technical, and operational support of its sponsors, given the strategic importance of the NEGG project. The outlook also factors in the expected commissioning of the remaining sections of the NEGG, including the DFL extension, and the resultant gradual ramp-up in gas

[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 the ratings assigned are available at www.careratings.com and in other CARE Ratings Limited's publications.

transportation volumes, which should support improvement in revenues, cash accruals and debt servicing metrics over the medium-long-term horizon.

Detailed description of key rating drivers

Key strengths

Strong parentage and continued promoter commitment towards the NEGG project amid government support in the form of VGF and loan at concessional rate from OIDB

IGGL benefits from strong parentage, with equal ownership by five financially strong CPSEs, namely ONGC, OIL, GAIL, IOCL, and NRL.

The promoters are strategic stakeholders in the project and are expected to be key beneficiaries of the pipeline network, given their presence across the natural gas value chain, spanning exploration and production (ONGC, OIL), transmission (GAIL), refining and marketing (IOCL, NRL). The project is also critical for monetisation of gas reserves in the north-eastern region and aligns with the long-term business interests of the promoter entities. Out of ₹9,265 crore for construction of 1,670 km NEGG gas pipeline, 60% funding has been approved by GOI as VGF, 28% loan has been sanctioned by OIDB at a concessional rate of 6.4% and 12% equity funding from all promoter entities.

The promoters have demonstrated sustained support towards NEGG project through cumulative equity infusion of ~₹1,111 crore, and additional funding of ₹41 crore in FY25 towards operational requirements during implementation phase. An additional equity support of ₹70 crore has been approved by the company’s board for FY27. The support extended beyond the committed equity contribution to fund operations in initial phase underscores the strategic importance of IGGL to its promoters and is expected to remain a key credit strength.

Promoters have also extended support towards IGGL's expansion plans through the proposed DFL project (175 km spur line upto Dhuliajan) at a cost of ₹1,325 crore, with committed equity contribution of ~₹397 crore and proposed corporate guarantees aggregating ~₹928 crore for the project debt (including ₹200 crore debt from OIDB and rest from other lenders).

Strategic importance of NEGG project

IGGL is developing NEGG, the first integrated natural gas transmission network in the north-east region, which will serve as a common carrier pipeline and provide critical connectivity between gas-producing regions and key demand centres, including refineries, petrochemical units, power plants, city gas distribution (CGD) networks, agriculture and industrial consumers. The project assumes significant importance as it is expected to create the backbone gas transportation infrastructure in a region that currently lacks an integrated gas pipeline network.

The proposed extension of the NEGG network through Duliajan Feeder Line (DFL) is expected to further strengthen the network by facilitating gas evacuation from major upstream producers such as OIL, ONGC, and other prospective producers. Integration of the NEGG with the Barauni-Guwahati Pipeline (under Urja Ganga Gas Pipeline Project of GAIL) is expected to provide connectivity to the National Gas Grid, enabling greater supply flexibility, enhanced market access and improved gas availability across the region and gradually reduce the reliance on high-cost imports.

Upper Assam, home to significant gas reserves, currently faces gas evacuation constraints. The available gas for evacuation in this region is sufficient for catering to the pipeline’s capacity over the long term. DFL will unlock these resources by providing evacuation infra and transporting domestic gas to the National Grid, helping consumers access gas at affordable rates, compared to imported liquefied natural gas (LNG) prices at significantly higher rates which inhibits higher gas consumption by consumers. This will result in substantial cost savings and enhanced energy security.

Regulated tariff framework with sustained revenue visibility

PNGRB, vide its tariff order dated June 11, 2025, approved a provisional transportation tariff of ₹166.63/MMBTU for the NEGG project. IGGL has executed transportation agreements with key counterparties, including ONGC, OIL, and NRL based on this provisional tariff, providing initial revenue visibility upon commencement of commercial operations.

The tariff remains provisional and is subject to review by PNGRB based on actual capital expenditure, operating parameters, and pipeline utilisation. For the proposed DFL, the transportation tariff is yet to be determined, as the project is under implementation. The Financial Appraisal Report has considered an indicative tariff of ~₹73.56/MMBTU for assessing project viability, while the final tariff will be notified by PNGRB after commissioning in accordance with the applicable tariff regulations.

CareEdge Ratings understands that upon commissioning of the DFL and integration with the NEGG network, PNGRB is expected to determine a unified final tariff considering the aggregate capital cost (excluding VGF support), gas throughput and the prescribed return parameters (IRR). As articulated by the management, the resultant tariff is expected to be ~₹130/MMBTU. The adequacy of the final approved tariff against the overall project cost, utilisation levels and debt servicing requirements will remain a key monitorable.

Long-term off-take arrangements for gas transportation and availability of significant quantum of gas in Upper Assam region

IGGL has made progress in securing gas transportation arrangements for both the NEGG and the proposed DFL through execution of hook-up agreements, transportation arrangements and MoUs with key gas producers and consumers in the north-east region. These arrangements provide visibility on future pipeline utilisation and support the revenue profile upon commencement of commercial operations.

For the NEGG project, IGGL has executed arrangements with ONGC, OIL, and NRL for transportation of natural gas through the pipeline network based on the provisional transportation tariff of ₹166.63/MMBTU approved by PNGRB. The agreements with ONGC and OIL currently provide the framework for connectivity and gas transportation, pending execution of definitive Gas Transmission Agreements (GTAs) with the respective gas buyers.

For the proposed DFL project, IGGL has secured a long-term hook-up agreement with OIL for transportation of 3.5 MMSCMD of natural gas for a five-year period which can be renewed for another five years, providing a strong anchor volume for the pipeline. In addition, the company has executed an MoU with HOEC for transportation of 1.5 MMSCMD and is in discussion with other oil producers like Antelopus Energy Private Limited for transportation of additional gas volumes. Availability of gas in this region is sufficient to cater to this pipeline’s designed capacity for the long term. Although there is significant gas reserves available in Upper Assam, gas production of all major producers is constrained due to insufficient evacuation infrastructure.

The rating derives comfort from the progress made by IGGL in securing transportation arrangements with major upstream producers and anchor customers, several of whom are established participants in the regional gas ecosystem. These agreements are expected to support pipeline utilisation and provide revenue visibility over the medium term. Realisation of projected volumes depends on timely completion of the pipeline infrastructure and execution of definitive GTAs, where applicable.

Positive demand outlook for natural gas consumption in India

Driven by increasing urbanisation, growing energy requirement and quest for cleaner and more environment-friendly energy source, the demand for natural gas is expected to improve exponentially in the coming years. The necessary impetus towards infrastructure creation, which includes gas transmission pipeline, LNG import terminals and CGD networks, is expected to create the necessary foundation for increasing gas consumption. In FY25, gas consumption of India increased by 7% YoY to ~72 BCM. CareEdge Ratings notes that usage of natural gas as feedstock in petrochemical and fertilizer sectors as an alternative to coal in industries, CNG in vehicles, and piped natural gas distribution would be primary catalyst for the growth in demand for natural gas.

India's natural gas demand is expected to remain largely supported by the GOI’s continued focus on increasing the share of cleaner fuels in the energy mix. The ongoing investments in LNG import and regasification infrastructure are expected to enhance gas availability. Improving gas infrastructure and increasing adoption of CNG and PNG are expected to support higher gas transportation volumes on IGGL's network over the medium term.

Key weaknesses

Project execution and ramp-up risks, despite successful completion of Phase I of the NEGG Project

The implementation of the NEGG project has witnessed substantial progress, with IGGL incurring project expenditure of ~₹6,868 crore as on March 31, 2026, representing ~74% of the total project cost of ₹9,265 crore. The project continues to benefit from timely funding support through GoI funded - VGF, complete infusion of equity commitment by the promoters and low cost (ROI - 6.4%) debt funding from OIDB, mitigating funding-related risks in the implementation phase. demonstrating their commitment, the promoters infused additional funding of ₹41 crore in FY25 towards debt servicing and operational requirements in the implementation phase, while an additional support of ₹70 crore has been approved by the company’s Board of Directors.
The project is being executed in three phases. Phase I, comprising 553 km of pipeline traversing largely plain terrain, has achieved ~98% completion and commenced commercial operations from November 2025, generating revenue of ~₹8.3 crore in 5MFY2026. Phase II, comprising 723 km of pipeline, largely completed pipeline laying, with the balance testing and commissioning activities underway and is expected to be commissioned by September 2026 (~88% physical progress). Phase III, comprising 394 km connecting Dimapur, Kohima, and Imphal, remains exposed to relatively higher execution risk due to challenging terrain, statutory

clearances and dependency on national highway development works, with completion targeted by March 2028 (~66% physical progress). However, the risk of a material increase in project costs for the NEGG project remains limited, given that procurement of the major line pipes have already been completed and the executed subcontracting agreements do not contain escalation clauses.

IGGL has received PNGRB authorisation for the DFL project involving a 175-km pipeline with a capacity of 6.7 MMSCMD at an estimated cost of ₹1,325 crore. The project is expected to strengthen gas evacuation from upstream fields and improve utilisation of the NEGG network. While PNGRB has stipulated a commissioning timeline up to February 2029, the management expects completion by March 2028. The equity commitment from the promoters is in place with debt tie-up in process, where the promoters have proposed corporate guarantees commitment to the lenders.

The residual execution risk is limited to obtaining RoU approvals in certain forest, tribal, and sacred areas. With only ~15 km (9%) of the DFL and ~50 km (3%) of the NEGG pipeline pending, land acquisition risk remains minimal, supporting timely project completion.

The rating derives comfort from the substantial progress achieved in project implementation, commencement of operations under Phase I, and continued financial support from the promoters and GOI. Timely completion of the remaining phases of the NEGG and DFL projects, achievement of targeted gas throughput and stabilisation of operations remain key monitorable.

Susceptibility of revenue and profitability to variation in gas transportation volume
Revenue and profitability remain sensitive to variations in gas transportation volumes, given the entity's business model of transporting natural gas through an integrated pipeline network in north-east India. The ability to achieve and sustain adequate pipeline utilisation is critical for generating expected transportation income and recovering operating and financing costs. Any shortfall in contracted or actual gas throughput against envisaged levels may adversely impact revenue generation, profitability and debt coverage indicators. The entity's ability to ramp up gas transportation volumes, maintain utilisation across the network and secure additional long-term transportation commitments shall remain key monitorables over the medium term.

Liquidity: Adequate
The liquidity profile of IGGL is expected to remain adequate, supported by healthy cash and bank balances, continued promoter support and funding from the GOI. As on March 31, 2026, the company had cash and bank balances of ~₹392 crore, providing adequate cushion. In FY27, the company has debt repayment obligation of ₹82.50 crore. Although the company is expected to report negative cash accruals in the initial phase of operations owing to gradual ramp-up in pipeline utilisation, the resultant funding gap is estimated to be ~₹100-110 crore in FY27 and FY28.

The same is expected to be met through timely equity infusion from the promoter entities, as demonstrated by their continued financial support towards the project. In FY27, the company's board has already approved equity infusion of ₹70 crore. The debt servicing ability is also expected to improve with the commissioning of the remaining phases of NEGG mainly extension line (DFL) and ramp-up in gas transportation volumes. The liquidity profile is further supported by continued financial support from the promoters, mitigating refinancing and funding risks in the stabilisation phase.

Environment, social, and governance (ESG) risks: Not applicable

Applicable criteria
Definition of Default
Liquidity Analysis of Non-financial sector entities
Rating Outlook and Rating Watch
Financial Ratios – Non financial Sector
Infrastructure Sector Ratings
Factoring Linkages Parent Sub JV Group

About the company and industry
Industry classification

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

Incorporated on August 10, 2018, IGGL is a joint venture company (JVC; equal holding) promoted by five leading Central Public Sector Enterprises (CPSEs) - IOCL, ONGC, GAIL, OIL, and NRL for developing, owning and operating the NEGG project. Directors of IGGL comprise one representative from each of the promoter entity including the chairman from ONGC. IGGL was formed pursuant to the recommendations of the Hydrocarbon Vision 2030 for north-east India released by the Ministry of Petroleum & Natural Gas (MoPNG) in February 2016. Per the plan, the Gas Grid Project connects seven north-eastern states and Sikkim, to the National Gas Grid. The envisaged capacity of the pipeline is 4.75 mmscmd with a total length of 1,670 km, and for the proposed extension line of NEGG project (DFL), the total length is 175 KM with a capacity of 6.7 mmscmd.

Brief Financials (₹ crore)	March 31, 2025 (A)	March 31, 2026 (A)	Q1FY27(UA)
Total operating income	0.00	8.29	5.74
PBILDT*	-4.14	-6.94	NM
Profit after tax (PAT)	-16.93	-38.10	NM
Overall gearing (x)	-47.66	-12.17	NM
Interest coverage (x)	-7.12	-0.35	NM

A: Audited; UA: Unaudited; NM: Not meaningful Note: these are latest available financial results
*Profit before interest, lease rentals, depreciation, and tax

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 the regulators:
A list of facilities / instruments falling under the purview of various 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 - LT-Term Loan	RBI	Simple	-	-	-	March 31, 2038	927.60	CARE A; 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 - LT-Term Loan	LT	927.60	CARE A; Stable	-	-	-	-

LT: Long 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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