April 07, 2026

HPCL LNG Limited: Long-term rating placed on Watch with Developing Implications and short-term rating reaffirmed

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long-term fund based – Term loan	3,331.00	3,331.00	[ICRA]AA; Placed on watch with developing implications
Long-term – Non-fund based limits#	(150.00)	(150.00)	[ICRA]AA; Placed on watch with developing implications
Short-term – Fund based – short-term loan	40.00	40.00	[ICRA]A1+; reaffirmed
Short-term – Non-fund based – Others	40.00	40.00	[ICRA]A1+; reaffirmed
Total	**3,411.00**	**3,411.00**	

**Instrument details are provided in Annexure I*

 # sub-limit of fund based-term loan

Rationale

ICRA has placed the long-term rating of HPCL LNG Limited (HPLNG) on watch considering the elevated geopolitical risks during the ongoing war in West Asia, which has disrupted the crucial energy supply route in the Strait of Hormuz leading to increased uncertainty regarding LNG availability. while it has reaffirmed the short term rating of [ICRA]A1+. Given India's significant dependence on West Asian countries to meet its LNG demand, import volumes could remain impacted in the near term. While steps have been undertaken by market participants to augment spot LNG sourcing, these may not fully offset the shortfall in contracted supplies from West Asia. Consequently, LNG throughput at regasification terminals could moderate in the near term, depending on the duration of the geopolitical tensions and the time taken to restore supply flows from the affected regions or alternatively ramp-up supplies from other sources.

However, ICRA notes the successful commissioning of HPLNG's 5-MMTPA LNG regasification terminal at Chhara, Gujarat, with commencement of operations in February 2025. Since commissioning, the terminal has handled multiple LNG cargos, and operations during FY2026 indicate gradual ramp-up of throughput, supported largely by captive and spot volumes from the parent. Going forward, profitability will remain contingent on the company's ability to achieve a sustained ramp-up in capacity utilisation at the terminal, which, in turn, depends on its ability to tie up for sufficient regasification volumes over time.

The ratings continue to factor in the strong parentage and demonstrated support from Hindustan Petroleum Corporation Limited (HPCL), a leading refining and marketing PSU with an established market position and strategic importance in India's energy sector. HPLNG remains strategically important to HPCL, both for securing LNG supplies for the parent's refining and marketing operations and for meeting future demand from HPCL and its joint ventures. The parent has consistently supported HPLNG through equity and preference share infusions, including regular fund infusion to meet debt servicing obligations during the initial ramp-up phase, underscoring its willingness and ability to support the entity in case of any cash flow shortfall. The continued and demonstrated financial support from HPCL remains a key rating comfort.

The ratings also consider that the capital cost of the terminal remains competitive compared with other recently commissioned and upcoming LNG terminals on the west coast of India. Further, gas pipeline connectivity has been fully completed, with the second phase of the 36-inch pipeline becoming operational in April 2025, enabling evacuation of gas at the terminal's rated capacity. This has mitigated a key execution risk that existed earlier.

While the terminal has been commissioned and pipeline connectivity is in place, a small stretch of breakwater remains to be completed, which is expected to be completed before May 2026, post which the company is likely to apply for an all-weather port approval. The stabilisation of operations and sustained ramp-up of volumes remain key monitorable factors.

Nevertheless, ICRA continues to take comfort from the strong financial profile of the parent and the demonstrated liquidity support available to HPCL LNG Limited. This provides adequate cushion to withstand potential near-term volatility in LNG volumes arising from supply-side disruptions. ICRA will continue to monitor developments relating to geopolitical risks in West Asia and their potential impact on LNG availability and terminal utilisation.

Key rating drivers and their description

Credit strengths

Strong track record of promoter in crude oil refining segment - HPLNG was promoted equally by HPCL and the SP Group through SP Ports Private Limited (SPPPL). On March 30, 2021, HPCL acquired the SP Group's 50% stake in HPLNG, thereby making the company its wholly-owned subsidiary. HPCL is involved in the production and marketing of various petroleum products and operation of pipeline network. Besides, it is present in the exploration and production (E&P), city gas distribution and renewable energy businesses. HPCL has an established brand name with strategic importance in the domestic energy sector.

Parent support to borrowing programmes – HPLNG's borrowing programmes (i.e., a term loan programme) are backed by a promoter support agreement (PSA) furnished by HPCL. The PSA is legally enforceable, irrevocable, unconditional, covers the entire amount and tenor of the rated instrument and ensures that the entity will maintain a gross debt servicing coverage (GDSCR) of 1.0x throughout and the parent will also ensure servicing of the secured obligations (including interest and principal payment) in a timely manner. The company is supported by the parent for contracting loans from the banking system and remains a strategically important entity for the parent.

Capital cost remains competitive among upcoming LNG terminals – While several LNG terminals have been recently commissioned and are being set up in the country, HPLNG is well-placed in terms of the capital cost.

Credit challenges

Competition from existing players and upcoming LNG terminals on west coast – The terminal at Chhara on the west coast faces intense competition from established players like Petronet LNG, Shell, GAIL, Dhamra, etc., as well as from the upcoming terminals at Jaigarh and Jafrabad. The company would, however, benefit from the strong offtake support from its parent, which alleviates the market risks to some extent.

Competition from liquid fuels could impact offtake, depending on energy price parity - The domestic demand for R-LNG remains exposed to competition from liquid fuels and consumers may switch depending on the price parity.

Liquidity position: Adequate

The liquidity position is expected to remain Adequate, given the ability and willingness of the parent entity, HPCL, to support any shortfall given the strategic importance of the entity to HPCL. which has supported in the past, with a total infusion of Rs. 291.66 crore through preference shares till 9M FY2026 and is expected to do so, going forward as well. The cash flows from the project are expected to be supported by the captive consumption of the parent and the comfortable moratorium period on the debt repayment.

Rating sensitivities

Positive factors – The rating watch could be resolved once geopolitical risk subsides and LNG supply disruptions ease, leading to increased availability of LNG.

Negative factors – Downward pressure on HPCL LNG Limited's ratings could arise if (i) the credit profile of HPCL weakens, or (ii) the linkage between HPCL and HPCL LNG Limited weakens, or (iii) any significant deterioration in HPCL LNG's financial risk profile.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies 9 Bold	[Corporate Credit Rating Methodology]
Parent/Group support	HPLNG shares a common name with HPCL {[ICRA]AAA (Stable)/[ICRA]A1+} and is strategically an important project for the Group, which in ICRA's opinion, would persuade HPCL to provide financial support to the entity, should the need arise.
Consolidation/Standalone	The ratings are based on the standalone financial profile of the company.

About the company

Incorporated in October 2013, HPCL LNG Limited (erstwhile HPCL Shapoorji Energy Private Limited) is a wholly-owned subsidiary of Hindustan Petroleum Corporation Limited (HPCL). The entity was initially incorporated as a JV between HPCL and SP Ports Private Limited (SPPPL), a Shapoorji Pallonji Group company, which exited the JV in March 2021 by selling its stake to HPCL. The SPV was incorporated with the purpose of setting up a 5-million metric tonnes per annum (MMTPA) land-based LNG storage and regasification terminal with all the associated facilities as well as subsequent supply of re-gasified LNG to gas grid. The total capital cost for the project had been estimated at Rs. 4,792 crore, out of which ~Rs. 4,504 crore has already been done as on January 31, 2026, funded in a debt-to-equity mix of 70:30. The LNG terminal will be within the boundary of an all-weather multi-purpose greenfield port being developed at Chhara under Simar Port Private Limited, an SPV under SPPPL.

The LNG project will have provisions for capacity expansion of up to 10 MMTPA in the future. The utilities, flare header and unloading lines are being designed for handling higher capacity.

Key financial indicators (audited)

HPCL	FY2024	FY2025
Operating income	-	6.1
PAT	-10.3	-109.3
OPBDIT/OI	NM*	NM
PAT/OI	NM	NM
Total outside liabilities/Tangible net worth (times)	2.3	2.4
Total debt/OPBDIT (times)	NM	NM
Interest coverage (times)	NM	NM

*Source: Company, ICRA Research; All ratios as per ICRA's calculations; Amount in Rs. Crore; *Provisional numbers*
PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation
**NM: Not Meaningful; The company was mostly in project stage till FY2025, hence these financial ratios are not meaningful*

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

	Current rating (FY2027)			Chronology of rating history for the past 3 years					
				FY2026		FY2025		FY2024	
Instrument	Type	Amount rated (Rs crore)	April 07, 2026	Date	Rating	Date	Rating	Date	Rating
Interchangeable limits-Others	Long-term	(150.00)	[ICRA]AA Rating watch with developing implications	-	-	Apr 30, 2024	[ICRA]AA (Stable)	-	-
				-	-	Feb 05, 2025	[ICRA]AA (Positive)	-	-
Fund-based-Term loan	Long-term	3,331.00	[ICRA]AA Rating watch with developing implications	-	-	Apr 30, 2024	[ICRA]AA (Stable)	-	-
				-	-	Feb 05, 2025	[ICRA]AA (Positive)	-	-
Non-fund based - Others	Short-term	40.00	[ICRA]A1+	-	-	Feb 05, 2025	[ICRA]A1+	-	-
Fund-based-Short-term loan	Short-term	40.00	[ICRA]A1+	-	-	Feb 05, 2025	[ICRA]A1+	-	-
Interchangeable limits-Forward cover	Short-term	-	-	-	-	Apr 30, 2024	[ICRA]A1+	-	-

Complexity level of the rated instruments

Instrument	Complexity indicator
Long-term fund based – Term loan	Simple
Long-term non-fund based	Simple
Short term: Fund based – short-term loan	Simple
Short term: Non-Fund based – Others	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	**Long term: Fund based- Term loan**	January 2022	1 year MCLR + 0.05%	March 2037	3,331.00	[ICRA]AA; Rating watch with developing implications

NA	**Long term: Non-fund based limits#**	NA	NA	NA	(150.00)	[ICRA]AA; Rating watch with developing implications
NA	**Short term: Fund based – short-term loan**	NA	NA	NA	40.00	[ICRA]A1+
NA	**Short term: Non-Fund based – Others**	NA	NA	NA	40.00	[ICRA]A1+

Source: Company; #sub-limit of fund-based term loan

Please click here to view details of lender-wise facilities rated by ICRA

Annexure II: List of entities considered for consolidated analysis – Not applicable

ANALYST CONTACTS

Girishkumar Kadam
+91 22 6114 3441
girishkumar@icraindia.com

Prashant Vasisht
+91-124-4545 322
prashant.vasisht@icraindia.com

Kushal Kumar
+91 40 69396408
kushal.kumar@icraindia.com

Apoorva
+91 124 4545 323
apoorva@icraindia.com

RELATIONSHIP CONTACT

L. Shivakumar
+91 22 6114 3406
shivakumar@icraindia.com

MEDIA AND PUBLIC RELATIONS CONTACT

Ms. Naznin Prodhani
Tel: +91 124 4545 860
communications@icraindia.com

HELPLINE FOR BUSINESS QUERIES

+91-9354738909 (open Monday to Friday, from 9:30 am to 6 pm)

info@icraindia.com

ABOUT ICRA LIMITED

ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

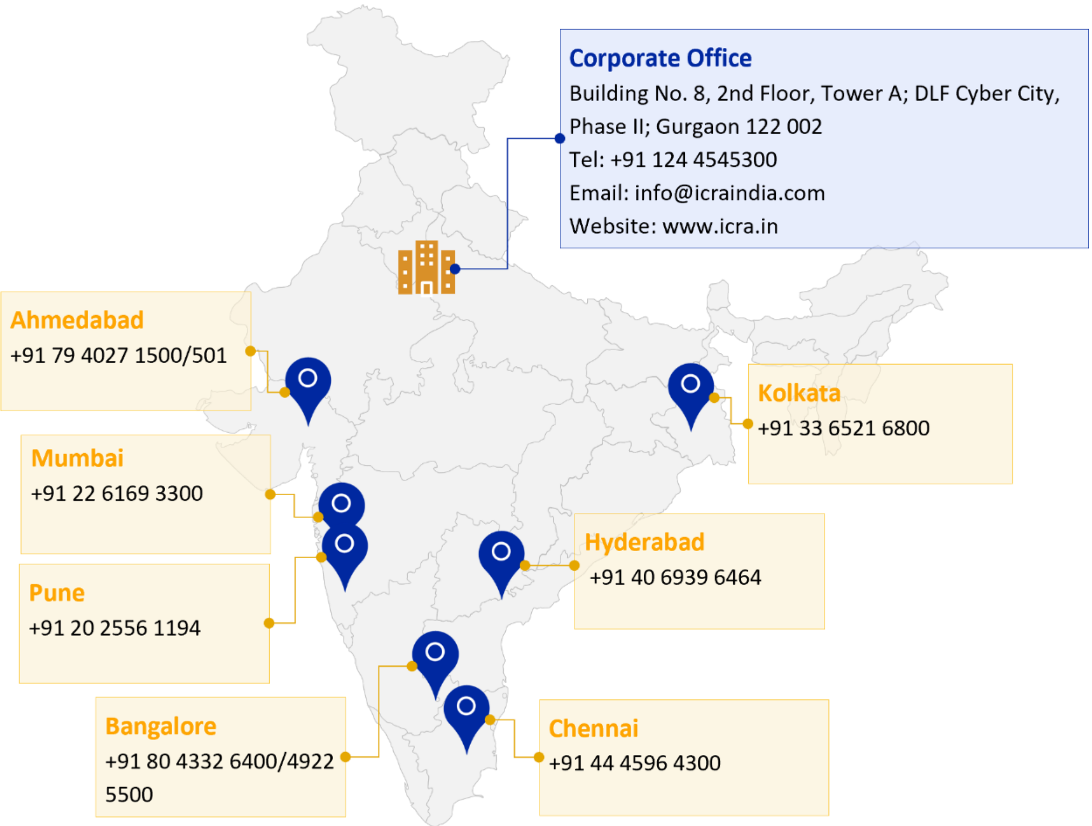
For more information, visit www.icra.in

ICRA Limited

Registered Office

B-710, Statesman House, 148 Barakhamba Road, New Delhi-110001
Tel: +91 11 23357940-45

Branches



ICRA ratings should not be treated as recommendation to buy, sell or hold the rated debt instruments. ICRA ratings are subject to a process of surveillance, which may lead to revision in ratings. An ICRA rating is a symbolic indicator of ICRA's current opinion on the relative capability of the issuer concerned to timely service debts and obligations, with reference to the instrument rated. Please visit our website www.icra.in or contact any ICRA office for the latest information on ICRA ratings outstanding. All information contained herein has been obtained by ICRA from sources believed by it to be accurate and reliable, including the rated issuer. ICRA however has not conducted any audit of the rated issuer or of the information provided by it. While reasonable care has been taken to ensure that the information herein is true, such information is provided 'as is' without any warranty of any kind, and ICRA in particular, makes no representation or warranty, express or implied, as to the accuracy, timeliness or completeness of any such information. Also, ICRA or any of its group companies may have provided services other than rating to the issuer rated. All information contained herein must be construed solely as statements of opinion, and ICRA shall not be liable for any losses incurred by users from any use of this publication or its contents.