Energy Infrastructure Trust — FY 2025 Annual Report Analysis

Annual Report Analysis (Consolidated)

Avoid. Operating profit covers interest only **0.78** times and a structural fee mechanism diverts 43% of revenue to the former promoter, capping minority returns.

Key findings

Must know - [-] Related-party payments to RIL consumed □**1,671.51 Cr** through an "Upside" fee mechanism, representing 43% of total revenue and structurally capping unitholder profit. - [-] Operating profit interest coverage fell to **0.78** times, leaving the Trust unable to service its interest obligations from core earnings after the spike in promoter fees. - [-] The Trust's debt was restructured into three series of NCDs totaling □**6,452 Cr**, creating a concentrated maturity wall between 2027 and 2029. - [-] The company's EBITDA margin of **34.0%** fell below its historical five-year range of 54.7-75.8%, reflecting the increased burden of variable fee payments. - [-] Statutory GST balances spiked to □**274.62 Cr**, creating a persistent operating cash drag that traps liquidity in tax credits rather than distributable cash. - [-] The promoter fee mechanism acts as a structural profit cap, siphoning away surplus cash as volumes increase and preventing unitholders from benefiting from asset scale.

Business - [~] Pipeline volumes increased 7% to **35.45 MMSCMD**, though authorized capacity utilization remains low at 42%, leaving significant idle infrastructure. - [+] Gas transportation tariffs reached □**80.97/MMBTU** following the Unified Tariff implementation, improving top-line realizations despite volume headwinds. - [-] Customer concentration remains a risk as two clients contribute **46%** of total revenue, making cash flows sensitive to their specific operational stability.

Governance - [-] Freehold land parcels valued at □**59.85 Cr** remain in the name of the previous promoter, Reliance, rather than the SPV for the fifth year.

Outlook - [~] Management targets a **15%** share for natural gas in India's energy mix by 2030, necessitating significant incremental volume hook-ups to meet growth targets.

What to watch

Monitorable	Current level	Threshold for view change
Interest coverage	0.78x	Above 1.50x
RIL Upside fee share	43% of revenue	Below 25% of revenue
Capacity utilization	42%	Above 60%
Land titles in SPV name	□0 Cr	□59.85 Cr
GST balance	□274.62 Cr	Below □150 Cr

1. Business

1.1 What it sells, to whom

- **Pipeline Transportation:** Transports natural gas via a 1,485 km bi-directional trunk pipeline connecting East Coast gas fields (KG Basin) to West Coast consumption hubs. Revenue is earned through regulated tariffs (price x volume) and fee-based imbalance management services.

- **Capacity Reservation:** Earns contracted capacity payments from Reliance Industries Limited (RIL) under a 20-year Pipeline Usage Agreement (PUA), ensuring a revenue floor regardless of actual throughput.
- **Key Customers:** Primarily serves the fertilizer (Customer A: □1,003.78 Cr), refinery/petrochemical (Customer B: □790.69 Cr), and city gas distribution (Customer C: □508.72 Cr) sectors across five Indian states.

1.2 Segment performance

Segment	FY24 (□ Cr)	FY25 (□ Cr)	YoY	Share change (pp)	Margin	What drove it
Gas Transportation	3,666.36	3,892.93	6.18%	0	25.87%	Volume ramp-up and new customer connectivities.
Total	**3,666.36**	**3,892.93**	**6.18%**	**0**	**25.87%**	**Higher throughput and parking services income.**

Forward visibility: Revenue for next year is largely secured through long-term PUA capacity payments and existing Gas Transportation Agreements (GTAs).

Gas transportation

- **Capacity:** Authorized capacity of 85 MMSCMD with current utilization at 42% (35.45 MMSCMD). Capacity does not currently bind, leaving significant headroom for volume growth.
- **Visibility:** 20-year PUA with RIL reserves 33 MMSCMD. Unified Tariff regime implemented in April 2023 provides revenue neutrality for the national grid corridor.
- **Cost driver:** System Use Gas (SUG), landed cost, which accounts for approximately 50% of total operating expenses.
- **Change:** Commissioned the Silvassa spur line and new hook-ups for Bhilosa Industries and THINK Gas to increase incremental volumes.

1.3 Operating measures

Measure	FY24	FY25	Unit
NDCF	1004.99 crore	1007.00 crore	INR crore
Concession life	Not disclosed	30 years	Years
Volumes (mmscmd) (Gas transmission / distribution)	33.11 MMSCMD	35.45 MMSCMD	MMSCMD
Capacity utilisation (Gas transmission / distribution)	—	42%	%
Tariff (Gas transmission / distribution)	Not disclosed	□80.97/MMBTU	INR/MMBTU
Debt Service Coverage Ratio	Not disclosed	2.84 times	Times
System Use Gas (SUG) (Gas transmission / distribution)	—	1.29%	%
Unaccounted for Gas (UAG) (Gas transmission / distribution)	—	+0.057%	%
Total Gas Delivered (Cumulative) (Gas transmission / distribution)	Not disclosed	151.91 Billion SCM	Billion SCM

Not disclosed: distribution per unit; LTV / net debt to asset value; toll or tariff growth; APM vs spot gas share (if CGD). * Volume throughput increased 7% to 35.45 MMSCMD, yet utilization remains low at 42% against authorized capacity. * NDCF grew marginally to □1,007 Cr, while tariff realizations improved to □80.97/MMBTU following the Unified Tariff implementation.

1.4 What the company is building

Initiative	Type	Size	Timing / status	What it changes
NCD Refinancing	Capital restructuring	□6,452 Cr	Completed Mar 2024	Restructured debt into three series with 7.96% coupon.
Silvassa Spur Line	Commissioning	Not quantified	Completed FY25	Supplies RIL manufacturing division directly.
Hook-up facilities	Commissioning	0.79 MMSCMD	Completed FY25	Connects Bhilosa Industries and THINK Gas.
Solar Power Plant	Commissioning	300 kWp	Completed FY25	Reduces carbon emissions by 212 MT annually.
RPS Issuance	Capital restructuring	□650 Cr	Historical/Ongoing	Settlement for pipeline business demerger from EWPL.

1.5 Cost base

Cost line	□Cr	Share of total cost	YoY	What drives it
RIL Upside Share	715.90	27.87%	New	Free cash flow available after debt servicing.
System Use Gas (SUG)	659.30	25.66%	5.3%	Internal gas consumption for compressor operations.
Stores and Spares	126.80	4.94%	207.77%	Maintenance of 10 compressor stations and plant.
Repairs & Maintenance	82.50	3.21%	20.97%	Technical upkeep of bi-directional 48-inch pipeline.
Employee Benefits	75.80	2.95%	-3.5%	Workforce costs at five-state operational bases.

Sensitivity: 1% volume change impacts Enterprise Value by approximately □130 Cr.

1.6 Competitive position

- The Trust controls approximately 26% of India's national pipeline capacity and handles 18% of the country's total gas transportation volume.
- Source of advantage is its unique bi-directional trunk infrastructure connecting East Coast supply hubs to high-demand Western markets.
- Primary competitive threats are costlier regasified LNG and competition from alternative fuels (coal/solar) in the power generation sector.

1.7 What must stay true

- **PUA Validity:** RIL must continue capacity payments for the 33 MMSCMD reserved capacity (current: 42% utilization) to maintain the cash flow floor (carried from last year).
- **Regulatory Support:** PNGRB levelized tariff revision (expected at □75/MMBTU) must be approved to offset rising operational costs (new).
- **Debt Servicing:** Refinanced NCDs must be serviced using the 2.84x debt service coverage ratio to avoid liquidity cliffs (new).
- **Customer Concentration:** The top two customers (Customer A and B) must maintain operations to secure 46% of total revenue (carried from last year).

2. Management's view

2.1 Outlook on the business

Area	What management says	Number or date given	Horizon
Demand	"Gas-based economy" goal to reach 15% share in energy mix	15%	2030
Pricing	"Forecasted levelized tariff" expected to increase following PNGRB review	₹75.00/MMBtu	April 2026
Volumes	"Incremental gas volumes" expected from new Silvassa, Bhilosa, and THINK Gas tie-ins	—	FY26
Segments	"CGD sector" to lead growth, reaching 25% of total consumption	25%	2030
Capex	"Proposed major repairs" and maintenance to ensure system availability	₹82.50 Cr	FY26
Balance sheet	Refinanced "listed NCDs" into three series to manage liquidity	₹6,452 Cr	2027–2029
Guidance	Consumption volumes in CGD sector to grow at "CAGR of 10%"	10%	FY25–FY30

Backdrop: India recorded 6.5% GDP growth in FY25, supported by "strategic policy direction" to build a ₹838,500 Cr ($10 trillion) economy.

2.2 Plans and expansion

- Management is executing "new connectivities" including the Silvassa spur line and terminals for Bhilosa Industries and THINK Gas; these are commissioned and depend on customer-side volume ramp-up.
- Sustainability plans include the "net-zero emissions" path, having commissioned a 300 kWp solar plant at CS07; further solar expansions are funded via operational cash flows.
- Infrastructure modernization involves upgrading "Mark VI-e control systems" at CS03 and CS10B to address hardware obsolescence, with timing aligned to scheduled maintenance shutdowns.
- Strategic growth targets the "southern region" as a "vital link" for the national grid; expansion depends on the board's evaluation of bidding rounds invited by the regulator (PNGRB).

2.3 Risks and challenges management names

Risk (management's words)	Mitigation stated	Where it shows in the numbers
"Adverse tariff ruling"	Filed "tariff review application" under amended 2022 regulations	Realized tariff ₹80.97/MMBtu in Sec 1.3
"Non-performance of obligations by RIL"	Pipeline Usage Agreement (PUA) provides a "Reserved Capacity" floor	33 MMSCMD reservation (Sec 3.3)
"Loss of one or more" key customers	Offering "Imbalance Management Services" to diversify the customer base	46.09% revenue concentration in Note 34
"Uncertain" land titles	"Ongoing" legal process to transfer titles from previous owner	₹5.99 Cr land in previous name

2.4 Tone

Optimistic -- Management views the pipeline as a "critical enabler" of the national energy transition, citing a rebound in domestic production and a fourfold increase in CNG infrastructure.

"Critical enabler of India’s energy transition." "Essential energy corridor connecting gas-producing fields."

The tone has shifted from "Pragmatic Optimism" to a more robust **Optimistic** stance following the successful refinancing of the 2024 debt cliff.

3. Financial picture

3.0 What looks out of line

What it could mean	What would confirm or disprove it	Likelihood
Structural profit-capping via promoter fee mechanism	Review of Pipeline Usage Agreement (PUA) upside threshold triggers and potential fee caps.	Likely
Asset ownership and terminal value risk	Execution of formal land transfers and monitoring of sponsor's purchase rights in the SPV.	Possible
Statutory trap creating operating cash drag	Utilization of accumulated input tax credits against future tariff output liabilities.	Likely

The sharp decline in reserves to negative ₹5,250 Cr is a structural artifact of treating unitholder distributions as a return of capital under SEBI InvIT regulations.

3.1 Is it making money, and is the profit real?

Reported accounting profit has collapsed as variable fees to the former promoter now consume 43% of total revenue.

- Operating profit fell primarily due to a ₹1,146 Cr spike in other expenses, specifically the PUA "Upside" fee paid to RIL as volumes exceeded contracted floors.
- The transition to a Unified Tariff regime improved realizations to ₹80.97/MMBTU, yet net margins vanished as the revenue-sharing mechanism prioritized related-party payments over unitholder PAT.
- Core profitability is artificial; excluding ₹43.08 Cr in exceptional items, the Trust recorded a loss of ₹33 Cr, with ROCE falling to 4% against the 6.5% risk-free rate.

Where the profit came from (FY25): pre-tax profit of ₹10 Cr = core operating profit ₹1,324 Cr, plus recurring other income ₹82 Cr, plus one-off items ₹43 Cr, less interest ₹518 Cr, less depreciation ₹921 Cr. Excluding the one-offs, profit after tax would have been a loss of ₹33 Cr.

What moved operating profit (FY24 ₹2,186 Cr to FY25 ₹1,324 Cr, -₹862 Cr): higher other expenses -₹1,146 Cr, higher revenue +₹227 Cr, lower manufacturing / power & fuel +₹56 Cr, lower employee cost +₹1 Cr. (Cost lines are Screener's percentages of sales, so each is good to about ±₹1 Cr.)

Five-year record

Metric	5-yr mean	FY24	FY25	Low ‹ band › high	Vs trend	Why it moved	Durable?
Revenue growth %	28.03	33.6	6.19	5.86 `{------o----]` 44.64	**Worse than trend**	Limited incremental volume ramp-up	—
EBITDA margin %	66.05	59.63	34.01	54.69 `# [--o--]` 75.77	**Worse than trend** (worst in window)	□1,671 Cr PUA Upside fee to RIL	Structural
PAT margin %	9.92	22.42	0.23	-23.83 `[-----#--o--]` 22.42	**Worse than trend**	Fee spike and interest costs	Structural
ROCE %	7	11	4	1 `[---#--o----]` 11	**Worse than trend**	Operating profit collapse from PUA fees	Structural
Other income % of PBT	12.6	19.56	1,250	`7.44 o # 19.56`	**Outside range**	Core PBT collapse to □10 Cr	Too early

What the checks found

Is the growth real? Watch · Is the P&L being manufactured? Watch

Check	FY24	FY25	Status	What it means
Customer concentration	2,147.0 Cr	2,303.2 Cr	Watch · high impact	—
Exceptional items and their effect on PBT	7.64 Cr	43.08 Cr	Watch · high impact	Adds 43.08 Cr to PBT
Non-operating / other income as % of PBT	19.6%	1250.0%	Watch · high impact	Other income of 125 Cr dwarfs PBT of 10 Cr
Depreciation policy / useful-life change	17.83%	21.91%	Watch · high impact	Significant change in discount rate used for impairment testing/value-in-use calculation
Valuation-method or accounting-policy change	Not disclosed	Note 11.5	Watch · high impact	Unit Capital presented as Equity to comply with SEBI instead of Ind AS 32 compound instrument
Provision reversals credited to income	—	Not disclosed	Unresolved	—

Clean (6): Revenue from related parties as % of revenue; Receivables growth vs sales growth; Receivables ageing / ECL provisioning; Unbilled revenue, contract assets, deferred revenue; Advances from customers trend; Deferred tax movement and cash-vs-book tax.

3.2 Is profit turning into cash?

Cash conversion remains healthy due to high non-cash depreciation, though working capital is increasingly trapped in tax credits.

- CFO/EBITDA at 0.89x reflects consistent cash generation despite the PAT collapse, as □921 Cr in depreciation is added back to the negligible accounting profit.
- The 127% spike in GST balances to □274.62 Cr represents a significant liquidity leak, offsetting the benefits of an excellent 17-day debtor cycle.

- Receivables quality is superior, with 100% of the ₹182.05 Cr balance reported as "not due" under strict 4-day credit terms mandated in transportation agreements.

Five-year record

Metric	5-yr mean	FY24	FY25	Low ‹ band › high	Vs trend	Why it moved	Durable?
CFO / EBITDA	1.2	0.95	0.89	`0.79 [#--o-------] 2.09`	**Worse than trend**	GST balance spike trapped liquidity	—
Debtor days	20	20	17	16 `[#---o------]` 25	**Better than trend**	Strict 4-day credit cycle maintenance	—
Cash from operations	1,900	2,079	1,182	`1182 # [---o-] 2079`	**Worse than trend**	Profit deterioration and tax credit drag	Structural

What the checks found

Does profit become cash? Watch

Check	FY24	FY25	Status	What it means
CFO vs clean EBITDA (cash conversion)	0.95x	0.89x	Watch · high impact	—
Pre-tax operating conversion (CFO + tax paid) / EBITDA	0.95x	0.88x	Watch · high impact	Reflects working capital drag of 182 Cr
Working-capital movement	-232.00 Cr	-182.00 Cr	Watch · high impact	182 Cr reduction in operating cash
Inventory absorption of operating cash	-29.00 Cr	29.00 Cr	Watch · low impact	Consumes 2.2% of EBITDA cash generation

Clean (1): Cash tax paid vs book tax.

3.3 Where is the cash going?

Operating cash is fully consumed by unitholder distributions and interest, leaving the Trust reliant on its cash reserves for growth.

- The Sponsor received distributions of ₹854.43 Cr, significantly exceeding the book profit and signaling a deliberate liquidation of the capital base to maintain payouts.
- Capital expenditure is minimal at ₹46 Cr and remains self-funded, focusing on new connectivities like the Silvassa spur line to drive incremental volume.
- Massive value leakage exists via the ₹1,671.51 Cr PUA Upside payment to RIL, which captured nearly half of the total revenue generated during the year.

Where 5 years of cash went: the business generated ₹8,782 Cr of operating cash; it went to interest ₹2,749 Cr, capex ₹271 Cr, dividends ₹14 Cr; no equity raised.

What the checks found

Is value leaving to insiders? Flag

Check	FY24 (□ Cr)	FY25 (□ Cr)	Status	What it means
Related-party transaction quantum and trend	472.79	1,671.51	Flag · high impact	Upside payment to RIL consumes 43% of total revenue
Interest earned on loans/advances to related parties, against the company's own cost of debt	—	Not disclosed	Unresolved	—

Clean (6): New related-party counterparties this year; KMP / director remuneration vs EBITDA; Loans, advances or guarantees to group entities; Interest paid on loans taken FROM promoters or directors, against the company's own cost of debt; Promoter pledge / encumbrance; CSR spend and shortfall.

3.4 How strong is the balance sheet?

The balance sheet faces a severe refinancing concentration risk with the entire listed debt maturing between 2027 and 2029.

- Net debt remains high at □5,794 Cr, with interest coverage falling to 0.78x (EBITDA/Interest), though the Trust maintains a 2.84x debt service coverage ratio.
- Concentration risk is acute as □6,452 Cr of NCDs mature across three series in a 24-month window starting March 2027, requiring significant proactive refinancing.
- Contingent risk is limited to □59.85 Cr of land still held in the promoter's name, although the pipeline asset is fully encumbered to secure the NCDs.

Five-year record

Metric	5-yr mean	FY24	FY25	Low ‹ band › high	Vs trend	Why it moved	Durable?
Net debt / EBITDA	4.82	2.61	4.38	`2.61 [--#--------] 10.49`	**In line with trend**	EBITDA collapse against flat debt	Structural
Interest coverage	1.5	2.09	0.78	0.22 `[---#---o---]` 2.09	**Worse than trend**	Lower EBITDA against fixed interest	Structural

What the checks found

Can the balance sheet take a hit? Watch

Check	FY24 (□ Cr)	FY25 (□ Cr)	Status	What it means
Borrowing terms, security, covenants	6,479.27	6,587.07	Watch · high impact	NCDs of 6,452 Cr maturity wall in 2027-2029
Encumbered assets / title deeds not in company name	61.89	61.89	Watch · medium impact	Freehold land remains in name of RGTIL/Reliance

Clean (3): CWIP ageing and stalled projects; Dividend vs free cash flow; Contingent liabilities vs net worth.

Contingent liabilities and commitments

Type of commitment	FY 2025 (Cr)	FY 2024 (Cr)	Status
Capital Commitments	2.85	15.42	Net of advances
Contingent Liabilities	0.00	0.00	—

- The Group reports zero contingent liabilities. However, the "RIL Upside" payment (1,671.51 Cr in FY25) acts like a quasi-contingent obligation that materializes whenever revenues exceed specific thresholds, significantly impacting distributable surplus.
- The SPV has a CSR provision of 2 Cr despite negative average net profits, signaling a voluntary commitment to social spending not legally mandated.

Financial statements

P&L statement (□Cr)

Line item	Mar 2025	Mar 2024
Sales	3,893	3,666
Sales Growth %	6.18	33.61
Expenses	2,569	1,480
Manufacturing Cost %	18.79	21.47
Employee Cost %	0.89	0.98
Other Cost %	46.30	17.92
Operating Profit	1,324	2,186
OPM %	34	60
Other Income	125	161
Exceptional items	43.08	7.64
Other income normal	82.21	153.22
Interest	518	607
Depreciation	921	917
Profit before tax	10	823
Tax %	10	0
Net Profit	9	822
Exceptional items AT	42	8
Profit excl Excep	-33	814
Profit for PE	-33	814
Profit for EPS	9	822
Profit Growth %	-104	56
EPS (□)	0.13	12.38
Dividend Payout %	0	0

Balance sheet (□Cr)

Line item	Mar 2025	Mar 2024
Equity Capital	6,640	4,228
Reserves	-5,250	-1,706
Borrowings	6,604	6,479
Long term Borrowings	6,460	6,460
Short term Borrowings	127	0
Lease Liabilities	17	20
Preference Capital	8	8
Other Borrowings	-8	-8
Other Liabilities	5,666	5,682
Non controlling int	4,045	4,045
Trade Payables	108	164
Other liability items	1,512	1,473
Total Liabilities	13,660	14,684
Fixed Assets	11,772	12,709
Land	96	96
Building	238	237
Plant Machinery	14,579	14,640
Equipments	26	25
Furniture n fittings	3	3
Vehicles	0	0
Intangible Assets	40	40
Other fixed assets	2,110	2,107
Gross Block	17,093	17,148
Accumulated Depreciation	5,321	4,440
CWIP	43	50
Investments	230	415
Other Assets	1,615	1,510
Inventories	250	208
Trade receivables	182	198
Receivables over 6m	15	15
Receivables under 6m	182	198
Prov for Doubtful	-15	-15
Cash Equivalents	810	767
Loans n Advances	24	18
Other asset items	348	319
Total Assets	13,660	14,684

Cash flow statement (□Cr)

Line item	Mar 2025	Mar 2024
Cash from Operating Activity	1,182	2,079
Profit from operations	1,352	2,298
Receivables	-144	-157
Inventory	-29	29
Payables	-9	-105
Other WC items	0	0
Working capital changes	-182	-232
Direct taxes	12	13
Cash from Investing Activity	422	-295
Fixed assets purchased	-46	-57
Fixed assets sold	82	0
Investments purchased	-5,283	-3,260
Investments sold	5,505	2,890
Interest received	52	39
Other investing items	112	93
Cash from Financing Activity	-1,560	-1,570
Proceeds from shares	0	0
Proceeds from borrowings	0	6,452
Repayment of borrowings	0	-6,452
Interest paid fin	-416	-595
Dividends paid	-1	-5
Financial liabilities	-3	-3
Other financing items	-1,139	-968
Net Cash Flow	44	213
Free Cash Flow	1,217	2,022
CFO/EBITDA	88	94

Key ratios

Line item	Mar 2025	Mar 2024
Debtor Days	17	20
Inventory Days	—	—
Days Payable	—	—
Cash Conversion Cycle	—	—
Working Capital Days	—	—
ROCE %	4	11

4. Management & governance

Governance check matrix

Check	Status	Detail
Audit opinion (type)	Clean	Unmodified
Fraud reported by the auditor	Clean	—
Audit trail (edit log) in software	Not disclosed	Not mentioned in report
Statutory dues unpaid	Clean	—
Promoter pledge (% of promoter holding)	Not disclosed	Not mentioned in report
Independent directors (% of board)	Clean	50% (3 of 6)
Woman director	Clean	Ms. Kavita Venugopal
KMP pay against statutory ceiling	Clean	Within limits
Related-party transactions (% of revenue)	Watch	5.14% (Income only)

A. Auditor report & key audit matters

Beyond the matrix, the auditor issued an Emphasis of Matter regarding the presentation of Unit Capital as Equity to comply with SEBI InvIT regulations, despite its characteristics as a compound financial instrument. The Key Audit Matters (KAM) focused on the Fair Value of net assets (□5,866.17 Cr) and the Fair Valuation of investment in SPV NCDs (□5,861.93 Cr). These depend on discounted cash flow (DCF) models where small changes in the discount rate or the estimated interest rate for refinancing external debt (listed NCDs) create material valuation swings. Management addressed these by using independent valuers, whose assumptions were verified by the auditor’s internal valuation specialists. Statutory audit fees were □2.17 Cr, part of a total □3.87 Cr remuneration package that included □1.42 Cr for group reporting audits. No material control weaknesses or lender defaults were reported.

B. Related party transactions

The Trust’s cash flow is governed by a Pipeline Usage Agreement (PUA) with Reliance Industries (RIL). While RIL is the primary customer, the "Upside" payment mechanism significantly diverts surplus cash from minority unitholders to the former promoter.

Counterparty	Relationship	Nature	FY25 flow (□Cr)	FY24 flow (□Cr)	Balance at FY25 year end (□Cr)	Assessment
Reliance Industries (RIL)	Contractual Promoter	PUA Upside Expense	1,671.51	472.79	1,281.04	Value leakage
Rapid Holdings 2	Sponsor	Unit Distributions	854.43	726.28	2,805.16	Routine
India Gas Solutions	Assoc. of Director	Gas Transport Income	200.13	207.45	8.93	Arm's length
India Gas Solutions	Assoc. of Director	Gas Purchases	121.59	125.99	3.39	Arm's length
Axis Bank Limited	Trustee Promoter	Interest on NCDs	15.90	83.10	75	Below cost of borrowing
Pipeline Mgmt Svcs	Joint Venture	Maintenance Exp	58.20	57.43	16.44	Routine
Total	—	—	**2,921.76**	**1,673.04**	**4,189.96**	—

The table cannot capture the "Expenditure Component Sweep" (ECS), a □1,006.50 Cr cumulative advance from the SPV to the Trust that functions as an interest-bearing loan (6.04%) used to fund distributions. The 253% surge in the RIL Upside payment is the primary reason PAT collapsed to □8.96 Cr.

C. Shareholding

The Sponsor, Rapid Holdings 2 Pte Ltd (Brookfield), maintains a controlling interest.

Category	FY25 (%)	FY24 (%)	Change (pp)
Sponsor & Sponsor Group	75	75	0
Institutional (Mutual Funds/Banks)	6.25	6.84	-0.59
Others (Public)	18.75	18.16	0.59

The Sponsor's unit holding is not reported as pledged. Note that ICICI Prudential Mutual Fund and Bank of Baroda remain the largest minority holders at 2.61% and 2.20% respectively.

D. Board composition

The Investment Manager’s board reached its current stability following a major management overhaul in December 2023, when Ms. Pooja Aggarwal (CEO) and Mr. Darshan Vora (CFO) resigned. Mr. Akhil Mehrotra was then appointed Managing Director. At the SPV level (Pipeline Infrastructure Limited), Mr. Siddanth Arya resigned as a Non-Executive Director in February 2025 and was replaced by Mr. Prateek Shroff (Chairperson of the IM) in March 2025. There are no disclosed family relationships between executive directors or KMPs.

E. KMP compensation

Remuneration for KMPs and executive directors is paid at the SPV level or reimbursed by the Trust.

Name	Role	FY25 (□Cr)	FY24 (□Cr)	Change
Akhil Mehrotra	Managing Director	4.30	3.69	16.53%
Mahesh Iyer	CFO (SPV)	1.99	2.02	-1.48%
Suneeta Mane	Company Secretary	0.29	0	New
Total	—	**6.58**	**5.71**	**15.23%**
Pay as % of EBITDA	—	**0.5%**	**0.26%**	—

Total KMP pay is well below the 5% threshold relative to the FY25 EBITDA of □1,324 Cr. However, pay rose by 15.23% in a year where Operating Profit fell by 39% and Net Profit fell by 99%, indicating that management incentives are decoupled from the bottom line.

F. Capital allocation & capex

The Trust operates as a liquidating income vehicle rather than a growth entity. Cumulative cash flow from operations over the window was □8,782 Cr, while capex was a negligible -□271 Cr, reflecting a business that is harvesting its existing asset base. The □46 Cr spent on capex this year was 0.05x the depreciation. Returns are structurally declining as the asset base amortizes; however, the Trust has maintained high distributions by returning capital to unitholders (□488.07 Cr this year) rather than just earnings. This return of capital has shrunk the unit capital base from □4,228 Cr to □3,740 Cr. The business is funding these payouts through its own operating cash flow, but the lack of reinvestment means the asset base is effectively in terminal decline. Returns on capital (ROCE) fell from 11% to 4% this year, largely due to the "Upside" payment leakage to RIL.

G. Accounting policy stance: revenue and depreciation

Policy	What the company does	Standard or industry norm	Stance
Revenue recognition	Point in time upon delivery of gas; includes deferred delivery charges.	Point in time for transmission services.	In line
Depreciation lives	Plant & Machinery: 4-20 years (7.5% computed).	Schedule II: 15 years (6.67%).	Aggressive
Amortisation	Pipeline Authorisation over 20 years; 13.25 years remaining.	Finite life of concession/license.	In line
Changes in Estimates	Reviewed annually; no material changes this FY.	Periodic review required.	In line
Credit Loss (ECL)	100% of trade receivables are "Not Due" due to 4-day credit cycle.	Provisioning based on ageing/ dispute.	Conservative

Overall accounting stance: In line. While the depreciation rate is mathematically higher (more aggressive) than Schedule II norms, it reflects the finite life of the Pipeline Usage Agreement. The most significant concern for a minority holder is not the accounting, but the legal title of □59.85 Cr of freehold land which remains in the name of the previous promoter (Reliance) rather than the SPV.

4.1 Credibility: said versus delivered

What they said last year	What happened	Verdict
Refinance □6,446 Cr NCDs maturing March 2024.	Restructured debt into three series in Mar 2024.	Delivered
Shift to "common carrier" via new connectivities.	Commissioned Silvassa spur and hook-ups for THINK/Bhilosa.	Delivered
Volume ramp-up from KG-D6 and ONGC fields.	Volumes increased 7% to 35.45 MMSCMD.	Delivered
Transition to revenue-neutral Unified Tariff.	Realized tariff reached □80.97/MMBTU in FY25.	Delivered

1 further claim too vague to check: Management "Pragmatic Optimism" regarding regulatory hurdles and zero-loss records.

This year's claims against the numbers

- Management expects "incremental gas volumes" from new Silvassa, Bhilosa, and THINK Gas tie-ins. **volumes (Gas transmission)** increased from 33.11 to 35.45 MMSCMD, supporting the expansion narrative. Verdict: SUPPORTED.
- Management forecasts a "levelized tariff" of ₹75.00/MMBtu following regulatory review. Current **tariff** realizations are already higher at ₹80.97/MMBTU, suggesting a conservative or floor-based outlook. Verdict: SUPPORTED.
- Guidance projects "CGD sector" consumption to lead growth. **Customer C** (CGD) contributed ₹508.72 Cr, but the trust still relies on Customer A and B for 46% of revenue. Verdict: Partially supported.

Credibility: High — Management executed the critical debt refinancing and commissioned all promised infrastructure connectivities, despite the PUA fee structure resulting in poor bottom-line performance for unitholders.

What has not changed

- Title deeds for land parcels totaling ₹59.85 Cr remain in the name of the previous promoter for the fifth year running.
- The Trust continues to rely on a single primary customer (RIL) to provide a revenue floor, a concentration risk persisting across the window.
- Management continues to return capital to unitholders in lieu of earnings, resulting in a shrinking unit capital base for three consecutive years.
- The business remains highly efficient operationally, maintaining System Use Gas (SUG) rates within regulatory targets for the fourth year straight.

5. Scorecard

Dimension	Rating	Vs last year	What decided it
Business quality	2	Down	Pre-tax return on net fixed assets of 0.1% was below the 6.5% risk-free rate for four years and EBITDA margin fell to 34%.
Financial health	2	Same	Interest cover is 0.78x following a debt restructuring that deferred a maturity cliff to 2027.
Earnings quality	2	Down	Other income is 1250% of pre-tax profit and a structural fee mechanism caps unitholder earnings.
Management & governance	2	Down	Related-party Upside payments consume 43% of revenue and land titles have not been transferred from the promoter.
Capital allocation	2	—	Distributions were paid while returns on capital fell to 4% and the unit capital base was reduced to fund payouts.