Adani Total Gas Limited

August 08, 2025

Facilities/Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Long-term bank facilities	1,220.00	CARE AA+; Stable	Assigned
Long-term / Short-term bank facilities	3,430.00	CARE AA+; Stable / CARE A1+	Assigned

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Ratings assigned to bank facilities of Adani Total Gas Limited (ATGL) factor in the strong credit profile of its sponsors, with the company being jointly promoted by Adani Family and TotalEnergies SE, strength derived from strong project execution skills of Adani and Total's involvement in effective natural gas pricing-souring strategy. ATGL is one of the leading players in the city gas distribution (CGD) sector, with a diversified presence across 34 geographical areas (GAs) across India. The rating derives comfort from favourable outlook for CGD business backed by Government of India (GoI) impetus on promoting environmentally cleaner fuels, including natural gas.

ATGL is the fifth largest CGD player in country (by volume) with a compound annual growth rate (CAGR) growth of 18% in volume from FY21 -FY25. Volumes increased from 515 MMSCM in FY21 to 993 MMSCM in FY25. Led by the volume growth the company has reported CAGR growth of 31% in revenue in the same period. Q1FY26 performance has also exhibited the growth trend with revenue growth of 21% (on a y-o-y basis). With the network expansion and increase adoption on CNG/PNG the growth momentum is likely to continue going forward.

Financial performance has been robust with strong margins profile and ATGL reporting PBILDT margins over 19% consistently in the last three years. The margins are governed by higher contribution of CNG and PNG-Industrial, effective volume/pricing strategy and higher efficiencies contributing to lower opex cost. Comfort is also derived from monopolistic nature of the CGD business with marketing and infrastructure exclusivity, favourable customer mix and modular nature of capex.

Debt coverage metrics have remained strong for the company, despite large capex underway. ATGL has undertaken CGD network expansion in 34 GAs with large number of GAs undertaken in the 9th to 11th round of bidding. However, a large part of capex has been financed through own funds with lower dependence on debt resulting in robust debt coverage and leverage profile. Overall gearing ratio has been comfortable at 0.44x as on March 31, 2025, and total debt to profit before interest, lease rentals, depreciation and taxation (PBILDT) stood at 1.61x in FY25 (moderated marginally from 1.41x in FY24).

While the coverage metrics would witness some moderation in the medium due to debt funded capex underway, it shall gradually improve afterwards. CARE Ratings Limited (CareEdge Ratings) expect the net debt/PBILDT threshold of ATGL to remain between 2.5x to 2.75x in the medium term.

The strengths are tempered by the risk of volatility in natural gas prices, the large debt-funded capital expenditure (capex) plans and associated project risk and regulatory risk in the CGD business. For the GAs allocated in 9th and 10th round, the company is largely in-line with its pro-rata MWP achievement in CNG and Steel pipeline infrastructure while there is moderate achievement in domestic PNG target achievement. Going forward, completion of undergoing capex and stance of regulator on underachievement of target by industry players shall be key monitorable.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- The company continues its healthy volume trajectory in its key GAs without impairing profitability.
- Improvement in the debt coverage metrics on a sustainable basis.

[1]Complete definition of ratings assigned are available at www.careratings.com and other CARE Ratings Limited's publications.

Negative factors

- Net external debt/EBITDA increases over 2.75 times
- PNGRB levies a significant penalty for non-achievement of the MWP
- Change in credit profile and/or weakening of linkages with sponsors

Analytical approach:

Standalone

Outlook: Stable

The stable outlook on long-term rating reflects CareEdge Ratings' expectation that ATGL will continue to have a robust operating performance, which will be backed by healthy volume growth and stable realisation levels.

Detailed description of key rating drivers:

Key strengths

Strong parentage and operational and management synergies

ATGL is a strategic joint venture between Adani Family and TotalEnergies SE holding a 37.40% stake each. ATGL is strategically important for sponsors as both have made significant investments. The Adani Group brings extensive expertise in executing large-scale infrastructure projects, while TotalEnergies brings LNG and supply chain expertise. TotalEnergies stands among the world's leading LNG players with a robust global presence and strong credit profile. Both promoters have equal representation on the board and management.

Through its 50:50 joint venture with IOCL, Indian Oil Adani Gas Private Limited (IOAGPL) the company has access to another 19 GAs, significantly enhancing its market reach.

Expansion of CGD infrastructure and growth in volumes

ATGL is one of the largest CGD players in India with presence in 34 GAs, including the 14 GAs won under the 11th round bid. It is the fifth largest CGD player in the country (by volume) and is expected to maintain its position as one of the largest CGD player in the long term. As on March 31, 2025, ATGL, has 647 CNG stations and 9.72 lakh PNG. Capital expenditure for the GAs allotted in the 9th and 10th rounds has largely been completed. Currently, the company is focused on executing capex for the GAs awarded in the 11th round.

ATGL has demonstrated its capabilities as reflected in the increasing volume and revenue. ATGL reported a CAGR growth of 18% in volume in FY21 and FY25 from 515 MMSCM to 993 MMSCM in FY25. Led by the volume growth the company has reported CAGR growth of 31% in revenue in the same period.

In Q1FY26, revenue grew by 20.9% from ₹1,239 crore in Q1FY25 to ₹1,498 crore in Q1FY26.

Monopolistic position in authorised GAs given the entry barriers

Per guidelines of the PNGRB, ATGL has marketing exclusivity of eight years for the GAs awarded in the 9th, 10th and 11th CGD bidding rounds where other players are not allowed to operate within these GAs. It also has network / infrastructure exclusivity as a 'city gas carrier' till 25 years from the date of authorisation in which no other entity shall be allowed to lay CGD infrastructure in the GA. This leads to monopolistic position of ATGL in its GAs. Although the marketing exclusivity period (for 3 ATGL GAs) has expired as per the terms of the authorisation, no GA has yet been declared under open access, because the relevant regulations remain challenged and consequently there has been no new entrant considering high level of entry barriers, primarily in the form of natural gas sourcing arrangement etc

Adequate gas sourcing arrangements in place and strong margins profile

In India, the Ministry of Petroleum and Natural Gas (MoPNG), Government of India (GoI), exercises control over allocation of domestic natural gas produced in the country. As part of its emphasis on augmenting the use of natural gas in the country, under existing regulations, CGD companies are accorded the highest priority and are allotted domestic natural gas under the APM, the price of which is declared by the Petroleum Planning and Analysis Cell (PPAC) monthly, to meet their requirement for supply to PNG-Domestic and CNG segments.

Accordingly, ATGL procures APM gas for its CNG and PNG-Domestic segments, meeting ~46% of its total natural gas requirement in FY25 (previous year: 58%). For balance requirement, ~54% is met through RLNG procured from multiple suppliers under long-term contracts. Reduction in APM sourcing is mainly due to lower allocation of APM gas to CNG segment. To address shortfall, ATGL has sourced gas from alternative sources, such as HPHT gas and RLNG. ATGL has sufficient long-term agreements in place and does not rely on spot LNG purchases minimising pricing risk.

ATGL has one of the highest margins in the industry and in FY21-FY25, the company has reported margins over 19%. ATGL's industry-leading margins are driven by its strategic volume price trade-off, strong operating leverage from long-standing presence, and firm gas sourcing arrangement. This is reflected in marginal drop of 245 basis points in PBILDT margin to 22.80% in FY25 from 24.68% in FY25 despite lower allocation of APM Gas. PBILDT margin stood 19.50% in Q1FY26 (23.91% in Q1FY25). Lower margins in Q1FY26 are mainly due to reduced APM allocations, Margins remain strong and expected to be ~19-20% in the medium term.

Favourable customer mix; CNG driving overall scale with it constituting for ~70% of sales
ATGL's revenue mix is skewed towards CNG, which is the most profitable market segment in CGD companies. Of ATGL's total sales volumes, proportion of CNG was ~67%, whereas proportion of PNG was ~33% in FY25. Contribution of CNG volumes of ATGL is expected to remain dominant driving higher profitability for the company, going forward. Of the total sales value, share of PNG-Industrial (including bulk) was ~23%, share of PNG-Commercial was 2% in FY25, whereas the share of PNG-Domestic was 8% in FY25.

Robust financial risk profile
As on March 31, 2025, ATGL's overall gearing and total outside liabilities to total net worth (TOL/TNW) stood comfortable at 0.44x and 0.76x respectively. ATGL's debt coverage metrics remained comfortable, with total debt to EBITDA strong at 1.61x in FY25 (moderated marginally from 1.41x in FY24). This is expected to moderate in the medium due to debt-funded capex and gradually improve afterwards. On a sustainable basis, net debt/EBITDA of ATGL is expected to remain between 2.5x to 2.75x.

Favourable demand outlook for the CGD business
The Government of India (GoI) is actively promoting cleaner energy sources, including natural gas, to address environmental concerns. CGD projects have emerged as a key segment in this transition, driven by regulatory support and court directives against polluting fuels. With domestic natural gas consumption still at a nascent stage, there is significant growth potential. The GoI aims to increase share of natural gas in the primary energy mix from 6.5% to ~15% by 2030. Ongoing expansion in RLNG import infrastructure is expected to improve gas availability, encouraging industrial and commercial users to switch from alternative fuels. In the long term, CGD players are well-positioned to benefit from supportive policies, regulatory incentives, and growing demand for cleaner fuels.

Key weaknesses

Risk related to domestic natural gas availability
The CGD companies have to rely on imported RLNG and other domestic gas sources for meeting the requirement of PNG-Industrial and PNG-Commercial segments and shortfall in CNG supplies. Currently, this domestic allocation is relatively cheaper compared to alternative natural gas sources such as RLNG. At present, a large portion of CNG and PNG-domestic demand is being met through the APM gas. However, considering the expected growth in the CGD industry post award of GAs in the recent rounds of CGD biddings, APM gas may not be sufficient to meet the entire requirement. Hence, dependence on costlier alternative sources is likely to rise to meet the demand. The ability of ATGL in passing on the impact of rising natural gas cost to its consumers and also maintaining its profitability would be a key monitorable.

Sizeable capex plans; though mitigated due to modular nature of execution
ATGL is required to develop the CGD infrastructure in accordance with the MWP targets, which is highly capital intensive. The MWP targets include the minimum number of domestic households to be connected and inch-km of steel pipeline and CNG stations to be set-up on a yearly basis in the first 8-year period from the date of authorisation for all its GAs, wherever MWP is applicable.

ATGL has envisaged capex of ~₹4,300-Rs,4,500 crore till FY28. This capex will be for development of CGD network in the form of building CNG stations and laying pipeline structure in the newly awarded Gas of 11th round and expansion of CGD network in its already authorized / operational areas. ATGL's capex plans are envisaged to be funded via debt and equity (including internal accruals). However, the project execution is modular in nature and hence, with every capital cost there would mostly be a corresponding revenue which might start accruing shortly after the commercialisation of the specific project element.

Apart from its own capex, ATGL has investment commitment in IOAGPL for which equity support shall be provided.

Regulatory risks in the CGD business
CGD entities are regulated by PNGRB with risk associated with entry of new players post expiry of marketing/network exclusivity period, which may impact profitability of players. This apart, CGD entities is also vulnerable to policy changes from MoPNG on the allocation of APM gas and its pricing mechanism to CNG and domestic PNG segments. ATGL's operating margins, such as other CGD companies, are vulnerable to the mix of APM gas and costlier imported RLNG used in its product mix. Unexpected change in policy by the MoPNG regarding priority in allocation of APM gas for PNG-Domestic and CNG segments and/or its pricing can adversely impact the profitability margins of CGD companies, including ATGL. While CGD entities have pricing power, and thus, flexibility to increase the price of natural gas sold to pass on the increase in the cost of the raw material to the customers; the increase will only be limited to the extent that natural gas remains competitive in the market against other alternative fuels.

Liquidity: Strong

ATGL's liquidity profile is strong marked by strong cash accruals against its debt repayment obligations and cash and bank balance of ~₹313 crore as on March 31, 2025, additionally, the company also had a Rs. 173 crore of fixed deposits against which it can avail overdraft facility up to INR 146 crores. Average utilisation of fund-based working capital limits was nil for 12 months ended March 2025. The parentage of Adani Group and Total Group provides strong financial flexibility in raising funds.

Assumptions/Covenants: Not applicable

Environment, social, and governance (ESG) risks
Natural gas is a cleaner fuel, and hence, environment risk for the ATGL is low. The company encourages consumers to shift to natural gas in its PNG segment by offering attractive terms, supporting the transition to low-carbon energy. ATGL has also implemented resource conservation measures, including reduced usage of water, electricity, and paper. It has introduced paperless billing for its PNG consumers and adopted solar energy across multiple sites, which contributes to reduced freshwater withdrawal and supports sustainability efforts.
The global shift towards cleaner and less carbon-intensive energy sources is expected to structurally increase demand for natural gas. For countries like India, while the transition may occur at a moderate pace due to consumer behaviour or policy factors, ATGL is well-positioned to benefit from this trend. The anticipated structural shift is likely to enhance the company's long-term demand outlook and credit profile, making it socially resilient.

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
Short Term Instruments
City Gas Distribution Companies

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Energy	Oil, gas and consumable fuels	Gas	LPG/CNG/PNG/LNG supplier

Incorporated in 2005, ATGL is in the CGD business, which involves marketing and distribution of natural gas (piped and compressed). ATGL is one of the leading players in the city gas distribution (CGD) sector, with a diversified presence across 34 geographical areas (GAs) across India. Through its 50:50 joint venture with IOCL, Indian Oil Adani Gas Private Limited (IOAGPL) the company also has access to another 19 GAs, significantly enhancing its market reach

Particular	March 31, 2024 (A)	March 31, 2025 (A)	Q1FY26(UA)
Total operating income	4472	4986	1,498
PBILDT	1104	1137	292
PAT	653	648	162
Overall gearing (times)	0.44	0.44	-
Interest coverage (times)	9.91	11.33	10.62

A: Audited UA: Unaudited; Note: these are latest available financial results

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

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	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-Cash Credit		-	-	-	30.00	CARE AA+; Stable
Fund-based - LT-Term Loan		-	-	September 2029	1190.00	CARE AA+; Stable
Non-fund-based - LT/ ST-BG/LC		-	-	-	3430.00	CARE AA+; Stable / CARE A1+

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 2025-2026	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023
1	Fund-based - LT-Term Loan	LT	1190.00	CARE AA+; Stable				
2	Non-fund-based - LT/ ST-BG/LC	LT/ST	3430.00	CARE AA+; Stable / CARE A1+				
3	Fund-based - LT-Cash Credit	LT	30.00	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: Complexity level of instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Cash Credit	Simple
2	Fund-based - LT-Term Loan	Simple
3	Non-fund-based - LT/ ST-BG/LC	Simple

Annexure-5: 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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About us:

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