Adani Total Gas Limited

July 30, 2026

Facilities/Instruments	Name of the Regulator[1]	Amount (₹ crore)	Rating[2]	Rating Action
Long-term / Short-term bank facilities	RBI	3,150.00 (Reduced from 3,430.00)	CARE AA+; Stable / CARE A1+	Reaffirmed
Long-term bank facilities	RBI	1,093.52 (Reduced from 1,220.00)	CARE AA+; Stable	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Reaffirmation in ratings assigned to bank facilities of Adani Total Gas Limited (ATGL) factors in the strong credit profile of its sponsors, with the company being jointly promoted by the Adani Family and TotalEnergies SE. Ratings derive strength from Adani's strong project execution skills and Total's involvement in effective natural gas souring and pricing 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. Ratings also derive comfort from favourable outlook for CGD business backed by Government of India (GoI) impetus on promoting environmentally cleaner fuels, including natural gas for domestic, commercial, industrial and transport segment.

ATGL is the fifth largest CGD player in country (by volume). In FY26, its sales volume increased by ~14% to 1,133 million metric standard cubic metre (MMSCM) from 993 MMSCM in FY25. Supported by higher volumes, revenue increased by ~18% from to ₹5,864 crore from ₹4,986 crore in FY25. With the network expansion and increase adoption on compressed natural gas /piped natural gas (CNG/PNG), the growth momentum is likely to continue going forward. ATGL has one of the highest margins in the industry, and in FY26, the company reported profit before interest, lease rentals, depreciation, and tax (PBILDT) margins of 20.26% (FY25: 22.80%). Margins moderated during the year due to increased gas procurement costs driven by the West Asia crisis, rupee depreciation, and lower Administered Price Mechanism (APM) gas allocation. Despite the moderation, margins have remained strong. Going forward, margins are expected to witness further moderation (by ~200-300 basis points), given the shift in higher gas procurement from APM to non-APM supplies.

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, 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 0.47x as on March 31, 2026, and total debt (TD) to PBILDT stood at 1.90x in FY26 (moderated from 1.61x in FY25). The company has estimated capex of ~₹4,500 crore in the next three years, to be funded with mix of debt and internal accrual. While coverage metrics would witness some moderation in the medium term, 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.

Ratings also factor in geopolitical tensions in West Asia and concerns over liquified natural gas (LNG) supplies. However, the risk is mitigated by the GoI's prioritisation of domestic gas allocation to CNG and domestic PNG segments, which account for ~76% of ATGL's sales volumes, ensuring uninterrupted supplies to these priority consumers. While gas supplies to industrial and commercial segments faced temporary curtailments, these have since been restored, aided by the company's diversified gas sourcing portfolio. The ratio of domestic gas to re-gasified liquified natural gas (RLNG) procurement has been at 69:31 in FY26 (74:26 in FY25). Higher prices of alternate fuels supported CGD demand, particularly in PNG industrial and commercial segments, with increased gas procurement costs being passed on to customers. Consequently, the impact of gas price volatility on the company's long-term profitability is expected to remain limited.

Ratings 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 GAs allocated in 9th and 10th round, the company is largely in-line with its pro-rata minimum work programme (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.

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

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Sustained healthy volume growth across key GAs while maintaining profitability.
- Improvement in debt coverage metrics on a sustainable basis.

Negative factors

- Net external debt/earnings before interest, taxation, depreciation, and amortisation (EBITDA) increasing over 2.75x.
- Non-achievement of MWP commitments resulting in levy of significant penalties by Petroleum and Natural Gas Regulatory board (PNGRB).
- 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 (JV) between the Adani Family and TotalEnergies SE, with both holding a 37.40% stake each. ATGL remains strategically important for both sponsors, given their significant investments in the business. 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.

ATGL has 50% JV, with Indian Oil Corporation Limited (IOCL), in the entity Indian Oil Adani Gas Private Limited (IOAGPL, rated CARE AA-; Stable / CARE A1+; CARE AA+ [CE]; Stable), through which it 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 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, 2026, ATGL has 705 CNG stations and ~11.41 lakh PNG connections. Capital expenditure for GAs allotted in 9th and 10th rounds has largely been completed. Currently, the company is focused on executing capex for GAs awarded in the 11th round.

ATGL has demonstrated its capabilities in the sector as reflected in the increasing volume and revenue. In FY26, its sales volume increased by ~14% to 1,133 MMSCM from 993 MMSCM in FY25. Supported by higher volumes, revenue increased by ~18% from to ₹5,864 crore from ₹4,986 crore in FY25. ATGL has one of the highest margins in the industry, and in FY26, PBILDT margins stood at 20.26% (FY25: 22.80%). Margins moderated during the year due to increased gas procurement costs driven by the West Asia crisis, rupee depreciation, and lower APM gas allocation. 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.
Going forward, margins are expected to witness further moderation (by ~200-300 bps), given the shift in higher gas procurement from APM to non-APM supplies.

Monopolistic position in authorised gas, given the entry barriers

Per guidelines of the PNGRB, ATGL has marketing exclusivity of eight years for GAs awarded in 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 three GAs has expired per terms of the authorisation, no GA has yet been declared under open access, because relevant regulations remain subjudiced and consequently there has been no new entrant, considering high level of entry barriers, primarily in the form of natural gas sourcing arrangement among others.

Adequate gas sourcing arrangements in place

In India, the Ministry of Petroleum and Natural Gas (MoPNG), 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 ~34% of its total natural gas requirement in FY26 (FY25: 44%). For balance requirement, ~66% is met through new well gas, RLNG and high-pressure high temperature (HPHT) gas procured from multiple suppliers under term contracts, with minimal reliance on spot purchase. The ratio of domestic gas (including APM, NWG and HPHT) to RLNG (including term contracts and spot purchases) has been at 69:31 in FY26. 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 with minimal reliance on spot LNG purchases minimising pricing risk.

Favourable customer mix

ATGL's revenue mix is skewed towards CNG, which is the most profitable market segment in CGD companies. Of ATGL's total sales volumes in FY26, proportion of CNG was ~69%, whereas proportion of PNG was ~31%. Contribution of CNG volumes of ATGL is expected to remain dominant driving higher profitability for the company, going forward. Of total sales value, share of PNG-Industrial (including bulk) was ~21%, share of PNG-Commercial was 2%, and the share of PNG-Domestic was 7% in FY26.

Robust financial risk profile

As on March 31, 2026, ATGL's overall gearing and total outside liabilities to total net worth (TOL/TNW) stood comfortable at 0.47x and 0.90x, respectively. ATGL's debt coverage metrics remained comfortable, with TD/EBITDA strong at 1.90x in FY26 (moderated from 1.61x in FY25). This is expected to moderate in the medium term 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 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

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 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. ATGL's ability 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 MWP targets, which is highly capital intensive. The MWP targets include 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 ~₹4,000-4,200 crore till FY29. 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 authorised / operational areas. ATGL's capex plans are envisaged to be funded through 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 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 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 cost of the raw material to customers; the increase will only be limited to the extent that natural gas remains competitive in the market against other alternative fuels.

Impact of disruptions in West Asia

In the backdrop of geopolitical tensions in West Asia, where ~40% of the RLNG is imported, there are concerns over availability of imported LNG. However, the risk is mitigated by the GoI's prioritisation of domestic gas allocation to CNG and domestic PNG segments, which together account for ~76% of ATGL's sales volumes, ensuring uninterrupted supplies to these priority consumers. While gas supplies to industrial and commercial segments witnessed temporary curtailment, this has since been restored, supported by the company's strengthened and diversified gas sourcing portfolio. The increase in prices of alternate fuels supported increased demand for CGD, particularly in the PNG industrial and commercial segments, where higher gas procurement costs were largely passed on to customers. The company's ability to pass on substantial portion of higher gas procurement costs is expected to have limited impact on its long-term profitability, despite volatility in gas prices.

Liquidity: Strong

ATGL's liquidity profile is strong marked by strong cash accruals against its debt repayment obligations and cash and bank balance of ~₹527 crore as on March 31, 2026. Average utilisation of fund-based working capital limits was nil for 12 months ended March 2026. 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:

Environmental:

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.

Social:

The increasing preference for cleaner and less carbon-intensive fuels is expected to structurally support the demand for natural gas in the long term. Although the pace of energy transition in India may remain gradual due to consumer behaviour and policy considerations, ATGL is well-positioned to benefit from this trend given its established CGD network. The company also contributes to wider access to cleaner cooking and transportation fuels through its PNG and CNG distribution network, supporting improved air quality and energy accessibility.

Governance:

ATGL benefits from a well-established governance framework backed by its strong parentage, experienced management and presence of five independent directors on board. The company follows established corporate governance practices and regulatory compliance standards, and its governance profile is supported by transparent disclosures and oversight mechanisms.

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 CGD sector, with a diversified presence across 34 GAs across India. Through its 50:50 JV with IOCL, IOAGPL the company also has access to another 19 GAs, significantly enhancing its market reach.

Brief Financials (₹ crore)	March 31, 2025 (A)	March 31, 2026 (A)
Total operating income	4,986	5,864
PBILDT*	1,137	1,188
Profit after tax (PAT)	648	637
Overall gearing (x)	0.44	0.47
Interest coverage (x)	11.33	9.21

A: Audited; UA: Unaudited; Note: These are latest available financial results.
*PBILDT: 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 regulators:
A list of facilities / instruments falling under the purview of 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-Cash Credit	RBI	Simple	-		-	-	30.00	CARE AA+; Stable
Fund-based - LT-Term Loan	RBI	Simple	-		-	30-09-2029	1063.52	CARE AA+; Stable
Non-fund-based - LT/ ST-BG/LC	RBI	Simple	-		-	-	3150.00	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 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	1063.52	CARE AA+; Stable	-	1)CARE AA+; Stable (08-Aug-25)	-	-
2	Non-fund-based - LT/ ST-BG/LC	LT/ST	3150.00	CARE AA+; Stable / CARE A1+	-	1)CARE AA+; Stable / CARE A1+ (08-Aug-25)	-	-
3	Fund-based - LT-Cash Credit	LT	30.00	CARE AA+; Stable	-	1)CARE AA+; Stable (08-Aug-25)	-	-

LT: Long term; LT/ST: Long term/Short 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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About us:
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