Gujarat Energy Limited (erstwhile Gujarat Gas Limited)

August 19, 2026

Facilities/Instruments	Name of the Regulator[1]	Amount (₹ crore)	Rating[2]	Rating Action
Long-term / Short-term bank facilities	RBI	12,836.00 (Enhanced from 2,900.00)	CARE AAA; Stable / CARE A1+	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Reaffirmation in ratings assigned to bank facilities of Gujarat Energy Limited (GEL; erstwhile Gujarat Gas Limited [GGL]) continues to reflect GEL's strong business risk profile and its transformation from a standalone city gas distribution (CGD) company into an integrated energy company with a presence across the natural gas value chain, including CGD, gas trading, power generation, exploration and production (E&P), and regasification. The company proposed a composite scheme of merger and demerger, which has been consummated (effective May 01, 2026) resulting in amalgamation of Gujarat State Petroleum Corporation (GSPC), Gujarat State Petronet Limited (GSPL) and GSPC Energy Limited (GSENLI) with GGL, and demerger of the gas transmission business into GSPL Transmission Limited (GTL). Post completion of the scheme, the company has been renamed as Gujarat Energy Limited.

Ratings continue to derive strength from GEL's dominant position in the gas trading and CGD business, large scale of operations, favourable outlook for natural gas/CGD business being an environmentally cleaner fuel, diversified sourcing arrangements for gas trading and moderately diversified customer segment mix. Post the scheme, CGD and Gas Trading business segments shall continue to be the largest business segment in terms of revenue with a substantial share of gas trading being consumed by the CGD sector.

Ratings also factor in satisfactory financial performance in FY26 (FY refers to April 01 to March 31), despite moderation in sales volume. In FY26, the company's sales volume moderated owing to lower industrial gas demand, particularly from the Morbi ceramic cluster, where customers temporarily shifted towards relatively cheaper propane. Consequently, In FY26, CGD sales volumes declined by ~10% to 8.69 milion metric standard cubic metres per day (MMSCMD; FY25: 9.62 MMSCMD), while gas trading volumes moderated by ~19% to 10.19 MMSCMD (FY25: 12.64 MMSCMD).

With moderation in sales volumes, lower power generation and demerger of gas transmission business, the total operating revenue (consolidated) de-grew by ~15% in FY26 to ₹23,614 crore (FY25: ₹27,615 crore including revenue from transmission business, which was not consolidated in FY26 financials as it was demerged). Adjusted for transmission business, GEL would have reported a 11% de-growth in revenue. However, the company's performance remained satisfactory, and it maintained healthy operating profitability with profit before interest, lease rentals, depreciation and taxation (PBILDT) margin of 13.07% in FY26.

The net worth base strengthened as a result of the merger of erstwhile GSPC. Financial position and liquidity profile continues to remain robust. On a consolidated basis, total debt (including lease liabilities) stood at ₹3,243 crore as of March 31, 2026. Of this, ₹2,984 crore pertained to GSPC LNG Limited (rated CARE A; Stable) for its LNG terminal business. As against the debt, GEL had cash and bank balances of ₹6,393 crore as of March 31, 2026, resulting in a negative net debt position. While CARE Ratings Limited (CareEdge Ratings) had not envisaged addition of aforesaid debt, the debt coverage metrics remain comfortable supported by strong liquidity. GSPC LNG Limited has been classified as a subsidiary considering GEL's management control with the shareholding of latter increasing to 36.80% as on March 31, 2026.

GEL has a planned annual capital expenditure of ~₹1,000-1,100 crore, which is expected to be largely funded through internal accruals and available liquidity, and net debt position is expected to remain negative in near term. Total debt to earnings before interest, taxation, depreciation, and amortisation (TD/EBITDA) is expected to remain ~1.0x in the medium term.

Rating also factors in the impact of geopolitical disruptions in West Asia, which created concerns regarding the supply of re-gasified liquified natural gas (RLNG). Amid supply disruptions, the government prioritised gas allocation to compressed natural gas (CNG) and domestic piped natural gas (PNG) consumers, which continued to receive uninterrupted gas supply. GEL major suppliers in the Middle East have issued force majeure notices to its customers and cargoes from Qatar are suspended until

[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.

October-November 2026. However, GEL increased procurement through spot LNG purchases to continue supplying industrial customers, despite higher gas procurement costs. The crisis also affected propane availability, resulting in a significant increase in industrial PNG demand from the Morbi region. The company reported higher additions of commercial and domestic PNG connections in Q1FY27, supported by concerns regarding liquefied petroleum gas (LPG) availability. The increase in gas procurement costs has been largely passed on to industrial and commercial segments. However, availability and pricing of RLNG and the company’s ability to pass on increased cost will be monitorable.

Ratings remain constrained by exposure to volatility in natural gas prices, company's ability to timely pass on higher gas procurement costs to end consumers without materially affecting demand, regulatory risks associated with the CGD business, and execution risk relating to achievement of minimum work programme (MWP).

Rating sensitivities: Factors likely to lead to rating actions

Positive factors: Not applicable

Negative factors

- Large debt-funded capex or acquisitions leading to Net debt/PBILDT of 1x on a sustained basis.
- Regulatory development, which may have material adverse impact on the company’s business and financial profiles.
- Significant delay in achieving MWP targets resulting in material penalties on GEL.

Analytical approach: Consolidated

CareEdge Ratings had earlier adopted a standalone approach for erstwhile GGL as it did not have material subsidiaries. Following the Scheme of Amalgamation, few subsidiaries with material revenue and debt have been consolidated with GEL. Accordingly, CareEdge Ratings has revised its analytical approach from standalone to consolidated. Entities consolidated are listed under Annexure-5.

Outlook: Stable

The stable outlook reflects CareEdge Ratings expectation that GEL would maintain its strong market position in the industry with steady operational performance and continued robust financial position.

Detailed description of key rating drivers

Key strengths

Integrated presence across natural gas value chain

The Composite Scheme of Amalgamation and Arrangement became effective May 01, 2026, pursuant to which GSPC, GSPL and GSENLI were amalgamated with GGL, followed by demerger of the gas transmission business into GTL. Consequent to the scheme becoming effective, GGL was renamed GEL on May 14, 2026. Following the amalgamation, the Government of Gujarat (GoG) continues to retain majority ownership with 55.96% stake (~38.80% direct stake and 17.16% indirect stake (through other GoG undertaking).

Post amalgamation, GEL transformed from a standalone CGD company into an integrated energy company with presence across gas trading, CGD, power generation, E&P and regassification business (through subsidiary). Business-wise contribution to consolidated revenue in FY26 (excluding inter-segment revenue) comprised CGD at 64%, gas trading at 31%, power generation at 2.5%, regasification at 1.32% and E&P at 0.4%.

Leading position in CGD and gas trading business

GEL is the largest CGD player in India with presence across 27 authorised geographical areas (GAs) spread across 44 districts in six states and one union territory. It enjoys a dominant market position, particularly in Gujarat, the country's largest natural gas-consuming state, driven by its first-mover advantage in key markets, extensive infrastructure network, and high entry barriers arising from substantial capital investment requirements and regulatory exclusivity in marketing and infrastructure operations. Petroleum and Natural Gas Regulatory Board (PNGRB) has granted marketing exclusivity and infrastructure exclusivity to GEL for GAs it operates in, where other players are not allowed to operate within these GAs till the end of the exclusivity period.

GEL is also India's third-largest natural gas trading company with long-standing presence in gas trading business and average traded volumes of ~12 MMSCMD per year in the last five years. The trading business caters to a diversified customer base comprising city gas distributors, fertilizer manufacturers, power plants, refineries, petrochemical companies and industrial consumers, apart from meeting the captive requirement of GEL's CGD business.

Satisfactory performance despite lower volumes in FY26
GEL reported moderation in operating performance in FY26, primarily due to lower industrial gas demand, particularly from the Morbi ceramic cluster, where customers temporarily shifted to relatively cheaper propane. The company also faced supply disruptions following force majeure notices issued by LNG suppliers at the peak of the West Asia crisis, which affected LNG supplies from Qatar. Consequently, the company's CGD sales volume declined by ~10% to 8.69 MMSCMD in FY26 from 9.62 MMSCMD in FY25, while gas trading volumes moderated by ~19% to 10.19 MMSCMD from 12.64 MMSCMD in FY25. Despite volume moderation, the company's overall volume performance remains robust and continues to be among the highest in the industry.

With moderation in sales volumes, lower power generation and demerger of gas transmission business, the total operating revenue de-grew by ~15% in FY26 to ₹23,614 crore (FY25: ₹27,615 crore including revenue from transmission business, which was not consolidated in FY26 financials as the same got demerged). Adjusted for transmission business, GEL would have reported a 11% de-growth in revenue. However, the company's performance remained satisfactory, and it maintained healthy operating profitability with PBILDT margin of 13.07% in FY26.

Strong financial profile with net debt-negative position
GEL continues to maintain strong financial profile, characterised by a net debt position, comfortable capital structure, and strong liquidity. On a consolidated basis, total debt stood at ₹3,243 crore as of March 31, 2026. Of this, ₹2,984 crore pertained to GSPC LNG Limited for its LNG terminal business. The balance debt comprised lease liabilities and working capital borrowings availed by subsidiaries. As against the debt, GEL had cash and bank balances of ₹6,393 crore as of March 31, 2026, resulting in a negative net debt position.

GEL has a planned annual capital expenditure of ~₹1,000-1,100 crore which is expected to be largely funded through internal accruals and available liquidity, and net debt position is expected to remain negative in the near term. TD/EBITDA is expected to remain ~1.0x in the medium term. Major expansion or investment, leveraging the combined balance sheet, will remain monitorable.

Diversified customer mix
Within the CGD segment, GEL's customer mix is skewed towards piped natural gas (PNG). In FY26, of the total sales volumes of GEL, the proportion of PNG was 61% (industrial – 82%, commercial – 3% and domestic – 15%) followed by CNG at 39%. Going forward, the envisaged ramp-up in the number of CNG stations and commercialising of new GAs outside Gujarat, are expected to further diversify the sales mix and support operating profitability.

Within the gas trading business, the customer profile is also diversified across multiple sectors including city gas distributors, fertiliser manufacturers, power generation companies, refineries, petrochemical companies and industrial consumers. However, ~52% of traded gas volumes were supplied to GEL's own CGD business in FY26.

Adequate gas sourcing arrangements
GEL has adequate long-term LNG sourcing contracts with leading global and domestic suppliers including Qatar Energy, TotalEnergies, Uniper Global, Indian Oil Corporation, ONGC and Reliance Industries Limited. The company also procures domestic natural gas through periodic government auctions and supplements its sourcing requirement through spot LNG imports depending on prevailing market conditions. In FY26, ~39% of total natural gas procurement was sourced from domestic supplies, while the balance 61% was procured through imported RLNG under long-term contracts and spot LNG purchases. Amid the West Asia crisis, GEL has diversified its sourcing portfolio with increased sourcing from alternative countries including Africa, Australia and the United States.

Within the CGD business, APM gas, new well gas and HPHT gas are primarily utilised for supplying CNG and domestic PNG consumers, while the remaining requirement is fulfilled through RLNG sourced from the integrated gas trading business. In FY26, the ratio of domestic: imported gas stood 39:61. Per CareEdge Ratings, the integrated sourcing platform is expected to support stable gas availability, improve procurement economics and mitigate procurement risks arising from volatility in international LNG markets.

Favourable long-term outlook for natural gas sector
To address environmental concerns, Government of India (GoI) has been actively promoting a shift toward cleaner energy sources, including natural gas. The share of natural gas in the total energy consumption of Gujarat stood at a significantly high level of ~25% compared to ~7% in India's total energy consumption. The GoI plans to increase the share of natural gas in India's

energy mix to ~15% by 2030. Hence, the demand growth is expected to be driven by transport, residential, and energy sectors, reflecting favourable long-term growth prospects. CGD projects have become an important segment in the natural gas business in India, given the increasing impetus coming in the form of environmental concerns over certain polluting fuels and court directives. GEL is expected to benefit from continued increase in the natural gas demand (CNG and PNG) in Gujarat, which is among the highest natural gas consuming states in India. In the long run, CGD players are expected to thrive, given GoI's impetus on a gas-based economy, favourable regulatory regime, competitiveness of natural gas over alternative fuels, and emphasis on environmentally cleaner fuels.

Key weaknesses

Exposure to gas price, sourcing and regulatory risks

GEL remains exposed to risks arising from volatility in natural gas prices, availability of domestic gas, and changes in the regulatory framework governing the CGD sector. The company's gas trading volumes declined from 15.12 MMSCMD in FY22 to 10.19 MMSCMD in FY26, primarily due to elevated natural gas prices and the relatively lower pricing of alternative fuels such as propane, which reduced off-take from the CGD segment. In FY26, GEL sourced ~23% of its gas requirement from APM gas, 5% from new well gas, and 11% from other domestic sources for its CGD segment, with the balance 61% requirement met through long term RLNG and spot purchases, making it vulnerable to fluctuations in global LNG prices, especially amidst present volatile scenario. While the merger of the trading and CGD businesses and GEL's strong sourcing capabilities are expected to support gas availability, the gradual reduction in APM gas allocation has increased reliance on costlier gas sources and the company's profitability remains contingent on its ability to pass on higher gas procurement costs to customers without materially impacting demand. The CGD business is also exposed to regulatory risks related to changes in gas allocation policies, pricing mechanisms, and competition following the expiry of marketing and infrastructure exclusivity periods, which could affect margins and earnings.

Modest performance of non-core businesses

GEL has presence across E&P, LNG regasification and power generation; however, contribution of these businesses to the group's consolidated operations remains modest. In FY26, power generation subsidiaries reported weak performance and EBITDA-level losses due to lower demand schedules amid elevated gas prices, while the LNG regasification business operated at a low-capacity utilisation of ~18%. Impact of these business segments on GEL's consolidated credit profile remains limited, given their relatively small scale.

Project risk associated with its medium-term capex plans

GEL has envisaged capex of ~₹1,000 crore each year for its CGD segment for development of CGD network in the newly awarded GAs and expansion of CGD network in its already authorised / operational areas and ₹100 crore for E&P segment for drilling new wells. Planned capex is expected to be funded through internal accruals and available liquidity with the company without availing additional debt. Despite high amount of internal accruals committed for capex, GEL's credit profile is expected to remain comfortable considering robust cash accruals resulting into comfortable debt coverage indicators.

Liquidity: Strong

GEL's liquidity is strong marked by free cash and cash equivalents of ~₹6,393 crore as on March 31, 2026 (of which ₹5,085 crore held as fixed deposits with Gujarat State Financial Services Limited [GSFS]). With an overall gearing of 0.17x as on March 31, 2026, GEL has sufficient gearing headroom to raise debt for its capex (if required). The company has a comfortable working capital cycle. GEL has total fund-based undrawn working capital limits of ₹1,363 crore, which remained unutilized as on March 31, 2026.

Assumptions/Covenants: Not applicable

Environment, social, and governance (ESG) risks:

Environmental:

Natural gas is a relatively cleaner source of energy and has lower carbon emissions against other fossil fuels. There is strong impetus of GoI to increase share of natural gas in India's primary energy mix. This mitigates environmental risk to some extent. GEL has taken initiatives such as blending of green hydrogen gas with natural gas to reduce carbon emissions, blending of compressed biogas (CBG) into PNG and CNG system contributing to waste management and pollution control, among others. GEL also played a pivotal role in shifting Morbi ceramic industry gasifiers from coal to PNG, which led to significant improvement in air quality index of Morbi.

Social:

GEL is focused on safety aspects with implementation of Health, Safety & Environment (HSE) management system relevant to project requirement, trainings, visits and meetings by the management team members focusing on safety requirements.

Governance:
From a governance point of view, GEL's board is diversified with four of seven directors as independent directors. Quality of financial reporting and disclosures are adequate.

Applicable criteria

Definition of Default
Consolidation
Liquidity Analysis of Non-financial sector entities
Rating Outlook and Rating Watch
Financial Ratios – Non financial Sector
Infrastructure Sector Ratings
Short Term Instruments
Wholesale Trading
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

GEL is an integrated energy company having presence across the natural gas value chain including E&P, gas trading, city gas distribution and power generation. GEL is India's largest city gas distribution company in terms of sales volume with 27 authorised GAs spread across 44 districts in six states and one Union Territory. Through its subsidiaries, the company also has a presence in gas-based power generation and LNG terminal operations. Following the amalgamation, the GoG continues to retain majority ownership with 55.96% stake (~38.80% direct stake and 17.16% indirect stake (through other GoG undertaking).

Brief Consolidated Financials (₹ crore)	March 31, 2025 (A)	March 31, 2026 (A)
Total operating income	27,615	23,614
PBILDT*	3,513	3,087
Profit after tax (PAT)	3,257	1,678
Overall gearing (x)	0.13	0.17
Interest coverage (x)	10.93	11.20

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/Non-fund-based-LT/ST	RBI	Simple	-		-	-	12836.00	CARE AAA; 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/Non-fund-based-LT/ST	LT/ST	12836.00	CARE AAA; Stable / CARE A1+	-	1)CARE AAA; Stable / CARE A1+ (29-Sep-25)	1)CARE AAA; Stable / CARE A1+ (09-Sep-24)	1)CARE AAA; Stable / CARE A1+ (23-Aug-23) 2)CARE AAA; Stable / CARE A1+ (04-Jul-23)

LT: Long term; ST: Short 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

Annexure-5: List of entities consolidated

Sr. No.	Name of the entity	Extent of consolidation	Rationale for consolidation
1	Gujarat State Energy Generation Ltd	Full consolidation	Subsidiary
2	Guj Info Petro Ltd	Full consolidation	Subsidiary
3	GSPC Pipavav Power Company Ltd	Full consolidation	Subsidiary
4	GSPC LNG Ltd	Full consolidation	Subsidiary
5	GSPC (JPDA) Ltd	Full consolidation	Subsidiary
6	Social Welfare Trust	Full consolidation	Subsidiary
7	Sabarmati Gas Ltd	Proportionate	Joint Venture
8	Alcock Ashdown (Gujarat) Limited	Moderate	Associate

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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