GAIL India Limited

August 06, 2026

Facilities/Instruments	Name of the Regulator[1]	Amount (₹ crore)	Rating[2]	Rating Action
Bonds	SEBI	2,500.00	CARE AAA; Stable	Reaffirmed
Long-term / Short-term bank facilities	RBI	2,000.00	CARE AAA; Stable / CARE A1+	Reaffirmed
Long-term / Short-term bank facilities	RBI	1,500.00	CARE AAA; Stable / CARE A1+	Reaffirmed
Long-term bank facilities	RBI	7,000.00	CARE AAA; Stable	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Reaffirmation of ratings assigned to GAIL (India) Limited's (GAIL's) long-term and short-term bank facilities and bonds continue to reflect its strong business and financial risk profile, majority ownership held by the Government of India (GoI; 51.52% stake as on March 31, 2026) and its experienced management team. GAIL's leadership position in the natural gas transmission business, with a dominant pipeline network accounting for ~65% of India's total pipeline infrastructure, and its strategic importance in achieving the GoI's objective of increasing the share of natural gas in India's energy mix remain key rating strengths.

GAIL's diversified gas sourcing portfolio, with tie-ups across domestic and international sources through long-term, medium-term, short-term contracts, and its integrated business model with diversified revenue streams augment its business risk profile. The regulated nature of the natural gas transmission segment, which contributed ~62% to profit before interest and tax (PBIT) in FY26, provides stable earnings visibility, supported by pre-defined returns and recent tariff revisions. The company's strong financial risk profile, characterised by comfortable leverage and robust debt coverage indicators, also supports ratings.

Geopolitical tensions in West Asia since Q4FY26, have resulted in liquified natural gas (LNG) supply disruptions and force majeure events, affecting gas availability under long-term contracts. This led to moderation in marketing and transmission volumes and increased reliance on relatively higher-cost spot gas sources. Although transmission and marketing volumes, which had declined by ~30% in March 2026, have largely normalised in Q1FY27 and GAIL has passed on a significant portion of higher sourcing costs, continued margin protection depends on its ability to sustain such pass-throughs. The recent revision in transmission tariff for GAIL's Integrated Natural Gas Pipeline network by the Petroleum and Natural Gas Regulatory Board (PNGRB), effective January 1, 2026, is expected to provide partial support to overall segmental profitability.

CARE Ratings Limited (CareEdge Ratings) will continue to monitor GAIL's ability to sustain volumes amid supply disruptions, maintain margins through cost pass-through mechanisms, and manage the impact of escalation in geopolitical conflicts.

These rating strengths are partially offset by inherent volatility associated with prices of petrochemicals, liquefied petroleum gas (LPG) and other liquid hydrocarbons, and execution risks related to GAIL's sizeable capital expenditure programme.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Not applicable

Negative factors

- Reduction in GoI's shareholding below 51% and / or weakening of GAIL's strategic importance to GoI.
- Higher-than-expected debt-funded capital expenditure (capex) plans, leading to pressure on the capital structure, increasing the overall gearing above 1.0x
- Material decline in profitability on a sustained basis.

[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.

Analytical approach:
A consolidated approach has been adopted due to operational and strategic linkages between GAIL and its subsidiaries. Ratings are suitably notched up based on the GoI's ownership in GAIL and its strategic importance in supporting the GoI's objective of increasing the share of natural gas in India's energy mix. List of entities consolidated in FY26 (refers to April 1 to March 31) financials of GAIL is placed under Annexure-5.

Outlook: Stable
The Stable outlook reflects CareEdge Ratings' expectation that GAIL will continue to benefit from its leadership position in the natural gas transmission business and continued support from the GoI, given the strategic importance of the sector. GAIL is expected to maintain a healthy operational and financial risk profile with increased scale of operations and a healthy capital structure.

Detailed description of key rating drivers

Key strengths
Government ownership and strategic importance
The GoI held a 51.52% stake in GAIL as on March 31, 2026. As a Maharatna central public sector undertakings (CPSUs), GAIL benefits financial and operational autonomy. The company is managed by an experienced professional team with extensive expertise in natural gas transmission and downstream operations. Its strategic role in India's gas infrastructure and continued government ownership constitutes important rating considerations.

Leadership in gas transmission with stable earnings
GAIL is the market leader in the natural gas transmission business in the country with above 18,000 km of operational natural gas pipelines, which accounts for ~65% of country's pipeline as on March 31, 2026, with a natural gas handling capacity of 224 million metric standard cubic meter per day (MMSCMD). This apart, the company earns stable cash flows from its natural gas transmission business, accounting for ~62% of its total PBIT in FY26. The PBIT margin in FY26 for the segment improved to 56%, against 50% in FY25, mainly considering increase in integrated tariff for its natural gas pipeline network. GAIL's integrated pipeline network is ~14,200 kms.

Diversified sourcing supports supply flexibility
Over the years, GAIL has developed adequate and diversified tie-ups for the supply of natural gas domestically and internationally. In FY26, GAIL sourced 12 MTPA (~38% [FY25: 39%]) of its total natural gas requirements through domestic sources, namely Oil and Natural Gas Corporation Limited (ONGC; rated 'CARE AAA; Stable / CARE A1+'), and Ravva, and Coal Bed Methane (CBM) among others. The remaining natural gas requirement is sourced through imported regasified liquefied natural gas (RLNG), which includes long-term, mid-term, and spot contracts. GAIL has multiple long-term LNG contracts of ~16.54 million metric tonne per annum (MMTPA). It has a long-term contract to buy 5.8 MMTPA of LNG from the United States of America (USA); up to 2.85 MMTPA of LNG annually on a delivered basis from Sefe Marketing and Trading Singapore Pte Limited (SMTS), while another 4.80 MMTPA from RasGas Qatar, and 0.79 MMTPA from Australia. GAIL has also contracted 2.3 MMTPA LNG with Adnoc, Vitol and Qatar Energy Trading, collectively, in the last one year.

However, the ongoing geopolitical conflict in West Asia has introduced supply-side uncertainties, including instances of force majeure declarations and potential disruptions in LNG cargo deliveries from the region, necessitating incremental reliance on alternate and often higher-cost sources. In recent conflicts, contracts aggregating to ~35% of RLNG sourcing have been impacted. The resultant supply shortfall is being bridged through spot procurements. Following a ~30% decline in March 2026, transmission and marketing volumes have largely recovered to pre-disruption levels since Q1FY27. While prolonged disruption could impact sourcing flexibility and margins, the extent of impact remains contingent on the duration and severity of the conflict. Going forward, GAIL's capacity utilisation depends on the company's ability to market available natural gas and on securing additional natural gas supply for its increasing pipeline infrastructure.

CareEdge Ratings notes that LNG sourced through the USA on Henry Hub linked prices is partly being sold on a back-to back basis at the same pricing benchmark to neutralise pricing risk that typically arises from the gap between Henry Hub rates and oil-linked (crude index) rates, offering stability in trading margins. For the remaining exposure GAIL undertakes commodity hedging to protect margins, however, an increase in un-hedged exposure could pose a risk to trading margins.

Regulated earnings and diversified business profile
Having a dominant position in the transmission of natural gas and LPG, GAIL benefits from a diversified revenue profile, supported by its established presence across city gas distribution (CGD), petrochemicals, liquid hydrocarbons, exploration and production (E&P), and telecom businesses. In FY26, natural gas marketing, transmission, petrochemicals, and CGD contributed ~82%, 6%, 4%, and 4% to the total revenues of GAIL, respectively (FY25: 82%, 6%, 5%, and 3%, respectively). The natural gas transmission segment benefits from a regulated return on capital employed (RoCE) of 12%, as determined by the PNGRB, which supports stable cash flows and healthy profitability. Effective January 01, 2026, GAIL's integrated tariff for its natural gas pipeline network has been revised to ₹65.69 per million metric British thermal units (mmbtu). Over the near-to-medium term, the regulated tariff framework and simplified zonal structure are expected to support stable transmission revenues and cash flows, even as gas marketing revenues remain exposed to volume and price volatility. CareEdge Ratings also takes note of NCLT-approved reduction of Konkan LNG Limited's (KLL's) equity share capital resulting in GAIL becoming the 100% owner of KLL with effect from July 06, 2026.

Strong financial profile, despite geopolitical disruptions
In FY26, GAIL's total operating income (TOI) remained stable at ₹141,598 crore (FY25: ₹142,291 crore), driven by stable performance of transmission and marketing segments. The marketing volumes grew from 101 MMSCMD in FY25 to 104 MMSCMD in FY26, considering strong demand from CGD and fertiliser segments. Transmission volumes declined to 122 MMSCMD (FY25: 127 MMSCMD), considering subdued demand due to weather conditions and disruptions caused by West Asia crisis in March 2026.

The operating margin, as reflected by profit before interest, lease rentals, depreciation, and tax (PBILDT) margin, and profit after tax (PAT) margin remained subdued at 8.13% and 5.35%, respectively, in FY26 (FY25: 10.90% and 8.76%, respectively), considering West Asia crisis impact in March 2026, elevated spot LNG prices in Q3FY26, losses in Petchem segment attributable to lower polymer realisations and one time provision of ₹675 crore recorded in gas marketing segment during Q4FY26.

The ongoing conflict in West Asia has resulted in LNG supply disruptions, leading to a shift towards alternate and relatively higher-cost sourcing, increasing input gas prices. The company has been passing on higher procurement costs to customers, limiting the impact on profitability. Gas marketing margins are expected to improve modestly in the near term, supported by favourable spreads between Henry Hub-linked procurement costs and Brent-linked realisations. However, over the longer term, sustained volatility in spot LNG prices could compress marketing spreads and potentially impact demand from price-sensitive customers. The upward revision in transmission tariffs is expected to provide partial support to overall segmental profitability.

Supported by diversified sourcing arrangements, regulated transmission earnings, and continued expansion of the pipeline network, the impact on FY27 is expected to remain manageable. Performance is expected to remain exposed to volume risks and commodity price volatility risks. Sustained inability to pass on higher costs will remain a key monitorable.

The company continues to maintain a strong capital structure, with overall gearing of 0.29x as on March 31, 2026 (FY25: 0.26x) and healthy debt coverage indicators, including interest coverage of 11.94x (FY25: 20.76x) and total debt to gross cash accruals (TD/GCA) and total debt to PBILDT (TD/PBILDT) of 2.02x and 2.16x, respectively. Strong capital structure and robust debt coverage metrics are expected to provide adequate financial flexibility to absorb near-term operating volatility.

Key weaknesses

Large capex programme and execution risk
GAIL's operations are characterised by substantial capital expenditure requirements, which exposes the company to execution risk. In FY27, the company is expected to incur a capex of ₹11,600 crore (FY26: ₹9,594 crore), primarily directed towards pipeline infrastructure (23%), petrochemical projects (13%), and operational enhancements (34%). Additional allocations are expected to be made towards equity investments (6%), renewables (17%), CGD (3%), and exploration and production (4%). Overall, GAIL has a planned capex of ~₹40,000 crore in the next three years between FY27-FY29. Key initiatives include completion of ongoing pipelines, expansion in the CGD sector, and capacity addition of ~1.75 MPTA in petrochemicals. GAIL is also planning substantial investments to the tune of over ₹7,500 crore over FY27-FY29 towards meeting its net zero goal. Material increase in debt-funded capex, resulting in sustained pressure on the capital structure and overall gearing exceeding 1.0x, will remain a key monitorable.

Exposure to commodity price volatility
Petrochemicals, LPG, and liquid hydrocarbons remain highly sensitive to fluctuation in global commodity prices. With changes in crude oil and petroleum prices, realisations from petrochemicals also vary. In FY26, LPG and other liquid hydrocarbons division reported decline in production due to lower administered price mechanism (APM) gas allocation for LPG production. As a result, the profitability also declined with PBIT margin deteriorating to 11.40% in FY26 from 22.18% in FY25.

The petrochemicals segment continues to underperform, with profitability impacted by higher feedstock costs, weak realisations and constrained gas availability during the temporary implementation of the Ministry of Petroleum & Natural Gas's Natural Gas (Supply Regulation) Order, 2026. The Order, notified in March 2026, accorded lower priority to the petrochemicals segment in the gas allocation hierarchy. The petrochemicals segment reported a PBIT loss of ₹1,410 crore in FY26, against a marginal loss of ₹41 crore in FY25. However, following its revocation from July 05, 2026, gas supplies to the petrochemicals plant have normalised.

Liquidity: Strong

GAIL's liquidity position remained strong as on March 31, 2026, with free cash and bank balance and investments of ₹2,127 crore. The company's operating cycle remained comfortable at 21 days in FY26. Utilisation levels of its fund-based bank limits, however; have risen to ~52% for trailing twelve months ended May 2026, amidst the prevailing geopolitical crisis. GAIL is also undertaking major expansion projects while maintaining robust liquidity levels. Being an established player in the gas utility industry, its cost of borrowings from capital markets is quite competitive.

Assumptions/Covenants: Not applicable

Environment, social, and governance (ESG) risks

Environment: CareEdge Ratings takes note of the fact that natural gas is a relatively cleaner source of energy, it has lower carbon emissions against other fossil fuels. There is strong impetus of the GoI to increase share of natural gas in India's primary energy mix. This mitigates the environment risk to some extent. GAIL is also taking initiatives, such as setting-up of compressed biogas (CBG) plants, blending hydrogen with natural gas, installation of renewable capacities for producing green hydrogen.

Social: GAIL has an Integrated Management System in place, through which the company is committed towards maintaining and ensuring a safe and clean environment.

Governance: From a governance point of view, the Board of GAIL is diversified with two out of seven directors as government nominated directors as on date. The quality of financial reporting and disclosures are adequate.

Applicable criteria

Consolidation
Definition of Default
Factoring Linkages Government Support
Liquidity Analysis of Non-financial sector entities
Rating Outlook and Rating Watch
Manufacturing Companies
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	Gas transmission/marketing

GAIL, India's principal natural gas transmission and distribution company, was set up by the GoI in August 1984 to create natural gas transportation and distribution infrastructure for the development of the natural gas sector across the country. The company's activities range from natural gas transmission and distribution to processing (for fractionating LPG, propane, special boiling point [SBP] solvent, and pentane), transmission of LPG, production, and marketing of petrochemicals like high-density polyethylene (HDPE) and linear low-density polyethylene (LLDPE) and leasing bandwidth in telecommunications. Being the owner of the largest natural gas pipeline infrastructure in India, GAIL has leveraged its position to extend its presence in power, LNG regasification, CGD, and E&P through equity and joint venture (JV) participations.

Brief Financials (₹ crore) - Consolidated	March 31, 2025 (A)	March 31, 2026 (Ab.)
Total operating income	1,42,291	1,41,598
PBILDT*	15,529	11,510
Profit after tax (PAT)	12,463	7,582
Overall gearing (x)	0.26	0.29
Interest coverage (x)	20.76	11.94

A: Audited; Ab.: Abridged; 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
Bonds	SEBI	Simple	INE129A08014	20-Dec-2022	7.34%	20-Dec-2027	1575.00	CARE AAA; Stable
Bonds	SEBI	Simple	Proposed				925.00	CARE AAA; Stable
Fund-based - LT-Term Loan	RBI	Simple	-		-	31-03-2033	7000.00	CARE AAA; Stable
Fund-based - LT/ ST-Working Capital Limits	RBI	Simple	-		-	-	1000.00	CARE AAA; Stable / CARE A1+
Non-fund-based - LT/ ST-BG/LC	RBI	Simple	-		-	-	1000.00	CARE AAA; Stable / CARE A1+
Non-fund-based - LT/ ST-BG/LC	RBI	Simple	-		-	-	1500.00	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	Non-fund-based - LT/ ST-BG/LC	LT/ST	1000.00	CARE AAA; Stable / CARE A1+	1)CARE AAA; Stable / CARE A1+ (08-Apr-26)	1)CARE AAA; Stable / CARE A1+ (04-Jul-25)	1)CARE AAA; Stable / CARE A1+ (05-Jul-24)	1)CARE AAA; Stable / CARE A1+ (06-Jul-23)
2	Fund-based - LT/ ST-Working Capital Demand loan	LT/ST	-	-	1)Withdrawn (08-Apr-26)	1)CARE AAA; Stable / CARE A1+ (04-Jul-25)	1)CARE AAA; Stable / CARE A1+ (05-Jul-24)	1)CARE AAA; Stable / CARE A1+ (06-Jul-23)
3	Non-fund-based - LT/ ST-BG/LC	LT/ST	1500.00	CARE AAA; Stable / CARE A1+	1)CARE AAA; Stable / CARE A1+ (08-Apr-26)	1)CARE AAA; Stable / CARE A1+ (04-Jul-25)	1)CARE AAA; Stable / CARE A1+ (05-Jul-24)	1)CARE AAA; Stable / CARE A1+ (06-Jul-23)
4	Fund-based - LT-Term Loan	LT	7000.00	CARE AAA; Stable	1)CARE AAA; Stable (08-Apr-26)	1)CARE AAA; Stable (04-Jul-25)	1)CARE AAA; Stable (05-Jul-24)	1)CARE AAA; Stable (06-Jul-23)
5	Bonds	LT	2500.00	CARE AAA; Stable	1)CARE AAA; Stable (08-Apr-26)	1)CARE AAA; Stable (04-Jul-25)	1)CARE AAA; Stable (05-Jul-24)	1)CARE AAA; Stable (06-Jul-23)
6	Fund-based - LT/ ST-Working Capital Limits	LT/ST	1000.00	CARE AAA; Stable / CARE A1+	1)CARE AAA; Stable / CARE A1+ (08-Apr-26)	1)CARE AAA; Stable / CARE A1+ (04-Jul-25)	1)CARE AAA; Stable / CARE A1+ (05-Jul-24)	1)CARE AAA; Stable / CARE A1+ (06-Jul-23)
7	Fund-based - ST-Term loan	ST	-	-	-	1)Withdrawn (04-Jul-25)	1)CARE A1+ (05-Jul-24)	1)CARE A1+ (06-Jul-23)
8	Fund-based/Non-fund-based-LT/ST	LT/ST	-	-	1)Withdrawn (08-Apr-26)	1)CARE AAA; Stable / CARE A1+ (04-Jul-25)	-	-

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	GAIL Gas Limited	Full	Subsidiary
2	GAIL Global (USA) Inc.	Full	Subsidiary
3	GAIL Global Singapore Pte Limited	Full	Subsidiary
4	Tripura Natural Gas Company Limited	Full	Subsidiary
5	Bengal Gas Limited	Full	Subsidiary
6	Konkan LNG Limited	Full	Subsidiary
7	GAIL Mangalore Petrochemicals Limited	Full	Subsidiary
8	GAIL Global IFSC Limited	Full	Subsidiary
9	Aavantika Gas Limited	Moderate	Joint Venture
10	Bhagyanagar Gas Limited	Moderate	Joint Venture
11	Maharashtra Natural Gas Limited	Moderate	Joint Venture
12	Central U.P. Gas Limited	Moderate	Joint Venture
13	Green Gas Limited	Moderate	Joint Venture
14	Indradhanush Gas Grid Limited	Moderate	Joint Venture
15	Talcher Fertilizers Limited	Moderate	Joint Venture
16	Vadodara Gas Limited	Moderate	Joint Venture
17	TAPI Pipelines Company Limited	Moderate	Joint Venture
18	Mahanagar Gas Limited	Moderate	Associate
19	Indraprastha Gas Limited	Moderate	Associate
20	Petronet LNG Limited	Moderate	Associate
21	Brahmaputra Cracker and Polymer Limited	Moderate	Associate
22	ONGC Petro Additions Limited	Moderate	Associate
23	Ramagundam Fertilizers and Chemicals Limited	Moderate	Associate
24	Fayum Gas Limited	Moderate	Associate
25	China Gas Holdings Limited	Moderate	Associate
26	ONGC Tripura Power Company Limited	Moderate	Associate
27	Bharat Energy Office LLC	Moderate	Associate
28	LNG Japonica Shipping Corporation Limited	Moderate	Associate
29	Coal Gas India Limited	Moderate	Associate
30	Leafiniti Bioenergy Private 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.

Contact us

Media Contact	Analytical Contacts
Mradul Mishra Director **CARE Ratings Limited** Phone: +91-22-6754 3596 E-mail: mradul.mishra@careedge.in	Rajashree Murkute Senior Director **CARE Ratings Limited** Phone: +91-22-6837 4474 E-mail: rajashree.murkute@careedge.in
Relationship Contact Saikat Roy Senior Director **CARE Ratings Limited** Phone: 912267543404 E-mail: saikat.roy@careedge.in	Maulesh Desai Director **CARE Ratings Limited** Phone: +91-79-40265605 E-mail: maulesh.desai@careedge.in Prasanna Krishnan Associate Director **CARE Ratings Limited** Phone: +91-120-4452014 E-mail: prasanna.krishnan@careedge.in

About us:
Established in 1993, CareEdge Ratings is one of the leading credit rating agencies in India. Registered under the Securities and Exchange Board of India, it has been acknowledged as an External Credit Assessment Institution by the Reserve Bank of India. With an equitable position in the Indian capital market, CareEdge Ratings provides a wide array of credit rating services that help corporates raise capital and enable investors to make informed decisions. With an established track record of rating companies over almost three decades, CareEdge Ratings follows a robust and transparent rating process that leverages its domain and analytical expertise, backed by the methodologies congruent with the international best practices. CareEdge Ratings has played a pivotal role in developing bank debt and capital market instruments, including commercial papers, corporate bonds and debentures, and structured credit. For more information: www.careratings.com

For detailed Rating Report and subscription information, please visit www.careratings.com