July 30, 2025

Adani Total Gas Limited (erstwhile Adani Gas Limited): Long term rating upgraded to [ICRA]AA+ (Stable); short-term rating reaffirmed

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long term - Fund-based limits – Term loans	1,220.44	1,163.48	[ICRA]AA+ (Stable); upgraded from [ICRA]AA (Stable)
Short term - Fund-based limits– BD/ Short-term loan	50.00	0.00	-
Long term: Fund-based limits – Cash credit	0.00	30.00	[ICRA]AA+ (Stable); upgraded from [ICRA]AA (Stable)
Short term - Non-fund based limits – LC/ BG	3,860.00	3,430.00	[ICRA]A1+; Reaffirmed
Long term/ Short term - Unallocated	369.56	876.52	[ICRA]AA+ (Stable)/ [ICRA]A1+; long term rating upgraded from [ICRA]AA (Stable) and short-term rating reaffirmed
Total	**5,500.00**	**5,500.00**	

**Instrument details are provided in Annexure I*

Rationale

The upgrade in the long-term rating assigned to the bank lines of Adani Total Gas Limited (ATGL/the company) factors in its increasing scale owing to the healthy volume growth which is expected to continue going forward due to the favourable demand outlook and the network expansion being undertaken by the company across its geographical areas (GAs). While there could be further reduction in the allocation of the Administered Price Mechanism (APM) gas for the City Gas Distribution (CGD) sector, nevertheless the provision of new well gas and priority in allocation of HPHT gas along with efficient sourcing of R-LNG (Regasified Liquified Natural Gas) by the company is expected to keep the overall credit profile healthy.

The ratings assigned to the bank lines of the company continue to factor in the strong parentage of the company, being promoted by the Adani Group and TotalEnergies SE (Total). The Adani group has strong experience in developing infrastructure assets across industries i.e. renewable energy, airports, City Gas Distribution (CGD) etc. Total on the other hand is a leading Liquified Natural Gas (LNG) trader globally, ranked among the top three global players. ATGL has benefited from the managerial support and experience of the Adani group in execution of projects and benefits from the ability to tie-up LNG contracts with market intelligence available from Total. The ratings also factor in the expansion in the infrastructure across the GAs resulting in healthy growth in the sales volumes. The company has been witnessing healthy volume growth across the GAs awarded under the 9th to 11th CGD bid rounds. The company derives ~67% of the sales from the Compressed Natural Gas (CNG) sector which has supported improvement in the cash generation and margins over the last few years. The profitability from the CNG segment has moderated after the APM gas allocation was reduced for the sector in H2 FY2025 and the same being replaced with higher priced natural gas ((HPHT, LNG, NWG gas). The increase in gas costs have been partly absorbed by the CGD entities, resulting in lower contribution margin on sale of CNG. Nevertheless, the contribution margin on the sale of CNG remains healthy. Going forward, ICRA expects the CGD industry to partly absorb the increase in gas costs for the CNG segment as share of APM gas in the overall gas consumption mix moderates further and CGD entities focus on maintaining competitiveness over alternative fuels for CNG. Nevertheless, with the strong volume growth still visible for the CNG segment, the volume growth should largely offset the moderation in the contribution margins going forward. The ratings also factor in the adequate gas tie-

ups in place to meet the company's gas requirements. Moreover, ATGL's in healthy credit profile has been supported by growing cash accruals which have kept the leverage and coverage metrics stable.
The ratings are constrained by the execution and funding risks associated with the large ongoing capex planned over the next seven to eight years for the operationalisation of the CGD network in the 29 newly awarded GAs. ICRA notes that the minimum work programme (MWP) for each GA and its achievement will be critical to avoid any penalties. The ratings also consider the equity commitments by ATGL towards its joint venture - Indian Oil Adani Gas Private Limited (IOAGPL) for the newly awarded 10 GAs and the corporate guarantees extended to IOAGPL for issuing the performance bank guarantee (PBG) to the regulator for its CGD operations.

The Stable outlook reflects ICRA's expectation of a healthy growth in ATGL's sales volume on the back of a favourable demand outlook. The growth in sales volume will be driven by the expansion of network in the new GAs awarded in the ninth, tenth and eleventh rounds. In addition, the availability of low-cost domestic gas for the CNG and PNG (D) segments and a comfortable contribution margin should result in healthy profitability and cash generation.

Key rating drivers and their description

Credit strengths

Strong promoter profile – ATGL is promoted by the Adani family and TotalEnergies SE. While the Adani Group has strong experience in executing large-scale projects, Total is among the leading LNG players in the world and has a strong credit profile {rated (P)Aa3 (Stable)/P-1 by Moody's} and ATGL could benefit for efficient gas sourcing tie-up for its operations. Any change in Total's linkages with ATGL will be a key monitorable.

Expanding infrastructure yielding volume growth; CNG continues to drive volumes – ATGL has been witnessing healthy volume growth across its CGD network, backed by an expanding infrastructure across the GAs. The four GAs awarded prior to the 9th round of CGD bidding have recorded a CAGR of 9.4% over FY2021 to FY2025, while the gas volumes for the GAs awarded during the 9th to 11th round of bidding have been growing at a rate of 38% to 40% YoY since FY2023. The growth has largely been driven by the strong offtake of CNG across GAs, with CNG contributing ~67% of the total sales in FY2025 up from 61% in FY2023. While the profitability on the sales of CNG has moderated post the deallocation of the APM gas in H2 FY2025, it remains higher than other segments and remains key driver of the volumes of the company and the CGD sector. Going forward as well ICRA expects the CNG volumes to continue growing at a healthy pace supported by cost advantage over alternative fuels.

Adequate gas tie-ups- ATGL meets the gas requirement for the CNG segment through a mix of APM gas, NWG, HPHT gas and term LNG. For the PNG-D segment, the entire gas requirement is met through APM gas allocation. The company receives APM gas from GAIL (India) Limited {GAIL, [ICRA]AAA(Stable)/[ICRA]A1+} while the HPHT gas is procured from Reliance Industries Limited {RIL, [ICRA]AAA(Stable)/[ICRA]A1+}. The company has entered into term contracts with other gas suppliers and keeps scouting for the availability of competitively priced natural gas contracts. At present, the company meets 60%-65% of its total demand for the CNG segment through APM gas and NWG and on an overall basis ~73% of the gas sales are met through domestic sources (incl APM gas, NWG and HPHT gas). The company relies on spot gas purchases and the same remains in the range of 4%-6%.

Healthy financial profile – ATGL's financial risk profile has remained healthy supported by growing volumes and healthy contribution margin on the sale of natural gas. The company witnessed ~15% YoY growth in sales volume in FY2025. The company posted an OPBDITA of Rs. 1,137 crore in FY2025 (Rs. 1,103.7 crores in FY2024) wherein profitability was impacted by the increase in the gas costs in H2 FY2025. The company posted RoCE of 23.8% in FY2025 (29.7% in FY2024), though lower than the previous years, still remains healthy. The company's interest coverage ratio remains strong at 11.3x in FY2025 vis-à-vis Rs. 9.91 crore in FY2024, while net debt/OPBDITA rose marginally to 1.28x in FY2025 as against 1.21x in FY2024. Going forward, with sizeable capex planned, the credit metrics are expected to moderate a the CGD projects remain long gestation projects.

Credit challenges

Project execution risk amid sizeable capex planned; under-achievement of MWP targets in 9th, 10th and 11th round of bidding for CGD networks – In the ninth, tenth and eleventh CGD bid rounds concluded in August 2018, March 2019 and December 2021, respectively, ATGL was awarded 29 new GAs by the Petroleum and Natural Gas Regulatory Board (PNGRB). The company has large capex requirements of around Rs. 8000-9000 crores to be incurred over the next five to six years, starting FY2026, for all 34 GAs. The cumulative capex over the course of FY2026 and FY2027 would be in the range of Rs. 2500-2600 crores. The significant scale of the capex plans exposes the company to project execution risks, although its execution track record and the progress achieved in several GAs of the ninth and tenth rounds mitigate the impact to some extent. Any significant delay or under-achievement of the MWP target in the GAs attracting major penalties and/or encashment of the performance guarantees submitted by ATGL towards the new GAs will be a key rating sensitivity. ICRA notes that ATGL has tied up debt funding for the capex to be incurred over FY2026-FY2027 in the form of External Commercial Borrowings (ECBs). The timely debt tie-ups at competitive interest rates for the capex to be incurred post FY2027 will remain a key monitorable going forward.

Equity commitments towards its JV, IOAGPL and other businesses– Till the eighth CGD bid round, IOAGPL had received authorisation from PNGRB to implement CGD network in nine GAs. ATGL contributed ~Rs. 718 crore to the JV as equity as on March 31, 2025. Additionally, IOAGPL was awarded nine new GAs for CGD implementation by the PNGRB in the ninth round and one GA in the tenth round. Going forward, IOAGPL plans to incur capex of Rs. 3,674 crore over the course of FY2026 to FY2030, to be funded in a prudent debt: equity mix. ATGL would be required to contribute equity commensurate to its stake in IOAGPL, as per the financial plan finalised for the timely achievement of the MWP milestones. ATGL also plans to ramp up its Electric Vehicle (EV) charging business, expand capacity at the Barsana Compressed Bio Gas (CBG) plant and also invest in setting up Municipal Solid Waste (MSW) plants over the course of next few years. Some of the plans are still in pipeline phase.

Environmental and social risks

Environmental considerations - ATGL is promoting the use of natural gas, which reduces CO_2 emissions, and is a cleaner fuel, and hence, is favourable with regard to environmental concerns. Moreover, for its PNG segment, it offers attractive terms to new customers to switch to natural gas, thereby promoting the use of cleaner fuel. Moreover, wherever possible, ATGL has taken initiatives to conserve natural resources such as water, paper and electricity. It has launched complete online billing for its domestic CNG business to reduce paper consumption. It has also promoted the use of solar energy at its various locations and reduced freshwater withdrawal.

Social considerations – The worldwide trend towards a shift to less carbon-intensive sources of energy could structurally increase the demand for natural gas. However, for emerging markets like India, such change in consumer behaviour or any other driver of change is expected to be moderately paced. Therefore, ATGL would benefit from the structural shift in the longer term, which would support its credit profile as well.

Liquidity position: Adequate

ATGL's liquidity position is expected to remain adequate, going forward supported by free cash of Rs. 285.8 crore and liquid investments of Rs. 28.03 crore as on March 31, 2025. Additionally, the company also had a Rs. 173.94 crore of fixed deposits against which it can avail overdraft facility up to Rs. 146 crores and the facility is currently unutilized and the expected cash flow from operations between Rs. 800-850 crores in FY2026 and in-place debt tie-up for execution of the capex plan. The company has debt repayment of ~Rs. 173.6 crore over next 12 months is expected to be met comfortably against expected cash flow from operations of Rs. 800-850 crore during the year. The liquidity is also supported by the cushion in the fund-based limits which have remained unutilized over the course of FY2025.

Rating sensitivities

Positive factors – ICRA could upgrade the ratings of the company in a scenario of the company being able to successfully meet its capital commitments in the authorised GAs in a timely manner along with healthy growth in sales volumes and earnings.

Negative factors – Any sustained moderation in the sales volume and profitability, resulting in weakening of the credit metrics, may result in a rating downgrade. A specific credit metric that could lead to a rating downgrade would be the gross external debt/OPBDITA increasing over 3.0 times on a sustained basis, or if the PNGRB levies a significant penalty for non-achievement of the MWP, weakening the liquidity profile. Any material adverse regulatory action for the ongoing investigations at the group level may result in a downgrade.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology City Gas Distribution
Parent/Group support	Not applicable
Consolidation/Standalone	For arriving at the ratings, ICRA has considered the standalone financials of ATGL

About the company

Adani Total Gas Limited, incorporated in 2005, is in the CGD business, which involves the marketing and distribution of natural gas (piped and compressed). At present, ATGL is one of the largest CGD players in India with presence in 34 GAs, including the 14 GAs won under the eleventh-round bid. ATGL has also entered into a 50:50 JV with Indian Oil Corporation Limited, with the joint venture, IOAGPL, engaged in the implementation of CGD network in several other GAs across India. IOAGPL is present in 19 GAs across the country.

Key financial indicators (audited)

Standalone	FY2024	FY2025
Operating income	4,471.7	4,986.1
PAT	653.1	648.0
OPBDIT/OI	24.7%	22.8%
PAT/OI	14.6%	13.0%
Total outside liabilities/Tangible net worth (times)	0.83	0.82
Total debt/OPBDIT (times)	1.41	1.61
Interest coverage (times)	9.91	11.33

Source: Company, ICRA Research; All ratios as per ICRA's calculations; Amount in Rs. Crore; PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

	FY2026			Chronology of rating history for the past 3 years					
	FY2026			FY2025		FY2024		FY2023	
Instrument	**Type**	**Amount rated (Rs Crore)**	**30-Jul-25**	**Date**	**Rating**	**Date**	**Rating**	**Date**	**Rating**
Long term-Cash credit-Fund based	Long term	30	[ICRA]AA+ (Stable)	28-May-24	[ICRA]AA (Stable)	12-Feb-24	[ICRA]AA- (Stable)	5-Aug-22	[ICRA]AA- (Stable)
				26-Nov-24	[ICRA]AA (Stable)	-	-	1-Feb-23	[ICRA]AA- (Stable)
				-	-	-	-	3-Mar-23	[ICRA]AA- (Negative)
Long term / Short term-Unallocated	Long term/ Short term	876.52	[ICRA]AA+ (Stable)/ [ICRA]A1+	28-May-24	[ICRA]AA (Stable)/ [ICRA]A1+	12-Feb-24	[ICRA]AA- (Stable)/ [ICRA]A1+	5-Aug-22	[ICRA]AA- (Stable)/ [ICRA]A1+
				26-Nov-24	[ICRA]AA (Stable)/ [ICRA]A1+	-	-	1-Feb-23	[ICRA]AA- (Stable)/ [ICRA]A1+
				29-Jan-25	[ICRA]AA (Stable)/ [ICRA]A1+	-	-	3-Mar-23	[ICRA]AA- (Negative)/ [ICRA]A1+
Long term-Term loan-Fund based	Long term	1,163.48	[ICRA]AA+ (Stable)	28-May-24	[ICRA]AA (Stable)	12-Feb-24	[ICRA]AA- (Stable)	5-Aug-22	[ICRA]AA- (Stable)
				26-Nov-24	[ICRA]AA (Stable)	-	-	1-Feb-23	[ICRA]AA- (Stable)
				29-Jan-25	[ICRA]AA (Stable)	-	-	3-Mar-23	[ICRA]AA- (Negative)
Short term-Others-Non Fund based	Short term	3,430.00	[ICRA]A1+	28-May-24	[ICRA]A1+	12-Feb-24	[ICRA]A1+	5-Aug-22	[ICRA]A1+
				26-Nov-24	[ICRA]A1+	-	-	1-Feb-23	[ICRA]A1+
				29-Jan-25	[ICRA]A1+	-	-	3-Mar-23	[ICRA]A1+
Short term-Short term loan-Fund based	Short term	-	-	28-May-24	[ICRA]A1+	12-Feb-24	[ICRA]A1+	3-Mar-23	[ICRA]A1+

	FY2026			Chronology of rating history for the past 3 years					
	FY2026			FY2025		FY2024		FY2023	
Instrument	Type	Amount rated (Rs Crore)	30-Jul-25	Date	Rating	Date	Rating	Date	Rating
				26-Nov-24	[ICRA]A1+	-	-	-	-
				29-Jan-25	[ICRA]A1+	-	-	-	-
Long term-Proposed-Fund based	Long term			-	-	-	-	3-Mar-23	[ICRA]AA- (Negative)

Complexity level of the rated instruments

Instrument	Complexity indicator
Long term - Fund-based limits – Term loans	Simple
Long term -Fund-based limits – Cash credit	Simple
Short term - Non-fund based limits – LC/BG	Very Simple
Long term/Short term – Unallocated limits	NA

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: Click here

Annexure I: Instrument details

ISIN	Instrument Name	Date of Issuance	Coupon Rate	Maturity	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	Term loan	FY2017	NA	FY2026	3.69	[ICRA]AA+ (Stable)
NA	Term loan	FY2020	NA	FY2029	119.43	[ICRA]AA+ (Stable)
NA	Term loan	FY2024	NA	FY2029	288.75	[ICRA]AA+ (Stable)
NA	Term loan	FY2024	NA	FY2027	447.5	[ICRA]AA+ (Stable)
NA	Term loan	FY2024	NA	FY2029	304.11	[ICRA]AA+ (Stable)
NA	Fund-based limits – Cash credit	NA	NA	NA	30.00	[ICRA]AA+ (Stable)
NA	Non-fund based limits – LC/BG	NA	NA	NA	3,430.00	[ICRA]A1+
NA	Unallocated limits	NA	NA	NA	876.52	[ICRA]AA+ (Stable)/ [ICRA]A1+

Source: Company

Please click here to view details of lender-wise facilities rated by ICRA

Annexure II: List of entities considered for consolidated analysis: Not Applicable

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