August 6, 2026

Adani Total Gas Limited (erstwhile Adani Gas Limited): Ratings reaffirmed

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action	Financial sector regulator#
Long term: Fund based limits – Term loans	1,163.48	1037.0	[ICRA]AA+ (Stable): reaffirmed	RBI
Long term: Fund based limits – Cash credit	30.00	30.00	[ICRA]AA+ (Stable): reaffirmed	RBI
Short term: Non-fund based limits – LC/BG	3430.00	3150.0	[ICRA]A1+: reaffirmed	RBI
Long term/Short term: Unallocated	876.52	483.0	[ICRA]AA+ (Stable)/ [ICRA]A1+: reaffirmed	RBI
Total	**5,500.00**	**4700.0**		

**Instrument details are provided in Annexure-I*

#SEBI's grievance redressal/dispute resolution and SEBI investor protection mechanisms such as SCORES and ODR shall not be available for activities and instruments, which fall under the regulatory purview of financial sector regulators other than SEBI.

Rationale

The ratings assigned to the bank lines of Adani Total Gas Limited (ATGL/the company) continue to factor in the company's healthy volume growth, supported by an expanding infrastructure and the adequate gas tie-ups in place to meet the demand. The volume growth has continued despite the near-term headwinds owing to the West Asia crisis. The growth in volumes has largely been underpinned by the increasing demand in the compressed natural gas (CNG) segment. The Government of India's (GoI) focus on expanding the use of piped natural gas-domestic (PNG-D) is expected to drive growth in the segment, although the share of PNG-D in the overall volume mix remained modest at around 7.3% in FY2026.

The ratings also factor in the strong promoter profile of the company, i.e. the Adani Group and TotalEnergies SE (Total). The Adani Group has extensive experience in developing infrastructure assets across industries, such as renewable energy, airports, city gas distribution (CGD) etc. Total, on the other hand, is among the top three liquified natural gas (LNG) traders globally. ATGL benefits from the managerial support and the experience of the Adani Group in executing projects, while it banks on Total's market intelligence to tie up LNG contracts. The ratings continue to factor in the company's healthy financial risk profile as well as the adequate gas tie-ups to meet the near-term demand across its geographical areas (GAs).

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 network expansion across the company's GAs. ICRA notes that the minimum work programme (MWP) for each GA and its achievement will be critical to avoid any penalties.

Further, significant contingent liabilities and financial commitments towards IOAGPL constrain the ratings. As on March 31, 2026, ATGL has provided corporate guarantees of Rs. 3,472.2 crore to back the performance bank guarantees furnished by IOAGPL to the Petroleum and Natural Gas Regulatory Board (PNGRB) for the CGD authorisations awarded to IOAGPL. As these bank guarantees are provided against the authorisations given by PNGRB to IOAGPL, any invocation of these BGs can result in liabilities for ATGL. Additionally, ATGL has extended a mandatory put option for the compulsorily convertible debentures (CCDs) issued by IOAGPL, wherein it will be mandatorily required to acquire the CCDs from the investors 15 days prior to the maturity date in proportion to its 50% ownership in IOAGPL. The put option on the CCDs will entail an annual payout of ~Rs. 175 crore over the course of FY2027 to FY2030.

The Stable outlook reflects ICRA's expectation of a healthy growth in ATGL's sales volume on the back of a favourable demand outlook for the CGD Sector. 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. The sales volume growth coupled with rangebound gross contribution will support the cash generation and keep the overall credit profile stable.

Key rating drivers and their description

Credit strengths

Strong promoter profile – ATGL is promoted by the Adani family and TotalEnergies SE. It benefits from the Adani Group's demonstrated execution capabilities across large-scale projects. Total is among the leading LNG players in the world with a strong credit profile {rated (P)Aa3 (Stable)/P-1 by Moody's}. Total's global expertise and its strong sourcing capabilities enable ATGL to enter into efficient gas supply tie-ups for its operations. Any change in Total's linkages with ATGL will be a key monitorable.

Expanding infrastructure yields volume growth; CNG continues to drive volumes – ATGL has been witnessing healthy volume growth across its CGD network, backed by expanding infrastructure across the GAs. The company's sales volume reported a CAGR of 11.7% over the course of FY2020 to FY2026, supported by growth across the new GAs wherein the total sales volumes have risen to 16.6x of the FY2020 levels – that is from 0.07 million metric standard cubic metres per day (mmscmd) in FY2020 to 1.16mscmd in FY2026. The sales volume of the old GAs, including Ahmedabad, Faridabad, Vadodara, Khurja, have risen at a 4% CAGR over the same period. As the company continues to expand its infrastructure across GAs, the volume growth is expected to remain healthy at around 8-10% CAGR over the next few years, largely underpinned by growth in CNG sales.

Adequate gas tie-ups- ATGL meets the gas requirement for the CNG segment through a mix of APM gas, new well 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 HPHT gas is procured through bidding 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 30% of its total demand for the CNG segment through APM gas, while balance is met through a mix of NWG, HPHT and LNG (term as well as spot). The company was able to mitigate the impact of West Asia crisis by securing natural gas from alternate sources although the share of spot LNG increased resulting in moderate cost pressures. Going forward, the overall gas sourcing mix is expected to improve once the West Asia crisis moves towards resolution.

Healthy financial profile – ATGL's financial risk profile has remained healthy, supported by growing volumes and robust contribution margin on the sale of natural gas. The company's sales volume rose ~14% year-on-year (YoY) in FY2026, while its OPBDITA stood at Rs. 1,196.8 crore in FY2026 against Rs. 1,137.9 crore in FY2025. The profitability, however, was impacted by the reduction in APM gas allocation and the West Asia crisis in March 2026.

ATGL continued to post healthy return indicators, with RoCE of 19.4% in FY2026 (23.8% in FY2025), though lower than the previous years. The interest coverage ratio remained strong at 9.3x in FY2026 vis-a-vis 11.3x FY2025, while the gross external debt/OPBDITA rose to 1.82x in FY2026 from 1.55x in FY2025. The increase in the gross external debt/OPBDITA was largely driven by the increase in the debt availed for the capex and largely stable OPBDITA. Going forward, ATGL's credit metrics are expected to moderate because of the sizeable capex plan across its CGD network. The long gestation nature of the CGD projects and expectations of the gross contribution margins remaining largely range-bound, barring the short-term headwinds caused by the West Asia crisis, could temper the return and leverage indicators.

Credit challenges

Project execution risk amid sizeable capex planned; under-achievement of MWP targets in 9th, 10th and 11th rounds of bidding for CGD networks – In the ninth, tenth and eleventh CGD bid rounds concluded in August 2018, March 2019 and September 2021, respectively, ATGL was awarded 29 new GAs by the PNGRB. The company continues to expand its infrastructure across the GAs and has lined up sizeable capex plans over the next few years. The cumulative capex over the course of FY2027 and FY2028 would be in the range of Rs. 2,000-2,200 crore. 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 under 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 availed external commercial borrowings (ECBs) to fund the capex to be incurred over FY2027-FY2028. Timely debt tie-ups at competitive interest rates for the capex to be incurred post FY2028 will remain a key monitorable.

Operations exposed to changes in spread between CNG/PNG and alternative fuel prices – In FY2026, ATGL derived nearly 69% of its volumes from the CNG segment and ~24% from PNG (I&C). CNG competes with alternative fuels i.e. petrol and diesel. The competitiveness of CNG against petrol has moderated over the last few years because of an incremental cut in APM gas allocation, resulting in cost pressures. Nevertheless, CNG volumes have continued to grow as the cost advantage still remains healthy. Going forward, as the APM gas allocation falls further, CGD entities may have to walk a fine balance between raising prices to conserve margins or maintain competitiveness to grow volumes. In the PNG (I&C) segment, the industry has to compete with alternative fuels e.g. low sulphur heavy stock (LSHS), light diesel oil (LDO), furnace oil (FO), bulk LPG and propane, wherein the prices are linked to crude oil prices. As the segment is served by imported LNG, the competitive sourcing of the fuel remains a key driving factor for the profitability of the segment. Thus, the profitability of CGD entities remains exposed to the variation in alternative fuel prices and competitive sourcing of natural gas.

Sizeable corporate guarantees provided and equity commitments towards IOAGPL - As on March 31, 2026, ATGL has provided corporate guarantees of Rs. 3,472.2 crore to back the performance bank guarantees furnished by IOAGPL to the PNGRB for the CGD authorisations awarded to IOAGPL. As these bank guarantees are provided against the authorisations given by the PNGRB to IOAGPL, any invocation of these BGs can result in a devolution of the liability on ATGL. Additionally, ATGL has extended a mandatory put option for the CCDs issued by IOAGPL, wherein it will be mandatorily required to acquire the CCDs from the investors 15 days prior to the maturity date in proportion to its 50% ownership in IOAGPL. The CCD put option will entail an annual payout of ~Rs. 175 crore.

Environment 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 respect 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, supported by free cash and liquid investments of Rs. 544.9 crore as on March 31, 2026. The adequate liquidity will be further backed by expectation of cash flow from operations of Rs. 900-1,000 crore in FY2027, along with the availability of ECB facility for the capex programme and a negative working capital cycle. The capex is expected to be in the range of Rs. 1,400-1,600 crore during FY2027, while the debt repayments are sizeable at Rs. 561.45 crore and the company should be able to meet the cash outflows comfortably. The upcoming debt repayment is expected to be partly refinanced, thereby providing further cushion in liquidity.

Rating sensitivities

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

Negative factors – Any sustained moderation in the sales volume and profitability weakening the credit metrics may result in a downgrade. A specific credit metric for 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 MWP, weakening the liquidity profile. Any material adverse regulatory action for the ongoing investigations at the group level may also trigger a downgrade.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	City Gas Distribution Corporate Credit Rating Methodology
Parent/group Support	Not Applicable
Consolidation/standalone	Consolidated

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 of bidding. 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):

Consolidated	FY2025	FY2026
Operating income	4,999.86	5,894.41
PAT	639.4	633.7
OPBDIT/OI	22.76%	20.30%
PAT/OI	12.79%	10.75%
Total outside liabilities/Tangible net worth (times)	0.82	0.96
Total debt/OPBDIT (times)	1.61	1.88
Interest coverage (times)	11.3	9.2

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

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for past three years

	FY2027			Chronology of rating history for the past 3 years					
	FY2027			FY2026		FY2025		FY2024	
Instrument	Type	Amount rated (Rs Crore)	06-Aug-26	Date	Rating	Date	Rating	Date	Rating
Long term-Cash credit-Fund based	Long term	30.0	[ICRA]AA+ (Stable)	30-Jul-25	[ICRA]AA+ (Stable)	28-May-24	[ICRA]AA (Stable)	12-Feb-24	[ICRA]AA- (Stable)
				26-Mar-26	[ICRA]AA+ (Stable)	26-Nov-24	[ICRA]AA (Stable)	-	-
						-	-	-	-
Long term / Short term-Unallocated	Long term/ Short term	483.0	[ICRA]AA+ (Stable)/ [ICRA]A1+	30-Jul-25	[ICRA]AA+ (Stable)/ [ICRA]A1+	28-May-24	[ICRA]AA (Stable)/ [ICRA]A1+	12-Feb-24	[ICRA]AA- (Stable)/ [ICRA]A1+
				26-Mar-26	[ICRA]AA+ (Stable)/ [ICRA]A1+	26-Nov-24	[ICRA]AA (Stable)/ [ICRA]A1+	-	-
						29-Jan-25	[ICRA]AA (Stable)/ [ICRA]A1+	-	-
Long term-Term loan-Fund based	Long term	1037.0	[ICRA]AA+ (Stable)	30-Jul-25	[ICRA]AA+ (Stable)	28-May-24	[ICRA]AA (Stable)	12-Feb-24	[ICRA]AA- (Stable)
				26-Mar-26	[ICRA]AA+ (Stable)	26-Nov-24	[ICRA]AA (Stable)	-	-
						29-Jan-25	[ICRA]AA (Stable)	-	-
Short term-Others-Non Fund based	Short term	3150.0	[ICRA]A1+	30-Jul-25	[ICRA]A1+	28-May-24	[ICRA]A1+	12-Feb-24	[ICRA]A1+
				26-Mar-26	[ICRA]A1+	26-Nov-24	[ICRA]A1+	-	-
						29-Jan-25	[ICRA]A1+	-	-
Short term-Short term loan-Fund based	Short term	-	-			28-May-24	[ICRA]A1+	12-Feb-24	[ICRA]A1+
						26-Nov-24	[ICRA]A1+	-	-
						29-Jan-25	[ICRA]A1+	-	-

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	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	Financial sector regulator#
NA	**Term loan**	NA	NA	FY2027 & FY2029	1037.0	[ICRA]AA+ (Stable)	RBI
NA	**Fund based limits – Cash credit**	NA	NA	NA	30.00	[ICRA]AA+ (Stable)	RBI
NA	**Non-fund based limits – LC/BG**	NA	NA	NA	3150.0	[ICRA]A1+	RBI
NA	**Unallocated limits**	NA	NA	NA	483.0	[ICRA]AA+ (Stable)/ [ICRA]A1+	RBI

Source: Company

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

Annexure II: List of entities considered for consolidated analysis -

Company name	Ownership*	Consolidation approach
Adani Total Gas Limited	100% (rated Entity)	Full consolidation
Adani TotalEnergies Biomass Limited	100%	Full consolidation
Adani TotalEnergies E-Mobility Limited	100%	Full consolidation
Indian Oil - Adani Gas Private Limited	50%	Equity method
SmartMeters Technologies Private Limited	50%	Equity method

Source: Company

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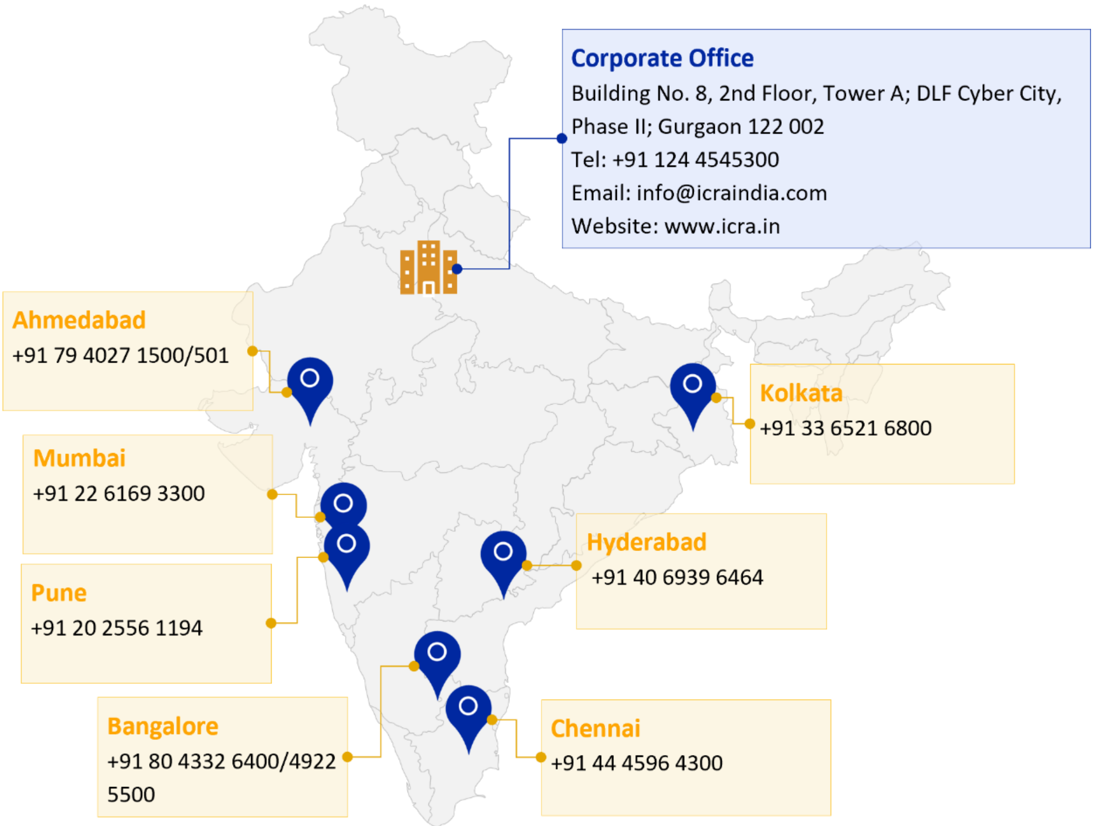

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