September 30, 2026

GAIL (India) 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/Short term fund based non-fund based	4,000.00	4,000.00	[ICRA]AAA (Stable)/[ICRA]A1+; reaffirmed	RBI
Term loans	3,000.00	3,000.00	[ICRA]AAA (Stable); reaffirmed	RBI
Total	**7,000.00**	**7,000.00**		

**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 that fall under the regulatory purview of financial sector regulators other than SEBI

Rationale

The ratings reflect GAIL's leadership position in the natural gas transmission segment and its sizeable portfolio of gas marketing, resulting in healthy profitability and cash accruals. Favourable demand prospects for natural gas in India and GAIL's downstream integration into petrochemicals and liquefied petroleum gas (LPG) also support the ratings. ICRA notes that GAIL's gas transmission volumes are likely to witness a steady increase with the expansion of the city gas distribution network and the organic growth of industries along its pipelines. The transmission volumes are further supported by the completion of a few pipelines wherein the customers, including upcoming fertiliser plants and few steel manufacturing units, are expected to gradually ramp up the gas offtake. The cash flows in the marketing segment are also expected to remain healthy, driven by the back-to-back nature of a large number of contracts and a steady expansion of the marketing portfolio. The ratings take into account GAIL's strong financial position and the strength derived from its significant sovereign ownership.

The ratings factor in the regulated returns under the gas transmission segment which support the cash generation. However, for certain pipelines, the actual returns may remain below the regulated level if the pipeline utilisation falls short of the assumptions considered by the regulator while determining the transmission tariffs. The integrated tariffs for GAIL increased to Rs. 65.69/MMBtu from Rs 58.6/MMBtu from January 2026 onwards, supporting the profitability of the transmission segment. The ratings also consider the dependence of the marketing margins on relative movement between the international indices of crude oil and gas and the risks arising from its large contingent liabilities. The ratings also factor in the commodity price risks for the petrochemical and LPG segments.

In FY2026, the operating profitability moderated owing to lower profitability of the natural gas marketing and LPG/LHC segments, along with a widening of losses in the petrochemical segment. Going forward, GAIL's profitability is expected to remain healthy owing to the upward revision in the transmission tariffs as well as the improved profitability in the marketing segment.

ICRA notes that the company is undertaking sizeable capex to expand its pipeline network and petrochemical capacity, which is likely to increase the debt levels. Moreover, the company plans to set up two urea plants which will involve sizeable capex and debt uptake. However, the project remains at a preliminary stage, with the final funding structure and the composition of the joint venture yet to be finalised. These plants will enable the company to ramp up its presence in the urea segment and enhance its forward integration across the natural gas value chain. The projects are expected to generate incremental gas transmission and trading volumes, supporting growth across multiple business portfolios. While the incremental capex is expected to result in a slight moderation in the credit metrics, the latter should remain comfortable going forward as well.

ICRA takes note that GAIL has recently received the approval to transfer 6 CGD GAs operating under the company to its wholly owned subsidiary GAIL Gas Ltd (GGL) to consolidate the CGD operations. Presently, GGL operates 16 GAs directly and 9 GAs through its JVs. Post consolidation, GGL will operate over 31 GAs. Additionally, the company is planning to launch an Initial Public Offering (IPO) for GGL in FY2027. ICRA will continue to monitor the developments on this front.

Upon NCLT-approved capital reduction scheme, GAIL's shareholding of Konkan LNG Ltd (KLL) has increased to 100%, making KLL a wholly owned subsidiary of GAIL. GAIL intends to increase the capacity of KLL's Dabhol LNG terminal from 5 MMTPA at present to 6.3 MMTPA. Breakwater project has already been completed which has enabled KLL to operate throughout the year as an all-weather terminal. This will enable GAIL to bring additional volume to the LNG terminal.

The Stable outlook on the long-term rating reflects ICRA's opinion that GAIL will continue to benefit from its leadership position in the natural gas transmission segment and its strategic importance to the Government of India (GoI). Moreover, the company is expected to continue generating healthy cash flows, going forward.

Key rating drivers and their description

Credit strengths

Leadership in natural gas transmission; high entry barriers in sector coupled with favourable demand growth for natural gas consumption in India - GAIL enjoys a dominant position in the natural gas transmission business with a market share of around 74%, catered to by its large pipeline network covering more than ~18,700 kilometres (km). The setting up of the pipelines requires large investments and navigating a complex regulatory framework. As a result, the entry barriers in the natural gas transmission business remain high. Further, India's natural gas consumption is expected to grow at a strong pace, supported by healthy demand from the CGD entities and a likely increase in offtake by the fertiliser sector, as new capacities get commissioned FY2030 onwards, along with demand from steel plants.

Regulated returns in pipelines ensure stable cash generation - GAIL's dominant market share in the transmission segment and the regulated returns on the capital employed (RoCE) have resulted in healthy profitability and stable cash generation. As a result, the profitability in the natural gas transmission segment remains healthy and is expected to rise further in FY2027 with the recent upward revision in transmission tariffs. The tariffs for the integrated pipeline network are due for revision in January 2028 which should support the cash generation for the segment.

Downstream integration benefits from presence in petrochemicals and LPG - GAIL has diversified into downstream sectors such as the manufacturing of petrochemicals and LPG to expand its revenue stream and utilise its ability to source natural gas efficiently. The LPG business has remained a steady contributor to the company's profitability, providing healthy segmental earnings and elevated prices of LPG in line with import parity price due to West Asia conflict has increased the profitability for this segment during the financial year. However, the profitability of the petrochemical segment has been under pressure owing to elevated feedstock cost, as natural gas prices remained high since the outbreak of the West Asia conflict. Going forward, GAIL's downstream integration is expected to strengthen further with the commissioning of the polypropylene projects. The incremental polypropylene capacity is expected to benefit from the favourable demand outlook in the domestic market, with a significant portion of the additional production likely to be absorbed locally.

Strong financial risk profile and exceptional financial flexibility emanating from sovereign ownership - GAIL's financial risk profile is characterised by healthy profitability and strong cash accruals, resulting in comfortable debt metrics and capital structure. In FY2026, GAIL's profitability moderated owing to elevated procurement cost in the marketing segment as well as a one-time provisioning related to receivables from a customer. This was partly offset by the increase in pipeline tariffs to Rs 65.69/mmbtu from Rs 58.61/mmbtu January 2026 onwards.
Further, GAIL's profitability is expected to remain healthy with the steady growth in transmission volumes. The financial performance has been healthy YTD FY2027, driven by the natural gas marketing segment. The LPG segment has also witnessed healthy profitability owing to elevated import parity prices (IPP) following the West Asia conflict and India's continued

dependence on imports from the region to meet domestic demand. GAIL continues to enjoy exceptional financial flexibility, given its stable cash accruals, large sovereign ownership, strategic importance to the GoI and established relationship with the investors and capital markets. As a result, the company can access the capital markets at a short notice to secure funds at attractive rates.

Credit challenges

Risks related to LNG sourcing and high capex intensity - In December 2011, GAIL had signed an agreement to import 3.5 million metric tonnes per annum (MMTPA) of LNG from Cheniere Energy's Sabine Pass LNG plant in the US for a period of 20 years. GAIL has another 2.3-MMTPA contract to liquefy gas at the Cove Point terminal in the US. GAIL also has contracted volumes with Qatar Energy, which have been under force majeure. The pricing formula for these contracts is linked to the HH index (the benchmark natural gas price in the US), exposing the marketing margins to fluctuations in pricing. In a sustained low crude oil price scenario, GAIL may face profitability pressure on the marketing of LNG. However, this is mitigated partly by the back-to-back nature of some of these contracts. Further, the sale of US LNG remains profitable for the company at present, and GAIL has a demonstrated track record of overcoming such challenges in the past.
GAIL is expected to incur an annual capex of ~Rs. 11,500 crore per annum, going forward, across various segments, which is partially expected to be financed by debt. While this could put some pressure on the debt metrics, the overall financial profile is expected to remain comfortable owing to the steady accruals.

Commodity price risks associated with petrochemicals, LPG and liquid hydrocarbon (LHC) businesses - The petrochemical, LPG and LHC segments remain exposed to commodity price risk and earnings volatility arising from the movements in crude oil, natural gas and global petrochemical prices. While gas availability constraints that impacted operations in the earlier periods have largely eased, the petrochemical segment continues to face pressure from weak polymer spreads. The segment reported losses in FY2026 owing to subdued realisations and adverse market conditions.
Going forward, the profitability is expected to remain under pressure in the near term, although the completion of the Vijaipur-Pata C2/C3 pipeline and the planned transition towards ethane-based feedstock are expected to improve the operating efficiency and enhance the competitiveness over the medium term. The LPG and LHC segments continue to benefit from strong domestic demand; however, the profitability remains linked to international LPG and hydrocarbon prices as well as domestic gas allocation levels.

Environmental and social risks

ICRA notes that natural gas is a relatively clean source of energy and has lower carbon emissions. GAIL has set a net zero target by 2035 for scope 1 and 2. This will be done in multiple phases, starting with the replacement of internal gas consumption. In May 2024, GAIL commissioned a 10-MW hydrogen-plant based on PEM electrolyser at its Vijaipur location for internal consumption. For renewable power generation, GAIL has a 135-MW portfolio of which 118 MW is wind and 17 MW is solar. There are plans to increase this capacity to 3 GW by 2030. The company is setting up CBG plants across the country.

Liquidity position: Strong

GAIL's liquidity position is strong, given the healthy cash accruals, cushion in the fund-based limits and the ability to access banking channels/capital markets at highly competitive rates for funding requirements. With the internal cash generation expected to be more than adequate to meet the near-term debt repayments and margin funding for the capex programme, the liquidity position of the company is likely to remain strong. Moreover, GAIL holds a 2.45% stake in Oil & Natural Gas Corporation Limited, the market value of which is ~Rs. 7,228 crore as of September 2026.

Rating sensitivities

Positive factors – Not Applicable

Negative factors – Pressure on GAIL's ratings could arise if the linkage with the GoI weakens, or if there is a materially large debt-funded capex/acquisition, or if the profitability deteriorates, adversely impacting the credit profile.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology City Gas Distribution Chemicals
Parent/Group support	**Parent: Government of India** The ratings factor in the parentage of the GoI and its strategic importance to the parent, given that the company helps meet the energy needs of the country and has the largest pipeline network in the country
Consolidation/Standalone	For arriving at the ratings, ICRA has considered the consolidated financials of GAIL (India) Limited. The scale of operations of the consolidated entity is not materially different from the scale of operations of the standalone entity. As a result, the standalone credit profile remains the primary rating driver

About the company

Incorporated in 1984, GAIL (India) Limited (GAIL) has over the years evolved as an integrated natural gas company, with presence in transmission, gas processing and downstream petrochemicals (which use natural gas as a primary input).

Apart from these businesses, GAIL has interests in the liquefied natural gas (LNG) business through Petronet LNG Ltd. (PLL, [ICRA]AAA (Stable)/[ICRA]A1+) and in city gas distribution projects – both in India through GAIL Gas Ltd, Mahanagar Gas Ltd. (MGL, [ICRA] AAA (Stable)/[ICRA]A1+) and Indraprastha Gas Ltd. (IGL) and overseas through Natgas and Fayum Gas in Egypt. PLL operates a cumulative regassification capacity of 27.5 MMTPA across two terminals of India. GAIL also has stakes in the exploration and production of hydrocarbons. GAIL has wholly-owned subsidiaries in Singapore and the US for expanding its presence outside India in the LNG trading and shale gas assets.

Key financial indicators (audited)

GAIL Consolidated	FY2025	FY2026	Q1FY2027*
Operating income	141,901.7	141,597.7	41,197.6
PAT	10,959.6	6,077.3	4,328.3
OPBDITA/OI	10.9%	8.2%	17.2%
PAT/OI	7.7%	4.3%	10.5%
Total outside liabilities/Tangible net worth (times)	0.6	0.6	-
Total debt/OPBDITA (times)	1.4	2.1	-
Interest coverage (times)	20.9	12.0	22.3

*Source: Company, ICRA Research; *Results; All ratios 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: None

Rating history for past three years

	Current rating (FY2027)					Chronology of rating history for the past 3 years					
	FY2027					FY2026		FY2025		FY2024	
Instrument	Type	Amount rated (Rs. crore)	Sept 30, 2026	Date	Rating	Date	Rating	Date	Rating	Date	Rating
Fund based/ Non-fund based - Others	Long term/ Short term	4,000.00	[ICRA]AAA (Stable)/[ICRA]A1+	April 28, 2026	[ICRA]AAA (Stable)/ [ICRA]A1+	Jun 27, 2025	[ICRA]AAA (Stable)/ [ICRA]A1+	Jun 28, 2024	[ICRA]AAA (Stable)/ [ICRA]A1+	Jun 16, 2023	[ICRA]AAA (Stable)/ [ICRA]A1+
						Dec 05, 2025	[ICRA]AAA (Stable)/ [ICRA]A1+				
Bank lines - Unallocated#	Long term/ Short term	-	-	-	-	Jun 27, 2025	[ICRA]AAA (Stable)/ [ICRA]A1+; reaffirmed & withdrawn	Jun 28, 2024	[ICRA]AAA (Stable)/ [ICRA]A1+	Jun 16, 2023	[ICRA]AAA (Stable)/ [ICRA]A1+
Unallocated	Long term/Short term	-	-	-	-	Jun 27, 2025	[ICRA]AAA (Stable)/ [ICRA]A1+	Jun 28, 2024	[ICRA]AAA (Stable)/ [ICRA]A1+	Jun 16, 2023	[ICRA]AAA (Stable)/ [ICRA]A1+
						Dec 05, 2025	[ICRA]AAA (Stable)/ [ICRA]A1+				
Fund based - Term loan	Long term	3,000.00	[ICRA]AAA (Stable)	April 28, 2026	[ICRA]AAA (Stable)	Jun 27, 2025	[ICRA]AAA (Stable)	Jun 28, 2024	[ICRA]AAA (Stable)	Jun 16, 2023	[ICRA]AAA (Stable)
						Dec 05, 2025	[ICRA]AAA (Stable)				
Commercial paper#	Short term	-	-			Jun 27, 2025	[ICRA]A1+; reaffirmed & withdrawn	Jun 28, 2024	[ICRA]A1+	Jun 16, 2023	[ICRA]A1+

 # The total amount outstanding against the rated bank lines and the commercial paper programme is fully interchangeable and will not exceed Rs. 4,000 crore. For the amount allocated to the short-term limits, a rating of [ICRA]A1+ will be applicable. For the limits rated on the long-term scale, a rating of [ICRA]AAA (Stable) will be applicable. For limits rated on both the long term/short term scale, a rating of [ICRA]AAA(Stable)/[ICRA]A1+will be applicable

Complexity level of the rated instruments

Instrument	Complexity Indicator
Long term/Short term fund based non-fund based	Simple
Term loans	Simple

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	**Long term/Short term fund based non-fund based**	-	-	-	4,000.00	[ICRA]AAA (Stable)/[ICRA]A1+	RBI
NA	**Term loans**	NA	NA	FY2027-FY2028	3,000.00	[ICRA]AAA (Stable)	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	GAIL's ownership	Consolidation approach
GAIL Gas Limited	100.00%	Full consolidation
GAIL Global (USA) Inc.	100.00%	Full consolidation
GAIL Global Singapore Pte. Ltd.	100.00%	Full consolidation
GAIL Mangalore Petrochemicals Limited	100.00%	Full consolidation
GAIL Global IFSC Limited	100.00%	Full consolidation
Tripura Natural Gas Limited	48.98%	Full consolidation
Bengal Gas Company Limited	88.13%	Full consolidation
Konkan LNG Limited*	93.50%	Full consolidation
Avantika Gas Limited	49.99%	Equity method
Bhagyanagar Gas Limited	47.72%	Equity method
Maharashtra Natural Gas Limited	22.50%	Equity method
Central UP Gas Ltd.	25.00%	Equity method
Green Gas Ltd.	49.99%	Equity method
Indradhanush Gas Grid Ltd	20.00%	Equity method
Talcher Fertilizers Limited	39.87%	Equity method
Vadodara Gas Limited	50.00%	Equity method
Tapi Pipelines Company Ltd	5.00%	Equity method

Mahanagar Gas Limited	32.50%	Equity method
Indraprastha Gas Limited	22.50%	Equity method
Petronet LNG Ltd.	12.50%	Equity method
Brahmaputra Crackers and Polymers Ltd.	70.00%	Equity method
ONGC Petro Additions Ltd.	4.19%	Equity method
Ramagundam Fertilizers and Chemicals Limited	14.30%	Equity method
Fayum Gas	19.00%	Equity method
China Gas Holdings Ltd.	2.75%	Equity method
ONGC Tripura Power Company Ltd	26.00%	Equity method
Bharat Energy Office LLC	20.00%	Equity method
LNG Japonica Shipping Corporation Limited	26.00%	Equity method
Coal Gas India Limited	49.00%	Equity method
Leafiniti Bioenergy Private Limited	49.00%	Equity method

*Source: Company Data Q1FY2027 results *merged with GAIL in July 2026*

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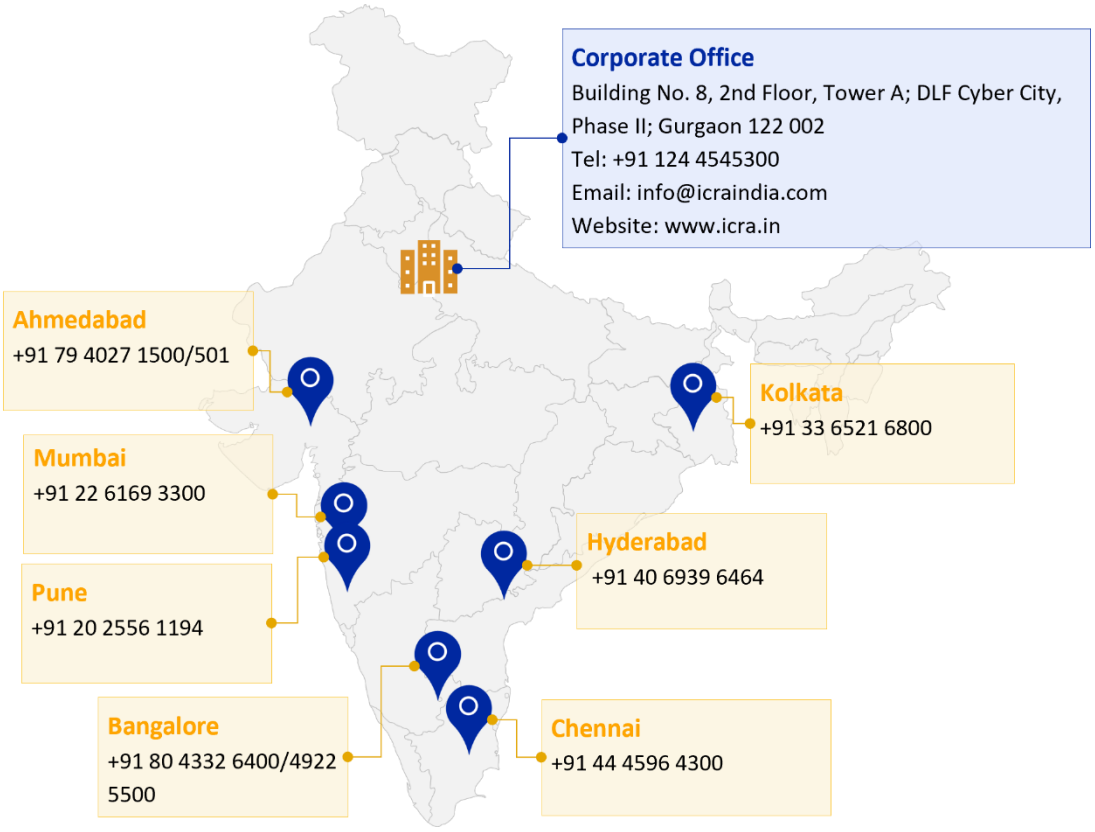
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