January 23, 2020

GAIL (India) Limited: Ratings withdrawn

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Long Term/short Term fund Based/ non-fund based- unallocated	250.0	250.0	[ICRA]AAA (Stable)/ [ICRA]A1+; withdrawn
Total	**250.0**	**250.0**	

Instrument details are provided in Annexure-1

Rationale

The ratings assigned to the bank lines of GAIL (India) Limited have been withdrawn at the request of the company, and in accordance with ICRA's policy on withdrawal and suspension.

Key rating drivers

Key rating drivers have not been captured as the rated instruments are being withdrawn.

Liquidity Position:

Key rating drivers have not been captured as the rated instruments are being withdrawn.

Rating sensitivities:

Key rating sensitivities have not been captured as the rated instruments are being withdrawn

Analytical approach:

Analytical Approach	Comments
Applicable Rating Methodologies	Corporate Credit Rating Methodology Policy on Withdrawal and Suspension of Credit Rating
Parent/Group Support	Parent: Government of India (GoI) The ratings factor in the parentage from GoI and strategic importance of GAIL for GoI given the company helps meet the energy needs of the country and has the largest pipeline network in the country.
Standalone	NA

About the company:

Incorporated in 1984, GAIL (India) Limited (GAIL) has over the years evolved as an integrated natural gas company, with a presence in transmission, gas processing, and downstream petrochemicals (which use natural gas as a primary input). Apart from these businesses, GAIL also has interests in the Liquefied Natural Gas (LNG) business through Petronet LNG Ltd. (PLL), Ratnagiri Power Project (RGPPL), and in city gas distribution projects both in India [Mahanagar Gas Ltd. (MGL), and Indraprastha Gas Ltd. (IGL)] and overseas (Natgas and Fayum Gas in Egypt). Among these projects, GAIL's most significant interest lies in the PLL and RGPPL. In PLL, GAIL apart from being an equity investor and the major transmitter of gas, has also undertaken to market 60% of the R-LNG through a 25-year take or- pay contract from Dahej terminal and

30% of the volumes from the Kochi terminal of PLL. GAIL now controls the Dabhol LNG terminal through Konkan LNG Private Limited (KLPL), post demerger of Ratnagiri Gas & Power Private Limited's (RGPPL) assets and liabilities related to the LNG terminal to KLPL which was approved in February 2018. GAIL also has stakes in exploration and production of hydrocarbons. GAIL has wholly owned subsidiaries in Singapore and the US for expanding its presence outside India in the segments of LNG, petrochemical trading and shale gas assets.

Key financial indicators (audited):

	FY2018	FY2019	H1 FY2020
Operating Income (Rs. crore)	53,661.6	75,126.3	36,350.5
PAT (Rs. crore)	4,618.4	6,025.7	2,351.8
OPBDIT/OI (%)	14.3%	12.7%	10.5%
RoCE (%)	17.1%	22.2%	17.1%
Total Outside Liabilities/Tangible Net Worth (times)	0.4	0.5	0.5
Total Debt/OPBDIT (times)	0.3	0.1	0.1
Interest Coverage (times)	27.8	69.0	74.3
DSCR	3.0	6.7	27.7

Source: ICRA estimates; OI: Operating Income; PAT: Profit after Tax; OPBDIT: Operating Profit before Depreciation, Interest, Taxes and Amortisation; ROCE: PBIT/Avg. (Total Debt + Tangible Net-Worth + Deferred Tax Liability - Capital Work - in Progress); NWC: Net Working Capital; H1 FY2020 results are un-audited

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for last three years:

	Instrument	Current Rating (FY2020)					Rating History for the Past 3 Years			
		Type	Amount Rated	Amount Outstanding	Month and Year		Month and year in rating			
							FY2019	FY2018		FY2017
			Rs crore		January 23, 2020	April 30, 2019	17 Dec 2018	1 Feb 2018	4 Jul 2017	8 Jun 2016
1	Bank lines	Long Term/Short Term	250.0	0.0	[ICRA]AAA(Stable)/ [ICRA]A1+; Withdrawn	[ICRA]AAA(Stable)/ [ICRA]A1+	[ICRA]AAA(Stable)/ [ICRA]A1+	[ICRA]AAA (Stable)/ [ICRA]A1+	[ICRA]AAA (Stable)/ [ICRA]A1+	[ICRA]AAA (Stable)/ [ICRA]A1+

Complexity level of the rated instrument:

ICRA has classified various instruments based on their complexity as "Simple", "Complex" and "Highly Complex". The classification of instruments according to their complexity levels is available on the website www.icra.in

Annexure-1: Instrument Details

ISIN No	Instrument Name	Date of Issuance / Sanction	Coupon Rate	Maturity Date	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	Long term/Short Term fund Based/Non fund based (unallocated)	NA	NA	-	250.00	**[ICRA]AAA (Stable)/ [ICRA]A1+; Withdrawn**

Source: GAIL (India) Ltd

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About ICRA Limited:

ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

For more information, visit www.icra.in

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