March 27, 2026

Mahanagar Gas Limited: Update on entity

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating outstanding
Long term non-fund based limits	720.00	720.00	[ICRA]AAA (Stable); outstanding
Long term fund based limits	80.00	80.00	[ICRA]AAA (Stable); outstanding
Short term non-fund based limits	1128.75	1128.75	[ICRA]A1+; outstanding
Short term non-fund based limits (Sublimit)	(80.00)	(80.00)	[ICRA]A1+; outstanding
Short term fund based limits	17.70	17.70	[ICRA]A1+; outstanding
Short term fund based limits (Sublimit)	(1.00)	(1.00)	[ICRA]A1+; outstanding
Long term/Short term - Unallocated limits	78.55	78.55	[ICRA]AAA (Stable)/ [ICRA]A1+; outstanding
Total	**2,025.00**	**2,025.00**	

**Instrument details are provided in Annexure I*

Rationale

On February 28, 2026, after the breakout of the conflict in West Asia, a major share of liquified natural gas (LNG) supply to India has been disrupted. Nearly 50% of the LNG being sourced by India passes through the Strait of Hormuz (SoH), which currently remains blocked, thereby impacting the LNG supplies to India. As a result, global LNG prices have risen quite sharply amid constrained availability as nearly 20% of the global LNG supplies remain offline. The city gas distribution (CGD) sector remains vulnerable to LNG supply disruption as the dependence on LNG has been rising and stood at ~41% of the total consumption in December 2025. The piped natural gas-industrial (PNG-I) and piped natural gas-commercial (PNG-C) segments remain especially vulnerable to LNG supply disruptions as almost the entire demand is being met through imported LNG (barring the sales in North East India which are met through domestic gas sources).

In response to the same, the Government of India (GoI) notified the Natural Gas (Supply Regulation) Order (NGS order), 2026 on March 9, 2026, under the Essential Commodities Act, 1955. As per the NGS order, gas will be made available for city gas distribution (CGD) companies for the compressed natural gas (CNG) and piped natural gas-domestic (PNG-D) segments to the extent of 100% of the last six months' average consumption. Under the same order, for the piped natural gas-industrial (PNG-I) and piped natural gas-commercial (PNG-C) segments, 80% of the average consumption during the last six months will be made available. Further, on March 24. 2026, the GoI has released a circular which paves the way for deeper penetration of PNG (D) by removing bottlenecks. The order has streamlined the process of laying CGD networks by capping road restoration fees, providing deemed approval in case of delays. Collectively, these measures are expected to reduce execution delays, lower rollout costs for CGD operators and accelerate household adoption of PNG (D). The same should support the expansion of the PNG(D) network for MGL as well as the industry. As a sizeable share of the LNG imports has been disrupted, ICRA expects an increased mix of spot LNG in the overall consumption mix in the near term, and the higher prices may erode the margins of CGD entities. However, as the situation remains dynamic, ICRA will continue to monitor the developments on this front and its impact on the credit profile of the rated entities.

At present, Mahanagar Gas Limited (MGL/the company) has a healthy share of CNG and PNG(D) in its customer mix (~84% share in overall customer mix as on 9M FY2026), segments which are expected to receive adequate gas supplies under the NGS order. There could be some cost pressure for the CNG segment in the near term on account of higher pool price being charged to entities; for the PNG(D) segment, ICRA does not expect any major headwinds as the demand is expected to be largely met through allocated administered price mechanism (APM) gas. Nevertheless, given MGL's strong credit profile characterised by robust liquidity and nil debt along with a healthy portfolio mix dominated by the CNG and PNG(D) segments, ICRA expects the company's overall credit metrics to remain healthy despite the near-term headwinds on account of gas supply disruptions. The ability of the entity to pass on the incremental cost pressures on account of pooling of natural gas under the NGS order will remain a key monitorable. ICRA will continue to monitor the impact of the LNG supply disruptions on MGL's credit profile in case the disruption prolongs.

Please refer to the following link for the previous detailed rationale that captures key rating drivers and their description, liquidity position, rating sensitivities: Click here

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	City Gas Distribution Corporate Credit Rating Methodology
Parent/group Support	Not Applicable
Consolidation/standalone	The ratings are based on the consolidated financials of Mahanagar Gas Limited

About the company

Mahanagar Gas Limited (MGL) was incorporated in 1995 as a joint venture between GAIL (India) Limited (GAIL) and BG Asia Pacific Holdings Pte Limited (BGAPH) - a Royal Dutch Shell Plc subsidiary. Subsequently, the company was listed in June 2016, after which both GAIL and BGAPH's stake were reduced to 32.5% each, with the remaining 35% stake being held by the public (of which 10% is with the state government of Maharashtra). Further, in August 2019, BGAPH sold its entire stake in the company. At present, GAIL is the only promoter in the company.

Over the past two decades, MGL has established a firm presence in the Greater Mumbai gas distribution business, where it is the dominant player. Its growth is primarily driven by the CNG business, which contributes 70-75% to its revenues at present. The company also supplies piped natural gas (PNG) to the industrial, commercial, and residential segments. The company sources most of its gas requirements from GAIL, while a small part is bought from the spot market. MGL has put in place large plans to augment its gas distribution network in the existing Mumbai region and expand its network in the surrounding regions of Mumbai. The company currently operates in three geographical areas (GAs) — GA1, which includes the Greater Mumbai region; GA2, which includes expansion areas, such as Mira-Bhayander, Thane-Vashi-Belapur (TVB), Kharghar-Panvel-Taloja (KPT), Kalyan-Dombivli-Ambernath and Ulhasnagar (KD& AB); and GA3, which is the Raigad district (won by the company in 2015).

Key financial indicators (audited)

MGL Consolidated	FY2024	FY2025	9MFY2026*
Operating income	6290.1	7263.8	6193.7
PAT	1284.7	1041.3	714.4
OPBDIT/OI	29%	22%	19%
PAT/OI	20%	14%	12%
Total outside liabilities/Tangible net worth (times)	0.4	0.4	-
Total debt/OPBDIT (times)	0.0	0.0	-
Interest coverage (times)	139.1	112.0	74.0

*Source: Company, ICRA Research; * Unaudited; 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: Not applicable

Rating history for past three years

Instrument	Current rating(FY2026)					Chronology of rating history for the past 3 years					
	Type	Amount rated (Rs crore)	March 27, 2026	FY2026		FY2025		FY2024		FY2023	
				Date	Rating	Date	Rating	Date	Rating	Date	Rating
Non-fund based - Others	Short term	1128.75	[ICRA]A1+	November 27, 2025	[ICRA]A1+	October 03, 2024	[ICRA]A1+	September 01, 2023	[ICRA]A1+	September 23, 2022	[ICRA]A1+
					-	-	-	-	-	March 14, 2023	[ICRA]A1+
Fund based - Others	Long term	80.00	[ICRA]AAA(Stable)	November 27, 2025	[ICRA]AAA (Stable)	October 03, 2024	[ICRA]AAA (Stable)	September 01, 2023	[ICRA]AAA (Stable)	September 23, 2022	[ICRA]AAA (Stable)
					-	-	-	-	-	March 14, 2023	[ICRA]AAA (Stable)
Fund based - Others	Short term	17.70	[ICRA]A1+	November 27, 2025	[ICRA]A1+	October 03, 2024	[ICRA]A1+	September 01, 2023	[ICRA]A1+	September 23, 2022	[ICRA]A1+
					-	-	-	-	-	March 14, 2023	[ICRA]A1+
Interchangeable limits	Short term	(80.00)	[ICRA]A1+	November 27, 2025	[ICRA]A1+	October 03, 2024	[ICRA]A1+	September 01, 2023	[ICRA]A1+	September 23, 2022	[ICRA]A1+
					-	-	-	-	-	March 14, 2023	[ICRA]A1+
Non-fund based - Others	Long term	720.00	[ICRA]AAA(Stable)	November 27, 2025	[ICRA]AAA (Stable)	October 03, 2024	[ICRA]AAA (Stable)	September 01, 2023	[ICRA]AAA (Stable)	September 23, 2022	[ICRA]AAA (Stable)
					-	-	-	-	-	March 14, 2023	[ICRA]AAA (Stable)
Unallocated limits	Long term/Short term	78.55	[ICRA]AAA(Stable) /[ICRA]A1+	November 27, 2025	[ICRA]AAA (Stable)/[ICRA]A1+	October 03, 2024	[ICRA]AAA (Stable)/[ICRA]A1+	September 01, 2023	[ICRA]AAA (Stable)/[ICRA]A1+	September 23, 2022	[ICRA]AAA (Stable)/[ICRA]A1+
					-	-	-	-	-	March 14, 2023	[ICRA]AAA (Stable)/[ICRA]A1+
Interchangeable limits	Short term	(1.00)	[ICRA]A1+	November 27, 2025	[ICRA]A1+	October 03, 2024	[ICRA]A1+	September 01, 2023	[ICRA]A1+	September 23, 2022	[ICRA]A1+
					-	-	-	-	-	March 14, 2023	[ICRA]A1+

Complexity level of the rated instruments

Instrument	Complexity indicator
Interchangeable limits	Simple
Interchangeable limits	Simple
Long term – Fund based - Others	Simple
Long term - Non-fund based - Others	Simple
Short term – Fund based - Others	Simple
Short term - Non-fund based - Others	Simple
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 isssuance	Coupon rate	Maturity	Amount rated (Rs. crore)	Current rating and outlook
NA	**Long term non-fund based limits**	NA	NA	NA	720.00	[ICRA]AAA (Stable)
NA	**Long term fund-based limits**	NA	NA	NA	80.00	[ICRA]AAA (Stable)
NA	**Short term non-fund based Limits**	NA	NA	NA	1128.75	[ICRA]A1+
NA	**Short term non-fund based limits (Sublimit)**	NA	NA	NA	(80.00)	[ICRA]A1+
NA	**Short term Fund based limits**	NA	NA	NA	17.70	[ICRA]A1+
NA	**Short term fund based limits (Sublimit)**	NA	NA	NA	(1.00)	[ICRA]A1+
NA	**Long term/Short term unallocated limits**	NA	NA	NA	78.55	[ICRA]AAA (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

Company name	Ownership	Consolidation approach
Mahanagar Gas Limited	100.00% (rated entity)	Full consolidation
Mahanagar LNG Private Limited	51.0%	Full consolidation

Source: MGL annual report

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