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GAIL eyes stock exchange listing of city gas distribution arm

Rishi Ranjan Kala
New Delhi

India's largest gas utility GAIL is exploring the listing of its city gas distribution (CGD) arm, GAIL Gas, which provides natural gas, to roughly 6 per cent of India's population and area-serving industries, mobility, and households.

Last month, the gas utility floated a tender for hiring a consultant to study the listing of GAIL Gas on the Indian stock exchanges.

"GGL is evolving and expanding multi-fold with the objective to realise a sustainable and better tomorrow. GGL is exploring the possibility of listing in the Indian Stock Exchange for which it intends to hire a consultant to study various aspects related to the listing of GGL," the tender document, seen by *businessline*, stated.

The objective is to provide expert guidance on the benefits, feasibility, process, and implications of evaluating different scenarios, as well as highlighting the steps involved in listing GGL and other associated activities, it added.

The rationale behind the move is to capitalise on India's rising natural gas consumption.

For instance, GGL in its FY24 annual report said it expects gas usage by the CGD sector to grow at 13 per cent CAGR till FY30, compared to an annual growth of 8.4 per cent between FY14 and FY24.

GGL's presence has expanded to 25 geographical areas (GAs) across 49 districts in 13 States on a standalone basis and through six joint ventures.

It is in various stages of implementing CGD projects in 16 GAs across eight States, on a standalone basis, the tender document said.

Besides, its scale of supply and delivery of compressed natural gas (CNG) for industries and mobility, as well as domestic PNG (D-PNG) for households, will expand as it plans to add more GAs to its portfolio.

For instance, GGL is also contemplating the acquisition of GAIL's 6 GAs spread across four States, and is in the process of acquiring Gwalior and Sheopur Districts (Madhya Pradesh) from one of its joint ventures, subject to approval.

Apart from this, it is pursuing the city gas business in East and West Godavari (Andhra Pradesh), Kota (Rajasthan), Vadodara (Gujarat), Haridwar (Uttarakhand), North Goa (Goa), Kamrup and Kamrup Metropolitan Districts, and Cachar, Hailakandi and Karimganj (Assam), through joint ventures.

GROWTH PROSPECTS

GAIL expects GGL's business to expand based on its expansion plans and past operational metrics. For instance, GGL achieved its highest-ever gross turnover of ₹10,944 crore and its highest-ever profit after tax (PAT) of ₹323 crore in FY24, its annual report said.

This was aided by higher CNG sales, which grew 32 per cent year-on-year to 267 million standard cubic meters (MSCM) in FY24.