

December 8, 2025

Online Bulletin Board – A real-time, SCADA-integrated Bulletin Board will provide continuous updates on pipeline capacity, flows, and usage, improving transparency, coordination, and scheduling. Costs are modest and can be funded by PNGRB without extra charges.

ISO (Independent System Operator) – The ISO guarantees fair and non-discriminatory access to all customers of the pipeline network, manages capacity allocation and system balancing independently, and operates without any control or shared decision-making with pipeline owners or gas suppliers, ensuring unbiased operations.

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Gas Vision 2040: Roadshow with Mr. D.K. Sarraf

Quick Pointers:

- Focused on a free gas market with implementation of Online Bulletin board and ISO
- Future gas demand growth will come mainly from **infrastructure expansion**.

We hosted Mr. D K Sarraf, Chairman of the High-Level Expert Committee, Gas Vision 2040 (ex-Chairman of PNGRB and ex-CMD of ONGC) for a roadshow in Mumbai and gained further insights in India's gas sector focusing on structural bottlenecks, regulatory gaps and areas of reforms needed to unlock India's gas potential. Among the list of recommendations, Mr. Sarraf emphasized more on moving towards a free gas market by removing resale and destination restrictions in RLNG contracts, creating transparent 3rd party access to LNG terminals, ensuring coordinated development of pipelines along with connecting LNG terminals to the gas grid, establishing an ISO (Independent System Operator) to guarantee unbiased access to infrastructure, introducing a PNGRB-supervised online capacity-booking platform, real-time National Electronic Bulletin Board to display all pipelines/terminal related data, transitioning to an entry-exit tariff system, and improving liquidity & participation on gas exchanges to make gas trading easier and pricing more efficient. As per Mr. Sarraf, PNGRB has considered the report's recommendations, and the impact of these reforms is expected to become visible over the next 1–1.5 years. Some of the other discussions during the roadshow are as follows:

Gas Demand growth – Future gas demand will grow mainly through wider pipeline coverage. Many districts are still unconnected, and the current territory-based CGD model leads to duplicate pipelines. Trunk pipelines should extend to every district, with CGD companies drawing gas from district city gates instead of distant trunk lines. Once district networks are built, small industries, CNG stations, and household connections will expand, lifting overall gas demand. These pipelines should be developed by players like IOC, GAIL, GSPL, Reliance, or new private players under a common-carrier, open-access system. Under a base case scenario, committee expects India's natural gas consumption to reach 260-300mmscmd by 2030 and 365-500mmscmd by 2040.

Implementation of gas under GST to be slow/difficult – Different states levy varying VAT/CST rates on natural gas, resulting in a cumulative tax burden of up to 30-35% for CNG, industrial, and commercial consumers (e.g., Gujarat VAT 15%, UP VAT 10-12.5%, excise duty 14%), which affects competitiveness. The committee recommended bringing natural gas under GST to ensure uniform taxation and promote free trade, but challenges like political resistance, fear of state revenue loss, and administrative complexity have stalled progress. **A revenue-neutral GST rate was proposed, yet implementation remains unlikely in the near term**

Integrated Energy Policy - India currently operates under multiple sector-specific energy policies for gas, electricity, renewables and coal, without a unified framework. This fragmented approach creates inefficiencies and investment uncertainty, highlighting the urgent need for a modern integrated energy policy to co-ordinate planning, pricing, and infrastructure across all energy sectors.

GAIL tariff revision – As per Mr. Sarraf, GAIL's tariff was revised earlier than the usual 5-year cycle because two major changes occurred: the removal of its cheap APM gas allocation (forcing it to buy costlier market priced gas for pipeline compressors) and a recalculation of pipeline capacity by EIL, which altered cost assumptions. The recent tariff hike is neither a gain nor a loss for GAIL, because the PNGRB tariff model works like a continuous rolling account, any cost shortfall or excess is always recovered later with a regulated return of ~12% post-tax.

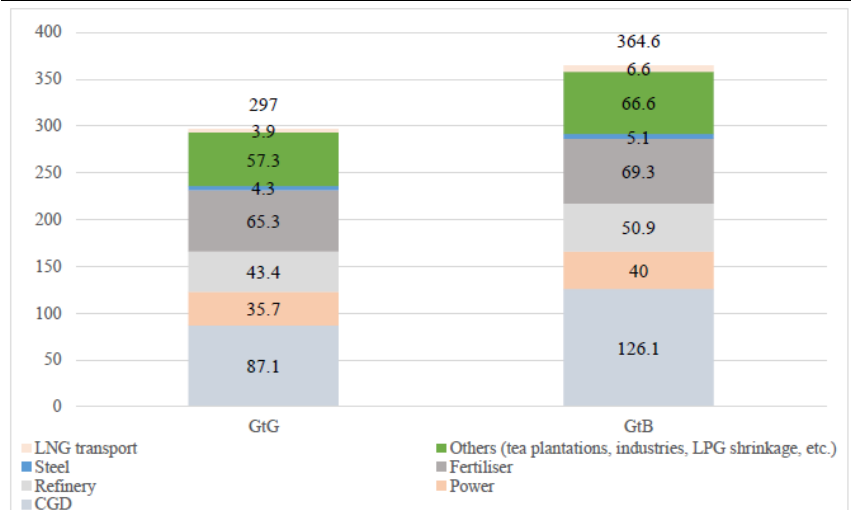
CGD's - Big CGD players have relied on long-term exclusivity and cheap APM gas, but this advantage is shrinking. Mr. Sarraf expects that over the next 3-5 years, APM gas availability is expected to decline, raising concerns about long-term access to affordable gas. If petrol and diesel prices remain elevated and LNG prices soften due to enhanced supply, CGD businesses can remain economically viable even with reduced margins. Mr. Sarraf believes that several older CGD geographical areas such as Delhi, Mumbai, and Ahmedabad have completed their marketing and infrastructure exclusivity periods. This creates a strong case for PNGRB to introduce competition. Once pending cases are resolved, competition is expected to intensify, especially in Mumbai and other mature high-volume markets.

Exhibit 1: Members of the committee

Sr. No.	Name	Designation & Organisation	Position
1	Shri D K Sarraf	Former Chairperson, PNGRB and Former CMD, ONGC	Chairman
2	Shri Gurdeep Singh	Chairman and Managing Director, NTPC	Member
3	Shri Sandeep Kumar Gupta	Chairman and Managing Director, GAIL	Member
4	Shri Manoj Jain	Managing Director, Torrent Gas	Member
5	Dr. A K Balyan	Chairman & Director at Carmine Energy Pte, and Former MD, PLL	Member
6	Shri Suresh P Manglani	Executive Director & Chief Executive Officer, Adani Total Gas	Member
7	Shri Pankaj Bhutani	Director, Commercial (PNGRB)	Convener (up to March 31, 2025)
8	Shri Sushil K Gupta	Director, Commercial (PNGRB)	Convener (from April 01, 2025)

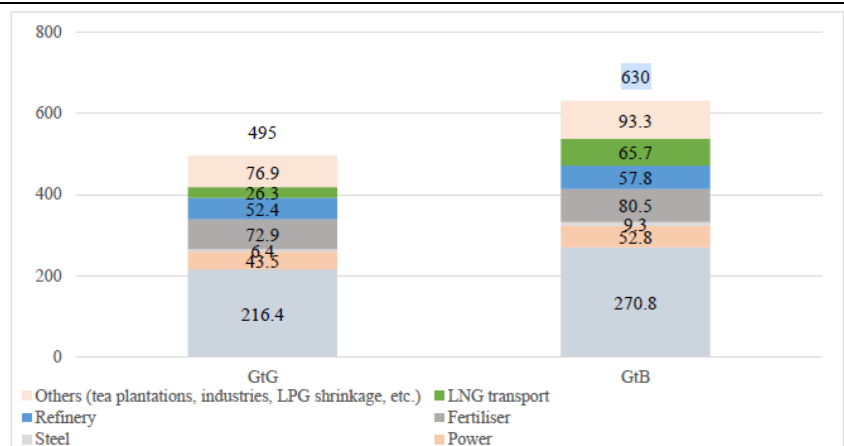
Source: Gas Vision 2040 report, PL

Exhibit 2: Expected gas demand in 2030 in GtG (Good to go) and GtB (Good to best) scenarios (MMSCMD)



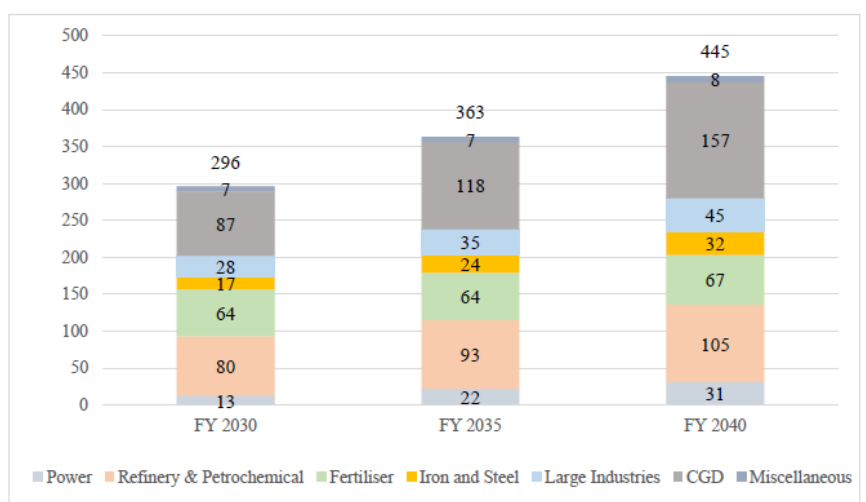
Source: PNGRB, PL

Exhibit 3: Expected gas demand in 2030 in GtG and GtB scenarios (MMSCMD)



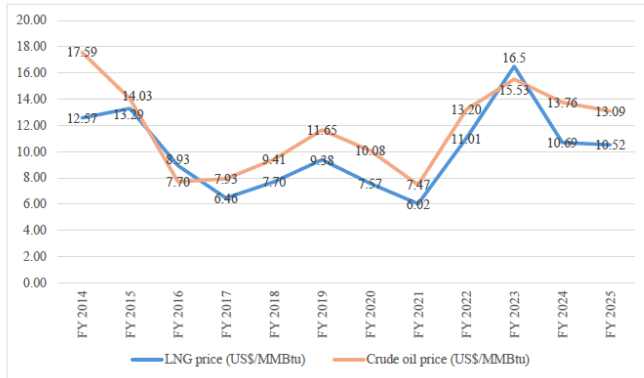
Source: PNGRB, PL

Exhibit 4: Expected gas demand per sector in BAU case (in MMSMCD)



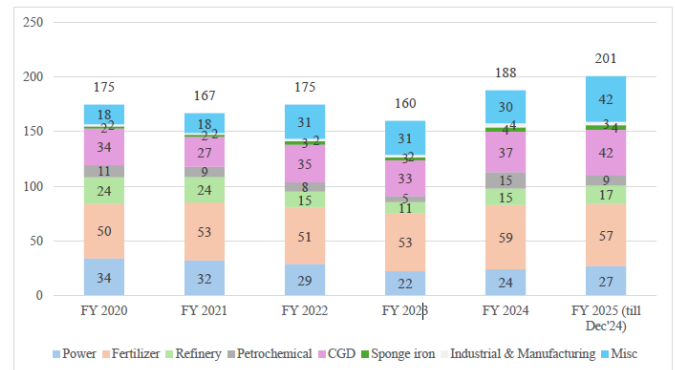
Source: PNGRB, PL

Exhibit 5: Yearly import prices of crude oil and LNG in India



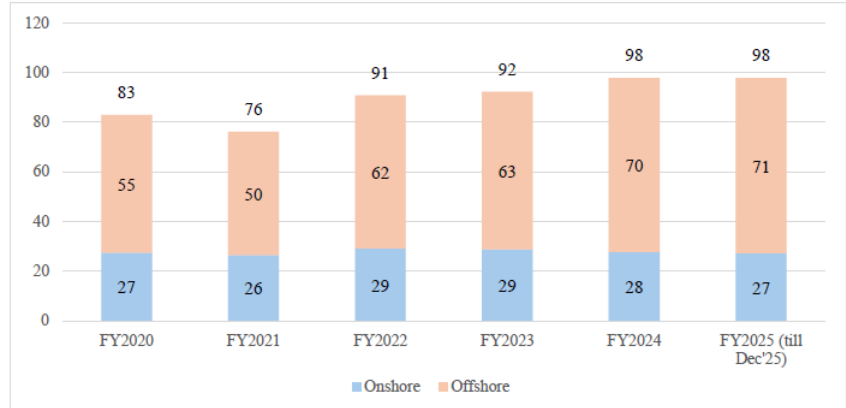
Source: PPAC, PL

Exhibit 6: Sector-wise natural gas consumption in India (in MMSCMD)



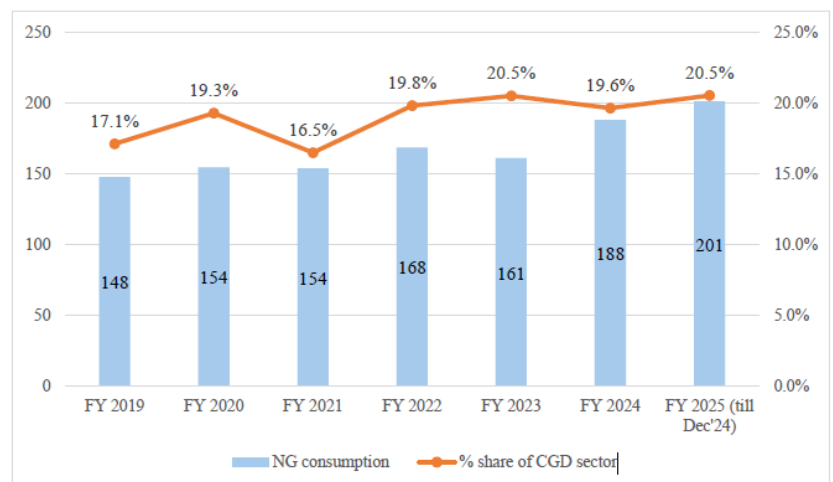
Source: PPAC, PL

Exhibit 7: Source-wise net domestic gas production in India (in MMSCMD)



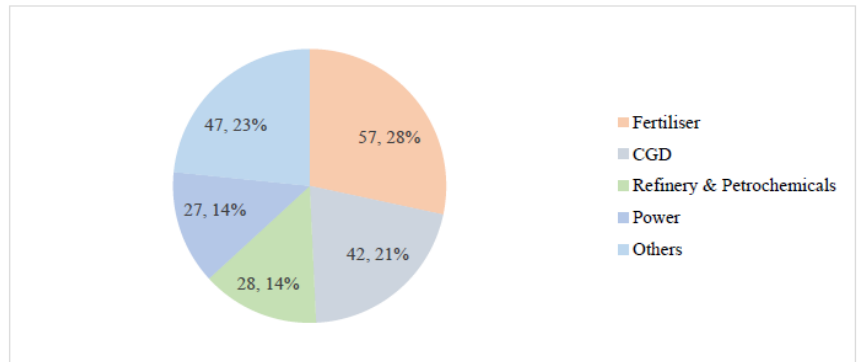
Source: PPAC, PL

Exhibit 8: CGD share in natural gas consumption



Source: PPAC, PL

Exhibit 9: Sectoral breakup of natural gas consumption in India (MMSCMD) – FY 2025 (till Dec'24)



Source: PPAC, PL

Exhibit 10: The cost per km for a CNG, petrol, and EV two-wheeler

Category	CNG (@ Rs. 75/kg)	CNG (@ Rs. 85/kg)	Petrol	EV (3 kWh)
On Road Price	Rs90,000	Rs90,000	Rs75,000	Rs140,000
Retail Fuel Price	Rs75/kg	Rs85/kg	Rs103/Ltr	Rs9/kWh
Mileage	80km/kg	80km/kg	50km/Ltr	80 km/Charge
Average Daily Distance	30 km	30 km	30 km	30 km
Life of Vehicle	15 Years	15 Years	15 Years	10 Years
Salvage Value	25,000	25,000	20,000	25,000
Battery Replacement Cost	-	-	-	Rs50,000 (once)
Cost/km	Rs1.33/km	Rs1.46/km	Rs2.40/km	Rs1.85/km

Source: Gas Vision 2040, PL

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	Aarti Industries	Hold	403	392
2	Bharat Petroleum Corporation	Hold	361	357
3	Bharti Airtel	Accumulate	2,259	2,113
4	Clean Science and Technology	Hold	1,002	981
5	Deepak Nitrite	Hold	1,768	1,741
6	Fine Organic Industries	BUY	5,386	4,346
7	GAIL (India)	BUY	211	180
8	Gujarat Fluorochemicals	Hold	3,637	3,480
9	Gujarat Gas	Hold	415	408
10	Gujarat State Petronet	Hold	311	301
11	Hindustan Petroleum Corporation	Hold	476	476
12	Indian Oil Corporation	Accumulate	166	155
13	Indraprastha Gas	Reduce	201	213
14	Jubilant Ingrevia	Hold	695	677
15	Laxmi Organic Industries	Reduce	192	198
16	Mahanagar Gas	BUY	1,531	1,271
17	Mangalore Refinery & Petrochemicals	Accumulate	159	142
18	Navin Fluorine International	Accumulate	6,441	6,025
19	NOCIL	Hold	185	181
20	Oil & Natural Gas Corporation	BUY	292	249
21	Oil India	BUY	532	436
22	Petronet LNG	Hold	290	275
23	Reliance Industries	BUY	1,668	1,417
24	SRF	Hold	3,123	3,028
25	Vinati Organics	BUY	1,915	1,662

PL's Recommendation Nomenclature

Buy	: > 15%
Accumulate	: 5% to 15%
Hold	: +5% to -5%
Reduce	: -5% to -15%
Sell	: < -15%
Not Rated (NR)	: No specific call on the stock
Under Review (UR)	: Rating likely to change shortly

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