

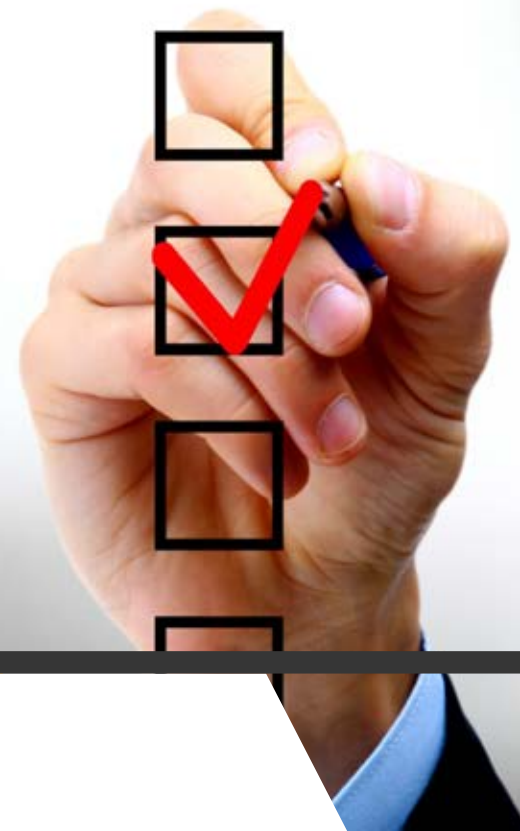
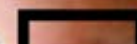
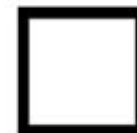
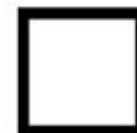


# OIL & GAS



# Table of Contents

- ▶ Executive Summary.....3
- ▶ Advantage India.....4
- ▶ Market Overview and Trends.....6
- ▶ Notable Trends and Strategies.....23
- ▶ Growth Drivers.....28
- ▶ Opportunities.....35
- ▶ Useful Information.....38



# EXECUTIVE SUMMARY

## Second-largest refiner in Asia

- As of October 01, 2020, India's oil refining capacity stood at 249.9 million metric tonnes (MMT), making it the second-largest refiner in Asia. Private companies own about 35.29% of the total refining capacity in FY20.

## World's third largest energy consumer

- India's energy demand is expected to double to 1,516 Mtoe by 2035 from 753.7 Mtoe in 2017. Moreover, country's share in global primary energy consumption is projected to increase two-folds by 2035.

## Third largest consumer of oil

- India's consumption of petroleum products grew 4.5% to 213.69 MMT during FY20 from 213.22 MMT in FY19.
- India retained its spot as the third-largest consumer of oil in the world in 2019.

## Fourth largest LNG importer

- LNG import in the country accounted for about one-fourth of total gas demand, which is estimated to double over the next five years. To meet this rising demand the country plans to increase its LNG import capacity to 50 MT in the coming years.
- India increasingly relies on imported LNG. It is the fourth largest LNG importer.
- India's LNG import stood at 33.68 billion cubic meters (bcm) during FY20.

**Notes:** MMT - Million Metric Tonnes, Mtoe - Million Tonnes of Oil Equivalent; mbpd - Million Barrels Per Day, LNG - Liquefied Natural Gas

**Source:** US Energy Information Administration (EIA), Ministry of Petroleum and Natural Gas, BP Statistical Review 2020, News sources

# ADVANTAGE INDIA

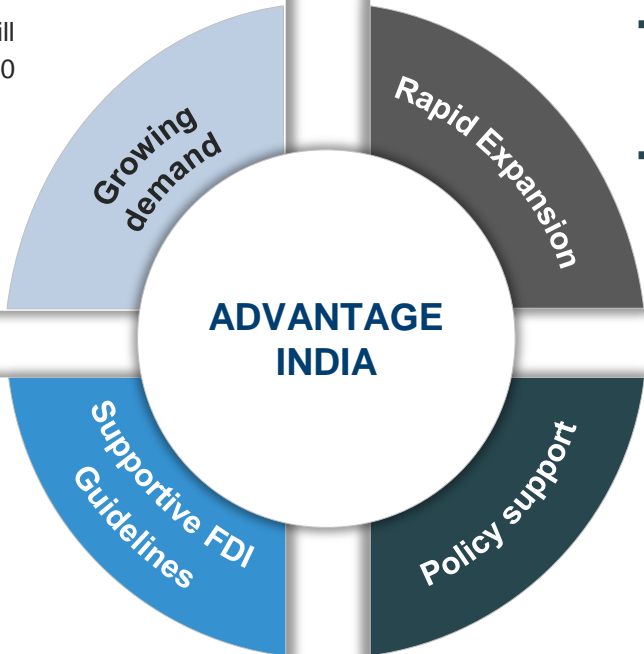


- India is the world's third largest energy consumer globally.
- Diesel demand in India is expected to double to 163 MT by 2029-30.
- Consumption of natural gas in India will increase by more than three-folds in next 10 years.

- The oil and gas industry is growing robustly, and players are undertaking investment to cater to the burgeoning demand.
- The industry is expected to attract US\$ 25 billion investment in exploration and production by 2022.<sup>^</sup>
- Refining capacity in the country is expected to increase to 667 MTPA by 2040.\*

- The Government has allowed 100% foreign direct investment (FDI) in upstream and private sector refining projects.
- The FDI limit for public sector refining projects has been raised to 49% without any disinvestment or dilution of domestic equity in existing PSUs.

- Government has enacted various policies such as OALP and CBM to encourage investments.
- In September 2018, the Government approved fiscal incentives to attract investment and technology to improve recovery from oil fields, which is expected to result in hydrocarbon production worth Rs. 50 lakh crore (US\$ 745.82 billion) in the next 20 years.



**Note:** OALP - Open Acreage Licensing Policy, CBM - Coal Bed Methane, MTPA - Million Tonnes Per Annum, <sup>^</sup>As per Directorate General of Hydrocarbons, \*As per Working Group on Enhancing Refining Capacity by 2040

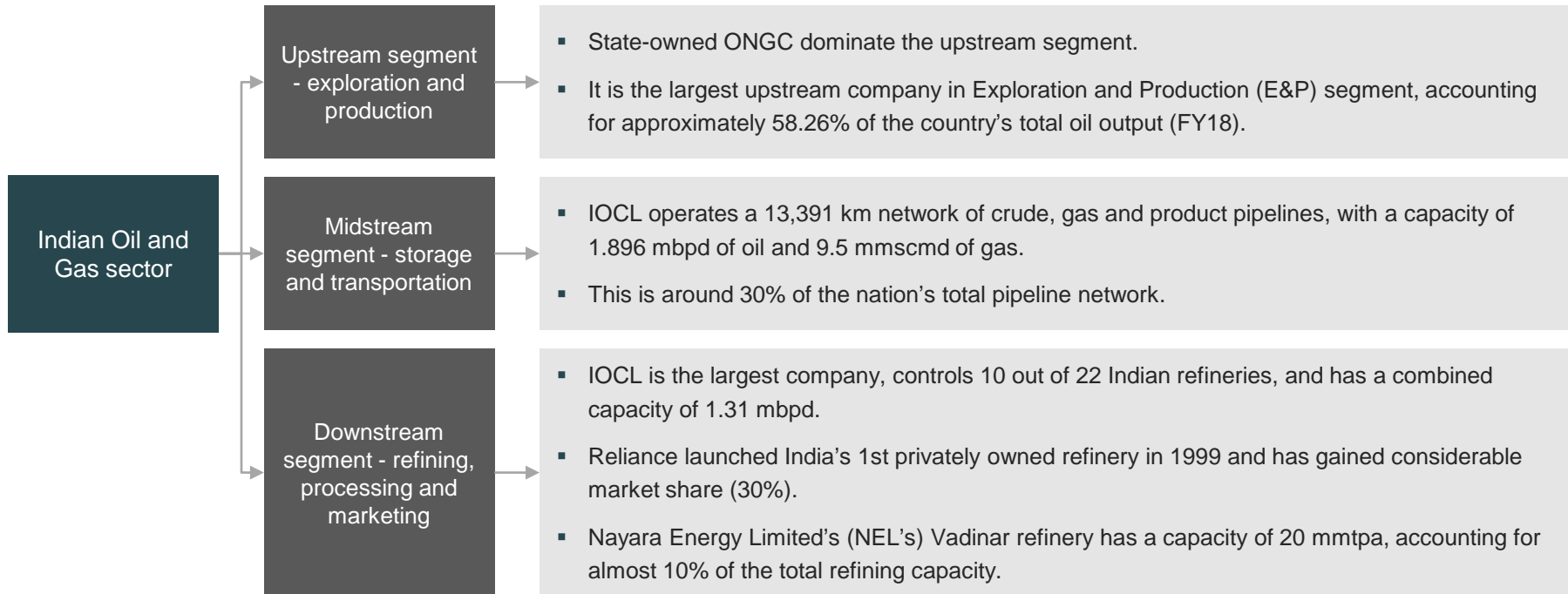
**Source:** Business Monitor International (BMI), World Oil Outlook 2012, Ministry of Petroleum and Natural Gas, BP Statistical Review 2020, Make in India.

# MARKET OVERVIEW AND TRENDS



# STATE-OWNED COMPANIES DOMINATE OIL AND GAS IN INDIA

- India remained the third-largest energy consumer in 2019.
- India's crude oil production in FY20 stood at 32.2 MMT.
- India had 4.7 thousand million barrels of proven oil reserves and produced 37.5 million tonnes in 2019.
- Oil production is expected to rise and reach 36 bcm<sup>^</sup> by 2021.

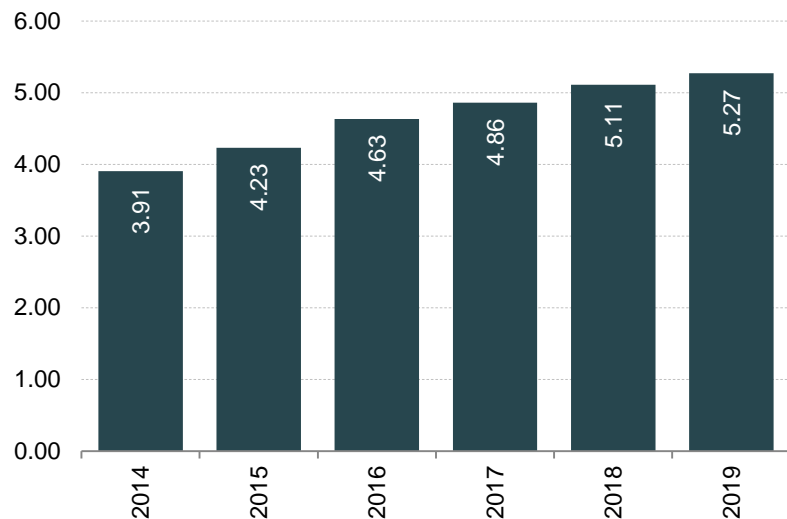


**Notes:** bcm - Billion Cubic Metres, mbpd - Million Barrels Per Day, mmscmd - Million Metric Standard Cubic Metre Per Day, mmtpa -- million metric tons per annum, <sup>^</sup>As per IEA

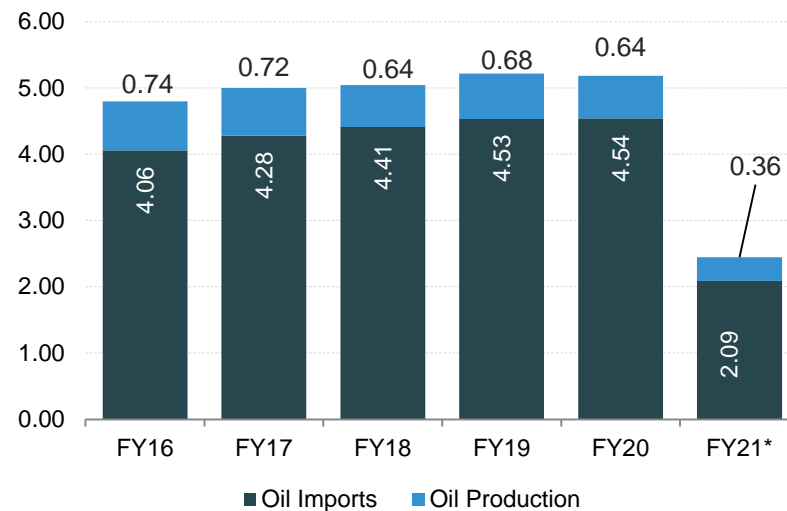
**Source:** BP Statistical Review 2020, US Energy Information Administration, Petroleum Planning and Analysis Cell

# OIL SUPPLY AND DEMAND IN INDIA

Oil consumption in India (2016-19) (mbpd)



Imports and domestic oil production in India (mbpd)



- Oil demand is expected to rise by 5.8 mbpd in 2040 from 5.27 mbpd in 2019.
- Oil demand increased 3.11% to 5.27 mbpd in 2019 from 5.11 mbpd the previous year.
- Rapid economic growth is leading to greater outputs, which in turn is increasing the demand of oil for production and transportation
- In FY20, crude oil imports increased to 4.54 mbpd from 4.53 mbpd in FY19.

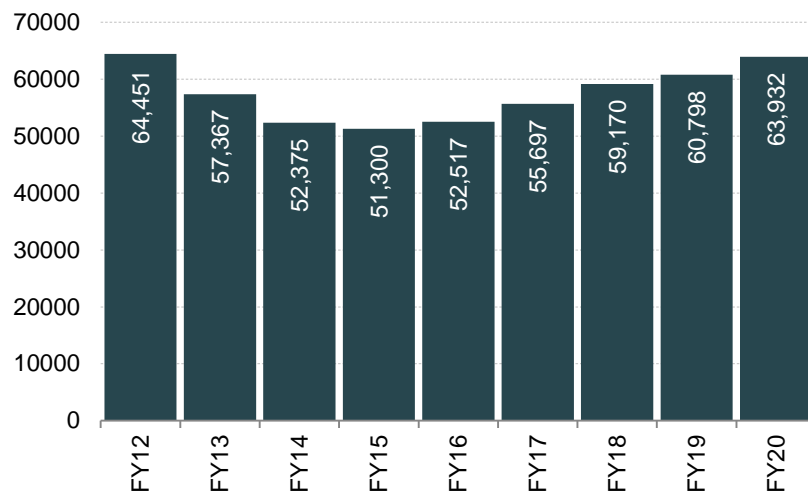
**Note:** CAGR - Compound Annual Growth Rate, mbpd - Million Barrels Per Day, P - Provisional, ^As per OPEC, Based on 50 MMT = 1 MBPD, \*- till October 2020

**Source:** Ministry of Petroleum and Natural Gas, BP Statistical Review 2020

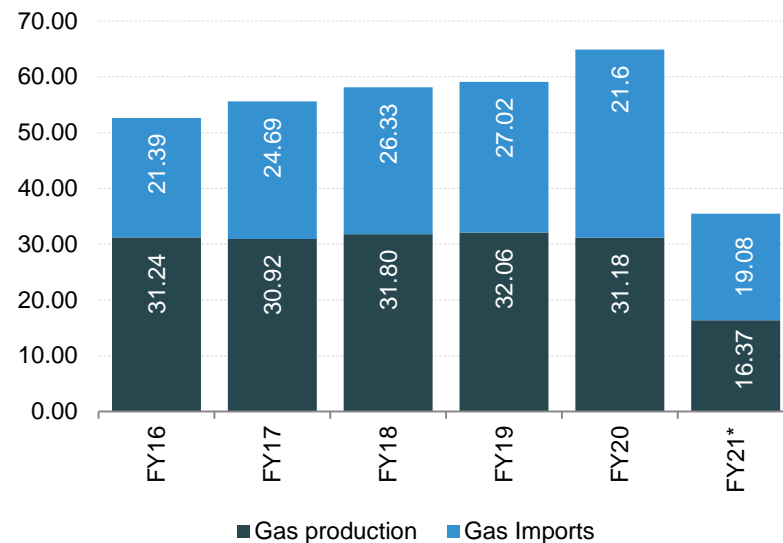


# GAS SUPPLY AND DEMAND IN INDIA

**Proven reserves and total gas consumption in the country (mmscm)**



**Domestic gas production and imports (bcm)**



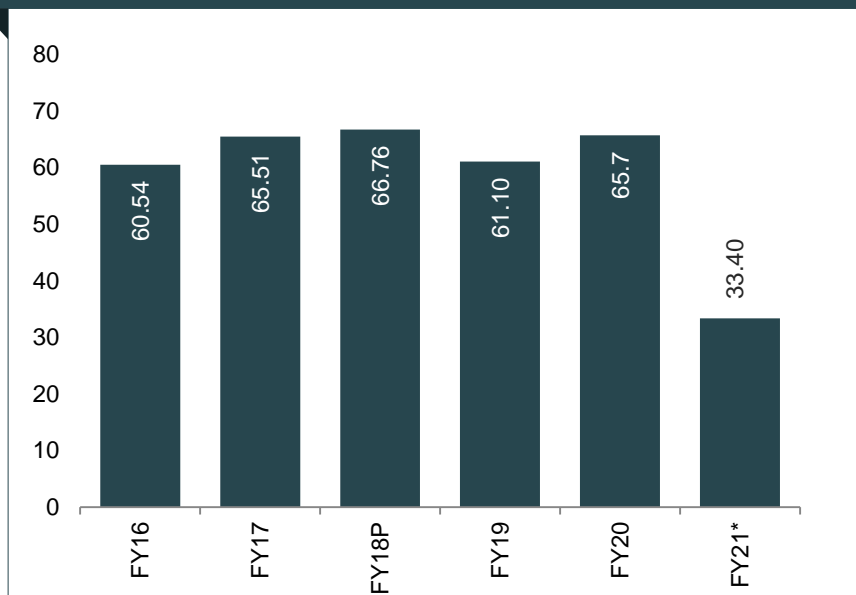
- Demand is not likely to simmer down anytime soon, given strong economic growth and rising urbanisation.
- Gas consumption is projected to reach 143.08 bcm by 2040. The Government is planning to invest US\$ 2.86 billion in the upstream oil and gas production to double the natural gas production to 60 bcm and drill more than 120 exploration wells by 2022 .
- India's natural gas imports increased at a CAGR of 12% during FY16-FY20.

**Note:** F - Forecast, bcm - Billion Cubic Metres, CAGR - Compound Annual Growth Rate, \*- till October 2020

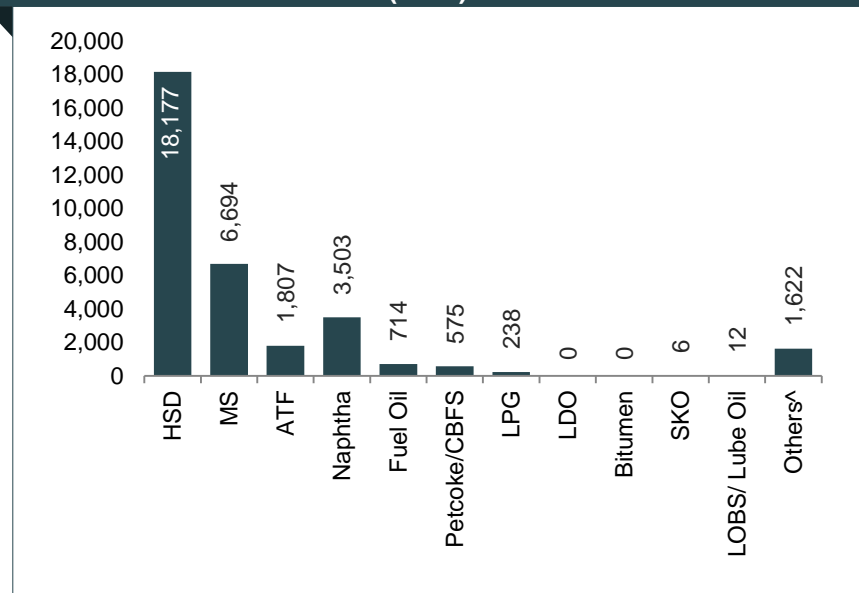
**Source:** PPAC, BP Statistical Review 2020

# EXPORTS OF PETROLEUM PRODUCTS FROM INDIA

### Exports of Petroleum Products from India (MMT)



### Product-wise export of Petroleum Products from India in FY21\* (MMT)



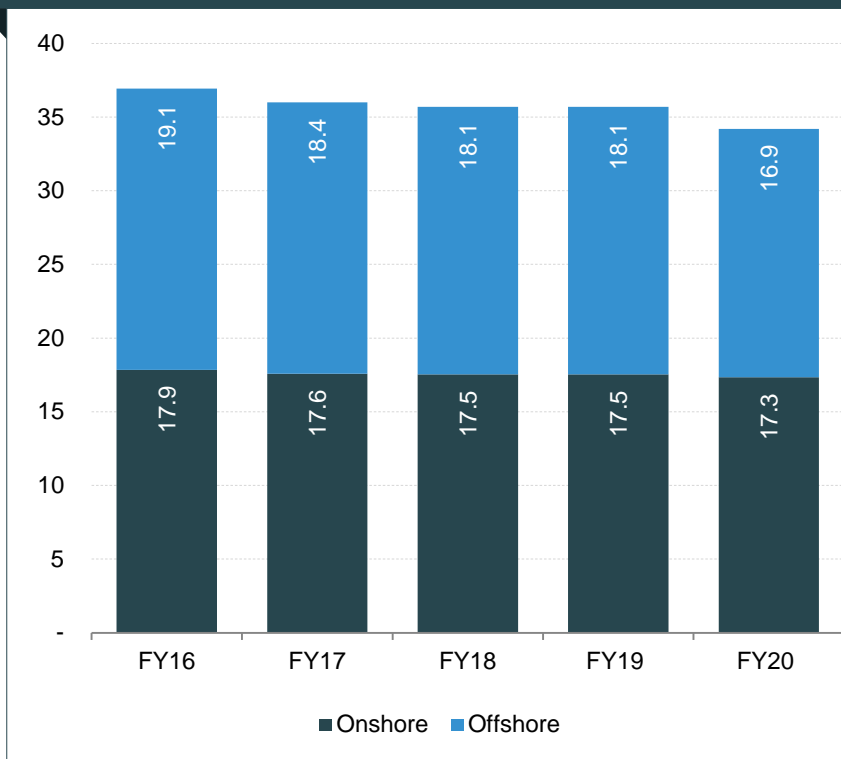
- India is one of the largest exporters of refinery products due to the presence of various refineries.
- Exports of petroleum products from India increased from 60.54 MMT in FY16 to 65.7 MMT in FY20.
- The total value of petroleum products exported from the country increased to US\$ 35.8 billion in FY20 from US\$ 34.89 billion in FY19.
- HSD was the major export item among petroleum products, followed by MS, ATF and Naptha.

**Note:** MMT - Million Metric Tonnes, P - Provisional, HSD - High speed Diesel, MS - Motor Spirit, ATF - Aviation Turbine Fuel, LPG - Liquefied Petroleum Gas, LDO - Light Diesel Oil, SKO - Superior Kerosene Oil, LOBS - Lubricating Oil Base Stocks, ^Others includes Hexane, Benzene, MTO (Mineral Turpentine Oil), Sulphur, etc, \*- Till October 2020

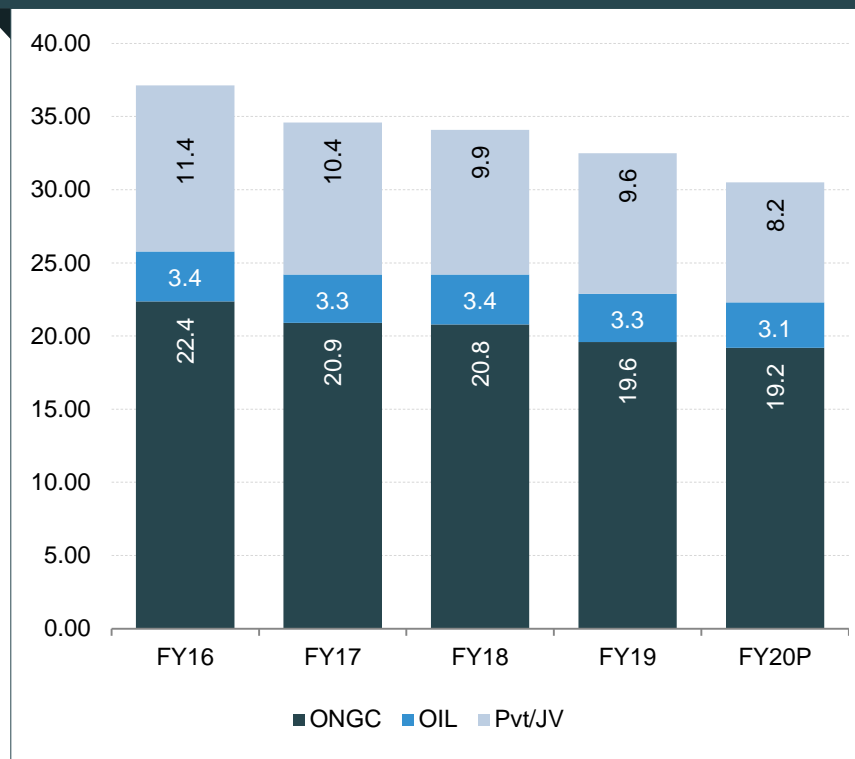
**Source:** PPAC, BP Statistical Review 2020

# UPSTREAM SEGMENT: CRUDE OIL AND GAS PRODUCTION (1/2)

Annual crude oil production (in MMT)



Crude Oil Production (in MMT)



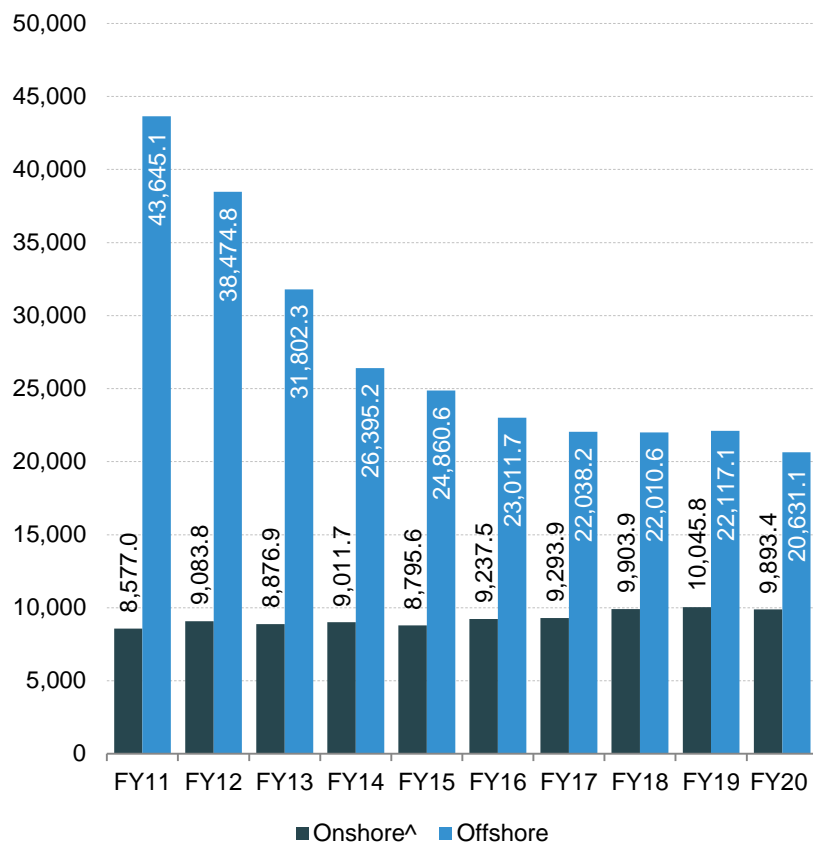
- In FY20, crude oil production in India stood at 30.5 MMT.
- Onshore production accounted for 50.68% of total production, while offshore contributed the remaining 49.32%.
- ONGC accounted for around 61.25% of total crude oil production in India in FY20P.

Notes: MMT - Million Metric Tonne, JV - Joint Venture, P-Provisional

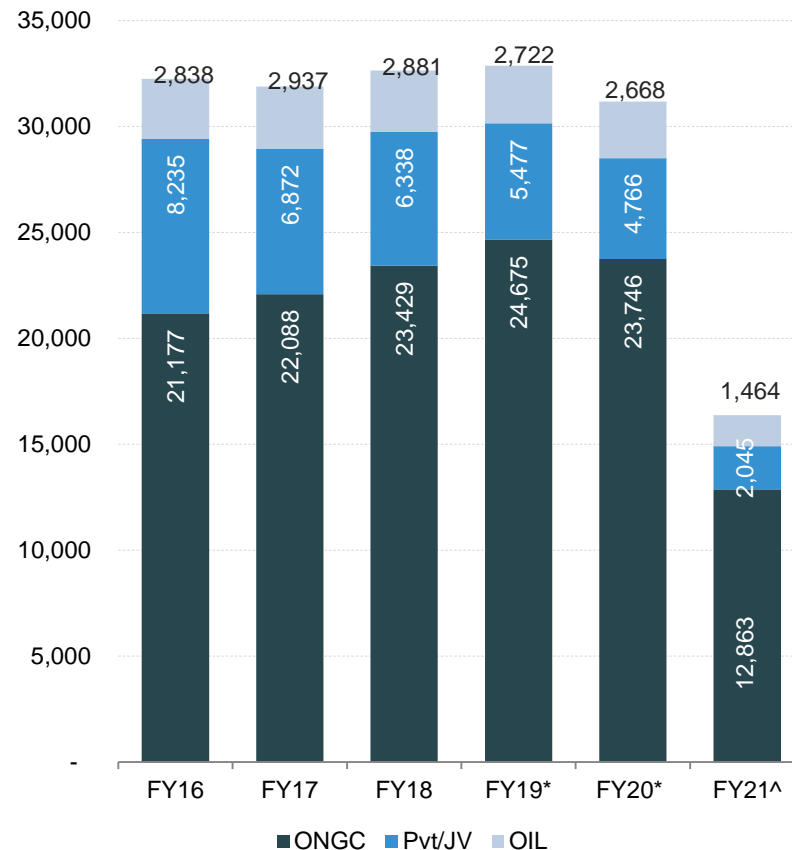
Source: Ministry of Petroleum and Natural Gas

# UPSTREAM SEGMENT: CRUDE OIL AND GAS PRODUCTION (2/2)

Annual gas production (million metric standard cubic meter)



Annual gas production (million metric standard cubic meter)

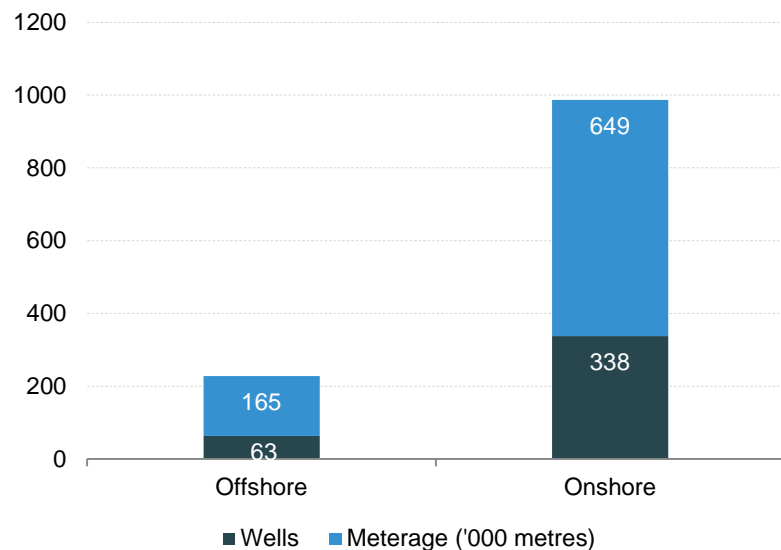


Note: JV - Joint Venture, ^Including CBM production \*Provisional, ^- Till October 2020

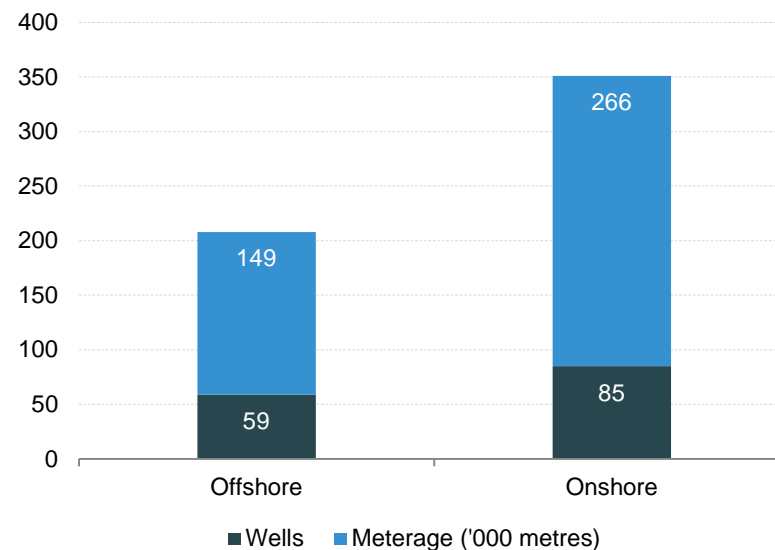
Source: Ministry of Petroleum and Natural Gas

# UPSTREAM SEGMENT: EXPLORATION AND DEVELOPMENT ACTIVITIES

Development drilling activities (FY19P)



Exploration activities (FY19P)



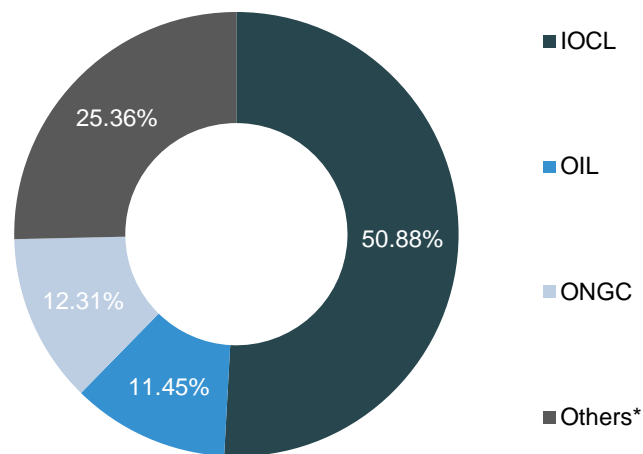
- During FY19P, 1,228,000 metres of wells were explored and developed and 545 wells were drilled in the country.
- State-owned oil companies undertake most of the upstream drilling and exploration work.
- The Government is planning to invest US\$ 2.86 billion in the upstream oil and gas production to double the natural gas production to 60 bcm and drill more than 120 exploration wells by 2022.

Notes: P- Provisional, \*OALP - Open Acreage Licensing Policy

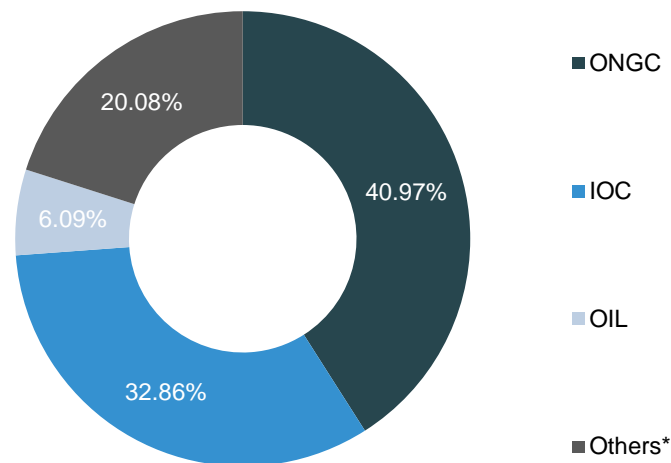
Source: Ministry of Petroleum and Natural Gas, BMI

# PIPELINES: CRUDE PIPELINE NETWORK

Shares in crude pipeline network by length  
(out of 10,419 kms, as on October 01, 2020)



Shares in crude pipeline network by capacity  
(out of 147.9 mmtpa, October 01, 2020)



- As of October 01, 2020, India had 10,419 km of crude pipeline, with capacity of 147.9 mmtpa.
- In terms of length, IOCL accounts for 50.88% (5,301 km) of India's crude pipeline network.
- In terms of actual capacities, ONGC leads with 40.97%, followed by IOCL at 32.86%.

**Note:** km - Kilometre, mmtpa - Million Metric Tonnes Per Annum, \*Others includes HMEL, BPCL and Cairn

**Source:** Ministry of Petroleum and Natural Gas

# PIPELINES: EXISTING PIPELINES IN INDIA

## Length and capacity of products and crude oil pipeline by company (as of October 01, 2020)

	IOCL	BPCL <sup>(1)</sup>	HPCL <sup>(2)</sup>	OIL	ONGC	Cairn	HMEL	Others (GAIL and Petronet India.)	Total industry
Length (kms)									
Product Pipeline	9,400	2,241	3,775	654	-	-	-	2,395	18,465
Crude oil Pipeline	5,301	937	-	1,193	1,283	688	1,017	-	10,419
Total	14,701	3,178	3,775	1,847	1,283	688	1,017	2,395	28,884
Capacity of Crude Oil Pipelines (mmtpa)									
Product Pipeline	46	19.5	34.7	1.7	-	-	-	9.4	111.3
Crude oil Pipeline	48.6	7.8	-	9	60.6	10.7	11.3	-	148
Total	94.6	27.3	34.7	10.7	60.6	10.7	11.3	9.4	259.3

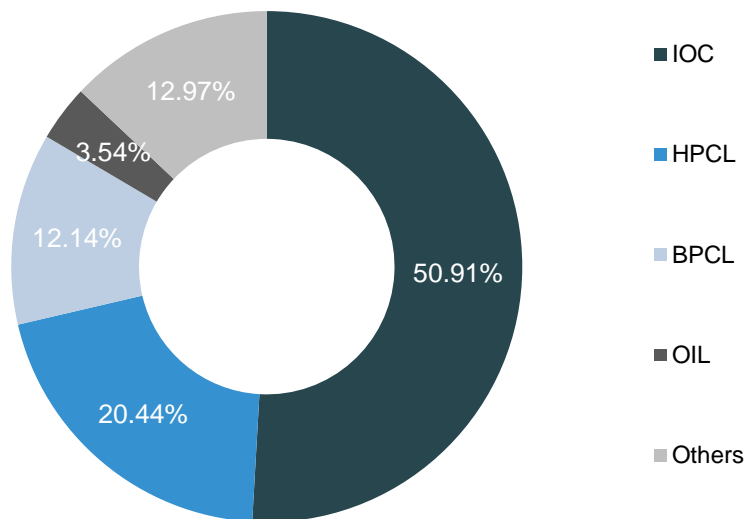
- Government of India is planning to invest Rs. 70,000 crore (US\$ 9.97 billion) to expand the gas pipeline network across the country.

**Note:** kms - Kilometres, mmtpa - Million Metric Tonnes Per Annum, <sup>(1)</sup>Includes Petronet Cochin-Coimbatore-Karur Product pipeline, <sup>(2)</sup>Includes Petronet Mangalore-Hassan-Bangalore Product Pipeline

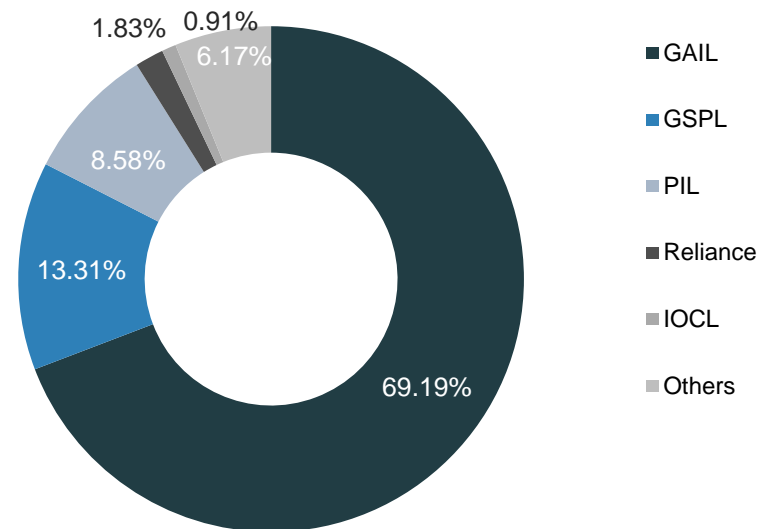
**Source:** Ministry of Petroleum and Natural Gas

# PIPELINES: REFINED PRODUCTS AND LPG PIPELINE NETWORK

Shares in products pipeline network under operation by length  
(out of 18,465 kms, as on October 1, 2020)



Shares in products pipeline network under operation by length  
(out of 17,016 kms, as on June 30, 2020)



- With 9,400 km of refined products pipeline in India, Indian Oil Corporation (IOC) leads the segment with 50.91% of the total product pipeline network as of October 01, 2020.
- Top three companies IOCL, HPCL and BPCL contribute more than 80% of the total length of product pipeline network in the country.
- As of June 30, 2020, Gas Authority of India Ltd. (GAIL) had the largest share (69.19% or 11,774 km) of the country's natural gas pipeline network (17,016 km).

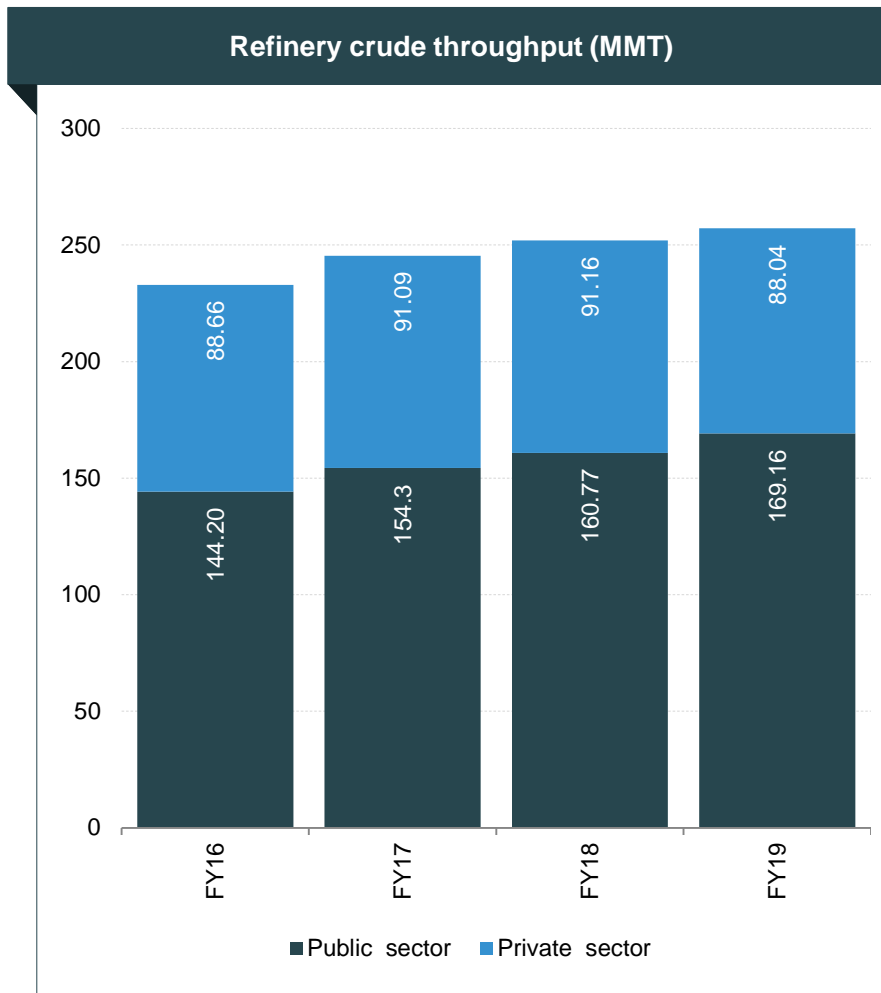
**Note:** km - Kilometre, mmtpa - Million Metric Tonnes Per Annum, LPG - Liquefied Petroleum Gas, IOC - Indian Oil Corporation, HPCL - Hindustan Petroleum Corporation Ltd, BPCL - Bharat Petroleum Corporation Ltd, OIL - Oil India Limited, <sup>(1)</sup>Others include GAIL and Petronet India

**Source:** Ministry of Petroleum and Natural Gas



# DOWNSTREAM SEGMENT: REFINERY CRUDE THROUGHPUT... (1/2)

- India has 23 refineries - 18 are in the public sector, two in the joint sector and three in the private sector.
- Crude oil throughput of public sector refineries grew at a CAGR of 3.81% from 108.03 MMT in FY07 to 169.16 MMT in FY19. During the same time, crude oil throughput of private sector refineries grew at a CAGR of 8.40% from 33.43 MMT to 88.04 MMT.
- The share of private sector refineries' throughput in total crude throughput grew from 29.99% in FY07 to 34.22% in FY19.

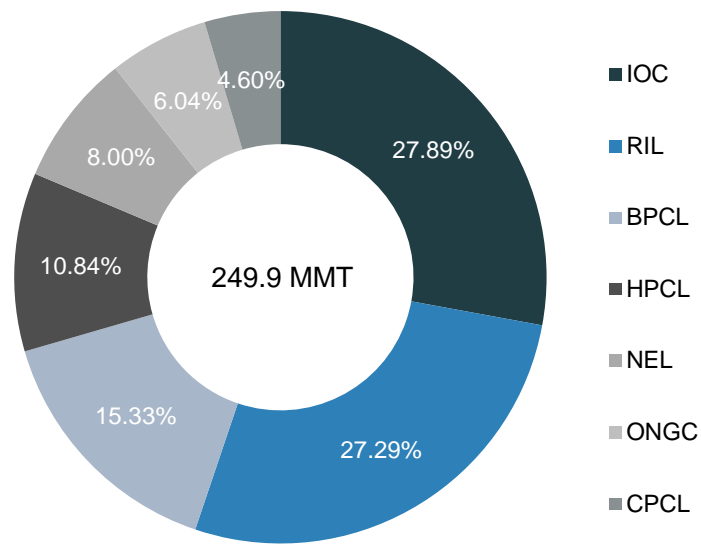


**Note:** MMT - Million Metric Tonne, Public Sector includes IOCL ,BPCL ,HPCL, CPCL and ONGC, Private sector includes RIL and NEL, \*Provisional

**Source:** Ministry of Petroleum and Natural Gas

# DOWNSTREAM SEGMENT: REFINERY CRUDE THROUGHPUT... (2/2)

Shares in India's total refining capacity (as of October 01, 2020)



Total installed refinery capacity (MMT)



- During FY20, the sector's total installed provisional refinery capacity was 249.9 MMT. IOC emerged as the largest domestic refiner with a capacity of 69.7 MMT.
- Top three companies, IOC, RIL and BPCL, contribute almost 70% of India's total refining capacity.

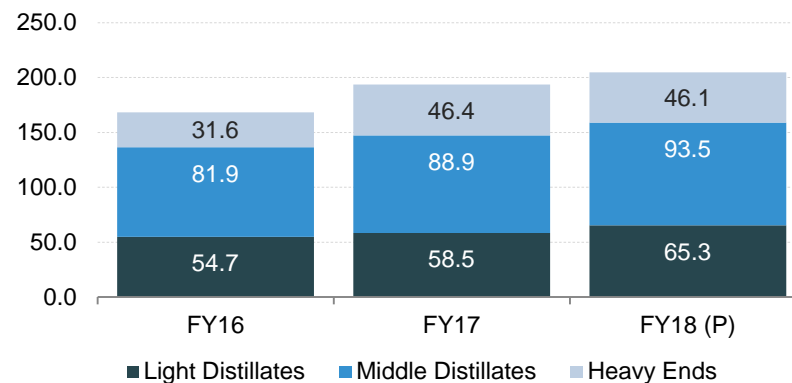
**Note:** MMT - Million Metric Tonne; HPCL - Hindustan Petroleum Corporation Ltd, BPCL - Bharat Petroleum Corporation Ltd, OIL - Oil India Limited, ONGC - Oil and Natural Gas Corporation, IOCL - Indian Oil Corporation Ltd, CPCL - Chennai Petroleum Corporation Limited, FY 19\* - Apr 1, 2019

**Source:** Ministry of Petroleum and Natural Gas, PPAC

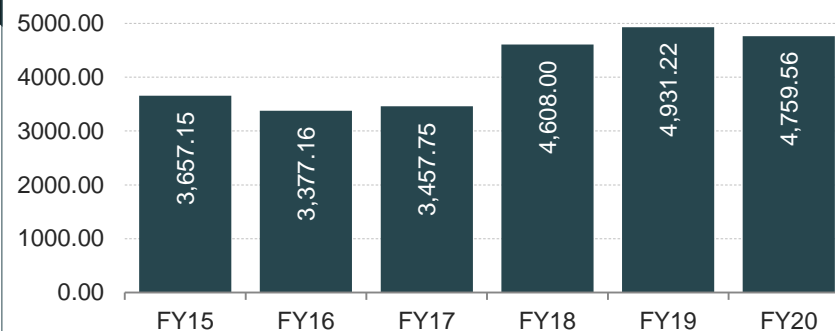
# DOWNSTREAM SEGMENT: PETROLEUM PRODUCTS

- Consumption of petroleum products in India increased to 213.7 MMT in FY20 from 194.60 MMT in FY17.
- Petroleum products derived from crude oil include light distillates such as LPG, naphtha; middle distillates such as kerosene; and heavy ends such as furnace, lube oils, bitumen, petroleum coke and paraffin wax
- Production of petroleum products by fractionators reached almost 4,760 tmt in FY20.

**Consumption of Petroleum Products (MMT)**



**Production of Petroleum Products by Fractionators (tmt)**



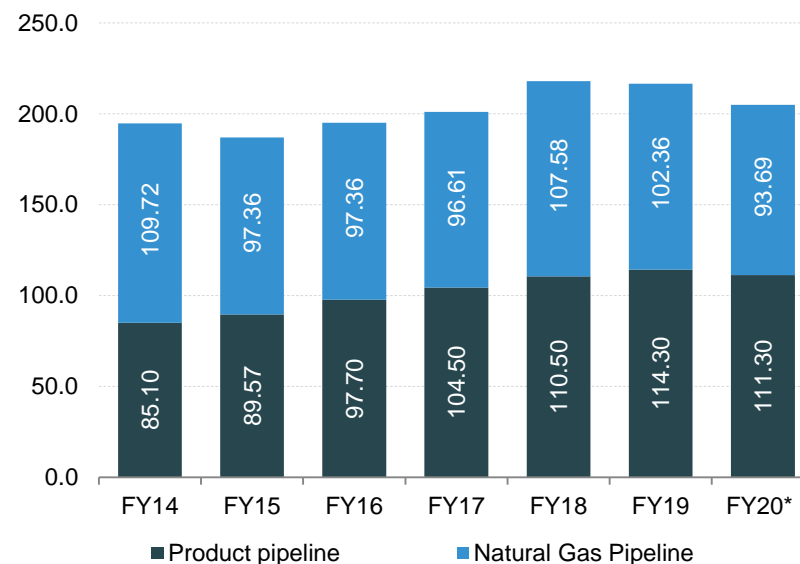
*Note: MMT - Million Metric Tonne, tmt - thousand metric tonne, P - Provisional*

*Source: Ministry of Petroleum and Natural Gas*

# DOWNSTREAM SEGMENT: DISTRIBUTION AND MARKETING

- The total number of OMC retail outlets increased to 72,611 in October 2020 (P) from 59,595 in FY17.
- IOCL, as of October 01, 2020 (P), owned the maximum number of retail outlets in the country (30,394), followed by HPCL (17,370) and BPCL (17,355).
- As of October 01, 2020 (P), there were 24,888 LPG distributors (under PSUs) in India.

Downstream distribution statistics (MMT)



Pipeline	Capacity (mmtpa) as on October 01, 2020	Length (km) as on October 01, 2020
Crude Pipeline	147.9	10,419
Product Pipeline	111.3	18,465
Natural Gas Pipeline*	337.3	17,016

**Note:** MMT - Million Metric Tonne, mmtpa - Million Metric Tonnes Per Annum, OMC - Oil Marketing Companies, (P) - Provisional, PSU - Public Sector Unit, \* - as on 1<sup>st</sup> October 2020 for product pipeline and on 30<sup>th</sup> June 2020 for natural gas pipeline

**Source:** Ministry of Petroleum and Natural Gas

# STATE-WISE CRUDE RESERVE, CAPACITY AND THROUGHPUT

State	Balance recoverable reserves of crude oil, 2019 (MMT)	State	Installed capacity, as of April 2019 (mt)	Crude throughput for FY19 (MMT)
Assam	160.34	Gujarat	101.9	104.97
Gujarat	118.20	Maharashtra	19.5	22.70
Rajasthan	17.99	Haryana	15.0	15.65
Tamil Nadu	9.16	Karnataka	15.0	16.13
Andhra Pradesh	7.94	Tamil Nadu	11.5	10.79
Nagaland	2.38	Kerala	15.5	14.10
Arunachal Pradesh	1.74	Andhra Pradesh	8.36	9.64
Tripura	0.07	Uttar Pradesh	8.0	9.24
<b>Total Onshore</b>	<b>317.82</b>	West Bengal	7.5	7.66
Western Offshore	236.25	Assam	7.0	6.90
Eastern Offshore	40.42	Bihar	6.0	5.82
<b>Total Offshore</b>	<b>276.67</b>	Punjab	11.3	8.83
		Madhya Pradesh	6.0	6.71
		Odisha	15.0	12.73
		<b>Total</b>	<b>247.56</b>	<b>251.94</b>

Note: Mmt - Million Metric Tonne, mt - Million Tonne,

Source: Ministry of Petroleum and Natural Gas

# KEY DOMESTIC OIL AND GAS COMPANIES



ऑयल इंडिया लिमिटेड  
**Oil India Limited**

Company	Ownership (%) as of FY20	Total Income from Operations in FY20 (US\$ billion)
Indian Oil Corporation Limited	56.98% state-owned	79.97
Reliance Industries	Public Listed	87.1
Bharat Petroleum Corporation Limited	54.31% state-owned	46.78
Hindustan Petroleum Corporation Limited	51.11% state-owned (through ONGC)	37.83
ONGC	68.07% state-owned	13.57
GAIL India Limited	53.59% state-owned	9.43
Oil India Limited	66.13% state-owned	1.93

Note: : FY - Indian Financial Year from April-March

Source: Company's Annual Report 2019-20

# NOTABLE TRENDS AND STRATEGIES



# NOTABLE TRENDS IN THE OIL AND GAS SECTOR

## Coal Bed Methane (CBM)

- CBM policy was designed to be liberal and investor friendly. The 1st commercial production of CBM was initiated in July 2007 at about 72,000 cubic metres per day. Production in 2019-20 stood at 655.44 million cubic metres

## Underground Coal Gasification (UCG)

- The technology was first widely used in the US in 1800s and in India (Kolkata and Mumbai) in early 1900s.
- UCG is currently the only feasible technology available to harness energy from deep unmineable coal seams economically and in a eco-friendly manner. It reduces capital outlay, operating costs and output gas expenses by 25-50% vis-a-vis surface gasification.

## Gas hydrates and bio-fuels

- The Government initiated the National Gas Hydrate Programme (NGHP), a consortium of national E & P companies and research institutions, to map gas hydrates for use as an alternate source of energy.
- Bio-fuels (bio-ethanol and bio-diesel) are alternate sources of energy from domestic renewable resources. These have lower emissions compared to petroleum or diesel.

## Open Acreage Licensing Policy

- Open Acreage Licensing Policy (OALP), which allows an explorer to study the data available and bid for blocks of his choice, has been initiated to increase foreign participation by global E & P companies like Shell, BP, Conoco Phillips etc.
- In January 2020, Open Acreage Licensing Programme Bid Round-V offered 8 sedimentary basins and 11 blocks with a total area of 19,789.04 sq.km

Source: Ministry of Petroleum



## Expansion

- H-Energy is planning to invest Rs. 3,500 crore (US\$ 540.62 million) to build Liquefied Natural Gas (LNG) terminals and lay down a 60 km pipeline.
- As per Union Budget 2019-20, under scheme 'Kayakave Kailasa', the Ministry of Petroleum & Natural Gas enabled SC/ST entrepreneurs in providing bulk LPG Transportation. State run energy firms Bharat Petroleum, Hindustan Petroleum and Indian Oil Corp have plans to spend US\$ 20 billion on refinery expansions to add units by 2022.
- Indian Oil Corp plans to make an investment of US\$ 22.91 billion, including US\$ 7.64 billion for expanding its existing brownfield refineries, in the next 5 to 7 years. Moreover, the company plans to lay the nation's longest LPG pipeline of 1987 kms from Gujarat's coast to Gorakhpur in Uttar Pradesh to cater to growing demand for cooking gas in the country.
- India targets US\$ 100 billion worth investment in gas infrastructure by 2022 and to add another 228 cities to the gas distribution (CGD) network. This would include setting up RLNG terminals, pipeline projects, completion of the gas grid and setting up of CGD network in more cities.
- Reliance Industries Ltd is planning to expand its Jamnagar oil refining capacity by about 50% from current 35.2 million tonne per annum (MTPA) to 41 MTPA.
- On July 10, 2020, Reliance Industries and BP India formed a new Indian fuels and mobility joint venture, Reliance BP Mobility Limited (RBML), to provide consumers with advanced fuels with lower emissions, electric vehicle charging and other low carbon solutions over time.
- On July 02, 2020, Haldia Petrochemicals Ltd (HPL), the flagship company of The Chatterjee Group (TCG), and Rhone Capital, a global private equity firm, jointly acquired US-based Lummus Technology from McDermott International for an enterprise value of US\$ 2.725 billion.
- On September 15, 2020, PM Mr. Narendra Modi inaugurated the three petroleum sector projects in Bihar which cost more than Rs. 900 crores (US\$ 122 million)
- In October 2020, Torrent Gas Ltd. announced plan to spend Rs. 8,000 crore (US\$ 1.1 billion) over the next five years to expand its urban gas operations with the aim of setting up 500 CNG dispensing pumps by March 2023.

Source: Bloomberg reports, News Articles

## Diversification

- Oil companies are focusing on vertical integration for next stage of growth. For instance, oil producer Oil India Ltd is planning to build and operate refineries, while Indian Oil is planning to enter oil and gas exploration.

## Investments to enhance production

- The Indian oil and natural gas sector is likely to witness an investment of US\$ 206 billion in the next eight to ten years.
- Indian companies are enhancing production through redevelopment plans to increase recovery rates of hydrocarbon from oil wells. ONGC in Mumbai High achieved success in implementing this.
- Indian Oil Company (IOC) is planning to invest Rs. 1.43 lakh crore (US\$ 22.19 billion) to double its oil refining capacity to 150 million tonnes by 2030.
- Reliance Industries is planning to enter into a joint venture (JV) with Saudi Arabia on petrochemicals and refinery projects.
- To boost hydrocarbon production and to improve oil recovery from offshore fields, ONGC plans to invest more than US\$ 500 million in Mumbai High.
- In February 2020, Indian Oil Corporation (IOC) announced plans to invest Rs. 500 crore (US\$ 71.54 million) at Chitradurga in Karnataka.

## Move to non-conventional energy resources

- Companies are looking forward to developing JVs and technical partnership with foreign companies to improve capabilities to develop shale reserves.
- The Government is planning to set up around 5,000 compressed biogas (CBG) plants by 2023.
- In November 2020, home-grown commercial vehicle and auto parts manufacturer JBM signed an MoU with the Ministry of Petroleum and Natural Gas (MoPNG), Govt. of India, for the development of Compressed Biogas (CBG) Projects. As part of the MoU, the renewable subsidiary of the company, JBM Renewables will endeavor to establish and operate 500 CBG production projects pan India.

*Notes: ATM - Automated Teller Machine, FIP - Financial Inclusion Plan, RBI - Reserve Bank of India, ^As per Moody's Investor Service*

*Source: India Banking Association, Reserve Bank of India, News sources*

## STRATEGIES ADOPTED ... (3/3)

### Pilot project Initiated for Shale Gas Production in India

- Oil and Natural Gas Corp (ONGC) has started Shale Gas exploration by spudding the first Shale Gas well RNSG-1 in Burdwan district of West Bengal.

### Commercial use of oil

- In October 2020, the Cabinet Committee on Economic Affairs (CCEA) allowed Abu Dhabi National Oil Co. (ADNOC) to commercially use 50% of the oil it had stored in Indian underground strategic reserves.
- This flexibility will encourage the company to store more oil in the three strategic petroleum reserves built at Visakhapatnam, Mangalore, and Padur and will act as an insurance against supply and price disruptions.

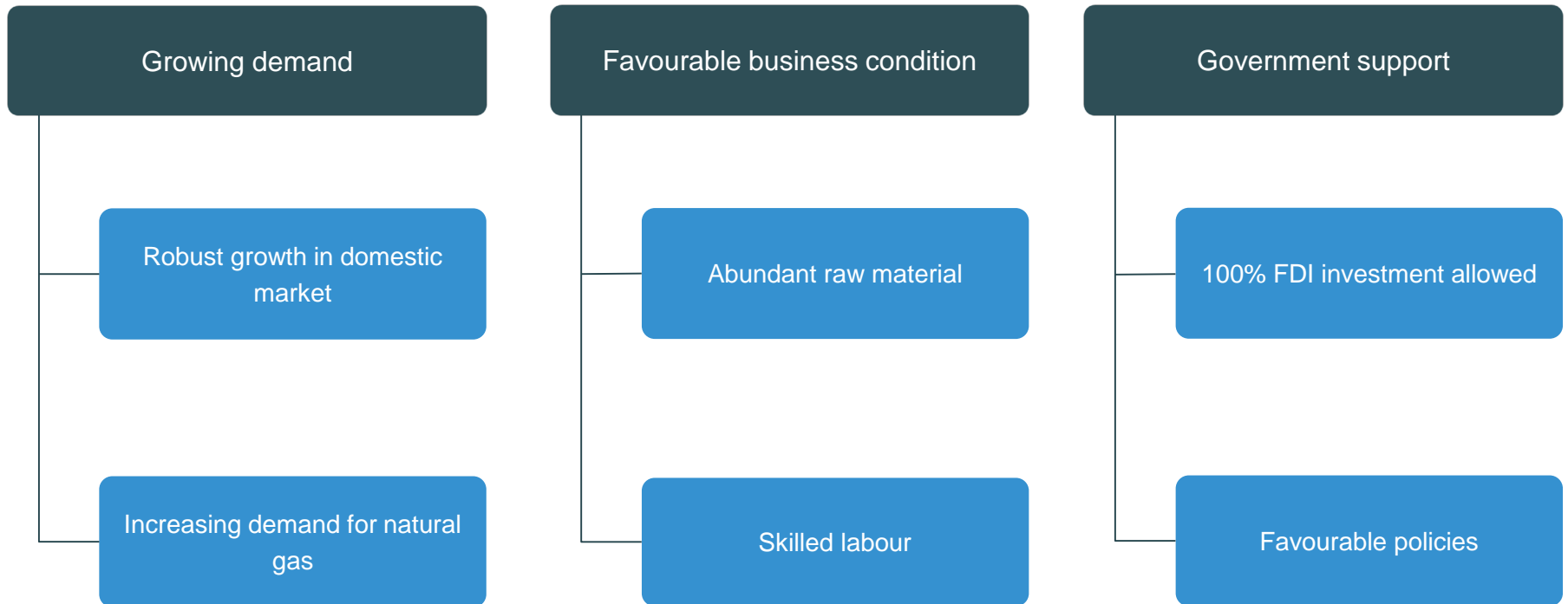
### More focus upon small companies

- Private sector units like Adani, Sun Petrochemicals and few new entrants have bagged 1/3<sup>rd</sup> of small oil and gas fields.

# GROWTH DRIVERS



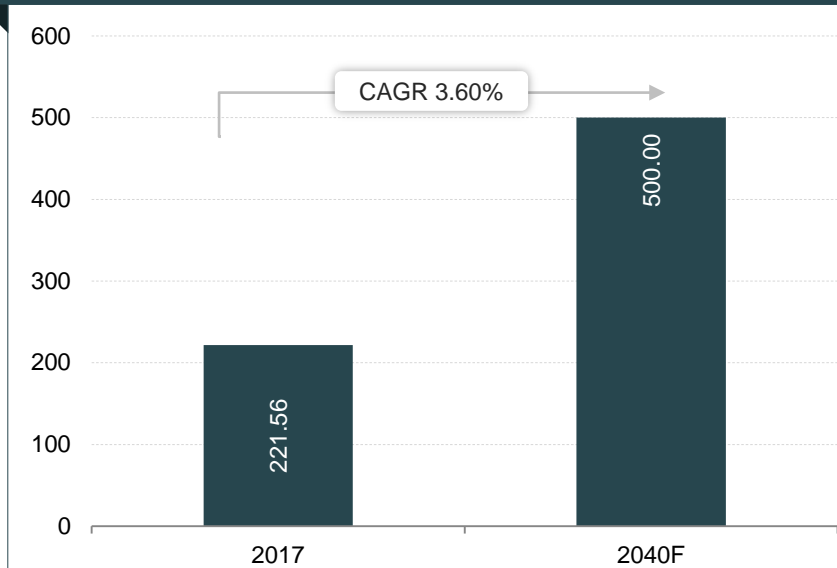
# GROWTH DRIVERS



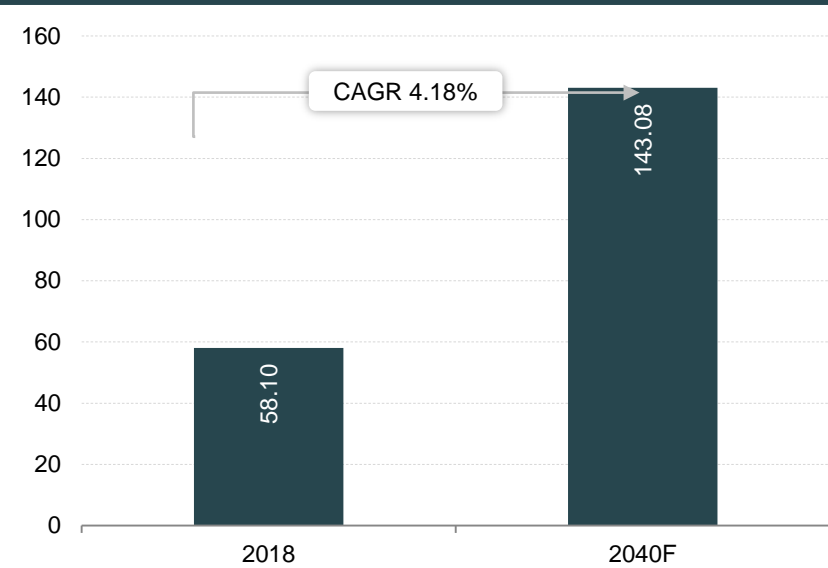
**Notes:** TCM - Trillion Cubic Metres, EandP - Exploration and Production

**Source:** Ministry of Petroleum and Natural Gas, US Energy Information Administration, BP Statistical Review of World 2015 Energy, June 2012; BMI

### Crude oil consumption and forecast (MT)



### Natural gas consumption and forecast (BCM)



- Energy demand of India is anticipated to grow faster than energy demand of all major economies on the back of robust economic growth. Consequently, India's energy demand as a percentage of global energy demand is expected to rise to 11% in 2040 from nearly 6% in 2017.
- Crude oil consumption is expected to grow at a CAGR of 3.60% to 500 million tonnes by 2040 from 221.56 million tonnes in 2017.
- Natural Gas consumption is forecast to increase at a CAGR of 4.18% to 143.08 million tonnes by 2040 from 58.10 million tonnes in 2018.
- Diesel demand in India is expected to double to 163 million tonnes (MT) by 2029-30.
- As of May 20, 2020, Oil Marketing Companies (OMCs) delivered 6.8 crore LPG cylinders to Pradhan Mantri Garib Kalyan Package (PMGKP) beneficiaries.

*Notes: F-Forecast, MT - Million Tonnes, BCM - Billion Cubic Metres*

*Source: BP Statistical Review of World Energy 2019, BP Energy Outlook 2019*

# REGULATORY OVERVIEW OF THE INDUSTRY... (1/2)

## National Policy on Biofuels, 2018

- Proposed an indicative target of 20% blending of ethanol in petrol and 5% blending of biodiesel in diesel by 2030.
- Promoted advanced biofuels through a viability gap funding scheme of Rs. 5,000 crore (US\$ 745.82 million) in six years for 2G ethanol Bio refineries along with additional tax incentives.

## Pricing of CNG and PNG by CGD Entities (2014)

- In 2014, the pricing for CNG (transport) and PNG (domestic) were examined by the Ministry of Petroleum and Natural Gas while the disclosure of prices of the CNG and PNG commodities were made compulsory.

## The Policy on Shale Gas and Oil, 2013

- Allowed companies to apply for shale gas and oil rights in their petroleum exploration licenses and petroleum mining leases.

## Open Acreage Licensing

- Launched in June 2017, it allowed companies to carve out area for petroleum exploration and production. The policy, launched under Hydrocarbon Exploration and Licensing Policy (HELP), replaced New Exploration and Licensing Policy under which bidders did not have the freedom of carving out areas for E&P.

## Integrated Energy Policy (IEP), 2006

- Outlined goals to deal with challenges faced by India's energy sector.

Source: Ministry of Petroleum and Natural Gas

## Petroleum and Natural Gas Regulatory Board (PNGRB) Act, 2006

- Regulated refining, processing, storage, transportation, distribution, marketing and sale of petroleum, petroleum products and natural gas.

## Auto Fuel Policy, 2003

- Provided a roadmap to comply with various vehicular emission norms and corresponding fuel quality upgrading requirements over a period of time.

## Freight Subsidy (for far-flung areas) Scheme, 2002

- Compensated public sector Oil Marketing Companies (OMCs) for freight cost incurred to distribute subsidised products in far-flung areas.

## Domestic Natural Gas Pricing Formula, 2014

- New domestic natural gas pricing formula was formed and was to be revised on an half yearly basis.

## Marginal Field Policy

- Monetise the discovered small oil and gas fields to augment domestic production.
- Improved fiscal terms - no oil cess applicable on crude oil production, no upfront signature bonus, pricing and marketing freedom for oil and gas and no carried interest by NOCs.

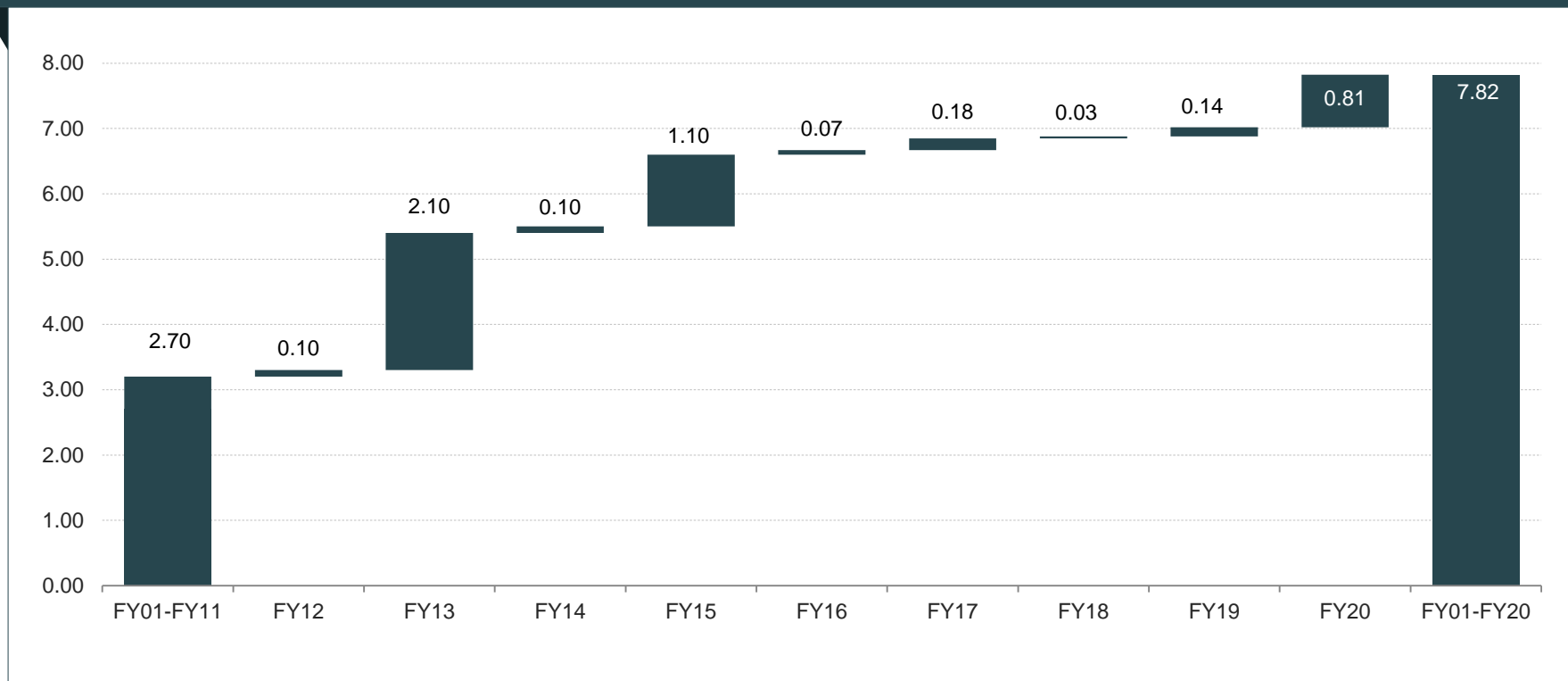
*Note: NOCs - National Oil Companies*

*Source: Ministry of Petroleum and Natural Gas*



# FDI INVESTMENTS IN PETROLEUM AND GAS IN INDIA

FDI Inflows in Petroleum and Natural Gas in April 2000-March 2020(US\$ billion)



- FDI inflows in India's petroleum and natural gas sector stood at US\$ 7.86 billion during April 2000-June 2020.

Source: Department Of Promotion Of Industry And Internal Trade

# M&A ACTIVITIES IN THE INDIAN OIL AND GAS SECTOR

Date announced	Acquirer name	Target name	Value of deal (US\$ million)
Mar 2019	Brookfield	East West Pipeline (EWPL) (Previously known as Reliance Gas Transportation Infrastructure)	1,800
Apr 2018	Indian Oil Corporation Ltd (IOCL)	Shell Exploration & Production, Oman	329
Feb 2018	ONGC	HPCL (51.11% stake)	57,020.39
Feb 2018	ONGC Videsh	Abu Dhabi National Oil Co (10% stake in offshore oilfield)	600
Aug 2017	Rosneft	Essar Oil (49% stake)	1,290
Dec 2016	Oil and Natural Gas Corp's	Gujarat State Petroleum Co's	1,200
Dec 2015	ONGC Videsh Ltd (OVL)	Vankor oil field	1,260
Jan 2015	Bharat Forge	Mecanique Generale Langroise	12.82
Jun 2014	Gulf Petrochem Ltd	Sah Petroleums Limited	7.13
Mar 2014	IOCL	Progress Energy Canada Ltd	Not disclosed
Mar 2014	IOCL	Progress Energy Canada Ltd	Not disclosed
Mar 2014	IOCL	Progress Energy Canada Ltd	Not disclosed

Source: Thomson Banker, News Articles

# OPPORTUNITIES



## Upstream segment

- Locating new fields for exploration: 78% of the country's sedimentary area is yet to be explored.
- Development of unconventional resources: CBM fields in deep sea.
- Opportunities for secondary/tertiary oil producing techniques.
- Higher demand for skilled labour and oilfield services and equipment.

## Midstream segment

- Expansion in the transmission network of gas pipelines.
- LNG imports have increased significantly. This provides an opportunity to boost production capacity.
- In light of mounting LNG production, huge opportunity lies for LNG terminal operation, engineering, procurement and construction services.

## Downstream segment

- India is already a refining hub with 21 refineries and expansion is planned for tapping foreign investment in export-oriented infrastructure, including product pipelines and export terminals.
- Development of City Gas Distribution (CGD) networks similar to Delhi and Mumbai's CGDs.
- Expansion of the country's petroleum product distribution network.

# SHALE GAS PROSPECTS OF INDIA

- India has technically recoverable shale gas resource of nearly 96 tcf.
- Cambay, Krishna Godavari, Cauvery and Damodar Valley are the most prospective sedimentary basins for carrying out shale gas activities in the country.
- Around 20 tcf of gas has been classified as technically recoverable reserves in the Cambay basin in Gujarat (the largest basin in the country), spread across 20,000 gross square miles with a prospective area of 1,940 square miles.
- It is estimated that Krishna Godavari (KG) basin encloses a series of organically rich shales, containing around 27 tcf of technically recoverable gas. KG basin, located in eastern India, holds the country's largest shale gas reserve, extending over 7,800 gross square miles with a prospective area of around 4,340 square miles.
- India launched its policy on shale gas exploration to tap the non-conventional energy resource in order to boost output.
- Great Eastern Energy Corp (GEECL) will invest US\$ 2 billion over the next ten years in West Bengal to explore shale gas reserves.
- Indian companies are invited to explore partnership opportunities in Vaca Muerta, Argentina, known to have one of the largest deposits of shale gas in the world.

*Notes: tcf - Trillion Cubic Feet*

*Source: E&Y; Ministry of Petroleum and Natural Gas*

# USEFUL INFORMATION



# CONTACT INFORMATION

Name	Address	Contact person	Telephone	E-mail
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Petroleum Conservation Research Association (PCRA)	Sanrakshan Bhavan, 10 Bhikaji Cama Place, New Delhi - 110066	Mr. Alok Tripathi, ED	91-11- 26198799 Ext.301	pcra@pcra.org
Bureau of Energy Efficiency (BEE)	Ministry of Power, 4th floor, SEWA Bhawan, RK Puram, New Delhi - 110066	Mr. Abhay Bakre, Director General	91-11- 26178316, 91-11- 26179699	dg-bee@nic.in,
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Petroleum Planning and Analysis Cell (PPAC)	Ministry of Petroleum and Natural Gas, 2nd floor, Core-8, SCOPE Complex, 7 Institutional Area, Lodhi Road, New Delhi - 110003	Mr. Vinod Kumar, Deputy Director - Information Technology	011-24306153	webadm@ppac.gov.in
Directorate General of Hydrocarbons	Ministry of Petroleum and Natural Gas, OIDB Bhawan, Plot No 2, Sector 73, Noida	Mr. Atanu Chakraborty, Director General	0120 - 2472001	dg@dghindia.org

- B/D (or bpd): Barrels Per Day
- MBPD (or mbpd): Million Barrels Per Day
- BCM (or bcm): Billion Cubic Metres
- CBM: Coal Bed Methane
- CGD: City Gas Distribution
- EandP: Exploration and Production
- FDI: Foreign Direct Investment
- FY: Indian Financial Year (April to March)
- FY17 implies April 2016 to March 2017
- Gol: Government of India
- Rs.: Indian Rupee
- PM: Prime Minister
- LNG: Liquefied Natural Gas
- MMT (or MMT): Million Metric Tonne
- MMTPA (or mmtpa): Million Metric Tonnes Per Annum
- EBITDA: Earning Before Interest Taxes Depreciation Amortisation
- NRL: Numaligarh Refinery Limited
- CPCL: Chennai Petroleum Corporation Limited
- HPCL: Hindustan Petroleum Corporation Limited
- BPCL: Bharat Petroleum Corporation Limited



- IOC: Indian Oil Corporation Ltd
- EOL: Essar Oil Ltd
- RPL: Reliance Petroleum Limited
- MRPL: Mangalore Refinery and Petrochemicals Limited
- PCCK: Petronet Cochin-Coimbatore-Karur
- PMHB: Petronet Mangalore-Hassan-Bangalore
- OALP: Open Acreage Licensing Policy
- TOE (or toe): Tonnes of Oil Equivalent
- US\$ : US Dollar
- ONGC: Oil and Natural Gas Corporation of India
- IOCL: Indian Oil Corporation Limited
- mn bbl: Million Barrels
- CAGR: Compound Annual Growth Rate
- JV: Joint Venture
- UCG: Underground Coal Gasification
- NGL: Natural Gas Liquids
- OMCs: Oil Marketing Companies
- NHGP: National Gas Hydrate Programme
- Wherever applicable, numbers have been rounded off to the nearest whole number

# EXCHANGE RATES

## Exchange Rates (Fiscal Year)

Year Rs.	Rs. Equivalent of one US\$
2004-05	44.95
2005-06	44.28
2006-07	45.29
2007-08	40.24
2008-09	45.91
2009-10	47.42
2010-11	45.58
2011-12	47.95
2012-13	54.45
2013-14	60.50
2014-15	61.15
2015-16	65.46
2016-17	67.09
2017-18	64.45
2018-19	69.89
2019-20	70.49

## Exchange Rates (Calendar Year)

Year	Rs. Equivalent of one US\$
2005	44.11
2006	45.33
2007	41.29
2008	43.42
2009	48.35
2010	45.74
2011	46.67
2012	53.49
2013	58.63
2014	61.03
2015	64.15
2016	67.21
2017	65.12
2018	68.36
2019	69.89

Source: Reserve Bank of India, Average for the year

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