

INDIA'S OIL AND GAS TANKER OUTLOOK – MARCH 2023

MARKET UPDATES

ONGC to start oil production from KG block in May, gas in 2024

- Oil and Natural Gas Corporation's (ONGC) delayed Krishna Godavari basin KG-D5 project is likely to start crude oil production in May this year and gas output a year later, a senior company official said. ONGC was originally to start gas production from Cluster-II fields in block KG-DWN-98/2 (KG-D5) in June 2019 and the first oil was to flow in March 2020.
- The company blamed contracting and supply chains issues due to the pandemic for shifting the start of oil production first to November 2021, then to third quarter of 2022 and now to May 2023. Gas output start target was first revised to May 2021, then to May 2023 and now to May 2024.
- ONGC Director (production) Pankaj Kumar said a floating production unit, called FPSO, which will be used to produce oil, is already in Indian waters.
- The block is currently producing 1.7 million standard cubic meters per day of natural gas.
- They will start with 10,000 to 12,000 barrels per day and reach the peak of 45,000 bpd in 2-3 months, he said adding some 2 mmscmd of gas would also flow with oil but actual gas output will start in May 2024 when 7-8 mmscmd production is expected.
- The production estimates are however much lower than what was originally projected.
- At the time of its launch in April 2018, ONGC had said the estimated capital expenditure would be USD 5.07 billion and operational expenditure would be USD 5.12 billion over a field life of 16 years.

IOC to invest \$7.46 Billion in petchem complex at Paradip

- India's top oil company IOC will invest \$7.46 Billion in building a petrochemical complex at Paradip in Odisha - its largest ever investment at a single location - as it doubles down on its transition plan. In a statement, Indian Oil Corporation (IOC) said its board has given Stage-1 approval for setting up Paradip petrochemical complex.
- This mega project will be the largest-ever investment of Indian Oil at a single location, it said but did not give timelines for completion of the project.
- This is a part of its transition plan including boosting petrochemical intensity to help protect against volatility. Petrochemical intensity refers to the percentage of crude oil that is converted directly into chemicals that are used to make plastic and other material.
- Crude oil, pumped out of the ground and from below the seabed, is processed in refineries to make petrol, diesel and other fuel. It can be processed to make petrochemicals, bypassing the fuels.
- IOC's petrochemical intensity - the percentage of crude oil converted into chemicals- is low at 5-6 per cent currently. The company intends to take it up to 10-12 per cent.
- The firm's newer refineries at Panipat in Haryana and Paradip in Odisha have the petrochemical intensity of 15-20 per cent which would be raised to 25 per cent, its chairman Shrikant Madhav Vaidya had told PTI in an interview last month.
- Energy transition refers to the shift from fossil-based systems of energy production and consumption - including oil, natural gas and coal - to renewable energy sources like wind and solar, as well as lithium-ion batteries. This shift is likely to gradually cut demand for petrol and diesel and so in preparation of that IOC is doing petrochemical projects.

Russia's Rosneft signs deal to boost oil supplies to India

- Russia's largest oil producer Rosneft and India's top refiner Indian Oil Corp have signed a term agreement to substantially increase oil supplies and diversify oil grades delivered to India, Rosneft said.
- The deal was signed during a working trip to India by Rosneft CEO Igor Sechin, the company said. It did not reveal the details of the agreement.
- Russia has been rerouting its energy supplies from traditional markets in Europe, which imposed wide-ranging sanctions against Moscow following the start of what the Kremlin calls a special military operation in Ukraine last year.
- India has been the biggest buyer of Russia's benchmark Urals grade crude in March. Deliveries to India are set to account for more than 50% of all seaborne Urals exports this month, with China in second place.
- Rosneft said that Russia for the first time has become one of the five largest trading partners of India as the volume of trade between the countries reached \$38.4 billion in 2022.

Eye on blending, India to raise sugar in ethanol output

- India will increase its diversion of sugar for ethanol production in the October 2022-September 2023 sugar season to meet its goals for ethanol blending with gasoline, the government said on 6 March.
- India will divert 5mn t of sugar for ethanol production during 2022-23, up from 3.6mn t in 2021-22, the ministry of consumer affairs, food and public distribution said. The government plans to divert over 6mn t of excess sugar to ethanol output by 2025.
- India is on target to achieve 12pc ethanol blending in gasoline during the December 2022-November 2023 ethanol season, with 11.43pc already achieved, additional secretary in the food ministry Subodh Kumar said earlier this week. This is up from 1.5pc in 2013-14 and 10.2pc in 2022.
- India's total ethanol requirement from sugar mills will be fulfilled this season, Kumar said, adding that the ethanol sector has received investments of 200bn rupees (\$2.44bn) so far.

VLCC FIXTURES TREND

Voyage Route	FEB-2023		MAR-2023		% CHANGE M/M	
	Fixtures	Avg. WS/Avg. (USD Mill. in L/S)	Fixtures	Avg. WS/Avg. (USD Mill. in L/S)	Fixtures	Avg. WS/Avg. (USD Mill. in L/S)
MEG-WCI	8	73.8125	7	89.75571429	-13%	22%
MEG-ECI	4	60.6875	3	80.24	-25%	32%
MEG-WCI+ECI						
ECM-WCI						
ECM-ECI	1	9.95	-	-	-	-
WAF-WCI						
WAF-ECI	1	5.2	1	8.4	0%	62%

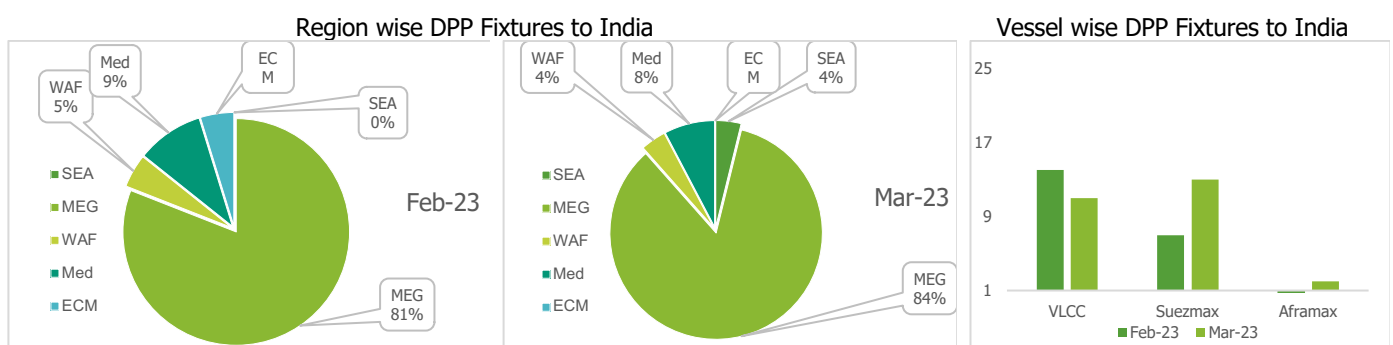
SUEZMAX FIXTURES TREND

Voyage Route	FEB-2023		MAR-2023		% CHANGE M/M	
	Fixtures	Avg. WS/Avg. (USD Mill. in L/S)	Fixtures	Avg. WS/Avg. (USD Mill. in L/S)	Fixtures	Avg. WS/Avg. (USD Mill. in L/S)
MEG-WCI	3	132.85	7	179.22	133%	35%
MEG-ECI	2	145	4	158.0425	100%	9%
ECMEX-ECI						
WAF-ECI						
WAF-WCI						
MED-WCI	1	4.45	1	4.9	0%	10%
MED-ECI	1	5.1	1	5.7	0%	12%
SEA-WCI						

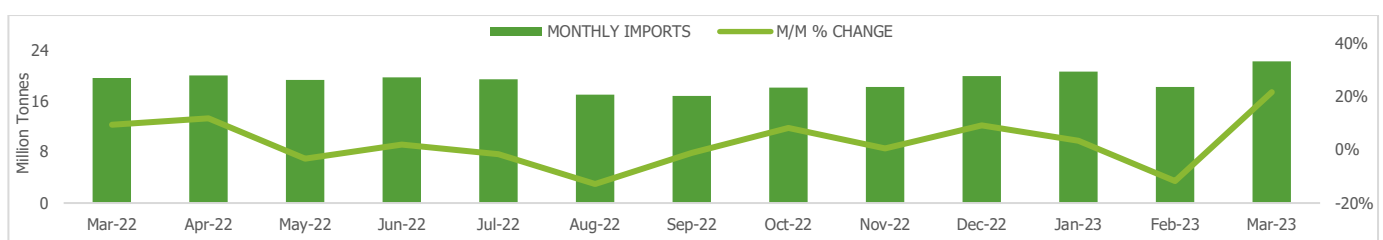
AFRAMAX FIXTURES TREND

Voyage Route	FEB-2023		MAR-2023		% CHANGE M/M	
	Fixtures	Avg. WS/Avg. (USD Mill. in L/S)	Fixtures	Avg. WS/Avg. (USD Mill. in L/S)	Fixtures	Avg. WS/Avg. (USD Mill. in L/S)
SEA-WCI	-	-	1	138	-	-
SEA-ECI						
MEG-WCI	-	-	1	225	-	-
MEG-ECI						

REGION WISE AND VESSEL WISE FIXTURES TREND



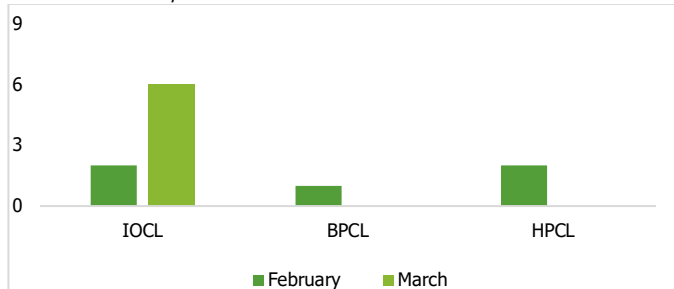
INDIAN MONTHLY CRUDE OIL IMPORTS



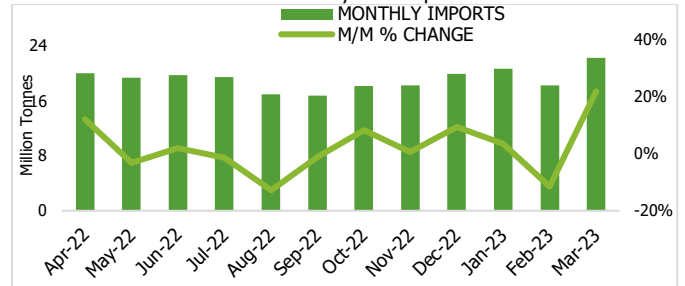
PRODUCT MARKET TREND

Trade Routes	Feb-23 Avg. Freight (USD Millions)	Mar-23 Avg. Freight (USD Millions)	Percentage Change
WCI-WCI	0.68	0.43	-37%
WCI-ECI	0.90	-	-
WCI-ECI+WCI			
WCI-WCI+ECI			
ECI-ECI	-	0.320	-
ECI-WCI	0.63	0.65	4%
ECI-ECI+WCI	-	0.725	-
ECI-WCI+ECI			
AG-WCI & ECI	0.75	-	-
ECI-Colombo			
WCI-Colombo			
No. of Fixtures	4.00	5.00	25%

M/M Charterer wise CPP Fixtures to India



Indian Monthly CPP Exports

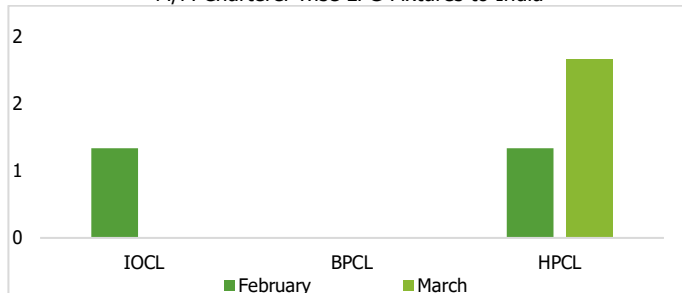


INDIAN CPP Exports Trend M/M-> ▲22.6% m/m.

LPG MARKET TREND

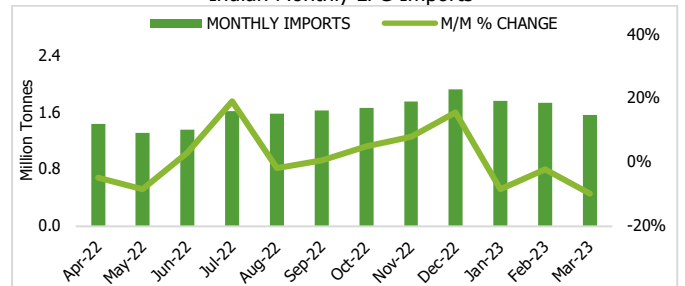
	Avg Freight (USD Millions)	Avg Freight (USD Millions)	M/M % CHANGE
Vessel Type	FEB-23	MAR-23	
VLGC	3.45	3.10	-10%
MGC	-	1.30	-
No. of Fixtures	2	2	0%

M/M Charterer wise LPG Fixtures to India



LPG Fixtures Trend M/M-> HPCL ▲100% m/m.

Indian Monthly LPG Imports



INDIAN LPG IMPORT Trend M/M-> ▼9.77% m/m.

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