

INDIAN UPSTREAM OIL & GAS INDUSTRY

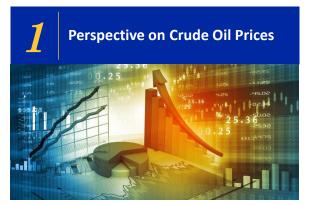
Sharp upswing in crude prices positive for upstream sector

JUNE 2025



Agenda















Agenda









Highlights

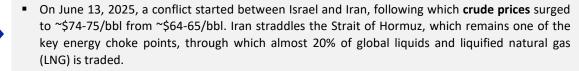




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Crude prices shot up sharply to around \$74-75/bbl, following the growing geopolitical concerns in West Asia. In April 2025, crude oil prices had dropped to around \$62–65/bbl following US–China tariff escalations and the decision by OPEC+ to raise output by adding 411,000 bpd each in May, June and July. Rising crude prices would be positive for the upstream sector.







 Crude oil imports from Iraq, Saudi Arabia, Kuwait and the UAE that pass through SoH account for ~45-50% of total crude imports by India. About 60% of the natural gas imports by India pass through SoH.



■ Domestic crude oil production has been steadily declining owing to maturing oilfields with the trend continuing in FY2025. This has resulted in growing import dependence, to the extent of 89% during FY2025. Oil production is expected to remain in the range of 28-30 million tonnes in the medium term, while gas production is likely to grow.



■ **Domestic gas prices** from nominated fields are estimated to remain closer to the ceiling in the near term amid firm crude oil prices, as it is pegged at a 10% slope to the monthly average of the India crude basket, with a floor and ceiling of \$4.0/mmbtu and \$6.75/mmbtu, respectively.



■ Increase in crude oil prices is positive for upstream companies and would lead to higher realisations and cash flows while incentivising capex. Moreover, domestic gas prices remain remunerative since production costs for the nomination fields are low.



Industry debt levels are likely to remain stable in FY2026 and, accordingly, the leverage and debt coverage metrics are also expected to be stable and healthy.



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