

India eyes Angola gas

Four state-owned firms in talks with Sonangol as Iran war continues to squeeze supply

Rituraj Baruah
rituraj.baruah@livemint.com
NEW DELHI

Four Indian state-run oil and gas companies are in talks to source cooking and natural gas from Angola's public-sector energy major Sonangol as the country faces a supply shortage following the closure of the Strait of Hormuz during the Iran war, said two people aware of the developments.

Indian Oil Corp, Bharat Petroleum Corp. (BPCL), Hindustan Petroleum Corp. (HPCL), and GAIL (India) Ltd are in talks with Sociedade Nacional de Combustíveis de Angola, E.P. to ink term contracts for sourcing liquefied petroleum gas (LPG) and liquefied natural gas (LNG), said the people, who didn't want to be identified as the information is not public.

The talks are currently at the government-to-government level and among companies, they said, adding that the discussions are preliminary.

The West Asia war has led to a global scramble to secure supplies. India is the world's second-largest LPG consumer, with nearly 60% of its requirement met through imports. The country is the world's fourth-largest LNG importer, with inbound shipments accounting



GAS GUZZLE

INDIA is the second-largest LPG consumer, imports nearly 60% of it

IT is also fourth-largest LNG importer; imports account half of demand

MOST gas supplies for India comes from West Asia, led by Qatar, UAE

for half of its natural gas demand. Most of India's gas supplies come from West Asia, led by Qatar and the UAE.

In a statement on Sunday, the petroleum ministry said that in view of the

closure of the Strait of Hormuz, proactive measures are being taken to maintain an uninterrupted availability of petroleum products and LPG across the country. Two LPG carriers with

about 94,000 metric tonnes of cargo have crossed the Strait of Hormuz and are moving towards Indian shores.

However, about 90% of India's LPG imports have been cut off due to the Strait of Hormuz blockade. The government has prioritized supplies to domestic customers and limited LPG booking time to 25 days and 45 days in urban and rural areas, respectively.

Angola has been a crude and LNG supplier to India. If a deal is finalized, it may be the first time the Central African country would supply cooking gas to India, which is facing an acute domestic cooking gas shortage. Sonangol owns 22% stake in Chevron-operated Angola LNG project.

"Supplies from Africa may take about 10-15 days less than the time required from North America. However, as diversification is the need of the hour, all options will have to be looked," said Prashant Vasisht, senior vice president and co-group head, corporate ratings, Icria Ltd. "Further, countries which produce natural gas also produce other components like C2, C3 and C4 (ethane, propane and butane), which are used for the production of LPG, as is the case with the US. So, African LNG suppliers, including Angola, can be key

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alternatives for LPG for India."

Queries emailed to the ministry of petroleum and natural gas, IOCL, BPCL, HPCL, GAIL, Sonangol and the embassy of Angola in New Delhi remained unanswered until press time.

"As India is looking at diversification both LPG and LNG imports, Angola is among the key alternative sources for imports," said one of the two people quoted earlier. "The state-owned companies are looking at term contracts for both LNG and LPG, rather than spot purchases."

Indian firms are looking at a one-year LPG contract and a minimum 10-year LNG contract, the second person said.

With a proven natural gas reserve of around 4.6 trillion cubic feet, Angola is among the several alternative sources India is considering for LNG and LPG imports, including Australia, Algeria and Russia.

In fiscal 2025 (FY25), Angola supplied \$924.26 million worth of LNG, the fifth largest supplier after Oman, which exported \$1.04 billion worth of natural gas to India, according to commerce and industry data. India imports around 50% of LNG it needs from West Asia, led by Qatar.

The supply crunch may impact several downstream industries, including fertilizers and steel. Following Qatar Energy's announcement of force majeure earlier this month as its Ras Laffan plant was hit, Petronet LNG also declared force majeure for its consumers.

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