



by Sreerema Banoo

INROADS into INDIA

PETRONAS is eyeing the Indian liquefied natural gas market as part of its plan to seek greater growth opportunities across the sub-continent's oil and gas value chain. Leading the charge is Rizan Ismail, who is optimistic of the potential especially given the role of natural gas in India's push to combat climate change.

Rizan Ismail will have his hands full in the coming months and years ahead. The former PETRONAS' head of brand management, Rizan has recently been entrusted to lead the company's portfolio in India – a significant role that is not without its challenges. But with more than 26 years of experience under his belt – half of which were in senior management positions abroad – the 47-year-old is not only excited about his new assignment but is also optimistic about PETRONAS' prospects in India.

"I started my career in PETRONAS in trading and marketing, and over the years – I was assigned abroad, heading various operating units, being the country manager for South Africa and Sub-Sahara Africa as well as heading the brand management department. These experiences form an arsenal that I can use to grow the PETRONAS brand in India," says Rizan who has a Degree in Finance and an MBA in International Business.

India, he says, is a key market for PETRONAS particularly as it seeks to expand its footprint in the sub-continent. "India is no stranger to us. We've been in India for a great number of years. India is our largest Malaysian crude oil customer. Along with that we are also in a joint venture with Indian Oil Corporation Ltd in the liquefied petroleum gas business, which includes terminaling, bottling, bulk sales and auto gas stations," he says, adding that the company has also made a foray into the Indian lubricants business.

Building on the success of these existing ventures, the company is excited to explore other growth prospects, in particular the Indian LNG market.

Rizan points out that the Indian energy sector is very much keen on LNG, and this segment has seen steady growth over the years in particular, because of climate change considerations.

Although the country's natural gas sector is in the transition phase – with its share of highs and lows – an article last year by the Observer Research Foundation (ORF), an independent think tank based in India, noted that India is committed to carbon emission reduction and that natural gas would play a key role in the country's drive to combat climate change. To that end, increasing domestic gas production and increasing LNG imports were both favoured approaches in growing the percentage of natural gas reserves in the country's energy basket. India's Petroleum Minister Dharmendra Pradhan was reported to have expressed interest in increasing the country's natural gas use from the current 6.5 per cent market share to 15 per cent.

It was also reported that since 2011, India has seen a 32 per cent decline in domestic gas production, which is matched by a near equivalent rise in LNG imports of 38 per cent – indicating a growing demand for gas in India. According to the Petroleum and Natural Gas Regulatory Board, this demand is expected to soar at a CAGR

of 6.8 per cent from 242.6 MMscmd in 2012-2013 to 746 MMscmd in 2029-2030.

India has carried out several initiatives and policy reforms across the natural gas value chain to boost the gas sector growth. These, as respondents to the PwC India Gas Sector Survey 2016 pointed out, include the introduction of a uniform licensing policy for conventional and unconventional hydrocarbons, a new gas pricing policy and a government mandate to shift to gas in certain potential sectors.

Although these reforms will provide a supply pull and demand push for the sector to grow, Rizan is mindful of the challenges from existing suppliers and producers as well as new players, especially LNG traders.

"Traders who had large trading desks in oil have now moved to the LNG space because they see the potential. And what that has done is broken down the traditional manner in which one trades and markets LNG. In the past, for example, a lot of the marketing plan was based on a long-term approach but traders, coming from a creative mindset, are offering short-term approaches. Prices have also come down, which means it tends to be a buyers' market," he says.

INTEGRATED, MEASURED APPROACH

Rizan stresses the importance of taking a measured stance. "We want to establish ourselves as a credible, sustainable gas supplier. Although



Rizan making himself at home in New Delhi.

we need to move fast given the competition, at the same time we also need to take a measured approach.

"It's more than just marketing LNG but also getting involved down the value chain, and if we cannot compete against price then we have to find that edge. We must be able to provide an array of customised solutions, which could also be done through collaboration in infrastructure, technology, capabilities and market.

"It's definitely not the traditional way of doing things. We need to be able to find that edge to compete against both the established gas players as well as the more creative traders who are able to provide competitive terms and conditions and pricing. We have to be ahead of the game, be quick and agile in terms of coming up with decisions and in finding creative solutions for our customers and working with them to meet their needs," he says.

Through its wholly-owned company, PETRONAS Energy (India) Pte Ltd, whose main focus will be to promote LNG in India, PETRONAS is also committed to exploring growth prospects across all segments of the oil and gas value chain. "The company will not only be pushing the agenda of LNG but also providing integrated solutions for India," says Rizan.

As a fully integrated oil and gas company, PETRONAS, he says has much to offer potential customers, and as such it is crucial that it leverages on the offerings of its core and non-core businesses whether in terms of technology, motorsports, the arts, science, education or environment.

With more than 20 years in the Indian energy sector, the company also counts on the relationship it has nurtured over the years with various stakeholders. "We have built a

reputation and credibility, and we have built partnerships," he says, adding that it can leverage on these relationships as a part of its foray into the Indian LNG market.

"India is an important emerging market for us, and we want to be part of the whole Indian energy sector and to be able grow and work with India in meeting their energy needs. We have a wonderful brand ethos, which basically says that we defy conventions to provide essential energy to people. We want to bring this philosophy to India and tell our partners and prospects that we are a company that is constantly defying conventions, constantly pushing boundaries and breaking the limits in order to find the best solutions for them," says Rizan. It is thus unsurprising that Rizan, whose focus for the last two years has been on brand strategy, is excited to be able to use the PETRONAS brand as part of the company's inroads into India.