DELHI GOVT'S EV PUSH DELIVERS A SHOCK

# Better to Stay Away from IGL and MGL, say Analysts

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**Mumbai:** Investors would be better off not buying afresh in beaten-down shares of city gas distributors Indraprastha Gas and Mahanagar Gas for now, said analysts.

With the proposed road map by the Delhi government mandating a phased shift of all cab aggregators and delivery vehicles, to electric by 2030 seen impacting Indraprastha Gas (IGL), analysts are expecting its shares to continue underperforming in the near term. The company derives over 70% of its revenues from compressed natural gas (CNG).

IGL has shed 16% in the past two trading sessions since the announcement of the policy proposal. Concerns over the impact of Delhi's EV policy on the company rubbed off on peer Mahanagar Gas (MGL), whose shares fell 8.3% on Friday, though the company is not impacted by the decision.

Analysts said that the policy will adversely impact CNG growth volumes and investors should stay cautious on IGL.


"The threat of decline in volume growth is expected to result in further erosion of the stock price," said Swarnendu Bhushan, co-head of research at Prabhudas Lilladher. "Due to the electrical vehicle policy, the CNG volume growth of the company will be limited," Bhushan advised investors to sell Indraprastha shares.

Brokerage Jefferies downgraded its rating on the stock to hold from buy and cut its target price to ₹465 from ₹565 in response to the Delhi government's policy. "This could potentially impact 30% of IGL's overall volumes starting FY25," said analysts Bhaskar Chakraborty and Niraj Todi in a client note. "New gas (geographical areas) are unlikely to compensate for the slowdown in NCR that accounts for 88% of IGL's volumes."

Cab aggregators comprise 30% of the company's overall volumes with Uber, Ola and e-commerce delivery service providers accounting for the largest share, said Jefferies.

Analysts said MGL could also remain under pressure on concerns that other states may also be encouraged to emulate Delhi's EV policy. "People are taking a larger view that other large cities like Mumbai could also adopt the EV policy, which is why MGL saw a sell-off," said Hemang Jani, founder of Finazenn Advisory.

# 'Global trends, crude oil prices, Q2 earnings to drive markets in holiday-shortened week'

**NEW DELHI:** Domestic equity markets will be driven mainly by quarterly earnings, global trends, and the movement in crude oil prices in this holiday-shortened week, analysts said.

Investors would also keep an eye on the Middle East amid the ongoing Hamas-Israel conflict and the trading activity of foreign investors.

Markets will remain closed on Tuesday for Dussehra.

"Global markets are currently fragile due to heightened attention on the rising US bond yield, global economic uncertainty, and also the geopolitical situation. These factors will be closely monitored, as they have the potential to influence market sentiment.

"Market participants will be closely watching the movement of the rupee against the dollar and crude oil prices, as

well as investments by foreign institutional investors (FIIs) and domestic institutional investors (DIIs), during the results season," Pravesh Gour, Senior Technical Analyst at Swastika Investmart Ltd, said.

Markets may face volatile trends amid monthly derivatives expiry on Thursday.

This week is a holiday-shortened one and we expect volatility to remain high due to the prevailing earnings season and scheduled expiry of October month derivatives contracts, Ajit Mishra, SVP - Technical Research at Religare Broking Ltd, said.

"The market will take further cues from the Israel-Palestine conflict. One should keep a watch on the earnings of major companies in India. Some major global and domestic events will be in focus such as the UK services PMI, US manufacturing and services PMI, US GDP, initial jobless claims, and crude oil inventories," Arvinder Singh Nanda, Senior Vice President at Master Capital Services Ltd, said.

Shrikant Chouhan, Head of Equity Research (Retail) at Kotak Securities Ltd, said markets worldwide, including India, will respond to geopolitical challenges, oil prices, and bond yield fluctuations, with continued stock-specific action tied to quarterly results.

"We expect earnings season to pick up pace in a truncated week which would direct the market trend along with global cues. On the global front, ECB (European Central Bank) will announce interest rate decision this week," Siddhartha Khemka, Head - Retail Research at Motilal Oswal Financial Services Ltd, said.

Among the key results, Axis Bank, Tech Mahindra, Maruti Suzuki and Bajaj Finserv will announce financial numbers for the September quarter, he added.

Canara Bank, Asian Paints, PNB, BPCL and Reliance Industries will also announce their quarterly earnings during the week.

Last week, the BSE benchmark plunged 885.12 points or 1.33 per cent and the Nifty declined 208.4 points or 1.05 per cent. PTI

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ON LINES OF G20 COLLABORATION...

# India Moots Biofuel Alliance Among 14 Members of IPEF

## To bat for tech transfer among nations to mitigate greenhouse gas emissions, raise energy security

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**New Delhi:** India has proposed collaboration on biofuels within the Indo-Pacific Economic Framework (IPEF) on the lines of the G20 Global Biofuels Alliance to ensure energy security, affordability and accessibility through sustainable biofuels, according to officials.

At the ongoing sixth round talks of the IPEF in Malaysia, India is also likely to push for technology transfer among the group's 14 members to mitigate greenhouse gas emissions and enhance energy security.

The issues are expected to come up in the negotiations of Pillar 3 of IPEF, which relates to a clean economy, and could conclude this week.

"All countries are suggesting work programmes and India has suggested collaboration on biofuels like the G20 Alliance," said an official, adding that India is also pushing for technology transfer through joint ventures in the clean energy pillar.

Supported by the G20 countries and 12 global organisations, including World Bank, Asian Development Bank, International Energy Agency and the International Energy Forum, the Global Biofuels Alliance seeks to strengthen global biofuels trade. It was launched at the New Delhi G20 Leaders Summit.

**Issues are expected to come up in negotiations of Pillar 3 of IPEF**

The current round of IPEF talks ends on October 24.

Pillar 3 relates to environmental issues, how to mitigate greenhouse gas emissions in various industries, carbon capture utilisation and storage, collaborative financing facilitate trading and not put many barriers.

Negotiations on Pillar 3 (clean economy) and Pillar 4 (fair economy) are expected to conclude in the ongoing round.

The IPEF was launched jointly by the US and other partner countries of the Indo-Pacific region, including Japan, Australia and seven ASEAN members. It is structured around four pillars–trade, supply chains, clean economy and fair economy (issues such as tax and anti-corruption).

The IPEF Supply Chains (Pillar-II) Agreement was finalised in May and the commerce and industry ministry has floated a cabinet note seeking approval to sign and ratify it.

"Since the IPEF talks are likely to conclude next month, culminating in a ministerial meeting, Cabinet approval for Pillar 2 needs to come before that," the official added.

Pillar 3 also has labour issues and talks about indigenous people, but India is unlikely to partake in it as the country doesn't define indigenous people.


### Energising Trade

**14 IPEF** nations discuss biofuel alliance proposal at ongoing talks

Sixth round of talks from **Oct 15-24**

**Proposal key to enhance energy security**

**India seeks tech transfer in clean economy pillar to mitigate GHG emissions**

**Clean, fair economy pillars'** talks likely to conclude this week

**IPEF ministerial** meet next month

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# IOC, BPCL Fined for Lack of Pollution Control at Pumps

## Central Pollution Control Board fines IOC ₹1 cr, BPCL ₹2 cr for not installing devices at retail outlets

**Press Trust of India**

BCCL

**New Delhi:** The Central Pollution Control Board (CPCB) has fined state-owned Indian Oil Corporation (IOC) and Bharat Petroleum Corporation Ltd (BPCL) for not installing pollution control devices at their petrol pumps. IOC has been fined ₹1 crore and BPCL ₹2 crore, the two firms said in separate stock exchange filings.

"The company has received a direction from CPCB to pay compensation of ₹1 crore for non-installation of vapour recovery systems (VRS) at retail outlets in National Capital Region (NCR)," IOC said, adding the fine was for not installing VRS at petrol refuelling stations within the timeline prescribed by the Supreme Court.

When a vehicle is refilled at a fuel station, petrol vapour tends to dissipate into the atmosphere. The vapour contains cancer-causing substances like benzene, toluene and xylene. Petrol pumps were in 2016 ordered to install VRS at fuel stations to prevent petrol vapours from escaping.

"There is no impact on the operation and other activities of the company. However, the financial implication would be limited to a compensation amount of ₹1 crore," IOC said.

In a separate filing, BPCL said it has "received notice under Section 5 of Environment (Protection) Act, 1986 to pay environmental compensation of ₹2 crore to CPCB for non-installation of Vapour Recovery Systems within the timeline prescribed by Supreme Court and CPCB, in petrol refuelling stations and storage terminals."

**Petrol pumps were in 2016 ordered to install vapour recovery systems at fuel stations to prevent petrol vapours from escaping**

BPCL said it is "examining the notice and would be giving appropriate reply, requesting CPCB not to proceed further and discharge the company from the notice".

Both the companies received notices on October 19, 2023.

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# US checks if foreign banks followed cap on Russia oil

Rituraj Baruah & Utpal Bhaskar

NEW DELHI

A US government office is checking whether foreign banks operating in the US conformed to the G7 price cap of $60 a barrel for Russian oil, a person aware of the matter said.

The US treasury department's Office of Foreign Assets Control (OFAC) has sought details of Russian oil purchases by including those by Indian entities in the last few months, the person said on condition of anonymity. Indian banks operating in the US include State Bank of India (SBI), Bank of Baroda and Bank of India.

The G7 introduced the price cap on Russian seaborne crude oil in December to limit Russia's earnings from exports, which would, in turn, impact its military budget. The move bars the purchase as well as import of crude from Russia at rates exceeding the price cap. It is part of the strategy of the West to isolate Russia, as well as ensure a steady supply to stabilize global oil prices, which had surged following Russia's invasion of Ukraine in February 2022.

"The oil marketing companies (OMCs) have shared the information with SBI. OFAC

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# Banks draw US scrutiny on Russian oil

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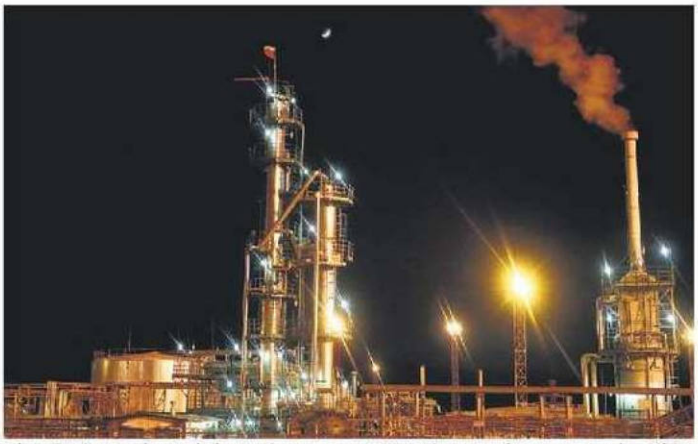
had asked for this information from banks having operations in the US," the person added.

*Mint* had reported that SBI is taking steps to avoid violating US sanctions by inadvertently processing payments for Indian oil refiners that may have purchased Russian oil above the $60 per barrel price cap set by a US-led coalition.

The development comes amid rising global crude oil prices over the last three months following a decrease from the multi-year highs of last year. The December contract of Brent on the Intercontinental Exchange is currently trading at $93.49 a barrel, higher by 1.20% from the previous close. It is 17% higher than the levels seen in July.

Though details have been sought by the OFAC, it is unlikely Indian banks and OMCs will violate sanctions and the price cap regulations as oil is available from other sources at a discount, including Iraq, which is among the top two suppliers for India, a second person said.



The G7 introduced the price cap on Russian seaborne crude oil in December to limit Russia's earnings from exports. REUTERS

"Indian banks will not do transactions above the price cap because if they were to do so, their overall businesses may be impacted," said Prashant Vashisht, vice president of corporate ratings at Icra.

India and China have turned major importers of Russian crude since February 2022 after the supplier offered deep discounts. Currently, discounts on Russian oil stand in the range of $13-15 per barrel from the international market price, according to traders.

The import value of Russian crude oil was around $74 per barrel in August when India imported 7.63 million tonnes of Russian crude oil worth $4.15 billion, according to commerce ministry data. The cost includes freight, insurance and customs duty, which has not been included under the price cap mechanism.

The Organization of the Petroleum Exporting Countries (OPEC) and its allies, including Russia, have announced successive production cuts in the past few months, leading to a surge in oil prices. Furthermore, the recent Israel-Hamas war and the possibility of it becoming a regional conflict have resulted in higher prices.

Queries sent to the ministries of petroleum and natural gas and external affairs, US treasury department, SBI, Bank of Baroda and Bank of India, Indian Oil Ltd, Hindustan Petroleum Corp. Ltd and Bharat Petroleum Corp. Ltd remained unanswered till press time. On 12 October, OFAC declared the imposition of sanctions on two retail entities, identifying two of their vessels as "blocked property".

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