

## Rupee hits intra-day low of 84.07 amid outflows from FPIs, firm crude oil prices

**MUMBAI, OCT 12:** The rupee on Friday fell below the 84 level and closed at 84.06 against the dollar amid outflows from foreign portfolio investors (FPIs) and firm crude oil prices.

During intra-day trades, the domestic unit hit a record intra-day low of 84.07.

The Reserve Bank of India (RBI) has been defending the 84-level: there have been reports of the central bank informally telling market participants to take aggressive bets against the rupee.

At the interbank foreign exchange, the rupee opened at 83.96 against the dollar, one paisa higher than the previous day's close of 83.97. It rose to the day's high of 83.96 but tumbled to 84.07 and then closed 9 paisa lower at 84.06.

"After keeping it in a range below 83.99 since August 8, 2024, the Reserve Bank of India (RBI) finally allowed the rupee to weaken past 84 as FPIs who have emerged as big sellers in equities contin-



ued to buy USD to take their money out of the country," said Anil Kumar Bhansali, head of treasury and executive director, Finrex Treasury Advisors LLP.

"We can now expect the rupee to move to 84.25 in the short term. Importers will continue buying at all dips and exporters may now hold their exports with a stop below 83.95. The Iran/Israel/Lebanon news also does not seem good and could keep oil strong and the rupee weak," he added.

They, however, added that

much will depend on the RBI. The central bank has often maintained that it does not target a specific level for the rupee, but looks at curbing volatility.

Equity benchmark indices Sensex and Nifty ended lower on Friday, dragged by selling in banking, utility and financial stocks as investors turned cautious ahead of the release of industrial production data.

Unabated foreign fund outflows and a depreciating rupee amid geopolitical tensions also hit investors' senti-

ment, traders said.

In a volatile trade, the 30-share BSE Sensex fell 230.05 points or 0.28 per cent to close at 81381.36. During the day, it declined 307.26 points or 0.37 per cent to a low of 81304.15.

The NSE Nifty slipped 34.20 points or 0.14 per cent to 24964.25. It hit an intra-day low of 24920.05.

"The market traded sideways due to a lack of fresh triggers for decisive momentum.

The uptick in the US 10-year yield due to the unexpected rise in US core inflation and caution ahead of the result season added layers of sentiment in the market," Vinod Nair, head of research, Geojit Financial Services, said.

From the Sensex pack, Tata Consultancy Services, Mahindra & Mahindra, ICICI Bank, Maruti Suzuki India, Power Grid, Axis Bank and Adani Ports & Special Economic Zones were among the laggards.

## Noel named chairman of Tata Trusts: Ratan's half-brother takes over \$615 billion conglomerate

**MUMBAI, OCT 12:** Noel Naval Tata, 67, has been appointed as the chairman of Tata Trusts, a position that will give him indirect control over the \$615 billion conglomerate.

Noel Tata, who is the half-brother of Ratan Tata, was named on Friday as the chairman of all the entities that come under the umbrella of the Tata Trusts.

These include the two primary trusts — Sir Ratan Tata Trust and Sir Dorabji Tata Trust — which own more than 50 per cent of Tata Sons, the principal holding company and promoter of Tata companies. In all, there are 13 philanthropic trusts that hold 66 per cent of Tata Sons.

Historically, the chairmen of Tata Trusts have been drawn from the Parsi community. It is also learnt that the community was in favour of putting an individual with a Tata surname as the head of these trusts — and that made Noel Tata the obvious choice. Ahead of his appointment, there was some speculation that Mehli Mistry, a long-time Ratan Tata confidant, was also in the race. But this could not be confirmed.

The trustees of the various Tata Trusts met at a joint meeting in Mumbai and conformed the demise of Ratan Tata, chairman of the Tata Trusts, and "recalled his yeoman services not only to the Tata Group but also to nation building", a statement said.

"In separate meetings held immediately thereafter, it was unanimously decided to appoint Mr Noel Naval Tata



as the Chairman of the various Trusts that constitute the Tata Trusts and also designate him as Chairman, Tata Trusts," the statement added.

His appointment is effective immediately, it added. Noel became the 11th chairman of the Sir Dorabji Tata Trust and the sixth chairman of the Sir Ratan Tata Trust.

Commenting on his appointment, Noel Tata said: "I look forward to carrying on the legacy of Mr Ratan N. Tata and the Founders of the Tata Group. Founded more than a century ago, the Tata Trusts are a unique vehicle for undertaking social good."

"On this solemn occasion, we rededicate ourselves to carrying on our developmental and philanthropic initiatives and continuing to play our part in nation-building."

Noel Tata, has been associated with the Tata group for over 40 years is currently the chairman of Trent,

Volta, Tata International and Tata Investment Corporation. He also serves as the vice-chairman of Tata Steel and the Titan Company. In Trent, he was appointed as a non-executive director in August 2010 and thereafter as chairman of the company in March 2014. Before that, he served as the managing director of the company for more than 11 years, helping Trent grow across.

Although Noel Tata is known for his low-profile nature and unpretentious leadership style, Trent achieved remarkable growth under his direction. It now has various brands that include Westside, Star Bazaar and Zudio. It also has two separate associations with the Inditex group of Spain. While one entity operates Zara stores, the other overseas Massimo Dutti stores in India. The stock markets have seen the Trent stock spurt by more than 708 per cent since

April 2014. Based on Friday's closing price, Trent has a market valuation of nearly ₹2.93 trillion.

In 2022, the articles of association of Tata Sons were amended to ensure that the chairman of Tata Trusts could not double as the chairman of the group's holding company. The so-called Chinese wall between the trusts and Tata Sons ensures that no one can wield unfettered control over the Tata group.

Tata Sons is headed by N. Chandrasekaran.

Noel is the son of Naval H. Tata and Simone N. Tata, who had played a significant role in shaping the beauty brand Lakme. Noel is married to Aloo Mistry, sister of the late Cyrus Mistry and a part of the Shapoorji Pallonji family, which is the single-largest private shareholder of Tata Sons with more than an 18.4 per cent holding. It remains to be seen whether his elevation as chairman of the Tata Trusts will improve the relations between the two families that fell out spectacularly in October 2016 after Cyrus Mistry was removed from his position as chairman of Tata Sons.

Noel was once tipped to lead Tata Sons ahead of Ratan Tata giving up his executive responsibilities. The post, however, went to Mistry in 2012.

Noel has three children — Maya, Neville and Leah. Earlier this year, they were appointed as trustees at multiple trusts linked with the Sir Ratan Tata Trust and Sir Dorabji Tata Trust.

## Race to snap up satcom spectrum intensifies, \$19 billion revenue potential at stake

**NEW DELHI, OCT 12:** The race to capture the country's burgeoning satellite internet market has intensified, with an annual \$19 billion revenue potential at stake. The tussle is the contentious issue of spectrum allocation which pits telecom giants against satellite operators.

Telecom players such as Reliance Jio and Vodafone Idea are pushing for an auction of satellite bandwidth. They argue that an auction would ensure a level playing field and prevent undue advantage to satellite operators.

On the other side, satellite companies advocate for administrative allocation of spectrum, arguing that it would expedite the rollout of broadband services in remote areas.

The government's decision on spectrum allocation could significantly impact the trajectory of satellite internet services in India. While the Telecom Act initially favoured administrative allocation, recent developments have reignited the debate. Many thought the issue had been decided



once the new Telecommunication Act — which backed the administrative allocation of spectrum — was notified.

The PHD Chamber of Commerce and Industry has written to Trai, seeking a revision of the consultation paper on satellite spectrum allocation. The chamber emphasises the need to address concerns related to a level playing field between terrestrial and satellite technologies.

Reliance Jio has previously made similar demands, but satellite industry representatives have dismissed these claims as a "myth peddled for commercial interests".

The BIF, however, has re-

futed the claim of a "level playing field," arguing that such a doctrine applies only to similarly situated individuals and not to those who are unequal.

T.V. Ramachandran, president, BIF, said: "As India moves towards reaping the benefits of a vibrant and enterprising satellite communications sector, it is imperative to expose false narratives and claims put forth by vested interests that subvert the due process of regulation and law. The enacted law, Telecommunications Act, 2023, is very clear on an administrative assignment of spectrum for Satcom services. Hence, any attempts to disregard the law and

undermine the process is a disservice to the larger public interest."

The stakeholders are sharing their views after Telecom Regulatory Authority of India (Trai) on September 27 came out with a consultation paper seeking views on the pricing methodology and terms and conditions of allocating satellite spectrum — without auctions — to companies seeking to launch satellite broadband services in the country.

In its reference to Trai, DoT had said it's "essential to examine whether a level-playing field exists" between terrestrial access service providers and satellite players planning to offer fixed and mobile satellite services in India via low-earth orbit (LEO), medium-earth orbit (MEO) and geostationary orbit (GEO) global satellite systems. The potential revenue windfall for satellite operators is substantial. Morgan Stanley estimates that these firms collectively earn up to \$19 billion annually from the country's untapped broadband market.

## Boeing to cut 17,000 jobs and delay first 777X delivery as strike hits finances

**NEW DELHI, OCT 12:** Boeing will cut 17,000 jobs, delay first deliveries of its 777X jet by a year and record \$5 billion in losses in the third quarter, as the U.S. planemaker continues to spiral during a month-long strike.

CEO Kelly Ortberg said in a message to employees that Boeing must shrink its workforce "to align with our financial reality" after an ongoing strike by 33,000 U.S. West Coast workers stopped production of its 737 MAX, 767 and 777 jets.

"We reset our workforce levels to align with our financial reality and to a more focused set of priorities. Over the coming months, we are planning to reduce the size of our total workforce by roughly 10 percent. These reductions will include executives, managers and employees," Ortberg's message said.

Boeing shares fell 2.12% in after-market trading. The sweeping changes are a big move by Ortberg, who arrived in August at the helm of the beleaguered planemaker promising to reset relations with the union and its employees.

Thomas Hayes, equity manager at Great Hill Capital, said by email that the layoffs could put pressure on employees to end the strike.

"Striking workers who temporarily do not have a paycheck do not want to become unemployed workers who permanently do not have a paycheck," Hayes said. "I would estimate the strike will be resolved within a week as these workers do not want to find themselves in the next batch of 17,000 cuts."

Boeing recorded pre-tax earnings charges totaling \$5 billion for its defense business and two commercial plane programs.

Boeing, which reports third-quarter earnings on Oct. 23, said in a separate release it now expects revenue of \$17.8 billion, a loss per share of \$9.97, and a better-than-expected negative operating cash flow of \$1.3 billion.

Analysts on average were expecting Boeing to generate quarterly cash burn of negative \$3.8 billion according to LSEG data.

Reaching a deal to end the work stoppage is critical for

Boeing, which filed an unfair-labor-practice charge on Wednesday accusing the machinists union of failing to bargain in good faith. Ratings agency S&P estimated the strike is costing Boeing \$1 billion a month and the company risks losing its prized investment-grade credit rating.

Ortberg also said Boeing has notified customers that it now expects first delivery of its 777X in 2026 due to challenges in development, the flight-test pause and the work stoppage. Boeing had already faced issues with certification of the 777X that had significantly delayed the plane's launch.

"While our business is facing near-term challenges, we are making important strategic decisions for our future and have a clear view on the work we must do to restore our company," Ortberg added in a statement.

Boeing will end its 767 freighter program in 2027 when it completes and delivers the remaining 29 planes ordered but said production for the KC-46A Tanker will continue.

The company said in light

of the job cuts it would end a furlough program for salaried employees announced in September.

Even before the strike began on Sept. 13, the company had been burning cash as it struggled to recover from a January mid-air panel blowout on a new plane that exposed weak safety protocols and spurred U.S. regulators to curb its production.

Reuters reported this week Boeing is examining options to raise billions of dollars through a sale of stock and equity-like securities.

These options include selling common stock as well as securities such as mandatory convertible bonds and preferred equity, according to the sources. One of the sources said they suggested to Boeing that it should raise around \$10 billion.

The company has about \$60 billion in debt and posted operating cash flow losses of more than \$7 billion for the first half of 2024.

Analysts estimate that Boeing would need to raise between \$10 billion and \$15 billion to maintain its ratings, which are now one notch above junk.

## India's industrial production contracts 0.1 per cent in August



**NEW DELHI, OCT 12:** The index of industrial production turned negative after a gap of nearly two years as it contracted 0.1 per cent in August, primarily due to weak performances by the mining and power generation sectors, according to official data released on Friday.

The index of industrial production (IIP), which measures factory output, registered a growth of 10.9 per cent in August 2023.

"The IIP growth rate for August 2024 was (-) 0.1 per cent, compared with 4.7 per

cent in July 2024," an official statement said.

Mining output contracted to -4.3 per cent in August, down from 3.8 per cent in the previous month.

Similarly, electricity output declined to -3.7 per cent from 7.9 per cent.

Manufacturing output decelerated to 1 per cent from 4.4 per cent in July.

From April to August 2024, IIP grew by 4.2 per cent compared with 6.2 per cent in the corresponding period of the previous fiscal year.

Use-based categories such as capital goods, intermediate goods and consumer durables also decelerated during the month.

Primary goods and consumer non-durables contracted, reflecting skewed demand in the economy.

The decline in mining sector growth was attributed to heavy rainfall in August 2024.

Economists Aditi Nayar of ICRA and Madan Sabnavis of Bank of Baroda attributed the marginal contraction in IIP to temporary factors such

as unfavourable base effects and the impact of heavy rainfall on mining and electricity output.

They also noted a mixed trend in economic activity in September, with some indicators showing improvement while the others remained weak.

Nayar anticipated a slight improvement in IIP growth to 3-5 per cent in September.

Rajani Sinha, chief economist, CareEdge, said: "Although the monsoon has been favourable, its distributional issues remained.

## New premium income of life insurers up 14 per cent to Rs 35,020.28 crore in September

**CALCUTTA, OCT 12:** The life insurance industry, comprising 27 insurance companies including government-owned LIC, has recorded a new business premium of ₹35,020.28 crore in September, a year on year growth of 14 per cent from ₹30,716.29 crore in September 2023.

While LIC recorded a new business premium of ₹20,369.26 crore in September, a growth of 12.37 per cent, the private sector's new business premium during September was ₹14,651.02 crore, at a year on year growth of 16.37 per cent, according to data from the Life Insurance Council.

Among the private sector

players, HDFC Life Insurance, ICICI Prudential Life Insurance, SBI Life Insurance grew 9.14 per cent, 20.62 per cent, and 4.59 per cent, respectively, in September.

Between April and September 2024, the new business premium for the industry was ₹1,89,214.04 crore, up 19.47 per cent from ₹1,58,376.81 crore in the corresponding period previous year.

As of the first six months of September 2024, LIC's market share in terms of new business premium was 61 per cent, an improvement from 58.5 per cent in the corresponding period previous year.

Analysts expect life insurance companies to maintain the growth momentum during the second quarter results even as margins could come under pressure due to higher share of low margin unit linked policies (Ulips) in the overall business mix.

"Life insurers are expected to deliver robust APE (annual premium equivalent) growth during H1FY25, continuing the strong growth momentum during Q1FY25. The robust APE growth is expected to be driven by an increase in the number of Ulips sold, aided by strong movement in the equity markets," said Emkay Research in a results preview report for the insurance industry.

"Increased proportion of Ulips in the product mix is expected to impact the VNB (value of new business) margins. Further, continued investments in the distribution channel are expected to weigh on the VNB margins of life insurers. Resultantly, we expect the life insurers to report softer VNB margins during H1FY25," said Emkay Research in its report.

The industry in India has been making significant strides by expanding access to insurance and making an effort to reach out to areas and segments of population that were previously underserved when it comes to their insurance needs, the council said.