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Muthoot FinCorp posts 40% growth in net profit



Kochi: Muthoot FinCorp Ltd has reported a net profit growth of 40 per cent for FY25, reaching ₹787.15 crore (₹562.81 crore). Year-on-year revenue stood at ₹5,550.53 crore, a 38.22 per cent increase (₹4,015.77 crore). Disbursements for the year were ₹66,277.31 crore, reflecting a 32.11 per cent growth y-o-y. **OUR BUREAU**

SBI Life, Vidyaniiti buy 4.25% unit-holding in NHIT

New Delhi: SBI Life Insurance and Vidyaniiti LLP bought 4.25 per cent unit-holding in National Highways Infra Trust for ₹1,100 crore through an open market transaction while the National Highways Authority of India divested 8.24 crore units in the Trust. A total of 8.24 crore units, representing 4.25 per cent unit-holding, was acquired by the entities. SBI Life picked up more than 3.74 crore units or 1.93 per cent holding in NHIT. **PTI**

G-Sec yields end flat despite RBI’s huge dividend to govt

CAUTIOUS MOVE. The Central bank chose to increase the contingency risk buffer

Our Bureau
Mumbai

Yields of government securities (G-Secs) ended the day almost flat on Monday as the ₹2.70 lakh crore dividend declared by the Reserve Bank of India on May 23 to the government for FY25 was lower than market expectations. The market was expecting the RBI to declare dividend in the ₹3-3.5 lakh crore range. However, the dividend declared in FY25 is higher *vis-a-vis* ₹2.1 lakh crore in FY24.

Yield of the benchmark 10-year G-Sec (6.79 per cent GS2034) ended at 6.25 per cent, almost unchanged from the previous close.

“G-Sec yields opened about 2 bps higher as market expectations of the RBI declaring a dividend of ₹3 lakh crore to the government was belied. However, there was recovery later on,” said Arvind Kanagasabai, Executive VP(Head – Treasury), Tamilnad Mercantile Bank.

The dividend was lower than market expectations as the RBI, as a prudent meas-



U-TURN. The market was expecting the Central bank to declare dividend in the ₹3-3.5 lakh crore range **BLOOMBERG**

ure, chose to increase the contingency risk buffer or risk provisioning to 7.5 per cent of its balance sheet size for FY25 from 6.5 per cent for FY24, he added.

Nuvama Wealth Management said: “While bond markets had positioned for a higher surplus transfer for FY25, we may witness a knee-jerk reaction this week. The curve continued to bull steepen, with the near end of the curve outperforming on optimism around liquidity conditions remaining ample. We expect the RBI to maintain liquidity around 1 per cent net demand and time liabilities and as indicated in the April MPC meeting.”

A more conservative ap-

proach to this at this point means that the central bank remains cautiously optimistic around how the currency pans out in the near future, while being mindful of inflationary impact of excess liquidity (if it persists), opined Nuvama’s Fixed Income Markets team comprising Aditya Gore, Ajay Marwaha and Payal Shah.

However, this development may not alter market expectations on the policy rates front (of two more rate cuts of 25 bps each) as RBI has disassociated the accommodative policy stance with the liquidity management approach, they added.

CareEdge Ratings, in a report, observed that the

higher RBI dividend (₹2.7 lakh crore vs ₹2.1 lakh crore in FY24) comes at a juncture where the Centre’s finances are facing challenges from slowing economic growth and weak capex momentum.

“The RBI dividend is expected to offer fiscal space of around 0.1 per cent of GDP. However, with growth moderating, we expect the FY26 fiscal deficit-to-GDP to be at the budgeted 4.4 per cent. It will be crucial to monitor how the government utilises the additional fiscal space from the RBI dividend and the pace of the government’s capex revival.

RBI MAY CUT RATE

“We expect the RBI to cut the policy rate by another 50 bps in FY26 amid moderation in inflation, with chances of deeper rate cuts if growth falters. We expect 10-year G-sec yield to trade between 6-6.2 per cent by end FY26 supported by easing inflation and RBI rate cuts,” according to CareEdge Chief Economist Rajani Sinha and Economists Akanksha Bhende and Mihika Sharma.

RBI seeks nod for overseas rupee lending by domestic banks to neighbours

Reuters
New Delhi



In a move to internationalise the rupee, the Reserve Bank of India is seeking approval from the Centre to allow domestic banks and their foreign branches to lend the currency to overseas borrowers for the first time, two sources said. The move aims to enhance the use and acceptability of the local currency in trade.

The proposal, which was sent to the Finance Ministry last month, suggests lending in rupees to non-residents can begin in neighbouring countries such as Bangladesh, Bhutan, Nepal and Sri Lanka, the sources said. If successful, such rupee-denominated lending could be extended to cross-border transactions globally, one of the sources said.

According to Ministry of Commerce data, 90 per cent of India’s exports to South Asia were to these four nations in 2024/25 (nearly \$25 billion). Currently, foreign branches of Indian banks are restricted to providing loans in foreign currencies and such loans are extended mainly to Indian firms.

The sources declined to be identified as the discussions

are confidential. Emails sent to the Finance Ministry and the RBI requesting comment did not receive a response. The RBI has been taking steps to increase the use of the local currency in global trade and investment. As part of the strategy, RBI recently permitted the opening of rupee accounts for non-residents outside India.

Earlier this month, *Reuters* reported the RBI has sought government’s approval to remove the cap on foreign banks with so-called vostro accounts buying short-term sovereign debt, to boost rupee-denominated investment and trade. The RBI will open the foreign loans in rupees only for the purpose of trade, the sources said.

RUPEE LIQUIDITY

Currently, rupee liquidity is provided in other countries only through a limited num-

ber of government-backed credit lines or bilateral currency swap arrangements. “The objective is to reduce dependence on such arrangements and instead allow commercial banks to provide rupee liquidity on market terms,” the first source said, citing a communication from RBI in April.

The second source said enabling easier access to rupee-denominated loans will help facilitate trade settlements in rupees and reduce exposure to foreign exchange volatility. The Centre has received several requests from financial institutions to support strategic projects through rupee-denominated financing, the second source said.

India’s experience with local currency pacts with the UAE, Indonesia, and the Maldives, as well as Special Rupee Vostro Accounts used for trade with Sri Lanka and Bangladesh, has underscored the need to deepen the availability of rupee liquidity, the source said. If implemented, the policy would mark a major step toward integrating the rupee into the global financial system, positioning it as a more widely accepted currency for international trade and investment, the second source added.

RJio seeks DoT approval to use 26 GHz band spectrum for WiFi

Press Trust of India
New Delhi

Reliance Jio has approached the telecom department’s Telecommunication Engineering Centre (TEC) to seek approval to use radiowaves in the 26 GHz band for WiFi services.

According to sources, Jio has approached TEC — the technical arm of the Department of Telecommunications (DoT) — seeking approval to use radiowaves in the 26 GHz band for WiFi services.

PRIOR CLEARANCE

An email sent to Jio did not

elicit a response. It is pertinent to mention that the Notice Inviting Application (NIA) or the bid document for the 2022 auction specifies that prior clearance is a must in case the spectrum assigned for 5G is being used for other technology.

“In case of switching over to a different technology (other than GSM/WCDMA/LTE/ CDMA/IMT-2020 - 5G technology), while rolling out the networks for compliance of roll-out obligations, information regarding the new technology should be given at least six months before any new technology base station site is offered for testing.

“The technology should be based on standards approved by ITU/TEC or any other International Standards Organisation/ bodies,” according to the NIA.

1.5 LAKH CRORE OF BIDS

The telecom spectrum auctions conducted in 2022 received ₹1.5 lakh crore of bids in all, with Mukesh Ambani’s Jio cornering nearly half of all the airwaves sold with an ₹88,078-crore bid.

Reliance Jio, India’s largest telecom firm, had acquired spectrum in the 700 MHz, 800 MHz, 1800 MHz, 3300 MHz and 26 GHz bands in that auction.

Claims against personal guarantors in IBC cases jump 80% in FY25

Suresh P. Iyengar
Mumbai

Claims filed against personal guarantors in bankruptcy proceedings increased 80 per cent in the last fiscal to ₹68,666 crore against ₹38,079 crore in FY24, even as recoveries through the corporate insolvency resolution process remain low.

HIKE IN CASES

The number of cases filed against personal guarantors last fiscal increased 24 per cent to a two-year high of 1,027 against 830 in the previous year, according to the Insolvency and Bankruptcy Board of India data.

In the last six financial years, a total of 4,203 cases

were filed against personal guarantors with a claim of ₹2.78 lakh crore.

However, resolution professionals were appointed in 1,832 cases.

RP APPOINTED

After the appointment of resolution professionals, 135 cases have been withdrawn/ rejected/dissmised, and 664 cases have been admitted. Out of the 664 ongoing cases, 196 have been closed.

Of these, 12 have been withdrawn; 143 have been closed on non-submission or rejection of repayment plan; and 39 have yielded approval of repayment plan leading to creditors realising ₹129 crore, which is 2.49 per cent of their admitted claims.

In 2021, the Supreme

Court allowed creditors to initiate insolvency proceedings against personal guarantors even if the resolution process for the corporate debtor is ongoing or has been completed.

‘AGGRESSIVE APPROACH’ Anjali Jain, Partner at Areness Law, said the number of cases filed against personal guarantors indicate the aggressive and rigorous approach of creditors, but this might be a mere checkbox exercise as well.

The crystallised recovery figure of 2.49 per cent in the approved repayment plans does not seem to suggest a reasonable nexus with the said approach as resolution of individuals is not ultimate intention unlike in CIR process, she said.

CREDITORS PUSHED

With corporate resolution plans often involving over 70 per cent haircuts, creditors were pushed to recover shortfalls from guarantors.

In the Essar Steel case, promoters’ guarantees were invoked to offset losses after a ₹42,000 crore resolution against a claim of ₹54,000 crore.

Similarly, in the Videocon insolvency, creditors targeted personal guarantors like Venugopal Dhoot to recover dues after a ₹31,000 crore haircut.

Sonam Chandwani, Managing Partner, KS Legal & Associates, said guarantors, often promoters, face asset seizures or bankruptcy, as

seen in the case of Sanjay Singal of Bhushan Steel, where personal assets were targeted post-resolution. However, it could stifle innovation if entrepreneurs fear personal ruin.

‘NEED SAFEGUARDS’

Policymakers should introduce safeguards, like capped liability for non-fraudulent guarantors or time-bound proceedings, to balance recovery with economic growth, she said.

Without calibration, the IBC’s rigour might discourage new ventures, impacting job creation and investment, while its current trajectory ensures creditors recover more but at the cost of potential economic dynamism, said Chandwani.

‘India’s growth underpinned by strong demographic and economic fundamentals’

Aroosa Ahmed
Mumbai



N Chandrasekaran, Chairman of Tata Consumer Products Ltd

India’s long-term growth is underpinned by strong demographic and economic fundamentals and the ongoing structural reforms, said N Chandrasekaran, Chairman of Tata Consumer Products Ltd (TCPL), in the company’s annual report for FY25.

In the fiscal year, the company’s revenue grew to ₹17,618 crore, a 16 per cent increase from the previous year, driven by strong growth across segments.

“India remains one of the bright spots of economic growth. India’s near-term macro-outlook remains strong with stable growth expectations in 2025, falling inflation and ongoing monetary easing. India’s direct exposure to the US is limited as its goods exports to the US are just over 2 per cent of its GDP, one of the lowest among emerging markets,” said N Chandrasekaran, addressing the shareholders.

Stating consumer trends such as premiumisation, health and wellness, and convenience are gathering pace in the country, Chandrasekaran said, adding that while quick commerce has witnessed exponential growth, physical distribution remains extremely relevant.

“At Tata Consumer, we have adopted an omnichannel strategy to tap into this large and growing opportunity. Gen Z and millennials are expected to contribute to an increasing share of consumption; by some estimates, 76 per cent of the total consumption by 2030. This presents an opportunity for cooking aids, packaged food, healthier & guilt-free snack-

ing, and mini meal options, all of which we have added to our portfolio in the last few years.

“The innovation capability we have built, along with our portfolio transformation initiatives over the past few years, positions us well to leverage these emerging trends,” he stated.

Tata Consumer Products’ innovation-to-sales ratio stood at 5.2 per cent for FY25 from 1.4 per cent in FY21. The company has added value-added products across categories.

FMCG LANDSCAPE

Chandrasekaran pointed out that with the evolving Past-Moving Consumer Goods (FMCG) landscape, brands must be present where the consumers are.

“In India, we continued to make strong progress in our sales and distribution expansion, with a total reach of 4.4 million retail outlets. We completed the implementation of a next-gen distributor management system to further enhance sales force productivity. Modern trade and E-commerce/quick commerce continue to be strong growth drivers, and we have started building pharmacy and HoReCa channels,” added Chandrasekaran.