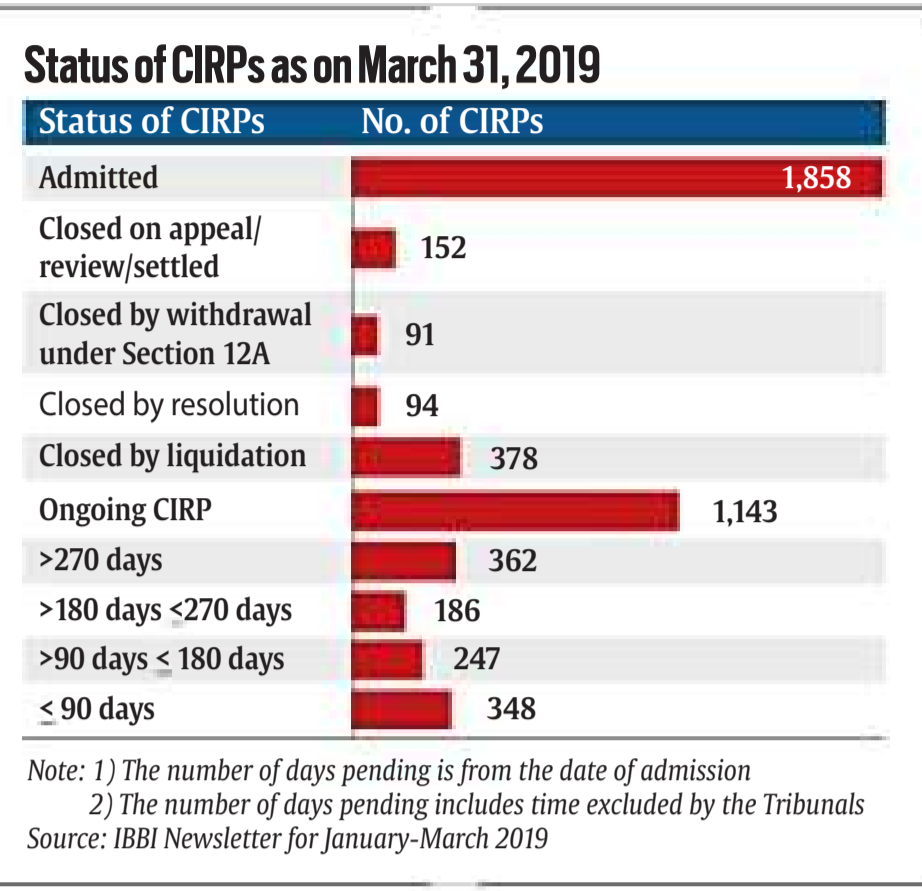


## Over 50% of companies undergoing insolvency liquidated as of Mar 31



### ENS ECONOMIC BUREAU MUMBAI, APRIL 29

NEARLY 53 per cent of the CIRPs (corporate insolvency resolution processes) completed till the end of March have ended in liquidation and solutions have been found for just 13 per cent of the troubled companies. Moreover, the average realisation by financial creditors as a share of the admitted claims was just 43 per cent, according to data from the Insolvency and Bankruptcy Board of India (IBBI), for the period till March 31.

Worryingly for lenders, nearly a third of the insolvency cases being processed have already taken over 270 days. The stipulated 270-day deadline has been breached in 362 of the 1,143 ongoing corporate insolvency resolution cases, the data from IBBI reveal.

The inordinate delays have prompted banks to sell their stressed exposures to Asset Reconstruction Companies (ARC). As bankers point out, the delays have hurt their cash flows badly. Much of the delay has been caused by frequent litigation with promoters, prospective buyers and operational creditors all looking to get a better deal. Differences in the approaches and viewpoints of the judges on the various benches of the National Company Law Tribunal (NCLT) have also resulted in delays.

The case of Essar Steel has dragged on for more than 660 days now and it is not clear when the transaction will be finally completed. The delay has proved to be costly for lenders

### BRIEFLY

**Jet: Employees' body to bid**  
New Delhi: An employees' consortium has proposed to take over Jet Airways, with at least Rs 3,000 crore expected from outside investors for the bid, according to two staff unions.

**₹20 cr debt to Milkbasket**  
New Delhi: Flipkart founder Sachin Bansal's firm BACQ has granted Rs 20 crore debt to daily grocery delivery service Milkbasket for three years.

**InCred raises ₹600 crore**  
New Delhi: NBFC InCred on Monday said it has raised Rs 600 crore from investors, led by Dutch finance institution FMO.

**Alibaba to settle lawsuit**  
New Delhi: Alibaba Group Holding has said it will pay \$250 million to settle a US lawsuit faulting it for hiding a regulatory warning.

**'No additional fuel' flight of AI**  
Hyderabad: In a first, an Air India flight landed here Monday from New Delhi without provision for additional fuel. PTI

## PACT ON EXCHANGE OF CbC REPORTS WAS SIGNED IN MARCH India notifies pact with US to check tax evasion by MNCs

ENS ECONOMIC BUREAU NEW DELHI, APRIL 29

AIMED AT providing relief to subsidiaries of US multinationals and ensuring a check on cross-border tax evasion, India has notified the inter-governmental agreement with the United States for exchange of country-by-country (CbC) reports filed by multinational enterprises (MNEs) regarding income allocation and payment of taxes. This follows the two nations signing a pact in March for sharing the CbC reports by the ultimate parent corporations based in either of the countries.

**EXPLAINED**

### Exchanging CbC reports to provide reliable information

FILING OF country-by-country (CbC) reports by the ultimate parent entity of a multinational group in its resident jurisdiction and exchange of such CbC reports with the authorities of other jurisdictions, in which the group has one or more of its constituent entities, are the minimum standards required under the Action 13 Report of OECD/G20 BEPS Project.

The signing of the pact with US to exchange CbC reports is a step in this direction, which will provide reliable information, ensure strong risk assessment analysis and help keep a check on tax evasion.

As per the agreement, it is intended to provide relevant and reliable information to perform an efficient and robust transfer pricing risk assessment analysis. The agreement was signed by Central Board of Direct Taxes (CBDT) Chairman P C Mody and US Ambassador to India Kenneth Juster in March, and was notified by the Revenue Department on April 25. This agreement for exchange of CbC reports, along with the Bilateral Competent Authority Arrangement, will enable both the countries to automatically exchange CbC reports

filed by the ultimate parent entities of MNEs in the respective jurisdictions, pertaining to the years commencing on or after January 1, 2016.

It will also obviate the need for Indian subsidiary companies of US multinationals to do local filing of CbC reports, thereby reducing the compliance burden.

A CbC report aggregates country-by-country information relating to the global allocation of income, taxes paid, and certain other indicators of an MNC.

It also contains a list of all the group companies operating in a particular jurisdiction and the nature of the main business activity of each such constituent entity. Tax experts said the CBDT had signed the Bilateral Competent Authority Arrangement, along with an underlying Inter-Governmental Agreement, for exchange of CbC reports between India and the US in March. However, since the notification was required for its activation, the procedural delay meant

that Indian entities were required to do local filing of CbC reports in India, for which the last date was April 30.

Nitin Narang, partner - transfer pricing, Nangia Advisors (Andersen Global), said now, after notification, it would enable both the countries to exchange CbC reports filed by the ultimate parent entities.

"... it would enable both the countries to exchange CbC reports filed by the ultimate parent entities of international groups in USA, pertaining to the financial years commencing on or after January 1, 2016. As a result, the Indian entities would not be required to do local filing of the CbC Reports in India," he added.

India has already signed the Multilateral Competent Authority Agreement (MCAA) for Exchange of CbC reports, which has enabled exchange of CbC reports with 62 jurisdictions. MNEs having global consolidated revenue of 750 million euro or more (or a local currency equivalent) in a year are required to file CbC reports in their parent entity's jurisdiction. The rupee equivalent of 750 million euro has been prescribed as Rs 5,500 crore in Indian rules.

## FPI inflow slows in Apr

Foreign portfolio investors (FPIs) slowed down their investments and brought only ₹17,855 crore in April

**DEBT OUT OF FAVOUR:** Foreign investors have been keeping away from the debt market amid the liquidity worries and problems faced by finance companies and mutual funds in their debt investments. Many finance firms are finding the going tough, making corporate debt unattractive for FPIs

**CAUTION ON EQUITY:** The Sensex is already trading above the 39,000 mark and many big caps are already overvalued, limiting the upside movement. Many FPIs are waiting for the general elections results and corporate earnings for further investment in Indian stocks. The rise in crude oil prices and the rupee volatility are also weighing on investors

**₹21,032 cr** invested in equity market in April so far, down from Rs 33,981 crore in March

**₹3,813 cr** pulled out from debt market as against Rs 12,000 crore investment in March this year

**₹67,971 cr** invested by FPIs in equity market this year so far



**MONTHLY FPI NET INVESTMENTS**  
(CALENDAR YEAR - 2019; IN ₹ CRORE)

	Equity	Debt	Hybrid	Total
January	-4,262	-1,301	7	-5,556
February	17,220	-6,037	871	12,053
March	33,981	12,002	2,769	48,751
April *	21,032	-3,813	636	17,855
Total - 2019	67,971	851	4,283	73,103

\* Up to 29-Apr-2019, Source: NSDL

## Oil climbs, shaking off Trump calls for OPEC to offset Iran sanctions

climbed 28 cents, to \$63.58. Both benchmarks fell about 3 per cent on Friday after Trump told reporters he had called OPEC asking it to lower oil prices, without identifying who he spoke to, or if he was speaking about previous discussions with OPEC officials.

Analysts downplayed the comments as details were unclear. "No representative of OPEC or the Saudi government has come forward to acknowledge any discussion in this regard," said Jim Ritterbusch, a president, Ritterbusch and Associates.

## Yes Bank: We got the call wrong, says Macquarie

The bank had booked a net income of Rs 1,179 crore in the year-ago period.

"We must eat the humble pie today and admit we underestimated the risks in structured finance. We got the call wrong," Macquarie said in a note Monday, adding over the past eight years, it felt the bank can thrive in a risky business like structured finance.

The brokerage also announced a double-downgrade of the Yes Bank stock to 'underperform' and also massively slashed the stock price a low Rs 165 over the next 12 months, as against Friday's close of Rs 237.40.

## POST TWO FATAL 737 MAX CRASHES, DENNIS MULLENBURG FACES QUESTIONS AT SHAREHOLDER MEETING

### Very focused on safety going forward, says Boeing CEO

Boeing CEO Dennis Muilenburg introduces the Board of Directors, including Nikki Haley (right) and Caroline Kennedy (third from left), during the company's annual shareholders' meeting at the Field Museum in Chicago, Monday. AP

Boeing CO chief executive Dennis Muilenburg, facing tough questions after two fatal crashes of the 737 MAX plane, emerged with his job intact at an annual meeting on Monday and promised at a tense news conference to win back the public's trust.

Battling the biggest crisis of his nearly four-year tenure as CEO, Muilenburg faced few questions in the shareholder meeting about the crisis, which triggered the jet's grounding and lingering questions over its safety as well as lawsuits and investigations.

Muilenburg, who is also Boeing's chairman and president,

## Trump blames India again for 'big tariffs' on American goods

PRESS TRUST OF INDIA WASHINGTON, APRIL 29

US PRESIDENT Donald Trump has criticised India's "big tariffs" on American paper products and the iconic Harley-Davidson bikes, saying the US has been losing billions of dollars to countries like India, China and Japan.

Addressing a Republican political rally in Wisconsin state's Green Bay city on Sunday, Trump alleged that every country has been ripping off America for years. Trump has repeatedly claimed that India is a "tariff king" and imposes "tremendously high" tariffs on American products.

"For so many decades we've been losing tens of billions of dollars to China and Japan, and India, and name any country and we lost, but we're not losing anymore," Trump said to his cheering supporters, adding that the US was being charged high tariffs on foreign paper products.

"We charge other countries zero tariffs on foreign paper products, but when Wisconsin paper companies export it abroad... China charged us big tariffs, India charged us big tariffs, Vietnam charge us massive tariffs," he said.

He claimed that people of the US demanded a government that puts America first.

"And we're doing that with China, we're doing that with India, we're doing that with Japan, we're doing it with a great new trade deal, that hopefully will get approved in the house," Trump said.

Early this year at a White House event to announce his support for reciprocal tax, Trump had said that he was satisfied with the Indian decision to reduce the import tariff on high-end Harley-Davidson motorcycles from 100 per cent to 50 per cent. The US President said that he called up Indian Prime Minister Narendra

## Wipro consumer biz acquires Philippines-based firm Splash

ENS ECONOMIC BUREAU MUMBAI/BENGALURU, APR 29

AFTER A gap of almost three years, Wipro Consumer Care - part of Azim Premji's Wipro Group - on Monday struck a new deal in the consumer goods space by acquiring the Philippines-based personal care company Splash Corporation for an undisclosed amount. The transaction strengthens Wipro's consumer care portfolio in personal care and completes its south east Asian footprint.

This is Wipro's eleventh acquisition in the consumer line business and the ninth in the personal care segment. The company has already made five acquisitions in the domestic market in the consumer line business and several other in the overseas market.

Wipro indicated Splash recorded revenues of \$80 million (Rs 558 crore) in 2017-18. The company has built brands like SkinWhite, Maxi-peel, and Vitress. It is the largest Filipino personal care player and among the top five in the Philippines market.

Splash brands also have a strong presence in several international markets such as Indonesia, Vietnam, Hong Kong, west Asia and Nigeria. Wipro Consumer's other acquisitions in

## Southwest: Boeing didn't say it had deactivated safety alert

Chicago: US-based Southwest Airlines has said Boeing did not disclose that it had deactivated a safety feature on its 737 MAX jets until after one of the airliners crashed last year.

At issue is an alert that tells pilots if a sensor, called an "angle of attack" (AOA) indicator, is transmitting bad data about the pitch of a plane's nose. The sensor's alerts had been operational in previous versions of the 737 but were switched off in the 737 MAX.

The news first appeared on Sunday in *The Wall Street Journal*. The Journal also reported that Federal Aviation Administration safety inspectors and supervisors did not know about the change either. The FAA did not comment.

In a statement on Sunday, Southwest said that the safety feature was "depicted to us by Boeing as operable on all MAX aircraft". Only after a Lion Air 737 MAX crashed in Indonesia last October 29 did Boeing say the feature wasn't turned on, Southwest said. AP