August 6, 2014

Ms. Shreya Ghose
Assistant Manager
Listing Compliance
NATIONAL STOCK EXCHANGE OF INDIA LIMITED,
'Exchange Plaza', C-1, Block G,
Bandra-Kurla Complex,
Bandra (E),
Mumbai -400 051

Ref: Advisory Letter issued to New Delhi Television Limited

Dear Ma'am,

Please find attached the copy of response from NDTV sent to the Tax Department, for your reference and records.

Thanking You
Yours Sincerely

For New Delhi Television Limited

Ajay Mankotia
President – Corporate Planning & Operations

Encl: as above

August 5, 2014

Deputy Commissioner of Income Tax

Circle 13(1), C.R. Building

IP Estate, New Delhi

Dear Sir,

RE: **NEW DELHI TELEVISION LIMITED ("COMPANY" OR "APPLICANT" OR "ASSESSEE")**
F.NO. DCIT/CIRCLE - 13(1)/2014-15/529
PAN: AAACN0865D

SUB: **LETTER DATED AUGUST 1, 2014 REG. MEDIA REPORTS ON TAKEOVER OF NEW DELHI TELEVISION LIMITED**

The company had already issued a clarification to BSE on the news item reported in the Business Standard. For your ready reference, the relevant extract of the corporate announcement and clarification submitted to BSE is reproduced below.

"With reference to the news item appearing in a leading financial daily titled "NDTV shares spurt 20% on takeover buzz, Trai norms", New Delhi Television Ltd has Clarified to BSE as under:

"As part of its continuing business strategy to look for growth opportunities, the Company is constantly on the lookout for and in discussions with potential partners in various capacities to further its business. The Company is not aware of any negotiations or transactions that require disclosure under Clause 36 of the Listing Agreement. The Company will make the necessary disclosure as appropriate if and when any concrete alliance or transaction emerges out of such discussions.

Further, we are not aware of any other information not disclosed to the stock exchanges which could explain the speculative movement in the trading of the shares of the Company as noted in the said article."

As regards paragraph 5, 6 & 7 of the captioned letter, where your goodself has stated that there are existing demands outstanding against the company (which prima facie are not existent or are unsustainable or are stayed by ITAT), the paragraph-wise reply in connection with each of the stated assessment years is as under.

new delhi television limited, 207, okhla industrial estate ph-III, new delhi - 110 020, india. tel: (91-11) 4157 7777, 2644 6666 fax: 2923 1740 www.ndtv.com

Assessment Year 2003-04

The demand for the said year was crystallized vide demand notice dated 28.03.2013 while completing an assessment under section 263 read with section 143(3)/147 of the Act. At the outset, we submit that in this case, a revisionary order had been passed by the Hon'ble Commissioner of Income Tax (CIT) under section 263 of the Act, wherein it has been alleged that in the original assessment/re-assessment the deduction under section 80HHF of the Act was incorrectly allowed to NDTV and therefore, the AO was directed to examine the deduction u/s 80HHF in accordance with the law.

NDTV, being aggrieved by the order passed u/s 263 of the Act by the Hon'ble CIT, had filed an appeal before the ITAT which is pending for disposal. It is also pertinent to add that in the immediately preceding year i.e. AY 2002-03, similar order u/s 263 was passed by the Hon'ble CIT which has been quashed by the Hon'ble ITAT. The revenue being aggrieved filed an appeal before the Hon'ble High court which was also dismissed by the High court. Further SLP filed by the department was dismissed by the Hon'ble Supreme Court. There being no change in the facts for AY 2003-04 vis-à-vis AY 2002-03, the assessee has a prima facie case to succeed before the ITAT in the appeal filed against the order passed under section 263 of the act. Accordingly, it is submitted that the order passed in pursuance of the direction u/s 263 of the Act is baseless and the demand raised in pursuance of the same is not legally sustainable.

It is also submitted that the assessee has requested for the stay of demand from the AO which has not yet been disposed off by the AO.

Assessment Year 2006-07

In connection with the said year, it is submitted that demand of Rs. 4.21 crores is in relation to the penalty u/s 271(1)(c) of the Act levied on ESOP expenditure claimed as deductible. The brief background is as under.

The assessee in the return of income made a claim of ESOP expenses u/s 37(1) of the Act which in the course of the regular assessment has been disallowed by the then AO. The assessee being aggrieved filed an appeal before the Hon'ble CIT(A) who also held that the ESOP expenditure is not allowable and affirmed the order of the AO in this regard. The assessee preferred an appeal before the ITAT against the order of the CIT(A) for the year in question.

In addition to the above, the assessee also made an intervention application in the matter of Biocon before the ITAT (Special bench) which finally decided the issue of deductibility of ESOP expenditure in favour of the taxpayer. The effect of such Special bench order is given by the Hon'bl ITAT in the assessee's case for the year under consideration and your goodself's office has been directed to allow the deduction. An application to this effect has already been filed in your office which is pending disposal.

From the above it is clearly evident that the penalty order is unsustainable as the addition on which the penalty u/s 271(1)(c) was levied stands deleted and is referred back for verification to the file of the AO. In view of the same, we request your office to issue an appeal effect order in pursuance of the ITAT order and would request your goodself to delete the penalty under the provisions of the Act.

Assessment year 2007-08

In this year, the issue was the deductibility of the ESOPS expenditure claimed by the company in its return of income. As stated above, the assessee had made an intervention application in the matter of Biocon before the Hon'ble ITAT (Special Bench). In the said case of Biocon, the Hon'ble ITAT decided the issue of deductibility of ESOPS expenditure in favour of the taxpayer (Biocon).

In view of the above, the company appeal before the Hon'ble ITAT for the said year should be decided in favour of the company and accordingly, the demand arising out of the impugned assessment order should stand deleted.

Assessment Year 2008-09

In this year, the CIT(A) has already passed a favourable order on some additions made by the AO. After giving effect to such relief given by the CIT(A), there would not be any outstanding demand against the company. On the contrary the refunds amounting to Rs. 28 crores (approx.) which were already adjusted against the original demand would now stand as refundable to the company. Thus, your office records need to be rectified in this regard.

Assessment Year 2009-10

In this year, the matter is *sub judice* before the Hon'ble ITAT and the demand raised in the impugned assessment order has already been stayed by the Hon'ble ITAT subject to the payment of Rs. 5 crores which already stands paid by the company. It is also submitted that the matter was listed twice for the merit hearing, however, the same was adjourned on the request of the department. Now the said matter is scheduled for hearing on October 13, 2014 and the stay granted earlier by the Hon'ble ITAT has been directed to continue till the next date of hearing i.e. October 13, 2014. In view of the same, there is no enforceable tax liability on the company for this year as well.

Further, there are huge tax refunds being due to the company which are not yet processed as of date. The detail of refunds due to the company is tabulated as under for your kind reference.

Status of refunds due to the company

Amount (INR)

Assessment Year	Amount claimed as per Return of Income	Refund Adjusted	Balance Recoverable	Remarks
2007-08	3,51,96,401		3,51,96,401	Rectification filed u/s 154
2008-09	1,06,00,759		1,06,00,759	Rectification filed u/s 154
2009-10	1,10,37,225.		1,10,37,225	Rectification filed u/s 154
2010-11	4,40,27,716		4,40,27,716	Letter filed
2011-12	9,01,59,009	7,23,13,307	1,78,45,702	Refund adjusted against demand of A.Y.2008-09
2012-13	8,88,54,970	8,49,36,271	39,18,699	Refund adjusted against demand of A.Y.2008-09
2013-14	12,82,68,620	12,70,36,793	12,31,827	Refund adjusted against demand of A.Y.2008-09
		28,42,86,371	12,38,58,329	

Total Refund Due Rs. 40,81,44,700 plus interest

In addition to the above, it is submitted that the demands reflected in the table in your captioned letter under para 5 needs to be rectified by passing an appeal effect order which has been received for AY 2006-07 and AY 2008-09 and also the consequential effect needs to be given for set-off of brought forward losses from AY 2007-08. Finally, the company most respectfully submits that no demand as stated in the table in your letter is lawfully outstanding or enforceable against the company and thus, there is no case of the revenue to invoke or apply provisions of section 281 of the Act.

In respect of the observations of your goodself under para 6 & 7 of the letter in connection with the pendency of assessment/re-assessment proceedings, it is submitted that these observations are true and the assesse is under an obligation to follow the provisions of the Act in letter and spirit as and when required. Moreover, it is submitted that the provisions of section 281 of the Act do not have any bearing on the shares of NDTV held by the individual shareholders and could only apply on the assets of the company. Therefore, it is prayed that the contents of the para 6 of the captioned letter may kindly be

modified in line with the provisions of section 281 of the Act as stated above and the modified communication in this regard may kindly be circulated to all the parties copied in the captioned letter.

It is further prayed that the records of the department may kindly be rectified to reflect the correct position of the amount of refunds due to the company. Should your goodself require any further clarification/information, the Company shall be pleased to furnish the same.

Kindly take the above on record and oblige.

Thanking you.

Yours truly,

Satish Manocha

Vice President-Tax