November 30, 2015

The Secretary, **BSE Limited,** **25th Floor, Phiroze Jeejeebhoy Towers,** **Dalal Street, Mumbai-400001**	**Asst. Vice President,** **Listing Department,** **National Stock Exchange of India,** **"Exchange Plaza", Bandra Kurla Complex,** **Bandra (East), Mumbai-400051**

Re: Disclosure under Clause 36 of the Listing Agreement

Dear Sirs,

Please find attached herewith questions and answers clarifying the Company's position on media reports being circulated on various forums.

The document has also been uploaded under the Section **"Investors"** on the website of the Company **www.ndtv.com**

You are requested to take the same on record.

Thanking you

Yours faithfully,

For New Delhi Television Limited

Navneet Raghuvanshi
Company Secretary

Enclosed as above

NDTV: THE TRUE FACTS

Why is NDTV's transaction with one of the world's most respected companies being questioned?

Q: So what is this so-called NDTV "scam" all about?
A: There is no such thing! We are seeing a classic example of what Goebbels recommended -- repeat a lie often enough, and perhaps someone will end up believing it. In actual fact, all of NDTV's affairs have been above board, and as per the relevant laws.

Q: Isn't it true that NDTV Group companies received money from abroad in the period late 2000's?
A: Yes, of course they did. These were bona fide investments made by reputed investors, and fully disclosed to the authorities. All the transactions were in the public domain and were reported to the Stock Exchanges that NDTV is listed with. This was Foreign Direct Investment, of the sort that governments have been encouraging foreign investors to make.

Q: Why would foreign investors be interested in the NDTV Group?
A: Let's start at the very beginning.

In 2005-2006, the NDTV Group decided that it wanted to move beyond the News TV business, into other non-news areas. These included an Entertainment Business (including NDTV Imagine), a Lifestyle Business (including NDTV Good Times), a Digital Business (including NDTV.com) and so on.

These businesses – and especially the entertainment channel – required a lot of capital and funding. It was clear that external investors would be required. But instead of seeking funding in each separate business, they were all clubbed together under one Holding Company called NDTV Networks.

There was a raging bull market at that time, and considerable interest in India. That's why it was felt that the funds should be raised from abroad – such as by listing these businesses at the AIM stock exchange in London. This also fitted in well with another NDTV objective, which was to try and become India's first global media company.

As it happens, NDTV Networks was able to raise pre-IPO funding of 20 million dollars from a venture fund, and then 100 million dollars in convertible bonds from a range of funds.

This was followed by a strategic investment of 150 million dollars by the American media giant NBCU.

(Click here for more details on this investment)

Q: So this adds up to 270 million dollars? We keep hearing other figures from various sources?
A: That is because they double count! If NBCU invested 150 million dollars in NDTV Networks, which later put 50 million into NDTV Imagine – it's the same money we are talking about! It doesn't become 200 million dollars of investment by NBCU. We have been patiently trying to explain this point for several years now.

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Q: Ok. Then what happened?

A: The world fell apart - or at least, the financial markets did – this was the great post-Lehman Crisis of 2008. The plans to take NDTV Networks for an IPO had to be deferred. At the same time, the performance of NDTV Imagine was not up to expectations and losses began to mount. It was a period of crisis, and something drastic had to be done.

At this time, GE decided to sell NBCU to Comcast, and wanted to streamline their operations before doing so. After several months of negotiations, they agreed to sell back their stake in NDTV Networks at a big discount. The bondholders, who were under pressure because of the financial crisis, also exited at a discount. This was very common at that period. And finally, after recognizing that the entertainment business would require cash that wasn't easily available any more, NDTV sold Imagine. That brought an end to this chapter.

Q: Why, then, is there an Income Tax case against NDTV? And now there is an ED notice too?

A: Essentially, the Income Tax department took the stance that the NBCU transaction was a "bogus" and "sham" transaction. First the assessing officer argued that NDTV had not established the creditworthiness of the investor. This made little sense – because GE was one of the largest companies in the world!

Then it was argued that perhaps it was NDTV's own money that had been "roundtripped" back to NDTV Networks. This made even less sense for the following reasons:

1. There are thousands of pages of documentary evidence about the deal – shareholder agreements, share subscription agreements, compliance documents, hundreds of emails and so on.
2. The money came in via banking channels, after securing FIPB and MIB permission.
3. Full details about this transaction have been stated in the GE Annual Report and placed by them before the SEC in the USA. Their top executives have spoken about it in press conferences – as anyone can ascertain by a simple Google search.
4. Neither GE nor NBCU have ever denied that they were the source of this investment.

(Click here for documents showing how the NBCU deal was genuine)

Q: But surely it should be easy for the authorities to check whether the money did come in a bona-fide manner from NBCU? All they have to do is ask the IRS in the US?

A: Yes, of course. But frankly, it is preposterous to suggest that a highly respected company like GE would be engaged in dubious transactions that would have devastating consequences for them. Even making a suggestion like this may well dent the government's efforts to prove to the world that India is a friendly destination for foreign investors. After all, investors will worry if deals can be questioned despite securing all possible permissions and providing all possible documentation.



Q: Why doesn't NDTV appeal the tax demand?

A: It has. The matter is before the ITAT, which stayed the demand pending a full hearing. Unfortunately the tax department has pressed for one adjournment after the other, with the result that the hearing is yet to take place even 18 months after NDTV approached the tribunal. We have been strongly pleading for an early hearing, because we are confident this is an open and shut matter.

Q: But isn't it true that NDTV had a complicated overseas structure?

A: While it is true that there was a complex structure, this was as per expert advice in keeping with NDTV's ambitious global plans at that stage. It is important to note that there was nothing wrong in the structure, which was worked out by the top advisory firms in the world such as KPMG and PwC.
Everything was cleared by authorities and was in compliance with applicable law. Corporate structures like this were also the norm in those days for any company with global ambitions.
After the collapse of the financial markets and the sale of NDTV Imagine, the global plans were shelved and NDTV decided to shut down the overseas subsidiaries.

Q: What is NDTV's response to the ED show cause notice that it has received?

A: To be honest, we don't completely understand the notice. It seeks to question how the money raised in NDTV Networks was invested back in subsidiaries in India. In actual fact, this process is governed by FIPB, and NDTV obtained FIPB approval for this transaction! So we fail to understand what else we were supposed to do.

(Click here for the FIPB approval to NDTV Networks Plc. for investment)

We are still studying the show cause notice and will respond in due course. But our lawyers have assured us that the main grounds are not legally tenable.

Q: If all these charges are flimsy, then why is NDTV being targeted?

A: That's a very good question, and we can only speculate as to the answer. As with all media organizations, NDTV has its share of enemies, and some of them have been running a concerted campaign against the company for several years now. The charges leveled by them have repeatedly been rejected by the authorities and by the courts, and frankly we would welcome the opportunity to put an end to them once and for all.

(Click here for order of Court dismissing SK Srivastava's charges)

Q: Have the charges damaged NDTV's reputation?

A: The whole episode has been somewhat Kafka-esque, and shows that even the most straightforward of deals can become the subject of months and years of harassment, something that isn't the best advertisement for "ease of business". There is always the danger that repetition of wild charges, no matter how baseless, could lead to some of the mud sticking.

However, NDTV has done absolutely nothing wrong, and so eventually all of this is bound to be resolved in our favour. In the meantime we are deeply grateful for the considerable support we have received from our viewers, our well wishers and our colleagues in the media.

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We have full faith in the authorities, including the ITAT and the Enforcement Directorate, and have no doubt that once they have heard our appeal, and we have responded to the show cause notice, respectively, they will also be fully convinced that there has been no wrong doing.

We are putting out this FAQ to help people understand that the "charges" against NDTV are completely baseless. If necessary, we will keep providing any further information.

