

June 19, 2017

BSE Limited Corporate Services Department Phiroze Jeejeebhoy Towers Dalal Street, Mumbai-400 001 Scrip Code: 532529	The National Stock Exchange of India Limited Corporate Communications Department “Exchange Plaza” Bandra Kurla Complex, Bandra (East) Mumbai-400051 Scrip Symbol: NDTV
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Re: Email dated June 19, 2017 received from the National Stock Exchange (NSE) and Bombay Stock Exchange (BSE) (532529) by New Delhi Television Limited (“Company”)

Dear Sir(s)/Madam(s),

This has reference to letter dated 16.6.2017 issued by the Deputy Commissioner of Income Tax, Circle 18(1), New Delhi to M/s New Delhi Television Ltd. (“NDTV Ltd”) bearing F.No. DCIT/Circle-18(1)/2017-18/150 in respect of the proposed sale of equity interest by certain subsidiaries of M/s NDTV Ltd., a copy of which was also marked to the BSE and NSE.

It is pertinent to point out that an order under Section 281B of the Income-tax Act, 1961 (“Act”) was passed in the case of M/s NDTV Ltd. (not the subsidiaries of M/s NDTV Ltd. which are separate taxable entities) on 14.9.2015 whereby the following three genre of assets of NDTV Ltd. were provisionally attached by the Deputy Commissioner of Income Tax, Circle 18(1), New Delhi:

- A. All rights in respect of all the immovable properties including land and building as reflected in the Balance Sheet of NDTV Ltd. as on 31.03.2015 declared at Rs. 6.83 crore.
- B. All non-current investments made by NDTV Ltd. as appearing in the Balance Sheet and reflected at Rs. 299.03 crore.
- C. The refund of Rs. 19.88 crore determined after giving appeal effect for the assessment year 2008-09.

Copy of the order dated 14.09.2015 is attached herewith as **Annexure A**.

This order was challenged before the Hon’ble Delhi High Court in W.P. (C) No.9120/2015 wherein the Hon’ble Delhi High Court on 23.09.2015 passed, inter alia, the following Order:-

“In the meanwhile, there shall be stay of operation of the impugned order dated 14.09.2015 subject to the petitioner’s undertaking that the petitioner will not alienate any asset or create any third party rights without the leave of the court except in the ordinary course of business.”

Copy of the order dated 23.09.2015 passed by the Hon'ble Delhi High Court is attached herewith as **Annexure B**.

The subject matter of the writ petition and the order passed by the Hon'ble Delhi High Court extends to only those assets which were provisionally attached by the Deputy Commissioner of Income Tax, Circle 18(1), New Delhi vide its order dated 14.09.2015 and nothing beyond that. Admittedly, the shares being transferred by the subsidiaries of the NDTV Ltd. do not fall in the aforesaid three genre of assets, which were subject matter of attachment by the Deputy Commissioner of Income Tax, Circle 18(1), New Delhi vide its order dated 14.09.2015. The assets held by the subsidiaries of NDTV Ltd., in the form of investment in downstream subsidiaries which are subject matter of the present sale are clearly not assets which were either part of provisional attachment order of 14.09.2015 or the Hon'ble High Court's order of 23.09.2015. Therefore, there is no violation of any order by NDTV Ltd. in the present transaction.

That apart, the present transaction contemplated by the subsidiaries of NDTV Ltd. is being done at a price which represents the fair value of the shares which has been certified by M/s. Duff & Phelps, a SEBI Registered Category I Merchant Banker Therefore, , there is no loss to the revenue from the said transaction and hence, Section 281 of the Act has no application.

In any event, there is no power vested with the Income Tax Department to issue advisories/letters under Section 281 or 281B of the Act. If the Income Tax Department is of the view that provisions of Section 281 have been violated by the taxpayer then the recourse is to file a Civil Suit with the Civil Court and not to issue advisory or letters.

Accordingly, the letter dated 16.6.2017 issued by the Deputy Commissioner of Income Tax, Circle 18(1), New Delhi has no relevance or applicability in the proposed transaction.

This is for your information and records.

Thanking you

Yours faithfully,

For New Delhi Television Limited



Navneet Raghuvanshi
Company Secretary



Encl.: As above.



**Office of the
Deputy Commissioner of Income Tax
Circle-18(1), Room No. 212, 2nd Floor
C.R. Building, I.P. Estate, New Delhi - 110 002
Telefax : 011 - 23378232**

F.No.DCIT/Circle-18(1)NDTV/281B/2015-16/577 Dated: 14.09.2015

1	Name and address of the assessee	M/s New Delhi Television Limited 207, Okhla Industrial Estate, Phase-III, New Delhi- 110 020.
2	PAN	AAACN0865D
3	Status	Company
4	Jurisdiction of the Assessing Officer	Circle 18(1), New Delhi
5	Assessment Years	2008-09 and 2010-11 to 2013-14
6	Date of Provisional Attachment	14.09.2015
7	Section under which provisional attachment is made	281B of the Income Tax Act, 1961

**Order of Provisional Attachment under section 281B of the
Income Tax Act, 1961**

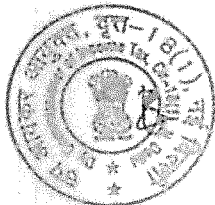
M/s. New Delhi Television Limited (hereinafter referred to as "NDTV"/"the assessee") is a media company principally engaged in the business of television news broadcasting through its three channels namely NDTV (24x7), a 24 hours English news channel, NDTV India, a 24 hours Hindi news channel and NDTV Profit, a 24 hours business news channel. It is also producing customized softwares/programs for broadcasters. NDTV is being regularly assessed to income tax with Circle-18(1), New Delhi.



2. Tax evasion petitions were received from various sources including the shareholders of NDTV and Hon'ble Members of Parliament raising issues of tax evasion against NDTV. M/s. Quantum Securities Limited (hereinafter referred to as "QSL"), one of the shareholder, has also filed objections in Co. Pet. No. 654/2013 filed by NDTV before the Hon'ble Delhi High Court, wherein various allegations of tax evasion have been made. The Department has also impleaded itself as an objector in this petition and the proceedings are in progress. Further, QSL has also filed WP(C) No. 984/2015 before the Hon'ble Delhi High Court raising issues of tax evasion, in which the Department has also been impleaded as a party and investigation into the allegations of tax evasion is in progress. Both the above petitions are pending for adjudication before the Hon'ble Delhi High Court.

3. The issues raised in the tax evasion are that NDTV had floated and operated 33 paper companies with no real business, no premises and no employees in UK, Netherlands, Mauritius, Sweden and UAE during December, 2006 to October, 2011 in order to raise funds amounting to INR 1100 crore. Most of these companies were dissolved after raising funds. The investors, who had invested INR 1100 crore in these paper companies could get back an amount of INR 400 crore only as return and suffered huge losses of INR 700 crore within a period of about 2 years. Out of INR 700 crore retained by NDTV through its subsidiaries, an amount of about INR 387 crore was later brought back to India and the balance amount of INR 313 crore was claimed to have been expended. Taking cognizance of these complaints, investigations were made by the Department and it was noted that some of the allegations were correct.

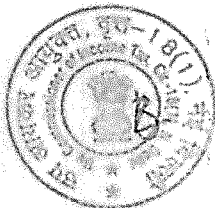
4. It was further observed that the activities pertaining to the raising of funds amounting to INR 1,100 crore by NDTV through its foreign subsidiaries, mainly M/s. NDTV Networks Plc, UK (hereinafter referred to as "NNPLC"), were spread over a number of assessment years pertaining to the period December, 2006 to October, 2011. Broadly, this period covers AY 2007-08 to AY 2012-13, out of which the assessment for AY 2009-10 (covering the period 01.04.2008 to 31.03.2009) has been completed and part of the funds raised by NDTV through NNPLC has been assessed to tax. For considering the tax implications in respect of the balance part, the cases of NDTV for Assessment Years (hereinafter referred to as "AYs") 2007-08 and 2008-09 have been reopened and the reassessment proceedings are in progress. Further, the assessment proceedings for AYs 2011-12 to 2014-15 in the case of NDTV are also in progress.



5. For the AY 2009-10, in respect of which the assessment has been completed, the taxable income of NDTV was proposed to be assessed at Rs. 641,08,11,990/- in the draft assessment order against the declared loss of Rs. 64,83,91,422/-. NDTV filed objections before the Dispute Resolution Panel (a collegium of 3 Commissioners of Income Tax hereinafter referred to as "DRP") and the DRP issued directions under section 144C(5) of the Act on 31.12.2013, wherein the DRP allowed relief on some of the issues, confirmed the substantial part of additions proposed by the AO (out of total addition of Rs. 700.58 crore proposed by the AO, addition amounting to Rs. 648.41 crore was confirmed by the DRP) and also enhanced the income of NDTV by Rs. 254.75 crore. The DRP also observed that the impugned transactions entered into by NDTV through NNPLC were sham transactions.

5.1 Pursuant to the DRP's directions, the assessment in the case of NDTV for AY 2009-10 was completed under section 144 read with section 144C(13) of the Act on 21.02.2014 at an income of Rs. 838,33,37,197/-, wherein demand amounting to Rs. 454.16 crore was raised. The appellate proceedings are pending before the ITAT and the demand has been stayed by the Hon'ble Delhi High Court vide order dated 24.03.2015 in WP(C) 2992/2015 till the disposal of NDTV's appeal pending before ITAT.

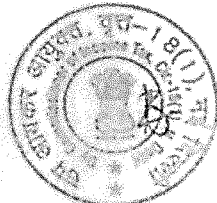
6. As far as the balance part of funds raised by NDTV through NNPLC is concerned, the investigations made so far have *inter alia* revealed that funds amounting to INR 405 crore approx. were introduced in NNPLC through Step Up Coupon Bonds due 2012 issued by NNPLC. Although NNPLC did not have any business activities in UK, had no office or other premises in UK and used postal address of a Company Secretary in UK, had a meager capital of around 50 lacs only and had not even a single employee in UK, i.e. it was only paper company, yet NNPLC managed to get investors for this substantial amount of Rs. 405 crore. The money so generated came from 8 FIIs, mostly from the tax haven countries like Cayman Islands, British Virgin Islands, etc., details of which are not available at this time of investigation. The investigation into the said transactions is in progress. In addition, NNPLC sold its 76% stake in NDTV Imagine Limited, one of the subsidiaries of NDTV, to Turner Asia Pacific for \$67 million (Rs 315 crore) on 08.12.2009, taking the total stake of Turner Asia Pacific to 92%. NNPLC was liquidated on 20.10.2011 and NDTV Imagine was also closed down on 11.05.2012.



-Order of provisional attachment u/s 281B in the case of M/s. New Delhi Television Limited-

7. Estimated position of demands likely to arise in assessment/reassessment proceedings is as follows :-

S.No.	Asstt. Year	Estimated Additions to Returned Income (in INR crore)	Estimated Demand (in INR crore)	Major Issues on which additions are anticipated
1	2008-09	450.00	282.00	Unexplained credits in the form of investments
2	2010-11	30.93	16.94	Draft order u/s 144C(1)/143(3) of the Act has been passed by making disallowance/additions of Rs. 51.11 crore as against the returned loss of Rs. 20.18 crore, on account of disallowance of expenses u/s 14A, disallowance u/s 40(a)(i) on uplinking and transmission expenses, disallowance u/s 40(a)(ia) in respect of commission on advertisement revenue and adjustment of transfer pricing u/s 92CA(3) of the Act, etc.
3	2011-12	7.33	3.77	On the basis of the aforesaid draft assessment order for AY 2010-11, the proposed addition/disallowance of Rs. 47.29 crore is anticipated as against the returned loss of Rs. 39.96 crore.
4	2012-13	47.38	22.20	On the basis of the aforesaid draft assessment order for AY 2010-11, the proposed addition / disallowance of Rs. 47.38 crore in the income declared in return.



-Order of provisional attachment u/s 281B in the case of M/s. New Delhi Television Limited-

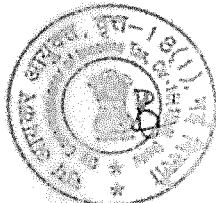
5	2013-14	9.07	3.89	On the basis of afore said assessment year 2010-11 proposed addition/disallowance of Rs. 45.06 crore is anticipated as against the returned loss of Rs. 35.99 crore.
			328.96	

8. The status of existing demand vis-a-vis refunds determined/likely to arise is as follows:-

S. No.	Asstt. Year	Demand (in INR crore)	Refund (in INR crore)	Remarks
1	2007-08	0.31	0	After giving appeal effect & 154 of the Act demand would be reduced to Rs. 31.69 lacs from Rs. 6.80crore.
2	2008-09	0	19.88	After giving appeal effect a refund of Rs. 19.88 crore has been determined.
3	2009-10	449.16	0	Regular demand - Stay granted by Hon'ble Delhi High Court on recovery till disposal of appeal by ITAT. The assessee had deposited Rs. 5 crore on the direction of ITAT.
	Total	449.47	19.88	

* Excluding interest u/s 220(2) of I. T. Act, 1961

9. NDTV has uploaded its Annual Report for the period 2014-15 on its website, which reveals that the non-current & current liabilities of the company as on 31.03.2015 are at Rs. 335.93 crore and reserves & surplus of the company are Rs. 313.63 crore. The status of term loans taken from the bank is amounting to Rs. 50 crore, which are secured by a charge created on the book debts of the company. The loans are further secured by collateral securities given on the office premises at W-17, G.K-1, 2nd floor, New Delhi, hypothecation of plant and machinery, equipments and all other fixed assets and fixed deposits against margin for Letter of credit/Bank guarantee, Corporate guarantee received from M/s Delta Softpro Private Limited during the year for industrial plot at Gautam Budh Nagar, Plot No. 17-18, Block-C, Sector-85, Phase-III, Noida U.P and pledge of 26,92,419 nos. of equity shares of Jai



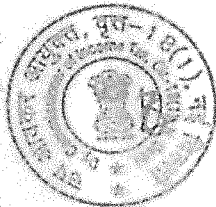
Prakash Power Ventures Limited and 33,000 nos. of equity shares of NDTV Worldwide Limited. Further, another term loan from Bank is amounting to Rs. 9.26 crore, which is secured by the hypothecation of specific assets, i.e. plant and machinery acquired from the aforesaid loan.

10. The net worth of the company as on 31.03.2015 reported in the Annual Report for 2014-15 thus comes to only Rs. 335.93 crore [Assets-(non-current liabilities + current liabilities)]. It is also pertinent to mention that the company has issued unconditional and irrevocable guarantee to the extent of Rs. 3.5 crore and Rs. 5 crore for obtaining a term loan from Yes Bank by its subsidiary NDTV Convergence Limited. However, while pledging these assets, NDTV failed to seek permission from the Department as per the provisions of section 281 of the Act read with CBDT's Circular No. 4 of 2011 dated 19.07.2011. Further, it is observed from the Annual Reports of NDTV available on its website that the net worth of the company is eroding continuously. The decline in net worth over the years is evident from the following chart :-

S.No.	Net worth as on	Net worth (in INR crore)
1	31.03.2012	421.06
2	31.03.2013	418.63
3	31.03.2014	364.99
4	31.03.2015	339.42

11. The position of assets of the assessee company as on 31.03.2015 is as follows:-

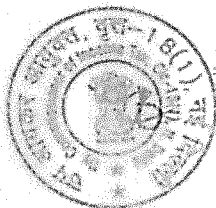
S.No.	Asset	Balance/Value (in INR crore)
1	Fixed Assets (Tangible)	71.19
2	Fixed Assets (Intangible)	1.90
3	Inventories	3.21
4	Trade Receivables	159.94
5	Cash and Bank Balances	19.26
6	Short Term Loans & Advances	74.28
7	Long Term Loans & Advances	28.25
8	Non-current & current investments	308.35
9	Other current assets	8.94
	Total	675.35



12. The Balance Sheet of the assessee company as on 31.03.2015 reflects reserves & surplus amounting to Rs. 313.63 crore. At the same time, the assessee company has current liabilities of Rs. 335.93 crore in the form of trade payables, short term & long term borrowings and the other current short term provisions and liabilities. Apart from this, the assessee company had issued bank guarantee to its subsidiary amounting to Rs. 40 crore. After excluding the figures of cumulative outgo on account of trade payables, short term & long term borrowings and the other current short term provisions and liabilities of the assessee company, the assessee company would be left with assets of nearly Rs. 339.42 crore. As the figures mentioned above pertain to the previous financial year, the possibility of the availability of assets being even lower as on date cannot be ruled out. As against this, the anticipated demand as mentioned above comes to Rs. 328.96 crore apart from an existing demand of Rs. 449.47 crore. It is apprehended that existing outstanding demand as well as the tax liability which would arise on completion of pending assessments/reassessments will be difficult to recover.

13. The total assets of NDTV declared in the Balance Sheet as on 31.03.2015 are Rs. 675.35 crore. Out of these, assets worth Rs. 349.61 crore are not being attached and the balance assets worth Rs. 325.74 crore only have been considered for provisional attachment u/s 281B of the Act. In view of the above, I am of the considered opinion that for the purpose of protecting the interests of revenue, it is necessary to attach provisionally u/s 281B of the Income Tax Act, 1961 the following assets/properties/bank accounts of the assessee company :-

- A. All rights in respect of all the immovable properties including land and building as reflected in the Balance Sheet of NDTV as on 31.03.2015 declared at Rs. 6.83 crore.
- B. All non-current investments made by NDTV as appearing in the Balance Sheet and reflected at Rs. 299.03 crore.
- C. The refund of Rs. 19.88 crore determined after giving appeal effect for the assessment year 2008-09.



-Order of provisional attachment u/s 281B in the case of M/s. New Delhi Television Limited-

14. It is pertinent to record that the bank accounts of NDTV maintained with Banks are not being provisionally attached u/s 281B of the Act and trade receivables in the normal course of business due from parties are also not being so attached, so that NDTV's business and income generating activities are not made to suffer and the company may continue to operate its business, which is also in the interest of Revenue. The provisional attachment u/s 281B in respect of immovable properties, non-current investments and refund for AY 2008-09 will not impact the running of business of NDTV.

15. The assessee company is prohibited from selling or transferring the abovementioned properties or rights in the said properties, directly or indirectly and creating/causing any charge during the period of effect of this order.

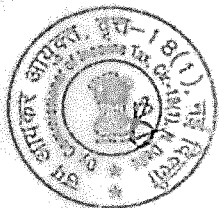
16. This order of provisional attachment is being passed after obtaining the prior approval of the Principal Commissioner of Income Tax-06, New Delhi conveyed vide letter F. No. PCIT-06/Proposal u/s 281B/2015-16/1141 dated 14.09.2015.

This order is effective from 14.09.2015.

Sd/-
(Bhupinderjit Kumar)
Dy. Commissioner of Income Tax
Circle-18(1), New Delhi

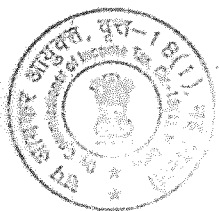
Copy to :-

1. ✓ M/s. New Delhi Television Limited, 207, Okhla Industrial Estate, Phase-III, New Delhi - 110 002 for information and compliance.
2. The Tehsildar, in the office of the District Revenue Officer, New Delhi with the request to record this order of provisional attachment under section 281B of the Income Tax Act, 1961, in respect of the properties mentioned at Sr. no. 13. A. of this order and to ensure that none of these properties or part thereof to the extent of the interest of M/s. New Delhi Television Limited in the properties is transferred during the period of operation of this order.



-Order of provisional attachment u/s 281B in the case of M/s. New Delhi Television Limited-

3. The Principal Commissioner of Income Tax-06, New Delhi, with reference to letter F. No. PCIT-06/Proposal u/s 281B/2015-16/1141 dated 14.09.2015 for kind information.
4. The Addl. Commissioner of Income Tax, Range-18, New Delhi for kind information.



BKumar
14.09.15

(Bhupinderjit Kumar)

Dy. Commissioner of Income Tax
(BHUPINDERJIT KUMAR)
Circle-18(1), N. Delhi

S-29

* IN THE HIGH COURT OF DELHI AT NEW DELHI

+ W.P.(C) 9120/2015

NEW DELHI TELEVISION LIMITED

..... Petitioner

Through: Mr Harish N. Salve, Sr Advocate with
Ms Anuradha Dutt, Mr Sachit Jolly,
Mr Kuber Dewan and Mr Gautam Swarup

versus

DEPUTY COMMISSIONER OF INCOME TAX CIRCLE - 18(1), NEW
DELHI & ANR. & ANR.

..... Respondents

Through: Mr N.P. Sahni, Mr Rajat Singh and Mr Nitin
Gulati

CORAM:

HON'BLE MR. JUSTICE BADAR DURREZ AHMED

HON'BLE MR. JUSTICE SANJEEV SACHDEVA

ORDER

% 23.09.2015

CM No. 20737/2015 (exemption)

The exemption is allowed subject to all just exceptions.

W.P.(C) 9120/2015 and CM No. 20736/2015

Issue notice. Notice is accepted by Mr Sahni appearing on behalf of the respondents. The counter affidavit be filed within four weeks and the rejoinder affidavit, if necessary, be filed within two weeks thereafter.

Renotify on 26.11.2015.

In the meanwhile, there shall be stay of operation of the impugned order dated 14.09.2015 subject to the petitioner's undertaking that the petitioner will not alienate any asset or create any third party rights without the leave of the court except in the ordinary course of business.

True Copy
BS Chauhan
23/9/15
Court Master
Delhi High Court
New Delhi

In the meanwhile, the petitioner shall also not press for the refund in respect of the assessment year 2008-09 till the next date of hearing.

Dasti under the signature of the Court Master.

sd/-
BADAR DURREZ AHMED, J

sd/-
SANJEEV SACHDEVA, J

SEPTEMBER 23, 2015
SU

True Copy
(B) Chauhan
23/9/15
Court Master
Delhi High Court
New Delhi