

August 20, 2016

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

Subject: NDTV wins Income Tax Appeal for AY 2007-08

Dear Sirs,

This is in continuation to our earlier letter dated June 6, 2016, wherein New Delhi Television Limited (NDTV) had informed that the ITAT (Income Tax Appellate Tribunal) will hear the matters related to Assessment Year 2007-08 and 2008-09.

The ITAT passed an order on August 17, 2016 substantially favouring NDTV and disallowing most of the Income Tax Department’s claims. As per the ITAT judgement:

- The IT department wanted NDTV to pay higher amount of tax by adding ₹22.09 *crores* to the income of NDTV.
- On appeal, the ITAT rejected all these additions by the IT department except one of only ₹12.00 *lakhs*.
- In a positive for NDTV, the ITAT also directed the tax officer to allow additional allowance of ESOP expenses (based upon Biocon's decision in which NDTV was an intervenor). Accordingly, the claim of ESOP expenses now allowable to NDTV is ₹43.53 Crores as against original claim of ₹21 Crores. This will mean NDTV will pay even lower tax than earlier.

Further details:

- The ITAT also ruled that NDTV had correctly disclosed its international transactions with its Associated Enterprise including the provision for shareholder services on which no mark up is required to be charged under Transfer Pricing regulation and negated the claim of IT department of charging notional mark up on said services.
- As a result of the ITAT ruling in favour of NDTV, NDTV has been allowed additional relief of ₹82.35 Lakhs in respect of Transfer Pricing Adjustment (the ITAT ruled that the shareholder services provided by NDTV before incorporation and setting up of its foreign subsidiaries such as NDTV Networks Plc were not international transactions warranting an adjustment) – For management services incurred after incorporation of subsidiaries, the ITAT held that NDTV in subsequent years charged mark up on similar services rightly and even for this year a mark up was computed on such services in TP Documentation; however based upon tax

E-mail: corporate@ndtv.com, CIN: L92111DL1988PLC033099



advice in Transfer Pricing documentation a claim of compensating adjustment was sought which could not be allowed to NDTV on facts of the case - this amounts to an additional income of ₹12 lakhs for this year.

- The Hon'ble ITAT also dismissed the tax department's cross appeal on account of Software expenses amounting to ₹3.06 Lakhs.
- NDTV is found to have correctly allowed ESOP expenditure and the IT department's objections were not accepted.

You are requested to please take the above facts on record.

Thanking you

Yours faithfully,

For New Delhi Television Limited



Navneet Raghuvanshi
Company Secretary

