

Article source: Bloomberg

Billionaire Gautam Adani's conglomerate is set to become the biggest shareholder of New Delhi Television Ltd. with a nearly 38% stake in the Indian news broadcaster, as its hostile takeover bid enters the final lap.

But a potential showdown looms for control of one of the few media outlets still relatively critical of the Prime Minister Narendra Modi's government, as NDTV's founders -- who opposed the politically-savvy billionaire's acquisition bid -- remain its second-largest shareholder.

Investors offered to sell a little over 5.3 million shares to the Adani Group, or roughly a third of the entire open offer size, when the share purchase period ended on Monday, according to latest data available with the National Stock Exchange of India Ltd. All shares being offered will fetch a fixed price of 294 rupees (\$3.6) a piece, or at an almost 26% discount to NDTV's latest closing price.

After the ports-to-power conglomerate accepts these shares offered for sale, its shareholding will surge to 37.5%, according to calculations made by Bloomberg News, from the current 29.2% which the group acquired indirectly in August. The stake purchase triggered this open offer to buy further 26% from NDTV's minority shareholders. The names of investors who offered to sell their shares are not known.

NDTV founders, Prannoy Roy -- part of the first generation of television journalists in India -- and his wife, Radhika Roy, still own about 32% stake in the broadcaster they set up in 1980s. Post Adani's open offer, NDTV's shareholding pattern will have two large shareholders, risking a potential control conflict.

The husband-wife duo, who are also on NDTV's board as directors, have said in the past they neither knew about Adani buying in nor consented to it. They have also not disclosed whether they intend to stay invested or exit the media firm.

'Board Control'

"Any acquirer in such a situation can expand its shareholding to anything more than 50% over a few years through the so-called creeping acquisition route as per the Indian rules", according to Akil Hirani, managing partner of Mumbai-based Majmudar & Partners.

"In the short term, the acquirer could also vie for board control via appointment of additional directors, which is a few-months long process at most, provided the matter does not end up in court," Hirani said.