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# Adani's 'open offer' route to take control of NDTV: what is it, and how does it work?

Under the Adani Group's open offer, 39.35 lakh shares of NDTV have already been tendered. What happens after the open offer ends? Is there scope for a counter offer by promoters Prannov Roy and Radhika Roy?

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Written by [George Mathew](#) , [Sandeep Singh](#) , Edited by Explained Mumbai | Updated: November 26, 2022 10:31:05 pm



Gautam Adani-led Adani Group launched an open offer on November 22 to acquire an additional 26 per cent stake in NDTV. (File Photo)

On August 23, Gautam Adani-led Adani Group, a conglomerate with diverse business interests, **acquired 29.18 per cent stake** in television channel NDTV Ltd, and said it would launch an open offer as required by the Securities and Exchange Board of India (SEBI) to buy another 26 per cent in the company. On November 22, the Adani Group **launched its open offer** to acquire an additional 26 per cent stake in NDTV. The offer will remain open until December 5, 2022.

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### What is an open offer?

According to the SEBI (Substantial Acquisition of Shares and Takeovers) Rules, an open offer is an offer made by the acquirer to the shareholders of the target company inviting them to tender their shares in the target company at a particular price. The primary purpose of an open offer is to acquire a substantial acquisition of shares, occurring in t

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So, in the case of NDTV, as Adani Group has emerged as a large shareholder with 29.18 per cent shareholding and is likely to change the control structure of the company, it has to make an open offer to buy another 26 per cent stake so that minority shareholders willing to exit the company may tender their shares.

## When is an open offer triggered?

An open offer is triggered if an acquirer holds more than 25 per cent of the public shareholding in the company. Prior to 2011, when the new takeover norms kicked in, an open offer got triggered if an acquirer owned more than 15 per cent of the public shareholding in a company.

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In August, Adani entities had acquired Vishvapradhan Commercial Pvt Ltd (VCPD) which had lent over Rs 403 crore to NDTV foundation. The foundation had lent the amount in 2009-10 in exchange for warrants. Adani's stake of 29.18 per cent in NDTV, triggering the offer.

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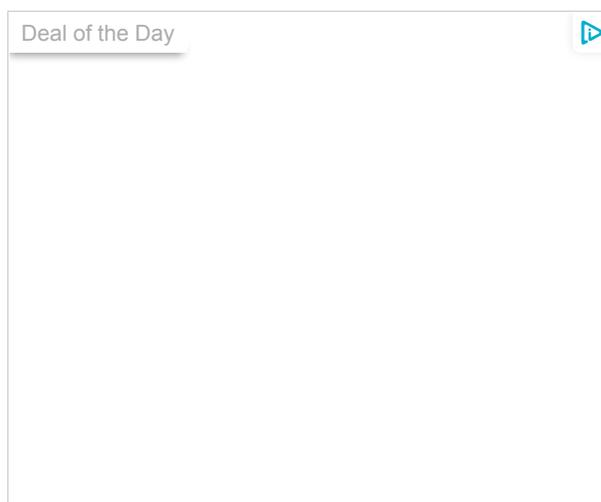
### Why is the open offer price of Adani lower than the market price?

open offer, whereas the shares of NDTV closed at Rs 567 per share on Friday.

While questions are being raised over why the open offer price is lower than the market price, SEBI rules say that the open offer price for acquisition of shares under the minimum open offer shall be 1) the highest negotiated price under the share purchase agreement triggering the offer; 2) the volume-weighted average price of shares acquired by the acquirer during 52-weeks preceding the public announcement; 3) the highest price paid for any acquisition by the acquirer during 26 weeks immediately preceding the PA; and 4) the volume weighted average market price for sixty trading days preceding the PA.

Since the price was lower prior to the acquisition of 29.18 per cent shares of the company, the open offer price has been set in accordance with the SEBI SAST regulations.

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In fact, between January 1, 2022 and August 1, 2022, the shares of NDTV traded between Rs 115 and Rs 272. The share prices started rising in August and went on to hit a high of Rs 567 on September 6, post Adani's acquisition of 29.18 per cent stake in the company.

### How many shares have been tendered?

Till Friday, 39.35 lakh shares of NDTV had already been tendered under the open offer. That represents 6.1 per cent of the 6.44 crore shares of the company.

### Who are the biggest shareholders in NDTV?

The single-largest shareholder of NDTV, besides promoters Prannoy Roy and Radhika Roy (32.26%) and the Adani Group (29.18%), is Mauritius-registered

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An analysis of LTS Investment Fund Ltd portfolio reveals that of the Rs 20,710.2 crore value of its shareholding as on June-end 2022 — the most recent quarter for which data is available — 97.78 per cent comes from Adani Group companies.

The next big FPI shareholder in NDTV is Mauritius-based Vikasa India EIF I Fund with a 4.42% stake in NDTV it acquired in the quarter ending September 2021. Other major shareholders include GRD Securities (2.82%), Adesh Broking House (1.5%), Drolia Agencies (1.48%) and Confirm Realbuild (1.33%).

In fact, these four investors have director linkages with each other.

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## What happens after the open offer?

If the Adanis manage to get the required 26 per cent stake, their shareholding will go up to 55.18 per cent, enabling it to take management control of the target company (NDTV). The acquirer will be able to bring in their own key management persons. If the Adanis fail to get a 50 per cent stake, they have the option to buy shares from other institutional investors. The Adanis may have to raise the offer price to get the required majority.

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