

Adani Group - NDTV Acquisition

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Abstract. The acquisition of NDTV by the Adani Group generated significant interest and debate within the Indian media industry. This corporate takeover marked a pivotal moment in the landscape of corporate media, with one of India's leading business conglomerates eyeing a prominent news channel. The ownership change has ignited discussions on the future of journalism and editorial independence, given Adani's diverse business interests, from infrastructure to energy. The Adani Group's pursuit of NDTV underscored the broader trend of mergers and acquisitions in the media sector, as conglomerates sought to expand their influence and diversify their holdings. This development has raised questions about the possible impact on media diversity and freedom of the press in India. Regulatory approval and public perception played critical roles in determining the fate of this acquisition, making it a focal point in the ongoing evolution of the Indian media industry. This was a classic example of a hostile takeover in the media industry in India.

Keywords: corporate takeover, media conglomerate, Indian media industry, journalism.

1. Introduction

The Adani Group, a prominent conglomerate diversified across various sectors including airports, renewable energy, and mining, set its sights on the media and entertainment industry. This move was channelled through Adani Media Networks Limited (AMG), a subsidiary of Adani Enterprises Limited (AEL). In their quest for a significant presence in the media landscape, Adani Group chose to acquire New Delhi Television Limited (NDTV), one of India's oldest media outlets.

NDTV, with its extensive reach to both digital and offline audiences, made it a compelling acquisition target. The acquisition held the potential to reshape the media industry in India. Adani Enterprises secured a 100% stake in Vishvapradhan Commercial Pvt Ltd (VCPL), which in turn held acquisition rights

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to RRPR Holdings Pvt Ltd, the promoter of NDTV, through a loan arrangement of Rs 403 crore¹. Despite the interest-free and portable nature of the loan, VCPL possessed the authority to exercise RRPR warrants at its discretion. Upon payment of the nominal value of these shares, representing 99.99% of RRPR's share capital, VCPL would indirectly acquire 29.18% voting rights in NDTV.

However, complications arose when SEBI provisionally attached the shares, claiming restrictions due to a prior order issued in November 2020. This dispute has yet to be resolved. SEBI's restrictions lasted until November 26, 2022, VCPL, AMG, and AEL jointly initiated the hostile acquiring process of 26% NDTV's voting capital in August 2022. Following this, Adani Group acquired an additional 8.27% stake in NDTV directly from RRPR Holdings and from the other foreign investments through an open offer, consolidating its position as the largest shareholder with a 64.71% stake.

Should NDTV have impeded the hostile acquisition process and why? NDTV should have potentially impeded the acquisition process, opting for an open offer to public shareholders at a superior price compared to the Adani Group. This cautious approach would have ensured a more secure position for the company.

2. Adani Group

The flagship company, Adani Enterprises Limited, was established as a partnership with an initial capital of Rs. 500,000 crore. The group's growth story includes the establishment of the Mundra Port in Gujarat in the early 1990s and expansion into renewable energy, with a focus on solar and wind power projects in the early 2000s.

Adani Group's diverse portfolio includes acquisitions in multiple sectors, such as media (including NDTV and Quintillion Pvt Ltd), infrastructure and materials (including ACC Cements and Ambuja Cements), renewable energy (with SB Energy holdings), thermal power (via DB Power), and airport operations (in Mumbai and Mangalore). Additionally, the group has ventured into maintenance services for defence aircraft through Air Works, among other endeavours. The Adani Group currently holds a market capitalisation of RS 2.87 trillion.

Adani Enterprises Limited

Adani Enterprises Limited is a publicly listed Indian multinational holding company headquartered in Ahmedabad, Gujarat. Its primary operations encompass coal and iron ore mining and trading. The company's subsidiaries extend their reach into diverse sectors, including media networks, airport

1. 1 crore = 10 million

operations, edible oils, infrastructure (road, rail, and water), data centres, and solar manufacturing.

Adani Media Networks Limited

AMG Media Networks, established in April 2022, serves as a wholly-owned subsidiary of Adani Enterprises. This subsidiary is dedicated to media-related activities, encompassing publishing, advertising, broadcasting, content distribution across various media networks, and more. Notably, AMG Media Networks made strategic acquisitions, including a 49% stake in Quintillion Business Media Ltd. and a 29.18% stake in NDTV through VCPL, its subsidiary. Subsequent developments have raised Adani Group's total shareholding in NDTV to over 64%.

New Delhi Televisions Limited

NDTV, founded in 1984 by economist Prannoy Roy and journalist Radhika Roy, emerged as the first independent news network in India. Initially serving as a production house for news segments, it evolved to launch India's first 24x7 news channel in collaboration with Star India in 1998. In 2003, NDTV became an independent broadcasting network, introducing Hindi and English-language news channels, NDTV India and NDTV 24x7, respectively. The company has also delved into business news (NDTV Profit, later transformed into NDTV Prime), general entertainment, and e-commerce, and is involved in managing multiple broadcast channels through joint ventures.

3. Parties Involved in the Hostile Acquisition

A hostile takeover occurs when a company aggressively seeks to acquire another company without the consent or cooperation of the target company's management. This process involves direct communication with the target company's shareholders to secure a stake in the business, bypassing any amicable negotiations with the current management. In this case, AMG company made a hostile acquisition move against NDTV without their consent and prior negotiations, the parties involved in the acquisition are discussed below.

Acquirer Company

Vishvapradhan Commercial Private Limited (VCPL), a private limited company specializing in consultancy services, played a crucial role in the acquisition. VCPL acquired a 100% stake for Rs. 113 crore from Eminent Networks and Next Wave Tele Ventures Private Limited. This acquisition established AMG's control over VCPL.