Nishith Desai Associates
LEGAL AND TAX COUNSELING WORLDWIDE

MUMBAI SILICON VALLEY BENGALURU SINGAPORE NEW DELHI NEW YORK GIFT CITY

Research

M&A LAB

Reliance - Disney: The Grand Ambani Wedding of the Media World

October 2024

Research

M&A LAB

Reliance – Disney: The Grand Ambani Wedding of the Media World

October 2024

DMS Code: 100124.1

Ranked as the 'Most Innovative Indian Law Firm' in the prestigious FT Innovative Lawyers Asia Pacific Awards for multiple years. Also ranked amongst the 'Most Innovative Asia Pacific Law Firm' in these elite Financial Times Innovation rankings.

Disclaimer

This M&A Lab has been prepared solely based on information available from public sources, as disclosed by the Parties to the Deal and media outlets online until September 27, 2024. The accuracy and authenticity of the information contained herein has not been independently verified by the authors involved in the preparation of this M&A Lab.

The contents herein are intended solely for academic knowledge purposes. It is not intended to influence or inform decision-making processes by any third parties in any professional or other capacity. The interpretations, conclusions and analysis set out within this M&A Lab are subject to any subsequent legal and regulatory developments. It also does not necessarily represent the official position taken or to be taken by any of the stakeholders set out in this M&A Lab.

The views expressed herein are personal views of the authors and do not in any capacity represent any advice or opinion from Nishith Desai Associates. Readers and users should not rely on the information, interpretation(s) or analysis(es) for any form of professional advice, guidance, or practical decision-making. Any reliance on the contents of this M&A Lab is at the sole risk of the reader. This content is not intended to be a substitute for professional advice or expertise and should not be treated as such.

Readers are advised to seek appropriate legal and tax counsel with respect to any matter covered in this M&A Lab. Nishith Desai Associates disclaims any responsibility or liability for actions taken or opinions formed by anyone based on any of the information provided in this M&A Lab.

Contact

For any help or assistance please email us on **concierge@nishithdesai.com**
or visit us at **www.nishithdesai.com**.

Key Contacts

Nishchal Joshipura

nishchal.joshipura@nishithdesai.com

Vasavi Kaparthi

vasavi.kaparthi@nishithdesai.com

Sapna Kataria

sapna.kataria@nishithdesai.com

Anirudh Srinivasan

anirudh.srinivasan@nishithdesai.com

Palomita Sharma

palomita.sharma@nishithdesai.com

Contents

Prologue

The media and entertainment industry is emerging as the primary space for many mergers and acquisitions in the recent times and is resulting in a significant digital and technological transformation. With the RIL-Disney alliance being no exception, this deal marks a watershed moment in the global entertainment and media landscape. Disney, renowned for its storied legacy in animation, cinema, and theme parks, joins forces with RIL, a pioneering force in telecommunications and digital innovation.

This alliance heralds a convergence of creative content and technological infrastructure, promising profound implications for both industries. The agreement is positioned as a major consolidation in India's television and digital streaming landscape, combining prominent media properties in entertainment (such as Colors, StarPlus, StarGold) and sports (such as Star Sports and Sports18). This Deal promises access to highly anticipated events across both television and digital platforms, facilitated by JioCinema, RIL's popular streaming service in India, and Disney+Hotstar.[1]

The Deal is valued over INR 711,370,000,000 (Indian Rupees Seven Hundred and Eleven Billion Three Hundred and Seventy Million) (approx. USD 8.5 billion) with RIL holding 16.34% (sixteen point three four percent), Viacom18 holding approx. 46.82% (forty six point eight two percent), and Disney retaining 36.84% (thirty six point eight four percent) of the combined entity.[2]

The Deal will integrate the 120 (one hundred and twenty) television channels owned by both entities with Disney+ Hotstar and JioCinema[3].This integration aims to significantly enhance the combined company's content offerings and potentially increase market revenue by offering a broader array of content. Additionally, this partnership will enable the two media and entertainment giants to capitalize on India's vast consumer base, positioning them to capture a substantial share of the OTT market compared to their competitors.

This analysis delves into the legal, regulatory, taxation and commercial aspects of the Deal, providing insights into the complexities and intricacies of the transaction.

1 Reliance, Disney India merge streaming, TV assets to create ₹70,352 crore media powerhouse; 5 key highlights, more accessible at: https://www.livemint.com/companies/news/reliance-disney-india-merge-streaming-tv-assets-to-create-rs-70-352-crore-media-powerhouse-5-key-highlights-11709129039923.html.

2 The Scheme of Arrangement among Viacom18, Digital18 and Star, CA (CAA)/64/MB-IV/2024.

3 Reliance-Disney merger: Here's how the deal can fundamentally transform India's media and entertainment landscape, accessible at: https://www.businesstoday.in/magazine/the-buzz/story/reliance-disney-merger-heres-how-the-deal-can-fundamentally-transform-indias-media-and-entertainment-landscape-420683-2024-03-08.

Glossary of Terms

Abbreviation	Meaning/Full Form
Board	Board of directors
Bodhi Tree	Bodhi Tree Systems Private Limited
BSE	Bombay Stock Exchange Limited
CA 1956	Companies Act, 1956
CA 2013	Companies Act, 2013
CCI	Competition Commission of India
Competition Act	Competition Act, 2002
Deal	The demerger, transfer and vesting of V18 Undertaking from Digital18 into SIPL
Digital18	Digital18 Media Limited, a wholly owned subsidiary of Viacom18
Disney	The Walt Disney Company
Disney+ Hotstar	The OTT platform of Disney
FDI	Foreign direct investment
Final Order	The order of the NCLT Mumbai Bench-IV passed on August 30, 2024 pursuant to the Scheme in CP (CAA)/129/MB-IV/2024 in CA (CAA)/64/MB/2024
FMV	Fair market value
ICC	International Cricket Council
INR	Indian Rupees
IPL	Indian Premiere League
ITA	Income Tax Act, 1961
JioCinema	The OTT platform of RIL
Listing Regulations	SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015
M&A	Mergers and acquisition
M&E	Media and entertainment
MIB	Ministry of Information and Broadcasting
MIB Guidelines	Guidelines for Uplinking and Downlinking of Satellite Television Channels in India, 2022
NCLT	National Company Law Tribunal
Network18	Network18 Media and Investments Limited
NSE	National Stock Exchange of India Limited

Glossary of Terms

OTT	Over the top
Paramount	Paramount Global
Parties	Viacom18, Digital18, SIPL and RIL
RIL	Reliance Industries Limited
ROC	Registrar of Companies
Scheme	Composite scheme of arrangement between SIPL, Digital18, and Viacom18
SIPL	Star India Private Limited
Takeover Code	SEBI (Substantial Acquisition of Shares & Takeovers) Regulations, 2011
TV	Television
TV18	TV18 Broadcast Limited
USD	United States Dollars
Viacom18	Viacom18 Media Private Limited
V18 Undertaking	Media Operations Undertaking and Jio Cinema Undertaking

Details of the Deal

A. Parties to the Deal

A brief explanation of the important parties to the Deal have been provided below.

I. Reliance Industries Limited

RIL, a company founded by Dhirubhai Ambani in 1996 is a public company listed in both, the BSE and the NSE. It is an Indian multinational conglomerate headquartered in Mumbai, which initially started off as a textile manufacturer, and thereafter, quickly diversified into petrochemicals and refining in the late 1980s. Over the course of time, it has set up refining and petrochemicals manufacturing assets at various locations such as Jamnagar, Hazira, Dahej, Nagothane, Vadodara, Patalganga, Silvassa, Barabanki and Hoshiarpur as well as in Malaysia at Nilai, Melaca, and Kuantan.[1]

Under the leadership of Mukesh Ambani, who took over the company after his father's passing, RIL has continually evolved and diversified its portfolio. At present, RIL has businesses in various industries such as retail, media and entertainment, energy, petrochemicals, natural gas, telecommunications, mass media, and textiles.[2] In 2016, RIL entered the telecommunications sector with the launch of 'Jio', with an aim to provide affordable access to a digital life to every Indian.[3] Over the course of years, RIL has not only catapulted itself into a leading position in the telecom market by becoming the second largest single country operator in the world, but has also laid the foundation for its ambitious digital services strategy.[4] With the incorporation of Network18, RIL has entered into the media and entertainment industry. It provides a wide spectrum of content genres, covering news, entertainment, sports, movies, and live entertainment.[5]

As on March 31, 2023, RIL has a consolidated revenue of INR 9,927,770,000,000 (Indian Rupees Nine Trillion Nine Hundred Twenty Seven Billion Seven Hundred Seventy Million) (approx. USD 118.6 billion), cash profit of INR 1,280,561,000,000 (Indian Rupees One Trillion Two Hundred Eighty Billion One Hundred Million) (approx. USD 15.3 billion) and net profit of INR 753,234,000,000 (Indian Rupees Seven Hundred Fifty-Three Billion Two Hundred Thirty-Four Million) (approx. USD 9 billion).[6] It is India's largest and most profitable private sector company.[7]

1 About Reliance, accessible at: https://www.ril.com/businesses/petrochemicals.

2 Annual Report of Reliance (2022 – 2023), accessible at: https://www.ril.com/ar2022-23/RIL-IAR-2023.pdf.

3 About Reliance, accessible at: https://www.ril.com/businesses/digital-services-jio.

4 About Reliance, accessible at: https://www.ril.com/businesses/digital-services-jio.

5 About Reliance, accessible at: https://www.ril.com/businesses/media-entertainment.

6 Annual Report of Reliance (2022 – 2023), accessible at: https://www.ril.com/ar2022-23/RIL-IAR-2023.pdf.

7 About Reliance, accessible at: https://www.ril.com/about#:~:text=Reliance%20Industries%20Limited%20is%20a,ever%2Devolving%20spirit%20of%20Reliance.

II. Viacom18 Media Private Limited

A private limited company incorporated in 1995, Viacom18 is a subsidiary of TV18, which in turn is a subsidiary of Network18. Viacom18 was initially named as 'PJ Entertainment Private Limited' in 1995, 'MTV India Private Limited' in 2006 and 'MTV Networks India Private Limited' in 2007. Thereafter, in 2007, the name was changed to its present name.[8] It is headquartered in Mumbai and is one of India's fastest growing entertainment networks. It has a house of iconic brands that offers multi-platform, multi-generational and multicultural brand experiences.[9] It has a portfolio of approx. 40 (forty) channels that range across various genres such as general entertainment, movies, sports, youth, music and kids.[10] Viacom18 is also engaged in the OTT business through its streaming application known as 'JioCinema'.

Additionally, Viacom18 also generates revenue from distributing, marketing and selling commercial advertising on 'channels' – Sports 18, Colors, Colors Rishety, Colors Cineplex, MTV, MTV Beats, Nick, Nick Jr., Sonic, VH1, Comedy Central, Colors Infinity and regional bouquet of channels,[11] licensing and merchandising of products, brand solutions, organising live events and marketing partnerships.[12] For more than 13 (thirteen) years, Viacom18 has effectively produced and released blockbuster regional films as well as renowned Hindi films throughout India.[13]

The shareholding of Viacom18 prior to the consummation of the Deal is as given below.[14]

Company	Shareholding
RIL	57.48%
Paramount	13.01%
TV18	13.54%
Bodhi Tree	15.97%

However, on March 14, 2024, RIL executed an agreement with Paramount to purchase its entire 13.01% (thirteen point zero one percent) equity stake of Viacom18, subject to the completion of the Deal. Upon completion of the Deal and the transfer of shares from Paramount to RIL, RIL will hold 70.49% (seventy point four nine percent) of the share capital of Viacom18 on a fully diluted basis. Post the Deal, the shareholding of Viacom18 shall be as provided below.[15] However, if the Deal falls away due to any reason, Paramount will continue holding shares in Viacom18.

8 The Scheme.

9 About the Company, accessible at: https://www.viacom18.com/about-us/.

10 Media Release, accessible at: https://rilstaticasset.akamaized.net/sites/default/files/2024-02/28022024-MR-RELIANCE-AND-DISNEY-ANNOUNCE-STRATEGIC-JOINT-VENTURE.pdf.

11 The Final Order.

12 The Scheme.

13 About the Company, accessible at: https://www.viacom18.com/.

14 Disclosures made to NSE, accessible at: https://rilstaticasset.akamaized.net/sites/default/files/2023-06/MR_13.04.2023.pdf, https://rilstaticasset.akamaized.net/sites/default/files/2023-07/RIL_Reg30Disclosure.pdf and https://rilstaticasset.akamaized.net/sites/default/files/2024-03/SE_140324.pdf.

15 Acquisition details submitted to NSE, accessible at: https://nsearchives.nseindia.com/corporate/RELIANCE_14032024021033_SE_140224.pdf.

Company	Shareholding
RIL	70.49%
TV18	13.54%
Bodhi Tree	15.97%

III. Digital18 Media Limited

Digital18 is a wholly owned subsidiary of Network18, and part of RIL's portfolio.[16] Headquartered in Mumbai, Digital18 is at the forefront of digital media and content creation in India. It operates multiple digital platforms that cater to a wide array of audiences through news, entertainment, and lifestyle content, leveraging the extensive media assets of the Network18 group.

As the digital arm of the network, Digital18 integrates with various brands under the Network18 umbrella, such as News18 and Firstpost, to offer digital content experiences. It focuses on delivering real-time news, video content, and multimedia content across different devices and platforms.

Through a network of websites and apps, Digital18 engages with millions of users across diverse languages and content genres, including general news, business, technology, entertainment, and more. In addition, Digital18 collaborates with brands for digital marketing solutions and integrates social media to create interactive user experiences. With a strong presence in both English and regional languages, it caters to the growing demand for quality digital content in India's rapidly expanding internet ecosystem.[17]

Post the Deal, Digital18 shall continue to remain a wholly owned subsidiary of Viacom18.

IV. Star India Private Limited

SIPL, incorporated in 1994, is an Indian media conglomerate that is engaged in the business of television broadcasting and production, acquisition and distribution of motion pictures. SIPL became a part of Disney in 2019 when Disney acquired 21st Century Fox.[18] Initially, SIPL was incorporated in the name of 'News Television (India) Limited', which was changed to 'Star India Limited' in 2001 and subsequently further changed to 'Star India Private Limited' in 2007.[19] In 2015, SIPL launched Hotstar, a digital entertainment platform. With the streaming rights of the Indian Premier League, SIPL made cricket on Hotstar a paid service in 2020.[20] Further, with the acquisition of SIPL by Disney, Hotstar was renamed as 'Disney+ Hotstar' and the services of Disney were offered on Hotstar.

16 Network18, accessible at: https://india.mom-gmr.org/en/owners/companies/detail/company/company/show/network18/.

17 Digital18 Media Limited, Annual Report 2016-17, accessible at: https://rilstaticasset.akamaized.net/sites/default/files/2023-02/13%20-%20Digital18%20Media%20Limited5.pdf.

18 The Walt Disney Company To Acquire Twenty-First Century Fox, Inc., After Spinoff Of Certain Businesses, For $52.4 Billion In Stock, accessible at: https://thewaltdisneycompany.com/walt-disney-company-acquire-twenty-first-century-fox-inc-spinoff-certain-businesses-52-4-billion-stock/.

19 The Scheme of Arrangement among Viacom18, Digital18 and Star, CA (CAA)/64/MB-IV/2024.

20 How Disney+ Hotstar broke the internet, accessible at: https://www.disneystar.com/join-our-journey/we-change/how-hotstar-broke-the-internet/.

SIPL runs more than 70 (seventy) television channels in 8 (eight) languages. Further, the company produces about 20,000 (twenty thousand) hours of original content annually for its entertainment portfolio, which includes sports, movies, kids' programming, general entertainment, infotainment, and lifestyle material.[21]

The shareholding pattern of SIPL prior to the consummation of the Deal was as follows :[22]

Company	Shareholding
Buzzer Investments Limited[23]	50.03%
Star Entertainment Holdings Limited[24]	31.58%
STARTV.COM Holdings Limited[25]	5.33%
Star Television Technical Services Limited[26]	2.28%
Quazar Investments (Mauritius) Limited[27]	0.03%
Worldwide Wickets, Mauritius[28]	5.10%
Star ISP Limited[29]	5.65%
Mr. Krishnan Kutty	0%

The shareholding of SIPL post the consummation of the Deal is given in Part C of this chapter.

B. Deal Structure

The Deal has been structured into three steps,[30] which are outlined below.

Step 1

The first step involves transferring and vesting of Viacom18's media operations, including television and media streaming assets (**"Media Operations Undertaking"**), in favour of Digital18.

21 Reliance and Disney Announce Strategic Joint Venture, Media Release, February 28, 2024, accessible at: https://rilstaticasset.akamaized.net/sites/default/files/2024-02/28022024-MR-RELIANCE-AND-DISNEY-ANNOUNCE-STRATEGIC-JOINT-VENTURE.pdf.

22 Shareholding as provided on MCA.

23 A subsidiary of Disney.

24 A subsidiary of Disney.

25 A subsidiary of Disney.

26 A subsidiary of Disney.

27 A subsidiary of Disney.

28 A subsidiary of Disney.

29 A subsidiary of Disney.

30 The Scheme of Arrangement among Viacom18, Digital18 and Star, CA (CAA)/64/MB-IV/2024.

In exchange for this transfer, Digital18 will pay a lump sum amount of INR 27,694,634,890 (Indian Rupees Twenty-Seven Billion, Six Hundred Ninety-Four Million, Six Hundred Thirty-Four Thousand, Eight Hundred Ninety) (approx. USD 3.34 billion) by way of issuance and allotment to Viacom18 of its 2,769,463,489 (two billion seven hundred sixty-nine million four hundred sixty-three thousand four hundred and eighty-nine) equity shares of INR 10 (Indian Rupees Ten) each at par fully paid up.

Step 2

The second step entails transferring and vesting of JioCinema, an OTT streaming platform (**"Jio Cinema Undertaking"**), from Viacom18 to Digital18. As consideration for this transfer, Digital18 will pay a lump sum of INR 241,867,894,880 (Indian Rupees Two Hundred Forty-One Billion, Eight Hundred Sixty-Seven Million, Eight Hundred Ninety-Four Thousand, Eight Hundred Eighty) (approx. USD 2.91 billion) by way of issuance and allotment to Viacom18 of its 24,186,789,488 (twenty four billion one hundred eighty-six million seven hundred eighty-nine thousand four hundred eighty-eight) equity shares of INR 10 (Indian Rupees Ten) each at par fully paid up.

Step 3

This step comprises of two sub-steps, namely, (a) demerger, transfer and vesting of V18 Undertaking from Digital18 to SIPL, and (b) allotment of shares to RIL by SIPL pursuant to a share subscription agreement executed between RIL and SIPL.

As consideration for the Scheme, SIPL shall issue and allot such number of its equity shares on a proportionate basis to all the shareholders of Digital18 in a manner that (i) post such allotment, and (ii) post allotment of equity shares of SIPL to RIL, the shareholding of (a) all the shareholders of SIPL prior to the transfer, (b) all the shareholders of Digital18 to whom equity shares are allotted, and (c) RIL, shall be approximately be in the ratio of 36.84% (thirty six point eight four percent), 46.82% (forty six point eight two percent) and 16.34% (sixteen point three four percent) respectively.

Further, post receiving approvals from third parties and regulators, Disney may contribute certain additional media assets to SIPL. As part of the transaction, RIL has also agreed to invest INR 115,000,000,000 (Indian Rupees One Hundred Fifteen Billion) (approx. USD 1.36 billion) into SIPL in exchange for SIPL issuing shares to RIL, to grow the OTT business.[31]

Once the requisite approvals are taken and the Deal is completed, Nita Ambani will chair SIPL, with former Disney executive Uday Shankar serving as vice chairperson.[32] This Deal aims to integrate, at SIPL, media assets across entertainment, television channels, and sports channels, including leading TV channels like Colours, Star Plus, and Star Gold, as well as prominent sports channels such as Star Sports and Sports 18, consolidating the Parties' market presence in India. Additionally, it aims to integrate popular OTT services like JioCinema from RIL and Disney's Hotstar, offering a diverse range of content to viewers.[33]

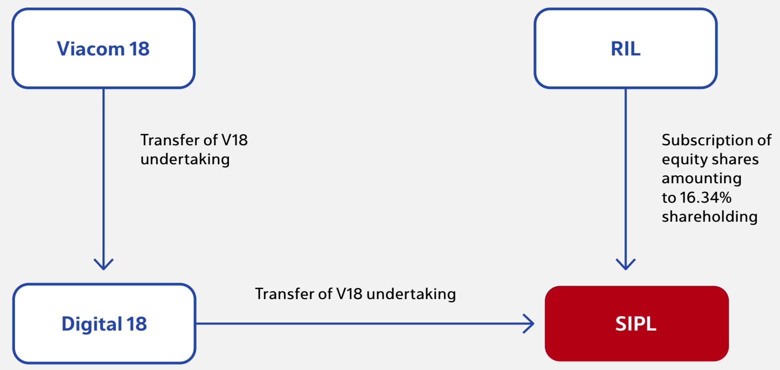
---

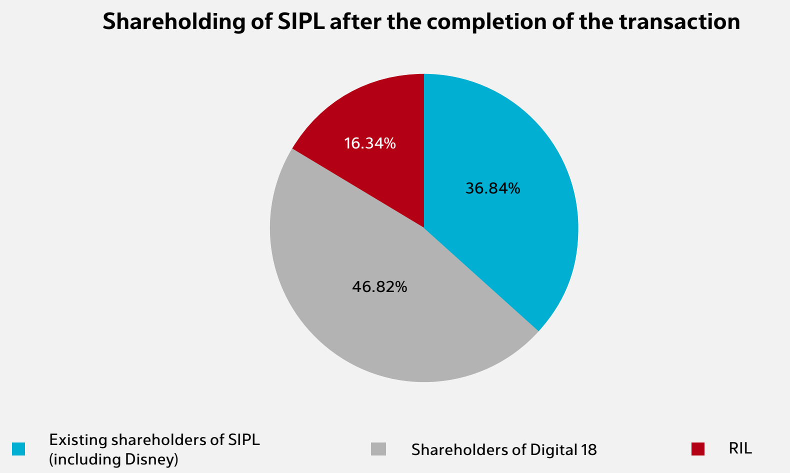
31 Media Release, accessible at: https://rilstaticasset.akamaized.net/sites/default/files/2024-02/28022024-MR-RELIANCE-AND-DISNEY-ANNOUNCE-STRATEGIC-JOINT-VENTURE.pdf.

32 Media Release, accessible at: https://rilstaticasset.akamaized.net/sites/default/files/2024-02/28022024-MR-RELIANCE-AND-DISNEY-ANNOUNCE-STRATEGIC-JOINT-VENTURE.pdf.

33 Reliance, Disney form joint venture to merge TV, OTT business in India, accessible at: https://www.business-standard.com/companies/news/reliance-disney-form-joint-venture-to-merge-tv-ott-business-in-india-124022801085_1.html.

C. Deal Snapshot





D. Chronology of Events

Date	Event
March 31, 2023, or such other date as may be approved by the Boards of Viacom18 and Digital18	Transfer of Media Operations Undertaking from Viacom18 to Digital18.
April 13, 2023 (that is, immediately after Jio Cinema Undertaking is transferred from Reliance Storage Limited to Viacom18)	Transfer of Jio Cinema Undertaking from Viacom18 to Digital18.
February 28, 2024	Board of Viacom18 approved the Scheme.

Date	Event
February 28, 2024	Announcement of signing of definitive agreements between the Parties.
March 14, 2024	Execution of agreement for sale of 13.01% (thirteen point zero one percent) equity stake in Viacom18 by Paramount to RIL.
March 27, 2024	Board of SIPL approved the Scheme.
March 27, 2024	Board of Digital18 approved the Scheme.
May 7, 2024	Admission of the Scheme by NCLT.
May 24, 2024	Parties filed a combination notice with the CCI seeking approval for the Deal.
August 28, 2024	Approval of the combination by CCI with modifications.
August 30, 2024	Approval of the Scheme by NCLT and issuance of the Final Order.
September 27, 2024	Approval from MIB for transfer of licenses relating to non news and current affairs TV channels from Viacom18 to SIPL.
By March 31, 2025	Completion of Deal post approval from all regulatory authorities and approval from 75% (seventy five percent) of the stakeholders of each of RIL, SIPL, Digital18 and Viacom18.

E. Overview of the M&E Industry and other M&As in the M&E Industry

The M&E sector is a dynamic industry encompassing various facets such as television, film, music, publishing, gaming, and digital platforms. The Indian M&E industry has grown by 8% (eight percent) to reach INR 2,320,000,000,000 (Indian Rupees Two Trillion Three Hundred Twenty Billion) (approx. USD 27.9 billion) in the past one year.[34] This can be owed to the increase in consumer spending due to sustained increase in disposable incomes of the consumers.[35] Additionally, several other factors such as increase in foreign investment and entry of new players contributed to the growth of the M&E industry.[36]

34 #Reinvest: India's media & entertainment sector is innovating for the future, Ernst and Young and FICCI, accessible at: https://assets.ey.com/content/dam/ey-sites/ey-com/en_in/topics/media-and-entertainment/2024/ey-in-india-s-media-entertainment-sector-is-innovating-for-the-future-03-2024-v1.pdf.

35 The Indian Entertainment and Media Industry - Unravelling the Potential, FICCI, accessible at: https://www.pwc.in/assets/pdfs/ficci-pwc-indian-entertainment-and-media-industry.pdf.

36 The Indian Entertainment and Media Industry - Unravelling the Potential, FICCI, accessible at: https://www.pwc.in/assets/pdfs/ficci-pwc-indian-entertainment-and-media-industry.pdf.

According to the MIB Minister Mr. Anurag Thakur, India's M&E industry is the fifth largest globally and is expanding at a rapid annual growth rate of 20% (twenty percent).[37]

The Government of India has facilitated the growth of the M&E industry through several strategic initiatives. These include the digitization of the cable distribution sector to attract greater institutional funding, increasing the FDI limit from 74% (seventy four percent) to 100% (one hundred percent) in cable and direct-to-home satellite platforms, and granting industry status to the film industry to enable easier access to institutional finance.[38] Between April 2000 and December 2023, FDI inflows in the information and broadcasting sector, including print media, amounted to INR 913,346,000,000 (Indian Rupees Nine Hundred Thirteen Billion Three Hundred Forty Six Million) (approx. USD 10.91 billion).[39]

With the steady increase in internet penetration, the way Indians consume entertainment content is rapidly evolving. Furthermore, digital content benefits from being accessible across a wide range of devices, thereby significantly expanding its market reach.[40] In India, consumption patterns increasingly lean towards digital media, including social media, video and audio streaming, and online gaming. Despite this digital surge, traditional media—such as regional television, print, radio, out of home advertising, and cinema have also seen growth and remained profitable. This dual growth trajectory highlights the unique dynamics of the Indian M&E market, where both digital and traditional media coexist and thrive.[41] Technology companies are becoming more and more interested in media content and how it is distributed because they see opportunities for integration with their current platforms.

In the recent past, while the television viewership is going down,[42] OTT platforms have gained more importance and growth as compared to the other media platforms due to accessibility. A crucial driver behind the growing popularity of OTT platforms in India is their expansive selection of content. These platforms cater to diverse Indian audience preferences by providing a broad array of content tailored to specific viewer segments.[43] Several OTT platforms such as Netflix, Prime Video, Disney+ Hotstar and JioCinema are gaining traction.

The bulk of Indian enterprises have chosen to expand through M&A deals in the current market, owing to increased competition amongst domestic companies in both domestic and international markets. The Central Government's policies, which primarily attempt to de-regulate the media industry as part of the larger privatization program, have allowed the Indian M&E industry to expand significantly.

37 India to be 3rd largest media and entertainment market in 5 years, accessible at: https://economictimes.indiatimes.com/industry/media/entertainment/media/india-to-be-3rd-largest-media-and-entertainment-market-in-5-yrs-union-minister-anurag-thakur/articleshow/105370500.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst.

38 Ministry of External Affairs, accessible at: https://indbiz.gov.in/entertainment-in-india-attracts-foreign-investors/.

39 Accessible at: https://www.ibef.org/industry/entertainment-presentation.

40 Ministry of External Affairs, accessible at: https://indbiz.gov.in/entertainment-in-india-attracts-foreign-investors/.

41 #Reinvest: India's media & entertainment sector is innovating for the future, Ernst and Young and FICCI, accessible at: https://assets.ey.com/content/dam/ey-sites/ey-com/en_in/topics/media-and-entertainment/2024/ey-in-india-s-media-entertainment-sector-is-innovating-for-the-future-03-2024-v1.pdf.

42 #Reinvest: India's media & entertainment sector is innovating for the future, Ernst and Young and FICCI, accessible at: https://assets.ey.com/content/dam/ey-sites/ey-com/en_in/topics/media-and-entertainment/2024/ey-in-india-s-media-entertainment-sector-is-innovating-for-the-future-03-2024-v1.pdf.

43 The shift towards digital: A thriving OTT market, accessible at: https://timesofindia.indiatimes.com/blogs/voices/the-shift-towards-digital-a-thriving-ott-market/.

The growing wave of M&A processes in the M&E industry is largely due to the willingness to keep up with changing consumer behaviour.[44] In the past few years, the Indian economy has seen several M&A in the M&E industry. Traditional media, primarily driven by television, constituted the largest share of deal value, a trend expected to persist going forward.[45]

The most prominent merger has been that of Zee Entertainment Enterprises Limited (**"Zee"**) with Sony Pictures Networks India (**"Sony"**) (see our detailed analysis **here**[46]).

However, the same was terminated on January 22, 2024. The proposed merger aimed to create a formidable 74 (seventy-four) channel entity, positioning the Japanese group significantly in India's evolving media landscape reshaped by consolidation. Sony's anticipated stake in the merged entity was to be 53% (fifty three percent), with plans to invest INR 133,00,000,000 (Indian Rupees One Hundred Thirty-Three Billion) (approx. USD 1.6 billion) to enhance its market presence.[47] Upon completion, the merged entity was set to rank as India's fourth largest media company. Zee currently holds an 18% (eighteen percent) market share in the Indian entertainment and broadcasting sector, while Sony commands a 6% (six percent) share.[48] Despite receiving approvals from regulatory bodies such as BSE, NSE, NCLT, and CCI, the proposed merger encountered insurmountable internal conflicts between the executives regarding leadership roles. Regulatory scrutiny from SEBI further complicated matters, with investigations into alleged financial improprieties adding to the complexity of the situation. Sony's dissatisfaction with alternative proposals from Zee, alongside allegations of merger agreement breaches, ultimately led to the termination of negotiations and subsequent legal disputes.[49]

Another prominent acquisition that affected the M&E industry is the acquisition of Pocket Aces Pictures Private Limited by Saregama. In September 2023, music label Saregama, part of the RP-Sanjiv Goenka Group, acquired a majority stake of approx. 52% (fifty two percent) in digital entertainment company Pocket Aces Pictures Private Limited for INR 17,400,000,000 (Indian Rupees Seventeen Billion Four Hundred Million) (approx. USD 209.64 million).[50] The agreement also included an option for Saregama to purchase an additional 41% (forty one percent) stake in the future, thereby strengthening its foothold in the digital entertainment sector.[51] Saregama plans to leverage Pocket Aces' large user base of over 95 (ninety five) million followers across social media platforms to popularize its extensive music library among the 18 (eighteen) to 35 (thirty five) age group.[52] This acquisition can lead to increased efficiency, better content production, and more effective monetization strategies.[53]

---

44 Miedziak, Rafal, A world of mergers and acquisitions in the entertainment sector in the 21st century. From the failure of AOLTimeWarner to the consolidation of the sector by the Walt Disney Company.

45 #Reinvest: India's media & entertainment sector is innovating for the future, Ernst and Young and FICCI, accessible at: https://assets.ey.com/content/dam/ey-sites/ey-com/en_in/topics/media-and-entertainment/2024/ey-in-india-s-media-entertainment-sector-is-innovating-for-the-future-03-2024-v1.pdf.

46 https://nishithdesai.com/fileadmin/user_upload/pdfs/research_Papers/M&A-Lab-Lights-Camera-No-Action-Collapse-of-the-Zee-Sony-Merger.pdf

47 Sony-Zee merger timeline: How leadership dispute ended the $10 bn deal, accessible at: https://www.business-standard.com/companies/news/sony-zee-merger-timeline-how-leadership-dispute-ended-the-10-bn-deal-124012200258_1.html.

48 Sony-Zee merger timeline: How leadership dispute ended the $10 bn deal, accessible at: https://www.business-standard.com/companies/news/sony-zee-merger-timeline-how-leadership-dispute-ended-the-10-bn-deal-124012200258_1.html.

49 Marriage called off, Sony, Zee brace for a separation battle, accessible at: https://www.livemint.com/companies/news/sony-demands-90-million-in-termination-penalty-zee-to-seek-legal-options-11705911463157.html.

50 Accessible at: https://nsearchives.nseindia.com/corporate/SAREGAMA_28092023160433_Acqusition.pdf.

51 Saregama to acquire majority stake in Pocket Aces for ₹174 crore, accessible at: https://www.thehindu.com/business/saregama-to-acquire-majority-stake-in-pocket-aces-for-174-crore/article67358196.ece.

52 Saregama to acquire Peak XV-backed Pocket Aces valuing digital content startup at Rs 334 crore, accessible at: https://economictimes.indiatimes.com/tech/startups/saregama-to-acquire-peak-xv-backed-pocket-aces-valuing-digital-content-startup-at-rs-334-crore/articleshow/104019323.cms.

53 Saregama acquires majority stake in Pocket Aces, accessible at: https://timesofindia.indiatimes.com/business/india-business/saregama-acquires-majority-stake-in-pocket-aces/articleshow/104021972.cms.

In the realm of news media, another substantial acquisition that influenced the M&E industry is the acquisition of approx. 51% (fifty one percent) shareholding of Indo-Asian News Service (**"IANS"**) India Private Limited by AMG Media Networks Limited, a subsidiary of Adani group. The acquisition of IANS allows the Adani group to further consolidate its presence in the media sector, following its earlier acquisitions of New Delhi Television Limited and Quintillion Business Media.[54] The Adani group's foray into media, particularly through acquisitions of established news agencies, reflects a growing trend of consolidation in the Indian media sector.

54 Adani arm acquires majority stake in IANS India, accessible at: https://economictimes.indiatimes.com/industry/media/entertainment/media/adani-acquires-majority-stake-in-news-agency-ians/articleshow/106039697.cms.

Commercial and Financial Considerations

A. Valuation of the Deal

The Deal between the Parties to merge their entertainment business would result in the creation of one of the largest media companies in the world, being involved in both the television and online streaming businesses. The shareholding of between the Parties, post the consummation of the Deal, is structured in such a way that majority of the control would be with RIL as they would already hold 16.34% (sixteen point three four percent) directly in SIPL and another 46.82% (forty six point eight two percent) through Viacom18, as RIL holds approx. 84% (eighty four percent) in Viacom18.

The Deal has been valued at over INR 711,370,000,000 (Indian Rupees Seven Hundred and Eleven Billion Three Hundred and Seventy Million) (approx. USD 8.5 billion), one of the highest valued entertainment companies in India, second only to the Sony – Zee merger that fell apart.[1] This valuation is mainly attributable to the market share held by all the Parties. RIL has a consolidated revenue of INR 9,748,640,000,000 (Indian Rupees Nine Trillion Seven Hundred Forty-Eight Billion Six Hundred Forty Million) (approx. USD 118.6 billion), cash profit of INR 1,259,510,000,000 (Indian Rupees One Trillion, Two Hundred Fifty-Nine Billion, Five Hundred Ten Million) (approx. USD 15.3 billion) and net profit of INR 753,000,000,000 (Indian Rupees Seven Hundred Fifty-Three Billion) (approx. USD 9 billion) for the year ended March 31, 2023.[2] It is India's largest and most profitable private sector company.[3] On the other hand, as per Disney's annual financial report of 2023, Disney's revenue has increased by 7% (seven percent) to INR 7,441,000,000,000 (Indian Rupees Seven Trillion Four Hundred Forty-One Billion) (approx. USD 88.9 billion) as on March 31, 2023. It has earned revenue of INR 3,401,694,000,000 (Indian Rupees Three Trillion Four Hundred One Billion Six Hundred Ninety-Four Million) (approx. USD 40,635 million) through its entertainment segment and INR 1,432,290,000,000 (Indian Rupees One Trillion Four Hundred Thirty-Two Billion Two Hundred Ninety Million) (approx. USD 17.11 billion) through its sports segment as on March 31, 2023.[4]

B. How does Disney/SIPL benefit from the Deal?

In 2019, Disney acquired the streaming service Hotstar and Star TV channels as part of its USD 71 billion purchase of 21st Century Fox's global assets. Disney+ Hotstar, a well-known name in Indian households, secured streaming rights for the IPL, the world's wealthiest cricket league. Disney then transitioned cricket viewing on Disney+ Hotstar to a paid model in 2020, with aspirations to attract up to 100 (one hundred) million users over time. However, this ambitious goal did not materialize as Disney did not renew the digital rights of the 2023 season of IPL.[5] Subsequently, RIL, through JioCinema, streamed matches for free.

1 Disney assets shrink in value after sealing mega deal with Reliance Industries, accessible at: https://www.telegraphindia.com/business/disney-assets-shrink-in-value-after-sealing-mega-deal-with-reliance-industries/cid/2003977.

2 Annual Report of Reliance (2022 – 2023), accessible at: https://www.ril.com/ar2022-23/RIL-IAR-2023.pdf.

3 About Reliance, accessible at: https://www.ril.com/about#:~:text=Reliance%20Industries%20Limited%20is%20a,ever%2Devolving%20spirit%20of%20Reliance.

4 Fiscal Year 2023 Annual Financial Report, accessible at: https://thewaltdisneycompany.com/app/uploads/2024/02/2023-Annual-Report.pdf.

5 Fiscal Year 2023 Annual Financial Report, accessible at: https://thewaltdisneycompany.com/app/uploads/2024/02/2023-Annual-Report.pdf.

This move prompted an exodus of Disney subscribers.[6] Due to this, Disney has faced challenges in maintaining subscriber numbers as illustrated by the decline in Disney+ Hotstar subscribers from 57,500,000 (fifty-seven million five hundred thousand) in December 2022 to 38.3 million in December 2023. This had led to a significant loss in business for Disney in the Indian market.[7]

This Deal represents Disney's fourth phase in India, building on previous collaborations such as the one with the K.K. Modi Group in 1993 and the partnership with Ronnie Screwvala's UTV Software Communications in the mid-2000s. Disney's growth trajectory in India advanced further with the landmark acquisition of 21st Century Fox in 2018, which integrated the Indian operations of Disney with the Star group.[8]

The Deal would allow Disney to cut down their losses and continue their business in the Indian markets. Although the Indian markets are risky, there is also great potential for the Parties to grow due to the massive population. The Deal would assist Disney in ensuring a robust presence in the Indian market.[9]

Prior to the Deal, Disney owned SIPL, a major television network in the country, and controlled numerous sports and entertainment channels in multiple languages, including Colors, Star Movies, and Star Sports. Despite recent challenges with Disney+ Hotstar losing IPL broadcasting rights, the Deal positions Disney to integrate its television channels and online streaming platform, reaching a broader audience and leveraging RIL's extensive network.

C. How does RIL benefit from the Deal?

In comparison to Disney's 80 (eighty) TV channels, RIL has only 40 (forty) TV channels that it holds through its subsidiary, Viacom18. However, it is relatively new to the digital streaming business. The OTT business of RIL has gained more significance in the recent past due to its win over the bidding process to procure digital streaming rights of IPL matches. The cricket streaming on JioCinema significantly drives their highest viewership, particularly because IPL and other matches are accessible without a subscription. The revenue generated from advertisements during these streams amounts to a substantial sum, especially considering that viewership can surpass 600 (six hundred) million during certain matches.[10]

RIL's decision for the Deal was prompted mainly by the desire to become a more established player in the fast-growing market, especially after Sony ended its attempt to merge with Zee.[11] RIL gains additional advantages from this Deal due to their substantial stake in the joint venture, exceeding 60% (sixty percent). This gives them significant influence over key business decisions and a substantial share of the profits.

6 Reliance, Disney to merge India media assets to create $8.5 billion powerhouse. accessible at: https://www.reuters.com/markets/deals/reliance-walt-disney-merge-media-assets-india-2024-02-28/.

7 The big picture behind the Reliance and Disney merger, accessible at: https://www.financialexpress.com/market/cafeinvest-the-big-picture-behind-the-reliance-and-disney-merger-3426369/.

8 Reliance-Disney merger: Here's how the deal can fundamentally transform India's media and entertainment landscape, accessible at: https://www.businesstoday.in/magazine/the-buzz/story/reliance-disney-merger-heres-how-the-deal-can-fundamentally-transform-indias-media-and-entertainment-landscape-420683-2024-03-08.

9 Reliance, Disney to merge India media assets to create $8.5 billion powerhouse. accessible at: https://www.reuters.com/markets/deals/reliance-walt-disney-merge-media-assets-india-2024-02-28/.

10 JioCinema sets streaming viewership record with 620 mn reach in IPL 2024, accessible at: https://www.business-standard.com/companies/news/jiocinema-sets-streaming-viewership-record-with-620-mn-reach-in-ipl-2024-124053000766_1.html.

11 The big picture behind the Reliance and Disney merger, accessible at: https://www.financialexpress.com/market/cafeinvest-the-big-picture-behind-the-reliance-and-disney-merger-3426369/.

The Deal will also allow RIL to secure exclusive distribution rights for Disney's extensive content library[12], which has significantly grown since the acquisition of 20th Century Fox, ensuring broader access to popular cricket events such as IPL and TV dramas across numerous households, post the completion of the Deal.[13] This access will enhance RIL's ability to compete more effectively with major media companies like Netflix and others.

With SIPL and Viacom18's alliance collectively reaching over 750 (seven hundred and fifty) million viewers in India, this Deal marks a significant industry milestone. SIPL will also integrate 120 (one hundred and twenty) channels and two streaming services, solidifying its market position.

D. Impact of the Deal on the Entertainment Industry

This RIL-Disney Deal will lead to a very large structural disruption for the entertainment industry in India. The entity would become the leading media player with a large entertainment and sports portfolio. The Deal was designed to mutually benefit all the Parties.[14] The Deal operates on a reciprocal basis because on one hand, Disney has more assets in the television segment and a more established content library and on the other hand, RIL and its subsidiaries are well established in multiple markets in India which would aid the advertising and dissemination of the new media and its services.

The Deal can be viewed as a strategic move by the companies to counter competition from established rivals like Sony and Zee. Moreover, if the Deal comes through, it shall pose a threat to the audience base of the competitors, primarily Prime Video and Netflix, who may have to come up with strategies to maintain or increase their audience base in light of the vast content that SIPL may offer. If the deal comes through, the smaller players (such as MX Player and Zee5) and content creators would undoubtedly be impacted by the resulting market concentration, as they would encounter a far greater barrier to entry. The difficulty of exhibiting what they create increases for the producers, artists, and other entities who produce content on a much smaller scale.[15]

Post the completion of the Deal, SIPL will hold exclusive rights for distributing Disney movies and TV shows in India, alongside access to over 30,000 (thirty thousand) Disney's multimedia assets, ensuring a diverse array of entertainment options.[16] Viacom18 operates 40 (forty) channels across eight languages, while Disney manages approx. 80 (eighty) TV channels in nine languages. This consolidation will result in a conglomeration of two digital streaming platforms and a total of 120 (one hundred and twenty) TV channels. According to the Broadcast Audience Research Council (BARC), Disney and RIL collectively capture an estimated 40% (forty percent) of TV viewership among the top 10 (ten) networks.

12 Media Release, accessible at: https://rilstaticasset.akamaized.net/sites/default/files/2024-02/28022024-MR-RELIANCE-AND-DISNEY-ANNOUNCE-STRATEGIC-JOINT-VENTURE.pdf.

13 Merger with Reliance would boost company's profits and reduce risk in India: Disney CEO, accessible at: https://www.thehindu.com/business/Industry/merger-with-reliance-would-boost-companys-profits-and-reduce-risk-in-india-disney-ceo/article67934978.ece.

14 Reliance-Disney merger: An entertainment juggernaut emerges, accessible at: https://www.businesstoday.in/latest/corporate/story/reliance-disney-merger-an-entertainment-juggernaut-emerges-419003-2024-02-26.

15 Reliance-Disney merger: An entertainment juggernaut emerges, accessible at: https://www.businesstoday.in/latest/corporate/story/reliance-disney-merger-an-entertainment-juggernaut-emerges-419003-2024-02-26.

16 Media Release, accessible at: https://rilstaticasset.akamaized.net/sites/default/files/2024-02/28022024-MR-RELIANCE-AND-DISNEY-ANNOUNCE-STRATEGIC-JOINT-VENTURE.pdf.

Post the completion of the Deal, SIPL is positioned to provide a complete offering that includes web series, movies, sports, original content, and a diverse global catalogue at the OTT front[17] with the merger of Disney+ Hotstar and JioCinema. Disney+ Hotstar maintains a leading position in the Indian OTT market with a 24% (twenty four percent) market share, while JioCinema holds 6% (six percent). Together, post the Deal, the Parties will command a substantial 30% (thirty percent) share of the OTT market, surpassing the combined shares of Netflix (22% (twenty two percent)) and Prime Video (13% (thirteen percent).[18] Post the completion of the Deal, SIPL is positioned to provide a complete offering that includes web series, movies, sports, original content, and a diverse global catalogue.

Moreover, monopolizing sports properties has the potential to boost advertising revenue. Cricket, a sport deeply cherished in India, holds significant sway over the country's media landscape. While Disney+ Hotstar currently holds rights to ICC matches in India until 2027, RIL's JioCinema has secured rights to the immensely popular IPL.[19] As a result, this Deal stands to benefit both platforms equally. The Deal strengthens their dominance in sports, particularly cricket, with rights valued at nearly INR 550,000,000,000 (Indian Rupees Five Hundred Fifty Billion) (approx. USD 6.63 billion) for major properties over the next four to five years, potentially commanding 80% (eighty percent) to 90% (ninety percent) of cricket advertising revenues in India.[20] Separately, post the completion of the Deal, SIPL will also have digital rights over tournaments such as Wimbledon, Pro Kabaddi League, and BCCI domestic cricket shows, which may potentially impact the advertising revenue of SIPL.[21]

Therefore, the partnership between Disney's renowned content and RIL's proactive market strategies and established presence in India has the potential to create a strong presence in the Indian entertainment industry.

With SIPL having a significant impact on the M&E industry, regulatory scrutiny is expected, specifically on the streaming services segment. The possible impact and analysis over competition is outlined in the next chapter.

17 The big picture behind the Reliance and Disney merger, accessible at: _https://www.financialexpress.com/market/cafeinvest-the-big-picture-behind-the-reliance-and-disney-merger-3426369/.

18 Reliance, Disney to merge India media assets to create $8.5 billion powerhouse. accessible at: https://www.reuters.com/markets/deals/reliance-walt-disney-merge-media-assets-india-2024-02-28/.

19 Reliance's Jio Cinema may soon merge with Disney+ Hotstar: Here's what the OTT can offer, accessible at: https://www.hindustantimes.com/business/reliances-jio-cinema-may-soon-merge-with-disney-hotstar-heres-what-the-ott-can-offer-101703639060962.html.

20 Reliance-Disney merger: Here's how the deal can fundamentally transform India's media and entertainment landscape, accessible at: https://www.businesstoday.in/magazine/the-buzz/story/reliance-disney-merger-heres-how-the-deal-can-fundamentally-transform-indias-media-and-entertainment-landscape-420683-2024-03-08.

21 Reliance-Disney merger may impact subscriber tariff, advertisers' bargaining power: experts, accessible at: https://frontline.thehindu.com/news/reliance-disney-merger-may-impact-subscriber-tariff-advertisers-bargaining-power-experts-hotstar-ipl-world-cup-cricket/article67903331.ece.

Legal and Regulatory Considerations

The proposed Deal between Disney's India business and RIL's media unit, Viacom18, which aims to create a dominant entity in the Indian M&E sector, is subject to intense scrutiny by various regulatory bodies to ensure compliance with relevant laws and protect the interests of all stakeholders.

This proposed stock and cash transaction, which began taking shape with a binding agreement signed in February 2024, is designed to transfer control of Disney's Indian operations to RIL.[1] While the prospect of this Deal is exciting for Disney and RIL, there are several regulatory and antitrust hurdles they will have to cross before this Deal becomes a reality.

As mentioned in the Deal Structure above, in consideration for the Scheme, Viacom18 would transfer its Media Operations Undertaking to Digital18, leading to a pay out of INR 27,694,634,890 (Indian Rupees Twenty-Seven Billion, Six Hundred Ninety-Four Million, Six Hundred Thirty-Four Thousand, Eight Hundred Ninety) (approx. USD 333.68 million) by way of issuance and allotment to Viacom18 of its 2,769,463,489 (two billion seven hundred sixty-nine million four hundred sixty-three thousand four hundred eighty-nine) equity shares of INR 10 (Indian Rupees Ten) (approx. USD 0.12) each at par fully paid up.[2] Digital18 will then transfer V18 Undertaking to SIPL, which will allot proportionate shares among all Digital18 shareholders. SIPL would also allot shares to RIL for its fund infusion of INR 116,200,000,000 (Indian Rupees One Hundred Sixteen Billion Two Hundred Million) (approx. USD 1.4 billion). SIPL's shareholding will be divided among Disney (36.84%), Digital18 (46.82%) and RIL (16.34%) after the allotment of shares to Digital18 and RIL.[3]

The Deal has received the final approval of the NCLT on August 30, 2024[4] and the CCI approval with modifications on August 28, 2024.[5]

A. Why was the Approval from the Stock Exchanges Required? What Disclosures are Required to be made?

Viacom18, Digital18 and SIPL are incorporated under the Companies Act, 2013 but are not listed on any of the stock exchanges. Viacom18 and Digital18 are part of RIL, which is listed on the stock exchange.[6] According to Regulation 37 of the LODR, any listed entity desirous of undertaking a scheme of arrangement or involved in a scheme of arrangement, shall file the draft scheme of arrangement with the stock exchange for obtaining the no-objection letter before filing such a scheme with any court of tribunal.[7]

1 NCLT approval of Scheme (CA (CAA)/64/MB-IV/2024), accessible at: https://nclt.gov.in/gen_pdf.php?filepath=/Efile_Document/ncltdoc/casedoc/2709138054212024/04/Order-Challenge/04_order-Challange_004_1715171143211669048663b6f47f33ed.pdf.

2 NCLT approval of Scheme (CA (CAA)/64/MB-IV/2024), accessible at: https://nclt.gov.in/gen_pdf.php?filepath=/Efile_Document/ncltdoc/casedoc/2709138054212024/04/Order-Challenge/04_order-Challange_004_1715171143211669048663b6f47f33ed.pdf.

3 NCLT approval of Scheme (CA (CAA)/64/MB-IV/2024), accessible at gen_pdf.php (nclt.gov.in); Reliance Media Release, accessible at: https://rilstaticasset.akamaized.net/sites/default/files/2024-02/28022024-MR-RELIANCE-AND-DISNEY-ANNOUNCE-STRATEGIC-JOINT-VENTURE.pdf.

4 NCLT approves mega merger between Reliance's Viacom18 and Disney's Star India, accessible at: https://www.barandbench.com/news/nclt-approves-reliances-viacom18-and-disneys-star-india-merger.

5 Competition watchdog CCI approves Disney, RIL-owned Viacom18's $8.5-bn merger, accessible at: https://www.livemint.com/companies/news/cci-gives-nod-to-70-350-crore-reliance-disney-india-merger-11724845504342.html.

6 NCLT approval of Scheme (CA (CAA)/64/MB-IV/2024), accessible at gen_pdf.php (nclt.gov.in).

7 Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015, accessible at: https://www.sebi.gov.in/legal/regulations/feb-2023/securities-and-exchange-board-of-india-listing-obligations-and-disclosure-requirements-regulations-2015-last-amended-on-february-07-2023-_69224.html.

In compliance with this, RIL, by virtue of being part of the scheme of arrangement, submitted a letter to BSE with the press release discussing this Deal.

Schedule III-A of LODR lists documents that must be disclosed based on Regulation 30. The disclosures that are required to be made include critical material information essential for shareholders' informed decision-making.[8] Disclosing the transaction's dependence on regulatory approvals, the timelines required for these approvals, disclosing key managerial personnel in the Deal, forward looking statements for the expected benefits and future prospects along with cautionary language about potential risks and disclosing the names of financial advisors required by the transaction are all required according to LODR Regulations.[9]

The disclosure to NSE and BSE about the press release announcement of the Deal meets several of these requirements. It provides detailed insights into the Deal's structure, financial implications, and strategic rationale. It divulges financial details including RIL's substantial investment of INR 115,000,000 (Indian Rupees One Hundred Fifteen Million) (approx. USD 1.37 million) in the Deal, with a valuation of INR 703,520,000,000 (Indian Rupees Seven Hundred Three Billion Five Hundred Twenty Million) (approx. USD 8.4 billion). It also outlines the expected timeline for completion of the Deal and all the regulatory approvals required, with a projected completion date, and therefore fulfils LODR's requirements to disclose regulatory dependencies and expected timelines.[10]

The disclosure submitted identifies Mrs. Nita M. Ambani as chairperson and Mr. Uday Shankar as vice chairperson, ensuring clarity on leadership roles and governance practices of SIPL[11]. This disclosure reinforces the commitment to robust corporate governance, a cornerstone of LODR compliance aimed at enhancing shareholder confidence.

The declaration includes forward-looking statements about the Deal's expected benefits and future prospects.[12] This approach ensures that stakeholders are informed about the anticipated outcomes while being mindful of uncertainties that could impact those projections, thereby meeting LODR's requirements for responsible forward-looking disclosures.

Lastly, the declaration fulfils Regulation 30 of LODR by disclosing the names of financial and legal advisors involved in the transaction. Advisors such as Goldman Sachs, Skadden Arps, and others are listed, demonstrating transparency in advisory roles and ensuring compliance with LODR's provisions on disclosing advisory relationships.[13]

In conclusion, RIL being a listed entity and forming an important party to the Deal is compliant with the applicable compliances under the LODR.

---

8 Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015, accessible at: https://www.sebi.gov.in/legal/regulations/feb-2023/securities-and-exchange-board-of-india-listing-obligations-and-disclosure-requirements-regulations-2015-last-amended-on-february-07-2023-_69224.html.

9 Ibid.

10 BSE Deal Disclosure, accessible at ea700929-d4cd-43d9-8d05-a6d2553436e8.pdf (bseindia.com).

11 Ibid.

12 Supra note 10.

13 Supra note 10.

B. Were there any Anti-trust Implications of the Transaction?

The Parties have received the approval from CCI with certain modifications for the Deal on August 28, 2024. Section 6 of the Competition Act, 2002 mandates that any merger or acquisition that crosses the asset or turnover thresholds of INR 4,500,000,000 (Indian Rupees Four Billion Five Hundred Million) (approx. USD 5,36,63,715) and INR 12,500,000,000 (Indian Rupees Twelve Billion Five Hundred Million) (approx. USD 14,90,65,875) respectively, should be notified to CCI to ensure that it does not adversely affect market practices, balance and competition.[14]

The Parties had notified the CCI[15] for crossing the above-mentioned thresholds in furtherance of the anticipated Deal consummation and have received approval for the same, subject to certain modifications, which have not been made public yet.

To facilitate the assessment of the Deal by CCI, the Parties had identified several key markets where horizontal overlaps were significant such as licensing of audio-visual content rights, distribution of broadcast TV channels, provision of audio-visual content, and supply of advertising space in India. RIL had separately stated that the Deal would not cause any adverse effect in the market.

14 The Competition Act, 2002, accessible at: https://www.cci.gov.in/images/legalframeworkact/en/the-competition-act-20021652103427.pdf.

15 Reliance Industries seeks CCI approval for Viacom18-Star India merger, accessible at: https://www.thehindu.com/business/Industry/reliance-industries-seeks-cci-approval-for-viacom18-star-india-merger/article68214777.ece.

I. Anti-trust Concerns

The proposed Deal had raised several antitrust concerns under the scrutiny of CCI. The main areas of concern were[16] :

1. Market Dominance

- **TV Viewership Market:** SIPL is expected to control approx. 40% (forty percent) of India's TV viewership for advertising and a 42% (forty two percent) of the total TV market share.[17] This substantial market share raises concerns about potential market dominance, which could reduce competition and limit the diversity of content available to consumers.
- **OTT Market:** The Deal would also significantly strengthen SIPL's presence in the OTT streaming market by taking control of approx. 34% (thirty four percent) of the total OTT market share[18], potentially limiting competition and consumer choice in this fast-growing sector.
- **Potential Significant Control:** One major area of focus for the CCI was the potential market dominance that SIPL would wield, post consummation of the Deal. By combining their assets, RIL and Disney will establish significant control across the entire broadcasting value chain, which includes content production, aggregation, broadcasting, and distribution. Both companies currently control a substantial portion of the TV channel market, including a dominant share in general entertainment channels across multiple languages such as Hindi, Marathi, and Bengali.[19] This consolidation raises red flags because SIPL will have the ability to influence market dynamics and potentially engage in anti-competitive practices.

2. Advertising Market

- SIPL is projected to capture around 40% (forty percent) of the TV advertising market and a substantial share of the OTT advertising market.[20] Such concentration could lead to higher advertising rates, with fewer alternatives available to advertisers, thereby potentially harming smaller competitors and advertisers.

3. Cricket Broadcasting Rights

- Control over Major Sports Content: Both Disney and RIL currently hold significant cricket broadcasting rights, including for IPL by RIL and ICC for Disney. The Deal raises concerns about excessive control over this lucrative segment, which could impact competition in sports broadcasting.
- Potential for Market Power: CCI was particularly concerned about the potential market power SIPL could wield over cricket broadcasting in the interim period before the rights expire in 2027 for Disney and 2028 for RIL.

---

16 Reliance Industries, Disney start antitrust diligence on media merger: Report, accessible at: https://www.businesstoday.in/latest/corporate/story/reliance-industries-disney-start-antitrust-diligence-on-media-merger-report-411900-2024-01-04.

17 What does CCI's anti-trust clearance mean for Disney-RIL merger?, accessible at: https://www.exchange4media.com/media-tv-news/what-does-anti-trust-clearance-mean-for-the-disney-ril-merger-134737.html.

18 Ibid.

19 https://www.financialexpress.com/business/brandwagon-disney-reliance-how-media-landscape-will-change-with-mega-merger-3408636/ Disney-Reliance: How media landscape will change with mega merger, accessible at https://www.financialexpress.com/business/brandwagon-disney-reliance-how-media-landscape-will-change-with-mega-merger-3408636/.

20 What does CCI's anti-trust clearance mean for Disney-RIL merger?, accessible at: https://www.exchange4media.com/media-tv-news/what-does-anti-trust-clearance-mean-for-the-disney-ril-merger-134737.html.

4. Barriers to Entry

- The combined market power of Disney and RIL could create significant barriers to entry for new players in the media and entertainment sector. This might stifle innovation and reduce the competitive pressure on SIPL to improve its offerings.

5. Impact on Consumers and Competitors

- Consumer Choice: There were concerns that the Deal could limit the diversity of content available to consumers, as SIPL might prioritize its own content over competitors'. This could lead to homogenization of available content and reduce consumer choice.
- Competitor Viability: Smaller media companies and new entrants might find it difficult to compete with SIPL's extensive resources and market reach, potentially leading to a less competitive marketplace.

II. Arguments Presented

In their confidential submission to the CCI in May 2024, the Parties presented several arguments to mitigate concerns about potential anti-competitive effects of their proposed Deal. The key points from the submission include[21]:

1. Cricket Broadcasting Rights Expiration:

RIL and Disney emphasized that the broadcasting rights for major cricket events, which both companies currently hold, will expire in 2027 for Disney and 2028 for RIL. They argued that the expiration of these rights will open up opportunities for other competitors to bid for these lucrative rights. This point was made to assure the CCI that SIPL will not have a permanent monopoly over cricket broadcasting in India.[22]

The Parties highlighted that the current cricket broadcasting rights were acquired through a competitive bidding process. They suggested that this process would continue in the future, ensuring that other players in the market have a fair chance to compete for these rights. This argument was aimed at demonstrating that the Deal would not hinder competition in the long run.

2. Impact on Advertisers:

RIL and Disney argued that advertisers would still be able to effectively target audiences, even post the fulfilment of the Deal. The argument offered was that that SIPL's control over broadcasting would not prevent advertisers from reaching their desired audience, thus maintaining a competitive advertising market. This point was crucial in addressing concerns that the Deal could lead to higher advertising rates and less choice for advertisers.

---

21 Reliance And Disney Seek Antitrust Clearance For Their $8.5 Billion Mega-Merger Deal, accessible at: https://business.outlookindia.com/corporate/reliance-industries-walt-disney-85-billion-deal-competition-commission-of-india.

22 Reliance-Disney Merger: Why has the CCI Raised Objections Over Cricket Broadcasting Rights, accessible at: https://www.outlookbusiness.com/explainers/reliance-disney-merger-why-has-the-cci-raised-objections-over-cricket-broadcasting-rights.

III. Analysis

The Deal raised significant competition law issues that were to be carefully analysed by CCI. This involved defining the relevant markets, both in terms of product (media and entertainment, telecommunications, and retail) and geography (primarily India, but also internationally due to Disney's global presence). The market concentration and dominance of SIPL has to be assessed through market share analysis and the Herfindahl-Hirschman Index (HHI) to quantify changes in market concentration. High combined market shares and a significant increase in HHI would indicate potential dominance and reduced competition. The analysis would also consider potential barriers to entry, vertical integration concerns, and the likelihood of exclusionary practices that could harm competitors.[23] The CCI would have scrutinized the Deal for its impact on competition and consumer welfare, potentially imposing conditions or requiring divestitures to mitigate anti-competitive effects.

The CCI's scrutiny also extends to the vertical integration and overall market control that SIPL would possess. Both RIL and Disney have a presence across the entire broadcasting value chain, which includes not only content production and distribution but also advertising. The CCI would also have evaluated whether this vertical integration could lead to discriminatory practices against downstream partners, such as distribution platform operators and advertisers[24].

IV. Current Status

On July 22, 2024, the Deal entered an intense phase of antitrust scrutiny by the CCI. The CCI had issued approx. 100 (one hundred) detailed queries to both companies, focusing on various aspects of the Deal to evaluate its potential impact on competition in the Indian media and entertainment sector.[25] Majority of the queries revolve around three major focus areas which include CCI's analysis of market dominance by SIPL, substantial control of the advertising market as well as the potential control issues around cricket broadcasting rights.[26]

Based on the market analysis of the CCI action on the Deal and the recently failed merger of Zee and Sony (**"Zee-Sony merger"**), there were speculations that like the Zee-Sony merger, the CCI might order SIPL-Viacom18 to divest its assets in order to reduce the overlap in the relevant market between the Parties.[27]

The CCI had initiated a thorough investigation into the Deal and has subsequently approved the same, subject to certain modifications. Both Disney and RIL had submitted detailed notifications, including a Form 2 filing, to the CCI to highlight the potential competitive impact of the Deal.[28]

23 National Conference on Economics of Competition Law, accessible at: https://www.cci.gov.in/images/economicconference/en/papers-presented-in-2019-conference1652335560.pdf.

24 Explainer: Disney-Reliance Media Mega-Merger Faces Antitrust Scrutiny, available at: https://www.legalbusinessonline.com/features/explainer-disney-reliance-media-mega-merger-faces-antitrust-scrutiny.

25 India sends 100 antitrust queries for Reliance, Disney $8.5 billion merger, sources say, accessible at: https://www.reuters.com/markets/deals/india-sends-100-antitrust-queries-reliance-disney-85-bln-merger-sources-say-2024-07-22/#:~:text=NEW%20DELHI%2C%20July%2022%20(Reuters,deal%2C%20two%20sources%20told%20Reuters.

26 India sends 100 antitrust queries for Reliance, Disney $8.5 billion merger, sources say, accessible at: https://www.reuters.com/markets/deals/india-sends-100-antitrust-queries-reliance-disney-85-bln-merger-sources-say-2024-07-22/.

27 Viacom18, Star India expect to complete merger by October, accessible at: https://mnacritique.mergersindia.com/news/viacom18-star-india-expect-to-complete-merger-by-october/.

28 Reliance-Disney Merger May Take Longer Pending CCI Inquiry, accessible at: https://bricscompetition.org/en/news/reliance-disney-merger-may-take-longer-pending-cci-inquiry.

The regulatory scrutiny was focused on various aspects, including market share, potential barriers to entry for new competitors, and the overall impact on consumer welfare.[29]

CCI approved the Deal on August 28, 2024. The approval came with some scrutiny and modifications, particularly due to concerns about the potential impact on competition in the market, especially regarding the control over cricket broadcasting rights. The approval was granted with the requirement that the companies adhere to certain modifications to address these competition concerns. However, the specific details of these modifications have not been disclosed publicly. The Deal is expected to be completed by the end of 2024 or early 2025.

C. Why was the NCLT Approval Required?

According to Sections 230 to 232 of the Act, any scheme of arrangement, which includes mergers, demergers, and amalgamations, must be approved by the NCLT. These sections outline the procedural framework and legal requirements for restructuring, ensuring that the demerger adheres to the legal mandates and does not infringe on the rights of shareholders, creditors, or other stakeholders. NCLT's approval is essential to give legal force to the demerger scheme. Since the V18 Undertaking is being demerged and then transferred to SIPL, procuring NCLT's approval was mandatory.

One of the core responsibilities of the NCLT in approving such schemes is to ensure that the interests of stakeholders are adequately protected, particularly under Section 232(3), which requires that all creditors and shareholders are informed and given the opportunity to voice any objections. In the context of the Deal, NCLT ensured that the division of assets, liabilities, and operational units is carried out fairly, and the scheme complies with the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016.

Moreover, the NCLT's sanction under Section 232(6) is necessary for the legal transfer of assets, liabilities, and undertakings from one entity to another in a demerger. Without NCLT approval, the transfer would lack legal standing, and the new entity would not hold legal title over the transferred assets.

Upon receiving the application from the Parties, the NCLT ordered meetings of shareholders and creditors, who approved the scheme by a majority. Additionally, pursuant to the directions issued by NCLT, notices were sent to regulatory bodies such as the concerned ROC, and the concerned Income Tax Department for their inputs. The companies complied with all requirements as per directions of the NCLT and filed all the necessary affidavits of compliance before the NCLT. Ultimately, the NCLT, Mumbai Bench sanctioned the Scheme on August 30, 2024.

D. Were there any other Approvals Required?

Although prior approval for the Scheme is not required from the MIB, the approval from MIB is necessary for transferring TV channels from Digital18 to SIPL. As per paragraph 32 of the MIB Guidelines, a TV channel can be transferred by a company only after procuring the approval of MIB.[30]

29 Disney, Reliance start antitrust diligence on media merger deal: Report, accessible at: https://www.indiatoday.in/business/story/reliance-disney-india-operations-merger-deal-antitrust-diligence-process-begins-2484313-2024-01-04.

30 Paragraph 32, the Guidelines for Uplinking and Downlinking of Satellite Television Channels in India, 2022, accessible at: https://static.pib.gov.in/WriteReadData/specificdocs/documents/2022/nov/doc2022119122101.pdf.

In case of a demerger, the approval of MIB is subject to the company filing the scheme of demerger approved by NCLT/ court.

The transfer of channels from one entity to another entity is subject to the following conditions:

i. The new entity being eligible under the MIB Guidelines, including the entity and the directors being security cleared;

ii. The new entity undertaking al the terms and conditions applicable to the earlier entity; and

iii. The earlier entity is not transferring the channel within 1 (one) year from the date of operationalization of the channel.

If the entity fails to take the permission of MIB prior to transfer of the channels, the permission provided to the earlier entity can be suspended or cancelled.[31]

On September 27, 2024, MIB has approved the transfer of licenses relating to non news and current affairs TV channels from Viacom18 to SIPL, subject to conditions laid down by the CCI.[32]

31 Paragraph 25 (1) (xii), the Guidelines for Uplinking and Downlinking of Satellite Television Channels in India, 2022, accessible at: https://static.pib.gov.in/WriteReadData/specificdocs/documents/2022/nov/doc2022119122101.pdf.

32 Media Release, accessible at: https://nsearchives.nseindia.com/corporate/RELIANCE_28092024165613_RIL_SELETTER.pdf.

Tax Considerations

A. What are the Tax Considerations in the Deal at each Juncture?

Step 1 and Step 2

A slump sale is defined under the ITA as transfer of one or more undertaking(s) by any means for a lump sum consideration, without assigning values to the individual assets and liabilities of the undertaking.[1] 'Undertaking' has been defined to include an undertaking, or a unit or a division of an undertaking or business activity taken as a whole. However, undertaking does not mean a combination of individual assets which would not constitute a business activity in itself.[2]

The transfer of an undertaking would result in capital gains from such transfer. The taxable 'gains' in case of a slump sale are computed as the difference between the full value of consideration and the net worth of the business undertaking, as opposed to the underlying cost of acquisition of each asset.[3] The 'net worth' of the undertaking shall be determined by calculating the difference between the aggregate value of total assets and aggregate value of total liabilities as per the books of accounts of the seller. For the purposes of computation, the full value of consideration is deemed to be the FMV of the undertaking to be determined as per the prescribed rules.

For the purpose of such calculation, the aggregate value of total assets is:

- in the case of depreciable assets, the written down value of the block of assets determined in accordance with the ITA;
- in the case of capital asset being goodwill of a business or profession, which has not been acquired by the assessee by purchase from a previous owner, nil;
- in the case of capital assets in respect of which the whole of the expenditure has been allowed or is allowable as a deduction under Section 35AD, nil; and
- in the case of other assets, the book value of such assets.

If the undertaking which is being sold under slump sale was held by the transferor Indian company for more than 36 (thirty six) months, the capital gains realized on such sale would be taxed as long-term capital gains **("LTCG")**, i.e., at the rate of 12.5% (twelve point five percent) (exclusive of surcharge and education cess). If, however, the undertaking was held for 36 (thirty six) months or less by the transferor Indian company, the capital gains realized would be taxed as short-term capital gains, i.e., at the rate of 20% (twenty percent) (exclusive of surcharge and education cess).

In the case at hand, the transfer of the Media Operations Undertaking and the Jio Cinema Undertaking to Digital18 would constitute a slump sale under the ITA. The gains derived from the respective transfers would be taxed as LTCG at the rate of 12.5% (twelve point five percent) (exclusive of surcharge and cess).

1 Section 2(42C) of the ITA.

2 Explanation 1 to Section 2 (19AA) of the ITA.

3 Section 50B of the ITA.

The taxable gains would be determined by calculating the difference between the FMV of the Media Operations Undertaking or the Jio Cinema Undertaking, as the case may be, and the net worth of the respective undertakings.

Step 3

The term 'demerger' in relation to companies is defined in Section 2(19AA) of the ITA to mean the transfer, pursuant to a scheme of arrangement under the provisions of CA 2013 by a demerged company of its one or more undertakings, to any resulting company, in such a manner that:

- All the property of the undertaking, being transferred by the demerged company, immediately before the demerger becomes the property of the resulting company by virtue of the demerger;
- All the liabilities relatable to the undertaking, being transferred by the demerged company, immediately before the demerger, become the liabilities of the resulting company by virtue of the demerger;
- The resulting company issues, in consideration of the demerger, its shares to the shareholders of the demerged company on a proportionate basis;
- The shareholders holding not less than 3/4ths in value of the shares in the demerged company (other than shares already held therein immediately before the demerger, or by a nominee for, the resulting company or its subsidiary) become shareholders of the resulting company(ies) by virtue of the demerger, otherwise than as a result of the acquisition of the property or assets of the demerged company or any undertaking thereof by the resulting company;
- The transfer of the undertaking is on a going concern basis;
- The demerger is in accordance with the conditions, if any, notified under sub - section (5) of Section 72A by the Central Government in this behalf.

Section 2(19AAA) of the ITA defines the term 'demerged company' to mean a company, whose undertaking is transferred, pursuant to a demerger, to a resulting company. Section 2(41A) defines a 'resulting company' to mean one or more companies (including a wholly owned subsidiary thereof) to which the undertaking of the demerged company is transferred in a demerger and, the resulting company in consideration of such transfer of undertaking, issues shares to the shareholders of the demerged company.

The ITA contains certain tax beneficial provisions in the case of a demerger. If the demerger fulfills the conditions listed above, the transfer of assets by the demerged company to a resulting company, which must be an Indian company, is exempted from capital gains tax under Section 47(vib) of the ITA.

In the case at hand, the demerger of V18 Undertaking from Digital18 to SIPL would be considered as a demerger under Section 2(19AA) of the ITA due to the following reasons:

i. All properties of the in respect of V18 Undertaking of Digital18 would become the properties of SIPL;

ii. All liabilities of the V18 Undertaking of Digital18 would become the liabilities of SIPL;

iii. The shareholders of Digital18 whose names are in the register of members as a member, that is, all the shareholders of Digital18, would become the shareholders of SIPL.

Further, since the only consideration that the shareholders of Digital18 would receive are the allotment of shares in SIPL, an Indian company, the conditions under Section 47 in relation to receiving an exemption are fulfilled. Hence, the transaction would be considered as a tax neutral transaction, thereby exempting Digital18 and its shareholders from taxation.

Epilogue

The impending alliance between Disney and RIL represents a monumental shift in India's M&E landscape, poised to redefine industry dynamics on a global scale. By combining Disney's unparalleled content library and international expertise with RIL's extensive market reach and strategic vision, the Deal aims to create a powerhouse capable of delivering a comprehensive entertainment experience across television, digital streaming, sports, and original content.

This strategic alignment not only consolidates a formidable array of media assets but also leverages synergies to enhance operational efficiencies and consumer engagement. With a shared commitment to innovation and quality, SIPL is set to set new benchmarks in content creation, distribution, and technological integration. This Deal will strengthen the companies' foothold in traditional media and will position them at the forefront of India's rapidly expanding digital entertainment landscape.

Furthermore, post the completion of the Deal, SIPL's robust portfolio, encompassing several TV channels and multiple OTT platforms including Disney+ Hotstar and JioCinema, promises to cater to diverse audience preferences and regional tastes across the subcontinent. This scale and diversity will enable SIPL to capture significant market share and drive growth in advertising revenues, particularly in sports and premium content segments.

As regulatory approvals and stakeholder consents progress, the Deal is poised to usher in a new era of entertainment consumption in India, characterized by seamless access to a wealth of entertainment options. Beyond immediate market consolidation, the Deal is expected to stimulate competition, innovation, and investment in India's media sector, ultimately benefiting consumers and stakeholders alike.

In summary, the RIL-Disney Deal represents not just a business transaction but a transformative step towards shaping the future of entertainment in one of the world's largest and fastest-growing markets. With a bold vision and complementary strengths, the joint venture is well-positioned to lead and innovate in the dynamic and ever-evolving media and entertainment industry landscape.

We have always taken initiatives to provide updates and analysis on the latest legal developments. M&A Lab is one such initiative which provides insight and analysis of the latest M&A deals. We believe in knowledge sharing and hence would appreciate any feedback or comment. Feel free to direct your comments/views on this Lab to **concierge@nishithdesai.com**.

About NDA

At Nishith Desai Associates, we have earned the reputation of being Asia's most Innovative Law Firm — and the go-to specialists for companies around the world, looking to conduct businesses in India and for Indian companies considering business expansion abroad. In fact, we have conceptualized and created a state-of-the-art Blue Sky Thinking and Research Campus, Imaginarium Aligunjan, an international institution dedicated to designing a premeditated future with an embedded strategic foresight capability.

We are a research and strategy driven international firm with offices in Mumbai, Palo Alto (Silicon Valley), Bengaluru, Singapore, New Delhi, Munich, and New York. Our team comprises of specialists who provide strategic advice on legal, regulatory, and tax related matters in an integrated manner basis key insights carefully culled from the allied industries.

As an active participant in shaping India's regulatory environment, we at NDA, have the expertise and more importantly — the VISION — to navigate its complexities. Our ongoing endeavors in conducting and facilitating original research in emerging areas of law has helped us develop unparalleled proficiency to anticipate legal obstacles, mitigate potential risks and identify new opportunities for our clients on a global scale. Simply put, for conglomerates looking to conduct business in the subcontinent, NDA takes the uncertainty out of new frontiers.

As a firm of doyens, we pride ourselves in working with select clients within select verticals on complex matters. Our forte lies in providing innovative and strategic advice in futuristic areas of law such as those relating to Blockchain and virtual currencies, Internet of Things (IOT), Aviation, Artificial Intelligence, Privatization of Outer Space, Drones, Robotics, Virtual Reality, Ed-Tech, Med-Tech and Medical Devices and Nanotechnology with our key clientele comprising of marquee Fortune 500 corporations.

The firm has been consistently ranked as one of the Most Innovative Law Firms, across the globe. In fact, NDA has been the proud recipient of the Financial Times–RSG award 4 times in a row, (2014-2017) as the Most Innovative Indian Law Firm.

We are a trust based, non-hierarchical, democratic organization that leverages research and knowledge to deliver extraordinary value to our clients. Datum, our unique employer proposition has been developed into a global case study, aptly titled 'Management by Trust in a Democratic Enterprise,' published by John Wiley & Sons, USA.

Research@NDA

Research is the DNA of NDA. In early 1980s, our firm emerged from an extensive, and then pioneering, research by Nishith M. Desai on the taxation of cross-border transactions. The research book written by him provided the foundation for our international tax practice. Since then, we have relied upon research to be the cornerstone of our practice development. Today, research is fully ingrained in the firm's culture.

Over the years, we have produced some outstanding research papers, reports and articles. Almost on a daily basis, we analyze and offer our perspective on latest legal developments through our "Hotlines". These Hotlines provide immediate awareness and quick reference, and have been eagerly received. We also provide expanded commentary on issues through detailed articles for publication in newspapers and periodicals for dissemination to wider audience. Our NDA Labs dissect and analyze a published, distinctive legal transaction using multiple lenses and offer various perspectives, including some even overlooked by the executors of the transaction. We regularly write extensive research papers and disseminate them through our website. Our ThinkTank discourses on Taxation of eCommerce, Arbitration, and Direct Tax Code have been widely acknowledged.

As we continue to grow through our research-based approach, we now have established an exclusive four-acre, state-of-the-art research center, just a 45-minute ferry ride from Mumbai but in the middle of verdant hills of reclusive Alibaug-Raigadh district. Imaginarium AliGunjan is a platform for creative thinking; an apolitical ecosystem that connects multi-disciplinary threads of ideas, innovation and imagination. Designed to inspire 'blue sky' thinking, research, exploration and synthesis, reflections and communication, it aims to bring in wholeness — that leads to answers to the biggest challenges of our time and beyond. It seeks to be a bridge that connects the futuristic advancements of diverse disciplines. It offers a space, both virtually and literally, for integration and synthesis of knowhow and innovation from various streams and serves as a dais to internationally renowned professionals to share their expertise and experience with our associates and select clients.

We would love to hear from you about any suggestions you may have on our research publications.
Please feel free to contact us at **research@nishithdesai.com**.

M&A labs

Extensive knowledge gained through our original research is a source of our expertise.

December 2023

M&A Lab

Digital Dominion:Blackstone's Bold Acquisition of R Systems

May 2023

M&A Lab

Adani's Hostile Takeover of NDTV

August 2022

M&A Lab

ADANI – HOLCIM: Cementing the Future!

August 2022

M&A Lab

HDFC – HDFC Bank: Merger of Giant HDFC Twins!

August 2022

M&A Lab

PVR – INOX: Biggest Blockbuster at Box Office!

For more research papers **click here**.

Nishith Desai Associates
LEGAL AND TAX COUNSELING WORLDWIDE

MUMBAI

93 B, Mittal Court, Nariman Point
Mumbai 400 021, India

Tel +91 22 6669 5000

SILICON VALLEY

220 S California Ave., Suite 201
Palo Alto, California 94306, USA

Tel +1 650 325 7100

BENGALURU

Prestige Loka, G01, 7/1 Brunton Rd
Bengaluru 560 025, India

Tel +91 80 6693 5000

SINGAPORE

Level 24, CapitaGreen
138 Market St
Singapore 048 946

Tel +65 6550 9855

MUMBAI BKC

3, North Avenue, Maker Maxity
Bandra–Kurla Complex
Mumbai 400 051, India

Tel +91 22 6159 5000

NEW DELHI

13-H, Hansalaya Building, 15
Barakhamba Road, Connaught Place
New Delhi 110 001, India

Tel +91 11 4906 5000

NEW YORK

1185 6th Avenue, Suite 326
New York, NY 10036, USA

Tel +1 212 464 7050

GIFT CITY

408, 4th Floor, Pragya Towers
GIFT City, Gandhinagar
Gujarat 382 355, India

M&A LAB

Reliance - Disney: The Grand Ambani Wedding of the Media World

concierge@nishithdesai.com