
THE POWER PLAY: DISNEY AND RIL FORGE A NEW ERA IN THE INDIAN MEDIA

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ABSTRACT

The article sheds light on the game-changing merger of Disney and Reliance Industries Limited (RIL), that redefines the Indian media and entertainment industry. Disney has been grappling with challenges in the Indian market, characterized by dwindling user base and advertisement revenues post-RIL's acquisition of IPL streaming rights, which resulted in a court-sanctioned Joint Venture with RIL. "It represents one of the biggest media deals that combine 120 channels and a value of RS 70,352 crore (US \$8.5 billion), making it one of the largest in the world." As RIL controls the joint venture, Disney reaps the rewards of higher profitability, along with a strong streaming platform. This merger gives RIL and Disney the power to take on market monopolies; it puts them as competitive players against Zee Entertainment and its rival Sony. The new entity is called Star India Private Limited (SIPL) and will have charge over big sports assets — IPL, world cricket events — and become the heartbeat of the media and sports sectors. It also underscores how both the merger and regulatory approval are of strategic importance and will change the face of the Indian media landscape significantly.

Disney helped bust the myth that “all foreign companies thrive in the Indian markets.” Disney started fiscally bleeding ever since Viacom18 (the parent company being Reliance Industries Limited [RIL]) acquired the IPL rights for the 2023–27 seasons for an astounding Rs 23,758

crore.¹ Compared to when Disney Hotstar held the rights, users could only stream matches with a special subscription, whereas when Reliance Industries acquired the Indian Premier League (IPL) rights, it streamed the 2023 edition of the cricket IPL for free through the JioCinema app. The subscriptions to Disney started declining from 57.5 million to 38.3 million. This change also led to a huge advertisement decline for Disney and an incline for RIL in terms of advertisement revenue. This led to the major downfall of Disney Hotstar, as

IPL streaming was their majority streaming². RIL also streamed the FIFA World Cup of 2023, which led to a significant rise in their viewership. In mid-2023, talks began about Reliance acquiring Disney, approximately a year after RIL acquired the IPL rights. As Disney could no longer attain its targeted profits³, it decided to join hands with Reliance Industries to keep their business afloat through a court-approved scheme of agreement⁴ (it's when a company can reconstruct its capital, assets, or liabilities with the approval of its shareholders and the court).

Disney acquired Star India in 2019 after acquiring 21st Century Fox, its parent company, for \$71 billion. The joint venture between Viacom18 and Star India, with their parent companies being Reliance Industries Limited and Disney Star, took place on February 28, 2024⁵. The details of the acquisition are that RIL controls the joint venture with 16.34%, Viacom18 at 46.82%, Disney at 36.84%, and Nita M. Ambani chairs the JV, with Uday Shankar as vice chairperson, steering strategic guidance. The entire merger is valued at Rs 70,352 crore⁶ (US \$8.5 billion).

¹ IPL India cricket: Disney's Reliance merger is a streaming wars win," CNBC (Feb. 29, 2024),

<https://www.cnbc.com/2024/02/29/ipl-india-cricket-disneys-reliance-merger-is-a-streaming-wars-win.html>.

² Reliance-Disney merger will drive consolidation, value for India's streaming market," The Hindu Business Line (Dec. 28, 2024), <https://www.thehindubusinessline.com/info-tech/reliance-disney-merger-will-drive-consolidation-value-for-indias-streaming-market/article67898790.ece>

³ Cailey Gleeson, What We Know About the \$8.5 Billion Disney Merger with Reliance in India, Forbes (Feb. 28, 2024), <https://www.forbes.com/sites/caileygleeson/2024/02/28/what-we-know-about-the-85-billion-disney-merger-with-reliance-in-india/?sh=4a1fc4247e51>

⁴ Scheme of Arrangement, Harper James Solicitors (n.d.), <https://harperjames.co.uk/article/scheme-of-arrangement/>

⁵ @RIL_Updates, Post, X (Dec. 28, 2024, 3:45 PM), https://x.com/RIL_Updates/status/1762838432521613665

⁶ All You Need to Know About the Reliance-Disney Merger," afaqs! (n.d.), <https://www.afaqs.com/news/media/all-you-need-to-know-about-the-reliance-disney-merger#bypass-sw>.

RIL has agreed to invest Rs 11,500 crore (~US\$ 1.4 billion) into the joint venture for further growth and increasing its profits with a new strategy, and in return, Disney may also contribute certain additional media assets to the joint venture⁷.

The merger is not only a huge financial gain, but it also brings together 120 channels, which will now be streaming all together on one platform. It will also be one of the largest sports streaming platforms, and it will simultaneously create one of the world's largest media ventures. Through this deal, Disney is also being granted a licence for more than 30,000 content assets⁸.

The joint venture is also one of India's largest media and entertainment companies which made a combined revenue of approximately ₹26,000 crore (~\$3.1 billion) for the fiscal year which ended March 2024.

While this is a huge growth for RIL and Disney, media houses like Zee Entertainment Enterprises and Sony will face a major fall through of 16–17 percent of viewership share, and Sony, with an 8–10 percent share, will individually compete with a dominant player with a 40–plus percent linear share⁹. One can't help but wonder if this merger is creating synergy. In September 2021, Zee announced that its board of directors had unanimously given in-principle approval for the company's merger with Sony Pictures Networks India (SPNI). Time after Sebi's interim order barred Essel Group's Subhash Chandra and Punit Goenka from Zee's top roles for alleged money diversion¹⁰, disrupting plans for Goenka to lead the Sony-Zee merger as CEO, prompting Sony's withdrawal from the deal amid legal proceedings. The deal fell through in 2024¹¹, and it also put Zee into more difficulties with the RIL merger with Disney. Both media houses will be facing tremendous competition from Viacom18 and Star India. With

⁷ Reliance, Disney Announce \$8.5bn Merger to Create Indian Media Powerhouse," Al Jazeera (Feb. 29, 2024), <https://www.aljazeera.com/news/2024/2/29/reliance-disney-announce-8-5bn-merger-to-create-indian-media-powerhouse#:~:text=The%20merger%20values%20the%20India,on%20a%20post%2Dmoney%20basis>.

⁸ Ambani's Reliance-Disney Merger," Rest of World (2024), <https://restofworld.org/2024/ambani-reliance-disney-merger/>

⁹ Sony Ditches Tie-Up with India's Zee," Al Jazeera (Jan. 22, 2024), https://www.aljazeera.com/news/2024/1/22/sony-ditches-tie-up-with-indias-zee?traffic_source=KeepReading

¹⁰ SEBI to Question Subhash Chandra, Punit Goenka on Fund Diversion: Report," Business Standard (Feb. 22, 2024), https://www.business-standard.com/companies/news/sebi-to-question-subhash-chandra-punit-goenka-on-fund-diversion-report-124022200237_1.html.

¹¹ Britannia Industries Eyes Double-Digit Sales Volume Growth in FY25," Mint (Dec. 28, 2024), <https://www.livemint.com/companies/britannia-industries-eyes-double-digit-sales-volume-growth-in-fy25-11714997525932.html>

the merger being successful, it creates a dominant position in the market for both RIL and Disney, creating a monopoly.

This gigantic media powerhouse was also approved by India's antitrust regulator, the Competition Commission of India. Besides the CCI, antitrust authorities in the EU, China, Turkey, South Korea, and Ukraine have also approved the transaction. The merger was also approved by the National Company Law Tribunal (NCLT) and the Ministry of Information and Broadcasting (I&B)¹².

This particular merger also makes one wonder if it was a genuine acquisition or a strategic move. The majority of Disney viewership and profit arises from streaming IPL, but keeping that aside, Disney Hotstar didn't hit its profit margins through movies and web series. IPL was its main source of income; however, through this particular merger, Disney made way more money than it did before the merger¹³. This way, RIL gets the rights to stream one of the biggest sports in India and the country, and Disney gets a merger and makes way more profit than it initially did.

¹⁴After six arduous years, on Thursday, November 14, the Reliance Disney merger ultimately created a joint venture worth ₹70,532 crore (\$8.5 billion). After Viacom18's media and JioCinema companies merged, the new company will be formally known as "Star India Private Limited (SIPL)." Three CEOs will be in charge of this entertainment behemoth. Kiran Mani, a former Google executive, will lead the digital company. The chief executive of Viacom 18 Media, owned by Reliance, Kevin Vaz, will head the entertainment sector. The sports department of the JV will be led by Sanjog Gupta, who currently oversees sports for Disney's Indian media activities.

Nonetheless, as Mr. Mukesh Ambani himself said, "This is a landmark agreement that heralds a new era in the Indian entertainment industry."¹⁵ This is a great milestone for India's

¹² Reliance, Disney Seal \$8.5 Billion Deal to Create Media Giant," 5paisa (n.d.), <https://www.5paisa.com/news/reliance-disney-seal-85-billion-deal-to-create-media-giant>.

¹³ Bhavin Shah, From the Boardroom to the Trenches...and Back: A 4-Point Plan for JV Success, LinkedIn (n.d.), <https://www.linkedin.com/pulse/from-boardroom-trenchesand-back-4-point-plan-jv-bhavin-shah-tczmf/>.

¹⁴ RIL, Viacom18, and Disney Complete Merger to Create a ₹70,352 Cr JV," The Economic Times (n.d.), <https://economictimes.indiatimes.com/industry/media/entertainment/media/ril-viacom18-and-disney-complete-merger-to-create-a-rs-70352-cr-jv/articleshow/115299610.cms?from=mdr>

¹⁵ @KShriniwasRao, Post, X (Dec. 28, 2024, 5:00 PM), <https://x.com/KShriniwasRao/status/1763139030055813333>

entertainment sector and the sports sector, as this joint venture, will also become the biggest player in sports, holding rights to marquee cricket properties like the ¹⁶Indian Premier League (IPL), International Cricket Council (ICC) rights for men and women global events, and BCCI's India bilateral matches across TV and digital platforms. It will also own other sports assets such as the Pro Kabaddi League, Indian Super League, English Premier League, NBA, and the Olympics.

¹⁶ Reliance-Disney Merger: An Entertainment Juggernaut Emerges," Business Today (Feb. 26, 2024), <https://www.businesstoday.in/latest/corporate/story/reliance-disney-merger-an-entertainment-juggernaut-emerges-419003-2024-02-26>