
THE RISE OF MERGERS AND ACQUISITIONS IN THE ENTERTAINMENT INDUSTRY: INDIA'S LEGAL LANDSCAPE AND GLOBAL PERSPECTIVES

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ABSTRACT

The entertainment industry has witnessed a shocking increase in the rise of mergers and acquisitions in recent times specifically in the last few years. From a more fragmented, platform-specific environment there has been a shift to a more concentrated ecosystem dominated by large conglomerates. Just last year, we saw the mega merger of Reliance and Disney which led to a 8.5 billion dollar Entertainment Conglomerate. Such mergers and acquisitions could be seen as a way of creating a monopoly and devouring smaller companies, thus reducing competition and diversity. However, the same is not entirely true, as will be justified in the paper. The changing mode of entertainment, especially since the advent of COVID-19, has heavily impacted the development of streaming platforms and this change has also contributed to the need for mergers and acquisitions. This paper will explain the same in detail. It will also highlight the legal framework surrounding mergers and acquisitions in India, case studies of major entertainment industry mergers and a glance at the popular Hollywood mergers.

RISE OF MEDIA MERGERS

The recent spike in entertainment mergers is not something coincidental or unplanned, rather it is highly strategic and based on evolution. Spencer and Darwin's '*survival of the fittest*' theory, applies to companies too. To thwart a company from obsolescence, the company must adapt.¹ It must find a way to access the skillset that it does not possess. In the case of the entertainment industry, this can be seen by the divide between traditional media companies and the newer streaming platforms.

The advent of Digitization has brought about many changes in the entertainment industry, with regard to its products, distribution and ownership. This digitization has had many positive as well as negative impacts upon the industry. Let's dive into the positive effects. Firstly, it has made a wider range of media products available at large to the consumers. Earlier consumers only had access to a number of channels and did not have much of a choice with regard to the content on the channel. Further, to watch a movie, one must go to the theatre or buy a CD of the same. Now, consumers have access to an overwhelmingly large number of options for not just movies and TV shows, but music and e-books as well.²

Secondly, it has made content creation and distribution easier. Digitization has led to the dissipation of the barriers to creating movies. Today, anyone with a creative mind can shoot a film and upload it onto Youtube for free or any other platform too. This makes the distribution also easier, it is very easy to spread content today, so much so that becoming an influencer is also considered a full time job. Another benefit of digitization is the reduction of costs involved for the making of the movie, promotion of it and distribution. This reduction in costs catalyses the launch of new movies, songs and other media products.

However, digitization does have ill effects too, it has led to the disruption of various traditional sources of revenue for media companies.³ This in turn has caused the need for mergers and acquisitions. When traditional media companies become primitive, there arises a need for them to evolve, and to do so they use the means of mergers and consolidation. Mergers are also

¹ Lee Yoong Hon, *Is the recent spate of Hollywood mergers a concern? Part 1: the issues at Hand*, 36(4) ENT. L.R. 143,143-148 (2025).

² Joel Waldfogel, *How digitization has created a golden age of music, movies, books and television*, 31, THE JOURNAL OF ECONOMIC PERSPECTIVES 195, 195-214 (2017).

³ *Id.* at 196.

driven by the need to own and control IP, such as the *Disney- 21st Century Fox merger*⁴ which was essentially to own the rights of iconic franchises such as X-Men, Avatar, and The Simpsons.

Traditional media companies include those of Disney, ViacomCBS, Warner Media, Sony, Zee Entertainment, The Times group and so on. Almost all of these are now part of merged entities. Disney has merged with Pixar, 21st Century Fox, Marvel and most recently Reliance. Sony and Zee are also in merger talks but have not yet finalised the same over some governance issues. Warner Media too, is merged with Discovery to create Warner Bros Discovery. All these traditional media companies with their objective of remaining relevant in the high competition have merged with either other traditional media companies or technology companies⁵ such as Apple, Amazon Prime, etc.

Justice DY Chandrachud in *Ion Exchange (India) Ltd. v. Unknown*⁶, highlighted that Corporate restructuring helps businesses adapt to changing times and rising competition. The law should not unnecessarily restrict a company's discretion in this to do the same.

LEGAL FRAMEWORK GOVERNING MERGERS AND ACQUISITIONS IN INDIA

Mergers refer to the fusion or absorption of a company by another, the latter retaining its own name and identity and acquiring assets, liabilities, franchises and the powers of the former and the leading to the absorbed company ceasing to exist as a separate entity.⁷ Mergers and Acquisitions are of many kinds, namely Horizontal, Vertical, Conglomerate, Market Driven and Product Driven. However, we will be emphasising on the first two. Horizontal Mergers are those that occur between two or more companies dealing in the same type of industry. On the other hand, Vertical Mergers are those where firms at different stages of the supply chain merge together. There are several laws in India which regulate such mergers and they are enumerated below:

⁴THE WALT DISNEY COMPANY, <https://thewaltdisneycompany.com/disney-and-21st-century-fox-announce-per-s-hare-value-in-connection-with-71-billion-acquisition/> (last visited, Aug. 9th, 2025).

⁵ Lee Yoong Hon, *Is the recent spate of Hollywood mergers a concern? Part 1: the issues at Hand*, 36(4) ENT. L.R. 143,143-148 (2025).

⁶ *Ion Exchange (India) Ltd. v. Unknown*, (2001) 4 BOM LR 86.

⁷ 27 HALSBURY'S LAWS OF INDIA 415 (LexisNexis Butterworths 2007).

1. Companies Act, 2013:

The old act of 1956 contained only 4 sections with regard to Mergers and Acquisitions. However, the 2013 Act has significantly developed its provisions with regard to M&As. Chapter XV of the 2013 Legislation, especially Sections 230-240 deal with Mergers, Arrangements and Compromises. Under the Act, before a merger or acquisition, the approval of shareholders and regulatory authorities is required.⁸ The 2013 Act also provides for the establishment of NCLT (National Company Law Tribunals)⁹ and NCLAT (National Company Law Appellate Tribunal)¹⁰ to deal with grievances and adjudicate on issues related to companies and in turn, matters relating to Mergers and Acquisitions. It has also introduced new mechanisms like fast track mergers under Section 233¹¹ into the system. It also provides for a merger with a foreign company with the prior approval of the Reserve Bank of India in Section 234¹².

2. Competition Act, 2002:

The Competition Act which replaced the older Monopolies and Restrictive Trade Practices Act of 1969¹³, regulates competition in the market by preventing anti-competitive practices that could lead to market monopolies and devour smaller companies. The Act prohibits the abuse of a dominant position in the market and Anti- Competitive Agreements like agreements between competitors to fix prices, limit production, share markets and so on. It also regulates M&As by examining whether a proposed merger or acquisition could have an adverse effect on the competitiveness of the market. The relevant sections to M&As are Section 3,4,5 and 6 which came in force with the 2011 amendment. They deal with Anti- competitive practices¹⁴, abuse of a dominant position¹⁵, combination¹⁶ and regulation of combination¹⁷ respectively. The 2002 Act also provides for the establishment of the Competition Commission of India which replaced the MRTP Commission¹⁸ to enforce its provisions.

⁸ Companies Act, 2013, § 233, No. 18, Acts of Parliament, 2013 (India).

⁹ Companies Act, 2013, § 408, No. 18, Acts of Parliament, 2013 (India).

¹⁰ Companies Act, 2013, § 410, No. 18, Acts of Parliament, 2013 (India).

¹¹ Companies Act, 2013, § 233, No. 18, Acts of Parliament, 2013 (India).

¹² Companies Act, 2013, § 234, No. 18, Acts of Parliament, 2013 (India).

¹³ 10 HALSBURY LAWS OF INDIA, 16 (LexisNexis Butterworths 2001).

¹⁴ Competition Act, 2002, § 3, No. 12, Acts of Parliament, 2003 (India).

¹⁵ Competition Act, 2002, § 4, No. 12, Acts of Parliament, 2003 (India).

¹⁶ Competition Act, 2002, § 5, No. 12, Acts of Parliament, 2003 (India).

¹⁷ Competition Act, 2002, § 6, No. 12, Acts of Parliament, 2003 (India).

¹⁸ 10 HALSBURY LAWS OF INDIA, 21 (LexisNexis Butterworths 2001).

3. SEBI Regulations:

The Securities and Exchange Board of India Act, 1992, read with its various guidelines, provides for transparency in the M&A ecosystem in India. It requires the firms to disclose all relevant information about the merger to the stock exchange and shareholders.¹⁹ This is to ensure the shareholders have enough information to make informed decisions about their investments. This information ranges from terms and conditions of the merger to the risks or gains associated with it. It also highlights the procedures for obtaining approval from the stock exchanges and the share holders for M&As.

4. Foreign Exchange Management (Cross Border Merger) Regulations, 2018

The Foreign Exchange Management (Cross Border Merger) Regulations, 2018 regulates “Cross-Border Mergers” which refers to an Indian company merging with a foreign one. With the FEMA Regulations 2018, the Reserve Bank of India has streamlined the process for such cross-border mergers. The Act deals with both inbound²⁰ and outbound²¹ mergers wherein the resultant company is Indian and Foreign respectively. It also governs the transactions and sharing of assets and liabilities in a cross border agreement.

5. Indian Contract Act, 1872

The Act also affects M&As as it governs contracts. Contractual obligations are a great part of mergers and the ICA legally binds parties to their promises. It also devises various requirements for a legal contract like an offer, acceptance, consideration, free consent and so on. Mergers involve various contracts like shareholder agreements, minority protections, anti-dilution clauses, pre-emption rights and so on. This has a direct relation to M&As.

THE INTERNATIONAL ANGLE

The rise of media mergers, originated in Hollywood and some of the major mergers as referred to earlier are explained in detail below:

¹⁹ SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Gazette of India, pt. III, sec. 4, Reg 4 (Sept. 2, 2015).

²⁰ Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2017, Gazette of India, pt. III, sec. 4 (Nov. 7, 2017).

²¹ Foreign Exchange Management (Transfer or issue of any Foreign Security) Regulations, 2004, Gazette of India, pt. III, sec. 4 (July 7, 2004).

1. *The Walt Disney - 21st Fox Century Merger:*

The Walt Disney and 21st Century Fox Merger occurred in 2019 and the deal was valued at 71 billion dollars at the time. This acquisition gave Disney, 21st Century Fox's renowned film production businesses, FX Networks, National Geographic Partners, Fox's television creative units, Fox Networks Group International, Tata Sky, Star India, and Endemol Shine Group.²² This acquisition paved the way for Disney's direct to consumer, video on demand platform- Disney+ that launched later that year. After Fox's acquisition, Disney got a much larger range of creative content which helped it become a competitor for other OTT platforms such as Netflix and Amazon Prime. This was a horizontal merger as both companies are production studios.

2. *AT&T - Time Warner Merger*

AT&T and Time Warner merged in 2018, before the Disney merger, and it was valued at 85 billion dollars. AT&T, a leader in direct to consumer services, through the acquisition, acquired Time Warner's creative content, this included its divisions of Warner Bros Entertainment, HBO, and Turner.²³ This was a Vertical Merger. The US Department of Justice (DOJ) had attempted to block the AT&T/Time Warner Merger on antitrust grounds, stating that it would create a disadvantage for consumers.²⁴ However, US district court judge, Richard Leon, rejected this argument and allowed the acquisition to continue.²⁵

3. *Amazon- MGM Merger*

Amazon acquired MGM in a deal valued at 8.5 billion dollars. This gave Amazon all the rights to MGM's creative content which included 4,000 film titles, 17,000 television episodes, which have earned 180 Academy, and 100 Emmy Awards. This deal was completed after receiving clearance from European Union's antitrust regulators.²⁶ It helped level the playing field for

²²THE WALT DISNEY COMPANY, <https://thewaltdisneycompany.com/disney-and-21st-century-fox-announce-per-share-value-in-connection-with-71-billion-acquisition/> (last visited, Aug. 9th, 2025).

²³ AT&T, <https://investors.att.com/stockholder-services/cost-basis-guide/worksheet/time-warner> (last visited Aug. 9, 2025).

²⁴ United States v. AT&T Inc., DirecTV Group Holdings, LLC, and Time Warner Inc., 310 F. Supp. 3d 161 (D.D.C. 2018).

²⁵ Dennis W. Carlton et al., *A Retrospective Analysis of the AT&T/Time Warner Merger*, 65 J.L. & Econ. 461, 461-498 (2022).

²⁶ EUROPEAN COMMISSION, https://ec.europa.eu/competition/mergers/cases1/202250/M_10349_8691929_626_3.pdf (last visited Aug. 9, 2025).

Amazon, with regard to its competitors. MGM too benefitted highly from this deal as it opened up exposure to millions of audiences in almost seconds, and lowered their distribution costs.

4. Paramount- Skydance Media Merger

This merger is the most recent merger in the US, it was proposed for a while, and has been closed in the last week (August 7th, 2025). Now called, 'Paramount, A Skydance Corporation', the merged entity's deal is valued at 8.4 Billion Dollars.²⁷ The merger combines Paramount's vast global distribution network and cherished film and TV library with Skydance's production and technological prowess. The Merger did, although face a road block, that of President Donald Trump's lawsuit against CBS over a "60 Minutes" interview with Kamala Harris which was settled after a \$16 million payout. The merger was approved after Skydance agreed to make sure that CBS news would be free of any bias. Skydance has acquired Paramount's plethora of creative content, including the James Bond series, Top Gun: Maverick, Mission Impossible series, and channels like Nickelodeon, Comedy Central and more.

INDIAN PERSPECTIVE

India has seen its fair share of Media mergers in the past few years, the biggest one being the mega merger of Reliance and Disney. However, there are several other major mergers that took place recently these include:

1. Saregama-Pocket Aces merger

Saregama, a renowned music label acquired majority stakes in Pocket Aces, a digital entertainment company, this acquisition occurred in late 2023. Through this acquisition Saregama will have IP rights over a vast catalog of over 3000 creative works. Pocket Aces has several videos, reels, web-series associated with its YouTube channels such as FilterCopy, Gobble, and Nutshell. Saregama would also gain ownership of pocket aces' studio, Dice Media which also has web series' on Netflix, Hotstar and Prime Video. This Merger promotes Saregama's goal of expanding into a new dimension of IP and gaining a larger audience.

²⁷ PARAMOUNT, <https://www.paramount.com/press/skydance-media-and-paramount-global-complete-merger-creating-next-generation-media-company> (last visited Aug. 9, 2025).

2. Dharma Productions- serene productions

Adar Poonawala the CEO of Serum Institute of India, a vaccine maker, bought a 50% stake in Karan Johar's Dharma Productions as his first investment outside the Pharma industry. The acquisition was for 10 billion rupees or 119 million dollars. The creative control lies with Karan Johar; however, the CEO is Apoorva Mehta. This Merger is aimed to make Dharma expand its audience and make distribution easier.

3. Amazon- MX Player Merger

This 2024 merger merged Amazon Mini TV and MX Player to make Amazon MX Player, a platform targeting a regional and mass audience. This is done by making the content free. Amazon MX Player is one of the largest free streaming services that is offering premium content in Hindi, English and has dubbed versions of global content including that of Korean and Turkish too. This platform is gaining profit primarily through advertising revenue.

4. Reliance- Disney merger

The mega merger of Reliance and Disney is valued at 8.5 billion dollars. This merger was cleared by the Competition Commission of India. The merged entity, JioStar, contains Reliance Industries Limited holding a 51% stake and the Walt Disney company at 49%. It also includes RIL's subsidiaries Viacom18 Media and Jio Studios. The media conglomerate now has more than 300,000 hours of content, 120 channels, and has the broadcasting rights for the IPL which is a major booster for consumers. Disney has expanded its audience and gained access to a huge catalogue of IP and sports broadcasting rights.

RAMIFICATIONS OF MERGER OVER PARTIES INVOLVED

A merger has several effects and impacts upon the merging parties, the market, the consumers and so on. In the context of media companies some of the effects are:

1. Effect on Merging firms:

Mergers result in reduction of costs for both firms, whether it be a horizontal or a vertical merger. It also results in gain of expertise, usually in vertical mergers. The distribution costs go down, when merging with a distribution company such as the Amazon- MGM Merger.

However there may be clashes within the company upon creative freedom or financial oversight, now that no company has the absolute freedom.

2. IP Ownership

When it comes to the ownership of IP, which is a key driver of Mergers in the first place. Within horizontal mergers such as the *Disney-Fox merger*, both companies acquire the rights to each other's IPs and have a much bigger and more extensive catalog of films, TV shows, music and more.²⁸ Giving them rights to make remakes and merchandising. However, these rights could also be misused upon creative clashes and disagreements on future projects. When it comes to vertical mergers, usually one company gains the IP of another in case of the *AT&T and Time Warner Merger*.

3. Cultural effects on cross-border deals

Cross- border deals promote globalisation and expand the audience base to more countries. It can also lead to cultural hybridisation which refers to blending local and global narratives. This would increase merged appeal. For example, a Netflix movie, *The wedding season*, which showcased a love story between two Indians in America whose families try to set them up in an arranged marriage. This is a clear example of cultural hybridisation. However, cross border deals could have conflicts due to the varying copyright, moral rights, and collective licensing regulations.

CONCLUSION

Mergers and Acquisitions are a part of evolution and adapting to the changes of newer times. Without them, traditional media companies remain at the risk of obsolescence. The recent years have seen a spike in the number of M&As as mentioned in this paper. There are many mergers proposed to come as well. The Sony- Zee Merger was proposed but called off after two years of negotiations due to disagreements over leadership of the merged entity. M&As help to reduce costs, bridge the gap of distribution, enlarge the audience and consumer base and provide many more benefits for merged entities. They are mutually beneficial in most cases and in the aspect of the entertainment industry also provide access to the other entities' IP and

²⁸ Lee Yoong Hon, *Is the recent spate of Hollywood mergers a concern? Part 1: the issues at Hand*, 36(4) ENT. L.R. 143,143-148 (2025).

thus contributing to its own. In India the CCI clears the Mergers however the other laws discussed such as Companies Act and SEBI Regulations also apply.