

FIRST

# HAPPILY EVER AFTER?

The Disney-UTV deal looks like a win-win all the way—especially for UTV.

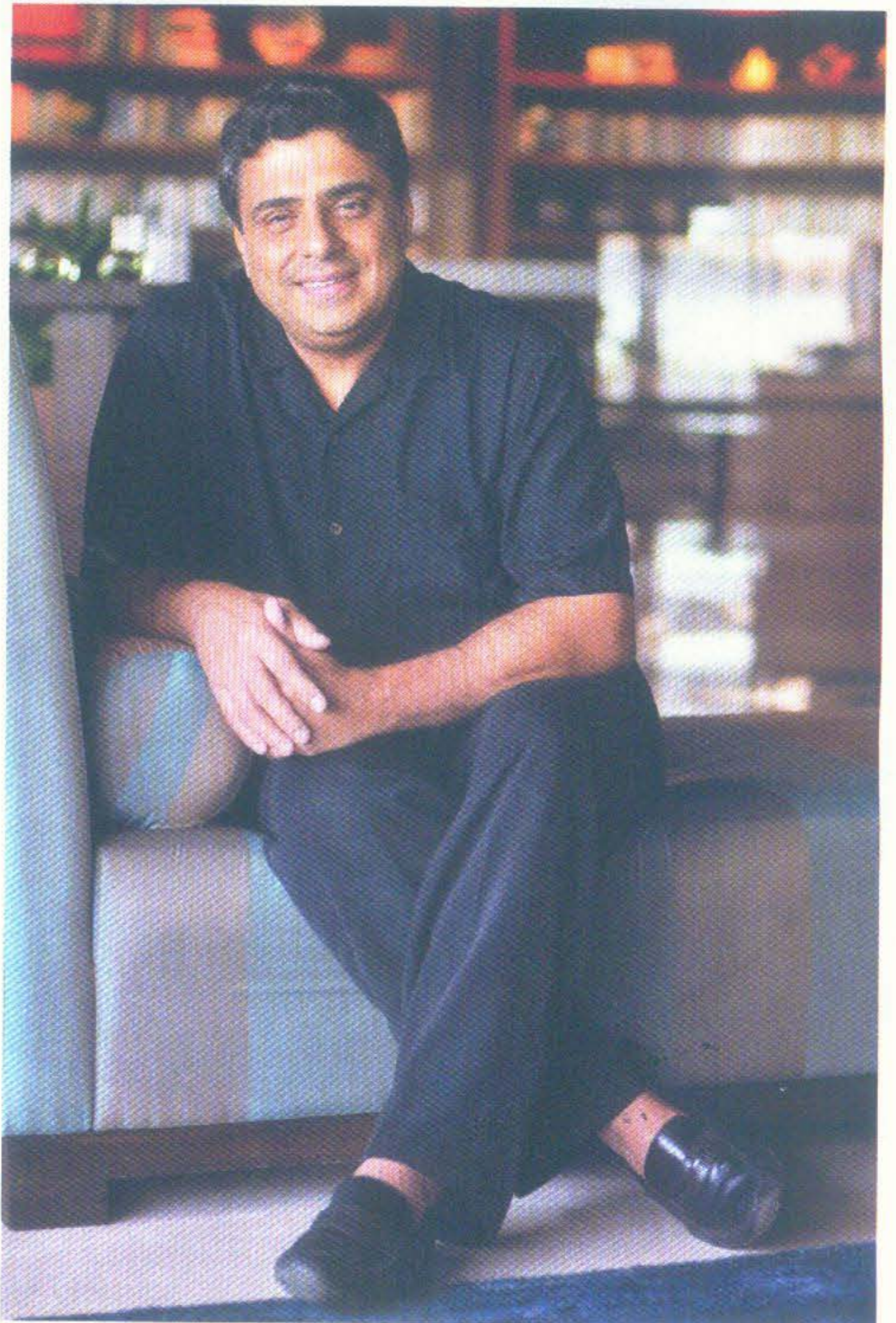
THE PROTAGONISTS in its films always live happily ever after and Walt Disney will hope for the same if its proposal to take over UTV Software Communications goes through. With good reason. Thus far, its Indian sojourn hasn't been a very happy one. The American multinational proposes to buy the 49.5% of UTV Software that it does not own for a handsome ₹2,000 crore. Industry observers believe that the deal is a win-win for both sides.

Though the \$38 billion Walt Disney dwarfs the ₹965 crore Indian media conglomerate, UTV Software has a much better track record as far as India is concerned. The American entertainment channel has been here since 2005 but is yet to make a mark. Its broadcasting properties include Disney XD, Disney Channel and Hungama TV (a Hindi children's channel acquired from UTV in 2007), with relative shares of 8, 14 and 18 respectively, according to TAM Media Research. However, only Hungama TV has done well so far. The other two are way behind market leaders Cartoon Network and Nick with 20 and 20 relative shares, respectively, according to TAM Media Research. The company also tried its luck in Bollywood by co-producing *Roadside Romeo* with Yashraj Films, but the film received a lukewarm response at the box office.

**UTV and Ronnie Screwvala are the best bet for Disney in India, feel experts.**

In contrast, UTV has some very lucrative properties here, across five verticals: film, broadcast (Bindass, UTV Movies, UTV Action), gaming, interactive and television content (a library of over 5,000 hours). UTV's film studio, with revenues of ₹454.4 crore last year, is among the most profitable in the country. It plans to release at least 12-18 films each year.

On its part, UTV can boast of becoming part of a global conglomerate. More importantly, Founder-CEO Ronnie



SOUMIK KAR

Screwvala, after relinquishing his 20% stake for a princely payback, is expected to take over as Managing Director of Walt Disney India. "Disney has always believed in putting its money on local companies and local talent whenever it has made an acquisition. Its strategy with Pixar and ABC was also similar," says a company insider.

Industry stalwarts feel that UTV and Screwvala are the best bet for Disney in India. "Ronnie will not only be laughing all the way to the bank, he will also run the company the way he wants since he will be the MD," declares a Mumbai-based media professional. "Remember, Disney India is a mere ₹350 crore business and UTV, in comparison, is huge." Atul Phadnis, CEO of television guide channel What's On India concurs: "UTV and Ronnie have a great track record in the Indian entertainment industry."

News of the deal seems to have enthused the market. Since it was announced in the last week of July, UTV's share price has risen by more than 5.39% (as of August 1, 2011). That's sure to get Mickey and Donald jumping for joy.

—Ajita Shashidhar

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