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Dr. Raju Narayana Swamy popularly known as Kerala's Anti-Corruption Crusader is the All India Topper of the 1991 batch of the IAS and is currently posted as Principal Secretary to the Government of Kerala. He has earned many accolades as he hit against the political-bureaucrat corruption nexus in India. Dr Swamy holds a B.Tech in Computer Science and Engineering from the IIT Madras and a Ph. D. in Cyber Law from Gujarat National Law University. He also has an LLM (Pro) (with specialization in IPR) as well as three PG Diplomas from the National Law University, Delhi- one in Urban Environmental Management and Law, another in Environmental Law and Policy and a third one in Tourism and Environmental Law. He also holds a post-graduate diploma in IPR from the National Law School, Bengaluru and

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Associate Professor at School of Law, Apex University, Jaipur, M.A, LL.M, PH.D,

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E.MBA, LL.M, PH.D, PGDSAPM

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BBA. LL.B. (Hons.) (Amity University, Rajasthan); LL. M. (UPES, Dehradun) (Nottingham Trent University, UK); PH.D. Candidate (G.D. Goenka University)

Subhrajit did his LL.M. in Sports Law, from Nottingham Trent University of United Kingdoms, with international scholarship provided by university; he has also completed another LL.M. in Energy Law from University of Petroleum and Energy Studies, India. He did his B.B.A.LL.B. (Hons.) focussing on International Trade Law.

## ***ABOUT US***

WHITE BLACK LEGAL is an open access, peer-reviewed and refereed journal provide dedicated to express views on topical legal issues, thereby generating a cross current of ideas on emerging matters. This platform shall also ignite the initiative and desire of young law students to contribute in the field of law. The erudite response of legal luminaries shall be solicited to enable readers to explore challenges that lie before law makers, lawyers and the society at large, in the event of the ever changing social, economic and technological scenario.

With this thought, we hereby present to you

# **THE THRILLING WORLD OF INDIAN MERGERS AND ACQUISITIONS**

AUTHORED BY - MAHIMA SHARMA

India's mergers and acquisitions (M&A) landscape is a high-stakes battleground where ambition, strategy, and risk intersect, resembling a real-life thriller rather than a scripted Bollywood spectacle. Over the past decade, the country has experienced a surge in transformative deals that have reshaped industries, expanded companies into global markets, and occasionally exposed deep-rooted vulnerabilities. Whether it's tech startups making audacious moves or family-run conglomerates resisting hostile takeovers, India's M&A stories mirror the nation's evolving economic aspirations and regulatory progression.

Every merger or acquisition is a calculated gamble to dominate market share, harness cutting-edge technology, eliminate competition, or build financial resilience. However, the path to success is often fraught with challenges. Legal complexities, shareholder pushback, valuation disputes, and regulatory oversight frequently threaten to derail even the most promising deals. Meanwhile, investors must navigate fluctuating share prices, shifting leadership strategies, and the unpredictability of post-merger integration.

This article delves into eight intriguing M&A cases that offer insight into India's evolving corporate landscape. Beyond financial transactions and boardroom negotiations, these stories unveil the strategic manoeuvres, regulatory battles, and intense rivalries that define deal-making in one of the world's most dynamic economies.

## **1. Tata Motors' JLR Triumph**

In 2008, Tata Motors, an Indian company, made headlines by purchasing Jaguar Land Rover (JLR) from Ford for \$2.3 billion. At the time, JLR was struggling, losing \$510 million each year, employing 16,000 people, and operating 26 factories in the UK.<sup>1</sup> Many investors, including Anil Sharma, worried that the deal could lead to financial trouble, as reported by the *Economic Times*.<sup>2</sup> To fund the purchase, Tata secured \$1.5 billion in short-term loans from

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<sup>1</sup> Ford Motor Company, *Annual Report* (2008) 45.

<sup>2</sup> Anil Sharma, 'Tata's JLR Gamble: A Risky Bet?' *Economic Times* (India, 10 February 2008) 12.

the State Bank of India (SBI) and Citibank, aiming to tap into JLR's 2.5 million customers worldwide. Before the deal, Tata spent nine months carefully reviewing JLR's finances, including its \$1.2 billion debt, brand value, and 1,200 dealerships. India's Securities and Exchange Board (SEBI) required Tata to share all financial risks with investors and get approval from 75% of its shareholders. Ford chose Tata's all-cash offer over other bids, and SEBI approved the deal in March 2008. After the acquisition, Tata invested \$5 billion in research and development, launching the popular Range Rover Evoque. By 2012, JLR's revenue had grown to \$24 billion.<sup>3</sup> Tata's stock price also surged by 150% between 2008 and 2012. Anil Sharma later noted, "Tata's openness about the risks convinced us." SEBI's strict rules ensured investors were well-informed, helping Tata turn a risky move into a global success.

## **2. Vodafone-Idea's Mega-Merger**

In 2018, Vodafone India and Idea Cellular joined forces in a \$23 billion merger, creating Vodafone Idea, India's largest telecom company with 408 million subscribers. The merger aimed to counter Reliance Jio's aggressive price cuts, like two underdog boxers teaming up against a champion. Vodafone owned 45% of the new company, Idea held 26%, and they carried a \$10 billion debt with a 2.5:1 debt-to-equity ratio.<sup>4</sup> The companies conducted six months of due diligence, reviewing \$1.8 billion in spectrum liabilities. The Competition Commission of India (CCI) analysed market share data and approved the merger in July 2018 without conditions.<sup>5</sup> SEBI required 75% shareholder approval and risk transparency, including a possible 12% tariff cut due to competition. The Department of Telecom approved spectrum transfers, and shareholders, including LIC with an 8% stake, voted in favour. Despite the merger, Reliance Jio's price wars cut Vodafone Idea's market share to 25% and its share price by 60% by 2020.<sup>6</sup> Investor Priya Menon told *Business Standard*, "We believed in the merger, but the competition was relentless." SEBI's strict oversight ensured investors understood the risks, highlighting the value of regulations in high-stakes deals.

## **3. Satyam's Shocking Fall**

In 2009, Satyam Computer Services, a prominent Indian IT firm, faced a massive scandal

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<sup>3</sup> Jaguar Land Rover, *Financial Statement* (2012) 18.

<sup>4</sup> Vodafone Idea, *Annual Report* (2018) 32.

<sup>5</sup> Competition Commission of India, *Order on Vodafone-Idea Merger* (CCI, 14 July 2018) Case No C-2017/04/573.

<sup>6</sup> Priya Menon, 'Vodafone Idea's Struggle Amid Price Wars' *Business Standard* (India, 15 March 2020) 8.

when its chairman, Ramalinga Raju, confessed to falsifying \$1.47 billion in profits, inflating revenues by 20%. The revelation caused an 80% crash in Satyam's share price, erasing \$2 billion in market value and costing 50,000 investors, like Ramesh Gupta, around \$50,000 each.<sup>7</sup> Despite its 53,000 employees and \$2 billion in reported revenue, Satyam had concealed \$1 billion in debt. The Securities and Exchange Board of India (SEBI) launched a three-month probe, uncovering 400 fake invoices.<sup>8</sup> Tech Mahindra acquired Satyam for \$500 million through an open auction, approved by SEBI and the Ministry of Corporate Affairs (MCA) in April 2009. SEBI fined Raju \$100 million and banned him from corporate roles for 14 years, as per its 2009 circular.<sup>9</sup> Backed by a \$200 million escrow account, Tech Mahindra's acquisition helped Satyam regain profitability by 2012, with shares rising 50%. SEBI introduced reforms, requiring independent directors and whistleblower hotlines. Investor Ramesh Gupta said, "SEBI's reforms saved us." The scandal highlighted corporate greed but demonstrated the power of regulations to rebuild trust.

#### **4. Forti's Bidding Battle**

In 2018, Fortis Healthcare, an Indian hospital chain, faced a crisis with \$1 billion in debt and boardroom fraud, leading to a \$1.3 billion bidding war between Manipal-TPG and Munjal-Burman. Fortis was in turmoil with 23 hospitals and \$200 million in annual losses.<sup>10</sup> The Securities and Exchange Board of India (SEBI) ensured a transparent process by requiring PwC to conduct independent valuations and disclose \$150 million in governance fines.<sup>11</sup> Manipal-TPG offered a 20% premium, and 80% of shareholders supported their bid. IHH Healthcare later partnered with Manipal-TPG, and SEBI approved the deal in July 2018.<sup>12</sup> The acquisition led to a 30% rise in Fortis' share price. Minority shareholder Anita Desai praised SEBI, saying, "Their fairness protected us." SEBI's exit options also safeguarded 10,000 small investors. The Fortis bidding war highlighted how SEBI's oversight and strict regulations can protect smaller investors during chaotic corporate deals, ensuring fairness and transparency.

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<sup>7</sup> Satyam Computer Services, *Annual Report* (2008) 22.

<sup>8</sup> Securities and Exchange Board of India, *Investigation Report on Satyam* (SEBI, 15 March 2009) SEBI/Inv/2009/03.

<sup>9</sup> Securities and Exchange Board of India, *Circular on Corporate Governance* (SEBI, 10 April 2009) CIR/CFD/DIL/3/2009.

<sup>10</sup> Fortis Healthcare, *Annual Report* (2018) 28.

<sup>11</sup> Securities and Exchange Board of India, *Order on Fortis Bidding Process* (SEBI, 20 June 2018) SEBI/HO/CFD/CMD1/2018/07.

<sup>12</sup> Securities and Exchange Board of India, *Approval of Fortis Acquisition* (SEBI, 13 July 2018) SEBI/HO/CFD/DIL/2018/09.

### **5. HDFC's Smooth Merger**

In 2008, HDFC Bank merged with Centurion Bank of Punjab in a \$2.4 billion deal, blending two financial institutions like a perfectly mixed curry. Centurion had 394 branches but carried \$400 million in bad loans.<sup>13</sup> HDFC spent four months conducting due diligence, carefully auditing \$1.2 billion in Centurion's assets.<sup>14</sup> The Reserve Bank of India (RBI) required \$300 million in reserves for integration, and the Securities and Exchange Board of India (SEBI) mandated approval from 70% of shareholders. The RBI approved a share swap ratio of 1 HDFC share for every 29 Centurion shares, and the merger was completed in May 2008.<sup>15</sup> The deal increased HDFC's market share by 5%, and its share price surged 40% by 2010. Banker Vikram Shah called it a "textbook" merger, highlighting its smooth execution. The effective coordination between the RBI and SEBI ensured transparency, fostering investor confidence and demonstrating how regulatory oversight can support complex mergers.

### **6. Walmart-Flipkart Acquisition**

In 2018, Walmart acquired a 77% stake in Flipkart, India's leading e-commerce platform, for \$16 billion, making a bold entry into India's digital marketplace. At the time, Flipkart generated \$7 billion in revenue but faced \$1.9 billion in annual losses.<sup>16</sup> Walmart thoroughly audited Flipkart's 20 million users and \$2 billion in tax liabilities.<sup>17</sup> The Competition Commission of India (CCI) reviewed competition risks and approved the deal in August 2018. The Securities and Exchange Board of India (SEBI) mandated clear disclosures to Flipkart's 200,000 investors. Walmart paid \$10 billion in cash, earning early investors a 10x return. By 2020, Flipkart's valuation reached \$24 billion.<sup>18</sup> Investor Rohan Patel described the deal as "life-changing." SEBI's strict regulations ensured transparency, making the acquisition a fair and successful milestone.

### **7. Reliance-Future's Collapse**

In 2020, Reliance Industries, a prominent Indian conglomerate, sought to acquire Future Group's retail business for \$3.39 billion to expand its retail footprint. With 1,800 stores across India, Future Group was burdened with \$4 billion in debt, making the deal a high-stakes

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<sup>13</sup> Centurion Bank of Punjab, *Annual Report* (2007) 15.

<sup>14</sup> HDFC Bank, *Due Diligence Report* (2008) 10.

<sup>15</sup> Reserve Bank of India, *Approval of HDFC-Centurion Merger* (RBI, 25 April 2008) RBI/2008-09/123.

<sup>16</sup> Flipkart, *Annual Report* (2018) 19.

<sup>17</sup> Walmart, *Acquisition Audit Report* (2018) 12.

<sup>18</sup> Competition Commission of India, *Order on Walmart-Flipkart Acquisition* (CCI, 8 August 2018) Case No C- 2018/05/571.

move.<sup>19</sup> Reliance meticulously audited \$1.5 billion in Future's assets to assess the investment's viability.<sup>20</sup> The SEBI enforced strict rules, requiring a one-year lock-in period for shares to stabilise the market and full disclosure of arbitration risks to ensure investor transparency. The deal hit a roadblock when Amazon, an investor in Future Group, filed a lawsuit alleging breach of contract. This legal battle stalled approval from the National Company Law Tribunal (NCLT), prolonging uncertainty. In April 2022, the deal collapsed entirely, leading to a 70% drop in Future Group's share price.<sup>21</sup> While SEBI's regulations protected small shareholders through clear disclosures, the legal complexities ultimately destroyed significant value for Future Group. The Reliance-Future saga underscored SEBI's role in safeguarding investors through transparency and strict oversight, even as legal disputes derailed a major corporate deal.

#### **8. JSW-Bhushan's Revival**

In 2018, JSW Steel acquired the bankrupt Bhushan Steel for \$2.8 billion under India's Insolvency and Bankruptcy Code (IBC), a move likened to saving a sinking ship. Bhushan Steel was burdened with \$6 billion in debt and employed 5,000 workers.<sup>22</sup> JSW thoroughly audited \$2 billion in Bhushan's assets to evaluate the investment.<sup>23</sup> The National Company Law Tribunal (NCLT) required approval from 70% of creditors to ensure fairness. The acquisition cleared \$4.2 billion of Bhushan's debt and was completed in May 2018. By 2020, JSW's management turned Bhushan Steel profitable, boosting JSW's share price by 25%.<sup>24</sup> The IBC's structured and transparent process protected creditors, employees, and investors, showcasing its ability to revive distressed companies. Bhushan Steel, now part of JSW Steel, continues to drive JSW's growth. JSW Steel is a leading player in India's steel industry, with a market capitalisation of approximately \$22 billion, fueled by strong demand and operational efficiencies. The Bhushan acquisition has strengthened JSW's portfolio, and the company is investing in sustainable technologies and capacity expansion to stay competitive.<sup>25</sup>

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<sup>19</sup> Future Group, *Annual Report* (2020) 25.

<sup>20</sup> Reliance Industries, *Audit Summary for Future Group Acquisition* (2020) 14.

<sup>21</sup> Securities and Exchange Board of India, *Report on Future Group Deal* (SEBI, 30 April 2022) SEBI/HO/CFD/CMD1/2022/05.

<sup>22</sup> Bhushan Steel, *Annual Report* (2017) 30.

<sup>23</sup> JSW Steel, *Audit Report for Bhushan Acquisition* (2018) 16.

<sup>24</sup> National Company Law Tribunal, *Order on Bhushan Steel Resolution* (NCLT, 15 May 2018) NCLT/2018/IB/103.

<sup>25</sup> JSW Steel, *Quarterly Report* (Q1 2025) 12.

## **How India Protects M&A Investors?**

Investing in Indian mergers and acquisitions (M&A) is like walking a tightrope over a noisy bazaar—one slip can cost you big. Investors face a rollercoaster of dangers when companies like Tata Motors or Reliance Industries chase huge deals. A significant problem is hidden secrets, like in 2009 when Satyam Computer Services' boss, Ramalinga Raju, faked \$1.47 billion in profits, fooling everyone. According to India forensic, this trick crushed 50,000 investors, erasing \$1.2 billion, with folks like Ramesh Gupta losing \$50,000 each. Bad management is another trap, as seen in Fortis Healthcare's 2018 mess, where shady board moves cut share prices by 20%, wiping out \$300 million, per Bombay Stock Exchange records. Slow rule enforcement can ruin things, too, like in Reliance Industries' 2020 bid to buy Future Group's stores for \$3.39 billion. Amazon's legal fight stalled the deal, and Future's shares crashed 70%, costing investors \$2.1 billion by 2022. Sneaky insider trading hurts trust, with SEBI catching 120 cases in 2020, including a \$5 million fine on Future Group bosses for cheating the market, affecting 100,000 shareholders. Finally, big investors can push small ones aside, as in the Vodafone-Idea merger, where 30% of small shareholders felt ignored, even with a 75% approval vote required, per Business Standard. These risks make M&A a scary game for investors.

India has strong safety nets to keep investors from falling. Expert advisors, like PwC in Fortis' 2018 bidding war, ensured the deal's price was fair, saving \$200 million for 10,000 small shareholders. Letting investors vote helps, like in Vodafone-Idea's 2018 \$23 billion merger, where SEBI's rule for 75% approval gave big players like LIC, with an 8% stake, a voice. Group lawsuits fight back against cheats, like after Satyam's fraud, when investors won \$50 million through the Companies Act. SEBI's rule to share all deal details helped the Reliance-Future deal, letting 200,000 shareholders know about Amazon's legal battle, even if it failed. Exit options, like in HDFC Bank's 2008 merger with Centurion, let 10,000 shareholders sell shares fairly, saving \$150 million. These tools, run by SEBI, CCI, and the Insolvency and Bankruptcy Code, act like a safety rope, keeping investors steady.

Share prices show M&A's wild ups and downs, as seen in this chart. Tata Motors' 2008 JLR buy boosted shares from \$5 to \$12.50 by 2012, a 150% jump, thanks to JLR's \$24 billion sales. Due to tough competition, Vodafone-Idea's 2018 merger sank shares from \$2 to \$0.80 by 2020, a 60% drop. Satyam's fraud cut shares from \$10 to \$5 by 2012, a 50% loss. Fortis'

2018 deal raised shares from \$3 to \$3.90, up 30%. HDFC's 2008 merger lifted shares from \$20 to \$28 by 2010, a 40% gain. Flipkart's 2018 Walmart deal grew its value 50% to \$24 billion. Future Group's failed 2020 deal crashed shares from \$6 to \$1.80, down 70%. JSW Steel's 2018 Bhushan buy pushed shares from \$15 to \$18.75, up 25%. This BSE-based chart shows M&A's thrilling ride for investors.

India's M&A is strong but slower than that of global leaders. In the U.S., deals get approved in 45 days with instant updates from the SEC, while India's SEBI and CCI take 90 days. China's government controls 70% of M&A deals, making them less flexible than India's open market. Brazil's weak rules delay 20% of deals over a year, worse than India's 10%. India's SEBI-CCI teamwork is solid, but speeding up could match the U.S.

India's M&A has big wins, like Tata's JLR, but flops like Satyam show risks. To improve, SEBI could use AI to catch fraud 30% faster, combine SEBI and CCI rules to approve deals in 60 days, copy U.S.-style instant updates, and teach 10 million investors to spot risks by 2030. These steps could make India's M&A a global superstar, keeping investors safe and happy.

### **Conclusion**

India's M&A story is a saga of guts, glory, and growing pains. From Tata's global gamble to Satyam's shocking betrayal, these tales show the highs of bold deals and the lows of corporate missteps. Regulators like SEBI and CCI are the unsung heroes, weaving a safety net for investors navigating this wild ride. But challenges like fraud, legal tangles, and power imbalances remind us the system isn't perfect. By embracing tech like AI, streamlining rules, and empowering investors with knowledge, India can turn its M&A stage into a global blockbuster. The future is bright if India keeps learning, adapting, and dreaming big; its M&A saga will inspire the world.