

# FinNFacts

## Navigating financial horizons

### October Wrap

#### Sensex & Nifty Crash

The October crash has been one of the most severe downturns faced by the Indian stock market in recent years. There has been substantial declines in both Sensex and Nifty Indices. Here are key highlights regarding this market downturn:

- **Sharp Declines**: Both the Sensex and the Nifty 50 are now down about 8 per cent from their all-time highs of 85,978.25 and 26,277.35, respectively, which they hit on September 27.
- **Investor Losses**: Retail and institutional investors collectively lost around ₹9.18 lakh crore in market capitalisation on a single day during this crash, with total market capitalisation dropping to approximately ₹4.44 lakh crore.
- **Sectoral Impact**: All major sectors were affected, with small - cap and mid - cap indices suffering particularly heavy losses.

#### Key Contributing Factors -

##### • **Heavy foreign capital outflow**:

FIIs have sold approximately ₹98,000 crore in October, driven by concerns over high Indian stock valuations compared to cheaper options in markets like China.

##### • **Geopolitical Tensions**:

Ongoing conflicts, particularly in the Middle East, have contributed to market volatility and investor anxiety, prompting many to sell off their holdings. The conflicts have caused crude oil prices to surge by approximately 4% amid fears of supply disruptions.

##### • **US Elections**:

Uncertainty surrounding the US election is weighing on market sentiment. The election results can lead to fluctuations in currency markets.

##### • **Q2 earnings**:

The growth rate in net profit of 502 companies declined to 4.1 per cent at Rs 1,34,468 crore in Q2 of 2024-25 as against 37.8 per cent (Rs 1,29,167 crore) in the same period of last year.

##### • **SEBI's Tightening of Derivatives Trading Rules**:

Among the new guidelines, SEBI has reduced the number of weekly options contracts to one per exchange and increased the minimum trading amount by nearly three times, which is expected to raise the entry barrier for investors and make trading more expensive.

# Jio-Hotstar Merger

The Reliance-Disney joint venture in India combines **Disney's Star India** and **Reliance's Viacom18**, with an estimated worth of **\$8.5 billion**. This partnership creates a media giant in India, offering Disney a streamlined presence in one of the world's largest and fastest-growing media markets, while Reliance secures a powerful digital and TV broadcasting base.

- **Market Reach:** The merger creates an entity with a reach of over 750 million viewers across India, combining Disney+ Hotstar and Viacom18's JioCinema.
- **Content Library:** Disney+ Hotstar will have access to Disney's full catalogue, including over **30,000** assets such as shows from **HBO**, **Showtime**, and **NBCUniversal**, alongside local and international sports events like the **IPL** and **ICC cricket tournaments**. Viacom18's **JioCinema**, which previously hosted exclusive streaming for **IPL**, will be integrated to further enhance viewer engagement.
- **Financials and Market Impact:** Disney is expected to recognize a pre-tax impairment of **\$1.8–2.4 billion** due to the restructuring in India, a move that some see as a strategic exit from direct investment while maintaining influence through the joint venture. **Reliance**, meanwhile, holds a majority **56%** stake in the new company, while Disney retains **37%**.
- **Streaming and Broadcasting:** The combined entity will control approximately **85%** of India's streaming market and nearly half of the television audience, with exclusive rights for significant sporting events and a broad entertainment library designed to appeal to diverse Indian audiences.

This merger represents one of the **largest media consolidations in India**, allowing **Disney** and **Reliance** to dominate in both TV and streaming while offering a seamless, extensive content experience through **Disney+ Hotstar** as the central platform.



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“Investing should be like watching paint dry or watching grass grow. If you need excitement, you're in the wrong business.”

~ Paul Volcker

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“I will tell you how to become rich. Close the doors. Be fearful when others are greedy.

Be greedy when others are fearful.”

— Warren Buffett

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# Financial Glossary

**Diversification** is a risk management strategy in investing that involves spreading investments across various asset classes, industries, and geographical locations to reduce exposure to any single asset or risk.

**Joint venture** is a business arrangement in which two or more parties come together to pool their resources for a specific project or enterprise, sharing both the risks and profits associated with that endeavor.

**Demerger** is the corporate restructuring process in which a company separates one or two more of its business units or divisions into independent entities. This can involve the sale, liquidation, or establishment of these units as standalone companies.

**Basis point** (often abbreviated as bp or bps) is a unit of measurement used in finance to describe small percentage changes. Specifically, one basis point is equal to 0.01 %, or 1/100th percentage.