

THE COMSOC GAZETTE



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FINANCE AND INVESTMENT

STOCK MARKET

STARTUPS

ECONOMY

GEOPOLITICS

SCIENCE AND TECH

COMSOG GENIE

CONTENTS

TABLE OF



Financial Foresights

01

Market Spotlight

02

Corporate Odyssey

03

The Economic Lens

04

The Global Chessboard

05

Scientific Spectra

06

ComSoc Genie

07

FINANCIAL FORESIGHTS

01 TAX FRAUD WORTH RS.30,000 CRORE BY THE INSURANCE SECTOR UNCOVERED

In a major revelation, a tax evasion of staggering amounts has come to light following an investigation conducted by the Income-Tax Department in collaboration with the Directorate General of GST Intelligence (DGGI). The investigation, which began last year, after it was identified that exceeding payments were being made by insurance companies to intermediaries, has led to this discovery. Since the implementation of GST on July 1, 2017, these companies have been underreporting their incomes and showing deceptive expenditures. The IT-Dept. has issued demand notices to these companies combined with interest and penalties. It blows the curtain on the massive scale of tax evasion in this sector, and the shortfall of the legal entities to address these.

02 MICROSOFT TO ACQUIRE ACTIVISION BLIZZARD IN THE LARGEST EVER DEAL IN THE GAMING INDUSTRY

At \$95 per share, for a total of \$68.7 Billion in Cash, Microsoft has secured the deal to acquire Activision Blizzard, climbing to the position of the third-largest gaming company by revenue, preceded only by Tencent & Sony. Following a run-in with the UK's Competition and Markets Authority, the CMA relented only when Microsoft agreed to make a concession for French Publisher Ubisoft. As a result, Ubisoft will be purchasing the cloud gaming rights of

Activision Blizzard, to allow a strong and independent competitor in the market. Bobby Kotick will continue to serve as the CEO of Activision Blizzard, reporting to Phil Spencer, CEO of Microsoft Gaming.



03 Q2 SEES HUGE DROP IN PE INFLOWS TO \$1.81 BILLION

The July-September quarter witnessed a 65.4% drop in Private Equity investments into India compared to the year-ago period. While PE Inflows stood at USD 5.23 Billion last year, it has fallen to USD 1.81 Billion. The number of deals saw a 50.1% decline as well from 465 to 232, as per a data by Refinitiv. The biggest drops were in the Computer Software (74.9%) and Financial Services Industry (79.9%). On the other hand, the Industrial/Energy sector was up by 30.8% and Semiconductor and Electrical was up by 64.2%. The first 9 months were characterised with major deals like Lenskart Solutions (\$600 Million), Ola Electric Mobility (\$300 Million) and Serentica Renewables (\$250 Million).

01 RESURGENCE IN THE FOOD DELIVERY INDUSTRY: ZOMATO'S REVALUATION

After witnessing a 57% correction in 2022 and some more in the early part of 2023, shares of online food delivery aggregator Zomato did a somersault from its February lows and turned a multibagger.

This stellar performance made it the best-performing stock in the new-age consumer technology space.

This strong outperformance is not only a result of price correction but also a steady improvement in the earnings of the company.

An analysis done by ICICI Securities suggests that the food aggregator space is still nascent, leaving enough room for revenue growth in the medium term without expanding geographical footprint further.

Margins in the food delivery business of Zomato saw an improvement over the last 3-4 quarters, driven by strong growth in ad-revenues, and this is expected to continue to grow over the medium term.

02 MUTUAL FUNDS SHED RS 2,850 CRORE OF JIO FINANCIAL SHARES IN SEPTEMBER

Jio Financial Services, a subsidiary of Reliance Industries (RIL), went public on August 21, 2023. In September, mutual funds made significant sales, with SBI Mutual Fund leading the way, offloading shares worth Rs 1,736 crore, reducing its holding to 2.92%. UTI Mutual Fund sold shares worth Rs 508 crore, while Nippon Mutual Fund and HDFC Mutual Fund sold Rs 302 crore and Rs 205 crore, respectively. Other mutual funds like Bandhan Mutual Fund, DSP Mutual Fund, and Franklin Templeton Mutual

Franklin Templeton Mutual Fund also reduced their holdings, with Franklin Templeton completely exiting the stock. In contrast, Axis Mutual Fund acquired JFSL shares worth Rs 108 crore, increasing its holdings to 7.3%. Jio Financial Services was temporarily added to key indices on July 20 at a constant price of Rs 261.8.



03 DO ROBUST DEAL WINS FOR IT COMPANIES INDICATE THAT A RECOVERY IS ON THE HORIZON?

Top Indian IT firms - TCS, Infosys, and HCLTech - hint at a revenue rebound in H2 of this fiscal year. Strong deal wins are the driving force, providing revenue visibility for the medium term. Despite Q1 and Q2 execution delays in FY24, these deals are crucial as clients defer higher-margin projects. After TCS's muted Q2, Infosys and HCLTech reported results. Infosys exceeded analyst estimates for revenue and profit, while HCLTech missed revenue but exceeded profit expectations. Both declared their highest total contract value (TCV) for new deals. Infosys' September quarter TCV (total contract value) reached \$7.7 billion, well above the typical \$2-3 billion quarterly range. HCLTech's new deal TCV was around \$4 billion, surpassing the usual \$2-2.5 billion. TCS also reported a high TCV of \$11.2 billion. These strong deal trends come amid rising geopolitical tensions and economic challenges in the US and Europe.

01 DUNZO OR DONE-ZO?

Dunzo is a hyper-local on-demand delivery service startup based in India. Its model is delivering anything and everything as needed, with minimal delivery charges. Since its inception in 2015, Dunzo has successfully raised close to \$500 million in funding from notable investors, including Reliance, Google, Lightrock, Lightbox, Blume Ventures, and several others.

However, Dunzo has faced some financial challenges recently. The company's Head of Finance, Sudarshan N, has departed at a crucial time, coinciding with the company's ongoing fundraising efforts. Sudarshan N played a vital role within Dunzo, and his departure has had significant consequences for the company. These include delayed salary payments, missed repayment deadlines, and multiple legal challenges, all stemming from the company's inability to effectively manage its cash flows in these times.

With these issues in mind, Dunzo has sought to address its financial constraints by partnering with OneTap, a revenue financing company, to ensure that employee salaries are paid on time. In addition to Sudarshan N's departure, co-founders Mukund Jha and Dalvir Suri are also set to exit the company, as previously reported. Akansha Kumari, the former Head of Product at Dunzo, has left her position to lead the product team at Jupiter, a fintech startup.

These recent events indicate that Dunzo is in a period of transition and change, as it navigates its financial challenges as well as leadership transitions.

02 FROM ZERODHA TO HERO-DHA

Nikhil Kamath, one of the co-founders of the leading stockbroker Zerodha, has achieved the remarkable feat of becoming India's youngest billionaire at the age of 37. According to Forbes' most recent list of India's 100 wealthiest individuals, the Kamath brothers, Nithin and Nikhil, are ranked 40th among the nation's richest, boasting a combined net worth of \$5.5 billion.

The Kamath brothers established Zerodha in 2010, a pioneering platform that revolutionized zero-cost equity investing in India. Meanwhile, Zerodha has reported impressive financial results for the fiscal year 2022-23 (FY23), with a revenue of Rs 6,875 crore and a profit of Rs 2,907 crore. This marks a substantial 38.5% increase in revenue and a 39% growth in profit compared to the previous fiscal year when the company reported a revenue of Rs 4,964 crore and a profit of Rs 2,094 crore. Notably, on October 11th, Nikhil unveiled the "WTF Fund" initiative, aimed at supporting aspiring entrepreneurs under the age of 22 in various sectors, including beauty, fashion, and home brands. This initiative reflects Nikhil Kamath's commitment to fostering the next generation of entrepreneurial talent.



01 INDIA'S FOREIGN EXCHANGE RESERVES AT 5-MONTH LOW OF \$584.74 BILLION

India's forex reserves dropped for a fifth consecutive week to settle at a 5-month low of \$584.742 billion for the week ended October 6. The \$2.17 billion decline from the previous week was on top of an almost \$12 billion drop in the previous four weeks.

In October 2021, the foreign exchange reserves had reached an all-time high of \$645 billion. The reserves were depleted as the central bank used the reserves to defend the rupee amidst pressures caused by global events. For the week in reference with the foreign reserves data, the rupee fell against the dollar for a third consecutive week, ending at 83.2625.



02 RETAIL INFLATION DROPS TO 5.02% IN SEPTEMBER, WITHIN RBI'S TOLERANCE MARK

India's retail inflation finally cooled down in the month of September, lowering to a three-month low in September. Furthermore, inflation fell below the RBI's upper tolerance zone of 2%-6%. High vegetable prices were noted to be the primary factor in fuelling inflation for the last two months. Last month however, vegetable inflation eased down to 3.39% from 26.14% in the previous month. Despite a reduction in inflation, CPI remained above 4%, a target that the Reserve Bank has signalled would be critical before lowering rates. A major contributor in CPI, being food inflation, lowered drastically last month.



03 UNION CABINET APPROVES ROYALTY RATES FOR EXTRACTING STRATEGIC MINERALS

The Union Cabinet approved royalty rates for lithium, niobium, and for Rare Earth Elements on 11th October. The rates for lithium and niobium have been established at 3%, whereas for Rare Earth Elements, the rate has been set at 1%. The royalty rate on minerals is essential for auctions. For the first time in the country, the royalty rate approval allows the Centre to auction lithium, niobium and Rare Earth Elements owing to the royalty rate approval. The Mines and Minerals (Development and Regulation) Amendment Act, 2023, which came into effect on 17th August 2023, delisted six minerals from the list of atomic minerals, which also included lithium and niobium. Prior to the amendment, the MMDR Act dictated a royalty rate of 12% for all minerals which did not have a specified royalty rate, making them non-competitive. As a result, it was decided to fix a reasonable royalty rate for these minerals.

01 ISRAEL-PALESTINE VIOLENCE

On 7th October, militants from Gaza fired thousands of rockets toward Israeli towns, within a 20-minute span approximately 4000 rockets were fired, such that even the Iron Dome defence system of Israel failed. Hamas launched a multi-pronged attack, from the ground, sea, and air. In response to the attack, Israel has declared war and launched “Operation Swords of Iron,” striking suspected Hamas and Islamic Jihad targets in Gaza. All crossings between Israel and Gaza have been shut down and the IDF launched a warning for all civilians to evacuate residential areas. Israeli Minister of Defence Yoav Gallant said on 9th October, that he had ordered a “complete siege” on Gaza. A major point of discussion is the failure of Israel’s intelligence agency, Mossad, to predict such an attack. The United States, under President Joe Biden, has expressed “rock solid and unwavering support” for Israel, as articulated in the official statement. The European Union’s foreign policy chief also condemned the attack. Conversely, Iran’s foreign ministry, a prominent advocate for Hamas, contends that the assault was an act of self-defence by Palestine. India, historically a supporter of Palestinian self-determination, does not endorse the attack, categorising it as a “terrorist attack.” This could potentially mean a rise in the prices of oil due to geopolitical tensions and expectations of supply disruptions.

02 INDIA'S LITHIUM DISCOVERY: POTENTIAL GAME CHANGER FOR EV INDUSTRY AND NATIONAL ECONOMY

The National Mineral Exploration Trust (NMET) unearthed vast lithium deposits in Jharkhand's Koderma and Giridih, adding to discoveries in Karnataka and Jammu and Kashmir. Lithium is crucial for electric vehicle (EV) batteries, and this domestic find can reduce forex expenditure and make India a global lithium leader. It may intensify competition with China as nations seek alternative lithium sources. The newfound wealth, however, might attract Maoist activity and mineral theft. On a positive note, it can generate jobs in mining and battery manufacturing, especially in regions with high unemployment. This discovery could invigorate India's EV industry, aligning with the government's goal of achieving 100% electric vehicle sales by 2030 and fostering a more sustainable economy.

03 ASSESSING THE POTENTIAL COSTS OF THE INDIA-CANADA CONFLICT

India – Canada conflict arose due to the alleged murder of a Sikh separatist leader, that India labelled as a terrorist. The immediate impact of this seems limited because India and Canada trade in complementary products and trade is driven out of commercial considerations hence, the trade between Canada and India would not have huge impact. It could however impact business in other ways, like giving big companies like Apple and Tesla a reason to look elsewhere, thereby leading to a possible reduction in Foreign Direct Investment.

01 NASA'S "PARKER SOLAR PROBE" SURPASSES ALL SPEED RECORDS, VENTURES CLOSEST TO THE SUN

Parker Solar Probe, a NASA spacecraft launched in 2018 with the mission of making observations impacting the outer corona of the sun, attained a remarkable height which rattled the world of space and technology. Apart from being named the fastest artificial object to have ever been constructed by humans; at a staggering speed of 635,266 km/hr, breaking a past feat of its own which stood at 586,863.4 km/hr, it also set a milestone for having achieved the closest proximity to the sun at 7.26 million kilometres. This landmark accompanied the probe's 17th trip round the sun as a part of its original quest. The probe's trajectory was intricately planned, including flybys of Venus to add to the momentum, and is expected to make 25 orbits around the sun by 2025.

02 WHAT ARE ATTOSECONDS? DECONSTRUCTING THE NOBEL PRIZE WINNING RESEARCH.

The nobel prize for physics, 2023 was awarded conjointly to Pierre Agostini, Ferenc Krausz and Anne L'Huillier for their revolutionary work involving studying electrons using attosecond- long flashes of light. These imperceptibly small pulses of light have assisted scientists to examine rapid electron moments to a great extent, particularly while the dissection of chemicals bonds. "Atto" being the scientific notation prefix for representing 10^{-18} , flash of light lasting an attosecond is barely

discernible. The attosecond research offers answers to a plethora of questions ranging from what electron behaviour is like in singular molecules to how electron charge migrates and chemical bonds between an atom break. Extending the scope of the study, it can be additionally applied to examine electron transfer in solid state semiconductors; as well as electrons and their behaviour in "liquid" water. This so-called "attochemistry" holds the potential of producing solar cells with higher efficiency and cleaner fuels in the future.

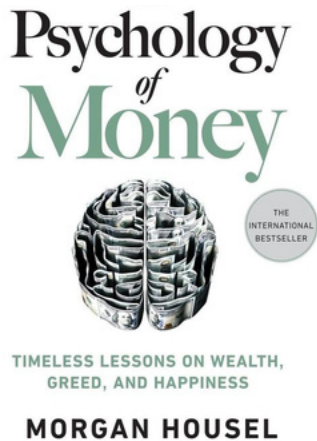
03 NANOPTA: THE NEWEST INVENTION AT MATERIALS RESEARCH CENTRE, INDIAN INSTITUTE OF SCIENCE

The scientists at Materials Research Centre, IISc, have made a noteworthy breakthrough in the field of wastewater management and subsequent potential medical diagnosis. They have developed a cutting edge enzyme mimetic, namely "NanoPTA", which is capable of degrading toxic chemicals and effluents in industrial wastewater. The platinum-containing enzyme emulates the function of oxidases- a natural enzyme possessing the ability to eliminate hydrogen from substrates in the presence of oxygen to provide water. Although as for NatoPTA, it derives utility from the availability of mere sunlight. Besides being thoroughly specific in breaking down certain substrates, it is also robust and can endure an extended range of pH and variation in temperature. Moreover, it eradicates the issues accompanied with the usage of the traditionally utilised natural enzymes by serving as a cheaper substitute and being easier to extract and store.

MOVIE RECOMMENDATION

THE SOCIAL NETWORK

The Social Network, a 2010 biographical drama, delves into the inception of Facebook, offering an essential case study on business inception and growth. It underscores the significance of social media in the corporate sphere while posing pertinent ethical questions. Mark Zuckerberg's journey, from a Harvard student's idea to a global phenomenon, serves as an inspirational tale for entrepreneurs, imparting invaluable lessons on success, failure, and the ethical dimensions of social media utilisation.



BOOK RECOMMENDATION

THE PSYCHOLOGY OF MONEY

Morgan Housel's 'The Psychology of Money' offers a fresh perspective on personal finance, investing, and business success by emphasising the role of psychology and behaviour. While these fields traditionally rely on maths and data, the book illuminates how personal history, worldview, ego, pride, marketing, and incentives influence financial decisions.

PODCAST RECOMMENDATION

INVEST LIKE THE BEST WITH PATRICK O' SHAUGHNESSY

Patrick O'Shaughnessy, founder of O'Shaughnessy Asset Management LLC, hosts the "Invest Like the Best" podcast. Through interviews with industry leaders and capital market experts, the podcast offers valuable insights on successful investing and finance. These insights are also compiled into a parallel guide on investment and finance.



STOCK PICKS

Indian markets bounced back from the sluggish start to the week buoyed by positive second-quarter earnings, only to give up gains towards the end. Further, a subdued start to the result season by the IT sector combined with an uptick in crude oil prices affected the broad market trend. However, the benchmark indices logged gains during the week, taking comfort in easing domestic inflation. Around 58 smallcap stocks offered double-digit weekly returns, with ITI Ltd (41%), Prakash Industries (29.7%), MMTC (26%), and Omaxe (25.9%) leading the smallcap pack. Among Sensex stocks, Tata Motors (7%), Maruti (4.13%), and Airtel (3.05%) performed well.

JARGONS DECODED

BOIL THE OCEAN

The jargon as term describes means doing a work that wastes a lot of time. In business, it signifies investing money and time in futile avenues.

LOTS OF MOVING PARTS

As the name suggests it is used to describe a complex business structure where is a lot of departments and a huge manpower.

CORE COMPETENCY

As the name suggests it is the USP (Unique Selling Proportion) of the business. It's the area or field where company specialises in.

THOUGHT SHOWER

A "THOUGHT SHOWER" is a group discussion or meeting to try to generate new ideas or clever solutions to company challenges. This phrase is often interchangeable with "BRAINSTORMING".

SYNERGY

It's often used to describe the idea that the combined efforts of two entities (e.g., companies or teams) will result in a greater overall outcome than the sum of their individual efforts

MYTH BUSTERS

GREAT IDEAS EQUAL GREAT BUSINESS

Ideas that can't be commercialised result in businesses that can't make money. Great ideas can inspire millions and change the world, but unless they make people buy a product or service, you'll need to go back to the drawing board. Even with substantial capital behind a great idea, unless you have a tenable business plan that protects profit margins and targets organic growth, your business will struggle to keep its head above the water.

PROFITS ARE THE OWNER'S SALARY

Owning part of a successful business will most likely earn you more than as an employee. But it's not a license to take all the profits without a second thought. To remain profitable – and to achieve long-term success – businesses must grow. A proportion of profits must be re-invested into the company to enable this growth to take place. As with all things, there's a balance to be struck; there's no harm in being rewarded for your hard work, but you mustn't lose sight of the big picture.

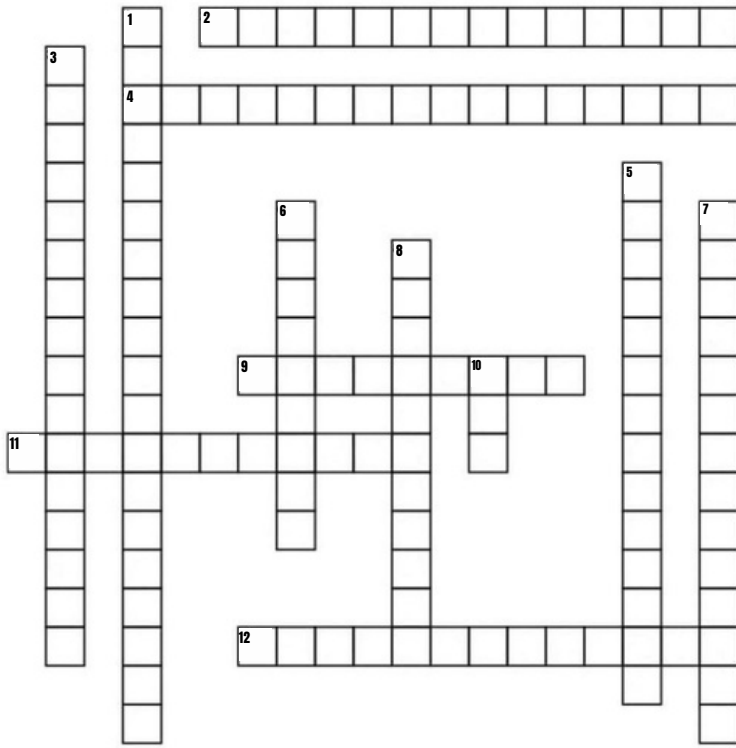
FORTUNE'S FABLES

COCAINE-O-COLA

One of the most prominent names in the beverage industry, Coca-Cola, was initially marketed as a remedy for morphine addiction. The closely guarded recipe, which remains one of the industry's most famous secrets, once contained cocaine and was called "Pemberton's French Wine Coca". Coca-Cola, now a global cultural icon, was created by a wounded Civil War veteran who had become reliant on painkillers. This story underscores the importance of keeping your product dynamic and adaptable to your customer's evolving needs.



CROSSWORD



ACROSS

2. A financial ratio that measures a company's ability to meet its short term obligations.

4. A theory that suggests stock prices move randomly, making it impossible to predict short-term price movements.

9. The economic system where the government owns or controls most means of production.

11. A trade term that means the buyer pays for the cost of transportation from the point of shipment to the destination.

12. The economic term for the situation when a government's expenses exceeds its revenues.

ANSWER IN THE NEXT EDITION

DOWN

1. The concept where a company expands its operations by acquiring its suppliers or distributors.

3. A business practice where a company sells a product at a loss to gain market share.

5. The branch of economics that studies the overall economy, including inflation, unemployment, and economic growth.

6. The economic term for a market with a few large firms dominating the industry.

7. The type of tax on income or profits that increases as amount subject to taxation increases.

8. The study of consumer behaviour and how it influences the demand for goods and services.

10. The international financial institution that provides loans to countries facing balance of payments problems.

VOCABULARY

Abenation

The denial or rejection of a doctrine or belief.

Sanctimonious

The pretence of being morally pious to exhibit morally superiority.

Idiosyncrasy

A mode of behaviour as way of thought peculiar to an individual.

Camaraderie

A sense of solidarity arising out of familiarity and sociability.

Epitaph

A phrase or form of words written in memory of a person who has died especially as an inscription on a tombstone.

Abnegation

The denial or rejection of doctrine or belief.

“Business opportunities are like buses; there's always another one coming.”

Thank you for reading!

**Hope you enjoyed the content.
Stay tuned for the next edition!**

