

# THE COMSOC GAZETTE



**OCTOBER 2023**

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FINANCE AND INVESTMENT

STOCK MARKET

STARTUPS

ECONOMY

GEO POLITICS

SCIENCE AND TECH

COMSOG GENIE

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# FINANCIAL FORESIGHTS

## 01 BITCOIN UP 106% THIS YEAR, \$34,000 BEING RALLIED THIS WEEK!

Investors worldwide believe cryptocurrency as a safe haven asset. Bitcoin is being trumpeted as a “flight to quality” asset amidst all the devaluing fiat currencies and mounting global tensions due to the Israel-Hamas war. It is pointed out that a debt spiral leads to a loss of confidence in banks and governments, which is bad for bonds and equity. Thus, Gold and BTC remain the most feasible and “untenable” asset during the times of government uncertainty and contingent events. It must be noted that almost 70% of bitcoin’s supply hasn’t moved in a year, and 30% of outstanding tokens haven’t changed hands in the past five years. Banking crisis and uncertainties have also prompted people to resort to bitcoin as a hedge. This notion is against the one many other investors believed to be the reason for surge, an ETF, BlackRock’s spot ETF, that had won the US SEC (Securities and Exchange) approval. Within minutes, the tweet was revealed as a mistake, and bitcoin quickly gave back some, but all its gains, others accruing to the “safe haven”.

## 02 NEARLY RS 2 LAKH CRORE INVESTOR’S WEALTH WIPED OUT IN A DAY AMIDST GLOBAL TENSIONS.

They also became poorer by Rs 14 Lakh crore in just five days as markets fell due to global tensions sparked by the Israel-Gaza War. Investor sentiment is on the edge as tensions in West Asia continue to drag the market. Despite a drop in

oil prices, and an optimistic view of the progressing Q2 season, investors took a cautious approach due to the expectation that a higher interest rate scenario would continue slowing future growth. At close, the Sensex was down 1,158.63 points or 1.89% at 59,984.70, and the Nifty was down 353.70 points or 1.94% at 17,857.30. Similar trend is seen in Dow, which fell more than 350 points, ending brutally, S&P 500 closes in correction though. Point to be noted here is that the Federal Reserve is expected to announce no changes in rates at its two-day meeting for a week, though the central bank’s preferred inflation indicator remains well above the 2% target rate, with the Fed raising interest 11 times this year.

## 03 5G, SATELLITE COMMERCE, SEMICONDUCTORS TO BOOST THE ECONOMY WITH \$240 BILLION BY FY28.

According to KPMG, these industries will collectively contribute 1.6% to the national GDP by FY28. India is leveraging to become a digital powerhouse; the telecommunication sector is expected to grow with a CAGR of nearly 9% by FY24. These industries will also increase their hiring by over 40%, with the upcoming rollout of 5G/6G. India needs 22 million skilled workers in 5G focused industries by 2025! The rural smartphone penetration in India has also doubled since covid, expected to penetrate to 60% of the rural population by 2025.

# MARKET SPOTLIGHT

02

## 01 JP MORGAN BULLISH ON INDIA: UPGRADE TO 'OVERWEIGHT' SIGNALS POSITIVE MARKET SENTIMENT AND STOCK INCLUSIONS.

While several major brokerages raised India's rating outlook to overweight, citing factors such as robust growth and expanding bond markets fueling reduced risk, some acknowledge challenges remain. JP Morgan's decision reflects both cyclical momentum from upcoming elections and structural prospects including demographic shifts sustaining GDP growth. However, emerging markets face headwinds from rising US interest rates and a strengthened dollar potentially slowing growth.

Anticipating revived interest in emerging market equities post the US economic cycle, the firm plans to overweigh Indian stocks like Sun Pharma, Bank of Baroda, and Hindustan Unilever. JP Morgan's shift includes upgrading Saudi Arabia to overweight and downgrading South Korea to neutral, aiming to allocate more risk capital to China, Saudi Arabia, and India, leveraging strong growth and favourable valuations.

## 02 USER GROWTH TRIUMPH: GROWW OUTPACES ZERODHA, INDICATES SHIFT IN STOCKBROKING LANDSCAPE

Both Groww and Upstox have come a long way in challenging Zerodha's dominance in the online stockbroking space over recent years. While Zerodha continues to perform strongly financially with a substantial 38.5% rise in revenue and profit growth in the last fiscal year, Groww has achieved a notable feat

by surpassing them in active user count according to September 2023 NSE data. Groww recorded 6.63 million active traders compared to Zerodha's 6.48 million. However, Zerodha maintains the highest valuation among stockbroking startups at \$3.6 billion.

In fiscal year 2022, Groww witnessed significant revenue growth of 11.7 times to Rs 351 crore, alongside increased losses of Rs 239 crore. Similarly, Upstox experienced a substantial 77.4% revenue surge to Rs 765.6 crore, coupled with widened losses of Rs 444.57 crore. Despite strong funding from Tiger Global, both face tough competition from Zerodha, renowned for its robust performance and valuation.

## 03 INVESTOR FOCUS: Q2 REPORTS AND US BOND YIELDS SHAPE MARKET TRAJECTORY

This week, investors are closely monitoring the Q2FY24 results, which are expected to influence market sentiment. Additionally, the US bond market's recent 17-year high of 5% in bond yields, driven by Federal Reserve Chairman Jerome Powell's remarks on potential interest rate hikes to tackle inflation, has raised investor concerns and heightened market volatility.

Furthermore, there is attention on events such as geopolitical tensions like the conflict between Israel and Hamas. These tensions have the potential to affect markets. Against this backdrop Indian markets have been going through a consolidation phase with fluctuations. Ending in negative territory for the third consecutive session, on October 20th. Investors are feeling anxious as they await the market's response to these catalysts, which will likely shape the outlook for the week.

## 01 CRED OR INCREDIBLE?

CRED is a platform that allows you to pay your credit card bills and receive rewards for doing so. It was founded in 2018. With the platform's new paradigm, users who pay their bills using the CRED app receive "CRED coins." Afterwards, you can use these coins to join workshops, purchase any item, or participate contests. The firm is situated in Bangalore and offers its clients a quality product selection in addition to a variety of services including credit. The startup thinks that by providing incentives, people will change the way they behave financially.

CRED is the newest Indian startup with a valuation of over \$2.2 billion, according to TechCrunch. Approximately twenty-two percent of credit card holders and over six million clients use this two-year-old business. The company is aiming for wealthy clients, according to CEO and founder Kunal Shah, and it has grown to be one of the most talked-about startups.



Few businesses maintain steady growth over time by concentrating on the upper end of the market. Additionally, CRED intends to launch a function that will allow over a thousand retailers to accept CRED currency. The new business also intends to open an online store. It's obvious that the firm has plans that go well beyond simply giving its users reward coins.

## 02 DREAM 11 - A DREAM COME TRUE

Dream11, a fantasy sports platform, has scripted a remarkable success story in India. Founded in 2008 by Harsh Jain and Bhavit Sheth, it started as a niche gaming platform but quickly rose to prominence due to its innovative concept.

The turning point for Dream11 came in 2012 when the Indian Premier League (IPL) became a cultural phenomenon. Dream11 capitalized on the cricket craze by offering users a chance to create their fantasy cricket teams. This unique blend of sports and skill-based gaming garnered a massive following.

The company's success can be attributed to several key factors. Firstly, it managed to navigate the complex legal landscape of gambling and skill-based gaming in India. This ensured its legality and credibility. Secondly, Dream11's consistent marketing efforts, including partnerships with IPL teams and cricketers, helped it gain widespread recognition. It also focused on creating a user-friendly interface and robust mobile app, making it accessible to millions.

As a result, Dream11 boasts over 100 million users in India, making it the largest fantasy sports platform in the country. It has secured significant investments and partnerships, propelling it into the unicorn club. Dream11's success has not only revolutionized the online gaming industry but has also popularized fantasy sports in India, turning a startup into a household name. The journey of Dream11 serves as an inspiring example of how innovation, determination, and adaptability can lead to extraordinary success in the Indian market.

01

## INDIA TO SURPASS JAPAN AND BECOME ASIA'S SECOND LARGEST ECONOMY BY 2030

“India’s nominal GDP measured in USD terms is forecast to rise from USD 3.5 trillion in 2022 to USD 7.3 trillion by 2030,” S&P Global said in its report. India’s GDP is expected to grow between 6.2 per cent and 6.3 percent, placing India as the fastest growing economy, for the current fiscal year ending in March 2024. S&P Global Market intelligence reckons that this proliferation will endure throughout the remainder of 2023 and 2024. This rapid acceleration in GDP is facilitated by India’s youthful demographic profile, rising urban household income and the surge in foreign direct investment, particularly by global technology giants like Google and Facebook (It is projected that 1.1 billion Indians will have access to the internet by 2030)

03

## THE ECONOMIC TROUBLES OF CHINA

The International Monetary Fund has downgraded its earlier growth forecasts of China from 5.2% this year and 4.5% next year to 5% and 4.2% respectively, remarking that its recovery was “losing steam” and citing weakness in its property sector, in its regional economic outlook report. Economists have since pointed to a range of factors attributing to this decline, including an extended hangover from the effect of the ‘Zero Covid Policy’, rising geopolitical tensions with the United States and decision making delays by the policy makers in addressing the country’s structural imbalances. However, one of the biggest contributors to the economic distress of China, is the unravelling of the property sector, which at one point accounted for about a quarter of the country’s GDP. The Chinese local government fiscal resources, which relies heavily on home sales, have deteriorated to their worst possible level in more than a decade. China’s cabinet has placed restrictions on the ability of the local government in 12 heavily indebted regions to take on new debt and has placed limits on what new state funded projects they can launch.

02

## ONLINE GAMING INDUSTRIES IN INDIA ORDERED TO PAY \$12 BILLION FOR TAX EVASION: SHOW CAUSE NOTICES ISSUED

The online gaming industries have been instructed to pay Rs. 1 Trillion or \$12.03 Billion for taxes they have allegedly evaded. In August, the GST Council decided to amend the indirect tax law, now requiring all online gaming industries involved in gambling & wagers, irrespective of whether they are fundamentally based on skills or chance, to pay GST equivalent to 28% on the full value of bets placed (not on the gross gaming revenue) from October 1. After the amendment, it is now mandatory for the overseas online gaming industries to register in India from October 1. However, according to government officials, there is no data of the registration of foreign gaming companies yet.

# THE GLOBAL CHESSBOARD

## 01 INDIA ABSTAINED FROM UN VOTE ON ISRAEL-GAZA CONFLICT

India has abstained in the United Nations General Assembly on a resolution that called for an immediate humanitarian truce in the Israel-Hamas conflict leading to a cessation of hostilities. The 193 members of the UN General Assembly (UNGA), which met in a resumed 10th Emergency Special Session, voted on the draft resolution submitted by Jordan and co-sponsored by more than 40 nations. It was adopted with 120 nations voting in its favour, 14 against it and 45 abstaining. Besides India, countries that abstained included Australia, Canada, Germany, Japan, Ukraine and the UK. Before the vote an amendment proposed by Canada and co-sponsored by USA, condemning Hamas's attack in Israel and demanding the release of hostages was proposed but did not achieve the necessary two thirds of majority. India supported this amendment, unlike 55 member states and 23 abstained. The President of UNGA, Dennis Francis, declared the amendment's failure to be adopted.



## 02 QATAR HANDS DEATH SENTENCE TO 8 EX-INDIAN NAVY PERSONNEL

Eight former Indian Navy personnel have been sentenced to death by Qatar's Court of First Instance on undisclosed charges. The eight former naval personnel were all working for Al Dahra Global Technologies and Consultancy Services and had faced the charges since 2022. Details weren't officially released, but the men, accused of espionage, faced repeated rejection of bail pleas and prolonged detention, initially in solitary confinement. After Indian authorities intervened, consular access was granted, allowing contact with their families. The Indian government expressed deep shock and said that it is "exploring legal options". Concerns have been expressed and attention from around the world has been drawn to the serious sentence and lack of openness around the allegations.

## 03 US NUCLEAR TEST RAISES CONCERNS OF NEW ARMS RACE WITH RUSSIA

The US conducted a high-explosive experiment at a Nevada nuclear test site shortly after Russia revoked its adherence to the Comprehensive Test Ban Treaty, raising concerns of a potential arms race between the top nuclear powers. Although lawful, the timing raised concerns about potential misunderstandings and escalation, particularly in light of the heightened tensions between the US and Russia as a result of the Ukrainian crisis. Analysts worry that these moves can intensify hostilities and cause them to escalate even more.

## 01 FIRST PILL FOR DENGUE SHOWS PROMISE IN HUMAN CHALLENGE TRIAL

Johnson & Johnson developed a pill for dengue fever, which has appeared to protect against a form of virus in a handful of patients in a small human challenge trial in the United States as indicated by the data presented by the company. In the trials done in association with Johns Hopkins Bloomberg School of Public Health, 10 volunteers were subjected to a high dosage of J&J pills five days before being injected with a type of dengue, and they continued to take the pill for 21 days afterwards. Six out of ten depicted no detectable dengue virus in their blood, as well as no signs that their immune system had responded to infection virus over 85 days of monitoring. However four in the placebo group showed detectable virus when tested. The positive early data supports ongoing Phase II trials of the pill and the next step will be testing it as a treatment.

## 02 SCIENTISTS IDENTIFY MOLTEN LAYER DEEP WITHIN THE INTERIORS OF MARS

Seismic waves from a meteorite impact on Mars, opposite NASA's InSight lander, reveal a previously unknown molten layer encircling a smaller, denser metallic core. Data from InSight's seismometer unveiled the planet's inner structure. The impact in Tempe Terra (Martian highland region) on Sept. 18, 2021, triggered a magnitude 4.2 quake and exposed this core. The waves suggest a 90-mile-thick molten

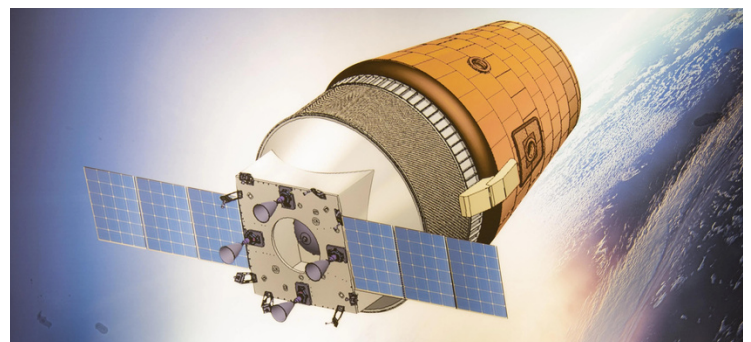
silicate layer at the base of the mantle, altering core size estimates to 2,080 miles in diameter, about 30% smaller. The Martian core is made up mostly of iron and nickel but also has some lighter elements such as sulphur, oxygen, carbon and hydrogen. Unlike Earth, Mars features this molten layer, containing lighter elements composing 9-15% of the core's weight, similar to Earth's core.

## 03 THE RATIONALE BEHIND HOLDING OFF GAGANYAAN TEST LAUNCH

ISRO put its first test flight for its human space flight mission 'Gaganyaan' "on hold" 5 seconds from its scheduled launch at 8:45 am IST on 21 October 2023.

The test flight was meant to carry various crew safety related payloads and conduct its necessary mission objective as part of a series of tests before the main mission of taking Indian astronauts to space, likely by the end of 2024.

The rocket ignition kick started at T-6 seconds, witnessing which the on ground computer overrode the lift off and put the mission on hold. ISRO chief S Somnath commented that since engine ignition had not happened in the nominal course the mission was put on hold for analysing the trigger of the Automatic Launch Sequence.

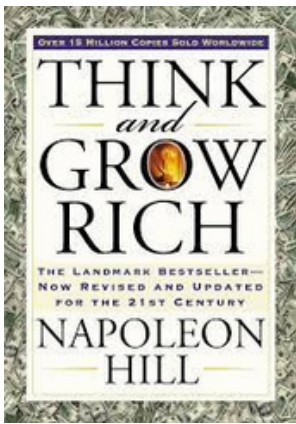




## MOVIE RECOMMENDATION

### THE BIG SHORT

In the 2015 film "The Big Short," Michael Burry, a Wall Street expert, spots the impending subprime home loan crisis. He places a billion-dollar bet against the housing market using credit default swaps. This attracts the attention of banker Jared Vennett, hedge-fund specialist Mark Baum, and others with a keen eye for opportunity. Together, they capitalize on the looming economic collapse, accumulating substantial profits. The film offers a gripping portrayal of financial greed and strategy during this turbulent era, providing a captivating and insightful cinematic experience.



## BOOK RECOMMENDATION

### THINK AND GROW RICH

"Think and Grow Rich" by Napoleon Hill, published in 1937 during the Great Depression, is a highly recommended guide to success. This enduring bestseller offers a powerful remedy for challenging times. Hill's philosophy highlights the influence of positive thinking and provides practical steps for wealth creation through visualization, affirmations, forming a Master Mind group, setting clear objectives, and strategic planning. It firmly asserts that thoughts shape reality, making it a must-read for those seeking personal and financial growth.

## PODCAST RECOMMENDATION

### DITCH THE SUITS

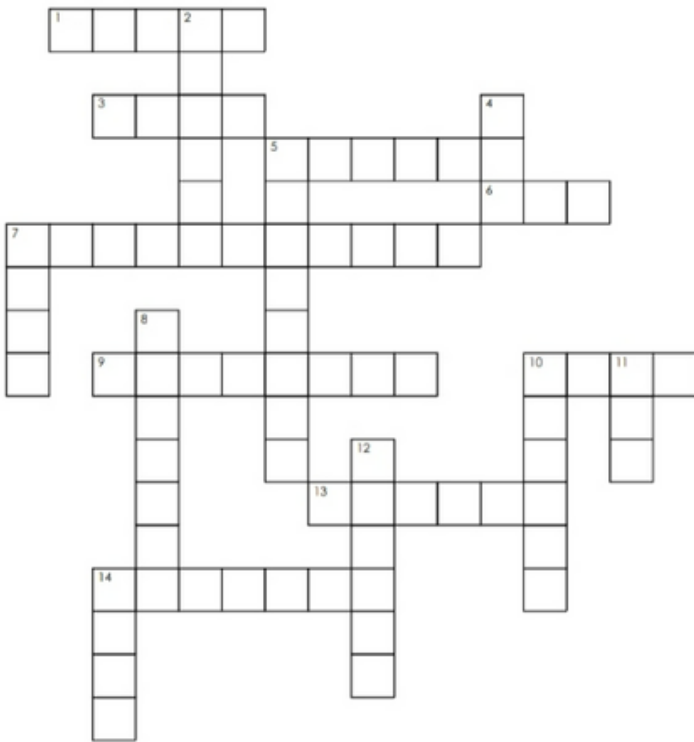
"Check out 'Ditch the Suits,' a finance podcast hosted by Steve Campbell and Travis Maus. They delve into overlooked financial topics, like FOMO investing, multi-generational financial planning, and protecting wealth from exploitation. This podcast offers thought-provoking insights, guided by successful business owners. If you're interested in exploring the hidden aspects of finance, 'Ditch the Suits' is a valuable resource. Tune in for in-depth discussions on financial matters that are often kept out of the public eye."



## STOCK PICKS

In October, Foreign Portfolio Investors (FPIs) sold Rs 20,356 crore worth of equity in India, with Rs 25,575 crore through exchanges. NTPC reported a 38% YoY rise in Q3 2023 net profit to Rs 4,726.40 crore, while IDFC First Bank saw a 35% YoY increase to Rs 751 crore. The Nifty index failed to break 19,850, leading to a sharp 1,000-point correction in seven trading sessions. Top gainers included MCX India and Birlasoft, while Hindustan Aeron and Navin Fluorine were among the top losers. Top gainers were, MCX India (15.81%), Birlasoft (10.36%), GNFC (9.54%), L&T Finance (8.51%) and NMDC (8.39%) whereas top losers were Hindustan Aeron (51.68%), Navin Fluorine (22.79%), IGL (15.97%), Biocon (15.85%) and Indiabulls Hsg (15.63%).

## CROSSWORD



## ACROSS

1. An investment position intended to offset potential losses or gains that may be incurred by a companion
3. To experience a sudden rapid growth
5. A ticket or document that can be redeemed for a financial discount
6. Manages the overall operations of the company
7. The act of improving by expanding, enlarging, or refining
9. The net benefits of a corporation's operation
10. An investor who buys shares because they believe the market is going to rise
13. Granting of a property right by a sovereign authority to an inventor
14. A situation in which expenses are greater than revenues during a particular accounting period

## DOWN

2. Relating to the whole world
4. A large corporation incorporated in one country which produces or sells goods or services in various countries
5. The amount that something can produce
7. Facts and statistics collected for reference
8. The ratio at which a business or person is taxed
10. An act of trading goods or services between two or more parties without the use of money
11. Indian state-owned insurance group and investment company
12. An organisation of a few independent producers for the purpose of improving the profitability of the firms involved
14. a moral or legal obligation

## ANSWER IN THE NEXT EDITION

### Answers for previous edition

- | Across                | Down                                 |
|-----------------------|--------------------------------------|
| 1. Oligopoly          | 2. Vertical Integration              |
| 3. Random Walk Theory | 4. Progressive Tax                   |
| 5. Macroeconomics     | 6. IMF (International Monetary Fund) |
| 7. Predatory Pricing  | 8. FOB (Free On Board)               |
| 9. Demand Curve       | 10. Budget Deficit                   |
| 11. Liquidity Ratio   | 12. Socialism                        |

## VOCABULARY

1. MAVERICK - a nonconformist; a rebel
2. EPHEMERAL - lasting for a very short time
3. REPREHENSIBLE - worthy of blame or censure
4. TREPIDATION - fear, apprehension, nervous trembling
5. VICISSITUDE - upheaval; natural change or change in fortune
6. HARBINGER - a forerunner, a signal of

## JARGONS DECODED

### Move the needle

The jargon refers to getting effective results from a project or assignment that are meaningful to a company's or business's overall goals.

### In the loop

The phrase "in the loop" is the act of being given important information or knowledge on a particular subject.

### Drill down

"Drill down" is a term to describe a thorough investigation of an idea, assignment or project report. It's often used to uncover the crucial details that are most beneficial to the company's future endeavours.

### Bleeding edge

Modified from the term "cutting edge," "bleeding edge" is used to define an innovative product or service.

## BLUE SKY THINKING

"Blue sky thinking" is a phrase used to describe extremely creative problem-solving and innovative new ideas.

## MYTH BUSTERS

### Founders Are Their Own Bosses

There's a belief among many that the founder is the ultimate boss in any organisation. The founder always answers to someone, whether it's the board, the investors, or most importantly, the customers. After all, founders don't keep the lights on. Customers do. One could choose not to do everything in power to be great at their job, but just like any other employee, the boss – the customer – will eventually fire you. Starting and running a business means you will have more responsibility and accountability.

### The "overnight success"

The most common myth is when you see someone's success and believe that they got there "instantaneously", without really taking into consideration the amount of time and effort it took them to get there. You're on your own business journey and everybody else has their own journey too. There is quite a common notion wherein business is associated with being rich, however, there lies a lot of parameters for being rich and successful such as dedication, hard work and a strong mindset.

## FORTUNE'S FABLES

### GOLDEN ARCHES, SPICY SUCCESS - MCDONALD'S IN INDIA

One of the most prominent fast-food chains, McDonald's has a presence in more than 120 countries. Its success particularly in India is due to effective management and localised strategies which encountered the economic, demographic, sociocultural and competitive environment. India has a very large consumer base and McDonald's adapted its menu to cater to the locals' tastes and preferences. Beef is replaced with chicken. The Maharaja Mac is the local version of the standard Big Mac, and significant changes have been made to capture vegetarian consumers.



**"Opportunities are like sunrises.  
If you wait too long, you miss  
them." – William Arthur Ward**

*Thank you for reading!*

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

