

THE COMSOC GAZETTE



SEPTEMBER 2024

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FINANCE AND INVESTMENT

STOCK MARKET

STARTUPS

ECONOMY

GEOPOLITICS

SCIENCE AND TECH

COMSOG GENIE



THE COMMERCE SOCIETY, SRCC



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FINANCIAL FORESIGHTS

01

01 RBI GOVERNOR CAUTIONS AGAINST PREMATURE POLICY EASING

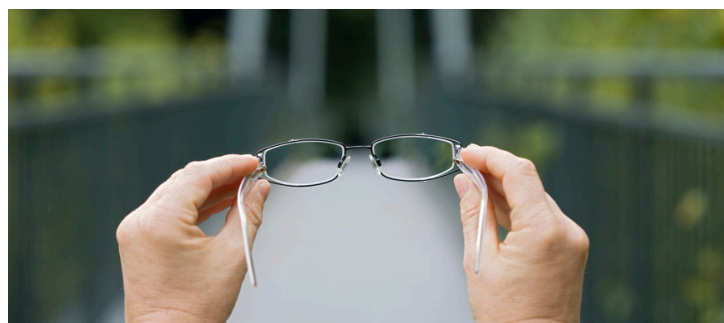
RBI Governor Shaktikanta Das highlighted that while India's inflation has moderated, there is still progress to be made. Retail inflation rose slightly to 3.65% in August, remaining within the RBI's 4% target band, with a margin of 2%. Das cautioned against premature policy easing, emphasising the importance of managing inflation before it is fully under control.

The RBI expects inflation to drop from 5.4% in 2023-24 to 4.5% in 2024-25, and 4.1% in 2025-26. Global economic recovery and trade have mitigated risks, but the final stages of disinflation pose challenges. Fiscal consolidation and corporate deleveraging are improving public debt and profitability. Banking and financial institutions' balance sheets are strengthening.

02 DROP IN T-BILL YIELDS AMID STRONG CASH BALANCES

Treasury bill yields have sharply declined due to surging cash balances of central and state governments, driven by robust revenue collections and improved fiscal management. The yield on 91-day T-bills fell to 6.55%, the lowest since January 2023, just 5 basis points above the RBI's policy rate. Yields on 180-day and 364-day bills also fell by 5-6 basis points. In response, the RBI cancelled T-bill auctions worth ₹40,000 crore for September to manage cash effectively. Dealers attribute the cancellation to strong revenue growth, including higher GST collections, which rose 10% year-on-

year to ₹1.75 lakh crore in August. However, the cut in T-bill borrowings does not indicate a reduction in overall government borrowing for the second half of the fiscal year. Just-in-time cash management practices for government schemes have also contributed to the build-up of large cash reserves.



03 INDIA INC EYES MARGIN GAINS AS CRUDE PRICES FALL

Falling crude oil prices are expected to ease cost pressures for companies across sectors like paints, textiles, and FMCG, which rely on crude-linked derivatives. However, firms remain cautious about reducing product prices due to fluctuating demand and the impact on value growth. Paint companies such as Berger Paints and Asian Paints expect improved margins but will delay price cuts despite recent raw material cost reductions. Pidilite Industries, has also seen raw material prices soften, though further price cuts depend on future input costs. FMCG companies, especially in the home and personal care segment, could pass on cost savings to boost volume growth, but this may reduce price-led value growth. Analysts note the drop in crude prices is driven by demand concerns, particularly due to China's economic slowdown, with future pricing strategies dependent on evolving market conditions.

01 ISEBI DISMISSES CHARGES IN NSE CO-LOCATION CASE

SEBI has dismissed charges against the National Stock Exchange and seven former employees, including ex-MDs Chitra Ramkrishna and Ravi Narain, in the co-location 'dark fibre' case due to insufficient evidence. The case alleged that certain broking firms, like OPG Securities, gained preferential access to NSE's co-location facilities through dark fibre connections. SEBI's 83-page order stated that the evidence did not prove collusion or regulatory violations under Prohibition of Fraudulent and Unfair Trade Practices or Securities Contracts Regulations. SEBI concluded these failures did not indicate conspiracy or connivance. Charges against other NSE employees were also dropped. However, SEBI ordered OPG Securities and its directors to disgorge ₹85.25 crore, with interest, for their involvement, and Sanjay Gupta was barred from the securities market for six months.

02 IPO PERFORMANCE DIPS AFTER INITIAL GAINS IN 2024

In 2024, half of the companies listed on India's mainboard exchanges saw their stock prices decline within a month of their debut, despite strong initial gains. While average listing day gains for IPOs remained stable at 27% compared to 2023, the first-month performance has weakened significantly. In 2023, newly-listed companies delivered an average return of 8% within a month,

but this has dropped to just 2.4% in 2024, according to PRIME Database. This trend reflects a growing practice among investors to sell quickly post-listing. Analysts attribute this to booming secondary markets, which lead to bubbles in smaller and midcap stocks, impacting IPOs. SEBI data supports this, showing that over 50% of shares allotted in IPOs are sold shortly after listing.



03 ADANI STOCKS FALL AMID SWISS PROBE AND HINDENBURG ALLEGATIONS

Seven Adani Group stocks dropped 0.4-2% on Friday after Swiss authorities froze \$311 million linked to a Taiwanese resident in a money laundering probe. US-based short-seller Hindenburg alleged the funds were connected to an "Adani frontman" holding assets in offshore locations like the British Virgin Islands and Mauritius. Adani Group denied the claims, calling them "baseless" and asserting that its structure is transparent and compliant with regulations. The conglomerate reiterated its non-involvement in Swiss court proceedings. This marks another clash between Adani and Hindenburg, which previously accused the group of stock manipulation and fraud, allegations that Adani has consistently denied.

01 ZEPTO SECURES ANOTHER \$340 MN AT \$5 BN VALUATION AS QUICK COMMERCE BOOMS

Just two months after raising a pre-IPO funding round of \$665 million, quick commerce startup Zepto has secured follow-on financing of \$340 million led by US-based venture capital firm General Catalyst, taking its valuation to \$5 billion. New investors Dragon Fund and Epiq Capital joined the round while existing investors StepStone, Lightspeed, DST and Contrary increased their stakes.

The Mumbai-based company has raced its way to bag some of the biggest funding rounds so far this year, as it reshapes India's e-commerce sector forcing giants including Walmart-backed Flipkart and Tata's BigBasket to venture into instant deliveries. The deal also marks one of the first investments by General Catalysts following the acquisition of Venture Highway. Zepto, which is gearing up for a public market listing next year, had gained its coveted unicorn status a year ago, when it raised \$200 million at a valuation of \$1.4 billion. India's quick-commerce market grew 77% in 2023 to reach \$2.8 billion in gross merchandise value, accounting for 5% of India's overall e-commerce market, according to consulting firm Redseer.

The Zepto logo is displayed in a stylized, lowercase font. The letters are a vibrant orange-red color, set against a solid purple rectangular background.

02 FLIPKART GROUP'S NEW PAYMENTS APP SUPER.MONEY EYES FIRST-TIME BORROWERS

Flipkart has rolled out a new payments app, super.money, to enable users to make payments via Unified Payments Interface and earn cashback, rekindling its ambition to gain a stronghold in the fintech space. This comes nearly two-and-a-half years after the Flipkart Group, which owns e-commerce marketplace Flipkart, travel booking firm Cleartrip, and fashion brand Myntra, completed the separation of its payments platform PhonePe, aiming to create two independent entities with Walmart as the majority shareholder of both the businesses.

Flipkart launched its super.money app in beta mode in June, and said it has handled 10 million transactions and 1 million downloads since. The app will offer users up to 5% cashback on every merchant transaction and special offers on transactions done on partner platforms such as Myntra and Flipkart. The entity also plans to launch a credit on UPI offering by partnering with the National Payments Corporation of India's UPI infrastructure for a co-branded credit card. Credit on UPI is expected to boost borrowings by individuals, especially with borrowers from tier 2 and tier 3 cities likely to join the realm of formal credit, the company said. Super.money has partnered with several financial institutions to offer financial services. The app is currently available on Google's Android operating system and is expected to be rolled out on Apple's iOS shortly.

01 WORLD BANK HIKES INDIA'S ECONOMIC GROWTH PROJECTION TO 7% FOR FY 2024-25

In its report, India Development Update: India's Trade Opportunities in a Changing Global Context, the World Bank said India's growth continued to be strong despite a challenging global environment. The World Bank growth projection is in line with those of the International Monetary Fund and Asian Development Bank. Both the institutions have raised their forecast to 7% for the financial year ending March 2025. The World Bank said in a statement, "The India Development Update observes that India remained the fastest-growing major economy and grew at a rapid clip of 8.2% in FY 23/24. Growth was boosted by public infrastructure investment and an upswing in household investments in real estate. On the supply side, it was supported by a buoyant manufacturing sector, which grew by 9.9%, and resilient services activity, which compensated for underperformance in agriculture." The report also highlights the critical role of trade for boosting growth. The global trade landscape has witnessed increased protectionism in recent years. The post pandemic reconfiguration of global value chains, triggered by the pandemic, has created opportunities for India, it said. The Indian Development Update recommends a three-pronged approach towards achieving the \$1 trillion merchandise export target by reducing trade costs further, lowering trade barriers, and deepening trade integration.

02 INDIA'S HOUSEHOLD DEBTS SURGE ON BACK OF HOUSING LOANS, RISING TREND OF UNSECURED LENDING

Amid concerns about India's rising household debts, a recent report by Care Edge Ratings highlighted that the increase in household debt is primarily driven by a surge in housing loans, which constitute over 50 percent of retail loans. As per the report, as of FY23, India's household debt has reached 38 per cent of GDP, reflecting a growing trend in household leverage. Although the report noted that this figure is lower than the peak of 39.2 percent in FY21, it still remains significant, especially when compared to emerging economies like Brazil (35 per cent) and South Africa (34 per cent).

The report highlighted a notable rise in unsecured loans, including credit card debts but the increase in household debt is primarily driven by a surge in housing loans. However, the report also highlighted that it has not impacted the overall gross household savings, it remained stable at around 24 per cent of GDP. The saving pattern shifted from bank deposits to physical assets, particularly in real estate. This trend reflects a growing preference for homeownership and investment-driven demand for housing, which has so far been non-inflationary and non-speculative. The report stated that while the current levels of household debt are manageable compared to peer economies, the rising trend in unsecured lending and household leverage necessitates close monitoring.

01 NO NEW PLEDGE ON UKRAINE MISSILES AFTER STARMER-BIDEN MEET

UK Prime Minister Sir Keir Starmer and US President Joe Biden held discussions in Washington focusing on strategy for Ukraine's defence against Russia. Despite Ukrainian President Zelensky's calls for long-range missiles, no decision was made to allow Kyiv to target Russian territory. The talks also addressed concerns over Iran and North Korea supplying weapons to Russia.

Biden dismissed Russian President Putin's threats, and US officials emphasised caution in escalating the conflict. Meanwhile, Moscow expelled six British diplomats, accusing them of espionage. The US also imposed new sanctions on Russia's RT media, accusing it of undermining US democracy.



02 SUDAN FACED UNPRECEDENT HUMANITARIAN CRISIS AMID CONFLICT

Sudan is experiencing a severe humanitarian crisis as fighting between the Sudanese army and the Rapid Support Forces has displaced millions. The war, which began 18 months ago, has devastated cities like Omdurman, leaving streets deserted and markets in ruins. Half the population faces acute hunger, with some regions nearing famine, but aid is scarce due to unsafe routes. Many feel abandoned by the global community. In a federal trial in Memphis, three former police officers are charged with violating Tyre Nichols' civil rights during his deadly arrest. Meanwhile, an NPR investigation links rising grocery prices to pandemic-driven corporate profits, with wages and costs passed to consumers contributing to inflation.



03 NORTH KOREA AND RUSSIA STRENGTHEN STRATEGIC PARTNERSHIP

North Korean leader Kim Jong Un met with Russian security official Sergei Shoigu to discuss enhancing cooperation between their countries, according to North Korean state media (KCNA). The two leaders exchanged views on regional and global matters, reaching agreements to further their strategic partnership and mutual security interests. This comes amidst accusations by the U.S. and Ukraine that North Korea is supplying rockets and missiles to aid Russia's invasion of Ukraine, in exchange for military and economic support. Both nations deny these allegations but have pledged to increase military cooperation, formalising a comprehensive partnership in June.

01 NASA UNVEILS EARTH'S THIRD ENERGY FIELD, 'POLAR WIND'

NASA has discovered a third energy field on Earth, called the 'Polar Wind,' after a 60-year search. This ambipolar electric field, found during the 2022 Endurance Mission, explains how atmospheric particles escape into space, especially over the poles. Previously theorised in the 1960s, scientists lacked the technology to detect it. The discovery was made using sensors aboard a NASA suborbital rocket launched from Svalbard. The field pushes hydrogen ions into space at supersonic speeds, with a force 10 times stronger than gravity. It also increases the density of the ionosphere by 271%, revealing a crucial factor in the atmosphere's evolution and how the Earth's upper atmosphere is shaped and sustained.

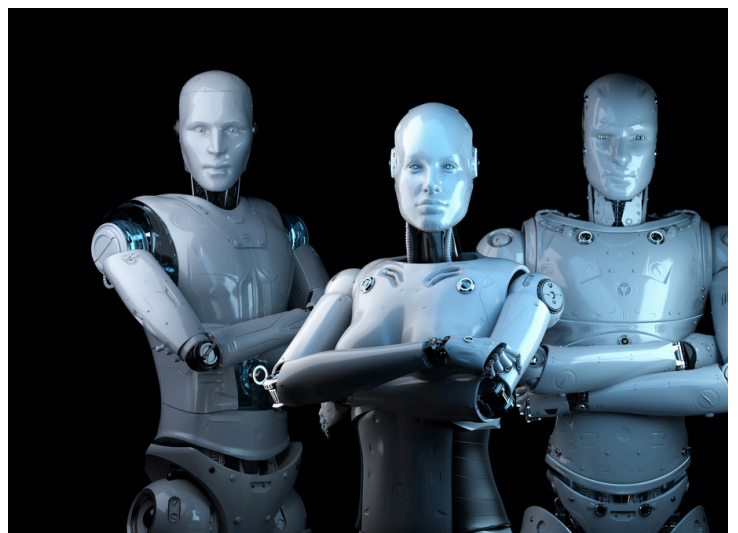
02 SUPERCHARGED T CELLS REVOLUTIONISE CANCER IMMUNOTHERAPY

Researchers from Brigham and Women's Hospital and the Leibniz Institute have developed a method to supercharge T cells by transferring healthy mitochondria from stromal cells via nanotubes. This breakthrough combats T cell exhaustion, a major barrier in cancer immunotherapy, by enhancing T cell metabolism and anti-tumor activity. Preclinical models showed that these "supercharged" T cells penetrate tumours more effectively, resist exhaustion, and prolong survival.

The technique improves the efficacy of treatments like CAR-T therapy, offering a promising new direction for immunotherapy.

03 OPEN AI REVEALS O1 MODEL FOR ENHANCED REASONING

OpenAI has introduced the o1 model, a significant advancement designed to tackle complex tasks like maths, coding, and science by "thinking" before responding. Unlike the previous versions, o1 spends more time reasoning through problems, improving accuracy, especially in coding and academic challenges. Available for ChatGPT Plus and Team users, it is slower and more expensive, with a cost of \$15 per 1 million input tokens. OpenAI has also launched the o1-mini, a cheaper and faster version focused on coding. Although it has certain drawbacks such as insufficient web browsing, o1 is a step forward in AI development, with plans for continuous improvements and broader access.



MOVIE RECOMMENDATION

BOILER ROOM (2000)

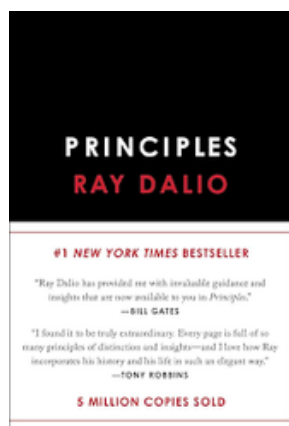
This drama delves into the high-stakes world of a brokerage firm engaged in unethical and illegal practices. Giovanni Ribisi stars as a young recruit who becomes entangled in the firm's aggressive tactics to make quick profits. The film explores themes of greed and moral compromise as Ribisi's character grapples with the consequences of his actions and the personal costs of success.



BOOK RECOMMENDATION

PRINCIPLES: LIFE AND WORK

Ray Dalio's "Principles: Life and Work" offers a comprehensive guide to achieving personal and professional success. Drawing on his experience as a successful investor and entrepreneur, Dalio shares the principles that have guided him and his firm, Bridgewater Associates. The book covers decision-making, management, and organisational culture, presenting practical advice for both individuals and businesses. Dalio's approach emphasises radical transparency and open-mindedness as keys to effective problem-solving and growth.



PODCAST RECOMMENDATION

FREAKONOMICS RADIO

"Freakonomics Radio" explores the hidden economic forces that shape our world through engaging storytelling. Hosted by Stephen J. Dubner, co-author of the "Freakonomics" books, the podcast delves into a range of topics from incentives to human behaviour, revealing how economic principles influence everyday life. Each episode combines thorough research with compelling narratives, making complex economic concepts accessible and entertaining.

FREAKONOMICS RADIO

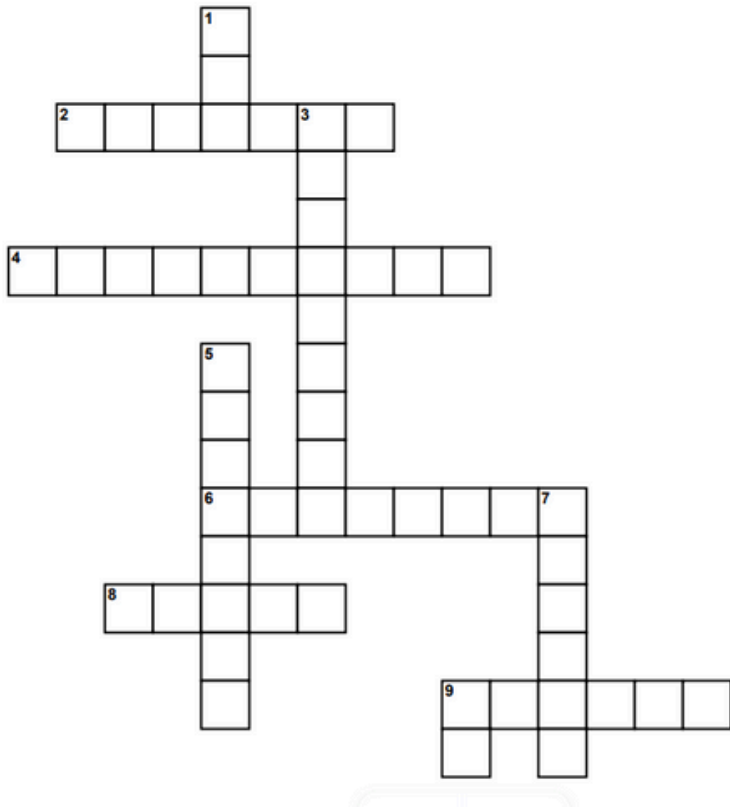


STOCK PICKS

GRANULES INDIA

Granules India, a mid-cap pharmaceutical company established in 1991, reported a consolidated total income of ₹1,181.93 crore for the quarter ending 30 June 2024, up 0.36% from the previous quarter and 19.89% year-on-year. The company posted a net profit of ₹134.65 crore. Promoters hold a 38.87% stake, while Foreign Institutional Investors (FIIs) own 20.39% and Domestic Institutional Investors (DIIs) hold 14.11%. The company's key revenue segments include pharmaceuticals and other operating revenue.

CROSSWORD



DOWN

1. What metric is commonly used to measure the efficiency or profitability of an investment in business or finance?
3. A persistent increase in the general price level of goods and services.
5. accounting principle states that expenses should be matched with revenues in the period they are incurred
7. A financial gain received from an investment.
9. A measure of the money supply that includes cash and checking deposits.

ACROSS

2. The excess of government spending over tax revenues.
4. A system of economic organisation based on private ownership of the means of production and their operation for profit.
6. A person or entity that purchases goods or services for personal use.
8. The amount of money paid for goods or services.
9. A place where goods or services are sold.

ANSWERS IN THE NEXT EDITION

Answers of the previous edition

Across

2. Budget
3. Trade
6. IMF
8. Marketing
10. Repo
11. Socialism
12. Command
13. Capitalism
14. Consumption

Down

1. International
4. Economics
5. Consolidation
7. Bank
9. Entrepreneur
15. Sales

VOCABULARY

1. Clique- an exclusive circle of people with a common purpose
2. Guileless- innocent and free of deceit
3. Sinuous- curved or curving in and out
4. Regatta- a series of boat races
5. Countermand- cancel officially
6. Salubrious- promoting health
7. Frenetic- fast and energetic in a wild way

JARGONS DECODED

Conversational Commerce

Conversational commerce involves the use of messaging apps, chatbots, and voice assistants to facilitate interactions between businesses and customers throughout the buying journey. This can range from providing product recommendations to completing transactions via chat or voice. By integrating conversational tools, businesses can offer personalised experiences, faster responses, and improved customer engagement.

Programmatic Advertising

Programmatic advertising uses automated technology to buy and sell digital ad space in real time, often leveraging data to target specific audiences. It allows businesses to optimize their ad campaigns with precision, reaching the right customer at the right time. Programmatic advertising improves efficiency, reduces ad spend wastage, and enables better personalization of ads across platforms.

MYTH BUSTERS

Larger companies are always more successful

While large companies may have more resources and brand recognition, they are not always more successful than smaller firms. Small and medium-sized enterprises (SMEs) often have the advantage of being agile, innovative, and closer to their customers. Their ability to quickly adapt to market changes and customer needs can result in a more personal, responsive business model. Larger firms may face challenges related to bureaucracy, slower decision-making, and less flexibility.

Sustainability is bad for profitability

There is a common belief that adopting sustainable practices adds extra costs and reduces profitability. However, research shows that sustainability can lead to long-term financial gains. Implementing sustainable practices can improve operational efficiency, reduce waste, attract eco-conscious consumers, and even create new business opportunities. Additionally, companies with a strong commitment to sustainability often enjoy better brand loyalty and enhanced reputations.

FORTUNE'S FABLES

WARBY PARKER

Warby Parker, co-founded by Neil Blumenthal, Andrew Hunt, David Gilboa, and Jeffrey Raider, has transformed the eyewear industry by making stylish, affordable glasses accessible to everyone. Starting with a mission to offer high-quality, prescription eyewear at a fraction of the traditional cost, Warby Parker faced initial hurdles, including scepticism from industry insiders and the challenge of disrupting a long-established market. Despite a rocky start, the brand's innovative direct-to-consumer model and commitment to social impact, including its "Buy a Pair, Give a Pair" program, drove its success. Warby Parker's dedication to transparency and its emphasis on customer experience set it apart, resonating with consumers seeking both value and ethical practices. Today, Warby Parker stands as a pioneer in the eyewear industry, continually expanding its reach and redefining how people buy glasses, while remaining true to its core values of affordability and social responsibility.

“Perfection is not attainable, but if we chase
perfection, we can attain excellence”
—Vince Lombardi

Thank you for reading!

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

