

7-Sep-23

Dear Investors,

Hope all is great at your end. Our performance for the month of August is as follows (Exhibit 1).

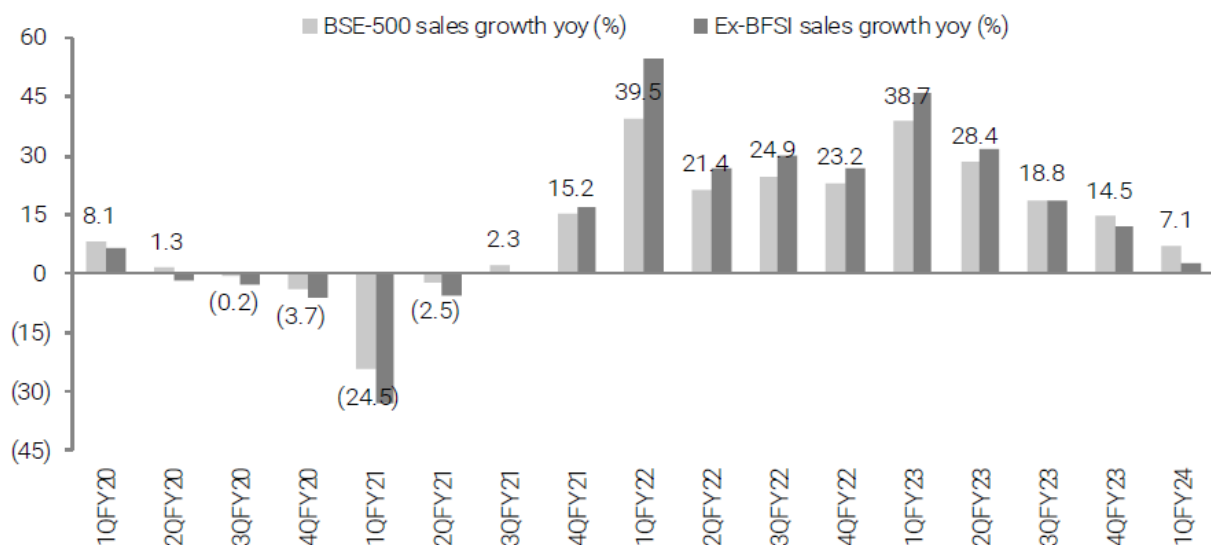
**Exhibit 1: Performance as on 31-Aug-2023**

	1M	3M	Since Inception (Apr-23)		AUM (INR Cr)
			Strategy	BSE 500 TRI	
MoneyGrow Flexicap	-0.24%	8.33%	14.61%	15.08%	51.82
MoneyGrow Bespoke	0.71%	10.28%	20.19%	13.91%	28.72
MoneyGrow NDPMS	-1.24%	10.78%	14.40%	NA	0.70
BSE 500 TRI	-0.61%	7.73%			
Total AUM					81.24

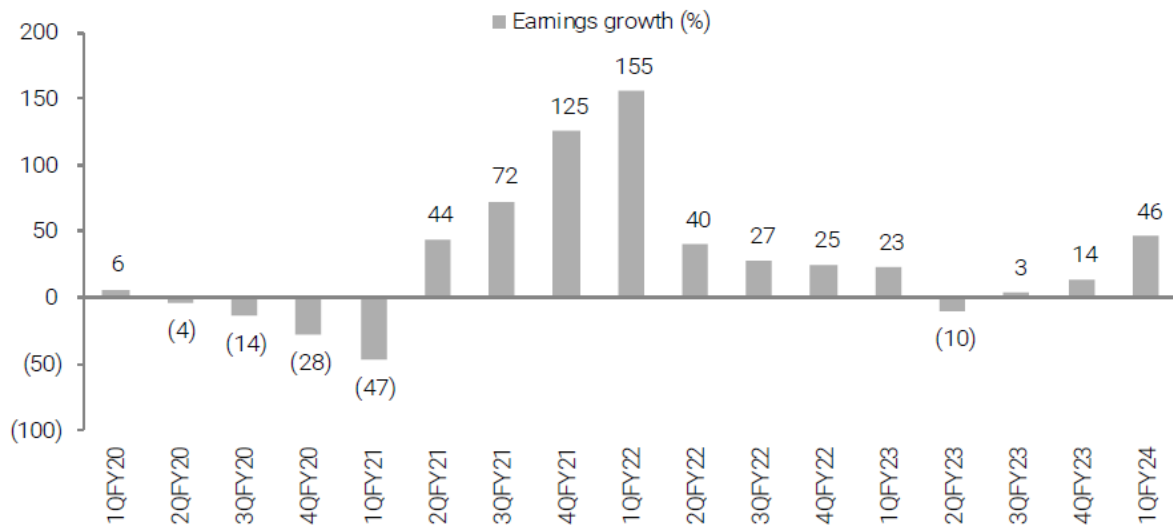
Some important points to note pertaining to the market:

- The broader large-cap indices were subdued in Aug, while mid-caps and small-caps continue to see good momentum. Nifty had moved up 19% from Mar-23 low of 16,828 to Jul-23 high of 19,991, hence some consolidation is healthy.
- RBI maintained the status quo in its MPC meeting by keeping the repo rates unchanged at 6.5%, while US Fed’s Jerome Powell indicated policymakers will be careful whether to continue to raise interest rates to bring down inflation. India’s retail inflation continues to be high (July CPI was 7.4%), but it was largely due to vegetable price inflation. Some of this inflation has started to correct and consensus does not expect any rate hikes anytime soon by RBI.
- With the full Q1 result season behind us, it is worth noting that for BSE 500 index companies, the overall sales growth was 7% YoY, but the earnings growth was 46% YoY. Please refer to Exhibit 2 and 3 for details. The margin expansion largely happened due to decline in commodity prices. As inflation continues to recede globally, we should continue to see healthy earnings growth.

**Exhibit 2: Sales Growth YoY (%)**



**Exhibit 3: Earnings Growth YoY (%)**



Notes:

- (a) We have removed companies where historical data is not available for all the quarters.
- (b) We have also excluded companies where the latest quarter data is not available.

Source: Capitaline, Kotak Institutional Equities

- Earnings growth expectations for India continue to strong, especially relative to other markets. Please see below Exhibit 4. This should augur well for FII flows.

**Exhibit 4: Expectations of India's superior earning growth over FY23-FY25e (Bloomberg Consensus)**

Valuation summary of global indices, calendar year-ends, 2022-24E

Index		Earnings growth (%)			P/E (X)			P/B (X)		
		2022	2023E	2024E	2022	2023E	2024E	2022	2023E	2024E
IBOV Index	Brazil	17.8	(27.9)	8.6	5.9	8.2	7.6	1.6	1.3	1.2
CAC Index	France	44.2	1.7	5.1	13.4	13.2	12.5	1.7	1.8	1.7
DAX Index	Germany	2.4	21.1	3.4	14.2	11.7	11.3	1.6	1.4	1.3
HSI Index	Hong Kong	(16.8)	3.2	10.1	9.8	9.5	8.6	1.0	1.0	0.9
Nifty Index	India	11.1	15.9	12.9	23.3	20.4	17.9	3.6	3.2	2.9
JCI index	Indonesia	60.0	(11.4)	4.2	10.9	12.3	11.8	2.0	1.8	1.7
NKY Index	Japan	(1.0)	(14.0)	9.5	17.4	20.3	18.5	2.0	1.9	1.8
KOSPI Index	Korea	9.6	(30.0)	30.6	8.8	12.5	9.6	1.0	0.9	0.8
FBMKLCI Index	Malaysia	(13.1)	3.1	9.5	14.8	14.4	13.1	1.4	1.3	1.2
MEXBOL Index	Mexico	14.9	4.3	3.4	12.5	12.0	11.6	2.1	1.9	1.8
PCOMP Index	Philippines	38.0	5.9	9.3	11.8	11.2	10.2	1.5	1.3	1.2
SHCOMP Index	Shanghai	1.0	1.5	13.4	11.1	10.9	9.6	1.4	1.2	1.1
FSSTI Index	Singapore	48.1	1.1	4.3	10.8	10.7	10.3	1.1	1.1	1.0
TWSE Index	Taiwan	11.1	(34.6)	18.8	11.4	17.4	14.7	2.1	2.2	2.0
SET Index	Thailand	8.7	(17.4)	13.3	14.0	16.9	14.9	1.5	1.5	1.5
UKX Index	UK	39.8	3.3	2.2	11.4	11.1	10.8	1.6	1.7	1.6
CCMP Index	US (Nasdaq)	(3.1)	(0.2)	17.9	28.0	28.1	23.8	5.6	0.8	0.7
SPX Index	US (SPX)	6.1	1.1	11.5	22.3	22.1	19.8	4.6	4.1	3.7
MXEF INDEX	EM	(11.5)	(15.7)	15.8	11.1	13.1	11.3	1.6	1.5	1.4
MXMS INDEX	EM Asia	(22.1)	(14.7)	18.8	12.1	14.2	12.0	1.6	1.5	1.4

Notes:

- (a) Data for India is as per KIE estimates.
- (b) 2022 column refers FY2023 for India. For other countries, numbers are on CY basis.

Source: Bloomberg, Kotak Institutional Equities estimates

I want to take this opportunity to draw your attention to something transformational that is brewing up in the Indian energy landscape. Many corporates are trying to be part of this gigantic green ecosystem, and many are in advanced stage of turning green in a big way. Here we are talking of some of India's largest corporates and the scale of this transformation is immense.

Some of these developments have already started to fructify, but a lot of these are just 2-3 years away. As and when these start to show up in corporate profits, the impact on profitability will be immense. Some datapoints below:

- In this year's Reliance Industries AGM speech, Mr Mukesh Ambani highlighted how the work in Dhirubhai Ambani Green Energy Giga Manufacturing Complex is going on in an accelerated manner. The total investment that they have committed is INR 75,000 cr. He talked about massive investments in Solar, Wind, Battery and Hydrogen giga-factories (Source: [Reliance Chairman Speech](#) and [Investor Presentation](#)).
- He referred to the "Energy Trilemma" that India faces: This is about affordability, sustainability and security of energy. Investments in Green Energy are squarely addressing this "trilemma" by making energy more affordable, sustainable and secure. In fact, he clearly articulated that these developments could enable India to transform itself from a net energy importer to a net energy exporter.

## New Energy – Powering India's Future Energy Needs



1. Executing fully integrated, largest **end-to-end solar PV manufacturing** ecosystem
  - ✓ Most **technologically advanced**, flexible, and most cost competitive solar giga factory globally
  - ✓ Deploying leading-edge HJT technology for manufacturing one of the **highest efficiency** solar PV cells
2. To pursue wind power generation with technology partnership
3. Integration with carbon fibre to provide significant cost advantage in manufacturing of wind blades and turbines
4. Building **robust energy storage solution** with integrated manufacturing of battery chemicals, cells and packs
  - ✓ Targeting to produce LFP based solutions at world beating lifecycle costs
5. **Integration of energy storage with wind and solar power generation** to provide grid connected, round-the-clock electricity

## Installation of 100 GW of renewable energy generation by 2030

## New Energy – Creating Viable Fuel Alternatives



1. Setting up a fully integrated, **automated giga scale electrolyser manufacturing** facility
  - ✓ To enable large-scale green hydrogen production at Jamnagar and gradually transition for captive requirements
  - ✓ Integrate with Green Ammonia and Green Methanol production for domestic and international markets
2. RIL is now India's **largest Bio-Energy producer** based on indigenously developed technology
  - ✓ Commissioned first commercial scale CBG plant in UP in just 10 months
  - ✓ Target to establish 100 CBG plants in the next 5 years mitigating ~2 million tonnes of carbon emissions

## Helping India transition from fossil fuel-based energy to Clean and Green energy

- In the recent International Conference on Green Hydrogen 2023, Union minister of Petroleum and Natural Gas, Mr. Hardeep Puri highlighted that India has potential to convert India's current \$200bn energy import bill into a \$300bn export advantage in future. (Source: [International Conference on Green Hydrogen 2023](#))
- Globally, there is real progress taking place in clean energy and as per a recent report by Citi (Citi GPS: Global Perspectives & Solutions - Hydrogen), the total spending on clean energy reached USD 1.1 trillion in 2022 with China (USD 546 billion), Europe (USD 180 billion) and US (USD 141 billion) taking the leap. Momentum has also been building for hydrogen. In Feb-22, the world's first shipment of liquid hydrogen set sail from Australia to Japan. In Aug-22, the world's first hydrogen-powered commuter trains were commissioned for full-time service in Germany.
- Ultratech in its latest conference call highlighted that their green power mix will increase from current 22% to 60% (720MW green power out of total requirement of 1200MW) in the next 2 years. (Source: [UltraTech's July Concall](#))

From our point of view, we feel that this opportunity is so transformational, particularly if India turns from net-importer to net-exporter of energy, that we cannot even imagine the kind of prosperity it can bring for the entire nation. It can meaningfully affect our macro variables like inflation, interest rates, exchange rate, GDP growth, etc. It would be like a smartphone kind of revolution for the country with many new use-cases for energy usage that can help India leap-frog into a higher orbit of per-capita GDP.

### Conclusion

Given the resilient state of Indian economy, strong corporate earnings growth prospect and peaking of interest rate, we feel quite constructive about our portfolio stocks from a medium term (2-3 years) perspective. We do remain mindful of the risks as well. National elections are just 7 months away and the cacophony may be distracting.

We would be more than happy to discuss the portfolio/outlook anytime as per your convenience.

Warm regards,

Manish Gupta & entire MoneyGrow team

**Disclaimer:**

The information or material contained herein is strictly confidential and meant solely for use by clients of MoneyGrow Asset Private Limited. The information and opinions expressed in this report have been prepared by MoneyGrow Asset Private Limited and are subject to change without any notice.

This report does not constitute a prospectus or disclosure document or an offer or solicitation to buy any securities or other investment in any jurisdiction. This document is neither approved, certified nor verified by SEBI. The statements contained herein may include statements of future expectations and other forward-looking statements that are based on our current views and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in such statements. Nothing in this report constitutes investment, legal, accounting and tax advice or a representation that any investment or approach is suitable or appropriate to your specific circumstances. By referring to any particular sector or security, MoneyGrow Asset Private Limited does not provide any promise or assurance of favourable view for a particular industry or sector or business group in any manner. This material is based upon information that we consider reliable, but we do not represent that it is accurate or complete, and it should not be relied upon as such. However, MoneyGrow Asset Private Limited warrants that the contents of this document are true to the best of its knowledge.

Neither MoneyGrow Asset Private Limited nor its affiliates or their partners, directors, employees, agents, or representatives, shall be responsible or liable in any manner, directly or indirectly, for views or opinions expressed in this analysis or the contents or any errors or discrepancies or for any decisions or actions taken in reliance on the analysis. Also, MoneyGrow Asset Private Limited and/or its directors and employees may have interests/positions, financial or otherwise in the securities mentioned here. The recipient of this material should rely on their own investigations and take their own professional advice.