

**Specialty Chemicals**  
Specialty chemical manufacturers that benefit from demand from end-user industries and government initiatives

Index Value  
**687.03**CAGR  
**34.24%**

since March 3, 2014

**Moderate Risk**

## smallcase rationale

Specialty chemicals are specific items that are used in low quantities for the production of high-value goods.

- Indian middle class is leading a dramatic change in demand for items like food, clothing and transportation, which is primarily driving demand for specialty chemicals
- For example, caramel manufactured from sugar is a commercially produced specialty chemical. Caramel colouring is extensively used to manufacture soft drinks and confectionery items
- Production of specialty chemicals allows customer stickiness and leads to high revenue predictability
- Since price of specialty chemicals is determined through negotiations, increase in raw material costs can also be passed on to protect margins

This smallcase comprises companies like manufacturing specialty chemicals that are used in a wide range of industries like automobiles, pharma, textiles, food processing, agro chemicals, etc

Created by	SEBI Reg. Number	Subscription Type
Windmill Capital	INH200007645	Free

[Invest in this smallcase here](#)

## Methodology



### Defining the universe

All publicly traded companies on the National Stock Exchange of India, covering 90% market capitalization, are included in the universe



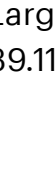
### Research

The Windmill Capital team does a in-depth research, along with internal presentations and decides the criteria to be used for stock screening



### Stock Screening

- Proprietary liquidity filters are applied to remove ill-liquid stocks from the universe
- A special check is applied to remove stocks, where a significant part of the promoter holdings are pledged, to define the investable universe
- All stocks in the investable universes, belonging to the selected sectors are checked individually to ensure perfect theme fit



### Weighting

Top points considered while assigning weights to stocks in the smallcase

Revenue derived/expected from smallcase theme-related business activities

Market capitalization of the company

Future estimates and corporate governance record of the company



### Rebalance

This smallcase has a quarterly rebalance schedule. Once every quarter, the research team reviews smallcases to ensure the current list of constituents and their weights remain true to the theme

## Ratios

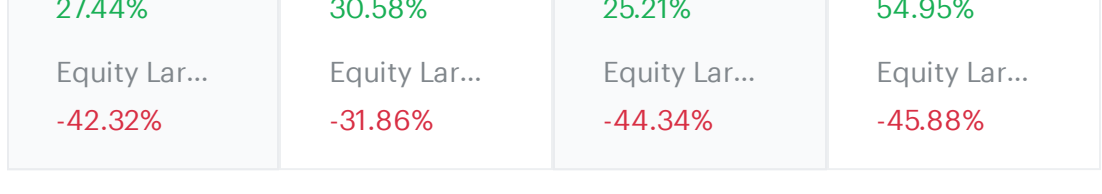
Ratio	smallcase	Equity Large & Mid Cap
PE Ratio	38.20	26.84
PB Ratio	7.42	2.77
Sharpe Ratio	1.46	1.06
Dividend Yield (%)	0.46	1.64

## Important Fields

Inception Date	Launch Date	Marketcap Category
March 3, 2014	February 4, 2019	Equity Large & Mid Cap

Review Frequency	Last Reviewed	Next Review On
Quarterly	September 16, 2020	December 16, 2020

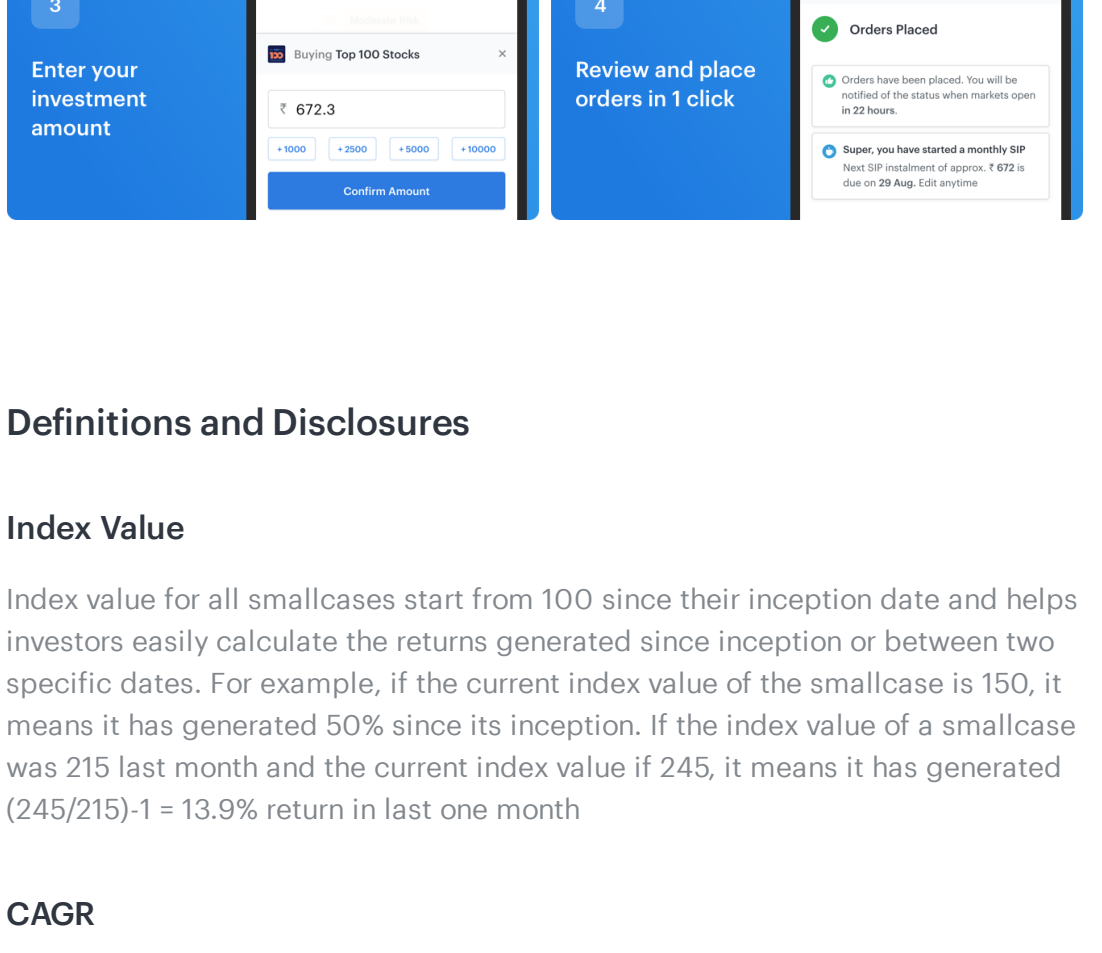
## Market Cap Distribution



● Large Cap 39.11%    ● Mid Cap 31.56%    ● Small Cap 29.33%

## Past Performance Comparison with Equity Large & Mid Cap

● Specialty Chemicals with ● Equity Large & Mid Cap



## Returns over various periods

3M Returns	6M Returns	1Y Returns	3Y Returns
smallcase <b>27.44%</b>	smallcase <b>30.58%</b>	smallcase <b>25.21%</b>	smallcase <b>54.95%</b>
Equity Lar... <b>-42.32%</b>	Equity Lar... <b>-31.86%</b>	Equity Lar... <b>-44.34%</b>	Equity Lar... <b>-45.88%</b>

## How to invest

## Definitions and Disclosures

### Index Value

Index value for all smallcases start from 100 since their inception date and helps investors easily calculate the returns generated since inception or between two specific dates. For example, if the current index value of the smallcase is 150, it means it has generated 50% since its inception. If the index value of a smallcase was 215 last month and the current index value if 245, it means it has generated  $(245/215)-1 = 13.9\%$  return in last one month

### CAGR

CAGR (compounded annual growth rate) is a useful measure of growth or performance of a portfolio. It represents the growth/return rate that gets you to the current value of the investment, starting from the initial investment value and assuming that investment has been compounding at the fixed growth/return rate for the period.

In simple words, it indicates the annual return generated by the smallcase from the date of inception

### Risk Label

Change in value of your investment, due to changing prices of stocks on a daily basis is called the Risk. If the daily change in the investment value of portfolio is too drastic, it means prices of stocks in the portfolio are changing very rapidly. Such portfolios have High Risk.

Every smallcase is categorized into one of the three risk buckets - High Risk, Moderate Risk and Low Risk. This is done by comparing the volatility of the smallcase with market volatility since inception. Investing in High Risk smallcases means that change in your investment values can be very sudden and drastic.

### Segment

Stocks/ETFs belonging to a smallcase are categorized under different segments. Weightage of a segment is calculated as a weight of all stocks belonging to that segment. Suppose 4 stocks, with each having a weight of 10%, belong to the Food Products segment. Then the weight of the Food Product segment in the smallcase will be 40% (4\*10)

### Review

Rebalancing is the process of periodically reviewing and updating the constituents of a smallcase. This is done to ensure that stocks & weights in the smallcase continue to reflect the underlying theme or strategy

### Market Cap Categorization of Stocks

All the stocks listed on NSE(National Stock Exchange) are arranged in decreasing order of Market Cap, so that the stock with the largest market cap gets 1st Rank. Stocks ranked equal to or below 100 are categorized as Large Cap. Stocks ranked below or equal to 250, but ranked above 100 are categorized as Mid Cap stocks. Stocks ranked above 250 are categorized as smallcap

### Market Cap Categorization of smallcases

- If the sum of weights of constituent large cap stocks is greater than 50%, then smallcase is categorized as Largecap
- If the sum of weights of constituent mid cap stocks is greater than 50%, then smallcase is categorized as Midcap
- If the sum of weights of constituent small cap stocks is greater than 50%, then smallcase is categorized as Smallcap
- If the sum of weights of constituent large cap stocks is greater than 30%, sum of weights of mid cap stocks are greater than 30%, and sum of weights of large cap and mid cap stocks are greater than 80%, then smallcase is categorized as Large & Midcap
- If the sum of weights of constituent small cap stocks is greater than 30%, sum of weights of mid cap stocks are greater than 30%, and sum of weights of small cap and mid cap stocks are greater than 80%, then smallcase is categorized as Mid & Smallcap
- If none of the above conditions are met, then smallcase is categorized as Multicap
- Marketcap category of a smallcase might be different from the above mentioned, if the creator/manager of the smallcase specifically defines a particular category

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