

Banking Privately

Profitable NBFCs and private banks with low NPAs that are giving PSU banks a run for their money

Index Value

310.85

CAGR

18.16%

since March 3, 2014

High Risk

smallcase rationale

Private sector banks and NBFCs have been growing rapidly and are seen as an integral part of the Indian financial system.

- Since the initiation of banking reforms in 1993, old and new private sector banks have been giving tough competition to government banks
- Private sector banks have outperformed their public sector peers in multiple parameters like growth of bank network, productivity measures like profit per employee, management efficiency, capital adequacy, asset quality and liquidity
- NBFCs have also played a key role in the development of the infrastructure sector and in providing credit to customers in unbanked areas
- NBFCs have been growing in the mortgage business as well, competing with commercial banks
- Other secular trends like low credit penetration in India compared to other economies and low NBFC credit as percentage of GDP provides huge opportunity for NBFCs to grow

This smallcase comprises private banks and NBFCs that are an advantageous position compared to government banks, which have been suffering from low profitability and high amount of bad loans.

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 this smallcase and realign the weights with the selected asset allocation strategy for the next quarter.

Ratios

Ratio	smallcase	Equity Large Cap
PE Ratio	20.77	29.51
PB Ratio	2.70	3.92
Sharpe Ratio	1.03	1.10
Dividend Yield (%)	0.42	1.41

Important Fields

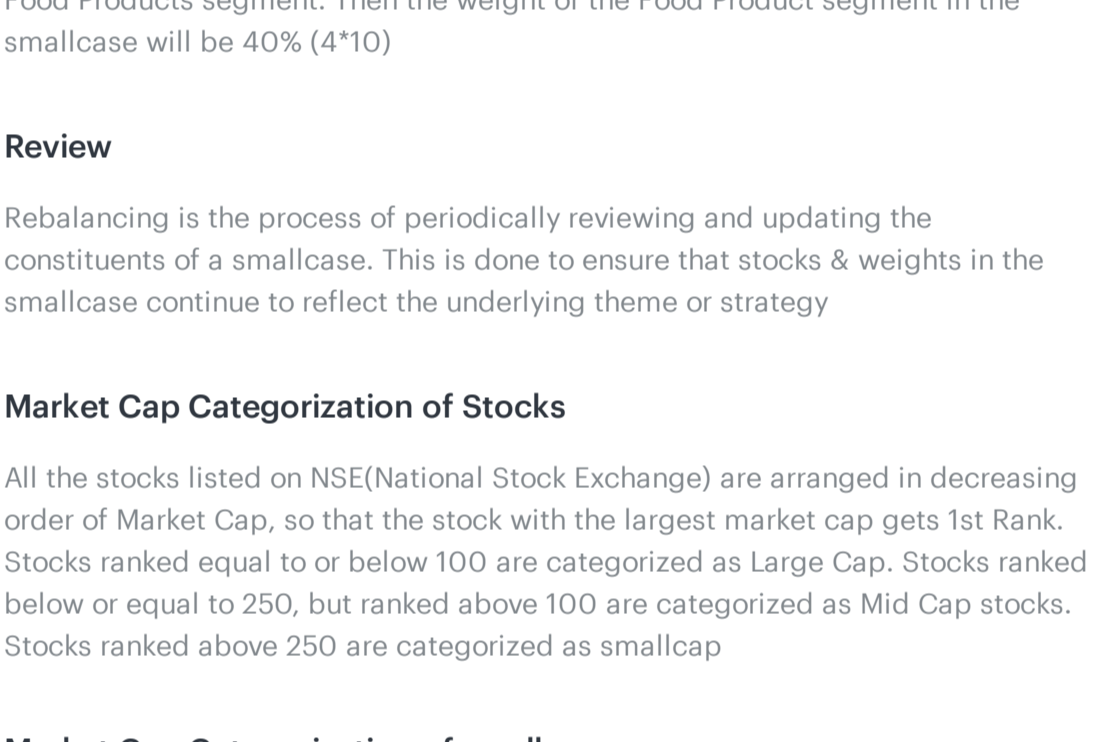
Inception Date	Launch Date	Marketcap Category
March 3, 2014	April 4, 2016	Equity Large Cap

Review Frequency	Last Reviewed	Next Review On
Quarterly	December 16, 2020	March 16, 2021

Market Cap Distribution



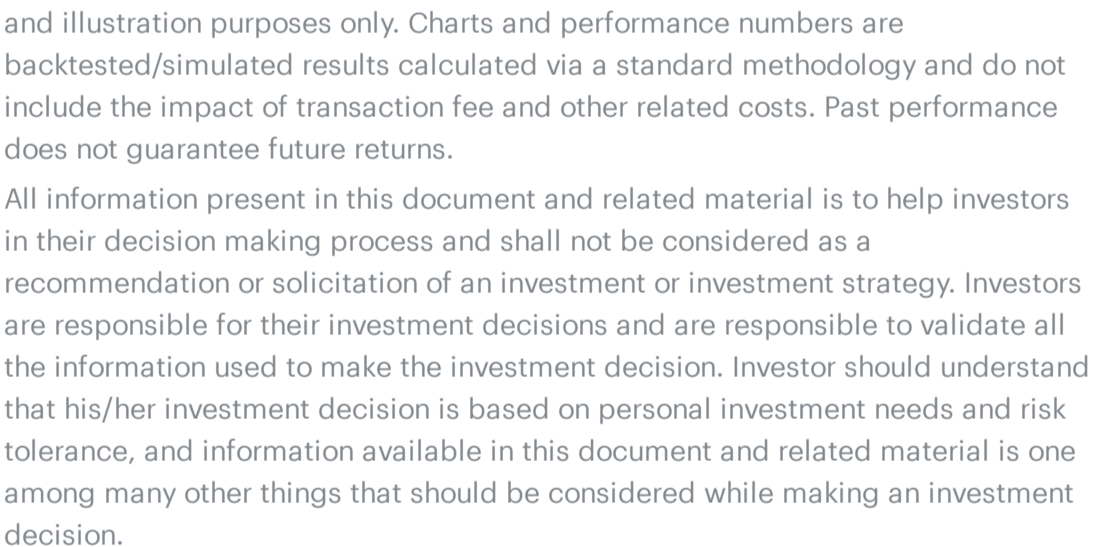
Past Performance Comparison with Equity Large Cap



Returns over various periods

3M Returns	6M Returns	1Y Returns	3Y Returns
smallcase 23.32%	smallcase 35.54%	smallcase -8.55%	smallcase -24.79%
Equity Lar... 22.51%	Equity Lar... 28.92%	Equity Lar... 18.08%	Equity Lar... 25.85%

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 sum of weights 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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