

IT Tracker

**IT Tracker**

Companies to efficiently track and invest in the IT sector

High Volatility

8Y CAGR

23.03%

Since: April 4, 2016

### smallcase rationale

India remains one of the world's top sourcing destination with a share of 55%. Indian IT exports touched a peak of US \$670 billion in FY22. The contribution of the IT sector to India's GDP stood at 7.7% in 2020.

- Indian IT & ITeS companies have set up over 1,000 global delivery centers in over 80 cities around the world.
- Revenues of the IT Business Process Management industry are estimated to be at around US \$227 billion in FY22 from the previous \$196 billion in FY21. The industry is expected to grow to US \$350 billion by 2025

This smallcase comprises IT & ITeS and online services companies to allow investors to efficiently track and invest in the information technology sector.

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 an in-depth research, along with internal presentations and decides the sub-sectors and segments to be included in the tracker

**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 sub-sectors are checked individually to ensure perfect theme fit
- Final stocks are selected on the basis of combined rank calculated using various parameters like valuations, market share growth, earnings growth, profitability, earnings quality, intrinsic value & institutional holdings

**Weighting**  
The list of selected stocks is weighted such that the risk contribution of each stock in the smallcase is equal. By focusing on risk instead of marketcap or value, this weighting scheme provides better diversification and protection against market volatility

**Rebalance**  
This smallcase has a quarterly rebalance schedule. Once every quarter, the research team reviews this smallcase to add or drop stock/ETFs, if applicable

### Ratios

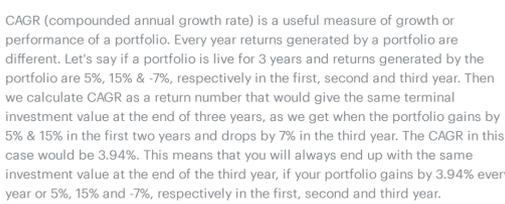
Ratio	smallcase	Equity Midcap
PE Ratio	35.21	29.31
PB Ratio	9.32	4.44
Sharpe Ratio	1.85	1.15
Dividend Yield (%)	1.79	1.20

### Important Fields

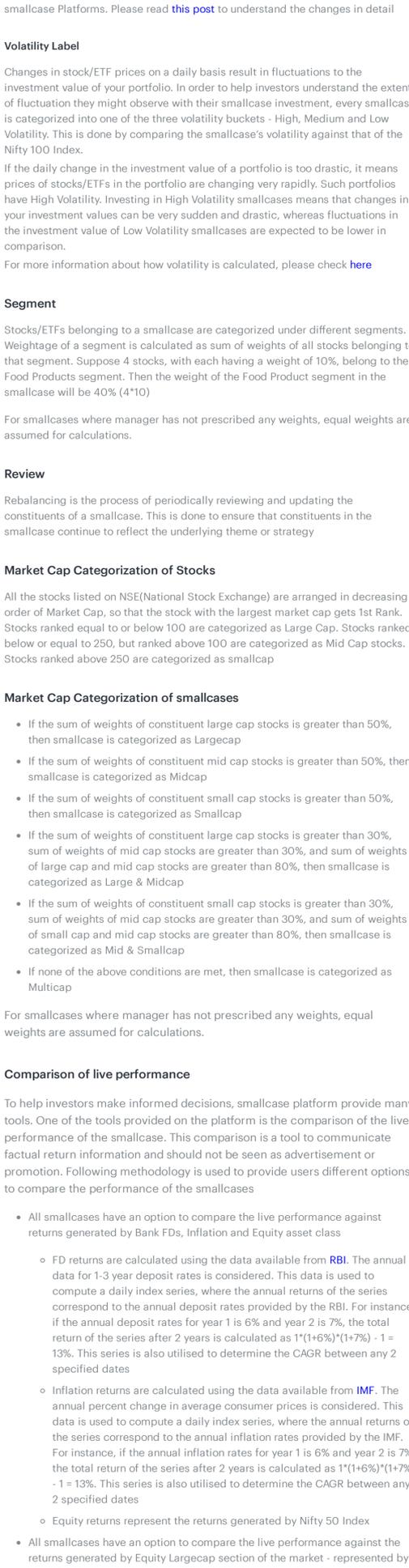
Inception Date	Launch Date	Marketcap Category
March 3, 2014	April 4, 2016	Equity Midcap

Review Frequency	Last Reviewed	Next Review On
Quarterly	March 14, 2024	June 14, 2024

### Market Cap Distribution



### Live Performance vs Equity Midcap



Note: Live performance includes rebalances. It is a tool to communicate factual return information and should not be seen as advertisement or promotion.

### Returns over various periods

6M Returns	1Y Returns	3Y Returns	5Y Returns
smallcase 25.29%	smallcase 51.68%	smallcase 80.86%	smallcase 234.2%
Equity Midcap 25.44%	Equity Midcap 55.23%	Equity Midcap 107.3%	Equity Midcap 187.1%

### How to invest

### Definitions and Disclosures

#### CAGR

CAGR (compounded annual growth rate) is a useful measure of growth or performance of a portfolio. Every year returns generated by a portfolio are different. Let's say if a portfolio is live for 3 years and returns generated by the portfolio are 5%, 15% & -7%, respectively in the first, second and third year. Then we calculate CAGR as a return number that would give the same terminal investment value at the end of three years, as we get when the portfolio gains by 5% & 15% in the first two years and drops by 7% in the third year. The CAGR in this case would be 3.94%. This means that you will always end up with the same investment value at the end of the third year, if your portfolio gains by 3.94% every year or 5%, 15% and -7%, respectively in the first, second and third year.

In simple words, it indicates the annual return generated by the smallcase from the date of launch. For smallcases live for less than 1 year, absolute returns in the applicable time period are shown. Only live data is considered for all calculations. Returns and CAGR numbers don't include backtested data.

P.S. - CAGR calculation methodology got updated from 25th Apr'22 on all smallcase platforms. Please read [this post](#) to understand the changes in detail

#### Volatility Label

Changes in stock/ETF prices on a daily basis result in fluctuations to the investment value of your portfolio. In order to help investors understand the extent of fluctuation they might observe with their smallcase investment, every smallcase is categorized into one of the three volatility buckets - High, Medium and Low Volatility. This is done by comparing the smallcase's volatility against that of the Nifty 100 Index.

If the daily change in the investment value of a portfolio is too drastic, it means prices of stocks/ETFs in the portfolio are changing very rapidly. Such portfolios have High Volatility. Investing in High Volatility smallcases means that changes in your investment values can be very sudden and drastic, whereas fluctuations in the investment value of Low Volatility smallcases are expected to be lower in comparison.

For more information about how volatility is calculated, please check [here](#)

#### 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)

For smallcases where manager has not prescribed any weights, equal weights are assumed for calculations.

#### Review

Rebalancing is the process of periodically reviewing and updating the constituents of a smallcase. This is done to ensure that constituents 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 the 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

For smallcases where manager has not prescribed any weights, equal weights are assumed for calculations.

#### Comparison of live performance

To help investors make informed decisions, smallcase platform provide many tools. One of the tools provided on the platform is the comparison of the live performance of the smallcase. This comparison is a tool to communicate factual return information and should not be seen as advertisement or promotion. Following methodology is used to provide users different options to compare the performance of the smallcases

- All smallcases have an option to compare the live performance against returns generated by Bank FDs, Inflation and Equity asset class
  - FD returns are calculated using the data available from **RBI**. The annual data for 1-3 year deposit rates is considered. This data is used to compute a daily index series, where the annual returns of the series correspond to the annual deposit rates provided by the RBI. For instance, if the annual deposit rates for year 1 is 6% and year 2 is 7%, the total return of the series after 2 years is calculated as 1\*(1+6%)\*(1+7%) - 1 = 13%. This series is also utilised to determine the CAGR between any 2 specified dates
  - Inflation returns are calculated using the data available from **IMF**. The annual percent change in average consumer prices is considered. This data is used to compute a daily index series, where the annual returns of the series correspond to the annual inflation rates provided by the IMF. For instance, if the annual inflation rates for year 1 is 6% and year 2 is 7%, the total return of the series after 2 years is calculated as 1\*(1+6%)\*(1+7%) - 1 = 13%. This series is also utilised to determine the CAGR between any 2 specified dates
  - Equity returns represent the returns generated by Nifty 50 Index

- All smallcases have an option to compare the live performance against the returns generated by Equity Largecap section of the market - represented by Nifty100 index

- Each smallcase is categorized into one of the market cap categories using the methodology explained in the section above. Following options are made available, as per the marketcap category of the smallcase

Market Cap Category	Comparable Option
Largecap	Nifty 100
Midcap	Nifty Midcap 150
Smallcap	Nifty Smallcap 100
Large & Midcap	Nifty LargeMidcap 250
Mid & Smallcap	Nifty MidSmallcap 400
Multicap	Nifty 500

#### General Investment Disclosure

Charts and performance numbers on the platform do not include any backtested data. Please refer to the Returns Calculation Methodology to check how returns are calculated on the platform. Data used for calculation of historical returns and other information is provided by exchange approved third party data vendors and has neither been audited nor validated by the Company. For smallcases where weights are not provided by the creator, Equal weights are used to calculate all returns, numbers and ratios on the platform.

Investment in securities market are subject to market risks. Read all the related documents carefully before investing. Investors should consider consulting their financial advisor while considering any investment decisions.

#### Windmill Capital Disclosures

Windmill Capital Private Limited is registered with SEBI with INH200007645 as the SEBI registration number. The registered office address of Windmill Capital Private Limited is No 51, 3rd Floor, Le Parc Richmond, Richmond Road, Shanthala Nagar, Bangalore - 560025. The CIN number of the company is U74999KA2020PTC132398.

The content and data available in the material prepared by the company and on the website of the company, including but not limited to index value, return numbers and rationale are for information and illustration purposes only. Charts and performance numbers do not include the impact of transaction fee and other related costs. Past performance does not guarantee future returns and performances of the portfolios are subject to market risk. Data used for calculation of historical returns and other information is provided by exchange approved third party vendors and has neither been audited nor validated by the Company. Detailed return calculation methodology is available [here](#). Detailed volatility calculation methodology is available [here](#).

Information present in the material prepared by the company and on the website of the company shall not be considered as a recommendation or solicitation of an investment. Investors are responsible for their investment decisions and are responsible to validate all the information used to make the investment decision. Investor should understand that his/her investment decision is based on personal investment needs and risk tolerance, and information present in the material prepared by the company and on the website of the company is one among many other things that should be considered while making an investment decision.

Investments in securities market are subject to market risks. Read all the related documents carefully before investing.

Registration granted by SEBI, membership of BASL (in case of IAs) and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors.

Windmill Capital Private Limited (hereinafter referred to as "the Company") is involved in research activities in Indian capital markets.

The Company has neither been suspended nor debarred from doing business by any Stock Exchange / SEBI or any other authorities; nor has its certificate of registration been cancelled by SEBI at any point of time.

The Company is not engaged in merchant banking, investment banking or any brokerage services.

Unless otherwise stated, the percentage returns displayed on the website or any other marketing materials are Absolute Returns.

The Company has assumed some portfolios originally created by its holding company Smallcase Technologies Private Limited (STPL), a SEBI registered Research Analyst, whose registration was voluntarily surrendered to SEBI effective 18th November 2020. STPL had taken registration as a Research Analyst effective 18th June 2018 having registration number INH200005984. The Company retains and maintains these portfolios under the same name & methodology as used originally.

Reports or research material prepared by the company are not to be construed as an offer to buy/sell or the solicitation of an offer to buy / sell any security in any jurisdiction where such offer or solicitation would be illegal. Reports or research material prepared by the company do not constitute a personal recommendation or take into account the particular investment objectives, financial situations, risk profile and needs of individual clients.

While we endeavour to update the information / material on various products and reports created by us, on a reasonable basis, there may be regulatory, compliance or other reasons that prevent us from doing so.

We and our associates, officers, directors, and employees, Research Analyst (including relatives) worldwide may: (a) from time to time, have long or short positions in, and buy or sell the securities thereof, of company (ies) forming part of the products or reports created by the company or (b) may have other potential/material conflict of interest with respect to any company(ies) in various products or reports created by the company. Any such positions of conflict of interest will be appropriately disclosed and dealt with in accordance with applicable law.

The Company does not provide any promise or assurance of favourable view for a particular industry or sector or business group in any manner. The investor is requested to take into consideration all the risk factors including their financial condition, suitability to risk return profile and take professional advice before investing.

The information for various products or reports created by the company certifies that all of the analysis /material therein accurately reflect his or her personal views about the subject company or companies and its or their securities, and no part of his or her compensation was, is or will be, directly or indirectly related to company(ies) in various products or reports created by the company. No part of this material may be duplicated in any form and/or redistributed without the prior written consent of the Company.

The Company's holding company Smallcase Technologies Private Limited (STPL) is a shareholder in Zerodha Asset Management Private Limited (Zerodha AMC), which is the asset manager for Zerodha Mutual Fund. The Company's research recommendations may include mutual funds and ETFs managed by Zerodha AMC. The Company states that its research recommendations are made independently and objectively based on their merits and suitability without any influence due to STPL being a shareholder in Zerodha AMC.

Details of our Associates - Smallcase Technologies Private Limited (Holding Company) bearing CIN: U74900KA2015PTC081722 with its registered office at No 51, 3rd Floor, Le ParcRichmond Richmond Road, Shantala Nagar Bangalore, 560025.

Anchorage Technologies Private Limited having CIN: U74220KA2021PTC142979 with its registered office at #51, 3rd Floor, Le Parc Richmond, Richmond Road, Shanthala Nagar, Richmond Town, Bangalore - 560025

Essential Investment Managers Private Limited (EIMPL) is registered with SEBI as a non-individual Investment Adviser with INA00017912, as the SEBI registration number. EIMPL is also registered with BSE Administration and Supervision Limited (BASL) as a member having membership ID 1981. The CIN number of EIMPL is U74999KA2021PTC145058 with its registered office address as: No 51, 3rd Floor, Le Parc Richmond, Richmond Road, Shanthala Nagar, Bangalore - 560025

Nexum Finvest Private Limited (NFPL) bearing CIN U64990KA2023PTC172732 with its registered office address as: No 51, 3rd Floor, Le Parc Richmond, Richmond Road, Shanthala Nagar, Bangalore - 560025

Zerodha Asset Management Private Limited bearing CIN: U67190KA2021PTC155726 with its registered office address as: INDIQUBE PENTA New No. 51 (Old No.14), Richmond Road, Bangalore - 560025

#### Research Analyst Disclosures.

- Research Analyst has served as an officer, director or employee of subject company(ies): No
- We or our associates may have received compensation from the subject company(ies) in the past 12 months.
- We or our associates have managed or co-managed public offering of securities for the subject company(ies) in the past 12 months: No
- We or our associates have not received compensation for investment banking or merchant banking or brokerage services from the subject company(ies) in the past 12 months.
- We or our associates may have received any compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company(ies) in the past 12 months.
- We or our associates may have received compensation or other benefits from the subject company(ies) or third party in connection with the products or reports created by the company. Our associates may have financial interest in the subject company(ies).
- Research Analyst or his/her relative's financial interest in the subject company(ies): No
- The company has financial interest in the subject company(ies) at the end of the month immediately preceding the date of sharing of products or reports created by the company: No
- Nature of financial interest is holding of equity shares or derivatives of the subject company - Our associates do not have actual/beneficial ownership of 1% or more securities of the subject company(ies) at the end of the month immediately preceding the date of sharing of products or reports created by the company.
- The subject companies may have been a client during the twelve months preceding the development and/or publication of products or reports created by the company and has received any compensation for services rendered to such subject company.
- Research Analyst or his/her relatives has actual/beneficial ownership of 1% or more securities of the subject company(ies) at the end of the month immediately preceding the date of sharing of products or reports created by the company.: No
- The Company has actual/beneficial ownership of 1% or more securities of the subject company(ies) at the end of the month immediately preceding the date of sharing of products or reports created by the company: No
- The employees of the Company are permitted to transact in Exchange Traded Funds (ETF's) without any restrictions upto a specified limit in accordance with Company Policy. Intra-day transactions in ETF's are however, not permitted.

Support - Contact us at [support@windmill.capital](mailto:support@windmill.capital) for any queries and assistance All grievances should be addressed to our grievance officer Mr Ajoy Bharadwaj using [compliance@windmill.capital](mailto:compliance@windmill.capital)

**Contact Details:**  
Support Telephone: 08041207234  
Support Email: [notifications@windmill.capital](mailto:notifications@windmill.capital)

**Compliance Office Details:**  
Name: Ajoy Bharadwaj  
Email: [compliance@windmill.capital](mailto:compliance@windmill.capital)  
Contact: 8296014433

**Grievance Office Details:**  
Name: Ajoy Bharadwaj  
Email: [compliance@windmill.capital](mailto:compliance@windmill.capital)  
Contact: 8296014433