

List of companies with high MF ownership swells

Funds owned over 20% in 18 midcap firms in March, doubling in three years

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Mumbai, 1 July

Mutual funds (MFs) have significantly increased their ownership across market segments, but the midcap space stands out with higher growth. Data reveals that the number of midcap companies with over a fifth of MF ownership has doubled from nine in March 2022 to 18 by March 2025. In contrast, large-cap stocks saw only a marginal rise, from three to four such companies during the same period.

The growing ownership in select companies in the midcap space comes amid over two years of strong MF inflows into this space despite valuations surging above the long-term averages. As of March 2025, the 12-month trailing price-to-earnings (P/E) ratio of Nifty Midcap 100 stood at almost 37x compared to Nifty's 21.9x.

Midcap funds have cornered over 10 per cent (₹83,433 crore) of the total active equity fund inflows of ₹7.4 trillion between April 2022 and March 2025. The aggregate three-year inflows is the third highest among the active equity fund categories after sectoral and smallcap funds.

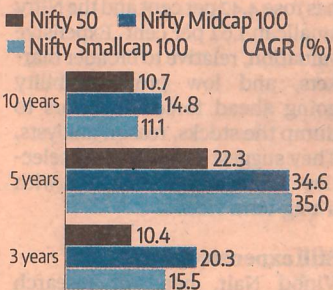
However, MFs' investment in the midcap stocks is likely to be much higher than the total inflows into the midcap funds, given that part of the inflows into other categories — especially flexicap, multicap, value and focused funds — also goes into midcap stocks.

The continued flow of MF investments into midcap stocks, which are just 150 in count, despite elevated valuations, has led to calls for expansion of the universe. MF officials had put forth the request to the Securities and Exchange Board of India at a recent event.

The appeal comes after a sharp rise in the size of smallcap stocks in the past three years as the mid- and

In the lead

Mid and smallcaps have outperformed largecaps over the medium and long term



Note: Data as of March 2025

Sources: Primeinfobase.com, Bloomberg

smallcap segment of the market has seen a sharp rally.

"In the past five years, the assets managed by midcap and smallcap funds (as a percentage of total active equity assets) have gone up from around 48 per cent to nearly 65 per cent. During this period, the size and scale of companies have also grown. In 2017, the 150 companies classified as midcap had a market capitalisation (mcap) in the range of ₹8,500 crore to ₹29,000 crore. As of December 2024, the mcap of midcap companies was in the range of ₹33,000 crore to ₹99,500 crore," said Naval Kagalwala, chief operating officer and product head, Shriram Wealth.

Midcap ownership is also higher on an average basis. As of March 2025, MFs owned an average of 10.6 per cent stake in midcap firms. In the case of largecaps and smallcaps (top 250 companies), the average ownership was lower at 9.3 per cent and 10.2 per cent, respectively.

MFs' smallcap stock ownership has also swelled in recent years, and fresh investments in smallcap funds remain strong.