

Sensex	77,540.8	▲	3.1
Nifty	24,252.0	▲	20.2
Nifty Futures†	24,391.1	▲	139.1
Dollar	₹95.7		₹95.7 ††
Euro	₹112.0		₹112.0 ††
Brent Crude (\$/bbl)	92.4 *		91.5 ††
Gold (10gm)**	₹1,59,977.0	▲	₹3,526.0

† Over previous close; †(Sep) Premium on Nifty Spot; † Spot price at 6 pm IST
 †† Previous close; * At 9pm IST; ** Market rate exclusive of GST; Source: BJA



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Anchor MFs hold IPO bets after lock-in ends

Smallcap schemes look to lock in long-term gains

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Fund managers, flush with capital, are taking sizeable bets on smaller companies, often investing as anchor investors and holding on to their positions even after the 90-day lock-in period expires.

The trend is particularly pronounced among smallcap funds, which have attracted significant inflows in recent years. Assets under management (AUM) of smallcap funds have grown 42 per cent annually over the past four years to ₹4.37 trillion. By comparison, largecap funds have grown 17 per cent annually to ₹4.13 trillion. Over the same period, the Nifty 50 has gained 8 per cent, while the Nifty Smallcap 250 index has risen 19 per cent annually.

A recent Securities and Exchange Board of India (Sebi) study of mainboard IPOs found that domestic mutual funds (MFs) act as patient, conservative anchor investors, showing far less inclination to sell after the lock-in period than foreign portfolio investors (FPIs).

Across 242 IPOs analysed between April 2022 and October 2025, mutual funds sold a weighted average of just 3 per cent of their anchor allotment after the 30-day lock-in, rising to 7 per cent by day 60 and 15 per cent at the 90-day mark. MFs did not exit any shares in more than 100 IPOs beyond day 30.

Over a 365-day holding period across 167 IPOs, MFs sold just 38 per cent of their anchor allotment value, compared with 60 per cent for FPIs. For the 2025 listing cohort, overall anchor exits moderated to 15 per cent by day 90. MFs remained steady backers, typically selling less than half their

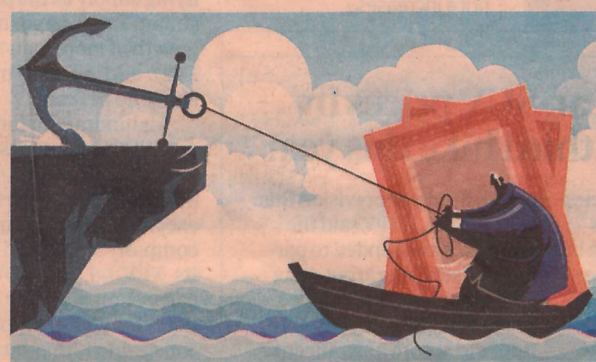


ILLUSTRATION: BINAY SINHA

Staying invested

Leading anchor funds holding positions in companies beyond 90-day lock-in, after early-2026 listing

Company	Mutual Fund	Stake (%)	Mcap (₹ cr)	% returns since listing
Omnitech Engineering	Nippon India Small Cap Fund	6.93	7,271.6	184.80
Amir Chand Jagdish Kumar Exports	Bandhan Small Cap Fund	4.69	1,859.4	0.57
Aye Finance	Nippon India Banking & Financial Services Fund	3.75	4,207.0	25.37
Central Mine Planning & Design Institute	Nippon India Small Cap Fund	3.56	16,886.1	51.95
Pngs Reva Diamond Jewellery	Tata India Consumer Fund	3.27	1,756.1	35.23
Shadowfax Technologies	ICICI Prudential Flexicap Fund	2.72	15,494.0	155.00
Fractal Analytics	SBI Small Cap Fund	2.68	14,724.5	0.00

Sources: Primeinfobase & Bloomberg

shares and rarely exiting major listings completely.

"When you have more liquidity than good investment opportunities, there is no reason for MFs to sell a winning trade," said Ambareesh Baliga, an independent market analyst. "For FPI investors, who have multiple other opportunities in global markets, the IPO could be used for a quick trade."

"If they sell a stock, they need to find another worthwhile investment idea. So instead, it is better to stay put with a good-performing stock," he added.

Small and midcap funds are taking a longer-term, fundamental view of companies and are not necessarily selling even when share prices rise.

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While some sceptics argue that there are few opportunities for smallcap fund managers beyond taking larger stakes in newly listed companies, fund managers say some of these businesses have genuine growth potential.

"It is not the question of opportunities. In fact, they are taking long-term bets where they have maximum conviction, and that is how a small and midcap fund manager is expected to behave," said Gaurav Kulshreshtha, chief investment officer at Nexedge Capital, adding, "What we need to be mindful of is that these companies account for a small percentage of the overall portfolio of these funds."

A *Business Standard* study of Primeinfobase data on 23 IPOs over the first eight months of 2026 shows that smallcap funds acting as anchor investors often remain invested for longer where the underlying fundamentals are strong. The trend is consistent with the Sebi study published last week.

Over the eight months, the Nifty Smallcap 250 index has gained 10 per cent, while the Nifty 50 has fallen 7 per cent. Smallcap funds are therefore continuing to back companies where they have high conviction in the underlying fundamentals. For instance, Nippon India Small Cap Fund, the largest fund in the category with AUM of ₹78,957 crore, was an anchor investor in Omnitech Engineering and holds a 7 per

cent stake in the company, equivalent to 0.67 per cent of the fund's portfolio. ICICI Flexicap holds 2 per cent and Edelweiss IPO Fund 0.30 per cent of the company's total equity.

Omnitech came out with an IPO in March 2026 and listed at ₹202. Its shares have since risen 180 per cent to ₹573, giving the company a market capitalisation of about ₹7,000 crore. While Omnitech is a recent bet that has generated strong returns, Nippon India Small Cap Fund has 28 companies in which it owns more than 5 per cent of the total equity, together accounting for 13 per cent of its AUM.

Smallcap funds are also taking concentrated positions in companies with market capitalisations of ₹3,000 crore to ₹10,000 crore where they see strong fundamentals, according to the study with data sourced from Primeinfobase. MFs have sizeable holdings in Hexagon Nutrition, with a market capitalisation of ₹867 crore, Sai Parenterals at ₹2,395 crore, Caliber Mining and Logistics at ₹3,354 crore and Leap India at ₹7,337 crore, according to the study.

"For large fund houses managing substantial AUM, accumulating a meaningful position directly in the secondary market often causes severe price impact and pushes up acquisition costs," said Sunil Subramaniam, founder and CEO of Sense and Simplicity, adding, "The anchor allocation

guarantees institutional-sized volume at the offer price without market friction. Exiting

early would forfeit a hard-won position that is expensive to rebuild later."