

**Methodology:**

- Created a list of top 500 stocks by current market cap
- Ranked them by average market cap between 1<sup>st</sup> Jul'20 and 2<sup>nd</sup> Dec'20
- Tagged top 100 as large cap, next 150 as midcap and the rest as smallcap, and compared with the AMFI classification released in Jul'20.
- The final list published by AMFI will use the 6 month average market cap from 1<sup>st</sup> Jul'20 to 31<sup>st</sup> Dec'20.

## Stocks from diverse sectors to get upgraded on market cap size categorization

By 5<sup>th</sup> Jan'21, AMFI is expected to release a fresh list for categorisation of stocks into large-caps, mid-caps, and small-caps, based on average market cap for H2CY20. We expect 4-5 switches between large-caps and mid-caps, and 11-12 switches between mid- and small-caps (*See list below*). Lower end of the size limit for large-caps and mid-caps have increased to Rs276bn and Rs82bn respectively (from Rs267bn and Rs70bn) based on the market data for H2CY20 available so far.

As per SEBI circular dated 6<sup>th</sup> Oct'17, mutual funds have one month to align their portfolios as per the fresh list. Multicap schemes that choose to remain multicap schemes will have upto the same time for rebalancing their schemes as per the fresh guidelines – refer our [report dated 12-Sep'20](#).

**Table 1: Potential switches between large and midcaps**

Company	Avg. market cap (Rs bn)	Current market Cap (Rs bn)	Avg market cap rank	% over lower limit	Probability
<b>Mid to large cap</b>					
Yes Bank	333	387	88	21%	High probability
Adani Enterprises	301	499	93	9%	High probability
P I Industries	301	349	94	9%	High probability
Hind Aeronautics	290	277	96	5%	High probability
Jubilant Food.	281	334	99	2%	Low probability
<b>Large-cap to mid-cap</b>					
MRF	270	338	103	-2%	Low probability
NMDC	270	316	104	-2%	Low probability
United Breweries	265	283	107	-4%	High probability
Container Corpn.	244	250	115	-11%	High probability
General Insurance	239	245	119	-13%	High probability
Bank of Baroda	214	250	131	-22%	High probability
<b>Small-cap to mid-cap</b>					
Laurus Labs	130	172	195	58%	High probability
Indiamart Inter.	116	147	207	42%	High probability
Navin Fluor. Intl.	103	131	219	25%	High probability
Dixon Technolog.	100	133	224	22%	High probability
Alok Industries	100	108	226	22%	High probability
Astrazeneca Phar	98	113	227	20%	High probability
Deepak Nitrite	96	115	229	17%	High probability
Bombay Burmah	90	90	241	10%	High probability
Suven Pharma	85	97	246	4%	High probability
Granules India	84	105	247	2%	Low probability
Multi Comm. Exc.	83	80	248	1%	Low probability
<b>Mid-cap to small-cap</b>					
CESC	80	80	254	-3%	Low probability
TTK Prestige	80	80	255	-3%	Low probability
Tata Chemicals	80	109	256	-3%	Low probability
Kajaria Ceramics	79	108	257	-4%	High probability
SKF India	76	78	260	-7%	High probability
Apollo Tyres	76	108	261	-7%	High probability
JM Financial	75	79	263	-9%	High probability
Chola Financial	74	100	265	-10%	High probability
V-Guard Inds.	73	83	267	-11%	High probability
PVR	65	73	281	-21%	High probability
Symphony	60	58	298	-27%	High probability
Future Retail	52	42	324	-36%	High probability

Note: Average market cap is taken over the period 1 Jul'20 to 2<sup>nd</sup> Dec'20. Major stock price movements in Dec'20 could change the list of entries and exits among size classes.

Source: Capitaline, Bloomberg, I-Sec Research

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## Annexure 1: History of changes

**Table 2: Net movement to largecap from midcap**

Sector	Net movement to largecap from midcap				
	H1CY18	H2CY18	H1CY19	H2CY19	H1CY20
Healthcare	1	1	1	0	3
Consumer	3	2	0	1	2
Industrials (incl. commodities, utilities, construction)	-2	0	2	1	2
Financials	-3	1	3	2	0
IT	-1	1	0	1	0

Source: AMFI, I-Sec Research

**Table 3: Net movement to midcap from smallcap**

Sector	Net movement to midcap from smallcap				
	H1CY18	H2CY18	H1CY19	H2CY19	H1CY20
Healthcare	0	1	1	0	2
Consumer	-1	0	-6	5	0
Industrials (incl. commodities, utilities, construction)	-5	2	-2	-7	1
Financials	-2	-2	4	-1	-2
IT	3	-1	0	1	0

Source: AMFI, I-Sec Research

**Table 4: History of upgrades / downgrades between large and midcap**

### Upgrades from mid-cap to large-cap

H1CY18	H2CY18	H1CY19	H2CY19	H1CY20	H2CY20E
P&G Hygiene	Divis Laboratories	Punjab National Bank	REC Limited	Cadila Healthcare	Yes Bank
Colgate-Palmolive (India)	GSK Health	PFC Ltd.	Info Edge(India)	Tata Consumer Products	Adani Enterp.
M.R.F.	Berger Paints	Acc Ltd	Kansai Nerolac	M.R.F.	P I Industries
SAIL Ltd.,	L&T Infotech	ABB India Limited	Muthoot Finance	Alkem Laboratories	HAL
STFC	United Breweries	IDBI Bank	Adani Transmission	Indraprashtha Gas	Jubilant Food.
Biocon Ltd.	Page Industries Ltd.	Torrent Pharmaceuticals Ltd.		Abbott India Ltd.	
	Indiabulls Ventures Limited			Adani Green	

### Downgrades from mid-cap to large-cap

H1CY18	H2CY18	H1CY19	H2CY19	H1CY20	H2CY20E
Punjab National Bank	Bharat Electronics	Ashok Leyland	Yes Bank	Zee Entertainment	Bank of Baroda
PFC Ltd	Aditya Birla Capital Ltd	L&T Finance Holdings	Indiabulls Housing Finance	PFC Ltd	General Insuranc
ACC	Bharat Heavy Electricals	M.R.F.	The New India Assurance	ACC	Container Corpn.
REC Ltd	Sun TV	SAIL Ltd	Cadila Healthcare	REC Ltd	United Breweries
Lic Housing Finance	TVS Motor	Page Industries	Idea Cellular Ltd	Oracle Financial Services Software	NMDC
NHPC	Bharat Forge	Indiabulls Ventures		ABB India	MRF
ABB India	HAL			Kansai Nerolac Paints	
Vakrangee	STFC				

Source: AMFI, I-Sec Research

## Annexure 2

Performance of stocks before and after AMFI reclassification

**Table 5: Performance 1M prior and after**

	1 month prior to announcement					1 month after to announcement				
	H1CY18	H2CY18	H1CY19	H2CY19	H1CY20	H1CY18	H2CY18	H1CY19	H2CY19	H1CY20
Large Cap to Mid Cap	-4%	3%	-4%	1%	9%	-10%	14%	21%	16%	2%
Mid Cap to Large Cap	3%	1%	-1%	7%	0%	-2%	-5%	17%	1%	2%
Mid Cap to Small Cap	0%	-1%	-6%	4%	6%	-2%	16%	20%	0%	1%
Small Cap to Mid Cap	0%	0%	-1%	4%	8%	-4%	3%	20%	-6%	-11%

Source: Bloomberg, I-Sec Research

**Table 6: Performance 1 week prior and after**

	1 week prior to announcement					1 week after announcement				
	H1CY18	H2CY18	H1CY19	H2CY19	H1CY20	H1CY18	H2CY18	H1CY19	H2CY19	H1CY20
Large Cap to Mid Cap	-9%	12%	10%	5%	5%	-12%	14%	19%	2%	-6%
Mid Cap to Large Cap	-1%	-1%	14%	1%	6%	1%	-3%	15%	1%	-1%
Mid Cap to Small Cap	-2%	10%	16%	-4%	-2%	-1%	17%	15%	2%	-5%
Small Cap to Mid Cap	-2%	2%	15%	-5%	-9%	-3%	5%	10%	-7%	-11%

Source: Bloomberg, I-Sec Research

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