



International Journal of Recent Development in Engineering and Technology
Website: www.ijrdet.com (ISSN 2347-6435 (Online) Volume 15, Issue 04, April 2026)

Performance Evaluation of Large-Cap and Mid-Cap Mutual Funds in India

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Abstract - This study evaluates the performance of Large and Mid-Cap mutual funds in India. These funds invest in both large and medium-sized companies to provide a balance between stability and growth. The study compares the returns of different mutual fund schemes with the benchmark index over 1-year periods. It also analyses the level of risk taken by each fund. Measures such as standard deviation, beta, Sharpe ratio, and coefficient of variation are used to understand risk and return. Risk-adjusted measures help identify which funds manage risk efficiently. For better understanding for investors study use ranking system. The study finds that only a few funds provide good returns with controlled risk. The study concludes that investors should consider both return and risk before investing in mutual funds.

Keywords - Benchmark Comparison, Risk-Adjusted Performance, Risk and Return Analysis, Large and Mid-Cap Mutual Funds, NIFTY 250 Index.

I. INTRODUCTION

¹The Indian mutual fund industry has witnessed sustained expansion, with total assets under management (AUM) exceeding ₹80 lakh crore by end of December 2025, reflecting increased retail participation and growing financial awareness. Within equity-oriented schemes, Large and Mid-Cap mutual funds occupy a distinctive position due to their blended investment approach.

²As per the SEBI categorization and rationalization framework introduced in October 2017 under the SEBI (Mutual Funds) Regulations, 1996, Large and Mid-Cap schemes are mandated to invest a minimum of 35% of their assets in large-cap stocks (ranked 1st–100th by market capitalization) and at least 35% in mid-cap stocks (ranked 101st–250th).

This regulatory allocation structure enables a balance between stability derived from well-established companies and growth potential offered by mid-sized firms, thereby supporting diversification and moderated portfolio risk.

Large and Mid-Cap funds form a significant share of equity AUM, with the increasing adoption of Systematic Investment Plans (SIPs) playing an important role by promoting disciplined investing, reducing market-timing risk, and improving return consistency.

³The present study analyses the performance characteristics of Large and Mid-Cap mutual fund schemes by examining regulatory provisions, portfolio construction practices, and risk-adjusted performance indicators. By focusing on measures such as standard deviation, beta, and the Sharpe ratio, rather than absolute returns alone, the research aims to generate objective insights and contribute to empirical literature on equity mutual fund performance in emerging markets.

II. LITERATURE REVIEW

(Hitesh G. Harwani, Dr. Maulik R. Desai, 2019) This study focuses on tax-saving mutual fund schemes and compares their performance using a common benchmark. The schemes are evaluated based on returns and risk-adjusted measures such as standard deviation, beta, and Sharpe ratio to help investors make better investment choices.

(Subramanyam, N., Angirekula, M. N. S., Gopu, S. N. V. K. M. V. A., Polam, J. L. S., & Ravipati, N. P, 2024) Paper examined SEBI's 2017 categorization norms and found that while standardization improved investor decision-making and fund performance through enhanced comparability, it also created unintended market inefficiencies due to compliance-driven portfolio rebalancing that increased stock return predictability.

(Deepa, B. S., Jameel, M., Furquan, M., & Toufeeq, T., 2025) The analysis highlights a distinct risk–return relationship between large-cap and mid-cap mutual funds across varying market conditions. Mid-cap funds generally deliver higher returns in bullish and recovery phases but involve greater volatility and downside exposure during market downturns.

¹ <https://www.amfiindia.com/articles/indian-mutual>

² https://www.sebi.gov.in/legal/circulars/oct-2017/categorization-and-rationalization-of-mutual-fund-schemes_36199.html

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https://ojs.journals.cz/index.php/EJBE/article/view/374?utm_source

Conversely, large-cap funds show stronger stability and resilience, making them more suitable for risk-averse investors in unfavourable market environments.

(Rajagopal, D., & Shailaja, B, 2025) Large-cap funds are frequently regarded as relatively safer investment options with lower risk-adjusted returns, whereas mid-cap funds are positioned in between. The literature highlights the need to match fund selection with investor risk tolerance by relying on risk-adjusted indicators rather than absolute returns.

(Chawla, S., Sahu, L., Kashyap, H., & Tiwari, A, 2025) Previous studies show that large-cap mutual funds generally provide stable returns with lower volatility than other equity segments. While absolute returns are often moderate, risk-adjusted measures such as the Sharpe, Treynor, and Jensen's Alpha frequently support the performance of select large-cap schemes, emphasizing the importance of fund management efficiency.

III. OBJECTIVE OF THE STUDY

1. To assess the return, risk and risk-adjusted performance of selected Large & Mid-Cap mutual fund schemes in India using indicators such as standard deviation, beta, Coefficient of Variation (CV) and Sharpe ratio.
2. To evaluate and compare the performance of selected Large & Mid-Cap mutual fund schemes using key risk-return indicators and to identify the best performing schemes through a multi-factor ranking method.
3. To analyse and rank the selected schemes based on their return, risk and risk adjusted return performance using the CV to determine which funds carry lower volatility and provide superior risk management for investors.

IV. RESEARCH METHODOLOGY

The study follows a descriptive and analytical research design based on secondary data collected from SEBI, AMFI, mutual fund factsheets covering selected Large & Mid-Cap mutual fund schemes for the 1-year period.

There are total of 33 mutual fund AMC's offering LARGE & MID-CAP scheme. Out of these, 31 AMC's are selected for our study. Remaining 2 AMC's (JM Large & Mid Cap Fund, Samco Large and Mid-Cap Fund) are excluded as they were recently introduced and have not completed a one-year performance period.

The performance of the selected schemes was evaluated using annualized returns for 1-year periods and compared with the respective benchmark returns to assess relative performance.

This comparison helps in understanding whether the selected scheme was able to outperform or underperform the market index.

The selected schemes are ranked based on their 1-year performance on parameters such as return, risk and risk-adjusted return in order to determine the top-performing funds from an investor's perspective. A composite ranking method is used to for selecting best scheme among selected schemes.

The open-ended schemes with Regular Growth option are taken for calculations. The returns are taken from AMFI website dated 31st January,2026.

**TABLE I:
PERFORMANCE OF DATA**

SR. No.	Scheme Name	Return Year 1 (%)	Return Year 1 (%) Bench mark
1	Aditya Birla Sun Life Large & Mid cap Fund	9.09	10.58
2	Axis Large & Mid cap Fund	8.15	10.58
3	Bajaj FinServ Large and Mid cap Fund	7.23	10.58
4	Bandhan Large & Mid cap Fund	11.47	10.58
5	Bank of India Large & Mid cap Fund	10.22	10.04
6	Baroda BNP Paribas Large and Mid cap Fund	6.36	10.58
7	Canara Robeco Large and Mid cap Fund	4.10	10.58
8	DSP Large & Mid cap Fund	11.17	10.58
9	Edelweiss Large and Mid cap Fund	9.92	10.58
10	Franklin India Large & Mid cap Fund	7.61	10.58
11	HDFC Large and Mid cap Fund	9.19	10.58
12	Helios Large & Mid cap Fund	14.18	10.58

13	HSBC Large & Midcap Fund	10.10	10.58
14	ICICI Prudential Large & Mid cap Fund	11.13	10.58
15	Invesco India Large & Mid cap Fund	9.17	10.58
16	ITI Large & Mid cap Fund	2.35	10.58
17	Kotak Large & Midcap Fund	12.89	10.58
18	LIC MF Large & Mid cap Fund	4.47	10.58
19	Mahindra Manulife Large & Mid cap Fund	9.17	10.58
20	Mirae Asset Large & Midcap Fund	12.21	10.58
21	Motilal Oswal Large and Midcap Fund	8.16	10.58
22	Navi Large & Mid cap Fund	3.81	10.58
23	Nippon India Vision Large & Mid cap Fund	8.42	10.58
24	PGIM India Large and Mid cap Fund	6.81	10.58
25	Quant Large and Mid cap Fund	-5.36	10.58
26	SBI Large & Mid cap Fund	13.23	10.58
27	Sundaram Large and Mid cap Fund	8.33	10.58
28	Tata Large & Mid cap Fund	1.92	10.58
29	Union Large and Mid cap Fund	8.93	10.58
30	UTI Large & Mid cap Fund	10.85	10.58
31	Whiteoak Capital Large & Mid cap Fund	12.13	10.04

Source: www.valueresearchonline.com (Value Research)

V. FINDINGS

The table shows the performance of all Large & Mid-Cap fund schemes compared with their respective benchmarks. Out of the 31 selected funds, 29 funds use the NIFTY 250 Index as their benchmark and only 2 funds use BSE 250 Index as their benchmark.

Among the 29 funds benchmarked against the NIFTY 250 Index, only 8 funds outperformed the benchmark return of 10.58%. The Remaining 2 funds benchmarked against the BSE 250 Index both outperformed their benchmark return of 10.04%.

As explained above, total 10 schemes gave better performance compared to their benchmarks. However, sufficient data was not available for 2 of these schemes. Therefore, only 8 schemes are selected for further analysis using financial tools, making the analysis more meaning full and useful for investors.

A. Financial Ratios:

Returns alone do not give a complete picture of a mutual fund's performance, as higher returns may involve higher risk. Risk-adjusted return measures help in understanding how well a fund has performed after considering the level of risk taken. Financial ratios such as standard deviation, beta, and the Sharpe ratio are commonly used to measure risk and return together. These ratios make it easier to compare mutual fund schemes and judge the efficiency of fund management.

- **Standard Deviation:** Standard deviation is a statistical measure used to evaluate risk/volatility of a scheme. When a mutual fund has a high standard deviation, it means its range of performance is wide, implying greater volatility. Higher standard deviation means higher risk and more fluctuations.

- **Beta:** Beta is also a statistical measure that evaluates the systematic risk of mutual fund in relation to the overall market or benchmark Index. It also measures how sensitive a fund is to market movements. A beta above 1 means the fund moves more than the market, while a beta below 1 means it moves less.

- **Sharpe Ratio:** The Sharpe Ratio is a measure of risk-adjusted returns. It is calculated using standard deviation and excess return to determine reward per unit of risk. It shows how much return a fund generates for the risk taken. A higher Sharpe ratio means better risk-adjusted performance.

• *Co-Efficient of Variation (CV)*: CV measures the amount of risk taken for each unit of return earned. It is calculated by dividing the standard deviation by the return and multiplying by 100. A lower CV indicates better risk-adjusted performance, while a higher CV shows higher risk for lower returns.

**TABLE II:
RISK & RISK-ADJUSTED RETURNS**

SR No.	Scheme Name	Return Year 1 (%)	Std Dev	Beta	Sharpe	Co Efficient of Variation
1	Bandhan Large & Mid Cap Fund	11.47	13.93	0.95	1.26	121.47
2	Bank of India Large & Mid Cap Fund	10.22	14.81	1.05	0.73	144.91
3	DSP Large & Mid Cap Fund	11.17	13.91	0.95	1.05	124.54
4	ICICI Prudential Large & Mid Cap Fund	11.13	12.05	0.80	1.20	108.22
5	Kotak Large & Midcap Fund	12.89	13.33	0.90	0.94	103.43
6	Mirae Asset Large & Midcap Fund	12.21	13.92	0.93	0.70	113.99
7	SBI Large & Midcap Fund	13.23	11.88	0.81	0.95	89.82
8	UTI Large & Mid Cap Fund	10.85	12.87	0.89	1.21	118.57

(Data captured from different factsheet)

B. Interpretation:

The table presents an analysis of 8 selected funds considering returns, risks and risk-adjusted returns for 1 year period (1st Feb '25 to 30th Jan '26). Further, a composite ranking system is applied to select the scheme providing significant results.

**TABLE III:
PERFORMANCE RANKING OF SELECTED SCHEMES**

SR. No.	Scheme Name	Rank as per Return	Rank as per Std dev	Rank as per Beta	Rank as per Sharpe	Rank as per C. V	Total rank
1	Bandhan Large & Mid Cap Fund	4	7	6	1	6	24
2	Bank of India Large & Mid Cap Fund	8	8	8	7	8	39
3	DSP Large & Mid Cap Fund	5	5	6	4	7	27
4	ICICI Prudential Large & Mid Cap Fund	6	2	1	3	3	15
5	Kotak Large & Midcap Fund	2	4	4	6	2	18
6	Mirae Asset Large & Midcap Fund	3	6	5	8	4	26
7	SBI Large & Midcap Fund	1	1	2	5	1	10
8	UTI Large & Mid Cap Fund	7	3	3	2	5	20

(Research findings)

C. Interpretation:

In this table, ranks are assigned in following manner:

- *Return (higher to lower)*: higher values are considered better; therefore, the scheme with the highest return is given Rank 1 and the lowest is given the last rank.
- *Risk measures (lower to higher)*: For Standard Deviation and Beta, lower values are preferred; hence, the scheme with the lowest risk is given Rank 1 and higher values receive lower ranks.
- *Risk-adjusted return*:
 - *Sharpe (higher to lower)*: higher values are considered better; therefore, the scheme with the highest value is given Rank 1 and the lowest is given the last rank.

▪ *Co-efficient of variation (C.V) (lower to higher):* Lower values indicate better consistency; hence, the scheme with the lowest value is given Rank 1 and higher values receive lower ranks.

D. Composite Ranking:

The composite ranking method was applied to evaluate the overall performance of selected Large & Mid-Cap mutual fund schemes based on multiple risk–return indicators. The composite ranking of selected schemes has been determined based on their total scores obtained from various evaluation parameters. Each scheme was assigned a cumulative score (Total Rank) reflecting its overall performance.

$$\text{Composite Score (TOTAL RANK)} = R \text{ Return} + R \text{ SD} + R \text{ Beta} + R \text{ Sharpe Ratio} + R \text{ CV}$$

**TABLE IV:
COMPOSITE RANKING**

SR No.	Scheme Name	Total rank	Final rank
1	Bandhan Large & Mid Cap Fund	24	5
2	Bank of India Large & Mid Cap Fund	39	8
3	DSP Large & Mid Cap Fund	27	7
4	ICICI Prudential Large & Mid Cap Fund	15	2
5	Kotak Large & Midcap Fund	18	3
6	Mirae Asset Large & Midcap Fund	26	6
7	SBI Large & Midcap Fund	10	1
8	UTI Large & Mid Cap Fund	20	4

E. Interpretation:

The table presents the final ranking of selected schemes using the composite ranking method, which combines multiple parameters such as return, risk, and risk-adjusted performance into a single score. A lower total rank indicates better overall performance, as it reflects consistent ranking across all evaluation criteria.

Among all schemes, SBI Mutual Fund – Large & Midcap Fund secured the 1st position with the lowest total rank of 10. This indicates that the fund has performed consistently well across all parameters, offering a strong combination of high return, low risk, and efficient risk-adjusted performance. It can be considered the best overall performer among the selected funds.

ICICI Prudential Mutual Fund and Kotak Mahindra Mutual Fund secured 2nd and 3rd rank respectively, indicating strong and balanced performance with efficient risk management and consistent returns.

On the other hand, Bank of India Mutual Fund secured the lowest rank (8th) with the highest total score of 39, indicating weaker overall performance compared to other selected funds.

Overall, the composite ranking method provides a comprehensive and reliable evaluation framework by integrating multiple financial parameters, helping investors identify funds that deliver consistent and efficient performance.

VI. PRACTICAL IMPLICATIONS FOR INVESTORS

The composite ranking helps investors easily understand which funds are best and which are weak. Top-ranked funds (E.g. SBI, ICICI & KOTAK) are good choices as they perform well overall, while mid-ranked funds (E.g. UTI, BANDHAN & MIRAE) give average returns and are suitable for balanced investment. Lower-ranked funds (E.g. DSP & BANK OF INDIA) should be selected carefully after proper analysis.

We have also provided rankings for each parameter, allowing investors to evaluate funds from multiple perspectives. This helps investors avoid relying on a single factor and make more informed and balanced investment decisions.

Overall, long-term investors should prefer funds that offer stable returns with controlled risk rather than focusing only on short-term gains.

VII. LIMITATION OF THE STUDY

The study covers only selected Large & Mid-Cap funds under the Regular Plan category. Furthermore, the analysis is confined to specific time periods (1 year) and selected risk–return measures, without incorporating additional advanced performance metrics.

The study excludes 2 schemes due to insufficient data availability and another two schemes as they have not completed a full one-year period.



It relies entirely on secondary data obtained from the fact sheets of individual Asset Management Companies (AMCs). Since each AMC may adopt its own methodology for calculating returns and risk indicators, minor variations may influence comparison and interpretation. Hence, the results may not comprehensively represent the entire mutual fund industry or fully reflect long-term market behaviour.

VIII. SCOPE OF FURTHER STUDY

The future scope of this study can be expanded by comparing both Regular and Direct plans to examine performance differences. Further research may also incorporate additional risk-adjusted measures such as Alpha, Treynor Ratio, and Sortino Ratio for deeper analysis. The study can be extended to longer time horizons (e.g. for 3 or 5 year) or mutual fund categories to provide a more comprehensive understanding of fund performance and investment efficiency.

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