

Comparative Study Of Mid Cap And Small Cap Companies Listed At BSE

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ABSTRACT

The main aim of this study is to compare the maximum return gained by the companies. The comparison is made by collecting the data of mid cap and small cap companies listed at BSE for the duration of one year (2017-2018). The tools used for analysis is annual return, standard deviation and beta. The result shows that the maximum level of returns and minimum level of risk is in Smallcap funds and next to that midcap funds stands with good returns.

Keywords: Standard deviation, Beta, Mid cap, Small cap, BSE.

INTRODUCTION

Small-cap is a term that consists of companies that are neither large-cap nor mid-cap. Small caps fall below the market capitalization of approximately Rs.5,000 Cr. This classification can change with a company's market valuation. Market capitalization refers to the market value of a company's outstanding number of shares available. However, the classification is also subject to a company's rank in the benchmark indices such as Sensex and Nifty. For instance, the companies which are listed from 251st – 500th in the Nifty Index are generally considered small-cap companies. Nifty also has a benchmark small-cap index in India called the Nifty Smallcap 50 which hosts the top 50 most traded small-cap securities in the market. One should know that every large or mid-cap company was once a small-cap company and the one who grows their business and sustains its profits can only graduate and step up the ladder from small to mid cap/large-cap Company. Most of the small-cap companies have low revenues and a small number of employees as compared to bigger companies. However, these companies have a high potential for growth and at the same time, they also carry higher risk. Mostly Aggressive and higher risk-tolerant investors are attracted to small-cap companies in the hope of earning high returns. Mid tops lies between huge top stock and little top stock. Mid top stock are those that by and large have a marketplace capitalization inside the range between 100 corer and 100 corer. These speak to average sized organizations that are moderately more dangerous than vast top as speculation choices so far , they are not consider as unsafe as little top organizations. They rank between the two limits on all the essential parameter like dimension, incomes, worker and customer base. When one puts resources into mid tops as long as possible, he might put resources into organizations that could turn out to be tomorrow's out of control examples of overcoming adversity. As a rule, mid top stocks as a venture can convey you more returns in 3 to 5 years instead of their elder sibling vast top stock that can get you reasonable (yet more secure) returns amid this time period.

REVIEW OF LITERATURE

- 1) **Prof. Parameshwar.H.S., Manishsoni (2018)** analysed that long term cap funds earns lower return than the mid cap funds and it takes more number of days to earn the profit and it states that large cap funds takes out more risk and it takes longer period to earn out the return. The study was analysed with f-test and t-test between large cap funds and mid cap funds.
- 2) **Debendra Shaw (2017)** Performance evaluation of mutual fund schemes is done mainly for the small and medium investors and to make participate in capital market with low risk level. This scheme made a performance evaluated on CRISIL to find their returns, mean and standard deviation and the testing is done with three ratios mainly Sharpe, Jensen Treynor.
- 3) **Geeta Rani, Dr.Vijay Singh Hooda (2017)** Comparison of study on performance of select mutual fund is mainly done for the retail investors and to find out the maximum return and risk and to make out the quick decision making the data are taken from the NSE and BSE and made out the findings and came up with the retail investors can make out the better result that retail investor make best investment in selected mutual funds.
- 4) **Satheesh Kumar Rangasamy, Dr.Vetrivel.T, Athika.M (2016)** The study was analysed with selected equity mutual funds of large cap and midcap and made a comparison of both midcap and large cap to know the upward

movement over the long term return and it has made the findings that both large and mid has the capacity to earn the large return and also investors has to make out the self analysis as it goes on with seasonal fluctuations.

- 5) **R. Nandhini, Dr.V.Rathnamani (2017)** Comparison is made in various investment processes and to help in various industries the comparison is made on multicap funds three funds like large cap, midcap, small cap funds. The main objective of the study is to analyse the financial performance in terms of risk and return and from the analysis made mid and smallcap funds have the possibility to earn better return and the risk also reduces and in longcap funds it takes out the certain period to gain the profit. The tools used for the comparison is alpha, beta, r-squared, standard deviation.

OBJECTIVES OF THE STUDY

- 1) To analyse the risk involved in the stocks concerning small and mid cap stocks.
- 2) To contemplate the explanation behind the stock developments in the market.
- 3) To analyse each organization's execution and risk factors for a time period of 1 year utilizing beta.

RESEARCH METHODOLOGY

The data is collected using secondary sources available from various websites, journals and articles. Data related to closing and opening stock prices are extracted from capital line website. To quantify and compare the data, return, standard deviation and beta are used.

ANALYSIS AND FINDINGS

Table 5.1: Bajaj Auto

Date	BSE SENSEX		BAJAJ AUTO	RETURN
12/31/2017	35965.01953	-4.95198	3271.5354	-9.58428
1/31/2018	34184.03906	-3.55534	2957.98218	-8.94064
2/28/2018	32968.67969	6.647763	2693.51953	7.242898
3/31/2018	35160.35938	0.460802	2888.6084	-6.64349
4/30/2018	35322.37891	0.286225	2696.7041	2.143775
5/31/2018	35423.48047	6.162855	2754.51538	-3.92899
6/30/2018	37606.57813	2.761464	2646.29077	3.781116
7/31/2018	38645.07031	-6.25676	2746.3501	-2.15741
8/31/2018	36227.14063	-4.92749	2687.1001	-3.5596
9/30/2018	34442.05078	5.087531	2591.44995	5.608833
10/31/2018	36194.30078	-0.34805	2736.80005	-0.66867
11/30/2018	36068.32813	-100	2718.5	-100

Average return: 0.124274 AVERAGE RETURN: -1.51877

STDVE: 4.653144 STDVE: 5.714689

Beta of stock:

0.799287

Total risk of the stock=systematic risk (beta of stock) + unsystematic risk

=0.799287+5.714689

=6.513976

Table 5.2 Nilkamal

Date	BSE SENSEX		NILKAMAL	RETURN
12/31/2017	35965.01953	-4.95198	1801.235	-6.98116
1/31/2018	34184.03906	-3.55534	1675.488	-9.92392
2/28/2018	32968.67969	6.647763	1509.214	11.9014
3/31/2018	35160.35938	0.460802	1688.832	0.290786
4/30/2018	35322.37891	0.286225	1693.743	-6.39919
5/31/2018	35423.48047	6.162855	1585.357	12.17913
6/30/2018	37606.57813	2.761464	1778.44	10.23865
7/31/2018	38645.07031	-6.25676	1960.528	-14.0677

8/31/2018	36227.14063	-4.92749	1684.727	-5.63351
9/30/2018	34442.05078	5.087531	1589.818	-2.8108
10/31/2018	36194.30078	-0.34805	1545.131	-4.2185
11/30/2018	36068.32813	-100	1479.95	-100

Average return: 0.124274

AVERAGE RETURN: -1.40225

STDVE: 4.653144

STDVE: 9.037489

Beta of stock:

1.64175

Total risk of the stock=systematic risk (beta of stock) + unsystematic risk

=1.64175+9.037489

=10.67924

Table 5.3 Aurobindo Pharma

Date	BSE SENSEX		Adj closing	RETURN
12/31/2017	35965.01953	-4.95198	627.4318	-2.54964
1/31/2018	34184.03906	-3.55534	611.4345	-9.00545
2/28/2018	32968.67969	6.647763	556.3721	15.03813
3/31/2018	35160.35938	0.460802	640.04	-13.1893
4/30/2018	35322.37891	0.286225	555.6232	8.993708
5/31/2018	35423.48047	6.162855	605.5944	-2.32462
6/30/2018	37606.57813	2.761464	591.5166	20.23799
7/31/2018	38645.07031	-6.25676	711.2277	4.407954
8/31/2018	36227.14063	-4.92749	742.5782	6.258818
9/30/2018	34442.05078	5.087531	789.0549	2.530686
10/31/2018	36194.30078	-0.34805	809.0234	-9.65032
11/30/2018	36068.32813	-100	730.95	-100

Average return: 0.124274

AVERAGE RETURN: 1.886178

STDVE: 4.653144

STDVE: 10.50033

Beta of stock:

0.636925

Total risk of the stock=systematic risk (beta of stock) + unsystematic risk

=0.636925+10.50033

=11.13726

Table 5.4 Bharath Electronic

Date	BSE SENSEX		BHART ELECTRONIC	RETURN
12/31/2017	35965.01953	-4.95198	166.4987	-8.76624
1/31/2018	34184.03906	-3.55534	151.903	-7.14741
2/28/2018	32968.67969	6.647763	141.0459	-7.49737
3/31/2018	35160.35938	0.460802	130.4712	-13.1279
4/30/2018	35322.37891	0.286225	113.3431	-4.77442
5/31/2018	35423.48047	6.162855	107.9316	6.669728
6/30/2018	37606.57813	2.761464	115.1304	-1.94049
7/31/2018	38645.07031	-6.25676	112.8963	-29.222
8/31/2018	36227.14063	-4.92749	79.90569	15.52369
9/30/2018	34442.05078	5.087531	92.31	-10.1997
10/31/2018	36194.30078	-0.34805	82.89468	5.709133
11/30/2018	36068.32813	-100	87.62724	-100

Average return: 0.124274

AVERAGE RETURN: -4.97936

STDVE: 4.653144

STDVE: 11.77427

Beta of stock:

0.492256

Total risk of the stock=systematic risk (beta of stock) + unsystematic risk
=0.492256+11.77427
=12.26653

Table 5.5: Birla Corporation

Date	BSE SENSEX		BIRLA CORPORATION	RETURN
12/31/2017	35965.01953	-4.95198	1114.878	-19.8596
1/31/2018	34184.03906	-3.55534	893.4676	-20.8994
2/28/2018	32968.67969	6.647763	706.7381	6.92605
3/31/2018	35160.35938	0.460802	755.6871	-2.01272
4/30/2018	35322.37891	0.286225	740.4772	-3.31861
5/31/2018	35423.48047	6.162855	715.9037	7.840833
6/30/2018	37606.57813	2.761464	772.0365	-0.85961
7/31/2018	38645.07031	-6.25676	765.4	-16.5861
8/31/2018	36227.14063	-4.92749	638.45	-10.5881
9/30/2018	34442.05078	5.087531	570.85	8.680047
10/31/2018	36194.30078	-0.34805	620.4	-3.49775
11/30/2018	36068.32813	-100	598.7	-100

Average return: 0.124274 AVERAGE RETURN: -4.925

STDVE: 4.653144 STDVE: 10.7908

Beta of stock:

2.174515

Total risk of the stock=systematic risk (beta of stock) + unsystematic risk
=2.174515+10.7908
=12.96532

Small Cap Companies:-

Table 5.6: City Union Bank

Date	BSE SENSEX		CITY UNION BANK	RETURN
12/31/2017	35965.01953	-4.95198	144.8562	19.78688
1/31/2018	34184.03906	-3.55534	173.5188	-9.71865
2/28/2018	32968.67969	6.647763	156.6551	6.575794
3/31/2018	35160.35938	0.460802	166.9564	6.360811
4/30/2018	35322.37891	0.286225	177.5762	-5.80163
5/31/2018	35423.48047	6.162855	167.2739	2.091985
6/30/2018	37606.57813	2.761464	170.7732	18.4449
7/31/2018	38645.07031	-6.25676	202.2722	-11.9998
8/31/2018	36227.14063	-4.92749	178	-4.74719
9/30/2018	34442.05078	5.087531	169.55	2.654084
10/31/2018	36194.30078	-0.34805	174.05	11.80695
11/30/2018	36068.32813	-100	194.6	-100

Average return: 0.124274 AVERAGE RETURN: 3.223108

STDVE: 4.653144 STDVE: 10.70808

Beta of stock:

0.687427

Total risk of the stock=systematic risk (beta of stock) + unsystematic risk
=0.687427+10.70808
=11.39552

Table 5.7 Future Life

Date	BSE SENSEX		FUTURE LIFE FASHION LTD	RETURN
12/31/2017	35965.01953	-4.95198	367.8147	9.34111

1/31/2018	34184.03906	-3.55534	402.1726	1.053937
2/28/2018	32968.67969	6.647763	406.4113	6.233125
3/31/2018	35160.35938	0.460802	431.7434	3.210901
4/30/2018	35322.37891	0.286225	445.6063	-3.27887
5/31/2018	35423.48047	6.162855	430.9954	-3.67928
6/30/2018	37606.57813	2.761464	415.1379	3.987984
7/31/2018	38645.07031	-6.25676	431.6935	-7.9787
8/31/2018	36227.14063	-4.92749	397.25	-6.8219
9/30/2018	34442.05078	5.087531	370.15	8.077805
10/31/2018	36194.30078	-0.34805	400.05	6.186727
11/30/2018	36068.32813	-100	424.8	-100

Average return: 0.124274 AVERAGE RETURN: 1.484804

STDVE: 4.653144 STDVE: 6.059657

Beta of stock:

0.465366

Total risk of the stock=systematic risk (beta of stock) + unsystematic risk

=0.465366+6.059657

=6.525023

Table 5.8 Ifb Industries

Date	BSE SENSEX		IFB INDUSTRIES	RETURN
12/31/2017	35965.01953	-4.95198	1261.25	13.62934
1/31/2018	34184.03906	-3.55534	1433.15	-19.7572
2/28/2018	32968.67969	6.647763	1150	6.321735
3/31/2018	35160.35938	0.460802	1222.7	7.025438
4/30/2018	35322.37891	0.286225	1308.6	-6.6445
5/31/2018	35423.48047	6.162855	1221.65	-13.0029
6/30/2018	37606.57813	2.761464	1062.8	12.15185
7/31/2018	38645.07031	-6.25676	1191.95	-12.3915
8/31/2018	36227.14063	-4.92749	1044.25	-14.9054
9/30/2018	34442.05078	5.087531	888.6	-2.78528
10/31/2018	36194.30078	-0.34805	863.85	-1.85796
11/30/2018	36068.32813	-100	847.8	-100

Average return: 0.124274 AVERAGE RETURN: -2.92876

STDVE: 4.653144 STDVE: 11.48431

Beta of stock:

0.651176

Total risk of the stock=systematic risk (beta of stock) + unsystematic risk

=0.651176+11.48431

=12.13549

Table 5.9 Kirloskar Bros

Date	BSE SENSEX		KIRLOSKAR BROS	RETURN
12/31/2017	35965.01953	-4.95198	343.0388	-0.63556
1/31/2018	34184.03906	-3.55534	340.8586	-10.5829
2/28/2018	32968.67969	6.647763	304.7857	-7.29962
3/31/2018	35160.35938	0.460802	282.5375	-2.27991
4/30/2018	35322.37891	0.286225	276.0959	3.697058
5/31/2018	35423.48047	6.162855	286.3034	-5.07095
6/30/2018	37606.57813	2.761464	271.7851	0.649382
7/31/2018	38645.07031	-6.25676	273.55	-17.6933
8/31/2018	36227.14063	-4.92749	225.15	-11.6145
9/30/2018	34442.05078	5.087531	199	-12.9397

10/31/2018	36194.30078	-0.34805	173.25	-11.8903
11/30/2018	36068.32813	-100	152.65	-100

Average return: 0.124274 AVERAGE RETURN: -6.87821

STDVE: 4.653144 STDVE: 6.686151

Beta of stock:

0.362277

Total risk of the stock=systematic risk (beta of stock) + unsystematic risk

=0.362277+6.686151

=7.048428

Table 5.10 Lincoln Pharma

Date	BSE SENSEX		LINCOLN PHARMA	RETURN
12/31/2017	35965.01953	-4.95198	241.5758	1.23558
1/31/2018	34184.03906	-3.55534	244.5607	-14.4426
2/28/2018	32968.67969	6.647763	209.2397	5.468378
3/31/2018	35160.35938	0.460802	220.6817	-3.04328
4/30/2018	35322.37891	0.286225	213.9657	-2.74355
5/31/2018	35423.48047	6.162855	208.0955	3.394696
6/30/2018	37606.57813	2.761464	215.1597	19.9075
7/31/2018	38645.07031	-6.25676	257.9926	-9.12071
8/31/2018	36227.14063	-4.92749	234.4618	0.037603
9/30/2018	34442.05078	5.087531	234.55	1.81198
10/31/2018	36194.30078	-0.34805	238.8	-5.65327
11/30/2018	36068.32813	-100	225.3	-100

Average return: 0.124274 AVERAGE RETURN: -0.28615

STDVE: 4.653144 STDVE: 8.844045

Beta of stock:

1.033393

Total risk of the stock=systematic risk (beta of stock) + unsystematic risk

=1.033393+8.844045

=9.877438

FINDINGS

1. The beta value is 0.799 and it has the average return of Bajaj auto is -1.518 and market return is 0.124274 so this has minus value so should not invest in this company.
2. The company has negative average return value -1.40225 and it has beta of value of 1.64175 and standard deviation 4.653144 and in this company should not invest because it has the negative value.
1. The company has the average return called 1.886178 and beta value is 0.636925 and standard deviation is 4.653144 and better to invest in this company because it has good returns.
2. The company has the beta value of 0.492256 and standard deviation is 4.653144 and it has the average return called -4.97936. and this is not good for investment.
3. The company has the average return called -4.925 and standard deviation is 10.7908 and beta of stock is 2.174515 and it not good for investment because it has the negative value.
4. The company has the good return 3.223108 and beta of stock is 0.687427 and standard deviation 10.70808 and its better to invest in this company it has good returns.
5. The company has the average is 1.484804 and beta of stock is 0.465366 and standard deviation is 6.059657 and this company has the positive return and its good for investment.
6. The company has beta of stock is 0.651176 and standard deviation is 11.48431 and average return is -2.92876 and it has negative value and it has the risk to invest in this company.
7. The stock has the negative value -6.87821 and its standard deviation is 6.686151 and its beta of stock is 0.362277 and this company has the very high risk and its not good for investment.
8. The company has the risk and negative return -0.28615 and beta of stock is 1.033393 and standard deviation is 8.844045.

CONCLUSION

The investor has various options to invest in shortest period and mutual funds has given out the option to gain profit and diversify profit. The maximum returns can be gained in mutual funds and Smallcap funds reduce the risk and gives

maximum returns. Investors can select any mutual funds and make quick profit. Smallcap funds is highly recommended.

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