

**“COMPARATIVE STUDY ON RISK AND RETURN OF SELECTED SMALL & MID CAP COMPANIES SHARES”**

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**ABSTRACT**

*The risk associated with stock investing varies based on the firm in question, the sector it operates in, and the state of the market as a whole. We will examine and contrast the numerous hazards associated with stock investing in this comparative research. Business Risk The primary risk is the likelihood that a company will perform poorly, which will cause a drop in the value of its stock. This may occur for a number of reasons, including subpar management, intense competition, shifting market dynamics, or economic downturns.*

**INTRODUCTION**

Risk is the likelihood that the actual returns on an investment or event will differ from those anticipated in the financial world. Risk includes the potential to lose all or part of an initial investment. Usually, risk is measured by taking into account prior actions and results. The standard deviation is one prominent risk indicator used in finance. The standard deviation determines how volatile asset values were in relation to their historical averages over a specific time period. Overall, when one is knowledgeable about the principles of risk and how it is measured, minimising investing risks is both feasible and prudent. All parties would benefit from learning about the threats that can materialise in diverse situations and how to address them comprehensively. There are risks and rewards associated with each saving and investment decision. In general, The two forms of investment hazards that have an impact on asset values are systematic risk and unsystematic risk, according to financial theory. Investors typically have to deal with both systematic and random risks. In the stock market, risk and return are strongly correlated. The greater the risk, generally, The greater the return, the Financial risk management is the act of recognizing and evaluating risk, followed by the development of methods to control and minimize it while maximizing profits. Every investment carries some level of risk, and an investor needs to be fairly compensated in order to take this risk. The risk premium, commonly referred to as the premium, is how this compensation is provided. Therefore, risk is essential to stock markets and trading since rewards are impossible without risk. Successful investors employ stock market risk management techniques to minimize risk and maximize return.

A stock market trade is the transfer of a stock or security from a seller to a buyer (in exchange for cash). This necessitates a price agreement between the two parties. Equities (stocks or shares) are a kind of ownership in a business

**OBJECTIVE OF THE STUDY**

- To know the risks and returns involved in investments in selected small cap and mid cap companies.
- To compare performance of a sample of organisations' risk and return

**REVIEW OF LITERATURE**

SL No	Author name	Journal name	Brief
1	Yi-Ming Tai. Yi-Cheng Ku	Will Stock Investors Use Mobile Stock Trading? A Benefit-Risk Assessment Based On A Modified Utaut Mode	The goal of this study is to look into the factors that influence stock investors' decision to use mobile stock trading. A thorough research model was suggested based on a modified UTAUT (unified theory of acceptance and application of technology) incorporating risk perceptions. a valid sample of 329 stocks was used in an empirical study
2	Phung Thai Minh Trang, Nguyen Huu	Perceived Risk, Investment Performance and Intentions in Emerging Stock Markets	The study first developed new measurement scales for measuring risk perception when investing in the different stock kinds traded on the developing stock market, and then it investigated how perceived risk affected individual investors' investment performance and intentions
3	Mehdi Sadeghi	Financial Performance of Shariah Compliant Investmen	The current study looks at how Bursa Malaysia's implementation of a Shariah-compliant Index (SI) has affected the performance and liquidity of the shares it has included.
4	Kofand Anwar	Factors Affecting Stock Exchange Investment In Kurdistan	The goal of this study is to investigate the variables influencing stock exchange investment in Kurdistan, namely in Erbil. The development of an economy in a developing country can also benefit from these markets
5	Sheridan Titman K.C. John Wei Feixue Xie	Capital Investments And Stock Returns	aim to identify the Following a significant rise in capital investments, companies experience negative benchmark-adjusted returns. The negative abnormal capital investment/return relationship is demonstrated to be more pronounced for companies with greater investment discretion.

**RESEARCH METHODOLOGY**

Study Type : Descriptive study

Sampling Method: Random selection of companies from small cap and mid cap sectors

Data Type: Secondary data collected from different web sites and company sites. Closing prices of selected shares is collected for study purpose.

Period of Data: From year 2020 to 2022

Tools and Techniques: Returns are calculated along with risk. Regression and correlation are used for testing

**HYPOTHESIS**

H0: There is no significant difference in returns of small cap and mid cp companies to investors

Ha1 : There is a significant difference in returns of small cap and mid cp companies to investors

H01: There is no significant difference in risks in investment of small cap and mid cp companies to investors

Ha2 : There is a significant difference in risks in investment of small cap and mid cp companies to investors

Ashok Leyland -0.030671493
Sundaram 0.017689
Canara 0.047812082
Abb 0.024949219
Bhel 0.051519537
Maharastra bank 0.029062339
Idfc -0.003886947
Apollo 0.010501659
Pvr 0.051519537
Manapuram 0.041445716

**The overall regression table**

SUMMARY OUTPUT

Regression Statistics	
Multiple R	0.024165649
R Square	0.000583979
Adjusted R Square	-0.000930288
Standard Error	33.26579032
Observations	662

ANOVA					
	df	SS	MS	F	Significance F
Regression	1	426.7664	426.7664	0.385651	0.534809
Residual	660	730364.5	1106.613		
Total	661	730791.2			

CORREALTION								
	Coefficients	Standard Error	t Stat	P-value	Lower 95%	Upper 95%	Lower 95.0%	Upper 95.0%
Intercept	112.7912908	1.29873	86.84735	0	110.2411	115.3414	110.2411	115.3414
X Variable 1	-31.13984045	50.14401	-0.62101	0.534809	-129.601	67.32118	-129.601	67.32118

**Conclusion:**

The study examined the relationship between investing success and intentions in the Indian stock market and perceived risk. The study found that perceived risk had an impact on investment intentions both directly and indirectly. with a higher level of perceived risk leading to more investment decisions or intentions. Experts argued that high-risk stock investments were still preferable to betting or buying lottery tickets while the outcome was still solely determined by chance. However, investors should divide their total before making an investment.

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