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A Comparative Study of Small Cap vs Large Cap of Indian Stock Market

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Abstract: ***Stock Market is a platform a person can buy and sell securities or shares through Demat account with different platform like Zerotha , Angel, Trade India etc. Now a days people are aware about share market especially young generation. This is study of Small Cap Vs Large Cap in month of March 2026 during War situation (Izrael – Iran). It took a robust methodology, including the collection and analysis of historical stock market data, financial statements, and various market indicators. This research contributes to stock market that the what was the effect of war situation of selected companies***.

Keywords: Share, Market, Large Cap, Mid Cap, Small Cap

1. Introduction

In the simple word Share Market means Share Market is a best platform where sellers and buyers meet online to trade on listed shares. Share Market is related two types of persons that is investors and traders. Investors possess stock for long time, while traders hold for short time. Now a days third category came out that is some people are taking stock market as a business. There are two types of Share market. 1. Primary 2. Secondary Market.

In the primary market it's first time enroll at the stock exchange with help of IPO. In the Secondary market, after listed with help of IPOs. After all the transaction will be buy and sell will be treated as Secondary Market.

Market Capitalization indicate the value of companies on the basis of company's size and market value. It is calculated on the basis of following: -

Market Cap = Share Price * Number of outstanding shares

The above formula divided market in to three categories like Small – Cap, Mid – cap and Large – Cap. Large Cap are the shares of firms that fall under the top 100 in market capitalization as per SEBI having low Volatility, Steady Return and Strong Governance Features. Mid Cap stocks are range between 101 to 250 market capitalization as per SEBI with Moderate volatility, Higher growth potential etc. features. Small Cap stock ranked 251 or lower as per market capitalization having highest growth potential, risk of volatility, lower liquidity etc. features.

2. Objectives of the Study

To know the Which one was best during war Situation i.e. large Cap or Small Cap

3. Research Methodology

Data Selection

Based on secondary data collected from various sources like Newspaper, internet, research paper, article websites etc.

4. Review of literature

Articles & Research papers:

- Surya Das R, Anju Joseph, Minnu Baby Maria, Anil Kumar C, Jini Mol P (2019), "A study of Indian Stock Market Scenario with reference to its Growth"
- Prof. Hiral Rawal and morye (2023), "An Analysis of Share Market Trends and Investment Startegies.

Websites:

- tickertape.in
- blog.ritscapital.com

Sampling Method

Data collected from Stock Market that is top 5 large Cap and top 5 Small Cap companies during March 2026. Data taken on the basis of Judgmental Sampling.

Sample Size

Sample Size was taken top 5 Large cap and small cap companies which are as follows:

Large Cap	Small Cap
Reliance (17.99 Trillion)	IDBI Bank (79,675 Cr)
HDFC Bank (12.74 Trillion)	Meesho Ltd (64,235 Cr)
Bharti Airtel (11.35 Trillion)	Laurus Labs Ltd (52,295 Cr)
TCS (9.36 Trillion)	Hindustan Copper (43,433 Cr)
SBI (9.07 Trillion)	Radico Khaitan Ltd (36,674 Cr)

Hypothesis:

a) **Hypothesis (Category effect) :-**
Ho = There is no significant difference in mean daily returns between Large Cap and Small Cap stocks.
H1 = There is a significant difference in mean daily returns between the two categories.

b) **Hypothesis (Date Effect) :-**
H0 = Daily returns do not vary significantly across different dates in March 2026.
H1 = Daily returns vary significantly across different dates (indicating market-wide trends).

Limitation of Study

- Data is taken from stock Market only Closing price.
- The Comparison of data between large Cap and Mid Cap only.

- Study of data during March 2026 only.
- Top 5 Large Cap and Top 5 Small Cap would be selected. Companies was not select as per sector wise.

Small and Large Cap
Small Cap = High Growth, High Return
Large Cap = Stability and Legacy

Large Cap Analysis:

Metric	Reliance	HDFC Bank	Bharti Airtel	TCS	SBI
Opening (Mar 2)	1,358.00	879.4	1,873.20	2,613.50	1,189.90
Closing (Mar 30)	1,343.90	731.55	1,782.40	2,358.90	979.4
Monthly Change	-1.04%	-16.81%	-4.85%	-9.74%	-17.69%
Monthly High	1,424.00	879.4	1,907.00	2,613.50	1,189.90
Monthly Low	1,343.90	731.55	1,782.40	2,356.00	979.4

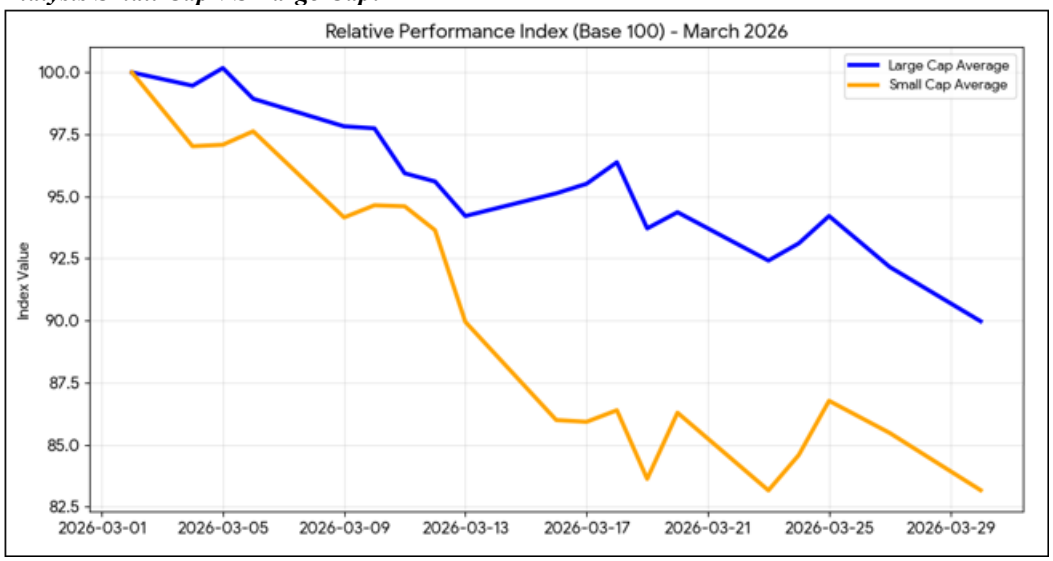
In the above table Reliance was the most stable performer. During war situation above selected Large Cap companies Banking sector down fall high in comparison of another selected sector. The Banking Secor (HDFC Bank and SBI) almost -147.85 points down in HDFC Bank and -210.5 points down in SBI Bank. TCS has also show down trend with 254.6 points.

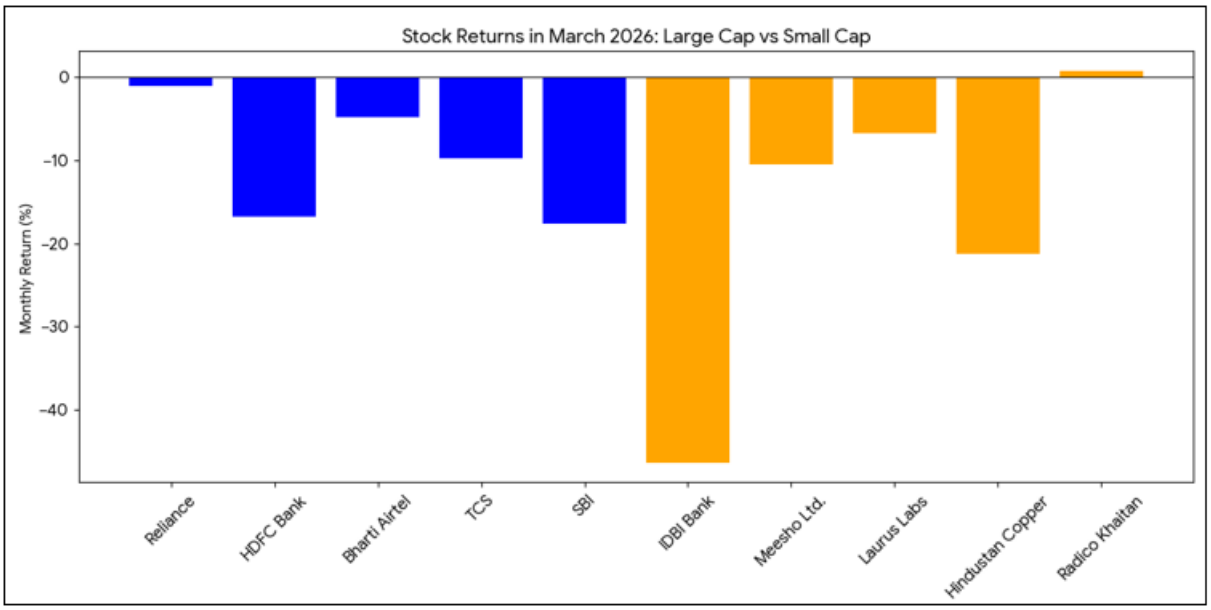
Small Cap Analysis:

Metric	IDBI Bank	Meesho Ltd.	Laurus Labs	Hind. Copper	Radico Khaitan
Opening (Mar 2)	114.79	165.4	1,065.00	576	2,609.00
Closing (Mar 30)	61.5	148.1	992.7	453.5	2,629.30
Monthly Change	-46.42%	-10.46%	-6.79%	-21.27%	+0.78%

In the above table IDBI Bank (Banking Sector) down almost 46.42% in Month of March. During war situation all the above Small Cap Selected share was down (except Radico Khaitan). Hindustan Copper reflected highly fluctuating commodity prices.

Comparative Analysis Small Cap VS Large Cap:





Large Cap Average Return: -10.03 %
Small Cap Average Return: -16.83 %
Large Cap Average Daily Volatility: 1.81 %
Small Cap Average Daily Volatility: 3.40 %

Stock Category	Best Performer	Worst Performer
Large Cap	Reliance (−1.04%)	SBI (−17.69%)
Small Cap	Radico Khaitan (+0.78%)	IDBI Bank (−46.42%)

The above Chart shows that Stock Market data of March 2026 a Bearish month for both segments Small Cap was highly volatility in compare to large cap. In Large Cap best performer was Reliance which was -1.04% and For Small Cap Radico Khaitan was 0.78 which was only positive stock in comparison to another large and Small Cap. The Worst performer of Large Cap and Small Cap was Banking Sector, in large Cap SBI was -17.69 % average and Small Cap IDBI Bank was -46.42 %.

IDBI Bank most volatile assets in the entire list daily 5.01 % fluctuation, while TCS was the most stable with approx. 1.24%. Only Radico Khaitan was Positive return during month where every other stock fell. Only TCS (Large Cap) and Meesho Ltd (Small Cap) similar downward approx. 10%

Two -Way Anova Analysis:

Source of Variation	Sum of Squares	Degrees of Freedom	F-Value	P-Value (Sig.)
Category (Large vs Small)	10.95	1	1.718	0.1918
Date (Time Period)	477.93	17	4.409	<0.0001
Residuals (Error)	1026.53	161	-	-

Category Effect
In the above Calculation P Value (0.1918) is greater than 0.05, here null Hypothesis rejected. There is no significant difference in a average daily returns between large cap and Small cap stock during different companies.

Date Effect
In the above calculation P value (0.0001) is extremely low, means dates having highly significant impact on returns. This means highly affected Share market in month of March 2026.

Detailed Comparison Between Small Cap Vs Large Cap:

Metric	Large Cap	Small Cap	Winner
Mean Daily Return	-0.58%	-1.08%	Large Cap
Volatility (Risk/Std Dev)	1.86	3.66	Large Cap (Lower Risk)
Maximum Daily Loss	-5.32%	-16.58%	Large Cap
Ending Cumulative Return	-10.03%	-16.83%	Large Cap

5. Findings

As per ANOVA and other financial Analysis LARGE CAP IS BEST CHOICE for March 2026. Following Reason can prove that Large Cap is best:

1) Large cap lost significant less value i.e (-10.03%) compared to small cap stocks (-16.83%).
2) Large Cap stocks were nearly twice stable than small cap. (1.86 vs 3.66)

Above Date prove that large cap stocks provide better capital protection and low risk in March 2026 during Israel – Iran War.

6. Conclusion

In the above Study, conclude that in Month March 2026 (Izrael – Iran War), banking sector performed worst (Large Cap and Small Cap). Reliance Industries was stable

performer. Bharti Airtel performed downtrend at 4.85%. TCS performed almost downtrend at nearest 10%.

Radico Khaitan was good in compare to another Small Cap. It was only positive 0.78% not affected war situation. Second highest was Laurus Labs, no doubt it was downtrend at 6.79%. Meesho was also down at 10.46%. Here Conclude that in war situation affected all the sectors except alcoholic product (Radico Khaitan) from selected companies.