The Resource Centre

The Economic Times

Date: 27/10/2015 Page No: 4 Location: ET 500 Circulation: 153922

Edition: Mumbai

Scoring the Most in the RoE Race

For shareholders, the efficiency with which a company employs their invested capital over the years is a crucial parameter while deciding whether to stay invested. Return on equity (RoE) is by far the most relevant gauge of capital efficiency for equity owners apart from being easy to understand. This is because it allows shareholders to put the net profit of the invested company in perspective with the invested capital. HUL continues to lead the list of ET500 companies based on RoE followed by Colgate-Palmolive and Castrol India. In FY15, companies were under pressure due to lower demand. This reflects in their RoE performance as well. Half of the top 10 RoE generating companies reported a drop in FY15 RoE from the year ago. **—Ranjit Shinde**