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**Return on Equity in Different Market Capitalization Segments :
An Empirical Study in India**

Bhoomik Munjal,

Student,

Amity School of Economics,

AUUP,

[*bhoomikmunjal23@gmail.com*](mailto:bhoomikmunjal23@gmail.com)

Dr. Neeru Sidana,

Associate Professor,

Amity School of Economics,

AUUP,

[*nsidana@amity.edu*](mailto:nsidana@amity.edu)

Abstract :

Return on Equity (ROE) is a critical financial metric that measures a firm's profitability relative to shareholders' equity, reflecting its efficiency in generating returns. This empirical study examines the variations in ROE across different market capitalization segments—large-cap, mid-cap, and small-cap—within the Indian stock market. Using financial data from publicly listed companies across various industries, the study analyzes the impact of firm size, sectoral trends, and macroeconomic factors on ROE performance. The study contributes to existing literature by offering an in-depth understanding of the financial dynamics in India's equity markets. It highlights how regulatory changes, economic cycles, and corporate governance practices affect ROE differently in large-cap, mid-cap, and small-cap

firms. The results indicate that while large-cap companies generally demonstrate stable ROE due to strong market positions and financial stability, mid-cap and small-cap firms experience greater volatility due to higher growth potential and risk exposure. The study's implications extend to policymakers, investors, and financial analysts seeking to optimize portfolio strategies based on firm size. By analyzing sector-specific trends and market conditions, this research bridges gaps in understanding the relationship between market capitalization and shareholder returns, ultimately contributing to strategic investment decision-making.

Keywords: *Return on Equity, Market Capitalization, Large-Cap, Mid-Cap, Small-Cap, Indian Stock Market, Financial Performance, Investment Strategy*



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