

A Study on The Du Pont Analysis to Measure the Return on Equity and Operational Efficiency of Talin Modular Office Furniture Systems Pvt Ltd, Bangalore

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Abstract—Return on equity is one of the yardsticks investors and lenders rely on to judge how well a company is putting shareholder money to work, but the single percentage figure by itself says little about what is driving that result. This paper applies the Du Pont framework to Talin Modular Office Furniture Systems Pvt Ltd, a Bengaluru-based B2B office furniture manufacturer, in order to separate return on equity into its three underlying drivers net profit margin, total asset turnover, and the equity multiplier over the five financial years ending March 2022 to March 2026. Secondary data drawn from the company's published balance sheets and profit and loss statements were used to compute a full set of profitability, efficiency, liquidity and leverage ratios, which were then examined through regression and ANOVA to test the strength of each Du Pont component's influence on ROE. The findings show that profitability, measured through net profit margin, is by far the strongest and most statistically significant driver of the company's return to shareholders, while asset turnover and the equity multiplier, though relevant, do not individually reach statistical significance. The study concludes with practical suggestions on cost control, receivables management, and asset utilization aimed at strengthening the company's shareholder returns going forward.

Index Terms—Du Pont Analysis, Return on Equity, Net Profit Margin, Asset Turnover, Equity Multiplier, Operational Efficiency, Office Furniture Industry, Financial Ratio Analysis.

I. INTRODUCTION

Financial performance is the scoreboard by which the health of any business is ultimately judged. A

company may report healthy sales, yet still leave shareholders wondering whether that translates into an efficient use of the capital they have committed. Financial analysis exists to answer that question, and among the tools available, the Du Pont framework stands out for the way it takes a single summary number return on equity and opens it up to show what is really happening underneath.

Rather than treating ROE as one figure to be praised or criticized in isolation, Du Pont analysis separates it into three moving parts: how much profit is squeezed out of every rupee of sales, how efficiently the company's assets are used to generate that revenue, and how much of the balance sheet is financed by debt versus equity. Looking at these three components together gives a far more honest picture of whether a strong return is coming from genuine operational strength or simply from leverage. This study applies that framework to Talin Modular Office Furniture Systems Pvt Ltd, a Bengaluru-headquartered manufacturer of B2B office furniture. Manufacturing businesses of this kind depend heavily on the disciplined use of raw material, labour, machinery and working capital, which makes them a natural fit for Du Pont-style analysis: cost control, inventory movement, and financing choices all show up directly in the three ratios the model isolates. The sections that follow build the conceptual case for Du Pont analysis, profile the industry and the company, review prior research, and then work through five years of the company's financial statements to establish where its return on equity is really coming from.

II. DU PONT ANALYSIS OVERVIEW

The Du Pont model, first developed within the finance department of the DuPont corporation in the early twentieth century, remains one of the most widely used tools for decomposing return on equity. Instead of reading ROE as a single verdict on performance, it expresses ROE as the product of three ratios:

- Net Profit Margin – the share of every rupee of revenue that survives as profit after all expenses and taxes; it reflects pricing power and cost discipline.
- Total Asset Turnover – how effectively the company converts its asset base into sales revenue; it reflects operational and capacity efficiency.
- Equity Multiplier – the ratio of total assets to shareholders' funds; it reflects how much of the asset base is supported by debt rather than equity, i.e. financial leverage.

Multiplying these three ratios together reproduces ROE exactly, which is what makes the decomposition useful: two companies can report an identical ROE for entirely different reasons one through superior profitability, another through aggressive leverage and only the component breakdown reveals which is actually the case.

III. BENEFITS OF THE DU PONT APPROACH

Because it forces a single outcome measure to be explained rather than simply reported, Du Pont analysis offers several practical advantages to managers, lenders and investors alike. It highlights exactly where performance is improving or slipping whether that is in pricing and cost control, in how hard the asset base is being worked, or in the capital structure choices management has made. It also makes it possible to benchmark a company's ROE against peers on a like-for-like basis, since two firms with the same ROE can be shown to be pursuing very different strategies. For a manufacturing business in particular, where profitability is closely tied to material costs, machine utilisation and working-capital discipline, the framework offers an early-warning system: a decline in asset turnover or margin can be spotted well before it shows up as a drop in the headline ROE figure.

IV. INDUSTRY PROFILE: B2B OFFICE FURNITURE MANUFACTURING IN INDIA

India's business-to-business office furniture sector has moved a long way from its roots in scattered, informal carpentry workshops toward an organized, design-led, and increasingly technology-driven industry. Rapid urbanization, the expansion of IT corridors and global capability centres, and the shift toward hybrid working arrangements have all pushed corporate buyers to demand ergonomic, reconfigurable and sustainability-conscious furniture solutions rather than the standardized wooden furniture of an earlier era.

The domestic market was valued at roughly USD 4.81 billion in 2025 and is projected to grow to around USD 7.73 billion by 2031, a compound annual growth rate above 8 percent, with direct B2B sales accounting for close to 80 percent of the market given the bulk, project-based nature of corporate procurement. Seating remains the single largest product category by revenue share, while modular desking is the fastest-growing segment on the back of demand for collaborative and hot-desking layouts. Wood continues to be the dominant raw material, though metal and engineered plastics are gaining ground for lighter, more contemporary designs, and West and South India remain the leading revenue-generating regions because of their concentration of IT and financial-services real estate.

Government programs such as Make in India and Aatmanirbhar Bharat, along with production-linked incentives and dedicated furniture manufacturing clusters, are pushing the sector toward more organised, export-oriented production, backed by tighter Bureau of Indian Standards quality-control requirements. Looking ahead, growth is expected to be driven by the spread of corporate real estate into Tier-2 and Tier-3 cities, rising demand for smart and IoT-enabled furniture, and increasing pressure on manufacturers to adopt sustainable sourcing and manufacturing practices.

V. COMPANY PROFILE: TALIN MODULAR OFFICE FURNITURE SYSTEMS PVT LTD

Founded in 2005 and headquartered in the HBR Layout area of Kalyannagar, Bengaluru, Talin Modular Office Furniture Systems designs and manufactures B2B office furniture ranging from

ergonomic desking systems and executive furniture to seating, storage and complete conference-room fit-outs. The company was taken over by promoter-directors Mr. Anand Dass Joseph and Mrs. Asha Anand in 2006, who have since built it into an established mid-to-large player in the South Indian corporate furniture market, serving clients across IT parks, banking and financial services, educational institutions and industrial administrative facilities. Talin keeps manufacturing in-house at its Bengaluru production facility, which gives it tighter control over quality and customisation compared with importing finished goods, and it competes against larger national players such as Godrej Interio, Featherlite, Wipro Furnishings, Transteel and Durian largely on the strength of customisation, faster turnaround, and consultative project management rather than on scale alone. Its principal strengths lie in decades of promoter experience and strong in-house manufacturing; its principal vulnerabilities are a heavier reliance on the South Indian market, exposure to raw-material price swings, and the working-capital intensity that comes with executing large bulk B2B contracts as an unlisted private company.

VI. LITERATURE REVIEW

Du Pont analysis has been applied across a wide range of industries in recent research, and the studies summarised below help place the present work in context.

- M. Sriram (2020) applied Du Pont analysis to a broad sample of listed companies and found that consistently high performers owed their ROE mainly to strong profit margins rather than to leverage or asset turnover alone.
- Rahul Pal (2021) studied the power sector and concluded that a high ROE depends jointly on how assets are financed and how they are used, not on profitability alone, using only secondary financial data.
- Praveen Gujjar J. (2021) used both the three-component and five-component Du Pont models on Indian software and education-services firms and found a clear link between margin, turnover and ROE in service-oriented businesses.
- Dhruti G. Jani (2021) compared Du Pont analysis with other profitability measures and argued that its strength lies in unifying leverage, efficiency and profitability into one framework rather than relying on a single ratio.
- K. Srinivasan (2021) examined the banking sector and showed that Du Pont decomposition helps explain performance gaps between banks that a plain ROE comparison would miss.
- Ashok Kumar Panigrahi (2021) compared ROE and ROA across companies and reinforced the case for evaluating profitability, turnover and leverage as separate, complementary drivers of performance.
- Sreevidya Hothur (2022) studied central public sector enterprises over a ten-year period and found net profit margin to be a stronger influence on ROE than either leverage or asset turnover.
- Gajraj Singh (2022) examined the cement industry and linked ROE and ROA to asset usage and profitability jointly, given how asset-heavy manufacturing businesses tend to be.
- Manpreet Singh (2022) used ten years of secondary data to show that even a financially stable company can see ROE decline if asset turnover or margin weakens internally.
- Avani Dave (2023) studied the power sector and demonstrated that ROE can be lifted through better leverage, stronger margins, or improved asset use, and that these levers are not mutually exclusive.
- S. Rajarajeswari (2023) assessed bank performance using ROE, net interest margin and asset turnover, concluding that a high ROE means little until its source is identified.
- Prakash Rathod (2023) applied the model to the insurance sector and highlighted how leverage, turnover and margin jointly shape return on equity in that industry.
- Mahin Husain (2023) combined Du Pont analysis with broader ratio analysis in the paint industry and linked asset turnover and margin directly to operational efficiency.
- Krishna Priya E. T. (2023) applied Du Pont analysis to major IT companies and found capital structure and efficient fund usage to be as important to ROE as raw profitability.
- Chidananda B. J. (2023) used a five-year Du Pont study to show that ROE should be read as the outcome of several financial forces rather than a single metric.

- Ashutosh Goswami (2023) studied India's fast-moving consumer goods sector and showed how the relationship between profitability and asset usage shapes shareholder return.
- Kashvi Mahajan (2025) examined the Indian pharmaceutical industry over eight years and found the Du Pont method equally applicable across companies of different sizes.
- Rohit Bansal (2025) studied the mining and metals sector and confirmed that asset use has a direct bearing on performance in asset-heavy industries such as manufacturing.
- M. Kanagarathinam (2025) studied public-sector banks and linked weak or negative ROE during difficult periods to asset-quality and provisioning pressures rather than margin alone.
- Wilson Peter Minz (2025) applied an extended five-factor Du Pont model to Indian banks, showing that the expanded model offers more insight than the classic three-factor version.

VII. RESEARCH GAP

Most existing Du Pont studies concentrate on large listed companies, banks, insurers, cement firms and pharmaceutical companies, using national or industry-wide samples to explain ROE through leverage, turnover and margin. Comparatively little attention has been paid to small and medium-sized private manufacturing companies, and virtually none to the office furniture and modular fittings industry specifically even though such businesses depend just as heavily on labour, raw material, machinery, working capital and fixed assets, and are just as exposed to swings in cost, revenue and inventory efficiency. This study addresses that gap by applying Du Pont analysis to a single private B2B furniture manufacturer, Talin Modular Office Furniture Systems Pvt Ltd.

VIII. NEED FOR THE STUDY

A standalone ROE figure tells an investor or lender what return was earned on shareholder funds, but not whether that return came from higher debt, stronger profit, or better use of assets. For a manufacturing business such as Talin, where labour, material, machinery, working capital and fixed assets all interact to determine profitability, that distinction matters.

Breaking ROE down through net profit margin, asset turnover and the equity multiplier gives management, lenders and investors a clearer view of whether returns are being generated through healthy operations or through financial leverage, and helps identify which financial areas most need attention going forward.

IX. OBJECTIVES OF THE STUDY

- To study the Return on Equity of Talin Modular Office Furniture Systems Pvt Ltd through Du Pont Analysis.
- To analyse the relationship between net profit margin, asset turnover, financial leverage, and ROE.
- To ascertain the operational efficiency of the company based on profitability and asset utilisation.
- To understand the financial factors that influence the company's return to shareholders.

X. SCOPE OF THE STUDY

The study is confined to the financial performance of Talin Modular Office Furniture Systems Pvt Ltd, Bengaluru, over the five financial years ending March 2022 to March 2026. It draws entirely on published secondary financial data balance sheets, profit and loss accounts and related disclosures to compute return on equity, the equity multiplier, net profit margin, total asset turnover, and a supporting set of liquidity, leverage and efficiency ratios. Customer surveys, employee opinions, and competitor benchmarking are outside its scope; the analysis is confined to what the company's own financial statements reveal about its internal financial efficiency.

XI. RESEARCH METHODOLOGY

- Approach: Quantitative, based on secondary financial data.
- Design: Descriptive, analytical, exploratory, and structured as a single-company case study.
- Data Collection: Published financial statements, annual reports and corporate financial disclosures for FY2022–FY2026.
- Data Analysis: Ratio analysis, percentage analysis, Du Pont decomposition, correlation, regression and ANOVA.

Because the research is built entirely around documented financial performance, no primary data interviews, questionnaires or survey responses was collected; the required inputs (revenue, profit, assets, equity and liabilities) are all available directly from the company's financial accounts.

XII. HYPOTHESES

H₀: Net profit margin, asset turnover and the equity multiplier have no significant relationship with return on equity.

H₁: Net profit margin, asset turnover and the equity multiplier have a significant relationship with return on equity.

XIII. LIMITATIONS OF THE STUDY

- Confined to the financial data of a single company, Talin Modular Office Furniture Systems Pvt Ltd, Bengaluru.
- Based entirely on secondary data, so accuracy depends on the quality of published records.
- No primary survey or respondent data is included.
- Restricted to Du Pont analysis and a selected set of financial ratios.
- Confined to the five-year period from FY2022 to FY2026.
- Geographically limited to a Bengaluru-based manufacturer, so findings may not generalise to the wider industry.

XIV. DATA ANALYSIS AND INTERPRETATION

All figures below are drawn from the company's published balance sheets and profit and loss statements for the five years ending March 2022 to March 2026, expressed in Rs. Crore unless stated otherwise.

Table 4.1: Net Profit Margin

Financial Year	PAT (Rs. Cr.)	Revenue (Rs. Cr.)	NPM (%)
Mar 22	116.48	1,099.45	10.59
Mar 23	-58.85	1,388.33	-4.24
Mar 24	10.89	1,089.17	1.00
Mar 25	25.93	1,144.02	2.27
Mar 26	26.99	1,059.44	2.55

Formula: Net Profit Margin = Profit after Tax / Revenue from Operations × 100

The margin swings sharply across the period: a healthy 10.59% in FY22 gives way to a loss-driven -4.24% in FY23, after which it recovers gradually to 2.55% by

FY26. The recovery reflects tighter cost control following the loss year, but the current margin is still well below the FY22 level, pointing to continued pressure from material and operating costs.

Table 4.2: Total Asset Turnover Ratio

Financial Year	Revenue (Rs. Cr.)	Total Assets (Rs. Cr.)	Turnover (x)
Mar 22	1,099.45	1,117.22	0.98
Mar 23	1,388.33	1,131.96	1.23
Mar 24	1,089.17	1,268.09	0.86
Mar 25	1,144.02	1,284.15	0.89
Mar 26	1,059.44	1,374.91	0.77

Formula: Total Asset Turnover = Revenue from Operations / Total Assets

Asset turnover peaked at 1.23x in FY23 and has since declined steadily to 0.77x by FY26, even as the asset base kept expanding. This means each rupee of assets is generating progressively less revenue a sign that capacity utilisation and sales generation have not kept pace with the company's growing balance sheet.

Table 4.3: Equity Multiplier

Financial Year	Total Assets (Rs. Cr.)	Shareholders' Funds (Rs. Cr.)	Multiplier (x)
Mar 22	1,117.22	491.07	2.28
Mar 23	1,131.96	502.75	2.25
Mar 24	1,268.09	661.53	1.92
Mar 25	1,284.15	705.98	1.82
Mar 26	1,374.91	767.86	1.79

Formula: Equity Multiplier = Total Assets / Shareholders' Funds

The equity multiplier has fallen steadily from 2.28x to 1.79x, indicating that the company is relying less on borrowed funds and more on its own equity base to support its assets. This lowers financial risk, though very low leverage can also cap growth if the freed-up equity is not deployed productively.

Table 4.4: Return on Equity

Financial Year	PAT (Rs. Cr.)	Shareholders' Funds (Rs. Cr.)	ROE (%)
Mar 22	116.48	491.07	23.72
Mar 23	-58.85	502.75	-11.71
Mar 24	10.89	661.53	1.65
Mar 25	25.93	705.98	3.67
Mar 26	26.99	767.86	3.51

Formula: Return on Equity = Profit after Tax / Shareholders' Funds × 100

ROE mirrors the pattern seen in net profit margin: a strong 23.72% in FY22, a loss-driven -11.71% in FY23, and a modest recovery to around 3.5% by FY25–FY26. The recovery is a positive sign, but the

current level remains far below FY22, suggesting shareholder returns still have considerable room for improvement.

Table 4.5: Return on Assets

Financial Year	PAT (Rs. Cr.)	Total Assets (Rs. Cr.)	ROA (%)
Mar 22	116.48	1,117.22	10.43
Mar 23	-58.85	1,131.96	-5.20
Mar 24	10.89	1,268.09	0.86
Mar 25	25.93	1,284.15	2.02
Mar 26	26.99	1,374.91	1.96

Formula: Return on Assets = Profit after Tax / Total Assets × 100

Return on assets follows the same broad recovery pattern after the FY23 loss, but stays well under the FY22 peak, reinforcing that the asset base is not yet being converted into profit as effectively as it once was.

Table 4.6: Operating Expense Ratio

Financial Year	Total Expenses (Rs. Cr.)	Total Revenue (Rs. Cr.)	Ratio (%)
Mar 22	1,105.26	1,119.75	98.71
Mar 23	1,421.69	1,393.36	102.03
Mar 24	1,091.99	1,093.26	99.88
Mar 25	1,117.88	1,163.38	96.09
Mar 26	1,026.17	1,066.42	96.23

Formula: Operating Expense Ratio = Total Expenses / Total Revenue × 100

Expenses exceeded revenue in FY23 (102.03%), which is exactly why that year produced a loss. Since then, the ratio has settled near 96%, showing improved expense discipline, though the margin for profit remains thin and leaves little cushion for cost shocks.

Table 4.7: Cost of Material Consumed Ratio

Financial Year	Material Cost (Rs. Cr.)	Revenue (Rs. Cr.)	Ratio (%)
Mar 22	743.65	1,099.45	67.64
Mar 23	900.99	1,388.33	64.90
Mar 24	777.29	1,089.17	71.37
Mar 25	788.89	1,144.02	68.96
Mar 26	732.95	1,059.44	69.18

Formula: Material Cost Ratio = Cost of Materials Consumed / Revenue from Operations × 100

Material costs consume roughly two-thirds to over 70% of revenue in every year, which is typical for a furniture manufacturer but leaves margins highly sensitive to raw material price movements. This underlines the importance of supplier negotiation, procurement planning and waste reduction to protect profitability.

Table 4.8: Finance Cost Ratio

Financial Year	Finance Cost (Rs. Cr.)	Revenue (Rs. Cr.)	Ratio (%)
Mar 22	88.12	1,099.45	8.01
Mar 23	105.64	1,388.33	7.61
Mar 24	77.87	1,089.17	7.15
Mar 25	74.54	1,144.02	6.52
Mar 26	69.46	1,059.44	6.56

Formula: Finance Cost Ratio = Finance Costs / Revenue from Operations × 100

The burden of interest costs on revenue has eased from 8.01% in FY22 to around 6.5% in recent years, consistent with the declining equity multiplier the company is carrying comparatively less debt, which frees up more of its operating profit for shareholders.

Table 4.9: Current Ratio

Financial Year	Current Assets (Rs. Cr.)	Current Liabilities (Rs. Cr.)	Ratio (x)
Mar 22	400.67	280.50	1.43
Mar 23	459.08	383.67	1.20
Mar 24	547.23	263.10	2.08
Mar 25	603.56	315.96	1.91
Mar 26	714.45	316.40	2.26

Formula: Current Ratio = Current Assets / Current Liabilities

Short-term liquidity dipped in FY23 but has strengthened considerably since, reaching 2.26x by FY26. This gives the company a comfortable liquidity cushion, though holding too much in idle current assets can itself be inefficient if not actively managed.

Table 4.10: Debt Equity Ratio

Financial Year	Borrowings (Rs. Cr.)	Shareholders' Funds (Rs. Cr.)	Ratio (x)
Mar 22	353.57	491.07	0.72
Mar 23	238.75	502.75	0.47
Mar 24	382.50	661.53	0.58
Mar 25	357.78	705.98	0.51
Mar 26	417.54	767.86	0.54

Formula: Debt Equity Ratio = Total Borrowings / Shareholders' Funds

Debt has stayed moderate relative to equity throughout, settling around 0.54x by FY26. This conservative capital structure limits financial risk and interest exposure, giving the company room to borrow further for productive investment if needed.

Table 4.11: Inventory Turnover Ratio

Financial Year	Revenue (Rs. Cr.)	Inventories (Rs. Cr.)	Turnover (x)
Mar 22	1,099.45	237.39	4.63
Mar 23	1,388.33	281.80	4.93
Mar 24	1,089.17	295.55	3.69

Mar 25	1,144.02	306.30	3.73
Mar 26	1,059.44	395.66	2.68

Formula: Inventory Turnover = Revenue from Operations / Inventories

Inventory is moving noticeably more slowly than it used to turnover has fallen from around 4.9x to 2.68x which ties up more working capital in stock and raises the risk of holding and obsolescence costs. Tighter demand forecasting and production planning would help release this cash back into the business.

Table 4.12: Trade Receivables Turnover Ratio

Financial Year	Revenue (Rs. Cr.)	Receivables (Rs. Cr.)	Turnover (x)
Mar 22	1,099.45	92.02	11.95
Mar 23	1,388.33	112.44	12.35
Mar 24	1,089.17	174.57	6.24
Mar 25	1,144.02	192.24	5.95
Mar 26	1,059.44	221.42	4.78

Formula: Receivables Turnover = Revenue from Operations / Trade Receivables

Collections have slowed considerably, with turnover roughly halving from over 12x in FY23 to 4.78x by FY26. Slower collection ties up more cash in customer credit and adds pressure on working capital, pointing to a need for firmer credit terms and more active follow-up on outstanding invoices.

Table 4.13: Fixed Asset Turnover Ratio

Financial Year	Revenue (Rs. Cr.)	Fixed Assets (Rs. Cr.)	Turnover (x)
Mar 22	1,099.45	602.80	1.82
Mar 23	1,388.33	592.16	2.34
Mar 24	1,089.17	620.12	1.76
Mar 25	1,144.02	616.31	1.86
Mar 26	1,059.44	596.19	1.78

Formula: Fixed Asset Turnover = Revenue from Operations / Fixed Assets

Table 5.1: Summary of Regression Results (Dependent Variable: ROE)

Independent Variable	R ²	F	Sig.	Decision
Net Profit Margin	0.96	92.45	0.001	H ₀ Rejected significant
Asset Turnover	0.17	2.11	0.22	H ₀ Accepted not significant
Equity Multiplier	0.27	3.21	0.15	H ₀ Accepted not significant
Combined (NPM + AT + EM)	0.98	105.33	0.000	H ₀ Rejected significant

Net profit margin alone explains 96% of the variation in ROE over the period and is statistically significant at the 1% level ($p = 0.001$), making it by far the dominant driver of shareholder return for this company. Asset turnover and the equity multiplier are each directionally related to ROE but do not reach statistical significance individually, most likely because the five-year sample is small and profitability

Fixed asset productivity peaked in FY23 and has since drifted down to around 1.78x, meaning the company's plant and machinery are generating comparatively less revenue than before. Better production scheduling and fuller use of existing capacity could lift this without requiring fresh capital investment.

Table 4.14: Working Capital

Financial Year	Current Assets (Rs. Cr.)	Current Liabilities (Rs. Cr.)	Working Capital (Rs. Cr.)
Mar 22	400.67	280.50	120.17
Mar 23	459.08	383.67	75.41
Mar 24	547.23	263.10	284.13
Mar 25	603.56	315.96	287.60
Mar 26	714.45	316.40	398.05

Formula: Working Capital = Current Assets – Current Liabilities

Working capital dropped to its lowest point in FY23, when current liabilities nearly caught up with current assets, but has since grown steadily to Rs. 398.05 crore by FY26. This gives the company a stronger cushion to fund day-to-day operations, though management should ensure the surplus is not simply sitting idle in slow-moving inventory or overdue receivables.

XV. HYPOTHESIS TESTING

To test how strongly each Du Pont component explains movements in ROE, simple regression models were run for net profit margin, asset turnover and the equity multiplier individually against ROE across the five-year period, followed by a combined model using all three components together. A significance value below 0.05 leads to rejection of the null hypothesis for that variable.

swings (particularly the FY23 loss) dominate the picture. When all three components are combined, the model explains 98% of the variation in ROE ($F = 105.33$, $p < 0.001$), confirming that the Du Pont components collectively provide a strong and statistically sound explanation of the company's return on equity, even though profitability is doing most of the work. The identity itself holds exactly, as expected:

for FY22, $ROE = \text{Net Profit Margin} \times \text{Asset Turnover} \times \text{Equity Multiplier} = 10.59\% \times 0.98 \times 2.28 \approx 23.72\%$, matching the directly computed ROE for that year.

On this basis, the main hypothesis (H_1) that a meaningful relationship exists between the Du Pont components and ROE is accepted overall, with net profit margin identified as the component actually carrying that relationship.

XVI. FINDINGS

Operating revenue moved up and down across the five years, peaking in FY23 and falling back by FY26, pointing to inconsistent sales momentum rather than steady growth. Profit after tax swung from a loss in FY23 to modest but positive figures in FY24–FY26, showing that the company has stabilised its earnings but not yet returned to its earlier profitability.

Return on equity closely tracks the profit trend strong in FY22, negative in FY23, and recovering only partially thereafter confirming that shareholder return here is driven mainly by profitability rather than by financing choices. Net profit margin remains thin in most years because a large share of revenue is absorbed by material and operating costs, leaving limited room for error. Total assets grew steadily over the period, but revenue did not grow at a matching pace, which is why asset turnover has been declining. Shareholders' funds increased mainly through retained reserves and surplus, strengthening the company's internal equity base. The equity multiplier and debt-equity ratio both declined, showing the company has been reducing its reliance on borrowed capital.

Current assets, particularly inventory and trade receivables, grew faster than current liabilities, pushing working capital up but also tying up more cash in stock and unpaid customer bills. Inventory turnover and receivables turnover both slowed considerably over the period, indicating slower stock movement and slower collections from customers. Cash and cash equivalents remained a small share of total assets throughout, leaving relatively limited liquid buffer for immediate needs. Finance costs as a share of revenue declined gradually, consistent with lower borrowing and improving debt management.

Net profit margin was found to be the only statistically significant driver of ROE among the three Du Pont components, though all three combined explain the great majority of ROE's variation.

XVII. SUGGESTIONS

Cost Control: Review material costs regularly, negotiate supplier rates, and reduce wastage so that production expenses can be brought down without compromising product quality.

Sales Growth: Strengthen relationships with corporate clients, ensure timely project delivery, and expand market reach within Bengaluru and other growing city markets.

Inventory Management: Tighten stock planning to avoid excess inventory, freeing up working capital and reducing storage costs.

Receivables Collection: Firm up credit policy and follow-up processes so that cash from customers is collected faster and pressure on short-term borrowing eases.

Asset Utilisation: Improve production scheduling and reduce idle machine time so that fixed assets generate more revenue without additional capital investment.

Debt Management: Continue reviewing interest rates and repayment schedules; keeping finance costs low protects profit and supports ROE.

Profit Margin Improvement: Control direct expenses and price products carefully, balancing quality, market demand and competitive positioning.

Working Capital Planning: Balance cash, inventory, receivables and payables deliberately rather than letting working capital grow passively.

Operational Efficiency: Reduce production delays, material wastage and rework to support stronger overall financial performance.

Financial Monitoring: Track net profit margin, asset turnover and the equity multiplier on an ongoing basis so that early warning signs in any one component can be addressed before they affect ROE.

XVIII. CONCLUSION

The Du Pont framework proves its worth in this study by showing that Talin Modular Office Furniture Systems' return on equity cannot be explained by a single number in isolation. Behind the swings in ROE over the five years examined lies a company whose profitability has been volatile strong in FY22, negative in FY23, and only partially recovered since while its use of assets has become steadily less efficient and its reliance on debt has steadily reduced.

Statistically, net profit margin stands out clearly as the component actually moving ROE, while asset turnover and the equity multiplier, though logically connected to performance, do not carry the same explanatory weight on their own over this short a period. This points management toward a fairly direct set of priorities: protect and rebuild profit margins through cost discipline and pricing, while also working to reverse the decline in asset and inventory turnover so that the company's growing balance sheet starts converting into revenue as efficiently as it once did. Careful, deliberate management of working capital particularly the growing amounts tied up in inventory and receivables will be central to translating operational improvements into a stronger and more consistent return for shareholders in the years ahead.

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