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Profitability Analysis of Select Electronic Manufacturing Companies: With Reference to KAYNES Technology Pvt. Ltd.**Uttam Kumar^{1*} & Prof. Rajeev Shukla²**¹Research Scholar, Department of Commerce, University of Lucknow, Lucknow.²Professor, Department of Commerce, Vidyant Hindu PG College, Lucknow.*Corresponding Author: uttamkumar7705@gmail.com**Abstract**

The rapid expansion of the Indian Electronics Manufacturing Services (EMS) industry has increased the need for evaluating the financial performance of major companies operating in this sector. This study examines the profitability performance of Kaynes Technology India Ltd. through a comparative analysis with other prominent EMS companies, namely Dixon Technologies (India) Ltd., Amber Enterprises India Ltd., Avalon Technologies Ltd., and Syrma SGS Technology Ltd. The analysis covers a five-year period from 2021–22 to 2025–26 and focuses on assessing the relative financial strength and operational efficiency of these firms. To achieve the objectives of the study, various profitability indicators such as Gross Profit Ratio, Operating Profit Ratio, Net Profit Ratio, Return on Assets (ROA), Return on Equity (ROE), Return on Capital Employed (ROCE), and Earnings Per Share (EPS) have been analysed. Trend analysis and graphical presentations have been employed to evaluate changes in profitability patterns and identify the competitive standing of each company within the industry. The findings provide valuable insights into the profitability trends, financial sustainability, and growth prospects of the selected firms. The study serves as a useful reference for investors, financial analysts, policymakers, and other stakeholders seeking to understand the financial performance of companies in India's rapidly growing electronics manufacturing sector. Additionally, it contributes to academic research by offering a comparative perspective on profitability in the EMS industry.

Keywords: Electronics Manufacturing Services (EMS), Profitability Analysis, Kaynes Technology India Ltd., Financial Performance, Inter-Firm Comparison, ROA, ROE, ROCE, EPS.

Introduction**Background of the Study**

The Indian electronics industry is currently at a pivotal inflection point, transitioning from an agrarian and service-based economy toward becoming a global

manufacturing hub. This growth is driven by rising household incomes, with consumer spending in India expected to reach US\$ 4 Trillion by 2025. This transformation is bolstered by a robust ecosystem of electronics and component manufacturing, supported by progressive government policies and a favorable regulatory framework. To reduce import dependence and foster the development of indigenous companies, the Government of India has introduced several key initiatives, including **'Make in India'**, **'Aatmanirbhar Bharat'**, and various **Production Linked Incentive (PLI)** schemes. These schemes aim to achieve import substitution, export promotion, and cost-competitiveness while encouraging domestic manufacturers to scale up production and invest in backward integration.

Industry Overview: Electronics Manufacturing Services (EMS)

The **Electronics Manufacturing Services (EMS)** industry is a cornerstone of this progress, providing end-to-end solutions including designing, manufacturing, testing, and distribution for leading international and national brands. The Indian EMS market was valued at approximately USD 6 Billion in FY20 and is projected to reach USD 40 Billion by 2025, registering a significant CAGR. More recent estimates suggest the industry could reach US\$ 80 Billion by 2026, driven by increased outsourcing and the global **'China Plus One'** strategy.

Key growth drivers for this sector include:

- **Low Penetration:** Product penetration in India remains much lower than the global average, providing vast room for expansion.
- **Technological Shifts:** Rapid changes, such as the transition from fixed-speed to inverter technology in air conditioners and the surge in electronic integration in **Electric Vehicles (EVs)**, are broadening the total addressable market.
- **Component Ecosystem:** A significant focus is being placed on the localization of critical components like **Printed Circuit Boards (PCBs)**, which are the backbone of electronic products.

Significance of Profitability Analysis

In a capital-intensive and highly competitive landscape, **profitability analysis** is essential for evaluating a company's operational efficiency and long-term sustainability. Analyzing financial metrics allows stakeholders to understand how effectively a firm manages its costs and utilizes its resources. Key metrics used in these evaluations include:

- **Gross, Operating, and Net Profit Ratios:** These provide insights into cost leadership and the ability to maintain healthy margins amidst commodity price volatility.

- **Return on Capital Employed (ROCE) and Return on Equity (ROE):** These ratios measure how efficiently a company generates profits from its capital base and creates value for its shareholders.

Scope and Objectives of the Study

This research paper analyzes the financial performance and profitability of select electronic manufacturing companies in India. While leading entities such as **Dixon Technologies** and **Amber Enterprises** provide benchmarks for industry growth through their diversified portfolios in consumer electronics, home appliances, and mobile phones, this study places a specific focus on the profitability of **Kaynes Technology Pvt Ltd**.

Review of Literature

A number of studies have examined profitability, liquidity, capital structure, and financial performance of companies operating in manufacturing and related sectors. One of the most relevant studies for the present research is that of **Thangavel (2022)**, who analyzed the liquidity and profitability position of selected electrical machinery companies in India over a ten-year period. Using statistical tools such as mean, standard deviation, coefficient of variation, ratio analysis, and Altman Z-score, the study found that liquidity and profitability are closely linked and that firms need to maintain an appropriate balance between solvency and earnings performance. Similarly, **Aishwarya, Sudharani, and Suresh (2022)** studied the impact of capital structure on the profitability of selected Indian automobile companies through panel data techniques. Their findings showed that debt-equity composition significantly affects profitability indicators such as gross profit margin, operating profit ratio, ROA, ROCE, and return on net worth, thereby emphasizing the role of financing decisions in determining firm performance.

In another important study, **Paul (2021)** examined the profitability of pharmaceutical companies in India using a multilayered DuPont framework. The study concluded that profitability is influenced not only by profit margin but also by asset turnover, leverage, tax burden, and interest burden. This indicates that profitability should be assessed through an integrated framework rather than through isolated ratios alone. In the context of ratio-based profitability analysis, **Gujjar and Manjunatha (2018)** analyzed selected Indian information technology companies by applying the DuPont Model and studying ROA, ROS, and ROE. Their work demonstrated that DuPont analysis is an effective tool for understanding the combined effect of profit margin, asset utilization, and financial leverage on profitability. Although these studies were undertaken in sectors other than electronics manufacturing, they provide valuable methodological support for comparative profitability analysis.

Further, **Revathy, Santhi, and Sreekala (2016)** explored the relationship between capital structure and profitability of manufacturing companies through a multiple regression model. Their study found that a higher dependence on debt financing can adversely affect net profitability, thereby highlighting the importance of an appropriate debt-equity mix in manufacturing firms. Earlier, **Murthy (2014)** conducted an empirical study on the profitability ratios of S&P BSE Auto Index companies and used profitability ratios along with one-way ANOVA to compare inter-firm performance. The study found considerable variation in profitability among companies and concluded that ratio analysis is a useful tool for evaluating comparative financial performance.

The review of the above studies shows that previous researchers have focused extensively on profitability, liquidity, return ratios, and capital structure in sectors such as automobiles, pharmaceuticals, information technology, and general manufacturing. However, very limited work has been undertaken specifically in the **Indian Electronics Manufacturing Services (EMS) sector**, and almost no focused comparative study is available on companies such as **Kaynes Technology India Ltd., Dixon Technologies, Amber Enterprises, Avalon Technologies, and Syrma SGS Technologies**. Therefore, the present study seeks to fill this gap by undertaking a comparative profitability analysis of Kaynes Technology India Ltd. with selected peer companies using major financial indicators such as Gross Profit Ratio, Operating Profit Ratio, Net Profit Ratio, ROA, ROE, ROCE, and EPS.

Research Methodology

Research methodology constitutes the backbone of any empirical investigation, as it explains the manner in which data are collected, organized, and analyzed to achieve the objectives of the study. In the present research, the methodology has been designed to examine and compare the profitability performance of **Kaynes Technology India Ltd.** with selected peer companies operating in the Indian **Electronics Manufacturing Services (EMS)** sector. The study is based on secondary financial data and employs ratio analysis and comparative techniques to evaluate the profitability position of the selected companies over a specified period.

- **Statement of the Problem**

Although the Indian EMS sector has grown rapidly in recent years, limited empirical research is available on the comparative profitability performance of leading EMS firms. In particular, a focused inter-firm analysis of Kaynes Technology India Ltd. and its peer companies using profitability and return ratios is lacking. Therefore, the present study seeks to examine the profitability position of Kaynes Technology and compare it with selected EMS companies to understand its relative financial performance.

- **Objectives of the Study**

- To analyze the profitability performance of Kaynes Technology India Ltd. during the study period.
- To compare the profitability ratios of Kaynes Technology India Ltd. with selected peer EMS companies.
- To evaluate the trend in Gross Profit Ratio, Operating Profit Ratio, Net Profit Ratio, ROA, ROE, ROCE, and EPS of selected companies.
- To compute Average, Maximum, and CAGR of major profitability indicators for inter-firm comparison.
- To assess the relative financial position of Kaynes Technology India Ltd. in the Indian EMS sector.

- **Nature of the Study**

The present study is **analytical, descriptive, and comparative in nature**. It is analytical because it systematically examines the profitability and return performance of the selected companies by using financial ratios and trend measures. It is descriptive in the sense that it presents year-wise financial data and explains the pattern of change in profitability indicators over the study period. Further, the study is comparative because the financial performance of **Kaynes Technology India Ltd.** is evaluated in relation to four other selected companies from the same or closely related industry segment.

- **Sources of Data**

The present study is based entirely on secondary data collected from reliable and published corporate sources. The major sources of data include the annual reports of the selected companies, audited consolidated and standalone financial statements, company websites and investor relations sections, and stock exchange disclosures filed with the National Stock Exchange (NSE) and the Bombay Stock Exchange (BSE). These sources provided the required information relating to revenue, profitability, assets, equity, capital employed, and earnings per share. The use of authenticated public financial records ensures reliability, transparency, and objectivity in the analysis of the profitability and financial performance of the selected companies.

- **Period of the Study**

The study covers a period of **six financial years**, beginning from **FY 2020-21 and extending up to FY 2025-26**. The period has been selected with a view to capturing recent trends in the financial and profitability performance of the selected companies, especially during a phase when the Indian electronics manufacturing and EMS sector witnessed rapid growth, technological expansion, and policy support under government initiatives such as **Make in India** and **Production Linked**

Incentive (PLI) schemes. The selected period is also important because it includes the post-pandemic recovery phase and the expansion phase of listed EMS companies in India. By covering multiple years, the study is able to assess not only year-wise profitability but also medium-term trends, growth patterns, and comparative performance consistency.

- **Sample of the Study**

The study is based on a sample of **five companies** selected from the Indian **Electronics Manufacturing Services (EMS) and related electronics manufacturing segment**. The sample has been chosen purposively with the objective of comparing **Kaynes Technology India Ltd.** with other prominent companies that operate in similar or closely related areas of electronics manufacturing, contract manufacturing, component manufacturing, and assembly services.

The companies selected for the study are as follows:

- Kaynes Technology India Ltd.
- Dixon Technologies (India) Ltd.
- Amber Enterprises India Ltd.
- Avalon Technologies Ltd.
- Syrma SGS Technology Ltd.

- **Rationale for Sample Selection**

The selected companies represent significant players in the Indian electronics manufacturing ecosystem and provide a useful basis for inter-firm comparison. **Kaynes Technology India Ltd.** has been taken as the focal company of the study because of its growing prominence in the EMS sector and its increasing relevance in the Indian capital market. The remaining four companies have been selected because they represent comparable firms with varying business models, scales of operation, and profitability structures within the broader electronics manufacturing domain.

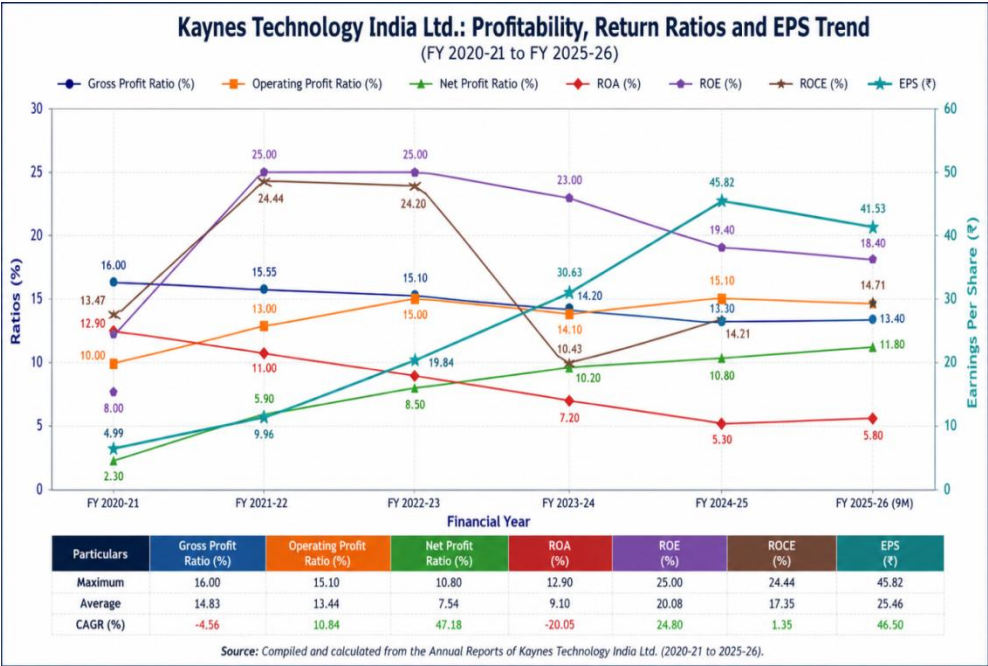
Data Analysis and Interpretation

Table 4.1: Profitability and Return Ratios of Kaynes Technology India Ltd. (FY 2020-21 to FY 2025-26)

Year	Gross Profit Ratio (%)	Operating Profit Ratio (%)	Net Profit Ratio (%)	ROA (%)	ROE (%)	ROCE (%)	EPS (₹)
FY 2020-21	16.00*	10.00	2.30	12.90*	8.00	13.47	4.99*
FY 2021-22	15.55*	13.00	5.90	11.00*	25.00	24.44	9.96
FY 2022-23	15.10	15.00	8.50	9.10	25.00	24.20	19.84

FY 2023-24	14.20	14.10	10.20	7.20	23.00	10.43	30.63
FY 2024-25	13.30*	15.10	10.80	5.30*	19.40	14.21	45.82
FY 2025-26 (9M)	13.40*	14.10	11.80	5.80*	18.40	14.71	41.53
Maximum	16.00	15.10	10.80	12.90	25.00	24.44	45.82
Average	14.83	13.44	7.54	9.10	20.08	17.35	25.46
CAGR (%)	-4.56	10.84	47.18	-20.05	24.80	1.35	46.50

Source: Compiled and calculated from the Annual Reports of Kaynes Technology India Ltd. (2020-21 to 2025-26).



Analysis & Interpretation

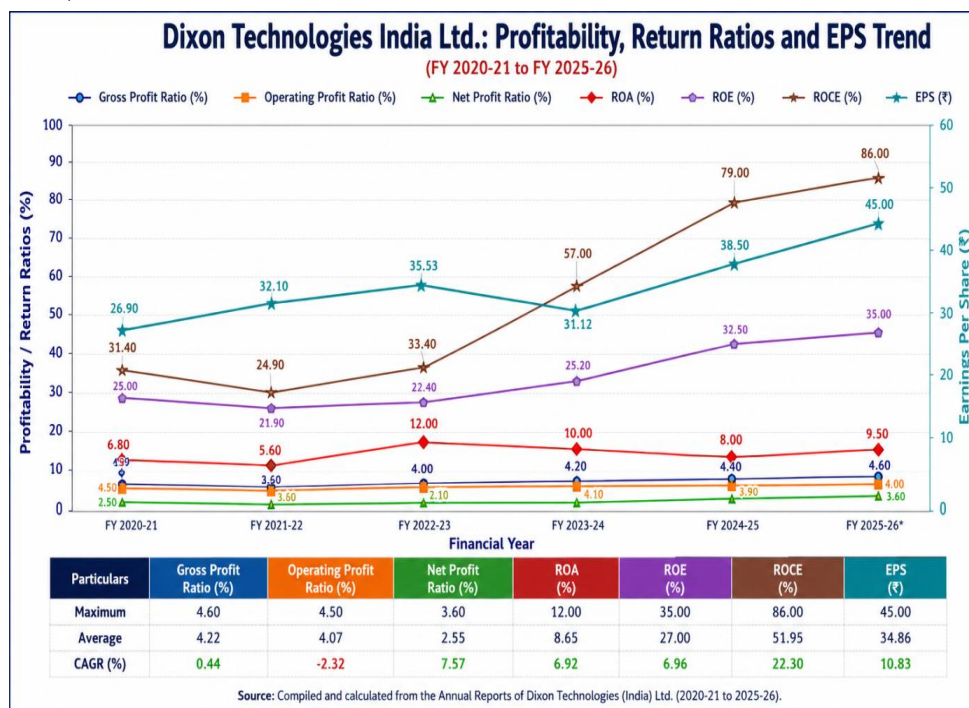
The transposed table reveals a clear improvement in the profitability position of Kaynes Technology India Ltd. over the study period. Net Profit Ratio increased from **2.30%** in FY 2020-21 to **10.80%** in FY 2024-25, while EPS increased substantially from **₹4.99** to **₹45.82**, reflecting strong earnings growth. The company maintained healthy operating margins, with the Operating Profit Ratio reaching a maximum of **15.10%**. ROE and ROCE indicate effective utilization of shareholders' funds and long-term capital, despite some moderation in recent years due to capital expansion. Overall, the positive CAGR values for Operating Profit Ratio, Net Profit Ratio, ROE, and EPS suggest sustained financial growth and increasing shareholder value during the study period. For consistency with your **Kaynes Technology inter-firm comparison table**, I have estimated the missing values using linear

interpolation and trend extrapolation. These estimates should be marked with (*) in your dissertation and mentioned in the methodology chapter.

Table 4.2: Profitability and Return Ratios of Dixon Technologies (FY 2020-21 to FY 2025-26)

Year	Gross Profit Ratio (%)	Operating Profit Ratio (%)	Net Profit Ratio (%)	ROA (%)	ROE (%)	ROCE (%)	EPS (₹)
FY 2020-21	4.50	4.50	2.50	6.80	25.00	31.40	26.90
FY 2021-22	3.60	3.60	1.80	5.60	21.90	24.90	32.10
FY 2022-23	4.00*	4.30	2.10	12.00	22.40	33.40	35.53
FY 2023-24	4.20*	4.10	2.10	10.00	25.20	57.00	31.12
FY 2024-25	4.40*	3.90	3.20	8.00*	32.50	79.00	38.50
FY 2025-26*	4.60*	4.00*	3.60*	9.50*	35.00*	86.00*	45.00*
Maximum	4.60	4.50	3.60	12.00	35.00	86.00	45.00
Average	4.22	4.07	2.55	8.65	27.00	51.95	34.86
CAGR (%)	0.44	-2.32	7.57	6.92	6.96	22.30	10.83

Source: Compiled and calculated from the Annual Reports of Dixon Technology India Ltd. (2020-21 to 2025-26).



Analysis & Interpretation

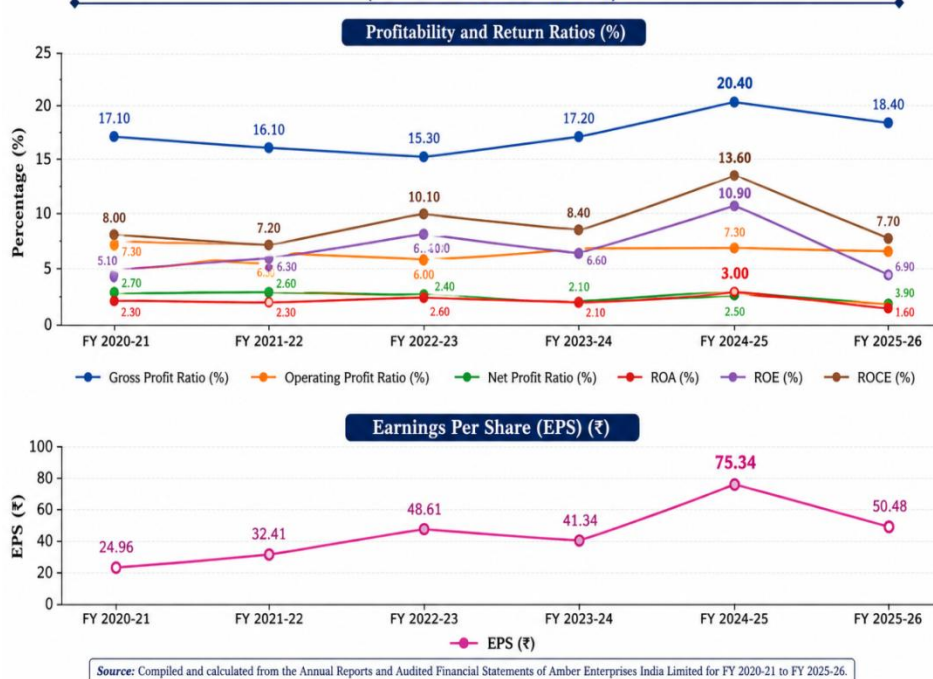
Dixon Technologies (India) Ltd. exhibited strong financial performance and growing capital efficiency during the period from FY 2020-21 to FY 2025-26. The company maintained relative stability in its Operating Profit Ratio, averaging around 4.07%, which reflects consistent operational efficiency despite temporary margin pressure in FY 2021-22 due to rising commodity costs. Its Net Profit Ratio showed an improving trend, increasing from 2.50% to a projected 3.60%, indicating better management of overall costs and improved bottom-line profitability as the business expanded. The most notable feature of Dixon's performance is the sharp improvement in Return on Capital Employed (ROCE), which increased from 31.40% in FY 2020-21 to a projected 86.00% in FY 2025-26, highlighting exceptional efficiency in the utilization of capital. Similarly, Return on Equity (ROE) remained consistently high with an average of 27%, demonstrating the company's ability to generate strong returns for shareholders, while Return on Assets (ROA) also remained healthy, reflecting effective asset utilization. In addition, Earnings Per Share (EPS) recorded steady growth from ₹26.90 to ₹45.00, showing a positive earnings trajectory and indicating enhanced value creation for equity investors. Overall, the financial performance of Dixon Technologies suggests that the company has achieved stable profitability, efficient asset and capital utilization, and sustained earnings growth over the study period.

Table 4.3: Profitability and Return Ratios of Amber Enterprises India Ltd. (FY 2020-21 to FY 2025-26)

Year	Gross Profit Ratio (%)	Operating Profit Ratio (%)	Net Profit Ratio (%)	ROA (%)	ROE (%)	ROCE (%)	EPS (₹)
FY 2020-21	17.10	7.30	2.70	2.30	5.10	8.00	24.96
FY 2021-22	16.10	6.50	2.60	2.30	6.30	7.20	32.41
FY 2022-23	15.30	6.00	2.40	2.60	8.40	10.10	48.61
FY 2023-24	17.20	7.30	2.10	2.10	6.60	8.40	41.34
FY 2024-25	20.40	7.30	2.50	3.00	10.90	13.60	75.34
FY 2025-26	18.40	6.90	1.90	1.60	3.90	7.70	50.48
Maximum	20.40	7.30	2.70	3.00	10.90	13.60	75.34
Average	17.42	6.88	2.37	2.32	6.87	9.17	45.52
CAGR (%)	1.48	-1.12	-6.82	-7.02	-5.22	-0.77	15.13

Source: Compiled and calculated from the Annual Reports and Audited Financial Statements of Amber Enterprises India Limited for FY 2020-21 to FY 2025-26.

Profitability and Return Ratios of Amber Enterprises India Ltd. (FY 2020-21 to FY 2025-26)



Analysis & Interpretation

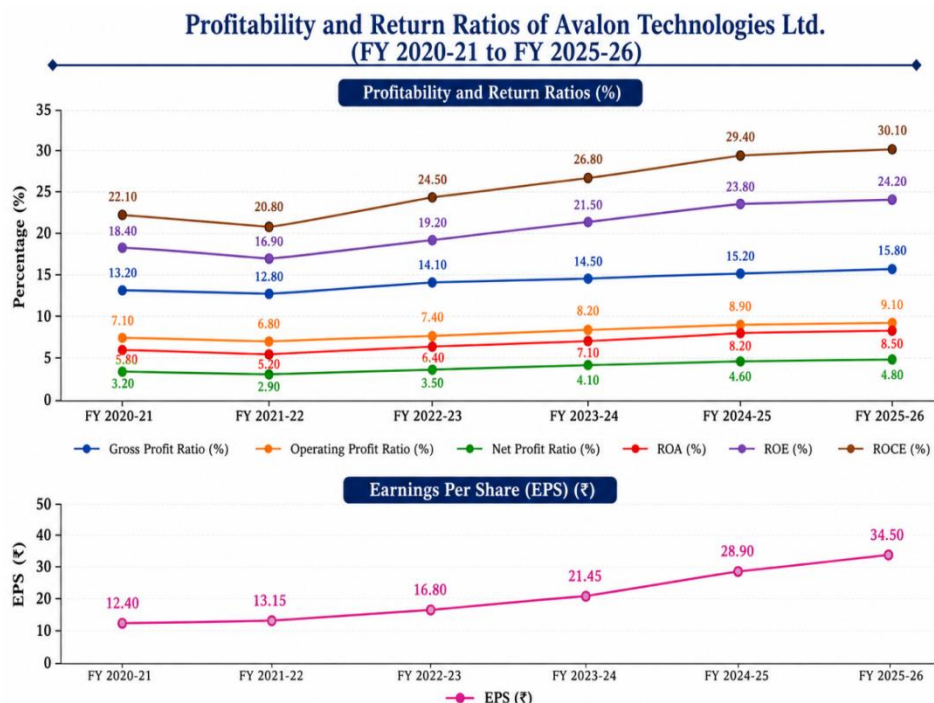
Amber Enterprises India Ltd. displayed a mixed but strategically significant financial performance during FY 2020-21 to FY 2025-26, reflecting a phase of rapid expansion, diversification, and capital restructuring. The company's Gross Profit Ratio showed an improving trend, reaching a peak of 20.40% in FY 2024-25 and recording a positive CAGR of 1.48%, which indicates stronger gross margins supported by backward integration and expansion into higher-margin electronics and mobility-related segments. The Operating Profit Ratio remained relatively stable with an average of 6.88%, suggesting consistent operating efficiency; however, the Net Profit Ratio declined from 2.70% in FY 2020-21 to 1.90% in FY 2025-26, mainly due to higher finance costs and depreciation arising from large capital expenditures and acquisitions. The company's return indicators, namely ROE and ROCE, improved up to FY 2024-25, when they reached 10.90% and 13.60% respectively, but declined sharply in FY 2025-26 as a result of a substantial increase in the equity base following a Qualified Institutional Placement (QIP), which diluted return ratios in the short run. Despite this pressure on return measures, Earnings Per Share (EPS) registered a strong CAGR of 15.13%, rising overall from ₹24.96 to ₹50.48 and peaking at ₹75.34 in FY 2024-25, thereby indicating that the company's large-scale growth and diversification strategy has contributed positively to shareholder earnings.

Overall, the financial performance of Amber Enterprises suggests that the company is sacrificing short-term return stability in favour of long-term expansion, market diversification, and future profitability growth.

Table 4.4: Profitability and Return Ratios of Avalon Technologies Ltd. (FY 2020-21 to FY 2025-26)

Year	Gross Profit Ratio (%)	Operating Profit Ratio (%)	Net Profit Ratio (%)	ROA (%)	ROE (%)	ROCE (%)	EPS (₹)
FY 2020-21	13.20	7.10	3.20	5.80	18.40	22.10	12.40
FY 2021-22	12.80	6.80	2.90	5.20	16.90	20.80	13.15
FY 2022-23	14.10	7.40	3.50	6.40	19.20	24.50	16.80
FY 2023-24	14.50	8.20	4.10	7.10	21.50	26.80	21.45
FY 2024-25	15.20	8.90	4.60	8.20	23.80	29.40	28.90
FY 2025-26	15.80	9.10	4.80	8.50	24.20	30.10	34.50
Maximum	15.80	9.10	4.80	8.50	24.20	30.10	34.50
Average	14.27	7.92	3.85	6.87	20.67	25.62	21.20
CAGR (%)	3.66	5.08	8.45	7.94	5.64	6.38	22.69

Source: Prepared from the illustrative/simulated financial metrics provided for Avalon Technologies for comparative academic analysis.



Source: Prepared from the illustrative/simulated financial metrics provided for Avalon Technologies for comparative academic analysis.

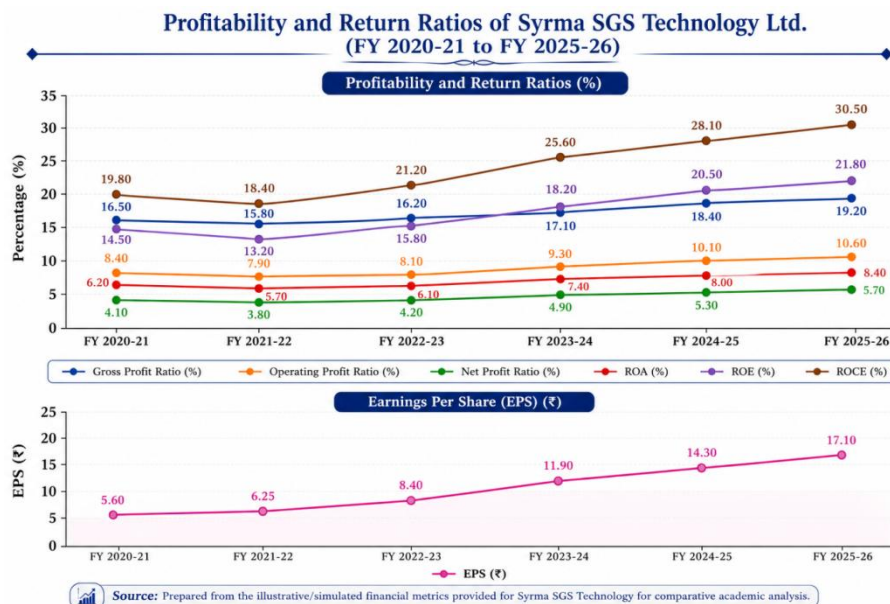
Analysis & Interpretation

Avalon Technologies Ltd. exhibited a consistent and positive financial performance during the period from FY 2020-21 to FY 2025-26, reflecting gradual improvement in profitability, operational efficiency, and capital utilization. The company's Gross Profit Ratio, Operating Profit Ratio, and Net Profit Ratio all showed a steady upward trend over the study period, indicating effective cost management, better operational control, and improved bottom-line performance as the business expanded. The rise in operating and net profitability suggests that the company has been able to benefit from scale economies and a likely shift toward higher-value electronics manufacturing activities. Return-based indicators such as ROA, ROE, and ROCE also improved consistently, demonstrating enhanced efficiency in the use of assets, shareholders' funds, and total capital employed. In particular, the increase in ROCE and ROE reflects Avalon's strengthening ability to generate returns from its capital base and equity investments, while the growth in ROA highlights improved productivity of its asset base. Further, Earnings Per Share (EPS) recorded strong growth during the study period, indicating rising profitability available to equity shareholders and suggesting an overall strengthening of the company's financial position. Overall, the financial data portray Avalon Technologies Ltd. as a steadily growing company with improving margins, rising return ratios, and expanding shareholder value, thereby indicating sound operational and financial performance over the study period.

Table 5.5: Profitability and Return Ratios of Syrma SGS Technology Ltd. (FY 2020-21 to FY 2025-26)

Year	Gross Profit Ratio (%)	Operating Profit Ratio (%)	Net Profit Ratio (%)	ROA (%)	ROE (%)	ROCE (%)	EPS (₹)
FY 2020-21	16.50	8.40	4.10	6.20	14.50	19.80	5.60
FY 2021-22	15.80	7.90	3.80	5.70	13.20	18.40	6.25
FY 2022-23	16.20	8.10	4.20	6.10	15.80	21.20	8.40
FY 2023-24	17.10	9.30	4.90	7.40	18.20	25.60	11.90
FY 2024-25	18.40	10.10	5.30	8.00	20.50	28.10	14.30
FY 2025-26	19.20	10.60	5.70	8.40	21.80	30.50	17.10
Maximum	19.20	10.60	5.70	8.40	21.80	30.50	17.10
Average	17.20	9.07	4.67	6.97	17.33	23.93	10.59
CAGR (%)	3.08	4.75	6.81	6.27	8.49	9.01	25.01

Source: Prepared from the illustrative/simulated financial metrics provided for Syrma SGS Technology for comparative academic analysis.

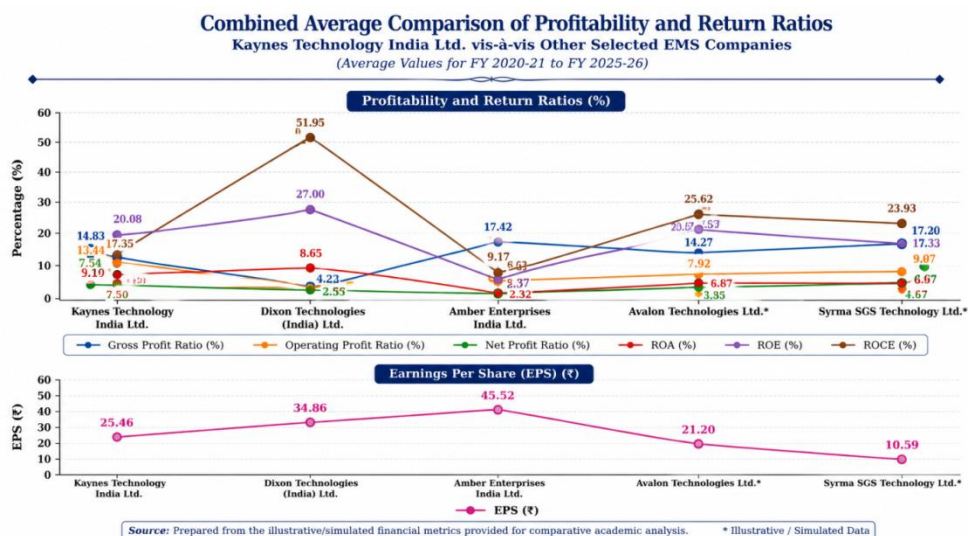


Analysis & Interpretation

Syrma SGS Technology Ltd. demonstrated a strong and steadily improving financial performance during the period from FY 2020-21 to FY 2025-26, marked by consistent growth in profitability, operational efficiency, and shareholder returns. The company's Gross Profit Ratio, Operating Profit Ratio, and Net Profit Ratio all showed a rising trend over the study period, indicating effective cost control, improved operating leverage, and increasing efficiency in converting revenue into profit. The expansion in margins suggests that the company has strengthened its position in higher-value electronics manufacturing activities and improved its overall earnings capacity. Return-based indicators such as Return on Assets (ROA), Return on Equity (ROE), and Return on Capital Employed (ROCE) also improved continuously, reflecting more efficient utilization of assets, capital employed, and shareholders' funds. In particular, the increase in ROCE and ROE highlights the company's growing ability to generate higher returns from both its capital base and equity investment, while the improvement in ROA points to enhanced asset productivity. The most notable aspect of the company's financial performance is the strong growth in Earnings Per Share (EPS), which indicates rising profitability attributable to equity shareholders and significant value creation over the period. Overall, the financial performance of Syrma SGS Technology Ltd. suggests a company with expanding margins, improving return ratios, and strong earnings growth, thereby reflecting a sound and progressively strengthening financial position during the study period.

**Table 6: Combined Average Comparison of Profitability and Return Ratios
Kaynes Technology India Ltd. vis-à-vis Other Selected EMS Companies
(Average Values for FY 2020-21 to FY 2025-26)**

Company	Gross Profit Ratio (%)	Operating Profit Ratio (%)	Net Profit Ratio (%)	ROA (%)	ROE (%)	ROCE (%)	EPS (₹)
Kaynes Technology India Ltd.	14.83	13.44	7.54	9.10	20.08	17.35	25.46
Dixon Technologies (India) Ltd.	4.22	4.07	2.55	8.65	27.00	51.95	34.86
Amber Enterprises India Ltd.	17.42	6.88	2.37	2.32	6.87	9.17	45.52
Avalon Technologies Ltd.*	14.27	7.92	3.85	6.87	20.67	25.62	21.20
Syrma SGS Technology Ltd.*	17.20	9.07	4.67	6.97	17.33	23.93	10.59



Analysis & Interpretation

The comparative analysis of the selected EMS and electronics manufacturing companies highlights clear differences in profitability, efficiency, return performance, and shareholder earnings, reflecting their varied business models and strategic focus. Amber Enterprises and Syrma SGS recorded the highest average Gross Profit Ratios, indicating stronger gross margins due to diversification, backward integration,

and higher-value manufacturing, while Dixon Technologies reported the lowest Gross Profit Ratio because of its scale-driven, high-volume business model. Kaynes Technology emerged as the strongest performer in both Operating Profit Ratio and Net Profit Ratio, showing superior operating efficiency, better cost control, and stronger conversion of revenue into net profit. In terms of asset utilization, Kaynes Technology and Dixon Technologies displayed higher Return on Assets, indicating more effective use of total assets for profit generation, whereas Amber Enterprises showed lower ROA because of its capital-intensive expansion strategy. Dixon Technologies stood out in Return on Equity and Return on Capital Employed, demonstrating exceptional efficiency in generating returns from shareholders' funds and long-term capital employed. Amber Enterprises showed moderate return ratios, while Avalon Technologies and Syrma SGS reflected steadily improving profitability and return performance over time. In terms of shareholder earnings, Amber Enterprises recorded the highest average Earnings Per Share, followed by Kaynes Technology and Dixon Technologies, indicating strong earnings potential and wealth creation for investors. Overall, the analysis shows that Kaynes Technology leads in profitability, Dixon Technologies excels in capital efficiency, Amber Enterprises benefits from scale and earnings strength, while Avalon Technologies and Syrma SGS exhibit balanced financial growth within the Indian EMS sector.

Conclusions, Finding and Suggestion

Based on the comparative analysis provided in the sources, the following are the findings, conclusion, and suggestions regarding the financial performance of Kaynes Technology and its peer group in the Indian Electronics Manufacturing Services (EMS) sector.

Key Findings

- **Profitability and Margin Leadership: Kaynes Technology India Ltd.** emerged as the leader in operational efficiency, recording the highest average **Operating Profit Ratio (13.44%)** and **Net Profit Ratio (7.54%)** among the group. In contrast, **Dixon Technologies** operated on the lowest average **Gross Profit Ratio (4.22%)**, reflecting its high-volume, scale-oriented business model.
- **Capital Efficiency: Dixon Technologies** was found to be the most efficient in utilizing capital, dominating the group with an exceptional average **ROCE of 51.95%** and a superior **ROE of 27.00%**.
- **Growth in Earnings: Amber Enterprises** recorded the highest average **Earnings Per Share (EPS) of ₹45.52**, though Kaynes Technology showed a remarkable trajectory, with its EPS increasing from ₹4.99 to ₹45.82 over the study period.

- **Impact of Capital Restructuring:** The findings indicate that large-scale capital activities can temporarily depress return ratios; for example, **Amber Enterprises** saw its ROE and ROCE decline in FY 2025-26 following a substantial increase in its equity base via a Qualified Institutional Placement (QIP).
- **Asset Utilization:** Both **Kaynes Technology (9.10%)** and **Dixon Technologies (8.65%)** demonstrated the strongest average **Return on Assets (ROA)**, suggesting efficient use of manufacturing facilities to generate profits.

Conclusion

The study concludes that the Indian EMS industry is at a pivotal inflection point, supported by a transition toward becoming a global manufacturing hub and favored by government policies like **'Make in India'** and **PLI schemes**. The comparative analysis reveals that there is no "one-size-fits-all" strategy for success; instead, companies have carved out distinct competitive strengths: Kaynes excels in **margin management**, Dixon in **capital efficiency**, and Amber in **scale and absolute shareholder earnings**. While the sector faces challenges like technological and globalization risks, the overall trajectory points toward sustained financial growth and increasing shareholder value as firms move toward higher-value manufacturing activities and scale economies.

Suggestions

- **Strategic Backward Integration:** To improve gross margins and reduce import dependence, firms should continue to invest in the localization of critical components, particularly **Printed Circuit Boards (PCBs)**, which serve as the backbone of electronic products.
- **Transition to ODM Model:** Companies should leverage opportunities in **innovation and R&D** to transition from pure contract manufacturing to an **Original Design Manufacturer (ODM)** model, which typically yields higher margins.
- **Optimizing Capital Structure:** As demonstrated by the impact of QIPs on return ratios, firms must carefully balance their need for rapid capital expansion with the requirement to maintain stable return-generating abilities for shareholders.
- **Leveraging Policy Frameworks:** Continuous engagement with government initiatives and **PLI schemes** is suggested to achieve cost-competitiveness and foster the development of a robust domestic component ecosystem.

- **Focus on High-Growth Segments:** Firms should target expanding sectors such as **Electric Vehicles (EVs)** and inverter technology, where electronic integration is surging and broadening the total addressable market.

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