

Assessing Intrinsic Value and Stock Market Performance of Dixon Technologies (India) Limited Through Fundamental Analysis

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ABSTRACT

The research paper is aimed to understand the efficiency of fundamental analysis in finding out the intrinsic value of the share of Dixon Technologies (India) Limited. The main focus of the study is to find out the real worth of the company's share through fundamental analysis which includes economic, industry and company analysis. Intrinsic value is calculated taking into consideration different financial parameters like Earnings Per Share (EPS), Price Earning Ratio (P/E), Dividend Payout Ratio and Return on Equity. Further this is compared with the performance of company in the stock market. The study is done for a period of 5 years, that is, from financial year 2020-21 to 2024-25. The results reveal that the intrinsic value is Rs. 17,098, which is higher than the market price of the company's share as on March 31st, 2025, which is Rs.13,175. This indicates the undervaluation of the company's share, which implies that it is most appropriate for the investors to buy the share. Thus, the study helps in determining the real worth of the company along with ascertaining the performance of the company in the stock market during the study period. Such a study helps investors to take wise investment decision.

Keywords: Fundamental analysis, intrinsic value, earnings per share, price earning ratio, dividend payout ratio, return on equity

INTRODUCTION

The objective of any investment is to manage the risk and return of the investments. The investors aim is to get maximum returns with minimum amount of risk. However, though India is one of the fastest growing emerging economies, the market is highly uncertain. Hence investors have to depend on certain analytical tool before making an investment decision. Fundamental analysis is one of the such analytical tool which helps investors to determine the intrinsic value of the share by looking at various financial parameters like profitability, earnings and growth rate.

Dixon Technologies (India) Ltd, comes under the Electronic Manufacturing Services (EMS) sector is one of India's fastest-growing industry due to ever increasing demand for electronics. Further research articles in this industry is limited, hence the study employs fundamental analysis to measure the intrinsic value of share of Dixon Technologies (India) Ltd by taking into account certain financial ratios like Earnings Per Share, Return on Equity, Dividend Payout Ratio and Price Earning Ratio. Further this result is compared with the

performance of the share in the stock market. The study is done for a period of five years from financial year 2020-21 to 2024-25. The main outcome of the study is to help investors and financial analyst to understand the real worth of Dixon Technologies (India) Ltd shares which will in turn help them to take good investment decision.

LITERATURE REVIEW

Rabha and Singh (2022) in their study researched the efficiency of CAPM model and its applicability in the Indian markets. The study concluded that traditional methods have partial relevance though few modified versions are able to improve the results by explaining the changes in portfolio returns. However, the changing market scenarios reduce the efficiency of CAPM model to correctly estimate portfolio returns since the model is more or less static. Farhana and Azees (2025) in their paper studied the risk dynamics in the Indian stock market. Here risk is measured through beta and the study revealed that beta is significant but is not able to correctly explain the reason for cross sectional returns. The study stressed the need to combine risk elements along with the CAPM model to achieve better results.

Tejesh and Khajabee (2024) in their paper examined the size, value, and momentum effects in returns in the Indian Stock Market. They proved that multifactor models are better than CAPM in explaining the reason for variations in returns and risk. They stressed that market incriminates will continue and we need to have a combined model to understand the market since one model cannot explain the variations. Panwar (2016) on the other hand researched the applicability of CAPM models in the Indian Stock Markets and concluded that they are not sufficient for high-risk portfolios as there are lot of deviations of expected deviations from the predictions using CAPM model. They mentioned that market and company specific data must be integrated to get better results

Anwar and Kumar (2018) in their research analyzed the applicability of CAPM model in Indian market. The researchers suggested that combining both macro-economic and company specific factors will give better results. Awalakki (2022) in his paper determined the correlation between market price and the intrinsic value. The study revealed that in long term the market price will be near the intrinsic value only though fluctuations can be observed in the short term due to speculations. The study is done for a period from 2020 to 2024 in the Indian stock market. Galagali and Nadiger (2023) have in their paper studied companies in the FMCG industry by conducting fundamental analysis and calculation of intrinsic value for selected companies in the FMCG industry.

Pachhigar (2025) in their study employed dividend and earning price method of valuation of shares in the Indian stock market. They concluded that such calculation of real worth of the company share improves the timing of purchase and accuracy in decision making. The study states that fundamental analysis is a long-term approach. Sapkota and Shenoy (2025) in their research paper examined the long-term performance share incorporated in NSE NIFTY index and found out that there is consistent increase in their growth.

SIGNIFICANCE OF THE STUDY

The study is very much beneficial for the investors and financial analysts since it determines the intrinsic value of Dixon Technologies (India) Ltd share and also its performance in the stock market. This will help investors take wise investment decision by looking into the financial parameters like profitability, growth, risk and return. The combination of fundamental analysis and stock market performance helps them to understand the trend in the price of the company's share and help them to take smart investment decision. Further it helps the management of the company to know the areas where improvement is required based on the financial ratios which will help them to maximise the return for the shareholders.

SCOPE OF THE STUDY

The study is limited to Dixon Technologies (India) Limited, which is listed on the NSE and BSE. The study is conducted for a period of 5 financial years, from April 1st 2020 to March 31st 2025.

OBJECTIVES OF THE STUDY

- To determine the intrinsic value or real worth of the Dixon Technologies (India) Ltd share based on financial parameters like profitability, growth etc.
- To compare the intrinsic value of the share with the market price, so that investors can decide when buy, sell or hold share of Dixon Technologies (India) Ltd.
- To study the performance of Dixon Technologies (India) Limited in the stock market in order to ascertain whether the shareholders return for the risk they are taking.

RESEARCH DESIGN

The study is a descriptive and quantitative research design which includes analysing financial parameters as well as the stock market performance of the company's share. This is done to improve the efficiency and effectiveness of decision making by the investors.

SOURCES OF DATA COLLECTION

The study is based on secondary data. The data is collected from the official website of Dixon Technologies (India) Limited. Further data for stock market is collected from nseindia.com and bseindia.com.

TOOLS USED FOR ANALYSIS

Fundamental Analysis

Fundamental analysis was utilised to find out the intrinsic value of Dixon Technologies (India) Ltd. Fundamental analysis involves the following steps:

- The first step is economic analysis which involves studying the key macroeconomic indicators like GDP growth rate, GDP per capita, inflation rate and fiscal deficit to understand how the economy of the country is performing.

- The next step is industry analysis which involves study of industry specific factors. Dixon Technologies (India) Ltd belongs to Electrical Manufacturing Services Industry. The present study employs Porters Five Forces Model to analyse the industry specific factors which influence the valuation of company's share.
- The final step is company analysis, which involves analysis the financial performance of the company during the five-year period starting from 2020-21 to 2024-25 using key ratios like current ratio, cash ratio, debt equity ratio, net profit ratio and return on capital employed. This is useful to measure the liquidity, leverage, solvency and profitability position of the company.

Further the intrinsic value of the company is estimated using the following formulas:

- Average Dividend Payout Ratio = Sum of DPR/No. of Years
- Average ROE = Sum of ROE/No. of years
- Average Retention Ratio = 1- Average DPR
- Growth in equity =Average Retention Ratio * Average ROE
- Projected EPS =(Current EPS * (1+ Growth in Equity)
- Intrinsic Value =Projected SPS * Average P/E Ratio

Stock Market Performance

Stock market performance of Dixon Technologies (India) Limited was done to find out the return risk trend of the share price during the study period, that is from 2020-21 to 2024-25.

- Return = (Closing Price – Opening Price)/Opening price * 100
Average, $A = \sum \frac{R}{n}$;
- Risk: Variance (σ^2) = $\sum (R_i - R_i)^2 / n-1$
Standard deviation (SD) = $\sqrt{\text{Variance}}$
 $\text{Cov}_{i,m}$
- Beta(β) = $\frac{\text{Cov}_{i,m}}{\sigma_m^2}$
- Alpha (α) = $R_i - \beta R_m$

Data Analysis and Interpretation

Fundamental analysis

Economic Analysis

Table – Key Economic Parameters

Year	GDP Growth Rate	GDP Per capita	Fiscal Deficit (% of GDP)	Inflation Rate (%)
2020-21	9.69%	\$2,240	9.5%	5.13%
2021-22	6.99%	\$2,353	6.4%	6.70%
2022-23	8.15%	\$2,481	5.6%	5.65%
2023-24	8.2%	\$2,642	4.8%	4.95%
2024-25	6.5%	\$2,878	4.4%	3.7%

Source: Data collected from data.gov.in and data.worldbank.org

- **GDP Growth Rate:** India's GDP growth rate is showing a fluctuating trend. It is highest in the years 2020-21 (9.69 %) and lowest in the year 2024-25 (6.5%). The growth rate was highest in the year 2020-21 due to surge in economic performance after the pandemic. Later the growth rate declined and stabilised in the later part of the study period.
- **GDP Per Capita:** There is a steady increase in GDP per capita during the study period. It was \$2,240 in the year 2020-21 and it showed an increased trend and is \$2,878 in 2024-25. This can be attributed to rising income and better living standards of the citizens during the study period.
- **Fiscal Deficit (% of GDP):** The fiscal deficit was very high and was 9.5% of GDP during 2020-21 and showed a decreasing trend and was 4.4 % of GDP in the year 2024-25. The fiscal deficit was high during 2020-21 which was the pandemic period and the Government expenditure was high. Later due to low borrowing and better management of finances by the Government, the deficit showed a declining trend.
- **Inflation Rate (%):** The inflation rate was highest during 2021-22 at 6.71% but later showed a declining trend and dropped to 3.7% in 2024-25. This indicates effective monetary policy that have kept prices under control. This shows that monetary policy was effective, price pressures were kept under control.

Industry Analysis

Dixon Technologies (India) Ltd is in Electronic Manufacturing Services (EMS) industry which designs, manufactures and assembles consumer electronic products, home appliances and other electronic devices. There is lot of potential for growth and expansion in this industry. Especially, Make in India Program and Production-Linked Incentive (PLI) Scheme initiated by the Government has provided a lot of opportunities for growth for this industry.

Porter's Five Forces Analysis: Porter's Five Forces Model is used to in this study for industry analysis of Electronic Manufacturing Services (EMS) industry.

- **Threat of New Entrants - Moderate:** Heavy investment is needed to enter into this industry, which act as an entry barrier for new firms. Though Government schemes like Production linked incentive (PLI) is helping the new firms, but still competing with large firms is still difficult for new entrants due to their cutting-edge technology and size of business.
- **Bargaining power of Suppliers - Moderate:** Most of the parts are imported from China, but the Government is motivating for backward integration through PLI scheme, which will be a game changer. However, at present supply chain problems and currency fluctuations do impact since most of the inputs are imported from China.
- **Bargaining Power of Buyers - High:** The clients are Samsung and Xiaomi which have a lot of negotiations power because they can easily switch manufactures without much loss. Hence bargaining power of buyers is generally considered as high in this industry.

- **Threat of substitutes - Low to Moderate:** There is no good replacement for products in this industry. However, there are chances that clients may move for in house production of raw materials or switch to other foreign EMS suppliers which is in fact a threat.
- **Industry Rivalry - High:** In the EMS industry, competition is high and hence the profit margin is very low. The Indian companies have to deal with competitions from global companies also. Hence companies in this industry must focus on innovation, cost effectiveness and quality to stay competitive in the market.

Company Analysis

Table Key Ratios of Dixon Technologies (India) Limited

Year	Current Ratio	Cash Ratio	Debt Equity Ratio	Net Profit Ratio	Return on Capital Employed
2020-21	1.22	0.023	0.181	2.676	0.175
2021-22	1.29	0.075	0.266	2.016	0.120
2022-23	1.18	0.033	0.070	3.009	0.149
2023-24	1.11	0.016	0.076	2.879	0.115
2024-25	1.05	0.035	0.080	10.35	0.232

Source: Calculated from data collected from annual reports of the company

- **Current Ratio:** The current ratio is showing a declining trend during the study period. However, the ratio is satisfactory and company is still in a position to meet its short-term obligations on time.
- **Cash Ratio:** The cash ratio of the company is fluctuating and it ranged from 0.016 to 0.075. It implies that the company have less cash in hand to meet day to day payments. It also implies that the company has large amount of inventory and receivables.
- **Debt-Equity Ratio:** The debt equity ratio of the company is as low as 0.70 in the year 2022-23. It implies that company has less debt in its capital structure and relies more on equity capital.
- **Net Profit Ratio:** The net profit ratio is showing a fluctuating trend, but it increased significantly in the year 2024-15. This implies that the company is generating sufficient profits and keeping cost low.
- **Return on Capital Employed (ROCE):** The return on capital employed is showing a fluctuating trend. However, it increased drastically in the year 2024-25 which implies that the company is utilising its capital efficient and its performance improved during the study period.

Intrinsic Value:

The intrinsic value is calculated based on company's financial data. It is the real worth of the company's share.

Table - Intrinsic Value of Dixon Technologies (India) Limited

Year	Return on Equity – ROE (%)	Price Earnings Ratio (P/E Ratio)	Dividend Per Share - DPS (RS)	Earnings Per Share – EPS (Rs)	Dividend Payout Ratio - DPR (DPS/EPS)	Retention Ratio = 1- DPR
2020-21	21.6	140.48	1	26.14	0.038	0.962
2021-22	16.3	168.08	2	25.63	0.078	0.922
2022-23	18.1	80.52	3	35.53	0.084	0.916
2023-24	13.4	240.16	5	31.12	0.160	0.84
2024-25	25.9	139.56	8	94.4	0.084	0.916
Average	19.06% (or) 0.1906	153.76				0.9112

Source: Calculated from data collected from annual reports of the company

Growth in Equity = Average Retention Rate X Average ROE

$$= 0.9112 \times 0.0196 = 0.178$$

Projected EPS = (Current EPS X (1+Growth in Equity))

$$= 94.4 + (1 + 0.178) = 94.4 \times 1.1798 = 111.20$$

Intrinsic Value = Projected EPS X Average P/E Ratio

$$= 111.20 \times 153.76 = 17098.112$$

The calculated intrinsic value of Dixon Technologies (India) Ltd for the financial year 2024-25 is Rs. 17,098.112, whereas the market price as on March 31st, 2025 is Rs. 13,175. This indicates that the stock price is undervalued. It implies that there are chances that the market price of the share will go up in future. Hence, this is considered as a good time to buy the shares of Dixon Technologies (India) Ltd. If the investors is holding the share, it is better to continue holding it since there are chances of increase in its market price further in future. It is believed that the market price will move towards its intrinsic value overtime, which is the real worth of the share.

Stock Market Performance

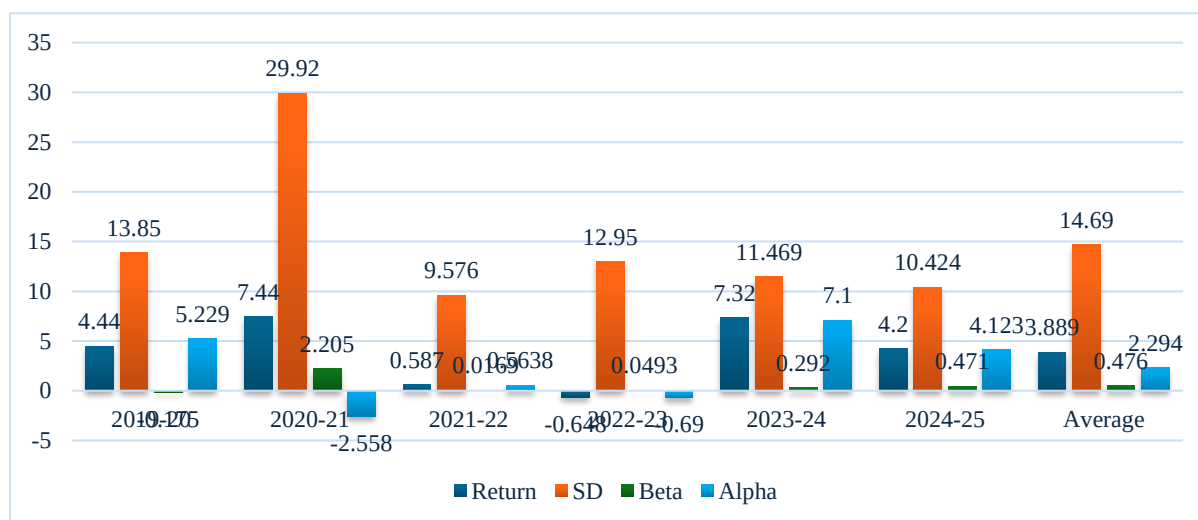
The stock market performance measures the return, risk and volatility of the stock prices during the study period.

Table - Results of Stock Market Performance of Dixon Technologies (India) Limited

Variables	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	Average
Return	4.44	7.44	0.587	-0.648	7.32	4.20	3.889
Standard Deviation	13.85	29.92	9.5765	12.95	11.469	10.424	14.69
Beta	-0.175	2.2051	0.0169	0.0493	0.292	0.471	0.476
Alpha	5.229	-2.558	0.5638	-0.690	7.1	4.123	2.294

Source: Calculated from data collected from nseindia.com

Graph - Results of Stock Market Performance of Dixon Technologies (India) Limited



- **Return:** There is increase in the return of the company during the study period with the average being 3.89%. Though the return was negative during 2022-23, the overall performance is satisfactory.
- **Standard Deviation:** The average standard deviation of the company is 14.69% which means that the share is moderately volatile. It was very high in the year 2020-21 though it reduced later.
- **Beta:** An average beta of 0.476 implies that the share of Dixon Technologies (India) Ltd is less volatile than the market. It implies it has less systematic risk compared to the market which is a good sign.
- **Alpha:** The alpha of the company is positive which implies that the share has outperformed the market.

Results and Discussion

- **Economic Stability and Growth:** The economic analysis showed that the economy has performed extremely well during the study period. The inflation and fiscal deficit has reduced and the growth rate has stabilised. The GDP per capita also showed an increase.
- **Industry Competitiveness:** The EMS industry is growing because of government policies. Though there are lot of competition in the industry, good management and efficient utilisation of resources will help companies in this industry to survive and grow.
- **Financial Strength and Profitability:** Dixon Technologies had a strong financial position; it is relying more on debt capital. The profitability position of the company is also very good and return on capital employed is also showing a increasing trend. with a conservative capital structure and profits that were getting better.

- **Intrinsic Value Assessment:** The intrinsic value of the share is Rs. 17,098 which is higher than the market price of Rs. 13,175 as on March 31st 2025. It means that the share is undervalued. Hence it is better to buy the share since there are chances of increase in price in the future.
- **Market Performance Evaluation:** Dixon Technologies (India) Ltd is providing good return to investors at comparatively low risk. The beta also shows that it is less volatile than the market. The alpha is also positive which implies that it has performed better than the market.

SCOPE FOR FUTURE RESEARCH

- Future research can include calculation of intrinsic value through Discounted cash flow method (DCF).
- The research can also be done on the influence of ESG (Environmental, Social, and Governance) performance on valuation of the company in this industry.
- Comparative analyses can also be made between Dixon Technologies (India) Ltd and other EMS companies.

CONCLUSION

The study evaluated the intrinsic value and stock market performance of Dixon Technologies (India) Ltd through fundamental analysis and risk return measurements. It is found that the company has good growth prospects and has a strong fundamental. The intrinsic value of the company is more than the market price of the company which implies that it is good buy for investors. The company is profitable and is less dependent on debt capital. Further from stock market performance, it is revealed that the return is satisfactory for the company and the volatility of the share is also low. In short, the company has outperformed the market. It can be concluded that Dixon Technologies (India) Limited is a financially stable and profitable company with good prospects for growth in the future.

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