

A Study on Financial Performance in Dixon Technologies (India) Ltd, Tirupati

*P Bhagyapthi, **Dr.K.Haritha

*Student, II MBA, Department of MBA, Annamacharya Institute of Technology & Sciences: Tirupati (Autonomous) 9912630189
bhagyapathi12@gmail.com

**Associate Professor & HOD, Department of MBA, Annamacharya Institute of Technology & Sciences: Tirupati (Autonomous)

Abstract:

Financial performance represents a firm's capability to secure profits and resource efficiency. The study of financial performance was conducted by examining Dixon technologies (India) Ltd five year's financial data through ratios and trends. The data collection is based on the secondary sources of company annual reports i.e. balance sheet profit & loss account. Dixon Technologies (India) Limited is an Indian electronics manufacturing company founded in 1933 by Sunil vachani and headquarters in Noida it manufactures products such as mobile phones, LED TVs, Washing machines, and lighting products for brands like Samsung and Xiaomi.

Key Words: Ratios analysis (liquidity, Profitability, solvency & efficiency ratios) & Trend analysis.

Introduction:

Financial performance analysis serves as a crucial evaluation method which assesses how effectively a business uses its resources to achieve profitability and maintain financial stability. The financial position of an organization can be determined through the examination of essential financial statements which include the income statement and balance sheet and cash flow statement. The financial analysis process enables companies to assess their profitability together with their liquidity and solvency and operational effectiveness.

The current business competition requires investors and managers and stakeholders to rely on financial performance analysis as an essential decision-making tool. The financial health of a company across different time periods can be assessed through the use of ratio analysis together with trend analysis and comparative analysis techniques. The methods serve to discover both strengths and weaknesses together with potential areas for business expansion.

Review of literature:

Taylor, R k (2006), in his study mentions that financial statements as the aid towards financial analysis. He indicates that the financial statements help the business organization in having some extremely useful information in the form of balance sheet which mirrors the financial position on a particular date in terms of the structure of assets, liabilities and owner's equity and the profit and loss account which shows the result of operations during a certain period of time, in terms of the revenue obtained and the cost incurred during the year. Thus the financial statements provide a summarized view of the financial position and operations of a firm.

S Sreedharna (2010), mentions about the importance of ratio analysis which helps in the analysis of the financial performance of the company. He indicates that the situation of the two companies is not the same. Similarly, the factors influencing the performance of the company in one year may change in another year. It is also helpful in analysing the profit of the company which enables the company's survival and growth over a long period of time. Therefore, the analysis of the ratio is very much important in order to assess and examine the financial performance of the company.

A K Phophalia, Saritha Sharma and G R Basotia (2008), indicates that ratio analysis is the process of determining and presenting the relationship of the items in financial statements. It is the numerical relationship between two items of financial statements. He also points out that the advantage of working with ratio analysis is that, it enables the organization to properly judge the 47 performance and financial position of the enterprise

which automatically helps the organization in their decision making process, dragonizing the organizations financial ills and studies about the financial trends that is happening in the organization.

Lina Warrad and Dr. Raina AI Omari (2015), studies about the impact of the activity ratios on the financial performance analysis. He tells that most professional analysts and investors tend to focus on Return on Asset (ROA) as their primary measure of firm performance. He also indicates that ROA is a better metric of financial performance than Income statement profitability measures like return on sales (ROS). Return on asset explicitly takes into account the assets used to support business activities. It determines whether the company is able to generate an adequate profit on its assets rather than simply showing return on sales (ROS).

Lambrix and Singhvi (2006), states that ratio analysis is a widely used tool for financial performance analysis. He tells that ratio analysis is a major tool in order to interpret financial statements so that strengths and weaknesses of the firm. He also mentions that ratios are relative figures reflecting the relationship between related variables.

Chaudhary HimanshuTripathi Gaurav (2012), states that to assess the operational efficiency of the companies in the Indian organized retail industry in terms of inventory turnover and also to investigate the impact of inventory turnover on financial performance. A thorough analysis of the 48 inventory management practices adopted at these companies suggests that each retailer plans its inventory level keeping in view its positioning in minds of its customers and, of course, the sales forecasting. The inventory level is based on forecasting which plays a crucial role in the performance of the company.

Melse (2004), reports that ratio analysis provides an insight into the financial health of a firm by looking into it liquidity, solvability, profitability, activity and capital and market structure. Jooste (2004) investigates that many authors agree that cash flow information is a better indicator of financial performance than traditional earnings.

Objectives of the study:

- To study the financial health of the company using ratio and trend analysis
- To identify the financial strengths and weaknesses of Dixon Technologies (India) Ltd. Through the analysis of liquidity, profitability, leverage, and efficiency ratios
- To examine how effectively profits have been generated over the study period.
- To give appropriate suggestions for the better financial performance of DIXON TECHNOLOGIES (India) Ltd., Tirupati.

Need for the study:

The need for the study is to examine the financial performance through ratio and trend analysis tools during a specific time. The analysis of the company's financial performance led us to develop insights which researchers used to create recommendations that would help management solve fundamental business problems while they worked to improve organizational performance.

Scope of the study:

The scope of the present study is the analysis of financial performance of DIXON TECHNOLOGIES. (INDIA) LTD, Tirupati by adopting ratio analysis and trend analysis. The analysis uses past data to show the Company has performed before. This research helps assesses the overall financial health of the organisation.

Research Methodology:

Research Design: Descriptive research

Data Collection:

The study is mainly based on the Secondary data collected from DIXON TECHONOLOGIES (INDIA) LTD., Tirupati

Data Analysis Tools:

- Ratio analysis
- Trend analysis

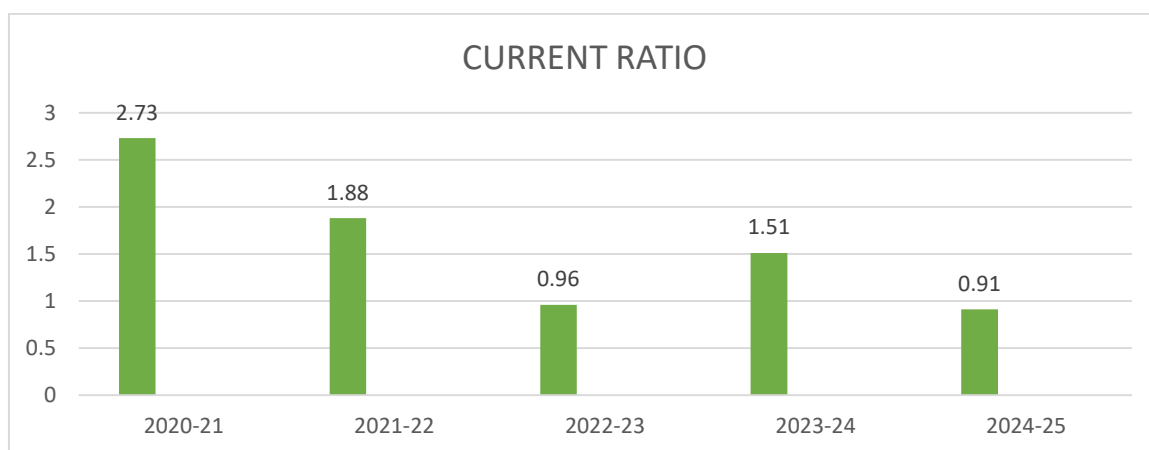
Limitations of The study:

- The study was confined to five financial years only.
- More dependency on secondary.
- The analysis is limited to specific financial tools and May not cover all aspects of performance

Data analysis & interpretation:

Current ratio:

Year	Current Assets	Current liabilities	Current ratio
2020-21	10,725.94	3,922.48	2.73
2021-22	27,336.10	14,506.18	1.88
2022-23	24288.00	25,214.04	0.96
2023-24	36,866.00	24,366.35	1.51
2024-25	29,245.94	32,118.16	0.91

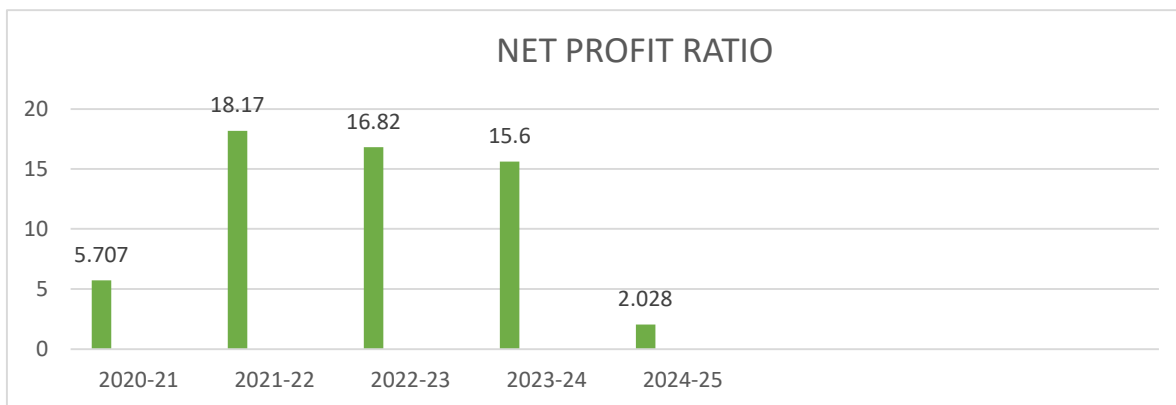


Interpretation:

The current ratio was very strong in 2020–21 (2.73) and remained healthy in 2021–22 (1.88). The company experienced liquidity difficulties during 2022–23 when its current ratio fell below 1 at 0.96. The ratio reached 1.51 in 2023–24 but decreased to 0.91 during the most recent year. The company demonstrates unstable liquidity patterns together with temporary challenges in its financial operations

Net profit ratio:

year	Net Profit	Net Sales	Net Profit Ratio
2020-21	2,265.11	39,689.62	5.707
2021-22	18,057.74	99,378.92	18.17
2022-23	19,772.72	117,521.84	16.82
2023-24	16,963.95	1,08,728.55	15.60
2024-25	2,062.88	101,677.84	2.028

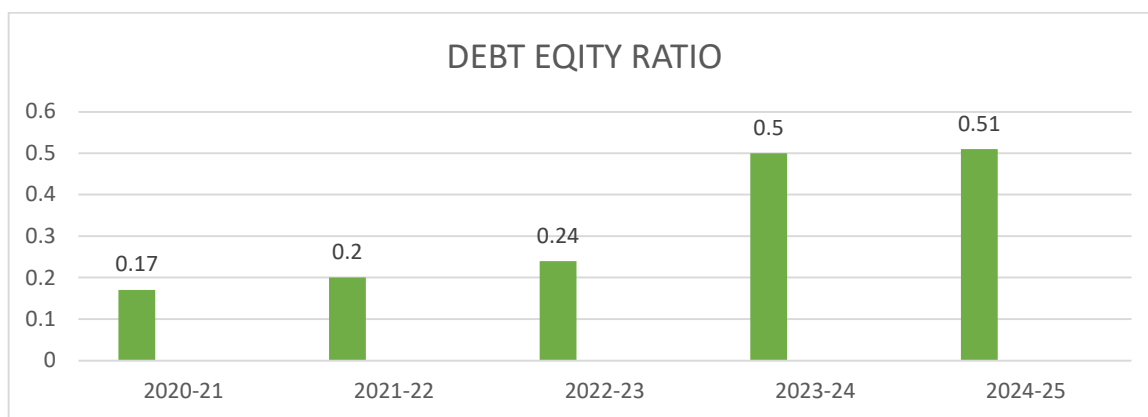


Interpretation:

The net profit ratio increased from 5.707% to 18.17% during 2021–22 which demonstrated a strong improvement in profitability. The profit margins decreased to 16.82% in 2022–23 and further dropped to 15.6% in 2023–24 while showing a gradual decrease. The business maintained good profitability throughout the entire period despite experiencing a decline. The ratio experienced a major drop because net profit decreased to 2.028% which marked a complete decline in 2024–25. The pattern begins with initial growth before the trend ends with a complete decrease and an abrupt drop during the last year.

Debt Equity Ratio:

Year	Total long term debt	Equity share holder fund	Debt equity ratio
2020-21	11,401.62	64,698.07	0.17
2021-22	16,454.93	80,846.56	0.20
2022-23	24,948.24	100,619.28	0.24
2023-24	59,442.25	117,583.23	0.50
2024-25	61,036.84	119,646.11	0.51

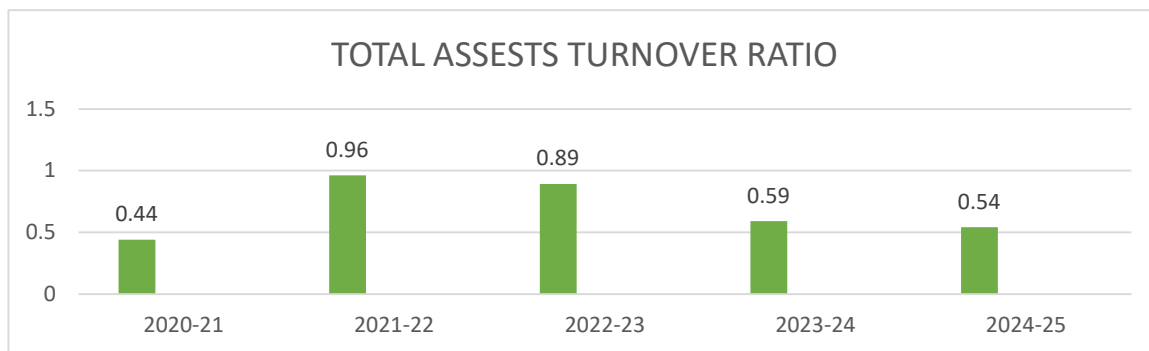


Interpretation:

The Debt–Equity Ratio shows a steady increase over five years which proves that the company has increased its dependence on debt financing. The financial leverage increased through the period because the value rose from 0.17 to 0.24 and then climbed to 0.50 in 2023–2024 while reaching 0.51 in 2024–2025.

Total Assets turnover ratio:

Year	Net Sales	Total Assets	Total Assets Ratio
2020-21	39,689.62	89,896.69	0.44
2021-22	99,378.92	1,02,960.85	0.96
2022-23	117,521.84	1,30,708.68	0.89
2023-24	1,08,728.55	181,385.48	0.59
2024-25	101,677.84	188,042.95	0.54

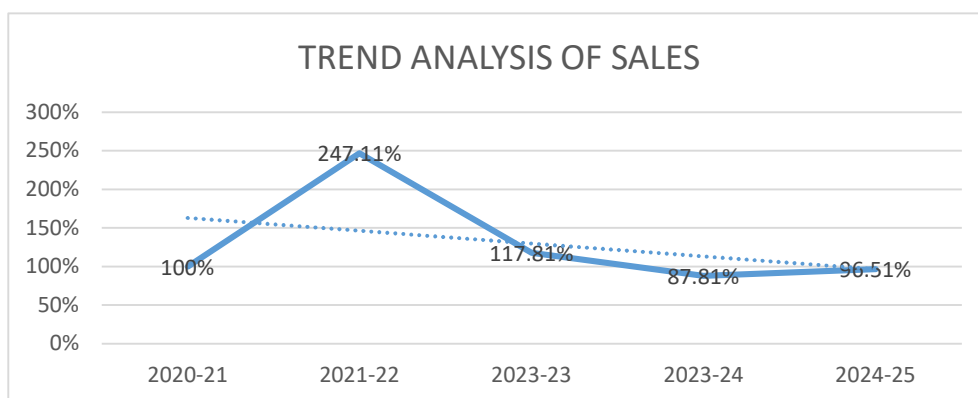


Interpretation:

The Total Assets Turnover Ratio increased from 0.44 to 0.96 in 2021–22, showing better asset utilization. The Total Assets Turnover Ratio after that period decreased to 0.54 by 2024–25, which showed the company lost its ability to generate sales through its total assets.

Trend Analysis of sales

Year	Sales	Trend %
2020-21	47,306.18	100%
2021-22	1,16,900.24	247.11%
2022-23	1,37,728.95	117.81%
2023-24	1,20,946.74	87.81%
2024-25	1,16,737.13	96.51%

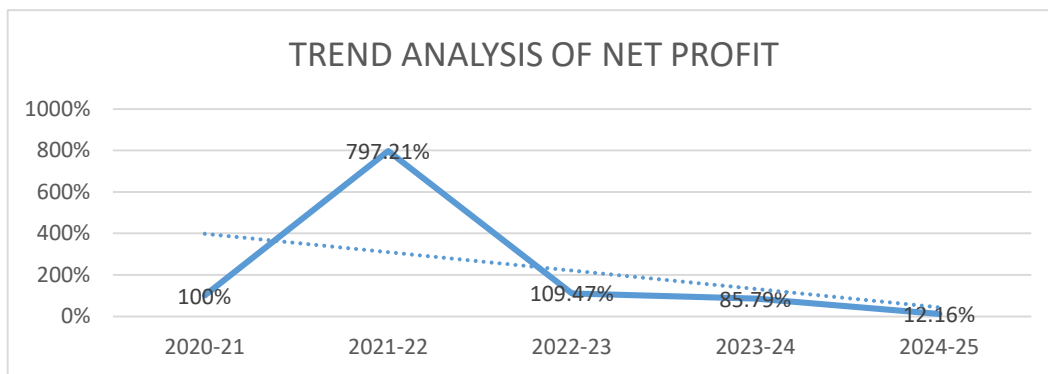


Interpretation:

The trend analysis shows that sales increased sharply in 2021 to 2022 reaching a total of 247.11 percent when compared to the base year 2020 to 2021. However, sales declined significantly in 2022 to 2023 reaching 117.81 percent before dropping to 87.81 percent in 2023 to 2024 which went below the base year level. The period of 2024 to 2025 saw a minor recovery which reached 96.51 percent. The sales trend shows initial periods of rapid growth followed by an essential recovery period which ends with moderate growth during the final year of the study.

Trend Analysis of Net Profit:

Year	Net Profit	Trend %
2020-21	2,265.11	100%
2021-22	18,057.74	797.21%
2022-23	19,772.72	109.47%
2023-24	16,963.95	85.79%
2024-25	2,062.88	12.16%



Interpretation:

Net profit increased to 797.21% during 2021-22 after that showed a small growth in 2022-23. The results showed a downward trend from 85.79% in 2023-24 to 12.16% in 2024-25 because the company experienced initial growth that ended with continuous decline for subsequent years.

Findings:

- Declining Current Ratio: The current ratio decreased from a strong 2.73 first established in 2020-21 to reach 0.91 in 2024-25. The company needs to meet its short-term obligations because its current ratio cannot reach 1.
- Net profit variability: from an outstanding 18.17% to a mere 2.028% in the last year
- Increased Debt Reliance: The Debt/ Equity Ratio increased steadily from 0.17 to 0.51 suggesting an enhanced reliability on borrowed funds against the owners' equity.
- The Total Assets Turnover Ratio peaked at **0.96** in 2021–22 but steadily declined to **0.54** by 2024–25. This downward trend indicates a consistent drop in asset efficiency, suggesting that the company is generating significantly less revenue from its investments.
- The company experienced sales growth from 100% to 247% during 2021-22, but their sales performance dropped to 87% during 2023-24, which demonstrated their loss of initial business expansion
- The second year witnessed an extraordinary profit peak which reached 797% but the profit dropped to 12% by the end of the year. The company now generates only ₹12 for every ₹100 profit which they previously used to earn.

Suggestions:

- The company needs to establish an ideal Current Ratio range of 1.5 to 2.0 because its Current Ratio reached 0.91 and Quick Ratio dropped to 0.62 during 2024-25.
- Should decrease dependency on debt as the debt-equity ratio has increased from 0.17 to 0.51 (2020-2021 to 2024-2025).
- The finance team should create a monthly cash flow forecast that will help them identify upcoming periods of cash shortages so they can develop necessary financial plans.

Conclusion:

- As per the completion of my project work in Dixon Technologies I conclude that performance was at its strongest in 2021-22, with record-breaking sales and high profits. However, in the years following, the company's financial health became unstable due to rising debt and a shortage of "ready cash" for daily operations. To stay successful, Dixon must stop relying on one-time big orders and focus on steady monthly contracts to balance its growth with financial safety.

References:

- Financial Management, I.M. Pandey, Vikas Publishing House Pvt. Ltd., New Delhi.
- Financial Management: Theory and Practice, Prasanna Chandra, Tata McGraw-Hill Education.
- www.google.com

- www.dixontechnologie.com
- <https://macfast.org/wp-content/uploads/2022/03/190031000700.pdf>