

## **Trend Analysis Of Lakshmi Machine Works Limited**

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### ***ABSTRACT***

*This Study is conducted to analyse the financial performance of Lakshmi Machine Works Limited(LMW). The company is based on textile machinery manufacturing.Financial performance is analysed by evaluation of Trends. Trend Analysis is based on the idea that what has happened in the past and gives traders an idea of what will happen in the future.Purpose of this study is to spot a prevalent trend within a user group and/or to determine how a trend developed over time.Study is purely based on secondary data.The selected period of study is from 2015-2019(5 years).It is concluded that the financial performance of the company has been showing an increasing trend over the period of five years.*

**KEY WORDS:** *Textile Machinery, Trend analysis*

### **INTRODUCTION**

The practice of collecting information and attempting to spot a pattern or a specific trend in the information collected is called the trend analysis. Trend analysis gives an idea about what has happened in the past and also enables to predict what will happen in the future. It enables the enterprise to project the future outcomes. Trend analysis is used to forecast market trends, inventory levels, sales growth and interest rates.

### **NEED FOR THE STUDY**

Trend analysis is made to analyse the pattern of growth of an enterprise to make proper economic decisions. It also enables to evaluate the past and present performance of the company. It is also a key to interpret the information contained in the financial statements and to provide judgement regarding the profitability and financial soundness of the company. Thus, in this study an attempt is made to assess the financial strength and performance of Lakshmi Machine Works Limited through Trend analysis.

## **OBJECTIVE**

- To analyse the financial position using trend analysis of Lakshmi Machine Works Limited

## **RESEARCH METHODOLOGY**

Following methodology has been used in the study

## **SOURCES OF DATA**

This study is based on secondary data which have been obtained from annual reports company and the data is collected from the following websites

- <https://www.moneycontrol.com/financials/lakshimachineworks/profit-lossVI/LMW#LMW>
- <http://www.moneycontrol.com/financials/lakshimachineworks/balance-sheetVI/LMW#LMW>

## **DURATION OF THE STUDY**

Study period of LMW Ltd. consists of five years from 2014-15 to 2018-19.

## **TOOL USED**

The tool used in this study for analyzing the financial statement is Trend analysis

## **REVIEW OF LITERATURE**

**Maj Syed Mustafa and Dr. Mohd Taqi (2017)** carried out “a study on Financial Performance Evaluation of Punjab National Bank”. The study was an attempt to measure the financial performance of the second largest public sector bank of India i.e. Punjab National Bank. This study is entirely based on secondary data. The study concluded that the bank has performed well on the sources of growth rate and financial efficiency during the study period.

**Dr.A.Ramya and Dr.S.Kavitha (2017)** carried out a financial analysis of “Maruthi Suzuki limited company”. Secondary data is used in the study. The objective of the study is to examine the profitability and liquidity position and to analyze the growth and development of the company. The study concludes that the company has made a progressive growth in profitability and liquidity sales.

**Sassikala(2018)**made a study on financial statement analysis on TamilNadu Newsprint and Papers limited, Kagithapuram. The objective of the study is to analysis the financial statement of Tamil Nadu Newsprint and Papers Limited, Kagithapuram. The study is carried for a period of five years from 2012-2013 to 2016-2017.Secondary data was used in the study.The study concluded that performance of the company seems to be in increase every year because of the increase in sales but the efficient management of adapting to changes is needed to run towards success. The company is having good reserves and reputation, which will lead to excellent progress in the fore coming years.

## ANALYSIS AND INTERPRETATION

### TREND ANALYSIS

**TABLE 1: TREND ANALYSIS ON NET PROFIT FOR THE PERIOD 2015-2019**

Year	Amt (y)	X	xy	x <sup>2</sup>	Y <sub>c</sub>
2015	207.45	-2.00	-414.90	4.00	212.78
2016	220.12	-1.00	-220.12	1.00	208.28
2017	190.60	0.00	0.00	0.00	203.77
2018	211.42	1.00	211.42	1.00	199.27
2019	189.28	2.00	378.56	4.00	194.77
Total	1018.87	0.00	-45.04	10.00	1018.87

*Source: Secondary Data*

It is understood from the table that there is a decreasing trend with respect to net profit of the company.The estimated profit of the company in the year 2020 will be Rs.190.262 crores.Decrease in profit is due to increasing operating expenses of the company.

**TABLE 2: TREND ANALYSIS ON SALES FOR THE PERIOD 2015-2019**

Year	Amt (y)	X	xy	x <sup>2</sup>	Y <sub>c</sub>
2015	2384.82	-2.00	-4769.64	4.00	2491.37
2016	2753.02	-1.00	-2753.02	1.00	2522.18
2017	2432.26	0.00	0.00	0.00	2552.98
2018	2558.90	1.00	2558.90	1.00	2583.78
2019	2635.90	2.00	5271.80	4.00	2614.59
Total	12764.90	0.00	308.04	10.00	12764.90

*Source: Secondary Data*

Above table shows that there is an increasing trend with respect to sales of the company. It is also estimated that in the year 2020 the company will make sales amounting to Rs.2645.39 crores which is more as compared to the previous years.

**TABLE 3: TREND ANALYSIS ON INVENTORY FOR THE PERIOD 2015-2019**

Year	Amt (y)	X	xy	x <sup>2</sup>	Y <sub>c</sub>
2015	288.66	-2.00	-577.32	4.00	297.71
2016	299.35	-1.00	-299.35	1.00	302.25
2017	331.78	0.00	0.00	0.00	306.80
2018	306.27	1.00	306.27	1.00	311.34
2019	307.92	2.00	615.84	4.00	315.88
Total	1533.98	0.00	45.44	10.00	1533.98

*Source: Secondary Data*

It is observed from the table that there is an increasing trend in 5 year period. It can also be stated that the company shall increase its production over the years as a result of increasing trends in the inventory. The estimated inventory in the year 2020 is Rs.320.42 crores.

**TABLE 4: TREND ANALYSIS ON TRADE RECEIVABLES FOR THE PERIOD 2015-2019**

Year	Amt (y)	X	xy	x <sup>2</sup>	Y <sub>c</sub>
2015	220.58	-2.00	-441.16	4.00	213.82
2016	207.96	-1.00	-207.96	1.00	215.92
2017	195.09	0.00	0.00	0.00	218.03
2018	262.84	1.00	262.84	1.00	220.13
2019	203.66	2.00	407.32	4.00	222.23
Total	1090.13	0.00	21.04	10.00	1090.13

*Source: Secondary Data*

Increasing trend in trade receivables shows a sign of increase in sales of the company over the years. The estimated trade receivables of the company in the year 2020 is Rs.224.338 crores.

## SUGGESTION

Management shall make necessary decisions in order to control the costs to earn increasing profits in the upcoming years.

## CONCLUSION

To conclude, the financial performance of “Lakshmi Machine Works Limited” was reasonable and satisfactory.

## REFERENCE

### WEBSITES

- [www.moneycontrol.com](http://www.moneycontrol.com)
- [www.omicsonline.org](http://www.omicsonline.org)
- [www.lmwglobal.com](http://www.lmwglobal.com)

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