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A Study On Comparative Financial Statement Analysis Of Thinknext Tecnology Pvt. Ltd. For The Year 2022-24

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Keywords: Financial analysis, comparative analysis, profitability, liquidity, solvency, Think NEXT Technologies Pvt. Ltd

Abstract: This study examines the comparative financial statement analysis of Think NEXT Technologies Pvt. Ltd. for the period 2022–2024. The purpose of the analysis is to assess the company's financial health by evaluating its liquidity, profitability, solvency, and efficiency. Using tools such as trend analysis, common-size analysis, and ratio analysis, the study highlights variations in revenue, net profit, and key financial ratios across the three years. Findings indicate that while the company maintained a stable net profit and healthy liquidity position, it experienced a significant decline in revenue during 2024. The absence of debt reflects a conservative financing structure, but the need for revenue diversification and strategic investment remains crucial for long-term sustainability. This research provides useful insights for management, investors, and stakeholders, supporting informed decision-making and financial planning.

Introduction

INTRODUCTION TO COMPANY
Think NEXT Technologies Pvt. Ltd., established in 2009, is an ISO-certified software development company providing ERP solutions, mobile applications, web development, biometric systems, bulk messaging, and industrial training. With expertise in emerging technologies such as NFC, cloud computing, and smart campus automation, the company has expanded its presence across India and abroad. Its commitment to innovation, quality, and training has positioned it as a key player in IT solutions and placements.

INTRODUCTION TO TOPIC
Financial analysis, also known as financial statement analysis, is the systematic study of a company's financial records—such as the balance sheet, income statement, and cash flow statement—to assess its overall health and performance. It serves as a critical tool for evaluating profitability, liquidity, solvency, and operational efficiency, thereby providing a comprehensive picture of business viability and sustainability. The process involves multiple techniques. **Horizontal or trend analysis** compares performance over different periods to identify growth patterns or declines. **Vertical or common-size analysis** expresses financial items as percentages of a base figure, helping to understand the structure of costs and revenues. **Ratio analysis** further enhances understanding by calculating indicators like the current ratio, debt-to-equity ratio, return on assets (ROA), and

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return on equity (ROE), which reflect liquidity, solvency, profitability, and efficiency. In addition, cash flow analysis evaluates how effectively a company generates and uses cash in operations, investments, and financing activities, offering insights into its real liquidity and resilience.The importance of financial analysis lies in its ability to assist different stakeholders. For management, it supports decision-making, budgeting, and strategic planning. For investors and creditors, it measures profitability, risk, and creditworthiness. It also ensures transparency, compliance, and accountability in reporting. While highly useful, financial analysis has certain limitations as it relies on historical data and quantitative measures, sometimes overlooking qualitative aspects such as leadership, innovation, or market dynamics.In the context of this study, financial analysis of **Think NEXT Technologies Pvt. Ltd. for 2022–2024** helps to evaluate the company's performance, highlight trends in revenue and profitability, and identify areas for improvement. By applying comparative and ratio-based techniques, the analysis offers valuable insights that can guide sustainable growth and strengthen financial decision-making.

Literature Review:

Financial analysis has been widely studied as a critical tool for assessing the performance and sustainability of organizations. According to **Beck et al. (2005)**, access to finance remains a major challenge for businesses, and financial evaluation provides a basis for improving credit decisions and investments. **Djankov et al. (2002)** emphasize that streamlined regulatory and reporting mechanisms improve transparency, thereby enhancing the accuracy of financial assessments. Similarly, **Fritsch and Noseleit (2013)** highlight that strong financial performance, supported by efficient resource management, enhances competitiveness in dynamic markets. Further, the **International Labour Organization (2018)** stresses the role of capacity building and structured financial practices in strengthening enterprises, while the **OECD (2019)** underlines the importance of adopting a holistic approach that integrates financial analysis with regulatory and strategic policies. These studies collectively show that financial analysis not only measures profitability and stability but also provides insights into operational efficiency, risk management, and long-term planning.

Objectives:

- To conduct a comparative analysis of the financial statements of Think Next Technologies Pvt. Ltd. for the years 2022 to 2024

Research methodology:

- **Source of data:** In this report, secondary data will serve as the cornerstone of our research methodology, providing a comprehensive foundation for analysis and insight generation. Secondary data offers several advantages for this study. The study is based on secondary data collected from the company's financial statements for the years 2022 to 2024.
- **Sources:** The financial statements have been obtained from reputable sources, including company reports and databases.
- **Sample size:** Three year
- **Sample area:** Think next Technology Pvt. Ltd.

Data analysis:

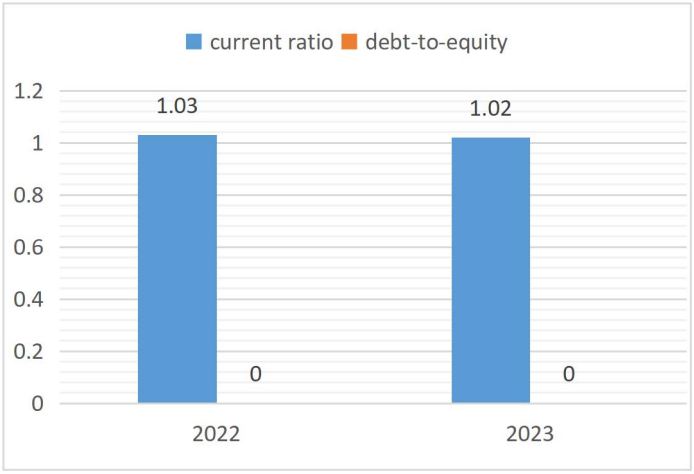
COMPARATIVE ANALYSIS OF FINANCIAL STATEMENTS OF THINK NEXT TECHNOLOGIES PVT. LTD. (2022-2024)

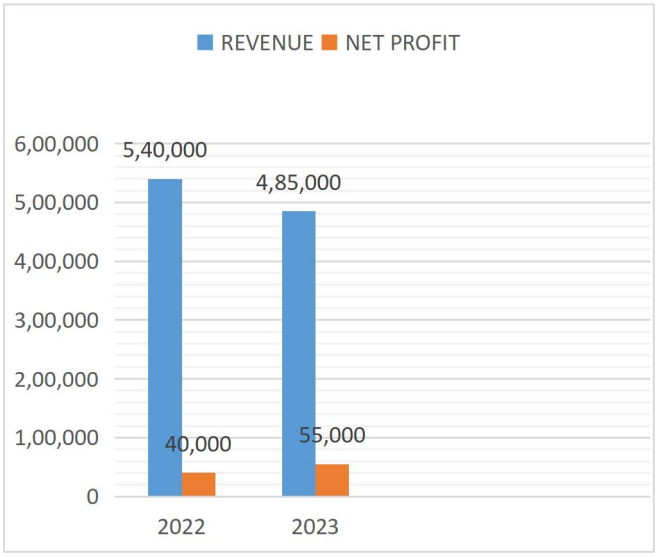
Balance sheet comparison for years 2022 and 2023

Particular	2022	2023
Current ratio	1.03	1.02
Debt-to-equity	0.00	0.00

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Interpretation

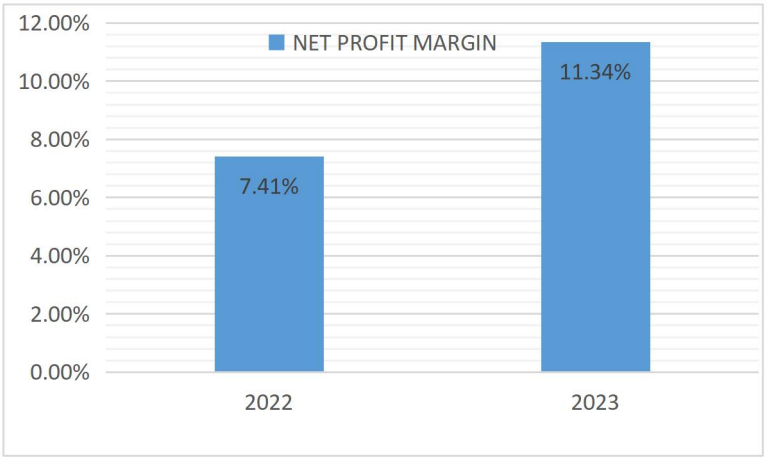
The slight decrease in the current ratio from 1.03 to 1.02 suggests a minor decline in the company's liquidity position. However, both values are above 1, indicating that the company has sufficient current assets to cover its current liabilities. The consistent debt-to-equity ratio of 0.00 over both years indicates that the company has no debt obligations. This suggests a conservative approach to financing, where the company relies more on equity than debt to fund its operations and growth.

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Profit and loss account comparison for year 2022-2023

Particular	2022	2023
Revenue	5,40,000	4,85,000
Net profit	40,000	55,000
Net profit margin	7.41%	11.34%

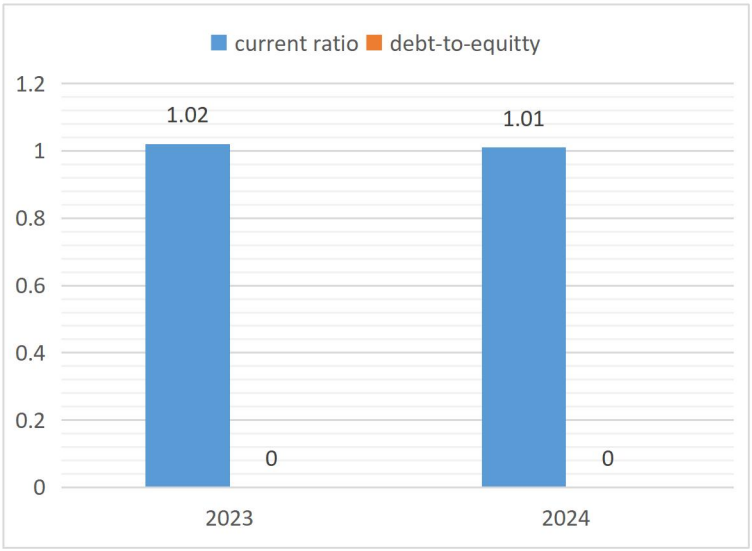


Interpretation

The company's financial performance from 2022 to 2023 shows a decline in revenue by 55,000, representing a 10.19% decrease, from 5,40,000 to 4,85,000. However, the net profit increased by 15,000, marking a 37.5% rise, from 40,000 to 55,000. This indicates that despite facing challenges in revenue -efficiency or cost management strategies. The net profit margin also increased from 7.41% in 2022 to 11.34% in 2023.

Balance sheet comparison of year 2023-2024

Particular	2023	2024
Current ratio	1.02	1.01
Debt-to-equity	0.00	0.00

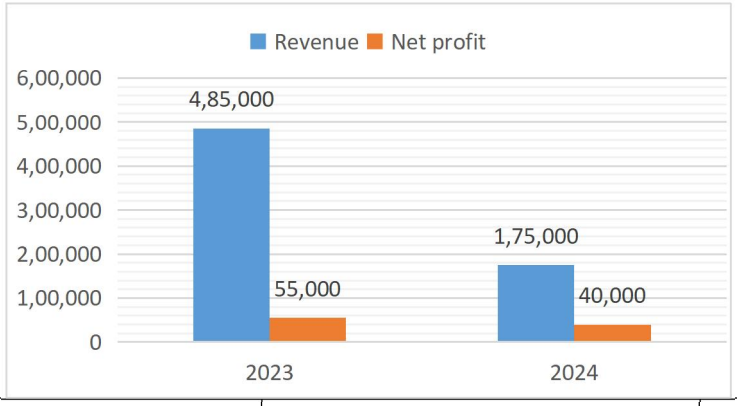


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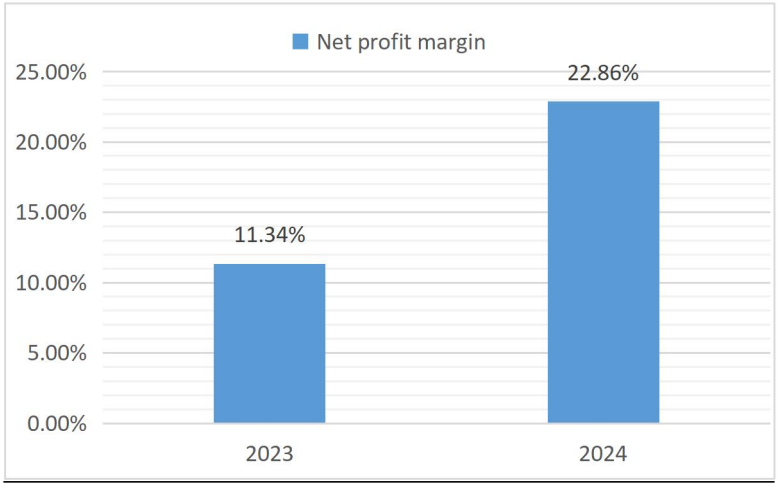
Interpretation

The company's financial position remained stable between 2023 and 2024, with a slight decrease in current ratio from 1.02 to 1.01, indicating minimal impact on liquidity. The debt-to-equity ratio stayed at 0.00, showing no debt and a conservative financing approach. Overall, the company's financial health appears stable.

Profit and loss account comparison for year 2023-2024



Particular	2023	2024
Revenue	4,85,000	1,75,000
Net profit	55,000	40,000
Net profit margin	11.34%	22.86%



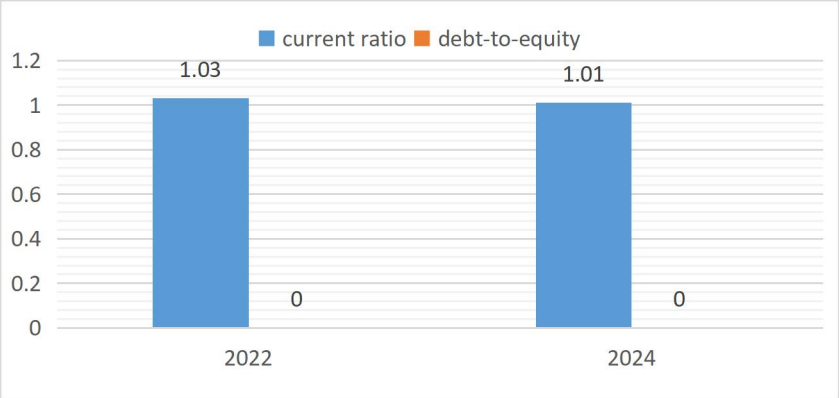
Interpretation

The profit and loss account comparison between 2023 and 2024 reveals significant changes in the company's financial performance. In 2023, the company generated a revenue of 4,85,000, resulting in a net profit of 55,000 and a net profit margin of 11.34%. However, in 2024, the revenue decreased substantially to 1,75,000, leading to a lower net profit of 40,000. Despite this decline in revenue and net profit, the net profit margin increased to 22.86% in 2024. The significant increase in net profit margin indicates that the company was able to generate more profit per unit of revenue in 2024 compared to 2023. Overall, the comparison highlights the company's ability to adapt to changing market conditions and maintain its profitability despite a decline in revenue.

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Balance sheet comparison for year 2022 & 2024

Particular	2022	2024
Current ratio	1.03	1.01
Debt-to-equity	0.00	0.00

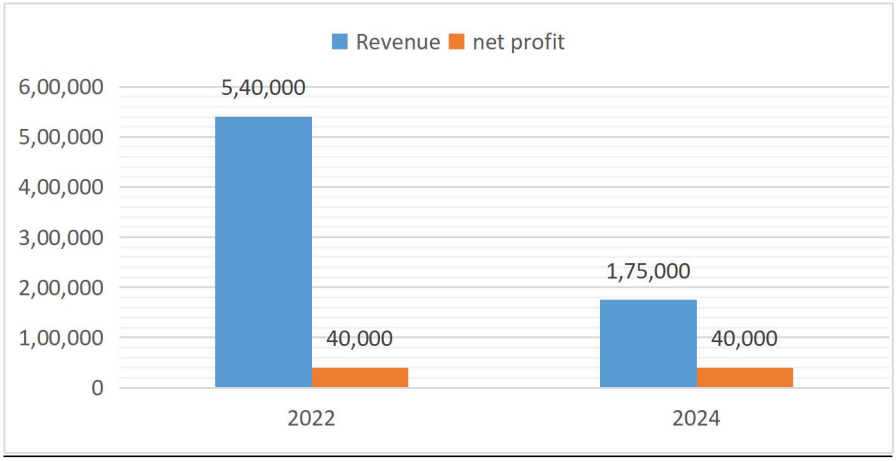


Interpretation

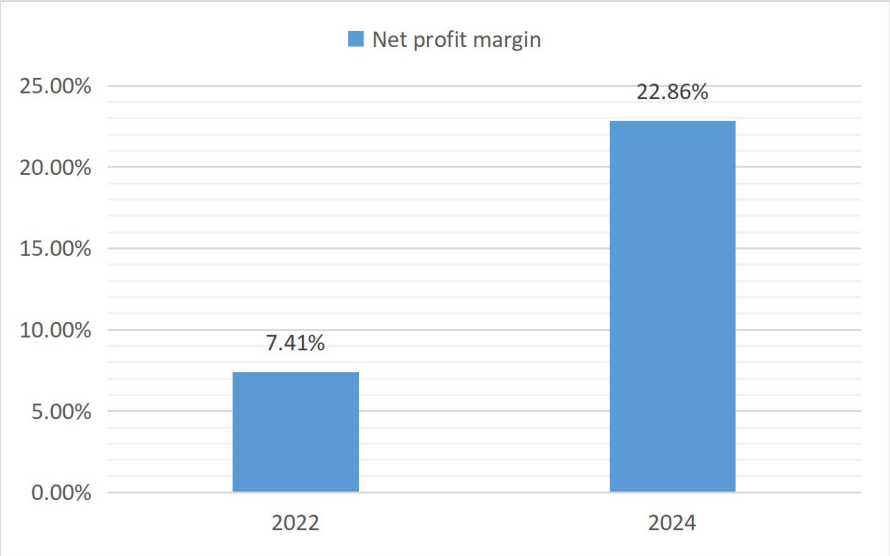
The balance sheet comparison between 2022 and 2024 indicates a stable financial position for the company. The slight decrease in the current ratio from 1.03 to 1.01 suggests a minor reduction in liquidity, but it remains close to the ideal ratio of 1, indicating the company's ability to cover its short-term liabilities. The debt-to-equity ratio of 0.00 for both years signifies that the company has no debt and relies entirely on equity financing, which is a positive indicator of financial health and stability. Overall, the company's financial position appears strong and stable, with minimal changes over the two-year period.

Profit and loss account compassion for year 2022 & 2024

Particular	2022	2024
Revenue	5,40,000	1,75,0000
Net profit	40,000	40,000
Net profit margin	7.41%	22.86%



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Interpretation

The profit and loss account comparison between 2022 and 2024 reveals significant changes in the company's financial performance. In 2022, the company generated a revenue of 5,40,000, resulting in a net profit of 40,000 and a net profit margin of 7.41%. In contrast, the revenue in 2024 decreased to 1,75,000, but the net profit remained the same at 40,000. However, the net profit margin increased to 22.86% in 2024. This indicates that despite a substantial decline in revenue, the company was able to maintain its net profit level, leading to a significant improvement in its net profit margin. This could be attributed to various factors such as cost reduction measures, improved operational efficiency, or changes in the company's pricing strategy. Overall, the comparison suggests that the company has become more profitable in 2024 compared to 2022, despite the decline in revenue.

Findings:

- **Decline in Revenue:** The company's revenue has declined significantly from ₹5,40,000 in 2022 to ₹1,75,000 in 2024, indicating a downward trend.
- **Stable Net Profit:** Despite the decline in revenue, the net profit has remained stable at ₹40,000 in 2022 and 2024, with a slight increase to ₹55,000 in 2023.
- **Healthy Liquidity Position:** The current ratio has remained stable, indicating a healthy liquidity position. The current ratio of 1.03 in 2022, 1.02 in 2023, and 1.01 in 2024 suggests that the company has sufficient current assets to meet its short-term obligations.
- **No Debt Obligations:** The debt-to-equity ratio is 0.00, indicating no debt obligations. This suggests that the company has not taken on any debt to finance its operations and is relying on equity financing.
- **Diversification of Revenue Streams:** Think Next Technologies Pvt. Ltd. should consider diversifying its revenue streams to reduce dependence on a single source of income. This could include exploring new markets, products, or services.
- **Cost Management:** The company 's ability to maintain a stable net profit despite a decline in revenue suggests effective cost management. The company should continue to monitor its costs and optimize its operations to maintain profitability.
- **Investment in Growth Initiatives:** The company 's healthy liquidity position and stable net profit provide a solid foundation for investing in growth initiatives. Think Next Technologies Pvt. Ltd. should consider investing in new projects or technologies that can enhance its financial performance and drive long-term sustainability.

Suggestions:

- **Develop a Diversification Strategy:** The company should develop a diversification strategy to reduce its dependence on a single source of income. This could include exploring

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new markets, products, or services that align with its core competencies.

- **Implement Cost Optimization Measures:** The company should continue to monitor its costs and implement cost optimization measures to maintain profitability. This could include streamlining operations, reducing waste, and improving efficiency.
- **Invest in Growth Initiatives:** The company should consider investing in new projects or technologies that can enhance its financial performance and drive long-term sustainability. This could include investing in research and development, expanding into new markets, or developing new products or services.
- **Develop a Risk Management Framework:** The company should develop a risk management framework to identify, assess, and mitigate risks associated with its operations. This could include implementing internal controls, hedging strategies, and diversification techniques.
- **Conduct Market Research:** The company should conduct market research to better understand its customers' needs and preferences. This could include gathering feedback, conducting surveys, and analyzing industry trends.
- **Develop a Strategic Plan:** The company should develop a strategic plan that outlines its goals, objectives, and strategies for achieving long-term sustainability. This could include setting clear targets, identify key performance indicators, and establish a timeline for implementation.
- **Invest in Employee Development:** The company should invest in employee development to enhance its skills and capabilities. This could include providing training and development programs, mentoring, and coaching.
- **Monitor and Evaluate Performance:** The company should regularly monitor and evaluate its performance to identify areas for improvement. This could include tracking key performance indicators, conduct regular reviews, and make adjustments as needed.

Conclusion:

The comparative analysis of Think Next Technologies Pvt. Ltd.'s financial statements for the years 2022 to 2024 reveals a stable financial position, despite a decline in revenue. The company's liquidity position is healthy, and there are no debt obligations. However, the decline in revenue requires attention, and the company needs to explore new markets and increase sales to drive growth.

To achieve long-term sustainability, Think Next Technologies Pvt. Ltd. should focus on diversifying its revenue streams, managing costs effectively, investing in growth initiatives, and managing risks associated with its operations. By implementing these strategies, the company can optimize its financial performance, achieve long-term sustainability, and create value for its stakeholders.

Think Next Technologies Pvt. Ltd. has a solid foundation for growth and sustainability, and with the right strategies and initiatives, it can overcome the challenges it faces and achieve success in the long term.

Think Next Technologies Pvt. Ltd. can further optimize its financial performance and achieve long-term sustainability by conducting market research to better understand its customers' needs and preferences, developing a strategic plan that outlines its goals and objectives, investing in employee developmeenhance its skills and capabilities, and regularly monitoring and evaluating its performance to identify areas for improvement. By taking these steps, the company can make informed decisions, drive growth, and create value for its stakeholders.

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Balance Sheet — ThinkNext Technologies Pvt. Ltd.

Liabilities	ThinkNext Technologies Pvt. Ltd. as at 31-Mar-23		Assets	ThinkNext Technologies Pvt. Ltd. as at 31-Mar-23	
Capital Account		**65,50,000.00**	**Current Assets**		**65,90,000.00**
Capital A/c	*65,50,000.00*		Cash-in-Hand	*64,10,000.00*	
Loans (Liability)			Bank Accounts	*1,80,000.00*	
Current Liabilities					
Profit & Loss A/c		**40,000.00**			
Opening Balance					
Current Period	*40,000.00*				
Total		**65,90,000.00**	**Total**		**65,90,000.00**

Ratio Analysis — ThinkNext Technologies Pvt. Ltd.

Principal Groups	ThinkNext Technologies Pvt. Ltd. 1-Apr-23 to 31-Mar-24	Principal Ratios	ThinkNext Technologies Pvt. Ltd. 1-Apr-23 to 31-Mar-24
Working Capital	**63,90,000.00 Dr**	**Current Ratio**	0.00 : 1
(Current Assets-Current Liabilities)		*(Current Assets : Current Liabilities)*	
Cash-in-Hand	61,95,000.00 Dr	**Quick Ratio**	0.00 : 1
Bank Accounts	1,95,000.00 Dr	*(Current Assets-Stock-in-Hand : Current Liabilities)*	
Bank OD A/c		**Debt/Equity Ratio**	0.00 : 1
Sundry Debtors		*(Loans (Liability) : Capital Account + Nett Profit)*	
(due till today)		**Gross Profit %**	0.00 %
Sundry Creditors		**Nett Profit %**	0.00 %
(due till today)		**Operating Cost %**	0.00 %
Sales Accounts		*(as percentage of Sales Accounts)*	
Purchase Accounts		**Recv. Turnover in days**	days
Stock-in-Hand		*(payment performance of Debtors)*	
Nett Loss	1,75,000.00 Dr	**Return on Investment %**	(-)2.72 %
Wkg. Capital Turnover		*(Nett Profit / Capital Account + Nett Profit)*	
(Sales Accounts / Working Capital)		**Return on Wkg. Capital %**	(-)2.74 %
Inventory Turnover		*(Nett Profit / Working Capital) %*	
(Sales Accounts / Closing Stock)			