



# **A Study on Financial Performance Analysis of Touchstone Infrastructure and Solutions Pvt Ltd.**

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## **Abstract**

This study examines the financial viability, stability, and profitability of Touchstone Infrastructure and Solutions Pvt. Ltd. (TISPL) through detailed financial statement analysis. The primary objective is to evaluate the company's financial health and earning capacity, as well as its potential as an investment opportunity. The research is based on secondary data collected from TISPL's audited annual reports over the past five years. The main key financial ratios values are calculated to assess liquidity, profitability, and operational efficiency. The findings indicate that while TISPL demonstrates moderate financial health, there are areas for improvement, particularly in profitability and asset utilization.

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**Keywords:** stability, financial health, financial performance, audit report

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## **Introduction**

Finance in the construction industry involves managing funds related to activities such as securing loans, managing credit, handling payments, investing in equipment and materials, and overseeing budgets. Effective financial management is crucial for acquiring the necessary capital to complete construction projects, monitoring cash flow, controlling costs, managing assets and liabilities, and ensuring the overall financial health of construction companies. This includes budgeting for labor, materials, machinery, permits, and unexpected expenses, as well as managing assets like heavy machinery, land, and buildings, and liabilities such as loans, supplier payments, and employee wages. Proper financial planning helps construction firms maintain stability, meet debt obligations, and make strategic decisions on investments or expansions.

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## **Organization Profile**

Touchstone Infrastructure and Solutions Pvt. Ltd. (TISPL), established in 2007, has become a trusted name in the infrastructure sector. The company specializes in delivering comprehensive project management and design services tailored to the dynamic needs of the construction and infrastructure industries.

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## **Review of Literature**

Rajhans and Nerkar (2017) conducted a case study on the financial performance of a Fast-Moving Consumer Goods (FMCG) company, focusing on key financial indicators to evaluate market position and profitability. The authors suggested that improving the current ratio is essential for enhancing creditworthiness and overall financial health.

Abika and Lavanya (2024) analyzed Tata Steel's financial performance, emphasizing the need to improve short-term solvency to enhance liquidity and recommending curtailing future expenses to increase profitability.

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## **Objectives of the Study:**

- To assess the earning capacity or profitability of Touchstone Infrastructure and Solutions Pvt. Ltd.
- To find the liquidity position of the company based on turnover.
- To examine the company's solvency and long-term financial stability.
- To do deep study of the effectiveness of the company in managing its assets and liabilities.

## Methodology

This study uses secondary data collected from TISPL's audited annual reports over the past five years. Financial ratio analysis is employed to find the company's liquidity, profitability, and proficiency.

## Data Analysis and Interpretation

### 1) Current Ratio:

Year	Current Assets	Current Liabilities	Ratio
2019 -2020	1042.34	729.0	1.42
2020 -2021	3512.5	2270.8	1.55
2021 - 2022	3291.9	1097.6	2.99
2022 - 2023	6615.6	1346.9	4.91
2023-2024	5502.1	482.7	11.4

The current ratio (Current Assets / Current Liabilities) was highest in 2023–2024 at 11.4 and lowest in 2019–2020 at 1.42, indicating improved liquidity over the period.

### 2) Quick Ratio:

Year	QUICK ASSET	CURRENT LIABILITY	QUICK Ratio
2019-2020	529.1	729.0	0.72
2020-2021	1105.1	2270.8	0.49
2021-2022	813.4	1097.6	0.74
2022-2023	2915.6	1346.9	2.16
2023-2024	363.2	482.7	0.75

The quick ratio [(Current Assets – Inventory) / Current Liabilities] was highest in 2022–2023 at 2.16 and lowest in 2020–2021 at 0.049, reflecting fluctuations in immediate liquidity.

### 3) Return on Assets (ROA):

Year	NET INCOME	TOTAL ASSETS	Ratio(TIME)
2019-2020	10.6	2117.2	0.005
2020-2021	27.6	3983.0	0.006
2021-2022	130.3	4580.6	0.028
2022-2023	151.7	8152.6	0.018
2023-2024	117.8	6963.6	0.016

ROA (Net Income / Total Assets) peaked in 2021–2022 at 0.028, indicating more efficient asset use compared to 2019–2020 at 0.005. Comparing ROA to industry averages or historical performance provides further insight.

### 4) Asset Turnover Ratio:

Year	SALES	AVG ERAGE OF TOTAL ASSET	RATIO(TIMES)
2019-2020	535.8	1088.9	1.94
2020-2021	6281.7	3050.1	1.3
2021-2022	12854.2	4281.8	1.06
2022-2023	27817.2	6366.6	1.28
2023-2024	36382.1	7558.1	0.92

The asset turnover ratio (Net Sales / Average Total Assets) was highest in 2019–2020 at 1.94, signifying efficient asset utilization, but dropped to 0.92 in 2023–2024, which may indicate underutilization or inefficiencies in production, collection, or inventory management.

**5) Capital Turnover Ratio:**

Year	SALES	CAPITAL EMPLOYED	Ratio (Times)
2019-2020	535.79	388.18	1.38
2020-2021	6,281.73	1,712.19	3.66
2021-2022	12,854.24	3,482.96	3.69
2022-2023	27,817.23	6,805.74	4.08
2023-2024	36,382.07	6,480.89	5.61

The capital turnover ratio (Net Profit After Tax / Total Assets × 100) increased from 1.38 in 2019-2020 to 5.61 in 2023–2024, indicating improved efficiency in utilizing capital.

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**Conclusion**

The analysis reveals that Touchstone Infrastructure and Solutions Pvt. Ltd. has demonstrated moderate financial performance over the past five years. Liquidity has improved, but profitability and asset utilization require further attention. The company's financial position is stable but not optimal, suggesting the need for strategic improvements to enhance profitability and operational efficiency. Investors should review historical financial records before making investment decisions, as the company's ratios, while stable, are not consistently satisfactory.

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