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FINANCIAL STATEMENT ANALYSIS OF INDIAN RAILWAY CATERING AND TOURISM CORPORATION

Mr. Karthick K[1], Mr. M. Selva Kumar[2], Dr. C. Rajalakshmi[3]

[1]*MBA, Sakthi Institute of Information and Management Studies, Pollachi.*
[2]*Assistant Professor, Sakthi Institute of Information and Management Studies, Pollachi*
[3]*Associate Professor, Sakthi Institute of Information and Management Studies, Pollachi*

ABSTRACT

This research work focuses on the analysis of the financial statements of Indian railway meals and tourism (IRCTC), a major public sector under the Ministry of Railways. The main objective of the study is to evaluate the financial performance and stability of IRCTC by examining its key financial indicators in recent financial years. The analysis is performed using various financial instruments, including the analysis of the ratio, horizontal and vertical analysis and evaluation of cash flows to assess profitability, liquidity, efficiency and solvency. By interpreting trends and formulas in the company's financial data, the IRCTC's financial strengths and potential areas of interest emphasize. The study also considers the influence of external challenges, such as economic disruptions and regulatory changes, on the financial results of the company. The aim of the finding is to support the decisions of the parties, investors and politicians and contribute to a broader understanding of financial performance in the public sector.

KEYWORDS: *Profitability, Liquidity, Efficiency and Solvency, Financial Indicators, Financial Strengths*

INTRODUCTION

Financial statements are key tools that show the financial situation, performance and cash flow of the company. Analysis of these statements helps stakeholders, such as investors, management and financial institutions, understand the ability of the company to generate profits, manage resources and maintain operations. In today's competitive business environment, financial analysis plays an essential role in deciding on informed investment decisions, improving operating strategies and evaluation of fighting. This study focuses on the analysis of the financial statements of the Indian railway catering and tourist societies (IRCTC), a government company under the Ministry of Railways. Irctc, founded in 1999, became a leader in the field of catering, tourism and online railway tickets in India. The project analyzes IRCTC financial performance from 2020 to 2024 using tools such as analysis to assess profitability, liquidity and overall financial health. Its aim is to offer knowledge about the strengths, challenges and future prospects of IRCTC-especially in connection with recovery after the Covid-19 pandemia.

REVIEW OF LITERATURE

Harshini (2023), conducted a study on financial performance of ITC ltd. This study deals with the financial health of the company. The objective of the study is to measure the company's overall profitability and to determine its short-term debt obligations by using profitability, solvency, liquidity, efficiency ratios. The analysis of the financial statements' trends and patterns also sheds light on the company's strengths and shortcomings in terms of its finances. Secondary data were used in the analysis. Data was collected for a five-year period between 2017 and 2021. The study's findings offer a thorough insight of ITC Ltd.'s financial performance and point out that there has been a consistent growth for past 10 years and have positive cash flow and it suggests to implement proper management to minimise the cost. The company's financial performance was impressive and the company is well positioned for future growth.

T. Preetha (2022), performed an analysis on Financial Performance of Tata Marco polo Motors Ltd. This article studies about the liquidity, profitability and financial position of the company. To achieve this, tool like ratio analysis have been used. The ratios used were activity ratio, liquidity ratio and solvency ratio. Secondary data have been used for the analysis. Those data were collected from the annual report & balance sheet and statement of profit & loss account of Tata Marco polo Motors Ltd. The study revealed that the company hasn't effectively and efficiently utilized fund. This shows that the company is financially weaker. The company should focus on raising funds by borrowing and increase its production and to generate profit by making strategies.

Bharappa haralayya(2022) Conducted a research work about the impact of ratio analysis on financial performance in royal Enfield. The main objective was to study the economic performance of the company. The focus was to calculated the profitability, solvency and earnings of the company and how this effect the company economically**.**

Bhupender kumar som & himanshu goel (2021) have research work on the topic ratio analysis: a study on financial performance of tata motors and there founded on their research work the performance of tata motors of 5 years from 2016-2020, five ratios were calculated for the purpose of assessing the financial performance of the company that included the return on capital employed, profit margin, inventory turnover ratio, current ratio and assets turnover. Secondary data was collected from the financial performance of the tat motors. The company has a good potential by earning return on their share.
Ankita Singla and Balbir Singh (2020) the researchers conclude that growth of Indian railways is satisfactory for total investment, total capital, number of passengers originating,

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number of stations etc. but net revenue receipts and number of employees employed are showing negative growth.

OBJECTIVES

- To Analyze IRCTC financial performance by assessing profitability, liquidity and solvency ratios to assess its earnings capacity, short -term financial stability and long -term financial strength.
- To provide a clear understanding of IRCTC financial health and overall performance during a particular period through a detailed analysis of the ratio.

RESEARCH METHODOLOGY

This study will use statistical tools such as diameter, standard deviation and variation coefficient for analysing key financial conditions IRCTC, including assets (ROA), ROE, debt capital, current ratio. These conditions will assess the profitability, financial stability and efficiency of IRCTC from March 2020 to March 2024 and provide information on its financial strength and growth potential.

COMPANY PROFILE

INDIAN RAILWAY CATERING AND TOURISM CORPORATION (IRCTC)

Indian Railway Catering and Tourism Corporation (IRCTC) is a public sector company that provides tickets, food and tourism for Indian railways. IRCTC was founded in 1999 under the Ministry of Railways, in 2019 it was listed on the National Stock Exchange (NSE) and Bombay Stock Exchange (BSE), while the government maintained a 67% share. Since December 2023, IRCTC has 66 million registered users, on average 7.31 tickets reserved every day.

History

IRCTC was founded on 27 September 1999 as a fully government entity. In 2008 he acquired the status of mini -het and offered some financial autonomy. In 2019, IRCTC was listed on the NSE, which reduced the government's share from 87% to 67%. Another disinvestment took place in 2020 and 2022, while the government share eventually decreased to 62.4%. In 2025, IRCTC achieved a state of navigation.

Mission and Vision

The mission of IRCTC is to provide services at the world level of travel and tourism at affordable prices and at the same time focus on customer satisfaction. His vision is to be a world leader in tour and tourism, use of technology and support of Indian cultural heritage.

Services

IRCTC offers a wide range of services, including online ticket sales through their website and applications, catering services on trains and tourism packages. It operates food plasma, electronic capital services and luxury trains such as Maharajas' Express and Tejas Express. In addition, IRCTC manages train operations, air -conditioned lounges and budget hotels at the main stations. In 2011, the company launched a loyalty program called SHUBH YATRA and in 2013 introduced flight and hotel reservation. It also offers travel insurance passengers.

Patronage

Since December 2023, IRCTC boasts 66 million registered users, with daily reservations on average 7.31 Lakh tickets. Despite concerns about data leaks in 2016 and 2020, the company assured that customer data is safe.

Strategic goals and future plans

IRCTC focuses on digital transformation, expands its digital services and receives AI and machine learning to increase efficiency. The aim is also to expand international, offer outgoing tourism packages and undertaken to sustainability, thereby reducing its environmental impact through environmental initiatives.

DATA ANALYSIS AND INTERPRETATION

CURRENT RATIO

The current ratio is the ratio of liquidity that shows the ability of the company to pay its short -term debts through its short -term assets. The ratio above 1 means that the company has more assets in the short term than obligations, which is usually a good sign. However, a very high ratio could mean that society does not use its assets effectively. The ratio below 1 suggests that the company may have difficulty in fulfilling its short -term obligations.

$$Current\ Ratio = \frac{Current\ Asset}{Current\ Liabilities}$$

Year	Current Assets	Current Liabilities	Current Ratio
2019-2020	2,857.99	1,786.29	1.60
2020-2021	2,724.94	1,537.78	1.77
2021-2022	3,331.04	1,784.63	1.87
2022-2023	4,352.65	2,391.37	1.82
2023-2024	5,129.17	2,631.43	1.95
Average			**1.80**
Standard Deviation			**0.13**
Co-Efficient of Variation			**7.23**

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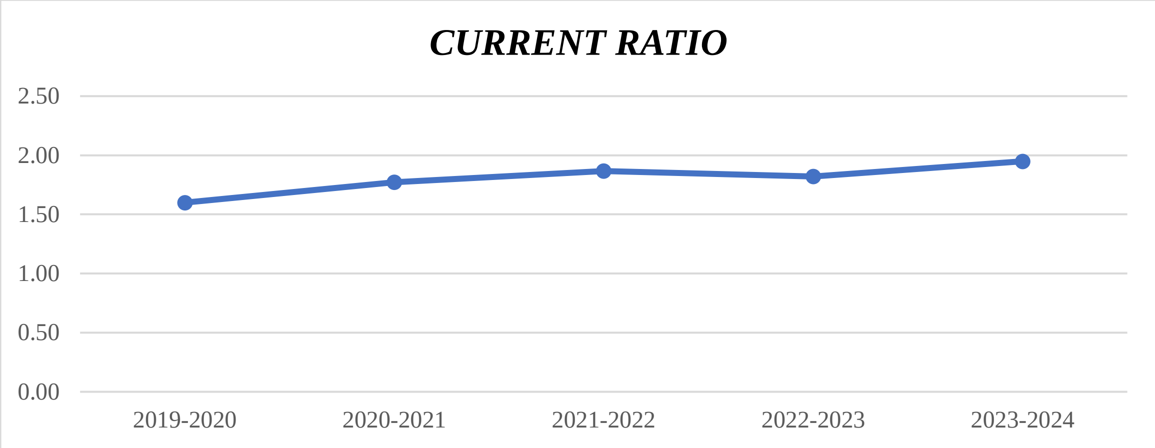


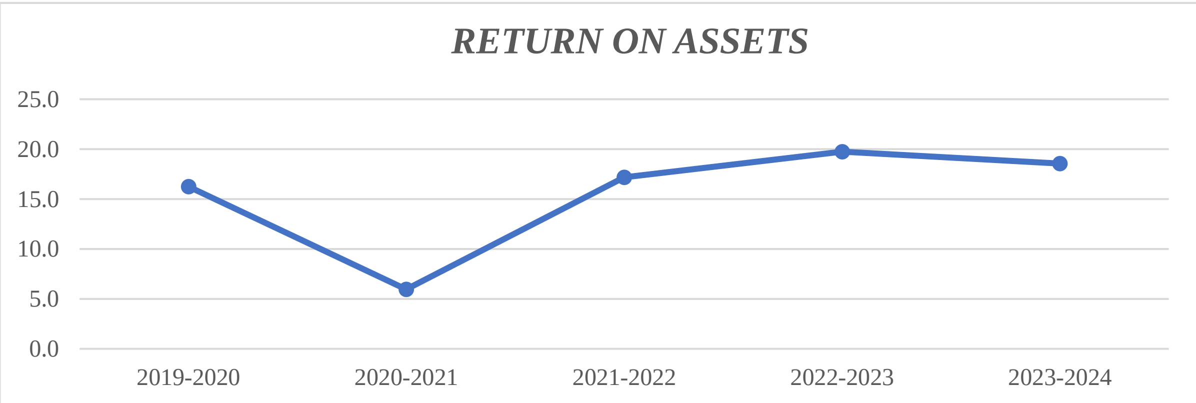
Interpretation: The current ratio of society has improved from 1.60 in 2019–2020 to 1.95 in 2023–2024, reflecting stronger short -term financial health. The average current ratio in five years is 1.80, indicating sufficient current assets to cover liabilities. With a standard deviation of 0.13 and a coefficient of a variation coefficient of 7.23%.

RETURN ON ASSET

Asset return (ROA) is the ratio of profitability that indicates how efficiently the company uses its assets to generate profits. It measures the amount of profit that the company earns for each unit of the assets it controls. In other words, ROA shows the ability of the company to transfer its investments into net income. Higher ROA suggests that the company uses its assets more efficiently to achieve profit, while lower ROA indicates inefficiency.

$$Return\ on\ Assets = \frac{Net\ Income}{Total\ Assets}$$

Year	Net Profit	Total Assets	Return on Assets
2019-2020	528.57	3,249.84	16.3
2020-2021	188.63	3,166.04	6.0
2021-2022	659.56	3,837.18	17.2
2022-2023	1,004.94	5,088.76	19.7
2023-2024	1,130.63	6,091.10	18.6
Average			**15.54**
Standard Deviation			**5.52**
Co Efficient of Variation			**35.51**



Interpretation: The average return on the company's assets (ROA) in five years is 15.54%, which shows the effective use of assets. The lowest ROA was 6.0% in 2020-2021 and the highest was 19.7% in 2022-2023, with most years over 16%. The standard deviation is 5.52 and the variation coefficient is 35.51%, indicating slight ROA fluctuations.

RETURN ON EQUITY

The return of one's own capital the return on equity is a financial ratio that measures the ability of the company to generate profits from its own capital. In other words, ROE shows how effectively the company uses its capital to generate earnings. It is a key indicator of financial performance because it shows how much profit is obtained for each unit of own capital invested in the business.

$$Return\ on\ Equity = \frac{Net\ Income}{Shareholder's\ Equity}$$

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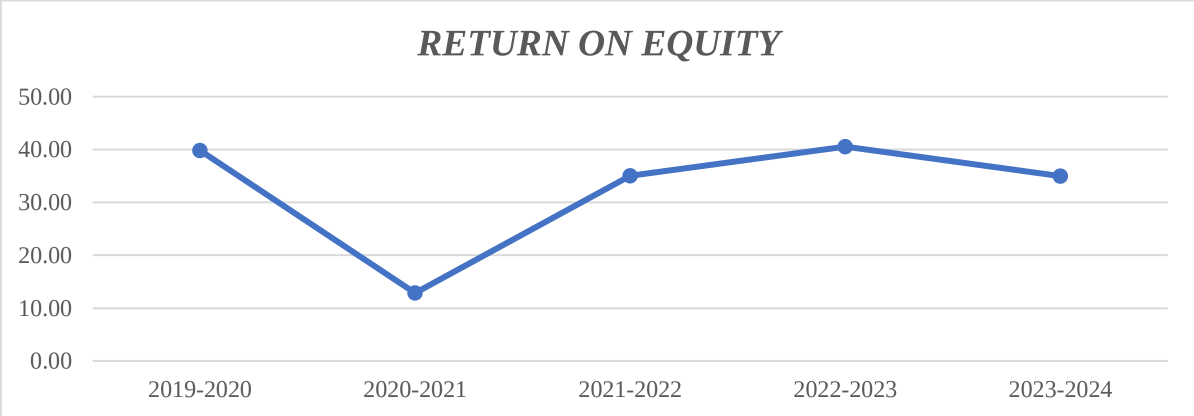
Year	Net Profit	Shareholders' Funds	Return on Equity
2019-2020	528.57	1,327.82	39.81
2020-2021	188.63	1,466.95	12.86
2021-2022	659.56	1,883.88	35.01
2022-2023	1,004.94	2,478.40	40.55
2023-2024	1,130.63	3,229.97	35.00
Average			**32.6**
Standard Deviation			**11.36**
Co Efficient of Variation			**34.81**



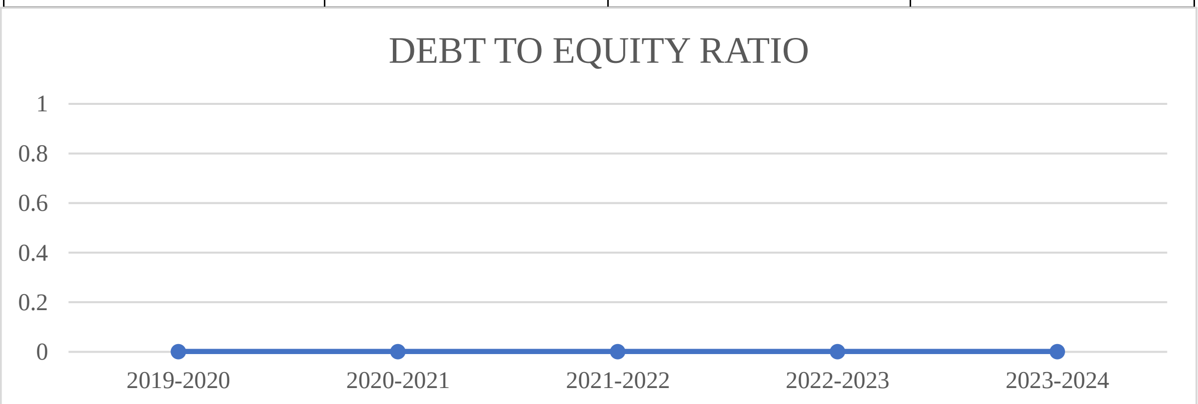
Interpretation: The average return on the company's own capital (ROE) over the course of five years is 32.6%, which indicates strong profitability. ROE reached a peak of 40.55% in 2022-2023 and was the lowest to 12.86% in 2020-2021. Most years it remained above 35%, which shows consistent performance. The standard deviation of 11.36 and coefficient of the coefficient of 34.81% indicates slight fluctuations.

DEBT TO EQUITY RATIO

The debt to capital ratio compares the debt of the company with its own capital. The low ratio suggests that society relies more on its own resources, which is safer, while the high ratio suggests a greater dependence on loans, which could be risky. For example, with a debt of 50 Crore Crore and the capital of 100 crore, the ratio is 0.5, which means that the company has a debt of 0.50 GBP for each £ 1 of its own money. The lower ratio is generally preferred because it suggests financial power.

$$Debt\ to\ Equity\ Ratio = \frac{Total\ Debt}{Shareholder's\ Equity}$$

Debt to Equity Ratio	Total Debt	Shareholder’s Equity	Debt to Equity Ratio
2019-2020	0	1,327.82	0
2020-2021	0	1,466.95	0
2021-2022	0	1,883.88	0
2022-2023	0	2,478.40	0
2023-2024	0	3229.97	0
Average			**0.00**
Standard Deviation			**0.00**



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Interpretation: The company's debt ratio to its own capital has remained more than 0 over the years, indicating that it has no debt compared to its own capital. This suggests that the company is completely financed from its own capital and does not rely on borrowed funds. The average ratio is 0.00, without fluctuations, as shown by a standard deviation 0.

FINDINGS

The current IRCTC ratio improved from 1.60 in 2019–2020 to 1.95 in 2023–2024, reflecting better short -term financial health. The average ratio of 1.80 shows sufficient assets to cover liabilities, with minimal fluctuations (standard deviation 0.13 and coefficient of the coefficient of 7.23%), indicating stable liquidity control.

The average ROA IRCTC 15.54% shows the effective use of assets to generate profits. However, there was a significant change, with ROA ranging from 6.0% in 2020–2021 to 19.7% in 2022-2023. The standard deviation of the 5.52 and coefficient of the coefficient of 35.51% indicates the slight volatility of the efficiency of the asset during the period.

The average ROE IRCTC 32.6% reflects strong profitability, with most years exceeding 35%. The highest ROE was 40.55% in 2022-2023 and the lowest was 12.86% in 2020-2021. The standard deviation of 11.36 and the 34.81% variation coefficient indicates slight fluctuations, indicating some inconsistency in revenues.

IRCTC maintained the debt ratio to capital 0 over the period from 2019–2020 to 2023–2024, indicating that the company did not have debt and was fully financed through its own capital. The ratio remained permanently stable, with both average and standard deviations to 0. This reflects a strong and low -ground financial situation. It also emphasizes the company's conservative approach to financing and avoids any relying on borrowed capital.

CONCLUSION

This analysis of the financial performance of Indian railway meals and Corporation (IRCTC) provides an insight into overall financial health. The company shows a consistent improvement in liquidity, as its growing current ratio and strong profitability show, as ROA and ROE reflect. The financial structure without the company's debt further increases its financial stability with the ratio of debt to capital 0. This suggests that IRCTC is in a strong position to handle both short -term obligations and long -term profitability without debt load. However, there is a slight volatility in profitability conditions, with fluctuations in some years, especially during the pandemic years, reflecting external economic impacts. Despite these changes, IRCTC's ability to generate consistent returns and remains without debt underlines its durable business model. In conclusion, IRCTC is in a healthy financial situation, with stable liquidity, strong profitability and without relying on debt. The future growth potential of the company looks promising, especially if it continues to use its powerful operating model and adapts to the challenges on the emerging market environment.

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