FINANCIAL STATEMENT ANALYSIS OF INDIAN RAILWAY CATERING AND TOURISM CORPORATION

A PROJECT REPORT

Submitted by

KARTHICK K

Register No. 722223631052

Under the guidance of

Mr. M. SELVA KUMAR

Assistant Professor

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ANNA UNIVERSITY, CHENNAI– 600025

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SAKTHI INSTITUTE OF INFORMATION AND MANAGEMENT STUDIES, POLLACHI – 642001

<u>BONAFIDE CERTIFICATE</u>

This is to certify that the report titled **"FINANCIAL STATEMENT ANALYSIS OF INDIAN RAILWAY CATERING AND TOURISM CORPORATION"** is the Bonafide work of **Mr. KARTHICK K of Reg. No. 722223631052,** who carried out the research under my supervision. Certified further, that to the best my knowledge the work reported herein does not form part of any other project report or dissertation on the basis of which a degree or award was conferred on an earlier occasion on this or any other candidate.

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Project Guide	**Director**

Submitted for the Project Viva-Voce examination held on ________________

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Internal Examiner	External Examiner

DECLARATION

I affirm that the project work titled **FINANCIAL STATEMENT ANALYSIS OF INDIAN RAILWAY CATERING AND TOURISM CORPORATION** is the original work carried out by me. It has not formed the part of any other project work submitted for the award of any Degree or diploma, either in this or any other university.

SIGNATURE OF THE CANDIDATE

Name: KARTHICK K

Register No: 722223631052

I certify that the declaration made above by the candidate is true.

Signature of the Guide

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CHAPTER – 01

INTRODUCTION

1.1 INTRODUCTION OF THE STUDY

Financial statements are the primary source of information about a company's financial condition, results of operations, and cash flows. They serve as a communication tool between the management of an organization and its external stakeholders, such as investors, creditors, and regulatory agencies. Financial statement analysis is the process of examining these statements to gain an understanding of an entity's financial position and performance. It provides crucial insights into a company's ability to generate profit, manage assets and liabilities, and sustain operations over time.

In today's competitive business environment, financial analysis has become an indispensable part of decision-making. Investors rely on financial analysis to assess the viability and profitability of investing in a company. Management uses financial analysis to make strategic decisions, improve operational efficiency, and ensure long-term sustainability. Similarly, financial institutions use it to evaluate the creditworthiness of companies. Thus, financial statement analysis plays a pivotal role in ensuring transparency, accountability, and informed decision-making in the corporate world. The Indian Railway Catering and Tourism Corporation (IRCTC) is a Government of India enterprise under the Ministry of Railways. Established in 1999, IRCTC has transformed the railway hospitality sector by introducing professionalism and efficiency into catering, tourism, and online ticketing services. Over the years, it has emerged as a market leader in the online travel services segment and enjoys a monopoly in railway ticket bookings in India. With its strong brand recognition, operational efficiency, and diversified revenue streams, IRCTC is a critical player not only within Indian Railways but also within India's broader travel and tourism industry. Following its successful Initial Public Offering (IPO) in 2019, IRCTC was listed on the Bombay Stock Exchange (BSE) and the National Stock Exchange (NSE). The overwhelming response to its IPO is a testimony to the market's confidence in the company's growth potential and financial stability. Since then, the financial performance of IRCTC has been closely monitored by investors, analysts, and policymakers.

This project aims to conduct an in-depth financial statement analysis of IRCTC over a period of five years, from March 2020 to March 2024. The primary objective is to evaluate the company's financial health, growth patterns, and risk profile by applying various financial tools and techniques such as ratio analysis, trend analysis, common-size statements, and comparative analysis. Through this study, stakeholders will gain a clearer picture of IRCTC's operational strengths, financial stability, and areas requiring strategic focus. The scope of the project includes analyzing the company's profitability, liquidity, solvency, operational efficiency, and market performance. The findings of this analysis will contribute to making informed decisions regarding investment, management strategies, and policy formulations related to IRCTC's future growth and sustainability.

1.2 INDUSTRY PROFILE

The Indian Railway Catering and Tourism Corporation (IRCTC) operates in the railway catering, internet ticketing, logistics, and tourism industry in India. It is a Mini Ratna (Category I) public sector enterprise functioning under the Ministry of Railways, Government of India. Established in 1999, IRCTC plays a crucial role in managing services for over 23 million passengers daily and has become an essential component of the Indian railway ecosystem by offering a wide range of services across catering, ticketing, tourism, and logistics. IRCTC initially started with the aim of professionalizing and managing catering and hospitality services on trains and at stations. Over the years, it has expanded into internet ticketing, becoming India's largest online travel portal for railway reservations. Its website and mobile app handle over 75% of reserved ticket bookings, processing lakhs of transactions daily, making it one of Asia's busiest e-commerce platforms. In the catering sector, IRCTC operates food plazas, refreshment rooms, and Jan Ahaar outlets, and also provides e-catering services that allow passengers to pre-order food from reputed restaurant chains and outlets.

In the tourism segment, IRCTC offers comprehensive tour packages across India and abroad, operating premium luxury trains like the Maharajas' Express and Bharat Gaurav, as well as budget pilgrimage and regional circuits such as Bharat Darshan. IRCTC has significantly contributed to promoting domestic tourism by collaborating with various state tourism boards and private travel partners. Another vital division is its packaged drinking water brand, Rail Neer, which is supplied across stations and trains through a network of ISO-certified bottling plants to ensure hygienic water delivery to passengers.

IRCTC has also ventured into logistics services, which is emerging as a significant growth area. With Indian Railways boosting freight and parcel movement, IRCTC is beginning to explore logistics support services like parcel cargo handling, warehousing, and multi-modal transport integration. It aims to collaborate with the Railway Board and private logistics providers to enhance the efficiency of rail-based cargo services. This includes transporting food and non-food items, supporting catering supply chains, and leveraging its extensive pan-India network for potential last-mile logistics.

The overall industry is seeing rapid digital transformation with the use of technologies like artificial intelligence, automation, and big data analytics to improve customer experience, optimize operations, and expand service delivery. Government initiatives such as multi-modal logistics parks and infrastructure modernization further support the growth of IRCTC's logistics and freight capabilities. Despite being a monopoly in railway ticketing and holding a dominant position in rail catering, IRCTC faces challenges such as cybersecurity threats, dependence on railway policy decisions, and increasing competition from private logistics and travel companies

In the coming years, IRCTC is expected to play a more significant role in India's transportation and logistics landscape. Its strong brand presence, trust among Indian consumers, and the government's push toward modernizing rail infrastructure offer immense potential. As it continues to evolve from a catering and ticketing-focused entity into a comprehensive service provider that includes logistics and tourism, IRCTC is poised to contribute meaningfully to India's economic and infrastructural development.

1.3 COMPANY PROFILE

IRCTC - INDIAN RAILWAY CATERING AND TOURISM CORPORATION

Indian Railway Catering and Tourism Corporation (IRCTC) is an Indian public sector undertaking that provides ticketing, catering, and tourism services for the state-owned Indian Railways. It was established in 1999 by the Government of India and operated under the administrative control of the Ministry of Railways. In 2019, it was listed on the National Stock Exchange and Bombay Stock Exchange with the Government holding a 67% ownership. As of

December 2023, there are 66 million registered users with IRCTC with a daily average of 7.31 lakh tickets booked.

History

Indian Railway Catering and Tourism Corporation (IRCTC) was established on 27 September 1999, as a public sector undertaking completely owned by the Government of India through the Indian Railways. In May 2008, it was classed as a Miniratna public corporation, which allowed it a certain degree of financial autonomy. In 2018, then Railway Minister Piyush Goyal stated that the government was exploring opportunities for disinvestment of IRCTC.

The company was listed on the National Stock Exchange (NSE) in 2019, following which the Government of India's holding was reduced to 87%, with the remaining shares being publicly traded. In December 2020, the Government of India divested another 20%, reducing its holding in the IRCTC to 67%. In December 2022, the government dis-invested further 5% of its share, reducing its ownership to 62.4%. In March 2025, IRCTC was accorded navaratna status by the Government of India.

Mission:

IRCTC's mission is to provide world-class travel and tourism services at affordable prices while ensuring a high level of customer satisfaction. The company focuses on offering diversified services in the catering, tourism, and ticketing sectors and aims to become a leader in the travel industry by leveraging technological advancements and focusing on customer-centric innovations.

Vision:

IRCTC’s vision is to become a globally recognized travel and tourism organization, known for providing innovative services that enhance the passenger and customer experience. The company strives to contribute to the growth of India’s tourism industry by offering sustainable travel packages and services while ensuring operational excellence and promoting the rich cultural heritage of India.

Services

Ticketing and information

Online ticketing for Indian Railways was introduced on 3 August 2002 through IRCTC. IRCTC provides multiple channels for passengers to book tickets through website, smartphone apps and SMS. For Electronic tickets (e-tickets) booked online, IRCTC issues an electronic ticket with a reference PNR on a successful booking. Electronic tickets can be used for travel along with a valid photo identification and cancellation can be done online. For Internet tickets (I-tickets), while the booking is done online, physical tickets are sent to the customer through post. Reserved tickets may be booked up to 60 days in advance and confirmed reservation tickets will show the passenger and fare details along with berth or seat number(s) allocated to them on the ticket. In case of no confirmed reservation, a wait-list (WL) number is assigned. There are different types of wait-lists depending on the originating and destination stations of the train and the passenger including Roadside Station Waiting List (RSWL) when tickets are booked from the originating station to an intermediate station and Pooled Quota Waiting List (PQWL) where tickets booked to travel between specific sets of stations are pooled as a single category. A General Waiting List (GNWL) ticket has no such restrictions, and wait-listed tickets get confirmed if there are cancellations of already reserved tickets in the respective categories and get cancelled automatically if seats are not confirmed before the departure of the train. Reservation against cancellation tickets (RAC) is an intermediate category between the waiting and confirmed lists in sleeper classes which allows a ticket holder to board the train and share a berth. Reserved tickets can be booked by passengers who want to travel at short notice at higher fares through the Tatkal quota (TQ), which has a standalone waiting list (TQWL) and no refund is applicable on cancellation of confirmed tickets. In 2011, IRCTC launched a loyalty program called Shubh Yatra for frequent travelers wherein passengers could avail discounts on all tickets by paying an upfront annual subscription fee. In 2012, IRCTC introduced the Rolling Deposit Scheme (RDS), a type of closed wallet wherein customers can book tickets using money already deposited. In 2013, flight and hotel booking services were added as a part of online reservation services. In 2016, IRCTC launched a lighter version of its website to enable booking at low-speed internet connections. On 7 August 2019, IRCTC launched a payment wallet named iMudra. On 11 August 2021, IRCTC introduced a smart card system through which unreserved train tickets which can be bought either at railway stations or online. IRCTC provides train and ticketing related information to passengers through SMS.

Catering and hospitality

IRCTC has exclusive rights for onboard catering of food on all trains operated by the Indian Railways. Pantry cars are attached to long and medium distance trains, where food may be prepared onboard or pre-cooked meals can be served depending on the type of the train and the accommodation class. IRCTC also operates food plazas, cafeterias and refreshment rooms at various railway stations. In 2014, IRCTC launched e-catering services which allowed passengers to order food from private restaurants online or through phone and have it delivered to their seats. IRCTC also manages air-conditioned waiting lounges, retiring rooms and budget hotels at major railway stations. IRCTC launched a bottled water brand "Rail Neer" in 2003, which is sold on trains and railway stations. During the 2025 Prayag Kumbh Mela, IRCTC offered tent accommodations to visitors.

Train operations

IRCTC operates luxury trains such as Maharajas' Express, Deccan Odyssey and other special tourist trains with varied classes. These may include standard coaches, regular coaches with modifications and specially designed coaches with coupes, dedicated cabins and suites. IRCTC also operates a few express trains in co-ordination with Indian Railways. In 2020, the IRCTC began operating the first private train, a Tejas Express from New Delhi to Lucknow. IRCTC also operates the Ahmedabad–Mumbai Central Tejas Express and Kashi Makahal Express.

Travel and insurance

IRCTC also organizes package tours for domestic and foreign tourists. IRCTC also enables booking of various services including hotel, flight, taxi, and food delivery in co-ordination with third parties through the platform. IRCTC offers travel insurance for passengers through a third-party insurer. In 2018, a security researcher reported that a free travel insurance scheme offered by IRCTC, which caused users on their app to be redirected to a third-party insurer, had left the information of approximately 2 lakh passengers exposed for two years. In response, IRCTC discontinued the insurance scheme before fixing the vulnerability that had left this data exposed.

Patronage

As of December 2023, there are 66 million registered users with IRCTC with a daily average of 7.31 lakh tickets booked. IRCTC also enables various services in co-ordination with third parties where the same user data is shared. In 2016, Maharashtra Police reported a potential leak of personal information relating to 10 million users registered with IRCTC. IRCTC set up a committee consisting of officials from the IRCTC and Centre for Railway Information Systems (CRIS) to examine the report and declared that the data with IRCTC was safe and some data shared with third parties might have been leaked.

Strategic Goals and Future Plans

Digital Transformation and Innovation:

One of IRCTC's primary strategic goals is to expand its digital footprint and enhance the customer experience. The company has embraced digital transformation by introducing mobile apps, online payment gateways, and self-service kiosks. It plans to integrate artificial intelligence (AI) and machine learning (ML) to optimize booking services, predictive analytics for demand forecasting, and enhance operational efficiency.

Expanding International Presence:

IRCTC's vision includes expanding its international operations, especially in the field of outbound tourism. With increasing numbers of Indian tourists traveling abroad, IRCTC aims to offer curated international holiday packages. The company has also initiated tie-ups with international tourism boards to enhance its offerings.

Sustainability and Green Initiatives:

Sustainability remains a core focus for IRCTC. The company is committed to minimizing its environmental impact by adopting eco-friendly practices in its operations. This includes reducing carbon emissions, minimizing food wastage, promoting recycling in stations, and adopting solar energy for powering its offices and stations.

Financial Performance and Market Position

Revenue Growth:

IRCTC has experienced robust revenue growth, driven by its diverse portfolio of services. The company's dominant position in the online ticketing market, along with its expanding catering, tourism, and hospitality businesses, has contributed to its financial strength. Despite challenges posed by external factors such as the COVID-19 pandemic, IRCTC has shown resilience by leveraging technology and adapting to new market conditions.

Market Capitalization:

As of 2024, IRCTC has a strong market capitalization, making it one of the most valuable public sector companies in India. The company's stock has seen substantial growth since its IPO, and it continues to be a favourite among investors due to its steady financial performance and growth potential.

Competitive Position:

IRCTC faces competition from various private players in the travel and tourism sector, especially in areas like online ticketing and hospitality. However, its monopoly in the railway ticketing space, combined with its long-standing government affiliation, allows it to maintain a strong competitive position.

1.4 SIGNIFICANCE OF THE STUDY

This study is valuable to multiple stakeholders. For investors and stakeholders, it provides a clear view of IRCTC's profitability, solvency, and growth, aiding informed decisions. Management can use the insights to identify strengths, address weaknesses, and improve financial and operational performance. Policymakers benefit by assessing the impact of government involvement and subsidies. Academically, the study fills a gap in public sector financial analysis. For the public, it highlights how IRCTC's financial health influences service quality and future growth.

1.5 OBJECTIVES

- To evaluate IRCTC's financial growth and performance through comparative analysis of balance sheet and income statement for 2022–23 and 2023–24.
- To analyse the financial statements of IRCTC using key financial ratios such as profitability, liquidity, solvency ratios, and Dupont ratio.
- To analyse the financial trends of IRCTC from 2019–20 to 2023–24, focusing on revenue, expenses, net profit, and EPS to assess growth, recovery, and efficiency.

1.6 SCOPE OF THE STUDY

The present study focuses on the financial statement analysis of the Indian Railway Catering and Tourism Corporation (IRCTC) for a period of five financial years, from March 2020 to March 2024. The analysis primarily utilizes key financial tools such as ratio analysis, trend analysis, and comparative financial statements to evaluate the company's performance. This study aims to assess the financial health of IRCTC by examining its profitability, liquidity, operational efficiency, and solvency over the selected time frame. By doing so, it seeks to provide insights into the company's financial strengths and weaknesses. Furthermore, the study aims to offer a comparative view of IRCTC's financial position across the five-year period, helping identify growth patterns, stability, and any potential areas of concern that could impact the company's future financial performance.

CHAPTER - 02

REVIEW OF LITERATURE

Ms. 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.

Tjeng Gloria santoso & salatiga Indonesia (2021) on the topic financial ratio analysis to asses financial performance of the hotel industry search in their research work that financial ratio are also helpful in the hotel sector. this research aims to find out the profitability ratio, leverage ratio, liquidity ratio debt and equity ratio operational ratio and debt equity ratio. The performance of 3 years are taken in the research that is from 2025-2018.

Ankita Singla and Balbir Singh (2020) the researchers concludes that growth of Indian railways is satisfactory for total investment, total capital, number of passengers originating, number of stations etc. but net revenue receipts and number of employees employed are showing negative growth.

Bhadrappa Haralaaya (2016) on topic Ratio Analysis at NSSK Bidar the main of the research is to understand the financial position of the firm. The report of the project included the theoretical framework of financial ratio analysis and statement of the problem, objective and scope of the study. In this project taken the data and analysing the five years data. It was a good opportunity learn new things through this project.

Kumar Mohan M.S, Vasu. V. and Narayana T. Aswatha (2016) the study has been made by using different ratios, mean, standard deviation, and Altman's Z score approach to study the financial health of the company. The study reveals there is a positive correlation between liquidity and profitability ratios except for return on total assets as well as Z score value indicates good health of the company.

Asma Khan et. al (2015) the researchers concludes that the total earnings have increased at a faster rate than the total working expenses during the study period. As far as net profit ratio is concerned, it has showed a rising trend till 2007- 08 and started declining after that showing a poor performance. Similarly, it has been observed that the operating ratio continuously declining till 2007-08 reflecting a very good performance but after that again started rising showing a pathetic performance. Hence, it is recommended that the gross earnings need to be increased as well as the working expenses need to be reduced for improving the Indian Railway operating and net profit ratios.

Gupta (2014) entitled an empirical study of financial performance of 1CICI bank a comparative analysis focused on operational control profitability and solvency etc, this research paper aimed to analysis and compare the financial performance and financial health of 1C1CI bank and provide suggestions for the improvement of potency in the bank. This study suggested that NPAs of the ICICI Bank is more than 1percent. Therefore, ICICI should control NPAs.

Singh A. & Tandon P. (2012), in their paper they examined the financial performance of SBI and ICICI banks public sector and private sector respectively they compare the financial performance of SBI and ICICI banks on the basis of ratios such as credit deposit, net profit margin etc. The period of study taken is from the year 2007-08 to 2011-12. The study found that SBI is performing well and financially sound than ICICI Bank has better managing efficiency than SBI.

Sheela (2011), researcher has revealed the financial performance of Wheels India Ltd. through various financial tools namely ratio analysis, comparative balance sheet and DuPont analysis and also statistical tools such as trend analysis and correlation. The main contribution of this study is the use of five power analysis methodology to retrieve ratios commonly used in financial analysis to tackle the problem of sample size and distribution uncertainty.

The study of Laitinen (2006) presents a framework for the public financial statements of the partner firm’s financial statement analysis, a network of small and medium sized enterprises. The proportion of income and balance sheet statement items is traced by a simple estimation to the resources used by the network and identified by each firm. The virtual network income and balance sheet statements are made up of the allocated size.

CHAPTER - 03

RESEARCH METHODOLOGY

3.1 DESCRIPTIVE STUDY

This study focuses on the financial performance of IRCTC using ratio analysis as the primary tool. It focuses on examining key financial indicators such as profitability, liquidity, solvency, and efficiency over a defined period. The objective is to understand "what" financial changes have occurred, not "why" they happened. The analysis is based solely on secondary data collected from IRCTC's annual reports and official disclosures. This descriptive approach helps in presenting a clear picture of the company's financial health and operational trends.

3.2 PROBLEM STATEMENT

- What are the observable trends in liquidity, profitability, and efficiency ratios in IRCTC's financial statements?
- What are the strengths and weaknesses in IRCTC's financial structure as revealed through ratio analysis?
- How has the financial performance of IRCTC evolved over the years based on key financial ratios?

3.3 POPULATION OF STUDY

As per the study, population of this study comprises the financial statements of the Indian Railway Catering and Tourism Corporation (IRCTC). As a public sector enterprise under the Ministry of Railways, IRCTC's financial performance is publicly disclosed through annual reports and official filings. The study focuses on analysing IRCTC's financial data over a period of 5 years, utilizing ratio analysis. The availability of consistent and comprehensive secondary data makes IRCTC a suitable subject for evaluating long-term financial trends and performance.

3.4 SAMPLE POPULATION

The sample population for this study includes the annual financial statements of IRCTC for a continuous 5-year period. This timeframe allows for a comprehensive analysis of the company's financial performance using key ratios such as profitability, liquidity, solvency, and efficiency. The sample was selected based on the availability and consistency of IRCTC's audited financial data in public domains, including annual reports and official disclosures.

3.5 TIME PERIOD OF THE STUDY

This study covers a five-year period from 2019 to 2024 to analyse the financial performance of IRCTC using ratio analysis. This time frame captures IRCTC’s financial trajectory during a critical phase of operational expansion, market listing, and post-pandemic recovery. The selected period allows for evaluating trends in key financial ratios and understanding how external and internal factors have influenced the company’s performance. It provides a balanced view of both stable and volatile periods in IRCTC’s financial history.

3.6 TOOLS USED FOR ANALYSIS

In this study, various financial analysis tools have been employed to evaluate the financial performance of IRCTC over the five-year period. The primary tool for assessing the company’s financial health is ratio analysis, which includes key ratios such as profitability ratios, liquidity ratios, and solvency ratios. Profitability ratios like Net Profit Margin, Return on Assets (ROA), and Return on Equity (ROE) help assess IRCTC’s ability to generate profit relative to its revenue, assets, and equity. Liquidity ratios, such as the Current Ratio and Quick Ratio, measure the company’s ability to meet short-term obligations. Solvency ratios, including the Debt-Equity Ratio, evaluate the company’s long-term financial stability and ability to manage debt. Finally, comparative financial statements are analyzed to assess how IRCTC’s financial position has evolved in comparison to its past performance and industry standards.

Profitability Ratios

Profitability ratios are financial metrics used to assess a company's ability to generate profit relative to its revenue, assets, or equity. These ratios are crucial for investors and managers as they provide insight into how efficiently a company is operating and how effectively it is generating profits from its resources. Profitability ratios are a key indicator of a company's financial health and performance.

Gross Profit Ratio

The Gross Profit Ratio shows the relationship between the gross profit and net sales. Gross profit is the difference between sales and the cost of goods sold (COGS). A higher gross profit ratio means the company is making more profit from its core activities, which is a positive sign of operational efficiency.

$$Gross\ Profit\ Ratio = (Net\ Sales/Gross\ Profit) \times 100$$

Net Profit Ratio

The Net Profit Ratio shows the percentage of net profit earned from total sales. It is a key indicator of overall profitability after deducting all expenses, taxes, and interests. A higher ratio means the company is more efficient at converting sales into actual profit. It also reflects how well the company manages its overheads and other expenses. Investors often use this ratio to assess the company's long-term sustainability.

$$Net\ Profit\ Ratio = \frac{Net\ Profit}{Sales} \times 100$$

Operating Profit Ratio

The Operating Profit Ratio measures the proportion of operating profit relative to sales. It reflects the efficiency of a company's core business activities without considering non-operating income. A higher operating profit ratio indicates strong control over operating expenses. It helps assess the firm’s operational performance before considering financing and tax impacts. This ratio is important for evaluating core business strength.

$$Operating\ Profit\ Ratio = (Net\ Sales/Operating\ Profit) \times 100$$

Operating Ratio

The Operating Ratio is a financial metric that measures the efficiency of a company in managing its operations. It compares the operating expenses to the net sales, reflecting the proportion of sales revenue that is consumed by operating costs. A lower Operating Ratio indicates greater efficiency, as a smaller percentage of sales is spent on operating expenses. This ratio is crucial for understanding how well a company is performing in its core business activities. It helps investors and managers assess the company's operational effectiveness and control over its expenses.

$$Operating\ Ratio = (Net\ Sales/Operating\ Expenses) \times 100$$

Return on Equity (ROE)

Return on Equity (ROE) is a financial ratio that measures a company's ability to generate profits from its shareholders' equity. In other words, ROE shows how effectively the company is using its equity capital to generate earnings. It is a key indicator of financial performance, as it demonstrates how much profit is earned for every unit of shareholders' equity invested in the business.

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

Return on Assets (ROA)

Return on Assets (ROA) is a profitability ratio that indicates how efficiently a company utilizes its assets to generate profits. It measures the amount of profit a company earns for every unit of assets it controls. In other words, ROA shows the company's ability to convert its investments in assets into net income. A higher ROA indicates that the company is using its assets more efficiently to produce profit, while a lower ROA suggests inefficiency.

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

Return on Investment (ROI)

Return on Investment (ROI) is a profitability ratio used to evaluate the efficiency of an investment or compare the efficiency of several different investments. It measures the return or profit made on an investment relative to its cost. ROI is widely used in both business and finance to assess the potential return on any given investment, providing a clear indication of the profitability of an investment relative to its cost.

$$Return\ on\ Investment = \frac{Net\ Profit}{Cost\ of\ Investment} \times 100$$

Liquidity Ratios

Liquidity ratios are a set of financial metrics used to determine a company's ability to meet its short-term obligations with its most liquid assets. These ratios are important for assessing a company’s short-term financial health and its ability to cover debts that are due within one year. High liquidity ratios typically indicate a company is in good financial health, while low liquidity ratios may suggest that the company could face difficulties in paying off its current liabilities.

Current Ratio

The Current Ratio is a liquidity ratio that measures a company's ability to cover its short-term liabilities with its short-term assets. This ratio is used to evaluate the financial health of a company, specifically its ability to pay off obligations due within one year. A current ratio greater than 1 indicates that the company has more assets than liabilities in the short term, which is generally seen as a sign of good financial health. However, a ratio that is too high might indicate that the company is not using its assets efficiently. On the other hand, a ratio of less than 1 suggests that the company may struggle to meet its short-term debts.

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

Liquid Ratio (Quick Ratio)

The Liquid Ratio, also called the Quick Ratio or Acid-Test Ratio, is a financial metric used to measure a company's ability to cover its short-term liabilities using its most liquid assets. Unlike the Current Ratio, which includes inventory as a part of current assets, the Liquid Ratio excludes inventory from current assets because inventory may not be as easily converted into cash in the short term. This ratio is a more stringent test of liquidity, focusing on assets that are readily available to meet immediate financial obligations.

$$Liquid\ Ratio = \frac{Current\ Assets - Inventory}{Current\ Liabilities}$$

Absolute Liquid Ratio

The Absolute Liquid Ratio, also known as the Cash Ratio, is an extremely conservative liquidity ratio. It measures a company’s ability to pay off its short-term liabilities with its most liquid assets — namely cash and cash equivalents. Unlike other liquidity ratios, such as the Current Ratio or Quick Ratio, the Absolute Liquid Ratio only considers the most immediate and easily accessible forms of liquidity, excluding other current assets like accounts receivable or inventory.

$$Absolute\ Liquid\ Ratio = \frac{Cash\ and\ Cash\ Equivalents}{Current\ Liabilities}$$

Solvency Ratio

Solvency ratios help assess a company’s ability to meet its long-term financial obligations. They indicate how much of the company’s assets are financed through debt versus equity. Key solvency ratios include the Debt to Equity Ratio, Debt Ratio, Interest Coverage Ratio, and Equity Ratio. A lower debt ratio and higher equity ratio generally suggest financial stability. These ratios are crucial for investors and creditors to evaluate risk. They also reveal how efficiently a company manages its debt. Overall, solvency ratios offer insight into a company's long-term financial health.

Debt to Equity Ratio

The Debt-to-Equity Ratio shows how much money a company has borrowed compared to how much money the owners have invested. It is calculated by dividing the company's total debt by its shareholders' equity. If the ratio is low, it means the company uses more of its own money and is safer. If the ratio is high, it means the company depends more on loans and could be risky. For example, if a company has ₹50 crore debt and ₹100 crore equity, the debt to equity ratio is 0.5. This means the company has ₹0.50 of debt for every ₹1 of its own money. A lower ratio is usually better because it shows the company is strong.

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

Debt to Assets Ratio

The Debt to Assets Ratio shows how much of a company's assets are financed through debt. It tells us the portion of the assets that the company has paid for using borrowed money. A high ratio means the company relies more on debt, which can be risky, while a low ratio means the company is safer with less dependence on borrowing. This ratio helps investors and lenders understand the financial risk of the company. It is calculated by dividing the total debt by the total assets. A lower debt to assets ratio is usually better for financial stability.

$$Debt\ to\ Asset\ Ratio = \frac{Total\ Debt}{Total\ Asset}$$

Equity Ratio

The Equity Ratio is a solvency ratio that measures the proportion of a company's assets that are financed by its shareholders' equity. In other words, it shows what percentage of the company's total assets are funded by the owners (shareholders) rather than by borrowed money (debt). The equity ratio is a key indicator of the financial stability and risk level of a business.

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

Interest Coverage Ratio

The Interest Coverage Ratio is a financial ratio that measures a company's ability to pay interest on its outstanding debt. It indicates how easily a company can meet its interest obligations with its earnings before interest and taxes (EBIT). A higher interest coverage ratio suggests that the company is in a better position to handle its debt-related expenses, while a lower ratio may signal potential financial distress.

$$Interest\ Coverage\ Ratio = \frac{EBIT}{Interest\ Expense}$$

Turnover Ratios

Turnover ratios measure how efficiently a company uses its resources to generate sales. The Asset Turnover Ratio shows how well assets are used to generate revenue, while the Inventory Turnover Ratio indicates how quickly inventory is sold. The Receivables Turnover Ratio measures the efficiency of collecting receivables, and the Payables Turnover Ratio shows how quickly a company pays its suppliers.

Asset Turnover Ratio

The Asset Turnover Ratio is a financial metric that measures how efficiently a company uses its assets to generate sales or revenue. It indicates how many dollars of sales are generated for each dollar of assets the company owns. A higher ratio suggests that the company is using its assets effectively to produce revenue, while a lower ratio may indicate inefficient use of assets.

$$Asset\ Turnover\ Ratio = \frac{Net\ Sales}{Average\ Total\ Assets}$$

Inventory Turnover Ratio

The Inventory Turnover Ratio is a financial metric that measures how efficiently a company manages its inventory. It shows how many times a company's inventory is sold and replaced over a specific period, usually a year. A high inventory turnover ratio indicates that a company is selling and restocking its inventory quickly, which is generally a sign of good operational efficiency.

$$Inventory\ Turnover\ Ratio = \frac{Cost\ of\ Goods\ Sold}{Average\ Inventory}$$

Debtor Turnover Ratio

The Payables Turnover Ratio is a financial metric that measures how efficiently a company pays off its suppliers or creditors. It indicates how many times a company pays its average accounts payable during a period, typically a year. A higher ratio suggests that the company is paying off its payables quickly, while a lower ratio may indicate that the company is taking longer to pay its bills, which could signal cash flow problems or favorable credit terms with suppliers.

$$Payable\ Turnover\ Ratio = \frac{Net\ Credit\ Purchases}{Average\ Accounts\ Payable}$$

Creditor Turnover Ratio

The Receivables Turnover Ratio is a financial metric that measures how efficiently a company collects its accounts receivable. It indicates how many times a company collects its average accounts receivable during a specific period, usually a year. A higher ratio suggests that the company is collecting its receivables quickly, improving cash flow and reducing the risk of bad debts. A lower ratio may indicate that the company is struggling to collect payments from its customers or has extended too much credit.

$$Receivable\ Turnover\ Ratio = \frac{Net\ Credit\ Sales}{Average\ Accounts\ Receivable}$$

Dupont Ratio

The DuPont Ratio, also known as DuPont Analysis, is a method used to break down Return on Equity (ROE) into three key components: net profit margin, asset turnover, and equity multiplier. This helps to understand how a company generates its profits. Net profit margin shows how much profit is made from each rupee of sales. Asset turnover measures how efficiently the company uses its assets to generate revenue. The equity multiplier indicates the company’s financial leverage, showing how much assets are supported by shareholders' equity. Together, these three ratios explain the true reason behind a company's ROE performance.

$$ROE = Net\ Profit\ Margin * Asset\ Turnover * Equity\ Multiplier$$

CHAPTER – 04

DATA ANALYSIS AND INTERPRETATION

4.1 COMPARATIVE BALANCE SHEET

Table 4.1: Comparative Balance Sheet of IRCTC (2020-2024)

	Mar-24	**Mar-23**	**Amount Change**	**Change %**
EQUITIES AND LIABILITIES				
SHAREHOLDER'S FUNDS				
Equity Share Capital	160	160	0	0%
Total Share Capital	160	160	0	0%
Reserves and Surplus	3,069.97	2,318.40	751.6	32%
Total Reserves and Surplus	3,069.97	2,318.40	751.6	32%
Total Shareholders' Funds	3,229.97	2,478.40	751.6	30%
NON-CURRENT LIABILITIES				
Long Term Borrowings	0	0	0	
Deferred Tax Liabilities [Net]	0	0	0	
Other Long-Term Liabilities	113.61	113.55	0.06	0%
Long Term Provisions	116.1	105.44	10.66	10%
Total Non-Current Liabilities	229.7	218.99	10.71	5%
CURRENT LIABILITIES				
Short Term Borrowings	0	0	0	
Trade Payables	997.41	852.15	145.3	17%
Other Current Liabilities	1,603.62	1,511.63	91.99	6%
Short Term Provisions	30.41	27.58	2.83	10%

Total Current Liabilities	2,631.43	2,391.37	240.1	10%
Total Capital and Liabilities	6,091.10	5,088.76	1002	20%
ASSETS				
NON-CURRENT ASSETS				
Tangible Assets	313.34	321.62	-8.28	-3%
Intangible Assets	3.22	2.73	0.49	18%
Capital Work-In-Progress	442.52	33.79	408.7	1210%
Other Assets	26.21	26.58	-0.37	-1%
Fixed Assets	785.28	384.72	400.6	104%
Non-Current Investments	0	0	0	
Deferred Tax Assets [Net]	141.22	130.55	10.67	8%
Long Term Loans and Advances	0	0	0	
Other Non-Current Assets	35.43	220.84	-185	-84%
Total Non-Current Assets	961.93	736.11	225.8	31%
CURRENT ASSETS				
Current Investments	0	0	0	
Inventories	10.97	9.61	1.36	14%
Trade Receivables	1,374.34	1,142.91	231.4	20%
Cash And Cash Equivalents	2,262.65	1,933.73	328.9	17%
Short Term Loans and Advances	257.5	208.81	48.69	23%
Other Current Assets	1,223.72	1,057.58	166.1	16%
Total Current Assets	5,129.17	4,352.65	776.5	18%
Total Assets	6,091.10	5,088.76	1002	20%

Interpretation: The comparative balance sheet of IRCTC for the year ending March 2024 shows a healthy 20% overall growth in total assets and liabilities, indicating expansion in business operations. Shareholders' funds increased by 30%, mainly due to a 32% rise in reserves and surplus, reflecting strong retained earnings and profitability. Non-current liabilities rose modestly by 5%, while current liabilities increased by 10%, driven by a 17% rise in trade payables and a 6% rise in other current liabilities, suggesting increased operational activity.

On the assets side, non-current assets grew by 31%, primarily due to a 1210% surge in capital work-in-progress, indicating significant investment in infrastructure or future projects. Fixed assets doubled, showing increased capital expenditure. However, there was a major 84% decline in other non-current assets, possibly due to reclassification or asset realization. Current assets rose by 18%, with notable increases in cash and cash equivalents (17%) and trade receivables (20%), signalling improved liquidity and sales. Overall, the financial position of IRCTC has strengthened with efficient capital utilization and future growth potential.

4.2 COMPARATIVE INCOME STATEMENT

Table 4.2.1: Comparative Income Statement of IRCTC (2020-2024)

	2024	**2023**	**Amount Change**	**Change %**
INCOME				
Revenue From Operations [Gross]	4,269.76	3,540.76	729.00	21%
Less: Excise/Service Tax/Other Levies	0	0	0.00	
Revenue From Operations [Net]	4,269.76	3,540.76	729.00	21%
Total Operating Revenues	4,270.18	3,541.47	728.71	21%
Other Incomer	164.48	120.43	44.05	37%
Total Revenue	4,434.66	3,661.90	772.76	21%

EXPENSES				
Cost of Materials Consumed	71.99	75.67	-3.68	-5%
Purchase Of Stock-In Trade	174.96	120.69	54.27	45%
Operating And Direct Expenses	2,092.09	1,661.99	430.10	26%
Changes In Inventories Of FG, WIP And Stock-In Trade	-1.53	-1.32	-0.21	16%
Employee Benefit Expenses	289.05	245.52	43.53	18%
Finance Costs	18.64	16.11	2.53	16%
Depreciation And Amortisation Expenses	57.22	53.73	3.49	6%
Other Expenses	177.42	162.7	14.72	9%
Total Expenses	2,879.84	2,335.09	544.75	23%
Profit/Loss Before Exceptional, Extra Ordinary Items and Tax	1,554.81	1,326.81	228.00	17%
Exceptional Items	-58.53	27.2	-85.73	-315%
Profit/Loss Before Tax	1,496.28	1,354.01	142.27	11%
Current Tax	392.77	373.22	19.55	5%
Deferred Tax	-10.78	-36.56	25.78	-71%
Tax For Earlier Years	3.04	11.47	-8.43	-73%
Total Tax Expenses	385.03	348.13	36.90	11%
Profit/Loss After Tax and Before Extra-Ordinary Items	1,111.26	1,005.88	105.38	10%

Profit/Loss from Continuing Operations	1,111.26	1,005.88	105.38	10%
Profit/Loss for The Period	1,111.26	1,005.88	105.38	10%
EARNINGS PER SHARE			0.00	
Basic EPS (Rs.)	13.89	12.57	1.32	11%
Diluted EPS (Rs.)	13.89	12.57	1.32	11%
DIVIDEND AND DIVIDEND PERCENTAGE			0.00	
Equity Share Dividend	360	400	-40.00	-10%
Tax On Dividend	0	0	0.00	
Equity Dividend Rate (%)	325	275	50.00	18%

Interpretation: The income statement of IRCTC for the financial year 2023–24 reflects strong operational performance and revenue growth. Total revenue increased by 21%, driven by a 21% rise in operating revenue and a 37% jump in other income, indicating both core business and non-operating income improved significantly. Despite the increase in revenue, total expenses also rose by 23%, largely due to a 26% rise in operating and direct expenses and a 45% increase in stock-in-trade purchases, reflecting higher business activity and service expansion.

Profit before tax grew moderately by 11%, and profit after tax rose by 10%, showing efficient cost management amid increased activity. The company's exceptional item adjustment turned negative, impacting overall profit growth slightly. Basic and diluted EPS improved by 11%, highlighting increased profitability per share. Interestingly, while the dividend payout reduced by ₹40 crore (-10%), the dividend rate increased by 18%, indicating better returns per share despite a lower absolute payout. Overall, IRCTC showcased solid financial performance in FY 2023–24, with strong revenue growth, controlled costs, and shareholder value enhancement.

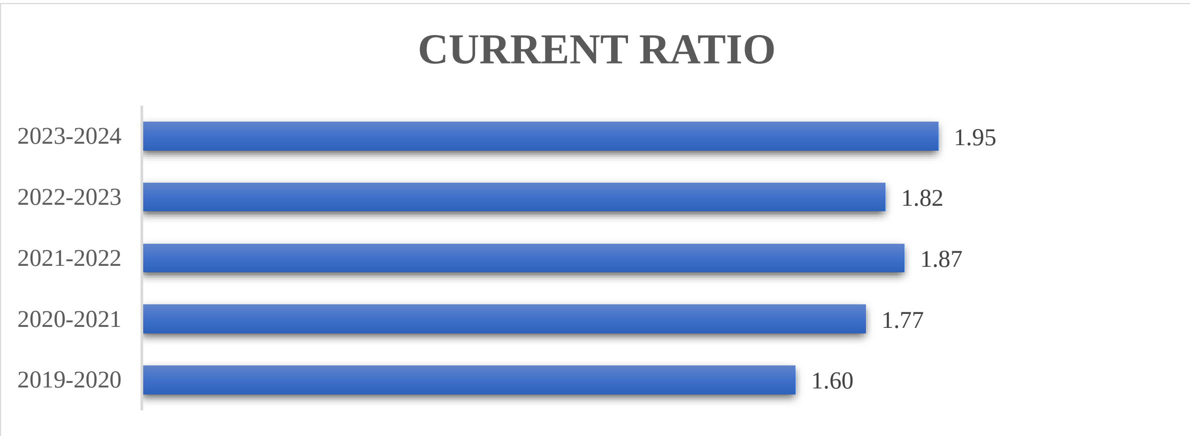
4.3 RATIO ANALYSIS

Current Ratio

Table 4.3.1: Current Ratio of IRCTC (2020-2024)

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**

Chart 4.3.1: Current Ratio of IRCTC (2020-2024)



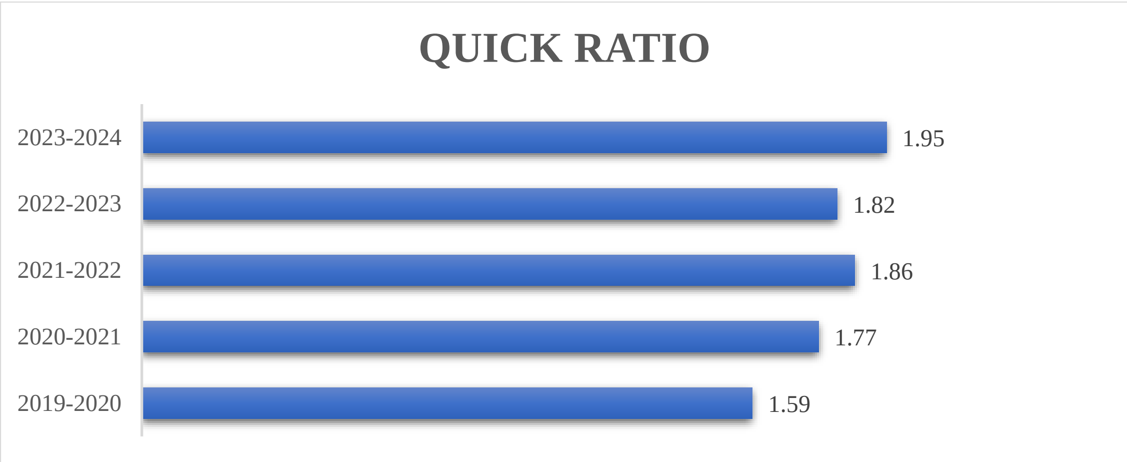
Interpretation: The current ratio of the company has shown a positive trend from 1.60 in 2019-2020 to 1.95 in 2023-2024, indicating improved liquidity. With an average ratio of 1.80, the company consistently has more current assets than liabilities, which is a healthy sign of financial stability. The standard deviation of 0.13 shows that the current ratio has been relatively stable over the years, with only minor fluctuations. The coefficient of variation of 7.23% suggests that the variation in liquidity is low compared to the mean, reinforcing the consistency. Overall, the company's ability to cover its short-term obligations has improved, with a steady and reliable financial position.

Quick Ratio

Table 4.3.2: Quick Ratio of IRCTC (2020-2024)

Year	Ca-Inventories	Current Liabilities	Quick Ratio
2019-2020	2,848.23	1,786.29	1.59
2020-2021	2,718.40	1,537.78	1.77
2021-2022	3,323.11	1,784.63	1.86
2022-2023	4,343.04	2,391.37	1.82
2023-2024	5,118.20	2,631.43	1.95
Average			1.80
Standard Deviation			0.13
Co Efficient Of Variation			7.28

Chart 4.3.2: Quick Ratio of IRCTC (2020-2024)



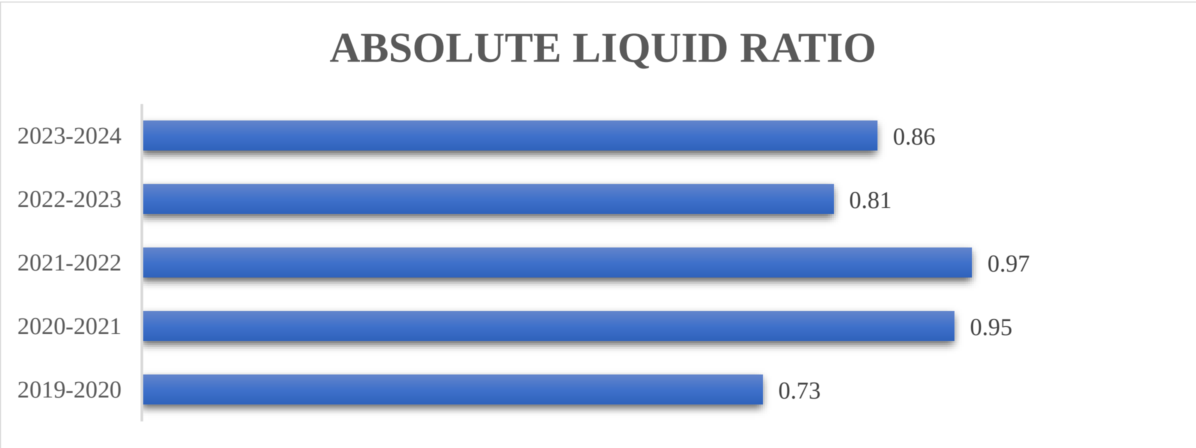
Interpretation: The quick ratio has improved over the five years, rising from 1.59 in 2019-2020 to 1.95 in 2023-2024, indicating enhanced liquidity without relying on inventories. The average quick ratio of 1.80 suggests that, on average, the company has sufficient liquid assets to cover its current liabilities. The standard deviation of 0.13 highlights that the quick ratio has remained stable with minimal fluctuation over the years. The coefficient of variation of 7.28% indicates that the variation in the quick ratio is low, further confirming consistency in liquidity. Overall, the company has shown a steady improvement in its ability to meet short-term obligations without depending on inventory, signalling strong financial health. The stable trend suggests reliable liquidity management over the period.

Absolute Liquid Ratio

Table 4.3.3: Absolute Liquid Ratio of IRCTC (2020-2024)

Year	**Cash + MA**	**Current Liabilities**	**Absolute Liquid Ratio**
2019-2020	1,296.43	1,786.29	0.73
2020-2021	1,460.50	1,537.78	0.95
2021-2022	1,731.57	1,784.63	0.97
2022-2023	1,933.73	2,391.37	0.81
2023-2024	2,262.65	2,631.43	0.86
Average			0.86
Standard Deviation			0.10
Co Efficient Of Variation			11.71

Chart 4.3.3: Absolute Liquid Ratio of IRCTC (2020-2024)



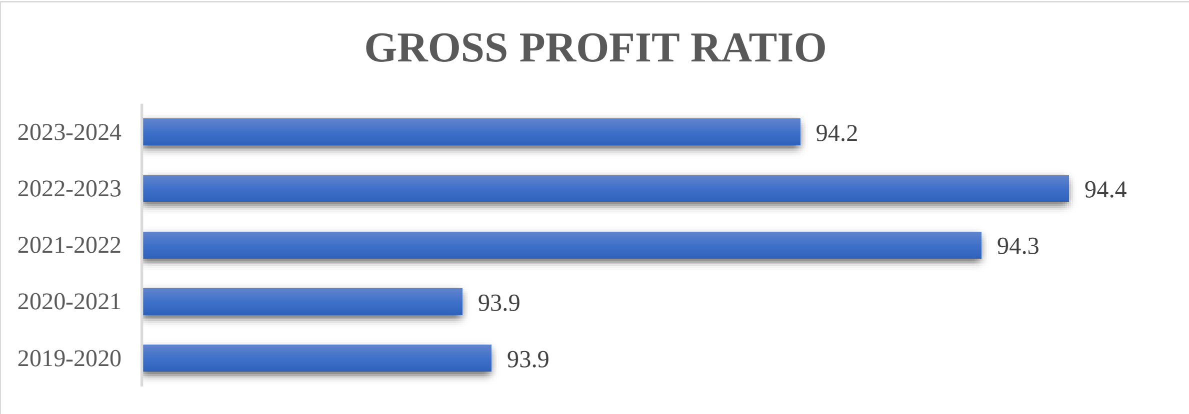
Interpretation: The absolute liquid ratio has improved from 0.73 in 2019-2020 to 0.86 in 2023-2024, reflecting better liquidity management. With an average ratio of 0.86, the company can cover about 86% of its current liabilities with cash and marketable assets. The standard deviation of 0.10 shows relatively low fluctuations, indicating consistency in liquidity levels. The coefficient of variation of 11.71% indicates moderate variability, suggesting some fluctuation in the ratio over the years. Despite this, the ratio has generally increased, highlighting a positive trend in liquidity. This steady improvement shows the company is enhancing its ability to meet short-term obligations with liquid assets. Overall, the company's liquidity position has strengthened over the period.

Gross Profit Ratio

Table 4.3.4: Gross Profit Ratio of IRCTC (2020-2024)

Year	Gross Profit	Sales	Gross Profit Ratio
2019-2020	2136.87	2,275.48	93.9
2020-2021	735.15	783.05	93.9
2021-2022	1773.12	1,879.48	94.3
2022-2023	3343.79	3,541.47	94.4
2023-2024	4021.7	4,270.18	94.2
Average			94.15
Standard Deviation			0.24
Co Efficient Of Variation			0.260

Chart 4.3.4: Gross Profit Ratio of IRCTC (2020-2024)



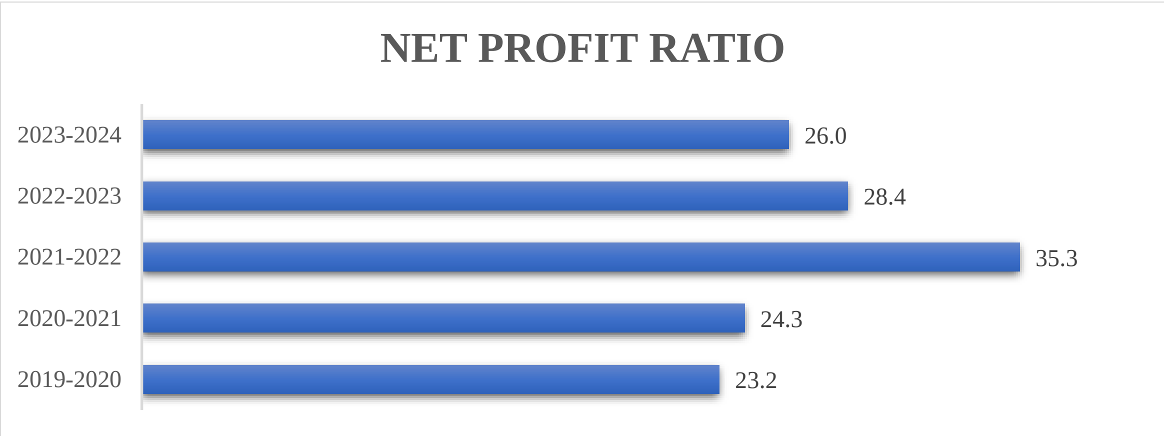
Interpretation: The gross profit ratio has remained consistently high over the years, starting at 93.9% in 2019-2020 and staying between 93.9% to 94.4% through 2023-2024. The average ratio of 94.15% indicates that the company retains nearly 94% of its sales as gross profit on average, showcasing strong profitability at the gross level. The standard deviation of 0.24 reflects minimal fluctuation in the gross profit ratio, suggesting stability in the company's ability to generate profit from its core operations. The coefficient of variation of 0.260 indicates very low variability, which confirms the company's consistent performance in managing its direct costs. This stability in the gross profit ratio suggests effective cost management and pricing strategies. Despite fluctuations in sales volume, the company has maintained a remarkably stable gross profit margin. Overall, the company has demonstrated strong operational efficiency and consistency in generating profit.

Net Profit Ratio

Table 4.3.5: Net Profit Ratio of IRCTC (2020-2024)

Year	**Net Profit**	**Sales**	**Net Profit Ratio**
2019-2020	528.57	2275.48	23.2
2020-2021	189.9	783.05	24.3
2021-2022	663.69	1879.48	35.3
2022-2023	1005.88	3541.47	28.4
2023-2024	1111.26	4270.18	26.0
Average			27.4
Standard Deviation			4.8
Co Efficient Of Variation			17.6

Chart 4.3.5: Net Profit Ratio of IRCTC (2020-2024)



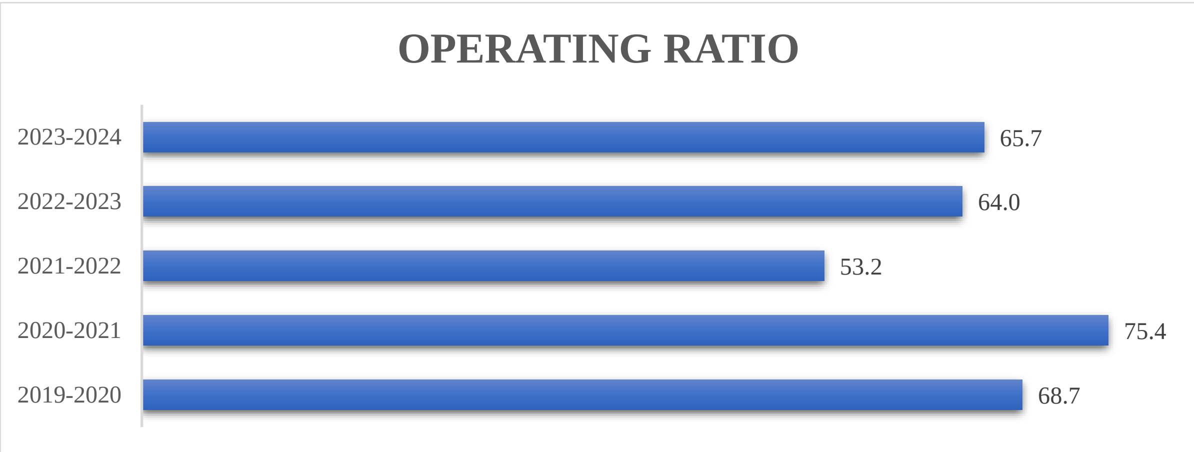
Interpretation: The net profit ratio has fluctuated from 23.2% in 2019-2020 to 26.0% in 2023-2024, with the highest at 35.3% in 2021-2022. The average ratio of 27.4% suggests the company consistently earns a solid profit margin on sales. The standard deviation of 4.8 indicates some variation in profitability, showing that the ratio has been subject to fluctuations. The coefficient of variation of 17.6% reflects moderate variability, meaning profitability has experienced both peaks and dips over the years. Despite this, the company has maintained a strong profit margin on average. The decline in 2020-2021 was likely due to external factors, but the recovery in subsequent years reflects effective management. Overall, the company has maintained good profitability, even amidst some variability.

Operating Ratio

Table 4.3.6: Operating Ratio of IRCTC (2020-2024)

Year	Operating Expenses	Net Sales	Operating Ratio
2019-2020	1562.79	2,275.48	68.7
2020-2021	590.34	783.05	75.4
2021-2022	1000.41	1,879.48	53.2
2022-2023	2266.57	3,541.47	64.0
2023-2024	2805.52	4,270.18	65.7
Average			65.40
Standard Deviation			8.07
Co Efficient Of Variation			12.346

Chart 4.3.6: Operating Ratio of IRCTC (2020-2024)



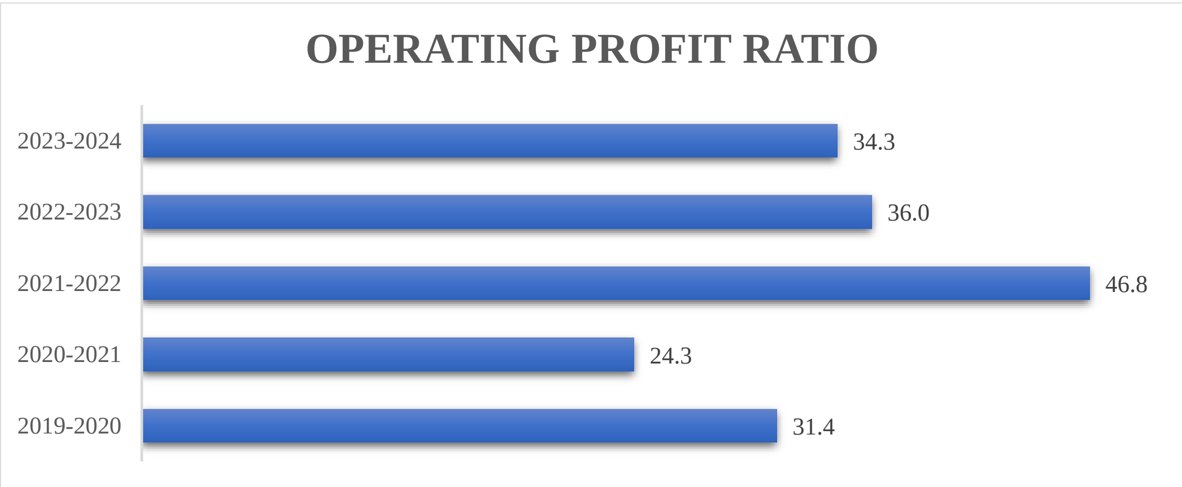
Interpretation: The operating ratio has fluctuated from 68.7% in 2019-2020 to 65.7% in 2023-2024, reflecting changes in operating expenses relative to net sales. With an average ratio of 65.4%, the company generally spends about 65.4% of its sales on operating expenses, indicating moderate cost efficiency. The standard deviation of 8.07 shows considerable variation in operating expenses over the years. The coefficient of variation of 12.35% suggests moderate volatility, with some years experiencing higher operating costs. The 2020-2021 spike to 75.4% was likely due to reduced sales and higher operating expenses, but the company improved the ratio in subsequent years. Overall, the company has managed to reduce operating expenses relative to sales, demonstrating improved cost control.

Operating Profit Ratio

Table 4.3.7: Operating Profit Ratio of IRCTC (2020-2024)

Year	Operating Profit	Net Sales	Operating Profit Ratio
2019-2020	713.39	2,275.48	31.4
2020-2021	190.29	783.05	24.3
2021-2022	879.5	1,879.48	46.8
2022-2023	1276.22	3,541.47	36.0
2023-2024	1466.19	4,270.18	34.3
Average			34.56
Standard Deviation			8.18
Co Efficient Of Variation			23.658

Chart 4.3.7: Operating Profit Ratio of IRCTC (2020-2024)



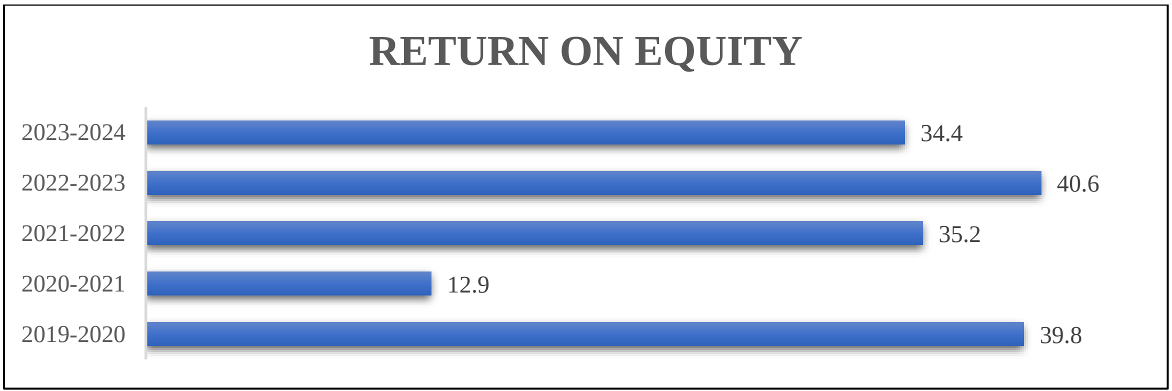
Interpretation: The operating profit ratio has fluctuated from 31.4% in 2019-2020 to 34.3% in 2023-2024, with a peak of 46.8% in 2021-2022, showing variability in profitability. The average ratio of 34.56% suggests that, on average, the company retains around 34.56% of its sales as operating profit. The standard deviation of 8.18 reflects significant year-to-year fluctuations in the ratio. The coefficient of variation of 23.66% indicates high volatility, particularly due to the dip in 2020-2021. However, the company showed strong recovery in 2021-2022, improving profitability. Overall, the company has maintained a healthy operating profit margin despite these fluctuations.

Return on Equity

Table 4.3.8: Return on Equity of IRCTC (2020-2024)

Year	Net Profit	Shareholders' Funds	Return on Equity
2019-2020	528.57	1,327.82	39.8
2020-2021	189.9	1466.95	12.9
2021-2022	663.69	1,883.88	35.2
2022-2023	1005.88	2,478.40	40.6
2023-2024	1111.26	3,229.97	34.4
Average			32.59
Standard Deviation			11.32
Co Efficient Of Variation			34.717

Chart 4.3.8: Return on Equity of IRCTC (2020-2024)



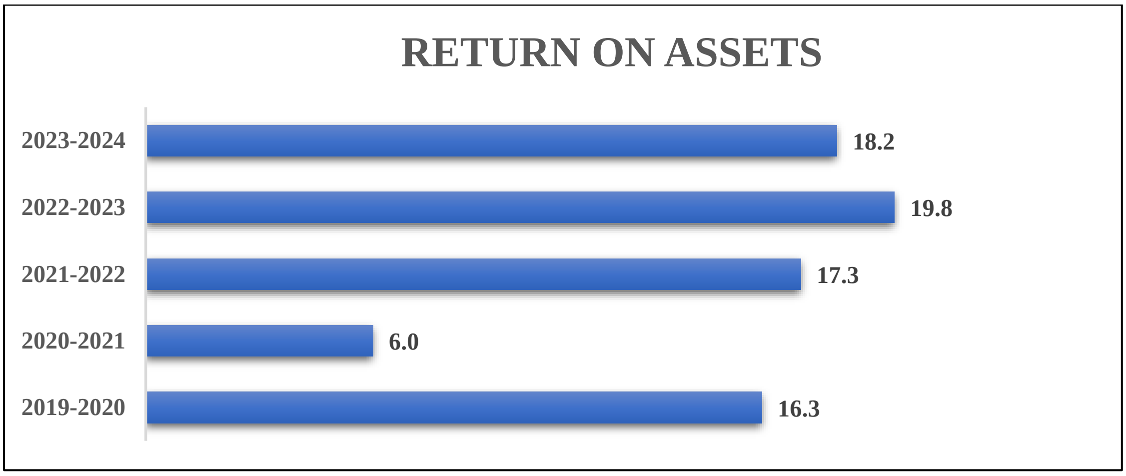
Interpretation: The return on equity (ROE) has varied from 39.8% in 2019-2020 to 34.4% in 2023-2024, with a significant dip to 12.9% in 2020-2021. The average ROE of 32.59% indicates that the company has, on average, generated a return of about 32.59% on shareholders' funds, which is a healthy rate of return. The standard deviation of 11.32 highlights significant fluctuations in the ROE over the period, especially the decline in 2020-2021, likely due to reduced profits and increased equity. The coefficient of variation of 34.72% suggests high variability in the company’s ability to generate returns on equity. Despite this fluctuation, the company has shown strong recovery in the following years, with ROE reaching 40.6% in 2022-2023. Overall, while the company experienced some volatility, the average ROE indicates strong profitability relative to shareholders' funds.

Return on Asset

Table 4.3.9: Return on Asset of IRCTC (2020-2024)

Year	**Net Profit**	**Total Assets**	**Return on Assets**
2019-2020	528.57	3,249.84	16.3
2020-2021	189.9	3166.04	6.0
2021-2022	663.69	3,837.18	17.3
2022-2023	1005.88	5,088.76	19.8
2023-2024	1111.26	6,091.10	18.2
Average			15.51
Standard Deviation			5.47
Co Efficient Of Variation			35.281

Chart 4.3.9: Return on Assets of IRCTC (2020-2024)



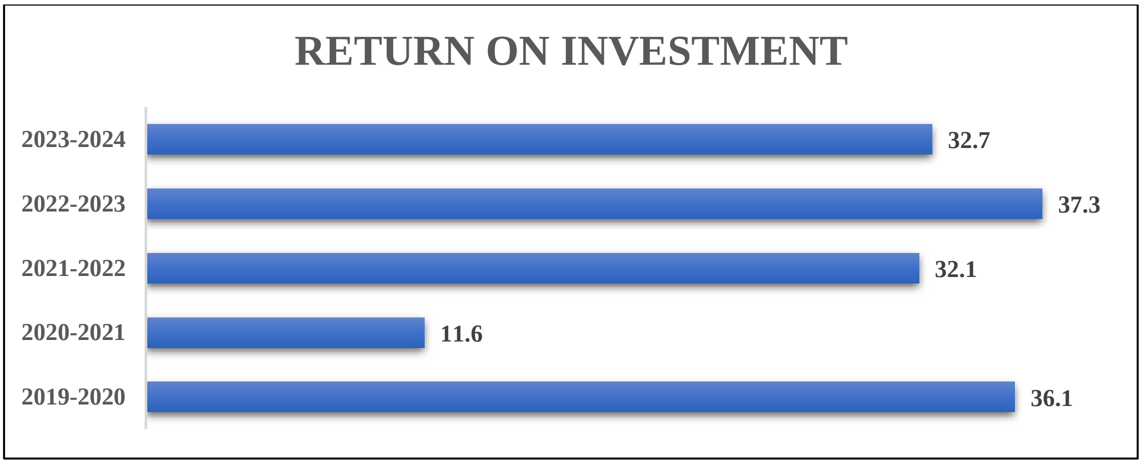
Interpretation: The return on assets (ROA) has fluctuated from 16.3% in 2019-2020 to 18.2% in 2023-2024, with a significant dip to 6.0% in 2020-2021. The average ROA of 15.51% indicates that, on average, the company generates a return of about 15.51% on its total assets. The standard deviation of 5.47 reflects significant variation in the ROA, particularly in 2020-2021, likely due to lower profitability. The coefficient of variation of 35.28% reveals high volatility in asset efficiency. Despite the dip, the company has shown improvement, with ROA increasing to 19.8% in 2022-2023. Overall, the company is demonstrating better asset utilization over time.

Return on Investment

Table 4.3.10: Return on Investment of IRCTC (2020-2024)

Year	Net Profit	Total Capital Employed	Return On Investment
2019-2020	528.57	1,463.55	36.1
2020-2021	188.63	1628.26	11.6
2021-2022	659.56	2,052.54	32.1
2022-2023	1004.94	2,697.39	37.3
2023-2024	1130.63	3,459.67	32.7
Average			29.95
Standard Deviation			10.50
Co Efficient Of Variation			35.050

Chart 4.3.10: Return on Investment of IRCTC (2020-2024)



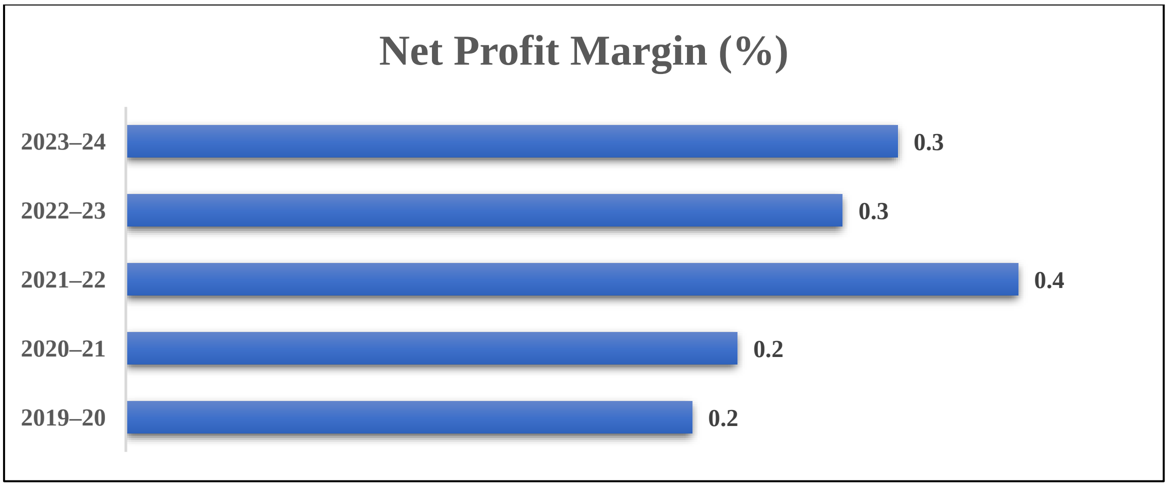
Interpretation: The return on investment (ROI) has shown fluctuations over the five-year period, ranging from a low of 11.6% in 2020-2021 to a high of 37.3% in 2022-2023. The average ROI of 29.95% indicates strong overall returns on the capital employed. The dip in 2020-2021 suggests a temporary decline in profitability, likely due to lower net profit despite increased capital employed. The standard deviation of 10.50 and coefficient of variation of 35.05% reflect considerable volatility in returns over the years. Despite this, the ROI recovered strongly in the following years. Overall, the company has maintained a solid return on its investments, reflecting effective capital utilization.

Net Profit Margin

Table 4.3.11: Net Profit Margin of IRCTC (2020-2024)

Year	Net Profit	Revenue	Net Profit Margin (%)
2019–20	528.57	2,353.53	0.2
2020–21	189.93	783.05	0.2
2021–22	664.96	1,879.46	0.4
2022–23	1006.51	3,541.18	0.3
2023–24	1200.63	3,920.50	0.3
AVERAGE			0.28
STANDARD DEVIATION			0.05

Chart 4.3.11: Net Profit Margin of IRCTC (2020-2024)



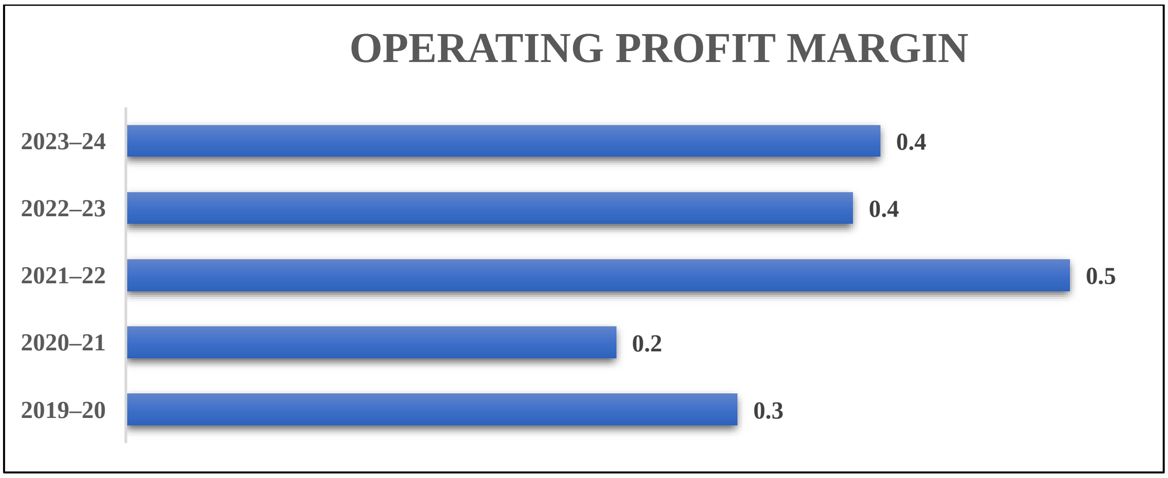
Interpretation: The Net Profit Margin (%) shows moderate variation over the five-year period, ranging from 0.2% in 2019–20 and 2020–21 to a peak of 0.4% in 2021–22. This indicates that in 2021–22, the company was most efficient in converting revenue into net profit. The margin slightly declined to 0.3% in the last two years, maintaining a stable trend. The average net profit margin is 0.28%, suggesting the company earns just under 30 paise of profit per ₹100 of revenue. The standard deviation of 0.05 reflects relatively low fluctuation in profitability. Overall, while margins are slim, the company has managed to maintain consistency in its earnings efficiency.

Operating Profit Margin

Table 4.3.12: Operating Profit Margin of IRCTC (2020-2024)

Year	Operating Profit	Total Revenue	Operating Profit Margin
2019–20	713.39	2,353.53	0.3
2020–21	190.29	783.05	0.2
2021–22	879.5	1,879.46	0.5
2022–23	1276.22	3,541.18	0.4
2023–24	1466.19	3,920.50	0.4
Average			0.35
Standard Deviation			0.08
Co Efficient Of Variation			24.028

Chart 4.3.12: Operating Profit Margin of IRCTC (2020-2024)



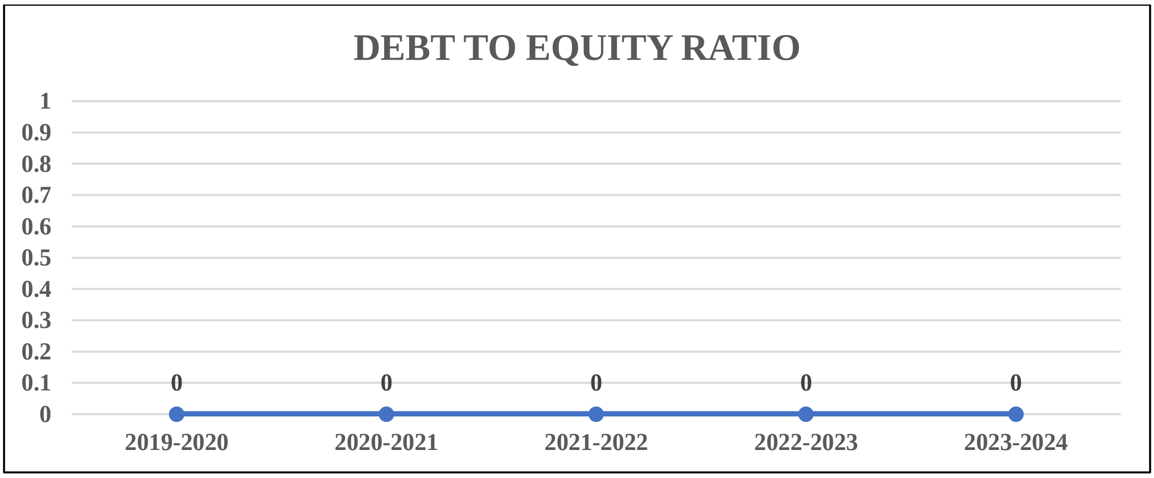
Interpretation: The Operating Profit Margin has shown a healthy upward trend over the years, starting from 0.3 in 2019–20 and reaching 0.4 in 2023–24, with a peak of 0.5 in 2021–22. This indicates improved operational efficiency and cost control. The average margin of 0.35 shows that the company consistently retains 35 paise as operating profit for every ₹1 of revenue. The standard deviation of 0.08 reflects moderate variation across the years. The coefficient of variation at 24.03% suggests some fluctuations but not extreme instability. Overall, the company has maintained a strong and improving operating profitability position.

Debt to Equity Ratio

Table 4.3.13: Debt to Equity Ratio of IRCTC (2020-2024)

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
Co Efficient Of Variation			

Chart 4.3.13: Debt to Equity Ratio of IRCTC (2020-2024)



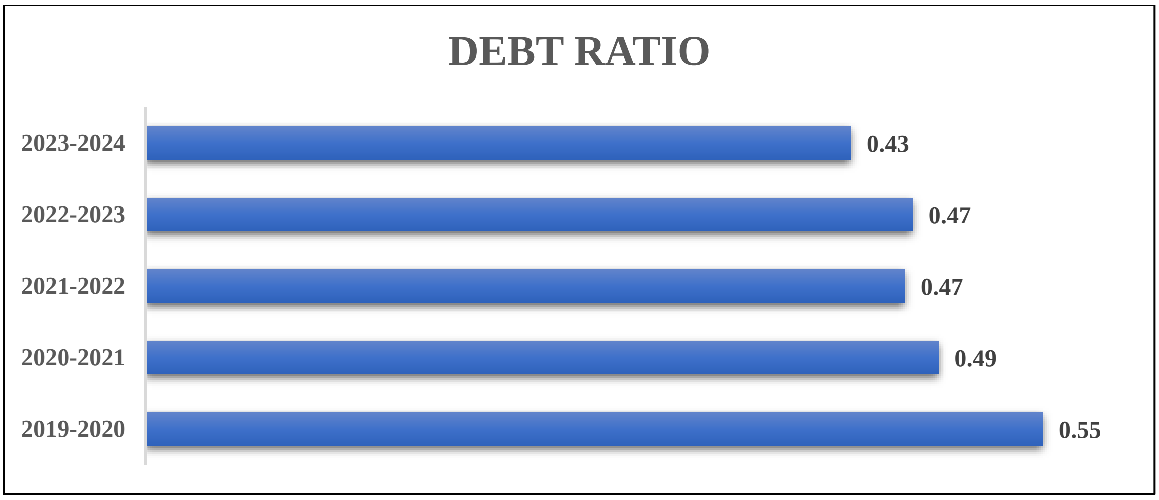
Interpretation: The Debt-to-Equity Ratio remains consistently 0 over the five-year period, indicating that the company has operated entirely without any debt financing. This reflects a very conservative capital structure, relying solely on shareholders' funds for financing its operations and growth. The average, standard deviation, and coefficient of variation are all zero, confirming the complete absence of debt and no variation in the ratio throughout the years. This low-risk financial approach enhances financial stability but may limit growth opportunities if the company avoids leveraging for expansion. Overall, the company maintains a highly stable and debt-free profile.

Debt Ratio

Table 4.3.14: Debt Ratio of IRCTC (2020-2024)

Year	Total Liabilities	Total Assets	Debt Ratio
2019-2020	1786.29	3,249.84	0.54
2020-2021	1537.78	3,166.04	0.49
2021-2022	1784.63	3,837.18	0.46
2022-2023	2391.37	5,088.76	0.47
2023-2024	2631.43	6091.1	0.43
Average			**0.48**
Standard Deviation			**0.04**
Co Efficient Of Variation			**9.018**

Chart 4.3.14: Debt Ratio of IRCTC (2020-2024)



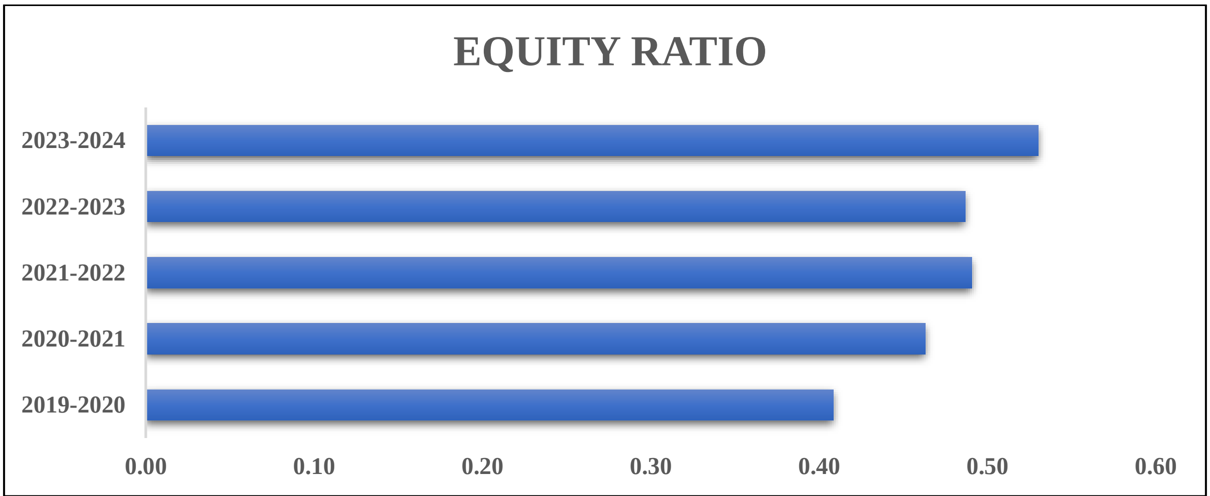
Interpretation: The Debt Ratio has shown a gradual decline from 0.54 in 2019–2020 to 0.43 in 2023–2024, indicating a steady reduction in the company's reliance on liabilities to finance its assets. The average debt ratio of 0.48 suggests that, on average, 48% of the company's assets are financed through liabilities. The standard deviation of 0.04 and coefficient of variation of 9.02% show low variability, reflecting consistent financial management. The decreasing trend points to improving financial health and a stronger equity base. Overall, the company is becoming less dependent on debt, which reduces financial risk.

Equity Ratio

Table 4.3.15: Equity Ratio of IRCTC (2020-2024)

Year	Shareholders' Equity	Total Assets	Equity Ratio
2019-2020	1327.82	3249.84	0.41
2020-2021	1466.95	3166.04	0.46
2021-2022	1883.88	3837.18	0.49
2022-2023	2478.4	5088.76	0.49
2023-2024	3229.97	6091.1	0.53
Average			**0.48**
Standard Deviation			**0.04**
Co Efficient Of Variation			**9.39**

Chart 4.3.15: Equity Ratio of IRCTC (2020-2024)



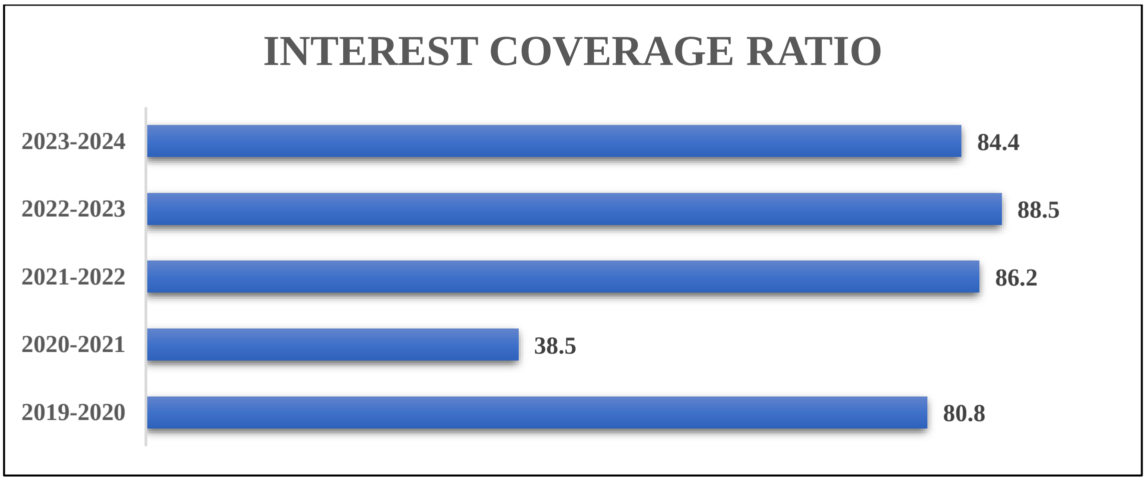
Interpretation: The Equity Ratio has steadily increased from 0.41 in 2019–2020 to 0.53 in 2023–2024, indicating a growing reliance on shareholders' equity for financing the company's assets. An average equity ratio of 0.48 suggests that nearly 48% of the assets are funded by equity, showcasing a balanced capital structure. The standard deviation of 0.04 and coefficient of variation of 9.39% reflect low variability and stable equity financing trends. This improvement signals stronger financial independence, lower leverage risk, and increased investor confidence. Overall, the company demonstrates sound financial strength through consistent equity growth.

Interest Coverage Ratio

Table 4.3.16: Interest Coverage Ratio of IRCTC (2020-2024)

Year	Ebit	Interest Expense	Interest Coverage Ratio
2019-2020	788.89	9.76	80.8
2020-2021	318.56	8.27	38.5
2021-2022	952.71	11.05	86.2
2022-2023	1,426.06	16.11	88.5
2023-2024	1,572.46	18.64	84.4
Average			75.69
Standard Deviation			20.97
Co Efficient Of Variation			20.70

Chart 4.3.16: Interest Coverage Ratio of IRCTC (2020-2024)



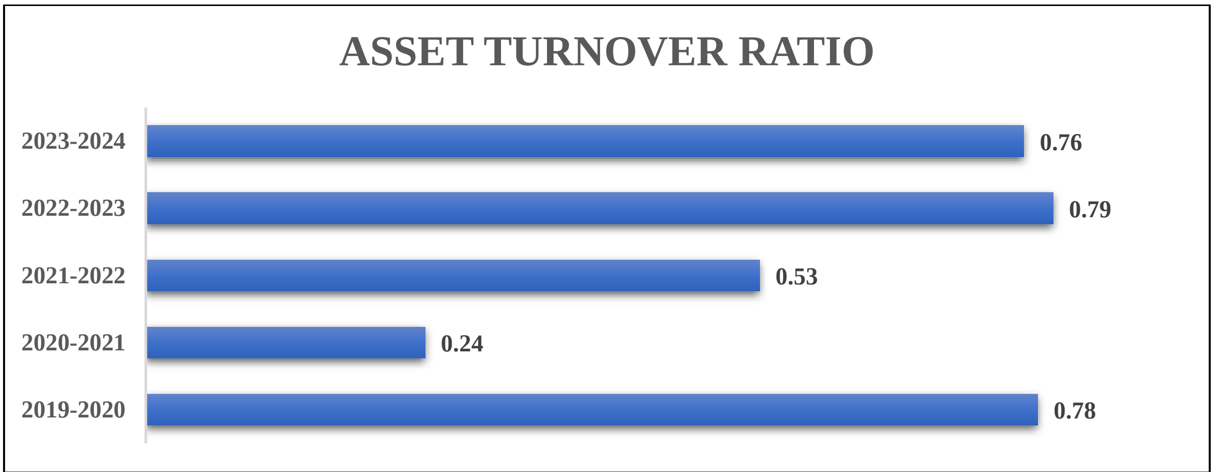
Interpretation: The Interest Coverage Ratio shows a strong ability of the company to meet its interest obligations, with values ranging from 38.5 to 88.5 over the five-year period. The average ratio of 75.69 indicates that the company earns over 75 times its interest expenses, reflecting excellent financial health. Although there was a dip in 2020–2021 (38.5), the ratio rebounded strongly in subsequent years. A standard deviation of 20.97 and a coefficient of variation of 20.70% suggest moderate fluctuations, yet overall the firm maintains robust interest-paying capacity. This high coverage boosts creditor confidence and highlights operational efficiency.

Asset Turnover Ratio

Table 4.3.17: Asset Turnover Ratio of IRCTC (2020-2024)

Year	Revenue From Operations	Average Total Assets	Asset Turnover Ratio
2019-2020	2,275.48	2917.5	0.78
2020-2021	783.05	3197	0.24
2021-2022	1,879.48	3518.5	0.53
2022-2023	3,541.47	4486.5	0.79
2023-2024	4,270.18	5590	0.76
Average			0.62
Standard Deviation			0.24
Co Efficient Of Variation			37.93

Chart 4.3.17: Asset Turnover Ratio of IRCTC (2020-2024)



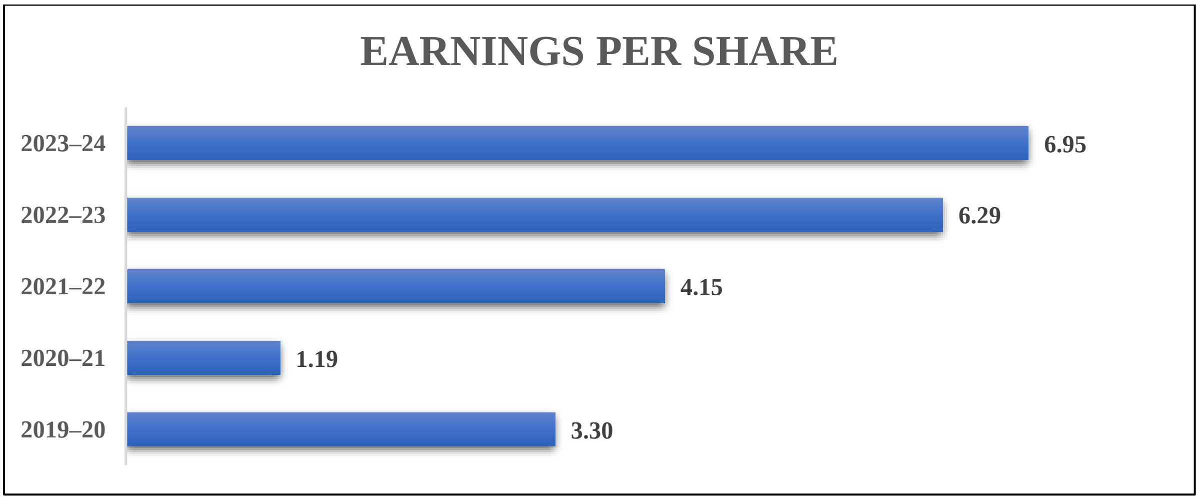
Interpretation: The Asset Turnover Ratio reflects how efficiently the company uses its assets to generate revenue. Over the five-year period, the ratio ranged from 0.24 to 0.79, with an average of 0.62, indicating moderate asset utilization. The lowest ratio occurred in 2020–2021, possibly due to pandemic-related disruptions, while recovery is evident in the following years. A standard deviation of 0.24 and a coefficient of variation of 37.93% show high variability, suggesting inconsistent efficiency in asset usage. Despite fluctuations, the overall trend indicates improvement in operational performance and revenue generation from assets.

Earnings Per Share

Table 4.3.18: Earnings Per Share of IRCTC (2020-2024)

Year	**Net Profit**	**Equity Share Capital**	**EPS**
2019–20	528.57	160	3.30
2020–21	189.9	160	1.19
2021–22	663.69	160	4.15
2022–23	1,005.88	160	6.29
2023–24	1,111.26	160	6.95
Average			4.37
Standard Deviation			2.33
Co Efficient Of Variation			53.2

Chart 4.3.18: Earnings Per Share of IRCTC (2020-2024)



Interpretation: The Earnings Per Share (EPS) of the company has shown a fluctuating trend over the five-year period from 2019–20 to 2023–24. The EPS increased significantly from ₹1.19 in 2020–21 to ₹6.95 in 2023–24, indicating improved profitability and returns to shareholders. The average EPS stands at ₹4.37, which reflects a strong earning capacity. However, a standard deviation of ₹2.33 and a coefficient of variation of 53.2% indicate high volatility in earnings. This fluctuation could be due to variations in net profit levels over the years, possibly influenced by external market or operational factors.

Dupont Ratio

Table 4.3.18: Dupont Ratio of IRCTC (2020-2024)

Year	Net Profit Margin (%)	Asset Turnover Ratio	Equity Multiplier	ROE
2019–20	23.22	0.70	2.45	39.79
2020–21	24.25	0.25	2.16	12.94
2021–22	35.22	0.49	2.04	35.14
2022–23	28.40	0.70	2.05	40.58
2023–24	26.40	0.70	1.89	34.90

Interpretation: The DuPont analysis for IRCTC from 2019–20 to 2023–24 shows notable fluctuations in Return on Equity (ROE), driven by changes in profit margin, asset efficiency, and financial leverage. In 2019–20, a strong ROE of 39.79% was supported by a healthy net profit margin and relatively high leverage. However, in 2020–21, ROE dropped sharply to 12.94% due to a significant fall in asset turnover, likely impacted by COVID-19 disruptions. The recovery began in 2021–22, with an improved profit margin of 35.22% boosting ROE to 35.14%, despite moderate asset turnover. In 2022–23, both profit margin and asset turnover improved, pushing ROE to its highest point at 40.58%. However, in 2023–24, a slight decline in profit margin and reduced equity multiplier led to a lower ROE of 34.90%, showing stable performance but with reduced financial leverage. Overall, IRCTC's profitability and operational efficiency have been key contributors to its strong ROE over the years.

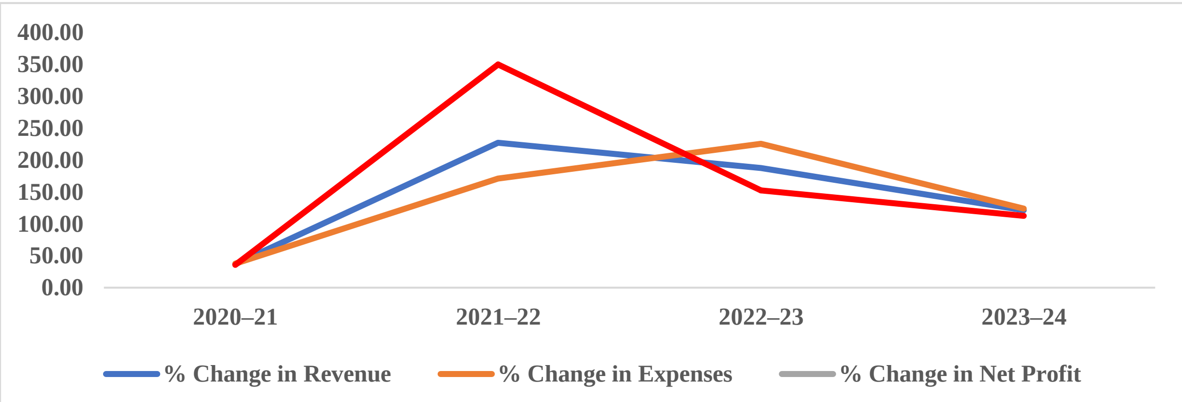
4.4 TREND ANALYSIS

Trend Analysis of Revenue, Expenses and Net Profit (2020 – 2024)

4.4.1 Trend Analysis of Revenue, Expenses and Net Profit (2020 – 2024)

Year	Revenue	% Change In Revenue	Expenses	% Change In Expenses	Net Profit	% Change In Net Profit
2019–20	2,342.41		1563.98		528.57	
2020–21	861	36.76	588.9	37.65	188.63	35.69
2021–22	1,954.48	227.00	1005.06	170.67	659.56	349.66
2022–23	3,661.90	187.36	2265.25	225.38	1004.94	152.37
2023–24	4,434.66	121.10	2803.98	123.78	1130.63	112.51

Chart 4.4.1 **Trend Analysis of Revenue, Expenses and Net Profit (2020 – 2024)**



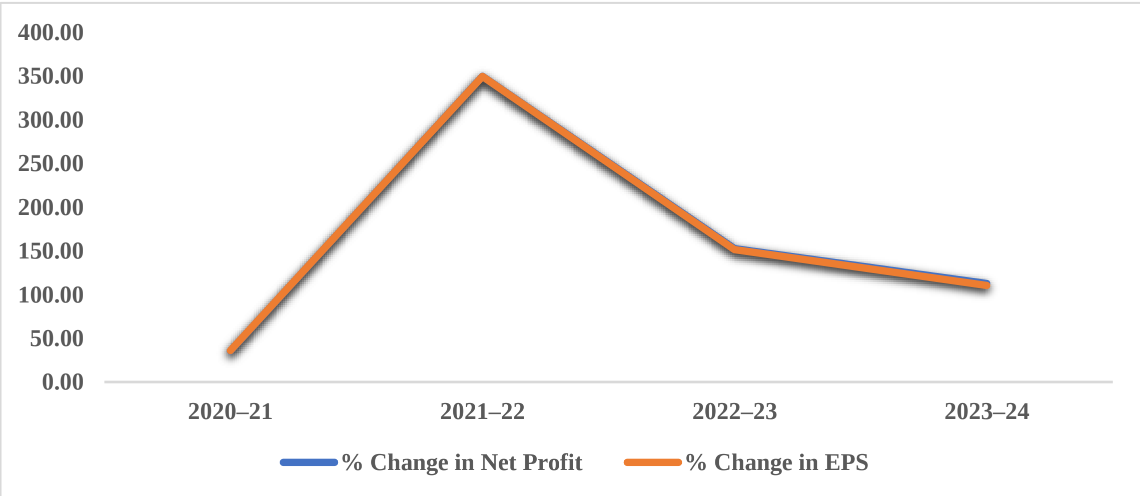
Interpretation: The company's financial performance over the five-year period shows significant fluctuations in revenue, expenses, and net profit. From 2020–21 onwards, there is a strong recovery in revenue, particularly in 2021–22 with a 227% increase, reflecting growth momentum post-pandemic. Similarly, expenses also surged, especially in 2022–23 with a 225.38% rise, indicating scaling of operations. The net profit rose drastically by 349.66% in 2021–22, showing operational efficiency and profitability. However, the growth in net profit slowed to 112.51% in 2023–24 despite rising revenue, suggesting cost pressures or reduced margins. Overall, the financials indicate a positive growth trajectory with a need to control costs for sustained profitability.

Trend Analysis of Net Profit and Earning Per Share (2020 – 2024)

Table 4.4.2 Trend Analysis of Net Profit and Earning Per Share (2020 – 2024)

Year	Net Profit	% Change in Net Profit	Earnings Per Share	% Change in Net EPS
2019–20	528.57		3.30	
2020–21	188.63	35.69	1.19	35.9
2021–22	659.56	349.66	4.15	349.5
2022–23	1004.94	152.37	6.29	151.6
2023–24	1130.63	112.51	6.95	110.5

Chart 4.4.2 Trend Analysis of Net Profit and Earning Per Share (2020 – 2024)



Interpretation: The data shows a fluctuating yet overall positive growth trend in both net profit and earnings per share (EPS) over the five-year period. In 2020–21, there was a sharp decline in net profit and EPS compared to 2019–20, with both dropping by about 65%, reflecting the economic impact likely due to the pandemic. However, 2021–22 marked a strong recovery, with net profit increasing by 349.66% and EPS by 349.5%, showing restored profitability. This upward trend continued in 2022–23 and 2023–24, though at a slower rate, indicating stable but moderating growth. Overall, the consistency between the percentage changes in net profit and EPS suggests effective capital structure management and a steady return to shareholders.

CHAPTER – 05

FINDINGS AND SUGGESTION

5.1 FINDINGS

- IRCTC showed a 20% increase in assets and a 30% rise in shareholders' equity, signalling strong company growth and effective cash management, as indicated by its comparative balance sheet.
- The comparative income statement revealed a 21% rise in revenue and a 10% increase in profit. While the dividend payout decreased, the dividend rate rose, reflecting improved profitability management.
- IRCTC's liquidity strengthened with the current ratio improving from 1.60 to 1.95, and the quick ratio rising to 1.95, showing consistent short-term financial strength. Additionally, its absolute liquid ratio increased from 0.73 to 0.86.
- The company maintained a highly stable gross profit ratio of 94.15%, reflecting strong cost control. The net profit ratio averaged 27.4%, showing robust profitability, even with some fluctuations over the years.
- IRCTC continued to operate with a zero debt-to-equity ratio, relying entirely on equity. The debt ratio decreased from 0.54 to 0.43, indicating a shift towards lower debt reliance and improved financial stability.
- Return on equity (ROE) averaged 32.59%, but with high variability due to fluctuations in profit margin, asset turnover, and leverage. Similarly, the return on investment (ROI) was strong at 29.95%, though it showed considerable volatility.
- EPS increased from ₹1.19 in 2020–21 to ₹6.95 in 2023–24, reflecting a sharp recovery after a decline in 2020–21. Despite some volatility, IRCTC showed steady profitability growth and stable returns by 2023–24.

5.2 SUGGESTION

- IRCTC should effectively use its equity to support growth and enhance asset utilization, driving long-term financial strength. This approach will help the company sustain growth and improve its capital efficiency.
- Better cost control is needed to improve profits while balancing dividend payouts, ensuring effective financial management. Efficient cost management will boost overall profitability and shareholder returns.

- Focusing on strengthening profitable segments and supporting weaker ones will drive more consistent growth. Diversifying revenue sources will reduce risks and stabilize income streams for the company.
- Strong liquidity management is vital for meeting short-term obligations and maintaining financial stability. IRCTC should focus on ensuring sufficient liquidity, especially during market fluctuations.
- Controlling costs to maintain solid gross profit margins is crucial for consistent profitability. Operational efficiency must be a priority to sustain margins despite challenges in the market.
- Monitoring operating costs closely will enhance efficiency and improve overall performance. Standardizing operations will reduce profit fluctuations, ensuring more predictable financial results.
- To strengthen financial health, IRCTC should continue its zero-debt policy and reduce any remaining debt. Improving asset turnover and maintaining steady EPS growth will drive overall efficiency and stability.

5.3 CONCLUSION

The detailed financial analysis of IRCTC over the five-year period from 2019–20 to 2023–24 reflects a resilient and progressively growing organization. Despite the severe economic disruption caused by the COVID-19 pandemic in 2020–21, IRCTC showcased a remarkable recovery across all financial dimensions in the subsequent years. The significant growth in revenue, net profit, and earnings per share (EPS) highlights the company's capacity to rebound effectively and indicates the strength of its business model.

Liquidity ratios such as the current ratio, quick ratio, and absolute liquid ratio have remained consistently strong, demonstrating IRCTC's ability to meet short-term obligations comfortably. The company's zero-debt structure and consistently improving equity ratio further underline its prudent financial management and risk-averse approach, which enhances its credibility among investors and stakeholders. Segment-wise, Rail Neer has remained profitable, while Internet Ticketing, Catering, and Tourism segments, though affected during the pandemic, have shown strong signs of recovery. The State Teertha segment has also experienced steady improvement, suggesting better diversification and utilization of opportunities.

Profitability indicators such as gross profit ratio, net profit ratio, operating profit margin, and return on investment display a generally positive trend, although some metrics reflect moderate variability due to operational cost fluctuations and external factors. The DuPont Analysis indicates that fluctuations in Return on Equity (ROE) are driven by changing margins and asset turnover, especially during 2020–21. However, the recovery in ROE to pre-pandemic levels in subsequent years signifies improved operational efficiency. Key suggestions such as better cost control, efficient asset utilization, and more focus on underperforming segments are crucial to ensure sustainable and consistent profitability. Additionally, increasing focus on digital infrastructure, tourism innovation, and customer service will further strengthen IRCTC's competitive advantage.

IRCTC's financial performance is robust, well-balanced, and strategically managed. The company has not only weathered economic challenges but has also laid the foundation for sustained long-term growth. With a clear focus on financial discipline, efficient operations, and diversified revenue streams, IRCTC is well-positioned to enhance its leadership in the railway catering and tourism sector. By addressing the identified gaps and implementing the suggested improvements, IRCTC can achieve greater operational efficiency, improved shareholder returns, and continue contributing significantly to India's transportation and tourism ecosystem.

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