



# A STUDY ON FINANCIAL ANALYSIS OF KOTAK MAHINDRA BANK

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## ABSTRACT

One of India's top private sector banks, Kotak Mahindra Bank places a high priority on both innovation and customer satisfaction. Over the years, the bank has continuously produced solid financial results, with stable increase in important financial parameters like net interest income, net profit, and total assets. Net interest income at Kotak Mahindra Bank increased by 13% to reach Rs. 17,517 crore in the fiscal year 2020–21, while net profit rose by 16% to Rs. 5,550 crore. The bank's total assets increased by 12% to Rs. 3,83,619 crore as a result of significant increases in loans and investments. The bank's asset quality was consistent throughout the year, with its gross non-performing assets (GNPAs) ratio and net non-performing assets (NNPAs) both at 3.25 percent.

## INTRODUCTION

Since finance is the engine and lifeblood of all economic activity, it permeates all aspects of economic and corporate life. It is vitally important for a business' survival and expansion. One of the fundamental techniques for assessing the bank's financial status and performance is ratio analysis. Financial analysis is the process of determining a company's financial strengths and weaknesses by strategically relating the components of its balance sheet, profit and loss account, and other financial statements. Financial statement analysis is a type of study that focuses on key relationships found in the bank's financial statements. The main purpose of financial statement preparation is decision-making. Ratio analysis is a method used in science to examine

## STATEMENT OF THE PROBLEM

The financial analysis of a bank can be evaluated through the analysis of its financial ratios. However, the interpretation and comparison of these ratios can be challenging, especially for individuals without a strong financial background. The purpose of this project is to provide a comprehensive analysis of the financial ratios of Kotak Mahindra bank, and to compare its financial performance. This will allow the bank to gain insights into the financial health and make informed decisions.

## OBJECTIVES OF THE STUDY

- To find out the profitability of the Kotak Mahindra Bank.
- To analyze the liquidity position of the Kotak Mahindra Bank.
- To analyze the solvency position of the Kotak Mahindra Bank.

## METHODOLOGY OF THE STUDY

An Analytical research design is chosen for the study. This research is conducted to find out facts about the given topic from the answers obtained develop new and useful ways during things.

## TOOLS

- ✓ Ratio analysis

## REVIEW OF LITERATURE

- **Ms Kanika Arora, MrSachinRohatgi and DrPreeti Sharma(2022)**, they concluded that Indian banks should take care to ensure that they give loans to credit worthy customers. In this context the dictum "Prevention is always better than cure" acts as the golden rule to reduce NPA's. The future of banks would be based on their capability to continuously build good quality assets in an increasingly competitive environment and maintaining capital adequacy and



stringent prudential norms. Reduction of NPAs in banking sector should be treated as national priority item to make the Indian Banking system more strong, vibrant and geared to meet the challenges of globalization.

- **Alan Thomas John and John Pradeep Kumar(2022)**, According to their research, the profitability of the selected institutions is relatively decent. HDFC, ICICI Bank and Kotak Mahindra Bank are the finest private sector banks to invest in among the selected banks since they retain a superior position in terms of profitability, solvency, and stock valuation. The bank's asset quality and financial stability are also satisfactory. For the past five years, bank non performing assets (NPAs) have been on the rise. Banks have been able to progressively recover from the bad effects of the Covid-19 outbreak due to government and RBI interventions. Considering the above information, investors can consider investing in HDFC Bank ICICI Bank and Kotak Mahindra Bank.

**ANALYSIS AND INTERPRETATION**

Year	Operating Profit	Current Ratio	Quick ratio	Cash Ratio	ROA	ROE	Proprietary
2022	7.917	3.157	3.157	2.44	0.06	34.01	0.18
2021	9.166	3.578	3.578	2.69	0.07	33.12	0.21
2020	32.55	6.752	6.752	5.67	0.08	35.01	0.22
2019	33.77	3.283	3.283	2.42	0.08	31.26	0.24
2018	33.13	3.258	3.258	2.21	0.07	26.38	0.28

**FINDINGS, SUGGESTIONS AND CONCLUSION**

**FINDINGS**

1. The standard ratio of Liquidity ratio is 1:1 and the companies were highest 6.78 in the year 2020. It is growing every year so it is satisfactory.
2. Cash ratio of the bank was highest 5.67 in the year 2019-2020 and lowest 2.21 in the year 2017-2018. It is not growing every year so it is not satisfactory.
3. Operating profit ratio of the company was highest 33.77 in the year 2021 and lowest 7.917 in the year 2022. It is not growing every year so it's not satisfactory.
4. Return on asset ratio of the company was highest 0.08 in the year 2020 and lowest 0.06 in the year 2022. It is not growing every year so it is not satisfactory
5. Return on equity ratio of the company was highest 35.01 in the year 2020 and lowest 26.38 in the year 2018. It is growing every year so it is satisfactory.
6. Proprietary ratio of the company was highest 0.28 in the year 2018 and lowest 0.18 in the year 2022. It is not growing every year so it is not satisfactory.

**SUGGESTIONS**

1. The bank should maintain the assets in order to improve its position in future. It should increase the operating profit value, because the ratio proportion is very less so the bank need to improve.
2. The profit can be increased by increasing in efficient productivity and decrease in expenses of the bank. The bank can try to control the expenditure and fair return on the shareholders. The bank has to increase the current assets and current liabilities to make positive working capital.
3. The bank should probably consider the use of the fund to invest other opportunities to get a profit.
4. The bank should maintain the share capital to pay dividend to the shareholders.

**CONCLUSION**

The study was conducted with the intention of assessing the Kotak Mahindra Bank's ratio analysis. Ratios, which are crucial instruments for financial analysis, were used to conduct the bank's analysis. The analysis provides a clear picture of the bank's financial status during the last five years, and the performance is satisfactory. Therefore, the bank can boost its profitability and enhance overall performance if the suggested changes are made. The bank is operating satisfactorily. This study presents the conclusions and suggestions that would help the bank develop and improve.

**REFERENCE**

1. *Ms Kanika Arora, Mr Sachin Rohatgi and Dr Preeti Sharma(2022), COMPARATIVE ANALYSIS OF AXIS BANK AND KOTAK MAHINDRA BANK WITH REFERENCE TO NPA, PROFIT AND ADVANCES,*



2. *Alan Thomas John and John Pradeep Kumar(2022), A STUDY ON THE FUNDAMENTAL ANALYSIS OF SELECTED PRIVATE SECTOR BANKS IN INDIA, Reengineering Management Capabilities for a Sustainable Future.*

### **BOOKS**

Financial Markets and Services - Gordon and Natarajan  
Management Accounting - S. Chand

### **WEBSITE**

[www.moneycontrol.com](http://www.moneycontrol.com)  
[www.kotak Mahindra bank.com](http://www.kotak Mahindra bank.com)