



A STUDY ON FINANCIAL PERFORMANCE OF KOTAK MAHINDRA BANK

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ABSTRACT

Effective financial management is the key for running a financially successful business. The term financial analysis is also referred to as financial statement analysis. Financial statements report profitability and financial position of the business at the end of the financial year. Financial analysis helps to determine the financial strength and weakness of the firm by establishing strategic relationships between the items of the balance sheet and profit and loss account. The main objective of the study is to compare and analyze the financial statements for the past five financial years and also to analyze and interpret the Return on Assets Ratio, Interest Coverage Ratio, Ratio of Interest Income to Total Assets, Ratio of Non-interest Income to Total Assets, Ratio of Operating Expenses to Total Assets, CASA Ratio, Net Interest Margin Ratio, Net Profit Margin, Cost-to-income Ratio of Kotak Mahindra Bank. Research methodology adopted for the study is descriptive in nature and is collected from various sources like the annual report of Kotak Mahindra Bank. Secondary data is collected from Company website(www.kotak.com), other websites (www.moneycontrol.com, Ibef.org and www.google.com) and book sources. The findings of the study helps the Bank to improve for the further years. The suggestion provided in study to increase its number of branches in the state, check on unnecessary operating expenses by using automation and to improve the interest coverage ratio in order to reduce the Bank's debt burden. Financial position of the business which might certainly help the bank to inculcate the same and reap profits ahead.

KEYWORDS: Financial performance, balance sheet, profit & loss A/c, ratio analysis.

1. INTRODUCTION

Financial performance is a subjective measure of how well a firm can use assets from its primary mode of business and general revenue. The term is also used as a general measure of a firm's overall financial health over a given period. The financial performance identifies how a company generates revenues and manages its assets, liabilities, and the financial interests of its stakeholders.

2. STATEMENT OF THE PROBLEM

Banking is a vast subject many economic researchers have studied and focusing their attention on various spheres of banking. The studies available on the performance of commercial banks are minimal in number. There are still many unexplored areas that need to be explored. In this context "Financial analysis of Kotak Mahindra Bank" is selected for the present

study.

3. OBJECTIVE OF THE STUDY

- To study the Assets ratios of Kotak Mahindra Bank.
- To study the financial performance of Kotak Mahindra Bank in general by conducting ratio analysis of the last 5 years.
- To study the growth aspect of Kotak Mahindra Bank.
- To measure Kotak Mahindra Bank's financial results.

4. RESEARCH METHODOLOGY

The present study aims to analyze the financial performance of Kotak Mahindra Bank Ltd., It is a private sector bank with a huge capital background. In order to know the performance of



Kotak Mahindra Bank Ltd., the study has been carried out. Therefore, Kotak Mahindra Bank Ltd., has been purposefully chosen for this study.

SOURCE OF DATA

The secondary data have been used for the purpose of this study. The data have been collected from the published Annual Reports of the Kotak Mahindra Bank. In addition to that textbooks and journals have been referred to extensively to collect various information relating to this topic.

5. TOOLS AND TECHNIQUES

The following statistical tools were applied to analyze the statistical data collected from calculation of financial performance analysis:

1. Return on Assets Ratio
2. Interest Coverage Ratio
3. Ratio of Interest Income to Total Assets Ratio
4. Ratio of Non-interest Income to Total Assets Ratio
5. Ratio of Operating Expenses to Total Assets Ratio
6. CASA Ratio
7. Net Interest Margin Ratio

7. TABLES

TABLE SHOWING RETURN ON ASSETS RATIO (%)

YEAR	Net Income (Rs. In '000)	Total Assets (Rs. In '000)	Return On Assets Ratio
2015-16	3431.12	240803.58	1.42
2016-17	4949.08	276187.56	1.79
2017-18	6147.14	337720.47	1.82
2018-19	7119.7	395171.25	1.80
2019-20	8607.08	443172.71	1.94

(Source: Annual report of Kotak Mahindra Bank)

INTERPRETATION

From the above table, the return on assets ratio in the year 2015-16 is 1.42 and it starts to decrease in the next 2016-17 as 1.79. It again increased in the year 2017-18 as 1.82. During the year 2018-19 the ratio becomes lower as 1.80 and in the year 2019-20 the return on assets ratio becomes higher i.e., 1.94. It shows that net income of Kotak Mahindra Bank is increasing.

8. SUGGESTIONS

- The Bank has to increase its number of branches in the state.
- As the interest coverage ratio is less than the ideal ratio, the Bank has to

8. Net Profit Margin
9. Cost-to-income Ratio

6. REVIEW OF LITERATURE

P. Maheswari and K. M. Sudha (2017), the main emphasis of this present paper is to assess the performance of Karnataka Bank Ltd., for the period of five years i.e., from

2011-2015. To measure the performance of the bank in this study, efficiency ratio, liquidity ratio and profitability ratio was taken into consideration.

Manthan Vernekar (2016), this project makes an attempt to study the performance of Indian Overseas Banks. Researchers used a ratio analysis method for analyzing and evaluating the performance of the bank. The future findings will help the bank to develop effectively.

Chaman Kumar (2015), the financial appraisal of a project helps to determine the financial viability and sustainability of the project. This study examines the financial situation of the HDFC Banks using comparative analysis for the period 2005-2015.

concentrate a lot. The lower the interest coverage ratio, the higher the company's debt burden and the greater the possibility of bankruptcy.

- As the operating expenses ratio is higher, the bank has to take a step to control the operating expenses. Controlling operating expenses is a key component in creating a profitable business.
- As the interest income to total assets ratio is low, the Bank has to take effective measures to increase its interest income. Normally the higher this ratio the better indicating the bank is earning a high interest rate.



9. CONCLUSION

On the basis of various ratios applied for the financial analysis of Kotak Mahindra Bank, it can be concluded that the overall financial position and overall performance of the bank is quite healthy. The financial position of the Bank is healthy with some minor weaknesses. Those suggestions certainly help the bank to improve its financial position and help to continue its further growth and expansion of Kotak Mahindra Bank.

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