

# Financial Analysis of Kotak Mahindra Bank

Mansi S Meenatkshi<sup>1</sup>, Dr S. R. Kritikaa<sup>2</sup>

<sup>1</sup>III B. Com PA, Department of B. Com PA, PSGR Krishnammal College for Women

<sup>2</sup>Guide, M. Com (CA), M.Phil., PhD., Assistant Professor, Department of B. Com PA, PSGR Krishnammal College for Women

**Abstract—** Banking is a sector where transactions which are related to banking business is carried out. The banking sector is deemed to be one of the vital sectors of the economy. Banks provide funds for the business and play a crucial role within the development of the nation. The main purpose of the study is to study the financial performance of Kotak Mahindra Bank. This study is analytical in nature. Secondary data has been used in this study. The data is collected from the annual reports of Kotak Mahindra Bank, journals and books. The collected data has been analysed using trend analysis and SWOT analysis. The study concludes that the Kotak Mahindra Bank's financial performance is strong during the study period of five years (2017-2021).

**Index Terms:** Deposits, Advances, Analysis, Financial Performance

## I.INTRODUCTION

The banking sector is the heart of all economic activities of a country and a small change in its regulation may affect the entire economy. The banks are the institutions that directly hit the economy and affect their performance for better or worse. Banks play a crucial role in "Capital Formation", which is important for the economic development of a nation. They gather the idle saving of the people and make them available for investment. They also create new demand deposits within the process of granting loans and buying investment securities.

Financial performance is a complete evaluation of a company's overall standing in categories such as assets, liabilities, equity, expenses, revenue and overall profitability. It is measured through various business-related formulae that allow users to calculate exact details regarding a company's potential effectiveness. Financial analysis establishes a relationship between the items of the balance sheet, profit and loss account and other financial data in ascertaining the financial strengths and weakness of the firm. It also refers to the study of the trend of

financial factors in a business, which is appeared in a series of statements. Financial statement analysis covers both analysis and interpretation. The purpose of the financial statement analysis is to discover the information contained in the financial statements, so as to access the profitability and financial soundness of the firm.

## II.OBJECTIVES OF THE STUDY

- To study and analyse the growth of the Deposits and Advances of KOTAK MAHINDRA BANK.
- To analyse the financial strength and weakness of KOTAK MAHINDRA BANK.
- To understand the current position of the bank.

## III.NEED FOR THE STUDY

Today's world banking is a fast-growing industry and there is a need for the bank to analyse the study on current position of the bank in the market and determine the trend of deposits and advances.

## IV.SCOPE OF THE STUDY

The study is limited to KOTAK MAHINDRA BANK and the data is been analysed for 5 years and interpreted from the information available in the financial statements. The study aims at analysing the overall financial performance of the Kotak Mahindra Bank by using financial tools. This study focuses on the financial performance of Kotak Mahindra Bank and it helps in estimating the future usefulness of banks to make a decent profit out of it.

## V.PERIOD OF THE STUDY

The study covers a period of five years from 2017-2021.

## VI.STATEMENT OF THE PROBLEM

Financial analysis of Kotak Mahindra Bank has been carried out in this study. This study is conducted to analyse and interpret the financial performance and the current position of KOTAK MAHINDRA BANK for the past five years (2017-2021). To find and understand the stability of deposits and advances of KOTAK AMHINDRA BANK.

## VIII.RESEARCH METHODOLOGY

The present study is based on Secondary data. Such data is collected from the annual financial reports of KOTAK MAHINDRA BANK. This study is based on analytical research. The information thus obtained will be analysed and interpreted using various statistical tools, so the calculated information is in accordance with the predefined standard of accuracy.

## IX.TOOLS USED FOR ANALYSIS

- Deposits and Advances analysis using Trend
- SWOT Analysis

## X.LIMITATIONS OF THE STUDY

- Data of this study is based on secondary data collected from the bank website.
- This study is limited to KOTAK MAHINDRA BANK.
- This study is limited to a period of five years only i.e., 2017-2021.
- The data collected only limits to report of the bank.

## XI.REVIEW OF LITERATURE

K. P. VENUGOPALA RAO AND ETAL (2017), the authors have studied on “Financial Performance Analysis of Banks: A Study of IDBI Bank” using shareholders’ funds, leverage, CASA, profitability and activity ratios with an object to examine and compare the financial performance and overall profitability of the IDBI bank with the industry averages. After analysing, they suggested that the IDBI bank should improve its deposits by providing cheaper funds. The solvency position of the bank is

in tune with the industry averages. The shareholders fund and CASA is relatively declining. Net profit margin indicates that the profit of IDBI bank is declining so that the operation of the bank has to improve.

C. BALI SASIKUMAR AND ETAL (2021), the authors have made the study in the topic "A comparative study on Financial Wealth and Performance of HDFC Bank and Kotak Mahindra Bank", RBI is the head to rule the banking sectors in India. HDFC and Kotak Mahindra Bank are the two major player in private sector banks in India. Due to pandemic situation banking sectors faced big challenge. This study is used to analyze the financial wealth and performance of HDFC and Kotak Mahindra Bank and to compare it. Ratio analysis for comparative balance sheet analysis and common size balance sheet analysis are used to interpret the financial statement of these two banks.

DR. G. LAKSHMI AND ETAL (2021), the authors have worked on the paper, “Financial Analysis of City Union Bank” stating that the banking sector is always deemed to the vital sector of the economy. It is the lifeblood of all economic activities, in collecting deposits and providing credits to people and businesses. The main purpose of this study is to study the financial performance of the City Union Bank. This study is analytical in nature. Secondary data has been used in this study. Secondary data is collected from annual reports of City Union Bank, journals and books. The collected data has been analysed using common-size balance sheet and trend analysis. The study concludes that the CUB’s financial performance is strong during the study period.

## XII. ANALYSIS AND INTERPRETATION

### 1. Trend analysis Kotak Mahindra Bank

Trend Analysis is a useful technique to an analyst to predict future trend based on observed trend data. The primary components of the bank i.e., DEPOSITS and ADVANCES are analysed using this trend.

Formula for calculating Trend

$$\text{Trend Percentage} = \frac{\text{Current year's figure}}{\text{Base year's figure}} * 100$$

Procedure for calculating Trend

The Trend Analysis Formula can be calculated by using the following steps:

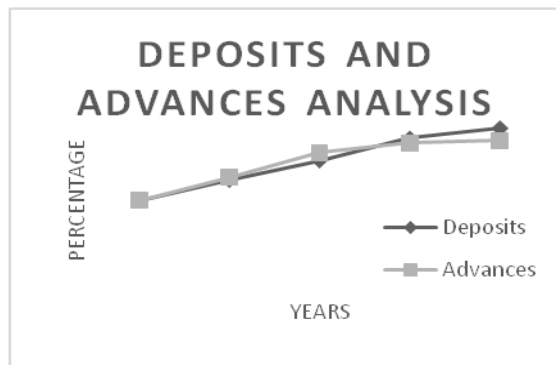
Step 1: Firstly, decide the base year.

Step 2: Next, note down the value of the line item in the current year.

Step 3: Now, the formula for trend analysis is applied.

**TREND TABLE FOR DEPOSITS**

YEAR	DEPOSITS AMOUNT (IN CRORES)	TREND PERCENTAGE
2017	157,426	100%
2018	192,643	122.37%
2019	225,880	143.48%
2020	262,821	166.95%
2021	280,100	177.92%



TREND CHART FOR DEPOSITS AND ADVANCES

**INTERPRETATION**

The above Table shows Deposits and Advances analysis using trend. The deposits have continuously increased in all the years up to 2021. The percentage in 2021 is 177.92% as compared to 100 during the base year 2017, The increase in deposits is quite satisfactory. The figures of advances have also increased in all the years, i.e., years. The increase in both the deposits and advances are almost parallel to each other. The trends of both the deposits and advances show that, both have been more in all the years since 2017 i.e., an upward trend from 2017 to 2021. The increase in advances is more in the year 2020 and 2021 as compared to the earlier years.

**2. SWOT Analysis of Kotak Mahindra Bank**

SWOT analysis is a technique for assessing the performance, competition, risk, and potential of a business, as well as part of a business such as a product line or division, an industry, or other entity.

**TREND TABLE FOR ADVANCES**

YEAR	ADVANCES AMOUNT (IN CRORES)	TREND PERCENTAGE
2017	136,082	100%
2018	169,718	124.72%
2019	205,695	151.15%
2020	219,748	161.48%
2021	223,689	164.37%

**STRENGTHS**

- Financial Products
- Diversified Business Model
- Customer Service
- Strong Fundamentals and Management

**WEAKNESSES**

- Poor Marketing
- Less Corporate Banking
- A new enterprise
- Limited IVR License

**OPPORTUNITIES**

- Presence of Asset Management
- Increase in banking demand
- Overseas Expansion
- RBI Act

**THREATS**

- Increasing Competition in Finance Sector
- Economic Slowdown
- Banking Norms

**INTERPRETATION**

These were the strengths, weaknesses, opportunities, and threats of Kotak Mahindra Bank, India's third-largest private sector bank with a market capitalization of 397,000 Crore INR. Kotak Mahindra is already topping the chart because of its excellent customer services and top management teams but still, there are some factors that the bank has to scrutinize on such as poor marketing and being less active in corporate banking. So, this was the SWOT Analysis of Kotak Mahindra Bank.

**XIII.FINDINGS**

- There is a rapid increase in the deposits of Kotak Mahindra Bank during the 5-year period.

- The deposits of Kotak Mahindra Bank are considered good as there was a continuous increase to Rs. 280,100 crores in the year 2021.
- The advances of Kotak Mahindra Bank show an upward trend reaching up to RS. 223,689 crores in the year 2021.
- From the deposits and advances analysis, it is found that there was an increasing trend from 2017-2021. Thus, we can expect that there will be an increase in both deposits and advances in the year 2022 also.

#### XIV.SUGGESTIONS

- Kotak Mahindra Bank should concentrate more on marketing and corporate banking.
- Kotak Mahindra Bank is a new enterprise, it should concentrate on gaining customer's loyalty.

#### XV.CONCLUSION

Banks are the financial pillars of an economy. It helps in mobilising the deposits and lending loans to various sectors of the economy. The main purpose of this study is to concentrate on the FINANCIAL PERFORMANCE OF KOTAK MAHINDRA BANK. This study used Trend Analysis and SWOT Analysis to analyse the financial performance of Kotak Mahindra Bank from 2017-2021. The growth rate of deposits and advances are in an upward trend. The data was analysed and a conclusion has been reached stating that the Kotak Mahindra Bank's financial performance is strong during the five-year period.

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