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A STRATEGIC ANALYSIS OF 5 LEADING BANKS IN INDIA : FINANCIAL STRENGTH, PERFORMANCE FORECAST AND MARKET INFLUENCE

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ABSTRACT :

To get insight into the financial performance and development prospects of 5 major Indian banks during the previous five years, this research conducts a thorough investigation of each bank. First, it closely examines these banks' stock price returns to see how the market views their financial stability and room for expansion. Subsequently, it explores the patterns in financial ratios within the same time frame, offering a thorough comprehension of the institutions' overall soundness. The study also compares the financial performance of the banks, concentrating on important metrics including profitability, revenue growth, return on assets, and return on equity. This research provides important insights into the banks' competitive standing in the market by highlighting the winners and losers among the institutions. In addition, the analysis makes use of forecasting methods to project net profit growth and revenue growth over the following five years, allowing interested parties to predict these institutions' future course and adjust their plans appropriately. By means of these studies, the present study aims to furnish investors, policymakers, and stakeholders in the banking industry with practical insights that might aid in strategic planning and decision-making procedures.

Keywords - Indian banks, financial performance, development prospects, financial ratios, comparative analysis, winners and losers, forecasting, decision-making.

Chapter- 1: INTRODUCTION :

Banks are essential to contemporary economies because they are key players in international financial systems. These organizations offer a wide range of financial services that are essential to all governments, corporations, and people. Financial institutions play a vital role in facilitating money flows, promoting economic growth, and reducing financial risks. Their services range from simple deposit taking and lending to advanced investment banking and wealth management.

Throughout history, banks have evolved from simple deposit and lending businesses to complex financial institutions providing a wide range of services. They serve as go-betweens, filling the gap that exists between people who have extra money and people who need financing. This function is essential to the effective distribution of resources within an economy. As custodians of funds, banks provide safe deposit boxes and guarantee liquidity via a range of payment methods, including debit cards, electronic transfers, and cheques. By providing loans and credit lines to people, companies, and governments, they play a crucial part in the production of credit, which in turn boosts investment, consumption, and general economic activity.

Recent developments in technology, regulations, market conditions, and customer preferences have presented banks with a plethora of opportunities and difficulties. Focus areas such as cybersecurity, digital transformation, regulatory compliance, and customer-centric methods have become critical as banks adjust to a fast changing environment while maintaining reliability and confidence.

As essential components of the financial ecosystem, banks continually innovate and change to satisfy the changing demands of their constituents and negotiate the complexities of the world economy. Gaining insight into the broader financial landscape and its enormous effects on individuals, businesses, and societies at large requires an understanding of the roles, functions, and dynamics of banks.

Chapter- 2: Literature review

1. **Analysis of Banks in India—A CAMEL Approach by Harsh Vineet Kaur 2010**

Indian banking system has transformed in recent years due to globalization in the world market, which has resulted in fierce competition. In this article, an attempt has been made to rank the various commercial banks operating in India. The banks in India have been categorized into Public sector, Private sector and Foreign banks. For profitability analysis 28 Public Sector, 26 Private Sector and 28 Foreign banks have been taken into consideration For the purpose of ranking, CAMEL analysis technique has been used. Each parameter of CAMEL—Capital Adequacy, Asset Quality, Management Quality, Earning Quality and Liquidity has been evaluated taking two ratios, and a final composite index has been developed. Among the public sector banks, the best bank ranking has been shared by Andhra Bank and State Bank of Patiala. Among the private sector banks, Jammu And Kashmir Bank has bagged the first rank followed by HDFC Bank. In the category of foreign sector banks, Antwerp Bank has been ranked the best followed by JP Morgan Chase Bank.

2. The impact of foreign bank entry in emerging markets: Evidence from India by Todd A. Gormley 2010

This paper uses the entry of foreign banks into India during the 1990s—analyzing variation in both the timing of the new foreign banks' entries and in their location—to estimate the effect of foreign bank entry on domestic credit access and firm performance. In contrast to the belief that foreign bank entry should improve credit access for all firms, the estimates indicate that foreign banks financed only a small set of very profitable firms upon entry, and that on average, firms were 8 percentage points less likely to have a loan after a foreign bank entry because of a systematic drop in domestic bank loans. Similar estimates are obtained using the location of pre-existing foreign firms as an instrument for foreign bank locations. Moreover, the observed decline in loans is greater among smaller firms, firms with fewer tangible assets, and firms affiliated with business groups. The drop in credit also appears to adversely affect the performance of smaller firms with greater dependence on external financing. Overall, this evidence is consistent with the exacerbation of information asymmetries upon foreign bank entry.

3. Comparative Analysis of Financial Performance of Private Sector Banks in India by Sumeet Gupta and Renu Verma 2008

In the early 1990s the then Narasimha Rao government embarked on a policy of liberalization and gave licences to a small number of private banks, which came to be known as New Generation tech-savvy banks, which included banks such as UTI Bank (now re-named as Axis Bank) (the first of such new generation banks to be set up), ICICI Bank and HDFC Bank. This moves with the rapid growth in the economy of India, kick started the banking sector in India, which has seen rapid growth with strong contribution from all the three sectors of banks, namely, government banks, private banks and foreign banks. The next stage for the Indian banking has been setup with the proposed relaxation in the norms for Foreign Direct Investment, where all Foreign Investors in banks may be given voting rights which could exceed the present cap of 10%, at present it has gone up to 49% with some restrictions. The new policy shook the Banking sector in India completely. Bankers, till this time, were used to the 4-6-4 method (Borrow at 4%; Lend at 6%; Go home at 4) of functioning. The new wave ushered in a modern outlook and tech-savvy methods of working for traditional banks. All this led to the retail boom in India. People not just demanded more from their banks but also received more.

4. Reforms, Ownership and Determinants of Efficiency: An Empirical Study of Commercial Banks in India by Padmasai Arora 2014

Major steps were taken in Indian banking sector in the early 1990s to liberalise commercial bank functioning to improve their efficiency. The measurement of bank efficiency provides the foundation for consequent inquiry into reasons producing efficiency differences. This article measures technical efficiency of balanced panel of 54 commercial banks operating in India during 1991–92 to 2006–07 using Data Envelopment Analysis (DEA) with an aim to study effects of reforms and ownership on bank efficiency. Since existing literature lacks uniformity in methodology used for identifying determinants of efficiency in banking, this study employs a blend of tests including profitability analysis (suggested by Spong et al., 1995) and found evidence that financial reform, ownership and listing of bank shares have influenced bank efficiency in India. However, no conclusive evidence was found regarding a relationship between size and efficiency. In addition, 'most' efficient banks were found to be characterised by higher Net Profit as percentage of Total Assets (NPTA) and higher Profits per Employee (PPE) while 'least' efficient banks reported higher levels of Non-Performing Assets (NPAs).

5. PERFORMANCE OF INDIAN BANKS IN INDIAN FINANCIAL SYSTEM by DR. VIRENDER KOUNDAL 2002

Efficiency and profitability of the banking sector in India has assumed primal importance due to intense competition, greater customer demands and changing banking reforms. This study attempts to measure the relative performance of Indian banks. For this study, we have used public sector banks, old private sector banks, new private sector banks and foreign sector banks. We know that in the service sector, it is difficult to quantify the output because it is intangible. Hence different proxy indicators are used for measuring productivity of banking sector. Segmentation of the banking sector in India was done along the following basis: number of banks, offices, number of employees, business per employees, deposits per employee, advances per employee, bank assets size, non-performing assets etc. Overall, the analysis supports the conclusion that foreign owned banks are on average most efficient and that new banks are more efficient that old ones. The public sector banks are not as profitable as other sectors are. In terms of size, the smaller banks are globally efficient, but large banks are locally efficient. It means that efficiency and profitability are interrelated. It is true that productivity is not the sole factor but it is an important factor which influence to profitability. The key to increase profitability is increase productivity. For this we have recommended some suggestions to tackle the challenges faced by the banks particularly public sector banks.

CHAPTER 4: RESEARCH DESIGN

Why is this research done?

In the highly competitive banking landscape of India, conducting a comprehensive strategic analysis of the top 5 banks is imperative to evaluate their market influence, financial well-being, operational patterns, and client satisfaction. Beyond shedding light on these banks' competitive stance, market approaches, and customer-centric practices, this study aims to unveil the pivotal factors shaping their strategic goals. By scrutinizing financial metrics, performance benchmarks, customer input, and market trends, this research aims to bridge knowledge disparities regarding the strategic positioning of India's leading banks while furnishing pertinent insights for stakeholders, policymakers, and industry stakeholders. the highly competitive banking landscape of India, conducting a comprehensive strategic analysis of the top 5 banks is imperative to evaluate their market influence, financial well-being, operational patterns, and client satisfaction. Beyond shedding light on these banks' competitive stance, market approaches, and customer-centric practices, this study aims to unveil the pivotal factors shaping their strategic goals. By scrutinizing financial metrics, performance benchmarks, customer input, and market trends, this research aims to bridge knowledge disparities regarding the strategic positioning of India's leading banks while furnishing pertinent insights for stakeholders, policymakers, and industry stakeholders.

RESEARCH GAP :

- Exploring the market sentiments and dynamics.
- Analysing the crisis management of all banks and their actions to maintain growth financially.
- Investigating the impact of recent or anticipated regulatory changes on the financial strength, operational efficiency, and market strategies.

OBJECTIVES OF STUDY

- To Analyze the stock price returns of the 5 banks over the past 5 years to understand the market's perception of their financial performance and growth prospects.
- To Identify and analyze trends in the financial ratios of the selected banks over the past 5 years to understand their financial health.
- To Compare the financial performance of the selected banks relative to each other to identify top gainers and losers in terms of profitability, revenue growth and return on asset and equity.
- To forecast for the next 5 years net profit growth and revenue growth of all 5 banks.

SCOPE OF THE STUDY

- To assess the financial health and operational efficacy of 5 banks over a five-year period, examine their ROE, ROA, asset quality, and efficiency ratios.
- Analyse financial ratio trends over time to determine if they are constant, dropping, or improving, considering business strategy, market dynamics, and regulatory changes.
- Assessing banks' risk profiles in terms of solvency, liquidity, and leverage. Over a five-year period, determine how risk tolerance corresponds to stock returns or volatility.

LIMITATIONS OF THE STUDY

- The reliability and accessibility of data could pose a challenge, particularly for metrics such as internal performance indicators or customer satisfaction, which are often not publicly available.
- There could be bias if certain types of banks were disproportionately represented or underrepresented in the selection of the top 5 banks, potentially limiting the generalizability of the findings across the banking industry.
- A deeper investigation is needed to gain a comprehensive understanding of banks' performance and strategic positioning, as the limited research period may have overlooked long-term trends or strategic shifts.

CHAPTER 5: DATA ANALYSIS AND INTERPRETATION

RATIOS CALCULATED:

- **CURRENT RATIO = CURRENT ASSETS / CURRENT LIABILITIES**
  CURRENT ASSETS = CASH AND BALANCES + ADVANCES + INVESTMENTS + OTHER ASSETS(AS THERE IS NO SPECIFIC ITEM MENTIONED)

CURRENT LIABILITIES = DEPOSITS + BORROWINGS + OTHER LIABILITIES

- **DEBT-EQUITY RATIO = TOTAL DEBT / TOTAL EQUITY**
- **RETURN ON ASSETS = (NET INCOME / TOTAL ASSETS) x 100**
- **NET PROFIT MARGIN = (NET PROFIT / TOTAL INCOME) x 100**
- **RETURN ON EQUITY = (NET INCOME / TOTAL EQUITY) x 100**
- **REVENUE GROWTH RATE = (SUCCEEDING YEAR / BASE YEAR) x 100**
- **INTRINSIC VALUE = P/E RATIO x EPS**

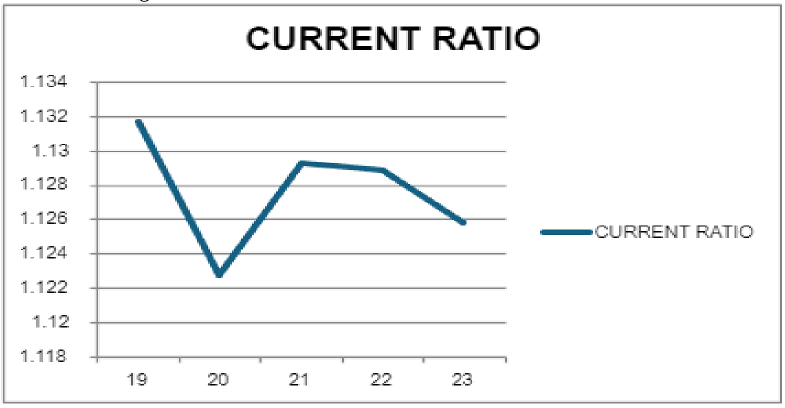
(P/E RATIO AND EPS ARE DERIVED FROM MONEYCONTROL WEBSITE)

RATIO AND TREND ANALYSIS OF HDFC BANK :

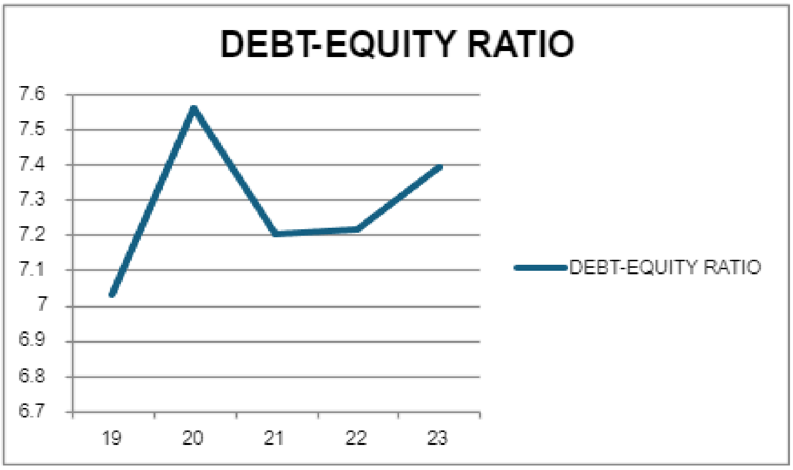
	19	20	21	22	23
CURRENT RATIO	1.131696979	1.12273505	1.129222064	1.128868033	1.125825565
DEBT-EQUITY RATIO	7.029484877	7.558721464	7.20374148	7.217069778	7.39093827

RETURN ON ASSETS	9.60%	9.30%	8.66%	7.90%	8.09%
RETURN ON EQUITY	80.76%	83.39%	74.30%	67.80%	70.71%
NET PROFIT %	18.09%	18.56%	20.44%	22.75%	22.55%
REVENUE RATE GROWTH %	100.00%	118.50%	125.61%	135.12%	164.91%

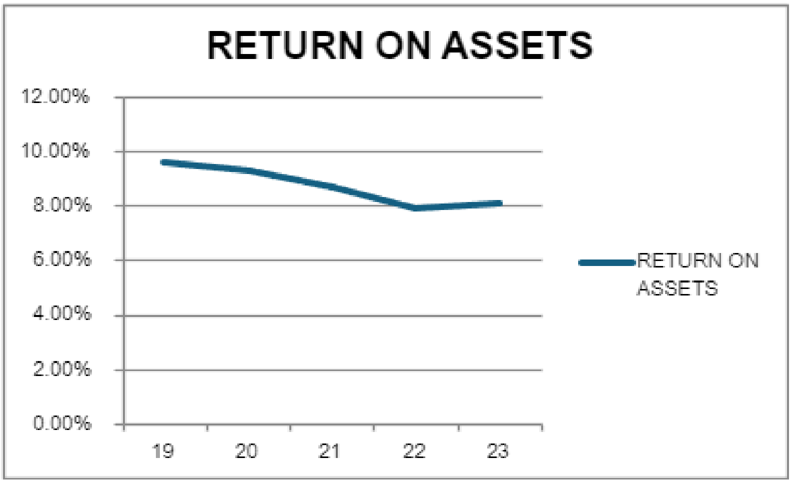
Current Ratio: Consistently above 1, indicating sufficient current assets to cover liabilities.



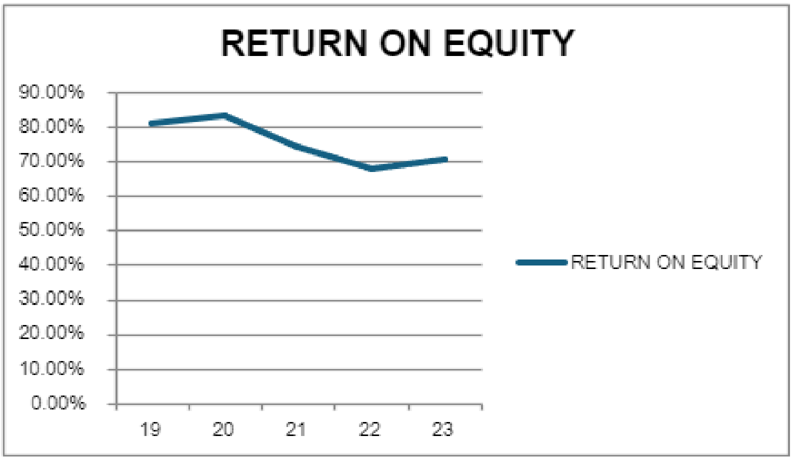
Debt-Equity Ratio: Ranges from 7.03 to 7.56, signaling higher financial leverage.



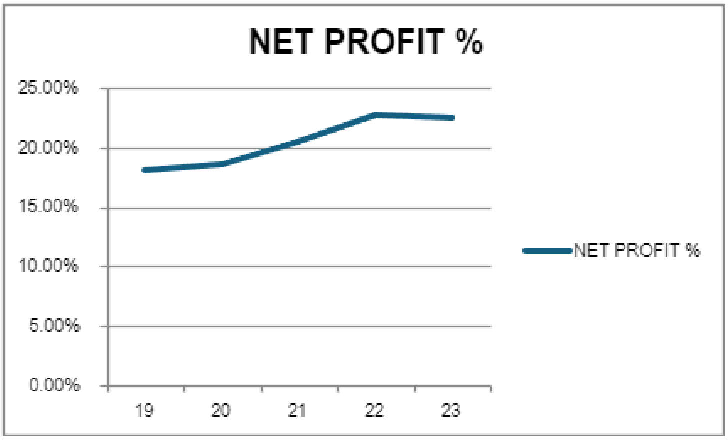
Return on Assets (ROA): Starts at 9.59, declines to 8.09, suggesting challenges in profitability relative to assets.



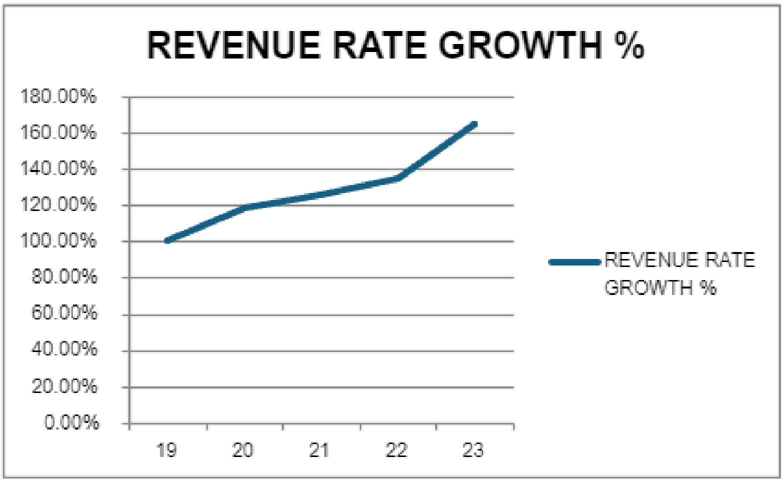
Return on Equity (ROE): Peaks at 83.39, declines to 70.71, indicating potential challenges in sustaining profitability.



Net Profit Margin: Increases from 18.09 to 22.55, reflecting effective expense management and revenue generation.



Revenue Growth Rate: Shows consistent growth, highlighting strategic maneuvers and operational efficiencies.



STOCK PRICE RETURN :

RETURN FROM PAST 5 YEARS TILL DATE = 334rs (28.47%)

By this chart we can know that HDFC BANK has given a very small returns compared to other major companies in the sector. As HDFC plays a very prominent role in BANKNIFTY index movement, there has been very less contribution to the banking sector. This is due to underperformance in banking business and not meeting their estimated revenue and growth targets. Though it has not met with good performance, we can see the recovery in price from 738 to 1500 within a span of 1year i.e. double return from June 2020 to mid 2021. This shows us that all the investors are bullish on HDFC BANK for a long term run.

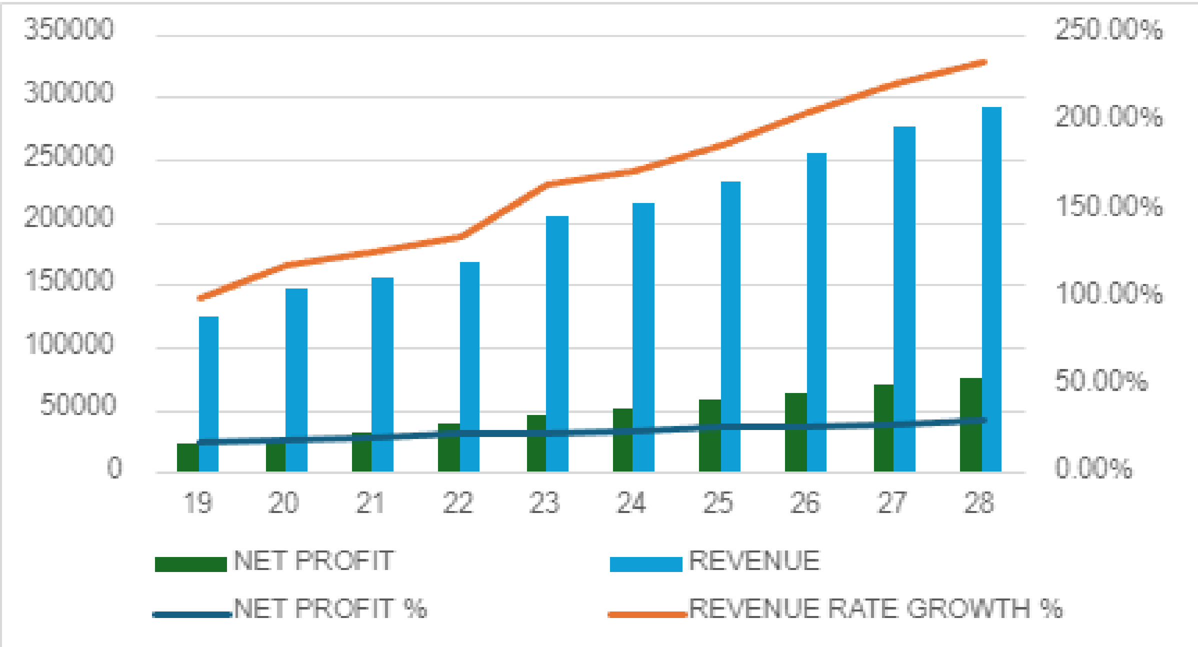
P/E ratio = 18.18

EPS = 84.33

Intrinsic Value = 18.18 x 84.33 = 1533.11rs

Current price = 1510rs

FORECAST OF NET PROFIT AND REVENUE FOR NEXT 5 YEARS

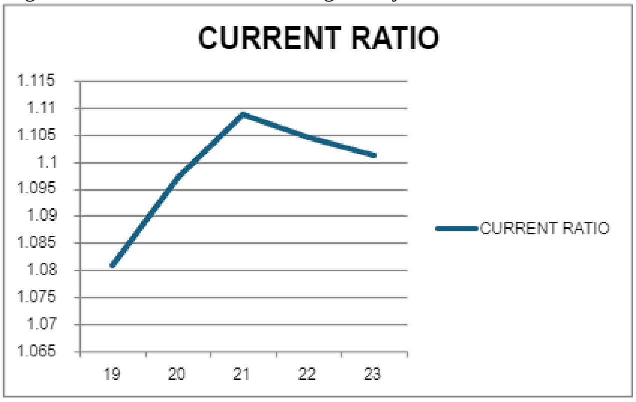


HDFC Bank has shown remarkable improvement in net profit percentages, moving from -7.65% to 32.73%, reflecting significant enhancements in operational efficiency and cost management. This positive trend indicates that the bank has effectively optimized its revenue streams, converting a higher proportion of revenue into net profit. Additionally, the bank's robust revenue growth rates, ranging from 100.00% to 443.22%, highlight its strong expansion capabilities. This impressive growth underscores HDFC Bank's resilience, ability to capitalize on market opportunities, expand its customer base, and diversify its revenue streams, all while maintaining competitive positioning and adaptability in dynamic market conditions.

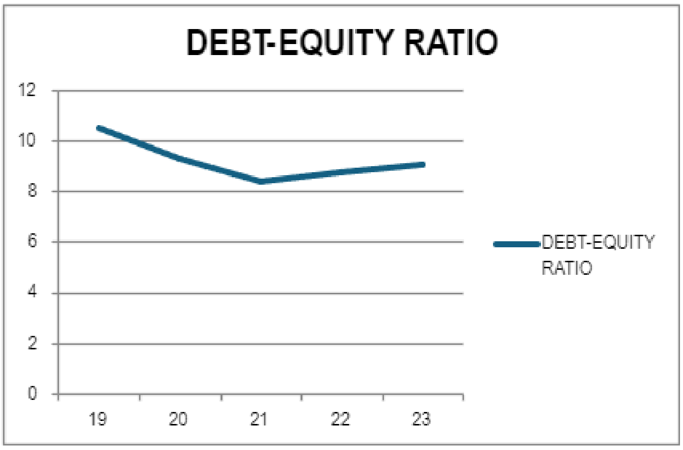
RATIO AND TREND ANALYSIS OF AXIS BANK

	19	20	21	22	23
CURRENT RATIO	1.080884826	1.097125326	1.108836632	1.104339327	1.101250264
DEBT-EQUITY RATIO	10.51723259	9.277066877	8.367656467	8.74202511	9.035888563
RETURN ON ASSETS	8.50%	8.54%	7.88%	7.03%	7.72%
RETURN ON EQUITY	102.16%	92.02%	77.24%	71.71%	81.06%
NET PROFIT %	6.86%	2.08%	8.39%	15.77%	9.42%
REVENUE RATE GROWTH %	100.00%	114.76%	115.22%	121.26%	149.25%

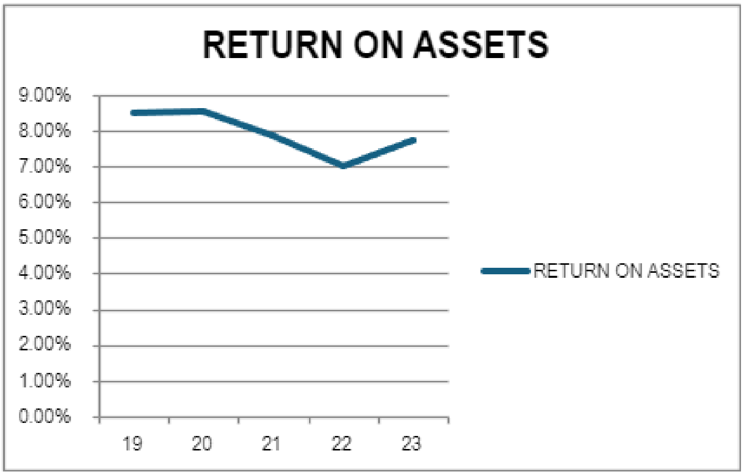
Current Ratio: Shows stable trend with slight fluctuations around 1, indicating healthy current asset levels relative to liabilities.



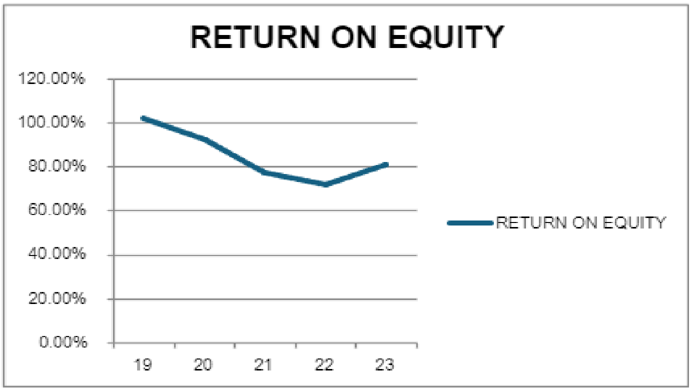
Debt-Equity Ratio: Declines over five periods, suggesting reduced reliance on debt financing and lower financial risk.



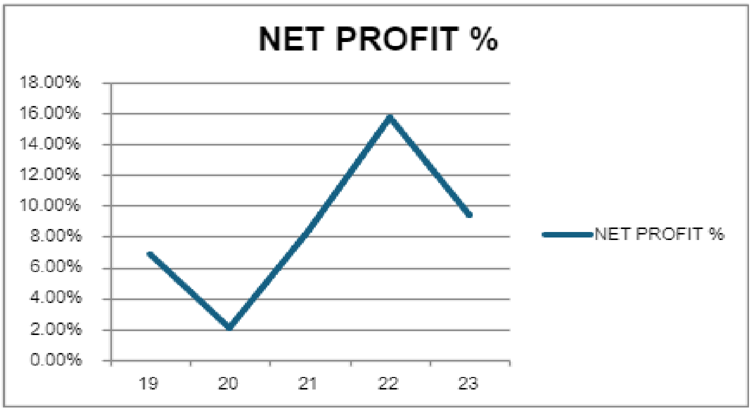
Return on Assets (ROA): Fluctuates within a narrow range, reflecting positive returns from assets with varying efficiency.



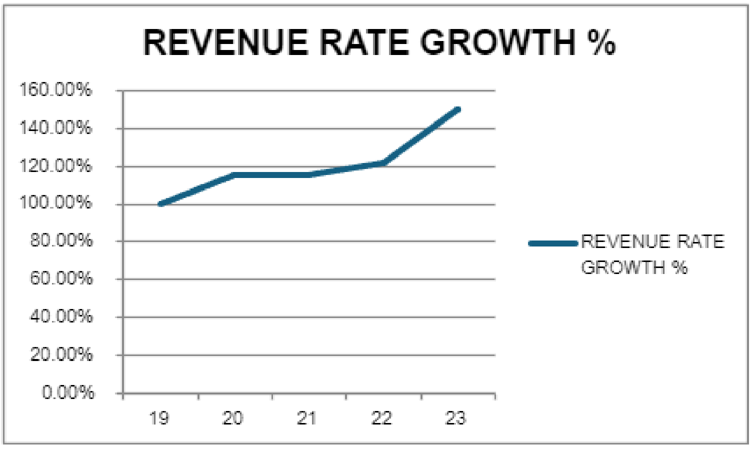
Return on Equity (ROE): Exhibits fluctuations in profitability relative to shareholders' equity over time.



Net Profit Ratio: Demonstrates significant variation, with a sharp decrease in the second period due to COVID outbreak.



Revenue Growth: Consistently positive growth trend, indicating successful revenue increase over time.



STOCK PRICE RETURN :

RETURNS IN LAST 5 YEARS TILL DATE = 375rs (49.9%)

AXIS BANK has overperformed in the market in terms of price and volume. It has given nearly 50% returns in past 5 years which comes to average of 10% yearly. Though better than their FD rates, the bank has more price slip in COVID 19 outbreak where it bottomed 286rs and bounced back to 700rs level within one year. The current price of the stock is listed at ₹1127.85, which is down ₹13.65 or 1.20% from the previous week. The highest price of the stock over the past year was ₹1182.90 and the lowest price was ₹286.00.

Overall, the stock price has trended upwards over the past year. This is a bullish trend, which means that the price of the stock is expected to continue to rise in the future.

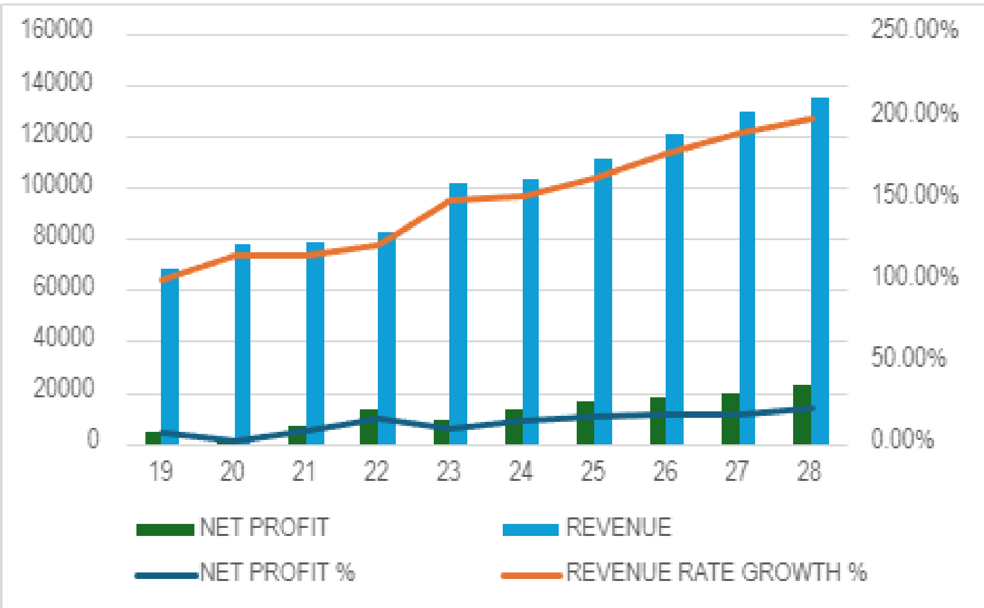
P/E RATIO = 13.35

EPS = 85.47

INTRINSIC VALUE = 13.35 x 85.47 = 1141.02

CURRENT PRICE =- 1127.85

FORECAST OF NET PROFIT AND REVENUE FOR NEXT 5 YEARS



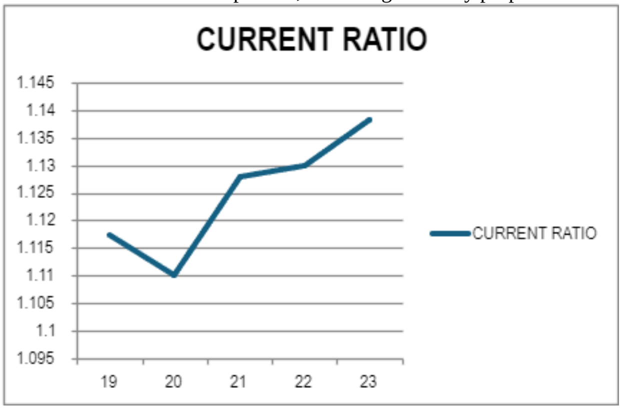
INTERPRETATION

Axis Bank has demonstrated a steady increase in net profit percentage, rising from 6.86% to 22.33%, indicating progressive improvements in profitability. This trend shows that a growing portion of the bank's revenue is being converted into net profit. Additionally, the revenue growth rate has consistently climbed from 100% to 198.78%, reflecting a continuous increase in revenue over each period. The forecast for Axis Bank is optimistic, with expectations of continued revenue growth and profitability improvements over the next five years. However, this positive outlook could be influenced by external factors such as economic conditions and regulatory changes.

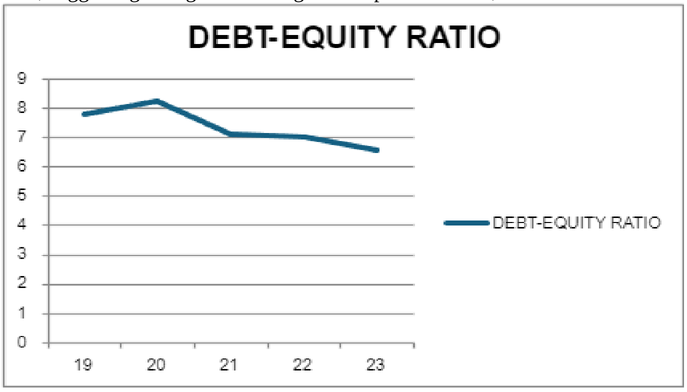
RATIOS AND TREND ANALYSIS OF ICICI BANK :

	19	20	21	22	23
CURRENT RATIO	1.117326449	1.110089127	1.128015565	1.12986789	1.138138954
DEBT-EQUITY RATIO	7.768853907	8.235939994	7.091735623	7.003526262	6.578056382
RETURN ON ASSETS	8.10%	8.33%	7.99%	7.45%	8.16%
RETURN ON EQUITY	73.98%	80.47%	67.92%	62.77%	65.30%
NET PROFIT %	4.32%	8.69%	16.51%	22.25%	24.71%
REVENUE RATE GROWTH %	100.00%	117.11%	125.89%	134.63%	165.65%

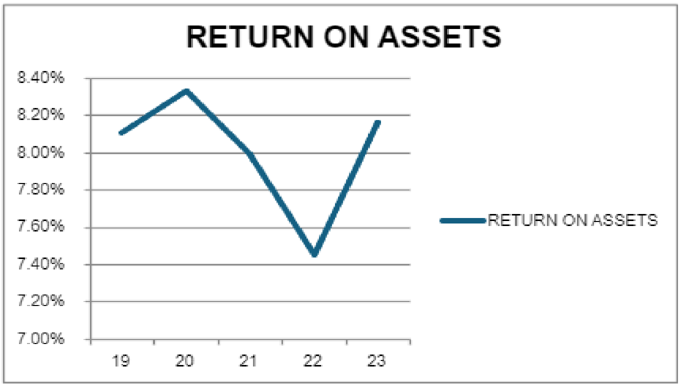
Current Ratio: Shows a relatively stable trend around 1.1 over five periods, indicating a healthy proportion of current assets to liabilities.



Debt-Equity Ratio: Exhibits fluctuations, suggesting changes in leverage and capital structure, with a decrease from 7.7689 to 6.5781 over five periods.



Return on Assets (ROA): Fluctuates within a narrow range, indicating positive returns from assets, though efficiency may vary over time.



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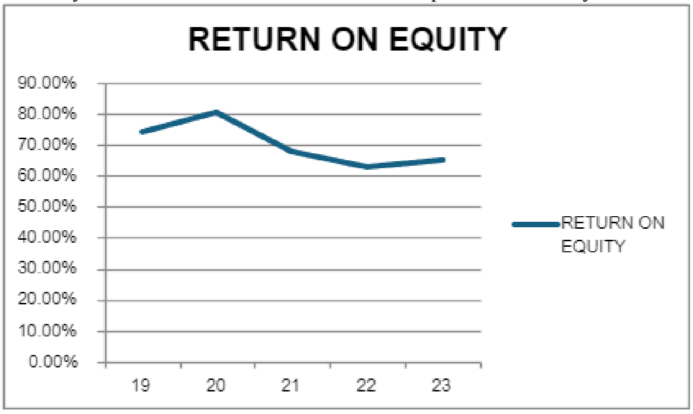
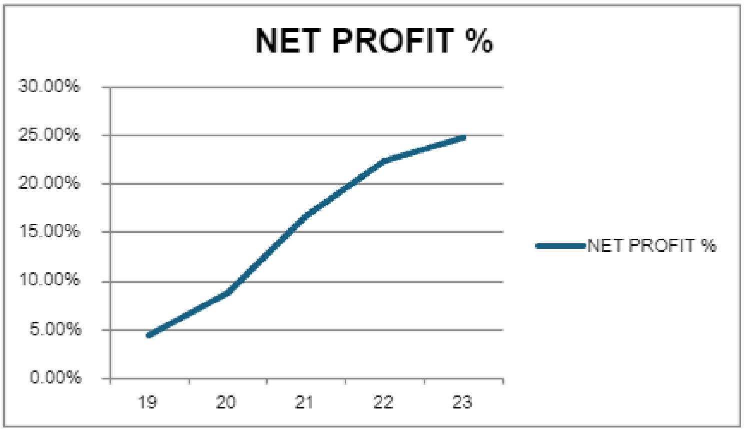
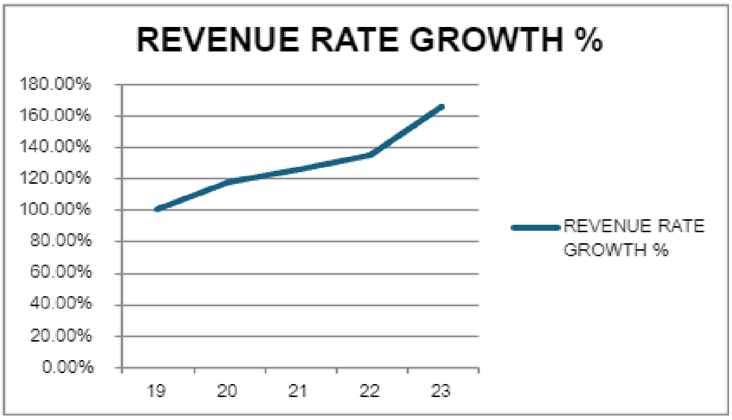
Return on Equity (ROE): Displays variability, with an increase to 80.47 in the second period followed by fluctuations, ending at 65.30 in the last period.



Net Profit Ratio: Demonstrates significant variation, with a notable increase from 4.32 to 24.71 over five periods, reflecting improving profitability relative to revenue.



Revenue Growth Rate: Indicates consistent and substantial growth, with a peak growth rate of 165.65% in the fifth period, showcasing ICICI Bank's success in increasing revenue over time.



STOCK PRICE RETURN :

RETURNS FROM PAST 5 YEARS = 737rs(190%)

ICICI BANK has given almost 200% return i.e 2x return in last 5years which shows the retailers and institutional investors trust on this bank. Though it bottomed to 268 in 2020, it recovered almost double within span of 6 months. Many brokers and institutes are very bullish on ICICI BANK for long term gains and growth.

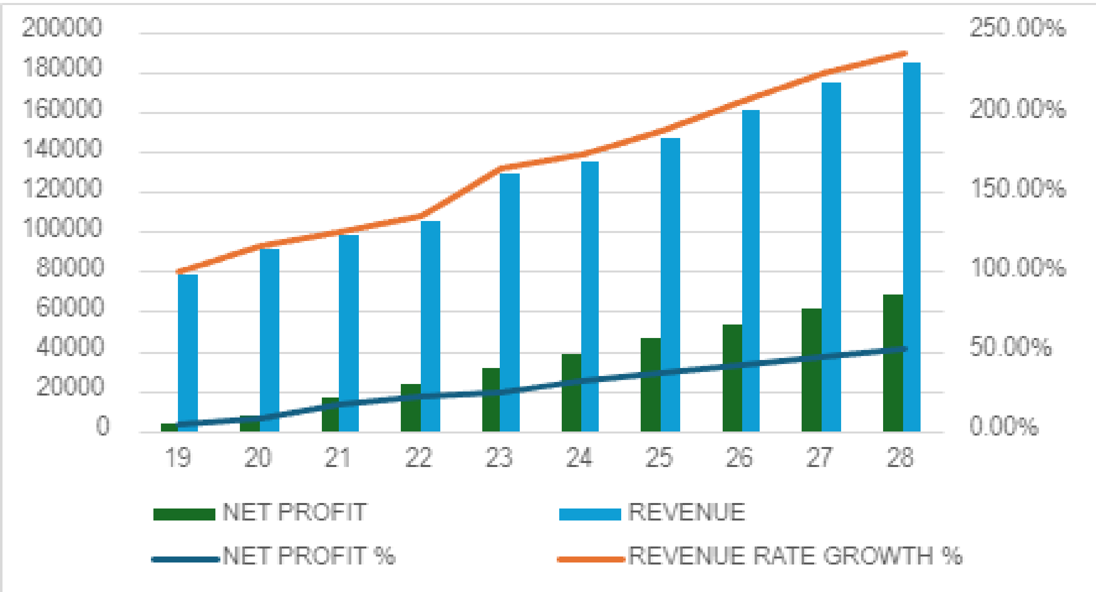
ICICI BANK has outperformed the market growth and has always given good returns with their financial performance growth too.

P/E RATIO = 18.10

EPS = 62.99

INTRINSIC VALUE = 18.10 x 62.99 = 1140rs

FORECAST OF NET PROFIT AND REVENUE FOR NEXT 5 YEARS



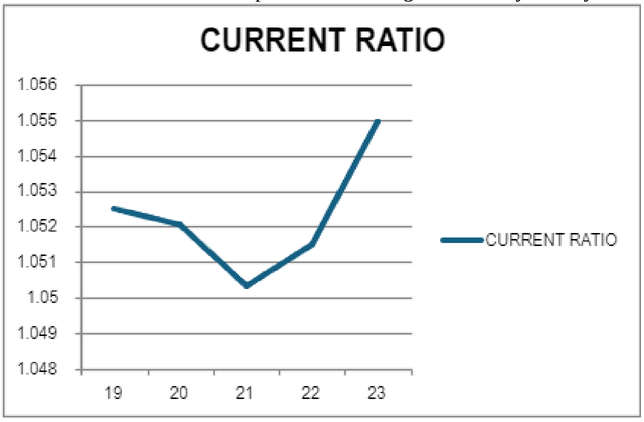
INTERPRETATION

ICICI Bank has shown a significant increase in net profit percentage, rising from 4.32% to 52.38%, indicating consistent improvements in profitability. Each period has seen a higher proportion of revenue converted into net profit. Additionally, the revenue growth rate has steadily increased from 100% to 237.30%, reflecting a continuous rise in revenue. This significant growth highlights ICICI Bank's successful expansion efforts and its ability to capture a larger market share over time. The forecast for ICICI Bank is positive, with expectations of continued revenue growth and profitability improvements over the next five years. However, external factors such as economic conditions and regulatory changes must be considered.

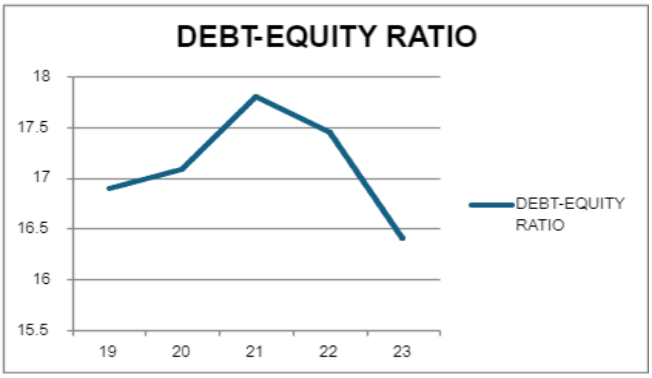
RATIOS AND TREND ANALYSIS OF SBI BANK

	19	20	21	22	23
CURRENT RATIO	1.052518208	1.052042461	1.05033345	1.051487751	1.054963523
DEBT-EQUITY RATIO	16.88790323	17.07744761	17.79690573	17.44216041	16.39779625
RETURN ON ASSETS	7.61%	7.70%	6.84%	6.37%	6.72%
RETURN ON EQUITY	141.69%	145.28%	134.02%	123.10%	122.97%
NET PROFIT %	-0.25%	4.79%	6.61%	10.02%	13.62%
REVENUE RATE GROWTH %	100.00%	108.80%	110.99%	113.64%	132.59%

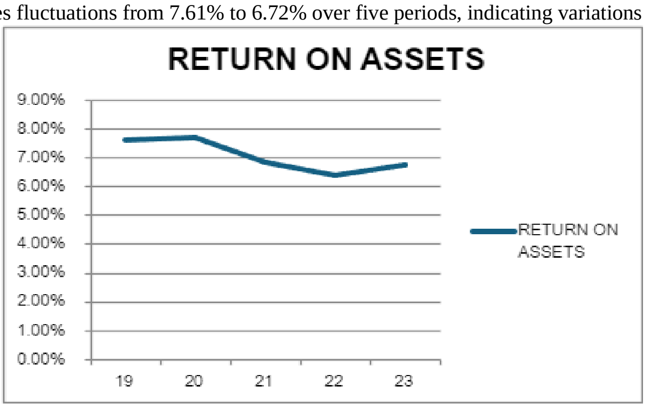
Current Ratio: Shows a relatively stable trend around 1.05 over five periods, indicating a reasonably healthy level of current assets relative to liabilities.



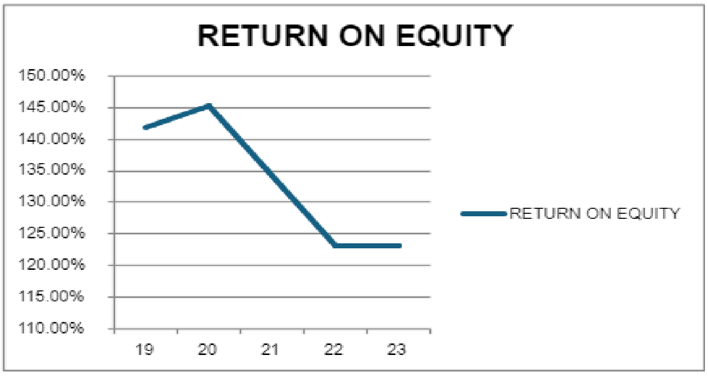
Debt-Equity Ratio: Exhibits fluctuations, starting at 16.8879 and decreasing to 16.3978 over five periods, indicating changes in leverage and capital structure.



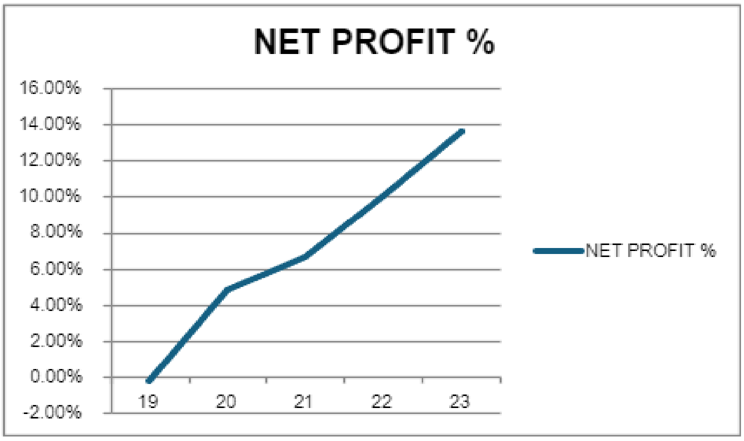
Return on Assets (ROA): Demonstrates fluctuations from 7.61% to 6.72% over five periods, indicating variations in asset profitability.



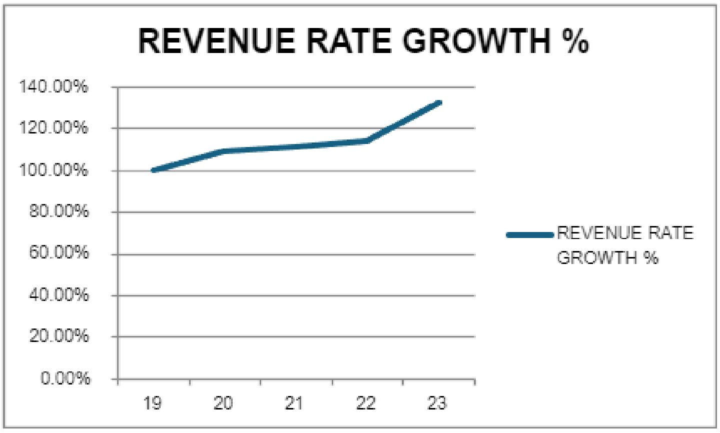
Return on Equity (ROE): Displays variability, starting at 141.69% and decreasing to 122.97% over five periods, reflecting changes in profitability relative to equity.



Net Profit Ratio: Shows significant variation, with a notable increase from -0.25% to 13.62% over five periods, indicating improving profitability relative to revenue.



Revenue Growth Rate: Indicates consistent and substantial growth, with a peak growth rate of 132.59% in the fifth period, reflecting SBI's success in increasing revenue over time.



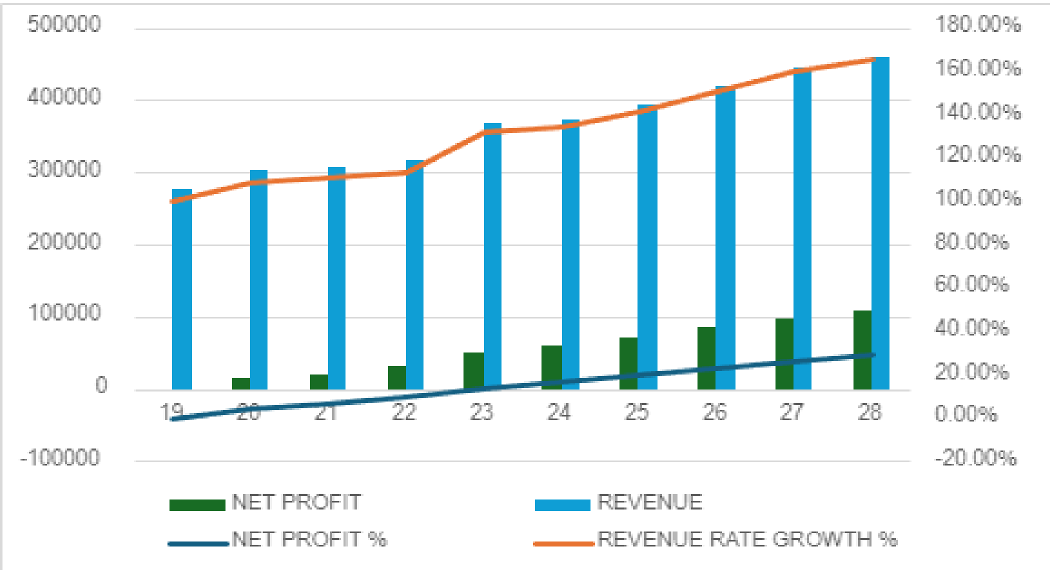
STOCK PRICE RETURN :

RETURNS IN PAST 5 YEARS TILL DATE = 502rs (165%)

SBI has given a huge returns in past 5 years compared to any other public sector banks. The main reason behind this is government giving good roles to these banks, it may be electoral bonds issue or partnering to give subsidized loans. Overall, while SBI's stock price has experienced a slight decline in the past week, a broader perspective reveals a positive medium-term trend and stable long-term growth.
We can see a sharp recovery from 149 to 500 levels within 1 year timeframe. This shows the strong holding and trust on the company.

P/E RATIO = 11.61
EPS = 71.48
INTRINSIC VALUE = 11.61 x 71.48 = 829.88

FORECAST OF NET PROFIT AND REVENUE FOR NEXT 5 YEARS :



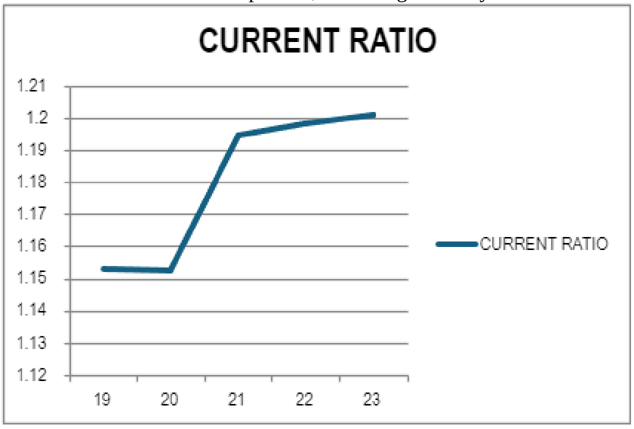
INTERPRETATION

The significant increase in net profit percentage from -0.25% to 29.64% over the observed periods indicates substantial improvements in operational efficiency and cost management by SBI, leading to higher profitability. Despite an initial negative percentage, SBI successfully turned its performance around, showing consistent profitability improvements over time. The revenue growth rate has also demonstrated steady growth, starting from 100% and reaching 165.58%, indicating a continuous increase in revenue. This substantial growth reflects SBI's ability to expand its business operations, likely through market penetration, product diversification, or geographical expansion. Overall, the forecast for SBI is positive, with expectations of continued revenue growth and profitability improvements over the next five years. However, external factors such as economic conditions and regulatory changes should be considered.

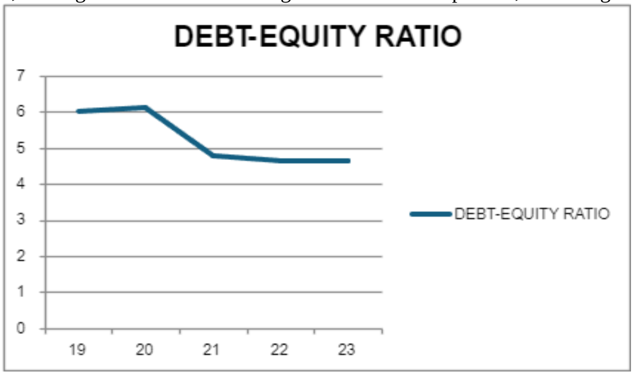
RATIOS AND TREND ANALYSIS OF KOTAK MAHINDRA BANK :

	19	20	21	22	23
CURRENT RATIO	1.153016969	1.152281899	1.194500216	1.198470331	1.200811634
DEBT-EQUITY RATIO	6.016969697	6.136786487	4.76627595	4.658090416	4.627777778
RETURN ON ASSETS	9.14%	8.97%	8.42%	7.78%	8.44%
RETURN ON EQUITY	66.54%	65.90%	50.68%	46.07%	49.49%
NET PROFIT %	17.04%	18.41%	21.56%	25.67%	26.47%
REVENUE RATE GROWTH %	100.00%	113.15%	113.14%	116.98%	144.79%

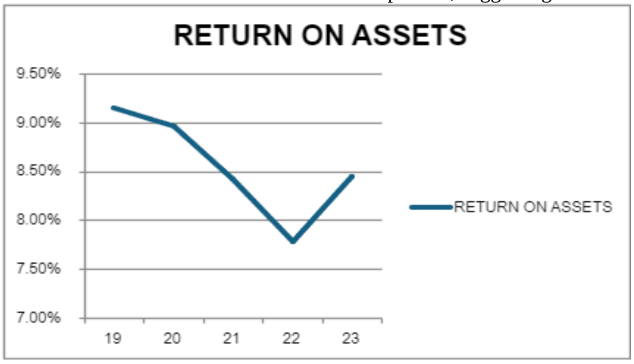
Current Ratio: Shows a generally stable trend around 1.15 over five periods, indicating a healthy level of current assets relative to liabilities.



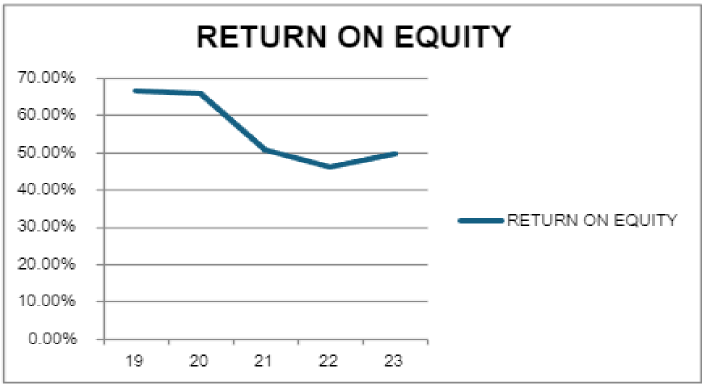
Debt-Equity Ratio: Exhibits fluctuations, starting at 6.017 and decreasing to 4.628 over five periods, indicating changes in leverage and capital structure.



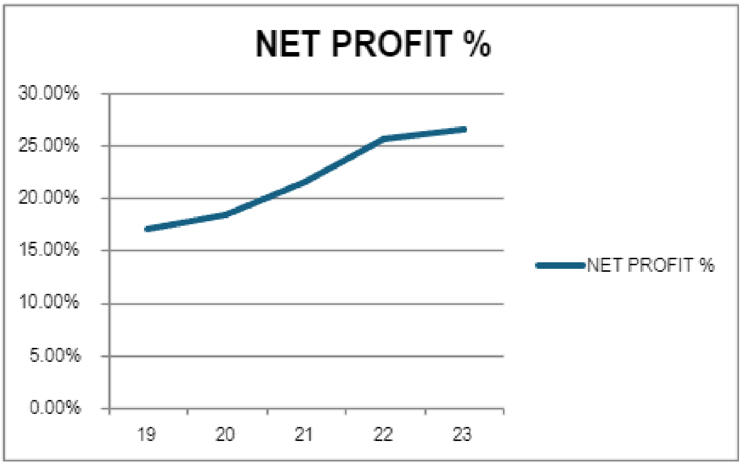
Return on Assets (ROA): Demonstrates fluctuations from 9.14% to 8.44% over five periods, suggesting variations in asset profitability.



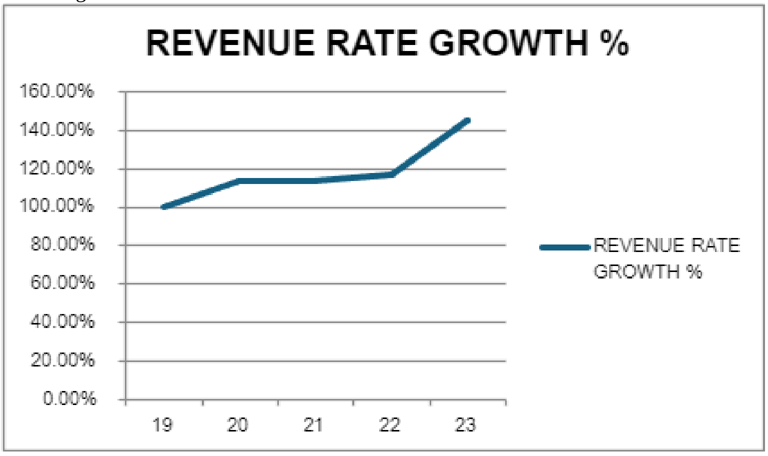
Return on Equity (ROE): Displays variability, starting at 66.54% and decreasing to 49.49% over five periods, reflecting changes in profitability relative to equity.



Net Profit Ratio: Shows consistent growth, increasing from 17.04% to 26.47% over five periods, indicating improving profitability and efficiency in converting revenue into net profit.



Revenue Growth Rate: Indicates consistent and substantial growth, with a peak growth rate of 144.79% in the fifth period, reflecting Kotak Mahindra Bank's success in significantly increasing revenue over time.



STOCK PRICE RETURN :

PAST 5 YEARS RETURN TILL DATE : 240rs (17%)

KOTAK MAHINDRA BANK has underperformed the index by giving just 17% return in past 5 years whereas its fixed deposit rate stands at 8% p.a. currently. This shows how investors sentiment is with this bank. Even though it has good financial ratios, market sentiment has hit badly to this bank particularly.

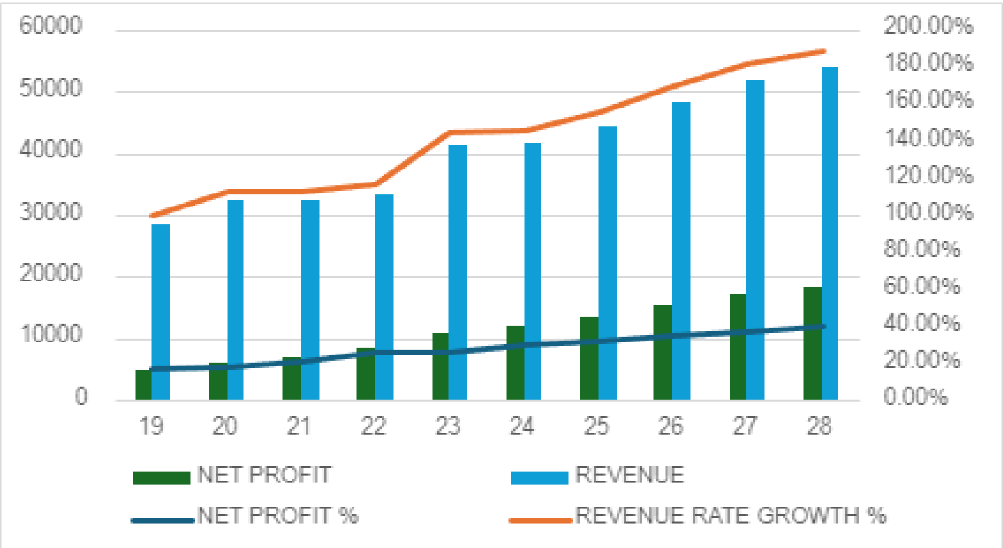
There has been a huge fall from 2200 level from june 2023 to 1600 level as of now i.e. may 2024.

P/E RATIO = 17.63

EPS = 87.78

INTRINSIC VALUE = 17.63 x 87.78 = 1547.5rs

FORECAST OF NET PROFIT AND REVENUE FOR NEXT 5 YEARS :



Kotak Bank has demonstrated consistent growth in net profit percentage, increasing from 17.04% to 40.30% over the observed periods. This steady rise in profitability indicates effective management of expenses and improved operational efficiency. The substantial increase highlights Kotak Bank's ability to convert a larger portion of its revenue into net profit over time. Additionally, the revenue growth rate has shown steady growth, starting from 100% and reaching 188.35%, suggesting continuous expansion in the bank's business operations. This significant increase reflects Kotak Bank's success in capturing a larger market share and boosting revenue through strategies such as customer acquisition, product innovation, and market expansion.

CHAPTER 5 : FINDINGS and SUGGESTIONS

Stock Price Returns:

- **ICICI BANK** experienced the highest total return over the past 5 years, indicating strong market perception of its financial performance and growth prospects.
- **AXIS BANK** and **SBI BANK** also performed well, showing consistent growth in stock
- **Financial Performance:**
- **ICICI BANK** and **HDFC BANK** emerged as top performers in terms of profitability and revenue growth, driven by successful business strategies and market positioning.
- **AXIS BANK** struggled with profitability, possibly due to higher operating costs.
- **STATE BANK OF INDIA** faced challenges in revenue growth, impacting its overall financial performance relative to peers.
- **KOTAK MAHINDRA BANK** showed promising growth potential, with improving financial ratios and market sentiment.

CHAPTER 6 : CONCLUSIONS

- Substantial asset bases and diversified loan portfolios.
- Strong capital adequacy ratios and healthy solvency levels.
- Consistent profitability metrics and robust liquidity positions.
- Top banks crucial for India's financial landscape and economic prosperity.
- Well-positioned to navigate challenges and seize opportunities.
- Prioritizing risk management and embracing digital transformation are key.

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