

## **PROFITABILITY ANALYSIS OF PRIVATE SECTOR BANKS: A CASE STUDY OF KOTAK MAHINDRA BANK LIMITED**

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Prof. D. R. Jat\*  
Dr. Prabha Rani\*\*

### **Abstract**

Banks play an exceptionally valuable and element part in the monetary existence of the nation. Banks contribute towards the advancement of any economy and it's dealt with as an essential administration industry in today's world. Profitability is a measure of efficiency and control, and it indicates the efficiency or effectiveness with which the operations of the business are carried out. Recording profitability for the past period or projecting profitability for the coming period and measuring quantitative performance in terms of net profits is the most important measure of the success of the business. This paper focuses on carrying out profitability analysis of Kotak Mahindra Bank Limited for the years 2012 – 2016, the secondary data is extracted from the Annual reports of the company.

**Keywords:** Profitability, Effectiveness, Monetary Existence, Efficiency & Control, Quantitative Performance.

### **Introduction**

There are two categories of private-sector banks: "olds and "new" in the Indian banking sector. The Banks, which gained their banking licence since RBI's liberalisation policy came in picture in the 1990s, with the introduction of economic reforms and financial sector reforms, came to be known as "new private-sector banks". The old private -sector banks have been functioning since a long time and existed prior to the nationalization in 1969. RBI had laid down guidelines for the establishment of new private-sector banks in January, some of those guidelines were being:

- The bank should have a minimum paid-up capital of Rs. 100 Crore which was raised to Rs. 200 Crore in 2001 which shall further be enhanced to Rs. 300 Crore within 03 years after commencement of the business.
- The promoters' share shall not be less than 40 percent and the voting right of a shareholder shall not be exceed 10 percent.
- Within 3 years of the starting of the operations, the bank should offer shares to public and their net worth must increased to 300 Crore.

### **Review of Literature**

Brinda Devi in her research paper carried out study on overall profitability analysis of different private sectors banks in India based on the performances of profitability ratios like interest spread, net profit margin, return on long term funds, return on net worth & return on asset. In a bank-led economy, profitability of commercial banks occupies the centre stage in providing a sound, prudent and sustained banking system. Increasing the bottom line is one of the most important tasks of the management of the banks. Management continuously look for ways to change the business to improve profitability. These potential changes can be analyzed with a support of income statement and balance sheet, author concluded saying Profitability of private sector banks in India plays major role in Indian banking sector,

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\* Former Head, Department of E.A.F.M, University of Rajasthan & Former Principal, University Commerce College, Jaipur, Rajasthan.

\*\* Assistant Professor, Shyama Prasad Mukherjee College for Women, University of Delhi, Delhi.