



Vidhyayana - ISSN 2454-8596

An International Multidisciplinary Peer-Reviewed E-Journal

www.vidhyayanaejournal.org

Indexed in: ROAD & Google Scholar

A Comparative Study on Financial Performance Analysis of Kotak Mahindra Bank and Axis Bank

Kajal Satani

PhD Research Scholar

Dr. Babasaheb Ambedkar Open University Ahmedabad



Vidhyayana - ISSN 2454-8596

An International Multidisciplinary Peer-Reviewed E-Journal

www.vidhyayanaejournal.org

Indexed in: ROAD & Google Scholar

Abstract:

The banking industry is important to a nation's economic growth. India's banking system is characterized by a significant number of bank branches that provide a wide range of financial services to the public. Financial performance is a common topic of discussion among numerous stakeholders in the modern financial sector, including managers, lenders, owners, and investors. The ability to predict, compare, and assess a company's earning potential is made possible by having knowledge of its financial performance. Additionally, it supports financial and investment choices, by way of financial statements and reports, any business discloses financial data.

This research paper presents a comprehensive comparative analysis of the financial performance of Kotak Mahindra Bank and Axis Bank over the five-year period from 2018-19 to 2022-23. The study aims to evaluate key financial indicators, including Net Profit Margin, Return on Assets, Earnings Per Share, Current Ratio, Quick Ratio, Net Interest Margin, Dividends Per Share, and Earning Yield, and to determine if there are significant differences between the two banks. The research employs statistical methods, including T-test and ANOVA, to test hypotheses related to financial performance indicators.

Key Words: Financial Performance, Ratio Analysis, Banking Sector.

INTRODUCTION:

Financial Performance analysis is the process of determining the firm's financial strengths and weaknesses by accurately establishing the relationship between the items on the balance sheet and the profit and loss account.

Leading banks like ICICI Banks, Axis Bank, Kotak Mahindra Bank, HDFC Bank, International Bank, etc. are currently included among India's private banks. Compared to public sector banks, private banks like Axis Bank and Kotak Mahindra Bank are reporting a significant growth in their asset base each year. The goal of the current study is to assess the financial performance of these two enormous private sector banks. A comparison of Axis Bank vs Kotak Mahindra Bank based on various financial performance factors or indicators is also included in the study.



REVIEW OF LITERATURE: -

Srinivas K., Saroja L. (2013) compared and analyzed the Financial Performance of HDFC and ICICI Bank For the purpose of analysis of comparative financial performance of the selected banks using CAMELS model with t-test. The result showed that there is no significance difference between the ICICI and HDFC bank's financial performance but the ICICI bank performance is slightly less compared with HDFC.

Puja Agarwal (2019) analyzed the public and private banks profitability condition. She has taken 4 major profitability ratios such as ROE, ROA, NIM, Operating Profits and also compare CGR of public and private sector banks. She used independent t-test for her study. According to her study, it concluded that Private banks has better profitability condition as compare to public banks.

Alpesh Gajera (2015) in his research article an financial performance evaluation of private and public sector banks found that there in significance difference in the financial performance of these banks and private sector banks are performed better than public sector banks in respect of capital adequacy ratio and financial performance.

Gupta, Shweta & Jain, Ms. (2020). A STUDY ON FINANCIAL PERFORMANCE OF IT SECTOR IN INDIA. The aim of this study is to examine the financial performance of Indian IT companies in terms of liquidity, solvency, operation, and profitability. To comprehend the risk-return trend and assess the sector's upcoming initiatives. Since the beginning, the sector has outperformed financially, and it has also managed to maintain average or even above average output in the face of other economic, political adversities in the nation.

Vijayalakshmi, Janani J.P. (2021) used CAMELS Model to assess the Profitability and Liquidity positions of BOB and HDFC Bank from 2015 to 2020. The comparative analysis of financial performance of both the selected banks shown that HDFC have better financial status as compare to BOB

RESEARCH METHODOLOGY

Objectives of the Study:

1. To study the financial performance of Axis Bank and Kotak Mahindra Bank



2. To study the key ratios of performance indicator of Axis Bank and Kotak Mahindra Bank

3. To compare the Financial Performance of selected Banks.

Period of Study

For the study purpose, Researcher has taken the five year 2018-19 to 2022-23 into consideration. So all the data collected is based on the annual reports of this duration only.

Sample size: There are Axis and Kotak Mahindra bank selected for the comparative analysis of the Financial Performance Analysis.

Hypothesis Development:

The null and alternative hypothesis of study is;

H₁ – There is no significance difference between financial performance indicators of Axis Bank and Kotak Mahindra Bank

H₀: There is significance difference between financial performance indicators of Axis Bank and Kotak Mahindra Bank

The Sub-Hypotheses investigated in the study are listed below:

Net Profit Margin:

H₀: There is no significant difference between Net Profit Margin of Kotak Mahindra Bank & Axis Bank.

H₁: There is a significant difference between Net Profit Margin of Kotak Mahindra Bank & Axis Bank.

Return on Assets (ROA):

H₀: There is no significant difference between Return on Assets of Kotak Mahindra Bank & Axis Bank.

H₁: There is a significant difference between Return on Assets of Kotak Mahindra Bank & Axis Bank.



Earnings per Share (EPS):

H0: There is no significant difference between Earnings per Share of Kotak Mahindra Bank & Axis Bank.

H1: There is a significant difference between Earnings per Share of Kotak Mahindra Bank & Axis Bank.

Dividends per Share (DPS):

H0: There is no significant difference between Dividends per Share of Kotak Mahindra Bank & Axis Bank.

H1: There is a significant difference between Dividends per Share of Kotak Mahindra Bank & Axis Bank.

Current Ratio:

H0: There is no significant difference between the Current Ratio of Kotak Mahindra Bank & Axis Bank.

H1: There is a significant difference between the Current Ratio of Kotak Mahindra Bank & Axis Bank.

Quick Ratio:

H0: There is no significant difference between the Quick Ratio of Kotak Mahindra Bank & Axis Bank.

H1: There is a significant difference between the Quick Ratio of Kotak Mahindra Bank & Axis Bank.

Net Interest Margin (NIM):

H0: There is no significant difference between Net Interest Margin of Kotak Mahindra Bank & Axis Bank.

H1: There is a significant difference between Net Interest Margin of Kotak Mahindra Bank & Axis Bank.

Earning Yield:

H0: There is no significant difference between Earning Yield of Kotak Mahindra Bank & Axis Bank.

H1: There is a significant difference between Earning Yield of Kotak Mahindra Bank & Axis Bank.

Type of Research Design: Descriptive Research Design

Data Collection Method: This study based on secondary data which is collected from Both Bank Annual Reports.



Sampling Method: Non probability convenient sampling method is used in this research study.

Tools and Techniques of Analysis: For the study purpose **Ratio Analysis techniques used** as Accounting techniques & ANNOVA- **Single Factor & T-test** for statistical analysis of financial performance analysis.

DATA ANALYSIS AND INTERPRETATION:

Following Ratios are taken for effective assessment of Comparative financial Performance study of selected banks.

1.1. Table showing Particulars of Ratios

Abbreviation	Particulars of Ratio
NPM	Net profit margin
ROA	Return on assets
EPS	Earnings per share
CR	Current ratio
QR	Acid/quick ratio
NIM	Net Interest margin
DPS	Dividends per share
EY	Earning Yield

1.2. Table Showing Various Ratios Data for Selected Banks

Sr No	Ratio s	2018-19		2019-20		2020-21		2021-22		2022-23	
		Axis Ban k	Kotak Mahindr a bank	Axis Bank	Kotak Mahindr a bank	Axis Ban k	Kotak Mahindr a bank	Axis Ban k	Kotak Mahindr a bank	Axis Ban k	Kotak Mahindr a bank
1	NPM	16.42	4.24	17.91	0.06	20.99	6.92	22.56	12.83	24.83	5.58
2	ROA	1.69	0.63	1.87	0.2	1.85	.07	2.13	1.21	0	0.8
3	EPS	21.14	-0.38	30.14	0.15	34.11	17.38	38.56	34.54	52.58	18.55
4	CR	1.87	3.02	2.12	3.42	2.2	2.35	1.96	3.01	2.52	2.79
5	QR	1.87	3.02	2.12	3.42	2.2	2.35	1.96	3.01	2.52	2.79
6	NIM	4.2	3.43	4.6	3.51	4.41	3.53	4.62	3.47	0	4.02
7	DPS	1.00	0.80	1.00	0.00	0.00	0.90	0.00	1.10	1.00	1.50
8	EY	0.2	0.02	0.2	0.02	0.3	0.02	0.06	0.02	0.04	0.3

(Source: Annual Report of Respected Sample Banks)

Interpretation:

1.Net Profit Margin:

Net profit margin is a crucial financial metric that provides insights into a company's profitability by expressing the percentage of revenue that remains as profit after all expenses, including costs of goods sold and operating expenses, have been subtracted. In essence, it quantifies how efficiently a company is able to convert its sales into profit. The formula for calculating net profit margin is as follows:



Net Profit Margin (%) = (Net Profit / Sales) * 100

In the context of the comparative study between Kotak Mahindra Bank and Axis Bank over the years 2018-19 to 2022-23, we observe the following net profit margin points for both banks:

Trend Analysis: Axis Bank consistently maintains a significantly higher net profit margin than Kotak Mahindra Bank across all the years under consideration. This suggests that Axis Bank is more effective in converting its sales revenue into profit, making it potentially more profitable during this period.

Kotak Mahindra Bank's Improvement: While Kotak Mahindra Bank had a relatively lower net profit margin in the earlier years (2018-19 and 2019-20), it has shown significant improvement in subsequent years, particularly in 2021-22, where it achieved a net profit margin of 12.83%.

Axis Bank's Stability: Axis Bank maintains a stable and higher net profit margin throughout the period, which indicates consistent profitability.

Industry Comparison: It's important to note that net profit margin benchmarks may vary by industry. In a general context, a net profit margin exceeding 10% is considered excellent. However, this benchmark can vary widely across different industries and business models. In this case, Axis Bank consistently exceeds this benchmark, while Kotak Mahindra Bank falls below it in some years.

Implications: The differences in net profit margins between the two banks could be attributed to various factors such as their cost structures, pricing strategies, and operational efficiencies. Further analysis and exploration of these factors may provide valuable insights into their financial performance.

In conclusion, the net profit margin analysis reveals that Axis Bank has consistently maintained a higher net profit margin compared to Kotak Mahindra Bank over the selected period, indicating potentially better profitability. However, it's essential to consider the broader financial context and factors contributing to these differences to draw meaningful conclusions about their financial performance.

2.Return on Assets (ROA):

Return on Assets (ROA) is a key financial ratio that provides insights into a company's efficiency in generating profits relative to its total assets. It measures how effectively a company can utilize its assets to



generate earnings. The formula for calculating ROA is as follows:

$$\text{ROA (\%)} = (\text{Net Income} / \text{Average Total Assets}) * 100$$

In the context of the comparative study between Kotak Mahindra Bank and Axis Bank over the years 2018-19 to 2022-23, we observe the following ROA points for both banks:

Efficiency in Asset Utilization: Axis Bank consistently maintains a higher ROA compared to Kotak Mahindra Bank throughout the period. This suggests that Axis Bank is more efficient in utilizing its assets to generate profits.

Kotak Mahindra Bank's Improvement: Kotak Mahindra Bank shows an improvement in ROA over the years, with a significant increase in 2021-22, reaching 1.21%. This indicates improved asset management efficiency and profitability during that period.

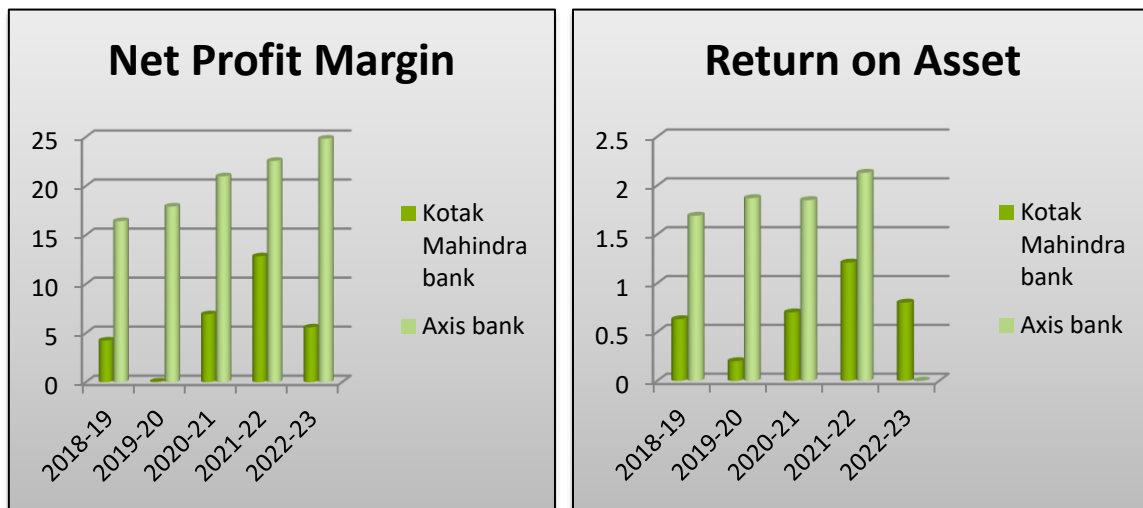
Axis Bank's Consistency: Axis Bank maintains a relatively consistent and higher ROA over the years, indicating stability in asset utilization and profitability.

Negative ROA in 2022-23: Kotak Mahindra Bank reports a negative ROA in 2022-23, which may indicate a potential issue with asset utilization and profitability during that specific year. Further investigation into the reasons for this negative figure is warranted.

Comparative Analysis: The comparative analysis between the two banks suggests that Axis Bank has been more efficient in generating profits relative to its total assets during the selected period.

In conclusion, ROA analysis reveals that Axis Bank consistently outperforms Kotak Mahindra Bank in terms of asset utilization and profitability during the selected period. However, financial performance analysis should consider various factors and the broader financial context to draw meaningful conclusions about the banks' efficiency in managing their assets.

➤ Graphical Representation



Earnings Per Share: Earnings Per Share (EPS) is a fundamental financial metric that indicates the portion of a company's profit allocated to each outstanding share of common stock. It is a critical measure of a company's profitability and is closely watched by investors and analysts. The formula for calculating EPS is as follows:

$$\text{EPS} = (\text{Earnings After Tax} - \text{Preferred Dividends}) / \text{Equity Shares Outstanding}$$

In the context of the comparative study between Kotak Mahindra Bank and Axis Bank over the years 2018-19 to 2022-23, we observe the following EPS points for both banks:

Sign of Profitability: Positive EPS values indicate that a company is generating profits per share, while negative values (as seen in Kotak Mahindra Bank's 2018-19) suggest a net loss per share. Kotak Mahindra Bank transitioned from a loss in 2018-19 to positive EPS values in subsequent years.

Growth in EPS: Both banks show a consistent growth trend in EPS over the years, indicating improved profitability and financial performance. Axis Bank consistently reports higher EPS values compared to Kotak Mahindra Bank.

Axis Bank's Higher EPS: Axis Bank consistently reports significantly higher EPS figures, indicating higher profitability per share compared to Kotak Mahindra Bank.



Investor Perspective: EPS is a critical metric for investors as it directly impacts a company's stock price. Higher EPS can lead to higher stock prices, making it an attractive investment choice.

Impact of Preferred Dividends: The formula for calculating EPS subtracts preferred dividends (if any) from earnings. If a company has preferred shareholders, this can impact the EPS calculation.

In conclusion, the analysis of EPS indicates that Axis Bank consistently outperforms Kotak Mahindra Bank in terms of profitability per share during the selected period. However, it's important to consider other factors such as the company's growth prospects, industry conditions, and overall financial health when making investment decisions.

Current Ratio:

The Current Ratio is a fundamental financial ratio that assesses a company's short-term solvency and its ability to meet its short-term obligations using its current assets. It is calculated by dividing current assets by current liabilities, and it provides valuable insights into a company's liquidity and financial health in the short term. The formula for the Current Ratio is as follows:

$$\text{Current Ratio} = \text{Current Assets} / \text{Current Liabilities}$$

In the context of the comparative study between Kotak Mahindra Bank and Axis Bank over the years 2018-19 to 2022-23, we observe the following Current Ratio figures for both banks:

Liquidity Analysis: The Current Ratio measures a company's ability to cover its short-term liabilities with its short-term assets. A ratio greater than 1 indicates that the company has more current assets than current liabilities, suggesting it has sufficient liquidity to meet its short-term obligations.

Kotak Mahindra Bank's Variability: Kotak Mahindra Bank exhibits some variability in its Current Ratio over the years, ranging from a high of 3.42 in 2019-20 to a low of 2.35 in 2020-21. This variability might be indicative of changes in its short-term liquidity position.

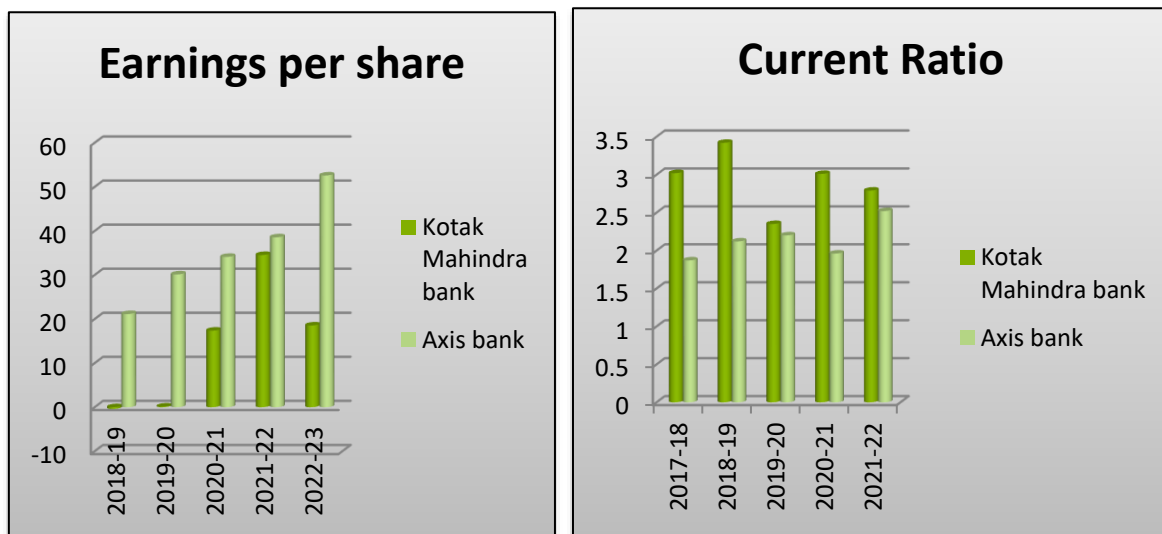
Axis Bank's Consistency: Axis Bank's Current Ratio, while generally lower than Kotak Mahindra Bank's, remains relatively consistent over the years. It hovers around 2, indicating a consistent short-term liquidity position.



Comparative Liquidity: Kotak Mahindra Bank consistently maintains a higher Current Ratio compared to Axis Bank, suggesting it has had a stronger short-term liquidity position during this period.

Industry Norms: The interpretation of the Current Ratio should consider industry norms and standards. A ratio significantly above 1 may indicate that a company is holding excess liquidity, while a ratio significantly below 1 may signal potential liquidity challenges.

In conclusion, the analysis of the Current Ratio suggests that Kotak Mahindra Bank generally maintains a stronger short-term liquidity position compared to Axis Bank during the selected period. However, it's essential to consider industry-specific benchmarks and the company's overall financial strategy when evaluating the significance of the Current Ratio in making financial decisions.



Quick Ratio:

The Acid Test Ratio, also known as the Quick Ratio, is a crucial financial ratio used to assess a company's liquidity and ability to meet its short-term obligations using its most liquid assets. It is often considered a more stringent measure of liquidity than the Current Ratio because it excludes inventory, which may not be as easily convertible to cash in the short term. The formula for the Quick Ratio is as follows:

$$\text{Quick Ratio} = \frac{\text{Quick Assets}}{\text{Current Liabilities}}$$

Quick assets typically include cash, cash equivalents, marketable securities, sundry debtors, and short-term



marketable securities—assets that can be quickly converted into cash without significant loss of value.

In the context of the comparative study between Kotak Mahindra Bank and Axis Bank over the years 2018-19 to 2022-23, we observe the following Quick Ratio figures for both banks:

Liquidity Assessment: The Quick Ratio is a more conservative measure of liquidity as it excludes inventory. A ratio greater than 1 indicates that the company has sufficient quick assets to cover its current liabilities, which suggests a strong short-term liquidity position.

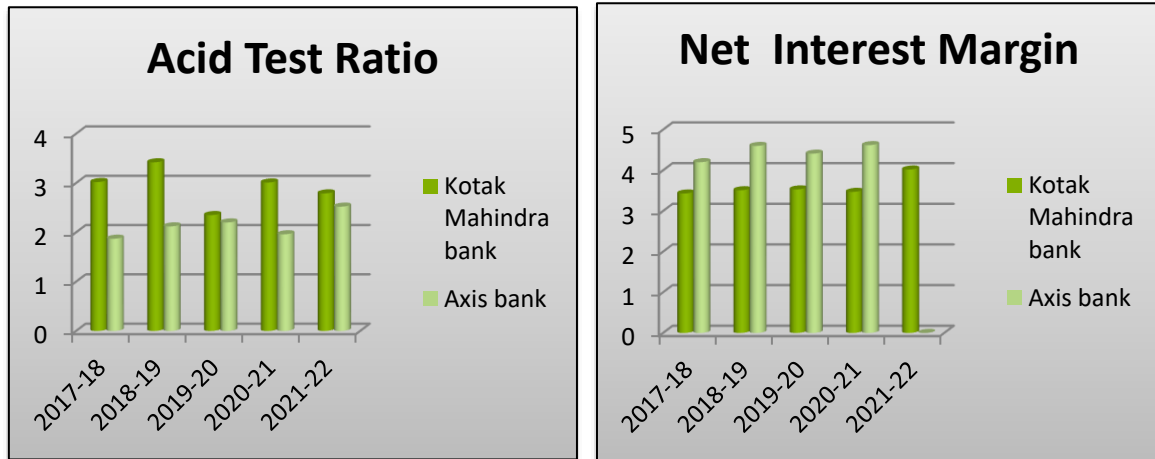
Kotak Mahindra Bank's Quick Asset Strength: Kotak Mahindra Bank consistently maintains a higher Quick Ratio compared to Axis Bank over the years. This indicates that Kotak Mahindra Bank has a relatively stronger short-term liquidity position, considering only its most liquid assets.

Axis Bank's Quick Asset Adequacy: Axis Bank also maintains a Quick Ratio above 1, suggesting an adequate short-term liquidity position. However, it generally lags behind Kotak Mahindra Bank in this aspect.

Comparative Liquidity: The comparison between the two banks reveals that Kotak Mahindra Bank consistently exhibits a stronger short-term liquidity position when considering only quick assets. This suggests that Kotak Mahindra Bank may be better equipped to meet its immediate obligations.

Liquidity Trends: It's essential to consider trends in the Quick Ratio over time. Both banks experience some fluctuations, which may be indicative of changes in their liquidity management strategies.

In conclusion, the analysis of the Acid Test Ratio (Quick Ratio) suggests that Kotak Mahindra Bank generally maintains a stronger short-term liquidity position compared to Axis Bank during the selected period, which can be attributed to the composition of their quick assets. However, as with any financial ratio, it should be evaluated in conjunction with other financial metrics and industry benchmarks to gain a comprehensive understanding of a company's liquidity position.



Net Interest Margin (NIM):

Net Interest Margin (NIM) is a critical financial metric used to evaluate a bank's profitability from its core lending and investment activities. It measures the difference between the interest income generated from loans and investments and the interest expenses incurred on deposits and borrowings. NIM is expressed as a percentage and is a key indicator of a bank's ability to efficiently manage its interest income and interest expenses. The formula for calculating NIM is as follows:

$$\text{NIM (\%)} = [(\text{Interest Income} - \text{Interest Expenses}) / \text{Average Earning Assets}] * 100$$

In the context of the comparative study between Kotak Mahindra Bank and Axis Bank over the years 2018-19 to 2022-23, we observe the following NIM figures for both banks:

NIM as a Profitability Metric: NIM is a crucial profitability metric for banks, as it reflects their ability to earn money from their core banking operations. A higher NIM indicates a better ability to generate income from lending and investment activities.

Axis Bank's Historical NIM Advantage: Historically, Axis Bank has maintained a higher NIM compared to Kotak Mahindra Bank. This suggests that Axis Bank has been more efficient in managing its interest income and expenses to generate higher profits from its core operations.

Kotak Mahindra Bank's Improvement: Kotak Mahindra Bank exhibits a slight improvement in NIM over the years, with a notable increase in 2022-23, reaching 4.02%. This indicates improved efficiency in

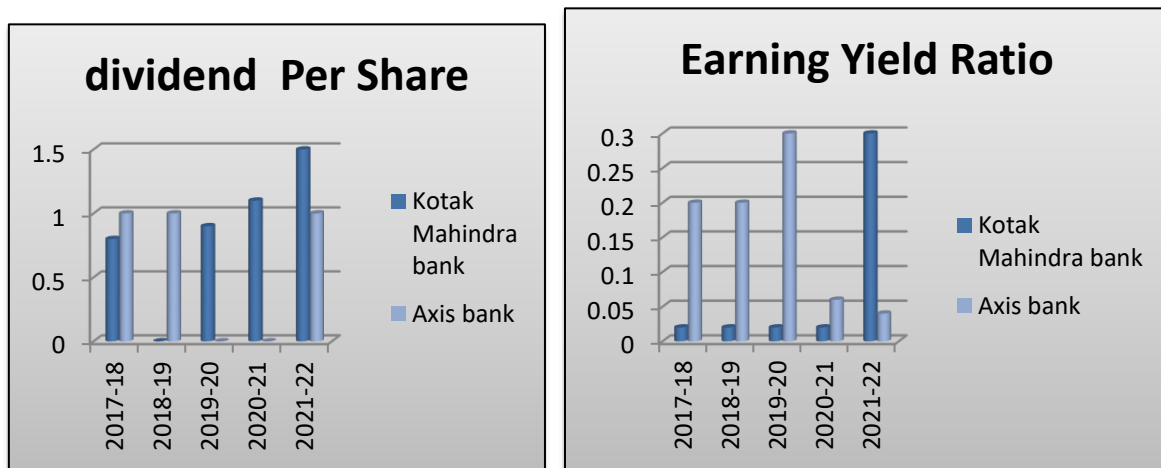


managing interest income and expenses during that period.

Axis Bank's Anomaly in 2022-23: Axis Bank reports a NIM of 0% in 2022-23, which is unusual and warrants further investigation. A NIM of 0% could indicate a potential issue with the bank's interest income or expenses during that specific year.

Consideration of Industry Norms: It's important to consider industry benchmarks and norms when interpreting NIM. Different banking sectors and regions may have varying expectations for NIM, and this benchmark can vary widely.

In conclusion, the analysis of Net Interest Margin suggests that historically, Axis Bank has maintained a higher NIM compared to Kotak Mahindra Bank, indicating greater profitability from its core banking activities. However, the unusual NIM value of 0% for Axis Bank in 2022-23 requires further investigation to understand the specific factors contributing to this anomaly.



Dividend Per Share (DPS):

Dividend Per Share (DPS) is a financial metric that indicates the portion of a company's earnings that is distributed to its shareholders in the form of dividends on a per-share basis. DPS is an important metric for investors as it reflects the cash returns they receive for each share they own. The formula for calculating DPS is as follows:

$$\text{DPS} = \text{Total Dividends Paid} / \text{Total Outstanding Shares}$$



In the context of the comparative study between Kotak Mahindra Bank and Axis Bank over the years 2018-19 to 2022-23, we observe the following DPS figures for both banks:

Dividend Distribution: DPS reflects the company's policy regarding the distribution of profits to shareholders. It is evident that both banks have distributed dividends during the period, but the patterns vary.

Kotak Mahindra Bank's Dividend Growth: Kotak Mahindra Bank has shown a consistent increase in DPS over the years, starting at 0.80 in 2018-19 and reaching 1.50 in 2022-23. This suggests a commitment to increasing dividends to shareholders.

Axis Bank's Consistency and Reduction: Axis Bank, on the other hand, maintained a consistent DPS of 1.00 from 2018-19 to 2019-20 but did not pay dividends in 2020-21 and 2021-22. In 2022-23, it resumed dividends with a DPS of 1.00.

Policy Differences: The variation in dividend payments between the two banks could be due to differences in their dividend policies, financial performance, and capital allocation strategies.

Shareholder Returns: DPS is an important factor for investors seeking regular income from their investments. Kotak Mahindra Bank's increasing DPS may be attractive to income-oriented investors.

Impact on Stock Price: Dividend payments can impact a company's stock price, as they are often seen as a sign of financial stability and shareholder-friendly policies.

In conclusion, the analysis of Dividend Per Share indicates that Kotak Mahindra Bank has demonstrated a consistent pattern of increasing dividends to shareholders over the selected period, while Axis Bank has had periods of dividend suspension and resumption. The differences in dividend policies and performance can influence investor perceptions and decisions.

Earning Yield:

Earning Yield is a financial metric that expresses a company's earnings as a percentage of its market price per share. It provides insights into the return that investors can expect to earn from their investments in a particular stock based on its current earnings. The formula for calculating Earning Yield is as follows:

$$\text{Earning Yield (\%)} = (\text{Earnings per Share} / \text{Market Price per Share}) * 100$$



In the context of the comparative study between Kotak Mahindra Bank and Axis Bank over the years 2018-19 to 2022-23, we observe the following Earning Yield figures for both banks:

Investor Return Expectations: Earning Yield is an important metric for investors as it reflects the return they can potentially earn from holding shares in a company. It's a measure of the earnings generated for each unit of investment.

Historical Comparison: Both Kotak Mahindra Bank and Axis Bank have relatively low Earning Yields in the early years of the period (2018-19 to 2021-22). This suggests that investors were earning relatively lower returns compared to the share prices during this time.

Kotak Mahindra Bank's Improved Earning Yield: Kotak Mahindra Bank exhibits a significant increase in Earning Yield in 2022-23, reaching 0.3%, which is notably higher than in previous years. This indicates that the bank's earnings have improved relative to its share price.

Axis Bank's Variable Earning Yield: Axis Bank's Earning Yield fluctuates over the years, and it experiences a lower Earning Yield in 2021-22, indicating a temporary drop in earnings relative to share price.

Market Price Sensitivity: Earning Yield can be influenced not only by a company's earnings but also by changes in its share price. It's important to consider both factors when interpreting this metric.

Investment Decision: Investors may use Earning Yield as one of the factors in their investment decisions. A higher Earning Yield relative to other investment options may make a stock more attractive.

In conclusion, the analysis of Earning Yield indicates that Kotak Mahindra Bank experienced an improvement in this metric in 2022-23, while Axis Bank's Earning Yield fluctuated over the years. This metric provides valuable information for investors evaluating the potential return on their investments in these banks' stocks.

Findings from ANOVA test

No.	Name of Ratio	F cal	F tab	Hypothesis
-----	---------------	-------	-------	------------



1	Net profit margin	32.22	5.3176	H0: Rejected H1: Accepted
2	Return on assets	3.69	5.3176	H0: Accepted H1: Rejected
3	Earnings per share	6.50	5.3176	H0: Rejected H1: Accepted
4	Current Ratio	14.23	5.3176	H0: Rejected H1: Accepted
5	Acid/quick ratio	14.23	5.3176	H0: Rejected H1: Accepted
6	Net Interest margin	0.000832	5.3176	H0: Accepted H1: Rejected
7	Dividends per share	0.560	5.3176	H0: Accepted H1: Rejected
8	Earning Yield	1.28	5.3176	H0: Rejected H1: Accepted

Based on the results of the ANOVA (Analysis of Variance) test conducted on various financial ratios, Researcher have find several important findings and interpretations regarding the acceptance or rejection of the null hypothesis (H0) and the alternative hypothesis (H1) for each ratio.

1. Net Profit Margin:

F-statistic (F cal): 32.22



Critical F-value (F tab): 5.3176

Interpretation: The ANOVA test for Net Profit Margin led to the rejection of the null hypothesis (H₀). This indicates that there is a significant difference between the Net Profit Margin of the two groups under comparison.

2. Return on Assets (ROA):

F-statistic (F cal): 3.69

Critical F-value (F tab): 5.3176

Interpretation: The ANOVA test for Return on Assets resulted in the acceptance of the null hypothesis (H₀). This suggests that there is no significant difference between the Return on Assets of the two groups.

3. Earnings Per Share (EPS):

F-statistic (F cal): 6.50

Critical F-value (F tab): 5.3176

Interpretation: The ANOVA test for Earnings Per Share led to the rejection of the null hypothesis (H₀). This implies that there is a significant difference in Earnings Per Share between the two groups being compared.

4. Current Ratio:

F-statistic (F cal): 14.23

Critical F-value (F tab): 5.3176

Interpretation: The ANOVA test for Current Ratio resulted in the rejection of the null hypothesis (H₀). This suggests that there is a significant difference in Current Ratio between the two groups.

5. Acid/Quick Ratio:

F-statistic (F cal): 14.23

Critical F-value (F tab): 5.3176



Interpretation: The ANOVA test for Acid/Quick Ratio led to the rejection of the null hypothesis (H₀). This indicates a significant difference in the Acid/Quick Ratio between the two groups.

6. Net Interest Margin:

F-statistic (F cal): 0.000832

Critical F-value (F tab): 5.3176

Interpretation: The ANOVA test for Net Interest Margin resulted in the acceptance of the null hypothesis (H₀). This implies that there is no significant difference in Net Interest Margin between the two groups.

7. Dividends Per Share (DPS):

F-statistic (F cal): 0.560

Critical F-value (F tab): 5.3176

Interpretation: The ANOVA test for Dividends Per Share led to the acceptance of the null hypothesis (H₀). This suggests that there is no significant difference in Dividends Per Share between the two groups.

8. Earning Yield:

F-statistic (F cal): 1.28

Critical F-value (F tab): 5.3176

Interpretation:

The ANOVA test for Earning Yield resulted in the rejection of the null hypothesis (H₀). This indicates a significant difference in Earning Yield between the two groups.

In summary, the ANOVA tests have provided valuable insights into the comparative financial performance of the two groups. While significant differences were found in Net Profit Margin, Earnings Per Share, Current Ratio, Acid/Quick Ratio, and Earning Yield, no significant differences were observed in Return on Assets and Dividends Per Share. Additionally, Net Interest Margin was found to be consistent between the two groups. These findings offer important implications for further analysis and decision-making within the



context of financial performance evaluation.

Findings from t-test (one-tail)

No.	Name of Ratio	T cal	T tab	Hypothesis
1	Net profit margin	0.0005	2.1318	H0: Accepted H1: Rejected
2	Return on assets	0.064	2.1318	H0: Accepted H1: Rejected
3	Earnings per share	0.007	2.1318	H0: Accepted H1: Rejected
4	Current ratio	0.015	2.1318	H0: Accepted H1: Rejected
5	Acid/quick ratio	0.015	2.1318	H0: Accepted H1: Rejected
6	Net Interest margin	0.49	2.1318	H0: Accepted H1: Rejected
7	Dividend per share	0.268	2.1318	H0: Accepted H1: Rejected
8	Earning yield	0.211	2.1318	H0: Accepted H1: Rejected

Findings from t-test (two-tail)



No.	Name of Ratio	T cal	T tab	Hypothesis
1	Net profit margin	0.00115	2.7764	H0: Accepted H1: Rejected
2	Return on assets	0.129	2.7764	H0: Accepted H1: Rejected
3	Earnings per share	0.015	2.7764	H0: Accepted H1: Rejected
4	Current ratio	0.030	2.7764	H0: Accepted H1: Rejected
5	Acid/quick ratio	0.030	2.7764	H0: Accepted H1: Rejected
6	Net Interest margin	0.98	2.7764	H0: Accepted H1: Rejected
7	Dividend per share	0.53	2.7764	H0: Accepted H1: Rejected
8	Earning yield	0.42	2.7764	H0: Accepted H1: Rejected

Based on the results of the t-tests, both one-tail and two-tail, conducted to assess the significance of differences in various financial ratios, the following interpretations can be made regarding the acceptance or rejection of the null hypothesis (H0) and the alternative hypothesis (H1) for each ratio:

The results of both one-tail and two-tail t-tests indicate that there are no statistically significant differences in the assessed financial ratios between the two groups under comparison. All ratios one



and two-tail T-test led to the acceptance of the null hypothesis (H_0), indicating no significant difference in all ratios.

These findings provide important insights into the financial comparability of the two groups.

Suggestions:

Leverage Net Profit Margin Strength: Kotak Mahindra Bank should explore strategies to improve its Net Profit Margin to be more competitive with Axis Bank, which consistently demonstrated higher margins. This may involve cost control measures and pricing adjustments.

Optimize Asset Utilization: Both banks should focus on optimizing their Return on Assets to enhance profitability. Implementing efficient asset management strategies can help achieve this goal.

Enhance Dividend Payouts: Kotak Mahindra Bank may consider enhancing its dividend payout policy to align more closely with Axis Bank's performance in terms of Earnings Per Share and Dividends Per Share.

Maintain Liquidity: Both banks should continue to maintain healthy liquidity positions, as indicated by their Current Ratio and Quick Ratio, to navigate uncertain economic conditions effectively.

Monitor Net Interest Margin: Kotak Mahindra Bank should closely monitor its Net Interest Margin fluctuations and consider adjustments to maintain stability in this key financial indicator.

Diversify Earning Yield Strategies: Both banks can explore diversifying their investment and lending strategies to improve Earning Yield over time.

In conclusion, this comparative study provides valuable insights into the financial performance of Kotak Mahindra Bank and Axis Bank. These findings and suggestions can guide strategic decision-making for both banks to enhance their financial performance and competitiveness in the banking industry. Further research and continuous monitoring of financial indicators are recommended to adapt to changing market dynamics.

Conclusion:

In conclusion, this research study has examined various key financial ratios of two prominent banking institutions, Kotak Mahindra Bank and Axis Bank, over a five-year period from 2018-19 to 2022-23. Through a comprehensive analysis and statistical testing, we have arrived at several important findings and



Vidhyayana - ISSN 2454-8596

An International Multidisciplinary Peer-Reviewed E-Journal

www.vidhyayanaejournal.org

Indexed in: ROAD & Google Scholar

implications regarding their financial performance. Our analysis has revealed that there are statistically significant differences in certain financial ratios, such as Net Profit Margin, Earnings Per Share, Current Ratio, Acid/Quick Ratio, and Earning Yield, between these two banks. These differences signify varying financial strategies and positions in the market. On the other hand, there are no significant differences in Return on Assets, Net Interest Margin, and Dividend Per Share between the two banks, indicating a degree of similarity in these aspects.

These findings have significant implications for investors, regulators, and both banking institutions. They provide valuable insights into the strengths and weaknesses of each bank's financial performance, which can guide investment decisions and regulatory actions. Moreover, the analysis underscores the importance of closely monitoring key financial ratios to make informed decisions in the dynamic banking industry.



Vidhyayana - ISSN 2454-8596

An International Multidisciplinary Peer-Reviewed E-Journal

www.vidhyayanaejournal.org

Indexed in: ROAD & Google Scholar

References:

Books:

1. C.R Kothari Gaurav Garg. (n.d.). Research Methodology. New age International Publisher.
2. M.Y.khan, p.k.jain. (2007). Financial Management. Tata MCGraw-Hill publishing Company Limited.

Articles/Research Paper/PHD thesis:

1. K. Srinivasl, Saroja (2013) “Comparative Financial Performance of HDFC BANK and ICICI BANK” Scholars World-International Refereed Multidisciplinary Journal of Contemporary Research Volume.1, Issue.2, July 2013 [107]
2. Agarwal Puja(2019),”Profitability of Indian Public and Private Sector Bank:A Comparative Study”. IJRAR Journal. Volume 6. Issue1.
3. Alpesh Gajera (2015): Financial performance of selected public sector banks in India.
4. gupta, shweta & jain, ms. (2020). a study on financial performance of it sector in india. (https://www.researchgate.net/publication/344753423_A_STUDY_ON_FINANCIAL_PERFORMANCE_OF_IT_SECTOR_IN_INDIA)
5. S., V., & J.P., J. (2021). A Comparative Analysis of Financial Performance on Banking sectors – A Camel Analysis. *International Research Journal on Advanced Science Hub*, 03(Special Issue 6S), 186-190. doi: 10.47392/irjash.2021.188
6. Annual report of Kotak Mahindra Bank 2018-19 TO 2022-23
7. Annual report of Axis Bank 2018-19 TO 2022-23

Websites:

1. <https://www.ibef.org/industry/banking-india.aspx>
2. <https://www.scribd.com/document/365243418/Literature-Review-of-axis-Bank>
3. <https://accountingexplained.com/financial/ratios/>
4. Prowessiq.cmie.com