

A Study on Term Loan Performance at Kotak Mahindra Bank, Anantapur:

An Empirical Analysis of Loan Growth, Repayment Behavior, and Asset Quality (FY2021–FY2025)

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Abstract

This study examines the performance of term loans at Kotak Mahindra Bank, Anantapur branch, over a five-year period from FY2021 to FY2025. Term loans constitute a critical component of the banking system, providing long-term financial support to individuals, businesses, and infrastructure projects. The study evaluates term loan performance through the lenses of loan growth, trend analysis, repayment behaviour, and asset quality, using secondary data sourced from Kotak Mahindra Bank annual reports and financial databases. Analytical tools including percentage analysis, trend index computation, and Gross NPA ratio analysis were employed. Findings reveal that the bank's total advances grew from ₹2,23,670 crore in FY2021 to ₹4,26,909 crore in FY2025, with term loans increasing from ₹1,45,386 crore to ₹3,07,374 crore over the same period. The Gross NPA ratio declined from 3.25% to 1.40%, reflecting improved asset quality and credit risk management. The study concludes that efficient credit appraisal, continuous loan monitoring, and prudent risk management practices have enabled Kotak Mahindra Bank to maintain sustainable growth in long-term lending while supporting broader economic development.

Keywords: *Term Loans, Kotak Mahindra Bank, Asset Quality, NPA Ratio, Trend Analysis, Credit Risk Management, Repayment Behavior, Indian Banking Sector*

1. Introduction

The Indian banking sector serves as a backbone of the country's financial system, facilitating capital formation, credit allocation, and economic development. Among the various credit products offered by banks, term loans occupy a central position in supporting long-term productive investment. A term loan is a structured financial instrument with a fixed repayment schedule, designed to finance capital-intensive activities such as infrastructure construction, industrial expansion, and asset acquisition.

The performance of term loans is a key indicator of a bank's financial health and its contribution to economic growth. It is measured through indicators such as loan growth rate, Non-Performing Asset (NPA) ratios, repayment efficiency, and overall asset quality. Banks that maintain a growing yet healthy term loan portfolio demonstrate effective credit appraisal and robust risk management frameworks.

Kotak Mahindra Bank, one of India's leading private sector banks, has consistently expanded its lending operations while maintaining prudent asset quality standards. This study focuses on the Anantapur branch and analyzes the

bank's term loan performance from FY2021 to FY2025, offering insights into lending trends, borrower behavior, and credit risk management.

2. Review of Literature

The academic literature on term loan performance in the Indian banking context underscores the significance of credit appraisal quality, macroeconomic conditions, and institutional risk management in determining loan outcomes.

Gupta and Basu (2020) examined loan growth and credit risk in Indian private sector banks, finding that banks with strong credit scoring systems and regular borrower monitoring reported significantly lower NPA levels. Their study highlighted the role of technological tools in early warning signal detection.

Sharma and Singh (2019) studied loan performance indicators across commercial banks and found that repayment behaviour is strongly correlated with the borrower's cash flow stability, credit history, and the bank's loan structuring practices.

Reddy and Kumar (2021) analyzed NPA trends in Indian banks and concluded that improving appraisal mechanisms, digital monitoring, and flexible restructuring options are critical to reducing non-performing assets in long-term loan portfolios.

The present study builds on this body of research by applying trend analysis, NPA ratio computation, and longitudinal data analysis to the specific case of Kotak Mahindra Bank's term loan portfolio.

3. Research Methodology

3.1 Need of the Study

The need for this study arises from the importance of understanding how well term loans perform in a bank's overall operations. Analyzing term loan performance helps identify repayment behavior, risk levels, and asset quality. This study supports better lending decisions and sustainable banking growth.

3.2 Scope of the Study

- The study is analyze the term loans at Kotak Mahindra Bank Anantapur.
- The study covers term loan performance over a selected period based on available data at Kotak Mahindra Bank Anantapur.
- The study period is for five years from 2021-23 to 2024-25

3.3 Objectives of the Study

- To study the concept and importance of term loans at Kotak Mahindra Bank, Anantapur .
- To identify the term loan performance at Kotak Mahindra Bank, Anantapur .
- To analyze loan growth repayment behavior and asset quality of term loans at Kotak Mahindra Bank, Anantapur .

3.4 Data Sources

This study is entirely based on secondary data collected from Kotak Mahindra Bank Annual Reports (FY2021–FY2025), the Reserve Bank of India (RBI) database, and financial information portals such as Money control.

3.5 Tools and Techniques

- line charts.
- Bar charts
- Trend Analysis
- Asset Quality

3.6 Limitations

- The study is limited to the performance of term loans at Kotak Mahindra Bank, Anantapur.
- The study is confined to the period of five years only 2021 – 2025

4. Data Analysis and Interpretation

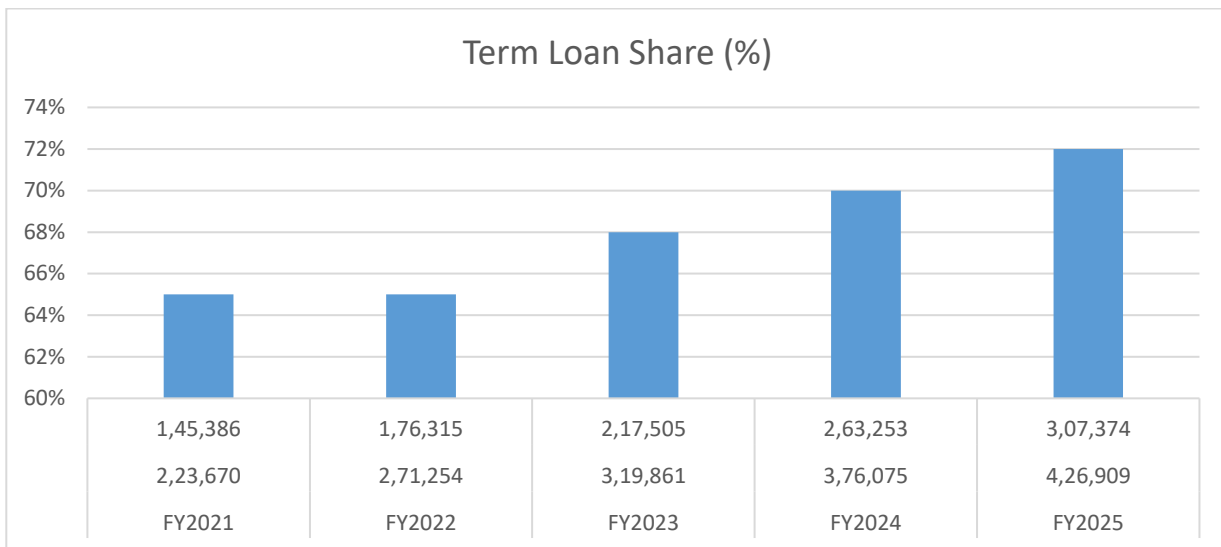
4.1 Term Loan Portfolio Growth (FY2021–FY2025)

Table 1 presents the growth of Kotak Mahindra Bank's total advances and estimated term loan portfolio over the five-year study period.

Table 1: Term Loan Performance of Kotak Mahindra Bank (FY2021–FY2025)

Financial Year	Total Advances (₹ Cr)	Estimated Term Loans (₹ Cr)	Term Loan Share (%)
FY2021	2,23,670	1,45,386	65%
FY2022	2,71,254	1,76,315	65%
FY2023	3,19,861	2,17,505	68%
FY2024	3,76,075	2,63,253	70%
FY2025	4,26,909	3,07,374	72%

Graph 1: Term Loan Performance of Kotak Mahindra Bank (FY2021–FY2025)



Interpretation: The data reveals a robust and consistent expansion in total advances from ₹2,23,670 crore (FY2021) to ₹4,26,909 crore (FY2025), representing a cumulative growth of approximately 91% over the study period. The term loan share rose from 65% to 72%, indicating a strategic shift towards long-term financing. This trajectory signals increased credit demand from the MSME sector, retail borrowers, and infrastructure projects in the Anantapur region and beyond.

4.2 Trend Analysis of Term Loans

Trend analysis is a statistical method used to examine the directional pattern of financial data over time. The trend index is calculated as:

$$\text{Trend Index} = (\text{Current Year Value} / \text{Base Year Value}) \times 100$$

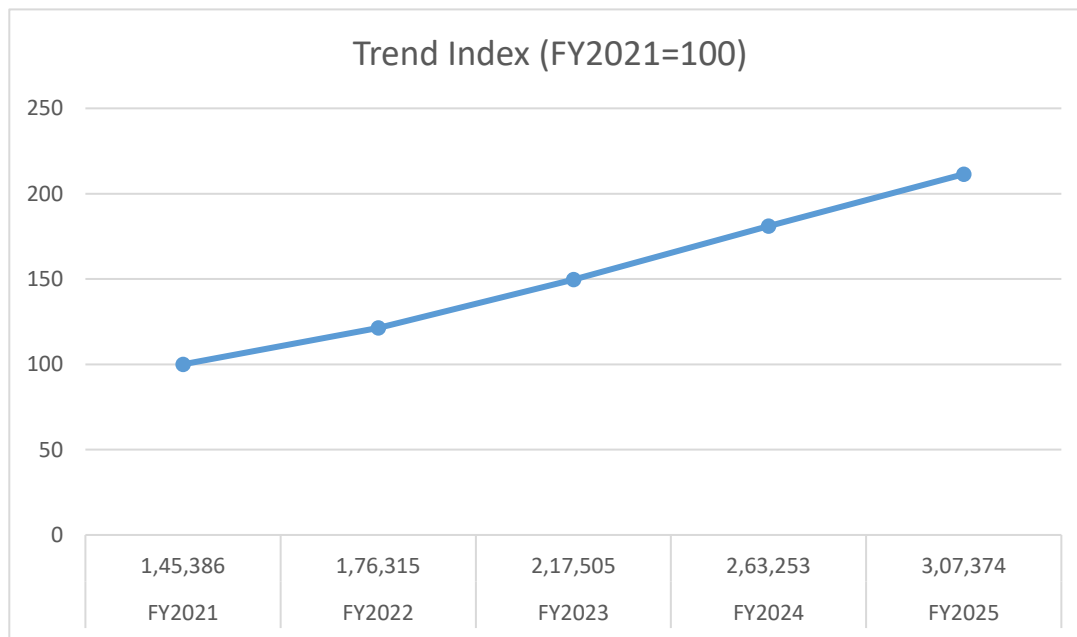
Base Year: FY2021 = 100

$$\text{Trend} = (176315 / 145386) \times 100 = 121.27$$

Table 2: Trend Analysis of Term Loans at Kotak Mahindra Bank (FY2021–FY2025)

Financial Year	Term Loans (₹ Cr)	Trend Index (FY2021 = 100)
FY2021	1,45,386	100.00
FY2022	1,76,315	121.27
FY2023	2,17,505	149.61
FY2024	2,63,253	181.07
FY2025	3,07,374	211.42

Graph 2: Trend Analysis of term loan Kotak Mahindra Bank (FY2021-2025)



Interpretation: The trend index increased from 100 in FY2021 to 211.42 in FY2025, indicating that the term loan portfolio more than doubled during the study period. This upward trajectory reflects increasing demand for long-term financing, the bank's improved credit outreach, and favourable economic conditions driving productive investment.

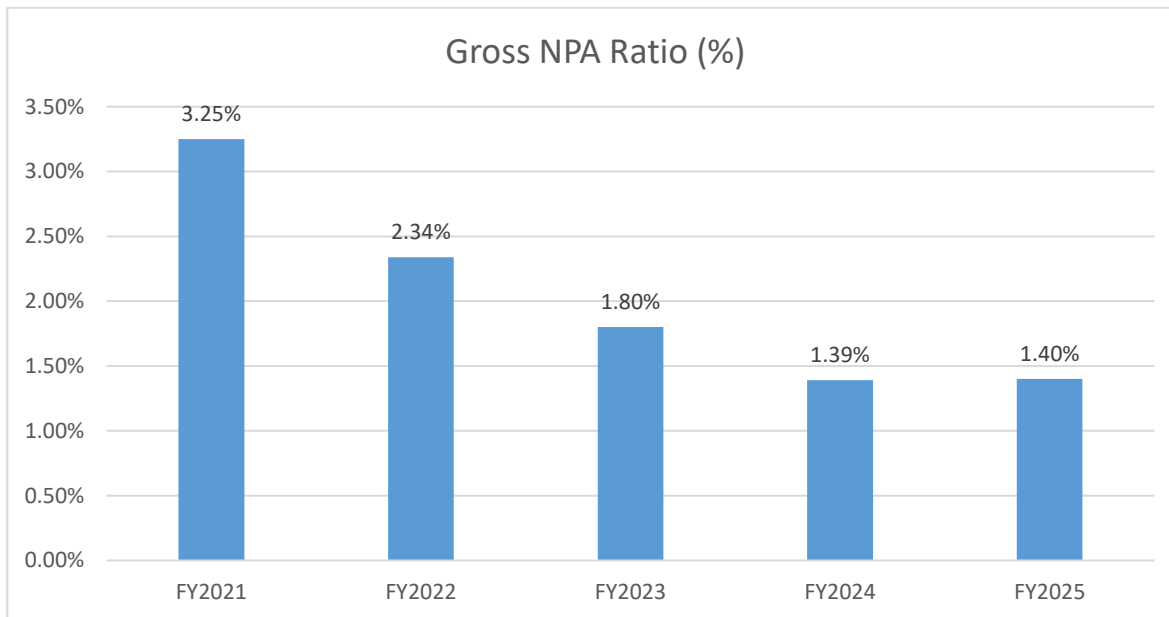
4.3 Repayment Behaviour Analysis

Table 3 examines borrower repayment behaviour using the Gross NPA ratio as a proxy metric. A declining NPA ratio reflects improving repayment discipline and effective credit risk management.

Table 3: Repayment Behaviour Data – Kotak Mahindra Bank (FY2021–FY2025)

Financial Year	Total Advances (₹ Cr)	Term Loans (₹ Cr)	Gross NPA Ratio (%)
FY2021	2,23,670	1,45,386	3.25%
FY2022	2,71,254	1,76,315	2.34%
FY2023	3,19,861	2,17,505	1.80%
FY2024	3,76,075	2,63,253	1.39%
FY2025	4,26,909	3,07,374	1.40%

Graph 3: Analyse of Repayment Behavior Trend Based on Gross NPA (FY 2021-2025)



Interpretation: Despite the rapid expansion of the loan portfolio, the Gross NPA ratio declined sharply from 3.25% in FY2021 to 1.39% in FY2024, stabilizing at 1.40% in FY2025. This remarkable improvement demonstrates that loan growth was achieved without compromising credit quality. It reflects effective credit appraisal, continuous borrower monitoring, and timely recovery mechanisms adopted by the bank.

4.4 Asset Quality Analysis

Asset quality measures the health of a bank's loan portfolio, with the Gross NPA ratio being the primary indicator. It is calculated as:

$$\text{Gross NPA Ratio} = (\text{Gross NPAs} / \text{Total Advances}) \times 100$$

Example Calculation (FY2021)

Total Advances = ₹2,23,670 crore

Gross NPAs = ₹7,269.28 crore

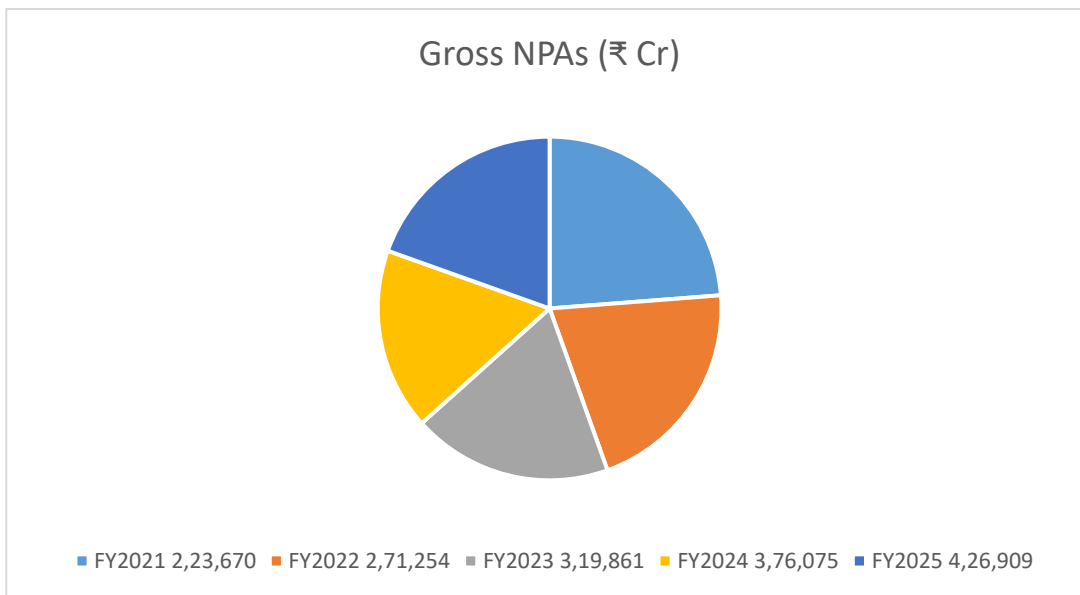
$$\text{Asset Quality} = (7,269.28 / 2,23,670) \times 100 = 3.25\%$$

Table 4: Asset Quality at Kotak Mahindra Bank (FY2021–FY2025)

Financial Year	Total Advances (₹ Cr)	Gross NPAs (₹ Cr)	Gross NPA Ratio (%)
FY2021	2,23,670	7,269.28	3.25%
FY2022	2,71,254	6,347.34	2.34%

Financial Year	Total Advances (₹ Cr)	Gross NPAs (₹ Cr)	Gross NPA Ratio (%)
FY2023	3,19,861	5,757.50	1.80%
FY2024	3,76,075	5,227.44	1.39%
FY2025	4,26,909	5,976.73	1.40%

Graph 4: Analyse of Asset Quality at Kotak Mahindra Bank (FY 2021-2025)



Interpretation: Gross NPA levels declined from ₹7,269.28 crore (FY2021) to ₹5,227.44 crore (FY2024) before marginally rising to ₹5,976.73 crore in FY2025, likely reflecting the expanded portfolio base. The NPA ratio remained below 1.5% for two consecutive years, indicating that approximately 98.6% of the bank's assets were performing. This underscores effective credit risk management, strong borrower screening, and active use of recovery mechanisms including the Insolvency and Bankruptcy Code (IBC).

5. Findings

The study yields the following key findings based on the analysis of secondary data for the period FY2021–FY2025:

- Total advances of Kotak Mahindra Bank grew from ₹2,23,670 crore to ₹4,26,909 crore, representing a cumulative growth of approximately 91%, indicating strong credit expansion.
- The term loan portfolio increased from ₹1,45,386 crore to ₹3,07,374 crore, with the share of term loans in total advances rising from 65% to 72%, reflecting a deliberate focus on long-term financing.
- Trend analysis reveals a consistent increase in the trend index from 100 (FY2021) to 211.42 (FY2025), demonstrating that the term loan portfolio more than doubled over the study period.
- The Gross NPA ratio declined significantly from 3.25% in FY2021 to 1.39% in FY2024, stabilizing at 1.40% in FY2025, signifying improved borrower repayment behaviour and effective loan recovery.

- Asset quality analysis confirms that over 98% of the bank's loan assets were performing in FY2024 and FY2025, reflecting robust credit risk management systems.

6. Conclusion

This study provides a comprehensive empirical assessment of term loan performance at Kotak Mahindra Bank, Anantapur, from FY2021 to FY2025. The findings confirm that the bank has achieved consistent and sustainable growth in its long-term lending portfolio while maintaining strong asset quality and effective credit risk management.

Term loans play a vital macroeconomic role by channelling long-term capital into productive sectors, supporting business expansion, employment generation, and infrastructure development. Kotak Mahindra Bank's ability to expand its term loan portfolio while simultaneously reducing NPA levels reflects the effectiveness of its credit appraisal systems, borrower monitoring processes, and recovery mechanisms.

The study concludes that disciplined lending practices, underpinned by rigorous credit analysis and continuous monitoring, are the primary drivers of term loan performance. For the banking sector at large, the findings underscore the importance of investing in advanced credit risk tools, digital monitoring platforms, and borrower financial literacy initiatives to sustain healthy loan portfolios in an evolving economic landscape.

7. Suggestions

- The bank should continue to invest in advanced credit appraisal systems and data-driven credit scoring to minimize the risk of future loan defaults.
- Implementation of AI-based early warning systems for real-time monitoring of borrower repayment behavior can help pre-empt NPA escalation.
- Flexible EMI restructuring and financial counselling services should be offered to financially stressed borrowers to prevent defaults and maintain asset quality.
- Expanding term loan outreach to underserved MSME segments and rural borrowers through targeted loan products can drive inclusive credit growth.
- Regular financial literacy programs for borrowers can improve repayment discipline and reduce the incidence of willful defaults.
- The bank should strengthen its NPA recovery framework, including greater utilisation of the IBC mechanism, for efficient and timely resolution of distressed assets.