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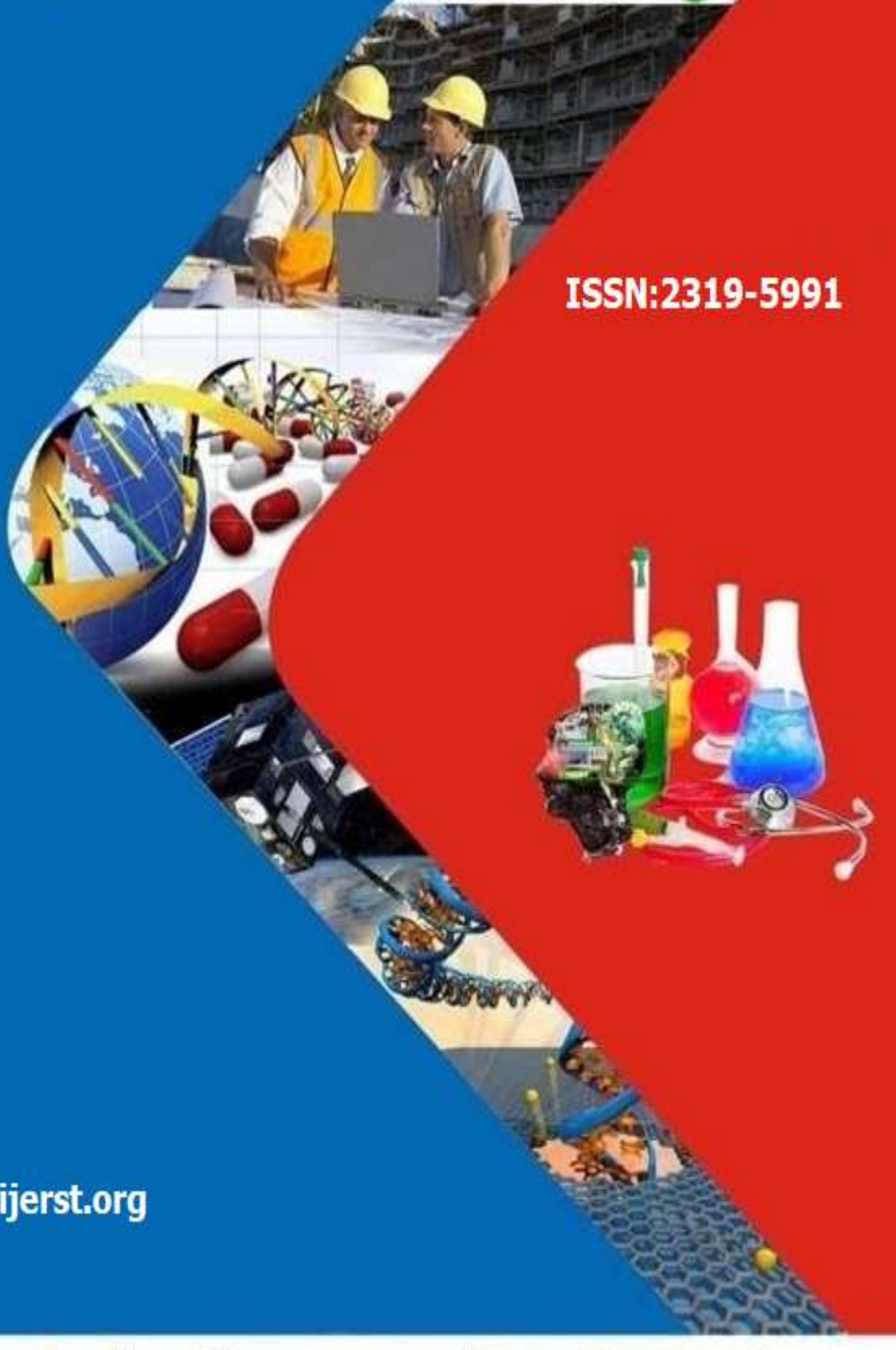

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A STUDY ON FINANCIAL PERFORMANCE ANALYSIS AT KOTAK MAHINDRA BANK

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ABSTRACT

This study examined the financial performance of a leading banking institution over a five-year period spanning from FY 2021 to FY 2025. The analysis focused on critical financial indicators including deposits, borrowings, advances, total assets, revenue, profit margins, and capital adequacy ratios. The objective was to understand the institution's financial growth trajectory, operational effectiveness, and risk management strategies. The data presented revealed a consistent upward trend in deposits and advances, showcasing the bank's ability to attract and deploy funds effectively. This growth also translated into an increase in total assets and interest earnings, demonstrating the institution's operational scalability and sustained market confidence. Simultaneously, the study brought attention to the fluctuations in borrowings and the recent spike in non-performing assets during the final year, which implied the necessity for stronger credit control mechanisms.

Key words : Financial Performance , Deposits , Advances , Risk Management , Non-Performing Assets (NPAs) , Credit Control .

I. INTRODUCTION:

The Indian banking sector had undergone substantial transformation over the past few decades owing to liberalization, technological innovations, policy reforms, and intensified competition. The dismantling of restrictive regulations and the opening up of financial markets had fostered a more dynamic environment, in which new entrants and established players alike had to adapt rapidly. The cumulative effect of these changes had been a more resilient, customer-oriented industry that was better equipped to support India's expanding economy.

Within this evolving landscape, private sector banks had emerged as vital contributors to financial intermediation. Their adoption of customer-centric practices, introduction of digitized products, and deployment of innovative service channels had encouraged other institutions to modernize. These banks were credited with expanding financial inclusion, improving user experience, and driving sectoral growth through competitive offerings.

One such institution had evolved from a non-banking financial company into a fully licensed commercial bank in the early 2000s. It had gradually expanded across retail banking, corporate banking, asset management, and investment banking segments. Through strategic acquisitions and organic growth, the bank had established a diversified portfolio that spanned numerous lines of business

II. REVIEW OF LITERATURE

1. **Ali (2025)** had examined whether value-added intellectual capital moderated the relationship between banking governance and financial performance across a cross-section of banks. The study had employed a quantitative research design, drawing data from multiple banks over a specified period and constructing composite indices of intellectual capital and governance quality.

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2. **Pandey (2025)** had investigated the extent to which financial inclusion influenced the performance of self-help groups (SHGs) in India, conducting a comparative study across different banking agencies. The researcher had collected secondary data from SHG portfolios supported by diverse banks, including public, private, and regional rural banks, focusing on metrics such as SHG credit uptake, repayment rates, and group sustainability.
3. **Thu (2025)** had examined the impact of intellectual capital on financial performance within the Vietnamese banking sector through a quantile regression approach. The researcher had procured panel data from multiple Vietnamese banks, measuring intellectual capital using a modified value-added intellectual coefficient (VAIC) model while capturing financial performance via return on assets and return on equity.
4. **Sar (2025)** had explored the dynamics between financial performance and market performance within the Indian banking industry. The study had utilized longitudinal data encompassing stock market indicators, such as market capitalization and stock returns, alongside bank-specific financial metrics over a defined timeframe.

NEED AND IMPORTANCE OF THE STUDY

The need for this study emerged from the necessity to understand the financial sustainability of private banks in India under changing economic conditions, regulatory pressures, and operational challenges. Financial institutions, particularly banks, played a pivotal role in economic development, and their financial health directly impacted the stability of the national financial system. In this context, the analysis of Kotak Mahindra Bank's financial performance enabled the identification of effective fiscal strategies, risk-handling capabilities, and income generation efficiency. The importance of this study also extended to academic and policy circles, as it provided empirical evidence to support strategic decisions, risk assessment, and financial forecasting within the private banking sector.

SCOPE OF THE STUDY

The scope of this study was confined to analyzing the financial performance of Kotak Mahindra Bank over a five-year period using secondary data sources such as audited financial statements and annual reports. The analysis included key financial ratios covering profitability, liquidity, solvency, and operational efficiency. The study also covered parameters such as NPAs, CAR, and provisioning coverage to evaluate asset quality and risk management. In addition to individual performance analysis, the scope extended to a comparative evaluation of the bank's financial position vis-à-vis selected peer private sector banks.

OBJECTIVES OF THE STUDY

1. To study the yearly trend of revenue, net profit, and operating income of Kotak Mahindra Bank over the last five years.
2. To examine the growth patterns of key financial indicators to understand the bank's financial stability and efficiency.
3. To assess the asset quality of the bank by analyzing the level and trend of non-performing assets (NPAs).
4. To evaluate the bank's capital strength and risk coverage through capital adequacy ratio (CAR) and provisioning coverage ratio.
5. To measure the financial performance of Kotak Mahindra Bank using important financial ratios over five financial years.

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III. RESEARCH METHODOLOGY

The study employed a quantitative and descriptive research methodology grounded in the analysis of secondary financial data. Financial ratios were calculated using standard formulae to assess the bank's profitability, liquidity, efficiency, and solvency. The data was further interpreted through frequency analysis and descriptive statistical methods to identify trends and variations. Visual representation tools such as bar charts and pie charts were used to enhance data comprehension and communicate key insights effectively.

DATA SOURCES

Although the study was secondary in nature, the key financial parameters—such as borrowings, advances, deposits, gross NPA, net NPA, capital adequacy ratio, net NPA to advances, net profits, return on assets (ROA), return on equity (ROE), and selected financial ratios—were directly procured from the company's published financial statements. These figures, extracted from the annual reports of Kotak Mahindra Bank, served as the primary dataset for financial analysis..

SECONDARY DATA

Secondary data for the study was collected from credible academic and institutional sources such as peer-reviewed journals, reference books, official publications, internet databases, and the company's official website. The annual reports of Kotak Mahindra Bank formed the core of the dataset, supplemented by regulatory documents from the Reserve Bank of India and financial benchmarking reports.

LIMITATIONS OF THE STUDY

- The study was entirely based on secondary data, and therefore its accuracy depended on the authenticity of the published financial statements.
- The study did not incorporate qualitative factors such as management decisions, customer satisfaction, or internal governance practices.
- The analysis was limited to the last five financial years, which may not fully capture the long-term financial evolution of the bank.
- The study excluded macroeconomic variables such as inflation, interest rate fluctuations, and regulatory policy changes that may have influenced financial outcomes.

IV. DATA ANALYSIS AND INTERPRETATION

- **Deposits (in INR Cr.)**

Table 1: Deposits

Financial Year	Deposits (in INR Cr.)
FY 2021	280100.05
FY 2022	311684.11
FY 2023	363096.05
FY 2024	448953.75
FY 2025	499055.13

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Interpretation

Deposits increased consistently over the five-year period, indicating robust public trust and strong market positioning. The compound growth from FY 2021 to FY 2025 demonstrated the institution's ability to attract and retain funds from depositors. The largest year-on-year growth occurred between FY 2023 and FY 2024, suggesting effective deposit mobilization strategies. Such upward trends reflect sound retail and corporate banking operations that enhanced the bank's liquidity position.

- **Borrowings (in INR Cr.)**

Table 2: Borrowings

Financial Year	**Borrowings (in INR Cr.)**
FY 2021	23650.65
FY 2022	25967.12
FY 2023	23416.27
FY 2024	28368.10
FY 2025	48442.76

Interpretation

Borrowings displayed a fluctuating trend, with a dip in FY 2023 followed by a substantial surge in FY 2025. The sharp rise in the final year suggests aggressive funding through external liabilities, possibly to support expanded lending activities or meet short-term liquidity requirements. This trend, while reflecting proactive capital sourcing, also implied increased financial leverage and heightened dependency on external funding, which warrants close monitoring.

- **Advances (in INR Cr.)**

Table 3: Advances

Financial Year	**Advances (in INR Cr.)**
FY 2021	223688.62
FY 2022	271253.60
FY 2023	319861.21
FY 2024	376075.27
FY 2025	426909.20

Interpretation

Advances consistently increased across all years, indicating the bank's growing lending capacity and expanded credit portfolio. This reflects positively on the bank's market penetration and risk appetite. Such sustained credit disbursement supported the revenue-generating capability and underpinned the bank's role in economic intermediation. This pattern also implied confidence in borrower creditworthiness and efficient credit risk assessment practices.

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- **Total Assets (in INR Cr.)**

Table 4: Total assets

Financial Year	Total Assets (in INR Cr.)
FY 2021	383488.62
FY 2022	429428.40
FY 2023	489862.48
FY 2024	600357.05
FY 2025	693624.18

Interpretation

The total assets of the institution expanded significantly, more than doubling over the review period. This growth demonstrates a balanced asset-liability structure, supported by the expansion in both deposits and advances. The sharp increase in FY 2024 and FY 2025 highlights capital accumulation, acquisition of investments, and possible strategic asset diversification. It is indicative of scale-driven efficiency and operational consolidation.

- **Gross NPA (in INR Cr.)**

Table 5: Gross NPA

Financial Year	Gross NPA (in INR Cr.)
FY 2021	7425.51
FY 2022	6469.74
FY 2023	6419.00
FY 2024	5274.78
FY 2025	6133.85

Interpretation

Gross NPAs showed a downward trend from FY 2021 to FY 2024, denoting improved asset quality and effective credit monitoring systems. However, the increase in FY 2025 might signal emerging stress in the loan portfolio, necessitating renewed recovery efforts and closer scrutiny of lending practices. Overall, the general decline reflects strong non-performing asset management, although vigilance remains essential.

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➢ **Net NPA (in INR Cr.)**

Table 6: Net NPA

Financial Year	Net NPA (in INR Cr.)
FY 2021	2705.17
FY 2022	1736.71
FY 2023	1479.00
FY 2024	1270.57
FY 2025	1343.44

Interpretation

Net NPAs mirrored the trend of gross NPAs, declining consistently until FY 2024, reflecting efficient provisioning and recovery mechanisms. The slight uptick in FY 2025 suggests a moderate increase in credit risk or delayed repayments. Nonetheless, the overall control over net NPAs points to resilient credit quality and robust post-disbursement monitoring.

➢ **Revenue (in INR Cr.)**

Table 7: Revenue

Financial Year	Revenue (in INR Cr.)
FY 2021	32299.46
FY 2022	33393.17
FY 2023	41333.90
FY 2024	56072.01
FY 2025	64338.22

Interpretation

Revenue showed consistent and significant growth, especially from FY 2023 onwards, highlighting the bank's operational scalability and income diversification. The increase in FY 2024 and FY 2025 can be attributed to expanded lending activities, better interest margins, and possibly fee-based services. This indicates robust business development and an expanding customer base.

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- **Net Profit (in INR Cr.)**

Table 8: Profit

Financial Year	Net Profit (in INR Cr.)
FY 2021	6964.84
FY 2022	8572.69
FY 2023	10939.30
FY 2024	13781.58
FY 2025	12930.18

Interpretation

Net profit grew steadily up to FY 2024, driven by increased revenues and operational efficiency. The slight drop in FY 2025, despite higher revenues, could be indicative of increased provisioning, higher interest costs, or operational expenses. Nevertheless, the consistent rise in previous years signals stable profitability and sound financial management.

- **Total Interest Earned (in INR Cr.)**

Table 9: Interest

Financial Year	Total Interest Earned (in INR Cr.)
FY 2021	26840.27
FY 2022	27038.82
FY 2023	34250.85
FY 2024	45798.91
FY 2025	52919.73

Interpretation

The total interest earned demonstrated a continuous upward trend, with a steep increase after FY 2022, confirming the effectiveness of the bank's core lending operations. This performance coincides with the expansion in advances and overall business volume. The growth reflects higher yields on loans and possibly improved interest rate spreads.

V. FINDINGS

- The total deposits of the bank steadily increased every financial year from FY 2021 to FY 2025, indicating growing customer confidence and the bank's effective mobilization of public funds.
- The borrowings of the bank fluctuated during the five-year period with a notable increase in FY 2025, which suggested increased reliance on external sources of finance to support expansion.
- The bank's advances showed consistent year-on-year growth, signifying a strong lending portfolio and expanding credit operations over the review period.
- The total assets of the bank more than doubled from FY 2021 to FY 2025, suggesting a comprehensive growth in the

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bank's balance sheet due to increased business activities.

- Gross Non-Performing Assets declined steadily until FY 2024, indicating effective asset quality management, though a mild increase in FY 2025 pointed to the need for tighter credit control.
- Net Non-Performing Assets mirrored the gross NPA trend and dropped significantly till FY 2024, but saw a slight increase in FY 2025, which highlighted emerging concerns in loan recoverability

VI. SUGGESTIONS

- The bank should strengthen its credit appraisal and monitoring framework to prevent a recurrence of rising NPAs as seen in FY 2025.
- It is recommended that the bank explore diversified sources of revenue to reduce reliance on interest income alone.
- Strategic cost optimization measures should be pursued to maintain profitability even during periods of increased operational expenditures.
- The bank should focus on enhancing digital infrastructure to support deposit growth and reach untapped rural markets.

VII. CONCLUSION

The financial performance analysis of the bank over a five-year span clearly depicted a trajectory of stable growth and strategic expansion. Key indicators such as deposits, advances, total assets, and revenue showed a healthy upward trend, which highlighted the institution's ability to expand its operational scope while maintaining customer confidence. The consistent rise in advances particularly demonstrated strong market positioning and effective deployment of funds in economically productive activities. Moreover, the significant expansion of total assets affirmed the bank's commitment to strategic asset acquisition and balanced balance sheet management.

In conclusion, the study underscored a well-performing financial institution that effectively scaled its business model over the years through consistent growth in core indicators. Yet, it also revealed that in a rapidly changing financial environment, long-term sustainability would demand a sharper focus on credit risk management, cost control, and efficient capital deployment. The lessons derived from this analysis should serve as both a testament to the bank's achievements and a roadmap for future improvements. The bank is thus well-positioned for future growth, provided that it strengthens its resilience in the face of emerging credit risks.

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✍️ RESEARCH ARTICLES

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🌐**WEBSITES**

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