Bank of Maharashtra

Your trust is our capital
Pune E-Stock Broking Limited

About the Company:

Bank of Maharashtra is one of the premier Indian Public Sector Banks, with 90 years of trust, growth, and service. The bank operates a well-diversified franchise, providing comprehensive financial products across Retail, Agriculture, and MSME (RAM) and corporate segments. Its core business strategy revolves around maintaining a high low-cost deposit base, with its CASA ratio consistently maintained at or above 50%. The bank has a total of 2,719 branches. This network is classified into 672 metro branches, 608 urban branches, 809 semi-urban branches, and 630 rural branches. The bank is currently executing "Project 321," a strategic initiative to open 321 branches in identified potential growth centres over an 18-month period. As of January 2026, management reported that 116 of these 321 branches have already been made functional and are contributing to the bank's core business.

Investment Rationale:

Robust Profitability & Improving Margins: Bank of Maharashtra reported a 41.4% YoY increase in net profit, supported by 30.9% growth in operating profit. NIM improved 12 bps YoY to 3.97%, while ROA rose 20 bps to 2.02% and ROE increased 440 bps to 26.98%. Cost of deposits declined 4 bps to 4.38%, and cost of funds fell 25 bps to 4.07%, highlighting effective funding management. Sustained profitability, strong operating leverage and controlled credit costs remain key earnings drivers.

Industry-Leading Asset Quality: The bank's asset quality remains strong, with GNPA at 1.25% and NNPA at 0.12%, alongside a healthy provision coverage ratio of 98.53%. Overall stressed assets declined 167 bps YoY to 3.26%, while SMA-1 and SMA-2 exposure fell 50 bps to 1.37%. Stress improved across retail, agriculture and MSME portfolios, with exposure above ₹5 crore showing stress of just 0.13%. This robust asset quality limits potential credit costs and supports sustainable earnings growth.

Strong Credit Growth & Diversified Funding: Total business crossed ₹7 lakh crore, with advances growing 30% YoY and deposits increasing 22% (19% excluding FCNR-B deposits). Domestic credit grew 23%, while large credit expanded 38%, including ₹18,000 crore growth through the GIFT City IBU. The bank's ₹23,000 crore corporate lending pipeline, focused on power, roads, renewables and infrastructure, supports future expansion. Refinance borrowings and infrastructure bonds also provide funding diversification, helping balance credit growth with profitability and funding-cost discipline.

Outlook: Bank of Maharashtra remains well-positioned for sustainable growth, supported by strong credit expansion, improving asset quality and resilient profitability. In Q2FY27, total business crossed ₹7 lakh crore, with advances growing 30% YoY and deposits increasing 22%. Net profit rose 41.4% YoY, while NIM improved 12 bps to 3.97% and ROA reached 2.02%. Asset quality remained strong, with GNPA at 1.25%, NNPA at 0.12% and PCR at 98.53%. Management expects credit growth to exceed its 18% guidance, supported by a ₹23,000 crore corporate pipeline. However, sustaining deposit mobilisation, managing funding costs and maintaining margins amid aggressive loan growth remain key monitorables.

We maintain a positive outlook for Bank of Maharashtra, with a price objective of ₹93.5, implying an upside of 18%.

CMP: ₹79.1
View: Positive
Target Price: ₹93.5

Stock Info	
BSE	532525
NSE	MAHABANK
Sector	Banks
Face Value (₹)	₹10
Equity Capital (₹ Cr)	₹7,692
Mkt Cap (₹ Cr)	₹60,871
Avg volume (1 year)	2,09,15,900
Dividend yield (%)	2.79%
52w H/L (₹)	94.5/55.5

Source: Company filings, PESB research

Shareholding Pattern (Sep 2026)	
Promoters	73.60%
FII	6.50%
DII	13.76%
Public	6.14%

Source: Company filings, PESB research

Returns (%)	MahaBank	BSE 500
1M	-6.40	-3.90
6M	0.24	-4.97
1 year	33.21	-9.21

Source: Company filings, PESB research

Soft Coverage Link: Bank of Maharashtra

Anupama Bhootra
Analyst
Praveen Kumar Yadav
Associate

Q2FY27 Financials

Particulars (₹ Cr)	Q2FY27	Q1FY27	QoQ	Q2FY26	YoY
Interest Income	8,606	8,035	*7%*	7,128	*21%*
Non-interest Income	1,129	1,029	*10%*	846	*34%*
Total Income	**9,736**	**9,064**	*7%*	**7,974**	*22%*
Expenses					
Interest expenses	4,652	4,264	*9%*	3,880	*20%*
Operating Expenses	1,715	1,682	*2%*	1,519	*13%*
Operating Profit	3,369	3,118	*8%*	2,575	*31%*
Provision & Contingencies other than taxes	654	840	*-22%*	756	*-13%*
Net Profit	**2,715**	**2,277**	*19%*	**1,819**	*49%*

Source: Company filings, PESB research

➢ Concall Highlights

- **Business Growth & Management Guidance:** Management confirmed that the bank achieved its guidance across growth, profitability, asset quality and capital adequacy. Total business crossed ₹7 lakh crore, growing 25% YoY, while advances expanded 30%, including 23% domestic credit growth excluding IBU.

- **Credit Growth Outlook & Pipeline:** Management expects credit growth to remain above its 18% guidance, supported by a ₹23,000 crore corporate pipeline, of which ₹10,000 crore is expected to be disbursed by March 2027. The pipeline includes power infrastructure, roads, renewables and metals.

- **Cost of Funds & NIM:** Cost of deposits declined 4 bps YoY to 4.38%, while overall cost of funds fell 25 bps to 4.07%, supported by refinance, infrastructure bonds and a focus on low-cost deposits. NIM improved 12 bps to 3.97%, reflecting better funding-cost management and profitability.

- **GIFT City IBU & Large Corporate Lending:** Large credit grew 38% YoY, adding ₹36,000 crore, split equally between ₹18,000 crore through GIFT City IBU and domestic large credit, which grew 19%. FCNR(B) mobilisation reached US$820 million, supporting IBU lending and overseas expansion.

- **Deposit Mobilisation & Funding Costs:** Deposits grew 22% YoY and 19% excluding FCNR(B), while CASA increased 12%. Cost of deposits declined 4 bps YoY to 4.38% and cost of funds fell 25 bps to 4.07%; management prioritises stable retail deposits over high-cost bulk funding.

- **ECL Provisioning & Contingency Buffers:** Against an estimated ₹2,500 crore ECL provisioning requirement over four years, the bank has provided ₹750 crore, including ₹500 crore in Q2FY27. Management said FY27–FY28 requirements are covered, with ₹1,600–1,800 crore of surplus/contingency provisions available.

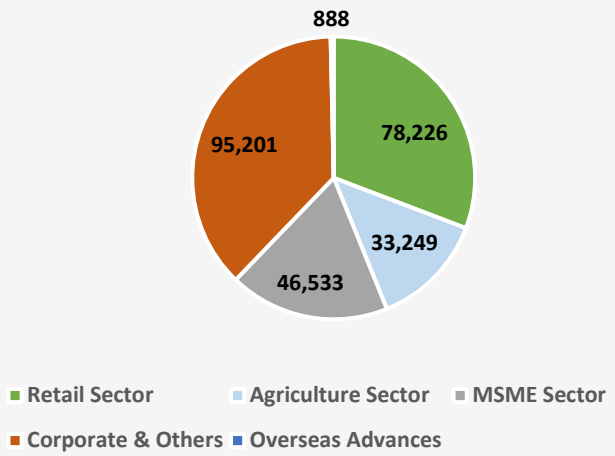
- **Recoveries & Profitability Improvement:** Recoveries from written-off accounts reached ₹737 crore in Q2, taking FY27-to-date recoveries to ₹1,023 crore. Against a ₹21,500 crore write-off book, management targets ₹1,300–1,500 crore annual recoveries over four to five years, directly supporting operating profit.

- **Asset Quality & Agricultural Exposure:** GNPA improved to 1.25%, NNPA to 0.12%, and PCR stood at 98.53%; overall loan stress declined to 3.26%. Agricultural stress eased to 3.51%, while management highlighted secured gold loans and said it was closely monitoring drought and El Niño risks.

- **Gold Loans, Debt Waiver & Restructuring:** Agricultural gold loans increased from ₹6,500 crore to ₹18,600 crore YoY; total gold loans stood at ₹33,000 crore. Maharashtra debt-waiver receipts reached about ₹1,200 crore by September, with further receipts expected; drought restructuring offers a one-year moratorium and repayment up to three or five years, depending on crop loss.

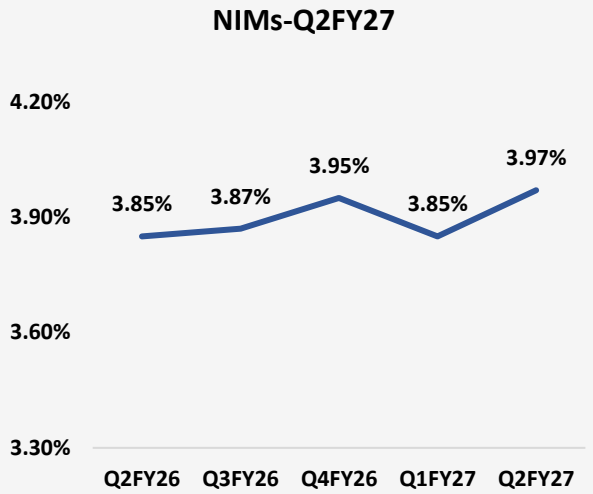
Charts

Figure 1 Loan Book(Q2FY27) : Corporate and Retail dominate the loan book with 37% and 31% share.



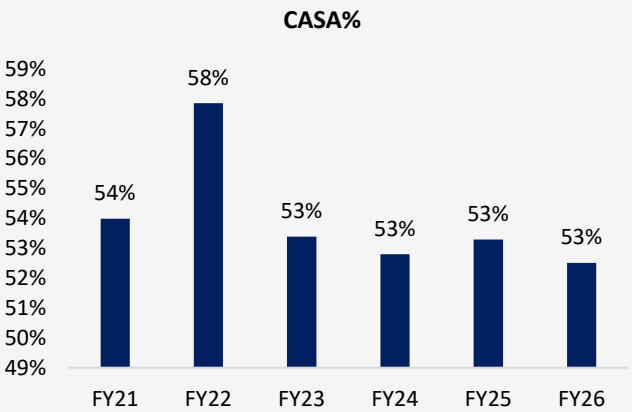
Source: Company filings, PESB research

Figure 2: NIMs continue to be above management guidance of 3.75%



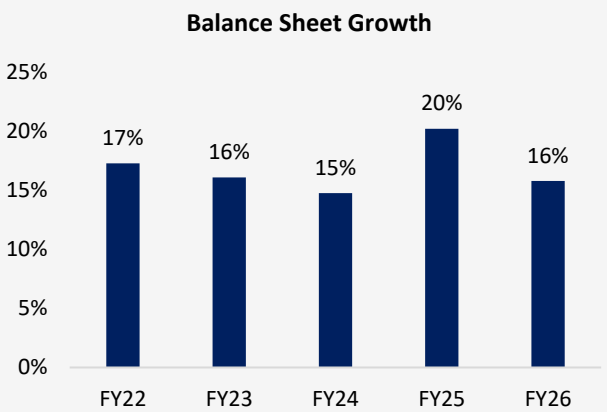
Source: Company filings, PESB research

Figure 4: CASA ratio stable around 50% post FY22 peak



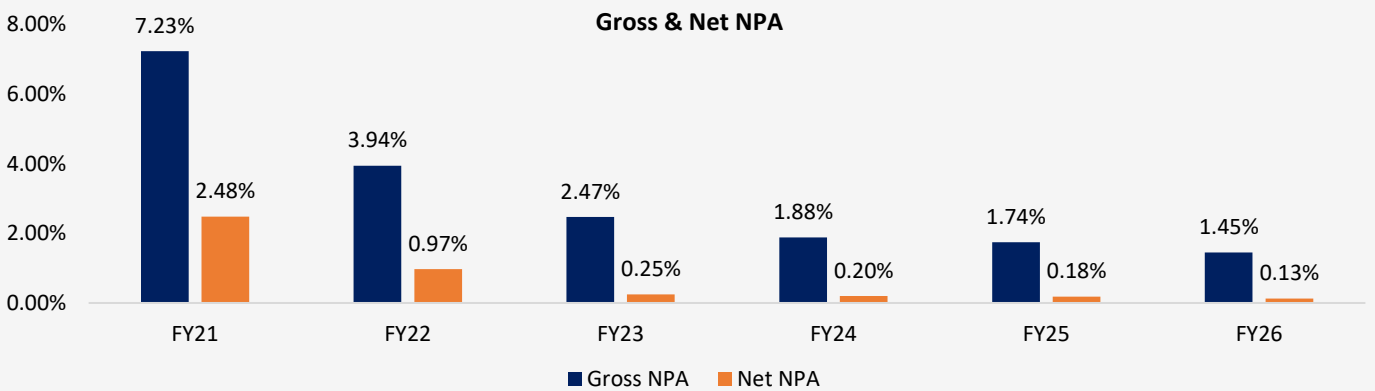
Source: Company filings, PESB research

Figure 5: Balance sheet continues to grow strongly, with more than at 15% growth



Source: Company filings, PESB research

Figure 3: NPA ratios declining sharply; asset quality significantly improved over the years



Source: Company filings, PESB research

Financials

Income Statement

Particulars (in ₹Cr)	FY24	FY25	FY26
Interest Income	20,495	24,947	29,282
Interest Income Growth		*22%*	*17%*
Non-Interest Income	2,998	3,454	3,541
Total Income	**23,493**	**28,401**	**32,823**
Expenses			
Interest Expenses	10,673	13,282	15,618
Operating Expenses	4,814	5,801	6,379
Operating Profit	8,006	9,318	10,826
Operating Profit Margin(OPM)	*39%*	*37%*	*37%*
Provision & Contingencies	3,646	3,597	2,968
PBT	**4,360**	**5,721**	**7,858**
PBT Margin	*21%*	*23%*	*27%*
Tax Expense	304	203	838
PAT	**4,056**	**5,518**	**7,020**
PAT Margin	*20%*	*22%*	*24%*
PAT Growth		*36%*	*27%*

Source: Company filings, PESB research

Balance Sheet

Particulars (in ₹Cr)	FY24	FY25	FY26
Capital & Liabilities			
Capital	7,081	7,692	7,692
Reserve & surplus	12,593	20,798	25,416
Deposits	2,70,747	3,07,143	3,50,564
Borrowings	7,719	23,853	35,234
Other Liabilities & Provisions	8,998	9,658	8,457
Total Capital & Liabilities	**3,07,138**	**3,69,142**	**4,27,363**
Assets			
Cash Balance with RBI	21,161	37,993	26,645
Balance with banks, call money & short notice	9,150	4,202	1,100
Investments	68,274	82,005	1,01,480
Advances	2,00,240	2,36,084	2,88,104
Fixed Assets	2,210	2,916	2,962
Other Assets	6,103	5,943	7,072
Total Assets	**3,07,138**	**3,69,142**	**4,27,363**

Source: Company filings, PESB research

Financials

Cash Flow Statement

Particulars (in ₹ Cr)	FY24	FY25	FY26
Cash flow from Operating Activities	11,597	7,649	-11,336
Cash flow from Investing Activities	-275	-516	-506
Cash flow from Financing Activities	461	4,750	-2,607
Net Change In Cash	**11,783**	**11,883**	**-14,449**
Opening Balance	18,529	30,312	42,195
Closing Balance	**30,312**	**42,195**	**27,746**

Source: Company filings, PESB research

Financial Ratios

Key Financial Ratios	FY23	FY24	FY25	FY26
Yield on Advances	8.04%	8.94%	9.21%	9.03%
Yield on Investments	6.11%	6.47%	6.90%	6.82%
Yield on Funds	6.70%	7.59%	7.92%	7.78%
Cost of Deposits	3.70%	4.34%	4.66%	4.52%
Cost of Funds	3.44%	3.95%	4.22%	4.15%
Net Interest Margin (NIM)	3.56%	3.92%	4.00%	3.91%
Cost to Income Ratio	39.14%	37.55%	38.37%	37.08%
Credit Deposit Ratio	75%	75%	78%	83%
Return on Assets	1.10%	1.50%	1.75%	1.86%
Return on Equity	20.38%	23.83%	22.92%	23.19%
Book Value Per Share (Rs)	18.97	24.26	33.65	39.36
GNPA	2.47%	1.88%	1.74%	1.45%
NPA	0.25%	0.20%	0.18%	0.13%

Source: Company filings, PESB research

Disclosures and Disclaimers:

Rating Scale	Absolute Return
BUY	>20%
ACCUMULATE	12% to 20%
HOLD	5% to 12%
NEUTRAL	-5% to 5%
REDUCE	-5% to -12%
SELL	<-12%

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