

Shubh Nivesh



CMP: ₹ 67

Target: ₹ 80 (20%)

Target Period: 12 months

BUY

Jan 19, 2026

Best-in-class PSU bank with superior operating metrics...

About the stock: Bank of Maharashtra is a public sector bank with a global business mix of over ₹5.9 lakh crore. Founded in 1935, Bank of Maharashtra has a legacy of more than 90 years.

- Advances mix: Corporates – 37%, Retail – 31%, Agri – 13%, MSME – 19%.
- As of December 31, 2025, the bank has an extensive domestic network with 2,719+ branches across all states/UTs.

Investment Rationale

- Strong fundamentals with structural edge:** Bank of Maharashtra stands out as best-in-class PSU bank, supported by structurally strong fundamentals and superior operating metrics. The bank consistently delivered NIMs of 3.7%+, RoA in the range of 1.5-1.8% and robust asset quality with GNPA below 2% and NNPA well below 1%, alongside high PCR (~98%). Business growth remained healthy and well-balanced, with advances and deposits growing at ~15-20% YoY, driven by RAM-heavy loan mix (~63%) and strong CASA franchise of ~50%, underpinning funding stability and margins. These strengths position the bank for sustained profitability and superior risk-adjusted returns among peers.
- Resilient performance continues in Q3FY26:** Bank of Maharashtra delivered healthy performance, supported by strong credit momentum and improved profitability along with resilient asset quality. Gross advances grew 19.6% YoY (7.6% QoQ) to ₹2,73,502 crore, led by continued traction in RAM segments, while total deposits rose 15.3% YoY (3.8% QoQ) to ₹3,21,661 crore. CASA deposit increased 2.1% QoQ, though CASA ratio moderated to 49.5% (-89 bps QoQ) due to a deposit mix shift. NII expanded 16.2% YoY (5.3% QoQ) to ₹3,422 crore, with NIMs stable at 3.86% (flat QoQ). Other income rose 55.2% YoY to ₹1,223 crore (Excluding one-off expense of ₹290 crore). Asset quality improved, with GNPA/NNPA declining to 1.6%/0.15% (down 8 bps/ 3 bps QoQ), credit cost at 0.97%, and PCR at a high of 98.4%. Net profit stood at ₹1,779 crore (up 27% YoY), with RoA at 1.86% (up 4 bps QoQ).
- Levers in place to sustain RoA at elevated levels:** Management expects to sustain RoA at ~1.7–1.9% levels over the medium term, supported by a combination of strong RAM-led loan growth – improving asset mix with higher share of retail, gold and MSME and stable margins anchored by strong CASA franchise (~50%), which ensures low-cost funding base. Earnings resilience is further supported by controlled credit costs (sub-1%) and consistently high PCR (~98%), providing downside protection. The branch-led expansion under Project 321, as part of the plan to open ~1,000 branches over five years, is expected to further deepen CASA and enhance operating leverage, reinforcing RoA sustainability at current levels.

Rating and Target Price

- The bank offers superior risk-adjusted earnings visibility versus peers, factoring in loan growth of ~15-18% CAGR in FY26-28E and baking in steady RoA (calculated) of ~1.5% in FY28E, we value the bank at ~1.4x FY28E ABV, assigning target of ₹80 per share. Recommend BUY rating

Key Financial Summary

₹crore	FY23	FY24	FY25	3 year CAGR (FY22-25)	FY26E	FY27E	FY28E	3 year CAGR (FY25-28E)
NII	7740.0	9822.0	11665.0	64.5%	13499.4	15554.3	17911.7	75.1%
PPP	6098.0	8006.0	9318.0	64.7%	10784.8	12326.1	13999.8	76.2%
PAT	2601.0	4056.0	5518.0	35.2%	6486.0	6995.2	7543.7	81.2%
BV	21.0	25.7	34.6		41.3	48.6	56.4	
P/E	17.2	11.6	9.3		7.9	7.3	6.8	
P/ABV	3.2	2.6	1.9		1.6	1.4	1.2	
RoA	1.1	1.5	1.6		1.6	1.6	1.5	
RoE	20.4	23.8	22.9		19.3	17.8	16.6	

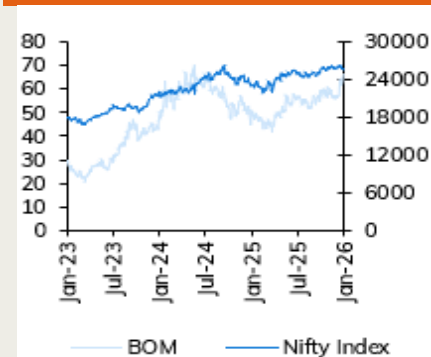
Source: Company, ICICI Direct Research

**Particulars**

Particulars	Amount
Market Capitalisation	51,203
52 week H/L	67.8 / 38.1
Net Worth	29,923
Face Value	10
DII Holding (%)	13.50
FII Holding (%)	4.92

Shareholding pattern

	Mar-25	Jun-25	Sep-25	Dec-25
Promoter	79.6	79.6	79.6	73.6
FII	1.7	1.9	2.4	4.9
DII	10.7	10.4	10.1	13.5
Others	8.0	8.1	8.0	8.0

Price Chart**Key risks**

- Moderation in growth
- Adverse change in asset mix impacting NIMs and RoA

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Buy: >15%

Hold: -5% to 15%;

Reduce: -15% to -5%;

Sell: <-15%



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