

# Shubh Nivesh



CMP: ₹ 67

Target: ₹ 80 (20%)

Target Period: 12 months

Jan 19, 2026

BUY

## 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



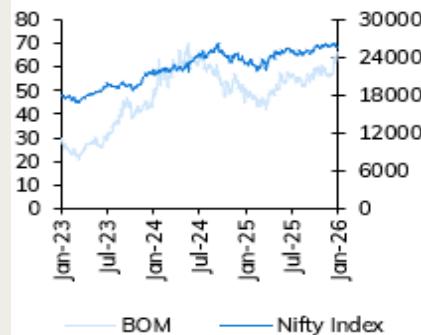
### Particulars

| 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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