Bank of Maharashtra
July 03, 2025

Facilities/Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Infrastructure Bonds	10,000.00	CARE AA+; Stable	Reaffirmed
Tier-II Bonds[&]	1,000.00 (Reduced from 1,600.00)	CARE AA+; Stable	Reaffirmed
Tier-II Bonds[&]	1,000.00	CARE AA+; Stable	Reaffirmed
Tier-II Bonds[&]	1,000.00	CARE AA+; Stable	Reaffirmed
Tier-II Bonds[&]	1,000.00	CARE AA+; Stable	Reaffirmed

Details of instruments/facilities in Annexure-1.

[&]Tier-II Bonds under Basel-III are characterised by a 'point of non-viability' (PONV) trigger due to which the investor may suffer a loss of principal. The PONV will be determined by the Reserve Bank of India (RBI) and is a point at which the bank may no longer remain a going concern on its own unless appropriate measures are taken to revive its operations, and thus, enable it to continue as a going concern. In addition, the difficulties faced by a bank should be such that these are likely to result in financial losses and raising the Common Equity Tier-I (CET I) capital of the bank should be considered the most appropriate way to prevent the bank from turning non-viable.

Rationale and key rating drivers

The rating reaffirmation to the debt instruments of Bank of Maharashtra (BOM) factors in continued improvement in bank's profitability and asset quality and its adequate capitalisation levels. Going forward, CARE Ratings Limited (CareEdge Ratings) expects some pressure on the bank's net interest margin (NIM) in line with the industry trend; due to faster transmission of the recent repo rate cuts in yield on advances than in cost of funds which in turn would impact the profitability in FY26. However, overall profitability parameters are expected to remain healthy over the medium term.

The rating also continues to factor in majority ownership by and continued support from the Government of India (GOI) and long track record of the bank with established franchise and strong depositor base which helps it garner relatively lower-cost current account and saving account (CASA) deposits and in turn supports its liquidity profile.

However, the rating remains constrained due to the geographical concentration of the bank's branches in Maharashtra (owing to the regional focus of the bank) and relatively small size compared to larger public sector banks (PSBs).
While the bank's overall asset quality has improved, the asset quality of the recently originated advances would remain a key monitorable. Going forward, with comfortable capitalisation, CareEdge Ratings expects the bank's advances to grow at higher rate than that for the industry.

CareEdge Ratings has withdrawn the rating on Tier-II bonds (INE457A08050) due to redemption of bonds by exercising call option by the bank on March 6, 2025.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Consistent improvement in profitability, leading to improvement of capitalisation and significant improvement in the size of the bank comparable to larger public sector banks (PSBs).
- Improved asset quality parameters, with net stressed assets/tangible net worth (TNW) below 10% on a sustained basis.

Negative factors

- Material dilution in expected support from GOI or reduction in ownership below 51%.
- Weakening in asset quality parameters, with net non-performing assets (NNPA) ratio of over 2.5% on a sustained basis.
- Deterioration in the capitalisation levels, with cushion over minimum regulatory requirement remaining less than 1% on a sustained basis.

[1]Complete definition of ratings assigned are available at www.careratings.com and other CARE Ratings Limited's publications.

- Decline in profitability, with return on total assets (ROTA) remaining below 0.60% on a sustained basis

Analytical approach: Standalone
Ratings are based on the standalone profile of the bank and factor in the strong support from the GOI, which holds the majority shareholding in the bank.

Outlook: Stable
The stable outlook reflects CareEdge Ratings' expectation that despite expected pressure on profitability in FY26, BOM will continue to maintain its healthy financial risk profile while reporting stable asset quality and comfortable capitalisation levels.

Detailed description of key rating drivers:

Key strengths

Majority ownership and support by GOI and demonstrated support
GOI continues to be the majority shareholder holding 79.60% stake in BOM as on March 31, 2025 (March 31, 2024: 86.46%). While the bank may raise additional equity capital to bring GOI shareholding under 75% to comply with the regulations on minimum public holding, GOI is expected to hold majority and controlling stake in the bank. GOI has been supporting PSBs with regular capital infusions and steps to improve capitalisation, operational efficiency and asset quality. Given the majority ownership of GOI, BOM is expected to receive timely and adequate support in the form of capital as and when required. GOI had cumulatively infused equity capital of ₹8,707 crore in FY17 to FY20, which helped the bank come of the prompt corrective action (PCA) in Q3FY20. As the bank has been reporting profit and is sufficiently capitalised, GOI has not infused equity capital after FY20. However, capital support in case of requirement is expected from GOI considering the majority shareholding and continues to be a key rating factor.

Improvement in capitalisation levels post equity infusion
The capitalisation levels of the bank has seen improvement post multiple capital infusions from GOI, and capital raise through qualified institutional placement (QIP) in last four years. The bank raised equity capital of ₹403.70 crore in FY22 and additional equity capital of ₹3,500 crore in FY25 through QIP of equity shares. The bank has seen improvement in profitability post coming out of PCA resulting in strong internal accruals supporting the capitalisation levels of the bank. Currently, BOM is leading in terms of capitalisation levels among PSBs, with capital adequacy ratio (CAR) of 20.53% (Tier-I CAR: 16.86%) and common equity Tier-I (CET I) ratio of 15.83% as on March 31, 2025, compared to CAR of 17.38% (Tier-I CAR: 13.72%) and common equity Tier-I (CET I) ratio of 12.50% as on March 31, 2024. The capitalisation levels have adequate cushion over the minimum regulatory requirements of CAR of 11.5% and CET I ratio of 8% (including the capital conservation buffer [CCB]). Despite expected higher-than-average industry advances growth, CareEdge Ratings expects the bank to maintain its comfortable capitalisation levels due to continued internal accruals and periodic capital raise.

Long track record and established franchise helping the bank with robust CASA base
BOM has been regionally focused and has established a strong retail franchise in Maharashtra. This has helped it raise stable CASA deposits over the years. In FY25, the bank's deposits grew by ~13.44%, which was higher than the banking industry growth of 10.94%, driven mainly by growth in CASA deposits which increased by 14.63% and Term deposits which grew at 12.12% (compared to industry growth of 10.94%). The bank's CASA deposits increased by 14.63% in FY25 compared to 13.44% growth in total deposits resulting in the CASA ratio to marginally increase to 53.28% as on March 31, 2025 against 52.73% as on March 31, 2024, for the corresponding previous year which continues to be the highest among all public sector banks.

Improvement in profitability with decline in incremental credit costs
BOM's earning profile has reported consistent improvement since FY20 after years of continuous losses (FY16 to FY19). The net interest margin (NIM) of BOM has expanded in FY25 compared to FY24 in a rising interest rate scenario. This was due to faster rise in the yields compared to cost of deposits supported by significant improvement in credit deposit ratio. The total income of the bank stood at ₹28,402 crore in FY25 compared to ₹23,493 crore in FY24 registering a growth of 20.89%. The yields on advances improved in FY25 due to increase in portfolio mix, mainly retail assets, whereas the bank was able to maintain its cost of deposits resulting in net interest income (NII) to grow by 18.77% to ₹11,666 crore in FY25 against ₹9,822 crore in FY24. NIM expanded to 3.45% for FY25 against 3.43% for FY24. Opex to total assets marginally increased to 1.72% of average total assets in FY25 compared to 1.68% for the previous year. Cost-to-income ratio of the bank stood at 38.37% for FY25 (37.55% for FY24), which was the lowest among midsized PSBs. The bank's pre-provisioning operating profit (PPOP) increased by 16.40% to ₹9,319 crore for FY25 from ₹8,005 crore for FY24. Credit cost (provisions and write-offs/ average assets) reduced to 1.06% in FY25 against 1.27% in FY24.

BOM's net profit has increased significantly to ₹5,520 crore in FY25 against ₹4,055 crore resulting in ROTA to improve from 1.42% in FY24 to 1.63% in FY25. CareEdge Ratings expects banks will remain cautious about lending to unsecured, high-yielding asset classes, and also banks have started reducing deposit rates, though with a lag of 2 to 3 quarters, which will continue to make raising deposits challenging. This delay is likely to further strain NIM throughout the year. The combined effect of shrinking NIM and rising credit costs will put pressure on banks' profitability during the year. BOM's ability to manage its asset quality and credit cost and eventually profitability will be a key rating sensitivity.

Strong advance growth

BOM's net advances portfolio grew by 17.90% to ₹236,084 crore as on March 31, 2025, at a rate, which was higher than that for the banking industry. The growth was largely driven by focus on retail, agriculture and MSME (RAM) segments, which grew by 19.68%, whereas corporate loans grew at 14.75% in FY24. Within retail, vehicle loan reported the highest growth at 46.60% followed by other retail segment including personal loans at 22.21%, loans against property (LAP) at 17.04%, housing loans at 28.74%, and education loans at 17.40%, respectively.

Improving asset quality parameters

The asset quality parameters have seen improvement every year since it peaked in FY18 due to lower incremental slippages and higher write-offs. The bank has increased its provision coverage ratio on its gross non-performing asset (GNPA) resulting its NNPA ratio to improve significantly. The GNPA, NNPA, PCR (excluding technical write-offs) and NNPA to net worth stood at 1.74%, 0.18%, 90.18%, and 1.52%, respectively, as on March 31, 2025 (1.88%, 0.20%, 89.88%, and 2.08%, respectively, as on March 31, 2024) which is the lowest among the public sector undertaking (PSU) banks.

BOM's standard restructured assets (including the RBI Resolution Framework 1.0 and 2.0) increased from ₹2,180 crore constituting 1.07% of gross advances as on March 31, 2024, to ₹2,379 crore constituting 0.99% of gross advances as on March 31, 2025. The bank's special mention accounts (SMA), SMA 1 and SMA 2 (including restructured accounts) improved to 1.10% of gross advances as on March 31, 2025, against 1.20% of gross advances as on March 31, 2024. Bank has a high concentration of advances in state-owned entities and infrastructure entities and in case of slippage in these advances will increase the slippages on book and affect the asset quality of the bank.

Key weaknesses

Geographical concentration

Being a well-established bank in Maharashtra, BOM has high concentration in the state in terms of advances and deposits. Of the total 2,606 branches in India, 44.24% of branches are located in Maharashtra. Any prolonged geopolitical issue in Maharashtra could affect the bank's credit growth or asset quality because of its high dependence on this state.

Relatively moderate size

BOM is one of the relatively smaller PSBs with total business of ~₹5.47 lakh crore and asset size of ₹3.69 lakh crore and ranks 11th of the 12 PSBs in terms of asset size and total business. While the bank has the fastest growth among the PSBs, it will take a reasonable amount of time for the bank to achieve scale and become competitive to larger PSUs.

Liquidity: Adequate

According to the structural liquidity statement as on March 31, 2025, there are no negative cumulative mismatches per the asset liability maturity (ALM) in the time buckets up to six months. The bank had excess statutory liquidity ratio (SLR) investments worth ₹46,206 crore and high-quality non-statutory liquidity ratio instruments, which can be readily used for TREPS and/or liquidated in the secondary market. BOM reported liquidity coverage ratio (LCR) stood at 113.77% against the regulatory requirement of 100% and net stable funding ratio (NSFR) of 131.94% for the quarter-ended March 31, 2025.

Assumptions/Covenants – Not applicable

Environment, social, and governance (ESG) risks

While the bank is not directly exposed to environmental risks, its advances portfolio remains exposed to these risks and prolonged issues on this front could enhance the bank's exposure to credit risks. Some of the initiatives taken by the bank on the environment front as introduction of 'Mahabank Green Financing' under retail housing, vehicle loans portfolio, and solar financing to promote lending to environment-friendly sectors. As part of the bank's ongoing efforts to adopt renewable energy, the company also installed solar panels at the bank's head office and bank-owned premises.

Data privacy and protection remain the key social risks for the bank as breach of the same can expose it to reputation risks and regulatory scrutiny. BOM is actively investing in digital platforms to enhance customer engagement and also working on financial inclusion by extending credit to underserved communities, while maintaining disciplined lending standards.

On the governance front, the board of the bank comprises six directors, of which three are nominee directors from Government of India, RBI, and Shareholder Director. There are no independent directors on the board as on date.

Applicable criteria

Definition of Default
Factoring Linkages Government Support
Rating Outlook and Rating Watch
Banks
Financial Ratios - Financial Sector
Rating Basel III - Hybrid Capital Instruments issued by Banks

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Financial services	Financial services	Banks	Public sector bank

Incorporated in 1935, BOM is a Pune-based mid-sized PSB. The GOI holds the majority stake of 79.60% as on March 31, 2025. The bank had a network of 2,606 branches as on March 31, 2025 (2,489 branches as on March 31, 2024), of which 1,383 branches are in rural and semi-urban areas. All the branches of the bank are core banking solution (CBS)-enabled. The bank has a 100% subsidiary, 'The Maharashtra Executor & Trustee Company Pvt. Ltd. (METCO)', which was established in 1946 with an aim to provide services auxiliary to banking and it also has an associate regional rural bank (RRB), 'Maharashtra Gramin Bank', where BOM is a sponsor bank with 35% ownership, GOI with 50%, and the Government of Maharashtra with 15%.

Post the asset quality review (AQR) by the RBI in 2015-16, the bank reported a significant increase in its non-performing assets (NPAs), resulting in the bank having to make provisions that impacted the profitability and capital adequacy of the bank. BOM was put into the PCA framework by the RBI in June 2017 and was subsequently removed from the PCA in January 2019 after it met the parameters under the framework.

The bank is headed by Nidhu Saxena, who was appointed as the Managing Director (MD) and Chief Executive Officer (CEO) of the bank on March 27, 2024, for three years.

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (A)
Total operating income	23,493	28,402
PAT	4,055	5,520
Interest coverage (times)	0.02	0.02
Total assets	307,138	369,142
Net NPA (%)	0.20	0.18
ROTA (%)	1.42	1.63

A: Audited; Note: these are latest available financial results

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned along with Rating Outlook
Bonds - Tier II Bonds	INE457A08035	27-Jun-2016	9.20	27-Sep-2026	500.00	CARE AA+; Stable
Bonds - Tier II Bonds	INE457A08050	06-Mar-20	8.70	06-Mar-30	-	Withdrawn
Bonds - Tier II Bonds	INE457A08092	21-Oct-2021	7.86	21-Oct-2031	1,000.00	CARE AA+; Stable
Bonds - Tier II Bonds	INE457A08159	14-Dec-2023	7.99	14-Dec-2033	259.00	CARE AA+; Stable
Bonds - Tier II Bonds (Proposed)	Proposed	-	-	-	1,241.00	CARE AA+; Stable
Bonds - Tier II Bonds	INE457A08167	04-July-2024	7.89	04-July-2034	1,000.00	CARE AA+; Stable
Bonds-Infrastructure Bonds	INE457A08175	05-Aug-24	7.80	05-Aug-34	811.00	CARE AA+; Stable
Bonds-Infrastructure Bonds	INE457A08183	18-Feb-25	7.70	17-Feb-35	1,612.00	CARE AA+; Stable
Bonds-Infrastructure Bonds (Proposed)	Proposed	-	-	-	7,577.00	CARE AA+; Stable

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2025-2026	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023
1	Bonds-Infrastructure Bonds	LT	-	-	-	-	-	1)Withdrawn (28-Jun-22)
2	Bonds-Tier II Bonds	LT	1000.00	CARE AA+; Stable	-	1)CARE AA+; Stable (25-Jul-24) 2)CARE AA+; Stable (25-Jun-24)	1)CARE AA+; Stable (30-Oct-23) 2)CARE AA; Positive (27-Jun-23)	1)CARE AA; Stable (28-Jun-22)
3	Bonds-Tier II Bonds	LT	1000.00	CARE AA+; Stable	-	1)CARE AA+; Stable (25-Jul-24) 2)CARE AA+; Stable (25-Jun-24)	1)CARE AA+; Stable (30-Oct-23) 2)CARE AA; Positive (27-Jun-23)	1)CARE AA; Stable (28-Jun-22)
4	Bonds-Tier II Bonds	LT	1000.00	CARE AA+; Stable	-	1)CARE AA+; Stable (25-Jul-24) 2)CARE AA+; Stable (25-Jun-24)	1)CARE AA+; Stable (30-Oct-23) 2)CARE AA; Positive (27-Jun-23)	1)CARE AA; Stable (28-Jun-22)
5	Bonds-Tier II Bonds	LT	1000.00	CARE AA+; Stable	-	1)CARE AA+; Stable (25-Jul-24) 2)CARE AA+; Stable (25-Jun-24)	-	-

6	Bonds-Infrastructure Bonds	LT	10000.00	CARE AA+; Stable	-	1)CARE AA+; Stable (25-Jul-24)	-	-

LT: Long term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities – Not applicable

Annexure-4: Complexity level of instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Bonds-Infrastructure Bonds	Simple
2	Bonds-Tier II Bonds	Complex

Annexure-5: Lender details

To view lender-wise details of bank facilities please click here

Note on complexity levels of rated instruments: CareEdge Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

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About us:

Established in 1993, CareEdge Ratings is one of the leading credit rating agencies in India. Registered under the Securities and Exchange Board of India, it has been acknowledged as an External Credit Assessment Institution by the Reserve Bank of India. With an equitable position in the Indian capital market, CareEdge Ratings provides a wide array of credit rating services that help corporates raise capital and enable investors to make informed decisions. With an established track record of rating companies over almost three decades, CareEdge Ratings follows a robust and transparent rating process that leverages its domain and analytical expertise, backed by the methodologies congruent with the international best practices. CareEdge Ratings has played a pivotal role in developing bank debt and capital market instruments, including commercial papers, corporate bonds and debentures, and structured credit. For more information: www.careratings.com

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