



बैंक ऑफ महाराष्ट्र
Bank of Maharashtra

भारत सरकार का उद्यम

एक परिवार एक बैंक



AX1/ISD/STEX/30/2024-25

Date: 9th May, 2024

The General Manager Department of Corporate Services, BSE Ltd., P.J Towers, Dalal Street, Fort, Mumbai-400 001	The Vice President Listing Department, National Stock Exchange of India Ltd., Exchange Plaza, Bandra Kurla Complex, Bandra (East), Mumbai-400 051
BSE Scrip Code: 532525	NSE Scrip Code: MAHABANK

Dear Sir / Madam,

Sub: Revision of Ratings on securities by Brickwork Ratings India Pvt Ltd.

Pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, this is to inform that **Brickwork Ratings India Pvt Ltd** has revised its ratings on Bank's securities on 08.05.2024 as below:

Sr. No.	ISIN & Details of the Instrument	Coupon Rate	Rated amount (Rs.Crore)	Rating action	Verification status of rating agencies	Date of Verification
1	INE457A08068 Basel III Tier II Bonds	7.75	200.70	Upgraded to BWR AA+ (stable) from BWR AA (positive)	Verified	08.05.2024
2	INE457A08076 Basel III Tier II Bonds	8.00	205.00	Upgraded to BWR AA+ (stable) from BWR AA (positive)	Verified	08.05.2024
3	INE457A08084 Basel III Tier II Bonds	8.00	100.00	Upgraded to BWR AA+ (stable) from BWR AA (positive)	Verified	08.05.2024
4	INE457A08092 Basel III Tier II Bonds	7.86	1000.00	Upgraded to BWR AA+ (stable) from BWR AA (positive)	Verified	08.05.2024

Please find the enclosed Rating rationale dated May 8th, 2024 issued by Brickwork Ratings India Pvt Ltd with respect to the ratings on above Securities.

This information is given in compliance with Regulation 30 and 55 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Thanking you.

Yours faithfully,

For Bank of Maharashtra

(Nehal Rawat)

Company Secretary & Compliance Officer

Encl: As above

Bank of Maharashtra

Brickwork Ratings (BWR) upgrades the rating for Bank of Maharashtra of Basel III, Tier II bonds of Rs. 2000 Crs to BWR AA+/Stable from BWR AA/Positive

Particulars:

Facility / Instrument#	Amount (Rs. Cr)		Tenure	Rating*	
	Previous	Present		Previous 22 Sept 2023	Present
Tier II bonds (under Basel III) (Series-4)	1000.00	1000.00	Long Term	BWR AA/ Positive, Reaffirmed, with Revision in outlook from Stable to Positive	BWR AA+ (Stable) Upgraded, with Revision in outlook from Positive to Stable
Tier II bonds (under Basel III)** (Series-1,2 & 3)	1000.00	1000.00	Long Term	BWR AA/ Positive Reaffirmed, with Revision in outlook from Stable to Positive	BWR AA+ (Stable) Upgraded, with Revision in outlook from Positive to Stable
Total	2000.00	2000.00	Rs. Two Thousand Crores Only.		

*Please refer to the BWR website www.brickworkratings.com/ for the definition of the ratings

**Out of Tier II bonds (under Basel III) of Rs.1000 Crs. The bank has raised Rs.505.70 Crs.

#Details of bonds rated are provided in Annexure-II

RATING ACTION/OUTLOOK

Upgradation to BWR AA+ from BWR AA and revision in outlook to Stable from Positive

Based on continuous improvement in Business, asset quality, capitalization levels, bottom line, experienced board and management team, and continued GOI stakeholding in the Bank, Brickwork Ratings has upgraded the rating to BWR AA+/Stable and has revised the outlook from Positive to Stable.

The upgrade in the rating factors:

- **GOI Support:** Bank of Maharashtra is one of 12 Public Sector Banks (PSBs) post the consolidation of PSBs and has existed since 1935. Strong support from the GoI, which had a shareholding of 86.46% as of 31 March 2024, continues to aid the bank. The bank plans to have at least one branch in every district of the country, to broaden its area of operations.



- **Business:** The business size of Rs.4.74 lakh Crs includes Deposit of Rs.2.71 lakh Crs, and Advances crossed Rs.2.04 lakh Crs as of 31 March 2024. The bank is consistently growing, with a balanced Advances portfolio consisting of 25% retail, 15% Agriculture and 21% MSME, and 39% to Corporates & others. As of 31 March 2024, the bank had a Current and Savings Accounts (CASA) deposit of 52.73%. As of 31 March 2024, the bank's business put up a growth of 16% on a YoY basis.
- **Capital Adequacy:** The bank's Capital Adequacy Ratios are comfortable and well above the regulatory requirements. The net worth is Rs.17,178 Crs. The total CAR was 17.38%, the Tier I ratio was 13.72% and the CET-I ratio was 12.50%, as of 31 March 2024.
- **Asset Quality:** The bank's gross NPAs as of 31 March 2024, were at 1.88% (March 23: 2.47%) and net NPAs at 0.20% (March 23: 0.25%). Overall, the asset quality is under control. The PCR is at a high of 98.34%.

BWR believes the Bank of Maharashtra's business risk profile will be maintained over the medium term. The Stable outlook indicates a low likelihood of a rating change over the medium term.

KEY COVENANTS OF THE INSTRUMENT/FACILITY RATED :

- The bank has Fully raised Tier II bonds of Rs.1000 Crs. (under Basel III Series-4) on 21-Oct-2021.
- Out of Tier II bonds (under Basel III - Series-1,2 & 3) of Rs.1000 Crs., the bank has raised Rs.505.70 Crs.
- The distinguishing feature of Tier-II capital instruments under Basel III, is the existence of the point of non-viability (PONV) trigger, the occurrence of which may result in a loss of principal to the investors, and hence, to default on the instrument by the issuer. According to the Basel III guidelines, the PONV trigger will be determined by the RBI. BWR believes that the PONV trigger is a remote possibility in the Indian context, given the robust regulatory and supervisory framework and the systemic importance of the banking sector. The inherent risk associated with the PONV feature is adequately factored into the rating of the instrument.
- All the NCDs are Unsecured Subordinated fully paid up taxable nonconvertible redeemable Basel III compliant tier II bonds in the nature of debenture series I, II, III, and IV.
- For Series I, coupon rate is 7.75% the date of maturity is 13/12/2030. The frequency of interest payment is payable annually on 14/12/2021, and 14/12/2022 till maturity. Call option details - After 5 years from the deemed date of allotment and every year thereafter.
- For Series II, coupon rate 8%, the date of maturity is 11/02/2031. The frequency of interest payment is payable annually on 11/02/2021, and 11/02/2022 till maturity. Call option details- After 5 years from the deemed date of allotment and every year thereafter.
- For Series III, coupon rate 8%, the date of maturity is 23/03/2031. The frequency of interest payment is payable annually on 23/02/2022, and 23/03/2023 till maturity. Call option details- After 5 years from the deemed date of allotment and every year thereafter
- For Series IV, coupon rate 7.86%, the date of maturity is 21/10/2031. The frequency of



interest payment is payable annually on 21/10/2022, and 21/10/2023 till maturity. Call option details- After 5 years from the deemed date of allotment and every year thereafter

KEY RATING DRIVERS

Credit Strengths:-

Continued strong support from GoI: The Bank of Maharashtra was one of 12 Public Sector Banks (PSBs) post the consolidation of PSBs and has been in existence since 1935. The Bank has a network of 2489 branches as of 31 March 2024 around 50% of the overall business is from Maharashtra. One of the few regional banks in the country, it assumes importance from its large presence in the state having the country's financial capital, Mumbai. Strong support from the GoI, which had a shareholding of 86.46% as of 31 March 2024, continues to aid the bank. The bank plans to have at least one branch in every district of the country to broaden its presence.

Increase in business: The business size of Rs.4.74 lakh Crs includes Deposits of Rs.2.71 lakh Crs, and Advances crossed Rs.2.04 lakh Crs as of 31 March 2024. The Advances portfolio consists of 25% to retail, 15% to Agriculture and 21% to MSME, and 39% to Corporates & others. Across sectors, the major funded exposure is to Infrastructure at 18.89%, to Agriculture & Allied Activities at 16.09% followed by Housing at 13.70%, Trade at 7.40%, and NBFC at 7.41%; the remaining industries have less than 4% funded exposure. As of 31 March 2024, the bank had a Current and Savings Accounts (CASA) deposit of 52.73%. As of 31 March 2024, the bank's business growth of 16% on a YoY basis.

Adequate Capitalisation: The bank's Capital Adequacy Ratios are comfortable and well above the regulatory requirements. The net worth is Rs.17,178 Crs. The total CAR was 17.38%, the Tier I ratio was 13.72% and the CET-I ratio was 12.50%, as of 31 March 2024. The bank has raised equity capital of Rs.1000 Crs. through QIP in June 2023. Further, the bank has also raised Basel-III Tier II Bonds of Rs.515 Crs. in Sep 2023 and Rs. 259 Crs in Dec 2023.

The bank has plans to raise capital up to Rs. 7,500/- crore through Follow-on Public Offer (FPO) / Rights issue / Qualified Institutional Placement (QIP) issue, Preferential issue, ESPS, or any other mode or combination thereof, and/or through the issue of BASEL III Compliant Tier I and Tier II Bonds or such other securities as may be permitted under applicable laws etc., subject to the necessary approvals.

Controlled Cost of Funds: The Bank has the distinction of having the highest CASA deposits, helping the Bank to control the cost of funds to manageable levels. The Bank is also optimizing refinance from designated entities like NHB, NABARD, etc.

Credit Risks:-

High regional concentration in operations: Operations are concentrated in Maharashtra, which accounted for 50% of the branches as of March 31, 2024. While the bank has been opening branches outside the state, concentration risk is likely to reduce only in the long term as the Bank plans to expand geographically. The bank plans to have at least one branch in every district of the country.



ANALYTICAL APPROACH AND APPLICABLE RATING CRITERIA: To arrive at its ratings, BWR has considered the standalone performance of the Bank of Maharashtra. BWR has applied its rating methodology as detailed in the Rating Criteria (hyperlinks provided at the end of this rationale).

RATING SENSITIVITIES

Positive: The bank's ability to continue its growth in business size, key financial parameters, and improved yield on advances while maintaining the capital adequacy ratios and asset quality at the current levels shall be positive for the bank.

Negative: A substantial decline in CASA deposits and a substantial weakening of the asset quality would be negatives for the Bank.

Liquidity - Strong (As of March 31st, 2024)

Cash and balance with RBI and Banks stood at Rs. 21,161 Crs. LCR as of March 2024 is 128.40% well above the regulatory requirement of 100%. SLR as of 31 Mar 2024 is at 29.93%

ABOUT THE COMPANY:

Bank of Maharashtra (BOM) is a premier nationalized bank in the country. The Board is presently led by Mr. Nidhu Saxena as the Managing Director and Chief Executive Officer of the bank and is supported by 2 Executive Directors, two nominee directors each from the Reserve Bank of India and Government of India, and a Shareholders Director along with the 2 part-time non-official directors.

KEY FINANCIAL INDICATORS-

Key Financial Indicators	Units	Standalone		
		FY22 (31 Mar 2022)	FY23 (31 Mar 2023)	FY24 (31 March 2024)
Result Type		Audited	Audited	Audited
Total Assets	Rs Crs	2,30,611	267,651	3,07,138
Business	Rs Crs	3,37,534	4,09,202	4,74,411
CASA ratio	%	57.85	53.38	52.73
Gross NPA	%	3.94	2.47	1.88
Net NPA	%	0.97	0.25	0.20
PCR	%	94.79	98.28	98.34
Net Profits	Rs Crs	1,152	2602	4055
NIM	%	3.15	3.56	3.92
ROA	%	0.55	1.10	1.50
Total CAR	%	16.48	18.14	17.38
Tier I ratio	%	12.38	14.25	13.72

Key Financial Indicators	Units	Standalone		
		FY22 (31 Mar 2022)	FY23 (31 Mar 2023)	FY24 (31 March 2024)
CET-1 ratio	%	12.17	12.66	12.50

NON-COOPERATION WITH PREVIOUS CREDIT RATING AGENCY IF ANY: NIL

ANY OTHER INFORMATION: NA

RATING HISTORY FOR THE PREVIOUS THREE YEARS (Including withdrawal and suspended)

SI. No.	Instrument/facility	Current Rating (2024)			Rating History		
		Type	Amount (Rs. in Crs)	Ratings	22 Sep 2023	23 Aug 2022	24 Sep 2021
1	Tier II Bonds (under Basel III)	Long term	1000.00	BWR AA+ (Stable), Upgraded with revision in outlook from Positive to Stable	BWR AA/ Positive Reaffirmed, with Revision in outlook from Stable to Positive	BWR AA/ Stable Reaffirmed	BWR AA/ Stable (Reaffirmed)
2	Tier II Bonds (under Basel III)	Long term	1000.00	BWR AA+ (Stable), Upgraded with revision in outlook from Positive to Stable	BWR AA/ Positive Reaffirmed, with revision in outlook from Stable to Positive	BWR AA/ Stable Reaffirmed	BWR AA/ Stable (Assigned)
Total			2000.00		Rupees Two Thousand Crores Only		

COMPLEXITY LEVELS OF THE INSTRUMENTS - HIGHLY COMPLEX

For more information, visit [25-Complexity Levels \(brickworkratings.com\)](https://brickworkratings.com)

Hyperlink/Reference to applicable Criteria

- [General Criteria](#)
- [Banks & Financial Institutions](#)
- [Capital Instruments Issued by Banks & Financial Institutions](#)
- [Approach to Financial Ratios](#)

Analytical Contacts	
Ankita Kothari Associate Manager – Ratings ankita.k@brickworkratings.com	Rahul Tandon Associate Director - Ratings rahul.tandon@brickworkratings.com
1-860-425-2742	media@brickworkratings.com

Bank of Maharashtra

ANNEXURE I: Details of Bank Loan Facilities rated by BWR: NA

ANNEXURE II: INSTRUMENT (Bonds) DETAILS:

Instrument	Issue Date	Amount Rs. Crs.	Coupon Rate	Maturity Date	ISIN Particulars
Tier II Bonds (under basel III)	14-Dec-2020	200.70	7.75%	13-Dec-2030	INE457A08068
Tier II Bonds (under basel III)	11-Feb-2021	205	8.00%	11-Feb-2031	INE457A08076
Tier II Bonds (under basel III)	23-Mar-2021	100	8.00%	23-Mar-2031	INE457A08084
Tier II Bonds (under Basel III)	21-Oct-21	1000	7.86%	21-Oct-2031	INE457A08092

Out of the Tier II bonds (Basel III) of Rs.1000 Crs, the bank has raised Rs.505.70 Crs as detailed above Bank's also fully raised Tier II bonds (Basel III) of Rs.1000 Crs. on 21-Oct-2021.



ANNEXURE- III
List of Entities Consolidated :

List of entities consolidated

Name of Entity	% ownership	Extent of consolidation	Rationale for consolidation
Maharashtra Executor & Trustee Company Pvt. Ltd. (METCO)	100%	100%	Subsidiary
Maharashtra Gramin Bank	35%	35%	Associate

BWR has followed a standalone approach and aforesaid details are shared for reference

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