



बैंक ऑफ महाराष्ट्र  
Bank of Maharashtra

भारत सरकार का उद्यम

एक परिवार एक बैंक



वसुधैव कुटुम्बकम्

ONE EARTH • ONE FAMILY • ONE FUTURE

**AX1/ISD/STEX/52/2023-24**

The General Manager,  
Department of Corporate Services,  
BSE Ltd.,  
P.J Towers,  
Dalal Street, Fort,  
Mumbai - 400 001  
BSE Scrip Code: 532525

**Date: 22<sup>nd</sup> Sept., 2023**

The Vice President,  
Listing Department,  
National Stock Exchange of India Ltd.,  
Exchange Plaza,  
Bandra Kurla Complex,  
Bandra (East), Mumbai - 400 051  
NSE Symbol: MAHABANK

Dear Sir / Madam,

**Sub: Revision in Ratings on Bonds.**

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 upgraded its ratings on the Bank's Tier II Bonds/ Securities as below:

Sr. No.	ISIN	Rated Amount (in crores)	Rating Action	Date of Credit Rating	Verification status of Credit Rating Agencies
1	INE457A08068 BASEL III Tier II Bonds	200.70	<b>BWR AA (Positive);</b> upgraded from BWR AA (Stable)	22.09.23	Verified on 22.09.2023
2	INE457A08076 BASEL III Tier II Bonds	205.00	<b>BWR AA (Positive);</b> upgraded from BWR AA (Stable)	22.09.23	Verified on 22.09.2023
3	INE457A08084 BASEL III Tier II Bonds	100.00	<b>BWR AA (Positive);</b> upgraded from BWR AA (Stable)	22.09.23	Verified on 22.09.2023
4	INE457A08092 BASEL III Tier II Bonds	1000.00	<b>BWR AA (Positive);</b> upgraded from BWR AA (Stable)	22.09.23	Verified on 22.09.2023

Please find the enclosed Rating rationale dated 22.09.2023 issued by Brickwork Ratings India Pvt. Ltd. with respect to the ratings on above Securities.

Thanking you.

Yours faithfully,

For **Bank of Maharashtra**

(Nehal Rawat)

Company Secretary & Compliance Officer

**Encl: As above**

## RATING RATIONALE

22 Sep 2023

### Bank of Maharashtra

**Brickwork Ratings (BWR) reaffirms the rating of the bonds of Rs.2000 Crs, and revises the outlook from Stable to Positive.**

#### Particulars:

Facility / Instrument	Amount (Rs.Cr)		Tenure	Rating	
	Previous	Present		Previous 23 Aug 2022	Present
Tier II bonds (under basel III) (Series-4)	1000.00	<b>1000.00</b>	Long Term	BWR AA/ Stable (Reaffirmed)	<b>BWR AA/ Positive Reaffirmed, with Revision in outlook from Stable to Positive</b>
Tier II bonds (under basel III)** (Series-1,2 & 3)	1000.00	<b>1000.00</b>	Long Term	BWR AA/ Stable (Reaffirmed)	<b>BWR AA/ Positive Reaffirmed, with Revision in outlook from Stable to Positive</b>
Total	2000.00	<b>2000.00</b>	Rs. Two Thousand Crores Only.		

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

## RATING ACTION/OUTLOOK

### Reaffirmation of BWR AA and revision in outlook to Positive for the bonds

Brickwork Ratings (BWR) reaffirmed the rating of bonds of Bank of Maharashtra (BOM or the 'Bank') as tabulated above.

The rating reaffirmation continues to factor in continuous improvement in Business, asset quality, capitalisation levels, bottom line, experienced board and management team and continued GOI stakeholding in and support to the Bank.

### Revision on Outlook from Stable to Positive:

- **GOI Support:** Bank of Maharashtra is one of 12 Public Sector Banks (PSBs) post the consolidation of PSBs and has been in existence since 1935. Strong support from the GoI, which had a shareholding of 86.46% as of 30 June 2023, continues to aid the bank. Bank plans to have at least one branch in every district of the country, to broadbase its area of operations.
- **Business:** The business size of Rs.4.20 lakh Crs includes Deposit of Rs.2.44 lakh Crs, and Advances crossed Rs.1.76 lakh Crs as of 30 June 2023. The bank is consistently growing, with a balanced Advances portfolio consisting of 26% retail, 13% Agriculture and 19%



MSME, and 42% to Corporates & others. As of 30 June 2023, the bank had a Current and Savings Accounts (CASA) deposit of 51%. As of 30 June 2023, the bank's business growth of %25 on a YoY basis was better than the industry growth upto 10%.

- **Capital Adequacy:** The bank's Capital Adequacy Ratios are comfortable and well above the regulatory requirements. The networth is Rs.14871 Crs. The total CAR was 18.07%, Tier I ratio was 14.36% and CET-I ratio was 12.85%, as of 30 June 2023.
- **Asset Quality:** The bank's gross NPAs were at 2.28% (June 22: 3.74%) and net NPAs at 0.24% (June 22: 0.88%) as of 30 June 2023. Overall, the asset quality is under control. The PCR is at a high 98%.

Based on continuous improvement in Business, asset quality, capitalisation levels, bottom line, experienced board and management team and continued GOI stakeholding in the Bank, Brickwork ratings has revised the outlook from Stable to Positive while reaffirming the rating of BWR AA for the bonds raised by the Bank.

#### **KEY COVENANTS OF THE INSTRUMENT/FACILITY RATED:**

##### **NCD:**

- 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, occurrence of which may result in 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 on the instrument.
- All the NCDs are Unsecured Subordinated fully paid up taxable non convertible 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. Frequency of interest payment is payable annually on 14/12/2021, 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. Frequency of interest payment is payable annually on 11/02/2021, 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. Frequency of interest payment is payable annually on 23/02/2022, 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. Frequency of interest payment is payable annually on 21/10/2022, 21/10/2023 till maturity. Call option details-



- After 5 years from the deemed date of allotment and every year thereafter
- The debenture trustee confirms timely servicing of coupon servicing.

## KEY RATING DRIVERS

### Credit Strengths:-

**Continued strong support from GoI:** 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 2263 branches, 2363 ATMs as of 30 June 2023 and 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 30 June 2023, continues to aid the bank. Bank plans to have at least one branch in every district of the country to broadbase its presence.

**Increase in business:** The business size of Rs.4.20 lakh Crs includes Deposit of Rs.2.44 lakh Crs, and Advances crossed Rs.1.76 lakh Crs as of 30 June 2023. The Advances portfolio consists of 26% to retail, 13% to Agriculture and 19% to MSME, and 42% to Corporates & others. Across sectors, the major funded exposure is to Agriculture & Allied Activities (15.30%) followed by Housing at 13.08%, Infrastructure at 11.33%, Trade at 8.40% and NBFC at 7.23%; the remaining industries have less than 4% funded exposure. As of 30 June 2023, the bank had a Current and Savings Accounts (CASA) deposit of 51%. As of 30 June 2023, the bank's business growth of 25% on a YoY basis was better than the industry growth upto 10%.

It is also noted that the top 100 standard Advances accounts are 34% of the total assets, indicating strong asset quality.

**Adequate Capitalisation:** The bank's Capital Adequacy Ratios are comfortable and well above the regulatory requirements. The networth is Rs.14871 Crs. The total CAR was 18.07%, Tier I ratio was 14.36% and CET-I ratio was 12.85%, as of 30 June 2023. 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.

**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 on June 30, 2023. 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. 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 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 and improve on its yield on advances while maintaining the capital adequacy ratios at the current levels and reducing geographical concentration in the medium term shall be positives for the bank.

**Negative:** Substantial decline in CASA deposits, and substantial weakening of the asset quality would be negatives for the Bank.

### **LIQUIDITY INDICATORS: Adequate**

The average LCR was strong, at 150.96%, for the quarter ending on 30 June 2023 and was well above the regulatory requirement. The Bank had a cash and bank balance of Rs.21172 Crs, investments of Rs.72035 Crs. and borrowings of Rs.6618 Crs. on a net worth of Rs.14871 Crs. as of 30 June 2023, which is adequate to repay the maturing debt.

### **ABOUT THE COMPANY:**

Bank of Maharashtra (BOM) is a premier nationalized bank in the country. The Board is presently led by Mr. A.S Rajeev as the Managing Director and Chief Executive Officer of the bank since December 2018 and is supported by 2 Executive Directors, one nominee director each from the Reserve Bank of India and Government of India, and a Shareholders Director along with 2 part-time non-official directors.

### **KEY FINANCIAL INDICATORS-**

Key Financial Indicators	Units	Standalone		
		FY22 (31 Mar 2022)	FY23 (31 Mar 2023)	Q1FY24 (30 Jun 2023)
		Audited	Audited	Unaudited
Total Assets	Rs Crs	2,30,611	267,651	274,754
Business	Rs Crs	3,37,534	4,09,202	420041
CASA ratio	%	57.85	53.38	50.97
Gross NPA	%	3.94	2.47	2.28
Net NPA	%	0.97	0.25	0.24
PCR	%	94.79	98.28	98.37
Net Profits	Rs Crs	1,152	2602	882
NIM	%	3.17	3.78	3.86
ROA	%	0.55	1.10	1.33
Total CAR	%	16.48	18.14	18.07
Tier I ratio	%	12.38	14.25	14.36
CET-1 ratio	%	12.17	12.66	12.85



**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)**

Sl. No.	Instrument/facility	Current Rating ( 2023)			Rating History		
		Type	Amount (Rs. in Crs)	Ratings	2022	2021	2020
1	Tier II Bonds (under Basel III)	Long term	1000.00	BWR AA/ Positive Reaffirmed, with Revision in outlook from Stable to Positive	BWR AA/ Stable Reaffirmed 23 Aug 2022	BWR AA/ Stable (Reaffirmed) 24-Sep-21	BWR AA/ Stable (Assigned) 26 -Nov-20 BWR AA/ Stable (Reaffirmed) 11 -Dec-2020
3	Tier II Bonds (under Basel III)	Long term	1000.00	BWR AA/ Positive Reaffirmed, with revision in outlook from Stable to Positive	BWR AA/ Stable Reaffirmed 23 Aug 2022	BWR AA/ Stable (Assigned) 24-Sep-21	
<b>Total</b>			<b>2000.00</b>	<b>Rupees Two Thousand Crores Only</b>			

**COMPLEXITY LEVELS OF THE INSTRUMENTS - HIGHLY COMPLEX**

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

**Hyperlink/Reference to applicable Criteria**

- [General Criteria](#)
- [Banks & Financial Institutions](#)
- [Capital Instruments Issued by Banks and Financial](#)
- [Complexity levels of the Rated Instruments](#)

Analytical Contacts	
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**Bank of Maharashtra**

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

**ANNEXURE II:  
INSTRUMENT (Bonds) DETAILS:**

<b>Instrument</b>	<b>Issue Date</b>	<b>Amount Rs. Crs.</b>	<b>Coupon Rate</b>	<b>Maturity Date</b>	<b>ISIN Particulars</b>
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**

<b>Name of Entity</b>	<b>% ownership</b>	<b>Extent of consolidation</b>	<b>Rationale for consolidation</b>
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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