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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

Sir/ Madam,

Sub: Transcript of Earnings Conference Call with Institutional Investors / Analysts held on 16th January, 2025

Pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed the transcript of conference call with Institutional Investors/ Analysts regarding Financial Results of Bank for the third quarter and nine months ended 31.12.2024 held on Thursday, 16th January, 2025.

The transcript of conference call is uploaded on Bank's website and same can be accessed through below link:

https://www.bankofmaharashtra.in/financial_results

Kindly take the same on your record.

Thanking you.

Yours faithfully,

For Bank of Maharashtra

(Nehal Rawat)

Company Secretary & Compliance Officer

Encl: As above

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Bank of Maharashtra Q3FY'25 Earnings Conference Call

January 16, 2025



MANAGEMENT: **SHRI NIDHU SAXENA –MANAGING DIRECTOR & CHIEF EXECUTIVE OFFICER, BANK OF MAHARASHTRA.**
SHRI ASHEESH PANDEY –EXECUTIVE DIRECTOR, BANK OF MAHARASHTRA
SHRI ROHIT RISHI – EXECUTIVE DIRECTOR, BANK OF MAHARASHTRA
SHRI V.P. SRIVASTAVA –CHIEF FINANCIAL OFFICER, BANK OF MAHARASHTRA



Moderator: Ladies and gentlemen, good evening, and welcome to the Q3 and Nine Months FY2025 Conference Call.

As a reminder, all participant lines will be in listen-only mode. And there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing “*” then “0” on your touchtone phone. Please note that this conference is being recorded.

We have with us from the management Shri Nidhu Saxena – Managing Director and Chief Executive Officer; Shri Asheesh Pandey – Executive Director; Shri. Rohit Rishi – Executive Director, and all general managers of the Bank.

I now hand the conference over to Sri Nidhu Saxena. Thank you, and over to you.

Nidhu Saxena: First of all, thank you for joining this investor call, it's a great opportunity to come back and connect with you again to tell you that the Bank has again been showing consistency for the last 12 to 15 quarters and the same performance has been seen.

As you would have seen in the presentations, which are shared with you, whatever guidance we had kept for ourselves for growth in terms of overall business advances, deposits, even sector-wise RAM, have been met and in a few cases, we have surpassed those with a good margin. Even the profitability parameters, our NIM, non interest cost to income, ROA, those have also been maintained at elevated levels. Coming to our asset quality, GNPA, NNPA, the guidance that we have kept, we have maintained all that.

I will very quickly share the major parameters of the performance. Before that, I would like to highlight that we have crossed the business of INR 5 lakh crore, and we would want to, also grow sustainably in the future. For the past 2 quarters, our focus with our field functionaries also has been to grow and grow sustainably and for that matter, the core business that is happening in branches was at our front focus.

The major contribution of our growth has come from our set of new branches, around 600, which were opened in the last 3 years. Our existing branches have also contributed into this. Certain elements of bulk component of business have been there. But, our core business has definitely grown, and that gives us that extra comfort that these numbers will be only sustainable and going forward, we are looking to grow.

Let me just very quickly share the major ratios:

Our total business at INR 5.07 lakh crore has grown Y-O-Y at the rate of 17%, advances at INR 2.29 lakh crore has shown a growth of 21%, total deposit at INR 2.79 lakh crore has grown 14%, within which CASA has also shown a good growth of 16% and INR 14,000 crore in absolute terms CASA has been added year on year. Term deposits have likewise grown at 16% and INR 19,000 crore of term deposits have been added.



Within the RAM segment, retail has been registering handsome double-digit growth of 24% and overall RAM segment also is growing at the rate of '23-'24%. Within the retail, segments like housing has grown 29% and car loan has also grown at 44% year on year and these are all results of us working on our schemes, making the schemes customer friendly, and seeing that the pain points for customer in the process of availing these loans are all streamlined, and that's why we are able to see handsome high digit growth of 23%.

The retail segment has also been performing well and this performance of high double-digit growth has been despite our conscious efforts to strengthen our underwriting norms, and we have actually strengthened them and have made them stricter.

For the last 2 quarters, we are now consciously not underwriting certain segments of loans., The idea is that whatever growth is happening, the ultimate loan book that is getting created must be a quality loan book so, that focus has been there but despite this tightening of our underwriting standards, we have not seen any adverse impact on the growth part of it, which is again a result of our focus, as I said, from branches doing their core activities from a lot of simplifications, modification, improvisation that we made the schemes customer-friendly and customers getting reasons to Bank with us, customers getting some value proposition in every scheme. That's how it has been.

Stress in the loan book on year-on-year basis has also seen an improvement from 6.61% stress. It has improved 174 bps and the stress is 4.87%. Likewise, GNPA also year-on-year has improved 24 bps and stands at 1.80%. NNPA at 0.20%.

For our profitability, also if you look at NIM, it is at a healthy 3.98% level. Our ROA has improved by 23 bps at 1.78%. The capital raise that happened during this quarter of INR 3,500 crore has also helped us improve further, much beyond the minimum prescribed capital adequacy norms from the regulators. CET-1 improved by 204 bps and stands at 13.6%, CRAR at 18.71%. Government of India holding with this capital raise has come down to 79.6% and has changed the optics for us.

We being the Bank now with less than 80% GOI holding, credit cost at 1.04% has also seen improvement, and even segment wise our NPAs have witnessed improvement including individually, retail agri, MSME and corporate book.

This is broadly from my side, and we will be happy to take your queries and questions. I am joined by my Executive Directors and my General Managers to take your queries. Thank you.

Moderator:

Thank you very much. We will now begin the question-and-answer session. Our first question comes from Sagar Shah from Spark DWM.

Sagar Shah:

Good evening sir. I have a couple of questions. My first question was related to our corporate loan growth. We had hardly 3% loan growth Y-o-Y. I wanted to have some sense as in what is



your outlook regarding this segment actually and how exactly do you view this segment the opportunities that are coming up? Do you see the CAPEX going through?

Nidhu Saxena:

Good evening to you. If you are intending to know about the corporate CAPEX, private CAPEX cycle, those things are yet to happen. When I look at my Bank, we have identified certain sectors where we feel we should increase our presence, and where there are a lot of opportunities present so, in Infrastructure, in Green Renewable Energy, taking up LRD proposals, Healthcare, Pharma, we have very consciously looked at these sectors, and we have also been growing our book, and that's how you see that year-on-year, we have grown. I think a lot of opportunities are also coming. I will ask ED also to add.

Rohit Rishi:

Just to set things in the right perspective, Sagar, Y-o-Y growth in corporate book is around 17%.

Sagar Shah:

17%, yes, sir. I was talking about the quarterly growth. I think the quarterly seems to be pretty subdued. Wanted to have a kind of a color on what kind of opportunities are you finding in the sector?

Rohit Rishi:

Quarter-on-quarter growth is also around 4% if you see, and opportunities are there. We have some proposals in renewable, if you look at our sanctions during the 9 months' ending December compared to last year, our sanctions have almost doubled in the corporate sector and projects are under disbursement. Our outlook is more towards the renewable sector. Infrastructure, HAM projects are coming up. Manufacturing also we are seeing some traction now, all these PLI related sectors, some of the food processing units, and such proposals are there, we are quite confident that we will be able to maintain a decent growth in the corporate sector and for PLI sector we have weighed very carefully the risk return and trade-off in this sector. We are not going for business where we don't get the desired yield on advances, we are very conscious about that and our aim is to grow our corporate book, maintain good quality of assets, and at the same time, ensure a good yield on advances also.

Sagar Shah:

Okay. Now coming on to your net interest margin, sir, our net interest margin stands at almost around 3.98%, quite stable as compared to even last year, hardly, in fact, a 3.3 bps increase. So, what do you see of the deposit market right now? With infusion of liquidity in the market, do you see the NIMs stabilizing or at least improving when the rate cut cycle happens or do you see further pressure on NIM due to the kind of situation going on right now?

Nidhu Saxena:

If you ask me, in my loan book, 50-55% of loan book is priced to MCLR, and around 37% is linked to repo so, whenever the rate cut that we have been hearing is going to happen, this portion of the book is going to get repriced immediately so, that headwind would remain, but when we compare ourselves with other lenders in the industry, we see that our share in the MCLR is a little higher so, to that extent, the impact is not going to be, and we have also been able to raise our MCLR, and that's how we have been able to increase our interest income also during this past couple of quarters.



V.P. Srivastava: Yes. So, regarding that deposit cost, you will see that we are trying to not take much bulk deposit higher cost that's why we have gone for the alternate resource mobilization. We have raised roughly INR 5,800 crore from SIDBI. During this quarter again we have raised INR 2,000 crore from the NABARD so, that is at reasonable rate, and where there is no CRR, SLR, HQLA requirement, it is giving us good benefit in respect of the cost of deposit.

As I told that maintaining that good yield on advances and keeping the deposit cost in control, we will be able to maintain the NIM, our NIM would be 3.70% to 3.90%, even with the rate cut is there so, that we will continue to be our guidance.

Moderator: The next question comes from Shubhanshi Rathi from Anand Rathi. Please go ahead.

Shubhanshi Rathi: Good evening, sir. What are the current trends in home loan growth and what are the expectations for the growth in near term?

Nidhu Saxena: For home loan, if you see this sector it had underplayed for some time, and it is post-COVID that we have seen the reversal happening in this real estate, both commercial, residential real estate.

If you look at data that is available in the top 7- 10 cities, a lot of unsold inventory that was held by the builders have also found some takers, and that stock has actually gone down. Even you are now witnessing new project launches across the major centers. We are also able to get the benefit out of this robust growth in this segment.

Home loan for us has grown year on year at 29% and some credit is to our easy onboarding process that we have kept. The scheme is also improvised, and customers are finding a lot of value, whether it is pricing or otherwise. We are able to garner good business under home loans.

Going forward, I think the trend will continue, At least for a couple of quarters, this trend for housing loan portfolio should be maintained at these levels.

V.P. Srivastava: You know that in respect of housing loan, our interest rate is one of the best in banking industry. A lot of interest is there from the home buyer in taking loan from Bank of Maharashtra and a lot of takeover has happened so, that's why you are seeing the loan growth roughly around 28% this quarter and the same trend will continue in future also.

Shubhanshi Rathi: Okay. A couple of more questions, sir. What is the outlook on distribution fee income, particularly from life insurance? And how is the Bank planning to enhance the overall distribution fee income? Are there any specific targets or strategies in this regard?

Nidhu Saxena: Our wealth management vertical is actually looking at these value propositions. We have our partners into all the 3 segments of life and non-life, so life, general and health and they are actually actively deployed, but we are always mindful that there is no instances of mis - selling anywhere.



We are also digitizing some parts of this wealth management business, and shortly, we are launching with Life Insurance Corporation, we are going to digitize their top 5 schemes, end-to-end, and the policy issuance and make that process also simpler. There is a scope to increase this bancassurance business, and we want to grow in a very compliant manner, and make use of some technology around this proposition.

We have also improvised upon the 3-in-1 products that we have, we have tied up with certain brokerages to give that seamless option of having a Demat trading and saving account of Bank of Maharashtra and that's how I think we will see more traction in our income, and also going forward would also be seeing some improvements in deposits.

Shubhanshi Rathi: Okay. And sir, why have the employee costs been so high during 9-month FY25?

V.P. Srivastava: If you see recently, the government has come with the guideline with respect of giving that incentive to at higher scale 4 and above, and during this quarter, we have made a profit of INR 25 crore regarding this that's why you are seeing some increase in the staff cost.

During this year, in 9-months, we have added 1,000 staff. We are opening new branches for that, we require staff so, some cost has come because of that, and we have increased our staff strength to take care of the growing business.

Nidhu Saxena: Just to add here, if you see the guidance for our cost to income, we have kept it to be maintained below 40%. And today, the cost to income is 38.27%. Quarter-on-quarter, we have actually reduced this number. We are well within our guidance and this is among the best in the industry. There's not much of a concern around this.

I am going for an aggressive branch opening as well and there will be some cost that we will incur but when we are identifying or going to open centers where there are potential for growth, then I am sure the revenues that we generate will be more than the cost that we incur on the process and so, that new branch opening also will offset, and should not become a challenge.

Shubhanshi Rathi: Okay, sir. And the last question would be how much of the deferred tax asset is left and when is the Bank expected to transition to the normal tax rate?

V. P. Srivastava: We've already shifted to that normal tax rate that is 25% new regime. And roughly INR 6,000 crore still carried forward losses are there, and we are going to get this benefit in the next year as well.

Shubhanshi Rathi: Okay, but sir, what is the amount of DTA that is left?

V. P. Srivastava: DTA, it is hardly INR 600 crore DTA is in the balance sheet and that is required to continue.

Moderator: Thank you. The next question comes from Samraat Jadhav from Prosperity Wealth Adviser. Please go ahead.



Samraat Jadhav: I wanted to know two things. One is on the co-lending book which we have. Any increase in that co-lending book and what are your views on it?

Nidhu Saxena: If you see when we began the FY, this was one among the segments where we were thinking that we should be growing our book. We had signed up 6 new partnerships and the outlay there is around INR 3,300 crore and my outstanding on the co-lending is INR 2,300 crore, there has been a good traction. I have 5 more new partnerships where the discussions are ongoing, and they are at various stages.

Just to make sure that the recon issues and other issues don't bother us in growing this co-lending book, we have used lot of technology where my systems had been through a middleware linked to the systems of the NBFCs, and we are able to take care of the daily task of collections and distributions and value dating them properly so, the recon issue is also well taken care of by the technology and beyond the 6 partnerships, 5 more, as I said, are in the offing.

Samraat Jadhav: My second question was about branches. As I see that, we are not focusing anything on rural branch expansion. I think, in December '23, we have seen 09, today also, we have seen 09. The major are in the metro, urban, semi-urban. So, as I could judge that we are more focused, we are building up the entire well than all our businesses towards good quality factor. So, we have no focus on rural or we are just testing this?

Nidhu Saxena: Samraat, I think I got your question and correct me if I'm wrong or you can ask again, there's no issue. But your question was around new branch opening in the rural sector so, there are already regulatory guidelines in this, and we are abiding by that in the new branch opening and the only requirement from our side is that when we are opening branches, we should be seeing, present or opening or expanding our presence in potential growth centers so that's our requirement. But yes, we are all subjected and mandated by the regulatory guidelines.

That ratio is being maintained. Wherever we are not physically able to open a rural branch brick-and-mortar, there is a customer service point, BC, that guideline is available, and we make use of that but we are complying with the guidelines from the regulator in this area and with regards to all my new branch opening, yes, we will definitely be looking at being present at potential growth centers.

Samraat Jadhav: Understood. In the last call, you said that a target of another 200 branches was there till March '25. So, we are still on it?

Nidhu Saxena: Yes, we are and what we are doing actually, is that, around 600 branches is what we have opened in the last 3 years. We had set certain set of metrics for evaluating how these branch openings have met the desired objectives, the outcomes or not. We have gone through that exercise, and we are very comfortable with that but as of now, with 2,550 branches, we were more focused towards being present in all the districts in the country.



But having achieved that objective majorly, now we are going to change our strategy for new branch openings and once having represented the banks in all their major districts, we would like to, maybe, have some strategy where we open in a center, not in terms of a single branch or maybe have a cluster of 4-5 branches, and then go ahead and open and create that critical mass for the Bank. We have had a lot of discussions around this agenda in our Board, and we are planning to take some expert help around this, who can actually guide us, which would be the better way going forward.

Samraat Jadhav:

Great. Has our GIFT City Branch license come?

Nidhu Saxena:

That proposal is already approved from the Board, has been submitted, and the proposal is under process.

Moderator:

The next question comes from Ashok Ajmera from Ajcon Global. Please go ahead.

Ashok Ajmera:

Thank you for giving this opportunity. Good evening, Nidhu sir, and the entire team. Compliments to you for yet another quarter of very good set of numbers as far as the profitability and performance of the Bank is concerned.

Having said that, this year has been a concern for the growth in the business for almost every Bank, and our Bank also, I have seen because I have been a great fan of your Bank and have been giving a very wide coverage all the time but I have got some concerns, if you can address. Our business target was 16%, if you go for the target, 18% to 20% of credit and maybe, I think, 12% to 13% was deposit.

Now, since we are already completed 9 months and only 3 months are left, will we be in a position to achieve another INR 40,000 crore, INR 42,000 crore of the business growth, which includes about INR 27,000 crore of deposit and INR 15,000 crore, INR 16,000 crore of advances when only 2.5 months are left now. Is it wise to take the target as it is, and wait for a very good performance in this quarter as this number speaks? because once this quarter is over, we will be talking only about financial year '24-'25 and not the trailing four quarters, or 1 quarter of the previous year. So, my first question is on that, sir, that how optimistic and confident you are to achieve these numbers?

Nidhu Saxena:

See we have crossed INR 5,07,000 crore and we know what the objectives are there in mind, but there is consciousness that growing the top line is not enough. we are very conscious about whatever is incrementally happening in the top line, corresponding to that how it is going to impact my bottom lines, and the various ratios that make us liked by the investors instead of just merely growing the top line, because if you see my yield on advances, they have been showing signs of improvement only in the last 2 quarters.

We may not be very bullish, aggressive in the AAA, Central Government, PSUs and other sectors, I can grow my advances very fast, but I don't correspondingly add to my bottom line so, that consciousness is going to be there, but if you see, my total business guidance for the year



has been 16%. Year on year, I have added INR 73,000 crore of business in this December over December '23 registering a growth of 17%.

I don't see the major of a challenge, but we will always remain conscious as to the business that gets added, the clients that get added. Every transaction that we are doing, we are remaining cost conscious and seeing how it is adding to my bottom line.

Ashok Ajmera:

Well said, sir. There is 1 very unusual item in the audit report. If you look at the emphasis A and B, it says about the insufficiency of the independent directors, though I know that it is not in your hand, it is in the hands of the government. But as the head of the Bank, definitely, it's a matter of concern that we could not present our account to the Audit Committee because of insufficient number of members there, and we had to take it to the Board. Is there anything, any discussion going on with the government or any concern that has been expressed to the government or whether the copy of this report specifically marking this emphasis has been given to the government?

Nidhu Saxena:

It is not only for my Bank. In the system, it is like that and maybe I will not be in a position to comment anything, but we are soon expecting the full strength will be made available to all the banks. This is all that I can say.

Ashok Ajmera:

Along with that, sir, there is another observation of INR 1,200 crore of the COVID-19 provision which you are holding, and the auditor is emphasizing it. In fact, it's rather a good point. I mean, I don't think it's a point to be emphasized. You are keeping that buffer, isn't it? And you are continuing to keep it. Anyway, that's just an observation that there was no need for emphasizing this, something which is not warranting any mention. In fact, it's rather a good point for the Bank to hold this provision.

Rohit Rishi:

At the end of the day, it is strength on the balance sheet.

Ashok Ajmera:

Yes, definitely.

Rohit Rishi:

Regarding independent directors, let me just clarify, 2 of our directors completed their term on 20th of December, it has been only recently that their term has come to an end. Then the process is on to equip the Bank with adequate number of directors.

V.P. Srivastava:

Even though the ACB was not there, the auditors, presented their observation to the Board so, we followed the due process in respect of the overall review process.

Ashok Ajmera:

No, it's perfectly all right, sir. Now what is this total restructured book size now, standard and non-standard? I think standard book is around INR 1,990 crore to INR 2,000 crore. So, what is the total restructured book size?

And 1 question coupled with that, our gross NPA in absolute terms have increased in this quarter from INR 4,009 crore to INR 4,124 crore. Though in percentage terms, it has come down because of the growth in the credit. So, on that, any conscious like working or act to reduce, because your



net NPA is very comfortable at 0.20%, and you cannot go below that. But gross NPA definitely can be brought down. Any plan or any strategy on that? And on the restructured book size?

Nidhu Saxena:

If you see the gross NPA, you were yourself saying and which is right, that the net NPA point too, there's hardly any scope for improvement. For my gross NPA, there has been a slight number increase in value terms. If you see the ratio percentage, again, we have only shown the improvement, it is at 1.8% and we can any time look at doing some write-offs to see that these things are lowered. I don't think any major concern is there. As we go on, some accounts do slip, I think, in the restructured book, we have 1 large MSME facility, within which the account has been restructured.

Management:

Our restructure book is constantly declining, so, no major worry, except 1 account due to elections, they could not get the required government permissions, so, there is a delay in DCC. Otherwise, account is standard.

Ashok Ajmera:

Okay. Yes, that's why because you have been doing very well on all the fronts actually, some of the small little concerns and especially because Bank of Maharashtra has been special among all 12 public sector Bank as regards to CASA is concerned. You are still around 50% only, which you had promised, and you have targeted.

A little bit of concern now, because the Bank which used to have the credit growth of 25%-26%, and it was beautiful, considerably good deposit growth has now suddenly, especially in this last quarter has been impacted little severely as compared to you. If you compare yourself only, I'm not comparing the industry.

But anyway, having said that, perfectly all right, and you're finally crossed INR 5 lakh business target, which you were hoping to be there 6 months or 3 months back, but congratulations for the same, and all the best to you, sir.

V.P. Srivastava:

Ajmera ji, when the businesses are increasing, there may be some increase in the NPA in quantum terms, but definitely, if you see the percentage term, we are maintaining a good ratio. And talking about the restructuring, we have not reversed whatever the restructuring provision we created, we are still holding roughly INR 400 crore. We do not see any problem in standard restructured book as well.

Nidhu Saxena:

In one account here and there, I mean, these things are part of the thing, nothing of concern at all. And just to add to even the deposit, like let's appreciate that the deposits in the system, the low cost at some point of time, the last numbers which were getting circulated, the average low-cost CASA was 44% for the industry, now which has come down as per the latest estimates to below 38%. 44% has come down to 38%, which is a 6% downfall.

We are also not out of the system. We are definitely going to have that impact, but I think the way we have been acquiring accounts and even some institutional accounts through our new business verticals are going to get added, some technology options that we have given where the



institutional accounts, both in the government and the corporate are adopting those facilities from us. I think we will be able to manage this temporary issues and have the consistency in our numbers in CASA also.

Moderator: The next question comes from Nemin Doshi from Geojit PMS. Please go ahead.

Nemin Doshi: Sir firstly, we have been meeting our quarterly targets on a regular basis. How do you foresee this growth momentum continuing in the following quarters, given the fact that 37% of our book is repo-linked, and will get repriced immediately. Within the near to medium term, how do you foresee this growth momentum to continue?

Nidhu Saxena: If you look at our top line growth, overall deposit advances and even segment-wise, the growth rate is in high double digit, and I think that system is also supporting, economy is supporting and the housing sector, we were just discussing we are growing at 29%. We don't see any challenges, concerns, or headwinds around this. Just to safeguard ourselves, we have rather made the task more difficult for ourselves by increasing the underwriting benchmark.

Below a certain requirement, we are not underwriting any loan in RAM segments, so, these kind of things, we are doing just to make sure that the quality in the loan book, it's maintained to the level we would desire it to be.

Even after doing these stringent measures, we have not seen any dip in our growth rate and 100-200 bps here, there, we would not mind also in lieu of the quality. But the sourcing that we are doing for new loans through our attractive schemes where we are able to offer some value to clients, we are not seeing any dearth of new proposals coming to the Bank. To answer you in one line, we don't see any challenge going forward that we will not be able to maintain. Let's also keep in mind that 600 branches have been opened in the last 3 years, and we are continuing to open new branches. These new branches when they are opened in a growth center where business is happening, there is actually no base with them, and whatever new business they are getting, it is adding to the Bank's balance sheet only. The way, if you see Bank of Maharashtra versus other banks in the system, I think we are the Bank which is most aggressive in new branch openings as of now.

Nemin Doshi: Got it. Sir, as we mentioned that we have been opening branches since last 3 years, and if you look at our cost-to-income ratio, which has been pretty stable at 38% to 40%. Is there further headroom over medium term, so that this operating leverage could kick in, and we could get the benefits of branch efficiency to come in?

Nidhu Saxena: If you see, I have a plan for opening new branches to the extent of 1,000, but this 1,000 number is going to happen in 5 years. That's what the Board approval is with me. And we are opening at the rate of 200 to 220. In the past 3 years, we have done that. Now once we decide to open a new branch, immediately there is some expense around it, but within a year, we have our benchmark that that branch, if it's a metro center, what is the level of business should be achieved? Within



that business, what should be the component of advances? What should be the component of deposits? And that branch itself should turn into a profit center head.

When we decide to open in a growth center, potential center, they should fend for themselves. That's how we are doing it. The branches which are opened, say from 3 years from now, are actually the ones who are majorly contributing also. So, that's the staggered manner in which the new branches are opening. Cost to income is also behaving well. For last 3 years, the way we have opened branches, we are still able to maintain much below my guidance of 40% for cost to income.

Nemin Doshi: Got it. Lastly, sir, within the retail credit segment, which segments you foresee as a growth engine? Excluding the secured ones, which is the housing part, are there any chances of yield improvement within this segment?

Nidhu Saxena: Right. If you see, 50% of my retail is from housing loans. And that sector is growing at a very fast pace for me. I do price my home loans very attractively, but that kind of rate is available for certain only. You have to be 800 CIBIL score plus.

That final rate chart is in a staggered manner, linked to the credit score that the borrower has. Not everybody gets that fine rate is the point. We are also picking up segments like gold loans which have picked up where non-priority gold loans can improve. We have picked up car loans and we have simplified our schemes. We have seen 44% Y-o-Y growth in big ticket car loans. When we look at the luxury segment market, that market affordability has really gone up and people are spending money for high-end segment cars, when our scheme is made customer-friendly to attract this segment.

I'm happy to share that whatever growth has come in the car loans, 75% of those customers are having vintage with me for 3 years or more. They are my own set of customers, well-conducted accounts. I'm comfortable with them. And if they are buying cars, I'm funding them, and I charge a good rate there. These segments individually are actually contributing and bringing this growth and high yield also in the system.

Nemin Doshi: Got it. Sir, lastly, if I can just ask for the retail credit, how have our yields been trending? Is it trending upward? Could you just give some directional thought that how are the yields panning out over the quarters? Especially in last 2 years, given the fact that we have been opening and we have been venturing out into different segments at a pretty fast rate?

V.P. Srivastava: So, you see in retail, the NPA level is very low in respect of the retail, and that's why we are leveraging, though we are giving some incentives to the customer. Whatever be the intent of management to give some benefit to above the line, so that we will not make provision below the line. That strategy will continue. It is a successful strategy, and we are getting a good yield in respect of the retail, there is no cut in respect of the NPAs.

Moderator: The next question comes from Ashlesh Sonje from Kotak Securities. Please go ahead.



- Ashlesh Sonje:** Hi sir, good evening. Couple of questions from my side. Firstly, if I look at the SMA-1 book that has increased sequentially from INR 185 crore to INR 271 crore, can you share more details on what has caused this increase?
- V.P. Srivastava:** If you see overall SMA-1 and SMA-2, above INR 5 crore, it is 0.22%. We have witnessed some in SMA-1, but we have been doing strict monitoring on the account, and we are confident that from SMA-1 it will go back to SMA-0, or it will become the regular. Overall, though there is an increase in little bit quantum, but if you see the ratio, it is well below the level.
- Regarding overall SMA, if you see that overall SMA book, earlier it was 5.80 including SMA-0. The major part was the SMA-0. Now we have brought down with our strict monitoring to 4.87. So, we are keeping strict vigil on the behavior of the overall asset book. We are also taking help of software.
- Management:** Even if you see the SMA-1 above INR 5 crore, the Y-O-Y, it was earlier 736. It came down less than 50%, it is 271. And we are rigorously monitoring from day one. So, Y-O-Y, it is little bit changed, only one account, a small account below INR 100 crore. It is well within control.
- Ashlesh Sonje:** Understood, sir. And this small account would be PSU entity?
- Management:** It is a state corporation. There is no stress. It is little bit cash flow issue. But definitely, within 15 days, we will definitely come out of that.
- Ashlesh Sonje:** Understood, sir. Sir, the second one is on your bad loan recovery outlook. If I look at your total bad loan portfolio today, including NPA as well as the technically written-off book, that is about INR 26,000 crore. So far in the 9 months of this year, you have made about INR 1,000 crore of recoveries for this book. Can you talk about your outlook for the next quarter and for FY26 as well on bad loan recoveries?
- V.P. Srivastava:** Regarding bad loan recovery, if you see recovery write-off, we have done a decent job. Already we achieved whatever that we achieved with recovery write-off in FY 23-24 and there are good accounts lined up for the recovery. You know that most of the accounts we have written off. So, we are expecting that whatever recovery comes, it will directly come to the P&L account over the line. Definitely the March quarter is where we make more efforts even in small accounts also. We are expecting good recovery and you will see that good traction as far as recovery write-off in March quarter also.
- Ashlesh Sonje:** You believe the run rate of bad loan recoveries can hold up in FY 26 as well?
- V.P. Srivastava:** Yes. If you see the overall portfolio of INR 20,000 crore, and over a period of 5 years, we are expecting a recovery of 30%. So, that would be INR 1,500 crore per year. We are striving to achieve that target.
- Nidhu Saxena:** Just to add here, if you look at our NCLT book, so 138 accounts are there, have been referred, 133 of those have been admitted and the amount involved was INR 8,500 crore. While they are



all 100% provided, when we look at the recovery in the NCLT cases, out of 138 accounts, we have seen recovery this year in 58 accounts, and the amount is INR 222 crore in this 9 months. Whereas if we look at last year in NCLT cases, our recovery was INR 511 crore. The point is the way NCLT cases have been pursued, no matter, there will be some haircut, steep cut in some cases, but there are lot of reviews and follow-ups at various levels.

The NCLT resolution has also expedited. We have seen the admission is expedited, wherever after the admission process has to go, that has been expedited, and it's been still continuously reviewed.

To my mind, whatever this INR 8,500 crore NCLT, maybe '25-'26, what you are saying may see substantial recoveries. What haircut that will depend, of course, on individual accounts, but for me, they are 100% provided for.

INR 8,500 crore is a large number. The way NCLT cases have been reviewed and followed up within the Bank and from the government also, I think we will see a lot of resolutions and resultant recovery to the Bank.

V. P. Srivastava: To supplement, we have a sizable number of smart ticket accounts also, which are NPA, and we have written off and we are giving the very good OTS scheme and there is regular weekly meetings in the field offices, et cetera, so where we are getting the good traction in terms of the recovery in write-off accounts.

Ashlesh Sonje: Understood, ..Sir, on these OTS schemes, what is the typical recovery rate?

Nidhu Saxena: These are schemes which are targeted to different segments. One are, where ticket size is low, the aging of NPA is kept into our consideration. The security that is available is kept in mind and then that's how this scheme is identified.

In some cases, we just want to clean up the number of accounts and there are agricultural advances, long NPAs, 5-year plus, 10 years around that. So, there are 3 sets of OTS schemes, which are currently available, and the vertical is also very aggressively pursuing with the field functionaries. We are trying to see that recovery in absolute terms or at least the cleanup happens. The small NPA accounts once cleaned up and settled, can enable us to focus on other things.

V. P. Srivastava: As part of the OTS, we are expecting 60% to 80% that we are able to recover in ledger balance. That is our idea accordingly that we are giving to OTS schemes.

Management: For this quarter, we have recovered INR 143.31 crore for this December quarter through OTS.

Rohit Rishi: In terms of ledger balance, we are able to recover around 70%, 80% of the ledger balance.

Ashlesh Sonje: Perfect sir. Thanks a lot.

Moderator: The next question comes from Gaurav Sharma from HSBC. Please go ahead.



Gaurav Sharma: Thank you for the opportunity. Just a couple of small questions. Wanted to understand your view on the growth outlook of the agriculture sector? Do you expect that growth to come back? Second, sir, what are the changes have been made in underwriting for the agriculture sector and how are the trends you are seeing in collections for this sector? These are my questions.

Nidhu Saxena: In agriculture sector we have made certain changes in our approach and strategy, and this is a priority sector, and we have to do it but we are more towards the investment credit. We are looking at proposals which have higher ticket size, and lesser focus is on the production credit, more on the investment credit.

For that matter, a lot of steps have been taken. We are also mindful that there must not be any compromise in the quantity part with regard to underwriting that will happen in branches, so, we have also centralized our agriculture hubs there.

Today, in the production credit, the typical KCC, as we know, there is no sanctioning power given to the branches. The proposals move to one layer above in zonal office, where the agriculture KCC proposals will also be dealt with. Maybe ticket sizes were lesser, but we are actually centralizing so that the underwriting and the asset that is getting financed, we are on the right track. Plus, as I said, focus is more on the investment credit.

V. P. Srivastava: Now that monsoon is good, and the agriculture is expected to grow by more than 3% so, we are expecting good recoveries and lower slippages and as a strategy, we have not gone more for farm credit, though you have seen a growth of 24%. In farm credit, which is mostly coming by giving agri-gold loan, if you exclude the agri-gold loan, the growth would be roughly 4%. As sir told we are focusing on other areas of agriculture, where the slippage is on the lower side.

Gaurav Sharma: Okay. What would be your average ticket size for the agricultural loan?

V.P. Srivastava: Average, ranges between INR 10 to INR 50 lakhs, depending upon the requirement.

Moderator: The next question comes from Sushil Choksey from Indus Equity Advisors.

Sushil Choksey: Sir, congratulations to the team and Management of Bank of Maharashtra for excellent result on Quarter-on-quarter and year on year. You have been doing amazing work. Our CASA has empowered the Bank to grow so well. How are we monetizing the CASA numbers in cross-sell of third-party products and retail? Retail is showing some traction, but where the third-party products are concerned, which can be a big income to the Bank. How are we capitalizing on it?

Nidhu Saxena: Thank you for that question, and very vital point, and then we are very strategically moving in this direction. If you see the CASA, a lot of CASA we have been able to successfully mobilize from government departments and ministries. In Maharashtra, even outside Maharashtra, other states, Rajasthan, Madhya Pradesh, Uttar Pradesh, so on and so forth and if you see interestingly, it is not just the operative CASA that we maintain for them. We are having beyond that other ancillary business that is possible.



If the government department has requirement for some payment and collection services for which they require some banking facilities, we are seeing that we even fulfill those. Then along with that, if there is a funding need of that government department and we can as per the regulator guidelines look at the proposal, we are providing finance. If there are investments requirements, we provide investments options to them. Payment and collections I have told. Then even the payroll business.

We will try and see wherever in the government department, ministries, we have the operative accounts, we invariably pay the salaries, the salaries get disbursed to my branches, and once the salary relationship is established, we are hoping broadly for another options. We can give home loans, car loans, we can give personal segment loans. We can also give educational loans to their wards in a seamless manner.

These kind of relationships in every account there, wherever we are having institutional relationship, we are filling the gaps if it is not there and even new set of relationships when we are going to acquire, we are offering all these from day one.

This gives me not only benefits to have the complete banking business of that one entity, but also I am able to earn maximum possible income and I am also able to ring fence this account, if I maintain a vanilla operative account, tomorrow it may shift easily, but when we have these kind of multiple relationships, the accounts also, we are able to have some stickiness with them.

Sushil Choksey:

Second thing is, as we are moving towards lot of digitization and retail products, so connectivity, I am sure your spend has been quite high in last two years to make you enabler for future. What kind of further expenditure we are likely to incur for further digitization as technology evolves and AI and many other things are going to start. So, the Bank will have a continuous budget. So, any plans for further strengthening the Bank's technology platform?

Nidhu Saxena:

Yes. So, one initiative, in fact, a very powerful medium that this technology allows is the mobile banking and we are in the process, the RFPs have been concluded, the new vendor has been onboarded, and we are going to completely revamp our mobile banking application.

The new lifestyle solution is going to be launched well within this financial year before we close the year and you will see that this application is a much-improved version. It is going to have higher customer convenience.

The number of services also from current 290, we are planning 400 plus services to be made available so, technology, is one major initiative. I have my ED with me. He will also speak on what all we have been doing, and we are planning to do.

Asheesh Pandey:

Yes. Sushil ji, actually your second question, third question is linked in between. I will just combine the answer so, when you asked about on the retail side, like what are the initiatives, recently, we have launched some 3 to 4 STPs.



In total, if you see, the total STPs, which the Bank has launched for the customer journeys on the retail and other sites are almost 15 to 17. Otherwise, other than that, some 7 to 8 other journeys are launched which are on the service side, like nomination,, these journeys are there, which are giving comfort level convenience to the customer,.

The second thing is that when it comes to UPI or it comes the transaction through mobile or maybe the WhatsApp service, so you may have seen our presentation where we have informed that how many new services are introduced in WhatsApp. Certainly, this time, you will see there is a huge jump in the onboarding and the number of transactions even on the WhatsApp side.

Coming to the retail, we are still on the MSME and the retail book, I will put together, I think some 3-4 like vehicle, education and housing, we have already launched and 3,-4, particularly in MSME till 10 lakhs N2B, that is New to the Bank so, existing, we have already launched, and it is working very well in the Bank, and now we are going for a New to the Bank.

Now coming to the third party, it is also very important, because all these insurance companies are life or non-life or health, we are bringing into mobile directly and WhatsApp also so, what we are doing, that these STP journeys, which are not directly related to the Bank, but we have collaborated with the third party, our partners and one very good product, one of our partner is bringing, it is already approved by IRDA where the premium will be paid like FDs.

Like that, they can go on paying and they can reach a level and get a sum assured. I think, it was supposed to be launched very recently. This is one. Another one is credit life insurance that also we have done like an entire thing, whenever person taking home loan, if he wants to avail a life coverage about that.

The entire data will be picked up once he says that he wants it so, it will be like pre-filled form, and only a few steps he has to do, and the premium will be debited, and the coverage will be obtained. So, there are at least around 10 further journeys, which are either in the UAT or testing stage or the completion stage, which are going to be true, particularly for the retail side, MSME side, and third-party side.

Sushil Choksey:

My last question in this round is that we have growth capital available, but because of constraint led by SEBI norms, we have to dilute government equity up to 75%. I am sure that for the next two, three years with the profitability number, if you want to achieve 15%, 17% or 20% growth, you don't need equity. Am I right?

Nidhu Saxena:

To answer that question, I always keep looking at what nudges are coming from government regulators from time to time. The banking industry, no doubt, has been passing recently through a good phase, and this is the time that we should make and build cushion.

If that be, no doubt that we are currently well capitalized, but it makes a case for raising more capital if we want to maintain this healthy capital adequacy. For growth, I will keep raising money, we do have our plans.



Our engagement with you would continue. We will keep coming with whatever guidance and how the bank has been performing over the guidance and about our future plans. At appropriate time in the year, we have our plans in place to look at the option of raising further capital.

Sushil Choksey: Sir, my suggestion is that government equities can be bought back in some instrument to get to 75% or second, the OFS should be done rather over QIP. Your stock price will reward you in the next round whenever you decide on that.

Nidhu Saxena: Right. Point well taken, sir. Thank you for that. But that OFS part is a call not to be taken by individual banks and definitely, we will keep doing good. See, the bank raised capital of INR 3,500 crore. I have to see that I deploy that fast. You would have seen our credit growth also including the corporate book actually looking up, which was single digit Y-O-Y last quarter, has become 17% Y-O-Y this quarter so, whatever we have raised, we are actually deploying it and earning interest out of that so, going forward, we will maintain our dividend levels, ROE and so on and so forth.

Moderator: Ladies and gentlemen, we would take that as our last question for today. I would now like to hand the conference over to Shri Nidhu Saxena for closing remarks.

Nidhu Saxena: Thank you so much for sparing time. I think the one thing you would have noticed definitely, consistency in our results have always been there. Additionally, we have tried to highlight certain areas where we are actually doing well.

We have also looked at seeing that whatever growth is happening is a sustainable growth in the Bank and for that matter, the contribution from every branches is what has been in our focus in our last two reviews, quarterly reviews with our zonal teams, we have been emphasizing on these points.

Our every branch, which is open, is supposed to be doing business as per their potential that is available to them. It is not that we depend on some bulk elements happening here, there. But every branch is contributing.

That is one aspect that we are aiming at, inclusive growth to happen in the Bank. Also, going forward to sustain this growth, we are also mindful of the issues around technology, our managing of risk, corporate governance, and the technology structure that we are having, and the cyber-related concerns that are there.

We are strengthening this vertical also. We are continuously looking at acquiring talents externally if those sets of requirements in this new era of technology are not available within the Bank. We have done one set of 195 officers' recruitment lately, concluded that 130 officials have already joined our various levels.

We are again going to very shortly come up with more requirements in these areas to see that our overall risk, governance, and compliance culture gets improved and strengthened, because in the long run, these things are going to sustain our growth that we are achieving.



So, that's all from my side. Thank you so much.

Moderator:

Thank you. On behalf of the Bank of Maharashtra, that concludes this conference. Thank you for joining us. You may now disconnect your lines.

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