



Date : 30/07/24

Techno Funda : Buy Bank Of Maharashtra Limited.

Buy Range : @ 67-69

Target : 1st @ 72, 2nd @ 82

Stock Info	
Mkt Cap (cr)	47835.4
52-Weeks High/Low	73.50-32.70
Avg Volume	2,43,96,220
No. of eq shares (cr)	701.81
Face Values	10.00
Bse Code	532525
Nse Code	MAHABANK
Free Float (cr)	6476.91

Source : NSE/BSE

Particulars	2023	2024
P/E	6.5	10.7
P/B	1.1	2.2
Gross NPA %	2.04%	1.88%
Net NPA %	0.22%	0.20%
CASA Deposit	124961.0	142774.0
Gross Advances	175120.0	203664.0
Profitability	2602.0	4055.0
Operating Profit	6099.0	8005.0
Cost of Deposits (%)	3.70%	4.34%
Cost to Income (%)	39.14%	37.55%
Yield on Investments	6.11%	6.47%
Return on Equity (%)	20.38%	23.83%
Return on Assets (%)	1.10%	1.50%

Source : Company, Fin2Research

Particulars	2023	2024
Interest Income (G)	22.00%	29.00%
Non-Interest Inc (G)	-14.00%	31.00%
Interest Expenses (G)	17.00%	31.00%
Operating Profit (G)	26.00%	31.00%
Net Profit (G)	126%	56.00%

Source : Company

Particulars	% of Total Shares
Promoters	86.46%
Mutual Funds/AIF	0.40%
Insurance co. & others	4.17%
Other DIIs	0.01%
FII	1.20%
Retails and Others	7.76%
Total	100.00%

BANK OF MAHARASTRA: Bank of Maharashtra is an Indian banking corporation offering various deposit schemes, including savings accounts, current accounts, term deposits, and capital gain accounts. It also provides credit facilities such as term loans, overdrafts, letters of credit, guarantees, and other credit services. The bank's business is organized into four segments: Treasury, Corporate/Wholesale Banking, Retail Banking, and Other Banking Operations. The Treasury segment covers investments, balances with banks outside India, and interest accrued on investments. The Corporate Banking segment includes all advances to trusts, partnership firms, companies, and statutory bodies. The Retail Banking segment serves individuals and small businesses. The bank primarily generates revenue within India.

Key Highlights:

Bank of Maharashtra has issued non-convertible, listed, rated, unsecured, subordinated, taxable, fully paid-up, redeemable Basel III compliant Tier 2 bonds in the form of debentures. Each bond has a face value of ₹1 crore, issued at par, with a total issue size not exceeding ₹1000 crore. The base issue size is ₹250 crore, with a green shoe option to retain oversubscription up to ₹750 crore, all on a private placement basis. These bonds are intended for inclusion in the Bank's Tier 2 Capital.

The bank has the lowest cost compared to income in the industry at 38% and the highest percentage of low-cost deposits (current and savings accounts) at 52%. Its return on assets is 1.73%, approaching the levels of the best private-sector banks.

Sources indicate that Bank of Maharashtra is likely to raise ₹5,000 crore through a Qualified Institutional Placement (QIP), while Central Bank of India is expected to raise ₹2,000 crore through a similar route. Bank of Maharashtra, in which the government holds an 86% stake as of the March quarter, is expected to comply with the Minimum Public Shareholding (MPS) norms by the financial years 2025 and 2026, according to the sources.

Bank of Maharashtra has reduced its home loan rate by 15 basis points to 8.35%. Additionally, the lender has waived processing fees on home loans.

Bank of Maharashtra reported robust growth in its financial results for the quarter ended June 30, 2024, with a 13.5% year-over-year increase in total business, reaching INR 4.76 lakh crore. Advances grew by 19%, reaching INR 2.09 lakh crore, while total deposits increased by 9%.

The bank has made significant efforts in managing its assets and liabilities, maintaining a Credit Deposit (CD) ratio of 78.17% and a Current Account Savings Account (CASA) share of 50%. Special schemes and competitive rates have been adopted to retain and attract deposits despite intense competition.

The Bank is enhancing its mobile banking app and incorporating technology in various operations, including video KYC available 24/7, even on Sundays and holidays. The bank's focus on digital expansion signifies its strategy to streamline operations and improve customer experience.

In the second half of FY25, the government must reduce its stake in state-owned banks to 75%. Among the five state-owned banks, Bank of Maharashtra could experience a short-term increase of up to 20%. This potential rise is driven by improved earnings and the expectation that the government's stake sale will occur at a higher price level than currently observed.

Key Risk :

- ❑ Despite a healthy increase in loan disbursements, the bank remains vigilant about its credit risk, particularly within the agricultural loan portfolio. To mitigate risks associated with farm credits, the bank has implemented enhanced measures to transition from production-based loans to those focused on agricultural investments.
- ❑ The company's financial performance and interest rate income may be impacted by the existing interest rate risk, and Inflation in the economy.



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RSI: The Relative Strength Index (RSI) is currently at 58.52, which is in the overbought territory. While this might suggest a potential short-term correction, the overall uptrend remains intact.

Uptrend: The overall price action displays a clear uptrend, supported by the upward sloping 10 and 21-day moving averages.

MACD: The Moving Average Convergence Divergence (MACD) is above the signal line with a positive divergence, indicating bullish momentum.

Bollinger Bands: The Bollinger Bands are expanding, suggesting increasing volatility. However, the price is currently trading above the upper band, which is a bullish sign.

Trend Following: Traders can consider buying on dips with a stop-loss below recent support levels and taking profits at resistance levels.

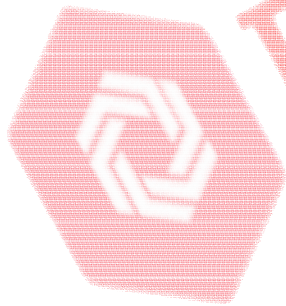


GUIDELINES FOR THE REPORT

- It is recommended to enter in a staggered manner within the prescribed range provided in the report.
- Once the recommendation is executed, it is advisable to keep strict stop loss as provided in the report on a closing basis • The suggestion is valid for 3-5 months; if we want to carry subsequent positions, we will contact you via mail or other modes of communications.
- Once target1 is achieved, use a trailing stop loss of the recommended average price.

Portfolio Allocation:

- It is not recommended to allocate the entire corpus to a single stock or product without first understanding the risk and return associated with that stock or product.
- It is recommended to diversify the corpus in a proportionate manner among various tech-funda research reports and other reports as stated.



FIN2RESEARCH



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