

We had initiated coverage on "Bank of Maharashtra" on Dec. 01, 2022 at Rs. 26.45 with a target price of Rs. 34.72 which was achieved and later got revised from time to time based on the quarterly & yearly performance of the Bank (the last was based on Q4FY23 and FY23 performance) with the target price of Rs. 42.68. We continue our coverage on the Bank post its Q1FY24 result and revise our price target to Rs. 49 per share and hereby present the updated research report post its Q1FY24 result and Management discussion.

Bank of Maharashtra

- ❖ *Significant transformation witnessed across all fronts over the last few years after coming in trouble in FY18..*
- ❖ *The most efficient PSU Bank with Cost/Income ratio of 37.23 % as on Q1FY24, Net NPA of 0.24 %, PCR (incl. TWO) of 98.37 %, High CASA ratio of 50.97 %, Credit growth of 24.98 % on YoY basis in Q1FY24 & strong on all other parameters..*
- ❖ *Strong return profile with RoA (annualized): 1.33%, RoE (annualized): 23.73% in Q1FY24..*
- ❖ *The Bank has transformed itself into a next generation Bank, has become a name to reckon with and is on track to reach the next level competing with even best of the Pvt. Sector banks on several parameters..*
- ❖ *The Bank expects credit growth of 20-22 percent and deposit growth of 1 -15 percent and total business of target is to cross Rs. 5 Lakh Crore for FY24..*

Investment recommendation and rationale

At CMP of Rs 38.60, the stock is valued at a P/BV of 1.77x (Book Value per share as on Q1FY24: Rs. 21.78) which we believe is undervalued considering the strong fundamentals of the Bank. After a strong turnaround and overall transformation in the last few years, we expect the Bank to continue its good performance witnessed in the last few quarters.

We recommend a "Buy" with a target price of Rs. 49 (P/BV multiple of 2.25x at Q1FY24 Book Value of Rs. 21.78 per share). We believe the Bank deserves a premium in valuations considering its strong performance which can be compared to the well run Private Banks as well and due to the following factors:

- 1) The Bank has delivered strong overall performance in Q1FY24 with strong credit growth, good NII growth, one the most efficient PSU Bank with Cost/Income ratio of 37.23 percent as on Q1FY24, impressive CASA share in total deposits which stood at 50.97 percent, further improvement in asset quality with Gross NPAs at 2.28 percent and Net NPAs at 0.25 percent (one of the lowest in the entire banking sector), well provided for Stressed Book (PCR further improved to 98.37 percent), strong capital adequacy, consistent improvement in RoE and RoA. We like the fact that the Management has achieved its previous guidance on major fronts and seems confident in achieving high credit growth and good recovery in FY24.
- 2) The Bank has improved its performance significantly on all fronts from FY18 when the Bank was under severe pressure and is now consistently reporting good performance in the last few years and several quarters after the incumbent MD & CEO Shri. A.S.Rajeev took the office in December, 2018 joined by 2 most experienced bankers as the Executive Directors later.
- 3) CASA share in Total deposits has improved significantly from 47.74 percent in FY18 to 50.97 percent in Q1FY24. As a result, NIMs have improved from 2.32 percent in FY18 to 3.86 percent as on Q1FY24. Today, Bank of Maharashtra has become the most efficient PSU Bank with Cost/Income ratio of 37.23 percent in Q1FY24 from 55.24 percent in FY18.
- 4) On the asset quality front, the Bank has improved by leaps and bounds over the past few years after being in pressure in FY18 and FY19. The Bank's Gross NPA ratio has come down to 2.28 percent in Q1FY24 from 19.48 percent in FY18. Net NPA ratio has come down to 0.24 percent in Q1FY24 from 11.24 percent in FY18. The Bank is well provided for Stressed Book (PCR further improved to 98.37 percent in Q1FY24 from 58.71 percent in FY18).
- 5) What impressed us the most is the confidence level of top management during our interaction with led by MD & CEO Shri A S Rajeev, EDs Shri A.B. Vijayakumar & Shri. Asheesh Pandey along with General Managers. As per MD & CEO, the bank has implemented several welfare schemes for its staff keeping their morals high with a great loyalty & making them Karmayogi from Karmachari. We believe that the Bank is set to reach the next level as it has all ingredients in place for re-rating equal to any well run private sector bank.

CMP	Rs. 38.60 (Face value: Rs. 10)
Book value	Rs. 21.78 per share as on Q1FY24
Recommendation	Buy
Target price	Rs. 49
Upside	26.94 %
52 Week High/Low	Rs.39.35 /Rs.16.90
Market Cap.	Rs. 27,334 Crore
NSE/BSE code	MAHABANK/532525
Bloomberg code	BOMH:IN
Government of India holding	86.46%
Price performance	1 month: 20.78 %, 3 months: 23.88 %, YTD: 26.31 %, 1 Year: 115.92 %, 3 years: 220.75 %

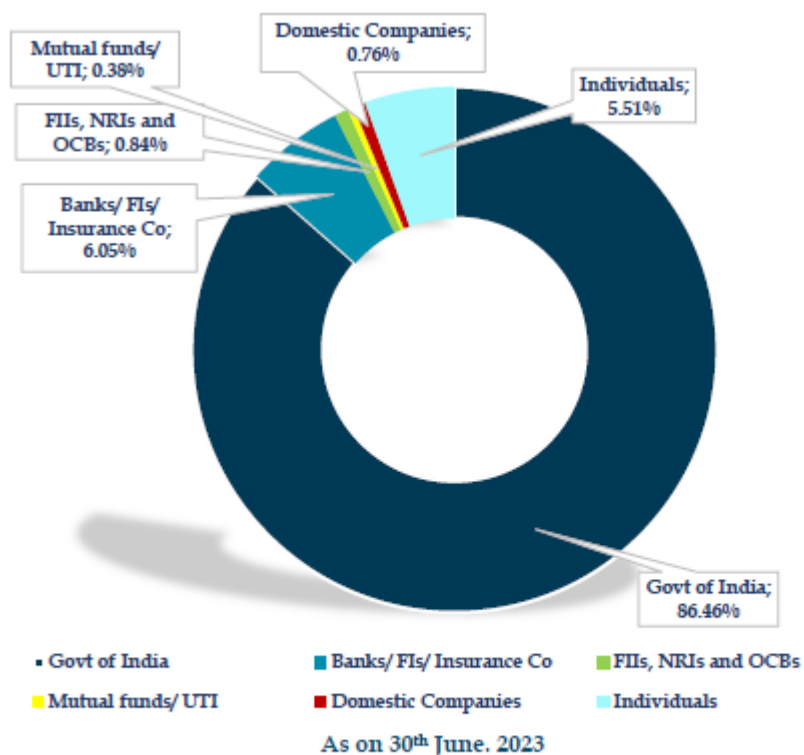
Particulars (₹ Crore)	Q1FY24	FY23	FY22	FY21
Total Business	4,20,041	4,09,202	3,37,534	2,81,659
Gross Advances	1,75,676	1,75,120	1,35,240	1,07,654
Growth	0.32	29.49	25.62	13.45
RAM Advances	1,02,329	1,00,077	80,699	67,986
RAM (%)	58.25	57.15	59.65	63.15
Deposits	2,44,365	2,34,083	2,02,294	1,74,006
CASA (%)	50.97	53.38	57.85	53.99
C/D ratio (%)	71.89	74.81	66.85	61.87
Net Interest income	2,340	7,741	6,044	4,897
NIM (%)	3.86	3.56	3.15	2.84
Operating profit	1,863	6,099	4,848	3,960
Cost/Income (%)	37.23	39.14	44.26	47.39
Net Profit	882	2,602	1,152	550
Equity share cap.	7,081.37	6,730.5	6,730.5	6,560
Networth	14,870	12,765	10,176	8,019
Capital Adequacy (%)	18.07	18.14	16.48	14.49
GNPA (%)	2.28	2.47	3.94	7.23
NNPA (%)	0.24	0.25	0.97	2.48
PCR (incl. TWO) (%)	98.37	98.28	94.79	89.86
Book value per share(₹)	21.78	18.97	15.12	12.22
RoA (%)	1.33	1.10	0.55	0.30
RoE (%)	23.73	20.38	11.45	7.17

Source: Bank of Maharashtra Q1FY24 & FY23 Investor presentation

Particulars	Q1FY24	Q4FY23	QoQ (%)	Q1FY23	YoY (%)
Total Income	5,417	5,317	1.88	3,774	43.53
Total Expenses	3,554	3,462	2.66	2,573	38.16
Operating profit	1,863	1,855	0.43	1,202	55.04
Prov.&Cont. Other than taxes	776	945	(17.88)	548	41.52
Profit before tax	1,087	911	19.32	653	66.39
Tax expense	205	71	188.7	201	1.78
Net Profit	882	840	5.0	452	95.19

Source: Bank of Maharashtra Q1FY24 press release

Shareholding pattern as on Q1FY24



GOI Holding reduced from 90.97% to 86.46% as Bank raised Rs. 1000 crore via QIP which was oversubscribed.

Source: Bank of Maharashtra Q1FY24 Investor Presentation

Q1FY24 result update

- 1) Operating profit stood at Rs. 1,863 Crore in Q1FY24 as against Rs. 1,855 Crore in Q4FY23. On YoY basis, Operating profit clocked a growth of 55.04 percent.
- 2) Net Interest Income witnessed a QoQ growth of 7 percent and YoY growth of 38.80 percent to Rs. 2,340 Crore in Q1FY24 (Rs. 1,686 Crore in Q1FY23) as against Rs. 2,187 Crore in Q4FY23.
- 3) NIM improved to 3.86 percent in Q1FY24 as against 3.78 percent in Q4FY23. Cost of deposits has gone up to 4.06 percent in Q1FY24 as against 3.95 percent in Q4FY23. The Bank's management expects NIM to remain range bound. Cost of Funds has gone up to 3.70 percent in Q1FY24 as against 3.62 percent in Q4FY23. Yield on Advances has gone up to 8.62 percent in Q1FY24 as against 8.49 percent in Q4FY23. The Bank expects Yield on advances to improve led by interest lag.
- 4) Total Non-Interest Income declined by 30.68 percent on QoQ basis and grew by 99 percent on YoY basis to Rs. 629 Crore in Q1FY24 (Rs. 317 Crore in Q1FY23) as against Rs. 822 Crore in Q4FY23.
- 5) Fee based income declined by 14.36 percent on QoQ basis to Rs. 328 Crore in Q1FY24 (Rs. 281 Crore in Q1FY23) as against Rs. 383 Crore in Q4FY23.
- 6) Treasury Income stood at Rs. 62 Crore in Q1FY24 as against loss of Rs. 68 Crore. The Bank's Modified Duration has gone up to 1.81 years in Q1FY24 as against 1.22 years in Q4FY23.



- 7) Recovery in written off accounts (booked in P&L) stood at Rs. 231 Crore in Q1FY24 as against Rs. 488 Crore in Q4FY23.
- 8) The Bank's Cost to Income ratio has improved to 37.23 percent in Q1FY24 (39.99 percent in Q1FY23) as against 38.34 percent in Q4FY22.
- 9) The Bank's MD & CEO Shri. A.S. Rajeev stated that Bank has witnessed good improvements on the digital side. Shri. Asheesh Pandey - Executive Director of the Bank elaborated on the digital initiatives and emphasized that the Bank is focused on Robotic Process Automation (RPA). He further added around 25-30 processes will be automated in the next quarter. According to him, RPA will help the Bank in customer service, reconciliation to strengthen compliances and cost optimisation. Earlier, the Bank management had said that the Bank has budgeted of Rs. 1,000 Crore every year for 3 years for digital/technology initiatives.
- 10) Net Profit witnessed a growth of 5 percent on QoQ basis and grew by 95.19 percent on YoY basis to Rs. 882 Crore in Q1FY24 (Rs. 452 Crore in Q1FY23) as against Rs. 840 Crore in Q4FY23.
- 11) The Bank's Gross Advances witnessed a muted growth of 0.32 percent on QoQ basis to Rs. 1,75,676 Crore in Q1FY24 as against Rs. 1,75,120 Crore in Q4FY23. On YoY basis, Gross Advances have grown by 24.98 percent. The bank management however maintained the target of 22 of credit for FY 2024 & assured that the shortfall of Q1/24 will be covered in next three quarters.
- 12) RAM advances witnessed a QoQ growth of 2.25 percent and registered a YoY growth of 24.83 percent to Rs. 1,02,329 Crore (58.25 percent of Gross Advances) in Q1FY24 (Rs. 81,574 Crore in Q1FY23) as against Rs. 1,00,076 Crore (57.15 percent of Gross Advances) in Q4FY23.
- 13) Corporate & other advances stood at Rs. 73,347 Crore (41.75 percent of Gross Advances) in Q1FY24 as against Rs. 75,044 Crore in Q4FY23 (42.85 percent of Gross advances).
- 14) The Bank's Management had earlier informed that growth will come from Mid Corporates and it is not looking at bigger Corporates. The Bank was focussing on sectors like manufacturing in the sectors like Pharmaceuticals, Textile, Engineering goods, Auto Ancillaries (EV), a mix of infrastructure projects like Airports, Affluent Treatment plant - Projects of Namami Gange etc.
- 15) In the past discussion, the Bank's management was of the view that it is continuously assessing its sanction exposure and the Bank is taking exposure in the good rated NBFCs only with a focus of good return also. With regards to Co-lending, the Bank was of the view that it has gained good experience in co-lending and is poised for good growth.
- 16) The total Government guaranteed exposure including exposure backed by Treasury Deposits of State Government stood at Rs. 15,755 Crore in Q1FY24 as against Rs. 15,557 Crore in Q4FY23. Total rated plus Government Guarantee exposure stood at Rs.79,947 Crore in Q1FY24 as against Rs. 81,074 Crore in Q4FY23.
- 17) The Bank's MD & CEO said that the Bank expects credit growth in the range of 22 per cent and was optimistic despite muted advances growth on QoQ basis. For deposits, the Bank's MD & CEO has given a guidance of growth of 14-15 percent in FY24.
- 18) The Bank's exposure to combined AAA, AA, A rated accounts stood at 59.05 percent of the Total eligible exposure for external rating in Q1FY24. On an analyst's query about the increase in BB & below rated accounts, ED Shri. Asheesh Pandey informed that there were some good opportunity in some hospital & other accounts even though the external rating were low but they were good accounts.
- 19) The Bank's total deposits witnessed a QoQ growth of 4.39 percent and registered a growth 24.73 percent on YoY basis to Rs. 2,44,365 Crore in Q1FY24 as against Rs. 2,34,083 Crore in Q4FY23.



- 20) CASA share in total deposits stood at 50.97 percent in Q1FY24 as against 53.38 percent in Q4FY23. As the CASA ratio looks lower on QoQ basis due to increase in Total Deposits, the Bank's management clarified that the jump in total deposits is not by bulk deposits and is through short term Certificate of deposits (CDs) by time deposits and the cost of deposits increased only by 10 bps. As per the past discussion, it may be noted that the Bank enjoys good relationship with various state governments for salary accounts which also presents cross selling opportunity for the Bank.
- 21) Sequentially C/D ratio stood at 71.78 percent in Q1FY24 as against 74.81 percent in Q4FY23.
- 22) In terms of asset quality, the Bank's Gross NPA ratio improved to 2.28 percent in Q1FY24 (3.74 percent in Q1FY23) as against 2.47 percent in Q4FY23. According to the Bank's management, the Bank will try to bring down Gross NPA below 2.00 percent. Net NPA ratio stood at 0.24 percent in Q1FY24 (0.88 percent in Q1FY23) as against 0.25 percent in Q4FY23.
- 23) Fresh slippages were controlled at Rs. 538 Crore in Q1FY24 as against Rs. 549 Crore in Q4FY23. Slippage ratio improved to 1.26 percent in Q1FY24 as against 1.44 percent in Q4FY23. The Bank expects slippages to be in the range of Rs. 500 - 600 Crore per quarter in FY24.
- 24) Provision Coverage ratio (PCR) improved to 98.37 percent in Q1FY24 (95.04 percent in Q1FY23) as against 98.28 percent in Q4FY23. The Bank's management clarified that provisioning is not required for legacy. Going forward, the Bank will need to provide for the slippages during the quarters in FY24 and the provisions for slippages in FY24 would be around Rs. 2,000-2,500 Crore. The Bank has provided Rs. 250 Crore as Provision for Standard Assets in anticipation of ECL provision. According to the Bank's management, the Bank will need to provide Rs. 2000 -2,500 Crore to meet the ECL norms over a 5 year period. The Bank continues to hold COVID-19 related provision of Rs. 1,200 Crore as contingency provision as on Q1FY24, which can also be used for ECL provision whenever becomes applicable.
- 25) Credit cost has improved to 1.23 percent in Q1FY24 as against 1.25 percent in Q4FY23. The Bank's management has given a credit cost guidance of around 1 percent for FY24 and as per IRAC norms it is below 0.50 percent.
- 26) Recovery + Upgradation stood at Rs. 273 Crore in Q1FY24 as against Rs. 433 Crore in Q4FY23. On an analyst query, with regards to recovery from written accounts, the Bank's Executive Director Mr. A.B. Vijayakumar had earlier said that the bank expects a recovery of 5-7 percent in FY24 from Written off accounts.
- 27) In the past discussions, with regards to NARCL, the Bank's management was of the view that NARCL account list is dynamic and it had shortlisted accounts worth around Rs. 2,400 Crore as on Q4FY23 (after deletion and addition of some accounts).
- 28) Total restructured standard assets stood at Rs. 3,702 Crore in Q1FY24 (Retail: Rs. 1,793 Crore, Agriculture: Rs. 249 Crore, MSME: Rs. 768 Crore, Corporate: Rs. 892 Crore) as against Rs. 4,188 Crore in Q4FY23 (Retail: Rs. 1,863 Crore, Agriculture: Rs. 303 Crore, MSME: Rs. 1,114 Crore, Corporate: Rs. 908 Crore).
- 29) On an analyst query with regards to ECGLS, the Bank's management was of the view that the portfolio is doing well and no major risk is observed. The portfolio has controlled MSME slippages. The Bank's management said that few accounts have slipped in routine course of business.
- 30) The Bank's Capital adequacy ratio stood at 18.07 percent (CET 1 Ratio: 12.85%) in Q1FY24 as against 18.14 percent (CET 1 Ratio: 12.66%) in Q4FY23.
- 31) The Bank has successfully completed QIP in Q1FY24 and raised Rs. 1000 Crore. As a result, the Government of India (GOI) holding has reduced from 90.97% to 86.46% in Q1FY24.



32) The Bank's Return on Assets (ROA) improved to 1.33 percent (annualized) in Q1FY24 as against 1.32 percent (annualised) in Q4FY23. The Bank has given RoA guidance of 1.3 – 1.4 percent for FY24.

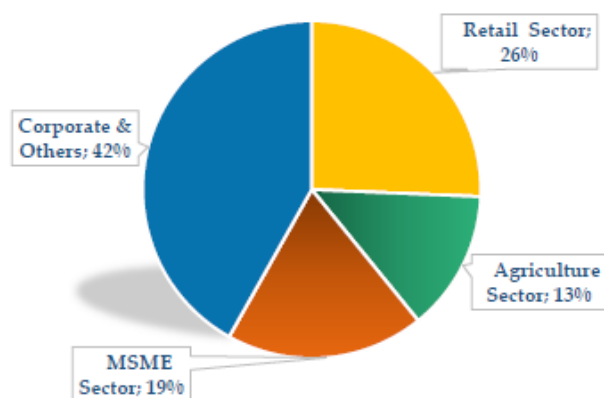
Ajcon Global's view

- 1) The Bank has delivered strong overall performance in Q1FY23 on YoY basis with strong credit growth, good NII, Operating profit growth, one of the most efficient PSU Bank's with Cost/Income ratio of 37.23 percent as on Q1FY24, impressive CASA share in total deposits which stood at 50.97 percent, further improvement in asset quality with Gross NPAs at 2.28 percent and Net NPAs at 0.24 percent, well provided for Stressed Book (PCR further improved to 98.37 percent), strong capital adequacy, consistent improvement in RoE and RoA. However, on QoQ basis Advances & Operating Profit growth was flat.
- 2) We like the fact that the Management is focusing on Robotic Process Automation which will further improve its Cost/Income ratio. The Bank's focus on Machine Learning to cross sell products will augur well in the long run.
- 3) The Bank is consistently achieving / surpassing its previous guidance/targets on all the major fronts and seems confident in achieving high credit growth and good recovery in FY24. The Bank's treasury performance is also expected to be good and was evident in this quarter too.
- 4) What impresses us the most in case of BOM is the active involvement & participation of the Bank's MD & CEO Shri. A.S. Rajeev along with both the EDs Shri. A.B. Vijayakumar ED Shri. Asheesh Pandey and other top management team in the deliberations which reflects a lot of confidence.
- 5) We believe that the Bank is set to reach the next level as it is slated to cross Rs. 5 Lakh Crore business in FY24.

Credit portfolio - Balanced Loan Growth

Particulars	Q1FY24	Q4FY23	QoQ (%)	Q1FY23	YoY (%)
Gross Advances	1,75,676	1,75,120	0.32	1,40,561	24.63
<i>Of which</i>					
Retail sector	44,952	43,433	3.50	36,117	24.46
Agriculture sector	23,637	23,400	1.01	19,336	22.24
MSME sector	33,740	33,244	1.49	26,121	27.27
Total of RAM	1,02,329	1,00,076	2.25	81,574	24.83
RAM % to Gross Advances	58.25	57.15		58.03	
Corporate & Others	73,347	75,044	(2.26)	58,986	24.35

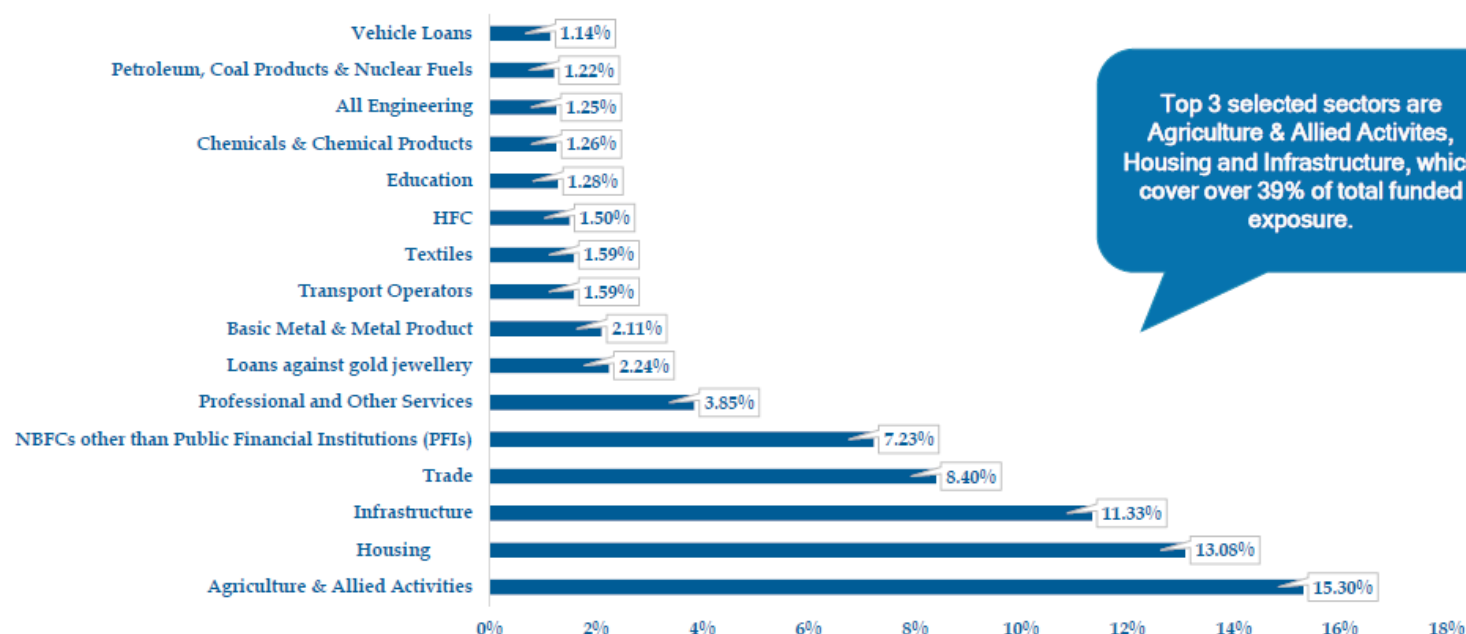
% share in Gross Advances as on Q1FY24



% Share of Gross Advances, as on 30th June, 2023

Source: Bank of Maharashtra Q1FY24 Investor presentation

Funded exposure to selected sectors & industries with total exposure (more than 1%) - June` 23



Source: Bank of Maharashtra Q1FY24 Investor presentation



Credit and Deposit growth

The Bank is expecting advances growth in the range of 20% to 22% and deposits growth in the range of 14% to 15%.

In the past discussions, the Bank's management was of the view that it had identified 15 clusters with special focus on mid corporate and the corporate finance branches targeting businesses location-wise like Morbi for the Tiles business, for textiles, Bhilwara, Tirupur, Coimbatore, Ichalkaranji etc. According to the Bank's management, Rs.300 to 400 Crore business can be generated through the clusters at each location.

The Bank is targeting for a business of Rs. 5,00,000 Crore up to March '24.

Exposure to NBFC and Co-Lending

The Bank is continuously assessing its sanction exposure and based on that it is taking decisions as and when required and are taking exposure in the top rated NBFCs only with the focus of having good return also which is prime sir. The Bank's NBFC book is approximately Rs. 10,000 Crore as on Q1FY24.

Regarding co-lending, after having gained experience, the Bank is expected to witness good growth in co-lending and is working on that front along with digitalization of that co-lending process. A co-lending model helps traditional banks to give out higher amounts of funds using the Fintech working model for a greater digital reach. While banks have the funds, NBFCs have the reach. A co-lending model thus proves to be symbiotic for both. The Co-lending portfolio as on Q1FY24 stood at Rs. 371 Crore in Q1FY24 (of which Retail stood at Rs. 13 Crore) as against Rs. 147 Crore in Q1FY23.

The Bank has partnered with four NBFCs under MSME co-lending model. The Bank has collaborated with LoanTap, LendingKart, MAS Financial Services etc. for MSME financing under Co-Lending model. The Bank is in discussion with some 10 more NBFCs to take up the co-lending agreements with them. The Bank is also finalizing the rates or terms and conditions with all these people.

The Bank is also optimistic about funding to NBFCs for on-lending to SMEs. This is a good model to expand its MSME portfolio with lower delinquency ratio.

Bank is lending to good rated NBFC on case to case basis, Bank is having internal ceiling for Exposure to NBFC, while lending to NBFC, Bank adheres exposure ceiling as prescribed in loan policy of the Bank.

Gold Loan book

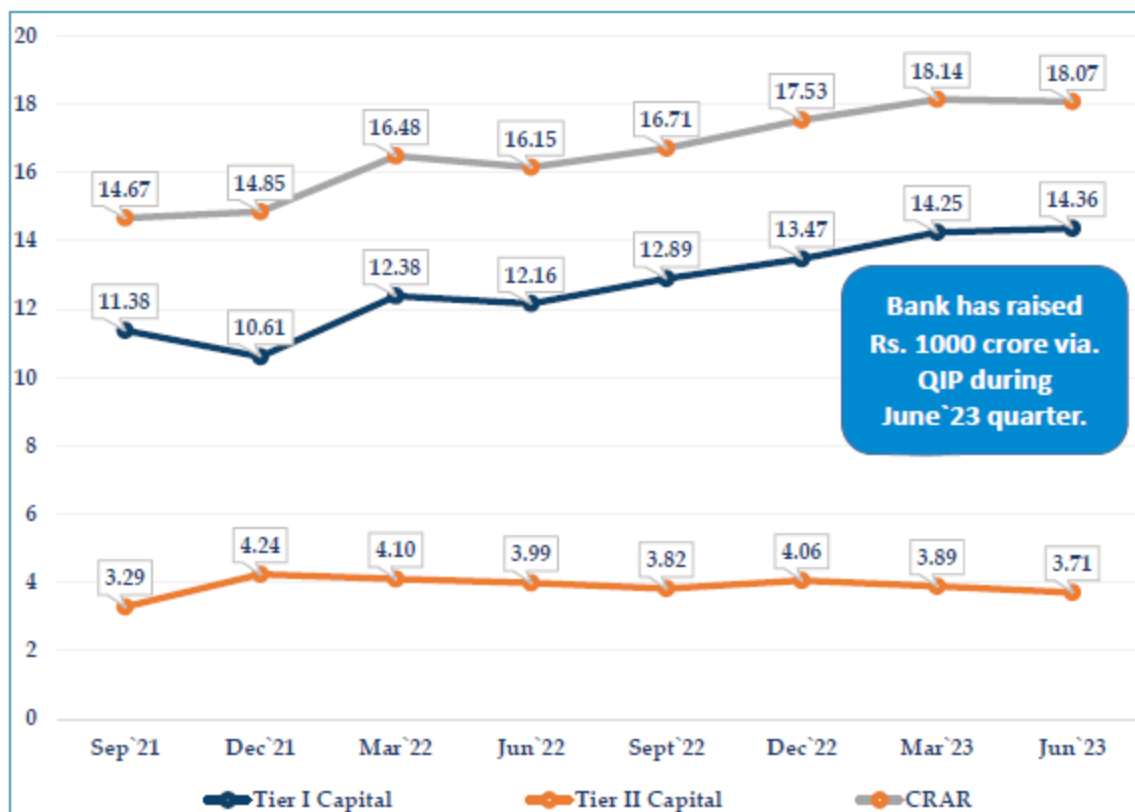
The total gold loan portfolio of the bank is around Rs. 7,000 Crore and the Bank has kept a very competitive pricing for the gold loan because the risk weight is zero. This comprises both on the retail side segment also and the agriculture segment also.

ECLGS Portfolio

In the ECLGS portfolio, the Bank had originally sanctions of around Rs. 3,200 crore when the scheme came in 2020 onwards. The Bank's observation on the ECLGS portfolio is that the portfolio is doing well and no major risk is observed till date. The Bank's SMA numbers and even the delinquencies also is not very high in the MSME sector also. Two years back, it was slightly on the higher side, but for the last one year more or less, the Bank has controlled that MSME slippages also. The Bank does not find any risk on the ECLGS portfolio. According to the Bank's management, as the pricing was lower rate of interest, the customer has not defaulted on that large list. Few accounts have slipped in a routine course but no major risk in the ECLGS portfolio.

Capital Adequacy

Capital Adequacy (%)



Source: Bank of Maharashtra Q1FY24 Investor presentation

Capital Adequacy Ratio CRAR (Basel III) - improved to 18.07% in Q1FY24 as against 14.36% for Q1FY23. CRAR has come down on QoQ basis mainly because of the operational risk weighted assets which increased by around INR 2,200 crore for the current quarter, which is the computation based upon the average of three years operational risk and increase in operating profit.

NPA management

The Bank has set up "Asset Recovery Cells (ARC)" at all zonal offices to ensure focused efforts for upgradation and NPA recovery.

- 1) Thirteen Asset Recovery Branches (ARBs) have also been set up across the Bank's Zones for large NPA accounts, more particularly where legal actions are in progress so as to make focused follow up.
- 2) Further, Bank has established Stressed Assets Management Vertical by way of a separate department at Head Office under which Bank has started 4 (four) Stressed Assets Management (SAM) branches in Delhi, Mumbai, Hyderabad and Pune, where NPAs with balance of Rs.5 crore and above are monitored. Focused follow up is undertaken to improve NPA recovery.
- 3) The Loan Tracking Cell has been established where Bank undertakes telephonic follow up on daily basis with borrowers of stressed accounts / slippages and repayment of overdues is insisted. This will result in improving recovery and upgradation of NPAs.



- 4) The Bank has also set up separate Cells at its Head Office for identification of Wilful Defaulters, gearing up the actions under DRT / SARFAESI Acts.
- 5) Bank has been implementing Suo Motu nondiscriminatory and non-discretionary One Time Settlement (OTS) Schemes. Monitoring of the performance under the schemes is undertaken from Recovery Department, Head Office on daily basis. During FY 2022-23 the Bank introduced following such OTS schemes:
- a) Maha Sahyog 2022-23 - Scheme for the settlement of NPA accounts in Sub Standard (for Agri Loans only), Doubtful-I, Doubtful-II, Doubtful-III, Loss, TWO and RWO accounts having Ledger Balance up to Rs.1.00 crore as of 31.03.2022. This scheme is effective from 01.06.2022.
- b) Maha Sandhi 2022-23 - Scheme for the settlement of NPA accounts in Doubtful-I, Doubtful-II, Doubtful-III, Loss, TWO and RWO accounts having Ledger Balance above Rs.1.00 crore and up to 50.00 crore as of 31.03.2022 and effective from 01.06.2022.
- c) Maha Samvedna 2022-23 - Scheme for the settlement of NPA accounts in Sub Standard, Doubtful-I, Doubtful-II, Doubtful-III, Loss and TWO accounts having Customer Ledger Balance upto Rs. 50.00 Lakhs where Individual Borrower/ Co-Borrower/ Proprietor is deceased. This scheme is effective from 01.06.2022. Bank has also made intensive follow up with the defaulting borrowers through visits, letters, notices, Recovery Camps, Lok Adalats, Mahabank Adalats, actions under SARFAESI/ DRT Act. Services of Recovery Agents / Resolution Agents are engaged so as to have an early resolution. The Bank has also initiated action under the provisions of the Insolvency & Bankruptcy Code 2016 against various large NPA borrowers.

Movement of NPA (Rs. in Crore)

Particulars	Q1FY24	Q4FY23	Q3FY23	Q2FY23	Q1FY23
Opening level of Gross NPAs	4,334	4,612	5,039	5,259	5,327
Total Reductions	872	833	1,006	880	798
Of which: Recovery + Upgradation	273	433	419	418	388
Gross Addition	545	555	579	659	730
Of which: Variable	6	6	7	65	33
Fresh slippages	538	549	572	594	697
Net Increase/(Decrease)	(327)	(278)	(427)	(221)	(68)
Closing level off Gross NPAs	4,007	4,334	4,612	5,039	5,259

Source: Bank of Maharashtra Q1FY24 Investor presentation

Particulars	FY23	FY22	FY21	FY20	FY19	FY18
Opening level of Gross NPAs	5,327	7,780	12,152	15,324	18,433	17,189
Total Reductions	2,623	4,635	6,575	7,213	7,413	4,490
Of which: Recovery + Upgradation	1,132	1,517	1,644	1,515	2,286	2,030
Gross Addition	1,630	2,182	2,202	4,041	4,304	5,735
Of which: Variable	20	133	65	49	131	591
Fresh slippages	1,610	2,049	2,138	3,991	4,173	5,144
Net Increase/(Decrease)	(993)	(2,452)	(4,372)	(3,172)	(3,109)	1,245
Closing level off Gross NPAs	4,334	5,327	7,780	12,152	15,324	18,433

Source: Bank of Maharashtra Q4FY23 Investor presentation

Improved Asset Quality backed by High PCR (Rs. in Crore)

Particulars	Q1FY24	% of GA	Q4FY23	% of GA	Q3FY23	% of GA	Q2FY23	% of GA	Q1FY23	% of GA
Standard	1,71,669	97.72	1,70,786	97.53	1,52,350	97.06	1,43,177	96.60	1,35,301	96.26
Sub-Standard	1,157	0.66	1,467	0.84	1,629	1.04	1,787	1.21	1,940	1.38
Doubtful	2,684	1.53	2,692	1.54	2,804	1.79	2,951	1.99	3,095	2.20
Loss	166	0.09	175	0.10	180	0.11	301	0.20	224	0.16
Total Advances	1,75,676	100	1,75,120	100	1,56,962	100	1,48,216	100	1,40,561	

Note: GA denotes - Gross Advances

Special Mention Account * Rs.. 1 Crore and above

Particulars	Q1FY24	% GA	Q4FY23	% GA	Q3FY23	% of GA	Q2FY23	% of GA	Q1FY23	% of GA
SMA1	743	0.42	504	0.29	316	0.20	371	0.25	339	0.24
SMA2	529	0.30	289	0.17	329	0.21	323	0.22	230	0.16
Total	1,272	0.72	793	0.45	646	0.41	694	0.47	569	0.40

Note: GA denotes - Gross Advances

Restructuring of Standard Advances

Particulars	Q1FY24	Q4FY23	Q3FY23	Q2FY23	Q1FY23
Retail - As on date	1,793	1,863	2,071	2,119	2,181
Agriculture - As on date	249	303	310	348	319
MSME - As on date	768	1,114	1,285	1,582	1,818
Corporate - As on date	892	908	1,024	796	625
Total	3,702	4,188	4,691	4,845	4,942

Source: Bank of Maharashtra Q1FY24 Investor presentation

Provisions

With regards to much talked ECL guidelines which have not come yet from RBI, according to the Management, the Bank is well placed for the ECL provision requirements even if ECL is implemented in the near future.

The Bank has made standard asset provision of Rs. 250 crore in anticipation of ECL provision. According to the Management, the Bank will continue to build up the provision to meet out the future challenges. A significant increase in the credit risk has been considered for calculation of ECL. Therefore, SMA-1 also requires the provisions, but that's calculation is slightly different from the SMA-2 and the restructured book. Restructured is considered as a stage three and SMA-2 is a stage one.

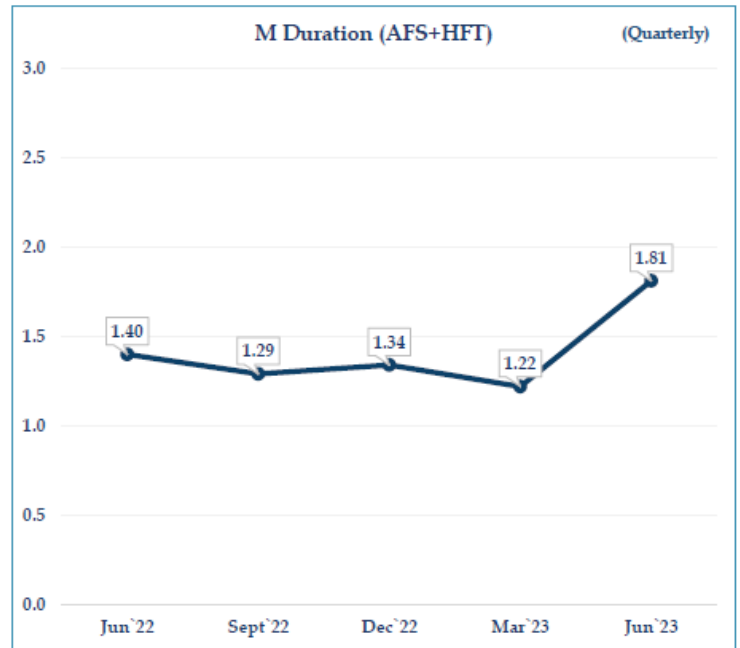
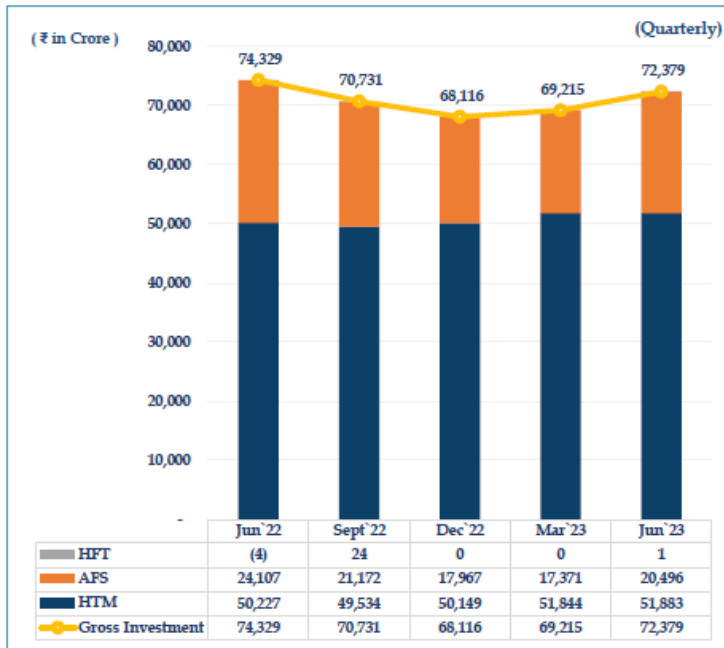
The Bank wants to keep its net NPA between in the range of 0.24% to 0.25% range and will continue to do so. As the Bank has already provided for the legacy; provision respectively will come down going forward.

The Bank holds cumulative Covid-19 provision of Rs. 1,200 crore as on Q1FY24 & will take appropriate decision in near future about utilizing the same. If it is not used for the purpose intended, the same will be part of profit & reserves.

In addition to the COVID-19 provision of Rs. 1,200 Crore, the Bank holds provision of Rs. 600 Crore for the restructured assets.

Investments - Treasury performance

Investments



Source: Bank of Maharashtra - Q1FY24 Investor presentation

According to the Bank's management, the short-term yield had gone up in Q1FY24 and it was almost touching the 10-year reset. The Bank has taken the advances and it has accumulated one to three years maturity papers. Going forward, at the time of softening, the Bank will be able to sell it and earn good profits.

Expanding footprints

The Bank has been continuously expanding its presence PAN India

Particulars	FY23	FY22	FY21	FY20	FY19
Metro	518	488	471	458	466
Urban	477	412	372	331	325
Semi Urban	602	511	461	428	426
Rural	606	611	660	616	615
Total Branches	2,203	2,022	1,964	1,833	1,832

Source: Bank of Maharashtra Q4FY23 Investor presentation

Opening of branches

- 1) The Bank was operating within the Maharashtra predominantly. More than 65% of its branches were operating within Maharashtra about three years before. Now, exactly 50% only operating Maharashtra. The Bank is consolidating and is improving its efficiency within the Maharashtra because it is the heart and soul of its bank. But at the same time, the Bank's eye is on to expand its business outside the Maharashtra, where it is getting a good response. In the last three years, the Bank has opened more than 430 branches, out of which more than 95% is outside the state and which gives



a lot of business. In fact, 15% of the business came from those numbers. Rs. 45,000 Crore business came from these 430 branches opened.

- 2) According to the Bank's management, ideally, the Bank wants to have at least one branch in each district. The Bank opened 12 new zones when it opened 430 branches across the country and one exclusive zone in Northeast in Guwahati with 25 plus branches out there.

Technology & Digital initiatives

- 1) The Bank is on a progressive path, and digitization is considered as a key driver of the growth. The Bank is implementing new age technology like Artificial Intelligence (AI), Machine Learning (ML) and Robotic Process Automation (RPA) among others to augur "Ease of Doing Business" for the customer as well as staff". The Bank is ready to transcend into next-gen banking i.e. taking care of its esteemed customers with end to end digitization & fulfilling their needs with our array of digital products and services. Collaborations & Technology are going to pave the bank's way forward."
- 2) The Bank is giving importance to Robotic Process Automation (RPA) which will involve automation of critical and highly repetitive Banking processes and also enable reallocation of resources to higher value work efforts to drive better efficiency in the organization. This will facilitate Task Completion without manual intervention or minimal manual supervision. The Bank's implementation of robotic process automation will automate more than 25 to 30 processes which would be live by the next quarter. In FY24, the Bank envisages that it will be crossing almost more than 60 processes, and mostly on the reconciliation and the customer journey side.
- 3) All its RFPs which are happening are concluded. On the control function side, the entire audit software package it is concluding and the multi-function kiosk and various other alternative machines, the bank has already concluded those sort of RFPs.
- 4) The Bank has on boarded BCG for its digital transformation as its consultant, in which there are three pillars. One is the digital journeys, second is the digital operations, and the third is the digital compliance. The consultant will also assist in digital compliance so that the compliance is inbuilt in the journey itself.
- 5) As part of its multipronged digital transformation strategy which encompasses both customer facing products, platforms and services and the Bank's backend operations, the Bank undertook a series of technological initiatives during FY23 which are as follows:
 - a) The Bank launched Video KYC which enables customers to open bank accounts digitally from the comforts of their home or offices without meeting the bank's employees or visiting a branch.
 - b) A new version of the Bank's existing Mobile Banking Application with a state-of-the-art user interface and enhanced user experience was released during the year.
 - c) The Bank launched the Suvidha portal which is an automated DCSS (Deceased Claim Settlement System) to simplify the claim settlement process for the family members of the deceased.
 - d) The Bank is increasingly deploying software robotics to automate various manual operations with a view to enhance operational efficiency and improve customer response time. During the year, we launched 3 Robotic Processes to automate tasks like Corporate Internet Banking User Creation, Hypothecation Search of Car Loan at VAHAN portal and searching of defaulter lists across all eligible platforms.
 - e) A unique mobile app called ARJUN (Automated Remote Junction for Monitoring of Assets Under Stress) was launched to provide an integrated dashboard for managing stressed assets.

- f) The Bank's private Cloud Nakshatra which provides high-performance digital infrastructure for hosting the Bank's applications was unveiled.
- g) The Bank launched Kavach – a state-of-the-art programme to enhance the Bank's security architecture.

Leadership



Shri. A.S. Rajeev Managing Director & Chief Executive Officer

Shri. A.S. Rajeev is a qualified Chartered Accountant having over three decades of professional banking experience in three Banks, viz., Syndicate Bank, Vijaya Bank and Indian Bank. Prior to this, he was Executive Director of Indian Bank from 22/10/2016 to 30/11/2018.

He has vast exposure and expertise in all important areas of banking including Corporate Credit, International Banking, Treasury, Risk Management, Credit Monitoring & Supervision, NPA Management etc.



Shri. A.B. Vijayakumar, Executive Director

Shri.Vijayakumar has rich banking experience spanning over three decades across various functional areas like Large Corporate, Retail Banking, Priority sector, Forex Operations, Compliance etc. He started his career from Bank of India and rose to the level of General Manager in the year 2018. Before joining Bank of Maharashtra he worked as the Chief Vigilance officer at Indian Overseas Bank.

Shri.Vijayakumar, a graduate in Commerce & Law and a Certified Associate of Indian Institute of Bankers (CAIIB) holds many coveted professional qualification.



Shri.Asheesh Pandey, Executive Director

Shri. Asheesh Pandey has a professional career spanning more than 25 years. Prior to joining Bank of Maharashtra, he was Chief General Manager and Chief Operations Officer at Union Bank of India and has handled a diversified portfolio ranging from Credit, Credit Monitoring, Treasury & Merchant Banking, Foreign transactions and Joint Ventures, Marketing and customer relationships and Banking operations etc.

Shri.Pandey is a Mechanical Engineer (Hons) with Post Graduation in Management (Hons) with specialisation in Finance & Marketing. He is Certified Associate of Indian Institute of Bankers.

Peer comparison with other PSU Banks – Q1FY24 (Rs. in Crore)

Particulars	Bank of Maharashtra	Central Bank of India	Indian Overseas Bank	UCO Bank	Punjab & Sind Bank
CMP (Rs.) as on August 17, 2023	38.60	34.50	31.00	30.30	34.40
FV (Rs.)	10	10	10	10	10
Book value per share as on Q1FY24(Rs.)	21.78	29.81	8.01	12.59	10.64
P/BV (x)	1.77	1.16	3.87	2.41	3.23
Market Cap. as on August 17, 2023 (Rs. in Crore)	27,334	29,949	58,597	36,227	23,316
Gross advances (Rs. in Crore)	1,75,676	2,19,863	1,91,263	1,64,278	80,314
Total Deposits (Rs. in Crore)	2,44,365	3,63,398	2,64,401	2,49,694	1,14,211
CASA (%)	50.97	49.76	44.14	38.10	31.69
C/D ratio (%)	71.89	60.75	72.34	65.79	70.32
NIM (%)	3.86	3.51	3.21	2.86	2.63
Operating profit – Q1FY24 (Rs. in Crore)	1,863	1,838	1,345	1,202	257
Cost/Income ratio (%)	37.23	56.35	56.96	54.49	71.91
Profit after tax - Q1FY24 (Rs. in Crore)	882	571	500	223	153
Gross NPA (%)	2.28	8.44	7.13	4.48	6.80
Net NPA (%)	0.24	1.77	1.44	1.18	1.95
Provision Coverage Ratio (%)	98.37	92.23	94.03	94.88	88.58
Credit cost	1.23	0.45#		0.97	0.08
CRAR (%)	18.07	14.42	16.56	16.85	17.19
RoE (%)	23.73#	1.63	13.44	7.04#	8.72
RoA (%)	1.33#	0.44	0.62	0.28#	0.43

Source: Q1FY24 Investor Presentation of respective Banks, Q1FY24 result and press release of respective Banks, #denotes annualized,

Peer comparison with a few Private Banks – Q1FY24 (Rs. in Crore)

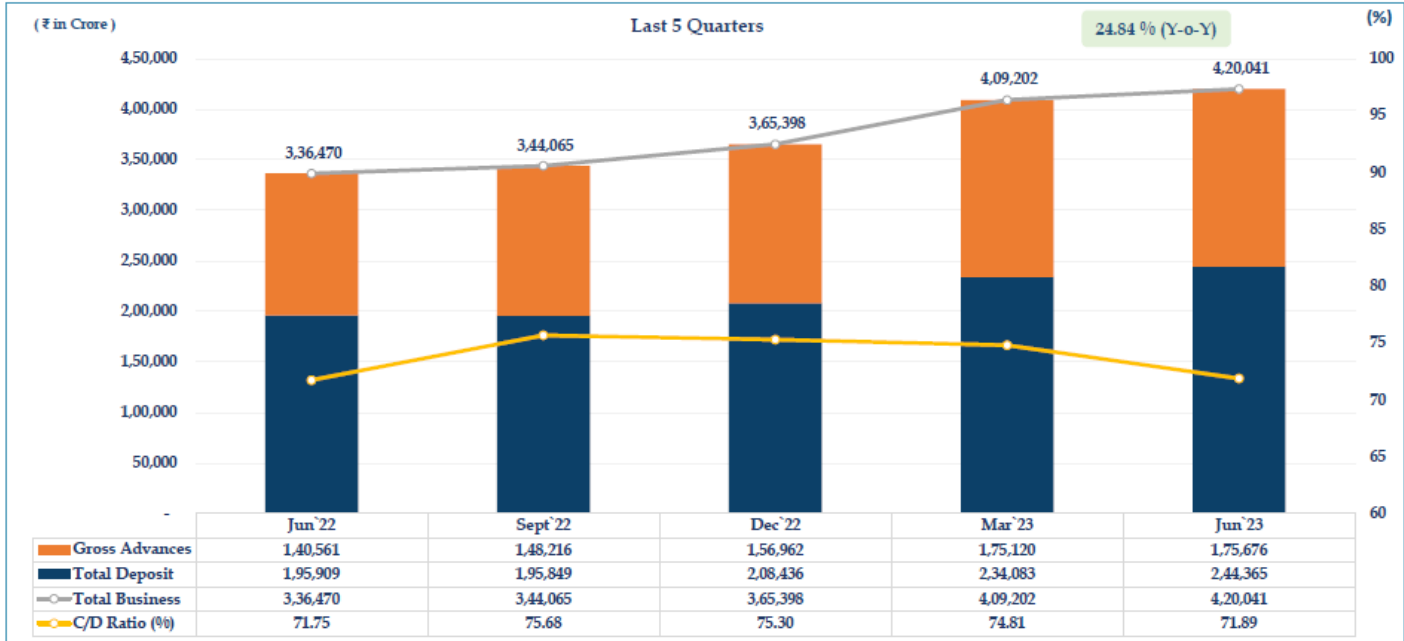
Particulars	Bank of Maharashtra	The Federal Bank	The South Indian Bank	The Karur Vysya Bank	DCB Bank	Tamilnad Merchantile Bank
CMP (Rs.) as on Aug 17, 2023	38.60	134.55	21.10	120	113.55	473
FV (Rs.)	10	2	1	2	10	10
Book value per share as on Q1FY24(Rs.)	21.78	105.04	32.90	108.92	149.36	454.03
P/BV (x)	1.77	1.28	0.64	1.10	0.76	1.04
Market Cap. as on August 17, 2023 (Rs. in Crore)	27,334	31,620	4,416	9,629	3,542	7,490
Gross advances (Rs. in Crore)	1,75,676	1,86,593	74,102	66,956	35,474	37,292
Total Deposits (Rs. in Crore)	2,44,365	2,22,496	95,499	80,715	43,009	47,008
CASA (%)	50.97	31.85	32.64	33.00	25.97	27.87
C/D ratio (%)	71.89	83.86	77.59	82.95	82.48	79.33
NIM (%)	3.86	3.15	3.34	4.19	3.83	
Operating profit – Q1FY24	1,863	1,302	490	648	209	380
Cost/Income ratio (%)	37.23	50.87	58.0	47.29	63.00	44.22
Profit after tax - Q1FY24 (Rs. in Crore)	882	854	202	359	127	261
Gross NPA (%)	2.28	2.38	5.13	1.99	3.26	1.56
Net NPA (%)	0.24	0.69	1.85	0.59	1.19	0.66
Provision Coverage Ratio (incl. TWO) (%)	98.37	70.02	76.54	93.41	77.07	90.49
Credit cost (%)	1.23	0.41	0.27		0.28	0.50
CRAR (%)	18.07	14.28	16.49	17.67	17.09	26.57
RoE (%)	23.73#	15.73#	11.80	16.05	11.81	14.80
RoA (%)	1.33#	1.30#	0.73	1.53	0.94	1.85

Q1FY24 Investor Presentation of respective Banks, Q1FY24 result and press release of respective Banks, #denotes annualized,

Bank of Maharashtra: Story in charts...

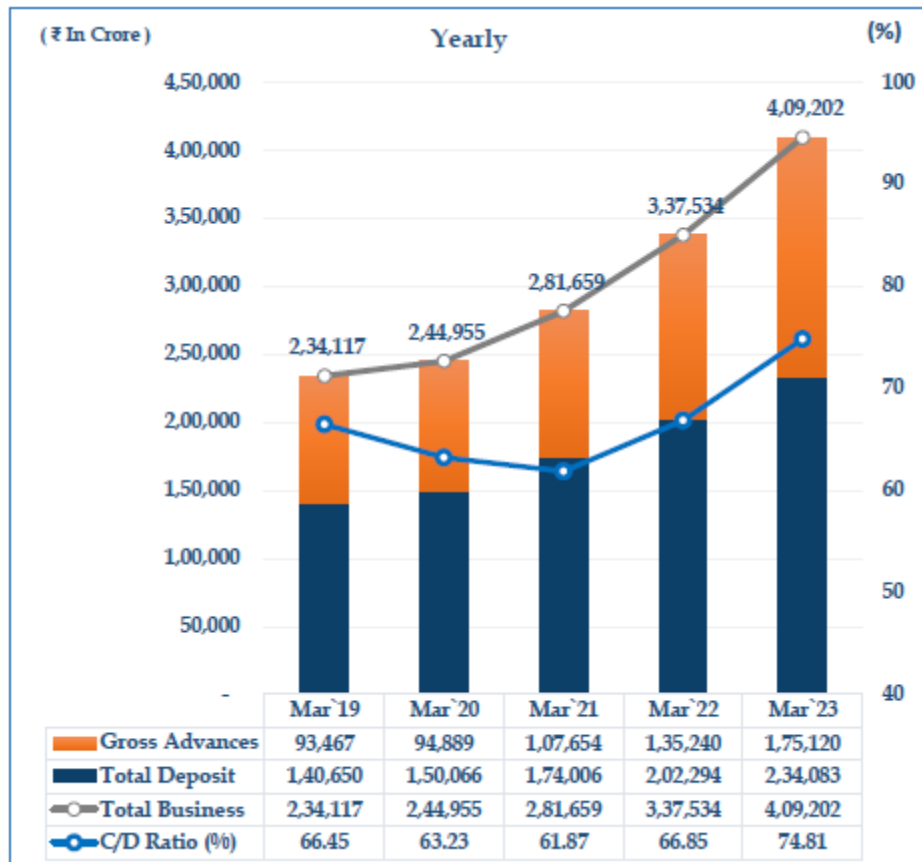
Total Business, Gross Advances and Deposits - Quarterly

Total Business



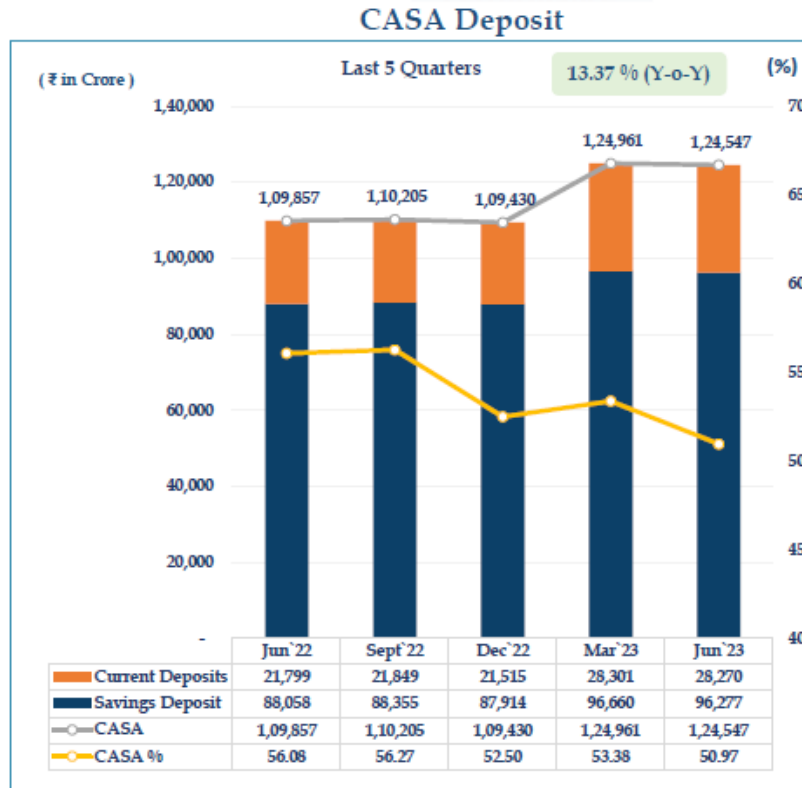
Source: Bank of Maharashtra – Q1FY24 Investor presentation

Total Business, Gross Advances and Deposits – Yearly



Source: Bank of Maharashtra Q4 FY23 Investor presentation

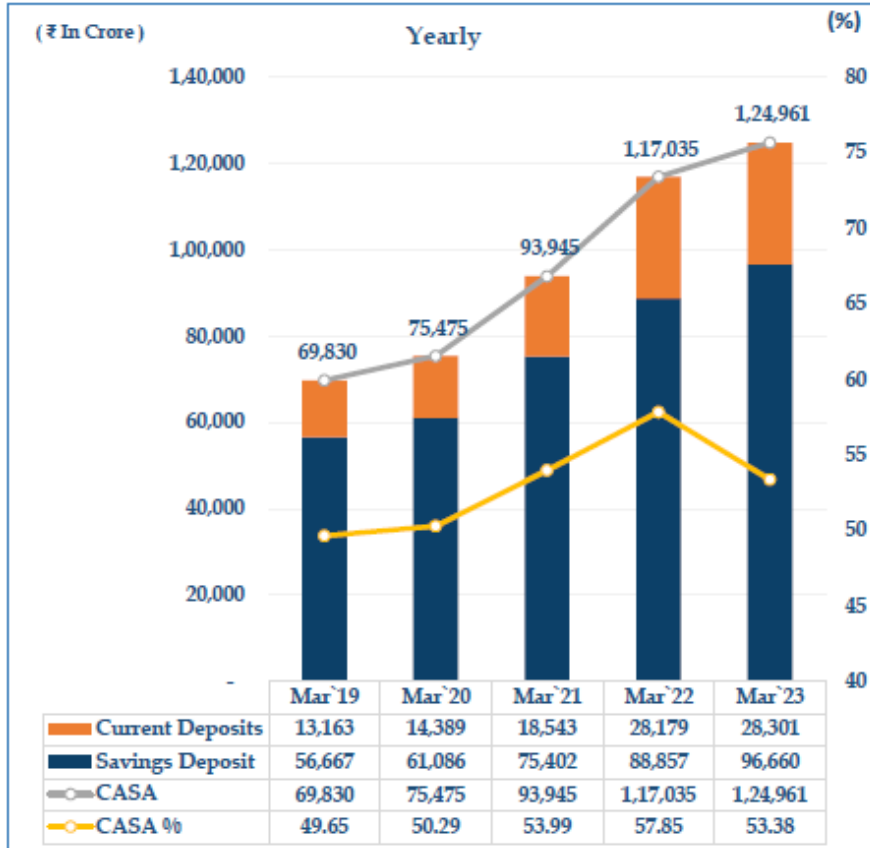
CASA deposits and CASA % (Quarterly)



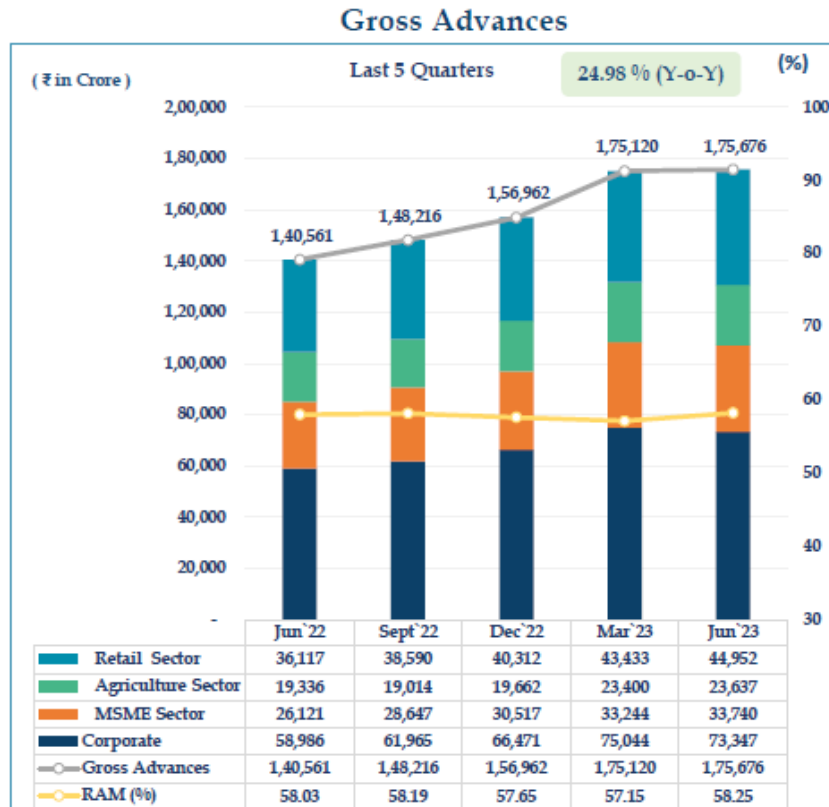
Source: Bank of Maharashtra Q1FY24 Investor presentation

CASA deposits and CASA % (Yearly)

Source: Bank of Maharashtra Q4FY23 Investor presentation

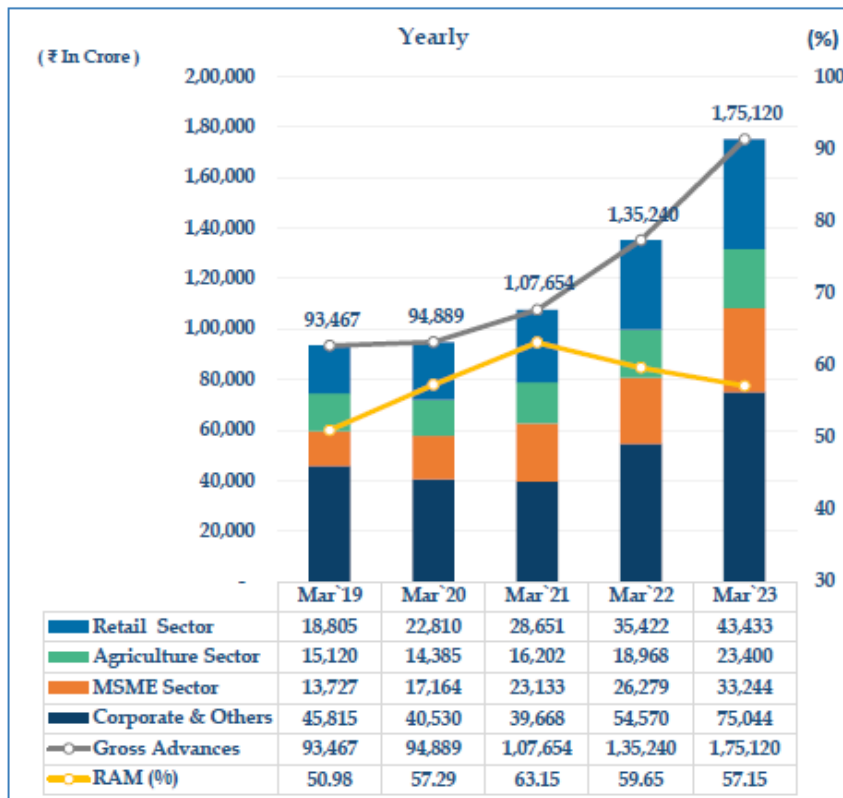


Gross Advances – Quarterly



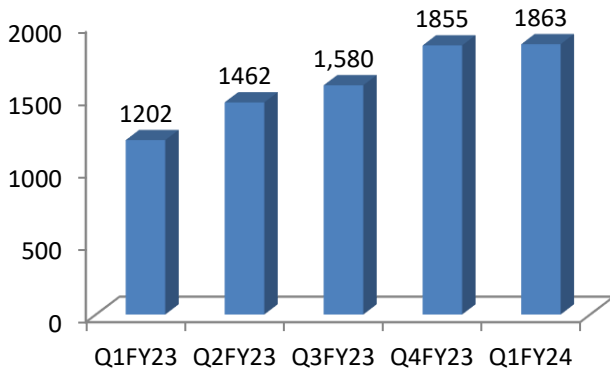
Source: Bank of Maharashtra Q1FY24 Investor presentation

Gross Advances - Last 5 years

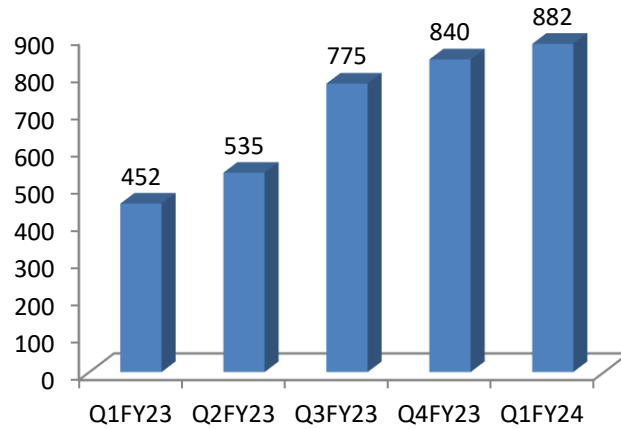


Source: Bank of Maharashtra Q4FY23 Investor presentation

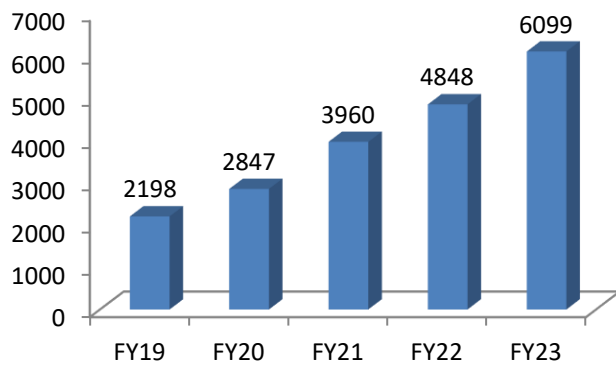
Operating profit (Rs. in Crore) - Quarterly



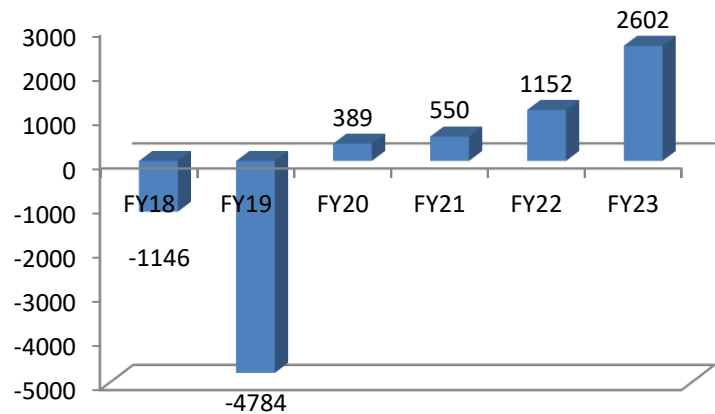
Net profit (Rs. in Crore) - Quarterly



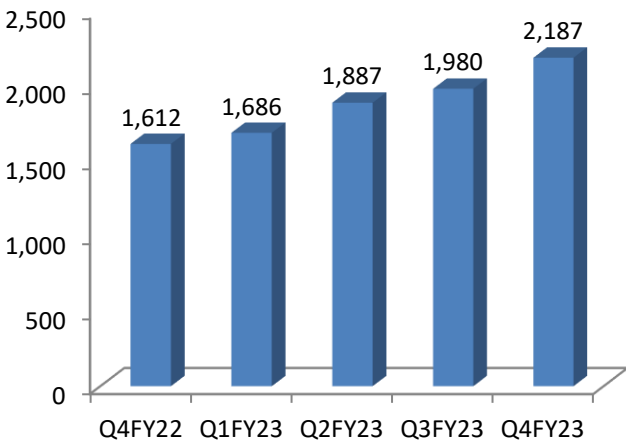
Operating profit - (Rs. in Crore) - Yearly



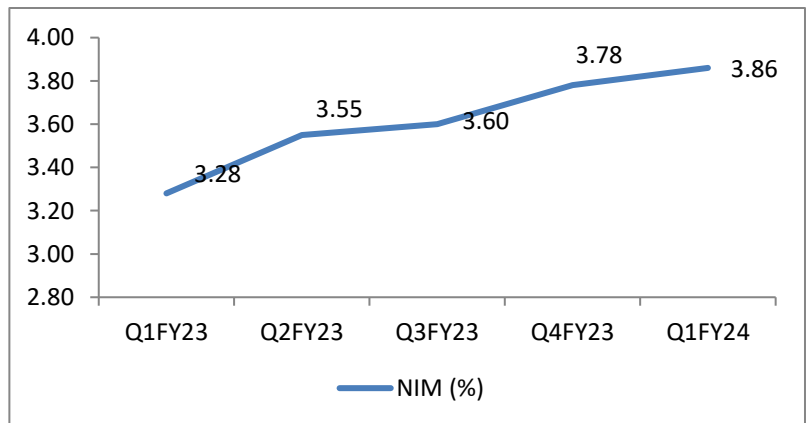
Net profit - (Rs. in Crore) - Yearly



Net Interest Income - Quarterly (Rs. in Crore)

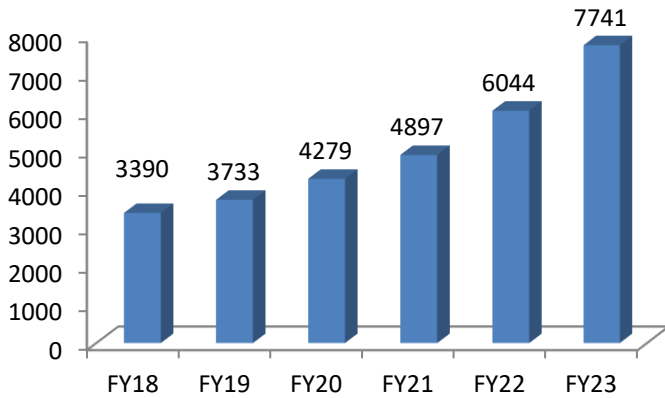


NIM (%) - Quarterly

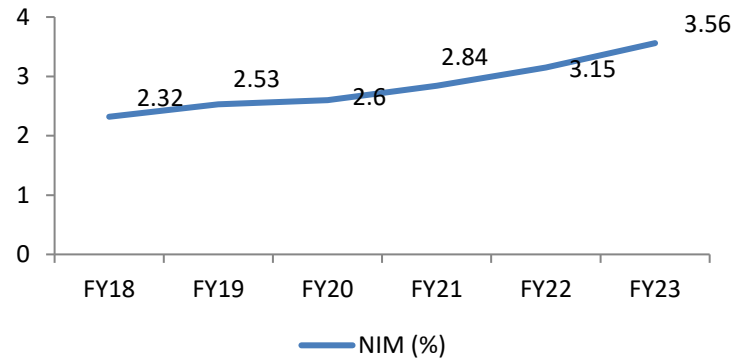


Source: Bank of Maharashtra Q4FY23 Investor presentation

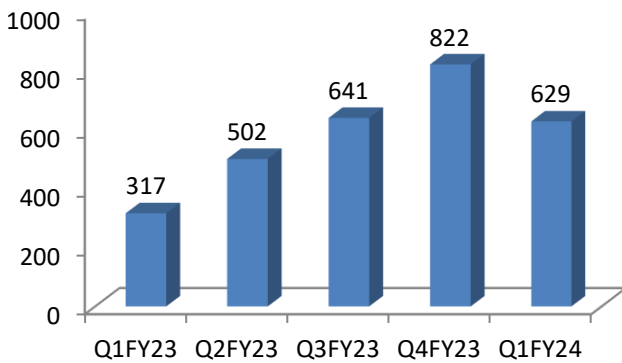
Net Interest Income - Yearly (Rs. in Crore)



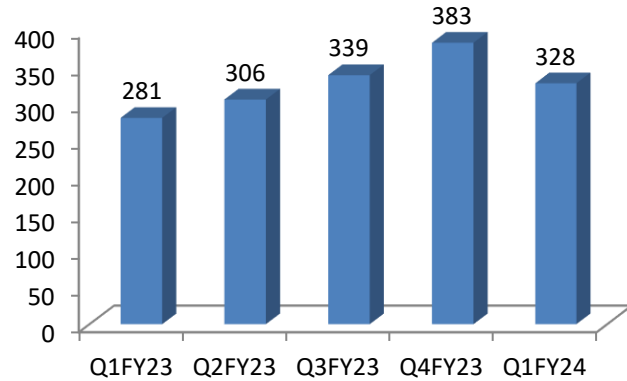
NIM - (%) - Yearly



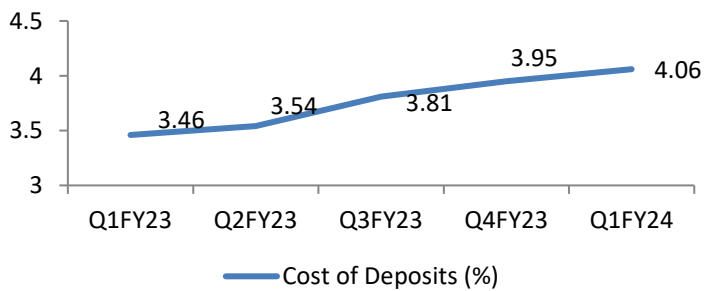
Non - Interest Income (Rs. in Crore) - Quarterly



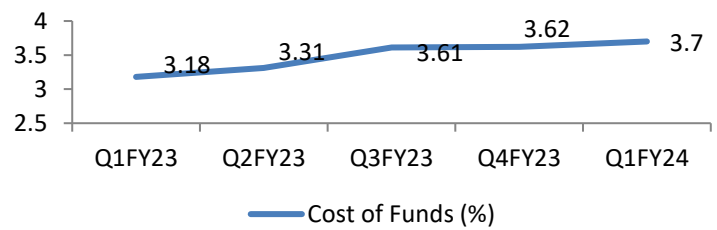
Fee based income (Rs. in Crore) - Quarterly



Cost of Deposits (%) - Quarterly

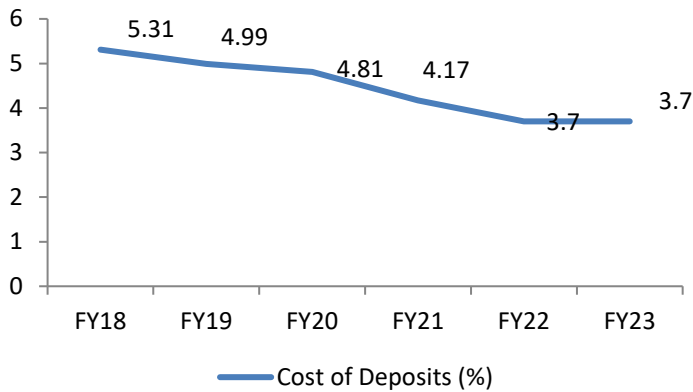


Cost of Funds (%) - Quarterly

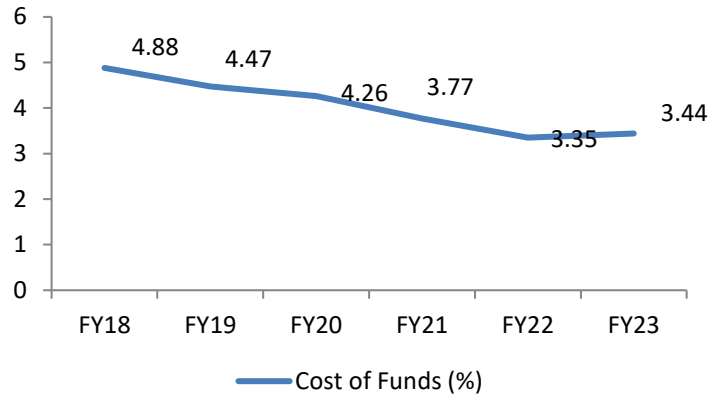


Source: Bank of Maharashtra Q1FY24 Investor presentation

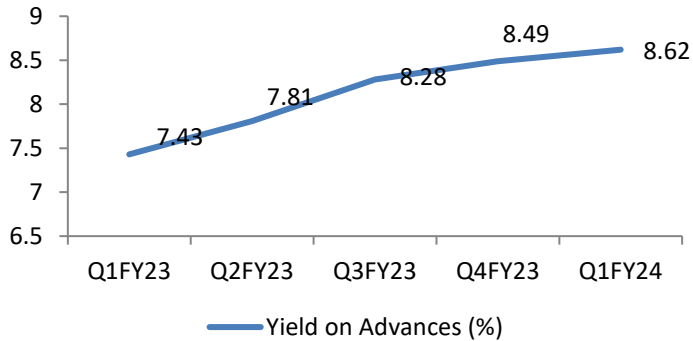
Cost of Deposits (%) - Yearly



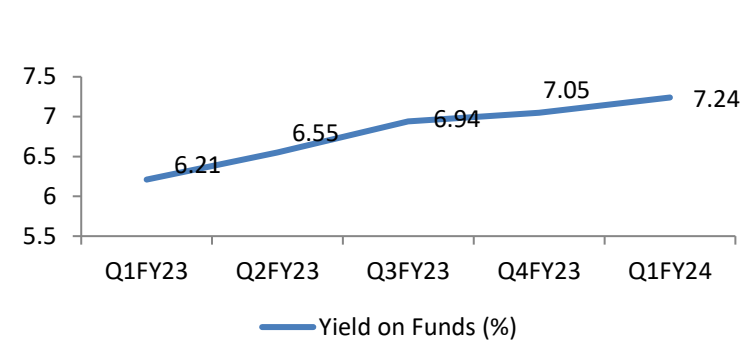
Cost of Funds (%) - Yearly



Yield on Advances (%) - Quarterly

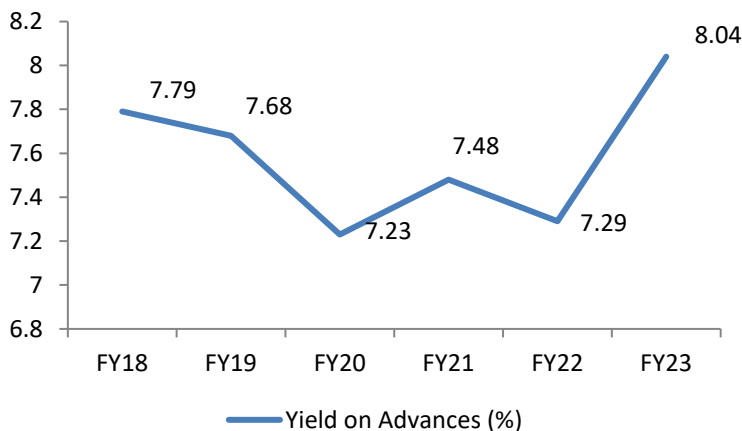


Yield on Funds (%) - Quarterly

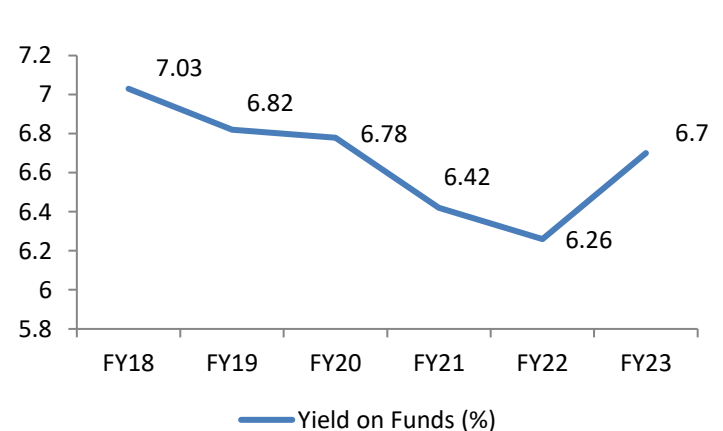


Source: Bank of Maharashtra Q4FY23& FY22Investor presentation

Yield on Advances (%) - Yearly

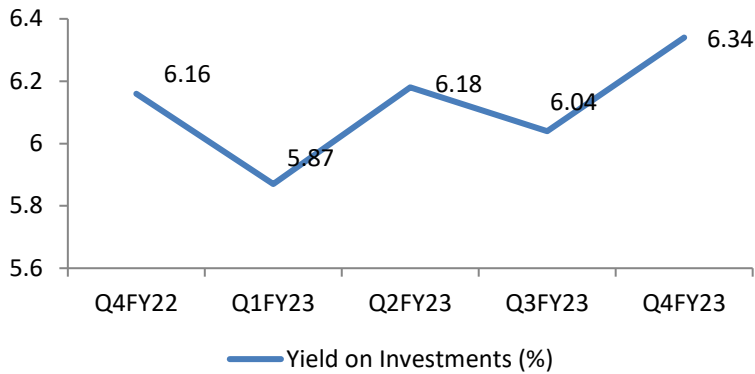


Yield on Funds (%) - Yearly

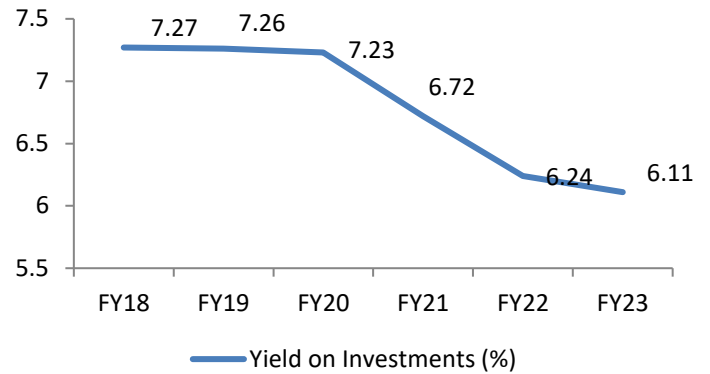


Source: Bank of Maharashtra - Q4FY23 Investor presentation

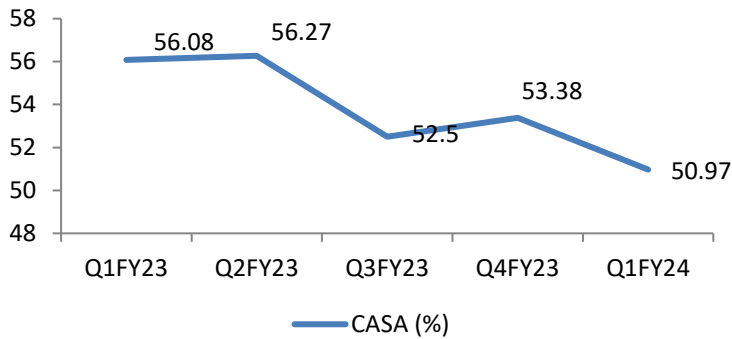
Yield on Investments (%) - Quarterly



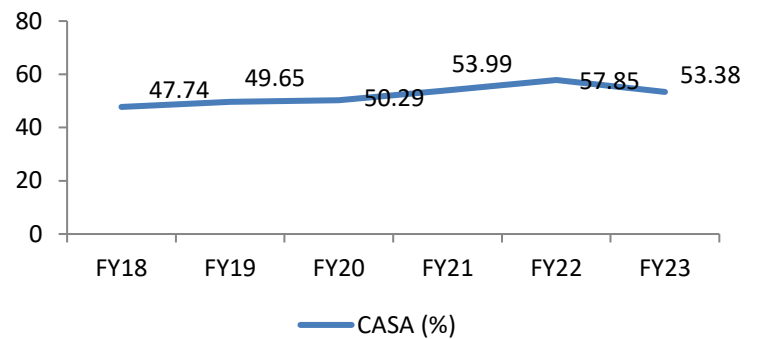
Yield on Investments (%) - Yearly



CASA (%) - Quarterly

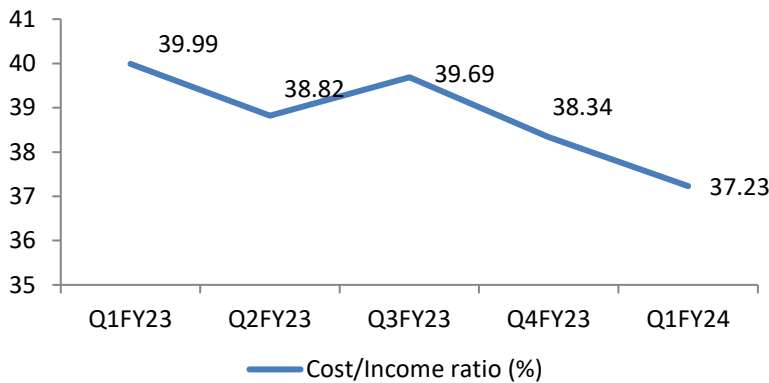


CASA (%) - Yearly

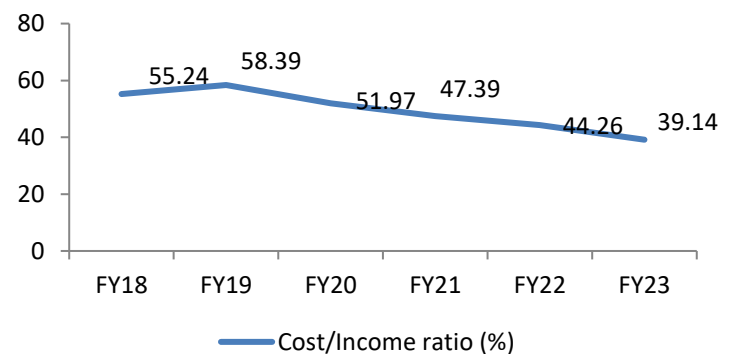


Source: Bank of Maharashtra Q1FY24 and Q4FY23 Investor presentation

Cost/Income ratio (%) - Quarterly

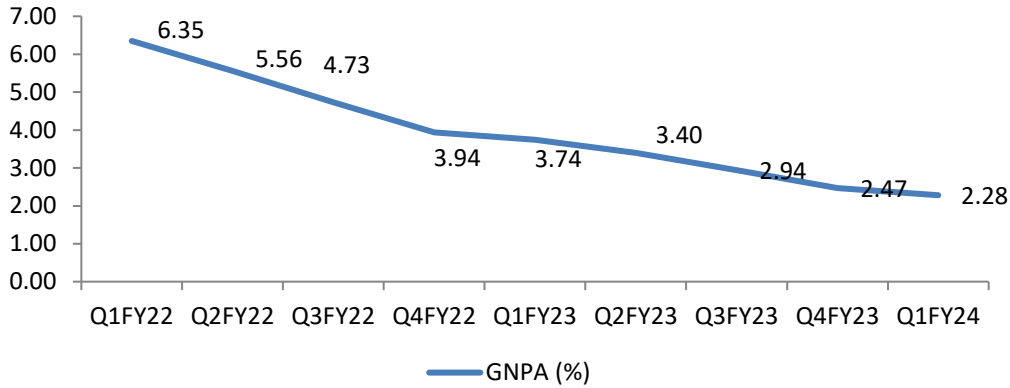


Cost/Income ratio (%) - Yearly



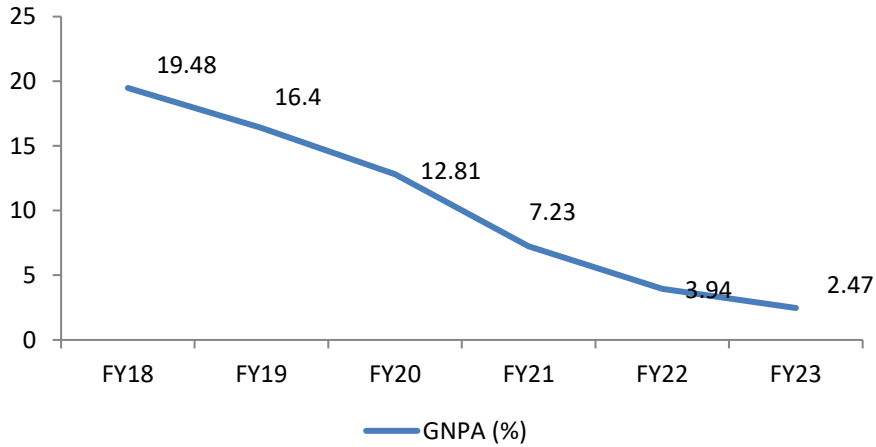
Source: Bank of Maharashtra – Q1FY24 and FY23 Investor presentation

GNPA (%) - Quarterly

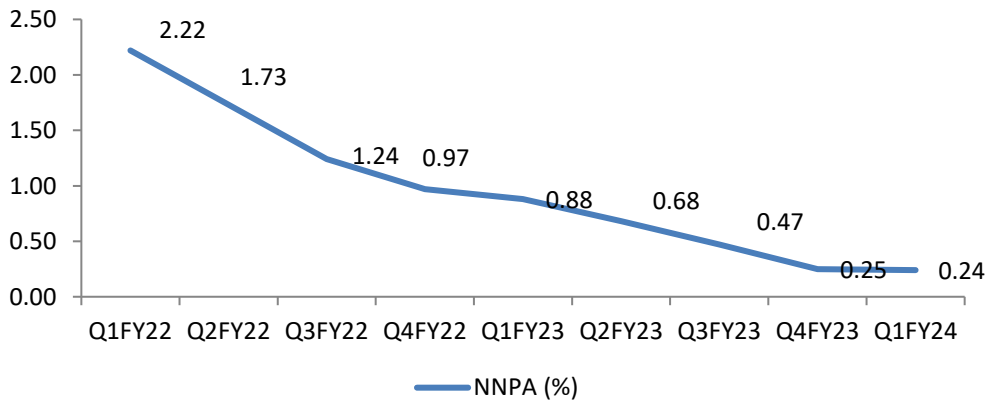


Source: Bank of Maharashtra Q1FY24 and Q4FY23 Investor presentation

GNPA (%) - Yearly

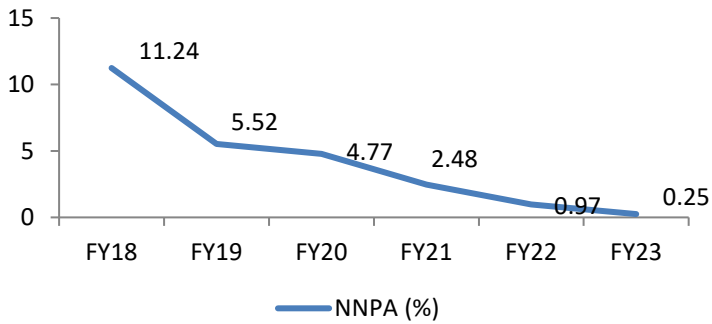


NNPA (%) - Quarterly

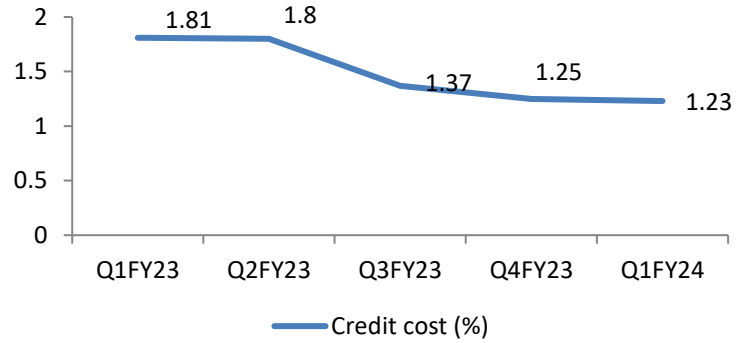


Source: Bank of Maharashtra Q1FY24 & FY23 Investor presentation

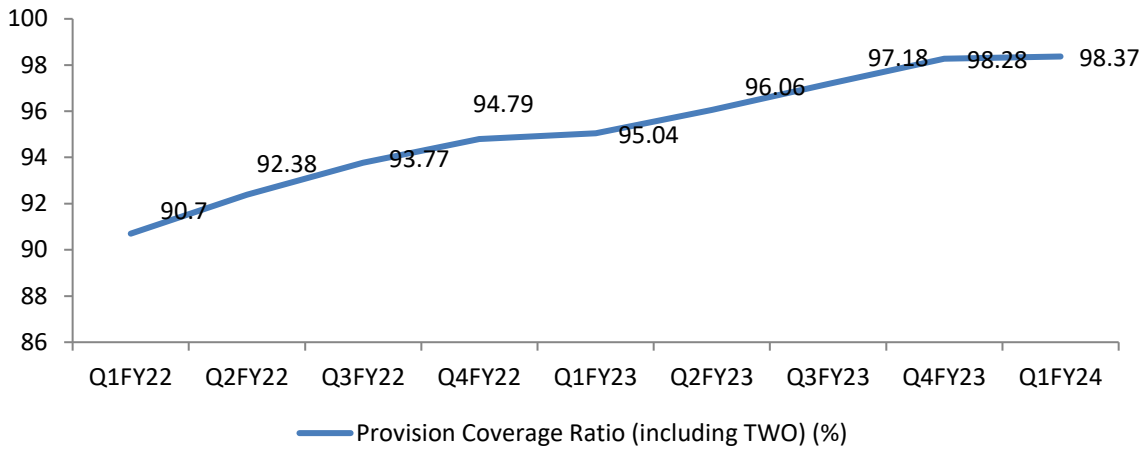
NNPA (%) - Yearly



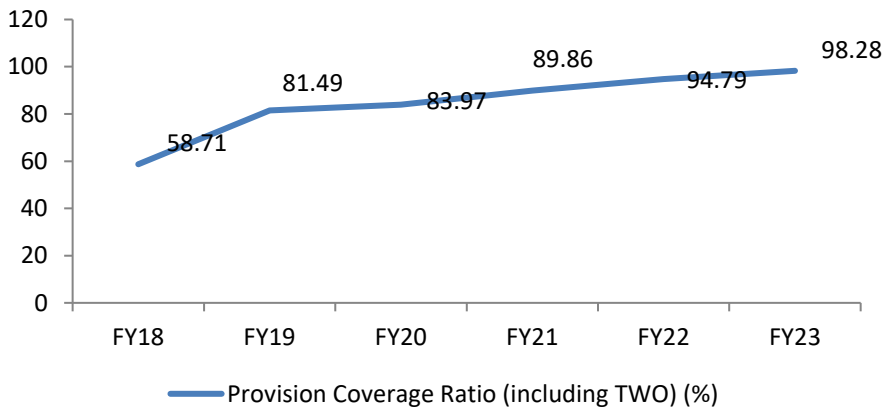
Credit cost (%) - Quarterly



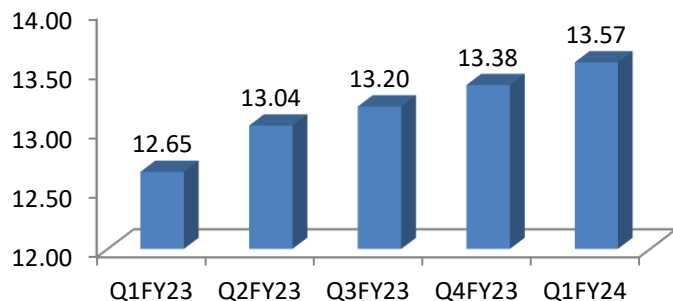
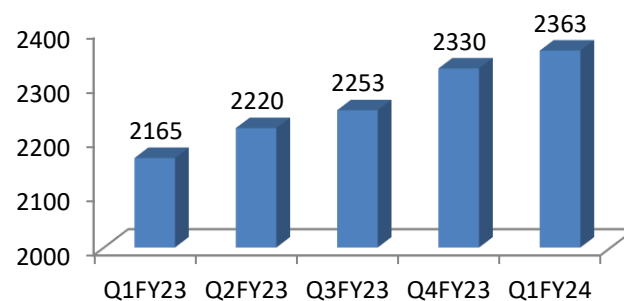
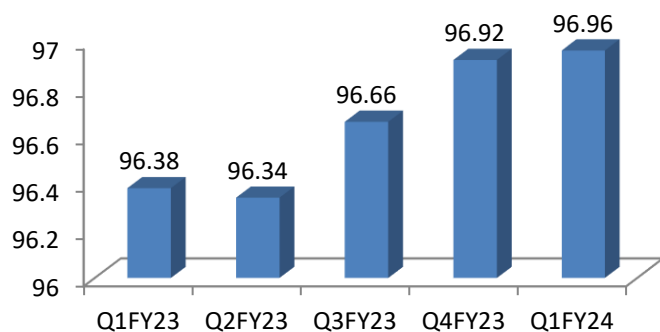
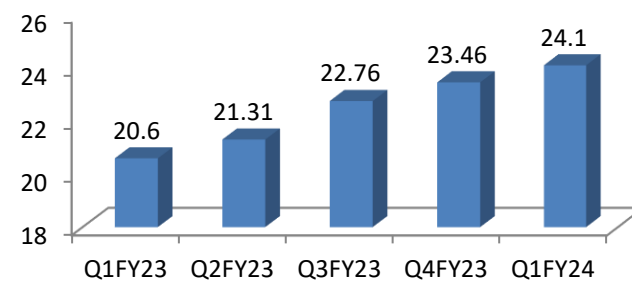
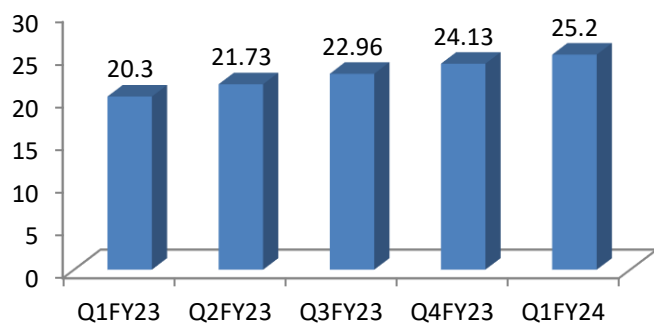
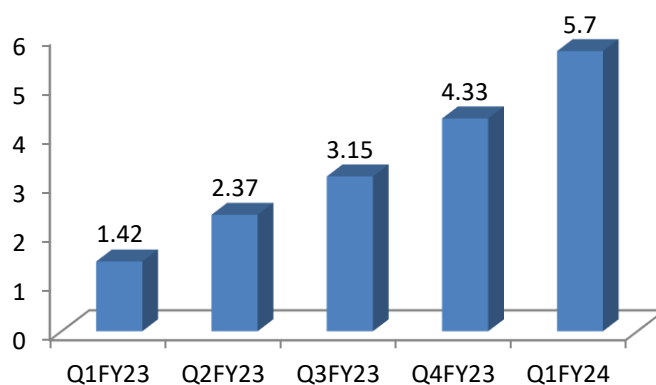
Provision Coverage Ratio (including TWO) (%) - Quarterly



Provision Coverage Ratio (including TWO) (%) - Yearly

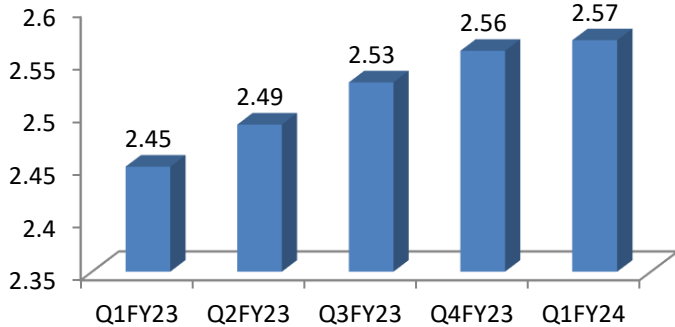


Source: Bank of Maharashtra – Q1FY24 and Q4FY23 Investor presentation

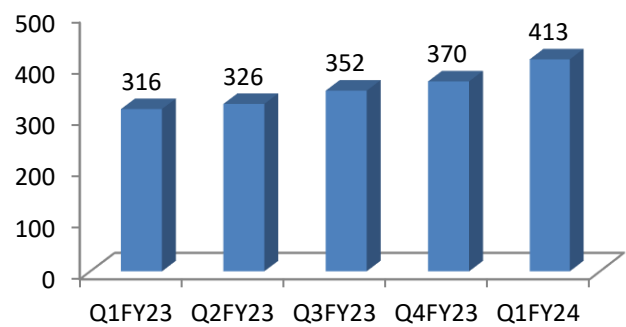
ATM Card Base (million)**ATM (Actuals)****Digital transaction (%)****Mobile Banking Users (Lakhs)****Internet Banking Users (Lakhs)****Whats App Onboarding (Lakhs)**

Source: Bank of Maharashtra Q1FY24 Investor presentation

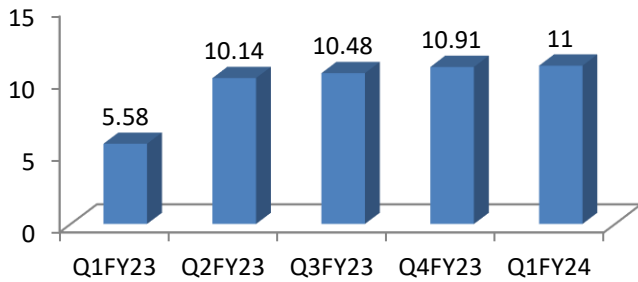
UPI/BHIM Users (millions)



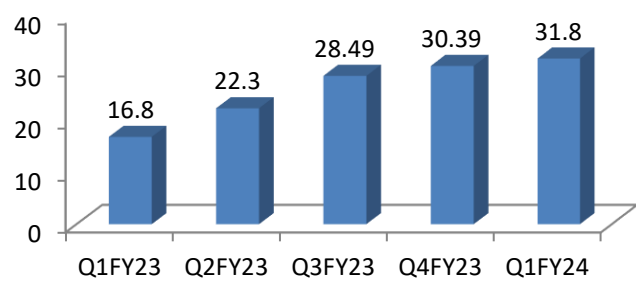
UPI/BHIM Transactions (millions)



QR Merchant OnBoarding(Lakhs)



QR Merchant Transaction (Lakhs)



Source: Bank of Maharashtra Q1 FY24 Investor presentation

Assets & Liabilities - An Overview (Rs. in Crore)

Assets	Q1FY24	FY23	FY22	FY21	FY20	FY19	FY18
Cash & Balances with RBI	21,172	18,508	19,722	12,882	10,354	7,920	15,809
Balances with Bank & Call Money	566	21	194	59	93	1,235	75
Total Investments (Net of Depreciation & Provision)	72,035	68,867	68,590	68,112	57,741	59,697	43,623
Total Advances (Net of Provision)	1,72,083	1,71,221	1,31,170	1,02,405	86,872	82,666	85,797
Total Fixed Assets (Net of Depreciation)	2,143	2,157	2,242	1,674	1,676	1,776	1,517
Other Assets	6,754	6,878	8,693	11,532	12,132	11,242	9,508
Total	2,74,754	2,67,651	2,30,611	1,96,665	1,68,867	1,64,536	1,56,329
Liabilities	Q1FY24	FY23	FY22	FY21	FY20	FY19	FY18
Capital	7,081	6,731	6,731	6,560	5,824	2,753	2,598
Reserves & Surplus	10,411	8,880	7,154	5,573	4,931	2,986	7,346
Deposits	2,44,365	2,34,083	2,02,294	1,74,006	1,50,066	1,40,650	1,38,981
Borrowings	6,618	10,766	7,747	4,239	3,670	10,149	4,064
Other Liabilities & Provisions	6,278	7,193	6,685	6,287	4,375	7,997	3,340
Total	2,74,754	2,67,651	2,30,611	1,96,665	1,68,867	1,64,536	1,56,329

Source: Bank of Maharashtra – Q1FY24 press release, Q4FY23 and FY22 Investor presentation



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One year price movement chart



Source: Moneycontrol



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Accumulate – Absolute return between 15% and above

Book profits: On achieving the price target given in the research report for a particular Company or on a occurrence of a specific event leading to change in fundamentals of the Company recommended

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