

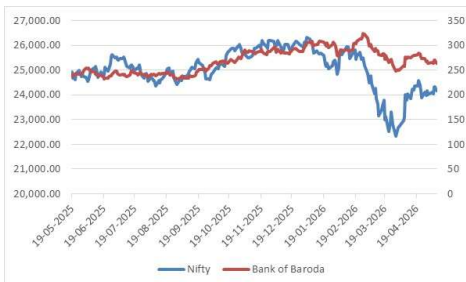
BSE Code: 532134

NSE: BANKBARODA

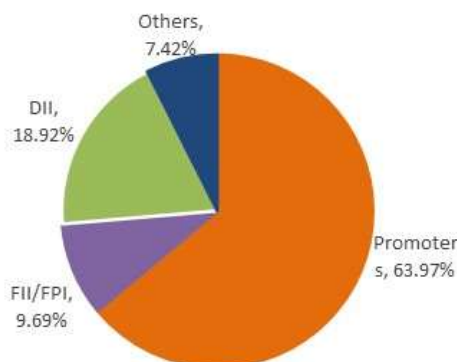
CMP: Rs 264
2 Year Target - Rs 320

Face Value	2.00
Market Cap (Rs cr)	1,36,500
Stock PE	6.8x
Price/Book Value	0.9x
Shares O/S (Cr)	517.1
Book Value per Share (Rs)	321
Sensex	77,328
Nifty	24,176

1 yr. Price Chart of Stock and Nifty



Shareholding pattern as on 31st March 2025



Investor's Rationale

■ NII Aided by Interest on IT Refund

Net Interest Income for Q4FY26 stood at Rs 124.9 bn, up +8.7% YoY / +6% QoQ. Growth was driven by strong advances expansion of +16.5% YoY / +6.3% QoQ. Domestic NIM expanded +15 bps to 3.08%, aided by interest received on IT refund. However, yields declined -10 bps to 7.99% while cost of deposits remained elevated, increasing +1 bps QoQ to 5.0%.

■ Non-Recurring Gains Support PPOP Beat

Other income at Rs 39.7 bn grew +10.2% QoQ, supported by robust fee income rising 22.5% QoQ, though partially offset by treasury loss of Rs 4 bn. Recovery from written-off pool amounted to Rs 14.9 bn (+83% QoQ). Total operating expenses declined to Rs 73.9 bn (-7.9% QoQ) primarily due to a -20% QoQ fall in employee cost owing to reversal in retiral benefit on account of hardening yields. PPOP stood at Rs 90.7 bn, up +22.9% QoQ, beating consensus estimates.

■ Floating Provisions & Tax Reversal Shape PAT

Provisions for the quarter increased significantly to Rs 31.5 bn (PQ: Rs 8 bn), driven by creation of Rs 15 bn floating provisions. The bank's total floating provision buffer now stands at Rs 25 bn as of March 2026. A tax reversal of Rs 13 bn pertaining to earlier assessment years resulted in effective tax of only Rs 3 bn for the quarter. PAT stood at Rs 56.2 bn (+11% QoQ and YoY).

Valuation

At CMP, the stock trades at 0.9x/0.8x FY27E/FY28E ABVPS of Rs 293/321. We are giving a target price of Rs 320 on the stock. The capital raise pipeline of Rs 145 bn by FY28 and sustained RAM-led growth remain key monitorables.

	FY25	FY26	FY27E	FY28E
Total Interest Earned	1214	1270	1390	1550
Net Interest Income	457	477	513	575
Net Profit	196	200	189	207
ROE (%)	15.7	13.8	11.8	11.8
ROA (%)	1.1	1	0.8	0.8
NII Growth (%)	2.1	4.4	7.6	12
Adj. Book Value (Rs)	232.7	267.7	293.1	320.9

Investor's Rationale

Advances & Credit

- Domestic advances growth of 14.5% exceeded earlier guidance of 11–13%; guidance raised to 12–14% for FY27.
- Focus to continue growing RAM (Retail, Agriculture & MSME) advances; RAM share currently at 61%.
- Under ECLGS 5.0, the bank expects ~Rs 120 bn of credit possibility; ~55–60% MSME credit under working capital.
- Auto loan growth supported by solid cash-flow-based borrower selection and bulk transactions.

Deposits & Liquidity

- Bank continues to focus on reducing bulk deposits (currently 22.8% share, +126 bps QoQ).
- Aims to maintain excess SLR of 3–3.5% above regulatory requirements as a liquidity buffer; excess SLR also supporting LCR levels.

Margins & Profitability

- NIM guidance for FY27 lowered to 2.75–2.95% (from 2.85–3.00% earlier) reflecting sticky deposit costs.
- Cost of deposits getting sticky; upward movement will depend upon liquidity conditions.
- Bank is focusing on asset repricing to manage margins amid sticky deposit costs.
- Floating provision buffer of Rs 15 bn created in Q4FY26 (total Rs 25 bn); credit cost excl. floating provision was only 33 bps.
- New mortality table adopted for AS-15 liability; increased employee cost by Rs 5.2 bn in Q4FY26.
- ECL transition impact estimated at 18 bps on credit cost on a steady-state basis (no significant change from draft guidelines).

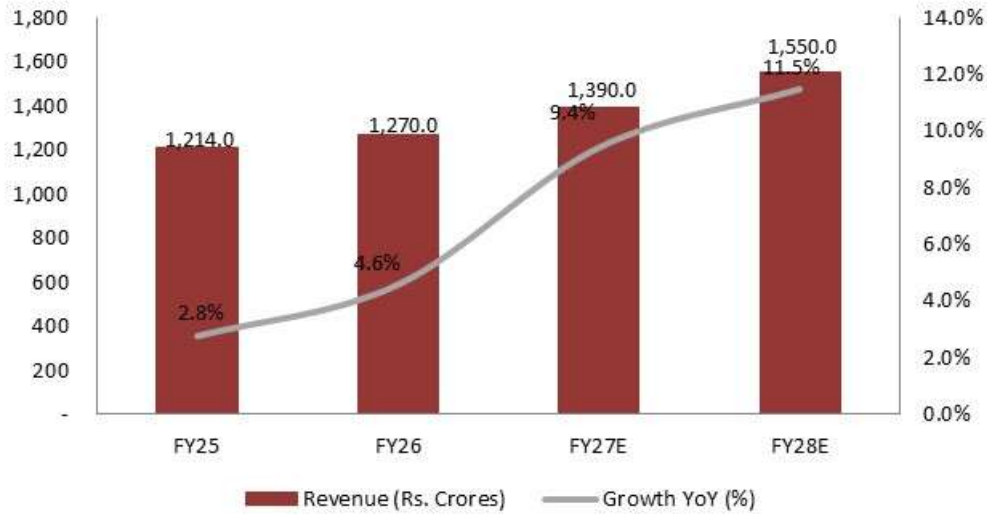
Capital

- Plans to raise Rs 60 bn via AT-1 and Tier 2 instruments in FY27.
- Medium-term equity capital raising plan of Rs 85 bn by FY28; total pipeline of Rs 145 bn approved by board.

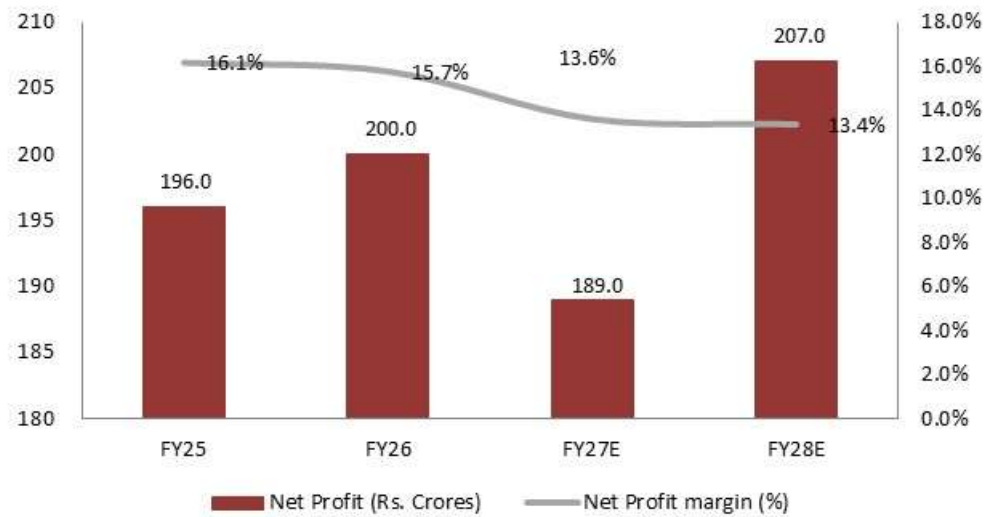
Guidance for FY27

- Advances growth: 12–14% | Deposits growth: 10–12%
 - NIM: 2.75–2.95% | ROA: 1%+ | Credit cost: < 60 bps
 - Slippage ratio: 1–1.25% | TWO recovery: Rs 7.5–8 bn per quarter
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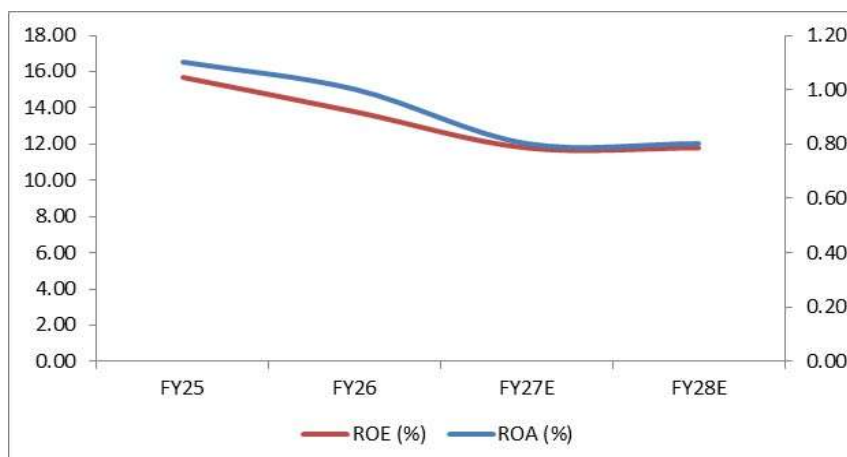
Revenue growth to be steady



Net profit journey choppy



Return Ratios





Outlook and Valuation

At CMP, the stock trades at 0.9x/0.8x FY27E/FY28E ABVPS of Rs 293/321. We are giving a target price of Rs 320 on the stock. The capital raise pipeline of Rs 145 bn by FY28 and sustained RAM-led growth remain key monitorables.

Bank of Baroda Ltd - Company Overview

Bank of Baroda (BoB) is one of India's leading public sector banks, headquartered in Vadodara, Gujarat. Established in 1908 by Maharaja Sayajirao Gaekwad III, the bank operates through an extensive network of over 8,200 domestic branches and 11,000+ ATMs, catering to a wide range of retail, MSME and corporate customers. BoB also has a strong international presence spanning 18 countries.

Following its amalgamation with Dena Bank and Vijaya Bank in 2019, BoB emerged as India's second-largest public sector bank and third-largest bank overall by asset size. The bank's diversified loan book with growing RAM (Retail, Agriculture, MSME) focus at ~61% and a robust overseas franchise positions it well for sustained growth. The bank's digital banking platform — 'bob World' — continues to scale up with a strong emphasis on customer acquisition and transaction volumes.



Equity Research

Balance sheet (Consolidated)

Y/E March (Rs Billion)	FY25	FY26	FY27E	FY28E
ASSETS				
Cash & Balance with RBI	698	919	928	1021
Loans, Advances & Int. Accrued	12096	14091	16066	17994
Investments	3854	3864	4220	4611
Fixed Assets (Net)	124	119	125	131
Other Assets	481	477	474	466
Total Assets	17812	20092	22496	24975
LIABILITIES				
Share Capital	10	10	10	10
Reserves and Surplus	1359	1522	1666	1826
Borrowings	1237	1564	1809	1993
Total Deposits	14720	16485	18466	20560
Other Liabilities incl. Provisions	486	511	545	586
Total Liabilities	17812	20092	22496	24975

Profit & Loss Account (Consolidated)

Y/E March (Rs Billion)	FY25	FY26	FY27E	FY28E
Interest on Loans	931	959	1084	1222
Interest on Investments	259	251	258	279
Others	24	60	48	49
Total Interest Earned	1214	1270	1390	1550
Total Interest Expended	758	793	877	975
Net Interest Income	457	477	513	575
Total Non-Interest Income	166	158	157	164
Total Income	623	634	670	739
Personnel Expenses	166	157	168	182
Other Expenses	133	154	165	182
Total Operating Expenses	299	312	334	364
Pre-Provision Profit	324	323	336	375
Provision for NPAs	59	71	85	98
Profit Before Tax	265	251	252	278
Provision for Income Tax	69	51	63	71
Net Profit	196	200	189	207

Key Ratios & Valuations (Consolidated)

Particulars	FY25	FY26	FY27E	FY28E
Earnings & Valuation				
ROE (%)	15.7	13.8	11.8	11.8
ROA (%)	1.1	1	0.8	0.8
EPS (Rs)	37.8	38.7	36.5	40
DPS (Rs)	8	9	9	9
Book Value (Rs)	246	280	308	339
Adj. Book Value (Rs)	233	268	293	321
P/E (x)	7	7	7	7
P/ABV (x)	1	1	1	1
Growth Ratios				
Loans Growth (%)	14	17	14	12
Deposits Growth (%)	11	12	12	11
NII Growth (%)	2	4	8	12
Net Profit Growth (%)	10	2	-6	10



Equity Research

Large Cap.	Return	Mid/Small Cap.	Return
Buy	More than equal to 10%	Buy	More than equal to 15%
Hold	Between 10% & -5%	Accumulate*	Upside between 10% & 15%
Reduce	Less than -5%	Hold	Between 0% & 10%
		Reduce/sell	Less than 0%

** To satisfy regulatory requirements, we attribute 'Accumulate' as Buy and 'Reduce' as Sell.*



Member: BSE, NSE, MCX, MCX-SX, CDSL

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