

27 July 2025

## Bank of Baroda

*Challenging quarter, expected to generate 1% RoA; retaining a Buy*

Rating: **Buy**

Target price (12-mth): Rs.281

Share price: Rs.243

BoB reported a weak set of figures. Key negatives from the results: 1) weak balance-sheet growth (loans/deposits decline q/q), 2) higher slippages (one-off/seasonality) and 3) weak margins (sector issue). Having said that, with rate-/CRR cut, we expect overall business growth to pick up with higher margins (from H2) and better asset quality. Ahead, we expect the bank to maintain ~1% RoA in the medium term. We retain a Buy rating, with a TP of Rs281, 0.9x P/ABV on the FY28e book.

**Stable headline asset quality.** Higher write-offs and decent recoveries led to stable headline asset quality, with GNPA/NNPA rising 2bps q/q. Q1 slippages were Rs36.9bn (1.2% of loans), more than last quarter largely due to a large NPL from the international book. The uptick in slippages were in agri/retail too, which are seasonal. Net slippages were 70bps of loans. Collection efficiency (excl. agri) rose to 99.0% in Jun'25 (98.5% in Mar'25). SMA 1 and 2 (Rs50m+) were 18bps, one of the lowest of peers. Ahead, with the low stress pipeline and normal collection efficiency, net slippages would hold below 1%.

**RoA to hold near 1%.** NIM was 2.91%, down 7bps q/q. The pressure on NIM stemmed from lower yields. Given that we are seeing rate cuts, we expect NIM to be under pressure in the near term and stabilise from H2 FY26. Higher Treasury income (falling G-Secs) and strong income from written-off accounts (large written-off pool) would counterbalance the lower NII, keeping operating performance steady. But higher credit costs (normalisation) would lead to modest RoA. We estimate a ~1% RoA and ~13% RoE through FY26-28.

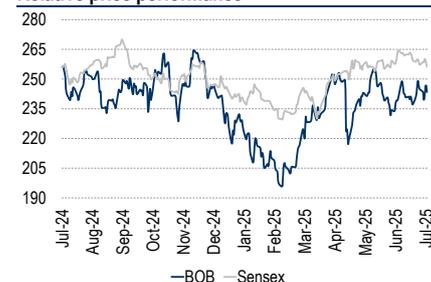
**Valuation.** Our Rs281 TP stems from the two-stage DDM model. This implies a ~0.9x P/ABV multiple on its FY28e book. **Risks:** Lumpy slippages in the corporate book; less-than-expected credit growth.

Key data	BOB IN
52-week high / low	Rs.267 / 191
Sensex / Nifty	81,463 / 24,837
Market cap	Rs.1,259bn
Shares outstanding	5171m

Shareholding pattern (%)	Jun'25	Mar'25	Dec'24
Promoters	64.0	64.0	64.0
- of which, Pledged	-	-	-
Free float	36.0	36.0	36.0
- Foreign institutions	8.1	9.0	8.9
- Domestic institutions	19.1	18.2	18.1
- Public	8.9	8.8	9.0

Estimates revision (%)	FY26e	FY27e
Net interest income	0.1	0.1
Pre-provisioning profit	0.1	0.4
PAT	(0.2)	0.5

### Relative price performance



Source: Bloomberg

Key financials (YE Mar) (Rs bn)	FY24	FY25	FY26e	FY27e	FY28e
Net interest income	447	457	483	546	603
Pre-provisioning profit	310	324	339	390	435
PAT	178	196	193	212	224
EPS (Rs)	34.4	37.8	37.2	41.0	43.2
NIM (%)	3.2	2.9	2.8	2.9	2.9
Cost-Income (%)	47.7	47.9	49.0	47.7	47.1
RoE (%)	16.9	15.7	13.4	13.3	12.7
RoA (%)	1.2	1.2	1.0	1.0	1.0
Advances growth (%)	13.3	13.5	11.0	11.5	12.0
GNPA (%)	2.9	2.3	2.0	2.0	2.0
CRAR (%)	16.3	17.2	17.0	16.6	16.4
P / E (x)	7.1	6.4	6.5	5.9	5.6
P / BV (x)	1.1	0.9	0.8	0.8	0.7
P / ABV (x)	1.2	1.0	0.9	0.8	0.7

Source: Company, Anand Rathi Research

Yuvraj Choudhary, CFA

Research Analyst

Kaitav Shah, CFA

Research Analyst

Subhanshi Rathi

Research Associate

Anand Rathi Share and Stock Brokers Limited (hereinafter "ARSSBL") is a full-service brokerage and equities-research firm and the views expressed therein are solely of ARSSBL and not of the companies which have been covered in the Research Report. This report is intended for the sole use of the Recipient. Disclosures and analyst certifications are present in the Appendix.

## Quick Glance – Financials and Valuations

**Fig 1 – Income statement (Rs bn)**

Year-end: Mar	FY24	FY25	FY26e	FY27e	FY28e
Net interest income	447	457	483	546	603
<i>NII growth (%)</i>	8.1	2.1	5.9	12.9	10.5
Non-interest income	145	166	181	199	219
Income	592	623	665	744	821
<i>Income growth (%)</i>	15.2	5.2	6.7	12.0	10.3
Operating expenses	283	299	326	355	387
PPoP	310	324	339	390	435
<i>PPoP growth (%)</i>	15.3	4.7	4.6	14.8	11.6
Provisions	61	60	81	105	134
PBT	249	265	259	285	300
Tax	71	69	66	73	77
PAT	178	196	193	212	224
<i>PAT growth (%)</i>	26.1	10.1	-1.6	10.1	5.5
EPS (Rs)	34.4	37.8	37.2	41.0	43.2
DPS (Rs)	7.6	8.4	9.3	10.2	10.8

Source: Company, Anand Rathi Research

**Fig 2 – Balance sheet (Rs bn)**

Year-end: Mar	FY24	FY25	FY26e	FY27e	FY28e
Share capital	10	10	10	10	10
Reserves & surplus	1,112	1,359	1,503	1,663	1,830
Deposits	13,351	14,720	16,045	17,730	19,680
Borrowings	944	1,237	1,361	1,470	1,587
Other Liabilities & Prov.	440	486	515	498	478
<b>Total liabilities</b>	<b>15,858</b>	<b>17,812</b>	<b>19,435</b>	<b>21,370</b>	<b>23,587</b>
Advances	10,658	12,096	13,426	14,970	16,767
Investments	3,698	3,854	4,008	4,249	4,504
Cash & bank balance	951	1,258	1,384	1,523	1,675
Fixed & other assets	551	604	617	629	641
<b>Total assets</b>	<b>15,858</b>	<b>17,812</b>	<b>19,435</b>	<b>21,370</b>	<b>23,587</b>
No. of shares (m)	5,178	5,178	5,178	5,178	5,178
<i>Deposits growth (%)</i>	10.9	10.3	9.0	10.5	11.0
<i>Advances growth (%)</i>	13.3	13.5	11.0	11.5	12.0

Source: Company, Anand Rathi Research

**Fig 3 – Ratio analysis, %**

Year-end: Mar	FY24	FY25	FY26e	FY27e	FY28e
NIM	3.2	2.9	2.8	2.9	2.9
Other inc. / total inc.	24.5	26.7	27.3	26.7	26.6
Cost-income	47.7	47.9	49.0	47.7	47.1
DPS (Rs)	7.6	8.4	9.3	10.2	10.8
Credit-deposit	79.8	82.2	83.7	84.4	85.2
Investment-deposit	27.7	26.2	25.0	24.0	22.9
Gross NPA	2.9	2.3	2.0	2.0	2.0
Net NPA	0.7	0.6	0.5	0.5	0.5
Provision coverage	77.3	74.9	75.0	75.0	75.0
BV (Rs)	216.7	264.5	292.4	323.1	355.5
Adj. BV (Rs)	207.0	255.0	283.2	312.9	344.2
CRAR (%)	16.3	17.2	17.0	16.6	16.4
- Tier 1	14.1	14.8	14.8	14.7	14.7
RoE	16.9	15.7	13.4	13.3	12.7
RoA	1.2	1.2	1.0	1.0	1.0

Source: Company, Anand Rathi Research

**Fig 4 – Price-to-book band**



Source: Bloomberg

**Fig 5 – One-year-forward price-to-book value**



Source: Company, Anand Rathi Research

**Fig 6 – Price movement**



Source: Bloomberg

## Key Highlights

### Quarterly snapshot

**Fig 7 – Income statement**

(Rs bn)	Q4 FY24	Q1 FY25	Q2 FY25	Q3 FY25	Q4 FY25	Q1 FY26
Interest income	296	296	303	309	311	311
Interest expense	178	180	186	195	196	197
<b>NII</b>	<b>118</b>	<b>116</b>	<b>116</b>	<b>114</b>	<b>115</b>	<b>114</b>
Y/Y growth	2.3	5.5	7.3	2.8	(2.5)	(1.4)
Non-interest income	42	25	52	38	47	47
<b>Total income</b>	<b>160</b>	<b>141</b>	<b>168</b>	<b>152</b>	<b>162</b>	<b>161</b>
Y/Y growth	6.6	(1.6)	12.0	9.2	1.5	14.4
Operating expenses	79	69	73	75	81	79
of which, staff cost	45	40	40	42	43	43
<b>PPoP</b>	<b>81</b>	<b>72</b>	<b>95</b>	<b>77</b>	<b>81</b>	<b>82</b>
Y/Y growth	0.4	(8.5)	18.2	9.3	0.3	15.0
Total provisions	13	10	23	11	16	20
<b>PBT</b>	<b>68</b>	<b>62</b>	<b>71</b>	<b>66</b>	<b>66</b>	<b>63</b>
Tax	19	17	19	17	15	17
<b>PAT</b>	<b>49</b>	<b>45</b>	<b>52</b>	<b>48</b>	<b>50</b>	<b>45</b>
Y/Y growth	2.3	9.5	23.2	5.6	3.3	1.9

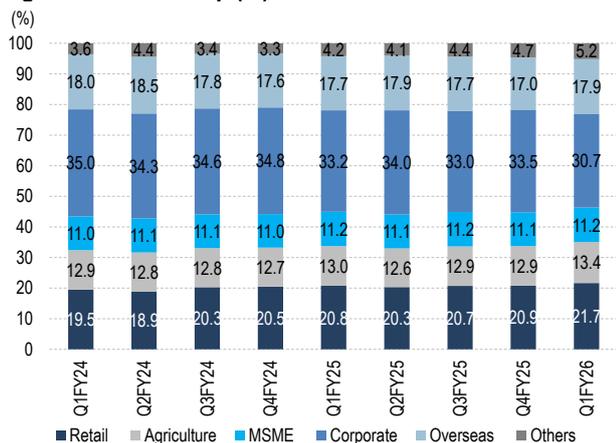
Source: Company, Anand Rathi Research

**Fig 8 – Balance sheet**

(Rs bn)	Q4 2024	Q1 FY25	Q2 FY25	Q3 FY25	Q4 FY25	Q1 FY26
Equity capital	10	10	10	10	10	10
Reserves & Surplus	1,112	1,284	1,255	1,300	1,359	1,411
Deposits	13,270	13,306	13,635	13,925	14,720	14,356
Borrowings	944	1,023	1,061	1,290	1,237	1,199
Other liabilities	522	874	527	625	486	578
<b>Total Liabilities</b>	<b>15,858</b>	<b>16,497</b>	<b>16,488</b>	<b>17,150</b>	<b>17,812</b>	<b>17,554</b>
Deposits y/y growth	10.2	10.9	9.1	11.8	10.9	7.9
Deposits q/q growth	6.6	0.3	2.5	2.1	5.7	-2.5
Cash and cash balances	951	1,042	994	1,174	1,258	1,318
Advances	10,658	10,719	11,212	11,513	12,096	11,866
Investments	3,698	4,147	3,738	3,888	3,854	3,730
Other assets	551	589	544	575	604	640
<b>Total Assets</b>	<b>15,858</b>	<b>16,497</b>	<b>16,488</b>	<b>17,150</b>	<b>17,812</b>	<b>17,554</b>
Advances y/y growth	13.3	11.3	12.3	12.4	13.5	10.7
Advances q/q growth	4.1	0.6	4.6	2.7	5.1	-1.9

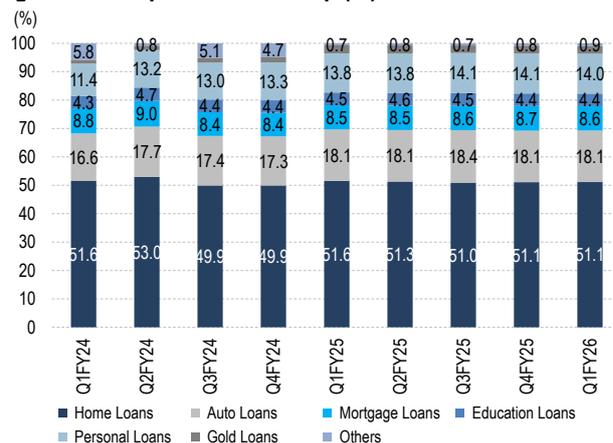
Source: Company, Anand Rathi Research

**Fig 9 – Loan break-up (%)**



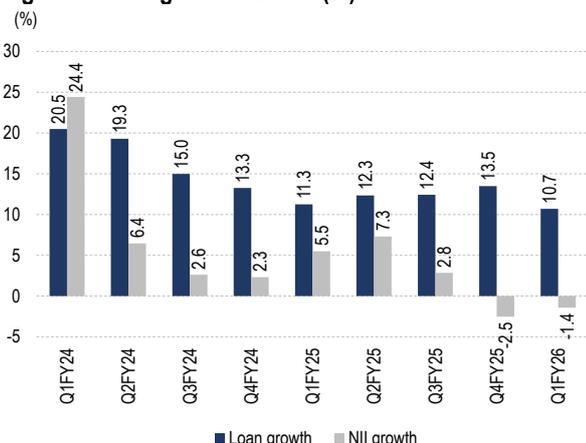
Source: Company, Anand Rathi Research

**Fig 10 – Retail portfolio break-up (%)**



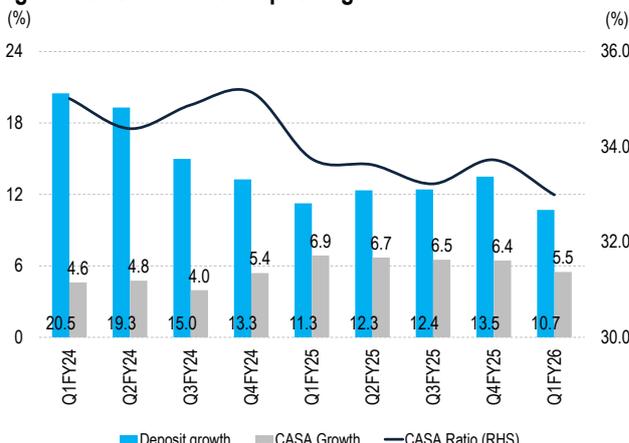
Source: Company, Anand Rathi Research

**Fig 11 – Credit growth vs. NIM (%)**



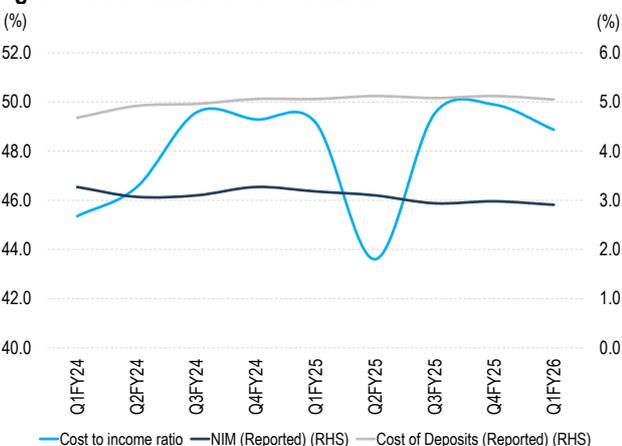
Source: Company, Anand Rathi Research

**Fig 12 – CASA ratio vs. Deposits growth**



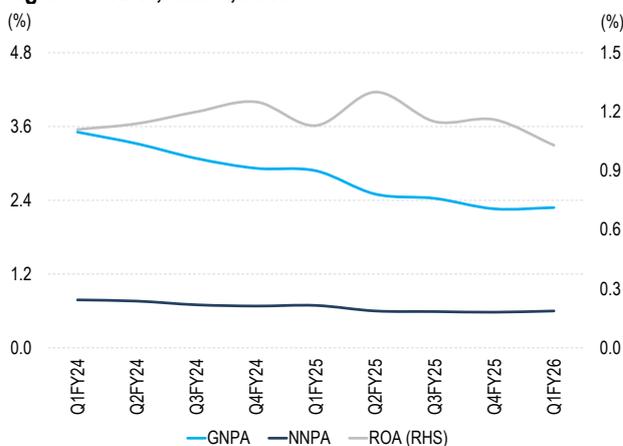
Source: Company, Anand Rathi Research

**Fig 13 – C/I vs. NIM vs. Cost of funds**



Source: Company, Anand Rathi Research

**Fig 14 – GNPA, NNPA, RoA**



Source: Company, Anand Rathi Research

## Valuation

Our target price of Rs281 is based on the two-stage DDM model. This implies a ~0.9x P/ABV multiple on the FY28e book.

**Fig 15 – du Pont analysis**

(%)	FY24	FY25	FY26e	FY27e	FY28e
Interest Income / Assets	7.4	7.2	7.1	7.1	7.2
Interest Expense / Assets	4.5	4.5	4.5	4.5	4.5
Net interest income / Assets	2.9	2.7	2.6	2.7	2.7
Non-interest income / Assets	1.0	1.0	1.0	1.0	1.0
Net revenues / Assets	3.9	3.7	3.6	3.6	3.7
Operating expense / Assets	1.9	1.8	1.7	1.7	1.7
PPoP / Assets	2.0	1.9	1.8	1.9	1.9
Provision / Assets	0.4	0.4	0.4	0.5	0.6
Taxes / Assets	0.5	0.4	0.4	0.4	0.3
RoA	1.2	1.2	1.0	1.0	1.0
RoAE	16.9	15.7	13.4	13.3	12.7

Source: Company, Anand Rathi Research

**Fig 16 – Estimates revision**

(Rs bn)	FY26e			FY27e		
	New	Old	Chg (%)	New	Old	Chg (%)
Net interest income	483	483	0.1	546	545	0.1
Pre-provisioning profit	339	339	0.1	390	388	0.4
PAT	193	193	(0.2)	212	211	0.5

Source: Anand Rathi Research

### Risks

- Lumpy slippages from the corporate book. Though unexpected, these would mar our forecasts.
- Less-than-expected credit growth could eat into our estimates.

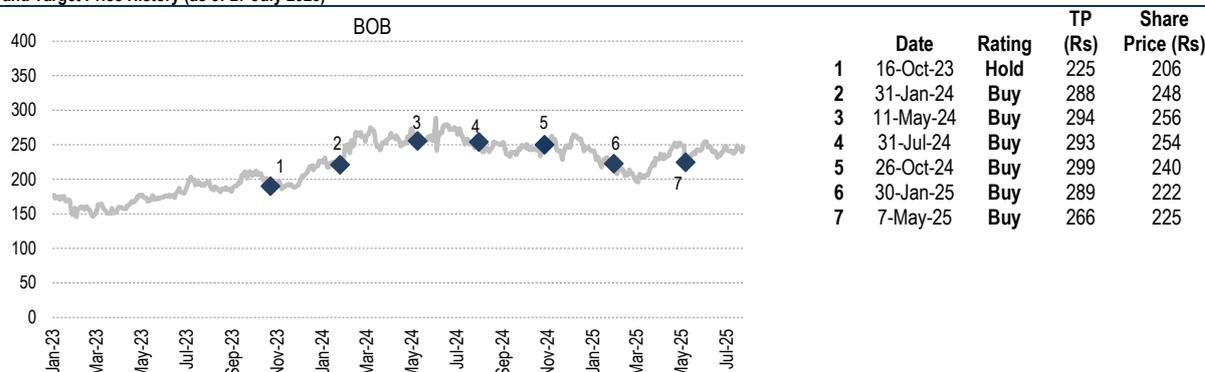
## Appendix

### Analyst Certification

The views expressed in this Research Report accurately reflect the personal views of the analyst(s) about the subject securities or issuers and no part of the compensation of the research analyst(s) was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the research analyst(s) in this report. The research analysts are bound by stringent internal regulations and also legal and statutory requirements of the Securities and Exchange Board of India (hereinafter "SEBI") and the analysts' compensation are completely delinked from all the other companies and/or entities of Anand Rathi, and have no bearing whatsoever on any recommendation that they have given in the Research Report.

### Important Disclosures on subject companies

#### Rating and Target Price History (as of 27 July 2025)



### Anand Rathi Ratings Definitions

Analysts' ratings and the corresponding expected returns take into account our definitions of Large Caps, Mid Caps & Small Caps as described in the Ratings Table below:

#### Ratings Guide (12 months)

	Buy	Hold	Sell
Large Caps (Top 100 companies)	>15%	0-15%	<0%
Mid Caps (101st-250th company)	>20%	0-20%	<0%
Small Caps (251st company onwards)	>25%	0-25%	<0%

### Research Disclaimer and Disclosure inter-alia as required under Securities and Exchange Board of India (Research Analysts) Regulations, 2014

Anand Rathi Share and Stock Brokers Ltd. (hereinafter refer as ARSSBL) (Research Entity, SEBI Regn No. INH000000834, Date of Regn. 29/06/2015, BSE Enlistment Number – 5048 date of Regn 25 July 2024 ) is a subsidiary of the Anand Rathi Financial Services Ltd. ARSSBL is a corporate trading and clearing member of Bombay Stock Exchange Ltd (BSE), National Stock Exchange of India Ltd. (NSEIL), Multi Commodity Exchange of India Limited (MCX), National Commodity & Derivatives Exchange Limited (NCDEX), and also depository participant with National Securities Depository Ltd (NSDL) and Central Depository Services Ltd. (CDSL), ARSSBL is engaged into the business of Stock Broking, Depository Participant, Mutual Fund distributor.

The research analysts, strategists, or research associates principally responsible for the preparation of Anand Rathi research have received compensation based upon various factors, including quality of research, investor client feedback, stock picking, competitive factors and firm revenues.

**General Disclaimer:** This Research Report (hereinafter called "Report") is meant solely for use by the recipient and is not for circulation. This Report does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. The recommendations, if any, made herein are expression of views and/or opinions and should not be deemed or construed to be neither advice for the purpose of purchase or sale of any security, derivatives or any other security through ARSSBL nor any solicitation or offering of any investment/trading opportunity on behalf of the issuer(s) of the respective security (ies) referred to herein. These information / opinions / views are not meant to serve as a professional investment guide for the readers. No action is solicited based upon the information provided herein. Recipients of this Report should rely on information/data arising out of their own investigations. Readers are advised to seek independent professional advice and arrive at an informed trading/investment decision before executing any trades or making any investments. This Report has been prepared on the basis of publicly available information, internally developed data and other sources believed by ARSSBL to be reliable. ARSSBL or its directors, employees, affiliates or representatives do not assume any responsibility for, or warrant the accuracy, completeness, adequacy and reliability of such information / opinions / views. While due care has been taken to ensure that the disclosures and opinions given are fair and reasonable, none of the directors, employees, affiliates or representatives of ARSSBL shall be liable for any direct, indirect, special, incidental, consequential, punitive or exemplary damages, including lost profits arising in any way whatsoever from the information / opinions / views contained in this Report. The price and value of the investments referred to in this Report and the income from them may go down as well as up, and investors may realize losses on any investments. Past performance is not a guide for future performance. ARSSBL does not provide tax advice to its clients, and all investors are strongly advised to consult with their tax advisers regarding taxation aspects of any potential investment.

Opinions expressed are our current opinions as of the date appearing on this Research only. We do not undertake to advise you as to any change of our views expressed in this Report. Research Report may differ between ARSSBL's RAs and/ or ARSSBL's associate companies on account of differences in research methodology, personal judgment and difference in time horizons for which recommendations are made. User should keep this risk in mind and not hold ARSSBL, its employees and associates responsible for any losses, damages of any type whatsoever.

ARSSBL and its associates or employees may; (a) from time to time, have long or short positions in, and buy or sell the investments in/ security of company (ies) mentioned herein or (b) be engaged in any other transaction involving such investments/ securities of company (ies) discussed herein or act as advisor or lender / borrower to such company (ies) these and other activities of ARSSBL and its associates or employees may not be construed as potential conflict of interest with respect to any recommendation and related information and opinions. Without limiting any of the foregoing, in no event shall ARSSBL and its associates or employees or any third party involved in, or related to computing or compiling the information have any liability for any damages of any kind.

Details of Associates of ARSSBL and Brief History of Disciplinary action by regulatory authorities & its associates are available on our website i.e. [www.rathionline.com](http://www.rathionline.com)

**Disclaimers in respect of jurisdiction:** This report is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or which would subject ARSSBL to any registration or licensing requirement within such jurisdiction(s). No action has been or will be taken by ARSSBL in any jurisdiction (other than India), where any action for such purpose(s) is required. Accordingly, this Report shall not be possessed, circulated and/or distributed in any such country or jurisdiction unless such action is in compliance with all applicable laws and regulations of such country or jurisdiction. ARSSBL requires such recipient to inform himself about and to observe any restrictions at his own expense, without any liability to ARSSBL. Any dispute arising out of this Report shall be subject to the exclusive jurisdiction of the Courts in India.

#### Statements on ownership and material conflicts of interest, compensation - ARSSBL and Associates

##### Answers to the Best of the knowledge and belief of ARSSBL/ its Associates/ Research Analyst who is preparing this report

Research analyst or research entity or his associate or his relative has any financial interest in the subject company and the nature of such financial interest.	No
ARSSBL/its Associates/ Research Analyst/ his Relative have actual/beneficial ownership of one per cent or more securities of the subject company, at the end of the month immediately preceding the date of publication of the research report?	No
ARSSBL/its Associates/ Research Analyst/ his Relative have actual/beneficial ownership of one per cent or more securities of the subject company	No
ARSSBL/its Associates/ Research Analyst/ his Relative have any other material conflict of interest at the time of publication of the research report?	No
ARSSBL/its Associates/ Research Analyst/ his Relative have received any compensation from the subject company in the past twelve months	No
ARSSBL/its Associates/ Research Analyst/ his Relative have managed or co-managed public offering of securities for the subject company in the past twelve months	No
ARSSBL/its Associates/ Research Analyst/ his Relative have received any compensation for investment banking or merchant banking or brokerage services from the subject company in the past twelve months	No
ARSSBL/its Associates/ Research Analyst/ his Relative have received any compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company in the past twelve months	No
ARSSBL/its Associates/ Research Analyst/ his Relative have received any compensation or other benefits from the subject company or third party in connection with the research report	No
ARSSBL/its Associates/ Research Analyst/ his Relative have served as an officer, director or employee of the subject company.	No
ARSSBL/its Associates/ Research Analyst/ his Relative has been engaged in market making activity for the subject company.	No

#### NOTICE TO US INVESTORS:

This research report is the product of Anand Rathi Share and Stock Brokers Limited, which is the employer of the research analyst(s) who has prepared the research report. The research analyst(s) preparing the research report is/are resident outside the United States (U.S.) and are not associated person(s) of any U.S. regulated broker-dealer and therefore the analyst(s) is/are not subject to supervision by a U.S. broker-dealer, and is/are not required to satisfy the regulatory licensing requirements of FINRA or required to otherwise comply with U.S. rules or regulations regarding, among other things, communications with a subject company, public appearances, and trading securities held by a research analyst account.

Research reports are intended for distribution only to Major U.S. Institutional Investors as defined by Rule 15a-6(b)(4) of the U.S. Securities and Exchange Act of 1934 (the Exchange Act) and interpretations thereof by the U.S. Securities and Exchange Commission (SEC) in reliance on Rule 15a-6(a)(2). If the recipient of this research report is not a Major U.S. Institutional Investor as specified above, then it should not act upon this report and return the same to the sender. Further, this report may not be copied, duplicated, and/or transmitted onward to any U.S. person which is not a Major U.S. Institutional Investor. In reliance on the exemption from registration provided by Rule 15a-6 of the Exchange Act and interpretations thereof by the SEC in order to conduct certain business with Major U.S. Institutional Investors, Anand Rathi Share and Stock Brokers Limited has entered into a Strategic Partnership and chaperoning agreement with a U.S. registered broker-dealer: Banc Trust Securities USA. Transactions in securities discussed in this research report should be affected through Banc Trust Securities USA.

1. ARSSBL or its Affiliates may or may not have been beneficial owners of the securities mentioned in this report.
2. ARSSBL or its affiliates may have or not managed or co-managed a public offering of the securities mentioned in the report in the past 12 months.
3. ARSSBL or its affiliates may have or not received compensation for investment banking services from the issuer of these securities in the past 12 months and do not expect to receive compensation for investment banking services from the issuer of these securities within the next three months.
4. However, one or more of ARSSBL or its Affiliates may, from time to time, have a long or short position in any of the securities mentioned herein and may buy or sell those securities or options thereon, either on their own account or on behalf of their clients.
5. As of the publication of this report, ARSSBL does not make a market in the subject securities.
6. ARSSBL or its Affiliates may or may not, to the extent permitted by law, act upon or use the above material or the conclusions stated above, or the research or analysis on which they are based before the material is published to recipients and from time to time, provide investment banking, investment management or other services for or solicit to seek to obtain investment banking, or other securities business from, any entity referred to in this report.

© 2025. This report is strictly confidential and is being furnished to you solely for your information. All material presented in this report, unless specifically indicated otherwise, is under copyright to ARSSBL. None of the material, its content, or any copy of such material or content, may be altered in any way, transmitted, copied or reproduced (in whole or in part) or redistributed in any form to any other party, without the prior express written permission of ARSSBL. All trademarks, service marks and logos used in this report are trademarks or service marks or registered trademarks or service marks of ARSSBL or its affiliates, unless specifically mentioned otherwise.

As of the publication of this report, ARSSBL does not make a market in the subject securities.

Registration granted by SEBI, Enlistment as RA and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors.

Additional information on recommended securities/instruments is available on request.

**Compliance officer:** Deepak Kedia, email id: [deepakkedia@rathi.com](mailto:deepakkedia@rathi.com), Contact no. +91 22 6281 7000  
**Grievance officer:** Madhu Jain, email id: [grievance@rathi.com](mailto:grievance@rathi.com), Contact no. +91 22 6281 7191

**ARSSBL registered address:** Express Zone, A Wing, 10th Floor, Western Express Highway, Diagonally Opposite Oberoi Mall, Malad (E), Mumbai – 400097.  
Tel No: +91 22 6281 7000 | Fax No: +91 22 4001 3770 | CIN: U67120MH1991PLC064106.