

# State Bank of India

## Techno-Funda Stock Outlook

### Company Details

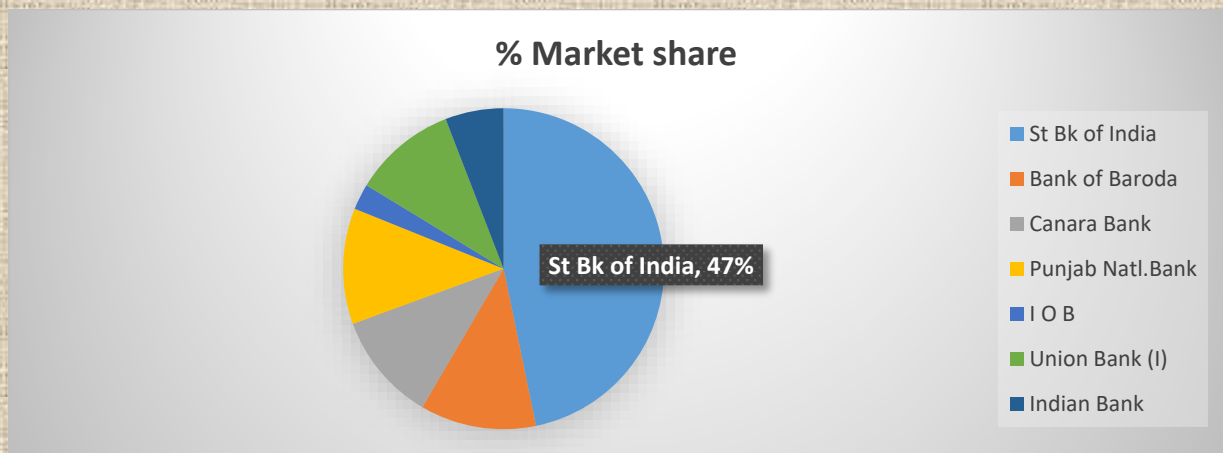
Market cap (in Cr)	Rs 4,36,993.6
52-week High / Low	Rs 401.2 / 549
BSE Scrip Code	500112
NSE Scrip Code	SBIN
Div Yield (%)	1.45

### Business Description

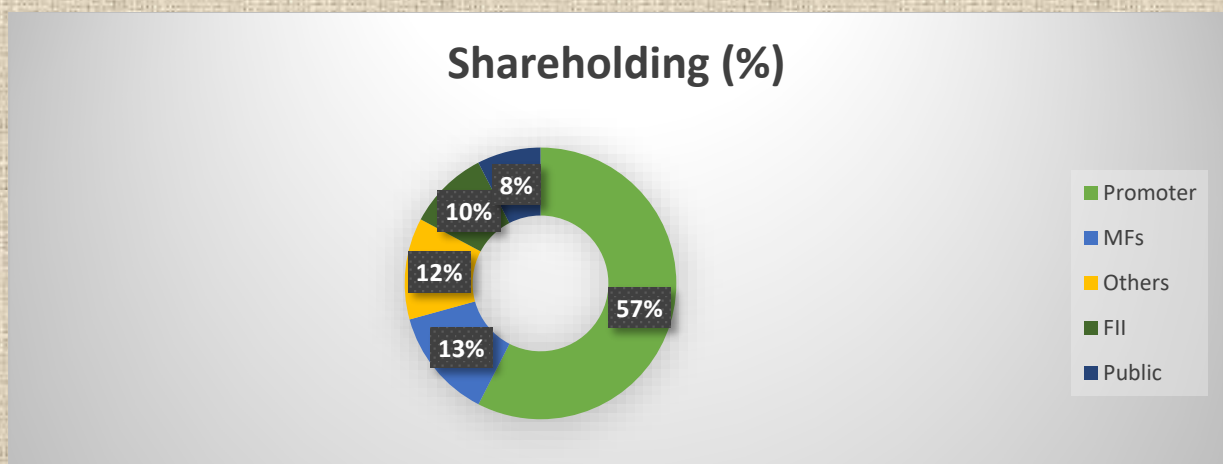
State Bank of India (SBI) a Fortune 500 company is an Indian Multinational, Public Sector Banking and Financial services statutory body headquartered in Mumbai. The Bank has diversified businesses through its various subsidiaries i.e SBI General Insurance, SBI Life Insurance, SBI Mutual Fund, SBI Card etc.

### Industry Overview and Competitive Positioning

State Bank of India is a Fortune 500 company and the largest Indian Bank with almost 47% market share among PSU banks in terms of total assets.



### Shareholding Pattern



## Bank's Rating

Rating Agency	Rating
Moody's	Baa3/ P-3/ Stable
S & P	BBB- / A-3/ Stable
Fitch Ratings	BBB- / F-3/ Stable

## Management Commentary and Outlook

- Profitability-** The bank has reported its highest ever net profit of Rs 35,373.88 cr in 2022, which translates to a growth of 57.9% over the previous year.
- Net interest income-**The Bank's Net interest income (operating income) for financial year 2022 has shown a YoY increase of 8.56 %
- Asset Quality** - SBI's gross NPA and net NPA as on March 2022, stood at 3.97% and 1.02%, respectively, which is an improvement over financial 2021 numbers of 4.98% and 1.50%
- ROA** – The bank's March 2022 ROA has shown upside of 0.67 % from 0.48% in March 2021

SBI is aiming to increase its market share in advances and are also focusing on current account deposits to improve its CASA ratio.

India Ratings and Research said that they have revised the outlook on the overall banking sector to improving for FY23 from stable, as the banking system's health is at its peak in decades. The improving health trend that began in FY20 is likely to continue into FY23 owing to an booming credit demand outlook with an expected commencement of the corporate capex cycle.

## Financials

### Quarterly Results (Rs in Cr)

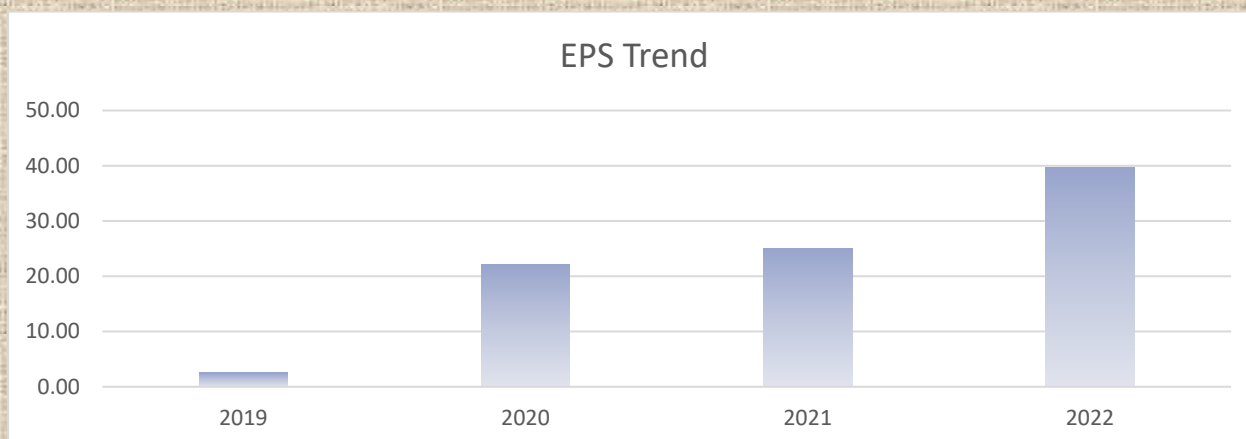
	Mar-21	Dec-21	Mar-22	Y-o-Y	Q-o-Q
<b>Sales</b>	68,032.66	73,376.04	74,607.57	10%	1.70%
Expenses	55,380.47	52,015.21	54,233.13	-2%	4.30%
<b>Operating Profit</b>	12,652.19	21,360.83	20,374.44	61%	-4.60%
Other Income	35,397.98	31,152.18	33,427.11	-6%	7.30%
Interest	38,388.82	39,363.25	39,943.86	4%	1.50%
Profit before tax	9,661.35	13,149.76	13,857.69	43%	5.40%
Tax	2,391.10	3,457.80	3,863.93	62%	11.70%
<b>Net profit</b>	6,125.52	9555	9549.13	56%	-0.10%
<b>OPM</b>	19%	29%	27%		

## Annual Results (Rs in Cr)

Narration	Mar-21	Mar-22	Y-O-Y	Mar-23 growth Estimate
Sales	2,78,115.48	2,89,972.69	4.30%	6.10%
Expenses	1,92,820.69	1,97,348.85	2.30%	3.20%
<b>Operating Profit</b>	85,294.79	92,623.84	8.60%	
Other Income	1,07,222.41	1,17,000.40	9.10%	
Depreciation	3,711.06	3,691.27	-0.50%	6.50%
Interest	1,56,010.17	1,56,194.34	0.10%	4.24%
Profit before tax	32,795.97	49,738.63	51.70%	8.20%
Tax	8,516.25	13,382.46	57.10%	33%
<b>Net profit</b>	22,405.46	35,373.88	57.90%	13.30%
<b>EPS</b>	25.11	39.64	57.90%	13%
<b>Price to earning</b>	14.51	12.45	-14.20%	
Price	364.3	493.55	35.50%	

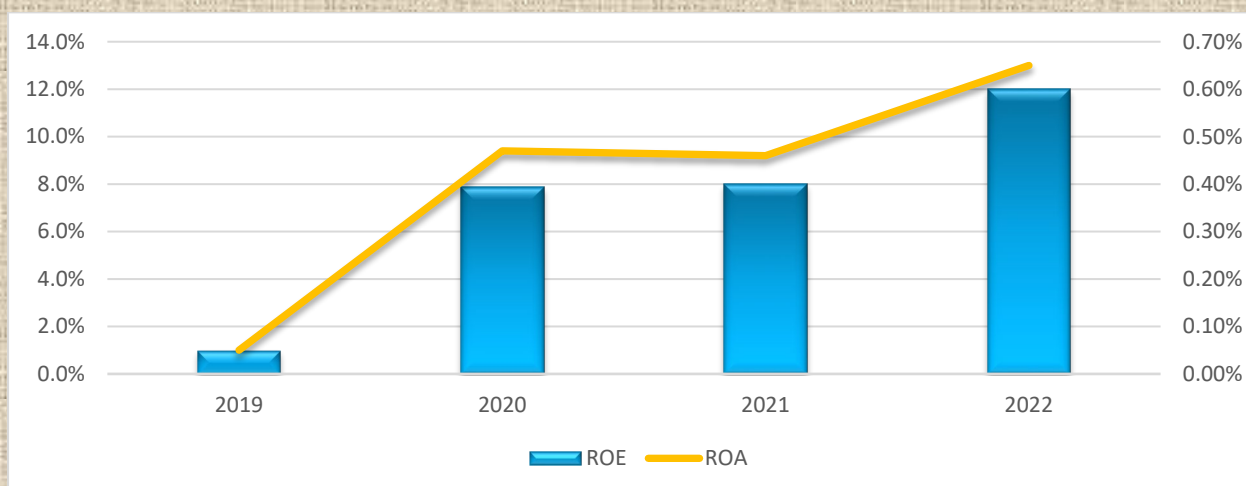
## EPS Trend

Company's EPS has been on the rise for the last four years -



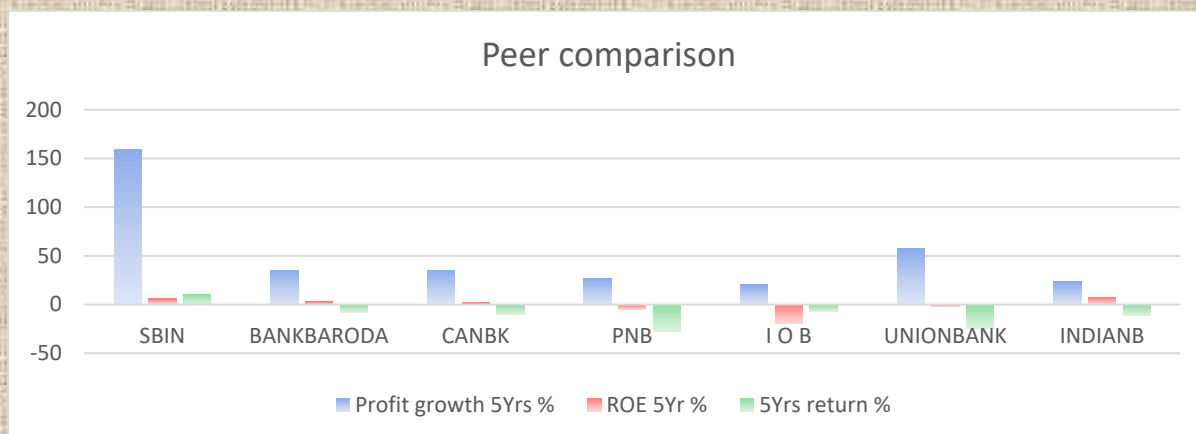
## ROE AND ROA Trend

Company's ROE and ROA have constantly been growing for the last four years

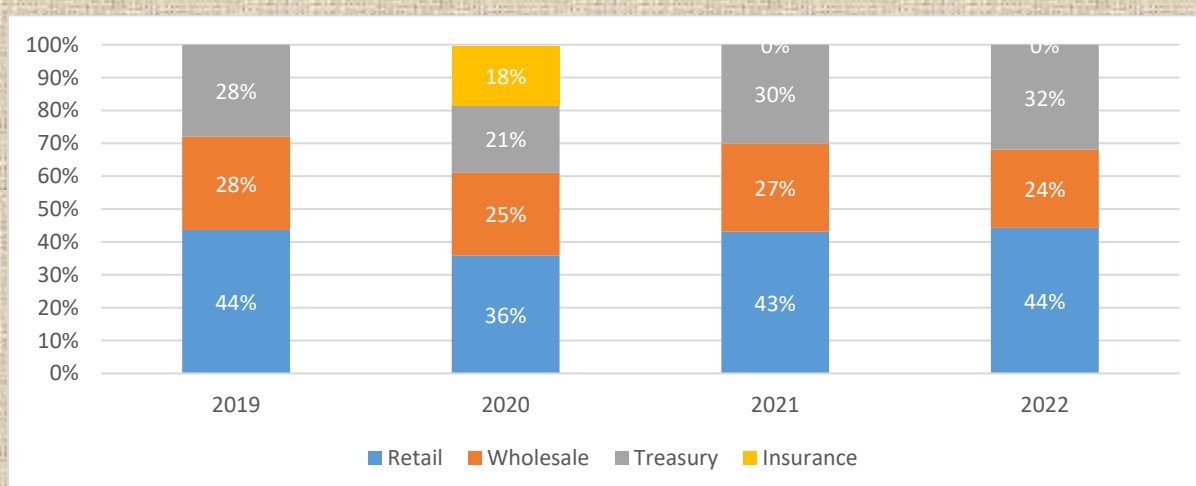


## Peer Comparison

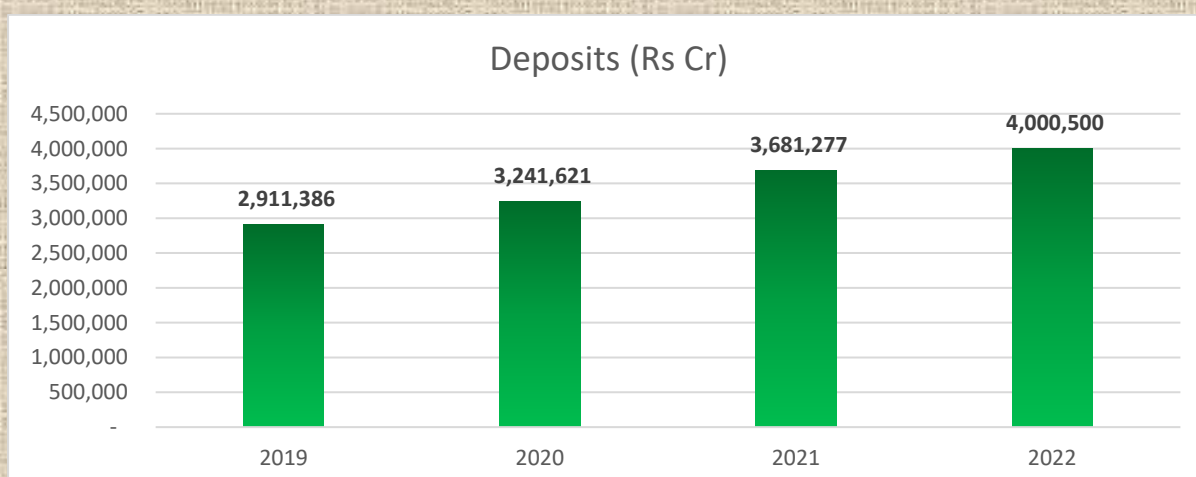
Some of SBI's key metrics in comparison with its peers in the last five years



## Traction in retail segment

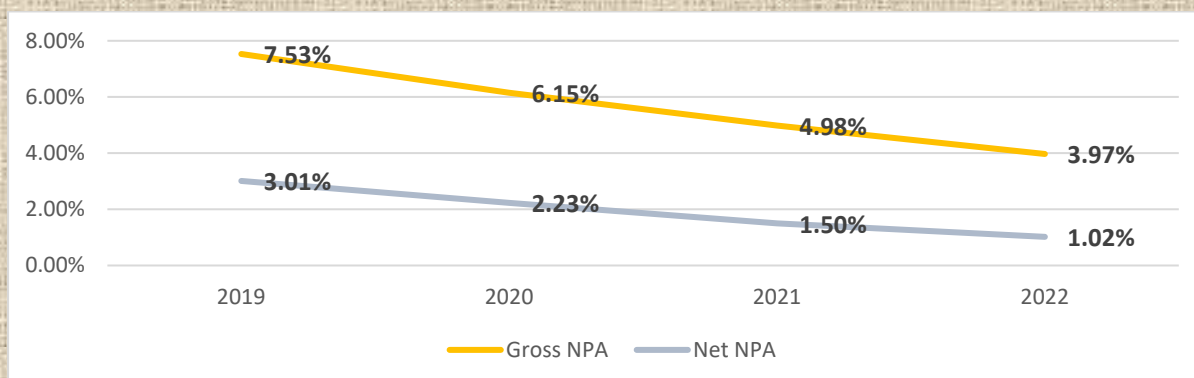


## Steady growth in deposits

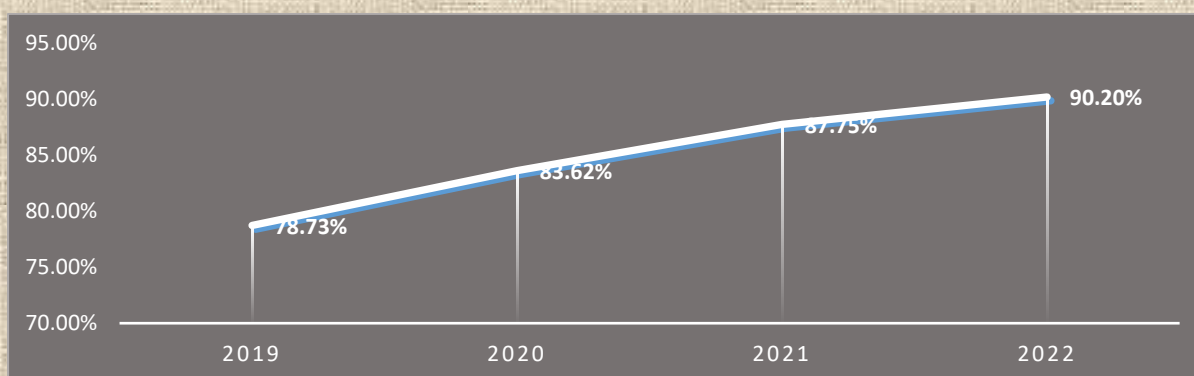


## Improving asset quality

The last four years have witnessed significant improvement in asset quality with a constant reduction in NPA's and an increasing Provisioning Coverage Ratio.



## Provisioning Coverage Ratio



## Valuation and Investment recommendation

We discount the company's estimated cash flows for the next 10 years using a WACC of 16.3%.

Present Value of Free Cash Flow (Cr)	451409.5
Terminal Value (Cr)	188982.39
Enterprise Value (Cr)	640391.98
Less Total Debt (Cr)	4,92,842.69
Plus Cash and Cash Equivalents (Cr)	4,57,641.00
Estimated Market Capitalization (Cr)	605891.29
Outstanding Shares (Cr)	892
<b>Estimated Share Price (Rs)</b>	<b>678.46</b>

## Summary

- EPS has grown by 57.9% over the last fiscal year.
- Company's ROE and ROA have constantly been growing for the last four years.
- Stock has yielded a return of 37.3% over the last fiscal year.
- Growth prospects for banking sector looks bright with the opening of the economy.
- Estimated target price of Rs 678.46, which is a 39% upside from the CMP of Rs 488.
- The outlook on banking sector depends upon the dynamic geopolitical scenario and its impact on global economy. However, the opening of economic activity has reduced the need for a new stimulus package, and the current momentum can be sustained without large scale disruption. In FY23, it is expected that both deposits and credit will continue to see growth.

## Technical Outlook



Stock technically can witness bullish momentum. It has given a good price volume breakout on monthly chart post a decent consolidation. Breakout can take the stock to levels of 600-630. We recommend buying the stock for medium term.

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<https://corporate.indbankonline.com/Standard%20and%20General%20Disclaimer.pdf>

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