

SAMVAT 2081



STATE BANK OF INDIA

Cmp Rs 715

Recommendation : Accumulate

Industry: Public Sector Bank

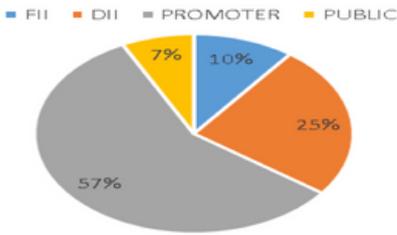
Key Data

BSE Code	500112
NSE Code	SBIN
52 Week High (₹)	912.1
52 Week Low (₹)	680
Market Cap (₹ Cr.)	638378
Face Value	1
Date Of Report	18-Oct-24

Industry Snapshot

Customers	Domestic
Market Presence	Domestic
Govt. Regulations	High
Msearch View	Positive

Shareholding Pattern



Promoters/ Management

Mr. Challa Sreenivasulu Setty	Chairperson
Mr. Rana Ashutosh Kumar Singh	Managing Director
Mr. Ashwini Kumar Tewari	Executive Director-MD
Mr. Vinay M. Tonse	Executive Director-MD

Key Ratios

PE	8.07
EPS	88.9
ROE	17.30%
ROCE	6.16%

Price Chart



Research Analyst

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Introduction

State Bank of India (SBI), the largest and oldest bank in India, has over 200 years of history and an asset base of ₹66.1 lakh crore as of December, 2024. It holds the largest market share in advances and deposits, making it a key player in the Indian banking sector. Classified as a Domestic Systemically Important Bank (D-SIB), SBI must maintain an additional 0.60% CET I capital. The Government of India holds a 56.92% stake in the bank. With 22,542 branches, 65000 ATMs, and 241 international offices across 29 countries, SBI serves customers globally. Headquartered in Mumbai, it offers services like retail banking, investment banking, asset management, and insurance.

3Q FY 2025 Result Update

- SBI delivered a stable Q3FY25 performance with net interest income (NII) at Rs. 47256.9 cr, down 0.4% QoQ but up 5.5% YoY. Pre-provision operating profit (PPOP) stood at Rs. 27564.6 cr, declining 16.6% QoQ but rising 15.9% YoY.
- Provisions and contingencies for the quarter were Rs. 1,998.19 cr, which is an increase from the same quarter in the previous year, while PAT seen at Rs. 19175.4 cr, down 5.2% QoQ but up 70% YoY. Asset quality improved, with GNPA at 2.07% (-6 bps QoQ, -35 bps YoY) and NNPA at 0.53% (flat QoQ, -11 bps YoY).
- Advances grew 13.8% YoY to Rs.40.04 lakh cr, driven by strong growth in MSME (+18%), Agriculture (+15%), Corporate (+15%), and Retail (+12%), while foreign advances rose 10.35% YoY.
- Deposits increased 9.8% YoY to Rs.52.29 lakh cr, but CASA ratio declined to 39.2%, reflecting a shift toward fixed deposits.
- Key ratios remained stable, with RoA at 1.04%, NIM at 3.15%, and credit cost at 0.24%.
- The bank continued its digital expansion, with YONO opening 64% of new savings accounts in Q3FY25 and 8.45 crore customers registered out of total 51 crs customers.
- Management highlighted deposit cost pressures, minimal exposure to NBFC MFIs (Rs. 10,000-11,000 cr) with no stress, and stated that a 25 bps RBI rate cut would have minimal impact (MCLR Fixed: Floating at 60:40). They also noted a temporary SMA-2 spike due to one large account slipping at Dec, later regularized.
- The Management stated that they don't want to rely on Treasury gains and would rather work to improve their core income growth.

Company Updates and Management Guidance

- Management aims to maintain a consistent ROE of 15% or higher, with a credit growth target of 14-16% YoY and deposit growth of 10% YoY.
- The management clarified that there have been no discussions with foreign players regarding offloading any stake in SBI General Insurance at this stage, While the bank has previously mentioned plans to list SBI General Insurance and SBI Mutual Fund, it continues to evaluate the right timing, aiming for further growth before proceeding with listings.
- The bank has not yet decided on fundraising timing but confirmed that it will happen in the future. Additionally, it remains committed to keeping credit costs below 50 bps going forward.

Mview

SBI delivered a stable Q3FY25 performance, supported by healthy loan growth, improved asset quality and strong profitability. Bank's operating performance was impacted by muted treasury gains and higher actuarial expenses. However, the bank remains well-positioned, supported by a strong liability franchise and a well-capitalized balance sheet (CAR at 14.5% including profits), effectively mitigating risks from a shallow rate cut cycle. We believe rising cost of funds appears to be nearing its peak, potentially exerting mild pressure on profitability, while sustainability in credit growth, operating leverage & stable NIM to drive core earnings. On the valuation front, SBI is currently trading at a P/BV ratio of 1.35x, slightly above its historical average but below the peak of 2x seen in March 2024. Given its strong asset base and positive market sentiment, we maintain our positive outlook on SBI for the next 12-18 months and we recommend investors to HOLD and ACCUMULATE for the long term.

Technical View

The stock is trading comfortably above its trendline support at 640, showing strong momentum and resilience from lower levels. With increasing momentum and rising volumes, the ideal accumulation range for the stock is between 680-700, while 640 serves as a key dip-buying level. A major support is positioned at 600, below which further downside seems unlikely, making it a crucial stop-loss level. Potential targets are looking to be around 850 and 900 on the upside in the stock from a short to medium term perspective.

CONSOLIDATED FINANCIAL TABLES

BASIC FINANCIAL DETAILS

Particulars ₹ (in Cr)	3QFY 2025	3QFY 2024	YoY (%)	2QFY 2025	QoQ (%)	9MFY 2024	9MFY 2025	YoY (%)
Interest Earned	124653.7	112868.3	10.4%	121044.7	3.0%	363940.8	321719.1	13.1%
Interest Expenses	77396.7	68091.9	13.7%	73618.8	5.1%	222716.3	189092.0	17.8%
Net Interest Income	47256.9	44776.4	5.5%	47425.9	-0.4%	141224.5	132627.1	6.5%
Operating expenses								
Employee benefit expenses	17667.7	20775.9	-15.0%	16293.3	8.4%	50808.4	58810.8	-13.6%
Other operating expenses	45224.5	40413.8	11.9%	40830.1	10.8%	118796.2	106956.1	11.1%
Total Operating Expenses	62892.2	61189.6	2.8%	57123.5	10.1%	169604.6	165766.9	2.3%
Other Income	43199.9	40203.3	7.5%	42757.7	1.0%	119840.2	107941.4	11.0%
Operating Profit Before Prov. & Cont	27564.6	23790.1	15.9%	33060.1	-16.6%	91460.1	74801.6	22.3%
Provisions & Contingencies	1998.2	1445.3	38.3%	5585.8	-64.2%	11991.7	5313.4	125.7%
Exceptional items	0.0	-7100.0		0.0		0.0	-7100.0	
Profit Before Tax	25566.4	15244.8	67.7%	27474.3	-6.9%	79468.5	62388.2	27.4%
Taxes	6391.1	3962.2	61.3%	7254.7	-11.9%	20392.7	15986.4	27.6%
Net Profit	19175.4	11282.7	70.0%	20219.6	-5.2%	59075.8	46401.8	27.3%
Minority Interest after Net Profit	630.6	534.3	18.0%	782.3	-19.4%	2182.3	1640.2	33.1%
P/L of Associate Company	308.4	315.8	-2.3%	345.4	-10.7%	1067.4	938.9	13.7%
Net Profit after Minority Interest & P/L Asso.Co	18853.2	11064.1	70.4%	19782.8	-4.7%	57960.9	45700.5	26.8%
Share Capital	892.5	892.5		892.5		892.5	892.5	
Face Value	1	1		1		1	1	1
Outstanding shares	892.5	892.5		892.5		892.5	892.5	
Diluted EPS	21.1	12.4	70.4%	22.2	-4.7%	64.9	51.2	26.8%



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Msearch's Recommendation (Absolute Performance)

Buy: > 20% within the next 12 Months

Accumulate: 5% to 20% within the next 12 Months

Sell : < -20% within the next 12 Months

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