



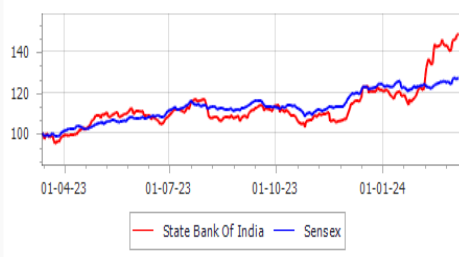
Script Details

BSE Group	A
BSE Code	500112
NSE Code	SBIN
Bloomberg Code	SBIN IN
Market Cap (INR Cr.)	7,03,393
Free Float (%)	43.1%
52wk Low/High	794/502
Beta (1yr Nifty 50)	0.00
Face Value (INR)/ D. Yield (%)	1/1.4
Total paid Up Shares (Mn.)	8924.6

Share Holding Pattern (%)

Promoters	Public	Others
56.9%	43.1%	-

Share Price Relative Performance



STATE BANK OF INDIA

Buy at CMP: Rs 788 | Target: Rs 916 (16%) | SL: Rs 725

Sector

Mar 11, 2024

Bank

State Bank of India (SBI) is an Indian Multinational, Public Sector Banking and Financial services statutory body headquartered in Mumbai. The bank provides a wide range of products and services to individuals, commercial enterprises, large corporates, public bodies, and institutional customers through its various branches and outlets, joint ventures, subsidiaries, and associate companies.

Investment Rationale

- ◆ **Loan book growth fueled by corporate advances, renewable, and Agri Finance:** The bank foresees a 14% to 16% year-on-year expansion in its loan book, in line with industry trends. This growth will be powered by a strong pipeline of corporate sanctions amounting to INR 4.6 trillion. Furthermore, the bank sees promising opportunities and strong momentum in renewable energy loans in the medium term. In the agricultural segment, the bank's main focus is to provide financing to all stakeholders along the value chain. To support this, two new products, Agri Enterprise Loan and Kisan Samradhi, have been introduced, targeting high-value farmers. SBI expects an overall loan book growth of 13% to 16% CAGR from FY25 to FY26.
- ◆ **Strengthened asset quality support earning trajectory ahead:** In Q3FY24, the bank's asset quality improved with a reduction in the slippage ratio from 0.70% to 0.67% QoQ. This resulted in an improvement in GNPA by 72 bps YoY and 6 bps QoQ, and a decline in NPA by 13 bps YoY. Both SMA 1 and SMA 2 indicators remained at lower levels, indicating less stress formation. The stable asset quality is expected to control credit costs, supporting a sustainable ROA. Despite high operating expenses and provisions for wage revision, we anticipate an improvement in asset quality, positioning the bank for a profitable FY24.
- ◆ **Margins likely to remain at same level going ahead:** Bank's margin declined YoY by 28 bps and 7 bps QoQ, attributed to a 10 bps rise in deposit costs, offsetting advances yield by 2 bps QoQ. Management expects stabilization as most deposits are reprised, forecasting margins to remain at 3.34% for CY24.
- ◆ **Outlook and Valuations:** We estimate SBIN to report PAT of INR 78,000 Cr on NII of Rs 180,000 Cr by FY26E. Which implies forward Pb of 1.1(x) for FY26E. We value it with a Price to book of 1.5x to FY26E ABV which results per share value of INR 916. We recommend BUY on SBIN at CMP of INR 788 with Target price of INR 916 (16%).

Financial Snapshot

Year	Net Interest Rev.	Pre-Provision Profit	PAT (Rs Cr)	PB Ratio (x)
FY23A	144,800	82,500	49,500	2.0
FY24E	157,000	75,000	56,900	1.8
FY25E	166,000	98,000	71,100	1.5
FY26E	180,000	101,300	78,000	1.1

Source: Company Data, Ace Equity, GEPL Research

TECHNICAL VIEW

Observation

- ◇ SBIN stock is currently displaying a robust upward momentum, achieving record highs. The structural development of the stock is notably strong, characterized by a continuous upward movement with consistent higher highs and higher lows.
- ◇ The stock is maintaining its position comfortably above its multiyear highs, indicating strong bullish momentum. There's a clear instance of polarity in the price action, where the previous year resistance observed of December 2022 to July 2023 has now transitioned into a support level. This recent price action demonstrates a robust price structure, suggesting continued bullish sentiment.
- ◇ Moreover, SBIN is trading above significant moving averages such as the 20-week Exponential Moving Averages (EMA) and 50-week Exponential Moving Averages (EMA), confirming the prevailing uptrend. The momentum study MACD is rising in the positive territory, reinforcing the continuous bullish momentum.
- ◇ Additionally, when comparing SBIN's performance against NIFTY, the ratio chart indicates sustained outperformance. SBIN has broken out of a declining trend line on this chart, further confirming the strength of its uptrend relative to the broader market index.



Inference & Expectations

- Considering these factors, it can be inferred that SBIN stock is set to begin uptrend.
- Going ahead we expect the prices to move higher till 900 level.
- The stop loss must be at 725 level, strictly on the closing basis.





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