

THE ASIAN AGE

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SBI gets buy tag from R. Securities

Postmega merger, SBI stands to gain market share in fast-growing Retail and SME segments. Further, the bank has been able to deliver relatively better operating performance compared to its peers despite elevated stress in balance sheet.

Moreover, the bank has been able to clean up its loan book effectively, which reasonably assures investors that it will continue to surprise positively on operating and asset quality fronts from FY18E onwards. Realignment of PCR and assets classification of the associate banks at standalone level further boosts our confidence in SBI's performance, going forward. Recent capital raising of ₹15,000 crore will further help the bank to support its growth plan over next three years. The broking house reiterates its buy recommendation on the stock with an SOTP-based target price of ₹355, valuing parent at 1.6x FY19 adjusted book value.

Broking firm: Reliance Securities
Rating: Buy
Closing price: ₹290.35