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Commentary

A Study of Key Financial Ratios of State Bank of India

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Abstract:

Ratio analysis is a numerical method of understanding details into any financial statements; these are calculated from the balance sheet and income statement. Financial ratios offer banks a way to evaluate their financial performance. Ratios calculate the relationship between two or more factors of the Balance sheet, P & L A/c, Cash flows etc. This paper tries to analysis varies key financial ratios of SBI.

Introduction:

A financial ratio or accounting ratio is a relative scale of two selected numerical values taken from an enterprise's financial statements. It is always used in accounting, there are many ratios used to evaluate the complete financial condition of an organization.

Literature Review:

The study by Nayana and Veena (2018) revealed that the banking sector promoted the growth of the economy. The study found that due to the unrecovered loans, the performance of the banking sector has been affected. There should be proper payment system for dividend and the control over the leverage. The capital creation has been streamlined through the banking sector and also contributed to the growth of the economy. The sanctioning of loans and its recovery posed difficulties to the developing of the banking sector and its assets in performing better as researched by Kalpesh Gandhi(2015). The research by Sutha & Christy Selvarani(2020) found that there is an association between customer satisfaction and customer loyalty. The customers are expecting better services from the banks and the banks want to attract customers through the technological innovations.

Objectives of the study:

1. To study 10 years Key Financial Ratios of State Bank of India.

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2. To analyse various ratios of SBI.

Research Methodology:

Data Collection: Data is collected from secondary sources i.e. from the Money control website, data is collected for 10 years –Ratios of SBI from March 2012 till Mach 2021.

Analysis of Data: Data for 10 years of Key Financial Ratios of State Bank of India from March 2012 till Mach 2021 is analysed on the basis of ratios like Per Share Ratios, Per Employee Ratios, Per Branch Ratios, Key Performance Ratios, Valuation Ratios in the the form of tables and charts.

In the table below Key Financial Ratios of State Bank of India from March 2012 to March 2021 are presented. These ratios are Per Share Ratios, Per Employee Ratios, Per Branch Ratios, Key Performance Ratios, and Valuation Ratios. These ratios are analyzed. For each ration highest ofeach category is highlighted in red and lowest of each ratio is highlighted in yellow for the yearMarch 2012 to March 2021.

Key Financial Ratios of State Bank of India from March 2012 to March 2021

Key Financial Ratios of State Bank of India (in Rs. Cr.)	21-Mar	20-Mar	19-Mar	18-Mar	17-Mar	16-Mar	15-Mar	14-Mar	13-Mar	12-Mar
Per Share Ratios										
Basic EPS (Rs.)	22.87	16.23	0.97	-7.67	13.43	12.98	17.55	15.68	210.06	184.31
Diluted EPS (Rs.)	22.87	16.23	0.97	-7.67	13.43	12.98	17.55	15.68	210.06	184.31
Cash EPS (Rs.)	26.59	19.94	0.97	-4.07	16.02	15.01	19.04	16.37	222.86	189.47
Book Value [Excl. Reval Reserve]/Share (Rs.)	258.05	233.34	247.53	217.69	196.53	185.85	172.04	158.43	1,445.60	1,251.05
Book Value [Incl. Reval Reserve]/Share (Rs.)	284.47	259.96	247.53	245.53	236.14	185.85	172.04	158.43	1,445.60	1,251.05
Dividend/Share (Rs.)	4	0	0	0	2.6	2.6	3.5	3	41.5	35
Operating Revenue	297.1	288.33	272.13	247.07	220.13	211.26	204.13	182.64	1,749.29	1,587.40

/ Share (Rs.)										
Net Profit/Share (Rs.)	22.87	16.23	0.97	-7.34	13.15	12.82	17.55	14.59	206.2	174.46
Per Employee Ratios										
Interest Income/ Employee (Rs.)	10,793,750.26	10,315,720.80	0	8,350,949.88	8,375,280.48	7,894,439.54	7,146,806.58	6,119,627.30	5,241,313.86	4,943,426.72
Net Profit/ Employee (Rs.)	830,869.25	580,806.85	0	-247,971.10	500,274.50	478,997.86	614,410.75	488,812.02	617,837.58	543,309.55
Business/ Employee (Rs.)	249,571,543.11	223,169,169.33	0	175,776,620.83	172,538,127.46	153,770,974.81	134,911,208.97	116,882,048.03	98,484,254.10	88,695,813.20
Per Branch Ratios										
Interest Income/ Branch (Rs.)	119,335,088.80	116,220,402.06	0	98,375,709.65	102,223,785.91	97,711,092.41	93,306,235.35	85,922,744.91	79,760,764.56	74,647,129.22
Net Profit/ Branches (Rs.)	9,186,043.21	6,543,566.51	0	- 2,921,144.69	6,106,058.59	5,928,654.49	8,021,534.32	6,863,174.55	9,402,069.66	8,204,126.56
Business/ Branches (Rs.)	2,759,248,782.89	2,514,299,397.05	0	2,070,680,589.85	2,105,899,694.70	1,903,254,798.38	1,761,354,091.65	1,641,084,645.54	1,498,704,257.70	1,339,331,641.49
Key Performance Ratios										
ROCE (%)	1.64	1.79	0	1.81	1.99	1.96	2.06	1.89	2.11	2.51
CASA (%)	45.39	44.22	0	44.48	44.57	42.61	41.34	42.91	44.81	44.8
Net Profit Margin (%)	7.69	5.63	0.35	-2.96	5.97	6.06	8.59	7.98	11.78	10.99
Operating Profit Margin (%)	-8.7	-11.94	-14.14	-23.19	-14.23	-10.91	-6.21	-5.61	-1.61	-2.48
Return on Assets (%)	0.45	0.36	0.02	-0.18	0.38	0.42	0.63	0.6	0.9	0.87
Return on Equity / Networth (%)	8.86	6.95	0.39	-3.37	6.69	6.89	10.2	9.2	14.26	13.94
Net Interest Margin (X)	2.44	2.48	2.4	2.16	2.28	2.42	2.68	2.74	2.83	3.24
Cost to Income (%)	43.34	42.57	44.68	47.52	41.15	39.14	36.85	36.76	34.09	38
Interest Income/Total Assets (%)	5.84	6.51	6.59	6.38	6.48	6.95	7.44	7.6	7.63	7.97

Non-Interest Income/Total Assets (%)	0.95	1.14	0.95	1.29	1.31	1.18	1.1	1.03	1.02	1.07
Operating Profit/Total Assets (%)	-0.5	-0.77	-0.93	-1.48	-0.92	-0.75	-0.46	-0.42	-0.12	-0.19
Operating Expenses/Total Assets (%)	1.82	1.9	1.89	1.73	1.71	1.77	1.85	1.99	1.86	1.95
Interest Expenses/Total Assets (%)	3.4	4.02	4.19	4.21	4.2	4.53	4.75	4.85	4.8	4.73
Valuation Ratios										
Enterprise Value (Rs. Cr)	4,210,541.48	3,565,310.84	3,423,771.88	3,141,292.12	2,467,752.16	2,075,268.45	1,865,394.71	2,924,734.90	1,447,875.02	1,257,160.88
EV Per Net Sales (X)	15.88	13.86	14.1	14.25	14.06	12.65	12.24	21.45	12.1	11.8
Price To Book Value (X)	1.41	0.84	1.3	1.15	1.49	1.05	1.55	12.11	1.43	1.67
Price To Sales (X)	1.23	0.68	1.18	1.01	1.33	0.92	1.31	10.5	1.18	1.32
Retention Ratios (%)	82.5	100	100	100	79.88	79.71	79.78	79.43	79.87	79.93
Earnings Yield (X)	0.06	0.08	0	-0.03	0.04	0.07	0.07	0.01	0.1	0.08

Source: Moneycontrol.com

Some of analysis is presented in chart format is given below:

Chart showing Per share Ratios (Rs.) of SBI from 2012 to 2021

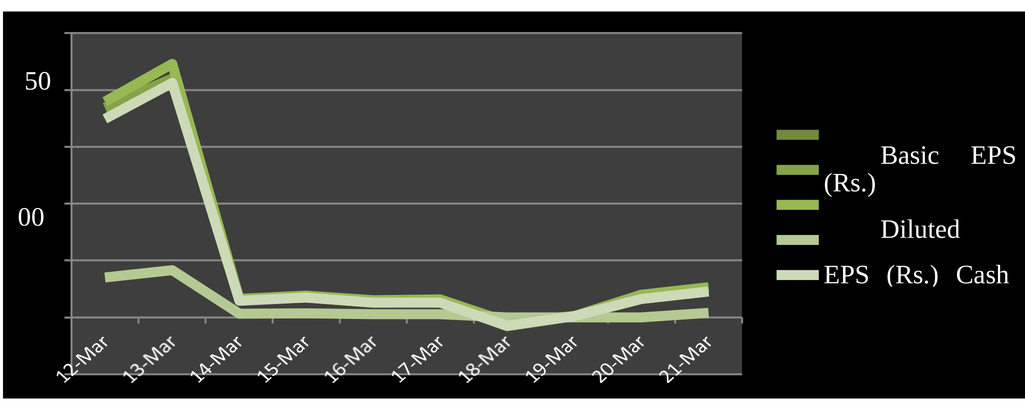

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Chart showing Per-share Ratios (Rs.) of SBI from 2012 to 2021

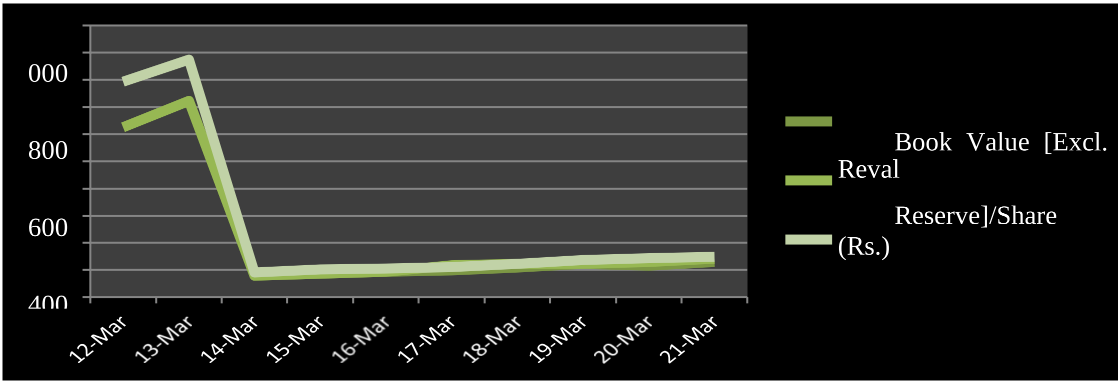

Chart showing Per Employee Ratios of SBI from 2012 to 2021

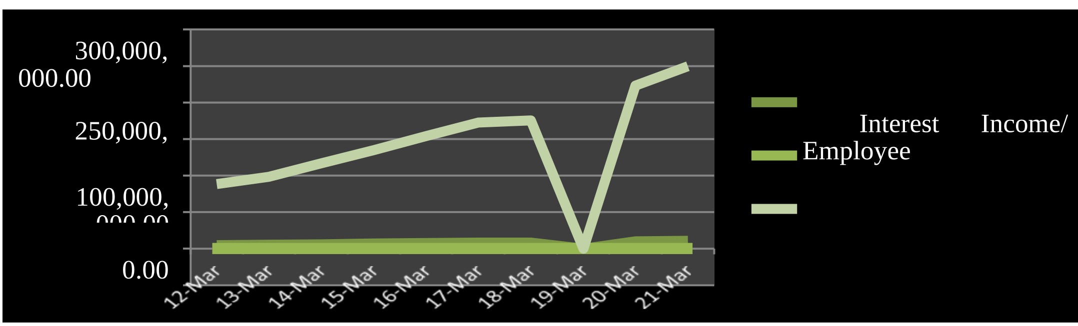

Chart showing Per Branch Ratios of SBI from 2012 to 2021

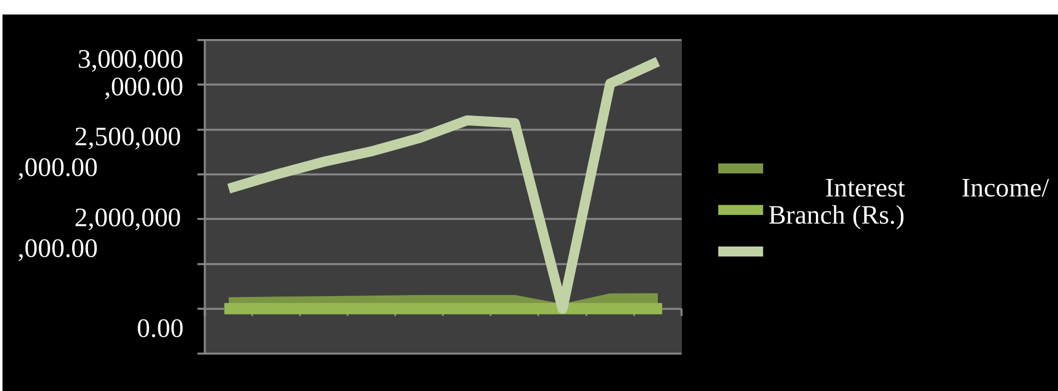

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Chart showing Key Performance Ratios of SBI from 2012 to 2021

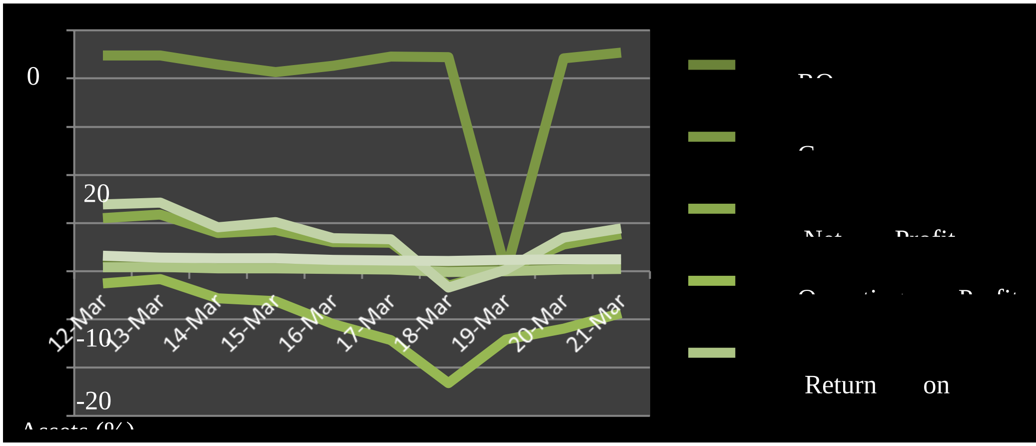

Chart showing Key Performance Ratios of SBI from 2012 to 2021

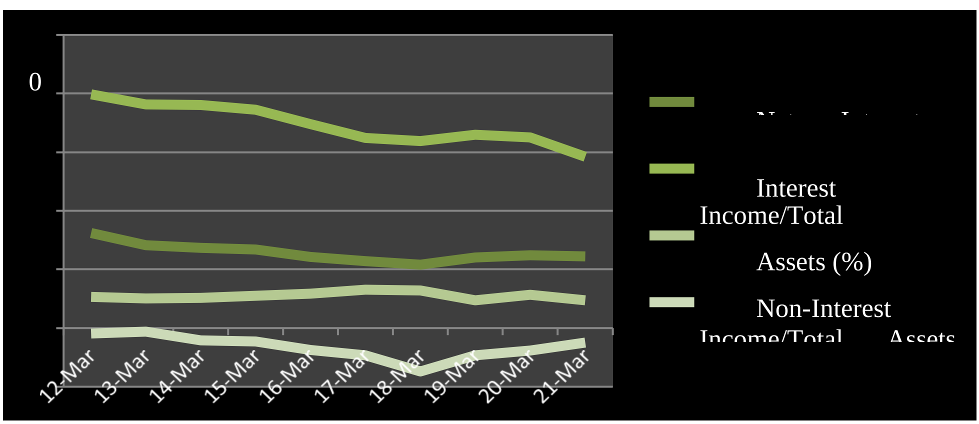

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Chart showing Key Performance Ratios of SBI from 2012 to 2021

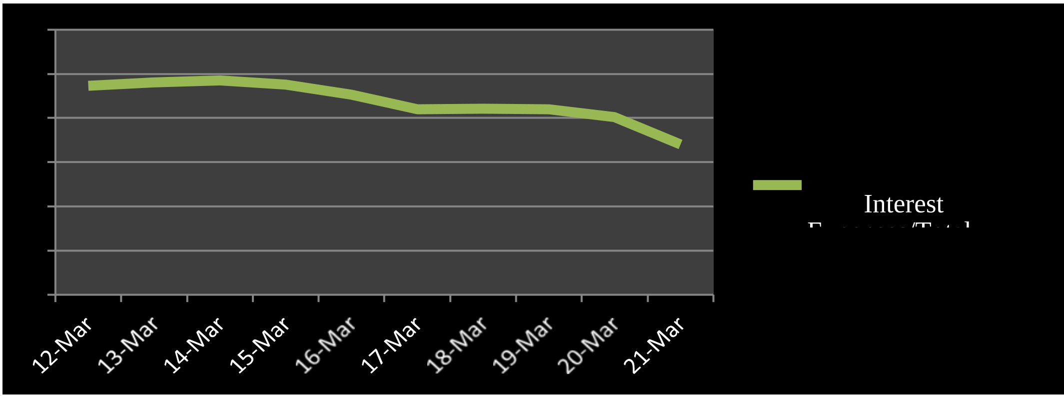


Chart showing Valuation Ratios of SBI from 2012 to 2021

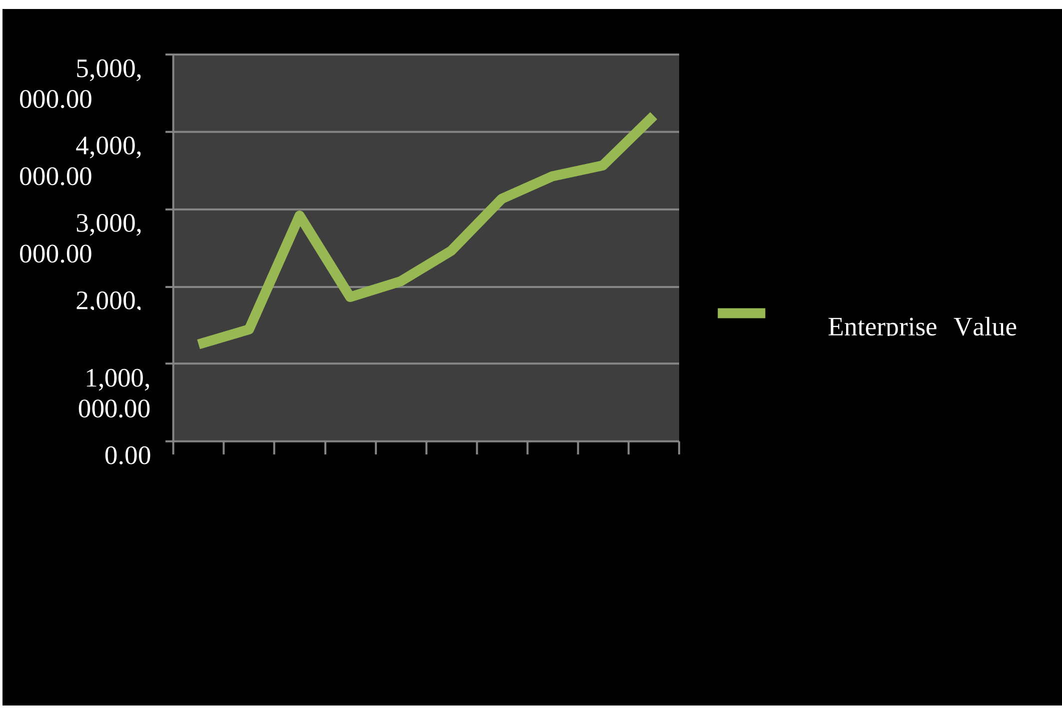
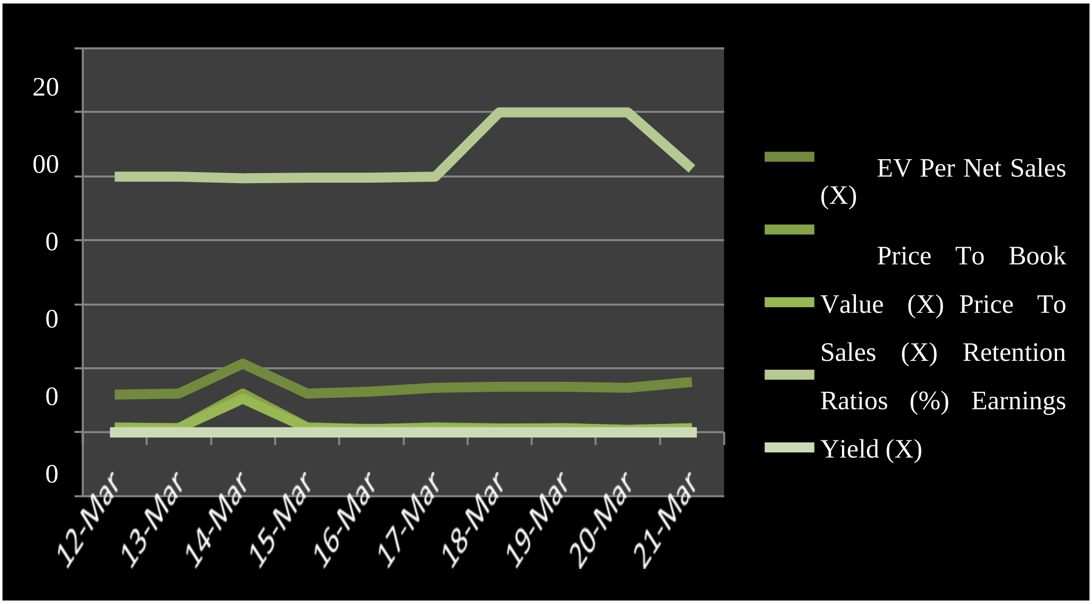


Chart showing Valuation Ratios of SBI from 2012 to 2021



Findings and Suggestion:

Basic EPS, Diluted EPS, Cash EPS, Net Profit/Share of SBI is lowest in the year March 2018 and highest in the year March 2013. Book Value [Excl. Reval Reserve]/Share, Book Value [Incl. Reval Reserve]/Share, Operating Revenue / Share is lowest in the year March 2014 and highest in the year March 2013. Dividend/Share is lowest in the year March 2018 to March 2020 and highest in the year March 2013. Per Employee Ratios is highest in the year March 2021. Net Profit Margin, Operating Profit Margin, Return on Assets, Return on Equity / Networth, are lowest in the year March 2018 and highest in the year March 2013. ROCE, CASA are found 0% in the year March 2019.

Enterprise Value found lowest in the year March 2012 and highest in the year March 2021.

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