## Select state-run bank stocks did remarkably well in 2022

## SIDDHANT MISHRA Mumbai, December 29

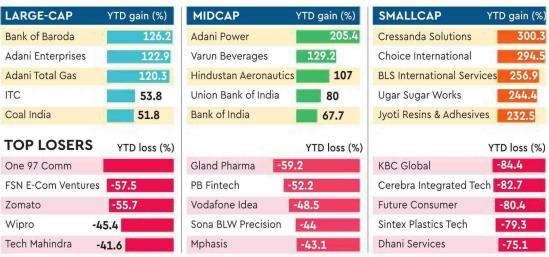
IN A YEAR that saw significant volatility, some public sector bank (PSB) stocks stood out. Among the largecaps, Bank of Baroda was the top gainer, rising 126% since the turn of the year. According to Prabhudas Lilladher, it surprised the Street with its earnings, raking in higher profits, net interest income, and improving its asset quality. BoB had posted a net profit of ₹3,313 crore in the September quarter, and commands a market cap of ₹95,851 crore.

Even among mid-caps, two PSB stocks, Union Bank and Bank of India, up 80% and 68%, respectively, featured in the top five. According to Deepak Jasani, head (retail research), HDFC Securities,

rising credit demand, stable NIMs and asset quality that did not deteriorate were all common factors to spur financials in 2022. At the same time, materials/energy stocks like Coal India benefited from heightened prices of coal globally, and higher extraction of coal.

Among large-caps, two Adani entities — Adani Enterprises and Adani Total Gas — were in the top five, with ITC and Coal India the othertwo.While the former reported a profit of ₹469 crore, the latter reported ₹139 crore. Deven Choksey, managing director of KRChoksey Shares and Securities, said improving visibility of the businesses of Adani group firms has prompted the surge in shares. Its road and airport assets have strengthened its fundamentals. There are expectations of

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these business being carved out as separate entities away from the group,which could eventually create value for investors. Similarly, Adani Powerhas gained from rising energy prices globally. In addition, there's extra money being allocated to these sectors, as investors are seeing value.

Paytm, the top loser among largecaps, has lost 60% this year. The firm's plan to go for share buybacks has not gone down well with the Street. Two IT stocks, Wipro and Tech Mahindra, also ranked among the top five laggards, with consumer discretionary firms Nykaa and Zomato making the other two. Rising interest rates in the US, coupled with clients' decision to cut down on IT spends have forced tech players to revise their outlook for the year ahead, which has played heavily on their stocks. Among the mid-caps, Adani Power topped with a YTD gain of 205%, followed by Varun Beverages and Hindustan Aeronautics.

Industrials like HAL did well on better ordervisibility and re-rating of the defence sector. The small-cap universe saw Cressanda Solutions jump 300%, while realty firm KBC Global was the top laggard, down 84%. On the flip side, pharma/healthcare stocks, however, had a bumpy ride this year, while IT stocks also had a shaky ride.

According to Choksey, these stocks have not been doing well globally, and the fear-mongering has spread to India, which is why investors have pulled out. There is nothing wrong in the fundamentals, he said, adding that these offer a buy opportunity.