THE TIMES OF INDIA

Fri, 28 Jul-17; Times Of India - Chennai; Size : 133 sq.cm.; Circulation:-;
Page : 21

Private bank scrips hit fresh peaks

Allirajan.M@timesgroup.com

Chennai: A strong performance in the first quarter (Q1) of 2017-18 is giving fresh impetus to scrips of private sector banks. Shares of HDFC Bank, ICICI Bank, Yes Bank and IndusInd Bank surged to their 52-week highs on Thursday. The sharp rise resulted in the 'BSE Bankex', which is dominated by private sector banks, jumping to another fresh yearly high.

RACING AHEAD

Private banks have been racing ahead of their public sector peers as their NPA (non-performing assets) levels are much lower and their operating performance has been much better.

While mutual funds that invest exclusively in banking stocks have been the best performers over the past month, the 'BSE Bankex' is among the top performing equity indices during the timeframe.

The Yes Bank stock has gained the most among private sector lenders in the past few weeks. The scrip has soared 22.2% so far in July and closed at Rs 1,786.75, a 4.3% increase for the day. A majority of the broking houses are bullish on Yes Bank and have increased their target prices post its Q1 results. The bank's net profit jumped about 32% year-on-year to Rs 965 crore during Q1.

Similarly, HDFC Bank too reported strong results for the quarter.

"Despite adverse operating environment, HDFC Bank continued to deliver strong performance on business growth as well as operating fronts," analysts at Reliance Securities said.

Despite a mere 6.1% y-o-y growth in advances given by the banking industry, the bank's loan book grew by 23.4% y-o-y and by 4.8% quarter-on-quarter (q-o-q) respectively. "This outperformance on loan growth front with a huge margin vs. the industry is really commendable as it is the second largest bank in India in terms of loan book size," the analysts said. The HDFC scrip has seen an 8.2% increase in July and was up about 2.2% on Thursday.

IndusInd Bank is also among the best performers in the banking pack. The bank's net profit grew by 26.5% y-o-y and 11.3% q-o-q to around Rs 837 crore led by robust growth in balance sheet and healthy improvement in NII (net interest income) and fee-based income.