

04:05 PM 06 FEB MARKET STATS ▼	SENSEX 28,439 ▲ 198.76	NIFTY 50 8,801 ▲ 60.10	GOLD (MCX) (Rs/10g.) 29,065 ▲ 156.00	USD/INR 67.22 ▼ -0.10	CREATE PORTFOLIO	Download ET MARKETS APP	CHOOSE LANGUAGE ENG
--	----------------------------------	----------------------------------	--	---------------------------------	-------------------------	--------------------------------	-------------------------------

Yes Bank, IndusInd reveal that consumer-driven segments account for small portion of retail books

By ET Bureau | Updated: Aug 08, 2016, 01:58 AM IST

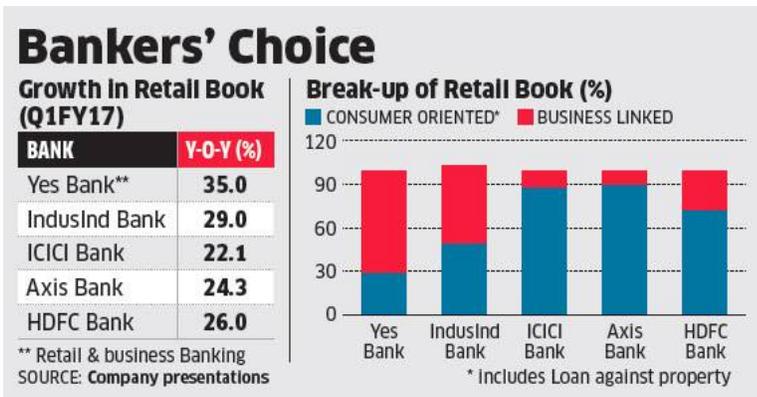
[Post a Comment](#)

By **Devangi Gandhi**

Budget 2017:
Budget 2017 is out: [Read how it impacts you and India](#)

Besides superior asset quality, growth potential of their retail book was a factor that led to the re-rating of some of the smaller sized private sector banks in the last one year. A closer look at the retail businesses of Yes Bank and IndusInd Bank reveals that core consumer-driven segments still account for a relatively small portion of their respective retail books.

As these banks aim for an equal distribution of their loan book between retail and corporate segments over the next few years, how the consumption part of the retail books shapes up may impact the valuations they currently command. IndusInd and Yes Bank currently trade at trailing price-to-book multiples of 3.4 times and 2.8 times, respectively, and are amongst the four most expensive banking stocks.



As against some of the larger private players like HDFC Bank, ICICI Bank and Axis Bank for which pure consumer-linked segments like housing, auto and personal loans, and credit cards account for over 70% of their retail book, in case of IndusInd and Yes Bank, this proportion stands at 50% and 29%, respectively.

While such lower levels give an opportunity for growth, the increased competitive intensity in the space may act as a deterrent for continuous valuation expansion of these stocks. Analysts have pegged both IndusInd and Yes bank to report industry beating compounded profit growth of 25% during FY17-18.

There is a likelihood that the net interest margins (NIMs) may come under pressure as bigger private banks and their public sector counterparts, which traditionally kept focus on growing their corporate business, target the retail pie. The retail segment brings in higher yield and aids NIMs. However, increased competition may bring pricing pressure. In the June quarter, IndusInd and Yes bank reported NIMs of 3.9% and 3.4%, respectively.

The increased focus on the retail credit was quite evident in the June quarter. While retail credit grew at a much faster pace than corporate credit for all private banks, sub-segments like personal loans, credit cards and home loans reported highest YoY expansion of 21-44% for ICICI and HDFC Bank, whose collective retail book is about Rs 4.5 lakh crore.

Stay on top of business news with The Economic Times App. [Download it Now!](#)

[Live Market](#)[News](#)[Portfolio](#)[Mobile](#)[Live TV](#)[Newsletter](#)[Commodities](#)[Speed](#)[QnA](#)[Blogs](#)[Alerts](#)[RSS](#)

Other Times Group news sites

Times of India | इकनॉमिक टाइम्स
छंडीनामिस टाइम्स | Mumbai Mirror
Times Now | Indiatimes
नवभारत टाइम्स | महाराष्ट्र टाइम्स
ವಿಜಯ ಕರ್ನಾಟಕ | Lifehacker
Gizmodo | Eisamay | IGN India
NavGujarat Samay

Living and entertainment

Timescity | iDiva | Zoom |
Luxpresso | Gaana | Happytrips |
Cricbuzz | Get Smartapp

Networking

itimes | MensXP.com

Hot on the Web

Punjab & Goa Election
2017 | Income Tax calculator
Income Tax Slabs | Budget 2017
Elections 2017 | BUDGET 2017-
What's Cheaper & Expensive
Sensex, Nifty Live

Services

ads2book | Gadgetsnow | Free Business Listings
Simplymarry | Astrospeak | Timesjobs | Magicbricks | Zigwheels | Timesdeal |
dineout | Filmipop | Remit2india | Gaana | Greetzap | Techradar | Alivear |
Google Play