

# 'Deepak and I on Same Page on Successor'

HDFC Bank MD squelches speculation over differences with HDFC chairman



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**Mumbai:** HDFC Bank managing director Aditya Puri said his vision for the successor at the most successful lender in the country is aligned with that of HDFC group companies' elder statesman Deepak Parekh, squelching speculation that they had differences over the succession process.

"In all fairness, Deepak and I have no differences," Aditya Puri told ET in an interview. "We all want the best person in the organisation. He hasn't even discussed the subject with me... I don't know for how many months. HDFC has a nomination into the search

committee. He is a large shareholder. He also wants what is best for the organisation. There is no difference between the board and anybody. We are all looking at the best interests of the bank."

Industry is keenly watching the succession at HDFC Bank as Puri, hired by Parekh from Citibank to start HDFC Bank in 1994, steps down in October after creating a behemoth with a market value of ₹6.5 lakh crore. There's intense speculation on whether his successor would be an internal or an external candidate.

But Puri said that the search committee has engaged head-hunting firm Egon Zehnder to look at not only the internal candidates but even an external one if there is exceptional talent.

"The board gave a set of attributes

to them that we would be looking for. We have told them the bank has strong internal candidates, but you can look for exceptional external candidates as well," said Puri without revealing his preference.

When asked about the general management philosophy of going with an internal candidate in institutions that are not facing major challenges, Puri said the board acknowledged the contributions of insiders.

"I believe that this theory (of favouring insiders) has a lot of merit," said Puri. "Obviously, we know whoever is within the organisation. If a lot of them have created a \$100 billion franchise they must be competent. The board also acknowledges that we have very strong internal candidates. But, there were some people who felt that we should also look at external candidates so that we won't miss out on anyone."

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Puri said he did not have a veto on the successor, but the board would give weight to his recommendations.

"I don't have a veto, but I would assume that what I say will have a lot of weight," he said.

Executive directors Bhavesh Zaveri, Sashidhar Jagdishan and Kaizad Bharucha are the internal candidates. As regards to external candidates, there had been speculation that Piyush Gupta of DBS and Ajay Banga of Mastercard were being considered for the top post at HDFC Bank.

## CONFLICT OF INTEREST

Responding to a question on possible conflict of inter-

est between HDFC Bank and its NBFC subsidiary HDB Financial, Puri said the two have no overlap.

"There is no overlap between the financial services company and HDFC Bank," he said. "HDB takes slightly higher credit risk, they charge higher interest rates, they are compensated by lower cost structure. In the last 13 years no case has come to me that the two of them are fighting."

When asked if he would continue as chairman of HDB Financial after retirement from HDFC Bank in October, Puri said he and his successor would jointly decide on the matter.

The bank is poised to grow continuing its past success as its leadership team has

put in place the relevant technology and created distribution capacity to take advantage of an economy where demand is abundant while supply is lagging, said Puri.

The government rolling out the red carpet for sovereign wealth funds in building infrastructure and the Reserve Bank of India easing the liquidity position could revive economic growth above 5%, although investment may have to wait given the low capacity utilisation.

Puri, who had delivered earnings growth of 15% or so even during the worst of the slowdowns, said that the government had done its best to kickstart the recovery within the available fiscal space.