

HDFC Bank: Miles Ahead

The bank's success is linked to Aditya Puri's, (MD, HDFC Bank) own personality — a no-nonsense, conservative banker



Roger Bannister ran the first sub-four minute mile (3:59.4) in 1954; it's routine now. Is it harder to run a bank? For almost a quarter of a century, Aditya Puri, the managing director of HDFC Bank has grown it at a 20 per cent plus annually; it's today the costliest banking stock in the world. Puri's success has got a lot to do with how early he spots the ball — to borrow cricketing imagery.

Let's take the foray into digital. It began in 1999 with "NetBanking" and "SMS banking" a year later; then came a "mobile site", an "app" (routine now, but Bannister-like for those times). He then launched 'Bank Aap Ki Muththi Mein' — your smartphone turned into a branch. It is tech-agnostic and works on iOS, Android, and Windows. He's set to cash in on with the emergence of digital wallets and contactless payments near-field communications technology even flab is cut over processes. With these moves, the bank wants to sell its wares to the back of the beyond in an efficient manner.

On The Ball

When the first lot of private bank licenses were issued in the early 90s, few had a clue as to how the plot will pan out. Of the banks spawned by institutional players, three have done well — HDFC Bank, ICICI Bank and Axis Bank (the erstwhile UTI Bank); the fourth, IDBI Bank has had a chequered life since its inception. Outside of banks with this profile, only IndusInd Bank has survived (and done well), but that's after many years in

the woods.

Puri (and HDFC Bank) eschewed risks. What's he's has done so far has been simple: cut your coat according to your cloth; never chase the fashion of the day. It's helped weather the storms. In the mid-90s when several of his peers chased market share, he refused to play the game. Just how well he read the tea leaves became clear in the post-Lehman world when banks went back to their drawing boards — HDFC Bank didn't hiccup. The bank's success is linked to Puri's own personality— a no-nonsense, conservative banker. Yet what few realise is it's also the fastest growing bank in the country.

HDFC Bank posted Rs 10,215.9 crore in net-profit at end-March 2015, up by 20.5 per cent. The balance-sheet grew to Rs 5,90,503 crore, up by 20.1 per cent. It came at a “meaningful rate” — the return on average net worth was 20.4 per cent; the earning per share stood at Rs 42.2 (Rs 35.5). Net advances grew to Rs 3,65,495 crore, up by 20.6 per cent; the credit-deposit ratio (or what a bank gives out as loans for every Rs 100 in deposits) was 81.1 per cent. But dud-loan swere on leash— net non-performing assets were at 0.25 per cent (0.27 per cent). That's why its market capitalisation equals to 20 of our state-run banks. All this on the back of a market-share of approximately 4.9 per cent and 5 per cent of the banking system's deposits and advances. If ever a movie were to be made on HDFC Bank, it would be apt to call it “The credit side story”.

In hindsight, the biggest gambit he took was to give up the comforts at Citi as its chief executive officer in Malaysia (and stock options) to set up a new-age bank from a room in Kamala Mills Compound in Worli, Mumbai. He had to battle rats; they chewed up the wires of his computers — thrice!

Puri is now a marquee name. Look at his longevity: Joseph Neubauer led Aramark for 31 years; Ray Irani did so at Occidental Petroleum for 21. That's if you were to look outside the list of promoter-bosses who helmed firms across the world. Puri is our own in the Neubauer-Irani mould.

As for his leadership style, a close associate remarked on Puri and his ways: “He has no patience for liars and the incompetent. When the need arises, he will roll up his sleeves and get down to do the job on hand”. He does not clink glasses to network; others seek him out, and he says so openly. He walks into office at 8.30 am; packs off at about 6 pm; and at times, goes home for a siesta in the noon. His fashion statement is the cell phone: he doesn't carry one. But despite Puri's set-piece timings, he expects others to sit late. Only Bushka, his Great Dane, gets to chill out. Is it fair? “He has done what he has done. What are we talking about?” retorted an aide. All this helps add to the aura around Puri.

Did Bannister inspire him? We think it was Robert Frost — “... miles to go before I

sleep”.