


## Faster, Higher, Stronger

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INDIA'S BEST BANK/BANK OF THE YEAR (2019)-HDFC BANK

Aditya Puri,  
MD and CEO,  
HDFC Bank



# FASTER, HIGHER, STRONGER

HDFC Bank, the largest private bank in India, pads up for its first major leadership transition as growth momentum speeds up

BY NEVIN JOHN  
PHOTOGRAPH BY RACHET GOSHAW

**A**s the search for a new managing director intensifies at India's largest private bank, Aditya Puri, MD and CEO, HDFC Bank, has been shuffling from one destination to the other meeting customers, bank employees and government officials. A few weeks back, Puri was in Madhya Pradesh, a hill town in Karnataka. Over the past few months, the six-year-old banker travelled to Uttaranchal, Himachal Pradesh and Odisha to study customer needs and understand what the employees can do to build the bank further. While he will move to Chennai soon, he doesn't want to sit and think but to show how he built the bank over the last 25 years, and what new challenges of Puri bank come, but work towards the future.

HDFC Bank, which started operations in 1994 with Puri as its first employee, has now profile grown 20 times in the

₹12  
LAKH CRORE  
Assets under  
the bank

12.5  
MILLION  
Total number of small and  
medium customers, the highest in  
the industry

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## HDFC BANK TOPS IN ALL PARAMETERS

BANKS	TOTAL ASSETS (₹ CRORE)	NET NPAs (%)	ROA (%)	COST TO INCOME (%)
<b>HDFC Bank</b>	<b>12,44,541</b>	<b>0.39</b>	<b>1.83</b>	<b>39.65</b>
Axis Bank	8,00,997	2.28	0.63	45.45
Kotak Mahindra Bank	3,12,172	0.75	1.68	47.37
ICICI Bank	9,64,451	2.29	0.36	43.56

Source: BT-KPMG Study

last decade. The bank posted a consolidated profit of ₹22,446 crore, up 20.93 per cent, on income of ₹1,24,108 crore in FY19. The bank's value in the stock market has increased 600 per cent in the last 10 years to ₹6.5 lakh crore until February, when it became the most valued firm in the country after Reliance Industries and TCS. In the BT-KPMG Best Banks study, the bank has once again emerged as the winner in the large bank category based on quantitative study. It also bagged the Bank of the Year award along with State Bank of India.

Puri has been leading the bank as its chairman during these years, though he prefers to call himself "first among equals". The bank has nurtured talent. Many who now head other companies have worked there at various points. Rajesh Kumar, who used to be head of retail credit and risk unit at HDFC Bank, has joined as MD and CEO of TransUnion CIBIL, and Nitin Chugh has become MD of Ujjivan Small Finance Bank. "We have depth three ways down because we have collaborative management. I am not a top-down boss," says Puri.

He promises that the best person will succeed him at the helm. "Who is the right person for the job depends on what is our need. So, we will have to examine our need, along with attributes of the candidate. We are (open) to outsiders or insiders. When the bank has the scale, market, technology and people, it is poised to grow faster. The ground work has already been done," says Puri, adding that there are strong internal candidates who can take over from him any day. However, they also decided to search for exceptional candidates outside the bank as they don't want to miss the best talent. "It is with this intention that the bank has appointed global executive search firm Egon Zehnder to prepare a list of candidates from inside as well as outside. They will come back with their list in March. The selection com-

mittee and me as its adviser will look at the candidates and short-list. The list will be given to the board, which will hand it over to the RBI in April or May," Puri says. Three executive directors – Kaizad Bharucha, Bhavesh Zaveri and Sashidhar Jagdishan – who are on the board, are believed to be top contenders for the post.

The six-member search committee was set up last November, and comprises Shyamala Gopinath, Sanjiv Sachar, M.D. Ranganath, Sandeep Parekh, Srikanth Nadhamuni and Keki Mistry.

As a part of his exit process, Puri has sold a fifth of his stake in the bank, valued at ₹156 crore, early February. Puri sold shares worth ₹312 crore, which he had got largely through employee stock options, in the last five years.

5.03%

Cost of deposits in FY19, one of the lowest in the industry



₹7,550

CRORE  
Provisions and contingencies in FY19 compared with ₹5,928 crore in FY18

## High Growth Rate

The total income of the bank has recorded a compounded annual growth rate (CAGR) of 20.18 per cent in the last 10 years. The profit grew at a CAGR of 25.85 per cent during this period – from ₹2,352 crore in FY09 to ₹22,446 crore in FY19. When asked about whether his successor could continue to build the bank at this run rate, Puri says, "With the benign blessings of God, as we define God as Ram, Christ, Allah and Buddha, and the power of HDFC Bank team, I see no reason why such growth should not happen."

The bank's cost of deposits was 5.03 per cent in FY19, one of the lowest in the industry. Net interest income was 73 per cent of net revenues. Gross NPAs were 1.36 per cent (1.3 per cent in FY18) while net NPAs were 0.39 per cent (0.4 per cent in FY18). Provisions and contingencies were ₹7,550 crore compared with ₹5,928 crore in FY18. Earnings per share was ₹78.60 at the end of March 2019 compared to ₹17 at the end of March 2015.