Deepak Parekh, Former Chairman of Housing Development Finance Corporation
Image: Photograph by Padmini B

LONG READS

The Da Vinci of Indian Finance

A colossus in the Indian financial landscape, Deepak Parekh is distinguished by his unique trifecta of business acumen, talent honing and genuine interpersonal warmth.

By V. KESHAVDEV, Oct 9, 2023 10 min read

THERE ARE ENTERPRISES and there are institutions. But there are only a handful of those who can create an “entrepreneurial institution”. Deepak Parekh is one such leader. The evolution of HDFC Group under Parekh is not just the coming of age of a financial colossus; it’s a story of strategic ingenuity, savvy management, guts and glory, and, more importantly, a balance sheet and valuation that many companies can only aspire for. While the foundation of HDFC was laid by Hasmukh Parekh in 1977 at the age of 66, his nephew is walking into the sunset at 78, leaving behind an enduring legacy that is flourishing in every throbbing sub-segment of India’s vast financial landscape. Capping a 45-year long illustrious stint, Parekh stepped down as the chairman of HDFC in June, ahead of the parent’s merger with the country’s largest private sector lender — HDFC Bank — which culminated in August.

Parekh’s foresight to diversify into banking, asset management, and insurance not only propelled the HDFC brand to greater heights but also helped deepen the landscape of financial services in the country. When Parekh joined HDFC in 1978 as a 33-year-old employee, the housing finance market was still in its infancy. Fast-forward to 2023, the market cap of the combined entity (HDFC Bank and HDFC) is now $200 billion, making it the fourth-largest bank globally, after Bank of America, the third largest at $219 billion, and JPMorgan Chase, the largest in the world, at $428 billion. Under Parekh’s stewardship, HDFC’s loan book grew exponentially, with retail home loans reaching a commendable ₹4.7 lakh crore ($64 billion) in FY23. Parekh played a critical role in the formation of HDFC Bank in 1994, which itself became a marquee private sector bank.

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In 2000, HDFC Asset Management Company was established, further diversifying HDFC's financial services offerings. As of June 30, 2023, it had assets over ₹4 lakh crore ($54 billion), making it the third-largest fund house. In 2000s, HDFC entered the life and general insurance sector and today the companies are established players — the second largest — in their respective categories. Against such a backdrop, it was only apt that Parekh stated in his farewell letter to shareholders, "The HDFC experience is invaluable. Our history cannot be erased, and our legacy will be taken forward."

Not surprising Parekh has an unabashed admirer — founder chairman of DSP Investment Managers, Hemendra Kothari, Parekh's childhood friend and college pal from Sydenham in Mumbai. "While I started out with investment banking in 1975, he started out much later at HDFC. Not only did he catch up but also has done much better. To create an institution where you do not own even 1% and doggedly create value for the brand is simply remarkable," says the 77-year-old, who meets Parekh three to five times a week.

If ICICI was seen as a powerhouse of talent under K.V. Kamath, Parekh's knack for identifying talent and his willingness to invest in young leaders have been equally impressive. R. Gopalakrishnan, former director of Tata Sons and co-author of the book, How Deepak Parekh Grew HDFC Group Exponentially, mentions that while Hasmukhbhai is venerated as the visionary founder of HDFC, Deepak Parekh's contribution is an enduring one. "Deepak will be remembered as the sculptor who shaped esteemed leaders such as Keki Mistry, Renu Sood, Aditya Puri, and Paresh Sukthankar; an enduring conglomerate meeting diverse financial needs of people and, most importantly, an ethical and non-controversial corporation," says Gopalakrishnan.

WHY HE MATTERS

- Foresight to diversify into areas beyond housing finance such as asset management and insurance, which have made HDFC Group a financial powerhouse.
- Ability to put forth sustainable, long-term solutions.
- Knack for identifying talent.
- Willingness to invest in young leaders.

Parekh's human side is perhaps as admirable as his professional achievements. He ensured that even as he stepped down, all employees below 60 got transferred to the bank without pay cuts or golden handshakes. It's unsurprising for Kothari who says, "Deepak is a different kind of person who values relationships, both personal and professional. He has an innate ability to quickly seize an individual's potential."

Though a born banker, Parekh was equally at ease with M&As, which added heft to the group's businesses over the years. "As a banker and broker, my perspective often differed from that of Deepak's, but I can say for sure that he could have been a brilliant investment banker," admits Kothari.

Analjit Singh, the 69-year-old chairman emeritus of Max Group, traces his association with Parekh back to the '80s, when he ventured into the telecom space as a partner of Hutchinson in Mumbai. “I had reached out to Deepakbhai to seek funding for my Mumbai operations as I did not want to create the network in a piecemeal fashion. I wanted to go the whole hog with a big bang. So, the upfront funding needed was substantially huge,” recalls Singh. Beyond the investment in radio frequency and microwave switches, Max was looking for investment in real estate. “At the end of the day, telecom is also a business that involves a lot of real estate (tower sites and so forth), and I must admit that Deepakbhai was very supportive of a business that was still in its infancy,” says Singh over a call from South Africa, where he owns a winery and a clutch of luxury properties.

Turning Vision Into Reality

Parekh built HDFC into an enduring financial franchise by backing the right leaders.

GROUP COMPANIES	YEAR OF	TOTAL INCOME (FY23, ₹ CRORE)	NET PROFIT (FY23, ₹ CRORE)	SHARE CAPITAL (₹)	MARKET CAP (₹ CRORE)
HDFC BANK	1994	1,92,800	44,109	558	12,30,015
HDFC LIFE	2000	71,644	1,368	2,149	1,41,339
HDFC	1977	60,224	16,239	367	5,05,430
HDB FINANCIAL	2007	12,403	1,959	791	UNLISTED
HDFC ERGO	2010	9,459	653	713	UNLISTED
HDFC AMC	1999	2,483	1,423	107	54,120
HDFC SECURITIES	2000	1,892	777	16	UNLISTED
HDFC CREDILA	2006	1,352	276	148	UNLISTED
HDFC SALES	2004	800	68	122	UNLISTED
HDFC INVESTMENTS	1994	482	481	27	UNLISTED

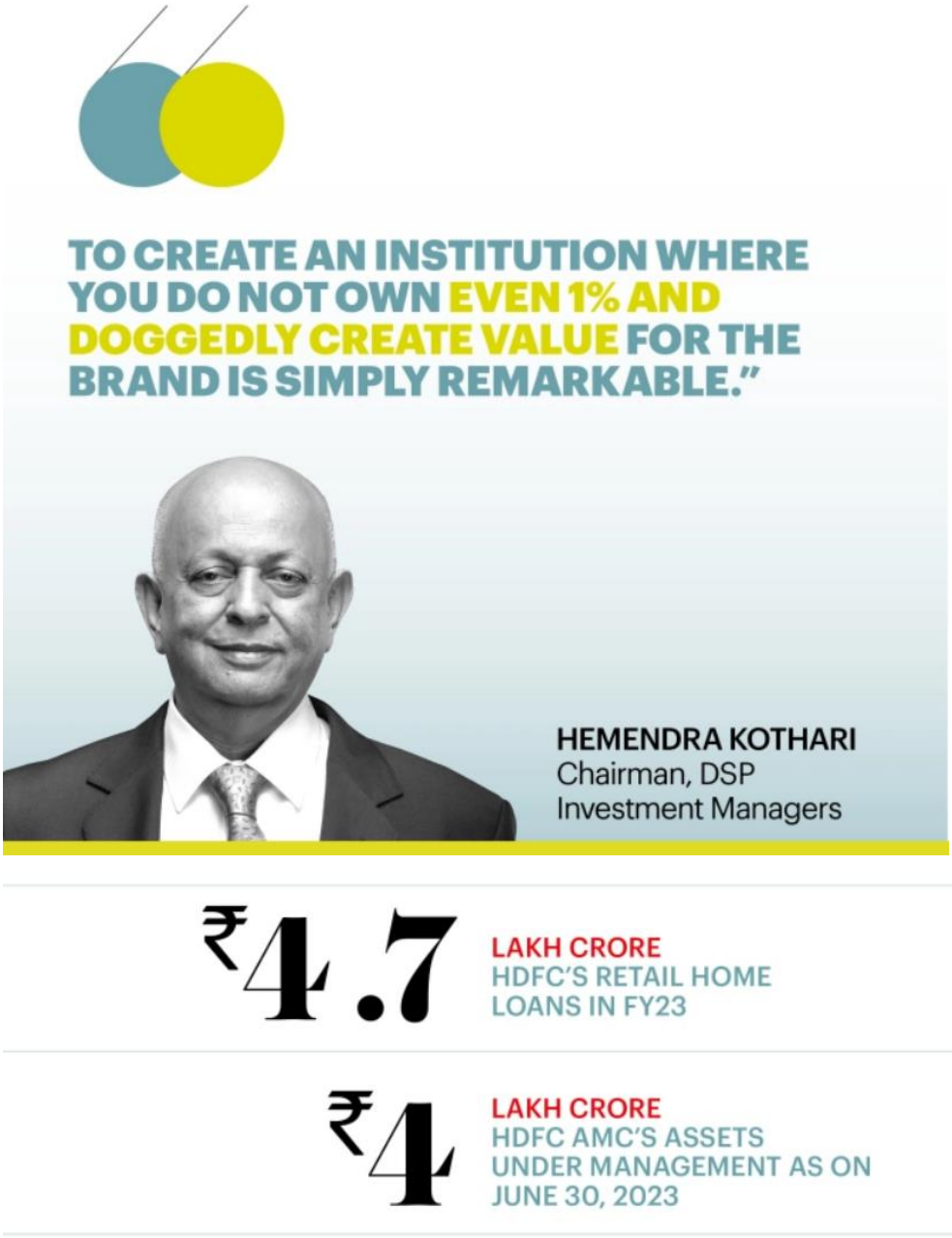
Note: Numbers rounded off for certain group companies. Financials are on a standalone basis
The other group companies not mentioned in the table are: HDFC Capital Advisors, HDFC Property Ventures, HDFC Pension, HDFC Education and Development Services, HDFC Venture Capital, HDFC Trustee and HDFC Ventures Trustee
SOURCE: CAPITALINE

The relationship that began with telecom only blossomed over the years. The duo served on the boards of the U.S. India Council, the U.K. PM’s Council and the Indian School of Business. “I have never seen Deepakbhai agitated, irritated, or upset. Though 66% of the time you always got a yes from him, he had the knack of saying no without saying so. He would never outrightly say ‘no, no, this is not possible’ he would very indulgently say ‘yeh kaise karenge, accha sochna padega, baat karte hain’ (How will we do this? Okay, let’s think and talk about it). He would say no in such a manner that you would feel it was a yes,” says Singh.

Interestingly, amid all the deal making, Parekh never came across as someone transactional. Though a planned merger between HDFC Life and Max Life did not go through in 2017 over regulatory challenges, Singh still cherishes a cordial relationship with Parekh. “Though he is supposedly not in the driver’s seat, I would have no hesitation in reaching out to him for advice,” says Singh.

Outside the C-suite, Parekh’s influence was felt in policy corridors as well — as an astute advisor to the exchequer. His counsel was sought after and valued, not just because of his deep understanding of financial systems, but also because of his ability to put forth sustainable, long-term solutions. The ability to gauge the changing economic landscape and a deeper understanding of the sector is what Vinod Rai, former CAG of India, remembers of his first meeting with Parekh. Rai, a 1972 batch Kerala cadre officer of the Indian Administrative Service, joined as secretary in the financial services department of the finance ministry in 2002. “Though he was already a well-known name in the world of finance, his demeanour was amiable every time we met,” recalls Rai. The association between the two got cemented further when they were tasked with the job of setting up IDFC. “As a government nominee, I learnt a lot from him as I was very new to credit

and term lending, especially when it came to infra-financing. It only made my job easier that he was forthcoming," says the 75-year-old.

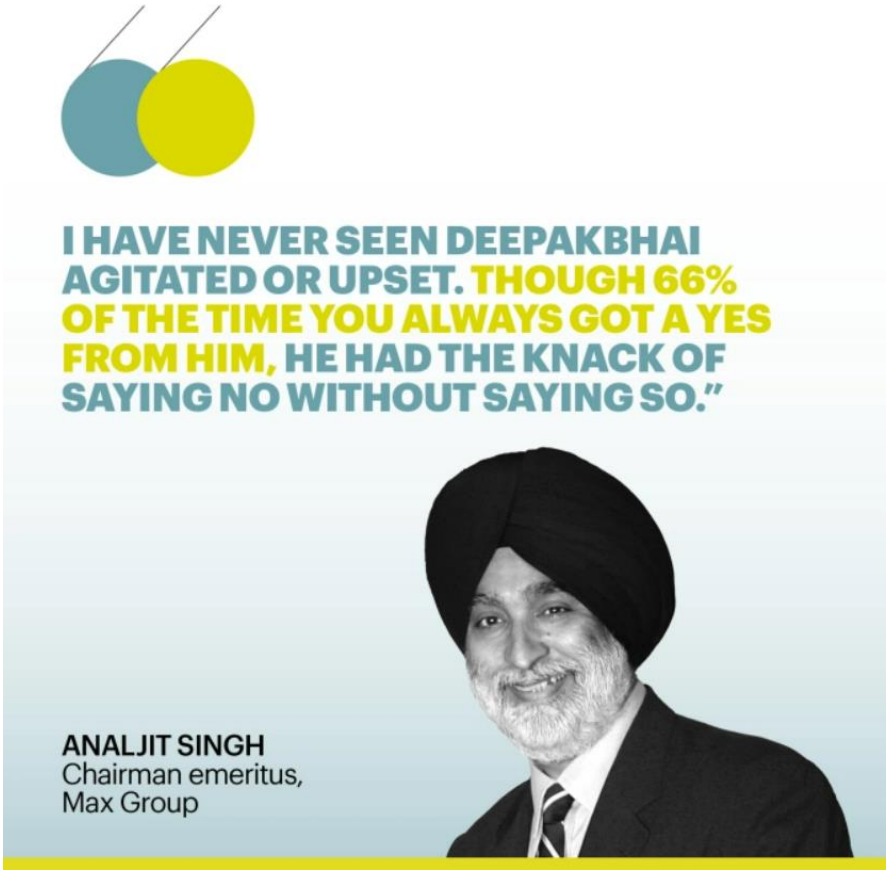


Among Parekh's several traits, colleagues speak of a leader who listens, values an open-door policy, and is clear-headed. In fact, Varun Nagaraj, dean at S. P. Jain Institute of Management & Research (SPJIMR), whose chair is Parekh, narrates how after just 10 minutes of a virtual meet, Parekh was clear in his mind that Nagaraj would be the right hire. Recounting the interaction, Nagaraj says, "Parekh asked me pertinent questions such as 'what changes do you think are necessary versus what would you build on?'." Impressed as it appeared by his response, Nagaraj suddenly found himself from being interviewed to being hard-sold for the job! "At some point through the conversation, he was clear that he wants to hire me. Soon enough, he switches into sales mode on why he thought the switchover (from a corporate job to teaching) made sense. He's such a charming guy that it's unbelievable how he can put you at ease," says Nagaraj, who also teaches information management at SPJIMR. Given that Nagaraj was staying in California and coming to a bustling city such as Mumbai would not be easy, Parekh ensured a smooth switchover by offering to put up Nagaraj at the JW Marriott for a month. "What struck me the most was not just his warmth but also the fact that he said I can get you a good deal because he had a connection at the hotel! So, that is quintessential Deepak Parekh, who, probably, can afford to buy JW Marriott, talking about how he can get me a good deal," says Nagaraj, who

was pleasantly surprised to find a senior management team, including the head chef, at the entrance, waiting to welcome him when he arrived at the venue! “Among the several things going on in his schedule and one of his probably hundredth role as a chairperson, and to take up this honorary role with utmost sincerity, just underscores what a genuine leader (Parekh) is all about,” says Nagaraj.

Letting his trusted people know that they are adequately empowered was natural for Parekh. For instance, when the dean asked Parekh on whether he would have ample freedom to do what he thinks is right, it elicited a very sagely response. Given his years of experience in building the team culture at HDFC, Parekh’s advice to Nagaraj was: “You’ll have to find a way to sell your idea (to the team) on why it is the right thing to do as you will, probably, not be able to traverse the path entirely on your own. You’ll face pushbacks, but if you rightly feel the need to push back against that pushback, I’m there to support you. I trust you to make the right call but take the time to think it through properly.”

Parekh’s interpersonal acumen has also consistently enabled him to serve as an adept mediator. During the 2002-2004 term of the BJP-led National Democratic Alliance, finance minister Jaswant Singh once expressed concerns that IDFC was not adequately backing enough projects. Nasser Munjee, who was then the MD of IDFC and a mentee of Parekh, viewed this as unwarranted government intrusion and made his sentiments public. Tensions escalated rapidly with the ministry pushing for Munjee’s exit. Rai, who was the-then additional secretary in the finance ministry, remembers Parekh’s timely intervention — in his capacity as IDFC’s non-executive chairman — helped defuse the build-up. “Singh desired certain corrective measures at IDFC, and it is commendable how Parekh assumed a principled stance to rectify the issues,” says Rai. “Although this meant revisiting and potentially reversing some previous decisions, his balanced approach substantially enriched the experience of collaborating with the government,” says Rai. Furthermore, when the opportunity arose for the institution to establish a bank, it was Parekh who once again came to the forefront, lending his invaluable expertise to guide the process.



Though adept at financial affairs, Parekh has also taken his passion for cricket to an art level. Rai, who was appointed by the Supreme Court as the interim president of the BCCI, recalls a conversation where Parekh's observation on Rishabh Pant, much before he made it to the national team, came true. "He always told me that the cricketer to watch out for is Pant. But I didn't take him seriously. It was sometime in 2017 that he told me, and look how Pant burst onto the national scene!" says Rai, who is also the visiting research fellow at the Institute of South Asian Studies, Singapore.

As Parekh calls it a day, his farewell may mark the end of an active role in his professional journey, but his circle of influence is irreplaceable. Those like Kothari and Rai believe Parekh has enough expertise to offer his counsel even today. While he is actively involved as a director in several firms, Kothari feels Parekh should have continued his association with the new merged entity. "I hope he continues guiding HDFC in some form…that would be a great thing for the group itself." Concurring with Kothari, Rai says, "His professional capability could have been utilised better by the government." While Parekh is not the one to complain with enough and more on his plate, aspiring CEOs can benefit from referring to the 'Parekh playbook' to become better leaders.