

Axis Bank board cuts short CEO's tenure, Shikha Sharma to stay on till Dec

Sharma joined Axis Bank in 2009 after heading ICICI Prudential Life Insurance; move comes after RBI's objection to fresh term

Abhijit Lele & Advait Palepu | Mumbai April 10, 2018 Last Updated at 01:09 IST



Shikha Sharma

Shikha Sharma, Axis Bank managing director and chief executive officer (MD & CEO), has decided to step down. She was to start her fourth three-year term on June 1.

The move comes in the wake of the Reserve Bank of India (RBI) asking the private sector lender's board to reconsider its decision to reappoint Sharma for a three-year term starting June.

Sharma, after being at the helm of the bank for about nine years, has offered to stay on till December to ensure a smooth transition of the new leadership and lend support to her successor.

Sharma had joined Axis Bank in 2009 after heading ICICI Prudential Life Insurance.

She had requested the bank's board to reconsider the period of her reappointment and revise the term from June 1 to December 31. The board has accepted her request, subject to approval of the RBI, the bank informed the stock exchanges.

ALSO READ: [Shikha Sharma's eventful nine years at Axis Bank: Highlights of her stint](#)

"This gives Axis Bank enough time (seven months) for an orderly transition. A sudden exit would have put their back to the wall," said Amit Tandon, MD and founder, Institutional Investor Advisory Services.

Sources said the banking regulator had asked Axis Bank's board to reconsider Sharma's reappointment amid concerns over rising bad loans.

The bank and its board had faced flak from investors over a range of issues, including manipulation by some bank employees after the government had announced demonetisation in November 2016.

ALSO READ: [RBI asks Axis Bank to reconsider decision to re-appoint Shikha Sharma](#)

Axis Bank is also undergoing a Securities and Exchange Board of India (Sebi) investigation for the alleged leak of its June 2017 quarter results on WhatsApp.

"This raises a lot of issues. For one, if the board appointed her (Sharma) for three years based on her performance, why was there a need to overturn (reduce) that to six months. If I was a board member, there would be many questions that needed to be raised. Either your original decision was wrong or the current one is. The board is to be blamed for this issue," said J N Gupta, MD at Stakeholders Empowerment Services.

Gupta added that the RBI always held the power to do what it wanted with scheduled commercial banks but this was the first time it was exercising its powers.

ALSO READ: [RBI asks Axis Bank to reconsider decision to re-appoint Shikha Sharma](#)

He said the RBI took the decision as it knew there was something wrong with Axis Bank.

The news comes at a time when the banking sector is likely to see a surge in provisions and bad loans due to the RBI's new rules to restructure stressed loans.

The immediate task before the board is to commence the search for Sharma's successor. A head of a consultancy firm said these were tough times but the board had the benefit of tapping into internal talent besides casting a wide net to choose an external candidate.

A senior management level rejig is likely in the aftermath of Sharma's exit and appointment of a new chief.

Names doing the rounds as Sharma's successor include Deputy MD V Srinivasan and Executive Director Rajiv Anand.

Run-ins with Reserve Bank

- Axis Bank has had its fair share of run-ins with the RBI. Though the private sector lender's peers were also fined by the RBI, Axis Bank was cut out for the highest share
- A Cobrapost exposé shed light on Axis Bank staffers suggesting ways to legalise black money. Bank officials were seen offering lockers to clients for stashing money. As a fallout, Axis Bank was fined Rs 50 mn, while
- HDFC Bank and ICICI Bank were fined Rs 45 mn and Rs 10 mn, respectively
- In December 2016, Sharma was "embarrassed and upset" when some employees were found to be laundering money during the note ban drive
- In March, the bank was found to have underreported bad loans. The divergence found by RBI auditors was at Rs 48.67 bn for 2016-17 and Rs 94.78 bn for 2015-16