

# Paytm's Vijay Shekhar Sharma resigns from Financial Services business; to be replaced by current VP

By: [Sandeep Soni](#) |

Published: December 10, 2019 8:06:12 PM

Paytm Financial Services was incorporated in March 2017, two months before Paytm launched its payments bank -- Paytm Payments Bank where Sharma is the Chairman



Alibaba-backed Paytm founder Vijay Shekhar Sharma has resigned as the director at Paytm Financial Services because of “other preoccupations”. He will be replaced by Vice President Rohit Lohia. Lohia joined the organisation in July this year. The resignation letter was seen by Financial Express Online sourced from the business signals platform Paper.vc. The letter was sent to Paytm Financial Services board of directors on December 2, 2019. Paytm Financial Services was incorporated in March 2017, around two months before Paytm launched its payments bank — Paytm Payments Bank where Sharma is the Chairman.

"I hereby tender my resignation as Director of the Company with immediate effect due to other Preoccupations. Kindly acknowledge the receipt and take necessary steps to complete requisite filing in this regard with the office of the Registrar of Companies, NCT of Delhi and Haryana," the letter read. The financial services arm was launched to sell financial products. Lohia's LinkedIn account read Vice President – Lending at One97 Communications — as his current role in the parent company of Paytm.

Paytm declined to comment for this story. Sharma's resignation seems in order to become compliant with the Banking Regulation Act wherein the Chairman of a payments bank cannot be the Director of an NBFC unless the latter is a subsidiary of the bank, according to a legal expert. "Ordinarily, the Chairman of a payments bank must be appointed on a whole-time basis. Holding a director's position in another company (other than a subsidiary of the above-mentioned payments bank) is treated as a ground for disqualification," Jay Parikh, Partner, L&L Partners told Financial Express Online.

However, experts believe that such an arrangement would be interesting to see between good governance and investors confidence even as it raises a question on the compliance. "Not holding fiduciary positions on separate financial institutions is definitely good governance. However, such a move would probably be an interesting trade-off between good governance and bolstering investor/stakeholder confidence. If he (Vijay Shekhar Sharma) has stepped down from the board on account of a provision under law, the question arises whether the two companies were non-compliant before his resignation," Karan Kalra, Financial Services Head, Nishith Desai Associates. The filing for the appointment of Lohia read "...consent of the Board of Directors of the Company be and is hereby accorded to appoint Rohit Lohia as an additional director of the company with immediate effect to hold the office as Director of the company." Paytm recently raised \$1 billion from SoftBank and Alibaba's fintech arm Ant Financial at a reported valuation of \$16 billion.