

# Apollo Tyres cuts Kanwars' pay 30% after investor rebuff

FC BUREAU

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APOLLO Tyres reduced by 30 per cent compensations of chairman Onkar S Kanwar (in pic) and his son and vice-chairman Neeraj Kanwar for 2018-19 after

shareholders rejected Neeraj's reappointment as MD in a rare rebuff for a promoter in India. The Kanwars have agreed to the pay cut. The company's board has also recom-



mended capping of promoter compensation at 7.5 per cent of profit-before-tax (PBT) while the nominations and remuneration committee (NRC) has pitched

for it to be further reduced over a period of time.

In September, minority shareholders of the company had rejected the reappointment of Neeraj as MD over his compensation.

Turn to P10

## Apollo Tyres' consolidated Q2 net profit jumps 4.19% to ₹146 cr

From P1

Subsequently, in October NRC engaged with a range of institutional shareholders to take their views into consideration, Apollo Tyres said in a regulatory filing.

Further, an independent report from EY was also commissioned to benchmark managing director's compensation structures and amounts, it added.

"This twin process of consultation and external benchmarking has resulted in a significantly revised proposal from NRC for the compensation package to renew Neeraj Kanwar's contract from May 2019," the board said in a statement.

It further said the revised proposal would result in a reduction of approxi-

mately 30 per cent in overall compensation for both the promoters. "Respecting the spirit of this change, both OS Kanwar and Neeraj have voluntarily agreed to reduce their compensation for 2018-19 with immediate effect to fall in line with the new recommendations," the statement added.

In 2017-18, OS Kanwar received Rs 49.58 crore as total compensation, while Neeraj received Rs 44.64 crore. Stating that "three substantive changes" related to compensation for promoters have been recommended, the board said it has recommended to shareholders for their approval of the same. These include a cap on total promoter compensation is set at 7.5 per cent of PBT and

performance-based remuneration will be targeted at approximately 70 per cent of the total compensation.

Besides, annual increments for the fixed portion of promoter compensation will be in line with that of the senior professionals of the company, it added. "NRC has further recommended, and the board taken on record, that the 7.5 per cent cap be further reduced over a period of time," it said.

These adjustments take into account the feedback received from institutional shareholders, and are in line with the independent external benchmarking study, the statement said. "In light of this, the board of Apollo Tyres strongly recommends that the contract

is renewed under the revised terms," it said.

In September, a special resolution for reappointment of Neeraj as MD was not passed as the votes cast in favour (72.72 per cent) were less than three times the number of votes cast against (27.28 per cent).

Meanwhile, Apollo Tyres on Tuesday reported 4.19 per cent increase in consolidated net profit at Rs 146 crore for the second quarter ended September 30. The company had posted a net profit of Rs 140.17 crore in the same quarter of FY18, Apollo Tyres said in a regulatory filing. Total income during the reported quarter stood at Rs 4,269.68 crore. It was at Rs 3,496.3 crore in the year-ago period, it added.