

APOLLO TYRES

Kanwars to take a 30% cut in salary

Victory for minority shareholders who were upset at the steep hike proposed in their salary at a time when the firm wasn't doing well

FE BUREAU
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IT WAS A victory for minority shareholders on Tuesday with the Apollo Tyres board saying it would cap promoter compensation at 7.5% of profit before tax (PBT) and also that the remuneration of chairman Onkar Singh Kanwar and MD Neeraj Kanwar would be lowered by around 30%. Apollo's Nominations and Remuneration Committee is headed by former finance secretary S Narayan.



Sept 12
Small shareholders rejected special resolution to re-appoint Neeraj Kanwar as MD

Oct 1
Board says will seek independent view on Neeraj Kanwar's compensation

Nov 13
Board recommends to cap promoter's remuneration at 7.5% of PBT

In September, small shareholders had defeated a special resolution proposing Neeraj Kanwar's re-appointment for five years and fixing his remuneration.

Apollo Tyres: Kanwar to take a 30% cut in salary

PROXY ADVISORY firm IiAS had estimated this remuneration to be in the region of ₹68.4 crore. Over 56% of the institutional investors and 49% of the retail shareholders voted against the resolution.

Had the resolution been

passed, Neeraj Kanwar's remuneration would have seen an increase of close to 25%. More importantly, it would have amounted to 940 times the median employee salary at the company. In 2017-18, Onkar Kanwar and Neeraj Kanwar together made ₹94.2 crore or 13% of the net profit of the firm and 9.3% of the PBT, as IiAS had pointed out.

Small shareholders were upset at such steep increases in the remuneration at a time when the company wasn't doing well. In 2017-18, for instance, when the company's profit fell 34% to ₹724 crore, Neeraj Kanwar took home ₹44.6 crore, a 45% increase over the remuneration earned in 2016-17. While a large portion of his salary is performance-linked, there is no absolute cap on the commission.

Apollo Tyres said in a statement on Tuesday, "...twin process of consultation and bench-marking has resulted in a significantly revised proposal from the NRC for the compensation package to renew Neeraj Kanwar's contract from May 2019..."

The board has also recommended the performance-based remuneration be kept at approximately 70% of the total compensation and annual increments be in line with that of senior professionals of the company.

IiAS had pointed out that KM Mammen, chairperson and managing director of MRF, the country's largest tyre maker, drew ₹26.1 crore in FY18, just 2.3% of the company's annual profit.

While Anant Goenka, MD, CEAT Tyres, took home 1.6% of a profit of ₹240 crore in FY18 as remuneration, Rajeev Anand of Goodyear India received ₹5.3 crore for his services as chairperson and MD with the company reporting a net profit of ₹130 crore.

The special resolution put to vote in September was defeated since Section 114(2)(c) of the Companies Act, 2013, requires "the votes cast in favour of the resolution, whether on a show of hands, or electronically or on a poll, as the case may be, by members who, being entitled so to do, vote in person or by proxy or by postal ballot are required to be not less than three times the number of the votes, if any, cast against the resolution by members so entitled and voting. The number of votes cast in favour of the resolution was 0.32 billion while the number 0.12 billion; it was just 2.6 times".

Apollo's board of director includes Sunam Sarkar, Akshay Chudasama, Dr S Narayan, Francesco Gori, General (retd) Bikram Singh, Nimesh Kampani, Pallavi Shroff, Robert Steinmetz, Vikram Mehta, former CAG Vinod Rai, Anjali Bansal, Dr M Beena and Seema Thapar besides Onkar Kanwar and Neeraj Kanwar.

