

# Apollo Tyres: Kanwars to take a 30% cut in salary

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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 75 per cent of profit before tax and also that remuneration of chairman Onkar Singh Kanwar and MD Neeraj Kanwar would be lowered by around 30 per cent. Apollo's nominations and remuneration committee is headed by former finance secretary S Narayan.

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Proxy advisory firm IiAS had estimated this remuneration to be in the region of Rs 68.4 crore. Over 56 per cent of the institutional investors and 49 per cent 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 per cent. 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 Rs

94.2 crore or 13 per cent of the net profit of the firm and 9.3 per cent 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 per cent to Rs 724 crore, Neeraj Kanwar took home Rs 44.6 crore, a 45 per cent increase over the remuneration earned in 2016-17. While a large portion of his salary is performance-linked, there is no ab-

solute 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 also recommended the performance-based remuneration to be kept at approximately 70 per cent of the total compensation and annual increments be in line with that of senior professionals of the firm. IiAS had pointed out that KM Mammen, CMD of MRF, the country's largest tyre maker, drew Rs 26.1 crore in FY18, just 2.3 per cent of the company's annual profit.

Anant Goenka, MD, CEAT

Tyres, took home 1.6 per cent of a profit of Rs 240 crore in FY18 as remuneration.

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". **FE**