



30th January 2017

National Stock Exchange of India Ltd.
5th floor, Exchange Plaza, Plot No.C-1
Block "G" Bandra Kurla Complex
Bandra (East)
Mumbai – 400 051

Fax No.2659 8237/38

NSE: Nelco EQ

Dear Sirs,

Sub :Submission of Copy of notice of postal ballot- Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

The Company proposes to seek the approval of the Shareholders by passing special resolution through postal ballot for approval of the terms of remuneration of Mr. P.J.Nath Executive Director & CEO.

This is to inform that the Company has completed on 30th January 2017 the dispatch of Notice under Section 110 of the Companies Act, 2013 ("Act") along with postal ballot form and a self addressed postage prepaid business reply envelope. Certified copies of the Notice and Explanatory Statement and Postal Ballot forms are attached herewith.

The Board of Directors of the Company has appointed Mr.P.N.Parikh, Company Secretary (FCS No. 327) or failing him Mr. Mitesh Dhaliwala, Company Secretary (FCS No. 8331) of Parikh & Associates, Practicing Company Secretary, as Scrutinizer for conducting the postal ballot in a fair and transparent manner. The Shareholders have been requested to note that the postal ballot form duly completed and signed should reach the Scrutinizer not later than the close of working hours i.e 5.00 p.m on 1st March 2017. All postal ballot forms received after the said date/time will be treated as if reply from such Shareholders has not been received.

Voting rights shall be reckoned on the paid-up value of the shares registered in the name of the Shareholders on 20th January 2017. A Shareholder may request for a duplicate postal ballot form, if the original is not received. The result of the postal ballot will be declared on or before 3rd March 2017 at the registered office of the Company and on the Company's website www.nelco.in.

For NELCO Limited

Girish V. Kirkinde
Company Secretary

Encl: As above

NELCO LIMITED
A TATA ENTERPRISE

CIN: L32200MH1940PLC003164

Regd. Office: EL6, TTC Industrial Area, MIDC Electronics Zone, Mahape, Navi Mumbai - 400 710
Tel.: 91 22 67399100 Fax.: 91 22 67398787 E-mail: services@nelco.in, Website: www.nelco.in

To,

The Members,

Notice of Postal Ballot pursuant to Section 110 of the Companies Act, 2013 and Companies (Management & Administration) Rules, 2014.

NOTICE is hereby given pursuant to Section 110 and other applicable provisions, if any, of the Companies Act, 2013 (the "Act") read with the Companies (Management & Administration) Rules, 2014 ("the Rules"), as amended from time to time, that the special resolution given below is proposed to be passed by way of Postal Ballot, which includes e-voting, for approving terms of remuneration to Mr. P.J. Nath as Executive Director & CEO for the remaining period of his existing term of appointment i.e. till 12th June 2018.

It may be noted that the Members had *vide* special resolution passed on 2nd September, 2015, through postal ballot, approved the re-appointment and terms of remuneration of Mr. Nath, subject to the approval of the Central Government, which was later sought by the Company. However, the Ministry of Corporate Affairs has *vide* its Notification no. S.O. 2922(E) dated 12th September, 2016, amended Schedule V of the Act, i.e. the provisions relating to payment of managerial remuneration, thereby permitting the companies to pay remuneration to managerial personnel without seeking approval of the Central Government, subject to compliance with certain conditions including seeking the approval of the members by special resolution. There is no change in the terms and condition of appointment of Mr. Nath including the terms of remuneration as approved by the Members on 2nd September, 2015. The Company is, therefore, seeking your consent for passing a special resolution in compliance with the provisions of Sections 196, 197 and other applicable provisions, if any, of the Act read with Schedule V to the Act, as amended from time to time. The Explanatory Statement pursuant to Section 102 of the Act setting out the material facts and reasons thereof is annexed to the Notice for your consideration.

The e-voting facility is available at the link <https://www.evoting.nsdl.com>. Please refer the instructions for e-voting given at the back of the postal ballot form for the process and manner in which e-voting is to be carried.

The Members opting to vote through physical mode, i.e. sending the Postal Ballot Form duly signed by post, are requested to carefully read the instructions printed at the back of the Postal Ballot Form and return the Form duly completed in the attached self-addressed postage pre-paid envelope so as to reach the Scrutinizer on or before 5.00 pm on 1st March, 2017. Postal Ballot Form received after this date will be strictly treated as if the reply from the shareholder has not been received.

Approval of the terms of remuneration of Mr.P.J.Nath, Executive Director & CEO

To consider and, if thought fit, to pass the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Sections 196, 197 and other applicable provisions, if any, of the Companies Act, 2013 (the Act), read with Schedule V to the Act and the Rules made thereunder, as amended from time to time, and subject to such approvals as may be necessary in this regard and subject to such conditions as may be imposed by any authority while granting such approval(s) and as agreed to by the Board of Directors (hereinafter referred to as the Board, which term shall unless repugnant to the context or meaning thereof, be deemed to include any Committee thereof or any person authorized by the Board in this behalf), the Company hereby approves the terms of remuneration of Mr. P.J. Nath as Executive Director & CEO for the period from 12th September 2016 to 12th June, 2018 (the remaining period of his existing term of appointment), including the remuneration to be paid in the event of loss or inadequacy of profits in any financial year during the tenure of his appointment, as set out in the Explanatory Statement annexed to the Notice with a liberty to the Board to alter and vary the terms and conditions of the said reappointment and/or remuneration, in such manner as may be agreed to by the Board and Mr. Nath.

RESOLVED FURTHER THAT the Board be and is hereby authorized to take all such steps as may be necessary for obtaining necessary approvals, statutory, contractual or otherwise, in relation to the above and to settle all matters arising out of and incidental thereto and to sign and execute deeds, applications, documents and writings that may be necessary, proper, expedient or incidental for giving effect to this Resolution."

Certified True Copy
Nelco Limited

Girish V. Kirkinde
Company Secretary

By Order of the Board of Directors,

Sd/-

Girish V Kirkinde
Company Secretary

Navi Mumbai, 18th January, 2017
CIN: L32200MH1940PLC003164

Registered Office:

EL6, TTC Industrial Area, MIDC Electronics Zone, Mahape,
Navi Mumbai - 400 710, Tel.: 91 22 67399100 Fax.: 91 22 67398787; E-mail: services@nelco.in, Website: www.nelco.in

Notes:

1. The Explanatory Statement as required under Section 102 of the Act, is annexed to this Notice. A Postal Ballot Form is also enclosed.
2. The Notice of Postal Ballot is being sent to all the Members, whose names appear in the Register of Members/ Statements of beneficial ownership maintained by the Depositories i.e. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) as on the close of business hours on Friday, 20th January, 2017. Voting rights shall be reckoned in proportion to the paid-up equity shares registered in the name of the Member as on Friday, 20th January, 2017 (EOD).
3. As per Section 110 of the Act, read with Rule 22 of the Rules, Notice of Postal Ballot may be served on the Members, inter-alia, through electronic means. Members, who have registered their e-mail IDs with depositories or with the Company, are being sent this Notice of Postal Ballot by e-mail and the members who have not registered their e-mail IDs will receive Notice of Postal Ballot alongwith Postal Ballot Form through permitted modes. Members who have received Postal Ballot Notice by e-mail and who wish to vote through physical Form may download the Form attached in the email or from the link www.evoting.nsdl.com or from the 'Investor Relations' section on the Company's website www.nelco.in and send the duly completed and signed form to the Scrutinizer on or before 5.00 pm on Wednesday, 1st March, 2017.
4. Members may also note that the Notice of Postal Ballot will also be available on the Company's website: www.nelco.in & the website of NSDL : www.evoting.nsdl.com.
5. A Member cannot exercise his / her vote through proxy on Postal Ballot.
6. Mr. P. N. Parikh, Company Secretary (FCS No. 327) or failing him Mr. Mitesh Dhabliwala, Company Secretary (FCS No. 8331) of M/s. Parikh and Associates, Practicing Company Secretaries, have been appointed as the Scrutinizer for conducting the postal ballot process in a fair and transparent manner.
7. In compliance with the provisions of Sections 108, 110 of the Act read with Rules 20 and 22 of the Rules as amended from time to time and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company is pleased to provide Electronic Voting ("e-voting") facility as an alternate for its Members, to enable them to cast their votes electronically. The Company has engaged the services of National Securities Depository Limited (NSDL) to provide e-voting facility to its Members. It may be noted that e-voting is optional. In case a Member has voted through e-voting facility, he is not required to send the physical Postal Ballot Form.
8. The Members are requested to note that:
 - a) The e-voting period will commence from **9:00 a.m. (IST) on Tuesday, 31st January, 2017** and end at **5:00 p.m. (IST) on Wednesday, 1st March, 2017**. Please note that e-voting module will be disabled for voting after the said time and date. Once the vote on a resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently. During the period, shareholders holding shares either in physical form or in dematerialized form as on the cut-off date, Friday, 20th January, 2017 (EOD) may cast their votes electronically.
 - b) Similarly, duly completed Postal Ballot Form should reach the Scrutinizer before **5:00 p.m. (IST) on Wednesday, 1st March, 2017**. Postal Ballot Forms received after the said time and date will be strictly treated as if the reply from such Members has not been received.Further please note that a person who is not a member of the Company as on the cut off date i.e. Friday, 20th January, 2017 (EOD) should treat this notice for information purpose only.
9. Any Member who has not received the Postal Ballot Form may write to the Registrar & Share Transfer Agents (RTA) of the Company i.e. TSR Darashaw Ltd. at 6-10, Haji Moosa Patrawala Industrial Estate, 20, Dr. E. Moses Road, Mahalaxmi, Mumbai - 400 011. Tel.: 022 6656 8484 Fax: 022 6656 8494. E-mail: nelcoballot2017@tsrdarashaw.com; Website: www.tsrdarashaw.com for obtaining a duplicate/ additional form.
10. A Member can opt for only one mode of voting i.e. either through e-voting or by Postal Ballot Form. If a Member casts vote by both the modes, then voting done through e-voting shall prevail and Postal Ballot Form shall be treated as invalid.
11. The Scrutinizer shall within two days of conclusion of Postal Ballot process shall submit the Consolidated Scrutinizer's Report to the Chairman of the Company or Director authorized by him in writing.
12. The resolution, if passed by requisite majority, shall be deemed to have been passed on 1st March, 2017 i.e. the last date specified by the Company for receipt of duly completed Postal Ballot forms or e-voting.
13. Based on the Scrutinizer's Report, the results of the voting by Postal Ballot along with requisite details shall be announced forthwith by the Chairman or Director authorized by him in writing who shall countersign the same, at the Registered Office of the Company at EL-6, TTC Industrial Area, MIDC Electronics Zone, Mahape, Navi Mumbai - 400 710 and the same would be available on the website of the Company www.nelco.in and that of NSDL: www.evoting.nsdl.com and the same will also be intimated to the Stock Exchanges.

14. For any grievances connected to the Postal Ballot including voting by electronic means, members may please contact Mr. Girish V Kirkinde, Company Secretary at EL-6, TTC Industrial Area, MIDC Electronics Zone, Mahape, Navi Mumbai - 400 710 Telephone No: 022 67399100, 022 67399261.

Instructions for E-Voting:

The Company is pleased to offer e-voting facility to its Members to enable them to cast their votes electronically. The procedure and instructions for the same are as follows:

- (a) In case of Member receiving e-mail from NSDL [for members whose e-mail IDs are registered with the Company / Depository Participant(s)]:

- (i) Open e-mail and open PDF file viz; "nelcopostalballot2017.pdf" with your Client ID or Folio No. as password. The said PDF file contains your user ID and password for e-voting. Please note that the password is an initial password.

NOTE: Members already registered with NSDL for e-voting will not receive the PDF file "nelcopostalballot2017.pdf".

- (ii) Launch internet browser by typing the following URL: <https://www.evoting.nsdl.com/>
- (iii) Click on Shareholder - Login
- (iv) Put user ID and password as initial password noted in step (i) above. Click Login.
- (v) Password change menu appears. Change the password with new password of your choice with minimum 8 digits/ characters or combination thereof. Note new password. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (vi) Home page of e-Voting opens. Click on e-Voting: Active Voting Cycles.
- (vii) Select "EVEN" of Nelco Limited
- (viii) Now you are ready for e-Voting as Cast Vote page opens
- (ix) Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted.
- (x) Upon confirmation, the message "Vote cast successfully" will be displayed
- (xi) Once you have voted on the resolution, you will not be allowed to modify your vote
- (xii) Institutional Members (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail nelco.scrutinizer@gmail.com with a copy marked to evoting@nsdl.co.in.

- (b) In case of Members' receiving Postal Ballot Form by Post [for members whose e-mail IDs are not registered with the Company / Depository Participant(s) or requesting a physical copy]:

- (i) Initial password is provided as below/at the bottom of the Postal Ballot Form.

EVEN (E Voting Event Number)	USER ID	PASSWORD/PIN

- (ii) Please follow all steps from Sl. No. (ii) to Sl. No. (xii) above, to cast vote.

- (c) In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Members and e-voting user manual for Members available at the Downloads section of www.evoting.nsdl.com. You can also contact NSDL via e-mail at evoting@nsdl.co.in or call on the toll free number: 1800-222-990.

- (d) If you are already registered with NSDL for e-voting then you can use your existing user ID and password for casting your vote.

In case Members are holding shares in demat mode, USER-ID is the combination of (DPID+ClientID).

In case Members are holding shares in physical mode, USER-ID is the combination of (Even No+Folio No).

- (e) Members who forgot the User Details/Password can use "Forgot User Details/Password?" or "Physical User Reset Password?" option available on www.evoting.nsdl.com.



Explanatory Statement (pursuant to Section 102 of the Companies Act, 2013)

The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 ("the Act"), given hereunder sets out all material facts relating to the special resolution mentioned in the accompanying Notice dated 18th January, 2017.

The Members have vide special resolution passed on 2nd September, 2015, through postal ballot, subject to the approval of the Central Government, approved the reappointment and terms of remuneration of Mr. P.J. Nath as Executive Director & Chief Executive Officer (ED & CEO) of the Company for a period of three years from 13th June, 2015 up to 12th June, 2018. The approval of the Central Govt. was required to be obtained for payment of remuneration by the Company in case of loss or inadequacy of profits (calculated u/s 198 of the Act), in any financial year during the term of reappointment of ED & CEO.

On an application made by the Company, the Central Govt. approved the payment of remuneration of Rs. 84.00 lakhs per annum for his term of appointment of 3 years from 13th June, 2015 to 12th June, 2018.

However, pursuant to the Notification no. S.O. 2922(E) dated 12th September, 2016 issued by the Ministry of Corporate Affairs ("Notification"), the Company, with the approval of Members by passing special resolution can now pay the remuneration to the ED & CEO in case it has no profit or inadequacy of profit, without approval of the Central Government if the managerial person is:

- i) not having any interest in the capital of the company or its holding company or any of its subsidiaries directly or indirectly or through any other statutory structures and not having any direct or indirect interest or
- ii) not related to the directors or promoters of the Company or its holding company or any of its subsidiaries at any time during the last two years before or on or after the date of appointment and possesses graduate level qualification with expertise and specialized knowledge in the field in which the Company operates.

Mr. Nath fulfills the conditions mentioned in the aforesaid Notification.

Mr. Nath is a professional having a graduate level qualification with expert and specialized knowledge in the field of his profession. He has a Master of Management Studies (MMS) degree from BITS Pilani. He has over 30 years of professional experience in the Enterprise market, during which he worked in reputed IT & Telecom companies - ICIM, Wirpo, Tata Communications, Sify Technologies and now in Nelco. During his career he has worked in many different roles encompassing Sales, Product Management, Customer Support, Project Management, Business Head and CEO. The past 18 years have been in leadership roles in the various companies that he has worked for.

As the ED & CEO, he is responsible for managing the day-to-day business affairs of the Company. This includes formulation & implementation of strategic business plans, brand strategy, implementation of organization structure, ramping up visibility of the Company with the external customers and partners, establishing strong business & operational processes and overseeing various compliances.

One of the key objectives of appointing Mr. Nath was to lead the restructuring of the Company and to change the direction towards the businesses which are growth oriented and profitable. The Company was already making losses when he joined in the year 2011. While the Company made marginal profits in FY2013-14 and 2014-16 (18 months) and the general health of the organization has been improving (refer section [4] below), the substantial profitability has not been reflected due to losses of the earlier years.

It will neither be possible nor practical for the Company to retain a professional person like Mr. Nath with a substantially reduced remuneration, as against the remuneration approved by the members in September 2015 (which was also approved by the Central Government for his previous term) for the same role and responsibilities which he is performing for previous 6 years and putting in the best efforts to help the Company and to achieve better and improved results for all stakeholders.

The Company remains committed to pursue the long term interest of all stakeholders, including the Company's Members and employees. To be able to achieve these objectives it is necessary to recruit and retain proven high calibre management team on a sustainable basis. This requires that the Company's leadership and talent base are appropriately remunerated, notwithstanding cyclical phases. This is particularly important when the Company has ongoing significant turnaround and growth strategies under execution.

Taking into consideration the above factors, on 18th January, 2017, the Board, based on the recommendation of Nomination, HR & Remuneration Committee (NRC), approved the payment of remuneration to Mr. Nath as ED & CEO from 12th September, 2016 till the remainder period of his existing term of appointment i.e. upto 12th June, 2018 as per the terms which were earlier approved by the Members vide special resolution passed on 2nd September, 2015 through postal ballot. It is now proposed to seek the approval of Members by passing the special resolution.

There is no change in the terms and conditions of appointment of Mr. Nath including the terms of remuneration as approved by the Members on 2nd September, 2015. The principal terms of remuneration are given below for ease of reference:-

- i) **Basic Salary:** Basic Salary of Rs. 3,97,850/- per month (from 12th September, 2016) upto a maximum of Rs. 6,00,000/- per month. The annual increment every year will be effective from 1st April or such other date as may be decided by the Board and will be based on the recommendation of the NRC and will be merit based and take into account the Company's performance as well.

ii) Benefits, Perquisites & Allowances:

Details of Benefits, Perquisites and Allowances shall be as follows:

- (i) House Rent and Maintenance Allowance of 85% of Basic Salary per annum.
- (ii) Reimbursement of hospitalization and major medical expenses incurred as per Rules of the Company (this includes mediclaim insurance premium).
- (iii) Car, petrol and maintenance facility as per Rules of the Company.
- (iv) Telecommunication facility as per Rules of the Company.
- (v) Other perquisites and allowances given below subject to a maximum of 55% of Basic Salary per annum. This includes:
 - a. Medical allowance,
 - b. Leave Travel Concession/Allowance,
 - c. Meal vouchers,
 - d. Other Allowances,
 - e. Personal Accident Insurance Premium,
 - f. Annual club membership fees.
- (vi) Contribution to Provident Fund and Gratuity as per the Rules of the Company.
- (vii) Leave and encashment of un-availed leave as per the Rules of the Company.

iii) Performance Linked Payment (PLP):

In addition to the Basic Salary, Benefits, Perquisites & Allowances, Mr. P.J.Nath will be paid such remuneration by way of annual performance linked payment subject to a maximum of 150% of annual Basic Salary. This performance linked payment would be payable subject to the achievement of certain performance criteria and such other parameters as may be considered appropriate from time to time by the Board. An indicative list of factors that may be considered for determination of the extent of the Performance Linked Bonus by the Board (supported by the NRC) are:

- Company performance on certain defined qualitative and quantitative parameters as may be decided by the Board from time to time,
- Industry benchmarks of remuneration,
- Performance of the individual.

Minimum Remuneration

Notwithstanding anything to the contrary herein contained, where in any financial year during the currency of the tenure of Mr. Nath, the Company has no profits or its profits are inadequate, the Company will pay remuneration by way of Basic Salary, Benefits, Perquisites and Allowances and Performance Linked Payment as specified above, subject to further approvals as required under Schedule V of the Act, or any modification(s) thereto.

In compliance with the provisions of Sections 196, 197 and other applicable provisions of the Act, if any read with Schedule V to the Act, as amended from time to time, the terms of remuneration to Mr. Nath as ED & CEO as specified above are now being placed before the Members for their approval.

The Directors are of the view that the remuneration payable to him is commensurate with his abilities and experience. The proposed special resolution is recommended by the Board of Directors for approval by the Members.

Mr. Nath is deemed to be interested in the Resolution. Other than Mr. Nath, none of the Directors or Key Managerial Personnel of the Company or their respective relatives are concerned or interested in the Resolution contained in the accompanying Notice. Mr. Nath is not related to any other Director of the Company.

Information pursuant to Schedule V of the Act.

I. General Information:

1. Nature of Industry: Electronics and Telecommunications (ISP) activities.
2. Date of /expected date of commencement of commercial production:
The Company was incorporated on August 31, 1940 and started commercial production immediately.
3. In case of new companies, expected date of commencement of activities as per project approved by financial institution appearing in the prospectus: Not applicable.

4. Financial performance based on given indicators:

Rs.in lakhs

Particulars	FY 2014-16 18 months	FY 2013-14 12 months	FY 2012-13 12 months
Consolidated Revenue from Operations (Gross)	20,044.23 *	13,546.20	13,533.93
Standalone Revenue from Operations (Gross)	13,370.57	10,391.92	11,032.10
Consolidated Profit/ (Loss) for the period	(617.78)	192.96	(1,662.61)
Standalone Profit/(Loss) for the period	(512.00)	128.62	(1,636.79)
Profit/Loss pursuant to Section 198 of the Companies Act, 2013.	(3563.58)	(3007.99)	(3132.11)

* Continuing operation

During the 18 months period from 1st Oct'14 to 31st Mar'16 though the Company made losses to the extent as above mainly due to the losses made in the automation control segment – part of which is under divestment and the balance is being operated in a tapered down mode. However since quarter ending 30th Sep'15 onwards the Company is making profit both on standalone and consolidated basis. The Company is also continuing to make profits in the first two quarters of FY17 details of which are given below in the table:

Details of Last Eight Quarters Profit After Tax

Rs.in lakhs

Profit After Tax (PAT)	Quarter Ended Dec'14	Quarter Ended Mar'15	Quarter Ended Jun'15	Quarter Ended Sep'15	Quarter Ended Dec'15	Quarter Ended Mar'16	Quarter Ended Jun'16	Quarter Ended Sep'16
PAT –Standalone	(411)	(66)	(128)	107	19	48	118	65
PAT- Consolidated	(575)	(261)	(70)	166	82	245	143	87

5. Foreign investments or collaborators, if any:

The Company has not entered into any material foreign collaboration and no direct capital investment has been made in the Company. Foreign investors mainly comprising of investors in the Company on account of past issuances of shares and secondary market purchase.

II. Information about the Appointee:

1. Background details

Mr. Nath, aged 54 years joined the Company as Chief Executive Officer from 23rd February, 2011. The Board of Directors appointed him as an additional Director and as Executive Director & CEO effective from 13th June, 2012 for a period of 3 years. He was further reappointed for a period of 3 years from 13th June, 2015. Mr.Nath is a graduate from BITS Pilani in Master of Management Studies (MMS). He has over 29 years of rich experience in the Enterprise market in reputed IT & Telecom services companies – ICIM, Wipro, Tata Communications (VSNL) and Sify. His varied experience comprise of dealing with Private and Govt. sector enterprises, working in start-up as also well established organizations, creating/ developing new business lines as well as handling large and profit center responsibilities. He has been in leadership roles for the last 17 years across different organizations. Before joining the Company he was with Sify Technologies Ltd., (a NASDAQ Listed Company mainly focused in IT, SI and Telecom Services in Indian market) as its Executive President – Enterprise Business, heading all the business lines for the Enterprise segment.

2. Past Remuneration

Rs. in lakhs

Particulars	1 st October, 2014 to 31 st March, 2016 (18 months)	1 st October, 2013 to 30 th September, 2014 (12 months)
Basic Salary	64.31	37.63
Perquisites & Allowances	92.80	62.28
Retirals (PF + Gratuity)	7.72	4.52
Performance Linked Payment	37.48	25.00
Total	202.31	129.43

Contribution to Provident Fund, Gratuity as per the Rules of the Company.
Leave and encashment of un-availed leave as per the Rules of the Company.



3. Recognition and Awards

In his previous organizations, Mr. Nath, on multiple occasions has received many recognitions and appreciations for building up new businesses as well as turning around existing businesses.

4. Job Profile and his suitability

Taking into consideration the size of the Company, the complex nature of its operations, the strategic and operational restructuring and transformation required and Mr. Nath's broad functional and general management skills, his rich experience of over 30 years in growing organizations and developing new markets, the Board reappointed Mr. Nath effective from 13th June, 2015. Also as a Director, he is nominated on the Board of Associate Companies.

5. Remuneration proposed

Please refer to the principal terms of remuneration as mentioned herein above of this Notice. In monetary terms the remuneration for the remaining period of his tenure i.e. from 12th September, 2016 to 12th June, 2018 is given here under:

Rs.in lakhs

Particulars	12 th September, 2016 to 31 st March, 2017	1 st April, 2017 to 31 st March, 2018	1 st April, 2018 to 12 th June, 2018
Basic Salary	26.26	3.98 (per month) + Increment*	
Perquisites & Allowances	41.17	140% of Basic Salary	
Retirals (PF + Gratuity)	4.41	16.81% of Basic Salary	
Performance Linked Payment	39.39 #	Upto 150% of Basic Salary	
Total	111.23	-	

Assumed at maximum level of 150% of basic salary

* Actual Basic salary would be decided by the Board subject to performance and within the said maximum Basic salary of Rs. 6,00,000/- per month. The remaining salary components are a function of the Basic salary as given above. The Company annual increment cycle is currently applicable from 1st April to 31st March.

6. Comparative remuneration profile with respect to industry, size of the company, profile of the position and person:

Considering the industry in which the Company operates, the size of the business as well as the profile of Mr. Nath and the responsibilities shouldered by him, the remuneration proposed is commensurate with the remuneration packages paid to similar senior level appointees in other companies in the industry.

It will neither be possible nor practical for the Company for retaining the professional with a substantially reduced remuneration (which was approved earlier by the Central Government) for same role and responsibilities which Mr. Nath is performing for previous 6 years and putting in the best efforts to help the Company and to achieve better and improved results for all stakeholders;

7. Pecuniary relationship directly or indirectly with the company or relationship with the managerial personnel, if any:

Mr. Nath has joined the Company in a professional capacity and meets the criteria of a professional director with appropriate qualifications, does not hold any securities of the Company and is not related to the promoters or any director of the Company. Besides the remuneration paid/payable to Mr. Nath, there is no other pecuniary relationship with the Company or with the managerial personnel of the Company.

III. Other information

1. Reasons for inadequate profits:

The Company made loss of Rs. 512 lakhs in the 18 months period of year 2014-16 majorly on the account of losses made during the first 3 quarters. The losses were made in certain segments which the Company now operating at a tapered down mode. The Networking segment of the Company has been steadily making profit. Also since Sep'15 quarter onwards the Company has been making profits on quarter on quarter basis. The huge loss in the past was due to some of the specific business lines having challenges due to market conditions. In the past, the Company was more severely impacted in view of certain sectors performing more adversely, which impacted segments in which the Company had larger volumes.



2. Steps taken by the Company to improve performance :

The Company has divested some of the loss making business undertakings and tapering off the others to reduce the losses. While such important steps have been taken, it takes time to cut all the losses due to the residual impact of doing such businesses for many years in the past.

Under the leadership of Mr. Nath, the Company is continuously evaluating its business lines and is now focussing in building its strong position in the profitable businesses like the VSAT Services and will pursue further synergistic opportunities in related areas. In the short to medium term the Company has started investing in expansion of its infrastructure for the VSAT services business. The Company is planning to create new market opportunities for the VSAT services, where the satellite communication has major advantages. The Company is significantly augmenting its satellite transponder capacities which will give further boost to the revenue and profitability. In the medium term and long run, the profitability is expected to significantly increase as the services revenue grows based on the additional capacities created.

The Company will focus on core competence areas, improving customer focus and marketing, increasing productivity and process improvements, enlarging subscription base into related customer segments and deeper geographies, efforts to reduce debts through improved Networking Capital Management, addressing the adjacent markets through alliances and expansion of products and services. Mr.Nath alongwith the Senior Management Team is in the process of leading the Company in a major strategic and operational transformation for significant and sustained improvement in the overall business and financial performance. This transformation initiative under his leadership will comprehensively cover all areas of operations in the Company like Company strategy, service chain, employee and managerial productivity, cost reduction & efficiency improvements, improved effectiveness in sales & marketing and customer satisfaction / relationships and breakthrough improvements in achieving best quality standards. The Company is expected to earn improved profits in the current financial year 2016-17 onwards. Considering these, the medium to long term prospects of the Company are quite promising.

3. Expected increase in productivity and profits in measurable terms:

With more improved and additional services in multiple segments and geographies which are in the pipeline and the number of initiatives/actions underway, the Company expects to significantly step up its operating and financial performance in the next few quarters and in the coming financial years. It is difficult to predict the increase in revenue and profit of the Company for future years as in the short and medium term the business plans envisage making investments to grow scale and not just profitability.

The NRC currently comprising of three independent directors [viz. Mr. K.Ramachandran (as Chairman of the Committee), Mr. K.Raghuraman, and Ms. Hema Hattangady], Mr. R.R.Bhinge (Non-Executive Chairman of the Board) and Mr.S.Ramakrishnan (Non-Executive-Non-Independent Director) reviews and recommends the revision in the remuneration on a yearly basis. This review is based on the Balance Score Card that includes the performance of the Company and the individual director on certain defined qualitative and quantitative parameters such as volumes, EBITDA, cash flows, cost reduction initiatives, safety, strategic initiatives and special projects as decided by the Board vis-à-vis targets set in the beginning of the year. This review also takes into consideration the benchmark study undertaken by reputed independent HR agencies on comparative industry remuneration and practices. The decisions taken at the NRC and the Board are within the broad framework of remuneration as approved by the Members.

The Company remains committed to pursue the long term interest of all stakeholders, including the Company's Members and employees. To be able to achieve these objectives it is necessary to recruit and retain proven high calibre management team on a sustainable basis. This requires that the Company's leadership and talent base are appropriately remunerated, not withstanding cyclical phases. This is particularly important when the Company has ongoing significant turnaround and growth strategies under execution.

By Order of the Board of Directors,

Sd/-

Girish V Kirkinde
Company Secretary

Navi Mumbai, 18th January, 2017
CIN: L32200MH1940PLC003164

Registered Office:

EL6, TTC Industrial Area,
MIDC Electronics Zone, Mahape,

Navi Mumbai - 400 710, Tel.: 91 22 67399100 Fax.: 91 22 67398787; E-mail: services@nelco.in, Website: www.nelco.in



POSTAL BALLOT FORM

1. Name & Registered Address :
of the sole/first named
shareholder
2. Name(s) of the
joint holder(s)
(if any) :
3. Registered Folio No./
DP ID No./ Client ID No.* :
*(Applicable to investors
holding shares in
dematerialized form)
4. Numbers of share(s) held :
5. E-voting Event Number (EVEN) :
6. User ID :
7. Password :
8. I/We hereby exercise my/our vote in respect of the Special Resolution to be passed through Postal Ballot for the Businesses stated in the Notice of Postal Ballot dated 18th January, 2017 of the Company by sending my/our assent to the said Resolution by placing the tick (✓) mark at the appropriate box below:-

Resolution No.	Resolution	No. of Shares	I/We assent to the Resolution (FOR)	I/We dissent to the Resolution (AGAINST)
1.	Special Resolution for approval of the terms of remuneration of Mr. P.J. Nath, Executive Director & CEO.			

Place:

Date:

**Certified True Copy
Nelco Limited**

**Girish V. Kirkinde
Company Secretary**

Signature of the Shareholder(s)

INSTRUCTIONS FOR VOTING BY PHYSICAL MODE

1. Please complete and sign the Ballot Form (no other form or photocopy thereof is permitted) and send it so as to reach the Scrutinizer appointed by the Board of Directors of the Company, Mr. P.N. Parikh, Company Secretary (FCS No. 327) or failing him Mr. Mitesh Dhabliwala, Company Secretary (FCS No. 8331) of M/s. Parikh and Associates, Practising Company Secretaries, not later than the close of working hours 5.00 p.m. on 1st March, 2017. For this purpose, a self-addressed prepaid envelope is enclosed and postage will be paid by the Company, if posted in India. The envelope bears the name and address of the Registrar and Transfer Agents of the Company i.e. TSR Darashaw Limited, and is to the attention of the Scrutinizer. However, envelopes containing the Ballot Form(s), if deposited in person or sent by courier or registered/ speed post at the expense of the Member will also be accepted.
2. The Form should be signed by the Member as per the specimen signature registered with the Company/ Depository Participants. In case of joint holding, the Form should be completed and signed by the first named Member and in his/her absence, by the next named joint holder. There will be one Postal Ballot Form for every Folio/ Client ID irrespective of the number of joint holders. A Power of Attorney (POA) holder may vote on behalf of a Member, mentioning the registration number of the POA or enclosing an attested copy of the POA. Exercise of vote is not permitted through proxy.
3. For shares held by companies, bodies corporate, trusts, societies, etc. the duly completed Form should be accompanied by a certified true copy of the Board Resolution/ Authorization together with attested specimen signature(s) of the duly authorized signatory(ies).
4. Votes should be cast in case of each resolution, either in favour or against by putting the tick (✓) mark in the column provided for assent/dissent.
5. The voting rights of the shareholders shall be in proportion to their shares of the paid-up equity share capital of the Company as on 20th January, 2017 ("Cut Off Date") as per the Register of Members of the Company and as informed to the Company by the Depositories in case of Beneficial Owners. Voting right in postal ballot / E-voting cannot be exercised by a proxy.
6. Duly completed Forms should reach the Scrutinizer not later than the close of working hours 5.00 p.m. on 1st March, 2017. Ballot Forms received after 1st March, 2017 will be strictly treated as if the reply from the Members has not been received.
7. A member seeking duplicate Ballot Form or having any grievance pertaining to the Ballot process can write to the Company's Registrars - TSR Darashaw Limited, 6-10, Haji Moosa Patrawala Industrial Estate, 20, Dr. E. Moses Road, Mahalaxmi, Mumbai -400 011, or to the e-mail ID nelcoballot2017@tsrdarashaw.com. However, the duly filled in and signed duplicate Forms should reach the scrutinizer not later than the date specified at Sr. No. 6 above.
8. Unsigned, incomplete, improperly or incorrectly tick marked Ballot Forms will be rejected. A Form will also be rejected if it is received torn, defaced or mutilated to an extent which makes it difficult for the Scrutinizer to identify either the Member or the number of votes or as to whether the votes are in favour or against or if the signature cannot be verified.
9. The Scrutinizer's decision on the validity of a Postal Ballot Form will be final.
10. Members are requested not to send any other paper along with the Ballot Form in the enclosed self-addressed envelope as all such envelopes will be sent to the Scrutinizer and any other paper found in such envelope would be destroyed by him. They are also requested not to write anything on the Ballot Form except giving their assent or dissent and putting their signature.
11. The results of the voting shall be declared on or before 3rd March, 2017. The Results declared, along with the results of the Postal Ballot will be declared at the Registered Office of the Company on website www.nelco.in and communicated to the Stock Exchanges where the Company is listed, viz. BSE Ltd. and National Stock Exchange of India Ltd.
12. Members may address any query to Mr. Girish Kirkinde - Company Secretary, at the Registered Office of the Company, Tel. No.022-67399100, Fax No.022-67918787 or by e-mail to girish.kirkinde@nelco.in.

Notes:

1. A Member can opt for only one mode of voting, i.e. either by post or through e-voting. If a Member casts votes by both modes, then e-voting of that Member shall be treated as valid.
2. The Scrutinizer will collate the votes downloaded from the e-voting system and votes received through post to declare the final result for each of the Resolutions.

PROCESS FOR MEMBERS OPTING FOR E-VOTING

- (a) In case of Member receiving e-mail from NSDL [for members whose e-mail IDs are registered with the Company / Depository Participant(s)]:
 - (i) Open e-mail and open PDF file viz: "nelcopostalballot2017.pdf" with your Client ID or Folio No. as password. The said PDF file contains your user ID and password for e-voting. Please note that the password is an initial password.
NOTE: Members already registered with NSDL for e-voting will not receive the PDF file "nelcopostalballot2017.pdf".
 - (ii) Launch internet browser by typing the following URL: <https://www.evoting.nsdl.com/>
 - (iii) Click on Shareholder - Login.
 - (iv) Put user ID and password as initial password noted in step (i) above. Click Login.
 - (v) Password change menu appears. Change the password with new password of your choice with minimum 8 digits/characters or combination thereof. Note new password. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
 - (vi) Home page of e-Voting opens. Click on e-Voting: Active Voting Cycles.
 - (vii) Select "EVEN" of Nelco Limited.
 - (viii) Now you are ready for e-Voting as Cast Vote page opens.
 - (ix) Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted.
 - (x) Upon confirmation, the message "Vote cast successfully" will be displayed.
 - (xi) Once you have voted on the resolution, you will not be allowed to modify your vote.
 - (xii) Institutional Members (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail nelco.scrutinizer@gmail.com with a copy marked to evoting@nsdl.co.in.
- (b) In case of Members' receiving Postal Ballot Form by Post [for members whose e-mail IDs are not registered with the Company / Depository Participant(s) or requesting a physical copy]:
 - (i) Initial password is provided as below/at the bottom of the Postal Ballot Form.

EVEN (E Voting Event Number)	USER ID	PASSWORD/PIN
 - (ii) Please follow all steps from Sl. No. (ii) to Sl. No. (xii) above, to cast vote.
- (c) In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Members and e-voting user manual for Members available at the Downloads section of www.evoting.nsdl.com. You can also contact NSDL via e-mail at evoting@nsdl.co.in or call on the toll free number: 1800-222-990.
- (d) If you are already registered with NSDL for e-voting then you can use your existing user ID and password for casting your vote.
In case Members are holding shares in demat mode, USER-ID is the combination of (DPID+ClientID).
In case Members are holding shares in physical mode, USER-ID is the combination of (Even No+Folio No).
- (e) Members who forgot the User Details/Password can use "Forgot User Details/Password?" or "Physical User Reset Password?" option available on www.evoting.nsdl.com.