

**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 of the Companies Act, 2013 (the “Act”) read with the Companies (Management & Administration) Rules, 2014 (“the Rules”) as amended from time to time that, a special resolution given below is proposed to be passed by way of Postal Ballot which includes e-voting for approving the reappointment and terms of remuneration to Mr.P.J.Nath as Executive Director & CEO for a period of 3 (three) years effective from 13th June, 2015.

The Company is, therefore, seeking your consent for the said proposal by Special Resolution in compliance with the provisions of Sections 196,197 and other applicable provisions, if any, of the Act. 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 Board of Directors of the Company has appointed Mr. Mitesh Dhabliwala of M/s. Parikh & Associates, Practising Company Secretaries as the Scrutinizer for conducting the postal ballot process in a fair and transparent manner.

In compliance with the Listing Agreement and the provisions of section 110 of the Act read with the Rules, 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 instead of despatching the physical Postal Ballot Form by post. 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. In case a Member votes through e-voting facility as well as sends his vote through physical vote, the vote cast through valid physical ballot form shall be considered and the voting through e-voting shall not be considered by the Scrutinizer.

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.

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 Wednesday, 2nd September, 2015. Postal Ballot Form received after this date will be strictly treated as if the reply from the shareholder has not been received.

The Scrutinizer will submit his Report to the Executive Director & CEO after completion of the scrutiny of the Postal Ballots received in electronic and physical mode. The Result of the Postal Ballot will be announced by Executive & CEO or the Company Secretary on or before Tuesday, 8th September, 2015 at the Registered

Office of the Company. In the event the proposed Resolution is approved by requisite majority of Members, the date of passing of the said Resolution will be 2nd September, 2015.

The aforesaid Results alongwith the Scrutinizer's Report will be intimated to the Stock Exchanges where the shares of the Company are listed and will also be placed on the Company's website www.nelco.in.

### **Reappointment of Mr.P.J.Nath as 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) and the Rules made thereunder, as amended from time to time, read with Schedule V to the Act and subject to the approval of the Central Government and such other 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 reappointment and terms of remuneration of Mr. P.J. Nath as Executive Director & CEO for a period of 3 years with effect from 13th June, 2015 to 12th June, 2018 on the terms and conditions (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."

By Order of the Board of Directors,

Sd/-  
**Girish V Kirkinde**  
Company Secretary

Navi Mumbai, 15th July, 2015  
**CIN:** L32200MH1940PLC003164

#### **Registered Office:**

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**Notes:**

1. The Notice and Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 setting out material facts is annexed hereto.
2. The Notice is being sent to all the Members whose names appear in the Register of Members/list of Beneficial Owners as received from National Securities Depository Limited ("**NSDL**") and Central Depository Services (India) Limited ("**CDSL**") as on 17th July, 2015.
3. As per Section 110 of the Act, read with Rule 22 of the Companies (Management and Administration) Rules, 2014, 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 post/courier. 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](http://www.evoting.nsdl.com) or from the 'Investor Relations' section on the Company's website [www.nelco.in](http://www.nelco.in) and send the duly completed and signed form to the Scrutinizer on or before 5.00 pm on Wednesday, 2nd September, 2015.

**Explanatory Statement pursuant to Section 102(1) of the Companies Act 2013**

Mr.Nath, aged 53 years, joined the Company as Chief Executive Officer from 23rd February, 2011. 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. The Board appointed Mr. P.J. Nath as an Additional Director of the Company with effect from 13th June, 2012 and also appointed him as the Executive Director and Chief Executive Officer for 3 years from 13th June, 2012. His term of office expired on 12th June, 2015.

The Board, on the recommendation of the Nomination, HR & Remuneration Committee approved the reappointment and terms of remuneration of Mr.P.J.Nath as Executive Director & CEO for a period of 3 (three) years effective from 13th June, 2015 subject to the approval of shareholders by passing special resolution. Since the remuneration exceeds the prescribed limit as mentioned in the Act, his remuneration is also subject to the approval of the Central Government.

The main terms and conditions relating to the appointment and remuneration of Mr. P.J. Nath as Executive Director and Chief Executive Officer ("ED & CEO") (hereinafter referred to as "Mr. Nath" or "ED & CEO") are as follows:-

**1. Tenure of Agreement:**

For a period from 13th June, 2015 to 12th June, 2018

**2. Nature of Duties:**

- (a) The ED & CEO shall devote his whole time and attention to the business of the Company and carry out such duties as may be entrusted to him by the Board from time to time and separately communicated

to him and exercise such powers as may be assigned to him, subject to superintendence, control and directions of the Board in connection with and in the best interests of the business of the Company and the business of any one or more of its associated companies and / or subsidiaries, including performing duties as assigned by the Board from time to time by serving on the boards of such associated companies and / or subsidiaries or any other executive body or any committee of such a company.

- (b) The ED & CEO shall not exceed the powers so delegated by the Board pursuant to clause 2(a) above.
- (c) The ED & CEO undertakes to employ the best of his skill and ability to make his utmost endeavours to promote the interests and welfare of the Company and to conform to and comply with the directions and regulations of the Company and all such orders and directions as may be given to him from time to time by the Board.

### **3. Remuneration**

Basic salary Rs. 3,65,000/- per month (effective from 1st April, 2015) up to 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 Nominations and Remuneration Committee (hereinafter called the "NRC") and will be performance-based and take into account the Company's performance as well, within the said maximum amount.

#### **i) Benefits, Perquisites & Allowances:**

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

- (i) House Rent and Maintenance Allowance of 85% of 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 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.

**ii) Performance Linked Payment (PLP):**

In addition to the Salary, Benefits, Perquisites and Allowances, Mr. P.J.Nath will be paid such remuneration by way of annual performance linked payment subject to a maximum of 150% of 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. P.J.Nath, the Company has no profits or its profits are inadequate, the Company will pay remuneration by way of Salary, Benefits, Perquisites and Allowances and Performance linked payment as specified above, subject to further approvals as required under Schedule V of the Companies Act, 2013, or any modification(s) thereto.

4. All Personnel Policies of the Company and the related Rules, which are applicable to other employees of the Company, shall also be applicable to the ED & CEO, unless specifically provided otherwise.
5. The ED & CEO, so long as he functions as such, undertakes not to become interested or otherwise concerned, directly or through his spouse and/or children, in any selling agency of the Company.
6. The terms and conditions of the appointment of ED & CEO may be altered and varied from time to time by the Board as it may, in its discretion deem fit, irrespective of the limits stipulated under Schedule V to the Act or any amendments made hereafter in this regard, in such manner as may be agreed to between the Board and the ED & CEO subject to such approvals as may be required.
7. This appointment may be terminated by either party by giving to the other party six months' notice of such termination or the Company paying six months' remuneration in lieu of such notice.
8. The employment of the ED & CEO may be terminated by the Company without notice or payment in lieu of notice:
  - a) if the ED & CEO is found guilty of any gross negligence, default or misconduct in connection with or affecting the business of the Company or any subsidiary or associated company to which he is required by the Agreement to render services; or
  - b) in the event of any serious or repeated or continuing breach (after prior warning) or non-observance by the ED & CEO of any of the stipulations contained in the Agreement; or
  - c) in the event the Board expresses its loss of confidence in the ED & CEO.
9. In the event the ED & CEO is not in a position to discharge his official duties due to any physical or mental incapacity, the Board shall be entitled to terminate his contract on such terms as the Board may consider appropriate in the circumstances.

10. Upon the termination by whatever means of his employment under the Agreement:
  - a) the ED & CEO shall immediately cease to hold offices held by him in any subsidiaries and associated companies without claim for compensation for loss of office by virtue of Section 167(1)(h) of the Act;
  - b) the ED & CEO shall not without the consent of the Company at any time thereafter represent himself as connected with the Company or any of the subsidiaries and associated companies.
11. If and when the Agreement expires or is terminated for any reason whatsoever, Mr.Nath will cease to be the ED & CEO, and also cease to be a Director. If at any time, the ED & CEO ceases to be Director of the Company for any reason whatsoever, he shall cease to be the ED & CEO, and this Agreement shall forthwith terminate. If at any time, the ED & CEO ceases to be in the employment of the Company for any reason whatsoever, he shall cease to be a Director and ED & CEO of the Company.
12. The terms and conditions of the appointment of the ED & CEO also include clauses pertaining to adherence with the Tata Code of Conduct, intellectual property, non-competition, conflict of interest with the Company and maintenance of confidentiality.
13. Mr. Nath will also enjoy all benefits of continuity with regard to Gratuity and other benefits for the purposes of which the date of joining shall be the date on which he joined as Chief Executive Officer of the Company in February, 2011.

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 and subject to the approval of the Central Government, the appointment and the terms of remuneration to Mr. Nath as Executive Director & CEO as specified above are now being placed before the Members for their approval.

The Directors are of the view that the reappointment of Mr. Nath as ED & CEO will be beneficial and in the best interest of the Company and 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 Companies Act, 2013.**

#### **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: for the year ended 30th September 2014.  
(₹ in Lakhs)

Particulars	2013-14	2012-13
Turnover and other income	10,276.45	10,971.86
Profit before exceptional items and taxation	(1,112.28)	(1,636.79)
Net Profit before tax	128.62	(1,636.79)
Net Profit after tax	128.62	(1,636.79)
Profit/(Loss) in terms of Section 198 of the Companies Act, 2013	(3,007.99)	(3,132.11)

5. Foreign investments or collaborators, if any: Not Applicable.

## II. Information about the Appointee:

### 1. Background details

Mr.Nath, aged 53 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. 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 14 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

Mr.Nath's total remuneration was Rs.1,08,77,166/- for the period from 1/4/2014 to 30/9/2014 and Rs. 1,28,84,542/- for the period from 1/10/2014 to 12/6/2015 as approved by the Shareholders and approved by the Central Government.

### 3. Recognition or 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 :

Considering the excellent background of Mr.Nath and the experience of 29 years in the industry, he is well suited for the position of the Executive Director & Chief Executive Officer of the Company at the proposed remuneration,

### 5. Remuneration proposed:

Please refer to page 4 of this Notice.

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

The remuneration paid/proposed is commensurate with his experience and comparable to the standards in the industry.

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

Mr.Nath has no pecuniary relationship with the Company, other than his remuneration and is not related to any Managerial personnel.

**III. Other information**

1. Reasons for inadequate profits:

The marginal profit after tax of Rs. 128 lakhs for the year 2013-14 as against loss of Rs. 1,653 lakhs for the year 2012-13 was on account of unsatisfactory performance of security and surveillance business and provisioning of doubtful debts of Rs. 381 lakhs.

The Company is continuously evaluating its businesses and will focus on building its position in VSAT Systems and services and pursue further synergistic opportunities in related areas. The Company has now good order position in VSAT business and with no legacy expenses like VRS and no loss making contracts of ISSS, the Company is expected to earn improved profits in the current year 2014-15 onwards. The medium and long term prospects of the Company are quite promising.

2. Steps taken by the Company to improve performance :

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 NWC, addressing the adjacent markets through alliances and expansion of products and services.

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

As the Company continues to invest and expand its services in multiple sectors and geographies, it is difficult to predict the increase in revenue and profit of the Company for future years as in the medium term the business plans envisage targeting of scale and not just profitably.

By Order of the Board of Directors,

Sd/-

**Girish V Kirkinde**  
Company Secretary

Navi Mumbai, 15th July, 2015  
**CIN:** L32200MH1940PLC003164

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