

24th March 2017

BSE Limited Corporate Relationship Department 1 st Floor, New Trading Ring Rotunda Bldg., PJ Towers Dalal Street, Fort, Mumbai -400 001.	National Stock Exchange of India Limited Exchange Plaza, 5th Floor, Plot No. C/1, G Block, Bandra-Kurla Complex, Bandra (East) Mumbai -400 051.
---	---

Dear Sir,

Sub: Disclosure pursuant to Regulation 30 of SEBI (LODR) Regulations, 2015
Disinvestment in Shares of Nelito Systems Limited

Pursuant to the approval of the Board of Directors of Nelco Ltd., the Company has entered into Agreement(s) with DTS Corporation, Japan for sale of part of its Investment to the extent of 2,05,212 shares representing 9.95% in equity shares of Nelito Systems Ltd., at a consideration of Rs.3.79 crores. This shall be subject to approvals and consents required under applicable law.

The details as required under Regulation 30 read with Schedule III to the Securities & Exchange Board of India (Listing Obligations and Disclosure Requirement) Regulations, 2015 and SEBI Circular No.CIR/CFD/CMD/4/2015 dated 9th September 2015 are mentioned hereunder:-

a) name(s) of parties with whom the agreement is entered;	DTS Corporation (Purchaser) and Sunnynook Ltd. }Main share- Nelco Ltd. } holders/ Af-Taab Investment Company Ltd. } sellers and Nelito Systems Ltd. (Company)
b) purpose of entering into the agreement;	Sale by Nelco Ltd. of its part of Investment (9.95%) in the shares of Nelito Systems Ltd. to DTS Corporation, Japan.
c) shareholding, if any, in the entity with whom the agreement is executed;	Before this sale, Nelco Ltd. held 22.25% Equity Shareholding in Nelito Systems Limited. Except this, Nelco Ltd. does not hold shares in any other Companies mentioned above.
d) significant terms of the agreement (in brief) special rights like right to appoint directors, first right to share subscription in case of issuance of shares, right to restrict any change in capital structure etc.;	As per Annexure attached.
e) whether, the said parties are related to promoter/promoter group/ group companies in any manner. If yes, nature of relationship;	Af-Taab Investment Ltd. (one of the Sellers of its investment in Nelito Systems Ltd.) is related to the Promoter /Promoter Group. This is not a transaction between two related parties per se.
f) whether the transaction would fall within related party transactions? If yes, whether the same is done at "arms length";	No



g) in case of issuance of shares to the parties, details of issue price, class of shares issued;	Not applicable
h) any other disclosures related to such agreements, viz., details of nominee on the board of directors of the listed entity, potential conflict of interest arising out of such agreements, etc;	NIL
i) in case of termination or amendment of agreement, listed entity shall disclose additional details to the stock exchange(s):	Not applicable
i. name of parties to the agreement ;	
ii. nature of the agreement;	
iii. date of execution of the agreement;	
iv. details of amendment and impact thereof or reasons of termination and impact thereof.	

Yours faithfully
For Nelco Ltd.



Girish V. Kirkinde
Company Secretary



Summary of the significant terms and conditions of the agreement

1. Right to appoint Directors on Board of Directors

- (a) On and from the Closing Date, the Board shall consist of a maximum of 7 Directors who shall be appointed on the Board in the manner set out below.
- (i) Nelco Group (acting through Nelco) shall have the right to appoint 2 Directors on the Board;
- (ii) Sunnynook shall have the right to appoint 2 Directors on the Board; and
- (iii) DTS shall have the right to appoint 3 Directors on the Board.
- (b) In the event that the Shareholding of DTS exceeds 50% at any time, then:
- (i) DTS shall have the right to appoint additional Directors on the Board such that that the majority of the Directors are appointed by DTS.
- (ii) DTS shall have the right to nominate a DTS nominee Director as the Managing Director of the Company.

2. Reserved matters

Nelito Systems Ltd. shall not take any actions or decisions with respect to the Reserved Matters as under, unless prior written consent of each of Nelco Ltd., Sunnynook Ltd. and DTS Corporation in respect thereof has been obtained.

- Amendment to the constitutional documents of the Company;
- Issue of shares (other than Rights issue);
- Initial Public Offering (IPO);
- Change in Auditors;
- Voluntary liquidation, winding-up or dissolution of the Company;
- Business Sell, acquisition & mergers;
- Alteration and new business;
- Non-Arm's length transactions.

3. Transfer of securities (Lock in and Prohibited transfers)

For a period of six months from the Closing Date, the Main Shareholders shall not be entitled to directly or indirectly Transfer or solicit any Transfer of any Equity Securities (in whole or in part) held by them. During the period commencing from the expiry of six months from the Closing Date till the completion of two years from the Closing Date, the Main Shareholders shall not be entitled to Transfer of any Equity Securities (in whole or in part) without the prior written consent of the non-transferring Main Shareholders which consent shall not be unreasonably withheld. This restrictions is not applicable for the transfer of shares by Main Shareholders to its Associates.

4. Right Of First Offer (ROFO) - Each Main Shareholder shall have the right of first offer with respect to any proposed Transfer of all or part of the Securities held by any other Shareholder (Selling Shareholder):

