

Chairman's Address

Dear Shareholders,

It gives me great pleasure to welcome you to the 57th Annual General Meeting of the Company.

It is a matter of satisfaction for me to report yet another year of robust growth and strong performance encompassing all the business segments of your company.

India – A Growth Story of Entrepreneurs

India's growth story is about brilliant entrepreneurs, who have been given the opportunity, the environment, exposure and training to hone the spirit of entrepreneurship that endeavours to make the impossible happen. I pay tribute to all the Entrepreneurs of today for enabling this change, and for helping create the India of tomorrow – a confident young generation capable and passionate to take on the world on equal terms.

Indeed, this century belongs to India. We stand today at the threshold of India Unlimited - unlimited in terms of opportunities, unlimited in terms of capabilities and unlimited in the spirit which is indomitably Indian. India's manufacturing sector, exposed to competition, has redefined competitiveness and earned itself respect in the world's arena. The entrepreneurial ability and appetite in India has not only fuelled the spectacular trajectory of growth, but has spread wings and crafted big ticket acquisitions across the world planting the Indian tricolour at many places on the global business map. This is only the beginning.

Business and Financial Performance

Businesses of NSIC are equally influenced by the developments in the Indian Economy. The phenomenal Indian growth story of which the MSMEs are an integral part, have also impacted NSIC. The Corporation has also contributed pro-actively in reaching out to the MSMEs while facilitating their requirements in areas of Marketing, Finance and Technology etc.

Despite difficult economic conditions, adversely impacting the environment in which the Corporation operates, its Turnover for the year grew by 40% to Rs.11,137 crore. On the strength of the record turnover and gross income, NSIC has posted its highest ever Pre-tax Profit of Rs.60.21 crore, an increase by 71% over previous year. NSIC has proposed a dividend payout of Rs.8.24 crore, being the highest dividend payout by our company so far. Earnings per Share for the year stand at Rs.17.50. All these reflect a robust financial position and a sound Balance Sheet.

We can draw even greater satisfaction from the fact that these financial results rest on a strong foundation of trust earned by your company's multiple services and enduring relationships formed with thousands of MSMEs over several years. It is on this bedrock of trust, competencies and partnerships that we have built our aspiration to be an achiever in every business segment we are engaged in.

The foundations that we have laid over time by investing in ethical conduct, meritocracy, team work and abiding concern for MSMEs supported by a robust governance structure continue to drive growth in your company's multiple business models, providing a strong momentum for a secured future. NSIC envisages the continued pursuit of new opportunities for growth and profitability on the strength of its solid financial foundation.

Outlook and Opportunities

It is your company's endeavour to continuously explore opportunities for growth to create new epicentres of growth. Our primary focus will be to create new fountainheads of value creation both within India and abroad while continuing to expand the existing flanks of value creation. We can certainly do it.

It is important that we believe in ourselves, have faith in our capabilities and the courage to carry out our convictions. Like every drop that makes an ocean, each one of us has within ourselves, the capability to make a difference. To be able to live your conviction and know that your actions and beliefs have transformed the lives of millions is at once a humbling and enriching experience

NSIC's strategic thrust is founded on its ability to continuously invest in existing and new capabilities. As a result, one of NSIC's most important strength today is its pool of diverse core competencies which enable it to pursue new avenues of growth without diluting the focus on its existing lines of business.

Corporate Social Responsibility

Businesses do not operate in an economy in isolation. They are organs of society, and will have to harmoniously coexist with the natural and social environment. We draw heavily on societal resources in the form of both natural and social capital. It is therefore incumbent on us that we also find innovative solutions to build and augment social and natural capital.

NSIC is inspired by the opportunities to make a big difference through the enlargement of its contribution to the national economy. With its resources and capability to compete, it is always focused on the creation of value for Indian economy. Your company has attempted to achieve this value objective by not only driving each of its businesses to become competitive, but also by consciously contributing to enhancing the competitiveness of the

MSME sector of which it is a part. It is your company's belief that creation of shareholder value provides the only basis for sustainable contribution to the super-ordinate goal of creating national value. This spirit permeates the nature of its partnership with the various constituents of the society.

CORPORATE GOVERNANCE

Your Company believes and practices high standards of professionalism, integrity and transparency and would continue to do so. Rooted in the philosophy of congruence of business purpose, NSIC shall always be engaged in continuously refining business models that support competitiveness; that are founded on market principle; that create a climate of efficiency; that leverage diverse competencies to foster robust competitive capability, thereby strengthening our Company's value creating ability.

It is very, very important that NSIC continues to operate in a manner we are all proud of and that we develop a holistic sense of excellence. We shall not just be paying lip-service to the word 'excellence'; we will continue to have a deep rooted commitment to excellence, in every sense, in whatever we do.

It is constant endeavour of the Company to adopt and maintain the highest standards of ethics in all spheres of business activities. The Company's philosophy of Corporate Governance is based on the principles of honesty, integrity, accountability and legal & statutory compliances, to protect, promote and safeguard the interest of all stakeholders.

AWARDS & RECOGNITIONS

In recognition of the services rendered by the Company for the development of MSMEs the awards conferred upon NSIC include "**Award of Excellence**" from Northern Indian Regional Council of ICWAI, "**Award of Excellence**" from the Newspaper "Singhasana", "**India Pride Awards 2011**", the Gold Medal given for excellence in creating impact in the Indian Economy and Society, "**Council of Arab League Award**" given on the occasion of Foundation Day of Arab League in recognition of the innovative NSIC Incubation programme for Small Enterprise Establishment launched by NSIC for creating new employment opportunities, employment and growth of MSME sector in the country.

ACKNOWLEDGEMENTS

I would like to convey my deepest gratitude to Hon'ble Minister of Micro, Small & Medium Enterprises, Secretary to the Government of India, Ministry of Micro, Small & Medium Enterprises for their support and guidance given which enabled the Corporation to achieve unprecedented heights. In the times to come, I shall continue to seek your support and guidance.

I would also like to take this opportunity to acknowledge support and guidance of Additional Secretary-cum-Financial Advisor, Government of India. I am also grateful to Additional Secretary & Development Commissioner (MSME), Joint Secretary and other officials of the Ministry of MSME for the faith reposed, which helped the Corporation in achieving these heights in its performance.

I also gratefully, acknowledge the continuous support extended by Planning Commission, Department of Public Enterprises and other Departments.

I thank all my colleagues on the Board for their unanimous support and immense encouragement.

I would like to take this opportunity to thank the Bankers, Financial Institutions, Suppliers, Customers and all other stakeholders for their consistent and resolute support.

I would like to especially acknowledge the commitment and dedication of the entire NSIC team in creating and sustaining NSIC, not just a Corporation but an institution in the national mainstream.

I would also like to thank everybody else who participated in this great process.

Place: New Delhi
Date 29th August,2012

(H.P. Kumar)
Chairman-cum-Managing Director