

## **DIRECTORS' REPORT**

The Shareholders,  
The National Small Industries Corporation Ltd. (NSIC)

Dear Shareholders

On behalf of the Board of Directors of your Company, I have great pleasure in welcoming you to the 55<sup>th</sup> Annual General Meeting of the NSIC Ltd. The Annual Report and Audited Statements of Accounts for the financial year ended 31<sup>st</sup> March, 2010, together with comments of the Comptroller & Auditor General of India on the Accounts of the Company have been forwarded to you and with your permission, I take them as read.

### **1.0 OPERATING PERFORMANCE**

Financial year 2009-10 was yet another landmark year for the Company when it touched new heights in achieving record operating performance in terms of volume of business and profitability. During the year, NSIC continued with its endeavor to reach out to larger number of Micro, Small & Medium Enterprises. The Company took various new initiatives like launching of an international B2B web portal, opening of ten new offices & five new raw material distribution centres, establishing centralized E-learning Centre and setting up 24 new Training-cum-Incubation centres under PPP mode. In addition, more emphasis was given to the delivery of quality service by obtaining ISO-9000 certification for all technical services centres and providing comprehensive training to the staff for better customer service. Increase in the reach and volume of business operations resulted in achieving higher level of business turnover and record operating profit during the year 2009-10.

Major highlights of the achievements during the year 2009-10 are briefly mentioned below:

#### **1.1 Business Turnover**

The business turnover of the Company for the year 2009-10 went up to Rs. 4488 crore as compared to Rs. 3508 crore in the previous year registering a growth of 28%. This growth assumes greater significance since the economy all over the world, after witnessing a slowdown, was struggling to revive and come back on normal growth path.

## 1.2 Profitability

The operating profit and net profit after tax earned by the Company during 2009-10 vis-à-vis 2008-09 is depicted in the table below:

Particulars	(Rs. Lac)	
	2009-10	2008-09
Net Operating Profit	<b>2806.60**</b>	904.62
Less : Amortization of VRS Expenditure	<b>212.26</b>	212.36
Net Profit before Tax	<b>2594.24</b>	692.26
Less : Minimum Alternate Tax & Others	<b>166.94</b>	89.96*
Net Profit after tax	<b>2427.34</b>	602.30

\* includes FBT of Rs. 27.14 lac.

\*\* The operating profit for 2009-10 includes Rs. 679.91 lac towards exchange variation gain on foreign currency loans.

## 1.3 Raw Material Assistance

NSIC continued with its efforts to provide various raw materials like steel, aluminum, zinc, copper, paraffin wax etc to MSMEs through arrangements made with bulk manufactures of these materials. The Company also started distribution of coal to MSMEs in the state of West Bengal and has taken up with other states to obtain authorization for starting this activity.

Total raw materials facilitation to MSMEs, in quantitative terms, grew up by 18% from 3,02,164 MTs in 2008-09 to 3,55,719 MTs in 2009-10. In terms of the value of raw material assistance extended to MSMEs, the growth of 29% was witnessed as it increased to Rs. 4301 crore in the year 2009-10 from Rs. 3322 crore in 2008-09.

The Portfolio of Raw Material Assistance against Bank Guarantee reached to Rs.578 crore on 31<sup>st</sup> March, 2010 as against Rs. 306 crore on 31<sup>st</sup> March,2009, thereby registering a growth of 89% during the year.

## 1.4 Credit Facilitation

Credit facilitation by NSIC during the year 2009-10 to Micro, Small & Medium Enterprises increased to Rs.1056 crore from Rs. 688 crore in the previous year, registering a growth of 53%.

## **1.5 Government Purchase & Infomediary Services**

The Revenue from Government Purchase and Infomediary Services (B2B Portal) increased to Rs.5.55 crore in the year 2009-10 from Rs. 4.12 crore in the previous year 2008-09, thereby posting a growth of 35% over the previous year.

## **1.6 NSIC – Technical Services Centres**

Financial year 2009-10 continued to be another year when all seven technical centres operated without getting any grants to meet their administrative cost. This could be possible through the Technical Centres beginning to undertake 'Techno-Commercial activity'. The aggregate income of the Technical Services Centres rose from Rs. 12.54 crore in 2008-09 to Rs. 17.16 Crore in the year 2009-10, registering the growth of 37%.

## **1.7 Implementation of Plan Schemes**

For the financial year 2009-10, Government Grants were available for two schemes namely Performance & Credit Rating Scheme and Marketing Assistance Scheme. The Company received Rs. 35.09 crore as reimbursement of the expenditure incurred by NSIC under the above two schemes, implemented on behalf of the Government.

Under the Performance & Credit Rating Scheme, 7531 micro & small enterprises were rated during the year, an increase of 50% over previous year.

Under the Marketing Assistance Scheme, NSIC conducted various events namely Exhibitions, Buyers Sellers Meets, Marketing Campaigns etc. The total number of events held during the year was 963 as against 874 in the previous year.

## **2.0 Dividend**

As per the directions from Ministry of Finance, Government of India vide their O.M. No.F.19(1)-I.III(A)/98 dated 20<sup>th</sup> August, 1998, your Directors have recommended dividend @20% of the Profit After Tax (PAT) i.e. Rs. 485.47 lac subject to approval of the shareholders at the Annual General Meeting.

### **3.0 Recognitions**

In recognition of the services rendered by the Company for the development of MSMEs, following awards were conferred upon NSIC:

- 3.1 "NSIC -Rourkela was awarded for "Excellence in Service" to MSMEs 2009-10 for providing yeoman service in the promotion and development of MSMEs in the State of Orissa by Hon'ble Minister of State (Independent Charge), Food Supplies & Consumer Welfare, Orissa.
- 3.2 NTSC-Chennai received an Award and Letter of Appreciation from VEL TECH Technical University, Chennai for partnering with the University in imparting skills to students by way of in-plant training and projects entitled "India – a Superpower in 2020" under Corporate Social Responsibility on 16th May,2010 by Secretary to the Government of India, Department of Science and Technology.
- 3.3 NSIC's Techmart India organised during India International Trade Fair in November,2009, received Gold Medal for its Excellence in Display.

### **4.0 New Initiatives taken during the year**

Following new initiatives were taken by NSIC during the year 2009-10.

#### **4.1 Promoting International Trade through NSIC's B2B Web Portal**

NSIC launched a B2B Web Portal to provide marketing facilities to MSMEs for business to business relationship. The new Web Portal is available at [www.nsicindia.com](http://www.nsicindia.com), which is undoubtedly one of the most advanced technology based B2B portals to help the MSMEs to showcase their products and services along with portfolios globally.

NSIC's B2B web portal is used for dissemination of sector specific business Information to MSMEs. This aims to promote International Trade through a dedicated B2B Web Portal. Potential beneficiaries would be MSMEs seeking business collaborations and co-production opportunities, joint ventures, exporters and importers and those looking for technology transfers.

Some of the salient features of this portal are: Product specific database searches; Sector specific domestic tender notices with alert factors; Country specific global tender notices from World Bank, United Nations Organization, ILO etc.; Business Trade Leads from more than 200 countries; Automatic Match Making for Product, Services & Technology; Virtual Exhibition; Self-web development tool; Expert chat, Buyer/Seller chat & Video Conferencing; Global Trade Shows Information; WAP services for GPRS activated Mobiles; SMS Alerts; Trusted Seal for NSIC Members (Gold, Trust Members); Centralized Mail System for each member; Customer Support through Call Centre; Mirroring facility and Payment Gateway for membership subscription.

#### **4.2. Global Partnerships for sharing of Best Practices**

NSIC, further, strengthened its Web Portal on International SME Development, which can be accessed on [www.nsicpartners.com](http://www.nsicpartners.com). The website provides a unique platform where the recognized partners of NSIC in 28 countries keep exchanging information to facilitate sustainable collaborations amongst SMEs of respective countries.

The Website, being forerunner of its kind, is significantly assisting the selected International SME Support Institutions in communicating electronically and disseminating key information on Marketing, Technology and Investment opportunities to SMEs across the world.

#### **4.3 NSIC-Training-cum-Incubation Centres (NSIC-TICs) for Small Enterprise Establishment under Public Private Partnership (PPP) Mode**

NSIC continued its initiative to set up new Training-cum-Incubation Centres (NSIC -TICs) under PPP mode for the purpose of inculcating entrepreneurial skills among unemployed persons by imparting training through which they become employable or can set up their own small enterprises. During the year, 24 new Training cum Incubation Centres were set up making the total number of NSIC -TICs to 45.

#### **4.4 Establishment of an E-Learning Centre at Okhla, New Delhi**

In order to have uniform code of lectures and training in all Training-cum-Incubation Centres, NSIC established an E-Learning Centre at Okhla, New Delhi, which can be connected to all NSIC-TICs to receive high quality and standardized training electronically. Lectures on various training modules are broadcasted through internet to all the TICs from NSIC Studio. The studio can also be utilized for video conferencing among Offices of the Corporation.

#### **4.5 NSIC “Exhibition-cum-Marketing Development Business Park” (EMDBP) at Hyderabad:**

The construction of an “Exhibition cum Marketing Development Business Park (EMDBP)” at Hyderabad having total floor area of around 15,000 Sqm over a sprawling 8 acre campus has been successfully completed and the building has become operational. The state of art five storied building is equipped with all modern amenities having Exhibition hall, Conference room, Office space & Food court.

#### **4.6 Marketing Intelligence Cell**

Hon’ble Prime Minister’s Task Force was set up to consider the various issues relating to Micro, Small & Medium Enterprises Sector. The Task Force submitted its report suggesting various measures which inter-alia included setting up of a “Marketing Intelligence Cell”. Accordingly, NSIC established a Marketing Intelligence Cell for collecting and disseminating both domestic and international marketing intelligence in coordination with other relevant departments / agencies. The Marketing Intelligence Cell was inaugurated by Shri T.K.A. Nair, Principal Secretary to Hon’ble Prime Minister of India on 29<sup>th</sup> May, 2010. The cell would help MSMEs in getting appropriate information at one place which would enable MSMEs in enhancing their ability to gauge and be at par with the global demands.

## 5.0 International Co-operation

The objective of International Co-operation activities is to initiate long term and sustainable enterprise to enterprise cooperation between Indian enterprises and enterprises in the target countries. This is achieved by exchanging business delegations and organizing one-on-one business meetings with the enterprises of both the countries. The various business delegation meets organized by NSIC during the year 2009-10 are:

- NSIC took a business delegation to China which comprised of the micro & small enterprises in the field of light engineering machinery, auto parts, machine components and industrial fabrication.
- NSIC organized a business delegation to Trinidad & Tobago which facilitated Indian MSMEs to meet their counterparts in target country and explore opportunities for business venture between both the countries.
- During the visit of Lieutenant General Mompatu Sebogodi Merafhe, Hon'ble Vice President of Botswana to India an agreement of mutual cooperation was signed between NSIC, and Local Enterprise Authority (LEA) of Botswana for the development of Micro, Small & Medium enterprises in both the countries.
- An agreement of mutual cooperation between NSIC and Industrial & Infrastructure Development Finance Company Ltd. (IIDFC), Bangladesh, Dhaka was signed on 30<sup>th</sup> March, 2010 for the development of Micro, Small & Medium Enterprises in both countries.
- An agreement of mutual cooperation between NSIC and One Village One Product (OVOP), Board of Malawi was signed for the development of Micro, Small & Medium Enterprises in both countries.

In addition to exchanging business delegations and organizing business meets, NSIC also provides consultancy services in diverse areas namely: Policy & Institutional Framework, Business Development Services and Capacity Building of Institutions engaged in MSME development.

## **6.0 Techmart India, 2009**

NSIC organized Techmart India, 2009, coinciding with India International Trade Fair (IITF) at Pragati Maidan, New Delhi during November 14-27, 2009. This was a unique platform to provide opportunities to MSMEs for displaying their capabilities, competencies and enhancing their marketing efforts and technology transfer. In this exhibition engineering, technology, manufacturing and the entire range of associated industries were displayed.

The display covered a wide range of products and services from all focused sectors. Like previous years a special enclosure of "Working Techmart" was provided where standalone technologies for entrepreneurs were on display. Foreign delegates from South Africa; Swaziland, Congo, Ghana, Mauritius, Bahrain, Slovenia, Philippines visited Techmart,2009 and showed keen interest in the technologies displayed especially the Packaging & Technologies for self-employment.

NSIC was awarded Gold Medal for Excellence in Display amongst the Public Sector Undertakings, EPCs and Commodity Boards by the India Trade Promotion Organisation.

## **7.0 NSIC's services in North Eastern Region (NER)**

- 7.1 NSIC has a network of offices in NER. This includes branches at Guwahati (Assam) and sub-offices at Imphal (Manipur); Dimapur (Nagaland); Itanagar (Arunachal Pradesh); Shillong (Meghalaya) and Agartala (Tripura).
- 7.2 NSIC also has a Training-cum-Incubation Centre at Guwahati, which provides technical training and organizes skill upgradation and entrepreneurship development programmes.
- 7.3 NSIC Guwahati conducted 20 Entrepreneurs Awareness Programmes (EAPs); 24 Entrepreneurs Development Programmes (EDPs); 7 Small Enterprises Establishment Programmes (SEEPs) and 5 Skill Development Programmes wherein more than 3000 beneficiaries participated.



## 8.0 Capital Structure & Borrowings

The Paid-up-Capital of the Company remained unchanged at Rs. 232.988 crore. Loans from financial institutions and banks were of the order of Rs.490.87 crore as against Rs. 281.67 crore at the end of the previous year. Repayment of installments and interest due till 31<sup>st</sup> March, 2010 in respect of all loans were made on the due dates.

## 9.0 Investment

NSIC had 12,14,000 equity shares of Rs.10/- each in Singer India Ltd., which had informed its shareholders that the Board of Industrial & Financial Reconstruction vide its order dated 28<sup>th</sup> April,2008 had approved a rehabilitation scheme for the revival of the company pursuant to which, there would be 90% reduction in its paid up capital. As this action adversely affected NSIC, it was decided to proceed legally against Singer India Ltd. by filing a Writ Petition in Hon'ble Delhi High Court. The matter is still under consideration of Hon'ble High Court.

NSIC had investment of Rs. 10 lac in equity of SIPPO and Rs. 5 lac in equity of SIPMO. Both these Companies were set up in early Nineties for marketing of the products of small industries.

## 10.0 Fixed Deposit Scheme

Your company has not accepted any Fixed Deposits and as such no amount of principal or interest was outstanding as on 31<sup>st</sup> March, 2010.

## 11.0 Human Resource Management

- 11.1 The total manpower of the Company as on 31<sup>st</sup> March, 2010 was 867 as against 839 in the previous year.

The break-up of the manpower was as follows:

S. No.	Description	As on 31.03.2010	As on 31.03.2009
1.	Managerial	389	353
2.	Supervisory	131	132
3.	Non-Supervisory	347	354
	<b>Total</b>	<b>867</b>	<b>839</b>

## **11.2 Training**

Upgrading the professional skills of the personnel and continual improvement are among the important parameters of the Quality Policy and Quality Objectives of the Corporation. In view of the above, training division organized different types of In-House training programmes for the staff during the year 2009-10. Basic objective of organizing such training programmes was to upgrade the professional skills of the employees and to impart knowledge about various processes / activities of the Company. During the year 14 such programmes were organised besides an Internal Quality Auditor (ISO) training programme wherein specific Managerial topics and personality development sessions were taken up by the expert external faculties. In addition, some of the employees were also nominated to attend training programmes organized by other reputed training institutes.

## **12.0 Personnel and Industrial Relations**

During the year 2009-10, good and cordial relations were maintained with NSIC Employees. There was no agitation or strikes. Meetings were held with Unions from time to time to discuss various issues and to resolve them amicably. Overall, harmonious industrial relations were maintained during the year 2009-10.

## **13.0 Particulars of Employees**

Pursuant to Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of employees) Rules 1975 there was no employee drawing monthly remuneration of Rs. 2,00,000/- and above.

## **14.0 Representation of SCs, STs and Minorities**

The directives of the Government relating to the reserved categories such as Scheduled Castes and Scheduled Tribes, Physically Challenged, Ex-Servicemen and Minorities etc. continued to be adhered to during the year.

## **15.0 Vigilance Activities**

The Vigilance Department not only assists the Management / Competent Authority in punishing the unscrupulous employees for their proven acts of misconduct, but also helps in saving the honest and efficient officials from any harassment by way of false and motivated complaints made out of personal vendetta. Besides, the Vigilance Department also coordinates with CVC, CBI and other outside related agencies. It ensures that there is no wastage, misuse or pilferage of the available resources and ensure optimum use of these resources.

Immovable Property Returns of all the Officers of the Company of "A" Category were scrutinized and action taken as felt necessary based on such scrutiny. As per directions from the Administrative Ministry, NSIC also started taking Immovable Property Returns of all the Officers of "B" Category. A number of surprise visits and checks were carried out in various offices of the company and corrective steps taken wherever required.

## **16.0 Corporate Social Responsibility**

Your company has always been supporting good social causes to share the burden of the society to develop and mentor the community for the betterment of the society. In continuation of this objective your Board of Directors had allocated a fixed amount to be utilized towards Corporate Social Responsibility initiatives.

In this regard, training was imparted to special categories of persons like deaf & dumb, physically challenged, SCs, STs, OBCs, Women, persons below poverty line in various trades at NSIC Technical Services Centres. In addition, NSIC also took up the cause of Prevention of Cruelty to animals.

## **17.0 Citizens' Charter**

NSIC is committed to efficient and prompt service on the basis of objectivity, transparency and courtesy in dealing with our citizens for the promotion and growth of MSMEs. To inculcate these values in the employees, NSIC has come out with a Citizens' Charter. Some officers have been assigned to work as link between public and the company. The members of public can get in touch with these officers to get guidance and help.

## **18.0 Signing of Memorandum of Understanding with the Government**

NSIC signed a MoU with the Ministry of Micro, Small and medium enterprises for the year 2010-11.

The Company's rating based on the results for the year 2009-10 would be "Excellent".

## **19.0 Rajbhasha**

Like previous years, Hindi Section at the corporate office of NSIC continued to perform its activities this year too for ensuring the progressive use of Hindi as per the Government directives on official language. In this regard, during the year 2009-10 following steps were taken:

- At Corporate Office, Hindi Divas was observed on 14<sup>th</sup> Sept.,2009. During the period from 14<sup>th</sup> Sept.,2009 to 13<sup>th</sup> October,2009, Hindi month was celebrated by organizing various Hindi competitions such as Hindi Computer Prachalan, Wak Pratiyogita, Swa-rachit Kavita Paath, Nibandh Lekhan, Dictation and Script Lekhan. With a view to encourage the employees for increased participation in the competitions, the prize amount was increased. Hindi Workshops were also regularly organized.
- The Official Language Implementation Committee of the Corporate Office was constituted under the Chairmanship of Director (Plg. & Mkg.) & regular meetings were held.
- With a view to ensure the proper implementation of official language, inspections of various divisions of Corporate Office and branch offices were carried out during the year. Similarly, Hindi inspection teams from our Administrative Ministry & Official Language Department, Govt. of India carried out Hindi inspection of the Corporate Office and appreciated the progress made towards use of Hindi.
- Literature of various NSIC's schemes was got prepared bi-lingually for distribution in intensive campaigns organised by the Company from time to time.

- Monthly Newsletter “NSIC Chronicle” was brought out during the year in Hindi & English.
- Hindi books purchased during the year were for more than 50% amount of the total expenditure incurred on purchase of books.
- To provide the facility on computers for working in Hindi, Krishna, Kundali fonts have been installed and Unicode font based Akshar Naveen Bi-lingual software has been installed.
- Six branch offices located at Chandigarh, Jalandhar, Ludhiana, Rourkela, Jhandewalan (New Delhi) and Parliament Street (New Delhi) were got notified by our Administrative Ministry under rule 10(4) of Official Language Rules, 1976.

With the above activities, the use of Hindi is increasing in the Company.

## **20.0 Particulars of Energy Conservation, Technology absorption**

As NSIC does not have manufacturing activities, the declaration of information regarding conservation of energy, technology absorption is not required.

## **21.0 Foreign Exchange**

During the year 2009-10, the company earned foreign exchange valuing Rs. 27.63 lacs from activities abroad.

## **22.0 Board of Directors**

The Board of Directors of the Company met eight times during the year. In addition to this two Sub-Committee meetings were held.

## **23.0 Audit Committee**

The Audit Committee was reconstituted on 24<sup>th</sup> June,2010. The members of the Audit Committee are Shri Rakesh Rewari, Shri Rajiv Chawla and Shri Sirajuddin Qureshi.

The Audit Committee could not be reconstituted earlier as the term of Independent Directors expired on 21<sup>st</sup> November, 2008 and proposal for appointment of Independent Directors was under process and Independent Directors were appointed on 13<sup>th</sup> May,2010

#### **24.0 Director's Responsibility Statement**

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956, with respect to Directors' Responsibility Statement, it is hereby confirmed:

- a. that in the preparation of the annual accounts, the applicable Accounting Standards were followed alongwith proper explanation relating to material departures.
- b. that the Directors selected such accounting policies and applied them consistently and made judgements and estimates that were reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for the year under review.
- c. that the Directors took proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act,1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- d. that the Directors prepared the annual accounts for the year ended on 31<sup>st</sup> March,2010 on a 'going concern basis'.

#### **25.0 Corporate Governance**

A separate report on Corporate Governance forms part of the Annual Report and is annexed.

#### **26.0 Auditor's Report to Shareholders**

The Report of the Statutory Auditors is annexed. The Directors have considered the comments of the Statutory Auditors, and felt that the notes given on the Balance Sheet, Profit & Loss Account and Income & Expenditure Account in clarification are adequate. The observations of the Auditors have been noted for appropriate action.

The review of the accounts of the Company for the year ended 31<sup>st</sup> March,2010 by the Indian Audit and Accounts Department together with comments of the Comptroller & Auditor General of India under Section 619(4) of the Companies Act,1956, are also annexed.

The Directors' replies to the statutory auditors' report & C& AG's report are Annexed.

## **27.0 Acknowledgements**

The Board of Directors wish to place on record their gratitude and appreciation for the continued guidance provided by the Hon'ble Minister of Micro, Small & Medium Enterprises, support & guidance of Secretary Ministry of Micro, Small and Medium Enterprises (MSME), Ministry of Finance, Ministry of Steel, Planning Commission and Department of Public Enterprises. The Directors also wish to place on record their thanks to the AS&FA and AS&DC (MSME) for their continued support. The Directors are grateful to the Comptroller and Auditor General of India, Member Audit Board and the Statutory Auditors for their valued co-operation.

The Directors also acknowledge the valuable assistance provided by Hongkong and Shanghai Banking Company Ltd., Corporation Bank, Bank of Tokyo, Punjab National Bank, Chinatrust Commercial Bank and Union Bank of India .

Directors wish to place on record their appreciation for the untiring efforts and contribution made by the employees at all levels to ensure that the Company continues to grow.

On behalf of the Board of Directors

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

New Delhi  
27<sup>th</sup> August,2010

## **REPORT ON CORPORATE GOVERNANCE**

Your Company is committed to transparency in all its dealings and places high emphasis on business ethics. The Company believes that sound Corporate Governance is critical for enhancing & retaining the trust of the stakeholders. The Company believes that, in whatever it does, it must contribute to the economic and social development of India. Your Company practices a culture that is based on core values and ethics.

The Company has complied with the conditions of Corporate Governance as given below:

- **Board of Directors**

The strength of the Board was six Directors comprising of one Chairman-cum-Managing Director, two Functional Directors, two Nominee Directors of the Government of India and one SIDBI Nominee Director. All the Directors are professionals from diverse fields having valuable experience in management, legal, administration and finance.

Two Independent Directors were appointed on the Board on 13<sup>th</sup> May, 2010.

The meetings of Board of Directors were held at periodical intervals. During the year under review, eight board meetings were held on 26<sup>th</sup> May, 2009, 10<sup>th</sup> August, 2009, 18<sup>th</sup> August, 2009, 27<sup>th</sup> August, 2009, 29<sup>th</sup> December, 2009, 13<sup>th</sup> January, 2010 and 8<sup>th</sup> March, 2010.

The details of constitution of the Board and the number of directorships and committee memberships held in other Companies as on 31<sup>st</sup> March, 2010, and their attendance at the Board Meetings held during the year and at the last Annual General Meeting, are given below:



S. No.	Name of the Director	Category	No. of Board meetings attended	Attendance at the AGM held on 27 <sup>th</sup> Aug., 2009	No. of outside director -ships
1.	Dr. H.P. Kumar Chairman-cum- Managing Director	Executive	8	Yes	-
2.	Shri Pravir Kumar	Government nominee	8	Yes	Two
3.	Shri S.K. Sinha ***	Executive	8	Yes	-
4.	Shri S.C. Goyal*	Executive	5	Yes	-
5.	Shri Ravindra Nath**	Executive	3	-	-
6.	Shri R.K. Manchanda	Government nominee	6	Yes	-
7.	Shri Rakesh Rewari	Non - Executive Independent	7	Yes	Seven

\* Shri S.C. Goyal retired from the services of the Corporation from 30<sup>th</sup> September, 2009.

\*\* Shri Ravindra Nath was appointed as Director (Finance), NSIC from 1<sup>st</sup> October, 2009.

\*\*\* Shri S.K. Sinha retired from the services of the Corporation from 31<sup>st</sup> July, 2010

#### ▪ **Audit Committee**

The Audit Committee was reconstituted on 24<sup>th</sup> June, 2010. The members of the Audit Committee are Shri Rakesh Rewari, Shri Rajiv Chawla and Shri Sirajuddin Qureshi.

The Audit Committee could not be reconstituted earlier as the term of Independent Directors had expired on 21<sup>st</sup> November, 2008 and proposal for appointment of Independent Directors was under process and Independent Directors were appointed on 13<sup>th</sup> May, 2010.

#### ▪ **Remuneration Committee**

The remuneration committee was constituted on 24<sup>th</sup> June, 2010. The members of the remuneration committee are Shri Rajiv Chawla, Shri Rakesh Rewari and Shri Sirajuddin Qureshi.

Our Company being a Government Company, the appointment, tenure and remuneration of Directors is decided by the President of India. The remuneration paid to Chairman-cum-Mg. Director and Functional Direction during the year 2009-10 was as per terms and conditions of their appointment. Independent Directors are paid only sitting fee at a rate fixed by the Board within the ceiling fixed

under the Companies Act,1956 and in accordance with the Government guidelines for attending the Board Meetings as well as Committee Meeting. The Government Nominee Directors do not draw any remuneration / sitting fee for Board / Committee Meetings from the Company.

- **Model Code of Business Conduct and Ethics**

As per the Corporate Governance Guidelines Corporation has issued "Code of Business Conduct and Ethics" for compliance and has also posted the same on the website of the Company.