

## DIRECTORS' REPORT

### Dear Shareholders,

On behalf of the Board of Directors of your Corporation, I have great pleasure in welcoming you to the 61<sup>st</sup> Annual General Meeting of The National Small Industries Corporation Ltd. (NSIC). The Annual Report and Financial Statements for the financial year ended 31<sup>st</sup> March, 2016, together with comments of the Comptroller & Auditor General of India on the Accounts of the Corporation have been forwarded to you and with your permission, I take them as read.

### 1.0 Operating Performance

During the year 2015-16, your Company has continued to deliver strong performance and further strengthened its position in the various areas of its operation. This could be possible due to addressing the requirements of the MSMEs in an integrated manner.

The overall business for the year reached Rs. 21,242 crore as against Rs. 20,004 crore in the previous year. Some of the highlights of achievements of the Corporation for the year 2015 - 16 are tabulated below:

(Rs. in Lakh)

Particulars	2014-15	2015-16
Gross Sales	2,08,849	<b>2,15,382</b>
Gross Operating Margin	19,938	<b>24,325</b>
Net Profit before Tax	13,259	<b>15,695</b>
Less : Provision for Tax	4,399	<b>5,549</b>
Net Profit after tax	8,860	<b>10,146</b>

### 1.1 Issue of Commercial Paper

NSIC added a new leaf to its debt programme by raising resources through issue of Commercial Paper, which has been rated by CRISIL as "A One Plus", considered to have "Very Strong Degree of Safety". During the year 2015-16, the Corporation has raised Rs. 700 crore through issue of Commercial Paper.

## **2.0 Other major highlights under various activities of the Corporation for the financial year 2015-16:**

### **2.1 Raw Material Assistance**

Amongst the diverse requirements of MSME, steady and timely availability of raw materials assumes great significance. Accordingly, in the various support services rendered by the Corporation while providing "Marketing Support", raw material distribution has been given top priority. Raw material assistance to MSMEs at competitive rate, quality and in time not only enhances the competitive capacity of MSMEs but also contribute in increasing their business volumes.

NSIC through its distribution network has been supplementing the availability of raw material to a large number of MSMEs all over the country. Arrangements have been made with bulk manufacturers to provide raw materials to MSMEs as per their requirements.

During 2015-16, NSIC serviced the raw material requirements of Micro, Small & Medium Enterprises (MSMEs) through supply of iron & steel specially allocated through Ministry of Steel, Govt. of India, Aluminum from M/s. NALCO, Paraffin Wax from M/s. CPCL & M/s. IOCL, Coal from M/s. Coal India Ltd., Polymer Products i.e. PP, HDPE & LLDPE from M/s. IOCL and Copper from M/s. Sesa Sterlite. MoU has been signed with GMDC for distribution of lignite among MSMEs in the state of Gujarat.

The Corporation opened three new raw material distribution centres at Raipur for IOCL, Kolkata for Sesa Sterlite and at Rourkela for Hindustan Zinc Ltd. (HZL) in addition to the existing 33 distribution centres.

The total raw material distribution was 10,11,545 MTs as against 9,17,265 MTs during the previous financial year.

Credit Support of Rs. 6,796 crore has been provided for raw material procurement to MSMEs.

### **2.2 Single Point Registration for Government Purchase**

NSIC operates a Single Point Registration Scheme under the Government Purchase Programme. The micro and small enterprises registered under this Scheme get the following facilities:-

- a) Issue of Tenders free of cost.
- b) Advance intimation of Tenders issued by DGS&D.
- c) Exemption from payment of Earnest Money Deposit (EMD).
- d) Price matching option to the MSEs quoting price band of L-1 plus 15%.
- e) Issue of competency certificate.

The revenue earned from Government Purchase during the year was Rs. 1,425.05 lakh.

During the year 2015-16, 4,884 new units were added and 18,988 live units are registered members as on 31<sup>st</sup> March, 2016.

### 2.3 Consortia & Tender Marketing

Micro & Small Enterprises (MSEs) in their individual capacity face problems to procure and execute large orders, which deny them a level-playing field *vis-à-vis* large enterprises. NSIC, accordingly forms consortia of small units manufacturing the same products, thereby pooling in their capacity which provides comfort level to MSEs as suppliers and also to buyers. The Corporation applies for tenders on behalf of consortia of MSEs and secures orders for bulk quantities. These orders are then distributed amongst MSEs in tune with their production capacity.

Under the Tender Marketing Scheme, NSIC facilitates the MSE(s) in every stage of tender activity right from the participation in tenders till execution of tenders.

During the year, 115 consortia were formed as against 107 during the previous year. Tender information valuing Rs. 35,196 crore was provided during the year. The value of tenders participated on behalf of Micro & Small Enterprises was Rs. 2,406.34 crore as against Rs. 2,278 crore during the previous year.

Two new clusters have been adopted during the financial 2015-16 and the Corporation also undertook "Study to assess the role of MSME in Auto Cluster".

### 2.4 Credit Support to MSMEs

NSIC provides credit support for raw material procurement by making the payment to suppliers. NSIC also facilitates financing for marketing activities such as Internal Marketing, Exports and Bill Discounting to micro, small and medium enterprises.

Further, to meet the credit requirements of MSME units, NSIC has entered into Memorandum of Understanding with 33 Nationalized & Private Sector Banks. During the year 2015 - 16, agreements were signed with two more Banks i.e. Bhartiya Mahila Bank and South Indian Bank. Through syndication with these banks, NSIC arranges for credit support (fund or non fund based limits) from banks without any cost to MSMEs. All documentations pertaining to completion and submission of a credit proposal to banks are undertaken by NSIC thereby saving cost and time to MSME.

Credit facilitation of Rs. 7,329 crore was made during the year 2015-16 to Micro, Small & Medium enterprises as against Rs. 6,125 crores during the previous year, registering a growth of 20%.

### **3.0 NSIC – Technical Services Centres**

The Technical Centres of the Corporation are located at Chennai, Howrah, Hyderabad, Okhla (New Delhi), Rajkot, Rajpura & Aligarh.

NSIC offers MSMEs the following technology support services through its Technical Services Centres:

#### **3.1 Vocational training for skill upgradation**

The vocational training provided through technical centres includes training in 'Hi-Tech' as well as 'Conventional Trades'. The course curriculum is designed as per the requirement of industries.

3.1.1 The Corporation is providing Training in Hi-Tech area of CAD / CAM / CNC, VLSI Application & PLC, Embedded Design, Advance networking, Reverse Engineering, Wireless Communication, Solid State Cooling, CAD / CAM / Pro-e, PLC & SCADA, PCB Design, CNC Programming, 3D Animation, Turner / Fitter / Machinist, Multimedia, Environment Audit & Training, Web Designing, Computer aided designing using CREO, ARM 7 based Embedded design, Master-cam, Robotics, Advance Robotics, CATIA V6, NX CAD, Solid Works, Share Point, Computer Maintenance etc.

3.1.2 The Corporation is also providing Training in conventional trades in the field of Beautician, Fashion Designing, Desktop Publishing, Mobile & Laptop repairing. Draughtsman, Machinist, Turner, Fitter, Tool & Die Making, Tally, Welding, Electrical Circuit & Sub-station Maintenance etc.

3.1.3 During the financial year 2015-16, facilities at technical centres were upgraded and various new courses, which are in demand in industry, were started like E-CAD, Informatica (ETL), Solar Training, SAP, Share point, Lab view, Selenium, Pneumatic & Hydraulic, CNC simulation Software, STAAD Pro., Robotics & Digital Design etc.

With an aim to strengthen the ongoing training programs through updated knowledge on latest technologies from industries, NTSCs made linkages with industries. Linkages with various industries included ASES Brown Boveri (ABB), Escorts Ltd, Adroitec Information Systems Pvt. Ltd., Schneider Electric India, Carl Zeiss India, Whirlpool India Ltd etc.

During the year 1,25,563 trainees passed out from the centres.

### 3.2 **Testing facilities through accredited laboratories**

MSMEs are provided testing facilities through NSIC owned, NABL / BIS accredited laboratories:-

- a) Electrical testing facilities for High Voltage Lightning Impulse, Temperature Rise Test, Electromechanical Failing Load Test, Mechanical Endurance Test etc.
- b) Mechanical Testing Lab for Hardware Fitting, Hydraulic Pressure & Dead Load Test, Insulator Test, Galvanizing Test, Type Test of Coupling etc.,
- c) Chemical Testing through Atomic Emission Spectroscopy.
- d) Testing facilities were provided for physical & chemical testing of ferrous & non-ferrous materials.
- e) Testing of Centrifugal Pump, Regenerative Self-Priming Pump, Diesel Engine Monoset, Foot Valve, Diesel Engine Testing in Constant Speed Engine, Spark Ignition Engine.
- f) Calibration of instruments.

### 3.3 **Common Facility Services**

Common Facility Services are provided to MSMEs on precision machines, CNC Machines, Coordinate Measuring Machines, design and development of dies and keys for lock industry etc.

During the year further common facility services were provided by setting up Plastic Testing Lab at NTSC Rajkot. Further, during the year, testing facility for star rating of Pumps and Motors was established at NTSC Chennai. Calibration Lab was also upgraded at NTSC, Chennai.

During the year 5,916 units were provided Common facility Services.

The revenue earned from "Training Activities" and "Common Facilities" by NSIC – Technical Services Centres increased to Rs. 1,993 lakh in the year 2015-16 from Rs. 1,581 lakh in 2014-15 registering a growth of 26% over the previous year.

### **3.4 Incubation Programme for Employment Generation**

Enterprise development is one of the thrust areas of the Corporation.

NSIC conducts training programmes in areas of entrepreneurship building for the unemployed people who want to set up new small business enterprises in any of the manufacturing / services sectors or seek employment opportunities.

NSIC also operates its model of Incubation for Entrepreneurship Development under Public – Private Partnership (PPP) mode. 22 centres were established in the year 2015-16, total 106 Incubation Centres have been set up under PPP Mode upto 31<sup>st</sup> March, 2016. The presence of NSIC-TIC (PPP mode) is established in 22 States.

The Corporation has set up incubation centres at New Delhi, Deoria (UP), Howrah (WB), Guwahati, Kolar (Karnataka), Jubbal & Kanaid (HP). During the year 2015-16, two Livelihood Business Incubation centers were set up one at Deoria, U.P and another at NSIC- Technical Service Centre, Rajkot. These Centres were inaugurated by Shri Kalraj Mishra, Hon'ble Minister of MSME, Govt. of India.

NSIC has upgraded a Vocational Training Centre set up earlier in Textile Trade at Cairo, Egypt with latest technologies in spinning, weaving, dyeing and printing. The upgraded VTC in Shoubra-El-Kheima, Cairo was inaugurated by Mr. Sanjay Bhattacharyya, Ambassador of India to Egypt in the presence of Mr. Tarek Kabil, Egyptian Minister of Trade and Industry and Ms. Sahar Nasr, Minister of International Cooperation of Egypt on 16<sup>th</sup> August, 2016.

The Corporation has also set up Incubation Centres in foreign countries i.e. South Africa, Ethiopia, Rwanda, Burundi, Senegal and Egypt.

### **3.5 Job Mela(s)/ Campus Placement**

In order to facilitate the trainees being trained at various technical centres with gainful employment after successful completion of the training, campus placement / job melas are being organized in various technical centres. A number of reputed companies from large industries as well as MSMEs are being invited for selection of trainees as per their requirement. The campus placement / job melas facilitate the participating companies to select skilled manpower as per their requirement under single roof without incurring any expenditure.

During the year 2015-16, 20 job melas and campus recruitments were organized at Aligarh, Chennai, Howrah, Hyderabad, Okhla, Rajkot and Rajpura. More than 350 reputed large, small & medium enterprises selected trainees from NSIC. Some of the enterprises who had selected trainees from NSIC included M/s. Mitsubishi Electric Co., HCL, Motherson Sumi Systems Ltd., Munjal Showa, Daikin, Accord Industries etc.

### **4.0 NSICs e-Marketing Portal for MSMEs (B2B & B2C Portals)**

The Internet is driving a swift change in the way of doing business. Today more and more B2B (Business to Business) companies are searching the internet for direct deal, instant searching of buyers/supplier, better pricing, increased services and location-specific partners.

With its endeavor to facilitate E-Marketing Service effectively to MSMEs across the country, NSIC is assisting MSMEs through MSME Global Mart Web Portal [www.msmemart.com](http://www.msmemart.com). The portal provides an online platform to B2B (Business to Business) marketing activities. The portal hosts vast database of registered members who are looking for business opportunities, in terms of sustainable partnership, sub-contracting and participation in Public Procurements. The Major features of [www.msmemart.com](http://www.msmemart.com) are Interactive database of MSMEs, Global and National Tender Notices, Self-Web Development Tool, Centralized Mail System, Popular Product Section, Unlimited Global Trade Leads, Trust Seal of NSIC, Multiple Language Support, Discussion Board, Call Centre Support, Payment Gateway for membership subscription.

E-commerce and E-marketing have become a buzz word for online retailing of products for Micro, Small and Medium Enterprises (MSMEs) and taking the leverage of the emerging opportunities on e-marketing. NSIC has developed an integrated web portal [www.msmeshopping.com](http://www.msmeshopping.com) to facilitate online marketing and retail shopping services wherein the MSMEs shall be directly connected to millions of buyers globally through internet with a minimum expenditure.

The retail model of the portal allows suppliers to set up their individual 'Web stores' which are similar to the physical 'Retail Stores', having facility to sell products 24X7 without any geographical boundaries, as being a 'Virtual store'. The Major features of portal are online registration, web store management, multiple payment options, customer support through call centre, competitive price, complimentary membership subscription & enhanced security features.

73,226 units were registered during the year under B2B & B2C schemes of the Corporation and revenue of Rs. 320 lakh was earned during the year.

## **5.0 Marketing Intelligence Cell ([www.msmeintelligence.com](http://www.msmeintelligence.com))**

Marketing Intelligence Cell acquires & analyzes the information to understand both existing and potential customers, determine the current and future needs and preferences, attitudes and behaviour of the market and to assess changes in the business environment that may affect the size and nature of the market in the future. This aims to promote business horizons of MSMEs of India through Marketing Intelligence Web Portal. Potential beneficiaries are MSMEs seeking business collaboration and co-production opportunities, joint ventures, exporters and importers and those looking for technology transfer.

In order to help MSMEs, in their marketing efforts NSIC has set up a Specialized Marketing Intelligence Cell. The MSMEs get benefited from the information provided with their trade and help in expanding the business according to the market trend. Exporters are benefited with the information about export trends of different sectors & countries. Registered members also get the tender information and tender awarded information for all government and public sector departments.

## **6.0 Implementation of Government Schemes**

The Corporation operated following schemes on behalf of the Government of India:



## **6.1 Performance & Credit Rating Scheme for Micro & Small Enterprises**

On behalf of the Ministry of MSME, NSIC is implementing "Performance & Credit Rating Scheme" for Micro and Small Enterprises (MSEs). The scheme is being operated through accredited rating agencies i.e. CARE, CRISIL, India Rating (Formerly known as FITCH), ICRA, ONICRA, SMERA and Brickwork Rating. The fee to be paid by the MSEs for the rating, is subsidized by the Government to the extent of 75% of the rating fee up to a maximum of Rs. 40,000/-. The rating serves as a trusted third party opinion on the unit's capabilities and credit worthiness. A good rating enhances the acceptability of the rated unit in the market and also makes it access to quicker and cheaper credit and thus helps in economizing the cost of credit. During the year, 12,975 units were rated under the scheme.

## **6.2 Marketing Assistance Scheme:**

Ministry of Micro, Small & Medium Enterprises through NSIC, has been providing marketing support to Micro & Small Enterprises (MSEs) under Marketing Assistance Scheme.

To showcase the competencies of Indian MSMEs, NSIC facilitates MSMEs participations in National & International Exhibitions, Fairs, etc. on concessional terms under the Marketing Assistance Scheme of the Ministry of MSME. Participation in these events exposes MSMEs to international practices and enhances their business prowess. Through participation in these events, MSMEs are also facilitated to capture new markets making them globally competitive.

During the year, the Corporation participated / organised 469 domestic exhibitions & six international exhibitions to support marketing efforts of MSMEs.

## **7.0 Dividend**

As per guidelines from Ministry of Finance, Government of India vide their O.M. No. F. No. 9(2)/2016-SME dated 9<sup>th</sup> February, 2016, 30% of the net profit after tax (i.e. 30% of Rs. 9,683 lakh) has been provided for in the books of accounts as dividend i.e. Rs. 2,905 lakh. The net profit after tax of the financial year 2015-16 is Rs. 9,683 lakh (after consideration of deferred tax amounting to Rs. 463 lakh). Tax provision for dividend provided for 2015-16, amounting to Rs. 591 lakh has been made as per applicable laws and has also been provided for in the books of accounts.

It is pertinent to mention that the dividend provided for the year 2015-16 is Rs. 1,203 lakh higher than the dividend paid for 2014-15.

The provision for dividend for 2015-16 is subject to approval by the shareholders.

## **8.0 International Cooperation**

Under International Cooperation, the objective is to create awareness amongst the MSMEs of India about the opportunities for developing technical or business alliances with enterprises of other countries. Activities for the year 2015-16 are as follows:

### **8.1 Visit of President of United Republic of Tanzania**

H.E. Mr. Jakaya Kikwete, President of the United Republic of Tanzania visited NSIC's Rapid Incubation Centre at New Delhi and had an overview of various small projects which can be useful in creating self-employment opportunities for Youth in Tanzania.

### **8.2 Delegation from Tanzania**

Mr. Mbelwa Kairuki, Director, Ministry of Foreign Affairs & International Cooperation, Government of Tanzania visited NSIC Rapid Incubation Centre from 26 – 30 April, 2015 to discuss & work out the modalities for setting up Incubation Centre in Tanzania on the NSIC's Rapid Incubation Model.

### **8.3 Global Summit on "Make in India" & Business Delegation to Singapore**

NSIC organised business delegation of 12 MSMEs from India on 11-14 June, 2015 to attend Global Summit on "Make in India". Chairman-cum-Managing Director, NSIC alongwith H.E. Ms. Vijay Thakur Singh, High Commissioner of India to Singapore inaugurated the Summit. The objective of the delegation was to promote manufacturing strengths of Indian enterprises and explore opportunities for collaborations amongst enterprises of India & Singapore. More than 100 enterprises from Singapore participated in the event. A report on "Indian MSME Industry Overview & Opportunities" was also released.

#### **8.4 Business delegation to Canton Fair in Guangzhou, China**

NSIC organised a delegation of 20 MSMEs from Jalandhar to CANTON Fair held in Guangzhou, China from 16 – 19 October, 2015. MSMEs representing various sectors like Hand Tools, Pipe Fittings, Scaffolding, Investment Casting, Hardware Products, Electrical & Rubber Products were exposed to latest technologies / machineries used by Chinese manufacturers. Industry visits for the delegates were also organised to give them exposure to the manufacturing practices followed by Chinese enterprises.

#### **8.5 Delegations from African Countries to NSIC**

On the sidelines of India-Africa Forum Summit-III, high level delegations from various African countries like DR Congo, Senegal, Mozambique, Mauritius, Sudan etc. led by their respective Ministers of Industries visited NSIC and its Rapid Incubation Centre during October, 2015. They showed keen interest in NSIC's activities for SME development and requested for NSIC's cooperation for SME development in their respective countries. They found NSIC's Rapid Incubation Centre (RIC) to be quite useful for mitigating unemployment problem in their country and showed keen interest in establishing such RICs in their country through NSIC.

#### **8.6 Managing Director, Bank of Industry, Nigeria visits NSIC**

Mr. Waheed A. Olagunju, Acting Managing Director, Bank of Industry, Nigeria visited NSIC and its Rapid Incubation Centre to discuss various areas of cooperation for the development of SMEs in Nigeria on 15<sup>th</sup> March, 2016. He was shown how small industry projects can be instrumental in creating self-employment opportunities for youth thus mitigating unemployment problem.

#### **8.7 Experience Sharing Delegation from Ethiopia to NSIC:**

A high level delegation led by Mrs. Demitu Hambisa, Hon'ble Minister of Public Enterprises, Government of Federal Republic of Ethiopia visited NSIC on 15<sup>th</sup> March, 2016. The delegation was apprised about various activities undertaken by NSIC for the development & promotion of MSMEs in the country and abroad. The delegation was also taken around NSIC's Rapid Incubation Centre and briefed about the importance of such Incubation support in the creation of Entrepreneurs and Small Enterprises for generation of self-employment opportunities.

## 8.8 Delegation from Sudan

A high level delegation led by H.E. Mirghani Saleh SA Zeiada, the Governor of Elgadarif, Republic of Sudan along with Minister of Finance & Economy, Minister of Agriculture and Forestry accompanied by Ambassador of Sudan in India visited NSIC. The delegation was briefed about NSIC's activities in promoting & developing MSMEs in India and how NSIC can assist in developing MSMEs in Sudan.

8.9 Besides the above, delegations from other countries visited NSIC to seek Cooperation for the development of MSMEs in their countries especially through NSIC's model of Rapid Incubation Centre. Prominent amongst them were high level delegations from Chile, Sri Lanka, DR Congo, Panama, Singapore, Venezuela, Congo, South Africa and other African countries.

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

9.1 NSIC has a network of offices in NER. This includes Branch Office at Guwahati and Sub-Offices at Tinsukia (Assam), Imphal (Manipur); Dimapur (Nagaland); Itanagar (Arunachal Pradesh); Shillong (Meghalaya) and Agartala (Tripura).

9.2 NSIC's Incubation Programme is very successful in training budding entrepreneurs in North Eastern States. Its Incubation Centre, Guwahati trained 1,559 trainees in various trades like Fashion Designing, Food Processing / Bakery; Fancy Bag & School Bag manufacturing, Decorative Candle Making Course and Computer Hardware and Networking Programme. Due to such overwhelming response NSIC has started one Incubation Centre at Titabor (Jorhat District), Assam on turnkey basis funded by Govt. of Assam. Government of Manipur has given land (14,600 sq. ft.) to NSIC for setting up Incubation Centre at Takyel Industrial Estate, Imphal. Government of Meghalaya & Tripura also approached NSIC for setting up Incubation Centre at Tura Industrial Estate, West Garo Hills District, Meghalaya & Tripura respectively.

9.3 During the year, Branch Office Guwahati participated / organized the following exhibitions:

- **Imphal Expo, 2016:** Imphal Expo – 2016 was inaugurated on 14<sup>th</sup> March, 2016 by Shri O. Nabakishore Singh, IAS, Chief Secretary, Govt. of Manipur in association with Manipur Industries Development Council, wherein 100 MSME units were facilitated for participation in the Expo.

- **23<sup>rd</sup> International Guwahati Trade Fair 2016:** The fair was inaugurated on 29<sup>th</sup> January, 2016 by Shri Siddique Ahmed, Hon'ble Industries & Commerce Minister, Govt. of Assam wherein 127 MSEs were facilitated.
- **17<sup>th</sup> International Shillong Trade Fair:** This Fair was inaugurated by Joint Secretary, Ministry of Commerce of the Republic of Bangladesh Mr. Md. Badrul Hassan Babul as a Chief Guest with Mr. S.B. Nongdha, Chairman of the Laitumkhrah Dorbarshnong, Shillong as Guest of Honor, wherein 49 MSMEs participated from different parts of the country, alongwith foreign participants from Thailand, South Africa, Bangladesh, Pakistan & Myanmar.

## **10.0 Management Discussion & Analysis**

A separate report on Management Discussion and Analysis is attached to this report.

## **11.0 Capital Structure & Borrowings**

The Paid-up-Capital of the Corporation was Rs. 53,298.80 lakh as on 31<sup>st</sup> March, 2016.

The outstanding Long Term Loans (excluding current maturities of Long Term Debt) from financial institutions as on 31<sup>st</sup> March, 2016 is Rs. 5,566.42 lakh.

The short term borrowings of the Corporation as on 31<sup>st</sup> March, 2016 is Rs. 2,35,708.71 lakh.

## **12.0 Investments**

NSIC had 1,21,400 equity shares of Rs.10/- each in M/s. Singer India Ltd. Rs. 2.50 per equity share dividend has been declared by the Board of Directors of M/s. Singer India Ltd.

NSIC has investment of Rs. 10 lakh (Rs. 5 lakh in May, 1992 and another Rs. 5 lakh in April, 1994) in equity of SIPPO and Rs. 5 lakh in equity of SIPMO in December, 1994. Both these Companies were set up in early nineties for marketing of the products of small industries.

## **13.0 Fixed Deposit**

Your Corporation has not accepted any fixed deposits and as such no amount of principal or interest was outstanding as on 31<sup>st</sup> March, 2016.

## 14.0 Human Resource Management

14.1 The total manpower of the Corporation as on 31<sup>st</sup> March, 2016 was 903 as against 880 in the previous year.

The break-up of the manpower was as follows:

<b>S. No.</b>	<b>Description</b>	<b>As on 31.03.2016</b>	<b>As on 31.03.2015</b>
1.	Managerial	<b>533</b>	510
2.	Supervisory	<b>163</b>	146
3.	Non-Supervisory	<b>207</b>	224
	<b>Total</b>	<b>903</b>	880

## 14.2 Industrial Relations

During the year 2015-16, cordial relations were maintained with various NSIC Employees Unions of the Corporation. Meetings were held with unions from time to time to discuss various issues and resolve them amicably, if any. As a result thereof, harmonious industrial relations were maintained.

## 14.3 Staff Training

Training division enhances the existing knowledge and skills of the employees across the country. This enhanced knowledge base has positive impact on the productivity of the organization. Keeping this in view, to enhance the behavioural and functional skills of the employees at all levels so as to have a motivated and enthusiastic team which becomes dynamic and vibrant in serving the MSME sector, during the year 2015-16, 17 in-house training programmes were conducted. These programmes inter-alia included Advanced Management Programme, Basic Management Programme, Internal Auditors ISO 9001:2008, Upgrading Financial Accumen, Health Management Programme, Orientation Programme for new employees, Encouraging Women Empowerment Programme, Unicode and encoding Mangal Font, Hindi Rajbhasha were conducted. During the year, in-house training was imparted to 700 employees. In addition 66 employees were nominated for 28 focused external programmes.

In addition to the above eight employees participated in the "Small & Medium Enterprises Development & Promotion Course" under the training programme for young leaders" at Japan, Tokyo organised by Japan International Cooperation Agency (JICA).

#### 14.4 Policy for Prevention of Sexual Harassment

The Company has in place a Prevention of Sexual Harassment Policy in line with the requirements of the sexual harassment of women at the workplace (Prevention, Prohibition and Redressal) Act, 2013. An Internal Complaints Committee has been set up to redress complaints received regarding sexual harassment. All employees (permanent, contractual, temporary, trainees) are covered under this policy.

During the year 2015-16, no complaints were received by the Company related to sexual harassment.

#### 14.5 Particulars of Employees

The Corporation follows Government of India pattern of pay scales and remuneration.

None of the employees of the Corporation were in receipt of remuneration in excess of limits prescribed under Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

#### 14.6 Representation of SCs, STs, OBCs, Persons with Disability and Minorities

The directives of the Government issued from time to time with regard to the reserved categories such as Scheduled Caste, Scheduled Tribe, Other Backward Classes, Persons with Disability (PwD) are being followed by the Corporation. The post based Reservation Rosters for direct recruitment as well as promotion are being maintained which are duly inspected by the Liaison Officer for SC/ST/OBC of the Corporation and displayed on the NSIC Intranet. The promotion rules for Group C & D posts were revised in 2012, wherein SC/ST employees in Group C & D post are given one year relaxation in terms of eligibility period in the time scale promotion. Further, the candidates belonging to SC/ST are given relaxation in the marks in selection against the direct recruitment.

The number of employees belonging to SC, ST, OBC, PwD & Minorities in the Corporation as on 31<sup>st</sup> March, 2016 are as under:

Schedule Castes	151
Schedule Tribes	21
Other Backward Classes	134
Persons with Disability	25
Minorities	71
<b>Total</b>	<b>402</b>

## **15.0 National Unity Day**

NSIC celebrated "Rashtriya Ekta Divas" on the occasion of Birth Anniversary of Sardar Vallabhbhai Patel on 31<sup>st</sup> October, 2015. The Rashtriya Ekta Divas pledge was administered by Chairman-cum-Managing Director, NSIC. He stated that all the NSICians must pledge to work with sincerity, dedication, unity and maintain harmony in the country.

## **16.0 NSIC Organized Intensive National Cleanliness Campaign**

NSIC organized a nationwide Cleanliness Campaign from 1<sup>st</sup> May, 2016 to 31<sup>st</sup> May, 2016 "Swachhta Abhiyaan" in its offices across the country. Cleanliness drive was also undertaken by NSIC offices across the country at various locations at industrial areas and other public places.

## **17.0 International Women's Day**

In NSIC, women have been playing a stellar role in disseminating the benefits of NSIC schemes to the MSME sector at all forums and the indemonstrable spirit behind the growth of NSIC. On the occasion of International Women Day i.e. 8<sup>th</sup> March, 2016, NSIC organised an exclusive Training program on 7<sup>th</sup> - 8<sup>th</sup> March, 2016 titled "Encouraging Women Empowerment" wherein only the Women Employees of the Corporation were invited to participate. The program encouraged participants to share their experiences on various Functional Schemes & Behavioral Topics like Image Management, Business Communication, Role of NSIC in "Make in India" & "Skill India" etc.

## **18.0 Creating Awareness – 2<sup>nd</sup> International Yoga Day**

2<sup>nd</sup> International Yoga Day was celebrated by NSIC at its Exhibition Centre at Okhla, New Delhi. The International Yoga Day Celebrations at NSIC was inaugurated by Shri K. K. Jalan, Secretary, Ministry of MSME, Government of India, in the presence of Shri S.N. Tripathi, AS&DC (MSME), Shri Ravindra Nath, CMD, NSIC, Shri Manoj Joshi, Joint Secretary (MSME) and Shri P. Udayakumar, Director (P&M), NSIC. Employees from the Ministry of MSME and NSIC enthusiastically participated to make it a grand success.



## **19.0 Vigilance Activities**

Vigilance is basically and admittedly a part of managerial function. Vigilance department works in Cooperation with other divisions / units of the Corporation at all levels. Besides, the vigilance department also coordinates with CVC, CBI and other related outside agencies. The vigilance denotes watchfulness and alertness, which is most important and vital for growth of any Corporation. It ensures that there is no wastage, misuse or pilferage of the available resources and optimum use of these resources to fulfil the objective.

The vigilance department, not only assists the management in punishing the unscrupulous employees for their acts of misconduct, but also helps in saving the honest and efficient officials from harassment by way of false and motivated complaints made out of personal vendetta.

During the year 2015-16, a "Vigilance Awareness Week" was observed from 26<sup>th</sup> October, 2015 to 31<sup>st</sup> October, 2015 as a campaign against corruption and to create awareness among the employees of the Corporation. A pledge to bring integrity and eradicate corruption was administered to all the employees of the Corporation in all its offices at various places of the country. The theme of Vigilance Awareness Week was "Preventive Vigilance as a tool of Good Governance".

The Immovable Property Return of all the Officers of "A" & "B" category of the Corporation were obtained and action taken as felt necessary based on their scrutiny.

## **20.0 Corporate Social Responsibility Initiatives**

A separate report on Corporate Social Responsibility Initiatives of the Corporation forms part of the Annual Report and is annexed.

## **21.0 Awards & Recognitions:**

### **21.1 ADFIAP AWARD, 2016 – 1<sup>st</sup> International Award**

Shri Ravindra Nath, Chairman-cum-Managing Director, NSIC, received "ADFIAP AWARD-2016" held at Samoa conferred by Association of Developing Financing Institution of Asia & Pacific on NSIC in recognition of its significant contribution for SME development through Raw Material Distribution - Benefit Cost Project for SMEs by providing stable access to inventory of raw materials at most competitive prices.

## **21.2 Award for 60 years in the service of MSME**

M/s. Dun & Bradstreet, India recognized NSIC services to the MSMEs for 60 years and felicitated NSIC in the top PSUs awards for successful completion of 60 years of service.

## **21.3 CMD of the Year Award**

Shri Ravindra Nath, Chairman-cum-Managing Director, NSIC was conferred "CMD of the Year Award" for his exemplary role in promotion and development of MSMEs, thereby making commendable contribution in the growth of MSMEs in India. The award was conferred by Bharat Nirman, a NGO which has been engaged in advocacy of social issues.

## **21.4 CEO with HR Orientation Award**

Shri Ravindra Nath, Chairman-cum-Managing Director, NSIC was conferred "CEO with HR Orientation Award" for having transparent and HR friendly policies in NSIC and maintaining best HR relations with the employees by Asia Pacific HRM Congress.

## **21.5 Most Promising Brand Award**

Shri Shripad Yesso Naik, Hon'ble Minister of State (Independent Charge) for AYUSH & Minister of State for Health and Family Affairs, Government of India awarded NSIC with ASSOCHAM – ICAI "Most Promising Brand Award" at 3<sup>rd</sup> SME Excellence Award, 2015 during the Seminar on Financial Inclusion for Entrepreneurship & Innovation on 10<sup>th</sup> December, 2015.

## **21.6 Best Layout & Best Illustration in-house Journal Award**

NSIC won the National Awards for House Journals & e-Magazine, 2016 Award held on 22<sup>nd</sup> February, 2016 at Trivandrum, Kerala.

## **21.7 Hindi Rajbhasha Sanrakshak Rattan Award**

Shri Ravindra Nath, Chairman-cum-Managing Director, NSIC was conferred "हिन्दी राजभाषा संरक्षक रत्न सम्मान" for his significant services and contribution in the development of Rajbhasha during the बारहवाँ हिन्दी दिवस सम्मान समारोह 2015 organized by परिवर्तन जन कल्याण समिति, दिल्ली. The award was conferred by Shri Jitendra Singh, Hon'ble Minister of State (Independent Charge), DONER and MoS for Prime Minister's Office & Ministry of Personnel, Public Grievances & Pensions, Govt. of India.

## **21.8 Raj Bhasha Shree Award**

Shri Ravindra Nath, Chairman-cum-Managing Director, NSIC was conferred "Raj Bhasha Shree Award" for his significant services and contribution in the development of Rajbhasha by Raj Bhasha Sewa Sansthan, in Goa.

## **22.0 Auditors**

### **22.1 Secretarial Audit**

M/s. Gupta Rajvanshi & Co., Practicing Company Secretaries were appointed to conduct the Secretarial Audit of the Corporation for the financial year 2015-16, as required under section 204 of the Companies Act, 2013 and rules thereunder. The Secretarial Audit Report for the financial year 2015-16 forms part of the Annual Report and annexed to the Directors' Report.

### **22.2 Extract of Annual Return**

In accordance with Section 134(3)(a) of the Companies Act, 2013, an extract of the Annual Return in the prescribed format is appended as Annexure to the Directors' Report.

### **22.3 Internal Financial Controls**

The Board has adopted the policies and procedures for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records and the timely preparation and reliable financial disclosures. For this regular internal audit of all the field offices is carried out.

## **23.0 Citizens' Charter**

NSIC is committed to provide 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.

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

NSIC signed a MoU with the Ministry of Micro, Small and Medium Enterprises for the year 2016-17.

The Corporation's rating based on the results for the year 2014-15 is "Excellent".

## **25.0 Rajbhasha**

With a view to ensure the progressive use of Hindi in Corporation, implementation of the provisions of Official Language Act, 1963, rules framed there under and the compliance of the directives of the Official Language Department, Ministry of Home Affairs, were continued to be observed during 2015-16. In addition, following special activities were carried out during the year:

- Hindi Month was celebrated from 7<sup>th</sup> Sept., 2015 to 8<sup>th</sup> Oct., 2015. During the month various Hindi competitions were organized at Head Office and field offices of the Corporation and awards were given to 42 winning participants.
- "Hindi Diwas" was celebrated on 14<sup>th</sup> September, 2015 in the Corporation and on this occasion "Vichar Manthan" Programme was organized under the Chairmanship of CMD of the Corporation. HoD's of various Divisions and Heads of subordinate offices of the Corporation situated in NCR participated in the event.
- During the year a competition on Industrial write-up in Hindi was organized for members of Town Official Language Implementation Committee (PSU), Delhi-TOLIC, where in 30 participants from various CPSE's participated and prizes & shield were given to winner of this competition.
- During the year one more Branch Office was got notified under rule 10(4) of Official Language Rules, 1976.
- Hindi workshops were organized regularly, in which 118 officers / employees were trained to work in Hindi. Besides this, Official Language awareness programmes / Hindi workshops were also conducted in field offices.
- Out of the total purchases amount of the books, more than 50% amount was spent on the purchase of Hindi books.
- Third Sub-Committee of the Parliamentary Committee on Official Language conducted inspection of Branch Office, Madurai on 21<sup>st</sup> January, 2016 and the inspection was satisfactory.

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

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

## **27.0 Procurement Policy for MSEs**

The value of goods and services procured for internal consumption from Micro & Small Enterprises during the year was Rs. 1,472.27 lakh. This procurement is 43.61% of the total purchases made by the Corporation.

## **28.0 Foreign Exchange**

During the year 2015-16, the Corporation earned foreign exchange valuing Rs. 32.64 lakh from activities abroad.

## **29.0 Board of Directors**

The Board of Directors of the Corporation met ten times during the year. Five Audit Committee Meetings, five meetings of Corporate Social Responsibility Committee, one meeting of Independent Directors and one meeting each of Board Sub-Committee for Write Off and Nomination & Remuneration Committee were held.

## **30.0 Audit Committee**

The Board Audit Committee met five times during the year. Shri Manoj Joshi was appointed as a member in place of Shri Amarendra Sinha as on 1<sup>st</sup> December, 2015. As on 31<sup>st</sup> March, 2016, the members of the Audit Committee were Shri Rakesh Rewari, Shri Rajiv Chawla both Independent Directors and Shri Manoj Joshi, Government Nominee Director.

## **31.0 Directors' Responsibility Statement**

Pursuant to the requirement under Section 134(5) of the Companies Act, 2013, with respect to Directors' Responsibility Statement, it is hereby confirmed:

- that in the preparation of the annual accounts, the applicable accounting standards had been followed alongwith proper explanation relating to material departures;

- that the Directors selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Corporation at the end of the financial year and of the profit or loss of the Corporation for that period;
- that the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Corporation and for preventing and detecting fraud and other irregularities;
- that the Directors prepared the annual accounts on a going concern basis;
- that the Directors had laid down internal financial controls to be followed by the Corporation and that such internal financial controls are adequate and were operating effectively;
- that the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

In the month of June, 2016, at Branch Office – Kolkata and Branch Office – Salt Lake, instances of fake Bank Guarantees (though having confirmation from their issuing branch of bank and controlling office) were detected. These bank guarantees had been received from seven different parties amounting to Rs.16 crores during the period from 28<sup>th</sup> March, 2016 to 27<sup>th</sup> May, 2016. The cases of fake bank guarantees received from these parties have been registered with CBI for further investigation, which has been started.

Immediately after the notice of aforesaid instances of fake bank guarantees the management decided to obtain reconfirmation of all existing bank guarantees held by all offices of the Corporation, from the respective Zonal / Controlling office of the BG issuing Bank so as to ascertain the genuineness of BGs taken as security. During reconfirmation of Bank guarantees sought by NSIC offices in Kolkata region from branches of United Bank of India(UBI), the Bank informed that in 61 cases amounting to Rs 173.50 crores Bank Guarantees had either been invoked or they had not been issued by them. All the original bank guarantees issued by the bank are lying in the safe custody of NSIC offices and they had not been invoked by them.

The measures taken by the Corporation for re-confirmation of Bank Guarantees resulted into detection of these cases. FIR has been lodged with police authorities in Kolkata complaining about collusion of officials of UBI with the parties and the consultants with the ulterior motive to cause wrongful loss to NSIC and corresponding gain to them while entering into deep rooted criminal conspiracy to defraud NSIC. The case is now transferred to CID Kolkata and it is under investigation. Ten employees of the Corporation have been placed under suspension, pending enquiry.

In order to further safeguard the interests of the Corporation several steps in form of strengthening internal financial controls have been introduced which inter-alia include obtaining confirmation of Bank Guarantees under electronic mode (Structured Financial Messaging System) and introduction of a designated Bank Account maintained at Head Office for remitting the amount on invocation of Bank Guarantee.

### **32.0 Corporate Governance**

Corporation has received "Excellent" rating on compliance of Corporate Governance guidelines issued by Department of Public Enterprises for CPSEs for the year 2014-15.

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

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

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

The review of the Accounts of the Corporation for the year ended 31<sup>st</sup> March, 2016 by the Indian Audit and Accounts Department together with comments of the Comptroller & Auditor General of India under Section 394 of the Companies Act, 2013 are also annexed.

The Directors' Replies to the Independent Auditors' Report & C&AG's Report are annexed.

### **34.0 Acknowledgements**

The Board of Directors wish to place on record their gratitude to the Hon'ble Union Minister of Micro, Small & Medium Enterprises (MSME) for the help, guidance and support provided. The Board would also like to take this opportunity to sincerely thank Hon'ble Ministers of State for Micro, small and Medium Enterprises for his continuous guidance.

The Board wishes to place on record its appreciation for the valuable guidance & support provided by the Secretary, Ministry of MSME.

The Board also sincerely acknowledges the support, cooperation and guidance received from Ministry of Micro, Small and Medium Enterprises and from other Ministries and Government of India. The Directors also acknowledge with thanks the support received from AS&FA, Ministry of MSME.

The Directors also like to express their sincere appreciation for the positive co-operation received from Company's Bankers, Financial Institutions and they also wish to thank all the Stakeholder's for reposing their faith, trust and confidence in our Corporation.

The Directors acknowledge the constant support and assistance received from Statutory Auditors, Comptroller and Auditor General of India and Member Audit Board.

The Directors also wish to thank various implementing agencies and CSR Officials in Head Office and Field Offices for the successful implementation of various CSR Projects of Corporation for the financial year 2015-16.

The Board of Directors also take this opportunity to place on record the sincere appreciation for the hard work, dedication and efforts put in by all the Employees for driving NSIC towards a glorious future.

On behalf of the Board of Directors

Sd/-

Place : New Delhi  
Date : 19<sup>th</sup> Sept., 2016

( Ravindra Nath )  
Chairman-cum-Managing Director



## **Management Discussion & Analysis**

Presented below is the analysis of the performance of the Corporation for the year 2015-16 :

### ▪ **Business Overview**

The gross sales of the Corporation for 2015-16 increased to Rs. 2,153.82 crore as compared to Rs. 2,088.49 crore in the previous year.

The Gross Operating Margin (i.e. Total Revenue minus grants, other income, purchase, interest paid & employees cost) of the Corporation for 2015-16 increased by 22% and went up to Rs. 243.25 crore from Rs. 199.38 crore in the previous year.

The gross income (net of purchase and grants) of the Corporation for 2015-16 went up to Rs. 561.21 crore as against Rs. 506.47 crore in 2014-15 registering a growth of 11%.

The credit facilitation of Rs. 7,329 crore (including credit support of Rs. 6,796 crore for Raw Material Procurement) was made during the year to Micro, Small & Medium Enterprises as against Rs. 6,125 crore during the previous year, registering a growth of 20%.

The revenue earned from membership under the schemes of Government Purchase and Infomediary Services is Rs. 17.45 crore in the year 2015-16 as against Rs.13.90 crore in 2014-15.

### ▪ **Financial Performance**

The major highlights of financial performance of the Corporation vis-à-vis last year are as follows:

<b>(Rs in Lakh)</b>		
<b>Description</b>	<b>2015-16</b>	<b>2014-15</b>
<b>Gross Income</b> (Net of Sales / Purchase) <b>(A)</b>	<b>61,291</b>	59,860
<b>Expenditure:-</b>		
Employees Remuneration & Other Benefits	<b>9,703</b>	9,084
Depreciation	<b>434</b>	497
Finance & other Charges	<b>35,459</b>	37,020
<b>Total Expenditure(B)</b>	<b>45,596</b>	46,601
<b>Net Profit Before Tax (A-B)=C</b>	<b>15,695</b>	13,259
Provision for Income Tax (D)	<b>5,549</b>	4,399
<b>Net Profit after Tax available for appropriations (C-D)=E</b>	<b>10,146</b>	8,860
Proposed Dividend (F)	<b>2,905</b>	1,702
Tax on Proposed Dividend (G)	<b>591</b>	347
Transfer to Risk Fund	<b>213</b>	228
<b>Balance of Profit available for appropriations (E-F-G)</b>	<b>6,437</b>	6,583
<b>Net Worth</b>	<b>73,352</b>	66,916

- **Dividend**

The Corporation has recommended dividend of Rs. 29.05 crore for the year as against Rs. 17.02 crore in the previous year.

- **Segment-wise Performance**

NSIC's activities are broadly classified into 'Promotional' and 'Commercial'. The 'Promotional' activities include the activities for which budgetary support is provided to the Corporation by the Government and / or its agencies. The schemes of 'Marketing Assistance Scheme for MSMEs', 'Performance & Credit Rating Scheme for Micro and Small Enterprises' and 'Assistance for Training to Institutions' etc., for which budgetary support has been provided to the Corporation get reflected under the 'Promotional' activity. The expenses towards organization / participation in exhibitions (both domestic and international), buyer sellers meets, intensive campaigns, other marketing support services (advertisement, publicity etc.), rating of MSEs and training expenses are met out of the budgetary support provided for the above schemes.

The 'Commercial' activities inter-alia include the activities whereby the Corporation provides 'Marketing', 'Credit', 'Technology' and 'other support' services to cater to the diverse needs of the MSMEs. The Corporation funds these 'Integrated' support services. In addition, activities not met out of the budgetary support but which are promotional in nature (since carried out with the intent to support the MSMEs) are merged with commercial activities as the expenses of such activities are borne

by the Corporation. Accordingly, the activities of the Corporation have been divided into two segments namely "Commercial" & "Promotional".

The following table presents the revenue, profit / (loss), assets and liabilities information to the Business segments for the year ended 31<sup>st</sup> March, 2016 as required by AS-17 on "Segment Reporting" issued by the Institute of Chartered Accountant of India:

(Rs. in Lakh)

Description	For the year ended 31/03/2016			For the year ended 31/03/2015		
	Promotional	Commercial	Total	Promotional	Commercial	Total
<b>A. Primary Segment - Business Segment</b>						
<b>I. SEGMENT REVENUE</b>						
a. Segment Revenue (including grant)	5507.16	263036.54	268543.70	9,400.20	252313.94	261714.14
<b>II. SEGMENT RESULTS</b>						
a. Segment Results @	-120.03	10266.47	10146.44	-74.94	8934.91	8859.97
b. Operating Profit before interest	-	37309.80	37309.80	-	34733.36	34733.36
c. VRS & prior period		32.84	32.84	-	0.76	0.76
d. Interest Paid	-	21581.59	21581.59	-	19820.75	19820.75
e. Exceptional items	-	-	-	-	1652.48	1652.48
f. Net Profit before Tax	-	15695.37	15695.37	-	13259.37	13259.37
g. Tax	-	5548.93	5548.93	-	4399.40	4399.40
h. Net Profit after Tax	-	10146.44	10146.44	-	8859.97	8859.97
<b>III. ASSETS &amp; LIABILITIES</b>						
a. Segment Assets	1,414.97	322746.64	324161.61	1,244.19	296333.89	297578.08
b. Unallocated Assets	-	-	31157.76	-	-	27368.13
<b>c. Total Assets</b>	1,414.97	322746.64	355319.37	1,244.19	296333.89	324946.21
d. Segment Liabilities	1,951.97	254738.02	256689.99	3,235.00	233164.65	236399.65
e. Unallocated Liabilities	-	-	98629.38	-	-	88546.56
<b>f. Total Liabilities</b>	1,951.97	254738.02	355319.37	3,235.00	233164.65	324946.21
<b>IV. OTHER INFORMATION</b>						
(a) Cost incurred during the period to acquire fixed assets (including CWIP)	301.15	5287.74	5858.89	190.48	2199.77	2340.25
(b) Depreciation #	130.40	433.54	563.94	120.79	496.92	617.71
(c) Non-cash expenditure other than depreciation	-	922.67	922.67	-	1175.71	1175.71

# The depreciation of promotion segment is charged to capital reserve.

## ▪ **SCOT Analysis**

### **(a) Strengths:**

- NSIC is a national level organization with the huge knowledge base about working of MSME sector and having presence all over the country by having offices in 163 locations. All the offices are manned by professionals.
- The Corporation offers integrated package of services, ranging from financial support, marketing, technology and information support to Micro, Small & Medium Enterprises.
- The Corporation has linkages with Micro, Small & Medium industry organizations / associations within the country and several partner organizations overseas for development of MSME sector in the country.
- The Corporation has proven track record in the area of international cooperation in MSME sector development and institutional capacity building.
- The considerable asset base of the Corporation gives it an added advantage for expansion of its activities.
- A profit making, dividend paying Company, with "AA+" rating by CARE.

### **(b) Challenges:**

- A small Resource base as compared to other institutions providing services to MSME Sector.
- Notification and implementation of 'Procurement Preference Policy' for MSEs by the Government to increase participation of Micro & Small Enterprises in Government purchases. In addition to Corporation, some other agencies have also been authorized to register MSEs for Government Purchase.
- Non-availability of the status of "Priority Lending" earlier given by Reserve Bank of India.

**(c) Opportunities:**

- There is vast potential for services being offered by NSIC to MSMEs within the country and abroad.
- International Cooperation, Technology Transfer and International Consultancies to developing countries.
- Availability of physical assets for development of new projects.

**(d) Threats**

- Competition from other national and state level institutions in the areas of marketing, technology support and financing pose a threat to the core activities of the Corporation.
- State Governments preference to state agencies over NSIC, for raw material distribution.
- Entry of large players due to globalization poses challenges for MSME sector.
- Inadequate credit flow from commercial banks to MSME sector, especially to new and start-up enterprises.

▪ **Management Information System (MIS)**

MIS in the Corporation is well established. It is constantly fine tuned to cater to the ever growing information needs for effective & quick decision making as well as for ensuring statutory compliances.

▪ **Internal Control Systems**

The Corporation has put in place adequate internal control measures. These are in the form of various manuals and procedures issued by the management covering all critical and important activities. These manuals and procedures are updated from time to time and are subject to strict compliance. The Internal Audit department checks the adequacy and effectiveness of Internal Control System, reviews and monitors compliance of various policies and procedures. Functioning of internal audit and adequacy of internal control system is reviewed by Board Level Audit Committee.

- **Human Resource**

Human Resource is the main asset of the Corporation. Success of any organization depends upon the engagement and motivation levels of its employees. The main motive of the Corporation is to give autonomy to people at different levels and create a sense of ownership in order to unleash their potential. The Human Resource division has played a significant role in achieving the overall business objectives by creating a common vision, building capability amongst people and more importantly, involve and engage employees in various improvement programmes across the functions for achieving higher results.

For this purpose, various training programmes were conducted as training is a learning process that involves the acquisition of knowledge, sharpening of skills, concepts, rules and changing of attitudes and behaviors to enhance the performance of employees. NSIC has an exclusive Training division which conducts and administers training programmes for all the employees of NSIC across the country.

- **Code of Ethics and Business Conduct**

The Corporation has issued "Code of Ethics and Business Conduct" for compliance by its employees and Board of Directors.

- **Risks & Concerns**

The Corporation regularly identifies and reviews the risks which can be the outcome of regular business activities and takes appropriate steps from time to time to mitigate these risks. The management is committed to further strengthen risk management capabilities in order to protect and enhance stakeholders' value. The Corporation has devised the "Risk Management Policy".

Besides business risks, the Corporation can have risks in the form of change in the Government policies towards MSME sector and from the natural calamities.

- **Future Outlook**

NSIC has been working to fulfill its mission of promoting, aiding & fostering the growth of Micro, Small and Medium Enterprises of the Corporation for last six decades.

NSIC carries forward its mission to assist MSME with a set of specially tailored schemes designed to put them in a competitive and advantageous position.

NSIC has signed various MOUs to achieve its targets and to increase the growth and profitability of the Corporation. To achieve the desired growth, NSIC is enhancing its capabilities to access Domestic and International Markets and for this, Project Management and Implementation, Technology, Quality and Customer Satisfaction have been identified as major thrust areas.

Corporation plans to further explore the new business opportunities in areas of Marketing, set up new Technology and Incubation Centres to provide training to enhance the knowledge level and to increase the employment opportunities for unemployed youth. Moreover, Corporation also plans to set up various new offices to provide prompt services at the door step of the Entrepreneurs.

- **Cautionary Statement**

Statements in Management Discussion and Analysis describing the Corporation's objectives, projections, expectations, estimates are based on current business environment. Actual results could differ from those expressed or implied based on government policy decisions and future economic environment.

**Corporate Social Responsibility –**  
"Commitment for building a better tomorrow  
for our communities"

**1.0 A brief outline of the Company's CSR Policy, including overview of projects or programmes proposed to be undertaken and a reference to the web-link to the CSR Policy and projects or programmes:**

The National Small Industries Corporation Limited identifies itself strongly as a responsible corporate citizen and as a step towards this direction has tried to strengthen the quality of life of under-privileged sections of the community and helped them to cope well with the new economic and social conditions.

The Corporation's CSR Policy has been designed as per requirements of the Companies Act and guidelines issued by the Department of Public Enterprises. The broad objective of the CSR Policy of the Corporation is a company's commitment to its stakeholders to conduct business in an economically, socially and environmentally sustainable manner that is transparent and ethical.

The diversified CSR applications are spread across the country in the need specific sectors like Education, Health, Disability, Capacity Building and Expansion of Human Capabilities.

The Company's CSR Policy including CSR initiatives undertaken are available on Corporation's website at [www.nsic.co.in](http://www.nsic.co.in).

**2.0 Health Care & Medical Assistance to Differently Abled and Other Weaker Sections of Society:**

- In the present scenario, health care facilities become a serious issue of concern for under privileged segment of population. Realizing its importance, the Corporation has provided the running cost of Mobile Medicare Unit (MMU) earlier funded by NSIC. This MMU address the problems of non-availability of basic health care to the poor in their area. This MMU runs at specified locations of Delhi & NCR and provides various health care services i.e. Medical Consultation, Free Medicines, Basic Diagnostics, Home Care for bed-ridden / immobile elders, Sensitization and Training in care of elderly, nutrition and preventive health, Data Collection, Referral Services for Specialty Treatments etc.



- The Corporation provided funds for setting up of infrastructure for a Pathology Lab in Purulia which included microscope, material & tools including furniture, computers with printer and engagement of Doctors, Cardiologist, Lab Assistant etc. Approx. 4700 persons which included ST / SC / OBC and in BPL category benefitted through this project.
- NSIC has held several medical camps in Jalandhar, Hoshiarpur, Amritsar, Deoria, Medak and Sunderban for differently abled and distributed the aids and appliances which included artificial limbs, Tri-cycles, Wheel Chairs, Hearing Aids, Crutches, other necessary appliances.
- Provided general health care services to weaker sections of the villages in Ajmer (Rajasthan). This programme focused on awareness building on prevention of common ailments and promotion of hygiene and sanitation, family planning methods and nutrition. Around 2200 persons from villages have been benefitted through this programme.
- Thalassemia screening of youth of marriageable age was carried out in Saurashtra region & Thalassemia Major patients were provided Blood free of cost.
- NSIC organized eye camps to help poor students in various schools of rural Bangalore and suburban areas where they could not afford eye check-ups and purchase spectacles. 4,583 students from various schools were benefitted. Eye checkup camps were organized in Vrindavan & Palwal and cataract surgery was performed for 500 persons.

### **3.0 Education**

- Education is the key to the task of nation building as well as to provide requisite knowledge and skills required for sustained growth of the economy and to ensure overall progress.
- The Corporation provided assistance to the education center in the slum of Dakshin Puri, New Delhi to the primary school going children. The center helped them in doing their homework and improving their educational skills.
- The Corporation provided vehicle to provide pick-up and drop facility to physically and mentally challenged students at Delhi.

#### **4.0 Safe Drinking Water**

- Lack of safe drinking water continues to be a major hurdle and a national problem. Keeping this in view, the Corporation provided safe & pure drinking water by setting up R.O. based water plant of 1000 LPH capacity each for the residents of the village at Gram Panchayat Payasi, Mohalla Nonia Tola in District Deoria & 2000 LPH at Devgaon in district Deoria & Sewrahi in Kushinagar as the water available in the areas is largely contaminated.
- Similar facility was provided to residents of the village at Gram Panchayat, Yellur (V), Kolapur (M), Mahabubnagar (Dist.) in the state of Telangana as the water available in the areas is contaminated.
- As a part of CSR activity, the corporation contributed a sum of Rs. 10 lakhs to Clean Ganga Fund launched by the Government of India as a Mission for the rejuvenation of Ganga river.

#### **5.0 Women Empowerment**

- Women comprise the majority of the population and face many social challenges one of them being to secure an income for her family. In this perspective, under CSR initiative, NSIC provided vocational Training on Dress Designing & Tailoring (Skill Development Training) for women in weaker sections of the society at Dugdhamna, Bajargaon, Digdoh, Dawalameti and Satnavari in the Nagpur District.

#### **6.0 Skill Development & Computer Training Centres for people with disabilities and other weaker sections of community**

- In line with the current Government Schemes i.e. "Skill India", "Stand-up India" and "Start-up India", NSIC designed various programmes considering the need of youth with disabilities from weaker sections who can't afford to go to commercial training centres .
- In Jodhpur, vocational training programmes in Computer Applications, Tailoring, Personality development, Music & Handicrafts were held for visually challenged, deaf and dumb students.

- NSIC provided the cost of vocational training centres in Puducherry, Thanjavur and Trichy centre where Computer Skills, English classes, Life Skills, Personality Development & Leadership Training has been imparted to hearing impaired students. Similarly the expenses were provided for already setup Vocational Training-cum-Rehabilitation Centre at Ludhiana in the field of knitting industry for poor youth.
- The running cost of already set up Computer Training Centre at Delhi & at Hyderabad & Beautician centre at Hyderabad were provided. 785 persons availed of the facilities during the year.

## 7.0 Environment Sustainability

To create solar-powered, community-based infrastructure and facilities for poor households in the village of Deoria, Uttar Pradesh, NSIC promoted non-conventional and renewable energy resources through solar powered lighting systems and provided five solar High Mast Street lights and twenty - five solar street lightning systems. This would benefit approximately 1000 families.

## 8.0 The Composition of the CSR Committee:

The Board has constituted the "CSR Committee" of the Board consisting of Shri Rakesh Rewari (Chairman), Shri Rajiv Chawla both Independent Directors and Shri Ravindra Nath, Director (Finance) and Shri P. Udayakumar, Director (Plg. & Mkg.).

### Average net profit of the Company for last three financial years

Average net profit of the Company for last three financial years was	Rs. 11,245.40 lakh
--	--------------------

## 9.0 Prescribed CSR Expenditure (2% of Average Profit)

The Company is required to spend Rs. 224.91 lakh towards its CSR activities.

## 10.0 Details of CSR spent during the Financial Year:

a)	Total amount spent for the Financial Year 2015-16:	Rs. 249.00 lakh
b)	Amount unspent, if any	NIL
c)	Manner in which the amount spent during the Financial Year is detailed below:	

S. No.	CSR Projects Identified	Sector	State and district of Project coverage	Project-wise outlay (in Rs.)	Amount spent (Direct Expenses) (in Rs.)	Cumulative Expenses (in Rs.)	Direct or through agency
1.	Organized Health Camps, provided artificial Limbs, Wheel Chairs, Tri-Cycles and Medical Assistance to Differently Abled	Health Care including Preventive Health Care	Jalandhar Amritsar Hoshiarpur	99,84,188/-	84,04,787/-	84,04,787/-	Through: Bharat Vikas Parishad Charitable Trust
		Palwal Vrindaban	Association for Blindness & Leprosy Eradication				
		Medak Deoria	Artificial Limbs Manufacturing Corporation of India (ALIMCO)				
		Mednipur (East & West) Jhargram Sunderban 24 Parganas (South & North)	Bharat Sevashram Sangha				
		Ajmer	Women Children Welfare and Rural Development Society (WARDS)				

S. No.	CSR Projects Identified	Sector	State & District of Project coverage	Project-wise outlay (in Rs.)	Amount spent (Direct Expenses) (in Rs.)	Cumulative Expenses (in Rs.)	Director or through agency
	Recurring expenditure of already set up Path Lab.		Purulia				Through: Ramakrishna Mission
	Running cost of Mobile Medicare Unit		New Delhi				HelpAge India
	Conducted Eye camps & performed cataract Surgeries		Bengaluru				Narayana Nethralaya Foundation
	Provided screening for Thalassemia & sponsored blood for major Thalassemia patients		Rajkot				Saurashtra Medical & Educational Charitable Trust
2.	Provided Computer training to women, students, Physically challenged and other weaker sections of the society	Vocational Training	New Delhi	78,66,096/-	63,65,922/-	63,65,922/-	Through: Handicapped Welfare Federation
	Provided running cost of Incubation Centre for the training in Computer & Beautification Courses		Warangal				Development Agency (DRDA), Warangal
	Running cost of Vocational Training Centre for deaf students		Puducherry Thanjavur Tiruchirappalli				Deaf Enabled Foundation

<b>S. No.</b>	<b>CSR Projects Identified</b>	<b>Sector</b>	<b>State &amp; District of Project coverage</b>	<b>Project-wise outlay (in Rs.)</b>	<b>Amount spent (Direct Expenses) (in Rs.)</b>	<b>Cumulative Expenses (in Rs.)</b>	<b>Director or through agency</b>
	Set-up of Vocational Training cum Rehabilitation Centre in the field of knitting industry		Ludhiana				Bharat Vikas Parishad Charitable Trust, Punjab
	Vocational Training in Dress Designing and Tailoring		Nagpur				Krushimitra Agrotech Bahuddeshiya Sanstha, Kuhi
			Sepahijala West Tripura Gumati				Ganadoot Social Welfare Centre
	Provided Vocational training in English Speaking, Personality Development, Handicraft and Music to Visually Impaired students		Jodhpur				Netraheen Vikas Sansthan
3.	Educational Facilities to under Privileged children	Education	New Delhi	24,01,000/-	24,01,000/-	24,01,000/-	Through: Maitreey Preksha Seva Mission
	Provided Vehicle for Commuting Facilities to Differently Abled children.						St. Gregorios Charitable Society

S. No.	CSR Projects Identified	Sector	State & District of Project coverage	Project-wise outlay (in Rs.)	Amount spent (Direct Expenses) (in Rs.)	Cumulative Expenses (in Rs.)	Director or through agency
4.	Set up R.O. Water Treatment Plant  Constructed RCC Room and Bore-well.	Safe drinking water	Deoria  Mahabubnagar	49,85,000/-	48,85,000/-	48,85,000/-	Through:  IRA Foundation
5.	Provided Solar High Mast Street Lights and Solar Street Lightning Systems.	Environment Sustainability	Deoria	16,33,000/-	16,33,000/-	16,33,000/-	Through:  Sustainable Action Towards Human Empowerment (SATHEE)
6.	Contribution to Clean Ganga Fund & Evaluation Expenses	Others	PAN India	12,10,000/-	12,10,000/-	12,10,000/-	Direct
	<b>TOTAL</b>			2,80,79,284/	2,48,99,709/	2,48,99,709/	

**Annexure to Directors' Report Point No. 22.1**

**Form No. MR-3  
SECRETARIAL AUDIT REPORT**

{Pursuant to section 204(1) of the Companies Act, 2013 and rule No. 9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014}

The Members  
The National Small Industries Corporation Limited  
Okhla Industrial Estate  
New Delhi – 110 020

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **M/s. The National Small Industries Corporation Limited** (hereinafter called the **Corporation**). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts / statutory compliances and expressing our opinion thereon.

Based on our verification of the Corporation's books, papers, minute books, forms and returns filed and other records maintained by the Corporation and also the information provided by the Corporation, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Corporation has, during the audit period covering the financial year ended on 31<sup>st</sup> March, 2016 ("audit period") complied with the statutory provisions listed hereunder and also that the Corporation has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Corporation for the financial year ended on 31<sup>st</sup> March, 2016 according to the provisions of:

- i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder; **(Not applicable to the Corporation during the Audit Period)**



- iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder; **(Not applicable to the Corporation during the Audit Period)**
- iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Director Investment, Overseas Director Investment and External Commercial Borrowings; **(Not applicable to the Corporation during the Audit Period)**
- v) The following regulations and guidelines prescribed under the Securities and Exchange Board of India Act, 1992. **(Not applicable to the Corporation during the Audit Period)**
  - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 **(Not applicable to the Corporation during the Audit Period).**
  - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 **(Not applicable to the Corporation during the Audit Period).**
  - c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 **(Not applicable to the Corporation during the Audit Period).**
  - d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 **(Not applicable to the Corporation during the Audit Period).**
  - e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 **(Not applicable to the Corporation during the Audit Period).**
  - f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding Companies Act and dealing with client **(Not applicable to the Corporation during the Audit Period)**
  - g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and **(Not applicable to the Corporation during the Audit Period)**
  - h) The Securities and Exchange Board of India (Buy back of Securities) Regulations, 1998 **(Not applicable to the Corporation during the Audit Period).**

- vi) Other laws applicable to The National Small Industries Corporation are:
  - i) Provision of Reserve Bank of India Act, 1934 (as applicable to NBFC's not accepting Public Deposit)
  - ii) Circulars and Directions issued by the Reserve Bank of India
  - iii) Guidelines issued by Department of Public Enterprises
  - iv) Right to Information Act, 2005

**We have** also examined compliance with the applicable clauses of the following:

- a) Secretarial Standards issued by The Institute of Company Secretaries of India which are notified by the Central Government upto March 31, 2016 i.e. Secretarial Standard-1 (SS-1) and Secretarial Standard – 2 (SS-2).
- b) The Listing Agreements entered into by the Company with Stock Exchanges **(Not applicable to the Corporation during the audit period).**

During the period under review the Corporation has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

**We further report that:-**

The Board of Directors of the Corporation is duly constituted with proper balance of Executives, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act. However, as per the requirements of the second proviso of Section 149 of the Companies Act, 2013 the Corporation shall have at least one Women Director. In this regard, the management has explained to us that the Corporation has forwarded letter No. SIC:SEC:2(23) / 2012/60 dated 26<sup>th</sup> February, 2015 to the Ministry of MSME, stating panel of names for nomination of Women Director to be appointed in the Corporation.

Adequate notice is given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All decisions at Board Meetings and Committee Meetings are carried out unanimously as recorded in the minutes of the meetings of the Board of Directors or Committee of the Board, as the case may be.

**We further report that** there are adequate systems and processes in the Corporation commensurate with the size and operations of the Corporation to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

This report is to be read with our letter of even date which is annexed as Annexure "A" and form an integral part of this report.

For GUPTA RAJVANSHI & COMPANY  
Company Secretaries

**CS. Pulkita Rajvanshi**  
Partner  
Membership No. 33298  
COP No. - 12442

Date:15<sup>th</sup> July, 2016  
Place: New Delhi

## **Annexure "A"**

The Members  
The National Small Industries Corporation Limited  
Okhla industrial Estate  
New Delhi – 110 020

Our report of even date is to be read alongwith this letter:

- 1) Maintenance of Secretarial Records is the responsibility of the management of the Corporation. Our responsibility is to express an opinion on these Secretarial Records based on our audit.
- 2) We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial Records. The verifications were done on test basis to ensure that correct facts are reflected in Secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
- 3) We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Corporation.
- 4) Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
- 5) The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of the management. Our examination was limited to the verification of procedures on test basis.
- 6) The Secretarial Audit report is neither an assurance as to the future viability of the Corporation nor of the efficiency or effectiveness with which the management has conducted the affairs of the Corporation.

For GUPTA RAJVANSHI & COMPANY  
Company Secretaries

CS. Pulkita Rajvanshi  
Partner

Date: 15<sup>th</sup> July, 2016  
Place: New Delhi

Membership No. 33298  
COP No. 12442

**Annexure- to Directors' Report Point No. 22.2**

**FORM NO. MGT-9  
EXTRACT OF ANNUAL RETURN**

**As on financial year ended on 31.03.2016**

**Pursuant to Section 92(3) of the Companies Act, 2013 and rule 12(1)  
of the Company (Management & Administration) Rules, 2014**

**I. REGISTRATION & OTHER DETAILS:**

1.	CIN	U74140DL1955GOI002481
2.	Registration Date	4 <sup>th</sup> February, 1955
3.	Name of the Company	The National Small Industries Corporation Limited
4.	Category / Sub-category of the Company	Public Sector Enterprise Mini Ratna Category - II
5.	Address of the Registered Office & contact details	NSIC Bhavan, Okhla Industrial Estate, New Delhi – 110 020
6.	Whether listed company	No
7.	Name, Address & contact details of the Registrar & Transfer Agent, if any.	N.A.

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY** (All the business activities contributing 10 % or more of the total turnover of the company shall be stated)

S. No.	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the Company
1	Raw Material Support to MSMEs	....	61.83%
2	Credit Support to MSMEs for Raw Material Procurement	....	31.99%

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:**

S. No.	Name and Address of the Company	CIN/GLN	Holding / Subsidiary/ Associate	% of shares held	Applicable Section
1	N.A.	N.A.	N.A.	N.A.	N.A.
2	N.A.	N.A.	N.A.	N.A.	N.A.

**IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)**

i) Category-wise Share Holding:

Category of Shareholders	No. of Shares held at the beginning of the year[As on 31-March-2015]				No. of Shares held at the end of the year[As on 31-March-2016]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoter s</b>									
<b>(1) Indian</b>									
a) Individual/ HUF	NA	NA	NA	NA	NA	NA	NA	NA	NA
b) Central Govt.	532.99	...	532.99	100%	532.99	...	532.99	100%	NA
c) State Govt.(s)	NA	NA	NA	NA	NA	NA	NA	NA	NA
d) Bodies Corp.	NA	NA	NA	NA	NA	NA	NA	NA	NA
e) Banks / FI	NA	NA	NA	NA	NA	NA	NA	NA	NA
f) Any other	NA	NA	NA	NA	NA	NA	NA	NA	NA
<b>Total shareholding of Promoter (A)</b>	532.99	...	532.99	100%	532.99	...	532.99	100%	NA
<b>B. Public Shareholding</b>									
1. Institutions	...	...	...	...	...	...	...	...	...
a) Mutual Funds	...	...	...	...	...	...	...	...	...
b) Banks / FI	...	...	...	...	...	...	...	...	...
c) Central Govt.									
d) State Govt.(s)	...	...	...	...	...	...	...	...	...
e) Venture Capital Funds	...	...	...	...	...	...	...	...	...
f) Insurance Companies	...	...	...	...	...	...	...	...	...
g) FIIs	...	...	...	...	...	...	...	...	...
h) Foreign Venture Capital Funds	...	...	...	...	...	...	...	...	...
i) Others (specify)	...	...	...	...	...	...	...	...	...
<b>Sub-total (B)(1):-</b>	...	...	...	...	...	...	...	...	...
<b>2. Non-Institutions</b>									
a) Bodies Corp.	NA	NA	NA	NA	NA	NA	NA	NA	NA
i) Indian	NA	NA	NA	NA	NA	NA	NA	NA	NA
ii)Overseas	NA	NA	NA	NA	NA	NA	NA	NA	NA
b) Individuals									

i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	NA	NA	NA	NA	NA	NA	NA	NA	NA
ii) Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	NA	NA	NA	NA	NA	NA	NA	NA	NA
c) Others (specify)									
Non Resident Indians	NA	NA	NA	NA	NA	NA	NA	NA	NA
Overseas Corporate Bodies	NA	NA	NA	NA	NA	NA	NA	NA	NA
Foreign Nationals	NA	NA	NA	NA	NA	NA	NA	NA	NA
Clearing Members	NA	NA	NA	NA	NA	NA	NA	NA	NA
Trusts	NA	NA	NA	NA	NA	NA	NA	NA	NA
Foreign Bodies - D R	NA	NA	NA	NA	NA	NA	NA	NA	NA
<b>Sub-total (B)(2):-</b>	NA	NA	NA	NA	NA	NA	NA	NA	NA
Total Public Shareholding (B)=(B)(1)+(B)(2)	NA	NA	NA	NA	NA	NA	NA	NA	NA
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	NA	NA	NA	NA	NA	NA	NA	NA	NA
<b>Grand Total (A+B+C)</b>	532.99	...	532.99	100%	532.99	...	532.99	100%	NA

ii) **Shareholding of Promoters**

SN	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	President of India	5,32,97,500	99.99%	...	5,32,97,500	99.99%	...	....

**iii) Change in Promoters' Shareholding (please specify, if there is no change)**

S No.	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	532975000	99.99%	532975000	99.99%
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc.):	Nil		Nil	
	At the end of the year	532975000	99.99%	532975000	99.99%

**D) Shareholding Pattern of top ten Shareholders:  
(Other than Directors, Promoters and Holders of GDRs and ADRs):**

S No	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	NA	NA	NA	NA
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):	NA	NA	NA	NA
	At the end of the year	NA	NA	NA	NA

**E) Shareholding of Directors and Key Managerial Personnel:**

S No	Shareholding of each Directors and each Key Managerial Personnel	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	<b>At the beginning of the year</b>				
	a) Ravindra Nath, CMD	500		500	
	b) Shri Amarendra Sinha, Ex-Spl. Secy. & DC, MSME	200		200	
	c) Shri S.N. Tripathi, Ex-Addl. Secy., MSME	100		100	



2.	<b>Change in the shareholding</b>	<b>Transfer of shares</b>			
	a) Transfer of 200 shares from Shri Amarendra Sinha to Shri S.N. Tripathi, AS&DC, MSME	200		200	
	b) Transfer of 100 shares from Shri S.N. Tripathi to Shri Manoj Joshi, Joint Secretary, MSME	100		100	
	c) Transfer of 100 shares from Shri Ravindra Nath, CMD to Shri B.N. Nanda, Economic Adviser, MSME	100		100	
3.	<b>At the end of the year</b>				
	a) Shri Ravindra Nath, CMD	400		400	
	b) Shri S.N. Tripathi, AS&DC, MSME	200		200	
	c) Shri Manoj Joshi, Joint Secretary, MSME	100		100	

v) **INDEBTEDNESS** -Indebtedness of the Company including interest outstanding/accrued but not due for payment.

(Rs. in Crore)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	2,192.52	54.96	.....	2247.48
ii) Interest due but not paid	....	....	.....	....
iii) Interest accrued but not due	0.21	0.10	.....	0.31
<b>Total (i+ii+iii)</b>	<b>2192.73</b>	<b>55.06</b>	.....	<b>2247.79</b>
<b>Change in Indebtedness during the financial year</b>				
* Addition	148.24	1.43	.....	149.67
* Reduction	-	-	.....	-
<b>Net Change</b>	<b>148.24</b>	<b>1.43</b>	.....	<b>149.67</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	2357.09	58.26	.....	2415.35
ii) Interest due but not paid	...	....	.....	....
iii) Interest accrued but not due	0.13	0.10	.....	0.23
<b>Total (i+ii+iii)</b>	<b>2357.22</b>	<b>58.36</b>	.....	<b>2415.58</b>

**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL-**

**A. Remuneration to Managing Director, Whole-time Director and Manager**

S No	Particulars of Remuneration	Name of Managing Director	Name of Whole Time Director	Manager	Total Amount
		Sh. Ravindra Nath 01/04/2015 to 31/03/2016	Shri P. Udayakumar 1/04/2015 to 31/03/2016	Sh. Gaurang Dixit 01/04/2015 to 31/03/2016	
1	Gross Salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	29,16,007	29,09,909	17,57,386	75,83,302
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	3,29,536	3,54,990	16,310	7,00,836
	(c) Profit in lieu of salary under Section 17(3) Income Tax Act, 1961	-	-	-	-
2	Commission - As % of profit - others, specify	-	-	-	-
3	Others, please specify	-	-	-	-

B. Remuneration to other Directors

SN.	Particulars of Remuneration	Name of Directors		Total Amount
1	Independent Directors	<b>Shri Rakesh Rewari</b>	<b>Shri Rajiv Chawla</b>	
	Fee for attending board committee meetings	1,20,000	1,20,000	2,40,000
	Commission	-	-	
	Others, please specify	-	-	
	Total (1)	1,20,000	1,20,000	2,40,000
2	Other Non-Executive Directors	-	-	-
	Fee for attending board committee meetings	-	-	-
	Commission	-	-	-
	Others, please specify	-	-	-
	Total (2)	-	-	-
	Total (B)=(1+2)	1,20,000	1,20,000	2,40,000
	Total Managerial Remuneration	1,20,000	1,20,000	2,40,000
	Overall Ceiling as per the Act	-	-	

**C. Remuneration to Key Managerial Personnel other than MD / Manager / WTD**

SN	Particulars of Remuneration	Key Managerial Personnel			
		CEO	CFO	CS	Total
1		-	Sh. Gaurang Dixit 01/04/2015 to 31/03/2016	Ms. Niti Sethi 01/04/2015 to 31/03/2016	
	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	-	17,57,386	20,82,842	38,40,228
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	16,310	70,182	86,492
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-	
2	Stock Option	-	-	-	
3	Sweat Equity	-	-	-	
4	Commission	-	-	-	
	- as % of profit	-	-	-	
	- others, specify...	-	-	-	
5	Others, please specify	-	-	-	
	Total	-	17,73,696	21,53,024	39,26,720

**VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:**

<b>Type</b>	<b>Section of the Companies Act</b>	<b>Brief Description</b>	<b>Details of Penalty / Punishment/ Compounding fees imposed</b>	<b>Authority [RD / NCLT/ COURT]</b>	<b>Appeal made, if any (give Details)</b>
<b>A. COMPANY</b>					
Penalty	None				
Punishment					
Compounding					
<b>B. DIRECTORS</b>					
Penalty	None				
Punishment					
Compounding					
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty	None				
Punishment					
Compounding					

## **Report on Corporate Governance**

Corporate Governance refers to a set of good practices through a corporation is governed. It is the system by which companies are directed and managed. Good corporate governance practices enhance companies' value and stakeholders' trust resulting into robust development.

NSIC is fully committed to attain the highest standards of corporate governance and upholds the highest business standards in conducting business. Being a value-driven organization, the Company has always worked towards building trust with shareholders, employees, customers, suppliers and other stakeholders based on the principles of good corporate governance, viz., integrity, equity, transparency, fairness, disclosure, accountability and commitment to values.

The Corporation's compliance with the conditions of Corporate Governance is given below:

- **Board of Directors**

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

The brief profile of the Directors on the Board of the Corporation is as follows:

- **Director's Profile**

1. **Shri Ravindra Nath, Chairman-cum-Managing Director** besides holding a Degree in Commerce, is a qualified Chartered Accountant and a member of Institute of Chartered Accountants of India (ICAI).

He has vast experience in various areas of Finance / Accounts and experience of policy formulation and dealing with various issues pertaining to promotion, development and financing of Micro, Small & Medium Enterprises (MSME). He has been involved in developing new programs implemented through NSIC for development of MSMEs in India. While working with NSIC, he has also executed various assignments in foreign countries for formulating strategies and policies for the development of SMEs in those countries.

2. **Shri S.N. Tripathi, Government Nominee Director** is a post graduate & MBA in Public Policy Management, University of Ljubljana, Slovenia. He is an Indian Administrative Services (IAS) Officer. He has worked with United Nations Children's Fund (UNICEF) and worked as Managing Director – Orissa State Cooperative Bank, Orissa State Financial Corporation and Orissa State Small Industries Corporation. He has handled various assignments like Land Revenue & Management, Industries, Finance, Communication & Information Technology, Information & Broadcasting, Administrative, Textiles & Handicrafts, Rural Development, and Panchayati Raj etc. He is Director on the Board of Global Innovation & Technology Alliance (GITA) & SIDBI. Presently, he is Additional Secretary & Development Commissioner in the Ministry of Micro, Small & Medium Enterprises, Government of India.
3. **Shri Manoj Joshi, Joint Secretary, Ministry of MSME** is an IAS Officer from Kerala Cadre working as Joint Secretary in Ministry of Micro, Small & Medium Enterprises. He earlier worked as Joint Secretary (Financial Market) in Department of Economic Affairs and Department of Personnel & Training in Government of India. He has also worked as Director (Trade Policy) in Department of Commerce. He has also worked in various positions in Government of Kerala as District Collector, Calicut, Secretary of Department of health, Public Works Department etc. He is Director on the Board of DSIDC & ITPO.
4. **Shri P. Udayakumar, Director (Plg. & Mkg.)** is holding a degree in B.E. and Post-Graduation from IIM-Bangalore. He has 27 years of experience in Petroleum, Fertilizer & SME sectors in various capacities. He was instrumental in creating a Customer-friendly single-window Business Model for the Marketing department of the Petroleum Company. He is well experienced and Key Managerial Personnel for developing strategies and new models for the Business Development and Marketing areas of the NSIC. He is the Head of the Screening Committee for finalizing the proposals under Marketing Assistance Scheme for MSMEs in NSIC. He is actively involved in development of futuristic verticals in Defence procurement, Logistics, IT & Public Procurement for the MSMEs.

5. **Shri Rakesh Rewari, Independent Director** is B. Tech. (Mech.) from IIT Delhi and MBA (F.M.S., Delhi). He has worked with IFCI, IDBI & SIDBI. He was CEO of SIDBI Venture Capital Ltd. & Dy. Mg. Director of SIDBI. Presently, he is an independent / nominee Director on various Companies including M/s. KITCO Ltd., M/s. MAS Financial Services Ltd., M/s. JainSons Finlease Ltd. and M/s. Shubham Housing Development Finance Company Ltd.
6. **Shri Rajiv Chawla, Independent Director** is graduate of Delhi University. He holds several important positions as Shareholders - M/s. Jairaj Ancillaries Pvt. Ltd. & M/s. Weflybest Travel & Hospitality Pvt. Ltd., as Director in various companies which includes M/s. Sancha Manufacturers P. Ltd., M/s. Jai Raj Plastochem Pvt. Ltd. and Faridabad Small Industries Association, Proprietor in M/s. Jai Raaj Global and President in M/s. Jai Raj Global Welfare Foundation and Education Society.

He is a Chairman of "Integrated Association of Micro, Small and Medium Enterprises of India (I am SME of India), an institution formed by Small Scale Entrepreneurs, dedicated to the growth and development of Micro, Small & Medium Enterprises and Business through Credit Facilitation, Cluster Development, Networking, Training, Vocational & Skill Development etc. He is also Immediate Past President of Faridabad Small Industries Association, one of the largest representative bodies of Small and Medium Enterprises in India.

## **2.0 Code of Ethics and Business Conduct**

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

## **3.0 Separate Meeting of Independent Directors**

As per the provisions of Section 149 of the Companies Act, 2013, separate meeting of the Independent Directors of the Corporation was held on 31<sup>st</sup> March, 2016 and the same was attended by Shri Rakesh Rewari, Chairman of the Meeting of Independent Directors and Shri Rajiv Chawla, Director on the Board of NSIC.



#### 4.0 Meetings of the Board

The meetings of Board of Directors were held at periodical intervals. During the year under review, ten Board Meetings were held on 28<sup>th</sup> May, 2015, 8<sup>th</sup> June, 2015, 5<sup>th</sup> August, 2015, 27<sup>th</sup> August, 2015, 26<sup>th</sup> Nov., 2015 27<sup>th</sup> Jan., 2016, 24<sup>th</sup> Feb., 2016, 3<sup>rd</sup> March, 2016 and 30<sup>th</sup> March, 2016.

The details of constitution of the Board and the number of directorships held in other Companies as on 31<sup>st</sup> March, 2016, and their attendance at the Board Meetings and Annual General Meeting held during the year, are given below:

S. No.	Name of the Director & DIN No.	Category	No. of Board Meetings attended	Attendance at the AGM held on 27 <sup>th</sup> August, 2015	No. of outside director -ships
1.	Shri Ravindra Nath as Chairman-cum-Managing Director DIN No. 02815496	Executive	10	Yes	-
2.	Shri Amarendra Sinha* DIN No. 0186522	Government Nominee	03	Yes	
3.	Shri S.N. Tripathi DIN No. 06386320	Government Nominee	09	Yes	02
4.	Shri Manoj Joshi** DIN No. 02103601	Government Nominee	04	-	02
5.	Sh. P. Udayakumar DIN No. 03353625	Executive	08	Yes	-
6.	Shri Rakesh Rewari DIN No. 00286853	Non-Executive Independent	10	Yes	04
7.	Shri Rajiv Chawla DIN No. 00413234	Non-Executive Independent	10	Yes	03

\*Shri Amarendra Sinha was on the Board till 1<sup>st</sup> December, 2015.

\*\* Shri Manoj Joshi was appointed on the Board with effect from 1<sup>st</sup> December, 2015.

#### 5.0 Audit Committee

As on 31<sup>st</sup> March, 2016, the members of the Audit Committee were Shri Rakesh Rewari, Shri Rajiv Chawla Independent Directors and Shri Manoj Joshi.

The Board Audit Committee met five times during the year.

- The composition of the Audit Committee as at 31<sup>st</sup> March, 2016 and details of the Members participation at the Meetings of the Committee are as under:

S. No.	Name	B.A.C.	B.A.C.	B.A.C.	B.A.C.	B.A.C.
		60 <sup>th</sup> 08/6/15	61 <sup>st</sup> 08/6/15	62 <sup>nd</sup> 05/8/15	63 <sup>rd</sup> 26/11/15	64 <sup>th</sup> 24/2/16
		(1)	(2)	(3)	(4)	(5)
1.	Sh. Rakesh Rewari	Yes	Yes	Yes	Yes	Yes
2.	Shri Rajiv Chawla	Yes	Yes	Yes	Yes	Yes
3.	Shri Amarendra Sinha*@	Yes	Yes	x	x	x
4.	Shri Manoj Joshi**	x	x	x	x	Yes
	<b>SPECIAL INVITEE</b>					
4	Shri Ravindra Nath As Director (Fin.)	x	x	x	x	Yes
5	Shri P. Udayakumar* As Director (P&M)	x	x	Yes	Yes	Yes

\*Shri Amarendra Sinha was on the Board till 1<sup>st</sup> December, 2015.

\*\* Shri Manoj Joshi was appointed on the Board with effect from 1<sup>st</sup> December, 2015.

@Leave of absence was granted to the Directors who could not attend the meeting(s).

Currently, the Board has four committees i.e. Audit Committee, Nomination & Remuneration Committee, Corporate Social Responsibility Committee, Board Sub-Committee for Write Off. In addition to this meeting of Independent Directors is also held.

A detailed note on the Board and its committees is provided under the Corporate Governance Report section in this Annual Report. The composition of the committees and compliance as per the applicable provisions of the Act and Rules are as follows:

S. No.	Name of the Committee	Compositions of the committee	Highlights of duties, responsibility and activities
1.	The Board Audit Committee Meeting	<ul style="list-style-type: none"> <li>Sh. Rakesh Rewari</li> <li>Sh. Manoj Joshi</li> <li>Sh. Rajiv Chawla</li> </ul>	<p>The terms of reference of Audit Committee are as follows:</p> <p>i) Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.</p> <p>ii) Recommending the appointment and removal of external auditor, fixation of audit fee and also approval for payment for any other services.</p> <p>iii) Reviewing with management the annual financial statements before submission to the Board, focusing</p>

			<p>primarily on:</p> <ul style="list-style-type: none"> <li>• Matters which are required to be included in the Directors' Responsibility Statement of Board's report and any change in accounting policies and practices.</li> <li>• Major accounting entries based on exercise of judgement by management;</li> <li>• Review the Qualifications in draft audit report and also the significant adjustments arising out of audit;</li> <li>• The going concern assumption;</li> <li>• Compliance with accounting standards and procedures and proper disclosures of related party transaction if any made during the financial year.</li> </ul> <p>iv) Review with the management, external and internal auditors, adequacy of internal control systems, adequacy of internal audit function including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.</p> <p>v) Discussions with internal auditors regarding any significant findings and review the findings of any internal investigations by the Internal Auditors into the matters where there is fraud or irregularities found and report the same to the Board.</p> <p>vi) Discussion with statutory auditors / agencies before the audit commences, nature and scope of audit as well as has post-audit discussion to ascertain any area of concern.</p> <p>vii) Review the Company's financial and risk management policies.</p> <p>viii) To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors, and</p> <ul style="list-style-type: none"> <li>• Review the quarterly and half-yearly financial statement with management.</li> <li>• Provide sufficient opportunity for the internal and statutory auditors to meet with the members of audit</li> </ul>
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			<p>committee with and / or without the members of management present.</p> <ul style="list-style-type: none"> <li>• Review the quarterly and half-yearly financial statement with management, human resources, succession planning, recovery position and trends, Repayment of fixed deposits and payment of statutory dues.</li> </ul> <p>ix) To review the follow-up action on the audit observations of the C&amp;AG audit.</p> <p>x) To review the follow-up action taken on the recommendations of Committee on Public Undertakings (COPU) of the Parliament.</p> <p>xi) Provide an open avenue of communication between the independent auditors, internal auditors and the Board of Directors.</p> <p>xii) Review all related party transactions in the company. For this purpose, the Audit Committee may designate a member who shall be responsible for reviewing related party transactions.</p>
2.	Nomination and Remuneration Committee Meeting	<ul style="list-style-type: none"> <li>• Sh. Rakesh Rewari</li> <li>• Sh. S.N. Tripathi</li> <li>• Sh. Rajiv Chawla</li> </ul>	<p>The remuneration committee would decide :</p> <ul style="list-style-type: none"> <li>- Performance related pay</li> <li>- Annual Bonus / variable pay and policy for its distribution across the Executives and non-unionized supervisors, within the prescribed limits.</li> </ul>
3.	Corporate Social Responsibility Committee	<ul style="list-style-type: none"> <li>• Sh. Rakesh Rewari</li> <li>• Sh. Rajiv Chawla</li> <li>• Sh. Ravindra Nath (As Director(Fin.))</li> <li>• Sh. P. Udayakumar</li> </ul>	<p>The broad objectives of the CSR Policy of the Corporation are as follows:-</p> <ul style="list-style-type: none"> <li>• Corporate Social Responsibility is a company's commitment to its stakeholders to conduct business in an economically, socially, and environmentally sustainable manner that is transparent and ethical;</li> <li>• Social Responsibility initiatives would be used for social value creation and adoption of "Shared Value Approach";</li> <li>• The emphasis would be placed on the scalability of the projects in</li> </ul>

			<p>terms of their size and impact, rather than on their numbers.</p> <ul style="list-style-type: none"> <li>• Activities which are selected under CSR as far as possible, will be implemented in a project mode;</li> <li>• The emphasis would be on capacity building, empowerment of communities, inclusive socio-economic growth, environment protection, promotion of green and energy efficient technologies, development of backward regions, and upliftment of the marginalized and under-privileged sections of the society;</li> <li>• Provide training - vocational education and skill development training with a focus on the under privileged and physically challenged persons;</li> <li>• Comprehensive and integrated community development;</li> <li>• Medical facilities to the underprivileged / poor families.</li> </ul>
4.	Board of Directors Write Off Committee Meeting	<ul style="list-style-type: none"> <li>• Sh. Rakesh Rewari</li> <li>• Sh. Manoj Joshi</li> <li>• Sh. Rajiv Chawla</li> <li>• Sh. Ravindra Nath (As Director (Fin.))</li> <li>• Sh. P. Udayakumar</li> </ul>	<p>The "Board Sub-Committee for Write Off" would have the powers to write off as under :</p> <ol style="list-style-type: none"> <li>1. To write off the non - recoverable portion of the dues under all Commercial / Financial activities as follows : <ul style="list-style-type: none"> <li>• To write off the non - recoverable portion of the dues under all Commercial / Financial activities which are beyond the sub-delegated powers of Chairman-cum-Managing Director i.e. Rs. 5,00,000/- in each case.</li> <li>• The Board Sub-Committee for write off would exercise the powers only on the recommendations of Corporate Default Review Committee (CDRC) and after clearance from the Chief Vigilance Officer of the Corporation.</li> </ul> </li> <li>2. One Time Settlement Scheme : <ul style="list-style-type: none"> <li>➤ To write off the non-recoverable portion of the dues, which are covered under "One Time Settlement Scheme" as approved by the Board of Directors from time to time and which are beyond the sub-delegated powers of Chairman-cum-Managing Director i.e. Rs.7,50,000/-.</li> </ul> </li> </ol>

			<ul style="list-style-type: none"> <li>• Action in respect of "Receivables more than 10 years"</li> <li>• Power to write off in all default cases which are receivable for : <ul style="list-style-type: none"> <li>➤ more than 10 years but upto 15 years old having outstanding (excluding P.I.) of upto Rs. 2 lac (Two lac) in the individual case,</li> <li>➤ more than 15 years old having Outstanding (excluding P.I.) of upto Rs.5 lac (Five lac) in the individual case.</li> </ul> </li> </ul> <p>Subject to the condition that 100% provisions has been made in case of sundry debtors and at least 90% provision has been made in case of Loans and advances.</p>
5.	Independent Directors Meeting	Sh. Rajiv Chawla Sh. Rakesh Rewari	

## 6.0 Nomination & Remuneration Committee

The members of the Nomination & Remuneration Committee are Shri Rakesh Rewari, Shri S.N. Tripathi and Shri Rajiv Chawla. The Remuneration Committee met once in a year.

Our Corporation being a Government Company, the appointment, tenure and remuneration of Directors is decided by the President of India. The remuneration paid to Chairman-cum-Managing Director and Functional Directors during the year 2015-16 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, 2013 and also in accordance with the Government guidelines for attending the Board Meetings as well as Committee Meetings. The Government Nominee Directors do not draw any remuneration / sitting fee for Board / Committee Meetings from the Corporation.

## 7.0 Corporate Social Responsibility Committee

The members of the Corporate Social Responsibility (CSR) Committee are Shri Rakesh Rewari, Shri Rajiv Chawla, Shri Ravindra Nath (As Director (Finance)) and Shri P. Udayakumar. The Committee met five times during the year.

## 8.0 Write Off Committee

The members of the Write Off Committee are Shri Rakesh Rewari, Shri Manoj Joshi, Shri Rajiv Chawla, Shri Ravindra Nath, (As Director (Finance) and Shri P. Udayakumar. The Committee met once during the year.

As per the requirements on Corporate Governance under Companies Act, 2013 the following disclosures are made:

## 9.0 Disclosures

### ▪ Vigil Mechanism / Whistle Blower Policy

The National Small Industries Corporation is committed to conduct its business in accordance with the applicable laws, rules and regulations and the highest standards of business ethics and to full and accurate disclosures.

As per the compliance of section 177 of the Companies Act, 2013, a vigil mechanism has been implemented through the adoption of Whistleblower Policy with an objective to enable any employees to raise concerns about any poor or un-expectable practice and any event of misconduct. In doing so, the company has articulated and published its Code of Conduct, which is applicable to all employees of the Company, to regulate and build a strong culture of Corporate Governance, by promoting transparency and ethical conduct in its business promotion, along with providing the framework within which the company expects its business operations to be carried out.

## 10.0 Details of the Directors as on 31/03/2016 are as follows:

NAME	DIN No.
Shri Ravindra Nath	02815496
Shri Amarendra Sinha*	01865220
Shri S.N. Tripathi	06386320
Shri Manoj Joshi**	02103601
Shri P. Udayakumar	03353625
Shri Rakesh Rewari	00286853
Shri Rajiv Chawla	00413234

\* Shri Amarendra Sinha was on the Board till 1<sup>st</sup> December, 2015.

\*\* Shri Manoj Joshi was appointed on the Board with effect from 1<sup>st</sup> December, 2015.

## 11.0 Key Managerial Personnel (KMPs)

The Board of Directors has appointed the following persons as the "Key Managerial Personnel" of the Corporation pursuant to the provisions of Section 203 of the Companies Act, 2013 and Rule(8) of the Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014.

<b>Name</b>	<b>Designation</b>
Shri Ravindra Nath	Chairman-cum-Managing Director
Shri P. Udayakumar	Whole Time Director
Shri Gaurang Dixit	As Manager (KMP) and as CFO
Ms. Niti Sethi	Company Secretary & KMP Upto 30 <sup>th</sup> June, 2016
Ms. Nishtha Goyal	Company Secretary & KMP w.e.f. 07 <sup>th</sup> July, 2016

## 12.0 Declaration by Independent Directors

The Company has received necessary declaration from each Independent Director under Section 149(7) of the Companies Act, 2013, that they meet the criteria of independence laid down in Section 149(6) of the Companies Act, 2013.

## 13.0 Related Party Transactions

The Corporation does not have any related party transactions, which may have potential conflict with its interests.

## 14.0 Risk Management Policy

Business Risk Evaluation and Management is an on-going process within the Organization. The Corporation has a robust risk management framework to identify, monitor and minimize risks as also identify business opportunities.

Corporation has created a 'Risk Fund' to mitigate any unforeseen loss arising out of business transactions under Raw Material Assistance Scheme against Bank Guarantee.

This fund would be utilized to meet out any financial loss under the Raw Material Assistance Scheme against Bank Guarantee arising due to investment becoming unsecured as per the laid down guidelines.



### **15.0 Details of compliance with the requirements of DPE Guidelines on Corporate Governance**

The requirements of the DPE Guidelines on Corporate Governance for CPSEs have been duly complied by the Corporation. In this regard, a certificate from M/s. VAPN & Associates, Practicing Company Secretaries, confirming compliance with the conditions of Corporate Governance as stipulated under DPE Guidelines on Corporate Governance is annexed.

### **16.0 Material changes and commitments affecting the financial position of the Company**

There have been no material changes and commitments, if any, affecting the financial position of the Company which have occurred between the end of the financial year of the Company to which the financial statements relate and the date of the report.

### **17.0 Policy on Directors' appointment and remuneration**

The current policy is to have an appropriate mix of Executive and Independent Directors to maintain the independence of the Board, and separate its functions of governance and management. As on 31<sup>st</sup> March, 2016, the Board consists of seven members, one is Chairman-cum-Managing Director, two Executive or Whole-time Directors, two Government Nominee Directors and two Independent Directors. The Board periodically evaluates the need for change in its composition and size.