

Chairman's Address

Dear Shareholders,

It gives me great pleasure to welcome you to the 56th Annual General Meeting of your Company. The Annual Report along with Audited Statement of Accounts for the financial year ended 31st March, 2011 have been with you and with your permission, I take them as read.

As we gather today at the end of yet another financial year, I am sure you share my sense of satisfaction at the continued progress of your Company in the face of difficult economic conditions.

RECORD RESULTS – A JOURNEY THAT REALLY HAS NO END

I am appending the financial performance to date since the time you, the shareholders, placed me at the helm of affairs of your Company.

(Figures in Rs. Crore)		
Financial Snapshot 2006-2011		
	2006	2011
Gross Turnover	1524.10	7979.00
Gross Income	43.69	166.02
Profit before Tax	1.71	35.17
Net Assets Employed	231.76	1056.37
Net Worth	64.25	130.62
Earnings Per Share (Rs.)	0.63	12.78
Dividend	0.00	5.96
As at 31 st March		

The roller coaster ride that NSIC had in the last few years enabled it to achieve the 'Mini Ratna' (Category-II) which was awarded by the Government on 1st March, 2011.

On days like this, I go back to that time five years back when everyone wondered whether continuing with the traditions and the manner in which NSIC operated, it would ever reach the pinnacle all expected it to reach. We were going through difficult times in some of the businesses we were in.

I always thought that we all at NSIC really needed to change, to move with the times and try to engage with the changes around us. It was accepted that change has to be embodied through people and processes. In the course of time, the view gained ground that we need to benchmark ourselves against the best, get away from doing things the way we were, and put certain processes in place.

But with the kind of commitment and the kind of effort that we all have put into this process, that we have built a very, very important platform on which the NSIC can move forward I believe that the commitment we have shown in recent times embodies the pride that various stakeholders have in NSIC.

Nothing has pleased me more than to sit here today and see that an idea to which we gave birth five years ago has blossomed into something that, hopefully, will be one of the driving forces of change even in the years to come.

This transformation was powered by the Vision that provides the overarching inspiration; the Values that serve to guide thought and action; and the Vitality that enables excellence in strategy formulation and execution.

EMERGING SCENARIO

Since our last AGM, there have been significant developments in the larger global macroeconomic context leading to a slower than anticipated global economic growth. Access to capital resources at competitive costs continue to remain constrained. It's very important for us to realise that the world is moving at a tremendous pace. Better performing economies can be expected to aggressively secure resources to ensure their future growth and development.

India is opening up and competition has increased manifold. Unprecedented opportunities for growth in India and the rest of Asia are unfolding, making our continent a powerful engine of global economic growth. Ahead of India are the best ever years in our country's history. India is set to become the fastest growing economy within the coming few years.

BUSINESS PORTFOLIO : NEW GROWTH DRIVERS

The strategic progress in each of the businesses in your Company's portfolio is, I am sure, a source of satisfaction to shareholders. It is a measure of the continued trust reposed in your Company by stakeholders that NSIC's services are in growing demand. The rewards of such commitment are evident today in the rapid strides being made towards attaining growth as

visible from the table above. A robust platform has thus been shaped for embarking on the next phase of aggressive expansion that would unveil in the coming years. NSIC is well-placed to be at the vanguard of Indian MSMEs' epic leap forward. We have built diverse range of facilities which have become the USP of NSIC.

Your Company is engaged in blending the multiple competencies residing in its various businesses to create new growth drivers in a bid to secure the future. The growth of the Raw Material Distribution business is another demonstration of facilitating MSME units – an objective born out of deep commitment for the MSME sector. The company plans to embark on an ambitious expansion plan to service the growing demand for diverse raw materials.

Your Company is engaged in innovatively leveraging digital technology to create value for the Indian MSME. This business is rapidly developing into a reliable partner for two-way flow of goods and services in and out of MSME sector. Towards achieving this long term goal, the digital infrastructure of the NSIC B2B portal is being supplemented with a phased rollout of other portals providing value added services to the MSMEs.

Most importantly, NSIC is proud to have a highly committed and dedicated work force, with an execution focused and value creation mindset.

The innovative combination of digital, physical and human assets constitutes the basis for your Company's deeper engagement with the MSMEs. I am sure that you, our shareholders, have the same sense of pride that your Board has in the unique position that your Company occupies. This is a position that we intend to secure and strengthen.

CORPORATE SOCIAL RESPONSIBILITY

It has been stated that:

“Success shared is success multiplied”

Notwithstanding the handsome results achieved, I am seized by a basic question: Are these the sole measures that reflect how valuable your Company is? I believe that companies are economic organs of society and therefore need to be ultimately evaluated in terms of the value they create for society. Both dimensions of value creation – for society and for shareholders and other stakeholders directly linked to the company – are germane to assess corporate performance, particularly in the context of the primacy of developmental objectives of an emerging economy like ours.

NSIC must be leading player not only in business but also as a corporate citizen and as a participant in the MSME sector's growth. This is a holistic view. It is very, very important that NSIC operates in a manner we can all be proud of and that we develop a holistic sense of excellence. We cannot just be paying lip service to the word excellence; we should have a deep-rooted commitment to excellence, in every sense, in whatever we do. We must go forward holding sacred to ourselves our business integrity, our value systems and our fairness to all our stakeholders.

CORPORATE GOVERNANCE

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

The Company is of the firm view that good governance goes beyond good working results and is a pre-requisite for attainment of excellent performance in value creation for stakeholders.

AWARDS & RECOGNITIONS

In recognition of the services rendered by the Company for the development of MSMEs the awards conferred upon NSIC include "Icon of the year Award from the Institute of Cost and Works Accounts of India (ICWAI), "Meri Dilli Award" by Hon'ble Chief Minister of Delhi in recognition of the innovative NSIC Incubation programme for Small Enterprise establishment launched by NSIC for creating new employment opportunities, employment and the growth of MSME sector in the country, "Small Business Mentor of the Year" Award at the National Convention for Small Business & Entrepreneurship organized by Zee TV, FSIA – V.B. Gulati Award for services rendered to the MSME sector and Award and Letter of Appreciation from VEL TECH Technical University, Chennai for partnering with the University in imparting skills to students by way of in-plant training and projects entitled "India – a Superpower in 2020".

ACKNOWLEDGEMENTS

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

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

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

I would like to personally thank my colleague Directors on the Board for giving this whole process the kind of time and effort they have. I would also like to thank everybody else who participated in this great process.

Place: New Delhi
Date : 2nd August, 2011

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