

## Chairman's Address



**Dr. H.P. Kumar**  
**CMD, NSIC Ltd.**

**Dear Shareholders,**

I am very pleased to welcome you to the 53<sup>rd</sup> Annual General Meeting of National Small Industries Corporation Limited (NSIC). The Annual Report along with the Audited Statements of Accounts for the financial year ended 31<sup>st</sup> March, 2008 are already with you and with your permission, I take them as read.

### **THE EMERGING ECONOMIC LANDSCAPE**

During the year, your Board deliberated on the future growth strategy for your Corporation, and in doing so, took stock of the dramatic transformation that has taken place in the economic environment over the last few years.

Liberalization is rapidly converting what was a closed market. We are today progressively becoming part of the global market and the world's largest corporations are now entering India, changing the nature of competition. Tariff barriers are being lowered. In each area, a strong grasp of consumer needs, and continuous innovation in building product and process design, technology and research & development will determine success for the MSMEs. International competitiveness would be critical to survival and growth in the new Indian global market. Indian MSMEs can hope to succeed in this unequal battle, only if they learn to leverage their intimate knowledge of local consumers, by creatively segmenting the market, while at the same time matching their international rivals in the cost of operations.

### **RECORD RESULTS**

Your Company is a premier Indian Public Sector Enterprise. It has always been deeply cognizant of its role as an economic arm of society sub-serving broader national aspirations.

Your Company has taken stock of the years gone by, re-grouped and harnessed its resources for extreme competitive preparedness and moved forward with renewed energy, fresh resolve and new hope. This has implied a complete re-evaluation of NSIC's future path, the reshaping of the systems and processes of governance and the formulation of strategy that best matches the strengths of NSIC with the growth opportunities in the marketplace.

It is my pleasure to report your Company's robust performance for the year ended March 31, 2008 which witnessed new records attained by your Company on all financial parameters. Gross turnover at Rs. 2987 crores was at an all time high. The highlight of the performance is manifest, in a much more telling manner, in the increase of the operating profit to Rs. 9.08 crore as against Rs. 4.91 crore for the previous year. All this was made possible by a combination of aggressive growth and reshaping of its business portfolio and all round improvement in resource utilization. Equally, this performance has given your Board the confidence to recommend the highest amount of dividend of Rs. 81.15 lac i.e. @ 20% of the net profit for the financial year 2007-08.

I would like to pay a handsome tribute to the employees of the Corporation at all levels for an outstanding display of courage, sense of purpose and commitment to the Corporation.

## **CORE BUSINESS FOR THE FUTURE**

Your Board recognizes that capital is scarce, and should be directed to those areas where your Corporation can compete effectively and help serve MSMEs on a sustainable basis. Your Corporation's endeavor is to grow select businesses to a scale, which makes them competitive. We have set in motion organizational changes which will ensure the future sustainability and profitability of the Corporation. Convergence is not only about technology and customer experience, but also on cost rationalization and maximization of resources. This is the strategy we have adopted, which will see us make best use of the Corporation's ability to create synergies in as many areas as possible. This exercise is in line with our strategic objective of placing the customer first in all that we do.

Your Board believes that the focus areas for the future would be:

- Building synergies and Partnerships – establishing itself central to the network to the service providers in India,
- Increasing the geographic footprints of NSIC,
- Taking up the cause of marketing of products of MSMEs,
- Aggressively entrench its market position and market its services,
- Developing its idle infrastructure,

The internal re-organization of your Corporation is aimed at developing a performance driven company with a culture of rewards and recognition for excellence. In doing so, the Corporation will develop into an operationally

efficient organization with the best people operating in the most effective way.

## **AWARDS AND RECOGNITIONS:**

NSIC has been merited a series of awards and recognitions for excellence in business and operations. You will be happy to know that the Corporation was conferred the "**Excellence Award**" from Institute of Economic Studies (IES). For the second year running, **Corporate Excellence Award** was conferred by Amity International Business School, for the year 2007-08.

NSIC has been awarded "Gold Medal" from India Trade Promotion Organization (ITPO) for Special Display on Techmart India, 2007 at the India International Trade Fair 2007 held at Pragati Maidan, New Delhi.

## **CORPORATE GOVERNANCE:**

The Company has established policies and procedures for corporate communication and disclosures. These are based on the principal of integrity fairness, equity, transparency accountability and commitment to values.

## **ACKNOWLEDGMENT:**

I like to place on records my sincere thanks to Hon'ble Minister of Micro, Small & Medium Enterprises for his patronage, valuable guidance and support. I am grateful to the Secretary to the Government of India, Ministry of Micro, Small & Medium Enterprises, who has always been a source of inspiration and advice. I am also grateful to Additional Secretary & Development Commissioner (MSME), Joint Secretaries, Directors and other officials of the Ministry of MSME for their support and guidance.

I am also grateful to Additional Secretary-cum-Financial Advisor and Economic Advisor (IF Wing) for their support and guidance.

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

I, together with your Board, pledge our fullest endeavor in shaping a bright future for your Company. I am confident that with your continued support, year 2008-09 will turnout to be yet another year of excellence for the Corporation.

**Place: New Delhi**

**Date: 29<sup>th</sup> August, 2008**

**(H. P. Kumar)**

**Chairman-cum-Managing Director**