

DIRECTORS' REPORT

Dear Shareholders,

On behalf of the Board of Directors of your Corporation, I have great pleasure in welcoming you to the 60th Annual General Meeting of the National Small Industries Corporation Ltd. (NSIC). The Annual Report and Audited Statement of Accounts for the financial year ended 31st March, 2015, 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.

I also take this opportunity to inform you that NSIC Celebrated its Diamond Jubilee i.e. its 60th Anniversary on 4th Feb., 2015. This milestone is indeed an extraordinary accomplishment and epitomizes the will, determination, and lasting success of NSIC that has worked tirelessly towards protecting the interests of MSMEs both in India and overseas. On this occasion, a special Commemorative Coin was released and tree plantation was carried out.

1.0 Operating Performance

Financial year 2014-15 was yet another landmark year for the Corporation when it touched new heights on all parameters and achieved record operational and financial performance. The overall business for the year reached Rs. 20,004 crore as against Rs. 17,444 crore in the previous year thereby posting a growth of 15%.

Some of the highlights of achievements of the Corporation for the year 2014 - 15 are given in the table below:

(Rs. in Lac)			
Particulars	2013-14	2014-15	% Growth
Gross Sales	1,75,432	2,08,849	19.04
Gross Margin	27,750	33,577	20.99
Net Profit before Tax	11,471	13,259	15.58
Less : Provision for Tax	3,877.19	4,399.40	
Net Profit after tax	7,593.80	8,859.97	16.67

2.0 Other major highlights under various activities of the Corporation for the financial year 2014-15:

2.1 Raw Material Assistance

Amongst the diverse requirements for MSMEs, steady and timely availability of raw material assumes great significance. Accordingly, in the various services rendered by the Corporation while providing "Marketing Support", raw material distribution assumes top priority. Raw material assistance to MSMEs at competitive rate, right quality and on time supply enhances the competitive capacity of small units and also increases their business volumes.

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

NSIC services the raw materials requirements of Micro, Small & Medium Enterprises (MSMEs) by distributing Iron & Steel specially allocated through Ministry of Steel, Government of India, Aluminum from NALCO & BALCO, Paraffin Wax from CPCL & IOCL, Coal from Coal India Ltd. and Polymer Products i.e. PP, HDPE & LLDPE from IOCL, Copper from Sesa Sterlite was added during the year 2014-15.

The total raw material distribution was to the tune of 9,17,265 MT as against 8,74,266 MT during last financial year.

The Corporation opened five new raw material distribution centers at Raipur for BALCO, Baroda for NALCO and Panvel, Hyderabad and Raipur for Hindustan Zinc Ltd.

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).
- e) Price matching option to the MSEs quoting price band of L-1 plus 15%.
- f) Issue of competency certificate.

The revenue earned from Government Purchase during the year was Rs. 1,076.11 lac.

During the year 2014-15, 4,630 new units were added and 20,277 live units are registered members as on 31st March, 2015.

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 Consortia and Tender Marketing Scheme, NSIC facilitates the MSE(s) in every stage of tender activity right from the participation in tenders till execution of tenders. Testing facilities are also provided to enable units to improve and maintain the quality of their products conforming to the standard specifications.

During the year, 107 consortia were formed as against 53 during the previous year. Tender information valuing Rs. 35,210 crore was provided during the year as against Rs. 35,021 crore during the previous year. The value of Tenders participated on behalf of Micro & Small Enterprises was Rs. 2,278 crore as against Rs. 1,230 crore during the previous year.

2.4 Credit Support to MSMEs

2.4.1 Financing Procurement of Raw Materials & Marketing Activities (Short term)

NSIC facilitates raw material requirement of the MSMEs by making arrangements with bulk manufacturers for procuring the materials and supplying the same to MSMEs. In case they need any credit support, NSIC provides financial assistance for raw material procurement by making the payment to suppliers. NSIC facilitates financing for marketing activities such as Internal Marketing, Exports and Bill Discounting to micro, small & medium enterprises.

2.4.2 Meeting Credit needs of MSMEs through tie up arrangement with Banks

To meet the credit requirements of MSME units, NSIC has entered into a Memorandum of Understanding with various Nationalized & Private Sector Banks. Through syndication with these banks, NSIC arranges for credit support (fund or non fund based limits) from banks without any cost to MSMEs. During the year 2014 - 15, agreements were signed with seven more Banks i.e. State Bank of Bikaner & Jaipur, State Bank of Patiala, Dena Bank, Kotak Mahindra Bank, Reliance Commercial Finance (NBFC), Punjab National Bank and State Bank of Mysore. With this, the Corporation has now tie-up arrangements with 31 banks for providing credit facilitation to the MSME sector.

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 by NSIC to Micro, Small & Medium Enterprises increased to Rs. 6,12,483 lac during the financial year from Rs. 5,18,560 lac during the previous year, registering a growth of 18%.

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 range of vocational training provided through technical centres includes training in Hi-Tech as well as conventional trades. The course curriculum is designed in synch with the requirement of industries.

3.1.1 The Corporation is providing Training in Hi-Tech area of CAD / CAM / CNC, Creo, Solidworks, ANSYS, Embedded System, Multimedia Courses in Web Design, Graphics & Animation, C, C++, Advance JAVA, Tally, SQL Server, DTP, CCNA, DCA, NET, COPA, PCB Design, VLSI 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, Welding, Electrical Circuit & Sub-station Maintenance etc.

3.2 Testing facilities through accredited laboratories

The following testing facilities are provided to MSMEs through NSIC owned NABL/BIS accredited laboratories:-

3.2.1 Electrical testing facilities for High Voltage Lightning Impulse, Temperature Rise Test, Electromechanical Failing Load Test, Mechanical Endurance Test etc., Mechanical Testing Lab for Hardware Fitting, Hydraulic Pressure & Dead Load Test, Insulator Test, Galvanizing Test, Type Test of Coupling etc. and Chemical Testing through Atomic Emission Spectroscopy.

3.2.2 Material testing facilities for physical & chemical testing of ferrous & non-ferrous materials.

3.2.3. Centrifugal Pump, Regenerative Self-Priming Pump, Diesel Engine Monoset, Foot Valve, Diesel Engine Testing in Constant Speed Engine, Spark Ignition Engine, Calibration of instruments.

3.2.4 Domestic electric appliances testing facilities for testing of food mixer, electric iron, radiator, room heater, and mineral filled heating elements etc.

3.3 Energy Audit

NTSCs at Rajkot, Hyderabad & Chennai also provide energy auditing services to industrial sector, helping them in saving precious energy.

3.4 Common facility services

NSIC Technical Centres also provide common facility services to MSMEs and extend job work facility on precision machines, CNC Machines, Coordinate Measuring Machines, design and development of dies and keys for lock industry etc. In order to optimize the power consumption, NTSCs are helping MSMEs through Energy Audit services.

3.5 Campus Placement / Job Melas

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 facilitates the participating companies to select skilled manpower as per their requirement under single roof without incurring any expenditure.

The revenue earned from "Training Activities" and "Common Facilities" by NSIC – Technical Services Centres increased to Rs. 1,582 lac in the year 2014-15 from Rs. 1,394 lac in 2013-14 registering a growth of 13% over the previous year.

1,13,975 number of trainees were trained during the year 2014-15.

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

4.1 B2B (Business to Business)

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 globally, NSIC is assisting MSMEs through MSME Global Mart Web Portal 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 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.

4.2 B2C (Business to Consumer)

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 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.

The shopping portal was launched on 31st July, 2014 by Shri Kalraj Mishra, Hon'ble Union Minister of MSME.

6307 units were registered during the year under B2B & B2C schemes of the Corporation and revenue of Rs. 314.14 lac was earned during the year.

5.0 Marketing Intelligence Cell (www.msmeintelligence.com)

Marketing Intelligence Cell of the Corporation acquires and analyzes the information to understand the both existing and potential customers and determine the current and future needs, preferences 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. The aim is to promote business horizons of MSMEs of India through Marketing Intelligence Web Portal.

Marketing Intelligence Cell collects and disseminates both domestic and international marketing intelligence in coordination with other relevant departments / agencies. This Cell provides a single point contact to collect database relating to bulk buyers in Government, Public and Private sectors, the details of exporters, international buyers and technology suppliers.

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 scheme has become quite popular and getting good response. 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, 23,373 units were rated under the scheme.

6.2 Marketing Assistance Scheme:

Marketing, a strategic tool for business development, is critical for the growth and survival of micro, small & medium enterprises. Marketing is the most important factor for the success of any enterprise. Large enterprises have enough resources at their command to hire manpower to take care of

marketing of their products and services. MSME sector does not have these resources at their command and thus needs institutional support for providing these inputs in the area of marketing.

Ministry of Micro, Small & Medium Enterprises, inter-alia, 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 also facilitated to capture new markets making them globally competitive. During the year, Corporation participated / organised 117 domestic exhibitions & 12 international exhibitions & 2118 units participated in these exhibitions.

7.0 Dividend

As per guidelines from Ministry of Finance, Government of India vide their O.M. No. F. No. 7(5)/E-Coord./2004 dated 24th Sept., 2004, 20% of the net profit after tax (i.e. 20% of Rs. 8,511 lac) has been provided for in the books of accounts as dividend i.e. Rs. 1,702 lac. Tax provision for dividend amounting to Rs. 347 lac 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 2014-15 is Rs. 183 lac higher than the dividend paid for 2013-14.

The provision for dividend for 2014-15 is subject to approval by the shareholders.

8.0 Incubation Programme for Employment Generation

Enterprise development is one of the thrust areas of the Corporation, which can be achieved by way of providing hand holding support to the small enterprises in selection and operation of selected enterprises.

Incubation is one of the appropriate tools to achieve this goal, as it provides necessary facilities for the prospective entrepreneurs and startup companies to learn product

manufacturing processes coupled with technology and business development. For providing these facilities, Corporation offers Incubation training programme to create self-employment opportunities by imparting training in entrepreneurship building to the unemployed people who want to set up new small business enterprises in any of the manufacturing / services sectors or seek employment opportunities. This model is also operated under Public – Private Partnership (PPP) mode.

The Corporation has set up incubation centres at New Delhi, Deoria, Howrah, Guwahati, Kolar, Jubbal & Kanaid.

90 Incubation Centres have been set up under PPP Mode upto 31st March, 2015. The Corporation has set up Incubation centres in foreign countries i.e. South Africa, Ethiopia, Rwanda, Burundi and Senegal.

9.0 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 and the outcome for the year 2014-15 are as follows:

9.1 Signing of MoU with LEA, Botswana

The MoU for cooperation for development of MSMEs in Botswana was renewed between Local Enterprise Authority of Botswana and NSIC on October 3, 2014 at Botswana. LEA has also requested NSIC for establishment of Incubation Centre at Gaborone, Botswana based on NSIC's model of Rapid Incubation.

9.2 Establishment of Incubation Centre in Rwanda

NSIC established a Rapid Incubation Centre at Kigali, Rwanda under India Africa Forum Summit-II on January 16, 2015. Shri Kalraj Mishra, Hon'ble Minister of MSME, Government of India, on the request of NSIC and on the invitation of Minister of Trade & Industry, Government of Rwanda, inaugurated the said Rapid Incubation Centre. Small enterprise projects in the field of Food Processing, light Engineering and vocational trades have been installed in the Centre for providing training to the unemployed to enable them to become self-employed in Rwanda.

9.3 Signing of MoU between NSIC and BBC, South Africa, (January 18, 2015)

A Memorandum of Understanding (MoU) was signed between NSIC and Black Business Council (BBC) of South Africa for developing youth owned enterprises in South Africa on January 18, 2015 at Johannesburg in the presence of Sh. Kalraj Mishra, Hon'ble Union Minister of MSME, Government of India and Ms. Elizabeth Tabathe, Hon'ble Deputy Minister of Small Businesses, Government of South Africa. The MoU, besides cooperation in MSME sector, also focuses on BBC's efforts to economically empower the marginalized group in South Africa through NSIC's Rapid Incubation Programme. NSIC has been requested by BBC to establish five such Rapid Incubation Centres in South Africa.

9.4 Business Delegation to South Africa and Conference on "Small Business Development-India Model"

NSIC organised a delegation of 13 MSMEs from India to South Africa from January 17 to 21, 2015. During the visit, a **Conference on "Small Business Development-India Model"** was jointly organised by NSIC, High Commission of India in South Africa and Black Business Council with an objective to generate awareness about the opportunities for business and technological alliances between the two countries in the field of MSMEs on January 18, 2015 at Johannesburg.

Interaction Meets for Indian delegation were also organised with the Small enterprises of South Africa including members of BBC, Cape Chamber of Commerce and Western Cape. They were informed about the activities of various Chambers of Industry and challenges faced by them while doing business in South Africa. They explored the possibilities of developing into sustainable enterprise to enterprise business relations.

9.5 Besides the above, various official delegations from different 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 Tunisia, Zimbabwe, Kenya, Uganda, Congo, South Africa, Bangladesh, Malawi, Bahrain and other African countries.

10.0 NSIC's services in North Eastern Region (NER)

10.1 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).

10.2 NSIC Incubation Centre, Guwahati trained 525 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. The Incubation Programme of NSIC is very successful in training budding entrepreneurs and due to this overwhelming response from Government(s) of Manipur & Meghalaya and Vice Chancellor, Sikkim University to set up Incubation Centre(s).

10.3 Corporation came out with two books on Success Stories on Incubation-cum-Training Centre, Guwahati. The first book containing 137 success stories was released by Hon'ble Chief Minister of Assam on 28th September, 2013. The second book containing 100 success stories was released by Hon'ble Union Minister of MSME on 29th January, 2015.

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

- **Imphal Expo, 2014:** organised Imphal Expo, 2014 from 11th – 20th December, 2014 in association with Manipur Industries Development Council, wherein 100 MSME units were facilitated for participation in the expo. The exhibition was inaugurated by Shri Gaikhangam, Hon'ble Dy. Chief Minister, Manipur.

- **22nd International Guwahati Trade Fair:** Organised jointly with Industries & Trade Fair Association of Assam (ITFAA), Guwahati from 29th Jan., 2015 to 15th Feb., 2015 at Guwahati, wherein 126 MSEs were facilitated. The fair was inaugurated by Shri Kalraj Mishra, Hon'ble union Minister of MSME, Government of India. The theme of the fair was "Make in India and Stride like a Lion".

The participants in the fair were from Thailand, Bangladesh, Myanmar, Sri Lanka, Egypt, Bhutan, Pakistan, Vietnam, Afghanistan, China, UAE and more than 130 MSMEs from West Bengal, Rajasthan, Karnataka, Andhra Pradesh, Tamil Nadu, J&K, Assam, Meghalaya, Manipur, Mizoram, Tripura & Nagaland.

- **16th International Shillong Trade Fair:** Co-organised 16th International Shillong Trade Fair from 10th – 23rd March, 2015 at Shillong wherein 52 MSMEs participated from different parts of the country, especially from Meghalaya alongwith foreign participants from Thailand, Bangladesh, Vietnam, Pakistan & Afghanistan.

11.0 Management Discussion & Analysis

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

12.0 Capital Structure & Borrowings

The Paid-up-Capital of the Corporation was Rs. 53,298.80 lac as on 31.03.2015.

Loans from financial institutions and banks went upto Rs. 2,24,748.15 lac at the end of 2014 -15 as against Rs. 1,82,690.48 lac. Repayment of installments and interest due till 31st March, 2015 in respect of all loans were made on the due dates.

13.0 Investments

NSIC had 1,21,400 equity shares of Rs.10/- each in Singer India Ltd. A sum of Rs. 1.82 lac was received as dividend during the year 2014-15 from M/s. Singer India Ltd.

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

14.0 Fixed Deposit

Your Corporation has not accepted any fixed deposits and as such no amount of principal or interest was outstanding as on 31st March, 2015.

15.0 Human Resource Management

- 15.1 The total manpower of the Corporation as on 31st March, 2015 was 880 as against 881 in the previous year.

The break-up of the manpower was as follows:

S. No.	Description	As on 31.03.2015	As on 31.03.2014
1.	Managerial	510	498
2.	Supervisory	146	139
3.	Non-Supervisory	224	244
	Total	880	881

15.2 Industrial Relations

During the year 2014-15, 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.

15.3 Staff Training

NSIC has an exclusive Training division which conducts and administers training programmes for all the employees of NSIC across the country. The department conducts different training programmes on a plethora of topics to enhance their functional and behavioural competencies of employees. The goal of training department is to help employees become more effective at what they do and ensure NSIC serves more number of MSMEs across the country.

During the year 23 in-house training programmes for its employees such as Management Development Programme, Executive Development Programme, Training for Internal Auditors ISO 9001:2008, Training to Accounts Personnel, Programme on Leadership Secrets of Indian Mythology, Programme on Lateral Thinking & Decision Making and training programme on Unicode and encoding Mangal font were organised. During the year in-house training was imparted to 552 employees and 80 employees were sponsored for outside training.

15.4 NSIC Organized Intensive National Cleanliness Campaign

NSIC organized a nationwide campaign beginning from 25th Sept., 2014 at all the NSIC's field offices across the country. Shri P. Udayakumar, Director (Plg. & Mkg.) administered a "Swachhta Shapath" (Pledge) to the employees on 2nd Oct., 2014 at the Head Office. A cleanliness drive was also organised in all the NSIC Branch Offices where the NSIC officers and staff in the field offices also took a pledge during the launch of Swachh Bharat Abhiyan.

15.5 National Unity Day

NSIC observed National Unity Day on 31st October, 2014. The oath was administered by Chief General Manager-SG, on the "Rashtriya Ekta Diwas" to all the Officers and employees of the Corporation in the spirit of unification of my country which was made possible by the vision and actions of Sardar Vallabhbhai Patel.

15.6 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. On the occasion of International Women Day i.e. 08th March, 2015 Shri Kalraj Mishra, Hon'ble Union Minister of MSME and Shri Ananth Kumar Hon'ble Union Minister of Chemicals & Fertilizers felicitated the women employees of the Corporation.

15.7 Creating Awareness - International Yoga Day

Yoga, a 6,000+ year old physical, mental and spiritual practice having its origin in India, aims to transform body and mind. Keeping in view its importance, 21st June, has been declared as the "International Day of Yoga" by the United Nations General Assembly on 11th Dec., 2014. The declaration came after the call for the adoption of 21st June, 2015 as International Day of Yoga by Indian Prime Minister Shri Narendra Modi during his address to UN General Assembly. On this auspicious occasion a training programme on Yoga was organized on 17th June, 2015 at Corporate Office with NSIC Employees. The training programme was conducted with simple yoga exercises which enable to enjoy relaxation, flexibility, health and peace of mind.

15.8 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 2014-15, no complaints were received by the Company related to sexual harassment.

15.9 Particulars of Employees

Pursuant to Section 134(3) of the Companies Act, 2013 read with Companies (Particulars of employees) Rules, 1975 there was no employee drawing monthly remuneration of Rs. 5,00,000/- and above.

15.10 Representation of SCs, STs & Minorities

The directives of the Government issued from time to time with regard to the reserved categories such as Schedule Castes, Schedule Tribes, 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 time scale promotion. Further, the candidates belonging to SC/ST are given relaxation in the marks in selection against the direct recruitment.

The Chairman of National Commission for Scheduled Caste alongwith members visited NSIC Corporate Office on 16th Feb., 2015 and held cordial discussion on various issues relating to welfare of SC & OBC employees. They also had meeting with NSIC - SC/ST Employees Association in the presence of Liaison Officer of SC/ST.

The number of employees belonging to SC, ST, OBC, PWD & Minorities in the Corporation as on 31st March, 2015 are as under:

Schedule Castes	150
Schedule Tribes	21
Other Backward Classes	115
Persons with Disability	16
Minorities	67
Total	369

16.0 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.

During the year, Corporation celebrated Vigilance Awareness Week from 27th Oct., 2014 to 1st Nov., 2014. The theme for Vigilance Awareness Week this year was – “Combating Corruption – Technology as an enabler”. Chief Vigilance Officer administered the pledge to all the Officers and employees of the Corporation at Corporate Office, New Delhi. The Vigilance awareness week was also observed in all other offices of the Corporation also.

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.

17.0 Corporate Social Responsibility Initiatives

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

18.0 Awards & Recognitions:

18.1 Amity Corporate Excellence Award

NSIC was conferred “Amity Corporate Excellence Award” by Amity University for achieving the enviable position of one of the best and most admired business organisations by spearheading excellent practices that are creating value for the stakeholders. NSIC has also been honoured for the incredible contribution of the Company towards achieving remarkable turnaround through innovations, exemplary leadership and excellence in entrepreneurship.

18.2 News Ink Legend PSU Shinning Awards 2014

NSIC was conferred News Ink Legend PSU Shinning Awards, 2014 by M/s. News Ink for NSIC being a legend PSU of the year for promoting SMEs. Shri Ravindra Nath, Chairman-cum-Managing Director, NSIC received the “Certificate of Appreciation”.

18.3 India Excellence Award

Shri Ravindra Nath, Chairman-cum-Managing Director, NSIC was conferred “CMD of the Year Award” for the year 2015 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.

19.0 Auditors

19.1 Secretarial Audit

M/s. Gupta Rajvanshi & Co., Practicing Company Secretaries were appointed to conduct the secretarial audit of the Corporation for the financial year 2014-15, as required under section 204 of the Companies Act, 2013 and rules thereunder. The secretarial audit for the financial year 2014-15 forms part of the Annual Report are annexed to the Directors' Report.

19.2 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.

19.3 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, the 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.

20.0 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.

21.0 Signing of Memorandum of Understanding with the Government

NSIC signed a MoU with the Ministry of Micro, Small and Medium Enterprises for the year 2015-16.

The Corporation's rating based on the results for the year 2013-14 is "Excellent".

22.0 Rajbhasha

With a view to ensure the progressive use of Hindi in Corporation, implementation of the provisions of Official Language Act, 1963, rules framed thereunder and the compliance of the directives of the Central Government were continued to be observed during the year 2014-15. In addition, following special activities were undertaken during the year to augment the use of Hindi:

- Hindi Diwas was observed on 15th Sept., 2014 and "Hindi Month" was celebrated from 8th Sept. to 7th Oct., 2014. During this Hindi month celebration's various Hindi competitions were organized and brain storming session was also conducted.
- This year awards & shield were awarded to winners of Hindi competition by the C.M.D. On the occasion of Hindi Diwas, trees were also planted in the premises of the Corporation by all the HOD's of Corporation.
- Hindi workshops were organized regularly in which officers / employees were trained to do their work in Hindi.
- Out of the total purchase amount of the books more than 50% amount was spent on purchase of Hindi books.
- During the year, "Hindi Aalekh Lekhan Competition" was organized for members of Town Official Language Implementation Committee (TOLIC) at Delhi wherein, 29 participants from various CPSEs participated and six prizes and shields were given to winners of the competition.
- During the year a journal "Badte Kadam" has been brought out in which articles are being published in Hindi and English.

23.0 Particulars of Energy Conservation, Technology absorption

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

24.0 Foreign Exchange

During the year 2014-15, the Corporation earned foreign exchange valuing Rs. 29.72 lac from activities abroad.

25.0 Board of Directors

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

26.0 Board Evaluation

As per Section 134(3)(p) of Companies Act, 2013, a report by the Board of Directors is also required to include a statement indicating the manner in which formal annual evaluation has been made by the Board of its own performance and that of its committees and individual Directors. However, Ministry of Corporate Affairs has by way of Notification No. D.L.-33004/99, dated 5th June, 2015 exempted the Government Companies from the provision of Section 134(3)(p). Therefore, Corporation being a Government Company is exempted from the provision of above mentioned Section.

27.0 Audit Committee

The members of the Audit Committee were Shri Rakesh Rewari, Shri Rajiv Chawla both Independent Directors and Shri Amarendra Sinha, Government Nominee Director. The Board Audit Committee met four times during the year.

28.0 Director's 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 efficiently;
- 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.

29.0 Corporate Governance

Corporation has received "Excellent" rating on compliance of Corporate Governance guidelines issued by Department of Public Enterprises for CPSEs for the year 2013-14.

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

30.0 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 31st March, 2015 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.

31.0 Acknowledgements

The Board of Directors wish to place on record their gratitude to the Hon'ble 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 Minister 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 2014-15.

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

Ravindra Nath

(Ravindra Nath)

Place : New Delhi

Date : 05th August, 2015

Chairman-cum-Managing Director

Annexure to Directors' Report

Management Discussion & Analysis

Presented below is the analysis of the performance of the Corporation for the year 2014-15 :

▪ **Business Overview**

The gross sales of the Corporation for 2014-15 increased by 19% and reached to Rs.2,088.49 crore as compared to Rs. 1,754.32 crore in the previous year.

The gross margin (i.e. Profit before Tax, Depreciation & Interest) of the Corporation for 2014-15 increased by 21% and went up to Rs.335.77 crore from Rs. 277.49 crore in the previous year.

The gross income (net of purchase and grants) of the Corporation for 2014-15 went up to Rs. 506.47 crore as against Rs. 418.04 crore in 2013-14 registering a growth of 21%.

The portfolio of Bank Guarantees for providing credit support reached to Rs.3133 crore on 31.03.2015 as against Rs. 2596 crore on 31.03.2014, thereby registering a growth of 21%.

The credit facilitation of Rs. 6,137 crore was made during the year to Micro, Small & Medium Enterprises as against Rs.5,186 crore during the previous year, registering a growth of 18%.

The revenue earned from membership under the schemes of Government Purchase and Infomediary Services is Rs.13.90 crore in the year 2014-15 as against Rs.14.37 crore in 2013-14. As a result of change in accounting policy regarding income recognition of Government Purchase registration fee Rs. 2.05 crore received during the year has been shown as advance.

▪ Financial Performance

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

(Rs in Lac)		
Description	2014-15	2013-14
Gross Income (Net of Sales / Purchase) (A)	59,860	51,863
Expenditure:-		
Employees Remuneration & Other Benefits	9,084	8,428
Depreciation	497	219
Finance & other Charges	37,020	31,745
Total Expenditure(B)	46,601	40,392
Net Profit Before Tax (A-B)=C	13,259	11,471
Provision for Income Tax (D)	4,399	3,877
Net Profit after Tax available for appropriations (C-D)=E	8,860	7,594
Proposed Dividend (F)	1,702	1,519
Tax on Proposed Dividend (G)	347	258
Transfer to Risk Fund	228	185
Balance of Profit available for appropriations (E-F-G)	6,583	5,632
Net Worth	66,916	56,092

▪ Dividend

The Corporation has recommended dividend of Rs. 1702.14 lacs for the year as against Rs.1518.76 lac 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 31st March, 2015 as required by AS-17 on "Segment Reporting" issued by the Institute of Chartered Accountant of India:

(₹ in Lac)

Description	For the year ended 31/03/2015			For the year ended 31/03/2014		
	Promotional	Commercial	Total	Promotional	Commercial	Total
A. Primary Segment – Business Segment						
I. SEGMENT REVENUE						
a. Segment Revenue (including grant) #	9,400.20	252313.94	261714.14	10531.81	209880.48	220412.29
II. SEGMENT RESULTS						
a. Segment Results @	-74.94	8934.91	8859.97	-0.05	7593.85	7593.80
b. Operating Profit before interest	-	34733.36	34733.36	-	27550.08	27550.08
c. VRS & prior period	-	0.76	0.76	-	19.28	19.28
d. Interest Paid	-	19820.75	19820.75	-	16287.35	16287.35
e. Net Profit before Tax	-	13259.37	13259.37	-	11470.99	11470.99
f. Tax	-	4399.40	4399.40	-	3877.19	3877.19
g. Net Profit after Tax	-	8859.97	8859.97	-	7593.80	7593.80
III. ASSETS & LIABILITIES						
a. Segment Assets	1,244.19	296333.89	297578.08	1173.31	246317.77	247491.08
b. Unallocated Assets	-	-	27368.13	-	-	17284.24
c. Total Assets	1,244.19	296333.89	324946.21	1173.31	246317.77	264775.32
d. Segment Liabilities	3,235.00	233164.65	236399.65	2551.99	187795.98	190347.97
e. Unallocated Liabilities	-	-	88546.56	-	-	74427.35
f. Total Liabilities	3,235.00	233164.65	324946.21	2551.99	187795.98	264775.32
IV. OTHER INFORMATION						
(a) Cost incurred during the period to acquire fixed assets (including CWIP)	190.48	486.54	677.02	5.56	373.14	378.70
(b) Depreciation ##	120.79	496.92	617.71	71.50	219.45	290.95
(c) Non-cash expenditure other than depreciation	-	1175.71	1175.71	-	451.26	451.26

This includes grant receivable Nil (₹. 1485.56 Lacs).

@ Deficit of promotional activity transferred to commercial activity segment.

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 165 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.
- Emergence of new futuristic areas like Defence, Logistics etc.

- 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 which is ensured by internal audit. 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**

The manpower strength of the Corporation as on 31st March, 2015 was 880. Human Resource is the main asset of the Corporation. Success of any organisation 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.

During the year 2014-15, training department conducted 23 in-house training programmes for its employees such as Management Development Programme, Executive Development Programme, Training for Internal Auditors ISO 9001:2008, training to accounts, personnel, programme on leadership secrets of Indian Mythology. In addition to this, employees were nominated for various external training programmes.

- **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. In order to ensure the integration and alignment of the risk management system with the corporate and operational objectives and also that risk management is undertaken as a part of normal business practice and not as a separate at set times, 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.

To further explore the new business opportunities, Corporation plans to set up new Incubation Centers to provide trainings 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"

Corporate Social Responsibility is seen as the concept in which companies voluntarily integrate social and environmental concerns into their business operations. CSR is regarded as a vehicle through which companies give something back to society. It involves providing innovative solutions to societal challenges.

NSIC identifies itself strongly as a responsible corporate citizen and understands its commitment towards all its stakeholders. The Corporation does not limit itself to using resources; to engage in activities that increase its profits only, rather NSIC strongly believes that the holistic development of the society is achieved by adopting the multi-dimensional need based welfare activities.

The Corporation has tried to strengthen the quality of life of under-privileged sections of the community as a whole and helped them to cope well with the new economic and social conditions.

The Corporation has designed its CSR Policy which strictly adheres to the guidelines issued under Companies Act, 2013 and 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. Corporation's Social Responsibility Initiatives would be used for social value creation and adoption of "Shared Value Approach".

NSIC has taken up a number of well-articulated CSR ventures through designed projects. 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.

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

- Improvement in the health status of the population has been one of the major thrust areas for the social development programmes of the country with special focus on under privileged segment of population. As healthy nation is a wealthy nation, 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, inaccessibility to, inability to afford and to the poor older segment of society. This MMU runs at specified locations of Delhi & NCR and facilitates - Medical Consultation, Free Medicines, Basic Diagnostics, Home Care for bed-ridden, Sensitization and Training, Treatment, Data Collection, Referral Services for Specialty Treatments.

- In the backward area of Purulia district of West Bengal a Path Lab has been setup for providing the medical aid to under-privileged where Pathology and Dental equipments were provided included the salaries of Doctors, Cardiologist, Lab Assistant.
- "Most Disadvantaged Group" can indeed participate in the global economy. Thus, it is crucial that we prioritize the needs of the differently abled particularly in developing countries, prepare a framework where they can also become the part of the mainstream arena.
- Keeping this in view NSIC has held several medical camps in Hyderabad, Ahmedabad, Jalandhar, Ludhiana, Jaipur and Howrah for differently abled and this also includes the free distribution of Lower and Upper Limbs, Tri-cycles, Wheel Chairs, Hearing Aids, Crutches, necessary Aids and Appliances for differently abled.
- On the similar plane the Corporation has organized six health camps in three identified schools in Delhi and provided Health Care Services and Multi facility kit which include Sticks, Stiller, Cricket Ball, Spectacles, Low Vision Kit, Binocular. Some of the visually impaired students were referred for further treatment. There were two Doctors and two Paramedical staffs, including three people of implementing agency to cater the 624 visually impaired students.
- These projects benefited around 21,000 people around the year.

2.0 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. We need to take a holistic view of development of education for empowerment of our children and youth.

- The Corporation has adopted one Non Granted School from 1st to 7th class in Nanded District of Aurangabad in the form of teaching, books, notebooks, school bags, uniforms and salary of teaching staff. This project benefited approx 334 students every month. There is no other school in this area and mostly students belong to reserved categories. Their family incomes are low and hence they cannot afford the study expenses of their children.
- In Purulia district of West Bengal students were provided with Educational and Library facilities in two schools where computers / benches / tables / books were provided for upgradation of their knowledge and learning environment.
- The Corporation provided assistance to the education centre in the slum of Dakshin Puri to the primary school going children studying in Govt. and MCD Schools. The centre helped them in doing their homework and improving their educational skills. These children mostly spend their time on streets and nobody at home is there to give them assistance in education and look after them. NSIC provided expenditure towards books, stationary, clothing, salaries of teachers & project coordinator and non-recurring expenditure towards Computer, UPS, Furniture, Projector & Screen. The centre also provided nutritional supplements like milk and fruits to these children as most of them are under-nourished. The centre has got the lot of support and appreciation from the parents of these children.
- These initiatives helped making a difference in the lives of 660 students in a year.

3.0 Safe Drinking Water

- The government has undertaken various programmes since independence to provide safe drinking water to the rural masses but it is also true that despite such expenditure lack of safe and secure drinking water continues to be a major hurdle and a national economic burden. While accessing drinking water continues to be a problem, assuring that it is safe, is a challenge by itself. Hence it is very important to state the availability of "safe drinking water to all".
- In Adilabad and Nizamabad district of Hyderabad, NSIC has installed two RO water treatment plants of 1000 litre per hour capacity each for providing safe drinking water to the rural populace, as the chemical contamination in water is more than drinking after standards of IS 10500. The Gram Panchayat of village provided 60 sq. yards of land and free power connection for setting up the plant. The project benefited approximately 5500 people in the villages.

- Installation of hand pumps at public places at Bhadoi in Kanpur as the people there were using open wells or contaminated river water for drinking purpose. From each hand pump approximately 100 people are benefited every day.

4.0 Women Empowerment

- Women comprise the majority of the population and are very often in situations of extreme poverty, given the harsh realities of intra-household and social discrimination. The objective of the programme was to create an environment where to make them enable to realize their full potential and to live a life of dignity.
- In Chennai, Nagpur and Hapur the Corporation has contributed towards vocational training to under-privileged women by providing them training in tailoring, readymade garments and modern dresses. NSIC has also provided sewing machines to beneficiaries to make them self-reliant.

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

- We must provide education and skills to all our youth so that they can develop themselves into human resources. NSIC with the assistance of Implementing Agencies designed the various programmes considering the need of disabled who can't afford to go to commercial computer training centres, so they can also become the part of Information Revolution.
- In Chennai, NSIC has provided training to school drop-outs and un-employed youth in repairing of house-hold domestic electrical and electronic appliances.
- In Nagpur, skill development training in Dress Designing has been provided to under-privileged persons. Sewing Machines have also been distributed to the beneficiaries.
- An Incubation Centre has been setup in Warangal for the computer training in Tally and Beautician course for the empowerment of the poor rural / urban / unemployed / under-privileged youth of the state. The running cost of centre is also being reimbursed.

- Vocational training of Mobile Phone repairing / servicing and Hardware repairing / servicing has been provided to under-privileged youth in Bangalore in order to sustain their livelihood. The target beneficiaries were Wards of Industrial workers, Women and differently abled. Tool kits were also provided to trainees.
- In Ludhiana, Vocational training cum rehabilitation centre has been setup for mentally challenged in the field of knitting industry. NSIC has provided recurring as well as non-recurring expenditure which includes two Power flat 12G Machines, One Power Embroidery Machine, One Overlock Machine, with the salaries of Instructors and yarn consumed.
- In Jaipur, different vocational training programmes were held for visually challenged, deaf and dumb students where they get the training in Computer Applications, Tailoring & Handicrafts. Special sessions on English Speaking and Personality Development were also organized.
- NSIC has provided the recurring and non-recurring cost of Computer 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.
- At Delhi centre which is successfully running at I.P. Extension providing professional competency to the students for being absorbed in various industries / institution. The content which has been covered in the programmes is: MS Office, DTP, Web Designing, C++ and Tally. Around 1330 people benefited from the initiatives.

6.0 Composition of CSR Committee:

The members of the CSR Committee were Shri Rakesh Rewari, Shri Rajiv Chawla both Independent Directors and Shri Ravindra Nath, Director (Finance) and Shri P. Udayakumar, Director (Plg. & Mkg.).

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

Average net profit of the Company for last three financial years was Rs. 8,824.82 lacs.

8.0 Prescribed CSR Expenditure (2% of Average Profit)

The Company is required to spend Rs. 176.50 lacs towards its CSR activities.

9.0 Details of CSR spent during the Financial Year

- (a) Total amount spent for the financial Year 2014-15: Rs. 186.12 lac
- (b) Amount unspent, if any: NIL
- (c) Manner in which the amount spent during the Financial Year is detailed below:

S. No.	Project/ Activities	Sector	Locations	Amount outlay (budget) project or programs wise	Amount spent on project or programs	Cumulative expenditure upto to the reporting period	Amount spent direct or through implementing agencies
1.	Organized Health Camps Provided Artificial Limbs, Wheel Chairs, Tri-Cycles and Medical Assistance to Differently Abled. Setup of a Path Lab	Health Care including Preventive Health Care	Delhi Purulia Hyderabad Jodhpur Ahmedabad Palanpur Ludhiana Jalandhar 24 Parganas North & South	78,71,724/-	60,93,529/-	60,93,529/-	Through :- HelpAge India, Ramakrishna Mission Sustainable Action Towards Human Empowerment (SATHEE) Indis Foundation Netraheen Vikas Sansthan Blind People's Association (India) Bharat Vikas Parishad Charitable Trust Punjab Bharat Sevashram Sangha

S. No.	Project/ Activities	Sector	Locations	Amount outlay (budget) project or programs wise	Amount spent on project or programs	Cumulative expenditure upto to the reporting period	Amount spent direct or through implementing agencies
2.	<p>Provided Computer Training to differently abled and other weaker sections of society.</p> <p>Training in Computer Hardware & Mobile Phone Repairing / Servicing</p> <p>Training for making readymade garments and modern dresses</p> <p>Training in repairing of domestic electrical and electronic appliances.</p> <p>Setup of Vocational Training cum Rehabilitation Centre in the field of knitting industry.</p> <p>Vocational training in Dress Designing and tailoring.</p> <p>Provided Running Cost of incubation Centres.</p>	Vocational training	<p>Ludhiana</p> <p>Nagpur</p> <p>Thanjavur</p> <p>Puducherry</p> <p>Hapur</p> <p>Warangal</p> <p>Delhi</p> <p>Jodhpur</p> <p>Bangalore</p> <p>Trichy</p> <p>Nagpur</p> <p>Karaikudi</p>	97,82,003/-	71,70,238/-	71,70,238/-	<p>Through :-</p> <p>Development for Rural Oppressed People's Services Society (DROPSS)</p> <p>Bharat Vikas Parishad Charitable Trust, Punjab</p> <p>Krushimitra Agrotech Bahuuveshiya Sanstha</p> <p>Deaf Enabled Foundation</p> <p>Shiksha Bharti</p> <p>DRDA: Warangal</p> <p>Handicapped Welfare Federation (HWF)</p> <p>Universal Educational Trust</p> <p>Netraheen Vikas Sanstha</p>

S. No.	Project/ Activities	Sector	Locations	Amount outlay (budget) project or programs wise	Amount spent on project or programs	Cumulative expenditure upto to the reporting period	Amount spent direct or through implementing agencies
3.	Educational Facilities to under privileged children.	Education	Nanded Delhi Purulia	17,27,733/-	12,87,421/-	12,87,421/-	Through :- Saraswati Bahuudeshiya Shikshan Sanstha Maitreyy Preksha Seva Mission Ramakrishna Mission
4.	Set up of R.O. Water Treatment Plant Installation of Hand Pumps at Public places.	Safe drinking water	Nizamabad Adilabad Bhadoi	28,22,502/-	28,22,502	28,22,502	Through :- IRA Foundation Royal Society
5.	Contribution to Swachh Bharat Kosh & Evaluation Expenses	Others	PAN India	12,39,000/-	12,39,000/-	12,39,000/-	Direct
	TOTAL			2,34,42,962	1,86,12,690	1,86,12,690	

Gupta Rajvanshi & Co

Company Secretaries

**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]

TO
THE MEMBERS
NATIONAL SMALL INDUSTRIES CORPORATION LIMITED
OKHLA INDUSTRIAL ESTATE,
NEW DELHI-110020

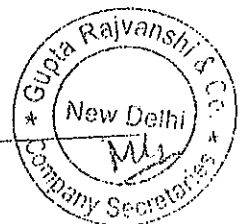
We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **M/S NATIONAL SMALL INDUSTRIES CORPORATION LIMITED** (hereinafter called the Corporation). Secretarial Audit was conducted in a manner that provided us a reasonable 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 31st March 2015 ("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 31st March 2015 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made there under;
- (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 Direct Investment, Overseas Direct Investment and External commercial Borrowings; (Not applicable to the Corporation during the Audit Period)

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Company Secretaries

- (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 the 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 (Not notified hence not applicable to the Corporation during the audit period).

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Company Secretaries

(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 Executive Directors, 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.

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.

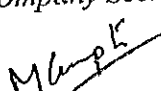
We further report that there are adequate systems and processes in the Corporation commensurate with the size and operations of the Corporation to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that Govt. of India, Ministry of MSME has released Rs. 70 crore towards equity investment vide letter no 8(6)/2009-SSI(P)-I dated 24th May, 2013 against which 70 lacs shares of Rs 100/- each have been issued in the favour of President of India in 487th Board Meeting held on 30th May, 2014.

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. Meenakshi Gupta
Partner

Membership Number - 22112
COP No. - 13815



Date: 22-07-2015

Place: - New Delhi

3/14 Asaf Ali Road, New Delhi 110002, office@esrgco.com

Gupta Rajvanshi & Co

Company Secretaries

ANNEXURE-A

TO
THE MEMBERS
THE NATIONAL SMALL INDUSTRIES CORPORATION LIMITED
OKHLA INDUSTRIAL ESTATE,
NEW DELHI-110020

Our report of even date is to be read along with 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

Meenakshi Gupta
CS. Meenakshi Gupta
Partner
Membership Number - 22112
COP No. - 13815



Date: 22-07-2015
Place: - New Delhi

3/14 Asaf Ali Road, New Delhi 110002, office@esrgco.com

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

As on financial year ended on 31.03.2015

**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 th February, 1955
3.	Name of the Company	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	....	66.28%
2	Credit Support to MSMEs for Raw Material Procurement	....	28.91%

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-2014]				No. of Shares held at the end of the year[As on 31-March-2015]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoter s									
(1) Indian									
a) Individual/ HUF	NA	NA	NA	NA	NA	NA	NA	NA	NA
b) Central Govt.	462.99	...	462.99	100%	532.99	...	532.99	100%	15.12%
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
Total shareholding of Promoter (A)	462.99	...	462.99	100%	532.99	...	532.99	100%	15.12%
B. Public Shareholding									
1. Institutions	...	...	...	...	...	...	...	...	...
a) Mutual Funds	...	...	...	...	...	...	...	...	...
b) Banks / FI	...	...	...	...	...	...	...	...	...
c) Central Govt.									
d) State Govt.(s)	...	...	...	...	...	...	...	...	...
e) Venture Capital Funds	...	...	...	...	...	...	...	...	...
f) Insurance Companies	...	...	...	...	...	...	...	...	...
g) FIs	...	...	...	...	...	...	...	...	...
h) Foreign Venture Capital Funds	...	...	...	...	...	...	...	...	...
i) Others (specify)	...	...	...	...	...	...	...	...	...
Sub-total (B)(1):-	...	...	...	...	...	...	...	...	...
2. Non-Institutions									
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
Sub-total (B)(2):-	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
C: Shares held by Custodian for GDRs & ADRs	NA	NA	NA	NA	NA	NA	NA	NA	NA
Grand Total (A+B+C)	462.99	...	462.99	100%	532.99	...	532.99	100%	15.12%

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	462975500	99.99%	...	532975000	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	46298800	99.99%	46298800	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.):	7000000		7000000	
	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
	At the beginning of the year	500 shares hold by earlier Chairman-cum-Mg, Director (1.4.2014) to (31.8.2014)		500	
		Joint Secretary Ministry of MSME		100	

	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc.):	Transfer of shares take place from earlier Chairman-cum-Mg. Director to present Chairman cum Managing Director		500	
	At the end of the year	500 shares transfer to present Chairman-cum-Mg. Director from 9/9/2014 Joint Secretary Ministry of MSME		500 100	

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
Indebtedness at the beginning of the financial year				
i) Principal Amount	1,757.19	69.72	.....	1,826.91
ii) Interest due but not paid	....	....	.....	.....
iii) Interest accrued but not due	0.99	0.12	.....	1.11
Total (i+ii+iii)	1,758.18	69.84	.....	1,828.02
Change in Indebtedness during the financial year				
* Addition	458.83	....	.....	458.83
* Reduction	24.28	14.78	.....	39.06
Net Change	434.55	14.78	.....	419.77
Indebtedness at the end of the financial year				
i) Principal Amount	2,192.52	54.96	.....	2,247.48
ii) Interest due but not paid	...	....	.....	....
iii) Interest accrued but not due	0.21	0.10	.....	0.31
Total (i+ii+iii)	2,192.73	55.06	.....	2,247.79

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
		Dr. H.P. Kumar	Sh. Ravindra Nath	Sh. Ravindra Nath	Shri P. Udayakumar	Sh. Gaurang Dixit	
		01/04/2014 to 31/08/2014	01/09/2014 to 31/03/2015	01/04/2014 to 31/08/2014	1/04/2014 to 31/03/2015	01/04/2014 to 23/03/2015	
1	Gross salary						
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	4245811	2875493	937379	385471	1714654	13578808
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	13500	18900	13500	32400	-	78300
	(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	Shri Rakesh Rewari	Shri Rajiv Chawla	
	Fee for attending board committee meetings	95,000	10,5000	
	Commission	-	-	
	Others, please specify	-	-	
	Total (1)	95,000	10,5000	
2	Other Non-Executive Directors	-	-	
	Fee for attending board committee meetings	-	-	
	Commission	-	-	
	Others, please specify	-	-	
	Total (2)	-	-	
	Total (B)=(1+2)	95,000	10,5000	
	Total Managerial Remuneration	95,000	10,5000	
	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. Ravindra Nath 01/04/2014 to 23/03/2015	Sh. Gaurang Dixit 24/03/2014 to 31/03/2015	Ms. Niti Sethi 01/04/2014 to 31/03/2015	
	Gross salary					
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	-	3760038	29678	2097954	5887670
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-	-	-
	(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	-	3760038	29678	2097954	5887670

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

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

Report on Corporate Governance

NSIC firmly believes in and has consistently practiced good Corporate Governance. The Company's essential character is shaped by the values of transparency, professionalism, and accountability. The Company is committed to attain the highest standards of Corporate Governance. The Company has always believed in creating a framework of best policies, practices, structure and ethics in the organisation. The thrust area of the company is to adopt the best standards of corporate policies, integrity and professional approach. The management and employees of the company subscribe to the corporate values and imbibe them in their conduct regularly. The Corporate Governance practices have assisted the company in achieving its goals and in maximizing the wealth of its stakeholders.

Corporation's Governance structure including systems, processes and principles enable NSIC to realize its long term goals. The Corporation takes pride in being a responsible corporate citizen and has strong ethics.

The Corporation also believes that good Corporate Governance emerges from the application of the best and sound management practices and compliance with the laws coupled with adherence to the highest standards of transparency and business ethics.

The Corporation's compliance with the conditions of Corporate Governance as 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. **Dr. H.P. Kumar, Chairman-cum-Managing Director up to 31st August, 2014** (He superannuated on 31st August, 2014) is a qualified banker, management graduate and holds Ph.D. in Rural Industrialization. He has wide experience of dealing with

Promotion, Development and Financing of Micro, Small & Medium Enterprises, Exports and other small & large projects. He was a visiting faculty for "Demelin School of Banking, South & Botswana, Institute of Bankers. He has also held foreign assignments with African countries. He is associated with various institutions in the country as member of their Governing Bodies.

2. **Shri Ravindra Nath, Chairman-cum-Managing Director:** he was given additional charge of C.M.D. w.e.f. 1st September, 2014 & took over as Chairman-cum-Managing Director w.e.f. 24th October, 2014.

Shri Ravindra Nath, besides holding a Degree in Commerce, is a qualified Chartered Accountant and a member of Institute of Chartered Accountants of India.

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.

&

Shri Ravindra Nath, Director (Finance) - Shri Ravindra Nath was the Director (Finance) w.e.f. 01.10.2009 till 23rd October, 2014. He was holding the additional charge of Director (Finance) till 9th February, 2015.

During his tenure as Director (Finance), NSIC, he has built - new competencies in the schemes of the Corporation for efficiently serving the emerging needs of MSME sector. These systemic improvements have lead to a 'turnaround' of NSIC and leading it to be declared as a 'Mini Ratna' in March, 2011.

3. **Shri Amarendra Sinha, Government Nominee Director** is an Indian Administrative Services (IAS) Officer. Presently, he holds the post of Special Secretary & Development Commissioner, Ministry of Micro, Small & Medium Enterprises, Government of India. He also served the Uttarakhand Government in the position of Principal Secretary, In-charge of Urban Development, Planning & Programming Implementation, Information Technology, Education department etc. He also rendered his services to United Nations Development Programme.
4. **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 as Chairman, Orissa Computer Application Centre. 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. Presently, he is Additional Secretary in the Ministry of Micro, Small & Medium Enterprises, Government of India.
5. **Shri P. Udaya Kumar, Director (Plg. & Mkg.)** is holding a degree in B.E. and Post-Graduation from IIM-Bangalore. He has a 26 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. He was a member of Delhi Productivity Council in 2012-13 and member of IPR Cell of the FICCI MSME Council.

6. Shri Rakesh Rewari, Independent Director

He 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 Director on the Board of M/s. KITCO Ltd., M/s. Jain Sons Finlease Ltd. and MAS Financial Services Ltd.

7. Shri Rajiv Chawla, Independent Director

He 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., Director M/s. Sancha Manufacturers P. Ltd., JaiRaj Plastcochem Pvt. Ltd., Faridabad Small Industries Association, Proprietor M/s. Jai Raaj Global and Jai Raj Global Welfare Foundation and Education Society.

He is 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 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 provision of Section 149 of the Companies Act, 2013, separate meeting of the Independent Directors of the Corporation was held on 24th March, 2015 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, nine Board Meetings were held on 30th May,2014, 19th June,2014,19th June,2014, 14th August, 2014, 9th Sept.,2014, 5th December,2014, 17th December,2014 24th March,2015 and 31st March,2015

The details of constitution of the Board and the number of directorships held in other Companies as on 31st March, 2015, 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 19 th August,2014	No. of outside directorships
1.	Dr. H.P. Kumar * Chairman-cum-Managing Director DIN No. 01826010	Executive	04	Yes	-
2.	Shri Ravindra Nath as Director (Finance) DIN No. 02815496	Executive	04	Yes	-
3.	Shri Ravindra Nath as Chairman-cum-Managing Director (additional charge of CMD w.e.f. 01/09/2014)** DIN No. 02815496	Executive	05	No	-
4.	Shri Amarendra Sinha DIN No. 0186522	Government Nominee	01	Yes	One
5.	Shri S.N. Tripathi DIN No. 06386320	Government Nominee	08	Yes	Three
6.	Shri Rakesh Rewari DIN No. 00286853	Non-Executive Independent	08	x	Three
7.	Sh. P. Udayakumar DIN No. 03353625	Executive	09	Yes	-
8.	Shri Rajiv Chawla DIN No. 00413234	Non-Executive Independent	09	Yes	Four

* Retired from the services of the Corporation on 31st August, 2014

** He took over the additional charge of C.M.D. w.e.f. 01/09/2014 and joined as C.M.D. on 24th October, 2014.

5.0 Audit Committee

The members of the Audit Committee were Shri Rakesh Rewari, Shri Rajiv Chawla Independent Directors and Shri Amarendra Sinha.

The Board Audit Committee met four times during the year.

- The composition of the Audit Committee as at 31st March, 2015 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.
		55 th 19/6/14	56 th 19/6/14	57 th 14/8/14	58 th 5/12/14	59 th 24/3/15
		(1)	(2)	(3)	(4)	(5)
1.	Shri Rakesh Rewari	Yes	Yes	Adjourned due to quorum	Yes	Yes
2.	Shri Rajiv Chawla	Yes	Yes		Yes	Yes
3.	Shri Amarendra Sinha*	x	x		x	x
	SPECIAL INVITEE					
4	Shri Ravindra Nath	Yes			Yes	x
5	Shri P. Udayakumar	Yes			Yes	Yes

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	Sh. Amarendra Sinha, Sh. Rakesh Rewari Sh. Rajiv Chawla	<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 primarily on:</p> <ul style="list-style-type: none"> • Matters which are required to be included in the Directors' Responsibility Statement of Board's report and any change in accounting policies and practices. • Major accounting entries based on exercise of judgement by management; • Review the Qualifications in draft audit report and also the significant adjustments arising out of audit; • The going concern assumption; • Compliance with accounting standards and procedures and proper disclosures of related party transaction if any made during the financial year. <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</p>

			<p>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"> • Review the quarterly and half-yearly financial statement with management. • Provide sufficient opportunity for the internal and statutory auditors to meet with the members of audit committee with and / or without the members of management present. • Review the quarterly and half-yearly financial statement with management, human resources, succession planning, recovery position and trends, Re -Payment of fixed deposits and payment of statutory dues. <p>ix) To review the follow-up action on the audit observations of the C&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 auditor, internal auditor 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>
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3	Nomination and Remuneration Committee Meeting	Sh. Amarendra Sinha, Sh. Rakesh Rewari Sh. Rajiv Chawla	The remuneration committee would decide : - Performance related pay - Annual Bonus / variable pay and policy for its distribution across the Executives and non-unionized supervisors, within the prescribed limits.
4.	Corporate Social Responsibility Committee	Sh. Rakesh Rewari Sh. Rajiv Chawla Sh. Ravindra Nath Sh. P. Udayakumar	The broad objectives of the CSR Policy of the Corporation are as follows:- <ul style="list-style-type: none"> • 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; • Social Responsibility initiatives would be used for social value creation and adoption of "Shared Value Approach"; • The emphasis would be placed on the scalability of the projects in terms of their size and impact, rather than on their numbers. • Activities which are selected under CSR as far as possible, will be implemented in a project mode; • 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; • Provide training - vocational education and skill development training with a focus on the under privileged and physically challenged persons; • Comprehensive and integrated community development; • Medical facilities to the underprivileged / poor families.
5.	Board of Directors Write Off Committee Meeting	Sh. Rakesh Rewari Sh. Rajiv Chawla Sh. Ravindra Nath Sh. P. Udayakumar	The "Board Sub-Committee for Write Off" would have the powers to write off as under : <ol style="list-style-type: none"> 1. To write off the non - recoverable portion of the dues under all Commercial / Financial activities as follows : <ul style="list-style-type: none"> • 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.

			<ul style="list-style-type: none"> • 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. <p>2. One Time Settlement Scheme :</p> <ul style="list-style-type: none"> ➤ 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/-. <ul style="list-style-type: none"> • Action in respect of "Receivables more than 10 years" • Power to write off in all default cases which are receivable for : <ul style="list-style-type: none"> ➤ 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, ➤ more than 15 years old having Outstanding (excluding P.I.) of upto Rs.5 lac (Five lac) in the individual case. 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.
6	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 Rajiv Chawla and Shri Amarendra Sinha. The Remuneration Committee met on 24th March, 2015.

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 2014-15 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 Meeting's. 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 and Shri P. Udayakumar. The Committee met four times during the year.

8.0 Write Off Committee

The members of the Write Off Committee are Shri Rakesh Rewari, Shri Rajiv Chawla 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

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 31/03/2015 are as follows:

NAME	DIN No.
DR. H.P. Kumar (for a term upto 31/08/2014)	01826010
Shri Ravindra Nath	02815496
Shri Amarendra Sinha	01865220
Shri P. Udayakumar	03353625
Shri S.N. Tripathi	06386320
Shri Rakesh Rewari	00286853
Shri Rajiv Chawla	00413234

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.

NAME	DESIGNATION
DR. H.P. Kumar (for a term upto 31/08/2014)	Chairman-cum-Managing Director
Shri Ravindra Nath	<ul style="list-style-type: none"> As Director (Finance) upto 31/08/2014. Additional charge of Chairman-cum-Managing Director from 01/09/2014 to 23/10/2014 & as Chairman-cum-Managing Director from 24/10/2014
Shri P. Udayakumar	Whole Time Director
Shri Ravindra Nath (for a term upto 23/03/2015)	Chief Financial Officer
Ms. Niti Sethi	Company Secretary
Shri Gaurang Dixit	As Manager (KMP) upto 23/03/2015 and as CFO from 24/03/2015

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 Disclosure in respect of ratio of remuneration of each Director to the median remuneration of the employees of the Company and such other details for the financial Year 2014-15:- As per Section 197(12) of Companies Act, 2013, this disclosure is required to be mentioned in the Board's Report of Listed Companies. Therefore, NSIC being an Unlisted Company is exempted from the provision of this Section.

16.0 Statutory Requirements

Section 164 of the Companies Act, 2013 is not applicable to the Government Companies. However, none of the Directors of your Corporation is disqualified as per provisions of Section 164 of the Companies Act, 2013. Your Directors have made necessary disclosures as required under various provisions of the Companies Act, 2013.

None of the employees of your Corporation drew remuneration exceeding the limits laid down under Section 134 of the Companies Act, 2013 read with the Companies (Particulars of Employees) Rules, 1975 as amended from time to time.

17.0 Training and evaluation of non-executive Board members

The non-executive Board members are eminent personalities having wide experience in the field of business, education, industry, commerce and administration. Detailed presentation on the business models, performance plans etc. of the Corporation are made to the non-executive Board members, on their induction on the Board. During the period no new Director was appointed on the Board.

As regards evaluation of non-executive Board Members, Ministry of Corporate Affairs has by way of Notification No. D.L.-33004/99, dated 5th June, 2015 exempted the Government Companies from these provisions.

18.0 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 with by the Corporation. In this regard, certificate from M/s. SAP & Associates, Practicing Company Secretaries, confirming compliance with the conditions of Corporate Governance as stipulated under DPE Guidelines on Corporate Governance is annexed.

19.0 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.

20.0 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 31st March, 2015, the Board consists of 6 members, two of whom are 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.