

Chairman's Address

Dear Shareholders,

I am pleased to extend you all, a warm welcome to this 58th Annual General Meeting of your Company.

The year 2012-13 was tough for everyone. With the economy exhibiting inflationary tendencies, the growth rate slowed in the years 2011-12 and 2012-13. The moderation in growth is primarily attributable to weaknesses in industry (comprising the mining and quarrying, manufacturing, electricity, gas & water supply and construction sectors) which registered a growth rate of 3.1% in 2012-13. The rate of growth of manufacturing sector was even lower at 1.9%. The slowdown in the Indian economy was also a result of slowing global economy. It affected the performance of MSME sector also. However, MSME Sector in India still managed to show more than 10% growth which proves the resilience of the sector. India's inherent strengths provide a strong foundation to better withstand the aftermath of the downturn in the global economy.

Review of Performance during 2012-13

The year 2012-13 was exciting for NSIC also. Over the same period your company also experienced unprecedented challenges. But, we are constantly re-evaluating, benchmarking and evolving. Even in uncertain economic environment we performed very well. This was made possible by the relentless focus of a dedicated teamwork by every NSICian which ensured that we navigated these difficult times successfully. Many of the initiatives taken by the Company for achieving a sustainable growth are yielding encouraging results. I will now apprise you of the Financial Performance of the company for the year ended 31.3.2013:

The company reported a 35% increase in Gross Income from operations at Rs.342 crore for the financial year ended 31.3.2013 as compared to Rs.253 crore for the previous year. The Gross Margin registered a growth of 47% at Rs.226 crore for the financial year ended 31.3.2013 as compared to Rs.153 crore in the previous year. The Corporation achieved Profit Before Tax amounting to Rs.92.35 crore for the year ended 31.3.2013 as against Rs.60.21 crore in the previous year posting an increase of 53%. I am happy to inform you that the Corporation has proposed a dividend payout of Rs.12.47 crore, being the highest dividend payout by our company so far.

The above results could be achieved as our Company is regularly reviewing its business portfolio so as to ensure focus on businesses, which are scaleable and enjoy inherent competitive advantages. Given the enormous potential, the Company aims to concentrate on select business verticals. While the current environment is difficult, the future holds promise through an energetic growth of micro, small and medium enterprises.

Corporate Social Responsibility

Businesses do not operate in an economy in isolation; they are organs of society to meet a larger goal of social inclusiveness and sustainability. It is therefore incumbent on us that we also find innovative solutions to build and augment social and natural capital. Again, this must be an inclusive process, so that the disadvantaged have an opportunity to participate in India's growth story. Your Corporation has initiated several projects for social causes across the country.

For the projects undertaken by the Corporation during the year 2011-12 an external evaluation and monitoring agency was appointed and on the basis of their evaluation in their report they have said "***Well done! and Keep it up!***".

Corporate Governance

The aim of "Good Corporate Governance" is to ensure commitment of the Board in managing the company in a transparent manner for maximizing long-term value of the company for its stakeholders and all other partners in progress. It integrates all the participants involved in a process, which is economic and at the same time social.

Your Company believes and practices high standards of professionalism, integrity and transparency and would continue to do so. It is our endeavour to keep the highest standards of ethics in all spheres of business activities. The Company's philosophy of Corporate Governance is based on the principles of honesty, integrity, accountability and legal & statutory compliances, to protect, promote and safeguard the interest of all stakeholders.

Awards & Recognitions

In recognition of the services rendered by the Company for the development of MSMEs the awards conferred upon NSIC include “**India Pride Award 2013**” by Dainik Bhaskar Group in appreciation of the Innovative NSIC Incubation Model for creating new employment opportunities and development of MSME sector in the country and NTSC-Chennai received an Award and Letter of Appreciation from VEL TECH Dr. RR & Dr. SR Technical University, Chennai for supporting in student Development Initiatives by way of In-plant Training / Projects & summer internships and also for continuous support in imparting technical skills to students to make “India – a Superpower in 2020” .

Acknowledgements

Our employees are our biggest assets. Their commitment has enabled your company to succeed. Appreciation and accolades from our clients, industry bodies and media corroborate the confidence we have in our strengths and capabilities. On your behalf and on behalf of the Board of Directors, I congratulate them on yet another year of achievements.

We also place on record our appreciation for our clients, vendor partners and banker for their continued support. We thank the Government of India, particularly the Ministry of MSME, Ministry of External Affairs, the State Governments and other Government agencies for their support and look forward to their continued support. The Company's quest for continuous value creation would not have been possible but for the support that my colleagues have given me. I am grateful to them for their continued confidence in me and expect to receive their full support in augmenting our future plans and strategy.

Place: New Delhi
Date : July,2013

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