

Chairman's Statement



Dr. S. K. Jain

Chairman & Managing Director

Ladies and Gentlemen,

Welcome you all to the Annual General Meeting. Your Company has gone through a rough patch during the last year with the generation and profits falling for the first time in many years. However, the resilience that is the hallmark of a strong company like NPCIL, has helped in tiding over the temporary crisis. During this period the generation from the operating units had to be adjusted to match the supply of Uranium. As a result, the revenues were less even though the units operated at availability factors in excess of 80 %. In spite of this, the Company was in a position to pay dividend to the Government. The heartening fact is that the ebb has been crossed and the good times are round the corner. I am confident that fuel supply is soon to improve and we will see increased capacity factors and quick completion of the three new units which had been waiting for fuel.

The recent initiatives taken by the Government has further rekindled hopes of an end to the nuclear isolation and open up possibilities of nuclear



commerce with the world. We are looking forward to a very busy year ahead, where activities related to launching our indigenous 700 MWe units will take priority and of course exploration of collaboration avenues with nuclear partners from other supplier countries is expected to reach a peak. If everything goes as per plans we should be able to start work on six new sites including those that will be identified for the imported Light Water Reactors.

Although the financial performance was below par, the silver lining was provided by a few landmark achievements. The most noteworthy was the successful commissioning of Kaiga Unit-3 within five years. You must have observed that your Company had been demonstrating continuous improvement in operation of its units in the past. The uninterrupted operation of Kaiga Unit-2 for 529 days not only created another benchmark among all Heavy Water Reactors worldwide, but also demonstrated the insatiable hunger for achieving excellence. Completion of Life Extension work on Narora Unit-1 and its successful connection to the grid was a testimony of the maturity in handling such intricate work. The most defining moment was when the honourable Prime Minister showered praises and saluted the engineers and scientists of the DAE for their excellence, while dedicating the 540 MWe units at Tarapur to the nation.

As mentioned earlier the 220 MWe units of Kaiga-4 and RAPP-5 are ready to receive fuel and are likely to get commissioned in a couple of months. RAPP-6 is in the final stages of construction and will be ready by March 2009. Construction work at the 1000 MWe units at Kudankulam are progressing at a fast pace and system commissioning has already begun in the first unit. Progress in the second unit is closely following the first.

After getting the approval of the Government of India for four 700 MWe units, the tendering of long delivery items and site preparations have been stepped up. Site work is likely to start by year end at Kakrapar, where two of the units are to be set up. The remaining two are to come up at Rawatbhata in Rajasthan. Additional sites for the expansion programme are under active

consideration of the Government. The Company has recognised the necessity of developing indigenous capability to support this growth and has initiated the setting up of facilities to manufacture major components by the leading industry partners.

In the diversification front, action is being taken to enhance the capacity of the Kudankulam Wind Farm of 10 MWe by an equal amount. NPCIL had been looking for opportunities for investing in Hydel to support the peak demands. An MOU has been signed with Tehri Hydro Electric Development Corporation for set up of Pump Storage Scheme at two potential sites. Maharashtra Government has already given its approval for the proposed sites.

The Company maintained its contact with the international community through the WANO and IAEA to take maximum benefit and make contributions through expert missions. This has resulted in accumulation of 275 reactor years of safe operation. The high quality standards adopted in NPCIL has been well acknowledged by other organisations. On special request the QA Units located in different parts of the country have been providing consultancy services to the Defence Department, BARC, L&T, BHAVINI, BHEL and State Electricity Boards.

Turnover of engineering manpower has plagued even the best companies in the country. Although the overall attrition rate is not significant in NPCIL, loss of experience from among the licensed operating manpower has posed challenges. HR Management strategies are being continuously evaluated and

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major initiatives have been taken to address the challenges. The Company has particularly recognised the difficulties of retaining personnel at remote sites and has taken various measures to make working at sites more lucrative. The Cabinet approval to the NPCIL Guidelines will provide the much needed flexibility to manage its resources. Further to this, the growth prospects and career opportunities are going to play a major role in reversing the trends sooner than later. It is a matter of great pride that harmonious employee relations prevailed at all Stations, Projects and Headquarters. Employee relations continued to rest on the constructive participation of officers and staff representatives in decision making on all relevant matters.

As always, major emphasis was given to maintaining transparency in all areas of functioning. This has led to introduction of e-payment system, publishing of tenders on the website. We are all aware that Procurement and Contract Management rules are frequently challenged due to ambiguous and primitive conditions. NPCIL took the giant step to revolutionise the Contract Conditions in tune with the current domestic and international market trends. This initiative has been widely appreciated in the Government and Public Sector. The Company attaches a high value to its Corporate Social Responsibility and has been successful in providing the basic infrastructure support to the neighbourhood. The Environment Stewardship Programme aims at identifying the rare species and providing valuable information to the public.

The Company has complied with the Corporate Governance Guidelines issued by the Authorities.

The World Association of Nuclear Operators has recognised the success of the Company and the indelible mark it has made on the world nuclear industry. As a result, your CMD was elected the President of the world body during the last Biennial General Meeting (BGM) in Chicago. NPCIL will be co-hosting the next BGM in 2010. The world watched with keen interest how NPCIL maintained a constant growth when other advanced countries did not venture. The timing of the meeting couldn't have been better, because that is when most of the activity is expected to be. The very fact that US utility companies have requested us to host a Construction Benchmarking visit is indicative of the recognition that NPCIL enjoys. The prospects of opening up of nuclear trade with India encouraged suppliers from the US, France and the Russian Federation to visit and have exploratory discussions with NPCIL officials. The Indo-US and Indo-French Business Summits attracted a large number of industry professionals and provided a platform to know and understand the spectrum of technologies.

The preceding account of facts must have given a clear impression that NPCIL has stood the test of time and proved its capability to the world. The world today recognises your Company's potential and is eager to collaborate for the bigger gains of the industry and ultimately the planet. It is sure going to be a win-win situation for India and the world where the fossil fuel becomes unaffordable and climate changes demands abatement of GHG emissions.

I am confident that NPCIL will get all the support from the units of the DAE, the various ministries and State Electricity Boards as it has always been getting. They have all been cogs in the wheel



Dr. Jain delivering the President's speech at the Chicago BGM of WANO in 2007.

of the chariot. The banks, rating agencies and investors deserve special mention for their belief in this Company. We owe our success also to the AERB for their continuous guidance and the statutory auditors and Comptroller and Auditor General of India for their expert help. The esteemed Board members deserve all praise for having pooled their vast experience and provided the right direction at all situations. Finally it has been an exemplary team spirit across officers, supervisors and workers which made all the difference.

It is now time for me to move on to the Directors' Report, Balance Sheet as on 31st March 2008 and Profit & Loss account for your consideration, approval and adoption.

Dr. S. K. Jain
Chairman & Managing Director

Mumbai

Date: 22nd August 2008



Chairman WANO inviting Dr. Jain to present the speech after his election as President.