



# Chairman's Statement



**Dr. S. K. Jain**, *Chairman & Managing Director*



Despite a constrained environment, which is beginning to improve, 2009-10 can be considered as an important turnaround in our performance.

Ladies and Gentlemen, welcome to the 23rd Annual General Meeting (AGM) of your Company. I look forward to this day every year, when I get an opportunity to apprise you about the progress and growth of the Company. With satisfaction and great hope for the future, I wish to state that despite a constrained environment, which is only beginning to improve, the year gone by can be considered as an important turnaround in our performance. The production was on a quantum growth path, with generation at 18831 MUs, an increase of 26% over that of previous year. This could be achieved because of increased availability of the fuel compared to previous years from both domestic and international sources. Correspondingly, the capacity factor also improved from 50% in 2008-09 to 61% in 2009-10 and availability factor remained high at 92%. In all this, your CMD and management of the company gave overriding priority on nuclear safety. The company, despite its operational exigencies, has been able to optimise efficiency and has been able to achieve a net profit of Rs.416 crores after tax. We have endeavoured to live up to the trust you reposed in us, which strengthened us to face the situation realistically and in right earnest. The production of the units was continuously tuned to match the fuel supply. On introspection, I find that the Company is on firm footing, growing at a steady pace and is ready to meet the national expectation of rapid addition of nuclear capacity to the national grid.



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With regard to fuel availability, opening up of international civil nuclear cooperation has yielded results and fuel supplies have started flowing from overseas. The imported Uranium fuel was first made available for RAPS-2 which was already under IAEA safeguards and it went in production mode, further its output was gradually increased to full potential. Concurrently, the units at RAPS-5&6 which were under commissioning were made ready by installing surveillance instruments supplied by IAEA to bring them under safeguards, which facilitated use of imported fuel from the beginning of initial fuel loading. The addition of RAPS-5&6 increased NPCIL installed capacity from 4020 MW to 4460 MW. Besides, RAPS-3&4, which were so far



### Kudankulam Nuclear Power Project





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using domestic fuel, were brought under IAEA safeguards as per the Separation Plan, so that the imported fuel could be used in these units. This has resulted in an increase of output from RAPS-3&4 to full potential. With this, a capacity of 1400 MW using imported fuel is operating at full potential. Here I would like to add that we have taken initiatives to bring KAPS units also under IAEA safeguards to feed these reactors with imported fuel early next year.

Sustained efforts of various departments of DAE have resulted in improved supply of domestic Natural Uranium fuel for use in reactors, which are outside IAEA safeguards. Some augmentation of supply from existing Uranium mines and mills has been achieved this year. Work on new mine and mill at Tummallapalle, Andhra Pradesh is in full swing and is expected to commence production soon. A combined effect of the above has resulted in the generation of additional fuel, which has made it possible to re-start NAPS Unit-2 in which renovation and modernisation was completed and fuel has been loaded. Similarly, provision has also been made for fuel for KGS-4 where construction was completed earlier. The installed capacity by the year end will be 4680 MW.

On the domestic front of Pressurised Heavy Water Reactor (PHWR) programme, its units under operations have demonstrated improved performance in terms of plant availability, characterised by long term breaker-to-breaker operations of reactors thereby setting new industry standards in the country. At the same time, the work of renovation and modernisation at KAPS-1 is nearing completion. In our commitment to strengthen and continue the domestic PHWR programme, NPCIL has recorded quantum growth by launch of four 700 MW units, two each at Kakrapar,

Gujarat and Rawatbhata Rajasthan Site. Excavation work and ground levelling are in full swing at both the sites. Contract for main plant civil works has been awarded and it is expected that construction at both new launches will begin in 2010 with the first pour of concrete. All the long delivery items have been ordered for the units.

The work on Kudankulam project has reached a defining stage, with the loading of dummy fuel in the 1000-MW Unit-1 and completion of 96% of construction activities. Preparations are on to conduct reactor hydrostatic test, followed by hot run and then major milestone of initial fuel loading. We expect to complete the Unit-1 by the end of 2010 and start generation in 2011. The work on the second unit is also in full swing where 91% of construction activities have been completed and it is expected to follow first unit in next six months.

The Government has also accorded "in principle" approval, for five new (Greenfield) sites for setting up additional units in Haryana, Madhya Pradesh, Gujarat, Maharashtra, Andhra Pradesh and West Bengal and the full potential of existing site at Kudankulam in Tamilnadu and already approved site at Jaitapur in Maharashtra for setting up future plants, totalling to about 36000 MW. The inland sites of Haryana and Madhya Pradesh will have 700 MW PHWR units. Both these sites will initially have two units and later on two more units will be added at Haryana site. Coastal sites will be used to build Light Water Reactors based on technical cooperation with foreign vendors. The Government of India has authorised the Board of NPCIL to initiate the process of land acquisition for future nuclear power projects, as a pre-project activity, in advance of the project sanction. The work of pre-project activities at these sites, in terms of opening of NPCIL offices in nearby towns, initiation of



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Environment Impact Assessment for MoEF clearance, regulatory inputs for safety clearances have been initiated, so as to enable project construction in next two years.

MoEF has accorded approval for KKNPP-3&6. The process of obtaining regulatory clearance from AERB for excavation in project site is in progress.

Techno-commercial discussions are in advanced stage with Russian Federation for Kudankulam-3&4 and AREVA France for Jaitapur-1&2 projects. Thus, your Company is working towards collaboration with reputed nuclear vendors to accelerate the growth of nuclear power within the country and to add large sized Light Water Reactors to quickly add generation capacities in India.



A joint venture company was formed with Larsen & Toubro having 26% paid-up capital from NPCIL to supply special steel and ultra heavy forgings. MOUs have been signed with Indian Oil Corporation Limited (IOCL) and National Aluminum Company Limited (NALCO) to collaborate in the setting up of nuclear power plants.

While we proceed with capacity addition for meeting the national requirement of electricity, we are conscious of the fact that we need to localise the technology over years and encourage public-public partnership. Our attempt would be 90% indigenisation for the last pair of reactors at each nuclear park. Therefore, NPCIL has taken several new initiatives for public – public partnership. A joint venture company was formed with Larsen & Toubro having 26% paid-up capital from NPCIL to supply special steel and ultra heavy forgings. Joint venture agreements have also been signed with NTPC to set up nuclear power plant, with THDCIL to carry out techno-commercial studies to develop Malshej Ghat pumped storage schemes. MOUs have been signed with Indian Oil Corporation Limited (IOCL) and National Aluminum Company Limited (NALCO) to collaborate in the setting up of nuclear power plants.



It was for the first time that about 400 nuclear industry leaders from all over the world assembled in India at the WANO Biennial General Meeting organised by NPCIL in January 2010. The organisation of such a high level meeting was considered by the participants as most successful and historic.

Your CMD has been elected as Governor on the Board of the World Association of Nuclear Operators (WANO) representing a large utility in Asia. It was for the first time that about 400 nuclear industry leaders from all over the world assembled in India at the WANO Biennial General Meeting organised by NPCIL in January 2010. The organisation of such a high level meeting was considered by the participants as most successful and historic.

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

I am sure that with continued support of the Department of Atomic Energy and its units, electricity boards and various ministries of the Government of India, we will be able to increase production of your Company to about 24,000 million Kilo Watt hours in next year. Members on the Board of the Company have made immense contributions, provided able guidance and encouragement for the all round improvement in the functioning of your Company.

It is now time that I move on to the Directors' Report, Balance Sheet as on March 31, 2010 and Profit and Loss Account for your consideration, approval and adoption.

Place: Mumbai  
Date : August 27, 2010

**S.K. JAIN**  
*Chairman & Managing Director*