

CHAIRMAN'S STATEMENT

My dear friends,

Welcome to this Annual General Meeting (AGM) of NPCIL. I look forward to this day every year, where I get an opportunity to report on progress and growth of Company, I am extremely happy to report that this year has been a total turnaround for performance of the Company.

The year gone by was full of achievements by all means, with highest ever electricity generation of 26,472 Million kWh (MUs) recording an increase of 41%. The plant load factor was 71% registering an increase of 10%.

In all earnest, we endeavoured to deliver the trust you have been reposing in us. The production of the units remained on rise because of steady and increased fuel supply.

We are about to enter 25th year of formation of NPCIL. In these years we have established strong foundation of Company, based on excellent corporate governance with overriding priority on nuclear safety, transparency and unmatched human resource which is the backbone of our performance. Today, the Company is at a threshold of taking off to greater heights and to make a difference from here, we will realise the dream of multiplication of nuclear power in the country and not just addition.

On the front of domestic Pressurised Heavy Water Reactor programme, the units under operations demonstrated steady operations with high availability and very long continuous operations of the units. Renovation & Modernisation activities viz. En-masse Coolant Channel Replacement (EMCCR), En-masse Feeder Replacement (EMFR) together with upgrades

have been completed at NAPS-2 and KAPS-1 and these reactors were synchronised to the grid during the year. Calandria vault water leakage at KAPS-1 reactor was successfully repaired using innovatively designed remote welding technique.

With the commissioning of Kaiga-4 (220 MW) during the year, the number of Nuclear Power Reactors in operation in the country has increased to 20 with a total installed capacity of 4,780 MW including RAPS-1 (100 MW) owned by the Government and operated by NPCIL. With this NPCIL has placed India among top six countries of the world which operate 20 or more reactors.

As per separation plan, Nuclear Power Plants RAPS-3&4, RAPS-5&6, KAPS-1&2, were brought under IAEA safeguards domain making it possible to fuel them with imported fuel. With this effort, now operating reactors under safeguards are operating at 100% full power,

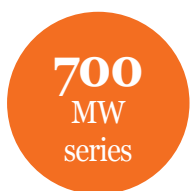


20

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Shreyans Kumar Jain
Chairman & Managing Director



Your Company launched first twin reactor units of 700 MW series at Kakrapar namely KAPP-3&4.

whereas remaining 10 reactors were operating at 70% full power average.

The Kudankulam Project under construction has recorded excellent progress with Unit-1 and Unit-2 achieving 98% and 93% completion respectively. In unit-1, significant milestones on the commissioning front were achieved during the year, including completion of "Hydro Test (Strength Test) of Primary Circuit at 24.5 MPa of the Nuclear Steam Supply System and Secondary Circuit at 10.8 MPa" and "Strength and Leak Rate Test of Reactor Building Containment". The preliminary works for carrying out the 'hot run' test at designed parameters were also completed.

Your Company launched first twin reactor units of 700 MW series at Kakrapar namely KAPP-3&4, marked by the First Pour of Concrete on 22nd November 2010 after receiving regulatory clearances from Atomic Energy Regulatory Board. Since then, various project activities were being executed expeditiously and simultaneously for all main plant buildings and residential colony. The manufacturing of all equipment with long delivery period is in full swing and all main plant works orders have been awarded for completion of KAPP-3&4 in the year 2016.

The first pour of concrete for two additional 700 MW PHWRs at

2 ×
1,000
MW

Techno-commercial discussions in respect of **2 x 1000 MW VVERs at KKNPP-3&4 with Atomstroyexport** are in the advanced stages of finalisation.

2 ×
1,650
MW

Techno-commercial discussions with **AREVA** in respect of **2 x 1650 MW EPR units at Jaitapur Site** are in advanced stage of conclusion.

RAPP-7&8 was achieved on 18th July 2011 after receiving required regulatory clearances. Earlier, the contract for Main Plant Civil Works was awarded. The excavation of Reactor Building area has been completed and purchase orders for all major long delivery items have been placed.

During March 2011, a significant event of fuel damage at an overseas plant was reported as an aftermath of a natural event of extreme nature. As part of safety culture of your Company, it was decided promptly to set up several taskforces of technical experts to revisit the safety of Indian NPPs and to review the margins considering the extreme natural events on a deterministic basis. Even though the result of review was encouraging, not to be complacent in any way, we have decided to augment/introduce several features, like initiation of automatic reactor trip on sensing of seismic activity in plant area, additional reactor cooling water arrangements and motive force from an additional air cooled emergency diesel generator. The outcomes of these reviews have also been made public. Further, your Company has been in constant communication with several international organisations to share the observations and recommendations on the above accident on day to day basis, so that the best nuclear industry safety practices are considered for emulation in NPCIL as they evolve.

Under international civil nuclear cooperation, your Company is working towards collaboration with reputed nuclear vendors to accelerate the growth of nuclear power and to

add Light Water Reactors to quickly increase generation capacities in India. The Kudankulam Project Unit-3&4 is an expansion of Unit-1&2, being implemented with cooperation from Russian Federation (RF) within the framework of the Inter-Governmental Agreement signed between Russian Federation and India signed in December 2008. A contract for the first priority design works to carry out initial design activities has been signed with Atomstroyexport and the work is in progress. The various pre-project activities were also completed. Techno-commercial discussions in respect of 2 x 1000 MW VVERs at KKNPP-3&4 with Atomstroyexport are in the advanced stages of finalisation.

The land for Jaitapur NPP has been acquired and handed over to NPCIL by the District Administration, Ratnagiri, Maharashtra. Agreement for Rehabilitation of Project Affected Families of JNPP has been signed between NPCIL and Government of Maharashtra. Pre-project activities viz. geo-technical investigations, construction of property-cum-boundary wall of Plant Site and master plan for residential complex are in progress. Further, the General Framework Agreement and Early Work Agreement between NPCIL and AREVA, France have been signed for implementation of EPR at Jaitapur Site. Techno-commercial discussions with AREVA in respect of 2 x 1650 MW EPR units at Jaitapur Site are in advanced stage of conclusion.

Earlier, the Government of India has given 'In-principle' approval for five new sites; two for indigenous PHWRs and three for LWRs based on

32,000
Million
kWh

Company to increase
production to over
32,000 Million kWh
in 2012.

foreign cooperation. The pre-project activities at new sites are in progress. These include establishment of the NPCIL offices in nearby towns, start of Environment Impact Assessment studies for MoEF clearance, studies/surveys for arriving at the design inputs required for regulatory clearance, steps for obtaining Siting Consent from the regulator, public awareness programmes and actions for land acquisition to ready the sites for project construction within shortest time. The land acquisition applications for issuance of Section 4 notification under Land Acquisition Act, 1894 have been already submitted to the respective District Authorities in Haryana, Gujarat, Madhya Pradesh and Andhra Pradesh.

Being a national utility company operating nuclear power plants, we participated in 5th Review Meeting of contracting parties of Convention of Nuclear Safety at Vienna to demonstrate fulfilment of its primary responsibility and obligation of maintaining safety as overriding priority, while maximising the production to meet nation's electricity demand. The safety record of over 330 reactor years of long operating experience was well recognised by contracting parties.

I would also like to confirm that the Company has complied with the Corporate Governance Guidelines issued by the Authorities.

Your CMD continued to be on worldwide governing board of World Association of Nuclear Operators (WANO). We have been offering our operating plants for international peer reviews and the plants at the verge of startup are planned to be

offered for pre-startup peer reviews to maintain and enhance safety and reliability of our NPPs in line with best standards prevailing in the world elsewhere.

I am sure that with continued support of Department of Atomic Energy and its units, our customers and various government ministries, we will be able to increase production of the Company to about 32,000 million kWh next year. Members on board of the Company have immensely contributed, guided and encouraged for all round improvement in functioning of your Company. Finally, we proudly would like to put on record the culture of overriding priority of nuclear safety and also the Parivar culture within Company which has made this Company unique. It is now the time that I move on to the Director's Report, Balance Sheet and Profit and Loss Account as on 31st March 2011 for your consideration, approval and adoption.

S. K. Jain
Chairman & Managing Director

Place: Mumbai

Date: 7th September 2011