

## **Message from the Executive Chairman**

Our company has made tremendous progress in the past five years. We have streamlined our operations, cleaned our books of accounts, and updated the Company as per prevailing legal and compliance requirements. To cap it all off, we were able to conduct a fair and free election process to elect the Directors for the next four years. Although these are regular and routine work for most companies, it has been a Herculean task at NHPC to make these achievements, possible only through self less dedication of many shareholders, Directors and employees. Big congratulations to the diligent individuals who were able to get all the parties together to actually get the elections to be a unanimous process. This is a sure sign of positivity for the coming years.

The New Board has challenges all around. Our Indrawati-3 Power plant, which is our only source of revenue, has been in operation for 15 years already, and often times it did not receive the professional care it required. We still have almost 30 years of custody of the power plant where we need to own, and operate it before handing it over to the Government in working condition. It must be mentioned that the upgrading works did begin, in earnest, in the previous years; the generators were over-hauled, one set of runners have been purchased and a modern flushing system developed by SediCon of Norway has been installed at the intake. In the coming days we will have to look at the continuous repair and maintenance of the project as well as upgrade of equipment, machines and structures to make sure that our basic revenue stream is intact and that the life of the power plant is extended to at least the project handover period.

Likewise the company will move forward investing in new projects to increase its revenue in the coming years. NHPC has invested heavily in the Lower Indrawati Project (4500 kW). The NHPC Board is committed to acquiring and implementing this project. The Shareholders at the last AGM have also agreed that this should be a priority for the company. Likewise, the Company in the past year also invested in the development of the Lower Erkuwa Hydropower Project and the last AGM concurred that the Company should look at investing as much as possible in the coming days to develop this project further. This 14,150 kW project, located in Bhojpur District, is ready for development. The Board will, in the coming days allocate resources to undertake these activities.

In addition to upgrading the existing projects and establishing a pipeline of future projects the Company must still clean up some of the remaining issues of the past years, including payments of taxes and royalties, reconciliation with banks and contractors, amicably solve employee issues etc. We are mindful of the difficulties and challenges that lie ahead but are also humbly committed to fulfill the aspirations of the thousands of shareholders who have so enthusiastically supported us to be the custodians of their Company for the next four year period.

On a national level, water resources continue to be the main resource that Nepal can harness to pull itself out of poverty. Hydro power will not only provide energy to fulfill our requirements, but also ensure a healthier planet for the future generations. The agreement between Nepal and India, as well as agreement between SAARC countries for trading power, the numerous high Voltage interconnections between Nepal and India, the hundreds of projects that are being studied by Nepali and international investors, projects with thousands of Megawatts of installed capacity that are under construction, and the billions of rupees invested by multitudes of investors in this sector provide us the confidence that we are in the right business. By remaining committed to this sector, we not only provide service to our shareholders and the country, but also serve humanity by investing in a greener future. I look forward to your continued support as we pledge once again to dedicate ourselves to these noble goals.