SCHEME OF AMALGMATION

UNDER SECTIONS 391 TO 394 OF THE COMPANIES ACT

BETWEEN

NTPC HYDRO LIMITED : TRANSFEROR COMPANY

AND

NTPC LIMITED : TRANSFREE COMPANY

AND

Their respective shareholders

Part I: GENERAL

1. The Transferor Company is a Government company which was incorporated under the Companies Act, 1956 on December 12, 2002 as a wholly owned subsidiary of NTPC Limited having its registered office at NTPC Bhawan, SCOPE Complex, 7 Institutional Area, Lodi Road, New Delhi 110003 with a view to develop small and medium hydro power projects of capacity upto 250 MW. The Transferor Company is executing two projects namely, Lata-Tapovan Hydro Electric Project (171 MW) located in Chamoli District of Uttrakhand ("**Lata-Tapovan HEP**") and Rammam Hydro Electric Project, Stage-III (120 MW) located in Darjeeling District of West Bengal ("**Rammam HEP**").
2. Lata-Tapovan HEP is being developed as a regional power station with 12% free power to the State of Uttrakhand. In respect of Lata-Tapovan HEP, the Transferor Company has received all statutory clearances and the land acquisition activities have been completed. Bids for civil including hydro mechanical and electro mechanical packages are under various stages of tendering.
3. Rammam HEP is being developed for the benefit of States of West Bengal and Sikkim. An inter-state agreement had also been signed between the States of Sikkim and West Bengal in this regard. In respect of Rammam HEP, all statutory clearances have already been received. Physical possession of majority of land required for the project has also been received. Bids for civil including hydro mechanical and electro mechanical packages are under various stages of tendering.
4. Execution of hydro projects requires huge capital investment and administrative set-up. In order to make the Transferor Company capable of executing hydro projects independently, immense capital investment as well as manpower is required, particularly in the area of engineering, contracts and construction.
5. The Transferee Company is a Government company which was incorporated under the Companies Act, 1956 on November 7, 1975 having its registered office at NTPC Bhawan, SCOPE Complex, 7 Institutional Area, Lodi Road, New Delhi 110003 and is under the administrative control of the Ministry of Power, Government of India. As of 31st March 2012 the 84.5% shareholding of the Transferee Company is held by the Government of India. Presently, the Transferee is also implementing hydro projects of capacity more than 250 MW. Further, the Transferee Company is developing 8 MW CW discharge hydro project at Singrauli. Details of the hydro projects being implemented by the Transferee Company are as follows:

	HYDRO BASED PROJECTS	STATE	CAPACITY(MW)
1.	Koldam HPP	Himachal Pradesh	800
2.	Tapovan Vishnugad HPP	Uttarakhand	520
3.	Singrauli CW Discharge (Small Hydro)	Uttar Pradesh	8
Total			1328

6. The rationale and the benefits of the proposed restructuring include the following:
   (a) The Transferee Company has created a dedicated department named as "Hydro Region" for administering execution of the hydro projects. Further, separate wings in engineering and contracts have been established to look after the related activities pertaining to hydro projects. As the Transferee Company has capacity and capability required for execution of hydro projects, there would be substantial saving on account of expenditure on human resource and administration, if the Transferor Company is merged with the Transferee Company and like other hydro projects being executed by NTPC, Lata-Tapovan HEP and Rammam HEP are also executed by the Transferee Company.
   (b) The proposed amalgamation would reduce the number of legal entities and thereby serve to reduce entity costs as well as eliminate legal and regulatory compliance requirements related to the said subsidiary.
   (c) In addition to above, the proposed amalgamation will also have following benefits:
   - Synergy of operation,
   - Reduction in overhead expenditure,
   - Enhanced efficiency and administrative control, and
   - Optimum utilization of resources.
7. This Scheme of Amalgamation ("**Scheme**") provides for the amalgamation of the Transferor Company with the Transferee Company.
8. The Scheme is divided into the following parts:
   (a) Part I, which deals with the introduction;
   (b) Part II, which deals with the definitions;
   (c) Part III, which deals with the amalgamation of the Transferor Company with the Transfree Company.
   (d) Part IV, which deals with the general terms and condition applicable to the Scheme.

   The Scheme also provides for various other matters consequential or otherwise integrally connected herewith.