



Sardar Sarovar Narmada Nigam Ltd.

(A Wholly owned Govt. of Gujarat undertaking)

Block No. 12, 1st Floor,
New Sachivalaya Complex,
Gandhinagar-382 010. Gujarat.

Fax : 079-23223056



NOTICE

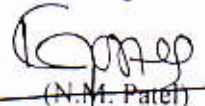
NOTICE is hereby given that the 20th Annual General Meeting of the shareholders of the Sardar Sarovar Narmada Nigam Ltd., will be held on Friday, 26th September, 2008, at 11.30 Hrs. in the Board Room of the Nigam, Block No. 12, 1st Floor, New Sachivalaya Complex, Gandhinagar to transact the following business.

Item No. 1 : ORDINARY BUSINESS

To receive, consider and adopt the Directors' Report, the Audited Balance Sheet as at 31st March, 2008, Statement of Incidental Expenditure Pending Capitalization for the year ended on 31st March, 2008, Cash Flow Statement for the year ended on 31st March, 2008 Balance Sheet Abstract & Company's General Business Profile and the Auditor's Report thereon together with the comments of the Comptroller & Auditor General of India under section 619 (4) of the Companies Act, 1956.

By order of the Board of Directors
For Sardar Sarovar Narmada Nigam Ltd.

Date : 01-09-2008
Place : Gandhinagar


(N.M. Patel)
Company Secretary

Note :

1. A member entitled to attend and vote at the Meeting is entitled to appoint another person as his proxy to attend and vote instead of himself, proxy need not be a member of the Company.
2. Proxy form in order to be effective should be duly completed, stamped and signed must be deposited at the Registered Office of the Company not less than 48 hours before the meeting.

Note:

Corrected copy of 20th Annual Report for the year 2007-2008 is enclosed herewith. Kindly take on record the same.



To,
Chairman

1. Shri N.V. Patel
Sardar Sarovar Narmada Nigam Ltd.,
Block No. 12, 1st Floor,
New Sachivalaya Complex,
Gandhinagar 382 010.

SHAREHOLDERS.

2. H.E. the Governor of Gujarat,
C/o. Secretary (Narmada),
Narmada, Water Resources, Water Supply &
Kalpsar Department, Block No. 9, 2nd Floor,
New Sachivalaya complex, Gandhinagar - 382 010
3. Shri M.S. Patel
Secretary (Kalpsar),
Narmada, Water Resources, Water Supply &
Kalpsar Department, Block No.8, 7th Floor,
New Sachivalaya Complex, Gandhinagar - 382 010
4. Shri S.J. Desai (Shareholder & Director)
Secretary (N) & Director (Canals),
Sardar Sarovar Narmada Nigam Ltd.,
Block No. 12, 1st Floor,
New Sachivalaya Complex, Gandhinagar - 382 010
5. Shri A.S.Bharti
Special Secretary (Water Resources),
Narmada, Water Resources, Water Supply & Kalpsar Department,
Block No. 9, 5th Floor,
New Sachivalaya Complex, Gandhinagar - 382 010
6. Shri J.K. Damor
Under Secretary, (LA),
Narmada Water Resources, Water Supply &
Kalpsar Department, Block No.9, 8th Floor,
New Sachivalaya Complex, Gandhinagar - 382 010
- ✓ 7. Shri K.G. Rathod
Chief Engineer (Canals-III),
Sardar Sarovar Narmada Nigam Ltd.,
Block No. 12, 8th Floor,
New Sachivalaya Complex,
Gandhinagar - 382 010

20th Annual Report

2007-2008

Sardar Sarovar Narmada Nigam Limited

**1st Floor, Block No.12,
New Sachivalaya Complex,
Gandhinagar 382 010, Gujarat.**

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3. Shri K.S. Srinivasan
Chief Engineer (Canals-I),
Sardar Sarovar Narmada Nigam Ltd.,
Narmada Naher Bhavan,
Block 'B', 1st Floor,
Chhani Jakat Naka,
Vadodara-390 002.
9. Shri J.B. Patel
Chief Engineer,
Narmada, Water Resources,
Water Supply & Kalpsar Department,
Block No. 9, 1st Floor,
New Sachivalaya Complex,
Gandhinagar - 382 010
10. Shri Y.M. Yagnik
Chief Engineer (Canals-IV),
Sardar Sarovar Narmada Nigam Ltd.,
Saraswati Project Colony,
Rajmahal Road, Opp. Railway Station,
Patan - 384 205 (N.G.)
11. Shri J.C. Chaudhary
Director,
Water & Land management of Institute (WALMI),
Vadod- Anand Road, Anand.

Managing Director

12. Shri A.K. Joti, IAS
Sardar Sarovar Narmada Nigam Ltd.,
Block No. 12, 1st Floor,
New Sachivalaya Complex,
Gandhinagar 382 010.

Whole time Directors

- | | |
|-----------------------------|---------------------------------|
| 13. Shri R.K. Tripathy, IAS | Joint Managing Director |
| 14. Shri P.K. Taneja, IAS | Jt. Managing Director (Project) |
| 15. Shri Pankaj Kumar, IAS | Jt. Managing Director (Finance) |
| 16. Shri A. B. Mandavia | Director (Civil) |

Chairman of the Audit Committee

17. Dr. V. G. Patel

Directors

- | | | |
|-----|------------------------------|----------|
| 18. | Dr. Manjula Subramaniam, IAS | Director |
| 19. | Shri B.N. Navalawala | Director |
| 20. | Shri K. Kailashnathan, IAS | Director |
| 21. | Shri Pradip Bhargava, IAS | Director |
| 22. | Shri E.B. Patil | Director |
| 23. | Shri O.P. Saini | Director |
| 24. | Shri N.B. Desai | Director |

Statutory Auditors

25. Ramanlal G. Shah & Co., Chartered Accountants, Shreeji House, 4th Floor, Behind M.J. Library, Ellisbridge, Ahmedabad - 380 009.

Comptroller & Auditor General

26. The Principal Accountant General,
(Coml. & Receipt Audit), Gujarat,
Audit Bhavan, Nr. Commerce 6 Road,
Navrangpura - P.O.,
Ahmedabad 380 009.

Trustees of the Bondholders

27. IL & FS Trust Company Ltd., IL & FS Finance Centre, Plot No. C-22, Bandra-Kurla Complex, Bandra (East), Mumbai - 400 051
28. Central Bank of India, Debenture Trustee Section, Central Bank Main Office Building, 6th Floor, 55, M. G. Road, Fort, Mumbai-23.

Stock Exchanges

29. Ahmedabad, Vadodra, Rajkot, Mumbai, Calcutta, Chennai, Delhi, Jaipur, Indore and National Stock Exchange, Mumbai.

Concerned Officer

30. Chief General Manager (Accounts), SSNNI, Gandhinagar.

Board of Directors

(As on 28-08-2008)

1. Shri N.V. Patel	Chairman
2. Dr. Manjula Subramaniam, IAS	Director
3. Shri B.N. Navalawala	Director
4. Shri A.K. Joti, IAS	Managing Director
5. Shri K. Kailashnathan, IAS	Director
6. Shri Pradip Bhargava, IAS	Director
7. Shri E.B. Patil	Director
8. Shri O.P. Saini, IAS	Director
9. Dr. V.G. Patel	Director
10. Shri N.B. Desai	Director
11. Shri R.K. Tripathy, IAS	Jt. Managing Director
12. Shri P.K. Taneja, IAS	Jt. Managing Director (Project)
13. Shri Pankaj Kumar, IAS	Jt. Managing Director (Finance)
14. Shri S.J. Desai	Director (Canals)
15. Shri A.B. Mandavia	Director (Civil)

Company Secretary

Shri N.M. Patel

Auditors

Ramanlal G. Shah & Co.,
Chartered Accountants,
Shreeji House, 4th Floor,
Behind M.J. Library,
Ellisbridge, AHMEDABAD 380 009.

Registered Office

1st Floor, Block No.12,
New Sachivalaya Complex,
Gandhinagar 382 010
Gujarat.

DIRECTORS' REPORT

Dear Shareholders,

Your Directors have pleasure in presenting the 20th Annual Report along with the audited Statement of Accounts for the year ended 31st March, 2008.

FINANCE

The sources and application of funds during the financial year 2007-2008 are stated as under:

Sources of Funds

Sr. No.	Particulars	Rs. in crore
1.	Equity Share Capital (including Share Application Money Pending Allotment)	2373.07
2.	Increase in value of Deep Discount Bonds	466.30
3.	Term Loan from Banks and Financial Institutions	227.55
4.	Decrease in net working Capital	218.85
	Total:	3285.77

Application of Funds

Sr. No.	Particulars	Rs. in crore
1.	Repayment of Long Term Loan (HUDCO)	15.21
2.	Repayment of Short Term Loan	35.00
3.	Redemption of Non Convertible Bonds	515.53
4.	Decrease in Public Deposit Scheme (Net)	272.92
5.	Fixed Capital Expenditure	2340.32
6.	Repayment of Suppliers Credit availed from Sumitomo Corporation, Japan.	40.30
7.	Repayment of Loan of Power Finance Corporation Ltd.	66.23
8.	Decrease in Loan from GSFS Ltd. (net)	0.26
	Total:	3285.77

PROFIT AND LOSS ACCOUNT

As the project is under execution a Statement of Incidental Expenditure Pending Capitalization is prepared instead of Profit & Loss Account.

BONDS

The company has redeemed high cost bearing Non – Convertible Bonds aggregating Rs.515.53 crore during the year. The Government of Gujarat has passed an Act called " Sardar Sarovar Narmada Nigam Ltd.(conferment of power to redeem bonds) Act-2008 enabling the Nigam to redeem Deep Discount Bonds issued in the year 1993.

SRINIDHI' FIXED DEPOSIT SCHEME

The aggregate deposit outstanding as at 31st March, 2008 was of Rs.1183.31 crore covering 10,10,948 depositors.

PARTICULARS OF EMPLOYEES

During the year under report no employee of the Nigam has received the remuneration in excess of the limits prescribed under Section 217 (2A) of the Companies Act, 1956 and hence the information to be provided under the Companies (Particulars of Employees) Rules, 1975 is "Nil".

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE OUTGO AND EARNING

The Project of the Company being an integrated project and is still under execution. However, information in respect of point A and B is given as under:

A CONSERVATION OF ENERGY

(a) Energy conservation measures taken

Power systems are being designed by the Company in an optimal manner so that power losses (auxiliary consumption) are minimized.

(b) Additional Investment and proposals, if any, being implemented for reduction of consumption of energy

There is no proposal for direct investment by the Company at present.

(c) Impact of measures at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods

Optimum utilization has been made during the year under report.

(d) Total Energy consumption and energy consumption per unit of production as per Form A of the annexure thereto.

This Company is not covered under the category of industries as mentioned in the schedule.

B TECHNOLOGY ABSORPTION

There is no information to disclose in respect of this matter for the year under report.

C FOREIGN EXCHANGE EARNINGS AND OUTGO

- (e) Activities relating to exports; initiatives taken to increase exports, development of new markets for products and services; and export plans.

Not applicable.

- (f) Foreign exchange used and earned

During the year under report, the Company has made a payment of Rs.81.42 crore in foreign exchange and earning in foreign exchange was Nil.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to section 217 (2AA) of the Companies Act, 1956 with respect to the Directors' Responsibility Statement, it is to confirm that:

- (i) In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (ii) Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and "Statement for Incidental Expenditure Pending Capitalization" prepared in lieu of the profit and loss account for that period;
- (iii) Directors had taken proper and sufficient care for maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) Annual accounts have been prepared on a going concern basis.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

The Management Discussion and Analysis Report for the year ended on 31/3/2008 is enclosed at Annexure-I of this report.

REPORT ON CORPORATE GOVERNANCE

A report on Corporate Governance for the year ended on 31-3-2008 is enclosed at Annexure-II of this report.

STATUTORY AUDITORS

The Comptroller & Auditor General of India has appointed Ramanlal G. Shah & Co., Chartered Accountants of Ahmedabad as statutory auditors of the Company for the financial year 2007-2008. The observations of the Statutory auditors in their report which are based on the notes forming part of accounts are self-explanatory and, therefore, not replied to. The replies for other observations are as per Annexure III of this Report.

DIRECTORS

During the financial year, the Government of Gujarat had appointed Shri R.K. Tripathy, IAS, as a Jt Managing Director and Dr. V.G. Patel, Shri B.N. Navalawala, Shri N.B. Desai, Dr. Manjula Subramaniam, IAS, Shri Pradip Bhargava, IAS as a director of the Company.

After the end of the financial year the Government of Gujarat has appointed Shri Narandas V. Patel as a Chairman, Shri A.K. Joti, IAS as a Managing Director, Shri P.K. Taneja, IAS as a Jt. Managing Director and Shri Pankaj Kumar, IAS as a Jt. Managing Director of the Nigam.

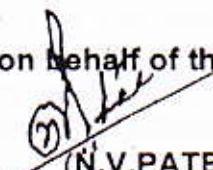
The Board places on record its appreciation for the valuable services rendered by Shri P.K. Laheri as a Chairman & Managing Director of the Nigam, Shri A.S. Bharti as a Director(CAD) and Shri Sudhir Mankad, IAS, Dr. Manjula Subramaniam, IAS, Shri Uday Kumar Varma, IAS, Shri M.S. Dagur, IAS as directors of the Company

ACKNOWLEDGEMENT

Your Directors wish to thank the Ministry of Water Resources, Ministry of Environment, Narmada Control Authority, Sardar Sarovar Construction Advisory Committee and other Ministries of the Government of India and also the Government of Madhya Pradesh, Maharashtra, Rajasthan & Gujarat for their continued guidance, support and co-operation in execution of the Project. Your Directors express their gratitude to the investors who have supported the Project by investing in the Bonds and Public Deposit Scheme. Your Directors also thank the Banks and Financial Institutions for their co-operation and financial support. And finally, your Directors also wish to place on record their appreciation for the services rendered by the employees of the Nigam.

For and on behalf of the Board

Date : 28-08-2008.
Place : Gandhinagar


(N.V.PATEL)
Chairman

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

SARDAR SAROVAR PROJECT

Your Company is one of the public sector companies in India in the field of water management sector. The Company is implementing Sardar Sarovar (Narmada) Project which is a unique multipurpose project in which four States, i.e. Gujarat, Madhya Pradesh, Maharashtra and Rajasthan are participants. The project is one of the largest water resources development project in India.

The project comprises dam, power houses and canal network. The length of the main concrete gravity dam is 1,210 metre and the height is 163 metre from the deepest foundation level. The reservoir impounded by the construction of dam will be extended about 214 km. upstream covering a surface area of 370 sq. km. The gross storage capacity of the reservoir is 9,500 million cubic metre (7.70 MAF) and live storage capacity is 5,800 million cubic metre (4.72 MAF).

The River Bed Power House located underground on the right bank has six reversible turbine units with installed capacity of 200 MW each. The Canal Head Power House on the right bank has 5 conventional Kaplan type turbine units with installed capacity of 50 MW each.

The concrete lined Narmada main canal emanating from the reservoir and extending upto Gujarat-Rajasthan State border has a length of 438 km. It has a capacity of 1,133 cumecs at the head and 71 cumecs at the tail, i.e. at the Gujarat - Rajasthan State border. There are 38 branches off taking from the Narmada main canal.

The total length of the distribution system, including field channels is about 66,000 km. The water will be supplied on volumetric basis on the rotational water supply system. Water intensive crops will be discouraged in the command area of the project.

The Project will provide irrigation to 17.92 lakh hectare of land in Gujarat spread over 14 districts, 75 talukas and 3,129 villages. About 75% the command area of the Project in Gujarat has been classified as 'drought prone'. 2,25,000 hectare of land in the arid areas of Barmer and Jalore districts of Rajasthan will also come under assured irrigation. Similarly, 37,500 hectare of tribal area of Maharashtra will be benefited by lift irrigation.

Drinking water facilities to 8,215 villages and 135 urban centres located within and outside the command area will be provided covering all the urban centres and villages of Saurashtra and Kutch and all no source or inadequate source villages of North Gujarat. Most of these areas suffer from perennial shortage of potable water and affected with the hazards associated with high fluoride content in water.

PROJECT STATUS

DAM

The spillway height of the dam is completed up to 121.92 metre. Excavation and concrete works are two major components for the construction of the dam. During the year, under report, 0.09 lakh cubic metre concreting was carried out. Up to the end of March, 2008, a total of 63.59 lakh cubic metre (99.36%) of excavation and 65.77 lakh cubic metre of concrete (96.43%) works had been carried out so far.

IRRIGATION BYE PASS TUNNEL:

As approved by Narmada Control Authority, the construction of two irrigation bye pass tunnels each of 5.5 metre diameters is almost completed. The work of installation of service gates is in progress.

POWER HOUSES

Canal Head Power House:

The work of Canal Head Power House, with its auxiliaries and ancillary equipments have been completed and all the units have commenced generation. The Power House has power transmission connectivity with Gujarat Energy Transmission Co. Ltd., Grid, at 220 KV voltage level. During the financial year ended on March, 2008, a total of 317 million units of energy was generated at the Canal Head Power House.

River Bed Power House:

All civil works of the River Bed Power House (RBPH) have been completed. The erection of six turbine generators, procured from Sumitomo Corporation, Japan, have been completed and all the units have commenced generation. During the financial year, ended on March, 2008, a total of 4119 million units of energy was generated at River Bed Power House. All the six, 400 KV transmission lines for evaluation of power up to Maharashtra and Madhya Pradesh have been completed.

NARMADA MAIN CANAL

Narmada Main Canal off-taking from the head regulator located at Kevadia Colony, is 458 km long concrete lined canal having a design capacity to carry 40,000 cubic feet of water per second. Construction of Narmada Main Canal from 0 km to 458 km length (except three river crossings of Saraswati, Khari-II and Banas river @ Ch. 348.600 km, Ch. 356.422 km and 362.011 km respectively of Narmada Main Canal) is completed. The work of these three major structures are in progress. It is planned to complete the work of these three major structures by 2008-2009. The Narmada River's water from Main Canal was released in the Rajasthan State on 27-03-2008.

BRANCH CANALS

38 Branch Canals are off taking from Narmada Main Canal. Construction of 27 Branch Canal has been completed. Works of 6 Branch Canals viz. Goraiya, Bolera, Rajpura, Amarapura, Radhanpur and Kachchh Branch Canal are in progress. Of these Branch Canals, construction of Kachchh Branch Canal is planned to be completed during the year 2009-2010 and remaining branch canals are planned to be completed by the year 2008-2009. One Pumping Station, out of five Pumping Stations on Saurashtra Branch Canal has been commissioned. It is planned to commission the remaining Pumping Stations on Saurashtra Branch Canal during the year 2008-2009.

DISTRIBUTARIES

The total length of distributaries off taking from Branch Canals is 5712 km. The works of distributaries in total 1484 km length are completed. It is planned to take up the construction of distributaries in 815 km during the financial year 2008-2009. It is planned to take up the remaining work of distributaries in phased manner. The network planning and designing of distributaries in remaining length has also been taken up so that the entire project can be completed by 2010.

COMMAND AREA DEVELOPMENT

It is planned to cover Culturable Command Area of total 4.466 lac hectares between Narmada Main Canal Ch. 0 km to 144 km (Phase-I) under irrigation. Tenders for the work of sub minors and link drains of 3.83 lac hectares of Culturable Command Area are approved up to March, 2008. Out of these, work in 2.52 lac hectares of Culturable Command Area is completed up to March, 2008. It is planned to complete Command Area Development work of Phase-I by the year 2006-2009. Under Command Area Phase-I, out of 1193 Water Users Associations, 1188 are registered.

It is planned to cover Culturable Command Area of total 2.04 lac hectares under irrigation between Narmada Main Canal Ch. 144 km to 263 km (Phase-II A). Tenders for the work of sub minors and link drains of 1.18 lac hectares of Culturable Command Area are approved up to March, 2008. Out of these, work of 46030 hectares of Culturable Command Area is completed up to March, 2008. It is planned to complete the work of Phase-II A by the year 2009-2010. Out of total 458 Water Users Associations, 311 are registered under Command Area Phase-II A.

Out of total 3.32 lac hectares of Culturable Command Area between Narmada Main Canal Ch. 263 km to 368 km (Phase-IIB), it is planned to take up the work of 58000 hectares of Culturable Command Area in the year 2008-2009 and in Saurashtra Branch Canal, it is planned to take up the work of 30,000 hectares of CCA in the year 2008-2009.

Out of total 3.63 lac. hectares of Culturable Command Area between Narmada Main Canal Ch. 368 km to 458 km (Phase-II C), it is planned to take up the work of 40,000 hectares of Culturable Command Area in the year 2008-2009.

ENVIRONMENTAL PROTECTION PROGRAMME

Your directors are happy to report that care has been taken not only to see that the negative environmental impacts due to construction activities of the dam and consequent formation of the reservoir are minimized but also to augment the positive environmental impact. Measures have been taken for compensatory afforestation, catchment area treatment, protection of wildlife, development of fisheries, upgradation of health services, etc.

RESETTLEMENT AND REHABILITATION

The reservoir, on completion, will submerge 37,533 hectare of land displacing about 41,440 families of 244 villages. Only 3 villages in Gujarat and 1 village in Madhya Pradesh will be submerged fully, whereas 16 villages in Gujarat, 191 villages in Madhya Pradesh and 33 villages in Maharashtra will be partially affected.

The successful implementation of resettlement and rehabilitation of the Project Affected Families (PAFs) is most crucial for the success of the project. Your Directors wish to report that Resettlement and Rehabilitation Policy currently under implementation is very liberal, based on the objective that the economic conditions of the PAFs should improve significantly after resettlement. The Company perceives involuntary relocation as an opportunity for social and economic upliftment of the PAFs.

Special care is being taken to see that the PAFs shifted harmoniously mingle with the local population in all respects. Complaints and grievances, if any, relating to resettlement and rehabilitation are being attended to and necessary actions are being taken through an elaborate machinery and in close coordination with the GOG.

TOURISM ACTIVITY

The Sardar Sarovar Dam and the area in its vicinity is blessed by mother nature with dense forest, variety of flora and fauna, very flowing holy river Narmada surrounded by the mountain ranges of Satpuda and Vindhya and the wild life.

The engineering marvel created there add to the natural beauty in the form of 212 km long reservoir and four near by ponds created due to Sardar Sarovar Dam.

The River Narmada has its own place in mythology and it attracts several pilgrims each year.

The Dam, Power Houses, Head Regulator, God Bole Escape Structure, Power Transmission System and Switch Yard. The Main Canal and its Head Regulator and other related Engineering infrastructure provides an excellent opportunity to all those who wish to learn and observe the technical intricacies involved in its construction and operations. Particularly, during the monsoon period, when the water over the Dam begins to overflow, the entire region becomes scenic and it attracts highest number of visitors during this period. The mist and the thundering sound created by the overflowing water resemble with those of the famous Niagra Fall and tourist craves for this an unparalleled experience.

The tourist of various interests is attracted to visit Kevadia due to above factors. During the year 2007-2008, about 4,26,400 tourists have visited Kevadia Colony.

The necessary steps have been taken to make the visit of a tourist memorable and hassle free. Tourists are visiting this place to unwind themselves in the lap of Mother Nature and also, to learn about this marvelous engineering infrastructure project.

To facilitate the tourist, the lodging arrangement has been entrusted to BSEL Infrastructure Reality Ltd., Navi Mumbai for a period of 30 years.

M/s BSEL is also developing a Resort Accommodation with all the facilities to the tourist named as "Lotus Resort" and has a capacity of 192 units of studio apartment type accommodation. A multi cuisine restaurant would, also, be operational. The "Lotus Resort" is likely to be operational in 2008-2009.

Apart from the above, the facility of guidance is provided to the tourist and refreshment facilities at the SWAGAT STHAL, which is at a strategic location. Ample space for PARKING is provided near the SWAGAT STHAL. Parks and Gardens are, also, developed near the View Points so as to facilitate those who are visiting this place for a day picnic. A ride in Boat, in Pond Number 3, has become a centre of attracting children along with their parents.

Various TRACKING PROGRAMMES are, also, encouraged and youths and students participate in such programmes to experience the Nature in the surrounding areas.

Certain locations along the canals have, also, a catalytic potential for tourist attraction and has identified few of such locations. As such, actions have been initiated in this direction with the private participation.

RISKS AND CONCERNS

The past experience with recovery of water charges in the country has not been very encouraging. This is partly due to reluctance to pay for something which has traditionally been free, but largely due to iniquitous distribution of water which is inherent in the technology in use. Also, exclusion of non payers is not feasible. This is an area of concern and to overcome this problem, participatory irrigation management is being encouraged. Farmers are being encouraged to participate in the management of water distribution, maintenance of the system and recovery of charges through Water Users' Association.

INTERNAL CONTROL

The Company has established well defined organization structure. The powers pertaining to works, administrative matters and financial matters are delegated to different officers according to their hierarchy in the management. The Company follows a fair and transparent system for procurement of all works, goods and services is guided by the GOG's policies in this area. The Company has its own quality control department which supervises the quality of ongoing works as per tender condition. The checking of quality of the ongoing work is carried out as prescribed in the respective tender and in absence of this it is carried out as per standard codes. The Company has also retained outside agencies for carrying out third party inspection of ongoing canal works. The bills are being scrutinized before making the payment. The assets of the company are being protected against loss, misappropriation or unauthorized use. To professionalize the internal audit, the Company has retained firms of Chartered Accountants for carrying out internal audit of various offices. Senior Management particularly reviews the findings of the internal auditors and take follow up action.

FINANCIAL PERFORMANCE

During the financial year the Company has earned Rs.78.51 crore through distribution of water and Rs.141.53 crore (net) through supply of energy to GUVNL. The Company has generated 4436 million units of energy during the financial year out of which approximately 73million units were utilized in auxiliary consumption and 4358 million units energy injected as per REA. The energy generated is being shared among the participating states – Madhya Pradesh, Maharashtra & Gujarat in the ratio of 57:27:16 as per the Narmada Tribunal Award.

HUMAN RESOURCES

The majority of employees working in the Company are on deputation from the Government of Gujarat and a few have been appointed on contract basis. As on 31-3-2008 there are 5,469 employees working under the Nigam. To upgrade the knowledge of the employees, the Company deputes them for training from time to time. The relations with employees remain cordial and peaceful. The Board appreciates the valuable services rendered by employees working in the Company.

Annexure-II

REPORT ON CORPORATE GOVERNANCE **FOR THE YEAR ENDED ON 31-3-2008**

1.0 COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

- 1.1 The Company is engaged in execution of a multi utility, infrastructure project with wide ranging socio economic benefits. Therefore top most priority is given to the interest of the public at large. The procedures adopted by the Company are simple and transparent. The Company being a wholly owned undertaking of Government of Gujarat is subject to governance under rules, regulations of the Government of Gujarat. The policies and procedures adopted by the company are almost similar to that of Government of Gujarat.

2.0 BOARD OF DIRECTORS

- 2.1 The powers of appointment and removal of directors are vested with the Government of Gujarat. Accordingly the Government of Gujarat appoint or change the directors. The Board of Directors mainly consist of senior officers of participating States of the Sardar Sarovar Project i.e. Gujarat, Madhya Pradesh, Maharashtra and Rajasthan. There are five executive directors namely Chairman & Managing Director, Joint Managing Director, Director (Finance), Director (Canals) and Director (Civil). There are independent directors in the Board of Directors of Nigam.
- 2.2 During the financial year six Board Meetings were held on 05-04-2007, 01-06-2007, 26-07-2007, 30-08-2007, 08-11-2007 and 31-01-2008.
- 2.3 Attendance of each director at the Board Meetings and last Annual General Meeting held during the financial year are stated as under:

Sr. No	Name of Director	Designation	No. of Board meetings held	No. of Board meetings attended	Last AGM attended
1.	Shri P.K. Laheri	Chairman & Managing Director	6	6	Yes
2.	Shri Sudhir Mankad, IAS (up to 31-08-2007)	Director	4	3	No
3.	Dr. Manjula Subramaniam, IAS (up to 31-08-2007)	Director	4	3	No
4	Dr. Manjula Subramaniam, IAS (from 06-09-2007)	Director	2	--	No
5.	Shri K. Kailashnathan, IAS	Director	6	1	No

6.	Shri Uday Kumar Varma, IAS (up to 05-02-2008)	Director	6	2	No
7.	Shri Pradip Bhargava, IAS (from 05-02-2008)	Director	0	0	No
8.	Shri E. B. Patil	Director	6	0	No
9.	Shri O.P. Saini	Director	6	1	No
10.	Shri B.N. Navalawala (from 06-06-2007)	Director	4	3	No
11.	Shri N.B. Desai (from 06-06-2007)	Director	4	4	Yes
12.	Dr. V.G. Patel (from 06-06-2007)	Director	4	4	Yes
13.	Shri M.S. Dagur, IAS	Director	6	5	No
14.	Shri G.P. Joshi, IAS	Director (Finance)	6	5	Yes
15.	Shri S.J. Desai	Director (Canals)	6	5	Yes
16.	Shri A.B. Mandavia	Director (Civil)	6	4	Yes
17.	Shri A.S. Bharti (up to 02-06-2007)	Director (C&D)	2	1	Yes
18.	Shri R.K. Tripathy, IAS (from 05-05-2007)	Joint Managing Director	5	5	Yes

2.4 The details of directorship of other companies, chairmanship & membership of Audit Committee and Shareholders Grievance Committee held by Directors of the company are stated as under:

Sr. No.	Name of Director (as on 31-3-2008)	No. of Directorships of other companies	No. of positions held in Audit & Shareholders Grievance Committee.	
			Chairperson	Member
1.	Shri P.K. Laheri	--	--	--
2.	Dr. Manjula Subramaniam, IAS	6	--	--
3.	Shri K Kailashnathan IAS	2	--	--
4.	Dr. V.G. Patel	--	1	--
5.	Shri B.N. Navalawala	--	--	1
6.	Shri N.B. Desai	--	--	1
7.	Shri Pradip Bhargava, IAS	1	--	--
8.	Shri E.B. Patil	--	--	--
9.	Shri O.P. Saini	--	--	--
10.	Shri M.S. Dagur, IAS	--	--	--
11.	Shri G.P. Joshi, IAS	1	--	--
12.	Shri S.J. Desai	2	1	1
13.	Shri A.B. Mandavia	1	--	--
14.	Shri R.K. Tripathy, IAS	--	--	--

3.0 AUDIT COMMITTEE

The Company has constituted an audit committee of the Directors as per Section 292-A of the Companies Act, 1956 and the listing agreement. During the financial year, five meetings of the audit committee were held on 21-06-2007, 26-07-2007, 30-08-2007, 20-12-2007 and 31-01-2008. The composition of the audit committee and attendance of each member of the audit committee are stated as under:

Sr. No	Name of the Member	Designation	No. of Meetings held	No. of Meetings Attended
1.	Dr. Manjula Subramaniam, IAS	Chairperson (up to 26-7-2007)	2	1
		Member (from 26-7-2007 to 31-8-2007)	1	1
2.	Shri K Kailashnathan, IAS	Member (up to 26-7-2007)	2	1
3.	Shri M.S. Dagur, IAS	Member (up to 26-7-2007)	2	2
4.	Dr. V.G. Patel	Chairman (from 30-8-2007)	3	3
		Member (from 26-7-2007 to 30-8-2007)	--	--
5.	Shri B. N. Navalawala	Member (from 26-7-2007)	3	2
6.	Shri N.B. Desai	Member (from 26-7-2007)	3	3

4.0 REMUNERATION COMMITTEE

The company has not constituted remuneration committee as all the executive directors and most of the employees working in the Company are on deputation from different departments/agencies of Government of Gujarat. All the employees working under the Nigam are being paid salary and allowances as per rules of the Government of Gujarat from time to time.

5.0 REMUNERATION OF DIRECTORS

No sitting fee is paid to any director for attending Board and Committee meetings. The details of remuneration paid to working directors are stated as under:

Sr. No	Name & Designation of working Director	Salary Rs.	L.T.C. Rs.	Medical Reimbursement Rs.	Total Amount paid Rs.
1.	Shri P.K. Laheri Chairman & Managing Director	--	--	--	--
2.	Shri R.K. Tripathy, IAS Jt. Managing Director	11,64,216	--	--	11,64,216
3.	Shri G.P. Joshi, IAS Director (Finance)	6,41,760	32,805	2,364	6,76,929
4.	Shri S.J. Desai Director (Canals)	6,69,442	--	--	6,69,442
5.	Shri A.B. Mandavia Director (Civil)	6,74,116	--	--	6,74,116
6.	Shri A.S. Bharti Director (CAD)	3,36,706	--	--	3,36,706

6.0 SHAREHOLDERS' GRIEVENCE COMMITTEE

All the equity shares of the company are held by the Government of Gujarat and are not listed on any Stock Exchange therefore a committee to redress the grievance of shareholders is not required hence not constituted. A Transfer Committee of Directors is constituted to approve Transfer/Duplicate certificate/Remat etc. of various bonds. The complaints of the Bondholders are being attended regularly by the Company.

7.0 GENERAL BODY MEETINGS

The details of location and time of last three annual general meetings held are stated as under:

Annual General Meeting	Date	Time	Location
17 th AGM	30-9-2005	11.00	Board Room of the Company, 1 st Floor, Block No.12, New Sachivalaya Complex, Gandhinagar 382 010
Adjourned 17 th AGM	20-3-2006	11.30	
18 th AGM	28-9-2006	11.00	--do--
Adjourned 18 th AGM	22-12-2006	11.00	--do--
19 th AGM	28-09-2007	11.00	--do--
Adjourned 19 th AGM	25-02-2008	11.00	--do--

8.0 DISCLOSURES

- 8.1 No materially significant transactions entered with the promoters, the directors or the management, their subsidiaries or relatives or the companies in which they are interested.

- 8.2 No penalties, strictures imposed on the company by stock exchange or SEBI or any statutory authority, on any matter related to capital markets, during the last three years.
- 8.3 The Company has adopted the policies of the State Government for taking action on the complaints received from the public including business associates and employees regarding unethical or improper practice followed by any employee working under the Company. No personnel has been denied access to the audit committee of the company.
- 8.4 All the paid up equity share capital is held in the name of H.E. the Government of Gujarat and their nominees, therefore no director is holding any share in his personal capacity.
- 8.5 The Company has obtained annual affirmation for compliance of Code of Conduct for the financial year 2007-2008 from the members of Board and Senior Management personnel.
- 8.6 In preparation of financial statement applicable accounting standard has been followed.
- 8.7 The Company has complied with all the mandatory requirement of Clause 49 of the listing agreement except requirement of number of independent directors on the Board. The Company has adopted all non mandatory requirement of the listing agreement to the extent applicable.

9.0 MEANS OF COMMUNICATION

- 9.1 The equity shares of the Company are not listed on any Stock Exchange but its bonds are listed. The Bonds issued through public issue during 1993 are listed on Ahmedabad, Mumbai, Vadodara, Rajkot, Indore, Jaipur, Delhi, Kolkata, Chennai and National Stock Exchange. The Bonds issued through private placement from time to time are listed on National Stock Exchange. The project of the Company is under implementation therefore quarterly status of the project along with expected date of commissioning of the project etc. are being published in English and Gujarati newspapers as provided in the listing agreement.
- 9.2 The Quarterly status of the project is also displayed at the website of the Company www.sardarsarovardam.org. The Management Discussion and Analysis is published as a part of directors' report.

10.0 GENERAL SHAREHOLDER INFORMATION

- 10.1 All the paid up equity share capital of the Company is held by the Government of Gujarat and equity shares are not listed on any Stock Exchange.

(i) Annual General Meeting:

Date : 26-09-2008
Time : 11.30 am
Venue : Board Room of the Nigam,
1st Floor, Block No. 12,
New Sachivalaya Complex,
Gandhinagar 382 010.

- (ii) Financial year : From 1st April to 31st March
(iii) Date of Book closure : NA
(iv) Dividend payment Date : NA
(v) Listing on Stock Exchanges : Equity shares are not listed on any
stock exchange
(vi) Stock Code : NA
(vii) Market Price Data High, Low : NA
during each month in last
financial year
(viii) Performance in comparison to : NA
broad-based indices such as BSE
Sensex, CRISIL index etc.
(ix) Registrar and Transfer Agents : NA
(x) Share Transfer System : The equity shares are being
transferred as per instruction of
the Government of Gujarat within
30 days.
(xi) Distribution of shareholding : 100% paid up equity share capital
is held by Government of Gujarat
and its nominees.
(xii) Dematerialization of shares and : Since equity shares are not listed
liquidity hence not dematerialized
(xiii) Outstanding : NA
GDRs/ADRs/Warrants or any
Convertible instruments,
Conversion date and likely impact
on equity
(xiv) Location of Project : The main dam, River Bed Power
House and Canal Head Power
House are located at Kevadia
Colony, district Narmada, Gujarat
State. The network of canal is
spreaded in various districts of
Gujarat State.
(xv) Address for correspondence : Sardar Sarovar Narmada Nigam
Ltd., Block No.12,
New Sachivalaya Complex,
Gandhinagar-382 010.
Fax No.(079)23223056

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AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To
The Members of
Sardar Sarovar Narmada Nigam Limited,
Gandhinagar.

We have examined the compliance of conditions of corporate governance by **Sardar Sarovar Narmada Nigam Limited**, for the year ended on 31st March 2008, as stipulated in Clause 49 of the Listing Agreement of the said company with stock exchanges.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, subject to:

- (i) non-compliance of clause 49 I (A) (ii) regarding no. of independent directors in the composition of Board.
- (ii) non-compliance of clause 49 II (A) (i) regarding no. of independent directors in the Audit Committee from 1.04.07 to 26.07.07,

We certify that the company has complied with the conditions of Corporate Governance as stipulated in the abovementioned Listing Agreement.

We state that such compliance is neither an assurance as to the future viability of the company nor the efficiency or effectiveness with which the management has conducted the affairs of the company.

Place: Ahmedabad

Date: 28.08.2008



For Ramanlal G. Shah & Co.
Chartered Accountants

J. R. Mehta

(Jayesh R. Mehta)
PARTNER
Membership No. 8683

ANNEXURE-III

Replies of the board of Directors on the observations of Statutory Auditors

Para No	Observations of Statutory auditors	Replies
Annexure to auditors' Report (i) (a)	The Company is in process of compiling the relevant details to maintain proper records showing full particulars including quantitative details and situation of fixed assets partly at Division level and partly at Head Office.	Detailed records of fixed assets have been maintained at various division offices as per PWD formats. Abstract record on value basis is maintained at head office. Steps are being taken to compile it as per the provisions of Companies Act.
Annexure to auditors' Report (i) (b)	As informed to us, offices of Chief Engineers have submitted the reports on physical verification of assets of division offices under them. Reconciliation of physical verification with fixed assets register is under process.	Physical verification of fixed assets located at various division offices have been carried out. Steps for reconciliation are being taken by C.E. offices.
(vii)	The internal audit during the year was carried out at the offices of division, chief engineers and H.O. by the firms of Chartered Accountants and officers deputed from office of Comptroller & Auditor General of India. In our opinion the systems of internal audit were adequate and commensurate with the size and nature of operation of the company. However, review of performance of internal audit is required to be strengthened.	Following steps have already been taken to strengthen the review of performance of internal auditors. <ol style="list-style-type: none"> (1) Scrutiny of Audit reports and Preparation of Gist of major irregularities and conversation with the internal auditors in this regard. (2) Sending copies of G.R., Circulars etc. on the Accounting and Audit matters to all the internal Auditors. (3) Holding workshop & meetings and highlighting the inadequacies in the internal audit. (4) Change in Audit offices on rotational basis. (5) Commencement of internal Audit on quarterly basis instead of half yearly basis. However as mentioned by the Statutory Auditors' in their report, further step will be taken for review of performance of internal auditors.
(ix) (a)	In respect of Investor Education & Protection Fund amount required to be transferred, were not deposited during the year.	Steps are being taken for the scrutiny of unclaimed amount.
(ix)(b)	According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, provident fund, wealth	Steps are being taken for scrutiny of unclaimed amount in respect of Investor Education & Protection Fund. Amount of Rs. 0.14 crore being the amount of

	tax, sales tax, professional tax, customs duty, service tax and cess were in arrears, as at 31 st March 2008 for a period of more than six months from the date they became payable except amount of Rs.4.20 crores payable to Investor Education & Protection Fund and Rs. 0.14 crore being the amount of Labour Cess payable under Building and Other Construction Workers Welfare Cess Act, 1996.	Labour Cess payable under Building and Other Construction Workers Welfare Cess Act, 1996 was remain unpaid as on 31.03.2008 at one of the C.E. offices due to lack of relevant information/clarification from the Division office. However steps have been taken to deposit the same at the earliest.
(xix)	Based on information and explanations furnished by the management which have been relied upon by us, there were no frauds on or by the Company noticed or reported during the year except misappropriation of Rs.7.67 lakhs as reported by one of the Division offices of Company.	During the F.Y. 2007-08, misappropriation of Rs. 7.67 lakhs by one of the employee has been reported under the N.P. Colony Division No.03, Kevadia Colony. F.I.R. has been filed with the police station by the said division office. Concerned employee has been arrested by the Police department and still he is in police custody. Moreover he has been suspended from services, court case has been instituted and Departmental inquiry has been initiated against him.
Certificate on Corporate Governance Point(i) &(ii)	<p>In our opinion and to the best of our information and according to the explanations given to us, subject to:</p> <p>(i) non-compliance of clause 49 I (A) (ii) regarding no. of independent directors in the composition of Board.</p> <p>(ii) Non-compliance of 49 II (A) (i) regarding no. of independent Directors in the Audit Committee from 1.04.07 to 26.07.07,</p> <p>We certify that the company has complied with the conditions of Corporate Governance as stipulated in the abovementioned Listing Agreement.</p>	The power for appointment and removal of the directors are vested with the Government of Gujarat. Accordingly the Government of Gujarat appoints or removes the directors on the Board of directors of the Company. The Board of Directors mainly consists of senior officers of participating States of the Sardar Sarovar Project i.e. Gujarat, Madhya Pradesh, Maharashtra and Rajasthan. Attention of G.O.G. is drawn for appointment of independent Directors as per clause 49 of listing agreement. Govt. of Gujarat has appointed 3 independent Directors on 06.06.2007.

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CHARTERED ACCOUNTANTS

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AUDITORS' REPORT

To
The Members of
Sardar Sarovar Narmada Nigam Limited
Gandhinagar.

1. We have audited the attached Balance Sheet of Sardar Sarovar Narmada Nigam Limited ('the Company') as at 31st March, 2008, the Statement of Incidental Expenditure Pending Capitalisation for the year ended on that date annexed thereto and Cash Flow Statement for the year ended on that date. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We have conducted our audit in accordance with Auditing Standards generally accepted in India. These Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides reasonable basis for our opinion.
3. As required by the Companies (Auditors' Report) Order, 2003, issued by the Central Government of India in terms of Sub Section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraph 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:
 - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - b) In our opinion, proper books of account, as required by the law, have been kept by the Company so far as appears from our examination of those books.
 - c) The Balance Sheet, Statement of Incidental Expenditure Pending Capitalisation and Cash Flow Statement dealt with by this report are in agreement with the books of account.
 - d) In our opinion, the Balance Sheet, Statement of Incidental Expenditure Pending Capitalization and Cash Flow Statement dealt with by this report comply with the mandatory Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.



- e) The Company being a Government Company, as per notification No.: G.S.R 829 (E) dated 21st October 2003 of Ministry of Finance (Department of Company Affairs) provisions of clause (g) of Sub. Section (1) of Section 274 of the Companies Act, 1956 are not applicable to the Company.
- f. (1) Note No.1 (b) Regarding non capitalizing of projects in the accounts for the reasons stated in the note.
- (2) Note No.2 regarding pending final consideration of assets transferred by Government of Gujarat and incorporation of land transferred in to the revenue records of GOG.
- (3) Note No.4 (b) regarding share cost of SSP and operation and maintenance of Power Project payable by the participating states not accounted in the books of Nigam as the same is dealt with by the GOG.
- (4) Note No.6 (a) regarding Non-Provision of expenses in respect of land acquired in Madhya Pradesh and Maharashtra pending final procedures.
- (5) Note No. 6 (b) regarding Non-Provision of land revenue in respect of land acquired in the state of Madhya Pradesh and Maharashtra for the reasons stated there in.
- (6) Note No. 6 (c) regarding pending accounting of liability in respect of forest land acquired in the state of Gujarat, Madhya Pradesh and Maharashtra as consideration for such land has not been determined.
- (7) Note No. 8 regarding Non-Provision of income tax for the year and previous years for the reasons stated there in.
- (8) Note No. 11 (a) regarding accounts being subject to adjustment on getting information in respect of account stated there in.
- (9) Note No. 11 (b) regarding pending reconciliation of accounts as stated in the notes with records of Registrars.
- (10) Note No. 12 regarding non provision of contingent liabilities for the reasons stated in the notes.
- (11) Note No. 13 regarding Non-Provision of Contingent liabilities for the reasons stated in the note.
- (12) Note No. 14 (a) regarding accounts being subject to adjustment on getting information in respect of accounts stated there in.



(13) Note No. 14 (b) regarding absence of balance confirmation of Creditors, Sundry deposits, Loans and Advances and Other Liabilities which are subject to reconciliation and adjustment if any on getting the confirmation.

(14) Note No. 19 regarding Non-Payment of amounts stated in the note to Investor Education and Protection Fund,

Effect of above observations on assets and liabilities of the Company, if any could not be ascertained,

5. As stated in Note no. 1 (b) & (c), pending final clarification from the Government of Gujarat regarding capitalization of projects though commissioned and preparation of Profit & Loss account under section 210(1) (b) of the Companies Act, 1956, the management of the Nigam has not capitalized the projects and not prepared Profit & Loss account for the year ended on 31st March, 2008. Consequently the assets and liabilities (if any) of the Company are subject to adjustment on capitalization of the projects and profit/loss for the year ended on 31st March, 2008 are not determined.
6. Subject to what is stated in para 4 (i) and para 5 above, in our opinion and to the best of our information and according to the explanation given to us, the said accounts read with the notes thereon give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India.

- (i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2008,
- (ii) in the case of the 'Statement of Incidental Expenditure Pending Capitalization', of the expenditure of the Company for the year ended on that date and
- (iii) in so far as it relates to the Cash Flow Statement, of the Cash Flows of the Company for the year ended on that date.

Place: Ahmedabad
Date: 28.08.2008



For Ramanlal G. Shah & Co.
Chartered Accountants

(Jayesh R. Mehta)
Partner
Membership No. : 8683

SARDAR SAROVAR NARMADA NIGAM LIMITED**ANNEXURE TO AUDITORS' REPORT**

(Referred to in paragraph (3) of our report of even date)

- (i) (a) The Company is in process of compiling the relevant details to maintain proper records showing full particulars including quantitative details and situation of fixed assets partly at Division level and partly at Head Office.
- (b) As informed to us, offices of Chief Engineers have submitted the reports on physical verification of assets of division offices under them. Reconciliation of physical verification with fixed assets register is under process.
- (c) As informed to us substantial part of fixed assets have not been disposed off during the year.
- (ii) (a) We are informed that the stocks of construction materials, stores and spare parts including the structural items have been physically verified by the management at the end of the accounting year. In our opinion, considering the size and nature of operation of the Company, the same is reasonable.
- (b) As explained to us, the procedures followed by the management with regard to physical verification of stocks are reasonable and adequate in relation to the size of the Company and nature of its activities.
- (c) The Company is maintaining proper records of stock of construction material. The discrepancies noticed on verification between the physical stocks and the book records are dealt with in the accounts.
- (iii) The Company has neither granted nor taken any loans, secured or unsecured, to / from companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchase of construction materials and fixed assets. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control.
- (v) There were no contracts or arrangements that need to be entered in the Register in pursuance of section 301 of the Companies Act 1956.
- (vi) In respect of deposits accepted from the public, the Company has complied with the provisions of Section 58 A, 58 AA or any other relevant provisions of the Companies Act, 1956 where applicable and the Companies (Acceptance of Deposits) Rules 1975. As informed to us, no order has been passed by Company Law Board, Reserve Bank of India, any Court or any Tribunal.
- (vii) The internal audit during the year was carried out at the offices of division, chief engineers and H.O. by the firm of Chartered Accountants and officers deputed from office of Comptroller & Auditor General of India. In our opinion the systems of internal audit were adequate and commensurate with the size and nature of operation of the

company. However, review of performance of internal audit is required to be strengthened.

(viii) Maintenance of cost records by the Company has not been prescribed by the Central Government under section 209(1) (d) of the Companies Act, 1956.

(ix) (a) In our opinion and according to the information and explanation given to us, the Company has been regular in depositing undisputed statutory dues with the appropriate authorities in respect of income tax, wealth tax, professional tax, sales tax, provident fund, cess, service tax and other material statutory dues applicable to it except Investor Education & Protection Fund. In respect of Investor Education & Protection Fund amount required to be transferred, were not deposited during the year. As informed to us provisions of Employees State Insurance Act, 1948 are not applicable to the Company.

(b) According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, provident fund, wealth tax, sales tax, professional tax, customs duty, service tax and cess were in arrears, as at 31st March 2008 for a period of more than six months from the date they became payable except amount of Rs.4.20 crores payable to Investor Education & Protection Fund and Rs. 0.14 crore being the amount of Labour Cess payable under Building and Other Construction Workers Welfare Cess Act, 1996.

(c) According to the information and explanations given to us, there are no dues of excise duty, customs duty, sales tax, wealth tax and cess, which have not been deposited on account of any dispute. In respect of income tax, details of disputed dues are given hereunder:

Amount (Rs. in crores)	Period to which amount relates	Forum where dispute is pending
0.34	F.Y. 1995-96	High Court of Gujarat
0.57	F.Y. 1997-98	High Court of Gujarat
1.28	F.Y. 1998-99	High Court of Gujarat
12.02	F.Y. 1999-00	High Court of Gujarat
15.66	F.Y. 2004-05	CIT (Appeals)

(x) As stated in note no. 1(b) in Schedule I, the work of execution of Sardar Sarovar Project is under progress and hence the Company has not prepared profit and loss accounts. Consequently the question of determining any cash losses during the year as well as in the previous year does not arise.

(xi) In our opinion and according to the information given to us the Company has not defaulted in repayment of dues to Banks.

(xii) The Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

(xiii) According to the information and explanation given to us, the Company has not provided guarantees for loans taken by others from banks and financial institutions.



- (xiv) On the Basis of the records examined by us, and relying on the information compiled by the Company for co-relating the funds raised to the end use of term loans, we have to state that, the Company has, prima-facie, applied the term loan for the purpose for which they were obtained.
- (xv) According to the information and explanation given to us and on an overall examination of the balance sheet of the company, we report that during the year, short term funds have not been used to finance long term investment.
- (xvi) During the year the Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under section 301 of the Companies Act, 1956
- (xvii) In respect of bonds issued by the Company, securities and charges have been created by the Company.
- (xviii) During the year, the Company has not raised money by public issue(s).
- (xix) Based on information and explanations furnished by the management which have been relied upon by us, there were no frauds on or by the Company noticed or reported during the year except misappropriation of Rs.7.67 lakhs as reported by one of the Division offices of Company.
- (xx) The nature of the Company's activities is such that the requirements of clauses (xiii) and (xiv) of paragraph 4 of the Order are not applicable.

Place: Ahmedabad.

Date: 28.08.2008



For Ramanlal G. Shah & Co.
Chartered Accountants

Jayesh R. Mehta
(Jayesh R. Mehta)
Partner

Membership No. : 8083

SARDAR SAROVAR NARMADA NIGAM LIMITED
BALANCE SHEET AS AT 31st MARCH, 2008

(Rs. In Crore)

PARTICULARS	SCH. No.	AS at 31/03/2008	AS at 31/03/2007
SOURCES OF FUND :-			
SHARE CAPITAL	A	16928.68	12441.86
SHARE APPLICATION MONEY	B	1561.17	3674.92
RESERVES & SURPLUS	C	0.20	0.20
SECURED LOANS	D	8668.57	8593.57
UNSECURED LOANS	E	2889.21	3217.70
TOTAL		30047.83	27928.25
APPLICATION OF FUND :-			
FIXED CAPITAL EXPENDITURE			
(a) Completed Assets (Gross Block)	F	1044.31	869.83
Less : Depreciation		59.50	55.80
Net Block		984.81	814.03
(b) Capital work-in-progress	G	28204.34	16489.73
(c) Incidental expenditure pending capitalization		41.85	9586.92
		29231.00	26890.68
INVESTMENTS	H	6.06	6.06
CURRENT ASSETS LOANS & ADVANCES	I	1430.26	1780.48
LESS : CURRENT LIABILITIES AND PROVISIONS	J	619.50	748.98
NET CURRENT ASSETS		810.76	1031.50
MISCELLANEOUS EXPENDITURE [To the extent not written off or adjusted]			
Preliminary Expenses		0.01	0.01
TOTAL		30047.83	27928.25
ACCOUNTING POLICIES	K		
NOTES FORMING PART OF ACCOUNTS	L		

AS PER OUR ATTACHED REPORT OF EVEN DATE
FOR RAJESH R. SHAH & CO.
Chartered Accountants

(JAYESH R. MEHTA)
Partner



Place : Ahmedabad
Date : 28/08/2008

FOR & ON BEHALF OF BOARD OF DIRECTORS

(Signature)
(M. L. SOLANKI)
Chief General / Secretary

(Signature)
(A. K. JOTI)
Managing Director (Finance)

(Signature)
(M. L. SOLANKI)
Chief General / Secretary (A/c)

(Signature)
(A. K. JOTI)
Managing Director

(Signature)
(N. V. PATEL)
Chairman

Place : Gandhinagar
Date : 28/08/2008

SARDAR SAROVAR NARMADA NIGAM LIMITED

STATEMENT OF INCIDENTAL EXPENDITURE PENDING CAPITALIZATION FOR THE YEAR ENDED ON 31ST MARCH, 2008
(Rs. in Crores)

Particulars	For the year ended 31-03-2007	For the year ended 31-03-2007
(A) Expenses		
Rehabilitation & Resettlement Expenditure	119.79	21.32
Survey & Investigation	4.19	1.74
Environment & Ecology	2.03	0.77
Employees Remuneration & Benefits: Salary, Wages, Gratuity and Allowances	121.68	121.35
Contributory Provident and Other Funds	0.62	0.57
Employees' Welfare Expenses	0.44	0.47
Expenditure incurred by N.W.R.W.S.K. Department	4.49	4.40
N.C.A. and others Contribution	1.89	0.00
Insurance	0.16	0.09
Rent	0.33	0.29
Rates and Taxes	0.14	0.40
Electricity	10.23	6.05
Repairs & Maintenance:		
Repairs & Maintenance to Plant & Machinery	2.68	0.58
Repairs & Maintenance to Building	7.16	6.70
Repairs & Maintenance to Others	31.16	30.79
O & M Power Houses	12.03	5.11
Printing & Stationery	1.23	1.33
Advertisement	2.29	1.80
Brokerage on fixed Deposits	4.40	7.25
Guarantee Fees (Govt.)	17.77	66.43
Traveling Expenses	7.60	6.09
Fuel, Oil & Lubricants	2.64	2.24
Auditors' Remuneration	0.03	0.03
Legal & Professional Charges	6.81	6.42
Guest House Expense	0.84	0.67
Research & Development Expenses	1.44	0.45
Office Expenses	8.48	9.45
Interest	794.81	772.57
Discount on Deep Discount Bonds	466.13	392.20
Loan Processing Charges	0.32	0.04
Listing Fees	0.09	0.11
Foreign Exchange Loss	79.36	0.00
Prior Period Adjustments	1.24	0.38
Depreciation/Amortisation	1.70	3.55
Wealth Tax	0.08	0.04
Provision for Fringe Benefit Tax	0.75	0.98
Total (A)	1738.45	1472.64



(B) Less:- Income				
Sale of Water		78.11		69.53
Sale of Electricity	142.95		116.04	
Less:- Rebate of Electricity	1.42	141.53	1.14	114.90
Tender fees		0.51		0.36
Interest :				
On (Tax Free) UTI Investment		0.18		0.38
On Deposits and Sinking Fund		18.48		16.31
On Loan Advances to Staff		0.00		(3297.00)
Rent of Residential Building		0.68		1.00
Miscellaneous receipts		4.12		3.65
Prior Period Adjustments		0.19		5.30
Profit on sale of asset		0.00		2.40
Total (I)		244.22		213.83
Total (A-B)		1495.33		1258.83
Add :- Opening Balance	9586.92		8505.19	
Less:- Borrowing Cost of earlier years transferred to CWIP	9371.03	215.89	0.00	8505.19
Total		1711.12		
Less: Transferred to Capital Work in Progress (Net) *		1649.27		177.10
Balance carried over to Balance sheet		41.85		9586.92
ACCOUNTING POLICIES				K
NOTES FORMING PART OF ACCOUNTS				L

FOR & ON BEHALF OF BOARD OF DIRECTORS

AS PER OUR ATTACHED REPORT OF EVEN DATE
FOR RAJANAL G. SHAH & CO.
Chartered Accountants

(JAYESH R. MEHTA)
Partner

Place: Ahmedabad
Date: 28/08/2008

Note:-

* As determined by the Board of Directors



(M. L. SOLANKI)
Company Secretary

(A. K. MEHTA)
Managing Director

(M. L. SOLANKI)
Chief General Manager (Accounts)

(A. K. MEHTA)
Managing Director

(N. V. PATEL)
Chairman

Place: Gandhinagar
Date: 25/08/2008

SARDAR SAROVAR NARMADA NIGAM LIMITED

CASH FLOW STATEMENT FOR YEAR ENDED 31st MARCH, 2008

(Rs. In Crore)

	Particulars	As at 31/03/2008	As at 31/03/2007
A	CASH FLOW FROM OPERATING ACTIVITIES :	NOT APPLICABLE	NOT APPLICABLE
B	CASH FLOW FROM INVESTING ACTIVITIES :		
1	Decrease / (Increase) in fixed assets, Capital Work in progress and Inc. expenditure pending capitalization	-1024.43	-1220.36
2	Decrease / (Increase) in net current assets	199.63	-392.01
	Net Cash Outflow from investing activities	-824.80	-1612.37
C	CASH FLOW FROM FINANCING ACTIVITIES :		
1	Proceeds from issue of share capital (including application money, Capital Reserve and shares pending allotment)	2373.07	2520.19
2	Proceeds from Borrowing (net) (Secured & Unsecured including suppliers credit)	-251.60	354.49
3	Interest Received	18.85	16.68
4	Interest & Other Financial Costs	-1334.74	-1252.44
	Net Cash Outflow from financing activities	805.58	1638.92
	Net increase/(decrease) in cash and cash equivalents	-19.22	26.55
	Cash and Cash equivalents (opening balances)	212.72	186.17
	Cash and Cash equivalents (closing balances)	193.50	212.72

Notes:

- 1 No Profit and Loss Accounts for the year has been prepared as the project is under execution. [Refer Note No. 1(a) and 1(b) of Schedule L].
- 2 Minus Figures represent cash out flows.
- 3 Previous year figures have been reworked, reclassified and rearranged for the purpose of comparison with the figures of current year.

AS PER OUR ATTACHED REPORT OF EVEN DATE
FOR RAMANAL G. SHAH & CO.

Chartered Accountants

(JAYSHI R. MEHTA)
Partner

Place : Ahmedabad
Date : 28/08/2008



FOR & ON BEHALF OF BOARD OF DIRECTORS

(N. M. PATEL)
Company Secretary

(M. L. SOLANKI)
Chief General Manager (A/c)

(A. K. JOTI)
Managing Director (Finance)

(A. K. JOTI)
Managing Director

(V. PATEL)
Chairman

Place : Gandhinagar
Date : 28/08/2008

SARDAR SAROVAR NARMADA NIGAM LIMITED
SCHEDULE -" A " : SHARE CAPITAL

(Rs. in Crore)

Particulars	As at 31/03/2008 Rs.	As at 31/03/2007 Rs.
<u>AUTHORISED :</u>		
250000000 (125000000) Equity Shares of Rs.1000/- each	25000.00	12500.00
	25000.00	12500.00
<u>ISSUED, SUBSCRIBED & PAIDUP :</u>		
169286828 (124418601) Equity shares of Rs.1000/- each fully paid up	16928.68	12441.86
Total	16928.68	12441.86

NOTE:

(1.) All the above shares are held by the Government of Gujarat through Governor of Gujarat or his nominees.

(2.) Of the above shares, 50,00,000 Equity shares of Rs.1000 each aggregating to Rs. 500 crore were allotted without payment having been received in cash in consideration of various assets having aggregate value of Rs. 533.09 Crore transferred to the Company by Government Resolution No. CDR- 1488-H Dated 27/10/1988 issued by Narmada Development Department of the GOG. Amount of balance consideration of Rs. 33.10 Crore is shown as shares pending allotment in Schedule 'B'

SCHEDULE "B" : SHARE APPLICATION MONEY

(Rs. in Crore)

Particulars	As at 31/03/2008 Rs.	As at 31/03/2007 Rs.
<u>Share Application Money</u>		
Application Money	1528.07	3641.82
Shares pending allotment	33.10	33.10
(Note : See 'Note 2' in Schedule A)		
Total	1561.17	3674.92

SCHEDULE "C" : RESERVES AND SURPLUS

(Rs. in Crore)

Particulars	As at 31/03/2008 Rs.	As at 31/03/2007 Rs.
<u>CAPITAL RESERVE :</u>		
As per last Balance Sheet	0.20	0.20
Total	0.20	0.20

Note: During F.Y. 2002-03, 806 17.5 % Non-Convertible Bonds of public issue 1993 (Bonds held by 384 Bond holders) were forfeited, and same have been transferred to capital reserve.



SARDAR SAROVAR NARMADA NIGAM LIMITED
SCHEDULE "D" : SECURED LOANS

		(Rs. in Crore)	
	Particulars	As at 31/03/2008 Rs.	As at 31/03/2007 Rs.
[A]	BONDS:		
(a)	PUBLIC ISSUES:		
	Deep Discount Bonds - NOVEMBER 1993: 669380 (669396) Deep Discount Bonds of the face value of Rs. 11,000 each issued at a discounted price of Rs. 3600 each fully paid up [including discount charges up to 31/03/2008 Rs. 2670.30 Crore (Rs. 2229.91 Crore)]	2931.21	2464.91
(b)	PRIVATE PLACEMENTS:		
	NON CONVERTIBLE BONDS ISSUED IN 1999-2000:		
	Regular Bonds		
(I)	(A) 275(275) 13.90% Non Convertible Bonds 1999-2000 of Rs. 50,000 each	1.38	1.38
		1.38	1.38
(II)	NON CONVERTIBLE BONDS ISSUED IN 2000-2001:		
	(A) 39399(39399) 12.50% Non Convertible Bonds Feb-01 (Series-I) of Rs. 100000 bond Redeem at 60% of amount	157.60	275.79
	(B) 10601(10601) 12.80% Non Convertible Bonds Feb-01 (Series-I) of Rs. 100000	106.01	106.01
		263.61	381.80
(III)	NON CONVERTIBLE BONDS ISSUED IN 2001-2002:		
	(A) 9500(9500) 11.50% Non Convertible Bonds Nov-01 (Series-II) of Rs. 100000 e bond Redeem at 75% of amount	23.75	47.50
	(B) 5500(5500) 11.95% Non Convertible Bonds Nov-01 (Series-II) of Rs. 100000 e	55.00	55.00
	(C) 5000(5000) 11.50% Non Convertible Bonds Nov-01 (Series-II) of Rs. 100000 e bond Redeem at 50% of amount	25.00	25.00
	(D) 40750(40750) 11.25% Non Convertible Bonds Feb-02 (Series-III) of Rs. 100000 bond Redeem at 60% of amount	163.00	285.25
	(E) 19250(19250) 11.50% Non Convertible Bonds Feb-02 (Series-III) of Rs. 100000	192.50	192.50
		459.25	605.25
(IV)	NON CONVERTIBLE BONDS ISSUED IN 2002-2003:		
	(A) 17107(17107) 11.25% Non Convertible Bonds July-02 (Series-I) of Rs. 100000 each bond Redeem at 30% of amount	119.75	171.07
	(B) 12893(12893) 11.50% Non Convertible Bonds July-02 (Series-I) of Rs. 100000	128.93	128.93
	(C) Nil(7500) 9.20% Tax Free Non Convertible Bonds Sep-02 of Rs. 100000 each fully Redeem on 30th September 2007	0.00	75.00
	(D) 12500(12500) 9.50% Tax Free Non Convertible Bonds Sep-02 of Rs. 100000 e	125.00	
	(E) Nil(175000) 9.20% Tax Free Non Convertible Bonds Oct-02 of Rs. 100000 each fully Redeem on 30th September 2007	0.00	125.00
	(F) 175000(175000) 9.50% Tax Free Non Convertible Bonds Oct-02 of Rs. 100000 e	175.00	175.00
		548.68	875.00



	Particulars	As at 31/03/2008 Rs.	As at 31/03/2007 Rs.
(V)	NON CONVERTIBLE BONDS ISSUED IN 2003-2004 :		
(A)	2000(2000) 8.95% Non Convertible Bonds 2003-04 Series-I of Rs.1000000 each	200.00	200.00
(B)	650(650) 8.25% Non Convertible Bonds 2003-04 Series-II of Rs.1000000 each	65.00	65.00
(C)	4350(4350) 8.60% Non Convertible Bonds 2003-04 Series-II of Rs.1000000 each	435.00	435.00
		700.00	700.00
(VI)	NON CONVERTIBLE BONDS ISSUED IN 2004-05 :		
(A)	3050(3050) 7.50% Non Convertible Bonds 2004-05 Series-I of Rs.1000000 each	305.00	305.00
(B)	2450(2450) 8.00% Non Convertible Bonds 2004-05 Series-I of Rs.1000000 each	245.00	245.00
		550.00	550.00
(B)	LOAN FROM BANKS :		
	Short Term Loan from Banks	500.00	535.00
	Long Term Loan from Banks	1775.53	1548.01
		2275.53	2083.01
(C)	LOAN FROM FINANCIAL INSTITUTIONS :		
	Loan from Power Finance Corporation Ltd	917.58	983.81
	Interest accrued and due on Secured Loan :		
	Interest accrued and due on Bank Loans	21.31	23.41
		21.31	23.41
	TOTAL	8668.57	8593.57

* NOTE :

Details of principal amount payable within next one year :

Particulars	2007-08	2006-07
Bonds	510.21	515.52
Loan from Banks	199.74	668.68
PFC	66.72	66.72
TOTAL Rs.	776.67	1250.92



SCHEDULE ⇒ D

NOTES :

- A) Deep Discount Bonds (DDB) have been issued for a maturity period of 20 years from the date of allotment, bond holder has the option to withdraw the bond at the end of the 7th, 11th, and 15th, year from the date of allotment, at a deemed face value of Rs. 12,500, Rs 25,000 and Rs.50,000 respectively. On the end of the 7th year 42497 DDBS were redeemed at the predetermined value of Rs 12,500 per DDB. On the end of the 11th year 1634 (1008 + 503 + 107 + 16) DDBS were redeemed at predetermined value of Rs. 25,000.00 per DDB.
- B) Above DDB, interest thereon, remuneration to trustees and all monies relating thereto are secured by a mortgage of properties situated at survey No. 101, 142 to 148 and 155 to 157 of village Mokhadi, Taluka Nandod, District Bharuch, together with structural works of Dams, Land in various Survey Nos. in eleven villages of Taluka Nandod, District Bharuch, Thirteen village of Taluka Nasawadi & one of Taluka Sankheda, District Baroda together with structural works of 21 Kms. Main canal, F.P. No.280 in TPS No. 14 of Taluka Dariyapur Kajipur, Taluka, city, District of Ahmedabad and Plant and Machinery (movable & immovable) of River bed Power House, and an exclusive charge on all monies adreed to be provided by the Government of Gujarat to the company by way of additional funding under the provision of Tripartite Agreement between the company, the Trustees and the Government of Gujarat.
- C) NCBPP-1999-2000 13.90% 275 (275 Bonds) amounting **Rs.1.38** crores. Non Convertible Regular Return Bonds of face value of Rs.50000/- each (Privately placed) redeemable after seven years, seven years, seven years and ten years respectively from the date of the last allotment at par. Investor can opt for early withdrawal of Regular Bonds at par on 27-10-2006 and Company can opt for early redemption at par 27-10-2006. Principal amount of bond, interest thereon, remuneration to trustees and all monies relating thereto are secured by a mortgage in favour of the Trustees in a form satisfactory to the Trustees of all the Company's immovable properties, both present and future: (a) all those pieces or parcels of land in village Vadaj, Taluka city, district Ahmedabad in the state of Gujarat. The aforesaid Bonds of the aggregate nominal value of **Rs. 1.38** Crore are now additionally secured interalia by the Deed of Additional security dated 22nd June 2001 by creating mortgage and / or charge on the company's additional immovable and movable properties situated at (i) village Mokhadi Nandod, Taluka, District Bharuch in the state of Gujarat together with the



entire Gravity Dam, River Bed Power House and other structures. (ii) The Main Canal Reach from 0 Kms. To 21 Kms. (iii) the Six turbine units of 200 M.W. capacity each (iv) all plant and machinery and (v) all monies agreed to be provided by the Government of Gujarat and more particularly described in the second to seventh schedule to the Deed of Additional security dated 22nd June 2001. The company has redeemed 88838 bonds of 13.90% amounting to Rs. 444.19 Crore as on 27-10-2006.

D) Non Convertible Bonds (Privately Placed) (Feb-2001-series-1) amounting Rs.500 Crores 12.50% (39399 Bonds) and 12.80% (10601 Bonds), Non Convertible Regular Return Bonds of face value of Rs. 100000/- each. Regular Bond-12.50% will be redeemed in the ratio of 30% on 16th April,2006 (at the end of 5th year), 30% on 16th April,2007 (at the end of 5th year) and 40% on 16th April,2008 (at the end of 7th year). (Regular Bond-12.80%) The Bonds will be redeemed in the ratio of 30% on 16th April,2009 (at the end of 8th year), 30% on 16th April,2010 (at the end of 9th year) and 40% on 16th April,2011 (at the end of 10th year). There is no Put or Call option in respect of Regular Bonds. The remuneration to Trustee and all monies relating there are to be secured by a mortgage and charge on such of the Company's properties situated at Mouje Vadaj Taluka city district Ahmedabad forming part of final Plot No. 353 of XIX (Ahmedabad of MOUJE VADAJ) in the Registration District Ahmedabad and sub district of Ahmedabad 3 (VADAJ) admeasuring 23,830 SQ Meters.

E) Non Convertible Bonds (Privately Placed) (Nov-2001-series-II) amounting Rs.200 Crores 11.50% (9500 Bonds), 11.95% (5500 Bonds) and 11.50% (5000 Bonds), Non Convertible Regular Return Bonds of face value of Rs. 100000/- each. Regular Bond-11.50% will be redeemed in the ratio of 50% on 26th December,2006 (at the end of 5th year), 25% on 26th December,2007 (at the end of 6th year) and 25% on 26th December,2008 (at the end of 7th year). (Regular Bond-11.95%) The Bonds will be redeemed in the ratio of 25% on 26th December,2008 (at the end of 7th year), 25% on 26th December,2009 (at the end of 8th year) and 25% on 26th December,2010 (at the end of 9th year) and 25% on 26th December,2011 (at the end of 10th year). Regular Bond-11.50% will be redeemed in the ratio of 50% on 26th December,2006 (at the end of 5th year), 50% on 26th December,2008 (at the end of 7th year). There is no Put or Call option in respect of Regular Bonds. The remuneration to Trustee and all monies relating there are to be secured by a mortgage and charge on such of the Company's properties situated at Mouje Vadaj Taluka city district Ahmedabad forming part of final Plot No. 353 of XIX (Ahmedabad of MOUJE VADAJ) in the Registration District Ahmedabad and sub district of Ahmedabad 3 (VADAJ) admeasuring 23,830 SQ Meters.



F) Non Convertible Bonds (Privately Placed) (Feb-2002-series-III) amounting Rs.600.00 Crores 11.25% (40750 Bonds), 11.50% (19250 Bonds) Non Convertible Regular Return Bonds of face value of Rs. 100000/- each. Regular Bond-11.25% will be redeemed in the ratio of 30% on 13th March 2007 (at the end of 5th year) ,30% on 13th March,2008 (at the end of 6th year) and 40% on 13th March,2009 (at the end of 7th year). (Regular Bond-11.50%) The Bonds will be redeemed in the ratio of 30% on 13th March,2010 (at the end of 8th year) ,30% on 13th March,2011 (at the end of 9th year) and 40% on 13th March,2012 (at the end of 10th year) respectively . There is no Put or Call option in respect of both above Bonds. The remuneration to Trustee and all monies relating there are to be secured by a mortgage and charge on such of the Company's properties situated at Mouje Vadaj Taluka city district Ahmedabad forming part of final Plot No. 353 of XIX (Ahmedabad of MOUJE VADAJ) in the Registration District Ahmedabad and sub district of Ahmedabad 2 (VADAJ) admeasuring 23,830 SQ Meters in the state of Gujarat more particularly described in the First Schedule to the Trust Deed and also in the ANNEXURE annexed hereto TOGETHER WITH the all buildings, erections and all plant constructions/ structures of every description and all plant machinery, which are erected and standing or attached to the earth, both present and future ANA ALI the estate, title, interest, property, claim and demand whatsoever of the Company into and upon the same TO HAVE AND TO HOLD all and singular the aforesaid premises unto and to the use of the Trustees absolutely UPON TRUST and subject to the powers and provision herein contained and subject also to the proviso for redemption hereinafter mentioned.

G) Non Convertible Bonds (Privately Placed) (2002 - 03 July 02-Series - I) amounting Rs.300 Crore 11.25% (17107 Bonds), 11.50% (12893 Bonds) Non Convertible Regular Return Bonds of face value of Rs. 100000/- each. Regular Bond-11.25% will be redeemed in the ratio of 30% on 6th August, 2007 (at the end of 5th year) ,30% on 6th August, 2008 (at the end of 6th year) and 40% on 6th August, 2009 (at the end of 7th year). Regular Bond-11.50% will be redeemed in the ratio of 30% on 6th August, 2010 (at the end of 8th year) ,30% on 6th August,2011 (at the end of 9th year) and 40% on 6th August, 2012 (at the end of 10th year) respectively . There is no Put or Call option in respect of both above Bonds. The remuneration to Trustee and all monies relating there are to be secured by a mortgage and charge on such of the Company's properties situated at Mouje Vadaj Taluka city district Ahmedabad forming part of final Plot No. 353 of XIX (Ahmedabad of MOUJE VADAJ) in the Registration District Ahmedabad and sub district of Ahmedabad 2 (VADAJ)



admeasuring 23,830 SQ Meters in the state of Gujarat more particularly described in the **FIRST SCHUDLE** to the Trust Deed and also in the **ANNEXURE** annexed hereto **TOGETHER WITH** the all buildings, erections and all plant constructions/ structures of every deception and all plant machinery, which are erected and standing or attached to the earth, both present and future **ANA ALL** the estate, title, interest, property, claim and demand whatsoever of the Company into and upon the same **TO HAVE AND TO HOLD** all and singular the aforesaid premises unto and to the use of the Trustees absolutely **UPON TRUST** and subject to the powers and provision herein contained and subject also to the proviso for redemption hereinafter mentioned.

H) Tax Free Bonds (Privately Placed) (Series I-A & I-B) amounting Rs.200.00 Crores 9.20% (7500 Bonds), 9.50% (12500 Bonds) Tax Free Regular Return Bonds of face value of Rs 100000/- each. Regular Bond-9.20% will be redeemed on 30th September , 2007 (at the end of 5th year). Regular Bond-9.50% will be redeemed on 30th September, 2009 (at the end of 7th year) respectively . There is no Put or Call option in respect of both above Bonds. The remuneration to Trustee and all monies relating there are to be secured by a mortgage and charge on such of the Company's properties situated at Mouje Vadaj Taluka city district Ahmedabad forming part of final Plot No. 353 of XIX (Ahmedabad of MOUJE VADAJ) in the Registration District Ahmedabad and sub district of Ahmedabad 2 (VADAJ) admeasuring 23,830 SQ Meters in the state of Gujarat more particularly described in the First Schedule to the Trust Deed and also in the **ANNEXURE** annexed hereto **TOGETHER WITH** the all buildings, erections and all plant constructions/ structures of every deception and all plant machinery, which are erected and standing or attached to the earth, both present and future **ANA ALL** the estate, title, interest, property, claim and demand whatsoever of the Company into and upon the same **TO HAVE AND TO HOLD** all and singular the aforesaid premises unto and to the use of the Trustees absolutely **UPON TRUST** and subject to the powers and provision herein contained and subject also to the proviso for redemption hereinafter mentioned.

I) Tax Free Bonds (Privately Placed) (Series I-A & I-B) amounting Rs.300.00 Crores 9.20% (1,25,000 Bonds), 9.50% (1,75,000 Bonds) Tax Free Regular Return Bonds of face value of Rs 10,000/- each. Regular Bond-9.20% will be redeemed on 30th September , 2007 (at the end of 5th year). Regular Bond-9.50% will be redeemed on 30th September, 2009 (at the end of 7th year) respectively . There is no Put or Call option in respect of both above Bonds. The remuneration to Trustee and all monies relating there are to be secured by a mortgage



and charge on such of the Company's properties situated at Mouje Vadaj Taluka city district Ahmedabad forming part of final Plot No. 353 of XIX (Ahmedabad of MOUJE VADAJ) in the Registration District Ahmedabad and sub district of Ahmedabad 2 (VADAJ) admeasuring 23,830 SQ Meters in the state of Gujarat more particularly described in the First Schedule to the Trust Deed and also in the ANNEXURE annexed hereto TOGETHER WITH the all buildings, erections and all plant constructions/ structures of every deception and all plant machinery, which are erected and standing or attached to the earth, both present and future ANA ALL the estate, title, interest, property, claim and demand whatsoever of the Company into and upon the same TO HAVE AND TO HOLD all and singular the aforesaid premises unto and to the use of the Trustees absolutely UPON TRUST and subject to the powers and provision herein contained and subject also to the proviso for redemption hereinafter mentioned.

- J) Non Convertible Bonds (Privately Placed) (2003 - 04 Series - I) amounting Rs.200 Crores 8.95% (2000 Bonds), face value of Rs.1000000/- each. Bond-8.95% will be redeemed at the end of 12 years from the deemed date of allotment that is the 10th February 2016. There is Put or Call option in respect above Bonds at the expiry of 7th year from the deemed date of allotment that is 10th February 2011. The remuneration to Trustee and all monies relating there are to be secured by a mortgage and charge on such of the Company's properties situated at Mouje Vadaj Taluka city district Ahmedabad forming part of final Plot No. 353 of XIX (Ahmedabad of MOUJE VADAJ) in the Registration District Ahmedabad and sub district of Ahmedabad 2 (VADAJ) in the state of Gujarat more particularly described in the First Schedule to the Trust Deed and also in the ANNEXURE annexed hereto TOGETHER WITH the all buildings, erections, godowns and constructions/ structures of every deception and all plant machinery, which are erected and standing or attached to the earth, both present and future ANA ALL the estate, title, interest, property, claim and demand whatsoever of the Company into and upon the same TO HAVE AND TO HOLD all and singular the aforesaid premises unto and to the use of the Trustees absolutely UPON TRUST and subject to the powers and provision herein contained and subject also to the proviso for redemption hereinafter mentioned.

- K) Non Convertible Bonds (Privately Placed) (2003 - 04 Series - II) amounting Rs.500 Crores 8.25% (650 Bonds) , 8.60% (4350 Bonds), face value of Rs.1000000/- each. Bond-8.25% will be redeemed at the end of 10th years from the deemed date of allotment that is the 9th March 2014. There is Put or Call option in respect above Bonds at the expiry of 5th



year from the deemed date of allotment that is 9th March 2009. Bond-8.60% will be redeemed in the ratio of 25% on 9th March, 2012 (at the end of 8th year), 25% on 9th March, 2013 (at the end of 9th year), 25% on 9th March, 2014 (at the end of 10th year) and 25% on 9th March, 2015 (at the end of 11th year). There is Put or Call option in respect above Bonds at the expiry of 7th year from the deemed date of allotment that is 9th March 2011. The remuneration to Trustee and all monies relating there are to be secured by a mortgage and charge on such of the Company's properties situated at Mouje Vadaj Taluka city district Ahmedabad forming part of final Plot No. 353 of XIX (Ahmedabad of MOUJE VADAJ) in the Registration District Ahmedabad and sub district of Ahmedabad 2 (VADAJ) in the state of Gujarat more particularly described in the First Schedule to the Trust Deed and also in the ANNEXURE annexed hereto TOGETHER WITH the all buildings, erections, godowns and constructions/ structures of every description and all plant machinery, which are erected and standing or attached to the earth, both present and future ANA ALL the estate, title, interest, property, claim and demand whatsoever of the Company into and upon the same TO HAVE AND TO HOLD all and singular the aforesaid premises unto and to the use of the Trustees absolutely UPON TRUST and subject to the powers and provision herein contained and subject also to the proviso for redemption hereinafter mentioned.

- L) Non Convertible Bonds (Privately Placed) (2004 - 05 Series - I) amounting Rs.550 Crores 7.75% (3050 Bonds) , 8.00% (2450 Bonds), face value of Rs.100000/- each. Bond-7.75% will be redeemed at the end of 7th years from the deemed date of allotment that is the 4th October 2011. There is Put or Call option in respect above Bonds at the expiry of 5th year from the deemed date of allotment that is 5th October 2009. Bond-8.00% will be redeemed at the end of 12th years from the deemed date of allotment that is the 4th October 2016. There is Put or Call option in respect above Bonds at the expiry of 7th year from the deemed date of allotment that is 5th October 2011. The remuneration to Trustee and all monies relating there are to be secured by a mortgage and charge on such of the Company's properties situated at Mouje Vadaj Taluka city district Ahmedabad forming part of final Plot No. 353 of XIX (Ahmedabad of MOUJE VADAJ) in the Registration District Ahmedabad and sub district of Ahmedabad 2 (VADAJ) in the state of Gujarat more particularly described in the First Schedule to the Trust Deed and also in the ANNEXURE annexed hereto TOGETHER WITH the all buildings, erections, godowns and constructions/ structures of every description and all plant machinery, which are erected and standing or attached to the earth, both present and future ANA ALL the estate, title, interest, property, claim and demand whatsoever of the Company into and upon the same TO HAVE AND TO HOLD all and



singular the aforesaid premises unto and to the use of the Trustees absolutely UPON TRUST and subject to the powers and provision herein contained and subject also to the proviso for redemption hereinafter mentioned. The aforesaid Bonds of the aggregate nominal value of Rs. 550.00 Crore are now additionally secured interalia by the Deed of Additional security dated 7th November, 2004 by creating mortgage and / or charge on the company's additional immovable and movable properties situated at (i) village Mokhadi Nandod, Taluka, District Bharuch in the state of Gujarat together with the entire Gravity Dam, under ground River Bed Power House and other structures. (ii) The Main Canal Reach from 0 Kms. To 21 Kms. (iii) the Six turbine units of 200 M.W. capacity each and all plant and machinery. (iv) Narmada main canal reach from 20 Km-127 Km situated and being several villages of Sankheda, Jetpurpavi, Nasvadi, Savali and Vagodia taluka of Vadodra District and at several villages of Halol, Kalol, Godhara and Jambugoda taluka of panchmahal District in the state of Gujarat and over bridge and other structures. (v) all the company's plant and machineries whether immovable or movable properties and (vi) all monies agreed to be provided by the Government of Gujarat and more particularly described in the second to sixth schedule to the Deed of Additional security dated 17th November, 2004.



M) Loan from Banks and FIs availed by the Nigam. The tenure and details of charged created by Nigam is as under.

Sr.No.	NAME OF BANK / FIs	AMOUNT Rs. IN CRORE	PERIOD	MIGRATORIUM PERIOD	SECURITIES CHARGED BY
1.	ANDHRA BANK	100.00	15 YEARS	3 YEARS	(1) All that pieces of land with relative civil works / structures admeasuring 103 kms. worth Rs. 664.93 Crores and running from Karanagar Taluka. Kadi Mehasana To Surendranagar Dist, Gujarat state of SAURASTARA BRANCH CANAL of SSNNL (2) Guarantee of Government of Gujarat
2.	ANDHRA BANK	150.00	12 YEARS	18 MONTH	(1) All that pieces of land with relative civil works / structures admeasuring 103 kms. worth Rs. 664.93 Crores and running from Karanagar Taluka. Kadi Mehasana To Surendranagar Dist, Gujarat state of SAURASTARA BRANCH CANAL of SSNNL (2) Guarantee of Government of Gujarat
3.	BANK OF INDIA	250.00	12 YEARS	2 YEARS	(1) All and singular the land situated at various villages of District Baroda, Panchmahal, Narmada, Bharuch, Keshda, Mahesana, Ahmedabad, Gandhinagar, Patan all in the state of Gujarat more particulars described in part 1 & 2 of the first Schedule to the indenture of Mortgage and All the estate right, title, interest, claim, and demand whatsoever of the company into and upon the same (hereinafter referred to as the movable properties) (2) Guarantee of Government of Gujarat
4.	BANK OF INDIA NEW LOAN	100.00	11 YEARS	1 YEARS	(1) Extension of mortgage- The existing pari passu registered mortgage charged on





5.	CENTRAL BANK	100.00	15 YEARS	3 YEARS	<p>the land admeasuring 281.42 hectares created in Bank's favour on 04.04.2006 will be extended to the proposed TL II of Rs. 100 Crore. The nizam will be required to furnish an undertaking to create the charge within a period of 3 months from the date of first disbursement of TL II. In case of failure to create the charge within 3 months, penalty at 1% will be charged for the delayed.</p> <p>(2) Guarantee of Government of Gujarat</p> <p>(1) All the Cash and Bank balance of the Company lying with the Government of Gujarat treasury for an amount of Rs. 125 Crores as and by of excluding charge</p> <p>(2) Guarantee of Government of Gujarat</p>
6.	CENTRAL BANK	150.00	15 YEARS	3 YEARS	<p>(1) Hypothecation of Cash and Bank balance of the Company lying in the Gujarat Government treasury up to Limit of Rs. 187.50 Crores.</p> <p>(2) Guarantee of Government of Gujarat</p>
7.	DENA BANK	100.00	15 YEARS	3 YEARS	<p>(1) Pari-Passu first charge on cash & Bank balance of the Company lying with Government of Gujarat treasury up to 100 Crores.</p> <p>(2) Guarantee of Government of Gujarat</p>
8.	DENA BANK	100.00	15 YEARS	3 YEARS	<p>(1) Pari Passu first charge on cash & Bank balance of the Company lying with Government of Gujarat treasury up to 100 Crores.</p> <p>(2) Guarantee of Government of Gujarat</p>
9.	ORIENTAL BANK OF COMMERCE	100.00	15 YEARS	3 YEARS	<p>(1) Pari Passu charge on the fixed block of the company with WDV of Rs. 11552.89 crores (Net block Rs.543.58 crores plus capital work in Progress Rs. 11009.31 crores) as on 31.03.2003. Guarantee of Govt. of Gujarat.</p> <p>(2) Guarantee of Government of Gujarat</p>
10.	ORIENTAL BANK OF COMMERCE	100.00	12 YEARS	2 YEARS	<p>(1) First Pari Passu charge on the fixed assets of the company with WDV of Rs. 19401.35 crores (Net block Rs.567.62 crores plus capital work in Progress Rs.</p>



18833. (3) as on 31/03/2004.					(2) Guarantee of Government of Gujarat	
11.	IDBI BANK NEW LOAN	500.00	5.5 YEARS	18 MONTHS	(1) Liab over a balance of Rs. 750 crore in Public Ledger Account of the company maintained with Government of Gujarat.	(2) 1 st pari passu charge on land admeasuring 28,142 hectares.
12.	KARUR VYSA BANK NEW LOAN	150.00	5 YEARS	1 YEAR	(1) 1 st charge over the fixed assets of the Nigam viz Plant and Machinery, equipments etc ranking pari-passu with other term lenders (WDV Rs.24434.57 crore as at 31.03.2006).	(2) First Pari-passu charge on block of asset as on 31-03-2006.
13.	INDIAN BANK	100.00	126 Month	18 Month	(1) First Pari-passu charge on block of asset of the company.	(2) Guarantee of Government of Gujarat
14.	INDIAN BANK	150.00	126 Month	18 Month	(1) First Pari-passu charge on block of asset of the company.	(2) Guarantee of Government of Gujarat
15.	UNION BANK OF INDIA	100.00	12 YEAR	18 MONTH	(1) First Pari-passu charge on block of asset of the company amounting to Rs. 19401.35 crore as per Audited balance sheet as on 31-3-2004.	(2) Guarantee of Government of Gujarat
16.	UNION BANK OF INDIA	100.00	12 YEAR	18 MONTH	(1) First Pari-passu charge on block of asset of the company.	(2) Guarantee of Government of Gujarat
17.	STATE BANK OF SAURASHTRA	50.00	10 YEAR	18 MONTH	(1) First Pari-passu charge over the entire present assets of the Nigam's plant and machinery, equipment, office, land and building etc. term lenders (WDV Rs.21811.17 crores) as on 31-3-2005. ALL tangible movable asset as described in hypothecation schedule-2.	(2) Guarantee of Government of Gujarat
18.	STATE BANK OF SAURASHTRA NEW LOAN	50.00	10 YEARS	18 MONTH	(1) 1 st charge over the fixed assets of the Nigam viz plant & machinery, equipments etc. ranking pari-passu with other term lenders (WDV Rs. 24434.57 crore as at holders will be obtained within the stipulated period.	



		(2) Irrevocable and unconditional guarantee of Govt of Gujarat.			
			5 YEARS	12 MONTH	
19.	THE FEDERAL BANK LIMITED NEW LOAN	50.00			(1) Pari passu first charge on the fixed assets of the company with WDV of Rs. 72944 L & CWIP/Incidental expenditure pending capitalization Rs. 2370513 L) as on 31.3.2006. (2) Irrevocable and unconditional guarantee of the Government of Gujarat supported by proper resolution.
01	POWER FINANCE CORPORATION	1001.00	15 YEARS	2 YEARS	(1) Charge over movable and immovable assets (both present and future) of RBPH & CHPH. (2) Charge over NMC 144.500 Km. to 263.265 Km. reach including movable and immovable plant and machinery thereon.

SARDAR SAROVAR NARMADA NIGAM LIMITED
SCHEDULE "E" : UNSECURED LOANS

(Rs. in Crore)

	Particulars	As at 31/03/2008 Rs.	As at 31/03/2007 Rs.
(I)	Fixed Deposits * (See 'Note - 1' below)	1183.31	1456.23
(II)	Term Loan From HUDCO Limited * (See 'Note - 2' below)	433.67	448.88
(III)	Suppliers' Credit extended by Sumitomo Corporation, Japan for supply of Hydro Power Plant-Capital Goods. * (See Note 3 below)	414.33	454.63
(IV)	Loan from G.S.F.S. Ltd.	849.37	849.64
(V)	Interest Accrued and Due on GSFS Loan	8.53	8.32
	Total	2889.21	3217.70

Notes:

- *1 Fixed Deposits includes application money of Fixed Deposits amounting to Rs.8.23 Crore
(Previous Year : Rs.0.63 Crore)
- *2 Term loan from HUDCO Ltd. is Guaranteed by the Government of Gujarat.
- *3 Suppliers Credit from Sumitomo Corporation is Guaranteed by the Government of Gujarat &
Counter Guaranteed by Government of India ..

Details of principal amount payable within next one year :

Particulars	2007-08	2006-07
Public Deposits	502.61	470.10
HUDCO	41.52	0.17
Sumitomo	55.52	80.52
GSFS	385.36	607.46
TOTAL Rs.	985.01	1158.25



SARDAR SAI OVAR NARMADA NIGAM LIMITED
SCHEDULE "F" : FIXED ASSETS



Sr. No.	Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK			
		As at 01-04-2007	Add/Adj. During Year	Sales/Adj. During Year	Total As at 31-3-2008	As at 01-04-2007	For the Year	Redu/Adj. for the Year	Total As at 31-03-2008	As at 31-03-2008	As at 31-03-2007	Rs.	Rs.
		Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.		
1.	2.	3.	4.	5.	6.	7.	8.	9.	10.			11.	
1	LAND (FREE HOLD)*	755.12	173.70	0.00	928.82	0.00	0.00	0.00	0.00	928.82	755.12		
2	LAND (LEASE HOLD)**	2.07	0.00	0.00	2.07	0.40	0.02	0.00	0.42	1.65	1.67		
3	BUILDINGS*	52.76	0.00	0.00	52.76	14.32	0.86	0.00	15.18	37.59	38.44		
4	ROADS	5.43	0.00	0.00	5.43	1.23	0.09	0.00	1.32	4.11	4.20		
5	BRIDGES	0.68	0.00	0.00	0.68	0.25	0.01	0.00	0.26	0.42	0.43		
6	ELECTRIFICATION	0.10	0.00	0.00	0.10	0.07	0.01	0.00	0.08	0.02	0.03		
7	WEIGH BRIDGES	0.13	0.00	0.00	0.13	0.10	0.01	0.00	0.11	0.02	0.03		
8	PLANT & MACHINERY	18.27	0.00	0.00	18.27	13.18	0.94	0.00	14.12	4.15	5.09		
9	LABORATORY EQUIPMENTS	3.28	0.01	0.00	3.29	2.49	0.09	0.00	2.58	0.71	0.79		
10	FURNITURE & FIXTURES	9.44	0.24	0.00	9.68	7.43	0.20	0.00	7.63	2.05	2.01		
11	VEHICLES	11.58	0.26	0.00	11.84	9.50	0.41	0.00	9.91	1.93	2.08		
12	TELEPHONE INSTALLATIONS	1.18	0.03	0.00	1.21	0.61	0.06	0.00	0.67	0.54	0.57		
13	COMPUTER INSTALLATIONS	9.79	0.24	0.00	10.03	6.22	1.00	0.00	7.22	2.81	3.57		
	TOTAL	869.83	174.48	0.00	1044.31	55.80	3.70	0.00	59.50	984.81	814.03		
	PREVIOUS YEAR	783.69	94.48	8.34	869.83	54.25	3.55	2.00	55.80	814.03	729.44		

* Refer Note No. 22 and 30 Of Schedule L

** Represents amortisation expenses on leasehold land.

SARDAR SAROVAR NARMADA NIGAM LIMITED
SCHEDULE "C" - CAPITAL WORK IN PROGRESS



Particulars	As at 31/03/2007		Additions During the Period		As at 31/03/2008	
	Work in Progress Rs.	Incidental Exp. Rs.	Work in Progress Rs.	Incidental Exp. Rs.	Work in Progress Rs.	Incidental Exp. Rs.
Buildings	93.32	0.00	3.00	0.00	96.32	0.00
Software Work in Progress	0.84	0.00	1.58	0.00	2.42	0.00
Dam & Appurtenant Works	2633.72	1706.52	22.02	2318.42	2655.74	4025.05
Main Canal	2582.91	460.83	248.47	2508.41	3831.38	2969.24
Power	2302.22	272.46	18.40	1643.95	2320.62	1876.41
Branches & Distributaries	4048.71	1178.33	388.13	4569.52	4436.84	5747.85
Advances to contractors & Suppliers, Others & Misc Deposits	356.86	0.00	(5.49)	0.00	361.37	0.00
Machinery Advances to Contractors	1.15	0.00	0.00	0.00	1.15	0.00
Stock of Construction materials, stores & spares (As taken, valued & certified by the management) [Net of provision for unserviceable stock Rs. 0.20 Crore, Previous Year Rs. 0.04 Crore]	4.23	0.00	(1.57)	0.00	2.71	0.00
Total (A)	13034.01	3578.25	674.54	11040.30	13708.55	14418.55
LESS:						
Retention & Reserves:						
Interest on Advances	104.91	0.00	0.00	0.00	104.91	0.00
Material and Services Provided and others	13.03	0.00	0.26	0.00	13.29	0.00
Excess Value of Stores Issued	4.58	0.00	(0.02)	0.00	4.56	0.00
Total (B)	122.52	0.00	0.24	0.00	122.76	0.00
Total (A) - (B)	12911.49	3578.25	674.30	11040.30	13585.79	14418.55
PREVIOUS YEAR ->	11798.78	3401.15	1112.79	177.10	12911.57	3578.25
						14489.82

Note:

1. Addition to incidental expense includes Rs. 9371.03 Crore towards capitalisation of borrowing costs for the period upto financial year 2006-07 and Rs. 1305.17 Crore for the financial year 2007-08.
2. Addition to work in progress w.r.t. power includes Rs. 11.11 Crore (previous year Rs. 13.95 Crore) towards capitalisation of directly attributable borrowing costs.

SARDAR SAROVAR NARMADA NIGAM LIMITED
SCHEDULE "H" : INVESTMENTS

(Rs. in Crore)			
	Particulars	As at 31/03/2008 Rs.	As at 31/03/2007 Rs.
(A)	<u>Quoted</u>		
	560780 (560780) Bonds 6.75% Tax Free US 64 Bonds of Unit Trust of India of Rs. 100 each fully paid up [Market value as on 31-03-2008 Rs. 5.71 Crore (Rs. 5.58 Crore)]	5.61	5.61
(B)	<u>Unquoted</u>		
	450000 (450000) Equity Shares of Gujarat Informatics Limited each of Rs 10/- fully paid up	0.45	0.45
	Total	6.06	6.06



SARDAR SAROVAR NARMADA NIGAM LIMITED
SCHEDULE " I " : CURRENT ASSETS, LOANS AND ADVANCES

(Rs. in Crore)

<u>Particulars</u>	<u>As at</u> <u>31/03/2008</u> <u>Rs.</u>	<u>As at</u> <u>31/03/2007</u> <u>Rs.</u>
(A) CURRENT ASSETS:		
(I) Sundry Debtors (Unsecured):		
Outstanding for period more than six months:		
Considered good	2.56	0.58
Considered doubtful	0.11	0.11
	2.67	0.69
Less: Provision for doubtful debts	0.11	0.11
	2.56	0.58
Outstanding for period less than six months	4.95	3.66
Total (I)	7.51	4.24
(II) Cash & Bank Balances:		
Cash Balances		
(i) Cash on hand	0.10	0.07
(ii) Cheques/DD on hand	1.63	9.76
(iii) Remittance - In-Transit	2.80	4.02
Balances with Scheduled Banks		
In Current Accounts	115.92	109.06
In Deposit Accounts	73.05	89.81
Total (II)	193.50	212.72
(III) Other Current Assets:		
(i) Balance with Government Treasury	962.77	845.55
(ii) Lease Rent Receivable	0.02	0.00
(iii) Other Assets (Acquired in Satisfaction of Recovery of Advances)	0.62	0.62
Total (III)	963.41	846.17
Total (A) (I + II + III)	1164.42	1063.13
(B) LOANS & ADVANCES (Unsecured Considered Good)		
SSNNL Sinking fund account with GOB	75.93	72.07
Advances recoverable in cash or in kind or for value to be received	51.15	51.07
Liquid Deposit with CIL & Ltd	70.26	532.85
Advances to Staff	2.08	0.21
Other Advances	4.50	4.12
Advance Income Tax	49.58	49.56
Advance Fringe Benefit Tax	2.53	1.76
Advance Wealth Tax	0.15	0.11
TDS Receivable	0.18	0.11
Interest accrued on Loans, Advances, Deposits & others	9.48	5.49
Total (B)	265.84	717.35
Grand Total (A + B)	1430.26	1780.48



SARDAR SAROVAR NARMADA NIGAM LIMITED
SCHEDULE "J" : CURRENT LIABILITIES AND PROVISIONS

(Rs.in.Crore)

	Particulars	As at 31-03-2008 Rs.	As at 31-03-2007 Rs.
(A)	Current Liabilities		
	<u>Sundry Creditors:</u>		
	For Goods, Material, and Services :		
	-Due to Micro Enterprises and Small Enterprises (Previous year Small Scale Industries)	0.00	0.04
	-Due to Others	116.01	202.54
	Sundry Deposits	170.59	155.02
	Other Liabilities	73.07	120.63
	Due to Government of Gujarat	62.14	57.66
	<u>Investor Education and Protection Fund: *</u>		
	[a] Unpaid Application money	0.49	0.50
	[b] Unpaid Matured Deposits	0.62	2.08
	[c] Unpaid Mature Bonds	0.30	0.09
	[d] Interest accrued on (a) to (c) above	2.79	2.32
	Interest Accrued but not due	187.56	203.71
	Total Current Liabilities (A)	613.57	744.59
(B)	Provisions.		
	For Wealth Tax	0.20	0.15
	For Fringe Benefit Tax	2.58	1.82
	For leave salary & gratuity	3.15	2.42
	Total Provisions (B)	5.93	4.39
	Grand Total (A + B)	619.50	748.98

NOTES :

* Amounts shown under [a] to [d] above are still to be transferred to Investor Education & Protection Fund and it is determined by the management



SARDAR SAROVAR NARMADA NIGAM LIMITED

SCHEDULE "K"

ACCOUNTING POLICIES

(1) METHOD OF ACCOUNTING:

- a) The financial statements have been prepared in accordance with the generally accepted accounting principles and as per the provisions of the Companies Act, 1956 as adopted consistently by the Company. The Company adopts accrual system of accounting, unless otherwise stated, under going concern concept.
- b) Expenditure on environment issues in the state of Gujarat (other than expenditure funded by sectoral adjustments by the Government) and in the state of Maharashtra and Madhya Pradesh are accounted for as and when demand is raised or information is furnished by the states.
- c) Expenditure in respect of Rehabilitation and Resettlement in case of Gujarat is accounted for to the extent amounts are paid and provided. In case of expenditure incurred by Madhya Pradesh and Maharashtra the same is accounted for to the extent intimated by the said states and order issued by GOG in this regard till the balance sheet date.
- d) Interest due on late payment of application money and call money in respect of various issues of bonds and claim in respect of insurance, Interest on delayed payment of sale of water are accounted for as and when received.
- e) Liabilities for civil and mechanical contracts are provided to the extent of measurements recorded and approved by competent authority up to Balance Sheet date.
- f) Liabilities in respect of unpaid expenses are provided only if the amount of such unpaid expenses are in excess of Rs. 10,000 in each case.



- g) Price escalation is paid on the basis of indices published by competent authority and in case such indices are not available, provision of liability for price escalation has been made on the basis of latest indices available with the management.
- h) Value of materials issued to contractors under the terms and conditions of tender agreement are accounted for as advances to contractors and the value of materials issued to contractors without tender agreement is directly charged to 'Capital Work-in-Progress'.
- i) Claims from works contractors are accounted for, to the extent settled upto Balance Sheet date.
- j) Liability for bonus in respect of employees deputed from Government of Gujarat is accounted for on issuance of the relevant Government Resolution by the Finance Department of the GOG and in case of employees on contract, after approval of the Company. The employees on deputation from various Boards / Corporations are entitled to bonus, only if, the Parent Board / Corporation has paid to their employees.
- k) Dividend income is recognised when right to receive dividend becomes exercisable.

(2) USE OF ESTIMATES.

The presentation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognised in the period in which the results are known/materialized.

(3) ACCOUNTING CONVENTION.

The accounts have been prepared under the historical cost convention.



(4) REVENUE RECONGNITION

Sale of Power are recognised on accrual basis and is deducted from incidental expenditure pending capitalization. Water charges are accounted for on cash basis, as there is no reasonable certainty about the receipt of water charges and in respect of arrears of water charges, rates are subject to revision by Government of Gujarat. Sale of Water is deducted from 'Incidental Expenditure Pending Capitalization'. Onetime Lease rent Premium received is apportioned on Lease period in equal installments. While, Variable yearly lease rent is accounted on accrual basis Lease income is deducted from 'Incidental Expenditure Pending Capitalization'. All other incomes are accounted for as and when received and are deducted from 'Incidental Expenditure Pending Capitalization'.

(5) INVESTMENTS

Investments are long term and valued at "cost". However, if there is permanent diminution in value of any investment, in the opinion of management, same is accounted for in the accounts.

(6) FIXED ASSETS

- a) Fixed assets are stated at the original cost including freight, duties, taxes & other incidental expenses related to acquisition and installation of fixed assets.
- b) Assets under construction/erection/installation of the projects are shown as "Capital Work in Progress"
- c) Company consistently follows practice of showing Civil Works (like building, dewatering pump, etc.) other than operating assets of project under construction as Capital Work in Progress. On obtaining necessary information at Head Office level regarding settlement of final bill of such works, respective heads of fixed assets are capitalized.

(7) DEPRECIATION

- a) Depreciation on fixed assets is provided under straight line method as per section 205 (2) (b) of the Companies Act, 1956 at the rates prescribed under Schedule XIV to the Companies Act, 1956, on a pro-rata basis from the succeeding month of use in case of addition and upto the month of sale in case of deduction, except that asset costing less than Rs. 10,000/- each, are depreciated fully in the year in which they are put to use/acquired.



- b) Premium on lease hold land is amortized over the period of lease.

(8) FOREIGN CURRENCY TRANSACTIONS

All transactions in foreign currency during the year are recorded at the exchange rate prevailing at the date of each transaction. Liabilities in foreign currency outstanding at the end of the year are translated into Indian currency at the exchange rate prevailing on the date of Balance Sheet. Gain/Loss on transactions of long-term liabilities incurred to acquire fixed assets are taken to the statement of 'Incidental Expenditure Pending Capitalization'.

(9) RETIREMENT BENEFITS

- a) In respect of deputed employees from the Government, their terms and conditions of service are governed by the respective Government's Rules and Regulations. Pending finalization of the terms and conditions by the GOG for most of such employees, no provision has been made in the accounts for liability in this regard, if any, towards leave salary, gratuity, pension contribution etc. and is accounted for as and when paid.
- b) The provision for gratuity and leave encashment for employees on contract, defined benefit plans, are determined using the Projected Unit Credit Method, on the basis of the third party actuaries at the balance sheet date. The leave encashment and gratuity benefit obligations recognized in the balance sheet has been made as per the provision of the Payment of Gratuity Act, 1972 and in accordance with the leave rules of the Company respectively. Actuarial gains and losses are recognized immediately in the profit and loss account.
- c) Liability of retirement benefits in case of employees deputed from Board / Corporations are accounted for by the parent bodies.

(10) BORROWING COST

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets. Borrowing



Cost of the funds used generally for obtaining qualifying assets, is allocated to the qualifying asset as per the capitalization rate derived on the basis of additions of the same for the particular year.

(11) VALUATION OF STOCK OF CONSTRUCTION AND OTHER MATERIALS

- a) Stock of construction materials including Fuel & Oil is valued at cost .
- b) Other stock of construction materials, stores and spare parts, fuel & oil are valued at 'cost of acquisition'. Incidental expenses of materials are not inventorised and are charged to 'capital work in progress'.
- c) Unserviceable stocks are valued at estimated realisable value determined by the Management.
- d) Cost of Stock of construction and other materials is arrived at on FIFO basis.

(12) IMPAIRMENT OF ASSETS

An asset is treated as impaired when carrying cost of asset exceeds its recoverable value. An impairment loss is charged to Incidental Expenditure Pending Capitalisation in the year in which an asset is identified as impaired. The impairment loss recognised in prior accounting period is reversed, if there has been a change in estimate of recoverable amount.

(13) PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Provisions involving substantial degree of estimation in measurement are recognised when they are in present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognised but disclosed in the notes. Contingent Assets are neither recognised nor disclosed in the financial statements.



SARDAR SAROVAR NARMADA NIGAM LIMITED

SCHEDULE "L"

NOTES FORMING PART OF ACCOUNTS

1. (a) The Company has been set up by the Government of Gujarat to execute, operate and maintain the Sardar Sarovar Project (SSP) comprising of Dam, Canal system emanating from reservoir impounded by construction of said Dam; Power House at the foot of the said Dam and at the canal head. Cost and benefits of SSP are required to be shared among participating states as per the provisions of The Narmada Water Dispute Tribunal (NWDT) Award. Dam, Canals and Power Houses form an integrated SSP. The dam height has been raised upto 121.92 meters as permitted by Narmada Control Authority (NCA). Dam height is still to be raised to the crest level of 138 metres. Incidentally due to the overflowing water above the present dam height, Canal Head Power House (CHPH) and River Bed Power House (RBPH) have generated power. Power generated at both the powerhouses has been distributed in the ratio of 57:27:16 amongst the Govt. of Madhya Pradesh, Maharashtra and Gujarat respectively as per the provisions of NWDT Award. The Construction of Canal system is under progress.
- (b) Since the SSP is an integrated project, it will be treated as completed only when the Dam is completely constructed in accordance with the award of NWDT, all the powerhouses start functioning on the full capacity and efficiency on a regular basis and on completion of canal network. As Dam, Canals, Power Houses, Distributaries and other irrigation systems form a composite network; the projects' cost will be capitalized only on completion of the entire project. Though some of the irrigation structures, Canals and Power Houses have been completed in the meanwhile, and water let into them, till the completion of the entire project, the Company does not prepare Profit and Loss Account and all the direct expenditure incurred on the works are treated as Capital Work in Progress. All the indirect expenditure incurred in respect of such structures, Canals and Power Houses including its operational income and expenditure are stated under "Incidental Expenditure Pending Capitalisation". The statement of "Incidental Expenditure Pending Capitalisation" is prepared in accordance with the disclosure requirements of Part II of Schedule VI to the Companies Act, 1956.



- (c) The C&AG has raised objection against the policy as mentioned in para (b) above and directed vide their letter no. CAD/(A/cs)/SSNNL/2006-07/202 dated 4th April 2008 to take up the issue with the Government of Gujarat (GOG) in this regard. Accordingly, the Company has referred the matter to GOG for the direction vide letter no. SSNNL/CGM(A/CS)/Fin 07-08/362 dated 26th February 2008. Reply from the GOG is awaited. Meanwhile, status quo has been maintained.
2. Fixed assets, stock, advances and other expenditure transferred to the Company vide Government of Gujarat (GOG) Resolution No. COR/1488/H dated 27/10/88 had been incorporated ipso facto in the accounts during the year 1991-92 at a value, which was tentative. The land comprising the part of fixed asset in the name of the Company is yet to be incorporated in the Revenue records of the GOG. The final consideration for assets transferred is pending for determination.
3. Out of 37914 hectares (37350 hectares) private land acquired in State of Gujarat up to 31st March, 2008, land admeasuring 34822 hectares (34000 hectares) has been transferred in the name of the Company on revenue records of the GOG, up to 31st March, 2008.
4. a) The project of the Company being inter state project participated by states of Gujarat, Maharashtra, Madhya Pradesh and Rajasthan, sharing of the costs and benefits amongst the beneficiary states are governed by the final order and decision of The Narmada Water Disputes Tribunal, constituted under sub-section-3 of section-5 of the Interstate Water Dispute Act-1956.
- b) The share cost of the SSP and operation and maintenance of the power project payable by the participating states as per the NWDT Award has not been shown as recoverable in the books of the Company, since the same is dealt with by the GOG.
- c) The C&AG has objected the policy as mentioned in para (b) above adopted by the Company. Accordingly, the Company has referred the matter to G.O.G. for direction vide letter no. SSNNL/CGM(A/C)/O&M/236 dated 5th February 2008. The reply from the GOG is awaited. Meanwhile, status quo has been maintained.



- d) Share Capital includes Rs. 1862.73 crore till 31st March, 2008 (including Rs. 125.23 crore for F.Y. 2007-08) effected through under the adjustment orders of G.O.G. towards rehabilitation and resettlement expense in the States of Maharashtra and Madhya Pradesh and contribution for Indira Sagar Project in the state of Madhya Pradesh.
5. a) Pursuant to provisions of Clause-X (2) of Chapter IX of the final order and decision of The Narmada Water Disputes Tribunal, 17.63% of cost of Indira Sagar (formerly known as Narmada Sagar) dam being constructed by The Government of Madhya Pradesh (GOMP) is charged, as a part of Dam & Appurtenant works to the extent of payments made by GOG for which orders have been passed up to balance sheet date.
- b) Pursuant to provisions of Clauses-XI and XII of the final order and decision of The Narmada Water Disputes Tribunal, all liabilities and obligations of the GOG in respect of Land Acquisition, Rehabilitation and Resettlement, Afforestation, Environmental Effects and other expenditure on projects in the states of Madhya Pradesh and Maharashtra are accounted for to the extent intimated by the said states and orders issued by GOG in this regard till the balance sheet date.
6. a) All payments made for land acquired / possession taken in states of Maharashtra and Madhya Pradesh in anticipation of acquisition, for the SSP have been debited to land account, which are subject to reconciliation and adjustment on finalisation of various procedures, including mutation entries in revenue records, land acquisition awards, consent awards etc. In this respect unpaid liability towards solatium, interest, registration charges etc. if any, cannot be ascertained, pending final outcome of procedures stated above and hence not provided in accounts.
- b) Land revenue in respect of land acquired for the SSP in the states of Madhya Pradesh and Maharashtra has not been provided for, as the land is acquired and possessed in the name of respective state. Such liability for land revenue, if any, will be accounted for as and when demanded by respective state. In respect of uncertainty about the liability, if any, for land revenue, for the land acquired in Gujarat for the SSP, provision exists in the accounts to the extent intimated to the Company.

- c) Value of forest land acquired in the states of Madhya Pradesh, Maharashtra and Gujarat for the SSP is not accounted for, as consideration is yet to be finalized.
7. For the purpose of operation and maintenance of power project, an agreement has been entered into with Gujarat State Electricity Company Limited (GSECL). Expenditure in pursuance of this agreement is booked in the accounts of the Company. Recovery of share of expenditure from participating states for maintenance of power project is dealt with by GOG and as such is not considered in the accounts.
8. The Income Tax assessment of the Company has been completed up to Assessment Year 2005-06. The Assessing Officer has rejected the contention of the Company except for A.Y. 2005-06 that business has commenced from inception and taxed the interest income under the head "Income from other sources" and raised total demand of Rs. 82,99,03,858, which is inclusive of interest of Rs. 30,05,23,783. The order of the Assessing officer upto A.Y. 2000-01 is confirmed by the ITAT and the matter is pending before Hon'ble High Court of Gujarat and appeal of the Company for the A.Y. 2001-02 is pending with ITAT. For the A.Y. 2002-03 to 2004-05 CIT (A) has accepted the contention of the Company that business has commenced during the year and directed the Assessing Officer to allow business expenditure. Assessing officer has passed the effect order for the A.Y. 2002-03 to 2004-05 and assessed the loss of Rs.1176.60 crore. Income Tax Department has filed appeals with ITAT against the orders of the CIT (A) and same are pending. For the A.Y. 2005-06 Assessing Officer has accepted that business has commenced and computed business income in respect of sale of power, however income from sale of water, interest and Misc. income have been assessed under the head "Income from Other Sources". The Company has filed appeal before CIT(A) against the order of Assessing Officer and the same is pending. The Company has been legally advised that its claim of commencement of business from first year is tenable in law. If the Company succeed before the High Court, no demand would remain payable. Considering the same, no provision for tax demand has been made in the books of account.



For the year under consideration, in view of loss, Company do not expect any tax liability and therefore, no provision for taxation has been made for Income-tax in the accounts of the current year. However, provision for Wealth-tax is made for Rs. 0.04 Crore . (Rs. 0.04 crore) .

9. As per the provisions of Section 117(c) of the Companies Act, 1956, the Company is required to create Redemption Reserve in respect of bonds, out of profits earned by the Company. The Company has not created Redemption Reserve for Deep Discount and Non-Convertible Bonds in view of the fact that the project is yet to be completed and hence instead of Profit and Loss Account, Company is preparing "Statement of Incidental Expenditure Pending Capitalization". However, to provide adequate comfort to investors, a Tripartite Agreement has been entered into among the Company, the Trustees and the GOG, in which the GOG has agreed to disburse the shortfall in repayment of the principal and interest on bonds. As per the directions of the GOG, balance of Rs. 75.93 Crore as on 31-3-2008 is lying with SSNNL Sinking Fund for future repayments of bonds and is included under the head 'Advances' in Balance Sheet.
10. a) In terms of the GOG Resolution No. RHB-1092- (141)-D and No. RHIB-1092- (141)-1873-D both dated 5th Dec., 1992, Government of Gujarat has established Sardar Sarovar Punarvasavat Agency (SSPA) for implementation of Rehabilitation and Resettlement connected with the SSP. In terms of the GOG Resolution No. RHB/1092/151/D, dated 12/09/1995, in the accounts of the Company are inclusive of all expenses including movable and immovable assets acquired and possessed by the said Authority. However for the F.Y. 2006-07 fund released to SSPA had been debited under Unit 1 Dam and Appurtenant works, instead merging of actual expenditure. The policy adopted in F.Y. 2006-07 has again been reversed during the current financial year in terms of letter no. RHB-1092-151-D dated 3rd June, 2008. Due to the change in policy, the "Incidental Expenses" of Dam and Appurtenant Work are shown lower by Rs. 0.65 Crore.
- b) In terms of the GOG Resolution No. REH-1799-HC (1)-D dated 16th February 1999, the Government of Gujarat has constituted the Grievances Redressal Authority (GRA) for handling the grievances in the works of rehabilitation under the Sardar Sarovar Project (SSP) as per the order given by the Honourable Supreme Court of India. In terms of the said resolution, the accounts of the Company are



inclusive of all expenses including movable and immovable assets acquired and possessed by the said Authority. From F.Y. 2006-07 fund released to GRA had been debited under Unit I Dam and Appurtenant works, instead of merging actual expenditure. The policy adopted in F.Y. 2006-07 has again been reversed during the current financial year in terms of letter no. RHB-1092-151-D dated 3rd June, 2008. Due to the change in policy, the "Incidental Expenses" of Dam and Appurtenant Work are shown lower by Rs. 0.40 Crore.

- 11 a) Advance payments made by General Manager (PR) Rs. 0.19 Crore (Rs. 0.19 Crore), Dy. Manager (K-Branch) Rs. 0.04 Crore (Rs. 0.04 Crore) [including Rs. 0.03 crore (0.03 crore) to Ex-chairmen and Ex-director], Jt. Commissioner (SSPA) Rs.0.06 Crore (Rs.0.06 Crore), CIO& DGM (EDP) Rs. 0.13 Crore (Rs. 1.60 Crore), Asst. General Manager (Adm.) (Vehicle pool Branch) Rs. Nil (Rs. 0.02 Crore), Asst. General Manager (Adm) Rs. 0.15 Crore (Rs. 0.49 Crore), Ex-Director (Agriculture) Rs. 0.04 Crore (Nil), Advance Income tax & TDS receivable Rs. 49.76 Crore (Rs. 49.67 Crore) and Advances to Railway Rs 20.64 Crore debit (Rs.12.65 Crore) are subject to adjustment on receipt of information from them.
- b) The balances under the head of fixed deposits, unpaid interest, interest paid, unpaid brokerage, brokerage paid are under reconciliation with regard to the balances of registrars. The additional liability, if any, shall be provided for on reconciling records of the Company with those of the Registrars.
12. Estimates of Liabilities in respect of pending references to the courts for inadequate compensation of land acquired for SSP, suits filed by employees for reinstatement, pay scales etc. and other matters being sub-judice could not be ascertained, hence provision has not been considered in the accounts.
13. Contingent Liabilities:
 - a) Claims against the Company by the works contractors and suppliers of machinery, pending negotiations with the Company are Rs. 20.15 Crore (Rs.1.38 Crore), pending in Tribunal / Court is Rs. 484.85 Crore (Rs. 486.77 Crore).
 - b) Estimated amount of contracts remaining to be executed on capital account not provided for is Rs. 1309.23 Crore (Rs.1666.45 Crore) (net of advance payments.)



- 14 a) Following outstanding balances as on 31st March 2008 are subject to reconciliation and adjustment in accounts, if any.
- i. Settlement with the GOGI (credit) Rs.5.31 Crore (Rs.5.31Crore).
 - ii. Cash settlement suspense (credit) Rs. 0.01 Crore (Rs.0.01Crore).
 - iii. Workshop suspense (debit) Rs. 3.59 Crore (Rs 4.56 Crore).
 - iv. Workshop suspense (credit) Rs.2.06 Crore (Rs. 2.06 Crore).
 - v. Recoveries & Receipt on Capital Account (credit) Rs. 9.11 Crore (Rs. 8.85 Crore).
 - vi Assets acquired against recovery of Advances (debit) Rs. 0.62 Crore (Rs.0.62 Crore).
 - vii. Old outstanding balances of cash and bank Rs.0.03 Crore (Rs.0.03 Crore).
 - viii Old outstanding balances of Contribution to CPF (credit) Rs. 0.01 Crore (Rs. 0.01 Crore).
 - ix. Old outstanding balances of Professional Tax (credit) Rs.0.04 Crore (Rs. 0.04 Crore).
 - x. Old outstanding balances of GPF (credit) Rs. 0.06 Crore (Rs. 0.06 Crore)
 - xi. Old outstanding balances of TDS Salary (credit) Rs. 0.14 Crore (Rs. 0.14 Crore)
 - xii. Old outstanding balances of PF Admin. Charges (credit) Rs. 12,362 (Rs.12,362)
 - xiii. Old Advances to Contractors (Debit) Rs. 2.74 Crore (Rs. 2.74 Crore)
 - xiv. Old Advances to Suppliers (Debit) Rs. 0.01 Crore (Rs. 0.01 Crore)
 - xv. Adjustment with Head Office Cheques Drawn Account (Debit) Rs. 0.57 Crore (Rs.0.57 Crore).
- b) Balances outstanding under the heads of Sundry Creditors, Sundry Deposits, Loans and Advances, Other Liabilities are subject to a confirmation by the parties.
- c) No provision has been made for claims of contractors for which final approvals from competent authorities are pending.
15. Classification of expenditure under different units of the SSP is as per information given by divisions.



16. Trade Creditors in Schedule "J" to the accounts includes Rs. Nil (Rs 0.04 Crore) due to Micro, Small, and Medium Enterprises. The disclosure is based on the information available with the Company provided by the suppliers regarding their status as required under the Industries (Development & Regulation) Act 1951.

17. Auditors' Remuneration: -

Particulars	(Rs. in Crore)	
	2007-2008	2006-2007
(a) Audit Fees.	0.028	0.022
(b) Fees for others Certification	0.006	0.006
TOTAL	0.034	0.028

18. Payments/Expenses in foreign currency:-

Particulars	2007-2008	2006-2007
(a) CIF value of import for capital goods (On payment basis).	69.67	78.26
(b) <u>Expenditure in Foreign Currency:</u>		
(i) Payment to Consultants/Contractors/Interest	11.75	21.03

19. The unclaimed amount of application money of Deep Discount Bonds and 17.50% Non Convertible Bonds of public issue 1993 amounting to 0.49 Crore (0.50 Crore), unclaimed Bonds thereon amounting to Rs. 0.30 Crore (0.09 Crore) and unclaimed deposit amounting Rs.0.62 Crore (2.08 Crore) and interest accrued on such matured Deposits & Bonds amounting to Rs. 2.79 Crore (2.32 Crore) up to 31.03.2001 are under process to be transferred to Investor Education & Protection Fund as required under section 205C of the Companies Act 1956.
20. Since the project of the Company is under execution, the Company doesn't have any segment asset and/or liability as defined in Accounting Standard "AS 17 Segment Reporting."
21. Pending capitalisation of project, in Income-tax proceedings deferred tax liability / assets could not be ascertained for purpose of accounts.



22. During the year, the Company has given 8 properties on lease to various parties for a period of 30 years against a fixed amount of premium and a variable yearly lease rent. The fixed premium amount received Rs. 8.87 Crore upto 31st March 2008, out of which Rs. 0.31 Crore (including Rs. 0.03 Crore for prior period) has been accounted during the year as Lease Rent Income, which has been shown under Incidental Expenses pending Capitalisation. The balance amount of Rs. 8.56 Crore is shown under Current Liabilities as "Advance Lease Rent Income", which shall be apportioned during the lease period in equal installments.

The monthly variable lease rentals have been accounted for on accrual basis.

Details of future variable lease rentals in aggregate are as under :

i)	not later than one year	Rs. 0.05 Crore
ii)	later than one year and not later than five years	Rs. 0.23 Crore
iii)	later than five years	Rs. 2.20 Crore

In respect of pending lease agreement, the amount received Rs. 1.25 Crore towards lease of colony buildings, lands, quarters etc. has been treated as "Advance Lease Rent Received" and shown under the head Current Liabilities as Other Liabilities.

23. During the year, the company has transferred the borrowing cost amounting to Rs. 9371.03 Crore pertaining to earlier years and Rs. 1316.28 Crore pertaining to the F.Y. 2007-08, totaling to Rs. 10687.31 Crore, to various qualifying assets as required by the Accounting Standard -16 "Borrowing Costs", issued by the Institute of Chartered Accountants of India. Previously, these costs were shown as "Incidental Expenses pending Capitalisation" in the Balance Sheet. Such allocation is based on the additions made during each year to the qualifying assets. In case, where allocation was not possible to match specific source of fund with the utilisation for the creation of respective asset, allocation is done on "General Basis".



(Rs. in Crore)

Name of Qualifying Asset	F.Y. 2007-08		F.Y. 2006-07
	Borrowing Cost allocated for periods upto 2006-07	Borrowing Cost allocated for 2007-08	
Dam and Appurtenant works	2103.40	42.14	0.00
Main Canal	2004.20	479.01	0.00
Power House	1562.85	46.57*	13.95
Branch & Distributories	3700.58	748.25	0.00
Total	9371.03	1316.28	13.95

*This include Rs. 11.11 Crore (Previous Year Rs. 13.95 Crore) representing borrowing cost directly attributable to Power House. Due to the Change in policy of booking borrowing cost generally used in obtaining qualifying assets, Current year Incidental Expenditure Pending Capitalization is stated less by Rs.1305.17crore and Capital Work In Progress is over stated to that extent.

24. The outstanding amount payable to foreign suppliers for the deferred paymanets against fixed assets is accounted for on the basis on the exchange rate prevailing on the last day of the financial year. Previously, the gain or loss in translation of foreign currency was adjusted against "Capital Work In Progress – Other Work on Power Projects". However, from the current year, such gain or loss in transalation of foreign exchange is accounted for in the "Incidental Expenses Pending Capitalisation". Due to such change in policy, "Incidental Expenses" of Power Unit-III is stated higher by Rs. 29.36 Crore and "Capital Work In Progress – Other Work on Power Projects" is stated lower to that extent.



25. Details of Employee Benefits under AS 15 (Revised) :

a) Defined Contribution Plan:

Company's Contribution to C.P.F. & F.P.F. - Rs. 0.62 Crore.

b) Defined Benefit Plans

(Rs. in Crore)

			Privilege Leave Benefits	Gratuity
A	I	Present Value of funded obligation	Nil	Nil
		Fair Value of plan assets	Nil	Nil
		Present value of unfunded obligations	0.82	2.34
		Net Liability	0.82	2.34
B		Expenses recognized for the year		
		Current Service Cost	0.09	0.14
		Interest on obligations	0.06	0.15
		Expected return on plan assets	Nil	Nil
		Net actuarial losses (gains) recognized in the year	(0.01)	0.29
		Total included in employee benefit expenses	0.15	0.58
		Actual return on Plan assets	Nil	Nil
C		Changes in the present value of defined benefit obligations representing reconciliation of opening and closing balances		
		Opening defined benefit obligation	0.67	1.76
		Service Cost	0.09	0.14
		Interest Cost	0.06	0.15



	Actuarial losses (gains)	(0.01)	0.29
	Benefits Paid	Nil	Nil
	Closing defined benefit obligation	0.82	2.34
D	Changes in the fair value of defined benefit obligations representing reconciliation of opening and closing balances		
	Opening fair value of plan assets	Nil	Nil
	Expected returns	Nil	Nil
	Actuarial losses (gains)	Nil	Nil
	Contribution by Employer	Nil	Nil
	Benefits Paid	Nil	Nil
	Closing balance of fair value of plan assets	Nil	Nil
E	Major categories of Plan assets representing reconciliation of opening and closing balances thereof	Nil	Nil
F	Principal Actuarial assumptions at the balance sheet date		
	Discount rate	8.5%	8.5%
	Expected return on plan assets	Nil	Nil
	Proportion of employees opting for early retirements	Nil	Nil
	Annual increase in salary costs	6.5%	6.5%
G	Transitional Liability (Assets)		
	Defined benefit obligation as on 1 st April 2007	N.A.	N.A.
	Market value of Investments as on 1 st April 2007	N.A.	N.A.
	Provisions in books of accounts maintained under Accounting Standard As – 15 assumed to have been recognized on adoption of revised AS – 15	N.A.	N.A.



	Transition liability / (asset) as at 1 st April 2007 adjusted in the current year	Nil	Nil
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In assessing the Company's Post Retirement Liabilities the Company monitors assumptions and uses up-to-date mortality tables. The base being the LIC 1994-96 ultimate tables.

26. Since the Company is not preparing Profit & Loss Account, Accounting Standard 20 – "Earning Per Share" is not applicable and accordingly disclosure is not required to be given under the said Accounting Standard.
27. Pending the final outcome of replies to draft paras issued by C & AG regarding special review of hydropower project, accounting entries for the same, if any, would be passed in the year of receipt of final report from C & AG office.
28. In the opinion of the Board, the current assets, loans and advances have a value on realization in the ordinary course of business at least equal to the amount, at which they are stated in the Balance Sheet as at 31st March, 2008.
29. The Company is wholly owned by Government of Gujarat, therefore except following, no disclosure under Accounting Standard AS-18 'Related Party Disclosures' issued by ICAI is required:

a) **Key Management Personnel:**

Name of the Party	Type of Relationship	Nature of Transactions	Amount (Rs.)
Shri P.K. Laheri	Chairman & Managing Director	Remuneration	0
Shri R.K. Tripathy	Jt. Managing Director	Remuneration	11,64,216
Shri G.P. Joshi	Director (Finance)	Remuneration	6,41,760
		L.T.C.	32,805
		Medical Reimbursement	2,364
Shri S. J. Desai	Director (Canal)	Remuneration	6,69,442
Shri A. B. Mandavia	Director (Civil)	Remuneration	6,74,116
Shri A. S. Bharti	Director(CAD)	Remuneration	3,36,706

b) **Parties where control exists:**

NIL



c) Relatives of Key Management Personnel: NIL

30. a) As decided in the 128th meeting of Board of Directors, land admeasuring 128 acre at Kevadia Colony is to be transferred to State Reserve Police force. However pending the certain formalities and formal transfer of said land as well as determination of final consideration by District Evaluation Committee, necessary adjustment for the transfer of said land will be accounted for in the subsequent year on finalization of formalities. Rs. 2 crore (Previous Year Rs. Nil) received towards the same, has been shown under Schedule "J" - "Current Liabilities" as "Other Liabilities".

b) As decided in the 131st meeting of the B.O.D., land admeasuring 7897 sq. metres was handed over to the Health Department of G.O.G. for establishing Referral Hospital at Kevadia Colony. However pending certain formalities and determination of consideration by G.O.G. accounting effect being unascertained, has not been given in the books of accounts. Necessary accounting effects will be given on completion of relevant formalities and determination of consideration by G.O.G.

c) As decided in the 131st meeting of the B.O.D., land admeasuring 24 acres at Kevadia Colony is to be transferred to the Tribal Department of G.O.G. for establishing residential school and training centre for tribal children. However pending certain formalities and consideration for the same as well as transferring of the said land as on 31.03.08, accounting effect being unascertained, has not been given in the books of accounts. Necessary accounting effects will be given on completion of relevant formalities and determination of consideration.

31. The project of the company is under implementation. In the opinion of management, there is no indication of impairment loss.

32. **Statement Showing Managerial Remuneration**

Salaries & Allowances Includes Managerial Remuneration as Under :-



FROM 1ST APRIL, 2007 TO 31ST MARCH, 2008

(IN FULL FIGURES)

Sr. No.	Particulars	Jt. Managing Director Shri R. K. Tripathy	Director (Finance) Shri G.P. Joshi	Director (Canal) Shri S.J.Desai	Director (Civil) Shri A.B.Mandavia	Director (CAD) Shri A.S.Bharti
1	Salary	Rs.11,64,216 (Nil)	Rs . 6,41,760 Rs . (5,72,396)	Rs 6,69,442 Rs (5,52,623)	Rs 6,74,116 Rs (5,56,993)	Rs 3,36,706 Rs (5,44,930)
2	L.T.C.	Nil (Nil)	32,805 (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)
3	Medical Reimbursement	Nil (Nil)	2,364 (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)

33. a) Previous year figures have been re-worked, re-grouped, re-arranged and reclassified, so as to make them comparable with those of the current year.
- b) Figures in brackets are in respect of previous year.
- c) Figures in annual accounts are expressed in rupees crore.
- d) Amount of Rs. 50,000 or less are disclosed at actual figure wherever statutorily required.



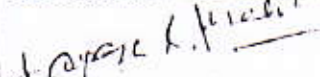
SIGNATURES TO SCHEDULES "A" TO "L"

As per our attached report of even date

For and on behalf of Board of Directors.

For Ramanlal G. Shah & Co.

Chartered Accountants


(Jayesh R. Mehta)

Partner

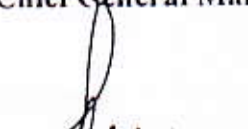



(N.M. Patel)

Company Secretary


(M.L. Solanki)

Chief General Manager (Accounts.)


(Pankaj Kumar)

Jt. Managing Director (Finance)


(A.K. Joti)

Managing Director


(N.V. Patel)

Chairman

Place: Ahmedabad

Place: Gandhinagar.

Date: 28/08/2008

Date: 28/08/2008

Balance Sheet abstract and company's General Business Profile as required under Part IV of Schedule VI to the Companies Act, 1956.

Rs. In Crore

1.	Registration details	
	Registration No.10493 State Code No.04	
	Balance Sheet Date: 31/03/2008	
2.	Capital Raised during the year	
	Public Issue	NIL
	Right Issue (conversion of Warrants)	NIL
	Bonus Issue	NIL
	Private Placement	NIL
	Issued to Government of Gujarat	Rs. 4486.82
3.	Position of Mobilisation and Deployment of Funds.	
	Total Liabilities	Rs. 30047.83
	Total Assets	Rs. 30047.83
	<u>Source of Funds:</u>	
	Paid up Capital	Rs. 16928.68
	Share application money pending allotment	Rs. 1561.17
	Reserve and Surplus	Rs. 0.20
	Secured Loans	Rs. 8668.57
	Unsecured Loans	Rs. 2889.21
	(Including suppliers credit from Sumitomo Corporation, Japan)	
	<u>Application of Funds:</u>	
	Net Fixed Assets	Rs. 984.81
	Capital Work-in-Progress	Rs. 28204.34
	Incidental Expenditure Pending Capitalisation	Rs. 41.85
	Investment	Rs. 6.06
	Net Current Assets	Rs. 810.76
	Miscellaneous Expenditure	Rs. 0.01
	Accumulated Loss	Not Applicable

4. Performance of the Company

Turnover	Not Applicable
Total Expenditure	Not Applicable
Profit/Loss Before Tax (+/-)	Not Applicable
Profit After Tax (+/-)	Not Applicable
Earning per share (in Rupees)	Not Applicable
Dividend Rate (%)	Not Applicable

5. Generic names of Three Principal products/Services
Of Company (as per monetary terms)

Item Code No. (ITC code)	Not Applicable
Products Description.	Not Applicable

Note:- Since project of the company is under execution item code
No. (ITC Code) is not applicable.

For and on behalf of Board of Directors.


(N. M. Patel)

Company Secretary


(M. L. Solanki)


Chief General Manager (Accounts.)


(Pankaj Kumar)

Jt. Managing Director (Finance)


(A.K. Joti)

Managing Director


(N.V. Patel)

Chairman

Place: Gandhinagar.

Date :28/08/08