



The Managing Director
Sardar Sarovar Narmada Nigam Limited
Block No 12, 1st Floor
New Sachivalaya Complex
Gandhinagar 382010, Gujarat

Dear Sir,

Sub: Deep Discount Bonds of Sardar Sarovar Narmada Nigam Ltd. ("SSNNL")

1. We have received complaints from several investors and investor associations against proposed premature redemption of the deep discount bonds on 10th January 2009 issued by SSNNL under the prospectus dated September 29, 1993, even though the prospectus did not provide for call option to the issuer. These complaints have been forwarded to SSNNL for redressal.
2. It is noted that SSNNL had proposed to prematurely redeem the aforesaid bonds in 2004. SEBI had then advised SSNNL to convene a meeting of the bond holders to obtain their consent for the purpose. It appears that SSNNL did not do so and shelved the proposal.
3. It is further noted that the Sardar Sarovar Narmada Nigam Limited (Conferment of Power to Redeem Bonds) Act, 2008 has modified the said prospectus with retrospective effect conferring call option on SSNNL. In exercise of this enabling (not obligatory) provision, SSNNL have decided to redeem the said bonds before maturity. It, however, appears that the consent of the bond holders, who subscribed to the bonds at the issue price or purchased bonds in the secondary market at a price based on the promises in the prospectus, as well as of SEBI, which supervises the issue and trading of bonds and is responsible for protection of interests of investors, has not been taken for modification of prospectus and / or such redemption. Further, while the Act sets the floor price for redemption, SSNNL has not indicated the approach followed to arrive at the redemption price and the justification of the said price in relation to prices at which the investors have been transacting in the bonds in the secondary market.



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Continuation :

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**Securities and Exchange
Board of India**

4. It is also noted that some investors have approached the Hon'ble Gujarat High Court and Hon'ble Bombay High Court in the matter. It is understood that while declining to grant stay, the Hon'ble Gujarat High Court was pleased to observe that in case the Act is struck down, then the investors would get their monies on 2014, as originally promised.
5. Keeping the above in view and without prejudice to SEBI's right to take appropriate measures in the interest of investors, SSNNL is hereby instructed to:
 - a. inform all the bondholders individually the substance of the petitions and observations of the Hon'ble Gujarat High Court;
 - b. inform all the bondholders individually the approach followed to arrive at the redemption price and the justification of the said price;
 - c. issue an advertisement containing the above information in all editions of one English National daily with wide circulation, one Hindi daily with wide circulation and a regional language daily at the place at which SSNNL's registered office is situated; and
 - d. provide SEBI with the approach followed to arrive at the redemption price and the justification of the said price in view of the fact that the price in the secondary market subsumes all information including the promises in the prospectus

immediately on receipt of this letter and in any case not later than January 07, 2009.
6. SSNNL shall inform compliance of the above instructions to SEBI and to the Debenture Trustee, IL & FS Trust Company on or before January 08, 2009.

Yours faithfully,

(J. Ranganayakulu)

Cc to IL & FS Trust Company Ltd, Debenture Trustee