



KRISHNA BHAGYA JALA NIGAM LTD.

PWD OFFICES "ANNEXE", III FLOOR, K.R. CIRCLE, BANGALORE 560001.
TELEPHONE Nos. (080) 22244484, 22277373, 22277488 FAX No. 080-22219470

EARLY REDEMPTION OF KBJNL SERIES IXB REGULAR RETURN BONDS ISSUED IN APRIL 2002

EXISTING PAN /GIR NO.

EXISTING BANK DETAILS
& MICR CODE

NO. OF BONDS

Dear Bondholder(s),

Sub : Early Redemption of KBJNL Series IX-B Regular Return Bonds by exercising Call Option due on 30-04-2007.

NOTICE is hereby given to the holders of 11.70% Series IX-B Secured Redeemable Non-Convertible Regular Return Bonds that the Company is exercising the "Call Option" as in terms of issue prospectus to redeem the Series IX-B Bonds on **30th April, 2007** at face value of Bonds alongwith the interest accrued for one year upto that date. No interest on the said bonds will be payable after **30th April, 2007** i.e., the date on which the bonds are redeemed under the Call Option. **In terms of the issue prospectus, the Nigam is also exercising its right to dispense with the requirement of surrender of Bond Certificates for redemption. The Bangalore Stock Exchange Ltd., The Stock Exchange, Mumbai and The National Stock Exchange and M/s. IL&FS Trust Company, Trustees to the bondholders have been informed accordingly. A separate public notice through one English and one Hindi National daily will be issued in terms of issue prospectus. Consequently, the bondholders need not surrender the bond certificates to Krishna Bhagya Jala Nigam Limited or its R & TA and the bond certificates would be treated as cancelled with effect from 30th April, 2007. The redemption proceeds would be sent to those bondholders whose names appear in the Register of Bondholders, maintained by KBJNL, as on the Record Date mentioned below.**

The Bondholders are advised as under:

- Record Date:** The register of bondholders will remain closed on **31st January, 2007** to ascertain the names of Bondholders who shall eligible to receive the redemption amount.
- All requests for transfer of bonds received upto **31st January, 2007**, being the record date, will be taken into consideration by Registrar and Transfer Agents (R & TA), **M/s. INTIME SPECTRUM REGISTRY LIMITED,* Unit: KBJNL, C-13, Pannalal Silk Mills Compound, LBS Marg, Bhandup West, Mumbai: 400 078. Tel No: 022-25963838, Fax: 022-25946969. Email: kbjnl@intimespectrum.com** In view thereof, the holders-in-due course are hereby advised to lodge the Bond Certificate(s) or Letter of Allotment as the case may be for registration with the R & TA (address as mentioned above) along with duly filled and signed Transfer Mandate/Transfer Form or an application on plain paper stating therein the name(s), address, age, occupation, PAN/GIR No. of the Income Tax, if any, specimen signature(s) of the Transferor duly certified by a gazetted officer/banker/notary public and telephone number/mobile number/fax number, if any. After effecting the transfer in its books, the Company / R&TA will retain the bond certificate(s) and send the redemption warrant to the transferee directly. No request for transfer, etc. Shall be entertained under any circumstances after the record date as the transfer is strictly prohibited after the said record date. **In case the transfer documents are not lodged with M/s. Intime Spectrum Registry Limited on or before the Record Date and the redemption proceeds are sent to the transferor, claims in respect of redemption proceeds should be settled amongst the parties *inter se* and no claim or action shall lie against Krishna Bhagya Jala Nigam Limited or its R & TA for the same.**
- The bonds held in electronic mode (demat form) with the depositories will get the Call Option proceeds against their investment automatically by Call Option date as per the details obtained from NSDL and CDSL.
- For claiming proceeds without deduction of tax at source, on the interest amount, necessary exemption certificates as per details given in overleaf may be submitted on or before **25th February 2007**. Individuals having up to **four** Bonds need not forward any exemption certificates and no Tax would be deducted in case of individuals having up to four Bonds.
- Bondholders may notify change of address and PAN/GIR No. (if not provided earlier), in the Form No. appended to this notice. In order to avoid fraudulent encashment of warrants, redemption warrants with bank details printed thereon would be issued. Therefore, you are requested to provide Bank Account details, in case if the same is not provided earlier or if there is any change in Form B appended to this notice on or before **25th February, 2007**.
- In order to expedite the dispatch of redemption warrants and to avoid problems in future, we request you to follow the instructions given and check list on the reverse and ensure the adherence of the same in all respects.
- If information in Form A & B are not received within the dates mentioned above, it is presumed that the existing details in the records are correct and redemption proceeds will be sent to available address.

Yours faithfully,
For **KRISHNA BHAGYA JALA NIGAM LTD.**

Place : Bangalore
Date : 05-01-2007

S.R.GOPAL
COMPANY SECRETARY

* Investors can also submit the above information at **M/s. INTIME SPECTRUM REGISTRY LIMITED, Unit: KBJNL, No. 8, First Floor, Mahavir Shopping Complex, K.G. Road, Bangalore 560 009. Tel. No. 080-41242623/4.**

TO,

**INTIME SPECTRUM REGISTRY LTD.,
Unit: KRISHNA BHAGYA JALA NIGAM LTD.
C-13, PANNALAL SILK MILLS COMPOUND,
LBS MARG, BHANDUP WEST, MUMBAI: 400 078.**

FORM-A PERSONAL DETAILS

FOLIO NO: **K 9 B**

NAME

Dear, Sir(s),

Sub : Early redemption of KBJNL Series IXB Regular Return Bonds due on 30-04-2007

CHANGE OF ADDRESS,(to fill only in case of any change)

P I N

	Sole / First Holder	1 st Joint holder	2 nd Joint holder
PAN/GIR No:			
Phone No :			
Signatures			

FORM-B FOR BANK DETAILS

Against possible fraudulent encashment of the redemption warrant, kindly issue the redemption warrant mentioning bank particulars as given below and send it to me at my address .

FOLIO NO: **K 9 B**

Bank A/c. No. :

Bank Name :

Branch Name :

Account Type : SB CURRENT CREDIT

9 Digit MICR Code :
(Enclosed copy of cancelled cheque leaf)

DECLARATION

I hereby declare that the particulars given above are correct and complete. If the transaction is delayed or not effective at all for reasons of incomplete or incorrect information. I would not hold the Company KBJNL responsible. In case of ECS facility not being available for any reason, the accounts details provided above may be incorporated in the payment instrument.

I also undertake to advise changes, if, any, in the particulars of my account to facilitate updation of records.

FOR OFFICE USE ONLY

CH. OF NAME	
CH. OF ADD	
BANK DETAILS	
CH. OF PAN	
15G / 15H / W EC	
SCRUTINIZED	

Signature of the First Bondholder

Date :
Place :

INSTRUCTIONS

1. The accrual of interest on Series IXB bonds will cease from April 30th, 2007. Unless specifically communicated by the Bondholder(s), all redemption will be made to the bondholders whose name(s) appear in the Register of Bondholders as on Record Date to the address as per the records available with the Company on that date.
2. In accordance with and subject to the provisions of the Income-tax Act, 1961, amended up to date, the tax at source will be deducted (TDS) on the interest payable for the period from 30-04-06 to 29-04-2007.
3. Bondholders may submit following certificate to claim the proceeds without deduction of tax at source;
 - a. As per the provisions of Section 197A of Income Tax Act, 1961 (the Act) in case of individuals and HUFs, Form No. 15G [**15H in case of senior citizen**] could be submitted for non deduction of tax at source. Above certificate will be valid only in case the income credited or paid or likely to be credited or paid does not exceeds the maximum amount which is not chargeable to tax. Presently, the maximum amount of income not chargeable to tax during the financial year is in case of Individuals and HUFs is Rs. 1,00,000 and Rs. 1,35,000/- in case of women assesseees. In case of Senior Citizens provisions of Section 197A(1C) will apply .
 - b. Where the bondholder qualifies as a specified entity, whose income is unconditionally exempt under Section 10 of the Act and is not statutorily required to file return of income under Section 139 of the Act, no tax would be deducted at source subject to proof of such exemption being submitted by the Bond holder in terms of Central Board of Direct Taxes (CBDT) Circular no. 4/2002 dated July 16, 2002
 - c. Non resident bondholders are requested to submit exemption certificates as per Section 197 / 195(3) of Indian Income Tax Act, 1961.
 - d. All other category of Bondholders are requested to submit Form 15AA or any other certificate issued by the Income Tax department for non / lower deduction of tax at source.
 - e. Above details are as per the existing provisions of Income Tax Act, 1961. At the time of payment of interest then prevailing provisions of Income-Tax Act will be considered without any notice to the Bondholders.
4. As per the provisions of Section 139A of the Act, every person receiving any sum from which tax has been deducted, is required to intimate his Permanent Account Number (PAN) or General Index Register Number (GIR No) to the person responsible for deduction such tax. Further, it is mandatory for the PAN/GIR No. to be quoted on all TDS certificates. Hence, you are requested to indicate you PAN/GIR No. in Form A. If PAN has been applied for, please mention accordingly. In case the details of PAN/GIR No. not communicated to us, we would assume that you have applied for PAN and have not been allotted the same till date and would accordingly mention the same on the TDS certificate.

CHECKLIST

**Kindly ensure to send following documents to M/s. INTIME SPECTRUM REGISTRY LIMITED, Unit: KBJNL
C-13, Pannalal Silk Mills Compound, LBS Marg, Bhandup West, Mumbai: 400 078. on or before 25th February,
2007 to send redemption proceeds properly**

1. Personal details duly completed (Form A) to be submitted in case of any change or not submitted earlier.
2.
 - a) Bank details duly completed (Form B) to be submitted only in case of any change or not submitted earlier.
 - b) Investors desirous of availing ECS facility may submit details of 9 digit bank MICR code along with a copy of cancelled Cheque leaf and declaration in form-B.
 - c) Investors holding bonds in DEMAT mode should ensure that proper bank details and MICR codes are updated with their DPs to facilitate direct ECS credit of redemption.
3. Form 15G /15H (in duplicate) or any other Exemption Certificates valid up to 31-3-2008 for the assessment year 2008-09 should be submitted to claim proceeds without deduction of Tax at Source (refer above instructions).