



# Carol Info Services Limited

Registered Office: City Survey No. 681, Village Nahur, Mulund-Goregaon Link Road, Bhandup (W), Mumbai 400 078. Tel: 2564 2583. Fax: 2564 5483, Maharashtra

## PUBLIC NOTICE CONTAINING DISCLOSURES AS SPECIFIED IN SCHEDULE I UNDER SECURITIES AND EXCHANGE BOARD OF INDIA (BUY- BACK OF SECURITIES) REGULATIONS, 1998

1 The first proviso to Section 77A(2)(b) of the Companies Act, 1956 ("the Act") read with the Securities and Exchange Board of India (Buy Back of Securities) Regulations, 1998 ("the Buy-Back Regulations") permits, if authorized by the Board of Directors of a company pursuant to a resolution passed at its Board meeting, Buy-Back of equity shares of a company up to 10% of the paid-up equity share capital and free reserves.

The Board of Directors of Carol Info Services Limited ("CISL" or the "Company") at its meeting held on June 26, 2006 approved the proposal to Buy-Back, from the open market through the stock exchanges, fully paid-up equity shares of the Company of the face value of Rs. 10/- each (the "Shares") to the extent of or less than 6.60% of the total paid-up equity capital and free reserves of the Company, however not exceeding 25% of the total paid-up equity share capital of the Company i.e. 5,300,000 Shares, at a price not exceeding Rs.40/- per Share and the total amount not exceeding Rs.21.20 crores ("the Buy-Back"). The aggregate maximum consideration for the Shares to be bought back is 6.60% of the total paid-up equity capital and free reserves of the Company as on March 31, 2006 and hence shall not exceed 10% of the total paid-up equity capital and free reserves of the Company at any point of time during this Buy-Back. If all Shares were bought back at a maximum price of Rs.40/- per Share the maximum possible Shares which can be bought back would be 5,300,000 Shares. Even if the average price of the Buy-Back is lower than Rs.40/- per Share, the maximum number of Shares which the Company intends to Buy-Back would not be more than 5,300,000 Shares.

2 The Article 3C of the Articles of Association of the Company permits the Company to Buy-Back its Shares.

3 The issued and subscribed capital of the Company as at March 31, 2006 is Rs. 35.43 crores divided into 35,436,472 equity shares of Rs. 10/- each fully paid-up and free reserves as on that date amount to Rs. 285.75 crores.

4 The Buy-Back proposal is being mooted in keeping with the Company's desire to maximise returns to investors and enhance overall shareholder value by returning surplus cash to the shareholders in an investor friendly manner. The Company has accumulated free reserves and satisfactory liquidity. The proposed Buy-Back is expected to lead to reduction in outstanding equity shares, which may lead to increase in earnings per share and return on equity of the company in future, thereby creating long term shareholder value for the continuing shareholders.

5 The Buy-Back is proposed to be implemented by the Company by open market purchases through the Stock Exchange, Mumbai ("BSE") and/or National Stock Exchange of India Limited ("NSE") using their electronic trading facilities. The Company shall not Buy-Back its Shares from any person through a negotiated deal whether on or off the stock exchanges or through spot transactions or through any private arrangement in the implementation of the Buy-Back.

6 The maximum amount of Rs.21.20 crores to be invested by the Company for the Buy-Back will be made out of the securities premium account and /or other free reserves of the Company.

7 The maximum price of Rs.40/- per Share has been arrived at after taking into consideration factors such as the book value, the market value as well as liquidity of the Shares on the stock exchanges and the possible impact of the Buy-Back on the Company's earnings per share. The maximum Buy-Back price as proposed above will not impair the growth of the Company and also contribute to the overall enhancement of the shareholder value.

8 The Shares of the Company are listed on BSE and NSE.

9 (a) The aggregate shareholding of the Promoters of the Company and Persons in Control (i.e., other directors and their families) as on the date of the meeting of the Board of Directors (i.e. June 26, 2006) is 22,597,038 Shares constituting 63.77% of the issued and paid-up share capital of the Company.

(b) The Promoters and Persons in Control have not sold or purchased any shares of the Company during the period of six months preceding the date of the meeting of the Board of Directors at which the Buy-Back was approved i.e. June 26, 2006. The Company has vide letters dated June 15, 2006 written to all the promoters and Persons in Control requesting them to confirm details of their trades during last six months and advised them not to sell or purchase Shares of the Company during the period when the Buy-Back Offer is open.

10 Promoters of the Company, Persons in Control and directors of the promoter, where the promoter is a company and of Persons in Control have confirmed that they will not sell their holding under the Buy-Back as they are prohibited from selling their Shares in terms of Regulation 15(b) of Buy-Back Regulations.

11 The Company confirms that there are no subsisting public deposits or outstanding debentures or preference shares issued by the Company and there are no defaults subsisting towards the term loans availed by the Company.

12 The debt equity ratio of the Company after the Buy-Back will be within the limit of 2:1 as prescribed under the Act.

13 The Board of Directors confirm:

(i) that it has made the necessary and full enquiry into the affairs and prospects of the Company and has formed the opinion:

(a) that immediately following the date of convening of the meeting of the Board of Directors i.e., June 26, 2006 there will be no grounds on which the Company could be found unable to pay its debts; and

(b) as regards its prospects for the year immediately following the date of the meeting of the Board of Directors i.e. June 26, 2006, that having regard to its intentions with respect to the management of the Company's business during that year and to the amount and character of the financial resources which will, in the view of the Board of Directors, be available to the Company during that year, the Company will be able to meet its liabilities as and when they fall due and will not be rendered insolvent within a period of one year from that date; and

(ii) that in forming its opinion for the above purposes, the Board of Directors have taken into account the liabilities as if the Company were being wound up under the provisions of the Act (including prospective and contingent liabilities).

14 The text of the Report dated June 26, 2006 received from Haribhakti & Co., Chartered Accountants, the Statutory Auditors of the Company, addressed to the Board of Directors is reproduced below:

"In connection with the proposed Buy-Back of equity shares approved by the Board of Directors in the meeting held on June 26, 2006, and based on the information and explanations given to us, we confirm as under:

a) We have inquired into the state of affairs of the Company in relation to the audited accounts for the year ended March 31, 2006 as adopted by the Board of Directors of the Company at its meeting held on June 26, 2006.

b) The amount of permissible capital payment (including premium) in question as ascertained below, has been properly determined in accordance with first proviso to section 77A(2)(b) of the Companies Act, 1956:

	(Rs in Crores)
Paid Up Equity Share Capital as at March 31, 2006	35.43
Free Reserves as at March 31, 2006	285.75
<b>TOTAL</b>	<b>321.18</b>
Maximum amount permissible for buyback i.e. 10% of the total paid up capital and free reserves	32.12

c) Based on the information and explanations given to us, which to the best of our knowledge and belief were necessary for this purpose, we report that the Board of Directors in their meeting held on 26th June 2006 have formed their opinion as specified in Clause (x) of Schedule I of the Securities and Exchange Board of India (Buy-Back of Securities) Regulations, 1998 on reasonable grounds and that the Company will not, having regard to its state of affairs, be rendered insolvent within a period of one year from the date of aforesaid meeting of the Board of Directors held on June 26, 2006."

15 The Buy-Back is expected to be completed within the statutory validity period of the resolution dated June 26, 2006 passed by the Board of Directors which at present is twelve months from the date of passing of the said resolution.

16 The Board of Directors of the Company accept responsibility for the information contained in this notice.

By order of the Board of Directors for  
**Carol Info Services Limited**

Sd/-  
**Anil Kamath**  
Director

Sd/-  
**Rajiv Gandhi**  
Director

Place : Mumbai

Date : June 26, 2006