



BABA ARTS LIMITED

(CIN: L72200MH1999PLC119177)

Regd. Address: 3A, Valecha Chambers, New Link Road, Andheri (West), Mumbai-400053

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Email: babaartslimited@yahoo.com, investors@babaartslimited.com

Website: www.babaartslimited.com

NOTICE OF POSTAL BALLOT TO THE EQUITY SHAREHOLDERS (Pursuant to Section 110 of the Companies Act, 2013)

To,

Dear Member(s),

NOTICE is hereby given, in accordance with the provisions of Section 110 and other applicable provisions of the Companies Act, 2013 (the '**Act**') read with Rule 22 of the Companies (Management and Administration) Rules, 2014 (including any statutory modification or re-enactment thereof for the time being in force) (the '**Rules**') that the resolution set out below for the buy-back of equity shares of Baba Arts Limited (the '**Company**') is proposed to be passed as a special resolution by way of Postal Ballot/E-Voting.

The proposed special resolution and explanatory statement stating the material facts and the reasons for the proposal is appended below and a Postal Ballot Form is enclosed for your consideration.

Pursuant to Rule 22(5) of the Rules, the Board of Directors of your Company at its meeting held on Tuesday the 13th November, 2018 has appointed Shri Bhumitra. V. Dholakia (Membership No. FCS 977) or in his absence, Shri Nrupang B. Dholakia (Membership No. ACS 34722), Designated Partners of Dholakia & Associates LLP, Company Secretaries in Practice as the Scrutinizer for conducting the Postal Ballot process in a fair and transparent manner.

The members are requested to carefully read the instructions printed on the Form, record your assent (for) or dissent (against) therein and return the Form, in original, duly completed in all respects, in the enclosed self-addressed, postage pre-paid envelope (if posted in India) so as to reach the Scrutinizer, not later than 5.00 PM on Sunday the 30th December, 2018. Postal Ballot Forms received after that date will be strictly treated as if a reply from such member has not been received. The Postage Expense will be borne and paid by the Company.

Members desiring to opt for e-voting as per facilities arranged by the Company are requested to read the notes to the Notice and instructions overleaf the Form. Upon completion of the scrutiny of the Forms, the Scrutinizer will submit his report to the Chairman or to any other person duly authorised in this regard. The result of the Postal Ballot would be announced by the Chairman or any other person duly authorised, on or before 2nd January, 2019 at 5.30 p.m. at the Registered Office of the Company. The Results declared along with the Scrutinizer's Report shall be placed on the Company's website i.e. www.babaartslimited.com, website of CDSL i.e. www.evotingindia.com, and intimated to BSE Limited. where the shares of the Company are listed.

The Resolution appended herein below being Special Resolution shall be declared as passed if resolution is assented to by the requisite majority of the shareholders by means of postal ballot including voting by electronic means.

The members are requested to consider and, if thought fit, pass the following resolution as Special Resolution:

Approval for Buy-back of Equity Shares of the Company through Tender Offer route:

RESOLVED THAT pursuant to Section 68 and other applicable provisions of the Companies Act, 2013 (the '**Act**'), the Securities and Exchange Board of India (Buy-back of Securities) Regulations, 2018, as amended (the '**Buy-back Regulations**') and in accordance with Article No. 63 of the Articles of Association of the Company and such other permissions and exemptions as may be required from applicable regulatory and statutory authorities, the consent of the equity shareholders of the Company be and is hereby accorded for the buy-back up to 75,18,300 (Seventy Five Lakhs Eighteen Thousand Three Hundred) fully paid-up equity shares of the face value of Re.1/- (Rupee One Only) each (representing 12.53% of the total paid-up equity share capital of the Company) at a maximum price of Rs. 4.50/- (Rupees Four and Fifty Paise Only) per Equity Share payable in cash for a total consideration not exceeding Rs. 3,38,32,350/- (Rupees Three Crores Thirty Eight Lakhs Thirty Two Thousand Three Hundred and Fifty Only), which is 24.17% of the total paid-up equity capital and free reserves as per the audited accounts of the Company for the financial year ended March 31, 2018, excluding transaction costs such as securities transaction tax, GST, stamp duty, filing fees, advisors' fees, brokerage, public announcement expenses, printing and dispatch expenses and other incidental and related expenses, through the "**Tender Offer**" route as prescribed under the Buy-back Regulations (the process being referred hereinafter as '**Buy-back**'), on a proportionate basis, from the equity shareholders / beneficial owners of the equity shares of the Company (the '**Equity Shares**') as on the record date to be decided by the Board of Directors, including promoters, members of promoter group, and persons acting in concert (it being understood that the "promoter", "promoter group", and "persons acting in concert" will be such persons as have been disclosed in the filings made by the Company under the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as amended).

RESOLVED FURTHER THAT within the maximum buy back price of Rs. 4.50/- (Rupees Four and Fifty Paise Only) per share, the Board of Directors of Company is authorized to determine subsequently the specific price at which the buy back will be made before issue of letter of offer for buy back to the eligible shareholders.

RESOLVED FURTHER THAT as required by Regulation 6 of the Buyback Regulations, the Company shall buyback Equity Shares from the equity shareholders on a proportionate basis provided that 15% of the number of Equity Shares which the Company proposes to buyback or the number of Equity Shares entitled as per the shareholding of small shareholders, as defined in the Buyback Regulations ("**Small Shareholders**"), as of the Record Date, whichever is higher, shall be reserved for Small Shareholders.

RESOLVED FURTHER THAT the Buyback, to the extent permissible under law and subject to all applicable legal provisions, be implemented using the "Mechanism for acquisition of shares through Stock Exchange" notified by SEBI vide circular CIR/ CFD/POLICYCELL/1/2015 dated April 13, 2015 as amended via SEBI Circular CFD/DCR2/CIRP/2016/131 dated December 9, 2016 including any amendments thereof.

RESOLVED FURTHER THAT the Buy-back from non-resident shareholders, Overseas Corporate Bodies (OCB's), Foreign Institutional Investors and shareholders of foreign nationality, if any, shall be subject to such approvals, if and to the extent necessary or required from concerned authorities including approvals from the Reserve Bank of India under Foreign Exchange Management Act, 1999 and rules and regulations framed there under, if any.

RESOLVED FURTHER THAT nothing contained herein above shall confer any right on the part of any Member to offer, or any obligation on the part of the Company or the Board to buyback any shares and/or impair any power of the Company or the Board to terminate any process in relation to such Buyback, if so permissible by law.

FURTHER RESOLVED THAT the Board be and is hereby authorized to delegate all or any of the powers herein conferred as also to execute such documents, writings, etc., to any Committee of the Board or any other Director(s) or Executive(s) / Officer(s) of the Company as may be necessary to give effect to the aforesaid resolution, including but not limited to appointment of Merchant Bankers, Brokers, Bankers, Solicitors, Registrars, Depository Participants and other intermediaries / agencies for the implementation of the buy-back, to make applications seeking approval of appropriate authorities and to initiate all necessary action for opening of accounts, preparation and issuance of various documents, including Public Announcement, Declaration of Solvency, and Certificate of Extinguishment of shares / share certificates required to be filed in connection with the buy-back and such other undertakings, agreements, papers, documents and correspondence as may be necessary in this regard, to the Securities and Exchange Board of India, BSE Limited, Registrar of Companies, Depositories and / or other authorities.

By order of the Board of Directors
For Baba Arts Limited

Place: Mumbai
Date: 13th November, 2018

Naishadh H. Mankad
Company Secretary & Compliance Officer
(M.No.A2996)

NOTES:

1. Explanatory Statement, material facts and reasons for the proposed Special Resolution pursuant to Section 102(1) read with Section 110 of the Companies Act, 2013 is annexed herewith. It also contains all the disclosures as specified in the SEBI (buy back of Securities) Regulations, 2018 as amended from time to time.
2. All documents referred to in the Notice are open for inspection between 10.00am and 5.00 p.m. at the Registered Office of the Company on all working days..
3. The notice is being sent to all the members by post / courier (and electronically by email to those members who have registered their email IDs with the Company), whose names appear in the Register of Members as on Friday, 16th November, 2018 and these will be considered for voting.
4. The dispatch of the Postal Ballot Notices will be completed on or before 23rd November, 2018. The voting through Postal Ballot/e-voting will commence on Saturday the 1st December, 2018 at 10.00 AM and end on Sunday the 30th December, 2018 at 5.00 PM.
5. A member who has not received the Postal Ballot Form may request the Company for a duplicate form. The Postal Ballot Form/duplicate Postal Ballot Form duly completed in all respects should reach the Scrutinizer by 5.00 PM on Sunday the 30th December, 2018. The Postal Ballot received after the said date will be treated as not having been received.
6. In compliance with the provisions of Section 110 of the Companies Act, 2013 read with Rule 22 of the Companies (Management and Administration) Rules, 2014, the Company has also extended e-voting facility as an alternate for its Members to enable them to cast their votes electronically instead of casting vote through Postal Ballot Form.
7. The Company has appointed the Central Depository Services (India) Limited ("CDSL") to provide e-voting facility to its members. Members having shares in demat form and in physical form may vote either by way of Postal Ballot Form or by way of e-voting.
8. The Board of Directors of the Company has appointed Shri Bhumitra.V. Dholakia (Membership No. FCS 977) or in his absence, Shri Nrupang B. Dholakia (Membership No. ACS 34722), Designated Partners of Dholakia & Associates LLP, Company Secretaries in Practice , Mumbai as Scrutinizer for conducting the Postal Ballot process and e-voting in a fair and transparent manner and to receive and scrutinize the completed ballot forms from the Members. After completion of the scrutiny, the Scrutinizer will submit the report to the Chairman or other person as authorized by the Board of Directors on that behalf.
9. The Resolution will be taken as passed effectively on the date of announcement of the result by the Chairman or other person as so authorized, if the result of the Postal Ballots including e-voting indicates that the requisite majority of the Shareholders had assented to the Resolutions. The result of the Postal Ballot will be declared by the Chairman or any other person authorized by the Board of Directors on or before Wednesday the 2nd January, 2019 at 5.30 PM, at the Registered Office of the Company. After declaration, the result of the Postal Ballot will also be posted on the Company's website www.babaartslimited.com besides communicating the same to the BSE Limited where the shares of the Company are listed. Copy of scrutinizer's report will also be posted on website of the CDSL, www.evotingindia.com, the agency engaged for the purpose of e-voting.
10. The Postal Ballot form and the postage prepaid self-addressed business reply envelope are enclosed for use of members. Members are requested to carefully read the instructions printed on the backside of the Postal Ballot Form before exercising their vote.
11. The Company is extending its offer of e-voting facility as an alternate, for its Members to enable them to cast their vote electronically instead of casting vote through Postal Ballot. The members have option to vote either through e-voting or through the physical Postal Ballot form. If a member opts for e-voting, then he/she should not vote by Postal Ballot also and vice-versa. However, in case members cast their vote, via physical Postal Ballot and e-voting, then voting through e-voting shall prevail and voting done by physical postal ballot shall be treated as invalid.

The instructions for shareholders voting electronically are as under:

- (i) The voting period begins on Saturday, the 1st December, 2018 at 10.00 A.M and ends on Sunday the 30th December, 2018 at 5.00 PM. During this period shareholders of the Company, holding shares in physical form or in dematerialized form, as on the cut-off date of Friday the 16th November, 2018, may cast their vote(s) electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) The shareholders should log on to the e-voting website www.evotingindia.com.
- (iii) Click on Shareholders.

- (iv) Now Enter your User ID:
- For CDSL- 16 digits beneficiary ID,
 - For NSDL-8 character DP ID followed by 8 digits Client ID
 - Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (v) Next enter the Image Verification as displayed and Click on Login.
- (vi) If you are holding shares in Demat Form and had logged on to www.evotingindia.com and voted on an earlier voting of any Company, then your existing password is to used.
- (vii) If you are a first time user follow the steps given below:

For Members holding shares in Demat Form and Physical Form	
PAN	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) <ul style="list-style-type: none"> Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number which is mentioned in postal ballot form as Sr. No. in the PAN field. In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.
Dividend Bank Details OR Date of Birth (DOB)	Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login. OR If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iv).

- (viii) After entering these details appropriately, click on "SUBMIT" tab.
- (ix) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xi) Click on the EVSN for **BABA ARTS LIMITED** on which you choose to vote.
- (xii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xiv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xvi) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.
- (xvii) If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xviii) Shareholders can also cast their vote using CDSL's Mobile app m-Voting available for android base mobiles. The m-Voting app can be downloaded from Google Play Store. iPhone and Windows phone users can download the app from the App Store and the Windows Phone Store respectively. Please follow the instructions as prompted by the mobile app while voting on your mobile.

(xiv) Note for Non – Individual Shareholders and Custodians

Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates.

A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.

After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.

The list of accounts linked in the login should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.

A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com.

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 (1) AND 110 OF THE COMPANIES ACT, 2013

Requisite details relating to the buy-back are given below:

a. Approval of the Board of Directors of the Company for the buy-back:

With the intent of distribution of surplus cash to the equity shareholders, the Board in its meeting held on 13th November, 2018 approved the proposal of recommending for the buy-back on a proportionate basis from the equity shareholders / beneficial owners of the equity shares of the Company including promoters, members of promoter group, and persons acting in concert (it being understood that the "promoter", "promoter group", and "persons acting in concert" will be such persons as have been disclosed under the filings made by the Company under

the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as amended) as on the record date to be decided by the Board of Directors, up to 75,18,300 (Seventy Five Lakhs Eighteen Thousand Three Hundred) equity shares of the face value of Re.1/- (Rupee One Only) each (representing 12.53% of the paid-up equity capital of the Company) at a maximum price of Rs. 4.50/- (Rupees Four and Fifty Paise Only) per Equity Share (**buy-back price**) payable in cash for a total consideration not exceeding Rs. 3,38,32,350/- (Rupees Three Crores Thirty Eight Lakhs Thirty Two Thousand Three Hundred Fifty Only), which is 24.17% of the aggregate of equity share capital and free reserves of the Company as per the audited accounts of the Company for the financial year ended 31st March, 2018 excluding transaction costs such as securities transaction tax, GST, stamp duty, filing fees, advisors' fees, brokerage, public announcement expenses, printing and dispatch expenses and other incidental and related expenses, through the "**Tender Offer**" route as prescribed under the Buy-back Regulations, the Articles of Association and pursuant to Section 68 and other applicable provisions of the Act.

b. Rationale for buy-back:

The Company has accumulated substantial cash reserves out of the operations in the past. The Company doesn't have any expansion plans/new projects to be undertaken in near future and neither it has any debt to be repaid. The Company wishes to return the portion of the cash to the shareholders and propose to utilize the cash reserve to buyback its equity shares. It is also observed that the equity shares of Company are infrequently traded on the Stock Exchange limiting the opportunity for the shareholders to buy and sell equity shares. The buyback of equity shares shall also provide an opportunity to shareholders to offer their equity shares to the Company resulting in improvement in financial ratios and maximization of overall shareholders value. With the above objective in mind, the Board of Directors of the Company has decided to recommend buy-back of up to 75,18,300 (Seventy Five Lakhs Eighteen Thousand and Three Hundred) equity shares of face value of Re.1/- (Rupee One Only) each (representing 12.53% of the paid-up equity capital of the Company) at a maximum price of Rs. 4.50 (Rupees Four and Fifty Paise Only) per Equity Share payable in cash for a total consideration not exceeding Rs. 3,38,32,350/- (Rupees Three Crores Thirty Eight Lakhs Thirty Two Thousand Three Hundred Fifty Only). The buy-back is a more efficient form of distributing surplus cash to the equity shareholders compared to other alternatives including interim dividend, inter-alia, for the following reasons:

- i. The buy-back gives an option to the equity shareholders to either participate in the buy-back and receive cash in lieu of Equity Shares accepted under the buy-back or not participate in the buy-back and enjoy a resultant increase in their percentage shareholding in the Company post the buy-back;
- ii. The buy-back would help in improving certain key financial ratios of the Company;
- iii. The buy-back, which is being implemented through the Tender Offer route as prescribed under the Buy-back Regulations, would involve a reservation for small shareholders as defined in the Buy-back Regulations. As defined in the Buy-back Regulations, a "small shareholder" is a shareholder who holds equity shares having market value, on the basis of closing price on the recognized stock exchange in which highest trading volume in respect of such equity shares, as on the Record Date, of not more than Rs.2,00,000 (Rupees Two Lakhs).

c. Maximum amount required under the buy-back & its percentage of the total paid-up capital and free reserves and the sources of funds from which the buyback would be financed:

Pursuant to Section 68 (2) (c) of the Companies Act, 2013, a Company can buyback 25% or less of the aggregate paid up share capital and free reserves as per last audited financials. The proposed buyback shall be for Rs. 3,38,32,350/- (Rupees Three Crores Thirty Eight Lac Thirty Two Thousand Three Hundred Fifty Only), which is 24.17% of the aggregate of equity share capital and free reserves of the Company as per the last audited accounts of the Company for the financial year ended 31st March, 2018. The buy-back would be financed out of current surplus and / or cash and cash equivalents and / or internal accruals of the Company. The Company shall transfer from its free reserves a sum equal to the nominal value of the equity shares bought back through the buy-back to the Capital Redemption Reserve Account and the details of such transfer shall be disclosed in its subsequent audited Balance Sheet. The Company confirms that as required under Section 68(2) (d) of the Companies Act, the ratio of the aggregate of secured and unsecured debts owed by the Company will not be more than twice the paid up equity share capital and free reserves after the Buyback.

d. Maximum buy-back price and the basis of arriving at the Maximum buy-back price:

The maximum buy-back price of Rs. 4.50/- (Rupees Four and Fifty Paise Only) per share has been arrived at after considering various factors such as Book Value of the Company as on 31st March, 2018 and volume weighted average prices of the equity shares of the Company on BSE Limited. where the equity shares of the Company are listed. The maximum buy-back price of Rs. 4.50/- (Rupees Four and Fifty Paise Only) per equity share represents a premium of 43.28% over the average of the weekly high and low of the volume weighted average price of the Company's equity shares on BSE Ltd. for 26 weeks preceding the date of intimation to the Stock Exchange regarding the Board Meeting to consider the proposal of the buy-back and 44.13% over the average of the weekly high and low of the volume weighted average prices of the Company's equity shares for 2 weeks preceding the date of intimation to the Stock Exchange regarding the Board Meeting to consider the proposal of the buy-back.

Within the limit of maximum price of Rs. 4.50 (Rupees Four and Fifty Paise Only) per share, the Board of Directors of the Company is authorized to determine subsequently the specific price at which the buy back may be made before issue of letter of offer for buy back to the eligible shareholders.

e. Number of shares that the Company proposes to buy-back and the time limit for completing the buy-back:

The Company proposes to buy-back not exceeding 75,18,300 (Seventy Five Lac Eighteen Thousand Three Hundred) equity shares of face value of Re.1/- (Rupee One Only) each of the Company. The buy-back is proposed to be completed within 12 months from the date of passing the special resolution approving the proposed buy-back.

f. Method to be adopted for the buy-back:

The buy-back shall be on a proportionate basis from the equity shareholders / beneficial owners of the equity shares of the Company through the "Tender Offer" route, as prescribed under the Buy-back Regulations.

As required under the Buy-back Regulations, the Company will announce a Record Date (**the Record Date**) for determining the names of the equity shareholders who will be eligible to participate in the buy-back.

In due course, the equity shareholder as on the Record Date will receive a Letter of Offer along with a Tender / Offer Form indicating the entitlement of the equity shareholder for participating in the buy-back. The equity shares to be bought back as part of the buy-back is divided in two categories:

- i. Reserved category for small shareholders, and

- ii. General category for all other shareholders.

In accordance with Regulation 6 of the Buy-back Regulations, 15% (fifteen percent) of the maximum number of equity shares which the Company proposes to buy-back or number of equity shares entitled as per the shareholding of small shareholders, whichever is higher, shall be reserved for the small shareholders as part of this buy-back. On the basis of the holding on the Record Date, the Company will determine the entitlement of each shareholder including small shareholder to tender their shares in the buy-back. This entitlement for each shareholder will be calculated based on the number of equity shares held by the respective shareholder on the Record Date and the ratio of the buy-back applicable in the category to which such shareholder belongs.

The participation of the equity shareholders of the Company in the buy-back will be voluntary. Equity shareholders may also tender a part of their entitlement. Equity shareholders also have the option of tendering additional shares (over and above their entitlement) and their application for such additional shares would be considered in case there is a shortfall created due to non-participation of some other equity shareholders. If the buy-back entitlement for any shareholder is not a round number, then the fractional entitlement shall be rounded off to the next higher integer for computation of buy-back entitlement to tender equity shares in the buy-back. Adjustment for excess resulting from such rounding off would be made in the entitlement of entities belonging to promoter.

Detailed instructions for participation in the buy-back as well as the relevant Schedule of Activities will be included in the Letter of Offer which will be sent in due course to the equity shareholders as on the Record Date.

The buy-back from non-resident members, Overseas Corporate Bodies (OCBs) and Foreign Institutional Investors (FIIs), and members of foreign nationality, if any, etc. shall be subject to such approvals as are required including approvals from the Reserve Bank of India under the Foreign Exchange Management Act, 1999 and the rules, regulations framed there under, if any.

g. Aggregate shareholding of the Promoters, the directors of the Promoter companies holding shares in the Company and of Persons who are in control of the Company as on the date of this Notice:

1. The aggregate shareholding of promoters who are in control of the Company:

Sl. No	Name of the Shareholders	No. of Shares Held	Percentage (%)
1	Shri Gordhan P Tanwani	4,43,56,875	73.91
2	Shri Pravin J Karia	8,000	0.01

2. The aggregate shareholding of the directors of the promoters, where the promoter is a company
NIL

3. No equity shares have been purchased or sold by any member of the Promoter/Promoter Group, directors and key managerial personnel of the Company during the period of six months preceding the date of the Board Meeting at which the buy-back was approved till the date of this notice.

h. Intention of the Promoters and Promoters Group of the Company to tender equity shares for buy-back:

In terms of the Buyback Regulations, under the Tender Offer route, Shri. Gordhan P. Tanwani and Shri. Pravin J. Karia, the Promoters of the Company have the option to participate in the Buyback. In this regard, Shri Gordhan P. Tanwani has expressed his intention vide letter dated 13th November, 2018, to participate in the Buyback and offer up to 75,18,300 (Seventy Five Lakhs Eighteen Thousand Three Hundred) equity shares or any such lower number of shares as required in compliance with the Buyback Regulations/terms of the Buyback. In order to be in compliance with 10(4)(C) of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, the promoter director i.e. Shri. Gordhan P. Tanwani did not participate in the board meeting dated 13th November, 2018 for approval of buyback. Further, the Promoters have undertaken to not participate in the postal ballot process for approval of buy-back.

Details of the date and price of acquisition of the equity shares from which Shri. Gordhan P. Tanwani intends to tender his equity shares are set-out below. Shri. Pravin J. Karia does not intend to tender any equity shares under the buyback offer.

Shri Gordhan P. Tanwani

Date	No. of shares acquired/(sold)	Face Value	Issue Price	Consideration
		(in Rs.)	(in Rs.)	
26/03/2010	6,76,288	1	--	Interse Transfer by way of Gift
04/10/2010	2,63,16,000*	1	--	Bonus in the ratio of 1:1
Total	2,69,92,288			
Maximum Shares intended to be Tendered for Buy Back				75,18,300

* 68,42,012 equity shares shall be tendered out of 2,63,16,000 equity shares.

i. No Defaults:

The Company confirms that there are no defaults made or subsisting in the repayment of deposits / interest thereon, redemption of debentures or preference shares, payment of dividend to any shareholder or repayment of term loans / interest thereon to any financial institution or banks.

j. Confirmation that the Board of Directors have made full enquiry into the affairs and prospects of the Company and that they have formed the opinion to the effect that the Company, after buy-back will continue to be able to meet its liabilities and will not be rendered insolvent:

The Board of Directors of the Company have made full enquiry into the affairs and prospects of the Company and have formed the opinion that:

- a) Immediately following the date of convening of the Board Meeting at which the buy-back of the Company's equity shares is approved and the date on which the results of the Postal Ballot will be declared, there will be no grounds on which the Company can be found unable to pay its debts.
- b) as regards the Company's prospects for the year immediately following the date of the Board Meeting as well as the year immediately following the date on which the results of the Postal Ballot will be declared approving the buy-back, and having regard to the Board's 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 Board's view, 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 the date of the Board Meeting approving the buyback or within a period of one year from the date on which the results of the Postal Ballot will be declared, as the case may be.

- c) In forming its opinion aforesaid, the Board has taken into account the liabilities (including prospective and contingent liabilities) as if the Company was being wound up under the provisions of the Companies Act, 2013 or Insolvency and Bankruptcy Code, 2016, as applicable.
- k. **Report addressed to the Board of Directors by the Company's Auditors:**

The Board of Directors

Baba Arts Limited
3A, Valecha Chambers,
New Link Road
Andheri (West)
Mumbai 400053

Subject: Auditor's Report on the matters specified in clause (xi) of Schedule I of Securities and Exchange Board of India (Buy Back of Securities) Regulations, 2018, as amended (the "SEBI Buyback Regulations") for proposed buyback of equity shares of the Company

1. This report is issued in accordance with the terms of our engagement letter dated 13th November, 2018.
2. I, Arunkumar K Shah & Co. Chartered Accountants (Firm Registration Number 126935W), the Statutory Auditor of Baba Arts Limited ("BAL"/ the "Company"), have been informed by the Management of the Company that the Board of Directors of the Company has approved a proposed buy-back of equity shares of the Company as its meeting held on 13th November, 2018, in pursuance of the provisions of Section 68, 69 and 70 of the Companies Act, 2013 (the "Act") and the SEBI Buyback Regulations.
3. The responsibility for preparing the accompanying Statement of permissible capital payment ("Annexure A") as at 31 March 2018 (hereinafter referred together as the "Statement") is prepared by the Management of the Company and same is initialled by me for identification purposes only.

MANAGEMENT'S RESPONSIBILITY FOR THE STATEMENT

4. The Management of the Company is responsible for the preparation of the Statement in accordance with the section 68 (2)(c) of the Companies Act 2013 and to comply with the SEBI Buyback Regulations, including the computation of the amount of the permissible capital payment, preparation and maintenance of all accounting and other relevant supporting records and documents. This responsibility includes collecting, collating and validating data and designing implementing and monitoring of internal controls suitable for ensuring compliance with all applicable guidelines issued in connection with the proposed buy back of equity shares of the Company.
5. The Board of Directors are responsible to make a full inquiry into the affairs and prospects of the Company and to form an opinion that the Company will not be rendered insolvent within a period of one year from the date of meeting at which the proposal for buy-back was approved by the Board of Directors of the Company.

AUDITOR'S RESPONSIBILITY FOR THE STATEMENT

6. Pursuant to the requirements of SEBI Buyback Regulations, it is my responsibility to provide reasonable assurance on.
 - a) Whether I have inquired into the state of affairs of the Company in relation to the audited standalone financial statements as at and for the financial year ended 31st March 2018.
 - b) the amounts used for computing the permissible capital payment as stated in Annexure A, have been accurately extracted from the audited standalone financial statements of the Company for the financial year ended 31st March 2018 and whether the computation of is in accordance with Section 68(2)(c) of the Act; and
 - c) Whether Board of Directors of the Company in its meeting dated 13th November, 2018 have formed the opinion as specified in clause (x) of Schedule I to the SEBI Buyback Regulations, 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 passing of Board meeting resolution dated 13th November, 2018.
7. The audited standalone financial statements referred to in paragraph 6 above, as of and for the financial year ended 31 March 2018, have been audited by me on which I have issued an unmodified audit opinion vide my report dated 26th April, 2018.
8. The audited standalone financial statement referred to above for the financial year ended 31st March, 2018 has been prepared in accordance with the Indian Accounting Standards ("Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015. My audit of the standalone financial statement for the financial year ended 31st March, 2018 was conducted in accordance with the Standards on Auditing specified under Section 143(10) of the Companies Act, 2013. Those Standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.
9. I conducted my examination of the Statement in accordance with the Guidance Note on Reports or Certificates for Special Purposes, issued by the Institute of Chartered Accountants of India. The Guidance Note requires that I comply with the ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of India.
10. I have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

CRITERIA AND SCOPE

11. The criteria against which the information contained in the Statement is evaluated are following:
 - a) Audited standalone financial statements of the Company for the financial year ended 31st March, 2018
 - b) Letter of Announcement of Buyback submitted by the Company's Board of Directors to Stock exchange as per Regulation 30 of the Listing Obligations and Disclosure Requirements of Securities and Exchange Board of India;
 - c) Board Resolution passed at the Board Meeting held on 13th November, 2018;
 - d) Articles of Association of the Company ; and
 - e) Books of accounts and other records and written representation obtained from the Management of the Company.

OPINION

12. Based on my examination, as stated above and according to the information, explanations and written representations provided to me by the Management of the Company, I report that:
- I have inquired into the state of affairs of the Company in relation to its audited standalone financial statements as at and for the financial year ended 31st March 2018;
 - The amount of permissible capital payment towards the proposed buy back of equity shares as stated in Annexure A is in accordance with Section 68(2) (c) of the Act and the amounts of share capital and free reserves used in computation of permissible capital payment have been accurately extracted from the audited standalone financial statements of the Company for the financial year ended 31st March 2018; and
 - The Board of Directors of the Company, in their meeting held on 13th November, 2018 have formed their opinion as specified in clause (x) of Schedule I to the SEBI Buyback Regulations, on reasonable grounds and that the Company, having regard to its state of affairs, will not be rendered insolvent within a period of one year from the date of passing the Board meeting resolution dated 13th November, 2018.

RESTRICTION ON USE

13. This report is addressed to and provided to the Board of Directors of the Company pursuant to the requirements of the SEBI Buyback Regulations solely to enable the Board of Directors of the Company to include it in postal ballot notice, public announcement and in the letter of offer to be circulated to the Members of the Company and filed with various regulatory authorities, in connection with the Buyback, in pursuance of the provisions of sections 68, 69 and 70 of the Act and the SEBI Buyback Regulations, and should not be used for any other purpose or by any other person.

For **ARUNKUMAR K SHAH & CO.**
Chartered Accountants
(Firm's Registration No. 126935W)

Arunkumar K Shah
Proprietor
(Membership No. 034606)

Place : Mumbai
Date: 13th November, 2018

Annexure A:

Statement of computation of permissible capital payment for the proposed Buyback of the Equity Shares of Baba Arts Limited in accordance with Section 68(2) (c) of the Act, based on audited financial statements for the financial year ended 31st March 2018:

Particulars		Amount (Rs. in Lakhs)
Paid-up equity share capital as at 31st March 2018 (6,00,18,300 equity shares of face value Re.1 each fully paid up)	(A)	600.18
Free Reserves as at 31st March 2018*		
i. Securities Premium account		NIL
ii. General Reserves		110.00
iii. Retained Earnings		689.77
Total Free Reserves	(B)	799.77
Total Paid- up equity share capital and Free Reserves as at 31st March 2018	C = (A + B)	1399.95
Permissible capital payment in accordance with the provisions of Section 68 of the Act (25% of the total paid up equity share capital and Free Reserves as at 31st March 2018).	D =(C* 25%)	349.99
Amount proposed by Board Resolution dated 13th November, 2018 approving the Buyback, subject to shareholders' approval by special resolution, based on the audited financial statements for the year ended 31st March 2018.		338.32

* Free Reserves are computed in accordance with the provisions of Section 2(43) of Companies Act, 2013 read along with the Explanation II provided in Section 68 of the Act.

For **ARUNKUMAR K SHAH & CO.**
Chartered Accountants
(Firm's Registration No. 126935W)

Arunkumar K Shah
Proprietor
(Membership No. 034606)

Place :Mumbai
Date: 13th November, 2018

I. Compliance with Section 68(2)(c) of the Companies Act, 2013:

The aggregate paid-up equity share capital and free reserves as per Audited Financial Results of the Company as at 31st March, 2018 is Rs.1399.95 Lac. Under the provisions of the Companies Act, 2013, the funds deployed for the buy-back cannot exceed 25% of the total paid-up equity share capital and free reserves of the Company i.e. Rs. 349.99 Lac. The Maximum buy-back Size i.e. Rs.3,38,32,350/- (Rupees Three Crore Thirty Eight Lac Thirty Two Thousand Three Hundred Fifty Only) is within the limit of 25% of the Company's total paid-up equity capital and free reserves as per the audited Balance Sheet as at 31st March, 2018.

m. As per the provisions of the Buy-back Regulations and the Companies Act, 2013:

- i) The Company shall not issue any equity shares or other securities (including by way of bonus) till the date of closure of the buy-back;
- ii) The Company shall not raise further capital for a period of one year from the closure of the buy-back, except in discharge of its subsisting obligations, or such period as may be applicable under extant regulations;
- iii) The special resolution approving the buy-back will be valid for a maximum period of 1 year from the date of passing the said special resolution (or such extended period as may be permitted under the Companies Act, 2013 or the Buy-back Regulations or by the appropriate authorities). The Schedule of Activities for the buy-back shall be decided by the Board of Directors within the above time limits;
- iv) The equity shares bought back by the Company will be compulsorily cancelled;
- v) The Company shall not withdraw buy-back once the shareholders have approved the buy-back;
- vi) The Company shall not buy-back locked-in equity shares and non-transferable equity shares if any, till the pendency of the lock-in or till the equity shares become transferable; and
- vii) The Company confirms that as required under Section 68(2)(d) of the Companies Act, 2013, the ratio of aggregate of secured and unsecured debts owed by the Company shall not be more than twice the equity share capital and free reserves after the buy-back.

For any clarifications related to the Buy-Back process, the equity shareholders may contact the following:

Compliance Officer:

Shri Naishadh H. Mankad

Baba Arts Limited
3A, Valecha Chambers
New Link Road, Andheri (West)
Mumbai 400053

E-mail: babaartslimited@yahoo.com, investors@babaartslimited.com

Phone: 022 26733131, Fax: 022 26733375

Shareholders' participation in Buyback will be voluntary. Shareholders holding Equity Shares can choose to participate and get cash in lieu of shares to be accepted under the Buyback or they may choose not to participate and enjoy a resultant increase in their percentage shareholding, post Buyback, without additional investment.

All the material documents referred to in the Explanatory Statement such as the Memorandum and Articles of Association of the Company, relevant Board Resolution for the buyback, the Auditors Report dated 13th November, 2018 and the audited accounts for the financial year 2017-18 are available for inspection by the members of the Company at its registered office on any working day between 10 a.m. and 5 p.m. up to the last date of receipt of postal ballot form specified in the accompanying notice.

In the opinion of the Board, the proposal for buy-back is in the interest of the Company and its equity shareholders. The directors, therefore, recommend passing of the special resolution as set out in the accompanying notice for your approval.

None of the Directors or Key Managerial Personnel of the Company or their relatives is / are directly / indirectly concerned / interested in the above resolution except to the extent of their respective interest as shareholders of the Company. The promoter director Shri. Gordhan P. Tanwani did not participate in the board meeting. Further, the Promoters have undertaken to not participate in the postal ballot process for approval of buy-back.

By order of the Board of Directors
For Baba Arts Limited

Place: Mumbai
Date: 13th November, 2018

Naishadh H. Mankad
Company Secretary & Compliance Officer
(M.No.A2996)

Encl:

1. Postal Ballot Form
2. Self-addressed, postage pre-paid envelope