

DRAFT LETTER OF OFFER

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

This Draft Letter of Offer is being sent to you as a registered Equity Shareholder of Baba Arts Limited (the “Company”) as on the Record Date i.e. Tuesday, January 15, 2019 in accordance with Securities and Exchange Board of India (Buy Back of Securities) Regulations, 2018 (the “Buyback Regulations”). If you require any clarifications about the action to be taken, you should consult your stock broker or your investment consultant or the Manager to the Buyback i.e. Keynote Corporate Services Limited or the Registrar to the Buyback i.e. Universal Capital Securities Private Limited. Please refer to the section on “Definitions” for the definition of the capitalized terms used herein.

BABA

BABA ARTS LIMITED

Registered Address: 3A, Valecha Chambers, New Link Road, Andheri (West), Mumbai-400 053

Tel No.: +91-22- 2673 3131 **Fax No.:** +91-22- 2673 3375

Email: investors@babaartslimited.com

Website: www.babaartslimited.com

Corporate Identification Number (CIN): L72200MH1999PLC119177

Contact Person: Shri. N. H. Mankad, Company Secretary & Compliance Officer

OFFER FOR BUYBACK OF UPTO 75,18,300 FULLY PAID-UP EQUITY SHARES OF FACE VALUE OF ₹1/- EACH (“EQUITY SHARES”) AT A PRICE OF ₹ 4.50/- (RUPEES FOUR AND FIFTY PAISE ONLY) PER FULLY PAID-UP EQUITY SHARE ON A PROPORTIONATE BASIS THROUGH THE TENDER OFFER PROCESS.

- 1 The Buyback is in accordance with Section 68, 69, 70 and other applicable provisions of the Companies Act, 2013 (the “Companies Act”), the Companies (Share Capital & Debentures) Rules, 2014, the Companies (Management & Administration) Rules, 2014, the Buyback Regulations, Article 63 of the Articles of Association of the Company and is subject to other approvals, permissions and exemptions as may be required from time to time from any statutory and/ or regulatory authority and which may be agreed to by the Board of Directors and/ or any sub-committee thereof.
- 2 The Buyback Size is ₹ 3,38,32,350/- (Rupees Three Crore Thirty Eight Lakhs Thirty Two Thousand Three Hundred and Fifty Only) which represents 24.17% of the fully paid-up equity share capital and free reserves as per the audited balance sheet of the Company for the financial year ended March 31, 2018 (the last audited balance sheet available as on the date of the Board meeting recommending the proposal of the Buyback, held on November 13, 2018) and is within the statutory limits of 25% of the fully paid-up equity share capital and free reserves as per the last audited financial statements of the Company.
- 3 The Letter of Offer will be sent to the Equity Shareholder(s)/ Beneficial Owner(s) holding Equity Shares of the Company as on the Record Date i.e.; Tuesday, January 15, 2019.
- 4 The procedure for tendering and settlement is set out in clause 20 on page 25 of this Draft Letter of Offer.
- 5 The Form of Acceptance-cum-Acknowledgement (the “Tender Form”) is enclosed together with this Draft Letter of Offer.
- 6 For mode of payment of consideration to the Equity Shareholders, please refer to clause 20.25 on page 35 of Letter of Offer.
- 7 A copy of the Public Announcement and the Draft Letter of Offer (including the Tender Form) shall also be available on the website of Securities and Exchange Board of India- i.e.; www.sebi.gov.in and website of the Company www.babaartslimited.com.
- 8 The eligible Equity Shareholders are advised to refer to Details of the Statutory Approvals and Note on Taxation in clause 17 on page 20 and clause 21 on page 36, respectively, of this Draft Letter of Offer, before tendering their Equity Shares in the Buyback.

BUY BACK OFFER OPENS ON: [●]

BUY BACK OFFER CLOSES ON: [●]

LAST DATE/ TIME OF RECEIPT OF COMPLETED APPLICATION FORMS AND OTHER SPECIFIED DOCUMENTS INCLUDING PHYSICAL SHARE CERTIFICATES BY THE REGISTRAR TO THE BUY BACK: [●]

MANAGER TO THE BUY BACK

REGISTRAR TO THE BUY BACK

KEYNOTE

KEYNOTE CORPORATE SERVICES LIMITED

The Ruby, 9th Floor, Senapati Bapat Marg,
Dadar (West), Mumbai – 400 028;

Tel: +91–22– 3026 6000-3; **Fax:** +91–22– 3026 6088;

E-mail: mbd@keynoteindia.net;

Website: www.keynoteindia.net;

Contact Person: Ms. Pooja Sanghvi / Mr. Akhil Mohod;

SEBI Registration No.: INM 000003606

UCS

UNIVERSAL CAPITAL SECURITIES PVT. LIMITED

21, Shakil Niwas, Mahakali Caves Road,
Andheri East, Mumbai 400 093;

Tel: +91–22– 2820 7203; **Fax:** +91–22– 2820 7207

Email: deva@unisec.in;

Website: www.unisec.in;

Contact Person: Shri Devanand Dalvi;

SEBI Registration No.: INR 000004082

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1. SCHEDULE OF ACTIVITIES

Activity	Day and Date
Date of the Board meeting to approve the proposal for Buyback of Equity Shares	Tuesday, November 13, 2018
Date of declaration of the results of postal ballot for special resolution by the Shareholders of the Company, approving the Buyback Offer	Wednesday, January 02, 2019
Date of publication of Public Announcement for the Buyback	Thursday, January 04, 2019
Record Date for determining the Buyback Entitlement and the names of Eligible Sellers	Tuesday, January 15, 2019
Buyback opens on / date of opening of Buyback	[●]
Buyback closes on / date of closing of Buyback	[●]
Last date of receipt of completed Tender Forms and other specified documents including physical share certificates by the Registrar and Transfer Agent	[●]
Last date of verification by Registrar	[●]
Last date of providing Acceptance to the Stock Exchange by the Registrar	[●]
Last date of settlement of bids on the Stock Exchange	[●]
Last date of dispatch of share certificate(s) by RTA / return of unaccepted demat shares by Stock Exchange to Selling Member	[●]
Last date of extinguishment of Equity Shares	[●]

2. DEFINITION OF KEY TERMS

Acceptance	Acceptance of fully paid-up Equity Shares tendered by Eligible Sellers in the Buyback Offer.
Acquisition Window	The facility of acquisition of Equity Shares through mechanism provided by the Stock Exchange in the form of separate window in accordance with SEBI Circulars.
Additional Equity Shares	Additional Equity Shares tendered by an Eligible Seller over and above the Buyback Entitlement of such Equity Shareholder.
Articles	Articles of Association of the Company.
Board/ Board of Directors	Board of Directors of the Company.
BSE	BSE Limited.
Buyback Entitlement	The number of Equity Shares that an Equity Shareholder is entitled to tender in the Buyback, based on the number of Equity Shares held by that Equity Shareholder, on the Record Date and the ratio of Buyback applicable in the category, to which such Equity Shareholder belongs.
Buyback/ Offer	Offer by Baba Arts Limited for buyback of up to 75,18,300 (Seventy Five Lakhs Eighteen Thousand Three Hundred) fully paid-up Equity Shares of face value of ₹ 1/- (Rupee One only) each at a price of ₹ 4.50 (Rupees Four and Fifty Paise Only) per Equity Share from the fully paid-up equity shareholders/ beneficial owners of the Equity Shares of the Company as on the Record Date, through the Tender Offer route on a proportionate basis.

Buyback Entitlement	The number of Equity Shares that an Equity Shareholder is entitled to tender in the Buyback, based on the number of Equity Shares held by that Equity Shareholder, on the Record Date and the ratio of Buyback applicable in the category, to which such Equity Shareholder belongs.
Buyback Price	Price at which Equity Shares will be bought back from the Equity Shareholders i.e. ₹ 4.50 (Rupees Four and Fifty Paise Only) per fully paid up Equity Share, payable in cash.
Buyback Regulations	Securities and Exchange Board of India (Buy Back of Securities) Regulations, 2018.
Buyback Size	Number of Equity Shares proposed to be bought back (i.e. 75,18,300 Equity Shares) multiplied by the Buyback Price (i.e. ₹4.50/- per Equity Share) aggregating to ₹ 3,38,32,350 (Rupees Three Crore Thirty Eight Lakhs Thirty Two Thousand Three Hundred and Fifty Only).
CDSL	Central Depository Services (India) Limited.
Company	Baba Arts Limited.
Companies Act	The Companies Act, 2013, with Rules notified therein as amended.
Depositories	Collectively, National Securities Depository Limited and Central Depository Services (India) Limited.
DP	Depository Participant.
Draft Letter of Offer (DLOF)	This Draft Letter of Offer dated January 10, 2019 filed with SEBI.
DTAA	Double Taxation Avoidance Agreement between India and the respective jurisdiction of the shareholder subject to meeting relevant conditions and providing and maintaining necessary information and documents as prescribed under the Income Tax Act.
Eligible Seller(s)	Equity Shareholders eligible to participate in the Buyback and would mean all shareholders/ beneficial owners of the Equity Shares on the Record Date i.e. January 15, 2019, and do not include such shareholders/ beneficial owners of the Equity Shares who are not permitted under the applicable law to tender shares in the Buyback.
Equity Shares	Fully paid-up equity shares of face value of ₹ 1/- each of Baba Arts Limited.
Equity Shareholder	Holders of fully paid-up Equity Shares and includes beneficial owners thereof.
Escrow Account	The Escrow Account titled “ ESCROW ACCOUNT - BABA ARTS LIMITED – BUY BACK OFFER ” opened with IndusInd Bank Limited.
Escrow Agent	IndusInd Bank Limited.
Escrow Agreement	The escrow agreement dated December 15, 2018 entered into between the Company, IndusInd Bank Limited and Keynote Corporate Services Limited.
FCNR account	Foreign Currency Non-Resident account.
FEMA	Foreign Exchange Management Act, 1999, as amended.
FII(s)	Foreign Institutional Investors as defined under the SEBI FPI Regulations.
FPI(s)	Foreign Portfolio Investors as defined under the SEBI FPI Regulations.

HUF	Hindu Undivided Family.
IT Act/ Income Tax Act	Indian Income Tax Act, 1961, as amended.
Manager to the Buyback	Keynote Corporate Services Limited.
Non-Resident Shareholders	Includes Non-Resident Indians (NRI), Foreign Institutional Investors (FII) and Foreign Portfolio Investors (FPI) and erstwhile Overseas Corporate Bodies (OCB) and Foreign Nationals.
NSDL	National Securities Depository Limited.
OCB(s)	Overseas Corporate Bodies.
Promoter and Promoter Group	Promoter and promoter group as have been disclosed under the filings made by the Company under the listing agreement/ Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as amended.
Public Announcement	Public announcement dated Thursday, January 03, 2019 which was published on Friday, January 04, 2019 regarding the Buyback.
RBI	Reserve Bank of India.
Record Date	The date for the purpose of determining the Buyback Entitlement and the names of the Eligible Sellers to whom the Letter of Offer and Tender Form will be sent, and who are eligible to participate in the proposed Buyback offer in accordance with the Buyback Regulations. The Record Date for the Offer is Tuesday, January 15, 2019.
Registrar to the Buyback	Universal Capital Securities Private Limited.
Rules	Rules notified under Companies Act, 2013.
SEBI	The Securities and Exchange Board of India.
Seller Member/ Seller Broker	A Stock broker (who is a member of the BSE) of an Eligible Seller, through whom the Eligible Seller wants to participate in the Buyback.
Small Shareholder	Small Shareholder means a shareholder of a company, who holds shares or other specified securities whose market value, on the basis of closing price of shares or other specified securities, on the recognized stock exchange in which highest trading volume in respect of such securities, as on record date i.e. Tuesday, January 15, 2019 is not more than two lakh rupees.
Stock Exchange	BSE being the stock exchange where the Equity Shares of the Company are listed.
Tender Form	Form of Acceptance–cum–Acknowledgement.
Tender Offer	Method of buy back as defined in Regulation 2(i)(q) of the Buyback Regulations.
TRS	Transaction Registration Slip.
Working Day	Working day shall have the meaning ascribed to it under the Buyback Regulations.

3. DISCLAIMER CLAUSE

As required, a copy of this Draft Letter of Offer has been submitted to SEBI. It is to be distinctly understood that submission of this Draft Letter of Offer to SEBI should not in any way be deemed or construed that the same has been cleared or approved by SEBI. SEBI does not take any responsibility either for the financial soundness of the Company to meet the Buyback commitments or for the correctness of the statements made or opinions expressed in this Draft Letter of Offer. The Manager to the Buyback, Keynote Corporate Services Limited, has certified that the disclosures made in this Draft Letter of Offer are generally adequate and are in conformity with the provisions of the Companies Act and Buyback Regulations. This requirement is to facilitate investors to take an informed decision for tendering their Equity Shares in the Buyback.

It should also be clearly understood that while the Company is primarily responsible for the correctness, adequacy and disclosure of all relevant information in this Draft Letter of Offer, the Manager to the Buyback is expected to exercise due diligence to ensure that the Company discharges its duty adequately in this behalf and towards this purpose, the Manager to the Buyback, Keynote Corporate Services Limited, has furnished to SEBI a Due Diligence Certificate dated January 10, 2019, in accordance with Buyback Regulations, which reads as follows:

“We have examined various documents and materials relevant to the Buyback as part of the due diligence carried out by us in connection with the finalization of the public announcement dated January 03, 2019 which was published on January 04, 2019 (the “**Public Announcement**”) and the Draft Letter of Offer dated January 10, 2019 (“**DLoF**”). On the basis of such examination and the discussions with the Company, we hereby state that:

- i. The Public Announcement and the DLoF are in conformity with the documents, materials and papers relevant to the Buyback;
- ii. All the legal requirements connected with the said offer including the SEBI (Buy Back of Securities) Regulations, 2018 have been duly complied with;
- iii. The disclosures in the Public Announcement and the DLoF are, to the best of our knowledge, true, fair and adequate in all material respects for the shareholders of the Company to make a well informed decision in respect of the captioned Buyback;
- iv. Funds used for Buyback shall be as per the provisions of the Companies Act”

The filing of offer document with SEBI, does not, however, absolve the Company from any liabilities under the provisions of the Companies Act, or from the requirement of obtaining such statutory or other clearances as may be required for the purpose of the proposed Buyback.

The Promoter and Promoter Group of the Company/ Directors declare and confirm that no information/ material likely to have a bearing on the decision of Eligible Sellers has been suppressed/ withheld and/ or incorporated in the manner that would amount to mis-statement/ misrepresentation and in the event of it transpiring at any point of time that any information/ material has been suppressed/ withheld and/ or amounts to a mis-statement/ misrepresentation, the Promoter and Promoter Group of the Company/ Directors and the Company shall be liable for penalty in terms of the provisions of the Companies Act and the Buyback Regulations.

The Promoter and Promoter Group of the Company/ Directors also declare and confirm that funds borrowed from banks and financial institutions will not be used for the Buyback.

4. TEXT OF THE RESOLUTION PASSED AT THE MEETING OF THE BOARD OF DIRECTORS

The Buyback through Tender Offer was considered and approved by the Board of Directors of the Company at its meeting held on November 13, 2018. The text of the Board resolution is as follows:

"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 ₹1/- (Rupee One Only) each (representing 12.53% of the total paid-up equity share capital of the Company) at a maximum price of ₹ 4.50 (Rupees Four and Fifty Paise Only) per Equity Share payable in cash for a total consideration not exceeding ₹ 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 ₹ 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. "

5. DETAILS OF THE PUBLIC ANNOUNCEMENT

- 5.1. The Public Announcement dated Thursday, January 03, 2019 which was published on Friday, January 04, 2019, in accordance with Regulation 7 of the Buyback Regulations, within two Working Days from the date on which the results of Postal Ballot were announced i.e. January 02, 2019.

The Public Announcement, was published in the following newspapers:

Publication	Language	Editions
Business Standard	English	All
Business Standard	Hindi	All
Mumbai Lakshadweep	Marathi	Mumbai

- 5.2. The Public Announcement is available on the website of SEBI at www.sebi.gov.in and on the website of the Company - www.babaartslimited.com

6. DETAILS OF THE BUY BACK

- 6.1. The Board of Directors of Baba Arts Limited (the “**Company**”) at its meeting held on November 13, 2018 (“**Board Meeting**”) approved the proposal of Buy Back of up to 75,18,300 (Seventy Five Lakhs Eighteen Thousand Three Hundred) fully-paid-up Equity Shares of face value ₹1/- (Rupee One Only) each, at a maximum price of ₹4.50 (Rupees Four and Fifty Paise Only) per share aggregating to ₹3,38,32,350 (Rupees Three Crore Thirty Eight Lakhs Thirty Two Thousand Three Hundred and Fifty Only) from the equity shareholders of the Company as on the Record Date, on a proportionate basis through the “Tender Offer” route. The Board of Directors at their meeting approved the Postal Ballot Notice dated November 13, 2018 (“Postal Ballot Notice”), to seek the approval of the Shareholders of the Company for the Buyback, through a Special Resolution.

The Equity Shareholders of the Company approved the “**Buyback**” of up to 75,18,300 (Seventy Five Lakhs Eighteen Thousand Three Hundred) fully-paid-up Equity Shares of face value ₹1/- (Rupees One Only) each, from the equity shareholders of the Company as on the Record Date, on a proportionate basis through the “Tender Offer” route at a maximum price of ₹4.50/- (Rupees Four and Fifty Paise Only) per share, payable in cash, for an amount aggregating to ₹3,38,32,350 (Rupees Three Crore Thirty Eight Lakhs Thirty Two Thousand Three Hundred and Fifty Only). The results of the Postal Ballot Resolution were announced on January 02, 2019 (“**Shareholders’ Approval**”).

The Equity Shareholders authorized the Board to finalize the terms of the Buy Back, including the price of Buy Back, total amount to be utilized for buy back within the aforesaid limit and the time frame for Buy Back.

Subsequently the Board in its meeting held on January 03, 2019 determined the final price for Buy Back at ₹ 4.50 (Rupees Four and Fifty Paise Only) per Equity Share (“**Buy Back Price**”) and the total amount for Buy Back i.e. ₹ 3,38,32,350 (Rupees Three Crore Thirty Eight Lakhs Thirty Two Thousand Three Hundred and Fifty Only) (“**Buy Back Size**”) excluding the transaction cost.

- 6.2. The Buyback is in accordance with Article 63 of the Articles of Association of the Company and the provisions of Sections 68, 69, 70 and other applicable provisions, if any, of the Companies Act, 2013 (the “Act”), the Companies (Share Capital and Debentures) Rules, 2014, the Companies (Management and Administration) Rules, 2014, including any amendments, statutory modifications or re-enactments thereof, for the time being in force and in compliance with the “Buyback Regulations”.
- 6.3. The Buyback is subject to approvals as may be necessary, from time to time from statutory authorities including but not limited to SEBI and from the Stock Exchange i.e. BSE Limited where the Equity Shares of the Company are listed.
- 6.4. The Company will adopt the Tender Offer route for the purpose of Buyback. The Buyback will be implemented using the “Mechanism for acquisition of shares through Stock Exchange” notified by SEBI vide the SEBI Circular and Notice Number 20170210-16 dated February 10, 2017 issued by BSE.
- 6.5. In accordance with the provisions of the Companies Act, 2013, the Buyback Size is ₹3,38,32,350/- (Rupees Three Crores Thirty Eight Lakhs Thirty Two Thousand Three Hundred and Fifty Only), which is 24.17% of fully paid up equity share capital and free reserves as per the audited accounts of the Company for the financial year ended March 31, 2018 (the last audited financial statement available as on the date of Board Meeting approving the Buyback) and is within the statutory limit of 25% of the fully paid up equity share capital and free reserves as per the last audited financial statement of the Company. Further, under the Companies Act, the number of equity shares that can be bought back in any financial year cannot exceed 25% of the total paid-up equity share capital of the Company in that financial year. Since the Company proposes to Buy Back upto 75,18,300 (Seventy Five Lakhs Eighteen Thousand Three Hundred) equity shares representing 12.53% of the total paid up equity share capital of the Company, the same is within the aforesaid limit of 25% of the total paid up equity share capital of the Company.
- 6.6. The Company confirms that as required under Section 68(2)(d) of the Companies Act and Regulation 4(ii) of Buyback Regulations, the ratio of the aggregate of secured and unsecured debts owed by the Company shall not be more than twice the fully paid-up share capital and free reserves after the Buyback.

6.7. The shareholding of the promoters and persons in control as on the date of the Public Announcement i.e. January 03, 2019 is as under:

6.7.1 The aggregate shareholding of the Promoters and persons who are in control of the Company:

Sr. No.	Name of Shareholder	No. of Equity Shares	% of equity shares
1	Shri Gordhan P Tanwani	4,43,56,875	73.91
2	Shri Pravin J Karia	8,000	0.01
	Total	4,43,64,875	73.92

6.7.2 The aggregate shareholding of the directors of the promoters, where the promoter is a company: NIL

6.8. 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 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.

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)	Issue Price	Nature of Transaction
		(in ₹)	
26/03/2010	6,76,288	Not Applicable	Interse Transfer by way of Gift
04/10/2010	2,63,16,000*	Not Applicable	Bonus issue
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.

6.9. For details with respect to Promoters' shareholding post Buyback please refer to paragraph 13.5 (Capital Structure and Shareholding Pattern) on page 13 of this Draft Letter of Offer.

6.10. In order to be in compliance with 10(4)(C) of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, the promoter director Shri. Gordhan P. Tanwani did not participate in the board meeting dated November 13, 2018 for approval of buyback. Further, the Promoters did not participate in the postal ballot process for approval of buyback.

7. AUTHORITY FOR THE BUY BACK

7.1. The Buyback is in accordance with Article 63 of the Articles of Association of the Company and the provisions of Sections 68, 69, 70 and all other applicable provisions, if any, of the Companies Act, 2013 (the "Act"), the Companies (Share Capital and Debentures) Rules, 2014, the Companies (Management and Administration) Rules, 2014, including any amendments, statutory modifications or re-enactments thereof, for the time being in force and in

compliance with the Buyback Regulations. The Buyback is subject to approvals as may be necessary, from time to time from statutory authorities including but not limited to Securities and Exchange Board of India (“SEBI”) and from the Stock Exchange i.e. BSE Limited where the Equity Shares of the Company are listed.

- 7.2. The Buyback has been authorised by the resolution of the Board of Directors passed at its meeting which was held on Tuesday, November 13, 2018, and the special resolution passed by the shareholders of the Company through postal ballot (including electronic voting) pursuant to a postal ballot notice dated November 13, 2018 (“Notice”), the results of which were declared on Wednesday, January 02, 2019.

8. NECESSITY OF THE BUY BACK

- 8.1. 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 Lakh Eighteen Thousand Three Hundred) equity shares of face value of ₹1/- (Rupee One Only) each (representing 12.53% of the paid-up equity capital of the Company) at a price of ₹4.50/- (Rupees Four and Fifty Paise Only) per Equity Share payable in cash for a total consideration not exceeding ₹3,38,32,350/- (Rupees Three Crores Thirty Eight Lakhs Thirty Two Thousand Three Hundred and Fifty Only).
- 8.2. 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 having the highest trading volume in respect of such equity shares, as on the Record Date, of not more than ₹2,00,000 (Rupees Two Lakhs Only). The Board of Directors of the Company believes that a large number of Equity Shareholders of the Company would get classified as “Small Shareholders” and as such the Buy Back would be beneficial to them.

9. MANAGEMENT DISCUSSION AND ANALYSIS OF THE LIKELY IMPACT ON THE BUYBACK OF THE COMPANY

- 9.1. We believe that the Buyback is not likely to cause any material impact on the profitability or earnings of the Company except to the extent of the reduction in the amount available for Investment, which the Company could have otherwise deployed towards generating

Notes:

- (1) Net Worth includes Share Capital and Other Equity (Other Equity is excluding capital redemption reserve account)
- (2) Return on Net Worth = Profit After Tax/ Net Worth
- (3) Earnings Per Share = Profit After Tax / Average number of shares outstanding for the period
- (4) Book Value Per Share = Net Worth / Number of shares at the end of the period
- (5) Price / Earnings = Market value per share / Earnings per share
- (6) Market Price has been taken as ₹ 4.29 per share i.e. the closing price on BSE Limited as of January 04, 2019 (date of publication of public announcement) for both pre and post buy back P/E calculation.
- (7) Total Debt/Equity Ratio = Not Applicable since the company is debt free
- (8) Earnings Per Share & Book Value, post buyback is computed after reducing proposed buyback shares from average outstanding shares for the year
- (9) The post Buyback Networth is calculated by reducing the Networth by the proposed Buyback size of ₹3,38,32,350 (Rupees Three Crore Thirty Eight Lakhs Thirty Two Thousand Three Hundred and Fifty Only) (assuming full acceptance) without factoring in any other impact to the Networth.

10. BASIS OF CALCULATING THE BUYBACK PRICE

- 10.1. The Buy Back price is ₹ 4.50 (Rupees Four and Fifty Paise Only) per Equity Share. The Buyback price has been arrived at after considering various factors such as Book Value of the Company as on March 31, 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 buy-back price of ₹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 Limited 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.
- 10.2. The closing market price of the Equity Shares as on the date of intimation to the Stock Exchange i.e. BSE of the date of the Board meeting approving the Buyback (i.e. November 02, 2018), was ₹3.28 (Rupees Three and Twenty Eight Paise only).
- 10.3. The book value per Equity Share of the Company pre-Buyback as on March 31, 2018, was ₹ 2.33, which will decrease to ₹ 2.02, post Buyback Offer assuming full acceptance of the Buy-back as stated in paragraph 9.11 above.
- 10.4. The earning per Equity Share of the Company pre-Buyback as on March 31, 2018, was ₹ 0.12 which will increase to ₹ 0.16, post Buyback Offer assuming full acceptance of the Buy-back as stated in paragraph 9.11 above.
- 10.5. The return on net-worth of the Company pre Buyback as on March 31, 2018, was 5.85% which will increase to 7.72% post Buyback Offer assuming full acceptance of the Buy-back as stated in paragraph 9.11 above

11. SOURCES OF FUNDS FOR THE BUY BACK

- 11.1. Assuming full acceptance, the funds that would be utilized by the Company for the purpose of the Buyback would be ₹3,38,32,350 (Rupees Three Crore Thirty Eight Lakhs Thirty Two Thousand Three Hundred and Fifty Only).
- 11.2. 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/ surplus in Profit & Loss Account 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.

12. DETAILS OF THE ESCROW ACCOUNT AND THE AMOUNT DEPOSITED THEREIN

- 12.1. In accordance with Regulation 9(xi) of the Buyback Regulations, the Company has appointed IndusInd Bank Limited as the Escrow Agent for the aforementioned Buyback and the Company, the Manager to the Offer and the Escrow Agent have entered into an Escrow Agreement dated December 15, 2018 pursuant to which an Escrow Account in the name and style “**Escrow Account – Baba Arts Limited – Buy Back Offer**” has been opened with the Escrow Agent. The Company has deposited an amount of ₹ 85,00,000 (Rupees Eighty Five Lakhs Only) in the Escrow Account. This amount of cash deposited is more than 25% of the total Buy Back size that is the minimum amount required to be deposited in terms of the Buyback Regulations. Keynote Corporate Services Limited, being the Manager has been empowered to operate the Escrow Account in accordance with the Buyback Regulations.
- 12.2. The Company has adequate and firm financial resources to fulfill the obligations under the Buyback and the same has been certified by M/s Arunkumar K. Shah & Co., Statutory Auditors & Chartered Accountants, having its office at A/602 Vijay park Co. Op. Housing Society Ltd., Mathuradas Extn. Road, Iraniwadi, Kandivali (W), Mumbai- 400 067, vide their certificate dated January 03, 2019.
- 12.3. Based on the above and surplus available with the Company as per audited financials as on March 31, 2018, the Manager to the Buyback confirms that it is satisfied that firm arrangements for fulfilling the obligations under the Buyback are in place and that the Company has the ability to implement the Buyback in accordance with the Buyback Regulations.

13. CAPITAL STRUCTURE AND SHAREHOLDING PATTERN

- 13.1. The present capital structure of the Company is as follows:

Sr. No.	Particulars	Pre Buyback (Amount in ₹)
1	Authorized Share Capital:	
	30,00,00,000 Equity Shares of ₹ 1 each	30,00,00,000
2	Issued, Subscribed and Paid-up Capital:	
	6,00,18,300 Equity Shares of ₹ 1 each	6,00,18,300

- 13.2. Assuming full acceptance in the Buyback, the capital structure of the Company post Buyback would be as follows:

Sr. No.	Particulars	Post Buyback (Amount in ₹)
1	Authorized Share Capital:	
	30,00,00,000 Equity Shares of ₹ 1 each	30,00,00,000
2	Issued, Subscribed and Paid-up Capital:	
	5,25,00,000 Equity Shares of ₹ 1 each	5,25,00,000

- 13.3. Details of Buyback programmes undertaken by the Company in the last three years are given below:

Sr. No.	Tender Offer Opening Date	Tender Offer Closing Date	Method of Buyback	Equity Shares Bought Back
1.	October 16, 2017	October 31, 2017	Tender Offer	1,73,81,700
2.	July 04, 2016	July 18, 2016	Tender Offer	2,58,00,000

- 13.4. The Company confirms that:
- all Equity Shares are fully paid-up and there are no partly paid-up Equity Shares or calls-in-arrears;
 - there are no outstanding instruments convertible into Shares; and
 - there is no pending scheme of amalgamation or compromise or arrangement pursuant to any provisions of the Companies Act.

- 13.5. The shareholding pattern of the Company pre & post Buyback is as follows:

Category of Shareholder	Pre Buyback		Post Buyback*	
	Number of equity shares	% to the existing Equity Share	Number of equity shares	% to post Buyback Equity Share capital
Promoter and persons acting in concert (collectively "the Promoters")	4,43,64,875	73.92	[●]	[●]
Foreign Investors (Including Non-Resident Indians, Indian FII's, Foreign Mutual Funds)	1,48,674	0.25		
Financial Institutions/Banks, NBFCs & Mutual Funds promoted by Banks/ Institutions	-	-	[●]	[●]
Others (Public, Public Bodies Corporate, etc)	1,55,04,751	25.83		
Total	6,00,18,300	100.00	5,25,00,000	100.00

* Assuming response to the Buy Back is to the extent of 100% (full acceptance) from all the Equity Shareholders up to their Buy Back Entitlement.

- 13.6. Assuming response to the Buyback to the extent of 100% (full acceptance) from all the Equity Shareholders up to their Buyback Entitlement, the aggregate shareholding of the Promoter

and Promoter Group post the Buyback may increase/decrease to [●] % from 73.92% prior to the Buyback.

- 13.7. No Equity Shares were either purchased or sold by the Promoter and/ or Promoter Group, the directors of the Promoter and/ or Promoter Group where the Promoter/ Promoter Group is a company, and/ or persons who are in control of the Company during a period of six months preceding the date of the Board meeting i.e. November 13, 2018 at which the Board approved the proposal for Buyback and twelve months preceding the date of the Public Announcement i.e. January 3, 2019 which was published on January 04, 2019.

14. BRIEF INFORMATION OF THE COMPANY

14.1. History of the Company

Baba Arts Limited, a public limited company was incorporated under the Companies Act, 1956 on March 30, 1999 in the name of Galaxy Digi Systems Limited. The Company had obtained Certificate of Commencement of business on April 05, 1999.

The name of the Company was changed to Galaxy Multimedia Limited on receipt of Fresh Certificate of Incorporation consequent upon change of name dated October 05, 1999 issued by the Registrar of Companies, Maharashtra, Mumbai. After change of management of the Company, the name was once again changed to Baba Arts Limited vide Fresh Certificate of Incorporation dated November 19, 2004. The Registered Office of the Company is situated at 3A, Valecha Chambers, New Link Road, Andheri (West), Mumbai 400053.

The Company started with the business of Film production and distribution. After change in management in the year 2003-04, the Company diversified in the field of Trading in Intellectual Property Rights (IPR) of Films including Satellite Rights for TV Channels, Home Video Rights, Cable TV Rights and Music Rights etc.

Over the past four years the Company has gradually moved out of dealing in IPR of Films and also Distribution of Films on account of substantial increase in budget of marketable films and entry of big corporates in Film Production and Distribution business.

- 14.2. The Equity Shares are currently listed and traded only on BSE Limited.

- 14.3. The details of changes in the share capital of the Company since incorporation is as follows:

Date of allotment/ Extinguishment	No. of shares	Cumulative no. of equity shares	Face value (₹)	Cumulative paid up capital (₹)	Type of issue	Consideration
28/04/1999	70	70	10	700	Subscription to MOA	Cash
19/11/1999	51,00,000	51,00,070	10	5,10,00,700	Allotment to Promoters	Cash
13/12/1999	12,77,000	63,77,070	10	6,37,70,700	Allotment to Friends & Relatives	Cash
16/02/2000	4,90,400	68,67,470	10	6,86,74,700	Allotment to Friends & Relatives	Cash
16/02/2000	5,20,000	73,87,470	10	7,38,74,700	Allotment to	Cash

Date of allotment/ Extinguishment	No. of shares	Cumulative no. of equity shares	Face value (₹)	Cumulative paid up capital (₹)	Type of issue	Consideration
					FII & Mutual Fund	
16/02/2000	1,00,000	74,87,470	10	7,48,74,700	Allotment to ESOP Trust	Cash
19/04/2000	12,600	75,00,070	10	7,50,00,700	Allotment to Associates	Cash
19/10/2000	25,50,400	1,00,50,470	10	10,05,04,700	Allotted pursuant to Public Issue	Cash
Face value of ₹ 10/- per equity share reduced to ₹ 4/- per equity share pursuant to reduction of Share Capital vide EGM Resolution dated 09/11/2004 and High Court Order dated 11/02/2005. Consequent to the same, the paid up equity share capital of the Company was reduced from ₹10,05,04,700 to ₹ 4,02,01,880 consisting of 10450470 Equity Shares of ₹ 4/- each.						
31/10/2007	4,00,000	1,04,50,470	4	4,18,01,880	Conversion of Warrants	Conversion of Warrants
16/11/2007	2,00,000	1,06,50,470	4	4,26,01,880	As above	As above
26/06/2008	6,00,000	1,12,50,470	4	4,50,01,880	Conversion of Warrants	Conversion of Warrants
11/7/2008	4,00,000	1,16,50,470	4	4,66,01,880	As above	As above
31/07/2008	6,00,000	1,22,50,470	4	4,90,01,880	As above	As above
25/08/2008	6,49,530	1,29,00,000	4	5,16,00,000	As above	As above
Note: Equity Shares of ₹ 4/- each split in to Four Equity Shares of ₹1/- each.						
4/10/2010	5,16,00,000	10,32,00,000	1	10,32,00,000	Bonus	Bonus
29/07/2016	(2,58,00,000)	7,74,00,000	1	7,74,00,000	Buyback of Shares	Buyback Shares extinguish ed on July 29, 2016
8/11/2017	(1,73,81,700)	6,00,18,300	1	6,00,18,300	Buyback of Shares	Buyback Shares extinguish ed on November 08, 2017

14.4. The Details of the Board of Directors of the Company as on date of publication of Public Announcement are as follows:

Name, Designation, Age and occupation	Exper- ience (Years)	Area of Experience	Qualification	Date of Appointment /re- appointment	Other directorship (name of the company & designation).
Shri Gordhan P Tanwani	35	Film Production And	Undergraduate	November 01, 2018	DIRECTOR 1 Indian Council of Impex for

Name, Designation, Age and occupation	Experience (Years)	Area of Experience	Qualification	Date of Appointment /re-appointment	Other directorship (name of the company & designation).
<i>Chairman & Managing Director</i> Age: 60 years Occupation: Business		Distribution			Films and TV Programmers 2 Bhagwati Holdings Pvt. Ltd.
Shri Santosh A Shah <i>Independent Director</i> Age: 50 years Occupation: Chartered Accountant	27	Account, Taxation Audit	Chartered Accountant	April 01, 2014	DIRECTOR 1 Solitaire Financial Solutions Pvt. Ltd. 2 Ravya Media Miners Pvt. Ltd. 3 Solitaire Production Media Pvt. Ltd.
Shri Sanjiv L Hinduja <i>Independent Director</i> Age: 55 years Occupation: Chartered Accountant	30	Accounts, Taxation Audit	Chartered Accountant	April 01, 2014	N.A.
Smt. Malavika A Acharya <i>Non Independent Director</i> Age: 58 years Occupation: Business	32	Film Production Interior Designing	B. Com Dip. In Business Management	September 25, 2018	N.A.

14.5. The Details of changes in the Board of Directors during the last 3 (Three) years are as under:

Name	Nature of Change	Date of Appointment/ Resignation	Reasons
Pravin J. Karia	Ceased to be a Director	April 01, 2015	Resigned due to personal & professional preoccupation
Smt. Malavika A. Acharya	Appointment as Director	April 01, 2015	Appointment as Director

15. FINANCIAL INFORMATION ABOUT THE COMPANY

15.1. The salient financial information of the Company as extracted from the Unaudited financial statements for the six months period ended September 30, 2018 and audited financial statements for the last three years being March 31, 2018, March 31, 2017 and March 31, 2016 are as under:

(₹ in Lakhs unless stated otherwise)

Particulars	For the six months period ended September 30, 2018	Year Ended		
		March 31, 2018	March 31, 2017	March 31, 2016
Total Income	168.06	257.59	211.11	909.24
Total Expenses (Excluding Interest and	42.70	162.74	169.49	901.62
Interest	0.05	1.08	0.72	0.38
Depreciation	3.47	10.05	12.87	14.31
Profit before tax	125.36	73.76	10.98	7.62
Provision for tax (including Deferred	15.58	(8.20)	(0.22)	3.24
Profit/ (Loss) after tax	109.78	81.96	11.20	4.38
Equity Share Capital	600.18	600.18	774.00	1,032.00
Reserves & Surplus	909.62	799.77	1,238.84	2,002.32
Networth	1,509.80	1,399.95	2,012.84	3,034.32
Loan Funds				
- Secured Loans	-	-	-	-
- Unsecured Loans	-	-	-	-

Key Financial Ratios

Particulars	For the six months period ended September 30, 2018	Year Ended		
		March 31, 2018	March 31, 2017	March 31, 2016
Key Ratios				
Earnings per Share – Basic & diluted (₹)	0.16*	0.12	0.012	0.004
Book Value Per Share(₹)	2.52	2.33	2.60	2.94
Return on Net worth (%)	7.27	5.85	0.56	0.14
Debt-Equity Ratio	-	-	-	-

*Not Annualized

Note: Below are the formulae used for computation of the above ratios:

- (1) $Earnings\ Per\ Share = Profit\ After\ Tax / Average\ Number\ of\ Shares\ outstanding\ for\ the\ period$
- (2) $Book\ Value\ Per\ Share = Net\ Worth / Number\ of\ Shares\ at\ the\ end\ of\ the\ period$
- (3) $Return\ on\ Net\ Worth = Profit\ After\ Tax / Net\ Worth$
- (4) $Debt-Equity\ Ratio = Total\ Debt / Net$ (Not Applicable since the company is debt free)

15.2. The Buyback will not result in any benefit to any director of the Company, promoters and members of the promoter group and persons in control of the Company except to the extent of their participation in the Buyback and the change in their shareholding as per the response received in the Buyback, as a result of the extinguishment of Equity Shares which will lead to a reduction in the equity share capital post Buyback.

16. STOCK MARKET DATA

16.1. The Equity Shares are currently listed and traded only on BSE Limited.

16.2. The high, low and average market prices in preceding three calendar years and the monthly high, low and average market prices during the six months preceding the date of publication of Public Announcement and the corresponding volumes on BSE Limited are as follows:

Period	High Price (₹)	Date of High Price & Number of shares traded on that date	Low Price (₹)	Date of Low Price & Number of shares traded on that date	Average Price (₹)	Total Volume Traded in the period (No. of shares)
PRECEDING 3 YEARS						
FY 2017-18	4.47	13/04/2017 (27,077)	1.89	14/09/2017 (2,62,717)	2.89	60,18,900
FY 2016-17	4.48	03/11/2016 (11,301)	1.97	01/04/2016 (38)	2.98	52,81,632
FY 2015-16	6.04	23/04/2015 (6,441)	1.79	29/02/2016 (8,101)	3.04	92,71,999
PRECEDING 6 MONTHS						
December 2018	4.33	19/12/2018 (1,011)	3.58	18/12/2018 (365)	3.99	63,045
November 2018	4.18	16/11/2018 (5,879)	2.76	02/11/2018 (35,938)	3.63	1,80,522
October 2018	3.61	17/10/2018 (2,679)	2.67	03/10/2018 (13,620)	3.14	1,83,994
September 2018	3.79	03/09/2018 (5,025)	2.55	28/09/2018 (41,803)	3.13	1,08,779
August 2018	4.86	29/08/2018 (17,576)	2.80	09/08/2018 (2,118)	3.59	4,29,314
July 2018	3.40	06/07/2018 (1,865)	2.62	13/07/2018 (920)	3.06	3,66,042

Source: www.bseindia.com

Note: High and Low price for the period are based on intra day prices and Average Price is based on average of closing price.

- 16.3. The closing market price of the Equity Shares of the Company on BSE as on November 12, 2018, i.e. the trading day before the date of the Board Meeting was ₹ 3.19 per Equity Share.
- 16.4. The closing market price of the Equity Shares of the Company on BSE on November 14, 2018, i.e. the trading day immediately after the Board Meeting was ₹ 3.46 per Equity Share

17. DETAILS OF THE STATUTORY APPROVALS

- 17.1. The Buyback Offer is subject to approval, if any required, under the provisions of the Companies Act, FEMA, the Buyback Regulations and/or such other applicable rules and regulations in force for the time being.
- 17.2. Buyback from Non-Resident Shareholders will be subject to approvals, if any, of the appropriate authorities as applicable. NRIs and erstwhile OCBs must obtain all approvals required to tender the Equity Shares held by them in this Buyback (including without limitation the approval from the RBI). It is the obligation of such non-resident shareholders, NRI, OCB shareholders, to obtain such approvals and submit the same along with the Tender Form, so as to enable them to tender Equity Shares in the Buyback and for the Company to purchase such Equity Shares, tendered. The Company will have the right to make payment to the Eligible Shareholders in respect of whom no prior RBI approval is required and not accept Equity Shares from the Eligible Shareholders in respect of whom prior RBI approval is required in the event copies of such approvals are not submitted.
- 17.3. By agreeing to participate in the Buyback the Non-Resident Shareholders and NRI shareholders give the Company the authority to make, sign, execute, deliver, acknowledge and perform all applications to file regulatory reporting's, if required, including FC-TRS form, if necessary and undertake to provide assistance to the Company for such regulatory reporting, if required by the Company.
- 17.4. As of date of this Draft Letter of Offer, there is no other statutory or regulatory approval required to implement the Buyback Offer, other than that indicated above. If any statutory or regulatory approval becomes applicable subsequently, the Buyback Offer will be subject to such statutory or regulatory approval(s). In the event of any delay in receipt of any statutory / regulatory approvals, changes to the proposed timetable of the Buyback Offer, if any, shall be intimated to the Stock Exchanges.

18. DETAILS OF THE REGISTRAR TO THE BUY BACK AND COLLECTION CENTRE

- 18.1. Eligible Sellers Brokers are required to send the Tender Form and requisite documents by superscribing the envelope as **"Baba Arts Buyback Offer 2018"**, either by hand delivery, registered post or courier, to the Registrar to the Buyback Offer at their address given below, so that the documents are received within 2 (Two) days from the Buyback Closing Date i.e. [•] (by 5 PM):

REGISTRAR TO THE BUY BACK:**Universal Capital Securities Pvt. Ltd.**

21, Shakil Niwas

Opp. Satya Saibaba Temple, Mahakali Caves Rd.

Andheri (E), Mumbai – 400 093

Contact Person: Shri Devanand Dalvi

Phone: 022 2820 7203

Email: info@uniseq.in

SEBI Registration No.: INR 000004082

THE TENDER FORM AND OTHER RELEVANT DOCUMENTS SHOULD NOT BE SENT TO THE COMPANY OR TO THE MANAGER TO THE BUYBACK.

EQUITY SHAREHOLDERS ARE ADVISED TO ENSURE THAT THE TENDER FORM, TRS AND OTHER RELEVANT DOCUMENTS ARE COMPLETE IN ALL RESPECTS; OTHERWISE SUCH DOCUMENTS ARE LIABLE TO BE REJECTED

19. PROCESS AND METHODOLOGY FOR THE BUYBACK

- 19.1. The Company proposes to Buyback up to 75,18,300 (Seventy Five Lakhs Eighteen Thousand Three Hundred) fully paid-up equity shares of the face value of ₹1/- (Rupee One Only) each (representing 12.53% of the total paid-up equity share capital of the Company), from all Eligible Shareholders (Equity Shareholders as on the Record Date, being Tuesday, January 15, 2019), on a proportionate basis, through the 'tender offer' process, at a price of ₹ 4.50/- (Rupees Four and Fifty Paise Only) per Equity Share payable in cash for a total consideration not exceeding ₹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
- 19.2. The Buyback is in accordance with Article 63 of the Articles of Association of the Company and the provisions of Sections 68, 69, 70, and other applicable provisions, if any, of the Companies Act, 2013 (the "Act"), the Companies (Share Capital and Debentures) Rules, 2014, the Companies (Management and Administration) Rules, 2014, including any amendments, statutory modifications or re-enactments thereof, for the time being in force and in compliance with the Buyback Regulations.
- 19.3. The aggregate shareholding of the Promoters as at the date of the Public Announcement is 4,43,64,875 (Four Crore Forty Three Lakhs Sixty Four Thousand Eight Hundred and Seventy Five) Equity Shares which represents 73.92% of the existing equity share capital of the Company. In terms of the Buyback Regulations, under the Tender Offer route, the Promoters of the Company have the option to participate in the Buyback. In this regard, Shri Gordhan P. Tanwani has expressed his intention to participate in the Buyback and offer up to 75,18,300 (Seventy Five Lakh Eighteen Thousand Three Hundred) equity shares or any such lower number of shares as required in compliance with the Buyback Regulations and Shri. Pravin J. Karia does not intend to tender any equity shares under the buyback offer.

19.4. Assuming Acceptance of all Equity Shares tendered in the Buyback from the Eligible Shareholders up to their respective Buyback Entitlement, the shareholding of the Promoters after the completion of the Buyback may increase / decrease from 73.92% to [●]% of the post- Buyback total paid-up equity share capital of the Company. Also, if none of the public shareholders participate and only Shri Gordhan P. Tanwani, the Promoter participate to the extent of his Buyback Entitlement, Promoters shareholding may reduce from 73.92% to 70.18% of the total equity share capital of the Company.

19.5. Record Date

19.5.1. The Board in its meeting held on Thursday, January 03, 2019 has announced Tuesday, January 15, 2019 as Record Date for the purpose of determining the Buyback Entitlement and the names of the Equity Shareholders who are eligible to participate in the Buyback.

19.5.2. The Equity Shares to be bought back as a part of this Buyback are divided into two categories:

- a) Reserved category for Small Shareholders ("**Reserved Category**"); and
- b) General Category for other Eligible Sellers ("**General Category**").

19.5.3. As defined in Regulation 2(i)(n) of the Buyback Regulations, a "Small Shareholder" is a Shareholder who holds Equity Shares whose market value, on the basis of the closing price on the recognized Stock Exchange (in this case BSE) registering the highest trading volume on January 15, 2019, i.e., the Record Date, is not more than ₹ 2,00,000 (Rupees Two Lakhs only). As on Record Date, the closing price of equity shares of the Company on BSE was ₹[●]([●]). Accordingly, all shareholders holding not more than [●] Equity Shares as on the Record Date are classified as 'Small Shareholders' for the purpose of the Buyback Offer.

19.5.4. Based on the above definition, there are [●] Small Shareholders in the Company with aggregate shareholding of [●] Equity Shares as on the Record Date, which constitutes [●]% of the outstanding number of Equity Shares of the Company and [●]% of the maximum number of Equity Shares which the Company proposes to buy back as a part of this Buyback offer.

19.5.5. In compliance with Regulation 6 of the Buyback Regulations, the reservation for the Small Shareholders, will be higher of:

- a) Fifteen percent of the number of Equity Shares which the Company proposes to Buyback i.e. 15% of 75,18,300 Equity Shares which works out to 11,27,745 Equity Shares; or
- b) The number of Equity Shares to which the Small Shareholders are entitled, as per their shareholding as on Record Date, [i.e., $([●] / [●]) \times [●]$], which works out to [●] Equity Shares.

19.5.6. All the outstanding fully paid-up Equity Shares except the shares held by Shri. Pravin J. Karia, promoter of the company who does not intend to tender any equity shares have been used for computing the Buyback Entitlement of Small Shareholders.

19.5.7. Based on the above and in accordance with Regulation 6 of the Buyback Regulations, [●] fully paid-up Equity Shares have been reserved for Small Shareholders. Accordingly, General Category for all other Equity Shareholders shall consist of [●] Equity Shares.

19.5.8. Based on the above Buyback Entitlements, the ratio of Buyback for both categories is decided as below:

Category of Shareholders	Ratio of Buyback
Reserved category for Small Shareholders	[●] Equity Shares out of every [●] fully paid-up Equity Shares held on the Record Date.
General category for all other Equity Shareholders	[●] Equity Shares out of every [●] fully paid-up Equity Shares held on the Record Date.

Note: The above ratio of Buy-back is approximate and provides an indicative Buy-back Entitlement. Any computation of entitled Equity Shares using the above ratio may provide a slightly different number due to rounding off. The actual buyback entitlement for reserved category for small shareholders is [●] and General category for all other eligible shareholders is [●].

19.6. Fractional Entitlements:

19.6.1. If the Buyback Entitlement under Buyback, after applying the above mentioned ratios to the Equity Shares held on Record Date is not a whole 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 belonging to promoter.

19.6.2. Hence, on account of the above, those Small Shareholders whose entitlement comes to less than 1 (one) equity share will be dispatched a Tender Form with 1 (One) entitlement.

19.7. Basis of Acceptance of Equity Shares validly tendered in the Reserved Category for Small Shareholders:

19.7.1. Subject to the provisions contained in the Draft Letter of Offer, the Company will accept the Equity Shares tendered in the Buyback by the Small Shareholders in the Reserved Category in the following order of priority:

- (a) Acceptance of 100% Equity Shares from Small Shareholders in the Reserved Category, who have validly tendered their Equity Shares to the extent of their Buyback Entitlement or the number of Equity Shares tendered by them, whichever is less.
- (b) Post the Acceptance as described in paragraph (a) above, in case there are any Equity Shares left to be bought back in the Reserved Category, the Additional Equity Shares tendered by the Small Shareholders over and above their Buyback Entitlement, shall be Accepted in proportion of the Additional Equity Shares tendered by them and the Acceptances per Small Shareholders shall be made in accordance with the Buyback Regulations, i.e. valid Acceptances per Small Shareholder shall be equal to the Additional Equity Shares validly tendered by the Small Shareholder divided by the total Additional Equity Shares validly tendered and multiplied by the total pending number of Equity Shares to be Accepted in Reserved Category.
- (c) Adjustment for fractional result in case of proportionate Acceptance, as described in Clause 19.7.1. (b) above:
 - i. For any Small Shareholder, if the number of Additional Equity Shares to be accepted, calculated on a proportionate basis is not in the multiple of 1 and the fractional Acceptance is greater than or equal to 0.50, then the fraction would be rounded off to the next higher integer.

- ii. For any shareholder, if the number of Additional Equity Shares to be accepted, calculated on a proportionate basis is not in the multiple of 1 and the fractional Acceptance is less than 0.50, then the fraction shall be ignored.

19.8. Basis of Acceptance of Shares validly tendered in the General Category:

19.8.1. Subject to the provisions contained in the Draft Letter of Offer, the Company will accept the Equity Shares tendered in the Buyback by all other Eligible Sellers in the General Category in the following order of priority:

- (a) Acceptance of 100% Equity Shares from other Eligible Sellers in the General Category who have validly tendered their Equity Shares, to the extent of their Buyback Entitlement, or the number of Equity Shares tendered by them, whichever is less.
 - (b) Post the Acceptance as described in Clause 19.8.1.(a) above, in case there are any Equity Shares left to be bought back in the General Category, the Additional Equity Shares tendered by the other Eligible Sellers over and above their Buyback Entitlement shall be Accepted in proportion of the Additional Equity Shares tendered by them and the acceptances per shareholder shall be made in accordance with the Regulations, i.e. valid acceptances per shareholder shall be equal to the Additional Equity Shares validly tendered by the Eligible Sellers divided by the total Additional Equity Shares validly tendered in the General Category and multiplied by the total pending number of Equity Shares to be Accepted in General Category.
- a. Adjustment for fractional results in case of proportionate acceptance as described in Clause 19.8.1 (b) above:
- i) For any Eligible Seller, if the number of Additional Equity Shares to be accepted, calculated on a proportionate basis is not in the multiple of 1 and the fractional Acceptance is greater than or equal to 0.50, then the fraction would be rounded off to the next higher integer.
 - ii) For any Eligible Seller if the number of Additional Equity Shares to be accepted, calculated on a proportionate basis is not in the multiple of 1 and the fractional Acceptance is less than 0.50, then the fraction shall be ignored.

19.9. Basis of Acceptance of Equity Shares between Categories

19.9.1. In case there are any Equity Shares left to be bought back in one category (“**Partially filled Category**”) after acceptance in accordance with the above described methodology for both the categories, and there are additional unaccepted validly tendered Equity Shares in the second category, then the additional equity shares in the second category shall be accepted proportionately, i.e. valid acceptances per eligible seller shall be equal to the additional outstanding equity shares validly tendered by a eligible seller in the second category divided by the total additional outstanding Equity Shares validly tendered in the second category and multiplied by the total pending number of Equity Shares to be bought back in the partially filled category.

19.9.2. Adjustment for fraction results in case of proportionate Acceptance, as defined in clause 19.9.1 above:

- i) For any shareholder, if the number of additional equity shares to be accepted, calculated on a proportionate basis is not in the multiple of 1 and the fractional

Acceptance is greater than or equal to 0.50, then the fraction would be rounded off to the next higher integer.

- ii) For any shareholder, if the number of additional equity shares to be accepted, calculated on a proportionate basis is not in the multiple of 1 and the fractional Acceptance is less than 0.50, then the fraction shall be ignored.

19.10. For avoidance of doubt, it is clarified that:

- 19.10.1. The equity shares accepted under the Buyback from each eligible seller, in accordance with clauses above, shall not exceed the number of equity shares tendered by the respective eligible seller;
- 19.10.2. The equity shares accepted under the Buyback from each eligible seller, in accordance with clauses above, shall not exceed the number of equity shares held by respective eligible seller as on the Record Date; and
- 19.10.3. The equity shares tendered by any eligible seller over and above the number of Equity Shares held by such Eligible Seller as on the Record Date shall not be considered for the purpose of Acceptance in accordance with the clauses above.
- 19.10.4. Post allocation, up to the entitlement of each Shareholder or the number of Shares tendered by each Shareholder, whichever is lower, all over-tendered Shares will be accepted by the Company on a proportionate basis. The ratio computed for over-tendered Equity Shares will be computed separately for the Reserved Category and the General Category.
- 19.11. **Clubbing of Entitlement:** In order to ensure that the same Shareholders with multiple demat accounts/ folios do not receive a higher entitlement under the Small Shareholder category, the Company will club together the Equity Shares held by such Shareholders with a common PAN for determining the category (Small Shareholder or General Category) and entitlement under the Buyback. In case of joint shareholding, the Company will club together the Equity Shares held in cases where the sequence of the PANs of the joint Shareholders is identical. In case of physical Shareholders, where the sequence of PANs is identical and where the PANs of all joint Shareholders are not available, the Company will check the sequence of the names of the joint holders and club together the Equity Shares held in such cases where the sequence of the PANs and name of joint shareholders are identical. The shareholding of institutional investors like mutual funds, pension funds / trusts, insurance companies etc., with a common PAN will not be clubbed together for determining the category and will be considered separately, where these Equity Shares are held for different schemes and have a different demat account nomenclature based on information prepared by the Registrar as per the shareholder records received from the Depositories

20. PROCEDURE FOR TENDER OFFER AND SETTLEMENT

- 20.1. The Buyback is open to all Eligible Sellers (Equity Shareholders as on the Record Date, being (Tuesday, January 15, 2019), who hold Equity Shares in both physical form and dematerialized form.
- 20.2. The Company proposes to implement the Buyback through the tender offer process, on a proportionate basis. The Letter of Offer and Tender Form, outlining the terms of the Buyback and additional disclosures as specified in the SEBI Buyback Regulations, will be

emailed to Eligible Shareholders whose names appear on the register of members of the Company, or who are beneficial owners of Equity Shares as per the records of Depositories, on the Record Date and who have their email IDs registered with the Company/ Depositories and for all remaining Eligible Shareholders who do not have their email IDs registered with the Company/ Depositories, the Letter of Offer along with Tender Form will be sent physically. However, on receipt of a request by the Company or Manager to the Buyback or Registrar to the Buyback to receive a copy of Letter of Offer in physical format from such Eligible Shareholder to whom Letter of Offer and Tender Form were emailed, the same shall be dispatched physically. In case of nonreceipt of Letter of Offer and the Tender Form, please follow the procedure as mentioned in Paragraph 20.23 below.

- 20.3. The Company will not accept any Equity Shares offered in the Buyback which are under any restraint order of a court for transfer/disposal/sale and/or the title in respect of which is otherwise under dispute or where loss of share certificate has been notified to the Company and the duplicate share certificates have not been issued either due to such request being under process as per the provisions of law or otherwise.
- 20.4. In accordance with Regulation 24(v) of the Buyback Regulations, the Company shall not Buyback locked-in Equity Shares and non-transferable Equity Shares until the pendency of the lock-in or until such Equity Shares become transferable.
- 20.5. The Company shall accept all the Equity Shares validly tendered in the Buyback by Eligible Shareholders, on the basis of their Buyback Entitlement as on the Record Date.
- 20.6. Eligible Shareholders will have to transfer their Equity Shares from the same demat account in which they were holding such Equity Shares as on the Record Date. In case of multiple demat accounts, Eligible Shareholders can tender the applications separately from each demat account, however, for the purpose of calculating their Buyback Entitlement, such applications will be clubbed in accordance with Paragraph 19.11 above. In case of any changes in the demat account in which the Equity Shares were held as on Record Date, such Eligible Shareholders should provide sufficient proof of the same to the Registrar to the Buyback and such tendered Equity Shares may be accepted subject to appropriate verification and validation by the Registrar to the Buyback.
- 20.7. Shareholders' participation in Buyback will be voluntary. Shareholders can choose to participate, in part or in full, and get cash in lieu of the Equity Shares accepted under the Buyback or they may choose not to participate and enjoy a resultant increase in their percentage shareholding, post Buyback, as a result of the decrease in the paid-up Equity Share Capital, without additional investment. Shareholders may also accept a part of their Buyback Entitlement. Shareholders also have the option of tendering additional Shares (over and above their Buyback Entitlement) and participate in the shortfall created due to non-participation of some other Shareholders, if any. Acceptance of any Shares tendered in excess of the Buyback Entitlement by the Shareholder, shall be in terms of procedure outlined in section 19 (**Process and Methodology for the buyback**) of this Draft Letter of Offer.
- 20.8. The tender in the Buyback Offer should be unconditional, on the enclosed Tender Form and sent along with other documents duly filled and signed by all the Equity Shareholder(s). The process of Acceptance shall be as disclosed in paragraphs 19.7, 19.8 and 19.9.
- 20.9. Equity Shareholders who have accepted the Buyback Offer by tendering their Equity Shares and requisite documents in terms of the Public Announcement and this Draft Letter of Offer are entitled to cancel/modify such tenders during the Tendering Period.

- 20.10. As elaborated under paragraph 19.5.2 above, the Equity Shares proposed to be bought as a part of the Buyback is divided into two categories; (a) Reserved Category for Small Shareholders and (b) the General Category for other Eligible Shareholders, and the Buyback Entitlement of an Eligible Shareholder in each category shall be calculated accordingly.
- 20.11. After Accepting the Equity Shares tendered on the basis of Buyback Entitlement, Equity Shares left to be bought as a part of the Buyback, if any, in one category shall first be accepted, in proportion to the Equity Shares tendered, over and above their Buyback Entitlement, by Eligible Shareholders in that category, and thereafter, from Eligible Shareholders who have tendered over and above their Buyback Entitlement, in any other category.
- 20.12. The Buyback will be implemented through tender offer route using the “Mechanism for acquisition of shares through Stock Exchange” issued by SEBI vide circular no. CIR/CFD/POLICYCELL/1/2015 dated April 13, 2015 and circular no. CFD/DCR2/CIR/P/2016/131 dated December 9, 2016, and in accordance with the procedure prescribed in the Companies Act and the SEBI Buyback Regulations, and as may be determined by the Board of Directors, on such terms and conditions as may be permitted by law from time to time
- 20.13. For implementation of the Buyback, the Company has appointed Keynote Capitals Limited as the registered broker to the Company (the “**Company’s Broker**”) through whom the purchases and settlements on account of the Buyback would be made by the Company. The contact details of the Company’s Broker are as follows:

KEYNOTE

Keynote Capitals Limited

The Ruby, 9th Floor, Senapati Bapat Marg, Dadar (W), Mumbai – 400 028

Contact Person: Mr. Alpesh Mehta,

Email ID: alpesh@keynoteindia.net, **Tel No:** +91-22-30266000

- 20.14. The Company will request BSE Limited to provide a separate acquisition window (“Acquisition Window”) to facilitate placing of sell orders by Shareholders who wish to tender Equity Shares in the Buyback. All Eligible Shareholders may place orders in the Acquisition Window of BSE, through their respective stock brokers (“Seller Broker”). In case any Eligible Shareholder’s stock broker is not registered with BSE, for additional procedural requirements, in addition to requirements stated in paragraph 20.20 and 20.21, please refer to paragraph 20.23 below.
- 20.15. During the Tendering Period, the order for selling the Shares will be placed in the Acquisition Window of BSE by Eligible Shareholders through their respective Seller Broker during normal trading hours of the secondary market.
- 20.16. Seller Broker can enter orders for demat Shares as well as physical Shares.
- 20.17. Modification / cancellation of orders and multiple bids from a single Shareholder will be allowed during the Tendering Period of the Buyback Offer. Multiple bids made by single Shareholder for selling the Shares shall be clubbed and considered as ‘one’ bid for the purposes of Acceptance.
- 20.18. The cumulative quantity tendered shall be made available on the website of the BSE at www.bseindia.com throughout the trading session and will be updated at specific intervals during the Tendering Period.
- 20.19. All documents sent by the Eligible Sellers will be at their own risk. Eligible Sellers are advised to safeguard adequately their interests in this regard.

20.20. Procedure to be followed by Equity Shareholders holding Equity Shares in the dematerialized form

- a) Eligible Shareholders holding Demat Shares who desire to tender their Demat Shares under the Buyback would have to do so through their respective Seller Broker by indicating to the concerned Seller Broker, the details of Equity Shares they intend to tender under the Buyback.
- b) The Seller Broker would be required to place a bid on behalf of the Shareholders who wish to tender Equity Shares in the Buyback using the Acquisition Window of BSE. Before placing the bid, the concerned Seller Broker would need to transfer the tendered Equity Shares to the special account of Clearing Corporation of India Limited ("Clearing Corporation"), by using the settlement number and the procedure prescribed by the Clearing Corporation. This shall be validated at the time of order/bid entry. The details of the settlement number for the Buyback shall be informed in the issue opening circular that will be issued by BSE/Clearing Corporation.
- c) For custodian participant orders for demat Equity Shares, early pay-in is mandatory prior to confirmation of order/bid by custodians. The custodian shall either confirm or reject the orders not later than the closing of trading hours on the last day of the Tendering Period. Thereafter, all unconfirmed orders shall be deemed to be rejected. For all confirmed custodian participant orders, any order modification shall revoke the custodian confirmation and the revised order shall be sent to the custodian again for confirmation.
- d) Upon placing the bid, the Seller Broker shall provide a TRS generated by the exchange bidding system to the Shareholder on whose behalf the bid has been placed. TRS will contain details of order submitted like Bid ID No., Application No., DP ID, Client ID, No. of Equity Shares tendered, etc.
- e) Eligible Shareholders who have tendered their Equity Shares in the Buyback may deliver the Tender Form duly signed (by all Equity Shareholders in case shares are in joint names) in the same order in which they hold the shares, along with the TRS generated by the exchange bidding system either by registered post or speed post or courier or hand delivery to the Registrar to the Buyback Offer at the address mentioned on the cover page of this Draft Letter of Offer) not later than 2 (Two) days from the Buyback Closing Date i.e. [•] (by 5:00 PM). The envelope should be superscribed as "**Baba Arts Buyback Offer 2018**".
- f) All the Eligible Shareholders shall also provide all relevant documents, which are necessary to ensure transferability of the Equity Shares in respect of the Tender Form to be sent. Such documents may include (but not be limited to):
 - i) The Tender Form duly signed (by all Equity Shareholders in case shares are in joint names) in the same order in which they hold the shares;
 - ii) Duly attested power of attorney, if any person other than the Eligible Person has signed the Tender Form;
 - iii) Duly attested death certificate and succession certificate / legal heirship certificate, in case any Eligible Person has expired; and
 - iv) In case of companies, the necessary certified corporate authorizations (including board and/ or general meeting resolutions).
- g) In case of non-receipt of the completed Tender Form and other documents, but receipt of Equity Shares in the special account of the Clearing Corporation and a valid bid in the

exchange bidding system, the Buyback shall be deemed to have been accepted, for demat Shareholders.

- h) The Eligible Shareholders will have to ensure that they keep the depository participant account active and unblocked to receive credit in case of return of Equity Shares due to rejection or partial Acceptance.
- i) In case any Eligible Shareholder's stock broker is not registered with BSE, for additional procedural requirements, please refer to paragraph 20.23 below.

20.21. Procedure to be followed by Registered Equity Shareholders holding Equity Shares in physical form

- a) Eligible Shareholders who are holding physical Equity Shares and intend to participate in the Buyback will be required to approach their respective Seller Broker along with the complete set of documents for verification procedures to be carried out before placement of the bid. Such documents will include:
 - i) The Tender Form duly signed (by all Equity Shareholders in case Equity Shares are in joint names) the same order in which they hold the Equity Shares;
 - ii) Original share certificates;
 - iii) Valid share transfer form(s) (SH-4) duly filled and signed by the transferors (i.e. by all registered Shareholders in same order and as per the specimen signatures registered with the Company) and duly witnessed at the appropriate place authorizing the transfer in favor of the Company.
 - iv) Self-attested copy of the Equity Shareholder's PAN Card;
 - v) Any other relevant documents such as (but not limited to):
 - Duly attested Power of Attorney if any person other than the Equity Shareholder has signed the relevant Tender Form;
 - Notarized copy of death certificate/ succession certificate or probated will, if the original Equity Shareholder has deceased;
 - Necessary corporate authorizations, such as Board Resolutions etc., in case of companies;
- b) In addition to the above, if the address of the Shareholder has undergone a change from the address registered in the register of members of the Company, the Shareholder would be required to submit a self-attested copy of address proof consisting of any one of the following documents: valid aadhaar card, voter identity card or passport.
- c) Based on these documents, the concerned Seller Broker shall place a bid on behalf of the physical Equity Shareholders who wish to tender Equity Shares in the Buyback, using the Acquisition Window of BSE. Upon placing the bid, the Seller Broker shall provide a TRS generated by the exchange bidding system to the Shareholder. TRS will contain the details of order submitted like Folio No., Certificate No., Distinctive No., No. of Equity Shares tendered etc.
- d) Any Seller Broker who places a bid for physical Equity Shares, is required to deliver Tender Form, TRS, original share certificate(s), valid share transfer form(s) & other documents (as mentioned in this paragraph) either by registered post or speed post or courier or hand delivery to the Registrar to the Buyback Offer at the address mentioned on the cover page of this Draft Letter of Offer not later than 2 (Two) days from the Buyback Closing Date i.e. [•]. The envelope should be superscribed as "**Baba Arts Buyback Offer 2018**". One copy of

the TRS will be retained by Registrar to the Buyback Offer and it will provide acknowledgement to the Seller Broker.

- e) Shareholders holding physical shares should note that physical Shares will not be accepted unless the complete set of documents is submitted. Acceptance of the physical Shares for Buyback by the Company shall be subject to verification as per the Buyback Regulations and any further directions issued in this regard.
- f) Registrar to the Buyback Offer will verify such bids based on the documents submitted on a daily basis and till such verification, BSE shall display such bids as 'unconfirmed physical bids'. Once Registrar to the Buyback Offer confirms the bids, they will be treated as 'Confirmed Bids'. Modification/cancellation of orders will be allowed during the Tendering Period of the Buyback.
- g) The equity shares shall be liable for rejection on the following ground among others
 - If there is any other company's equity share certificate enclosed with the Tender Form instead of the Equity Share certificate of the Company;
 - If the transmission of Equity Shares is not completed, and the Equity Shares are not in the name of the Eligible Shareholders;
 - If the Eligible Shareholders tender Equity Shares but the Registrar does not receive the Equity Share certificate;
 - In case the signature on the Tender Form and Form SH-4 does not match as per the specimen signature recorded with Company/Registrar;
 - The documents mentioned in the Tender Form for Eligible Shareholders holding Equity Shares in physical form are not received by the Registrar on or before the close of business hours on or before [●] by 5:00p.m.; and
 - Physical shares along with other documents received without entering electronic bid.
- h) In case any person has submitted Equity Shares in physical form for dematerialisation, such Equity Shareholders should ensure that the process of getting the Equity Shares dematerialised is completed well in time so that they can participate in the Buyback Offer before Buyback Closing Date.
- i) In case any Eligible Shareholder's stock broker is not registered with BSE, for additional procedural requirements, please refer to paragraph 20.23 below.

20.22. For Equity Shares held by Eligible Sellers, being Non-Resident Shareholders of Equity Shares (Read with Section 17 "DETAILS OF THE STATUTORY APPROVALS"):

- a) While tendering their Equity Shares under the Buyback Offer, all Non-Resident Equity Shareholders should provide relevant confirmations/ declarations vide the duly filled-in and signed (by all Shareholders in case the Equity Shares are held in joint names) Tender Forms. In the event relevant confirmations / declarations are not provided in the Tender Forms or there is ambiguity in the information provided, the Company reserves the right to reject such Tender Forms.

- b) FII/FPI Shareholders should also enclose a copy of their SEBI registration certificate. Erstwhile OCBs are required to obtain specific prior approval from RBI for tendering Equity Shares in the Buyback Offer. OCBs are required to obtain and enclose RBI approval for tendering Shares in the Buyback Offer. The Company shall not accept Equity Shares from OCBs/ NRIs in respect of whom such RBI approval is required and copies of such approvals are not submitted.
- c) Where Non-Resident Shareholder is tax resident of a country which has entered into a DTAA with India, it may be possible for the Non-Resident Shareholder to avail the beneficial provisions, if any, under the DTAA. If the Non-Resident Shareholder opts to avail the beneficial provisions as per DTAA, a tax residency certificate of such person from the tax authorities of the country of which such person is the tax resident and prescribed Form 10F, along with all the other prescribed information, as also a copy of the self-certified declaration for non-existence of a permanent establishment should be submitted along with the Tender Form. A copy of the Tender Form must also be provided to the relevant Seller Broker.
- d) If the Non-Resident Shareholder requires the Seller Broker not to deduct tax, or to deduct tax at a lower rate, or on a lower amount, for any reason, they would need to obtain a certificate from the Income- tax authorities, either under Section 195(3) or under Section 197 of the Income Tax Act, and submit this to Company and the Shareholders' Broker while submitting the Tender Form. In absence of such certificate from the Income-tax authorities, the Shareholders' Broker shall deduct tax on gross consideration at the prescribed rate of tax.
- e) It is recommended that the Non-Resident Shareholders submit a copy of the PAN card along with the Tender Form as PAN verification is necessary for the Company and Shareholders' Broker to deduct taxes at the appropriate rate as well as to avoid queries regarding availability of tax credit on the TRACES website. In the absence of PAN, a different rate may be applicable as per the provisions of the Indian tax laws.
- f) Non-Resident Shareholders who have acquired Equity Shares of the Company under the approval route of the RBI and erstwhile OCBs are required to submit copies of earlier RBI approvals along with their respective Tender Forms.
- g) In case the Equity Shares are held on repatriation basis, the Non-Resident Shareholders should enclose the supporting documents. Such documents could include:
- i) a copy of the permission received by them from RBI at the time of the original acquisition of Shares.
 - ii) a letter from the Shareholder's authorized dealer/bank confirming that at the time of acquiring the said Equity Shares, payment for this was made by the Non-Resident Shareholder from the appropriate account as specified by RBI in its approval.
 - iii) any other document which evidences reparability of sale proceeds in respect of the tendered Shares.
- h) In case the Non-Resident Shareholder is not in a position to produce supporting documents towards enabling repatriation, the Shares would be deemed to have been acquired on non-repatriation basis and in that case the Shareholder shall submit a consent letter addressed to the Company, allowing the Company to make the payment on a non-repatriation basis in respect of the valid Shares accepted under the Offer i.e. by way of credit to an non-repatriation bank account or issuance of rupee demand draft.

20.23. Additional procedural requirements for Eligible Shareholders, whose stock broker are not registered with BSE

- a) In the event the stock broker of any Eligible Shareholder is not registered with BSE, such Eligible Shareholder can approach any BSE registered stock broker and can make a bid by using quick unique client code (“UCC”) facility through that BSE registered stock broker after submitting the details as may be required by the stock broker (so that such stock broker is in compliance with the applicable regulations of SEBI). An indicative list of such documents is given as under.

1. In case of Eligible Seller being an individual or HUF:

A. If Eligible Shareholder is registered with KYC Registration Agency (“KRA”):

(a) Forms required:

- 1) Central Know Your Client (CKYC) form
- 2) Know Your Client (KYC) form

(b) Documents required (all documents self-attested):

- 1) Bank details (cancelled cheque)
- 2) Demat details, only if Equity Shares are in demat mode (Demat master /Latest Demat statement)

B. If Eligible Shareholder is not registered with KRA:

(a) Forms required:

- 1) CKYC form
- 2) KRA form
- 3) KYC form

(b) Documents required (all documents self-attested):

- 1) PAN card copy
- 2) Address proof
- 3) Bank details (cancelled cheque)
- 4) Demat details, only if Equity Shares are in demat mode (Demat master /Latest Demat statement)

It may be noted that other than submission of above forms and documents in person verification may also be required.

2. In case of Eligible Seller other than Individual and HUF:

A. If Eligible Shareholder is KRA registered:

(a) Form required

- 1) KYC Form

(b) Documents required (all documents self-attested)

- 1) Bank details (cancelled cheque)
- 2) Demat details, only if Equity Shares are in demat mode (Demat master /Latest Demat statement)
- 3) Latest list of directors/authorised signatories
- 4) Latest shareholding pattern

- 5) Board resolution
- 6) Details of ultimate beneficial owner along with PAN card and address proof
- 7) Last 2 years financial statements

B. If Eligible Shareholder is not KRA registered:

(a) Forms required:

- 1) KRA form
- 2) KYC form

(b) Documents required (all documents self-attested):

- 1) PAN card copy
- 2) Address proof
- 3) Bank details (cancelled cheque)
- 4) Demat details, only if Equity Shares are in demat mode (Demat master /Latest Demat statement)
- 5) Latest list of directors/authorised signatories /partners
- 6) PAN card copies & address proof of directors/authorised signatories/partners
- 7) Latest shareholding pattern
- 8) Board resolution/partnership declaration
- 9) Details of ultimate beneficial owner along with PAN card and address proof
- 10) Last 2 years financial statements
- 11) MOA/Partnership deed

- b) Non-receipt of the Letter of Offer by, or accidental omission to dispatch the Letter of Offer to any Eligible Person, shall not invalidate the Buyback Offer in any way. Shareholders not receiving the Letter of Offer, if they so desire, may also apply on the Tender Form downloaded from SEBI website (www.sebi.gov.in) or obtain a duplicate copy by writing to the Registrar to the Buyback Offer. Please note that the Company shall accept Equity Shares validly tendered for the Buyback Offer on the basis of their holding and entitlement as appearing in the records of the Company as on the Record Date.
- c) The Acceptance of the Buyback Offer made by the Company is entirely at the discretion of the Equity Shareholders of the Company. The Company does not accept any responsibility for the decision of any Equity Shareholder to either participate or to not participate in the Buyback Offer. The Company will not be responsible in any manner for any loss of Share certificate(s) and other documents during transit and the Equity Shareholders are advised to adequately safeguard their interest in this regard.
- d) The instructions and authorizations contained in the Tender Form constitute an integral part of the terms of this Buyback Offer.

20.24. In case of non-receipt of the Letter of Offer:

- a) **In case the Equity Shares are in dematerialized form:** An Equity Shareholder may participate in the Offer by downloading the Tender Form from the website of the Company i.e. www.babaartslimited.com or send an application in writing on plain paper signed by all Equity Shareholders stating name, address, number of Equity Shares held as on the Record Date, Client ID number, DP Name/ID, beneficiary account number, number of Equity Shares tendered for the Buyback (along with the necessary documents mentioned in paragraph 20.21 and 20.24). The Tender Form along with necessary

documents should reach the Registrar to the Buyback Offer no later than 2(Two) days from the Buyback Closing Date i.e., [•] (by 5.00 PM). Equity Shareholders must also ensure that credit of dematerialized Shares in the special account of the Clearing Corporation, by using the settlement number and the procedure prescribed by the Clearing Corporation takes place before 5:00 PM on the Buyback Closing Date.

- b) **In case the Equity Shares are in physical form:** A registered Equity Shareholder may send an application in writing on a plain paper signed by all Equity Shareholders stating name, address, folio number, number of Equity Shares held, share certificate number, number of Equity Shares tendered for the Buyback Offer and the distinctive numbers thereof, bank account particulars for payment of consideration, enclosing the original share certificate(s), copy of Equity Shareholders' PAN card(s), executed share transfer form in favour of the Company and other necessary documents to the seller broker. The transfer form SH-4 can be downloaded from the Company's website i.e. www.babaartslimited.com and has also been annexed to this Draft Letter of Offer. Seller Broker must ensure that the Tender Form, along with the requisite documents (mentioned in paragraph 20.22 and 20.23), reach the Registrar to the Buyback Offer no later than 2(Two) days from the Buyback Closing Date i.e., [•] (by 5.00 PM). If the signature(s) of the Equity Shareholders provided in the plain paper application differs from the specimen signature(s) recorded with the Registrar of the Company or are not in the same order (although attested), such applications are liable to be rejected under this Buyback Offer.

Eligible Person(s) who intend to participate in the Buyback using the 'plain paper' option as mentioned in this paragraph are advised to confirm their entitlement from the Registrar to the Buyback Offer, before participating in the Buyback.

Please note that Eligible Person(s) who intend to participate in the Buyback will be required to approach their respective Seller Broker (along with the complete set of documents for verification procedures) and have to ensure that their bid is entered by their respective Seller Broker or broker in the electronic platform to be made available by BSE before the Buyback Closing Date, otherwise such documents are liable to be rejected.

The Company shall accept Equity Shares validly tendered by the Shareholder(s) in the Buyback on the basis of their shareholding as on the Record Date and the Buyback Entitlement.

The acceptance of the Buyback Offer made by the Company is entirely at the discretion of the Eligible Shareholders of the Company. The Company does not accept any responsibility for the decision of any Eligible Shareholder to either participate or to not participate in the Buyback Offer. The Company will not be responsible in any manner for any loss of share certificate(s) and other documents during transit and the Eligible Shareholders are advised to adequately safeguard their interest in this regard.

Depositories are required to provide information to the Clearing Corporation about the shareholder on whose behalf the Seller Broker has placed a sell order. This information shall include investor PAN, beneficiary account details and bank details including IFSC code.

20.25. Method of Settlement

Upon finalization of the basis of Acceptance as per Buyback Regulations:

- (a) The settlement of trades shall be carried out in the manner similar to settlement of trades in the secondary market and as intimated by the Clearing Corporation from time to time.
- (b) The Company will transfer the consideration pertaining to the Buyback to the Clearing Corporation's bank account through the Company's Broker as per the secondary market mechanism, as per the prescribed schedule. For demat Equity Shares accepted under the Buyback, the Clearing Corporation will make direct funds pay-out to the respective Eligible Shareholders' bank account linked to its demat account. If bank account details of any Eligible Shareholder holding Equity Shares in dematerialized form are not available or if the fund transfer instruction is rejected by the RBI or relevant Bank, due to any reasons, then the amount payable to the Eligible Shareholders will be transferred to the concerned Selling Member's for onward transfer to the such Eligible Shareholder holding Equity Shares in dematerialized form.
- (c) For the Eligible Shareholders holding Equity Shares in physical form, the funds payout would be given to their respective Selling Member's settlement accounts for releasing the same to the respective Eligible Shareholder's account.
- (d) The Equity Shares bought back in the demat form would be transferred directly to the demat account of the Company (the "Company Demat Escrow Account") provided it is indicated by the Company's Broker or it will be transferred by the Company's Broker to the Company Demat Escrow Account on receipt of the Equity Shares from the clearing and settlement mechanism of BSE.
- (e) Eligible Shareholder will have to ensure that they keep their DP account active and unblocked to receive credit in case of return of Equity Shares, due to rejection or due to non-acceptance of shares under the Buyback. Excess Equity Shares or unaccepted Equity Shares, in dematerialised form, if any, tendered by the Eligible Shareholders would be transferred by the Clearing Corporation directly to the respective Eligible Shareholder's DP account. If the securities transfer instruction is rejected in the Depository system, due to any issue then such securities will be transferred to the Selling Member's depository pool account for onward transfer to the respective Eligible Shareholder. The Eligible Shareholders will have to ensure that they keep the DP account active and unblocked to receive credit in case of return of Equity Shares due to rejection or due to non-acceptance of shares under the Buyback.
- (f) Any excess Equity Shares, in physical form, pursuant to proportionate acceptance /rejection will be returned back to the Eligible Shareholders directly by the Registrar. The Company is authorized to split the share certificate and issue new consolidated share certificate for the unaccepted Equity Shares, in case the Equity Shares accepted by the Company are less than the Equity Shares tendered in the Buyback by Eligible Shareholders holding Equity Shares in the physical form. Share certificates in respect of unaccepted / rejected Shares and other documents, if any, will be sent by registered post / speed post at the Shareholders' sole risk to the sole/first Shareholder (in case of joint Shareholders), at the address recorded with the Company, not later than [•], 2019.

- (g) Seller Broker will issue contract notes and pay the consideration for the Equity Shares accepted under the Buyback after deducting necessary charges and return the balance unaccepted demat Equity Shares to their respective clients. Company's Broker would also issue a contract note to the Company for the Equity Shares accepted under the Buyback.
- (h) Shareholders who intend to participate in the Buyback should consult their respective Seller Broker for payment to them of any cost, charges and expenses (including brokerage) or any tax required to be withheld from the Buyback Consideration that may be levied by the Seller Broker upon the selling Shareholders or withheld from the Buyback consideration for tendering Equity Shares in the Buyback (secondary market transaction). The Buyback consideration received by the selling Shareholders from their respective Seller Broker, in respect of accepted Equity Shares, could be net of such costs, charges expenses (including brokerage) and tax and the Company accepts no responsibility to bear or pay such additional cost, charges expenses (including brokerage) and tax liability incurred solely by the selling Shareholders.
- (i) The Equity Shares lying to the credit of the Company Demat Account and the Equity Shares bought back and accepted in physical form will be extinguished in the manner and the procedure prescribed in the Buyback Regulations.

21. NOTE ON TAXATION

THE SUMMARY OF THE TAX CONSIDERATIONS IN THIS SECTION ARE BASED ON THE CURRENT PROVISIONS OF THE TAX LAWS OF INDIA AND THE REGULATIONS THEREUNDER, THE JUDICIAL AND THE ADMINISTRATIVE INTERPRETATIONS THEREOF, WHICH ARE SUBJECT TO CHANGE OR MODIFICATION BY SUBSEQUENT LEGISLATIVE, REGULATORY, ADMINISTRATIVE OR JUDICIAL DECISIONS. ANY SUCH CHANGES COULD HAVE DIFFERENT TAX IMPLICATIONS.

IN VIEW OF THE PARTICULARISED NATURE OF TAX CONSEQUENCES, SHAREHOLDERS ARE REQUIRED TO CONSULT THEIR TAX ADVISORS FOR THE APPLICABLE TAX PROVISIONS INCLUDING THE TREATMENT THAT MAY BE GIVEN BY THEIR RESPECTIVE TAX OFFICERS IN THEIR CASE, AND THE APPROPRIATE COURSE OF ACTION THAT THEY SHOULD TAKE.

THE COMPANY DOES NOT ACCEPT ANY RESPONSIBILITY FOR THE ACCURACY OR OTHERWISE OF SUCH ADVICE. THEREFORE, SHAREHOLDERS CANNOT RELY ON THIS ADVICE AND THE SUMMARY TAX IMPLICATIONS RELATING TO THE TREATMENT OF INCOME TAX IN THE CASE OF BUY BACK OF LISTED EQUITY SHARES ON THE STOCK EXCHANGE SET OUT BELOW SHOULD BE TREATED AS INDICATIVE AND FOR GUIDANCE PURPOSES ONLY.

1. GENERAL

The basis of charge of Indian income-tax depends upon the residential status of the taxpayer during a tax year. The Indian tax year runs from April 1 until March 31. A person who is an Indian tax resident is liable to taxation in India on his worldwide income, subject to certain tax exemptions, which are provided under the Income Tax Act, 1961 ("the Income Tax Act").

A person who is treated as non-resident for Indian income-tax purposes is generally subject to tax in India only on such person's India sourced income or income received by such person in India. In case of shares of a Company, the source of income from shares would depend on the "situs" (in Latin for position or site) of such shares. As per certain judicial precedents,

generally the “situs” of the shares is where company is “incorporated” and where its shares can be transferred. Accordingly, since Baba Arts Limited is incorporated in India, the shares of Baba Arts Limited would be “situated” in India and any gains arising to a non-resident on transfer of such shares should be taxable in India under the Income Tax Act. Further, the non-resident can avail the beneficial provisions of the Double Taxation Avoidance Agreement (‘DTAA’) between India and the respective jurisdiction of the shareholder subject to meeting relevant conditions and providing and maintaining necessary information and documents as prescribed under the Income Tax Act.

The Income Tax Act also provides for different tax regimes/ rates applicable to the gains arising on buyback of shares, based on the period of holding, residential status and category of the shareholder, nature of the income earned, etc. The summary tax implications on buyback of listed equity shares on the stock exchange is set out below.

2. CLASSIFICATION OF SHARES AND SHAREHOLDERS

Based on the provisions of the IT Act shares can be classified under the following categories:

- Shares held as investment (Profits or gains arising from the transfer would be taxable under the head “Capital Gains”)
- Shares held as stock-in-trade (Profits or gains arising from the transfer would be taxable under the head “Profits and gains of business or profession”)

Based on the provisions of the IT Act, shareholders can inter alia be classified under the following categories:

- A) Resident Shareholders being:
 - Individuals, Hindu Undivided Family (HUF)
 - Others
- B) Non-Resident Shareholders being:
 - Non-Resident Indians (NRIs)
 - Foreign Institutional Investors (FIIs) / Foreign Portfolio Investors (FPIs)
 - Foreign Companies
 - Others

3. DEFINITIONS

Long-term capital asset means a capital asset which is not a short term capital asset.

Long-term capital gain means capital gain arising from the transfer of a long-term capital asset.

In case of a security (other than a unit) listed in a recognized stock exchange in India, an asset held by an assessee for a period not more than twelve months shall be considered as short-term capital asset.

Tax rates mentioned in the succeeding paragraphs do are exclusive of applicable surcharge, health and education cess.

4. SHARES HELD AS INVESTMENT

- i. Capital gains on buy back of listed shares is governed by the provisions of Section 46A of the IT Act. As per the provisions of Section 46A, buy back of share, held as

investment, would attract capital gains in the hands of shareholder subject to the provisions of Section 48 of the IT Act.

However, where the transaction of sale (Buyback) of such equity share is entered into in a recognized stock exchange and such transaction is chargeable to securities transaction tax, then,

(a) the Long-Term Capital Gains ("LTCG") (without indexation of cost of acquisition) in excess of ₹ 1 lakh arising from such transaction would be taxable @ 10% under section 112A(2) of the IT Act provided securities transaction tax has been paid at the time of acquisition of shares (subject to notification no. 60/ 2018 dated 1st October, 2018) and is also paid at the time of the sale of shares through buy back. Nonetheless, a transaction of sale need not be chargeable to securities transaction tax if it is undertaken on a recognized stock exchange located in any International Financial Services Centre and where the consideration for such transaction is paid or payable in foreign currency. Also, in case of resident Individual or HUF, the benefit of maximum amount which is not chargeable to income-tax is considered while computing the tax on such LTCG; and

(b) the Short Term Capital Gains ("STCG") arising from such transaction would be subject to tax @15% under Section 111A of the IT Act. Further, in case of resident Individual or HUF, the benefit of maximum amount which is not chargeable to income-tax is considered while computing the tax on such STCG.

ii. Buy back of listed shares other than through recognized stock exchange

Resident Shareholders:

(a) For Individuals or HUF

LTCG would be taxable at lower of the following:

1. @ 20% (with indexation)
2. @ 10% (without indexation) (Refer Note a)

The benefit of maximum amount which is not chargeable to income-tax is considered while computing the tax on such LTCG. Therefore, where the total income as reduced by such LTCG is below the maximum amount which is not chargeable to income tax, then, such LTCG shall be reduced by the amount by which the total income as so reduced falls short of the maximum amount which is not chargeable to income-tax and the tax on the balance of such LTCG shall be computed at the respective rates.

STCG would be taxable at applicable slab rates.

(b) For Others

LTCG would be taxable at lower of following:

1. @ 20% (with indexation)
2. @ 10% (without indexation) (Refer Note a)

STCG would be taxable @ 30%

Non-resident Shareholders:

(a) In case of FPIs:

- FPIs are taxable as per the provisions of Section 115AD of the IT Act, as under.
- LTCG would be taxable @ 10%
- STCG would be taxable @ 30%

For the purposes of computing the capital gains neither the first proviso to Section 48 of the IT Act (providing for foreign exchange fluctuation benefit) nor the second proviso to Section 48 of the IT Act (providing for indexation benefit) would be considered.

(b) In case of NRI"s governed by the provisions of Chapter XII-A

- LTCG would be taxable @ 10% under Section 115E of the IT Act. The NRI has an option (with prior intimation to the assessing officer) to be governed by the provisions of Chapter XII-A of the IT Act. However, it is imperative that the Shares of the Company were acquired in convertible foreign exchange. (Refer Note b)
- STCG would be taxable at slab rates

Please note that in case of NRIs not covered within the ambit of the above, their taxation shall be as applicable for other non-resident shareholders (i.e. paragraph (d) below).

(c) In case of Foreign Companies (excluding FPIs)

- LTCG would be taxable, depending on whether the transaction is in foreign currency or in Indian currency.
- Where transaction is in foreign currency, LTCG may be taxable @ 20% (without indexation) – however, benefit of foreign exchange fluctuation as per first proviso to Section 48 of the IT Act shall be available.
- Where transaction is not in foreign currency, then benefit of indexation would apply and tax would be calculated at lower of
 - @ 20% (with indexation)
 - @ 10% (without indexation) (Refer Note c)
- STCG would be taxable @ 40%

(d) In case of all other non-residents

- LTCG would be taxable, depending on whether the transaction is in foreign currency or in Indian Currency.
- Where the Shares are purchased in foreign currency, LTCG may be taxable @ 20% (without indexation) – however, benefit of foreign exchange fluctuation as per first proviso to Section 48 of the IT Act shall be available in such a case.

- Where the shares are not purchased in foreign currency, then benefit of indexation would apply in case of LTCG and tax would be calculated at lower of:
 - @ 20% (with indexation)
 - @ 10% (without indexation) (Refer Note c)
- STCG would be taxable as per the slab rates or maximum marginal rate as applicable.
- (e) Where the gross total income of an assessee includes any income arising from the transfer of a long term capital asset, the gross total income shall be reduced by the amount of such income and the deduction under Chapter VI-A shall be allowed as if the gross total income as so reduced were the gross total income of the assessee.

Notes To Above:

- a. The proviso to Section 112 of the IT Act provides for beneficial tax rate on LTCG of 10%, without giving indexation benefit (as per second proviso to Section 48 of the IT Act).
- b. In the case of non-resident shareholders referred to in paragraph 3(iii)(c) and 3(iii)(d) above other than NRIs covered under the provisions of Section 115E of the IT Act and FIIs, the first proviso to Section 48 of the IT Act (providing for foreign exchange fluctuation benefit) would apply, where shares are purchased in foreign currency.
- c. It is pertinent to note that there are conflicting views on the applicability of proviso to Section 112 of the IT Act (providing for a beneficial rate of 10% when indexation under the second proviso to Section 48 of the IT Act is not availed) to non-residents.
- d. All the above rates (especially for non-residents) are to be read subject to the provisions of Section 206AA of the IT Act and rule 37BC of the Income Tax Rules, 1962. The said section mandates furnishing of PAN to the deductor or such details as are set out in rule 37BC(2) of the Income Tax Rules, 1962, failing which the tax would be required to be deducted at a higher amount by the deductor.
- e. In case of non-residents, the TDS rate shall be increased by surcharge and cess as applicable.

5. SHARES HELD AS STOCK IN TRADE

- i. If the shares are held as stock-in-trade by any of the Shareholders of the Company, then the gains would be characterized as business income. In such a case, the provisions of Section 46A of the IT Act would not apply.
- ii. Resident Shareholders:
 - a) For individuals or HUF and in any other case of a resident profits would be taxable at slab rates
 - b) For domestic companies' profits, would be taxable @ 30% unless the provisions relating to minimum alternate tax (minimum alternate tax is 18.5% of book profits) apply instead. However, as per the amendments to the Finance Act, 2018, profits of a domestic company having a total turnover or gross receipts in the previous year 2016-17 not exceeding two hundred fifty crore rupees, shall be taxable at 25%.

No benefit of indexation by virtue of period of holding would be available in any case.

iii. Non-Resident Shareholders:

- a) For non-residents (excluding FPIs¹), taxability of profits as business income would be subject to beneficial provisions of applicable Double Taxation Avoidance Agreement ('DTAA')
- b) Where DTAA provisions are not applicable:
 - For non-resident individuals or HUF profits would be taxable at slab rates
 - For foreign companies, profits may be taxed in India @ 40%

6. TAX DEDUCTION AT SOURCE

i. In case of Resident Shareholders:

In absence of any specific provision under the IT Act, the Company shall not deduct tax on the consideration payable to resident shareholders pursuant to the said Buy Back.

ii. In case of Non-resident Shareholders

Under the tax laws, any gains paid to a non-resident is subject to deduction of tax at source unless such gains are exempt from tax. However, since the buyback is through the stock exchange, the Company will not be able to withhold any taxes, and thus, the Company believes that the responsibility of withholding/ discharge of the taxes due on such gains (if any) is solely on the custodians/ authorized dealers/brokers non-resident shareholder – with no recourse to the Company. It is therefore important that the non-resident shareholder consult their custodians/ authorized dealers/ brokers/ tax advisors appropriately and immediately pay taxes in India (either through deduction at source or otherwise). In the event the Company is held liable for the tax liability of the Shareholder, the same shall be to the account of the Shareholder and to that extent the Company is entitled to be indemnified.

The above note on taxation sets out the provisions of law in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the disposal of equity shares. This note is neither binding on any authorities nor can there be any assurance that they will not take a position contrary to the comments mentioned herein. Hence, you should consult with your own tax advisors for the tax provisions applicable to your particular circumstances.

7. RATE OF SURCHARGE AND CESS:

In addition to the basic tax rate, Surcharge, Health and Education Cess are leviable as under:

7.1 Surcharge

- In case of domestic companies: Surcharge @ 12% is leviable where the total income exceeds 10 crores and @ 7% where the total income exceeds 1 crore.
- In case of companies other than domestic companies: Surcharge @ 5% is leviable where the total income exceeds 10 crores and @ 2% where the total income exceeds 1 crore.
- In case of Individuals, Hindu Undivided family, Association of Persons, and Body of Individuals: Surcharge @15% is leviable where the total income exceeds 1 crore and @ 10% where the total income exceeds 50 Lakhs.

- In case of Firms, Co-operative Societies, or Local Authorities: Surcharge @ 12% is leviable where the total income exceeds 1 crore.

7.2 Cess:

Health and Education Cess @ 4% is leviable in all cases.

Notes:

All the above benefits are as per the current tax laws. However, any further change or amendment (including retrospective changes/amendments) in the laws/regulation would impact the same.

(ii) In view of the individual nature of tax consequences, each investor is advised to consult his/her own tax advisor with respect to specific tax consequences of his/her investments in the shares of the company.

The above Statement of Possible Tax Benefits sets out the provisions of law in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the purchase, ownership and disposal of shares.

22. DECLARATION BY THE BOARD OF DIRECTORS

The Board of Directors of the Company have confirmed that they have made a 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 i.e. November 13, 2018 and the date on which the results of the Postal Ballot have been declared, there are 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 i.e. November 13, 2018 as well as the year immediately following the date on which the results of the Postal Ballot have been 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 i.e. November 13, 2018 or within a period of one year from the date of declaration of the Postal Ballot results, 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.

23. THE TEXT OF THE REPORT DATED NOVEMBER 13, 2018 RECEIVED FROM ARUNKUMAR K SHAH & CO, CHARTERED ACCOUNTANTS, THE STATUTORY AUDITORS OF THE COMPANY, ADDRESSED TO THE BOARD OF DIRECTORS OF THE COMPANY IS REPRODUCED BELOW

The Board of Directors
Baba Arts Limited
3A, Valecha Chambers,

New Link Road
Andheri (West)
Mumbai - 400 053

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 (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 at 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 of 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 31st 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:
- a) 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;

- b) 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
- c) 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)

Sd/-

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 (₹ in Lakhs)
Paid-up equity share capital as at 31 st March 2018 (6,00,18,300 equity shares of face value ₹1 each fully paid up)	(A)	600.18
Free Reserves as at 31 st 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)	1,399.95
Permissible capital payment in accordance with the provisions of Section 68 of the Act (25% of the total paid up	D = (C* 25%)	349.99

Particulars		Amount (₹ in Lakhs)
equity share capital and Free Reserves as at 31st March 2018).		
Amount proposed by Board Resolution dated 13 th November, 2018 approving the Buyback, subject to shareholders' approval by special resolution, based on the audited financial statements for the year ended 31 st 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)

Sd/-
Arunkumar K Shah
Proprietor
(Membership No. 034606)
Place : Mumbai
Date : 13th November, 2018

24. DOCUMENTS FOR INSPECTION

Copies of the following documents will be available for inspection at the Registered Office of the Company between 10 a.m. and 5.00 p.m. on all working days (Monday to Friday) during the offer period:

- I. Certificate of Incorporation of the Company;
- II. Memorandum and Articles of Association of the Company;
- III. Annual reports of the Company for the last three financial years viz. March 31, 2018, 2017 and 2016;
- IV. Copy of resolution passed by the Board of Directors at its meeting held on November 13, 2018 approving the proposal of the Buyback;
- V. Special resolution passed by the shareholders through postal ballot, the results of which were declared on January 02, 2019 approving the proposal of the Buyback;
- VI. Certificate dated November 13, 2018 received from Arunkumar K Shah & Co, Chartered Accountants, the Statutory Auditors of the Company, in terms of clause (xi) of Schedule I of the SEBI Buyback Regulations;
- VII. Copy of Public Announcement dated January 03, 2019 published in the newspapers on January 04, 2019 regarding Buyback;
- VIII. Copy of Declaration of solvency and an affidavit verifying the same in Form SH-9, as prescribed under Section 68(6) of the Companies Act;

- IX. Certificate from Arunkumar K Shah & Co, Chartered Accountants, dated January 03, 2019, certifying that the Company has made firm financing arrangements for fulfilling the obligations under the Buyback, in accordance with the Regulations;
- X. Copy of Escrow Agreement dated December 15, 2018 between Baba Arts Limited (Company), IndusInd Bank Limited (Escrow Bank) and Keynote Corporate Services Limited (Manager to the Buy Back);
- XI. Confirmation letter by the Escrow Bank dated January 03, 2018 in regards to the Escrow deposit; and
- XII. SEBI comments vide letter dated [●] issued in terms of the Buyback Regulations.

25. DETAILS OF THE COMPLIANCE OFFICER

The Company has designated Shri Naishadh H. Mankad, Company Secretary as the Compliance Officer for the Buyback. The contact details are as given below:

Name	Shri Naishadh H. Mankad
Designation	Company Secretary & Compliance Officer
Address	3A, Valecha Chambers, New Link Road, Andheri (West), Mumbai - 400 053
Email	babaartslimited@yahoo.com, investors@babaartslimited.com
Contact	022 2673 3131

In case of any clarifications or to address investor grievance, the Shareholders may contact the Compliance Officer, from Monday to Friday between 10 am & 5 pm on all working days, at the above mentioned address.

26. DETAILS OF THE REMEDIES AVAILABLE TO THE EQUITY SHAREHOLDERS

In case of any grievances relating to the Buyback (e.g. non-receipt of the Buyback consideration, share certificate, demat credit, etc.), the investor can approach the Manager to the Buyback and/ or Registrar to the Buyback and/ or Compliance Officer of the Company for redressal.

If the Company makes any default in complying with the provisions of Section 68 of the Companies Act or any rules made there-under, for the purposes of clause (f) of sub-section (2) of Section 68 of the Companies Act, the Company or any officer of the Company who is in default shall be punishable with imprisonment for a term and its limit, or with a fine and its limit or with both in terms of the Companies Act, as the case may be.

27. DETAILS OF INVESTOR SERVICE CENTRE AND REGISTRAR TO THE BUYBACK

In case of any query, the Equity Shareholders may contact the Registrar & Transfer Agent of the Company on any day except Saturday, Sunday and Public holidays between 10 a.m. & 5 p.m. at the following address:



Universal Capital Securities Pvt. Ltd.

21, Shakil Niwas

Opp. Satya Saibaba Temple, Mahakali Caves Rd.

Andheri (E), Mumbai – 400 093

Contact Person : Shri Devanand Dalvi

Phone : 022 2820 7203

Email: info@unisec.in

SEBI Registration No.: INR000004082

28. DETAILS OF THE MANAGER TO THE BUY BACK

The Company has appointed **Keynote Corporate Services Limited** as Manager to the Buyback. Their contact details are as under

KEYNOTE**Keynote Corporate Services Limited,**

The Ruby, 9th Floor, Senapati Bapat Marg, Dadar (West), Mumbai – 400 028;

Tel: +91–22– 30266000-3; **Fax:** +91–22– 3026 6088;

E-mail: mbd@keynoteindia.net; **Website:** www.keynoteindia.net;

Contact Person: Ms. Pooja Sanghvi / Mr. Akhil Mohod;

SEBI Registration No.: INM 000003606

In case of any query, the Shareholders may contact the Manager to the buyback, from Monday to Friday between 10 am & 5 pm at the above mentioned addresses.

29. DECLARATION BY THE DIRECTORS REGARDING AUTHENTICITY OF THE INFORMATION IN THE DRAFT LETTER OF OFFER.

In terms of Regulation 24(i)(a) of the Buy-Back Regulations, the Board of Directors of the Company accept responsibility for all the information contained in this Draft Letter of Offer. This Draft Letter of Offer is issued under the authority of the Board and in terms of the resolution passed by the Board on November 13, 2018.

For and on behalf of the Board of Directors of Baba Arts Limited

Sd/-

Gordhan P. Tanwani
Chairman & Managing Director

DIN: 00040942

Sd/-

Santosh A. Shah
Director

DIN : 01259840

Sd/-

N. H. Mankad
*Company Secretary
& Compliance officer*

Mem. No. 2996

Place: Mumbai

Date : January 10, 2019

**FORM OF ACCEPTANCE-CUM-ACKNOWLEDGEMENT
(FOR EQUITY SHAREHOLDERS HOLDING SHARES IN DEMATERIALISED FORM)**

Date:

BUYBACK OPENS ON	[●], 2019
BUYBACK CLOSES ON	[●], 2019

For Registrar

To,
The Board of Directors
Baba Arts Limited
3A, Valecha Chambers,
New Link Road, Andheri (West)
Mumbai-400 053
Tel No.: +91-22- 2673 3131;
Fax No.: +91-22- 2673 3375

Status: Please tick appropriate box					
<input type="checkbox"/>	Individual	<input type="checkbox"/>	Foreign Institutional Investors / Foreign Portfolio Investors	<input type="checkbox"/>	Insurance Company
<input type="checkbox"/>	Foreign Company	<input type="checkbox"/>	Non Resident Indian / OCB	<input type="checkbox"/>	Foreign National
<input type="checkbox"/>	Body Corporate	<input type="checkbox"/>	Bank / Financial Institution	<input type="checkbox"/>	Others (specify)

Dear Sirs,

Sub: Letter of Offer dated [●], 2019 to Buyback upto 75,18,300 Equity Shares of Baba Arts Limited (the “Company”) at a price of ₹ 4.50 (Rupees Four and Fifty paise only) per Equity Share (“Buyback Offer Price”), payable in cash

- I/We (having read and understood the Letter of Offer dated [●], 2019) hereby tender / offer my / our Equity Shares in response to the Buyback Offer on the terms and conditions set out below and in the Letter of Offer.
- I / We authorise the Company to Buyback the Equity Shares offered (as mentioned below) and to issue instruction(s) to the Registrar to the Buyback Offer to extinguish the Equity Shares.
- I / We hereby affirm that the Equity Shares comprised in this tender / offer are offered for Buyback by me / us are free from all liens, equitable interest, charges and encumbrance.
- I / We declare that there are no restraints / injunctions or other order(s) of any nature which limits / restricts in any manner my / our right to tender Equity Shares for Buyback Offer and that I / we am / are legally entitled to tender the Equity Shares for Buyback Offer.
- I / We agree that the Company will pay the Buyback Offer Price only after due verification of the validity of documents and that the consideration for the accepted Shares will be paid to the Seller Member as per secondary market mechanism.
- I / We acknowledge that the responsibility to discharge the tax due on any gains arising on Buyback is on me / us. I / We agree to compute gains on this transaction and immediately pay applicable taxes in India and file tax return in consultation with our custodians / authorized dealers / tax advisors appropriately.
- I / We undertake to indemnify the Company if any tax demand is raised on the Company on account of gains arising to me / us on Buyback of shares. I / We also undertake to provide the Company, the relevant details in respect of the taxability / non-taxability of the proceeds arising on Buyback of shares by the Company, copy of tax return filed in India, evidence of the tax paid, etc.
- I/We agree that the excess demat Shares or unaccepted demat Shares, if any, tendered would be returned to the Selling Member by Clearing Corporation in payout.
- I / We undertake to return to the Company any Buyback Offer consideration that may be wrongfully received by me / us.
- I / We undertake to execute any further documents and give any further assurances that may be required or expedient to give effect to my / our tender / offer and agree to abide by any decision that may be taken by the Company to effect the Buyback Offer in accordance with the Companies Act and the Buyback Regulations.
- Details of Equity Shares held and tendered / offered for Buyback Offer

	In Figures	In Words
Number of Equity Shares held as on Record Date (January 15, 2019)		
Number of Equity Shares Entitled for Buyback (Buyback Entitlement)		
Number of Equity Shares offered for Buyback (including Additional Shares, if any)		

Note: An Equity Shareholder may tender Equity Shares over and above his / her Buyback Entitlement. Number of Equity Shares validly tendered by any Eligible Seller up to the Buyback Entitlement of such Eligible Seller shall be accepted to the full extent. The Equity Shares tendered by any Equity Shareholder over and above the Buyback Entitlement of such Equity Shareholder shall be accepted in accordance with clause 19 and 20 of the Letter of Offer. Equity Shares tendered by any Equity Shareholder over and above the number of Equity Shares held by such Equity Shareholder as on the Record Date shall not be considered for the purpose of Acceptance

.....**Tear along this line**
Acknowledgement Slip: Baba Arts Limited - Buyback Offer
(to be filled by the Equity Shareholder) (subject to verification)

Folio No./DP ID

Client ID:

Received from Mr./Ms./M/s. _____

Form of Acceptance-cum-Acknowledgement, Original TRS along with:

No. of Equity Shares offered for Buyback (In Figures) _____

(In Words) _____

Please quote Client ID No. & DP ID No. for all future correspondence

STAMP OF REGISTRAR

12 Details of Account with Depository Participant (DP):

Name of the Depository (tick whichever is applicable)	<input type="checkbox"/> NSDL	<input type="checkbox"/> CDSL
Name of the Depository Participant		
DP ID No.:		
Client ID with the DP		

13 Equity Shareholders Details:

	Sole / First Holder	Joint Holder 1	Joint Holder 2
Full Name(s) of The Holder			
Signature(s)*			
PAN No.			
Address of the Sole/First Equity Shareholder			
Telephone No. / Email ID			

*Corporate must affix rubber stamp

This Tender Form has to be read along with the Letter of Offer and is subject to the terms and conditions mentioned in the Letter of Offer and this Tender / Offer Form

- 1 This Offer will open on [●], 2019 and close on [●], 2019.
- 2 For the procedure to be followed by Equity Shareholders for tendering in the Buyback Offer, please refer to section 20 of the Letter of Offer.
- 3 All documents sent by Equity Shareholders will be at their own risk. Equity Shareholders of the Company are advised to safeguard adequately their interests in this regard.

All future correspondence in connection with this Buyback, if any, should be addressed to Registrar to the Buyback Offer at the following address quoting your client ID and DP ID:

Investor Service Centre, Baba Arts Limited - Buyback Offer
UNIVERSAL CAPITAL SECURITIES PRIVATE LIMITED
21/25, Shakil Niwas, Opp. Satya Saibaba Temple,
Mahakali Caves Rd., Andheri (E), Mumbai – 400 093
Tel: +91-22- 28207203; **Fax:** +91-22- 28207207
Email: info@uniseq.in
Website: www.uniseq.in
Contact Person: Shri Devanand Dalvi

**FORM OF ACCEPTANCE-CUM-ACKNOWLEDGEMENT
(FOR EQUITY SHAREHOLDERS HOLDING SHARES IN PHYSICAL FORM)**

Date:

BUYBACK OPENS ON	[●], 2019
BUYBACK CLOSES ON	[●], 2019

For Registrar

To,
The Board of Directors
Baba Arts Limited
3A, Valecha Chambers,
New Link Road, Andheri (West),
Mumbai-400053
Tel No.: +91-22- 2673 3131;
Fax No.: +91-22- 2673 3375

Status: Please tick appropriate box			
<input type="checkbox"/>	Individual	<input type="checkbox"/>	Foreign Institutional Investors / Foreign Portfolio Investors
<input type="checkbox"/>	Foreign Company	<input type="checkbox"/>	Non Resident Indian / OCB
<input type="checkbox"/>	Body Corporate	<input type="checkbox"/>	Bank / Financial Institution
<input type="checkbox"/>		<input type="checkbox"/>	Insurance Company
<input type="checkbox"/>		<input type="checkbox"/>	Foreign National
<input type="checkbox"/>		<input type="checkbox"/>	Others (specify)

Dear Sirs,

Sub: Letter of Offer dated [●], [●], 2019 to Buyback upto 75,18,300 Equity Shares of Baba Arts Limited (the “Company”) at a price of ₹ 4.50/ (Rupees Four and Fifty paise only) per Equity Share (“Buyback Offer Price”), payable in cash

- I/We (having read and understood the Letter of Offer dated [●], 2019) hereby tender / offer my / our Equity Shares in response to the Buyback Offer on the terms and conditions set out below and in the Letter of Offer.
- I / We authorise the Company to Buyback the Equity Shares offered (as mentioned below) and to issue instruction(s) to the Registrar to the Buyback Offer to extinguish the Equity Shares.
- I / We hereby affirm that the Equity Shares comprised in this tender / offer are offered for Buyback by me / us free from all liens, equitable interest, charges and encumbrance.
- I / We declare that there are no restraints / injunctions or other order(s) of any nature which limits / restricts in any manner my / our right to tender Equity Shares for Buyback Offer and that I / we am / are legally entitled to tender the Equity Shares for Buyback Offer
- I / We agree that the Company will pay the Buyback Offer Price only after due verification of the validity of documents and that the consideration for the accepted Shares will be paid to the Seller Member as per secondary market mechanism
- I / We acknowledge that the responsibility to discharge the tax due on any gains arising on Buyback is on me / us. I / We agree to compute gains on this transaction and immediately pay applicable taxes in India and file tax return in consultation with our custodians / authorized dealers / tax advisors appropriately.
- I / We undertake to indemnify the Company if any tax demand is raised on the Company on account of gains arising to me / us on Buyback of shares. I / We also undertake to provide the Company, the relevant details in respect of the taxability / non-taxability of the proceeds arising on Buyback of shares by the Company, copy of tax return filed in India, evidence of the tax paid, etc.
- I / We undertake to return to the Company any Buyback Offer consideration that may be wrongfully received by me / us.
- I / We agree that the Company is not obliged to accept any Equity Shares offered for Buyback where loss of share certificates has been notified to the Company
- I / We authorize the Company to split the Share Certificate and issue new consolidated Share Certificate for the unaccepted Equity shares in case the Equity Shares accepted by the Company are less than the Equity Shares tendered in the Buyback.
- I / We undertake to execute any further documents and give any further assurances that may be required or expedient to give effect to my / our tender / offer and agree to abide by any decision that may be taken by the Company to effect the Buyback Offer in accordance with the Companies Act and the Buyback Regulations.
- Details of Equity Shares held and tendered / offered for Buyback Offer:

	In Figures	In Words
Number of Equity Shares held as on Record Date (January 15, 2019)		
Number of Equity Shares Entitled for Buyback (Buyback Entitlement)		
Number of Equity Shares offered for Buyback (including Additional Shares, if any)		

Note: An Equity Shareholder may tender Equity Shares over and above his / her Buyback Entitlement. Number of Shares validly tendered by any Equity Shareholder up to the Buyback Entitlement of such Equity Shareholder shall be accepted to the full extent. The Shares tendered by any Equity Shareholder over and above the Buyback Entitlement of such Equity Shareholder shall be accepted in accordance with clause 19 and 20 of the Letter of Offer. Equity Shares tendered by any Equity Shareholder over and above the number of Equity Shares held by such Equity Shareholder as on the Record Date shall not be considered for the purpose of Acceptance.

.....**Tear along this line**

Acknowledgement Slip: Baba Arts Limited - Buyback Offer
(to be filled by the Equity Shareholder) (subject to verification)

Ledger Folio No./DP ID

Received from Mr./Ms./M/s. _____

Form of Acceptance-cum-Acknowledgement, Original TRS along with:

No. of Equity Shares offered for Buyback (In Figures) _____

(In Words) _____

Please quote Ledger Folio No. for all future correspondence

STAMP OF COLLECTION CENTRE

13 Details of Share Certificate(s) enclosed:

Total No. of Share Certificates Submitted

--

Sr. No.	Folio No.	Share Certificate No.	Distinctive Nos.		No. of Shares
			From	To	
1.					
2.					
3.					
4.					
				Total	

In case the number of folios and share certificates enclosed exceed 4 nos., Please attach a separate sheet giving details in the same format as above

14 Details of other Documents (Please ✓ as appropriate, if applicable) enclosed:

- | | |
|--|--|
| <input type="checkbox"/> Power of Attorney | <input type="checkbox"/> Corporate authorisation |
| <input type="checkbox"/> Death Certificate | <input type="checkbox"/> Succession Certificate |
| <input type="checkbox"/> Permanent Account Number (PAN Card) | <input type="checkbox"/> TRS |
| <input type="checkbox"/> Others (please specify): _____ | |

15 Equity Shareholders Details:

	Sole / First Holder	Joint Holder 1	Joint Holder 2
Full Name(s) of The Holder			
Signature(s)*			
PAN No.			
Address of the Sole/First Equity Shareholder			
Telephone No. / Email ID			

*Corporate must affix rubber stamp

This Tender Form has to be read along with the Letter of Offer and is subject to the terms and conditions mentioned in the Letter of Offer and this Tender / Offer Form

- 1 This Offer will open on [●], 2019 and close on [●], 2019.
- 2 For the procedure to be followed by Equity Shareholders for tendering in the Buyback Offer, please refer to section 20 of the Letter of Offer.
- 3 All documents sent by Equity Shareholders will be at their own risk. Equity Shareholders of the Company are advised to safeguard adequately their interests in this regard.

All future correspondence in connection with this Buyback, if any, should be addressed to Registrar to the Buyback Offer at the following address quoting your client ID and DP ID:

Investor Service Centre, Baba Arts Limited - Buyback Offer

UNIVERSAL CAPITAL SECURITIES PRIVATE LIMITED

21/25, Shakil Niwas, Opp. Satya Saibaba Temple,
Mahakali Caves Rd., Andheri (E), Mumbai – 400 093
Tel: +91-22- 28207203; **Fax:** +91-22- 28207207

Email: info@unisec.in

Website: www.unisec.in

Contact Person: Shri Devanand Dalvi

Form No. SH-4

Securities Transfer Form

[Pursuant to section 56 of the Companies act, 2013 and sub-rule (1) of rule 11 of the Companies (Share Capital and Debentures) Rules 2014]

Date of execution.....

FOR THE CONSIDERATION stated below the "Transferor(s)" named do hereby transfer to the "Transferee(s)" named the securities specified below subject to the conditions on which the said securities are now held by the Transferor(s) and the Transferee(s) do hereby agree to accept and hold the said securities subject to the conditions aforesaid.

CIN: **L72200MH1999PLC119177**

Name of the company (in full): **BABA ARTS LIMITED**

Name of the Stock Exchange where the company is listed, if any: **BSE Limited**

DESCRIPTION OF SECURITIES:

Kind/Class of securities (1)	Nominal value of each unit of security (2)	Amount called up per unit of security (3)	Amount paid up per unit of security (4)
Equity Shares	₹1/-	₹1/-	₹1/-

No. of Securities being Transferred		Consideration Received (₹)	
In Figures	In Words	In words	In figures

Distinctive Number	From				
	To				
Corresponding Certificate Nos:					

TRANSFEROR'S PARTICULARS

Registered Folio Number		Attestation: I hereby attest the signature of the Transferor(s) herein mentioned.
Name(s) in full	Seller Signature (s)	Signature:
1.		Name:
2.		Address:
3.		Seal

I, hereby confirm that the Transferor has signed before me.

Signature of Witness

.

Name and Address of Witness

Form No. SH-4

Securities Transfer Form

[Pursuant to section 56 of the Companies act, 2013 and sub-rule (1) of rule 11 of the Companies (Share Capital and Debentures) Rules 2014]

TRANSFEEE'S PARTICULARS-			
Name in full (1)	Father's/mother's/Spouse Name (2)	Address & E-mail ID (3)	
Baba Arts Limited Buyback - 2018	N.A.	Address: 3A, Valecha Chambers, New Link Road, Andheri (West), Mumbai-400 053 Email: investors@babaartslimited.com	
Occupation (4)	Existing folio no., if any (5)	Pan No.	Signature (6)
Business		AACCB5518R	

Folio No. of Transferee : _____

Specimen Signature of Transferee

1. _____

2. _____

3. _____

Value of stamp affixed: _____ (₹)

Enclosures:

- (1) Certificate of shares or debentures or other securities
- (2) If no certificate is issued, letter of allotment.
- (3) Copy of PAN CARD of all the Transferees (For all listed Cos).
- (4) Other, Specify.....

Stamps:

--

For office use only

Checked by _____ Signature tallies by _____

Entered in the Register of Transfer on _____ vide Transfer No. _____

Approval Date _____ Power of attorney/Probate/Death Certificate/Letter of administration Registered on _____ at No. _____