

LETTER OF OFFER

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

This Letter of Offer is being sent to you as a registered Equity Shareholder of Baba Arts Limited (the “Company”) as on the Record Date in accordance with Securities and Exchange Board of India (Buy Back of Securities) Regulations, 1998, as amended (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-400053

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

Email: babaartslimited@yahoo.com, 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 1,74,00,000 (ONE CRORE SEVENTY FOUR LACS) FULLY PAID-UP EQUITY SHARES OF FACE VALUE OF ₹1/- (RUPEE ONE ONLY) EACH (“EQUITY SHARES”) AT A PRICE OF ₹ 3/- (RUPEES THREE 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 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 24.67% of the paid-up equity share capital and free reserves as per the audited balance sheet of the Company for the financial year ended March 31, 2017 (the last audited balance sheet available as on the date of the Board meeting recommending the proposal of the Buyback, held on July 27, 2017) and is within the statutory limits of 25% of the total paid-up equity share capital and free reserves as per the last audited financial statements of the Company.
- 3 This Letter of Offer is sent to the Equity Shareholder(s)/ Beneficial Owner(s) of Equity Shares as on the Record Date i.e; **September 18, 2017**
- 4 The procedure for tendering and settlement is set out in clause 20 on page 27 of this Letter of Offer.
- 5 The Form of Acceptance-cum-Acknowledgement (the “Tender Form”) is enclosed together with this Letter of Offer.
- 6 For mode of payment of consideration to the Equity Shareholders, please refer to clause 20 (XXVI) on page 32 of Letter of Offer.
- 7 A copy of the Public Announcement and the 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
- 8 Equity Shareholders are advised to refer to Details of the Statutory Approvals and Note on Taxation in clause 17 on page 23 and clause 21 on page 34, respectively, of this Letter of Offer, before tendering their Equity Shares in the Buyback.

BUY BACK OFFER OPENS ON: MONDAY, OCTOBER 16, 2017.

BUY BACK OFFER CLOSES ON: TUESDAY, OCTOBER 31, 2017.

LAST DATE/ TIME OF RECEIPT OF COMPLETED APPLICATION FORMS AND OTHER SPECIFIED DOCUMENTS INCLUDING PHYSICAL SHARE CERTIFICATES BY THE REGISTRAR TO THE BUY BACK: THURSDAY, NOVEMBER 2, 2017.

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 – 400028;

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

E-mail: mbd@keynoteindia.net;

Website: www.keynoteindia.net;

Contact Person: Shri Chirag Dave;

SEBI Registration No.: INM 000003606;

US

UNIVERSAL CAPITAL SECURITIES PRIVATE LIMITED

21, Shakil Niwas, Mahakali Caves Road,
Andheri East, Mumbai 400093;

Tel: +91–22– 28207203; **Fax:** +91–22– 28207207

Email: deva@unisec.in;

Website: www.unisec.in;

Contact Person: Shri Ravi Utekar;

SEBI Regn. No.: INR000004082

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1. SCHEDULE OF ACTIVITIES

Activity	Day and Time
Date of the Board meeting to approve the proposal for Buyback of Equity Shares	Thursday, July 27, 2017
Date of Shareholders Approval through Postal Ballot	Monday, September 04, 2017
Date of publication of Public Announcement for the Buyback	Tuesday, September 05, 2017
Record Date for determining the Buyback Entitlement and the names of Eligible Sellers	Monday, September 18, 2017
Buyback opens on / date of opening of Buyback	Monday, October 16, 2017
Buyback closes on / date of closing of Buyback	Tuesday, October 31, 2017
Last date of receipt of completed Tender Forms and other specified documents including physical share certificates by the Registrar and Transfer Agent	Thursday, November 02, 2017
Last date of verification by Registrar	Monday, November 06, 2017
Last date of providing Acceptance to the Stock Exchange by the Registrar	Monday November 06, 2017
Last date of settlement of bids on the Stock Exchange	Wednesday, November 08, 2017
Last date of dispatch of share certificate(s) by RTA / return of unaccepted demat shares by Stock Exchange to Selling Member	Thursday, November 09, 2017
Last date of extinguishment of Equity Shares	Friday, November 10, 2017

2. DEFINITION OF KEY TERMS

Acceptance	Acceptance of fully paid-up Equity Shares tendered by Eligible Sellers in the Buyback Offer.
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/ Offer	Offer by Baba Arts Limited to buy back up to maximum of 1,74,00,000 (One Crore Seventy Four Lacs) fully paid-up Equity Shares of face value of ₹ 1/- (Rupee One Only) each at a price of ₹ 3/- (Rupees Three 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. ₹ 3/- (Rupees Three Only) per fully paid up Equity Share, payable in cash.
Buyback Regulations	Securities and Exchange Board of India (Buy Back of Securities) Regulations, 1998 including any statutory modifications or re-enactments thereof.

Buyback Size	Number of Equity Shares proposed to be bought back (i.e. 1,74,00,000 Equity Shares) multiplied by the Buyback Price (i.e. ₹ 3/- per Equity Share) aggregating to ₹ 5,22,00,000/- (Rupees Five Crores and Twenty Two Lacs 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
Letter of Offer/ Offer Document	This Letter of Offer dated October 5, 2017 filed with SEBI.
Eligible Seller(s)	Person(s) eligible to participate in the Buyback/ Offer and would mean all Equity Shareholders as on the Record Date being September 18, 2017
Equity Shares	Fully paid-up equity shares of face value of ₹ 1/- (Rupee One Only) 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 - 2017” opened with IndusInd Bank Limited
Escrow Agent	IndusInd Bank Limited
Escrow Agreement	The escrow agreement dated August 31, 2017 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.
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.
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 September 04, 2017 regarding the Buyback, published on September 05, 2017.
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 September 18, 2017.
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	An Equity Shareholder, who holds Equity Shares of market value not more than Two Lakhs Rupees, on the basis of closing price on the recognized stock exchange registering the highest trading volume, as on the Record Date, i.e. September 18, 2017
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(1)(o) of the Buyback Regulations.
TRS	Transaction Registration Slip.

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 September 11, 2017 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 September 05, 2017 (the “**Public Announcement**”) and the Draft Letter of Offer dated September 11, 2017 (“**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, 1998, as amended, 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 their meeting held on July 27, 2017. The extracts of the Board resolution are 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, 1998, 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 1,74,00,000 (One Crore Seventy Four Lacs) equity shares of the face value of ₹1/- (Rupee One Only) each (representing 22.48% of the total paid-up equity share capital of the Company) at a maximum price of ₹3/- (Rupees Three Only) per Equity Share payable in cash for a total consideration not exceeding ₹5,22,00,000/- (Rupees Five Crore Twenty Two Lacs Only), which is 24.67% 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, 2017, 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 ₹3/- (Rupees Three Only) per share, the Board of Directors of Company are 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 the buy-back shall have a reservation for small shareholders in terms of the Buy-back Regulations.

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.

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 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

As per Regulation 8(1) of the Buyback Regulations, the Company has made a Public Announcement for the Buyback of Equity Shares on September 05, 2017 i.e; within two working days from the date of passing of the Special Resolution for the Buyback, on September 04, 2017. The same appeared in all the editions of Business Standard (English National Daily), Business Standard (Hindi) (Hindi National Daily) and Mumbai Lakshadweep (Marathi) (Regional language daily). A copy of the Public Announcement is available on website of SEBI at www.sebi.gov.in.

6. DETAILS OF THE BUY BACK

The Board of Directors of Baba Arts Limited (**“the Company”**) at its meeting held on July 27, 2017 approved, subject to approval of shareholders, the proposal for maximum Buy Back of upto 1,74,00,000 (One Crore Seventy Four Lacs) fully paid-up equity shares of ₹ 1/- (Rupee One Only) each at a maximum price of ₹ 3/- (Rupees Three Only) per equity share for a total consideration not exceeding ₹ 5,22,00,000 (Rupees Five Crore Twenty Two Lacs Only) which is 24.67% of the paid up equity share capital and free reserves as per the audited accounts of the Company for the financial year ended March 31, 2017 (**hereinafter referred to as “the Buy Back”**), through **“Tender Offer”** route pursuant to relevant provisions of Memorandum of Association and Article 63 of the Articles of Association of the Company and in accordance with Section 68 and all other applicable provisions of Companies Act, 2013 (**hereinafter referred to as “the Act”**) and Securities and Exchange Board of India (Buy Back of Securities) Regulations, 1998 (**“the Buy-back Regulations”**).

The aggregate paid-up equity share capital and free reserves (i.e total reserves excluding Capital Redemption Reserve) of the Company as on March 31, 2017 was ₹ 2116.35 Lac and under the provisions of the Act, the funds to be deployed for Buyback shall not exceed 25% of the paid-up capital and free reserves of the Company under shareholder approval route. Accordingly, the maximum amount that can be utilised in the present Buyback is ₹ 529.09 Lac. The aggregate amount proposed to be utilised by the Company for the Buyback is ₹ 522.00 Lac, which is 24.67% of the paid up equity share capital and free reserves as per the audited accounts of the Company for the financial year ended March 31, 2017.

The shareholding of the promoter and promoter group of the Company (the **“Promoter and Promoter Group”**) and persons in control as on the date of publication of the Public Announcement i.e. September 05, 2017 is as under:

Sr. No.	Name of Shareholder	No. of Equity Shares	% of equity shares
1.	Shri Gordhan P Tanwani	5,80,00,002	74.94
2.	Shri Pravin J Karia	8,000	0.001
	Total	5,80,08,002	74.95

In terms of the Buyback Regulations, under the Tender Offer route, Shri. Gordhan P. Tanwani and Shri. Pravin J. Karia, the Promoters of the Company have the option to participate in the Buyback. In this regard, Shri Gordhan P. Tanwani has expressed his intention vide letter dated July 27, 2017, to participate in the Buyback and offer up to 1,74,00,000 (One Crore Seventy Four Lacs) equity shares or any such lower number of shares in compliance with the Buyback Regulations/terms of the Buyback. In order to be in compliance with 10(4)(C) of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, the promoter director i.e. Shri. Gordhan P. Tanwani had not participated in the board meeting held on July 27, 2017 for approval of buyback. Further, the Promoter also did not participate in the postal ballot process for approval of buy-back.

Details of the date and price of acquisition /sale of the equity shares held by Shri. Gordhan P. Tanwani who 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 Tanwani

Date	No. of shares acquired/(sold)	Nominal Value	Acquisition/Sale Price	Consideration
		(in ₹)	(in ₹)	
12.08.2003	5,800	10	4.00	Open Offer
20.08.2003	16,00,000	10	2.50	Open Offer - Acquisition of equity shares under Share Purchase Agreement
20.08.2003	24,00,000	10	2.50	
28.08.2003	11,00,010	10	2.50	
23.03.2004	(47,680)	10	14.72	Open Market
24.03.2004	(73,150)	10	14.06	Open Market
25.03.2004	(73,832)	10	14.05	Open Market
02.11.2004	20,000	10	11.75	Open Market
03.11.2004	10,000	10	12.00	Open Market
04.11.2004	15,000	10	11.75	Open Market
05.11.2004	17,000	10	12.14	Open Market
08.11.2004	28,300	10	12.82	Open Market
10.11.2004	17,400	10	12.52	Open Market
11.11.2004	12,385	10	12.13	Open Market
12.11.2004	5,000	10	12.25	Open Market
28.12.2004	16,830	10	11.43	Open Market
29.12.2004	6,941	10	11.80	Open Market
30.12.2004	18,200	10	11.78	Open Market
31.12.2004	25,000	10	11.86	Open Market
02.02.2005	33,300	10	8.81	Open Market
04.02.2005	22,200	10	9.06	Open Market
07.02.2005	26,900	10	8.96	Open Market
08.02.2005	1,600	10	8.96	Open Market

Date	No. of shares acquired/(sold)	Nominal Value	Acquisition/ Sale Price	Consideration
		(in ₹)	(in ₹)	
09.02.2005	20,300	10	9.06	Open Market
15.02.2005	27,849	10	10.55	Open Market
16.02.2005	44,750	10	11.18	Open Market
23.02.2005	40,000	10	11.57	Open Market
24.02.2005	42,013	10	11.30	Open Market
25.02.2005	40,402	10	11.31	Open Market
Reduction of face value from ₹ 10/- to ₹ 4/- per equity share as approved by Bombay High Court vide its order dated February 11, 2005				
09.09.2005	45,500	4	19.39	Open Market
13.09.2005	25,941	4	20.50	Open Market
14.09.2005	53,000	4	20.60	Open Market
02.06.2006	(38,991)	4	24.82	Open Market
05.06.2006	(25,000)	4	22.42	Open Market
06.06.2006	(7,178)	4	21.51	Open Market
07.06.2006	(17,500)	4	19.95	Open Market
08.06.2006	(2,000)	4	18.42	Open Market
09.06.2006	(70,700)	4	17.20	Open Market
12.06.2006	(12,500)	4	17.00	Open Market
13.06.2006	(24,008)	4	16.67	Open Market
14.06.2006	(22,850)	4	17.10	Open Market
15.06.2006	(25,042)	4	16.88	Open Market
16.06.2006	(36,050)	4	17.64	Open Market
19.06.2006	(65,000)	4	17.40	Open Market
20.06.2006	(17,330)	4	17.77	Open Market
20.06.2006	(67,067)	4	18.49	Open Market
06.11.2006	(11,500)	4	26.91	Open Market
10.11.2006	(48,000)	4	22.80	Open Market
13.11.2006	(40,500)	4	23.06	Open Market
15.11.2006	(29,278)	4	23.75	Open Market
16.11.2006	(40,000)	4	23.91	Open Market
17.11.2006	(30,721)	4	23.11	Open Market
28.09.2007	(2,15,000)	4	50.47	Open Market
04.02.2008	(70,000)	4	27.14	Open Market
05.02.2008	(88,804)	4	29.25	Open Market
06.02.2008	(21,940)	4	27.21	Open Market
26.06.2008	6,00,000	4	44.00	Conversion of Warrants
11.07.2008	1,00,000	4	44.00	Conversion of Warrants
31.07.2008	2,00,000	4	44.00	Conversion of Warrants
25.08.2008	49,530	4	44.00	Conversion of Warrants
Total	54,49,530			
Post Stock Split from ₹ 4/- to ₹ 1/- per equity share				
Opening Balance	2,17,98,120	1	N.A.	-

Date	No. of shares acquired/(sold)	Nominal Value	Acquisition/Sale Price	Consideration
		(in ₹)	(in ₹)	
11.01.2010	(4,62,850)	1	12.17	Open Market
12.01.2010	(4,33,475)	1	11.97	Open Market
13.01.2010	(4,91,932)	1	12.00	Open Market
14.01.2010	(4,36,736)	1	12.18	Open Market
15.01.2010	(2,84,151)	1	12.42	Open Market
15.03.2010	50,27,024	1	--	Inter Se transfer by way of gift.
26.03.2010	16,00,000	1	--	Inter Se transfer by way of gift.
04.10.2010	2,63,16,000	1	--	Bonus in the ratio of 1:1
01.12.2011	49,378	1	7.99	Open Market
02.12.2011	42,105	1	8.00	Open Market
05.12.2011	38,100	1	8.00	Open Market
07.12.2011	34,800	1	7.78	Open Market
08.12.2011	40,731	1	7.30	Open Market
09.12.2011	44,305	1	7.32	Open Market
12.12.2011	41,485	1	7.36	Open Market
13.12.2011	57,945	1	7.19	Open Market
14.12.2011	50,988	1	7.27	Open Market
23.03.2012	2,00,117	1	7.49	Open Market
26.03.2012	29,383	1	7.30	Open Market
27.03.2012	54,237	1	7.50	Open Market
28.03.2012	1,41,475	1	7.58	Open Market
29.03.2012	78,949	1	8.53	Open Market
02.04.2012	56,196	1	9.00	Open Market
03.04.2012	62,228	1	9.00	Open Market
04.04.2012	51,000	1	9.00	Open Market
09.04.2012	60,000	1	9.00	Open Market
10.04.2012	72,000	1	9.00	Open Market
11.04.2012	61,600	1	8.50	Open Market
12.04.2012	27,110	1	8.50	Open Market
13.04.2012	1,14,316	1	8.00	Open Market
16.04.2012	1,23,859	1	8.00	Open Market
17.04.2012	1,06,960	1	7.78	Open Market
18.04.2012	58,026	1	7.77	Open Market
19.04.2012	1,44,708	1	7.50	Open Market
20.04.2012	43,756	1	7.50	Open Market
23.04.2012	80,520	1	7.50	Open Market
24.04.2012	1,15,990	1	7.47	Open Market
25.04.2012	77,500	1	7.49	Open Market
26.04.2012	1,59,899	1	7.17	Open Market
27.04.2012	1,66,572	1	7.50	Open Market
28.04.2012	690	1	7.50	Open Market
30.04.2012	1,78,100	1	7.50	Open Market

Date	No. of shares acquired/(sold)	Nominal Value	Acquisition/ Sale Price	Consideration
		(in ₹)	(in ₹)	
02.05.2012	1,56,245	1	7.43	Open Market
03.05.2012	1,72,640	1	7.22	Open Market
04.05.2012	1,35,084	1	7.17	Open Market
10.09.2012	1,85,000	1	6.33	Open Market
11.09.2012	1,43,998	1	6.53	Open Market
12.09.2012	1,27,278	1	6.82	Open Market
13.09.2012	141,261	1	6.73	Open Market
14.09.2012	1,87,608	1	6.91	Open Market
08.10.2012	1,30,964	1	5.82	Open Market
09.10.2012	1,54,309	1	6.28	Open Market
11.10.2012	3,00,000	1	6.09	Open Market
12.10.2012	2,02,041	1	6.17	Open Market
29.10.2012	1,75,000	1	5.98	Open Market
27.11.2012	13,500	1	5.95	Open Market
29.11.2012	30,000	1	6.05	Open Market
30.11.2012	28,208	1	6.19	Open Market
03.12.2012	601	1	6.07	Open Market
04.12.2012	23,160	1	6.49	Open Market
05.12.2012	824	1	6.29	Open Market
06.12.2012	6,765	1	6.46	Open Market
07.12.2012	36,000	1	6.60	Open Market
12.12.2012	80,000	1	6.69	Open Market
18.12.2012	3,013	1	6.10	Open Market
24.12.2012	5	1	6.20	Open Market
26.12.2012	6,020	1	6.76	Open Market
27.12.2012	4,557	1	6.82	Open Market
31.12.2012	1,700	1	6.70	Open Market
01.01.2013	743	1	6.80	Open Market
02.01.2013	1,899	1	6.44	Open Market
03.01.2013	1,761	1	6.89	Open Market
07.01.2013	3,150	1	6.97	Open Market
08.01.2013	25,000	1	7.45	Open Market
09.01.2013	6,456	1	7.10	Open Market
10.01.2013	13,629	1	7.42	Open Market
11.01.2013	48,076	1	7.57	Open Market
14.01.2013	37,039	1	7.92	Open Market
15.01.2013	16,624	1	8.15	Open Market
18.01.2013	2,700	1	7.95	Open Market
21.01.2013	4,698	1	7.88	Open Market
22.01.2013	305	1	7.99	Open Market
12.02.2013	3,411	1	5.87	Open Market
13.02.2013	500	1	6.00	Open Market

Date	No. of shares acquired/(sold)	Nominal Value	Acquisition/ Sale Price	Consideration
		(in ₹)	(in ₹)	
14.02.2013	2,800	1	6.00	Open Market
15.02.2013	914	1	5.20	Open Market
18.02.2013	202	1	5.20	Open Market
26.02.2013	600	1	5.20	Open Market
27.02.2013	1,000	1	5.60	Open Market
28.02.2013	8,970	1	5.83	Open Market
01.03.2013	2,400	1	6.00	Open Market
06.03.2013	4,540	1	5.65	Open Market
07.03.2013	2,079	1	6.06	Open Market
08.03.2013	97,500	1	6.01	Open Market
11.03.2013	1,979	1	7.17	Open Market
12.03.2013	234	1	7.48	Open Market
13.03.2013	2,281	1	6.04	Open Market
14.03.2013	683	1	6.23	Open Market
18.03.2013	41,000	1	6.00	Open Market
20.03.2013	992	1	5.40	Open Market
21.03.2013	2,462	1	5.99	Open Market
22.03.2013	2,322	1	5.80	Open Market
25.03.2013	18,463	1	6.44	Open Market
26.03.2013	28,578	1	8.23	Open Market
28.03.2013	39,319	1	8.85	Open Market
10.04.2013	2,552	1	6.41	Open Market
12.04.2013	936	1	6.00	Open Market
15.04.2013	1,677	1	6.30	Open Market
16.04.2013	2,383	1	6.37	Open Market
23.04.2013	360	1	6.35	Open Market
25.04.2013	6	1	6.15	Open Market
29.04.2013	190	1	6.00	Open Market
30.04.2013	2,200	1	6.15	Open Market
03.05.2013	1,525	1	6.02	Open Market
06.06.2013	1,450	1	6.05	Open Market
07.06.2013	3,300	1	6.00	Open Market
14.06.2013	10,000	1	5.98	Open Market
21.06.2013	38,400	1	6.00	Open Market
25.06.2013	20,000	1	6.00	Open Market
26.06.2013	23,490	1	6.37	Open Market
27.06.2013	28,000	1	6.48	Open Market
28.06.2013	1,20,001	1	6.38	Open Market
02.07.2013	72,350	1	6.35	Open Market
03.07.2013	50,000	1	6.29	Open Market
04.07.2013	80,000	1	6.24	Open Market
05.07.2013	43,950	1	6.26	Open Market

Date	No. of shares acquired/(sold)	Nominal Value	Acquisition/ Sale Price	Consideration
		(in ₹)	(in ₹)	
10.07.2013	5,000	1	6.00	Open Market
11.07.2013	800	1	6.00	Open Market
12.07.2013	16,550	1	6.05	Open Market
15.07.2013	12,000	1	6.45	Open Market
16.07.2013	50,000	1	6.05	Open Market
17.07.2013	16,351	1	6.05	Open Market
22.07.2013	10,630	1	6.50	Open Market
26.07.2013	2	1	5.75	Open Market
11.09.2013	83,796	1	5.65	Open Market
24.10.2013	2,599	1	6.05	Open Market
24.10.2013	(3)	1	-	Close Out
18.02.2014	7,354	1	5.75	Open Market
19.02.2014	1,051	1	5.75	Open Market
20.02.2014	4,499	1	5.75	Open Market
21.02.2014	3,596	1	5.75	Open Market
24.02.2014	500	1	5.75	Open Market
25.02.2014	62	1	5.75	Open Market
26.02.2014	9,600	1	5.75	Open Market
04.03.2014	10,000	1	6.00	Open Market
07.03.2014	4,250	1	6.15	Open Market
11.03.2014	1,053	1	6.27	Open Market
12.03.2014	169	1	6.10	Open Market
19.03.2014	3,085	1	5.99	Open Market
21.03.2014	4,605	1	5.93	Open Market
24.03.2014	1,27,901	1	6.04	Open Market
25.03.2014	93,375	1	6.07	Open Market
26.03.2014	1,42,265	1	6.02	Open Market
10.04.2014	15,700	1	5.89	Open Market
11.04.2014	9,926	1	5.98	Open Market
15.04.2014	5,104	1	6.00	Open Market
16.04.2014	1,996	1	5.99	Open Market
17.04.2014	3	1	6.00	Open Market
28.04.2014	500	1	6.00	Open Market
29.04.2014	1,900	1	6.00	Open Market
30.04.2014	4,600	1	6.00	Open Market
05.05.2014	4,000	1	6.00	Open Market
06.05.2014	8,500	1	5.99	Open Market
11.06.2014	50,000	1	6.06	Open Market
25.06.2014	9,500	1	5.91	Open Market
23.07.2014	36,000	1	6.08	Open Market
24.07.2014	2,01,618	1	6.19	Open Market
25.07.2014	1,59,825	1	6.24	Open Market

Date	No. of shares acquired/(sold)	Nominal Value	Acquisition/ Sale Price	Consideration
		(in ₹)	(in ₹)	
08.08.2014	(4,33,808)	1	6.02	Open Market
11.08.2014	(21,508)	1	6.29	Open Market
12.08.2014	(5,70,001)	1	5.93	Open Market
13.08.2014	(2,50,000)	1	5.81	Open Market
14.08.2014	(2,00,000)	1	5.86	Open Market
18.08.2014	(95,872)	1	6.28	Open Market
27.08.2014	(500)	1	6.70	Open Market
03.09.2014	(10,166)	1	6.85	Open Market
09.09.2014	(8)	1	6.80	Open Market
10.09.2014	(315)	1	6.71	Open Market
12.09.2014	(14,818)	1	7.00	Open Market
15.09.2014	(31,003)	1	6.98	Open Market
16.09.2014	(11,422)	1	7.00	Open Market
23.03.2015	2,53,994	1	5.00	Open Market
24.03.2015	4,34,171	1	5.00	Open Market
25.03.2015	3,75,000	1	5.00	Open Market
26.03.2015	3,81,594	1	5.00	Open Market
27.03.2015	5,82,399	1	5.00	Open Market
06.04.2015	4,38,249	1	5.00	Open Market
07.04.2015	5,38,978	1	5.26	Open Market
08.04.2015	3,02,175	1	5.47	Open Market
09.04.2015	2,82,300	1	5.51	Open Market
10.04.2015	4,98,576	1	5.63	Open Market
13.04.2015	2,00,000	1	5.58	Open Market
15.04.2015	2,47,210	1	5.64	Open Market
16.04.2015	2,38,671	1	5.36	Open Market
17.04.2015	1,98,530	1	5.50	Open Market
20.04.2015	5,638	1	5.25	Open Market
21.04.2015	2,497	1	5.10	Open Market
24.04.2015	419	1	5.05	Open Market
27.04.2015	32,400	1	5.05	Open Market
28.04.2015	5,01,300	1	5.31	Open Market
29.04.2015	4,80,000	1	5.33	Open Market
30.04.2015	7,00,000	1	5.22	Open Market
26.05.2015	51,50,757	1	6.50	Inter Se Transfer
26.07.2016	(1,19,96,585)	1	3.00	Shares tendered under Buyback offer
Total	5,80,00,002			
Maximum Shares intended to be tendered				1,74,00,000

As on date of this Letter of Offer, the Promoter and Promoter Group of the Company hold 74.95% of Equity Shares in the total outstanding equity share capital of the Company. For details with respect to Promoter and Promoter Group shareholding post Buyback please refer clause 13 of this

Offer Document. Pursuant to the proposed Buyback and depending on the response to the Buyback, the voting rights of the Promoter Group in the Company may increase or decrease from the existing shareholding of the total equity capital and voting rights of the Company. The Promoter Group of the Company are already in control over the Company and therefore such further increase or decrease in voting rights of the Promoter Group will not result in any change in control over the Company. The Promoter Group has given an undertaking that if, as a result of Buyback offer, the public shareholding of the Company falls below 25% of the total Paid up Share Capital of the Company, the Promoter Group will reduce their shareholding in such manner and in compliance with the second proviso to the Regulation 10(4)(c) of the SEBI (Substantial Acquisition of Shares and Takeover) Regulations, 2011, Regulation 38 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Regulation 19A of the Securities Contracts (Regulations) Rules 1957 and SEBI circular No. CIR/CFD/CMD/14/2015 dated November 30, 2015 so that the minimum public shareholding remains at or above 25%.

The Company shall comply with the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, wherever and if applicable. The Company hereby declares that it has complied with sections 68, 69 and 70 of the Companies Act, 2013 and the Companies (Share Capital and Debentures) Rules, 2014.

7. AUTHORITY FOR THE BUY BACK

- i. The Board of Directors of Baba Arts Limited ("**the Company**") at its meeting held on July 27, 2017 approved the proposal for maximum Buy Back of upto 1,74,00,000 (One Crore Seventy Four Lacs) fully paid-up equity shares of ₹ 1/- (Rupee One Only) each at a maximum price of ₹ 3/- (Rupees Three Only) per equity share for a total consideration not exceeding ₹5,22,00,000/- (Rupees Five Crore Twenty Two Lacs Only) which is 24.67% of the paid up equity share capital and free reserves as per the audited accounts of the Company for the financial year ended March 31, 2017 (**hereinafter referred to as "the Buy Back"**), through "**Tender Offer**" route pursuant to relevant provisions of Memorandum of Association and Article 63 of the Articles of Association of the Company and in accordance with Section 68 and all other applicable provisions of Companies Act, 2013 (**hereinafter referred to as "the Act"**) and Securities and Exchange Board of India (Buy Back of Securities) Regulations, 1998 ("**the Buy-back Regulations**").
- ii. The Board of Directors at their meeting approved the Postal Ballot Notice dated July 29, 2017 ("**Postal Ballot Notice**"), to seek the approval of the Shareholders of the Company for the Buyback, through a Special Resolution.
- iii. The Shareholders of the Company approved the Buyback of the Company's fully paid-up Equity Shares from the existing shareholders/beneficial owners, on a proportionate basis, through the tender offer process pursuant to Article no. 63 of the Articles of Association of the Company and in accordance with provisions of the Companies Act and the Buy-back Regulations, by way of a Special Resolution, through the postal ballot ("**Postal Ballot**"), the results of which were announced on September 04, 2017 ("**Shareholders' Approval**").
- iv. As per the authority given by the shareholders through the postal ballot resolution, the Board of Directors of the Company in its meeting held on September 04, 2017 has fixed the final price at which the buy back will be made at ₹ 3/- (Rupees Three Only) per share.
- v. The Buyback Price per Equity Share and the Buyback Size do not include transaction costs including brokerage costs, securities transaction taxes, GST, and stamp duty ("**Transaction Costs**"). The Buyback is subject to receipt of approvals of statutory, regulatory or governmental authorities if any as may be required under applicable laws, including the Securities and

Exchange Board of India (“SEBI”), and the stock exchange on which the Equity Shares are listed, namely, BSE Limited (“BSE” / “Stock Exchange”).

8. NECESSITY OF THE BUY BACK

The Company has accumulated substantial cash reserves out of the operations in the past. The Company doesn't have any expansion plans/new projects to be undertaken in near future and neither it has any debt to be repaid. The Company wishes to return the portion of the cash to the shareholders and propose to utilize the cash reserve to buyback its equity shares. It is also observed that the equity shares of Company are infrequently traded on the Stock Exchange limiting the opportunity for the shareholders to buy and sell equity shares. The buyback of equity shares shall also provide an opportunity to shareholders to offer their equity shares to the Company resulting in improvement in financial ratios and maximization of overall shareholders' value. With the above objective in mind, the Board of Directors of the Company has decided to recommend buy-back of up to 1,74,00,000 (One Crore Seventy Four Lacs) equity shares of face value of ₹1/- (Rupee One Only) each (representing 22.48% of the paid-up equity capital of the Company) at a maximum price of ₹3/- (Rupees Three Only) per Equity Share payable in cash for a total consideration not exceeding ₹5,22,00,000 (Five Crore Twenty Two Lacs Only). The buy-back is a more efficient form of distributing surplus cash to the equity shareholders compared to other alternatives including interim dividend, inter-alia, for the following reasons:

- i. The buy-back gives an option to the equity shareholders to either participate in the buy-back and receive cash in lieu of Equity Shares accepted under the buy-back or not to 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 of not more than ₹ 2,00,000 (Rupees Two Lacs Only) as on the Record Date (i.e; September 18, 2017) on the basis of closing price on the recognized stock exchange i.e. BSE Limited in which highest trading volume in respect of such equity shares.

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

- i. 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 investment income. In the event there is 100% acceptance of the equity shares tendered in the buyback from eligible shareholders on a proportionate basis, the funds deployed by the company towards the buyback would be ₹ 5,22,00,000/- (Rupees Five Crore Twenty Two Lacs Only).
- ii. In terms of the Buyback Regulations, under the tender offer route, the promoter and promoter group of the company have the option to participate in the Buyback. In this regard, Shri Gordhan P Tanwani, the promoter of the Company has expressed his intention by way of letter dated July 27, 2017 to participate in the Buyback Offer, and tender up to a maximum of 1,74,00,000 (One Crore Seventy Four Lacs) equity shares or such lower number of equity shares in compliance with the provision of the SEBI Buyback Regulations.
- iii. Assuming response to the Buyback is to the extent of 100% (full acceptance) from all the Equity Shareholders upto their entitlement, the aggregate shareholding of the Promoters, post

Buyback will increase to 76.57% from 74.95% pre Buyback, and the aggregate shareholding of the public in the Company shall decrease to 23.43% post Buyback from 25.05 % pre Buyback.

- iv. The buyback will not result in a change in the control or otherwise affect the existing management structure of the company.
- v. Consequent to the Buyback and based on the number of equity shares bought back from the Non-Resident shareholders, Indian financial institutions, banks, mutual funds and public including other bodies corporate, their shareholding would undergo a change.
- vi. The company does not have any debt, accordingly, there will be no change in the debt-equity ratio after the Buy-back.
- vii. We believe that the Buyback will not impact growth opportunities for the Company.
- viii. Salient financial parameters pursuant to the Buyback based on the audited financial statements as of March 31, 2017 of the company are as under:

Parameters (based upon audited results for the year ended 31/03/2017)	Pre Buyback	Post Buyback
Net Worth (₹ in lac) ⁽¹⁾	2374.35*	1852.35
Return on the Net Worth (%) ⁽²⁾	0.42	0.54
Earnings Per Share (in ₹) ^{(3) & (4)}	0.013	0.017 ⁽⁴⁾
Book Value Per Share (in ₹) ⁽⁵⁾	3.07	3.09 ⁽⁴⁾
Price / Earnings ^{(6) & (7)}	226.15	172.94
Total Debt /Equity Ratio(total debt/net worth) ⁽⁸⁾	Not Applicable	Not Applicable

Note :

(1) Net Worth is excluding revaluation reserves and miscellaneous expenditure to the extent not written off.

*Net worth comprises of ₹258 lakhs being Capital Redemption Reserve on account of previous Buy Back. Thus free reserves considered for computation of minimum amount of Buy Back is ₹2,116.35 lakhs (i.e Networth ₹ 2,374.35 lakhs less Capital Redemption Reserve ₹ 258 lakhs).

(2) Return on Net Worth = Profit After Tax/ Net Worth (excluding revaluation reserves)

(3) Earnings Per Share = Profit After Tax / Average number of shares outstanding for the period

(4) Earnings Per Share/ Book Value, post buyback is computed after reducing proposed buyback shares from average outstanding shares for the year

(5) Book Value Per Share = Net Worth (excluding revaluation reserves) / Number of shares at the end of the period

(6) Price / Earnings = Market value per share / Earnings per share

(7) Market value has been taken as ₹ 2.94 i.e; price on BSE Limited as September 05, 2017 (date of public announcement) for both pre and post buy back

(8) Total Debt/Equity Ratio = Total Debt / Networth

10. BASIS OF CALCULATING THE BUYBACK PRICE

- The Buy Back price of ₹ 3 (Rupees Three Only) per equity share has been approved by the equity shareholders of the Company via postal ballot, the results of which were announced on September 04, 2017.
- The volume weighted average prices of the equity shares of the Company for 2 weeks preceding the date of intimation to the Stock Exchange regarding the Board Meeting to consider the proposal of the buy-back is ₹ 2.95/- The maximum buy-back price of ₹3/- (Rupees Three Only) per equity share represents a premium of 1.56% 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.

11. SOURCES OF FUNDS FOR THE BUY BACK

- i. Assuming full acceptance, the funds that would be utilized by the Company for the purpose of the Buyback would be ₹ 5,22,00,000/- (Rupees Five Crores and Twenty Two Lac Only).
- ii. The funds for the Buy-Back will be sourced from current balances of cash and cash equivalents and/ or internal accruals of the Company. The Company does not intend to raise debt for the explicit purposes of the Buy-Back. Thus, borrowed funds will not be used for the Buy-Back.
- iii. The Buy-Back is not likely to cause any material impact on the earnings of the Company, except for the cost of financing the Buy-Back, being a reduction in the treasury income if any that the Company could have otherwise earned on the funds deployed

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

- i. In accordance with Regulation 10 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 August 31, 2017 pursuant to which an Escrow Account in the name and style "**Escrow Account – Baba Arts Limited – Buy Back Offer - 2017**" has been opened with the Escrow Agent. The Company has deposited cash of ₹ 1,30,50,000/- (Rupees One Crore Thirty Lacs Fifty Thousand Only) in the Escrow Account. This amount of cash deposited is 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.
- ii. The Company has adequate and firm financial resources to fulfill the obligations under the Buyback and the same has been certified by M/s. Prakash Muni & Associates, Statutory Auditors & Chartered Accountants, having its office at 303, The Eagle's Flight, Suren Road, Off Andheri Kurla Road, Near Western Express Highway Junction, Andheri (East), Mumbai 400093, signing through their partner Mr. Prakash R Muni (Membership No.: 030544; Firm Registration No.: 111792W), vide their certificate dated September 04, 2017.
- iii. Based on the above and surplus available with the Company as per audited financials as on March 31, 2017, 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

- i. 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:	
	7,74,00,000 Equity Shares of ₹ 1 each	7,74,00,000

- ii. 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:	
	6,00,00,000 Equity Shares of ₹ 1 each	6,00,00,000

- iii. The Company has not undertaken any Buyback of its Equity Shares in the last one Year from the date of the meeting of the Board in which the proposal for this Buyback was approved by the Board, i.e. July 27, 2017. The last buyback undertaken by the Company closed on July 18, 2016.
- iv. There are no partly paid up equity shares in the Company.
- v. There are no outstanding instruments convertible into Shares.
- vi. There are no amounts under calls in arrears
- vii. 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
Promoter and Promoter Group	5,80,08,002	74.95	4,59,43,350	76.57
Foreign Investors (Including ADRs, Non-Resident Indians, FIIs, FPIs, Foreign Nationals, and Overseas Corporate Bodies)	10,000	0.01	1,40,56,650	23.43
Financial Institutions/Banks, NBFCs & Mutual Funds	Nil	Nil		
Others (Public, Bodies Corporate, Clearing Members, Trusts and HUF)	1,93,81,998	25.04		
Total	7,74,00,000	100.00	6,00,00,000	100.00

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

- viii. There is no pending scheme of amalgamation or compromise or arrangement pursuant to any provisions of the Companies Act.
- ix. Assuming response to the Buyback to the extent of 100% (full acceptance) from all the Equity Shareholders upto their Buyback Entitlement, the aggregate shareholding of the Promoter and Promoter Group post the Buyback may increase to 76.57% from 74.95% prior to the Buyback.
- x. 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. July 27, 2017 at which the Board approved the proposal for Buyback and twelve months preceding the date of the Public Announcement i.e. September 05, 2017.

14. BRIEF INFORMATION OF THE COMPANY

i. History of the Company

Baba Arts Limited, a public limited company was incorporated under the Companies Act, 1956 on 30th March, 1999 in the name of Galaxy Digi Systems Limited. The Company had obtained Certificate of Commencement of business on 5th April, 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 5th October, 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 19th November, 2004. The Registered Office of the Company is situated at 3A, Valecha Chambers, New Link Road, Andheri (West), Mumbai 400053.

The business of the Company is providing post production services to entertainment industry, trading in Intellectual Property Rights (IPR) of Films, Film Production and Distribution.

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

Date of allotment/	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 FII & Mutual Fund	Cash
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 Rs 10,05,04,700 to Rs 4,02,01,880 consisting of 10450470 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

Date of allotment/	No. of shares	Cumulative no. of equity shares	Face value (₹)	Cumulative paid up capital (₹)	Type of issue	Consideration
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 Re. 1/- each.						
4/10/2010	5,16,00,000	10,32,00,000	1	10,32,00,000	Bonus	Bonus
26/07/2016	(2,58,00,000)	7,74,00,000	1	7,74,00,000	Buyback of Shares	Buyback of Shares

- iii. 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	Experience (Years)	Area of Experience	Qualification	Date of Appointment /re-appointment	Other directorship (name of the company & designation).
Shri Gordhan P Tanwani <i>Chairman & Managing Director</i> Age: 59 years Occupation: Business	34	Film Production And Distribution	Undergraduate	28/08/2003	DIRECTOR Indian Council of Impex for Films and TV Programmes
Shri Santosh A Shah <i>Independent Director</i> Age: 48 years Occupation: Chartered Accountant	26	Account, Taxation Audit	Chartered Accountant	25/03/2008	DIRECTOR 1 Kota Farm Services Ltd. 2 Solitaire Financial Solutions Pvt. Ltd. 3 Ravya Media Miners Pvt. Ltd. 4 Home Entertainment Pvt. Ltd. 5 Crouching Tiger Motion Pictures Pvt. Ltd. 6 Phantom Films Digital LLP (Designated Partner as Nominee of Select Media Holdings LLP.)

Name, Designation, Age and occupation	Experience (Years)	Area of Experience	Qualification	Date of Appointment /re-appointment	Other directorship (name of the company & designation).
Shri Sanjiv L Hinduja <i>Independent Director</i> Age: 53 years Occupation: Chartered Accountant	29	Accounts, Taxation Audit	Chartered Accountant	28/08/2003	NIL
Smt. Malavika A Acharya <i>Non Independent Director</i> Age: 56 years Occupation: Business	31	Film Production Interior Designing	B. Com Dip. In Business Management	01/04/2015	NIL

15. FINANCIAL INFORMATION ABOUT THE COMPANY

- i. The salient financial information of the Company as extracted from the standalone audited financial statements for the last three years being March 31, 2017, March 31, 2016 and March 31, 2015 are as under:

(₹ in Crores unless stated otherwise)

Particulars	Year Ended		
	March 31, 2017	March 31, 2016	March 31, 2015
Total Income	2.11	9.09	86.27
Total Expenses (Excluding Interest and Depreciation)	1.57	8.87	88.66
Interest	0.01	0.004	0.03
Depreciation	0.13	0.14	0.20
Profit before tax	0.10	0.08	(2.62)
Provision for tax (including Deferred Tax)	-	0.03	-
Profit/ (Loss) after tax	0.10	0.04	(2.62)
Equity Share Capital	7.74	10.32	10.32
Reserves & Surplus*	16.00	21.06	21.01
Networth*	23.74	31.38	31.33
Loan Funds			
- Secured Loans	-	-	-
- Unsecured Loans	-	-	-

*Excluding revaluation reserves and miscellaneous expenditure to the extent not written off

Key Financial Ratios

Particulars	Year Ended		
	March 31, 2017	March 31, 2016	March 31, 2015
Key Ratios			
Earnings per Share – Basic & diluted (₹) ⁽¹⁾	0.013	0.004	(0.25)
Book Value Per Share (₹) ⁽²⁾	3.07	3.04	3.04
Return on Net worth (%) ⁽³⁾	0.42	0.13	(8.36)
Debt-Equity Ratio ⁽⁴⁾	-	-	-

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 (excluding Revaluation Reserves)/ Number of Shares at the end of the period
(3) Return on Net Worth = Profit After Tax/ Net Worth (excluding revaluation reserves)
(4) Debt-Equity Ratio = Total Debt/ Net Worth (excluding revaluation reserves)

16. STOCK MARKET DATA

- i. The Equity Shares are currently listed and traded only on BSE.
- ii. 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 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 2016-17	4.48	03/11/2016 (11301)	1.97	01/04/2016 (38)	2.98	53,33,043
FY 2015-16	6.04	23/04/2015 (6441)	1.79	29/02/2016 (8101)	3.04	92,71,999
FY 2014-15	9.88	01/12/2014 (116110)	4.5	23/03/2015 (313717)	6.27	1,84,50,094

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 6 MONTHS						
August 2017	2.98	28/08/2017 (2655)	2.56	21/08/2017 (1854)	2.80	3,95,938
July 2017	4.00	21/07/2017 (15015)	2.70	27/07/2017 (279436)	3.06	10,58,132
June 2017	3.40	09/06/2017 (1330)	2.75	30/06/2017 (25366)	3.07	59,503
May 2017	3.20	10/05/2017 (8463)	2.75	30/05/2017 (2036)	2.98	94,100
April 2017	4.47	13/04/2017 (27077)	2.66	28/04/2017 (8944)	3.35	3,55,986
March 2017	3.89	02/03/2017 (5230)	2.90	29/03/2017 (1013)	3.40	1,04,747

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.

- iii. The closing market price of the Equity Shares of the Company on BSE as on July 26, 2017, i.e. the trading day before the date of the Board Meeting was ₹ 2.85 per Equity Share.
- iv. The closing market price of the Equity Shares of the Company on BSE on July 28, 2017, i.e. the trading day immediately after the Board Meeting was ₹ 2.90 per Equity Share

17. DETAILS OF THE STATUTORY APPROVALS

- i. 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.
- ii. Non-Resident Shareholders (excluding OCBs) permitted under general permission under the consolidated Foreign Direct Investment policy issued by the Government of India read with applicable FEMA Regulations, are not required to obtain approvals from RBI.
- iii. As of date, 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

18. DETAILS OF THE REGISTRAR TO THE BUY BACK AND COLLECTION CENTRE**REGISTRAR TO THE BUY BACK:****Universal Capital Securities Private Limited**

21, Shakil Niwas, Mahakali Caves Rd.

Andheri (E), Mumbai 400093

Contact Person : Mr. Ravi Utekar

Phone : 022 28207203

Email: deva@unisec.in

Eligible Sellers are requested to submit their Form(s) and requisite documents either by registered post/ courier to the Registrar to the Buyback, superscribing the envelope as “**Baba Arts Buyback Offer 2017**”, or hand deliver the same to the office of the Registrar.

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

19. PROCESS AND METHODOLOGY FOR THE BUYBACK**I. Record Date**

- a. The Board in its meeting held on September 04, 2017 has announced September 18, 2017 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.
- b. The Equity Shares to be bought back as a part of this Buyback are divided into two categories:
 - i. Reserved category for Small Shareholders (“**Reserved Category**”); and
 - ii. General Category for other Eligible Sellers (“**General Category**”).
- c. As defined in the Buyback Regulations, Small Shareholder includes a shareholder, who holds shares whose market value, on the basis of closing price on the recognized stock exchange registering the highest trading volume, as on Record Date, is not more than Two Lakh Rupees. As on Record Date, the closing price on BSE was ₹ 2.88/-; Accordingly all Shareholders holding not more than 69,444 Equity Shares as on the Record Date are classified as “Small Shareholders” for the purpose of the Buyback Offer.
- d. Based on the above definition, there are 2,028 Small Shareholders in the Company with aggregate shareholding of 62,85,504 Equity Shares as on the Record Date, which constitutes 8.12% of the outstanding number of Equity Shares of the Company and 36.12% of the maximum number of Equity Shares which the Company proposes to buy back as a part of this Buyback.
- e. In compliance with Regulation 6 of the Buyback Regulations, the reservation for the Small Shareholders, will be higher of:
 - i. Fifteen percent of the number of Equity Shares which the Company proposes to Buyback i.e. 15% of 1,74,00,000 Equity Shares which works out to 26,10,000 Equity Shares; or

- ii. The number of Equity Shares entitled as per their shareholding as on Record Date i.e; September 18, 2017 which works out to be 26,11,167 Equity Shares.

Note:

1. All the outstanding fully paid-up Equity Shares have been used for computing the Buyback Entitlement of Small Shareholders since the Promoter and Promoter Group also intend to offer Equity Shares held by them in the Buyback.
 2. Based on the above and in accordance with Regulation 6 of the Buyback Regulations, 26,11,167 [(Rounded off)] fully paid-up Equity Shares have been reserved for Small Shareholders. Accordingly, General Category for all other Equity Shareholders shall consist of 1,47,88,833 Equity Shares.
- f. 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	26,11,167 Equity Shares out of 62,85,504 fully paid- up Equity Shares held on the Record Date.
General category for all other Equity Shareholders	1,47,88,833 Equity Shares out of 7,11,14,496 fully paid- up Equity Shares held on the Record Date.

II. Fractional Entitlements:

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 of entities belonging to promoter.

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.

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

Subject to the provisions contained in the Offer Document, 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 Clause 19. (III) (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 results in case of proportionate Acceptance, as described in Clause 19. (III) (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.

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

Subject to the provisions contained in the Offer Document, 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 (IV) (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. (IV) (a) and (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.

V. Basis of Acceptance of Equity Shares between Categories

- a. 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.

- b. Adjustment for fraction results in case of proportionate Acceptance, as defined in clause 19. (IV) (a) 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.

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

- a. 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;
- b. 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
- c. 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.

20. PROCEDURE FOR TENDER OFFER AND SETTLEMENT

- I. The Buyback is open to all Eligible Sellers.
- II. The Company proposes to effect the Buyback through a tender offer method, on a proportionate basis. The Letter of Offer and Tender Form, outlining the terms of the Buyback as well as the detailed disclosures as specified in the Buyback Regulations, will be sent to Eligible Sellers.
- III. The Company will not accept any Equity Shares offered for Buyback which are under any restraint order of a court for transfer/ sale of such shares
- IV. The Company shall comply with Regulation 19(5) of the Buyback Regulations which states that the Company shall not buyback the locked-in Equity Shares and non-transferable Equity Shares till the pendency of the lock-in or till the Equity Shares become transferable.
- V. Eligible Sellers will have to transfer the Equity Shares from the same demat account in which they were holding the Equity Shares as on the Record Date and in case of multiple demat accounts, Eligible Sellers are required to tender the applications separately from each demat account.

- VI. The Company shall accept all the Equity Shares validly tendered for the Buyback by Eligible Sellers, on the basis of their Buyback Entitlement as on the Record Date.
- VII. As elaborated under clause 19. (V) 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 Sellers, and the Buyback Entitlement of a Eligible Seller in each category shall be calculated accordingly.
- VIII. 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 Sellers in that category, and thereafter, from Eligible Sellers who have tendered over and above their Buyback Entitlement, in other category.
- IX. The Buyback shall 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 and following the procedure prescribed in the Companies Act and the Buyback Regulations and as may be determined by the Board (including the Committee authorized to complete the formalities of the Buyback) and on such terms and conditions as may be permitted by law from time to time.
- X. For implementation of the Buyback, the Company has appointed Ventura Securities 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:
- Ventura Securities Limited**
8th. Floor, Tower B, I Think Techno Campus,
Behind Viviana Mall, Off. Pokhran Road No.2,
Thane - 400607
Contact Person: Mr. D.P Singh; **Email:** compliance@ventura1.com
Tel: +91 22 67547000; **Fax:** +91 22 25498580
Website: www.ventura1.com
- XI. BSE has been appointed as the “**Designated Stock Exchange**” to provide a separate “**Acquisition Window**” to facilitate placing of sell orders by Eligible Shareholders who wish to tender their Shares in the Buy Back. The details of the platform will be as specified by BSE, from time to time.
- XII. In the event Selling Member of any Eligible Shareholder is not registered with BSE trading member / stock broker, then that Eligible Shareholder can approach any BSE registered stock broker and can register himself by using quick unique client code (UCC) facility through that BSE registered stock broker (after submitting all details as may be required by such BSE registered stock broker in compliance with applicable law). In case the Eligible Shareholder is unable to register himself by using quick UCC facility through any other BSE registered stock broker, then that Eligible Shareholder may approach the Company’s Broker, viz. Ventura Securities Limited, to register himself by using quick UCC facility.
- XIII. The Company will request BSE to provide the separate acquisition window to facilitate placing of sell orders by shareholders who wish to tender Equity Shares in the Buyback. The details of the platform will be specified by BSE from time to time.
- XIV. All Eligible Sellers may place orders in the Acquisition Window, through their respective stock brokers (“**Seller Member(s)**”).

- XV. During the Tendering Period, the order for selling the Equity Shares will be placed in the acquisition window by Eligible Sellers through their respective Seller Members during normal trading hours of the secondary market.
- XVI. Seller Members can enter orders for Equity Shares in demat form as well as Equity Shares in physical form.
- XVII. 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 Equity Shares shall be clubbed and considered as “one” bid for the purposes of Acceptance.
- XVIII. The cumulative quantity tendered shall be made available on BSE's website, www.bseindia.com, throughout the trading session and will be updated at specific intervals during the Tendering Period.
- XIX. 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.
- XX. Procedure to be followed by Equity Shareholders holding Equity Shares in the dematerialised form**
- a. Shareholders who desire to tender their Equity Shares in the electronic form under the Buyback would have to do so through their respective Seller Member by indicating to their Seller Member the details of Equity Shares they intend to tender under the Buyback.
 - b. The Eligible Seller/ Seller Member would be required to transfer the number of Equity Shares by using the settlement number and the procedure prescribed by the clearing corporation for the transfer of the Equity Shares to the special account of clearing corporation before placing the bids/ orders and the same shall be validated at the of order entry.
 - c. The details of the special account of clearing corporation shall be informed in issue opening circular that will be issued by BSE/ clearing corporation.
 - d. For Custodian Participant orders for Equity Shares in demat form, early pay-in is mandatory prior to confirmation of order by custodian. The custodian shall either confirm or reject the orders not later than 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, order modification shall revoke the custodian confirmation and the revised order shall be sent to custodian again for confirmation.
 - e. Upon placing the bid, the Seller Member shall provide a Transaction Registration Slip (“TRS”) generated by the exchange bidding system to the Shareholder. TRS will contain the details order submitted like Bid ID No., Application No., DP ID, Client ID, No. of Equity Shares tendered etc.
 - f. Eligible Sellers who have tendered their Equity Shares in the Buyback shall hand deliver Tender Form duly signed (by all Equity Shareholders in case shares are in joint names) in same order in which they hold the Equity Shares, along with (i) the TRS generated by the exchange bidding system at the office (mentioned in section 18 of this Letter of Offer) of Registrar to the Buyback Offer. TRS will be generated by the respective Seller Members. Equity Shareholders who cannot hand deliver the Tender Form and other documents at the office of Registrar to the Buyback Offer, may send the same by registered post/ speed post, at their own risk, superscribing the envelope as “**Baba Arts Buyback Offer 2017**”, to the Registrar to the Buyback Offer at

their office mentioned on the cover page of this Offer Document, so that the same are received not later than 2 (two) days from the Closing Date i.e. by November 02, 2017, 2017 (till 5 PM).

- g. All the Eligible Sellers 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. Duly attested power of attorney, if any person other than the Eligible Seller has signed the Tender Form;
 - ii. Duly attested death certificate and succession certificate/ legal heirship certificate, in case any Eligible Seller has expired; and
 - iii. In case of companies, the necessary certified corporate authorizations (including board and/ or general meeting resolutions).
- h. 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.
- i. The Eligible Sellers 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 prorated buyback decided by the Company.

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

- a. Equity Shareholders who are holding physical Equity Shares and intend to participate in the Buyback are required to approach their respective Seller Member along with the complete set of documents for verification procedures to be carried out including the:
 - 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) duly filled and signed by the transferors (i.e. by all registered Equity 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):
 - a. Duly attested Power of Attorney if any person other than the Equity Shareholder has signed the relevant Tender Form;
 - b. Notarized copy of death certificate/ succession certificate or probated will, if the original Equity Shareholder has deceased;
 - c. Necessary corporate authorisations, such as Board Resolutions etc., in case of companies;
 - vi. In addition to the above, if the address of the Equity Shareholder has undergone a change from the address registered in the Register of Members of the Company, the Equity Shareholder would be required to submit a self-attested copy of address proof consisting of any one of the following documents: valid Aadhar Card, Voter Identity Card or Passport.

- b. Seller Member should place bids on the Acquisition Window with relevant details as mentioned on the physical share certificate(s). Upon placing the bid, the Seller Member shall provide a Transaction Registration Slip (“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.
- c. After placement of bid, as mentioned in clause 20. (XIX)(b) above, the Seller Member must ensure delivery of Tender Form, TRS, original share certificate(s), valid share transfer form(s) and other documents (as mentioned in clause 20. (XIX) (a) above) either by registered post or courier or hand delivery to the Registrar and Transfer Agent (“RTA”) (at the address mentioned on the cover page and mentioned in clause 18(II) above) not later than 2 (two) days from the Closing Date i.e. latest by November 02, 2017, 2017 (by 5 PM). The envelope should be superscribed as “**Baba Arts Buyback Offer 2017**”. One copy of the TRS will be retained by RTA and it will provide acknowledgement of the same to the Seller Member.
- d. Equity Shareholders holding physical Equity Shares should note that physical Equity Shares will not be accepted unless the complete set of documents is submitted. Acceptance of the physical Equity Shares for Buyback by the Company shall be subject to verification as per the Buyback Regulations and any further directions issued in this regard. RTA will verify such bids based on the documents submitted on a daily basis and till such time the BSE shall display such bids as “Unconfirmed Physical Bids”. Once, RTA confirms the bids it will be treated as “Confirmed Bids”.
- e. All documents as mentioned above, shall be enclosed with the valid Tender Form, otherwise the Equity Shares tendered will be liable for rejection. The Equity Shares shall be liable for rejection on the following grounds amongst others: (i) If there is any other company’s share certificate enclosed with the Tender Form instead of the Equity Share certificate of the Company; (ii) If the transmission of Equity Shares is not completed, and the Equity Shares are not in the name of the Eligible Sellers; (iii) If the Eligible Sellers tender Equity Shares but the Registrar does not receive the Equity Share certificate; (iv) In case the signature on the Tender Form and Form SH 4 doesn’t match as per the specimen signature recorded with Company/RTA.
- f. In case any person has submitted Equity Shares in physical form for dematerialization, such Equity Shareholder should ensure that the process of getting the Equity Shares dematerialized is completed well in time so that they can participate in the Buyback Offer before Closing Date.

XXII. For Equity Shares held by Eligible Sellers, being Non-Resident Shareholders of Equity Shares (Read with clause 17 “DETAILS OF THE STATUTORY APPROVALS”):

- a. Eligible Sellers, being Non-Resident Shareholders of Equity Shares (excluding FIIs) shall also enclose a copy of the permission received by them from RBI, if applicable, to acquire the Equity Shares held by them.
- b. In case the Equity Shares are held on repatriation basis, the Non-Resident Eligible Seller shall obtain and enclose a letter from its authorized dealer/ bank confirming that at the time of acquiring the said Equity Shares, payment for the same was made by the non-resident Eligible Seller from the appropriate account (e.g. NRE a/c.) as specified by RBI in its approval. In case the Non- Resident Eligible Seller is not in a position to produce the said certificate, the Equity Shares would be deemed to have been acquired on non repatriation basis and in that case the Non-Resident Eligible Seller 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 Equity Shares accepted under the Buyback.

- c. If any of the above stated documents, as applicable, are not enclosed along with the Tender Form, the Equity Shares tendered under the Buyback Offer are liable to be rejected.

XXIII. In case of non-receipt of this Letter of Offer:

- a. **In case the Equity Shares are in dematerialised form:** An Eligible Seller may participate in the Offer by downloading the Tender Form from the website of the Company i.e. www.babaartslimited.com or by providing their application in writing on plain paper, signed by all Equity Shareholders, stating name and address of Shareholder(s), number of Equity Shares held as on the Record Date, Client ID number, DP Name/ ID, beneficiary account number and number of Equity Shares tendered for the Buyback.
- b. **In case the Equity Shares are in physical form:** An Eligible Seller may participate in the Offer by providing their application in writing on 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, enclosing the original share certificate(s), copy of Equity Shareholders' PAN card(s) and executed share transfer form in favour of the Company. The transfer form SH-4 can be downloaded from the Company's website.

Equity Shareholders must ensure that the Tender Form, along with the TRS and requisite documents (as mentioned in clause 20 (XIX) (a) above), reach the collection centres not later than 2 (two) days from the Closing Date i.e November 02, 2017, 2017 (by 5 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.

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

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. Eligible Seller(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.

XXIV. Non-receipt of this Letter of Offer by, or accidental omission to dispatch this Letter of Offer to any Eligible Seller, shall not invalidate the Buyback Offer in any way.

XXV. 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.

XXVI. 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.
 - b. The Company will pay the consideration to the Company's Broker on or before the pay-in date for settlement. For Equity Shares accepted under the Buyback, the Seller Member/ Custodian Participant will receive funds payout in their settlement bank account. The Seller Members/ Custodian Participants would pay the consideration to their respective clients. The payment of consideration to all Shareholders validly participating in the Buyback will be made in Indian National Rupees.
 - c. The Equity Shares bought back in the demat form would be transferred directly to the demat account of the Company (the **"Company Demat Account"**) provided it is indicated by the Company's Broker or it will be transferred by the Company's Broker to the Company Demat Account on receipt of the Equity Shares from the clearing and settlement mechanism of the Stock Exchange.
 - d. Excess demat Equity Shares or unaccepted demat Equity Shares, if any, tendered by the Eligible Sellers would be returned to the respective Seller Members by clearing corporation as part of the exchange payout process, not later than November 09, 2017. In case of Custodian Participant orders, excess demat Equity Shares or unaccepted demat Equity Shares, if any, will be returned to the respective Custodian Participant. The Seller Members/ Custodian Participants would return these unaccepted Equity Shares to their respective clients on whose behalf the bids have been placed.
 - e. Equity Shares in physical form, to the extent tendered but not accepted, will be returned to the Shareholders directly by RTA. Share certificates in respect of unaccepted/ rejected Equity Shares and other documents, if any, will be sent by Registered Post/ Speed Post at the Equity Shareholders' sole risk to the sole/ first Shareholder (in case of joint Equity Shareholders), at the address recorded with the Company, not later than November 09, 2017.
 - f. Every Seller Member, who puts in a valid bid on behalf of an Eligible Seller, would issue a contract note and pay the consideration for the Equity Shares accepted under the Buyback 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.
- XXVII. Equity Shareholders who intend to participate in the Buyback should consult their respective Seller Members for payment to them of any cost, applicable taxes, charges and expenses (including brokerage) that may be levied by the Seller Member upon the selling Equity Shareholders for tendering Equity Shares in the Buyback (secondary market transaction). The Buyback consideration received by the selling Equity Shareholders from their respective Seller Members, in respect of accepted Equity Shares, could be net of such costs, applicable taxes, charges and expenses (including brokerage) and the Company accepts no responsibility to bear or pay such additional cost, applicable taxes, charges and expenses (including brokerage) incurred solely by the selling Shareholders
- XXVIII. 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 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. CLASSIFICATION OF SHARES AND SHAREHOLDERS

Based on the provision of Income Tax Act, shares can be classified under the two categories:

- Shares held as investment (Income from transfer taxable under the head "Capital Gain")
- Shares held as stock -in-trade (Income from transfer taxable under the head "Profits and Gain from Business or Profession")

Based on the provisions of the Income Tax Act, Shareholders can be classified under the following categories:

Resident Shareholders being:

- Individuals, HUF, AOP and BOI
- Others

Non Resident Shareholders being:

- NRIs
- FIIs
- Others

Company

Other than Company

2. SHARES HELD AS INVESTMENT

For non residents, taxability of capital gains would be subject to beneficial provisions of the applicable double taxation avoidance agreement ('DTAA').

The Taxability as per provisions of the Income Tax Act is discussed below:

Nature of the Capital gain as per the provision of the Income Tax Act:

As per the Provision of the Income Tax Act, for the purpose of determining as to whether the capital gains are short- term or long -term in nature:

- Where a capital asset, being listed equity shares of the Company being bought back, is held for a period of less than or equal to 12 months prior to the date of transfer, the same shall be treated as a short- term capital asset, and the gain arising there from shall be taxable as short-term capital gains (STCG).
- Similarly, where listed equity shares are held for a period of more than 12 months prior to the date of transfer, the same shall be treated as a long- term capital asset, and the gain arising there from shall be taxable as long- term capital gains (LTCG).

Capital gains on buy back of shares are governed by the provision of section 46A of the Income Tax Act.

As per the provision of section 46A, buy back of shares held as investment, would attract capital gain in the hands of shareholder as per provision of section 48 of the Income Tax Act.

Buyback of shares through a recognized stock exchange

Where transaction for transfer of such equity shares (i.e. buyback) is entered into through a recognized stock exchange and such transaction is chargeable to Securities Transaction Tax (STT) the Taxability is as under (for all categories of shareholders):

LTCG arising from such transaction would be exempt under section 10(38) of the Income Tax Act; and STCG arising from such transaction would be subject to Tax @ 15% under section 111A of the Income Tax Act. Further, in the Case of resident Individual or HUF, the benefit of the maximum amount which is not chargeable to Income Tax is considered while computing the tax on such STCG. In addition to the above STGC tax, Surcharge, Education Cess and Secondary and Higher Education Cess are leviable as under:

In case of foreign companies and FII's: Surcharge @ 5 % is leviable where the total income exceeds ₹ 10 crores and 2 % where the total income exceeds ₹ 1 Crore. Education Cess @ 2 % and Secondary and Higher Education Cees @ 1 % is leviable in all cases.

In case of other Non- Resident assesses (i.e. other than foreign companies): Surcharge @ 10 % is leviable where the total income exceeds ₹ 50 Lakh and upto ₹1 Crore. Surcharge @15% is leviable where the total income exceeds ₹ 1 Crore. Further, Education Cess @ 2% and Secondary and Higher Education Cess @ 1 % is leviable in all cases.

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 is leviable in all the cases .

In case of resident assesses (i.e. other than domestic companies): Surcharge @ 10 % is leviable where the total income exceeds ₹ 50 Lakh and upto ₹1 Crore. Also, Education Cess @ 2 % and Secondary and Higher Education Cess @ 1 % is leviable.

All the above rates (especially for Non-Residents)are to be read subject to the provisions of Sections 206AA of the Act.

3. SHARES HELD AS STOCK-IN-TRADE

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 provision of section 46A of the Income Tax Act would not apply.

Resident Shareholders

For the Individuals, HUF, AOP, BOI, profits would be taxable at slab rates.

For a domestic company, as per provision of section 112 of the Act, LTCG arising on transfer of listed securities not exempt under Section 10(38) of the Act are subject to tax at the rate of 20% with indexation benefits. If the tax payable on transfer of listed securities exceeds 10% of the LTCG, excess tax should be ignored for the purpose of computing tax payable by the assessee. The indexation benefits are however not available in case shares are acquired in foreign currency. In such a case, the capital gain shall be computed in the manner prescribed under the first provision to section 48.

In addition to the above, in the 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 all other cases, Surcharge @ 10% is leviable where the total income exceeds ₹ 50 Lakhs and upto ₹1 crore. Surcharge @ 15% is leviable where the total income exceeds ₹1 Crore. Education Cess @ 2% and secondary and Higher Education Cees @ 1% is leviable in all cases.

Non Resident Shareholders

For Non residents, taxability of profit as business income would be subject to beneficial provision of applicable DTAA.

Where DTAA provision not applicable:

For Non residents individual, HUF, AOP, BOI, profits would be taxable at slab rates. For foreign companies, profit would be taxed in India @ 40%. For the other Non Residents shareholders, such as foreign firms, profit would be taxed in India @ 30%. There is separate chapter dealing with the taxability of FII's.

In addition to the above, in the case of foreign companies and FII's, Surcharge @ 5% is leviable where the total income exceeds ₹ 10 Crores and @ 2% where the total income exceeds ₹ 1 Crore. In all other cases, Surcharge @ 10% leviable where the total income exceeds ₹ 50 Lakhs and up to ₹1 Crore. Surcharge @15% is leviable where total income exceeds ₹ 1 Crore. Education cess @ 2% and Secondary Higher Education Cess @ 1% is leviable in all cases.

TAX DEDUCTION AT SOURCE**In case of resident Shareholders**

In absence of any specific provision under the Income tax Act, the company shall not deduct tax on the consideration payable to the resident shareholders pursuant to the Buyback.

In case of Non- resident Shareholders

Since the Buyback is through the stock exchange, the responsibility of discharge of the tax due on the gains (if any) is on the Non Resident shareholder. It is therefore recommended Non-Resident shareholder may consult their Custodian / Authorized Dealers / Tax Advisors appropriately.

22. DECLARATION BY THE BOARD OF DIRECTORS

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

- i. Immediately following the date of convening of the Board Meeting at which the buy-back of the Company's equity shares is approved and the date on which the results of the Postal Ballot will be declared, there will be no grounds on which the Company can be found unable to pay its debts.
- ii. As regards the Company's prospects for the year immediately following the date of the Board Meeting as well as the year immediately following the date on which the results of the Postal Ballot will be declared approving the buy-back, and having regard to the Board's intentions with respect to the management of the Company's business during that year and to the amount and character of the financial resources, which will, in the Board's view, be available to the Company during that year, the Company will be able to meet its liabilities as and when they fall due and will not be rendered insolvent within a period of one year from the date on which the results of the Postal Ballot will be declared.
- iii. In forming its opinion aforesaid, the Board has taken into account the liabilities (including prospective and contingent liabilities) as if the Company were being wound up under the provisions of the Act.

23. AUDITORS CERTIFICATE

The text of the Report dated July 29, 2017 received from Prakkash Muni & Associates, 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-400053

Dear Sirs,

Proposed Buy-Back of Equity Shares

In connection with the proposal of the Company to buy back its equity shares as approved by the Board of Directors in its meeting held on July 27, 2017, in pursuance of the provisions of section 68 of the Companies Act, 2013 (**Act**) and the Securities & Exchange Board of India (Buy Back of Securities) Regulations 1998, as amended, (**SEBI Buyback Regulations**), and based on the information and explanations given to us which were to the best of our knowledge and belief necessary for this purpose, we report that

1. We have examined the audited financial statements of the Company for the year ended March 31, 2017 & inquired into the state of affairs of the Company.
2. In our opinion the amount of maximum permissible capital payment (including premium) towards the proposed buyback of equity shares as computed in the table below is properly determined in accordance with sec. 68(2)(c) of the act.

Particulars as on March 31, 2017	₹ (in Lakhs)	₹ (in Lakhs)
Paid up Share Capital of face value Re 1 each	-	774.00
Free Reserves:		
a) Securities Premium Account	202.43	
b) General Reserves	110.00	
c) Profit & Loss Account	1029.92	
Total Free Reserves		1342.35
Total Paid Up Capital & Free Reserves		2116.35
Maximum amount permissible for Buy-back under section 68 of the act i.e.25% of the total paid up capital and free reserves with the shareholders approval		529.09
Maximum amount permitted by Board Resolution dated July 27, 2017 approving buyback, subject to shareholder approval based on audited financial statement for the year ended March 31, 2017		522.00

- The above calculations / workings of this limits and the proposed buy back of equity shares of the Company is subject to the Company complying with terms of the Companies Act, 2013 and subsequent amendment thereto and / or any other rules and regulations prescribed and enforce for the time being.
- The Board of Directors in their meeting held on 27th July, 2017 have formed their opinion, as specified in clause (x) of Part A of Schedule II of 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 1 year from the date of passing of the board resolution.

This report has been prepared for and only for the Company and is in reference to proposed buy-back of Equity Shares in pursuance of the provisions of the Act and the Regulations and for no other purpose. We do not accept or assume any liability or duty of care for any other purpose, save where expressly agreed by our prior consent in writing.

Thanking You,
Yours faithfully

For Prakash Muni & Associates
Chartered Accountants
Firm Registration No.111792W

Prakash R. Muni
PARTNER
Membership No.030544
Date:29th July, 2017

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, 2017, 2016 and 2015.
- IV. Copy of resolution passed by the Board of Directors at its meeting held on July 27, 2017 approving the proposal of the Buyback.
- V. Copy of resolution passed by the Board of Directors at its meeting held on September 04, 2017 fixing the Buy Back price and announcing the Record date for determining the Buyback Entitlement and the names of Eligible Sellers.
- VI. Certificate dated July 29, 2017 received from M/s. Prakkash Muni & Associates, the Statutory Auditors of the Company, in terms of clause (xi) of Part A to Schedule II of the Buyback Regulations.
- VII. Copy of Public Announcement dated September 04, 2017 published in the newspapers on September 05, 2017 regarding Buyback
- VIII. Copy of Declaration of Solvency and an affidavit verifying the same as per Form SH-9 of the Companies (Share Capital and Debentures) Rules, 2014.
- IX. Certificate from M/s. Prakkash Muni & Associates, Chartered accountants, dated September 04, 2017, 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 August 31, 2017 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 September 09, 2017 that the Escrow Account has been opened and Escrow Amount has been deposited.
- XII. SEBI comments vide letter dated October 03, 2017 issued in terms of the Buyback Regulations.

25. DETAILS OF THE COMPLIANCE OFFICER

Shri. N.H.Mankad
Company Secretary & Compliance Officer
Baba Arts Limited
3A, Valecha Chambers
New Link Road, Andheri (West)
Mumbai 400053
E-mail: babaartslimited@yahoo.com, investors@babaartslimited.com
Phone: 022 26733131, **Fax:** 022 26733375

Investors may contact the Compliance Officer for any clarification or to address their grievances, if any, during office hours i.e. 10.00 a.m. to 5.00 p.m. on all working days except Saturday, Sunday and public holidays.

26. DETAILS OF THE REMEDIES AVAILABLE TO THE EQUITY SHAREHOLDERS

- i. 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.
- ii. 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

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 10.00 a.m. and 5.00 p.m. at the following address:

Universal Capital Securities Private Limited

21, Shakil Niwas, Mahakali Caves Rd.

Andheri (E), Mumbai 400093

Tel: +91-22- 28207203; **Fax:** +91-22- 28207207

Email: deva@unisec.in

Contact Person: Mr. Ravi Utekar

Website: www.unisec.in

SEBI Regn. No.: INR000004082

28. DETAILS OF THE MANAGER TO THE BUY BACK

The Company has appointed the following as Manger to the Buyback.

Keynote Corporate Services Limited,

Address: The Ruby, 9th Floor, Senapati Bapat Marg, Dadar (West), Mumbai – 400028;

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

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

Contact Person: Mr. Chirag Dave;

SEBI Registration No.: INM 000003606; **AMBI No.:** AMBI/ 040

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

As per Regulation 19(1)(a) of the Buyback Regulations, the Directors of the Company accept full responsibility for 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 July 27, 2017.

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

Sd/-

Gordhan P Tanwani
Chairman & Managing Director

Sd/-

Santosh A Shah
Director

Sd/-

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

Place: Mumbai**Date:** October 5, 2017

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