size: 37cmx12cm

ADDENDUM TO THE PUBLIC ANNOUNCEMENT TO THE EQUITY SHAREHOLDERS OF

B.A.G. FILMS LIMITED

(Regd. Address: C-4, Shivalik, Near Malviya Nagar Market, New Delhi - 110 017)

Further to the Public Announcement dated January 19, 2007 ("PA") to the shareholders of B.A.G. Films Limited (the "Target Company"), issued by Citigroup Global Markets India Private Limited on behalf of Sameer Gehlaut (the "Acquirer"), pursuant to Regulation 10 of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 and subsequent amendments thereto, the shareholders of the Company are hereby advised to note that the information appearing in the PA has been amended (to the extent required) as below. This announcement should be read in conjunction with the PA.

Background of The Offer

1. Vide the PA, the Acquirer has made an Offer to acquire 1,80,67,018 shares of the Target Company, representing 20% of the Share Capital of the Target Company as on April 17, 2007.
2. At an extraordinary general meeting of the Shareholders held on March 22, 2007, the Target Company approved issue of 1,30,78,000 Shares to M/S High Growth Distributors (P) Limited ("High Growth") on preferential allotment basis resulting in an increase in the paid up share capital of the Target Company. Subsequently at the meeting of the Board of Directors held on April 4, 2007, the Company allotted such shares. High Growth is neither a promoter entity to the Target Company nor is associated with the Acquirer in any manner.
3. Consequent to the above allotment, the Offer is now being increased to acquire 2,06,82,618 fully paid up equity shares ("**Offer Size**") of face value Rs. 2/- each of the Target Company (each a "**Share**"), which represents 20.0% of the total voting equity share capital of the Target Company ("**Share Capital**") as on May 31, 2007, which is the date that is fifteen days from the closure of the Offer. The Offer Size as a percentage of the Share Capital assumes full conversion of the 1,00,00,000 Promoters Warrants allotted by the Target Company on February 28, 2007. The Offer is being made at a price of Rs. 13/- (Rupees Thirteen only) for each fully paid up Share (Rs. 5.5/- for each Share with Calls-in-Arrears, as defined below) (such price, the "**Offer Price**"), to be paid in cash in accordance with the SEBI (SAST) Regulations, and is subject to the terms and conditions that are set out in the letter of offer in relation to the Offer (the "**Letter of Offer**").
4. As of the date of PA, there are no partly paid-up Shares or convertible instruments (other than Promoters Warrants and the Stock Options) issued by the Target Company except Shares with Calls-in-Arrears. As on March 31, 2007, in respect of 3,46,141 Shares, an amount of Rs. 5 per Share aggregating to Rs. 17,30,705 remains unpaid towards share capital and share premium by some Shareholders ("**Shares with Calls-in-Arrears**"). In accordance with Regulation 20(10) of the SEBI (SAST) Regulations, the Offer Price payable by the Acquirer on Shares with Calls-in-Arrears shall be reduced by the amount of unpaid calls in respect of such Shares and interest thereof which amounts to Rs. 2.5 per Share aggregating to Rs. 8,63,456 till March 31, 2007. Accordingly, the Offer Price for the Shares with Calls-in-Arrears shall be Rs. 5.5 per Share. This Offer Price of Rs. 5.5 per Share may be increased by an amount per share paid, if any, by the shareholders subsequent to March 31, 2007 till the closure of the Offer.
5. The Acquirer's Preferential Issue Agreement provides for certain standard representations, warranties and covenants in favour of the Acquirer intended to protect the Acquirer's investment in the Target Company. The Acquirer does not have any controlling rights in the Target Company except for the obligation of the Target Company to allot shares to the Acquirer against the payment of the subscription amounts. It is also mentioned in the Subscription Agreement that the Acquirer shall not be considered/ classified to be one of the promoters for any reason thereof and shall not engage in any act, deed or omission, which may result in the Acquirer being considered/classified to be the promoter of the Target Company. The Acquirer only has a right of first refusal against the Promoters should they sell their shares such that they cease to be in control over the Target Company. Hence, this Offer is not pursuant to Regulation 12 of the SEBI (SAST) Regulations.
6. No statutory approvals are required to implement the Offer.

Disclosure in terms of Regulation 16(ix)

7. The acquisition of Shares by the Acquirer in the Target Company is purely for investment purposes only. Since the management control is retained by the existing Promoters, the Acquirer does not have any plans to dispose of or otherwise encumber any assets of the Target Company in the next two years. As such, the Acquirer will not sell, dispose of or otherwise encumber any substantial assets of the Target Company except with the prior approval of the shareholders. The Board of Directors or their authorized representatives, as the case may be, would take appropriate decisions in these matters, as per the requirements of business and in line with opportunities or changes in the economic scenario, from time to time. Such approvals and decisions will be governed by the provisions of the relevant regulations or any other applicable laws or legislation at the relevant time.

Objects of the Offer and Future Plans

8. Since the management control is retained by the existing Promoters, the Acquirer does not have any future plans or strategy with regard to the Target Company. The acquisition of Shares by the Acquirer in the Target Company is purely for investment purposes only.

Background of the Target Company

9. The Target Company and the Promoters have complied with applicable provisions of Chapter II of SEBI (SAST) Regulations within the specified time except that there was a delay in such compliance by the Target Company by a period of 11 days. SEBI may initiate appropriate action at a later stage on account of this delay.

Offer Price and Financial Arrangements

10. As the annualized trading turnover on the NSE and the BSE during the six month period (July 2006 to December 2006) prior to the date of PA is more than 5% of the total number of listed Shares, the Shares are not infrequently traded on the NSE or the BSE as per the Explanation (i) to Regulation 20(5) of the SEBI (SAST) Regulations, with the NSE being the exchange where the Shares are most frequently traded. However, as per the certification dated February 8, 2007 from the DSE, the shares of the Target Company have not been traded on the exchange since January 1, 2006. Hence, the Offer Price of Rs. 13/- per fully paid up Share (Rs. 5.5/- per Share for Shares with Calls-in-Arrears) is also justified in terms of Regulation 20(5) of the SEBI (SAST) Regulations by taking into account other parameters such as Return on Net Worth, Book Value per Share, Earning per Share and Price/Earning ratio. The Price/Earning ratio has been compared with peer companies which is detailed in the Letter of Offer.
11. The total financial resources required under the Offer, assuming full acceptance, will be Rs. 26,88,74,034 (Rupees Twenty Six Crore Eighty Eight Lakhs Seventy Four Thousand and Thirty Four only) (the "**Maximum Consideration**"). The Acquirer proposes to fund the Offer out of his proprietary funds.
12. In light of the increase in the Offer size, on April 13, 2007, the Acquirer has deposited an additional sum of Rs. 3,40,02,800 in the escrow account opened by the Acquirer with Citibank N.A ("**Escrow Account**") in accordance with the requirements of the SEBI (SAST) Regulations. Accordingly, the Acquirer has now made an aggregate cash deposit of Rs. 26,88,74,034 in the Escrow Account. Assuming full acceptance, the amount placed in the Escrow Account (the "Funds") constitutes 100% of the revised offer size.
13. The Manager to the Offer has satisfied itself about the Acquirer's ability to implement the Offer in accordance with the SEBI (SAST) Regulations and has been duly authorised to realize the value of the Escrow Account in terms of the SEBI (SAST) Regulations.
14. Ajay Sardana Associates (Membership number 89011), D-118, Saket, New Delhi – 110 017, Tel: 91-11-3256 4949, Fax: 91-11-4166 3630, Chartered Accountants, have certified vide certificate dated April 12, 2007 that the networth of the Acquirer is Rs. 18,61,69,78,275/- (Rupees One Thousand Eight Hundred Sixty One Crores Sixty Nine Lacs Seventy Eight Thousand Two Hundred And Seventy Five Only) as of April 5, 2007. Ajay Sardana Associates (Membership number 89011), D-118, Saket, New Delhi – 110 017, Tel: 91-11-3256 4949, Fax: 91-11-4166 3630, Chartered Accountants, have certified vide certificate dated January 18, 2007 that the Acquirer has sufficient financial resources to meet his obligations under the Offer.
15. In view of the above, the Manager to the Offer is satisfied that firm arrangements are in place to fulfil the Acquirer's obligations in relation to the Offer in accordance with the SEBI (SAST) Regulations and that the Acquirer is able to fulfil his obligations in accordance with the SEBI (SAST) Regulations.

Other Terms of the Offer

16. A revised schedule of the activities pertaining to the Offer is given below:

Activity	Dates as per PA	Revised Dates
Public Announcement Date	Friday, January 19, 2007	Friday, January 19, 2007
Specified Date	Thursday, February 8, 2007	Thursday, February 8, 2007
Last date for a competitive bid	Friday, February 9, 2007	Friday, February 9, 2007
Date on which Letter of Offer will be dispatched to Shareholders	Wednesday, February 28, 2007	Monday, April 23, 2007
Date for opening of the Offer	Tuesday, March 13, 2007	Friday, April 27, 2007
Last date for revising the Offer price / number of Shares	Thursday, March 22, 2007	Monday, May 07, 2007
Last date for withdrawing acceptance from the Offer	Wednesday, March 28, 2007	Friday, May 11, 2007
Closure of the Offer	Monday, April 2, 2007	Wednesday, May 16, 2007
Last date of communicating rejection / acceptance and payment of consideration for applications accepted	Tuesday, April 17, 2007	Thursday, May 31, 2007

The Acquirer accepts full responsibility for the information contained in this Public Announcement. The Acquirer is responsible for the fulfilment of its obligations in terms of the SEBI (SAST) Regulations.

MANAGER TO THE OFFER

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Issued by: Citigroup Global Markets India Private Limited as Manager to the Offer for and on behalf of the Acquirer.

Place : Mumbai
Date : April 18, 2007