DRAFT LETTER OF OFFER

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

This Letter of Offer is sent to you as a Shareholder(s) of B.A.G. Films Limited. If you require any clarifications about the action to be taken, you may consult your stock broker or investment consultant or the Manager to the Offer / Registrar to the Offer. In case you have recently sold your Shares in B.A.G. Films Limited, please hand over this Letter of Offer and the accompanying Form of Acceptance cum Acknowledgement, form of withdrawal and transfer deed to the member of the stock exchange through whom the said sale was effected.

SAMEER GEHLAUT (as "the Acquirer")

Residence Address : 296, Forest Lane, Sainik Farms, New Delhi – 110 068
Tel : +91 22 3980 5008; Fax : +91 22 2281 2440

IS MAKING A CASH OFFER AT Rs. 13/- PER FULLY PAID EQUITY SHARE (Rs. 5.5/- PER SHARE FOR SHARES WITH CALLS-IN-ARREARS (as defined herein)) TO ACQUIRE

2,06,82,618 Shares representing 20% of the Share Capital of the Target Company

B.A.G. FILMS LIMITED ("Target Company" or "Company")

Registered office : C-4, Shivalik, Near Malviya Nagar Market, New Delhi - 110 017
Tel : +91 11 4183 0945, +91 120 3911444; Fax : +91 11 4183 0945, +91 120 3911401/3911448

Notes:

- This mandatory open offer is being made by Sameer Gehlaut, the Acquirer, pursuant to and in accordance with the provisions of Regulation 10 of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, and subsequent amendments thereof.
- The Offer is not subject to a minimum level of acceptance by the Shareholders of B.A.G Films Limited.
- Shareholders who accept the Offer by tendering the requisite documents, in terms of the Public Announcement / Letter of Offer, can withdraw the same up to 3 (three) working days prior to the date of closure of the Offer (i.e. May 11, 2007), in terms of Regulation 22(5A) of the SEBI (SAST) Regulations.
- The Acquirer can revise the Offer Price upwards up to 7 (seven) working days prior to the date of closure of the Offer (i.e. May 07, 2007). If there is any upward revision in the Offer Price by the Acquirer or if the Offer is withdrawn, the same shall be communicated by a public announcement in the same newspapers where the original Public Announcement appeared. The Acquirer would pay such revised price for all the Shares validly tendered any time during the Offer and accepted under the Offer.
- **If there is a competitive bid(s): (i) the public offers under all the subsisting bids shall close on the same date; (ii) as the Offer Price cannot be revised during 7 (seven) working days prior to the closing date of the offers/bids, it would, therefore, be in the interest of Shareholders to wait till the commencement of that period to know the final offer price of each bid and tender their acceptance accordingly.**
- **There has been no competitive bid as of the date of the Letter of Offer.**
- A copy of the Public Announcement and the Letter of Offer (including the Form of Acceptance cum Acknowledgment) is expected to be available on SEBI's website (www.sebi.gov.in).

MANAGER TO THE OFFER	REGISTRAR TO THE OFFER
citigroup Citigroup Global Markets India Private Limited Bakhtawar 4th Floor 229 Nariman Point Mumbai 400 021 Tel No: +91 22 6631 9890 Fax No: +91 22 6631 9803 Email: bagfilms.openoffer@citigroup.com Contact Person: Mr. Ashish Adukia	MCPL Mondkar Computers Private Limited 21, Shakil Nivas, Opp Satya Sai Baba Temple Mahakali Caves Road, Andheri East Mumbai 400 093 Tel No: +91 22 28257641 Fax No.: +91 22 28369704 Email: bag_offer@mondkarcomputers.com Contact Person: Mr. Ashok Gupta

Activity	Day and Date
Public Announcement Date	Friday, January 19, 2007
Specified Date	Thursday, February 8, 2007
Last date for a competitive bid	Friday, February 9, 2007
Date by which Letter of Offer will be dispatched to Shareholders	Monday, April 23, 2007
Date for opening of the Offer	Friday, April 27, 2007
Last date for revising the Offer price / number of Shares	Monday, May 07, 2007
Last date for withdrawing acceptance from the Offer	Friday, May 11, 2007
Closure of the Offer	Wednesday, May 16, 2007
Last date of communicating rejection / acceptance and payment of consideration for applications accepted	Thursday, May 31, 2007

RISK FACTORS

- In the event of any regulatory approvals not being received in a timely manner or litigation leading to a stay on the Offer, or SEBI instructing that the Offer should not proceed, the Offer process may be delayed beyond the schedule indicated in this Letter of Offer. Consequently, the payment of consideration to the Shareholders whose Shares have been accepted in the Offer as well as the return of the Shares not accepted by the Acquirer may be delayed.
- The Acquirer makes no assurance with respect to the market price of the Shares during / after the Offer.
- This Offer is made in accordance with Regulation 10 of the SEBI (SAST) Regulations. There is no assurance with respect to the continuation of the past trend in the financial performance of the Target Company.
- The Shares tendered in the Offer will be held in trust by the Registrar to the Offer till the completion of the Offer formalities, and the Shareholders will not be able to trade such Shares. During such period there may be fluctuations in the market price of the Shares. Accordingly, the Acquirer makes no assurance with respect to the market price of the Shares both during the Offer period and upon the completion of the Offer, and disclaims any responsibility with respect to any decision by any Shareholder on whether to participate or not to participate in the Offer.
- In the event of oversubscription in the Offer, the acceptance of the Shares tendered will be on a proportionate basis and will be contingent on the level of subscription.
- A demand of Rs. 26,02,502/- has been raised on the Target Company consequent to assessment u/s 143(3) of the Income Tax Act, 1961 for the assessment year 2004-2005. The Target Company has filed an appeal before the appropriate appellate authorities against the said assessment.

The risk factors set forth above are not intended to cover a complete analysis of all risks as perceived in relation to the Offer or in association with the Acquirer, but are only indicative. They do not relate to the present or future business or operations of the Target Company or any other related matters, and are neither exhaustive nor intended to constitute a complete analysis of the risks involved in the participation by a Shareholder in the Offer. The Shareholders are advised to consult their stockbroker, investment consultant or tax advisor, if any, for further risks with respect to their participation in the Offer.

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KEY DEFINITIONS	
Acquirer	Sameer Gehlaut
Acquirer's Preferential Issue	Allotment of 2,02,50,000 Shares of the Target Company in favour of the Acquirer on preferential allotment basis at a price of Rs. 13/- (Rupees Thirteen Only) per Share aggregating to Rs. 26,32,50,000/-
Agreement	Agreement dated January 15, 2007 entered into between the Acquirer, the Promoters and the Target Company for the Acquirer's Preferential Issue
Board of Directors	Board of Directors of the Target Company
BSE	Bombay Stock Exchange Limited
CDSL	Central Depositary Services (India) Limited
DP	Depository Participant
DSE	Delhi Stock Exchange Association Limited
Escrow Account	Has the same meaning as defined in Paragraph 69
ESOP Shares	Shares to be issued upon vesting of the Stock Options
Form of Acceptance cum Acknowledgement	Form of Acceptance cum Acknowledgement to be used by the Shareholders to participate in the Offer and is annexed to this Letter of Offer
Letter of Offer	This Letter of Offer dated April 20, 2007
Manager/ Manager to the Offer	Citigroup Global Markets India Private Limited
NRI	Non Resident Indian
NSE	National Stock Exchange of India Limited
OCB	Overseas Corporate Body
Offer	This mandatory offer being made by the Acquirer to acquire 2,06,82,618 Shares, representing in aggregate 20% of the Share Capital
Offer Price	Rs. 13/- (Rupees Thirteen Only) per Share and Rs. 5.5/- per share (Rupees Five and Fifty Paise Only) for the Shares with Calls-in-Arrears
Offer Size	2,06,82,618 Shares, representing in aggregate 20% of the Share Capital
Shares with Calls-in-Arrears	3,46,141 equity shares of the Target Company in respect of which an amount of Rs. 17,30,705 (i.e Rs. 5 per Share) remains unpaid towards share capital and share premium by some Shareholders as of March 31, 2007. The interest payable on the outstanding till March 31, 2007 is Rs. 8,63,456
Persons eligible to participate in the Offer	All registered and unregistered Shareholders except the Acquirer and the Promoters, being parties to the Agreement.
Promoters	Existing promoters of the Target Company i.e Anuradha Shukla, Rajiv Shukla and Anu Films & Communications Private Limited and persons belonging to the Promoter Group i.e. Jyoti Shukla and Sudhir Shukla
Promoters Warrants	1,00,00,000 Warrants issued to Anu Films & Communications Private Limited, one of the Promoters, with each warrant convertible into one Share of the face value of Rs. 2/- each at a premium of Rs. 11/- per Share i.e. at a price of Rs. 13/- per Share within 18 months from the date of allotment
Public Announcement	Announcement of the Offer made by the Manager on behalf of the Acquirer on January 19, 2007 and subsequent addendum

	published on April 18, 2007
RBI	The Reserve Bank of India
Registrar/ Registrar to the Offer	Mondkar Computers Private Limited
SEBI	The Securities and Exchange Board of India
SEBI (SAST) Regulations	The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, and subsequent amendments thereto
SEBI Act	The Securities and Exchange Board of India Act, 1992
Share(s)/Equity Shares	Fully paid-up equity share(s) of the Target Company, having a face value of Rs.2/- each
Share Capital	Total voting equity share capital of the Target Company, i.e. 10,34,13,090 Shares as on May 31, 2007 (i.e. 15 days from the date closure of the Offer as per Clause 21(5) of the SEBI (SAST) Regulations) assuming full conversion of all Promoters Warrants. It is clarified for the avoidance of doubt that the Share Capital includes Shares issued in favour of the Acquirer pursuant to the Acquirer's Preferential Issue but does not take into account Shares to be issued upon exercise of the Stock Options
Shareholder(s)	All owners of Shares of the Target Company whose names appear in the register of shareholders on the Specified Date and also persons who own Shares any time prior to the closure of the Offer, whether or not they are registered shareholders, except Promoters and Acquirer
Specified Date	February 8, 2007
Stock Options	1,00,00,000 stock options to be granted to the employees of the Target Company and its subsidiaries in accordance with the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 entitling the option holders to subscribe to 1,00,00,000 Shares
Subscription Amount	A sum of Rs. 26,32,50,000 (Rupees Twenty Six Crore Thirty Two Lakhs and Fifty Thousand only) paid by the Acquirer to acquire Shares under the Acquirer's Preferential Issue
Target Company / Company	B.A.G. Films Limited
Tax Clearance Certificate	Certificate from the Income Tax authorities to be submitted by NRIs/ OCBs/ foreign Shareholders, indicating the amount of tax to be deducted by the Acquirer under the Income Tax Act, 1961

CURRENCY OF PRESENTATION

In this Letter of Offer, all references to "Rs." are to Indian Rupees. Please note that all financial data contained in this Letter of Offer has, where appropriate, been rounded off to the nearest lakhs, except as stated otherwise.

I. DISCLAIMER CLAUSE

IT IS TO BE DISTINCTLY UNDERSTOOD THAT FILING OF THE DRAFT LETTER OF OFFER WITH SEBI SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED, VETTED OR APPROVED BY SEBI. THE DRAFT LETTER OF OFFER HAS BEEN SUBMITTED TO SEBI FOR A LIMITED PURPOSE OF OVERSEEING WHETHER THE DISCLOSURES CONTAINED THEREIN ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE SEBI (SAST) REGULATIONS. THIS REQUIREMENT IS TO FACILITATE THE SHAREHOLDERS OF B.A.G. FILMS LIMITED TO TAKE AN INFORMED DECISION WITH REGARD TO THE OFFER. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR FINANCIAL SOUNDNESS OF THE ACQUIRER OR THE TARGET COMPANY WHOSE SHARES ARE PROPOSED TO BE ACQUIRED OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE LETTER OF OFFER. IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE ACQUIRER IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THIS LETTER OF OFFER, THE MANAGER TO THE OFFER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE ACQUIRER DULY DISCHARGES ITS RESPONSIBILITY ADEQUATELY. IN THIS BEHALF, AND TOWARDS THIS PURPOSE, CITIGROUP GLOBAL MARKETS INDIA PRIVATE LIMITED, THE MANAGER TO THE OFFER, HAS SUBMITTED A DUE DILIGENCE CERTIFICATE DATED FEBRUARY 2, 2007 TO SEBI IN ACCORDANCE WITH THE SEBI (SAST) REGULATIONS AND SUBSEQUENT AMENDMENTS THERETO. THE FILING OF THE LETTER OF OFFER DOES NOT, HOWEVER, ABSOLVE THE ACQUIRER FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE OFFER.

II. DETAILS OF THE OFFER

Background of the Offer

1. The Offer is being made by the Acquirer to the Shareholders pursuant to Regulation 10 of the SEBI (SAST) Regulations.
2. On January 15, 2007, the Board of Directors have approved (i) the Acquirer's Preferential Issue, (ii) preferential issue of the Promoters Warrants and (iii) issuance of the Stock Options.
3. At the Extraordinary General Meeting held on February 13, 2007 ("EGM"), the shareholders of the Target Company approved (i) the Acquirer's Preferential Issue, (ii) issuance of the Promoters Warrants and (iii) issuance of the Stock Options. Accordingly on February 28, 2007, 2,02,50,000 Shares under the Acquirer's Preferential Issue were allotted in favour of the Acquirer and the Promoters Warrants were allotted in favour of Anu Films & Communications Private Limited.
4. The Acquirer has entered into a Share Subscription Agreement with the Target Company and its Promoters on January 15, 2007 ("the Agreement") with respect to subscription and allotment of Shares under the Acquirer's Preferential Issue. The Shares issued and allotted under the Acquirer's Preferential Issue represent 19.58% of the Share Capital and 17.86% of the share capital of the Company assuming 1,00,00,000 Stock Options are exercised.
5. Some of the salient clauses in the Agreement are as follows:

   (i) On completion of certain conditions, including the shareholders of the Target Company approving the Acquirer's Preferential Issue at the EGM, the Closing (as defined in the Agreement) shall take place. At the time of Closing, the Acquirer shall pay the Subscription Amount to the Target Company and the Target Company shall issue and allot the Shares under the Acquirer's Preferential Issue to the Acquirer.

   (ii) The Acquirer shall comply with the provisions of the SEBI (SAST) Regulations.

   (iii) There are certain standard representations, warranties and covenants by the Promoters and the Target Company in the Agreement commensurate with the nature thereof, which are intended to protect the rights of the Acquirer. 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.
6. There are no controlling rights vested in favour of the Acquirer pursuant to the Subscription Agreement thus this Offer is not pursuant to Regulation 12 of the SEBI (SAST) Regulations.
7. The terms of issue of the Promoters Warrants are as under:

   i. 1,00,00,000 Warrants were issued to Anu Films & Communications Private Limited, one of the Promoters, with each warrant exercisable into one Share of the face value of Rs. 2/- each at a premium of Rs. 11/- per Share i.e. at a price of Rs. 13/- per Share.

ii. 10% of the Exercise Price ("**Subscription Price**") payable on each Promoter Warrant has been paid at the time of allotment thereof and the balance is to be paid at the time of exercise.

iii. The Promoters Warrants are exercisable at any time within 18 months from the date of allotment i.e February 28, 2007.

iv. In the event that the Promoters Warrants are not exercised within 18 months from the date of allotment, the Subscription Price paid on the Promoters Warrants will be forfeited by the Target Company.

8. At an extraordinary general meeting of the Shareholders held on March 22, 20007, the Target Company has approved issue of 1,30,78,000 Shares to M/S High Growth Distributors (P) Limited 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 these shares. M/S High Growth Distributors (P) Limited is neither a promoter entity to the Target Company nor is associated with the Acquirer in any manner.

9. For the purpose of the Offer, only the Acquirer will be acquiring shares pursuant to this offer and there is no person acting in concert with the Acquirer for the same.

10. The fully paid-up equity share capital of the Target Company, as on January 19, 2007 (i.e the date of the Public Announcement) was Rs. 1201.70 lakhs divided into 6,00,85,090 Shares. This does not take into account the Shares issued to the Acquirer under the Acquirer's Preferential Issue, the Promoters Warrants, the Stock Options and the Shares issued in favour of M/S High Growth Distributors (P) Limited as detailed in paragraph 8 above. As on January 19, 2007, 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 equity 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 the 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 March31, 2007 till the closure of the Offer.

11. The Offer Size represents 20% of the Share Capital of the Target Company as on May 31, 2007 which is the date that is fifteen days from the date of closure of the Offer considered in accordance with Clause 21(5) of the SEBI (SAST) Regulations. For the sake of clarity, the Offer Size assumes that each of the Promoters Warrants shall have been converted into Shares as on May 31, 2007. However, since none of the Stock Options will vest or become exercisable by May 31, 2007 and since the SEBI ESOP Guidelines also provide for a minimum of one year between the date of grant of stock options and the vesting thereof, the ESOP Shares have not been considered for the purpose of computing the Offer Size.

12. The Offer is being made to all Shareholders (except the Acquirer and the Promoters, being Parties to the Agreement) and is not conditional on any minimum level of acceptances.

13. The Acquirer does not hold any Shares in the Target Company as on the date of the Public Announcement (save and except Shares proposed to be issued under the Acquirer's Preferential Issue).

14. Upon the completion of this Offer, assuming full acceptances, the Acquirer will hold 39.58% of the Share Capital and 36.09% of the share capital of the Company assuming 1,00,00,000 Stock Options are exercised.

15. The Manager to the Offer does not hold any Shares as on the date of the Public Announcement. The Manager to the Offer has not and shall not deal in the Shares of the Target Company from the date of its appointment in terms of Regulation 13 of the SEBI (SAST) Regulations till the expiry of 15 days from the date of closure of the Offer.

16. The Acquirer, the Target Company and its promoters/directors have not been prohibited by SEBI from dealing in securities, in terms of directions issued under Section 11B of, or any other regulations made under the SEBI Act and there has not been any action taken against them by SEBI.

17. The Agreement does not provide for any change in the Board of Directors after the Offer.

Details of the Offer

18. The Public Announcement announcing the Offer was made on January 19, 2007 in all editions of the following newspapers in accordance with Regulation 15(1) of the SEBI (SAST) Regulations:

Newspaper	Language	Editions
Financial Express	English	Ahmedabad, Bangalore, Mumbai, Kolkata, Chandigarh, Kochi, New Delhi, Hyderabad and Chennai
Janasatta	Hindi	New Delhi and Kolkata

Navshakti	Marathi	Mumbai

A copy of the Public Announcement is available on SEBI's website (http://www.sebi.gov.in).

19. An addendum to the Public Announcement regarding amongst other things, the increase in Offer Size, change in activity schedule was published in all the above newspapers and editions on April 18, 2007.

20. Any decision for an upward revision in the Offer Price by the Acquirer till the last date of revision (i.e. May 07, 2007), or withdrawal of the Offer shall be communicated by way of a public announcement in the same newspapers in which the Public Announcement had appeared. In case of an upward revision in the Offer Price, the Acquirer would pay such revised price for all the Shares validly tendered any time during the Offer and accepted under the Offer. The acquisition of Shares, which are validly tendered, by the Acquirer under this Offer will take place on May 31, 2007, in accordance with the schedule of events set out in the Letter of Offer and not any point earlier in time.

21. The Offer is being made to acquire 2,06,82,618 Shares representing 20% of the Share Capital. The Offer is being made at a price of Rs. 13/- (Rupees Thirteen Only) for each Share (Rs. 5.5/- (Rupees Five and Fifty Paise Only) for each Share with Calls-in Arrears) to be paid in cash in accordance with the SEBI (SAST) Regulations.

22. As of the date of Public Announcement (January 19, 2007), there are no partly paid-up Shares or convertible instruments (other than Promoters Warrants and the Stock Options) in the Target Company except certain calls in arrears. As of March 31, 2007, an amount of Rs. 5 per Share aggregating to Rs. 17,30,705 remains unpaid towards share capital and share premium by some Shareholders in respect of 3,46,141 equity shares..

23. If there is a competitive bid:

    (i) The public offers under all the subsisting bids shall close on the same date.

    (ii) As the Offer Price cannot be revised during 7 (seven) working days prior to the closure of the Offer / bids, it would, therefore, be in the interest of the Shareholders to wait till the commencement of that period to know the final offer price of each bid and tender their acceptance accordingly.

24. There have been no competitive bids as of the date of the Letter of Offer.

25. This Offer is being made to all Persons eligible to participate in the Offer .

26. The Shares to be acquired under this Letter of Offer are to be free from all liens, charges and encumbrances and will be acquired together with all rights attached thereto.

Object of the Offer and future plans

27. This Offer is made in compliance of and in accordance with Regulation 10 of the SEBI (SAST) Regulations 1997 for the purpose of substantial acquisition of Shares and voting rights in the Target Company without change in control or management.

28. 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.

29. This acquisition will not result in a change in control of the Target Company The Acquirer will not be in control of the management of the Target Company and shall not act so as to dispose off or otherwise encumber the assets of the Target Company. Management control will continue to vest with the Promoters who will make decisions regarding the future course of the Target Company.

30. Disclosure in terms of Regulation 16(ix)

    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.

31. Upon the completion of this Offer, assuming full acceptances, the Acquirer will hold 39.58% of the Share Capital and 36.09% of the share capital of the Company assuming 1,00,00,000 Stock Options are exercised.

III. BACKGROUND OF THE ACQUIRER

SAMEER GEHLAUT (the "Acquirer")

32. Mr. Sameer Gehlaut, aged 32 years, graduated with a Mechanical Engineering Degree from the Indian Institute of Technology, Delhi, is residing at 296, Forest Lane, Sainik Farms, New Delhi – 110 068.

33. He is one of the promoters of Indiabulls Financial Services Limited, a listed company and holds the position of Chairman and CEO of Indiabulls Financial Services Limited.

34. He is one of the promoters of Indiabulls Real Estate Limited, a listed company and holds the position of the Chairman of Indiabulls Real Estate Limited.

35. He has gained extensive experience in the financial services sector and has developed in-depth knowledge and strong understanding of the securities industry and financial services business.

36. The names of the listed companies in which the Acquirer holds directorships is provided below:

Name of the Company	**Position Held**
Indiabulls Financial Services Limited	CEO and Chairman
Dev Property Development plc (A company incorporated in the Isle of Man and listed on AIM, a market operated by the London Stock Exchange)	Non Executive Director
Indiabulls Real Estate Limited	Chairman

37. The Acquirer is a full time director in Indiabulls Financial Services Limited and Indiabulls Real Estate Limited.

38. Indiabulls Financial Services Limited, a company promoted by the Acquirer is engaged in the business of financial services. Indiabulls Financial Services Ltd, along with its subsidiary companies, offers consumer loans, personal loans, two wheeler loans, commercial vehicle loans, small business loans, loans against property, home loans, brokerage and depository services, mutual funds, and other financial products and services to its retail clients.

    Indiabulls Real Estate Limited ("IREL") was originally incorporated in India in April 2006 as a public limited company and as a result of the reorganization by way of demerger, IREL has became the holding company of real estate businesses of Indiabulls Financial Services Limited.

39. As certified by Ajay Sardana Associates (Membership number 89011), Chartered Accountants, D 118, Saket, New Delhi, Tel: 91-11-3256 4949, Fax: 91-11-4166 3630, vide certificate dated April 12, 2007, the Networth of the Acquirer as on April 05, 2007 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).

40. Save and except the Shares issued to the Acquirer under the Acquirer's Preferential Issue, the Acquirer has not acquired any Shares of the Target Company in the past, whether through open offers or otherwise.

IV. DISCLOSURE IN TERMS OF REGULATION 21(3)

The Offer is being made to acquire 2,06,82,618 Shares representing 20% of the Share Capital. Assuming full acceptance, the Offer will not result in the public shareholding in the Target Company falling below the limit specified for the purpose of listing of the Shares on a continuous basis.

V. BACKGROUND OF THE TARGET COMPANY

41. The Target Company was incorporated on January 22, 1993 as a private limited company, and became a public limited company on March 29, 2001. Its registered office is situated at C-4, Shivalik, Near Malviya Nagar Market, New Delhi – 110 017, Tel : +91 11 4183 0945, +91 120 3911444; Fax : +91 11 4183 0945, +91 120 3911401/3911448.

42. The total paid-up capital of the Target Company, as on January 19, 2007, the date of the Public Announcement, was Rs. 1201.70 Lakhs, divided into 6,00,85,090 fully paid-up equity shares of Rs. 2/- each. As of January 19, 2007, the Target Company has calls unpaid towards share capital in respect of 3,63,641 Shares amounting to Rs. 3,63,641. Other than Shares with Calls-in-Arrears, the Target Company did not have any partly paid-up shares or any convertible instruments as on the date of the Public Announcement except the Promoters Warrants and the ESOP Shares, which has been approved by the Shareholders of the Target Company at the EGM held on February 13, 2007.

43. The Target Company is mainly into production of TV Software for various channels in India. The Target Company also produces corporate and advertisement films, promotional capsules and other non-broadcast videos.

44. The Promoters of the Target Company are Ms. Anurradha Prasad, Mr. Rajiv Shukla and Anu Films & Communications Private Limited.

45. The Shares of the Target Company are listed on the on Bombay Stock Exchange ("BSE"), the National Stock Exchange of India Limited ("NSE") and Delhi Stock Exchange Association Limited ("DSE"). The Shares were listed on the BSE, the NSE and the DSE on October 17, 2003.

46. Share capital structure of the Target Company as of January 19, 2007:

Paid up equity Shares of the Target Company	No. of Shares	% of Shares
Fully paid up equity shares	5,97,21,449	99.39%
Fully paid up equity shares for which calls are unpaid	3,63,641	0.61%
Total paid up equity shares	6,00,85,090	100%
Total voting rights in the Target Company	6,00,85,090	100%

47. The capital build-up for the Target Company since inception is as given below. The Target Company came out with an initial public offering and allotted shares in connection with the same on October 8, 2003.

Date of Allotment/ Fully paid up	No. of Shares	Face Value (Rs.)	Issue Price (Rs.)	Value (Rs.)	No.of Shares of face value Rs.2/- per share	Cummulative Shares	Consideration	Remarks	Status of Compliance
MOA	2	100	100	200	100	100	Cash	Subscriber to the Memorandum	Yes
28-Feb-95	2,498	100	100	2,49,800	1,24,900	1,25,000	Cash	Further Allotment of Shares	Yes
30-Sep-97	4,801	100	100	4,80,100	2,40,050	3,65,050	Cash	Further Allotment of Shares	Yes
9-Feb-98	4,000	100	100	4,00,000	2,00,000	5,65,050	Cash	Further Allotment of Shares	Yes
30-Apr-99	1	100	100	100	50	5,65,100	Cash	Further Allotment of Shares	Yes
30-Apr-99	29,999	100	100	29,99,900	14,99,950	20,65,050	Cash	Further Allotment of Shares	Yes
25-May-00	62,530	100	100	62,53,000	31,26,500	51,91,550	Cash	Further Allotment of Shares	Yes
29-Dec-00	10,38,310	10	N.A.	1,03,83,100	51,91,550	51,91,550	N.A.	Share Split into face value of Rs.10 per share	Yes
3-Jan-01	90,000	10	500	4,50,00,000	4,50,000	56,41,550	Cash	Further Allotment of Shares	Yes
15-Jan-01	45,13,240	10	N.A.	N.A.	2,25,66,200	2,82,07,750	Bonus	Bonus in the ratio of 4:1	Yes
30-Sep-02	2,82,07,750	2	N.A.	5,64,15,500	2,82,07,750	2,82,07,750	N.A.	Share Split into face value of Rs.2 per share	Yes
28-Mar-03	1,08,35,668	2	9	9,75,21,012	1,08,35,668	3,90,43,418	N.A.	Conversion of FCD's and Allotment to UTI on conversion of FCD's	Yes
15-Jul-03	51,02,272	2	9	4,59,20,448	51,02,272	4,41,45,690	N.A.	Conversion of FCD's and Allotment to IDBI on conversion of FCD's	Yes
8-Oct-03	1,59,39,400	2	10	15,93,94,000	1,59,39,400	6,00,85,090	Cash	Further Allotment of Shares	Yes
28-Feb-07	2,02,50,000	2	13	26,32,50,000	2,02,50,000	8,03,35,090	Cash	Further Allotment of Shares	Yes
4-Apr-07	1,30,78,000	2	20	26,15,60,000	1,30,78,000	9,34,13,090	Cash	Further Allotment of Shares	Yes

Note:

a) Share Capital, post 15 days from the closure of the Offer, as on May 31, 2007 is 10,34,13,090.

b) The compliance mentioned above is filing of Form 2 with Registrar of Companies, getting the Shares listed with the respective Stock Exchanges and applicable provisions of the SEBI (SAST) regulations and other applicable regulations under the SEBI Act, 1992 and other statutory requirements, as applicable.

48. Till date, none of the stock exchanges on which the Shares are listed have ever suspended trading in the Shares.

49. The Shares are listed only on the BSE, the NSE and the DSE. The Target Company has been in regular compliance of all material requirements under the listing agreements it has with the NSE and BSE and no punitive action has been initiated by any of the aforesaid stock exchanges against the Target Company.

50. The Target Company and the Promoters have not received any directions from SEBI under Section 11B of the SEBI Act or under any of the regulations made under the SEBI Act, prohibiting them from dealing in securities. 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. As on the date of the PA, the Target Company has no major shareholders other than the Promoters.

51. The Board of Directors is as listed below:

Name of the directors	**Designation**	**Educational qualifications**	**Date of joining**
Ms. Anurradha Prasad	Chairperson & Managing Director, Executive Director	Post Graduate in Political Science	Since inception
Mr. Rajiv Shukla	Non- Executive Director	Post Graduate in Economics and Graduate in Law	Since inception
Mr. Surendra Singh	Independent Non-Executive Director	IAS Officer	14.06.2002
Mr. Bhupindar Singh	Independent Non-Executive Director	MBA	28.05.2005
Ms. Pallavi S Shroff	Independent Non-Executive Director	MMS and Bachelor of Law	26.05.2004
Dr. Anuradha Mishra	Independent Non-Executive Director	PhD, D.Sc and Post Graduate in Science	30.12.2005
Mr. Nalin Satykam Kohli	Non-Executive Director	MBA and Graduate in Law	30.12.2005
Mr. Rajeev Shankar	Non-Executive Director	Bachelor in Arts and MBA in Public Administration	26.05.2004

52. The experience of the Board of Directors is as under:

Ms. Anurradha Prasad

Ms. Anurradha Prasad, age 44 is the CEO & Managing Director of the Target Company. She is Post Graduate in Political Science and has been on the Board of Directors of the Target Company since inception.

She has conceptualized, designed and anchored various shows for Doordarshan and private television channels. In 1986, after completing her Post Graduation in Political Science, Ms. Anurradha Prasad started her career in the electronic media as Assistant Producer at PTI TV. She subsequently worked in various positions with the Observer Channel, and also headed the Observer Channel. She has also worked with Network East, department of BBC Network.

Ms. Anurradha has produced, directed, conceived, scripted, reported and anchored many television programs. Most of these have been under the banner of B.A.G Films. Since its inception in 1993, the Company has grown under her leadership.

Some of the programs associated with Ms. Anurradha are AAJ KI BAAT (a talk show aired on DD Metro), ROZANA (news magazine on DD News Channel and presently running on DD-Metro), ZAIKE KA SAFAR and RU-BA-RU (on Zee TV), Hindi film song based game show HAI NA BOLO BOLO and CHALTI KA NAAM ANTAKSHRI (on Star Plus), KUMKUM - PYARA SA BANDHAN (on Star Plus), KHABEREIN BOLLYWOOD KI (a film based infotainment show on DD-METRO), HAQEEQAT (series on human rights violation being aired on Sahara TV), POLL KHOL (a political satire), SANSANI (a crime show), RED ALERT (an investigative show) and KAUN HAI (a show on haunted places) on STAR NEWS, WOH HUE NAA HAMAARE on DD1 & KHABREIN BOLLYWOOD KI on DD NEWS.

She is a member of CII and FICCI Entertainment Committee and also an executive member of Film Producers Guild of India. She is on the board of Uttaranchal Film Development Council.

She is married to Mr. Rajiv Shukla, senior journalist and Member of Parliament, (Promoter-Director) of the Company.

Mr. Rajiv Shukla

Mr. Rajiv Shukla, age 49, one of the co-founders of the Target Company, is a Post Graduate in Economics and a Graduate in Law. He is a senior journalist and also Member of Parliament (Rajya Sabha). He started his career in journalism and then joined as a reporter for Northern India Patrika in Kanpur office in 1978. He then went on to become bureau chief for Dainik Jagran in Kanpur and Lucknow.

In 1992, Rajiv joined as the executive editor of Sunday Observer and went on to become senior editor for the newspaper, a position he served till 2000.

Rajeev still writes two columns in English and Hindi, which appear in newspapers like The Indian Express, Dainik Jagran, and Gulf News. He has rich experience in the area of journalism and reporting.

Mr. Surendra Singh

Mr. Surendra Singh, age 69, an eminent personality is on the Board of Directors since June 14, 2002. He is a retired IAS Officer and has held very senior positions in the Central and State Governments. Starting his Public Service in 1959, Mr. Singh has held important positions like Cabinet Secretary to the Government of India, Adviser to the Government of Tanzania for Export Promotion, Special Secretary to the Prime Minister of India, responsible for all the economic work in the PM’s Office, Secretary to Ministry of Industry. He was an Executive Director on the board of the World Bank, representing India, Bangladesh, Sri Lanka and Bhutan. He was also director on the Boards of the International Finance Corporation (IFC), the Multilateral Investment Guarantee Agency (MIGA) and West Bengal Power Development Corporation Limited.

Mr. Bhupindar Singh

Mr. Bhupindar Singh, age 67, is an MBA from Delhi University with more than 38 years of experience in the industry. He is a Fellow member of Institute of Management –U.K and is also Fellow member of Institute of Directors-U.K. He is on the Board of Directors of the Target Company since May 28, 2005. He has held several senior positions in the industry including the Chairman and Managing Director of State Trading Corporation of India (STC), Executive Director of MMTC Limited, Ex-officio Director of National Minerals & Development Corporation Limited (NMDC) and Chairman of Asia Regional Bureau of ASTRO, Yugoslavia. He was a Member of the Task Force of Trading and Service Sector- set up by Department of Public Enterprise (Ministry of Heavy Industry) for 3 years. Presently, Mr. Singh is an advisor to ETA-Dubai, Herbalife, SMW Entertainers (P) Ltd., CD Biotech Ltd. and Sangeet Natak Academy.

Mr. Singh has vast experience in marketing consultancy, Projects and Finance.

Ms. Pallavi S Shroff

Ms. Pallavi Shroff, age 51, is an MMS and Bachelor of Law. She is on the Board of Directors of the Target Company since May 26, 2004. She is a partner with Amarchand & Mangaldas & Suresh A Shroff (Advocates & Solicitors), one of the leading Corporate Law firms in India. Ms. Shroff has vast experience in the areas of Corporate and Commercial Litigation, Power Litigation, Telecoms Litigations, Anti- Dumping, International and Domestic Arbitration, Competition and Anti Trust, Company Law and Intellectual Property.

She has handled large corporate litigations pertaining to Corporate Takeovers, Family Disputes, Constitutional matters, Domestic and International Commercial Arbitration Issues, Anti- Dumping and subsidies issues and also Civil Law and Public Law Issues.

Ms. Shroff has been recognized by international publications for her leading practice in arbitration and dispute resolution. As a member of several high-powered committees appointed by Government of India, she has been closely associated with the formulation of several important commercial statues.

Dr. Anuradha Mishra

Dr. Anuradha Mishra, age 46 is PhD, D.Sc and Post Graduate in Science. She is working as Reader in Department of Chemistry, University Institute of Engineering And Technology and has written several Journals and also has 16 years of research experience. She is on the Board of Target Company since December 30, 2005.

Mr. Nalin Satykam Kohli

Mr. Nalin Satykam Kohli, age 36 is an MBA and a Graduate in Law. He is on the Board of Directors of the Target Company since December 30, 2005. He is also a director of Vidya Sanskar-International School for Holistic Learning. He is well known media professional. A former prime time English news anchor on Doordarshan (India's National Television Channel) from 1994 to 2002, he has over 2,000 hours of live and recorded broadcasting experience including news presentation, election analysis, commentaries on important events, on-panel discussions, special assignments and radio commentaries among others. Nalin has also produced and directed over 100 hours programming on a variety of subjects and styles.

Mr. Rajeev Shankar

Mr. Rajeev Shankar, age 49 is a Bachelor in Arts and has done MBA in Public Administration. He is an eminent businessman. He is on the Board of Directors of the Target Company since May 26, 2004.

53. The Target Company has not been involved in any merger, demerger, spin off during the last three years.

54. The Target Company was incorporated as B.A.G. Films Private Ltd. on January 22, 1993, at New Delhi and converted into a public limited Company vide Special Resolution passed on March 3, 2001 and renamed as B.A.G. Films Limited on March 29, 2001. At the extra ordinary meeting held on March 22, 2007, the shareholders of the Target Company have approved to change the name of the Company to B.A.G. Films and Media Limited.

55. Brief audited consolidated financial details of the Target Company are as follows:

(Rs.in Lakhs)	**9 Months Ended**	**Year Ended**		
Profit & Loss Statement	**31-Dec-06**	**31-Mar-06**	**31-Mar-05**	**31-Mar-04**
Income from operations	3,147.98	4,237.81	3,641.11	1,827.67
Other Income	85.84	175.05	62.04	50.22
Total Income	3,233.81	4,412.86	3,703.15	1,877.89
Total Expenditure	2,539.27	3,538.34	3,005.05	1,485.36
Profit Before Depreciation, Interest and Tax	694.54	874.52	698.10	392.53
Depreciation	252.02	324.70	143.69	51.78
Interest Expenses	98.48	70.79	7.40	9.12
Profit Before Tax	344.05	479.03	547.01	331.63
Provision for Tax	82.64	173.83	209.64	38.59
Profit After Tax	261.40	305.20	337.37	293.04

(Rs.in Lakhs)	**Period Ended**	**Year Ended**		
Balance Sheet Statement	**31-Dec-06**	**31-Mar-06**	**31-Mar-05**	**31-Mar-04**
Sources of funds				
Paid-up share capital	1,198.07	1,196.87	1,193.97	1,185.92
Reserves and Surplus (excluding revaluation reserves)*	3,669.54	3,443.03	3,306.95	3,127.35
Net worth	4,867.61	4,639.90	4,500.92	4,313.26
Minority Interest	192.03	-	-	-
Secured loans	1,046.67	1,043.04	71.17	-
Deferred Tax Liabilities	93.85	84.40	81.82	21.21
Total	**6,200.16**	**5,767.34**	**4,653.91**	**4,334.47**
Uses of funds				
Net fixed assets (incld. Capital WIP)	3,284.07	3,394.70	2,915.85	2,124.50
Investments	180.06	406.57	355.46	6.41
Net current assets	2,549.11	1,737.36	1,098.26	1,936.90
Miscellaneous Expenditure not w/off	186.93	228.71	284.34	266.67
Total	**6,200.16**	**5,767.34**	**4,653.91**	**4,334.47**

	Period Ended	Year Ended		
Other Financial Data	**31-Dec-06**	**31-Mar-06**	**31-Mar-05**	**31-Mar-04**
Dividend (%)	Not declared	10%	10%	0
Basic Earning Per Share (Rs.) (Annualised)	0.58	0.51	0.56	0.49
Return on net worth (%) (Annualised)	7.16%	6.58%	7.50%	6.79%
Book Value Per Share (Rs.)	8.10	7.72	7.49	7.18

Notes:

(1) Basic Earning Per Share has been computed by dividing Profit After Tax by Shares outstanding as at the end of each period

(2) Return on net worth has been computed by dividing Profit After Tax by Net worth (paid up share capital + reserve and surplus excluding revaluation reserve) as at the end of each period

(3) Book Value Per Share has been computed by dividing Net worth by shares outstanding as at the end of each period

Decrease in revenues in 9 month FY2007 compared 9 month FY2006

Revenues for the period of 9 months ended Dec 31, 2006 decreased by 9.64% to Rs. 3147.98 lakhs compared to its corresponding previous 9 months ended Dec 31, 2005. The said decrease is because of decrease in business volumes which was caused by certain television programmes going off air.

Decrease in profit after tax in 9 month FY2007 compared 9 month FY2006

Profit after tax for the 9 months ended Dec 31, 2006 decreased by 1.60% to Rs.261.40 lakhs over the corresponding 9 months ended Dec 31, 2005. The said decrease is because of decrease in business volumes which was caused by certain television programmes going off air apart from increase in the interest burden.

Increase in revenues in FY2006 compared FY2005

Revenues for the Year ended March 31, 2006 increased by 16.39% to Rs. 4237.81 lakhs over the Year ended March 31, 2005. Increase in business volumes wherein several new television serials were introduced during the year, apart from the higher generation of revenue from Media School, footage sale and Movies.

Decrease in profit after tax in FY2006 compared FY2005

Profit after tax for the Year ended March 31, 2006 decreased by 9.17% to Rs. 306.42 Lakhs over the year ended March 31, 2005. Decrease in profit after tax is due to the increase in financial charges and Depreciation during the year.

Increase in revenues in FY2005 compared FY2004

Revenues for the Year ended March 31, 2005 increased by 99.22% to Rs. 3641.10 lakhs over the Year ended March 31, 2004. Increase in business volumes wherein several new television serials were introduced during the year, apart from the generation of revenue stream from Media School contributed to this increase.

Increase in profit after tax in FY2005 compared FY2004

Profit after tax for the Year ended March 31, 2005 increased by 15.12% to Rs. 337.37 lakhs over the Year ended March 31, 2004. Increase in business volumes wherein several new television serials were introduced during the year, apart from the generation of revenue stream from Media School.

56. Pre and Post-Offer shareholding of the Target Company

The shareholding before the Offer and expected shareholding after the Offer (assuming full acceptance of the Offer and conversion of Promoters Warrants into Equity Shares), based on the total outstanding Shares, is given in the table below:

Shareholders' category	Shareholding and voting rights prior to the agreement / acquisition and Offer (As on January 19, 2007)		Shares / voting rights agreed to be acquired which triggered the Regulations		Shares / voting rights to be acquired in the Offer (assuming full acceptances)		Share holding / voting rights after the acquisition and Offer (assuming full acceptance of the Offer and conversion of Promoters Warrants into Equity Shares)	
	(A)		(B)		(C)		(A)+(B)+(C)=(D)	
	No.	%	No.	%	No.	%	No.	%
(1) Promoters and Promoter Group								
a. Parties to agreement, if any	29,702,658	49.434	N.A.	N.A.	Nil	Nil	39,702,658	38.39
b. Parties other than (a) above	Nil	Nil	N.A.	N.A.	Nil	Nil	Nil	Nil
Total 1(a+b)	29,702,658	49.434	N.A.	N.A.	Nil	Nil	39,702,658	38.39
(2) Acquirers								
a. Main Acquirer	Nil	Nil	20,250,000	25.21	20,682,618	20.00	40,932,618	39.58
b. PACs	Nil	Nil	N.A.	N.A.	Nil	Nil	Nil	Nil
Total 2(a+b)	Nil	Nil	20,250,000	25.21	20,682,618	20.00	40,932,618	39.58
(3) Parties to agreement other than(1) (a) & (2)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(3) Public (other than parties to agreement, Acquirer & PACs)								
a. Mutual Funds and UTI	274,504	0.457	N.A.	N.A.	Nil	Nil	This will depend on response from and within each category under (3)	
b. Banks, FIs, Insurance Co.s, Central / State Govt. / Non-Govt. Institutions	Nil	Nil	N.A.	N.A.	Nil	Nil		
c. FIIs	80,000	0.133	N.A.	N.A.	Nil	Nil		
d. Private Corporate Bodies	12,586,104	20.947	N.A.	N.A.	Nil	Nil		
e. Indian Public	16,635,483	27.686	N.A.	N.A.	Nil	Nil		
f. NRIs / OCBs	806,341	1.342	N.A.	N.A.	Nil	Nil		
g. Any Others - Directors	Nil	Nil	N.A.	N.A.	Nil	Nil		
Total 3(a+b+c+d+e+f+g)	30,382,432	50.565	N.A.	N.A.	Nil	Nil	22,777,814	22.03
GRAND TOTAL (1+2+3+4)	60,085,090	100.00	20,250,000	25.21	20,682,618	20.00	103,413,090	100.00

NOTE:- Column (C) and (D) takes into account the Shares to be allotted upon conversion of the Promoters Warrants and preferential allotment made to M/S High Growth Distributors (P) Limited but does not take into account the Stock Options.

The total number of Shareholders in the Public category (as per (3) above) as on March 31, 2007 was 17,587.

57. The details of the changes in shareholding of the Promoters and Promoter Group as and when it happened in the Target Company since inception are as follows:

Date of Allotment/Acquisition/Sale	No. of Shares (Equivalent to Rs. 2 face value) purchased or sold/transferred	Details (Mode of Acquisition/Sale)	Cummulative Total Holding	Total Number of Shares of the Company	Shareholding in the Company	Status of Compliance
27-Feb-95	50	Subscription to MoA	50	100	50.0%	Yes
28-Feb-95	122,450	Allotment of Shares	122,500	125,000	98.0%	Yes
30-Sep-97	227,500	Allotment of Shares	350,000	365,050	95.9%	Yes
09-Feb-98	200,000	Allotment of Shares	550,000	565,050	97.3%	Yes
30-Apr-99	1,500,000	Allotment of Shares	2,050,000	2,065,050	99.3%	Yes
25-Oct-00	2,000,000	Secondary Purchase	4,050,000	5,191,550	78.0%	Yes
03-Jan-01	100,000	Allotment of Shares	4,150,000	5,191,550	79.9%	Yes
15-Jan-01	16,600,000	Bonus	20,750,000	28,207,750	73.6%	Yes
28-Mar-01	2,500,000	Allotment of Shares	23,250,000	28,207,750	82.4%	Yes
10-Sep-03	24,600	IPO Allotment	23,274,600	60,085,090	38.7%	Yes
08-Oct-03	94,600	IPO Allotment	23,369,200	60,085,090	38.9%	Yes
11-Nov-03	78,900	Off Market	23,448,100	60,085,090	39.0%	Yes
27-Dec-03	87,300	Off Market	23,535,400	60,085,090	39.2%	Yes
30-Nov-04	(2,500)	Market	23,532,900	60,085,090	39.2%	Yes
28-Dec-04	(60,000)	Market	23,472,900	60,085,090	39.1%	Yes
30-Dec-04	(10,000)	Market	23,462,900	60,085,090	39.0%	Yes
22-Mar-05	20,000	Market	23,482,900	60,085,090	39.1%	Yes
24-Mar-05	20,000	Market	23,502,900	60,085,090	39.1%	Yes
01-Apr-05	1,000	Market	23,503,900	60,085,090	39.1%	Yes
19-Apr-05	18,200	Off Market	23,522,100	60,085,090	39.1%	Yes
30-Jun-05	3,132,500	Inheritence Transfer	26,654,600	60,085,090	44.4%	Yes
20-Jul-05	(10,000)	Market	26,644,600	60,085,090	44.3%	Yes
11-Aug-05	(8,000)	Market	26,636,600	60,085,090	44.3%	Yes
19-Sep-05	10,000	Market	26,646,600	60,085,090	44.3%	Yes
21-Sep-05	4,000	Market	26,650,600	60,085,090	44.4%	Yes
22-Sep-05	20,000	Market	26,670,600	60,085,090	44.4%	Yes
23-Sep-05	15,000	Market	26,685,600	60,085,090	44.4%	Yes
24-Sep-05	10,000	Market	26,695,600	60,085,090	44.4%	Yes
26-Sep-05	-	Market	26,695,600	60,085,090	44.4%	Yes
04-Oct-05	5,000	Market	26,700,600	60,085,090	44.4%	Yes
14-Oct-05	8,283	Market	26,708,883	60,085,090	44.5%	Yes
18-Oct-05	25,000	Market	26,733,883	60,085,090	44.5%	Yes
21-Oct-05	10,000	Market	26,743,883	60,085,090	44.5%	Yes
24-Oct-05	15,000	Market	26,758,883	60,085,090	44.5%	Yes
02-Nov-05	10,000	Market	26,768,883	60,085,090	44.6%	Yes
06-Dec-05	8,624	Market	26,777,507	60,085,090	44.6%	Yes
07-Dec-05	2,476	Market	26,779,983	60,085,090	44.6%	Yes
09-Dec-05	10,000	Market	26,789,983	60,085,090	44.6%	Yes
12-Dec-05	4,000	Market	26,793,983	60,085,090	44.6%	Yes
14-Dec-05	7,000	Market	26,800,983	60,085,090	44.6%	Yes
15-Dec-05	11,599	Market	26,812,582	60,085,090	44.6%	Yes
16-Dec-05	20,640	Market	26,833,222	60,085,090	44.7%	Yes
19-Dec-05	25,000	Market	26,858,222	60,085,090	44.7%	Yes

20-Dec-05	10,000	Market	26,868,222	60,085,090	44.7%	Yes
21-Dec-05	5,000	Market	26,873,222	60,085,090	44.7%	Yes
23-Dec-05	5,000	Market	26,878,222	60,085,090	44.7%	Yes
26-Dec-05	20,000	Market	26,898,222	60,085,090	44.8%	Yes
17-Feb-06	5,000	Market	26,903,222	60,085,090	44.8%	Yes
10-Mar-06	2,000	Market	26,905,222	60,085,090	44.8%	Yes
01-Apr-06	7,351	Market	26,912,573	60,085,090	44.8%	Yes
03-Apr-06	10,000	Market	26,922,573	60,085,090	44.8%	Yes
17-Apr-06	33,157	Market	26,955,730	60,085,090	44.9%	Yes
18-Apr-06	53,050	Market	27,008,780	60,085,090	45.0%	Yes
19-Apr-06	98,242	Market	27,107,022	60,085,090	45.1%	Yes
20-Apr-06	50,656	Market	27,157,678	60,085,090	45.2%	Yes
21-Apr-06	52,680	Market	27,210,358	60,085,090	45.3%	Yes
24-Apr-06	87,418	Market	27,297,776	60,085,090	45.4%	Yes
25-Apr-06	38,682	Market	27,336,458	60,085,090	45.5%	Yes
26-Apr-06	57,585	Market	27,394,043	60,085,090	45.6%	Yes
27-Apr-06	85,716	Market	27,479,759	60,085,090	45.7%	Yes
28-Apr-06	117,042	Market	27,596,801	60,085,090	45.9%	Yes
29-Apr-06	59,850	Market	27,656,651	60,085,090	46.0%	Yes
02-May-06	50,202	Market	27,706,853	60,085,090	46.1%	Yes
03-May-06	33,962	Market	27,740,815	60,085,090	46.2%	Yes
04-May-06	1,000	Market	27,741,815	60,085,090	46.2%	Yes
15-May-06	12,000	Market	27,753,815	60,085,090	46.2%	Yes
16-May-06	61,151	Market	27,814,966	60,085,090	46.3%	Yes
17-May-06	16,600	Market	27,831,566	60,085,090	46.3%	Yes
18-May-06	30,500	Market	27,862,066	60,085,090	46.4%	Yes
19-May-06	35,000	Market	27,897,066	60,085,090	46.4%	Yes
23-May-06	28,000	Market	27,925,066	60,085,090	46.5%	Yes
24-May-06	34,410	Market	27,959,476	60,085,090	46.5%	Yes
25-May-06	60,526	Market	28,020,002	60,085,090	46.6%	Yes
26-May-06	37,601	Market	28,057,603	60,085,090	46.7%	Yes
29-May-06	9,460	Market	28,067,063	60,085,090	46.7%	Yes
30-May-06	1,000	Market	28,068,063	60,085,090	46.7%	Yes
31-May-06	37,651	Market	28,105,714	60,085,090	46.8%	Yes
01-Jun-06	26,146	Market	28,131,860	60,085,090	46.8%	Yes
02-Jun-06	16,181	Market	28,148,041	60,085,090	46.8%	Yes
05-Jun-06	2,000	Market	28,150,041	60,085,090	46.9%	Yes
06-Jun-06	2,500	Market	28,152,541	60,085,090	46.9%	Yes
07-Jun-06	30,008	Market	28,182,549	60,085,090	46.9%	Yes
08-Jun-06	68,340	Market	28,250,889	60,085,090	47.0%	Yes
09-Jun-06	9,527	Market	28,260,416	60,085,090	47.0%	Yes
12-Jun-06	42,207	Market	28,302,623	60,085,090	47.1%	Yes
13-Jun-06	52,396	Market	28,355,019	60,085,090	47.2%	Yes
14-Jun-06	62,086	Market	28,417,105	60,085,090	47.3%	Yes
15-Jun-06	22,800	Market	28,439,905	60,085,090	47.3%	Yes
19-Jun-06	17,500	Market	28,457,405	60,085,090	47.4%	Yes
20-Jun-06	4,777	Market	28,462,182	60,085,090	47.4%	Yes
29-Jun-06	7,500	Market	28,469,682	60,085,090	47.4%	Yes
30-Jun-06	7,196	Market	28,476,878	60,085,090	47.4%	Yes
03-Jul-06	4,017	Market	28,480,895	60,085,090	47.4%	Yes
04-Jul-06	5,600	Market	28,486,495	60,085,090	47.4%	Yes

05-Jul-06	16,500	Market	28,502,995	60,085,090	47.4%	Yes
06-Jul-06	4,000	Market	28,506,995	60,085,090	47.4%	Yes
07-Jul-06	1,000	Market	28,507,995	60,085,090	47.4%	Yes
10-Jul-06	9,622	Market	28,517,617	60,085,090	47.5%	Yes
11-Jul-06	6,500	Market	28,524,117	60,085,090	47.5%	Yes
12-Jul-06	10,649	Market	28,534,766	60,085,090	47.5%	Yes
13-Jul-06	10,911	Market	28,545,677	60,085,090	47.5%	Yes
17-Jul-06	10,551	Market	28,556,228	60,085,090	47.5%	Yes
18-Jul-06	40,645	Market	28,596,873	60,085,090	47.6%	Yes
19-Jul-06	60,119	Market	28,656,992	60,085,090	47.7%	Yes
20-Jul-06	17,537	Market	28,674,529	60,085,090	47.7%	Yes
21-Jul-06	6,730	Market	28,681,259	60,085,090	47.7%	Yes
24-Jul-06	2,733	Market	28,683,992	60,085,090	47.7%	Yes
01-Aug-06	24,502	Market	28,708,494	60,085,090	47.8%	Yes
02-Aug-06	12,500	Market	28,720,994	60,085,090	47.8%	Yes
03-Aug-06	2,000	Market	28,722,994	60,085,090	47.8%	Yes
04-Aug-06	11,000	Market	28,733,994	60,085,090	47.8%	Yes
07-Aug-06	30,793	Market	28,764,787	60,085,090	47.9%	Yes
08-Aug-06	59,021	Market	28,823,808	60,085,090	48.0%	Yes
09-Aug-06	8,449	Market	28,832,257	60,085,090	48.0%	Yes
10-Aug-06	8,787	Market	28,841,044	60,085,090	48.0%	Yes
11-Aug-06	3,765	Market	28,844,809	60,085,090	48.0%	Yes
26-Oct-06	2,000	Market	28,846,809	60,085,090	48.0%	Yes
27-Oct-06	2,500	Market	28,849,309	60,085,090	48.0%	Yes
15-Nov-06	5,000	Market	28,854,309	60,085,090	48.0%	Yes
16-Nov-06	1,500	Market	28,855,809	60,085,090	48.0%	Yes
17-Nov-06	20,000	Market	28,875,809	60,085,090	48.1%	Yes
20-Nov-06	5,118	Market	28,880,927	60,085,090	48.1%	Yes
21-Nov-06	5,000	Market	28,885,927	60,085,090	48.1%	Yes
22-Nov-06	5,000	Market	28,890,927	60,085,090	48.1%	Yes
24-Nov-06	7,000	Market	28,897,927	60,085,090	48.1%	Yes
27-Nov-06	10,000	Market	28,907,927	60,085,090	48.1%	Yes
28-Nov-06	50,000	Market	28,957,927	60,085,090	48.2%	Yes
04-Dec-06	10,000	Market	28,967,927	60,085,090	48.2%	Yes
05-Dec-06	10,000	Market	28,977,927	60,085,090	48.2%	Yes
06-Dec-06	10,000	Market	28,987,927	60,085,090	48.2%	Yes
07-Dec-06	10,000	Market	28,997,927	60,085,090	48.3%	Yes
08-Dec-06	7,657	Market	29,005,584	60,085,090	48.3%	Yes
11-Dec-06	5,000	Market	29,010,584	60,085,090	48.3%	Yes
12-Dec-06	2,000	Market	29,012,584	60,085,090	48.3%	Yes
15-Dec-06	12,023	Market	29,024,607	60,085,090	48.3%	Yes
18-Dec-06	1,952	Market	29,026,559	60,085,090	48.3%	Yes
19-Dec-06	7,710	Market	29,034,269	60,085,090	48.3%	Yes
20-Dec-06	10,000	Market	29,044,269	60,085,090	48.3%	Yes
26-Dec-06	30,000	Market	29,074,269	60,085,090	48.4%	Yes
27-Dec-06	10,000	Market	29,084,269	60,085,090	48.4%	Yes
28-Dec-06	3,975	Market	29,088,244	60,085,090	48.4%	Yes
29-Dec-06	3,131	Market	29,091,375	60,085,090	48.4%	Yes
03-Jan-07	30,000	Market	29,121,375	60,085,090	48.5%	Yes
08-Jan-07	466,283	Market	29,587,658	60,085,090	49.2%	Yes
09-Jan-07	115,000	Market	29,702,658	60,085,090	49.4%	Yes

Inter-se share transfers amongst Promoters:

Date	Transferor	Transferee	Number of Shares	%age of total outstanding equity shares on that date
6-Dec-06	Anuradha Shukla	Anu Films & Communications Private Limited	156,100	0.26%
6-Dec-06	Anuradha Shukla	Rajiv Shukla	192,100	0.32%

Note:

a) The figures in brackets represent the shares sold or transferred.

b) The compliance mentioned above is filing of Form 2 with Registrar of Companies, getting the Shares listed with the respective Stock Exchanges and applicable provisions of the SEBI (SAST) regulations and other applicable regulations under the SEBI Act, 1992 and other statutory requirements, as applicable, except as stated in para 50 above.

58. The Acquirer does not hold any Shares in the Target Company as on date save and except the Shares proposed to be issued to the Acquirer under the Acquirer's Preferential Issue. Accordingly, the provisions of Chapter II of SEBI (SAST) Regulations are not applicable to the Acquirer.

59. The Target Company has been complying with the corporate governance requirements as are prescribed in Clause 49 of the Listing Agreement as amended from time to time.

    Material litigation pending against the Target Company, as on January 19, 2007, is as follows:

    A demand of Rs. 26,02,502 has been raised on the Company consequent to assessment u/s 143(3) of the Income Tax Act, 1961 for the assessment year 2004-2005. The Company has filed an appeal before the appropriate appellate authorities against the said assessment.

60. Rajeev Parashar, Company Secretary is the Compliance Officer of the Target Company. Address: B.A.G. Films Limited, C-4, Shivalik, Near Malviya Nagar Market, New Delhi - 110 017, Tel : +91 11 4183 0945, +91 120 3911444; Fax : +91 11 4183 0945, +91 120 3911401/3911448.

VI. OFFER PRICE AND FINANCIAL ARRANGEMENTS

Justification of the Offer Price

61. The Shares are listed on the BSE, the NSE and the DSE. Based on the information available, the Shares are frequently traded on both the BSE and the NSE and infrequently traded on the DSE.

62. The details of trading volumes of the Target Company on the BSE, the NSE and the DSE are as provided below:

	Total Shares traded during the six calendar months prior to the month in which the Public Announcement was made/Board Meeting to approve Acquirer's Preferential Issue was held	**Total no. of listed Shares**	**Annualized trading turnover as a % of total number of listed Shares**	**Trading status in terms of the SEBI (SAST) Regulations**
NSE	1,72,59,313	6,00,85,090	57.45%	Frequently Traded
BSE	92,63,175	6,00,85,090	30.83%	Frequently Traded
DSE	Nil	6,00,85,090	Nil	Infrequently Traded

Sources : www.nseindia.com and www.bseindia.com and DSE

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 the Public Announcement 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. 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.

63. The Acquirer has not acquired any Shares during the 26-week period prior to the date of the Public Announcement or prior to the Board Meeting to approve Acquirer's Preferential Issue, including through allotment in a public, rights or preferential issue save and except through the Acquirer's Preferential Issue. The price of Rs. 13/- per Share in the Acquirer's Preferential Issue is higher than the price determined in terms of the SEBI (Disclosure and Investor Protection) Guidelines, 2000. The Offer Price of Rs. 13/- per Share is justified in terms of Regulation 20(4) and Regulation 20A of the SEBI (SAST) Regulations as it is equal to the highest of the following:

a. The agreed price to be paid by the Acquirer for any acquisition including by way of allotment in a public or rights or preferential issue during the 26 weeks prior to the date of Public Announcement	Rs 13/Share
b. The negotiated price	Not Applicable
c. The average of the weekly high and low of closing prices of the Shares on NSE during the 26-weeks preceding January 15, 2007	Rs. 9.21/ Share
d. The average of the daily high and low of the Shares on NSE during the 2-weeks preceding January 15, 2007	Rs. 10.72/ Share
e. Other parameters based on the audited accounts for the nine months period ended December 31, 2006	
Return on Networth (Net profit for nine months has been annualized)	7.61%
Book Value per Share	Rs. 8.10/Share
Earning per Share (Trailing Twelve Months)	Rs. 0.5/Share
Price/Earning ratio based on Offer Price	26.0x

The Target Company is engaged in the business of TV production. As per Capital Markets magazine, the Target Company is included in a very broad industry segment "Entertainment, Electronic Media and Software". As per Capital Market dated February 12 – 25, 2007, the average industry Price/Earning of the said segment is 72.5x. This industry Price/Earning is not strictly comparable as the industry segment covered by Capital Market consists of companies which have varied and different businesses such as TV channels, multiplexes, entertainment technology, animation, film production, film distribution, music and media etc as compared with the Target Company which is primarily involved in TV production.

In view of the above, following companies have been considered which are directly comparable or are presently in the related industry to the Target Company:

TV Production	**Price/Earning Ratio**
B.A.G Films Limited	26.0x
Balaji Telefilms Limited	12.7x
Cinevistaas	Loss
Creative Eyes	29.8x
Average	**22.8x**

Film Production	
Baba Arts	20.5x
K Sera Sera Prod	Loss
Mukta Arts	Loss
Padmalaya Tele	Loss
Pritish Nandy Comm	30.5x
Radaan Mediawork	15.6x
Shringar Cinemas	36.7x
Average	**25.8x**

In view of the above, the Offer Price of Rs. 13/- per Share (Rs. 5.5/- per share for the Shares with Calls-in-Arrears) offered by the Acquirer to the shareholders of the Target Company under the proposed Offer is justified in terms of regulation 20(4) and 20(5).

64. The Shares are most frequently traded on NSE. The weekly high and low of the closing prices of the Shares, during the 26-week period ended January 15, 2007 (being the last trading date before the meeting of the Board of Directors in which the Acquirer's Preferential Issue was approved) on NSE, are given below:

Week #	End Date	High (Rs.)	Low (Rs.)	Average (Rs.)	Volume
1	21-Jul-06	8.50	8.20	8.35	335,297
2	28-Jul-06	8.00	7.90	7.95	126,858
3	4-Aug-06	8.25	7.95	8.10	308,900
4	11-Aug-06	8.95	8.15	8.55	408,751
5	18-Aug-06	9.30	8.95	9.13	710,472
6	25-Aug-06	9.50	9.10	9.30	892,622
7	1-Sep-06	9.95	9.35	9.65	1,007,235
8	8-Sep-06	9.60	9.35	9.48	477,851
9	15-Sep-06	9.35	9.10	9.23	529,903
10	22-Sep-06	10.00	9.25	9.63	1,910,616
11	29-Sep-06	10.20	9.60	9.90	1,615,861
12	6-Oct-06	10.90	10.65	10.78	2,071,079
13	13-Oct-06	10.25	9.65	9.95	888,805
14	21-Oct-06	9.70	9.50	9.60	437,898
15	27-Oct-06	9.45	9.40	9.43	257,265
16	3-Nov-06	9.30	8.75	9.03	686,776
17	10-Nov-06	9.65	9.25	9.45	1,170,109
18	17-Nov-06	9.25	8.80	9.03	468,814
19	24-Nov-06	8.90	8.75	8.83	436,816
20	1-Dec-06	8.95	8.60	8.78	566,666
21	8-Dec-06	8.65	8.50	8.58	415,990
22	15-Dec-06	8.30	7.85	8.08	441,103
23	22-Dec-06	8.60	8.40	8.50	344,105
24	29-Dec-06	8.85	8.65	8.75	464,448
25	5-Jan-07	9.35	9.20	9.28	1,092,935
26	12-Jan-07	13.10	11.20	12.15	6,795,749
			26 Weeks Average	**9.21**	

Source : www.nseindia.com.

65. The daily high, low and average prices of the Shares during the last 2 weeks of trading on the NSE, where Shares are most frequently traded, (as on the date of the meeting of the Board of Directors at which the Acquirer's Preferential Issue was approved i.e. January 15, 2007) are given below:

Day #	Date	High (Rs.)	Low (Rs.)	Average	Volume
Public Holiday	1-Jan-07				
1	2-Jan-07	9.35	8.75	9.05	263,724
2	3-Jan-07	9.65	9.10	9.38	375,410
3	4-Jan-07	9.70	9.25	9.48	255,465
4	5-Jan-07	9.65	9.10	9.38	198,336
5	8-Jan-07	11.25	9.30	10.28	1,670,060
6	9-Jan-07	12.45	10.65	11.55	1,711,866
7	10-Jan-07	12.60	11.00	11.80	1,154,255
8	11-Jan-07	12.85	11.90	12.38	1,074,359
9	12-Jan-07	13.55	12.80	13.18	1,185,209
			2 Weeks Average	**10.72**	

Source : www.nseindia.com.

On the basis of the above (i.e. paragraphs 63, 64 and 65), the minimum offer price in terms of Regulation 20(11) of the SEBI (SAST) Regulations is Rs. 13/- per Share (Rs. 5.5/- per share for the Shares with Calls-in-Arrears).

66. During the Offer period, the Acquirer may purchase additional Shares in accordance with the SEBI (SAST) Regulations. In the event that the Acquirer purchases additional Shares during the Offer Period in accordance with Regulation 20(7) of the SEBI (SAST) Regulations, such purchase shall be disclosed to the stock exchanges where the Shares are listed and to the Manager to the Offer in accordance with Regulation 22(17) of the SEBI (SAST) Regulations. The Acquirer undertakes to ensure that the Offer Price shall not be less than the highest price paid by the Acquirer for any acquisition of Shares of the Target Company from the date of the Public Announcement (i.e. January 19, 2007) upto May 07, 2007 (i.e. 7 working days prior to the closure of the Offer). There is no non-compete agreement entered into by the Acquirer with the Target Company or the Promoters.

67. As per the SEBI (SAST) Regulations, the Acquirer can revise the Offer Price / Offer Size up to 7 (seven) working days prior to the closure of this Offer, and the revision, if any, would be announced in the same newspapers where the Public Announcement has appeared and the revised price will be paid for all Shares acquired pursuant to this Offer.

Financial Arrangements

68. 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 own funds.

69. In accordance with the requirements of the SEBI (SAST) Regulations, the Acquirer had made a cash deposit of Rs. 23,48,71,234 which was subsequently increased to Rs. 26,88,74,034 pursuant to increase in the size of the offer in an account with Citibank N.A., having its branch at Fort, Mumbai (the "**Escrow Account**"). Assuming full acceptance, the amount placed in the Escrow Account (the "**Funds**") constitutes 100% of the Maximum Consideration.

70. The Manager to the Offer has been duly authorised to realize the value of the Escrow Account in terms of the SEBI (SAST) Regulations.

71. 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.

72. 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.

73. In view of the above, the Manager to the Offer is satisfied that firm arrangements are in place to fulfill the Acquirer's obligations in relation to the Offer in accordance with the SEBI (SAST) Regulations and that the Acquirer is able to fulfill his obligations in accordance with the SEBI (SAST) Regulations.

VII. TERMS AND CONDITIONS OF THE OFFER

74. All Shares tendered and accepted upto 2,06,82,618 under the Offer, will be acquired by the Acquirer, subject to terms and conditions set out herein. All necessary requirements for the valid transfer of the Shares will be pre-conditions for valid acceptance. The Target Company does not have any outstanding Shares that are subject to lock-in.

75. All Shareholders (other than the Acquirer and Promoters), whose names appear in the register of shareholders on the Specified Date and also persons who own Shares any time prior to the closure of the Offer, whether or not they are registered Shareholders, are eligible to participate in the Offer anytime before the closure of the Offer.

76. To the best of the knowledge of the Acquirer, as on the date of this Public Announcement there are no statutory approvals required to implement the Offer. If any statutory approvals become applicable subsequently, the Offer would be subject to such statutory approvals. The Acquirer will have a right not to proceed with the Offer in the event the statutory approvals are refused in terms of Regulation 27 of SEBI (SAST) Regulations.

77. In case of a delay in receipt of any statutory approval(s), SEBI has the power to grant an extension of time to the Acquirer for payment of consideration to the tendering Shareholders, subject to the Acquirer agreeing to pay interest for the delayed period as directed by SEBI in terms of Regulation 22(12) of the SEBI (SAST) Regulations. Further, if the delay occurs on account of willful default by the Acquirer in obtaining the requisite approvals, Regulation 22(13) of the SEBI (SAST) Regulations will also become applicable.

78. To the best of the Acquirer's knowledge, the Acquirer does not require any approvals for the Offer from financial institutions or banks for the Offer.

VIII. PROCEDURE FOR ACCEPTANCE AND SETTLEMENT OF THE OFFER

79. The Acquirer made the Public Announcement on January 19, 2007 for the Offer. This Offer is made to all Shareholders other than the Acquirer and Promoters.

80. The Letter of Offer, together with the form of acceptance cum acknowledgement (the "**Form of Acceptance cum Acknowledgement**"), will be mailed to the Persons eligible to participate in the Offer (for the sake of clarity, excluding the Acquirer and the Promoters), whose names appear on the register of members of the Target Company and to the beneficial owners of the dematerialised Shares, whose names appear as beneficiaries on the records of the respective depositories, at the close of business on February 8, 2007 ("**Specified Date**").

81. Holders of Shares in physical form who wish to tender their Shares will be required to send the Form of Acceptance cum Acknowledgement, original share certificate(s), and transfer deed(s) duly signed to the Registrar to the Offer –Mondkar Computers Private Limited having their office situated at 21, Shakil Nivas, Opp. Satya Sai Baba Temple, Mahakali Caves Road, Andheri East, Mumbai 400 093. Telephone number: +91 22 28257641, 28366620, Fax number: +91 22 28369704, Email bag_offer@mondkarcomputers.com either by hand delivery on weekdays, or by Registered Post, on or before the closure of the Offer, i.e., no later than May 16, 2007, in accordance with the instructions to be specified in the Letter of Offer and in the Form of Acceptance cum Acknowledgement.

82. The Registrar to the Offer, Mondkar Computers Pvt. Limited has opened a special depository account with Citibank N.A at the National Securities Depositary Limited ("**NSDL**") called, "**MCPL Escrow Account – BAG Open Offer**". The DPID is IN 300685 and Client ID is 10517646.

DP Name	**Citibank N.A.**
DP	**IN 300685**
Client ID	**10517646**

Shareholders having their beneficiary account with the Central Depositary Services (India) Limited ("**CDSL**") must use the inter-depository delivery instruction slip for the purpose of crediting their Shares in favor of the special depository account with NSDL.

83. Beneficial owners (holders of Shares in dematerialized form) who wish to tender their Shares will be required to send their Form of Acceptance cum Acknowledgement along with a photocopy of the delivery instruction in "Off-market" mode, or counterfoil of the delivery instructions in "Off-market" mode, duly acknowledged by the Depository Participant ("DP"), in favour of the special depository account to the Registrar to the Offer – Mondkar Computers Private Limited having their office situated at 21, Shakil Nivas, Opp. Satya Sai Baba Temple, Mahakali Caves Road, Andheri East, Mumbai 400 093. Telephone number: +91 22 28257641, 28366620, Fax number: +91 22 28369704, Email bag_offer@mondkarcomputers.com either by hand delivery on weekdays or by Registered Post, on or before the closure of the Offer, i.e., no later than May 16, 2007, in accordance with the instructions to be specified in the Letter of Offer and in the Form of Acceptance cum Acknowledgement. The credit for the delivered Shares should be received in the special depository account on or before closure of the Offer, i.e., no later than May 16, 2007.

84. In addition to the above-mentioned address, the Shareholders who wish to avail of, and accept the Offer can also deliver the Acceptance cum Acknowledgement Form along with all the relevant documents at any of the collection centres below in accordance with the procedure as set out in the Letter of Offer. All the centres mentioned herein below would be open as follows:

(Working Hours: Monday to Friday: 10.30 a.m. to 4.30 p.m & Saturdays 10.30 am to 1.30 pm. Closed on Sundays and Holidays)

Address	**Contact Person**	**Mode of Delivery**	**Phone No.**	**Fax**
Mondkar Computers Pvt. Ltd. C/o Beetal Consultants Gr. Floor, 99, Madangir B/h Local Shopping Centre (Pushp Vihar) Nr. Dada Harsukhdas Mandir New Delhi 110 062	Mr. Chandra Shekhar	Hand Delivery	+91-11-29961280/ 29961283	+91-11-29961284
Mondkar Computers Pvt. Ltd. 21, Shakil Nivas, Opposite Satya Sai Baba Temple Mahakali Caves Road, Andheri East Mumbai 400 093	Mr. Ravi Utekar	Hand delivery/ Registered Post	+91-22-28257641/ 28366620	+91-22-28369704

85. All Shareholders (registered or unregistered) (except the Acquirer and the Promoters being parties to the Agreement), who own Shares anytime before the closure of the Offer, are eligible to participate in the Offer anytime before the closure of the Offer. Unregistered owners can send their application in writing to the Registrar to the Offer, on a plain paper stating their name, address, number of Shares held, number of Shares offered, distinctive numbers, folio number, together with the original share certificate(s), valid transfer deeds and the original contract notes issued by the broker through whom they acquired their Shares. No indemnity is required from unregistered owners.

86. In case of non-receipt of the Letter of Offer, eligible persons may send their consent to the Registrar to the Offer, on a plain paper stating their name, address, number of Shares held, distinctive numbers, folio number and number of Shares offered along with documents as mentioned above so as to reach the Registrar to the Offer on or before the closure of the Offer, i.e., no later than May 16, 2007, or in case of beneficial owners, they may send the application in writing to the Registrar to the Offer, on a plain paper stating their name, address, number of Shares held, number of Shares offered, DP name, DP ID, beneficiary account number, and a photocopy of the delivery instruction in "Off-market" mode or counterfoil of the delivery instruction in "Off-market" mode, duly acknowledged by the DP, in favour of the special depository account, so as to reach the Registrar to the Offer, on or before the closure of the Offer, i.e., no later than May 16, 2007. In case of non receipt of the aforesaid documents, but receipt of valid transfer deed and share certificates by the Registrar and/or the credit in the escrow depository account, the Offer shall be deemed to be accepted by the Shareholders.

87. In terms of Regulation 22(5A) of the SEBI (SAST) Regulations, Shareholders desirous of withdrawing the Shares tendered by them in the Offer may do so up to 3 (three) working days prior to the date of closure of the Offer i.e no later than May 11, 2007. The withdrawal option can be exercised by submitting the documents as per the instructions below, so as to reach the Registrar to the Offer at any of the collection centres mentioned above as per the mode of delivery indicated therein on or before May 11, 2007.
    i. The withdrawal option can be exercised by submitting the form of withdrawal, enclosed with the Letter of Offer.

ii. In case of non-receipt of form of withdrawal, the withdrawal option can be exercised by making a plain paper application to the Registrar to the Offer along with the following details:

- In case of physical Shares: name, address, distinctive numbers, folio number, and number of Shares tendered; and
- In case of dematerialised Shares: name, address, number of Shares offered, DP name, DP ID, beneficiary account number and a photocopy of the delivery instruction in “Off-market” mode or counterfoil of the delivery instruction in “Off-market” mode, duly acknowledged by the DP, in favour of the special depository account.

88. The Registrar to the Offer will hold in trust the Shares/Share certificates, Shares lying in credit of the special depository account, Form of Acceptance cum Acknowledgement, if any, and the transfer form(s) on behalf of the Shareholders of the Target Company who have accepted the Offer, till the cheques/drafts for the consideration and/ or the unaccepted Shares/Share certificates are dispatched/returned.

89. If the aggregate of the valid responses to the Offer exceeds the Offer size of up to 2,06,82,618 Shares of the Target Company, then the Acquirer shall accept the valid applications received on a proportionate basis in accordance with Regulation 21(6) of the SEBI (SAST) Regulations. Since the Shares are compulsorily traded in dematerialized form, minimum acceptance will be one Share.

90. Unaccepted share certificates, transfer forms and other documents, if any, will be returned by Registered Post at the Shareholders’/unregistered owners’ sole risk, to the sole/first shareholder/ unregistered owners. Unaccepted Shares held in dematerialized form will be credited back to the beneficial owners’ depository account with the respective depository participant, as per the details furnished by the beneficial owner in the Form of Acceptance cum Acknowledgement.

91. Shareholders who have sent their Shares for dematerialization need to ensure that the process of getting their Shares dematerialized is completed well in time so that the credit in the special depository account is received on or before the date of closure of the Offer, i.e., no later than May 16, 2007, else their application would be rejected.

92. While tendering the Shares under the Offer, Non Resident Indians (“**NRIs**”)/Overseas Corporate Bodies (“**OCBs**”)/foreign Shareholders will be required to submit the previous RBI Approvals (specific or general) that they would have obtained for acquiring the Shares . In case previous RBI approvals are not submitted, the Acquirer reserves the right to reject such Shares tendered.

93. While tendering Shares under the Offer, NRI/ OCBs/ foreign Shareholders will be required to submit a tax clearance certificate (the “**Tax Clearance Certificate**”) from the Income Tax authorities, indicating the amount of tax to be deducted by the Acquirer under the Income Tax Act, 1961, before remitting the consideration. In case the aforesaid Tax Clearance Certificate is not submitted, the Acquirer will arrange to deduct tax at the rate as may be applicable to the category of the shareholder under the Income Tax Act, 1961, on the entire consideration amount payable to such NRI/ OCB/ foreign shareholder.

94. As per the provisions of Section 196D(2) of the Income Tax Act, no deduction of tax at source shall be made from any income by way of capital gains arising from the transfer of securities referred to in section 115AD of the Income Tax Act payable to a Foreign Institutional Investor as defined in section 115AD of the Income Tax Act. Foreign Institutional Investor should certify in the form annexed hereto at Annexure A (“**FII Declaration**”) certain details including that the nature of its income under the Income Tax Act (capital gain or otherwise) arising from sale of shares in the Target Company. In the absence of the FII Declaration or where income from the sale of shares is not capital gain, the Acquirer shall deduct tax at the maximum marginal rate under the Income Tax Act, on the entire consideration amount payable. Foreign Institutional Investor may also submit a Tax Clearance Certificate from the Income Tax authorities while tendering the shares, indicating the amount of tax to be deducted by the Acquirer under the Income Tax Act. Where such Tax Clearance Certificate is provided the Acquirer shall deduct tax in accordance to the same.

    It is hereby clarified that any other format of certification/ declaration for deduction of tax at source, other than specified above, shall be disregarded and the Acquirer shall deduct tax at maximum marginal rate applicable to the category of the shareholder.

    Shareholders are advised to consult their tax advisors for the treatment that may be given by their respective Assessing Officers in their case, and the appropriate course of action that they should take. The Acquirer and the Manager to the Offer do not accept any responsibility for the accuracy or otherwise of such advice.

IX. DOCUMENTS FOR INSPECTION

The following documents will be available for inspection to the Shareholders at the registered office of the Target Company, whose address is given on the cover page of this document, between 11 a.m. and 4 p.m. on all working days (except Saturdays and Sundays) till the Offer closing date:

a. Certificate dated January 18, 2007 from Ajay Sardana Associates (Membership number 89011), Chartered Accountants, D 118, Saket, New Delhi, Tel: 91-11-3256 4949, Fax: 91-11-4166 3630 regarding the adequacy of financial resources with the Acquirer to fulfill his obligation under the Offer.

b. Certificate dated April 12, 2007 from Ajay Sardana Associates (Membership number 89011), Chartered Accountants, D 118, Saket, New Delhi, Tel: 91-11-3256 4949, Fax: 91-11-4166 3630 regarding the Acquirer's Networth.

c. Certificate dated January 18, 2007 from Ajay Sardana Associates (Membership number 89011), Chartered Accountants, D 118, Saket, New Delhi, Tel: 91-11-3256 4949, Fax: 91-11-4166 3630 regarding Offer Price calculation in compliance with Regulation 20(4).

d. Copy of the Agreement dated January 15, 2007 between the Acquirer, the Target Company and the Promoters in connection with the Acquirer's Preferential Issue.

e. Annual Reports of the Target Company for the accounting years ended 31 March 2004, 31 March 2005 and 31 March 2006 and quarterly reports for the quarter ended December 31, 2006.

f. Copy of a certificate from Citibank N.A., Mumbai confirming the amount placed in Escrow, towards the proposed Offer, with a lien in favor of Citigroup Global Markets India Private Limited, Manager to the Offer.

g. Copy of letter received from SEBI, Ref. Nos. CFD/DCR/MM/TO/90629/07 dated April 5, 2007, in terms of proviso to Regulation 18(2).

h. Copy of the agreement with the Depository Participant for opening a Special Depositary account for the purpose of the Offer.

i. Published copy of Public Announcement made on January 19, 2007 and Addendum to the PA made on April 18, 2007 by the Acquirer for acquiring upto 2,06,82,618 issued equity Shares of the Target Company.

j. Printed copy of the webpage of the National Stock Exchange of India Limited and the Bombay Stock Exchange Limited containing the Share price and volume data for the relevant period.

X. DECLARATION BY THE ACQUIRER

Information provided by the Target Company has been relied on for the purposes of disclosures made in relation to the Target Company. Subject to the aforesaid, the Acquirer takes responsibility for information contained in the Letter of Offer to the extent required by the SEBI (SAST) Regulations save for information provided by the Registrar to the Offer in the Letter of Offer.

The Acquirer shall be responsible for ensuring fulfillment of its obligations under with the SEBI (SAST) Regulations.

All information contained in this document is as on the date of the Public Announcement, unless stated otherwise.

For and on behalf of

SAMEER GEHLAUT
sd/-

Place: MUMBAI

Date: April 20, 2007

Annexure A: FII Declaration

To

Sameer Gehlaut,
296, Forest Lane,
Sainik Farms,
New Delhi – 110 068

Mondkar Computers Private Limited
21, Shakil Nivas, Opp Satya Sai Baba Temple
Mahakali Caves Road, Andheri East
Mumbai 400 093

Sir,

Sub: Proposed acquisition of upto 2,06,82,618 equity shares of Rs. 2/- each of the issued and paid up equity share capital of B.A.G. Films Limited (the "Target Company") by Sameer Gehlaut (the "Acquirer") through an open offer (the "Offer") pursuant to the provisions of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 (as amended) (the "Takeover Regulations")

With reference to the subject Letter of Offer and our Form of Acceptance tendered with you we certify the following:

1. We are a Foreign Institutional Investor within the meaning of section 115AD of the Income-tax Act, 1961.

2. The income arising on transfer of the shares tendered in pursuance of this Letter of Offer would be assessable as:
    a. Capital gains under the Income-tax Act, 1961;
    b. Income other than Capital Gains under the Income-tax Act, 1961.

[Please strike out a or b, whichever is inapplicable]

3. Our status under the Income-tax Act, 1961 is
    a. Company;
    b. Person other than a Company.

[Please strike out a or b, whichever is inapplicable]

Verification

I, <<*Insert name of signatory*>>, do hereby declare that the details provided above are true and correct.

I also declare that in my capacity as <<*Insert designation*>> I am competent to certify the above details and verify it.

Date ………………….

Place ………………….

………………………………..
(Signature)

FORM OF ACCEPTANCE-CUM-ACKNOWLEDGEMENT

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

OFFER	
OPENS ON	**Friday, April 27, 2007**
LAST DATE OF WITHDRAWAL	**Friday, May 11, 2007**
CLOSES ON	**Wednesday, May 16, 2007**

(Please send this Form with enclosures to the Registrar to the Offer, Mondkar Computers Private Limited)

From:
Name:
Address:
Tel No.: Fax No.: E-mail :

To,

Mr. Sameer Gehlaut
C/o. Mondkar Computers Private Limited
21, Shakil Nivas, Opp Satya Sai Baba Temple, Mahakali Caves Road, Andheri East, Mumbai 400 093

Dear Sir,

Sub: Proposed acquisition of 20,682,618 equity shares of Rs. 2/- each of the issued and paid up equity share capital of B.A.G. Films Limited ("Target Company") at an offer price of Rs. 13/- per fully paid up equity share (Rs. 5.5/- per equity shares for Shares with Calls in Arrears) by Mr. Sameer Gehlaut (the "Acquirer") through a mandatory open offer (the "Offer") pursuant to the provisions of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 (as amended) (the "Takeover Regulations").

I/We refer to the Letter of Offer dated April 20, 2007 for acquiring the Shares held by me/us in B.A.G. Films Limited

I/We, the undersigned, have read the Letter of Offer, understood its contents and unconditionally accepted the terms and conditions as mentioned therein.

SHARES HELD IN PHYSICAL FORM

I/We, accept the Offer and enclose the original share certificate(s) and duly signed transfer deed(s) in respect of my/our shares as detailed below.

Sr. No	Folio No.	Certificate No.	Distinctive Nos.		No. of Shares
			From	To	
				Total	

Please attach additional sheets of paper and authenticate the same if the space is insufficient.

SHARES HELD IN DEMAT FORM

I/We, holding shares in demat form, accept the Offer and enclose a photocopy of the Delivery Instructions duly acknowledged by my/our DP in respect of my/our equity shares as detailed below.

DP Name	DP ID	Client ID	Name of Beneficiary	No. of Shares

I/We have done an off-market transaction for crediting the shares to the depository account with Citibank, N.A. at NSDL styled "MCPL Escrow Account – BAG Open Offer" whose particulars are:

DP Name: Citibank N.A.		**Client ID : 10517646**	**DP ID : IN 300685**

Shareholders having their beneficiary account with CDSL will have to use inter-depository delivery instruction slip for the purpose of crediting their shares in favour of the special depository account with NSDL.

Enclosures (Please tick as appropriate, if applicable)

- ☐ Power of Attorney
- ☐ Corporate authorization in case of Companies along with Board Resolution and Specimen Signatures of Authorised Signatories
- ☐ No Objection Certificate / Tax Clearance Certificate under Income-tax Act, 1961, for NRIs/OCBs/Foreign Shareholders as applicable
- ☐ Others (please specify) :
- ☐ Death Certificate/ Succession Certificate
- ☐ FII Declaration

I/We confirm that the equity shares of **B.A.G. Films Limited**, which are being tendered herewith by me/us under the Offer, are free from liens, charges and encumbrances of any kind whatsoever.

I/We note and understand that the original share certificate(s) and valid share transfer deed will be held in trust for me/us by the Registrar to the Offer until the time the Acquirer pays the purchase consideration as mentioned in the Letter of Offer.

I/We also note and understand that the Acquirer will pay the purchase consideration only after verification of the documents and signatures.

I/We authorise the Acquirer to send by registered post/speed post/UCP the draft/cheque, in settlement of the amount to the sole/first holder at the address mentioned above.

I/We note and understand that the Shares would lie in the Special Depository Account until the time the Acquirer makes payment of purchase consideration as mentioned in the Letter of Offer. I/We authorise the Acquirer to accept the shares so offered which it may decide to accept in consultation with the Manager to the Offer and in terms of the Letter of Offer and I/we further authorise the Acquirer to return to me/us, equity share certificate(s) in respect of which the offer is not found valid/not accepted.

The Permanent Account No. (PAN/GIR No.) allotted under the Income Tax Act, 1961 is as under.

	1st Shareholder	2nd Shareholder	3rd Shareholder
PAN/GIR No. Ward No.			

So as to avoid fraudulent encashment in transit, shareholder(s) holding shares in physical form should provide details of bank account of the first/sole shareholder and the consideration cheque or demand draft will be drawn accordingly For equity shares that are tendered in demat form, the Bank account details as obtained from the beneficial position (download to be provided by the depositories) will be considered and the demand draft / cheque will be drawn accordingly with the said bank account details.

Name of the Bank ____________ Branch ____________ City ____________
Account Number ____________ Savings/Current/Others (please specify) ____________

Yours faithfully, Signed and Delivered

	FULL NAME(S) OF THE HOLDER	SIGNATURE(S)
First/Sole Holder		
Joint Holder 1		
Joint Holder 2		
Joint Holder 3		

Note: In case of joint holdings, all holders must sign. In case of body corporate, the Company seal should be affixed

Place: Date:

Tear along this line

Acknowledgement Slip : Sameer Gehlaut **Sr. No.**

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

Address ____________

Physical shares: Folio No. ____________/ Demat shares: DP ID ____________; Client ID ____________

Form of Acceptance along with :

- ☐ Physical shares: No. of shares ; No. of certificates enclosed ; No. of transfer deed enclosed
- ☐ Demat shares: Copy of delivery instruction for number of shares duly acknowledged by the DP enclosed

(Tick whichever is applicable)

Signature of Official ____________ Date of Receipt ____________

Stamp of collection center

INSTRUCTIONS

1. In the case of demateralized shares, the shareholders are advised to ensure that their shares are credited in favour of the special depository account, before the closure of the Offer i.e. Wednesday, May 16, 2007. The Form of Acceptance-cum-Acknowledgement of such demat shares not credited in favour of the special depository account, before the closure of the Offer will be rejected.

2. **Shareholders should enclose the following:**

   I. For Equity shares held in demat form :-

   Beneficial owners should enclose

   - **Form of Acceptance-cum-Acknowledgement** duly completed and signed in accordance with the instructions contained therein, as per the records of the Depository Participant (DP).
   - **Photocopy of the delivery instruction** in “Off-market” mode or counterfoil of the delivery instruction in “Off-market” mode, duly acknowledged by the DP as per the instruction in the Letter of Offer.

   II. For Equity shares held in physical form :-

   Registered shareholders should enclose

   - **Form of Acceptance-cum-Acknowledgement** duly completed and signed in accordance with the instructions contained therein, by all shareholders whose names appear on the share certificates.
   - **Original Share Certificate(s).**
   - **Valid Share Transfer form(s)** duly signed as transferors by all registered shareholders (in case of joint holdings) in the same order and as per specimen signatures registered with **B.A.G. Films Limited** and duly witnessed at the appropriate place. A blank Share Transfer form is enclosed along with the Letter of Offer. Attestation, where required, (thumb impressions, signature difference, etc.) should be done.
   - The details of buyer should be left blank failing which the same will be invalid under the Offer. The details of the Acquirer as buyer will be filled by the Acquirer upon verification of the Form of Acceptance and the same being found valid. All other requirements for valid transfer will be preconditions for valid acceptance.

   Unregistered owners should enclose

   - **Form of Acceptance-cum-Acknowledgement** duly completed and signed in accordance with the instructions contained therein.
   - **Original Share Certificate(s).**
   - **Original broker contract note.**
   - **Valid Share Transfer form(s)** as received from the market leaving details of buyer blank. If the same is filled in then the Share(s) are liable to be rejected.

   Shares received to the credit of the escrow depository account or receipt of share certificate alongwith valid transfer deed on or before closure of the Offer without receipt of Form of Acceptance cum Acknowledgment will be deemed as acceptance of the Offer by the Shareholder.

3. The share certificate(s) share transfer form(s) or copy of the delivery instruction slip duly acknowledged by the DP and the Form of Acceptance should be sent only to the **Registrar to the Offer** and not to the Manager to the Offer or the Acquirer or Target Company.

4. Shareholders having their beneficiary account in CDSL have to use “INTER DEPOSITORY DELIVERY INSTRUCTION SLIP” for the purpose of crediting their shares in favour of the special depository account with NSDL.

5. **Non-resident shareholders should enclose a copy of the permission received from RBI for the equity shares held by them in B.A.G. Films Limited. If the shares are held under General Permission of RBI, the non resident shareholder should state that the shares are held under General Permission and whether on repatriable basis or non repatriable basis. In case of its non submission, the Acquirer reserve their right to reject the shares tendered in the Offer.**

6. **Non resident shareholders should also enclose No Objection Certificate/Tax Clearance Certificate from the Income Tax Authorities under Income Tax Act, 1961, indicating the tax to be deducted by the Acquirer before remittance of consideration otherwise tax will be deducted at the maximum marginal rate as may be applicable to the category of the shareholder on the consideration payable by the Acquirer.**

7. The Form of Acceptance-cum-Acknowledgement and other related documents should be submitted at any of the Collection Centers of **Mondkar Computers Private Limited** as stated in Paragraph 84 of the Letter of Offer.

8. Applicants who cannot hand deliver their documents at the Collection Centers, may send their documents only by Registered Post, at their own risk, to the Registrar to the Offer, **Mondkar Computers Private Limited at** 21, Shakil Nivas, Opp. Satya Sai Baba Temple, Mahakali Caves Road, Andheri East, Mumbai 400 093 so as to reach the Registrars to the Offer on or before the last date of acceptance i.e. Wednesday, May 16, 2007.

Tear along this line

All queries in this regard to be addressed to the Registrar to the Offer at the following address quoting your Reference Folio No./DPID/Client ID:

Mondkar Computers Private Limited

(Unit : B.A.G. Films Limited – Open Offer)

21, Shakil Nivas, Opp. Satya Sai Baba Temple, Mahakali Caves Road, Andheri East, Mumbai 400 093. Telephone number: +91 22 28257641, 28366620, Fax number: +91 22 28369704

Email: bag_offer@mondkarcomputers.com

FORM OF WITHDRAWAL
THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION
(Please send this Form with enclosures to the Registrar to the Offer, Mondkar Computers Private Limited)

OFFER	
OPENS ON	**Friday, April 27, 2007**
LAST DATE OF WITHDRAWAL	**Friday, May 11, 2007**
CLOSES ON	**Wednesday, May 16, 2007**

From:
Name:
Address:

To,
Mr. Sameer Gehlaut
C/o. Mondkar Computers Private Limited
21, Shakil Nivas, Opp Satya Sai Baba Temple, Mahakali Caves Road, Andheri East, Mumbai 400 093
Dear Sir,

Ref: Proposed acquisition of 20,682,618 equity shares of Rs. 2/- each of the issued and paid up equity share capital of B.A.G. Films Limited ("Target Company") at an offer price of Rs. 13/- per fully paid up equity share (Rs. 5.5/- per equity shares for Shares with Calls in Arrears) by Mr. Sameer Gehlaut (the "Acquirer") through a mandatory open offer (the "Offer") pursuant to the provisions of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 (as amended) (the "Takeover Regulations").

Sub: Withdrawal of shares tendered in the Offer

I/We the undersigned, have read the Letter of Offer and accepted unconditionally its contents including the terms and conditions and procedures as mentioned therein.

I/We have read the procedure for withdrawal of equity shares tendered by me/us in the Offer as mentioned in para 87 of the Letter of Offer and unconditionally agree to the terms and conditions mentioned therein.

I/We hereby consent unconditionally and irrevocably to withdraw my/our equity shares from the Offer and I/We further authorise the Acquirer to return to me/us, tendered equity share certificate(s)/share(s) at my/our sole risk.

I/We note that upon withdrawal of my/our equity shares from the Offer, no claim or liability shall lie against the Acquirer/ Manager to the Offer/Registrar to the Offer.

I/We note that this Form of Withdrawal should reach the Registrar to the Offer at any of the collection centres mentioned in the Letter of Offer as per the mode of delivery indicated therein on or before the last date of withdrawal.

I/We note that the Acquirer/Manager to the Offer/Registrar to the Offer shall not be liable for any postal delay/loss in transit of the equity shares held in physical form and also for the non-receipt of equity shares held in the dematerialised form in the DP account due to inaccurate/incomplete particulars/instructions.

I/We also note and understand that the Acquirer shall return Original Share Certificate(s), Share Transfer Deed(s) and equity shares only on completion of verification of the documents, signatures and beneficiary position data as available from the Depository from time to time, respectively. The particulars of tendered original share certificate(s), which I/we wish to withdraw are detailed below:

Sr. No	**Folio No.**	**Certificate No.**	**Distinctive Nos.**		**No. of Shares**
		Tendered	**From**	**To**	
		Withdrawn			
				Total	

(In case of insufficient space, please use an additional sheet and authenticate the same)

I/We hold the following equity shares in dematerialised form, have tendered the equity shares in the Offer and had done an off-market transaction for crediting the Shares to the Depository Account with Citibank N. A. at NSDL styled "**MCPL Escrow Account – BAG Open Offer**" as per the following particulars:

DP Name: Citibank N.A.	**Client ID : 10517646**	**DP ID : IN 300685**

Please find enclosed a photocopy of the Depository Delivery Instruction(s) duly acknowledged by the Depository Participant. The particulars of the account from which my/our Equity Shares have been tendered are as detailed below

DP Name	**DP ID**	**Client ID**	**Name of Beneficiary**	**No. of Shares**

I/We note that the equity shares will be credited back only to that Depository Account, from which the equity shares have been tendered and necessary standing instructions have been issued in this regard.

I/We confirm that the particulars given above are true and correct.

In case of dematerialised equity shares, I/We confirm that the signatures of the beneficiary holders have been verified by the DP as per the records maintained at their end and the same have also been duly attested by them under their seal.

Yours faithfully,

Signed and delivered	FULL NAME(S) OF THE HOLDER	SIGNATURE(S)	VERIFIED AND ATTESTED BY US. PLEASE AFFIX THE STAMP OF DP (IN CASE OF DEMAT SHARES)/ BANK (IN CASE OF PHYSICAL SHARES)
First/Sole Shareholder			
Second Shareholder			
Third Shareholder			

Note : In case of joint holding, all holders must sign. In case of body corporate, stamp of the company should be affixed and necessary Board resolution should be attached.

Place: Date:

Tear along this line

Acknowledgement Slip- Withdrawal : Sameer Gehlaut **Sr. No.**

Received from Ms/ Mr./Ms. ____________________

Address ____________________

Physical shares: Folio No. ____________ / Demat shares: DP ID ____________ ; Client ID ____________

Form of Withdrawal along with :

❑ Physical shares: No. of shares copy of the acknowledgement of FOA enclosed.

❑ Demat shares: Copy of delivery instruction for number of shares & acknowledgement of FOA enclosed

(Tick whichever is applicable)

Signature of Official ____________ Date of Receipt ____________

Stamp of collection center

INSTRUCTIONS

1. **Shareholders are advised to ensure that the Form of Withdrawal should reach the Registrar to the Offer at any of the Collection Centers mentioned in the Letter of Offer as per the mode of delivery indicated therein on or before the last date of withdrawal i.e. Friday, May 11, 2007.**

2. Shareholders should enclose the following:-

   i. **For Equity Shares held in demat form:-**

   Beneficial owners should enclose

   - **Duly signed and completed Form of Withdrawal.**
   - **Acknowledgement slip in original/ Copy** of the submitted Form of Acceptance-cum-Acknowledgement in case delivered by Registered A.D.
   - **Photocopy of the delivery instruction** in "Off-market" mode or counterfoil of the delivery instruction in "Off-market" mode, duly acknowledged by the DP.

   ii. **For Equity Shares held in physical form:-**

   Registered Shareholders should enclose:

   - **Duly signed and completed Form of Withdrawal.**
   - **Acknowledgement slip in original/ Copy** of the submitted Form of Acceptance-cum-Acknowledgement in case delivered by Registered A.D.
   - In case of partial withdrawal, Valid Share Transfer form(s) duly signed as transferors by all registered shareholders (in case of joint holdings) in the same order and as per specimen signatures registered with B.A.G. Films Limited and duly witnessed at the appropriate place.

   iii. Unregistered owners should enclose:

   - Duly signed and completed Form of Withdrawal.
   - Acknowledgement slip in original/ Copy of the submitted Form of Acceptance-cum-Acknowledgement in case delivered by Registered A.D.

3. The withdrawal of Shares will be available only for the Share certificates/the Shares that have been received by the Registrar to the Offer/ Special Depository Escrow Account.

4. The intimation of returned Shares to the Shareholders will be at the address as per the records of the Target Company/ Depository as the case may be.

5. The Form of Withdrawal should be sent only to the Registrar to the Offer.

6. In case of partial withdrawal of Shares tendered in physical form, if the original share certificates are required to be split, the same will be returned on receipt of share certificates from the Target Company. **The facility of partial withdrawal is available only to registered shareholders**.

7. Shareholders holding Shares in dematerialised form are requested to issue the necessary standing instruction for receipt of the credit in their DP account.

8. The Form of Withdrawal and other related documents should be submitted at any of the Collection Centers of **Mondkar Computers Private Limited** stated in Paragraph 84 of the Letter of Offer.

9. Applicants who cannot hand deliver their documents at the Collection Centers, may send their documents only by Registered Post, at their own risk, to the Registrar to the Offer, **Mondkar Computers Private Limited** at 21, Shakil Nivas, Opp. Satya Sai Baba Temple, Mahakali Caves Road, Andheri East, Mumbai 400 093, so as to reach the Registrars on or before the last date of withdrawal i.e. Friday, May 11, 2007.

Tear along this line

All queries in this regard to be addressed to the Registrar to the Offer at the following address quoting your Reference Folio No./DPID/Client ID:

Mondkar Computers Private Limited

(Unit : B.A.G. Films Limited – Open Offer)

21, Shakil Nivas, Opp. Satya Sai Baba Temple, Mahakali Caves Road, Andheri East, Mumbai 400 093. Telephone number: +91 22 28257641, 28366620, Fax number: +91 22 28369704

Email: bag_offer@mondkarcomputers.com