PUBLIC ANNOUNCEMENT FOR THE ATTENTION OF THE SHAREHOLDERS OF

VAIBHAV GEMS LIMITED

Registered Office: K-6B, Fateh Tiba Adarsh Nagar Jaipur – 302 004 Rajasthan. Tel: +91-141-2601020 Fax: +91-141-2603228

CASH OFFER FOR ACQUISITION OF EQUITY SHARES FROM SHAREHOLDERS

This Public Announcement ("Public Announcement") is being issued by JM Morgan Stanley Private Limited ("Manager to the Offer" or "JMMS"), on behalf of Cortland Investment Ltd (the "Acquirer"), pursuant to Regulations 10 and 12 of, and in compliance with, the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 and subsequent amendments thereto (the "SEBI (SAST) Regulations").

1. BACKGROUND TO THE OFFER

1.1 On February 16, 2006, the Board of Directors of Vaibhav Gems Limited ("Target" or "VGL") issued and allotted, on preferential basis, 75,27,273 fully paid-up equity shares of face value of Rs. 10/- (Rupees Ten Only) each of the Target for cash, at a price of Rs. 276.80/- (Rupees Two Hundred Seventy Six and Paise Eighty Only) which includes a premium of Rs. 266.80/- (Rupees Two Hundred and Sixty Six and Paise Eighty Only) per equity share, aggregating Rs. 208,35,49,166 (Rupees Two Hundred Eight Crore Thirty Five Lacs Forty Nine Thousand One Hundred Sixty Six Only) ("**Preferential Issue**") to the Acquirer in accordance with the guidelines for preferential issues contained in Chapter XIII of the Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000 and the subsequent amendments thereto ("**Guidelines**").

1.2 The Preferential Issue was duly authorised by a resolution passed by the Board of Directors of the Target at its meeting held on December 1, 2005 and by the special resolution under section 81(1A) of the Companies Act, 1956 and other applicable provisions, passed by the shareholders of the Target at the Extraordinary General Meeting held on December 30, 2005 authorising the Board of Directors of the Target to issue and allot the abovementioned equity shares to the Acquirer.

1.3 On receipt of in-principle listing approvals from the Bombay Stock Exchange Limited, Mumbai, (the "**BSE**") on January 25, 2006 and the National Stock Exchange of India Limited (the "**NSE**") on February 6, 2006 and pursuant to the receipt of the subscription monies from the Acquirer, the Board of Directors of the Target allotted 75,27,273 fully paid-up equity shares to the Acquirer on February 16, 2006. The said equity shares will be subject to "lock-in" as per the Guidelines.

1.4 A Share Subscription Agreement dated February 16, 2006 and a Shareholders Agreement dated February 16, 2006 were entered into amongst (a) the Target; (b) the Acquirer; and (c) the Promoter Group (as defined in the Shareholders Agreement). The Shareholders Agreement sets out the rights and obligations of the Acquirer, the Promoter Group and the Target, in relation to the management and operations of the Target and its subsidiaries. The key features of the Share Subscription Agreement and Shareholders Agreement include the following:-

1.4.1 The Acquirer has the right to appoint its nominees on the Board of Directors of the Target and its subsidiaries in accordance with the terms of the Shareholders Agreement, which include that so long as the Acquirer holds equity shares or securities convertible into equity shares aggregating not less than 13,79,393 shares, the Acquirer will have the right to appoint at least one (1) nominee to the Board of Directors of the Target as a non-rotational Director. The Acquirer would have a similar right to elect nominees on the Board of Directors of each of the subsidiaries of Target.

1.4.2 The Acquirer also has rights whereby certain matters of the Target and its subsidiaries require the prior approval of its representative, such as (i) further issuance of shares, whether in form of public issue or preferential allotment etc.; (ii) raising of debt that would increase the aggregate gross debt to equity ratio beyond 1.5:1; (iii) transactions involving the Target and its subsidiaries relating to mergers, demergers, spin-offs, amalgamations, consolidations, divestment or sale of assets (including but not limited to a lease or exchange), capital expenditures or acquisition of assets or businesses, creation of joint ventures / partnerships, creation or investment in subsidiaries etc.

1.4.3 Further, the Shareholders Agreement provides for the rights and obligations of the Parties (as defined in the Shareholders Agreement) in relation to transfer of shares and change of shareholding and other provisions governing inter-se rights and obligations including non-compete related obligations, and tag along rights to the Acquirer in case of transfer of all or part of the shareholding of the Promoter Group to a third party etc.

For any further information relating to the Share Subscription Agreement and the Shareholders Agreement, shareholders may refer to copies of said documents, which would be part of the "Material Documents for Inspection" during the Offer period.

1.5 The Offer to the shareholders of VGL (as defined in Clause 2.1) is being made pursuant to the execution of the Share Subscription Agreement and the Shareholders Agreement by the Acquirer, the Target and the Promoter Group and is being made in accordance with the SEBI (SAST) Regulations. In terms of the Share Subscription Agreement and the Shareholders Agreement, the Acquirer has certain rights including as enumerated in Clause 1.4 above, which could be within the definition of "Control" under the SEBI (SAST) Regulations. However, the Acquirer is not in management control of VGL and does not intend to acquire management control of VGL. The aforesaid rights afforded to the Acquirer are primarily available to protect its investment in VGL. In any event, this Offer is being made in terms of Regulations 10 and 12 of the SEBI (SAST) Regulations consequent to the Preferential Issue referred to in Clause 1.1, on account of the acquisition of equity shares.

2. THE OFFER

2.1 This Offer is being made by the Acquirer to the public shareholders of the Target to acquire 55,17,575 equity shares ("**Offer Share(s)**") being 20% of the Expanded Capital Base (as defined in Clause 5.2 below), at a price of Rs. 279 (Rupees Two Hundred Seventy Nine Only) per fully paid-up equity share (the "**Offer Price**"), payable in cash in accordance with the SEBI (SAST) Regulations and subject to the terms and conditions mentioned hereinafter (the "**Offer**" or "**Open Offer**").

2.2 Other than the equity shares issued to the Acquirer pursuant to the Preferential Issue, the Acquirer does not hold any equity shares in the Target as of the date of this Public Announcement.

2.3 Subject to the receipt of regulatory approvals as set out in Clauses 7.1 and 7.2, and other terms and conditions as set out in this Public Announcement and the Letter of Offer to be sent to the public shareholders of the Target, the Acquirer will acquire equity shares tendered pursuant to the Offer.

2.4 During the Offer period, the Acquirer may purchase additional equity shares or Global Depository Receipts of the Target in accordance with the SEBI (SAST) Regulations.

2.5 The Offer is not conditional on any minimum level of acceptance by the shareholders of the Target.

2.6 There are no "persons acting in concert" within the meaning of Regulation 2(1)(e) of the SEBI (SAST) Regulations in relation to the Offer.

2.7 Other than the equity shares issued to the Acquirer pursuant to the Preferential Issue, neither the Acquirer, nor any of its directors, has acquired any equity shares of the Target during the 12-month period prior to the date of this Public Announcement.

3. OFFER PRICE

3.1 The equity shares of the Target are listed on the BSE and the NSE. Based on the information available, the equity shares of the Target are frequently traded on the NSE and the BSE (Source: Bloomberg) within the meaning of explanation (i) to Regulation 20(5) of the SEBI (SAST) Regulations.

3.2 The Offer Price of Rs. 279 per share is justified in terms of Regulation 20(4) read with Regulation 20(11) (ii) of the SEBI (SAST) Regulations in view of the following:

(i) The Negotiated Price – Not applicable.

(ii) The Acquirer has not acquired any equity shares of the Target, including through allotment in a public, rights or preferential issue, during the 26-week period prior to the date of this Public Announcement, except the Preferential Issue mentioned in Clause 1.1 above at a price of Rs. 276.80 per equity share, which price has been determined in terms of the Guidelines.

(iii) The historical share price of the Target on the BSE, where it is most frequently traded, is as under:

The average of the weekly high and low of the closing prices of the equity shares of the Target during the 26-week period preceding December 1, 2005 i.e. the date of the Board Resolution of the Target authorising the Preferential Issue.	Rs 259.43
The average of the weekly high and low of the closing prices of the equity shares of the Target during the 2-week period preceding December 1, 2005 i.e. the date of the Board Resolution of the Target authorising the Preferential Issue.	Rs 278.98

In view of the above, the Offer Price of Rs. 279 per equity share is justified as per the SEBI (SAST) Regulations.

4. INFORMATION ON THE ACQUIRER

Acquirer – Cortland Investment Ltd

4.1 The Acquirer is a company incorporated on September 20, 2005 under the laws of the Republic of Mauritius, with its registered office located at 10 Frere Felix de Valois Street, Port Louis, Mauritius. Tel. No. +230 202-3000, Fax No. +230 212-5265. The paid-up capital of the Acquirer as on February 17, 2006 is US$ 54,330,002 (equivalent to Rs. 24,155.12 lacs).

4.2 The Acquirer is an investment company and has been established to undertake offshore business activities as a corporate investment vehicle and does not have any income generating operations. Adequate funds are made available to the Acquirer as and when investments are decided upon or formalized. The names of directors of the Acquirer are Mr. Uday Kumar Gujadhur, Mr. Louis Emmanuel Ng Cheong Tin, Mr. Timothy Curt and Ms. Tara Kerley.

4.3 The Acquirer has not earned any revenues since its incorporation except for interest income of US$ 4 (equivalent to Rs.177.84). The total loss incurred by the Acquirer from its inception on September 20, 2005 to December 31, 2005 was US$ 5,174 (equivalent to a loss of Rs.2,30,036.04). The equity share capital of the Acquirer as on December 31, 2005 was US$ 10,002 (equivalent to Rs. 4,44,688.92). Earnings per share since inception on September 20, 2005 up to December 31, 2005 was a loss of US$ 0.52 (equivalent to a loss of Rs.23.11), and book value per share as on December 31, 2005 was US$ 0.48 (equivalent to Rs.21.34). Return on net worth for the period September 20, 2005 to December 31, 2005 is not meaningful.

4.4 The Acquirer was incorporated with an aim to conduct investment activities in developed and developing economies in Asia and Africa, including but not limited to India, China, Singapore, Indonesia, etc. The Acquirer has not made any investments since its incorporation on September 20, 2005.

4.5 Background of the shareholders of the Acquirer:

- Two private equity funds are shareholders of the Acquirer; Warburg Pincus Private Equity IX, L.P. (a Delaware limited partnership) - 99.9998% and WP IX Finance L.P. (a Delaware limited partnership) – 0.0002%.
- Both the shareholders of the Acquirer are private equity funds operated by Warburg Pincus (as defined herein below) and are organized as limited partnerships. The investors in such private equity funds are principally state and private pension funds, financial institutions, foundations and endowments and other institutional investors. These investors (known as limited partners) do not operate the private equity funds.
- The private equity funds are operated by Warburg Pincus IX LLC, which is the general partner for the above private equity funds. In its role as general partner, Warburg Pincus IX LLC makes investment decisions and acts on behalf of the private equity funds. Warburg Pincus IX LLC is a New York based limited liability company which is majority owned and is controlled by its managing member Warburg Pincus Partners LLC. Warburg Pincus Partners LLC, also a New York based limited liability company, is majority owned and controlled by its managing member Warburg Pincus & Co. Warburg Pincus & Co. and the private equity funds have delegated certain management functions to Warburg Pincus LLC, which is a New York limited liability company. None of Warburg Pincus IX LLC, Warburg Pincus Partners LLC, Warburg Pincus & Co., Warburg Pincus LLC, or the Warburg Pincus private equity funds (who are shareholders of the Acquirer) are required to publicly disclose their financial results. As a result, their financial results are not included in this document.
- Warburg Pincus & Co., Warburg Pincus Partners LLC, Warburg Pincus IX LLC and Warburg Pincus LLC are collectively referred to as "Warburg Pincus". Warburg Pincus, which was founded in 1966, has 55 partners and more than 115 professionals in offices in New York, Menlo Park, London, Frankfurt, Hong Kong, Beijing, Seoul, Tokyo, and Mumbai.
- Warburg Pincus has been a leading private equity investor in the world since 1971. The firm currently has more than US$10 billion ("bn") (equivalent to Rs. 4,44,600 lacs) under management, and significant equity capital available for investment in a range of industries including healthcare and life sciences, financial services and technologies, business services, energy, information and communication technology, media, manufacturing and real estate. Warburg Pincus is an experienced partner to entrepreneurs seeking to create and build durable companies with sustainable value. The firm has an active portfolio of about 125 companies. Throughout its 35-year history in private equity, Warburg Pincus has invested at all stages of a company's life cycle, from founding start-ups and providing growth capital to leading restructurings, recapitalizations and buy-outs.
- Since 1971, Warburg Pincus has sponsored eleven private equity investment funds with committed capital in excess of US $27 bn (equivalent to Rs. 1,20,04,200 lacs), as given below:

Fund Name	Size (US$ mn)	Size (Rs. lacs)	Year
EMW Ventures, Inc.	41	18,228.60	1971
Warburg Pincus Associates L.P.	101	44,904.60	1980
Warburg Pincus Capital Partners, L.P.	341	1,51,608.60	1983
Warburg Pincus Capital Company, L.P.	1,175	5,22,405.00	1986
Warburg Pincus Investors, L.P.	1,775	7,89,165.00	1989
Warburg Pincus Ventures, L.P.	2,022	8,98,981.20	1994
Warburg Pincus Ventures International, L.P.	800	3,55,680.00	1997
Warburg Pincus Equity Partners, L.P.	5,000	22,23,000.00	1998
Warburg Pincus International Partners, L.P.	2,500	11,11,500.00	2000
Warburg Pincus Private Equity VIII, L.P.	5,300	23,56,380.00	2002
Warburg Pincus Private Equity IX, L.P.	8,000	35,56,800.00	2005

- These private equity funds have invested approximately US$ 20 bn (equivalent to Rs. 88,92,000 lacs) in approximately 525 companies in more than 30 countries. Currently, approximately 71% of Warburg Pincus' investments around the world are invested in North America, 17% in Europe, 6% in Asia (excluding India) and 6% in India. Warburg Pincus currently has approximately US$ 500 million (equivalent to Rs. 2,22,300 lacs) invested in India and is one of the largest private equity investors in the country. Warburg Pincus' investments in India have included Bharti Tele-ventures Limited, Gujarat Ambuja Cements Limited, HDFC Limited, Kotak Mahindra Bank Limited, Max India Limited, Max Healthcare Institute Limited, Moser Baer India Limited, Nicholas Piramal India Limited and Sintex Industries Limited.

5. INFORMATION ABOUT THE TARGET

5.1 The Target is a public limited company incorporated on May 8, 1989 under the Companies Act, 1956 with its registered office located at K-6B, Fateh Tiba Adarsh Nagar Jaipur – 302 004 Rajasthan Tel: +91-141-2601020 Fax: +91-141-2603228. VGL was incorporated with the object of manufacturing and exporting colour gemstones and jewellery.

5.2 The total paid up equity share capital of the Target, as of the date of this Public Announcement (including the shares allotted to the Acquirer under the Preferential Issue) is Rs. 27,58,78,730 (Rupees Twenty Seven Crore Fifty Eight Lacs Seventy Eight Thousand Seven Hundred Thirty Only) divided into 2,75,87,873 equity shares of Rs. 10/- each (the "**Expanded Capital Base**"). There are no partly paid-up shares. The Expanded Capital Base includes 9,50,000 Global Depositary Receipts ("**GDR's**"), with each Global Depositary Receipt representing 10 equity shares of the Target. The Global Depositary Receipts are listed on the Luxembourg Stock Exchange.

5.3 The Target has been promoted by Mr. Sunil Agrawal and associates, who, as on the date of this Public Announcement, hold equity shares and GDR's equivalent to 38.78% of the Expanded Capital Base.

5.4 The promoters of VGL were engaged in the business of manufacturing and trading of coloured gemstones through their partnership firm called Vaibhav Enterprises, which was founded by Mr. Sunil Agrawal. VGL was set up with a view to have a synergy with the existing business of the promoters. Vaibhav Enterprises commenced operations in 1980 and was engaged in manufacturing and exporting of both precious and semi-precious coloured gemstones. Since its incorporation, the firm has attempted to adhere to the highest standard of quality in its product range. As recognition of its effort, it has been awarded the highest exporter award by Gems and Jewellery Export Promotion Council, sponsored by the Ministry of Commerce, Govt. of India, in Semi Precious category for 1984-1985, 1986-1987 and 1992-1993. Vaibhav Enterprises was taken over as a going concern by the VGL by an agreement dated July 1, 1994.

5.5 VGL was predominantly engaged in the exports of gemstones until 1996-1997, when it made a forward integration move and established a world-class jewellery manufacturing unit in Jaipur. This unit commenced designing, manufacturing and exporting gemstone studded gold jewellery. Prompted by a very successful launch of its jewellery, in 1999-2000, VGL expanded its capacity and set up a new 100% EOU at Export Promotion Industrial Park in Sitapura near Jaipur.

5.6 VGL's strength as an integrated jewellery manufacturing organization was further enhanced by the establishment of the new micro-weight gold chain manufacturing unit in 2004. The unit is highly sophisticated, and is one of its kind in this part of the world.

5.7 VGL set up its own diamond-processing unit at Adarsh Nagar, Jaipur mainly for captive consumption in manufacturing jewellery for export. VGL moved ahead towards its forward integration by way of entering into the international retail market through its subsidiaries. Eleven jewellery stores under the brand name "GenoA Jewelers" have been set up in Alaska (U.S.A.), Cabo San Lucas (Mexico), Cozumel (Mexico), St. Thomas, St. Martin, and St. Kitts (U.S. Virgin Islands).

5.8 Based on the latest audited standalone annual accounts of the Target, the financial statements of the Target are as follows:

Year Ended (In lacs, except per share amounts)	March 31, 2005	March 31, 2004
Total Income	16,879.80	13,192.67
Profit After Tax	1,519.17	955.22
Equity Share Capital	1,056.06	1,056.06
Reserves	5,337.12	4,128.07
Earnings Per Share	14.30	9.04
Book Value Per Share	60.50	49.09
Return On Net Worth	23.64	18.42

5.9 As on the date of this Public Announcement the Board of Directors of the Target comprises of nine (9) directors: Mr. Sunil Agarwal, (Chairman and Non-Executive Director), Mr. Rahimullah, Mr. Ikramullah, Mr. Sanjeev Agarwal, Mr. Anandilal Roongta, Mr. M L Mehta, Mr. Nirmal Kumar Bardiya, Mr S S Bhandari and Mr. Suresh Punjabi. As of the date of this Public Announcement, the Acquirer has no representative on the Board of Directors of the Target.

5.10 The Target has made disclosures under the provisions of Chapter II of the SEBI (SAST) Regulations under the SEBI Regularisation Scheme, 2002 up to financial year 2001-02. Thereafter, the Target has been in compliance with the provisions of Chapter II of the SEBI (SAST) Regulations.

6. REASONS FOR THE OFFER AND FUTURE PLANS

6.1 The Acquirer has made an investment in the Target through the Preferential Issue, which was subject to the conditions precedent set forth in the Share Subscription Agreement. The Preferential Issue has resulted in the substantial acquisition of equity shares and voting rights. The Offer is being made by reason of the execution of the Share Subscription Agreement and Shareholders Agreement amongst the Acquirer, the Promoter Group and VGL for the aforesaid Preferential Issue. The Offer is being made in accordance with Regulations 10 and 12 of the SEBI (SAST) Regulations, although the Acquirer is not in management control of VGL and does not intend to acquire management control of VGL.

6.2 The Acquirer does not have any plans to dispose of or otherwise encumber any assets of the Target in the next 2 (two) years, except in the ordinary course of business of the Target and except to the extent required for the purpose of restructuring and/or rationalization of assets, investments, liabilities or otherwise of the Target for commercial reasons and operational efficiencies and which if done, will be subject to receipt of approval from the Board of Directors or shareholders of the Target.

6.3 The Acquirer undertakes that it shall not sell, dispose of or otherwise encumber any substantial asset of the Target except with the prior approval of the shareholders of the Target to the extent required by applicable laws.

6.4 Subject to the provisions of SEBI (SAST) Regulations and other applicable laws, the Acquirer intends to have its nominee directors appointed to the Board of Directors of the Target upon the completion of the Offer.

7. STATUTORY APPROVALS FOR THE OFFER

7.1 The Offer is subject to the receipt of approval from the Reserve Bank of India ("**RBI**") under the Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder ("**FEMA**") for acquiring shares validly tendered under this Offer, to open the escrow account pursuant to the Escrow Agreement (as defined below) and the special account and other related matters. Upon obtaining such approval, the Offer will be proceeded with.

7.2 **The Acquirer will have the right not to proceed with the Offer and withdraw the same in terms of Regulation 27 of the SEBI (SAST) Regulations in the event that the statutory approvals indicated above are not provided to the Acquirer.**

7.3 The Acquirer is in the process of making the necessary applications to and filings with the RBI to obtain the statutory approvals described above.

7.4 To the best knowledge of the Acquirer as of the date of this Public Announcement, there are no other statutory approvals required to implement the Offer other than those specified above. If any other statutory approvals become applicable prior to completion of the Offer, the Offer would also be subject to such other statutory approvals.

7.5 In case of 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 shareholders of the Target, 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 the willful default or neglect or inaction or non-action by the Acquirer in obtaining the requisite approvals, the amount held in the escrow account shall be subject to forfeiture and be dealt with in the manner provided in Regulation 28(12) of the SEBI (SAST) Regulations.

7.6 The Acquirer does not require any approvals from financial institutions or banks for the Offer.

8. DELISTING OPTION

8.1 As per the listing agreements with the BSE and the NSE, the Target is required to maintain a minimum threshold of public shareholding for listing on a continuous basis, which shall be complied with.

9. FINANCIAL ARRANGEMENTS

9.1 The total fund requirement for the acquisition of the Offer Shares held by public shareholders in the Target at Rs. 279 per share is Rs. 153,94,03,425 (Rupees One Hundred Fifty Three Crore Ninety Four Lacs Three Thousand Four Hundred Twenty Five Only).

9.2 In accordance with Regulation 28 of the SEBI (SAST) Regulations, the Acquirer has made a cash deposit of US$ 7,000,000 (equivalent to Rs. 3,112.20 lacs) in a bank account with HSBC Mauritius Offshore Banking Unit (the "**Overseas Escrow Account**"), 5th Floor Les Cascades Building, Edith Cavell Street, Port Louis, Mauritius, in terms of the overseas bank agreement dated February 17, 2006 amongst the Acquirer, JMMS and HSBC Mauritius Offshore Banking Unit ("**Overseas Bank Agreement**"). At an exchange rate of Rs. 44.46 per US$ (calculated in accordance with Section 11(7) below), the amount placed in Overseas Escrow Account is in excess of Rs.3,039.40 lacs (the "**Funds**"), which is the amount required under Regulation 28(2) of the SEBI (SAST) Regulations, i.e., 25% for the first Rs. 100 crores of consideration payable under the Offer (assuming full acceptance) and 10% thereafter on the balance of the consideration payable under the Offer. In the event of any shortfall in the escrow amount arising on account of exchange rate fluctuations, the Acquirer has undertaken to provide additional funds to ensure that the Overseas Escrow Account has adequate funds to discharge the Acquirer's obligations under the Offer. The Manager to the Offer has been duly authorized to realize the value of the Overseas Escrow Account through Overseas Bank Agreement.

9.3 The Acquirer, JMMS and HSBC, Hong Kong Bank Building, 52/60 Mahatma Gandhi Road, Mumbai – 400 001, India will enter into an Open Offer Escrow Agreement (the "**Escrow Agreement**") in accordance with Regulation 28 of the SEBI (SAST) Regulations. The Funds will be transferred from the aforesaid Overseas Escrow Account to an account to be opened with HSBC in India (the "**Indian Escrow Account**") after the requisite approval is obtained from RBI for opening and operating an escrow account in India. JMMS will be duly authorized to realize the value of the aforesaid Indian Escrow Account in terms of the SEBI (SAST) Regulations.

9.4 On the basis of confirmations given by Warburg Pincus Private Equity IX, L.P. (a Delaware limited partnership) and WP IX Finance L.P. (a Delaware limited partnership), the shareholders of the Acquirer, Ernst & Young, Mauritius, the auditors of the Acquirer have certified vide their letter dated February 10, 2006 that the Acquirer has sufficient means and capability for the purpose of acquiring the Offer Shares in cash. Further, pursuant to the resolution of the Board of Directors of the Acquirer dated February 10, 2006, the Acquirer has sufficient means and capability to meet its obligation under the SEBI (SAST) Regulations.

9.5 Based on the above, JMMS is satisfied with the ability of the Acquirer to implement the Offer in accordance with the SEBI (SAST) Regulations as firm financial arrangements are in place to fulfill the obligations under the SEBI (SAST) Regulations.

10. OTHER TERMS OF THE OFFER

10.1 The Letter of Offer relating to the Offer (the "**Letter of Offer**") together with the Form of Acceptance cum Acknowledgement will be mailed to the shareholders of the Target (except the parties to the Share Subscription Agreement and the Shareholders Agreement), whose names appear on the Register of Members of the Target and to the beneficial owners of the equity shares of the Target in dematerialized form whose names appear on the beneficial records of the respective depositories, in either case, as of the close of business on February 24, 2006 (the "**Specified Date**").

10.2 Shareholders of the Target who are holding equity shares in physical form and who wish to tender their equity 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 – Karvy Computershare Private Limited, Karvy House, 46 Avenue 4, Street No. 1, Banjara Hills, Hyderabad 500 034, India Telephone +91 40 2331 2454, Fax +91 40 2331 1968 ("**Registrar to the Offer**"), either by hand delivery on weekdays or by Registered Post, so as to reach on or before the close of the Offer, i.e., no later than May 2, 2006, in accordance with the instructions to be specified in the Letter of Offer and in the Form of Acceptance cum Acknowledgement

10.3 The Registrar to the Offer, Karvy Computershare Private Limited has opened a special depository account with National Securities Depositories Ltd. ("**NSDL**") as Depository, JM Morgan Stanley Financial Services Private Limited as Depository Participant called, "**Karvy Computershare Private Limited – Open Offer for Shares of VGL**". The DPID is IN 302927 and Client ID is 10036616. For equity shares which are tendered in electronic form, the bank account as obtained from the beneficiary provided by the Depositary will be considered and the payment instrument will be issued with the said bank particulars. Shareholders of the Target having their beneficiary account in CDSL shall use the inter-depository delivery instruction slip for the purpose of crediting their equity shares in favor of the special depository account with NSDL.

10.4 Beneficial owners (holders of shares in dematerialized form) who wish to tender their equity shares of the Target will be required to send their Form of Acceptance cum Acknowledgement along with the 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 – Karvy Computershare Private Limited, Karvy House, 46 Avenue 4, Street No. 1, Banjara Hills, Hyderabad 500 034, India Telephone +91 40 2331 2454, Fax +91 40 2331 1968, either by hand delivery on weekdays or by Registered Post acknowledgement due, so as to reach on or before the close of the Offer, i.e., no later than May 2, 2006, 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 the close of the Offer, i.e., no later than May 2, 2006.

10.5 In addition to the above-mentioned address, the shareholders of the Target who wish to avail themselves of accepting the Offer can also deliver the Form of Acceptance cum Acknowledgement along with all of the relevant documents at any of the collection centers below in accordance with the procedure as set out in the Letter of Offer. All of the centers of Karvy Computershare Private Limited mentioned herein below will be open as follows:

(Monday to Friday: 10 a.m. to 4 p.m.)

Sl. No.	City	Address of collecting office	Contact Person	Telephone Number	Fax Number	Mode of Delivery
1	Mumbai	16/22, Bake House, Maharashtra Chamber of Commerce Lane, Kalaghoda, Fort, Mumbai – 400 023	Ms. Nutan Shirke	+91 (22) 5638 2666	+91 (22) 5633 1135	Hand Delivery & Registered Post
2	Delhi	105-108, 1 st floor, Arunachal Building, 19 Barakhamba Road, Connaught Place, New Delhi 110 001	Mr. Michael George	+91 (11) 2332 4401 / 2335 3835 / 981	+91 (11) 2332 4621	Hand Delivery
3	Kolkata	49, Jatindas Road, Near Deshpriya Park, Kolkata 700 029	Mr. Sujit Kundu	+91 (33) 2464 4891 / 7231	+91 (33) 2464 4866 / 2463 4787	Hand Delivery
4	Jaipur	108-110, 1st floor, Anukampa Mansion-II, MI Road, opp: Raymonds Show room Jaipur: 302 001	Mr. Shiv Dhan Singh	+91 (141) 2375099, 2363321, 2375039	N A	Hand Delivery

10.6 All owners (registered or unregistered) of equity shares of the Target (except the parties to the Shareholders Agreement and Share Subscription Agreement) are eligible to participate in the Offer anytime before the closing of the Offer. Unregistered owners can send their application in writing to the Registrar to the Offer, on a plain paper stating the name, address, number of equity shares held, number of equity shares tendered, 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 equity shares. No indemnity is required from the unregistered owners.

10.7 In case of non-receipt of the Letter of Offer, the eligible persons may (i) download the same from the SEBI website, (ii) obtain a copy of the same by writing to the Registrar to the Offer at Karvy Computershare Private Limited, Karvy House, 46 Avenue 4, Street No. 1, Banjara Hills, Hyderabad 500 034, or (iii) make an application to the Registrar to the Offer, on a plain paper stating the name, address, number of equity shares held, distinctive numbers, folio number, number of equity shares offered along with documents as mentioned above so as to reach the Registrar to the Offer on or before the close of the Offer, i.e., no later than May 2, 2006, or in case of beneficial owners, send the application in writing to the Registrar to the Offer, on a plain paper stating the name, address, number of equity shares held, number of equity 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 close of the Offer, i.e., no later than May 2, 2006.

10.8 Applications in respect of equity shares of the Target that are subject matter of litigation wherein the shareholders of the Target may be prohibited from transferring the equity shares during the pendency of the said litigation are liable to be rejected if the directions / orders regarding these equity shares are not received together with the equity shares tendered under the Offer. The Letter of Offer in some of these cases, wherever possible, will be forwarded to the concerned statutory authorities for further action by such authorities.

10.9 Pursuant to Regulation 22(5A) of the SEBI (SAST) Regulations, equity shareholders of the Target desirous of withdrawing the acceptance tendered by them in the Offer may do so up to three (3) working days prior to the closing date of the Offer. 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 centers mentioned above as per the mode of delivery indicated therein on or before April 26, 2006.

(i) The withdrawal option can be exercised by submitting the Form of Withdrawal, which is enclosed with the Letter of Offer.

(ii) In case of non-receipt of the Form of Withdrawal, the withdrawal option can be exercised by making a plain paper application along with the following details:

- In case of physical shares: name, address, distinctive numbers, folio number, number of equity shares tendered; and
- In case of dematerialised shares: name, address, number of equity 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 favor of the special depository account.

10.10 The Registrar to the Offer will hold in trust the equity shares/share certificates, equity shares held 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 who have accepted the Offer, until the cheques/drafts for the consideration or the unaccepted equity shares/share certificates are dispatched/returned.

10.11 If the aggregate of the valid responses to the Offer exceeds the Offer size of 55,17,575 fully paid-up equity shares of the Target (representing 20% of the Expanded Capital Base), then the Acquirer shall accept the valid applications received on a proportionate basis in accordance with Regulation 21(6) of the SEBI (SAST) Regulations. The equity shares of the Target are compulsorily traded in dematerialized form, hence the minimum acceptance will be one equity share.

10.12 Unaccepted share certificates, transfer forms and other documents, if any, will be returned by Registered Post/Speed Post at the shareholders'/unregistered owners' sole risk to the sole/first shareholder. Unaccepted equity 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.

10.13 Shareholders who have sent their equity shares for dematerialization need to ensure that the process of getting their equity shares dematerialized is completed in time for the credit in the special depository account to be received on or before the closing date of the Offer, i.e., no later than May 2, 2006, or else their application will be rejected.

10.14 While tendering the equity shares under the Offer, NRIs/ OCBs/ foreign shareholders will be required to submit the previous RBI Approvals (specific or general) that they would have been required to submit to acquire the equity shares of the Target. In case the previous RBI approvals are not submitted, the Acquirer reserves the right to reject such equity shares tendered. While tendering shares under the Offer, NRI/ OCBs/ foreign shareholders will be required to submit a 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 (the "Income Tax Act"), 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, on the entire consideration amount payable to such shareholder.

10.15 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 ("**FII**") as defined in section 115 AD of the Income Tax Act.

10.16 **The securities transaction tax will not be applicable to the equity shares accepted in the Offer.**

10.17 A schedule of the activities pertaining to the Offer is given below:-

Activity	Day	Date
Specified Date*	Friday	February 24, 2006
Last date for competitive bid	Tuesday	March 14, 2006
Date by which Letter of Offer will be posted to shareholders	Tuesday	April 4, 2006
Date of opening of the Offer	Thursday	April 13, 2006
Last date for revising the Offer Price/ number of equity shares	Thursday	April 20, 2006
Last date for shareholders for withdrawing their acceptance tendered in the offer	Wednesday	April 26, 2006
Date of closure of the Offer	Tuesday	May 2, 2006
Date by which acceptance/ rejection under the Offer would be intimated and the corresponding payment for the acquired equity shares and/ or the unaccepted equity shares/ share certificates will be dispatched/ credited.	Wednesday	May 17, 2006

* Specified date is only for the purpose of determining the names of the shareholders as on such date to whom the Letter of Offer would be sent and all owners (registered or unregistered) of the equity shares of the Target (except the parties to the Shareholders Agreement and the Subscription Agreement) are eligible to participate in the Offer anytime before the closing of the Offer.

11. GENERAL

11.1 **Shareholders of the Target who have accepted the Offer by tendering the requisite documents, in accordance with the terms of this Public Announcement and the Letter of Offer, shall have the option to withdraw acceptance tendered by them up to three (3) working days prior to the date of closing of the Offer, in terms of Regulation 22(5A) of the SEBI (SAST) Regulations i.e. April 26, 2006.**

11.2 The Acquirer can revise the Offer Price upwards up to seven (7) working days prior to the closing of the Offer. If there is any upward revision in the Offer Price by the Acquirer until the last date of revision i.e., April 20, 2006 the same will be informed by way of a public announcement in the same newspapers in which this Public Announcement has appeared. The Acquirer would pay such revised price for all the equity shares validly tendered any time during the Offer and accepted under the Offer.

11.3 If there is a withdrawal of the Offer by the Acquirer, the same will be informed by way of a public announcement in the same newspapers in which this Public Announcement has appeared.

11.4 **If there is a competitive bid:**

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

(ii) As the Offer Price can be revised until the period beginning seven (7) working days prior to the closing date of the Offer / bids, it would, therefore, be in the interest of the shareholders of the Target to wait until the commencement of that period to know the final offer price of each offer/bid and tender their acceptance accordingly.

11.5 Neither the Acquirer nor the Target has been prohibited by SEBI from dealing in securities, in terms of direction issued under Section 11B or any other regulations made under the Securities and Exchange Board of India Act, 1972 and subsequent amendments thereto.

11.6 Pursuant to Regulation 13 of the SEBI (SAST) Regulations, the Acquirer has appointed JMMS as the Manager to the Offer. As of the date of this Public Announcement, JMMS does not hold any equity shares of the Target.

11.7 The Acquirer and its Directors accept full responsibility for the information contained in this Public Announcement and also for the obligations of the Acquirer as laid down in terms of the SEBI (SAST) Regulations.

11.8 Certain financial details contained in this Public Announcement quoted in Rupees are denominated in US$. The Rupee equivalent quoted in each case is calculated in accordance with the RBI Reference rates as on February 17, 2006, namely 1 US$ = Rs. 44.460 (Source: www.rbi.org.in).

This Public Announcement will also be available on SEBI's website (www.sebi.gov.in). Eligible persons to the Offer may also download a copy of the Form of Acceptance cum Acknowledgement, which will be available on SEBI's website at (www.sebi.gov.in) from the opening date of the Offer, i.e., April 13, 2006.

Issued by the Manager to the Offer

JM MORGAN STANLEY

JM MORGAN STANLEY PRIVATE LIMITED
141, Maker Chambers III, Nariman Point, Mumbai 400 021
Tel.: +91 (22) 5630 3030, Fax.: +91 (22) 2204 7185
Email: - Kushal.Doshi@jmmorganstanley.com, Contact Person: Mr. Kushal Doshi

On behalf of:
Cortland Investment Ltd

Place: Mumbai
Date: February 20, 2006