PUBLIC ANNOUNCEMENT

TO THE EQUITY SHAREHOLDERS OF PORWAL AUTO COMPONENTS LIMITED

Regd. Office: Kanti Mansion, 6-Murai Mohalla, Indore –452 001(Madhya Pradesh)

This Public Announcement is being issued by Keynote Corporate Services Limited (hereinafter referred to as the **"Manager to the Offer"**), on behalf of Porwal Finsec Private Limited (**"Acquirer"**) pursuant to Regulation 10 of the Securities and Exchange Board of India (Substantial Acquisition of Shares & Takeovers) Regulations, 1997 [SEBI (SAST) Regulations, 1997] & subsequent amendments thereto (hereinafter referred to as the **"Regulations"**).

ACQUISITION OF EQUITY SHARES OF PORWAL AUTO COMPONENTS LIMITED AND OFFER TO ITS SHAREHOLDERS

I Background of the Offer

a) The Board of Directors of Porwal Auto Components Limited (**"PACL"** or **"Target Company"**) in its meeting held on 12/12/2005 had proposed issue of 80,00,000 equity shares of Rs.10/- each at par to the existing promoters, a promoter group company, and to Porwal Finsec Private Limited subject to obtaining the approval of members/ shareholders of PACL. Accordingly an Extra Ordinary General Meeting of the members/shareholders of PACL was held on 12/01/2006, which has approved the said issue of equity shares to the parties mentioned above.

b) In terms of the special resolution passed at the Extraordinary General Meeting of PACL held on 12/01/2006, the Board of Directors of PACL, in its meeting held on 25/01/2006, had allotted 80,00,000 equity shares on preferential allotment basis of Rs. 10/- each at par, which includes the allotment of 37,00,000 equity shares of Rs.10/- each at par to Porwal Finsec Private Limited (hereinafter referred to as **"Acquirer"** or **"PFPL"**).

c) The pre-preferential allotment equity share capital of PACL consisted of 21,00,000 equity shares of Rs. 10/- each. PACL. Pursuant to the preferential allotment, the Acquirer now holds 36.63% of the voting rights, which is more than threshold limit of 15% as mentioned in regulation 10 of the Regulations.

d) PFPL having its registered office at D-16 Shopping Complex, A.B Road, Indore, Madhya Pradesh, did not hold any equity shares of the company prior to the preferential allotment.

e) Pursuant to the aforesaid preferential allotment of 37,00,000 equity shares to PFPL, constituting 36.63% of post preferential allotment equity capital of PACL, the provisions of regulation 10 of the Regulations are attracted. In terms of the Regulations, the Acquirer was required to make an open offer to the remaining shareholders of PACL in terms of the Regulations within four working days of the preferential allotment.

f) The Acquirer desirous of complying with various provisions of regulations is now making a public announcement under regulation 10. The Acquirer will pay interest @ 8% p.a. for the period of delay in complying with the Regulations.

II. The Offer

a) The aforesaid preferential allotment of equity shares to the Acquirer has attracted provisions of Regulation 10 of the SEBI (SAST) Regulations, 1997. In view of this the Acquirer hereby announces an offer under the Regulations, to acquire by tender up to 20,20,000 fully paid-up equity shares of Rs. 10/- each of PACL representing 20% of the post preferential allotment equity share capital of PACL, on the terms and subject to the conditions set out below, at a price of Rs. 11.85 per share ("Offer Price") for cash from the remaining shareholders.

b) The Offer Price of Rs. 11.85 per fully paid up share has been calculated taking into account the offer price of Rs. 11.60 per share ("Base Price") and Rs. 0.25 per share being interest thereon @ 8% p.a. from 28/04/2006 i.e. the last date for payment of consideration to the shareholders to the date of actual payment of consideration to the shareholders who will accept the offer.

c) The offer is not subject to any minimum level of acceptance.

d) The equity shares of PACL are listed on The Over the Counter Exchange of India (OTCEI). The equity shares of the Company have not been traded on the said stock exchange since August 1998. Thus the equity shares of PACL are infrequently traded on these exchanges in terms of Explanation (i) to Regulation 20(5) of the Regulations. The offer price of Rs. 11.85 per share, has been determined as per Regulation 20(5) of the Regulations taking into account the following factors:

a.	Negotiated price under the agreement	:	Not Applicable	
b.	Highest price paid by the Acquirer for acquisitions including by way of allotment in a public or rights or proposed preferential issue, if any, during the twenty-six weeks period prior to the date of Public Announcement.	:	Rs. 10.00*	
c.	Other Parameters	:	Based on audited accounts ended 31/03/2005	Based on certified accounts for ten months ended 31/01/2006
	Return on Networth (%)	:	49.21	9.87
	Book Value (Rs.)	:	14.03	11.58
	Earning Per Share (EPS) (Rs.)	:	6.90	1.14

* The preferential allotment has been made at Rs. 10/- per share as approved by the EGM dated 12/01/2006.

The equity shares of PACL were last traded on 07/07/1998 on the OTCEI at a price of Rs. 1.20 per share. The offer price of Rs. 11.85 per share is more than the book value of the equity shares as on 31/01/2006 and is also more than the price at which the Acquirer has acquired 36.63% of the post preferential allotment paid-up capital of PACL. Thus the offer price of Rs. 11.85 per share is justified.

e) As on the date of the public announcement the Acquirer holds 37,00,000 equity shares of Rs. 10/- each of PACL. There will be no change in control of management of PACL, pursuant to this offer.

f) The Acquirer and PACL are not included in the list of persons / entities debarred from accessing the capital market under Section 11 B of the SEBI Act, 1992 or under any other Regulation.

III. Information on the Acquirer

a) Porwal Finsec Private Limited was incorporated on 08/01/1996, having its registered office at D-16, Shopping Complex, A.B. Road, Indore, Madhya Pradesh. The company was incorporated to carry on the business of investment and finance.

b) The present paid up equity share capital of PFPL is Rs. 1.00 lacs comprising of 10,000 equity shares of Rs. 10/- each. The equity shares of the company are not listed on any stock exchange and no action has been taken by SEBI against the Company under any regulation.

c) As per certified results for the year ended 31/03/2006 the Company has earned a total income of Rs. 3.96 lacs and reported a profit of Rs. 1.39 lacs. The networth of PFPL as on 31/03/2006 is Rs. 2.25 lacs. The Book Value, EPS and Return on Networth as on 31/03/2006 are Rs. 22.50 Rs. 13.90 and 61.77% respectively.

d) The Board of Directors of PFPL comprises of Mr. Praveen Jain and Mr. Atul Jain.

e) PFPL is not listed on any of the stock exchanges.

f) There has been a delay of 104 days in ensuring compliance with regulation 7(1) and 7(2) of Chapter II of the Regulations for the financial year 2005-2006.

IV. Information on PACL/ Target Company

a) Porwal Auto Components Limited was incorporated as Porwal Auto Components Limited on 03/02/1992 under The Companies Act, 1956 and obtained Certificate of Registration from Registrar of Companies, Madhya Pradesh. It was converted into a Public Limited Company on 09/09/1992 and listed on the OTCEI on 27/06/1994. The Registered Office of the company is situated at Kanti Mansion, 6 - Murai Mohalla, Indore, Madhya Pradeash. The Company is promoted by Mr. Surendra Jain, Mr. Devendra Jain and Mr. Mukesh Jain. The Company is engaged in the manufacture of iron castings for the automobile sector.

b) The Board of Directors of PACL comprises of Mr. Surendra Jain, Mr. Devendra Jain, Mr. Mukesh Jain, who are the promoters of the Company and Mr. Ashok Mehta, Mr. Ashok Sodhani and Mr. Nitin Dafria who are independent directors on the Board.

c) The issued & paid up equity share capital of the company is Rs. 1010.00 lacs comprising of 1,01,00,000 equity shares of Rs. 10/- each. The equity shares of PACL are listed on OTCEI. The equity shares of PACL were last traded on 07/07/1998 and the last traded price was Rs. 1.20 per equity share. The equity shares are infrequently traded on the exchange in terms of Explanation (i) to Regulation 20(5).

d) As per the audited financials for the year ended 31/03/2005, PACL has reported a profit of Rs.145.02 lacs on a total income of Rs. 2,745.41 lacs. The company has a net worth of Rs. 294.69 lacs and Book Value per share as on 31/03/2005 is Rs. 14.03. As per the certified financial results for the ten months ended 31/01/2006 the company has reported a profit of Rs. 115.55 lacs. The company has a net worth of Rs. 1170.25 lacs and Book Value per share as on 31/03/2006 is Rs. 11.58.

e) As on date there are no partly paid-up equity shares in the Company and/or outstanding instruments in the nature of warrants / fully convertible debentures / partly convertible debentures etc. which are convertible into equity at any later date. There are no shares under lock-in period. There are no directors representing the Acquirer on the Board of PACL and there has been no merger / de-merger or spin off in the Company during the past three years.

f) PACL has been regular in complying with the provisions of the listing agreement entered into with the Stock Exchange.

g) PACL has made disclosures under the provisions of Chapter II of the SEBI (SAST) Regulations under the SEBI Regularisation Scheme, 2002 up to financial year 2002-03. Thereafter, the Target company has been in compliance with the provisions of Chapter II of the SEBI (SAST) Regulations upto the financial year 2004-2005. There has been a delay of 96 days in ensuring compliance with regulation 7(3) of Chapter II and a delay of 10 days in ensuring compliance with regulation 8(3) of the Regulations for the financial year 2005-2006. In view of such delayed compliance SEBI may initiate appropriate action against the Target Company.

V. Rationale for the Acquisition and Offer

PACL had been incurring losses for several years after its inception, but has started making profits from F.Y. 2000-2001 onwards. As on 31/03/2005, PACL has wiped out its accumulated losses and has started building reserves. PFPL feels that PACL has a growth potential and needs funds to achieve the same by building up its production capacity.

PACL has issued and allotted 37,00,000 equity shares of Rs. 10/- each at a price of Rs. 10/- to the Acquirer, consequent to the approval of the share holders/members by way of a special resolution at its extraordinary general meeting. The EGM was held on 12/01/2006 and the preferential allotment of shares was approved by the members. As a result, provisions of Regulation 10 of the SEBI (SAST) Regulations, 1997 are attracted. Hence the present offer to the shareholders is being made in terms of the Regulations.

The Acquirer does not have any plan to dispose off or otherwise encumber any of the assets of PACL in the succeeding two years from the date of closure of the offer except in the ordinary course of business of PACL. The Acquirer will not dispose off, sell or otherwise encumber any substantial assets of PACL except with the prior approval of the shareholders of the Company in the General Meeting.

VI. Statutory Approvals and Conditions of the Acquisition and the Offer

There are no approvals, statutory or otherwise, required under the Companies Act 1956, Monopolies and Restrictive Trade Practices Act, 1969, the Foreign Exchange Management Act, 1999 and /or any other applicable laws for this open offer.

VII. Delisting option to PACL

Pursuant to this offer the provisions of Regulation 21(3) of the SEBI (SAST) Regulations 1997 are not attracted.

VIII. Financial Arrangements

a) Assuming full acceptance, the total monetary value of the offer would be Rs. 239.37 lacs. The Acquirer has opened an Escrow Account with UTI Bank Ltd, Nariman Point Branch, Mumbai, in favour of the Manager to the Offer for an amount of Rs. 59.90 lacs by way of fixed deposit and of Rs. 10,000/- by way of current account, totaling more than 25% of the total monetary value of the offer. Acquirer has empowered the Manager to the Offer to realize the value of the aforesaid Escrow Account in terms of the Regulation 28(5).

b) The Acquirer has adequate and firm financial resources to fulfill the obligations under the open offer. The source of funds is through the internal domestic resources of the Acquirer and not through any borrowings from Banks/Financial Institutions or from any foreign/NRI funds. ASSG & Associates, Chartered Accountants and Statutory Auditors to the Company have stated vide their certificate dated 10/05/2006 that the company will be in a position to raise sufficient resources to fulfill their entire obligation under the proposed open offer.

c) ASSG & Asssociates, Chartered Accountants and Statutory Auditors of PFPL, having their office at Kanti Mansion 6, Murai Mohalla, Indore (Membership No. 72073) have certified vide their certificate dated 26/04/2006 that the net worth of PFPL is Rs. 2.25 lacs as on 31/03/2006.

d) The financial obligation under the offer is being fulfilled through internal resources of the Acquirer and will not be through borrowings from any bank/financial institution.

e) In view of this, the Manager to the Offer is satisfied about the ability of the Acquirer to implement the offer as firm financial arrangement through verifiable means are in place to fulfill the offer obligation.

IX. Other Terms of the Offer

a) The Letter of Offer specifying the detailed terms and conditions of this offer together with Form of Acceptance cum Acknowledgement and Form of Withdrawal will be mailed to the equity shareholders of PACL (other than Sellers) whose names appear on the Register of Members of PACL, at the close of business hours on 10/06/2006 (hereinafter referred to as **"the Specified Date"**).

b) Shareholders holding equity shares in Physical form

Presently equity shares of PACL are available in physical form and not in dematerialized form. Shareholders 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, Intime Spectrum Registry Limited, (the **"Registrar to the Offer"**) on or before the date of Closure of the Offer, i.e. 24/07/2006, in accordance with the instructions to be specified in the Letter of Offer and in the Form of Acceptance cum Acknowledgement at the address mentioned below:

INTIME SPECTRUM REGISTRY LIMITED
C-13, Pannalal Silk Mills Compound,
LBS Road, Bhandup West,
Mumbai – 400 078
Tel.: (022) 5555 5491
Fax: (022) 5555 5499
E-mail: isrl@intimespectrum.com
Website:www.intimespectrum.com
SEBI Regn. No.: INR 00003761
Contact Person: Ms. Swati Uchil

c) The documents can be sent either by registered post or hand delivery to the Registrar to the offer at the address mentioned above during business hours on all week days (other than Sundays and Public Holidays) so as to reach the Registrar to the offer on or before 24/07/2006.

d) All shareholders other than those mentioned in (a) above, who own the equity shares of PACL anytime before the closure of the offer are eligible to participate in the offer. Unregistered owners can send their application in writing to the Registrar to the Offer, on a plain paper stating the Name, Address, No. of Shares held, No. of Shares offered, Distinctive Nos., Folio No., together with the original Share Certificate(s), valid transfer deeds and the original contract note issued by the broker through whom they acquired their Shares. No indemnity is required from the unregistered owners.

e) In case of non-receipt of the Letter of Offer, the eligible persons may send their application to the Registrar to the Offer, on a plain paper stating the Name, Address, No. of Shares held, Distinctive Nos., Folio No., No. of Shares offered, bank account no. along with documents as mentioned above, so as to reach the Registrar to the Offer on or before the Closure of the Offer. Such shareholders may also obtain a copy of the 'Letter of Offer' from the Registrar to the Offer on providing suitable documentary evidence to that effect or download the Form of Acceptance cum Acknowledgement from the website of SEBI at www.sebi.gov.in.

f) Subject to the conditions governing the Offer as mentioned in the Letter of Offer, the acceptance of this Offer by equity Shareholders of PACL must be absolute and unqualified. Any acceptance to this offer which is conditional and incomplete in any respect will be rejected without assigning any reason whatsoever.

g) The Registrar to the Offer will hold in trust the Share Certificates, Form of Acceptance cum Acknowledgement, if any, and the transfer form/s on behalf of the shareholders of PACL who have accepted the Offer, till the drafts / pay orders for the consideration and/ or the unaccepted share certificates are dispatched/ returned. Equity Shares not accepted under the offer will be sent to the shareholders/applicants at their own risk by registered post.

h) Payment to those shareholders whose share certificates and / or other documents are found valid and in order will be made by way of crossed account payee demand draft/pay order. 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.

i) A tentative schedule of activities in respect of the Offer is given below:

Activity	Date	Day
Public Announcement	12/05/2006	Friday
Last date for a competitive bid	01/06/2006	Thursday
Specified Date	10/06/2006	Saturday
Date by which the Letter of Offer will be dispatched to shareholders	24/06/2006	Saturday
Date of opening the Offer	05/07/2006	Wednesday
Last date for revising the offer price/ number of shares	13/07/2006	Thursday
Last date for withdrawal of acceptance	19/07/2006	Wednesday
Date of closing the Offer	24/07/2006	Monday
Date by which acceptance/rejection would be intimated and the corresponding payment for the acquired shares and/or the share certificate(s)	07/08/2006	Monday

X. Withdrawal Option

The equity shareholders who are desirous of withdrawing their acceptances tendered in the offer, can do so up to three working days prior to the date of the closure of the offer i.e. on or before 19/07/2006. The withdrawal option can be exercised by submitting the 'Form of Withdrawal' (separately enclosed with Letter of Offer) to the Registrar to the Offer, so as to reach them on or before 19/07/2006.

In case of non-receipt of 'Form of withdrawal', the withdrawal option can be exercised by making an application on plain paper along with the details such as name, address, distinctive numbers, folio numbers, number of shares tendered, date of tender.

XI. General

a) The Acquirer can revise the price upwards up to seven working days prior to closure of the offer and revision if any in the offer price would appear in the same news papers where the Public Announcement has appeared. The same price would be paid to all shareholders who tender their shares in the offer.

b) As the offer price can not be revised during 7 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. Shareholders may note that if there is a competitive bid, the public offers under all the subsisting bids shall close on the same date.

c) For any queries regarding the Offer the shareholders / applicants may contact the Registrar to the Offer at the address mentioned in IX(b) of this Public Announcement.

d) If the aggregate of the valid responses to the offer exceeds offer size, then the acquirer shall accept the valid applications received on a proportionate basis in accordance with Regulation 21 (6) of the Regulations. The equity shares of PACL are being traded in physical mode and the market lot of the shares is 100 (Hundred).

e) Acquirers shall acquire the equity shares from the shareholders of the Company who have validly tendered the equity shares under the Offer (i.e. equity shares and other documents are in order in accordance with the terms of the Offer) and remit the consideration in respect thereof on or before 07/08/2006 in cash by Account Payee Pay Order / Demand Draft. Any delay will attract interest in terms of Regulation 22(12) of SEBI (SAST) Regulations 1997. The information as to whether the equity shares tendered by them have been accepted (in full or in part) or rejected and consideration payable would be sent by Registered Post.

f) Pursuant to the Regulation 13, the Acquirers have appointed Keynote Corporate Services Ltd. as the Manager to the Offer and Intime Spectrum Registry Ltd as the Registrar to the Offer.

g) Keynote Corporate Services Limited, the Manager to the Offer, does not hold any equity shares of PACL. Further, they have undertaken not to deal in the equity shares of PACL up to a period of fifteen days after closure of the offer.

h) The Acquirers accept full responsibility for the information contained in this Public Announcement and also for the obligations of Acquirers as laid down in the Regulations.

The Public announcement will become available on SEBI website www.sebi.gov.in. Eligible persons to the Offer may also download a copy of Letter of Offer, Form of Acceptance cum Acknowledgement and Form of Withdrawal which will also be available on SEBI's website from the offer opening date i.e. 05/07/2006 and apply in the same.

Issued by Manager to the Offer on behalf of the Acquirer:

KEYNOTE
CORPORATE SERVICES LTD.

307, Regent Chambers, Nariman Point, Mumbai - 400 021.
Tel.: (022) 2202 5230 Fax : (022) 2283 5467E-mail : mbd@keynoteindia.net
SEBI Regn.: INM000003606AMBI Regn. No.AMBI/040
Name of the contact person: Vikram Subramaniam

Place : Indore
Date : 11/05/2006