

DENSO
DENSO INDIA LTD.

Regd. & Head Office :
B-1/D-4, Ground Floor,
Mohan Co-operative Industrial Estate,
Mathura Road, New Delhi-110044
Tel. No. : 011-26953994, 26952308
Fax No. : 011-26953993

Calendar of events for Postal ballot	
Activity	Dates
Date of consent of scrutinizer	8-Nov-11
Date of consideration of the matter in the Board Meeting	12-Nov-11
Date of appointment of scrutinizer	12-Nov-11
Date of Board Resolution authorising Company Secretary & Managing Director to be responsible for entire Postal Ballot process	12-Nov-11
Date of notice	14-Nov-11
Filing of intimation of Board Resolution for conducting Postal Ballot to the Stock Exchanges	18-Nov-11
Filing of intimation of Board Resolution for conducting Postal Ballot and calendar of events to the ROC	18-Nov-11
Date of completion of dispatch of notice	19-Nov-11
Publication of notice in newspaper for Postal Ballot process	21-Nov-11
Last date for receiving postal ballot by scrutinizer	19-Dec-11
Date on which results of Postal Ballot will be announced	21-Dec-11
Date of signing of Minutes	21-Dec-11
Date of returning the ballot papers, register required to be maintained by the Scrutinizer under rule 6 (e) and other related papers to the Company by the scrutinisier	21-Dec-11

Certified True Copy
For Denso India Ltd.


Alok Mathur
Company Secretary

DENSO

DENSO INDIA LIMITED

**REGISTERED OFFICE: B-1/D-4, GROUND FLOOR, MOHAN CO-OPERATIVE
INDUSTRIAL ESTATE, MATHURA ROAD, NEW DELHI – 110044**

NOTICE PURSUANT TO SECTION 192A OF THE COMPANIES ACT, 1956

Dear Members,

Notice is hereby given that pursuant to Section 192A read with Section 293(1)(a) of the Companies Act, 1956 (the "Act") and the Companies (Passing of the resolution by Postal Ballot) Rules, 2011 (the "Rules") and the Memorandum and Articles of Association of the Company, the Company is seeking your approval to the enclosed special resolution ("Resolution") for permitting the transfer of its Small Motor Business to DENSO Haryana Private Limited, on a going concern basis, by way of slump sale, on terms and conditions detailed in the enclosed Explanatory Statement. DENSO Haryana Private Limited, is a DENSO group company engaged in manufacture of automobile products.

As per the provisions of Section 293(1)(a) of the Act, sale, lease or other disposal of the whole or substantially the whole of an undertaking of the Company or where the company owns more than one undertaking, of the whole or substantially the whole of any such undertaking, requires the approval of the shareholders.

The Clause 57(2) of the Articles of Association of the Company inter alia provides that any transfer, assignment or lease of business of the Company to any person or succession to, or acceptance of assignment, business of any person requires the approval of the shareholders by way of a Special Resolution.

As per Section 192A of the Act, read with the Companies (Passing of Resolution by Postal Ballot) Rules, 2011, consent of the shareholders for the above purpose is required to be obtained by means of voting by Postal Ballot.

Accordingly, the proposed Special Resolution and Explanatory Statement are sent to you with a Postal Ballot Form for your consideration. The Company has appointed Mr. Deepak Sharma, Practicing Company Secretary, as Scrutinizer for conducting the Postal Ballot process in a fair and transparent manner.

In the event, the draft Resolution as set out is assented by requisite majority of the shareholders, by means of Postal Ballot, it shall deem to have been passed as a Special Business at an Extraordinary General Meeting. The date of announcement of the result of the Postal Ballot shall be considered to be the date of Extraordinary General Meeting and the date of passing of the said resolution.

You are requested to read carefully the instructions printed in the Postal Ballot form and return the said form duly completed in the attached self addressed, postage prepaid envelope, so as to reach the Scrutinizer, not later than the close of working hours on Monday, December 19, 2011. The postage will be borne and paid for by the Company.

The Scrutinizer will submit his report to the Chairman of the Company, or in his absence to any other Director Authorized by him, upon completion of scrutiny of Postal Ballots and the result of the Postal Ballot will be announced on Wednesday, 21st December, 2011 at 5 p.m at the Company's registered office. The results of the Postal Ballot shall be duly communicated to the Delhi Stock Exchange (DSE), Bombay Stock Exchange Ltd (BSE) & Madras Stock Exchange Limited (MSE).

The Resolution, being special resolution, shall be declared as passed, if votes cast in favour of the resolutions are atleast 75% of the total votes casted on the Resolution.



SPECIAL BUSINESS

1. Sale of Business

To consider and if thought fit, to pass the following resolution as a Special Resolution:

“RESOLVED THAT, pursuant to the provisions of Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956, (the “Act”) including any statutory modifications or re-enactments thereof for the time being in force, and the provisions of the Memorandum and Articles of Association of the Company and subject to applicable provisions of the listing agreement entered into by the Company with the Stock Exchanges where the shares of the Company are listed, and the applicable statutes, guidelines, regulations, approvals, consent, permissions or sanctions of the Central Government, and any other appropriate and/or concerned authorities, institutions or bodies (the “Approvals”) and such conditions or modifications as may be prescribed by any of them while granting any such approvals, which may be agreed to, in its sole discretion, by the Board of Directors of the Company (hereinafter called “the Board” which term shall be deemed to include any committee which the Board may have constituted or hereinafter constitute from time to time to exercise its powers including the power conferred by this resolution), Consent of the Company be and is hereby given to the Board to sell and transfer of the Small Motor Business, as the going concern on a slump sale basis for a lumpsum consideration of Rs. 1477 million, cash-free debt-free basis, and on such other terms and conditions as are negotiated in the best interest of the Company, including inter alia, such assets, liabilities etc that are relatable to the Small Motor Business (hereinafter referred to as “Undertaking”) to DENSO Haryana Private Limited (the “Purchaser”).

RESOLVED FURTHER THAT the Board be and is hereby authorized to do all the acts and things for completing the sale of Undertaking, with such modifications as it may deem necessary and expedient in its discretion and to negotiate, finalize and execute the necessary documents and to do all such acts, deeds, things as may be necessary to give effect to this Resolution, including without limitation, to settle any questions, difficulties or doubts that may arise in regard to the sale and transfer of Undertaking as it may in its absolute discretion deem fit and also to delegate from time to time, all or any of the powers conferred herein to any committee of the Board or to the Chairman or to any other Director or any other Officer or Officers of the Company”.

**By order of the Board of Directors
For Denso India Limited**

**Place : New Delhi
Date : 14th November, 2011**

**Alok Mathur
Company Secretary**

Notes:-

- 1. The relative Explanatory Statement pursuant to Sections 173(2) and 192A (2) of the Companies Act, 1956 setting out material facts is annexed hereto.**
- 2. All documents referred to in the accompanying Notice and Explanatory statement are open for inspection at the Registered Office of the Company during the office hours on all working days except Saturdays between 10:30 a.m. to 12:30 p.m., up to 19th December 2011.**

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) AND 192A(2) OF THE COMPANIES ACT, 1956

ITEMS NO.1

Your Company's current business operations comprise of (a) Electrical Parts Business for four wheeler segment i.e. Alternator and Starter, (b) Electrical Parts Business for two wheeler segment i.e. CDI and Magneto, and (c) Small Motor Product Business i.e. Front/ Rear Wiper, Power Window Motors, Blower Motors, Electric Fan Motors and Engine Cooling Modules. It is being proposed that the Company's Small Motor Product Business ("Undertaking") be transferred to DENSO Haryana Private Limited ("the Purchaser"), on a going concern basis, by way of slump sale. None of the other businesses of the Company are being sold as part of the current transaction. DENSO Haryana Private Limited, is a DENSO group company engaged in manufacture of automobile products.

The Undertaking proposed to be transferred presently comprise of about ~1/3rd of the total revenue of the Company and the transfer shall include amongst others, such assets, liabilities etc. which are relatable to the Small Motor Product Business.

Your Board is of the view that the global growth in demand for vehicles and components is likely to be driven by emerging markets including India, with such markets expected to account for over 50% of global light vehicle production. Production of passenger vehicles and two/three wheelers is projected to be over 9 million and 30 million by year 2020 respectively. The growth would be driven by strong domestic demand and India strengthening its position in the global market as a hub for vehicle production.

In light of the above, the Indian auto-component industry is also likely to witness strong growth and is estimated to be around USD 113 billion by 2020. Similar to the trends in other developed markets such as US, Europe and Japan; fuel efficiency and emission reduction are likely to be key focus areas for OEMs in India over the next few years, presenting opportunity for component players in the industry – introducing cutting edge technology at competitive price and timing the product introduction to perfection, would be key for growth and success in this industry.

With growing competition amongst OEM's in the cost sensitive Indian automobile market, the Indian auto component manufacturers would continue to face pricing pressures from the OEMs. The pricing pressure on auto component manufacturers is likely to intensify with American and European car manufacturers making entry in Indian market, intensifying price competition amongst OEMs.

Your Board is of the opinion that the proposed sale of the Undertaking is in the overall best interest of all stakeholders including shareholders and employees. The three business segments in which your Company is operating, are witnessing increased competition, especially with new players entering the market and existing players building up their capacities. Competition is likely to intensify further and to sustain, survive and grow in these segments, it would be important to focus on value oriented products and accordingly, expand capacities and build-up efficiency for offering such products to the customers at competitive prices, maintaining a reasonable level of profitability.

Your Board feels that Company's Electrical Parts Business for four wheeler segment i.e. Alternator and Starter and Electrical Parts Business for two wheeler segment i.e. CDI and Magneto, hold the key to growth and profitability in future. Alternator/ Starter (in case of four wheelers) and CDI/ Magneto (in case of two-wheelers) businesses constitute the core businesses of the Company since they contribute to vehicle engine performance by

optimizing fuel cost and reducing emissions. With increased fuel costs and regulatory drive towards reduction in emissions, and with the Company's inherent strengths in technical innovation, these two segments' are expected to be the growth engine for Company's turnaround and success. Accordingly, the Board would like to focus and concentrate on these two business segments (i.e. Alternator/ Starter and CDI/ Magneto businesses).

The proceeds from the sale of the Undertaking shall improve cash position and improve profitability by use of funds in the other two businesses (Alternator/ Starter and CDI/ Magneto). From an operational perspective also, the transfer of Undertaking would improve capacities within the existing manufacturing facility, which would be used for expansion and growth of other two business segments.

It is proposed to transfer the Undertaking operationally to the Purchaser gradually i.e. in a phased manner, over a period of around 2 years, from the date of signing the agreement. The Purchaser shall have an interim manufacturing arrangement with the Company for manufacture of Small Motor products. This shall result in the Company not having an immediate significant decline in the revenue and would also be useful for your Company to transition the operations in a smooth manner.

The proposed transfer of Undertaking would in no way be prejudicial to the interests of employees; in fact, the Company's anticipated growth and improvement in profitability is likely to benefit employees and workmen.

The consideration for the sale of Undertaking, on a slump sale basis is Rs. 1,477 million (the "Cash Consideration"), subject to the adjustments on account of changes in working capital position and additional capital investment, relating to Undertaking upto the closing date. Your Board had appointed Ernst and Young Pvt. Ltd. (EY), a valuation advisor, to undertake independent valuation of the Undertaking as at March 31, 2011. After discussing the valuation report of EY, your Board is of the view that the Cash Consideration offered by the Purchaser is fair value.

Closing of the transaction is conditional *inter alia* upon passing of the Special Resolution No.1 by the shareholders of the Company and completion of certain procedural formalities. Payment of 90% of the lump sum consideration will be made on passing of special resolution and other procedural formalities. Balance 10% of the lump sum consideration will be paid on completion of transfer.

None of the Directors of the Company are interested or concerned in any manner in the proposed resolution.

**By order of the Board of Directors
For Denso India Limited**

**Place : New Delhi
Date : 14th November, 2011**

**Alok Mathur
Company Secretary**

DENSO INDIA LIMITED

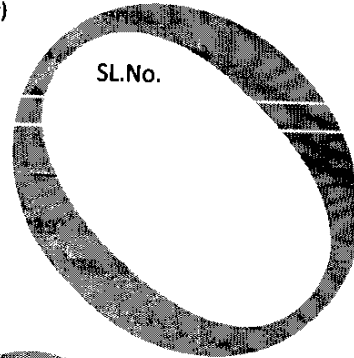
DENSO

Regd. and Head Office
B-1/D-4, Ground Floor,
Mohan Co-operative Industrial Estate
Mathura Road, New Delhi-110044

POSTAL BALLOT FORM

(To be returned to Scrutinizer appointed by the Company)

1. Name(s) of Shareholder(s)
(In block letters)
(Including joint holders, if any) SPECIMEN
SPECIMEN
2. Registered Address of the sole/first
named Shareholder
3. Registered Folio No./
DP ID No./Client ID No.*
(*Applicable to investors holding
Shares in dematerialized form)
4. Number of Shares held
5. I/We hereby exercise my/our vote in respect of the Special Resolution to be passed
through Postal Ballot for the business stated in the Postal Ballot Notice of the Company
by sending my/our assent or dissent to the said resolution by placing the tick(✓) mark
at the appropriate box below.



Description	No. of Shares	Particulars	Tick(✓)the appropriate box
Special resolution pursuant to section 293 (1)(a) of the Companies Act, 1956, for permitting to sell the small motor business of the Company to M/s Denso Haryana Pvt. Ltd.		I/We assent to the resolution	<input type="checkbox"/>
		I/We dissent to the resolution	<input type="checkbox"/>

Place:

Date:

(Signature of the Shareholder)

*P.S. FOR INSTRUCTIONS, PLEASE SEE OVERLEAF

Amrinder

INSTRUCTIONS :

1. A member desiring to exercise vote by postal ballot may complete this Postal Ballot Form and send it to the Company in the attached self addressed envelope, postage prepaid (enclosed herewith). However, envelopes containing Postal Ballots, if sent by courier at the expenses of the registered shareholder will also be accepted.
2. The self-addressed, postage prepaid envelope bears the address of the Scrutinizer appointed by the Board of Directors of the Company.
3. This Form should be completed and signed by the shareholder. In case of joint holding, this Form should be completed and signed (as per the specimen signature registered with the Company) by the first named shareholder and in his absence, by the next named shareholder.
4. Unsigned Postal Ballot Forms will be rejected.
5. Duly completed Postal Ballot Forms should reach the Company not later than the close of working hours on **Monday, 19th December, 2011** Postal Ballot Forms received after this date will be strictly treated as if the reply from the member has not been received.
6. Voting rights shall be reckoned on the paid up value of shares registered in the name of the shareholder(s) on the date of dispatch of the Notice.
7. The Scrutinizer's decision on the validity of postal ballot will be final.