

BEFORE THE SECURITIES AND EXCHANGE BOARD OF INDIA

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SETTLEMENT ORDER  
IN SETTLEMENT APPLICATION NO. 7016 OF 2022  
FILED BY CUMMINS INC. [PAN: AABCC6225D]  
IN THE MATTER OF AUTOMOTIVE AXLES LIMITED

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1. Cummins Inc, (“**Applicant**”) filed a *suo motu* settlement application (“**Application**”) in terms of the SEBI (Settlement Proceedings) Regulations, 2018 (“**Settlement Regulations**”) proposing to settle by neither admitting nor denying the guilt, the enforcement proceedings that may be initiated against it, for the violation of Regulation 13(2)(e) of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 (“**SAST Regulations, 2011**”).
2. The brief facts of the case are as follows:
  - 2.1 The Applicant indirectly acquired 35.52% shares of Automotive Axles Ltd. (“**Target Company**”). As per the details provided in the Draft Letter of Offer (‘DLOF’) submitted by the Target Company to SEBI, the primary acquisition was contracted on February 21, 2022 which triggered the requirement of public announcement (‘PA’) of making of an open offer under Regulations 3(1), 4 and 5(1) of the SAST Regulations, 2011.
  - 2.2 Since the primary acquisition was contracted on February 21, 2022, the applicant was required to make the PA in terms of Regulation 13(2)(e) of the SAST Regulations, 2011 by February 25, 2022. However, the PA was made belatedly on October 10, 2022 i.e. with a delay of 227 days. In view of the same, the applicant was found to have violated the provisions of Regulation 13(2)(e) of the SAST Regulations, 2011.
3. Pursuant to the receipt of the application, the authorized representatives of the Applicant had a meeting with the Internal Committee of SEBI on February 02, 2023 wherein the aspect of the delayed Public Announcement in the making of the Open Offer and the implications thereof along with the terms of the settlement were deliberated. Thereafter,

the Applicant proposed revised settlement terms dated February 09, 2023 to settle any enforcement proceedings that may be initiated against it.

4. The application was placed before the High Powered Advisory Committee (“HPAC”) in its meeting held on February 22, 2023, which considered the facts of the case and the revised settlement terms proposed by the Applicant and recommended the case for settlement upon payment of ₹91,22,894/- (Rupees Ninety one lakh twenty two thousand eight ninety four only). The recommendation of the HPAC was accepted by the Panel of Whole Time Members of SEBI on March 10, 2023 and the Notice of Demand was issued to the Applicant vide email dated March 16, 2023. The Applicant informed about the remittance of the aforesaid settlement amount on April 05, 2023 and SEBI has confirmed credit of the same.
  
5. On the basis of the facts stated above, in exercise of the powers conferred under Section 15JB read with Section 19 of the Securities and Exchange Board of India Act, 1992 and in terms of Regulations 23 read with Regulation 28 of the Settlement Regulations, it is hereby ordered that the proceedings that may be initiated for the violations as mentioned at paragraph 1 above are settled *qua* the Applicant as per the following terms:
  - i. this Order disposes of the proceedings that may be initiated for the said violation as mentioned above, in respect of the Applicant;
  - ii. SEBI shall not initiate any enforcement action against the Applicant for the said violation, and
  - iii. passing of this Order is however without prejudice to the right of SEBI under Regulation 28 of the Settlement Regulations to initiate appropriate actions against the Applicant, if SEBI finds that:
    - (a) any representation made by the Applicant in the present settlement proceedings is subsequently found to be untrue;
    - (b) the Applicant has breached any of the clauses/ conditions of undertakings/ waivers filed during the present settlement proceedings; and
    - (c) there was a discrepancy while arriving at the settlement terms.
  
6. This Settlement Order is passed on this \_\_\_ day of April, 2023 and shall come into force with immediate effect.

7. In terms of Regulation 25 of the Settlement Regulations, a copy of this Order shall be sent to the Applicant and shall also be published on the website of SEBI.

Sd/-

**ASHWANI BHATIA**  
**WHOLE TIME MEMBER**

Sd/-

**ANANTH NARAYAN G.**  
**WHOLE TIME MEMBER**



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