

AUTOMOTIVE AXLES LIMITED

16th December 2022

To,
Securities and Exchange Board of India,
SEBI Bhavan, Plot No. C4/ A,
G Block, Bandra Kurla Complex,
Bandra (E), Mumbai 400 051

Kind Attention: Mr. Sailesh Kumar Sharma

Dear Sir,

Sub: Submission of recommendation by the committee of independent directors pursuant to Regulation 26(7) of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 ("SEBI (SAST) Regulations").

Ref: Public announcement dated 10th October 2022, detailed public statement dated 14th October 2022, draft letter of offer dated 20th October 2022 and the letter of offer dated 13th December 2022 made by Cummins Inc. ("Acquirer") to the public shareholders to acquire upto 3,929,114 (three million nine hundred and twenty nine thousand one hundred and fourteen only) fully paid-up equity shares with a face value of INR 10 (Indian Rupees Ten) each, representing 26% (twenty six percent) of the Voting Share Capital of the Target Company at an offer Price of 1601.29 per share ("Open Offer").

We enclose herewith the written reasoned recommendation approved by the committee of independent directors, at its meeting held on 16th December 2022, relating to the Open Offer, pursuant to Regulation 26(7) of the SEBI (SAST) Regulations. The same will also be published in the following newspapers:

Newspaper	Language	Editions
Financial Express	English	All Editions
Jansatta	Hindi	All Editions
Vijayavani	Kannada	Mysuru
Navshakti	Marathi	Mumbai

We are also forwarding a copy of above recommendation to the Morgan Stanley India Company Private Limited, the Manager to the Open Offer, BSE Limited and National Stock Exchange of India Limited.

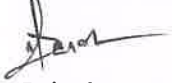
Request to kindly take the above on record in terms of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 and SEBI (SAST) Regulations.

This is for your information and record.

Thanking you,

Yours Truly,

For Automotive Axles Limited



Debadas Panda
Company Secretary & Compliance Officer



Encl: as above



KALYANI

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Telephone : 91 - 821 - 719 7500, Fax : 91 - 821 - 240 2451

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CIN : L51909KA1981PLC004198

ISO 9001 : 2015 / IATF 16949 : 2016, EMS ISO 14001 : 2015 & BS OHSAS 18001 : 2007



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AUTOMOTIVE AXLES LIMITED

Recommendations of the Committee of Independent Directors ("IDC") of Automotive Axles Limited ("Target Company") on the Open Offer (as defined below) made by Cummins Inc. ("Acquirer") to the public shareholders of the Target Company, under Regulation 26(7) of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 and subsequent amendments thereto ("SEBI (SAST) Regulations")

1	Date	16 December 2022
2	Name of the Target Company (TC)	Automotive Axles Limited
3	Details of the Offer pertaining to TC	<p>Open offer ("Offer" / "Open Offer") for acquisition of up to 3,929,114 (three million nine hundred twenty nine thousand and one hundred fourteen) fully paid-up equity shares of face value of INR 10/- (Indian Rupees ten) each ("Equity Shares"), representing 26.00% of the Voting Share Capital (as defined in the letter of offer dated December 13, 2022) from the public shareholders of the Target Company, at a price of INR 1,601.29/- (Indian Rupees one thousand six hundred one point two nine only) per Equity Share ("Offer Price").</p> <p>The public announcement dated October 10, 2022 ("PA"), the detailed public statement published on October 14, 2022 ("DPS"), the draft letter of offer dated October 20, 2022 ("DLOF") and the letter of offer dated December 13, 2022 ("LOF") have been issued by Morgan Stanley India Company Private Limited, the manager to the Open Offer, on behalf of the Acquirer.</p>
4	Name(s) of the acquirer	Cummins Inc.
5	Name of the Manager to the offer	<p>Morgan Stanley India Company Private Limited 18F, Tower 2, One World Center, Plot 841, Senapati Bapat Marg, Lower Parel, Mumbai, 400013, India Contact Person: Hetvee Marviya Tel.: +91 22 6118 1000 Fax: +91 22 6118 1040 E-mail: automotiveaxles_openoffer@morganstanley.com Website: https://www.morganstanley.com/about-us/global-offices/india SEBI Registration Number: INM000011203 CIN: U22990MH1998PTC115305</p>
6	Members of the Committee of Independent Directors	<p>Mr. B C Prabhakar, Chairman, Member Mr. B B Hattarki, Member Mr. Rakesh Kalra, Member Dr. Shalini Sarin, Member</p>

BCP



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7	IDC Member's relationship with the TC (Director, Equity shares owned, any other contract / relationship), if any	<p>The members of the IDC are independent directors on the board of directors of the Target Company.</p> <p>None of the Members of the IDC hold any Equity Shares/ securities of the Target Company, except for Mr. B C Prabhakar who holds 575 Equity Shares of the Target Company.</p> <p>Except as mentioned below, none of the members of the IDC have entered into any contract or have any relationship with the Target Company:</p> <p>(a) Mr. B. C. Prabhakar is the chairman of the risk management committee, stakeholders relationship committee, corporate social responsibility committee and nomination & remuneration committee of the Target Company and a member of the audit committee of the Target Company.</p> <p>(b) Mr. B B Hattarki is the chairman of the audit committee of the Target Company and a member of the risk management committee and the stakeholders relationship committee of the Target Company.</p> <p>(c) Mr. Rakesh Kalra is a member of the audit committee, stakeholders relationship committee and nomination & remuneration committee of the Target Company.</p> <p>(d) Dr. Shalini Sarin is a member of the corporate social responsibility committee and the nomination & remuneration committee of the Target Company.</p>
8	Trading in the Equity shares/other securities of the TC by IDC Members	<p>None of the members of the IDC have traded in any of the Equity Shares/ securities of the Target Company during the:</p> <p>(a) 12 months period preceding the date of the Public Announcement and</p> <p>(b) period from the date of the Public Announcement and till the date of this recommendation.</p>
9	IDC Member's relationship with the acquirer (Director, Equity shares owned, any other contract / relationship), if any.	<p>None of the members of IDC:</p> <p>(a) are directors on the boards of the Acquirer;</p> <p>(b) hold any equity shares or other securities of the Acquirer; and</p> <p>(c) have any contracts/ relationship with the Acquirer.</p>
10	Trading in the Equity shares/other securities of the	<p>None of the members of the IDC have traded in any of the equity shares/ securities of the Acquirers or the PAC during the:</p>

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	acquirer by IDC Members	<p>(a) 12 months period preceding the date of the PA; and</p> <p>(b) period from the date of the PA and till the date of this recommendation.</p>
11	Recommendation on the Open offer, as to whether the offer is fair and reasonable	Based on a review of the relevant information, the IDC is of the opinion that the Offer Price of INR 1,601.29/- (Indian Rupees one thousand six hundred one point two nine only) per Equity Share is in accordance with the applicable regulations of the SEBI (SAST) Regulations and, accordingly, the Open Offer may be considered to be fair and reasonable.
12	Summary of reasons for recommendation (IDC may also invite attention to any other place, e.g. company's website, where its detailed recommendations along with written advice of the independent adviser, if any can be seen by the shareholder)	<p>(a) The IDC has perused the PA, DPS, DLOF and LOF issued on behalf of the Acquirer.</p> <p>(b) The recommendation of the IDC set out in paragraph 11 above, is based on the following:</p> <ul style="list-style-type: none"> • The Offer Price is in accordance with regulation 8(3) and 8(12) of the SEBI (SAST) Regulations; • The Offer Price of INR 1,601.29/- comprises of: (a) INR 1,504.43 per Equity Share calculated in accordance with Regulation 8(1) read with Regulation 8(3) of the SEBI (SAST) Regulations; and (b) interest of INR 96.86 per Equity Share computed at the rate of 10.00% per annum for the period between the date of entering into the underlying transaction (i.e. February 21, 2022), and the date of publication of the DPS (i.e. October 14, 2022), pursuant to Regulation 8(12) of SEBI (SAST) Regulations; • The Offer Price is higher than the volume-weighted average market price of the Equity Shares for a period of 60 (sixty) trading days immediately preceding February 21, 2022 (i.e., the date which is the earlier of: (a) the date on which the primary acquisition i.e. the underlying transaction was contracted, and (b) the date on which the intention or the decision to make the primary acquisition i.e. the underlying transaction was announced in the public domain), as traded on the stock exchange where the maximum volume of trading in the Equity Shares of the Target Company was recorded during such period. <p>However, the members of IDC draw the attention of the shareholders to the closing market price of the Equity Shares on the National Stock Exchange of India Limited ("NSE") and BSE Limited ("BSE") as on 15 December 2022, being INR</p>

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		1,966.15 per Equity Share and INR 1,962.95 per Equity Share, respectively, which is higher than the Offer Price. The public shareholders of the Target Company are advised to independently evaluate the Open Offer and take an informed decision about tendering the Equity Shares held by them in the Open Offer.
13	Disclosure of the voting pattern	The recommendations were unanimously approved by the IDC members.
14	Details of Independent Advisors, if any.	Khaitan & Co
15	Any other matter(s) to be highlighted	None

To the best of our knowledge and belief, after making proper enquiry, the information contained in or accompanying this statement is, in all material respects, true and correct and not misleading, whether by omission of any information or otherwise, and includes all the information required to be disclosed by the Target Company under the SEBI (SAST) Regulations.

For and on behalf of the Committee of the Independent Directors
of Automotive Axles Limited

B.C. Prabhakar
B C Prabhakar
Chairperson - Committee of Independent Directors

DIN : 00040052
Place : Bengaluru, Karnataka.
Date : 16th December 2022



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