

# BHARAT FORGE

July 15, 2016

The General Manager,  
Corporate Relationship Dept.,  
BSE Limited,  
Dalal Street, Fort,  
Mumbai - 400 001.

(BSE SCRIP CODE – 500493)

Dear Sir,

**Re: Clarification on news item appeared in Financial Express**

With reference to your email dated July 15, 2016 seeking clarification on the news item appeared in Financial Express “**BFL stock falls 2.4% on subsidiary stake sale**”.

In this context, we wish to inform that BFL is a global metallurgical component manufacturing company and serving various sectors like automotive, aerospace, railways, oil & gas, defence, etc.

When the Company decided to enter into defence systems business, the Board of Directors of the Company and external stakeholders raised apprehensions regarding negative repercussion of this on the existing BFL business. In October 2013, the Board of Directors of the Company had decided that a separate vehicle be formed for defence business in which BFL should hold 51%. Thereafter, the new entity had applied for relevant approvals/permissions which took 3 years and hence was implemented recently.

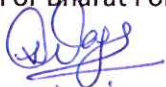
Kalyani Strategic Systems Ltd (KSSL) was formed as a principal holding company for defence business initiatives. KSSL currently is a shell entity with no assets or any orders from MOD or any foreign OEMs. In order to qualify for Indian Make program/other program in near future, KSSL needs to leverage complementary strengths of various companies in the Kalyani Group and in order to position itself in the market place. **BFL has not sold** its stake in the defence holding company rather Kalyani group companies with complementary strengths have subscribed to the fresh issuance of shares of KSSL.

The dilution of BFL’s stake in non-material subsidiary, KSSL has no impact on BFL and was entered into on an arms’ length basis and at fair value. BFL will continue to enjoy all opportunities for supply of components to defence sector and to our own defence company.

As in the past, the Company would continue to inform stock exchanges about any price sensitive information before the same is made public.

Thanking you,

Yours faithfully,  
For Bharat Forge Limited



Anand Daga  
Vice President (Legal) & Company Secretary



**KALYANI**  
GROUP COMPANY