

# BHARAT FORGE

May 17, 2021

To,

**BSE Limited,**

1st Floor, New Trading Ring,  
Rotunda Building, P.J. Towers,  
Dalal Street, Fort,  
Mumbai - 400 001  
**BSE SCRIP CODE – 500493**

**National Stock Exchange of India  
Limited**

'Exchange Plaza',  
Bandra-Kurla Complex, Bandra (East)  
Mumbai- 400 051  
Symbol: **BHARATFORG**  
Series: **EQ**

Dear Sir,

**Sub.: Acquisition of 100% stake of Kalyani Strategic Systems Limited**

**Ref: Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015**

We wish to inform you that the Company intends to purchase 49% stake in its subsidiary - Kalyani Strategic Systems Limited (KSSL). Since KSSL holds Industrial License under the Arms Act, 1959 read with the Arms Rules, 2016, the said acquisition of shares shall be subject to prior approval of Ministry of Home Affairs / Department for Promotion of Industry and Internal Trade.

Currently the Company holds 51% stake in KSSL. After this acquisition, KSSL shall become a wholly owned subsidiary of the Company.

The details as required under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with SEBI Circular No. CIR/CFD/CMD4/2015 dated 9th September, 2015 is given as under:

a)	Name of the target entity, details in brief such as size, turnover etc.	<p>Kalyani Strategic Systems Limited ("KSSL")</p> <p><b>Authorized Capital:</b> Rs. 500,000,000/- divided into 50,000,000 equity shares of Rs. 10 each</p> <p><b>Issued &amp; Subscribed Capital:</b></p> <p>Rs. 481,515,760/- divided into 48,151,576 equity shares of Rs. 10 each</p>
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		<p><b>Paid-up Capital:</b></p> <p>Rs. 361,336,840/- divided into 36,133,684 equity shares of Rs. 10/- each fully paid up.</p> <p>Rs. 60,189,460/- divided into 12,037,892 equity shares of Rs. 10/- each, Rs. 5/- per share paid up.</p> <p><b>Turnover:</b> Standalone: Rs. 38,11,998/- Consolidated: Rs. 64,66,87,995/-</p>
b)	<p>Whether the acquisition would fall within related party transaction(s) and whether the promoter/ promoter group/ group companies have any interest in the entity being acquired? If yes, nature of interest and details thereof and whether the same is done at “arm’s length”;</p>	<p>The transaction of purchase of shares is Related Party Transaction.</p> <p>The Promoter/Promoter Group are holding 49% of the paid-up share capital of KSSL which are proposed to be acquired by the Company.</p> <p>The acquisition of shares is agreed to be done at arm’s length basis.</p>
c)	<p>Industry to which the entity being acquired belongs;</p>	<p>KSSL is a Defence oriented Company engaged in the field of developing / deploying defence electronics, systems development, system integration for defence products / components.</p>
d)	<p>Objects and effects of acquisition (including but not limited to, disclosure of reasons for acquisition of target entity, if its business is outside the main line of business of the listed entity);</p>	<p>KSSL is the holding Company for the defence vertical of Bharat Forge Group. This acquisition shall result in making it the wholly owned subsidiary of the Company which shall enable it to be eligible for participating in various defence programs.</p>
e)	<p>Brief details of any governmental or regulatory approvals required for the acquisition;</p>	<p>As per rule 55(9) of the Arms Rules, 2016, prior approval of Ministry of Home Affairs / Department for Promotion of Industry and Internal Trade (Licensing Authority) is required before such acquisition/ change in control or ownership.</p>
f)	<p>Indicative time period for completion of the acquisition;</p>	<p>After approval of Licensing authority is obtained.</p>
g)	<p>Nature of consideration - whether cash consideration or</p>	<p>Cash</p>



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	share swap and details of the same;													
h)	Cost of acquisition or the price at which the shares are acquired;	Rs. 32.97 Crores for 49% shareholding in KSSL. Valuation of KSSL has been done by an independent valuer appointed by the Board of the Company.												
i)	Percentage of shareholding / control acquired and / or number of shares acquired;	Acquisition of 23,594,274 shares of KSSL contributing to 49% stake in the company. Subsequent to such acquisition the total percentage of Shareholding shall be 100%.												
j)	Brief background about the entity acquired in terms of products/line of business acquired, date of incorporation, history of last 3 years turnover, country in which the acquired entity has presence and any other significant information (in brief);	<p>Kalyani Strategic Systems Limited is an Indian Company incorporated on December 10, 2010.</p> <p>KSSL is engaged in the business of developing / deploying defence electronics, systems development, system integration for defence products / components.</p> <p>The Turnover details for the previous three years is as follows:</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th>FY</th> <th>Standalone (in Rs.)</th> <th>Consolidated (in Rs.)</th> </tr> </thead> <tbody> <tr> <td>2017-18</td> <td>52,20,767/-</td> <td>1,19,70,211/-</td> </tr> <tr> <td>2018-19</td> <td>39,91,035/-</td> <td>1,02,84,23,408/-</td> </tr> <tr> <td>2019-20</td> <td>38,11,998/-</td> <td>64,66,87,995/-</td> </tr> </tbody> </table>	FY	Standalone (in Rs.)	Consolidated (in Rs.)	2017-18	52,20,767/-	1,19,70,211/-	2018-19	39,91,035/-	1,02,84,23,408/-	2019-20	38,11,998/-	64,66,87,995/-
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Kindly take the same on record.

Thanking you,

Yours faithfully,  
**For Bharat Forge Limited**

**Tejaswini Chaudhari**  
**Company Secretary & Compliance Officer**

