BHANDARI HOSIERY EXPORTS LIMITED
REGD.OFFICE: BHANDARI HOUSE, VILLAGE MEHARBAN,
RAHON ROAD, LUDHIANA-141007 (PUNJAB) (INDIA)
PHONES: +91-88720-16410, FAX: +91-161-2690394, E-mail: bhandari@bhandariexport.com
Web: www.bhandariexport.com; Corporate Identification No.: L17115PB1993PLC013930

22nd April, 2023

To

Corporate Relationship Department **BSE Limited** **Floor 25,Feroze Jeejeebhoy Towers,** **Dalal Street, Mumbai-400001** **Phone:022-22721233-34**	**Listing Department** **National Stock Exchange of India Limited** **Exchange Plaza, Bandra Kurla Complex** **Bandra East, Mumbai-400051** **Board: 022-26598100(Extn:22348)** **Direct: 022-26598346**
Scrip Code: 512608	**Symbol: BHANDARI**

Sub:Disclosure under Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Dear Sir/Madam,

Pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015, we would like to inform that the Board of Directors of the Company in its meeting held on 14th November, 2022 constituted a sub-committee to help and advise the Board of Directors for implementation and commissioning of the company's Expansion Project and to take further actions, whatever required. The Committee in its meeting held on 17th December, 2022 resolved to consider a Rights Issue of equity shares of the Company of required size to meet the stipulation of the lenders of the Expansion Project with respect to the promoters' contribution as part of the Cost of Project. The company and the promoters on recommendation of the sub-committee considered the Rights Issue. It was found that the Promoters hold 24.95% of the total equity share capital of the company and any upward movement in post rights issue shareholding of promoters, crossing the basic stake of 25% may trigger the SEBI Take Over code. Therefore, the promoters submitted application dated 20th December, 2022 to SEBI seeking exemption from the applicability of regulation 3(1) of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 ("**Takeover Regulations, 2011**") in case the post rights issue Promoters Holding exceeds beyond 25% of the total share capital of the Company.

We are pleased to convey that the request made by the promoters has been accepted by the Securities and Exchange Board of India (SEBI) and the Promoters have been granted the requested exemption under regulation 3(1) of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 vide its Order dated 21st April 2023 copy of which is enclosed. Kindly take it on record.

Disclosures with respect to the ensuing Rights Issue will follow as per the applicable disclosure requirements.

Thanking you.
Yours Faithfully,

For Bhandari Hosiery Exports Limited,

DALJEET SINGH Digitally signed by DALJEET SINGH
Date: 2023.04.22 16:29:50 +05'30'

Daljeet Singh
Company Secretary

WTM/SM/CFD/ 01 /2023-24

SECURITIES AND EXCHANGE BOARD OF INDIA

ORDER

UNDER SECTION 11(1) AND SECTION 11(2)(h) OF THE SECURITIES AND EXCHANGE BOARD OF INDIA ACT, 1992 READ WITH REGULATION 11(5) OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (SUBSTANTIAL ACQUISITION OF SHARES AND TAKEOVERS) REGULATIONS, 2011.

IN THE MATTER OF PROPOSED ACQUISITION OF SHARES AND VOTING RIGHTS IN –

TARGET COMPANY	**BHANDARI HOSIERY EXPORTS LIMITED**
PROPOSED ACQUIRER	**1. Mr. Nitin Bhandari (Acquirer 1)** **2. M/s Nitika Bhandari (Acquirer 2)** **3. M/s Kusum Bhandari (Acquirer 3)** **4. Mr. Naresh Bhandari (Acquirer 4)** **5. M/s Mamta Bhandari (Acquirer 5)** **6. Mr. Shiva Bhandari (Acquirer 6)** **7. Mr. Ankit Bhandari (Acquirer 7)**

BACKGROUND

1. Bhandari Hosiery Exports Limited (for convenience "***Target Company***") is a company incorporated on November 25, 1993, having its registered office address at Bhandari House, Vill Meharban, Rahon Road, Ludhiana, Punjab, 141007 and engaged in manufacturing of knitted fabric and garment along with fabric dyeing and fabric processing. The equity shares of the *Target Company* are listed on BSE Limited (for convenience "BSE") and National Stock Exchange of India Limited (for convenience "NSE").

2. Securities and Exchange Board of India (for convenience "SEBI") received an Application dated December 20, 2022 and emails dated December 24, 2022, January 05, 2023, January 12, 2023 and February 21, 2023 (for convenience collectively referred to as "***Application***") from Nitin Bhandari (Acquirer 1), Nitika Bhandari (Acquirer 2), Kusum Bhandari (Acquirer 3), Naresh Bhandari (Acquirer 4), Mamta Bhandari (Acquirer 5), Shiva

Bhandari (Acquirer 6) and Ankit Bhandari (Acquirer 7) (for convenience collectively referred to as "***Acquirers/ Applicants/ Proposed Acquirers***"). Vide the afore-stated *Application*, the *Applicants* have sought exemption from the applicability of regulation 3(1) of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 (for convenience "***Takeover Regulations, 2011***") in connection with the proposed acquisition of equity shares of the *Target Company* through the proposed Rights Issue of 1,52,05,627 equity shares by the *Target Company*.

3. *Acquirers* vide their *Application* and subsequent submissions/clarifications have submitted the following:

(a) The issued, subscribed and paid up Equity Share Capital of the *Target Company* is INR 14,65,26,950/- consisting of 14,65,26,950 equity shares of face value INR 1/- each. The *Target Company* has a Public shareholding of 75.05% and the Promoter shareholding is 24.95%.

(b) In order to ensure competitive edge after the outbreak of CoVID-19 pandemic, the *Target Company* has planned capacity addition with a cost of INR 28.75 Crores. The need for raising funds at this juncture is accentuated on account of following reasons:

- Demand for company's products i.e. fabrics and garments, considering acceleration of company's business in local and exports market.
- Growth and expansion of the business is dependent on receipt of fund.
- Bankers under consortium are willing to fund the expansion project as per banking norms (i.e. debt equity ratio of 2:1) for the purchase of machinery, construction etc. and promoters/ shareholders will be required to contribute their part of the cost.

(c) Banker to the *Target Company*, SBI, vide letter no. AMT-I/22-23/90 dated September 13, 2022 has sanctioned a term loan of INR 19.14 Crores with a margin of 33.42% or INR 9.61 Crores from the *Target Company* i.e. Promoters contribution by way of proposed Rights issue of INR 7.61 Crores and INR 2 Crores to be financed from surplus funds/ cash accruals, in order to maintain the Debt to Equity ratio at 2:1.

(d) In this regard, the *Target Company* has proposed to initiate a rights issue of equity shares of INR 7.61 Crores. A sub-committee of the Board of the *Target Company*, vide meeting dated December 17, 2022 resolved to consider rights issue of 1,52,05,627 equity shares of face value of INR 1 and entitlement ratio of 11 equity shares for every 106 equity shares held in the *Target Company*.

(e) Considering that the promoters/ promoter group of the *Target Company* currently hold 24.95% of equity share capital and in case some of the public shareholders do not subscribe or under subscribe their respective rights entitlement, then the promoters and promoter group would subscribe to the unsubscribed portion of the rights issue. Hence, the shareholding of the promoters may exceed 25%, thereby triggering open offer under regulation 3(1) of *Takeover Regulations, 2011*.

(f) *Acquirers* have sought exemption from making an open offer under regulation 3(1) of *Takeover Regulations, 2011* in an eventuality of promoters/ promoter group subscribing to the unsubscribed portion of the rights issue of public shareholders.

PROPOSED TRANSACTION

4. Details of the proposed transaction in respect of which exemption is being sought, as submitted by the *Applicants*, is given below:

(a) The *Target Company* is proposing to issue 1,52,05,627 equity shares of the *Target Company* through Rights Issue to its shareholders. The *Proposed Acquirers* will subscribe to their entitlement of 37,93,249 equity shares. Subscription by *Proposed Acquirers* up to their entitlement will not trigger obligation to make an open offer under *Takeover Regulations, 2011*. The *Proposed Acquirers* will subscribe to additional shares if the existing shareholders do not subscribe to their entitlement.

(b) In the event of acquiring shares in the proposed Rights Issue beyond the entitlement of the promoters, such acquisition by promoters may exceed the threshold of 25% under regulation 3(1) of the *Takeover Regulations, 2011* and thereby necessitating a mandatory open offer. Therefore, the *Acquirers* have sought exemption under regulation 11(1) of the *Takeover Regulations,* 2011 from the said requirement of making an open offer in case of breach of the said threshold as stipulated under regulation 3(1) of *Takeover Regulations, 2011*. Pursuant to the proposed transaction, indicative pre and post shareholding pattern of the *Target Company* is tabulated below:

Particulars	**Pre-rights issue**		**Proposed rights issue***		**Post Rights issue assuming 100% subscription)**	
	No. of shares	**% holding**	**Subscriptio n**	**Additional shares as per entitlement**	**No. of shares**	**% holding**
Promoters and promoter group (Acquirers)	3,65,53,132	24.95	3,65,53,132	**37,93,249	40346981	24.95
Public	10,99,73,818	75.05	10,99,73,818	**1,14,12,377	121386196	75.05
Total	**14,65,26,950**	**100.00**	**14,65,26,950**	1,52,05,627	**16,17,32,577**	**100.00**

*Ratio assumed, 11 equity share for every 106 equity share held
** These numbers are indicative as it will depend upon the portion subscribed by public and acquirer

GROUNDS FOR SEEKING EXEMPTION

5. The *Application* lists, inter alia, the following grounds for exemption from the applicability of regulations 3(1) of the *Takeover Regulations, 2011*:

(a) The *Target Company* has the intention to infuse additional capital to fund the expansion of its business operations. The *Acquirers* have undertaken / committed to bring in such additional subscription as would be necessary to make the issue successful and at the same time ensure that the overall promoter / promoter group shareholding is maintained at or below 75% of the total paid up capital of the *Target Company*.

(b) The *Acquirers* will subscribe to additional shares only if the existing shareholders do not subscribe to their entitlement, in order to ensure that the issue garners the minimum subscription. The *Acquirers* are part of the promoters / promoter group and there shall be no change in control and management of the *Target Company* post the Rights Issue.

(c) The *Acquirers* are aware that the subscription to the unsubscribed portion of the Rights Issue may trigger the obligation of making a public announcement / open offer for acquiring additional shares of the *Target Company* under regulation 3(1) of *Takeover Regulations, 2011*. This trigger of an open offer is technical in nature and an incidental event to the acquisition.

(d) The additional subscription shall also be made in such a way that the *Target Company* shall maintain the public shareholding of atleast 25% on the enhanced post issue paid-up capital of the *Target Company*.

CONSIDERATION

6. Before I proceed with my consideration, I find it appropriate to quote the relevant regulatory provisions of *Takeover Regulations, 2011*, for facility of reference:

Substantial acquisition of shares or voting rights.

3(1). No acquirer, who together with persons acting in concert with him, has acquired and holds in accordance with these regulations shares or voting rights in a target company entitling them to exercise twenty-five per cent or more of the voting rights in the target company but less than the maximum permissible non-public shareholding, shall acquire within any financial year additional shares or voting rights in such target company entitling them to exercise more than five per cent of the voting rights, unless the acquirer makes a public announcement of an open offer for acquiring shares of such target company in accordance with these regulations.

7. I have considered the *Application* submitted by the *Acquirers* and other material available on record. Without reiterating the facts as stated above, the following is noted:

(a) In order to ensure competitive edge after the outbreak of CoVID-19 pandemic, the *Target Company* has planned capacity addition with cost of INR 28.75 Crores.

(b) The objective of the proposed fund raising by issuing 1,52,05,627 equity shares of the *Target Company* by way of Rights Issue is to fund the expansion of business operations of the *Target Company*.

(c) There is a possibility that the proposed Rights Issue may not be subscribed to by any or all the non-promoter shareholders, in which case the *Acquirers* have agreed to subscribe to the unsubscribed portion of this Rights Issue. In such case, the proposed acquisition of the unsubscribed portion by the *Acquirers* may trigger the requirement of making open offer under regulation 3(1) of *Takeover Regulations, 2011*. Thus, the proposed acquisition is contingent upon the non-participation by the public shareholders in the proposed Rights Issue.

(d) Prior to the proposed Rights Issue, the overall promoter shareholding in the *Target Company* as on March 31, 2022 is 24.95% of the total paid up capital of the *Target Company*. *Acquirers* have also submitted that the proposed acquisition shall be in accordance with the relevant provisions of the Companies Act, 2013 and other applicable laws.

(e) Pursuant to the proposed Rights Issue, there will not be any change in control of the *Target Company*. Further, presently the *Target Company* is in compliance with the minimum public shareholding requirements as specified under the Securities Contracts Regulation Rules, 1957 and shall continue to be in compliance with minimum public shareholding norms post Rights Issue.

(f) In view of the peculiar facts of this matter, I am of the view that granting exemption as prayed for by the *Proposed Acquirers* in respect of the proposed acquisition is in the larger interest of the securities market. Accordingly, I am inclined to grant the said exemption to the *Proposed Acquirers* in respect of the proposed acquisition pursuant to the proposed Rights Issue, subject to certain conditions as ordered herein below.

ORDER

8. I, in exercise of the powers conferred upon me under Section 11(1) and Section 11(2)(h) of the Securities and Exchange Board of India Act, 1992 ("***SEBI Act, 1992***") and regulation 11(5) of the *Takeover Regulations, 2011* read with Section 19 of the *SEBI Act, 1992*

hereby grant exemption to the *Acquirers*, from complying with the provisions of regulation 3(1) of the *Takeover Regulations, 2011* in connection with acquisition of equity shares of the *Target Company* in the proposed Rights Issue offered by the *Target Company* i.e., Bhandari Hosiery Exports Limited, as described in the *Application* and this Order, subject to the following conditions:

(a) Proposed Rights Issue should be offered to all the shareholders of the *Target Company* on a pro rata basis.

(b) In case, *Acquirers* subscribe more than their entitlement in the proposed Rights Issue, they should ensure that after such additional subscription, their shareholding shall not increase more than 75% of the shareholding of the *Target Company*, in order to comply with the minimum public shareholding requirements specified in Rule 19(2) and Rule 19A of the Securities Contracts (Regulation) Rules, 1957.

(c) The proposed acquisition shall be in accordance with the relevant provisions of the Companies Act, 2013 and other applicable laws.

(d) On completion of the proposed acquisition, the *Proposed Acquirers* shall file a report with SEBI within a period of 21 days from the date of such acquisition, as provided in the *Takeover Regulations, 2011*.

(e) The statements/ averments made or facts and figures mentioned in the *Application* and other submissions by the *Proposed Acquirers* are true and correct.

(f) The *Proposed Acquirers* shall ensure compliance with the statements, disclosures and undertakings made in the *Application* and in subsequent submissions.

(g) The *Proposed Acquirers* shall also ensure that the all undertaking given by the *Proposed Acquirers* through various replies/submissions, shall be duly complied with. In any case of deviation, the *Proposed Acquirers* shall take prior approval of SEBI.

9. The exemption granted above is limited to the requirements of making open offer under the *Takeover Regulations, 2011* and shall not be construed as exemption from the disclosure requirements under Chapter V of the aforesaid Regulations; compliance with the SEBI (Prohibition of Insider Trading) Regulations, 2015, Listing Agreement / SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 or any other applicable Acts, Rules and Regulations.

10. The Application dated December 20, 2022 along with subsequent submissions received vide emails dated December 24, 2022, January 05, 2023, January 12, 2023 and February 21, 2023 filed by *Acquirers*, are accordingly disposed of.

Sd/-

Place: Mumbai **S. K. MOHANTY**

Date: April 21, 2023 **WHOLE TIME MEMBER**

SECURITIES AND EXCHANGE BOARD OF INDIA