SOBHAGYA MERCANTILE LIMITED

CIN: L45100MH1983PLC031671
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To,
The Department of Corporate Services
BSE Limited
Phiroze Jeejeebhoy Towers,
Dalal Street, Mumbai – 400 001.

Date: 20th February, 2026

Subject: - Intimation under Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015- Clarification on Utilization of Funds under Notice of Extra-Ordinary General Meeting (EGM Notice) dated 05th January, 2026

Ref.: Notice of Extra-Ordinary General Meeting (EGM Notice) dated 05th January, 2026

Scrip Code: 512014 (SOBHAGYA MERCANTILE LTD.)

Dear Sir / Madam,

This is with reference to the communication received from the Exchange on 16th February, 2026 and in continuation of our earlier Corporate Announcement made pursuant to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 with respect to the EGM Notice dated 05th January, 2026, we wish to inform you that, as mentioned on page no. 16 & 18 of the EGM Notice, the General Corporate Purpose is clearly stated as not being limited to working capital requirements. It has also been disclosed that the exact deployment of funds under General Corporate Purposes shall be determined by the Board of Directors from time to time, based on business requirements, market conditions, and strategic priorities, in compliance with applicable laws. A copy of the relevant extract is enclosed herewith for your ready reference.

However, on the page no 16 of the EGM Notice, under the "**Details of Fund Utilization**" table the description is stated as **"General Corporate Purposes, Working Capital & Business Operations".** In this regard, we hereby clarify that the entire amount of Rs. 24.41 crores is proposed to be utilized exclusively towards General Corporate Purpose. Accordingly, we request that the statement in the Final Utilization Table be read as "**General Corporate Purpose**" only.

We regret any inconvenience cause in this regard.

This disclosure is being made as an intimation under Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, for the information of the Exchange and all other stakeholders.

Thanking you.

Yours faithfully,
For SOBHAGYA MERCANTILE LIMITED

Shrikant
Mitesh
Bhangdiya

Digitally signed by Shrikant Mitesh Bhangdiya
DN: c=IN, o=Personal, title=6917,
pseudonym=80zgtcab3ki6xnf2wedvhm5l4sr197qy,
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postalCode=440012, st=Maharashtra,
serialNumber=5d9e0a7427e258d928753f6f2dd3f35d97e8f4192305e1d47303181093fe472e,
cn=Shrikant Mitesh Bhangdiya
Date: 2026.02.20 13:13:33 +05'30'

Shrikant Mitesh Bhangdiya
Managing Director
(DIN-02628216)
Encl: As above

2. Objects of the preferential issue:

i. Background of the Issue

Sobhagya Mercantile Limited ("the Company") has over the years transitioned from a single-segment infrastructure participant into a diversified enterprise with operations spanning infrastructure construction, engineering, consultancy, mining, equipment leasing, and allied industrial activities. This strategic evolution reflects the Company's long-term objective of building a sustainable, infrastructure-led business platform with stable cash flows and long-term value creation for its stakeholders.

In line with this vision, the Board of Directors continuously evaluates opportunities in infrastructure segments that offer **long-term revenue visibility, sovereign counterparty exposure, and controlled execution risk**. The Board has identified **Hybrid Annuity Model (HAM) road projects awarded by the Public Works Department, Government of Maharashtra**, being executed through promoter group Special Purpose Vehicles ("SPVs"), as a strategically aligned and financially attractive investment opportunity.

In furtherance of this objective, and to strengthen its capital base, the Company proposes to raise funds aggregating to approximately **₹178.71 Crores** through **Preferential Issue of Convertible Warrants** ("Issue Proceeds"), in accordance with the provisions of the **SEBI (ICDR) Regulations, 2018**, the **Companies Act, 2013**, and applicable rules and circulars issued by SEBI and BSE Limited.

ii. Objects of the Preferential Issue

The Issue Proceeds shall be utilized by the Company for the following objects:

1. **Investment in promoter group Special Purpose Vehicles (SPVs)** executing road infrastructure projects under the **Hybrid Annuity Model (HAM)** awarded by the **Department of Public Works, Government of Maharashtra,** pursuant to duly executed Request for Proposal (RFP) and Concession Agreements.
2. **General corporate purposes**, including but not limited to working capital requirements and funding of the Company's existing and future business operations

The Company, after detailed evaluation of project fundamentals, contractual safeguards, annuity structure, and execution capability of promoter group entities, is confident about the **sustainable profitability, timely completion, and long-term revenue certainty** of these projects.

iii. Details of Fund Utilisation

Out of the total proposed fund raise of approximately **₹178.71 Crores**, the utilisation is proposed as under:

Particulars	Amount (₹ Crores)
Investment in promoter group SPVs (HAM Road Projects)	154.30
General corporate purposes, working capital & business operations	24.41
Total Issue Proceeds	**178.71**

The exact deployment of funds under general corporate purposes shall be determined by the Board of Directors from time to time, based on business requirements, market conditions, and strategic priorities, in compliance with applicable laws.

iv. Investment in Promoter Group SPVs – HAM Road Projects

The Company proposes to deploy approximately **₹154.30 Crores** out of the Issue Proceeds by way of equity and/or quasi-equity investment into promoter group entities which are **Special Purpose Vehicles (SPVs)** incorporated under the Companies Act, 2013, exclusively for execution, operation, and maintenance of road infrastructure projects awarded by the **Department of Public Works, Government of Maharashtra**.

The identified SPVs are:

- Nag **HAM 182 Highway Private Limited**
- **Nag HAM 183 Highway Private Limited**
- **Kitadi Torgaon Highway Private Limited**

These SPVs have been awarded road projects under the **Hybrid Annuity Model (HAM)** pursuant to duly executed **Request for Proposal (RFP)** and **Concession Agreements**.

v. Salient Features of Hybrid Annuity Model (HAM)

Under the Hybrid Annuity Model:

- **60% of the total project cost** is funded by the Government during the construction period
- **40% of the project cost** is required to be funded by the Concessionaire, part of it proposed to be infused by the Company
- The Government provides **fixed annuity payments along with interest** over a period of **10 years post Commercial Operation Date (COD)**
- Government of Maharashtra acts as the counterparty, ensuring **sovereign-linked credit strength**
- Traffic and revenue risks are substantially mitigated, ensuring predictable cash flows

vi. Revenue Streams & Commercial Rationale

(a) Annuity and Interest Income (via SPVs):

The SPVs are entitled to receive **fixed annuity payments along with interest** from the Government of Maharashtra for a period of **10 years**, aggregating approximately **₹502.82 Crores**, as per the terms of the respective Concession Agreements.

(b) Operation & Maintenance (O&M) Revenue (Direct to the Company):

In addition to annuity receipts, the SPVs are entitled to receive consideration for **Operation and Maintenance (O&M)** of the projects over the concession period. It is agreed that, upon infusion of funds by the Company, **O&M contracts shall be awarded by the SPVs to Sobhagya Mercantile Limited**, subject to contractual and regulatory compliances.

The estimated O&M contract receipts over the project tenure of **10 years** aggregate to approximately **₹308.96 Crores**, providing the Company with recurring operational revenue and strengthening its core business operations.

(c) Equity Upside & Control Rights:

As per the terms of the RFP and Concession Agreements, and subject to completion of the **second anniversary of COD**, the Investor has an option to acquire up to **100% equity of the Concessionaire**, subject to compliance with applicable laws and contractual conditions.

vii. Expected Returns

Based on projected annuity inflows, O&M revenues, capital deployment, and concession tenure, the **expected Internal Rate of Return (IRR)** on the Company's investment in the aforesaid SPVs is estimated to be approximately **16%**, which the Board considers attractive, given the long-term, government-backed and annuity-based nature of the projects.

- Government-backed cash flows

- Long-term annuity certainty
- Minimal demand/traffic risk
- Additional O&M revenue overlay

viii. General Corporate Purposes

The balance Issue Proceeds, after deployment towards the above SPV investments, shall be utilized for **general corporate purposes**, including but not limited to:

- Funding working capital requirements
- Supporting ongoing and future business operations
- Strengthening the Company's balance sheet
- Meeting administrative, operational, and strategic expenditure

Such utilisation shall be in accordance with the decisions of the Board of Directors and in compliance with applicable regulatory provisions.

ix. Compliance with RFP & Concession Agreement Conditions

In accordance with the RFP and Concession Agreements:

- Consortium members whose technical and financial credentials were evaluated at the time of bidding shall hold **at least 26% equity during the construction period and six months thereafter**
- Consortium members collectively shall hold **not less than 51% of the issued and paid-up equity share capital**
- The promoter group SPVs are compliant with the above conditions

x. Statement of Board

The Board of Directors is of the opinion that the proposed utilisation of Issue Proceeds is **in the best interest of the Company and its shareholders**, and that the preferential issue will strengthen the Company's capital structure, enhance long-term revenue visibility, and support sustainable business growth.

Sr. No.	**Names of the promoter group companies in which the Investment will be made/ The funds would be utilized**	**Amount of investments/ infusion from the proposed fund raising**	**Financial status of the subsidiary Company(s) as per Audited Financials of 31st March 2025**	**Purpose for which the funds would be infused in the promoter group companies**