

**ABRIDGED LETTER OF OFFER CONTAINING SALIENT FEATURES OF THE LETTER OF OFFER
FOR THE ELIGIBLE EQUITY SHAREHOLDERS OF THE COMPANY ONLY**

This is an Abridged Letter of Offer containing salient features of the Letter of Offer dated April 16, 2024 (“**Letter of Offer**”) which is available on the websites of the Registrar, our Company, the Lead Manager and the Stock Exchanges where the Equity Shares of our Company are listed, i.e., BSE Limited (“**BSE**”) (the “**Stock Exchange**”). You are encouraged to read greater details available in the Letter of Offer. Capitalised terms not specifically defined herein shall have the same meaning as ascribed to them in the Letter of Offer.

**THIS ABRIDGED LETTER OF OFFER CONTAINS 12 PAGES. PLEASE ENSURE THAT YOU HAVE
RECEIVED ALL THE PAGES.**

Our Company has made available on the Registrar’s website at www.purvashare.com, and the Company’s website at www.sobhagyald.com, the Letter of Offer, Abridged Letter of Offer along with the Rights Entitlement and Application Form to the Eligible Equity Shareholders who have provided an Indian address to our Company or located in jurisdictions where the offer and sale of the Rights Equity Shares is permitted under laws of such jurisdictions. You may also download the Letter of Offer from the websites of, the Securities and Exchange Board of India (“**SEBI**”), the BSE Limited (“**BSE**”), the “**Stock Exchange**”), the Lead Manager, www.sebi.gov.in, www.bseindia.com and www.markcorporatoadvisors.com, respectively. The Application Form is available on the respective websites of our Company, the Lead Manager, Stock Exchanges and the Registrar.



SOBHAGYA MERCANTILE LIMITED

Registered Office: B-61, Floor 6, Plot No: 210, B-Wing Mittal Tower, Free Press Journal Marg, Nariman Point, Mumbai 400 021, Maharashtra. Tel: +91 22 22882125

Corporate Office: 526, 1st Floor Bhangdiya House, Near Getwell Hospital, Dhantoli, Nagpur 440 012, Maharashtra.

Contact Person: Mrs. Shalinee Singh, Company Secretary and Compliance Officer;

E-mail: shalinee.s@themksgroup.com; **Website:** www.sobhagyald.com;

Corporate Identification Number: L45100MH1983PLC031671

PROMOTERS OF OUR COMPANY

SHRIKANT BHANGDIYA; MANISHA OMPRAKASH MANIYAR; MEGHA MITESH BHANGDIYA; AARTI SHRIKANT BHANGDIYA AND SONAL KIRTIKUMAR BHANGDIYA

ISSUE DETAILS, LISTING AND PROCEDURE

ISSUE OF UP TO 81,60,000 FULLY PAID-UP EQUITY SHARES OF FACE VALUE OF ₹ 10 EACH OF OUR COMPANY (THE “RIGHTS EQUITY SHARES”) FOR CASH AT A PRICE OF ₹ 21/- PER RIGHTS EQUITY SHARE AGGREGATING TO ₹ 1713.60 LAKHS* ON A RIGHTS BASIS TO THE ELIGIBLE EQUITY SHAREHOLDERS OF OUR COMPANY IN THE RATIO OF 34 (THIRTY FOUR) RIGHTS EQUITY SHARES FOR EVERY 1 (ONE) FULLY PAID-UP EQUITY SHARE HELD BY THE ELIGIBLE EQUITY SHAREHOLDERS ON THE RECORD DATE, THAT IS ON TUESDAY, APRIL 23, 2024 (“RECORD DATE”) (THE “ISSUE”). FOR FURTHER DETAILS, SEE “TERMS OF THE ISSUE” ON PAGE 171 OF THE LETTER OF OFFER.

**Assuming full subscription with respect to Rights Equity Shares*

PAYMENT SCHEDULE FOR THE RIGHTS EQUITY SHARES

Amount Payable per Rights Equity Share	Face Value (₹)	Premium (₹)	Total (₹)
On Application	10.00	11.00	21.00
Total (₹)	10.00	11.00	21.00

LISTING

The existing Equity Shares of our Company are listed on the BSE Limited (“**BSE**”). Our Company has received ‘in-principle’ approval from the BSE for listing of the Rights Equity Shares to be allotted pursuant to this Issue vide its letter dated December 26, 2023. Our Company will also make applications to the Stock Exchanges to obtain their trading approvals for the Rights Entitlements as required under the SEBI circular bearing reference number SEBI/HO/CFD/DIL2/CIR/P/2020/13 dated January 22, 2020. For the purpose of this Issue, the Designated Stock Exchange is BSE.

Procedure: If you wish to know about processes and procedures applicable to Rights Issues, you may refer section titled “*Terms of the Issue*” beginning on page 171 of the Letter of Offer. You may also download the Letter of Offer from the websites of the Company, SEBI, Stock Exchange, Registrar, the Lead Manager to the Issue as stated above. You can also request the Lead Manager to the Issue or Company or BSE to provide a hard copy of Letter of Offer. Please note that in terms of Regulation 72(5) of the SEBI ICDR Regulations, the Lead Manager, Company and the Stock Exchange may charge a reasonable amount for providing hard copy of the Letter of Offer.

ELIGIBILITY FOR THE ISSUE

Our Company is a listed company, incorporated under Companies Act, 1956. The Equity Shares of our Company are presently listed on BSE. We are eligible to undertake the Issue in terms of Chapter III of the SEBI ICDR Regulations. Pursuant to Clauses (1) and (2) of Part B of Schedule VI to the SEBI ICDR Regulations, our Company is required to make disclosures in accordance with Part B-1 of Schedule VI to the SEBI ICDR Regulations.

MINIMUM SUBSCRIPTION

The objects of this Issue involve: (i) to meet the working capital requirements of the Company and (ii) general corporate

purposes. Further, our Promoters have undertaken that they will subscribe to the full extent of their Rights Entitlements and that they shall not renounce their Rights Entitlements (except to the extent of renunciation by any of them in favour of any other members of our Promoter) subject to the aggregate shareholding of our Promoters being compliant with the minimum public shareholding requirements under the SCRR and the SEBI Listing Regulations. Accordingly, in terms of Regulation 86 of the SEBI ICDR Regulations, the requirement of minimum subscription is not applicable to this Issue. Any participation by our Promoters, over and above their Rights Entitlements, shall not result in a breach of the minimum public shareholding requirements prescribed under applicable law.

INDICATIVE TIMETABLE

Last Date for credit of Rights Entitlements	Friday, May 03, 2024	Finalisation of Basis of Allotment (on or about)	Monday, May 27, 2024
Issue Opening Date	Monday, May 06, 2024	Date of Allotment (on or about)	Tuesday May 28, 2024
Last Date for On Market Renunciation*	Thursday, May 16, 2024	Date of credit (on or about)	Wednesday, May 29, 2024
Issue Closing Date[#]	Tuesday, May 21, 2024	Date of listing (on or about)	Monday, June 03, 2024

*Eligible Equity Shareholders are requested to ensure that renunciation through off-market transfer is completed in such a manner that the Rights Entitlements are credited to the demat account of the Renounees on or prior to the Issue Closing Date.

[#] Our Board will have the right to extend the Issue period as it may determine from time to time but not exceeding 30 (thirty) days from the Issue Opening Date (inclusive of the Issue Opening Date). Further, no withdrawal of Application shall be permitted by any Applicant after the Issue Closing Date.

NOTICE TO INVESTORS

Our Company is making this Issue on a rights basis to the Eligible Equity Shareholders and will dispatch through email and courier the Issue Materials only to Eligible Equity Shareholders who have a registered address in India or who have provided an Indian address to our Company. Further, the Letter of Offer will be provided, through email and courier, by the Registrar on behalf of our Company to the Eligible Equity Shareholders who have provided their Indian addresses to our Company or who are located in jurisdictions where the offer and sale of the Rights Equity Shares is permitted under laws of such jurisdictions and in each case who make a request in this regard. Investors can also access the Issue Material from the websites of the Registrar, our Company and the Stock Exchange. Those overseas shareholders who do not update our records with their Indian address or the address of their duly authorized representative in India, prior to the date on which we propose to dispatch the Issue Materials, shall not be sent any Issue Materials.

No offer in the United States

The Rights Entitlements and the Rights Equity Shares have not been and will not be registered under the Securities Act or the securities laws of any state of the United States and may not be offered or sold in the United States of America or the territories or possessions thereof (“**United States**”), except in a transaction not subject to, or exempt from, the registration requirements of the Securities Act and applicable state securities laws. The offering to which this Letter of Offer relates is not, and under no circumstances is to be construed as, an offering of any Rights Equity Shares or Rights Entitlement for sale in the United States or as a solicitation therein of an offer to buy any of the Rights Equity Shares or Rights Entitlement. There is no intention to register any portion of the Issue or any of the securities described herein in the United States or to conduct a public offering of securities in the United States. Accordingly, the Issue Material should not be forwarded to or transmitted in or into the United States at any time. In addition, until the expiry of 40 days after the commencement of the Issue, an offer or sale of Rights Entitlements or Rights Equity Shares within the United States by a dealer (whether or not it is participating in the Issue) may violate the registration requirements of the Securities Act.

GENERAL RISKS

Investment in equity and equity related securities involve a degree of risk and investors should not invest any funds in the Issue unless they can afford to take the risk with such investment. Investors are advised to read the risk factors carefully before taking an investment decision in the Issue. For taking an investment decision, investors shall rely on their own examination of our Company and the Issue including the risks involved. The securities being offered in the Issue have not been recommended or approved by the Securities and Exchange Board of India (“SEBI”) nor does SEBI guarantee the accuracy or adequacy of the Letter of Offer. Specific attention of the investors is invited to “*Risk Factors*” beginning on page 23 of the Letter of Offer and “*Internal Risk Factors*” on page 23 of this Abridged Letter of Offer before making an investment in this Issue.

Name of Lead Manager to the Issue and contact details	<p>Mark Corporate Advisors Private Limited CIN: U67190MH2008PTC181996 404/1, The Summit Business Bay, Sant Janabai Road (Service Lane), Off W. E. Highway, Vile Parle (East), Mumbai - 400 057. Telephone: +91 22 2612 3207/08 E-mail id: info@markcorporateadvisors.com Investor Grievance e-mail id: investorgrievance@markcorporateadvisors.com Contact Person: Mr. Niraj Kothari Website: www.markcorporateadvisors.com SEBI registration number: INM000012128</p>
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Name of Registrar to the Issue and contact details	Purva Sharegistry (I) Private Limited 9 Shiv Shakti Industrial Estate, J.R. Boricha Marg, Near Lodha Excelus, Lower Parel (E), Mumbai, 400011, Maharashtra Tel No: +91 22 4961 4132 / 3199 8810 Email: newissue@purvashare.com Website: www.purvashare.com Contact Person: Ms Deepali Dhuri SEBI Registration Number: INR000001112
Name of Statutory and Peer Review Auditor	M/s. Joshi & Shah, Chartered Accountants, 257, Gurunanak Motor Market, Khotachi Wadi, V P Road, Prathana Samaj, Charni Road, Mumbai - 400004 Email: joshijaydeep8@gmail.com Tel No: +91 9429810731 Contact Person: Mr Jaydeep Joshi Firm Registration Number: 144627W Peer Review Certificate Number: 013248
Self-Certified Syndicate Banks (“SCSBs”)	The list of banks that have been notified by SEBI to act as the SCSBs for the ASBA process is provided on the website of SEBI at http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes and updated from time to time. For details on Designated Branches of SCSBs collecting the Application Forms, refer to the website of the SEBI https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes . On allotment, the amount will be unblocked and the account will be debited only to the extent required to pay for the Rights Equity Shares Allotted.
Banker to the Issue/ Refund Bank	Bank of Maharashtra

SUMMARY OF BUSINESS

PRIMARY BUSINESS OF OUR COMPANY

We are in the business of construction of roads including National Highways, State Highways, District Roads, and Smart Roads under PM’s Smart City Mission projects, and Smart Roads under Municipal Corporations, in the State of Maharashtra. We bid for construction of Roads, Bridges and Industrial Area construction in the State of Maharashtra. We have recently decided to build an integrated steel factory in the State of Maharashtra. We have also been allotted a coal mine in Maharashtra recently and will be entering into coal mining activities. For further details, please refer to the chapter titled “Our Business” at page 76.

OBJECTS OF THE ISSUE

Issue Proceeds:		<i>(₹ in lakhs)</i>
Particulars		Amount
Gross Proceeds from the Issue		1713.60
Less: Issue related expenses		50.00
Net Proceeds of the Issue		1663.60

Our Company intends to utilise the Net Proceeds from the Issue towards funding of Working Capital up to ₹1500.00 Lakhs. Further, our Company intends to utilise up to ₹163.60 Lakhs towards General Corporate purposes, provided that the amount utilised towards General Corporate purposes shall not exceed 25% of the Issue Proceed.

Means of Finance

Our Company proposes to meet the entire requirement of funds for the proposed objects of the Issue from the Net Proceeds. Accordingly, our Company confirms that there is no requirement to make firm arrangements of finance through verifiable means towards at least 75% of the stated means of finance, excluding the amount to be raised from the Issue.

Deployment of funds

Our Company proposes to deploy the entire Net Proceeds towards the Objects as described herein during the Fiscal 2024-25.

Monitoring Agency

Since the Issue is for an amount less than ₹ 10,000 lakhs, in terms of Regulation 82 of the SEBI ICDR Regulations, our Company is not required to appoint a monitoring agency for the purposes of the Issue. As required under the SEBI Listing

Regulations, the Audit Committee appointed by the Board shall monitor the utilization of the proceeds of the Issue. We will disclose the details of the utilization of the Net Proceeds of the Issue, including interim use, under a separate head in our financial statements specifying the purpose for which such proceeds have been utilized or otherwise disclosed as per the disclosure requirements.

For further details, see Chapter “Object of the Issue” on page 54 of the Letter of Offer.

EQUITY SHAREHOLDING PATTERN OF THE COMPANY

The statement of the shareholding pattern of our Company as on December 31, 2023, as included in the Letter of Offer is as follows:

Category of Shareholder	Pre-Issue Number of Shares Held	Total as a % of Voting Rights
(A) Promoter and Promoter Group	82,830	34.51
(b) Public	1,57,170	65.49
(c) Non-Promoter Non-Public	0	0
Grand Total	24,00,000	100.00

For further details, see Chapter “Capital Structure” on page 50 of the Letter of Offer.

BOARD OF DIRECTORS

Sr. No	Name	Designation	Other directorships
1.	Shrikant Bhangdiya DIN: 02628216	Managing Director	Indian Companies <ul style="list-style-type: none"> • Chimur Petgaon Highway Private Limited • Bhangdiya Foundation • MKS Flexituff Limited • Arc Real Estate Developers Private Limited • Balaji Stone Crusher & Infraventures Private Limited • Mitcon Infraproject Private Limited • MKS Constro-Venture Private Limited • Lokshahi Publications Private Limited • MKS Newsmedia Private Limited • MKS Entrepreneur Private Limited • MKS Industries Limited • BRM Agro Private Limited • MKS Manufacturing Private Limited • MKS Multimedia Private Limited • MKS Buildcon (India) Private Limited • Sakshi Gruh Nirman Private Limited Limited Liability Partnerships <ul style="list-style-type: none"> • Muditaa Infosoft LLP • CPM Road LLP • MKS Digitech LLP
2.	Sonal Kirtikumar Bhangdiya DIN: 03416775	Non-Executive Director	NIL
3.	Prashantkumar Lahoti DIN: 00091140	Non-Executive and Independent Director	Indian Companies <ul style="list-style-type: none"> • Art Café Private Limited • A2F Digital Private Limited • Artqube Retail Private Limited • Giftosis Online Services Private Limited • Saloni Vyapaar Private Limited • Vishal Developers and Builders Private Limited Limited Liability Partnerships <ul style="list-style-type: none"> • Kalakriti Ventures LLP • Kleanoholic Envirotech LLP
4.	Niresh Maheshwari DIN: 06735182	Non-Executive and Independent Director	Indian Companies <ul style="list-style-type: none"> • Bintellect Infotech Private Limited • Wealth Wisdom India Private Limited • NPM Corporate Advisory Services Private Limited Limited Liability Partnerships <ul style="list-style-type: none"> • Cubic Capital Advisors LLP

For further details, see Chapter “Our Management” beginning on page 83 of the Letter of Offer.

WILFUL DEFAULTER(S) OR FRAUDULENT BORROWER(S)

NEITHER OUR COMPANY NOR ANY OF OUR PROMOTERS OR ANY OF OUR DIRECTORS HAVE BEEN DECLARED AS A WILFUL DEFAULTER(S) OR FRAUDULENT BORROWERS BY THE RBI OR ANY OTHER GOVERNMENT AUTHORITIES.

FINANCIAL INFORMATION

Following are the details as per the Restated Audited Standalone Financial Information as at and for the Financial Year ended on March 31, 2023, March 31, 2022 and March 31, 2021 unaudited limited review Standalone Financial Results for the nine months period ended on December 31, 2023:

(₹ in Lakhs, except for share data, percentage or as stated)

Particulars	Unaudited Limited Review	Restated Financials		
	December 31, 2023	As at March 31, 2023	As at March 31, 2022	As at March 31, 2021
Authorised Share Capital	500.00	500.00	500.00	500.00
Paid-up Capital	24.00	24.00	24.00	24.00
Net Worth attributable to Equity Shareholders	4,412.93	3,558.27	2,486.06	1,388.06
Total Revenue	8,734.51	10,880.50	7,161.89	4,237.22
Profit/(Loss) after tax	761.47	1,072.76	1,095.94	790.78
Earnings per Share Basic (in ₹)	318.44	446.77	457.43	330.96
Earnings Per Share diluted (in ₹)	318.44	446.77	457.43	330.96
Net Asset Value per Equity Share (in ₹)	1,838.72	1,482.61	1,035.86	578.35
Total Borrowings	1,060.93	678.24	201.01	658.96

For further details, please refer the section titled “Restated Financial Information” on page 94 of the Letter of Offer.

INTERNAL RISK FACTORS

The below mentioned are top 5 risk factors as per the Letter of Offer:

1. We derive our revenue from infrastructure activities like building of roads and our financial condition would be materially and adversely affected if we fail to obtain new contracts or our current contracts are terminated.
2. Infrastructure projects are typically awarded to us on satisfaction of prescribed pre-qualification criteria and following a competitive bidding process. Our business and our financial condition may be adversely affected if new infrastructure projects are not awarded to us or if contracts awarded to us are prematurely terminated.
3. Our projects are exposed to various implementation and other risks, including risks of time and cost overruns, and uncertainties, which may adversely affect our business, financial condition, results of operations, and prospects.
4. Our business has been relatively concentrated in the State of Maharashtra consequently, we are exposed to risks emanating from economic, regulatory and other changes in these locations which we may not be able to successfully manage may adversely affect our business, financial condition, results of operations, and prospects.
5. There have been instances of delayed disclosures under the SEBI (LODR) Regulations, 2015 by our Company in the recent past.

For further details, see Chapter “Risk Factors” beginning on page 23 of the Letter of Offer.

SUMMARY OF OUTSTANDING LITIGATION AND DEFAULTS

A summary of outstanding litigation proceedings involving our Company and our Subsidiary is provided below:

i) Cases filed against our Company:

Nature of Litigation	Number of matters outstanding	Amount involved* (₹ in lakhs)
Proceedings involving issues of moral turpitude or criminal liability on the part of our Company	Nil	Nil
Tax Proceedings	2	167.04
Proceedings involving material violations of statutory regulations by our Company	Nil	Nil
Labour Matters	Nil	Nil
Economic offences	Nil	Nil
Material civil litigations above the materiality threshold	Nil	Nil
Other civil litigation considered to be material by our Company’s Board of Directors	Nil	Nil

*To the extent quantifiable

ii) Cases filed by our Company:

Nature of Litigation	Number of matters outstanding	Amount involved* (₹ in lakhs)
Criminal matters	Nil	Nil
Direct Tax Matters	Nil	Nil
Indirect Tax Matters	Nil	Nil
Other civil litigation considered to be material by our Company's Board of Directors	Nil	Nil

*To the extent quantifiable

Litigations involving our Promoters / Directors

Nature of Litigation	Number of matters outstanding	Amount involved* (₹ in Lakhs)
Criminal matters	Nil	Nil
Direct tax matters	6	129.71
Indirect tax matters	Nil	Nil
Other civil litigation considered to be material by our Company's Board of Directors	1	Not quantifiable

*To the extent quantifiable

For further details, see Chapter titled "Outstanding Litigation and Defaults" beginning on page 159 of the Letter of Offer.

TERMS OF THE ISSUE

In accordance with Regulation 76 of the SEBI ICDR Regulations, SEBI circular, bearing reference number SEBI/HO/CFD/DIL2/CIR/P/2020/13 dated January 22, 2020, bearing reference number SEBI/HO/CFD/CIR/CFD/DIL/67/2020 dated April 21, 2020, SEBI circular bearing reference number SEBI/HO/CFD/DIL2/CIR/P/2020/78 dated May 6, 2020, SEBI circular bearing reference number SEBI/HO/CFD/DIL1/CIR/P/2020/136 dated July 24, 2020, SEBI circular bearing reference number SEBI/HO/CFD/DIL1/CIR/P/2021/13 dated January 19, 2021 and SEBI circular bearing reference number SEBI/HO/CFD/DIL2/CIR/P/2021/552 dated April 22, 2021 (Collectively hereafter referred to as "SEBI Rights Issue Circulars") and SEBI circular SEBI/CFD/DIL/ASBA/1/2009/30/12 dated December 30, 2009, SEBI circular CIR/CFD/DIL/1/2011 dated April 29, 2011, the SEBI circular, bearing reference number SEBI/HO/CFD/DIL2/CIR/P/2020/13 dated January 22, 2020 (Collectively hereafter referred to as "ASBA Circulars"), all Investors desiring to make an Application in this Issue are mandatorily required to use the ASBA process. Kindly note that Non-Resident Investors can apply only through ASBA. Investors should carefully read the provisions applicable to such Applications before making their Application through ASBA.

For details, see "Making of an Application through the ASBA Process" on page 174 of the Letter of Offer.

Additionally, in terms of Regulation 78 of the SEBI ICDR Regulations, Investors may choose to accept the offer to participate in this Issue by making plain paper Applications. Please note that Eligible Equity Shareholders making an application in this Issue by way of plain paper applications shall not be permitted to renounce any portion of their Rights Entitlements. For details, see "Application on Plain Paper under ASBA process" on page 176 of the Letter of Offer.

In accordance with Regulation 77A of the SEBI ICDR Regulations read with the SEBI Rights Issue Circulars, the credit of Rights Entitlements and Allotment of Equity Shares shall be made in dematerialised form only. Accordingly, Eligible Equity Shareholders holding Equity Shares in physical form as on Record Date and desirous of subscribing to Equity Shares in this Issue are advised to furnish the details of their demat account to the Registrar or our Company at least two Working Days prior to the Issue Closing Date, to enable the credit of their Rights Entitlements in their respective demat accounts at least one day before the Issue Closing Date.

Prior to the Issue Opening Date, our Company shall credit the Rights Entitlements to (i) the demat accounts of the Resident Eligible Equity Shareholders holding the Equity Shares in dematerialised form; and (ii) a demat suspense escrow account opened by our Company, for the Resident Eligible Equity Shareholders which would comprise Rights Entitlements relating to (a) Equity Shares held in a demat suspense account pursuant to Regulation 39 of the SEBI Listing Regulations; or (b) Equity Shares held in the account of IEPF authority; or (c) the demat accounts of the Resident Eligible Equity Shareholder which are frozen or details of which are unavailable with our Company or with the Registrar on the Record Date; or (d) credit of the Rights Entitlements returned/reversed/failed; or (e) the ownership of the Equity Shares currently under dispute, including any court proceedings.

In accordance with the SEBI Rights Issue Circulars, the Resident Eligible Equity Shareholders, who hold Equity Shares in physical form as on Record Date and who have not furnished the details of their demat account to the Registrar or our Company on or before Wednesday, May 15, 2024 shall not be eligible to make an Application for Rights Equity Shares against their Rights Entitlements with respect to the equity shares held in physical form.

Application by Resident Eligible Equity Shareholders holding Equity Shares in physical form:

Please note that in accordance with Regulation 77A of the SEBI ICDR Regulations read with the SEBI Rights Issue Circulars, the credit of Rights Entitlements and Allotment of Equity Shares shall be made in dematerialised form only. Accordingly, Eligible Equity Shareholders holding Equity Shares in physical form as on Record Date and desirous of subscribing to Equity Shares in this Issue are advised to furnish the details of their demat account to the Registrar or our Company at least two Working Days prior to the Issue Closing Date, to enable the credit of their Rights Entitlements in their respective demat accounts at least one day before the Issue Closing Date.

Such resident Eligible Equity Shareholders must check the procedure for Application by and credit of Rights Equity Shares in “*Procedure for Application by Resident Eligible Equity Shareholders holding Equity Shares in physical form*” on page 178 of the Letter of Offer.

Rights Entitlement Ratio

The Rights Equity Shares are being offered on a rights basis to the Eligible Equity Shareholders in the ratio of 34 (Thirty Four) Rights Equity Share(s) for every 1 (One) Equity Share held on the Record Date.

Fractional Entitlements

The Rights Equity Shares are being offered on a rights basis to Eligible Equity Shareholders in the ratio of 34 (Thirty Four) Equity Shares for every 1 (one) Equity Share held on the Record Date. Since the eligibility is on 1 (one) Equity Share held, there will be no fractional entitlements.

Procedure for Renunciation of Rights Entitlements

The Investors may renounce the Rights Entitlements, credited to their respective demat accounts, either in full or in part (a) by using the secondary market platform of the Stock Exchange; or (b) through an off - market transfer, during the Renunciation Period. The Investors should have the demat Rights Entitlements credited/lying in his/her own demat account prior to the renunciation.

In accordance with the SEBI circular SEBI/HO/CFD/DIL2/CIR/P/2020/13 dated January 22, 2020, the resident Eligible Equity Shareholders, who hold Equity Shares in physical form as on Record Date shall be required to provide their demat account details to our Company or the Registrar to the Issue for credit of REs not later than two working days prior to issue closing date, such that credit of REs in their demat account takes place at least one day before issue closing date, thereby enabling them to renounce their Rights Entitlements through Off Market Renunciation.

Investors may be subject to adverse foreign, state or local tax or legal consequences as a result of trading in the Rights Entitlements. Investors who intend to trade in the Rights Entitlements should consult their tax advisor or stock broker regarding any cost, applicable taxes, charges and expenses (including brokerage) that may be levied for trading in Rights Entitlements. Our Company accepts no responsibility to bear or pay any cost, applicable taxes, charges and expenses (including brokerage), and such costs will be incurred solely by the Investors.

PLEASE NOTE THAT THE RIGHTS ENTITLEMENTS WHICH ARE NEITHER RENOUNCED NOR SUBSCRIBED BY THE INVESTORS ON OR BEFORE THE ISSUE CLOSING DATE SHALL LAPSE AND SHALL BE EXTINGUISHED AFTER THE ISSUE CLOSING DATE. THE REGISTRAR AND OUR COMPANY ACCEPT NO RESPONSIBILITY TO BEAR OR PAY ANY COST, APPLICABLE TAXES, CHARGES AND EXPENSES (INCLUDING BROKERAGE), AND SUCH COSTS WILL BE INCURRED SOLELY BY THE INVESTORS.

(a) On Market Renunciation

The Investors may renounce the Rights Entitlements, credited to their respective demat accounts by trading/selling them on the secondary market platform of the Stock Exchange through a registered stock broker in the same manner as the existing Equity Shares of our Company.

In this regard, in terms of provisions of the SEBI ICDR Regulations and the SEBI Rights Issue Circulars, the Rights Entitlements credited to the respective demat accounts of the Eligible Equity Shareholders shall be admitted for trading on the Stock Exchange under ISIN: INE754D20018 is subject to requisite approvals. The details for trading in Rights Entitlements will be as specified by the Stock Exchange from time to time. The Rights Entitlements are tradable in dematerialized form only. The market lot for trading of Rights Entitlements is 1 (one) Rights Entitlements.

The On Market Renunciation shall take place only during the Renunciation Period for On Market Renunciation, i.e., Monday, May 06, 2024 to Thursday, May 16, 2024 (both days inclusive). The Investors holding the Rights Entitlements who desire to sell their Rights Entitlements will have to do so through their registered stock brokers by quoting the ISIN:

INE754D20018 and indicating the details of the Rights Entitlements they intend to sell. The Investors can place order for sale of Rights Entitlements only to the extent of Rights Entitlements available in their demat account.

The On Market Renunciation shall take place electronically on secondary market platform of BSE Limited under automatic order matching mechanism and on 'T+1 rolling settlement basis' where 'T' refers to the date of trading. The transactions will be settled on trade-for-trade basis. Upon execution of the order, the stock broker will issue a contract note in accordance with the requirements of the Stock Exchange and the SEBI.

(b) Off Market Renunciation

The Investors may renounce the Rights Entitlements, credited to their respective demat accounts by way of an off-market transfer through a depository participant. The Rights Entitlements can be transferred in dematerialised form only. Eligible Equity Shareholders are requested to ensure that renunciation through off-market transfer is completed in such a manner that the Rights Entitlements are credited to the demat account of the Renounees on or prior to the Issue Closing Date.

The Investors holding the Rights Entitlements who desire to transfer their Rights Entitlements will have to do so through their depository participant by issuing a delivery instruction slip quoting the ISIN: INE754D20018 the details of the buyer and the details of the Rights Entitlements they intend to transfer. The buyer of the Rights Entitlements (unless already having given a standing receipt instruction) has to issue a receipt instruction slip to their depository participant. The Investors can transfer Rights Entitlements only to the extent of Rights Entitlements available in their demat account.

The instructions for transfer of Rights Entitlements can be issued during the working hours of the depository participants. The detailed rules for transfer of Rights Entitlements through off-market transfer shall be as specified by the NSDL and CDSL from time to time.

The renunciation from non-resident Eligible Equity Shareholder(s) to resident Indian(s) and vice versa shall be subject to provisions of FEMA Rules and other circular, directions, or guidelines issued by RBI or the Ministry of Finance from time to time. However, the facility of renunciation shall not be available to or operate in favour of an Eligible Equity Shareholders being an erstwhile OCB unless the same is in compliance with the FEMA Rules and other circular, directions, or guidelines issued by RBI or the Ministry of Finance from time to time.

Please note that the Rights Entitlements which are neither renounced nor subscribed by the Investors on or before the Issue Closing Date shall lapse and shall be extinguished after the Issue Closing Date.

Additional Rights Equity Shares

Investors are eligible to apply for additional Rights Equity Shares over and above their Rights Entitlements, provided that they are eligible to apply for Rights Equity Shares under applicable law and they have applied for all the Rights Equity Shares forming part of their Rights Entitlements without renouncing them in whole or in part. Applications for additional Rights Equity Shares shall be considered and allotment shall be made at the sole discretion of the Board, subject to applicable sectoral caps, and in consultation, if necessary, with the Designated Stock Exchange and in the manner prescribed under the section titled "*Terms of the Issue*" on page 178 of the letter of Offer. Applications for additional Rights Equity Shares shall be considered and Allotment shall be made in accordance with the SEBI ICDR Regulations and in the manner prescribed under the section "*Basis of Allotment*" on page 193 of the Letter of Offer.

Eligible Equity Shareholders who renounce their Rights Entitlements cannot apply for additional Rights Equity Shares.

Intention and extent of participation by our Promoters and Promoter Group in the Issue:

Pursuant to letter dated October 12, 2023 our Promoters have confirmed that they intend to (i) subscribe, to the full extent of their Rights Entitlements and have also confirmed that they shall not renounce the Rights Entitlements (except to the extent of Rights Entitlements renounced by any of them in favour of our other Promoters); (ii) subscribe to the Rights Equity Shares for the Rights Entitlements, if any, which are renounced in their favour by any other Promoters, each as may be applicable; and (iii) their intention to apply for and subscribe to additional Rights Equity Shares and to any unsubscribed portion in this Issue, subject to compliance with the minimum public shareholding requirements, as prescribed under the SCRR and the SEBI Listing Regulations, at the time of Allotment.

Availability of offer document of the immediately preceding public issue or rights issue for inspection

Our Company has not undertaken any further issuance of Equity Shares post its initial public offering. Further, the prospectus filed in respect of the initial public offering of equity shares of our Company is not available and therefore cannot be uploaded on its website for inspection in compliance with SEBI ICDR Regulations.

PROCEDURE FOR APPLICATION

In accordance with Regulation 76 of the SEBI ICDR Regulations, SEBI Rights Issue Circulars and ASBA Circulars, all Investors desiring to make an Application in this Issue are mandatorily required to use either the ASBA process or the optional mechanism instituted. Investors should carefully read the provisions applicable to such Applications before making their Application through ASBA. Further, the resident Eligible Equity Shareholders holding Equity Shares in physical form as on the Record Date can apply for this Issue through ASBA facility. For details of procedure for application by the resident Eligible Equity Shareholders holding Equity Shares in physical form as on the Record Date, see “Procedure for Application by Resident Eligible Equity Shareholders holding Equity Shares in physical form” on page 178 of the Letter of Offer.

Our Company, its directors, its employees, affiliates, associates and their respective directors and officers, and the Registrar shall not take any responsibility for acts, mistakes, errors, omissions and commissions etc. in relation to Applications accepted by SCSBs, Applications uploaded by SCSBs, Applications accepted but not uploaded by SCSBs or Applications accepted and uploaded without blocking funds in the ASBA Accounts.

The Eligible Equity Shareholders can obtain the details of their respective Rights Entitlements from the website of the Registrar (i.e., www.purvashare.com) by entering their DP ID and Client ID or Folio Number (in case of resident Eligible Equity Shareholders holding Equity Shares in physical form). The link for the same shall also be available on the website of our Company (i.e., www.sobhagyald.com). The Application Form can be used by the Investors, Eligible Equity Shareholders as well as the Renouncees, to make Applications in this Issue basis the Rights Entitlements credited in their respective demat accounts or demat suspense escrow account, as applicable. Please note that one single Application Form shall be used by the Investors to make Applications for all Rights Entitlements available in a particular demat account. Further, in accordance with the SEBI Rights Issue Circulars, the resident Eligible Equity Shareholders, who hold Equity Shares in physical form as on Record Date, can apply through this Issue by first furnishing the details of their demat account along with their self-attested PAN and details of address proof by way of uploading on Registrar’s website the records confirming the legal and beneficial ownership of their respective Equity Shares on or before Wednesday, May 15, 2024, after which they can apply through ASBA facility.

Investors are also advised to ensure that the Application Form is correctly filled up stating therein, (i) the ASBA Account (in case of Application through ASBA process) in which an amount equivalent to the amount payable on Application as stated in the Application Form will be blocked by the SCSB.

Please note that Applications without depository account details shall be treated as incomplete and shall be rejected. Applicants should note that they should very carefully fill-in their depository account details and PAN number in the Application Form or while submitting application through online/electronic Application through the website of the SCSBs (if made available by such SCSB). Incorrect depository account details or PAN number could lead to rejection of the Application. For details see “Grounds for Technical Rejection” on page 180 of the Letter of Offer. Our Company, the Registrar and the SCSB shall not be liable for any incorrect demat details provided by the Applicants.

Additionally, in terms of Regulation 78 of the SEBI ICDR Regulations, Investors may choose to accept the offer to participate in this Issue by making plain paper Applications. Please note that Eligible Equity Shareholders making an application in this Issue by way of plain paper applications shall not be permitted to renounce any portion of their Rights Entitlements. For details, see “Application on Plain Paper under ASBA process” on page 176 of the Letter of Offer.

Procedure for Application through the ASBA process

Investors desiring to make an Application in this Issue through ASBA process, may submit the Application Form to the Designated Branch of the SCSB or online/electronic Application through the website of the SCSBs (if made available by such SCSB) for authorising such SCSB to block Application Money payable on the Application in their respective ASBA Accounts. Investors should ensure that they have correctly submitted the Application Form, or have otherwise provided an authorisation to the SCSB, via the electronic mode, for blocking funds in the ASBA Account equivalent to the Application Money mentioned in the Application Form, as the case may be, at the time of submission of the Application.

Self-Certified Syndicate Banks

For the list of banks which have been notified by SEBI to act as SCSBs for the ASBA process, please refer to <https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=34>. For details on Designated Branches of SCSBs collecting the Application Form, please refer the above-mentioned link. Please note that subject to SCSBs complying with the requirements of SEBI Circular No. CIR/CFD/DIL/13/2012 dated September 25, 2012 within the periods stipulated therein, ASBA Applications may be submitted at the Designated Branches of the SCSBs, in case of Applications made through ASBA facility.

Applications submitted to anyone other than the Designated Branches of the SCSB are liable to be rejected.

Applications on Plain Paper under ASBA process

An Eligible Equity Shareholder who is eligible to apply under the ASBA process may make an Application to subscribe to this Issue on plain paper. An Eligible Equity Shareholder shall submit the plain paper Application to the Designated Branch of the SCSB for authorising such SCSB to block Application Money in the said bank account maintained with the same SCSB. Applications on plain paper will not be accepted from any address outside India.

Alternatively, Eligible Equity Shareholders may also use the Application Form available online on the websites of our Company, the Registrar to the Issue or the Stock Exchange to provide requisite details.

Please note that the Eligible Equity Shareholders who are making the Application on plain paper shall not be entitled to renounce their Rights Entitlements and should not utilize the Application Form for any purpose including renunciation even if it is received subsequently.

The application on plain paper, duly signed by the Eligible Equity Shareholder including joint holders, in the same order and as per specimen recorded with his bank, must reach the office of the Designated Branch of the SCSB before the Issue

Closing Date and should contain the following particulars:

- Name of our Issuer, being Sobhagya Mercantile Limited;
- Name and address of the Eligible Equity Shareholder including joint holders (in the same order and as per specimen recorded with our Company or the Depository);
- Registered Folio Number/ DP and Client ID No.;
- Number of Equity Shares held as on Record Date;
- Allotment option preferred - only Demat form;
- Number of Rights Equity Shares entitled to;
- Number of Rights Equity Shares applied for;
- Number of Additional Rights Equity Shares applied for, if any;
- Total number of Rights Equity Shares applied for within the Right Entitlements;
- Total amount paid at the rate of ₹ 21 /- per Rights Equity Share;
- Details of the ASBA Account such as the account number, name, address and branch of the relevant SCSB;
- In case of NR Eligible Equity Shareholders making an application with an Indian address, details of the NRE/FCNR/NRO Account such as the account number, name, address and branch of the SCSB with which the account is maintained;
- Except for Applications on behalf of the Central or State Government, the residents of Sikkim and officials appointed by the courts, PAN of the Eligible Equity Shareholder and for each Eligible Equity Shareholder in case of joint names, irrespective of the total value of the Rights Equity Shares applied for pursuant to the Issue. Documentary evidence for exemption to be provided by the applicants;
- Authorisation to the Designated Branch of the SCSB to block an amount equivalent to the Application Money in the ASBA Account;
- Signature of the Eligible Equity Shareholder (in case of joint holders, to appear in the same sequence and order as they appear in the records of the SCSB);
- Additionally, all such Applicants are deemed to have accepted the following:

“I/We understand that neither the Rights Entitlement nor the Rights Equity Shares have been, and will be, registered under the United States Securities Act of 1933, as amended (“US Securities Act”) or any United States state securities laws, and may not be offered, sold, resold or otherwise transferred within the United States or to the territories or possessions thereof (“United States”) or to, or for the account or benefit of a United States person as defined in the Regulation S of the US Securities Act (“Regulation S”). I/ we understand the Rights Equity Shares referred to in this application are being offered in India but not in the United States. I/ we understand the offering to which this application relates is not, and under no circumstances is to be construed as, an offering of any Rights Equity Shares or Rights Entitlement for sale in the United States, or as a solicitation therein of an offer to buy any of the said Rights Equity Shares or Rights Entitlement in the United States. Accordingly, I/ we understand this application should not be forwarded to or transmitted in or to the United States at any time. I/ we confirm that I/ we are not in the United States and understand that neither us, nor the Registrar or any other person acting on behalf of us will accept subscriptions from any person, or the agent of any person, who appears to be, or who we, the Registrar or any other person acting on behalf of us have reason to believe is a resident of the United States “U.S. Person” (as defined in Regulation S) or is ineligible to participate in the Issue under the securities laws of their jurisdiction.

“I/ We will not offer, sell or otherwise transfer any of the Equity Shares which may be acquired by us in any jurisdiction or under any circumstances in which such offer or sale is not authorized or to any person to whom it is unlawful to make such offer, sale or invitation except under circumstances that will result in compliance with any applicable laws or regulations. We satisfy, and each account for which we are acting satisfies, all suitability standards for investors in investments of the type subscribed for herein imposed by the jurisdiction of our residence.

I/ We understand and agree that the Rights Entitlement and Rights Equity Shares may not be reoffered, resold, pledged or otherwise transferred except in an offshore transaction in compliance with Regulation S, or otherwise pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act.

I/We (i) am/are, and the person, if any, for whose account I/we am/are acquiring such Rights Entitlement, and/or the Equity Shares, is/are outside the United States or a Qualified Institutional Buyer (as defined in the US Securities Act), and (ii) is/are acquiring the Rights Entitlement and/or the Equity Shares in an offshore transaction meeting the requirements of Regulations or in a transaction exempt from, or not subject to, the registration requirements of the US Securities Act.

I/We acknowledge that the Company, their affiliates and others will rely upon the truth and accuracy of the foregoing representations and agreements.”

In cases where multiple Application Forms are submitted for Applications pertaining to Rights Entitlements credited to the same demat account or in demat suspense escrow account, including cases where an Investor submits Application Forms along with a plain paper Application, such Applications shall be liable to be rejected.

Investors are requested to strictly adhere to these instructions. Failure to do so could result in an Application being rejected, with our Company and the Registrar not having any liability to the Investor. The plain paper Application format will be available on the website of the Registrar at www.purvashare.com. Our Company and the Registrar shall not be responsible if the Applications are not uploaded by SCSB or funds are not blocked in the Investors' ASBA Accounts on or before the Issue Closing Date.

PLEASE NOTE THAT THE RIGHTS EQUITY SHARES APPLIED FOR IN THIS ISSUE CAN BE ALLOTTED ONLY IN DEMATERIALIZED FORM AND TO THE SAME DEPOSITORY ACCOUNT IN WHICH OUR EQUITY SHARES ARE HELD BY SUCH INVESTOR ON THE RECORD DATE. FOR DETAILS, SEE “ALLOTMENT ADVICES/ REFUND ORDERS” ON PAGE 195 OF THE LETTER OF OFFER.

IT IS MANDATORY FOR ALL THE INVESTORS APPLYING UNDER THIS ISSUE TO APPLY THROUGH THE ASBA PROCESS TO RECEIVE THEIR RIGHTS EQUITY SHARES IN DEMATERIALIZED FORM AND TO THE SAME DEPOSITORY ACCOUNT/ CORRESPONDING PAN IN WHICH THE EQUITY SHARES ARE HELD BY THE INVESTOR AS ON THE RECORD DATE. ALL INVESTORS APPLYING UNDER THIS ISSUE SHOULD MENTION THEIR DEPOSITORY PARTICIPANT'S NAME, DP ID AND BENEFICIARY ACCOUNT NUMBER/ FOLIO NUMBER IN THE APPLICATION FORM. INVESTORS MUST ENSURE THAT THE NAME GIVEN IN THE APPLICATION FORM IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD. IN CASE THE APPLICATION FORM IS SUBMITTED IN JOINT NAMES, IT SHOULD BE ENSURED THAT THE DEPOSITORY ACCOUNT IS ALSO HELD IN THE SAME JOINT NAMES AND ARE IN THE SAME SEQUENCE IN WHICH THEY APPEAR IN THE APPLICATION FORM OR PLAIN PAPER APPLICATIONS, AS THE CASE MAY BE.

Important

Please read this Letter of Offer carefully before taking any action. The instructions contained in the Application Form, Abridged Letter of Offer and the Rights Entitlement Letter are an integral part of the conditions of the Letter of Offer and must be carefully followed; otherwise, the Application is liable to be rejected. It is to be specifically noted that this Issue of Rights Equity Shares is subject to the risk factors mentioned in “Risk Factors” on page 23 of this Letter of Offer.

All enquiries in connection with this Letter of Offer, the Letter of Offer or Application Form and the Rights Entitlement Letter must be addressed (quoting the Registered Folio Number or the DP and Client ID number, the Application Form number and the name of the first Eligible Equity Shareholder as mentioned on the Application Form and super scribed “SOBHAGYA MERCANTILE LIMITED– RIGHTS ISSUE” on the envelope to the Registrar at the following address:

Purva Sharegistry (I) Private Limited

9 Shiv Shakti Industrial Estate,
J.R. Boricha Marg, Near Lodha Excelus, Lower Parel (E),
Mumbai, 400011, Maharashtra.

Tel No: +91 22 4961 4132 / 3199 8810

Email: newissue@purvashare.com

Website: www.purvashare.com:

Contact Person: Ms Deepali Dhuri

SEBI Registration Number: INR000001112

In accordance with SEBI Rights Issue Circulars, frequently asked questions and online/ electronic dedicated investor helpdesk for guidance on the Application process and resolution of difficulties faced by the Investors will be available on the website of the Registrar (www.purvashare.com) Further, helpline number provided by the Registrar for guidance on the Application process and resolution of difficulties is +91 22 4961 4132.

The Investors can visit following links for the below-mentioned purposes:

- a) Frequently asked questions and online/ electronic dedicated investor helpdesk for guidance on the Application process and resolution of difficulties faced by the Investors: www.purvashare.com
- b) Updation of Indian address/ e-mail address/ phone or mobile number in the records maintained by the Registrar or our Company at www.purvashare.com
- c) Updation of demat account details by Eligible Equity Shareholders holding shares in physical form: at www.purvashare.com
- d) Submission of self-attested PAN, client master sheet and demat account details by non- resident Eligible Equity Shareholders at www.purvashare.com

This Issue will remain open for a minimum 7 (Seven) days. However, our Board will have the right to extend the Issue Period as it may determine from time to time but not exceeding 30 (Thirty) days from the Issue Opening Date (inclusive of the Issue Closing Date).

DECLARATION BY THE COMPANY

We hereby certify that no statement made in the Letter of Offer contravenes any of the provisions of the Companies Act, 1956/2013, the SEBI Act or the rules made thereunder or regulations issued thereunder, as the case may be. We further certify that all the legal requirements connected with the Issue as also the regulations, guidelines, instructions, etc., issued by SEBI, Government of India and any other competent authority in this behalf, have been duly complied with.

We further certify that all disclosures made in the Letter of Offer are true and correct.

SIGNED BY THE DIRECTORS, CHIEF FINANCIAL OFFICER & COMPANY SECRETARY OF OUR COMPANY:

Name	Designation	Signature
Shrikant Bhangdiya	Managing Director	Sd/-
Sonal Kirtikumar Bhangdiya	Director	Sd/-
Prashantkumar Lahoti	Independent Director	Sd/-
Niresh Maheshwari	Independent Director	Sd/-
Anil Khawale	Chief Financial Officer	Sd/-
Shaline Singh	Company Secretary & Compliance officer	Sd/-

Date: April 16, 2024

Place: Nagpur