DHILLON & ASSOCIATES
CHARTERED ACCOUNTANTS

Basis of Offer Price

Dated: September 23, 2026

To,

The Board of Directors
S.G. Encon Limited
Cabin no. 1, Sco 93, Second Floor, Swastik Vihar,
Sector-5, Mansa Devi Complex, Panchkula,
Haryana, India, 134109
(the "**Company**")

and

Marwadi Chandarana Intermediaries Brokers Private Limited
X-Change Plaza, Office No. 1201 to 1205,
12th Floor, Building No. 53E, Zone-5, Road 5E,
GIFT CITY, Gandhinagar, Gujarat, India, 382050

(Marwadi Chandarana Intermediaries Brokers Private Limited is referred to as the "Book Running Lead Manager" or the "BRLM")

Dear Sir/Madam,

Sub: Proposed initial public offering of equity shares of face value of ₹ 10 each (the "Equity Shares") of S.G. Encon Limited ("the Company") through a fresh issue of Equity Shares and Offer for sale of Equity Shares by certain existing shareholders of the Company (the "Offer")

We, "**Dhillon & Associates**", Chartered Accountants, **FRN: 002783N**, are the statutory auditors of the Company, appointed in accordance with section 139 of the Companies Act, 2013, as amended. We have been requested by the Company to review and confirm and verify certain information with respect to the 'Basis for Offer Price' in connection with the Offer and examined the restated financial statements of the Company for the financial years ended March 31, 2026, March 31, 2025 and March 31, 2024, prepared in accordance with the SEBI ICDR Regulations as amended, the Indian Accounting Standards, the Guidance Note on Reports in Company Prospectuses (Revised 2019) issued by the Institute of Chartered Accountants of India ("**ICAI**") and Companies Act, 2013, as amended and read with the rules, circulars and notifications issued in relation thereto ("**Companies Act**" and such restated financial information, issued together as the "**Restated Financial Information**").

In connection with calculation of the basis for Offer price of the Equity Shares in the Offer, have verified the following information with respect to the Company, extracted from the Restated Financial Information and other relevant records of the Company and certify as under:

1. EARNING PER SHARE ("EPS") (as adjusted for changes in capital, if any), calculated in accordance with the Indian Accounting Standard 33 issued by the Institute of Chartered Accountants of India:

As Derived from the Restated Financial Statements:

Fiscal / Financial period	Basic EPS (in ₹)	Diluted EPS (in ₹)	Weight
March 31, 2024	3.83	3.83	1
March 31, 2025	5.81	5.81	2
March 31, 2026	9.11	9.11	3

Quiet Office No. 4, Level 2, Sector 35-A, Chandigarh-160022, India, Phone : 0172-4619257
Mobile : 9417016731, 9815938272, E-mail : rkm731@yahoo.co.in, rajiv.makkar@gmail.com
Branch Offices : **Delhi & Ghaziabad**

Weighted Average	**7.13**	**7.13**	

i) *Weighted average = Aggregate of year-wise weighted EPS divided by the aggregate of weights i.e. (EPS x Weight) for each year/Total of weights*

ii) *Basic Earnings per Equity Share (₹) = Net profit after tax attributable to owners of the Company, as restated / Weighted average no. of Equity Shares outstanding during the year/period*

iii) *Diluted Earnings per Equity Share (₹)) = Net Profit after tax attributable to owners of the Company, as restated / Weighted average no. of potential Equity Shares outstanding during the year/period*

iv) *Earnings per Share calculations are in accordance with the notified Indian Accounting Standard 33 'Earnings per share'.*

v) *The figures disclosed above are based on the Restated Financial Information of the Company.*

vi) *The impact of bonus issue of equity shares in the ratio of 5 equity shares for every 1 equity share held, approved by the shareholders in the extra-ordinary general meeting held on September 21, 2026 has been appropriately considered in the above computation.*

2. AVERAGE RETURN ON NET WORTH ("RONW"):

As per the Restated Financial Statements:

Fiscal / Period	RONW (%)	Weight
2024	25.21%	1
2025	26.91%	2
2026	24.24%	3
Weighted Average	**25.29%**	

Notes:

i) *Weighted average = Aggregate of year-wise weighted RONW divided by the aggregate of weights i.e. (RONW x Weight) for each year/Total of weights.*

ii) *The figures disclosed above are based on the Restated Financial Information of our Company.*

iii) *Return on Net Worth (%) = Restated Profit after tax attributable to owners of the Company, as restated / Restated net worth at the end of the year/period.*

iv) *'Net worth' under Ind-As: Net worth has been defined as the aggregate value of the paid-up share capital and all reserves created out of the profits and securities premium account and debit or credit balance of profit and loss account, after deducting the aggregate value of the accumulated losses, deferred expenditure and miscellaneous expenditure not written off, as per the Restated Financial Information, but does not include capital reserves, reserves created out of revaluation of assets, write-back of depreciation and amalgamation for the financial years ended March 31, 2024; 2025 and 2026, in accordance with Regulation 2(1)(hh) of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended. Items not to be re-classified into profit & loss account have been excluded from the Net Worth.*

v) *The impact of bonus issue of equity shares in the ratio of 5 equity shares for every 1 equity share held, approved by the shareholders in the extra-ordinary general meeting held on September 21, 2026 has been appropriately considered in the above computation.*

3. NET ASSET VALUE ("NAV") per Equity Share:

Financial Period	NAV per Equity Share (in ₹)
March 31, 2026	37.90
After completion of the Offer	
- At Floor Price^	**[•]**

DHILLON & ASSOCIATES CHARTERED ACCOUNTANTS FRN 002783N CHANDIGARH

Financial Period	NAV per Equity Share (in ₹)
- At Cap Price^	**[•]**
- At Offer Price*	**[•]**

^ The details shall be provided post the fixing of price band by our Company in consultation with BRLMs at the stage of filing of price band advertisement.

* Issue Price per Equity Share will be determined on conclusion of the Book Building Process.

Notes:

(i) The figures disclosed above are based on the Restated Financial Information of the Company.

(ii) Net Asset Value per Equity Share = Net worth as per the Restated Financial Information / Weighted Average Number of equity shares outstanding as at the end of year.

(iii) 'Net worth' under Ind-As: Net worth has been defined as the aggregate value of the paid-up share capital and all reserves created out of the profits and securities premium account and debit or credit balance of profit and loss account, after deducting the aggregate value of the accumulated losses, deferred expenditure and miscellaneous expenditure not written off, as per the Restated Financial Information, but does not include capital reserves, reserves created out of revaluation of assets, write-back of depreciation and amalgamation for the financial years ended March 31, 2024; 2025 and 2026, in accordance with Regulation 2(1)(hh) of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended. Items not to be re-classified into profit & loss account have been excluded from the Net Worth.

(iv) The impact of bonus issue of equity shares in the ratio of 5 equity shares for every 1 equity share held, approved by the shareholders in the extra-ordinary general meeting held on September 21, 2026 has been appropriately considered in the above computation.

4. Price/Earning ("P/E") ratio in relation to Price Band of ₹ [•] to ₹ [•] per Equity Share:

Particulars	P/E at the Floor Price (no. of times)	P/E at the Cap Price (no. of times)
Based on basic EPS as per the Restated Financial Information for the financial year ended March 31, 2026	The details shall be provided post the fixing of the price band by the Company at the stage of the red herring prospectus or the filing of the price band advertisement.	
Based on basic EPS as per the Restated Financial Information for the financial year ended March 31, 2026		

5. Industry Peer Group P/E ratio

Particulars	P/E Ratio	Name of the company	Face value of equity shares (₹)
Highest	11.20	Pace Digitek Limited	2.00
Lowest	7.68	Annu Projects Limited	10.00
Average	9.44		

Notes:

The industry's high and low has been considered from the industry peer companies. The industry composite has been calculated as the arithmetic average P/E of the industry peer companies i.e. Pace Digitek Limited, and Annue Projects Limited. All the financial information for listed industry peers mentioned above is on a consolidated basis unless not available and is sourced from the annual reports, financial statements, financial results of the respective companies for the year ended March 31, 2026.

6. Comparison of Accounting Ratios with Listed Industry Peers



We understand that listed industry peers of the company have been identified as Pace Digitek Limited and Annu Projects Limited.

Based on our review of the audited financial statements of such Industry Peers for their last audited financial year i.e. Fiscal year 2026, we confirm: (a) the highest P/E ratio among the Industry Peers was Rs. 11.20, while the lowest P/E ratio was Rs. 7.68, and the average P/E ratio was Rs. 9.44; and (b) the additional details as set forth below:

Name of Company	Face Value (₹ Per Share)	Closing price on September 23, 2026 (₹)	Revenue, for Fiscal 2026 (in ₹ million)	PAT	EPS (₹)		NAV (₹ per share)	P/E	RONW (%)
					Basic	Diluted			
Issuer Company									
S. G. Encon Limited	10.00	[•]	2,869.68	228.85	9.11	9.11	35.11	[•]	24.24%
Industry Peers									
Pace Digitek Limited	2.00	169.25	26,412.70	3,072.64	15.11	15.11	101.61	11.20	14.01%
Annu Projects Limited	10.00	53.08	2,412.48	330.27	6.91	6.91	32.38	7.68	21.33%

All the financial information for listed industry peers mentioned above is on a consolidated basis unless not available and is sourced from the annual reports and prospectus of the respective companies for the year ended March 31, 2026.

Notes:

1. *P/E Ratio has been computed based on the closing market price of equity shares on the NSE on September 23, 2026 divided by the Diluted EPS of March 31, 2026*
2. *Net Asset Value per equity share represents net worth as at the end of the financial year as divided by the number of Equity Shares outstanding at the end of the year.*
3. *Return on Net Worth (%) = Restated Profit/(loss) attributable to owners of the company/ net worth at the end of the year.*
4. *'Net worth' under Ind-As: Net worth has been defined as the aggregate value of the paid-up share capital and all reserves created out of the profits and securities premium account and debit or credit balance of profit and loss account, after deducting the aggregate value of the accumulated losses, deferred expenditure and miscellaneous expenditure not written off, as per the Restated Financial Information, but does not include capital reserves, reserves created out of revaluation of assets, write-back of depreciation and amalgamation for the financial years ended March 31, 2024; 2025 and 2026, in accordance with Regulation 2(1)(hh) of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended. Items not to be re-classified into profit & loss account have been excluded from the Net Worth.*

We confirm that the information in this certificate is true and correct and there is no untrue statement or omission which would render the contents of this certificate misleading in its form or context.

We have conducted our examination in accordance with the "Guidance Note on Reports or Certificates for Special Purposes (Revised 2016)" ("**Guidance Note**") issued by the Institute of Chartered Accountants of India. The Guidance Note requires that we comply with ethical requirements of the Code of Ethics issued by the Institute of Charted Accountants of India. We have also complied with the relevant applicable requirements of the Standard on Quality Control (**SQC**) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial information, and Other Assurance and Related Services Engagements.

This certificate may be relied upon by the Company, the Book Running Lead Manager and the Legal Counsel appointed in relation to the Offer. We hereby consent to extracts of, or reference to, this certificate being used in the draft red herring prospectus, red herring prospectus



and prospectus or any other documents in connection with the Offer (collectively, the "**Offer Documents**"). We also consent to the submission of this certificate as may be necessary, SEBI, Stock Exchanges, Registrar of Companies and to any regulatory authority and/or for the records to be maintained by the Book Running Lead Manager in connection with the Offer and in accordance with applicable law. This certificate may be disclosed by the Book Running Lead Manager, if required, (i) by reason of any law, regulation or order of a court or by any governmental or competent regulatory authority, or (ii) in seeking to establish a defense in connection with, or to avoid, any actual, potential or threatened legal, arbitral or regulatory proceeding or investigation.

We also consent to the inclusion of this letter as a part of "*Material Contracts and Documents for Inspection*" in connection with this Offer, which will be available to public for inspection.

We confirm that we will immediately communicate any changes in writing in the above information to the Book Running Lead Manager until the date when the Equity Shares allotted and transferred in the Offer commence trading on the relevant stock exchanges. In the absence of any such communication from us, the Book Running Lead Manager and the Legal Counsel in relation to the Offer can assume that there is no change to the above information.
All capitalized terms used herein and not specifically defined shall have the same meaning as ascribed to them in the Offer Documents.

For and on behalf of
Dhillon & Associates
Chartered Accountants
ICAI Firm Registration Number: 002783N

DHILLON & ASSOCIATES CHARTERED ACCOUNTANTS FRN 002783N

Rajesh Malhotra
(Partner)
Membership No.: 090661
Place: Chandigarh
Date: September 23, 2026
UDIN: 26090661RDARAR6342

CC:

Legal Counsel to the Offer

Legacy Law Offices LLP
Legacy House, D-18, Kalkaji,
New Delhi- 110019, India.