BASIS FOR OFFER PRICE

*Investors should read the following summary with the section titled "**Risk Factors**", the details about our Company under the section titled **"Our Business"** and its financial statements under the section titled **"Financial Information of the Company"** beginning on page 22, 143 and 204 respectively of the Red Herring Prospectus. The trading price of the Equity Shares of Our Company could decline due to these risks and the investor may lose all or part of his investment.*

Price Band/ Offer Price is determined by our Company in consultation with the Book Running Lead Manager on the basis of the assessment of market demand for the Equity Shares through the Book Building Process and on the basis of the qualitative and quantitative factors as described in this section. The face value of the Equity Shares is ₹ 10/- each and the Offer Price is 11.40 times of the face value at the lower end of the Price Band and 12.00 times of the face value at the upper end of the Price Band.

For the purpose of making an informed investment decision, the investors should also refer **"*Risk Factors*"**, **"*Our Business*"** and **"*Financial information of the Company*"** beginning on page 22, 143 and 204 respectively of this Red Herring Prospectus.

QUALITATIVE FACTORS

We believe the following business strengths allow us to successfully compete in the industry:

a) Wide product portfolio catering to various end user industries
b) Precision engineering expertise with complex product manufacturing capabilities.
c) Long term and well-established relationships with customers
d) Focus on Quality Assurance
e) Established supply chain and sourcing network
f) Experienced Promoters and professional management team

For a detailed discussion on the qualitative factors which form the basis for computing the price, please refer to sections titled ***"Our Business"*** beginning on page 144 of this Red Herring Prospectus.

QUANTITATIVE FACTORS

The information presented below relating to our Company is based on the Restated Consolidated Financial Statements. For details, please refer section titled ***"Financial Information of the Company"*** on page 204 of this Red Herring Prospectus.

Some of the quantitative factors which may form the basis for calculating the Offer Price are as follows:

1. Basic & Diluted Earnings per share (EPS) (Face value of ₹ 10 each):

As per the Restated Consolidated Financial Statements:

Sr. No	Period	Basic & Diluted (₹)	Weights
1.	Financial Year 2023-2024	3.51	1
2.	Financial Year 2024-2025	10.61	2
3.	Financial Year 2025-2026	13.64	3
4.	April 30, 2026	1.30	
	Weighted Average	**10.94**	**6**

Notes:

i. *The figures disclosed above are based on the Restated Consolidated Financial Statements of the Company.*
ii. *The face value of each Equity Share is ₹10.00.*
iii. *Earnings per Share has been calculated in accordance with **Accounting Standard 20 – "Earnings per Share"** issued by the Institute of Chartered Accountants of India.*
iv. *The above statement should be read with Significant Accounting Policies and the Notes to the Restated Consolidated Financial Statements as appearing in Annexure IV.*
v. *Basic Earnings per Share = Net Profit/(Loss) after tax, as restated attributable to equity shareholders/ Weighted average number of equity shares outstanding during the year/ period.*

vi. Diluted Earnings per Share = Net Profit/(Loss) after tax, as restated attributable to equity shareholders/ Weighted average number of diluted potential equity shares outstanding during the year/ period.

2. Price Earning (P/E) Ratio in relation to the Price Band of ₹ 114 to ₹ 120 per Equity Share of Face Value of ₹ 10/- each fully paid up

Particulars	(P/E) Ratio at the Floor Price	(P/E) Ratio at the Cap Price
P/E ratio based on the Basic & Diluted EPS, as restated for Financial Year 2025-2026	8.36	8.80
P/E ratio based on the Weighted Average EPS, as restated.	10.42	10.97

3. Average Return on Return on Net worth (RoNW)*

Sr. No	Period	RoNW (%)	Weights
1	Financial Year 2023-2024	4.21%	1
2	Financial Year 2024-2025	12.34%	2
3	Financial Year 2025-2026	13.04%	3
4	April 30, 2026	1.23%	
	Weighted Average	**11.33%**	**6**

Note:

i. The RoNW has been computed by dividing net profit after tax (excluding exceptional items) with restated Net worth as at the end of the year/ period

ii. 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.

4. Net Asset Value (NAV) per Equity Share:

Sr. No.	NAV per Equity Share	Outstanding at the end of the year
1.	Financial Year 2023-2024	83.54
2.	Financial Year 2024-2025	85.99
3.	Financial Year 2025-2026	104.63
4.	April 30, 2026	105.96
5.	NAV per Equity Share after the Offer	
	I. Floor Price	107.68
	II. Cap Price	108.97
6.	Offer Price	120.00

Notes: -

1. *NAV per share =Restated Net worth at the end of the year/period divided by Weighted average number of equity shares outstanding at the end of the year/ period.*
2. *Net worth is computed as the sum of the aggregate of paid-up equity share capital, all reserves created out of the profits, securities premium account received in respect of equity shares.*
3. *Offer Price per Equity Share will be determined by our Company in consultation with the Book Running Lead Manager.*

5. Comparison of Accounting Ratios with Industry Peers:

There are no listed companies in India that are engaged in a business similar to that of our Company accordingly it is not possible to provide an industry comparison in relation to our Company.

6. Key Performance Indicators

The KPIs disclosed below have been used historically by our Company to understand and analyse the business performance, which in result, help us in analysing the growth of our Company.

The KPIs disclosed below have been approved by a resolution of our Audit Committee dated September 30, 2026 and the members of the Audit Committee have verified the details of all KPIs pertaining to our Company. Further, the members of the Audit Committee have confirmed that there are no KPIs pertaining to our Company that have

been disclosed to any investors at any point of time during the three years period prior to the date of filing of this Red Herring Prospectus. Further, the KPIs herein have been certified by R. Balasubramanian, Chartered Accountants, by their certificate dated September 30, 2026.

The KPIs of our Company have been disclosed in the sections titled ***"Our Business"*** and ***"Management's Discussion and Analysis of Financial Condition and Results of Operations – Key Performance Indicators"*** on pages 143 and 263 respectively. We have described and defined the KPIs, as applicable, in ***"Definitions and Abbreviations"*** on page 1.

Our Company confirms that it will continue to disclose all the KPIs included in this section on a periodic basis, at least once in a year (or any lesser period as determined by the Board of our Company), for a duration of one year after the date of listing of the Equity Shares on the Stock Exchange or till the complete utilization of the proceeds of the Fresh Issue as per the disclosure made in the Objects of the Offer Section, whichever is later or for such other duration as may be required under the SEBI ICDR Regulations. Further, the ongoing KPIs will continue to be certified by a member of an expert body as required under the SEBI ICDR Regulations.

Key Performance Indicators of our Company

(Rs. In Lakhs except percentages and ratios)

Key Financial Performance	April 30, 2026*	FY 2025-26	FY 2024-25	FY 2023-24
Revenue from operations [(1)]	310.59	4516.41	4907.98	3547.74
EBITDA [(2)]	157.82	1689.17	1530.85	615.88
EBITDA Margin [(3)]	50.81%	37.40%	31.19%	17.36%
PAT [(4)]	111.2	1164.03	1050.55	399.77
PAT Margin [(5)]	35.80%	25.77%	21.40%	11.27%
Net Worth [(6)]	9041.34	8927.41	8516.12	9503.96
RoNW(%)[(7)]	1.23%	13.04%	12.34%	4.21%
RoCE (%) [(8)]	1.60%	17.13%	16.06%	4.88%

**Not Annualized*

Notes:

(1) 'Revenue from Operations' means the Revenue from Operations as appearing in the Restated Consolidated Financial Statements

(2) 'EBITDA' is calculated as Profit before tax + Depreciation + Interest Expenses

(3) 'EBITDA Margin' is calculated as EBITDA divided by Revenue from Operations

(4) 'PAT' is Profit after tax available for owner of the group.

(5) 'PAT Margin' is calculated as PAT available for owner of the group for the period/year divided by revenue from operations.

(6) 'Net worth means Equity share capital + Reserves and surplus (including, Securities Premium, General Reserve, Foreign Currency Translation Reserve, Capital Redemption Reserves and surplus in statement of profit and loss and excluding Revaluation Reserve).

(7) 'Return on Net Worth' is ratio of Profit after Tax and Net Worth.

(8) 'Return on Capital Employed' is calculated as EBIT divided by capital employed, which is defined as shareholders' equity plus total borrowings {current & non-current} plus Deferred Tax Liabilities.

Explanation for KPI metrics

KPI	Explanations
Revenue from Operations	Revenue from Operations is used by our management to track the revenue profile of the business and in turn helps to assess the overall financial performance of our Company and volume of our business
EBITDA	EBITDA provides information regarding the operational efficiency of the business
EBITDA Margin (%)	EBITDA Margin (%) is an indicator of the operational profitability and financial performance of our business
PAT	Profit after tax provides information regarding the overall profitability of the business.
PAT Margin (%)	PAT Margin (%) is an indicator of the overall profitability and financial performance of our business.
Net Worth	Net worth is used by the management to ascertain the total value created by the entity and provides a snapshot of current financial position of the entity.
Return on Net Worth (%)	Return on Net worth provides how efficiently our Company generates profits from shareholders' funds.

RoCE (%)	RoCE provides how efficiently our Company generates earnings from the capital employed in the business.

7. Set forth below are the details of comparison of key performance of indicators with our listed industry peers:

There are no listed companies in India that are engaged only in the business of manufacturing of Geophones and Seismic Cables. Accordingly, it is not possible to provide a comparison of key performance indicators of industry with our Company.

8. Weighted average cost of acquisition

a) The price per share of our Company based on the primary/ new issue of shares (equity / convertible securities)

There has been no issuance of Equity Shares, other than Equity Shares issued pursuant to a bonus issue on March 17, 2026 during the 18 months preceding the date of this Red Herring Prospectus, where such issuance is equal to or more than 5% of the fully diluted paid-up share capital of the Company (calculated based on the pre-Offer capital before such transaction(s) and excluding employee stock options granted but not vested), in a single transaction or multiple transactions combined together over a span of 30 days. ("Primary Issue"):

b) The price per share of our Company based on the secondary sale / acquisition of shares (equity shares)

There have been no secondary sale/ acquisitions of Equity Shares, where the promoters, members of the promoter group, Selling shareholders or shareholder(s) having the right to nominate director(s) in the Board of Directors of the Company are a party to the transaction (excluding gifts of shares), during the 18 months preceding the date of this certificate, where either acquisition or sale is equal to or more than 5% of the fully diluted paid up share capital of the Company (calculated based on the pre-offer capital before such transaction/s and excluding employee stock options granted but not vested), in a single transaction or multiple transactions combined together over a span of rolling 30 days. ("**Secondary Transaction**").

c) Since there are no such transactions to report to under (a) and (b) therefore, information based on last 5 primary or secondary transactions (secondary transactions where Promoter / Promoter Group entities or shareholder(s) having the right to nominate director(s) in the Board of our Company, are a party to the transaction), not older than 3 years prior to the date of this certificate irrespective of the size of transactions, is as below:

Primary Transactions:

Date of Allotment	No. of equity shares allotted	Face value	Issue Price per equity shares (₹)	Nature of Allotment	Nature of consideration	Total Consideration (in ₹ lakhs)
March 17, 2026	14,22,113	10	Nil	Bonus Issue	Other than Cash	Nil

Secondary Transactions:

Date of Transfer	Name of transferor	Name of transferee	No. of equity shares allotted	Face Value	Issue Price per equity shares (₹)	Nature of Allotment	Nature of consideration	Total Consideration (in Lakhs)
February 09, 2026	Late Major Brijendra Singh	Cecilia Margareta Singh Ramel	4,96,434	10	Nil	Transmission	NA	Nil
March 10, 2026	Queensgate Holdings (India) Private Limited	Cecilia Margareta Singh Ramel	89,681	10	147	Transfer	Cash	131.83

d) Weighted average cost of acquisition, floor price and cap price

Types of transactions	Weighted average cost of acquisition (₹ per Equity Shares)	Floor price* (i.e. ₹ 114)	Cap price* (i.e. ₹ 120)
Weighted average cost of acquisition of primary / new issue as per paragraph 8(a) above.	NA^	NA^	NA^
Weighted average cost of acquisition for secondary sale / acquisition as per paragraph 8(b) above.	NA^^	NA^^	NA^^
Weighted average cost of acquisition for secondary sale / acquisition as per paragraph 8(c) above.	8.72**	13.07	13.76

^There were no primary/ new issue of shares (equity/ convertible securities) as mentioned in paragraph 8(a) above, in last 18 months from the date of this Red Herring Prospectus.

^^There were no secondary transaction of shares as mentioned in paragraph 8(b) above, in last 18 months from the date of this Red Herring Prospectus.

** To be updated at Prospectus stage.*

*** Amount determined after considering the impact of issue of 14,22,113 bonus shares*

Detailed explanation for Offer Price/ Cap Price being 13.76 times of WACA of primary issuances/ secondary transactions of Equity Shares (as disclosed above) along with our Company's KPIs and financial ratios for Fiscals 2026, 2025 and 2024:

1. The Cap Price has been determined after considering, inter alia, the Company's operational and financial performance, including the growth in EBITDA, which increased from ₹615.88 lakhs in Fiscal 2024 to ₹1530.85 lakh in Fiscal 2025 and ₹1689.17 lakhs in Fiscal 2026. The EBITDA Margin was 17.36%, 31.19% and 37.40% in Fiscals 2024, 2025 and 2026, respectively.
2. The Company reported PAT of ₹1164.03 lakhs in Fiscal 2026, representing a growth of 10.80% over PAT of ₹1050.55 lakhs in Fiscal 2025, which had increased by 162.79% over PAT of ₹399.77 lakhs in Fiscal 2024.
3. The Company's key competitive strengths include its wide product portfolio catering to diverse end-user industries, supported by strong precision engineering expertise and the capability to manufacture complex products in accordance with customer requirements. The Company has established long-standing relationships with its customers, reflecting its focus on customer satisfaction and consistent product delivery. Its emphasis on quality assurance across manufacturing processes, coupled with an established supply chain and sourcing network, enables it to support operational efficiency and maintain product quality. Further, the Company benefits from the experience and industry knowledge of its Promoters, supported by a professional management team that contributes to its business operations and long-term growth objectives.

Explanation for the Offer Price/Cap Price, being 13.76 times of WACA of primary issuances/ secondary transactions of Equity Shares (as disclosed above) in view of the external factors which may have influenced the pricing of the Offer.

1. Today India is ranked the seventh largest economy, and third largest in terms of Purchasing Power Parity (PPP). The Indian economy's GDP is pegged at $ 2.9 tn. At a press conference, Finance Minister Arun Jaitley commented, 'We keep oscillating between the fifth and the sixth largest economy, depending on the dollar rate. As we look at the years ahead, we will be $ 5 tn by 2024 and $ 10 tn by 2030 or 2031.'

HGS (India) Limited is a Book Built Offer and the pre-Offer and price band advertisement for the same shall be published 2 working days before opening of the Offer in all editions of Business Standard, an English national daily newspaper, all editions of Business Standard, a Hindi national daily newspaper, Hindi also being the regional language of Delhi, where our Registered Office is located, each with wide circulation.

The Offer Price of ₹ 120 is determined by our Company in consultation with the BRLM and is justified on the basis of the above information. Investors should read the above mentioned information along with ***"Our Business", "Risk Factors" and "Restated Consolidated Financial Statements"*** on pages 143, 22 and 204 respectively of this Red Herring Prospectus, to have a more informed view. The trading price of the Equity Shares of our Company could decline due to the factors mentioned in **"Risk Factors"** or any other factors that may arise in the future and you may lose all or part of your investments.