

REPORT OF THE AUDIT COMMITTEE (“COMMITTEE”) OF COFORGE LIMITED RECOMMENDING THE DRAFT SCHEME OF AMALGAMATION OF CIGNITI TECHNOLOGIES LIMITED (“TRANSFEROR COMPANY”) WITH AND INTO COFORGE LIMITED (“TRANSFEE COMPANY” OR “COMPANY”) AND THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS UNDER SECTIONS 230 TO 232 AND OTHER APPLICABLE PROVISIONS OF THE COMPANIES ACT, 2013 CONSIDERED AND APPROVED AT THE COMMITTEE MEETING HELD VIA VIDEO CONFERENCING ON FRIDAY, DECEMBER 27, 2024 AT 6:15 PM (IST) AT SEZ, PLOT NO. TZ-2 & 2A, SECTOR - TECH ZONE, GREATER NOIDA – 201308, UTTAR PRADESH

Members Present:

Mr. Anil Chanana - Chairperson
Mr. OP Bhatt - Member
Ms. Beth Boucher - Member

In Attendance:

Mr. Sudhir Singh – CEO & Executive Director
Mr. Gautam Samanta – Executive Director
Mr. Saurabh Goel – Chief Financial Officer
Ms. Barkha Sharma – Company Secretary
Mr. Ashish Arora – SVP (Finance)
Mr. Abhishek Dahia – Group Manager (Corporate Compliance & Secretarial)
Ms. Suchi Gupta – Partner, Ernst & Young
Mr. Anand Lakra - Partner, J Sagar & Associates
Mr. Neeraj Garg - Partner, PwC Business Consulting Services LLP
Mr. Vikas Kothari- Managing Director - JM Financials Limited
Mr. Amit Virmani – Partner -S.R. Batliboi & Co. LLP, Statutory Auditors

1. Background:

- 1.1. A meeting of the Committee of Coforge Limited (“**Transferee Company**” or “**Company**”) was held on December 27, 2024 to inter-alia, consider and recommend the draft Scheme of Amalgamation of Cigniti Technologies Limited (“**Transferor Company**”) with and into the Transferee Company and their respective shareholders and creditors under Sections 230 to 232 and other applicable provisions of the Companies Act, 2013 (“**Act**”) and other applicable provisions, if any (“**Scheme**”).
- 1.2. The Transferee Company is incorporated under the provisions of the Companies Act, 1956. The equity shares of the Transferee Company are listed on BSE Limited (“**BSE**”) and National Stock Exchange of India Limited (“**NSE**”).
- 1.3. The Transferor Company is incorporated under the provisions of the Companies Act, 1956. The equity shares of the Transferor Company are listed on BSE and NSE. The Transferor Company is a subsidiary of the Transferee Company. The Transferee Company holds 54% of the expanded share capital of the Transferor Company.

- 1.4. The Scheme, inter alia, provides for the amalgamation of the Transferor Company with and into the Transferee Company and dissolution of the Transferor Company without winding-up and consequent issuance of shares of Transferee Company to the shareholders of the Transferor Company (other than the Company) as consideration of amalgamation in accordance with the share exchange ratio as stipulated in Clause 14 of the Scheme. The swap ratio as recommended in the joint share exchange ratio report is for every 5 (Five) equity shares held by the shareholders in the Transferor Company, 1 (One) equity share of the Transferee Company will be issued.
- 1.5. The Appointed Date for the purpose of this Scheme and for Income Tax Act, 1961 ("IT Act"), means **April 01, 2025** or such other date as may be approved by the Hon'ble National Company Law Tribunal ("**Tribunal**").
- 1.6. This report of Committee is made in order to comply with the requirements of the Securities and Exchange Board of India ("**SEBI**") (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("**Listing Regulations**") and SEBI Master Circular No. SEBI/HO/CFD/POD-2/P/CIR/2023/93 dated June 20, 2023 ("**SEBI Master Circular**") including amendments thereto.
- 1.7. While deliberating on the Scheme, the Committee, inter-alia, considered and took record of the following documents:
 - a) Draft Scheme;
 - b) Joint share exchange ratio report ("**Valuation Report**") dated December 27, 2024 issued by PwC Business Consulting Services LLP, (Registration No. IBBI/RV – E/02/2022/158) and KPMG Valuation Services LLP, (Registration No. IBBI/RV-E/06/2020/115), both registered valuers appointed by the Transferee Company and the Transferor Company, respectively, describing the methodology adopted by them in determining the consideration;
 - c) Fairness Opinions dated December 27, 2024 issued by JM Financial Limited and Axis Capital Limited, Independent SEBI registered merchant bankers ("**Fairness Opinion**"), appointed by the Transferee Company and the Transferor Company, respectively, providing an opinion on the fairness of the consideration specified in the reports of the registered valuers;
 - d) Certificate dated December 27, 2024, issued by S.R. Batliboi & Associates LLP (Firm Registration No. 101049W/E300004), the Statutory Auditors of the Transferee Company, confirming the accounting treatment stated in the Scheme is in compliance with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and circulars issued thereunder and all the applicable accounting standards notified by the Central Government under section 133 of the Act read with relevant rules thereunder and other Generally Accepted Accounting Principles and MCA circular;
 - e) Undertaking given by the Transferee Company dated December 27, 2024 confirming that approval of majority of public shareholders as prescribed under Paragraph (A)(10)(b) of Part I of the SEBI Master Circular is not applicable to the Transferee Company along with certificate of the Statutory Auditors of the Transferee Company, certifying the said undertaking; and

- f) Other presentations, reports, documents and information furnished before the Committee.

2. Salient Features of the Scheme:

The Audit Committee noted the brief particulars of the Scheme as under:

- a) This Scheme is presented inter alia under Sections 230 to 232 and other applicable provisions of the Act, SEBI Master Circular read with Section 2(1B) and other applicable provisions of the IT Act and other applicable law, if any. The Scheme provides for the amalgamation by way of absorption of the Transferor Company with the Transferee Company and dissolution of the Transferor Company without winding up and also provides for various other matters consequent and incidental thereto or otherwise integrally connected thereto.
- b) The appointed date for the amalgamation is April 1, 2025. Pursuant to the sanction of the Scheme by the Tribunal and upon the fulfilment of conditions for the Scheme, the Scheme shall become effective from the last of the dates on which the conditions specified in Clause 28 of the Scheme are satisfied or complied with or the requirement of which has been waived (i.e. “**Effective Date**”)
- c) With effect from the Appointed Date and upon the Scheme becoming effective, the Transferor Company along with all its assets, liabilities, contracts, employees, records etc. being its integral part shall stand transferred to the Transferee Company as a going concern subject to the provisions of the Scheme.
- d) From the Appointed Date and upto the Effective Date (as defined in the Scheme), the Transferor Company and Transferee Company shall carry on its business and activities with reasonable diligence and business prudence.
- e) The shareholders of the Transferor Company will be allotted shares of the Transferee Company and will therefore become shareholders of a larger free public float of the combined listed company with multiple growth avenues. Upon effectiveness of the Scheme, the Transferee Company will continue to be professionally managed and shall only have public shareholders.
- f) The entire paid-up share capital of the Transferor Company including the shares held by the Transferee Company in the Transferor Company shall stand cancelled in its entirety without any further act or deed upon the Scheme becoming effective.
- g) Allotment of equity shares of the Transferee Company to the shareholders of the Transferor Company (other than the Transferee Company) in accordance with the share exchange ratio, as set out in Valuation Report. No shares shall be issued and allotted by the Transferee Company in respect of the shares held by the Company itself in the Transferor Company.
- h) Transfer of the authorized share capital of the Transferor Company to the Transferee Company and consequential increase in the authorized share capital of the Transferee Company as provided in the Scheme.

- i) The Transferor Company shall stand dissolved without being wound up.
- j) The effectiveness of the Scheme is contingent upon certain conditions as mentioned in the Scheme, which inter alia include:
 - (i) Obtaining No objection letter(s), approvals, consents from lenders, customers, vendors, the Stock Exchanges in relation to the Scheme under Regulation 37 of SEBI LODR and SEBI Master Circular;
 - (ii) The Transferor Company, complying with other provisions of the SEBI Master Circular, including seeking approval of the shareholders of the Transferor Company through e- voting, as applicable. The Scheme shall be acted upon only if the votes cast by the public shareholders in favour of the proposal are more than the number of votes cast against the proposal by the public shareholders, of the Transferor Company, as required under the SEBI Master Circular.
 - (iii) Approval of the Scheme by the requisite majority in number and value of such classes of persons including the respective shareholders and / or creditors of the Transferee Company and / or Transferor Company, as may be required or directed by the Tribunal;
 - (iv) Obtaining the sanction of the Tribunal under Sections 230 to 232 and other applicable provisions of the Act;
 - (v) The certified copy of the order of the Tribunal under Sections 230 to 232 and other applicable provisions of the Act sanctioning the Scheme being filed with the Registrar of Companies by the Transferor Company and the Transferee Company.

3. The proposed Scheme of Amalgamation:

3.1. NEED FOR THE AMALGAMATION AND RATIONALE OF THE SCHEME:

The reasons and circumstances leading to and justifying the proposed Scheme of Amalgamation of the Transferor Company with and into the Transferee Company, which make it beneficial for all the concerned stakeholders, including the members of the Transferor Company and Transferee Company, are as follows:

- (i) **Empowering Digital Transformation:** The Transferor Company is primarily engaged in the business of assurance and digital engineering services across the world. The Amalgamation will create synergized capabilities between the businesses of the Companies and create synergized capabilities to offer a strategic advantage in the global arena of AI led assurance and digital engineering IT solutions. The Amalgamation will be strategically positioned to expand across diverse industries and regions, with a strong focus on the US market.

Commitment to delivering exceptional value to stakeholders will be strengthened, establishing the Transferee Company as a preferred partner for

digital transformation initiatives. This Amalgamation will enable Transferee Company to capitalize on the significant opportunities arising from AI advancements, especially in specialized assurance services, driving innovation and achieving outstanding results for the clients across the globe.

- (ii) **Accelerate Growth:** With prior acquisitions and the Amalgamation, the combined entity will create 3 (three) new scaled up verticals - Retail, Technology and Healthcare. The Amalgamation will help the Transferee Company realize its objective of scaling up its presence across South-West, Mid-West and Western US markets. The combined entity will be able to address the significant opportunities that the proliferation of AI is creating for specialized Assurance Services. Given the shareholding structure and the Companies engaged in similar and/or complementary businesses, the Amalgamation will contribute to furthering and fulfilling the objectives and business strategies of the Companies thereby accelerating growth, expansion, and development of the respective businesses through the Transferee Company. The Amalgamation will enhance synchronization between existing services being offered by the Companies and enable the Transferee Company to provide better service offerings to customers resulting in increased value proposition.
- (iii) **Efficiency in customer approach:** The combined entity i.e. the Transferee Company will have a broader portfolio of services targeted at a wider array of customers spread across various locations – India and overseas. This will also enable the Transferee Company to address newer solutions and services to its customers and enhance its marketing capabilities.
- (iv) **Operational integration:** The Amalgamation will provide an opportunity for reduction of operational costs through pooling of orders and improved sales. Further, culture of sharing of best practices, cross-functional learnings, will be fostered which will promote greater systemic efficiency. Also, pooling of resources of the Transferor Company with the resources of the Transferee Company will lead to synergy of operations, seamless access to the assets of the Transferor Company and Transferee Company.
- (v) **Simplified structure and efficiency:** Simplification and streamlining of the corporate structure by reducing the number of legal entities, thereby eliminating corporate redundancies, such as duplication of administrative work, duplicate work streams related to corporate governance, reduction of multiplicity of legal and regulatory compliances, and associated costs thereof.
- (vi) **Efficiency in working capital and cash flow management:** Greater efficiency in management of cash balances presently available with the Companies and access to cash flows generated by the combined business. Further, efficiency in cash management will improve substantially enabling the entities to have unfettered access to cash flow generated which can be deployed for growth and sustenance.

Accordingly, the Scheme is commercially and economically viable, feasible, fair and reasonable and would be in the interest of the Transferor Company and the Transferee Company, and their respective shareholders, creditors and all other stakeholders concerned (including employees) and will not be prejudicial to the interests of any concerned shareholders or creditors or general public at large.

3.2. SYNERGIES OF BUSINESS OF THE COMPANIES INVOLVED IN THE SCHEME

The proposed Scheme would result in following synergies:

- (i) **Market Expansion:** The combined entity i.e. the Transferee Company can leverage the geographical strengths of each company to gain access to new markets and customers. This can lead to an increased customer base and market share.
- (ii) **Cross-Selling Opportunities:** With complementary industry verticals, there is an opportunity to cross-sell products/ services to the existing customer base of each company, potentially increasing revenue streams.
- (iii) **Operational Efficiencies:** The amalgamation may lead to the consolidation of operations, such as shared services or centralized administration, which can reduce costs and improve operational efficiency.
- (iv) **Technology and Innovation:** The pooling of technological resources and talent can accelerate innovation, leading to the development of new products/ services. This can also improve the competitive position of the combined entity.
- (v) **Talent and Knowledge Sharing:** The amalgamation can lead to a richer talent pool with diverse skills and experiences. Knowledge sharing between teams can foster innovation and best practice adoption.

3.3. IMPACT OF THE SCHEME ON THE TRANSFEREE COMPANY AND EACH CLASS OF SHAREHOLDERS (PROMOTER/ NON-PROMOTER SHAREHOLDERS)

- (i) The Scheme is expected to be beneficial to the shareholders of the Transferee Company leading to opportunity for growth and value creation in the long run and maximizing the value and returns to the shareholders, achieving cost and operational efficiencies. The equity shares that will be issued by the Transferee Company on account of the Scheme will result in miniscule dilution of the existing shareholding in the Transferee Company by 3.58% of the total issued equity shares fully paid up and the shareholders of the Transferee Company in turn will benefit on account of: (a) synergies which are expected to accrue to the Transferee Company; and (b) operational efficiencies;
- (ii) In consideration for the amalgamation of the Transferor Company with the Transferee Company, the shareholders of the Transferor Company, as on the Record Date (as defined in the Scheme) shall receive equity shares of the Transferee Company (as per Clause 14 of the Scheme). Further, the rights and interests of the shareholders of the Transferee Company will not be prejudicially affected by the Scheme, and there will be no change in the economic interest of the shareholders of the Transferee Company, before and after the Scheme. The equity shares to be issued by the Transferee Company to the shareholders of the Transferor Company pursuant to the Scheme shall rank pari-passu in all respects with the existing equity shares of the Transferee Company. The Fairness Opinion issued above opines that the share exchange ratio, as proposed by the registered

valuers, is fair to the shareholders of the Transferee Company from a financial point of view;

- (iii) The shareholders of the Transferee Company will continue to be the shareholders of the Transferee Company;
- (iv) Upon the Scheme becoming effective, the Transferor Company shall be dissolved without being wound up and the shareholders of the Transferor Company shall become shareholders of the Transferee Company.
- (v) The Promoters of the Transferor Company (other than the Company) hold 0.86% shares in the Transferor Company and are in the process of being reclassified as public shareholders. The promoter of the Transferee Company (i.e. Hulst B.V.) does not hold any shares in the Transferee Company and its application for declassification as the promoter of the Transferee Company is pending approval from the Stock Exchanges. The shareholders of the Transferor Company (other than the Company) will be allotted shares of the Transferee Company and will therefore become shareholders of the larger free public float of the combined listed company. Upon effectiveness of the Scheme, the Transferee Company will continue to be professionally managed and shall only have public shareholders.

3.4. EFFECT OF THE SCHEME ON DIRECTORS AND KEY MANAGERIAL PERSON ("KMP") OF THE TRANSFEE COMPANY

There shall be no change or effect of the Scheme on the directors and KMPs of the Transferee Company. However, their role(s)/function(s)/ responsibilities may undergo change pursuant to business and organization requirements /needs. The effect of the Scheme on the interests of the directors and KMPs and their relatives holding shares in the Transferee Company, is not different from the effect of the Scheme on other shareholders of the Transferee Company. It is clarified that there shall be no change in the management of the Company by virtue of the Scheme coming into effect

3.5. EFFECT ON THE CREDITORS

Under the Scheme, no arrangement or compromise is being proposed with the creditors (secured or unsecured, including debenture holders) of the Transferee Company. The liability of the creditors of the Transferee Company, under the Scheme, is neither being reduced nor being extinguished.

3.6. EFFECT OF THE SCHEME ON STAFF OR EMPLOYEES

Under the Scheme, no rights of the staff and employees (who are on payroll) of the Transferee Company are being affected. The services of the staff and employees of the Transferee Company shall continue on the same terms and conditions applicable prior to the proposed Scheme.

Further, upon the Scheme becoming effective, the employees of the Transferor Company ("**Employees**") will be deemed to have become employees of the Transferee Company pursuant to the Scheme with effect from the Effective Date.

All such Employees shall be deemed to have become employees of the Transferee Company, without any break in their service and on the basis of continuity of service, and the terms and conditions of their employment with the Transferee Company, shall not be less favourable than those applicable to them with reference to their employment in the Transferor Company as on the Effective Date.

4. SCHEME NOT DETRIMENTAL TO THE SHAREHOLDERS OF THE TRANSFEE COMPANY

The Committee discussed the rationale, salient features and expected benefits of the Scheme and noted that on account of the aforesaid, the proposed Scheme is in the best interest of the shareholders of the Transferee Company and is not detrimental to the shareholders of the Transferee Company.

5. COST BENEFIT ANALYSIS OF THE SCHEME:

Although the Scheme would lead to incurring of some costs towards its implementation, however, the benefits of the Scheme over a longer period would far outweigh such costs for the stakeholders of the Transferee Company and lead to operational efficiency and cost savings through rationalization / consolidation of support functions and business processes.

6. VALUATION REPORT

The Committee noted that the share exchange ratio is as recommended in the Joint Valuation Report. No special valuation difficulties were identified.

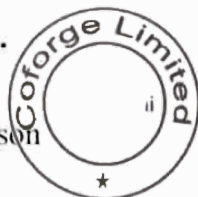
7. RECOMMENDATION OF THE AUDIT COMMITTEE

The Committee after due deliberations and detailed discussions, and, inter alia, taking into consideration the draft Scheme, Valuation Report, Fairness Opinion and certificates issued by the Statutory Auditors of the Transferee Company, have noted the rationale, benefits and the impact of the Scheme on shareholders and others concerned, and have noted that the Scheme is not detrimental to the shareholders of the Company. Accordingly, the Committee hereby recommends the Scheme to the Board of Directors of the Transferee Company for its consideration, approval and for favourable consideration by BSE, NSE, SEBI and other appropriate authorities.

For and on behalf of the Audit Committee of Coforge Limited

Anil Chanana

Name: Anil Chanana
Designation: Chairperson
DIN:00466197



Date: December 27, 2024