

REPORT OF THE AUDIT COMMITTEE ("COMMITTEE") OF CIGNITI TECHNOLOGIES LIMITED RECOMMENDING THE DRAFT SCHEME OF AMALGAMATION OF CIGNITI TECHNOLOGIES LIMITED ("TRANSFEROR COMPANY" OR "COMPANY") WITH AND INTO COFORGE LIMITED ("TRANSFeree 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 ON FRIDAY, DECEMBER 27, 2024 AT 8.30 P.M. (IST) AT 7TH FLOOR, VEGA BLOCK, ASCENDAS VBIT, MADHAPUR, HYDERABAD-500081

Members Present:

Mr. Manish Sarraf- Chairperson
Ms. Mohua Sengupta - Member

In Attendance:

Ms. Naga Vasudha – Company Secretary
Mr. Krishnan Venkatachary- CFO

1. Background:

- 1.1. A meeting of the Committee of Cigniti Technologies Limited ("**Transferor Company**" or "**Company**") was held on December 27, 2024 to inter-alia, consider and recommend the draft Scheme of Amalgamation of Transferor Company with and into the Coforge Limited ("**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 Transferor Company is incorporated under the provisions of the Companies Act, 1956. The equity shares of the Transferor Company are listed on BSE Limited ("**BSE**") and National Stock Exchange of India Limited ("**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.
- 1.3. The Transferee Company is incorporated under the provisions of the Companies Act, 1956. The equity shares of the Transferee Company are listed on BSE and NSE.
- 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 Transferee 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**").

Cigniti Technologies Ltd

Registered Office.

Suite 106 & 107, MGR Estates, Dwarakapuri Colony, Panjagutta,
Hyderabad, Telangana, India - 500082

Global Delivery Center

6th Floor, Orion Block, International Tech Park (ITPH),
Plot No. 17, Software Units Layout, Madhapur, Hyderabad,
Telangana, India - 500081

CIN: L72200TG1998PLC30081

+91 (40) 4038 2255

+91 (40) 4038 2299

USA

433 E Las Colinas Blvd, #1240
Irving, TX 75039

469.673.3443

972.767.0948/0644

- 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 Transferor Company, confirming that upon the Scheme becoming effective, the Transferor Company shall cease to exist. Accordingly, a report confirming the accounting treatment in the books of the Transferor Company in respect of its amalgamation with the Transferee Company is not required.
 - e) 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 TRANSFEROR COMPANY AND EACH CLASS OF SHAREHOLDERS (PROMOTER/ NON-PROMOTER SHAREHOLDERS)

- (i) 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 Transferor Company will not be prejudicially affected by the Scheme, and there will be no change in the economic interest of the shareholders of the Transferor 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 Transferor Company from a financial point of view;
- (ii) 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;
- (iii) 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; and

- (iv) After the effectiveness of the Scheme and subject to the receipt of regulatory approvals, the equity shares of the Transferee Company issued as consideration pursuant to the Scheme, shall be listed on BSE and NSE.

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

Upon effectiveness of the Scheme, the Transferor Company shall stand dissolved without winding up and accordingly, its Directors shall cease to exist. Further, none of the Directors, the KMPs of the Company and their 'Relatives' (as defined under the Act and rules formed thereunder) have any material interests, financial or otherwise in the Scheme.

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 Transferor Company. The liability of the creditors of the Transferor Company, under the Scheme, is neither being reduced nor being extinguished.

3.6. EFFECT OF THE SCHEME ON STAFF OR EMPLOYEES

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 TRANSFEROR 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 Transferor Company and is not detrimental to the shareholders of the Transferor 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 Transferor 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 Transferor 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 Transferor Company. Accordingly, the Committee hereby recommends the Scheme to the Board of Directors of the Transferor 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 Cigniti Technologies Limited



Name: Manish Sarraf
Designation: Chairperson
DIN: 06415662

Place: Mumbai
Date: 27 December 2024



Cigniti Technologies Ltd**Registered Office.**

Suite 106 & 107, MGR Estates, Dwarakapuri Colony, Panjagutta,
Hyderabad 500 082, Telangana, India

Global Delivery Center

6th Floor, ORION Block, "The V" (Ascendas), Plot #17, Software Units Layout
Madhapur, Hyderabad 500 081, Telangana, India

CIN: L72200TG1998PLC30081 ☎ +91 (40) 4038 2255 📠 +91 (40) 4038 2299

USA

433 E. Las Colinas Blvd. #1240
Irving, TX 75039
☎ 469.673.3443
📠 972.767.0948.0644