

PwC Business Consulting Services LLP Registered Valuer Registration No. IBBI/RV – E/02/2022/158 1st Floor, 11A, Sucheta Bhawan, Vishnu Digambar Marg, Delhi - 110002	KPMG Valuation Services LLP Registered Valuer Registration No. IBBI/RV-E/06/2020/115 Building No. 10, 8th Floor, Tower-C DLF Cyber City, Phase - II Gurugram - 122 002, India
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Dated: 27 December 2024

To,

The Audit Committee/ The Board of Directors, Coforge Limited 8, Balaji Estate, Third Floor, Guru Ravi Das Marg, Kalkaji New Delhi - 110019	The Audit Committee/ The Board of Directors, Cigniti Technologies Limited Suit No.106&107,6-3-456/C, MGR Estates Dwarakapuri Colony, Panjagutta, Hyderabad– 500082. Telangana State
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Re: Recommendation of fair equity share exchange ratio for the proposed amalgamation of Cigniti Technologies Limited ('Cigniti'/'Transferor Company') with and into Coforge Limited ('Coforge'/'Transferee Company');

Dear Sir / Madam,

We refer to the respective engagement letters of PwC Business Consulting Services LLP ('PwC BCS') and KPMG Valuation Services LLP ('KPMG') whereby PwC BCS and KPMG are appointed by Coforge Limited and Cigniti Technologies Limited respectively, to assist in the recommendation of a fair equity share exchange ratio ('Share Exchange Ratio') in connection with the proposed Transaction defined hereinafter:

Coforge Limited and Cigniti Technologies Limited are hereinafter jointly referred to as 'you' or 'Clients' or 'Companies'.

PwC BCS and KPMG are hereinafter jointly referred to as 'Valuers' or 'we' or 'us' in this Report.

The Share Entitlement Ratio for this Report refers to the number of equity shares of Coforge which would be issued to the equity shareholders of Cigniti pursuant to the proposed amalgamation of Cigniti with and into Coforge.

This Report providing a recommendation of the Share Exchange Ratio for the proposed Transaction ('Share Exchange Ratio Report' or 'Valuation Report' or 'Report') with 26 December 2024 as the Valuation Date is our deliverable for the current engagement. For the purpose of this valuation, the valuation is based on 'Going Concern' premise.

SCOPE AND PURPOSE OF THIS REPORT

Coforge Limited is a listed public limited company incorporated under the laws of India and having its registered office at 8, Balaji Estate, Third Floor, Guru Ravi Das Marg, Kalkaji, New Delhi, South Delhi, New Delhi – 110019. We understand that Coforge has applied for change of its registered office from National Capital Territory of Delhi to state of Haryana. The concerned Regional Director has approved the shifting and the procedural formalities for shifting are expected to be completed shortly. The CIN of Coforge is L72100DL1992PLC048753. Coforge is engaged in delivering services around the world directly and through its network of subsidiaries and overseas branches. Coforge is rendering



information technology/ information technology enabled services across geographies viz. America, Europe, Middle East and Africa, India and Asia Pacific and is engaged in application development & maintenance, managed services, cloud computing and business process outsourcing to organizations in a number of sectors viz. financial services, insurance, travel, transportation and logistics, manufacturing & distribution and government. The equity shares of Coforge are listed on National Stock Exchange of India ('NSE') and BSE Limited ('BSE').

Cigniti Technologies Limited is a listed public limited company incorporated under the laws of India and having its registered office at Suit No. 106 & 107, 6-3-456/C, Mgr Estates Dwarkapuri Colony Panjagutta, Hyderabad, Telangana-500082, India. We understand that Cigniti has applied for change of its registered office from state of Telangana to state of Haryana. The concerned Regional Director has approved the shifting and the procedural formalities for shifting are expected to be completed shortly. The CIN of Cigniti is L72200TG1998PLC030081. Cigniti is engaged in the business of providing digital assurance and engineering (software testing) services across the world helping in predicting and preventing unanticipated failures, leveraging AI-driven, proprietary Continuous Testing & Test Automation solutions, which are platform and tool agnostic, thereby optimizing engagement for customer experience. The equity shares of Cigniti are listed on NSE and BSE.

We understand that the managements of Coforge and Cigniti ('Managements') are evaluating a Scheme of Arrangement ('Scheme') under the provisions of Sections 230 to 232, and other relevant provisions of the Companies Act, 2013, including the rules and regulations issued thereunder, as may be applicable, for the proposed amalgamation of Cigniti with and into Coforge ('Proposed Transaction').

In this connection, the Board of Directors of the Clients (the 'BOD') require a Registered Valuer Report as per section 232 read with section 247 of the Companies Act, 2013 and accordingly the BOD of Coforge and Cigniti have appointed PwC BCS and KPMG respectively for recommending the Share Exchange Ratio for the Proposed Transaction for the consideration of the Board of Directors (including audit committees, if applicable) of the Clients in accordance with the applicable Securities and Exchange Board of India ('SEBI'), the relevant stock exchanges', and relevant laws, rules and regulations. To the extent mandatorily required under applicable laws of India, this Report maybe produced before the judicial, regulatory or government authorities, stock exchanges, shareholders in connection with the Proposed Transaction.

We understand that the appointed date for the Proposed Transaction as per the draft scheme shall be 01 April 2025.

The scope of our services is to conduct a valuation of equity shares of the Companies on a relative basis and recommend the Share Exchange Ratio for the Proposed Transaction.

The Valuers have independently performed their analysis on the valuation of the Companies and have arrived at different value per share of Companies. However, to arrive at the consensus on the Share Exchange Ratio for the Proposed Transaction, appropriate minor adjustments/rounding off have been done by the Valuers.

We have been provided with the financials of the Companies as discussed below. Further, we have taken into consideration the current market parameters in our analysis and have made adjustments for additional facts made known to us till the date of our Report. We have been informed that all material information impacting the Companies has been disclosed to us.



We have been also informed by the Management that:

- a) In the event that either of the Companies restructure their equity share capital by way of share split / consolidation / issue of bonus shares before the Proposed Transaction becomes effective, the issue of shares pursuant to the Share Exchange Ratio recommended in this Report shall be adjusted accordingly to take into account the effect of any such corporate actions.
- b) till the Proposed Transaction becomes effective, neither Company would declare any substantial dividends having materially different yields as compared to past few years.
- c) there are no unusual/abnormal events in the Companies materially impacting their operations/financial position after 30 September 2024 till the Report date except the following:
 - Coforge has acquired 7,235,865 equity shares in Cigniti during 01 October 2024 to 20 December 2024 for a consideration of ~INR 10,239 million; and
 - Coforge had declared a dividend of INR 19 per equity share post 30 September 2024. The total outflow on account of dividend payment for 66,693,778 equity shares is ~INR 1,267 million.

We have relied on the above while arriving at our recommendation of the Share Exchange Ratio for the Proposed Transaction.

This Report is our deliverable for the above engagement. This Report is subject to the scope, assumptions, qualifications, exclusions, limitations and disclaimers detailed hereinafter. As such, the Report is to be read in totality and not in parts, in conjunction with the relevant documents referred to therein.

SOURCES OF INFORMATION / MAJOR FACTORS THAT WERE TAKEN INTO ACCOUNT DURING THE VALUATION

In connection with this exercise, we have used the following information received from the Management(s) of the Companies and that gathered from the public domain:

- Considered the draft Scheme of Arrangement ('Scheme') for the Proposed Transaction;
- Considered the audited consolidated financial statements of Coforge and Cigniti for last 3 years ending 31 March 2024;
- Considered the consolidated audited financials of Coforge, Coforge (excluding Cigniti) and Cigniti for the period ending 30 September 2024;
- Considered the audited financials of Coforge Business Process Solutions Private Limited and Coforge Health Care Digital Automation LLC for the period ending 30 September 2024;
- Financial projections of Coforge are on a consolidated basis, without consolidating Cigniti's numbers, including key underlying assumptions;
- Financial projections of Cigniti are on a consolidated basis, including key underlying assumptions;
- Number of equity shares of the Companies as on the Valuation Date and the number of shares on a fully diluted basis as at the date of this Report; and
- Other relevant information and documents for the purpose of this engagement provided through emails or during discussion.

In addition, we have obtained information from public sources/proprietary databases including quarterly results.

During discussions with the Management, we have also obtained explanations, information and representations, which we believed were reasonably necessary and relevant for our exercise. The Clients have been provided with the opportunity to review the draft report (excluding the recommended Share Exchange Ratio) as part of our standard practice to make sure that factual inaccuracy/omissions are avoided in our Report.



PROCEDURES ADOPTED AND VALUATION METHODS FOLLOWED

In connection with this exercise, we have adopted the following procedures to carry out the valuation:

- Requested and received financial and qualitative information, and clarifications regarding past financials performance of the Companies and their subsidiaries, as applicable;
- Considered data available in public domain related to the Companies, their subsidiaries, and their peers;
- Discussions (physical/over call) with the Management to
 - Understand the business, key value drivers, historical financial performance and projected financial performance of the Companies;
- Undertook Industry Analysis
 - Researched publicly available market data including economic factors and industry trends that may impact the valuation;
 - Analysed key trends and valuation multiples of comparable companies using proprietary databases subscribed by us or our network firms.
- Selected internationally accepted valuation methodology/(ies) as considered appropriate by us, in accordance with the ICAI Valuation Standards/International Valuation standards published by the International Valuation Standards Council.
- Arrived at valuation of Companies in order to conclude our analysis on Share Exchange Ratio for the Proposed Transaction.

SCOPE LIMITATIONS, ASSUMPTIONS, QUALIFICATIONS, EXCLUSIONS AND DISCLAIMERS

Provision of valuation opinions and consideration of the issues described herein are areas of our regular practice. The services do not represent accounting, assurance, accounting / tax due diligence, consulting or tax related services that may otherwise be provided by us or our network firms.

The user to which this valuation is addressed should read the basis upon which the valuation has been done and be aware of the potential for later variations in value due to factors that are unforeseen at the Valuation Date. Due to possible changes in market forces and circumstances, this Report can only be regarded as relevant as at the Valuation Date.

This Report has been prepared for the purposes stated herein and should not be relied upon for any other purpose. Our Clients are the only authorized users of this Report and use of the Report is restricted for the purpose indicated in the respective engagement letters. This restriction does not preclude the Clients from providing a copy of the Report to third-party advisors whose review would be consistent with the intended use. We do not take any responsibility for the unauthorized use of this Report.

While our work has involved an analysis of financial information and accounting records, our engagement does not include an audit in accordance with generally accepted auditing standards of the Clients' existing business records. Accordingly, we express no audit opinion or any other form of assurance on this information.

This Report, its contents and the results herein are specific to (i) the purpose of valuation agreed as per the terms of our engagement; (ii) the Valuation Date; (iii) and are based on the audited financials of the Companies as at 30 September 2024 (as applicable) and other information provided by the Management (iv) other information obtained by us from time to time. We have been informed that the business activities of the Companies have been carried out in the normal and ordinary course between 30 September 2024 and the Report date and that no material changes have occurred in their respective operations of the Companies. Further, we understand that Coforge has acquired a total number of 7,235,865 equity shares of Cigniti during the period 01 October 2024 to 20 December 2024 and accordingly a) Coforge's investment in Cigniti has been considered at 54.0%, b) Dividend of INR 19 per share declared and paid an amount of ~INR 1,267 million and c) Cash balances of Coforge as at 30 September 2024 updated for the outflow on account of the acquisition and dividend payment.



An analysis of this nature is necessarily based on the prevailing stock market, financial, economic and other conditions in general and industry trends in particular as in effect on, and the information made available to us as of, the date hereof. Events occurring after the date hereof may affect this Report and the assumptions used in preparing it, and we do not assume any obligation to update, revise or reaffirm this Report.

In no event shall we be liable for any loss, damages, cost or expenses arising in any way from fraudulent acts, misrepresentations or willful default on part of the Clients or Companies, their directors, employees or agents.

The Clients/owners and its Management/representatives warranted to us that the information they supplied was complete, accurate and true and correct to the best of their knowledge. We have relied upon the representations of the owners/Clients, their Management and other third parties, if any, concerning the financial data, operational data and other information, except as specifically stated to the contrary in the Report. We shall not be liable for any loss, damages, cost or expenses arising from fraudulent acts, misrepresentations, or willful default on part of the Companies, their directors, employee or agents.

Valuers are not aware of any contingency, commitment or material issue which could materially affect the Companies' economic environment and future performance and therefore, the equity value of the Companies.

We do not provide assurance on the achievability of the results forecast by the Management as events and circumstances do not occur as expected; differences between actual and expected results may be material. We express no opinion as to how closely the actual results will correspond to those projected/forecast as the achievement of the forecast results is dependent on actions, plans and assumptions of Management.

The Report assumes that the Companies comply fully with relevant laws and regulations applicable in all its areas of operations unless otherwise stated, and that the Companies will be managed in a competent and responsible manner. Further, as specifically stated to the contrary, this Report has given no consideration to matters of a legal nature, including issues of legal title and compliance with local laws, and litigation and other contingent liabilities that are not disclosed in the audited / unaudited balance sheets of the Companies, if any provided to us.

This Report does not look into the business/ commercial reasons behind the Proposed Transaction nor the likely benefits arising out of the same. Similarly, it does not address the relative merits of the Proposed Transaction as compared with any other alternative business transaction, or other alternatives, or whether or not such alternatives could be achieved or are available.

The valuation analysis and result are governed by concept of materiality.

It has been assumed that the required and relevant policies and practices have been adopted by the Companies and would be continued in the future.

The fee for the engagement is not contingent upon the results reported.

The actual share exchange ratio may be higher or lower than our recommendation depending upon the circumstances of the transaction, the nature of the business. The knowledge, negotiating ability and motivation of the buyers and sellers will also affect the exchange ratio achieved. Accordingly, our recommended Share Exchange Ratio will not necessarily be the share exchange ratio at which actual transaction will take place.

We have also relied on data from external sources to conclude the valuation. These sources are believed to be reliable and therefore, we assume no liability for the truth or accuracy of any data, opinions or estimates furnished by others that have been used in this analysis. Where we have relied on data, opinions or estimates from external sources, reasonable care has been taken to ensure that such data has been correctly extracted from those sources and /or reproduced in its proper form and context.



This Report and the information contained herein is absolutely confidential. The Report will be used by the Clients only for the purpose, as indicated in this Report, for which we have been appointed. The results of our valuation analysis and our Report cannot be used or relied by the Clients for any other purpose or by any other party for any purpose whatsoever. We are not responsible to any other person/ party for any decision of such person/ party based on this Report. Any person/ party intending to provide finance/ invest in the shares/ businesses of the companies/ their holding companies/ subsidiaries/ joint ventures/ associates/ investee/ group companies, if any, shall do so after seeking their own professional advice and after carrying out their own due diligence procedures to ensure that they are making an informed decision. If any person/ party (other than the Clients) chooses to place reliance upon any matters included in the Report, they shall do so at their own risk and without recourse to us.

It is clarified that reference to this Report in any document and/ or filing with aforementioned tribunal/ judicial/ regulatory authorities/ government authorities/ stock exchanges/ courts/ shareholders/ professional advisors/ merchant bankers, in connection with the Proposed Transaction, shall not be deemed to be an acceptance by the Valuers of any responsibility or liability to any person/ party other than the Boards of Directors of the Clients.

Neither the Report nor its contents may be referred to or quoted in any registration statement, prospectus, offering memorandum, annual report, loan agreement or other agreement or document given to third parties, other than in connection with the Proposed Transaction, without our prior written consent.

This Report is subject to the laws of India.

Though the Valuers are issuing a joint report, notwithstanding the issuance of this joint report, it is clarified that PwC BCS/ KPMG are not responsible for the acts or omissions of KPMG/ PwC BCS in connection with this engagement. Further, we will not be liable for any losses, claims, damages, or liabilities arising out of the actions taken, omissions or advice given by any other person.

DISCLOSURE OF RV INTEREST OR CONFLICT, IF ANY AND OTHER AFFIRMATIVE STATEMENTS

- The Valuers are not affiliated to the Clients in any manner whatsoever.
- We do not have any financial interest in the Clients, nor do we have any conflict of interest in carrying out this valuation.
- Valuers' fee is not contingent on an action or event resulting from the analyses, opinions or conclusions in this Report.
- Further, the information provided by the Management have been appropriately reviewed in carrying out the valuation. Sufficient time and information was provided to us to carry out the valuation.

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SHAREHOLDING PATTERN**Coforge**

As at the Report Date, the issued paid up equity share capital of Coforge is INR 668.6 million consisting of 66,859,385 equity shares of face value of INR 10/- each. The shareholding pattern is as follows:

Category	No of Shares	% shareholding
Public	66,859,385	100.00%
Total	66,859,385	100.00%

As per the Draft Scheme dated 27 December 2024

Further, after considering shares under vested and unvested ESOPs, we have considered 68,702,304 equity shares of INR 10/- each on fully diluted basis for the purpose of valuation analysis.

Cigniti

As at the Report Date, the issued paid up equity share capital of Cigniti is INR 273.16 million consisting of 27,315,709 equity shares of face value of INR 10/- each. The shareholding pattern is as follows:

Category	No of Shares	% shareholding
Promoter & Promoter Group		
Coforge	14,875,357	54.46%
Erstwhile Promoters ¹	235,973	0.86%
Public	12,204,379	44.68%
Total	27,315,709	100.00%

As per the Draft Scheme dated 27 December 2024

Further, after considering shares under vested ESOPs, we have considered 27,546,959 equity shares of INR 10/- each on fully diluted basis for the purpose of valuation analysis.

Our valuation analysis considers the above shareholding pattern of the Companies.

APPROACH FOR RECOMMENDATION OF SHARE EXCHANGE RATIO**BASIS OF SHARE EXCHANGE RATIO**

The Scheme contemplates amalgamation of Cigniti with and into Coforge. Arriving at the Share Exchange Ratio for the Proposed Transaction would require determining the value of equity shares of the Companies on a relative basis. These values are to be determined independently, but on a relative basis for the Companies, without considering the effect of the Proposed Transaction(s).

The valuation approach adopted by PwC BCS and KPMG is given in Annexure 1A and 1B respectively (Annexure 1A and 1B together referred to as Annexures).

¹ We understand that the erstwhile promoters comprising Chakkilam Venkata Subramanyam, Chakkilam Rajeswari, Chakkilam Srikanth, Pennam Sudhakar and Pennam Sapna together hold 235,973 equity shares in Cigniti. We further understand from the Scheme that Cigniti has received a request dated 26 December 2024, under Regulation 31A of the SEBI LODR from these promoters, seeking reclassification from promoter category to public category. The Board of Cigniti has approved the request of the promoters in their meeting held on 27 December 2024, and has initiated the process to seek approval of the Stock Exchanges.



The determination of a Share Exchange Ratio/ Valuation is not a precise science and the conclusions arrived at in many cases will, of necessity, be subjective and dependent on the exercise of individual judgement. This concept is also recognized in judicial decisions. There is, therefore, no indisputable single Share Exchange Ratio/ equity value estimate. While we have provided our recommendation of the Share Exchange Ratio based on the information available to us and within the scope and constraints of our engagement, others may have a different opinion as to the Share Exchange Ratio. The final responsibility for the determination of the Share Exchange Ratio at which the Proposed Transaction shall take place will be with the Board of Directors of the respective Companies who should take into account other factors such as their own assessment of the Proposed Transaction and input of other advisors.

We have independently applied approaches/methods discussed in the Annexures, as considered appropriate, and arrived at the value per share of the Companies. To arrive at the consensus on the Share Exchange Ratio for the Proposed Transaction, suitable minor adjustments / rounding off have been done.

In light of the above, and on a consideration of all the relevant factors and circumstances as discussed and outlined hereinabove, we recommend the following Share Exchange Ratio for the proposed amalgamation of Cigniti with and into Coforge:

Share Exchange Ratio:

1 (one) equity share of Coforge Limited of INR 10/- each fully paid up for every 5 (five) equity shares of Cigniti Limited of INR 10/- each fully paid up

Our Valuation report and Share Exchange Ratio is based on the equity share capital structure of the Coforge Limited and Cigniti Limited as mentioned earlier in this report. Any variation in the equity capital of the Companies may have material impact on the Share Exchange Ratio.

It should be noted that we have not examined any other matter including economic rationale for the Proposed Transaction per se or accounting, legal or tax matters involved in the Proposed Transaction.

Respectfully submitted, PwC Business Consulting Services LLP Registered Valuer Registration No. IBBI/RV-E/02/2022/158   Neeraj Garg Partner IBBI Membership No.: IBBI/RV/02/2021/14036 Asset Class: Securities or Financial Assets Date: 27 December 2024 VRN: IOVRVF/PWC/2024-2025/4479	Respectfully submitted, KPMG Valuation Services LLP Registered Valuer Registration No. IBBI/RV-E//06/2020/115   Apurva Shah Partner IBBI Membership No.: IBBI/RV/05/2019/10673 Asset Class: Securities or Financial Assets Date: 27 December 2024
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Annexure 1A - Approach to Valuation – PwC BCS

We have considered International Valuation Standards² in carrying out our valuation analysis and delivering our valuation conclusion. There are several commonly used and accepted valuation approaches for determining the value of equity shares of a company, which have been considered in the present case, to the extent relevant and applicable:

1. Asset Approach - Net Asset Value method

The asset-based valuation technique is based on the value of the underlying net assets of the business, either on a book value basis or realizable value basis or replacement cost basis. This valuation approach is mainly used in cases where the firm is to be liquidated i.e., it does not meet the 'going concern' criteria or in case where the assets base dominates earnings capability. A scheme of amalgamation would normally be proceeded with, on the assumption that the companies/ business would continue as going concerns and an actual realization of the operating assets is not contemplated. In such a going concern scenario, the relative earning power is of importance to the basis of amalgamation, with the values arrived at on the net asset basis being of limited relevance.

2. Income Approach (Discounted Cash Flows (DCF) Method)

Under the DCF method the projected free cash flows to the firm are discounted at the weighted average cost of capital/ cost of equity. The sum of the discounted value of such free cash flows is the value of the firm/ equity shareholders.

Using the DCF analysis involves determining the following:

Estimating future free cash flows:

Free cash flows are the cash flows expected to be generated by the company/ business that are available to all providers of the companies'/ business' capital – both creditors and shareholders.

Appropriate discount rate to be applied to cash flows i.e., the cost of capital:

This discount rate, which is applied to the free cash flows, should reflect the opportunity cost to all the capital providers (namely shareholders and creditors), weighted by their relative contribution to the total capital of the company/ business. The opportunity cost to the capital provider equals the rate of return the capital provider expects to earn on other investments of equivalent risk.

3. Market Approach:

Under this approach, value of a company is assessed basis its market price (i.e. if its shares are quoted on a stock exchange) or basis multiples derived using comparable (i.e., similar) listed companies or transactions in similar companies. Following are the methods under Market Approach:

- **Market Price (MP) Method**

The market price of an equity share as quoted on a stock exchange is normally considered as the value of the equity shares of that company where such quotations are arising from the shares being regularly and freely traded in, subject to the element of speculative support that may be inbuilt in the value of the shares. But there could be situations where the value of the share as quoted on the stock market would not be regarded as a proper indicator of the fair value of the share especially where the market values are

² Market Value as per IVS 104: Market Value is the estimated amount for which an asset or liability should exchange on the Valuation Date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion. The Fair Value referred in the Report is same as Market Value as defined above.



fluctuating in a volatile capital market or when the shares are thinly traded. Further, in the case of an amalgamation, where there is a question of evaluating the shares of one company against those of another, the volume of transactions and the number of shares available for trading on the stock exchange over a reasonable period would have to be of a comparable standard.

- **Comparable Companies' Multiple (CCM) method**

Under this method, value of a business / company is arrived at by using multiples derived from valuations of comparable companies, as manifest through stock market valuations of listed companies. The market price, as a ratio of the comparable company's attribute such as sales, capital employed, earnings, etc. is used to derive an appropriate multiple. This multiple is then applied to the attribute of the asset being valued to indicate the value of the subject asset. This valuation is based on the principle that market valuations, taking place between informed buyers and informed sellers, incorporate all factors relevant to valuation. Relevant multiples need to be chosen carefully and adjusted for differences between the circumstances.

- **Comparable Companies' Transaction Multiples (CTM) Method**

Under this method, value of the equity shares of a company is arrived at by using multiples derived from valuations of comparable transactions. This valuation is based on the principle that transactions taking place between informed buyers and informed sellers, incorporate all factors relevant to valuation. Relevant multiples need to be chosen carefully and adjusted for differences between the circumstances.

BASIS OF SHARE EXCHANGE RATIO FOR AMALGAMATION

In the ultimate analysis, valuation will have to be tempered by the exercise of judicious discretion by the Valuer and judgment taking into account all the relevant factors. There will always be several factors, e.g., present and prospective competition, yield on comparable securities and market sentiment, etc. which are not evident from the face of the balance sheets, but which will strongly influence the worth of a share. The determination of a fair value of equity shares/ business undertaking/ preference shares/ Share Exchange Ratio is not a precise science and the conclusions arrived at in many cases will, of necessity, be subjective and dependent on the exercise of individual judgement. This concept is also recognized in judicial decisions. There is, therefore, no indisputable single fair value estimate/ Share Exchange Ratio. The fair value estimates/ Share Exchange Ratio rendered in this Report only represent our recommendation based upon information till the Valuation Date, furnished by the Management (or its representatives) and other sources, others may place a different value. The final responsibility for the determination of the Share Exchange Ratio at which the proposed amalgamation of Cigniti with and into Coforge shall take place will be with the Board of Directors of the Clients who should take into account other factors such as their own assessment of the proposed Scheme and input of other advisors.

Our choice of methodology of valuation has been arrived at using usual and conventional methodologies adopted for transactions of a similar nature and our reasonable judgment, in an independent and bona fide manner based on our previous experience of assignments of a similar nature. The valuation approaches/ methods used, and the values arrived at using such approaches/ methods by us have been discussed below.

The Share Exchange Ratio has been arrived at on the basis of equity valuation (on a per share basis) of Coforge and Cigniti on a relative basis, based on the various methodologies explained herein earlier and other factors considered relevant, having regard to information base, key underlying assumptions, and limitations. Though different values have been arrived at under each of the above methodologies, it is finally necessary to arrive at a single value for the Proposed Transaction. For this purpose, it is necessary to give appropriate weights to the values arrived at under each methodology.



In the current analysis, the proposed amalgamation of Cigniti with and into Coforge is proceeded with the assumption that Cigniti would amalgamate with and into Coforge as going concern and an actual realization of the operating assets is not contemplated. In such a going concern scenario, the relative earning power, as reflected under the Income and Market approaches, is of greater importance to the basis of amalgamation, with the values arrived at on the net asset basis being of limited relevance. Hence, while we have calculated the values of the equity shares of Coforge and Cigniti under the Asset Approach, we have considered it appropriate not to give any weightage to the same in arriving at the Share Exchange Ratio.

Given the nature of the businesses of Coforge and Cigniti, and the fact that we have been provided with projected financials for Coforge and Cigniti, we have considered it appropriate to apply the DCF Method under the Income Approach to determine value of the equity shares of Coforge and Cigniti. Within the DCF Method, equity value per share for Coforge and Cigniti has been computed as follows:

- Enterprise value of Coforge (excluding Cigniti) and Cigniti has been computed using DCF method;
- To arrive at the total value available to the equity shareholders for both Coforge and Cigniti, value arrived as above is adjusted, as appropriate, for debt, cash and cash equivalents³, investments and surplus assets as appearing in the balance sheet, contingent liabilities and other matters;
- The remaining value thus determined is then divided by fully diluted equity shares, to arrive at the value per equity share.

For our analysis under Market Approach, we have considered the Market Price Method to arrive at the fair value of the equity shares of Coforge and Cigniti. For determining the market price, the volume weighted share price over an appropriate period has been considered in this case. Further, we have also considered the CCM Method (Enterprise Value/ EBITDA multiple ('EV/EBITDA') under Market Approach in our analysis. We have relied on publicly available information and certain databases such as CapitalIQ, etc. to determine the comparable company multiples.

CTM Method has not been used due to lack of comparable transactions in this space. Further, the transaction multiples may include acquirer specific considerations, synergy benefits, control premium and minority adjustments.

For our final analysis and recommendation, we have considered the values arrived under the Income Approach and Market Approach, as discussed above, to arrive at the value of the equity shares of Coforge and Cigniti for the purpose of the Proposed Transaction.

We have considered appropriate weights to the values arrived at under different methods under Income and Market Approaches.



³ Coforge's cash balances as at 30 September 2024 has been adjusted towards a) amount of ~10,239 million paid towards the acquisition of 7,235,865 equity shares of Cigniti as at the Report Date and b) dividend declared and paid amounting to ~INR 1,267 million.

In view of the above, and on consideration of the relevant factors and circumstances as discussed and outlined hereinabove, the table below summarises our workings for valuation of equity shares of Coforge and Cigniti and the Share Exchange Ratio as derived by us.

The computation of Share Exchange Ratio for the Proposed Transaction of amalgamation of Cigniti with and into Coforge computed by PwC BCS is tabulated below:

Valuation Approach	Coforge		Cigniti	
	Value per Share of Coforge (INR)	Weight	Value per Share of Cigniti (INR)	Weight
Cost/Asset Approach	895	NA	298	NA
Income Approach – DCF method (i)	10,310	50%	2,062	50%
Market Approach				
Multiples method (ii)	9,333	25%	1,855	25%
Market Price method (iii) (Higher of 10 trading days or 90 trading days volume weighted average price as of 26 December 2024)	9,397	25%	1,900	25%
Relative Value per Share (Weighted Average of (i),(ii) and (iii))	9,837		1,970	
Share Exchange Ratio (Rounded)	1:5			



Annexure 1B - Approach to Valuation – KPMG

We have carried out the valuation in accordance with the principles laid in the ICAI Valuation Standards/International Valuation Standards, as applicable to the purpose and terms of this engagement.

We have adopted "Going Concern Value" as the premise of value in the given circumstances. The generally accepted definition of Going Concern Value is the value of a business enterprise that is expected to continue to operate in the future.

The three main valuation approaches are the market approach, income approach and asset approach. There are several commonly used and accepted methods within the market approach, income approach and asset approach, for determining the relative fair value of equity shares of a company, which can be considered in the present valuation exercise, to the extent relevant and applicable, to arrive at the Share Exchange Ratio for the purpose of the Proposed Transaction, such as:

- Market Approach - Market Price Method; Comparable Companies Multiples Method ("Market Multiples Method"); Comparable Companies' Transactions Multiples ("CTM Method")
- Income Approach - Discounted Cash Flow (DCF) Method
- Asset Approach - Net Asset Value (NAV) Method

It should be understood that the valuation of any company or its assets is inherently subjective and is subject to uncertainties and contingencies, all of which are difficult to predict and are beyond our control. In performing our analysis, we made assumptions with respect to industry performance and general business and economic conditions, many of which are beyond the control of the companies. In addition, this valuation will fluctuate with changes in prevailing market conditions, the conditions and prospects, financial and otherwise, of the companies/ businesses, and other factors which generally influence the valuation of companies and their assets.

The application of any particular method of valuation depends on the purpose for which the valuation is done. Although different values may exist for different purposes, it cannot be too strongly emphasized that a valuer can only arrive at one value for one purpose. Our choice of method of valuation has been arrived at using usual and conventional methods adopted for transactions of a similar nature and our reasonable judgment, in an independent and bona fide manner based on our previous experience of assignments of a similar nature.

Income Approach

Income approach is a valuation approach that converts maintainable or future amounts (e.g., cash flows or income and expenses) to a single current (i.e., discounted or capitalised) amount. The value measurement is determined on the basis of the value indicated by current market expectations about those future amounts.

Under DCF method, the projected free cash flows from business operations available to all providers of capital are discounted at the weighted average cost of capital to such capital providers, on a market participant basis, and the sum of such discounted free cash flows is the value of the business from which value of debt and other capital is deducted, and other relevant adjustments made to arrive at the value of the equity – Free Cash Flows to Firm (FCFF) technique; This discount rate, which is applied to the free cash flows, should reflect the opportunity cost to all the capital providers (namely shareholders and creditors), weighted by their relative contribution to the total capital of the company. The opportunity cost to the capital provider equals the rate of return the capital provider expects to earn on other investments of equivalent risk.

For the purpose of DCF valuation, the free cash flow forecast is based on projected financials as provided by the Management of the Companies. While carrying out this engagement, we have relied on historical information made available to us by the Management and the projected financials for future related information ("Management Business Plan"). Although we have read, analyzed and discussed the Management Business Plan for the purpose of undertaking a valuation analysis, we have not commented on the achievability and reasonableness of the assumptions provided to us save for satisfying ourselves to the extent possible that they are consistent with other information



provided to us in the course of the assignment. We have assessed and evaluated the reasonableness of the projections based on procedures such as analyzing industry data, historical performance, expectations of comparable companies, analyst reports etc.

Market Approach

Market approach is a valuation approach that uses prices and other relevant information generated by market transactions involving identical or comparable (i.e., similar) assets, liabilities or a group of assets and liabilities, such as a business.

Market Price Method: Under this method, the value of shares of a company is determined by taking the average of the market capitalisation of the equity shares of such company as quoted on a recognised stock exchange over reasonable periods of time where such quotations are arising from the shares being regularly and freely traded in an active market, subject to the element of speculative support that may be inbuilt in the market price. But there could be situations where the value of the share as quoted on the stock market would not be regarded as a proper index of the fair value of the share, especially where the market values are fluctuating in a volatile capital market. Further, in the case of a merger/ demerger, where there is a question of evaluating the shares of one company against those of another, the volume of transactions and the number of shares available for trading on the stock exchange over a reasonable period would have to be of a comparable standard. This method would also cover any other transactions in the shares of the company including primary/ preferential issues/ open offer in the shares of the company available in the public domain.

Comparable Companies Multiples Method: Under this method, one attempts to measure the value of the shares/ business of company by applying the derived market multiple based on market quotations of comparable public/ listed companies, in an active market, possessing attributes similar to the business of such company - to the relevant financial parameter of the company/ business (based on past and/ or projected working results) after making adjustments to the derived multiples on account of dissimilarities with the comparable companies and the strengths, weaknesses and other factors peculiar to the company being valued. These valuations are based on the principle that such market valuations, taking place between informed buyers and informed sellers, incorporate all factors relevant to valuation. Relevant multiples need to be chosen carefully and adjusted for differences between the circumstances.

Comparable Companies' Transaction Multiples (CTM) Method: Under this method, value of the equity shares of a company is arrived at by using multiples derived from valuations of comparable transactions. This valuation is based on the principle that transactions taking place between informed buyers and informed sellers, incorporate all factors relevant to valuation. Relevant multiples need to be chosen carefully and evaluated/adjusted for differences between the circumstances.

Comparable Companies' Transaction Multiple method has not been used due to limited availability of information of comparable transactions in this space. Further, the transaction multiples may include acquirer specific considerations, synergy benefits, control premium and minority adjustments.

Asset Approach - Net Asset Value Method

Under the asset approach, the net asset value (NAV) method is considered, which is based on the underlying net assets and liabilities of the company, taking into account operating assets and liabilities on a book value basis and appropriate adjustments for, inter alia, value of surplus/ non-operating assets.

The valuation approaches/ methods used, and the values arrived at using such approaches/ methods have been tabled in the next section of this Report.

BASIS OF SHARE EXCHANGE RATIO

The basis of the Proposed Transaction would have to be determined after taking into consideration all the factors, approaches and methods considered appropriate by the respective Valuer. Though different values have been arrived at under each of the above approaches/ methods, for the purposes of recommending the Share Exchange Ratio it is



necessary to arrive at a single value for the shares of the companies involved in a transaction such as the proposed Transaction. It is however important to note that in doing so, we are not attempting to arrive at the absolute values of the shares of the Companies but at their relative values to facilitate the determination of Share Exchange Ratio. For this purpose, it is necessary to give appropriate weights to the values arrived at under each approach/ method.

In the ultimate analysis, valuation will have to be arrived at by the exercise of judicious discretion by the valuer and judgments taking into account all the relevant factors. There will always be several factors, e.g. quality of the management, present and prospective competition, yield on comparable securities and market sentiment, etc. which are not evident from the face of the balance sheets but which will strongly influence the worth of a share. The determination of exchange ratio is not a precise science and the conclusions arrived at in many cases will, of necessity, be subjective and dependent on the exercise of individual judgment. This concept is also recognized in judicial decisions. There is, therefore, no indisputable single exchange ratio.

While we have provided our recommendation of the Share Exchange Ratio/Share Entitlement Ratio based on the information available to us and within the scope and constraints of our engagement, others may have a different opinion as to the Share Exchange Ratio in relation to the Proposed Transaction. The final responsibility for the determination of the exchange ratio at which the Proposed Transaction shall take place will be with the Board of Directors of the Companies who should take into account other factors such as their own assessment of the Proposed Transaction and input of other advisors.

The Share Exchange Ratio has been arrived at on the basis of a relative equity valuation of Coforge and Cigniti, based on the various applicable approaches/ methods explained herein earlier and various qualitative factors relevant to each company and the business dynamics and growth potentials of the businesses of these companies, having regard to information base, key underlying assumptions and limitations.

Relevant methods discussed above have been applied, as considered appropriate, to arrive at the assessment of the relative values per equity share of Coforge and Cigniti. To arrive at the Share Exchange Ratio for the Proposed Transaction, suitable minor adjustments/ rounding off have been done in the relative values arrived at by us.

VALUER NOTES

For the present valuation analysis, in relation to the Proposed Transaction, for the amalgamation of Cigniti with and into Coforge, we have considered it appropriate to apply the Market Approach and Income Approach for the Valuation of both Coforge and Cigniti to arrive at the relative fair value of the equity shares for the purpose of the Proposed Transaction.

Given the nature of the business of Coforge and Cigniti, and the fact that we have been provided with projected financials for both Coforge and Cigniti, we have considered it appropriate to apply the DCF Method under the Income Approach.

Within the DCF Method, the Enterprise value of Coforge (excluding Cigniti) and Cigniti has been computed based on the forecast cash flows. The Enterprise Value derived, is adjusted, as appropriate, for debt, cash and cash equivalents, investments (including value of Cigniti in case of Coforge), surplus assets and other matters as applicable, to arrive at the total value available to the equity shareholders of Coforge and Cigniti respectively.

Further, considering the availability of comparable listed peer set in the businesses carried out by both Coforge and Cigniti, we have considered it appropriate to apply the Comparable Companies Multiples method under the Market Approach (using EV/ TTM EBITDA multiple).

In the present case, since the shares of both Coforge and Cigniti are listed on BSE and NSE and there are regular transactions in their equity shares with reasonable volume. Therefore, we have also considered it appropriate to apply the Market Price Method under the Market Approach. The share price of Coforge and Cigniti has been considered as suggested in regulation 164 of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements)



Regulations, 2018. Accordingly, higher of the below two methods has been taken for determining the value of Coforge and Cigniti and under the market price methodology:

- the volume weighted average price for 90 trading days preceding the valuation report date,
- the volume weighted average price for 10 trading days preceding the valuation report date,

In the current analysis, the merger of the Companies is proceeded with on the assumption that they would merge as going concerns and an actual realization of the operating assets is not contemplated. The operating assets have therefore been considered at their book value and non-operating/ surplus assets, if any at their values under the Asset Approach. In such a going concern scenario, the earning power, as reflected under the Income/ Market approach, is of greater importance to the basis of amalgamation/ demerger, with the values arrived at on the net asset basis being of limited relevance. Hence, while we have calculated the values of the shares of the Businesses under the Asset Approach, we have considered it appropriate not to give any weightage to the same.

Conclusion

Accordingly, for our final analysis and recommendation, we have considered the values arrived under the Income Approach and Market Approach, to arrive at the relative value of the equity shares of Coforge and Cigniti for the purpose of the Proposed Transactions.

We have considered appropriate weights to the values arrived at under different methods and approaches.

The computation of Share Exchange Ratio for the Proposed Transaction of amalgamation of Cigniti with and into Coforge by KPMG is tabulated below:

Valuation Approach	Coforge		Cigniti	
	Value per Share of Coforge (INR)	Weight	Value per Share of Cigniti (INR)	Weight
Cost Approach	895	NA	298	NA
Income Approach (DCF method)	10,025	50%	1,986	50%
Market Approach				
Market Multiples Method	8,974	25%	1,816	25%
Market Price Method	9,397	25%	1,900	25%
Relative Value per Share (Weighted Average)	9,605	100%	1,922	100%
Share Exchange Ratio (Rounded)	1:5			

