

REPORT OF THE INDEPENDENT DIRECTOR' COMMITTEE OF RACE ECO CHAIN LIMITED ("RACE" OR THE "COMPANY") RECOMMENDING THE DRAFT SCHEME OF ARRANGEMENT AMONGST THE COMPANY AND GEOECO GREEN ENERGY LIMITED (HEREIN AFTER REFERRED TO AS "GEOECO/ RESULTANT COMPANY NO. 1") AND RACE GATEWAY LIMITED (HEREIN AFTER REFERRED TO AS "GATEWAY/ RESULTANT COMPANY NO. 2") AND THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS AT ITS MEETING HELD ON MONDAY 15TH DECEMBER, 2025 AT 02:00 PM AT A-115, SECTOR-136, NOIDA UTTAR PRADESH- 201304.

1. Background
 - 1.1 A meeting of the Independent Director' Committee of the Company was held on 15th December, 2025 to consider and, if thought fit, recommend to the Board of Directors of the Company, the proposed scheme of arrangement amongst RACE ECOCHAIN LIMITED (herein after referred to as "RACE/ Demerged Company") and GEOECO GREEN ENERGY LIMITED (herein after referred to as "GEOECO/ Resultant Company No. 1") and RACE GATEWAY LIMITED (herein after referred to as "GATEWAY/ Resultant Company No. 2") and their respective shareholders and creditors pursuant to Sections 230 to 232 and other applicable provisions of the Companies Act, 2013, the rules and/or regulations made thereunder (as amended from time to time) ("Companies Act"), Section 2(19AA) read with other relevant provisions of the Income Tax Act, 1961 (as amended from time to time) ("IT Act") and other applicable laws including the Master Circular No. SEBI/HO/CFD/POD-2/P/CIR/2023/93 issued by the Securities and Exchange Board of India ("SEBI") on 20th June, 2023 (as amended from time to time) or any other circulars issued by SEBI applicable to schemes of arrangement from time to time ("SEBI Scheme Circular" and such scheme, the "Scheme").
 - 1.2 RACE is a listed public limited company within the meaning of the Companies Act, 2013. The equity shares of the Company are listed on BSE Limited ("BSE"), National Stock Exchange of India Limited ("NSE"). (BSE and NSE are collectively referred to as the "Stock Exchanges").
 - 1.3 GEOECO is a closely held public limited company incorporated under the provisions of the Companies Act 2013.

- 1.4 GATEWAY is a closely held public limited company incorporated under the provisions of the Companies Act 2013.
- 1.5 In terms of the SEBI Scheme Circular, a report from the Independent Director' Committee ("Committee") recommending the draft Scheme is required, taking into consideration inter alia the SER Report (as defined hereinafter), and commenting on the need for the Scheme, rationale of the Scheme, synergies of business of the entities involved in the Scheme, impact of the Scheme on the shareholders and cost benefit analysis of the Scheme. This report of the Independent Director' Committee has been made in compliance with the requirements of the SEBI Scheme Circular issued by SEBI pursuant to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI LODR Regulations").
- 1.6 The following documents were placed before the Committee for its consideration:
- (a) Draft Scheme;
 - (b) Share Entitlement Ratio Report dated 08.12.2025 ("SER Report") issued by Registered Valuer Mr. Manish Manwani (IBBI Registered Valuer Number - IBBI/RV/03//2021/14113), basis which, Resulting Company shall issue shares to the members of the Company;
 - (c) Fairness opinion dated 11.12.2025 ("Fairness Opinion") issued by Messrs. Fintellectual Corporate Advisors Private Limited, an independent SEBI Registered Category-I Merchant Banker (SEBI Registration No. INM000012944), providing its opinion on the fairness of the Share Entitlement Ratio as provided in the SER Report;
 - (d) Auditors' Certificate dated 15.12.2025 ("Auditors' Certificate") issued by Messrs. Garg Arun & Associates (Firm Registration No. 011604N), the Statutory Auditors of the Company, as required under Section 232(3) of the Companies Act, 2013 certifying that the accounting treatment contained in the draft Scheme is in conformity with the accounting standards prescribed under Section 133 of the Companies Act, 2013;

2. Salient features of the Scheme:

The Committee discussed and noted the salient features of the Scheme, rationale and the need of the proposed arrangement, synergies of the entities involved, impact of the Scheme on the shareholders and cost benefit analysis of the Scheme as below:

- (a) the Demerger (as defined in the Scheme) of the Demerged Undertakings comprising of Demerged Undertaking No. 1 i.e. Biomass Division of the Demerged Company (as defined in the Scheme) and Demerged Undertaking No. 2 i.e. Restore Bag Division of the Demerged Company (as defined in the Scheme), into GEOECO GREEN ENERGY LIMITED i.e. the Resulting Company No. 1 (as defined in the Scheme) and RACE GATEWAY LIMITED, i.e. the Resulting Company No. 2 (as defined hereinafter), respectively, on a going concern basis and in consideration, the consequent issuance of equity shares (as defined in the Scheme) by the respective Resulting Companies to all the shareholders of the Demerged Company as per the Share Entitlement Ratio (as defined hereinafter), and in accordance with the provisions of section 2(19AA) read with other relevant provisions of Income Tax Act;
- (b) various other matters consequential or otherwise integrally connected therewith, including changes to the share capital and securities premium account of the Resulting Company.

2.1 Upon the Scheme becoming effective and in consideration of the transfer and vesting of the Demerged Undertaking No.1/ Demerged Undertaking No. 2 from the Demerged Company to the Resulting Company No.1/ Resulting Company No. 2 in terms of this Scheme, the Resulting Company No.1/ Resulting Company No. 2 shall, without any further application, act or deed, issue and allot equity shares, credited as fully paid-up, to the members of the Demerged Company, holding fully paid up Equity Shares and whose names appear in the register of members, including register and index of beneficial owners maintained by a depository under Section 11 of the Depositories Act, 1996, of the Demerged Company, on the Record Date or to such of their respective heirs, executors, administrators or other legal representative or other successors in title as on the Record Date in the following manner as recommended by Mr. Manish Manwani, the Registered Valuer

- (i) "113 (One Hundred Thirteen) Equity Shares of Geoeco "**Resulting Company No. 1**" having ace value of INR 10.00/- each, credited as fully paid-up, for every 100 (Hundred) equity share having voting rights and face value of INR 10.00/- each held in Race "**Demerged Company**".
- (ii) "27 (Twenty-Seven) Equity Shares of Gateway "**Resulting Company No. 2**" having face value of INR 10.00/- each, credited as fully paid-up, for every 25 (Twenty-Five) equity share having voting rights and face value of INR 10.00/- each held in Race "**Demerged Company**".

- 2.2 With respect to 19,55,000 warrants convertible into 19,55,000 equity shares of Rs.10/- allotted by the Demerged Company, following provisions are made:
- (i) In case the same are converted into Equity shares on or before the Effective Date, the said shareholders will be entitled to issuance of shares by the respective Resultant Company No. 1/Resultant Company No. 2 in accordance with the share entitlement ratio as provided in Clause 18.1 of the Scheme.
 - (iii) In case the same are converted into Equity shares after the Effective Date, then the Resulting Company No. 1/Resulting Company No. 2 will issue the shares to the said shareholders in accordance with the share entitlement ratio as provided in Clause 18.1 of the Scheme.
- 2.3 Fractional entitlements, if any, arising out of aforesaid Scheme of Arrangement, shall be consolidated and thereupon allotted in lieu thereof to trustee(s) authorized by the Board of the respective Resulting Company in this behalf which shall hold the respective Resulting Company's New Equity shares in trust on behalf of the shareholders of the Demerged Company, entitled to fractional entitlements with the express understanding that such trustees shall sell the respective Resulting Company's New Equity Shares so allotted on NSE and/ or BSE within a period of 90 days from the date of allotment of respective Resulting Company' New Equity Shares at such price or prices and to such persons as the trustee(s) deems fit, subject to the provisions of SEBI Scheme Circular, and shall distribute the net sale proceeds after deductions of applicable Taxes and expenses incurred in proportion to their respective fractional entitlements. In case the number of Resulting Company' New Equity Shares to be allotted to the trustee(s) authorized by the Borad of the respective Resulting Company by virtue of consolidation of fractional entitlement is a fraction, it shall be rounded off to next higher integer.
- 2.4 The equity shares of GEOECO and GATEWAY will be listed and admitted to trading on the BSE and NSE in compliance with SEBI Scheme Circular and other relevant provisions as applicable.
- 2.5 The Appointed Date for the proposed Scheme is 1st April 2025. The Effective Date for the proposed Scheme is the date which will be the first day of the month following the month in which Companies mutually acknowledge in writing that all the conditions and matters referred to in Clause 28.1 of the Scheme (as set out below) have occurred or have been fulfilled, obtained or waived, as applicable, in accordance with the Scheme.

2.6 The Scheme is and shall be subject to certain conditions precedent therein, including:

- (a) the Scheme being approved by the requisite majority of members (passed through postal ballot / e-voting, as applicable) and/or creditors (where applicable) of the Company and of GEOECO GREEN ENERGY LIMITED and RACE GATEWAY LIMITED as required under the Companies Act, SEBI Scheme Circular and as may be directed by the National Company Law Tribunal, New Delhi Bench ("NCLT"), subject to any dispensation that may be granted by the NCLT.
- (b) the fulfilment, satisfaction or waiver (as the case may be) of any approvals mutually agreed by the Companies as being required for completion of the transactions contemplated under the Scheme.
- (c) receipt of observation or no-objection letter by the Company from the SEBI / Stock Exchanges under Regulation 37 of the SEBI LODR Regulations, in accordance with the SEBI Scheme Circular in respect of the Scheme, on terms acceptable to the Companies.
- (d) the Scheme being sanctioned by the NCLT in terms of Section 230 to Section 232 and other relevant provisions of the Act on terms acceptable to the Companies.
- (e) the certified/authenticated copies of the Sanction Order(s) of the NCLT approving the Scheme being filed with the Registrar of Companies.

2.7 Rationale of the Scheme

- a. The Demerged Company is a diversified company engaged in Waste Management business and is having various divisions under the main business. The different divisions of the Demerged Company include i.e. Biomass Division, Restore Bag Division, Recycle Division, Other Waste Division and Unallocable Business Division.
- b. The Biomass Division is engaged in the business of trading in briquettes made from various waste materials such as coconuts, sunflower, mustard and groundnut etc.
- c. The Restore Bag Division is engaged in the business of trading of cloth bags, bed sheets and other items related to cloth, home furnishings and made ups
- d. The Recycle Division is engaged in the business of trading in used/ waste pet bottles or their parts.

- e. The Biomass Division Business and Restore Bag Division Business of the Demerged Company has matured over the years and is well poised to chart its own growth path and operate as a separate listed entity in the fast-growing Waste Management industry whilst continuing to leverage the Demerged Company's institutional strengths, strong brand equity and goodwill. Therefore, the Scheme is being proposed to segregate Biomass Division and Restore Bag Division and the from the Remaining Business (as defined hereinafter) of the Demerged Company and demerge it into the Resulting Company No. 1 and the Resulting Company No. 2, respectively. The proposed Scheme would be in the best interests of the Companies and their respective shareholders, employees, creditors and other stakeholders for the following reasons:
- (i) The confluence of favourable factors such as rising immense opportunities for the Biomass Division Business and Restore Bag Division Business going forward, though distinct from the other businesses of the Demerged Company.
 - (ii) In light of the distinctive profile of the Biomass Division Business and Restore Bag Division Business from other Waste Management Business, separate listed entities for each of the Business, would enable crafting of the next horizon of growth and sustained value creation for shareholders through sharper focus on the Business anchored on a differentiated strategy aligned with industry specific market dynamics.
 - (iii) The Resulting Companies as a focused entity would attract the right sets of investors, strategic partners and collaborations, whose investment strategies and risk profiles are aligned more sharply with the Waste Management industry.
 - (iv) The Scheme would unlock value of the Biomass Division Business and Restore Bag Division Business for existing shareholders of the Demerged Company through independent market driven valuation of their shares in the Resulting Companies, respectively which will be listed pursuant to the Scheme, along with the option and flexibility to remain invested in a Waste Management focused listed entity.
 - (v) The Scheme will ensure long term stability and strategic support to the Resulting Companies and also enable the leveraging of cross synergies amongst the Companies.

2.8 Need for the arrangement

The Company is engaged in various Waste Management businesses including Biomass Division and Restore Bag Division Business. The Biomass Division Business and Restore Bag Division Business of the Demerged Company has matured over the years, and is well poised to chart its own growth path and operate as a separate listed entity having strong brand equity and goodwill.

It is therefore proposed to segregate the Biomass Division Business and Restore Bag Division from the remaining business undertaken by the Company through the proposed Scheme.

2.9 Scheme will result in the listing of GEOECO GREEN ENERGY LIMITED and RACE GATEWAY LIMITED as a separate entity which inter-alia will:

- (i) facilitate independent pursuit of accelerated growth with sharper focus on the business based on a differentiated strategy aligned with industry dynamics;
- (ii) provide the shareholders of the Company, the option and flexibility to remain invested in a Company purely dealing with Biomass business and the Restore Bag business focused listed entity;
- (iii) enable the independent company to operate with an optimal capital structure and attract different set of investors, strategic partners, lenders and other stakeholders having specific interest in the Business Divisions of the Demerged Companies being transferred and as well allow potential investors and other shareholders the option of being associated with business of their choice;
- (iv) unlock value for the shareholders

2.10 Synergies of business of the entities involved in the Scheme

The demerger will create a separate listed companies comprising the Biomass Division business and Restore Bag Division business, thereby unlocking the potential value of the respective Divisions for the Company's shareholders.

The two Resultant Companies will continue to leverage on Raceeco Chain' brand reputation, sustainability credentials, talent pool, digital capabilities, robust governance, systems & processes, sourcing quality products etc. through suitable arrangements and institutional mechanisms. Thus, the proposed Demerger is expected to provide synergistic benefits to Demerged Company as well as the Resultant Companies.

2.11 Impact of the Scheme on the shareholders of the Company

- (i) The Scheme by way of segregating the Biomass Division business and Restore Bag Division business is expected to be beneficial to the shareholders of the Company as it would enable crafting of the next horizon of growth and sustained value creation for shareholders.
- (ii) All the shareholders of the Company shall, upon Demerger be the ultimate beneficial economic owners of GEOECO GREEN ENERGY LIMITED as well as RACE GATEWAY LIMITED and upon allotment of equity shares of GEOECO GREEN ENERGY LIMITED and RACE GATEWAY LIMITED as per Share Entitlement Ratio recommended under the SER Report, the ultimate beneficial economic interest of the shareholders in the share capital of GEOECO GREEN ENERGY LIMITED and RACE GATEWAY LIMITED shall be the same as in the share capital of the Company.
- (iii) Further, the shareholders of the Company will have the option and flexibility to remain invested in a Company purely dealing with Biomass Division and Restore Bag Division focused listed entity. The shareholders of the Company will also inter-alia benefit from the Company's strategic support to of GEOECO GREEN ENERGY LIMITED and RACE GATEWAY LIMITED.

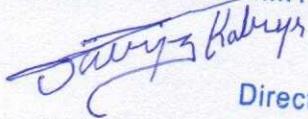
2.12 Cost benefit analysis of the Scheme

The Independent Director' Committee is of the view that the benefits of the Scheme for the Company and its stakeholders as stated in hereinabove would far outweigh the transaction costs relating to its implementation.

3. Recommendation of the Independent Director' Committee

- 3.1 The Independent Director' Committee has reviewed the SER Report and noted the recommendations that the proposed Share Entitlement Ratio is fair and reasonable. Further, the Fairness Opinion has confirmed the recommended Share Entitlement Ratio in the SER Report as being fair to the shareholders of the Company.
- 3.2 Taking into consideration the draft Scheme, SER Report, Fairness Opinion, need for the Scheme, rationale of the Scheme, synergies of business of the entities involved in the Scheme, impact of the Scheme on the shareholders, cost benefit analysis of the Scheme, and other relevant documents, as placed, the INDEPENDENT DIRECTOR' COMMITTEE, the Committee recommends that **the Scheme is fair and reasonable for the shareholders and the other stakeholders of the respective Companies involved in the Scheme. Further the Scheme is not detrimental to the Shareholders of the Company i.e. Race Eco Chain Limited**
- 3.3 The Independent Director' Committee, after due deliberation and consideration, recommends the draft Scheme for favourable consideration and approval by the Board of Directors of the Company, Stock Exchanges, SEBI and other appropriate authorities.

For RACE ECO CHAIN LIMITED



Director

Sanjay Kukreja

DIN: 08506956

Date: 15.12.2025

Place: Noida