

# GARG ARUN & ASSOCIATES

## CHARTERED ACCOUNTANTS

Flat No.106, 4832/24, Ansari Road,  
Daryaganj, New Delhi-110002  
Phone: 011-23283955



### The Board of Directors

#### Race Eco Chain Limited

Shop No: - 37, Shanker Market,  
Connaught Place,  
Delhi-110001

### Independent Auditor's Report on the proposed treatment contained in the Draft Scheme of Demerger of Race Eco Chain Limited and Geoco Green Energy Limited and Race Gateway Limited and their respective shareholders and creditors

1. This report is issued in accordance with the terms of our engagement letter dated 11<sup>th</sup> December 2025.
2. We, Garg Arun & Associates, Chartered Accountants, the statutory auditors of Race Eco Chain Limited ("the company"/ Demerged Company"), have been requested by the Board of Directors of the company to issue the report in relation to the proposed Scheme of Demerger of Race Eco Chain Limited ("the company"/ Demerged Company) and Geoco Green Energy Limited ("resultant Company No. 1") and Race Gateway Limited ("resultant Company No. 2") and their respective shareholders and creditors, and extract of which is reproduced under **Annexure 1** to this report, in terms of the provisions of Section 230 to 232 of the Companies Act 2013("the Act") and rules made thereunder, with reference to its compliance with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and circulars issued thereunder ("SEBI regulations") and applicable Indian Accounting Standards ("Ind AS") specified under Section 133 of the Act and other generally accepted accounting principles in India.
3. The Proposed Scheme is to be approved by the Board of Directors of the Company and Demerged Company, and is subject to approval of the respective Shareholders, the National Company Law Tribunal ("NCLT") and Statutory and Regulatory Authorities, as applicable. The appointed date for the purpose of this Proposed Scheme is 1<sup>st</sup> April 2025 or such other date as may be mutually agreed by the companies.

#### ➤ Management's Responsibility for the Statement

4. The preparation of the Proposed Scheme and its compliance with the relevant provision of the Act, SEBI regulations, laws and regulations, including the applicable Ind AS read with the Rules made, issued thereunder and the Generally Accepted Accounting Principles in India is the responsibility of the Board of Directors of the Companies involved, including the preparation and maintenance of all accounting and other relevant supporting records and documents.
5. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the Proposed Scheme and applying an appropriate basis of preparation, and making estimates that are reasonable in the circumstances.
6. The Company's management is also responsible for ensuring that the Company complies with the requirements of the Act and SEBI regulations, and providing all relevant information with respect to the Proposed Scheme to the NCLT.



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### ➤ Practitioner's Responsibility

7. Pursuant to the requirements of provisions of Section 232 of the Act and SEBI regulations, our responsibility is only to provide a reasonable assurance on whether the proposed accounting treatment as specified in Clause 19.1 of the Proposed Scheme, the extract of which reproduced as **Annexure I** to this report, is in conformity with SEBI regulations and Ind AS specified under section 133 of the Act read with the rules issued thereunder and other generally accepted accounting principles in India.
8. We conducted our examination of the proposed accounting treatment referred to Clause 19.1 of the Proposed Scheme and the extract of which is reproduced under **Annexure I** to this report in accordance with the Guidance Note on Reports or Certificates for Special Purposes ("the Guidance Note") issued by the Institute of Chartered Accountants of India ("ICAI"). The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.
9. We have performed the following procedures:
  - Review of the proposed accounting treatment as contained in the **Annexure I** to this report to ensure it is in accordance with applicable Ind AS specified under section 133 of the Act read with the rules issued thereunder and other generally accepted accounting principles in India as required as per the proviso to Section 230(7) and Section 232(3) of the Act; and
  - Making suitable inquiries and obtained relevant representations from the management of the Company.
10. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

### ➤ Opinion

11. As per Section 232(6) of the Act, the Proposed Scheme has to provide for the appointed date from which the Proposed Scheme shall be deemed to be effective. The Company has accordingly proposed the appointed date as 1<sup>st</sup> April 2025 or such other date as may be mutually agreed by the companies.. The appointed date may be different from the acquisition date as per Ind AS 103. If approved by the NCLT, the appointed date shall be deemed to be the 'acquisition date' for the purpose of accounting for the demerger of the "Biomass Division" and "Bag Division" from the company
12. Based on our examination and according to the information and explanations provided to us and appropriate representations given to us, the proposed accounting treatment specified in Clause 19.1 of the Proposed Scheme and the extract of which is reproduced in Annexure I to this Certificate, initialled and stamped by us for the purpose of identification only, is in conformity with SEBI regulations and applicable Ind AS prescribed under Section 133 of the Act and other generally accepted accounting principles in India.



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➤ **Restriction on use**

13. This report is issued at the request of the Board of Directors of the Company solely for the purpose of onward submission to the NCLT, BSE Limited and National Stock Exchange of India Limited and any other regulatory authority in relation to the Proposed Scheme pursuant to the requirements of SEBI regulations and sections 230 to 232 of the Act read with relevant rules issued thereunder. Our report should not be used by any other person or for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this report is shown or into whose hands it may come without our prior consent in writing.

For Garg Arun & Associates  
(Chartered Accountants)  
FRN: 011604N

Place: Delhi  
Date : 15-12-2025

  
CA Raman Kumar Garg  
Partner  
M. No. 090564

UDIN :-25090564BMJQFF4170





## Annexure I

Extract From Scheme of Arrangement amongst Race Eco Chain Limited and Geoeo Green Energy Limited and Race Gateway Limited and their Respective Shareholders and Creditors under sections 230-232 read with other applicable provisions of the Companies Act, 2013

### 19. ACCOUNTING TREATMENT IN THE BOOKS OF THE COMPANIES 19.1 IN THE BOOKS OF THE DEMERGED COMPANY:

19.1.1 Notwithstanding anything else contained in the Scheme, upon the Scheme being effective, the Demerged Company shall account for the Scheme in its books of accounts in accordance with Ind AS and generally accepted accounting principles in India.

19.1.2 The Demerged Company shall provide the following accounting treatment in its books of accounts:

- (i) Recognize a liability for assets distributed to its shareholders at the fair value of the distributed assets, i.e. fair value to the extent of shares to be issued by the Resulting Company No.1/ Resulting Company No. 2 to the shareholders of Demerged Company, with a corresponding debit to General Reserve under the head "Other Equity", in accordance with the requirements of Ind AS. The liability is subject to review at each reporting date and at the date of settlement, with any changes in the carrying value of the liability recognized in General Reserve under the head "Other Equity" as an adjustment to the amount of distribution.
- (ii) The carrying/ book values of the assets of the Demerged Company to the extent of Demerged Company's continued holding in the Resulting Company No.1/ Resulting Company No. 2 shall be added to investment by the Demerged Company in the Resulting Company No.1/ Resulting Company No. 2.
- (iii) Reduce the carrying value of all assets and liabilities pertaining to the Demerged Undertaking as appearing in the books of accounts of the Demerged Company, being transferred to and vested in the Resulting Company No.1/ Resulting Company No. 2, from the respective book value of assets and liabilities of the Demerged Company.
- (iv) The Demerged Company shall recognize the difference, if any, between the carrying value of distributed assets, the carrying value of the liability for distribution of assets and addition to the investment by the Demerged Company in the Resulting Company No.1/ Resulting Company No. 2, in the Statement of Profit and Loss.
- (v) Any matter not dealt with in clauses hereinabove shall be dealt with in accordance with the Ind AS applicable to the Demerged Company.

For and on behalf of Race Eco Chain Limited

For RACE ECO CHAIN LIMITED

Director

Sunil Kumar Malik  
Managing Director  
DIN: 00143453



Regd. Office: Shop No. 37, Shanker Market, Connaught Place, Central Delhi, New Delhi - 110001  
Corporate Office Address: 56/33, Site-4, Sahibabad Industrial Area, Ghaziabad, UP - 201010  
Email: communications@raceecochain.com; Tel: 0120-28028196; CIN: L37100DL1999PLC102506

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### The Board of Directors

#### Race Eco Chain Limited

Shop No:- 37, Shanker Market,  
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**Statutory Auditor's Report on the compliance of Draft Scheme of Arrangement for demerger of Biomass Division and Restore Bag Division of RACE ECO CHAIN LIMITED into GEOECO GREEN ENERGY LIMITED and RACE GATEWAY LIMITED respectively is in terms of the provisions of section(s) 230-232 of the Companies Act, 2013 and SEBI LODR.**

1. This report is issued in accordance with the terms of our engagement letter dated 11<sup>th</sup> December 2025.

#### ➤ Management's Responsibility for the Statement

2. The preparation of the Proposed Scheme and its compliance with the relevant provision of the Act, SEBI regulations, laws and regulations, is the responsibility of the Board of Directors of the Companies involved, including the preparation and maintenance of all accounting and other relevant supporting records and documents.
3. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the Proposed Scheme and applying an appropriate basis of preparation and making estimates that are reasonable in the circumstances.
4. The Company's management is also responsible for ensuring that the Company complies with the requirements of the Act and SEBI regulations and providing all relevant information with respect to the Proposed Scheme to the NCLT.

#### ➤ Practitioner's Responsibility

5. Pursuant to the requirements of provisions of Section 232 of the Act and SEBI regulations, our responsibility is only to provide a reasonable assurance on whether Draft Scheme of Arrangement for demerger of Biomass Division and Restore Bag Division of RACE ECO CHAIN LIMITED into GEOECO GREEN ENERGY LIMITED and RACE GATEWAY LIMITED respectively is in terms of the provisions of section(s) 230-232 of the Companies Act, 2013.
6. We conducted our examination in accordance with the Guidance Note on Reports or Certificates for Special Purposes ("the Guidance Note") issued by the Institute of Chartered Accountants of India ("ICAI"). The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.



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7. We have performed the following procedures:

- Reviewed the Draft Scheme of Arrangement for demerger between the companies, Race Eco Chain Limited, being the Listed Entity (the “Demerged Company”) and Geoco Green Energy Limited (the “Resultant Company No. 1”) and Race Gateway Limited (the “Resultant Company No. 2”), being the unlisted entities under the scheme.
- Making suitable inquiries and obtained relevant representations from the management of the Company.

8. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

➤ Opinion

9. Based on our examination, as above, we provide a reasonable assurance that:

- That the company is submitting the scheme of arrangement under Regulation 37 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015;
- That the arrangement is proposed between the companies, Race Eco Chain Limited, being the Listed Entity (the “Demerged Company”) and Geoco Green Energy Limited (the “Resultant Company No. 1”) and Race Gateway Limited (the “Resultant Company No. 2”), being the unlisted entities under the scheme;
- That post the approval of the scheme, pursuant to the Scheme of Arrangement sanctioned by NCLT under Section 230-234 of the Companies Act, 2013 the Resultant Company No. 1 and the Resultant Company No. 2 shall issue the equity shares to the shareholders of the Demerged Company, and the new equity shares issued by the Resultant Company No. 1 and Resultant Company No. 2 will seek listing on BSE Limited and National Stock Exchange of India Limited.
- The listing of the Newly issued Equity Shares by the Resultant Company No. 1 and Resultant Company No. 2 to the shareholders of the Demerged Company shall be in compliance with Para (A)(1) OF PART II of the SEBI 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.



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➤ Restriction on use

10. This report is issued at the request of the Board of Directors of the Company solely for the purpose of onward submission to the NCLT, BSE Limited and National Stock Exchange of India Limited and any other regulatory authority in relation to the Proposed Scheme pursuant to the requirements of SEBI regulations and sections 230 to 232 of the Act read with relevant rules issued thereunder. Our report should not be used by any other person or for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this report is shown or into whose hands it may come without our prior consent in writing.

For Garg Arun & Associates  
(Chartered Accountants)  
FRN: 011604N

Place: Delhi  
Date : 15-12-2025

  
CA Raman Kumar Garg  
Partner

M. No. 090564

UDIN: - 25090564BMJQFH6596

