

CORPORATE SOCIAL RESPONSIBILITY (CSR) POLICY

1. INTRODUCTION:

1.1 CSR IN INDIA:

Corporate Social Responsibility (CSR) in India has traditionally been viewed as a philanthropic activity. While corporate entities have historically undertaken CSR initiatives voluntarily, the introduction of statutory CSR provisions under the Companies Act, 2013 (“the Act”) has formalized the responsibility of companies to contribute towards sustainable social development through structured programs and measurable outcomes.

Section 135 of the Act, read with the Companies (Corporate Social Responsibility Policy) Rules, 2021, as amended from time to time (“CSR Rules”), lays down the legal framework governing CSR. The Act follows a “Comply-or-Explain” approach and prescribes obligations relating to CSR planning, implementation, monitoring, and reporting.

At present, the Company is not required to constitute a CSR Committee. Accordingly, in terms of Section 135(9) of the Act, the Board of Directors of the Company shall exercise and discharge all the functions of the CSR Committee until such time the Company becomes statutorily obligated to constitute a CSR Committee.

2. OBJECTIVE & SCOPE:

The primary objective of this CSR Policy is to lay down guiding principles for Raneal Advanced Systems Private Limited (“the Company”) to integrate CSR into its core values and strategy, and to make a positive and sustainable contribution to society through high-impact CSR programs.

This CSR Policy:

- a. Covers existing and proposed CSR activities undertaken by the Company.
- b. Ensures alignment of CSR initiatives with Schedule VII of the Companies Act, 2013, as amended from time to time.
- c. Applies only to CSR activities undertaken within India.
- d. Provides a framework for planning, execution, monitoring, and reporting of CSR initiatives.

CSR Focus Areas:

The Company proposes to implement its CSR activities in the following sectors:

- 1) Healthcare
- 2) Sanitation
- 3) Drinking Water
- 4) Education
- 5) Rural Development
- 6) Vocational Skills and Employment Opportunities
- 7) Facilities for Senior Citizens and Medical Aid for Old Age Homes
- 8) Women Hostels
- 9) Special Employment Opportunities for Women
- 10) Environment Protection
- 11) Animal Welfare
- 12) Conservation of Natural Resources
- 13) Protection of National Heritage
- 14) Promotion and Development of Art and Culture
- 15) Public Libraries
- 16) Promotion and Development of Traditional Arts and Handicrafts
- 17) Measures for Armed Forces Veterans, War Widows and their Dependents
- 18) Promotion and Development of Rural Sports and National Games
- 19) Contribution to Funds set by the Central or State Government for Development and Welfare of Scheduled Castes, Scheduled Tribes and Minorities
- 20) Rural Development Projects

21) Contribution to Technology Incubators located within Academic Institutions

22) Any other area as may be prescribed under Schedule VII of the Act from time to time

The Company may review, modify, add, or delete the above focus areas based on societal needs, statutory amendments, or strategic priorities.

While preference shall be given to local areas and areas of operation, the Company may also undertake CSR initiatives in other regions or in response to special circumstances such as natural disasters.

3. GOVERNANCE FRAMEWORK:

3.1 Role of the Board of Directors

Until the Company meets the thresholds requiring constitution of a CSR Committee, the Board of Directors shall perform all roles, duties, and responsibilities assigned to the CSR Committee under Section 135 of the Act and the CSR Rules, including but not limited to:

- 1) Formulating and approving the CSR Policy.
- 2) Identifying and approving CSR activities in accordance with Schedule VII.
- 3) Approving collaboration with NGOs, trusts, societies, or other eligible implementing agencies.
- 4) Approving the CSR budget and ensuring statutory spending.
- 5) Ensuring utilization of CSR funds only for approved purposes.
- 6) Establishing a transparent monitoring and reporting mechanism.
- 7) Reviewing CSR performance and disclosures.
- 8) Approving the CSR Annual Action Plan and any alterations thereto.

3.2 Constitution of CSR Committee in Future

Upon the Company meeting the applicable thresholds under Section 135(1) of the Act requiring constitution of a CSR Committee, the Board shall constitute such committee in compliance with the Act and CSR Rules, and appropriate amendments shall be made to this Policy.

4. CSR ANNUAL ACTION PLAN:

The Board shall approve an Annual Action Plan which shall include:

- 1) List of CSR projects or programs approved in areas specified under Schedule VII.
- 2) Manner of execution of such projects or programs.
- 3) Modalities of utilization of CSR funds and implementation schedules.

- 4) Monitoring and reporting mechanisms.
- 5) Details of need assessment and impact assessment, wherever applicable.

5. CSR BUDGET AND EXPENDITURE:

5.1 CSR Spend

The Company shall spend at least 2% of the average net profits of the three immediately preceding financial years calculated in accordance with Section 198 of the Act.

“Net profit” shall have the meaning assigned under Rule 2(h) of the CSR Rules.

CSR expenditure shall include all expenditures incurred on approved CSR projects or programs and shall exclude any expenditure not aligned with Schedule VII.

5.2 Expenditure on CSR Capabilities

The Company may incur expenditure for building CSR capabilities of its personnel or implementing agencies. Such expenditure, including administrative overheads, shall not exceed 5% of total CSR expenditure, as prescribed under the CSR Rules.

Any surplus arising out of CSR activities:

Shall not form part of business profits; and

Shall be ploughed back into the same project, transferred to the Unspent CSR Account, or transferred to a Schedule VII Fund within six months of the end of the financial year.

Excess CSR spend may be set off against future CSR obligations up to the immediately succeeding three financial years, subject to conditions prescribed under the CSR Rules and Board approval.

CSR funds may be used for creation or acquisition of capital assets in accordance with Rule 7(4) of the CSR Rules.

6. UNSPENT CSR AMOUNT:

In case of failure to spend the required CSR amount, the unspent amount shall be transferred in accordance with Section 135(5) and (6) of the Act to:

- 1) PM CARES Fund
- 2) Swachh Bharat Kosh
- 3) Clean Ganga Fund
- 4) People for Animals
- 5) Any other fund specified under Schedule VII

Non-compliance shall attract penalties as prescribed under the Act.

7. CSR INITIATIVES & IMPLEMENTATION:

7.1 Collaboration

The Company may collaborate with other companies, NGOs, trusts, societies, or implementing agencies registered under the CSR Rules and the same shall form a part of the Annual Action Plan. The Company may also establish its own trusts for CSR implementation.

7.2 Disqualifying Activities

The following shall not qualify as CSR activities:

- 1) Activities benefitting employees and their families.
- 2) Activities undertaken outside India.
- 3) Political contributions under Section 182 of the Act.
- 4) Activities undertaken in the normal course of business.

7.3 Monitoring Mechanism

A Joint Working Group (JWG) comprising Company employees and representatives of implementing agencies may be constituted to monitor CSR projects. The JWG shall submit periodic progress reports to the Board.

8. DISCLOSURE & REPORTING:

The Company shall:

Publish its Annual Report on CSR Activities in its Directors Report in the manner prescribed under the Companies Act 2013 and the CSR Rules, particulars specified in Annexure I or Annexure II, as applicable.

Disclose CSR activities in the Directors' Report in the prescribed format.

Place the CSR Policy and CSR Report on its website and disclose the web-link in the Directors' Report.

9. POLICY REVIEW & AMENDMENT:

This CSR Policy has been formulated, approved, and adopted by the Board of Directors at its meeting held on March 04, 2025.

The Board may amend or modify this Policy from time to time to ensure compliance with statutory amendments, including changes to Section 135 of the Act and the CSR Rules.
