Ref. No.: CML/72/2024-25/NSE

Date: 21st March, 2025

To,
The Manager - Listing Compliance
National Stock Exchange of India Limited
Exchange Plaza, Plot No. C-1, Block-G,
Bandra Kurla Complex, Bandra (E),
Mumbai-400051

Company Symbol: CMNL

Dear Sir/Madam,

Subject: Outcome of Board Meeting pursuant to Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

This is to inform you that the Board of Directors at their meeting held today i.e. Friday, 21st March, 2025 have inter alia, considered and approved the following:

1. Appointment of Senior Management Personnel.
2. Revision in Estimated Project Cost.

The information required to be submitted pursuant to Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 is provided in the enclosed **Annexure - I.**

The Board Meeting was commenced at 04:00 P.M. and concluded at 07:00 PM.

We request you to take the above information on your records and disseminate the same on your respective website.

Thanking You,

Yours faithfully,
For CHAMAN METALLICS LIMITED

Chetan Kumar Agrawal
Digitally signed by Chetan Kumar Agrawal
Date: 2025.03.21 19:26:31 +05'30'

CHAMAN METALLICS LIMITED TADALI M.H.

Chetan Kumar Agrawal
Chairman & Managing Director
DIN: 00748916

Encl: As above

Annexure-I

Details with respect to appointment of the Senior Management in terms of Regulation 30 read with Schedule III of the Listing Regulations, SEBI Master Circular SEBI/HO/CFD/PoD2/CIR/P/0155 dated November 11, 2024:

1. Appointment of Mr. Rakesh Jaynarayan Tiwari as SMP:

S. No.	Particulars	Details
a.	Reason for change viz. appointment, resignation, removal, death or otherwise	Appointment of Mr. Rakesh Jaynarayan Tiwari
b.	Date of Appointment	From 31st March, 2025
c.	Terms of Appointment	Term: Full-time employment
d.	Brief Profile	Mr. Rakesh Jaynarayan Tiwari is the Manager of Human Resources & Admin, responsible for driving talent strategy, employee engagement, and organizational development. With years of experience, He specializes in workforce planning, leadership development, and HR compliance.
e.	Disclosure of relationships between directors (in case of appointment of a director).	Not Applicable

2. Appointment of Ms. Isha Chaudhary as SMP:

S. No.	Particulars	Details
a.	Reason for change viz. appointment, resignation, removal, death or otherwise	Appointment of Ms. Isha Chaudhary
b.	Date of Appointment	From 31st March, 2025
c.	Terms of Appointment	Term: Full-time employment
d.	Brief Profile	Ms. Isha Choudhary is the Executive Assistant to the Managing Director, providing strategic and administrative support to the leadership team. She holds a B.A. LL. B from Law College Dehradun, Uttarakhand Technical University (affiliated with HNB Garhwal University) and was the Gold Medalist of the 2010-2015 batch. With a strong legal background and analytical skills, she plays a key role in coordinating executive functions, policy research, and decision support.
e.	Disclosure of relationships between directors (in case of appointment of a director).	Not Applicable

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DISCLOSURE ON REVISED PROJECT COST

Subject: Update on Expansion Project – Revision in Estimated Project Cost

Dear Sir/Madam,

With reference to our earlier disclosure regarding the expansion project with an estimated cost of **₹296 crores**, we wish to inform you that the revised estimated project cost has increased to **₹396 crores** due to various factors impacting project execution.

1. **Overview of Expansion Initiative:**
The Company is actively pursuing a strategic expansion aimed at enhancing existing operations, installing new plants, and introducing new product lines. The expansion is designed to increase production capacity, improve operational efficiency, strengthen market presence and positioning the Company for long-term growth.

Key Highlights of Our Expansion and Diversification Initiatives:

Facility	Capacity		
	Existing	**Proposed**	**Total**
Sponge Iron (DRI)	72,000 TPA	1,15,500 TPA	1,87,500 TPA
Induction Furnace to manufacture Billets (SMS)	-	1,98,000 TPA	1,98,000 TPA
Submerged Arc Furnace to manufacture Ferro Alloys	-	39,204 TPA	39,204 TPA
Captive Power Plant (CPP)	-	12 MW (WHRB) 18 MW (AFBC)	30 MW

2. **Original & Revised Budget:**

Particulars	Original Proposed Capex	Revised Proposed Capex
Sponge Iron (DRI Plant)	60.40	73.55
Induction Furnace to manufacture Billets (SMS Plant)	47.09	64.55
Submerged Arc Furnace to manufacture Ferro Alloys/Cast Iron	15.36	32.25
Captive Power Plant (CPP)	136.15	178.15
Total Direct Capex	**259.00**	**348.50**
Interest During Construction	12.00	18.50
Preliminary & Pre-Operative Expense	12.00	16.00
Margin for WC	**13.00**	**13.00**
Total Project Cost	**296.00**	**396.00**

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3. **Key Reasons for Cost Escalation:**
   i. **Scope Changes:**

a. Captive Power Plant:

Initially, the Company proposed installing a 24 MW power plant with a budget of ₹136.15 crore. However, after further evaluation, management decided to increase the capacity to 30 MW to better meet operational requirements post-expansion and optimize costs.

At the planning stage, based on management's expectations and consultants' recommendations, it was anticipated that increasing the capacity from 24 MW to 30 MW would have a minimal impact on the budget. However, during the execution and installation phase, actual costs escalated significantly, leading to an additional expenditure of approximately ₹40 crore.

The decision to enhance capacity was driven by a cost-benefit analysis. Purchasing power from the Maharashtra State Board costs approximately ₹9 per unit, whereas in-house power generation is expected to be significantly cheaper at around ₹4-₹4.5 per unit. With the increased capacity, the company anticipates savings of approximately ₹4.5-₹5 per unit on the additional 6 MW, resulting in substantially lower power costs and enhanced profitability.

b. Induction Furnace to manufacture Billets (SMS):

As part of the expansion plan, the company aims to manufacture 198,000 MT of billets. Initially, the plan was to install 3 furnace of 20 MT (each) per day. However, for effective utilization of captive power and improved load management, the company decided to install 4 furnace of 15 MT (each) per day.

Installing four 15MT furnaces instead of three 20MT furnaces enhances maintenance flexibility and production reliability. Smaller furnaces heat up faster, reducing cycle time and in case of downtime, captive power consumption shall be reduced by a smaller number, while also allowing better quality control. With four units, downtime impact is lower (25% vs. 33%), ensuring uninterrupted operations.

However, the shift to four smaller furnaces led to cost escalations of approximately ₹17-17.50 crore primarily in construction, infrastructure, and machinery procurement. Additional furnace installation required more space, increased civil work, higher foundation costs, and extra electrical infrastructure to accommodate multiple units. Moreover, the procurement of an additional furnace and related equipment added to the capital expenditure. While the initial investment increased, the long-term benefits of better load distribution and reduced operational disruptions are expected to outweigh the additional costs over time.

c. Submerged Arc Furnace to manufacture Ferro Alloys/Cast Iron

Initially, the company planned to produce Cast Iron for captive consumption but later considering the economic demand decision was made to produce Ferro Alloys, leading to a significant cost impact. Submerge arc furnace requires heave use of copper and with a global surge in copper prices, expenses for electrical installations, cables and transformers increased considerably. Additionally, to enhance durability, Stainless Steel replaced Mild Steel in critical areas, further driving up costs. The rise in prices of silica bricks, alumina bricks, and tamping paste also escalated the cost of lining. To meet environmental standards, a larger pollution control system was installed, which, while reducing emissions, added to the overall expenditure. Furthermore, as Ferro Alloys production demands higher raw material storage, the Raw Material Yards and Metal Yards were expanded, increasing civil construction costs.

While these changes resulted in higher initial costs of approximately ₹16-17 crore, they are expected to be more power-efficient in the long run and contribute to better day-to-day operations, ensuring improved efficiency and sustainability.

ii. **Delays in Project Execution:**

a. **Statutory Approval Delays**
Pending approvals from MOEF and MIDC layout significantly extended the project timeline even before its official commencement, leading to unforeseen delays in the initial phases and impacting the overall schedule.

b. **Skilled Labor Shortages:**
Limited availability of skilled labour led to higher wages and additional retention costs.

c. **Weather Conditions:**
The monsoon season (Sep 2022 – Jan 2023) caused construction delays, site inaccessibility, and material transport disruptions. Heavy rainfall led to waterlogging and soil saturation, requiring extra dewatering, drying, and reinforcement efforts. These challenges increased excavation costs and structural support requirements, further delaying the project and escalating costs.

iii. **Additional Interest Cost:**
Project delays, including those caused by the prolonged monsoon, resulted in additional interest costs of approximately ₹6.50 crores due to extended financing periods.

iv. **Inflation & Material Shortages:**
Escalating project-related expenses have significantly impacted the budget. Inflation, coupled with price fluctuations in essential construction materials such as steel, cement, copper and fuel, has added an unexpected financial burden. A major challenge was the limited availability of river sand within the state, making procurement difficult and driving up costs, ultimately affecting overall civil construction expenses. Additionally, contractors and vendors increased pricing due to rising labour costs, further contributing to the budget overrun. These financial pressures resulted in additional costs, placing further strain on project resources and timelines.

4. **Impact of Cost Overrun on Financial Viability and Mitigation Measures:**

i. **Financial Viability**

a. The rise in project costs has directly impacted the expected Return on Investment (ROI).
b. Key performance metrics, including cost per unit, operational efficiency, and resource utilization, have been affected.
c. Despite this unforeseen financial burden, we successfully maintained project stability and progress through effective financial strategies.
d. Careful resource allocation prevented disruptions to the project timeline and overall execution.

ii. **Mitigation Measures**

a. **Utilization of Internal Accruals:** Operational cash flows were leveraged to support project continuity, reducing immediate external financial dependency.
b. **Unsecured Loans from Group Companies & Directors:** Additional liquidity was secured through internal funding sources, reinforcing financial stability and reducing dependence on costly external borrowings.

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Conclusion:
The company's financial management and prudent decision-making allowed it to manage the cost overrun without external financial dependency. All funding requirements were met through internal accruals and unsecured loans from group companies and directors, demonstrating the management's confidence and foresight. This not only safeguarded stakeholder interests but also reinforced the company's ability to navigate financial challenges efficiently.

In case of any further query feel free to reach at ca@cmlgroup.com / +91- 78801-02856.

For CHAMAN METALLICS LIMITED

Chetan Kumar Agrawal
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Date: 2025.03.21 19:26:49 +05'30'

Chetan Kumar Agrawal
Chairman & Managing Director
DIN: 00748916

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