



POLICY ON MATERIALITY OF RELATED PARTY TRANSACTIONS AND ON DEALING WITH RELATED PARTY TRANSACTIONS

CHAMAN METALLICS LIMITED





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1. PURPOSE OF THE POLICY

- 1.1 Chaman Metallics Limited ("the Company") recognizes that related party transactions may give rise to actual or potential conflicts of interest, which could be detrimental to the interests of the Company and its shareholders. In accordance with the provisions of the Companies Act, 2013 (the "Act"), along with the relevant rules, and Regulation 23 read with Regulation 2(1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the "SEBI Listing Regulations"), as amended from time to time, the Company has established a set of guidelines for identifying related parties and ensuring the appropriate conduct and documentation of all related party transactions.
- 1.2 Regulation 23(1) of the SEBI Listing Regulations mandates that Companies formulate a policy addressing the materiality of related party transactions and their management.
- 1.3 In line with these requirements, the Company has developed this Policy on Related Party Transactions (the "Policy"). This Policy has been approved by the Board of Directors (the "Board") upon the recommendation of the Audit Committee. The Audit Committee will review and amend the Policy, as and when required, subject to adoption by the Board.

2. TERMS AND DEFINITIONS

- 2.1 "**Related Party**" shall have the meaning as defined in Section 2(76) of the Act and Regulation 2(1)(zb) of the SEBI Listing Regulations.
- 2.2 "**Related Party Transaction**" means related party transaction as defined under Regulation 2(1)(zc) of the Securities and Exchange Board of India (Listing



Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time ("Listing Regulations").

2.3 "Material Related Party Transaction" means:

- a. a transaction as defined under section 188(1) of the Companies Act, ('the Act') with a Related Party where the aggregate value of the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceeds the limits as prescribed under the said Act or under Rules framed thereunder from time to time;
- b. a transaction with a related party the value which individually or taken together with previous transactions during a financial year, exceeds Rupees fifty crore or exceeds 10% (ten percent) of the annual consolidated turnover of the company as per the last audited financial statements of the company, whichever is lower; and
- c. where a transaction involving payments made to a related party with respect to brand usage or royalty shall be considered material, if the transaction(s) to be entered into individually or taken together with previous transactions during financial year, exceed 5% (five percent) of the annual consolidated turnover of the company as per the last audited financial statements of the company.

2.4 "Material Modification"

"Material Modifications of Related Party Transaction" in relation to the Company means and includes any modification to an existing related party transaction having variance of 20% of the existing limit as sanctioned by the Audit Committee / Board / Shareholders, as the case may be.

All other terms and references used but not defined herein shall have the same meaning as is assigned to them under the Act, the Listing Regulations and rules, regulations, notifications and circulars issued thereunder.



3. POLICY

- 3.1 All Related Party Transaction(s) shall be entered on arms' length basis.
- 3.2 In exceptional circumstances, where permitted by law, Related Party Transaction(s) of the Company may deviate from the principle of arm's length, after obtaining approval from Audit Committee and the Board of Directors, as the case may be.
- 3.3 All Related Party Transaction(s) of the Company shall be in compliance with the provisions of the Act, the Listing Regulations and the applicable Accounting Standards, as amended from time to time.

4. APPROVAL

- 4.1 All Related Party Transaction(s) of the Company and subsequent Material Modifications thereto, shall require prior approval of the Audit Committee or the Board of Directors or the Shareholders of the Company, as the case may be, as required under and subject to the Act and the Listing Regulations.
- 4.2 In an unforeseen event where a Related Party Transaction not covered by omnibus approval needs to be entered due to business exigencies between two Audit committee/Board meetings, the Audit Committee/Board may approve such Related Party Transaction by passing a resolution by circulation.

5. RATIFICATION

- 5.1 Ratification of a Related Party Transaction after its commencement or completion may be approved by the Audit Committee in certain circumstances. While so ratifying, the Audit Committee may impose such conditions or modifications as it deems fit.
- 5.2 A Related Party Transaction entered into without prior approval or not covered by the omnibus approval of Audit Committee shall not be deemed to violate this policy, or be invalid or unenforceable, so long as the transaction is ratified by the Audit Committee as promptly and reasonably possible.



6. TRANSACTIONS NOT REQUIRING APPROVAL

Notwithstanding the foregoing, transactions that are not required to be considered as Related Party Transactions for the purpose of Audit Committee approval under the SEBI (LODR) Regulations, 2015, or that fall under specific exemptions granted under applicable laws and regulations, shall not require separate approval under this policy.

- 6.1 Transactions pertaining to reimbursement of expenses incurred in the course of routine business operations, including repairs, maintenance, travel, etc., at actuals.
- 6.2 Transactions involving corporate restructuring, such as buy-back of shares, capital reduction, merger, demerger, hive-off etc. which are approved by the Board and carried out in accordance with specific provisions of the Companies Act, 2013 or the Listing Regulations, 2015;
- 6.3 Any transaction in which the interest of Related Party arises solely from ownership of securities issued by the Company and all holders of such securities receive the same benefits pro rata as the Related Party or other pro rata interest of a Related Party included in a transaction involving generic interest of stakeholders involving one or more Related Parties as well as other parties.
- 6.4 Transactions pertaining to receipt of dividend on account of payment of dividend by a related party to all shareholders of such related party in proportion to their shareholding;

7. AMENDMENT

Any subsequent amendment / modification in the Listing Regulations or the Act or any other governing Act / Rules / Regulations or re-enactment, impacting the provisions of this Policy, shall automatically apply to this Policy and the relevant provision(s) of this Policy shall be deemed to be modified and / or amended to that extent, even if not incorporated in this Policy.



8. REVIEW

The adequacy of this Policy shall be reviewed and reassessed by the Committee periodically and at least once in three years and appropriate recommendations shall be made by the Audit Committee to the Board to update the Policy based on the changes that may be brought about due to any regulatory amendments or otherwise.
