

NFRA POLICY OF SHANTHALA FMCG PRODUCTS LIMITED

Policy Title: Policy on Two-Way Communication Between Statutory Auditors and Those Charged with Governance (TCWG) / Audit Committee.

Effective Date: March 10, 2026

Applicable To: Board of Directors (including Independent Directors), Audit Committee, Statutory Auditors, Company Secretary and Senior Management of Infra Industries Limited.

1. Preface & Regulatory Background

This Policy is framed in compliance with the National Financial Reporting Authority (NFRA) Circular dated January 7, 2026, on *“Effective Communication Between Statutory Auditors and Those Charged with Governance (TCWG), Including Audit Committees.”*

The Policy also derives authority from:

- Sections 134, 143, 177 of the Companies Act, 2013.
- Schedule IV (Code for Independent Directors).
- SA 260 (Revised) – Communication with Those Charged with Governance.
- SA 265 – Communicating Deficiencies in Internal Control.
- Other relevant SAs listed in Annexure I of the NFRA Circular.

2. Objective

To establish a **robust, documented, two-way communication framework** between the Statutory Auditors and the TCWG (Board / Audit Committee) to:

- Enhance audit quality and governance.
- Ensure timely visibility into audit planning, risks, and findings.
- Strengthen oversight of financial reporting and internal controls.
- Protect public interest and investor confidence.

3. Definition of TCWG for this Company

For the purpose of this Policy, **Those Charged with Governance (TCWG)** shall be:

- **Primary TCWG:** The **Audit Committee** (as constituted under Section 177).
- **Full TCWG:** The **Board of Directors**.

- **Principle:** The Statutory Auditors shall communicate with the Audit Committee as the primary TCWG, but shall also communicate with the full Board where:
 - The Audit Committee lacks authority to act on a matter.
 - The matter is of strategic or reputational significance.
 - Required by any Standard on Auditing.

The **Company Secretary** shall facilitate the identification and documentation of TCWG at the beginning of every audit engagement.

4. Nodal Persons for Two-Way Communication

Role	Nodal Person(s)
From TCWG / Board	Ms. Shobitha Mallya (Managing Director) Mr. Yogish Mallya (Chief Financial Officer) Mr. Ravikant Mhatre (Chairperson of Audit Committee)
From Statutory Auditors	Mr. Laxman Kale (Partner of Statutory Auditor)

These nodal persons shall be responsible for ensuring timely, meaningful, and documented communication throughout the audit cycle.

5. Frequency & Timing of Meetings

Sl. No.	Meeting Type	Timing	Agenda (Minimum)
1	Pre-Audit Meeting	Before commencement of annual audit (preferably within Q1/Q2)	Audit strategy, materiality, risk of material misstatement (ROMM), internal controls, fraud risks, related parties, going concern assumptions
2	Post-Audit / Pre-Approval Meeting	Well before approval of financial statements	Significant findings, audit difficulties, internal control deficiencies, accounting estimates, independence confirmation, key audit matters (KAMs)
3	Additional Meetings	On request by Auditor or TCWG	Suspected fraud, significant disagreements with management,

Sl. No.	Meeting Type	Timing	Agenda (Minimum)
	(as needed)		regulatory non-compliance, going concern issues, etc.

Note: The above meetings shall be scheduled to align with quarterly Board meetings under Section 173(1) wherever feasible.

6. Form & Documentation of Communication

Requirement	Details
Primary Form	Written communication (letters, formal minutes, structured presentations)
Oral Communication	Must be documented in writing immediately, including date, time, participants, and key discussion points
Unacceptable Formats	– Bullet-only presentations without narrative – Emails stating “silence = acceptance” – Verbal discussions without written record
Acknowledgment	Both parties (Auditor & TCWG) must formally acknowledge receipt and understanding of significant communications

All written communications shall form part of:

- Audit work papers (with Auditor)
- Agenda & minutes of Audit Committee / Board meetings

7. Matters to be Communicated (Mandatory Agenda Items)

The following matters **shall invariably** be communicated in writing:

A. Before Audit Commencement

- Planned scope & timing of audit
- Materiality quantification & its effect on audit nature/extent
- Auditor’s assessment of Risk of Material Misstatement (ROMM) due to fraud or error
- Internal control environment (including fraud prevention)
- Significant accounting policies & management estimates
- Use of experts (management or auditor)

- Related party transactions policy & identified transactions

B. During / After Audit (Before FS Approval)

- Significant difficulties encountered (e.g., information unavailability)
- Significant material weaknesses in internal financial controls
- Auditor's views on management's accounting estimates (valuation, impairment, going concern, expected credit loss, etc.)
- Suspected or identified fraud (even if immaterial in amount)
- Non-compliance with laws & regulations affecting license to operate
- Related party transactions not in ordinary course / not at arm's length
- Auditor independence & ethics:
 - All relationships (business, non-audit services) with company & network firms
 - Safeguards applied to reduce threats to independence

C. Any Other Matter

- As required under SA 240, SA 250, SA 450, SA 505, SA 550, SA 560, SA 570 (Revised), SA 580, SA 610, SA 701, SA 705, SA 706, SA 710, SA 720 (Revised) – refer to Annexure I of NFRA Circular.

8. Auditor's Request for Meeting

- If the Statutory Auditor requests a meeting in writing (e.g., for potential fraud, significant difficulties, control weaknesses), the **TCWG shall accede** to the request.
- If TCWG declines (rare), they must provide **written reasons** for declining, to be recorded in Board minutes.

9. TCWG's Responsibilities (Not Relieved by Audit)

TCWG acknowledges that the fact of audit does **not** relieve them of their responsibilities, including:

- Oversight of financial reporting and internal controls (Section 134).
- Satisfying themselves of integrity of financial information (Schedule IV for Independent Directors).
- Ensuring robust risk management systems.
- Communicating to Auditors:

- Strategic decisions affecting audit.
- Suspected or actual fraud.
- Concerns about integrity/competence of senior management.
- Significant regulatory communications.

10. Company Secretary's Role

The Company Secretary shall:

- Circulate this Policy and the NFRA Circular to the Board, Audit Committee, and Statutory Auditors.
- Schedule the mandatory pre-audit and post-audit meetings.
- Ensure agenda items as per Section 7 above are included.
- Maintain a **communication log** (date, mode, participants, summary, action taken).
- Ensure minutes of Board/AC meetings reflect all significant communications with Auditors.

11. Consequences of Non-Compliance

Non-compliance with this Policy may:

- Constitute a violation of the Companies Act, 2013 and SAs.
- Be treated by NFRA as a governance failure impacting public interest.
- Attract regulatory action against the company, its officers, and its Auditors.

12. Review & Amendment

This Policy shall be reviewed annually by the Audit Committee and updated to reflect changes in law, standards, or NFRA guidance.

13. Approval

Approved By	Date
Board of Directors	10-03-2026
Audit Committee	20-02-2026

Approved By	Date
Company Secretary (for circulation)	10-03-2026