

MTAR TECHNOLOGIES LIMITED

FRAMEWORK FOR EFFECTIVE COMMUNICATION BETWEEN STATUTORY AUDITORS AND THOSE CHARGED WITH GOVERNANCE (TCWG)

1. BACKGROUND

National Financial Reporting Authority (“NFRA”) issued a Circular on 7 January 2026 regarding effective communication between statutory auditors and Those Charged with Governance (“TCWG”), including Audit Committees. (“Circular”).

2. OBJECTIVE

To establish a robust, timely and documented two-way communication mechanism between Statutory Auditors and TCWG (Board / Audit Committee) to enhance audit quality, governance and oversight.

This Framework aims to:

1. Enhance the quality and effectiveness of the audit process;
2. Ensure timely communication of significant audit matters;
3. Strengthen governance, accountability and internal control oversight;
4. Facilitate proper documentation and escalation of critical matters.

3. SCOPE

This Framework shall apply to:

1. Board of Directors
2. Audit Committee
3. Statutory Auditors
4. Senior Management involved in financial reporting, internal controls and audit coordination

4. DEFINITIONS

1. TCWG:

“Those Charged With Governance (TCWG)” shall be determined by the Statutory Auditor at the beginning of the Audit including:

- Board of Directors; and/or
- Audit Committee or any sub-group authorised by the Board.

2. Audit Committee:

Audit Committee means the committee constituted by the Board of Directors in accordance with Section 177 of the Companies Act, 2013, responsible for oversight of financial reporting, internal controls, audit processes and auditor independence.

3. Statutory Auditors:

Statutory Auditor means the independent auditor appointed u/s 139 of the Companies Act, 2013 to conduct audit of the financial statements of the Company.

4. Board:

Board or Board of Directors means the Board of Directors of the Company.

5. Management

Management means the persons responsible for conduct of operations, preparation of financial statements, maintenance of internal controls and implementation of Board decisions.

6. Standards on Auditing (SAs)

Standards on Auditing means the auditing standards prescribed under Section 143(10) of the Companies Act, 2013.

7. Significant Matters

Significant Matters include material audit observations, internal control deficiencies, fraud risks, regulatory non-compliances, related party transaction concerns, accounting judgments and other matters requiring attention of TCWG.

5. COMMUNICATION FRAMEWORK:

5.1 Nodal Persons for Communication:

Role	Designation	Responsibility
Company Nodal Person	CFO	Coordination with Statutory Auditors and sharing of financial information/documents
Board Nodal Person	Audit Committee Chairperson (Independent)	Governance oversight, escalation and review of significant audit matters
Compliance & Coordination Support	Company Secretary	Facilitating communication between Auditors, Audit Committee and Board; maintenance of records and minutes
Auditor Nodal Person	Engagement Partner	Overall audit communication and reporting with TCWG and Audit Committee

**The above nodal persons may be revised by the Company or Audit Engagement Team from time to time, as considered necessary.*

5.2 Frequency of Meetings:

Minimum two meetings annually — before commencement of audit and before approval of financial statements, meetings between Auditors and TCWG shall be conducted and meetings may be conducted physically, virtually or through any other permitted mode.

1. Prior to commencement of audit – Mandatory Meeting
2. During the audit process, where required
3. Before approval of financial statements – Mandatory Meeting
4. Whenever significant issues or risks are identified

Additional meetings may be convened in case of:

1. Suspected fraud
2. Significant internal control weaknesses
3. Regulatory non-compliance
4. Material accounting judgments or disputes
5. Going concern concerns
6. Any other significant matter requiring discussion or escalation

5.3 Nature of Communication:

Communication between the Statutory Auditors and TCWG shall be regular, transparent and conducted in a timely manner to ensure effective discussion and resolution of audit-related matters.

Such communication shall:

- clearly explain the matter being discussed;
- include observations, concerns, recommendations and required actions, wherever applicable;
- mandatory be made in writing;
- be properly recorded through minutes, emails, reports or other official records for future reference and follow-up;
- oral communication must include date, time and persons involved and form part of audit workpapers/minutes;
- Significant communications should be formally acknowledged by both auditor and TCWG;

5.4 Communication Requirements under Standards on Auditing:

The Statutory Auditors shall communicate scope and timing of audit with TCWG on matters required under the applicable Standards on Auditing (“SAs”) prescribed under the Companies Act, 2013.

Such matters may include, inter alia:

- audit scope, approach and timelines;
- audit materiality and its impact on audit procedures
- significant audit findings and observations;
- Risk of Material Misstatement assessment
- fraud risks or suspected fraud;
- deficiencies in internal financial controls;
- non-compliance with laws and regulations affecting operations/licence;
- related party transactions;
- significant accounting estimates and judgments;
- going concern related matters;
- auditor independence and ethical compliance;
- modified opinions, key audit matters or emphasis of matter, if any;
- uncorrected misstatements identified during the audit; and
- significant audit difficulties (delay in information, inability to obtain evidence etc.) if any.
- any other matter required to be communicated under the applicable auditing standards.

The communication shall be made in a timely manner and appropriately documented as part of the audit and governance process. Communication through presentations alone or “silence deemed acceptance” approach is unacceptable

TCWG should communicate to the Statutory Auditors all strategic decisions, fraud concerns, management integrity concerns, regulatory matters, internal control concerns etc. to auditors.

5.5 Escalation and Communication of Significant Matters:

Any significant matter identified during the audit process or through discussions between the Statutory Auditors and nodal persons of TCWG shall be appropriately communicated, reviewed and escalated based on its nature and significance.

The communication process shall include:

- regular interaction between the Auditors and designated nodal persons of TCWG;
- timely escalation of significant matters to the Audit Committee and/or Board, wherever required;
- communication of matters discussed with any subgroup or committee of TCWG to the appropriate governing authority, where considered necessary;
- tracking of pending matters, corrective actions and status updates until closure.

Matters involving fraud risk, material misstatements, significant control weaknesses, regulatory concerns or governance issues shall be escalated on priority basis.

5.6 Documentation of Views, Actions and Decisions of TCWG:

The Company shall maintain proper documentation of significant matters communicated by the Statutory Auditors and the corresponding views, instructions, decisions or actions of TCWG.

Such documentation may include:

- audit plans, scope and timelines;
- significant audit observations and findings;
- Auditor’s assessment of risks relating to fraud or error;
- observations relating to internal financial controls and risk management systems;
- responses, clarifications and action plans provided by Management or TCWG;
- directions or recommendations issued by the Audit Committee or Board.

All such discussions, decisions and action points shall be appropriately recorded through minutes, reports, written communications or other official records for monitoring and future reference.

6. CONFIDENTIALITY

All communications, discussions, reports and documents exchanged under this Framework shall be treated as confidential and handled in accordance with applicable laws, regulatory requirements and the Company’s internal policies.

7. REVIEW OF FRAMEWORK

This Framework shall be reviewed periodically by the Audit Committee and updated whenever required due to changes in applicable laws, regulations or governance practices.

8. INTERPRETATION

Any clarification or interpretation relating to this Framework shall be determined by the Audit Committee in consultation with the Board, wherever required. Notwithstanding anything contained in this Framework, in the event of any inconsistency, ambiguity, omission or contradiction between the provisions of this Framework and the requirements of the NFRA Circular dated 07 January 2026 or any applicable provisions of the Companies Act, 2013, Standards on Auditing or other applicable laws/regulations, the provisions of such applicable laws, Standards on Auditing and the NFRA Circular shall prevail and this Framework shall be read and interpreted accordingly.

9. EFFECTIVE DATE

This Framework shall come into effect from the date of approval by the Board of Directors.

Approved By: Board of Directors

Date: 12.05.2026

Place: Hyderabad

This Framework shall be read in conjunction with the applicable provisions of the Companies Act, 2013, Standards on Auditing and other applicable regulatory requirements.