POLICY ON IMPLEMENTATION OF NFRA CIRCULAR ON THOSE CHARGED WITH GOVERNANCE ("TCWG")

[As approved by the Board of Director on May 25, 2026]

Introduction:

This Policy is framed by Techno Electric & Engineering Company Limited ("the Company") with the Objective of implementation of NFRA Circular No. NF-25013/2025- NFRA dated 07.01.2026 ("the said NFRA Circular").

This Policy lays down the framework for establishing a Two-Way Communication between the Statutory Auditors, Those Charged with Governance ("TCWG") and the Management, with special emphasis on Transparency, timely and well-structured communication throughout the audit cycle to enhance audit quality and also strengthen governance within the Company to achieve the broader aim to safeguard public interest and maintaining investor confidence in public interest entities.

This Policy was framed and approved by the Board of Directors at its meeting held on May 25, 2026.

In case of any inconsistency in the Policy and the Standards on Auditing / Act / Listing Regulations/ NFRA Circular, as may be amended from time to time, the provisions of the Standards on Auditing/Companies Act / Listing Regulations/ NFRA Circular shall prevail.

In accordance with SA 260 (Revised), (Paragraph 18), the Auditor shall communicate with TCWG the form, timing, and expected general content of communications. To ensure clarity, it is recommended (though not mandatory) that the Auditor and TCWG discuss at the start of the financial year:

- **i.** The planned scope and timing of the audit (SA 260 (Revised), Paragraph 15); and
- **ii.** The expectations of two-way communication, including typically expected agenda items.

For effective implementation of the standards, the Board has prepared an overall communication framework between TCWG and Auditors. This framework may include the following:

- **a)** Objective and Purpose of the Two-way Communication;
- **b)** Name and details of Members of the Board and Audit Engagement Team (AET) who shall be nodal persons for ensuring an effective two-way communication throughout the audit. Nodal persons of the Board may include Independent Directors as well as Non-Independent Directors;
- **c)** Expectations of the Auditors from the Board that they expect a two-way communication i.e., TCWG will communicate to the Auditors on the matters that will be relevant to audit such as strategic decisions that may significantly affect the nature, timing and extent of audit procedures, the suspicion or the detection of fraud, and concerns with the integrity or competence of senior management, significant communications, if any, with Regulators, their views, awareness and actions regarding Internal Controls including Internal Audit Function,

TCWG's awareness and actions in relation to developments in the financial reporting framework, corporate governance practices and other regulatory matters. This expectation is without prejudice to the professional skepticism required of the Auditor as per the standards on Auditing;

d) Summary of the prescriptions of key SAs that require communication of specific matters with TCWG by the Auditors.

e) Policy and Process of updating or escalating the matters to TCWG, about the discussion and communication between Nodal officers of TCWG and Auditors and also the Auditors' interaction with subgroups of TCWG.

f) Policy and process of documenting and communicating the views/ instructions/ actions of TCWG on the significant matters communicated by the Auditors, such as planned scope and timing of audit, Auditor's assessment of Risk of Material Misstatement due to fraud or error, Auditor's evaluation of the Internal Control System in the Company.

g) Frequency of meetings between TCWG, and the Auditors and the expected Agenda matters for the meetings.

h) All significant communications shall be in writing and formally acknowledged by both the Auditor and TCWG, either in the form of minutes of the meeting or letters.

Objective:

This Policy sets out a formal, robust, and regulatory aligned framework governing communication between Those Charged with Governance (TCWG) and the Statutory Auditor in connection with the statutory audit of the books of accounts and financials. The Policy is designed to ensure compliance with Indian Standard on Auditing (SA) 260 (SA 260) and other applicable auditing standards, and to support effective oversight of the financial reporting and audit process.

The objectives of this Policy are to: -

a) Establish clear, timely, and effective two-way communication between TCWG and the Statutory Auditor;
b) Enable TCWG to discharge their oversight responsibilities over financial reporting, internal controls, and the audit process;
c) Enable the Statutory Auditor to plan and perform the audit effectively; and
d) Ensure that all significant audit matters are communicated in a timely, transparent, and documented manner.

Scope:

This Policy applies to all statutory audits of the Company and governs communications between the Statutory Auditor (including the Engagement Partner and other designated members of the audit team) and - Those Charged with Governance, including any other body or individual entrusted with governance and oversight responsibilities.

Definitions:

"Act" shall mean the Companies Act, 2013 as amended from time to time.

"Audit Committee" shall mean the Audit Committee constituted by the Board of the Company from time to time, in accordance with the provisions of the Act and Listing Regulations.

"Board of Directors" or "**Board"** shall mean the collective body of the Directors of the Company as constituted from time to time, in line with the provisions of the Act and Listing Regulations.

"Committee of Those Charged with Governance" or "Committee of TCWG" shall mean the Committee constituted or any re-constitution thereof by the Board of Directors of the Company as determined by the Statutory Auditors for implementing the said NFRA Circular, including the Audit Committee.

"Listing Regulations" shall mean SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended).

"**Nodal Officer of the TCWG**" shall mean Shri Pradeep Kumar Lohia, President (Finance) & CFO.

Any other term not defined herein shall have the same meaning as defined in the Standards on Auditing, the Act, the Listing Regulations, or any other applicable act, law or regulation.

Matters to be Communicated with TCWG:

While the SAs, and provisions of CA 2013 and Rules thereof have a comprehensive and detailed list of matters to be discussed with and communicated between the Auditors and TCWG, the following matters shall invariably form part of the agenda matters for interactions between Auditors and TCWG.

a) Audit Strategy and Audit Planning including quantification of Materiality and its effect on nature and extent of audit work; Auditors assessment of risk of material misstatement (ROMM), Internal Control Environment in particular to prevent frauds and non-compliance with critical laws and regulations; areas of significant accounting policy judgment and management estimations; areas requiring involvement of experts, either by the Management or the Auditors; accounting or other areas of concerns requiring special attention by the Auditors.

b) Status of audit work and significant findings during the audit period:

- Significant difficulties during the audit, like unavailability of expected information etc.
- Significant transactions or events where the Management encountered difficulties in identifying the appropriate accounting policies or standards, and the Auditor's view on the appropriateness of the policies applied by the Management.
- Significant and material weaknesses in internal financial controls and non-qualification of the Auditor's specific report on adequacy and operating effectiveness of internal financial controls.
- Discussions with Management on accounting estimates that involve significant management judgments or use of significant assumptions and forecasts such as valuation and impairment testing of unlisted shares/properties, going concern assessments, expected credit loss allowance estimates, etc.

c) Auditor's compliance with Independence and Code of Ethics regarding all the relationships and other matters such as business relationships, non-audit services, if any, between the Firm, Network Firms and the Auditee Company and other specified entities3 that may have an impact on Independence; and safeguards applied to eliminate or reduce threats to independence.

Manner of Communication:

In accordance with NFRA Circular this Policy lays down on modalities for communication between the Statutory Auditors, TCWG and Management and documentation as under:

a) All communications shall be in writing by email or other forms of written communication and oral communication shall be followed by a written communication of the matter orally discussed.

b) All communication shall be made to the Nodal Person, who shall discuss the issue or observation or suggestion in detail, collect necessary related material, documents, papers etc., evaluate the issue or observation or suggestion, strive to come to the conclusion on its materiality and significance and thereafter communicate/escalate the material and significant issue or observation or suggestion to Committee of TCWG for discussion and approval.

c) All issues or observations or suggestions and approval or resolution thereof shall be adequately recorded in the Minutes of the Committee of TCWG or documented in a manner to the satisfaction of the Committee.

d) For all issues or observations or suggestions that are pending for approved or resolution there shall be submitted an Action Taken Report at the next Committee meeting.

e) Where the circumstances warrant the Auditors should communicate directly with the Board.

f) Efforts should be made to document the views and suggestions of both the Auditors and TCWG and the discussions on the matter.

Governing Principles of Communication:

Communication between TCWG and the Statutory Auditor shall be governed by the following principles:

a) Timeliness: Matters shall be communicated sufficiently early to enable TCWG to take appropriate action.

b) Clarity and Precision: Communications shall be clear, specific, and free from ambiguity.

c) Completeness: All matters required to be communicated under applicable auditing standards shall be covered.

d) Two-way Engagement: Communication shall be interactive and not limited to one-way reporting.

e) Proportionality: The form, detail, and frequency of communication shall be commensurate with the significance of the matter.

Responsibility for Communication:

a) Statutory Auditor
  a. The Engagement Partner shall have primary responsibility for communication with TCWG. The Engagement Partner may delegate certain communications to senior members of the audit team, provided overall responsibility remains with the Engagement Partner.

b) Those Charged with Governance
  a. Communication on behalf of TCWG shall ordinarily be conducted through the Audit Committee or through Chief Financial Officer, for such matters as may be prescribed by the Audit Committee, including compliance with the circular.

Timing of Communication:

TCWG and the Statutory Auditor shall communicate throughout the audit cycle, including:

a) Planning Stage: Communication of auditor responsibilities, planned scope and timing of the audit, and significant risks identified. Approach to internal control and other areas of audit with nature and skills needed and possessed by the Audit Team.
b) During the Audit: Communication of significant difficulties encountered, emerging issues, or matters requiring prompt attention.
c) Completion Stage: Communication of significant audit findings, qualitative aspects of accounting practices, and matters affecting the auditor’s report.
d) Ongoing / As Required: Communication of auditor independence matters, going concern issues, fraud-related matters, or other significant issues as they arise.

Matters to be Communicated:

a) Auditor’s Responsibilities

The Statutory Auditor shall communicate its responsibilities in relation to the audit, including the objective of expressing an opinion on the financial statements and the respective responsibilities of management and TCWG.

b) Planned Scope and Timing of the Audit

The Statutory Auditor shall communicate information regarding the overall audit strategy and approach, planned scope and timing of the audit; significant risks identified; and application of materiality in planning the audit.

c) Significant Audit Findings

Significant audit findings to be communicated include:

i. Qualitative aspects of significant accounting policies and practices;
ii. Significant accounting estimates and judgments; -
iii. Significant difficulties encountered during the audit;
iv. Significant matters discussed with management;
v. Circumstances that may affect the auditor’s report;
vi. Other matters relevant to TCWG’s oversight of financial reporting;
vii. Maintaining adequate records for safeguarding Company assets;

viii. Preventing fraud and other irregularities;
ix. Preparation of Accounts and Financials on a going concern basis;
x. Implementation of adequate internal financial controls.

d) Auditor Independence

Where applicable, the Statutory Auditor shall communicate compliance with relevant ethical and independence requirements and safeguards applied to address identified threats and issues related to conflict of interest.

e) Other Matters

Other matters to be communicated, where relevant, include non-compliance with laws and regulations, instances of fraud, significant deficiencies in internal control etc.

Communication Matrix:

The following matrix sets out the minimum communication requirements:

Audit Stage	Matter	Responsibility (Auditor)	Mode of Communication	Responsibility (TCWG)
Planning	Auditor responsibilities, scope, timing	Engagement Partner	Written / Presentation	Review and acknowledge
Planning	Significant audit risks	Engagement Partner	Written / Oral	Provide inputs, oversight
During audit	Significant difficulties/issues	Engagement Partner	Oral followed by written	Consider and respond
During audit	Emerging significant matters	Engagement Partner	Oral / Email	Timely discussion
Completion	Significant audit findings	Engagement Partner	Written report	Review, challenge, approve
Completion	Qualitative aspects of accounting	Engagement Partner	Written / Presentation	Evaluate judgments
Completion	Matters affecting auditor’s report	Engagement Partner	Written	Oversight and action
Throughout	Auditor independence	Engagement Partner	Written	Evaluate and confirm

Two-Way Communication:

TCWG shall communicate matters relevant to the audit, including strategic decisions, risks, and governance issues and provide timely responses to audit observations and recommendations, where necessary.

The Statutory Auditor shall evaluate whether communication with TCWG has been adequate and, where it has not, assess the implications for the audit and take appropriate action in accordance with applicable standards.

Review and Amendment:

This Policy shall be reviewed periodically by TCWG to ensure compliance with applicable laws, regulations, and auditing standards. Any amendments shall be approved by the appropriate governance body.