Frick India Limited

STANDARD OPERATING PROCEDURE ("SOP")

Communication between Statutory Auditors and Those Charged With Governance ("TCWG")

1. Purpose and Scope

This Standard Operating Procedure ("SOP") is established to create a robust and transparent framework for communication between Statutory Auditors and **Those Charged With Governance ("TCWG")**.

The SOP is framed in strict adherence to:

- **National Financial Reporting Authority ("NFRA")** Circulars on Auditor Communication.
- **Standards on Auditing (SA) 260 and 265** (Communication with TCWG and Internal Control Deficiencies).
- **Companies Act, 2013** and **SEBI Listing Obligations and Disclosure Requirements, Regulations, 2015 ("SEBI LODR Regulations")**.

2. Definitions

2.1 Those Charged With Governance ("TCWG")

For the functional requirements of this SOP, TCWG is defined as the **Audit Committee of the Board**, as constituted and approved by the Board of Directors in their meeting held on 13th February, 2026.

2.2 Statutory Auditor-TCWG Forum ("Forum")

The **Statutory Auditor-TCWG Forum ("Forum")** is the officially internal platform for formal, two-way communication between the Statutory Auditors and the TCWG.

2.3 Nodal Person

The **Chairperson of the Audit Committee** shall act as the Nodal Person for all formal communications with Statutory Auditors, as approved by the Board of Directors in their meeting held on 13th February, 2026. The Nodal Person shall act as the Chairperson of all the meetings of Forum and in his absence any member elected by the TCWG shall act as the Chairperson of that meeting.

3. Objectives

The primary objectives of the Forum and this SOP are to:

- Operationalize a structured and documented auditor communication channel.
- Strengthen the TCWG oversight of the financial reporting process.
- Facilitate early identification of significant risks and material misstatements.
- Ensure the timely resolution of audit observations and internal control deficiencies.

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- Maintain a complete documentation trail for regulatory inspections and NFRA compliance.

4. Periodicity and Schedule of Forum Meetings

There shall be a minimum of two mandatory Forum meetings per Financial Year:

1. **Forum 1st meeting:** To be conducted prior to the commencement of the statutory audit for the financial year ending March 31st. This session focuses on audit scope, strategy, and risk assessment.
2. **Forum 2nd meeting:** To be conducted, well in advance of the time, before the approval of financial statements by TCWG for the financial year ending March 31st.

Note: The Nodal Person (Audit Committee Chairperson) may convene additional or ad-hoc Forum meetings at his/her discretion or at the request from TCWG or the Auditors, if significant difficulties are encountered or difference of views/ opinions with those of the management.

The meetings may be conducted physically or virtually or through hybrid mode.

5. Agenda Management and Preparation

The **Company Secretary** holds the primary responsibility for the preparation of the agenda and the administration of the Forum.

- **Inputs:** Detailed inputs shall be gathered from the Statutory Auditor, the Nodal Person, the CFO/Financial Controller, and the Internal Auditor for the preparation of the agenda.
- **Circulation:** The formal agenda and supporting documents must be circulated at least **[2] working days** prior to the meeting. In exceptional circumstances, meetings may be called at shorter notice with the Chairperson's approval.

6. Core Agenda Items

The Forum agenda shall include, inter alia:

- Audit planning, scope, strategy and materiality thresholds;
- Significant risk areas and the Auditor's response to those risks;
- Confirmation of Auditor independence and objectivity;
- Identification of significant deficiencies in internal financial controls and adequacy of operating effectiveness of controls;
- Assessment of Risk of Material Misstatements, Fraud risks, Related Party Transactions, Regulatory Compliances, Whistle Blower, Corporate Governance and Management Readiness;
- Evaluation of Significant Accounting Estimates and "Going Concern" assumptions;
- Use of Experts opinions/discussions as and when requires;
- Compliance with ethical requirements and safeguards against threats to independence;
- Previous year's audit observations and audit deliverables.

7. Attendance and Quorum

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To ensure the validity and effectiveness of the Forum, the following attendance rules apply:

Category	Participants
Mandatory	All Audit Committee Members, Audit Committee Chairperson, Statutory Auditor (Engagement Partner/Representative), CFO, Financial Controller and Company Secretary.
Invitees (As Required)	CEO/Managing Director, Internal Auditor, Risk Officer, or any other person as may be required.

Quorum Requirement: The quorum of Forum meeting shall either be two members or one third of the members of the TCWG, whichever is greater, with at least one independent director. The presence of the Statutory Auditor (Engagement Partner/Representative) is mandatory for any audit-related deliberations.

8. Conduct of the Forum

The Chairperson's responsibilities include:

- Ensuring an environment of open communication.
- Providing the Statutory Auditors with opportunity to voice concerns.
- Encouraging independent discussion between TCWG members and statutory auditors.
- Identifying specific action points and assigning clear responsibilities.
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9. Recording and Maintenance of Minutes

The **Company Secretary** is responsible for the precise recording of Forum minutes.

- **Content:** Must document the meeting reference number, date, time, mode, attendees, specific auditor observations, management's responses and a clear matrix of action items with assigned timelines.
- **Preservation:** Records shall be preserved for a minimum period of 8 years.

10. Action Tracker and Monitoring

Post- Forum meeting, all directives to be moved to an Action Tracker.

Action Type	Responsible Person
Financial Clarifications & Disclosures	CFO / Financial Controller
Internal Control Remediation	Internal Auditor / Process Owner
Policy Updates	Process Owner
Governance, Statutory & Regulatory Compliance	CFO / Financial Controller/ Company Secretary

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Monitoring: The status of the Action Tracker shall be reviewed by the Nodal Person and Company Secretary periodically and presented at the subsequent Forum meeting for closure confirmation.

11. Outcome of Fourm Meeting: The minutes of Forum meeting alongwith the presentation made by the statutory auditor and any other audit work papers as defined by the statutory auditor shall form part of the agenda and minutes of the subsequent Board Meeting.

12. Independent Executive Sessions

The TCWG may meet with Statutory Auditors without Management presence, if required. The purpose is to discuss sensitive matters such as management cooperation, potential pressures on the audit team, and the overall robustness of the governance environment.

13. Escalation Mechanism

In the event of significant issues, the following escalation protocol shall be followed:

Statutory Auditor → Nodal Person → Forum →Board of Directors → Regulator (as per law).

Significant issues include, but are not limited to, suspected Fraud, Material Misstatement, Going Concern threats, or Regulatory Non-compliance.

14. Review and Approval

This SOP shall be reviewed periodically or upon significant changes in the regulatory landscape (NFRA/SEBI/MCA).

Approved By: Board of Directors

Effective Date: February 13, 2026

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