



**Policy on Communication Between Those Charged
with Governance and the Statutory Auditor**

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Policy on Communication Between Those Charged with Governance and the Statutory Auditor

1. Introduction

This Policy documents the obligations and best practices for effective two-way communication between Those Charged with Governance (“TCWG”) and the Statutory Auditor of Tarsons Products Limited, pursuant to the NFRA Circular dated 07 January 2026 and aligning with the Standards on Auditing, including SA 260 (Revised) and SA 265, and applicable provisions of the Companies Act, 2013 (the “Act”).

The NFRA Circular emphasizes timely, continuous, substantive and documented communications, as well as the collective responsibility of the Company’s governing bodies. Further, two-way communication is a joint responsibility of the Board of Directors, Audit Committee, Management and the Statutory Auditor.

2. Purpose

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;
- d) Ensure that all significant audit matters are communicated in a timely, transparent, and documented manner;
- e) Enhance governance oversight and strengthen audit quality; and
- f) Ensure compliance with the applicable provisions of the Companies Act, 2013, the Standards on Auditing and the NFRA Circular.

3. Scope and Applicability

This Policy applies to all members of the Board of Directors, Audit Committee, Management and the Statutory Auditor engaged by Tarsons Products Limited.

The Policy covers communications relating to the annual statutory audit conducted under the Companies Act, 2013 and such other matters as may be required under applicable law, regulatory requirements, or auditing standards.

4. Definitions

a. Those Charged with Governance (“TCWG”) as defined under para 10(a) of SA 260 (Revised), TCWG includes persons responsible for overseeing the strategic direction of the Company and obligations related to accountability of the Company.

For the purpose of this Policy, TCWG shall include Mr. Sanjive Sehgal, Chairman & Managing Director, Mr. Aryan Sehgal, Whole Time Director and the Audit Committee of Tarsons Products Limited. The Statutory Auditor shall



evaluate and appropriately identify the persons constituting TCWG at the commencement of the audit engagement and reassess the same, where necessary, during the course of the audit.

b. Statutory Auditor means the audit firm appointed under the Companies Act, 2013 to conduct the statutory audit of the Company.

The term “Engagement Partner” refers to the lead partner responsible for the audit engagement and its performance.

c. Two-way Communication means an iterative, ongoing dialogue whereby the Statutory Auditor communicates audit strategy, scope, risk assessment, findings and internal control issues to TCWG and TCWG reciprocates with business context, oversight inputs, risk insights and responses to audit matters.

Such communications shall be documented in accordance with SA 260 (Revised), SA 265, and other applicable Standards on Auditing.

5. Responsibility for communication

a) Statutory Auditor

The Engagement Partner shall have the primary responsibility for communication with TCWG.

The Engagement Partner may delegate certain communications to senior members of the audit engagement team, provided the overall responsibility for such communication shall continue to remain with the Engagement Partner.

b) Those Charged with Governance

Communication on behalf of TCWG shall ordinarily be conducted through the Audit Committee and/or the Managing Director acting as a nodal person(s), for matters as prescribed under SA 260 (Revised), SA 265 and other applicable Standards on Auditing.

6. Nodal Persons

In compliance with the NFRA Circular, the Company and the Statutory Auditor shall designate nodal persons for ensuring effective, timely and continuous two-way communication throughout the audit process.

The nodal persons designated on behalf of the Company may include Independent Directors, Non-Independent Directors, or such other persons as may be considered appropriate under applicable law.

For Tarsons Products Limited, the designated nodal person on behalf of the Company shall be Mr. Aryan Sehgal, or such other person as may be designated by the Board or Audit Committee from time to time.

The designated nodal person on behalf of the Statutory Auditor shall be the Engagement Partner.

The names and details of the designated nodal persons shall be appropriately documented and communicated to the relevant stakeholders.



7. Communication Requirements

The Companies Act, 2013 imposes obligations on the Board of Directors, Audit Committee and the Statutory Auditor, including but not limited to obligations under Sections 134, 143 and 177 of the Companies Act, 2013.

Further, SA 260 (Revised) and SA 265 set out specific requirements relating to audit planning, audit findings, significant risks, materiality and internal control deficiencies.

The NFRA Circular reiterates the requirement for continuous, timely, substantive and documented two-way communications between TCWG and the Statutory Auditor.

Accordingly, all communications under this Policy shall be:

- timely;
- complete and substantive;
- appropriately documented;
- formally acknowledged, wherever applicable; and
- circulated among relevant stakeholders on a need-to-know basis.

Further, TCWG shall periodically update the full Board of Directors regarding communications held with the Statutory Auditor.

8. Communication Lifecycle

I. Communication by the Statutory Auditor to TCWG

All significant communications shall ordinarily be made in writing and formally acknowledged by both the Statutory Auditor and TCWG through minutes, letters, email records, presentations, or other documented means.

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 internal financial controls with reference to financial statements and the respective responsibilities of Management and TCWG.

b) Audit Planning and Strategy

The Statutory Auditor shall communicate the overall audit strategy and audit approach, the planned scope and timing of the audit, significant risks identified, application of materiality in planning and performing the audit and the key areas of audit focus.

c) Audit Findings and Reports

The Statutory Auditor shall communicate:

- i. status of audit work;
- ii. significant audit findings;
- iii. key audit matters;
- iv. significant audit difficulties encountered during the audit;
- v. unusual transactions outside the normal course of business;



- vi. misstatements arising from transactions or events involving difficulties in identification of appropriate accounting policies; and
 - vii. matters that may affect the auditor's report.
- d) Significant Risks and Significant Judgement Areas
The Statutory Auditor shall communicate:
- i. significant risks and areas of significant judgement and management estimates;
 - ii. areas requiring involvement of experts; and
 - iii. areas involving significant assumptions and forecasts such as valuation, impairment testing, going concern assessments.
- e) Auditor Independence and Ethical Matters
Where applicable, the Statutory Auditor shall communicate:
- i. compliance with relevant ethical and independence requirements;
 - ii. safeguards applied to address identified threats;
 - iii. matters related to conflict of interest;
 - iv. non-audit services, if any; and
 - v. other matters affecting auditor independence.
- f) Other Matters
The Statutory Auditor shall also communicate, where relevant:
- i. Instances of non-compliance with laws and regulations that could have a material effect on the financial statements;
 - ii. significant deficiencies and material weaknesses in internal controls;
 - iii. concerns regarding related party transactions, including their nature, extent and valuation aspects; and
 - iv. other matters relevant to TCWG's oversight of financial reporting and governance.

II. Communication by TCWG to the Statutory Auditor

TCWG shall communicate to the Statutory Auditor such matters as may be relevant to the audit, including:

- a. Strategic decisions that may significantly affect the nature, timing and extent of audit procedures;
- b. Suspicion or the detection of fraud;
- c. Concerns with the integrity or competence of senior management;
- d. Significant communications with regulators, if any;
- e. views, awareness and actions regarding internal financial controls and the internal audit function,
- f. developments relating to the financial reporting framework;
- g. Corporate governance practices; and
- h. other regulatory or governance matters relevant to the audit.

9. Communication Matrix

The following matrix sets out the minimum communication requirements:

Audit Stage	Matter	Responsibility of Communication	Mode of Communication	Views/ Instructions/ Actions
Planning	Auditor's Responsibilities; Audit Planning and Strategy; Significant risks and significant judgment areas; Auditor Independence and Ethical Matters	Auditor	Written communication / Presentation	TCWG – Review, acknowledge, provide inputs and exercise oversight.
During audit	Significant difficulties/ issues; Emerging issues and significant matters	Auditor	Oral communication followed by written documentation	TCWG – consider, discuss and respond in a timely manner
Completion	a. Audit Findings and Reports; b. Significant deficiencies and material weakness in internal controls; c. Significant risks and significant judgment areas; d. Auditor independence and ethical matters; e. Non-compliance with laws and regulations; f. Concerns regarding related party transactions; and g. Other matters.	Auditor	Written communication / Presentation	TCWG – review, challenge, evaluate judgements, exercise oversight and confirm auditor independence
Planning and Completion	Matters referred to clause 8(II) above	TCWG	Oral communication followed by written documentation	Auditor – evaluate and consider the impact on audit strategy, procedures and reporting

10. Content of Communications

Communications under this Policy shall, where applicable, include matters relating to:

- audit scope and strategy;



- materiality;
- risks of material misstatement;
- fraud considerations;
- significant audit findings and adjustments;
- disagreements relating to accounting treatments;
- internal control deficiencies;
- auditor independence and ethical matters; and
- the expected form and content of the auditor's report.

Additional Standards on Auditing, including SA 701, SA 705, SA 706, or other applicable standards, may require supplementary communications.

11. Timing and Frequency

The communication cycle shall include at least two structured meetings comprising:

- a. pre-audit planning discussions; and
- b. pre-finalization discussions prior to issuance of the auditor's report.

Periodic interim updates may also be conducted, where considered necessary based on the nature, complexity, or significance of audit matters.

A pre-audit meeting between the Audit Committee and the Statutory Auditor may additionally be held on a quarterly basis as part of the Company's governance framework and effective two-way communication.

All such meetings and communications shall be appropriately documented.

12. Documentation and Record-Keeping

The Company shall maintain:

- a. an audit communication log;
- b. minutes of meetings;
- c. written correspondences;
- d. presentations;
- e. email communications; and
- f. acknowledgements of communications, where applicable.

The Company Secretary shall ensure retention and preservation of all relevant records in accordance with applicable laws, regulatory requirements, and document retention policies.

Electronic records and virtual meeting communications shall also form part of the documentation framework under this Policy. Records relating to communications under this Policy shall be preserved in accordance with applicable law and the Company's document retention framework.



13. Confidentiality

All communications made under this Policy shall be treated as confidential and shall be shared only with persons having a legitimate governance, regulatory, or operational requirement, except where disclosure is required under applicable law or regulatory obligations.

14. Oversight and Review

The Audit Committee shall review the effectiveness of the communication framework under this Policy at least annually and may solicit feedback from relevant stakeholders for strengthening the framework.

Any significant unresolved matter between Management and the Statutory Auditor, including disagreements relating to accounting treatment, disclosures, scope limitations, or internal control concerns, shall be appropriately escalated to the Audit Committee and the Board of Directors.

15. Non-Compliance and Remedial Actions

Any failure to comply with communication obligations under applicable law, Standards on Auditing, the NFRA Circular, or this Policy, including incorrect identification of TCWG, omission of required matters, delayed communications, or absence of documentation, shall be appropriately escalated to the Audit Committee and/or Board of Directors.

Such instances shall be documented, reviewed, and addressed through suitable corrective and remedial actions.

16. Effective Date & Review Cycle

This Policy shall become effective upon approval by the Board of Directors of Tarsons Products Limited and shall be reviewed at least annually or as may be required due to amendments in applicable laws, regulations, auditing standards, or regulatory guidance.
