

DEEPAK BUILDERS & ENGINEERS INDIA LIMITED

**FRAMEWORK FOR EFFECTIVE TWO-WAY COMMUNICATION BETWEEN
STATUTORY AUDITORS AND THOSE CHARGED WITH GOVERNANCE
(TCWG) IN TERMS OF CIRCULAR DATED 7TH JANUARY 2026 ISSUED BY
NATIONAL FINANCIAL REPORTING AUTHORITY**

VERSION 1.0

Deepak Builders & Engineers India Limited is an integrated engineering and construction company. The Company is a Public Limited Company. The Company is listed on the National Stock Exchange of India (NSE: DBEIL) and the Bombay Stock Exchange (BSE: 544276).

1. Objective and Purpose

The National Financial Reporting Authority (NFRA), has issued the circular dated 7th January 2026 ('NFRA Circular'), with a view to strengthen the communications between Statutory Auditors ('Auditors') and Those Charged with Governance ('TCWG'), including Audit Committee ('AC'), in line with the requirements of the Companies Act, 2013 ('CA 2013'), the Standards on Auditing ('SAs') specified under section 143(10) of the CA 2013, and other relevant Rules and Regulations (Applicable Directives). This circular is applicable to all listed and other companies as specified in Rule 3 of NFRA Rules, 2018.

The gist of the important requirements of the aforesaid NFRA Circular dated 7th January 2026 are as below:

- TCWG can be the Board of Directors or a sub-group of the Board which could be the Audit Committee plus some of the Board members as may be decided by the Board.
- It is a joint or collective mandatory obligation of the Company's Board of Directors, its Audit Committee, its Management and its Auditors to establish a robust, effective two-way communication framework.
- There should be a documented two-way communication framework for regular interactions between the Auditors and the TCWG throughout the course of audit.

The primary objective of establishing a two-way communication framework is to build transparent and constructive communications between the TCWG and the audit team. The purpose of this dialogue is to ensure that both parties are aligned on the audit's focus, allowing the management to proactively address significant matters as they arise rather than waiting for year-end reports. This open exchange empowers our Board and Audit Committee to provide more effective oversight, while also giving the auditors a clearer, more nuanced understanding of our business operations.

2. Governance Structure and Identification of TCWG

2.1 As per the NFRA Circular and having regard to the governance structure at the Company, the Board of Directors of the Company shall establish the Those Charged with Governance ('TCWG') Group/Committee. The TCWG constitution and identification of members of the Committee shall be reviewed and approved by the Board of Directors of the Company from time to time in accordance with

the Applicable Directives and regulations applicable to the Company from time to time. :

2.2 **Nodal Person for Two-way Communication**

One representative from TCWG Committee shall be identified as nodal officer for two-way communication and one from the engagement team of the Statutory Auditors as identified and communicated by the Statutory Auditors

Any change in the incumbency of the **Nodal Officer** of the Company or the **Statutory Auditors** shall automatically result in a corresponding update to the designated **Nodal Persons** for the purpose of audit-related communications under the **NFRA framework**.

The Nodal Persons shall act as the primary coordination points between the Statutory Auditors and TCWG for the purposes set out in this framework.

- 2.3 The TCWG shall assist the Board of Directors and Audit Committee in ensuring that financial reporting is technically robust, compliant with applicable regulations, and supported by sound professional judgment. The TCWG strengthens the Company's governance framework by providing expert-level scrutiny of significant accounting and actuarial judgments used in financial statements. The TCWG shall strictly function in an advisory capacity and does not override the authority of Board of Directors and Audit Committee of the Board. All conclusions shall be recommendatory only. Final decisions shall rest exclusively with the Audit Committee/Board of Directors. The Board acknowledges that delegation to the TCWG does not absolve the Board of its overall responsibility, and that material audit matters may require escalation to and deliberation by the full Board.
- 2.4 The Company Secretary will be convener of the meeting.
- 2.5 Statutory Auditors, Chief Financial Officer or any other officer shall be the invitees to the meeting of TCWG.
- 2.6 Where required, the TCWG is authorized by the Board to access information from any department, request technical memoranda from management, seek external expert advice if necessary, and engage with internal and Statutory Auditors.
- 2.7 Quorum: The quorum for the meeting shall be two-thirds of the total composition of the Committee. The presence of the Nodal Officer shall be mandatory for the meeting.
- 2.8 Chairman: The members present in the meeting may elect any one of the Members of the Committee to Chair the meeting.
- 2.9 Statutory auditors shall have the ability to interact directly with the Audit Committee without management presence, irrespective of discussions held in TCWG.

3. Roles and Responsibilities

The TCWG shall operate within the regulatory and governance framework established under NFRA, the Companies Act 2013, Accounting Standards / Ind AS, SEBI Regulations / Reserve Bank of India Guidelines as applicable to the Company and Auditing standards issued by the Institute of Chartered Accountants of India.

3.1 Role of TCWG on Behalf of the Board

The TCWG shall act as the primary interface with the Statutory Auditors and shall:

- Review and discuss audit strategy, scope, timing, and materiality;
- Review significant audit risks and key audit matters;
- Review significant accounting judgments and estimates;
- Monitor Auditor independence and performance;
- Review internal financial control with reference to financial statements deficiencies and management action plans;
- Review internal audit report and management action plans;
- Review list of related parties and transactions thereof at arm's length price;
- Review any non-compliance with laws and regulations;
- Facilitate escalation of critical matters to the Board;
- Report significant audit matters to the Board with clear recommendations; and
- Perform any other functions as may be delegated by the Board or required under applicable regulatory frameworks.

4. Expectations of the Auditors from TCWG

The Board acknowledges that the Statutory Auditors expect TCWG to communicate matters relevant to the audit, including but not limited to:

- Significant strategic decisions that may affect the nature, timing and extent of audit procedures;
- Suspected or identified fraud;
- Non-compliance with laws and regulations;
- Concerns regarding the integrity or competence of senior management;
- TCWG's views, awareness and actions regarding internal financial controls, including the internal audit function; and
- Developments in the financial reporting framework, corporate governance practices and other regulatory matters.
- Material NCD covenant breaches or potential breaches under trust deeds, and any communication from the Debenture Trustee if applicable.
- Any matters that the Board or Audit Committee believes the Auditors should be aware of to conduct a quality audit.

This expectation is without prejudice to the professional scepticism required of the Auditors under the Standards on Auditing.

5. Summary of Key Standards on Auditing Requiring Communication

The Statutory Auditors shall communicate to TCWG the matters prescribed under the applicable Standards on Auditing that specifically require communication with TCWG, in a timely, clear and documented manner.

Such communication shall, inter alia, include matters required to be communicated under SA 260 (Revised) – ‘Communication with Those Charged with Governance’, including the planned scope and timing of the audit, audit strategy, materiality, significant risks identified during the audit, significant accounting policies, judgments and estimates, significant audit findings, and matters relating to auditor independence.

The Statutory Auditors shall also communicate, in accordance with SA 265 – ‘Communicating Deficiencies in Internal Financial Control to Those Charged with Governance and Management’, all significant deficiencies in internal financial controls identified during the audit, individually or in combination, together with their potential effects, and such communication shall be made in writing and in a timely manner.

In addition to the above, the Statutory Auditors shall communicate such other matters as are required under the applicable Standards on Auditing, including those referred to in Annexure I to the NFRA Circular, which prescribe communication with TCWG in relation to, inter alia, fraud and non-compliance with laws and regulations, related party transactions, going concern, subsequent events, misstatements identified during the audit, refusal to allow external confirmation request, use of internal auditors, doubt over reliability of written representation, key audit matters and modifications to the audit opinion, as applicable.

6. Policy for Escalation and Updating of Matters

Matters shall be escalated to the Audit Committee/Board of Directors where such matters are significant in nature, require the attention, oversight or decision of the Audit Committee/Board of Directors, or where the TCWG does not have the authority to take action in respect of the matters communicated.

The Nodal Person(s) shall ensure that significant matters, including those relating to audit planning, significant risks, deficiencies in internal financial controls, suspected or identified fraud, non-compliance with laws and regulations, significant or unusual transactions, differences of views with management, or concerns regarding auditor independence, are promptly placed before the Audit Committee and/or the Board, as applicable.

The periodic updating of TCWG on the status of matters previously communicated, including actions taken or proposed, until such matters are appropriately addressed or resolved.

7. Documentation of Views, Instructions and Actions of TCWG

A policy and process are established for documenting and communicating the views, instructions and actions of TCWG on significant matters communicated by the Statutory Auditors, including but not limited to:

- Planned scope and timing of the audit;

- Auditor's assessment of risks of material misstatement due to fraud or error; and
- Auditor's evaluation of the internal financial controls with reference to financial statements of the Company.

8. Frequency of Meetings, Agenda Matters and decision making process

The frequency of meetings between TCWG and the Statutory Auditors shall be determined in a manner that ensures effective and meaningful deliberations on audit-related matters throughout the audit cycle.

Ordinarily, such interactions shall include at least three meetings in a financial year, one at the audit planning stage, prior to commencement of the audit, and another well in advance of the approval of the financial statements, to enable TCWG to consider the outcome of the audit and related matters and one meeting at mutually agreed time during the year.

In addition to the above, meetings or discussions may be convened as and when circumstances so warrant, including where the Statutory Auditors experience significant difficulty in obtaining sufficient appropriate audit evidence, identify significant deficiencies in internal financial controls, become aware of suspected or identified fraud, observe significant or unusual transactions, or have differences of views with management on significant accounting matters.

The agenda matters for the meetings shall include:

- **Audit Strategy & Scope:** Discussion of the overall audit strategy, planned scope, timing of procedures, and the application of materiality. Discussion on how materiality is set and its impact on audit scope.
- **Discussion on Key audit matter:** Discussion on matters which are of most significance in the audit of financial statements and identified as key audit matter as per SA 701.
- **Key Risk Assessment:** Identification of significant risks including Management Override of controls, including fraud risks, going concern issues, and areas with a high risk of material misstatement.
- **Internal Financial Control over financial reporting:** Timely written reporting of significant or material weaknesses in internal financial controls and adequacy of operating effectiveness of controls.
- **Significant Unusual Transactions;** Reporting of Significant Unusual Transactions.
- **Related Party Transactions :** Review of Related Party Transactions (RPTs), including arm's length pricing.
- **Judgmental Areas:** Management estimates, judgements, assumption and forecasts. It shall also include estimates, judgements used by internal/external experts.
- **Accounting:** Areas or concerns requiring special attention by auditors and its view on appropriateness of the policies applied by the management.

- **Significant Audit Findings:** Discussion of [key judgments](#), accounting estimates and potential modifications to the auditor's report. Management Remediation Plan.
- **Significant Difficulties & Management Cooperation**
- **Independence:** Written confirmation of the auditor's compliance with independence and the ICAI Code of Ethics.
- **Compliance with Laws:** Review of any non-compliance with the Companies Act 2013 or other applicable regulatory requirements.

The TCWG shall aim to reach decisions through consensus. If consensus cannot be achieved:

- i. Differing views shall be documented.
- ii. The issue shall be escalated to the Audit Committee/Board of Directors.

The TCWG shall provide periodic reports to Audit Committee/ Board on matters including Technical issues reviewed, Key judgments discussed, Recommendations made and matters requiring oversight.

An indicative list of items is annexed as Annexure A to be covered under the Pre-Audit Planning Meeting and Pre-approval of accounts / Audit finding meetings.

9. Mode of Two-Way Communication

The mode of communication between the Auditors and TCWG shall be:

- **Dedicated Group Correspondence:** Formal communication between the Statutory Auditors and TCWG shall be conducted via a **designated group email ID:- tcwg@deepakbuilders.co.in** This ensures that all correspondence is simultaneously accessible to the Audit Engagement Team, maintaining a transparent and synchronized flow of information.
- **Mandatory Written Record:** All audit-related interactions must be in writing. In instances where oral discussions occur, they must be meticulously documented with noting of date, participants, and key outcomes and subsequently incorporated into the **Agenda and Minutes of Meetings (MoMs)** of the TCWG.
- Communications shall necessarily be in detail to the extent possible.
- Communications should clearly capture the views, suggestions, and responses of both the Statutory auditors and TCWG.
- The designated Nodal Officers of the TCWG either acknowledge the mails or document the communication along with the deliberations in the form of MoMs of the meetings between the Statutory Auditors and TCWG.
- Additionally, where necessary, the Auditors may assess and determine the need to communicate with the full Board of Directors in addition to communication with the TCWG.

The MoMs of the TCWG, along with a summary of deliberations shall be placed before the Board of Directors or Audit committee in the subsequent meetings.

10. Annual Self-Assessment and Review

This Framework shall be reviewed annually by the Board of Directors to ensure -

- Effectiveness of communication with Statutory Auditors
- Adequacy of audit deliberations
- Compliance with this framework

The Board shall document the findings and corrective measures implemented.

11. Non-Compliance and Accountability

Failure to comply with this framework may expose the Company and TCWG to regulatory and governance risks. Deviations shall be reported to the Board.

12. Effective Date and Approval

This framework shall become effective upon approval by the Board of Directors and shall remain in force until amended or revoked.

This framework shall come into effect from 30th May, 2026.

Approved by the Board of Directors on 30th May, 2026.

Annexure A

Meeting 1: Pre-Audit Planning Meeting

This meeting may be held before the commencement of the annual audit. The agenda may include:

- Audit Strategy and Planning, including quantification of overall materiality and performance materiality, and their effect on the nature and extent of audit procedures;
- Risk of Material Misstatement (ROMM) assessment, distinguishing between risks due to fraud and risks due to error etc.
- Areas of significant accounting policy judgment and management estimation: For e.g.
- TCWG's inputs on areas requiring the Auditors' additional consideration;
- Auditor Independence confirmation: a comprehensive written declaration covering all relationships between the audit firm, its network firms, and the Company, and other group entities; non-audit services (if any); total fees; threats and safeguards applied (SA 260 (Revised), Paragraph 17, for listed entities);

Meeting 2: Pre-Approval / Findings Meeting

This meeting may be held prior to the Board meeting at which the financial statements are to be approved. The agenda may include

- Significant findings from the audit including significant difficulties encountered (e.g., unavailability of information, delays, management cooperation issues)
- Significant transactions or events where Management encountered difficulty in identifying appropriate accounting standards or policies, and the Auditor's view on the appropriateness of policies applied;
- Significant and material weaknesses in internal financial control and the Auditor's report on IFC under Section 143(3)(i) of the Companies Act;

- Discussion on accounting estimates involving significant management judgment.
- Related party transactions: RPTs with.....and group entities, arm's length assessment, compliance with the related party lending/investment.
- Uncorrected misstatements (individually and in aggregate), including a request for TCWG direction on correction;
- Proposed modifications to the audit report, Emphasis of Matter or Other Matter paragraphs, and Key Audit Matters;
- Management letter / letter of internal control weaknesses;

Indicative list of communication matters

- (i) **Arising out of SEBI or any other Regulatory Guidelines**