GUJARAT INDUSTRIES POWER COMPANY LTD.

POLICY ON

IMPLEMENTATION OF NFRA CIRCULAR NO. NF- 25013/3/2025- NFRA DATED 07/01/2026 WITH SUBJECT EFFECTIVE COMMUNICATION BETWEEN STATUTORY AUDITORS AND THOSE CHARGED WITH GOVERNANCE, INCLUDING AUDIT COMMITTEES

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DRAFT POLICY ON IMPLEMENTATION OF NATIONAL FINANCIAL REPORTING AUTHORITY ("NFRA") CIRCULAR.

1. INTRODUCTION

This draft Policy is framed by Gujarat Industries Power Company Limited ("the Company") with the Objective of implementation of NFRA Circular No. NF- 25013/3/2025- NFRA dated 07/01/2026 ("the said NFRA Circular") read with Standard on Auditing (SA) 260 (Revised) — Communication with Those Charged with Governance.

This Policy lays down the framework for establishing a Two-Way Communication between the Statutory Auditors ("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 the robustness of communication with auditors and also strengthen governance within the Company to achieve the broader aim to safeguard public interest and maintaining investor confidence in public interest entities.

In case of any inconsistency between this 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/Act / Listing Regulations/ NFRA Circular shall prevail.

This Policy shall be effective from the date of approval by the Board.

2. 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 by the Board of Directors, for the purposes of implementing the NFRA Circular, comprising persons who are identified as Those Charged with Governance under SA 260 (Revised). The composition of TCWG will be determined by the Statutory Auditors in accordance with SA 260 (Revised) and communicated to the Company at the commencement of the audit engagement.

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

"Nodal Officer of the TCWG" shall mean Chief Financial Officer and/or Company Secretary & Compliance Officer of the Company, as designated by the Board from time to time, who shall act as the primary point of contact for all communications under this Policy.

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"TCWG" shall mean Those Charged With Governance for the Company as defined under SA 260 (Revised).

"Management" shall mean the persons responsible for the day-to-day management and operations of the Company, including the Managing Director, Executive Directors, Chief Financial Officer, Company Secretary and Compliance Officer and other key managerial personnel (as defined under the Companies Act, 2013) of the Company, if any.

Chief Financial Officer and Company Secretary shall be permanent invitee of the TCWG meetings/proceedings.

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.

3. COMPOSITION OF TCWG AND NOMINATION OF NODAL OFFICER

As per SA 260 (Revised) and above-referred NFRA Circular, TCWG include the persons with responsibility for overseeing the strategic direction of the Company and obligations relating to the accountability of the company. The Circular further state that the Board of Directors will qualify for being considered as TCWG since the Board of Directors is overall responsible for the governance of the Company as per Companies Act, 2013. It also state that TCWG could also be a sub-group of the Board, which could be the Audit Committee plus some of the Board members.

The Board of Directors of the Company is hereby authorized and empowered to nominate, constitute, and reconstitute the TCWG Committee from time to time, by selecting members from the Audit Committee and some of the Board members as determined by the Statutory Auditors, and to designate one such member as the Chairperson of the TCWG.

The Chief Finance Officer of the Company is nominated as the Nodal Officer of the TCWG and is empowered to discharge the responsibilities prescribed under the Circular.

4. MANNER OF COMMUNICATION BETWEEN THE STATUTORY AUDITORS, TCWG AND MANAGEMENT AND DOCUMENTATION THEREOF.

In accordance with NFRA Circular and SA 260 (Revised), 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. Oral communications, if any, shall be followed by a written summary of the matter discussed, to be sent by the initiating party after such oral communication.

b. The matters to be communicated with TCWG shall be shared by the Statutory Auditors, after interaction with the Nodal Officer, considering the materiality and significance of issues / observations / suggestions as deemed appropriate and the same shall be forwarded to TCWG for discussion.

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 approval or resolution there shall be submitted an Action Taken Report at the next Committee meeting.

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

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

5. Matters to be communicated

5.1 Expectations of TCWG from the Statutory Auditors

The Auditors shall communicate to TCWG the Audit Strategy and Audit Plan, including the following:

a) Audit Planning and Strategy:
-Planned scope and timing of the audit.
-Significant changes to audit strategy or approach.

b) Risk Assessment:
- Auditor's assessment of risks of material misstatement due to fraud or error.
– Significant risks, including fraud risk, suspicion or detection of fraud (whether internal or external) including management override of controls.

c) Discussion of material accounting policies; management judgment and estimates;

d) Involvement of experts in the audit – either by the management or by the Auditors.

e) Key Audit Matters (KAMs) and auditor observations

f) Internal Controls
-Significant deficiencies and material weaknesses in internal financial controls
-Observations arising from the auditor's evaluation of the internal control system.

g) Follow-up on previous communications by TCWG to auditor

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

i) Details of non-audit services, if any, and safeguards applied.

j) Significant unusual 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.

k) Significant Audit Findings
- Significant accounting judgments and estimates.
- Major difficulties encountered during the audit.

5.2 Expectations of Statutory Auditors from the TCWG

TCWG will communicate to the Auditors on matters, including but not limited to those listed below, 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.

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a) Strategic decisions (Operation or Financial) that may significantly affect nature, timing, and extent of audit procedures.
b) Instances of fraud or irregularities that have been brought to their notice.
c) Significant transactions of acquisition, disposal, or reorganization of the business /entities
d) Concerns regarding the integrity or competence of senior management.
e) Significant communications, if any, with regulators.
f) TCWG views, awareness, and actions regarding internal controls, including the internal audit function.
g) TCWG's awareness and actions in relation to developments in the financial reporting framework.
h) Corporate governance practices and other regulatory matters.
i) Independence, relationships and compliance with the Code of Ethics.
j) Status of compliance with applicable laws and regulations.
k) Responses of TCWG to previous communications including audit recommendations with the auditor.

6. FREQUENCY OF THE MEETING

Minimum Meeting Frequency - TCWG shall meet with the Auditors, either in person or through virtual means, as follows:

- At least two meetings per financial year in relation to annual statutory audit prior to the Board meeting held to adopt the audited financial statements. Once before the commencement of the audit and second-time, well in advance of the time, before the approval of financial statements by board of directors. The timing of these meetings may be scheduled in such a way that it facilitates effective deliberations about the audit-related matters at the quarterly meetings of the Board.

7. CONFIDENTILITY

All communications, deliberations, documents, and information shared between the Statutory Auditors, the Committee of TCWG, and the Nodal Officer pursuant to this Policy shall be treated as strictly confidential.

Members of the Committee of TCWG, the Nodal Officer, and all persons privy to such communications shall not disclose any such information to any person outside the Committee or the Board, except as required under applicable law, Stock Exchange requirements, or pursuant to an order of a court or tribunal.

8. CONFLICT OF INTEREST

The Nodal Officer is part of the Management of the Company. In circumstances where a matter raised by the Statutory Auditors pertains directly to the conduct, decisions, or actions of the Nodal Officer or where the Nodal Officer has a personal interest in the matter, the Nodal Officer shall:

- Immediately disclose the conflict to the Chairperson of the Audit Committee
- Recuse themselves from handling that specific communication
- The Chairperson of the Audit Committee shall designate an alternate point of contact for that matter

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9. REVIEW OF THE POLICY

This Policy shall be reviewed by the Board of Directors based on any amendment to the said NFRA Circular/ Act/ applicable standards on auditing/law and updated accordingly.

10. COMPLIANCE RESPONSIBILITY

Compliance of this Policy shall be the responsibility of the Nodal Officer, who shall have the authority to ask for any information or clarifications from concerned persons.

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