

POLICY ON EFFECTIVE COMMUNICATION BETWEEN STATUTORY AUDITORS AND THOSE CHARGED WITH GOVERNANCE (TCWG)

DIANA TEA COMPANY LIMITED

1. PREAMBLE

This Policy on Effective Communication Between Statutory Auditors and Those Charged with Governance (“Policy”) is framed pursuant to the provisions of the Companies Act, 2013 and the Standards on Auditing prescribed thereunder, including SA 260 (Revised) and SA 265.

The Policy aims to establish a structured, transparent and timely communication framework between the Statutory Auditors and Those Charged with Governance (“TCWG”) of Diana Tea Company Limited (“the Company”) in order to strengthen audit quality, corporate governance and financial reporting processes.

2. OBJECTIVE

- establish an effective communication mechanism between the Statutory Auditors and TCWG;
- ensure compliance with applicable Standards on Auditing and provisions of the Companies Act, 2013;
- enable TCWG to effectively discharge oversight responsibilities over financial reporting and audit processes; and
- ensure that significant audit-related matters are communicated in a timely and transparent manner.

3. SCOPE AND APPLICABILITY

This Policy shall apply to:

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- the Board of Directors of the Company;
- the Audit Committee, wherever applicable;
- Independent Directors, if any;

- Key Managerial Personnel and Senior Management involved in financial reporting; and
- Statutory Auditors of the Company.

4. THOSE CHARGED WITH GOVERNANCE (TCWG)

For the purpose of this Policy:

- a. The Board of Directors of the Company shall constitute the primary TCWG.
- b. The Audit Committee, wherever constituted, shall act as a sub-group of TCWG for detailed audit-related interactions.

The Statutory Auditors shall identify and communicate with the appropriate level of TCWG in accordance with applicable Standards on Auditing.

5. DESIGNATION OF NODAL PERSON

The Board may designate a Director, Company Secretary or any senior official as the Nodal Person for coordination between TCWG and the Statutory Auditors.

Role of the Nodal Person:

- facilitate meetings and communication between TCWG and the Statutory Auditors;
- ensure timely sharing of information and responses;
- maintain records of significant communications; and
- place material audit-related matters before the Board and/or Audit Committee, wherever applicable.

6. COMMUNICATION FRAMEWORK

6.1 Nature of Communication

Communication between the Statutory Auditors and TCWG shall be:

- clear and constructive;

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- timely and adequate;
- formal wherever necessary; and
- properly documented.

6.2 Form of Communication

- Significant communications shall preferably be made in writing.
- Discussions held orally during meetings shall be appropriately recorded in minutes or notes.
- Emails, presentations and other correspondence relating to material audit matters shall be preserved as records of communication.

7. TIMING AND FREQUENCY OF COMMUNICATION

Meetings and communications between the Statutory Auditors and TCWG shall generally take place:

- during audit planning;
- during the course of audit, wherever necessary; and
- prior to approval of financial statements.

Additional interactions may be held in case of significant matters such as fraud, internal control weaknesses, regulatory concerns or material financial reporting issues.

8. MATTERS TO BE COMMUNICATED

8.1 Audit Planning and Strategy

- scope and timing of audit;
- significant audit areas and risks;
- materiality considerations;
- areas involving significant estimates or judgments; and
- proposed audit approach.

8.2 Audit Findings

- significant observations and findings;
- internal control deficiencies;

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- difficulties encountered during the audit;
- significant or unusual transactions; and
- disagreements with management, if any.

8.3 Independence and Compliance

- auditor's independence;
- compliance with ethical requirements;
- non-audit services, if any; and
- instances of non-compliance with laws or regulations having material impact.

9. RESPONSIBILITIES OF TCWG

TCWG shall:

- actively engage with the Statutory Auditors;
- provide complete and relevant information required for the audit;
- consider and deliberate upon significant audit matters;
- ensure appropriate corrective actions, wherever necessary; and
- maintain proper records of discussions and decisions.

10. DOCUMENTATION AND RECORD KEEPING

- Significant communications between the Statutory Auditors and TCWG shall be appropriately documented.
- Minutes of Board and Audit Committee meetings shall record material audit-related discussions.
- Records shall be preserved in accordance with applicable laws and the Company's record retention practices.

11. REVIEW AND AMENDMENT

This Policy may be reviewed periodically by the Board of Directors to ensure its continued relevance and compliance with applicable laws and auditing standards.

Any amendment to this Policy shall be approved by the Board of Directors of the Company.

12. EFFECTIVE DATE

This Policy shall come into effect from the date of approval by the Board of Directors of Diana Tea Company Limited.

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