

Appendix A: The Firm's response to this inspection report

Pursuant to Section 132(2) of the Companies Act, 2013 and Rule 8 of NFRA Rules, 2018, the Authority is publishing its findings relating to non-compliances with SAs and sufficiency of the Audit Firm's quality control system. As part of this process, the Audit Firm provided a written response to the draft Inspection Report, which is attached hereto. NFRA based on the request of the Audit Firm has excluded the information from this report which was considered proprietary.

Walker ChandioK & Co LLP

24 March 2026

To
National Financial Reporting Authority
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Subject: Response to the Inspection Report – Audit Cycle Year Ended 31 March 2024

Dear Sir / Madam,

We, M/s Walker ChandioK & Co LLP ("the Firm" or "WCCL"), thank the National Financial Reporting Authority ("NFRA") for sharing the Inspection Report 2024 ("the Inspection Report") on 17 March 2026 and for the constructive and detailed engagement with the Firm throughout the inspection process.

Our response, set out in Appendix A, addresses the observations contained in Part B and Part C of the Inspection Report, covering firmwide quality control systems and individual audit engagements. These responses consolidate and build upon the detailed submissions already made by the Firm during the inspection and in response to the Inspection Team's observations.

As a firm entrusted with audits of public interest entities, we recognise the importance of NFRA's oversight mandate and remain unequivocally committed to delivering audit engagements of the highest quality. We view the inspection process as an important mechanism for continuous improvement and have given careful and considered attention to each observation in that spirit. Where we respectfully disagree with certain observations and characterizations, our reasons are set out fully in our detailed responses. We equally acknowledge areas where documentation clarity and Firm's internal processes may further be strengthened, and we are committed to taking prompt and appropriate remedial action to ensure full compliance with applicable standards and our own policies.

The Firm remains fully committed to constructive engagement with NFRA and to continuous enhancement of its systems, policies and practices in line with evolving regulatory expectations. We would be pleased to provide any further clarifications or information that NFRA may require.

Yours faithfully,

For and on behalf of Walker ChandioK & Co LLP

Firm Registration No. 001076N/N500013

SUMESH S

EDAKKALATHIL

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Partner

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Walker ChandioK & Co LLP is registered with limited liability with identification number AAC-5085 and has its registered office at L-41, Connaught Circus, Outer Circle, New Delhi, 110001, India

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APPENDIX A

PART B – Review of Firm-Wide Audit Quality Control System

A. Independence

The Firm reaffirms its unwavering commitment to auditor independence and elimination of any independence threats arising from non-audit services. In this regard, it should be noted that the Firm proactively embargoed the provision of all non-attest services (including services otherwise permissible under the Companies Act, 2013) to all listed audit clients, their holding companies and subsidiaries of such clients, with effect from 1 July 2019, well in advance of any comparable action by other audit firms in India. This measure reflects the Firm's proactive and pre-emptive stance going beyond mere compliance and demonstrating commitment to auditor independence and integrity.

Paras 12–27: Independence at Firm Level

The Firm respectfully submits that its independence policies have been, and continue to be, fully compliant with all applicable laws and standards. We would like to submit the following with regard to observations in the Inspection report:

- Independence principles have been consistently applied across WCCL, GTBL, GTAPL, and their related entities, as demonstrated during the inspection. (ref. Report para 12)
- The Firm has sought membership of GTIL, which has been confirmed with effect from 23 March 2026 subject to completion of customary legal documentation, primarily based on the following:
 - Such membership does not create any partnership, ownership, control, management rights, or influence by GTIL.
 - The Firm shall remain independently owned, managed, operated, controlled, and shall continue to be responsible for all regulatory requirements.
 - The Firm will be granted a license to use certain proprietary technologies, methodologies, and frameworks of GTIL.
- The Firm's position till now regarding its network status was based on its contractual reality, facts and position. In that context:
 - The reference to the GTIL Transparency Report is not directly applicable (ref. Report para 17.a). Importantly, any characterization of network status, or the denial thereof, does not, in the Firm's view, have a bearing for assessing compliance with independence requirements under Section 141 read with Section 144 of the Companies Act, 2013 and SQC 1, which has been explained and demonstrated during the inspection (ref. Report para 19 b).
 - WCCL declared in its PCAOB Form 2 filings that it had no audit related memberships or affiliations. GTBL's affirmative disclosure relates solely to its arm's length use of WCCL staff for certain engagements and does not indicate any network membership or brand affiliation. All PCAOB filings, revised after PCAOB clarification in the year 2015, are factually correct and consistent with the Firm's submissions to NFRA (ref. Report para 21 d).
 - WCCL does not rely on significant professional resources from its related entities, as it has a large pool of its own partners and staff to provide audit services. Specific resources, e.g., experts, etc., are utilized based on an arm's length basis (ref. Report para 25).
- As evident from the GTIL's membership arrangement mentioned above, GTIL does not exercise any control, significant influence, or management over WCCL (ref. Report para 15, 17.a ii, iii, and 25), more specifically:
 - The mere use of common tools is facilitative and, in itself, does not establish control or governance integration, as technology supports audit execution and is not a mechanism of governance or decision-making or control.

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- The KAA is a risk management and quality enhancement mechanism. The client acceptance related decisions rest solely with the Firm's partners. Such consultative processes are akin to professional or ethical standards and cannot be equated with control over management or decision-making.
- The operational integration among GTIL, GTAPL, GTBL and WCCL does not establish any common control or management. Operational transactions are at arm's length.
- GTBL does not provide statutory audit services in India nor does it seek the audit business in the name of global brand name of Grant Thornton for WCCL or vice versa. WCCL independently seeks and performs audits in accordance with applicable regulatory requirements and standards. The 'contractual business' mentioned in para 21.g refers to the contractual arrangement for sharing resources, and not for seeking audit business. (ref. Report para 16, 21 e, f, g and h).
- For NFRA's evaluation, the Firm provided the complete RCC dataset and all samples requested by the inspection team, covering WCCL and its related entities. Based on the inspection team's sample testing, the identified exceptions in the Report have been responded to separately.
- In summary, the Firm respectfully submits that the conclusions suggesting:
 - that potential breaches of independence requirements cannot be assessed;
 - GTIL has any control/management over WCCL; and
 - GTIL seeks audit business in the name of WCCL or vice versa.do not, in the Firm's view, reflect the factual position.

Paras 28–31: Self-Regulated Embargo on Non-Audit Services

The Firm and related entities in India uniformly comply with the applicable independence requirements. This approach was explained and evidenced during the inspection. A voluntary self-embargo is the Firm's decision, and is not indicative of any deficiency in controls.

In particular, the observations regarding (i) the scope and adequacy of the self-imposed embargo, (ii) the ability to conclude on network-level independence, and (iii) the suggested extraterritorial application of Section 144, do not, in the Firm's view, find support by the applicable framework or the factual position demonstrated during inspection.

Accordingly, NFRA's comment that it is difficult to conclude that the Firm maintains independence at the network level, in our humble submission, is not correct, in light of the explanations and materials provided during the inspection.

Paras 32–33: Non-Audit Services

The Firm's unwavering commitment to auditor independence and elimination of any independence threats arising from non-audit services, including the voluntary embargo mentioned above, reflects the Firm's proactive and pre-emptive stance, going beyond mere compliance and demonstrating commitment to independence and integrity. With respect to certain specific observations, we submit our comments as under:

1. **Company P** – The segregation of total fees in the engagement letter (duly approved by audit committee), does not alter the fundamental nature of the work performed, which remains within extra efforts of statutory auditor's scope.
2. **Company Q and R** – Issuing an audit opinion on the consolidated Financial statements of Company 'R' required auditing the Ind AS conversion of Company 'Q' – a requirement mandated under paragraph 52 of the Guidance note on Audit of Consolidated Financial Statements (Revised 2016). Given the significant extent of work involved, a separate EL was entered into with Company 'Q'. The role performed by the Firm was limited to reviewing and auditing the conversion adjustments prepared by the management, and not the preparation of accounting records,

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which is consistent with auditing standards including SA 600 and established industry practice. This was neither a non-audit nor a prohibited service.

3. **Company S** - The service was provided by GTBL during 2023-24, at a time when the company was not a listed entity, and consequently, the non-attest embargo was not applicable. The service was provided with a view to providing comments on HR processes from a general industry perspective only for the management's consideration and their decision making, without assuming any management responsibility. This position is consistent with the ICAI Code of Ethics, which clarifies that providing advice to assist management does not amount to assuming management responsibility (Para 600.7 A4).—However, as committed by the Firm, in response to the previous inspection report, the Firm has adopted an extended embargo – effective 1 April 2025, and does not provide any non-attest services to any NFRA governed audit entities to avoid such controversies.

The Firm acknowledges the observations regarding communication gaps and is committed to strengthening its processes to avoid inconsistencies in our engagement letters.

Paras 38–44: Insider Trading Regulations

- The Firm's PIT Code of Conduct states under *Definitions and Interpretation* that “...the terms or expressions used, unless explicitly defined herein, shall have the same meaning as defined, interpreted or construed for the purposes of the SEBI Regulations.” The PIT Code of Conduct is accessible to all Firm personnel and, accordingly, the term “*Immediate Relatives*” already stands defined.
- In the specific instance cited, the information was furnished strictly in response to the request received, which did not require disclosure relating to immediate relatives.
- Further, the observations noted by NFRA pertain to provisions under the PIT Regulations and SEBI Regulations, which are distinct from independence requirements.

As a measure of enhanced clarity, the Firm proposes to reiterate the definition of *Immediate Relatives* in the PIT Code and circulate the same to the wider group. In any case, NFRA did not observe any non-compliance in this regard.

B. Consultations

Paras 50–53: Consultations process

Consultations were formally initiated, concluded, and documented within the VIS/Leap consultation module, which constitutes the authoritative audit record. The approved consultation memo captures the date of initiation and conclusion, issues considered, technical analysis, and conclusions, and is archived in the engagement file. Email correspondence is only an administrative communication mechanism and is not required to be retained as audit documentation under SQC 1 or SA 230.

Mandatory consultations are further reinforced through system-embedded controls which prevents archival of files without inclusion of consultations carried out which is further supported by mandatory signoffs by Engagement Partner and EQCR in the file. Accordingly, we respectfully submit that consultations are appropriately embedded within the Firm's policies and audit tools.

Paras 54–56: Emphasis of Matter – Company A

The reference to a planned consultation on an Emphasis of Matter arose from an inadvertent prior-year documentation carry-forward and did not reflect a reportable current-year matter. The transaction was evaluated during the year and did not warrant an Emphasis of Matter under applicable standards and therefore did not require consultation as per the policy of the Firm.

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While we agree that documentation could have been clearer in evidencing the final conclusion, we humbly submit that this does not indicate a deficiency in the consultation process of the Firm.

C. Monitoring

Paras 59–62: Audit quality monitoring process

Responsibility for the monitoring process was assigned to an appropriately experienced partner, consistent with the Firm's governance framework, and this was reflected in the updated EQCM provided during the inspection. We acknowledge NFRA's feedback on enhancement of documentation of partner-specific communication and commit to take necessary steps to enhance the same in future IQCR cycles.

PART C– Review of Individual Audit Engagement Files

At the outset, we reaffirm that the audits were planned and executed in accordance with the applicable Standards on Auditing, Standards on Quality Control, and the provisions of the Companies Act, 2013, and that audit conclusions were reached based on sufficient and appropriate audit evidence. Any documentation enhancements identified are being addressed as part of the Firm's ongoing commitment to strengthening audit quality. We provide our responses, which have been summarised from our earlier responses dated 10 February 2026 and 23 February 2026 to the draft observations, as follows –

Paras 63–70: Audit of Revenue

Audit documentation evidences the nature, timing and extent of procedures performed, including identifying characteristics of samples tested and cross-referencing to relevant working papers, in accordance with SA 230. SA 230 (consistent with ISA 230 and PCAOB standards applied internationally) read with Implementation Guide to SA 230 (Revised 2022), including FAQ 12, do not require auditors to retain copies of invoices or vouchers, source documents, etc.

Further, observations in paragraph 65 with respect to design effectiveness of the journal entry control being deficient is incorrect. We have adequately tested and concluded on the design effectiveness of the journal entry controls and the same is appropriately documented in our audit working papers. Journal entry testing was designed based on assessed fraud risks. Routine vouchers were excluded from the JE population as they were tested through other substantive procedures. We acknowledge that documentation could have more explicitly cross-referenced such testing, and we have noted this for enhancement.

Paras 71–73: Loans to Wholly Owned Subsidiary

The loan and investment were assessed together considering their economic linkage, with recoverability evaluated using management's cash flow projections. Impairment was first allocated to investment, consistent with its subordinated nature. While the inspection comments on the application of the ECL model, the audit work performed addressed recoverability risk in substance. We acknowledge the need to strengthen explicit documentation of ECL considerations.

Paras 74–77: Loan Balance Reconciliation

The apparent difference in loan balances relates to principal and accrued interest components. Movements, accruals and balances were documented in the audit working papers. As the transactions were between a parent and its wholly owned subsidiary, Audit Committee approval was not required under applicable regulations.

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Paras 78–82: Audit Trail

We respectfully submit that we have appropriately commented upon the requirement of Rule 11(g) of Companies (Audit and Auditors) Rules 2014 with respect to requirement of establishing audit trail on accounting systems, and observations in all selected engagements have been adequately considered in our design of our audit approach of the respective audits.

Further, in case of Company A, the audit file documents the IT expert's assessment that audit trail functionality was enabled and not being tampered with during the year with respect to all relevant transactions, except for master data changes at application level and any direct changes at the database level. The matter is appropriately reported in our audit report. Compensating controls were identified, tested and appropriately concluded and documented in our files. We agree that documentation of impact assessment could have been more explicit and have noted this for improvement.

Paras 83–85: Borrowings

End-use of borrowings was verified by tracing disbursements through bank statements and remittance advices. Further, an end-use certificate was obtained and verified where required by one of the banks; no such requirement existed for the other bank.

Paras 86–88: Property, Plant and Equipment

CGUs tested were substantially impaired, leaving residual balances below trivial. Key assumptions, including beta, risk premium, WACC and growth rates, were critically challenged with the involvement of valuation experts. Given the residual carrying values was below trivial, no further audit work was considered necessary.

Paras 89–91: Related Parties

The interest rate on related party ICDs was consistent with the Group's borrowing costs and supported by external benchmarks, demonstrating arm's length pricing.

Paras 92–98: Impairment of Investments

The observation that the auditor's response was an "afterthought" is not correct. Impairment testing was performed in compliance with Ind AS 36 at the appropriate CGU level, and no additional impairment was required beyond that recognised. For associates, the binding agreement to sell, while a non-adjusting event, provided evidence of fair value consistent with conditions existing at the balance sheet date.

Paras 99–101: Going Concern

Based on operating performance (excluding non-cash items), liquidity position, reduced borrowings, and expected interest waivers, no events or conditions were identified that cast significant doubt on the Company's ability to continue as a going concern. We agree that documentation can be enhanced and have noted NFRA's feedback.

Paras 102–104: Material Uncertainty Related to Going Concern

While we acknowledge that certain aspects of documentation could have been presented with greater clarity and we would like to reiterate that the engagement team obtained and evaluated the necessary audit evidence, performed procedures in accordance with SA 570 (Revised), and appropriately concluded and reported a Material Uncertainty Related to Going Concern in the auditor's report.