AUMYAA

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July 31, 2025

Kind attention: Mr. Kapil Agarwal and Mr. Rohit Krishan Puri
Bharti Crescent 1, Nelson Mandela Road,
Vasant Kunj, Phase II, New Delhi – 110070, India

Subject: Report on Company's Information System (IS) audit '

Dear Sirs,

We refer to our engagement letter dated July 8, 2025 for providing IS Audit services for Bharti Telecom Limited described in the engagement letter under section scope of services section. We have carried out the IS review at your Vasant Kunj office for the period from April 1, 2024 to March 31, 2025. Our services were performed in accordance with the terms of our engagement letter dated July 8, 2025 and the IS standards generally accepted in India in accordance with ICAI published standard on Internal audit (SIA): SIA 14 Internal Audit in an information technology environment while conducting the audit.

In exercise of the powers conferred in terms of clause (b) of sub-section (1) of 45-L of the Reserve Bank of India Act, 1934 (Act 2 of 1934), the Reserve Bank of India for the purpose of enabling it to regulate the credit system of the country to its advantage has issued Master Directions - Information technology Framework 2017 and Scale Based Master Direction. The directions require NBFC to conduct IS audit. As per circular IS Audit should be performed with an objective to provide an insight on the effectiveness of controls that are in place to ensure confidentiality, integrity and availability of the organization's IT infrastructure and to evaluate adequacy of processes, internal controls and recommend corrective action to address deficiencies and follow-up.

The review procedures performed do not constitute statutory audit or a compilation of Bharti Telecom Limited financial statements, nor an examination of management's assertions concerning the effectiveness of Bharti Telecom Limited's internal control systems, or an examination of compliance with laws, regulations, or other matters. Accordingly, our performance of the procedures does not result in the expression of an opinion, or any other form of assurance, on Bharti Telecom Limited's financial statements nor an opinion, or any other form of assurance, on Bharti Telecom Limited's internal control systems or its compliance with laws, regulations, or other matters.

During the IS review, we have interacted with your staff at the above-mentioned location and have had the opportunity to observe the Company in operation, including how it controls its business risks, the control environment, its system and procedures and internal control aspects. When we consider the results of our observations considering the experience gained by the members of our firm, they can often lead to recommendations to improve the Company procedures.

Set out in the attached report, are the more significant observations and recommendations thereto, which can enhance the efficiency, economy and effectiveness of the Company's internal control procedures. We have been informed by management that certain steps have been taken to implement measures to correct the internal control systems of IS review process as enumerated in the report.

The matters raised in this report are primarily those which have been observed during our audit and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that could be made. You should assess recommendations for improvements for their full commercial impact before they are implemented. The Company is and will continue to be, solely responsible for establishing and maintaining an effective internal control system and the prevention and detection of fraud and other irregularities, including, without limitation,

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systems designed to ensure compliance with the policies, procedures, and applicable laws and regulations; and work performed by us should not be relied upon to identify all strengths and weaknesses in internal controls, nor relied upon to identify all circumstances of fraud or irregularity.

We have discussed the observations and recommendations with the concerned officials at your Vasant Kunj, Delhi office.
We take this opportunity of thanking you and your staff for the assistance, co-operation and courtesy shown to us during our assignment of IS review.

This report is intended solely for the information and use of management and the Board of Directors and is not intended to be and should not be used by anyone other than these specified parties. The Company's external auditors may be provided with a copy of this report in connection with fulfilling their respective responsibilities.

For Aumyaa consulting services LLP,

Yukti Arora

YUKTI ARORA
ICAI Membership no: 079781
CISA Membership no: 1079859
UDIN - 25079781BPTZAM5871

Bharti Telecom Limited ("BTL")

IS Audit Report: 2024-25

Report Date – July 31, 2025

Introduction

About Aumyaa Consulting Services LLP ("Aumyaa") - is a women-led, AI-driven consulting firm delivering impactful solutions in Technology, Risk Advisory, and ESG, compliance support solution to global businesses. Led by professionals with experience in Big Four and Fortune 500 companies, we serve multinationals, listed entities, private firms, and family-owned businesses.

Our Information Systems (IS) Audit services help clients enhance IT governance, cyber resilience, and regulatory compliance. Conducted in line with ICAI's SIA 14, our audits use advanced techniques like system reviews, CAATs, physical verifications, and stakeholder interviews.

We support in various areas such as RBI/NBFC compliance, cybersecurity, disaster recovery, and cloud risk, delivering actionable insights to strengthen technology controls and reduce risk.

About Bharti Telecom Limited ('Company' or 'BTL') - is classified as a Core-Investment Company – Non-Deposit Taking Systemically Important (CIC-ND-SI) by RBI vide its certificate No. N-14.03465 dated January 15, 2019. Presently, it is engaged in the business activity of investment in the shares of its subsidiary company viz. Bharti Airtel Limited ("Airtel").

BTL does not have any customer interface and NBFC lending operations w.r.t same. Hence, Company has limited usage of technology being a Core Investment Company (CIC). The Company uses 'Tally Prime Edit Log' (Tally) application for maintaining its books of account digitally. There is no interface with any application and no other application is being used excluding basic office software like word processors and spreadsheets. There are limited 2-3 users of the Tally application.

The Company has an outsourcing agreement with Bharti Airtel Limited ("Airtel") and as per same Airtel is providing managed services covering IT processes, IT infrastructure and personnel to support BTL's operation. Accordingly, IT infrastructure is at Airtel level, there is no separation of IT Infra and there is no Hardware and Software at BTL level. Resources in terms of people and other are not specifically segregated for BTL and CIO /CISO is not on BTL payroll.

RBI issued IT direction on June 08, 2017, and Scale based Master Direction, as part of which it mandated NBFCs to perform Information System Audits to assess the effectiveness of this framework. As per the RBI guideline, an IS audit is to be conducted. Accordingly, The IS audit 2024-25 was performed to assess if controls as per the RBI guidelines to extent applicable are designed implemented and is operating effectively.

Unit in-scope:

Bharti Telecom Limited ("BTL")

Applications In-scope

Tally

Scope of Work

The scope of the review included the assessment of the following areas:

1. IT and Cyber Security Governance.
2. IT infrastructure covering IS aspect of server architecture, local and wide area networks, physical and information security and telecommunications.
3. Information and Cyber Security.
4. IT Services Outsourcing.
5. IT and Cyber Security policies and procedures.
6. IT Operations.
7. Business Continuity Planning including DR drill.

Applicable Direction on BTL:

Master Direction - Information Technology Framework for the NBFC Sector dated June 08, 2017 ("June 2017").

Background, Information/Explanation Shared with us and Scope Boundaries

As per the information/ explanation provided by the BTL's Management:

1. There is only one application in use at BTL level which is Tally and limited usage in technology being CIC.
2. There is no Hardware or software in BTL Company specifically.
3. The IT infrastructure and Resources in terms of people are managed by Bharti Airtel Limited ("Airtel") (at the group level) pursuant to the Outsourcing agreement.
4. Considering the above points, it is evaluated that there is no Assets Register and IT Risk Assessment, IT Business Impact Assessment and BCP plan at BTL level, though it is managed through Group and well maintained at Group level (Airtel).
5. Bharti Telecom Limited (BTL) has Outsourced its IT related Services as mentioned below to its Investment company i.e. Bharti Airtel Limited (Airtel) supported by Outsourcing agreement and hence, these are subject to independent audit by the Airtel. Airtel operates an information security Management system and Business continuity Management system which compiles the requirement of ISO/IEC 27001:2022 and 22301:2019 respectively:

    a) *IT infrastructure management, maintenance and support (hardware, software or firmware);*
    b) *Network and security solutions, maintenance (hardware, software or firmware);*
    c) *Application Development, Maintenance and Testing; Application Service Providers (ASPs) including ATM Switch ASPs;*
    d) *Services and operations related to Data Centers;*
    e) *Cloud Computing Services;*
    f) *Managed Security Services; and*
    g) *Management of IT infrastructure and technology services associated with payment system ecosystem.*

6. Further, the management is implementing IT outsourcing Master Direction, 2023, as per timeline stipulated under Direction.
7. There is no cyber incident occurred during the Audit Period.

The audit boundary is limited to:

- Review of Tally application usage at BTL.
- Evaluation of the outsourcing agreement and governance mechanism between BTL and Airtel.
- Assessment of reliance placed on Airtel's IT controls, certifications, and audit reports.
- Verification of compliance with RBI's 2017 IT Framework to the extent applicable to BTL's operational model.

Exclusions

The following are explicitly excluded from the audit scope:

- Direct audit of Airtel's IT infrastructure and operations.
- Detailed technical assessment of IT systems not owned or operated by BTL.
- Independent verification of ISO/IEC certifications held by Airtel.

Approach and Methodology

Engagement Planning

- Engagement plan
- Engagement kick-off meeting
- Process understanding
- Control finalisation

Understanding

- Conduct walkthrough
- Understand policy and processes
- Design and implementation understanding

- Population extraction

Testing

- Design and Implementation testing
- Examination of operating effectiveness of controls
- Communication of Initial findings and obtaining clarification /response

Deliverables

- Closing meeting
- Draft report discussion and obtaining of Management response
- Issue Final report

Our IS audit services were performed in accordance with ICAI published standard on Internal audit (SIA): SIA 14 Internal Audit in an information technology environment. Technique of corroborative interview and inquiry, examination of documentation, review of configuration and setup, CAAT technology and physical verification have been used for IS audit.

Limitations and Disclaimers

As it is practically not possible to study all aspects of a process in its entirety thoroughly during the limited time period of a review, based on our methodology, we conducted a review of the process and held discussions with the process owners and other key people in the process during the planning stage of review, which helped us in identifying specific areas where control weaknesses & process gaps may exist, opportunities for process improvement and/or cost reduction/revenue enhancement. Our subsequent test work, study of issues in detail and developing action plans are directed towards the issues identified. Consequently, this report may not necessarily comment on all the function / process related matters perceived as important by the management.

The issues identified and proposed action plans in this report are based on our discussions with the people engaged in the process, review of relevant documents/records and our physical observation of the activities in the process. We made specific efforts to verify the accuracy and authenticity of the information gathered only in those cases where it was felt necessary. The work carried out and the analysis thereof is based on interviews with the personnel and the records provided by them.

The identification of the issues in the report is mainly based on the review of records, sample verification of documents / transactions and physical observation of the events. As the basis of sample selection is purely judgmental in view of the time available, the outcome of the analysis may not be exhaustive and represents all possibilities, though we have taken reasonable care to cover the major eventualities.

Executive Summary of Observation

During the review, we observed the following discrepancies/Observations.

IT Governance:

- The following Policies are required to be reviewed and approved by the Board/ committee: IS Audit Policy, Cyber security Policy, IT Governance Framework.
- Some key changes were suggested in the existing policies: Outsourcing Policy, IT Security and BCP Policy. Aspect relating to Role & Responsibility, classification of IT outsourcing services and Material Outsourcing services, BCP, exit strategy, Monitor and Control, PKI, audit trail, incident reporting etc.
- The IT steering Committee having representation of the Business owner, development team and other stakeholder need to be included in the relevant ITSC along with the scope of the IT steering committee.
- Outsourcing agreement is to be amended keeping statutory clauses like exit, event of default, GRO, Classification of Outsourced services and Material Outsourcing, OEM etc. and following items required to be reviewed by the ITSC and Board:

a) Risks associated with outsourcing arrangement including concentration risk
b) Review or re-defining of approving authority for outsourcing arrangement
c) Cyber crises Management Plan and contingency plan of Airtel w.r.t outsourced services
d) Business continuity Plan of Airtel
e) security audits and assessments report as conducted by Airtel
f) Group Level IT infrastructure in terms of IT outsourcing Infrastructure
g) Central record outsourcing services (MIS with bifurcation of o/s services)
h) Disclosure of Arm's length relationship with Airtel (further, to be place with ACB and Board)
i) Periodic due diligence report on Airtel
j) KPI Evaluation on tally and outsourced services for availability, integrity, cost and time efficiency

BCP & DR:

- The adequacy and effectiveness of the Business Continuity Planning and Disaster Recovery Management of the BTL are not reviewed on an annual basis. DR drill Testing conducted during audit process and it needs to be approved by the Board/ ITSC along with BCP plan.

Information security and Cyber Security:

- VA (Vulnerability Assessment) and PT (Penetration Testing) were conducted for Tally application and its network during the audit process. VAPT plan and report for Tally and website needs to be approved by the Board/ ITSC.

IT Infra and Services

- The User access Review is required to be done on a periodic basis for Tally.
- IPv6 migration for website is under Process.

Considering the above observations, the Company has taken up remediation action during audit process and the same are being reviewed by the IT Strategy Committee in the ensuing meeting.

IS Audit Detailed Observations:

Following are the detailed observations, duly implemented by the BTL during the Audit:

Sr No	Observation	Risk Level	Risk Impact	Recommendation	Management Comment
1	VA (Vulnerability Assessment) and PT (Penetration Testing) are not conducted for Tally application and its network.	Lack of VA/PT assessments leaves critical vulnerabilities unaddressed, exposing the organization to cyber-attacks, data breaches, and system compromises. Non-compliance with RBI's IT and Cyber security Framework may lead to poor audit outcomes, regulatory penalties, and reputational or financial loss.	Low	VA and PT should be conducted once in every 6 and 12 months respectively. For non-critical information systems, a risk-based approach shall be adopted to decide the requirement and periodicity of conduct of VA/ PT.	VA and PT report on Tally and network conducted during the audit process and same shall be placed in upcoming ITSC and will be conducted half yearly. Timeline: Closed.

Sr No	Observation	Risk Level	Risk Impact	Recommendation	Management Comment
2	No periodic user access review is performed or documented for Tally application.	Absence of periodic reviews in Tally raises risks of unauthorized access and data misuse.	Low	As a process, user Access Review to be performed at least on a half yearly basis for Tally.	User access review has been performed during audit process. As a process, we will also perform and document on half yearly basis. Timeline: Closed.
3	As per RBI Master Direction 2017, The NBFCs which are currently not using IPv6 platform should migrate to the same as per National Telecom Policy issued by the Government of India in 2012. (As per Circular DNBS(Inf.). CC.No 309/24.01.022/ 2012-13 November 08, 2012). The Website of BTL is not at IPV6.	Regulatory Non-Compliance – May lead to audit observations or penalties. Limited Accessibility – Future users may face issues accessing IPv4-only websites. Security Concerns – Misses out on IPv6's built-in security features. Obsolete Infrastructure – Signals poor IT planning and limits future tech upgrades.	Low	The Company is recommended to migrate its website to IPv6.	The same will be completed by the given time. Timeline: 10 Sep 2025 Responsibility: ITSC.
4	DR drills for critical information systems conducted at least on a half-yearly basis, and for other information systems, in accordance with Company's risk assessment.	Failure to conduct periodic DR drills can lead to unpreparedness, extended downtime, and data loss. RBI requires regular testing to ensure alignment with RTOs and RPOs.	Low	Tally DR Drill to be performed and suitable metrics for system performance, recovery, and business resumption, including Recovery Point Objective (RPO) and Recovery Time Objective (RTO), for all critical information systems to be documented.	During the audit process it was conducted and shared with auditor. The report shall be placed before upcoming ITSC on 05 August 2025 along with BCP plan. Timeline: Closed.