STATUTORY AUDIT POLICY AND APPOINTMENT PROCEDURE OF STATUTORY AUDITORS OF THE COMPANY (Statutory Audit Policy)

Approved by
Board of Directors in their meeting held on August 3, 2021

Last Review on May 29, 2026

1. Introduction

RBI vide its Circular Ref. No. DoS.CO.ARG/SEC.01/08.91.001/2021-22 dated April 27, 2021 has issued Guidelines for Appointment of Statutory Auditors ("SAs") for NBFCs and CICs ("RBI SA Guidelines") for Financial Year 2021-22 and onwards. The RBI guideline mandates Bharti Telecom Limited ("the Company") to formulate 'Statutory Audit Policy and Appointment Procedure of Statutory Auditors' to be hosted on official website of the Company and to formulate necessary procedure thereunder to be followed for appointment of SAs.

The Audit Committee of the Board and Board of the Company may review the Policy as and when required / need based. In case there are any regulatory changes requiring modifications to the Policy, the Policy shall be reviewed and amended at the next possible opportunity. However, the amended regulatory requirements will supersede the Policy till the time Policy is suitably amended.

2. Objective

The objective of the policy is to lay down a framework of guidance and procedures for appointing Statutory Auditors in compliance with the RBI SA Guidelines and the Companies Act 2013.

Part A
Statutory Audit Policy

I. Number of SAs:

Number of SAs to be appointed by the Company will be in accordance with the RBI SA Guidelines, the Companies Act 2013 and other applicable laws regulations.
If the asset size of the Company is Rs.15,000 crore and above as at the end of previous year, the statutory audit shall be conducted under joint audit of a minimum of two audit firms.

The Company shall decide on the number of SAs after considering the relevant factors such as the size and spread of assets, accounting and administrative units, complexity of transactions, level of computerization, availability of other independent audit inputs, identified risks in financial reporting, etc, subject to the minimum and maximum limits prescribed by RBI and other laws and regulations.

The Company shall ensure that joint auditors do not have any common partners and they are not under the same network of audit firms.

II. No. of Allocation between the joint SAs:

Audit Committee in consultation with SAs shall finalise the work allocation among SAs, before the commencement of the statutory audit.

III. Eligibility Criteria of SAs:

Basic Eligibility:

Asset Size of Company as on 31st March of Previous Year	Minimum No. of Full-Time partners (FTPs) associated with the firm for a period of at least three (3) years (A)	Out of total FTPs, Minimum No. of Fellow Chartered Accountant (FCA) Partners associated with the firm for a period of at least three (3) years (B)	Minimum No. of Full Time Partners/ Paid CAs with CISA/ISA Qualification (C)	Minimum No. of years of Audit Experience of the firm (D)	Minimum No. of Professional staff (E)
Above Rs. 15,000 Cr.	5	4	2	15	18

A. Association of Partners with the Firm

There should be at least one-year continuous association of partners with the firm as on the date of empanelment for considering them as full time partners. Further, for appointment as SAs of the Company at least two partners of the firm shall have continuous association with the firm for at least 10 years.

The 'full-time partner's association with the firm' means exclusive association. The definition of 'exclusive association' will be based on the following criteria:

a) The full-time partner should not be a partner in other firm/s.
b) He/ She should not be employed full time / part time elsewhere.
c) He/ She should not be practicing in her/ his own name or engaged in practice otherwise or engaged in other activity which would be deemed to be in practice under Section 2(2) of the Chartered Accountants Act, 1949.
d) The Audit Committee shall examine and ensure that the income of the partner from the firm/LLP is adequate for considering them as full-time exclusively associated partners, which will ensure the capability of the firm for the purpose.

B. CISA/ISA Qualification:

The Company shall give priority to firms with full time partners or full time Chartered Accountants ("CAs") having CISA/ISA qualification. There should be at least one-year continuous association of paid CAs with CISA/ISA qualification with the firm as on the date of shortlisting for considering them as paid CAs with CISA/ISA qualification for the purpose.

C. Audit Experience:

SAs of the Company shall have minimum of 15 years of audit experience.

Audit experience shall mean experience of the audit firm as Statutory Central/Branch Auditor of Commercial Banks/UCBs/NBFCs/AIFIs. In case of merger and demerger of audit firms, merger effect will be given after 2 years of merger while demerger will be effected immediately for this purpose.

D. Professional Staff:

Professional staff includes audit and article clerks with knowledge of book-keeping and accountancy and who are engaged in on-site audits but excludes typist/steno/computer operator/ secretary/subordinate staff, etc. There should be at least one-year continuous association of professional staff with the firm as on the date of shortlisting for considering them as professional staff for the purpose.

E. Additional Criteria / Considerations:

1. The audit firm, proposed to be appointed as SCAs/SAs should be duly qualified for appointment as auditor of a company in terms of Section 141 of the Companies Act, 2013.
2. The audit firm should not be under debarment by any Government Agency, National Financial Reporting Authority (NFRA), the Institute of Chartered Accountants of India (ICAI), RBI or Other Financial Regulators.
3. The appointment of SAs shall be in line with the ICAI's Code of Ethics/any other such standards adopted and does not give rise to any conflict of interest.
4. If any partner of a Chartered Accountant firm is a director of the Company or its Subsidiaries, the said firm shall not be appointed as SAs of the Company or any of the group entities of that Entity.
5. The auditors should preferably have capability and experience in deploying Computer Assisted Audit Tools and Techniques (CAATTs) and Generalized Audit Software (GAS), commensurate with the degree/ complexity of computer environment of the Company where the accounting and business data reside in order to achieve audit objectives.

IV. Continued Compliance with basic eligibility criteria:

In case the audit firm, after appointment as SAs of the Company, does not comply with any of the eligibility norms on account of resignation, death etc. of any of the partners, employees, action by Government Agencies, NFRA, ICAI, RBI, other Financial Regulators, etc., it shall promptly approach the Company with full details. Further, the audit firm shall take all necessary steps to become eligible within a reasonable time (i.e. 6 months) and in any case, the audit firm should be complying with the above norms before commencement of Annual Statutory Audit for Financial Year ending 31st March and till the completion of annual audit.

In case of any extraordinary circumstance after the commencement of audit, like death of one or more partners, employees, etc., which makes the firm ineligible with respect to any of the eligibility norms, the Company will approach RBI to consider allowing the concerned audit firm to complete the audit, as a special case.

V. Intimation of Appointment of SA to RBI:

The Company shall inform the appointment of SAs within one month of such appointment to RBI as per the format prescribed in RBI SA Guidelines.

VI. Independence of SAs:

i. The Audit Committee of the Board shall monitor and assess the independence of the SAs and conflict of interest position in terms of relevant regulatory provisions, standards and best practices. Any concerns in this regard shall be flagged by the Audit Committee to the Board of Directors of the Company and RBI.

ii. In case of any concern with the Management of the Company such as non-availability of information/non-cooperation by the Management, which may hamper the audit process, the SAs shall approach the Audit Committee under intimation to RBI.

iii. Concurrent auditors of the Company, if any, should not be considered for appointment as SAs of the Company. The audit of the Company and any other Companies with large exposure to the Company for the same reference year should also be explicitly factored in while assessing independence of the SAs.

iv. The time gap between any non-audit works (services mentioned at Section 144 of Companies Act, 2013, Internal assignments, special assignments, etc.) by the SAs for the Company or any audit/non-audit works for its group Companies should be at least one year, before or after its appointment as SAs. However, during the tenure as SAs, an audit firm may provide such services to the Company or its group companies which may not normally result in a conflict of interest and the Company shall take prior approval of the Audit Committee.

v. For the purpose of this clause conflict would not normally be created in the case of the following special assignments:

- Tax audit, tax representation and advice on taxation maters.
- Audit of interim financial statements.
- Certificates required to be issued by the statutory auditor in compliance with statutory or regulatory requirements.
- reporting on financial information or segments thereof .

vi. The restrictions as detailed in para iii and iv above, should also apply to an audit firm under the same network of audit firms or any other audit firm having common partners.

VII. Professional Standards of SAs:

i. SAs shall be strictly guided by the relevant professional standards in discharge of their audit responsibilities with highest diligence.

ii. The Audit Committee of the Company shall review the performance of SAs on an annual basis. Any serious lapses/negligence in audit responsibilities or conduct issues on part of the SAs or any other matter considered as relevant shall be reported to RBI within two months from completion of the annual audit. Such reports shall be sent with the approval of the Board of Directors of the Company, with the full details of the audit firm.

iii. In the event of lapses in carrying out audit assignments resulting in mis-statement of the Company's financial statements, and any violations/lapses vis-à-vis the RBI's

directions/guidelines regarding the role and responsibilities of the SAs in relation to the Company, the SAs would be liable to be dealt with suitably under the relevant statutory/regulatory framework.

VIII. Tenure and Rotation:

a. The Company shall appoint the SAs for a continuous period of three years, subject to the firms satisfying the eligibility norms each year. If the Company removes the SAs before completion of three years tenure shall inform RBI about it, along with reasons/justification for the same, within a month of such a decision being taken.

b. An audit firm would not be eligible for reappointment for six years (two tenures) after completion of full or part of one term of the audit tenure. However, SAs can continue to undertake statutory audit of other group Companies.

c. The SAs of the Company shall not take up statutory audit of a maximum of eight NBFCs including the Company during a particular year. A group of audit firms having common partners and/or under the same network will be considered as one entity and they will be considered for allotment of SA accordingly. Shared/Sub-contracted audit by any other/associate audit firm under the same network of audit firms is not permissible. The incoming audit firm shall not be eligible if such audit firm is associated with the outgoing auditor or audit firm under the same network of audit firms.

IX. Audit Fees and Expenses:

The audit fees for SAs of the Company shall be decided in terms of the relevant statutory/regulatory provisions. The audit fees shall be reasonable and commensurate with the scope and coverage of audit, size and spread of assets, accounting and administrative units, complexity of transactions, level of computerization, identified risks in financial reporting, etc. The Audit Committee of the Company shall make recommendation to the Board of Directors which in turn will recommend to the shareholders of the Company as per the relevant statutory/regulatory instructions for fixing audit fees of SAs.

Part B
Procedure for Appointment of SAs

A. The Company shall invite applications from eligible Audit firms including the Company's past auditors of the Company, other firms having associations with the Company for one off assignments and other firms subject to fulfilling the eligibility criteria as per this Policy and applicable RBI guidelines for expression of interest (EOI) for appointment of SAs. Expression of interest/applications received will be considered if they are found to be meeting all eligibility conditions.

B. The Company shall obtain eligibility certificate, along with relevant information as per provisions of the Companies Act, 2013 and RBI SA Guidelines as amended, from the audit firm(s) proposed to be appointed as SAs by the Company to the effect that the audit firm(s) complies with all the eligibility norms prescribed by RBI for the purpose and the Companies Act, 2013 . Such certificate should be signed by the main partner/s of the audit firm proposed for appointment of SAs of the Company, under the seal of the said audit firm.

C. EOIs/Applications received will be evaluated by the CFO in consultation with the Executive Chairperson/MD/CEO based on the template for evaluation devised for the purpose. Based on the evaluation result CFO in consultation with the MD&CEO, the Company shall shortlist minimum of 2 audit firms for every vacancy of SAs so that even if firm at first preference is found to be ineligible/refuses appointment, the firm at second preference can be appointed and the process of appointment of SAs does not get delayed.

D. The shortlisted names will be presented to the Audit Committee. Audit Committee shall make its recommendations to the Board of Directors who will select firms from the list as required and make its recommendation to the shareholders of the Company in accordance with applicable laws and regulations. In case Audit Committee/Board require, shortlisted firms may be requested to give a presentation on their capability in brief.