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BHARTI HEXACOM LIMITED

Our Company was originally incorporated under the Companies Act, 1956 as 'Hexacom India Limited', and was issued a certificate of incorporation on April 20, 1995 and subsequently, a certificate for commencement of business by the Registrar of Companies, NCT of Delhi & Haryana at New Delhi on April 26, 1995. Subsequently, the name of our Company changed to 'Bharti Hexacom Limited', pursuant to a special resolution passed by our shareholders at its extraordinary general meeting ("EGM") held on September 10, 2004 and a fresh certificate of incorporation was issued by the Registrar of Companies, NCT of Delhi & Haryana at New Delhi on December 2, 2004. For details, see "History and Certain Corporate Matters" on page 216 of the Prospectus dated April 05, 2024 ("Prospectus").

Corporate Identity Number: U74899DL1995PLC067527; Website: www.bhartihexacom.in

Registered Office and Corporate Office: Bharti Crescent, 1, Nelson Mandela Road, Vasant Kunj, Phase II, New Delhi 110 070, India
Contact Person: Richa Gupta Rohatgi, Company Secretary and Compliance Officer; Telephone: 011-46666100, E mail: bhartihexacom@bharti.in

OUR PROMOTER: BHARTI AIRTEL LIMITED

Our Company has filed the Prospectus with the RoC and the Equity Shares are proposed to be listed on the Main Board of the National Stock Exchange of India Limited ("NSE") and BSE Limited ("BSE") and the trading will commence on Friday, April 12, 2024.

BASIS OF ALLOTMENT

INITIAL PUBLIC OFFERING OF 75,000,000 EQUITY SHARES OF FACE VALUE OF ₹ 5 EACH ("EQUITY SHARES") OF BHARTI HEXACOM LIMITED (THE "COMPANY" OR THE "ISSUER") FOR CASH AT A PRICE OF ₹ 570 PER EQUITY SHARE ("OFFER PRICE") AGGREGATING TO ₹ 42,750 MILLION (THE "OFFER") COMPRISING AN OFFER FOR SALE OF 75,000,000 EQUITY SHARES AGGREGATING TO ₹ 42,750 MILLION BY TELECOMMUNICATIONS CONSULTANTS INDIA LIMITED ("SELLING SHAREHOLDER") (THE "OFFER FOR SALE"). THE OFFER CONSTITUTED 15.00% OF OUR POST-OFFER PAID-UP EQUITY SHARE CAPITAL. THE OFFER PRICE IS 114 TIMES THE FACE VALUE OF THE EQUITY SHARES.

DETAILS OF THE OFFER FOR SALE BY SELLING SHAREHOLDER

NAME OF THE SELLING SHAREHOLDER	TYPE	NUMBER OF EQUITY SHARES OFFERED/AMOUNT (IN ₹ MILLION)	WEIGHTED AVERAGE COST OF ACQUISITION PER EQUITY*
Telecommunications Consultants India Limited	Selling Shareholder	75,000,000 Equity Shares aggregating to ₹ 42,750 million	7.08

*As certified by J. C. Bhalla & Co., Chartered Accountants by way of their certificate dated April 5, 2024.

ANCHOR INVESTOR OFFER PRICE: ₹ 570 PER EQUITY SHARE OF FACE VALUE OF ₹ 5 EACH	OFFER PRICE: ₹ 570 PER EQUITY SHARE OF FACE VALUE OF ₹ 5 EACH	THE OFFER PRICE IS 114 TIMES OF THE FACE VALUE OF THE EQUITY SHARES
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RISKS TO INVESTORS

- Geographical Concentration Risk:** We derive 100% of our revenues from providing consumer mobile services, fixed-line telephone and broadband services to customers in the Rajasthan and the North East Circle only and any unfavourable developments in such regions could adversely affect our business and financial condition.
- We have incurred losses in FY 2021 amounting to ₹ (10,339) million and our net tangible asset during three fiscal years is negative and accordingly the Offer shall be undertaken under Regulation 6(2) of the SEBI ICDR Regulations. In the event our Company fails to allot at least 75% of the Offer to the qualified institutional buyers, the Offer shall fail and the same may have an adverse impact on the reputation of our Company.
- Contingent Liabilities:** There are contingent liabilities on DoT matters, which include demand on account of levy of one-time spectrum charge of aggregating to ₹4,737 million, of which our Company had recorded a charge of ₹160 million for Fiscal 2020 along with interest thereon till December 31, 2023, amounting to ₹721 million. The balance demand amount of ₹4,577 million has continued as contingent liability.
- Average Cost of Acquisition:** The average cost of acquisition of Equity Shares by the Selling Shareholder is less than the Offer Price. The details of the average cost of acquisition of Equity Shares held by the Selling Shareholder are set out below:
- Capital Expenditure:** We require significant capital to fund our capital expenditure and if we are unable to raise additional capital, our business, financial condition and results of operations could be adversely affected.

Name of the Selling Shareholder	Number of Equity Shares held on a fully diluted basis	Average cost of acquisition per Equity Shares* (₹)
Telecommunications Consultants India Limited	150,000,000	7.08

*As certified by J C Bhalla & Co. by way of their certificate dated April 5, 2024.

Set forth below are details of our capital expenditure incurred in the corresponding periods:

Particulars	Nine months ended December 31,		Fiscal		
	2023	2022	2023	2022	2021
	(₹ million, except percentages)				
Capital expenditure ⁽¹⁾	16,003	25,577	30,518	8,745	15,767
Capital expenditure, as a percentage of revenue from operations	30.65%	52.77%	46.39%	16.18%	34.26%

⁽¹⁾Capital expenditure comprises of additions to property, plant and equipment, capital work-in-progress, intangible assets, intangible assets under development and capital advances.

- Significant Indebtedness:** We borrow funds in the domestic and international markets from various banks and financial institutions to meet the long-term and short-term funding requirements for our operations and to fund our growth initiatives. Set forth below are details regarding our borrowings as of the corresponding dates:

Particulars	As of December 31,		As of March 31,		
	2023	2022	2023	2022	2021
	(₹ million, except percentages)				
Total borrowings	62,536	63,545	62,724	72,045	59,792
Fixed rate borrowings	62,341	63,545	62,693	72,027	38,285
Fixed rate borrowings, as a percentage of total borrowings	99.69%	100.00%	99.95%	99.98%	64.03%
Debt to equity ratio**	1.41	1.58	1.48	1.94	2.99

**Debt to equity ratio is calculated as non-current borrowings plus current borrowings less cash and cash equivalents, divided by equity as of the relevant date. For further information, see "Management's Discussion and Analysis of Financial Condition and Results of Operations - Reconciliation of Non-GAAP measures" on page 357 of the Prospectus.

- The 5 BRLMs associated with the Offer have handled 69 public issues in the past three financial years, out of which 22 issues closed below the Offer Price on listing date:

Name of BRLM	Total Issues	Issues closed below IPO Price as on listing date
SBI Capital Markets Limited	-	-
Axis Capital Limited*	11	3
BOB Capital Markets Limited*	1	1
ICICI Securities Limited*	13	-
IIFL Securities Limited*	11	3
Common Issues of all BRLMs	33	14
Total	69	22

*Issues handled where there were no common BRLMs.

BID/OFFER PERIOD

ANCHOR INVESTOR BIDDING DATE OPENED AND CLOSED ON:
TUESDAY, APRIL 2, 2024

BID/OFFER OPENED ON: WEDNESDAY, APRIL 3, 2024

BID/OFFER CLOSED ON: FRIDAY, APRIL 5, 2024

Particulars	As of December 31, 2023 (₹ million)
(i) Taxes, duties and other demands (under adjudication/appeal/ dispute)	
- Service tax and GST	787
- Income tax	645
- Entry tax	-
- DoT demands	1,194
- Other miscellaneous demands	21
(ii) Claims under legal cases including arbitration matters	
- Access Charges/Port Charges	65
- Others	41
Total	2,753

If our contingent liabilities materialize, these could have an adverse impact on our reserves and statement of profit and loss by ₹7,330 million. For further information of our contingent liabilities as at December 31, 2023 as per Ind AS 37, see "Restated Financial Information - Note 20. Contingencies and commitments - (I) Contingent liabilities" on page 300 of the Prospectus. We cannot assure you that we will not incur similar or increased levels of contingent liabilities in the future. If a significant portion of these liabilities materialize, it could have an adverse effect on our business, financial condition and results of operations.

- Offer for Sale:** The Offer comprises an Offer for Sale by the Selling Shareholders. Our Company will not receive any proceeds from the Offer for Sale.
- Regulatory Ceilings:** Reduction in revenue we earn for our telecom services, due to regulatory ceilings on pricing, or owing to pricing pressure, reduction in average revenue per user may have an adverse effect on our business, financial condition, results of operations and prospects. Further, set forth below are details of our ARPU in the corresponding periods compared to players in the industry: (Source: CRISIL Report)

Operators	Fiscal 2021	Fiscal 2022	Fiscal 2023	9M Fiscal 2023	9M Fiscal 2024
BSNL	N.A.	N.A.	N.A.	N.A.	N.A.
Bharti Airtel	145	178	193	193	208
Bharti Hexacom (Airtel)	135	155	185	184	197
Vodafone Idea ¹	107	124	135	135	145
Reliance Jio ²	138	168	179	178	182

Note: ARPU numbers are for exit quarter of respective Fiscal years/as of the nine months. For example, Fiscal 2023 number is for the fourth quarter of Fiscal 2023 and 9M Fiscal 2024 number is for the third quarter of Fiscal 2024.

¹Blended ARPU as reported by the player; may include wireless and wireline.

²As reported by the company, may include revenue from wireline, broadband, FTTH and other telecom services. (Source: Company filings).

If our ARPU decreases, owing to internal factors or as a result of industry trends, our profitability may be impacted. Any sustained decrease in ARPU without any tariff hikes, or failure to premiumize customers at existing tariff rates, could adversely affect our business, financial condition and results of operations.

