

J. C. BHALLA & CO.
CHARTERED ACCOUNTANTS

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**Certificate in relation to Certain Key Performance Indicators forming part of Basis for
Offer Price section**

To,

The Board of Directors
Bharti Hexacom Limited
Bharti Crescent, 1, Nelson Mandela Road
Vasant Kunj, Phase - II
New Delhi 110 070, India

SBI Capital Markets Limited
Unit No. 1501, 15th Floor, A& B Wing
Parinee Crescenzo Building
G Block, Bandra Kurla Complex
Bandra (East), Mumbai 400 051
Maharashtra, India

Axis Capital Limited
Axis House, 8th Floor
Wadia International Centre
Pandurang Budhkar Marg
Worli, Mumbai 400 025
Maharashtra, India

BOB Capital Markets Limited
1704, B Wing, 17th Floor
Parinee Crescenzo, Plot No. C - 38/39
G Block, Bandra Kurla Complex
Bandra (East), Mumbai 400 051
Maharashtra, India

ICICI Securities Limited
ICICI Venture House
Appasaheb Marathe Marg
Prabhadevi, Mumbai 400 025
Maharashtra, India

IIFL Securities Limited
24th Floor, Lodha One Place
Senapati Bapat Marg
Lower Parel (West), Mumbai 400 013
Maharashtra, India

(SBI Capital Markets Limited, Axis Capital Limited, BOB Capital Markets Limited, ICICI Securities Limited and IIFL Securities Limited are collectively referred to as the "Book Running Lead Managers" or the "BRLMs")



HEAD OFFICE : B-17, Maharani Bagh, New Delhi - 110065

Ladies and Gentlemen,

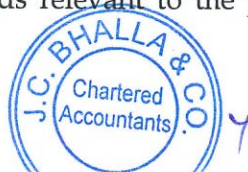
Sub: Proposed Initial Public Offering of Equity Shares bearing Face Value of Rs. 5 each (the "Equity Shares") of Bharti Hexacom Limited (the "Company", and such offering, the "Offer")

1. This report is issued in accordance with the terms of our agreement with the Company dated November 22, 2023.
2. In relation to the Company and its affiliates, we, J. C. Bhalla & Co., Chartered Accountants, (the "Practitioner") are an independent firm of chartered accountants. We have received a request from the Company to perform certain procedures with respect to certain identified key performance indicators of the Company as on respective dates and for the respective period, set forth in the accompanying Statement as prepared by the Company's management.
3. We, J. C. Bhalla & Co., Chartered Accountants, have been informed that the Company proposes to file the red herring prospectus with respect to the Offer (the "RHP") with the Registrar of Companies, Delhi and Haryana at New Delhi ("Registrar of Companies") and thereafter with Securities and Exchange Board of India ("SEBI"), BSE Limited and National Stock Exchange of India Limited (collectively, the "Stock Exchanges") in accordance with the provisions of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended ("SEBI ICDR Regulations") and subsequently proposes to file the prospectus with SEBI, the Stock Exchanges and the Registrar of Companies (the "Prospectus"); and any other documents or materials to be issued in relation to the Offer (collectively with the RHP and Prospectus, the "Offer Documents").
4. The accompanying statement containing details of GAAP measures, Non-GAAP Financial measures and Non-Financial measures (part of financial reporting) as described in the Technical Guide on Disclosure and Reporting of Key Performance Indicators (KPIs) in 'Basis for Offer Price' section of the Offer Documents issued by Institute of Chartered Accountants of India ("ICAI") (herein, referred to as the "KPIs") as identified by the Company as per the requirement of paragraph 9(K)(3) of Part A of Schedule VI to the ICDR Regulations (the "Statement") is prepared by the Management of the Company, which we have initialed for identification purposes only.

The KPIs of the Company, as identified by the Company, for the nine months ended December 31, 2023 and December 31, 2022 and the financial years ended March 31, 2023, March 31, 2022 and March 31, 2021 are set out in **Annexure A** have been verified by us in accordance with the procedures set out in **Annexure B** and found to be correct. The procedures and data provided for the KPIs and the assumptions in relation to these KPIs have been mentioned in **Annexure B**.

Management's Responsibility for the Statement

5. The preparation of the accompanying Statement is the responsibility of the Management of the Company. This responsibility includes designing, implementing, and maintaining adequate internal controls that were operating effectively and testing of such controls for ensuring the accuracy and completeness of information relating to KPIs including such accounting records relevant to the preparation and presentation of the

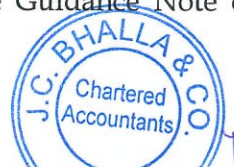


Statement, and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances.

6. The Management is responsible for:
 - a. identification, definition, completeness, accuracy, relevance, appropriateness and sufficiency of the KPIs included in the Statement;
 - b. providing access to the accounting and other records to the reporting practitioner including information and explanations required for reporting on the KPIs;
 - c. maintenance of the accounting and other records in relation to point (a) and (b) above; and
 - d. compliance with the ICDR Regulations, the Technical Guide on Disclosure and Reporting of Key Performance Indicators (KPIs) in Offer Documents issued by ICAI ("**Technical Guide**") and other regulatory requirements.

Practitioner's Responsibility

7. Pursuant to the requirements of paragraph 9(K)(3) of Part A of Schedule VI to the ICDR Regulations, it is our responsibility to obtain limited assurance and conclude as to whether (a) the financial details provided in the Statement are in agreement with the audited financial statements of the Company as at the end of and for Fiscals 2023, 2022 and 2021 and the audited financial statements for the nine months period ended December 31, 2023 and December 31, 2022 (the "**Audited Financial Statements**") and Restated Financial Information of the Company as at and for the nine months ended December 31, 2023 and December 31, 2022 and the financial years ended March 31, 2023, March 31, 2022 and March 31, 2021 (the "**Restated Financial Information**") and the underlying books of account maintained by the Company used for the purpose of preparation of Audited Financial Statements / Restated Financial Information and (ii) KPIs included in the Statement are mathematically accurate.
8. The audited standalone financial statements for Fiscals 2023, Fiscals 2022 and Fiscals 2021 referred to in paragraph 7 above, have been audited by statutory auditors of the Company on which statutory auditors of the Company issued an unmodified audit opinion vide their reports dated May 30, 2023, May 19, 2022 and May 14, 2021 respectively. The audited financial statements for the nine months period ended December 31, 2023 and December 31, 2022 referred to in paragraph 7 above, have been audited by statutory auditors of the Company on which statutory auditors of the Company issued an unmodified audit opinion vide their reports dated March 15, 2024 and February 13, 2023 respectively. Their audits of these financial statements were conducted in accordance with the Standards on Auditing specified under Section 143(10) of the Companies Act, 2013, as amended (the "**Act**"). Those standards require that they plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. Their audits were not planned and performed in connection with any transactions to identify matters that may be of potential interest to third parties.
9. The Restated Financial Information of the Company as at and for the nine months ended December 31, 2023 and December 31, 2022 and for Fiscals 2023, 2022 and 2021 referred to in paragraph 7 above, have been examined by statutory auditors of the Company on which statutory auditors of the Company issued their examination report dated March 15, 2024. Their examination of these Restated Financial Information was conducted taking into consideration the Guidance Note on Reports in Company Prospectuses



(Revised 2019) issued by the ICAI, concepts of test checks and materiality to obtain reasonable assurance based on verification of evidence supporting the Restated Financial Information and the requirements of Section 26 of Part I of Chapter III of the Act and the ICDR Regulations. Their work was performed solely to assist you in meeting your responsibilities in relation to your compliance with the Act, the ICDR Regulations and the Technical Guide. Their work was not planned and performed in connection with any transactions to identify matters that may be of potential interest to third parties.

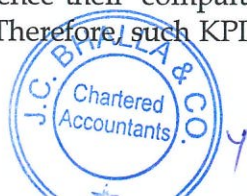
10. We conducted our examination of the Statement in accordance with the Technical Guide and Guidance Note on Reports or Certificates for Special Purposes (Revised 2016), which require that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.
11. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.
12. A limited assurance engagement includes performing procedures to obtain sufficient appropriate evidence that vary in nature, timing and extent from a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement. Accordingly, we have performed the procedures as referred in **Annexure B**.
13. We have no responsibility to update this report for events and circumstances occurring after the respective dates of the reports on the financial statements mentioned in paragraph 8 above. However, in case any changes to the information/confirmations contained in this Report are made available to us or we become aware of such changes, we undertake to communicate, in writing, such changes to the Company and the Book Running Lead Managers until the Equity Shares allotted in the Offer commence trading on the Stock Exchanges.
14. We have no responsibility for identification, definition, completeness, relevance, appropriateness and sufficiency of the KPIs included in the Statement.
15. The procedures we have performed do not constitute an audit or review made in accordance with generally accepted auditing standards. Furthermore, they will not necessarily reveal matters of significance with respect to any material misstatement of the information related to KPIs of the Company.
16. This report can be used, in full or part, for inclusion in the Offer Documents. We hereby consent (i) to our Firm name and the aforementioned details being included in the Offer Documents; and (ii) to the submission of this report to any regulatory / statutory/ governmental authority, stock exchanges, any other authority as may be required. We also give our consent to include this report as part of the section titled "*Material Contracts and Documents for Inspection*" in the Offer Documents which will be available to the public for inspection and on the website of the Company.



17. We undertake to immediately communicate, in writing, any changes to the above information/confirmations, as and when: (i) made available to us; or (ii) we become aware of any such changes, to the Book Running Lead Managers and the Company until the Equity Shares allotted/transferred in the Offer commence trading on the Stock Exchanges. In the absence of any such communication from us, the Company, the Book Running Lead Managers and the legal advisors appointed with respect to Offer can assume that there is no change to the information/confirmations forming part of this certificate and accordingly, such information should be considered to be true and accurate.
18. This certificate may be relied on by the Book Running Lead Managers, their affiliates and legal counsels appointed relation to the Offer for documenting and conducting their due-diligence and due-enquiry of the affairs of the Company in connection with the Offer. We hereby consent to extracts of, or reference to, this certificate being used in the Offer Documents. Further, we hereby consent to this certificate being disclosed by the Book Running Lead Managers, if required (i) by reason of any law, regulation, order or request of a court or by any governmental or competent regulatory authority, or (ii) in seeking to establish a defense in connection with, or to avoid, any actual, potential or threatened legal, arbitral or regulatory proceeding or investigation.
19. All capitalized terms not defined herein would have the same meaning as attributed to it in the Offer Documents, as applicable.

Inherent Limitations

20. Our work and conclusion shall not in any way constitute advice or recommendations (and we accept no liability in relation to any advice or recommendations) regarding any commercial decisions associated with the Offer, including, in particular, but without limitation, any which may be taken by the Company, the Bankers/ Book Running Lead Managers or the Syndicate Members in the capacity of investor or in providing investment advice to their clients or the Company.
21. We, however, state that this is not an assurance as to the future viability of the Company or whether the KPIs have a bearing for arriving at the basis for issue price. We further state that our reporting is based on the facts up to the date of the report and we neither give any guarantee nor any assurance that the KPIs reported will continue to perform and/or report in similar manner in future. It should be noted that the KPIs contained in the Statement may not be measures of operating performance or liquidity defined by generally accepted accounting principles. We make no comment about the Company's definition, methodology or presentation of the KPIs in the Statement or its usefulness for any purposes.
22. The KPIs included in the Statement should not be considered in isolation from, or as a substitute for, analysis of Company's historical financial performance, as reported and presented in the Restated Financial Information of the Company included in the Offer Documents. These KPIs (other than GAAP measures) are not defined in Indian Accounting Standards (Ind AS) notified under section 133 of the Act, are not presented in accordance with Ind AS and have limitations. These KPIs may differ from similarly titled information used by certain peer companies, who may calculate such information differently and hence their comparability with the measures used by the Company may be limited. Therefore, such KPIs should not be viewed as substitutes for measures



of performance under Ind AS or as indicators of Company's financial position, financial performance or its cash flows.

Conclusion

23. Based on the limited procedures performed by us, as above, and the information and explanations given to us, nothing has come to our attention that causes us to believe that (i) the financial details provided in the Statement are not in agreement with the Audited Financial Statements and Restated Financial Information and the underlying books of account maintained by the Company used for the purpose of preparation of the Audited Financial Statements / Restated Financial Information and (ii) KPIs included in the Statement are not mathematically accurate. We confirm that the information above is true, correct, and not misleading, there is no untrue statement or omission which would render the contents of this certificate misleading in its form or context.

Restriction on Use

24. This report is addressed to, and provided to, the Board of Directors of the Company and the Book Running Lead Managers for the limited purpose to comply with the requirements of ICDR Regulations and should not be used by any other person or for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this report is shown or into whose hands it may come.

Yours faithfully,

For and on behalf of
J.C. Bhalla & Co.
Chartered Accountants
ICAI Firm Registration No.: 001111N


(Akhil Bhalla)
Partner
Membership No.: 505002
UDIN: 24505002BKBXTB8729



Place: Noida
Date : March 22, 2024

Encl: As above

CC:

Domestic Legal Counsel to the Book Running Lead Managers

Shardul Amarchand Mangaldas & Co
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Delhi, India

International Legal Counsel to the Offer

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#10-01 OUE Bayfront
Singapore 049 321

Domestic Legal Counsel to the Company

AZB & Partners
AZB House, Peninsula Corporate Park
Ganpatrao Kadam Marg
Lower Parel, Mumbai 400 013
Maharashtra, India



Annexure A

Following are the list of KPIs as identified and provided by the Company

Sr. No.	List of KPIs as identified by the Company	Nine months period ended		Fiscal		
		December 31, 2023	December 31, 2022	2023	2022	2021
1.	Revenue from operations (₹ In Million)	52,208	48,465	65,790	54,052	46,023
2.	EBITDA (₹ In Million)	25,764	20,910	28,884	18,985	11,373
3.	EBITDA Margin (in %)	49.35%	43.14%	43.90%	35.12%	24.71%
4.	Average Revenue Per User (ARPU) for mobile services (₹)	197	184	185	155	135
5.	Customer Base for mobile services (In Thousands)	26,782	25,479	25,827	24,767	24,979



Annexure B

At the Company's request, we have performed the following procedures, which were applied to the information provided by the Company as explained below:

S. No.	List of KPIs as identified by the Company	Explanations provided by the Company	Procedures performed by us including formula used for the calculation
1	Revenue from operations (₹ In Million)	Revenue from operations comprises revenue arising from core business offerings in consumer mobile services, fixed line and broadband services.	Basis the review of Restated Financial Statements of the Company
2	EBITDA (₹ In Million)	EBITDA is calculated as Profit before depreciation, amortization, finance costs, tax and exceptional items for the year/period, less interest income and net gain on marketable securities.	Basis the review of Restated Financial Statements and calculation as provided to us by the management of the Company.
3	EBITDA Margin (in %)	EBITDA Margin (%) is calculated as EBITDA (excluding interest income and net gain on marketable securities) divided by Revenue from operations.	Basis the review of Restated Financial Statements and calculation as provided to us by the management of the Company.
4	Average Revenue Per User (ARPU) for mobile services (₹)	ARPU is a factor of revenue earned from Customers divided by revenue earning Customer ("REC") base. For ARPU computation purposes, stringent definition of Customer base is used in terms of Revenue Earning Customers (REC) which means Customers who have done any activity i.e. call/SMS/data usage, etc. in the last 30 days. Whereas in TRAI reporting, Customer reporting is basis 90 days active Customers (as per TRAI guidelines).	Basis the walkthrough with the Company, we understood the KPI numbers and their purpose and confirmed the accuracy and rationale behind the calculation process. We have also recalculated the numbers to ensure the arithmetical accuracy of the KPI calculation
5	Customer Base for mobile services (In Thousands)	The mobile customer base pertains to Revenue Earning Customers (REC), specifically covering Prepaid and Postpaid customer segments. It excludes Machine-to-Machine (M2M) customers from the overall mobile customer base.	Basis the walkthrough with the Company, we understood the KPI numbers and the purpose/rationale. We also reviewed the queries and their outputs which were generated for the periods disclosed in the RHP and tested/verified those queries for ensuring accuracy and integrity. We have also confirmed the numbers by verifying the snapshots received in the form of query outputs.

