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(Please scan this QR Code to view the RHP)

# 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 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 red herring prospectus of our Company dated March 22, 2024 filed with the RoC ("RHP" or "Red Herring 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, Email: bharti@hexacom.com

## OUR PROMOTER: BHARTI AIRTEL LIMITED

INITIAL PUBLIC OFFERING OF UP TO 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 ₹ [●] PER EQUITY SHARE ("OFFER PRICE") AGGREGATING UP TO ₹ [●] MILLION (THE "OFFER") COMPRISING AN OFFER FOR SALE OF UP TO 75,000,000 EQUITY SHARES AGGREGATING UP TO ₹ [●] MILLION BY TELECOMMUNICATIONS CONSULTANTS INDIA LIMITED ("SELLING SHAREHOLDER") (THE "OFFER FOR SALE"). THE OFFER PRICE IS [●] TIMES THE FACE VALUE OF THE EQUITY SHARES. THE PRICE BAND AND THE MINIMUM BID LOT WILL BE DECIDED BY OUR COMPANY, IN CONSULTATION WITH THE BRLMs, AND WILL BE ADVERTISED IN ALL EDITIONS OF THE ENGLISH NATIONAL DAILY NEWSPAPER FINANCIAL EXPRESS, ALL EDITIONS OF THE HINDI NATIONAL DAILY NEWSPAPER JANSATTA (HINDI ALSO BEING THE REGIONAL LANGUAGE OF NEW DELHI WHERE OUR REGISTERED OFFICE IS SITUATED), EACH WITH WIDE CIRCULATION, AT LEAST TWO WORKING DAYS PRIOR TO THE BID/OFFER OPENING DATE AND SHALL BE MADE AVAILABLE TO STOCK EXCHANGES FOR THE PURPOSE OF UPLOADING ON THEIR RESPECTIVE WEBSITES IN ACCORDANCE WITH THE SEBI ICDR REGULATIONS.

DETAILS OF THE SELLING SHAREHOLDERS, OFFER FOR SALE AND WEIGHTED AVERAGE COST OF ACQUISITION PER EQUITY SHARE			
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	Up to 75,000,000 Equity Shares aggregating up to ₹ [●] million	7.08

\* As certified by J. C. Bhalla & Co, Chartered Accountants by way of their certificate dated March 22, 2024.

We are a communications solutions provider offering consumer mobile services, fixed-line telephone and broadband services to customers in the Rajasthan and the North East telecommunication circles in India, which comprises the states of Arunachal Pradesh, Manipur, Meghalaya, Mizoram, Nagaland and Tripura. We offer our services under the brand 'Airtel'.

The Offer is being made through the Book Building Process pursuant to Regulation 6(2) of the SEBI ICDR Regulations.

QIB Portion: Not less than 75% of the Offer | Non-Institutional Portion: Not more than 15% of the Offer | Retail Portion: Not more than 10% of the Offer.

PRICE BAND: ₹542 TO ₹570 PER EQUITY SHARE OF FACE VALUE OF ₹5 EACH.

THE FLOOR PRICE IS 108.40 TIMES THE FACE VALUE OF THE EQUITY SHARES AND THE CAP PRICE IS 114 TIMES THE FACE VALUE OF THE EQUITY SHARES.

THE PRICE TO EARNING RATIO AT THE FLOOR PRICE IS 49.36 TIMES AND AT THE CAP PRICE IS 51.91 TIMES.

BIDS CAN BE MADE FOR A MINIMUM OF 26 EQUITY SHARES AND IN MULTIPLES OF 26 EQUITY SHARES THEREAFTER.

IN MAKING AN INVESTMENT DECISION, POTENTIAL INVESTORS MUST ONLY RELY ON THE INFORMATION INCLUDED IN THE RED HERRING PROSPECTUS AND THE TERMS OF THE OFFER, INCLUDING THE RISKS INVOLVED AND NOT RELY ON ANY OTHER EXTERNAL SOURCES OF INFORMATION ABOUT THE OFFER AVAILABLE IN ANY MANNER.

In accordance with the recommendation of the Independent Directors of our Company, pursuant to their resolution dated March 23, 2024, the above provided price band is justified based on quantitative factors/ KPIs disclosed in the "Basis for Offer Price" section of the RHP vis-à-vis the weighted average cost of acquisition of primary and secondary transaction(s) disclosed in the "Basis for Offer Price" section on page 103 of the RHP.

## RISKS TO INVESTORS

1. **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.
2. 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.
3. **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.

In addition to the above point, the following table below sets forth our contingent liabilities as per Ind AS 37 – Provisions, Contingent Liabilities and Contingent Assets, as of December 31, 2023:

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	-

Particulars	As of December 31, 2023 (₹ million)
- 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 RHP. 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.

4. **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.
5. **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

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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 Hexa-com (Airtel) <sup>§</sup>	135	155	185	184	197
Vodafone Idea <sup>1</sup>	107	124	135	135	145
Reliance Jio <sup>2</sup>	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.

<sup>§</sup>As shared by company

<sup>1</sup>Blended ARPU as reported by the player; may include wireless and wireline

<sup>2</sup>As 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.

6. **Average Cost of Acquisition:** The average cost of acquisition of Equity Shares by the Selling Shareholder may be 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:

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 March 22, 2024.

7. **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.

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 <sup>(1)</sup>	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%

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

8. **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 RHP.

9. The 5 BRLMs associated with the Offer have handled 112 public issues in the past three financial years, out of which 36 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*	20	4
BOB Capital Markets Limited*	1	1
ICICI Securities Limited*	19	3
IIFL Securities Limited*	15	4
Common Issues of all BRLMs	57	24
Total	112	36

\*Issues handled where there were no common BRLMs

BID/OFFER PERIOD

ANCHOR INVESTOR BIDDING DATE: TUESDAY, APRIL 02, 2024*	BID/OFFER OPENS ON: WEDNESDAY, APRIL 03, 2024	BID/OFFER CLOSES ON: FRIDAY, APRIL 05, 2024^
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\*Our Company may, in consultation with the BRLMs, consider participation by Anchor Investors in accordance with the SEBI ICDR Regulations. The Anchor Investor Bidding Date shall be one Working Day prior to the Bid/Offer Opening Date.

^The UPI mandate end time and date shall be at 5:00 p.m. on Bid/Offer Closing Date.

Submission of Bids (other than Bids from Anchor Investors):


Bid/ Offer Period (except the Bid/ Offer Closing Date)	
Submission and revision in Bids	Only between 10.00 a.m. and 5.00 p.m. (Indian Standard Time (“IST”))
Bid/Offer Closing Date*	
Submission of electronic applications (Online ASBA through 3-in-1 accounts) – For RIBs	Only between 10.00 a.m. and up to 5.00 p.m. IST
Submission of electronic applications (Bank ASBA through Online channels like Internet Banking, Mobile Banking and Syndicate UPI ASBA applications where Bid Amount is up to ₹500,000)	Only between 10.00 a.m. and up to 4.00 p.m. IST
Submission of electronic applications (Syndicate Non-Retail, Non-Individual Applications)	Only between 10.00 a.m. and up to 3.00 p.m. IST
Submission of physical applications (Bank ASBA)	Only between 10.00 a.m. and up to 1.00 p.m. IST
Submission of physical applications (Syndicate Non-Retail, Non-Individual Applications of QIBs and NIIIs where Bid Amount is more than ₹500,000	Only between 10.00 a.m. and up to 12.00 p.m. IST
Modification/ Revision/cancellation of Bids	
Modification of Bids by QIBs and Non-Institutional Bidders categories and modification/cancellation of Bids by RIBs*	Only between 10.00 a.m. and up to 5.00 p.m. IST

\* UPI mandate end time and date shall be at 05:00 p.m. on Bid/ Offer Closing Date. | \*QIBs and Non-Institutional Bidders can neither revise their bids downwards nor cancel/withdraw their bids.

An indicative timetable in respect of the Offer is set out below:

Event	Indicative Date
Bid/ Offer Closing Date	Friday, April 5, 2024
Finalisation of Basis of Allotment with the Designated Stock Exchange	On or about Monday, April 8, 2024
Initiation of refunds (if any, for Anchor Investors)/unblocking of funds from ASBA Account	On or about Wednesday, April 10, 2024
Credit of Equity Shares to dematerialized accounts of Allottees	On or about Wednesday, April 10, 2024
Commencement of trading of the Equity Shares on the Stock Exchanges	On or about Friday, April 12, 2024

ASBA<sup>#</sup>



UPI

UNIFIED PAYMENTS INTERFACE

Simple, Safe, Smart way of Application!!!

\*Applications Supported by Blocked Amount (“ASBA”) is a better way of applying to offers by simply blocking the fund in the bank account. For further details, check section on ASBA. Mandatory in public issues. No cheque will be accepted.

UPI-Now available in ASBA for all individual investors applying in public issues where the application amount is up to ₹5,00,000/-, applying through Registered Brokers, Syndicate, CDPs & RTAs. Retail Individual Bidders and Non-Institutional Bidders also have the option to submit the application directly to the ASBA Bank (SCSBs) or to use the facility of linked online trading, demat and bank account. Investors are required to ensure that the bank account used for bidding is linked to their PAN. Bidders must ensure that their PAN is linked with Aadhaar and are in compliance with CBDT notification dated February 13, 2020 and read with press release dated September 17, 2021 and CBDT circular no. 7 of 2022, dated March 30, 2022, read with press release dated March 28, 2023.

ASBA has to be availed by all the investors except Anchor Investors. UPI may be availed by UPI Bidder. For details on the ASBA and UPI process, please refer to the details given in the Bid Cum Application Form and abridged prospectus and also please refer to the section “Offer Procedure” on page 443 of the RHP. The process is also available on the website of Association of Investment Bankers of India (“AIBI”) and Stock Exchanges and in the General Information Document. The Bid Cum Application Form and the Abridged Prospectus can be downloaded from the websites of BSE Limited (“BSE”) and National Stock Exchange of India Limited (“NSE”), and together with BSE, the “Stock Exchanges”) and can be obtained from the list of banks that is displayed on the website of SEBI at [www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmid=35](http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmid=35) and <https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmid=43>, respectively as updated from time to time. For the list of UPI apps and banks live on IPO, please refer to the link: [www.sebi.gov.in](http://www.sebi.gov.in). UPI Bidders Bidding using the UPI Mechanism may apply through the SCSBs and mobile applications whose names appear on the website of SEBI, as updated from time to time. Axis Bank Limited and Kotak Mahindra Bank Limited have been appointed as the Sponsor Banks for the Issue, in accordance with the requirements of SEBI circular dated November 1, 2018 as amended. For Issue related queries, please contact the Book Running Lead Managers (“BRLMs”) on their respective email IDs as mentioned below. For UPI related queries, investors can contact NPCI at the toll free number: 18001201740 and mail Id: [ipo.upi@npci.org.in](mailto:ipo.upi@npci.org.in).

THE EQUITY SHARES OF OUR COMPANY WILL GET LISTED ON MAIN BOARD PLATFORM OF BSE AND NSE.

In case of any revision to the Price Band, the Bid/Offer Period will be extended by at least three additional Working Days after such revision in the Price Band, subject to the Bid/Offer Period not exceeding 10 Working Days. In cases of force majeure, banking strike or similar circumstances, our Company may, in consultation with the BRLMs, for reasons to be recorded in writing, extend the Bid / Offer Period for a minimum of three Working Days, subject to the Bid/ Offer Period not exceeding 10 Working Days. Any revision in the Price Band and the revised Bid/Offer Period, if applicable, will be widely disseminated by notification to the Stock Exchanges, by issuing a public notice, and also by indicating the change on the respective websites of the BRLMs and at the terminals of the Syndicate Member(s) and by intimation to the Designated Intermediaries and the Sponsor Bank(s), as applicable.

This is an Offer in terms of Rule 19(2)(b) of the Securities Contracts (Regulation) Rules, 1957, as amended (“SCRR”), read with Regulation 31 of the SEBI ICDR Regulations. The Offer is being made through the Book Building Process in terms of Regulation 6(2) of the SEBI ICDR Regulations, wherein at least 75% of the Offer shall be allocated to Qualified Institutional Buyers (“QIBs” and such portion, the “QIB Portion”), provided that our Company, in consultation with the BRLMs, may allocate up to

60% of the QIB Portion to Anchor Investors on a discretionary basis (the “Anchor Investor Portion”), out of which one-third shall be reserved for domestic Mutual Funds only, subject to valid Bids being received from domestic Mutual Funds at or above the price at which Equity Shares are allocated to Anchor Investors (“Anchor Investor Allocation Price”), in accordance with the SEBI ICDR Regulations. In the event of under- subscription, or non-allocation in the Anchor Investor Portion, the balance Equity Shares shall be added to the QIB Category (excluding the Anchor Investor Portion) (“Net QIB Portion”). Further, 5% of the Net QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only, and the remainder of the Net QIB Portion shall be available for allocation on a proportionate basis to all QIB Bidders (other than Anchor Investors), including Mutual Funds, subject to valid Bids being received at or above the Offer Price. If at least 75% of the Offer cannot be Allotted to QIBs, then the entire application money will be refunded forthwith. However, if the aggregate demand from Mutual Funds is less than 5% of the QIB Portion, the balance Equity Shares available for allocation in the Mutual Fund Portion will be added to the remaining Net QIB Portion for proportionate allocation to QIBs. Further, not more than 15% of the Offer shall be available for allocation to Non-Institutional Bidders (“NIBs”) of which (a) one-third portion shall be reserved for applicants with application size of more than

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**AMOUNT OF SHARE CAPITAL OF THE COMPANY AND CAPITAL STRUCTURE:** As on the date of the RHP, the authorised share capital of the Company is ₹ 2,500,052,000 divided into 500,000,000 Equity Shares of face value of ₹5 each and 520 Redeemable, Non-Participating, Non-Cumulative Preference Shares of face value

Investors may contact the Company Secretary or the Registrar to the Offer in case of any pre-Offer or post-Offer related problems such as non-receipt of Allotment Advice, non-credit of Allotted Equity Shares in the respective beneficiary account, non-receipt of refund orders or non-receipt of funds by electronic mode, etc.

## Adfactors

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