Deloitte Haskins & Sells LLP

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INDEPENDENT AUDITOR'S REVIEW REPORT ON
REVIEW OF INTERIM STANDALONE FINANCIAL RESULTS

TO THE BOARD OF DIRECTORS OF
ATC TELECOM INFRASTRUCTURE PRIVATE LIMITED

1. We have reviewed the accompanying Statement of Standalone Unaudited Financial Results of **ATC Telecom Infrastructure Private Limited** ("the Company"), for the quarter and nine months ended December 31, 2022 ("the Statement"), being submitted by the Company pursuant to the requirement of Regulation 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended.

2. This Statement, which is the responsibility of the Company's Management and approved by the Company's Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standards 34 "Interim Financial Reporting" ("Ind AS 34"), prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder and other accounting principles generally accepted in India. Our responsibility is to issue a report on the Statement based on our review.

3. We conducted our review of the Statement in accordance with the Standard on Review Engagement (SRE) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity', issued by the Institute of Chartered Accountants of India (ICAI). A review of interim financial information consists of making inquiries, primarily of the Company's personnel responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing specified under section 143(10) of the Companies Act, 2013 and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

4. Based on our review conducted as stated in paragraph 3 above, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the recognition and measurement principles laid down in the aforesaid Indian Accounting Standards and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms of Regulation 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended , including the manner in which it is to be disclosed, or that it contains any material misstatement.

5. We draw attention to Note 4 to the Standalone Unaudited Financial Results, which states that the Company will continue to monitor the impact, if any, due to the uncertainties relating to going concern of one of the large customers of the Company, as it is possible that the estimated future cash flows may differ from current estimates, and changes in estimated cash flows from the said customer could have impact on the (i) revenue and the carrying value of trade receivables (including unbilled revenue) from the said customer and (ii) the carrying value of property, plant and equipment, capital work in progress, intangible assets including tenant-related intangibles, Right-of-use assets and Goodwill of the Company as at December 31, 2022.

   Our conclusion on the Statement is not modified in respect of this matter.

For DELOITTE HASKINS & SELLS LLP
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

PRAMOD BAIJNATH SHUKLA
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Date: 2023.02.13 18:17:21 +05'30'

Pramod B. Shukla
Partner
Membership No. 104337
(UDIN: 23104337BGYEYG2118)

Place: Gurugram
Date: February 13, 2023

ATC Telecom Infrastructure Private Limited

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ATC INDIA

Statement of Standalone Financial Results for the quarter and nine months ended December 31, 2022

(All amounts in Rupees crores, unless stated otherwise)

Sr.No.	Particulars	Quarter ended			Nine months ended		Year ended
		31.12.2022	30.09.2022	31.12.2021	31.12.2022	31.12.2021	31.03.2022
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
I.	**INCOME**						
	(a) Revenue from operations (Refer note 4)	1,958.74	1,968.15	2,292.57	6,211.84	6,827.54	9,066.15
	(b) Other income	129.42	123.56	71.20	325.75	193.35	279.50
	Total income (I)	**2,088.16**	**2,091.71**	**2,363.77**	**6,537.59**	**7,020.89**	**9,345.65**
II.	**EXPENSES**						
	(a) Energy charges	884.51	903.40	870.23	2,686.84	2,604.40	3,421.54
	(b) Repairs and maintenance	122.75	142.95	116.73	400.64	422.63	541.98
	(c) Employee benefits expenses	63.25	66.88	67.98	198.55	210.94	291.95
	(d) Impairment/ write off/ Loss on disposal of property, plant and equipment, intangible assets, capital work in progress and right-of-use assets (Refer note 4)	3,464.15	2.60	16.91	3,473.82	37.37	15.46
	(e) Allowance/ write off/impairment of financial assets (refer note 5)	(74.21)	(21.02)	19.91	(160.13)	117.74	358.96
	(f) Depreciation and amortisation expenses	561.07	560.64	566.85	1,692.72	1,680.88	2,246.65
	(g) Finance costs	307.79	306.54	309.76	919.35	930.67	1,236.59
	(h) Other expenses	79.74	75.25	61.79	234.29	205.43	289.63
	Total expenses (II)	**5,409.05**	**2,037.24**	**2,030.16**	**9,446.08**	**6,210.06**	**8,402.76**
III.	**Profit / (Loss) before tax (I)-(II)**	(3,320.89)	54.47	333.61	(2,908.49)	810.83	942.89
	Tax expense						
	Current tax expense	(5.25)	(5.42)	49.21	36.73	129.22	170.94
	Tax adjustments for earlier years	(1.36)	(5.72)	-	(7.08)	2.69	0.38
	Deferred tax charge / (credit)	(818.26)	23.14	62.23	(717.38)	138.53	131.69
IV.	**Total tax expense (IV)**	**(824.87)**	**12.00**	**111.44**	**(687.73)**	**270.44**	**303.01**
V.	**Profit / (Loss) for the period (III)-(IV)**	**(2,496.02)**	**42.47**	**222.17**	**(2,220.76)**	**540.39**	**639.88**
VI.	**Other Comprehensive Income**						
	A (i) Items that will not be reclassified to profit or loss	0.01	0.32	(0.77)	0.66	(0.91)	1.31
	(ii) Income tax relating to items that will not be reclassified to profit or loss	-	(0.12)	0.27	(0.23)	0.32	(0.46)
	B (i) Items that may be reclassified to profit or loss	-	-	-	-	-	-
	(ii) Income tax relating to items that may be reclassified to profit or loss	-	-	-	-	-	-
	Total other comprehensive income/(loss) (VI)	0.01	0.20	(0.50)	0.43	(0.59)	0.85
VII.	**Total comprehensive income/(loss) (V+VI)**	**(2,496.01)**	**42.67**	**221.67**	**(2,220.33)**	**539.80**	**640.73**
VIII.	Paid-up equity share capital [Face value of Rs 10/- (absolute amount) each]	883.52	883.52	883.52	883.52	883.52	883.52
IX.	Paid up debt capital (Long term and Short term borrowings)	8,265.90	8,265.90	8,443.10	8,265.90	8,443.10	8,354.50
X.	Reserves (excluding Reserve created on Amalgamation)	5,495.69	7,991.70	7,615.09	5,495.69	7,615.09	7,716.02
XI.	Net worth	7,433.17	9,929.18	9,552.57	7,433.17	9,552.57	9,653.50
XII.	Capital redemption reserve (included in 'X' above)	166.67	166.67	166.67	166.67	166.67	166.67
XIII.	Debenture redemption reserve (included in X above)	271.77	271.77	227.30	271.77	227.30	242.12
XIV.	Earning per share [equity shares, par value of Rs. 10/-(absolute amount)]- not annualised						
	(a) Basic (in Rs) (absolute amount)	(26.77)	0.46	2.38	(23.82)	5.80	6.86
	(b) Diluted (in Rs) (absolute amount)	(26.77)	0.46	2.38	(23.82)	5.80	6.86

Notes:

1. The above results of the Company have been prepared pursuant to the requirement of Regulation 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34 "Interim Financial Reporting" ("Ind AS 34"), prescribed under Section 133 of the Companies Act, 2013, and the other accounting principles generally accepted in India.

2. The above standalone financial results for the quarter and nine months ended December 31, 2022 have been reviewed by the Audit Committee and approved by the Board of Directors at their respective meetings held on February 13, 2023.

(All amounts in Rupees crores, unless stated otherwise)

3 The Company had issued 42,000 Unsecured, redeemable, listed, rated, fully paid non-convertible debentures having a face value of Rs. 10,00,000 (absolute amount) each aggregating to Rs. 4,200 (NCDs) for cash at par on private placement basis on February 5, 2018. The security cover is 1.36 times as on December 31, 2022.

The Board of Directors at their meeting held on February 10, 2023 has decided to exercise the Call Option for early redemption of all outstanding (NCDs). These NCDs shall be redeemed in full on call option date i.e. March 30, 2023 with interest accrued thereon.

4 Vodafone Idea Limited (VIL), one of the large customers of the Company, in its declared unaudited financial results for the quarter and six months ended September 30, 2022, had expressed its ability to continue as a going concern to be dependent on raising additional funds as required, successful negotiations with lenders and vendors for continued support and generation of cash flow from operations that it needs to settle its liabilities as they fall due. Further, as per recent filing by VIL with the Stock Exchanges in February 2023, Ministry of Communications, Government of India (GOI) has passed an order dated February 3, 2023 directing VIL to convert the Net Present Value of the interest related to deferment of spectrum auction instalments and Adjusted Gross Revenue dues into equity shares aggregating of Rs. 16,133 to be issued to GOI and subsequently VIL has allotted these equity shares to GOI.

During the quarter ended September 30,2022, VIL indicated to the Company that it would make a partial payment of its contractual amounts owed to the Company under tenant leases for the remainder of calendar year 2022 (the “VIL Shortfall”), including amounts owed for the three months ended September 30, 2022. VIL had communicated its intent to fulfill the full amount of its contractual obligations commencing January 1, 2023. However, in January 2023, VIL communicated that it would not be able to resume payments in full of its contractual obligations owed to the Company, and that it would instead continue to make partial payments. For the three months and six months ended December 31, 2022, the VIL Shortfall in payments aggregated to Rs. 333.88 and Rs. 720.88 respectively (VIL Shortfall for the quarter ended September 30, 2022 was Rs. 387). The Company has deferred recognition of revenue on the VIL Shortfall amount until payment is received. Given the significant uncertainty relating to the fulfillment of payment obligations by VIL, the Company would continue to assess the recognition of revenue relating to the VIL Shortfall periodically at each reporting date.

The Company has considered the above developments, the uncertainty with respect to amounts owed under tenant leases and the impact of these developments on the cash flow projections as at December 31, 2022 to assess the carrying amount of its tangible and intangible assets for impairment on that date. As a result, the Company determined that certain of its Property, plant and equipment (PP&E), Intangible assets (including customer relationship) and revenue equalisation reserve have been impaired and an impairment charge of Rs. 3,277.08 is recognized on these assets during the quarter ended December 31, 2022.

The carrying amounts as at December 31, 2022 of (i) trade receivables (including unbilled revenue) from the said customer is Rs. 1,427.84 and (ii) PP&E, capital work in progress, intangible assets including tenant-related intangibles, Right-of-use assets, and Goodwill of the Company are Rs. 6,741.82, Rs. 131.27, Rs. 1,055.65, Rs. 5,189.01 and Rs. 1,703.26 respectively.

The Company will continue to monitor the impact, if any, of above mentioned financial condition with respect to the aforesaid customer on its business operations and financial position, as it is possible that the estimated future cash flows may differ from current estimates, and changes in estimated cash flows from the said customer could have an impact on the (i) revenue and the carrying value of trade receivables (including unbilled revenue) from the said customer and (ii) the carrying value of property, plant and equipment, capital work in progress, intangible assets including tenant-related intangibles, Right-of-use assets and Goodwill of the Company as at December 31, 2022.

5 Allowances/write off/Impairment of financial assets are net of allowances no longer required written back on collections.

6 Additional disclosure pursuant to regulation 52(4) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended are as under:

Particulars	Refer footnote below	Quarter ended			Nine months ended		Year ended
		31.12.2022 (Unaudited)	30.09.2022 (Unaudited)	31.12.2021 (Unaudited)	31.12.2022 (Unaudited)	31.12.2021 (Unaudited)	31.03.2022 (Audited)
Debt equity ratio	(i)	1.11	0.83	0.88	1.11	0.88	0.87
Debt service coverage ratio	(ii)	n/a	n/a	n/a	n/a	3.83	3.42
Interest service coverage ratio	(iii)	3.85	3.35	4.89	4.09	4.46	4.26
Current ratio	(iv)	3.46	3.60	3.00	3.46	3.00	3.29
Long term debt to working capital	(v)	1.58	1.58	1.83	1.58	1.83	1.72
Bad debts to Account receivable ratio	(vi)	-0.03	-0.01	0.01	-0.06	0.06	0.16
Current liability ratio	(vii)	0.19	0.18	0.20	0.19	0.20	0.19
Total debts to total assets	(viii)	0.44	0.39	0.40	0.44	0.40	0.40
Debtors’ turnover	(ix)	0.76	0.71	1.03	2.33	3.34	3.93
Inventory turnover	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Operating margin	(x)	10%	6%	20%	12%	18%	15%
Net profit margin	(xi)	-120%	2%	9%	-34%	8%	7%

n/a-not applicable

(All amounts in Rupees crores, unless stated otherwise)

Formula used for calculation of above ratios are as under:

(i) Debt equity ratio = (Paid up debt capital ÷ Net worth)

(ii) Debt service coverage ratio = {(Profit before tax, depreciation/amortization, finance costs (excluding unwinding of discount on ARO provisions and interest on lease liabilities), Provision/write off/impairment for PP&E and intangible assets and Revenue equalisation reserve) - (repayment of lease liabilities)} ÷ [(finance costs (excluding unwinding of discount on ARO provisions) and long term debt repayment excluding prepayment]

DSCR is computed on annual basis on repayment of scheduled annual loan instalments, hence not computed for quarterly results.

(iii) Interest service coverage ratio = {(Profit before tax, depreciation/amortization, finance costs (excluding unwinding of discount on ARO provisions and interest on lease liabilities), Provision/write off/impairment for PP&E and intangible assets and Revenue equalisation reserve) - (repayment of lease liabilities)} ÷ [(finance costs (excluding unwinding of discount on ARO provisions)]

(iv) Current ratio is computed by dividing the total current assets by total current liabilities excluding lease liabilities as on date.

(v) Long term debt to working capital is computed by dividing long-term borrowings including Current maturities of long term borrowings by working capital excluding lease liabilities.

(vi) Bad debts to account receivable ratio is computed by dividing bad debts charged for the period/year with the average (of opening and closing) trade receivables during the period/year.

(vii) Current liability ratio is computed by dividing the total current liabilities excluding lease liabilities by total liabilities excluding lease liabilities as on date.

(viii) Total debts to total assets is computed by dividing total borrowings (i.e. long-term borrowings and short term borrowings excluding lease liabilities) by total assets as on date.

(ix) Debtor turnover ratio is computed by dividing revenue from operations by average (of opening and closing) trade receivables during the period/year.

(x) Operating margin is computed by dividing {(Profit before finance cost (excluding unwinding of discount on ARO provisions, interest on lease liabilities), Provision/write off/impairment for PP&E and intangible assets and tax excluding other income} by revenue from operation for the period/year.

(xi) Net profit margin is computed by dividing net profit after tax by total income for the period/year.

(xii) Net worth = Equity share capital + Compulsory convertible debentures+Reserves (excluding reserves created on Amalgamation)

(xiii) Paid up debt capital = Long term borrowings+Short term borrowings+Current maturities of long term borrowings

7 The Code on Social Security, 2020 ('code') relating to employee benefits during employment and post-employment benefits received Presidential assent in September 2020. The Code has been published in the Gazette of India. However, the date on which the Code will come into effect has not been notified. The Company will assess the impact of the Code when it comes into effect and will record any related impact in the period the Code becomes effective.

8 The Company is engaged in the business of providing Passive Telecom Site Infrastructure Service termed as "Infrastructure Service" to cellular mobile telephony operators and other licensed telecom infrastructure providers in India. Information is reported to and evaluated regularly by the Chief Operating Decision Maker (CODM) for the purpose of resource allocation and assessing performance focusses on the business as a whole and accordingly, there is single reportable segment in the context of Operating Segment as defined under Ind AS 108.

9 The Board of Directors of the Company at its meeting held on October 20, 2022 has approved an investment upto Rs 1,600 in Optionally Convertible Debentures (OCDs) of Vodafone Idea Limited (VIL), a public listed Company and entered into the Investment agreement dated October 21, 2022. The funds so raised shall be used by VIL to pay the Company the certain amounts owed to the Company by VIL under the master lease agreements and to the extent of any remainder for general corporate purposes of VIL. The issuance of OCDs would be subject to satisfaction of certain conditions precedent, as included in the Investment agreement, as amended.

10 Previous year/periods figures have been regrouped/rearranged wherever necessary to confirm to the current period grouping.

For ATC Telecom Infrastructure Private Limited

SANDEEP GIROTRA
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Sandeep Girotra
Managing Director and Chief Executive Officer
(DIN: 5141862)

Place: Gurugram
Date: February 13, 2023