

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 half year ended September 30, 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.

Deloitte Haskins & Sells LLP

5. We draw attention to Note 6 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 an impact on the (i) revenue and trade receivables (including unbilled revenue) from the said customer and (ii) Property, plant and equipment (PP&E), capital work in progress, intangible assets including tenant-related intangibles, Right-of-use assets, Revenue equalisation reserve and Goodwill of the Company.

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 B. Shukla
Partner
Membership No. 104337
(UDIN: 22104337BCQWER8702)

Place: Gurugram
Date: November 9, 2022

ATC Telecom Infrastructure Private Limited

Regd Office: 404, 4th floor, Skyline Icon, Andheri Kurla Road, Andheri East, Mumbai - 400059, Maharashtra, India

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Statement of Standalone Financial Results for the quarter and half year ended September 30, 2022

(All amounts in Rupees crores, unless stated otherwise)

Sr.No.	Particulars	Quarter ended			Half Year ended		Year ended 31.03.2022 (Audited)
		30.09.2022 (Unaudited)	30.06.2022 (Unaudited)	30.09.2021 (Unaudited)	30.09.2022 (Unaudited)	30.09.2021 (Unaudited)	
I.	INCOME						
	(a) Revenue from operations (Refer note 6)	1,968.15	2,284.95	2,326.75	4,253.10	4,534.97	9,066.15
	(b) Other income	123.56	72.77	63.18	196.33	122.15	279.50
	Total income (I)	2,091.71	2,357.72	2,389.93	4,449.43	4,657.12	9,345.65
II.	EXPENSES						
	(a) Energy charges	903.40	898.93	887.50	1,802.33	1,734.17	3,421.54
	(b) Repairs and maintenance	142.95	134.94	151.27	277.89	305.90	541.98
	(c) Employee benefits expenses	66.88	68.42	65.27	135.30	142.96	291.95
	(d) Provision/ write off/impairment for property, plant and equipment, intangible assets, capital work in progress and right-of-use assets	2.60	7.07	13.08	9.67	20.46	15.46
	(e) Allowance/ write off/impairment of financial assets (refer note 8)	(21.02)	(64.90)	38.81	(85.92)	97.83	358.96
	(f) Depreciation and amortisation expenses	560.64	571.01	557.84	1,131.65	1,114.03	2,246.65
	(g) Finance costs	306.54	305.02	310.97	611.56	620.91	1,236.59
	(h) Other expenses	75.25	79.30	79.15	154.55	143.64	289.63
	Total expenses (II)	2,037.24	1,999.79	2,103.89	4,037.03	4,179.90	8,402.76
III.	Profit before tax (I)-(II)	54.47	357.93	286.04	412.40	477.22	942.89
	Tax expense						
	Current tax expense	(5.42)	47.40	43.04	41.98	82.70	170.94
	Tax adjustments for earlier years	(5.72)	-	-	(5.72)	-	0.38
	Deferred tax charge / (credit)	23.14	77.74	51.87	100.88	76.30	131.69
IV.	Total tax expense (IV)	12.00	125.14	94.91	137.14	159.00	303.01
V.	Profit for the period (III)-(IV)	42.47	232.79	191.13	275.26	318.22	639.88
VI.	Other Comprehensive Income						
	A (i) Items that will not be reclassified to profit or loss	0.32	0.33	(0.07)	0.65	(0.14)	1.31
	(ii) Income tax relating to items that will not be reclassified to profit or loss	(0.12)	(0.11)	0.02	(0.23)	0.05	(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)	0.20	0.22	(0.05)	0.42	(0.09)	0.85
VII.	Total comprehensive income (V+VI)	42.67	233.01	191.08	275.68	318.13	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	8,354.50	8,443.10	8,265.90	8,443.10	8,354.50
X.	Reserves (excluding Reserve created on Amalgamation)	7,991.70	7,949.03	7,393.42	7,991.70	7,393.42	7,716.02
XI.	Net worth	9,929.18	9,886.51	9,330.90	9,929.18	9,330.90	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	256.94	197.61	271.77	197.61	242.12
XIV.	Earning per share [equity shares, par value of Rs. 10/- (absolute amount)]- not annualised						
	(a) Basic (in Rs) (absolute amount)	0.46	2.50	2.05	2.95	3.41	6.86
	(b) Diluted (in Rs) (absolute amount)	0.46	2.50	2.05	2.95	3.41	6.86

Notes:

- 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.
- The above standalone financial results for the quarter and half year ended September 30, 2022 have been reviewed by the Audit Committee and approved by the Board of Directors at their respective meetings held on November 09, 2022.

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3. Standalone Statement of Assets and Liabilities as at September 30, 2022

(All amounts in Rupees crores, unless stated otherwise)

Sr No	Particulars	September 30, 2022	March 31, 2022
		Unaudited	Audited
	ASSETS		
I.	Non-current assets		
	(a) Property, plant and equipment	7,240.16	7,230.35
	(b) Capital work-in-progress	155.58	90.12
	(c) Right-of-use assets	5,185.79	5,138.51
	(d) Goodwill	1,717.98	1,748.20
	(e) Other intangible assets	3,863.57	4,020.35
	(f) Financial assets		
	(i) Investments	1.27	1.27
	(ii) Other financial assets	435.81	405.03
	(g) Current tax assets (net)	311.08	255.24
	(h) Other non-current assets	384.24	360.98
	Total non-current assets	19,295.48	19,250.05
II.	Current assets		
	(a) Financial assets		
	(i) Trade receivables	1,778.43	1,854.34
	(ii) Cash and cash equivalents	3,673.63	3,484.20
	(iii) Other financial assets	1,370.63	1,272.36
	(b) Current tax assets (net)	335.31	296.87
	(c) Other current assets	63.76	60.59
	(d) Non-current assets classified as held for sale	4.80	4.19
	Total current assets	7,226.56	6,972.55
	Total Assets	26,522.04	26,222.60
	EQUITY AND LIABILITIES		
I.	Equity		
	(a) Equity share capital	883.52	883.52
	(b) Compulsory convertible debentures	1,053.96	1,053.96
	(c) Other equity	7,600.34	7,324.66
	Total equity	9,537.82	9,262.14
II.	Non-current liabilities		
	(a) Financial liabilities		
	(i) Borrowings	8,086.20	8,177.30
	(ii) Lease liabilities	5,063.93	4,973.34
	(iii) Other financial liabilities	237.49	251.19
	(b) Provisions	535.43	512.22
	(c) Deferred tax liabilities (net)	217.01	121.61
	(d) Other non-current liabilities	4.68	5.27
	Total non-current liabilities	14,144.74	14,040.93
III.	Current liabilities		
	(a) Financial liabilities		
	(i) Borrowings	179.70	177.20
	(ii) Lease liabilities	833.90	803.03
	(iii) Trade payables		
	- total outstanding dues of micro enterprises and small enterprises	27.55	26.34
	- total outstanding dues of creditors other than micro enterprises and small enterprises	772.00	798.69
	(iv) Other financial liabilities	182.64	187.41
	(b) Other current liabilities	71.65	143.22
	(c) Provisions	772.04	783.64
	Total current liabilities	2,839.48	2,919.53
	Total Equity and Liabilities	26,522.04	26,222.60

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4. Standalone Statement of Cash Flows for the half year ended September 30, 2022		
<i>(All amounts in Rupees crores, unless stated otherwise)</i>		
Particulars	April 01, 2022 to September 30, 2022	April 01, 2021 to September 30, 2021
	Unaudited	Unaudited
Cash flow from operating activities		
Profit before tax	412.40	477.22
Adjustment for:		
Provisions/liabilities no longer required written back (net)	(74.56)	(37.96)
Interest Income	(67.38)	(51.01)
Gain on retirement of right-of-use assets (net)	(6.78)	(13.79)
Gain on disposal of property plant and equipment	(45.93)	(28.09)
Provision/write off/impairment for property, plant and equipment, intangible assets, capital work in progress and right-of-use assets (net)	9.67	20.46
Bad debts/advances written off	4.10	2.74
Provision for bad and doubtful debts/other financial assets and advances	(90.02)	95.09
Depreciation and amortisation expenses	1,131.65	1,114.03
Finance costs	611.56	620.91
Revenue equalisation reserve	(23.49)	(47.10)
Provisions for contingencies (net of expected recovery)	30.97	32.89
Operating profit before working capital changes	1,892.19	2,185.39
<i>Movement in working capital</i>		
(Increase)/decrease in trade receivables	166.22	(381.15)
Decrease/(increase) in other non-current assets	(2.16)	1.41
Decrease/(increase) in other current assets	(3.17)	31.61
(increase) in other financial assets	(126.49)	(213.10)
(decrease) in other financial liabilities	(18.95)	(87.57)
Increase in trade payables	2.37	84.88
(Decrease)/Increase in other current liabilities	(71.52)	25.82
Increase in other non-current liabilities	(0.59)	0.83
Increase in provisions	(0.17)	4.95
	(54.46)	(532.32)
Cash from operations	1,837.73	1,653.07
Income tax (paid)/refunds- net	(136.26)	(102.33)
Net cash flow generated from operating activities (A)	1,701.47	1,550.74
Cash flow from investing activities		
Payments for property, plant and equipment and intangible assets	(582.20)	(511.58)
Proceeds from sale/insurance claims on property, plant and equipment including capital work in progress	93.89	70.24
Net decrease bank balances and margin money deposits	3.07	(0.13)
Loan to subsidiary company	-	(0.50)
Interest received	60.04	47.47
Net cash used in investing activities (B)	(425.20)	(394.50)
Cash flow from financing activities		
Repayment of borrowings	(88.60)	(88.60)
Repayment of lease liabilities	(405.98)	(406.30)
Interest paid		
-On borrowings	(355.56)	(363.09)
-On lease liabilities	(236.70)	(238.72)
Net cash used in financing activities (C)	(1,086.84)	(1,096.71)
Net increase in cash and cash equivalents during the period (A+B+C)	189.43	59.53
Cash and cash equivalents at the beginning of year	3,484.20	3,252.97
Cash and cash equivalents at the end of the period	3,673.63	3,312.50

The above Statement of Standalone Cash Flows has been prepared under the indirect method as set out in Ind AS 7 "Statement of Cash Flows" as prescribed under section 133 of the Companies Act, 2013.

- 5 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 for cash at par on private placement basis on February 5, 2018. The asset cover is 1.41 times as on September 30, 2022.
- 6 Vodafone India 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.

Additionally, 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. For the three months ended September 30, 2022, the shortfall in payments totaled Rs 387. The Company has deferred recognition of revenue on the shortfall amount until payment is received. VIL has communicated its intent to fulfill the full amount of its contractual obligations commencing January 1, 2023. 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 carrying amounts as at September 30, 2022 of (i) trade receivables (including unbilled revenue) from the said customer is Rs.1,428 and (ii) PP&E, capital work in progress, intangible assets including tenant-related intangibles, Right-of-use assets, Revenue equalisation reserve and Goodwill are Rs. 7,240.16, Rs. 155.58, Rs. 3,863.57, Rs. 5,185.79, Rs. 324.24 and Rs. 1,717.98 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 (i) revenue and trade receivables (including unbilled revenue) from the said customer and (ii) Property, plant and equipment (PP&E), capital work in progress, intangible assets including tenant-related intangibles, Right-of-use assets, Revenue equalisation reserve and Goodwill of the Company.

- 7 Allowances/write off/Impairment of financial assets are net of allowances no longer required written back on collections.
- 8 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			Half Year ended		Year ended 31.03.2022 (Audited)
		30.09.2022 (Unaudited)	30.06.2022 (Unaudited)	30.09.2021 (Unaudited)	30.09.2022 (Unaudited)	30.09.2021 (Unaudited)	
Debt equity ratio	(i)	0.83	0.85	0.90	0.83	0.90	0.87
Debt service coverage ratio	(ii)	n/a	n/a	n/a	n/a	3.41	3.42
Interest service coverage ratio	(iii)	1.31	3.02	2.57	2.16	2.31	2.31
Current ratio	(iv)	3.60	3.33	2.87	3.60	2.87	3.29
Long term debt to working capital	(v)	1.58	1.59	1.96	1.58	1.96	1.72
Bad debts to Account receivable ratio	(vi)	-0.01	-0.02	0.02	-0.03	0.05	0.16
Current liability ratio	(vii)	0.18	0.20	0.20	0.18	0.20	0.19
Total debts to total assets	(viii)	0.39	0.39	0.40	0.39	0.40	0.40
Debtors' turnover	(ix)	0.71	0.80	1.05	1.57	2.24	3.93
Inventory turnover	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Operating margin	(x)	6%	20%	17%	13%	16%	15%
Net profit margin	(xi)	2%	10%	8%	6%	7%	7%

n/a-not applicable

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 property, plant and equipment 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 interest and tax ÷ finance costs (excluding unwinding of discount on ARO provisions and interest on lease liabilities)]

- (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 short term borrowings.
- (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 depreciation and amortization, finance cost (excluding unwinding of discount on ARO provisions and interest on lease liabilities) 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
- 9 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.
- 10 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.
- 11 The Board of Directors of the Company at its meeting held on October 20, 2022 has approved an investment upto Rs 1600 in Optionally Convertible Debentures (OCDs) of Vodafone Idea Limited (VIL), a public listed Company. 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 certain conditions precedent, including the approval by VIL shareholders and conversion of the interest from deferment of Adjusted Gross Revenue and spectrum dues, into equity, by Government of India.
- 12 Previous year/periods figures have been regrouped/rearranged wherever necessary to conform to the current period grouping.

For ATC Telecom Infrastructure Private Limited

Place: Gurugram
Date: November 09, 2022

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