

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, 2021 ("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, 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 5 to the Unaudited Standalone Financial Results, which states that the Company will continue to monitor the impact, if any, due to the developments relating to 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 certain tenants could have an impact on the recorded Property, plant and equipment, capital work in progress, intangible assets including tenant-related intangibles, Right of use assets, Revenue equalisation reserve and Goodwill.

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)

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Pramod B. Shukla

Partner

Membership No. 104337
(UDIN: 22104337ABKYFG3639)

Place: Gurugram
Date: February 11, 2022

ATC Telecom Infrastructure Private Limited

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Statement of Standalone Financial Results for the quarter and nine months ended December 31, 2021

(All amounts in Rupees crores, unless stated otherwise)

Sr.No.	Particulars	Quarter ended			Nine months ended		Previous Year ended 31.03.2021 (Audited)
		31.12.2021 (Unaudited)	30.09.2021 (Unaudited)	31.12.2020 (Unaudited)	31.12.2021 (Unaudited)	31.12.2020 (Unaudited)	
I.	INCOME						
	(a) Revenue from operations	2,292.57	2,326.75	1,999.47	6,827.54	6,404.59	8,470.60
	(b) Other income	71.20	63.18	74.23	193.35	213.92	268.72
	Total income (I)	2,363.77	2,389.93	2,073.70	7,020.89	6,618.51	8,739.32
II.	EXPENSES						
	(a) Energy charges	870.23	887.50	786.93	2,604.40	2,342.66	3,147.34
	(b) Repairs and maintenance	116.73	151.27	140.29	422.63	419.59	553.07
	(c) Employee benefits expenses	67.98	65.27	63.61	210.94	208.72	282.51
	(d) Provision/ write off/impairment for property, plant and equipment, intangible assets, capital work in progress and right-of-use assets (refer note 4)	16.91	13.08	(19.50)	37.37	228.55	240.50
	(e) Allowance/ write off/impairment of financial assets (refer note 6)	19.91	38.81	(46.84)	117.74	203.36	136.98
	(f) Depreciation and amortisation expenses	566.85	557.84	564.45	1,680.88	1,656.81	2,227.48
	(g) Finance costs	309.76	310.97	317.89	930.67	943.16	1,259.48
	(h) Other expenses	61.79	79.15	83.92	205.43	201.06	258.88
	Total expenses (II)	2,030.16	2,103.89	1,890.75	6,210.06	6,203.91	8,106.24
III.	Profit before tax (I)-(II)	333.61	286.04	182.95	810.83	414.60	633.08
IV.	Tax expense						
	Current tax expense	49.21	43.04	2.11	129.22	97.18	124.97
	Tax adjustments for earlier years	-	-	(2.30)	2.69	(2.30)	(4.83)
	Deferred tax charge	62.23	51.87	29.99	138.53	11.63	64.08
	Total tax expense (IV)	111.44	94.91	29.80	270.44	106.51	184.22
V.	Profit for the period (III)-(IV)	222.17	191.13	153.15	540.39	308.09	448.86
VI.	Other Comprehensive Income						
	A (i) Items that will not be reclassified to profit or loss	(0.77)	(0.07)	(1.03)	(0.91)	0.02	(0.29)
	(ii) Income tax relating to items that will not be reclassified to profit or loss	0.27	0.02	0.36	0.32	(0.01)	0.10
	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)	(0.50)	(0.05)	(0.67)	(0.59)	0.01	(0.19)
VII.	Total comprehensive income (V+VI)	221.67	191.08	152.48	539.80	308.10	448.67
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)	8,443.10	8,443.10	8,620.30	8,443.10	8,620.30	8,531.70
X.	Reserves (excluding Reserve created on Amalgamation)	7,615.09	7,393.42	6,934.72	7,615.09	6,934.72	7,075.29
XI.	Net worth	9,552.57	9,330.90	8,872.20	9,552.57	8,872.20	9,012.77
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)	227.30	197.61	197.61	227.30	197.61	197.61
XIV.	Earning per share [equity shares, par value of Rs. 10/- (absolute amount)]- not annualised						
	(a) Basic (in Rs) (absolute amount)	2.38	2.05	1.64	5.80	3.30	4.81
	(b) Diluted (in Rs) (absolute amount)	2.38	2.05	1.64	5.80	3.30	4.81

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 financial results for the quarter and nine months ended December 31, 2021 have been reviewed by the Audit Committee and approved by the Board of Directors at their respective meetings held on February 11, 2022.

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3. The Company has issued Unsecured Non-Convertible Debentures amounting to Rs. 4,200. The asset cover is 1.31 times as on December 31, 2021.
4. The Company has carried out assessment of impairment of property, plant and equipment, intangible assets and right-of-use assets and recorded an impairment loss as under:

Particulars	Quarter ended			Nine months ended		Previous Year ended 31.03.2021 (Audited)
	31.12.2021 (Unaudited)	30.09.2021 (Unaudited)	31.12.2020 (Unaudited)	31.12.2021 (Unaudited)	31.12.2020 (Unaudited)	
Impairment loss/(reversal)	6.03	3.46	(41.76)	10.97	203.13	206.14

5. One of our large customers, in its declared results for quarter and nine months ended December 31, 2021, had expressed its ability to “continue as going concern to be dependent on raising additional funds as required, successful negotiations with lenders for continued support and generation of cash flow from operations that it needs to settle its liabilities as they fall due. The said customer has met all its debt obligations till that date”.

While various relief provisions have been granted by Government of India during September 2021 subsequent to Adjusted Gross Revenue (AGR) judgement issued by Hon’ble Supreme Court, (such reliefs among other things included (i) a four year moratorium on the payment of AGR fees owed and (ii) a change in the definition of AGR on a prospective basis), the inability of this customer to meet obligations as they fall due, to the Company or otherwise, could adversely impact the revenues, cash flows and operating profit of the Company.

The Company will continue to monitor the impact, if any, due to the developments as mentioned above, as it is possible that the estimated future cash flows may differ from current estimates, and changes in estimated cash flows from said customer could have an impact on recorded Property, plant and equipment, capital work in progress, intangible assets including tenant-related intangibles, Right-of-use assets, Revenue equalisation reserve and Goodwill.

The carrying values of PP&E, capital work in progress, intangible assets including tenant-related intangibles, Right-of-use assets, Revenue equalisation reserve and Goodwill were Rs. 7,252.83, Rs. 109.00, Rs. 4,092.05, Rs. 5,144.21, Rs. 283.83 and Rs. 1,763.18 respectively, as at December 31, 2021.

6. Allowances/write off/Impairment of financial assets are net of allowances no longer required written back on collections.
7. 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	Quarter ended			Nine months ended		Previous Year ended 31.03.2021 (Audited)
	31.12.2021 (Unaudited)	30.09.2021 (Unaudited)	31.12.2020 (Unaudited)	31.12.2021 (Unaudited)	31.12.2020 (Unaudited)	
Debt equity ratio	0.88	0.90	0.97	0.88	0.97	0.95
Debt service coverage ratio	n/a	n/a	n/a	3.83	3.48	3.30
Interest service coverage ratio	2.85	2.57	2.00	2.49	1.75	1.86
Current ratio	3.00	2.87	2.26	3.00	2.26	2.60
Long term debt to working capital	1.83	1.96	2.77	1.83	2.77	2.36
Bad debts to Account receivable ratio	0.01	0.02	-0.02	0.06	0.10	0.07
Current liability ratio	0.20	0.20	0.21	0.20	0.21	0.20
Total debts to total assets	0.40	0.40	0.42	0.40	0.42	0.42
Debtors’ turnover	1.03	1.05	0.96	3.34	3.11	4.17
Inventory turnover	n/a	n/a	n/a	n/a	n/a	n/a
Operating margin	19%	17%	15%	17%	12%	13%
Net profit margin	9%	8%	7%	8%	5%	5%

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]

(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 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.

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- (vi) Bad debts to account receivable ratio is computed by dividing bad debts charged for the period with the average (of opening and closing) trade receivables during the period.
- (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 is computed by dividing revenue from operations by average (of opening and closing) trade receivables during the period.
- (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.
- (xi) Net profit margin is computed by dividing net profit after tax by revenue from operation for the period.
- (xii) Net worth = Equity share capital + Compulsory convertible debentures+Other equity+Reserves (excluding reserves created on Amalgamation)
- (xiii) Paid up debt capital = Long term borrowings+Short term borrowings+Current maturities of long term borrowings
8. 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.
9. The Ministry of home affairs vide order No.40-3/2020 dated 24.03.2020 notified telecommunication services among the essential services which continued to operate during lock down in the crisis situation of COVID-19, which has been declared as pandemic by World Health Organization. The passive infrastructures as well as active telecom operations of the Company's customers are covered under essential services which are actively engaged in fulfilling the surge in demand arising out of the choice exercised by almost all industries to conduct their operations remotely. Hence, the telecom industry is among the businesses that are least impacted due to COVID-19. The Company believes that thus far, there is no significant impact of COVID-19 pandemic on the financial position and performance of the Company. Further, the Company is not expecting any significant change in estimates as of now as the Company is running its business and operations as usual without any major disruptions.
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 Company is submitting the financial results for the quarter and nine months ended December 31, 2020 as comparatives for the first time in accordance with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended read with circular no. SEBI/HO/DDHS/CIR/2021/0000000637, dated October 05, 2021 and accordingly financial information relating to the quarter and nine months ended December 31, 2020, as reported in the accompanying Statement have been approved by the Company's Board of Directors.
12. Previous year/periods figures have been regrouped/rearranged wherever necessary to conform to the current period grouping.

For ATC Telecom Infrastructure Private Limited

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Ashwani Khillan
Managing Director
(DIN: 08451314)

Place: Gurugram
Date: February 11, 2022