



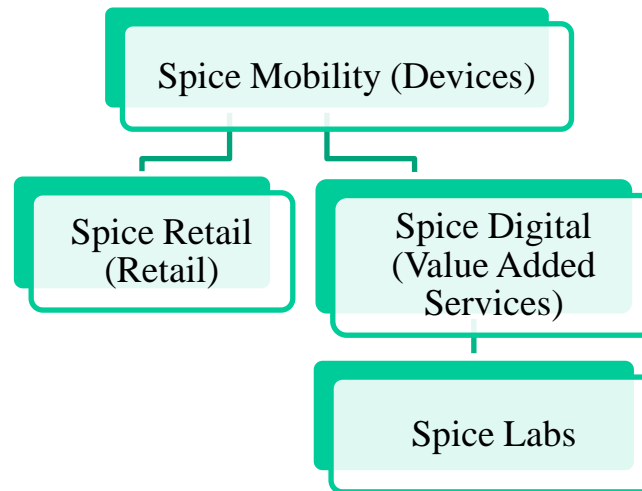
SPICE MOBILITY LTD

Q2 AND H1 FY2011

**INVESTOR & ANALYST
COMMUNICATION**



Reverse merger receives approval



Post merger business structure

Key Highlights

- All orders including that of Hon' ble High Courts received. Merger effective from November 4th, 2010
 - Spice Retail & Digital have become subsidiaries of Spice Mobility
 - Appointed date of Amalgamation – January 1, 2010
 - Total of 238 Mn outstanding Equity shares of Face Value Rs 3 (including 163 Mn fresh shares issued to Spice Global Investment Pvt. Ltd.)
 - The 238 Mn shares include 35.3 million shares and 11.9 million shares have been transferred to Independent Non Promoter Trust and Independent Non Promoter - Spice Employee Benefit Trust respectively



Spice Mobility: Serving the Mobility 2.0 consumer



Right
Devices

Devices

Right Retail
Experience



Retail

Consumer
Centric
Business model

VAS



Right Services



H1 FY 2010-11 Financial Highlights

- Consolidated accounts presented for the first time-Devices ,VAS & Retail together for the half year and quarter ended 30th September , 2010
- Strong consolidated Financials
 - Combined Revenue of ₹9,608 Mn
 - PAT of ₹731 Mn
 - Combined Net worth of ₹8,280 Mn
 - Cash + Investment ₹3,851 Mn
- Market cap of ~ ₹33,000 Mn (calculated considering 238 Mn total shares post merger)
- 5 year strategic Road map 'Lakshya 2015' finalised in partnership with Mckinsey aiming to make Spice Mobility a significant player in the 19 bln \$ mobile ecosystem



H1 FY 2010-11 Business Highlights

- **50% increase in handsets sale volumes in H1: 3.6 Mn Vs 2.4 Mn in the corresponding period last year (volumes include sales of Spice branded handsets as well as others sold via Spice Mobility's retail outlets)**
- **Range of new smart phone offerings have been well received and driven profits**
- **Retail business achieves EBIDTA breakeven in Q2**
- **VAS continues to do well with new offerings in the pipeline**



Spice Mobility Limited – Key Financials

H1 FY2010-11 (Consolidated)

KEY FINANCIAL INDICATORS				
In ₹ million				
Sr.No.	Particulars	Q2 FY10 - 11	Q2 FY09 - 10	H1 FY10 - 11
		(Unaudited)	(Unaudited)	(Unaudited)
1	Net Sales	4807	2200	9608
2	EBIDTA	423	237	679
3	PAT	540*	164	731**
4	EPS	2.18	2.20	2.94

- *PAT for Q2 FY2011 includes recovery of brand spend of ₹ 208 Mn, which was shown as an exceptional expense in Q1 FY2011, the impact of which in H1 FY2011 is neutral
- **H1 FY2011 PAT includes gain of ₹ 239 Mn from sale of interest in a Joint Venture - Bharat BPO

Balance Sheet Extract

Particulars	As on 30-Sep-10 (Consolidated)	As on 31-Mar-10 (Consolidated)
Liabilities		
Capital	714	714
Reserves & surplus	7566	6793
Loan	528	399
Minority Interest	498	590
Deferred Tax Liability (net)	6	10
Total	9312	8506
Assets		
Goodwill	2031	1896
Fixed assets	970	1193
Investments	2615	2708
Deferred tax asset	5	2
Net current assets	3691	2707
Total	9312	8506

₹ Million

- Total cash and cash equivalents on the Balance Sheet as on September 30th, 2010 amounted to ₹3851 million (net of Debt)
- Consolidated Net worth ₹8280 million



Chairman' s Message

“ I am happy to report strong operating and financial performance for the half year and quarter under review. With the approval of the merger between Spice Televentures into Spice Mobility in place, we are now reporting consolidated numbers. All our businesses have performed exceedingly well. We have grown market share and values as well as introduced some cutting edge offers like the android phone.



We have widened the presence and offerings in the VAS business. Our retail business has also done well and shown good profit growth. I look forward to further driving this growth and enhancing stakeholder value. ”



Devices

₹ Millions

Particulars	H1 FY2011	H1 FY2010	Growth (%)	Q2 FY2011	Q2 FY2010	Growth (%)
Revenue	4487	4024	11.5%	2045	2200	(7%)
EBITDA	458	360		218	237	
PAT	495	251		465*	164	

* PAT for Q2 FY2011 includes recovery of brand spend of ₹ 208 Mln, which was shown as an exceptional expense in Q1 FY2011, the impact of which in H1 FY2011 is neutral



Key Developments

- Number of handsets sold grew 40% (Q-O-Q)
- Continued strong advertising and promotion focus to enhance visibility
- Continued focus on innovative product launch like 3D phone, 12 Mega pixel optical zoom and smart phones on android.
- Increased presence across all print and electronic media

Introduction of new smart phones have been well received

MI300 : Touch screen phone, 5 MP camera, India's first Android Phone, 32 GB expandable memory, 320 x 480 resolution playback capability



View D : (India's first 3D Handset) 2 MP camera FM radio, MP3 player, GPRS, WAP and 16 GB expandable memory

S1200: 12.2 MP camera with xenon flash, multiple face detection, 3x optical zoom and is expandable to 32 GB



Retail

₹ Millions

Particulars	H1 FY2011	H1 FY2010	Growth (%)	Q2 FY2011	Q2 FY2010	Growth (%)
Revenue	4405	2844	55%	2370	1483	60%
EBITDA	(94)	(245)		43	(109)	
PAT	(212)	(310)		(34)	(143)	

- 759 stores across 160 cities (from 593 stores in 79 cities previous year)
- Revenue growth in Q2 of 60% Y-o-Y
- Same stores Sales growth Q2 at 30% (Y-o-Y)
- Brand changeover from “Hotspot “ to “Spice Hot Spot” completed



Value Added Services (VAS)

₹ Millions

Particulars	H1 FY2011	H1 FY2010	Growth (%)	Q2 FY2011	Q2 FY2010	Growth (%)
Revenue	1010	784	29%	544	402	35%
EBITDA	293	152		147	76	
PAT	203	128		107	64	

Key Perspectives

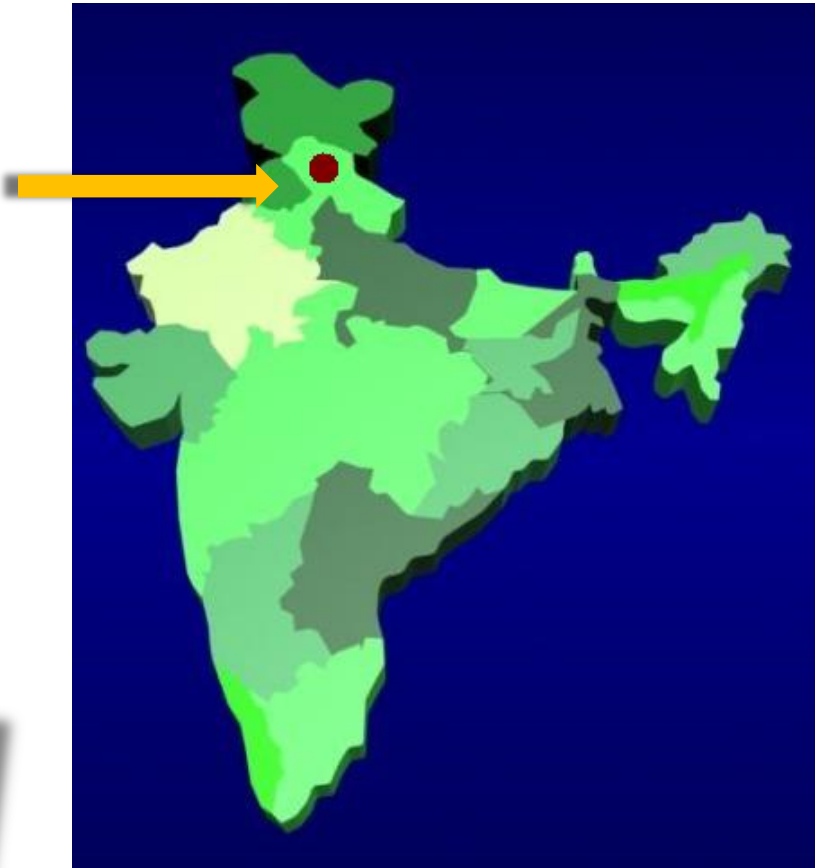
- 29% Revenue growth YoY ,EBIDTA higher by 93%
- Significant improvement in subscription base for new service
- Presence extended to regions of Uganda and Congo, Nepal, Iraq, Tanzania, Nigeria and Kenya
- New second generation offerings and 3G services are set to be launched shortly
 - Live Aarti – Continues to receive extremely strong response
 - USSD services for a large bank made LIVE with multiple operators for inclusive banking allowing enquiry services and allowing mobile top-ups
 - Developed a host of embedded applications for new Spice Android devices which are start of pre-loaded applications and content bundled through the services arm to the devices arm



Focus on Domestic Manufacturing Facility

Situated at Baddi, Himachal Pradesh

- Capacity operational
- Current Installed capacity - 4 lac handsets per month
- To increase capacity from 4 lac phones per month to 1 Million phones per month in next 6-9 months
- Plant also has the facility of producing packaging material (boxes) for the handsets



Pictures of the Baddi plant



Spice Mobility – An overview

The Spice Group is a multi faceted Group establishing a lead in an emerging business area, which is an outcome of the linkages, converging communication and entertainment technologies. **Spice Mobility** debuted with handsets that target entry-level mobile phones focused primarily on the Indian Market. **Spice Mobility** possesses a unique business model wherein its operations of VAS, Retail and Handsets are integrated more closely under one umbrella. The Company strategizes to emerge as an entity not only in the handset industry but as a Marketing and Distribution brand, with a complete suite of offerings through well spread retail outlets throughout the country, comprising all aspects of mobile telephony. **Spice Mobility** renews its brand image as a Company that has the vantage point of catering not only to the youth of metropolitan cities but transcend to the masses of rural regions, providing consumers with superior internet & browser friendly handsets, with state-of-the art VAS via the eagerly anticipated 3G network and the currently existing data networks. Spice as a brand is growing rapidly and offers an array of products targeting entry, mid & premium segments. **Spice Mobility** heralds a new chapter in the history of mobility - emphasizing more on mobile internet and launching India's first ever DUAL MODE (dual SIM) Phones.



Spice Mobility Limited

Annexure A

**Q2 & H1 FY2010-11 Results for the quarter
ended 30th September 2010**



SPICE MOBILITY LIMITED
(Formerly Spice Mobiles Limited)
Regd. Office : D - 1, Sector - 3, Noida 201301, District Gautam Budh Nagar , Uttar Pradesh

Unaudited Consolidated Financial Results for the quarter and half year ended September 30, 2010

(Rs. In Millions)

Sl.No.	Particulars	Consolidated				
		3 months ended		6 months ended		12 months ended
		30.09.2010 (Unaudited)	30.09.2009 (Unaudited)	30.09.2010 (Unaudited)	30.09.2009 (Unaudited)	31.03.2010 (Unaudited)
1	a. Net Sales/Income from operation	4,792	2,197	9,577	4,018	12,420
	b. Other Operating Income	15	3	31	6	33
	Total	4,807	2,200	9,608	4,024	12,453
2	Expenditure:					
	a. Decrease/(Increase) in stock in trade	599	(64)	851	(142)	(983)
	b. Purchase of Finished/Traded Goods	2,907	1,670	6,197	3,174	10,100
	c. Consumption of Raw Materials	20	4	20	15	17
	d.Connectivity and Content Cost	218	-	367	-	130
	e. Staff Cost	257	28	524	58	378
	f. Depreciation/Amortisation	117	2	186	4	82
	g. Branding Expenses	104	177	340	293	1,014
	h. Other expenditure	279	148	630	266	893
	Total expenditure	4,501	1,965	9,115	3,668	11,631
3	Profit from Operations before other income, interest and finance expenses, exceptional item and taxes (1-2)	306	235	493	356	822
4	Other Income	139	17	168	30	84
5	Profit before interest and finance expenses, exceptional item and taxes (3+4)	445	252	661	386	906
6	Interest and finance expenses	12	3	19	4	19
7	Profit before exceptional items and taxes (5-6)	433	249	642	382	887
8	Exceptional Items (Refer note 6 & 8 below)	208	-	239	-	-
9	Profit from ordinary activities before taxes (7-8)	641	249	881	382	887
10	Profit before Interest, Tax and Depreciation/ Amortisation (EBITDA)	770	254	1,086	390	988
11	Provision for Taxation	101	85	150	131	344
12	Net Profit for the period (9-11)	540	164	731	251	543
13	Minority Interest	20	-	32	-	19
14	Net Profit after Minority Interest (12-13)	520	164	699	251	524
15	Paid up Equity Share Capital (Face value of Rs.3/- each)	224	224	224	224	224
16	Equity Share Suspense Account (Refer Note 3 below)	490	-	490	-	490
17	Reserves excluding revaluation reserves					6,793
18	Basic & Diluted Earnings Per Share (in Rs.) (Not Annualised)	2.18	2.20	2.94	3.37	4.54
19	Total Public Shareholding (excluding equity share suspense)					
	- No. of Shares	27,432,471	27,432,471	27,432,471	27,432,471	27,432,471
	- Percentage of Shares	36.75%	36.75%	36.75%	36.75%	36.75%
20	Promoters & promoter group shareholding (excluding equity share suspense)					
	a) Pledged / Encumbered					
	- Number of shares	-	-	-	-	-
	- Percentage of shares (as a % of the total shareholding of promoters & promoter group)	-	-	-	-	-
	- Percentage of shares (as a % of the total share capital of the Company)	-	-	-	-	-
	b) Non-encumbered					
	- Number of shares	47,205,529	47,205,529	47,205,529	47,205,529	47,205,529
	- Percentage of shares (as a % of the total shareholding of promoters & promoter group)	100.00%	100.00%	100.00%	100.00%	100.00%
	- Percentage of shares (as a % of the total share capital of the Company)	63.25%	63.25%	63.25%	63.25%	63.25%
21	Total Public Shareholding (including equity share suspense)					
	- No. of Shares	74,638,000	27,432,471	74,638,000	27,432,471	74,638,000
	- Percentage of Shares	31.35%	36.75%	31.35%	36.75%	31.35%
22	Promoters & promoter group shareholding (including equity share suspense-Refer note no.3 below)					
	a) Pledged / Encumbered					
	- Number of shares	-	-	-	-	-
	- Percentage of shares (as a % of the total shareholding of promoters & promoter group)	-	-	-	-	-
	- Percentage of shares (as a % of the total share capital of the Company)	-	-	-	-	-
	b) Non-encumbered					
	- Number of shares	163,448,285	47,205,529	163,448,285	47,205,529	163,448,285
	- Percentage of shares (as a % of the total shareholding of promoters & promoter group)	100%	100%	100%	100%	100.00%
	- Percentage of shares (as a % of the total share capital of the Company)	68.65%	63.25%	68.65%	63.25%	68.65%

SEGMENTWISE REVENUE, RESULTS AND CAPITAL EMPLOYED UNDER CLAUSE 41 OF THE LISTING AGREEMENT

Sl.No.	Particulars	Consolidated				
		3 months ended		6 months ended		12 months
		30.09.2010	30.09.2009	30.09.2010	30.09.2009	31.03.2010
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
1	Segment Revenue (Net):					
a	Telecommunications - Mobiles	2,045	2,200	4,487	4,024	10,426
b	Retail	2,370	-	4,405	-	1,807
c	VAS	544	-	1,010	-	452
d	BPO	-	-	-	-	6
	Total	4,959	2,200	9,902	4,024	12,691
	Less : Inter-Segment Revenue	152	-	294	-	238
	Total Revenue	4,807	2,200	9,608	4,024	12,453
2	Segment Results -Profit before tax and Interest:					
a	Telecommunications - Mobiles	422	234	454	355	910
b	Retail	(26)	-	(201)	-	(139)
c	VAS	119	-	234	-	83
d	BPO	-	-	-	-	(19)
	Less: Interest expense	(7)	(1)	(16)	(2)	(16)
	Add : Other unallocable income net of unallocable expense	133	16	410	29	68
	Total Profit Before Tax	641	249	881	382	887
3	Capital Employed (Segment Assets- Segment Liabilities):					
a	Telecommunications - Mobiles	961	203	961	203	300
b	Retail	234	-	234	-	239
c	VAS	1,283	-	1,283	-	1,151
d	BPO	-	-	-	-	213
	Unallocated Capital Employed	5,802	814	5,802	814	5,604
	Total	8,280	1,017	8,280	1,017	7,507

- The above results were reviewed by the Audit Committee and thereafter were approved and taken on record by the Board of Directors in their meeting held on 12th November 2010 and have undergone "Limited Review" by the Statutory Auditors of the Company.
- The number of investor complaints received during the period were 6 and all have been resolved / disposed off and there were no investor complaints pending either at the beginning or at the end of the period ended September 30, 2010.
- Pursuant to the Scheme of Amalgamation ["the Scheme"] U/s 391/394 of the Companies Act, 1956, Spice Televentures Private Limited, the Holding Company ("Transferor Company"); stands merged with Spice Mobility Limited ("Transferee Company") w.e.f January 01, 2010 ["the Appointed date"] in terms of the Orders dated November 2, 2010 and October 8, 2010, Hon'ble High Courts of Judicature at Allahabad and New Delhi respectively, sanctioning the Scheme and is effective from November 4, 2010. With effect from the Appointed date, all the business undertakings, assets, liabilities, rights and obligations of the Transferor Company stood transferred to and vested in the Transferee Company. The amalgamation has been accounted for by applying the pooling of interest method of accounting, wherein all the assets and liabilities of the Transferor Company have been accounted for at their book values as on December 31, 2009. The above results incorporate the effect of the amalgamation of the Transferor Company with the Transferee Company w.e.f January 1, 2010. Hence, the results for the 3 months ended September 30, 2010 are not strictly comparable with the figures in corresponding quarter of the previous year. In terms of the said Scheme, 163,448,285 equity shares of Rs. 3 each aggregating to Rs. 490 million are to be allotted to the equity shareholders of the Transferor Company. The said amount is shown under equity share suspense account. EPS has been calculated after considering above equity shares to be allotted pursuant to scheme of amalgamation. Further, 11,904,314 equity shares and 35,301,215 equity shares are being transferred to the Independent Non-Promoters (Spice Employee Benefit) Trust and Independent Non - Promoter Trust, respectively. These shares are included under public shareholding where public shareholding has been disclosed including equity share suspense.
- The Consolidated results for the 3 months and 6 months period ended September 30, 2010 and year ended March 31, 2010 represents consolidated results of the Company, its subsidiaries and its joint venture, acquired pursuant to the scheme of amalgamation with effect from January 1, 2010, the appointed date.
- Purchases of finished / traded goods for the 3 months ended September 30, 2010 are net of discount of Rs. 157 million received subsequent to the current quarter end (including Rs. 24 million and Rs. 118 million pertaining to last quarter and last year respectively).
- Exceptional item in the consolidated results for 6 months period ended September 30, 2010 represents gain on sale of Company's investment in its Joint Venture Company Bharat BPO Services Limited.
- During the quarter ended September 30, 2010, the Group has changed its policy of recognising income on investments made in the units of Fixed Maturity Plans of various schemes of Mutual Funds based on reasonable certain yield against the hitherto followed practice of recognising such income at the time of maturity based on actual yield earned. Due to above change, the profit before tax for the current quarter is higher by Rs. 109 million (including Rs. 32 million and Rs. 49 million pertaining to last quarter and last year respectively).
- The Company and one of its subsidiaries has entered into a brand licensing agreement with licenced owner of the Brand, pursuant to which certain expenses promoting the brand like sponsorship of major tournaments, TV & Media spends etc. have been agreed to be undertaken by said licensor. Accordingly an amount of Rs.319 million spent by the company and a subsidiary in brand promotion exercise during six months period ended 30th September, 2010 has been debited to the licensor during the quarter ended 30th September, 2010. The said amount includes Rs.238 million (including Rs.208 million shown under exceptional item in the last quarter) related to last quarter ended 30th June,2010.
- The Retail segment of the Group has, with effect from July 1, 2010, reassessed the estimated useful lives of the lease hold improvements by amortising expenditure incurred on such improvements, over a period of three years from the start of lease or the balance lease period whichever is lower as against the hitherto followed practice of amortising them over a period of five years or balance lease period whichever was lower. Due to the above change in the estimated useful life, the depreciation charge for the quarter is higher by Rs. 41 million and profit before tax for the current quarter is lower by Rs. 41 million.
- Provision for tax is inclusive of/ net of deferred tax charge/ credit, fringe benefit tax and tax adjustments for earlier years.

11 Key Standalone Financial Information is given below:

Particulars	3 months ended		6 months ended		12 months
	30.09.2010	30.09.2009	30.09.2010	30.09.2009	31.03.2010
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Net Sales / Income from Operations	2,045	2,200	4,487	4,024	10,426
Profit before tax	531	249	580	382	970
Net Profit after tax	465	164	495	251	624

- The standalone financials results are available at the Company's website www.spice-mobile.com.

- Previous period / year figures have been regrouped and/or recasted wherever considered necessary to conform to the current period presentation.

By order of the Board
Spice Mobility Limited

Place : Noida
Dated : November 12, 2010

Preeti Malhotra
Executive Director

STATEMENT OF ASSETS AND LIABILITIES

(Rs. In Millions)

Sl.No.	Particulars	As at 30-9-2010 (Unaudited)	As at 30-9-2009 (Unaudited)	As at 31-3-2010 (Unaudited)
1	Sources of Funds			
	Share Capital	224	224	224
	Equity Share Suspense	490	-	490
	Reserves & Surplus	7,566	793	6,793
	Minority Interest	498	-	590
	Loan Funds	528	-	399
	Deferred Tax Liabilities (net)	6	-	10
	Total	9,312	1,017	8,506
2	Application of Funds			
	Goodwill on consolidation	2,031	-	1,896
	Fixed Assets (Including Intangibles)	970	65	1,193
	Investments	2,615	101	2,708
	Deferred Tax Assets (net)	5	8	2
	Current Assets, Loans and Advances			
	Inventories	838	377	1,680
	Sundry Debtors	985	807	1,254
	Cash and Bank Balances	1,765	903	1,736
	Other Current Assets	1,113	34	288
	Loans and Advances	1,854	359	1,756
	Total	6,555	2,480	6,714
	Less : Current Liabilities and Provisions			
	Current Liabilities	2,563	1,467	3,604
	Provisions	301 *	170	403
	Net Current Assets	3,691	843	2,707
				-
	Total	9,312	1,017	8,506

* Net of reversal of provision for proposed dividend of Rs. 71 million payable to Spice Televentures Pvt. Ltd., the erstwhile holding Company which has amalgamated with the Company pursuant to the Scheme of Amalgamation.

Spice Mobility Limited

For further information please contact:

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Certain statements in this document may be forward-looking statements. Such forward-looking statements are subject to certain risks and uncertainties like government actions, local political or economic developments, technological risks, and many other factors that could cause our actual results to differ materially from those contemplated by the relevant forward-looking statements. Spice Mobility will not be in any way responsible for any action taken based on such statements and undertakes no obligation to publicly update these forward-looking statements to reflect subsequent events or circumstances.



spice

Thank You

