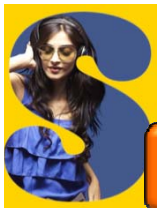




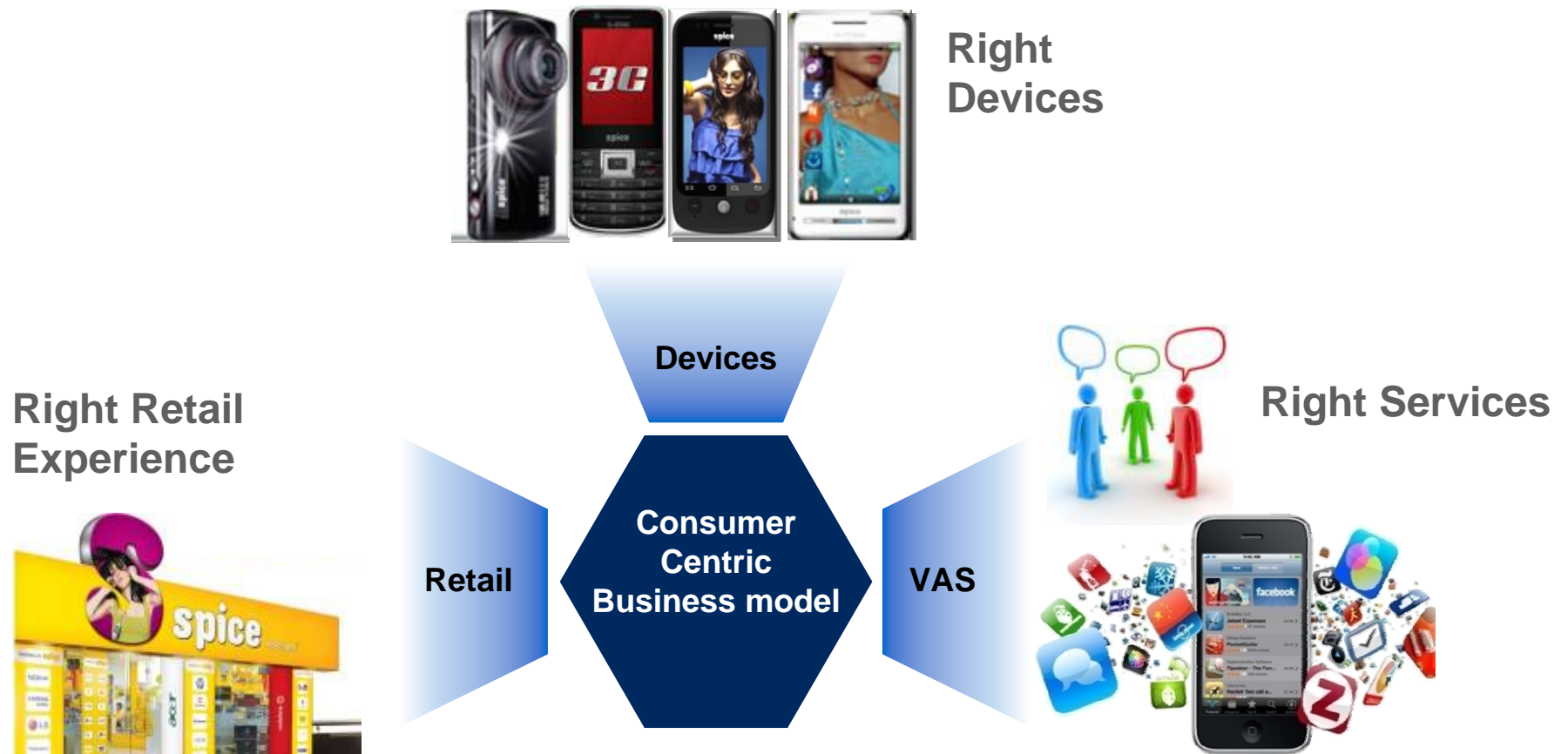
SPICE MOBILITY LTD

Q3 AND 9M FY2011

**INVESTOR & ANALYST
COMMUNICATION**



Spice Mobility: Serving the Mobility 2.0 consumer



Financial Highlights

- Consolidated financials for the Nine months ended 31st December , 2010
 - Combined Revenue of ` **14,887 Mln**, up 112%
 - Operational EBIDTA of ` **972 Mln**, up by 41%
 - PAT of ` **925 Mln**, higher by 95%
 - Basic and Diluted EPS (not annualized) : ` **3.3**
- **Healthy balance sheet**
 - Networth: ` **8,456 Mln**
 - Cash on hand: ` **3,329 Mln** as on 31st Dec, 2010 - zero debt



Business Highlights

- Aggressive thrust on driving market share & volumes, enhancing geographic presence
- Strong increase in device sales volumes over both corresponding quarter of previous year and sequentially preceding quarter
- Awarded the most Preferred Brand of mobile handsets during the Dainik Purvodaya North East Consumer Awards for 2010.
- Number of active VAS customers expands strongly, margins continue to be healthy
- Retail business growth driven by enhanced product mix, encouraging 'Same Store' sales growth



Spice Mobility Limited – Key Financials

9M FY2010-11 (Consolidated)

KEY FINANCIAL INDICATORS					
In ` million					
No.	Particulars	Q3 FY10 - 11	Q3 FY09 - 10	9M FY10 - 11	9M FY09 - 10
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
1	Net Sales	5,279	2,998	14,887	7,022
2	Op EBIDTA	294	331	973	691
3	PAT	194	224	925	475
4	EPS (` not annualised)	0.73	3.00	3.66	6.36

- Focus on volume growth results in lower margin in Q3 over last year

Note * Outstanding shares in Q3 & 9M FY10 : 74.6 million
Outstanding shares in Q3 & 9M FY11: 238 million



Balance Sheet Extract

₹ Million

Particulars	As on 31-Dec-10 (Consolidated)	As on 30-Sep-10 (Consolidated)
Liabilities		
Capital	714	714
Reserves & surplus	7,741	7,566
Loan	-	528
Minority Interest	519	498
Deferred Tax Liability (net)	8	6
Total	8,982	9,312
Assets		
Goodwill	2,579	2,031
Fixed assets	1,193	970
Investments	2,343	2,615
Deferred tax asset	1	5
Net current assets	2,866	3,691
Total	8,982	9,312

- Total cash and cash equivalents on the Balance Sheet as on December 31st , 2010 amounted to ₹ 3,329 million (net of Debt)
- Consolidated Net worth ₹ 8,455 million



Devices

Millions

Particulars	Q3 FY10 - 11	Q3 FY09 - 10	Growth (%)	9M FY10 - 11	9M FY09 - 10	Growth (%)
Revenue	2,425	2,998	(19)	6,912	7,022	(2)
EBITDA	146	331	(56)	604	690	(12)
PAT	133	224	(41)	629	475	32

- Lower profitability in Q3 FY11 is due to focus on market share /volume growth resulting in lower margins, lower ASP . 41% increase in volume over Q2.



- Strong Q3FY11 growth in handset sales of 1.64 mln devices indicating a growth of 11% in volumes compared to 1.47 mln in Q3FY10 and 1.16 mln in Q2FY11 (higher by 41%)
- Focus on enhancing geographic presence driving market share growth – Built a strong presence in Rajasthan and Gujarat in 3 – 4 months
- Significant investments in brand awareness and visibility support growth thrust
- New introductions – View D handset : World's first 3D handset well received. Acclaimed by Global Media , won the prestigious Golden Peacock Award in 2010 for innovation



Success Story @Spice



Regional Dominance :

Last 2 years our focus was in increasing our market share in 5 states i.e. Rajasthan, MP, Haryana, UP (W) and Uttaranchal.

a) Reach effect - Spice has outlet coverage of 28% which has given market volume share of more than 10% in these states

b) Price Class Leadership: < 2K

Spice is a Leading player in the above 5 states in < 2K Category with 13% market volume share

c) Category Leadership : Dual SIM :

Spice Mobiles is the category leader in Dual SIM in these 5 states with a market volume share of more than 35%



Devices – Strategy

- **Two Pronged Thrust**

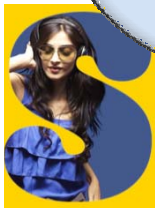
- **Reach Strategy**

- Based on 5 states experience aggressive expansion plan to go from 5 to 24 states in the next 18 months
 - Increase retail outlet coverage by 4 times in the next 18 months
 - Marketshare the priority: Aggressive pricing, increased spend on ATL & BTL
 - Endeavour to replicate success of 5 states across the country
 - Investment in Branding, After sales Service, Increasing distribution network in terms of FOS and building regional headquarters in form of infrastructure and people

- **Product Strategy**

- Enhancing product mix to increase ratio of mid & high end phones to basic phones – present mix : 20:80 respectively
 - Work closely with design houses and chipset manufacturers to come out with smart phone category at attractive price point
 - Expand presence in mid & higher end segment expected to drive up ASPs

- **Cash inflow derived from completion of reverse merger to support growth focus**



Retail

₹ Millions

Particulars	Q3 FY10 - 11	Q3 FY09 - 10	Growth (%)	9M FY10 - 11	9M FY09 - 10	Growth (%)
Revenue	2,429	1,688	44	6,834	4,532	51
EBITDA	(10)	(102)	90	(90)	(347)	74
PAT	(53)	(182)	71	(265)	(492)	46

- Number of stores continue to grow: 777 Spice Hotspot Stores as on Dec 31, 2010 compared with 680 stores last year
- Same store sales higher by 32% compared to the corresponding quarter last year
- Marginal EBITDA loss vs ₹ 102 Mln loss last year Q3 despite significantly high brand spend
- Proportion of Spice Mobility brand stood at ~8% of total sales
- Spice Hot Spot ASPs in excess of ₹ 4,000



Retail – Strategy

▪Emphasis on

- Extending presence beyond dominance in North India
- Improving Spice value share
- Revenue share deals with operators with special focus on 3G

▪Retail Business set to contribute well to revenue and profit growth



Value Added Services (VAS)

Particulars	` Millions					
	Q3 FY10 - 11	Q3 FY09 - 10	Growth (%)	9M FY10 - 11	9M FY09 - 10	Growth (%)
Revenue	558	549	2	1,568	1,333	18
EBITDA	149	180	(17)	443	332	33
PAT	103	165	(38)	306	293	4

- Number of active users increased from 20 Mln in Q3 FY10 to 24 Mln in Q3FY11
- PAT & EBIDTA continue to be strong on a sequential quarter basis
- Recently launched applications : Live Aarti and USSD services continue to be well received
- Profitability strong despite increase in content cost
- African continent showing encouraging traction
- Acquired device VAS company based out of Singapore



VAS – Strategy

▪Focus on Expanding

- Portfolio of offerings
- Number of active users

▪Introduction of new cutting edge offerings expect to coincide with the introduction of 3G

▪Enablers

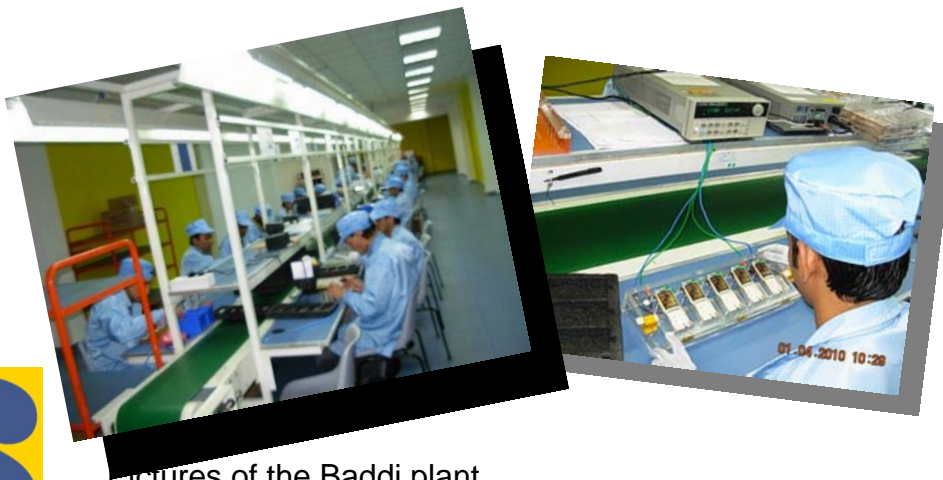
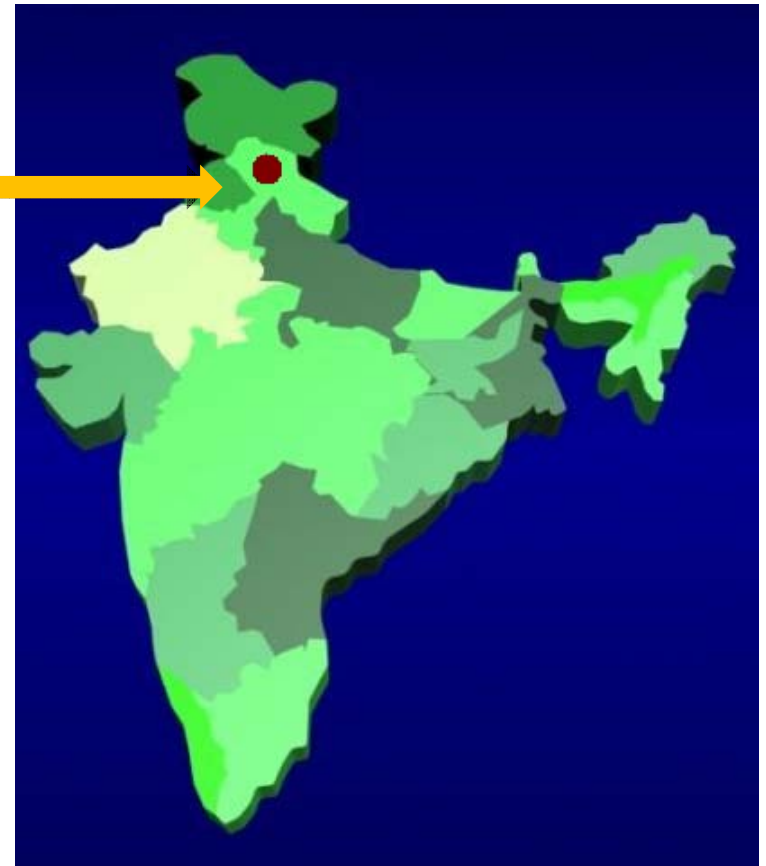
- Increase in the dependency on convenient utility mobile applications
- Growing trend of consumers who like to enhance their experience via addition of software



Progress at Domestic Manufacturing Facility

Situated at Baddi, Himachal Pradesh

- Capacity operational
- Current Installed capacity – 400,000 handsets per month
- One million unit capacity expected to be operational from next financial year
- Total capex incurred to date: ` 4 Cr, expected additional capex of ` 20 Cr, excluding land and building which is already available
- Plant also capable of producing packaging material (boxes) for the handsets

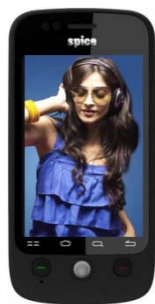


Pictures of the Baddi plant



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

**Q3 & 9M FY2010-11 Results for the quarter
ended 31st December 2010**



Spice Mobility Limited

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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.



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Thank You