



**MOBILITY**

**Q1 FY2012  
RESULTS ANNOUNCEMENT**



# “SWITCH”

“S Mobility’s ‘SWITCH’ strategy is about meeting the growing needs of the **Mobile Internet Society**”



# The Mobile Internet Opportunity

The Indian telecommunications industry is the world's fastest growing industry, with 811.59 million mobile phone subscribers as on March 2011



It is projected that India will have 1.159 billion mobile subscribers , exceeding the total subscriber count in China by 2013



Mobile retailing with Handsets also include accessories & airtime. The industry is expected to reach a size of Rs 344,921 Crore (US\$76.57 billion) by the end of 2012 at a growth rate of over 26 per cent



Indian Mobile VAS revenues amounted to ~ USD 1 Billion in 2010 which was primarily dominated by ring back tones and music

Witnessing an increase in the trend of Service providers who look at adding value and extending their services in order to lure new customers and retain the existing ones

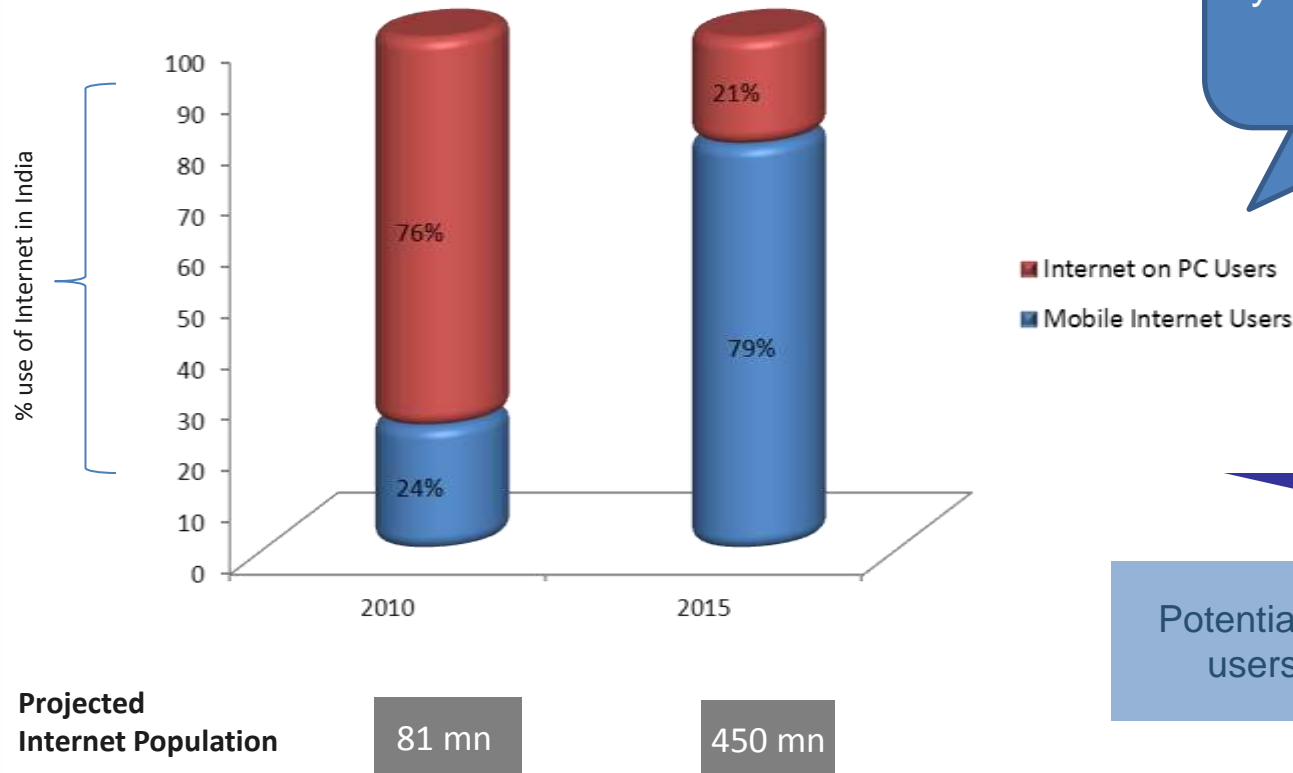


Most players in the space are currently foraying into Android based operating systems and high specification devices. This will further boost the demand of applications, VAS and retail touch points



# Growing demand for internet content

Share of Internet use by channel in India, %



India has the largest population of under 14 year olds. At 370 Mn, it is 1.5 times that of China

Potentially **360 Mn** Mobile Internet users by **2015** in India alone



# Serving the Mobility 2.0 consumer

***Mobility 1.0 – enabled connectivity via phone calls and SMSs***



***Mobility 2.0 is about a single device allowing you to manage your life via data communication over the internet, while on the move***



# S Mobility optimally placed

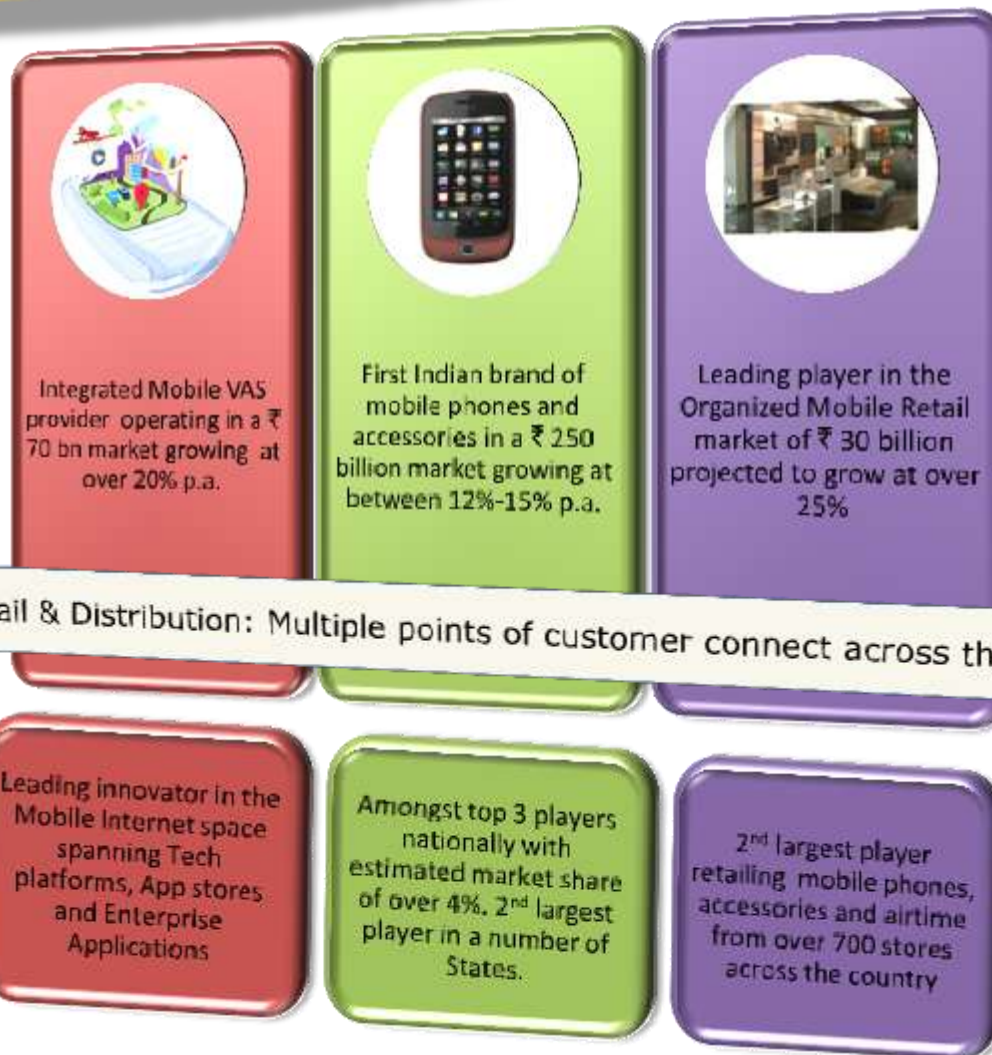
- Boasts of a business model second to none, blending the powerful synergies of value added services and retail to deliver handsets that appeal to consumers across all segments
- A product portfolio that consists of 50 handset models which are well diversified and segregated into categories of Color, FM, Music, Camera, Bluetooth, CDMA, Dual, QWERTY Smartphones, Pocket PC phone and Android platform based Smartphones
- S Mobility has been a leading player in the domestic Value Added Services business ever since 2G networks stood as the main medium of communication and now leverage on the potential of high speed data networks
- Amongst the first to introduce sms based VAS
- Continued focus on launching feature rich 3G handsets capable of high bandwidth mobile internet speeds

**‘SWITCH’ strategy to make S Mobility a true ‘Mobile Internet Company’**





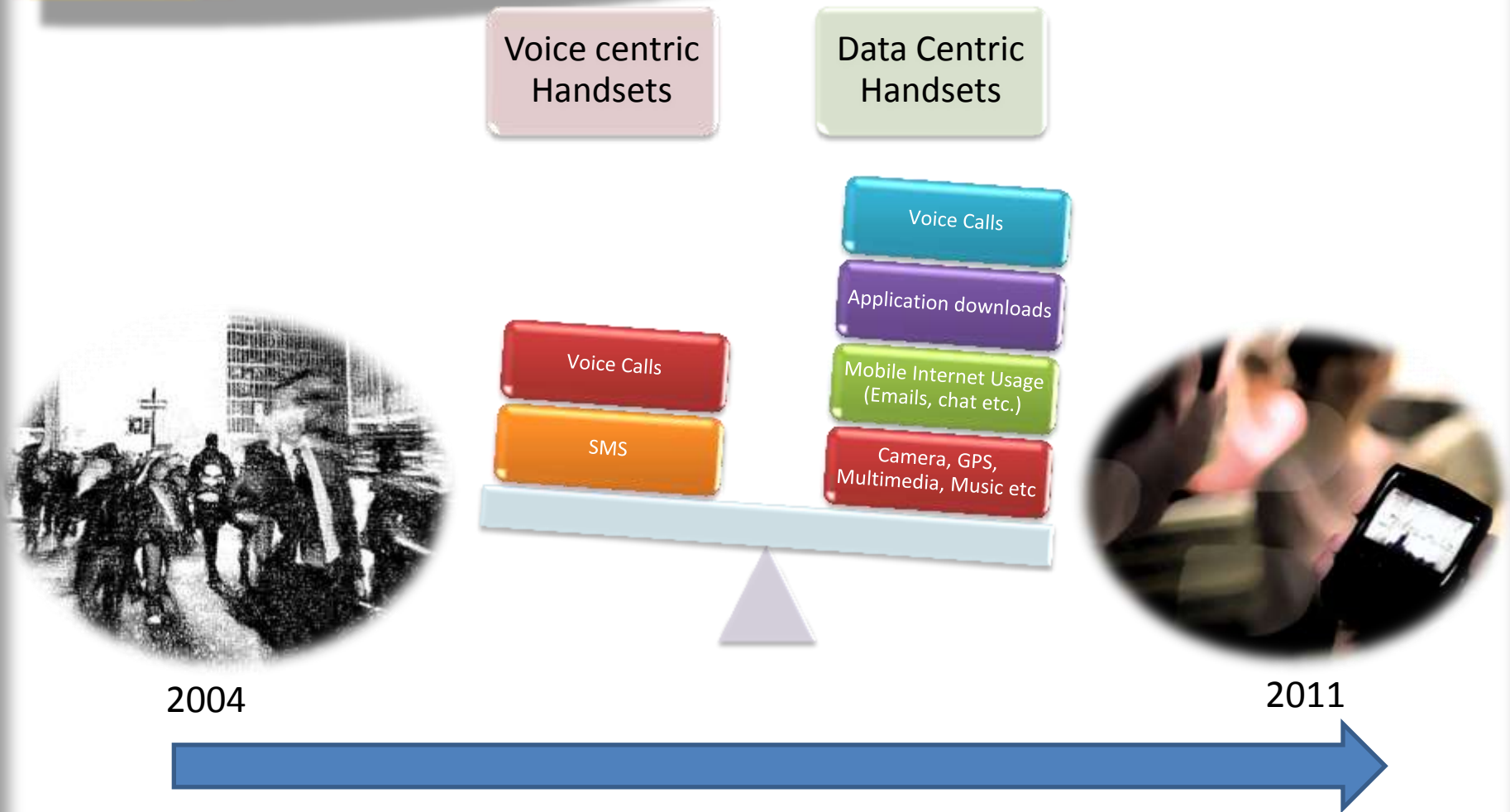
# The 'S Mobility' experience



A ₹ 20 billion operation in a rapidly growing Telecom Ecosystem



# Increasing focus on Data centric handsets



The Switch emphasizes on how S Mobility has moved towards data centric / Internet capable handsets over time





# The S Mobility strategy



## Key Highlights for the quarter ended Jun'11- Spice Brand Devices

- Total Handset sales of 2.2 mln units during Q1 FY2012 - a growth of 22% in volumes compared to 1.8 units in the corresponding quarter last year
- Spice branded handsets sales grow from 1.3 mln in Q1 FY 2010-11 to 1.5 mln in Q1 FY 2011-12
- Decreasing ASP trend arrested ,ASP increase of Rs.150 to Rs.1620
- Company is operational in seven clusters for gaining regional dominance.
- With increase in popularity of Smart phones Spice has launched a whole range of Android based phones with different form factors. Also has the privilege of launching the first dual sim Android phone in India with the Mi-270 & Mi-410.
- Other significant launches include the 'Transformer' phone which gives the user a 2 in 1 option.....
- Innovative packaging to enhance the appeal of our phones being planned across the different product segments.
- Four assembly lines are in operation in Baddi Manufacturing Plant with a capacity of 4 lacs phones per month.



# Introductions in Q1 FY 2012



**M-6200**



**-Stylish Phone 11mm**

- 2MP Camera
- Video Player
- Audio Player
- 5cm Screen
- FM Radio
- WAP/GPRS/Java
- Bluetooth
- Exp Memory

**M-6800**



- Multi G+ G
- 3.2MP Camera
- 8CM (3.2") Screen
- Wi Fi
- 3D Icons
- 1000 mAh Battery
- Audio & Video Player
- Expandable Memory

**M-6400**



**-Stylish Slim Phone -9.7mm**

- 2MP Camera
- Video Player
- Yamaha Audio Player
- 6cm QVGA Screen
- WAP/GPRS/Java
- Steel back Cover
- Bluetooth
- Exp Memory

**MI-270**



- Android 2.2
- Dual SIM EDGE
- 2.8" Resistive Touch Screen
- AGPS/GPS
- Wi-Fi
- 2 MP Camera
- GMS & MS Office

**M-5445**



- Multi SIM G+ G
- Paper Cone Speaker For loud sound
- Super Slim ID
- 1.3MP Camera
- 6Cm QVGA Screen
- MP3, FM
- Video Recording
- Expandable Memory
- GPRS, WAP, MMS

**Blueberry Series**



- S Push Mail
- S Messenger
- Document viewer
- Interchangeable Bc covers
- 2 / 1.3MP Camera
- 1 free Body covers
- BT/ GPRS/ Java
- Exp Mem
- FM/ Audio/Video Player
- 6cm QVGA Screen



- Android 2.2(Upgradable)
- 4.1" HVGA Capacitive Touch
- 3G HSPA+
- BT 3.0
- Dolby Surround Sound 5.1
- AGPS/GPS
- Wi-Fi
- 5 MP Camera
- GMS & MS Office



- Mobile Banking with SBI & Canara launched with operators - Airtel, Vodafone, IDEA, Reliance, MTNL, Aircel, Uninor
- Launched Radio Mirchi with Vodafone, Docomo and Live Aarti for Vodafone



Access to over 95% of the subscriber base in the country; S Mobility subscribers currently stand at over 25 Million



## Spice Hotspot - Strengthened Visibility and Presence



- Y-o-Y revenue growth of 20% (15% same stores growth)
- EBIDTA positive in Q1 2011-12 vs loss of Rs 129 Mln Q1 2010-11
- Exclusive high ASP Spice Mobile products being retailed thru Spice Hotspot
- Sustained focus on driving smartphone sales. The average ASP of smartphones at SPICE Retail is Rs 11,000/-
- 2<sup>nd</sup> largest player in digital lifestyle retail market
- Number of stores continue to grow: 792 Spice Hotspot Stores across 159 cities as on Jun 30, 2011 compared with 735 stores last year, offering a wide range of mobile handsets, accessories, gaming devices, airtime recharge, connections and innovative VAS services
- Spice Hotspot is presently operating stores in Metros, mini-metros and class 1 cities.
- Extending presence nationwide - beyond dominance in North India
- Significant initiatives taken during quarter towards strengthening
- Association with retail touch points and end consumer
  - In shop co branding
  - Service tie ups
  - In shop demonstrations



## Spice Digital - Key highlights for the quarter ended 30th June 11

- Revenue has grown 28% in Q1 FY2011-12 in comparison with Q1 FY 2010-11 due to growth of Live streaming services i.e. Live FM & Live Aarti, Mobile Advertisement & 139 Services.
- New Products constitute a very healthy 22% of total revenue.
- Increasing presence in Africa, currently present in six countries
- Launch of Mobile Banking with USSD with major operators
- Mobile advertising, servicing new enterprises gaining momentum



# Enhancing Human Capital

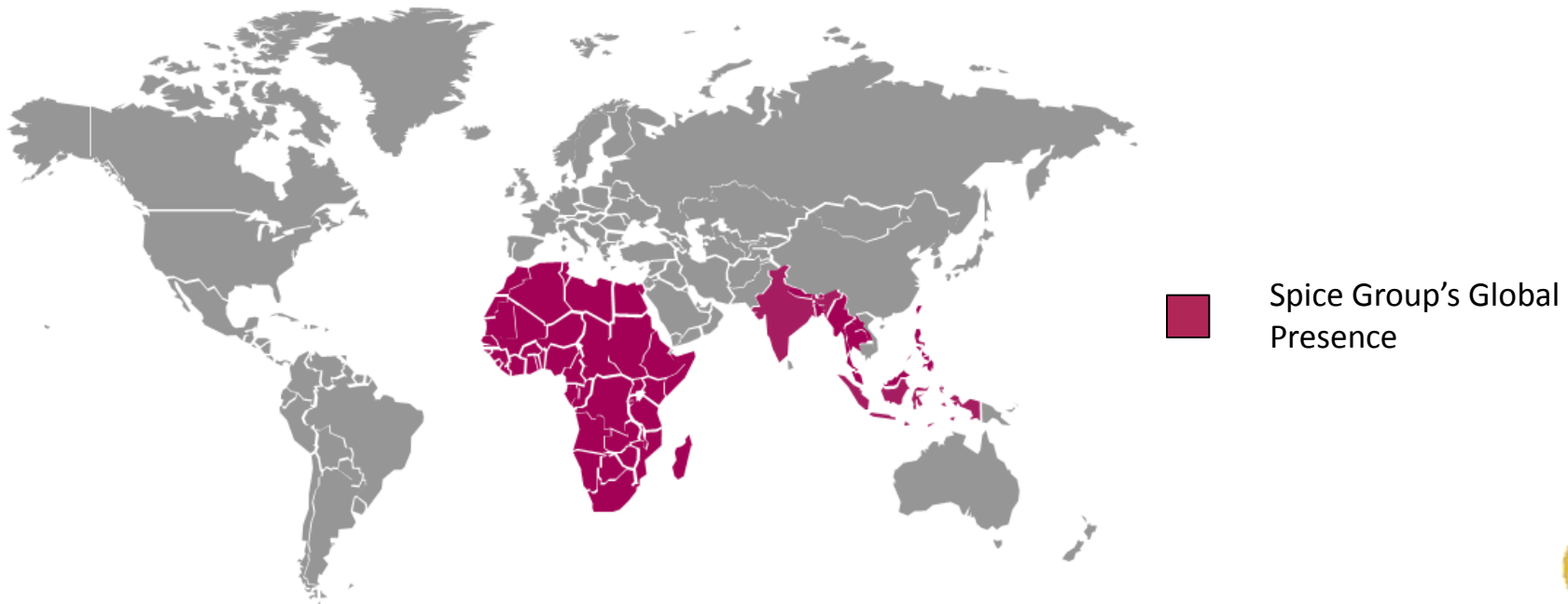


- Thrust on expanding Sales force across levels and markets . New entrants moving from leading entities in the FMCG, retail and telecom sector amongst others
- Superior sales team expected to
  - Cover wider market geography
  - Reach out to higher end consumers and youth driving up ASPs – results already visible in current quarter
  - Significantly reduce time to market
- Established a pan-Indian distribution network appointing regional distributors and micro distributors.
- 7 cluster approach to enable
  - More customized attention
  - Improved penetration,
  - Wider reach
  - Optimal customer management



# Leveraging Global Supply Chain

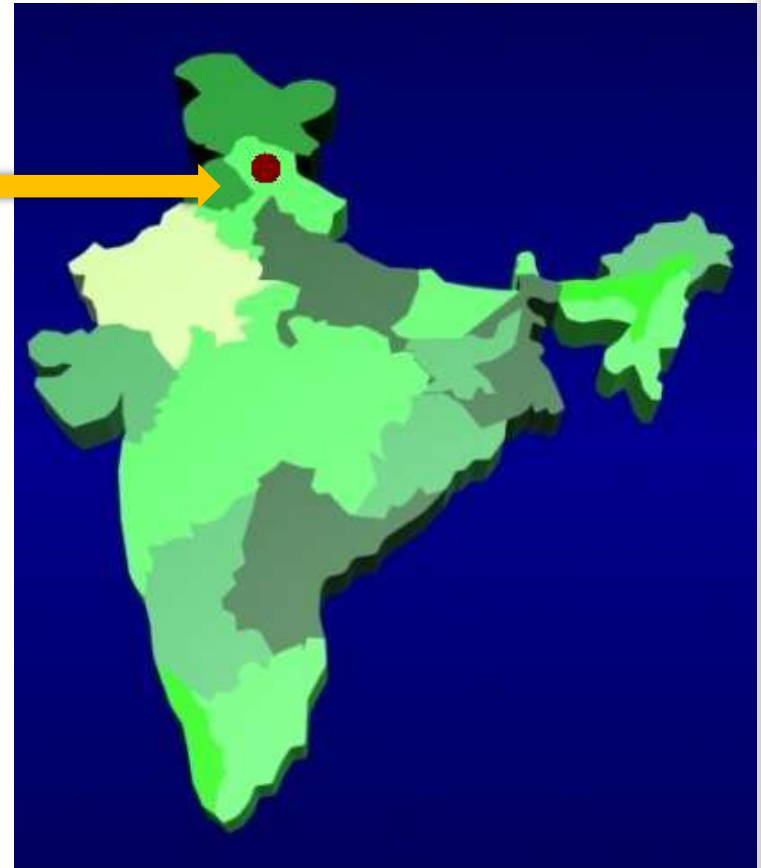
- Spice Group present across Africa, Middle East and Asia
- To leverage expansive reach and volumes to optimize input procurement efficiencies, improve margins
- Building an association with China



# Domestic Manufacturing Facility

## Situated at Baddi, Himachal Pradesh

- Capacity operational, production during quarter: 0.50 mln units
- Current Installed capacity – ₹ 4 Lac per month
- Total capex incurred to date: ₹ 10 Crore.
- Plant also capable of producing packaging material (boxes) for the handsets



Pictures of the Baddi plant



# FINANCIAL & OPERATIONAL REVIEW



# Financial Highlights

Consolidated financials for the quarter :

Particulars	Quarter ended June 30, 2011	Quarter ended June 30, 2010	Shift (%)
Revenue (₹.Million)	5,256	4,800	9.5
EBIDTA (₹.Million)	409	294	39.11
PAT (₹.Million)	259	193	34.20
Basic and Diluted EPS (not annualized)	1.02	0.76	

- **Healthy balance sheet**

- Networth: ₹8,450 Million
- Cash equivalents: ₹ **3,105 Mn** as on 30<sup>th</sup> June, 2011
- The Company is debt free





## **Annexure A**

**Q1 FY2012 Results for the quarter ended  
30<sup>th</sup> June 2011**



# S Mobility – An overview

- **S - Mobility Ltd** is a part of Spice Global, a multi-faceted group with an extensive telecom eco-system in India.
- Initially established in 2004, the Company is amongst the top 3 mobile brands nationally
- S Mobility is the proud winner of the Golden Peacock Award for innovative product / service for the year 2007 and for 2010.
- Debuted with dual SIM handsets targeting entry, mid and premium segments as the brand grows rapidly with its expansive bouquet of offerings
- S Mobility added more firsts to its credit by announcing the Global premier of the World's first 'Movie Phone' and peoples' phone at the World Mobile Congress, Barcelona in February 2008.
- Riding on the success of its venture, S Mobility Ltd. has strengthened its footprint, built a strong value proposition with the customers and established itself as a competitive brand amongst the host of International players.
- The Company aims at achieving higher brand acceptability among all target segments by manufacturing cutting-edge handsets that combine mobile phone functionality with enriched content and smart device capabilities for greater high-speed voice and data capacity.

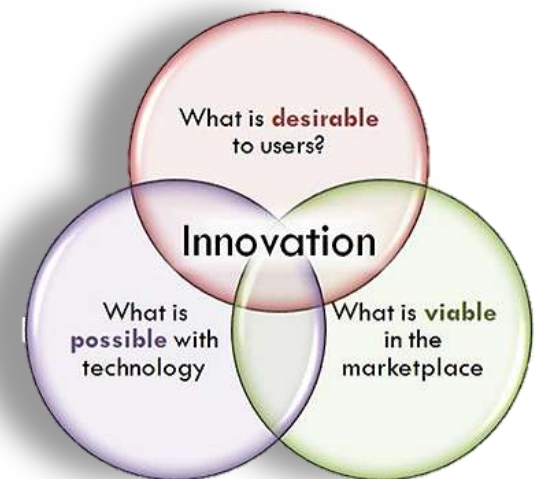


# The Culture of Innovation



## S Mobility's history of many firsts

- ✓ India's first copier manufacturing unit
- ✓ First PC with 3.5" floppy drive
- ✓ First telecom equipment plant in private sector
- ✓ First company to launch mobile telephony services in the country
- ✓ First 4D theatre in the country
- ✓ First dual-SIM phone in the country...
- ✓ First dual memory slot in a phone
- ✓ First 12 MP camera phone with a CCD sensor and 3x optical zoom
- ✓ India's first Android phone
- ✓ The first 3D (View D - 3D screen)
- ✓ India's first projector phone



# S Mobility Limited

For further information please contact:

**Gavin Desa / RaviSathe**

CitigateDeweRogerson

Tel: +91 22 66451237 / 66451239

Fax: +91 22 66451213

Email: [gavin@cdr-india.com](mailto:gavin@cdr-india.com) / [ravis@cdr-india.com](mailto:ravis@cdr-india.com)

*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.*



The background of the slide is an abstract composition of overlapping, wavy, organic shapes. The top half is dominated by various shades of blue, ranging from a deep cerulean to a bright, almost white cyan. The bottom half transitions into warm yellow and gold tones. The shapes create a sense of movement and depth, with some areas appearing more saturated than others.

**THANK YOU**



**S MOBILITY LIMITED**  
(Formerly Spice Mobility Limited)  
Regd. Office : S Global Knowledge Park, 19A & 19B, Sector - 125, Noida, District Gautam Budh Nagar , Uttar Pradesh- 201301

Unaudited Consolidated Financial Results for the quarter ended June 30, 2011

Sl.No.	Particulars	(Rs. In Millions)		
		Consolidated		
		3 months ended		12 months ended
		30.6.2011 (Unaudited)	30.6.2010 (Unaudited)	31.03.2011 (Audited)
1	a. Net Sales/Income from operation	5,226	4,785	20,065
	b. Other Operating Income	30	15	101
	<b>Total</b>	<b>5,256</b>	<b>4,800</b>	<b>20,166</b>
2	<b>Expenditure:</b>			
	a. Decrease/(Increase) in stock in trade	(58)	252	627
	b. Purchase of Finished/Traded Goods	3,411	3,289	13,934
	c. Consumption of Raw Materials	423	0	359
	d. Connectivity and Content Cost	251	149	784
	e. Staff Cost	313	268	1,086
	f. Depreciation/Amortisation	70	69	334
	g. Branding Expenses	207	235	651
	h. Other expenditure	363	343	1,463
	<b>Total expenditure</b>	<b>4,980</b>	<b>4,605</b>	<b>19,238</b>
3	<b>Profit from Operations before other income, interest and finance expenses, exceptional item and taxes (1-2)</b>	<b>276</b>	<b>195</b>	<b>928</b>
4	<b>Other Income</b>	<b>63</b>	<b>30</b>	<b>316</b>
5	<b>Profit before Interest and finance expenses, exceptional item and taxes (3+4)</b>	<b>339</b>	<b>225</b>	<b>1,244</b>
6	<b>Interest and finance expenses</b>	<b>12</b>	<b>14</b>	<b>68</b>
7	<b>Profit before exceptional items and taxes (5-6)</b>	<b>327</b>	<b>211</b>	<b>1,176</b>
8	<b>Exceptional Items</b>			
	- Gain on sale of Investment in a Joint Venture Company	-	239	239
	- Branding Expenses	-	(208)	-
9	<b>Profit from ordinary activities before taxes (7+8)</b>	<b>327</b>	<b>242</b>	<b>1,415</b>
10	<b>Provision for Taxation</b>	<b>68</b>	<b>49</b>	<b>298</b>
11	<b>Net Profit for the period (9-10)</b>	<b>259</b>	<b>193</b>	<b>1,117</b>
12	<b>Minority Interest</b>	<b>16</b>	<b>12</b>	<b>77</b>
13	<b>Net Profit after Minority Interest (12-13)</b>	<b>243</b>	<b>181</b>	<b>1,040</b>
14	<b>Paid up Equity Share Capital (Face value of Rs.3/- each)</b>	<b>714</b>	<b>224</b>	<b>714</b>
15	<b>Equity Share Suspense Account</b>	<b>-</b>	<b>490</b>	<b>-</b>
16	<b>Reserves excluding revaluation reserves</b>	<b>-</b>	<b>-</b>	<b>7,491</b>
17	<b>Basic and Diluted Earnings Per Share (in Rs.) (Not Annualised)</b>	<b>1.02</b>	<b>0.76</b>	<b>4.37</b>
18	<b>Total Public Shareholding</b>			
	- No. of Shares	74,638,000	74,638,000*	74,638,000
	- Percentage of Shares	31.35%	31.35%	31.35%
19	<b>Promoters &amp; promoter group shareholding</b>			
	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	163,448,285*	163,448,285
	- Percentage of shares (as a % of the total shareholding of promoters and promoter group)	100%	100%	100%
	- Percentage of shares (as a % of the total share capital of the Company)	68.65%	68.65%	68.65%

\* Including equity shares appearing under equity share suspense account, allotted on November 13, 2010



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

Sl.No.	Particulars	(Rs. In Millions)		
		Consolidated		
		3 months ended		12 months ended
		30.6.2011	30.6.2010	31.03.2011
		(Unaudited)	(Unaudited)	(Audited)
1	Segment Revenue (Net):			
a	Mobile Devices	4,660	4,354	18,050
b	Services	598	466	2,160
	Total	5,258	4,820	20,210
	Less : Inter-Segment Revenue	2	20	44
	Total Revenue	5,256	4,800	20,166
2	Segment Results -Profit before tax and Interest:			
a	Mobile Devices	175	(145)	379
b	Services	91	115	517
	Less: Interest expense	0	5	(26)
	Add : Other unallocable income net of unallocable expense	61	267	545
	Total Profit Before Tax	327	242	1,415
3	Capital Employed (Segment Assets- Segment Liabilities):			
a	Mobile Devices	3,599	2,514	3,067
b	Services	1,525	1,001	1,392
	Unallocated Capital Employed	3,326	4,176	3,746
	Total	8,450	7,691	8,205

Notes:

- 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 August 6, 2011 and have undergone "Limited Review" by the Statutory Auditors of the Company.
- The number of investor complaints received during the quarter were 10 and all have been resolved / disposed off and there were nil investor complaints pending either at the beginning or at the end of the quarter ended June 30, 2011.
- During the quarter ended June 30, 2011 Mr.Thomas Henrik Zilliacus and Mr. Saurabh Srivastava have been appointed as additional directors of the Company.
- Name of the Company has been changed from Spice Mobility Ltd to S Mobility Ltd w.e.f June 7, 2011. Company's Registered Office has been shifted to S Global Knowledge Park, 19A & 19B, Sector 125, Noida, U.P. - 201301.
- The Consolidated Financial Results for the quarter ended June 30, 2011 represents consolidated results of the Company and its subsidiaries.
- During the quarter ended June 30,2011, a subsidiary of the Company has subscribed for 100% equity in Spice VAS Ghana Limited and it has been consolidated from the date of incorporation. Further, the Company has also subscribed for 100% equity in S Mobility (HK) Ltd., as there is no operations in this Company, the same has not been consolidated.
- 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") merged with Spice Mobility Limited ("Transferee Company") w.e.f January 01, 2010 ["the Appointed date"] and was 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 above results incorporate the effect of the amalgamation of the Transferor Company with the Transferee Company in the corresponding quarter ended June 30, 2010
- Provision for tax is inclusive of/ net of deferred tax charge/ credit, fringe benefit tax and tax adjustments for earlier years.

9 Key Standalone Financial Information is given below:

(Rs. In Millions)

Particulars	3 months ended		12 months ended
	30.6.2011	30.6.2010	31.3.2011
	(Unaudited)	(Unaudited)	(Audited)
Net Sales / Income from Operations	2,406	2,442	9,458
Profit before tax	165	49	935
Net Profit after tax	117	29	782

- The standalone financial results have been filed with the Stock Exchanges where the equity shares are listed and are also available at the Company's website [www.spice-mobile.com](http://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  
S Mobility Limited

Preeti Malhotra  
Executive Director

Place : New Delhi  
Dated : 6th August, 2011