



# **S Mobility Limited**

## **- 2Q & H1 FY 2012**

### **Results Presentation**

14 November 2011



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**2**   **Financials**

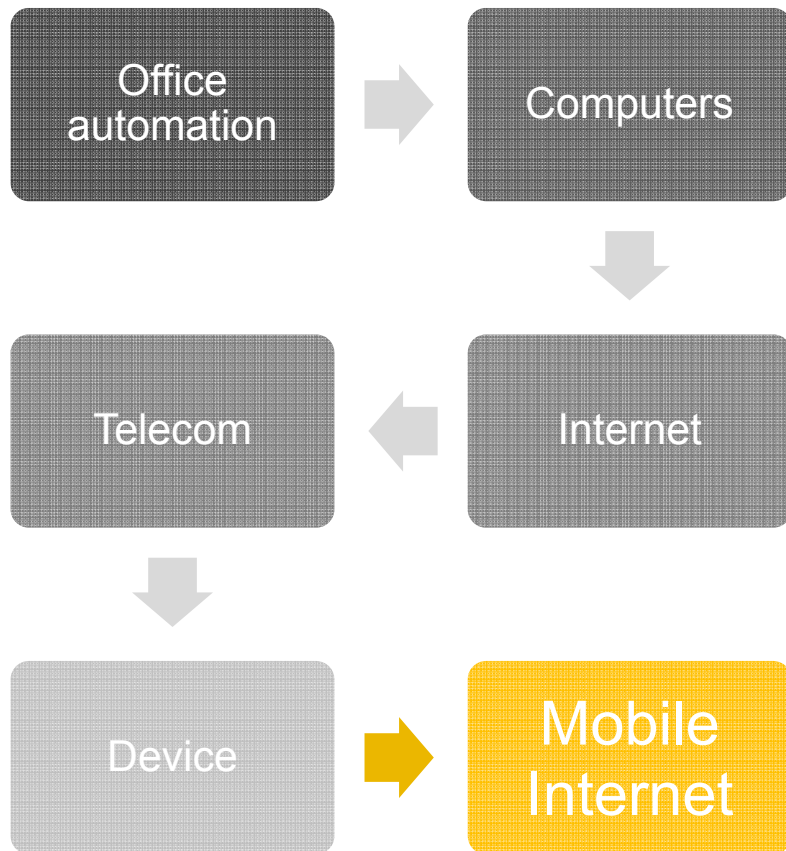
**3**   **Our Key Partnerships**

**4**   **Our Group Synergies**



## The S Group

### - How did we get here?



#### ▪ Creation of integrated company (Nov 2010)

- Equity story developed around integrated mobility company based on advice of Edelweiss
- Spice Retail & Spice Digital became subsidiaries of Spice Mobility,

#### ▪ International expansion : Acquisitions of

- Mediaring (Oct 2009), Singapore
- CSL (Mar 2010), Malaysia
- Newtel (Dec 2010), Thailand
- Selular Group (May 2011), Indonesia

#### ▪ Creation of winning strategy (Aug 2010)

- McKinsey helps develop a comprehensive strategy to focus on Mobile Internet strategy

#### ▪ Creation of Digital S Brand vision (Jan 2011)

- Brand Union created a S Brand Vision

# The S Group

## - Our Vision, Brand Essence and Brand Promise

### Vision

One step ahead of the needs  
of the Mobile Internet society

### Brand Essence

Unconventional Wisdom

### Brand Promise

We deliver outstanding value  
by combining deep market  
knowledge with unconventional  
thinking.

Knowledge guides us but  
Imagination drives us



" We want to see the internet in the hands of  
every 8 year old from the Ivory Coast to  
Indonesia"



# S Mobility

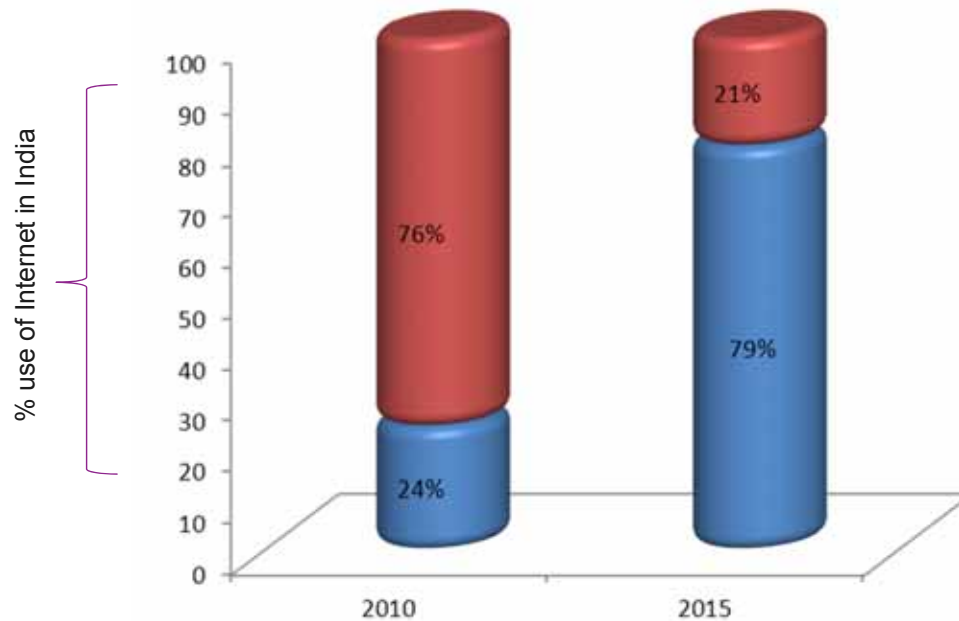
## – An Overview

- **S Mobility Limited** 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 flagship of the Spice Global business offering a combined and unique experience of devices, digital lifestyle, retail, mobile VAS and Apps to its customers across geographies
- 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.



# 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

Internet on PC Users  
Mobile Internet Users

Potentially 360 Mn Mobile Internet users by 2015 in India alone

Projected  
Internet Population

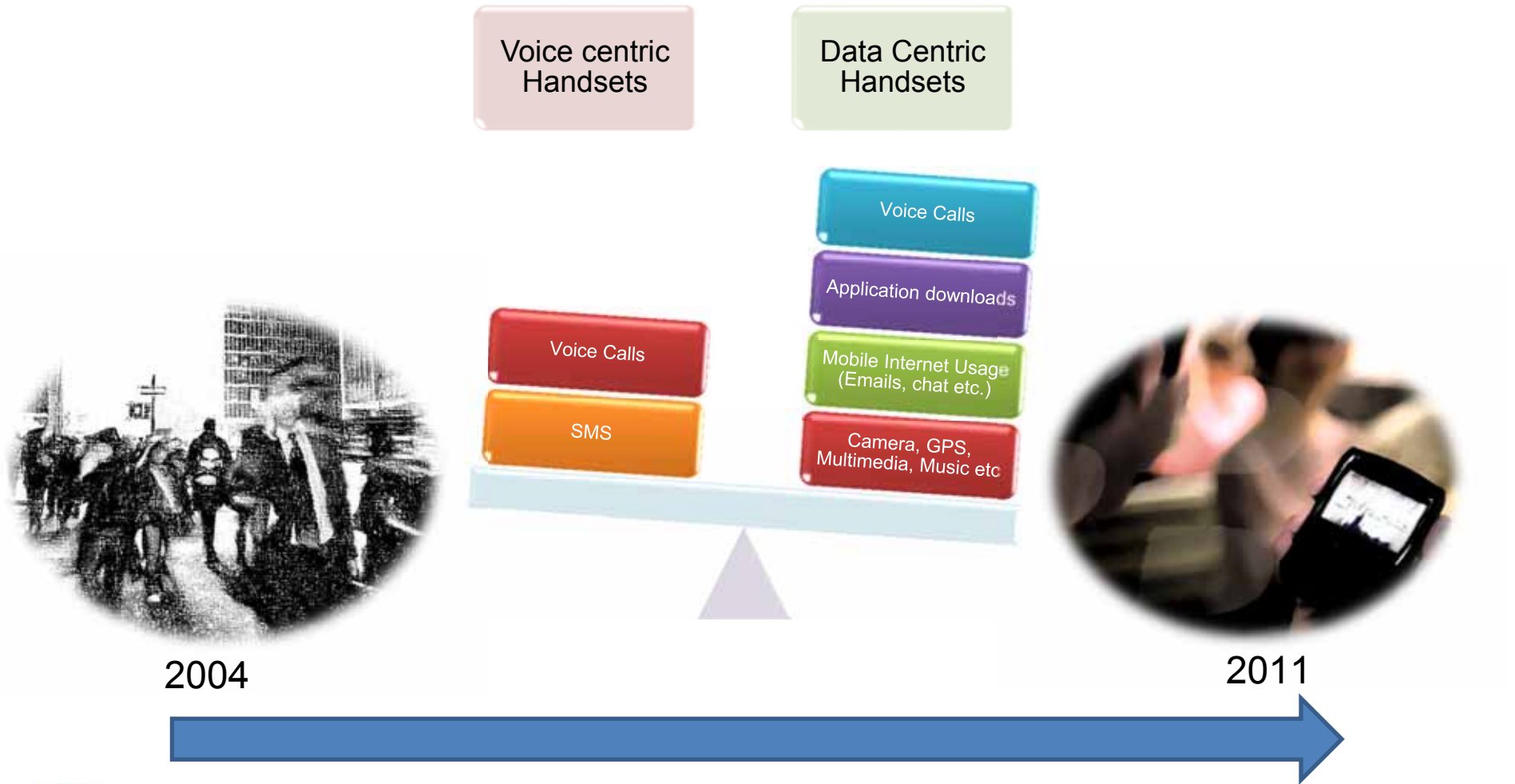
81 mn

450 mn

SOURCE: McKinsey Quarterly, Feb 2011



# Increasing focus on Data centric handsets



Data handsets comprise XX% of device sales, compared with YY% last year

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# Key Highlights: Q2, H1 FY2012

- **Q2 FY2012 Financial Snapshot**

- Revenues at ` . 5,407 Million
- EBIDTA at ` . 206 Million
- PAT at ` . 120 Million
- Net cash (as on September 30, 2011): ` 2,308 Million

- **Operational overview**

- Tie ups with Tinno and Mediatek enhance scale and competitive position.
- Company in investment mode to switch to become a leader in Mobile Internet space investing in manpower and market ,reflected in higher operating cost in the quarter
- Rupee depreciation adversely affected gross margins during the quarter
- Encouraging performance across all businesses
  - New introductions across Devices and VAS well received
  - Cluster strategy gradually transitioning S Mobility to becoming a true pan India player
  - Presence expanded in South East Asia and Africa too
  - Smart phone share of sales showing strong traction



# Financial Highlights

Consolidated financials for the quarter :

Particulars	Q2 FY2012	Q2 FY2011	Shift (%)	H1 FY2012	H1 FY2011	Shift (%)
Revenue (₹.Million)	5,407	4,807	12%	10,663	9,608	11%
EBIDTA (₹.Million)	206	431	(48%)	552	695	(20%)
PAT (₹.Million)	120	540	(78%)	379	731*	(48%)
Basic and Diluted EPS (not annualized)	0.43	2.18		1.45	2.94	

\*H1 FY2011 PAT includes gain of ₹. 239 Million from sale of interest in a Joint Venture - Bharat BPO

- Healthy balance sheet**

- Networth: ₹. **8,639** Million
- Cash equivalents: ₹. **2,308** Million as on 30<sup>th</sup> September, 2011
- Debt free



## Devices -India

- Total Handset sales of 2.1 mln units during Q2 FY2012 – up 24% in volumes compared to 1.7 mln units in the corresponding quarter last year
- Strong growth especially in South India, Bangalore up 62%, Chennai up 770%



### ***Pan India cluster strategy showing results***

- Spice branded handsets sales grow from 1.2 mln in Q2 FY 2010-11 to 1.4 mln in Q2 FY 2011-12
- New introductions include:
  - A range of Android based smart phones with different form factors and features
  - The 'Cappuccino'- Music Phone - 3.2MP camera, Wifi, and a 3.2MP camera
  - The Mi 700 Android Tablet – Android 2.2, GPS/AGPS, 7" Capacitive Touch Screen



# Popular Introductions in Q2 FY 2012



## CAPPUCCINO M-6700



- 3.2" WQVGA Screen
- 3.2MP camera
- Wi-Fi
- Bluetooth
- Exp Memory
- BT/Jave/EDGE
- Video player
- Music Phone

## KNIGHT M-6900



- 3.5" HVGA Screen
- Capacitive Full touch
- 3D user Interface
- 3.2MP camera
- Wi-Fi
- Proximity sensor
- BT/Java/EDGE
- 1400 mAh battery
- Music Phone

## M-5370



- Battery 2200 mAh
- Width 14.5 mm
- 2.4" QVGA Screen
- Digital Camera
- Video Player
- Audio Player
- FM Radio
- Expandable Memory
- Dual LED Torch

## MI-720



- 7" Capacitive Touch
- 3G HSDPA 7.2 Mbps
- Android 2.2
- AGPS/ GPS
- Wi-Fi & Teethering
- 2MP Camera
- 800 mhz processor
- 4200 mAh battery
- Google Market Place
- Expandable Mem upto 32 GB
- Voice Call

## M-6868



- Multi G+ G
- 3.2MP Camera
- 8.8CM (3.5") Screen
- 3D Icons
- WiFi
- 1200 mAh Battery
- Audio & Video Player
- Expandable Memory

## S-9090



- Transparent screen
- 2.4" Screen
- 2MP Camera
- Video Player
- Audio Player
- Battery – 670 mAh
- FM Radio
- Expandable Memory



• Access to over 95% of the subscriber base in the country;

• S Mobility subscribers currently stand at over 25 Million

# Retail - Spice Hotspot - Growing Presence



- Y-o-Y revenue up 16 % (7% same stores growth)
- Business has turned PAT positive during the quarter
- Average Retail ASPs: Rs 4,400 for H1 FY2012 and Rs 4,425 for Q2 FY2012
- 50% of Spice handsets sold at retail outlets are mostly 'Smart like phones'
- Number of stores continue to grow: 829 Spice Hotspot Stores across 102 cities as on September 30, 2011 compared with 745 stores last year (70% of these stores are located within the top ten cities)
- Presently operating stores in Metros, mini-metros and class 1 cities, aggressively exploring opportunities to expand presence
- All Spice Hot Spots offer a wide range of mobile handsets, accessories, gaming devices, airtime recharge, connections and innovative VAS services
- Association with retail touch points and end consumer
  - In shop co branding
  - Service tie ups
  - In shop demonstrations



**Spice Hotspot is the 2<sup>nd</sup> largest player in the digital lifestyle retail market**

## VAS - Key highlights

- Q2 FY12 VAS revenues up 14% compared to Q2 FY11
- Revenue from 3G services grew to Rs 2.5 Mn this year, with procuring orders from Airtel , Reliance & MTNL
- Data products with operators – SMS Subscription Services - Revenue growth of 20% QOQ with operator topline revenue of Rs 33 Mn / month
- New Products constitute a very healthy 25% of total revenue
- New countries entered: Singapore, Cambodia and Ghana, International revenues comprise 16% of H1 FY12 revenues
- Encouraging traction shown by key VAS offerings including
  - Live FM
  - Live Aarti
  - Mobile Advertising
  - Mobile banking
  - Social networking
- Successfully launched S Messenger, S Pushmail & Facebook application for Spice MRE handsets in India, Indonesia & Malaysia
- Spice Gang – Well received - traction of 20 Million Page views, 1.5 Million content downloads with 1 Million Unique Users on a monthly basis



**S Mobility's VAS portfolio of offerings number over 130**

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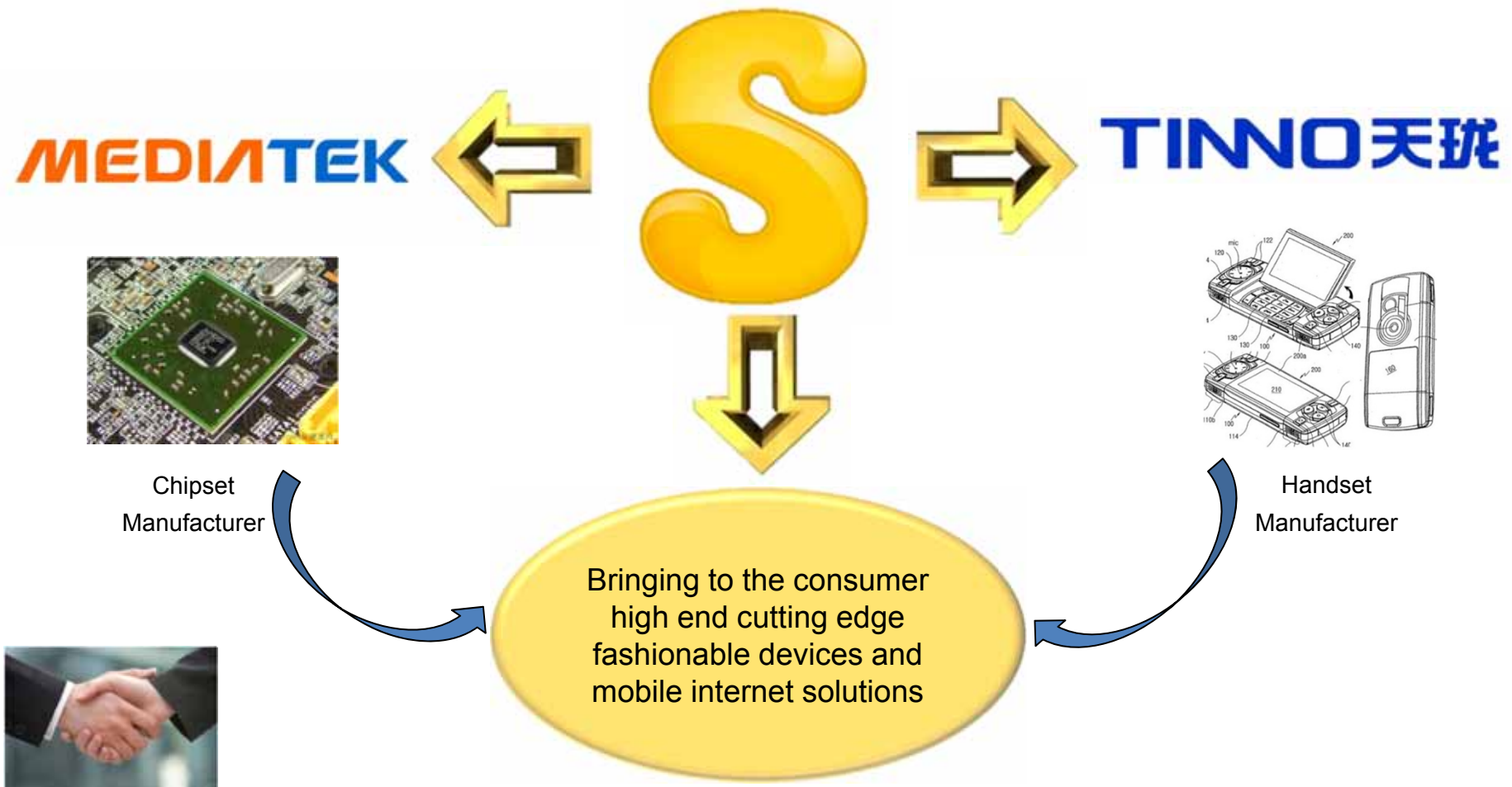
2 Financials

3 Our Strategic Partnerships

4 Our Growth Strategies



# Our Strategic Partnerships



Optimally positioned to introduce cutting edge customized handsets and solutions

# About Mediatek



- Is the worlds largest chipset manufacturer
- The fourth largest fabless semiconductor company for wireless communications and digital multimedia solutions
- The second largest of all worldwide semiconductor companies in the field of mobile phone chipsets
- A designer and seller of components for wireless communication, optical storage, GPS, high-definition digital TV and DVD products



**MediaTek has picked up 10% equity in S Mobility's VAS subsidiary, Spice Digital**

# About Mediatek



## Mobile Communications

- Smart phone chipsets for rich multimedia solutions



## Digital Home

- Cost effective, high performance, Full HD TV solution



## Information Technology

- Slim DVD re-writable



## Wireless & Broadband Connectivity

- Highly Integrated 4 in 1 WLAN/Bluetooth/GPS/FM Combo Solution



# About Tinno

**TINNO 天玑**

- Innovative provider for mobile communication products and services
- Proven capabilities in developing fashionable, personalized, high scaled content and imaginative products and services
- Close relations with many international first-class wireless communication chip enterprises such as MTK, QUALCOMM and others
- Successfully launched QWERTY series products with powerful functions which achieved remarkable sales volume of over 1 million units of a single model within only 3 months
- Won a global exclusive honour of “Annual Technology Innovation Award” by MTK



# About Tinno

**TINNO** 天玑

## QWERTY

- Full QWERTY keyboards support mailing and messaging

## MUSIC

- Mass storage space for music and media content

## LOW END

- Affordable handsets with minimal features and small screens, targeting consumers with basic needs

## FULL TOUCH

- High resolution screens, touch sensitive screens – mostly based on android operating systems



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# Group Synergy



## WellcoM Mobile - Acquired in December 2010

- Established in 2004
- Leading producer, distributor and wholesaler of mobile phones in Thailand; sold more than 700,000 units in 2010
- 2nd largest domestic player and 4th largest overall
- Sales network –62 WellcoM partners (W-Partners), 3,079 sub-dealers of W-Partners, 37 Well Care shops for customer care



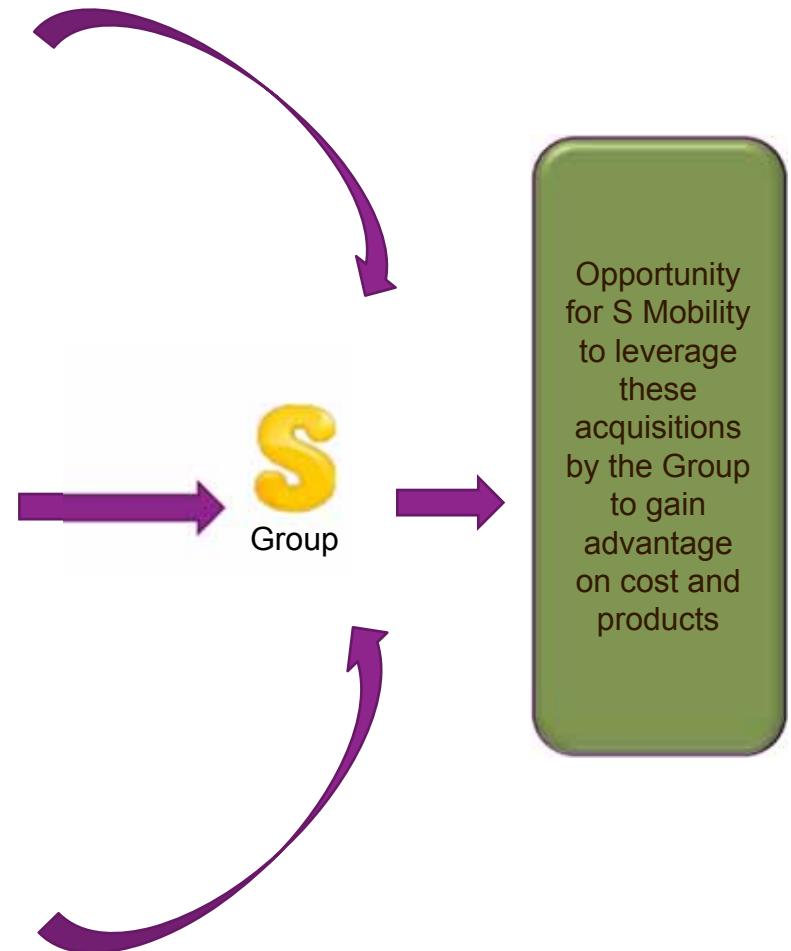
## Acquired in March 2010

- Established in 1998
- Engages in the production and sale of mobile phones, mobile devices, netbook and notebook businesses in Malaysia, Thailand, Singapore and Indonesia
- Established Malaysian brands with 21 branches throughout Malaysia and a sales networks of more than 2600 shops



## Nexian - Acquired in May 2011

- One of the leading mobile handset brands in Indonesia
- Distributed throughout Indonesia through retail shops and other non-traditional channels such as hypermarkets



## Case study – Indonesia – successful transition to mobile internet



Nexian customer service and dedicated application Softwares (VAS) have been well received by consumers in Indonesia



Mirroring this success in India by implementing technical know-hows and strategies, similar to the ones implemented in Indonesia



Indonesian & African markets similar in scale and demographics compared to India



Opportunity for S Mobility to replicate in India the success of the Group in Indonesia

## Annexure A

**Q2 & H1 FY2012 Results for the period ended 30<sup>th</sup>  
September 2011**



# 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. S 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.*

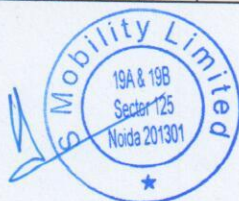


**S MOBILITY LIMITED**  
(Formerly Spice Mobility Limited)  
Regd. Office : 19A & 19B, Sector - 125, Noida 201301, District Gautam Budh Nagar , Uttar Pradesh

Unaudited Consolidated Financial Results for the Quarter & Half year ended September 30, 2011

Sl.No.	Particulars	(Rs. In Millions)				
		Consolidated				
		3 months ended		6 months ended		12 months ended
		30.9.2011 (Unaudited)	30.9.2010 (Unaudited)	30.9.2011 (Unaudited)	30.9.2010 (Unaudited)	31.03.2011 (Audited)
1	a. Net Sales/Income from operation	5,348	4,792	10,574	9,577	20,065
	b. Other Operating Income	59	15	89	31	100
	<b>Total</b>	<b>5,407</b>	<b>4,807</b>	<b>10,663</b>	<b>9,608</b>	<b>20,165</b>
2	<b>Expenditure:</b>					
	a. Decrease/(Increase) in stock in trade	(585)	599	(643)	851	627
	b. Purchase of Finished/Traded Goods	4,175	2,907	7,586	6,197	13,934
	c. Consumption of Raw Materials	314	20	737	20	359
	d.Connectivity and Content Cost	261	218	512	367	784
	e. Staff Cost	350	257	663	524	1,086
	f. Depreciation/Amortisation	79	117	149	186	334
	g. Branding Expenses	256	104	463	340	651
	h. Other expenditure	430	271	793	614	1,463
	<b>Total expenditure</b>	<b>5,280</b>	<b>4,493</b>	<b>10,260</b>	<b>9,099</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>127</b>	<b>314</b>	<b>403</b>	<b>509</b>	<b>927</b>
4	Other Income	50	139	113	168	317
5	<b>Profit before interest and finance expenses, exceptional item and taxes (3+4)</b>	<b>177</b>	<b>453</b>	<b>516</b>	<b>677</b>	<b>1,244</b>
6	Interest and finance expenses	12	20	24	35	68
7	<b>Profit before exceptional items and taxes (5-6)</b>	<b>165</b>	<b>433</b>	<b>492</b>	<b>642</b>	<b>1,176</b>
8	<b>Exceptional Items</b>					
	- Gain on sale of Investment in a Joint Venture Company	-	-	-	239	239
	- Branding Expenses charged back	-	208	-	-	-
9	<b>Profit from ordinary activities before taxes (7+8)</b>	<b>165</b>	<b>641</b>	<b>492</b>	<b>881</b>	<b>1,415</b>
10	Provision for Taxation	45	101	113	150	298
11	<b>Net Profit for the period (9-10)</b>	<b>120</b>	<b>540</b>	<b>379</b>	<b>731</b>	<b>1,117</b>
12	Minority Interest	18	20	34	32	77
13	<b>Net Profit after Minority Interest (11-12)</b>	<b>102</b>	<b>520</b>	<b>345</b>	<b>699</b>	<b>1,040</b>
14	Paid up Equity Share Capital (Face value of Rs.3/- each)	714	224	714	224	714
15	Equity Share Suspense Account	-	490	-	490	-
16	Reserves excluding revaluation reserves	-	-	-	-	7,491
17	<b>Basic and Diluted Earnings Per Share (in Rs.) (Not Annualised)</b>	<b>0.43</b>	<b>2.18</b>	<b>1.45</b>	<b>2.94</b>	<b>4.37</b>
18	<b>Total Public Shareholding</b>					
	- No. of Shares	74,638,000	74,638,000*	74,638,000	74,638,000*	74,638,000
	- Percentage of Shares	31.35%	31.35%	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	163,448,285*	163,448,285
	- Percentage of shares (as a % of the total shareholding of promoters and promoter group)	100%	100%	100%	100%	100%
	- Percentage of shares (as a % of the total share capital of the Company)	68.65%	68.65%	68.65%	68.65%	68.65%

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



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

Sl.No.	Particulars	(Rs. In Millions)				
		3 months ended		6 months ended		12 months ended
		30.9.2011 (Unaudited)	30.9.2010 (Unaudited)	30.9.2011 (Unaudited)	30.9.2010 (Unaudited)	31.03.2011 (Audited)
1	Segment Revenue (Net):					
a	Mobile Devices					
b	Services	4,784	4,278	9,443	8,633	18,050
	Total	623	544	1,221	1,010	2,160
	Less : Inter-Segment Revenue	5,407	4,822	10,664	9,643	20,210
	Total Revenue	-	15	1	35	45
		5,407	4,807	10,663	9,608	20,165
2	Segment Results -Profit before tax and Interest:					
a	Mobile Devices					
b	Services	21	396	197	253	379
	Less: Interest expense	83	119	174	234	517
	Add : Other unallocable income net of unallocable expense	(1)	(7)	(1)	(16)	(26)
	Total Profit Before Tax	62	133	122	410	545
		165	641	492	881	1,415
3	Capital Employed (Segment Assets- Segment Liabilities):					
a	Mobile Devices					
b	Services	4,311	3,219	4,311	3,219	3,067
	Unallocated Capital Employed	1,770	1,283	1,770	1,283	1,392
	Total	2,558	3,778	2,558	3,778	3,746
		8,639	8,280	8,639	8,280	8,205

- 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 10th November, 2011 and have undergone "Limited Review" by the Statutory Auditors of the Company.
- With a vision to switch as a leader in Mobile Internet space, the Company has begun investing in people and market, reflected in the higher manpower, branding and administrative cost in the quarter.
- The number of investor complaints received during the quarter were 13 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 September 30, 2011.
- The Board of Directors of Spice Retail Limited and Spice Distribution Limited (Subsidiaries of the Company) at their respective Board Meetings held today have, subject to approvals of Shareholders, Creditors, Hon'ble High Court and other approvals as may be necessary, approved the scheme of amalgamation of Spice Distribution Limited with Spice Retail Limited w.e.f 1st April, 2011 (the appointed date). The said proposed amalgamation does not have any effect on the financial results of the Company and necessary accounting adjustments, which would not be significant, would be carried out once the amalgamation becomes effective.
- The Consolidated Financial results for the quarter ended September 30, 2011 represents consolidated results of the Company and its subsidiaries.
- During the quarter ended September 30, 2011, a subsidiary of the Company has subscribed for 100% equity in S Retail Fze Ltd. Accordingly, S Retail Fze Ltd. has been Consolidated from the date of Incorporation. Further a subsidiary of the Company has also subscribed for 100% equity in Spice VAS Zambia Ltd. The operations of Spice VAS Zambia Ltd and S Mobility(HK) Ltd. are yet to be started, hence these have not been Consolidated.
- During the quarter ended September 30, 2011, the Company has, based on a waiver letter received from trustees of Independent Non-Promoter Trust, where the Company is the beneficiary, reversed liability of proposed dividend of Rs.62 Million (including tax thereon) for the year ended March 31, 2011.
- 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:

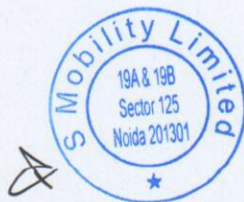
Particulars	(Rs. In Millions)				
	3 months ended		6 months ended		12 months ended
	30.9.2011 (Unaudited)	30.9.2010 (Unaudited)	30.9.2011 (Unaudited)	30.9.2010 (Unaudited)	31.3.2011 (Audited)
Net Sales / Income from Operations	2,294	2,045	4,699	4,487	9,458
Profit before tax	6	531	172	580	935
Net Profit after tax	7	465	124	495	782

- The standalone financials results have been filed with the Stock Exchanges where the equity 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..

Place : New Delhi  
Dated : 10th November,2011

By order of the Board  
S Mobility Limited

Preeti Malhotra  
Executive Director



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# STATEMENT OF ASSETS AND LIABILITIES

Sl.No.	Particulars	(Rs. In Millions)		
		Consolidated		
		As at 30.09.2011 (Unaudited)	As at 30.09.2010 (Unaudited)	Year ended 31.03.2011 (Audited)
<b>1</b>	<b>Sources of Funds</b>			
	Share Capital			
	Equity Share Suspense	714	224	714
	Reserves & Surplus	-	490	-
	Minority Interest	7,925	7,566	7,491
	Loan Funds	595	498	555
	Deferred Tax Liability	-	528	-
		1	6	7
	<b>Total</b>	<b>9,235</b>	<b>9,312</b>	<b>8,767</b>
<b>2</b>	<b>Application of Funds</b>			
	Goodwill on consolidation			
	Fixed Assets (Including Intangibles)	2,624	2,031	2,616
	Investments	1,857	970	1,388
	Deferred Tax Assets	834	2,615	1,566
	Amount recoverable from Employee Benefit Trust	-	5	7
	<b>Current Assets, Loans and Advances</b>	<b>126</b>	<b>-</b>	<b>126</b>
	Inventories			
	Sundry Debtors	1,724	838	1,156
	Cash and Bank Balances	2,170	985	1,489
	Other Current Assets	1,949	1,765	2,169
	Loans and Advances	552	1,113	549
	<b>Total</b>	<b>1,368</b>	<b>1,854</b>	<b>1,214</b>
	<b>Less : Current Liabilities and Provisions</b>	<b>7,763</b>	<b>6,555</b>	<b>6,577</b>
	Current Liabilities			-
	Provisions	3,357	2,563	2,840
	<b>Net Current Assets</b>	<b>612</b>	<b>301</b>	<b>673</b>
		<b>3,794</b>	<b>3,691</b>	<b>3,064</b>
	<b>Total</b>	<b>9,235</b>	<b>9,312</b>	<b>8,767</b>

