

S Mobility Limited

Q3 & 9M FY2012 Results

16 February 2012



spice

switch up!

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"*

Financial Highlights

- Consolidated



Particulars (Amounts in INR Mn)	Q3 FY2012	Q2 FY2012	Q3 FY2011	9M FY2012	9M FY2011
Revenue	6,184	5,393	5,279	16,833	14,887
EBIDTA	-150	206	294	402	973
PAT	-179	120	194	200	925
Basic and Diluted EPS (not annualized) (INR)	-0.79	0.43	0.73	0.66	3.66

➤ Revenue Growth

- Q3 vs Q2: 14% ↑
- 9M 12 vs 9M 11: 13% ↑

➤ Loss due to currency depreciation: INR 203 mn for the Q3 FY2012 period

➤ Competition in Mobile Internet products

➤ Balance Sheet Overview (as on 31st Dec 2011)

- Networth: ₹ 8,465 mn
- Cash equivalents: ₹ 2,062 mn
- Debt free

Key Product Launches

- Q3 FY 2012



S 9090



- Transparent OLED Screen
- Elegant Looks
- Live Wallpapers
- Animated Themes
- 2 MP Camera with Video Recording

M-6500



- SRS Music
- Swarovski
- Wi-Fi
- 2.8" capacitive screen
- 3.2 MP Camera
- Bluetooth

M-5560



- -Party Lights
- -Stereo Surround Sound
- -BIG Screen
- -FM Transmitter
- -JAVA/WAP/GPRS
- -Font Settings



M-5456



- VGA Camera
- 2.4" Touch Screen
- Multi G+G
- MP3, FM recording
- Video Player
- Video Recording
- Expandable memory
- Bluetooth with A2DP

M-5460



- VGA Camera
- 2.6" Touch Screen
- Multi G+G
- MP3, FM recording
- Video Player
- Video Recording
- Expandable memory
- Bluetooth with A2DP

M-5455 FLO



- 1.3MP Camera
- 2.4" Touch Screen
- Multi G+G
- MP3, FM recording
- Video Player
- Video Recording
- Expandable memory
- GPRS, WAP, MMS, Java
- Bluetooth with A2DP



Mi-700 tablet

- A budget Tablet
- Support for GPRS/EDGE/3G/WiFi - flash web browsing capability, Documents To-Go like word, excel, ppt viewer
- Supporting Android 2.2 Froyo (upgraded to 2.3)
- Pre installed apps - ApkInstaller, ES File Explorer, Nimbuzz, etc.

Devices - India



- Total Handset sales of 1.33 mln units during Q3 FY2012 and 4.29 mln units sold in the nine month period under review up 3.9% in volumes compared to 4.13 mln units in the corresponding period last year



Pan India cluster strategy showing results

- The strategy has given a good boost to our presence especially in the southern & eastern states; contribution from these states has increased by more than 60% vis-à-vis March'11.
- New Android featured introductions include:
 - A range of Android based smart phones, the Mi Series -Mi350,Mi-350n. Mi-280
 - Dual SIM (3G) Android on 2.3 (Ginger Bread) with Video Calling, HSPA, Capacitive Touch, 3.2 MP+VGA Camera

Retail - Spice Hotspot

- Growing Presence



- Y-o-Y revenue up 31 % (8% same stores growth)
- Business continues to be PAT positive
- Average Retail ASPs: Rs 4,721 for Q3 FY2012 vs Rs 3,890 for Q2 FY2012 (up by 21.36%)
- 50% of Spice handsets sold at retail outlets are mostly 'Smart like phones'
- Number of stores continue to grow: 817 Spice Hotspot Stores as on December 31, 2011 compared with 777 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



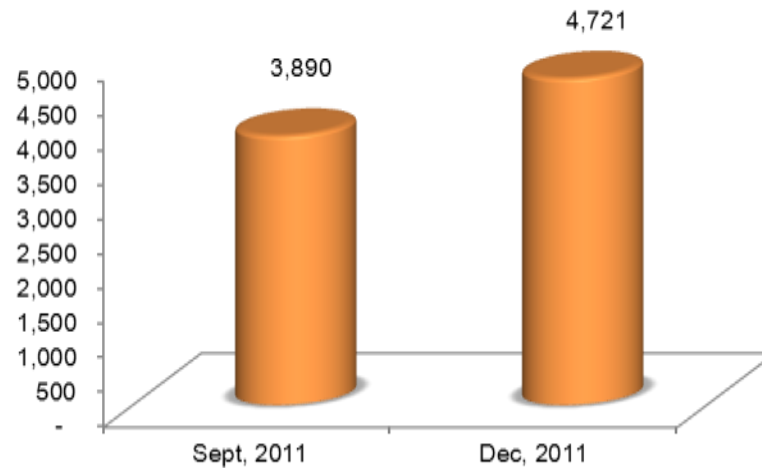
Spice Hotspot is India's largest player in the mobility retail market

Retail - Spice Hotspot

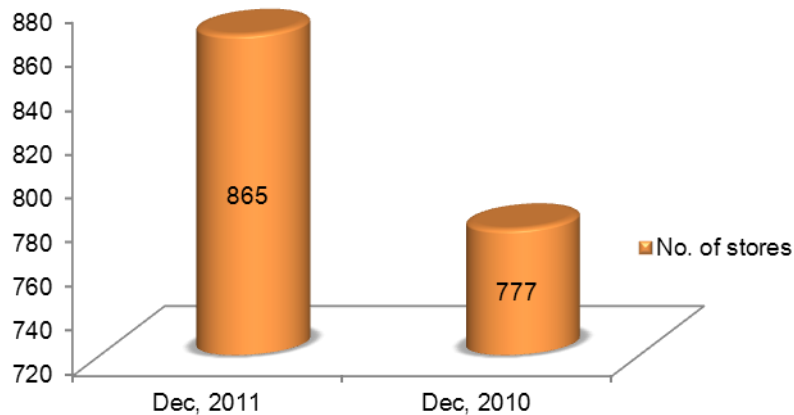
- Statistics



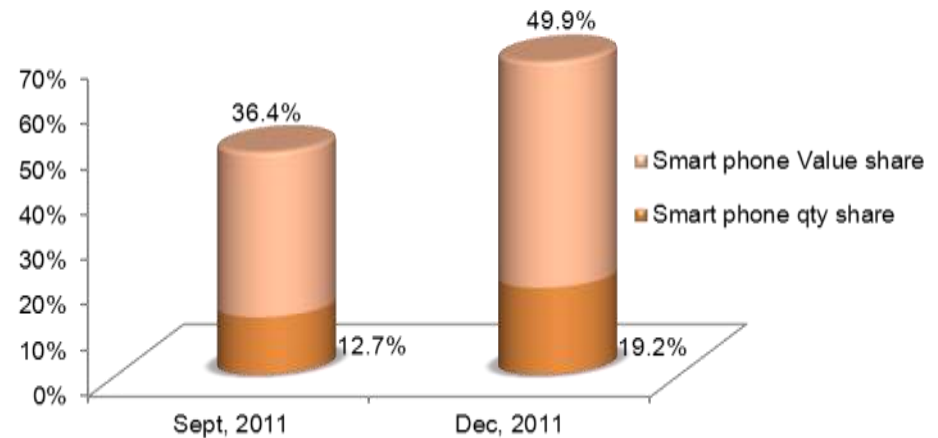
Average Retail ASPs (Rs)



No of Retail Stores



Average Percentage of Smart Phones sold at retail outlets



VAS - Key highlights



- Encouraging traction shown by key VAS offerings including
 - Music
 - Devotional
 - Voice Classified services
 - Hangman
 - Other CRBT Services
 - Spice Gang currently scores 20 Mn Page views per month
- Q3 FY12 VAS revenues up 11% compared to Q3 FY11
- Recently launched our own You tube channel called “SPICE” to showcase and monetize all in-house content. The channel has over 2 Mn views per month
- Recently launched an innovative service called Music Mania, a product enhancement initiative for our flag ship product ‘Mobile Radio’ - Allowing customers to socially connect and share their music, tastes and preferences. In less than 100 days of launch we have 4.5 lac unique playlists being created with 2.25 Mn songs on only 2 major operators
- Data products with operators – SMS Subscription Services - Revenue growth of 25% QOQ with operator topline revenue of Rs 50 Mn / month
- New Products constitute 20% of total revenue

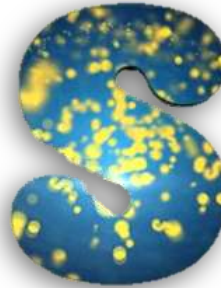


Transition to a professional management



Dr B. K. Modi and other members of the Modi family to cease to play an executive role in the Company's operations

A management team of proficient individuals appointed to provide day-to-day operations of S Mobility



S Mobility to have in place a highly professional and experienced management team to aggressively drive opportunities across the ever evolving Mobility Business

Global
Innovation
Center

Access
to

S Mobility

Access
to

S Apps Planet

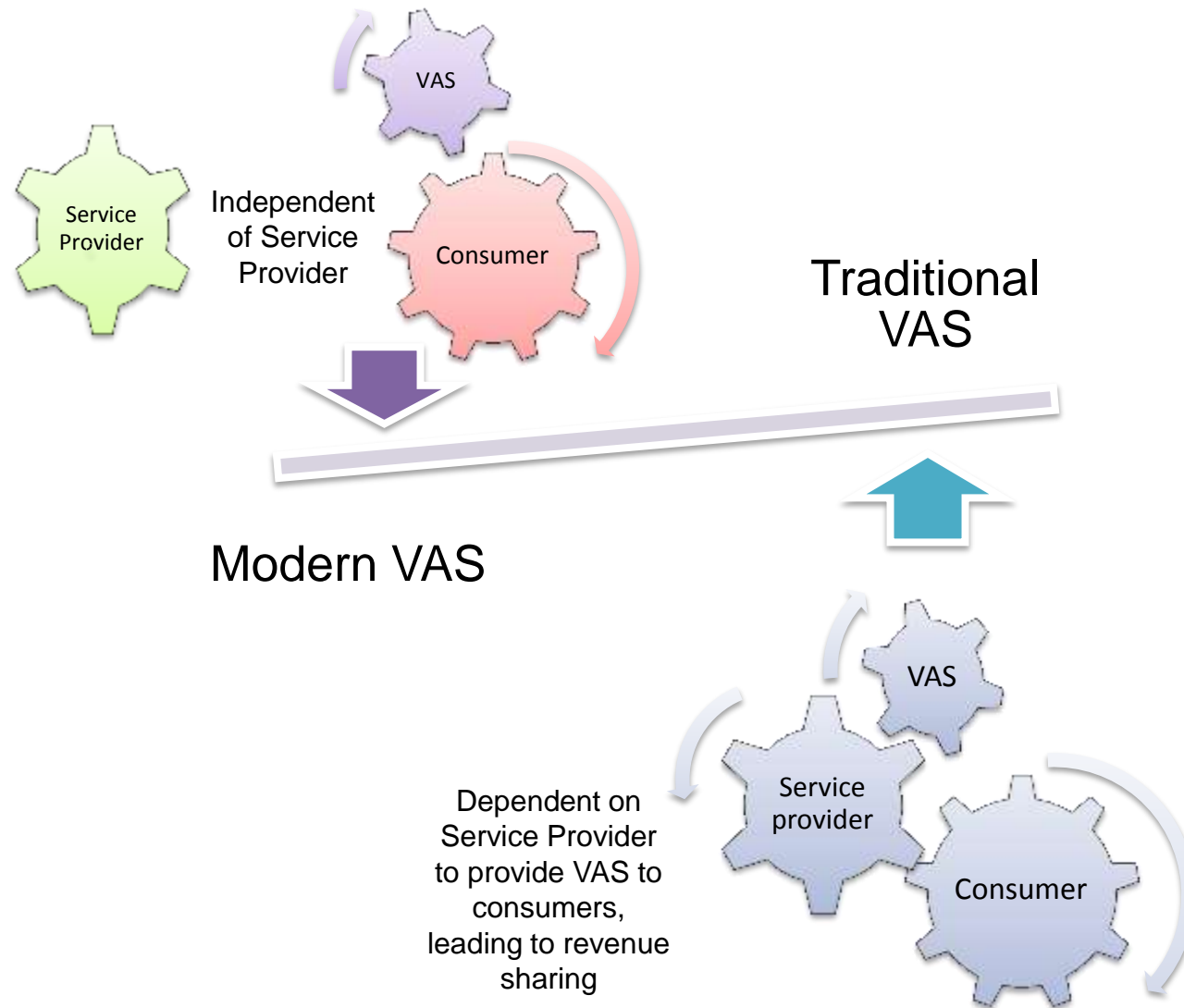
Highly qualified CEO, CFO, Business Heads, etc, appointed for dedicated operations of the Company

Devices

Retail

Value Added Services

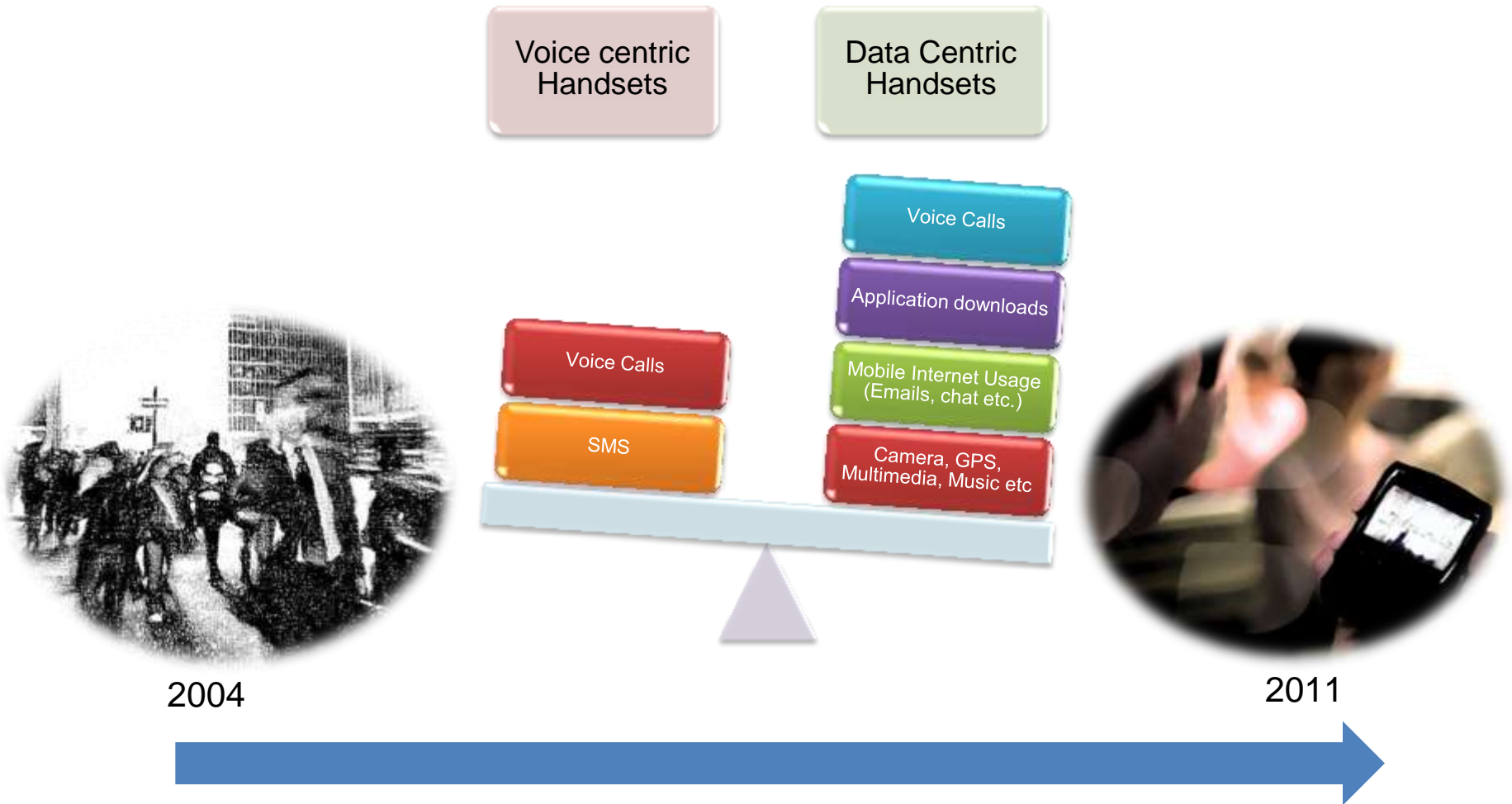
Mr. R. S. Desikan' has been appointed as CEO of S Mobility



S Apps Planet

- First of its kind Appstore proposed to be established by a domestic player
- Early-mover advantage - targeting affordably-priced handsets
- Will be pre-embedded in all 'S' branded devices

Increasing focus on Data centric handsets



Board/ Management Reconstitution



Mr. Rajiv Makhni has been appointed as Additional Director on the Board of the Company. Mr. Makhni who is regarded to be India's Tech Guru anchors several TV shows on technology including Gadget Guru, Cell Guru, NewsNet 3.0 across channels on the NDTV Network. He is also a columnist and writes for major publications in India and abroad including the Outlook Group, Hindustan Times, Mansworld, T3, Travel and Leisure International.



R. S. Desikan, has been appointed as CEO. Mr Desikan earlier worked as Group CFO & Director Finance of Mastek Limited, prior which he was Chief Financial Officer at Quinnox Inc. Naperville, IL, USA and also CFO and Board Member of Xerox Modicorp Limited.

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.

Annexure A

**Q3 & 9M FY2012 Results for the period ended 31st
December 2011**

For further information please contact:

Gavin Desa / RaviSathe

CitigateDeweRogerson

Tel: +91 22 66451237 / 66451239

Fax: +91 22 66451213

Email: gavin@cdr-india.com / ravis@cdr-india.com

Ayesha Sharma

S Mobility

Tel: +91 98203 85000

Email: ayesha.sharma@smobility.in

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 & Nine Months Period ended December 31, 2011

(Rs. In Millions)

Sl.No.	Particulars	Consolidated					
		3 months ended			9 months ended		12 months ended
		31.12.2011 (Unaudited)	30.09.2011 (Unaudited)	31.12.2010 (Unaudited)	31.12.2011 (Unaudited)	31.12.2010 (Unaudited)	31.03.2011 (Audited)
1	a. Net Sales/Income from operation	6,148	5,348	5,236	16,722	14,813	20,065
	b. Other Operating Income	36	45	43	111	74	100
	Total	6,184	5,393	5,279	16,833	14,887	20,165
2	Expenditure:						
	a. Decrease/(Increase) in stock in trade	265	(585)	(355)	(378)	496	627
	b. Purchase of Finished/Traded Goods	4,435	4,175	4,159	12,021	10,356	13,934
	c. Consumption of Raw Materials	242	314	112	978	132	359
	d.Connectivity and Content Cost	325	261	228	837	595	784
	e. Staff Cost	422	342	266	1,077	790	1,086
	f. Depreciation/Amortisation	78	79	77	227	263	334
	g. Branding Expenses	230	256	189	693	529	651
	h. Other expenditure	415	424	386	1,203	1,016	1,463
	Total expenditure	6,412	5,266	5,062	16,658	14,177	19,238
3	Profit/(Loss) from Operations before other income, interest and finance expenses, exceptional item and taxes (1-2)	(228)	127	217	175	710	927
4	Other Income	40	50	59	153	227	317
5	Profit/(Loss) before interest and finance expenses, exceptional item and taxes (3+4)	(188)	177	276	328	937	1,244
6	Interest and finance expenses	12	12	10	36	29	68
7	Profit/(Loss) before exceptional items and taxes (5-6)	(200)	165	266	292	908	1,176
8	Exceptional Items						
	- Gain on sale of Investment in a Joint Venture Company	-	-	-	-	239	239
9	Profit/(Loss) from ordinary activities before taxes (7+8)	(200)	165	266	292	1,147	1,415
10	Provision for Taxation	(21)	45	72	92	222	298
11	Net Profit/(Loss) for the period (9-10)	(179)	120	194	200	925	1,117
12	Minority Interest	9	18	21	43	53	77
13	Net Profit/(Loss) after Minority Interest (11-12)	(188)	102	173	157	872	1,040
14	Paid up Equity Share Capital (Face value of Rs.3/- each)	714	714	714	714	714	714
15	Reserves excluding revaluation reserves	-	-	-	-	-	7,491
16	Basic and Diluted Earnings Per Share (in Rs.) (Not Annualised)	(0.79)	0.43	0.73	0.66	3.66	4.37
17	Total Public Shareholding						
	- No. of Shares	74,638,000	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%	31.35%
18	Promoters & promoter group shareholding						
	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	163,448,285
	- Percentage of shares (as a % of the total shareholding of promoters and promoter group)	100%	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%	68.65%

SEGMENTWISE REVENUE, RESULTS AND CAPITAL EMPLOYED UNDER CLAUSE 41 OF THE LISTING AGREEMENT
(Rs. In Millions)

Sl.No.	Particulars	Consolidated					
		3 months ended			9 months ended		12 months ended
		31.12.2011 (Unaudited)	30.09.2011 (Unaudited)	31.12.2010 (Unaudited)	31.12.2011 (Unaudited)	31.12.2010 (Unaudited)	31.03.2011 (Audited)
1	Segment Revenue (Net):						
a	Mobile Devices	5,569	4,770	4,728	14,996	13,360	18,050
b	Services	616	623	557	1,839	1,567	2,160
	Total	6,185	5,393	5,285	16,835	14,927	20,210
	Less : Inter-Segment Revenue	1	-	6	2	40	45
	Total Revenue	6,184	5,393	5,279	16,833	14,887	20,165
2	Segment Results -Profit/(Loss) before tax and Interest:						
a	Mobile Devices	(269)	21	130	(73)	381	379
b	Services	12	83	114	186	348	517
	Less: Interest expense	(0)	(1)	(11)	(1)	(23)	(26)
	Add : Other unallocable income net of unallocable expense	57	62	33	180	441	545
	Total Profit/(Loss) Before Tax	(200)	165	266	292	1,147	1,415
3	Capital Employed (Segment Assets- Segment Liabilities):						
a	Mobile Devices	3,893	4,311	2,946	3,893	2,946	3,067
b	Services	1,706	1,770	1,534	1,706	1,534	1,392
	Unallocated Capital Employed	2,866	2,558	3,976	2,866	3,976	3,746
	Total	8,465	8,639	8,456	8,465	8,456	8,205

Notes :

- 1 The above results were reviewed by the Audit Committee in their meeting held on 8th February, 2012 and were approved and taken on record by the Board of Directors in their meeting held on 13th February, 2012 and have undergone "Limited Review" by the Statutory Auditors of the Company.
- 2a The results of the current quarter are impacted due to rupee depreciation resulting in higher cost of goods sold.
- 2b 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.
- 3 Mr. Rajiv Makhni has been appointed as additional director and Mr. Thomas Henrik Zilliacus has ceased to be a director w.e.f. 9th February, 2012.
- 4 The number of investor complaints received during the quarter were 14 and all of them have been resolved / disposed off and there were Nil investor complaints pending either at the beginning or at the end of the quarter ended December 31, 2011.
- 5 The Board of Directors of Spice Retail Limited and Spice Distribution Limited (Subsidiaries of the Company) at their respective Board Meetings held on 10th November, 2011 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.
- 6 The Consolidated Financial results for the quarter ended December 31, 2011 represents consolidated results of the Company and its subsidiaries.
- 7 During the quarter ended December 31, 2011, a subsidiary of the Company has acquired 65% equity in Spice VAS Tanzania Ltd & 100% equity in Spice Digital South Africa (PTY) Ltd. Accordingly, these Companies have been Consolidated from the date of acquisition. Further, the Company has also subscribed for 100% equity in S Mobility Pte. Ltd. As there was no operation in the said company, the same has not been Consolidated.
- 8 The holding company of the Company, Spice Global Investments Pvt Ltd has transferred its 100% shareholding in the Company to its Wholly Owned Subsidiary company, i.e. S i2i Mobility Pvt Ltd. Accordingly, S i2i Mobility Pvt Ltd has become the Holding company of the Company.
- 9 Provision for tax is inclusive of/ net of deferred tax charge/ credit, fringe benefit tax and tax adjustments for earlier years.

10 Key Standalone Financial Information is given below:
(Rs. In Millions)

Particulars	3 months ended			9 months ended		12 months ended
	31.12.2011	30.09.2011	31.12.2010	31.12.2011	31.12.2010	31.3.2011
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
Net Sales / Income from Operations	1,973	2,286	2,411	6,659	6,898	9,458
Profit/(Loss) before tax	(290)	6	167	(116)	747	935
Net Profit/(Loss) after tax	(249)	7	120	(123)	615	782

- 11 The standalone financials results have been filed with the Stock Exchanges where the equity shares of the Company are listed and are also available at the Company's website www.spice-mobile.com.
- 12 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**
Dated : 13th February, 2012