



S Mobility Limited

**Results for the quarter and nine
months ended March 31, 2013**



spice
switch up!

Thrust on profitable revenues continues...

Consolidated Results for the quarter & nine months ended Mar'13



Key Financial Highlights

Particulars (In INR Mn)	Qtr ended Mar 31, 2013	Qtr ended Dec 31, 2012	Qtr ended Mar 31, 2012	9M ended Mar 31, 2013	9M ended Mar 31, 2012
Revenue	3,943	4,864	5,533	14,245	17,050
EBIDTA	111	14	-117	243	-85
- Margin	2.8%	0.3%	-2.1%	1.7%	-0.5%
Profit bef. Exceptional items & Taxes)	36	-36	-181	70	-216
Net Profit	31	-138	-197	-62	-256
- Margin	0.8%	-2.8%	-3.6%	-0.4%	-1.5%
PAT after Minority Interest	22	-106	-200	-44	-286
EPS (INR)	0.09	-0.44	-0.84	-0.19	-1.20

Note: In-line with our conservative accounting policy, provision has been made for INR 132 Million in the quarter ended December 31, 2012 against claims / expected claims for previous periods.

Balance Sheet Highlights

- Net Worth: INR 7,750 Million (31 Mar'13)
- Cash on books: INR 1,761 Million (31 Mar'13)
- Real Estate: INR 1,693 Million (Book Value)
- Trust Shares: INR 1,640 Million (CMP)
- Market Cap: INR 8,270 Million (CMP)
- Debt free

Key Operational Highlights



HANDSETS

- Further improvement in gross margins during the quarter as well as 9M-FY13
- Focused initiatives around inventory & overheads control has led to healthier operations & thus, better profitability



MOBILITY RETAIL

- Continue to streamline operations with closure of non profitable stores
- Increase in the proportion of sales of smartphones positively impacting retail ASPs



MOBILE VAS

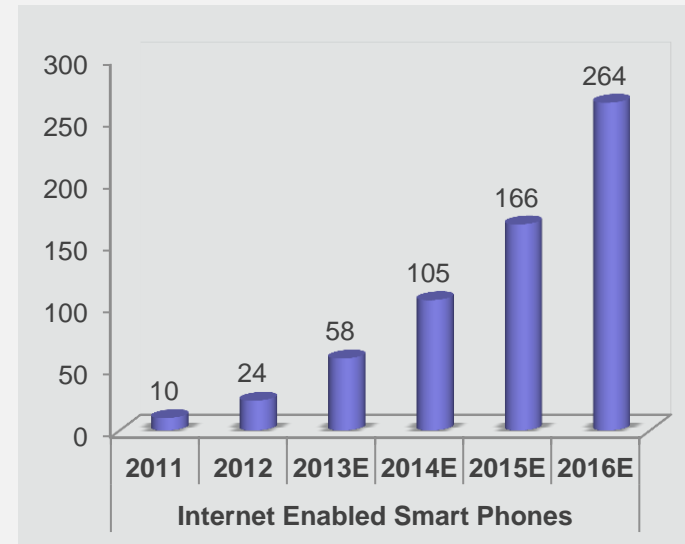
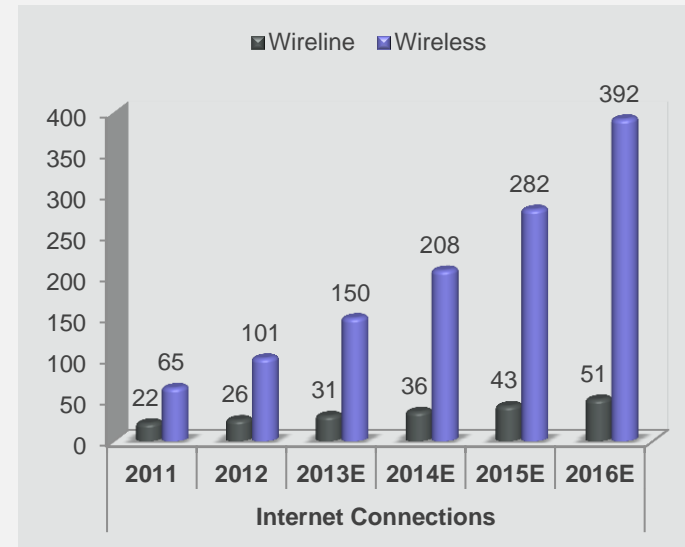
- Domestic revenues stable; traction in international revenues and new bets
- Growth in international revenues & cost optimization measures initiated earlier led to improved profitability

Devices: Sector Overview

Growth to be driven by smart phones



- India is the 2nd largest mobile handset market in the world after China and is poised to become an even larger market with unit shipment of INR 208.4 million in 2016 at 11.8 per cent (CAGR) from 2010 to 2016
- With end users' need for converged devices and OEM's accelerated adoption of open-source operating systems such as Android, the mobile handset-smartphone combination is emerging as the future growth engine of the telecom industry
- The mature Indian mobile consumers' increasing preference for high-end handsets and the younger demographics' desire for mobile Web 2.0 technologies can drive revenues from INR 255.91 billion in 2010 to INR 350.05 billion in 2016
- Mobile and wireless connections continued to drive the growth of internet penetration in India. By the end of 2012 there were 124 million internet connections in India, a rise of 41 percent over last year
- 70 per cent of the Indian population subscribes to voice services. Mobile data services have not yet achieved large-scale popularity. However, this is set to change with the reduction of mobile Internet charges by telecom service providers and the introduction of 3G in India
- There were approximately 38 million smartphones with active Internet connections in India at the end of 2012. Android has the clear lead, and represents almost 50 percent of the installed base
- For the mobile handset market, the rural market offers exciting prospects due to its significant uptake of feature phones. The rural and semi-rural markets accounted for around 65 per cent of sales for most Indian manufacturers in FY2010



Devices: Product Introductions

Quarter ended March 2013



MI -530



- 13.46 cms Capacitive QHD IPS Display
- Android 4.0, upgradable to Jelly bean
- 1.2 GHz Dual core Processor
- 16GB +1 GB RAM
- Battery 2550mAh
- Dual SIM (3G + 3G)
- 8 MP AF + 5 MP AF camera
- HSPA Support
- GMS/AGPS/GPS
- Wi-Fi Tethering

MI-495



- 11.43 cms Capacitive Touch
- QHD Display
- Android 4.0 ICS
- 1 GHz Dual core Processor
- Dual SIM (3G + 2G)
- 8 MP +1.3 MP camera
- Wi-Fi Tethering
- Expandable Memory up to 32 GB
- Proximity Sensor/G Sensor/ Encompass

MI-1010



Tablet

- 25.65 cms Capacitive IPS T Touch screen; HD Display
- Android 4.1 Jellybean
- 1.5 GHz Dual core Processor
- 16GB + 1GB DDR3 RAM
- Battery 7600mAh
- 2160 P video play support
- Wi-Fi
- 3 MP + VGA camera
- G Sensor

MI-435



- 10.1 cms Capacitive Touch
- Android 4.0 (ICS)
- 1 GHz Dual core Processor
- Battery 1500mAh
- Dual SIM (3G + 2G)
- 8MP + 1.3MP camera
- HSPA Support
- GPS/AGPS/
- GMS
- Wi-Fi Tethering

MI-352



- 8.89 cms Capacitive Touch
- Android 2.3
- 1 GHz Processor
- Battery 1300mAh
- Dual SIM (3G + 2G)
- 3 MP camera
- HSPA Support
- GMS/AGPS
- Wi-Fi Tethering
- Expandable Memory up to 32GB

MI-315



- 8. cms Capacitive Touch
- Android 2.3
- 1 GHz Processor
- Battery 1400mAh
- Dual SIM (2G + 2G)
- 3 MP camera
- EDGE Support
- GMS/AGPS
- Wi-Fi
- Expandable Memory up to 16 GB

New range of smart phones being well received



Spice-branded Android-based smart phone Mi 530 selling at a premium

“The Spice Stellar Pinnacle Mi 530 is a good large screen phone (phablet) in the budget segment. The phone offers a great battery backup and decent performance and its build quality is better than many other phones in this segment. It doesn't feel flimsy and the overall build exudes a feeling of sturdiness and durability. we feel that the phone's pretty good for casual photography. The Spice Stellar Pinnacle Mi 530 also offers Boot Acceleration, that allows you to manage apps running in the background in order to make the phone boot up faster”

– Rated 3/5 by NDTV Gadgets

- 13.46 cms Capacitive QHD IPS Display
- Android 4.0, upgradable to Jelly bean
- 1.2 GHz Dual core Processor
- 16GB +1 GB RAM
- Battery 2550mAh
- Dual SIM (3G + 3G)
- 8 MP AF + 5 MP AF camera
- HSPA Support
- GMS/AGPS/GPS/Wi-Fi Tethering
- Flip to Mute / Power Acceleration / Direct Answer
- Expandable Memory up to 32 GB
- Proximity Sensor / Gyro / Magnetic sensor



Stellar Pinnacle

“Spice Stellar Pinnacle is a good device for its price (INR 13,999) and gives surprisingly good performance. A decent score on benchmark tests also helps its cause. This phone will be a great bet for those who desire a good looking budget Android phone as well as those who are tired of waiting for Micromax Canvas 2 (out of stock now) and Canvas HD (launch delayed). The device will not disappoint on most counts and the performance and battery life will please buyers.”

– The Times of India | Personal Tech

Selling at premium of INR 1,000 on e-bay

Spice Stellar Pinnacle has not only been in demand since its launch, but has also started commanding a premium in the market. While the MOP is INR 13,999/- some sellers are selling Pinnacle on E-bay at INR14,999/-. Lot of customer enquiries for the product have been received via social media channels too

Devices: Operational Performance

Quarter ended March 2013



Sustained improvement in performance

- Spice-branded handset sales volumes up 7.8% y-o-y at 1.3 mn units
- Average selling price for the quarter at INR 1,292, indicating an increase of 7.8% over the quarter ended December 2012
- ASPs of S branded smart phones stood at INR 4,806 during the period under review
- Improvement in gross margins continues – 23.8% in Q3-FY13 vs. 8.3% in Q3-FY12 led by a well planned out product portfolio
- Strong y-o-y growth witnessed in the South and East regions of India
- Positive response in the quarter under review for the 'Stellar' series; particularly Mi-435, Mi-530, Mi-352 and Mi-495 are well received

Focus on margins and cash continues...

- Sustained focused on accounts receivable and inventory continue to have a positive impact on working capital cycle
- Lowering of overheads combined with focus on cost rationalization initiatives contribute to margin enhancement

S Mobility's Product Portfolio Evolving to cater to a challenging ecosystem

3G Centricity

Boss Series



Flow Series



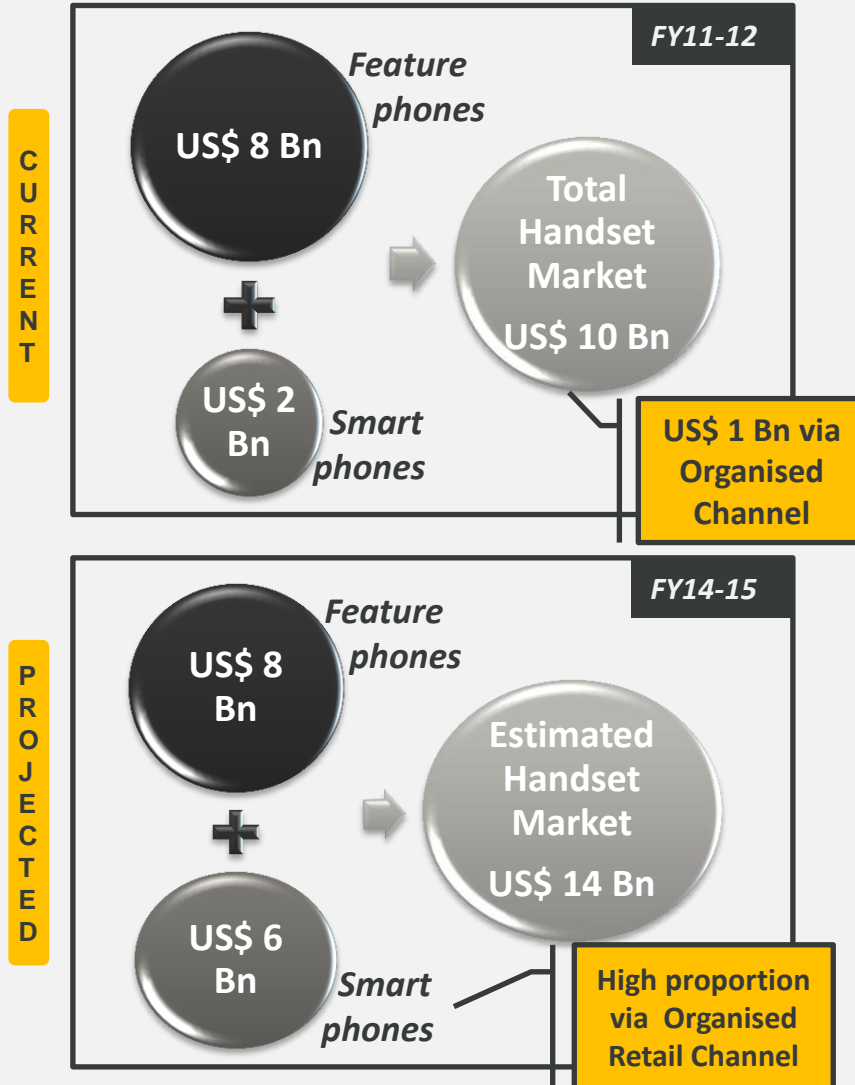
Stellar Series



Well established sales channel of 68 RDS, 456 Micro Distributors & 23,286 Retail Outlets → Over 500,000 End Customers/month

Growing smart phone adoption to benefit Retail

To capitalise on the growing opportunity in organised retail



India: Smartphone shipments are expected to clock 60% CAGR over 2011-15 | To account for 23% of total handset volume by 2015

Retail: Version 2 store count at 26 outlets

Focus on driving high ASP devices sales & providing a wider product range



Targeting the mobile internet space, Spice Version 2 stores cater mostly to the niche market; thereby boosting device ASPs

Retail: Operational Performance

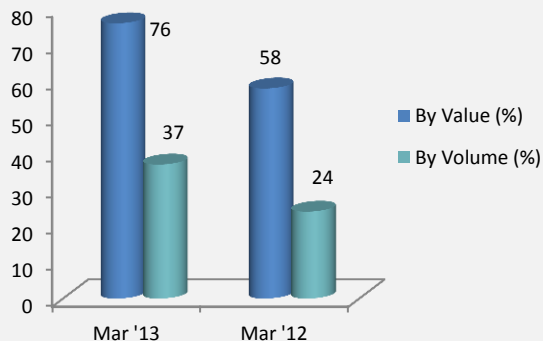
Quarter ended March 2013



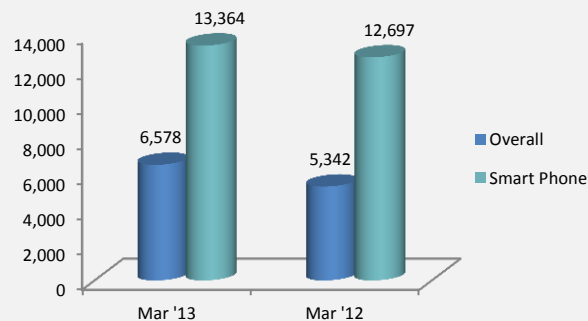
Revenues; margins muted as a result of challenging macro environment

- Focus on retail revenues coupled with the closure of non-profitable as also of non-revivable stores have led to lower revenues for quarter ended March 2013; down 27% as compared to that in the quarter ended December 2012
- Retail ASP during the quarter stood at INR 6,578; grew 13% q-o-q and 23% q-o-q
- Smart phone ASP in retail stores stood at INR 13,364, up 5.3% y-o-y
- Setting up of Version 2 stores (26 at present) has had a positive impact on sales of smart phones – currently 76% of retail sales (by value) and 37% (by volume) is derived from smart phones vs. 58% (by value) and 24% (by volume) a year ago
- Plans to ramp up Version 2 stores that provide a superior customer experience which in turn, drives footfalls in stores

Share of Smart phone sales (%)



Retail ASP trend (INR)



466 Spice Hotspots are in Tier 1 Cities in India

- Delhi/NCR – 199
- Bangalore – 54
- Jaipur – 59
- Kota – 38
- Kolkata – 35
- Hyderabad – 27
- Ahmedabad – 26
- Chennai – 15
- Mumbai – 13

Spice Hotspots are geared to focus on sale of 3G handsets, laptops, tablets...



Among the largest organised mobility retail player, with 785 retail outlets spread across 138 cities; 211 stores are in the 4 Metros

VAS: Sector Overview

Usage to increase led by affordable devices & data tariffs



- The Indian mobile value-added services (MVAS) market is expected to move from the traditional SMS-based services to Internet-based and application-based services. Currently valued at over US\$5 billion, Indian MVAS industry is expected to reach well over US\$6 billion by 2013
- The Indian telecom industry has witnessed a three-fold increase in subscribers since 2008. The wireless subscriber market stands at 933.7 million subscribers, with Bharti Airtel as the market leader, while the wireline segment stands at 31.4 million connections, with state-run BSNL dominating the market
- Mobile VAS have been around since the late nineties, but it wasn't until the launch of online application stores like Apple Appstore, Android Market and Blackberry Appworld that the app economy started to exhibit rapid growth
- The number of apps downloaded globally has nearly doubled to 45 billion in 2012 from 25 billion in 2011, and is expected to rise to 300 billion by 2016
- The data center market and capacity in India is valued at over US\$4 billion and is expected to reach around US\$6 billion by 2014. Nearly a fifth of this segment is governed by third-party service providers while the rest is captive
- Captive data centers in India face challenges such as lack of in-house skills, high investments, and long gestation periods

Key characteristics of the evolving VAS business : Domestic vs. International

International VAS Environment

- Majority consumers use high end devices
- More than 85% of users in the western markets have internet plans on their devices
- Trends already indicate that most purchases made are via in-App functionality
- Consumer's proactive nature to try applications
- High dependency on mobile application in day to day routines
- Higher revenue share and margins vs. that in India

Domestic VAS Environment

- Regulatory challenges continue to hinder growth in the domestic VAS market
- Low market share of feature rich phones
- Consumers mostly subscribe to basic 2G services and SMS-based VAS
- Concept of purchasing apps still very nascent
- Risk-avoiding nature to explore new mobile applications
- Negligible dependency on mobile applications and higher dependency on PCs and laptops
- SMS based services lack support for IPR products

Data source –Zinnov Research

VAS: Operational Performance

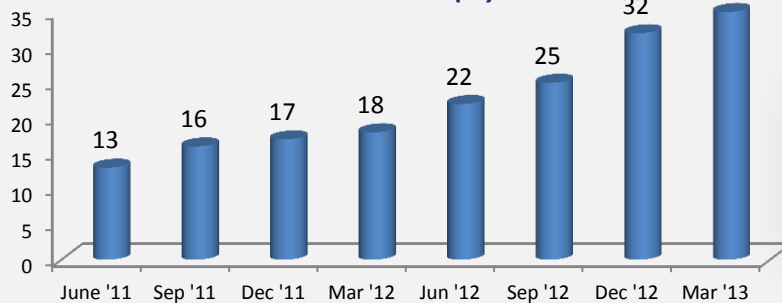
Quarter ended March 2013



International revenue share exhibits increased contribution...

- VAS revenues improved by 4% q-o-q and 7% y-o-y in the quarter ended March 2013
- While domestic VAS revenues were stable, the launch of new bets coupled with strong performance on the international front, have significantly contributed to the revenue growth in this segment
- International revenues stood at 35% of total revenues in the quarter ended March 2013 led by innovative offerings and sustained focus towards expanding in emerging markets like Tanzania, Zambia, etc as well as some francophone countries in Africa
- Revenues from New Products stood at 56% of total VAS revenue in Q3-FY13 as compared to 14% in the corresponding quarter last year
- EBITDA margin stood at 15.6% in Q3-FY13 vs. 8.0% in Q3-FY12; this improvement is attributable to the cost optimization measures initiated over the last two quarters
- Moving into a revenue sharing regime with major content providers against the minimum guarantee model till recently

International revenues on the rise (%)



Over 50% revenues are expected from the international front in the next 12 to 15 months

Recent Introductions

- Spice Safar
- Qck Search
- Voice Tube
- Mannat



Key Growth Areas

- International Business
- Content Monetization on CRBT
- Mobile VAS Retail
- Enterprise Business
- Mobile-Internet Services



Focus Going Forward

- Drive international revenues towards 50% of total revenues
- Develop more 3G/Device based VAS services through innovative products

Targeting the E-F-G-H (education, finance, government and healthcare) space in MVAS, which offers high growth opportunities

S Mobility Limited

A brief background



- **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

Results for the quarter and nine months ended March 31, 2013

Unaudited Consolidated Results for the Quarter and Nine months period ended March 31, 2013

(Rs. In Millions)

PART I STATEMENT OF CONSOLIDATED UNAUDITED RESULTS FOR THE QUARTER AND NINE MONTHS PERIOD ENDED MARCH 31, 2013							
Sl.No.	Particulars	Consolidated					
		3 months ended		9 months ended		15 months ended	
		31.03.2013 (Unaudited)	31.12.2012 (Unaudited)	31.03.2012 (Unaudited)	31.03.2013 (Unaudited)	31.03.2012 (Unaudited)	30.6.2012 (Audited)
1	a. Net Sales/Income from operation	3,939	4,863	5,533	14,236	17,036	27,379
	b. Other Operating Income	4	1	-	9	14	42
	Total	3,943	4,864	5,533	14,245	17,050	27,421
2	Expenditure:						
	a. (Increase) / Decrease in stock in trade	270	(57)	507	468	187	(66)
	b. Purchase of Finished/Traded Goods	2,577	3,731	3,635	10,251	12,182	19,399
	c. Consumption of Raw Materials and components	-	-	309	-	864	1,635
	d.Connectivity and Content Cost	203	247	268	687	803	1,285
	e. Staff Cost	273	307	324	872	1,069	1,682
	f. Depreciation/Amortisation	101	88	90	276	247	413
	g. Branding Expenses	92	108	114	298	600	961
	h. Other expenditure	417	514	493	1,426	1,430	2,262
	Total expenditure	3,933	4,938	5,740	14,278	17,382	27,571
3	Profit/(Loss) from Operations before other income, finance cost, exceptional items and taxes (1-2)	10	(74)	(207)	(33)	(332)	(150)
4	Other Income	31	42	29	113	119	249
5	Profit/(Loss) before finance cost, exceptional items and taxes (3+4)	41	(32)	(178)	80	(213)	99
6	Finance Cost	5	4	3	10	3	3
7	Profit/(Loss) before exceptional items and taxes (5-6)	36	(36)	(181)	70	(216)	96
8	Exceptional Items						
	- Provision against claims / expected claims for earlier periods	-	(91)	-	(114)	-	-
	- Provision for diminution in the value of long term investments	-	-	-	-	-	(23)
9	Profit/(Loss) from ordinary activities before taxes (7+8)	36	(127)	(181)	(44)	(216)	73
10	Provision for Taxation	5	11	16	18	40	109
11	Net Profit/(Loss) for the period (9-10)	31	(138)	(197)	(62)	(256)	(36)
12	Minority Interest	9	(32)	3	(18)	30	61
13	Net Profit/(Loss) after Minority Interest (11-12)	22	(106)	(200)	(44)	(286)	(97)
14	Paid up Equity Share Capital (Face value of Rs.3/- each)	714	714	714	714	714	714
15	Reserves excluding revaluation reserves	-	-	-	-	-	7,148
16	Basic and Diluted Earnings Per Share (in Rs.) (Not Annualised)	0.09	(0.44)	(0.84)	(0.19)	(1.20)	(0.41)
PART II SELECT INFORMATION FOR THE QUARTER AND NINE MONTHS PERIOD ENDED MARCH 31, 2013							
A.	PARTICULARS OF SHAREHOLDING						
1	Public Shareholding						
	- No. of Shares	68,638,715	68,658,496	74,638,000	68,638,715	74,638,000	68,720,309
	- Percentage of Shareholding	28.83%	28.84%	31.35%	28.83%	31.35%	28.86%
2	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	169,447,570	169,427,789	163,448,285	169,447,570	163,448,285	169,365,976
	- 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)	71.17%	71.16%	68.65%	71.17%	68.65%	71.14%
B.	INVESTOR COMPLAINTS						
	Pending at the beginning of the quarter	Nil					
	Received during the quarter	7					
	Disposed off during the quarter	7					
	Remaining unresolved at the end of the quarter	Nil					

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		15 months ended
		31.03.2013 (Unaudited)	31.12.2012 (Unaudited)	31.03.2012 (Unaudited)	31.03.2013 (Unaudited)	31.03.2012 (Unaudited)	30.6.2012 (Audited)
1	Segment Revenue (Net):						
a	Mobile Devices	3,354	4,296	4,975	12,483	15,311	24,510
b	Services	589	569	558	1,763	1,739	2,915
	Total	3,943	4,865	5,533	14,246	17,050	27,425
	Less : Inter-Segment Revenue	-	1	-	1	-	4
	Total Revenue	3,943	4,864	5,533	14,245	17,050	27,421
2	Segment Results -Profit/(Loss) before tax and Interest:						
a	Mobile Devices	(54)	(32)	(229)	(97)	(477)	(451)
b	Services	52	(152)	3	(94)	98	252
	Less: Finance cost	(5)	(4)	(3)	(10)	(3)	(3)
	Add : Other unallocable income net of unallocable expense	43	61	48	157	166	275
	Total Profit/(Loss) Before Tax	36	(127)	(181)	(44)	(216)	73
3	Capital Employed (Segment Assets- Segment Liabilities):						
a	Mobile Devices	3,277	3,344	3,947	3,277	3,947	3,829
b	Services	1,895	1,930	1,855	1,895	1,855	1,924
	Unallocated Capital Employed	2,578	2,457	2,469	2,578	2,469	2,109
	Total	7,750	7,731	8,271	7,750	8,271	7,862

Notes :

- The above results were reviewed by the Audit Committee and were approved and taken on record by the Board of Directors in their respective meetings held on May 13, 2013 and have undergone "Limited Review" by the statutory auditors of the Company.
- The Consolidated Financial results for the quarter and nine months period ended on March 31, 2013 represents consolidated results of the Company and its subsidiaries.
- Provision for income tax is inclusive of/ net of deferred tax charge/ credit and tax adjustments for earlier years.
- The Board of directors of the Company has in its meeting held today, subject to shareholders' approval and such other approvals / sanctions as may be required in this connection, approved the sale / transfer of the undertaking pertaining to handset business of the Company to Spice Retail Limited, a wholly owned subsidiary of the Company, by way of slump sale at book value. Necessary adjustment, if any, would be carried once the Company has all requisite approvals.
- The Board of Directors of S GIC Pte. Ltd., a step down subsidiary of the Company, in its meeting held today ,subject to the approval of shareholders and such other approvals / sanctions as may be required in this connection, has proposed the reduction of its paid up capital by an amount of SGD 3.2 Million. Pursuant to this , this Company shall distribute the said sum of SGD 3.2 Million, which is in excess of its funds requirement, to its immediate holding company, Spice Digital Limited (SDL), a subsidiary of the Company. Necessary adjustment would be carried out once SDL gets the funds on this account.
- Key Standalone Financial Information is given below:

Particulars	3 months ended			9 months ended		15 months ended
	31.03.2013	31.12.2012	31.03.2012	31.03.2013	31.03.2012	30.6.2012
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
Net Sales / Income from Operations	1,582	1,790	1,836	5,337	6,103	10,086
Profit/(Loss) before tax	141	346	(217)	574	(501)	(467)
Net Profit/(Loss) after tax	141	346	(217)	574	(459)	(474)

- The standalone financials results have been filed with The BSE Limited and National Stock Exchange of India Limited where the equity shares of the Company are listed and are also available at the Company's website www.spice-mobile.com.
- Previous period's figures have been regrouped and/or recast wherever considered necessary to conform to the current period's presentation.

By order of the Board
S Mobility Limited

Dated : May 13 , 2013
Place : New Delhi

Preeti Malhotra
Director

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.