
We are happy to present the performance of the Company for the Quarter ended 31st December 2010.

1. Indian Telecom Sector Trends (to be discussed on call):

- 3G Impact
- MNP Impact
- TRAI Directives
- Low ARPU, low balance, multi SIM impact

2. Update on Telefonica LatAm Deployment:

- We have launched services in Brazil, Argentina and Venezuela in this quarter in our multi-Country Telefonica project in LatAm.
- With this launch we are now live with 6 countries in Telefonica LatAm, covering 80% of the total subscriber base of Telefonica LatAm (130 million).
- In our deployments in LatAm we are experiencing early adoption rates in the range of 1-2% in keeping with our expectations.
- In this quarter our revenue from Latam was 80% higher than the last quarter.

3. Update on Dilithium Acquisition:

- Post acquisition of Dilithium assets at the beginning of this quarter, we have successfully integrated the teams which joined us as a part of the acquisition, as a new product unit within OnMobile.
- We have restarted the delivery of our market leading Dynamic Content Adapter product for one of the top internet Companies in the North American market.
- We also received and delivered our first order of our 3G Video Gateway from a leading Telco in North America.
- This acquisition has increased our geographic presence by 21 countries.

4. Material New Developments – Customers & Products:

- We have won an embedded deal with one of the major handset OEMs for our video stacks in China.
- 'Music Burst' – an 'unlimited music download and play' product was launched on subscription model in one of the large Telecom Operators in Indonesia.
- OnMobile's dynamic churn management solution helped add 2% to the top-line revenue for a leading telecom operator in Asia, resulting in an astounding 88% increase in subscriber recharging.
- We expanded our offerings in the Personal Data Management space for both Android and IOS devices.
 - o On the Apple iOS handsets - 'MyPhonebook' application was selected as the best application of the year by one of our leading Operator Customers of European and North American region.

- On Android, the enhanced version of our 'My Synchronization Space' service was launched in one of our European Operators. The features include, in addition to other features to enrich web interface, embedding of the application on Android devices.

5. Material New Developments – Organizational:

Offices

New offices registered in Uruguay and Egypt and China to further expand into new and facilitate our existing emerging market Operations.

Awards

OnMobile has been recognized amongst the top 100 companies at the Annual Inc.India 500 Awards which recognize India's best performing medium-sized enterprises.

6. Non Financial KPIs – Last few quarters:

KPI	Mar'09	Jun'09	Sep'09	Dec'09	Mar'10	Jun'10	Sep'10	Dec'10
Subscriber Reach (Mn)	600	630	687	673	727	786	1,016	1,151
Unique Users (Mn)	57	64	71	77	83	86	88	105
Active RBT Users (Mn)	33	37	40	42	44	46	49	52
Number of Employees	1,146	1,154	1,223	1,209	1,236	1,271	1,241	1,281
Countries Live in	22	23	23	24	25	26	28	52

4. Financial Highlights:

- Revenues were up 13% sequential quarter on quarter.
- Year to date Dec revenues were up 22% over year to date last year.
- International revenue contribution to total revenues rose from 23% in the last quarter to 31% in the current quarter.
- Overall Gross Margin remains stable at around 73%.
- Core business Gross Margins also stable at around 73%.
- Overall Operating Profit Margin improves from 11.4% to 11.8%.
- Operating Profit Margin on the core business improves from 23.8% to 25%.

5. Financials – Core vs. Investments:

Rs. Mn	Core Business		Investments		Total	
	Q2 10-11	Q3 10-11	Q2 10-11	Q3 10-11	Q2 10-11	Q3 10-11
Revenues	1,278.6	1,366.9	36.7	119.1	1,315.3	1,486.0
<i>Domestic</i>	<i>1,016.8</i>	<i>1,028.1</i>	-	-	<i>1,016.8</i>	<i>1,028.1</i>
<i>International</i>	<i>261.8</i>	<i>338.8</i>	<i>36.7</i>	<i>119.1</i>	<i>298.5</i>	<i>457.9</i>
COGS	341.4	372.8	3.9	17.6	345.3	390.4
Gross Profit	937.2	994.1	32.8	101.5	970.0	1,095.7
Gross Margin	73.3%	72.7%	89.4%	85.2%	73.7%	73.7%
Manpower cost	346.1	348.5	79.8	105.4	425.9	453.9
Other Opex	182.0	195.7	83.4	109.8	265.4	305.4
EBITDA	409.1	450.0	(130.4)	(113.7)	278.7	336.3
%	32.0%	32.9%			21.2%	22.6%
Depreciation	104.3	107.9	24.2	53.6	128.5	161.5
Operating Profit	304.8	342.1	(154.6)	(167.3)	150.2	174.8
%	23.8%	25.0%			11.4%	11.8%
Other Income / (exp)					113.8	28.4
Profit before Tax					264.0	203.2
%					20.1%	13.7%
Tax					43.70	3.96
Profit After Tax					228.3	209.1
PAT %					16.6%	13.6%
EPS (Diluted)					3.8	3.5

Definition of Investments:

New Customers: Investments (e.g., hardware, third party software, manpower costs, travel) in new customer deployments till 1 year following launch of services.

New Products: Large, measurable and discreet expenditures in new products development and deployment till 1 year following launch of this product in the first Customer.

Key Highlights and Observations on Q3 Core vs. Investment Financials:

- Some of the investments in the international markets have shown significant revenue growth thereby reducing the EBITDA loss on investments from Rs. 130 Mn to Rs. 113 Mn. However depreciation is higher on account of newly acquired Dilithium assets increasing the total investment impact.
- Lower other income, since we had a one-time income from sale of a part of our investment in Ver Se Innovations Pvt Ltd in the last quarter. However the impact on net margin is much lower because of lower tax due to SEZ benefits as explained in the earlier quarters.

6. Financials - Rolling 4 Quarters (Current year vs. Last year):

Rs. Mn	4 Quarters ending Dec 09	4 Quarters ending Dec 10	Gr %
Net Revenue	4,467	5,268	18%
COGS	1,166	1,454	25%
Gross Profit	3,301	3,813	16%
Gross Margin	74%	72%	
Total Opex	2,309	2,695	17%
EBITDA	992	1,118	13%
	22%	21%	
Depreciation	452	535	18%
Operating Profit	540	584	8%
%	12%	11%	
Other Income / (Exp)	240	255	6%
Profit before Tax	780	839	8%
Tax	220	139	-37%
Profit After Tax*	558	733	31%
%	12%	13%	
EPS (Diluted)	9.3	12.3	32%

* including share of profit from associates