

We are happy to present the performance of the Company for the Quarter ended 31<sup>st</sup> December 2011.

**1. Highlights:**

- International revenues continue to grow well, contributing to 48% of topline revenues in 3Q as against 42% in 2Q. It was at 50% of our topline in the exit month of December.
- The Telefonica LatAm deployment and the results continue to be in line with our expectations. We have launched with three more countries during the quarter taking our reach to 11 countries and 98% of the addressable subscriber base in that market.
- Another key milestone in this quarter is that the Telefonica LatAm project has recorded its first positive quarter on an operating basis. The project had turned cash-flow positive in the last quarter and is now operating-profit positive. We have been able to achieve both these within a year of launch.
- India VAS update. (3G, TRAI, etc.,) (to be discussed on the call)

**2. Revenue distribution by geography – International shift:**

<i>Rs. Mn</i>	<b>YTD Q3 10-11</b>	<b>% of Total</b>	<b>YTD Q3 11-12</b>	<b>% of Total</b>	<b>% Gr</b>
India	2,997	74%	2,694	59%	-10%
Emerging Markets	484	12%	1,192	26%	146%
Developed Markets	558	14%	719	16%	29%
<b>Total</b>	<b>4,039</b>	<b>100%</b>	<b>4,605</b>	<b>100%</b>	<b>14%</b>

Our de-risking strategy of shifting our revenue concentration from India to different geographies continues to yield positive results. In Q4, we should be able to comfortably retain our international revenue over 50% of our topline.

**3. Organizational changes:**

Mr. Sridhar Iyengar and Prof. Jayanth Varma have resigned from our Board and we have Mr. Harit Nagpal joining as a new member of our Board. Harit is currently the MD & CEO at Tata Sky Ltd and comes with a vast experience in telecom and consumer marketing positions at various Companies both in India and overseas.

Mr. Amit Rastogi has joined as our new CFO. Amit has done roles in finance and operations across multiple industries. He joins us from GE after spending 15 years working in India, Asia and US. He has also worked in ANZ Bank and PwC prior to GE. He is a Chartered Accountant, Cost Accountant and CPA.

#### 4. Financial Highlights:

- Revenue growth at 14% QoQ and 9% sequential, mainly driven by our international operations.
- Gross Margin up by 22% QoQ and 9% sequential.
- EBITDA Margin up by 16% QoQ and 20% sequential.
- Operating Profit up by 10% QoQ and 13% sequential.

As we had discussed in the last quarter, our largest investment in the LatAm project will move from 'Investments' to 'Core' business in this quarter and hence we will not be providing a separate break-up on Core vs. Investments anymore.

However, we continue to invest in geographical expansion including regions like Latin America, North America and Africa to further grow out international revenues. We believe this will offset the risks associated in being dependent on India focused business and revenue. While doing this, we aim to maintain or improve our margins from the current levels.

#### 5. Rolling 4 Quarters ending December Current Year Vs. Last Year:

Rs. Mn	4 Quarters ending Dec 10	4 Quarters ending Dec 11	Gr %
<b>Net Revenue</b>	<b>5,270</b>	<b>5,938</b>	<b>13%</b>
<b>Domestic</b>	3,939	3,602	-9%
<b>International</b>	1,331	2,335	75%
COGS	1,480	1,219	-18%
<b>Gross Profit</b>	<b>3,790</b>	<b>4,719</b>	<b>25%</b>
<b>Gross Margin</b>	<b>72%</b>	<b>79%</b>	
Total Opex	2,669	3,426	28%
<b>EBITDA</b>	<b>1,121</b>	<b>1,294</b>	<b>15%</b>
	<b>21%</b>	<b>22%</b>	
Depreciation	535	725	36%
<b>Operating Profit</b>	<b>586</b>	<b>559</b>	<b>-3%</b>
<b>%</b>	<b>11%</b>	<b>10%</b>	
Other Income / (Exp)	255	860	237%
<b>Profit before Tax</b>	<b>841</b>	<b>1,429</b>	<b>70%</b>
Tax	139	377	171%
<b>Profit After Tax*</b>	<b>733</b>	<b>1052</b>	<b>43%</b>
<b>%</b>	<b>13%</b>	<b>15%</b>	
<b>EPS (Diluted)</b>	<b>6.2</b>	<b>9.2</b>	<b>50%</b>

\* Including share of profit from associates