
We are happy to present the performance of the Company for the Quarter ended 30th June 2011.

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

- Summary of results of Airtel, IDEA, RCOM (quarterly topline growth).
- Other telecom sector factors affecting stock price and investor sentiment.
- Why most of these do not apply to us (e.g., 2G scam).
- TRAI consultation paper update, potential impact.

2. Update on Telefonica LatAm Deployment:

- Live in 7 countries in Telefonica LatAm, covering 85% of the total subscriber base of LatAm (one new country added in the quarter).
- The active user base has grown over 50% from last quarter to 4.6 million users at the end of this quarter.
- The RBT ARPU continues to be 2-3x of that in India.
- We have completed the deployment of our sports pack 'Futbol' in all 12 countries ahead of the big event, COPA America in July.

3. Material New Developments – Customers & Products:

- This quarter we have launched the OnMobile OnCloud – a SaaS based platform for converged Content, Communications and Mobile Commerce applications offering a social community layer to existing and new VAS services. With this OnMobile has introduced its cloud based services with several connected Apps based services to be launched on top with multiple operators.
- We launched RBT on a SaaS model in Telefonica, Spain successfully migrated one million RBT users within 2 weeks. This further strengthens our relationship and presence with Telefonica, one of the largest Telcos in the world, and builds on the Latin America contract which we started off two years ago. In both Latin America and Spain the initial platforms we have deployed for our SaaS services are architected to launch 10-15 more SaaS services in the next 12-24 months.
- This quarter has been significant for us in terms of increasing our presence in the African continent. We have launched RBT and MRadio services in one of the leading operators in a large African Country replacing the incumbent RBT Service Provider, and have also launched RBT in one of the leading operators in Southern Africa. We have launched the OnMobile OnCloud suite of services in the African continent allowing our RBT, Mradio, Phonebackup, Phonebook and 3G based community services like Video casting to be launched with unprecedented service velocity.
- In a leading operator in Bangladesh, we have surpassed 1 million users on our Mobile Radio service. With this, the top 3 VAS services running in Bangladesh are all run end to end by OnMobile.

4. Material New Developments – Organizational:

Offices

New office registered in Mali to further facilitate our global operations thereby increasing our presence in international territories.

Manpower

During the quarter, we have appointed Atul Churamani as Head, Content Licensing & Partnerships for OnMobile. Atul will lead licensing of content from music labels and other owners of intellectual property for distribution across mobile platforms in India and around the globe, leveraging the huge mobile reach of OnMobile for content owners.

A renowned name in the music industry, Atul brings with him over two decades of rich experience across international brands. In his previous role, he held the position of Vice President at Saregama India Ltd. We are already seeing the effect of his joining with very positive feedback from music labels and content owners.

5. Non Financial KPIs – Last few quarters:

KPI	Sep'09	Dec'09	Mar'10	Jun'10	Sep'10	Dec'10	Mar'11	Jun'11
Subscriber Reach (Mn)	687	673	727	786	1,016	1,151	1,230	1,437
Unique Users (Mn)	71	77	83	86	88	105	100	114
Active RBT Users (Mn)	40	42	44	46	49	52	57	61
Number of Employees	1,223	1,209	1,236	1,271	1,241	1,281	1,344	1,444
Countries Live in	23	24	25	26	28	52	52	52

6. Financials – Rolling 4 Quarters ending June Current Year Vs. Last Year:

Rs. Mn	4 Quarters ending June 10	4 Quarters ending June 11	Gr %
Net Revenue	4,709	5,499	17%
Domestic	3,475	3,905	12%
International	1,234	1,594	29%
COGS	1,398	1,327	-5%
Gross Profit	3,311	4,171	26%
Gross Margin	70%	76%	
Total Opex	2,440	2,979	22%
EBITDA	871	1,192	37%
	18%	22%	
Depreciation	440	593	35%
Operating Profit	431	599	39%
%	9%	11%	
Other Income / (Exp)	232	439	89%
Profit before Tax	663	1,038	57%
Tax	148	222	50%
Profit After Tax*	528	834	58%
%	11%	14%	
EPS (Diluted)	4.5	7.2	61%

* including share of profit from associates

7. Financials – Q1 Current Year vs. Last Year:

Rs. Mn	Total		% Growth
	Q1 10-11	Q1 11-12	
Revenues	1,238	1,364	10%
<i>Domestic</i>	952	927	-3%
<i>International</i>	286	437	53%
COGS	344	271	-21%
Gross Profit	894	1,093	22%
Gross Margin	72%	80%	
Manpower cost	410	499	22%
Other Opex	198	324	64%
EBITDA	286	270	-6%
%	23%	20%	
Depreciation	132	159	20%
Operating Profit	154	111	-28%
%	12%	8%	
Other Income/exp	55	54	-1%
Profit before Tax	209	165	-21%
%	17%	12%	
Tax	30	37	23%
Profit After Tax	186	128	-31%
PAT %	14%	9%	
EPS (Diluted)	1.6	1.3	-16%

8. Financials – Sequential with Core vs. Investments Split:

	Core Business		Investments		Total	
Rs. Mn	Q4 10-11	Q1 11-12	Q4 10-11	Q1 11-12	Q4 10-11	Q1 11-12
Revenues	1,232.1	1,204.0	101.1	160.1	1,333.2	1,364.1
<i>Domestic</i>	908.0	926.0	-	0.5	908.0	926.6
<i>International</i>	324.1	277.8	101.1	159.7	425.2	437.5
COGS	219.2	246.1	32.3	24.8	251.5	270.8
Gross Profit	1,013.0	958.0	68.7	135.3	1,081.7	1,093.2
Gross Margin	82.2%	79.6%	68.0%	84.5%	81.1%	80.1%
Manpower cost	349.0	365.1	134.6	134.3	483.5	499.5
Other Opex	196.1	223.7	95.0	100.3	291.1	323.9
EBITDA	467.9	369.1	(160.8)	(99.3)	307.1	269.8
%	38.0%	30.7%			23.0%	19.8%
Depreciation	97.1	97.2	47.3	61.6	144.4	158.8
Operating Profit	370.8	271.9	(208.1)	(160.9)	162.7	111.0
%	30.1%	22.6%			12.2%	8.1%
Other Income/exp					242.7	54.0
Profit before Tax					405.4	165.0
%					30.4%	12.1%
Tax					136.9	37.2
Profit After Tax					268.6	127.8
PAT %					17.0%	9.0%
EPS (Diluted)					2.3	1.3

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.

- Significant increase in revenue from LatAm region is in line with our internal estimates. This along with the new launches in the African region has contributed to the revenue growth in the investment segment.
- Revenue in the Core business is lower due to slow down in several economies around the world including Europe and the subsequent impact such slowdown has on Operator promotions and growth in VAS revenues.
- Increase in Manpower cost is mainly on account of increase in headcount and investment in manpower resources in the new geographies like North America and Africa.
- Depreciation is higher only in the investments segment. This is due to higher amortization related to the market development and deployment fee in Telefonica LatAm.
- Other income in Q4 included Rs.235 Mn of profit on sale of investment in our associate Company, Ver se Innovation Pvt Ltd, and hence the other income in Q1 is not comparable with Q4.

9. Full Year Forecast (To be discussed on the call).