



“Tanla Solutions Limited Conference Call”

May 18, 2010



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Moderator: Ladies and gentlemen, good evening and welcome to the Tanla Solutions Limited conference call. As a reminder, all participants' lines will be in the listen-only mode and there will be an opportunity for you to ask questions at the end of today's presentation. Should you need any assistance during this conference, please signal an operator by pressing *, then 0 on your touchtone telephone. Please note that this conference is being recorded. I would now like to hand the conference over to Mr. Uday Reddy, CMD of Tanla Solutions Limited. Thank you and over to you sir.

Uday Reddy: Thank you. Good evening everybody. Welcome to this fourth quarter call and I am with Satish who is CTO and who will take us through our AMR which we got the patent in the recent past, then I have with Amit who is our Director – Finance who will take us through the financials and revenues, and then we have Gautam who is our head of business development and who will take us through the business.

I would like to give you a quick update in terms of our revenues and the new client wins. As you know, the revenues were up by almost around 6.73% and where as EBITDA has gone up by almost 27% and in terms of revenue streams, the products are up by 45% on quarter-on-quarter and network aggregation business which is our core business which is more of UK centric is up by almost 10% and of course our offshore development revenue stream which is more of flat as on fourth quarter and the mobile payment business is kind of down by almost 10%.

In terms of clients that we have signed in the last one quarter like Telescope which based is setup in US, we talked about Intunes product in third quarter and this is our first commercial agreement with Telescope and we hope to close more deals in this quarter in other geographies mainly in India and U.K.

In terms of license manager, we have won the SanDisk, FCC and GetJar of course net Netginie is one of the small ISVs that we signed recently and in terms of SanDisk we have the great opportunity wherein we signed for to almost for 30 million memory cards are going to be uploaded with our license manager and which we have been working for almost for a year or so and Gautam will give you the more details about other clients and now I would like to handed over to Amit who will take us through the financials and revenues.

Amit Gupta: Hi, I will first give the breakup of the revenues by revenue stream.

As Uday mentioned, we have had a growth in the products and aggregation business. Products have gone up by from 9.95 crores to 14.47 crores this quarter. Aggregation has gone up from 47.27 crores to 52.1 crores this quarter. Most of the receipts in products on aggregation are in Pound Sterling and we have had a downward impact of about 4 to 5% due to the extra drop in Pound Sterling. Otherwise, the numbers would have been slightly higher.

In terms of professional services, the revenues have come down from 3.98 crores to 3.86 crores and mobile payments, the revenues have come down from 31.21 crores to 28.2 crores. In these two revenue streams, receipts are mainly in Euros and we have had about 6% drop in Euro, otherwise the drop would not have been substantial.

In terms of the EBITDA breakup, the EBITDA the way you see it in the reported P&L is around 31 crores where as that includes a FOREX loss of 7.9 crores, so if we exclude the EBITDA for the four revenue streams is actually 39.9 crores and I will give the breakup of EBITDA for in the product segment, the EBITDA has gone up from 6.57 crores to 10.45 crores which is a margin of 72.2%. In aggregation, it has gone up from 14.39 crores to 19.51 crores which is a margin of 37.4% and professional services, it has come down from 80 lakhs to 75 lakhs that is margin of 19.5% and mobile payments has come down from 9.58 crores to 9.18 crores which is a margin of 32.5%. Our debtors stand at 184 crores and the cash currently is 148 crores and 70 lakhs.

I am now handing the call over to Gautam who will give update on the business.

Gautam Sabharwal:

Hi, as we outlined the last quarter was a turnaround business both in aggregation as well as in products. Payment has been flattish really and the impact has been primarily currency impact and a marginal decline in the transaction business.

As we outlined in our last quarterly call, we had expected a very large impact from Nokia announcing free Maps, but we are yet to witness that in fact we are still seeing license manager volumes remained as where they are on a monthly basis and we expect to see that for the next quarter as well. Where we are seeing a little bit of an impact is in the transaction business where because Nokia Maps is now free, we are seeing drop in transaction numbers that were coming from the Maps business.

So going forward, as we had expected that the license manager revenues would drop significantly that has not happened and we do not see that having any impact in this quarter either. We have been very successful in terms of customer wins in the last quarter, our business, we are on the license manager and payments front, we are tying up with distributors like distributors of memory cards like SanDisk and distributors of handsets like Carphone Warehouse and others as well as application distributors like GetJar. The reason behind this is that we find that in the case of Sandisk and Carphone Warehouse, we can preload content with them on to the handset. This content in applications are preloaded with our license manager and we find that when content is preloaded on to the handset, conversion rates can be very-very high in the range of 20% and upwards. So in the case of SanDisk, we have concluded a deal with them to ship, it is a three-year deal where in the first year we will be loading on roughly about 30 million memory cards and that would then increase in year 2 and year 3. SanDisk as you are probably aware is the largest manufacturer and distributor of flash memory cards. Flash memory cards are the cards that are included sometimes within your handsets or can be used as an external memory to add to your phone's memory.

Roughly, the market for memory cards is over 500 million cards worldwide and this is going rapidly and we are in talks with other similar vendors including Kingston and others to conclude similar deals with them.

So our content will start shaping in this quarter and we expect to start seeing revenues from this relationship coming in the following quarter. We have also concluded a deal with GetJar. GetJar is one of the largest independent application stores. They produce over 50 million downloads every month and we have concluded a deal with them to where they would encourage application developers to come to their store to integrate with Tanla's license manager as well as we would upload our developers applications to the Getjar store. So we expect this to drive significant downloads for our developers and thereby produce additional revenue share income for Tanla.

In addition, we are targeting mobile phone distributors. Carphone Warehouse is the largest mobile phone distributor in Europe. We have just concluded a fairly successful trial with them where our license manger was included on 100,000 handsets and was preloaded with a number of applications. These handsets were primarily Symbian S60 handsets, but going forward, we will include them on other platforms like Windows Mobile and Android.

On the aggregation front as we outlined in the U.K, we are beginning to see an uptick in aggregation. We have had some good customer wins in the last quarter where we are beginning to see a lot of traction in the space of web to mobile payments. Two significant wins in the space are SmsCoin and OneBip who are providers of mobile payments to application developers primarily web application developers like the casual gaming sites and developers for Facebook applications. We have also seen positive impact by the introduction of a 10-pound price point in the U.K. as we outlined in last quarter and this is enabling us to attract new business and gain traction in the market.

On the product side, a significant win for Tanla has been company called Telescope. Telescope is the provider for telephony provider, so they provide SMS and phone services for all the largest broadcasters in the U.S. So they run the whole thing and applications for shows like American Idol and others. So we have concluded a deal with them where they are licensing our Intune audition software to be promoted over an IVR, that is a phone call mechanism to all their customers. We have just finished the installation last month and we expect to see them go live with their broadcast customers in this quarter itself. So the deal is a revenue sharing deal where Telescope and Tanla would get 50% of all revenue generated on the service.

In addition to this, another significant win from an Indian standpoint has been Sony. Tanla has concluded a deal with them to manage their short code as a manage service provider. They have displaced existing provider called Mobile to Win (13:12) in this case and we will be handling all Sony's SMS traffic which includes the ongoing Indian Idol. Tanla is managing the voting campaign for the current Indian Idol campaign and in

That is it from the business side. Just to sum up, we have turned the corner on both our aggregation as well as products business, things are looking positive in the U.K. market we are gaining traction. On the payment side, we have not felt as severe an impact or any impact from the change in Nokia strategy towards free Maps strategy and we are continuing to see the license manager ship on all S60, S40 handsets.

I will now hand you over to Satish to take it through our recently granted AMR patent.

Satish Kathirisetti:

Thanks Gautam. Hello good evening everyone. It gives me a great pleasure to announce that we have been granted a patent for AMR Technology. I am sure all of you are familiar with what is AMR. You have been hearing about this in the past few years.

Just to give you a very quick brief on this, AMR is a technology where you can do remote meter reading. It can be different kind of sensors, it can be utility meters, it can be any kind of measuring device where in you would like to see the data from a remote location and then be able to take some decisions based on the continuous reading which you are getting from the device.

Now with respect to AMR and its traditional implementation, we have been seeing a lot of news about people trying to implement with attaching the GSM modems. People have been trying to do with landlines, with power lines. There have been a lot of problems pledging all the solutions. One of them being is a very high hardware cost. The capital cost that goes into getting in all the hardware, then there is a reasonably high operating cost traditional way of sending this data would have been either an SMS or a GPRS data call or a telephone call and this also makes you dependent on the telecom operator with which one has to have a tie-up to have these features enabled with your AMR. These helped in good for small installations, but we will start getting into extremely large scale deployments, all this solutions failed, they are economically unviable, they are technically not feasible, they give rise to a lot of problems if the terrains are difficult, geographies are difficult, the radio coverages are not correct. So we have been working on this technology since about 2005, we have been seeing as to how we can reduce all these pain points and we have now come out with the solutions which marries the remote reading capabilities with a mesh network. Now, we have been able to implement a mesh networking concept where in we have extremely low cost, very short range wireless devices which can pass data between themselves until the data reaches the destination servers. Now in this way what we have been able to do is build our own protocol and technology which allows the creation of a mesh network and then we have given the facility for extremely reliable, extremely failed face mechanism of passing data between each of these wireless devices until the data from one of the meters reaches the central station. Since we are using an extremely low cost, extremely short range wireless devices, thus we are able to bring down the hardware cost to a very small amount where virtually have been eliminating operating cost, a totally removing dependency on an operator and we are able to yet provide a solution which is extremely scalable, follows the land terrain as it moves around the hills, there are valleys the terrain follow with, there are no radio shadows. Data can be sent

across almost any kind of distances as long as there is reasonable density in its deployment. The system is inherently self-discoverable, there is nothing that one has to do just switch on and node automatically becomes a part of a mesh network. It is inherently fault-tolerant if some of the nodes in between break down, the data is re-rooted by alternate devices within the neighborhood until the data reaches the central station. So the network is inherently fault-tolerant, inherently self-healing, and inherently self-discoverable. So this is what we have done over the last few years, perfected the technology and we have applied this patent in the other countries as well and we have now first got in Singapore we are expecting similar results in the U.K., in the Europe, basically European patent, then the U.S., and in other smaller countries as well.

That is it from my side. I would now request the moderator to take it into a Q&A session.

Moderator: Sure sir. Thank you very much. Ladies and gentlemen, we will now begin with the question and answer session. The first question comes from the line of Pawan Sachdeva from Star Capital. Please go ahead.

Pawan Sachdeva: Hi, Gautam you talked about deals with SanDisk about 30 million pieces on which you loaded, can you just talk about what kind of revenue potential, these kind of deals have?

Gautam Sabharwal: Hi Pawan, basically the way it works is we preload content now, there would be a range of applications and games which include our license manager and they would be embedded on to the memory card. When the memory card is inserted into a device, our application folder would open up and users would get the opportunity to try all the list of applications for free and trial period would be a limited 2 or 3-day period after which the user would then convert, if they want to continue using the application, they would have to make a purchase or enter into subscription service. In the case of all other preloads that we have done so far which is FCC or in the case of Carphone Warehouse, the conversion rates that we are seeing is roughly in the region of 20% of the people make some sort of purchase and roughly each application at the low end is around €2 and at the high end can be in the region of €5 to €6, but this is on the handset itself. On memory cards, we would expect that this conversion rate would come down marginally may be in the region, but in any case we expect it to be upwards of 10%, so roughly I would put a value of €3 to €4 per user of application with the conversion rate of around 10% and so that is on the top-line.

Pawan Sachdeva: Thank you so much.

Moderator: Thank you. The next question comes from the line of Sameer Deshpande from Flamingo Investments. Please go ahead.

Sameer Deshpande: Hello, good evening. In this quarter, we are seeing some stabilization in revenues which is heartening to see because the last entire year was a big fall with all the problems with UK regulator and all those things, are the regulatory problems in the UK regarding our telecom sector over now?

Gautam Sabharwal: The problems were primarily related to the aggregation business which was our biggest line of revenue. The change in regulation has now been implemented. It has been implemented on our platforms and all content providers that we work with are compliant. We have a new compliance procedure in place to ensure that every provider we work with is compliant with the code of conduct that has been outlined by the UK regulator. So to answer your question, we went through a phase where we had to refuse business and not take on any new business where we have to basically ensure that all our systems and processes were compliant with the new regulation. We completed that process probably around September-October last year and since then, we have been in the mode where we are attracting new business, attracting new clients, so to answer your question in the nutshell, the new regulatory regime has taken over and we are compliant and with all processes as far as that is concerned.

Sameer Deshpande: And regarding this joint venture which we had with T-Zed what is the progress on that venture?

Gautam Sabharwal: Yes on the revenue side, Amit will update you. We have had significant progress in the sense that we are serving content on most mobile operators including Airtel. We have launched a product on Reliance which is called MyFree which is a Zed product; it is on their web portal. These things have only really just gone live towards the end of the last quarter, so the revenue impact is marginal, but this quarter we would expect a bigger contribution from the T-Zed joint venture. We also have large high impact promotions that Zed runs in other markets which are being introduced into India. By the time, those actually go live, we would expect that to be towards the end of this year.

Sameer Deshpande: Do you expect that it will contribute major in the second half?

Gautam Sabharwal: In the second half we expect to see a much-much larger contribution from T-Zed.

Sameer Deshpande: Any rough idea on any size of business which it will contribute?

Gautam Sabharwal: I do not want to comment on that just yet I can tell you that each promotion that Zed runs in other markets like in Spain, in their Mega Promotion which runs for a 30-day period every 3 months in Spain generates over €10 million in a single month. So about how that will be what the numbers will look like in India, it is difficult to really judge that, unless we have tested the waters properly.

Sameer Deshpande: And overall this UK which currently on this Europe and UK still continued to be in recession which we are hearing a lot of problems they are facing, so are we facing any problems from our customers?

Gautam Sabharwal: Our business as I outlined even last year the impact from recession was marginal. The impact was primarily due to regulatory change and that is what as soon as things were implemented, we began to see our business move forward again. So from UK perspective,

I think recession, yes there is other industries are affected, but mobile industry especially when it comes to applications' content, is still in a growth mode.

Sameer Deshpande: So it is not affected isn't it? And now with this telecom industry in India, we had also tried to enter here with a tie-up with BSNL and all those things, so how are we progressing?

Gautam Sabharwal: As we outlined, we are growing revenues in India, though the base is quite small at the moment. We have amongst the bigger deals that we have done in India, the recent deal that we have done with Sony for managed services. It outlines our capabilities in the Indian market. We are managing Sony's short codes across all the mobile networks in India and we are running the existing Indian Idol campaign in India. In addition to that, we are continuing to attract a number of content providers from other markets who are using our billing services in the Indian market. So as we have outlined this business is growing, but the base is small at the moment, but there is tremendous momentum in the business, so we expect to see a larger jump in revenues over the coming quarters.

Sameer Deshpande: Sir now with this telecom industry facing a lot of huge payments for this 3G and 2G so they have demanded something, so the industry entirely is feeling huge margin pressure also with the billing rates coming down, so does it anyway affect our business also?

Gautam Sabharwal: The move towards 3G is a positive move for our business because Tanla as you know is primarily a provider or is stronger on data services than on the voice side and our business growth as we have seen previously has also been related to the rollout of 3G services in European markets. So while operators are spending heavily on their 3G auctions, it becomes more and more imperative for them to rollout compelling 3G services to recover the investment. As you are probably aware that we are the only company in India that has a live 3G value added service running with the MTNL network. So, as the mobile networks are in a rollout phase with their 3G networks, we would look to rollout similar services with the networks as well.

Sameer Deshpande: You will be benefited after the launch of the 3G?

Gautam Sabharwal: We would like to think so, yes.

Sameer Deshpande: So would you like to provide any guidance for this year?

Gautam Sabharwal: Our general approach is not to provide any guidance. In general, we are beginning to see growth in all our markets, mobile payments. We cautiously would expect an impact from the Nokia Maps business. We are adding to it through deals that we have done with likes of SanDisk, Carphone Warehouse and GetJar and so going forward, I would say roughly if you look at towards the end of this year, we would expect mobile payments with marginal growth, more significant growth in aggregation and related products.

Sameer Deshpande: Okay and all the best.

- Moderator:** Thank you. The next question is a follow up from the line of Pawan Sachdeva from Star Capital. Please go ahead.
- Pawan Sachdeva:** Amit, just couple of questions. We have CWIP on the balance sheet. When do you think that gets converted into fixed asset one and second is can you throw some light on the tax rate in this quarter and what should be the sustainable tax going forward?
- Amit Gupta:** The sustainable tax rate going forward would be in the range of 10% and capital work in progress as you know is I think it will get capitalized over the next 2 to 3 years.
- Pawan Sachdeva:** Why such a long period for it to get capitalized?
- Amit Gupta:** This I am talking in terms of because some of the capital will also get regenerated as there are deployments happening, there is a new capital being invested for new deployments. So we keep adding to existing deployments, so but overall period of around 2 years, the entire capital will get utilized.
- Pawan Sachdeva:** And the FOREX loss which we saw this quarter is basically is currency moved 6% adversely and we have 7.2 crores loss, so is it both on the current revenue and the receivable ways, can you throw some light what would be the math, how we got this loss?
- Amit Gupta:** See Tanla India had given a loan to UK around 3 years back so that loan has been recovered by Tanla India from UK and around 70% of that loss of 7.9 crores is due to loss on that loan recovery. The remaining balance loss is on the receivable side.
- Pawan Sachdeva:** Thank you so much.
- Moderator:** Thank you. The next question comes from the line of Sandeep Kapadia from UTV. Please go ahead.
- Sandeep Kapadia:** Hi guys, just wanted to check how is the progress on the international expansion, I remember last 2 quarters back, there was a lot of discussion around expansion into more parts of Europe and also I think Africa and stuff like that and perhaps if you can also expand little bit on how the Indian scene is playing out because I remember you have had mentioned earlier that it looks to be a difficult business to do in India because of the margin pressures and stuff like that. Just if you can explain what kind of impression or margins we all can expect for example the deal you done with Sony?
- Gautam Sabharwal:** Just to add, we have taken a bit of cautious approach into international expansion and we are dealing with customers all around the world and we are processing transactions in almost every country in fact we have transaction happenings over 160 countries. So in that perspective, Tanla today is a very international company. Does that mean that we need to have offices in every single geography, the answer to that is no and we maintain that. Going forward, yes we will look into the US market again and it will be a bit of a cautious

approach into the US market. We are not approaching direct operators for direct connectivity. We are focusing more on the payment side of the business and targeting ISV customers for mobile payments and license management. Just talking about Africa, our South African business continues to grow. We are looking at growing that into other markets near to South Africa. In fact we have discussions to expand in to Kenya and Nigeria and we are still exploring the possibility of that. Other than that in terms of the Indian market, the aggregation business yes it is tough in terms of revenue shares that the mobile operators payout, but we are finding that international content providers are beginning to see that this market can produce return on investment despite the adverse revenue share conditions that the mobile operators has imposed and we are beginning to attract quite a significant number of content providers who are using our billing and payments mechanism when I said billing and payments it is premium SMS in India and WAP billing that content providers are using. So far, we have signed up a number of content providers. We are getting a monthly fee and a set-up fee from each one of them and in addition, we get a revenue share on each transaction. The transactions at the moment are on the lower side on MT, but are growing month-on-month and we expect this momentum to continue though the base at the moment is quite small, but going forward, we are continuing to invest and build this business. On the Sony front, we are managing their short code which is 52525 and we take a fee per transaction that goes through the platform with some sort of minimum guarantees in place. Is that explains everything?

Sandeep Kapadia: Generally speaking lets say if you have to look forward this year, I guess UK will still contribute about close to 80-90% of the business. Would that be fair to say?

Gautam Sabharwal: No, in fact even today UK is not contributing 80-90% of the business. Mobile payment is a significant chunk and we have contributions coming in from South Africa and from India. Amit do you want to give that break down roughly.

Amit Gupta: Out of the revenue breakup of 98.6 crores, we have about 7.3 crores coming from India. We have 35.7 from UK, 1.8 from Singapore, 4.6 from Ireland, 19.6 from UAE, 28.2 from Finland, 0.1 from Sri Lanka, and 1.2 from South Africa.

Sandeep Kapadia: Okay, so UK and I guess UAE would be the sort of you are channeling it through that, so it is more like an aggregation....

Gautam Sabharwal: Mobile payment side let us put through that.

Sandeep Kapadia: And Finland I guess is something similar or is that because it is coming from Nokia?

Gautam Sabharwal: Because it is coming primarily from Nokia and we are booking our credit card transactions because one of the gateways that we worked with is based in Finland.

- Sandeep Kapadia:** Okay, so I want to just understand aggregation business and the mobile payment business are our growth drivers, if you have a breakdown between them, aggregation will still contribute about 90% of that, would that be correct or..
- Amit Gupta:** Aggregation would contribute about around 65%.
- Sandeep Kapadia:** 65% okay and mobile payments would be....
- Ami Gupta:** Would be contributing the balance.
- Reddy:** In terms of top-line, the aggregation business and mobile payments will really contribute, but in terms of EBITDA, it is more coming from telecom products and our license manager.
- Sandeep Kapadia:** Aggregation business is 65% and the rest is mobile payment but that is on the top-line, but if you talk about the net margins of course the mobile payments and the license manager has better margins, is that what your sense?
- Reddy:** Telecom products and license manager, yes.
- Sandeep Kapadia:** Okay and just if you look forward this year, I got a general feel that we have turned a corner in the aggregation business, mobile payment we are cautiously optimistic that it may be steady or it might even have little bit better numbers. What are you mainly focus on in terms of how are you trying to generate more business in the aggregation business and so forth what is the kind of the drive now for this year in the business?
- Gautam Sabharwal:** Well in aggregation, we are focusing in the UK market. We are seeing significant traction from leaving web to mobile payment. I mean the drivers for that really is that lot of people who use like casual gaming and Facebook applications are teenagers and not all of them do have credit cards, so if you can introduce some sort of mobile phone payment mechanism, so you can send an SMS to get access to a game on the web, then it increases the revenue collection of this web application providers and increases their adjustable market. So that has been a significant driver from a UK perspective. In fact when we sign up any one of these web connect mobile providers, we tried to sign them up across different countries, so India, UK, South Africa; and in India, we are tracking a large number of similar companies as well as pure play content providers who are looking to enter the Indian market and Tanla is provisioned as a leading provider for aggregation, so we are generally the partner of choice for anyone looking to enter the Indian market. Today the revenues in terms of, we are growing revenues two ways because in the Indian market is we hold a unique position in terms of, we are one of the few people to be cross connected, have multiple tariffs in the Indian market. We hold a unique position and that allows us to command a significant monthly fee from each content provider. Other than that on mobile payments, we are continuing our focus on large ISVs, when I say ISVs they are independent software vendors. We have deals with like of Symantec, CISCO, F-Secure and we are continuing

our push in that direction and we are introducing new platforms. So today traditionally Tanla has been known primarily as a Symbian House and providing Symbian based payments. Today, we are moving more and more into Java and Android platforms. We are targeting and the number of ISVs that market is growing, pretty rapidly with all ISVs looking to serve software on the mobile platform. So we are continuing to target that vertical and provide additional platforms for that. In addition, we are targeting distributors in a big way. So as we covered the examples like SanDisk, GetJar, FCC where we are tying up with them, pre loading applications and payments on to either memory cards, on to application stores, on to handsets to drive better conversion rates for people look into consumer applications, as well as drive.....

Sandeep Kapadia: Sorry Gautam, are these guys like selling mobile phones and then they are also selling memory cards preloaded with your application and contents for likes of SanDisk?

Gautam Sabharwal: SanDisk distributes its memory cards in two ways, one is people would buy memory cards because they need additional memory on their handsets. The second thing is that they have OEMs with handset manufacturers where the memory card is included within the handset. So our content will be preloaded on these memory cards. Secondly, another within the distributor vertical we have targeted handset distributors. So in our deal with Carphone Warehouse, we chose X number of, say 100,000 handsets, they were primarily Symbian handset. So the way it would work is once the handset comes to them, they would break the box and include our application set on to the handset. So when somebody buys the phone, they open it up, first this PR application folder within that and later they can purchase the applications from that.

Sandeep Kapadia: Okay and perhaps if you want to spend little bit more time also on the Nokia because we had made lot of projection saying we would have the license manager on, a kind of vaguely remember 5 million handsets every month being added and stuff like that, are we taking a more cautious view on that because they have started selling the Maps free. Do that with other applications from Nokia store or is the premise still valid?

Gautam Sabharwal: We are working with a number of vendors who are selling content on handsets and who are shipping as preloads on Nokia handsets and those include F-Secure, those include Joy to spot, Symantec and others, but our prime driver for the license revenue that we were getting, where we were getting it started at 20 cents and then moved to around 15 Euro cents per license is the Nokia Maps business and basically once Nokia announced that they were shipping with free maps, we were expecting a very large impact on to our license revenues as well as on to our payment revenues. But thankfully in the last quarter, we have not seen it, our license volumes continue to remain in the 4-5 million mark and as we go forward in the coming quarter, that is where we see it.

Sandeep Kapadia: So are you saying that people are still buying the Maps in spite of it being free, how are you people making money?

- Gautam Sabharwal:** Just coming back to that, we get revenue in two ways, one we get revenue for licenses and for every license that we endear and then we get a revenue share income. The revenue share income I have already on outline is already impacted, but the license revenue Nokia continues to embed our license manager within every phone that they ship.
- Sandeep Kapadia:** Okay, since it is already embedded, it could in the later point be used for selling other products?
- Gautam Sabharwal:** Yes, potentially.
- Sandeep Kapadia:** And what is that 45 million is that annualized is it? So we are right now at that kind of numbers every year.
- Gautam Sabharwal:** In terms of licenses?
- Sandeep Kapadia:** Yes.
- Gautam Sabharwal:** It could be slightly more.
- Amit**:** In terms of licenses, we are adding about 5 million a month so it will be around 60 million every year.
- Sandeep Kapadia:** Okay and that is actually, Gautam that is one-time right? After that, with the license manager we get paid every time it is kind of preloaded and then the idea was to generate revenues every time there is a transaction.
- Gautam Sabharwal:** Correct.
- Sandeep Kapadia:** Okay.
- Uday Reddy:** Sandeep, to tell you in other words right now, the Nokia continues to offer three navigation services on most of the Smartphones as in today except S40 platform right? For them to not to amend our license manager into Smartphones as in today, they need to make a lot of changes into the platform which are not be allowed to share on this point of time. So I don't think they are going to make any changes in the platform in the near features, so all I am trying to say is like, we strongly believe that like in our license manager is still going to be embedded in all the Smartphones going forward, but some point of time, they will make changes in the platform, but when it is going to happen, we don't have any clue about that, but it is not going to happen in the near future.
- Sandeep Kapadia:** And would you be able to give some kind of judgment on what kind of margins overall can we expect in terms of, are you expecting to be able to sustain the net margins that we had for example in Q4 of EBITDA about 32% and profit after tax was 13-14% is that what we are targeting or is there any scope for improvement in that?

- Uday Reddy:** It all depends on revenue mix Sandeep, like as I told you earlier like, we have better margins in terms of telecom products and our license manager, so it goes with our revenue mix. In terms of mobile payments so the margins should improve if the revenue mix remains the same.
- Sandeep Kapadia:** Okay and any kind of idea of what kind of growth targets are you setting for yourselves at 20-30% range, 40-50% range, any it does not have to be precise, but just to get an impression of what to expect?
- Uday Reddy:** As Gautam mentioned in earlier question like we have never given you any guidance in terms of numbers, but having said that our strategy is three fold, one is we grow on our existing products and existing geographies, two is we are launching the new products quarter-on-quarter. For example if you have seen, we have launched Intunes in the last one quarter and we see a little bit of revenues coming from this new products and third one is we continue to look for inorganic growth and we hope to see some progress in terms of inorganic growth in this year.
- Sandeep Kapadia:** Okay great. I wish you all the best and thanks a lot for answering my questions.
- Gautam Sabharwal:** Yes, thanks.
- Moderator:** Thank you. The next question comes from the line of Krishna N from News Wire 18. Please go ahead.
- Krishna N.:** Good afternoon. This is to get a sense on, if the geography basically contributing to the overall growth in FY10 then what would be for FY11 and secondly what is your EBITDA expectations in FY11 and third is that just now you have mentioned about organic growth, have you identified any target area, geography, or any company. What would be the budget for this propagation?
- Uday Reddy:** I am afraid I cannot really share any information, but we continue to look for the opportunity and we definitely would like to close some transaction this year, when, how, where we cannot really share at this point of time.
- Krishna N.:** I am not specific about the target Mr. Reddy, but what would be the range that you are looking at and how do you fund at least that kind of details can be shared?
- Uday Reddy:** No we don't really look at or we don't really go by the numbers alone or by the acquisition cost, but we strictly go by our synergies, okay we would like to remind in mobile space we are looking for synergies and as and when we find the company in the same space, we are quite happy to look at the company whether it is small, medium, or big. Definitely as in today, our market cap is around \$100 million and we cannot really go for the massive acquisition like.

- Krishna N.:** Okay, but it would be in the space of aggregation or what is it exactly?
- Uday Reddy:** As in today, we would like to concentrate more on mobile space, I mean we have done our best in terms of aggregation space, but we are concentrating more on mobile space.
- Krishna N.:** Is there any geographical indication that you can provide?
- Uday Reddy:** We work with most of the operators or handset manufacturers like, not necessarily restricted to only one geography or one client. So obviously I am sure they have the presence in the international market.
- Krishna N.:** Again coming to my first question Mr. Reddy, first and second question summaries to summarize, since you have gone out for this UK issues and there is a visible revenue in terms of SanDisk, Sony, and other clientele that you have mentioned, what would be the EBITDA margins that you are expecting for FY11 versus FY10, at least that you can give some sense on this.
- Uday Reddy:** As I told you earlier like, no, we are desperate to maintain the EBITDA margin. It all depends on the revenue mix, but I cannot really put the absolute number to EBITDA as in today. It all depends on the revenue mix.
- Kirshna N.:** Alright Mr. Reddy, thank you.
- Uday Reddy:** Thank you.
- Moderator:** Thank you. The next question is a follow up from the line of Pawan Sachdeva from Star Capital. Please go ahead.
- Pawan Sachdeva:** Hi, Uday how much is the promoter holding right now in the company?
- Uday Reddy:** It is around 36% Pawan.
- Pawan Sachdeva:** So are you worried like company has so much of potential and it is sitting on 150 crores cash and the market cap is 380 crores and the size is big I mean like this company can be taken away?
- Uday Reddy:** I never thought really on those lines like.
- Pawan Sachdeva:** Because anyone can acquire and take 150 crores of cash this company that is the cost of acquisition on the company.....
- Uday Reddy:** If you look at our promoter stake like I am holding along with my colleagues like Gautam, Amit and Satish and everybody, so our colleagues are, Gautam, he is our main driver in terms of driving business and in terms of technology Satish and Amit or Anoop or other

key driving factors like, I am not really bothered about on those lines, to tell you honestly, Pawan.

Pawan Sachdeva: But I think you should be a little bit concerned about minority shareholders as a market cap has been coming down consistently despite the company having so much of cash and good performance and good potential.

Uday Reddy: I think partly like we have not really had any road show in the last 1-1.5 years' time. We are too busy attending our business and other things like, we got to go on the road show and meet and talk to the market in terms of analyst and FIIs who can really appreciate our story.

Pawan Sachdeva: Okay, thank you so much. Wish you very best.

Uday Reddy: Yes thanks.

Moderator: Thank you. As there are no further questions, I would now like to hand the floor back to the management for closing comments.

Uday Reddy: Thanks gentlemen and we would like to as I promised to Pawan we will be very soon on the road show to Mumbai, Hong Kong, and Singapore and of course to U.K. also; and I think we are back in track and we are pretty confident about our business plans and we will hope to see you guys again. Thank you very much.

Moderator: Thank you. On behalf of Tanla Solutions Limited that concludes this conference. Thank you for joining us and you may now disconnect your lines.