BUSINESS UPDATE

1. Messaging: Tanla's messaging business surged to 3.1 BN in Q3 from 2.2BN in Q2 registering a growth of 39% QoQ.

2. Payments: Implementation of 3rd party gateway, the regulatory change introduced during previous quarter, resulted in a dip in volume of payment transactions processed in Q3 i.e. from .06 BN in Q2 to .05 BN in Q3, a decline by 6% QoQ.

3. Mobile Consultancy Services: Projects delivered during the quarter include a mobile social networking platform for teenagers as well as a mobile store front for a leading global retail brand.

4. Social Gaming: Tanla has successfully launched 2 new games integrated with GameOn across java, Android and iOS platforms.

5. Update on Property: Applications for necessary approvals to the relevant authorities have been filed and approvals are expected in the next 2-3 months.

FINANCIAL UPDATE - Q2 FY2014 Vs. Q1 FY2014:

Result of Operations

- Consolidated net revenue stood at Rs. 23.13 Cr in Q3 against Rs. 23.16 Cr in Q2

- Stand Alone domestic revenue for the quarter includes net revenues from the operators as against the gross revenue in earlier quarters and operating profit has gone up from Rs. 3.78 Cr to Rs. 4.17 Cr.

- Overseas revenue increased by 21% QoQ from 14.4 Cr to 17.5 Cr on account of improved realisations in Messaging and Services verticals.

- Gross Margin increased by 2.5% QoQ from Rs. 11.05 Cr to Rs. 11.33 Cr on account favorable business mix.

- EBITDA has increased by 99% QoQ from Rs.8.30 Cr to Rs.16.51 Cr on account of recovery of Bad Debts written off in earlier years in subsidiary companies.

- Details of Investments and yield in Mutual Funds during the preceding 3 quarters

Income from mutual funds is disclosed under the head "Other income" in financial results. Income from mutual funds for the quarter was Rs. 0.38 Cr.

Amount in Cr

Name of Mutual Fund	**Q1 FY 2014**		**Q2 FY 2014**		**Q3 FY 2014**	
	Investment	Rate of Return Per Annum	Investment	Rate of Return Per Annum	Investment	Rate of Return Per Annum
ICICI Prudential Gilt Fund - Invstt Plan PF Option	15.5	16.6%	15.5	4.7%	11.0	5.0%
Kotak Bond Scheme Plan A	6.1	6.7%	6.1	7.7%	5.9	7.1%
L & T Triple Ace Bond Fund Bonus Plan	1.7	-1.0%	0.5	0.1%	0.5	0.1%
TOTAL	**23.3**	**12.7%**	**22.1**	**5.4%**	**17.4**	**5.1%**