BUSINESS UPDATE

- EA's Need for Speed – The Run (NFSTR), integrated with Tanla's social gaming platform, GameOn was launched in October 2013. The product has seen wide acceptance from the date of launch with two telecom operators on two Nokia Asha handsets, as evident from a daily user acquisition rate of more than 120% and an increase of virtual transactions by more than 63% day on day.

- Tanla will now launch NFSTR with all the handset models of Nokia Asha series across rest of the world and also add 2 new games to its GameOn Social platform by Q3FY14.

- Tanla continues to attract new customers to its Mobile Consultancy business. Projects executed in the quarter include a video streaming and scheduling app for a global media brand, a mobile shopping app for one of the world's leading retailers and a cross platform app for a fast growing social network. The outlook for this business is strong in the coming quarters with recruitment being the key challenge for this business vertical.

- Tanla's wrapper for moentization & discovery on the Android platform has been launched with a major handset manufacturer.

FINANCIAL UPDATE - Q2 FY2014 Vs. Q1 FY2014:

Result of Operations

- Consolidated net revenue increased by 2% QoQ from 22.8 Cr to 23.2 Cr
  - Domestic revenue increased by 60% QoQ from 5.45 Cr to 8.72 Cr on account of substantial increase in flagship Messaging Platform business due to acquisition of new clients.
  - Overseas revenue decreased by 17% QoQ from 17.3 Cr to 14.4 Cr on account of consolidation of business operations in various geographies to improve margins.
  - Gross Margin increased by 7% QoQ from Rs. 11.05 Cr to Rs. 10.33 Cr on account of better realizations.
  - EBITDA has increased by 5% QoQ from Rs.7.89 Cr to Rs.8.30 Cr and resultant Net Loss of Rs. 6.20 Cr for Q2 FY 2014 is on account of Depreciation and Amortisation.

- 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 registered a loss 0.2 Cr for the quarter on account of drop in net asset values of mutual funds investments of the company, which was fallout of the monetary measures taken by RBI to stem the fall of INR against the US Dollar and other international currencies.

Amount in Cr

Name of Mutual Fund	**Q4 FY 2013**		**Q1 FY 2014**		**Q1 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	21.0	13.3%	15.5	16.6%	15.5	4.7%
Kotak Bond Scheme Plan A	6.1	14.7%	6.1	6.7%	6.1	7.7%
L & T Triple Ace Bond Fund Bonus Plan			1.7	-1.0%	0.5	0.1%
TOTAL	**27.1**	**13.6%**	**23.3**	**12.7%**	**22.1**	**5.4%**