



Television . Movies . Broadcasting

UTV Software Communications Limited

EARNINGS RELEASE

FOR THE QUARTER ENDED JUNE 30, 2005

UTV performance in 1Q FY2006

– Consolidated Revenues	– Rs489 million
– EBITDA	– Rs62 million
– Net Profit	– Rs35 million
– EPS (not annualized)	– Rs 1.8

Mumbai, India; July 30, 2005 – *UTV Software Communications Limited* (UTVS.BO, UTVS.NS) today reported its results for the quarter ended June 30, 2005. Consolidated revenue of the Company is Rs489 million, EBITDA – Rs62 million and Net Profit for the quarter under consideration is Rs35 million.

The Company has consolidated the financials of *UESPL, UTV-US, UTV-UK, UTV-Mauritius* and *UTV-BVI*. The Board of Directors in its meeting held today, has taken on record the un-audited consolidated financial results of *UTV Software Communications Limited* and its subsidiaries.

Mr. Ronnie Screwvala, CEO of the Company, stated "Revenue in this quarter was driven by release of three films complemented by strong support from Television and allied businesses. Our growth this year will come from attaining leadership position in the motion picture space – not just in Production but in Global Distribution and Direct to Home Video. *Hungama TV* has moved to a No. 2 position this MAY- strengthening our belief that our pipeline into Broadcasting is the right diversification. Our Animation growth this year will be in three digits. We have a series of New TV Shows going on air in third quarter of this fiscal and many more maturing in our Air Time Sales model. In spite of our big ticket releases in Big and Small screen taking place in third and fourth quarter of this fiscal – we see this quarter results as a GOOD START to a promising year."

EARNINGS RELEASE – 1Q-FY2006
Company performance in brief (Consolidated)

Given below is the brief income statement of the Company consolidated with its subsidiaries for the fiscal 2004 and 2005 (in Rs millions)

	Financial year	
	1Q –FY06	2005
Operating Revenues	485	1,768
Expenditure	427	1,520
Operating Income	58	248
Add: Other Income	3.5	36
Depreciation	11	53
Interest expense	--	18
Profit before Tax	51	213
Provision for Tax	16	50
Profit After Tax for the year	35	163

Company's Net-Interest is zero primarily due to interest income generated out of IPO funds pending utilization for a significant period during the quarter and reduction in debt. At the end of June 30, 2005, Net Debt of the Company stands at Rs 329 million.

Segment performance (Consolidated)

Rs in million	Revenue		Segment results	
	1QFY06	Contribution	1QFY06	Margins
Television *	152	30%	12	8%
Films ^	318	66%	61	19%
Allied Content services #	19	4%	3	18%
(Inter-segment)	(4)	--	--	--
Total	485	--	76	16%

* Television segment include, TV Content, Airtime sales, Animation, Ad films and Dubbing businesses

^ Films segment include, Films Production, Distribution –Domestic & International

Allied Content services comprises of Post Production business

Television Segment

Television segment primarily consists of all products and services offered for the small screen i.e. Television. Therefore, Television segment of the Company constitute TV Content production, Airtime sales, Animation, Ad Films and Dubbing businesses. During the quarter ended June 30, 2005, UTV produced 99 hours of programming per week on an average across genres, dubbed 359 hours of content, produced 4 ad films and sold 28620 seconds of airtime.

For the quarter ended June 30, 2005, Television segment has contributed 30% to the Company's consolidated revenues. This segment of *UTV's* business has witnessed Operating Margins under pressure mainly due to natural end of few programmes. Also, as part of Air Time Sales Business, the Company added new programmes on Sun TV Network, which takes time to mature and deliver margins.

TV Content: *UTV* is known for its diversified programming spread across multiple genres, which is evident from the kind of shows produced in the fiscal 2005. To scale up operations in Television content production Box office revenues for the films released by UTV accounted for 21.2% of total box office revenues generated out of India during the quarter ended June 30, 2005.

Show name	Channel
Shanno Ki Shaadi	Star Plus
Tarana	Sony
Rooh	Zee TV
Show Girlz	Zee Café
Bollywood Inc.	BBC World
Hero, Sanya	Hungama TV

As part of *UTV's* Television content strategy, the Company will ensure content delivery across multiple genres and platforms.

Air Time Sales: UTV has been successful in augmenting its *Air Time Sales* business and added few important slots on the *Sun Network* including *Gee Boom Baa* – show produced by UTV on *Gemini TV*, *Lakshmi Nivasan* – prime time daily on *Gemini TV*, *Ali Rajyam* – Prime Time programme on *Sun TV*. It is presently running two prime time dailies and two weeklies on *Sun Network*. *UTV's Kolangal*, top rated prime time daily on Sun TV (Tamil) has now moved to the more lucrative slot at 9pm.

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Animation: As part of our focus on identifying opportunities in the Animation space, UTV has entered into significant output deals with International Animation companies, which is worth approximately 120 million, excluding co-production deals.

Show name	Country
Club Now	Holland
The Donz Family	Amsterdam
Tripping The Rift	Canada
Dannie & Sally	Holland
Clottie & Dumpling	Scotland
Snow Queen	Luxemburg

Films Segment

Film segment comprises of all products and services resulting in the big screen exploitation and directly related activities. Hence, it comprises of all film production and distribution related activities in India and abroad. During the quarter, this segment contributed 60% of the Company's revenues.

During the quarter ended June 30, 2005, UTV released three successful films - *Kya Kool Hain Hum*, *D* and *Parineeta*. At the Box office level, all these films have fared well and recorded domestic box office collections of about Rs 153 million, Rs 65 million and Rs 185 million respectively. During the quarter, Box Office revenues of films released by UTV accounted for 21.2% of the total Box Office revenues generated out of India.

Films produced by UTV, which are scheduled to release in FY2006 and FY2007 include,

- *Rang De Basanti* – Directed by *Rakeysh Mehra*, starring *Aamir Khan*
- *Main Meri Patni Aur Woh* – Directed by *Chandan Arora*
- *Blue Umbrella* – Directed by *Vishal Bhardwaj*
- Others in pipeline include films -
 - o Directed by *Priyadarshan* starring *Kareena Kapoor* and *Shahid Kapur*
 - o *Namesake* – Directed by *Mira Nair*, co-produced with *Fox* and *Entertainment Farm*
 - o Directed by *Rajiv Menon*, starring *Amitabh Bachhan*, co-produced with *AB Corp*
 - o *Milan Luthria*
 - o Directed by *Vishal Bhardwaj*, starring *Aamir Khan*
 - o Directed by *David Dhavan* starring *Sanjay Dutt*

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- Directed by *Prakash Jha*
- *Mr. Mehta and Mrs. Singh* - Directed by *Vishal Bhardwaj* starring *Aamir Khan* film

During the fiscal 2006, films lined up for theatrical distribution in India and abroad are given below.

- *Shaadi No. 1* – Produced by *Vaashu Bhagnani* Directed by *David Dhavan*
- *Deewane Hue Pagal* – Produced by *Feroz Nadiadwala* and Directed by *Vikram Bhatt*
- *Viruddh* – Produced by *AB Corp* and Directed by *Mahesh Manjrekar* (International)
- Others English titles in India such as *Sincity, The Myth, Cursed, The Brothers Grimm, Danny The Dog, Amity Ville Horror, Unleashed*

Allied Content Services

This business segment comprises of post-production activities of the Company, which contributed over 5% of the consolidated revenues of the Company. The planned expansion of facilities in Special Effects and Film Digital Intermediary is expected to be operational by September 2005.

Investments in *Hungama TV* channel

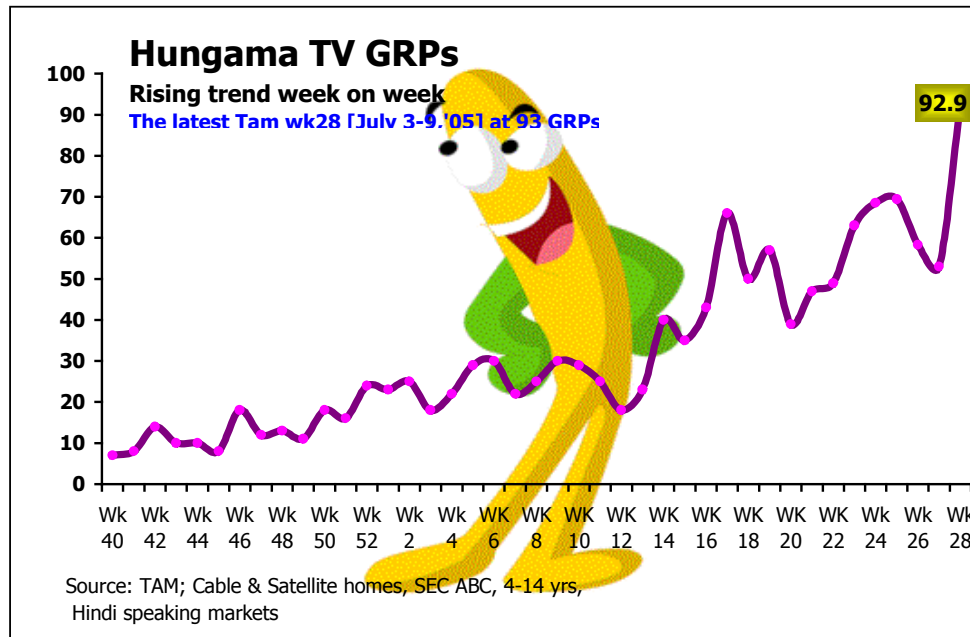
During the quarter, UTV's broadcasting initiative *Hungama TV*, which is part of a joint venture, reached a significant milestone when it touched No. 2 position in the kids television space during May 2005. This achievement was just in 8th month of its launch. It was established that more families watch *Hungama TV* than they watch NDTV, CNBC, HBO, SAB TV and most others.

Hungama TV is first Made-in-India general entertainment channel with local content for the age group of 4-14. Key differentiator for the channel is local language non-animation programming with a unique positioning as "the channel for the kids and by the kids". During the quarter, UHE applied to Information and Broadcasting ministry for uplinking of two more channels in the kids segment.

The Channel has achieved remarkable results in just few months of its operations. Judicial mix of programmes in fiction and non-fiction are clear leaders in their time slots. *Hungama TV* is at par in connectivity as compared to its competitors operating since last 10 years in the country.

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Hungama TV has achieved GRPs of 93 in week-28, 2005, which is over 100% growth as compared to its GRPs for the previous quarter. Capital Employed in *United Home Entertainment P. Ltd* is Rs 528 million, which is used to fund *Hungama TV* operations.



Business outlook

In line with our efforts and expectations, Television business in the fiscal 2006 is showing immense promise in light of new additions of programmes across genres. The Company expects margins to improve mainly brought about by operational efficiency coupled with better rate negotiations with customers.

Focus on regional markets is expected to fetch returns in the current fiscal, primarily driven by the Company’s presence in Air Times sales business in Southern markets. The Company is also focused on co-production and migrating successful programming formats, story line and concepts to other countries through co-production.

In Animation business, the Company has a promising production order book of over 130 episodes for the fiscal 2006. Variable operational model ensures healthy margins for this global service-outsourcing model.

Present line-up of films under production clearly demonstrates scale of operations in the years to come. The Company is very cautious in selection of its products and ensures best

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corporate effort in the film-making business. Further monetisation of *Miramax* library in the current fiscal through theatrical distribution and the balance TV rights is further expected to add to the film top line.

It is a significant achievement to attain heights in just nine months of operations in an immensely competitive space. It is a strong endorsement of the Company's entering into this segment that will be the next high growth segment in broadcasting over the next 2-3 years. Also, The Company plans to scale up broadcasting operations in the years to come and hence has applied to the I&B ministry for uplinking of two more channels in the kids segment.

UTV is presently working towards pursuing opportunities in home entertainment business, augmenting of distribution set-up and actively looking out for taking its content production capabilities to the international markets.

About UTV

UTV Software Communications Limited is a leading integrated media and entertainment company having business interests in products and services associated with Television, Films and Broadcasting. It is one of the largest producers of television programming in the country and one of the few corporate entities in film-making and theatrical distribution in India. *UTV's* broadcasting initiative includes a TV channel called *Hungama TV*, which is a general entertainment channel for the age group of 4-14.