



Movies . Broadcasting . Television . Animation

UTV Software Communications Limited

EARNINGS RELEASE

FOR THE QUARTER ENDED SEPTEMBER 30, 2005

1H FY2006 as compared with 1H FY2005

- Revenues – Rs 893 million, up by 21%
- EBITDA – Rs 132 million, up by 273%
- Net Profit – Rs 82 million, up by 109%

2Q FY2006

- Revenues – Rs 405 million
- EBITDA – Rs 71 million
- Net Profit – Rs 47 million

Mumbai, India; October 28, 2005 – *UTV Software Communications Limited* (UTVS.BO, UTVS.NS) today reported its results for the quarter ended September 30, 2005. Consolidated revenue of the Company for the quarter is Rs 405 million, EBITDA – Rs 71 million and Net Profit for the quarter under consideration is Rs 47 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 unaudited consolidated financial results of *UTV Software Communications Limited* and its subsidiaries.

Mr. Ronnie Screwvala, CEO of the Company said “we have witnessed good overall performance during the quarter and UTV has demonstrated portfolio approach towards its businesses during the quarter. We have reported equal contribution from Television and Film revenues. Also, we have demonstrated our ability to grow our businesses through partnerships and effective utilization of our strengths in Content. During the remaining period of this fiscal we have more than six blockbuster films lined up for release, which necessarily will help UTV to attain leadership position in the Motion Picture space – not just in

Production but in Global Distribution too. Animation remains one of our focus areas where we have logged in a order book of over USD 15 million during the quarter, which is to be executed within next 3 years.”

On Kids broadcasting space he added, “Hungama TV is rapidly moving towards its breakeven, which strengthens our belief in the Kids space of broadcasting. We have started leveraging our strengths in Kids content space in the International markets. One such example is our JV with ASTRO, a leading DTH operator in Malaysia to start and manage two Kids channels in Malaysia and Indonesia.”

Company performance in brief (Consolidated)

Given below is the brief income statement of the Company consolidated with its subsidiaries for the fiscal 2006 and 2005 (in Rs millions)

	2Q–FY06	H1–FY06	H1–FY05	% Growth	FY2005
Operating Revenues	391	876	712	23%	1,768
Expenditure	334	761	704	8%	1,520
Operating Income	57	115	8	1338%	248
Add: Other Income	13	17	27	(37%)	36
Depreciation	11	22	27	(19%)	53
Interest expense	--	--	8	(100%)	18
Profit before Tax	59	110	--		213
Provision for Tax	12	28	(39)		50
Profit After Tax for the year	47	82	39	109%	163
Operating margins	14.6%	13.1%	1.1%		14.0%
Net Margins	11.6%	9.2%	5.3%		9.0%

The Company has reported a significant growth in the first half of operations primarily in profitability as compared to same period in the previous year. Other income during the quarter includes insurance claim of approximately Rs 9 million. This claim is on account of Animation facilities, which were affected during Mumbai floods.

At the end of September 30, 2005, Net Debt of the Company stands at Rs 500 million, which was primarily utilised for working capital requirement in the film business. Total Capital Employed in the operations is Rs 2,023 million.

Segment performance (Consolidated)

Rs in million	Revenue		Segment results	
	2QFY06	Contribution	2QFY06	Margins
Television *	180	46%	26	14%
Films ^	190	49%	41	22%
Allied Content services #	26	6%	11	42%
(Inter-segment)	(5)	(1%)	--	--
Total	391		78	20%

Capital Employed @	2QFY06	Contribution	1QFY06	Contribution
Television *	366	18%	466	26%
Films ^	795	39%	650	37%
Allied Content services #	232	12%	228	13%
Unallocable ~	630	31%	416	24%
Total	2,023		1,760	

* 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

@ Capital Employed figures for the previous quarter are restated

~ Unallocable includes Rs 430 million invested in Hungama TV, which is a part of a separate entity

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 September 30, 2005, UTV produced 10 hours of programming per week on an average across genres, dubbed over 300 hours of content and sold over 37,250 seconds of airtime.

For the quarter ended September 30, 2005, Television segment has contributed 46% to the Company's consolidated revenues. This segment of UTV's business has witnessed improved Operating Margins as compared to the previous quarter.

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. During the quarter, it produced over 10 hours of programming on an average for various TV channels. A weekly programme - *Shanno Ki Shaadi*, which went on air during the quarter is expected to be biweekly during the third quarter. UTV is expanding its presence on other channels like Zee TV and Sony with various programmes expected to be on air during the third quarter of the fiscal.

Air Time Sales: Regional markets especially South India remains focus area for the Company to grow its TV segment. As part of its Air Time Sales (Slot sales) business, UTV has added important slots on the *Sun Network* during the current fiscal. During the quarter, the company was handling the following slots:

Program Name	Channel	Time Slot	Days
Ali Rajjyam	Sun TV	20:30 - 21:00	Mon
Kolangal	Sun TV	21:00 - 21:30	Mon – Fri
Nijam	Sun TV	22:00 – 22:30	Sat – Sun
Gee Boom Ba	Gemini TV	18:00 – 18:30	Mon – Fri
Shri Lakshminivasam	Gemini TV	19:00 – 19:30	Mon – Fri
Antham Kathu	Gemini TV	22:30 – 23:00	Mon – Fri
<u>New Slots added in Q3</u>			
Mahurtam	Sun TV	18:30 – 19:00	Mon – Fri
Kantiki Kanavadanathi	Gemini TV	22:30 – 23:00	Mon – Fri

Animation: During the early part of the quarter under review, UTV’s Animation facilities were hit due to floods in Mumbai. Therefore, this business segment could not achieve the deliverables set for the second quarter of the fiscal. However, the facilities have been relocated to a better place and ensured that this kind of natural calamity will not affect our business in future. UTV Animation facility was fully insured and the Company expects to get compensated for the damage during the second half of the current fiscal.

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 USD 15 million, which is excluding co-production deals. This order book is expecting execution over a period of next 3 years.

One of the significant moves during the quarter was an output deal of USD 10 million from an International production house – BKN.

Syndication: UTV owns a library of over 4,000 hours of TV content and it makes continuous efforts to syndicate its content in international markets. The Company is very actively looking at syndication of its library content and leveraging on its management expertise in this space. It has already achieved a significant headway by selling some of its content in the overseas market during this quarter and a tie-up with ASTRO to leverage its content expertise. This is expected to contribute significantly to improve margins.

Film Segment

Film segment comprises all products and services resulting in the big screen exploitation and directly related activities. Hence, it comprises all film production and distribution related activities in India and abroad. During the quarter, this segment has contributed 49% of the Company's revenues.

Film segment comprised overseas distribution revenues for the film *Viruddh*, overflows of films released during previous quarters, satellite rights sale of *Swades* and *Miramax* library sale.

The Company's most celebrated film *Swades*, which was released during 3Q-FY2005, generated around Rs 40 million through the sale of satellite rights. Also during the quarter under review, UTV launched its DVD label – *UTV Home Entertainment* in the domestic markets with *Swades* as its first release.

The Company, through its Mauritius entity sold the satellite TV rights of the balance Miramax titles and other titles (*The Myth*, *Unleashed*, etc), which generated over USD 1 million in revenues.

FILM Schedule

Films produced by UTV, which are scheduled to release during 2H-FY2006 and FY2007 include,

- *Main Meri Patni Aur Woh* – Directed by *Chandan Arora* (Oct-05)
- *Rang De Basanti* – Directed by *Rakesh Mehra*, starring *Aamir Khan* (Jan-06)
- *Blue Umbrella* – Directed by *Vishal Bhardwaj* (Dec-05)
- Others in pipeline include films -
 - Directed by *Priyadarshan* starring *Kareena Kapoor* and *Shahid Kapur* (Mar-06)
 - *Namesake* – Directed by *Mira Nair*, co-produced with *Fox* and *Entertainment Farm* (Sep-06)
 - Directed by *Rajiv Menon*, starring *Amitabh Bachhan*, co-produced with *AB Corp*
 - Directed by *Milan Luthria*
 - Directed by *David Dhavan* starring *Sanjay Dutt*
 - Directed by *Prakash Jha*

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

- *Shaadi No. 1* – Produced by *Vashu Bhagnani* Directed by *David Dhawan* (Nov-05)
 - *Deewane Huey Pagal* – Produced by *Firoz Nadiadwala* and Directed by *Vikram Bhatt* (Nov-05)
 - *Bluffmaster* – Produced by *Ramesh Sippy* and directed by *Rohan Sippy* (Dec-05)
 - *Khosla Ka Ghosla* – Produced by *Jaideep Sahni* and directed by *Dibakar Banerjee* (Jan-06)
 - *Taxi No. 9-2-11* – Produced by *Ramesh Sippy* and directed by *Milan Luthria* (Feb-06)
 - *Unleashed* - *Jet Lee, Morgan Freeman* (Oct-05)
 - *The Myth* – *Jakie Chan & Mallika Sherawat* (Dec-05)
 - Others expected during fiscal 2006 are - *Cursed, The Brothers Grimm, Amity Ville Horror, Sincity,*
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Allied Content Services

This business segment comprises of post-production activities of the Company, which contributed over 6% to the consolidated revenues of the Company. The planned expansion of facilities in Special Effects and Film Digital Intermediary is expected to be operational during third quarter of the current fiscal.

Investments in *Hungama TV* channel

During the quarter, *UTV's* broadcasting initiative *Hungama TV*, which is part of a joint venture, has grown by more than 45% in GRPs as compared to the its viewership in the end of first quarter of fiscal 2006. Pay revenues for the channel were scheduled from October 2005. However, looking at the channel performance and its pull factor the channel has achieved an early flow of Pay revenues from July 2005 itself. This move has helped the channel to reduce its monthly burn and a step towards an early breakeven.

Capital Employed in *United Home Entertainment P. Ltd* is Rs 600 million, which is used to fund *Hungama TV* operations. *UTV* has made investments of Rs 430 million into the channel so far.

Joint Venture: *UTV* and *Hungama TV* have tied up with *ASTRO* to leverage their Kids channel and Kids Content creation capabilities. The Company is advising *ASTRO* in setting up and managing two kids channels in Malaysia and Indonesia. These channels will work on

similar strategy as Hungama TV – Local content for kids in each country with a judicious mix of Animation for younger kids.

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 and content tie-ups.

The Company is in the process of expanding its Animation facilities to double the present ones. Primarily this will be to cater to the increase in demand from International markets and the production order book of over USD 15 million to be executed within next 36 months.

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 corporate effort in the film-making business.

Hungama TV is a great success story of significant performance in merely one-year of operations. 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. The Company is in talks with a major South Indian broadcaster to co-invest in two South-Indian kid's channels, which will ensure *Hungama's* leadership position nationwide.

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.