



Movies · Broadcasting · Television · Interactive

UTV Software Communications Limited

EARNINGS RELEASE
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FOR THE QUARTER ENDED SEPTEMBER 30, 2007

UTV's Consolidated Results for 2Q FY2008 as compared to 2Q FY2007

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|---|------------------------------|
| – Total Consolidated revenues | – Rs 735 million, up by 89% |
| – EBITDA | – Rs 199 million, up by 234% |
| – Net Profit (before minority Interest) | – Rs 176 million, up by 335% |
| – Net Profit (after minority Interest) | – Rs 129 million, up by 221% |
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Mumbai, India; October 25, 2007 – UTV Software Communications Limited (UTVSOF.BO, UTVSOF.NS) today announced its results for the quarter ended September 30, 2007. Total Revenues of the Company reported a growth of 89% at Rs 735 million, EBITDA and Net profit after minority interest reported growth of 234% and 221% respectively as compared to the same quarter last fiscal.

The Company has consolidated financials of *UTV-US, UTV-UK, UTV-IOM, UTV Broadcasting Ltd.* and its indirect subsidiaries *Ignition Entertainment Limited* and *UTV-Mauritius*. 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 said, "UTV has entered into a very exciting phase where it foresees a high growth trajectory for itself in the years to come. We have achieved strong revenue and profit growth driven primarily by our three strategic verticals of Movies, Broadcasting and Interactive business. These results have laid solid foundation and provided strong momentum as we head into the second half of fiscal 2008, which is shaping up to be a strong year for growth and investment."

"Our Movie business has witnessed a triple digit revenue growth this quarter over Q2FY07 and has kicked off the strongest multi-year movie pipeline in the company's history. Such a strong line up of films has catapulted UTV into the largest Indian movie production house with multi-genre, multi-budget and multi-language films. One of the key steps taken to create good shareholder wealth was to hive of our movies business into an overseas subsidiary which was then listed on the *AIM* of *LSE*."

"Our Broadcasting venture is again a growth story where investments have been made which will generate tremendous value going forward. We launched two of our youth channels *Bindass* and *Bindass Movies* on September 24th and these channels have been received well by

the TG. We have created a unique combination of channels to reach the largest segment of Indian audiences – the 16-34 and plan to touch their lives in every aspect like TV, Mobile, Internet, Events, and Merchandise etc.

“Our Interactive business which we would like to call a “Tomorrow’s” business, including Animation, VFX and Gaming, has always been known for its pioneering and out-of-the-box approach and our acquisitions in this space will broaden our presence in this virgin sector of the media and entertainment industry. What we see now is only the tip of the iceberg but the true impact of this M&A and integration will be seen by Q4 of this financial year and thereafter as another high growth and margin business for *UTV*.”

COMPANY PERFORMANCE IN BRIEF (CONSOLIDATED)

Given below is the brief income statement of the Company consolidated with its subsidiaries for the fiscal 2008 and 2007 (in Rs million)

	Q2FY08	Q2FY07	Δ	H1FY08	H1FY07	Δ
Operating Revenues	713	388	84%	1,273	910	40%
Expenditure	537	329	63%	979	806	21%
Operating Income	176	59	198%	294	104	183%
Add: Other Income	23	0.7		34	2	
Depreciation	10	15	(33%)	20	28	(29%)
Interest expense	21	-		31	-	
Profit before Tax	168	44	282%	277	78	255%
Profit after Tax	176	40	340%	266	75	255%
PAT after Minority Interest	129	40	221%	205	75	173%

At the end of September 30, '07, consolidated debt of the Company stands at Rs 1,193 million and company has consolidated cash balance of more than Rs 775 million. Total Capital Employed in operations is Rs 5,068 million.

Annualised Return on Capital Employed (ROCE) for the Company from its business operations is 11%. This is after considering Rs 1,772 million invested in movies which are under production; most of which are to be released in the current fiscal or movies that have been released but revenues are still to accrue in the coming quarters.

SEGMENT PERFORMANCE (CONSOLIDATED) (Rs in Million)

This fiscal, our business has been categorized under three segments - Television, Films and Interactive.

Segment Revenues	Q2FY08	Contribution	Q2FY07	Δ
Television *	207	29%	218	(5%)
Films ^	407	57%	87	368%
Interactive #	100	14%	86	16%
(Inter-segment)	1		3	(67%)
Total	713	100%	388	84%

Segment Results	Q2FY08	Margins	Q2FY07	Δ
Television *	19	9%	21	(10%)
Films ^	176	43%	23	665%
Interactive #	5	5%	37	(86%)
Total	200	28%	81	147%

	As on September 30, 07	Contribution	As on September 30, 06	Δ
Capital Employed				
Television *	227	4%	369	(38%)
Films ^	3,262	64%	1,046	212%
Interactive #	1,060	21%	453	134%
Unallocable	519	10%	1,008	(49%)
Total	5,068	100%	2,876	76%

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

^ Films segment include, Films Production, Distribution – Domestic & International and Home Entertainment

Interactive segment currently comprises the Post Production business, Animation and Gaming

SEGMENT REVIEW
Television Segment

Television segment primarily consists of all products and services offered for the small screen. Therefore, this segment of the Company constitutes TV Content production, Airtime sales and Dubbing businesses. The Animation business, previously a part of the Television segment has now been grouped under the Interactive segment for this fiscal.

The contribution from this segment during the quarter ended September 30, 2007 was 29% of all operating revenues.

TV Content: UTV's TV Content segment represents the shows produced by the company on a commissioned basis. Some of the TV Channels that the company provides content are *Star Plus* (Bhabhi), *Doordarshan* (Soni Mahiwal), *Bindass* (Sun Yaar Chill Maar and Shakira). Two shows on floor include *Towering Inferno*, a non-fiction television show being produced

for *National Geographic Channel* which is expected to come on air in the third quarter of this fiscal and the second is a daily on *Gemini TV*.

Air Time Sales: During the quarter, the Company has managed a monthly average of around 100 hours of content under management across all leading South Indian Channels such as *SunTV*, *GeminiTV*, *SuryaTV* and *UdayaTV*. Top 2 slots on *SunTV* belong to the Company, which airs *Kolangal* on the top position followed by *Arasi*. Our arrangement with *Radaan Media*, one of the leading production houses in the South has given us access to *Lakshmi*, a show on *UdayaTV* which went on air in the first quarter of this fiscal. Besides *Lakshmi*, we also have another show on *Gemini TV* expected to come on air in the third quarter. Independent of *Radaan*, we have another show in the pipeline expected to come on air in the third quarter.

Interactive Segment

This business segment comprises Animation, Post-Production & VFX activities and also our recent acquisition in the Gaming business - *Ignition*. During the quarter, this segment has contributed about 14% of the operating revenues of the Company.

UTV has made a concentrated effort to be on the top end of the value chain and concentrate on their core competency which is content. We are therefore in the process of a proposed sale of Post Production & VFX business.

Film Segment

Explicitly covered in the Earnings Release for *UTV Motion Pictures PLC*, *Isle of Mann* attached herewith.

CORPORATE DEVELOPMENTS

Listing of Motion Picture business of the Company on AIM of London Stock Exchange: On July 2, 2007 the Company listed its subsidiary - *UTV Motion Picture Plc (UTV-IOM)* on *London Stock Exchange's Alternative Investment Market (AIM)*. *UTV-IOM* through its subsidiary based in Mauritius houses all movie production businesses of the Group. The company has raised USD 70 million at a dilution of around 23% through this listing. Funds shall be used to fund the production and distribution of its increasing slate of movies. This initiative has given the Company and its Movie business greater international visibility.

UTV Global Broadcasting Limited (UGBL): The Company has invested into a broadcasting venture *UGBL* and marked re-entry into this segment (after its success with *Hungama TV*). The Company launched two of its youth channels *Bindass* and *Bindass Movies* on 24th September and is expected to launch around another five television channels between November 2007 and June 2008.

Proposed sell-off of Post Production Business: The Company is currently in the process of closing transaction with *Prime Focus Limited* on proposed sale of Post Production and VFX business, which will enable the Company to focus on its core business of content production.

BUSINESS OUTLOOK

In the past six quarters the Company has reinvented its entire business model and paving way for a media conglomerate by 2010. The Company over a period of time has successfully achieved a significant presence in areas of entertainment platforms such as Television, Movies, Broadcasting, Internet and nascent sectors such as Gaming and Animation. All these businesses are highly scalable and provide global landscape.

In the Broadcasting space, the Company has taken a proactive step to take advantage of the current conditions by catering to the *General Entertainment* space which is currently highly fragmented. The revolution in the Pay revenue market through addressability and constantly changing content needs of the consumer pose a huge opportunity for future revenue growth. The Company looks at pay revenue as a critical component of its business plans especially considering the phased rollout of *Conditional Access System (CAS)* in the metros initially and then in other parts of the country.

The Television business of the Company continues to grow. Fueled by the company's broadcasting business, the Company is in advance stage of closing few inorganic growth opportunities in this segment.

Animation business for a long period of time has been an outsourcing model for us. The Company is taking several steps to move up the value chain and invest in content creation leading to ownership of IPR in this business as well.

In Gaming business, we have adopted a similar strategy where *Ignition* which was primarily into console game publishing is currently investing into its own console game development. We see this business being one of the highest contributors to our operating revenues in the years to come.

The Company has recently taken various strategic steps to establish itself as a Global Indian Media Player by stepping beyond national boundaries and creating a strong foothold in business ventures like broadcasting, animation and gaming. And the stage is set with the robust growth that the company has achieved during the quarter under consideration.
