



Movies • Interactive • Television • Broadcasting • New Media

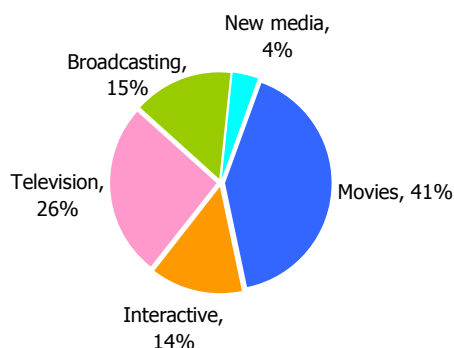
UTV Software Communications Limited

EARNINGS RELEASE
FOR THE QUARTER ENDED SEPTEMBER 30, 2008

CONSOLIDATED RESULTS – PERFORMANCE HIGHLIGHTS

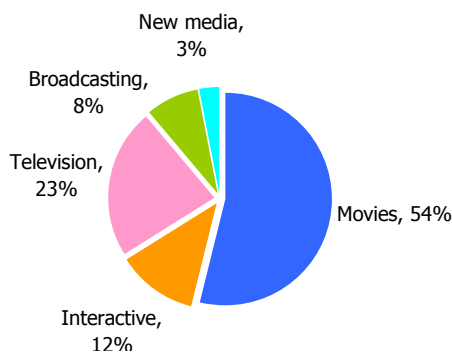
For the Quarter ended September 30, 2008 - 2Q FY2009 as compared to 2Q FY2008

- Total Operating Revenues reported growth of 138% to Rs 1,708 million from Rs 719 million
- Net Profit reported growth of 86% to Rs 328 million from Rs 176 million
- **Segmental Revenue Contribution**



For the Half year ended September 30, 2008 - 1H FY2009 as compared to 1H FY2008

- Total Operating Revenues reported growth of 140% to Rs 3,079 million from Rs 1,281 million
- Net Profit reported growth of 117% to Rs 579 million from Rs 267 million
- **Segmental Revenue Contribution**



Note: Intersegment revenue contribution in the charts above is adjusted in the Broadcasting segment.

Mumbai, India; October 27, 2008 – UTV Software Communications Limited (UTVSOF.BO, UTVSOF.NS) today announced its results for the quarter ended September 30, 2008.

The Company has consolidated the financials of *UTV-US, IG Interactive, UMP PLC, UTV TV Content, UTV New Media, UTV Games and UTV Global Broadcasting* and the group's indirect subsidiaries *Ignition Entertainment Limited, Indiagames Limited, UTV-Motion Pictures (Mauritius), ITNation Media, RB Entertainment, True Games Interactive, GenX Entertainment and UTV Entertainment Television (UETL)* and UTV's television joint ventures *Smriti Irani Television Limited and Windmill Entertainment Limited*. 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/JV's.

Mr. Ronnie Screwvala, Chairman and CEO of the Company said, "We had yet another buoyant quarter with strong revenue growth across all businesses. This has been possible through our aggressive approach and the company's strategic direction. The overall performance epitomizes our underlying strength to create high quality content and our proven ability to leverage it across all our businesses and geographies. While we are being realistic about the challenging global economic conditions, we will continue to expand our portfolio and explore tremendous growth opportunities in both domestic and international markets.

"This year has been rewarding especially in the Motion Picture business, where all our movies have made a mark in respective genres and markets. This strengthens our belief in what we were set out to achieve as a scalable yet profitable studio model with a difference."

"We have made sincere efforts in revamping our Television Content business in past few months and results are very exciting. This has also been possible with new shows added by our Joint Ventures and our own productions in the regional space."

"In the Interactive business segment, both our acquisitions of *Ignition* and *Indiagames* are on target that was set out for the current fiscal. *Indiagames* has witnessed a consistent quarter on quarter growth, where as we anticipate second half of this fiscal to be extremely buoyant for *Ignition*. During the quarter we also acquired an online gaming company in US, *True Games* to complete our offering from Gaming standpoint. This completes our capabilities to develop, publish and deliver gaming content across all consoles, online and mobile platforms."

He adds, "This has been the first quarter of consolidation for our Broadcasting business financials. Our strategy has been to launch TV channels in carefully-chosen specialty segments with tight costs models. The channels launched in last few months have fared well with respect to viewership as well as revenues, which are in line with our expectations. The quarter gone by has witnessed completion of Disney transaction with infusion of Rs 1.18 billion in our Broadcasting business."

"New Media business segment focuses on digital distribution of content over Web and Mobile. We have aggregated an enviable content catalogue of music from across the country, which has delivered phenomenal results in just few months of operations. Other, notable venture as part of this business has been the launch of our business and finance portal UTVi.com, which has been rated as #2 finance and business portals in the country. Overall, the entire business segment shows immense promise in just few months of operations."

COMPANY PERFORMANCE (CONSOLIDATED)

For the quarter ended September 30, 2008, the Company, as compared with the same period previous fiscal, reported a growth of 138% in Total Operating Revenue to Rs. 1,708 million from Rs. 719 million and 87% in Net Profit to Rs. 328 million from Rs. 176 million. Given below is the brief income statement of the Company consolidated with its subsidiaries and joint venture for the fiscal 2009 and 2008.

Rs in million	Q2FY09	Q2FY08	Δ	H1FY09	H1FY08	Δ
Operating Revenues	1,544	713	117%	2,902	1,273	128%
Other Operating Income	164	6		177	8	
Total Operating Rev.	1,708	719	138%	3,079	1,281	140%
Expenditure	1,803	547	230%	3,007	999	201%
Operating Income	(95)	172		72	282	(74%)
<i>Operating Margin</i>	<i>-6%</i>	<i>24%</i>		<i>2%</i>	<i>22%</i>	
Add: Other Income	78	17	359%	124	25	396%
Less: Interest exp (Net)	(13)	21		(47)	31	
PBT	(4)	168		244	276	(12%)
PAT	328	176	86%	579	267	117%
<i>PAT Margins</i>	<i>19%</i>	<i>24%</i>		<i>19%</i>	<i>21%</i>	

At the end of September 30, '08, consolidated debt of the Company stands at Rs 1,508 million and company consolidated cash and cash equivalent amount to Rs 1,650 million. Total Capital Employed in operations is Rs 15,555 million. Increased investments in various businesses have resulted in ROCE of 3%, which is expected to be significantly higher by the end of this fiscal.

SEGMENT PERFORMANCE (CONSOLIDATED) (Rs in Million)

This quarter, the business has been categorized under five segments – Movies, Interactive, Television, Broadcasting and New Media.

Segment Revenues	Q2FY09	Contribution	Q2FY08	Δ
Movies ^	634	41%	473	34%
Interactive #	215	14%	34	532%
Television *	400	26%	207	93%
Broadcasting ∩	248	16%	-	
New Media √	63	4%	-	
(Inter-segment)	(16)	(1%)	(1)	
Total	1,544	100%	713	117%

Segment Results	Q2FY09	Margins	Q2FY08	Δ
Movies ^	80	13%	192	(58%)
Interactive #	(28)	(13%)	(12)	(133%)
Television *	11	3%	18	(38%)
Broadcasting ↘	(87)	(35%)	-	
New Media ✓	(22)	(35%)	-	
Total	(46)	(3%)	198	(123%)

	As on September 30, 08	Contribution	As on September 30, 07	Δ
Capital Employed				
Movies ^	7,259	47%	3,459	110%
Interactive #	2,564	16%	862	197%
Television *	314	2%	227	38%
Broadcasting ↘	3,040	20%	-	
New Media ✓	309	2%	-	
Unallocable	2,069	13%	520	298%
Total	15,555	100%	5,068	207%

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

Interactive segment currently include Gaming businesses

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

↘ Broadcasting segment currently includes the four channels of UGBL

✓ New Media segment currently include Web and Mobile business.

Note: Animation no longer forms part of the Interactive business.

BUSINESS SEGMENT REVIEW

Movies Segment

Movies segment comprises all products and services resulting in the big screen exploitation such as movies production and distribution in India and overseas. The Movies segment during the quarter, reported a revenue of Rs 634 million, contributing 41% to the total segmental revenue.

During the quarter, we released *Kismat Konnection*, a fun-filled, youthful movie which opened to good reviews. The highlight was the release of three intriguing, thought-provoking films *Mumbai Meri Jaan* and *A Wednesday* and *Welcome to Sajjanpur* which opened to rave reviews from critics and masses alike.

Interactive Segment

This business segment comprises UTV's gaming businesses which include *Ignition*, *Indiagames* and *True Games*, a start up online gaming company acquired and consolidated this quarter. During the quarter under review, this segment has contributed about 14% of the operating revenues of the Company. This segment is expected to be one of the major contributors in the near future.

Ignition: Following are some of the new games published this quarter.

Name of the Game	Game format	Territory
Red Bull	NDS	USA
Vampire Rain	PS3	USA & UK
Fatal Fury	PS2	UK
World Heroes	PS2	UK
SNK VS CAPCOM	PSP, XBOX	UK

Indiagames: Indiagames has reported more than 150% growth as compared to the same period in the last fiscal. It continues to enjoy a majority market share in the country in the mobile gaming segment. It is an exclusive distributor of games for all international publishers including Glu, THQ and Iplay.

Indiagames has been developing and publishing games based on Hindi Movies and key television programmes. To increase its product portfolio, it has entered a 14 movie deal with UTV Motion Pictuers for some key titles such as Fashion and Dilli 6. Few other licenses acquired during the quarter include Ghajini, Paanchvi Pass, Nach Baliye and ICL in the domestic market and international titles include Batman, Indiana Jones, Moto GP 2008, FIFA09 , Need for Speed.

Indiagames also forsee aggressive growth in the Online Games segment (Games on Demand) for which a 200 seat contact center has been established to support the growth. Some of the new games that were launched by Indiagames this quarter include the following:

Name of the Game	Territory
Office ChallengeBatman	International
Saroja	India
Journey to Center of the World	International excluding India
Minilypics	International
Predator 2	International excluding India

With acquired presence across three separate gaming platforms, the Company is now beginning to reap the benefits of inherent synergies across these varied platforms. During the quarter, *Indiagames* acquired the license to one of *Ignition's* highly successful games *Mercury Meltdown* for the mobile platform. Going forward, we see similar synergies building up with *True Games* across mobile and console segment as well.

True Games: The financials of *True Games* for the period September 10, 2008 to September 30, 2008 have been consolidated in the Interactive segment. *True Games* is focusing on two key markets for its games i.e. USA (one of the biggest markets for online games) and Turkey (key emerging markets). The management at *True Games* comes with extensive gaming experience bringing significant industry relationships to the venture. The two key persons in the venture come from *K2 Networks*, one of the prominent players in the online gaming space.

True Games has tied up with award-winning game developer *Petroglyph* for developing an upcoming Free-to-Play micro-transaction based online game for the Personal Computer which is currently around 60% complete. *Petroglyph* is known for high quality RTS (Real Time Strategy) games with global appeal, and when combined with *True Games'* expertise in the micro-transaction arena, the Company has the recipe for an international blockbuster. For the second game, *True Games* has acquired the global publishing rights for the highly anticipated free-to-play MMORPG (Massive Multi-player Online Role Playing Game) *Warrior Epic*, developed by *Possibility Space*. Both these games are expected to release in FY2010.

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 contribution from this segment during the quarter ended September 30, 2008 was 26% of all operating revenues.

TV Content: *UTV's* TV Content segment represents the shows produced by the Company on a commissioned basis. This quarter *UTV* produced three new reality shows across three leading broadcasters.

- Last quarter, *UTV* had created a new slot for *ZeeTV* with the launch of *Ek Se Badhkar Ek* which ended with a grand finale on 14th September. Following the success of this show, *UTV* produced its second reality show on 20th September on the same slot for *ZeeTV* called *Chota Packet Bada Dhamaka*.
- *UTV* also produced one of the most intelligent and fun reality shows *Cash Cab* for *Bindass* which has opened to a favourable response.
- At the end of the quarter, *UTV* third reality show was aired on *Colors* called *Ek Khiladi Ek Haseena*, which is a dance show that brought together two of the biggest obsessions of the country - Cricket and Bollywood.

All these initiatives have brought *UTV Television* back into the limelight. Besides these initiatives, *UTV* is also focusing on the South Indian markets where it has recently produced another new show called *Nagavalli* on *SunTV*, which is also marketed by the Company's Air Time Sales division. During the quarter under review, the Company has produced over 80 hours of programming.

Air Time Sales: During the quarter, the Company has managed a monthly average of approximately 130 hours of content under management across all leading South Indian Channels such as *SunTV*, *GeminiTV*, *SuryaTV* and *UdayaTV*. This quarter, we launched four new shows, three on *SunTV* and one on *UdayaTV*. *UTV* still retains the leadership slots on *SunTV* where the Top 2 programs on the channel managed by the Company - *Kolangal* followed by *Arasi*. Also, the No.1 and No.3 show in the afternoon slot on *SunTV* belong to the Company. On the other channels like *GeminiTV*, *Surya* and *UdayaTV* our shows feature in the Top 5 list.

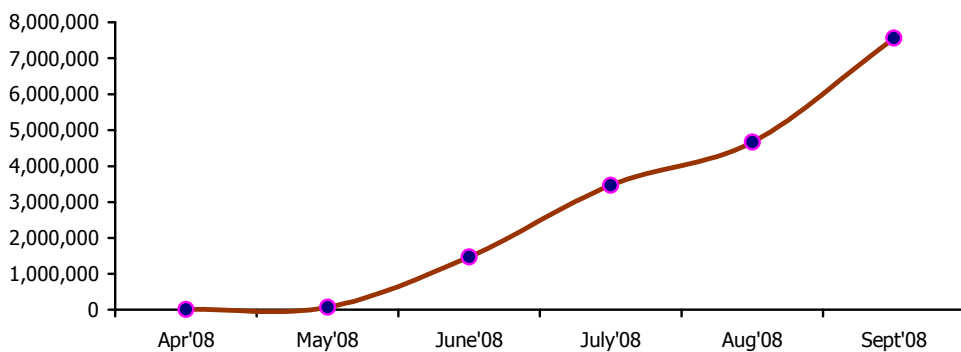
New Media Segment

This segment comprises the Web and Mobile foray of the Company. This quarter has been an exciting one for the business as this is the first fully operating quarter for the business. During this period, this segment has contributed about 4% of the operating revenues of the Company.

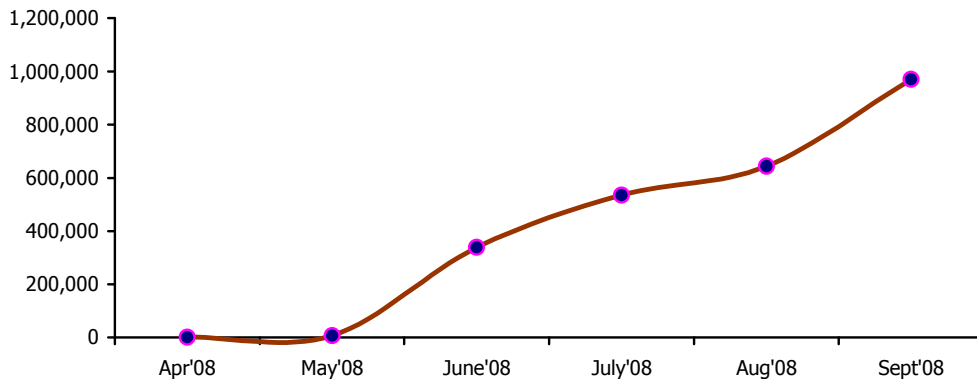
During the quarter, the Company acquired digital rights for a new Hindi movie called *Cheenti Cheenti Bang Bang* which released on October 10, 2008. Besides Hindi titles, the Company is also focusing on the South Indian market where they have acquired two movies i.e. *Mittail* and *Poi Solla Poram* which is the Tamil remake of *UTV's Khosla ka Ghosla* also produced by *UTV*. Besides movies, they have also acquired an independent album from *Sonu Nigam* called *Rafi Resurrected* all songs of which were sung live by *Sonu* himself in *London* with a grand telecast on *Sony*.

UTVi.com, the business news website has already become the No.2 business website beating the No.2 player in the market i.e. *Myiris.com* and we also foster the aim to gradually overtake the No.1 player as well.

Growth in PAGE VIEWS for UTVi.com



Growth in UNIQUE VISITORS for UTVi.com



Broadcasting

This quarter, *UTV* has consolidated the financials of the broadcasting company, *UTV Global Broadcasting Ltd* from August 9, 2008. This segment has contributed 16% to the operating revenues of the Company. We have clearly differentiated ourselves from the slew of channels that have been launched in the recent past by focusing on the specialty segment which we believe will grow at a significant pace in the future, especially driven by pay revenue potential going forward.

The largest growing segment of the population today is the youth in the age group of 15 to 35 years. We have made sincere efforts to provide them differentiated content through our venture *Bindass* and *Bindass Movies*. We are pleased with the performance of the two channels so far. In just few

months of its launch, *Bindass* has become a number one channel in the youth segment surpassing key competitors such as *MTV*, *Zoom* and *[V] Channel*. *Bindass Movies* has established itself as a No. 1 Hollywood Channel available in the country. This channel is an attempt to address an audience which is interested in watching Hollywood movies dubbed with a difference in Hindi language.

UTV Movies, caters to one of the biggest entertainment genres - Hindi movies. We have acquired an enviable slate of movies which includes the biggest blockbusters of 2008 i.e. *Jodhaa Akbar*, *Race*, *Jannat* and also the critically acclaimed *Aamir*, *Mumbai Meri Jaan*. This channel has managed to make a mark in this segment within just few months of its launch.

World Movies which is the first channel of its kind bringing International cinema to Indian television for the first time. *World Movies* too has acquired International blockbusters in varied languages like Italian, French, German, Spanish, Polish, Japanese, Korean, Chinese and many more.

CORPORATE DEVELOPMENTS

Acquisition of True Games: This quarter *UTV* completed its acquisition of *True Games*, a start up online gaming company based in the US. Through *True Games*, *UTV* has gained an entry into the vast online gaming space which is estimated to grow at a CAGR of 20% from 2007 to 2011. This completes our 360° approach in the gaming space with presence across three platforms of console, mobile and now online. *True Games* is currently developing two online games which are expected to release in FY2010. *Robert Drobish*, CEO and *Jeffrey Lujan*, Chief Publishing Officer are the founder-promoters of the Company and have an extensive industry background with their last stint at *K2 Networks*, one of the prominent players in the Online gaming space.

Consolidation of Broadcasting: In August, *The Walt Disney Company* completed its investment of Rs. 1.18 billion into *UTV Global Broadcasting Limited ('UGBL')* for a 15% stake. Simultaneously, *UTV* also took 75% stake in *UGBL* through infusion of Rs 2.4 billion. Promoters of *UTV* retain balance 10% in the business.

BUSINESS OUTLOOK

UTV is quite close to achieving its goal of becoming a true 360° media company with its focus on five key verticals of Television, Movies, Interactive, New Media and Broadcasting. Over the last couple of years, *UTV* has built a robust and scalable business model. *Disney* upping its stake from its existing 14% to 32% is itself a strong benchmark in support of our strategy and robust business model. The Company aims to achieve a leadership position in all these verticals in the times to come.

UTV is a global company with operations spread across all key markets around the world. The Company is conscious of the evolving global financial markets and economic conditions. *UTV* keeps evaluating its strategy with respect to the potential impact of such conditions on businesses. The Company has taken adequate steps to insulate itself from the potential liquidity crunch, forex exposure and has been taking steps to course correct wherever necessary.

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Caution Concerning Forward-Looking Statements

This document includes certain forward-looking statements. These statements are based on management's current expectations or beliefs, and are subject to uncertainty and changes in circumstances. Actual results may vary materially from those expressed or implied by the statements herein due to changes in economic, business, competitive, technological and/or regulatory factors. The Company is under no obligation to, and expressly disclaims any such obligation to, update or alter its forward-looking statements, whether as a result of new information, future events, or otherwise.
