



Movies . Broadcasting . Television . Animation

UTV Software Communications Limited

EARNINGS RELEASE

FOR THE QUARTER ENDED DECEMBER 31, 2005

9 months ended Dec 31, 2005

- Revenues	- Rs 1,285 million
- EBITDA	- Rs 58 million
- Net Profit	- Rs 26 million

Mumbai, India; January 31, 2006 – *UTV Software Communications Limited* (UTVS.BO, UTVS.NS) today reported its results for the quarter ended December 31, 2005. Consolidated revenue of the Company for the quarter is Rs 392 million, EBITDA – Rs (75) million and Net loss for the quarter under consideration is Rs 55 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 "Highlight of the quarter was the release of our three films in distribution - *Shaadi No. 1, Deewane Hue Pagal* and *Bluff Master*. *Shaadi No1* and *Deewane Hue Pagal* performed below our expectations thereby contributing to the negative performance. Upcoming line-up in films during the forth quarter is very exciting with release of *Rang De Basanti* followed by *Taxi No 9-2-11*. Among other highlights during the quarter was our Air Time Sales business, which added 5 new slots on South Indian Channels, the benefits of which would be reflected in the coming quarters."

He added, "The Company is currently investing in Animation and SFX & Post Production facilities. Animation for us is expected to be the next growth area with a significant order book already in place."

EARNINGS RELEASE – Q3-FY2006
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)

	Q3–FY06	9 months-FY06	FY2005
Operating Revenues	375	1,250	1,768
Expenditure	466	1,227	1,520
Operating Income	(91)	23	248
Add: Other Income	17	34	36
Depreciation	12	34	53
Interest expense	-	-	18
Profit before Tax	(86)	23	213
Provision for Tax	(31)	(3)	50
Profit After Tax	(55)	26	163

At the end of December 31, 2005, Net Debt of the Company stands at Rs 900 million, which was primarily utilized for working capital requirement in the film business.

Total Capital Employed in the operations is Rs 2,357 million. Increase in capital employed is pertaining to advances for the TV business, film inventory, capex in SFX and post-production business and investments towards Hungama TV.

Segment performance (Consolidated)

Rs in million	Revenue		Segment results	
	9 months FY06	Contribution	9 months FY06	Margins
Television *	514	41%	55	11%
Films ^	686	55%	5	1%
Allied Content services #	65	5%	23	35%
(Inter-segment)	(15)	(1%)	--	--
Total	1,250		83	7%

Capital Employed	As on Dec31,05	Contribution
Television *	490	21%
Films ^	881	37%
Allied Content services #	268	11%
Unallocable	718	31%
Total	2,357	

* 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 December 31, 2005, UTV is currently producing over 10 hours of programming per week across genres, dubbed over 220 hours of content and sold over 65,000 seconds of airtime.

For the nine months ended December 31, 2005, Television segment has contributed 41% to the Company's consolidated revenues.

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. Another innovation, 'Bombay Talking' - an English soap went on air on the Zee Café channel during the quarter. The show, running on weekends has opened to a very encouraging response. *UTV* is currently producing over 10 hours of programming for various TV channels. '*Shanno Ki Shaadi*', a weekly which went on air during the second quarter was made a bi-weekly during the third quarter. During the next quarter, a new weekly on *Star One* and a new daily on *Sony* are expected to go on air.

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. UTV is currently present in Tamil, Telugu and Malayalam languages in South India. At the end of Q3, the company was handling the following slots:

Program Name	Channel	Time Slot	Format
Ali Rajjyam	Sun TV	20:30 - 21:00	Weekly
Kolangal	Sun TV	21:00 - 21:30	Daily
Muhurtham	Sun TV	18:30 - 19:00	Daily
Thanga Vattai	Sun TV	21:00 - 20:00	Bi-Weekly
Selvangal	Sun TV	11:00 - 11:30	Daily
Shri Lakshminivasam	Gemini TV	19:00 – 19:30	Daily
Dance Raju Dance	Gemini TV	20:30 – 21:30	Weekly
Swarna Mazha	Surya TV	20:30 – 21:30	Bi-Weekly
Avalraktha Rakshashu	Surya TV	22:00 – 22:30	Daily
Bangarunikosam	Gemini TV	19:00 – 20:00	Bi-Weekly
Chi La Sow Sravanthi	Gemini TV	12:00 – 12:30	Daily

Animation: During the quarter under review, there has been no significant revenue contribution from Animation business. Floods during the second quarter affected the Animation facilities that had an impact on revenues subsequently.

The Company is presently investing Rs 85 million in state-of-art Animation facilities and aims to target significant business across overseas and domestic markets in the months to come. The company is doubling its capacities to cater to pending order books spread across next 2 years.

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 year so far, this segment has contributed 55% of the Company's revenues.

Film segment comprised distribution revenues for the films *Main Meri Patni Aur Woh*, *Unleashed*, *Shaadi No. 1* and *Deewane Hue Pagal*. *Shaadi No. 1* and *Deewane Hue Pagal* performed quite below expectations resulting in losses in the film segment during this quarter. Also among its releases during the quarter was a film called *Bluff Master*, which was released in the latter part of December 2005. This film has not been accounted for in the quarter under discussion. The same will be reflected in the forth quarter of fiscal 2006. Among other releases expected during the forth quarter are *Rang de Basanti* and *Taxi 9-2-11*.

During the quarter under review, UTV through its DVD label – *UTV Home Entertainment* launched *Deewane Hue Pagal and Main, Meri Patni Aur Woh* in the overseas markets. Forthcoming releases include *Bluffmaster, Rang De Basanti* and *Taxi 9-2-11*.

Forthcoming FILM Schedule

Films produced by UTV, which are scheduled to release during next few quarters include,

- *Rang De Basanti* – Directed by *Rakesh Mehra*, starring *Aamir Khan* (Jan-06)
- *Chup Chup Ke* – Directed by *Priyadarshan* starring *Kareena Kapoor* and *Shahid Kapur* (Apr-06)
- Others in pipeline include films -
 - *Namesake* – Directed by *Mira Nair*, co-produced with *Fox* and *Entertainment Farm* (Sep-06)
 - 1 film directed by *David Dhavan* starring *Sanjay Dutt*
 - 2 films directed by *Aneez Bazme* (Previous films include *No Entry*)
 - 2 films directed by *Madhur Bhandarkar* (Previous films include *Page 3* and *Chaandni Bar*)
 - 1 film with *Shah Rukh Khan*

The films lined up for theatrical distribution in India and abroad in the immediate future are given below.

- *Taxi No. 9-2-11* – Produced by *Ramesh Sippy* and directed by *Milan Luthria* (Feb-06)
 - *Humko Tumse Pyar Hai* – Produced by *Cineyug* and directed by the Late *Bunty Soorma* (FY06)
 - *The Myth – Jackie Chan & Mallika Sherawat* (FY06)
 - *Khosla Ka Ghosla* – Produced by *Jaideep Sahni* and directed by *Dibakar Banerjee* (Apr-06)
 - *Don* – A *Shah Rukh Khan* film
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Allied Content Services

This business segment comprises of Special effects and post-production activities of the Company, which contributed 5% to the consolidated revenues of the Company. The planned expansion of facilities in Special Effects and Film Digital Intermediary is almost complete and is expected to be operational during the last quarter of the current fiscal.

Investments in *Hungama TV* channel

During the calendar year 2005, Kids category GRPs (Sec ABC 4-14 yrs. segment) has increased by about 52%. During the same period, *Hungama TV* has seen a growth of close to 200%.

Capital Employed in *United Home Entertainment P. Ltd* is Rs 900 million, which is used to fund *Hungama TV* operations. UTV has made investments of Rs 690 million into the channel so far.

Business outlook

The efforts put in towards broad basing our line up in television should keep us in good stead for the quarters to come. The Company is investing in Animation business by creating better facilities and expanding its creative team to cater to the overseas outsourcing demand and original production for domestic markets. During the fourth quarter, the company is expecting to complete its planned expansion in its animation facilities that would facilitate execution of its increasing order book.

The Company is gradually expanding its presence in the regional markets through its increasing presence in the South Indian markets in its Air Time Sales business. This is expected to fetch better returns in the coming quarters. 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.

Initial feedback on *Rang De Basanti* is very encouraging and it is moving ahead to become one of the biggest films released during this fiscal. Future line-up of films under production and distribution clearly demonstrates scale of operations in the years to come. The Company has been very cautious in selection of its products and ensures best corporate effort in the filmmaking and distribution business.

The continuing success of *Hungama TV* reaffirms our belief in the Kids broadcasting space that should continue to grow at high rates over the next few 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



EARNINGS RELEASE – Q3-FY2006

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.