



Movies • Broadcasting • Television • Interactive

## UTV Software Communications Limited

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**EARNINGS RELEASE**  
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**FOR THE QUARTER ENDED DECEMBER 31, 2007**

### **UTV'S CONSOLIDATED RESULTS**

#### **3Q FY2008 as compared to 3Q FY2007**

–	<b>Operating Revenues</b>	–	<b>Rs 1,232 million, up by 183%</b>
–	<b>Operating Income</b>	–	<b>Rs 230 million, up by 1050%</b>
–	<b>Net Profit<sup>a</sup></b>	–	<b>Rs 231 million, up by 1055%</b>

#### **9 months ended Dec 31 2007 as compared to the same period last fiscal**

–	<b>Operating Revenues</b>	–	<b>Rs 2,504 million, up by 86%</b>
–	<b>Operating Income</b>	–	<b>Rs 503 million, up by 435%</b>
–	<b>Net Profit<sup>a</sup></b>	–	<b>Rs 497 million, up by 429%</b>

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- **Company sold its Post Production and VFX business to *Prime Focus Ltd***
  - ***UTV* has completed the acquisition of *Indiagames Ltd*, a Mumbai based mobile games company**
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*Mumbai, India; January 31, 2007* – *UTV Software Communications Limited* (UTVSOF.BO, UTVSOF.NS) today announced its results for the quarter ended December 31, 2007. Operating Revenues and Operating Income of the Company reported a growth of 183% and 1050% at Rs 1,232 million and Rs 230 million, respectively as compared to the same quarter last fiscal.

Operating Revenues and Operating Income of the Company for the nine months ended December 31, 2007 reported a growth of 86% and 435% at Rs 2,504 million and Rs 503 million, respectively as compared to the same period last fiscal.

The Company has consolidated the financials of *UTV-US*, *UTV-UK*, *UTV-IOM* and *UTV BL* and the group's indirect subsidiaries *Ignition Entertainment Limited*, *Indiagames Ltd*, and *UTV-Mauritius* and *UTV's* joint venture *Windmill Entertainment Ltd*. 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.

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<sup>a</sup> Percentages are calculated after excluding capital gain of Rs. 263 million on sale of *HungamaTV* in Q3FY2007

*Mr. Ronnie Screwvala*, Chairman and CEO of the Company said, "Our strong results in the third quarter of fiscal year 2007/2008 are further proof that we can deliver sustained growth which are a result of the hard work, dedication and team work that has been our strong foundation over the few years of our existence. Our revenue and profit growth in this quarter further solidifies the *UTV* growth story and proves that we are delivering on the high growth trajectory which we have been strategically investing into since the past six quarters.

"Our Movie business has again witnessed a triple revenue growth for this quarter over Q3FY07. Our perseverance and commitment to produce good quality cinema has made us capable of standing in the league of pioneers in the film industry in India and globally. Our focus has always been on pleasing our customers through intriguing and interesting concepts where we have experimented with multi-genre, multi-budget and multi-language films.

"We have made sincere efforts to revamp our Television Content business where we are currently forming multiple joint ventures with well known names like *Smriti Irani* and *Shekhar Suman* jointly producing shows for various channels. This will be in addition to the existing television business currently undertaken by the Company. We plan strong growth through our partnering initiatives."

"Our Interactive business comprising animation and gaming provides us with a valuable and interesting business model which is not only scalable but also enables right diversification in a fast growing interactive space in *South East Asia*. What we see now is only the tip of the iceberg but the true impact of this M&A and integration will be seen in the next fiscal year and thereafter as we build another high growth and margin business for *UTV*."

"In our Broadcasting venture that will become part of *UTV* going forward, we have developed an interesting bouquet of channels out of which *Bindass* and *Bindass Movies* were launched on *September 24<sup>th</sup>*. We look at *Bindass* as being young India's first entertainment brand where we touch the lives of our target audience through all mediums like TV, Mobile, Internet, Events, and Merchandise etc. The other two channels lined up for launch during the fourth quarter of this fiscal year are The World Movies Channel and The *UTV* Movies Channel, former focusing on world cinema from various parts of the world, but not from *Hollywood* and *India* and latter will showcase Hindi movies. We foresee this business creating tremendous value going forward.

**COMPANY PERFORMANCE IN BRIEF (CONSOLIDATED)**

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

	<b>Q3FY08</b>	<b>Q3FY07</b>	<b>Δ</b>	<b>9MFY08</b>	<b>9MFY07</b>	<b>Δ</b>
Operating Revenues	1,232	436	183%	2,504	1,345	86%
Expenditure	1,002	416	141%	2,001	1,251	60%
<b>Operating Income</b>	<b>230</b>	<b>20</b>	<b>1050%</b>	<b>503</b>	<b>94</b>	<b>435%</b>
<i>Operating Margin</i>	<i>19%</i>	<i>5%</i>		<i>20%</i>	<i>7%</i>	
Add: Other Income	12	6 <sup>b</sup>	100%	46	7 <sup>b</sup>	557%
Interest expense	-	-		31	-	
<b>PBT</b>	<b>242</b>	<b>26</b>	<b>831%</b>	<b>518</b>	<b>101</b>	<b>413%</b>
<b>PAT</b>	<b>231</b>	<b>20</b>	<b>1055%</b>	<b>497</b>	<b>94</b>	<b>429%</b>
<i>Net Margins</i>	<i>19%</i>	<i>5%</i>		<i>20%</i>	<i>7%</i>	
<i>Add: Hungama TV Sale</i>	<i>-</i>	<i>263</i>		<i>-</i>	<i>263</i>	

At the end of December 31, '07, consolidated debt of the Company stands at Rs 2,181 million and company has consolidated cash balance of Rs 483 million. Total Capital Employed in operations is Rs 6,214 million. Annualized Return on Capital Employed (ROCE) for the Company from its business operations is 12%.

<sup>b</sup> Hungama TV Sale shown separately

**SEGMENT PERFORMANCE (CONSOLIDATED) (Rs in Million)**

This fiscal, our business has been categorized under three segments - Television, Movies and Interactive. Broadcasting is not consolidated into our results so far but will be going forward.

<b>Segment Revenues</b>	<b>Q3FY08</b>	<b>Contribution</b>	<b>Q3FY07</b>	<b>Δ</b>
Movies ^	844	69%	216	291%
Television *	259	21%	166	56%
Interactive #	129	10%	54	139%
(Inter-segment)	-		(0)	
<b>Total</b>	<b>1,232</b>	<b>100%</b>	<b>436</b>	<b>183%</b>

<b>Segment Results</b>	<b>Q3FY08</b>	<b>Margins</b>	<b>Q3FY07</b>	<b>Δ</b>
Movies ^	227	27%	26	773%
Television *	54	21%	8	575%
Interactive #	(8)	(6%)	16	
<b>Total</b>	<b>273</b>		<b>50</b>	<b>446%</b>

	<b>As on December 31, 07</b>	<b>Contribution</b>	<b>As on December 31, 06</b>	<b>Δ</b>
<b>Capital Employed</b>				
Movies ^	3,766	61%	1,264	198%
Television *	322	5%	293	10%
Interactive #	938	15%	446	110%
Unallocatable	1,188	19%	658	81%
<b>Total</b>	<b>6,214</b>	<b>100%</b>	<b>2,661</b>	<b>134%</b>

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

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

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

**SEGMENT REVIEW**
**Movies Segment**

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

**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 December 31, 2007 was 21% of all operating revenues.

**TV Content:** UTV's TV Content segment represents the shows produced by the company on a commissioned basis. We have been providing television content for channels like *Star Plus (Bhabhi)*, *Doordarshan (Soni Mahiwal)*, *Bindass (Sun Yaar Chill Maar and Shakira)*. In Q3FY08 we forayed into television production for South Indian market as well where we now have two shows on air, one on *GeminiTV* and another on *KTV*. We currently have two shows on floor include *Towering Inferno*, a non-fiction television show being produced for *National Geographic Channel* and the second is a drama series on *Zee Next*, both of which are expected to come on air in the next fiscal. Besides these, we have also entered into joint ventures with *Smriti Irani* and *Shekhar Suman*. Our first show with *Smriti Irani* is currently on the floor and is expected to go on air in the fourth quarter of this fiscal.

**Air Time Sales:** During the quarter, the Company has managed a monthly average of approximately 115 hours of content under management across all leading South Indian Channels such as *SunTV*, *GeminiTV*, *SuryaTV* and *UdayaTV*. This quarter we have added our first show on *KTV*. Top 2 slots on *SunTV* belong to the Company, which airs *Kolangal* on the top position followed by *Arasi*. Our arrangement with *Radaan Media* in the South has given us access to *Ammayi Kapuram*, a show on *GeminiTV* which went on air in the third quarter of this fiscal. We have another show in the pipeline which will be aired on *GeminiTV* in the fourth quarter.

### **Interactive Segment**

This business segment comprises Animation, Post-Production & VFX activities and also our recent acquisitions in the Gaming business – *Ignition* and *Indiagames*. During the quarter, this segment has contributed about 10% of the operating revenues of the Company.

This quarter, we consummated our acquisition of the mobile gaming company *Indiagames*. Currently the financials of *Indiagames* for the period 15 December, 2007 to 31 December, 2007 has been consolidated in this segment. During the quarter, the Company also sold its Post Production and VFX business to *Prime Focus Ltd*.

### **CORPORATE DEVELOPMENTS**

**Acquisition of Indian mobile and online gaming company, *Indiagames*:** This quarter we completed our acquisition of *Indiagames* which is a Mumbai based mobile and online gaming company. *Indiagames* is present in 75 countries with more than 150 relationships with wireless operators and channel partners. This acquisition gives *UTV* a strong foothold in the rapidly growing mobile games industry, which in India, is exponentially growing.

**Sale of Post Production Business:** *UTV* recently sold its interest in the Post Production & VFX business to *Prime Focus Ltd*. With an objective of focusing on businesses which caters to the end consumer and allows us to be on the top end of the value chain, the Company decided to exit this service oriented business as it did not seem viable at the current scale of operations.

**BUSINESS OUTLOOK**

The Company is in the process of consolidating its businesses under the four verticals Movies, Television Content, Interactive and Broadcasting going forward. Each of these verticals is highly scalable and the Company has put in place a strong management team with very relevant expertise to manage each of these verticals. While these verticals will operate independently, there are benefits to be had from the synergistic operations of each of these verticals.

In the Movies model, the Company is concentrating on creating IPR through the emphasis on its production slate and talent relationships. The Company sees itself as a global movie house going forward rather than being limited to the Indian movie space. The Company is looking to substantially increase the scale of its movies business, which would also substantially derisk the volatility of this business. The Company has also launched *UTV Spotboy Productions*, a brand under UTV Motion Pictures.

In the Television Content business, the Company has tied up with talent like *Smriti Irani* and *Shekhar Suman* to take advantage of the increased demand for television content due to the continual launch of a host of new television channels. In the Air time sale business, the Company plans to focus on the margin improvement rather than a substantial increase in scale.

The Company has used the inorganic route to get a foothold into the massive global gaming industry. *Indiagames* is present in the fast growing mobile gaming industry and *Ignition* is a part of the huge console gaming segment. Both these companies are at the beginning of a very high growth trajectory. In animation, we have already exited the outsourcing (services) business as we concentrate on IPR creation. Our animation business is already in the midst of producing three ambitious best technology animation movies for our Movies segment, *Arjun*, *Dream Blanket* and *Ali Baba*.

The Company plans a big foray in Broadcasting to take advantage of the second wave of broadcasting in the country. The Company is currently funding the two launched channels *Bindass* and *Bindass Movies* and two more channels The World Movies channel and The UTV Hindi Movies channel, both in the process of being launched. Going forward, Broadcasting is expected to be a key part of the Company's overall business plans.

With the diversified but synergistically integrated business model that we have developed over the past six quarters, UTV has entered into a high growth phase which shall establish it as one of the top media and entertainment conglomerates with global operations out of India.

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