



Movies • New Media • Television • Broadcasting

## UTV Software Communications Limited

---

### EARNINGS RELEASE

.....  
FOR THE QUARTER AND YEAR ENDED MAR 31, 2007

#### FY2007 as compared to FY2006

- |                    |   |
|--------------------|---|
| – Total revenues   | – Rs 2,030 million, from Rs 2,182 million |
| – Operating Income | – Rs 148 million, from Rs 116 million     |
| – Net Profit       | – Rs 555 million, up from Rs 142 million  |
- 

Mumbai, India; April 27, 2007 – *UTV Software Communications Limited* (UTVSOF.BO, UTVSOF.NS) today reported its results for the year ended March 31, 2007. Consolidated revenue of the Company for the year is Rs 2,030 million, EBITDA – Rs 435 million and Net Profit is Rs 555 million.

The Company has consolidated the financials of *UTV-US*, *UTV-UK*, *UTV-Mauritius* and *Ignition 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.

*Mr. Ronnie Screwvala*, CEO of the Company said, "For us last fiscal has been the year of restructuring, acquisitions, more consumer focused approach towards businesses and new initiatives in broadcasting and new media. We strengthened our positioning in the domestic and international media space by creating a very good bouquet of Movies and Gaming businesses catering to not only India but the world markets. Some of the exciting developments announced recently include the launch of our youth brand "*Bindass*", *Variety & Specialty* channels in the Broadcasting space and our third Hollywood co-production with Fox for one of the top Hollywood Director *M Night Shyamalan's The Happening*. During the quarter, the Company took its first steps in Hollywood with the release of two of its co-productions in North America, *Namesake* and *I Think I Love My Wife*. *Namesake* has had a tremendous opening in Hollywood and has been released in India as well to a very good response."

He added, "As part of the restructuring and fund raising process, the Board of Directors decided to list the Motion Picture Business of the Company at AIM of London Stock Exchange. UTV has also formally entered the gaming business this quarter, with the acquisition of *Ignition Entertainment* having been concluded. "

**Company performance in brief (Consolidated)**

Given below is the brief income statement of the Company consolidated with its subsidiaries for the fiscal 2007 and 2006 (in Rs million)

	<b>Q4FY07</b>	<b>Q4FY06</b>	<b>Δ</b>	<b>FY07</b>	<b>FY06</b>	<b>Δ</b>
Operating Revenues	398	836	(52%)	1,743	2,084	(16%)
Expenditure	388	752	(48%)	1,595	1,968	(19%)
<b>Operating Income</b>	<b>10</b>	<b>84</b>	<b>(88%)</b>	<b>148</b>	<b>116</b>	<b>28%</b>
Add: Other Income	16	22	(27%)	287	98	193%
Depreciation	(12)	12		32	47	(32%)
Interest expense	15	-	-	15	-	-
<b>Profit before Tax</b>	<b>23</b>	<b>94</b>	<b>(76%)</b>	<b>388</b>	<b>167</b>	<b>132%</b>
Provision for Tax	(174)	28		(167)	25	
<b>Profit after Tax</b>	<b>197</b>	<b>66</b>	<b>198%</b>	<b>555</b>	<b>142</b>	<b>291%</b>

At the end of Mar 31, '07, total Capital Employed in operations is Rs 3,452 million, which includes Rs 799 million in Cash in Bank & deposits and around Rs 1,598 million in debt.

Annualised Return on Capital Employed (ROCE) for the Company from its business operations is 9.3%. This is after considering over Rs 1,157 million invested in movies which are under production and yet to be released in the year 2007. (ROCE calculations do not include Capital Gains from the sale of *Hungama TV*, which is included as part of Other Income).

**Segment performance (Consolidated) (Rs in million)**

<b>Segment Revenues</b>	<b>FY07</b>	<b>Contribution</b>	<b>FY06</b>	<b>Δ</b>
Television *	894	51%	711	26%
Films ^	719	41%	1,310	(45%)
Allied Content services #	155	9%	84	85%
(Inter-segment)	(25)	(1%)	(21)	
<b>Total</b>	<b>1,743</b>		<b>2,084</b>	<b>(16%)</b>

<b>Segment Results</b>	<b>FY07</b>	<b>Margins</b>	<b>FY06</b>	<b>Δ</b>
Television *	86	10%	60	43%
Films ^	117	16%	107	9%
Allied Content services #	51	32%	26	96%
<b>Total</b>	<b>254</b>	<b>15%</b>	<b>193</b>	<b>32%</b>

<b>Capital Employed</b>	<b>As on Mar 31, 07</b>	<b>Contribution</b>	<b>As on Mar 31,06</b>	<b>Δ</b>
Television *	484	14%	431	12%
Films ^	1,494	43%	771	94%
Allied Content services #	838	24%	257	226%
Unallocable	636	19%	894	(29%)
<b>Total</b>	<b>3,452</b>		<b>2,353</b>	<b>47%</b>

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

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

# Allied Content services segment currently comprises the Post Production business and Gaming

### Television Segment

Television segment primarily consists of all products and services offered for the small screen businesses. Therefore, this segment of the Company constitutes TV Content production, Airtime sales, Animation and Dubbing businesses.

The contribution from this segment during the year ended Mar 31, 2007 was 51% of all operating revenues. Revenues from this segment in FY07 are higher by 26% over revenues in FY06. This could be attributable mainly due to the growth in the Air time sales business and Animation.

**TV Content:** UTV's TV Content segment represents the shows produced by the company on a commissioned basis. The company is currently producing shows for *Star Plus*, *Doordarshan* and *Disney*. Another show *Arranged Marriage* has also been delivered to the *Star Network*, which should be aired soon. *Towering Inferno*, a non-fiction television show being produced for *National Geographic Channel* is currently on the floor and should come on air in the first quarter of the next fiscal. Currently, the Company is also producing content for our recently announced broadcasting venture *Bindass*, a JV between UTV and Astro.

**Air Time Sales:** The Company is making steady progress in the Air time sales segment. During the quarter, the Company has managed an average of close to 90 hours of content each month across the following South Indian Channels - *SunTV*, *GeminiTV*, *SuryaTV* and *UdayaTV*. The Company continues to successfully market the No.1 show *Kolangal* on *SunTV*. Our arrangement with Radaan Media, one of the leading production houses in South India has also given us access to the No.2 show on *SunTV*, *Arasi*. In the pipeline are two more shows, one each on *UdayaTV* and *GeminiTV*.

**Animation:** The Company continued to make deliveries from its pending order book. Its pending order book consists of around USD 17 million worth of deliveries to be executed during next 24 months for TV Series, DVD Movies & short series. In addition, two theatrical feature films with *Porchlight Entertainment* and Will Smith's *Overbrook Entertainment* and three Indian animated films are currently in the pipeline. The Company is planning to expand the animation facility to a 700-seats, which will cater to the three Indian animated films being produced by UTV and increasing order book.

**Film Segment**

Film segment comprises all products and services resulting in the big screen exploitation such as movies production and distribution in India and abroad. The Films revenue during the fiscal is Rs 719 million as compared to Rs 1,310 million in FY2006. This decrease is mainly due to relatively fewer releases during the year primarily a result of our focus on building a strong slate of movies for the coming years and the Company took a conscious decision of reducing its dependence on distribution of third party films. The profit for this segment is higher at Rs 117 million during the fiscal as against Rs 107 million in the previous year. This segment has contributed to 41% of the Company's operating revenues this year.

During the quarter, the Company experienced very little activity in the Indian film space with the release of only one film *Hattrick*. Revenues for the quarter also include revenues from the film *Bhagam Bhag*, which was released towards the end of the previous quarter. The Company also released during the quarter, two of its co-productions in North America, *The Namesake* and *I Think I Love My Wife*, revenues of which will only come in the following quarters. The Company also distributed *The Namesake* in India, which is still playing at cinema halls all over.

**Allied Content Services**

This business segment comprises of post-production and VFX activities of the Company. Currently the financials of Ignition for the period 12 March, 2007 to 31 March 2007, has been consolidated in this segment. During the year this segment has contributed about 9% of the operating revenues of the Company. In fiscal 2007, this segment reported an increase in revenues by 85% and an increase in profits by 96% over the previous fiscal. This increase is primarily due to the consolidation of the financials of Ignition Entertainment.

**Corporate Developments**

**Corporate Restructuring:** From the first quarter of the fiscal 2008, The Company will operate in three business verticals - Content, New Media, and Broadcasting. The Content Vertical includes Movies production and distribution, TV Content and Airtime sales, New Media includes Animation Gaming and the VFX businesses and Broadcasting will house all of UTV's broadcasting initiatives. Even though each of these verticals will operate as separate units, there are excellent synergies to be drawn from each other.

**Acquisition of Ignition and Indiagames:** The company has completed its acquisition of Ignition Entertainment Ltd. (Ignition), a UK based company which undertakes in-house game development for consoles as well worldwide distribution of games. It is currently in the process of developing a high end CGI game "Wardevil" budgeted at \$18million, which is expected to release in FY 2009 exclusively on the Sony Playstation3™ (PS3) platform.

In addition to this, acquisition of controlling interest in Indiagames is underway. This acquisition will enable UTV to get a strong foot-hold in the fledgling industry of mobile gaming, which in India, is growing at a fast clip.

The Company is moving fast towards integration of development and businesses processes within New Media vertical comprising of Animation, Ignition and Indiagames.

**Listing on UK's Stock Exchange:** UTV proposes to float its 100% subsidiary *UTV Motion Picture Plc* based in *Isle Of Man* on *London Stock Exchange's Alternative Investment Market* (AIM). This Company through its wholly owned subsidiary will house all movie production businesses of the Group, may it be Hindi, Regional, Hollywood or Animation movies. Overseas listing of the Company is expected to facilitate inorganic growth opportunities in the International markets besides providing capital for its increasing movie slate.

**UTV Broadcasting Limited:** UTV missed the first wave in television in 1994-95 but plans to more than make up in the next wave. The company plans to enter the broadcasting space aggressively by the launch of around 8 TV channels in the span of next 12 months. UTV Broadcasting limited is presently a wholly owned subsidiary of UTV. The Company is expected to launch its first channel named as "Bindass" during the second quarter of this fiscal. This will be followed by the regional channels in the same genre. *Variety & Specialty* (V&S) broadcasting activity, which is expected to kick off with an exclusive channel for World Cinema.

### **Business Outlook**

UTV is laying the foundation to become a media conglomerate by 2010, with interests in Movies, New media, Television and Broadcasting. The Company is stepping beyond national boundaries and exploring untapped markets in India such as gaming and animation. The Company is driving its growth through organic as well as inorganic modes. There is great potential for strong revenue growth over the next few years due to the strong pipeline of movies, the new channel launches, its focus on animation and its foray into gaming.

In the movies business, unlike the current year, which saw few films being produced by us, the slate for the next 2-3 years has already been finalized with a slew of almost 30 films expected to roll out over that period. UTV prefers to act as *Catalysts for Creativity*, attracting and associating with the best talent from around the industry which is why the Company has tied up with key talent like *Rakeysh Mehra, Ashutosh Gowariker, John Abraham, M Night Shyamalan* etc., to develop and release an enviable line-up of films. We are exploring multiple avenues to exploit the revenue potential of these films (Music, Home Video, Television related rights, New media, In-film and Merchandising rights etc. apart from theatrical – both India and Overseas).

Television Content segment continues to streamline its business by concentrating on productive shows. The growth in this segment will also be primarily driven by our own broadcasting venture which will be used to produce fresh content for the new channels. The Air time sales business would continue to expand at a good pace as a result of our tie up with Radaan Media.

In the New Media business, besides the outsourcing model for the animation business, which has proved, to be a stable revenue stream, the growth will be driven by our recent acquisition

of Ignition. The Company will continue to focus on its IPR intensive animation productions and co-productions for worldwide monetisation. Our proposed acquisition of Indiagames will aid our rapid growth and we expect excellent synergies between our gaming, animation and VFX businesses.

Looking at the diverse product mix and the expected synergies between its various businesses which not only widens the target market but also mitigates the risk involved, UTV is set to enter a high growth phase and establish itself as one of the top media conglomerates from India with global operations.

\*\*\*\*\*