



Television . Movies . Broadcasting

UTV Software Communications Limited

EARNINGS RELEASE

FOR THE YEAR ENDED MARCH 31, 2005

UTV performance in FY2005 as compared with FY2004

- Consolidated Revenues – Rs1,805 million, Up 58%
 - EBITDA – Rs283 million, Up 112 %
 - Net Profit – Rs162 million, Up 249 %
 - EPS – Rs 10.7, up 236%
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Mumbai, India; April 27, 2005 – *UTV Software Communications Limited* (UTVS.BO, UTVS.NS) today reported annual consolidated revenues of Rs1,805 million, a 58% growth over the previous fiscal. The Company's EBITDA has increased by 112% to Rs283 million over the same period last year. Net Profit for the fiscal 2005 reported an increase of 249% as compared to the last fiscal 2004.

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 un-audited consolidated financial results of *UTV Software Communications Limited* and its subsidiaries.

Mr. Ronnie Screwvala, CEO of the Company, stated "UTV has reported more than 58% growth in fiscal 2005 and it will continue to be on a growth trajectory in the years to come. Our focus on Television, film and broadcasting businesses is expected to be the driver for growth."

"In the fiscal under review we took conscious decision of investing in feature films and general entertainment channel for the age group of 4-14. In the years to come, we estimate high growth potential in these segments for the Company. UTV business highlights during the fiscal 2005 were release of two tent-pole feature films in the fiscal 2005 – *Lakshya* and *Swades* in September and December 2004 respectively and launch of *Hungama TV* channel for the age group of 4-14."

"Over the years, we have built a diversified business model with multiple revenue streams. Our multiple base further endorses our diversified approach yet very focused on working with customers in different aspects of their business."

EARNINGS RELEASE – 4Q-FY2005

The Company has recently concluded its initial public offering of around 7 million shares and received overwhelming response from the investors. As stated in the offer document, the IPO proceeds were deployed partly for investing in broadcasting initiative of the Company - *Hungama TV*, meeting working capital requirement of films and IPO expenses. Pending utilization of balance funds as at March 31, 2005, funds have been used to reduce working capital debt, providing unsecured loan to *Hungama TV* and investments in liquid funds.

Company performance in brief (Consolidated)

Given below is the brief income statement of the Company consolidated with its subsidiaries for the fiscal 2004 and 2005 (in Rs millions)

	Financial year		% Growth
	2005	2004	
Operating Revenues	1,768	1,125	57%
Expenditure	1,522	1,006	51%
Operating Income	246	119	108%
Add: Other Income	37	15	
Depreciation	51	44	
Interest expense	18	42	(57%)
Profit before Tax	214	48	350%
Provision for Tax	51	1	
Profit After Tax for the year	163	47	249%

During the fiscal 2005, *UTV* managed to reduce the interest expense by 58% as compared to the previous fiscal 2004. This was primarily because the divestment of *Vijay TV* led to lower debt exposure and debt restructuring measures undertaken by the Company to reduce cost of debt.

Consolidated Capex during the year was Rs49 million in *UTV* and its subsidiaries.

EARNINGS RELEASE – 4Q-FY2005
Segment performance (Consolidated)

Rs in million	Revenue		Segment results	
	2005	2004	2005	2004
Television *	909	776	130	119
Films ^	774	269	148	47
Allied Content services #	98	101	25	9
(Inter-segment)	(14)	(21)	--	--
Total	1,768	1,125	303	175

* 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. Television segment contributes 50% to the Company's consolidated revenues. It has grown by over 18% as compared to the previous fiscal 2004.

UTV is known for its diversified programming spread across multiple genres, which is evident from the kind of shows produced in the fiscal 2005. *UTV* produced few well-known shows on leading channels such as –

Show name	Channel
Kehta Hai Dil, Bhabhi, Shararat	Star Plus
Family Business, Special Squad	Star One
Meher	Doordarshan
Business Bytes, Back to the Floor	BBC World
Bollywood Stuntmen	National Geographic
Full Toss, Gol Gol Gulam, Tiger, Choo Mantar	Hungama TV

In Television content production, *UTV* has demonstrated scale as well as high TRP shows on a sustained basis. Last 15 years of content delivery in multiple genres shows the ability of the Company's creative-focused team to deliver high TRP shows for multiple customers.

EARNINGS RELEASE – 4Q-FY2005

UTV has accomplished few significant Animation projects in the financial year 2005. Few projects are listed below –

Show name	Country	Clients
Magic Book (DVD)	USA	Awesome Kids LLC.
Emerald Key (DVD)	USA	Awesome Kids LLC.
Lost in Paris (DVD)	USA	Awesome Kids LLC.
Magic Cellar	South Africa	South African Broadcasting Corporation
Honk Toot and Swoosh	Creative Graphics, Holland	Nickelodeon-Benelux, Disney-Asia, Fuji TV-Japan, SBS-Korea, TV2-Denmark, M6-France, Stemra Video-Netherlands

The Company is targeting various outsourcing and co-production assignments for Animation in the FY2006 and this business is expected to take a quantum jump in the fiscal 2006.

Films Segment

Film segment comprises of all products and services resulting in the big screen exploitation and directly related activities. Hence, it comprises of all film production and distribution related activities in India and abroad. This segment contributes 45% of the Company's revenues and it has grown by over 200% as compared to the previous fiscal 2004.

During the fiscal 2005, UTV successfully produced and distributed feature films *Lakshya* and *Swades* in India and abroad. Both these films were very well appreciated in their genre and claimed various awards in Best actor, choreographer, director, SFX, critics categories.

As part of the Company's strategy to capture global revenues and de-risk film business model, UTV acquired India rights for 130 titles of *Miramax* Library for exploitation on all platforms – television, theatrical and home video.

During the fiscal 2005, UTV entered into film co-production with *Fox Searchlight* and *Entertainment Farm* to produce *Namesake*, which is directed by *Mira Nair*. This film will target global audience and is positioned as a truly cross over film. It is expected to release during FY2007.

Films being produced by UTV, which are scheduled to release in FY2006 include,

- *Rang De Basanti* – Directed by *Rakeysh Mehra*, starring *Aamir Khan*
- *D* – Directed by *Ram Gopal Varma*
- *Blue Umbrella* – Directed by *Vishal Bhardwaj*
- *A Priyadarshan* Film

EARNINGS RELEASE – 4Q-FY2005

As part of its film distribution strategy in India, *UTV* acquired 130 English film titles of *Miramax* in second half of fiscal 2005. *UTV* has the right to exploit these movies across all platforms including all television, theatrical and home video for 10 years.

During the fiscal 2006, films lined up for theatrical distribution in India and abroad are given below.

- *Kya Kool Hain Hum* – Produced by *Balaji Telefilms*
- *Parineeta* – Produced and Directed by *Vidhu Vinod Chopra*
- *Shaadi No. 1* – Produced by *Vaashu Bhagnani* Directed by *David Dhavan*
- *Deewane Hue Pagal* – Produced by *Feroz Nadiadwala* and Directed by *Vikram Bhatt*
- *Mughal-E-Azam* – (International)
- *Viruddh* – Produced by *AB Corp* and Directed by *Mahesh Manjrekar* (International)
- Others English titles in India such as *Sincity, Myth, Cursed, The Brothers Grimm, Danny The Dog*

Allied Content Services

This business segment comprises of post-production activities of the Company, which contributes over 5% of the consolidated revenues of the Company.

Investments in *Hungama TV* channel

UTV has invested Rs200 million as equity and preference equity in *United Home Entertainment Pvt. Limited (UHE)*, which is operating a general entertainment channel for age group of 4-14 called *Hungama TV*. Presently, *UTV* has 49% stake in *UHE* and *UTV* promoters hold balance. However, *UTV* has an option to convert its preference equity at par and increase its stake to 67%. *Hungama TV* was launched on September 26, 2004 and since then it has shown promising performance month by month.

Hungama TV is first general entertainment channel with local content for the age group of 4-14. Key differentiator for the channel is local language non-animation programming and its run by kids. The Channel has achieved remarkable results in just few months of its operations. It is clearly evident by popularity of shows such as *Full Toss, Tiger, Gol Gol Gulam*. *Hungama TV* is at par in connectivity as compared to its competitors operating since last 10 years in the country. *Hungama TV* has achieved GRPs of 43 in week 16, 2005. Cumulative reach of the channel stands at 23% of the total Hindi speaking C&S households.

Business outlook

The Company is pleased with the progress on growing its global revenues but it believes, in the ensuing year, the revenues could grow more than 20% of the Company's revenue mix.

Present TV content mix of approximately 13 hours a week of programming is expected to grow by approximately 4-5 hours a week. Margins are expected to improve primarily brought about by operational efficiency coupled with better rate negotiations with customers.

The coming year will see a growing focus for the Company to look at regional languages. The Company is also focused on co-production and migrating successful scripts, story line and concepts to other countries through co-production.

In Animation business, the Company has a promising production order book of over 130 episodes for the fiscal 2006. Variable operational model ensures healthy margins for this global service-outsourcing model. Due to the Company's synergies with *Hungama TV* Channel, the next year could create opportunities for us to produce local original animation.

In Films business during the financial year 2005, the Company made mix strides in Film production, domestic film distribution, international film distribution, global sourcing of movies for India and international co-production with Hollywood major.

In the coming year due to the output deal with *STAR TV* for one movie co-production and acquisition of the *Miramax* Library, *UTV* expects strong and stable revenues and profits to ensure a very de-risked model. We believe that our line up of films releasing during the financial year 2006 will take the Company to leadership position in just a matter of two years.

On *Hungama TV* channel, the Company has moved wisely and well into the segment that represents 1/3rd of India's population i.e. the age group of 4-14 years. *UTV* believes that the local content will drive demand for viewer-ship in this genre. The channel's progress in just six months of operations, what others have taken more than 2-5 years to achieve, is a strong endorsement of the Company's entering into this segment that will be the next high growth segment in broadcasting over the next 2-3 years.

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 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.