



CREATIVE EYE LIMITED



ANNUAL REPORT 2011-12

BOARD OF DIRECTORS

Mr. Dheeraj Kumar

Chairman & Managing Director

Mrs. Zubey Kochhar

Executive Director

Mr. M. R. Sivaraman

Non Executive Director

Mr. Shiv S. Sharma

Non Executive Director

Mr. T.K. Choudhary

Non Executive Director



CORPORATE DIRECTORY

Registered and Corporate Office

"Kailash Plaza", Plot No.12-A,
Opp. Laxmi Industrial Estate,
New Link Road, Andheri (West),
Mumbai- 400 053

Tel.: 022 26732613 (7 lines)

Fax: 022 2673 2296

E-Mail : contact@creativeeye.com

Website: www.creativeeye.com

COMPANY SECRETARY

Ms. Valentina D'Mello

AUDITORS

Uttam Abuwala & Co.,
Chartered Accountants, Mumbai

BANKERS

Oriental Bank of Commerce
Santacruz (west), Mumbai

REGISTRAR AND TRANSFER AGENTS

Karvy Computershare Pvt. Ltd.
46, Avenue-4, Street-1,
Banjara Hills, Hyderabad- 500 034
Tel.: 040 23312454
Fax: 040 23311968
Website: www.karvy.com

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ANNUAL GENERAL MEETING

Saturday, 29th September 2012
at 10.30 a.m.
at "GMS Community Centre Hall",
Sitladevi Complex, 1st Floor, D. N. Nagar,
Opp. Indian Oil Nagar, Link Road,
Andheri (West), Mumbai 400 053.



NOTICE

NOTICE is hereby given that the Twenty Sixth Annual General Meeting of the Members of **CREATIVE EYE LIMITED** ('the Company') will be held on Saturday, 29th September, 2012 at 10.30 a.m. at "GMS Community Centre Hall", Sitladevi Complex, 1st Floor, D. N. Nagar, Opp. Indian Oil Nagar, Link Road, Andheri (West), Mumbai - 400 053 to transact the following businesses:

ORDINARY BUSINESS :

1. To consider and adopt the audited Balance Sheet as at 31st March 2012, Profit and Loss Account and Cash Flow Statement for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of **Mr. M. R. Sivaraman**, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of **Mr. Shiv S. Sharma**, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint M/s. Uttam Abuwala & Co., Chartered Accountants, as the Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

Registered office:

"Kailash Plaza", Plot No.12-A,
Opp. Laxmi Industrial Estate,
New Link Road, Andheri (West),
Mumbai 400 053.

By Order of the Board of Directors

Valentina D'Mello
Company Secretary

Date: 30th May, 2012

NOTES:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.**
2. The instrument appointing a proxy should be deposited at the registered office of the Company not less than forty-eight hours before the commencement of the meeting.
3. Members/ Proxies should fill the Attendance Slip for attending the meeting.
4. Brief resume of the directors seeking re-appointment is annexed herewith.
5. Shareholders are requested to bring their copy of Annual Report to the Meeting.
6. Members who hold their shares in dematerialized form are requested to write their client ID and DP ID number and those who hold shares in physical form are requested to write their Folio Number in the attendance slip for attending the meeting.



7. In case of joint holders attending the Annual General Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
8. The Register of Members and Share Transfer books of the Company will remain closed from Saturday, 22nd September 2012 to Saturday, 29th September 2012 (both days inclusive).
9. While members holding shares in physical form may write to the Registrar and Transfer Agents, (M/s. Karvy Computershare Private Limited) for any changes in their addresses and bank mandates, members holding shares in electronic form may inform the same to their Depository Participants.
10. Corporate Members intending to send their authorized representatives are requested to send a duly certified copy of Board Resolution authorizing their representatives to attend and vote at the Annual General Meeting.
11. Consequent to the introduction of Section 109A of the Companies Act, 1956, shareholders are entitled to make nomination in respect of shares held by them in physical. Shareholders desirous of making nominations are requested to send their requests in Form 2B (which will be made available on request) to the Registrar and Transfer Agents, (M/s. Karvy Computershare Private Limited).

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Mumbai 400 053.

By Order of the Board of Directors

Valentina D'Mello
Company Secretary

Date: 30th May, 2012

**BRIEF RESUME OF THE DIRECTORS SEEKING
RE-APPOINTMENT AT THE 26TH ANNUAL GENERAL MEETING**

Name	Mr. M. R. Sivaraman	Mr. Shiv S. Sharma
Date of Birth	31.03.1940	27.08.1933
Date of appointment	29.03.2001	30.01.2001
Qualifications	IAS (Retired)	B.A., M.A.
Expertise in specific functional areas	Ex-Union Revenue Secretary and Executive Director of IMF	Ex-Director General, Doordarshan
Directorship held in other public companies	Tanfac Industries Limited	Anil Special Steel Industries Limited
Chairmanship/ Membership of Committees across Public Companies	CEL Committees Chairmanship <ul style="list-style-type: none">• Remuneration Committee• Share Transfer and Investors' Grievances Committee Membership <ul style="list-style-type: none">• Audit Committee	CEL Committees Membership <ul style="list-style-type: none">• Remuneration Committee• Share Transfer and Investors' Grievances Committee• Audit Committee



Directors' Report

Dear Members,

Your Directors have pleasure in presenting the 26th Annual Report together with the audited statement of accounts of the Company for the year ended March 31, 2012.

Highlights of Financial Performance

	31.03.2012	31.03.2011
Sales	3101.02	1285.45
Less: Cost of Software	2579.98	1236.75
Gross Profit	521.04	48.70
Other Income	144.91	151.10
Total	665.95	199.80
Less: Other Expenses before interest and Depreciation	328.35	253.74
Operating Profit/(Loss)	337.60	(53.94)
Less: Interest	75.12	77.99
Less: Depreciation	54.98	191.21
Net Profit/(Loss) before Tax	207.50	(323.14)
Less: Provision for deferred Tax	0.00	0.00
Profit/(Loss) after tax	207.50	(323.14)
Earning per share		
Basic	1.03	(1.61)
Diluted	1.03	(1.61)
Dividend Rate	---	---

Review of Financial Operations

During the year under review, the Company attained the turnover from operations amounting to Rs. 3101.02 Lacs as compared to Rs. 1285.45 Lacs of the previous year with an increase of 141.24% over the last year. For the current year ended on 31st March, 2012, the Company earned Gross Profit and Net Profit of Rs. 521.04 Lacs and Rs. 207.50 Lacs respectively in comparison to the Gross Profit and Net Loss of Rs. 48.70 Lacs and Rs. 323.14 Lacs respectively for the previous year.

Dividend

The Directors are of the view that resources of the Company need to be conserved for its future growth plans and hence do not recommend any dividend for the year under review.

Business Performance

During the year under review your Company continues to be the most preferred television content producer on



leading Hindi channels on prime time slot. Your Company had launched three major serials on different channels apart from on going serial “Rishton Ke Bhawar Main Ulji...Niyati” on Sahara One Channel.

1. Sawaare Sabke Sapne.....Preeto launched on Imagine Channel in the month of July 2011.
2. Neem Neem Shehed Shehed (Tujh Sang Preet lagayi Sajna) on Sahara One Channel in the month of August 2011.
3. Babosa Mere Bhagwan on Sony Channel in the month of July 2011.

“Rishton Ke Bhawar Main Ulji...Niyati” and “Tujh Sang Preet Lagayi Sajna “ on Sahara One channel are doing well in terms of performance and are maintaining good position. However, “Sawaare Sabke Sapne.....Preeto” discontinued due to the closure of operations by Imagine Channel. It was maintaining No. 1 position in fiction genre across all programs run on Imagine Channel. “Babosa Mere Bhagwan” on Sony Channel went off the air due to the completion of the agreement.

Your Company had produced one comedy Tele-film titled “Bhola Bhagat” which aired successfully on SAB Channel.

Further your Company had shot a pilot titled “Pyaar Nibhayenge Hum” for Star Plus Channel.

Your Company also re-runs its mega mythological serials “Om Namah Shivay” in Hindi, Telugu and Oriya language and “Shree Ganesh” in Hindi and Marathi Languages and had made its brand stronger by exploiting these prominent mythological serials.

Fund Utilization

Up to the financial year ending 31st March, 2012, the Company has utilized Rs. 1408.70 Lacs from the funds received from the Initial Public Issue. The balance unutilized funds which have been invested in fixed deposits, will be utilized in the near future.

Company's Programmes

During the year under consideration, the major programs run by the Company were:-

No.	Name of the Serials/Programs	Name of the Channel
1.	Rishton Ke Bhawar Main Ulji...Niyati	Sahara One
2.	Sawaare Sabke Sapne.....Preeto	Imagine
3.	Babosa Mere Bhagwan	Sony
4.	Neem Neem Shehed Shehed (Tujh Sang Preet Lagayi Sajna)	Sahara One
5.	Bhola Bhagat (Telefilm)	SAB
6.	Om Namah Shivay (Re-run) – Hindi	DD - Lucknow
7.	Om Namah Shivay (Re-run) - Oriya	Lakshya
8.	Om Namah Shivay (Re-run) - Telugu	Rachana
9.	Shree Ganesh (Re-run) – Hindi	DD – Lucknow
10.	Shree Ganesh (Re-run) – Marathi	Saam



Future Plans

The outlook for the year 2012-2013 looks promising and challenging. The management of the Company is optimistic about the sustainable business opportunities in the future. The need of unusual and unique content/ story is increasing day by day amongst the broadcasters and viewers which is creating healthy competition in the market. The Company's focus on its core competence namely television content production will be further reinforced with consistency on quality programming targeting of higher TRPs for longer life of the programs and derisking through a wider channel presence.

Besides consolidating its position in Hindi language as the quality television content producer, your Company has aggressively commenced showcasing its programs on leading satellite television networks in other languages.

Your Company is widening its prospects. The Company's various projects are under consideration with various satellite channels and shall be launched shortly.

Another area of revenue acceleration for the year will be the production/co-production of Hindi feature films and events after due diligence and careful assessment of risks involved.



Achievement

Your Company's CMD has been honored by PTC Network by giving the **"Life Time Achievement Award"**. The award represents and will strengthen Creative Eye to expand its horizon in Punjab Television Industry.

Public Deposit

Your Company has not invited / accepted any deposits from public within the meaning of Section 58A & 58AA of the Companies Act, 1956.

Directors

The individual details of Directors seeking re-appointment at the ensuing Annual General Meeting of the Company are annexed to the notice of Annual General Meeting.

Directors' Responsibility Statement

Pursuant to Section 217 (2AA) of the Companies Act, 1956, your Directors hereby confirm that:

- a) In the preparation of the annual accounts, the applicable Accounting Standards have been followed;
- b) the accounting policies have been consistently applied and reasonable and prudent judgment and estimates have been made so as to give a true and fair view of the profit of the Company for the year ended 31st March, 2012 and the state of affairs of the Company as at 31st March, 2012 as disclosed in the enclosed accounts;
- c) proper and sufficient care has been taken for maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- d) The annual accounts have been prepared on a 'going concern' basis.



Auditors

The Company's Auditors M/s. Uttam Abuwala & Co., Chartered Accountants, retires at the conclusion of the ensuing Annual General Meeting, and is eligible for re-appointment. The Company has received a letter to this effect from the Auditors. Your Directors recommend their re-appointment.

Conservation of energy, technology absorption and Foreign Exchange Earnings & outgo

Considering the nature of business of the Company, the particulars required to be furnished pursuant to Section 217 (1) (e) read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, are not applicable to the Company.

There were no foreign exchange earnings and outgo during the current period.

Personnel

The provisions of section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 is not required to be given as none of the employee draws remuneration exceeding the ceiling prescribed therein.

Corporate Governance

Pursuant to clause 49 of the Listing agreement with the Stock exchanges, the following have been made part of the Annual Report.

- Management discussion and analysis
- Corporate Governance Report
- Certificate from the Auditors regarding compliance of conditions of Corporate Governance.
- Declaration on compliance with Code of Conduct

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Industry Structure & Development - Media and Entertainment Industry

2011 has been a challenging year not just for the Indian M&E industry, or even the Indian economy, but for the larger world economy. While India is still expected to grow at a healthy pace, growth is projected to be lower than earlier expectations.

In 2011, the Indian Media & Entertainment (M&E) industry registered a growth of 12 percent over 2010, to reach INR 728 billion, says the **FICCI-KPMG report**. The growth trajectory is backed by strong consumption in Tier 2 and 3 cities, continued growth of regional media, and fast increasing new media business. Overall, the industry is expected to register a CAGR of 15 percent to touch INR 1,457 billion by 2016.

While television continues to be the dominant medium, sectors such as animation and visual effects, digital advertising and gaming are fast increasing their share in the overall pie.

Your Company believes in SWOT analysis:

Strengths:

1. Focused on delivering quality content
2. Technological innovations
3. Successful Track Records
4. Brand Equity



Weaknesses:

1. No fixed formula to achieve ratings as audience views keep changing.
2. Government policies relating to broadcast license.
3. Currently addressing mainly Hindi programs.

Opportunities:

1. Emergence of new channels across all languages.
2. Increasing no. of TV homes.
3. Market existence both in India and abroad.

Threats:

1. Intensely competitive industry.
2. The competition and increasing prices may adversely affect our ability to acquire desired programming and artistic talent.
3. Entrance of small players.
4. Reduction in shelf life of programs.
5. Rapid re-shuffling of producers due to non attainment of the desired TRPs.
6. Changing tastes of the viewer's audience.

Segment-wise or product-wise performance:

The Major segment of the Company's turnover is from Commissioned Programs. Turnover of the segment is as follows:

(Amount in lacs)

	31st March 2012
Commissioned Programs	3101.02
Total	3101.02

Profitability of the segment of the Company is given hereunder:

(Amount in lacs)

Segment	Sales	Cost of Software	Gross Profit
Commissioned Programs	3101.02	2579.98	521.04
Total	3101.02	2579.98	521.04

Future Outlook

The television segment of the media and entertainment industry includes a large number of companies that compete directly and indirectly by offering various services to consumers. Today there are various offerings for television users including network television channels, cable networks and satellite television services. The latter two options are generally subscription based services which offer programming not available to non-subscribers. Furthermore, programming that was once exclusively available through television service subscriptions can be found (both legally and illegally) with the click of a mouse.



Risks and concerns

Your Company faces business challenges which are prevailing in the Industry and needs to continuously nurture attractive growth opportunities. Your Company adopts suitable business strategies to counter such challenges and surge ahead, inspite of them.

Internal control system and their adequacy

The Company has in place adequate internal control systems & procedures commensurate with the size and nature of its business. The Management also keeps close watch on the internal control system and consistently takes necessary corrective steps, wherever necessary, to further strengthen the Internal Control systems & procedures of the Company.

Financial performance with respect to operational performance

The highlights of the financial performance of the Company for the financial year 2011-2012 are as under:

(Rs. in lacs)

Particulars	31.03.2012	31.03.2011
Income	3245.93	1436.55
EBIDT	337.6	(53.94)
Interest	75.12	77.99
Depreciation	54.98	191.21
Profit/ (Loss) before tax	207.50	(323.14)
Profit/ (Loss) after tax	207.50	(323.14)

Human Resources

The Company fosters a performance oriented work culture and offers amongst the best opportunities in the industry for professional as well as personal growth of its employees. Over the years the Company has built up a strong human resource structure.

Cautionary Statement

Statements in the Management Discussion and Analysis describing the Company's objectives, estimates and expectations are "forward looking" statements within the meaning of applicable securities laws and regulations in India and other countries. The actual results may differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include economic conditions affecting the domestic market, in which the Company operates, changes in Government Regulations, tax laws and other statutes and other incidental factors and unforeseen circumstances.

Acknowledgement

Your Directors value the professionalism and commitment of all employees of the Company and place on record their appreciation of the contribution made by employees of the Company at all levels, that has contributed to your Company's success. Your Directors thank and express their gratitude for the support and co-operation received from the Governments / regulatory authorities, SEBI, Stock Exchanges, Depositories and other stakeholders including viewers, Bankers and vendors.

On behalf of the Board of Directors of
Creative Eye Limited

Sd/-

Dheeraj Kumar

Chairman & Managing Director

Mumbai
30th May, 2012