CREATIVE EYE LIMITED



ANNUAL REPORT 2012-13

BOARD OF DIRECTORS

Mr. Dheeraj Kumar
Chairman & Managing Director

Mrs. Zuby 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

Monday, 30th September 2013
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 Seventh Annual General Meeting of the Members of **CREATIVE EYE LIMITED** ('the Company') will be held on Monday, 30th September, 2013 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 2013, 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. T. K. Choudhary, 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.

Date: 28th May, 2013

By Order of the Board of Directors

Valentina D'Mello
Company Secretary

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 Monday, 23rd September 2013 to Monday, 30th September 2013 (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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By Order of the Board of Directors

Valentina D'Mello
Company Secretary

Date: 28th May, 2013

BRIEF RESUME OF THE DIRECTORS SEEKING RE-APPOINTMENT AT THE 27TH ANNUAL GENERAL MEETING

Name	*Mr. M. R. Sivaraman*	*Mr. T. K. Choudhary*
Date of Birth	31.03.1940	16.01.1944
Date of appointment	29.03.2001	27.03.2006
Qualifications	IAS (Retired)	M.A. External (Sociology)
Expertise in specific functional areas	Ex-Union Revenue Secretary and Executive Director of IMF	Ex-IPS officer, retired as DGP, Maharashtra
Directorship held in other public companies	Tanfac Industries Limited	Not Applicable
Chairmanship/ Membership of Committees across Public Companies	***CEL Committees*** **Chairmanship** • Remuneration Committee • Share Transfer and Investors' Grievances Committee **Membership** • Audit Committee	***CEL Committees*** **Chairmanship** • Audit Committee **Membership** • Remuneration Committee

Directors' Report

Dear Members,

Your Directors have pleasure in presenting the 27th Annual Report along with the Audited Accounts of the company for the year ended March 31, 2013.

Highlights of Financial Performance

(Rs. In lacs)

	31.03.2013	31.03.2012
Sales	2604.69	3101.02
Less: Cost of Software	1934.79	2579.98
Gross Profit	669.90	521.04
Other Income	147.79	144.91
Total	817.69	665.95
Less: Other Expenses before interest and Depreciation	292.91	328.35
Operating Profit/(Loss)	524.78	337.60
Less: Interest	8.68	75.12
Less: Depreciation	55.04	54.98
Net Profit/(Loss) before Tax	461.06	207.50
Less: Provision for Deferred Tax	0.00	0.00
Less: Current Tax (MAT)	39.28	0.00
Add: MAT Credit Entitlement	(39.28)	0.00
Net Profit/(Loss) after tax	461.06	207.50
Earning per share		
Basic	2.30	1.03
Diluted	2.30	1.03
Dividend Rate	---	---

Review of Financial Operations

During the year under review, the turnover was Rs. 2604.69 Lacs as compared to Rs. 3101.02 Lacs of last year showing a decline by 16.01% over last year. The net profit after tax for the year was Rs. 461.06 Lacs as compared to Rs. 207.50 Lacs of last year showing a growth of 122.20% over last year.

Dividend

The Directors are of the view that resources of the Company needs 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 satellite channels.

Three major serials were on air during the year under review-

1. Rishton Ke Bhawar Main Ulji…Niyati on Sahara One Channel
2. Tujh Sang Preet Lagayi Sajna on Sahara One Channel
3. Safar Filmy Comedy Ka on SAB TV Channel

It is pleasure to inform that during the year under review your Company had entered into a non-fiction genre and had produced a non fiction Serial 'Safar Filmy Comedy Ka' for SAB TV channel.

"Rishton Ke Bhawar Main Ulji…Niyati" a long running serial on Sahara One channel, had completed more than 550 episodes and still doing well in terms of performance.

"Tujh Sang Preet Lagayi Sajna" had also completed more than 275 episodes on Sahara One channel and maintaining good position on the channel.

However "Sawaare Sabke Sapne…...Preeto", which was maintaining top position in fiction genre on Imagine Channel, discontinued in the month of April 2012 due to the closure of operations by Imagine Channel.

It is further pleasure to inform that every year your Company is making its brand stronger by exploiting the IPR of its mega mythological serials "Om Namah Shivay" and "Shree Ganesh" in various languages on various channel across India.

Fund Utilization

Up to the financial year ending 31st March, 2013, the Company has utilized Rs. 1383.60 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.	Tujh Sang Preet Lagayi Sajna	Sahara One
3.	Sawaare Sabke Sapne…...Preeto	Imagine
4.	Safar Filmy Comedy Ka	SAB
5.	Om Namah Shivay (Re-run) – Hindi	Dangal
6.	Om Namah Shivay (Re-run) - Bhojpuri	Anjan
7.	Om Namah Shivay (Re-run) - Bangla	Ruposhi
8.	Shree Ganesh (Re-run) – Hindi	DD – Lucknow
9.	Shree Ganesh (Re-run) – Marathi	Saam

Future Plans / Outlooks

The future market of Media and Entertainment is very challengeable and promising due to the huge core competition at present. The lack of consistency and sustainability in this business is a biggest concern for all the producers and these are forcing them to look for other steady business opportunities, considering all risk factors, so that they could scale up the business operations.

Your Company too fights against all these odds. However with vast experience and good credential in the market, would help your Company to cope up with all these market odds. The Company is focusing on other avenues for the diversification.

The Company is developing lots of new ideas in mythological, historical and social genre which have been pitched to several channels and quite hopeful and optimistic to get through soon.

The Company is widening the scope in non-fiction genre too and moving forward in right direction to get success shortly.

The Company may see the exposure in production/Co-production of films and JV for the studio business, by leasing out the studio for shooting purpose, subject to the reconciliation of risk involved and business viability. Being a conservative policy of your Company, the success and failure criteria will be evaluated before entering into any new venture to safeguard the interest of all stakeholders.

The Management of the Company is constantly looking for widening the prospects of the Company through an increased presence on various channels, the plugging of vacant slots, the creation of unique content for new up coming channels and strategic diversification. In view of this, the Management is confident that the Company will continue to deliver the excellent value to the stakeholders as it has done in the past.

Glimpse of Awards

Some of the **"Prominent Awards"** received by your Company's CMD during the year under review are as follows:

1. Golden Achiever Award held on 12th April, 2012 for great work in films, serials and social fields

2. Newsmakers Achiever's Award 2012 held on 1st May, 2012 in "Artistry Sector"

3. The 19th Sur Aradhana Award held on 20th December, 2012 for outstanding contribution to Indian Cinema.

Public Deposit

The Company has not accepted any public deposit during the year under review.

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, 2013 and the state of affairs of the Company as at 31st March, 2013 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

M/s. Uttam Abuwala & Co., Chartered Accountants, Auditors of the Company retires at the conclusion of the ensuing Annual General Meeting and is eligible for re-appointment. The Company has received a letter from M/s. Uttam Abuwala & Co. to the effect that their reappointment as Auditors, if made, would be within the limits under Section 224(1-B) of the Companies Act, 1956.

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

There were no employees, covered under the purview of Section 217 (2A) of the Companies Act, 1956 and the rules framed there under.

Corporate Governance

Pursuant to Clause 49 of the Listing agreement with the Stock exchanges, a separate section titled Corporate Governance has been included in this report. The auditors' certificate on compliance of the requirement of Corporate Governance in terms of Clause 49 of the listing Agreement by the Company is annexed to this report.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Industry Structure & Development - Media and Entertainment Industry

The Indian media and entertainment (M&E) industry is estimated to grow 11.8% this year to Rs. 91,700 Cr. thanks to digitization, continued growth of regional media, upcoming elections, the persisting strength of the movie business and the fast expanding new media segment offsetting the effects of a slowing economy.

But this still is slower than the industry's 12.6% growth to Rs. 82,000 crore in 2012, according to highlights of the latest report on the sector by FICCI lobby group and consultancy KPMG.

"While 2012 was a challenging year for the industry, with some improvement likely in the global economy in 2013 and India's real GDP expected to be in the region of 6.1% to 6.7%, the prognosis for the industry looks much better going forward," FICCI-KPMG said.

Going forward, the report projects the industry to grow at a compounded annual growth rate (CAGR) of 15.2% to Rs. 1.66 trillion by 2017. Last year's report had said the industry was expected to register a CAGR of 15% to reach about Rs.1.45 trillion by 2016.

Your Company believes in SWOT analysis:

Strengths:

1. Credential of delivering of qualitative content since more than two decade.
2. Conceiving unusual and innovative ideas/concepts.
3. Strong Research & Ideation team to meet the demand of broadcasters and viewers.
4. Coping up with the market forces and volatility.

Weaknesses:

1. Complete dependency on Broadcasters demand.
2. Domination in producing TV serials due to heavy risk exposure in other segments.
3. Focusing only on Hindi market.

Opportunities:

1. Wide scope to tab regional market other than Hindi.
2. Enter into Joint Ventures and Co-productions to expand the existing level of business and operations.
3. Launching of new channels across all languages to widen the scope of business.

Threats:

1. Shorter life of the programs.
2. Segregation of business in the hands of various new entrance players.
3. Huge competition.
4. Changing system of measurement of ratings.
5. Rapid volatility in the demand of channel and viewers.
6. Budget restrictions.
7. Lacking of consistency and sustainability.

Segment-wise or product-wise performance:

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

(Amount in lacs)

	31st March 2013
Commissioned TV Programs	2604.69
Total	**2604.69**

Profitability of the segment of the Company is given hereunder:

(Amount in lacs)

Segment	Sales	Cost of Software	Gross Profit
Commissioned TV Programs	2604.69	1934.79	669.90
Total	**2604.69**	**1934.79**	**669.90**

Risks and concerns

The Management of the Company is taking effective steps to face the threats which are prevailing in the Industry. The substantial policies adopted will considerably reduce the risk factors for each project of the Company.

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 2012-2013 are as under:

(Rs. in lacs)

Particulars	31.03.2013	31.03.2012
Income	2752.48	3245.93
EBIDT	524.78	337.60
Interest	8.68	75.12
Depreciation	55.04	54.98
Profit/ (Loss) before tax	461.06	207.50
Profit/ (Loss) after tax	461.06	207.50

Human Resources

The Company's relationship with its employees continued to be very cordial and harmonious. It is the endeavor of the Company to improve and instill confidence in each of the employees and to improve their morale to move forward in their respective jobs with courage, conviction, dedication and commitment

Cautionary Statement

Estimates and expectations stated in the Management Discussion Analysis Report may be "forward looking statements" within the applicable securities law and regulations. Actual results might differ substantially or materially from those expressed or implied due to the external factors, which are beyond the control of the Company. Important factors that could make a difference to Your Company's operation include the channels decision, changes in the government regulations, tax laws, statutes and other incidental factor.

Acknowledgement

Your Directors express their appreciation for the contribution made by the employees to the improvement in the operations of the Company. Your Directors also thank all the Government Agencies and Regulatory Bodies, Bankers, Financial Institutions, Stakeholders, Customers, Vendors and other business associates, who through their continuous support and co-operation have helped in your Company's progress.

For and on behalf of the Board of Directors
Creative Eye Limited
Sd/-
Dheeraj Kumar
Chairman & Managing Director

Mumbai
28th May, 2013