

Creative Eye Limited



Annual Report 2009-2010

Board of Directors



Mr. Dheeraj Kumar
Chairman &
Managing Director



Mrs. Zubey Koshkar
Executive Director



Mr. M. R. Sivaraman
Non Executive Director



Mr. Shiv S. Sharma
Non Executive Director



Mr. T.R. Choudhary
Non Executive Director

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Annual General Meeting

Friday, 24th September 2010
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.

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

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

NOTICE

NOTICE is hereby given that the Twenty Fourth Annual General Meeting of the Members of **CREATIVE EYE LIMITED** ('the Company') will be held on Friday, 24th September, 2010 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 2010, 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: 24th May 2010

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.



Creative Eye Limited

8. The Register of Members and Share Transfer books of the Company will remain closed from Friday, 17th September 2010 to Friday, 24th September 2010 (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).
12. Pursuant to the provisions of Section 205A and 205C of the Companies Act, 1956, the company has to transfer the unclaimed dividends for the financial years 2002-2003 to the investor education and protection fund established by the Central Government.

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Mumbai 400 053

Date: 24th May 2010

By Order of the Board of Directors

Valentina D'Mello
Company Secretary

**BRIEF RESUME OF THE DIRECTORS SEEKING
RE-APPOINTMENT AT THE 24TH 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 • Shareholders'/Investors' Grievance Committee Membership • Audit Committee	CEL Committees Membership • Audit Committee • Remuneration Committee



Creative Eye Limited

DIRECTORS' REPORT

To
The Members,

Your Directors take pleasure in presenting before the members the Twenty-Fourth Annual Report together with the Audited Statement of Accounts of the Company for the financial year ended 31st March 2010.

Financial Highlights

	(Rs. In lacs)	
	Year ended 31st March 2010	Year ended 31st March 2009
Sales	3136.95	5273.03
Less: Cost of Software	2999.45	5192.43
Gross Profit	137.50	80.60
Other Income	155.13	153.42
Total	292.63	234.02
Less: Other Expenses before interest and Depreciation	331.95	336.00
Operating Profit/(Loss)	(39.32)	(101.98)
Less: Interest	119.50	120.79
Less: Depreciation	191.52	199.47
Net Profit/(Loss) before Tax	(350.34)	(422.24)
Less: Provision for deferred Tax	0.00	(43.24)
Less: Provision for Fringe Benefit Tax	0.00	3.78
Profit/(Loss) after Tax	(350.34)	(382.78)
Earning per share		
Basic	(1.75)	(1.91)
Diluted	(1.75)	(1.91)
Dividend Rate	—	----

Business Overview - the year in retrospect

The Indian Media and Entertainment industry stood at Rs. 58,700 crore in 2009, a growth of 1.4% over 2008. (Source: FICCI and KPMG report released at Frames 2010).

Rising income levels and consumerism bred from the country's strong economic growth are creating a growing demand for entertainment. This coupled with technological advancements, policy initiatives taken by the Indian Government that are encouraging the inflow of investment and initiative by private media companies will prove to be the key drivers for the entertainment and media industry. The industry has been forecast to outperform the economic growth in each year, till 2011.

During the year under review your Company has launched two new Hindi programmes, called **"Ganesh Leela"** on Sahara One TV and **"Yeh Pyaar Na Hoga Kam"** on Colors TV. **"Ganesh Leela"** went on air on **17th August, 2009** while **"Yeh Pyaar Na Hoga Kam"** went on air on **28th December, 2009**.

Financial

During the year under review, the turnover was Rs. 3136.95 lacs as compared to Rs. 5273.03 lacs last year showing a substantial decrease by 40.50% over last year. Your Company has generated gross profit of Rs. 137.50 lacs as against Rs. 80.60 lacs last year. The Net Loss after Tax was Rs. 350.34 lacs as against Rs. 382.78 lacs last year.

Dividend

In view of the loss suffered by the Company, the board is unable to recommend any dividend for the year under review.

Fund Utilization

For the financial year ended 31st March, 2010, the Company has spent the fund received from the Initial Public Issue for the following purpose.

	(Rs. In Lacs)
Opening balance as on 01/04/2009	1404.81
Addition for Expansion of Post Production Studio	3.68
Closing balance as on 31/03/2010	1408.49

Company's programmes during 2009-10

During the year under consideration, the main programmes run by the Company are:-

Sr. No.	Name of the Serial	Name of the Channel
1	Yeh Pyaar Na Hoga Kam	Colors TV
2	Ganesh Leela	Sahara One TV
3	Ghar ki Laxmi Betiyan	Zee TV
4	Maayka Saath Zindagi Bhar Ka	Zee TV
5	Om Namah Shivay (Re-run) - Hindi	DD -Lucknow
6	Om Namah Shivay (Re-run) - Hindi	Star Utsav
7	Om Namah Shivay (Re-run) - Telugu	MAA TV
8	Om Namah Shivay (Re-run) - Tamil	Zee Tamil
9	Shree Ganesh (Re-run) - Hindi	Pragya TV
10	Shree Ganesh (Re-run) - Oriya	OTV
11	Shree Ganesh (Re-run) - Telugu	Gemini TV

Your Company has launched a new social family drama **"Yeh Pyaar Na Hoga Kam"** on Colors TV. Considering the Company's history of producing devotional and mythological serials, it has launched mythological serial **"Ganesh Leela"** on Sahara One TV and has re-launched **"Om Namah Shivay"** in Telugu Version on MAA TV, in Tamil Version on Zee Tamil and in Hindi Version on Star Utsav and Doordarshan Lucknow. Your Company has also re-launched **"Shree Ganesh"** in Hindi Version on Pragya TV, in Telugu Version on Gemini TV and in Oriya Version on OTV.

However, during the current financial year certain trademark and long running serials such as, "Ghar ki Laxmi **Betiyan**", and **"Maayka** Saath Zindagi Bhar Ka" telecasted on Zee TV went off the air.

This year two new shows were launched by your Company. Content is king for any channel and your Company believes in providing clean entertaining content for its viewers. Some of the new shows which were launched and had successful journey are given below:



Creative Eye Limited

❖ Ganesh Leela on “Sahara One” TV



Ganesh Leela on Sahara One is a mythological series of story which is related to the Lord Ganesha. Ganesh Leela series introduces the whole story about lord Ganesha. Synopsis of Ganesh Leela serial is very good which introduces different characters of the Lord Ganesha. Overall, Ganesh Leela serial has introduced whole character of the Lord Ganesha on Sahara One very effectively. Ganesh Leela is aired on Sahara One from 17th August, 2009 every Monday to Friday at 8:30 PM in India.

❖ Yeh Pyaar Na Hoga Kam on “Colors” TV



Yeh Pyaar Na Hoga Kam is an incredible love story set against the background of caste politics and class differences. The show tells the oft heard though never-seen-before love story of people from different castes battling their own families and the society in order to unite. Yeh Pyaar Na Hoga Kam is a TV serial on Colors which has been launched on 28th December, 2009 every Monday to Friday at 9.00 PM in India.

Future Outlook

The Indian Media and Entertainment industry continues to outshine the Indian economy and the trend is expected to continue for the next few years. Entertainment is amongst the fastest growing segments of the television industry in India, Your Company, by virtue of its established presence across these growing segments is ready to play a leading role in the revolutionary phase that the industry is going through. Economic growth and prosperity is throwing up huge opportunities for strong players in the media and entertainment industry.

The need of unique and unusual content is growing amongst the various broadcasters and viewers which had created huge competition in the market. The life of the program entirely depends on the performance in terms of delivery of ratings.

Your Company is committed to continue creating entertainment content through enhanced scale and efficiency. Over the years, it created blockbuster programmes that captivated Indian imagination: **Om Namah Shivay**, **Ghar ki Laxmi Betiyan** and **Maayka** Saath Zindagi Bhar Ka. Your Company is in the advance stages of finalizing projects with the known names in the Industry. The management of the company is constantly looking for widening the prospects of the company. Your Company expects to emerge as a stronger organisation with a wider exposure across genres. Your Company doesn't just expect this wider spread to de-risk the business but we also expect the programmes to generate an attractive topline as well as bottomline, enabling the Company to enhance value for the shareholders in the years to come.

Public Deposit

Your Company has not accepted any deposits within the meaning of section 58A of the Companies Act, 1956 and Rules made there under from the public or its employees during the year under review.

Directors

During the year, Mr. Devendra Dass Kochar, Director of your Company, has resigned on 30th September, 2009 due to personal reasons. The Board has placed on record its deep appreciation of the valuable contribution made by Mr. Devendra Dass Kochar during his tenure as Director of the Company.

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Mr. M. R. Sivaraman and Mr. T. K. Choudhary, Directors of the Company retires by rotation at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment.

Brief resume of the directors to be re-appointed is given in the annexure to the notice convening the 24th Annual General Meeting of the Company.

Directors' Responsibility Statement

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956, with respect to Directors' Responsibility Statement, your Directors hereby confirm that:

- (i) in the preparation of the annual accounts for the financial year ended 31st March 2010, the applicable Accounting Standards had been followed along with proper explanations relating to material departures;
- (ii) the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit or loss of the company for that period;
- (iii) the directors had taken proper and sufficient care for the 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;
- (iv) the directors had prepared the accounts for the financial year ended 31st March 2010 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 are 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

In view of the nature of activities which are being carried on by the Company, Rules 2A and 2B of the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, concerning conservation of energy and technology absorption respectively, are not applicable to the Company. But adequate steps are being taken to conserve energy at studios, shooting sets, post production facilities, etc.

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

Personnel

In terms of the provisions of Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, as amended, the name and other particulars of the employees are required to be set out in the Annexure to the Directors' Report. However as per the provisions of Section 219(1)(b)(iv) of the said Act, the Annual Report excluding the aforesaid information is being sent to all the Members of the Company and others entitled thereto. Members who are interested in obtaining such particulars may write to the Company at its Registered Office.



Creative Eye Limited

Corporate Governance

Your Company is committed to global best practices. A Report on Corporate Governance as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges forms a part of the Annual Report.

A certificate from the auditors of the Company regarding compliance with corporate governance norms stipulated in Clause 49 of the Listing Agreement is annexed to the Report on corporate governance.

The Company has in place a Code of Conduct for its board members and senior management team, who have affirmed compliance thereto. The said code of conduct has been posted on the Company's website.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

The Management of the Company is pleased to present this report covering the activities of the Company during the period 2009-2010.

Overview

Creative Eye Limited is a fast growing integrated media and entertainment Company. It produces television programs for various channels in various languages with the aim of providing wholesome entertainment to the audiences. It has risen in eminence over the years and carved a niche for itself in the entertainment industry.

Audience loyalty is intrinsic to success so **Creative Eye Limited** endeavors to provide gripping content and delightful entertainment to its audience. **Creative Eye Limited** is an accredited production house and with a roster of on going shows has the expertise and experience to meet all entertainment requirements.

The real strength of **Creative Eye Limited** lies in its Creativity and innovation, Quality drive programmes & admirable audience's satisfaction.

Creative Eye Limited tries to bring fun and inspiring drama to its audiences by the use of technology and unique subjects that cater to a variety of choices.

The financial statements have been prepared in compliance with the requirements of the Companies Act, 1956. The discussion and analysis of the financial conditions and results of operations are based upon the Audited Financial Statements, which have been prepared in accordance with the accounting standards pronounced by the Institute of Chartered Accountants of India.

Industry Structure & Development - Global media and entertainment industry

The Indian Media and Entertainment (M&E) industry is one of the fastest growing industries in the country.

The Indian **Media and Entertainment** (M&E) industry stood at Rs. 587 bn in 2009, a growth of 1.4% over the previous year. Over the next five years, the industry is projected to grow at a Compound Annual Growth Rate (CAGR) of 13 percent to reach the size of Rs. 1091 bn by 2014, says a **FICCI & KPMG** report released at **FRAMES 2010**.

The report however, highlights that the industry went through a tough phase due to economic slowdown and cut down in advertising spends. However, the industry witnessed a recovery in the last quarter of the year and this is expected to continue going forward. 2010 is expected to see the industry coming out of the shackles of the slowdown and ad spends increasing. Incidentally, the subscription revenues of TV and print grew by 8.5% in 2009 to reach Rs. 241 bn.

Some sectors were impacted more than the others like OOH, Films and Radio, which registered a negative growth during the year. In 2010, they are expected to recover somewhat with a moderate growth rate. Last year Print showed a very moderate growth, whereas TV industry showed a good growth rate. Music, Internet, Gaming and Animation, brought reasons to cheer for the industry with their growth rates touching double digits, albeit on a smaller base.