

ANNUAL REPORT 2001-2002



Creative Eye Limited

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annual general meeting

Date and Day : Wednesday, 10th September, 2002
Time : 10:30 A.M.
Venue : Shree Bhagwan Mahadevi Sahasrabudhi, Juhu Development Scheme,
 Vile Parle (E), Mumbai - 400 057

board of directors

- | | |
|--------------------------------|---|
| Shri Dheeraj Kumar | – Chairman and Managing Director |
| Smt. Zubey Kochhar | – Executive Director |
| Shri Devendra D. Kochar | – Executive Director (Retd. Wg. Cdr.) |
| Shri M.R. Sivaraman | – Non Executive Director |
| Shri Shiv S. Sharma | – Non Executive Director |
| Shri S.K. Sachdeva | – Non Executive Director |
| Shri Sumit Chandwani | – Nominee Director of ICICI Venture Funds Management Co. Ltd. |
| Shri N.R. Joshi | – Company Secretary |

registered and corporate office

"Kailash Plaza", Plot No. 12-A,
Opp. Laxmi Industrial Estate,
New Link Road, Andheri (W),
Mumbai – 400 053.
Telephones: 022 -6732613 (7 Lines)
Fax: 022 – 673 2296
E – Mail : dheerajk@bol.net.in
Website: www.creativeeye.com

administrative office

Creative Eye Limited
B-3/15, Mianwali Nagar,
Near Peeragarhi Village,
Delhi –110 087

registrar and transfer agents

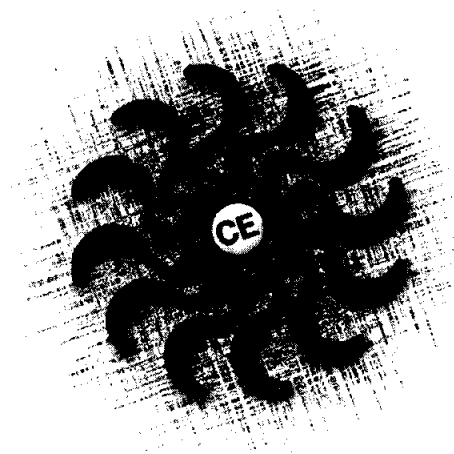
Karvy Consultants Limited
(UNIT: Creative Eye Limited)
46, Avenue – 4, Street – 1,
Banjara Hills, Hyderabad – 500 034.
Telephone : 040 – 3312454
Fax : 040 – 3311968
Website: www.karvy.com

auditors

Gurpal S. Gujral & Co.
Chartered Accountants

bankers

Oriental Bank of Commerce
Union Bank of India
The United Western Bank Ltd.
Punjab and Sind Bank
Bank of Baroda





notice

Notice is hereby given that the 16th Annual General Meeting of the Members of Creative Eye Limited will be held on Wednesday, 18th September, 2002 at 10.30 a.m. at Shri Bhaidas Maganlal Sabhagriha, U-1, Juhu Development Scheme, Vile Parle (West), Mumbai 400 056 to transact the following business:

Ordinary Business :

1. To consider and adopt the Balance Sheet as at 31st March, 2002, Profit and Loss Account for the year ended on that date and Reports of the Board of Directors and Auditors thereon.
2. To declare dividend on Equity Shares.
3. To appoint a Director in place of Shri. Shiv S. Sharma, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint M/s. Gupral S. Gupral & Co., Chartered Accountants, as Auditor 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.

Special Business

5. To consider and, if thought fit, to pass, with or without modification the following resolution as an Ordinary Resolution :-
 "RESOLVED THAT Shri. Surinder Kumar Sachdeva, who was appointed as an Additional Director of the Company pursuant to Section 260 of the Companies Act, 1956, and holds office up to the date of this Annual General Meeting and in respect of whom the Company has received a notice under section 257 of the Companies Act, 1956, in writing, proposing his candidature for the office of the Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation"

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. The proxy form in order to be effective should be duly stamped, completed, signed and must be deposited at the Registered Office of the company not less than 48 hours before the meeting. A proxy so appointed shall not have any right to speak at the meeting.
2. Member /Proxies should fill in the Attendance Slip for attending the meeting.
3. The Explanatory Statement as required under Section 173(2) of the Companies Act, 1956, in respect of special business as aforesaid is annexed to the notice.
4. The Register of Members and Share Transfer Books of the Company will remain closed from 11th September, 2002 to 18th September, 2002, both days inclusive.
5. Members who have not encashed the dividend warrants for the year ended 31st March, 2001 may approach the Company for obtaining duplicate warrants.
6. Members are requested to bring their copy of Annual Report while attending the meeting.
7. Member who hold shares in dematerialised form are requested to bring their Client ID and DP ID numbers for easy identification of attendance at the meeting.
8. While members holding shares in physical form may write to the Registrar for any change in their addresses and bank mandates and members having shares in electronic form may inform the same to their depository participants.
9. Appointment / Reappointment of Director

At the ensuing Annual General Meeting Shri Shiv S Sharma, Director, retire by rotation and being eligible offer himself for reappointment. Shri Surinder Kumar Sachdeva is being appointed as director liable to retire by rotation. In pursuance of Corporate Governance code, information for the aforesaid Director is provided hereunder:-

- i) Shri Shiv S Sharma is the Director of the Company since 30th January, 2001. He is the Former Director General, Doordarshan and has vast experience in media sector.
- ii) Shri Surinder Kumar Sachdeva has joined the Board as an Additional Director of the Company with effect from 29th October, 2001. He is associated with the media industry since long and is a successful business man holding links with chain of theatres in Northern India.

By Order of the Board of Directors
For CREATIVE EYE LIMITED

N. R. JOSHI
Company Secretary

Place: Mumbai
Dated: 29th June, 2002

2 Money can buy a dog but not the wag of its tail.



annexure to notice

Explanatory Statement Under Section 173(2) of the notice:

Item No.5

Shri Surinder Kumar Sachdeva was appointed as an Additional Director of the Company during the year pursuant to Section 260 of the Companies Act, 1956. He holds office as an Additional Director up to the date of the Annual General Meeting. The Company has received a notice in writing from a member proposing his candidature for the Directorship of the Company as per the provisions of Section 257 of the Companies Act, 1956.

Shri Surinder Kumar Sachdeva is having wide experience in the media sector. Keeping in view his vast experience and knowledge, it will be in the interest of the company to appoint Shri Surinder Kumar Sachdeva as Director of the Company. The Directors recommend this resolution for your approval.

None of the directors except for Shri Surinder Kumar Sachdeva is in any way concerned or interested in this resolution.

By Order of the Board of Directors
For CREATIVE EYE LIMITED

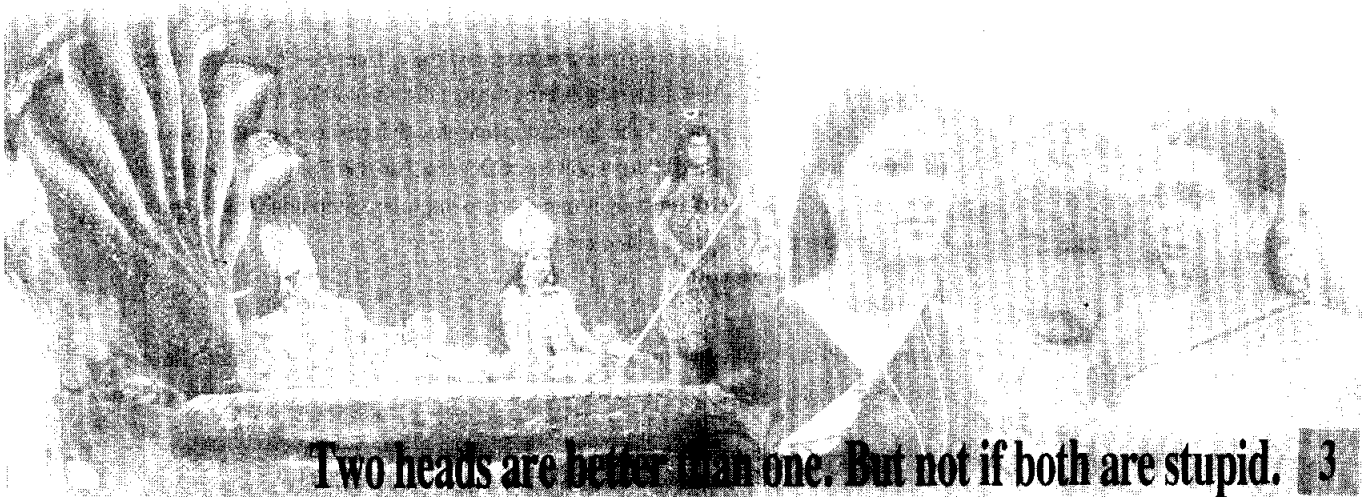
N R. JOSHI
Company Secretary

Place: Mumbai

Dated: 29th June, 2002



Creative Eye Limited



Two heads are better than one. But not if both are stupid. 3



directors' report

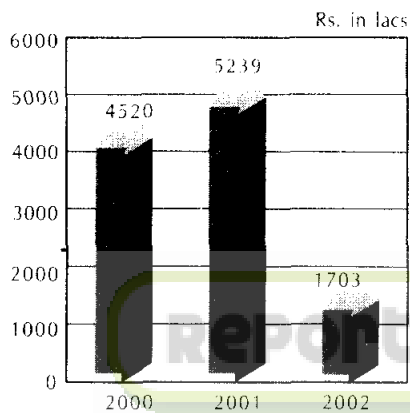
Dear Shareholders,

Your Directors have pleasure in presenting the 16th Annual Report on the Audited Accounts for the financial year ended 31st March, 2002 and on the state of affairs of the Company.

Financial Results:

	31.03.2002	31.03.2001
Sales	1702.75	5239.22
Cost of Software	1195.48	4514.35
Gross Profit	507.27	724.87
Other Income	204.67	91.05
Total	711.94	815.92
Other Expenses before interest and		
Depreciation	306.11	280.68
Operating Profit	405.83	535.24
Interest	4.06	5.41
Depreciation	174.04	25.90
Net Profit before tax	227.73	503.93
Provision for tax	83.22	100.00
Profit after tax	144.51	403.93
Earning per share		
- Basic	0.72	2.44
- Diluted	0.72	2.44
Dividend Rate	5%	10%

Sales



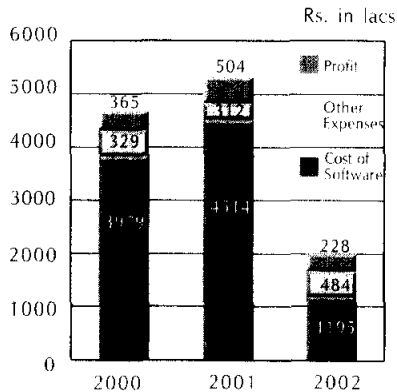
Sales

It is heartening to note that the performance of the Company is satisfactory. Sales during the year were Rs. 1702.75 lacs and were not quite encouraging. This was mainly due to the shift from Doordarshan to Satellite Channels and the business model being different of Doordarshan vis-a-vis Satellite Channels thus effecting the top line growth. In the previous year 2000-01, the presence on Doordarshan was dominant which is clear from the analysis. From the total revenue of 2000-01, 93.61% was generated from Doordarshan and 5.25% was contributed from Satellite Channels. In 2001-02 from the total revenue, Doordarshan's contribution was 26.36% and Satellite Channels contribution was 64.34% including the Regional Satellite Channels. Last year the total revenue generated from the Regional Satellite Channels was 1.09% and in 2001-02 it was 4.85% thus establishing the fact that the company has increased its visibility on Satellite Channels. Although the top line growth have been reduced due to the change in business model and adverse policies of Doordarshan, the Company's profit before tax is Rs. 227.73 lacs. The Company is confident to improve its top line growth and also increase the profit margins during the current year.

Dividend:

Members will observe that the net profit for the year ended 31st March, 2002 is much lower as compared to that of the corresponding previous year. This is mainly due to increase in depreciation

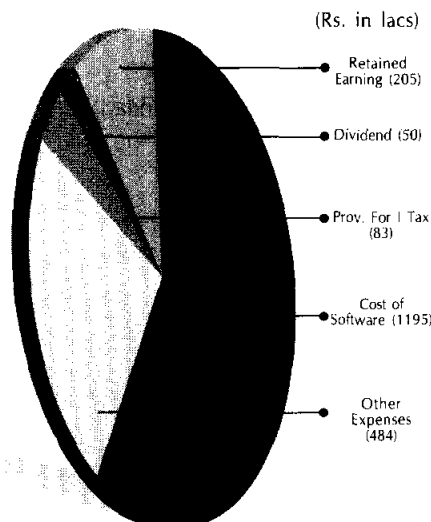
Distribution of Revenue



4 Only way to know if a person is trustworthy is to trust him.



Distribution of Revenue 2002



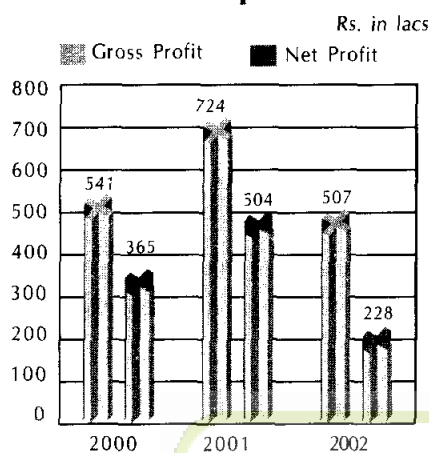
as the company has started amortising the brands from the current year in terms of the guidelines issued by the Institute of Chartered Accountants of India.

Your Directors recommend dividend payment @ 5% i.e. Rs.0.25 per share of Rs.5/- on the equity shares for the year ended under review. Despite decrease in the sales, and top line being effected as explained above, the company is fully confident of achieving better results in 2002-03. Hence even under unfavourable conditions, the company has rewarded its shareholders.

Fund Utilization

For the financial year ending 31st March, 2002, the Company has spent the funds received from the Initial Public Issue for the following purpose.

Profit Comparison



Public Issue Expenditure

Rs. In Lacs

Expansion of Post Production Studio

299.46

Used in Working Capital

320.54

500.00

1120.00

The Company has firmed up its future plan for utilization of the balance IPO proceeds in most effective manner. The Company has forayed into 3D Animation Graphics Project with an eye in the international markets. Initially the company shall be spending approximately Rs. 1.5 crores for setting up the hardware infrastructure to be expended after three months with an additional investments of Rs.3.5 crores. The Company have already **launched its first feature film and proposes to produce minimum three feature films** in the next 18 months. The Company plans to invest approximately Rs. 4.5 crores on the first two projects and for the third project the amount accrued from the said project shall be utilized. The Company is planning to spent on R&D for a 3D television show to be telecast through the existing TV sets (Non Digital) over Doordarshan / Satellite Channels and plans to spent approximately Rs.75 lacs for procuring the necessary pre-production and post production equipment. The Company plans to spent a considerable amount for the further expansions for increasing the number of hours of programming from existing level of 5 hours per week to 15 hours per week.

Business, Marketing and Sales Promotion

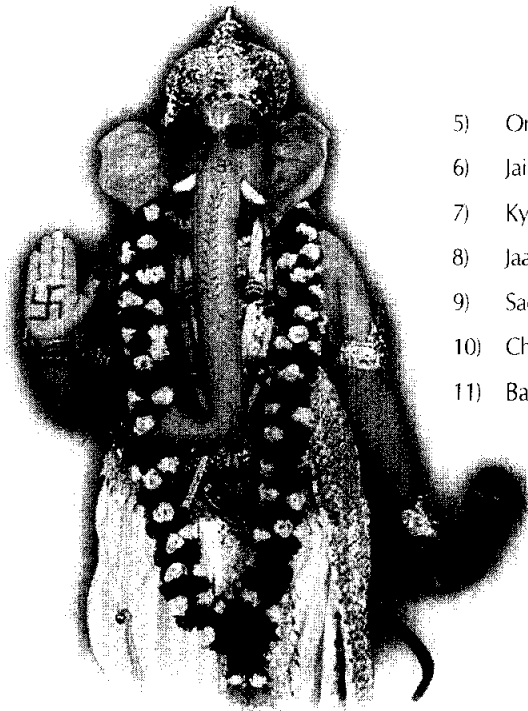
During the year, the main programmes run by the Company were:

- 1) Om Namah Shivay on Star Vijay TV (Re-run in Tamil – A daily soap Monday to Friday)
- 2) Kaavyanjali on Star Vijay TV (A daily soap in Tamil – Monday to Friday)
- 3) Jap Tap Vrat on Star TV (Re-run upto 26 episodes and is being continued with New episodes - A weekly program)
- 4) Shree Ganesh on Sony TV (Weekly)



Never take action when you are angry. 5

Creative Eye Limited



- 5) Om Namoh Naaraayan on Sahara TV (Weekly)
- 6) Jai Santoshi Ma on Zee TV (Weekly)
- 7) Kya Beti Parayaa Dhan Hai on ETV (A daily soap - Monday to Friday)
- 8) Jaane Aan Jane on DD-I (3 days a week)
- 9) Sach on DD-I (Weekly)
- 10) Chitrahaar on DD-I (Weekly)
- 11) Banna on DD Bangalore (4 days a week)
- 12) Under Overseas
- Om Namah Shivay – TV Asia – USA (Re-run in Hindi)
- Om Namah Shivay - Indonesia (Sub-titled in English)
- Shree Ganesh – Indonesia (Sub-titled in English)

Public Deposit

The Company has not accepted any deposit within the meaning of section 58A of the Companies Act, 1956 and Rules made thereunder.

Directors:

During the year the Board of Directors appointed Shri. Surinder Kumar Sachdeva as Non-Executive Director and Shri. Sumit Chandwani, Nominee Director of ICICI Venture Funds Management Company Ltd. Each of the new appointees have rich and varied experience in various fields and your Company is proud to avail of their knowledge and guidance. Shri. S.K. Sachdeva hold office as director up to the conclusion of ensuing Annual General Meeting and being eligible offers himself for re-appointment.

In accordance with the provisions of Articles of Association of the Company, Shri. Shiv S Sharma, Director retire by rotation as Director of the Company and being eligible offers himself for re-appointment.

Directors' Responsibilities Statement:

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956, with respect to Directors' Responsibilities Statement, it is hereby confirmed:

- (i) that in the preparation of the annual accounts for the financial year ended 31st March, 2002, the applicable Accounting Standards had been followed along with proper explanations relating to material departures;
- (ii) that the directors had selected such accounting policies and applied them consistently and made judgements and estimates that were 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 of the company for the year under review;
- (iii) that 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.

Further, the directors had prepared the accounts for the financial year ended 31st March, 2002 as a 'going concern' basis.

6 Men who made history have had little time to write it.



Auditors

M/s. Gurpal S Gujral & Co., Chartered Accountants, Auditors of the company hold office till the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment. The company has received a letter from M/s. Gurpal S Gujral to the effect that their appointment as Auditors, if made, would be within the limits under Section 224(1-B) of the Companies Act, 1956.

Personnel

As per the amended provisions of section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, as amended, none of the employees are drawing remuneration more than Rs.2,00,000/- per month or Rs.24,00,000/- per annum.

Foreign Exchange

Information in accordance with the provisions of Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988 regarding foreign exchange earnings and outgo is given hereunder.

Foreign Exchange Expenditure	(Rs. In lacs)
Expenses on Foreign Travelling	0.90
Import of Plant and Machinery	7.32
Foreign Exchange Earnings:	
Royalty income	44.10
Sale of software	490.93

Corporate Governance:

Your Company and its Board has been complying with Corporate Governance to the extent set out in this report as a separate report, in pursuance of requirements of Clause 49 of the Listing Agreement. The Management Discussion and Analysis Report forms part of this Report, Auditor's Certificate regarding compliance of the conditions of Corporate Governance as stipulated under the said clause is also attached to the Report.

Acknowledgement:

Your Directors place on record their sincere appreciation for the continued support from shareholders, customers, suppliers, banks and financial institutions and other business associates. A particular note of thanks, to all the employees of your company for their dedicated and sincere service, without whose contribution your company would not have achieved the years result.

For and on behalf of the Board

Dheeraj Kumar
Chairman & Managing Director

Mumbai
Dated : 29th June, 2002

Everything comes to those who can wait. 7





compliance certificate of corporate governance

To
The members of
CREATIVE EYE LIMITED
"Kailash Plaza",
Plot No.12-A, New Link Road,
Andheri (W), Mumbai 400 053.

Dear Shareholders,

We have examined the compliance of the conditions of corporate governance by Creative Eye Limited, for the year ended on 31st March, 2002 as stipulated in clause 49 of the Listing Agreement of the said company with Stock exchanges).

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an Audit nor an expression of opinion on the financial statement of the company.

In our opinion and to the best of our information and explanations given to us, we certify that the Company has complied with conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement, subject to nil.

We state that in respect of investor grievances received during the year ended 31st March, 2002, no investor grievances are pending against the company as on 29th June, 2002 as per the records maintained by the Company and presented to the Investors / Shareholders Grievance Committee.

We further state that such compliance is neither an assurance as to the future viability of the company nor as to the efficiency or effectiveness with which the management has conducted the affairs of the company.

For and on behalf of
GURPAL S. GUJRAL & CO.
Chartered Accountants

Sd/-
Gurpal Singh Gujral
F.C.A., Partner

Mumbai
29th June, 2002.



8 A mile walked with a friend contains only a hundred steps.