

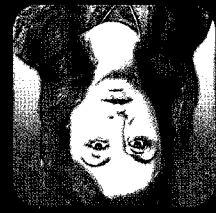
Creative Eye Limited



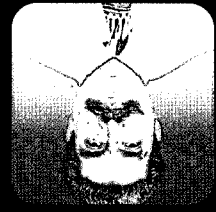
BOARD OF DIRECTORS



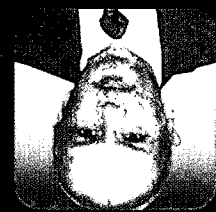
Mr. Dhareaj Kumar
Chairman And
Managing Director



Mrs. Zubey Kochhar
Executive Director



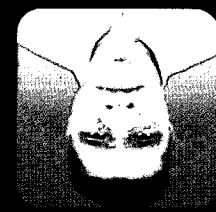
Mr. Devendra Dass
Kochhar
Executive Director



Mr. M. R. Sivaraman
Non Executive Director



Mr. Shiv S. Sharma
Non Executive Director



Mr. T. K. Choudhary
Non Executive Director

Registered and Corporate Office

"Kailash Plaza", Plot No. 12-A,
Opp. Laxmi Industrial Estate,
New Link Road, Andheri (W),
Mumbai - 400 053.
Telephones: 022-26732613 (7 Lines)
Fax : 022-26732296
E-mail : contact@creativeeye.com
Website : www.creativeeye.com

Registrar and Transfer Agents

Karvy ComputerShare Pvt. Ltd.
(UNIT: Creative eye limited)
46, Avenue-4, Street-1,
Banjara Hills,
Hyderabad - 500 034.
Telephone No. 040 - 23312454
Fax : 040 - 23311968
Website : www.karvy.com

Auditors

Uttam Abuwala & Co.,
Chartered Accountants

Bankers

Mrs. Himani Chhabra
Company Secretary

Annual General Meeting

Friday, 21st September, 2007
at 10.30 a.m. at Juhu Jagriti Hall,
Near Mithibai College,
Bhaktivedanta Swami Marg,
Juhu Scheme, Vile Parle (West),
Mumbai 400056

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Creative Eye Limited

Notice

NOTICE is hereby given that the Twenty First Annual General Meeting of the Members of **CREATIVE EYE LIMITED** ('the Company') will be held on Friday, 21st September, 2007 at 10.30 a.m. at Juhu Jagriti Hall, Near Mithibai College, Bhaktivedanta Swami Marg, Juhu Scheme, Vile Parle (West), Mumbai 400056 to transact the following business:

ORDINARY BUSINESS

1. To consider and adopt the audited Balance Sheet as at March 31, 2007, Profit and Loss Account and Cash Flow Statement for the year ended on that date and the report 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 reappointment.
3. To appoint a director in place of Mr. T. K. Choudhary, who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint M/s Uttam Abuwala & Co. Chartered Accountants as 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.

By Order of the Board of Directors

Himani Chhabra
Company Secretary

Place: Mumbai
Date: 30th June 2007

NOTES:

1. A member entitled to attend and vote at the annual general meeting is entitled to appoint a proxy to attend and vote on a poll instead of himself/herself and the proxy need not be a member of the Company. The instrument appointing proxy should, however, be deposited at the Registered Office of the company not less than forty-eight hours before commencement of the meeting.
2. Shareholders are requested to bring their copy of Annual Report to the Meeting.
3. Members/ Proxies should fill the Attendance Slip for attending the meeting.
4. 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.
5. 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.
6. The Register of Members and Share Transfer books of the Company will remain closed from 14th September 2007 to 21st September 2007, (both days inclusive).
7. Members who have not encashed their dividend warrants for the financial years ended on 31st March 2003, 31st March 2002 and 31st March 2001 may approach the company for issue of duplicate warrants.
8. 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.
9. Corporate Members intending to send their Authorized Representatives are requested to send a duly certified copy of the resolution passed at a meeting of the Board of Directors authorizing their representative to attend and vote at the Annual General Meeting.



10. 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 form. 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).
11. Pursuant to the provisions of Section 205A and 205C of The Companies Act, 1956, the company has transferred the unclaimed dividends for the financial year 1999-2000 to the Investor Education and Protection fund established by the Central Government.
12. Re-appointment of Directors:
 Mr. M. R. Sivaraman and Mr. T.K. Choudhary retire by rotation and being eligible, offer themselves for re-appointment. In compliance of Code of Corporate Governance and Clause 49 of the Listing Agreement with the Stock Exchanges, an introduction of the Directors is provided hereunder:
 - i) Mr. M.R. Sivaraman is the Director of the company since 29th March 2001. He is a retired IAS officer who was the Union Revenue Secretary and Executive Director of International Monetary Fund. He is also the Chairman of Lawrence School, Ooty.
 - ii) Mr. T.K. Choudhary is an ex- IPS officer, retired as DGP Maharashtra. He has served for 5 years as DIG/IG for Protection of Civil Rights and is closely associated with NGOs working for tribal, street children and riot affected children. He has won many medals like Raksha Medal for gallantry shown in the war of 1965, Western Star for bravery displayed in the war of 1971 and Police Medal for Meritorious Service.

With their rich experience in various fields, your company is proud to avail of their knowledge and guidance.

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By Order of the Board of Directors

Himani Chhabra
Company Secretary

Place: Mumbai
Date: 30th June, 2007



Creative Eye Limited

Directors' Report

Dear Shareholders,

Your Directors are pleased to present the Twenty First Annual Report and the Audited Statement of Accounts for the year ended 31st March 2007.

Financial Highlights

	(Rs. In lacs)	
	31.03.2007	31.03.2006
Sales	2124.49	1736.08
Cost of Software	1642.41	1403.00
Gross Profit	482.08	333.08
Other Income	116.30	144.89
Total	598.38	477.97
Other Expenses before Interest and Depreciation	272.84	233.69
Operating Profit	325.54	244.28
Interest	63.29	26.72
Depreciation	194.09	191.96
Net Profit before tax	68.16	25.60
Provision for deferred tax	(32.54)	(26.07)
Provision for Fringe Benefit Tax	3.29	2.84
Profit after tax	97.41	48.83
Earning per share		
Basic	0.49	0.24
Diluted	0.49	0.24
Dividend Rate	—	—

Operations

Your Company's persistent efforts have yielded good results and consequently, the company has continued the last year's trend of growth.

Sales during the year were Rs.2124.49 lacs as compared to Rs. 1736.08 lacs last year showing a substantial increase of 22% over that of last year. Your company has achieved an Operating Profit of Rs. 325.54 lacs as against Rs. 244.28 lacs last year. The Net Profit after Tax was Rs.97.41 lacs as against Rs. 48.83 lacs last year showing an increase of almost 100%.

Dividend

Owing to an accumulated loss of Rs.159.57 lacs as against Rs. 276.73 lacs last year, your Directors are unable to recommend payment of dividend on equity share capital for the year ended 31st March, 2007.

Fund Utilization

For the financial year ending 31st March, 2007, the Company has spent the fund received from the Initial Public Issue for the following purpose.



Directors' Report

(Rs. In Lacs)

Opening balance as on 01/04/2006	1323.41
Addition for Expansion of Post Production Studio	38.57
Closing balance as on 31/03/2007	<u>1361.98</u>

Business Marketing and Sales Promotion

During the year, the main programs run by the Company were:-

No.	Name of the Serial	Name of Channel
1.	Ghar Ki Lakshmi Betiyann	Zee TV
2.	Jodee Kamaal Ki	Star Plus
3.	Man Mein Hai Visshwas	Sony TV
4.	Om Namah Shivay- Hindi (Re-run)	Doordarshan
5.	Om Namah Shivay - Malayalam (Re-run)	Doordarshan
6.	Om Namah Shivay- Hindi (Re-run)	Sony TV
7.	Shri Ganesh- Hindi (Re-run)	Sony TV
8.	Sansar- Hindi (Re-run)	Doordarshan
9.	Jaane Anjane- Hindi (Re-run)	Doordarshan
10.	Eurasia Cricket Series- Abu Dhabi	Sahara-1 and DD Sports
11.	Ad Commercials	
12.	Films Rights sale	

All the future plans described in the Annual Report 2005-2006 materialized in the current year thus confirming the commitment made by your company. The details are as follows:

Fiction Shows

• **Ghar Ki Lakshmi Betiyann: Zee TV**

Ghar Ki Lakshmi Betiyann is a serial, which is the need of the hour. The programme highlights the discrimination between a male and female child that is still being maintained in our country. The serial proves that girls are no less than boys and can become the mainstay of any family.

Reality Based Shows

• **Man Mein Hai Visshwas: Sony TV**

The programme is based on the true-life incidents that changed the course of lives of many. The serial encompasses all religions and all religious faiths. The serial re-affirms human faith in a supreme power establishing the fact that true faith can move mountains.

Re-Runs

• **Om Namah Shivay, Sansar & Jaane Anjane at DD-1**

• **Shri Ganesh at Sony TV**

Your Company is exploiting the commercial capitalization of its existing library to the maximum. Om Namah Shivay, Jaane Anjane and Sansar are being successfully re-telecast on National Channel of Doordarshan, popularly known as DD-1. Om Namah Shivay and Shri Ganesh have been re-telecast on Sony TV during the year 2006-2007. The revenue generated by these shows has considerably added to the bottom line of the company.



Creative Eye Limited

Directors' Report

Sports Event

The Company successfully held the event Eurasia Cricket Series 2006 in Abu Dhabi during April-May 2006. It was a highly successful event and praised by the International Cricket Council also. The event was telecast simultaneously both by Sahara One and DD Sports.

Future Plans

◦ **TV Serials**

1. Hamari Bahu Tuulsi: Doordarshan

Your Company's relaunch over Doordarshan will be accomplished by a prime time show " Hamari Bahu Tuulsi ". The protagonist Tuulsi is caught in such a vortex of events that she is unable to extricate herself from them. This 52 episode serial has been on air from the 27th May 2007 onwards.

2. New Concepts

A slew of new channels that have commenced operations from the year 2006 onwards have placed your company in a strategically advantageous position. Being a production house of repute and standing, your company is being sought by select reputed channels for production of programmes. Negotiations are on with existing top end channels also for production of new shows.

Public Deposit

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

Directors:

During the year, there was no change in the members of Board of Directors of your company.

According to the provisions of Articles of Association of the Company, Shri T. K. Choudhary and Shri. M R Sivaraman, retire by rotation as Directors of the Company and being eligible offers themselves for re-appointment. Their introduction has been given in the notes to the Notice of the Annual General Meeting.

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, 2007, 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 judgments 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.
- (iv) that the directors had prepared the accounts for the financial year ended 31st March, 2007 on a 'going concern' basis.

Auditors

M/s. Uttam Abuwala & 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. 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.



Directors' Report

Personnel

As per the amended provisions of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, during the year, 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.

(Rs. In lacs)

Foreign Exchange Outgoings

Cricket Event	72.24
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Foreign Exchange Earnings:

Sale of software	10.20
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Corporate Governance:

Your Company and its Board of Directors has been complying with Corporate Governance to the extent set out in this respect 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 and Auditor's Certificate regarding compliance of the conditions of Corporate Governance as stipulated under the said clause is also attached to the Report.

Management Discussion and Analysis

a) Industry structure and developments:

Industry Size and Economic Growth

The entertainment and media industry is poised for strong growth across all its segments and is experiencing a trend of convergence. Current value of entertainment and media industry in India is approximately USD 3.6 billion and is expected to see a compound growth rate of 20% per year over the next five years.

Amongst the segments of the industry, television segment will continue to contribute the largest share, as was the case in the last three years. Television Industry revenues are expected to grow from Rs. 191 billion to Rs. 519 billion by the year 2011. Buoyancy in Indian economy will drive the homes both in rural and urban areas to buy televisions and subscribe for the paid services.

b) Opportunities

The television industry is witnessing the emergence of new distribution platforms in the form of DTH and IPTV, which are expected to boost the revenue of the industry. Given the proven effectiveness of targeted provision of content, your company is well poised for content supply in all segments whether stand alone or converged

Weakness

The path ahead is fraught with risks as well as rewards. Content providers must contend with the challenges that stem from convergence of various media platforms. One of the immediate challenges is the lack of "Convergence Bill". Fragmentation of contents as per demographic profile needs to be addressed by content providers. Lack of regulatory authority overseeing the content may be of concern to content creators.

Threats

There are no known threats to the company except drastic changes in government policies in taxation and media rules. The same cannot be perceived by the company presently.



Creative Eye Limited

Directors' Report

c) Segment wise or product wise performance:

The Major segments of the Company's turnover are commissioned programs and Sports. Turnover of each segment is as follows:

Figures in (lacs)

31st March 2007

Commissioned Programs	1951.54
Sports	172.95
Total	<u>2124.49</u>

Profitability of each segment of the Company is given hereunder:

Segments	Figures in (lacs)		
	Sales	Cost of Software	Gross profit
Commissioned Programs	1951.54	1481.29	470.25
Sports	172.95	161.12	11.83
Total	<u>2124.49</u>	<u>1642.41</u>	<u>482.08</u>

d) Future Outlook:

With the increase in number of channels either beaming in India from external platforms or up linking from Indian soil itself, need for good content will keep increasing manifold.

Your company being a production house of repute is at an advantageous position to provide desired content as per the requirement of broadcasters. Additionally, existing library of your company will continue to be in demand for both existing and new channels.

e) Adequacy of Internal Control:

Your company has a proper and adequate system of internal controls to ensure that all assets are safeguarded and protected against loss from un-authorized use or disposition and that transaction are authorized, recorded and reported correctly. The internal control system are supplemented by an extensive program of internal audits, review by management and documented guidelines and procedures. The internal control systems are designed to ensure that financial and other records are reliable for preparing financial information and other data for maintaining accountability for assets. Internal audit findings and recommendations are reviewed by the top management and the Audit Committee at regular intervals.

The CFO and CEO Certificate provided as part of the Annual Report gives the details of the internal controls and their adequacy.

f) Discussion on financial performance with respect to operational performance:

Sales during the year ended 31st March 2007 were Rs.2124.49 lacs as against Rs. 1736.08 lacs in previous year. There was a substantial increase of Rs.388.41 lacs in sales over the previous year. Cost of software for the year was Rs.1642.41 lacs as compared to Rs.1403.00 lacs. Gross Profit during the year was Rs.482.08 lacs as against Rs.333.08 in the previous year.

g) Human Resources

Your company understands the potential of the human resources as assets of the company. The company has endeavored to provide a professional environment to its employees, which enables them to learn, perform and grow. The company maintains transparency, provides healthy competition, training and attractive remuneration which help to instill in the employees, a sense of pride to work for the organization.

Total number of employees on the payroll of the company as on 31st March 2007 was 34.



Directors' Report

h) Cautionary Statement

Estimates and expectations stated in the Management Discussion Analysis maybe "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 factors.

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, Bankers, Financial Institutions, Shareholders, 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
For **Creative Eye Limited**

Dheeraj Kumar
Chairman & Managing Director

Place: Mumbai
Dated: 30th June 2007

