



Creative Eye Limited



[ANNUAL REPORT 2008-2009]

BOARD OF DIRECTORS



Mr. Dheeraj Kumar
Chairman & Managing Director



Mrs. Zuby Kochhar
Executive Director



Mr. DevendraDass 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 (West),
Mumbai- 400 053
Tel.: 022 26732613 (7 lines)
Fax: 022 2673 2296
E-Mail : contact@creativeeye.com
Website: www.creativeeye.com

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

Auditors

Uttam Abuwala & Co.,
Chartered Accountants

Bankers

Oriental Bank of Commerce

Company Secretary

Mrs. Hemangi Patil

Annual General Meeting

Tuesday, 22nd September 2009 at 10.30 a.m.
at "GMS Community Centre Hall",
Sittladevi Complex, 1st Floor, D. N. Nagar,
Opp. Indian Oil Nagar, Link Road,
Andheri (West), Mumbai 400 053.

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NOTICE

NOTICE is hereby given that the Twenty Third Annual General Meeting of the Members of CREATIVE EYE LIMITED ('the Company') will be held on Tuesday, 22nd September, 2009 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 2009, 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

Hemangi Patil
Company Secretary

Date: 30th June 2009

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-election 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.

Nothing ventured, nothing gained.





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8. The Register of Members and Share Transfer books of the Company will remain closed from Tuesday, 15th September 2009 to Tuesday, 22nd September 2009 (both days inclusive).
9. Members who have not encashed their dividend warrants for the financial years ended on 31st March 2003 may approach the company for issue of duplicate warrants.
10. 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.
11. 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.
12. 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).
13. Pursuant to the provisions of Section 205A and 205C of the Companies Act, 1956, the company has to transferred the unclaimed dividends for the financial years 2001-2002 to the investor education and protection fund established by the Central Government.

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Date: 30th June 2009

By Order of the Board

Hemangi Patil
Company Secretary





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In compliance of Code of Corporate Governance and Clause 49 of the Listing Agreement with the Stock Exchanges, the brief resume of the directors seeking re-appointment at the 23RD ANNUAL GENERAL MEETING is provided hereunder:

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 UCAL Fuel Systems Limited	Anil Special Steel Industries Limited
Chairmanship/ Membership of Committees across Public Companies	CEL Committees Chairmanship <ul style="list-style-type: none"> • Remuneration Committee • Investors' Grievance Committee Membership <ul style="list-style-type: none"> • Audit Committee 	CEL Committees Chairmanship <ul style="list-style-type: none"> • Audit Committee Membership <ul style="list-style-type: none"> • Remuneration Committee





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Directors' Report

Dear Shareholders,

Your Directors take pleasure in presenting before the members the Twenty-Third Annual Report together with the Audited Statement of Accounts of the Company for the financial year ended 31st March 2009.

Financial Highlights

	31.03.2009	(Rs. In lacs)	31.03.2008
Sales	5273.03		2837.63
Less: Cost of Software	5192.43		2328.36
Gross Profit	80.60		509.27
Other Income	153.42		157.08
Total	234.02		666.35
Less: Other Expenses before interest and Depreciation	336.00		317.55
Operating Profit/(Loss)	(101.98)		348.80
Less: Interest	120.79		82.01
Less: Depreciation	199.47		196.74
Net Profit/(Loss) before Tax	(422.24)		70.05
Less: Provision for deferred Tax	(43.24)		(38.32)
Less: Provision for Fringe Benefit Tax	3.78		3.18
Profit/(Loss) after tax	(382.78)		105.19
Earning per share			
Basic	(1.91)		0.52
Diluted	(1.91)		0.52
Dividend Rate	---		---

Financial Performance

During the year under review, the turnover was Rs.5273.03 lacs as compared to Rs.2837.63 lacs last year showing a substantial increase of 86% over last year. Your company has achieved Gross Profit of Rs. 80.60 lacs as against Rs. 509.27 lacs last year, however company had incurred Net Loss after Tax of Rs. 382.78 lacs as against Net Profit after Tax of Rs. 105.19 lacs last year.

Your company is taking several steps to fight against all odds to perform better and improve the margins/bottom line.

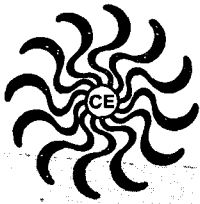
Dividend

In view of the loss suffered by your company during the year, the board expresses their inability to declare any dividend for the year under consideration.

Fund Utilization

For the financial year ended 31st March, 2009, the Company has spent the fund received from the Initial Public Issue





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for the following purpose.

(Rs. In Lacs)

Opening balance as on 01/04/2008	1393.27
Addition for Expansion of Post Production Studio	11.54
Closing balance as on 31/03/2009	<u>1404.81</u>

Company's programmes

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

No.	Name of the Serial	Name of the Channel
1.	Ghar ki Laxmi Betiyann	Zee TV
2.	Maayka Saath Zindagi Bhar Ka	Zee TV
3.	Jai Maa Vaishno Devi	9X TV
4.	Veeranwali	9X TV
5.	Waqt- Batayega Kaun Apna Kaun Paraya	Sony TV
6.	Hamari Bahu Tuulsi	DD-1
7.	Om Namah Shivay (Re-run) - Telugu	Maa TV
8.	Om Namah Shivay (Re-run)- Malayalam	Amruta TV
9.	Om Namah Shivay (Re-run)- Bhojpuri	Mahua TV
10.	Shree Ganesh (Re-run)	Pragya TV

Two flagship programmes of the Company "Ghar ki Laxmi Betiyann" and "Maayka Saath Zindagi Bhar Ka" had completed 500 plus episodes and still running successfully. Both the said programmes are maintaining their position in top five programmes telecast on the ZEE TV.

However, during the year under review, your company faced sudden discontinuation of the three major programmes i.e., "Jai Maa Vaishno Devi", "Veeranwali" and "Waqt - Batayega Kaun Apna Kaun Paraya" respectively on 9X and Sony TV.

Future Plans

Apart from producing TV serials, your Company is constantly focusing on several avenues available for widening the prospects of the company.

The company is exploring possibilities to enter into southern and regional channels to produce programmes in local languages.

T.V. Serials

The Company is planning to launch two big serials on Sahara One and Sony-SAB.

Ganesh Leela

- A daily Mythological serial based on Lord Ganesha, which shall be launched on Prime Time in August 2009 on Sahara One Channel.





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Gadolia Brhamchari Association

- A comedy show, which shall be launched on Prime Time in October 2009 on Sony-SAB Channel.

Several other TV serials are under negotiation stage with various satellite channels, which shall be announced soon.

Public Deposit

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

Directors

During the year, there were no changes in the Board of directors of your company.

Mr. M. R. Sivaraman and Mr. Shiv S. Sharma, Directors of the company retires by rotation at the ensuing Annual General Meeting and being eligible have agreed to offer themselves for re-appointment.

Brief resume of the directors to be re-appointed is given in the annexure to the notice convening the 23rd Annual General Meeting of the Company.

Directors' Responsibilities Statement

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

- In the preparation of the annual accounts for the financial year ended 31st March 2009, the applicable Accounting Standards had been followed along with proper explanations relating to material departures;
- 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;
- 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.
- The directors had prepared the accounts for the financial year ended 31st March, 2009 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.

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.





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Personnel

Information in accordance with the provisions of Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, forms part of this report. As per the provisions of Section 219(1) (b) of the Act, the Report and Accounts are being sent to the Shareholders of the company excluding the statement of particulars of employees under Section 217(2A) of the Act. Any shareholder interested in obtaining a copy of the statement may write to the Company Secretary at the Registered Office of the Company.

Corporate Governance

A Report on Corporate Governance as stipulated under Clause 49 of the Listing Agreement is annexed to this Report.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

The Management of the Company is pleased to present this report covering the activities of the Company during the year 2008-2009.

Overview

The financial statements have been prepared in compliance with the requirements of the Companies Act, 1956. The discussion and analysis of the financial condition 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 - media and entertainment industry

The Indian Entertainment and Media (E&M) Industry comprises of Film Industry and Television Industry. Since the past two decades entertainment industry in India has witnessed explosive growth and still is in an aggressive growth phase. Presently, the Entertainment Industry in India is in a consolidation phase and a very thin line exists between films, music and television. Skills and resources are being pooled extensively. Besides adaptation to high-end digital technology, the entertainment industry is also witnessing rapid development of the state-of-the-art studios and post production facilities.

The TV media occupies a predominant position in the Indian media and entertainment industry and has transformed completely in the last few years. The number of channels beamed on the TV screen of C & S viewers in India has exploded to over 450 now from about 120 in 2003. There has been rapid growth in the number of channels. Several positive developments like the accordence of 'industry' status to the film industry, satellite channel penetration, the retail boom in the channels for music sales (Music World & Planet M), the use of digital technology in all spheres of entertainment and the growth of multiplexes have contributed to the growth of this sector.

According to Media reports on Indian M&E Industry 2009, the Indian M&E industry stood at INR 584 billion in 2008, a growth of 12.4 percent over the previous year. Over the next five years, the industry is projected to grow at a CAGR of 12.5 percent to reach the size of INR 1052 billion by 2013. The television sector is estimated to have growth at a CAGR of around 13.8 percent over 2006-08. Within this, advertising has grown with an estimated CAGR of 16.7 percent which subscription has grown at an estimated CAGR of 12.4 percent.

Opportunities & Threats

Presently, India has the third largest television market in the world behind only China and the USA. The growth in the television sector is due to the rapid growth in the number of digitized households, steady increase in average revenue per users (ARPU) realized through digital distribution platforms, growth in the number of channels, especially in niche and regional categories and growth in the number of TV and C & S households.



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Today, television reaches about hundred million Indian households. In terms of employment, an estimated 6 million people earn their livelihood from the entertainment industry and this number is all set to grow. Entertainment industry in India is projected to be one of the major economic driving forces of the country.

The popularity of Indian entertainment industry goes well beyond the geographical frontiers of the country. The future prospects of Indian entertainment industry is bright. As India's profile rises on the global stage outside interest in India's culture and entertainment industry is also bound to grow.

However there are a number of challenges and roadblocks which could severely hamper the industry and dampen the overall enthusiasm prevailing now.

The challenges to this sector are the dominance of cable operators resulting in large subscription revenue losses for the broadcasters; lower growth in TV advertising due to the economic slowdown and the consequent cut in ad spends; delay in implementation of mandatory CAS in other parts of the country, inhibiting the growth of digital cable; increasing content costs for TV channels, as the broadcasting space gets overcrowded; intense competition and inability of DTH companies to increase ARPUs thus affecting their bottom line; shift of advertising share from major sectors like TV and Print towards alternate fast growing sectors like radio and internet. The trends in the industry being highly volatile success of projects is unpredictable. The activities of serial productions etc. require large working capital at high cost

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 2009

Commissioned Programs	5273.03
Total	5273.03

Profitability of the segment of the Company is given hereunder:

Segments	Sales	Cost of Software	(Amount in lacs)
			Gross Profit
Commissioned Programs	5273.03	5192.43	80.60
Total	5273.03	5192.43	80.60

Future Outlook

The future for Indian entertainment industry is tremendous. There is a boom in the industry due to the Corporatisation of the overall industry, technology advancements, digital cinemas, multiplexes, the changing lifestyles and increase in the consumer spending. This boom is expected to continue in the future, thereby bringing huge scope and potential for television industry. DTH and IPTV are likely to push up the subscription revenue and will contribute to the growth of the television industry.

The Company is working on a number of projects which are at different stages of production and are scheduled to be telecast in the coming days.

