

Annual Report 2010-2011



Creative Eye Limited

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

Registered & Corporate Offices

"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 & 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

Auditors

Uttam Abuwala & Co.,
Chartered Accountants, Mumbai

Bankers

Oriental Bank of Commerce
Santacruz (west), Mumbai

Company Secretary

Ms. Valentina D'Mello

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Annual General Meeting

Monday, 26th September 2011 at
10.30 a.m.
at "GMS Community Centre Hall",
Siddhesh 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 Fifth Annual General Meeting of the Members of **CREATIVE EYE LIMITED** ('the Company') will be held on Monday, 26th September, 2011 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 2011, 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. T. K. Choudhary, 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.

SPECIAL BUSINESS:

5. To consider and if thought fit, to pass, with or without modification(s), the following resolution as a **Special Resolution**:

"RESOLVED THAT in accordance with the provisions of Sections 198, 269 and 309, read with Schedule XIII and all other applicable provisions of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the consent of the Company be and is hereby accorded to the re-appointment of Shri Dheeraj Kumar, as Chairman and Managing Director of the Company, for a period of 3 (three) years with effect from 01st June, 2011, on the terms and conditions including remuneration as are set out in the agreement to be entered into between the Company and Shri Dheeraj Kumar, a draft whereof is placed before this meeting which agreement is hereby specifically sanctioned with liberty to the Board of Directors (hereinafter referred to as "the Board" which term shall be deemed to include the Remuneration Committee constituted by the Board) to alter and vary the terms and conditions of the said appointment and/or remuneration and/or agreement, subject to the same not exceeding the limits specified in Schedule XIII to the Companies Act, 1956, including any statutory modification or re-enactment thereof for the time being in force or as may hereafter be made by the Central Government in that behalf from time to time, or any amendments thereto as may be agreed to between the Board and Shri Dheeraj Kumar.

RESOLVED FURTHER THAT the Board be and is hereby authorised to take all such steps as may be necessary, proper or expedient to give effect to this resolution."

6. To consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT in accordance with the provisions of Sections 198, 269 and 309, read with Schedule XIII and all other applicable provisions of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the consent of the Company be and is hereby accorded to the re-appointment of Smt. Zubu Kochhar as a Whole Time Director designated as Executive Director of the Company, for a period of 3 (three) years with effect from 01st June, 2011, on the terms and conditions including remuneration as are set out in the agreement to be entered into between the Company and Smt. Zubu Kochhar, a draft whereof is placed before this meeting which agreement is hereby specifically sanctioned with liberty to the Board of Directors (hereinafter referred to as "the Board" which term shall be deemed to include the Remuneration Committee constituted by the Board) to alter and vary the terms and conditions of the said appointment and/or remuneration and/or agreement, subject to the same not exceeding the limits specified in Schedule XIII to the Companies Act, 1956, including any statutory modification or re-enactment thereof for the time being in force or as may hereafter be made by the Central Government in that behalf from time to time, or any amendments thereto as may be agreed to between the Board and Smt. Zubu Kochhar.



RESOLVED FURTHER THAT the Board be and is hereby authorised to take all such steps as may be necessary, proper or expedient to give effect to this resolution."

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

Sd/-
Valentina D'Mello
Company Secretary

Date: 25th May 2011

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. An Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, relating to 'the Special Business' to be transacted at the meeting is annexed hereto.
4. Members/ Proxies should fill the Attendance Slip for attending the meeting.
5. Brief resume of the directors seeking re-appointment is annexed herewith.
6. Shareholders are requested to bring their copy of Annual Report to the Meeting.
7. Members who hold their shares in dematerialized form are requested to write their client ID and DP ID numbers and those who hold shares in physical form are requested to write their Folio Number in the attendance slip for attending the meeting.
8. 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.
9. The Register of Members and Share Transfer books of the Company will remain closed from Monday, 19th September 2011 to Monday, 26th September 2011 (both days inclusive).
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).

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By Order of the Board of Directors

Sd/-
Valentina D'Mello
Company Secretary

Date: 25th May 2011



EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

The Explanatory Statement for item No.5 and 6 of the accompanying Notice set out herein above is as under:-

ITEM No. 5 and 6

Subject to Shareholders approval, the Board of Directors, at their meeting held on 25th May, 2011, have re-appointed Shri Dheeraj Kumar, as Chairman and Managing Director and Smt. Zubu Kochhar, as Whole Time Director designated as Executive Director, for a period of 3 years with effect from 01st June, 2011, on the remuneration determined by the Remuneration Committee of the Board of Directors.

The broad particulars of remuneration payable to and the terms of the respective appointments, of Shri Dheeraj Kumar and Smt. Zubu Kochhar during the tenure of their respective re-appointment are as under:-

Terms & Conditions of appointment and remuneration of Shri Dheeraj Kumar as Chairman & Managing Director

- a) General: The Managing Director shall conduct the day-to-day management of the Company subject to the supervision, direction and control of the Board.
- b) Term: He shall hold office as the Chairman & Managing Director of the Company for a period of 3 years from 01st June, 2011.
- c) Salary: In the Scale of Rs. 1,50,000/- to Rs. 3,00,000/- per month. The Remuneration Committee/ Board of Directors will determine the amount of Salary payable from time to time depending on the performance of the Managing Director, profitability of the Company and other relevant factors.

The Salary approved by the Remuneration Committee is Rs. 2,62,250/- per month which includes basic salary and allowances except the following perquisites-

- 1) Leave Salary: Annual leave on full pay and allowances in accordance with the Company's rules, but not exceeding one month's salary for every year of service.
 - 2) Provision of fully maintained car for use on Company's business. The use of car for private purpose shall be billed by the Company to the Chairman & Managing Director.
 - 3) Free Use of Telephone at the Residence: Provision of telephone/ Mobile at the residence of the Managing Director.
- d) Contribution to Provident Fund and Superannuation Fund: Contribution to the Provident Fund, Superannuation Fund and Annuity Fund will not be considered or included in computation of ceiling on perquisites to the extent these either singly or put together, are not taxable under the Income-Tax Act, 1961.
 - e) Gratuity: Gratuity payable shall not exceed 15 days salary for each completed year of service, will not be considered or included in computation of ceiling on perquisites.
 - f) Minimum Remuneration: Notwithstanding anything to the contrary herein, where in any financial year, during the currency of the tenure of the appointment, the Company has no profits or its profits are inadequate, the salary, perquisites and benefits shall not exceed the ceilings laid down in this behalf under Schedule XIII of the Companies Act, 1956 or any amendment thereof.
 - g) Other Terms and Conditions:
 - 1) Leave: He shall be entitled to casual leave, sick leave and other leave as per the rules of the Company applicable to the managerial personnel of the Company.



- 2) Shri Dheeraj Kumar shall not be liable to retire by rotation as a Managing Director, subject to section 256 of the Companies Act, 1956.
- 3) The Managing Director shall not be paid any sitting fees for attending the meetings of the Board of Directors or committees thereof from the date of appointment.
- 4) The following disclosures are being made in this Explanatory Statement in compliance with Paragraph 1(B) of Section II in Part II of Schedule XIII to the Companies Act, 1956.

I) General Information

- 5) The Company was incorporated in the year 1986 with the main object of making video films, other films for the Television Media and Screen.
- 6) Operational Performance of the Company for the financial year 2010-11 and 2009-10 is as follows.

(Rs. in Lacs)

Particulars	2010-2011	2009-2010
Sales and other Income	1436.55	3292.09
Profit/(Loss) Before Tax	(323.14)	(350.34)
Profit/(Loss) After Tax	(323.14)	(350.34)
Paid up Equity Capital	1002.91	1002.91
Reserves & Surplus	3516.04	3516.04
Basic Earning per Share (Rs.)	(1.61)	(1.75)

- 7) There were no earnings in foreign currency during the financial year 2009-10 as well as during the financial year 2010-11.

II) Information about Mr. Dheeraj Kumar

Mr. Dheeraj Kumar is the promoter director of the Company. He is a graduate from Films and Television Institute of India, Pune and has over 35 years of experience in the media and entertainment industry in various roles as an Artist, Director and Producer. He has successfully produced TV Serials in all major Indian Languages, e.g. Hindi, Punjabi, Telugu, Tamil, Kannada, Malayalam, Gujarati etc. Winner of several awards as an actor, he has continued the trend and has won several awards as a Producer also. Having more than 35 years of experience in all aspects of film making, as Chairman and Managing Director, he maintains total interaction from floor level to top level in all aspects of planning, production and creativity. There has been a tremendous growth in the operations of the Company during his tenure due to his competence and experience. Taking into account financial position of the Company, trend in the industry, his qualifications and experience, the terms of his reappointment and remuneration as set out in the resolution are considered to be just, fair and reasonable.

He is a key promoter of the Company and owns 19.34 percent Equity stake in the Company as of date.

The total remuneration drawn by Mr. Dheeraj Kumar for the financial year 2008-09 and 2009-10 was Rs. 33,71,500/- and Rs. 34,09,250/- respectively.

Besides his remuneration, Mr. Dheeraj Kumar does not have any other pecuniary relationship with the Company.

III) Other information

- (a) The reasons for loss or inadequate profits of the Company have been mentioned in the Directors' Report of the



Company. However, in the event of unforeseen circumstances and conditions beyond the control of the Company, the profitability of the Company is affected.

- (b) The Company is looking at new business opportunities and new markets to grow.
- (c) The Company is expected to perform well in future.

IV) Disclosures

- (a) The shareholders are being informed of the remuneration package by way of explanatory statement as given above.
- (b) The details of remuneration etc. of other Directors are included in the Corporate Governance Report forming part of the Annual Report of the Company.

Terms & Conditions of appointment and remuneration of Smt. Zuby Kochhar as Executive Director

- a) General: The Executive Director shall conduct the day-to-day management of the Company subject to the supervision, direction and control of the Board.
- b) Term: She shall hold office as the Executive Director of the Company for a period of 3 years from 01st June, 2011.
- c) Salary: In the Scale of Rs. 90,000/- to Rs. 1,50,000/- per month. The Remuneration Committee/ Board of Directors will determine the amount of Salary payable from time to time depending on the performance of the Executive Director, profitability of the Company and other relevant factors.

The Salary approved by the Remuneration Committee is Rs. 1,31,000/- per month which includes basic salary and allowances except the following perquisites-

- 1) Leave Salary: Annual leave on full pay and allowances in accordance with the Company's rules, but not exceeding one month's salary for every year of service.
- 2) Provision of fully maintained car for use on Company's business. The use of car for private purpose shall be billed by the Company to the Executive Director.
- 3) Free Use of Telephone at the Residence: Provision of telephone/ Mobile at the residence of the Executive Director.
- d) Contribution to Provident Fund and Superannuation Fund: Contribution to the Provident Fund, Superannuation Fund and Annuity Fund will not be considered or included in computation of ceiling on perquisites to the extent these either singly or put together, are not taxable under the Income -Tax Act, 1961.
- e) Gratuity: Gratuity payable shall not exceed 15days salary for each completed year of service, will not be considered or included in computation of ceiling on perquisites.
- f) Minimum Remuneration: Notwithstanding anything to the contrary herein, where in any financial year, during the currency of the tenure of the appointment, the Company has no profits or its profits are inadequate, the salary, perquisites and benefits shall not exceed the ceilings laid down in this behalf under Schedule XIII of the Companies Act, 1956 or any amendment thereof.
- g) Other Terms and Conditions:
 - 1) Leave: She shall be entitled to casual leave, sick leave and other leave as per the rules of the Company applicable to the managerial personnel of the Company.



- 2) Smt. Zubu Kochhar shall not be liable to retire by rotation as an Executive Director, subject to section 256 of the Companies Act, 1956.
- 3) The Executive Director shall not be paid any sitting fees for attending the meetings of the Board of Directors or committees thereof from the date of appointment.

Information about Mrs. Zubu Kochhar

Mrs. Zubu Kochhar is the promoter director of the Company. She has worked with Air India as a Sr. Check Hostess for 17 years and had produced many T.V. Serials and Video Films. She looked after the Conceptualisation & execution of programmes for various projects related to Media. Taking into account financial position of the Company, trend in the industry, her qualifications and experience, the terms of her reappointment and remuneration as set out in the resolution are considered to be just, fair and reasonable.

The terms and conditions set out for re-appointment and payment of remuneration herein and/or in the respective agreement may be altered and varied from time to time by the Board of Directors of the Company as it may, at its discretion deem fit.

The respective Agreement may be terminated by either party (the Company or the concerned Managing Director or Whole Time Director) by giving 3 months prior notice in writing.

The Draft Agreement to be entered into between the Company and each of Shri Dheeraj Kumar and Smt. Zubu Kochhar respectively, incorporating the particulars of remuneration, are available for inspection at the Registered Office of the Company on all working days excluding Saturdays, upto the date of the ensuing Annual General Meeting between 11.00 a.m to 1.00 p.m.

The above may also be treated as an abstract of the terms of the Contract/Agreement between the Company and Shri Dheeraj Kumar and Smt. Zubu Kochhar respectively, pursuant to Section 302 of the Companies Act, 1956.

Shri Dheeraj Kumar and Smt. Zubu Kochhar are interested in the resolutions which pertain to their respective re-appointments and/or remuneration payable to each of them. Further Shri Dheeraj Kumar and Smt. Zubu Kochhar may also be deemed to be interested in the resolution pertaining to the re-appointment of and/or remuneration payable to the other as they are related to each other.

Save and except the, none of the other Directors of the Company is any way, concerned or interested in the resolution.

Your Directors recommend the resolutions set out at item Nos. 5 and 6 of the Notice for your approval.

Registered office:

"Kailash Plaza", Plot No.12-A,
Opp. Laxmi Industrial Estate,
New Link Road, Andheri (West),
Mumbai 400 053

Date: 25th May 2011

By Order of the Board of Directors

Sd/-
Valentina D'Mello
Company Secretary



BRIEF RESUME OF THE DIRECTORS SEEKING RE-APPOINTMENT AT THE 25TH ANNUAL GENERAL MEETING

Name	Mr. T. K. Choudhary	Mr. Shiv S. Sharma
Date of Birth	16.01.1944	27.08.1933
Date of appointment	27.03.2006	30.01.2001
Qualifications	M.A. External (Sociology)	B.A., M.A.
Expertise in specific functional areas	Ex-IPS officer, retired as DGP, Maharashtra	Ex-Director General, Doordarshan
Directorship held in other public companies	Not Applicable	Anil Special Steel Industries Limited
Chairmanship/ Membership of Committees across Public Companies	CEL Committees Membership <ul style="list-style-type: none"> Audit Committee Remuneration Committee 	CEL Committees Chairmanship <ul style="list-style-type: none"> Audit Committee Membership <ul style="list-style-type: none"> Remuneration Committee Share Transfer and Investors' Grievances Committee



DIRECTORS' REPORT & MDA

Dear Shareholders,

Your Directors present their report together with the Audited Statement of Accounts of the Company for the financial year ended 31st March 2011.

Financial Highlights

	(Rs. In lacs)	
	Year ended 31st March 2011	Year ended 31st March 2010
Sales	1285.45	3136.95
Less: Cost of Software	1236.75	2999.45
Gross Profit	48.70	137.50
Other Income	151.10	155.13
Total	199.80	292.63
Less: Other Expenses before interest and Depreciation	253.74	331.95
Operating Profit/(Loss)	(53.94)	(39.32)
Less: Interest	77.99	119.50
Less: Depreciation	191.21	191.52
Net Profit/(Loss) before Tax	(323.14)	(350.34)
Less: Provision for deferred Tax	0.00	0.00
Less: Provision for Fringe Benefit Tax	0.00	0.00
Profit/(Loss) after tax	(323.14)	(350.34)
Earning per share		
Basic	(1.61)	(1.75)
Diluted	(1.61)	(1.75)
Dividend Rate	—	—

Financial and Business Performance

During the year under review, the turnover was Rs. 1285.45 lacs as compared to Rs. 3136.95 lacs of last year showing a substantial decrease of 59.02% over last year. Your Company has achieved Gross Profit of Rs. 48.70 lacs as against Rs. 137.50 lacs over last year; however Company had incurred Net loss after tax which stood at Rs. 323.14 lacs as compared to Rs. 350.34 lacs in the previous year.

During the year under consideration, two major running programs of the Company discontinued namely "Ganesh Leela" on Sahara One in the month of May 2010 and "Yeh Pyaar Na Hoga Kam" on Colors Channel in the month of September 2010 which had impacted top line as well as bottom line.

Your Company had expanded its operation in southern market also and had produced a non fiction reality show "Naaniruvude Nimagaagi" for Zee Kannada. The program was hosted / anchored by a super star of Kannada Film Industry Mr. Shiv Raj Kumar and the show met with reasonable success.

Now-a-days the main cause of concern is the consistency and sustainability of the programs in the competitive scenario. The rapid reshuffling of the programs due to non attaining of expected TRP had resulted in shortening the life of the programs which had affected/impacted the performance of the Company. The content creators has been increased hence the limited demand of