

Annual Report  
2010-2011



**Creative Eye Limited**

## Board of Directors

**Mr. Dheeraj Kumar**  
*Chairman & Managing Director*

**Mrs. Zubey 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](mailto:contact@creativeeye.com)  
Website: [www.creativeeye.com](http://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](http://www.karvy.com)

## Auditors

Uttam Abuwala & Co.,  
Chartered Accountants, Mumbai

## Bankers

Oriental Bank of Commerce  
Santacruz (west), Mumbai

## Company Secretary

Ms. Valentina D'Mello

## INDEX

## Page

Notice.....	1-7
Director's Report & Management Discussion Analysis.....	8-14
Report on Corporate Governance.....	15-21
Compliance Certificate of Corporate Governance .....	22
Statement of Disclosure by Audit Committee .....	23
CEO & CFO Certification .....	24
Auditor's Report .....	25-27
Balance Sheet.....	28
Profit & Loss Account .....	29
Schedules .....	30-36
Notes to accounts .....	37-40
Cash Flow Statement .....	41
Balance Sheet Abstract .....	42
Proxy & Attendance Slip.....	

## Annual General Meeting

Monday, 26th September 2011 at  
10.30 a.m.  
at 'GMS Community Centre Hall',  
Silladevi 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. Zuby 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. Zuby 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. Zuby 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).

**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



## 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. Zuby 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. Zuby 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 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: 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. Zuby 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. Zuby Kochhar

Mrs. Zuby 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. Zuby 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. Zuby Kochhar respectively, pursuant to Section 302 of the Companies Act, 1956.

Shri Dheeraj Kumar and Smt. Zuby 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. Zuby 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**

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



## 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



the programs/serials by the general entertainment channels has been segregated in to the arms of the various content creators. Your Company is putting best efforts to scale up its operations and performance by fighting against all odds.

Your Company had launched a new social serial "Rishton Ke Bhawar Main Ulji... Niyati" on Sahara One which went on air on 24th January 2011 and is doing quite well and is in the top three position across all the programs aired on Sahara One Channel.

Your Company had made its brand stronger by exploiting the Company's prominent mythological programs "Om Namah Shivay", "Shree Ganesh" and "Jap Tap Vrat" in southern languages of Tamil, Telugu and Oriya.

## Dividend

Owing to the loss incurred by the Company, your Directors are unable to recommend payment of dividend on equity share capital for the year ended 31st March, 2011.

## Fund Utilization

Up to the financial year ending 31st March, 2011, the Company has spent the funds received from the Initial Public Issue for the following purpose:

	(Rs. In Lacs)
Opening balance as on 01/04/2010	1408.49
Addition for Expansion of Post Production Studio	00.21
Closing balance as on 31/03/2011	<u>1408.70</u>

## Company's Programmes

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

No.	Name of the Serials/Programs	Name of the Channel
1.	Rishton Ke Bhawar Main Ulji... Niyati	Sahara One
2.	Yeh Pyaar Na Hoga Kam	Colors
3.	Ganesh Leela	Sahara One
4.	Naaniruvude Nimagaagi - Kannada	Zee Kannada
5.	Jap Tap Vrat (Re-run) - Oriya	OTV- Oriya
6.	Om Namah Shivay (Re-run)- Hindi	DD - Lucknow
7.	Om Namah Shivay (Re-run) - Oriya	Lakshya
8.	Om Namah Shivay (Re-run) - Telugu	Rachana
9.	Shree Ganesh (Re-run) - Hindi	DD - Lucknow
10.	Shree Ganesh (Re-run) - Tamil	Zee Tamil

## Future Plans

Your Company always believes in quality and stick to it to maintain its credential and credibility in the market. The Company keeps doing research on the viewer's demand and designs its contents/programs in the viewer's perspective.

Your Company is in the process of introducing various new shows-

- A. "Sawaare Sabke Sapne..... Preeto"** a social family drama, which is under production and will be launched in the first week of July 2011 on Imagine TV. The story is about a punjabi family and its five daughters. The father of daughters is a retired



school teacher and a novelist who is unable to fulfill the responsibilities of his family. The mother of daughters is worried about the marriages of all the daughters. One of their daughters, Preeto becomes the son of the family and shares the responsibility to fulfill the dreams of the family.

- B. “Babosa - Mere Bhagwan”** a socio-mytho serial, which is under production and will be launched in the first week of July 2011 on Sony TV. The serial is based on the true story from Churu, Rajasthan wherein a 17years old boy, Panna who was gifted by Lord Hanuman to Ghebarchand and Ghagni bai becomes the Babosa Bhagwan for all and these are the stories of the Devotees of Babosa Bhagwan who had experienced the spiritual powers /blessings of Babosa Bhagwan.
- C. “Neem Neem Shehed Shehed”** a social family drama, which is under production and will be launched soon on Sahara One TV. This is the story of two sisters wherein one has the dream to attach to a Joint family after marriage and the other has the dream to get connected with her husband in a nuclear family. Backdrop is of Gujarat wherein both the girls come into one family and how their dreams come true but dreams cannot be fulfilled without hurdles. So this is the journey of their dreams to be fulfilled, their relationship, emotions and their life.

Besides this your Company is considering various other interesting concepts which are in pipe line at this stage and will be pitched to various channels shortly for the approval.

Apart from producing TV serials, your Company is constantly focusing on several avenues such as event management, acquisition of films for satellites and terrestrial channels for widening the prospects of the Company.

The Company is focused to achieve the above targets so as to deliver better results which would enhance the value of all stakeholders.

#### **Public Deposit**

During the year under review, your Company has not accepted or renewed any public deposits within the meaning of section 58A of the Companies Act, 1956 and rules made there under.

#### **Directors**

In accordance with the Articles of Association of the Company, Mr. T. K. Choudhary 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 25th 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:

- a) In the preparation of the annual accounts for the financial year ended 31st March, 2011, the applicable Accounting Standards have been followed along with proper explanations relating to material departures;
- b) The directors have selected appropriate 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 loss of the Company for the year under review;
- c) The directors have 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; and,



d) The directors have prepared the annual accounts for the financial year ended 31st March, 2011 on a 'going concern' basis.

## **Auditors**

M/s. Uttam Abuwala & Co., Chartered Accountants, Auditors of the Company holds office till the conclusion of the ensuing Annual General Meeting and is 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 every endeavor has been made to ensure optimal use of energy, avoid wastages and conserve energy as far as possible. In its endeavor to deliver the best to its viewers, your Company has been constantly active in harnessing and tapping the latest and best technology in the industry.

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

## **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, as amended, forms part of this report. As per the provisions of Section 219(1)(b) of the said 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**

The Corporate Governance and Management's Discussion and Analysis Reports form an integral part of this report and are set out as separate Annexure to this Report. Certificate from Auditors of the Company certifying compliance of the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement is also annexed to the Report on Corporate Governance.

## **MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

### **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**

Television in India is a huge industry and has thousands of programmes in all the states of India. The small screen has produced numerous celebrities of their own kind some even attaining national fame. TV soaps are extremely popular with housewives as well as working women. Approximately half of all Indian households own a television. As of 2010, a total number of 515 channels are available in the country out of which 150 are pay channels. As per FICCI-KPMG Indian Media and Entertainment Industry Report 2011, the total number of active channels increased from 461 in 2009 to 550+ in 2010. (Source: TAM)

The entry of regional channels, "anti incumbency" factor (i.e. newer entrants with newer formats), Twenty20 world cup, new formats (reality shows, talent hunt), distribution (mobile content), cable and satellite growth have ensured that Television media remains on top of the advertiser spend.

In 2010, the Indian Media & Entertainment (M&E) industry registered a growth of 11 percent over 2009 and touched INR 652 billion, says a **FICCI-KPMG report**. Backed by positive industry sentiment and growing media consumption, the industry is



estimated to achieve a growth rate of 13 percent in 2011. Overall the industry is expected to register a CAGR of 14 percent to touch INR 1275 billion by 2015.

## Your Company believes in SWOT analysis

### -Strengths to Build Upon:

High viewership ratings  
Technological innovations

### -Weaknesses to Overcome:

Uncertainty in viewership  
Highly fragmented

### -Opportunities to Exploit:

Benefit from the robust growth of the Entertainment and Media sector  
Potential increase in viewership base

### -Threats to Overcome:

Competitiveness within the Industry  
Increasing number of content providers  
Threat of New Entrants

## 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 2011
Commissioned Programs	1285.45
<b>Total</b>	<b>1285.45</b>

## Profitability of the segment of the Company is given hereunder:

	(Amount in lacs)		
Segment	Sales	Cost of Software	Gross Profit
Commissioned Programs	1285.45	1236.75	48.70
<b>Total</b>	<b>1285.45</b>	<b>1236.75</b>	<b>48.70</b>

## Future Outlook

The Indian entertainment industry is on a high growth path. Entertainment industry in India is projected to be one of the major economic driving forces of the country. In India, television is the major segment of entertainment industry. Presently, India has the third largest television market in the world behind only china and the USA. Today, television reaches about hundred million Indian households.

Domestic majors are finding better earnings potential in the huge overseas markets. At the same time, corporatization is finally starting to emerge in this highly unorganized industry. This is likely to instill a greater discipline in the functioning of the industry and lead to greater consolidation in the future. The domestic consumer will opt for more sophisticated technology in the near future. Consequently, domestic majors will have to redefine their product offerings and market them aggressively.

While piracy levels are declining slowly, better copyright laws and the rapid implementation of the same are imperative to preserve the creative talent in this industry. The government needs to implement the same in order to facilitate the high growth in this industry.



## Risks and concerns

The Company faces various risks in its business that is common to any industry. These include general economic and business conditions in India and other countries as well as natural calamities which can throw production schedules out of gear.

Entry of several players with considerable resources has only resulted in prices of the content shooting up sharply. Due to the high gestation period from the date of investment to realization of returns, investment in business requires valuable working capital to be locked in for long periods. Entry of big corporate houses and international studios has resulted in sharp increase of the overall costs, from actors' fees to technical costs.

In spite of a steady overall growth in the Television industry, there has been sharp increase in telecast fees charged by TV channels during the year and this has escalated the overall production expenditures and exerted undue pressure on costs and bottom line.

## Internal control system and their adequacy

The Company has in place adequate internal control systems, commensurate with its size and nature of operations so as to ensure smoothness of operations and compliance with applicable legislation. The Company has a well-defined system of management reporting and periodic review of business to ensure timely decision-making. It has an internal audit team with professionally qualified financial personnel, which conducts periodic audits to maintain a proper system of checks and control. All operating parameters are monitored and controlled. Any material change in the business outlook is reported to the Board.

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

## Financial performance with respect to operational performance

The highlights of the financial performance of the Company for the financial year 2010-2011 are as under:

Particulars	(Rs. in lacs)	
	31.03.2011	31.03.2010
Income	1436.55	3292.09
EBIDT	(53.94)	(39.32)
Interest	77.99	119.50
Depreciation	191.21	191.52
Profit/ (Loss) before tax	(323.14)	(350.34)
Profit/ (Loss) after tax	(323.14)	(350.34)

## Human Resources

The Company seeks respects and values the diverse qualities and backgrounds that its people bring to it and is committed to utilizing the richness of knowledge, ideas and experience that this diversity provides. Our human resources are admirable and competitive driven workforce that not only epitomizes our Company's mission but also has the skills to realize it.

Total number of employees on the payroll of the Company as on 31st March 2011 was 17.

## Cautionary Statement

Statements in this report on Management Discussion and Analysis describing the Company's objectives, estimates and expectations are "forward looking" statements. These statements are based on certain assumptions and expectations of future events. The actual results may differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include economic conditions affecting the Entertainment Industry, changes in Government Regulations, tax regimes, economic developments within India and outside the country and other factors such as litigations and industrial relations. The Company assumes no responsibility to publicly amend, modify or revise any forward looking statements, on the basis of any subsequent developments, information or events.



## **Acknowledgement**

The Board wishes to thank all the Company's customers, film producers, artists and technicians, satellite channels, Company's bankers, who have extended their continued support to the Company.

Your Directors specially thank the shareholders of the Company for having reposed their confidence in the management of the Company and also thank the employees and technicians of the Company at all levels for their dedicated services to the Company and the contribution made by them towards the growth of the Company.

Your Directors also express their gratitude for the valuable support and co-operation extended by various Governmental Authorities, including Ministry of Information and Broadcasting, Ministry of Communications and Information Technology - Department of Telecommunication.

On behalf of the Board of Directors of  
**Creative Eye Limited**

Mumbai  
May 25, 2011

Sd/-  
**Dheeraj Kumar**  
Chairman & Managing Director



## REPORT ON CORPORATE GOVERNANCE

### REPORT ON CORPORATE GOVERNANCE

(Pursuant to Clause 49 of the Listing Agreement)

#### Corporate Philosophy on Code of Governance

**Corporate Governance** (CG) is one of the most talked about topics in business, indeed in society, today. A Google search revealed 513 news citations during a single week in June 2006. Most academics, business professionals, and lay observers would agree that CG is defined as the general set of customs, regulations, habits, and laws that determine to what end a firm should be run.

Corporate Governance is intended to serve as a benchmark for corporates to help them to adopt highest standard of corporate governance. CG does not substitute any extant law or regulation but are essential for voluntary adoption by the corporates. The Company is already in compliance with most of the requirements and has initiated action for appropriate compliance.

#### Board of Directors

##### (i) Composition and Size of the Board

The Board consists of Five (5) members which include - One (1) Executive Chairman & Managing Director, One (1) Executive & Non Independent Director, Three (3) Non Executive Independent Directors. The Company did not have any pecuniary relationship or transaction with Non-Executive Directors.

##### (ii) Attendance at Board Meetings/ AGM & other particulars

Attendance of each Director at the Board of Directors meetings and the last Annual General Meeting and also their directorship in other companies and membership and chairmanship on the committees of other companies are as under:

Name of Directors	Category	Attendance at		Number of other Directorships and Committee Member / Chairpersonships		
		Board Meetings	Last AGM	Other Directorships (Excluding the alternate directorships & directorship in Pvt. Ltd. Companies)	Committee Memberships (Excluding the Company)	Committee Chairpersonships (Excluding the Company)
Mr. Dheeraj Kumar Chairman & Managing Director	CMD	4	Yes	1	Nil	Nil
Mrs. Zuby Kochhar Whole-time Director	ED	4	No	1	Nil	Nil
Mr. M.R. Sivaraman Director	NED	4	Yes	1	Nil	Nil
Mr. Shiv S. Sharma Director	NED	4	Yes	1	Nil	Nil
Mr. T.K. Choudhary Director	NED	4	No	0	Nil	Nil

CMD -Chairman & Managing Director, ED - Executive Director, NED - Non-Executive Director



## (iii) Board Meetings held during the year

The Board meets at least once a quarter to review the quarterly performance and the financial results. The Notice of the meeting is sent well in advance and detailed agenda alongwith other board papers are also sent to all the directors before the board meeting. The board meetings are generally held at the Registered Office of the Company at Mumbai.

During the year Four (4) Board Meetings were held on 24th May, 2010, 13th August, 2010, 13th November, 2010 and 02nd February, 2011.

## Audit Committee

### (i) Terms of Reference

The Board of Directors has constituted an Audit Committee of Directors to exercise powers and discharge functions as stipulated in Section 292A of the Companies Act, 1956 and Clause 49 of the listing agreement with the stock exchanges and other relevant statutory / regulatory provisions.

The members of the committee are well versed with the accounting and financial management. The Committee has reviewed the quarterly financial results, half yearly financial results, annual financial results and internal control system of the Company. Valuable suggestions and guidance received from the member of the committee added strength to its operations.

### (ii) Composition

The Audit Committee consists of Mr. Shiv S. Sharma, Independent Non Executive Director - as Chairman of the Committee, Mr. M. R. Sivaraman and Mr. T. K. Choudhary, Independent Non Executive Directors - as members of the Committee.

### (iii) Meetings & Attendance during the year

The Audit Committee met Four (4) times during the year. The date of the Audit Committee Meetings and attendance of the Committee Members at the said meetings is given in table below:

Name of the Members	Category	Meeting Held On			
		24.05.2010	13.08.2010	13.11.2010	02.02.2011
Mr. Shiv S. Sharma	Chairman	Yes	Yes	Yes	Yes
Mr. M. R. Sivaraman	Member	Yes	Yes	Yes	Yes
Mr. T. K. Choudhary	Member	Yes	Yes	Yes	Yes

The Managing Director, Mr. Dheeraj Kumar is a permanent invitee to the meetings of the Audit Committee. The meetings of the Audit Committee were also attended by the Statutory Auditors, Internal Auditors and Chief Financial Officer of the Company to provide information and answer the queries raised by the committee members. The Company Secretary acts as Secretary of the Audit Committee.

The Chairman of the Audit Committee was present at the 24th Annual General Meeting of the Company held on 24th September, 2010.

## Remuneration Committee

### (i) Terms of Reference

The Committee is entrusted with the role and responsibilities of approving compensation packages of Managing Director and Whole-time Director, reviewing and approving the performance based compensation packages of senior managerial personnel.



## (ii) Composition

The Remuneration Committee consists of Mr. M. R. Sivaraman, Independent Non Executive Director - as Chairman of the Committee, Mr. Shiv S. Sharma and Mr. T. K. Choudhary, Independent Non Executive Directors - as members of the Committee.

The Company Secretary of the Company acts as the Secretary of the Committee.

## (iii) Meetings during the year

During the year under review, as there was no agenda for the remuneration committee hence no meeting was held of the Committee.

## (iv) Remuneration policy and details of remuneration paid

The remuneration of the Directors is decided by the Board of Directors as per the remuneration policy of the Company within the ceiling approved by the shareholders.

The Non-Executive Directors are paid sitting fees for meetings of Directors and Committee Meetings. Apart from receiving sitting fees, there is no pecuniary transaction by the Company with the Non-Executive Directors.

Details of the remuneration to the Directors for the year ended 31st March, 2011:

Name	Designation	Remuneration for 2010-11 (in Rs.)				No. of shares held
		Salary	Sitting fees	Employer contribution to provident fund	Total	
Mr. Dheeraj Kumar	Chairman & Managing Director	34,09,250	Nil	1,88,820	35,98,070	3879913
Mrs. Zubey Kochhar	Whole-time Director	17,03,000	Nil	94,320	17,97,320	7140150
Mr. M.R. Sivaraman	Director	Nil	28,000	Nil	28,000	Nil
Mr. Shiv S. Sharma	Director	Nil	28,000	Nil	28,000	Nil
Mr. T.K. Choudhary	Director	Nil	28,000	Nil	28,000	Nil

The Company does not have any scheme for grant of stock options.

## Share Transfer & Investors' Grievances Committee

### (i) Terms of Reference

The Share Transfer & Investors' Grievances Committee looks into various issues relating to shareholders' complaints and their redressal. The functioning of the Committee includes approval/rejection of transfer/transmission/rematerialisation of equity shares, issue of duplicate certificates, to supervise all the operations of the Registrar and Share Transfer Agents, etc. Main function of this Committee is to strengthen investor relations.

### (ii) Composition

The Share Transfer & Investors' Grievances Committee consists of Mr. M. R. Sivaraman, Independent Non Executive Director - as Chairman of the Committee and Mr. Shiv S. Sharma, Independent Non Executive Director - as member of the Committee.



### (iii) Meetings & Attendance during the year

During the year the Committee met Four (4) times. The date of the Committee Meetings and attendance of the Committee Members at the said meetings is given in table below:

Name of the Members	Category	Meeting Held On			
		24.05.2010	13.08.2010	13.11.2010	02.02.2011
Mr. M. R. Sivaraman	Chairman	Yes	Yes	Yes	Yes
Mr. Shiv S. Sharma	Member	Yes	Yes	Yes	Yes

The Company Secretary, being the Compliance Officer, is entrusted with the responsibility, to look into the redressal of the shareholders and investors complaints and report the same to Share Transfer & Investor Grievance Committee. All the investor complaints that are not settled by the Registrar and Transfer Agents and / or the Compliance Officer are required to be forwarded to this committee for final settlement.

### (iv) Details of complaints

Details of Investors' complaints received and resolved during the year is as under:

No. of complaints pending at the beginning of the year	NIL
No. of complaints received during the year	1
No. of complaints resolved to the satisfaction of the shareholders	1
No. of Complaints pending at the end of the year	NIL
No. of Share Transfers and dematerialization pending at the end of the year	NIL

### 1. General Body Meetings

Location and time of last three Annual General Meetings:

Year	Location	Date	Time	Special Resolutions	Postal Ballot
2007-2008	Juhu Jagriti Hall, Near Mithibai College, Bhaktivedanta Swami Marg, Juhu Scheme, Vile Parle (W), Mumbai 400056.	23.09.2008	10.30 a.m.	1	N. A.
2008-2009	GMS Community Centre Hall, Sittladevi Complex, 1st Floor, D. N. Nagar, Opp. Indian Oil Nagar, Link Road, Andheri (W), Mumbai 400053.	22.09.2009	10.30 a.m.	Nil	N. A.
2009-2010	GMS Community Centre Hall, Sittladevi Complex, 1st Floor, D. N. Nagar, Opp. Indian Oil Nagar, Link Road, Andheri (W), Mumbai 400053.	24.09.2010	10.30 a.m.	Nil	N. A.

None of the resolutions proposed to be passed at the ensuing 25th Annual General Meeting requires to be put through postal ballot.

### 2. Disclosures

#### a) Related parties transactions

None of the transactions with any of the related parties were in conflict with the interest of the Company. Transactions with the related parties are disclosed in Note No. 10 in Schedule "M" part II 'Notes to the Accounts' annexed to the financial statements of the year.

#### b) Compliances by the Company

There has been no instance of non-compliance by the Company on any matters related to the capital markets during the last three years and hence no penalties or strictures have been imposed on the Company by the Stock Exchanges or SEBI or any other statutory authorities relating to the above.



## c) Whistleblower policy

The Company has so far not framed a formal whistle blower policy. However, the employees of the Company have free access to the Board of Directors, Audit Committee and Senior Management personnel to report their concerns about unethical behavior, fraud or violation of statutory requirements, with assurance from the management to protect the employees from victimization in case they report any such unethical or fraudulent behavior.

## d) Code of conduct

The Company has laid down a code of conduct for the Directors and its senior management. The code has been posted on the Company's website. A declaration to the effect that the Directors and senior managerial personnel have adhered to the same, signed by the CEO of the Company, forms a part of this Report, which along with the Auditor's Certificate on the compliance of Clause 49 of the Listing Agreement by the Company is annexed to this report.

## 3. Means of Communication

1. The quarterly, half-yearly and yearly results are regularly submitted to the Stock Exchanges in accordance with the Listing Agreement and the same are published in The Free Press Journal, National Newspaper (English) and Navshakti, Regional Newspaper (Marathi).
2. The financial results and official news/releases are available on the Company's website [www.creativeeye.com](http://www.creativeeye.com).
3. Official news/ press release are sent to the Stock Exchanges, where the equity shares of the Company are listed.
4. The Management Discussion and Analysis Report forms part of the Annual Report and is mailed to the shareholders of the Company. There were no presentations made to the institutional investors or analysts separately.

## 4. General Shareholder Information

- |  |  |
|--|--|
| (i) 25th AGM Day, Date, Time and Venue           | Monday, 26th September, 2011 at 10.30 a.m<br>"GMS Community Centre Hall",<br>Sitladevi Complex, 1st Floor, D. N. Nagar,<br>Opp. Indian Oil Nagar, Link Road,<br>Andheri (West), Mumbai 400 053 |
| (ii) Financial Calendar                          | 2011-2012 (Tentative)  |
| Board Meetings:                                  |  |
| Results for Quarter ending 30th June, 2011       | By Second Week of August, 2011   |
| Results for Quarter ending 30th September, 2011  | By Second Week of November, 2011   |
| Results for Quarter ending 31st December, 2011   | By Third Week of February, 2012  |
| Results for the year ending 31st March, 2012     | By the end of May, 2012  |
| AGM for the year ending 31st March, 2012         | September, 2012  |
| (iii) Book Closure Dates                         | 19th September, 2011 to 26th September, 2011<br>(both days inclusive)  |
| (iv) Listing of Equity Shares on Stock Exchanges | Bombay Stock Exchange Limited<br>The National Stock Exchange of India Ltd  |
| (v) Trading Symbol at Bombay Stock Exchange      | Scrip Code - 532392<br>Scrip ID - CREATIVE   |
| National Stock Exchange                          | Scrip Symbol - CREATIVEYE  |
| (vi) Demat ISIN Number (NSDL & CDSL)             | INE230B01021   |
| (vii) Payment of Listing Fees                    | Annual listing fees for the year 2011-2012 have been paid to<br>all the above Stock Exchanges  |



## (viii) Stock Market Data

Month	Bombay Stock Exchange (BSE) In (Rs.)		National Stock Exchange (NSE) In (Rs.)	
	Month's High Price	Month's Low Price	Month's High Price	Month's Low Price
April, 2010	10.90	8.11	10.95	8.05
May, 2010	8.72	6.65	9.00	6.80
June, 2010	8.90	7.06	8.70	7.00
July, 2010	14.06	7.45	14.00	7.50
August, 2010	9.30	7.55	9.35	7.55
September, 2010	8.50	7.55	8.55	7.50
October, 2010	8.70	7.36	8.55	7.40
November, 2010	9.25	7.00	9.70	5.85
December, 2010	8.20	6.30	8.50	6.20
January, 2011	8.15	5.55	7.85	5.55
February, 2011	6.69	5.10	6.50	5.00
March, 2011	6.70	4.61	6.05	4.50

(ix) **Registrar and Transfer Agents** : M/s. Karvy Computershare Pvt. Ltd.  
(Unit: Creative Eye Limited)  
Karvy House, 46, Avenue 4, Street No.1,  
Banjara Hills, Hyderabad 500034  
Phone No. 040-23312454

## (x) Share Transfer System

Shares sent for the physical transfer are registered and returned within one month from the date of receipt, if the documents are clear in all respects. The Share Transfer Committee meets as often as required. There were no share transfers in physical form during 2010 -11 and no share transfer pending as on 31st March, 2011.

## (xi) Dematerialisation of equity shares

Trading in equity shares of the Company is mandatory in dematerialized form. To facilitate trading in demat form the Company has made arrangements with both the depositories viz., National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). Shareholders can open account with any of the Depository Participant registered with any of these two depositories. As on 31st March, 2011 around 98.20% comprising 1,96,97,773 equity shares were in the dematerialised form.

## (xii) Distribution of Shareholdings as on 31st March, 2011

Shareholding of Nominal value of	Shareholders		Share Amount	
	Numbers	% to Total Nos.	In (Rs.)	% of Total Amt.
1 - 5000	7602	86.13	12072640	12.04
5001 - 10000	576	6.53	4646045	4.63
10001 - 20000	310	3.51	4591145	4.58
20001 - 30000	133	1.51	3340680	3.33
30001 - 40000	44	0.50	1566055	1.56
40001 - 50000	43	0.49	2040780	2.04
50001 - 100000	67	0.76	4776585	4.76
100001 and Above	51	0.58	67257320	67.06
<b>Total</b>	<b>8826</b>	<b>100.00</b>	<b>100291250</b>	<b>100.00</b>



(xiii) Shareholding Pattern as on 31st March, 2011

Category of Shareholders	Holding %
Promoters / Directors/Relatives- Indian	57.63
International Investors (FIIs/NRIs/OCBs)	0.23
Bodies Corporates	6.47
Resident Indians	35.65
Others	0.02
<b>Total</b>	<b>100.00</b>

(xiv) **Address for Investors Correspondence** : M/s. Karvy Computershare Pvt. Ltd  
(For transfer/dematerialisation of Shares (Unit: Creative Eye Ltd.)  
and any other query) Karvy House, 46, Avenue 4,  
Street No.1, Banjara Hills,  
Hyderabad 500 034

**Email Id for investors correspondence** : ingrredcel@yahoo.com

(xv) **Any query on Annual Report** : Registered Office of the Company

On behalf of the Board of Directors of  
**Creative Eye Limited**

Sd/-

**Dheeraj Kumar**

Chairman & Managing Director

Mumbai  
May 25, 2011



## COMPLIANCE CERTIFICATE OF CORPORATE GOVERNANCE

To  
The Members of  
**CREATIVE EYE LIMITED**  
"Kailash Plaza", Plot No.12-A,  
New Link Road, Andheri (West),  
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, 2011 as stipulated in Clause 49 of the Listing Agreement of the Company with Stock Exchanges in India.

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 statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us,

- i) We certify that the Company has complied with conditions of Corporate Governance as stipulated in the above-mentioned Listing Agreement.
- ii) We state that no investor grievances is pending for a period exceeding one month against the Company as per the records maintained by the Shareholders/ Investor Grievance Committee.

Further, the report of the Directors on Corporate Governance read with the Management Discussions and Analysis Report discloses all the relevant information in accordance with Clause 49 of the Listing Agreement with the Stock Exchange.

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

**For Uttam Abuwala & Co.**  
Chartered Accountants  
Firm Regn. No. : 111184W

Sd/-  
**CA. M.B. Agarwal**  
(Partner)  
M.No.109143

Place: Mumbai  
Dated: 25th May, 2011



## STATEMENT OF DISCLOSURE BY AUDIT COMMITTEE

To,  
The Shareholders of  
**Creative Eye Limited**

In terms of Clause 49 of the Listing Agreement regarding Corporate Governance, we the members of the Audit Committee disclose in respect of the Financial Year 2010-2011 that;

- 1) the Audit Committee has reviewed the Audited Financial Statement of the Company and held discussions on the quality of the accounting principles as applied and significant judgments affecting Company's financial statements.
- 2) the Audit Committee has discussed the quality of those principles as applied and judgments referred on (1) above under the circumstances.
- 3) the Chairman of the Audit Committee and its members after initial discussions amongst themselves, invited the Chairman & Managing Director and Executive Directors of the Company along with the Internal Auditor to discuss the various issues related to Audited Financial Statements of the Company. The Members of the Audit Committee discussed with the Management on the various issues pertaining to the Audited Financial Statements.
- 4) the Audit Committee, in reliance on the review and discussion conducted with Management in (1), (2) and (3) above, believed that the Company's financial statements are fairly presented in conformity with the generally accepted accounting principles in all material respects.

For and on Behalf of Audit Committee of  
**Creative Eye Limited**

Sd/-  
**Shiv S. Sharma**  
Chairman, Audit Committee

Place: Mumbai  
Dated: 25th May, 2011



## CEO & CFO CERTIFICATION

### Certification by Chief Executive Officer & Chief Financial Officer of the Company

We, Dheeraj Kumar, Chairman & Mg. Director and Sunil Gupta, Chief Financial Officer of Creative Eye Limited, to the best of our knowledge and belief certify that;

1. We have reviewed the Balance Sheet and Profit and Loss Account of the Company for the year ended 31st March, 2011 and all its schedule and notes on accounts, as well as the Cash Flow Statement.
2. To the best of our knowledge and information;
  - a) these statements do not contain any materially untrue statement or omit to state a material fact or contains statement that might be misleading.
  - b) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
3. We also certify, that based on our knowledge and the information provided to us, there are no transactions entered into by the Company, which are fraudulent, illegal or violate the Company's code of conduct.
4. The Company's other certifying officers and we are responsible for establishing and maintaining internal controls and procedures for the Company, and we have evaluated the effectiveness of the Company's internal controls and procedures.
5. The Company's other certifying officers and we have disclosed, based on our most recent evaluation, wherever applicable, to be applicable, to the Company's auditors and through them to the audit committee of the Company's Board of Directors.
  - a) All significant deficiencies in the design or operation of internal controls, which we are aware and have taken steps to rectify these deficiencies,
  - b) Significant changes in Internal control during the year;
  - c) Any fraud, which we have become aware of and that involves Management or other employees who have a significant role in the Company's internal control system.
  - d) Significant changes in accounting policies during the year.

We further declare that all board members and senior management have affirmed compliance with the code of conduct.

**For Creative Eye Ltd.**

**For Creative Eye Ltd.**

Sd/-  
**Dheeraj Kumar**  
Chairman & Mg. Director

Sd/-  
**Sunil Gupta**  
Chief Financial Officer

Place: Mumbai  
Dated: 25th May, 2011



## AUDITOR'S REPORT

### TO THE SHAREHOLDERS OF CREATIVE EYE LIMITED

1. We have audited the attached Balance Sheet of Creative Eye Limited as at 31st March 2011 and also the Profit & Loss Account and Cash Flow Statement for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principals used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the companies (Auditor's Report) Order, 2003 ("the order") issued by the central government of India in term of section 227(4A) of the Companies Act 1956, we annex hereto a statement on the matters specified in paragraphs 4 and 5 of the said Order, to the extent applicable to the Company.
4. On the basis of written representation received on 31st March, 2011 from the directors of the company and taken on record by the Board of directors, we report that none of the directors is disqualified as on 31st March, 2011 from being appointed as a director in term of clause (g) of sub section (1) of section 274 of Companies Act, 1956.
5. Further to our comments in the Annexure to in paragraph 3 above, we report that:
  - (a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - (c) The Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - (d) In our opinion, the Balance Sheet, the profit and Loss Account and the Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub section (3C) of section 211 of the Companies Act, 1956;
  - (e) In our opinion, and to the best of our information and according to the explanations given to us, the said account, read together with the Significant Accounting Policies and the Notes to account give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
    - i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2011;
    - ii) in the case of the Profit and Loss Account, of the loss for the year ended on that date; and
    - iii) in the case of Cash Flow Statement, of the cash flows for the year ended on that date.

**For Uttam Abuwala &Co.**  
Chartered Accountants  
Firm Regn. No. 111184W

Sd/-  
**CA. M.B. Agarwal**  
(Partner)  
M.No.109143

Place : Mumbai  
Date : 25th May, 2011.



## ANNEXURE TO THE AUDITOR'S REPORT

(Referred to in paragraph 3 of our report of even date to the members of CREATIVE EYE LIMITED on the accounts for the year ended 31st March, 2011)

In terms of the information and explanations given to us and on the basis of the books and records examined by us in the normal course of audit and to the best of our knowledge and belief we state that:-

- i. a. The Company has maintained proper records showing full particulars including quantities, details and situation of fixed assets.
- b. Fixed Assets have been physically verified by the management according to the regular programme of periodical verification in phased manner which in our opinion is reasonable, considering the size of the Company and nature of its assets. No material discrepancies were noticed on such verification.
- c. The Company has not disposed off any substantial part of its fixed assets during the year, so as to affect its going concern status.
- ii. a. As explained to us, the inventories have been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable.
- b. As per the information given to us, the procedures of physical verification of inventory followed by the management are, in our opinion, reasonable and adequate in relation to the size of the Company and the nature of its business.
- c. The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.
- iii. a. According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms and other parties covered in the register maintained under section 301 of the Companies Act, 1956.
- b. Accordingly, paragraphs 4 (iii) (b), (c) & (d) of the Order are not applicable to the Company. According to the information and explanations given to us, the Company has not taken any loans, secured or unsecured, from companies, firms and other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, paragraphs 4 (iii) (f) & (g) of the Order are not applicable to the Company.
- iv. In our opinion, and according to the information and explanations given to us, there is adequate internal control system commensurate with the size of the Company and nature of its business, for purchases of inventory and fixed assets and for the sale of goods and services. During the course of audit, we have neither come across nor have been informed of any continuing failure to correct major weakness in the aforesaid internal control system.
- v. a. According to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements that need to be entered in the register maintained under Section 301 of the Companies Act, 1956, have been so entered.
- b. In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 and exceeding the value of Rupees Five lakhs in respect of any party during the year, have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- vi. The Company has not accepted any deposits from the public within the meaning of Section 58A and 58AA of the Companies Act, 1956.
- vii. In our opinion, the Company has an internal audit system commensurate with the size of the Company and nature of its business.
- viii. As explained to us, the Central Government has not prescribed the maintenance of cost records under section 209(1)(d) of the Companies Act, 1956, for any products of the Company.



- ix. In our opinion according to the information and explanations given to us in respect of statutory and other dues
- The Company is regular in depositing Provident Fund and Employees' State Insurance Dues with the appropriate authorities and there were no arrears outstanding for a period of more than 6 months as at 31st March 2011.
  - The Company has been regular in making payment of its income tax, wealth tax, service tax, sales tax (CST & MVAT), customs duty and excise duty dues during the year, there were no undisputed amounts payable in respect of income tax, wealth tax, service tax, sales tax (CST & MVAT), customs duty and excise duty that were outstanding, as at 31st March 2011 for a period of more than six months from the date they became payable.
- x. The Company had accumulated losses of Rs. 1,166.03 Lacs as at the end of the financial year which is less than 50% of its net worth as on 31st March 2011. The Company has incurred cash losses of Rs.131.93 Lacs in the current financial year however there was cash loss of Rs.158.81 Lacs during the immediately preceding financial year.
- xi. The company has not defaulted in payment of any dues to financial institution or banks.
- xii. According to the information and explanations given to us and the records examined by us, the company has not granted any loans and advances on the basis of security by way of pledge of shares, debenture and other securities.
- xiii. The Company is not a chit fund or a nidhi/mutual fund/society, therefore clause (xiii) of paragraph 4 of the Companies (Auditor's Report) Order, 2003(the Order) is not applicable to the Company.
- xiv. According to the information and explanations given to us and the records examined by us, the Company is not dealing or trading in shares, securities, debentures and other investment. However the company has invested in mutual funds and shares and the same is closely monitored and proper records are being maintained. All the shares and units of mutual funds have been held in its own name. Therefore the provision of clause 4 (xiv) of the Order are not applicable to the Company.
- xv. According to the information and explanations given to us and the records examined by us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
- xvi. According to the information and explanations given to us and the records examined by us, the Company has not availed any term loan during the year.
- xvii. According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that no funds raised on short term basis have been used for long term investment by company.
- xviii. According to the information and explanations given to us and the records examined by us, the Company has not made any preferential allotment of shares to any parties or companies covered in register maintained under Section 301 of the Companies Act, 1956 during the year.
- xix. According to the information and explanations given to us and the records examined by us, the Company has not issued any debentures that were outstanding at any time during the year.
- xx. According to the information and explanations given to us and the records examined by us the Company has not raised any money through a public issue during the year.
- xxi. Based upon the audit procedure performed and on the basis of information and explanation provided by the management, we report that no frauds on or by the company has been noticed or reported during the course of the audit.

For **Uttam Abuwala &Co.**  
Chartered Accountants  
Firm Regn. No. 111184W

Place : Mumbai  
Date : 25th May, 2011.

Sd/-  
**CA. M.B.Agarwal**  
(Partner)  
M.No.109143



## BALANCE SHEET

### BALANCE SHEET AS AT 31ST MARCH 2011

PARTICULARS	SCHEDULE	CURRENT YEAR		PREVIOUS YEAR	
		AMOUNT RS.	AMOUNT RS.	AMOUNT RS.	AMOUNT RS.
<b>SOURCES OF FUNDS :</b>					
<b>Shareholders' Funds</b>					
Share Capital	A	100,291,250		100,291,250	
Reserves & Surplus	B	<u>351,604,490</u>	451,895,740	<u>351,604,490</u>	451,895,740
<b>Loan Funds :</b>					
Secured Loans	C		<u>40,926,114</u>		<u>78,655,231</u>
<b>Total</b>			<u><u>492,821,854</u></u>		<u><u>530,550,971</u></u>
<b>APPLICATION OF FUNDS :</b>					
<b>Fixed Assets</b>					
Gross Block	D	232,341,182		233,350,874	
Less: Depreciation		<u>195,624,915</u>		<u>177,370,767</u>	
Net Block			36,716,267		55,980,107
<b>Investments</b>	E		526,546		30,526,546
<b>Current Assets, Loans and Advances</b>					
Inventories	F	174,893,150		194,523,922	
Sundry Debtors		28,090,942		103,627,765	
Cash and Bank Balances		111,578,378		81,694,831	
Loans and Advances		39,399,747		42,733,575	
Other Current Assets		<u>33,623,844</u>		<u>70,648,067</u>	
		<u>387,586,061</u>		<u>493,228,160</u>	
<b>Less: Current Liabilities &amp; Provisions</b>					
Current Liabilities	G	46,840,115		131,846,619	
Provisions		<u>1,770,115</u>		<u>1,626,819</u>	
		<u>48,610,230</u>		<u>133,473,438</u>	
<b>Net Current Assets</b>			338,975,831		359,754,722
<b>Profit &amp; Loss Account</b>			<u>116,603,210</u>		<u>84,289,596</u>
<b>Total</b>			<u><u>492,821,854</u></u>		<u><u>530,550,971</u></u>

Schedules "A" to "G" and Notes to Accounts in Schedule "M" form an integral part of the Balance Sheet.

As per our report of even date attached

For and on behalf of the Board

For **Uttam Abuwala & Co.**  
Chartered Accountants  
Firm Regn. No.: 111184W

**Dheeraj Kumar** Chairman & Managing Director

**Zuby Kochhar** Director

**CA. M. B. Agarwal**  
Partner  
Membership No. 109143  
Mumbai  
25th May 2011

**M.R. Sivaraman** Director

**Shiv S. Sharma** Director

**T.K. Choudhary** Director

**Valentina D'mello** Company Secretary



## PROFIT & LOSS ACCOUNT

### PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED ON 31ST MARCH 2011

PARTICULARS	SCHEDULE	CURRENT YEAR		PREVIOUS YEAR	
		AMOUNT RS.	AMOUNT RS.	AMOUNT RS.	AMOUNT RS.
<b>INCOME :</b>					
Sales		128,545,224		313,695,176	
Other Income	H	<u>15,110,095</u>		<u>15,513,694</u>	
Total			<b>143,655,319</b>		<b>329,208,870</b>
<b>EXPENDITURE :</b>					
Cost of Software	I	123,675,133		299,944,628	
Personnel Expenses	J	10,967,162		12,796,367	
Financial Charges	K	7,799,163		11,950,010	
Other Expenses	L	14,406,569		20,399,041	
Depreciation	D	<u>19,120,906</u>		<u>19,152,334</u>	
			<b>175,968,933</b>		<b>364,242,380</b>
<b>Profit Before Tax</b>			<b>(32,313,614)</b>		<b>(35,033,510)</b>
Provision for Current Tax			-		-
<b>Profit After Tax</b>			<b>(32,313,614)</b>		<b>(35,033,510)</b>
Balance brought forward from previous year			<b>(84,289,596)</b>		<b>(40,404,387)</b>
Surplus available for appropriation			<b>(116,603,210)</b>		<b>(75,437,897)</b>
<b>APPROPRIATIONS :</b>					
Taxes of earlier years			-		54,078
Deferred Tax Assets Reversed / Written Off			-		8,797,621
Balance Carried over to Balance Sheet			<b>(116,603,210)</b>		<b>(84,289,596)</b>
			<b>(116,603,210)</b>		<b>(75,437,897)</b>
Basic and diluted earnings per share of Rs. 5/- each			<b>(1.61)</b>		<b>(1.75)</b>

Schedules "H" to "L" and Notes to Accounts in Schedule "M" form an integral part of the Profit and Loss Account.

As per our report of even date attached

For **Uttam Abuwala & Co.**  
Chartered Accountants  
Firm Regn. No.: 111184W

**CA. M. B. Agarwal**  
Partner  
Membership No. 109143  
Mumbai  
25th May 2011

For and on behalf of the Board

**Dheeraj Kumar** Chairman & Managing Director  
**Zuby Kochhar** Director  
**M.R. Sivaraman** Director  
**Shiv S. Sharma** Director  
**T.K. Choudhary** Director  
**Valentina D'mello** Company Secretary



## SCHEDULES

### SCHEDULES FORMING PART OF THE ACCOUNTS

PARTICULARS	CURRENT YEAR AMOUNT RS.	PREVIOUS YEAR AMOUNT RS.
<b>SCHEDULE "A"</b>		
<b>SHARE CAPITAL :</b>		
<b>Authorised :</b>		
2,20,00,000 Equity Shares of Rs. 5/- each	110,000,000	110,000,000
90,00,000 Un-classified shares of face value of Rs. 10/- each	90,000,000	90,000,000
	<u>200,000,000</u>	<u>200,000,000</u>
<b>Issued Subscribed and Paid up :</b>		
2,00,58,250 Equity Shares of Rs.5/- each	100,291,250	100,291,250
	<u>100,291,250</u>	<u>100,291,250</u>
<b>SCHEDULE "B"</b>		
<b>RESERVES AND SURPLUS :</b>		
<b>General Reserve</b>	11,500,000	11,500,000
<b>Share Premium</b>	340,104,490	340,104,490
	<u>351,604,490</u>	<u>351,604,490</u>
<b>SCHEDULE "C"</b>		
<b>LOAN FUNDS :</b>		
<b>Secured Loans</b>		
M/s Kotak Mahindra Prime Ltd. (Against hypothecation of Vehicles)	255,588	600,608
Cash Credit with Oriental Bank of Commerce (Against hypothecation of Book Debts)	40,670,526	78,054,623
	<u>40,926,114</u>	<u>78,655,231</u>



## SCHEDULES FORMING PART OF THE ACCOUNTS

### SCHEDULE "D" FIXED ASSETS:

Sr. No.	Asset Particulars	Rate of Depreciation	Gross Block				Depreciation				Net Block	
			As On 01.04.10	Addition During the Year	Sale During the Year	Total As On 31.03.11	Up To 31.03.10	Addition During the Year	Deduction During the Year	Total Depreciation 31.03.11	W.D.V. As On 31.03.11	W.D.V. As On 31.03.10
		%	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
1	OFFICE BUILDING	1.63	20,050,076	-	-	20,050,076	3,412,268	326,816	-	3,739,084	16,310,992	16,637,808
2	OFFICE FLAT	-	459,701	-	-	459,701	-	-	-	-	459,701	459,701
3	PLANT & MACHINERY	7.07	56,824,557	-	-	56,824,557	36,717,223	4,017,496	-	40,734,720	16,089,837	20,107,333
4	MOTOR CARS	9.50	8,379,693	-	1,030,692	7,349,001	6,048,077	716,397	866,758	5,897,716	1,451,285	2,331,616
5	FURNITURE & FITTINGS	6.33	7,943,816	-	-	7,943,816	5,055,095	502,844	-	5,557,939	2,385,877	2,888,721
6	COMPUTERS	16.21	4,623,431	21,000	-	4,644,431	4,568,522	57,334	-	4,625,856	18,575	54,909
7	FIRE EXTINGUISHER	16.21	69,420	-	-	69,420	69,420	-	-	69,420	-	-
8	BRANDS	10.00	135,000,180	-	-	135,000,180	121,500,162	13,500,019	-	135,000,180	-	13,500,019
	<b>TOTAL</b>		<b>233,350,874</b>	<b>21,000</b>	<b>1,030,692</b>	<b>232,341,182</b>	<b>177,370,767</b>	<b>19,120,906</b>	<b>866,758</b>	<b>195,624,915</b>	<b>36,716,267</b>	<b>55,980,107</b>
	PREVIOUS YEAR		233,890,635	368,051	907,812	233,350,874	159,126,245	19,152,334	907,812	177,370,767	55,980,107	74,764,390



## SCHEDULES FORMING PART OF THE ACCOUNTS

### SCHEDULE "E"

#### INVESTMENTS:

##### A) In Shares

#### QUOTED EQUITY SHARES (OTHER THAN TRADE) FULLY PAID UNLESS OTHERWISE STATED:

PARTICULARS	FACE VALUE	CURRENT YEAR		PREVIOUS YEAR	
		HOLDING	AMOUNT BOOK VALUE	HOLDING	AMOUNT BOOK VALUE
A) Reliance Industries Ltd.	10	800	58,602	800	58,602
B) Reliance Capital Ltd. *	10	20	-	20	-
C) Reliance Communication Ventures Ltd. *	10	400	-	400	-
D) Reliance Infrastructure Ltd. *	10	30	-	30	-
E) Reliance Power Ltd. (Formerly Known as Reliance Natural Resources Ltd.) *	10	100	-	400	-
F) Ambuja Cement Ltd.	2	2,490	16,600	2,490	16,600
G) S. Kumars Nationwide Ltd.	10	1,000	35,000	1,000	35,000
H) Brand House Retails Ltd. *	10	200	-	200	-
I) Glaxo Smithkline Pharma Ltd.	10	672	82,400	672	82,400
J) De Nora India Ltd.	10	300	3,000	300	3,000
K) Godrej Consumer Products Ltd.	1	1,028	19,744	1,028	19,744
L) Godrej Industries Ltd.	1	1,350	6,000	1,350	6,000
M) Selan Exploration Technology Ltd.	10	2,728	39,200	2,480	39,200
N) Oriental Bank of Commerce Ltd.	10	1,100	66,000	1,100	66,000
O) GIVO Ltd.	10	10,000	100,000	10,000	100,000
			<u>426,546</u>		<u>426,546</u>

Note- \* The marked shares have been allotted in lieu of merger/demerger of the related company and hence the cost of acquisition is NIL.

#### UN QUOTED EQUITY SHARES (OTHER THAN TRADE) FULLY PAID UNLESS OTHERWISE STATED:

PARTICULARS	FACE VALUE	CURRENT YEAR		PREVIOUS YEAR	
		HOLDING	AMOUNT BOOK VALUE	HOLDING	AMOUNT BOOK VALUE
A) Brahma Steyr Tractors Ltd.	10	5,000	50,000	5,000	50,000
B) Software Mart India Ltd.	10	5,000	50,000	5,000	50,000
			<u>100,000</u>		<u>100,000</u>
			<b>BOOK VALUE AS ON</b>		<b>MARKET VALUE AS ON</b>
			31.03.2011	31.03.2010	31.03.2011
Aggregate amount of quoted Investment		426,546	426,546	4,777,142	4,494,215
Aggregate amount of unquoted Investment		100,000	100,000	N.A.	N.A.
		<u>526,546</u>	<u>526,546</u>	<u>4,777,142</u>	<u>4,494,215</u>



## SCHEDULES FORMING PART OF THE ACCOUNTS

### B) In Mutual Funds

PARTICULARS	CURRENT YEAR		PREVIOUS YEAR	
	UNITS	AMOUNT BOOK VALUE	UNITS	AMOUNT BOOK VALUE
A) Birla - Monthly Income Plan - A (Monthly Dividend Payout)	-	-	880,196.460	10,000,000
B) FranklinTempleton India Monthly Income Plan - A (Quarterly Dividend Payout)	-	-	847,371.454	10,000,000
C) HDFC - Monthly Income Plan - Short Term (Quarterly Dividend Payout)	-	-	977,870.784	10,000,000
		<u>-</u>		<u>30,000,000</u>

	BOOK VALUE AS ON		MARKET VALUE AS ON	
	31.03.2011	31.03.2010	31.03.2011	31.03.2010
Aggregate amount of mutual fund	-	30,000,000	-	31,037,810
	<u>-</u>	<u>30,000,000</u>	<u>-</u>	<u>31,037,810</u>
<b>Total A+B</b>	<u>526,546</u>	<u>30,526,546</u>	<u>4,777,142</u>	<u>35,532,025</u>



## SCHEDULES FORMING PART OF THE ACCOUNTS

PARTICULARS	CURRENT YEAR		PREVIOUS YEAR	
	AMOUNT RS.	AMOUNT RS.	AMOUNT RS.	AMOUNT RS.
<b>SCHEDULE "F"</b>				
<b>CURRENT ASSETS, LOANS AND ADVANCES:</b>				
<b>Inventories</b> (As Valued and Certified by the Management)		174,893,150		194,523,922
<b>Sundry Debtors ( Considered Good)</b>				
Debts outstanding for more than 6 months	12,521,082		13,972,115	
Debts outstanding for less than 6 months	15,569,860		89,655,650	
		28,090,942		103,627,765
<b>Cash and Bank Balance</b>				
Cash in hand	1,494,346		1,596,287	
Balance with Scheduled Banks in :				
Current account	9,032		98,544	
Deposit account	110,075,000	111,578,378	80,000,000	81,694,831
<b>Loans and Advances</b> (Advance Recoverable in Cash or in kind for the value to be received)				
Loans and advances	37,944,824		40,768,420	
Deposits	1,454,923	39,399,747	1,965,155	42,733,575
<b>Other Current Assets</b>				
Income Tax paid (net of provisions and TDS)	28,902,820		64,342,708	
Prepaid Expenses	135,789		196,019	
Interest Accrued on FDRs	2,610,983		2,080,241	
Others	1,974,252	33,623,844	4,029,099	70,648,067
		387,586,061		493,228,160
<b>SCHEDULE "G"</b>				
<b>CURRENT LIABILITIES AND PROVISIONS :</b>				
<b>1) Current Liabilities :</b>				
Sundry Creditors for goods				
- Total outstanding dues to SSI undertaking		-		-
- Total outstanding dues to Creditors other than SSI undertaking	29,321,930		66,235,936	
Sundry Creditors for Expenses	10,384,784		38,853,393	
Security Deposit	20,000		20,000	
Unclaimed Dividend	-		78,213	
Other Current Liability	7,113,401	46,840,115	26,659,077	131,846,619
<b>2) Provisions:</b>				
Gratuity	1,770,115	1,770,115	1,626,819	1,626,819
		48,610,230		133,473,438



## SCHEDULES FORMING PART OF THE ACCOUNTS

PARTICULARS	CURRENT YEAR AMOUNT RS.	PREVIOUS YEAR AMOUNT RS.
<b>SCHEDULE "H"</b>		
<b>OTHER INCOME:</b>		
Dividend on Mutual Funds	1,325,829	1,447,166
Dividend on Equity Shares	21,345	69,162
Miscellaneous Income	-	42,000
Rent received	24,000	31,000
Royalty received	10,072	-
Sundry Amount Written Back	927,984	3,365,420
Interest received - FDR with Bank	6,361,325	10,388,946
Interest received - Income Tax Refund	5,733,601	-
Profit on Sale of Investments- Mutual Funds	705,939	-
Profit on Sale of Fixed Assets	-	170,000
	<u>15,110,095</u>	<u>15,513,694</u>
<b>SCHEDULE "I"</b>		
<b>COST OF SOFTWARE:</b>		
Cost of Software incurred during the year	104,044,361	294,688,390
(Increase) / Decrease in Inventories	19,630,772	5,256,238
	<u>123,675,133</u>	<u>299,944,628</u>
<b>Notes :</b>		
Cost of Softwares includes Production Expenses of Software, Rights Purchase of Softwares, Films ,etc.		
<b>SCHEDULE "J"</b>		
<b>PERSONNEL EXPENSES :</b>		
Salaries, Wages & Bonus	9,430,673	11,196,545
Staff Welfare	951,751	903,697
Contribution to Provident Fund and Other Fund	584,738	696,125
	<u>10,967,162</u>	<u>12,796,367</u>
<b>SCHEDULE "K"</b>		
<b>FINANCIAL CHARGES:</b>		
Interest - Overdraft / Cash Credit	7,740,443	11,849,684
Interest - Car Loan	58,720	100,326
	<u>7,799,163</u>	<u>11,950,010</u>



## SCHEDULES FORMING PART OF THE ACCOUNTS

PARTICULARS	CURRENT YEAR		PREVIOUS YEAR	
	AMOUNT	AMOUNT	AMOUNT	AMOUNT
	RS.	RS.	RS.	RS.
<b>SCHEDULE "L"</b>				
<b>OTHER EXPENSES :</b>				
Rent		770,400		736,800
Electricity Expenses		1,023,126		1,550,510
Printing & Stationery		372,289		682,461
Conveyance		284,470		523,876
Travelling Expenses		1,042,074		800,438
Telephone Expenses		434,203		689,156
Membership Fees & Subscription		20,949		26,641
Meeting				
Fees	84,000		91,000	
Expenses	<u>20,000</u>	104,000	<u>18,250</u>	109,250
Security charges		406,400		431,237
Repairs & Maintenance		1,845,333		1,849,079
Bank Charges		255,065		359,026
Postage, Telegram & Stamp Expenses		121,366		145,252
Legal & Professional Charges		2,096,960		1,702,496
Marketing & Consultancy Charges		320,000		104,000
Books & Periodicals		11,433		14,881
Advertising & Publicity Expenses		66,514		70,348
Fees & Taxes		86,802		125,795
Insurance Charges		1,212,991		1,658,076
Depository Expenses		77,176		85,840
Listing Fees		75,000		76,141
Registrar Expenses		93,268		93,046
Auditors - Other Services		150,000		150,000
Auditors - Remuneration		300,000		300,000
Information & Technology		99,975		137,713
Loss on Sale of Car		93,934		-
Other Expenses		<u>3,042,841</u>		<u>7,976,978</u>
		<u>14,406,569</u>		<u>20,399,041</u>



## NOTES TO ACCOUNTS

### SCHEDULES FORMING PART OF THE ACCOUNTS

#### SCHEDULE "M"

##### I SIGNIFICANT ACCOUNTING POLICIES:

##### 1. Basis of Presentation:

- a. The Company maintains its accounts on accrual basis following the historical cost convention, in accordance with the Generally Accepted Accounting Policies (GAAP) and in compliance with the Accounting Standards referred to in Section 211 (3C) and other provisions of the Companies Act, 1956.
- b. The preparation of accounts under GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent liabilities as at the date of the financial statements and the reported amounts of revenues and expenses during the year. Examples of such estimates include the useful lives of fixed assets and intangible assets, provision for doubtful debts/advances, future obligation in respect of retirement benefit plans, etc. Actual result could differ from these estimates. Any revisions to accounting estimates are recognized prospectively in the current and future periods.

##### 2. Fixed Assets:

- a. Fixed Assets are stated at the cost net of tax/duty credit availed, if any.
- b. Fixed Assets are stated at cost less accumulated depreciation. The cost of assets includes direct/indirect and incidental cost incurred to bring the assets to its use.

##### 3. Investments:

Investments are stated at cost. Dividend on Investments is accounted on cash basis.

##### 4. Inventories:

Inventories include work in progress, completed T. V. content valued at cost and usage value of rights of Hindi feature films and residual right of films, as certified by the management. However, Net Realisable value cannot be estimated.

##### 5. Foreign Currency Transactions, Forward contracts & Derivatives:

- a. The reporting currency of the Company is Indian Rupee.
- b. Foreign currency transactions are recorded on initial recognition in the reporting currency, using the exchange rate at the date of transaction. Exchange differences that arise on settlement of monetary items are: -
  - i. Adjusted in the cost of fixed assets specifically financed by the borrowings to which the exchange differences relate.
  - ii. Recognized as income or expense in the period in which they arise in other cases.The above treatment is in accordance with AS - 11 (Revised) issued by ICAI.

##### 6. Retirement Benefits:

Provisions for/contributions to retirement benefit schemes are made as follows: -

- a. Provident Fund Contributions on actual liability basis.
- b. Superannuation contributions are accrued on actual liability basis.
- c. Gratuity contributions are determined & accrued on the basis of actuarial valuation.
- d. Leave encashment benefits are determined & accrued on the basis of actuarial valuation.

##### 7. Depreciation:

Depreciation on Fixed Assets has been provided on Straight Line Method as prescribed in Schedule XIV of the Companies Act, 1956 except on office flat. Depreciation on additions to assets during the year is provided on pro-rata basis. Brands are amortized over a period of 10 years.



## 8. Revenue Recognition:

- a. Sales and Services are stated at net of agency commission, if any.
- b. In respect of sponsored programs, revenue is recognized as on date of telecast, if any.
- c. In respect of commissioned programs, revenue is recognized as on date of delivery.
- d. Interest income is accounted on accrual basis.

The above treatment is in accordance with AS- 9 issued by ICAI.

## 9. Taxes on Income:

- a. Tax on income for the current period is determined on the basis of estimated taxable income and tax credits computed in accordance with the provisions of the Income Tax Act, 1961 and based on the expected outcome of assessments / appeals.
- b. Deferred tax is recognized, subject to the consideration of prudence in respect of deferred tax assets, on timing differences, being the difference between taxable income & accounting income that originate in one period and are capable of reversal in one or more subsequent periods.
- c. Deferred tax assets are recognized & carried forward only to the extent that there is reasonable certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realized.
- d. Deferred tax is qualified using the tax rates and laws enacted or substantively enacted as on balance sheet date.

The above treatment is in accordance with AS- 22 issued by ICAI.

## 10. Events occurring after the balance sheet date :

Events occurring after the date of balance sheet, where material, are considered up to the date of approval of the accounts by the Board of Directors.

## 11. Provisions, Contingent liabilities & Contingent assets:

Provisions are recognized for liabilities that can be measured only by using a substantial degree of estimation, if

- a. the company has a present obligation as a result of past event:
- b. a probable outflow of resources is expected to settle the obligation: and
- c. the amount of the obligation can be reliably estimated:
  - i. Reimbursements by another party, expected in respect of expenditure required to settle a provision, is recognized when it is virtually certain that reimbursement will be received if obligation is settled.
  - ii. Contingent liability is disclosed in the case of :-
    - a. a present obligation arising from a past event, when it is not possible that an outflow of resources will be required to settle the obligation;
    - b. a possible obligation, unless the probability of outflow of resources is remote.
- d. Contingent assets are neither disclosed nor recognized.
- e. Provisions, contingent liabilities and contingent assets are reviewed at each balance sheet date.

## 12. Borrowing Cost :

Interest and other cost in connection with borrowing of funds to the extent related/attributed to the acquisition/construction of qualifying fixed asset are capitalized up to the date when such assets are ready for its intended use and other borrowing cost are charged to profit and loss account.

## II NOTES TO THE ACCOUNTS:

### 1. Arbitration proceeding with National Broadcaster (Doordarshan):

Current Assets, Loans & Advances includes Rs.3,34,78,831/- and Rs.3,00,000/- as Advance and Sundry Debtors respectively , receivable from Prasar Bharati Broadcasting Corporation of India. As per the order of Hon'ble arbitrator, the Company will pay an amount of Rs. 2,00,00,000/- to Prasar Bharti Broadcasting Corporation of India (PBBCI). And also



PBBCI/The Directorate General, Doordarshan will acquire programmes from the existing library of the company and cost of acquisition of programmes payable, shall not be paid directly to CEL but shall be adjusted / credited / treated as amount received in kind by PBBCI / The Directorate General, Doordarshan on behalf of Creative Eye Limited.

Advance includes Rs.2,00,00,000/- paid to PBBCI and Rs.1,34,78,831/- towards cost of acquisition of programmes acquired by Prasar Bharti Broadcasting Corporation of India / The Directorate General, Doordarshan. The final accounting / financial implication in the respective account shall be reflected / adjusted at the time of final outcome of the arbitration proceedings.

## 2. Amounts Written Off/ Written Back:

During the financial year an amount of Rs.6,66,403/- has been written off as bad debts on account of Loans, Advances and Deposits which became irrecoverable in spite of best efforts for recovery. An amount of Rs.9,27,984/- has been written back as it became not payable.

3. The sundry debtors, loans and advances and sundry creditors are subject to confirmation and reconciliation if any.

## 4. Contingent Liabilities :

	31/03/2011 (Rs. in lacs)	31/03/2010 (Rs. in lacs)
a. Bank Guarantees Outstanding	3.00	3.00
b. Claim against the company not acknowledged as Debt The National Broadcaster claimed a sum of Rs. 1408.00 lacs which is under dispute. The arbitration proceedings into the matter is under process.	1,408.00	1,408.00

## 5. Expenditure / Earnings in Foreign Currency :

There is no expenditure and earnings in foreign currency during the year.

## 6. Loans and Cash Credit:

- Cash Credit is secured by way of hypothecation of book debts and personal guarantee of Directors
- Vehicle Loans from finance companies secured by way of charge on vehicles.

## 7. The following Premises are yet to be transferred in the name of the Company :

6/7 Blue Diamond at Juhu Tara Road, Mumbai

## 8. Auditors' Remuneration :

Audit Fees	3.00	3.00
Other Services (Excluding Service Tax)	1.50	1.50

## 9. Earning per share :

Profit After Tax (Rs. '000)	(32,314)	(35,034)
Weighted average number of Equity Shares outstanding	20,058,250	20,058,250
Basic earning per share	(1.61)	(1.75)
Diluted earning per share	(1.61)	(1.75)
Nominal value of share (Rs.)	5.00	5.00



## 10. Related party disclosure :

Related party disclosure as required by AS - 18 issued by the Institute of Chartered Accountants of India.

### a) Relationship :

Key Management Personnel

Mr. Dheeraj Kumar      Chairman & Managing Director  
Mrs. Zuby Kochhar      Executive Director

### Other Directors

Mr. Shiv S. Sharma      Non Executive Director  
Mr. M.R. Sivaraman      Non Executive Director  
Mr. T.K. Choudhary      Non Executive Director

### b) Transactions with related parties are furnished below :

	Balance as on 01/04/2010	Remuneration payable for the Year 2010-11	Paid during the Year	Outstanding Balance as on 31/03/2011
<b>(i) Director's Remuneration</b>				
Mr. Dheeraj Kumar	524,500	3,409,250	3,409,250	524,500
Mrs. Zuby Kochhar	262,000	1,703,000	1,703,000	262,000
<b>(ii) Advance Outstanding</b> (Creative FX and Animation Factory India (Pvt.) Ltd.)	350,000	-	-	350,000

**Note : The Company has paid to its Non Executive Directors the sitting fees @ Rs. 7,000/- per Meeting Fees**

11. Figures of previous year have been regrouped/ reclassified/ rearranged wherever necessary to confirm to current year's presentation.

12. Figures of current year have been rounded off, wherever required.

### As per our report of even date attached

For **Uttam Abuwala & Co.**  
Chartered Accountants  
Firm Regn. No.: 111184W

**CA. M. B. Agarwal**  
Partner  
Membership No. 109143  
Mumbai  
25th May 2011

### For and on behalf of the Board

**Dheeraj Kumar**      Chairman & Managing Director  
**Zuby Kochhar**      Director  
**M.R. Sivaraman**      Director  
**Shiv S. Sharma**      Director  
**T.K. Choudhary**      Director  
**Valentina D'mello**      Company Secretary



## CASH FLOW STATEMENT

### CASH FLOW STATEMENT

<u>PARTICULARS</u>	<u>CURRENT YEAR</u> March 31,2011 (Rs. In Lacs)	<u>PREVIOUS YEAR</u> March 31,2010 (Rs. In Lacs)
<b>A Cash Flow From Operating Activities</b>		
Net Profit Before Tax	(323.14)	(350.34)
Adjustments for:-		
Depreciation	191.21	191.52
Loss/ (Profit) on sale of Fixed Assets	0.93	(1.70)
Loss/ (Profit) on sale of Investment / Mutual Funds	(7.06)	-
Interest & Dividend Received	(134.42)	(119.05)
<b>Operating Profit Before W/C Changes</b>	<b>(272.48)</b>	<b>(279.57)</b>
Decrease (Increase) in Current Assets, Loan And Advances	1,000.86	393.99
Increase (Decrease) in Current Liabilities & Provisions	(848.63)	(33.41)
<b>Operating Profit After W/C Changes</b>	<b>(120.25)</b>	<b>81.01</b>
Income Tax - Received / (Paid)	354.40	(216.10)
Fringe Benefit Tax Paid	-	(0.52)
<b>Net Cash Flow From Operating Activities-(A)</b>	<b>234.15</b>	<b>(135.61)</b>
<b>B Cash Flow From Investing Activities</b>		
Purchases of Fixed Assets	(0.21)	(3.68)
Sale of Fixed Assets	0.70	1.70
Change in Investments / Sale of Mutual Funds	300.00	-
(Loss) / Profit on sale of Investment / Mutual Funds	7.06	-
Interest & Dividend Received	134.42	119.05
<b>Net Cash Flow From Investing Activities-(B)</b>	<b>441.97</b>	<b>117.07</b>
<b>C Cash Flow From Financing Activities</b>		
Proceeds from Loan Fund	(377.29)	(330.93)
<b>Net Cash Flow From Financing Activities-(C)</b>	<b>(377.29)</b>	<b>(330.93)</b>
<b>Net Increase in Cash and cash Equivalents (A+B+C)</b>	<b>298.83</b>	<b>(349.47)</b>
Add: op. Balance of cash and cash Equivalents	816.95	1,166.42
<b>Closing Cash and cash Equivalents</b>	<b>1,115.78</b>	<b>816.95</b>

As per our report of even date attached

For **Uttam Abuwala & Co.**  
Chartered Accountants  
Firm Regn. No.: 111184W

**CA. M. B. Agarwal**  
Partner  
Membership No. 109143  
Mumbai  
25th May 2011

For and on behalf of the Board

**Dheeraj Kumar** Chairman & Managing Director  
**Zuby Kochhar** Director  
**M.R. Sivaraman** Director  
**Shiv S. Sharma** Director  
**T.K. Choudhary** Director  
**Valentina D'mello** Company Secretary

#### Auditor's Certificate

We have verified the above Cash Flow Statement of Creative Eye Limited derived from the audited financial statements for the year ended 31st March, 2011 and found the same to be drawn in accordance therewith and also the requirements of the amended Clause 32 of the Listing Agreement with Stock Exchange.

For **Uttam Abuwala & Co.**  
Chartered Accountants  
Firm Regn. No.: 111184W

**CA. M. B. Agarwal**  
Partner  
Membership No. 109143

Mumbai  
25th May 2011



## BALANCE SHEET ABSTRACTS

### BALANCE SHEET ABSTRACTS AND COMPANY'S GENERAL BUSINESS PROFILE

#### I. Registration Details

Registration No.:       State Code :

Balance Sheet Date :   -   -

#### II. Capital Raised During The Year (Amount In Rs. Thousand)

Equity Share Capital     N I L Share Premium     N I L

#### III. Position of Mobilisation and Development of Fund (Amount In Rs. Thousands)

Total Liabilities       Total Assets

##### Sources of Funds

Paid up Capital       Reserves & Surplus

Secured Loans      Unsecured Loans     N I L

##### Application of Funds

Net Fixed Assets      Investments

Net Current Assets       Deffered Tax Assets     N I L

Accumulated Losses

#### IV. Performance of the Company (Amount in Rs. Thousands)

Turnover       Total Expenditure

Profit Before Tax        Profit After Tax

Earning Per Share in Rs.       Dividend Rate %     N I L

#### V. Generic Names of three Principal Products/Services of the Company (As Per Monetary Terms)

Product Description	Item Code
Advertisement & Television Production	-



# Creative Eye Limited

Registered Office: "Kailash Plaza", Plot No.12-A, New Link Road, Andheri (W), Mumbai 400 053

## PROXY FORM

Annual General Meeting 2010-2011

Folio No..... DP ID No..... Client ID .....

I/We,..... of  
.....in the district of ..... being a member/ members of the above named  
Company hereby appoint Mr./Ms./Kum.....  
in the district of ..... as my / our Proxy to attend and vote for  
me/ us on my/ our behalf at the 25th Annual General Meeting of the Company to be held at "GMS Community Centre  
Hall", Sittladevi Complex, 1st Floor, D. N. Nagar, Opp. Indian Oil Nagar, Link Road, Andheri (West), Mumbai 400 053 on  
Monday, the 26th September, 2011 at 10.30 a.m. and at any adjournment thereof .

Signed this ..... day of ....., 2011

Address.....

Member's Signature.....

Affix Re. 1  
Revenue  
Stamp

**Note:** The Proxy form duly completed must be deposited at the Registered Office of the Company not less than 48 hours before the time for holding the Meeting. A proxy need not be a member.



# Creative Eye Limited

Registered Office: "Kailash Plaza", Plot No.12-A, New Link Road, Andheri (W), Mumbai 400 053

## ATTENDANCE SLIP

Annual General Meeting 2010-2011

I hereby record my presence at the 25th Annual General Meeting of the Company at "GMS Community Centre Hall", Sittladevi Complex, 1st Floor, D. N. Nagar, Opp. Indian Oil Nagar, Link Road, Andheri (West), Mumbai 400 053 on Monday, the 26th September, 2011 at 10.30 a.m.

.....  
**Full Name of the Shareholder (in Block Letters)**

.....  
**Signature**

.....  
**Folio No. /DP ID & Client ID** .....

.....  
**No. of Shares held** .....

.....  
**Full Name of the Proxy (in block letters)**

.....  
**Signature**

**Note:** Shareholders attending the meeting in person or by proxy are requested to complete the attendance slip and hand it over at the entrance of the meeting place.



येह  
PUNAR  
NA HOGA KAM

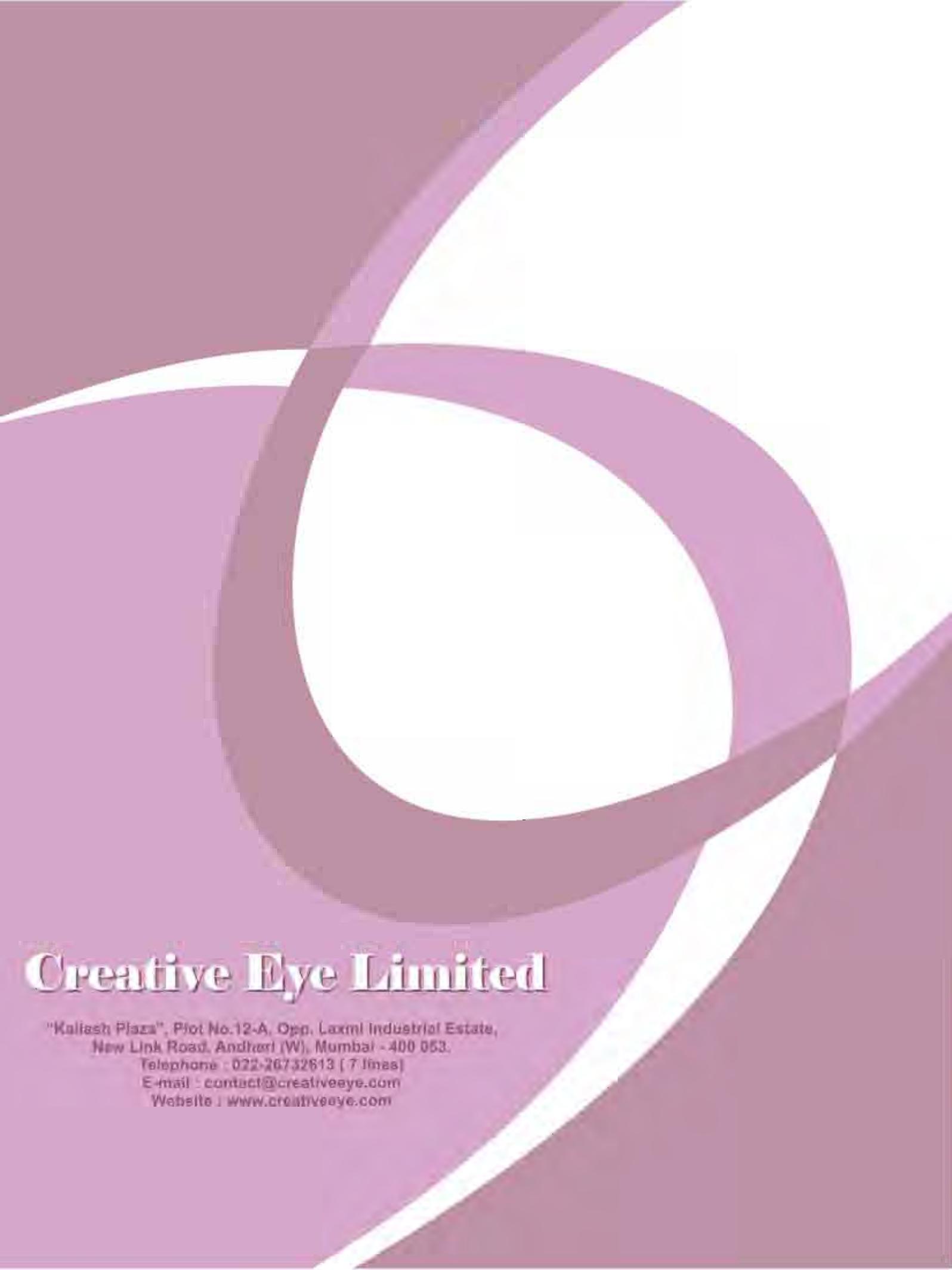


दिलों के पहर में लाली  
**नियति**



Ganesh Ceela





# Creative Eye Limited

"Kallesh Plaza", Plot No.12-A, Opp. Laxmi Industrial Estate,  
New Link Road, Andheri (W), Mumbai - 400 053.  
Telephone : 022-26732613 ( 7 lines)  
E-mail : [contact@creativeeye.com](mailto:contact@creativeeye.com)  
Website : [www.creativeeye.com](http://www.creativeeye.com)