



CREST ANIMATION STUDIOS LTD.
ANNUAL REPORT 2010-11

BOARD OF DIRECTORS :

Mrs. Seemha Ramanna - Chairperson & Managing Director
Mr. Shyam Ramanna - Director
Mr. T. N. V. Ayyar - Director
Mr. Divya Shah - Director
Mr. Shyam Benegal - Director
Mr. S. Balasubramanian - Director
Mr. Rajen Damani - Director
Mr. Anil Chawla - Nominee Director
Mr. Randhir S. Kochhar - Nominee Director

COMPANY SECRETARY:

Mr. Madhav Oak

REGISTERED OFFICE:

401 & 501, Raheja Plaza-1
L.B.S. Marg, Ghatkopar (West),
Mumbai -400 086.
website: www.crestindia.com

BANKERS :

State Bank of India
IDBI Bank Limited
ICICI Bank Limited
The Hongkong and Shanghai Banking Corp. Ltd.

AUDITORS :

M/s. S. R. Batliboi & Associates
Chartered Accountants
and
M/s. Chaturvedi & Shah
Chartered Accountants

REGISTRARS & SHARE TRANSFER AGENTS :

M/s. SHAREPRO SERVICES (INDIA) PRIVATE LIMITED
(Unit-Crest Animation Studios Ltd.)
13AB, Samhita Warehousing Complex,
Second Floor, Sakinaka Telephone Exchange Lane,
Off Andheri Kurla Road, Sakinaka, Andheri (E),
Mumbai - 400 072.
Email: sharepro@vsnl.com



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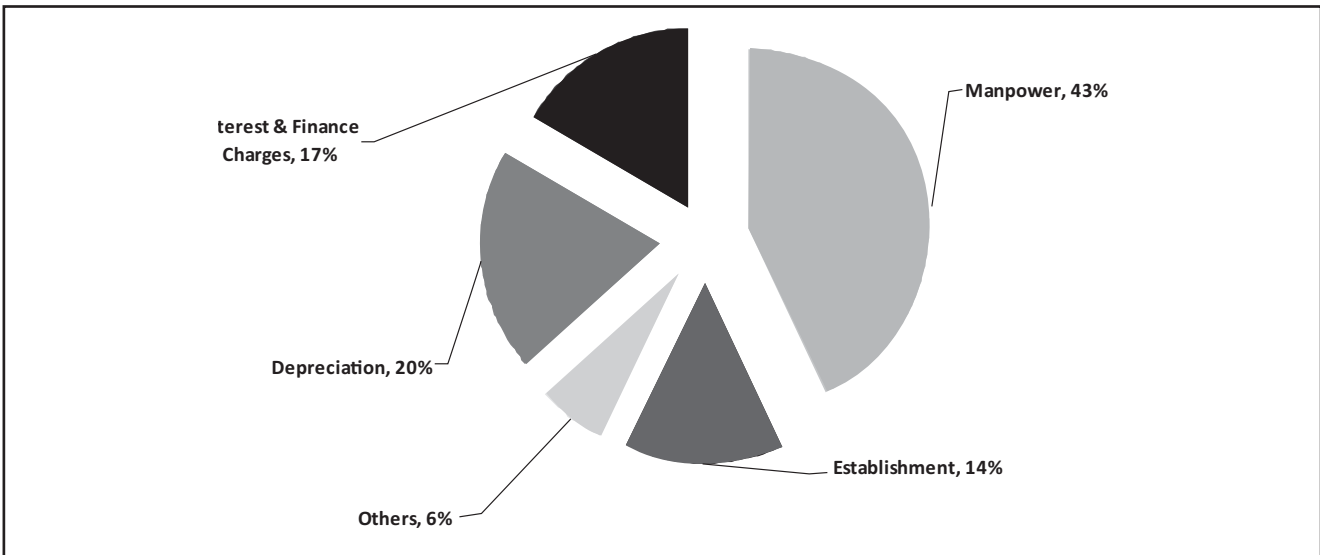
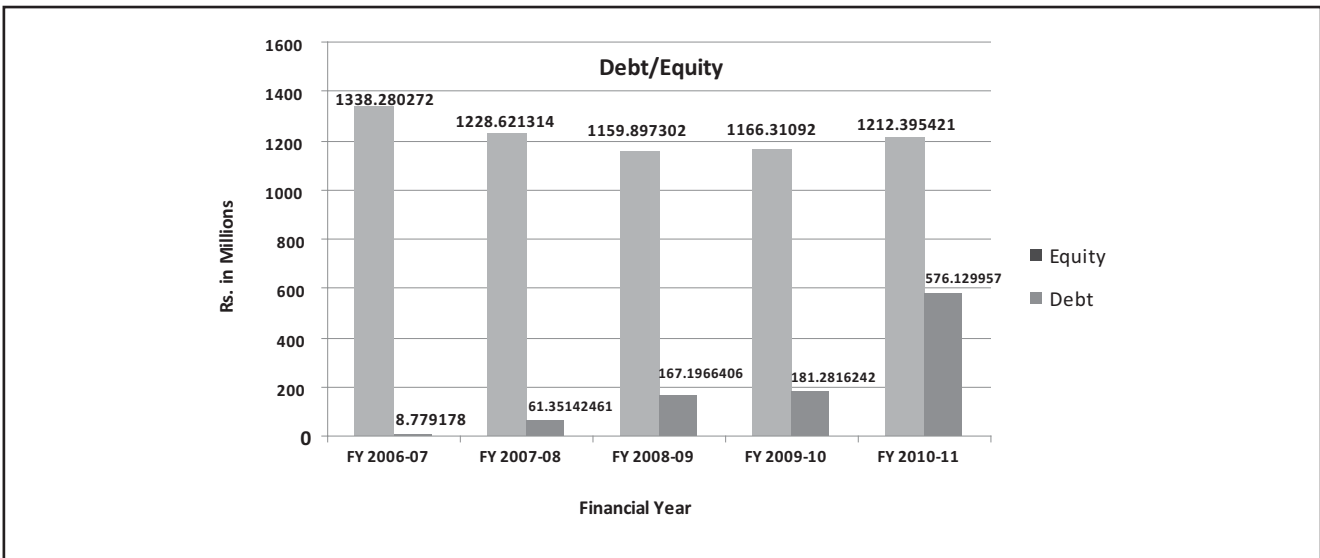
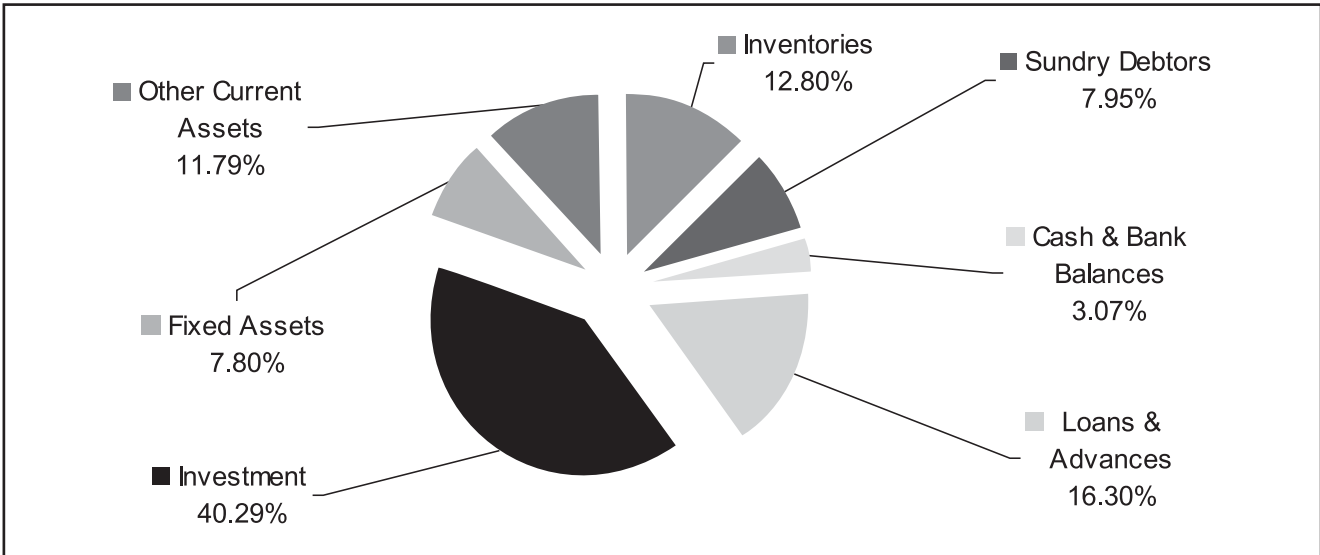
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FINANCIAL HIGHLIGHTS

KEY FINANCIALS FOR THE LAST FIVE YEARS

Rs. In Millions

Particulars	FY 2010-11	FY 2009-10	FY 2008-09	FY 2007-08	FY 2006-07
Operating Revenue	371.16	353.60	374.34	364.82	248.09
Total Income	376.76	475.28	412.15	262.81	388.39
PBDIT	59.35	139.52	67.19	31.13	117.82
Depreciation	87.61	100.89	104.99	104.38	80.98
Fixed Assets written off / written down	-	-	-	-	1.64
Interest & Finance Charges	72.68	34.31	29.71	31.78	24.61
Exceptional Items	1610.61	-	-	-	-
PBT	(1,711.52)	4.32	(67.52)	(105.03)	10.58
Prior Period Adjustments	-	2.01	-	-	-
Profit After Tax	(1,711.52)	6.44	(68.69)	(106.60)	9.59
Equity Share Capital	225.85	225.85	225.85	225.85	225.85
Share Capital Pending Allotment	216.27	-	-	-	-
Reserves & Surplus	770.27	940.46	934.05	1,002.77	1,112.43
Net Worth	1,212.40	1,166.31	1,159.90	1,228.62	1,338.28
Gross Fixed Assets	868.10	869.83	830.16	823.36	733.08
Net Fixed Assets	152.94	238.74	299.24	396.57	410.69
Total Assets	1961.41	1,449.49	1,458.79	1,474.88	1,491.85
Market Capitalisation	1,237.84	1,982.98	367.01	1,338.17	2,160.72
PBDIT / Total Income (%)	15.75%	29.36%	16.30%	11.84%	30.33%
EPS	(38.71)	0.29	(3.04)	(4.72)	0.46
Market Price at year end	53.85	87.80	16.25	59.25	95.67
Book Value	53.68	51.64	51.36	54.40	59.25



NOTICE

NOTICE IS HEREBY GIVEN THAT THE TWENTY-FIRST ANNUAL GENERAL MEETING OF THE MEMBERS OF CREST ANIMATION STUDIOS LIMITED WILL BE HELD ON FRIDAY, 30TH DAY OF SEPTEMBER 2011 AT 11.00 A.M. AT EMPEROR HALL , HOTEL KOHINOOR PARK, VEER SAVARKAR MARG, PRABHADEVI, MUMBAI – 400 025, MUMBAI TO TRANSACT THE FOLLOWING BUSINESS:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Profit and Loss Account for the year ended 31st March 2011, the Balance Sheet as at that date together with notes thereon and the Reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. T. N. V. Ayyar, who retires by rotation and is eligible for re-appointment.
3. To appoint a Director in place of Mr. Shyam Benegal, who retires by rotation and is eligible for re-appointment.
4. To appoint a Director in place of Mr. Anil Chawla, who retires by rotation and is eligible for re-appointment.
5. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

“RESOLVED that subject to the provisions of section 224, 225 and other applicable provisions, if any of the Companies Act, 1956, M/s. S. R. Batliboi & Associates and M/s. Chaturvedi and Shah, Chartered Accountants, who have consented to act as Statutory Auditors of the Company be and are hereby appointed jointly as Statutory Auditors of the Company till the conclusion of next Annual General Meeting on such remuneration as may be mutually agreed upon with them and the Company.”

**By Order of the Board
For CREST ANIMATION STUDIOS LIMITED**

Place : Mumbai
Date : August 29, 2011

**Sd/-
Madhav Oak
Company Secretary**

NOTES :

A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF/ HERSELF, AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY.

Proxies, in order to be effective, must be received at the Registered Office of the Company not less than 48 hours before the time fixed for the Meeting.

The Register of Members and the Share Transfer Books of the Company will remain closed from 23rd September, 2011 to 30th September, 2011 (both days inclusive).

The relevant details as required under Clause 49 of the Listing Agreements entered into with the Stock Exchanges, of persons seeking re-appointment as Directors under Item No. 2, 3 & 4 of the notice are also enclosed.

Members are requested to notify any change in their address to the Company's Registrars & Share Transfer Agents, quoting their Folio Numbers so as to ensure that all communications/ reports reach to the Members promptly.

The Ministry of Corporate Affairs has taken a “Green Initiative in Corporate Governance” by permitting Companies to communicate with its Shareholders through electronic mode. For registering/changing email address, Shareholders are requested to complete the online registration form- “Form for Registering/Changing E-mail Address” available on the website of the Company www.crestindia.com under the Investors section.

REQUEST TO MEMBERS

Members desirous of getting any information / clarification on the Accounts and operations of the Company or intending to raise any query, are requested to forward the same at least 10 days in advance of the meeting to the Compliance Officer so that, the same may be attended appropriately.

Members are requested to bring the Attendance Slip duly filled in for attending the meeting

**By Order of the Board
For CREST ANIMATION STUDIOS LIMITED**

Place : Mumbai
Date : August 29, 2011

**Sd/-
Madhav Oak
Company Secretary**

DETAILS OF DIRECTORS SEEKING RE-APPOINTMENT AT THE FORTHCOMING ANNUAL GENERAL MEETING

(In pursuance of clause 49 VI (a) of Listing Agreement)

Name of Director	Mr. T.N.V. Ayyar	Mr. Shyam Benegal	Mr. Anil Chawla
Date of Birth	21/04/1961	14/12/1934	27/12/1964
Nationality	Indian	Indian	Indian
Date of Appointment on the Board	13.07.1994	20.11.1993	13.10.2006
Qualifications	Chartered Accountant	M.A. in Economics	Chartered Accountant
Shareholdings in the Company	Nil	1000	Nil
Expertise in functional area	Mr. T.N.V.Ayyar is a Chartered Accountant by profession and has been practicing as a financial consultant for over 20 years. He is currently an advisor to Domestic and International Corporates in the fields of Energy, Aviation, Media, Entertainment, Satellite Telecommunication, Information Technology and the manufacturing industry.	Mr. Shyam Benegal has done post graduation in Economics. He is a well-known film maker. He was awarded with Padmashree in 1976 and the Padmabhushan in 1991. He has also been a recipient of many National and International Awards in the field of advertising and filmmaking. Currently, he is a member of Rajya Sabha.	Mr. Anil Chawla is a Whole Time Director of D.E. Shaw India Advisory Services Ltd. He has vast experience in various fields like Banking, Investment & Financial Services and has served in various capacities in esteemed organizations such as Citibank, London, IL&FS, American Express Bank and GE India.
Names of other Companies in which he/she holds Directorships	<ol style="list-style-type: none"> 1. Tata Ceramics Ltd. 2. Emco Ltd. 3. Apcotex Industries Ltd. 4. Benchmark Asset Management Co. Pvt. Ltd. 5. Prime Global Advisory Services Pvt. Ltd. 6. Mandakini Estates Pvt. Ltd. 7. Sri Lalita Charitable Foundation 	<ol style="list-style-type: none"> 2. Shyam Benegal Sahyadri Films (Partner) 	<ol style="list-style-type: none"> 1. D.E. Shaw India Advisory Services Pvt. Ltd. 2. Soham Renewable Energy India Pvt. Ltd. 3. Mack Star Marketing Pvt. Ltd. 4. International Amusement and Infrastructures Ltd. 5. International Amusement Ltd. 6. International Amusement Solutions Ltd. 7. Amar Ujala Publications Ltd. 8. Quattro Interactive Entertainment Solutions Ltd.
Details of Chairmanship/ Membership of Audit, Remuneration & Investors Grievances Committees of other Public Companies whether listed or not	<ol style="list-style-type: none"> 1. Member of Audit Committee in Tata Ceramics Ltd. 2. Chairman of Audit Committee in Emco Ltd. 3. Chairman of Compensation Committee in Emco Ltd. 4. Member of Remuneration & Nomination Committee in Emco Ltd. 	Nil	Nil

DIRECTORS' REPORT

The Directors are pleased to present the Twenty-first Annual report of the Company with the Audited Statement of Accounts and the Auditors' Report for the year ended 31st March 2011.

FINANCIAL RESULTS

	(Rs. in Million)	
	2010-2011	2009-2010
Operating Revenue	371.16	353.60
Other Income	5.60	29.91
Total Income	376.76	383.51
Profit before Interest, Depreciation, Tax, Exceptional Items and prior period adjustment	59.35	139.52
Less: Interest & financial charges	72.68	34.31
Profit before Depreciation, Tax, Exceptional Items and before prior period adjustment	(13.33)	105.21
Less: Depreciation	87.58	100.89
Profit before Tax and before prior period adjustment	(100.91)	4.32
Less: Provision for Tax	-	-
Add: Excess provision for tax written back	-	0.11
Add: Prior period income	-	2.01
Profit after Tax	(100.91)	6.44
Less: Surplus / (Deficit) in Profit & Loss account brought forward from previous year	-	(168.73)
Net surplus / (Deficit) carried forward to Balance Sheet	(100.91)	(162.29)

*Note: Figures for the previous period have been regrouped / restated wherever necessary. Further, During the year, the Company went through the process of amalgamating its two overseas subsidiaries, Crest Animation Holdings Inc., USA, Crest Communication Holdings Limited, Mauritius and one Indian Wholly Owned Subsidiary, Crest Interactive Limited with the Company. The effect of the Scheme of Amalgamation has been given while preparing financial results of the Company for the financial year ended on 31st March, 2011 with effect from the Appointed Date being 1st April, 2010 and hence are not strictly comparable with those of previous financial year 2009-10.

DIVIDEND

Since the operations of the Company have registered a loss for the year, the directors express their inability to recommend any dividend on the equity shares of the Company.

OPERATIONS DURING THE YEAR AND PROSPECTS

During the year, the Company went through the process of amalgamating its two overseas subsidiaries, Crest Animation Holdings Inc., USA, Crest Communication Holdings Limited, Mauritius and one Indian Wholly Owned Subsidiary, Crest Interactive Limited with the Company. This would enable

Crest to conduct its business more efficiently and advantageously with better economies of scale, more productive and optimum utilisation of various resources and give the ability to raise resources for conducting business, achieve synergies in business activities for further development and growth of the business. It would also help to eliminate unnecessary duplication of costs and help capture the entire IPR value in Crest Animation Holdings Inc., USA viz. rights in Alpha and Omega LLC, Norm of the North LLC, Magic Pebble LLC. As per the fair valuation report obtained for the purpose of amalgamation, the net carrying value of these IPR's stands at USD 3.5 millions as on 1st April, 2010.

During the year, the Company's first CGI Animated 3D Stereoscopic film, titled "*Alpha & Omega*" was released world wide by Lionsgate, a Hollywood Distributor. The film was initially released in North America across 2,625 Screens on 17th September, 2010. As on 31st March, 2011, the estimated world wide gross box office collections from the film were over USD 50 millions and collections from DVD Sales were around USD 11 millions. In India, the film was released on 4th February, 2011 by Fox Star Studios, India. The estimated collections from India were around Rs. 27 Lakhs. Additionally, projected estimates from output deals and further sales of DVD's etc. are more than USD 15 millions. However, due to high marketing expenses and distribution fee, the waterfall accruing to the Company will accrue over a longer period than anticipated. Your Company received critical views on the creative but respectable reactions on the animation quality of the film. The management is considering all the experiences and incorporating new strategies for future productions.

Unfortunately, during the year under review, Word World LLC, an Independent Television Producer, a client of the Company filed petition for bankruptcy under Chapter 11 of Title 11 of the United States Code. The Company is pursuing its claims and dues as per the legal processes in USA.

The Company continued to work on the second feature film "*Norm of the North*" which is part of the lionsgate deal. However, one of the financiers to this project defaulted their obligation to fund due to financial crisis in their region. The Company is reviewing intended legal recourse to be initiated against the financier. Alternate financing arrangements are also been under negotiation.

All these challenges have created a temporary liquidity crunch for your Company and certain arrangement for short term borrowings had to be made to meet statutory obligations and operational requirements. The management intends to retire these debts from funds to be raised through placement of treasury stock created under the Scheme of Amalgamation and held by CAS Benefit Trust.

In March, 2011, Universal Studios released a Direct to Video Product called "*The Little Engine that Could*" which is co-produced by your Company. As per the understanding given by Universal, the sales are in line with their expectations.

The production of the Indian Feature film is under progress. Cable and satellite networks have shown interest in taking rights in India as well as major distributors have shown interest in distributing the same in India and in other South East Asian countries. The film is expected to be released by November, 2012.

The Company also continued to work on “*Ribbit*”, another CGI feature for limited release which your Company is co-producing with KRU Capital Sdn. Bhd., Malaysia.

Post the experience in *Alpha & Omega* and *Norm of the North*, the management is now more focused in addressing the challenges requiring predictable and sustainable cash flows and revenue streams in the changing environment. Your Company has entered into negotiations with other studios in Hollywood who share, common objectives and have strong and stable financial background. These relationships will enable your Company to work on predictable pipeline of projects within specific time period and ensure guaranteed work for hire services.

The Company is in negotiations and discussions for joint ventures with strong creative partner and financial investors. These joint ventures will ensure sustainable services revenues over a longer period with precommitted funds in place and depending upon the negotiations, the Company ensures future interest in multiple IPR's.

SCHEME OF AMALGAMATION

The Board of Directors of the Company at its meeting held on 23rd August, 2010 considered a proposal to consolidate the business of its two overseas subsidiaries i.e. Crest Animation Holdings Inc., USA, Crest Communication Holdings Limited, Mauritius and its wholly owned Indian subsidiary Company viz; Crest Interactive Limited, into the Company by way of Scheme of Amalgamation under Section 391 to 394 (read with Section 78 and Sections 100 to 104 of the Companies Act, 1956) and other applicable provisions of the Companies Act, 1956. At the Court Convened Meeting held on 8th December, 2010, the equity shareholders have approved the Scheme of Amalgamation. The Hon'ble Bombay High Court vide its order dated 1st April, 2011 sanctioned the said Scheme of Amalgamation. Pursuant to the Scheme of Amalgamation, the entire assets and business of transferor companies have been transferred and vested in the Company with effect from the appointed date being 1st April, 2010. The order of the Hon'ble Bombay High Court has been filed with the Registrar of Companies, Maharashtra on 5th May, 2011. The Scheme of Amalgamation has become effective with effect from 26th July, 2011, upon filing of the order of the Hon'ble Bombay High Court with the Registrar of Companies, Maharashtra, Mumbai and other statutory approvals, compliances in overseas jurisdictions. Consequently, the financial and operating results of Crest Animation Holdings Inc., USA, Crest Communication Holdings Limited, Mauritius and Crest Interactive Limited, India with effect from the Appointed Date of the Scheme being 1st April, 2010 have been included with the financial results of the Company for the financial year ended on 31st March, 2011 and hence are not strictly comparable with those of previous financial year 2009-10.

In pursuance of the Scheme, the Company has utilized a sum of Rs. 1772.90 million from the Securities Premium Account for adjusting debit balance in Profit and Loss Account after giving effect to the Scheme of Amalgamation and impairment in the value of goodwill of Rs. 1610.61 million arising pursuant to the Scheme of Amalgamation.

Changes in Capital Structure

a) Increase in Authorised Capital

Pursuant to the Scheme of Amalgamation, the Authorised Capital of the Company has been increased to Rs. 50,00,00,000/- (Rupees Fifty Crores) divided into 5,00,00,000 equity shares of Rs. 10/- each.

b) Allotment of Equity Shares pursuant to the Scheme of Amalgamation

Upon the Scheme becoming effective, the Company has issued and allotted 2,16,26,958 equity shares of Rs.10 each at a premium of Rs. 71.27 per share based on the valuation done by the valuers. These include an aggregate of 1,20,00,000 equity shares allotted to the CAS Benefit Trust in accordance with the terms of the Scheme. Post allotment of the aforesaid shares, the paid-up equity share capital of the Company has been increased to Rs. 44,21,21,360/-. Necessary applications have been made to the National Stock Exchange of India Limited and Bombay Stock Exchange Limited for obtaining listing and trading permissions in respect of allotment of shares under the Scheme of Amalgamation.

Post allotment of the aforesaid shares under the Scheme of Amalgamation, the shareholding structure of the Company is as follows:

Sr. No.	Category	% of holding
1.	Promoters and persons belonging to Promotes group	10.42
2.	D. E. Shaw group	20.54
3.	CAS Benefit Trust	27.14
4.	Global Depository Receipts	3.39
5	Others	38.51
	Total	100.00

The trustees of CAS Benefit Trust along with the management of your Company have initiated the process to find strategic and sound investors for the placement of treasury stock.

INFORMATION TECHNOLOGY

The entire movie “*Alpha & Omega*” is done on high end graphics workstations, as technology plays a very significant role in 3D CGI theatrical production. It is not only essential to be “State-of-the-Art” in hardware and software but also it is important to constantly develop proprietary tools to get the desired effect. The quality benchmark gets pushed to higher levels every year and therefore your company is constantly taking efforts for utilization of high end technology. Your Company is using some of the best technology amongst animation players out of India / Asia.

CORPORATE GOVERNANCE

The Board of Directors supports the broad principles of Corporate governance and the Company has been in compliance with the mandatory provisions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement entered with the Stock Exchanges. In addition to the basic governance issues, the Board lays strong emphasis on transparency, accountability and integrity.

A detailed report on Corporate Governance Compliance & Management Discussion and Analysis as stipulated in the listing agreement is annexed and forms part of this report.

DIRECTORS

During the year under review, Mr. Shyam Ramanna resigned as Chairman of the Company and continues to be Member on the Board effective from 2nd November, 2010.

In view of resignation of Mr. Syam Ramanna as Chairman, your Board of Directors appointed Mrs. Seemha Ramanna as Chairperson & Managing Director effective from 10th November, 2010.

Mr. S. Balasubramanian & Mr. Rajen J Damani were appointed as Independent and Non-Executive Directors of the Company effective from 23rd August, 2010 which was duly approved by members in Annual General Meeting held on 27th September, 2010.

In accordance with the requirements of the Companies Act, 1956, Mr. T.N.V. Ayyar, Mr. Shyam Benegal and Mr. Anil Chawla, Directors of the Company retire by rotation and, being eligible, offer themselves for re-appointment.

Brief particulars and expertise of directors seeking re-appointment and details of their other directorship and committee membership have been given in the annexure to the Notice convening the Annual General Meeting.

Directors recommend the resolutions pertaining to re-appointment of Directors, for approval of the members.

AUDITORS

M/s. S. R. Batliboi & Associates (Member firm of Ernst & Young Global) and M/s. Chaturvedi and Shah, Chartered Accountants, Mumbai will retire as the Auditors of the Company at the conclusion of the ensuing Annual General Meeting and have given their consent for re-appointment as required under the provisions of Section 224(1B) of the Companies Act, 1956. The Board of Directors of your Company recommend their re-appointment as Joint Statutory Auditors of the Company. A resolution seeking your approval for re-appointment of Auditors is included as item 5 of the Notice convening Annual General Meeting.

DEPOSITS

During the year under review the Company has not accepted any deposits from the Public under section 58A and 58AA of the Companies Act, 1956 read with Companies (Acceptance of Deposit) Rules.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217(2AA) of the Companies Act, 1956 (the Act) amended as per the Companies (Amendment) Act, 2000, the Directors confirm that:

- in the preparation of the Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period;
- the Directors have taken proper and sufficient care of the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding assets of the Company and for preventing and detecting fraud and other irregularities; and
- the Directors have prepared the annual accounts on a going concern basis.

AUDITORS' REPORT

As regards the qualifications made by the Auditors as stated in paragraph 4 & 5 of their report on the accounts of Crest Animation Studios Limited and paragraph 5 & 6 of their report on the Consolidated Financial Statements of the Company respectively, attention is invited to Note nos. 6 & 7 of Schedule R on significant Accounting Policies and Notes forming part of the Accounts of the Company and Note nos. 6 & 7 of schedule S of consolidated financial statements of the Company, wherein the detail explanation provided which in the opinion of the Board of Directors are self explanatory.

CHANGES IN GROUP STRUCTURE

During the year under review, the process of amalgamation of your Company i.e. Crest Communication Holdings Limited, Mauritius (CCHL), Crest Animation Holdings Inc., USA, (CAH) and Crest Interactive Limited (CIL) with Crest Animation Studios Limited was initiated. The Scheme of Amalgamation has become effective from 26th July, 2011. Due to the amalgamation of all the abovementioned subsidiary companies, interest of CAH in the SPVs viz., Alpha & Omega LLC, Norm Financing LLC & Magic Pebble LLC has been transferred to your Company. CAH was also holding 100% stake in Crest Animation Inc., USA which has also transferred to CASL. Due to corporate restructuring by way of amalgamation, Crest Animation Inc. (CAI) has become direct overseas subsidiary of the Company. The subsidiary of CAI i.e. Crest Animation Production (CAP) & subsidiary of CAP i.e. Roop BDR Productions have become step down overseas subsidiaries of your Company. Overseas subsidiaries and step down subsidiaries will have the operational activities of development, pre production and post production to be done in Hollywood which is required to be carried out in USA. Due to winding up of CCHL, Crest will now be the investing partner in prospective investment vehicles such as joint ventures or Limited Liability Partnerships producing Intellectual Property Rights etc.

SUBSIDIARIES

I. OVERSEAS

Crest Communication Holdings Ltd. Mauritius (CCHL)

Crest Communication Holdings Limited, a wholly subsidiary of the Company has filed necessary application

for striking off the name of the Company as the Scheme of Amalgamation provides for dissolution of CCHL without winding up. The Order sanctioning the Scheme was passed by the Hon'ble High Court of Bombay on 1st April, 2011. Upon accomplishment of the applicable formalities under the law, the Scheme has come into effect from 26th July, 2011. The effect of the amalgamation has been given in the books of accounts of the Company for the year ended on 31st March, 2011 with effect from the Appointed Date.

Crest Animation Holdings Inc., USA (CAH)

Crest Animation Holdings Inc., USA, a step down subsidiary of the Company has filed necessary application for striking off the name of the Company as the Scheme of Amalgamation provides for dissolution of CAH without winding up. The Order sanctioning the Scheme was passed by the Hon'ble High Court of Bombay on 1st April, 2011. Upon accomplishment of the applicable formalities under the law, the Scheme has come into effect from 26th July, 2011. The effect of the amalgamation has been given in the books of accounts of the Company for the year ended on 31st March, 2011 with effect from the Appointed Date.

Crest Animation Intermediate (CAI) and its downstream subsidiaries

CAI was the wholly owned Subsidiary of CAH. Upon the Scheme of Amalgamation becoming effective, CAI has now become wholly owned subsidiary of your Company. CAI and its downstream subsidiaries provides services in the developments and pre & post-production of CGI-animated properties for theatrical, television, home entertainment and interactive distribution. CAI is presently operating in Burbank, California. CAI is having a wholly owned subsidiary, Crest Animation Productions, Inc. (CAP) and CAP owns 100% of Roop BDR Productions Inc. (RBP). The name of Crest Animation Intermediate, Inc. has been changed to Crest Animation, Inc. in May, 2011.

During the year, CAI on a standalone basis incurred operation losses of USD 0.73 millions.

II. INDIAN

Crest Interactive Limited (CIL)

Crest Interactive Limited, a Indian wholly owned subsidiary of the Company has filed necessary application for striking off the name of the Company as the Scheme of Amalgamation provides for dissolution of CIL without winding up. The Order sanctioning the Scheme was passed by the Hon'ble High Court of Bombay on 1st April, 2011. Upon accomplishment of the applicable formalities under the law, the Scheme has come into effect from 26th July, 2011. The effect of the amalgamation has been given in the books of accounts of the Company for the year ended on 31st March, 2011 with effect from the Appointed Date being 1st April, 2010.

CONSOLIDATED FINANCIAL STATEMENTS

In compliance with the Listing Agreements entered with the Stock Exchanges, a Consolidated Financial Statement of the Company and all its subsidiaries is attached. The Consolidated

Financial Statement has been prepared in accordance with Accounting Standards 21, 23 and 27 issued by the Institute of Chartered Accountants of India and show the financial resources, assets, liabilities, income, profits and other details of the Company, its associates companies, joint venture companies and its subsidiaries after elimination of minority interest, as a single entity. The statement pursuant to section 212 of the Companies Act, 1956 forms part of this report.

The consolidated accounts present a full and fair picture of the state of affairs and the financial condition. A statement of summarized financials of all the subsidiaries is attached along with the consolidated financial statement. However, on request by any member of the Company/statutory authority interested in obtaining them, these documents will be made available for examination at the Company's registered office.

In terms of general exemption granted by the Ministry of Corporate Affairs under section 212(8) of the Companies Act, 1956, the Copy of the Balance Sheet & Profit and Loss Account etc. of the subsidiaries are not required to be attached with the Balance Sheet of the Company. The Company Secretary will make these documents available upon receipt of request from any member of the Company interested in obtaining the same. These documents will be available at Registered Office of the Company, during working hours up to the date of the Annual General Meeting.

PARTICULARS AS PER SECTION 217 OF THE COMPANIES ACT, 1956

ENERGY AND FOREIGN EXCHANGE

The particulars as required under section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of particulars in the report of the Board of Directors) Rules, 1988, are attached as annexure to this report.

PARTICULARS OF EMPLOYEES

As required by section 217 (2A) of the Companies Act, 1956 read with the Companies (Particular of Employees) Rules, 1975 forms part of this report. However, as permitted by section 219(1)(b)(iv) of the Companies Act, 1956, the report and accounts are being sent excluding the statement containing the particulars to be provided under section 217(2A) of the Act. Any member interested in obtaining such particulars may inspect the same at the Registered Office of the Company or write to Company Secretary for a copy thereof.

ACKNOWLEDGEMENT

Your Directors place on record its sincere appreciation towards Company's valued overseas customers for the support and the confidence reposed by them in the Company and look forward to the continuance of this mutually supportive relationship in future. Your Directors gratefully acknowledge the contributions made by employees towards the success of your Company. Your Directors are also thankful for the co-operation and assistance received from its vendors, bankers, STPI, regulatory and Governmental authorities in India and abroad and its shareholders.

For and on behalf of the Board

Sd/-

**Seemha Ramanna
Chairperson &
Managing Director**

Place: Mumbai
Date: August 29, 2011

ANNEXURE TO THE DIRECTORS' REPORT

Disclosure of particulars with respect to conservation of Energy, Research & Development expenditure and Foreign Exchange earnings and outgo under Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988.

CONSERVATION OF ENERGY

The Company has an efficient energy conservation task force, which is actively involved in continuous monitoring of energy usage and its conservation. In spite of the Company's state-of-the-art equipments having in-built energy efficient features, the Company continues to give highest priority for conservation of energy by using a mix of technology changes, process optimization methods and other conventional methods.

RESEARCH & DEVELOPMENT (R&D)

Your Company has initiated the process of R&D to develop new sets of skills, enhance existing ones, and improve production facilities and various processes of productions.

In future, the emphasis will continue to be on quality to identify ways to optimize cost and develop new skills with focus on clients needs.

TECHNOLOGY ABSORPTION

The Company continues to lay emphasis on development and innovation of in-house-technological and technical skills in areas of computer graphics and animation to meet the specific customer requirements. Efforts are also being made to upgrade the existing standards and to keep pace with advances in technological innovations.

FOREIGN EXCHANGE EARNINGS AND OUTGOINGS

1. Total foreign exchange earned Rs. 371.16 Millions (Rs. 372.82 Millions)
2. Total foreign exchange utilized Rs. 5.21 Millions (Rs. 52.10 Millions)

For and on behalf of the Board

Sd/-

Seemha Ramanna

Chairperson & Managing Director

Place: Mumbai

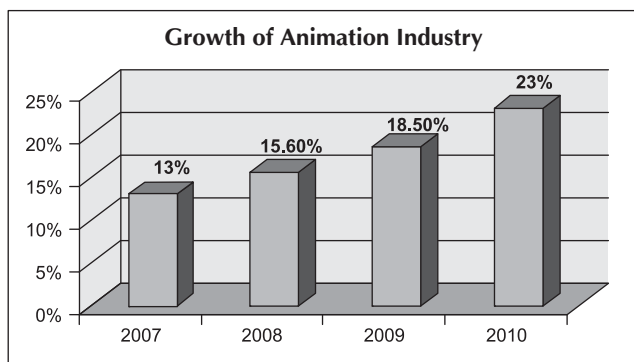
Date: August 29, 2011

MANAGEMENT DISCUSSION AND ANALYSIS

Industry Overview

In the year 2010-11, Animation Sector has seen a robust growth in terms of technical and creative content of the features released like “Toy Story 3”, Despicable Me, How to Train your Dragon, Tangled etc. These films set new benchmarks in the animation industry. Globally, licensing and merchandising of popular characters has seen an upcoming revenue stream in Animation Industry.

Following table shows growth of the Animation Industry during 2007-2010:



Source: India Entertainment and Media Outlook-2011 by PWC.

The liberalization efforts by the Indian government have resulted in the emergence of numerous sectors, which offer great possibilities for India’s development. One such recent sector is animation, along with information and communication technologies. The animation and interactive media industry in India has been making headlines of late, not so much for its impact on the domestic market, but as a premier outsourcing destination for western animation companies. The Indian industry was estimated to be INR 23 billion in 2010 showing a growth of 24.3% over 2009. As reported by Price Waterhouse Cooper and Nasscom, the Indian Animation industry showed a healthy growth in 2010.

The Animation Industry in India though a late starter, is considered as one of the fastest growing segments of the entertainment and media industry. The Animation Industry in India gained significance as an outsourced destination for animation work due to low cost, skilled labour as its many advantages. In the recent past, Indian Animation Companies and animation studios have been moving up the value chain to create intellectual property rights and partnering with international studios to co-produce animated properties for the global audience. At present, a majority of the work done by the animation industry in India is outsourced work, this is expected to change in the future with increased revenues from the exploitation of intellectual property rights.

In the recent past, trends in distribution and revenue streams for the Animation sector has seen some sea of changes and expecting the same in near future as well like the biggest revenue earner for Hollywood film industry was from DVD

sales which has now been replaced by some other formats. There is a decline in ‘DVD’ Sales (including Blue – ray discs) but new formats like Net Flix and You Tube have caught on (subscription and online streaming services) and continued to grow.

The International film business is quite different and cannot be compared to Bollywood. Bollywood film budgets are relatively moderate and the financing of its production is partially covered by the minimum guarantee contracts with some distributors during the production itself thus sacrificing the potential earnings from those territories, but mitigating the risks involved in production financing. The marketing budgets on an average are less than 1/4th of the production budget and is also borne by the producer. The distribution fee varies from 8% to 20%. In the recent past, the collection from cable and satellite, DVD sales & online is done by the producers themselves. The probability of sequels and ancillary products is extremely limited. 70% to 80% of the potential revenues thus get recovered within first two years of release.

Hollywood develops, produces and distributes for the world and is not limited to any specific segment. The production budgets are higher and the marketing budgets on an average are equal to the production budget itself. The distribution fee varies from 12% to 20%. In the recent past, the matured film financing models which existed, have however got impacted due to the turmoil in the financial markets.

However, the strength and experience of large distributors ensure indepth penetration of the film property and ensures exploitation from multiple revenue streams from the entire world. Huge marketing budgets specially in the animation goner convert these films into “brands” and opportunities for licensing and merchandising are in much higher scales. The potentials of successful sequels and ancillary products is extremely high and these films can not be assessed for returns within one to two years from release. This has been successfully demonstrated by multiple sequels and prolonged sale cycles of most of the animated films done in Hollywood by Dysney, Dreamworks, Blue Sky and Sony etc.

These paradigm shifts have created opportunities for new full scale film production companies, which if well capitalized, can take advantage of the slowly reducing number of small independent producers who are relatively finding it more difficult to attract financing for their productions.

Company Outlook and Overview

The year 2010-11 was a historical year for the Company as it became first production house from India which earned respectable global box office revenue of over USD 50 millions for its first feature film. The Company has gained respect in Hollywood for delivering a Feature on time and with a high quality in such a competitive budget. By achieving this milestone, the Company has joined the elite club of very few production houses, all of which are based in North America.

During the year under review, the Company continues to build its creative and technical competence in the CGI animation for entertainment in film, television or Direct to home industry. Over the past few years, the Company has diversified its business from TV series to DVD and Features which resulted in improving / growing our skills and to focus on long term vision of the Company. The Company also developed a new application for 'Apple' and is also now an approved 'Aps' developer for Apple.

During the year 2010-11, the Company continued to work on the production of two other feature films. The production work of the Indian Feature Film has been completed and is now ready to move into post production. Some elite distributors from Asia have expressed interests to distribute the film in their respective territories. The Company is working on the second feature film entertainment titled "Ribbit" with a production house based in Malaysia called KRU Capital Sdn. Bhd. and the production is being supported by the Malaysian government. The production of these films is expected to be completed before the end of Financial Year 2011-12. These films are expected to be released in the calendar year 2012.

During the year under review, the Company has also worked on the non filmed entertainment segment. The Company continued to work on a DVD feature known as 'Swan Princess' with 'SONY' entertainment. The property originally was a theatrical release in the traditional (2D) animation style which is followed by sequels in DVD. The Company is delivering a fourth sequel in CGI animation.

The Company is in negotiations with multiple partners to create a new full scale production company with large equity base supported by debt. The partners will jointly develop assets and capital resources will result in immediate and significant scale.

This will result an enhanced services business and create products in the most profitable theatrical category i.e. the family animated features. This will also help to capture a bigger market share in the animation space. Hollywood accepts the family animated features as the most profitable and underserved segment of the film sector and is experiencing an unmatched scarcity of product.

SEGMENT-WISE OR PRODUCT-WISE PERFORMANCE

The Company is engaged in providing 3D/CGI Animation i.e. full-service studio specializing in the development and production of digital animated properties for theatrical, television, home entertainment and interactive distribution for the global entertainment industry. Management believes that the risks and returns from these services are not predominantly different from one another and hence considers the Company to operate in a single business segment. However management has identified geographical segment disclosures based on location of the Company's customers in case of revenue. Further, disclosures of carrying amount of segment assets and cost incurred to acquire segment assets are based on geographical location of segment assets.

As per Accounting standard AS (17) on segment reporting,

segment information has been provided under the notes to consolidated financial statements.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The company through its management is responsible for establishing and maintaining adequate internal control over financial reporting commensurate with its size and nature of business. Our internal control systems are effective to provide reasonable assurance regarding the reliability of our financial reporting and the preparation of our financial statements for external purposes in accordance with the generally accepted principles of accounting. The internal control systems provide for well-defined policies, guidelines, authorizations and approval procedures. Due to its inherent limitations, internal control over financial reporting related to projections of any evaluation of effectiveness to future periods are subject to the risks that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate. Our independent registered accounting firms M/s S. R. Battliboi & Associates and M/s Chaturvedi & Shah has audited financial statements and has issued its report on the effectiveness of internal control over financial reporting which is included herein.

DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

During the year, on the operational front, the Company had successfully released its first 3D CGI animation feature film – "Alpha & Omega". The movie was released in United States across 2,625 theatres.

The movie grossed over USD 50 Million from its theatrical release and over USD 11 Million from DVD sales. During the year, company has started production on Direct to video project "Swan Princess".

The Company generated total income of Rs. 376.76 Million as compared Rs. 383.51 Million for the previous year. The Company's EBIDTA stood at Rs. 59.35 Million as compared Rs. 139.52 Million for the previous year. The loss after tax of the company for the year 2010-11 was Rs.1,711.52 Million as against profit of Rs. 6.44 Million. The loss includes impairment of goodwill on amalgamation of Rs. 1,610.61 Million.

The Financial performance of the Company can be reviewed in two parts as under:

1. Crest Animation Studios Limited (Standalone), which excludes the performance of subsidiaries.
2. Crest Animation Studios Limited (Consolidated), which includes performance of subsidiary companies, mainly Crest Animation Inc. and its subsidiary.

1. Standalone

During the year the loss after tax of the company for the year 2010-11 was Rs.1,711.52 Million as against profit of Rs. 6.44 Million during the previous financial year. The loss is due to one time exceptional item of impairment of goodwill on amalgamation of Rs. 1,610.61, provision for write down of inventory & debtors.

The company's operating revenue have primarily been generated by, production service fees out of the Work for

hire contract for Norm of the North and work on DVD project Ribbit.

2. Consolidated

During the year, revenue fell by 35% from Rs. 648.11 Million. To Rs. 423.97 Million. The consolidated loss stood at Rs. 1,713.09 Million as compared to profit of Rs. 2.58 Million. The loss is due to impairment of goodwill on amalgamation of Rs. 1,610.61 Million, write-down of properties, provision for debtors due to filing of chapter 11 by one of our clients in USA, write-down of investment in subsidiary and increased legal losses.

The decrease in revenue can be mainly attributed to completion of Alpha & Omega project. The other projects on which the work has started are in the initial stages of production.

obsolescence and lack of skilled & trained human resources demand sustained and enhanced levels of investments in both depreciating as well as appreciating assets.

Our success is primarily dependent on the audience accepting our products which is extremely difficult to predict or guarantee. The revenue derived from a feature film does not necessarily bear any correlation to the production or distribution cost incurred.

The company's business is dependent on the availability of work for hire projects and/ or ability to co-produce projects. Unexpected delays in the commencement of work for hire projects or the commercial failures in co-production project would have a material adverse affect on our financial results. Further, as a result of the global economic infirmity, the markets are increasingly meandering towards co-financing models of business association, which stipulate large capital outlay, further necessitating the need for innovative financial structuring of deals.

The business is substantially affected by the prevailing global economic conditions. Increases in interest rates, inflation, changes in tax, trade, scarcity of credit are some of the factors which impede the growth of the business. The economic downturn has left no public limited company unaffected which is reflected in the performance of our stocks. However given the resilience of the economy in the face of recession as well as its strong fundamentals, the company does not expect to be significantly affected by this risk in the long terms.

OPPORTUNITY, THREATS, RISKS AND CONCERNS

Trends in Animation Industry	Issues for Animation Industry
<ul style="list-style-type: none"> Licensing and merchandising of popular characters is on the rise. VFX outsourcing of Hollywood films is gaining ground in India. TV channels are driving demand for animation content. The outsourcing industry for gaming is also growing. Social networking sites have given a boost to online gaming. 3D gaming is on the upswing. India-specific games are showing a good response. 	<ul style="list-style-type: none"> Weak pre-production cycle. Lack of finances. Shortage of skilled manpower. Lack of original content for Indian animation films. Piracy in gaming. High taxes for console gaming. Infrastructure issues for the gaming industry.

Source: India Entertainment and Media Outlook-2011 by PWC.

RISKS

Macro Economic Risk:

The global economy is witnessing significant contraction with an unprecedented lack of availability of business and consumer credits. This current decrease and any future decrease in economic activity in the United States and other regions in the world, in which we do business, could significantly impact our results operationally and financially. The business risks are both inherent and perceived. The business of entertainment being a High Risk – High Return business does test our patience, commitment and convictions time and again.

The markets are getting increasingly competitive, Technological

Business Model Risk

We currently operate principally on one business segment i.e. 3D/CGI animation and our lack of diversified business could adversely affect us.

Many times business of the Company is also subject to risks such as overall economic and political events etc. The Company is providing services in three areas Filmed entertainment / DVD / TV episodes. Hence, the risks vary for each business area.

Filmed entertainment: The success depends on viewers acceptance of the film which is almost impossible to predict and therefore, risky. The financial success of film also depends on other factors like public acceptance of competitors film, other FORMS of leisure and entertainment available to public etc. Economic / Financial success of theatrical performance also has a huge impact on other revenue streams like DVD / TV / Merchandise etc. Most importantly one cannot assure that the film will generate enough revenue to cover costs like distribution, marketing, production etc. which means the net revenue could get affected.

Home entertainment (DVD): This business stream is currently experiencing significant change due to rapid technological shifts and thereby consumer preferences and behavior is changing. Since, this also becomes unpredictable, there is an inherent risk involved on profitability. Internet, You Tube, Mobile devices continue to evolve rapidly due to technology

and therefore we are constantly adapting to new distribution channels.

TV episodes : This segment is governed and driven largely by broadcasters / networks. As compared to live action, number of networks dedicated to children is relatively lesser and also the 'license' fee, over the years, is continuously reducing. The number of suppliers in this segment is much higher and across all geographical regions. Competition especially from other Asian regions (in the animation outsourcing space) like China / Malaysia / Singapore / Korea etc. is growing in geometric progression and their pricing is relatively more aggressive than Indian counterparts. This puts a pressure on EBITDA margins and therefore over a period in time one might have to exit this format and therefore putting a risk on overall lower revenue.

To mitigate the risk in our business model, we consciously ensure that we maintain a mix of "work-for-hire" projects along with ownership of content / intellectual property rights on projects in addition to strongly exploring the Gaming and Digital asset management.

Geographic Risk

We are significantly dependent on the US & European markets and any change in the nature and structure of these markets would adversely affect our financials. We do believe that the US & European markets are adequate enough to provide us with continuous and sustainable business opportunities for the foreseeable future, the Asian markets are also warming up to the possibilities of the CGI Industry and we have already made a headway in establishing strategic relationship with producers of repute in these emerging markets.

Financial Risk

The production of animated products is capital intensive and our capacity to generate revenues from our work for hire projects may be insufficient to meet our anticipated cash requirements.

The company's revenue is predominantly denominated in USD, given the volatility of the Indian Rupee; the financials of the company can swing significantly. To mitigate the risk the company has through proactive and effective risk management techniques entered in forward contracts with its bankers. The company has through its strategic initiatives and sustained reconnaissance established formidable relationship in the financial markets that facilitate innovative financial arrangement to provide for its capital requirements.

Regulatory and Compliance Related Risk

The Company's transactions are though predominantly in the US, it also transacts with other countries. As the Company pursues towards a global reach the risk of ensuring 100% compliance with the regulations and laws also increases.

The Company has an institutionalized structure to ensure regulatory and legal compliance to mitigate such risks.

Reputation Risk

The reputation of an entertainment Company is built on various factors including the Credentials of the Creative Directors, The Actors, The success of the products as measured through BOX OFFICE collections etc. We mitigate such risks by endeavoring towards and ensuring that we work with the most reputed of Brands, Creatively Competent Directors of Repute and Properties that appeals to a wide range of audience and has a Long Shelf life.

Operational Risk

We cannot predict the impact the rapidly changing technology or alternative forms of entertainment may have on us. Animated products are expensive to produce and the uncertainties inherent in their production could result in the expenditure of significant amounts on projects that are abandoned or delayed for reasons beyond our control.

We try to mitigate these risks by investing in developing proprietary tools that enable increase in efficiencies and standardization of processes. We also ensure that we abreast with the changes in technology and constantly upgrade the capabilities and capacities of our human resources as well as technological resources

The production completion of animated projects is subject to number of uncertainties, including delays and increased expenditures in lieu of creative and technical difficulties, availability of talent, cost technology and increase in wages.

As a result the projected production cost at the commencement of the project may increase, the date of completion may be substantially delayed or the project may even be abandoned by the producer causing the write off of expenses incurred with respect to the project. We mitigate these risks through an effective amalgamation of operational planning & management, enhancing creative and technological competence as well as good Corporate Governance.

The company has implemented and would continue to implement changes in its production processes & systems in order to produce stereoscopic projects as and when required. These changes will increase the cost of producing a project, which may have an impact on the realization of profits. We rely on technology that we license from third parties, including software. There is no assurance that these third party technological licenses will continue to be available to us on commercially reasonable terms or at all. The loss or delay to maintain any of these technology licenses could result in delays in the completion of a project and could materially adverse our business, financial conditions or results of operations. Our success also depends on some key employees including Management personnel's, Creative & Technical Personnel's. We do have employment agreements with these key personnel's; however it doesn't guarantee the continued services of such personnels.

MATERIAL DEVELOPMENTS IN HUMAN RESOURCES/ INDUSTRIAL RELATIONS FRONT

We believe our people are our biggest asset. Animation is a manpower intensive business and it requires a seamless conjugation of creative brilliance and technical capabilities. The company's Human Resources policies are aimed towards encouraging ownership, building a culture of learning & development. We have initiated processes towards building organization capabilities that would help set benchmarks for the industry, enable our artists to show case their creative potentials and enhance productivity for propelling business growth and profitability.

The key HR attributes of the Company include:

- a. A strong team of Competent, Committed and Passionate CGI artist who are ever ready to meet the growing demands of the business.
- b. Strategic initiatives undertaken to ensure we are able to attract & retain the best talent.

- c. Zero non – compliance with regards to any statutory compliance.
- d. No employer – employee litigations in any court of law.

Cautionary Statement:

Statements in this report on Management Discussion and Analysis describing the Company's Objective, projection, estimates, predictions and expectations may be forward looking statements within the meaning of applicable laws and regulations. These statements are based on certain assumptions and expectations of future events. Actual results could, however, differ materially & substantially from those expressed or implied. The company, The Directors & Management assumes no responsibility with regards to the forward looking statement herein which may change on the basis of subsequent developments, information or events.

Observations made on the industry and other players also reflect an opinion by the management and the management accepts no liability on such opinions.

CORPORATE GOVERNANCE REPORT 2010-2011

Company's philosophy on Corporate Governance

Your Company believes that Corporate Governance is a method of self-discipline to ensure that the company abides by high ethical standards. The Company firmly believes that a strong system of corporate governance is an essential pre-requisite for creating long-term shareholder value. At Crest Animation, adoption of the principle of transparency, integrity, professionalism and accountability in all its systems and processes, envisages the attainment of high level of Corporate Governance. The Board of Directors of your Company are responsible for and committed to sound principles of Corporate Governance in the Company. The Board plays a critical role in overseeing how the management serves the short and long term interests of shareholders and other stakeholders.

In our endeavour to adopt the best Corporate Governance and disclosure practices, the Company complies with all the mandatory requirements of the Clause 49 of the Listing Agreement(s), entered with National Stock Exchange of India Limited and Bombay Stock Exchange Limited.

Board Composition and Particulars of Directors:

a) Composition of the Board

1. Crest's Board has an optimum combination of Executive and Non-Executive Directors, to ensure independent functioning. The Board comprises of Nine Directors including Executive Chairperson. Of the 9 Directors, five are Independent Directors and three are Non-Executive Non-Independent Directors with one Managing Director. The Composition of the Board is in conformity with Clause 49 of the listing agreements entered with the stock exchanges and exceeds the percentages prescribed in the said agreements.
2. As mandated by clause 49 of the Listing Agreement, None of the directors on the Board is a Member of more than 10 board level committees or Chairman of more than 5 Committees across all the Companies in which he/she is a director. Necessary disclosures regarding committee positions in other public companies as of March 31, 2011 have been made by the Directors.
3. The names and categories of the Directors on the Board, their attendance at the Board Meeting held during the year and the number of Directorship and committee Chairmanship/Membership held by them in other companies are given herein below.

Name of the Director	Designation	Category	No. of Board Meeting Attended out of Seven Meetings held	Attendance at the last AGM held on 27 th September, 2010	No. of other Directorship held as at 31.03.2011	Number of Committee Positions held in other Companies as at 31 st March, 2011	
						Member	Chairman
Mrs. Seemha Ramanna	Chairperson & Managing Director	Executive Promoter Director	7	Yes	5++	Nil	Nil
Mr. Shyam Ramanna**	Director	Non-Executive Promoter Director	Nil	No	2	Nil	Nil
Mr. T.N.V. Ayyar	Director	Independent Non-Executive	7	Yes	7	2	2
Mr. Divya Shah	Director	Independent Non-Executive	6	Yes	1	Nil	Nil
Mr. Shyam Benegal	Director	Independent Non-Executive	4	No	0	Nil	Nil
Mr. S. Balasubramanian*	Director	Independent Non-Executive	4	No	4	Nil	Nil
Mr. Rajen Damani*	Director	Independent Non-Executive	3	No	3	Nil	Nil
Mr. Anil Chawla	Director	Non-Independent Non Executive (Nominee Director)	2	No	8	Nil	Nil
Mr. Randhir S. Kochhar	Director	Non –Independent Non-Executive (Nominee Director)	6+	Yes	4	4	Nil
Mr.Gurcharan Das***	Director	Independent Non-Executive	Nil	No	N.A.	N.A.	N.A.

*Appointed with effect from 23rd August, 2010

Crest Animation Studios Limited

**Resigned from Chairmanship of the Company w.e.f. 10th November, 2010

***Resigned as a Director of the Company w.e.f. 10th November, 2010

+Out of six, total two meetings participated through Video Conferencing

++ Out of 5 companies, 3 companies have been merged with the Company with effect from Appointed Date being 1st April, 2011.

4. Seven Board Meetings were held during the year ended 31st March, 2011. These were held on 8th April, 2010, 14th May, 2010, 9th August, 2010, 23rd August, 2010, 10th November, 2010, 8th December, 2010 and 14th February, 2011.
5. None of the Independent Non-Executive Directors have any material pecuniary relationship or transactions with the Company.
6. During the year, information as mentioned in Annexure 1A to the Clause 49 of the Listing Agreement has been placed before the Board for its consideration. Based on the information placed before the Board, strategic and vital decisions are taken for effective governance of the Company.
7. Among other important information, minutes of all the Committee meetings, are regularly placed before the Board in their meetings.

b) Relationship of Directors

Mrs. Seemha Ramanna, Managing Director is the wife of Mr. Shyam Ramanna, Director. Apart from these none of the Directors are related to one another.

During the year under review, no Executive Director has any material pecuniary relationship or transactions amongst themselves or with the Company.

Directors' Compensation

a) Managing Director Compensation

The remuneration to Mrs. Seemha Ramanna, Managing Director is paid as per the resolution passed by the shareholders and consequent approval of the Central Government.

Name of Director	Salary	Perquisites & Allowances	Contribution to Provident Fund	Others	Performance Linked Bonus	Total
Mrs. Seemha Ramanna	39,00,000/-	36,00,000/-	4,68,000/-	NIL	NIL	79,68,000/-

Apart from the remuneration as above, a Commission of Rs.30,37,868/- has been paid on the personal guarantee submitted by her to the Bank for securing the financial assistance for the Company.

b) Non-Executive Directors' Compensation

The Non-Executive Directors do not draw any remuneration from the Company except Sitting Fees for attending the meetings of the Board & its Committees.

Details of Sitting Fees paid during the year to the Non Executive Directors of the Company are as under:

Name of Director	Amount Paid / Payable (Rs.)
Mr. Shyam Ramanna	Nil
Mr. T.N.V. Ayyar	1,50,000
Mr. Divya Shah	1,25,000
Mr. Shyam Benegal	80,000
Mr. S. Balasubramanian	45,000
Mr. Rajen Damani	65,000
Mr. Anil Chawla	* 45,000
Mr. Randhir S. Kochhar	*75,000
Mr. Gurcharan Das	Nil
Total	5,85,000

* payable to D.E. Shaw Composite Investments (Mauritius) Ltd.

Directors' Shareholding

Equity Shares of the Company held by Directors as on March 31, 2011

Name of Director	Number of Shares held	Percentage
Mr. Shyam Ramanna	966500	4.28
Ms. Seemha Ramanna	*1386062	6.14
Mr. Shyam Benegal	1000	0.004
Mr. T.N.V.Ayyar	NIL	NIL
Mr. Divya Shah	NIL	NIL
Mr. S. Balasubramanian	NIL	NIL
Mr. Rajen Damani	NIL	NIL
Mr. Anil Chawla	NIL	NIL
Mr. Randhir Kochhar	NIL	NIL

*Pursuant to Scheme of Amalgamation the Board of Directors at their meeting held on 28th July, 2011 have allotted 10,12,814 equity shares to Mrs. Seemha Ramanna against common Stock held by her in Crest Animation Holdings Inc., USA as per the ratio determined for the Scheme of Amalgamation.

Board Meetings Procedures and Board Committee Meetings:**a. Board Procedures**

The Board meets at least once a quarter to discuss and decide on Company/business policy, and strategy apart from other normal Board business such as reviewing the quarterly performance and financial results. Board meetings are governed with structured agenda. All major agenda items, backed up by comprehensive background information, are generally sent well in advance to the directors to enable the Board to take informed decision. The Board is also free to recommend the inclusion of any matter for discussion in consultation with the Chairman/Chairperson. However, in case of a special and urgent business need, the Board's approval is taken by circulating the resolution, which is ratified in the next Board Meeting.

Chief Executive Officer and Chief Financial Officer are normally invited to the Board meetings to provide necessary insights into the working of the Company and for discussing corporate strategies.

The minutes of the meetings of the Board are individually circulated to all directors and confirmed at the subsequent Board Meeting. The finalized copies of the Minutes of the various Committees of the Board are also individually given to the members and thereafter tabled at the subsequent Board Meeting for the Board's view thereon.

The Board periodically reviews Compliance Reports in respect of laws and regulations applicable to the Company.

b. Committees of the Board**Audit Committee:**

The constitution, role and the powers of the Audit Committee of the Company are as per the guidelines set out in the Listing Agreement with Stock Exchanges read with the provisions of Section 292A of the Companies Act, 1956. The Committee also acts as a link between the Statutory and Internal Auditors and the Board of Directors. It reviews the various reports placed before it by the Management and addresses itself to the larger issues and examines and considers those facts that could be of vital concern to the Company including adequacy of internal controls, reliability of financial statements and other management information, adequacy of provisions of liabilities and adequacy of disclosures and compliance with all relevant statutes.

The Committee meets periodically and reviews

- ❖ audited and un-audited financial results;
- ❖ internal audit reports and report on internal control systems of the Company;
- ❖ business plans, various financial statements & reports placed by the management;
- ❖ discusses the larger issues that could be of vital concern to the Company;
- ❖ Auditors' report on financial statements and their findings and suggestions and seeks clarification thereon;
- ❖ All other important matters within the scope and purview of the committee.

As on 31st March, 2011 the Audit Committee comprised of the following

Name of the member	Category
Mr. T. N. V. Ayyar (Chairman)	Non Executive - Independent
Mr. Divya Shah	Non Executive - Independent
Mr. Shyam Benegal	Non Executive - Independent
Mr. Rajen Damani*	Non Executive - Independent
Mr. Anil Chawla	Non Executive
Mr. Randhir S. Kochhar	Non Executive

*Appointed w.e.f. 23rd August, 2010

The audit committee meetings are usually held at the Registered Office of the Company and are usually attended by the Managing Director, Chief Executive Officer & Chief Financial Officer, the representatives of Statutory Auditors and Internal Auditors. The operation heads are also invited to the meetings as required. The Company Secretary acts as a Secretary of the Committee.

The previous Annual General Meeting of the Company was held on **27th September, 2010** and it was attended by Mr. T.N.V. Ayyar, Chairman of the Audit Committee.

The dates on which the Audit Committee Meetings were held and the attendance of the Members at the said meetings are as under:

Sr. No.	Dates on which Audit Committee Meeting was held	Attendance record of the Members					
		Mr. T.N.V. Ayyar	Mr. Divya Shah	Mr. Shyam Benegal	Mr. Rajen Damani	Mr. Anil Chawla	Mr. Randhir S. Kochhar
1.	14/05/2010	Yes	Yes	Yes	N.A.	No	No
2.	09/08/2010	Yes	Yes	No	N.A.	Yes	Yes
3.	10/11/2010	Yes	No	No	Yes	No	Yes*
4.	14/02/2011	Yes	Yes	Yes	Yes	No	Yes*

*Attended through video conferencing

Remuneration Committee

The terms of reference of the Remuneration Committee, *inter-alia* consists of reviewing the overall compensation policy, service agreements and other employment conditions of Managing Director/Whole time Directors and senior Management with a view to retaining and motivating the best managerial talents.

The Committee Comprises of the following Members:

Name of the member	Category
Mr. Divya Shah (Chairman)	Non Executive - Independent
Mr. T. N. V. Ayyar	Non Executive - Independent
Mr. Shyam Benegal	Non Executive - Independent
Mr. Anil Chawla	Non Executive
Mr. Randhir s. Kochhar	Non Executive

Remuneration Policy

Remuneration Policy is based on the success and performance of the individual employees. The company has developed remuneration package which endeavours to attract, retain, harness and motivate the work force.

The Company does not have any Employee Stock Option Scheme. During the year under review, one committee meeting was held on 9th August, 2010 in which all the members were present except Mr. Shyam Benegal.

Investor's Grievance Committee

The Company has constituted shareholder/investors Grievances Committee of Directors to look into the redressal of complaints of investors such as transfer or credit of shares to demat accounts, non-receipt of dividend/notices/annual reports etc.

The Shareholders/Investors Grievance Committee deals with various matters relating to :-

- Transfer/transmission of shares,
- Issue of duplicate share certificate
- Review of shares dematerialized and all other investors grievances,
- Monitors expeditious redressal of investors' grievances
- All other matters related to shares/debentures.

The Committee consists of the following Members:

Name of the member	Category
Mr. Divya Shah (Chairman)	Non Executive - Independent
Mr. T. N. V. Ayyar	Non Executive - Independent
Mr. Shyam Benegal	Non Executive – Independent
Mr. Rajen Damani*	Non Executive – Independent
Mr. Randhir S. Kochhar	Non Executive
Mr. Anil Chawla	Non Executive

*Appointed w.e.f. 23rd August, 2010

The dates on which Meetings of Investors Grievances Committee were held and the attendance of the Members at the said meetings are as under:

Sr. No.	Dates on which Investor Grievances Committee Meeting was held	Attendance record of the Members					
		Mr. T.N.V. Ayyar	Mr. Divya Shah	Mr. Shyam Benegal	Mr. Rajen Damani	Mr. Anil Chawla	Mr. Randhir S. Kochhar
1.	14/05/2010	Yes	Yes	Yes	N.A.	No	No
2.	14/02/2011	Yes	Yes	Yes	Yes	No	Yes*

*Participated through video conferencing

Mr. Madhav Oak, Company Secretary is the Compliance Officer effective from 7th June, 2010.

Requests/Grievances/complaints received & resolved during the year 2010-2011

Sr. No.	Nature of Complaint	Opening Balance on 01.04.2010	Received During the Year	Resolved During The Year	Closing Balance as on 31.03.2011
1.	Non-Receipt Of Dividend/	0	1	1	0
	A. Revalidation	0	0	0	0
2.	A. Non-Receipt Of Share	0	1	1	0
	B. After Transfer				
3.	Demat/Remat	0	0	0	0
4.	Change Of Address	0	9	9	0
5.	Miscellaneous	0	1	1	0
6.	Sebi Complaints	0	0	0	0
7.	Stockexchange Complaints	0	0	0	0
8.	Non-Receipt Of Annual Repo.	0	1	1	0
9.	Correction On The Cert.	0	0	0	0
10.	Deletion	0	0	0	0
11.	Transmission	0	2	2	0
12.	Mandate	0	1	1	0
13.	Issue Of Duplicate Cert. /Loss Of Sh.	0	2	2	0
14.	Legal	0	0	0	0
15.	Registration Of Nomination.	0	1	1	0
	Total	0	19	19	0

IV General Body Meetings

a) Details of location and time, of General Meetings & Special Resolutions passed in last three years:

All General Meetings were held at Emperor Hall, Hotel Kohinoor Park, Veer Savarkar Marg, Prabhadevi, Mumbai-400 025.

Year	AGM/EGM	Date	Time	Special Resolutions passed
2009-10	AGM	27.09.2010	12.30 P.M.	<ol style="list-style-type: none"> 1. Consent accorded to Mr. Varun Ramanna for holding and continuing to hold office or place of profit in the company as Technical Lead and remuneration payable to him; 2. Approval for re-appointment and remuneration payable to the Managing Director
2008-2009	AGM	31.08.2009	11.00 A.M.	<ol style="list-style-type: none"> 1. Consent accorded to Mr. Varun Ramanna for holding and continuing to hold office or place of profit in the company as Technical Lead; 2. Consent accorded to keep Register of Members and Index of Members at the Office of the Company's Registrar and Share Transfer Agents.
2007-2008	AGM	24.09.2008	11.00 A.M.	<ol style="list-style-type: none"> 1. Consent accorded to keep Register of Members and Index of Members at the Office of the Company's Registrar and Share Transfer Agents. 2. Revision in remuneration payable to Mrs. Seemha Ramanna, Managing Director subject to approval of Central Government.

AGM = Annual General Meeting, EGM = Extra Ordinary General Meeting

These resolutions were put to vote by show of hands except for appointment of Mr. Varun Ramanna as proposed in Annual General Meeting of the Company held on 30th August, 2009 and were passed with the requisite majority. At the AGM held for FY 2008-09, the resolution for obtaining consent of members to Mr. Varun Ramanna for holding and continuing to hold office or place of profit in the company as Technical Lead was passed with requisite majority by way of poll.

b) Court Convened Meeting

During the year under review, pursuant to the order of the Hon'ble Bombay High Court Meeting of the members of the Company was held on 8th December, 2010 at 11.00 a.m. at Emperor Hall, Hotel Kohinoor Park, Veer Savarkar Marg, Prabhadevi, Mumbai - 400 025 to consider and if thought approve, the Scheme of Amalgamation between Crest Animation Holdings Inc. USA ("CAHI") and Crest Communication Holdings Limited, Mauritius ("CCHL") and Crest Interactive Limited ("CIL") with the Company. Details of the meeting are as follows:

Sr. No.	Particulars of business transacted	
1	To approve the Scheme of Amalgamation of Crest Animation Holdings Inc. and Crest Communication Holdings Limited and Crest Interactive Limited with Crest Animation Studios Limited and their respective shareholders and creditors under Sections 391 to 394 read with Section 78, 100 to 104 and other applicable provisions of the Companies Act, 1956	The resolution was passed with the requisite majority in number and value as required under the provisions of the Companies Act, 1956.
2	To approve reduction in Securities Premium Account of the Company as an integral part of the Scheme of Amalgamation	The resolution was passed with the requisite majority, as required under the provisions of the Companies Act, 1956.

b) Postal Ballot

During the year under review, no resolution was passed through postal ballot.

V SUBSIDIARIES

The Company does not have any material non-listed Indian subsidiary whose turnover or net worth (i.e. paid up capital and free reserve) exceeds 20% of the consolidated turnover or net worth respectively, of the company and its subsidiaries in the immediate preceding accounting year. The subsidiaries of the Company function independently, with an adequately

empowered Board of Directors and sufficient resources. However for more effective governance, the minutes of Board Meetings of all Indian as well as foreign subsidiaries of the Company are individually given to all the Directors and tabled at the Board Meetings for review.

During the year under review, It was proposed to merge by way of a Scheme of Amalgamation u/s 391 to 394 of the Companies Act, 1956 and other applicable provisions of the Companies Act, 1956, two of Company's overseas subsidiaries i.e. Crest Animation Holdings Inc. USA ("CAHI") and Crest Communication Holdings Limited, Mauritius ("CCHL") and one Indian wholly owned subsidiary viz., Crest Interactive Limited ("CIL") with the Company. The Scheme was approved by the Hon'ble Bombay High Court by its order dated 1st April, 2011 and came into effect from 26th July, 2011 upon filing of the order of the Hon'ble Bombay High Court with the Registrar of Companies, Maharashtra, Mumbai and other statutory approvals, compliances in overseas jurisdictions..

VI Disclosures

1. The particulars of transactions between the Company and its related parties as per the Accounting Standard 18 "Related Party Disclosures" issued by the ICAI are set out at page number 46 of the Annual Report. However, these transactions are not likely to have any conflict with the Company's interest.
2. No penalties or strictures have been imposed on the Company by the Stock Exchanges or SEBI or any statutory authority on any matters related to capital markets during the last three years.
3. The Company has complied with all the mandatory requirements of clause 49 pertaining to Corporate Governance of the Listing agreement entered with the stock exchanges. Other than the constitution of the Remuneration Committee, the Company has not complied with any of the Non-Mandatory requirement of Clause 49 of the Listing Agreement.
4. Risk assessment and its minimization procedures have been laid down by the Company. These procedures are reviewed periodically to ensure that executive management controls risks through means of a properly defined framework.
5. The Company has adopted an Internal Code of Conduct for prohibition of Insider Trading. All the Directors on the Board as well as senior level employees/officers of the Company who could be privy to unpublished price sensitive information of the Company are governed by this code.
6. The company has adopted a Code of Conduct for all Board Members and senior management of the Company. The Code is hosted on the website of the Company, and a declaration on affirmation of compliance of the Code annexed herewith and forms part of this report.
7. The Notice convening the Annual General Meeting of the Company has necessary disclosures relating to the re-appointment of Directors.
8. Annual Report has a detailed chapter on Management Discussion and Analysis.

VII Means of Communication

The un-audited quarterly/half yearly financial statements are announced within 45 days of the end of the quarter. The aforesaid financial statements are taken on record by the Board of Directors and are communicated to the Stock Exchanges where the Company's securities are listed. Once the stock exchange have been intimated, these results are given by way of a press release to various news agencies/analyst and published within 48 hours in one National English newspaper (Free Press Journal) and one Marathi newspaper (Nav Shakti).

The quarterly/half yearly and the annual results as well as the press releases of the Company are put on the Company's website www.crestindia.com.

The Company also informs by way of intimation to the stock exchanges all price sensitive matters or such other matters which in its opinion are material and of relevance to the shareholders.

DECLARATION ON COMPLIANCE OF CODE OF CONDUCT

I, Seemha Ramanna, Chairperson & Managing Director of Crest Animation Studios Limited, do hereby declare & confirm that all the Board Members and Senior Managerial Personnel have affirmed to the Board of Directors the compliance of the Code of Conduct as laid down by the Board.

Place : Mumbai
Date : 29th August, 2011

Sd/-
Seemha Ramanna
Chairperson & Managing Director

GENERAL INFORMATION FOR SHAREHOLDERS

1. Annual General Meeting:

Friday, 30th Day of September 2011 at Emperor Hall, Hotel Kohinoor Park, Veer Savarkar Marg, Prabhadevi, Mumbai-400 025 at 11.00 A. M.

2. The financial year covers the period from 1st April to 31st March

Financial Reporting for:

Quarter ending 30 th June 2011	Mid August 2011
Half year ending 30 th September 2011	Mid November 2011
Quarter ending 31 st December 2011	Mid February 2012
Year ending 31 st March 2012	Mid May 2012

Note: above dates are indicative

3. Name & contact details of the Compliance Officer:

Mr. Madhav Oak, Company Secretary, Tel No. 25197600, FAX No. 25197616, Email: companysecretary@crestindia.com

4. Book Closure:

The Registrar of Members and the Share Transfer Books of the Company will remain closed from 23rd day of September 2011 to 30th day of September, 2011 (both days inclusive).

5. Dividend

The Board has not recommended Dividend on equity shares.

6. Listing on Stock Exchanges:

The Company's securities are listed on the following Stock Exchanges.

Equity Shares	Global Depository Receipts (GDRs)
Bombay Stock Exchange Limited (BSE) Phiroze Jeejeebhoy Towers Dalal Street, Mumbai 400 001	Luxembourg Stock Exchange Societe de la Bourse De Luxembourg Societe Anonyme
National Stock Exchange of India Ltd. (NSE) Exchange Plaza, Bandra Kurla Complex, Bandra (East) Mumbai 400 051	Postal Address : 11, av de la Porte-Neuve, L-2227 Luxembourg Mailing address : B.P. 165, L-2011 Luxembourg

The Company's Global Depository receipts have been listed on the Luxembourg Stock Exchange. The equity shares underlying the GDRs are listed on BSE & NSE.

7. Stock/Scrip Code & ISIN/Common Code Number

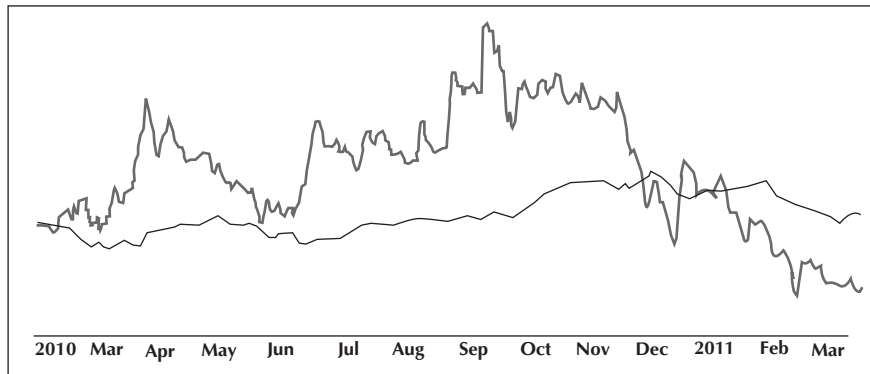
The Stock Exchange, Mumbai (BSE)	526785
National Stock Exchange Ltd. (NSE)	CRESTANI
ISIN Number with NSDL & CDSL	INE774A01012
The Luxembourg Stock Exchange (GDRs)	CrestCommunic GDR ne US2260641038
Common code for GDRs	018230186

8. Market Price Data:

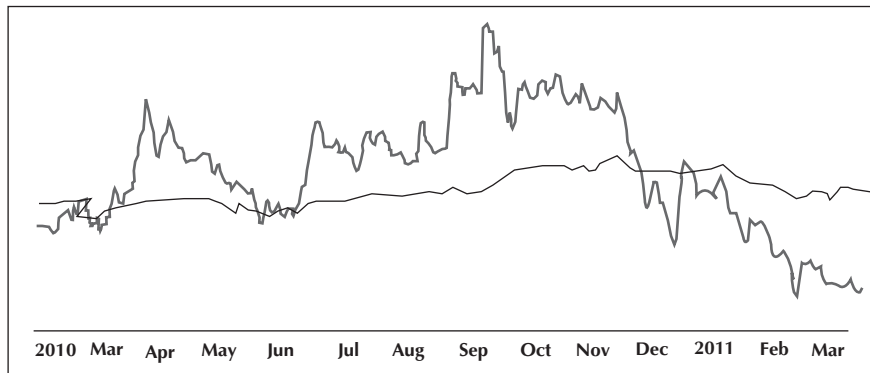
High, lows and volume of Company's shares for 2010-11 at BSE & NSE

Month	Bombay Stock Exchange			National Stock Exchange		
	High	Low	Volume	High	Low	Volume
April, 2010	96.20	81.10	416740	95.50	81.15	307884
May	80.70	67.20	303869	81.10	67.45	192037
June	93.75	70.15	736887	93.90	69.75	376510
July	92.10	82.85	420086	92.10	82.50	516746
August	107.70	83.55	2090101	107.60	83.50	2462322
September	120.20	93.50	5282258	120.10	92.75	6993946
October	106.05	96.50	2637156	105.95	96.75	3102053
November	100.95	71.50	1497056	101.05	71.95	1852330
December	83.90	62.90	1571241	84.15	62.75	2114744
January 2011	80.95	62.10	927142	80.95	61.60	1297257
February	61.55	49.40	556299	61.25	49.15	653038
March	56.75	49.50	1014402	56.60	49.50	1064692

SHAREPRICE V/S SENSEX



SHAREPRICE V/S NIFTY



9. Registrar & and Transfer Agents Investor Service

M/s. SHAREPRO SERVICES (INDIA) PRIVATE LIMITED
 (Unit-Crest Animation Studios Ltd.)
 13AB, Samhita Warehousing Complex,
 Second Floor, Sakinaka Telephone Exchange Lane,
 Off Andheri Kurla Road, Sakinaka, Andheri (E), Mumbai – 400 072.
 Email: sharepro@roltanet.com sharepro@shareproservices.com

10. Share Transfer System

The transfers of shares in physical form is processed and completed by Registrar & Transfer agent within a period of fifteen days from the date of receipt thereof provided all documents are in order. In case of shares in electronic form the transfers are processed by NSDL/CDSL through respective Depository Participants. In compliance with the listing agreement with the stock exchanges, a Practicing company secretary carried out audit of the system of transfer and a certificate to that effect is issued.

11. Distribution of Share holding as on March 31, 2011

Number of shares	Number of Shareowners	Percentage of Shareowners	Number of Shares held	Percentage of Total
Upto 500	16548	85.418	2411860	10.679
501 – 1000	1341	6.922	1102364	4.881
1001- 2000	664	3.427	1033721	4.577
2001 – 3000	234	1.208	606490	2.685
3001 – 4000	116	0.599	419479	1.857
4001 – 5000	118	0.609	562302	2.490
5001 – 10000	175	0.903	1230929	5.450
10001 & above	177	0.914	15218033	67.381
Total	19373	100.000	22585178	100.000

12. Categories of Shareowners as of 31st March, 2011

Category	Number of Shares	Percentage
Promoters & their relatives– Individuals	2552562	11.30
Promoters/Associated Companies	1043433	4.62
Corporate Bodies	2484012	10.99
Mutual Funds & UTI	200	0.00
Banks, Financial Institutions & Insurance Companies	19940	0.09
Foreign Institutional Investors	148900	0.66
Foreign Companies	3385518	14.99
Non Resident Indians/Trusts/OCBs	229674	1.02
Indian Public	11220939	49.68
GDR Holdings	1500000	6.64
TOTAL	22585178	100.00

13. Dematerialization of shares and Liquidity

The equity shares of the Company are compulsorily traded in dematerialised form.

As on 31st March, 2011, 99.14% Equity shares have been dematerialized. The shares have been admitted for dematerialisation with the National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). Shareholders have option to dematerialise their shares with either of the depositories.

14. Outstanding GDRs/Warrants or any Convertible Instruments, conversion date and likely impact on equity Outstanding GDRs.

As on 31st March 2011, 1,50,000 GDRs representing 15,00,000 underlying equity shares were outstanding. The equity shares representing GDRs have been issued and listed in Luxembourg Stock Exchange and thus there would be no impact on equity share capital of the Company.

15. Location of offices of Company & Address of correspondence (including subsidiaries)

Registered Office	401 & 501, Raheja Plaza-1, L.B.S. Marg, Ghatkopar West, Mumbai – 400 086. Website : www.crestindia.com Email : companysecretary@crestindia.com
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Subsidiaries	
Direct Subsidiaries: Crest Animation Inc (Previously known as Crest Animation Intermediate) Crest Interactive Ltd.*	333, North Glenoaks Blvd. Suite 300, Burbank, California, U.S.A. 401 & 501, Raheja Plaza-1, L.B.S. Marg, Ghatkopar West, Mumbai – 400 086.
Crest Communication Holdings Ltd.*	IFS Court, Twenty-Eight, Cybercity, Ebene, Mauritius.
Other Subsidiaries:	
Crest Animation Holdings Inc.* Crest Animation Production Inc. Roop BDR Productions Inc.	333, North Glenoaks Blvd. Suite 300, Burbank, California, U.S.A.

*merged with the Company pursuant to the Scheme of Amalgamation

16. Address for Correspondence

Shareholders desiring to communicate with the Company on any matter relating to shares of the Company may either visit in person or write quoting their folio/demat account number at the following address:

M/s. SHAREPRO SERVICES (INDIA) PRIVATE LIMITED
(Unit-Crest Animation Studios Ltd.)

13AB, Samhita Warehousing Complex, Second Floor, Sakinaka Telephone Exchange Lane, Off Andheri Kurla Road, Sakinaka, Andheri (E), Mumbai – 400 072.

Email: sharepro@vsnl.com

Shareholders who hold shares in dematerialised form should correspond with the depository participant with whom they have opened their Demat Account(s).

CEO/CFO CERTIFICATION

- a. We have reviewed financial statements and the cash flow statement for the year and that to the best of our knowledge and belief:
- these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - 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.
- b. There are, to the best of our knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violative of the company's code of conduct.
- c. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which they are aware and the steps they have taken or propose to take to rectify these deficiencies.
- d. We have indicated to the auditors and the Audit committee
- significant changes in internal control over financial reporting during the year;
 - significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - instances of significant fraud of which they have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.

Place : Mumbai
Date : 29th August, 2011

Sd/-
A. K. Madhavan
Chief Executive Officer

Sd/-
Vijay Paranjpe
Chief Financial Officer

COMPLIANCE CERTIFICATE REGARDING CLAUSE 49 OF THE LISTING AGREEMENT CERTIFICATE

To,
The Members of
Crest Animation Studios Limited
Mumbai

We have examined all relevant records of Crest Animation Studios Limited (the Company) for the purpose of certifying compliance of the conditions of Corporate Governance under Clause 49 of the Listing Agreement with Bombay Stock Exchange Limited (BSE) and National Stock Exchange of India Limited (NSE) for the financial year ended 31st March, 2011. We have obtained all the information and explanations to the best of our knowledge and belief were necessary for the purpose of this certification.

The compliance of the conditions of Corporate Governance is the responsibility of the management. Our examination was limited to the procedure and implementation thereof. This certificate is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

On the basis of our examinations of the records produced, explanations and information furnished, we certify that the company has complied with –

- all the mandatory conditions of the said Clause 49 of the Listing Agreement,
- non-mandatory requirement of the said Clause 49 of the Listing Agreement with respect to Remuneration Committee.

For S. N. ANANTHASUBRAMANIAN & CO.

Sd/-
S. N. Ananthasubramanian
C.P. No.: 1774
Date: 23rd August 2011
Place: Thane

AUDITORS' REPORT

To

The Members of Crest Animation Studios Limited

1. We have audited the attached Balance Sheet of Crest Animation Studios Limited ('the Company') as at March 31, 2011 and also the Profit and Loss account and the 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 a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles 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 (as amended) issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. *As discussed in Note 7 to Schedule R to the accompanying financial statements, at March 31, 2011, investments include Rs. 74,464,890 in a company executing an animation film project, which has been suspended during March 2011 due to financial difficulty. The Company also has a debtor balance of Rs. 49,721,139 outstanding for more than 6 months and unbilled revenue includes Rs. 156,705,289 from this company as at March 31, 2011. The ultimate outcome of the recoverability of the investment and the receivable balances cannot presently be determined and we are unable to comment on the extent of non-recoverability of these balances and their consequent impact, if any, on the Company's loss for the year ended March 31, 2011.*
5. *As discussed in Note 6 to Schedule R to the accompanying financial statements, at March 31, 2011, loans and advances include Rs 276,437,500 provided to a company against which the Company is in the process of initiating legal action to recover the advances. The ultimate outcome of the recoverability of the advance cannot presently be determined and we are unable to comment on the extent of non-recoverability of this balance and their consequent impact, if any, on the Company's loss for the year ended March 31, 2011.*
6. Further to our comments in the Annexure referred to above, we report that:
 - i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - ii. 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;
 - iii. The balance sheet, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account;
 - iv. In our opinion, the balance sheet, profit and loss account and 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;
 - v. On the basis of the written representations received from the directors, as on March 31, 2011, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
 - vi. In our opinion and to the best of our information and according to the explanations given to us, *subject to the effect of the matters discussed in paragraph 4 and 5 above*, the said accounts 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;
 - a) in the case of the balance sheet, of the state of affairs of the Company as at March 31, 2011;
 - b) in the case of the profit and loss account, of the loss for the year ended on that date; and
 - c) in the case of the cash flow statement, of the cash flows for the year ended on that date.

For S. R. BATLIBOI & ASSOCIATES

Firm Registration no. 101049W

Chartered Accountants

Sd/-

per Govind Ahuja

Partner

Membership No.: 48966

Mumbai

August 29, 2011

For CHATURVEDI & SHAH

Firm Registration no. 101720W

Chartered Accountants

Sd/-

Amit Chaturvedi

Partner

Membership No.: 103141

Mumbai

August 29, 2011

ANNEXURE REFERRED TO IN PARAGRAPH 3 OF OUR REPORT OF EVEN DATE

Re : Crest Animation Studios Ltd. ('the Company')

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) All fixed assets have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. As informed, no material discrepancies were noticed on such verification.
- (c) There was no substantial disposal of fixed assets during the year.
- (ii) The Company's inventory includes work-in-progress related to ongoing animation projects. Considering the Company's nature of business, we are of the opinion that the provisions of clause 4(ii) (b) and (c) of the Companies (Auditor's Report) Order, 2003 (as amended) ('the Order') are not applicable to the Company.
- (iii) (a) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956 ('the Act'). Accordingly, the provisions of clause 4(iii) (b), (c) and (d) of the Order are not applicable to the Company.
- (b) The Company has taken unsecured loan from one party covered in the register maintained under section 301 of the Companies Act, 1956. The maximum outstanding at any time during the year in respect of this party is Rs. 15,000,000 and the year-end balance of loans taken from such party was Rs. NIL.
- (c) In our opinion and according to the information and explanation given to us, the said loan is interest free and other conditions are not prejudicial to the interest of the company.
- (d) In respect of loan taken by the Company, the principal amounts are repayable on demand and therefore the question of overdue amount doesn't arise.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of fixed assets and for the sale of services. The Company does not purchase any inventory or sell goods. During the course of our audit, we have not observed any major weakness or continuing failure to correct any major weakness in the internal control system of the company in respect of these areas.
- (v) (a) According to the information and explanations provided by the management, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956 that need to be entered into the register maintained under section 301 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 and exceeding the value of Rupees five lakhs have been entered into during the financial year 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.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (viii) To the best of our knowledge and as explained, the Central Government has not prescribed maintenance of cost records under clause (d) of sub-section (1) of section 209 of the Act for the products of the Company.
- (ix) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, cess and other material statutory dues applicable to it. The provisions relating to excise duty are not applicable to the Company. Further, since the Central Government has till date not prescribed the amount of cess payable under section 441 A of the Act, we are not in a position to comment upon the regularity or otherwise of the Company in depositing the same.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, investor education and protection fund, employees' state insurance, income-tax, wealth-tax, service tax, sales-tax, customs duty, excise duty, cess and other undisputed statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.
- (c) According to the information and explanations given to us, there are no dues of income tax, sales-tax, wealth tax, service tax, customs duty, excise duty and cess which have not been deposited on account of any dispute.

- (x) The Company's accumulated losses at the end of the financial year are less than fifty per cent of its net worth and it has not incurred cash losses in the current and immediately preceding financial year.
- (xi) Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.
- (xii) According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Order are not applicable to the Company.
- (xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Order are not applicable to the Company.
- (xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
- (xvi) Based on the information and explanations given to us by the management, term loans were applied for the purpose for which the loans were obtained.
- (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.
- (xviii) The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Act.
- (xix) The Company did not have any outstanding debentures during the year.
- (xx) The Company has not raised any money by the public issue during the year.
- (xxi) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that except for *one instance of a default by a co-financier for a film project explained in Note 6 to Schedule R to the financial statements*, no fraud on or by the Company has been noticed or reported during the year. The Company is in the process of initiating legal action against the co-financier for the recovery of Rs. 276,437,500 referred to in paragraph 5 of the audit report.

For S.R. BATLIBOI & ASSOCIATES
Firm Registration no. 101049W
Chartered Accountants

For CHATURVEDI & SHAH
Firm Registration no. 101720W
Chartered Accountants

Sd/-
per Govind Ahuja
Partner
Membership No.: 48966
Mumbai
August 29, 2011

Sd/-
Amit Chaturvedi
Partner
Membership No.: 103141
Mumbai
August 29, 2011

BALANCE SHEET AS AT 31ST MARCH,2011

	SCHEDULE NO.	YEAR ENDED 31st MARCH, 2011 (RUPEES)	YEAR ENDED 31ST MARCH, 2010 (RUPEES)
<u>SOURCES OF FUNDS</u>			
Shareholders' Funds			
Share capital	A	225,851,780	225,851,780
Share Capital Pending Allotment (Refer Note No. 4 of Schedule R)		216,269,580	-
Reserves and surplus	B	871,188,824	1,102,753,953
Loan Funds			
Secured loans	C	545,904,644	181,056,311
Unsecured loans	D	30,225,313	225,313
		<u>1,889,440,141</u>	<u>1,509,887,357</u>
<u>APPLICATION OF FUNDS</u>			
Fixed Assets			
Gross block	E	868,097,865	869,829,623
Less : Accumulated depreciation & amortisation		715,159,606	631,094,486
Net block		152,938,259	238,735,137
Investments	F	790,304,778	558,223,757
Current Assets, Loans and Advances			
Inventories	G	251,093,601	196,381,647
Sundry debtors	H	156,002,673	129,490,774
Cash and bank balances	I	60,210,801	58,532,713
Other Current Assets	J	231,177,577	102,055,635
Loans & Advances	K	319,679,603	166,066,720
		<u>1,018,164,255</u>	<u>652,527,489</u>
Less: Current Liabilities and Provisions			
Current liabilities	L	159,599,847	90,748,891
Provisions	M	13,282,068	11,144,949
		<u>172,881,915</u>	<u>101,893,840</u>
Net Current Assets		<u>845,282,340</u>	<u>550,633,649</u>
Debit Balance in Profit and Loss Account		<u>100,914,764</u>	<u>162,294,814</u>
		<u>1,889,440,141</u>	<u>1,509,887,357</u>
NOTES TO THE ACCOUNTS	R		

The schedules referred to above and notes to accounts form an integral part of the Balance Sheet.

As per our report of even date

For and on behalf of the Board

For S. R. Batliboi & Associates
Firm Registration No. 101049W
Chartered Accountants

For Chaturvedi & Shah
Firm Registration No. 101720W
Chartered Accountants

Sd/-
Seemha Ramanna
Managing Director

Sd/-
T N V Ayyar
Director

Sd/-
Vijay Paranjpe
Chief Financial Officer

Sd/-
per Govind Ahuja
Partner
Membership No. : 48966

Sd/-
Amit Chaturvedi
Partner
Membership No. : 103141

Sd/-
A K Madhavan
Chief Executive Officer

Sd/-
Madhav Oak
Company Secretary

Mumbai: 29th August' 2011

Mumbai: 29th August' 2011

Mumbai: 29th August' 2011

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

	SCHEDULE NO.	YEAR ENDED 31st MARCH, 2011 (RUPEES)	YEAR ENDED 31ST MARCH, 2010 (RUPEES)
INCOME			
Revenues		371,157,058	353,604,324
Other income	N	5,600,891	29,907,901
		<u>376,757,949</u>	<u>383,512,225</u>
EXPENDITURE			
Employee cost	O	119,742,816	120,649,817
Other operating expenses	P	263,723,779	215,111,592
Interest and finance charges	Q	72,684,153	34,313,220
(Increase)/decrease in work-in-process		(66,057,870)	(91,770,306)
Depreciation & amortisation	E	87,605,652	100,915,621
Less: Transferred from revaluation reserve		(29,816)	(29,816)
		<u>477,668,714</u>	<u>379,190,128</u>
PROFIT / (LOSS) BEFORE EXCEPTIONAL ITEMS AND TAX		(100,910,765)	4,322,097
Less: Exceptional Item:			
Goodwill on Amalgamation impaired (Refer Note 4 of Schedule R)		1,610,608,338	-
PROFIT / (LOSS) BEFORE TAX BEFORE PRIOR PERIOD ITEM		(1,711,519,103)	4,322,097
Provision for tax			
Current tax		-	1,000,000
Less: Mat credit entitlement		-	(1,000,000)
Short / (Excess) provision for taxes written off / (written back)		3,997	(110,538)
PROFIT / (LOSS) AFTER TAX AND BEFORE PRIOR PERIOD ITEM		(1,711,523,100)	4,432,635
Less:- Prior period item		-	(2,010,799)
PROFIT / (LOSS) AFTER TAX		(1,711,523,100)	6,443,434
Balance brought forward from previous year		(162,294,814)	(168,738,248)
Less: Transfer to Security Premium Account as per scheme of amalgamation (Refer Note No. 4 of Schedule R)		1,772,903,150	-
BALANCE CARRIED TO BALANCE SHEET		(100,914,764)	(162,294,814)
EARNING PER EQUITY SHARE			
Basic & Diluted Earnings Per share		(38.71)	0.29
Weighted average number of equity shares outstanding during the year		44,212,136 *	22,585,178
Face value per equity share		10.00	10.00
*includes 21,626,958 equity share to be issued on amalgamation			
NOTES TO THE ACCOUNTS	R		

The schedules referred to above and the notes to accounts form an integral part of the Profit and Loss Account.

As per our report of even date

For and on behalf of the Board

For S. R. Batliboi & Associates
Firm Registration No. 101049W
Chartered Accountants

For Chaturvedi & Shah
Firm Registration No. 101720W
Chartered Accountants

Sd/-
Seemha Ramanna
Managing Director

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T N V Ayyar
Director

Sd/-
Vijay Paranjpe
Chief Financial Officer

Sd/-
per Govind Ahuja
Partner
Membership No. : 48966

Sd/-
Amit Chaturvedi
Partner
Membership No. : 103141

Sd/-
A K Madhavan
Chief Executive Officer

Sd/-
Madhav Oak
Company Secretary

Mumbai: 29th August' 2011

Mumbai: 29th August' 2011

Mumbai: 29th August' 2011

Crest Animation Studios Limited

SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2011

	YEAR ENDED 31st MARCH, 2011 (RUPEES)	YEAR ENDED 31ST MARCH, 2010 (RUPEES)
SCHEDULE - A		
SHARE CAPITAL		
AUTHORISED		
30,000,000 (Previous Year: 30,000,000) Equity shares of Rs.10 each	300,000,000	300,000,000
	<u>300,000,000</u>	<u>300,000,000</u>
ISSUED AND SUBSCRIBED		
22,585,178 (Previous Year: 22,585,178) Equity shares of Rs.10 each fully paid-up	225,851,780	225,851,780
Of the above :		
(1) 487,500 (Previous Year: 487,500) Equity shares are allotted as fully paid-up pursuant to contracts for consideration other than cash		
(2) 660,800 (Previous Year: 660,800) Equity shares are issued as fully paid-up by way of bonus shares by capitalisation of general reserve of Rs. 6,500,000 and surplus in the profit and loss account of Rs.108,000		
	<u>225,851,780</u>	<u>225,851,780</u>
SCHEDULE - B		
RESERVES AND SURPLUS		
Securities Premium:		
As per last balance sheet	1,101,461,954	1,101,461,954
Add: On equity shares to be issued on amalgamation (Refer Note No. 4 (ix) of Schedule No. R)	1,541,367,837	-
Less: Transfer from Profit & Loss account (Refer Note No. 4 (x) of Schedule No. R)	(1,772,903,150)	-
	<u>869,926,641</u>	<u>1,101,461,954</u>
Revaluation Reserve:		
As per last balance sheet	1,291,999	1,321,815
Less: Transferred to profit and loss account	(29,816)	(29,816)
	<u>1,262,183</u>	<u>1,291,999</u>
	<u>871,188,824</u>	<u>1,102,753,953</u>
SCHEDULE - C		
SECURED LOANS		
From Banks		
(1) Vehicle loans from Kotak Mahindra Prime Ltd (Previous year ICICI Bank Limited) (Secured by hypothecation of vehicles acquired under said loans.)	1,746,333	236,744
(2) Cash credit from State Bank of India (Secured by lien on a fixed deposit of Rs. 50,000,000 and charge by way of hypothecation of book-debts / receivables and machineries of the Company [excluding fixed assets charged exclusively (see note (3) below)] both present and future and by the personal guarantee of the Managing Director to the extent of Rs. 1.37 Crore and corporate guarantee by one of the Company's step-down subsidiaries. Further, the loan is also secured by pledge of 200,000 Equity shares held in the Company by the Managing Director.)	201,777,138	55,535,615
(3) Term Loan from State Bank of India (Hypothecation of fixed assets purchased out of the loan)	-	5,069,154
(4) Foreign Currency Demand Loan from State Bank of India (Current Year, Previous Year - see point 2 above)	-	68,317,611
(5) Term Loan from IDBI Bank Ltd (First charge on negatives of proposed film & first charge on all revenues/ receivables of the project. First charge on any letter of credit, guarantee or performance bond related to the project. First charge on dedicated current account relating to project, First charge on moveable assets of the company comprising of computer hardware worth Rs.2.19 crore and by the personal guarantee of the Managing Director. Further, the loan is also secured by pledge of 250,000 Equity shares held in the Company by the Managing Director.)	79,196,198	50,000,000
From Others		
(6) Financing from Hewlett-Packard Financial Services (India) Private Limited (Exclusive hypothecation/charge on the specific Fixed assets of the Company)	901,075	1,897,187
(7) Loan from Newbridge Film Capital LLC (Secured by against letter of credit and Company's Interest in underproduction Norm of the North) (Refer Note No. 6 of Schedule No. R)	262,283,900	-
	<u>545,904,644</u>	<u>181,056,311</u>

SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2011

	YEAR ENDED 31st MARCH, 2011 (RUPEES)	<i>YEAR ENDED 31ST MARCH, 2010 (RUPEES)</i>
SCHEDULE - D		
UNSECURED LOAN		
From Others:		
Financing from Hewlett- Packard Financial Service (India) Private Limited [Of the above Rs.225,313 (Previous Year : Rs.225,313) is due within one year]	225,313	225,313
Inter Corporate Deposits [of the above Rs. 30,000,000 (previous year: Rs. Nil) is due within one year]	30,000,000	-
	30,225,313	225,313

**SCHEDULE - E
FIXED ASSETS**

(RUPEES)

Description	Gross Block				Depreciation / Amortisation				Net Block	
	As at 1st April, 2010	Additions during the year	Deductions during the year	As at 31st March, 2011	As at 1st April, 2010	For the year	On deduc- tions during the year	As at 31st March, 2011	As at 31st March, 2011	As at 31st March, 2010
A. Owned Assets										
I. Tangible Assets:										
Building (Refer * below)	9,745,489	-	-	9,745,489	1,880,735	158,851	-	2,039,586	7,705,903	7,864,754
Leasehold improvements	14,918,012	-	-	14,918,012	12,753,531	2,164,481	-	14,918,012	-	2,164,481
Plant and machinery	147,943,839	-	-	147,943,839	126,471,766	6,006,618	-	132,478,384	15,465,455	21,472,073
Computers - Hardware	205,458,863	3,890,693	-	209,349,556	164,255,284	16,227,123	-	180,482,407	28,867,149	41,203,579
Furniture, fixtures and office equipment	44,776,000	-	-	44,776,000	21,548,391	3,777,960	-	25,326,351	19,449,649	23,227,609
Vehicles	11,245,498	2,770,440	6,838,683	7,177,255	5,155,504	793,421	3,362,291	2,586,634	4,590,621	6,089,994
Subtotal (A) (I)	434,087,701	6,661,133	6,838,683	433,910,151	332,065,211	29,128,454	3,362,291	357,831,374	76,078,777	102,022,490
<i>Previous year</i>	<i>417,790,717</i>	<i>17,614,988</i>	<i>1,318,004</i>	<i>434,087,701</i>	<i>288,590,060</i>	<i>44,190,958</i>	<i>715,807</i>	<i>332,065,211</i>	<i>102,022,490</i>	<i>120,144,441</i>
II. Intangible Assets:										
Copyrights	8,521,634	-	-	8,521,634	8,521,634	-	-	8,521,634	-	-
Software	312,421,474	32,572	1,586,780	310,867,266	238,662,019	39,828,534	178,241	278,312,312	32,554,954	73,759,455
Subtotal (A) (II)	320,943,108	32,572	1,586,780	319,388,900	247,183,653	39,828,534	178,241	286,833,946	32,554,954	73,759,462
<i>Previous year</i>	<i>297,473,730</i>	<i>23,469,378</i>	<i>-</i>	<i>320,943,108</i>	<i>209,116,594</i>	<i>38,067,059</i>	<i>-</i>	<i>247,183,653</i>	<i>73,759,462</i>	<i>55,015,186</i>
Total owned assets (A)	755,030,809	6,693,705	8,425,463	753,299,051	579,248,864	68,956,988	3,540,532	644,665,320	108,633,731	175,781,945
<i>Previous year</i>	<i>715,264,447</i>	<i>41,084,366</i>	<i>1,318,004</i>	<i>755,030,809</i>	<i>497,706,654</i>	<i>82,258,017</i>	<i>715,807</i>	<i>579,248,864</i>	<i>175,781,952</i>	<i>175,159,628</i>
B. Assets acquired on finance lease:										
I. Tangible Assets:										
Computers - Hardware	113,656,894	-	-	113,656,894	51,201,029	18,420,280	-	69,621,309	44,035,585	62,455,865
<i>Previous year</i>	<i>113,752,330</i>	<i>-</i>	<i>95,436</i>	<i>113,656,894</i>	<i>32,791,987</i>	<i>18,429,220</i>	<i>20,178</i>	<i>51,201,029</i>	<i>62,455,865</i>	<i>80,963,084</i>
II. Intangible Assets:										
Computer Software	1,141,920	-	-	1,141,920	644,593	228,384	-	872,977	268,943	497,327
<i>Previous year</i>	<i>1,141,920</i>	<i>-</i>	<i>-</i>	<i>1,141,920</i>	<i>416,209</i>	<i>228,384</i>	<i>-</i>	<i>644,593</i>	<i>497,327</i>	<i>725,711</i>
Total assets acquired on finance lease (B)	114,798,814	-	-	114,798,814	51,845,622	18,648,664	-	70,494,286	44,304,528	62,953,192
<i>Previous year</i>	<i>114,894,250</i>	<i>-</i>	<i>95,436</i>	<i>114,798,814</i>	<i>33,208,196</i>	<i>18,660,320</i>	<i>20,178</i>	<i>51,845,621</i>	<i>62,953,192</i>	<i>81,688,796</i>
Total (A+B)	869,829,623	6,693,705	8,425,463	868,097,865	631,094,486	87,605,652	3,540,532	715,159,606	152,938,259	238,735,137
<i>Previous year</i>	<i>830,158,697</i>	<i>41,084,366</i>	<i>1,413,440</i>	<i>869,829,623</i>	<i>530,914,850</i>	<i>100,915,621</i>	<i>735,985</i>	<i>631,094,486</i>	<i>238,735,137</i>	<i>256,848,424</i>

* Includes addition of Rs. 1,829,136 on account of revaluation made in the financial year 1993-1994 for premises

* Includes Rs. 500 (Previous year Rs. 500) representing 10 unquoted fully paid shares at Rs. 50 each in Neelam Centre Industrial Premises Co-operative Society Limited

Crest Animation Studios Limited

SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2011

	YEAR ENDED 31st MARCH, 2011 (RUPEES)	YEAR ENDED 31ST MARCH, 2010 (RUPEES)
SCHEDULE - F		
INVESTMENTS		
A) Long Term Investments - {Trade, Unquoted (at cost)}		
In Ordinary/Common shares of Subsidiary Company (fully paid up):		
65963 (-) Shares of Crest Animation Inc USA of \$ 0.01 each in (Formerly Crest Animation Intermediate Inc.)	226,751,382	
Less: Provision for Diminution in value of investment	<u>(66,673,231)</u>	-
<i>(Previous Year: 50,000)</i> Equity shares of Rs.10 each fully paid up, in Crest Interactive Limited	-	500,000
<i>(Previous Year: 27,221)</i> Equity shares of US \$ 1 each fully paid up, in Crest Communication Holdings Limited, Mauritius	-	493,051,757
In Ordinary/Common Shares of Other Companies (fully paid up):		
Crest Alpha LLC, USA	55,569,480	-
Norm Financing LLC, USA	74,464,890	-
Magic Pebble LLC, USA	<u>7,140,500</u>	-
In Preference Shares of Subsidiary Company (fully paid up) <i>(Previous Year: 1,500,000)</i> LIBOR Rate Optionally Convertible Cumulative Redeemable Preference Shares of US \$ 1 each fully paid up, in Crest Communication Holdings Limited, Mauritius with an option of conversion in to equity shares	-	64,672,000
B) Other Investments	493,051,757	-
BENEFICIAL INTEREST IN TRUST (Refer Note No. 4 of Schedule R)	790,304,778	558,223,757
SCHEDULE - G		
INVENTORIES (at cost or NRV whichever is less)		
Work-in-process	<u>251,093,601</u>	<u>196,381,647</u>
	<u>251,093,601</u>	<u>196,381,647</u>
SCHEDULE - H		
SUNDRY DEBTORS		
Debts outstanding exceeding six months		
Considered good	88,040,236	69,959,658
Considered doubtful	33,936,535	19,227,848
Other Debts: Considered good	<u>67,962,437</u>	<u>59,531,116</u>
	<u>189,939,208</u>	<u>148,718,622</u>
Less: Provision for doubtful debts	<u>33,936,535</u>	<u>19,227,848</u>
	<u>156,002,673</u>	<u>129,490,774</u>
SCHEDULE - I		
CASH AND BANK BALANCES		
Cash on hand	46,220	5,608
Balances with banks		
— scheduled banks:	6,782,407	1,973,105
— on fixed deposit accounts under lien	<u>53,382,174</u>	<u>56,554,000</u>
	<u>60,210,801</u>	<u>58,532,713</u>

SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2011

	YEAR ENDED 31st MARCH, 2011 (RUPEES)	<i>YEAR ENDED</i> <i>31ST MARCH, 2010</i> <i>(RUPEES)</i>
SCHEDULE - J		
OTHER CURRENT ASSETS		
Unamortised premium on forward contract	-	399,949
Interest accrued on fixed deposits with banks	2,888,263	1,490,520
Unbilled Revenue	228,289,314	100,165,166
	<u>231,177,577</u>	<u>102,055,635</u>
SCHEDULE - K		
LOANS AND ADVANCES		
— Considered good		
Advances to subsidiaries	-	127,645,288
Advances recoverable in cash or in kind for value to be received (Refer Note 6 of Schedule R)	289,583,460	11,360,618
	<u>23,258,686</u>	<u>14,890,686</u>
Sundry deposits	23,258,686	14,890,686
Advance tax [net of provisions of Rs. Nil (Previous year : Rs. 3,850,000)]	5,837,457	11,170,128
MAT Credit	1,000,000	1,000,000
	<u>319,679,603</u>	<u>166,066,720</u>
— Considered doubtful		
Advances recoverable in cash or in kind for value to be received	62,458,020	62,458,020
Inter corporate deposits including interest accrued	56,850,000	56,850,000
	<u>119,308,020</u>	<u>119,308,020</u>
Less: Provision for doubtful balances	119,308,020	119,308,020
	<u>319,679,603</u>	<u>166,066,720</u>
SCHEDULE - L		
CURRENT LIABILITIES		
Sundry creditors (Refer Note 19 of Schedule R)	131,629,210	31,513,969
Lease liability	21,365,872	46,731,607
Other liabilities	6,604,765	5,625,315
Forward contract	-	6,878,000
	<u>159,599,847</u>	<u>90,748,891</u>
SCHEDULE - M		
PROVISIONS		
Compensated absences	7,852,410	7,406,462
Gratuity	5,429,658	3,738,487
	<u>13,282,068</u>	<u>11,144,949</u>
SCHEDULE - N		
OTHER INCOME		
Interest		
On bank deposits [tax deducted at source Rs. 390,827 (Previous year: Rs.953,158)]	3,908,227	5,104,008
Others [Tax deducted at source Rs. Nil (Previous Year Rs. Nil)]	685,490	67,542
	<u>4,593,717</u>	<u>5,171,550</u>
Foreign Exchange Loss (net)	242,422	-
Credit balances written back	91,370	5,003,734
Miscellaneous Income	673,382	19,732,617
	<u>5,600,891</u>	<u>29,907,901</u>

SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2011

	YEAR ENDED 31st MARCH, 2011 (RUPEES)	YEAR ENDED 31ST MARCH, 2010 (RUPEES)
SCHEDULE - O		
EMPLOYEE COST		
Salaries, wages and bonus	108,795,435	114,825,083
Contribution to provident and other funds	2,139,573	1,851,364
Staff welfare expenses	8,807,808	3,973,370
	<u>119,742,816</u>	<u>120,649,817</u>
SCHEDULE - P		
OTHER OPERATING EXPENSES		
Retainership fees	67,923,181	87,134,725
Electricity charges	11,994,570	13,564,123
Rent	40,504,500	39,446,808
Rates and taxes	2,120,338	818,333
Insurance	646,982	606,674
Legal and professional charges	12,865,642	3,895,265
Marketing Expenses	-	21,736,000
Travelling and conveyance	9,298,912	9,052,365
Communication expenses	2,592,366	2,733,357
Utilities and services	2,505,266	2,408,260
Consumable stores and spares	109,300	125,464
Repairs and maintenance:		
Buildings	315,765	87,076
Machinery and equipment	2,955,404	656,774
Others	738,310	528,908
Directors' sitting fees	622,454	365,000
Loss on sale of asset	1,776,392	553,568
Provision for doubtful debts	14,708,687	-
Provision for Diminution in value of investment	66,673,231	-
Inventory Written Off	11,345,916	-
Foreign Exchange Loss (net)	-	20,965,468
Premium on forward exchange contract amortised	-	1,199,851
Advance Written Off	5,348,336	-
Asset Written Off	1,408,539	-
Miscellaneous expenses	7,269,688	9,233,573
	<u>263,723,779</u>	<u>215,111,592</u>
SCHEDULE - Q		
INTEREST AND FINANCE CHARGES		
Interest		
On fixed loans	103,625	1,629,542
Others	65,280,612	21,737,975
	<u>65,384,237</u>	<u>23,367,517</u>
Finance charges		
On leases	2,527,100	6,437,659
Others	4,772,816	4,508,044
	<u>7,299,916</u>	<u>10,945,703</u>
	<u>72,684,153</u>	<u>34,313,220</u>

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2011

	YEAR ENDED MARCH 31, 2011 (RUPEES)	YEAR ENDED MARCH 31, 2010 (RUPEES)
A CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	(1,711,519,100)	4,322,097
Adjustment for:		
Prior Period Adjustment	(3,999)	2,010,799
Depreciation	87,575,836	100,885,805
Goodwill on Amalgamation impaired	1,610,608,338	-
Loss on sale of fixed assets	1,776,392	553,568
Interest income	(4,593,717)	(5,171,550)
Interest expenses	72,684,153	34,313,220
Credit balance written back	(91,370)	(3,003,734)
Reversal of Provision of doubtful advance	-	(2,000,000)
Assets Written Off	1,408,539	-
Debit balance written off	-	149,729
Inventory Written Off	11,345,916	-
Provision for Doubtful Debts	14,708,687	-
Provision for diminution in value of investments	66,673,231	-
Advance written Off	5,348,336	-
Unrealised foreign exchange (gain) / loss (net)	6,416,669	6,666,886
Operating profit before working capital changes	<u>162,337,911</u>	<u>138,726,820</u>
Movements in working capital:		
Decrease / (increase) in sundry debtors	(44,593,645)	(19,582,466)
Decrease / (Increase) in Other Current Assets	(127,866,908)	20,305,844
Decrease / (Increase) in inventories	(66,057,870)	(91,770,306)
Decrease / (Increase) in loans and advances	(284,679,600)	14,981,989
Increase / (Decrease) provisions	2,137,119	1,412,074
Increase / (Decrease) in current liabilities	<u>40,833,121</u>	<u>2,731,722</u>
Cash generated from operations	(317,889,872)	66,805,677
Direct taxes (paid) / received	5,723,498	(3,224,894)
Net cash from / (used in) operating activities	<u>(312,166,374)</u>	<u>63,580,783</u>
B CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(6,693,660)	(40,263,805)
Proceeds from sale of fixed assets	1,700,000	123,890
Purchase of shares of subsidiary company	-	(11,850,000)
Receipt on maturity of fixed deposit	3,171,826	-
Interest received	2,805,147	8,881,370
Net cash used in investing activities	<u>983,313</u>	<u>(43,108,545)</u>

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2011

	YEAR ENDED MARCH 31, 2011 (RUPEES)	YEAR ENDED MARCH 31, 2010 (RUPEES)
C CASH FLOWS FROM FINANCING ACTIVITIES		
Finance lease payment	(25,365,735)	(34,709,082)
Proceeds from short-term borrowings (Net)	340,207,812	(22,704,838)
Proceeds from long-term borrowings	60,705,787	50,000,000
Repayment of long-term borrowings	(6,065,266)	(13,210,179)
Finance Charges on Lease Payments	(1,845,048)	(6,437,659)
Interest paid	(58,480,030)	(23,103,075)
Net cash from financing activities	<u>309,157,520</u>	<u>(50,164,833)</u>
Net decrease in cash and cash equivalents (A+B+C)	(2,025,541)	(29,692,595)
Cash and cash equivalents at the beginning of the year	1,978,713	31,684,961
Cash and cash equivalents acquired during the year	6,875,455	-
Effect of exchange difference on cash and cash equivalents	-	(13,653)
Cash and cash equivalents at the end of the year	<u>6,828,627</u>	<u>1,978,713</u>
Components of cash and cash equivalents		
Cash on hand	46,220	5,608
Balance with scheduled banks		
In Current accounts	6,782,407	1,973,105
Fixed deposit accounts under lien	<u>53,382,174</u>	<u>56,554,000</u>
	60,210,801	58,532,713
Less : Fixed Deposits not considered as Cash Equivalents	<u>53,382,174</u>	<u>56,554,000</u>
Cash and cash equivalents at the year end	<u>6,828,627</u>	<u>1,978,713</u>
Notes to the cash flow statement		
Previous year's figures have been regrouped where necessary.		

The schedules referred to above and the notes to accounts form an integral part of the Profit and Loss Account.

As per our report of even date

For S. R. Batliboi & Associates
Firm Registration No. 101049W
Chartered Accountants

Sd/-
per Govind Ahuja
Partner
Membership No. : 48966

Mumbai: 29th August' 2011

For Chaturvedi & Shah
Firm Registration No. 101720W
Chartered Accountants

Sd/-
Amit Chaturvedi
Partner
Membership No. : 103141

Mumbai: 29th August' 2011

For and on behalf of the Board

Sd/-
Seemha Ramanna
Managing Director

Sd/-
A K Madhavan
Chief Executive Officer

Mumbai: 29th August' 2011

Sd/-
T N V Ayyar
Director

Sd/-
Madhav Oak
Company Secretary

Sd/-
Vijay Paranjpe
Chief Financial Officer

SCHEDULE - R**NOTES TO ACCOUNTS****1. Nature of Operations**

Crest Animation Studios Limited is a full-service studio specializing in the development and production of digital animated properties for theatrical, television, home entertainment and interactive distribution for the global entertainment industry.

2. Statement of Significant Accounting Policies**a) Basis of accounting:**

The financial statements have been prepared to comply in all material respects with the Accounting Standards notified by Companies (Accounting Standards) Rules, 2006, (as amended), and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared under the historical cost convention on an accrual basis except in the case of revaluation of assets. The accounting policies applied by the Company are consistent with those used in the previous year.

b) Use of estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the year. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

c) Fixed Assets:

Owned assets are stated at cost of acquisition including incidental expenses related to acquisition and installation or at revalued amounts, wherever applicable, less accumulated depreciation and impairment losses if any. Cost comprises the purchase price and any other attributable cost of bringing the assets to its working condition for its intended use.

d) Impairment:

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life. A previously recognised impairment loss is increased or reversed depending on changes in circumstances. However the carrying value after reversal is not increased beyond the carrying value that would have prevailed by charging usual depreciation if there was no impairment.

e) Depreciation:

(i) Depreciation on tangible assets is provided on the Straight Line Method at the rates prescribed in schedule XIV of the Companies Act, 1956, except in respect of leasehold improvement and certain furniture, fixtures and office equipments, where depreciation is provided over a period of five years.

(ii) Depreciation on intangible assets is provided on the straight-line method. Copyrights are amortised over the expected period of exploitation ranging from 24 months to 120 months. Software is being amortised over a period of 60 months being the estimated useful life.

(iii) The excess of depreciation provided on re-valued fixed assets over the amount computed with reference to the original costs thereof is withdrawn from revaluation reserve and transferred to the profit and loss account.

f) Investments:

(i) Investments that are readily realisable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments.

(ii) Long term investments are stated at cost less provision for diminution in the value to recognise a decline, other than temporary, wherever applicable. Cost includes expenditure attributable to the acquisition of investments.

(iii) Current Investments are stated at lower of cost and market value determined on an individual investment basis.

g) Inventories:

Work-in-process is valued at cost or at net realisable value whichever is lower. Work-in-process in respect of television serials includes pro-rata cost attributable to modelling and preparatory costs of projects, amortised appropriately as per the progressive execution of contracts/ projects. Work-in-process in respect of feature film includes pro-rata cost attributable to start ups, modelling and preparatory costs of projects, amortised appropriately.

h) Revenue recognition:

Revenue is primarily in the nature of animation services for television serials, features and other media. Contracts in respect of television serials are divisible into individual episodes, unlike features and other media where there is generally only one deliverable.

Revenue is recognised on the following basis:

Television serials : When the relevant episode is transmitted on completion.

Features : Revenue is recognised in the proportion of contract costs incurred for work performed to the estimated total contract costs. Provisions for estimated losses on uncompleted contracts are made in the year on which such losses are determined.

Other media : When delivered on completion except in respect of contracts of long-term nature where revenue is recognised on the basis similar to features.

Unbilled Revenue represents excess of revenue recognized based on percentage of completion over the progress billing as per the contract.

SCHEDULE - R (Contd.)

Interest:-

Revenue is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.

Dividends:-

Revenue is recognized when the shareholders' right to receive payment is established by the balance sheet date.

i) Borrowing Cost

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

j) Foreign currency transactions

(i) Initial Recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

(ii) Conversion

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.

(iii) Exchange Differences

Exchange differences arising on the settlement of monetary items or on reporting monetary items of company at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or as expenses in the year in which they arise.

(iv) Forward Exchange Contracts not intended for trading or speculation purposes

The premium or discount arising at the inception of forward exchange contracts is amortized as expense or income over the life of the contract. Exchange differences on such contracts are recognized in the statement of profit and loss in the year in which the exchange rates change. Any profit or loss arising on cancellation or renewal of forward exchange contract is recognized as income or as expense for the year.

(v) Translation of Integral and Non-integral foreign operation.

The financial statements of an integral foreign operation are translated as if the transactions of the foreign operation have been those of the company itself.

k) Accounting For Derivatives

As per the ICAI Announcement, accounting for derivative contracts, other than those covered under AS- 11, are

marked to market on a portfolio basis, and the net loss after considering the offsetting effect on the underlying hedge item is charged to the profit and loss account. Net gains are ignored.

l) Taxation:

Tax expense comprises current and deferred. Current tax, are measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961. Deferred tax reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to the taxes on income levied by same governing taxation laws. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations where the company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits.

The carrying amount of deferred tax assets are reviewed at each balance sheet date. The company writes-down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realised. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

Minimum Alternate Tax (MAT) credit is recognised as an asset only when and to the extent there is convincing evidence that the company will pay normal income tax during the specified period. In the year in which the MAT credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in Guidance Note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the profit and loss account and shown as MAT Credit Entitlement. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal Income Tax during the specified period.

m) Provisions:

A provision is recognised when an enterprise has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to their present values and are determined based on management estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current management estimates.

n) Leases:

Finance lease, which effectively transfer to the Company substantially all the risks and benefit incidental to ownership

SCHEDULE - R (Contd.)

of the leased item, are capitalized at the lower of the fair value and present value of the minimum lease payment at the inception of the lease term and disclosed as leased assets. Lease payments are apportioned between the finance charges and reduction of the lease liability based on the implicit rate of return. Finance charges are charged directly against income, Lease Management fees, legal charges and other initial costs are capitalized.

If there is no reasonable certainty that the Company will obtain the ownership by the end of the lease term, capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognized as an expense in the Profit and Loss Account on a straight-line basis over the lease term.

o) Employee benefits:

- (i) Short term employee benefits are recognised as an expense at the undiscounted amount in the profit and loss account of the year in which the related service is rendered.
- (ii) Post employment benefits:
 - (A) Defined Contribution Plan:
Provident and Family Pension Fund
The eligible employees of the Company are entitled to receive post employment benefits in respect of provident and family pension fund, in which both employees and the Company make monthly contributions at a specified percentage of the employees' eligible salary (currently 12% of employees' eligible salary). Provident Fund and Family Pension Fund are classified as Defined Contribution Plan as the Company has no further obligations beyond making the contribution. The Company's contribution to Defined Contribution Plan are charged to profit and loss account as incurred.
 - (B) Defined Benefit Plan:
Gratuity
The Company has an obligation towards gratuity, a defined benefit retirement plan covering eligible employees. The plan provides a lump sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount equivalent to 15 days salary payable for each completed year of service. Vesting occurs upon completion of five years of service. The Company accounts for gratuity benefits payable in future based on an independent actuarial valuation made at the year-end on projected unit credit method. Actuarial gains and losses are recognised in the profit and loss account.
 - (C) Other long term employee benefits - compensated absences:
The Company provides for encashment of leave or leave with pay subject to certain rules. The employees are entitled to accumulate leave subject to certain limits for future encashment/availment. The Company makes

provision for compensated absences based on an independent actuarial valuation made at the year-end on projected unit credit method. Actuarial gains and losses are recognised in the profit and loss account.

p) Cash and Cash equivalents

Cash and cash equivalents for the purposes of cash flow statement comprise cash at bank and in hand.

q) Earnings per share:

Basic earnings per share have been calculated by dividing the net profit or loss after tax attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. The Company has not issued any potential equity shares and accordingly, the basic earnings per share and diluted earnings per share are the same.

3. Commitments:

Estimated amount of contracts remaining to be executed on capital account (net of advances) and not provided for Rs. Nil (Previous Year: Rs. 3,037,560).

4. Scheme of Amalgamation:

The Hon'ble High Court of Bombay pronounced an Order on April 1, 2011, sanctioning the Scheme of Amalgamation under Sections 391 to 394 of the Companies Act, 1956, of two overseas subsidiaries of the Company i.e. Crest Animation Holdings Inc., USA (CAH), Crest Communication Holdings Limited, Mauritius (CCHL) and one Indian Wholly Owned Subsidiary Company viz., Crest Interactive Limited (CIL) (Transferor Companies) (CIL), with the Company with effect from the appointed date 1st April, 2010. CAH, CCHL and CIL was in the business of development & production of digital animated properties primarily feature films, investment holding company & creation of interactive platform for gaming respectively.

The Scheme became effective on July 26, 2011 upon filing of the order of the Hon'ble Bombay High Court dated 1st April, 2011 sanctioning the aforesaid scheme with the Registrar of Companies, Maharashtra, Mumbai as required under Section 394 (3) of the Companies Act, 1956 and other statutory approvals, compliances in overseas jurisdictions.

In accordance with the Scheme and as per the approval of the Hon'ble High Court of Bombay:

- i. All the assets & liabilities, rights, obligations of transferor companies have been transferred to and vested with effect from 1st April, 2010.
- ii. The amalgamation has been accounted as per the Scheme which is in accordance with the 'Purchase Method' as described in Accounting Standard – 14 "Accounting for Amalgamations" notified by the Companies (Accounting Standards) Rule, 2006 with effect from the appointed date of the Scheme being 1st April, 2010.
- iii. The investment of CAH in Crest Alpha LLC, Norm Financing LLC and Magic Pebble LLC have been taken over by the Company with effect from 1st April, 2010 and have been recorded at the fair values as per the fair valuation report given by the Salter Group. The fair value of Crest Alpha LLC as at April 1, 2010 considers the events during the year ended March 31, 2011 which primarily includes the Company's performance from theatrical release of the film in September 2010. The

Crest Animation Studios Limited

SCHEDULE - R (Contd.)

investment of CAH in Crest Animation Inc. has been recorded at book value as at 1st April, 2010, which in the opinion of management represents the fair value of CAH at that date.

- iv. The assets and liabilities above of the Transferor Companies other than mentioned in Point no. (iii) above have been recorded at their respective book values as per the Audited Financial Statement of the Transferor Companies for the year ended 31st March, 2010 which in the opinion of management is represents the fair value of respective assets and liabilities at that date.
- v. The Company's interest in the CAS Benefit Trust is recorded at the carrying value of the investment by the Company in the Ordinary Shares of CCHL as of the Appointed Date being 1st April, 2010.
- vi. Inter-company loans, deposits or balances as between or amongst Transferor Companies and Transferee Company, the obligations in respect thereof have been cancelled and no liability in that behalf have been recorded and corresponding effect have been given in the books of account and records of the Company for the reduction of assets or liabilities as the case may be.
- vii. The entire preference share capital (redeemable preference shares) of CCHL stands cancelled. The entire equity paid up capital of CIL stand fully cancelled. The holdings of CCHL in CAH stand cancelled.
- viii. Excess of the amount of consideration net of cost/s and expense/s incurred in relation to implementation of scheme, over the value of net assets of transferor companies (CAH, CCHL & CIL) acquired by the company has been recognized in the company's financial statements as goodwill determined as follows, which has been written off as an exceptional item on the appointed date based on management's assessment of impairment.

CONSIDERATION	AMOUNT (Rs.)
Issue of Shares (Face value Rs. 10)	216,269,580
Premium on issue	1,541,367,837
Add: Amalgamation Expenses	30,005,823
Total Consideration	1,787,643,240
Less: Net Asset Taken Over of transferor companies	(242,206,902)
Add: Cancellation of Investment	65,172,000
Goodwill arising on Amalgamation	1,610,608,338

- ix. The Board of Directors at their meeting held on 28th July 2011 has allotted 21,626,958 equity shares of Rs. 10/- each at a premium of Rs. 71.27 per share under the Scheme of Amalgamation. The face value of such shares are shown as share capital pending allotment. These includes 1, 20, 00, 000 equity shares allotted to the CAS Benefit Trust.
- x. In pursuance of the Scheme, the Company has utilized a sum of Rs. 177, 29, 03,152/- from the Securities Premium Account for adjusting debit balance in Profit and Loss Account after giving effect to the Scheme of Amalgamation which includes effect for impairment in the value of goodwill of Rs. 161,06,08,338/- arising pursuant to the Scheme of Amalgamation.
- xi. From the effective date i.e 26th July, 2011 the authorized share capital stood increased to Rs. 500,000,000 consisting of 50,000,000 Equity Shares of Re.10/- each without any further act or deed on the part of the Company and the Memorandum of Association and

Articles of Association of the Company stand amended accordingly without any further act or deed on the part of the Company.

- xii. Crest Interactive Limited stands dissolved without being wound up from the Effective Date.
 - xiii. Crest Communication Holdings Limited, Mauritius and Crest Animation Holdings Inc., USA made necessary applications for dissolution without winding up or otherwise cease to exist subject to and in accordance with Applicable Laws of Relevant Jurisdictions.
5. Crest Animation Holdings Inc., USA (CAH) has implemented Stock Option Plan in December, 2007 which provides for the issuance of non-qualified and/or incentive stock options to employees, officers, consultants to the Company and/or its affiliates and non-employee directors of CAH and/or its affiliates. Pursuant to the Scheme of Amalgamation as sanctioned by the Hon'ble Bombay High Court vide its order dated 1st April, 2011, the said subsidiary company has been merged with Crest Animation Studios Limited with effect from appointed date i.e. 1st April, 2010. All the options granted under the above plan have been exercised by the option holders before the effective date of the Scheme i.e. 26th July, 2011. In terms of the Scheme of Amalgamation, on July 28, 2011, the Company allotted equity shares to the eligible common stock holders of CAH which includes equity shares allotted against the common stock issued to option holders on exercise of stock options. Accordingly, the Company has not assumed any liability under the Stock Option Plan. The financial and operating results of Crest Animation Holdings Inc., USA with effect from the Appointed Date of the Scheme have been included with the financial results of the Company for the financial year ended on March 31, 2011 which includes the Stock Option Compensation of Rs.53,16,666 (USD 116,568).
 6. On November 19, 2010, the Company's US step down subsidiary, Crest Animation Holdings Inc. (CAH, now merged with the Company), entered into a Film Financing transaction with Bayrakkale LTD STI (Bayrakkale) for the purposes of co-financing the Company's animated feature film. Pursuant to the agreement, CAH had deposited US\$ 320,000 (Rs. 14,153,600) into an escrow account & also entered into a loan, security and pledge agreement and related promissory note with Newbridge Film Capital LLC (Newbridge) for a deposit of US\$ 5,930,000 (Rs. 262, 283, 900) into the escrow account for onward payment to Bayrakkale under the terms of the agreement. The agreement with Newbridge is secured by a letter of credit favoring Newbridge from Deutsche Bank issued on behalf of Bayrakkale as well as CAH's interest in the film. However, Bayrakkale has failed to fund the film in accordance with the co-financing agreement & is in material breach of the same. Further Deutsche Bank has refused to honor the letter of credit. Newbridge and the Company have elected to move forward together against Deutsche Bank to pursue causes of action against the bank relating to the letter of credit, and to toll any potential causes of action against each other pending resolution of the matter with Deutsche Bank. The Company is pursuing all available legal options & is confident of recovering the outstanding dues and hence no provision has been recorded for the recoverable balance of Rs. 276,437,500 due for Bayrakkale as at March 31, 2011. As of Balance Sheet date, Bayrakkale has reimbursed CAH US\$ 150,000 for interests and costs associated with their late payments.

SCHEDULE - R (Contd.)

7. As on 31st March, 2011, the Company's investment includes Rs. 74,464,890 in Norm LLC, a special purpose vehicle with is formed for the purpose of feature film Norm of the North. The company also has a receivable balance and unbilled revenue of Rs. 49,721,139 and Rs. 156,705,289 respectively relating to the film project. The financier for this film has defaulted in making contributions and the Company is in talks with an alternative financier and is confident of resumption of the project. In view of the intended recourse of the legal proceeding against the defaulted financier and positive developments for the alternate financier, the management is of the view that there is no diminution in the value of these investments, receivables and unbilled revenue and are considered to be recoverable and therefore no provision is considered necessary.

8. Contingent liabilities not provided for:

Disputed income-tax demands Rs. 4,325,161 (Previous Year: Rs. 17,064,051)

Future cash outflows in respect of contingent liability are determinable only on receipt of judgements pending at various forums

9. Segment reporting:

Business Segments.

The Company is engaged in providing 3D Animation i.e. full-service studio specializing in the development and production of digital animated properties for theatrical, television, home entertainment and interactive distribution for the global entertainment industry. Management believes that the risks and returns from these services are not predominantly different from one another and hence considers the Company to operate in a single business segment. As per Accounting standard AS (17) on segment reporting, segment information has been provided under the notes to consolidated financial statements.

10. Managerial remuneration:

	Year ended 31 st March, 2011 (Rupees)	Year ended 31 st March, 2010 (Rupees)
Salary	3,900,000	5,400,000
Provident fund and other funds	468,000	648,000
Perquisites and benefits	3,600,000	5,500,536
	<u>7,968,000</u>	<u>11,548,536</u>

Note: -

- As the future liability for gratuity and leave encashment is provided on an actuarial basis for the Company as a whole, the amount pertaining to the directors are not included above.
- Government of India, Ministry of Corporate Affairs has vide its letter no. A47350426/2/2009 – CL- VII dated 14th Jan' 10 approved the payment of remuneration of Rs. 6, 25, 000 per month (excluding provident fund and other fund) for a period from 1st Apr' 2008 to 30th Sep' 2010 under the section 310 of Companies Act, 1956. The company has again sought approval from Government of India, Ministry of Corporate Affairs for re-appointment of Managing Director including remuneration payable to her. Government of India, Ministry of Corporate Affairs

has vide its letter no. A95476461/4/2010 – CL - VII dated 31st Dec' 10 approved the payment of remuneration of Rs. 75,00,000 per annum (including perquisites and allowances and excluding provident fund and other fund) for the period of three years from 1st Oct' 2010 to 30th Sep' 2013 under the relevant provisions of Companies Act, 1956.

Computation of Net Profit in accordance with section 349 of the Companies Act, 1956 for calculation of remuneration payable to directors

	Year ended 31 st March, 2011 (Rupees)	Year ended 31 st March, 2010 (Rupees)
Profit/ (Loss) before exceptional item and tax as per Profit and Loss Account	(1,711,519,100)	4,322,097
<i>Add:</i>		
Directors' remuneration	7,968,000	11,548,536
Net Depreciation as per Profit and Loss account	87,575,836	100,885,805
Goodwill on amalgamation impaired	1,610,608,338	-
Loss on sale of fixed assets (net) as per Profit and Loss account	1,776,392	553,568
Provision for doubtful debts and advances	14,708,687	-
<i>Less:</i>		
Depreciation (to the extent specified in section 350 of the Companies Act, 1956)	87,575,836	100,885,805
Net Profit /(loss) as per Section 349 of the Companies Act, 1956	<u>(76,457,683)</u>	<u>16,424,201</u>

11. Auditors' remuneration (excluding service tax, included in Legal & professional expenses):

	Year ended 31 st March, 2011 (Rupees)	Year ended 31 st March, 2010 (Rupees)
Audit fees	1,400,000	1,400,000
Limited Review	1,500,000	900,000
Taxation Matters	1,000,000	1,200,000
Reimbursement of expenses	24,450	53,988
Total	<u>3,924,450</u>	<u>3,553,988</u>

12. Leases

Finance lease:

Computers include Computer hardware and Computer software obtained on finance lease. The lease term is up to 48 months after which the legal title would be transferred to the lessee. There is no escalation clause in the lease agreement. There are no restrictions imposed by lease arrangements. There are no subleases.

Operating Lease:

Office premises and car are obtained on operating lease. The lease term for office premises is 36 months and for car is 48 months and renewable for further 24 months at the option of the Company in case of office premises. There is no escalation

Crest Animation Studios Limited

SCHEDULE - R (Contd.)

clause in the lease agreement. There are no restrictions imposed by lease arrangements. There are no subleases.

	Finance Lease		Operating Lease	
	2011 (Rupees)	2010 (Rupees)	2011 (Rupees)	2010 (Rupees)
Total minimum lease payments at the year end	23,889,925	49,543,449	-	-
Less : amount representing finance charges	2,524,055	2,811,842	-	-
Present value of minimum lease payments (Rate of interest: 12.70% p.a.)	21,365,871	46,731,607	-	-
Lease payments for the year	33,496,389	41,904,381	33,311,208	22,939,608
Minimum Lease Payments :				
Not later than one year [For finance lease : Present value Rs. 21,142,587 as on 31.03.2011 (Rs. 37,653,891 as on 31.03.2010)]	23,294,849	40,131,346	749,208	749,208
Later than one year but not later than five years [For finance lease: Present value Rs. 223,284 as on 31.03.2011 (Rs. 9,077,716 as on 31.03.2010)]	595,077	9,412,103	374,604	1,123,812

13. Related party disclosures:

A. Related parties and relationships

Related parties where control exists irrespective of whether transactions have occurred or not	Crest Communication Holdings Ltd., Mauritius *
Subsidiaries	Crest Interactive Ltd. *
	Crest Animation Holdings Inc.*
	Crest Animation Inc.
	Crest Communication (Singapore) Pte. Ltd.**
	Crest Entertainment (Singapore) Pte. Ltd.**
Step-down subsidiaries	Crest Animation Production Inc.
	Roop BDR Productions Inc.
Associates	Crest Alpha LLC
Joint venture	Magic Pebble LLC
Key Management Personnel	Mrs. Seemha Ramanna – Managing Director
Relatives of Key Management Personnel	Mr. Varun Ramanna- Son of Managing Director

*These Subsidiary Companies have been merged with the company from appointed date 1-4-2010 as per the scheme of amalgamation approved by the Hon'ble Bombay High Court, (Refer Note 4). **up to October 31, 2009.

B. Related Party Transactions

Note: Figures in brackets are the corresponding figures in respect of the previous year.

	Crest Animation Inc. (Rupees)	Crest Animation Production Inc. (Rupees)	Mrs. Seemha Ramanna (Rupees)	Mr. Varun Ramanna (Rupees)
I. Transactions during the year				
Revenue from services	—	311,121,336	—	—
	(—)	(285,361,869)	(—)	(—)
Managerial remuneration	—	—	7,968,000	—
	(—)	(—)	(11,548,536)	(—)
Remuneration	—	—	—	370,831
	(—)	(—)	(—)	(259,978)
Marketing expenses	—	—	—	—
	(—)	(21,736,000)	(—)	(—)
Guarantee commission	—	—	3,037,868	—
	(—)	(—)	(2,455,500)	(—)
Investment in equity share capital	—	—	—	—
	(49,590,000)	(—)	(—)	(—)
Prior Period Income	—	—	—	—
	(—)	(2,010,799)	(—)	(—)
Loan Taken	—	—	29,644,000	—
	(—)	(—)	(—)	(—)
Loan Repaid	—	—	29,644,000	—
	(—)	(—)	(—)	(—)
II. Balances outstanding as at the year end				
Guarantees obtained	—	163,700,000	243,700,000	—
	(—)	(163,700,000)	(243,700,000)	(—)
Sundry Debtors	—	130,350,820	—	—
	(—)	(98,779,631)	(—)	(—)
Unbilled Revenue	—	184,753,414	—	—
	(—)	(56,568,191)	(—)	(—)
Advances to subsidiaries	—	—	—	—
	(—)	(4,480,267)	(—)	(—)

SCHEDULE - R (Contd.)

Interest in joint venture

The Company has 50% interest in the assets, liabilities, expenses and income of Magic Pebble LLC, incorporated in USA, which is into animation. The Company's share of the assets, liabilities, income and expense of the jointly controlled entity are as follows as at March 31, 2011

Particulars	Amount in Rs.
Assets	8,076,426.14
Liabilities	8,120,715.65
Income	-
Operating Expenses	44,288.60
Profit/(Loss) before tax	(26,508.60)

14. Additional disclosure as required by the amended clause 32 of the listing agreements with relevant stock exchanges.

	As at 31 st March, 2011 (Rupees)	As at 31 st March, 2010 (Rupees)
Loans and advances in the nature of loans to subsidiaries		
Advances to Crest Interactive Limited	-	123,165,021
Loans and advances in the nature of loans where there is: (i) no repayment schedule or (ii) no interest.		
Employee loans [includes provision for doubtful advances of Rs. 721,570 (previous year: Rs. 721,570)]	1,240,456	1,276,767
Balance outstanding as at the year end	1,516,332	2,113,550
Maximum Balance outstanding during the year		
	(Shares)	(Shares)
No. of shares of the Company held by the loanee	700	700

15. Deferred taxes:

	As at 31 st March, 2011 (Rupees)	As at 31 st March, 2010 (Rupees)
Deferred tax liabilities		
Depreciation	(17,143,032)	(31,831,541)
Assets acquired under finance lease	(7,619,648)	(5,388,405)
	(24,762,680)	(37,219,946)
Deferred tax assets		
Provision for doubtful debts	11,272,869	6,387,011
Provision for doubtful advances	24,515,823	20,746,993
Items covered under section 43B	4,411,971	3,702,074
Unabsorbed depreciation (*)	(15,437,983)	6,383,868
Carry forward business loss(**)	-	-
	24,762,680	37,219,946
Net Deferred Taxes	-	-

(*) Deferred tax assets are recognised to the extent deferred tax liability.

(**) Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

16. Employee benefits:

(a) Defined Contribution Plan

Contribution to defined contribution plan, recognised in the statement of profit and loss account under Employee cost, Contribution to provident and other funds, in Schedule O for the year are as under:

	As at 31 st March, 2011 (Rupees)	As at 31 st March, 2010 (Rupees)
Employer's contribution to Provident Fund	1,262,265	1,307,494
Employer's contribution to Family Pension Fund	295,650	316,919
	<u>1,557,915</u>	<u>1,624,413</u>

(b) Defined Benefit Plan

Gratuity – As per actuarial valuation as on 31st March, 2011

	As at 31 st March, 2011 (Rupees)	As at 31 st March, 2010 (Rupees)

I Reconciliation of opening and closing balances of Defined Benefit obligation

Present Value of Defined Benefit obligation as at the beginning of the year	3,941,991	3,424,481
Interest Cost	315,359	391,855
Current Service Cost	1,723,880	1,816,698
Past Service Cost	1,321,169	-
Benefits paid	-	(32,885)
Net Actuarial Loss / (Gain)	(1,642,284)	(1,658,158)
Present Value of Defined Benefit obligation as at the end of the year	<u>5,660,115</u>	<u>3,941,991</u>

II Reconciliation of fair value of plan assets

Fair value of plan assets as at the beginning of the year	203,504	132,667
Expected return on plan assets	16,280	16,813
Net Actuarial Gain / (Loss)	(2,393)	(7,025)
Employer's contribution	13,066	93,934
Benefits paid	-	(32,885)
Fair value of plan assets as at the end of the year	<u>230,457</u>	<u>203,504</u>

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

Funds maintained with Life Insurance Corporation of India.	63%	59%
Bank balance	37%	41%
	<u>100%</u>	<u>100%</u>

Crest Animation Studios Limited

SCHEDULE - R (Contd.)

	As at 31 st March, 2011 (Rupees)	As at 31 st March, 2010 (Rupees)
III Net Liability recognised in Balance Sheet		
Present Value of Defined Benefit obligation	5,660,115	3,941,991
Fair value of plan assets	230,457	203,504
Net liability recognised in Balance Sheet (unfunded)	<u>5,429,658</u>	<u>3,738,487</u>
IV Component of employer's expenses		
Current Service Cost	1,723,880	1,816,698
Past Service Cost	1,321,169	-
Interest Cost	315,359	391,856
Expected Return on Plan Asset	(16,280)	(16,813)
Net Actuarial Loss / (Gain)	<u>(1,639,891)</u>	<u>(1,651,134)</u>
Total expenses recognised in the Profit and Loss Account in Schedule O, under Employee cost – Salaries, wages & bonus	<u>1,704,237</u>	<u>540,607</u>
Actual return on plan assets	13,887	16,813
V Actuarial assumptions		
	LIC (1994-96)	LIC (1994-96)
Mortality Table:		
Discount rate	8.25%	8.00%
Salary escalation	6.00%	6.00%
a) The discount rate is based on the benchmark rate available on Government of India securities for the tenure of 22 years.		
b) Expected rate of return on plan assets is based on our expectation of the average long term rate of return expected on investments of the Fund during the estimated term of the obligations.		
c) The estimates of future salary increases considered takes into account the inflation, seniority, promotion and other relevant factors.		
d) The company expects to contribute Rs. 2,427,551 (PY : Rs. 648,728) in next year.		
e) Additional disclosure as per para 120(n) of Accounting Standard – 15 (Revised)		
	Gratuity	
	2011	2010
Defined benefit obligation	5,660,115	3,941,991
Plan assets	230,457	203,504
Surplus / (deficit)	(5,429,658)	(3,738,487)
Actuarial (gain) / loss on plan liabilities	(1,639,891)	(1,658,158)
Actuarial (gain) / loss on plan Assets	2,393	7,025
		2009
		3,424,481
		132,667
		(3,291,814)
		905,125
		(2,567)

17. Derivative Instrument and Unhedged Foreign Currency Exposure:

Purpose	As at 31 st March, 2011		As at 31 st March, 2010	
	(USD)	(Rupees)	(USD)	(Rupees)
Forward Contracts Outstanding				
Debtors	-	-	-	-
Foreign Currency Demand Loan (Hedge against future payment of loan)	-	-	1,520,000	74,776,000
Unhedged Foreign Currency Exposure				
Debtors	3,527,113	156,002,674	2,898,869	129,492,490
EEFC Account	-	-	8,749	390,836
Loans & Advances	6,250,000	276,437,500	100,297	4,480,267
Secured Loans	5,930,000	262,283,900	-	-

18. Additional information pursuant to the provisions of paragraph 4D of Part II of Schedule VI to the Companies Act, 1956:

	Year ended 31 st March, 2011 (Rupees)	Year ended 31 st March, 2010 (Rupees)
Expenditure in foreign currency (Accrual basis)		
Travelling	1,578,734	2,321,896
Professional charges	-	66,600
Marketing expenses	-	17,236,000
Others	317,447	329,475
	<u>1,896,181</u>	<u>19,953,971</u>
Value of imports (C.I.F basis)		
Capital goods	3,300,502	32,149,622
	<u>3,300,502</u>	<u>32,149,622</u>
Earnings in foreign exchange (Accrual basis)		
Revenue	371,157,058	353,604,324
License fees received on software	-	19,216,000
	<u>371,157,058</u>	<u>372,820,324</u>

19. Dues to Micro, Small and Medium Enterprises

The identification of Micro, Small and Medium enterprises is based on the management's knowledge of their status. The Company has not received any intimation from "suppliers" regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006. Hence disclosures, if any, relating to amounts unpaid as at the year end together with interest paid / payable as required under the said Act have not been made.

20. Prior period income of previous year represents tax deducted on marketing expenses of earlier years expensed out in those years.

21. The amount of borrowing cost capitalised under Inventories during the period is Rs. 18,702,900/- (previous year Rs. 4,144,864).

22. Additional Information pursuant to the provisions of para 3,4, 4C and 4D of part II of schedule VI of the Companies Act, 1956, has been provided to the extent applicable to the Company.

23. Previous Year Comparatives :

Previous year's figures have been regrouped where necessary to conform to this year's classification and are not comparable with current year figures in view of the merger (Refer Note 4 above).

For S. R. Batliboi & Associates Firm Registration No. 101049W Chartered Accountants Sd/- per Govind Ahuja Partner Membership No. : 48966	For Chaturvedi & Shah Firm Registration No. 101720W Chartered Accountants Sd/- Amit Chaturvedi Partner Membership No. : 103141	For and on behalf of the Board Sd/- Seemha Ramanna Managing Director Sd/- A K Madhavan Chief Executive Officer Sd/- Madhav Oak Company Secretary	Sd/- T N V Ayyar Director Sd/- Vijay Paranjpe Chief Financial Officer
Mumbai: 29 th August, 2011	Mumbai : 29 th August, 2011	Mumbai : 29 th August, 2011	

Crest Animation Studios Limited

STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956 RELATING TO SUBSIDIARY COMPANIES

(Amount in Rs.)

Name of the Subsidiary Company	Financial year of the subsidiary Company ended on	Holding company	Extent of Holding Company's interest (%)	Face Value of Equity shares	Number of shares held by the Holding Company and/or its subsidiaries	Net aggregate amounts of the profits/(losses) of the subsidiary so far as it concerns the members of the holding company and is not dealt with in the accounts of Holding Company		Net aggregate amounts of the profits/(losses) of the subsidiary so far as it concerns the members of the holding company and is dealt with in the accounts of Holding Company	
						For the financial year of the subsidiary	For the previous financial years of the subsidiary since it became its subsidiary	For the financial year of the subsidiary	For the previous financial years of the subsidiary since it became its subsidiary
1	2	3	4	5	6	7	8	9	10
Crest Animation Inc. (Previously known as Crest Animation Intermediate Inc.)	31-Mar-11	Crest Animation Studios Ltd	100%	USD0.01	65,963	(66,016,504)	N.A.	Nil	Nil
Crest Animation Production, Inc.	31-Mar-11	Crest Animation Inc.	100%	—	—	Nil	Nil	Nil	Nil
Roop BDR Productions Inc.	31-Mar-11	Crest Animation Production, Inc.	100%	—	—	Nil	Nil	Nil	Nil

For and on behalf of the Board

Sd/-
Seemha Ramanna
Managing Director

Sd/-
T. N.V. Ayyar
Director

Sd/-
A K Madhavan
Chief Executive Officer

Sd/-
Vijay Paranjpe
Chief Financial Officer

Sd/-
Madhav Oak
Company Secretary

Mumbai :29th August, 2011

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE**I. Registration Details**

Registration No.	11-56397	State Code	11
Balance Sheet Date	31.03.2011		

II. Capital raised during the year (Amount in Rs. Thousands)

Public Issue	Nil	Rights Issue	Nil
Bonus Issue	Nil	Private Placement	*1757623

III. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)

Total Liabilities	1,889,440	Total Assets	1,889,440
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Sources of Funds

Paid-up Capital	225,852	Reserves & Surplus	871,189
Share Capital Pending Allotment	216,270		
Secured Loans	545,905	Unsecured Loans	30,225

Application of Funds

Net Fixed Assets	152,938	Investments	790,305
Net Current Assets	845,282	Misc. Expenditure	Nil
Accumulated Losses	100,915		

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

Turnover (Gross Revenue)	376,758	Total Expenditure	477,669
Loss Before Tax	1,711,519	Loss After Tax	1,711,523
Earning per share Rs.	(38.71)	Dividend Rate %	Nil

V. Generic Name of Three Principal Products/Services of Company (as per monetary terms)

Item Code No. (ITC Code)	8524
Product Description	Video Software

*Amount shown in respect of 2,16,26,958 equity shares of Rs. 10/- each at a premium of 71.27 per share allotted under the Scheme of Amalgamation

For and on behalf of the Board

Sd/- Seemha Ramanna Managing Director	Sd/- T. N.V. Ayyar Director
Sd/- A K Madhavan Chief Executive Officer	Sd/- Vijay Paranjpe Chief Financial Officer
Sd/- Madhav Oak Company Secretary	

Mumbai: 29th August, 2011

CONSOLIDATED FINANCIAL STATEMENTS

AUDITOR'S REPORT

The Board of Directors

Crest Animation Studios Limited

1. We have audited the attached consolidated balance sheet of Crest Animation Studios Limited, the parent company and its subsidiaries ('the Group'), as at March 31, 2011, and also the consolidated profit and loss account and the consolidated cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Crest Animation Studios Limited's management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the 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 a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles 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. We did not audit the financial statements of subsidiaries and a joint venture, whose financial statements reflect total assets of Rs. 357,018,456 as at March 31, 2011, total revenue of Rs. 366,391,175 and cash flows amounting to Rs. 17,193,826 for the year then ended. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us, and our opinion is based solely on the report of other auditors.
4. We report that the consolidated financial statements have been prepared by the Crest Animation Studios Limited's management in accordance with the requirements of Accounting Standards (AS) 21, Consolidated financial statements, Accounting Standards (AS) 23, Accounting for Investments in Associates in Consolidated Financial Statements and Accounting Standard (AS) 27, Financial Reporting of Interests in Joint Ventures notified pursuant to the Companies (Accounting Standards) Rules, 2006.
5. *As discussed in Note 7 to Schedule S to the accompanying financial statements, at March 31, 2011, investments include Rs. 74,464,890 in a company executing an animation film*

project, which has been suspended during March, 2011 due to financial difficulty. The Company also has a debtor balance of Rs. 49,721,139 outstanding for more than 6 months and unbilled revenue includes Rs. 156,705,289 from this company as at March 31, 2011. The ultimate outcome of the recoverability of the investment and the receivable balances cannot presently be determined and we are unable to comment on the extent of non-recoverability of these balances and their consequent impact, if any, on the Company's loss for the year ended March 31, 2011.

6. *As discussed in Note 6 to Schedule S to the accompanying financial statements, at March 31, 2011, loans and advances include Rs. 276,437,500 provided to a company against which the Company is in the process of initiating legal action to recover the advance cannot be presently be determined and we are unable to comment on the extent of non-recoverability of this balance and their consequent impact, if any, on the Company's loss for the year ended March 31, 2011.*
7. Based on our audit and on consideration of reports of other auditors on separate financial statements and on the other financial information of the components, and to the best of our information and according to the explanations given to us, *subject to the effect of the matters discussed in paragraph 5 and 6 above*, we are of the opinion that the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (a) in the case of the consolidated balance sheet, of the state of affairs of the Crest Group as at March 31, 2011;
 - (b) in the case of the consolidated profit and loss account, of the loss for the year ended on that date; and
 - (c) in the case of the consolidated cash flow statement, of the cash flows for the year ended on that date.

For S.R. BATLIBOI & ASSOCIATES
Firm Registration no. 101049W
Chartered Accountants

For CHATURVEDI & SHAH
Firm Registration no. 101720W
Chartered Accountants

Sd/-
per Govind Ahuja
Partner
Membership No.: 48966
Mumbai
August 29, 2011

Sd/-
Amit Chaturvedi
Partner
Membership No.: 103141
Mumbai
August 29, 2011

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH , 2011

	SCHEDULE NO.	YEAR ENDED 31ST MARCH, 2011 (RUPEES)	YEAR ENDED 31ST MARCH, 2010 (RUPEES)
SOURCES OF FUNDS			
Shareholders' Funds			
Share capital	A	225,851,780	225,851,780
Share Capital Pending Allotment (Refer Note No. 4 of Schedule S)		216,269,580	-
Reserves and surplus	B	1,036,662,807	1,102,753,953
Minority interest		-	255,329,227
Stock option outstanding (Refer Note 4 Schedule S)		-	36,438,800
Loan Funds			
Secured loans	C	545,904,644	181,056,311
Unsecured loan	D	30,225,313	225,313
		<u>2,054,914,124</u>	<u>1,801,655,384</u>
APPLICATION OF FUNDS			
Fixed Assets			
Gross block	E	1,053,210,266	1,054,942,068
Less : Accumulated depreciation and amortisation		796,022,349	675,508,361
Net block		<u>257,187,917</u>	<u>379,433,707</u>
Investments	F	624,443,290	247,006,728
Current Assets, Loans and Advances			
Inventories	G	335,511,457	386,792,673
Sundry debtors	H	25,651,853	32,438,321
Cash and bank balances	I	103,422,722	149,152,680
Other Current Assets	J	231,177,578	103,032,881
Loans and advances	K	431,333,284	51,261,464
		<u>1,127,096,894</u>	<u>722,678,019</u>
Less: Current Liabilities and Provisions			
Current liabilities	L	220,760,250	171,204,698
Provisions	M	13,282,068	11,144,949
		<u>234,042,318</u>	<u>182,349,647</u>
Net Current Assets		<u>893,054,576</u>	<u>540,328,372</u>
Foreign Currency Translation Reserve		-	1,203,808
Miscellaneous expenditure (to the extent not written off or adjusted)	N	-	130,083
Debit Balance in Profit and Loss Account		<u>280,228,341</u>	<u>633,552,686</u>
		<u>2,054,914,124</u>	<u>1,801,655,384</u>
NOTES TO ACCOUNTS			
	S		

The schedules referred to above and notes to accounts form an integral part of the Balance Sheet.

As per our report of even date

For and on behalf of the Board

For S. R. Batliboi & Associates

For Chaturvedi & Shah

Sd/-

Sd/-

Firm Registration No. 101049W

Firm Registration No. 101720W

Seemha Ramanna

T N V Ayyar

Vijay Paranjpe

Chartered Accountants

Chartered Accountants

Managing Director

Director

Chief Financial Officer

Sd/-

Sd/-

Sd/-

Sd/-

per Govind Ahuja

Amit Chaturvedi

A K Madhavan

Madhav Oak

Partner

Partner

Chief Executive Officer

Company Secretary

Membership No. : 48966

Membership No. : 103141

Mumbai: 29th August' 2011

Mumbai: 29th August' 2011

Mumbai: 29th August' 2011

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

	SCHEDULE NO.	YEAR ENDED 31ST MARCH, 2011 (RUPEES)	YEAR ENDED 31ST MARCH, 2010 (RUPEES)
INCOME			
Revenue		418,365,485	616,329,725
Other income	O	5,600,891	31,782,643
		423,966,376	648,112,368
Add: Foreign currency translation adjustment		(1,936,714)	(1,843,759)
		422,029,662	646,268,609
EXPENDITURE			
Employee cost	P	119,742,816	210,179,473
Other operating expenses	Q	316,244,016	372,388,904
(Increase)/decrease in work-in-process		(108,319,855)	(82,958,969)
Depreciation & amortisation	E	124,054,516	104,107,159
Less: Transferred from revaluation reserve		(29,816)	(29,816)
Interest and finance charges	R	72,684,153	34,313,220
		524,375,830	637,999,971
		(102,346,168)	8,268,638
PROFIT / (LOSS) BEFORE EXCEPTIONAL ITEMS AND TAX			
Exceptional Item:			
Goodwill on Amalgamation impaired (Refer Note No. 4 of Schedule S		1,610,608,338	-
PROFIT / (LOSS) BEFORE TAX BEFORE PRIOR PERIOD, MINORITY INTEREST & SHARE OF LOSSES IN ASSOCIATE		(1,712,954,506)	-
Provision for tax			
Current tax [including share in Joint Ventures Rs. 17,780 (Previous year: Rs.19,098)]		128,459	3,944,270
Less: MAT credit entitlement			(1,000,000)
Provision for fringe benefit tax		-	
Excess provision for taxes of earlier years written back			110,538
		128,459	2,833,732
PROFIT/ (LOSS) AFTER TAX BEFORE PRIOR PERIOD, MINORITY INTEREST & SHARE OF LOSSES IN ASSOCIATE			
		(1,713,082,965)	5,434,906
Prior period income		-	124,385
Loss on Desubsidisation		-	-
Minority Interest		-	(2,636,227)
Share of loss in associate		-	343,380
		(1,713,082,965)	2,579,684
Balance brought forward from previous year		(633,552,686)	(636,132,370)
Less: Transfer to Securities Premium Account as per scheme of amalgamation		1,772,903,152	-
Less: Gain on Desubsidiation of Subsidiary on merger		293,504,159	-
BALANCE CARRIED TO BALANCE SHEET		(280,228,341)	(633,552,686)
EARNING PER EQUITY SHARE			
Basic & Diluted earning per share		(38.75)	0.11
Weighted average number of equity shares outstanding during the year		44,212,136	22,585,178
Face value per equity share		10.00	10.00
* includes 21,626,958 equity share to be issued on amalgamation			
NOTES TO ACCOUNTS	S		

The schedules referred to above and the notes to accounts form an integral part of the Profit and Loss Account.

As per our report of even date

For S. R. Batliboi & Associates
Firm Registration No. 101049W
Chartered Accountants
Sd/-
per Govind Ahuja
Partner
Membership No. : 48966

Mumbai: 29th August' 2011

For Chaturvedi & Shah
Firm Registration No. 101720W
Chartered Accountants
Sd/-
Amit Chaturvedi
Partner
Membership No. : 103141

Mumbai: 29th August' 2011

For and on behalf of the Board

Sd/-
Seemha Ramanna
Managing Director
Sd/-
A K Madhavan
Chief Executive Officer

Sd/-
T N V Ayyar
Director
Sd/-
Madhav Oak
Company Secretary

Mumbai: 29th August' 2011

Vijay Paranjpe
Chief Financial Officer

SCHEDULES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2011

	YEAR ENDED 31ST MARCH, 2011 (RUPEES)	YEAR ENDED 31ST MARCH, 2010 (RUPEES)
SCHEDULE - A		
SHARE CAPITAL		
AUTHORISED		
30,000,000 (Previous Year: 30,000,000) Equity shares of Rs. 10 each	<u>300,000,000</u>	<u>300,000,000</u>
	<u>300,000,000</u>	<u>300,000,000</u>
ISSUED, SUBSCRIBED AND PAID UP		
22,585,178 (Previous Year: 22,585,178) Equity shares of Rs. 10 each fully paid-up	225,851,780	225,851,780
Of the above :		
(1) 487,500 (Previous Year: 487,500) Equity shares are allotted as fully paid-up pursuant to contracts without payments being received in cash		
(2) 660,800 (Previous Year: 660,800) Equity shares are issued as fully paid-up by way of bonus shares by capitalisation of general reserve of Rs. 6,500,000 (Year : 1994 Rs. 6,500,000) and surplus in the profit and loss account of Rs. 108,000 (Year : 1994 Rs. 108,000)		
	<u>225,851,780</u>	<u>225,851,780</u>
SCHEDULE - B		
RESERVES AND SURPLUS		
Securities Premium:		
As per last balance sheet	1,101,461,954	1,101,461,954
Add: On equity shares to be issued on amalgamation (Refer Note No. 4 (ix) of Schedule No. S)	1,541,367,837	-
Less: Transfer from Profit & Loss account (Refer Note No. 4 (x) of Schedule No. S)	(1,772,903,152)	-
	<u>869,926,639</u>	<u>1,101,461,954</u>
Revaluation Reserve:		
As per last balance sheet	1,291,999	1,321,815
Less: Transferred to profit and loss account	(29,816)	(29,816)
	<u>1,262,183</u>	<u>1,291,999</u>
Capital Reserve on Consolidation	165,473,985	-
	<u>1,036,662,807</u>	<u>1,102,753,953</u>
SCHEDULE - C		
SECURED LOANS		
From Banks		
(1) Vehicle loans from ICICI Bank Limited (Secured by hypothecation of vehicles acquired under said loans.)	1,746,333	236,744
(2) Cash credit from State Bank of India (Secured by lien on a fixed deposit of Rs. 50,000,000 and charge by way of hypothecation of book-debts / receivables and machineries of the Company [excluding fixed assets charged exclusively (Refer note (3) below)] both present and future and by the personal guarantee of the Managing Director to the extent of Rs. 1.37 Cr. and corporate guarantee by one of the Company's step-down subsidiaries. Further, the loan is also secured by pledge of 200,000 Equity shares held in the Company by the Managing Director.)	201,777,138	55,535,615
3) Foreign Currency Demand Loan from State Bank of India (Current Year, Previous Year - see note 2 above)	-	68,317,611

SCHEDULES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2011

	YEAR ENDED 31ST MARCH, 2011 (RUPEES)	YEAR ENDED 31ST MARCH, 2010 (RUPEES)
4) Term Loan from State Bank of India (Hypothecation of fixed assets purchased out of the loan)	-	5,069,154
5) Term Loan from IDBI Bank Ltd (First charge on negatives of proposed film & first charge on all revenues/ receivables of the project. First charge on any letter of credit, guarantee or performance bond related to the project. First charge on dedicated current account relating to project, First charge on moveable assets of the company comprising of computer hardware worth Rs.2.19 crore and by the personal guarantee of the Managing Director. Further, the loan is also secured by pledge of 250,000 Equity shares held in the Company by the Managing Director.)	79,196,198	50,000,000
From Others		
6) Financing from Hewlett-Packard Financial Services (India) Private Limited (Exclusive hypothecation/charge on the specific Fixed assets of the Company)	901,075	1,897,187
7) Loan from Newbridge Film Capital LLC (Secured against Company's Interest in underproduction Norm of the North) (Refer Note No. 6 of Schedule No. S)	262,283,900	-
	545,904,644	181,056,311
SCHEDULE - D		
UNSECURED LOAN		
From Others:		
Financing from Hewlett- Packard Financial Service (India) Private Limited [Of the above Rs.225,313 (Previous Year : Rs.225,313) is due within one year]	225,313	225,313
Inter Corporate Deposits [Of the above Rs. 30,000,000 (Previous year: Rs. Nil) is due within one year]	30,000,000	-
	30,225,313	225,313

SCHEDULE - E FIXED ASSETS

Description	Gross Block			Depreciation / amortisation			Net Block	
	As at 1st April, 2010	Additions during the year	Deductions during the year	As at 31st March, 2011	For the year	On deductions during the year	As at 31st March, 2011	As at 1st April, 2010
A. Owned Assets								
I. Tangible Assets:								
Building (Refer * below)	9,745,489	-	-	9,745,489	158,851	-	2,039,587	7,864,754
Leasehold improvements	14,918,012	-	-	14,918,012	2,164,481	-	14,918,012	2,164,481
Plant and machinery	148,272,356	-	-	148,272,356	6,075,516	-	132,713,081	21,634,791
Computers - Hardware	208,154,962	3,890,693	-	212,045,655	17,115,990	-	182,625,240	42,645,712
Furniture, fixtures and office equipment	45,809,055	-	-	45,809,055	4,035,511	-	26,100,276	23,744,289
Vehicles	11,245,498	2,770,440	6,838,683	7,177,255	793,421	3,362,291	2,586,635	6,089,993
Subtotal (A) (I)	438,145,372	6,661,133	6,838,683	437,967,822	30,343,770	3,362,291	360,982,833	104,144,019
Previous year	421,811,450	18,725,832	2,391,911	438,145,371	45,511,980	1,722,565	334,001,352	
II. Intangible Assets:								
Goodwill arising on consolidation	5,900,445	-	-	5,900,445	-	-	5,900,444	-
Copyrights	8,521,679	-	-	8,521,679	-	-	8,521,634	45
Software	312,421,474	32,527	1,586,780	310,867,221	39,828,534	178,241	278,312,313	73,759,455
Share in revenue of animated television serial, features & other media	170,304,548	-	-	170,304,548	34,676,841	-	69,967,730	135,013,660
Subtotal (A) (II)	497,148,145	32,527	1,586,780	495,593,892	74,505,374	178,241	362,702,121	208,773,159
Previous year	474,146,273	71,583,123	48,581,251	497,148,146	39,279,271	42,494,858	288,374,986	-
Total owned assets (A)	935,293,517	6,693,660	8,425,463	933,561,714	104,849,144	3,540,532	723,684,952	312,917,179
Previous year	895,957,723	90,308,955	50,973,162	935,293,516	84,791,250	44,217,423	622,376,337	
B. Assets acquired on finance lease:								
I. Tangible Assets:								
Plant & Machinery	4,179,296	-	-	4,179,296	556,707	-	1,563,746	3,172,257
Computers - Hardware	114,327,336	-	-	114,327,336	18,420,280	-	69,900,674	62,846,943
Sub Total (B) (I)	118,506,632	-	-	118,506,632	18,976,988	-	71,464,420	66,019,200
Previous year	118,602,068	-	95,436	118,506,632	19,087,525	20,175	52,487,432	
II. Intangible Assets:								
Computer Software	1,141,920	-	-	1,141,920	228,384	-	872,977	497,327
Sub Total (B) (II)	1,141,920	-	-	1,141,920	228,384	-	872,977	497,327
Previous year	1,141,920	-	-	1,141,920	228,384	-	644,593	
Total assets acquired on finance lease (B)	119,648,552	-	-	119,648,552	19,205,372	-	72,337,397	66,516,527
Previous year	119,743,988	-	95,436	119,648,552	19,315,909	20,175	53,132,025	
Total (A+B)	1,054,942,069	6,693,660	8,425,463	1,053,210,266	124,054,516	3,540,532	796,022,349	379,433,707
Previous year	1,015,701,711	90,308,955	51,068,598	1,054,942,068	104,107,159	44,237,598	675,508,361	

* Includes addition of Rs. 1,829,136 on account of revaluation made in the financial year 1993-1994 for Premises.

* Includes Rs. 500 (previous year Rs. 500) representing 10 unquoted fully paid shares at Rs. 50 each in Neelam centre industrial premises co-operative society limited

SCHEDULES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2011

	YEAR ENDED 31ST MARCH, 2011 (RUPEES)	YEAR ENDED 31ST MARCH, 2010 (RUPEES)
SCHEDULE - F		
INVESTMENTS		
A) Long Term Investments - {Trade, Unquoted (at cost)} :		
Crest Alpha LLC, USA	55,569,480	204,579,706
Norm Financing LLC, USA	74,464,890	37,866,553
TLC Entertainment and SCCA/K10C Inc	4,560,469	13,930,254
Less: Provision for diminution in value	<u>3,203,306</u>	<u>9,369,785</u>
	1,357,163	4,560,469
B) In Others		
BENEFICIAL INTEREST IN TRUST	493,051,757	-
(Refer Note No. 4 of Schedule No. S)		
	<u>624,443,290</u>	<u>247,006,728</u>
SCHEDULE - G		
INVENTORIES (at cost or NRV whichever is less)		
Work-in-process	335,511,457	386,792,673
	<u>335,511,457</u>	<u>386,792,673</u>
SCHEDULE - H		
SUNDRY DEBTORS (unsecured)		
Debts outstanding for a period exceeding six months		
Considered good	11,743,486	30,711,155
Considered doubtful	33,936,535	17,373,574
Other Debts: Considered good	<u>13,908,367</u>	<u>1,727,166</u>
	59,588,388	49,811,895
Less: Provision for doubtful debts	<u>33,936,535</u>	<u>17,373,574</u>
	<u>25,651,853</u>	<u>32,438,321</u>
SCHEDULE - I		
CASH AND BANK BALANCES		
Cash on hand	46,220	7,240
Balances with scheduled banks:		
- on current accounts	979,216	2,125,064
- on fixed deposit accounts (under lien)	53,382,174	56,554,000
Balances with overseas banks:		
- on current accounts	5,803,191	25,262,046
- on fixed deposit (pledged as collateral Rs.22,335,000 (Previous year: Rs.22,335,000))	<u>43,194,399</u>	<u>64,233,450</u>
	103,405,200	148,181,800
Share of Joint Ventures	<u>17,522</u>	<u>970,880</u>
	<u>103,422,722</u>	<u>149,152,680</u>
SCHEDULE - J		
OTHER CURRENT ASSETS		
Unamortised premium on forward contract	-	399,949
Unbilled Revenue	228,289,315	100,165,166
Interest accrued on fixed deposits with banks	<u>2,888,263</u>	<u>2,467,766</u>
	<u>231,177,578</u>	<u>103,032,881</u>

Crest Animation Studios Limited

SCHEDULES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2011

	YEAR ENDED 31ST MARCH, 2011 (RUPEES)	YEAR ENDED 31ST MARCH, 2010 (RUPEES)
SCHEDULE - K		
LOANS AND ADVANCES (unsecured)		
- Considered good		
Advances to associates	-	434,907
Advances recoverable in cash or in kind for value to be received (Refer Note 6 on Schedule S)	401,237,141	17,391,855
Sundry deposits	23,258,686	21,264,574
Advance tax [net of provisions of Rs. Nil (Previous Year: Rs.3,850,000)]	5,837,457	11,170,128
Mat credit entitlement	1,000,000	1,000,000
	<u>431,333,284</u>	<u>51,261,464</u>
- Considered doubtful		
Advances recoverable in cash or in kind for value to be received	62,458,020	62,458,020
Inter corporate deposits including interest accrued	56,850,000	56,850,000
	<u>119,308,020</u>	<u>119,308,020</u>
Less: Provision for doubtful balances	<u>(119,308,020)</u>	<u>(119,308,020)</u>
	<u>431,333,284</u>	<u>51,261,464</u>
SCHEDULE - L		
CURRENT LIABILITIES		
Sundry creditors (Refer Note 16 on Schedule S)	192,624,053	26,532,249
Lease liability	21,531,433	48,434,115
Other liabilities	6,604,765	38,152,746
Forward contract payable (net)	-	6,878,000
Advance from customers	-	49,187,432
Advance received from associates	-	2,020,156
	<u>220,760,250</u>	<u>171,204,698</u>
SCHEDULE - M		
PROVISIONS		
Compensated absences	7,852,410	7,406,462
Gratuity	5,429,658	3,738,487
	<u>13,282,068</u>	<u>11,144,949</u>
SCHEDULE - N		
MISCELLANEOUS EXPENDITURE		
(To the extent not written off or adjusted)		
Preliminary Expenses	-	148,868
Less : Written off during the year	-	18,785
	<u>-</u>	<u>130,083</u>
SCHEDULE - O		
OTHER INCOME		
Interest (Gross):		
On bank deposits [tax deducted at source Rs. 390,827 (previous year Rs.953,158)]	3,908,227	5,737,341
Others [tax deducted at source Nil (previous year Nil)]	685,490	67,542
Foreign Exchange Gain (Net)	242,422	-
	<u>4,836,139</u>	<u>5,804,883</u>
Credit balances written back	91,370	3,003,734
Reversal of provision for doubtful advance	-	2,000,000
License fees received on software	-	19,216,000
Miscellaneous Income	673,382	1,758,026
	<u>5,600,891</u>	<u>31,782,643</u>

SCHEDULE ANNEXED TO AND FORMING PART OF THE CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH , 2010

	YEAR ENDED 31ST MARCH, 2011 (RUPEES)	YEAR ENDED 31ST MARCH, 2010 (RUPEES)
SCHEDULE - P		
EMPLOYEE COST		
Salaries, wages and bonus	108,795,435	165,025,334
Employee stock compensation expenses	-	36,438,800
Contribution to provident and other funds	2,139,573	1,851,364
Staff welfare expenses	8,807,808	6,863,975
	<u>119,742,816</u>	<u>210,179,473</u>
SCHEDULE - Q		
OTHER OPERATING EXPENES		
Retainership fees	67,923,181	87,134,725
Sub-contracting charges	54,570,233	149,515,277
Electricity charges	12,016,448	13,661,570
Rent	46,576,396	44,260,975
Rates and taxes	2,120,338	931,297
Insurance	3,476,032	4,811,264
Legal and professional charges	15,366,335	7,900,310
Foreign Exchange Loss (net)	-	21,432,283
Premium on forward exchange contract amortised	-	1,199,851
Travelling and conveyance	9,298,912	14,470,573
Communication expenses	3,462,672	3,521,240
Utilities and services	2,505,266	2,408,260
Consumable stores and spares	109,300	125,464
Repairs and maintenance:		
Buildings	315,765	87,076
Machinery and equipment	2,955,404	656,774
Others	738,310	673,288
Investment / Goodwill in subsidiary written off	-	14,868,815
Provision for doubtful debts	14,708,687	-
Provision for Diminution in value of investment	-	541,493
Inventory Written Off	57,038,639	-
Directors' sitting fees	622,454	484,409
Loss on sale of asset	1,812,308	569,371
Preliminary expenditure off	-	18,785
Loss on Invest K10 LLC	3,203,306	-
Advance Written Off	5,348,336	-
Assets written off	1,408,539	-
Interest Receivable Written off	977,246,	-
Miscellaneous expenses	9,645,620	3,069,205
	<u>316,199,727</u>	<u>372,342,305</u>
Share of Joint Ventures	44,289,	46,599
	<u>316,244,016</u>	<u>372,388,904</u>
SCHEDULE - R		
INTEREST AND FINANCE CHARGES		
Interest		
On fixed loans	103,625	1,629,542
Others	65,280,612	21,737,975
	<u>65,384,237</u>	<u>23,367,517</u>
Finance charges		
On leases	2,527,100	6,437,659
Others	4,772,816	4,508,044
	<u>7,299,917</u>	<u>10,945,703</u>
	<u>72,684,153</u>	<u>34,313,220</u>

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2011

	YEAR ENDED MARCH 31, 2011 (RUPEES)	YEAR ENDED MARCH 31, 2010 (RUPEES)
A CASH FLOWS FROM OPERATING ACTIVITIES		
Profit / (Loss) before tax	(1,712,954,506)	8,268,638
Adjustment for:		
Write off of Interest receivables	977,246	-
Prior Period Adjustment	(21,867)	124,385
Depreciation	124,054,516	104,077,343
Preliminary Expenses written off	-	18,785
Goodwill on Amalgamation impaired	1,610,608,338	-
Goodwill in Subsidiary written off	-	6,042,799
Loss on sale of fixed assets	1,812,308	569,371
Interest income	(4,593,717)	(5,804,883)
Interest expenses	72,684,153	34,313,220
Credit balance written back	(91,370)	(3,003,734)
Reversal of Provision written back	-	(2,000,000)
Debit Balance Written Off	-	991,658
Employee Stock Compensation Cost	-	36,438,800
Share in Associate	-	(343,380)
Inventory Written Off	57,038,639	-
Assets written off	1,408,539	-
Provision for Doubtful Debts	14,708,687	-
Provision for dimunition in value of investments	3,203,306	-
Advance written Off	5,348,336	-
Unrealised foreign exchange (gain) / loss (net)	7,504,646	6,666,886
Operating profit before working capital changes	181,687,253	186,359,888
Movements in working capital:		
Decrease / (increase) in sundry debtors	(11,295,290)	10,247,578
Decrease / (Increase) in Other Current Assets	(127,866,908)	20,305,844
Decrease / (Increase) in inventories	(95,884,120)	(82,958,969)
Decrease / (Increase) in loans and advances	(277,514,979)	1,152,630
Increase / (Decrease) provisions	2,137,119	1,412,074
Increase / (Decrease) in Deferred Revenue	(18,758,675)	-
Increase / (Decrease) in current liabilities	99,453,610	(52,029,907)
Cash generated from operations	(248,041,990)	84,489,138
Direct taxes (paid) / received	5,723,498	(6,169,164)
Net cash from / (used in) operating activities	(242,318,492)	78,319,974
B CASH FLOWS FROM INVESTING ACTIVITIES		
Investment in & Advance to an associate companies	(94,228,327)	(36,196,765)
Loans given	(14,294,400)	-
Purchase of fixed assets	(7,398,687)	(89,488,394)
Proceeds from sale of fixed assets	1,700,000	6,261,629

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2011

	YEAR ENDED MARCH 31, 2011 (RUPEES)	YEAR ENDED MARCH 31, 2010 (RUPEES)
Receipt on maturity of fixed deposit	26,375,792	48,788,467
Interest received	2,805,147	9,642,902
Net cash used in investing activities	(85,040,475)	(60,992,161)
C CASH FLOWS FROM FINANCING ACTIVITIES		
Finance lease payment	(26,518,444)	(36,981,751)
Proceeds from short-term borrowings (Net)	340,207,812	(22,704,838)
Proceeds from long-term borrowings	60,705,787	50,000,000
Repayment of long-term borrowings	(6,065,266)	(13,210,179)
Finance Charges on Lease Payments	(1,845,048)	(6,437,659)
Interest paid on fixed loan & others	(58,480,029)	(23,103,075)
Net cash from financing activities	308,004,812	(52,437,502)
Net decrease in cash and cash equivalents (A+B+C)	(19,354,156)	(35,109,689)
Cash and cash equivalents at the beginning of the year	28,365,220	63,488,568
Effect of exchange difference on cash and cash equivalents	-	(13,649)
Cash and cash equivalents at the end of the year	9,011,064	28,365,230
Components of cash and cash equivalents		
Cash on hand	46,220	7,240
Balance with scheduled banks		
In Current accounts	8,964,844	28,357,990
Fixed deposit accounts under lien	94,411,658	120,787,450
Cash and cash equivalents in cash flow statement	103,422,722	149,152,680
Less: Fixed Deposit under lien and restricted cash	(94,411,658)	(120,787,450)
Net Cash and cash equivalent in cash flow statement	9,011,064	28,365,230
Notes to the cash flow statement		
Previous year's figures have been regrouped where necessary.		

For and on behalf of the Board
For S. R. Batliboi & Associates
 Firm Registration No. 101049W
 Chartered Accountants
Sd/-
per Govind Ahuja
 Partner
 Membership No. : 48966

Mumbai; 29th August, 2011

For Chaturvedi & Shah
 Firm Registration No. 101720W
 Chartered Accountants
Sd/-
Amit Chaturvedi
 Partner
 Membership No. : 103141

Mumbai; 29th August, 2011

Sd/-
Seemha Ramanna
 Managing Director

Sd/-
A K Madhavan
 Chief Executive Officer

Sd/-
Madhav Oak
 Company Secretary
 Mumbai; 29th August, 2011

Sd/-
T N V Ayyar
 Director

Sd/-
Vijay Paranjpe
 Chief Financial Officer

Crest Animation Studios Limited

SCHEDULE - S NOTES TO ACCOUNTS

1. Nature of Operations

Crest Animation Studios Limited is a full-service studio specializing in the development and production of digital animated properties for theatrical, television, home entertainment and interactive distribution for the global entertainment industry.

2. Statement of Significant Accounting Policies

a) Principles of Consolidation:

- (i) The consolidated financial statements are prepared under historical cost convention on an accrual basis and are in accordance with the requirements of Accounting Standard – 21 “Consolidated Financial Statements”, Accounting Standard - 23 “ Accounting for Investments in Associates in Consolidated Financial Statements” and Accounting Standard – 27 “Financial Reporting of Interests in Joint Ventures”.
- (ii) The financial statements of the company and its subsidiary companies are consolidated on line by line basis by adding together the book values of like items of assets, liabilities, income and expenses, after eliminating all significant intra group balances and unrealised profits on intra group transactions.
- (iii) The difference between the cost of investment in the subsidiaries, over the net assets at the time of acquisitions of the share in the subsidiaries is recognised in the financial statements as goodwill or

capital reserves as the case may be.

- (iv) As far as possible consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented in the same manner as the Companies separate financial statements.
- (v) Minorities Interest in net profit/loss of the consolidated subsidiaries for the year is identified and adjusted against income in order to arrive at the net income attributable to the shareholders of the company. Minorities’ Interest in the net assets of the consolidated subsidiary is identified and presented separately in the consolidated financial statements.
- (vi) In case of Associates, where the Company holds more than 20% of equity capital, Investment in Associates are accounted for using the equity method.
- (vii) These financial statements comprise: the consolidation of the financial statements of Crest Animation Studios Limited, the Parent Company, and the financial statements of its Subsidiaries (the Parent Company and its Subsidiaries constitute ‘the Group’); accounting of interest in joint ventures using proportionate consolidation method; and accounting for investments in an associate using the equity method.

The lists of subsidiary companies which are included in the consolidation with their respective countries of incorporation, the Group’s holding therein are as given below:

Name of the Company	Country of Incorporation	Ownership interest held as at	
		31-Mar-11	31-Mar-10
Subsidiaries held directly			
Crest Animation Inc. (Previously known as Crest Animation Intermediate Inc)	U.S.A.	100.00%	85.64%
Crest Interactive Limited **	India	**	100.00%
Crest Communication Holdings Limited **	Mauritius	**	100.00%
Subsidiaries held indirectly			
Crest Animation Holdings Inc. **	U.S.A	**	85.64%
Crest Animation Productions Inc.	U.S.A	100.00%	85.64%
Roop BDR Productions Inc.	U.S.A	100.00%	85.64%
Crest Communication (Singapore) Pte. Ltd.	Singapore	-	-*
Crest Entertainment (Singapore) Pte. Ltd.	Singapore	-	-*

*The Companies have ceased their operations on 31st October 2009.

** Merged with company w.e.f. 1st April 2010.

Particulars	Ownership		Country of Incorporation	Relationship with Parent
	March 31, 2011	March 31, 2010		
Interest in Crest Alpha, LLC,	45%	35%	U.S.A.	Associate
Interest in, Magic Pebble, LLC	50%	50%	U.S.A.	Joint venture

- (viii) For the purpose of preparation of the consolidated financial statements, in case of foreign subsidiaries/ associates, items of the balance sheet and profit and loss account are translated into Rupees as prescribed in the Accounting Standard – 11 “The Effects of Changes in Foreign Exchange Rates (revised 2003)”.

For this purpose, the operations of the subsidiaries/ associates are considered as integral part of the operations of the Parent Company having regard to the exercise of managerial control by the Parent Company and the nature of transactions between the Parent Company and the subsidiaries.

The net difference arising on account of translation is recognised as “Foreign currency translation adjustments” in the consolidated profit and loss account.

- (ix) Foreign currency translation reserve of Rs. 1,203,808 shown in the previous year consolidated balance sheet represents the translation adjustments up to 31st March, 2004, being the period up to which the foreign subsidiaries were treated as non-integral foreign operations.
- (x) The financial statements of the entities used for the purpose of consolidation are drawn up to the same reporting date as that of the Company i.e. year ended 31st March, 2011.

b) Use of estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the year. Although these estimates are based upon management’s best knowledge of current events and actions, actual results could differ from these estimates.

c) Fixed Assets:

Owned assets are stated at cost of acquisition including incidental expenses related to acquisition and installation or at revalued amounts, wherever are applicable, less accumulated depreciation and impairment losses if any. Cost comprises the purchase price and any other attributable cost of bringing the assets to its working condition for its intended use.

d) Impairment:

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset’s net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life. A previously recognised impairment loss is increased or reversed depending on changes in circumstances. However the carrying value after reversal is not increased beyond the carrying value that would have prevailed by charging usual depreciation if there was no impairment.

e) Depreciation & Amortisation:

- (i) Depreciation on tangible assets is provided on the Straight Line Method at the rates prescribed in schedule XIV of the Companies Act, 1956, except in respect of leasehold improvement and certain furniture, fixtures and office equipments, where

depreciation is provided over a period of five years.

- (ii) Depreciation on intangible assets is provided on the straight-line method. Copyrights are amortised over the expected period of exploitation ranging from 24 months to 120 months. Software is being amortised over a period of 60 months being the estimated useful life.
- (iii) The excess of depreciation provided on re-valued fixed assets over the amount computed with reference to the original costs thereof is withdrawn from revaluation reserve and transferred to the profit and loss account.

f) Investments:

- (i) Investments in associate are accounted in accordance with AS – 23 “Consolidated Financial Statements” at the cost of investments adjusted the Parent Company’s share of profit or loss in the associate.
- (ii) Investments that are readily realisable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments.
- (iii) Long term investments are stated at cost less provision for diminution in the value to recognise a decline, other than temporary, wherever applicable. Cost includes expenditure attributable to the acquisition of investments.

g) Inventories:

- (i) Work-in-process is valued at cost or at net realisable value whichever is lower. Work-in-process in respect of television serials includes pro-rata cost attributable to modelling and preparatory costs of projects, amortised appropriately as per the progressive execution of contracts/ projects. Work-in-process in respect of feature film includes pro-rata cost attributable to start ups, modelling and preparatory costs of projects, amortised appropriately.
- (ii) The costs incurred for development of film properties by the subsidiary, Crest Animation Holdings Inc, are capitalized as “Development Cost” and in the event a film is not set for production within three years from the time of the first capitalization, all such costs are written off unless the company has committed to a plan to produce and sell such films, in accordance with SOP 00-2 under US GAAP in Subsidiary Companies.

h) Revenue recognition:

Revenue is primarily in the nature of animation services for television serials, features and other media and exploitation of intellectual property rights in television serials, features and other media. Contracts in respect of television serials are divisible into individual episodes, unlike features and other media where there is generally only one deliverable.

Revenue is recognised on the following basis:

Television serials : When the relevant episode is transmitted on completion.

Features : Revenue is recognised in the proportion of contract costs incurred for work performed to the estimated total contract costs. Provisions for estimated losses on uncompleted contracts are made in the year on which such losses are determined.

Unbilled Revenue represents excess of revenue recognised based on percentage of completion over the progress billing as per the contract.

Other media : When delivered on completion except in respect of contracts of long-term nature where revenue is recognised on the basis similar to features.

Rights to share revenue in television serials, features and other media : As per the terms of the agreement.

Sale of feature film : When the following conditions are met: (i) persuasive evidence of a sale or licensing arrangement with a customer exists; (ii) the film is complete and has been delivered or is available for immediate and unconditional delivery; (iii) the license period of the arrangement has begun and the customer can begin its exploitation, exhibition or sale; (iv) the arrangement fee is fixed or determinable and (v) collection of the arrangement fee is reasonably assured.

Amounts received from customers prior to the availability date of the product are included in unearned revenue.

Theatrical distributions : At the later of: (i) when films are exhibited in theatres; and (ii) when theatrical revenues are reported by third parties. International results are generally reported by distributors a month in arrears.

Sale of home video units: : At the later of: (i) when product is made available for retail sale; and (ii) when third parties, such as fulfilment service providers or distributors, report video sales to customers. International results are generally reported by distributors a month in arrears.

Revenue associated with the licensing of home entertainment product under revenue-sharing agreement is recorded as earned under the terms of the underlying agreements.

Free and pay television licensing : At the later of: (i) when the production is made available for exhibition; and (ii) when revenues are reported by third parties.

Licensing and merchandising : When the associated films have been released and the criteria for revenue recognition have been met. In most instances, this generally results in the recognition of revenue in periods when royalties are reported by licensees or cash is received.

Revenue from technical, creative : : When services are rendered, according to the term of agreements. and marketing consultancy services

Unbilled Revenue represents excess of revenue recognized based on percentage of completion over the progress billing as per the contract.

Interest:-

Revenue is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

Dividends:-

Revenue is recognised when the shareholders' right to receive payment is established by the balance sheet date.

i) Borrowing Cost

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds

j) Foreign currency transactions**(i) Initial Recognition**

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

(ii) Conversion

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction and non-monetary items which are carried at fair value or other similar valuation denominated in foreign currency are reported using exchange rates that existed when the values are determined.

(iii) Exchange Differences

Exchange differences arising on the settlement of monetary items or on reporting monetary items of company at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or as expenses in the year in which they arise.

(iv) Forward Exchange Contracts not intended for trading or speculation purposes

The premium or discount arising at the inception of forward exchange contracts is amortized as expense or income over the life of the contract. Exchange differences on such contracts are recognised in the statement of profit and loss in the year in which the exchange rates change. Any profit or loss arising on cancellation or renewal of forward exchange contract is recognised as income or as expense for the year.

(v) Accounting For Derivatives

As per the ICAI Announcement, accounting for derivative contracts, other than those covered under AS-11, are marked to market on a portfolio basis, and the net loss after considering the offsetting effect on the underlying hedge item is charged to the profit and loss account. Net gains are ignored.

(vi) Translation of integral and non-integral foreign operations.

The financial statements of an integral foreign operation are translated as if the transactions of the foreign operation have been those of the company itself.

k) Taxation:

Tax expense comprises current, and deferred. Current tax, are measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961. Deferred tax reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to the taxes on income levied by same governing taxation laws. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations where the company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits.

The carrying amount of deferred tax assets are reviewed at each balance sheet date. The company writes-down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realised. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

Minimum Alternate Tax (MAT) credit is recognised as an asset only when and to the extent there is convincing evidence that the company will pay normal income tax during the specified period. In the year in which the MAT credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in Guidance Note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the profit and loss account and shown as MAT Credit Entitlement. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal Income Tax during the specified period.

l) Provisions:

A provision is recognised when an enterprise has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to their present values and are determined based on management estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current management estimates.

m) Leases:

Finance leases, which effectively transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the lower of the fair value and present value of the minimum lease payments at the inception of the lease term and disclosed as leased assets. Lease payments are apportioned between the finance charges and reduction of the lease liability based on the implicit rate of return. Finance charges are charged directly against income. Lease management fees, legal charges and other initial direct costs are capitalized.

If there is no reasonable certainty that the Company will obtain the ownership by the end of the lease term, capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognized as an expense in the Profit and Loss account on a straight-line basis over the lease term

n) Retirement and other benefits:

(i) Short term employee benefits are recognised as an expense at the undiscounted amount in the profit and loss account of the year in which the related service is rendered.

(ii) Post employment benefits:

(A) Defined Contribution Plan:

Provident and Family Pension Fund

The eligible employees of the Company are entitled to receive post employment benefits in respect of provident and family pension fund, in which both employees and the Company make monthly contributions at a specified percentage of the employees' eligible salary (currently 12% of employees' eligible salary). Provident Fund and Family Pension Fund are classified as Defined Contribution Plan as the Company has no further obligations beyond making the contribution. The Company's contribution to Defined Contribution Plan are charged to profit and loss account as incurred.

(B) Defined Benefit Plan:

Gratuity

The Company has an obligation towards gratuity, a defined benefit retirement plan covering eligible employees. The plan provides a lump sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount equivalent to 15 days salary payable for each completed year of service. Vesting occurs upon completion of five years of service. The Company accounts for gratuity benefits payable in future based on an independent actuarial valuation made at the year-end on

projected unit credit method. Actuarial gains and losses are recognised in the profit and loss account.

(C) Other long term employee benefits - compensated absences:

The Company provides for encashment of leave or leave with pay subject to certain rules. The employees are entitled to accumulate leave subject to certain limits for future encashment/availment. The Company makes provision for compensated absences based on an independent actuarial valuation made at the year-end on projected unit credit method. Actuarial gains and losses are recognised in the profit and loss account.

o) Cash and Cash equivalents

Cash and cash equivalents for the purposes of cash flow statement comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

p) Earnings per share:

Basic earnings per share has been calculated by dividing loss after tax attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. The Company has not issued any potential equity shares and accordingly, the basic earnings per share and diluted earnings per share are the same.

q) Employee Stock based compensation:

The Company accounts for stock based compensation for all stock based awards granted based on the estimated fair value of those awards at the grant date. The fair value of stock option awards are estimated using the Black Scholes valuation model. The Company recognizes stock based compensation cost as expense ratably on a straight line basis over the requisite service (vesting) period. Estimates of the fair value of stock options are not intended to predict actual future events or the value ultimately realized by employees, officers and consultants who receive stock option awards and subsequent event are not indicative of the reasonableness of the original estimates of fair value made by the Company. Changes to the Company's underlying stock price or satisfaction of performance criteria for performance-based awards granted to employees could significantly affects compensation expenses to be recognized in future periods. In addition, future grants of equity awards will result in additional compensation expense in future periods.

3. Commitments:

Estimated amount of contracts remaining to be executed on capital account (net of advances) and not provided for Rs. Nil (*Previous Year: Rs. 3,037,560*).

4. Scheme of Amalgamation:

The Hon'ble High Court of Bombay pronounced an Order on April 1, 2011, sanctioning the Scheme of Amalgamation under Sections 391 to 394 of the Companies Act, 1956, of two overseas subsidiaries of the Company i.e. Crest Animation

Holdings Inc., USA (CAH), Crest Communication Holdings Limited, Mauritius (CCHL) and one Indian Wholly Owned Subsidiary Company viz., Crest Interactive Limited (CIL) (Transferor Companies), with the Company with effect from the appointed date 1st April, 2010. CAH, CCHL and CIL was in the business of development & production of digital animated properties primarily feature films, investment holding company & creation of interactive platform for gaming respectively.

The Scheme became effective on July 26, 2011 upon filing of the order of the Hon'ble Bombay High Court dated 1st April, 2011 sanctioning the aforesaid scheme with the Registrar of Companies, Maharashtra, Mumbai as required under Section 394 (3) of the Companies Act, 1956 and other statutory approvals, compliances in overseas jurisdictions.

In accordance with the Scheme and as per the approval of the Hon'ble High Court of Bombay:

- i. All the assets & liabilities, rights, obligations of transferor companies have been transferred to and vested with effect from 1st April, 2010.
- ii. The amalgamation has been accounted as per the Scheme which is in accordance with the 'Purchase Method' as described in Accounting Standard – 14 "Accounting for Amalgamations" notified by the Companies (Accounting Standards) Rule, 2006 with effect from the appointed date of the Scheme being 1st April, 2010.
- iii. The investment of CAH in Crest Alpha LLC, Norm Financing LLC and Magic Pebble LLC have been taken over by the Company with effect from 1st April, 2010 and have been recorded at the fair values as per the fair valuation report given by the Salter Group. The fair value of Crest Alpha LLC as at April 1, 2010 considers the events during the year ended March 31, 2011 which primarily includes the Company's performance from theatrical release of the film in September 2010. The investment of CAH in Crest Animation Inc. has been recorded at book value as at 1st April, 2010, which in the opinion of management represents the fair value of CAH at that date.
- iv. The assets and liabilities above of the Transferor Companies other than mentioned in Point no. (iii) above have been recorded at their respective book values as per the Audited Financial Statement of the Transferor Companies for the year ended 31st March, 2010 which in the opinion of management is represents the fair value of respective assets and liabilities at that date.
- v. The Company's interest in the CAS Benefit Trust is recorded at the carrying value of the investment by the Company in the Ordinary Shares of CCHL as of the Appointed Date being 1st April, 2010.
- vi. Inter-company loans, deposits or balances as between or amongst Transferor Companies and Transferee Company, the obligations in respect thereof have been cancelled and no liability in that behalf have been recorded and corresponding effect have been given in the books of account and records of the Company for the reduction of assets or liabilities as the case may be.
- vii. The entire preference share capital (redeemable preference shares) of CCHL stands cancelled. The entire equity paid up capital of CIL stand fully cancelled. The holdings of CCHL in CAH stand cancelled.
- viii. Excess of the amount of consideration net of cost/s

and expense/s incurred in relation to implementation of scheme, over the value of net assets of transferor companies (CAH, CCHL & CIL) acquired by the company has been recognized in the company's financial statements as goodwill determined as follows, which has been written off as an exceptional item on the appointed date based on management's assessment of impairment.

CONSIDERATION	AMOUNT (Rs.)
Issue of Shares (Face value Rs. 10)	216,269,580
Premium on issue	1,541,367,837
Add: Amalgamation Expenses	30,005,823
Total Consideration	1,787,643,240
Less: Net Asset Taken Over of transferor companies	(242,206,902)
Add: Cancellation of Investment	65,172,000
Goodwill arising on Amalgamation	1,610,608,338

- ix. The Board of Directors at their meeting held on 28th July 2011 has allotted 21,626,958 equity shares of Rs. 10/- each at a premium of Rs. 71.27 per share under the Scheme of Amalgamation. The face value of such shares are shown as share capital pending allotment. These includes 1, 20, 00, 000 equity shares allotted to the CAS Benefit Trust.
- x. In pursuance of the Scheme, the Company has utilized a sum of Rs. 177, 29, 03,152/- from the Securities Premium Account for adjusting debit balance in Profit and Loss Account after giving effect to the Scheme of Amalgamation which includes effect for impairment in the value of goodwill of Rs. 161,06,08,338/- arising pursuant to the Scheme of Amalgamation.
- xi. From the effective date i.e 26th July, 2011 the authorized share capital stood increased to Rs. 50, 00, 00,000 consisting of 5, 00, 00, 000 Equity Shares of Re.10/- each without any further act or deed on the part of the Company and the Memorandum of Association and Articles of Association of the Company stand amended accordingly without any further act or deed on the part of the Company.
- xii. Crest Interactive Limited stands dissolved without being wound up from the Effective Date.
- xiii. Crest Communication Holdings Limited, Mauritius and Crest Animation Holdings Inc. made necessary applications for dissolution without winding up or otherwise cease to exist subject to and in accordance with Applicable Laws of Relevant Jurisdictions.
5. Crest Animation Holdings Inc., USA (CAH) has implemented Stock Option Plan in December, 2007 which provides for the issuance of non-qualified and/or incentive stock options to employees, officers, consultants to the Company and/or its affiliates and non-employee directors of CAH and/or its affiliates. Pursuant to the Scheme of Amalgamation as sanctioned by the Hon'ble Bombay High Court vide its order dated 1st April, 2011, the said subsidiary company has been merged with Crest Animation Studios Limited with effect from appointed date i.e. 1st April, 2010. All the options granted under the above plan have been exercised by the option holders before the effective date of the Scheme i.e. 26th July, 2011. In terms of the Scheme of Amalgamation, on July 28, 2011, the Company allotted equity shares to the eligible common stock holders of CAH which includes

equity shares allotted against the common stock issued to option holders on exercise of stock options. Accordingly, the Company has not assumed any liability under the Stock Option Plan. The financial and operating results of Crest Animation Holdings Inc., USA with effect from the Appointed Date of the Scheme have been included with the financial results of the Company for the financial year ended on March 31, 2011 which includes the Stock Option Compensation of Rs.53,16,666 (USD 116,568).

6. On November 19, 2010, the Company's US step down subsidiary, Crest Animation Holdings Inc. (CAH), now merged with the Company), entered into a Film Financing transaction with Bayrakkale LTD STI (Bayrakkale) for the purposes of co-financing the Company's animated feature film. Pursuant to the agreement, CAH had deposited US\$ 320,000 (Rs. 14,153, 600) into an escrow account & also entered into a loan, security and pledge agreement and related promissory note with Newbridge Film Capital LLC (Newbridge) for a deposit of US\$ 5,930,000 (Rs. 262, 283, 900) into the escrow account for onward payment to Bayrakkale under the terms of the agreement. The agreement with Newbridge is secured by a letter of credit favoring Newbridge from Deutsche Bank issued on behalf of Bayrakkale as well as CAH's interest in the film. However, Bayrakkale has failed to fund the film in accordance with the co-financing agreement & is in material breach of the same. Further Deutsche Bank has refused to honor the letter of credit. Newbridge and the Company have elected to move forward together against Deutsche Bank to pursue causes of action against the bank relating to the letter of credit, and to toll any potential causes of action against each other pending resolution of the matter with Deutsche Bank. The Company is pursuing all available legal options & is confident of recovering the outstanding dues and hence no provision has been recorded for the recoverable balance of Rs. 276, 437, 500 due for Bayrakkale as at March 31, 2011. As of Balance Sheet date, Bayrakkale has reimbursed CAH US\$ 150,000 for interests and costs associated with their late payments.
7. As on 31st March, 2011, the Company's investments include Rs. 74,464,890 in Norm LLC, a special purpose vehicle which is formed for the purpose of feature film Norm of the North. The company also has a receivable balance and unbilled revenue of Rs. 49,721,139 and Rs. 156,705,289 respectively relating to the film project. The financier for this film has defaulted in making contributions and the Company is in talk with an alternative financier and is confident of resumption of the project. In view of the intended recourse of the legal proceedings against the defaulted financier and positive developments for the alternate financier, the management is of the view that there is no diminution in the value of these investments, receivables and unbilled revenue and are considered to be recoverable and therefore no provision is considered necessary.
8. **Contingent liabilities not provided for:**
Disputed income-tax demands Rs. 4,325,161 (*Previous Year: Rs. 17,064,051*)
Future cash outflows in respect of contingent liability are determinable only on receipt of judgements pending at various forums.
9. **Segment reporting:**
Business Segments
The Company is engaged in providing 3D Animation i.e. full-service studio specializing in the development and production

of digital animated properties for theatrical, television, home entertainment and interactive distribution for the global entertainment industry. Management believes that the risks and returns from these services are not predominantly different from one another and hence considers the Company to operate in a single business segment.

Geographical-Segments

Geographical segment disclosures given below are based on location of the Company's customers in case of revenue. The disclosures of carrying amount of segment assets and cost incurred to acquire segment assets are based on geographical location of segment assets.

The following table shows the distribution of the Company's consolidated sales by geographical market, regardless of where the goods were produced:

Revenue	Amount in Rs.	
	Year ended 31 st March, 2011	Year ended 31 st March, 2010
India	-	-
Europe	7,384,600	2,024,980
USA	365,401,923	570,707,770
South East Asia	45,578,962	43,596,975
Total	418,365,485	616,329,725

Assets and additions to tangible and intangible fixed assets by geographical area: The following table shows the carrying amount of segment assets and addition to segment assets by geographical area in which assets are located:

Geographical Market	Amount in Rs.			
	Carrying amount of segment assets and Intangible assets		Addition to fixed assets and intangible assets	
	Year ended 31 st March, 2011	Year ended 31 st March, 2010	Year ended 31 st March, 2011	Year ended 31 st March, 2010
India	59,267,182	308,688,015	6,693,660	41,084,366
Europe	-	-	-	-
South East Asia	933,467,855	43,596,975	-	-
USA	85,358,982	342,768,058	-	49,224,589
Total	1,078,120,999	695,053,048	6,693,660	90,308,955

10. Leases

Finance lease:

Computers include Computer hardware and Computer software obtained on finance lease. The lease term is up to 48 months after which the legal title would be transferred to the lessee. There is no escalation clause in the lease agreement. There are no restrictions imposed by lease arrangements. There are no subleases.

Operating Lease:

Office premises and car are obtained on operating lease. The lease term for office premises is 36 months and for car is 48 months and renewable for further 24 months at the option of the Company in case of office premises. There is no escalation clause in the lease agreement. There are no restrictions imposed by lease arrangements.

	Finance Lease		Operating Lease	
	Year ended 31 st March, 2011 (Rupees)	Year ended 31st March, 2010 (Rupees)	Year ended 31 st March, 2011 (Rupees)	Year ended 31st March, 2010 (Rupees)
Total minimum future lease payments at the year end	24,059,701	51,289,376		
Less : amount representing finance charges	2,528,268	2,855,261		
Present value of future minimum lease payments (Rate of interest: 12.70% p.a.)	21,531,433	48,434,115		
Lease payments for the year	35,063,971	44,211,306	39,383,122	29,043,667
Minimum Lease Payments :				
Not later than one year [For finance lease: Present value Rs. 21,308,149 as on 31.03.2011 (Rs. 39,190,002 as on 31.03.2010)]	23,464,624	41,706,678	10,621,686	10,680,078
Later than one year but not later than five years [For finance lease: Present value Rs. 223,284 as on 31.03.2011 (Rs. 9,244,113 as on 31.03.2010)]	595,077	9,582,698	374,604	1,123,812

11. Related party disclosures:

Related parties and relationships

A. Related parties where control exists irrespective of whether transactions have occurred or not

Associates	Crest Alpha LLC Alpha & Omega Productions LLC
Joint venture	Magic Pebble LLC
Key Management Personnel	Mrs. Seemha Ramanna – Managing Director
Relatives of Key Management Personnel	Mr. Varun Ramanna- Son of Managing Director

B. Related Party Transactions

	Maggic Pebble, LLC (Rupees)	Alpha & Omega Productions, LLC (Rupees)	Crest Alpha, LLC (Rupees)	Mrs. Seemha Ramanna (Rupees)	Mr. Varun Ramanna (Rupees)
I. Transactions during the year					
Revenue from services	—	23,521,448	—	—	—
	(—)	(289,538,320)	(—)	(—)	(—)
Managerial remuneration	—	—	—	7,968,000	—
	(—)	(—)	(—)	(11,548,536)	(—)
Remuneration	—	—	—	—	370,831
	(—)	(—)	(—)	(—)	(259,978)
Investment and advance	—	—	—	—	—
	(—)	(—)	(—)	(—)	(—)
Guarantee commission	—	—	—	3,037,868	—
	(—)	(—)	(—)	(2,455,500)	(—)
Production advance taken	981,535	4,913,953	—	—	—
	(991,272)	(1,028,884)	(—)	(—)	(—)
Production advance given	—	—	464,105	—	—
	(—)	(—)	(378,623)	(—)	(—)
Loan Taken	—	—	—	29,644,000	—
	(—)	(—)	(—)	(—)	(—)
Loan Repaid	—	—	—	29,644,000	—

	Maggic Pebble, LLC (Rupees)	Alpha & Omega Productions, LLC (Rupees)	Crest Alpha, LLC (Rupees)	Mrs. Seemha Ramanna (Rupees)	Mr. Varun Ramanna (Rupees)
	(—)	(—)	(—)	(—)	(—)
Guarantee given	—	—	—	—	—
	(—)	(—)	(—)	(—)	(—)
Operating expenses	26,509	—	—	—	—
	(27,501)	(—)	(—)	(—)	(—)
II. Balances outstanding as at the year end					
Guarantees obtained	—	—	—	243,700,000	—
	(—)	(—)	(—)	(243,700,000)	(—)
Sundry Debtors	7,979,524	—	—	—	—
	(7,149,858)	(—)	(—)	(—)	(—)

Note: Figures in brackets are the corresponding figures in respect of the previous year.

12. Deferred taxes:

	As at 31st March, 2011 (Rupees)	As at 31st March, 2010 (Rupees)
Deferred tax liabilities		
Depreciation	(17,143,032)	(31,831,541)
Assets acquired under finance lease	(7,619,648)	(5,388,405)
	(24,762,680)	(37,219,946)
Deferred tax assets		
Provision for doubtful debts	11,272,869	6,387,011
Provision for doubtful ad- vances	24,515,823	20,746,993
Items covered under section 43B	4,411,971	3,702,074
Unabsorbed depreciation (*)	(15,437,983)	6,383,868
Carry forward business loss (*)	-	-
	24,762,680	37,219,946
Net Deferred Taxes	-	-

(*) Recognised to the extent of balance in deferred tax liability.

13. Employee benefits:

(a) Defined Contribution Plan

Contribution to defined contribution plan, recognised in the statement of profit and loss account under Employee cost, Contribution to provident and other funds, in Schedule P for the year are as under:

	As at 31st March, 2011 (Rupees)	As at 31st March, 2010 (Rupees)
Employer's contribution to Provident Fund	1,262,265	1,307,494
Employer's contribution to Family Pension Fund	295,650	316,919
	1,557,915	1,624,413

(b) Defined Benefit Plan

	As at 31st March, 2011 (Rupees)	As at 31st March, 2010 (Rupees)
I Reconciliation of opening and closing balances of Defined Benefit obligation		
Present Value of Defined Benefit obligation as at the beginning of the year	3,941,991	3,424,481
Interest Cost	315,359	391,855
Current Service Cost	1,723,880	1,816,698
Past Service Cost	1,321,169	-
Benefits paid	-	(32,885)
Net Actuarial Loss / (Gain)	(1,642,284)	(1,658,158)
Present Value of Defined Benefit obligation as at the end of the year	5,660,115	3,941,991
II Reconciliation of fair value of plan assets		
Fair value of plan assets as at the beginning of the year	203,504	132,667
Expected return on plan assets	16,280	16,813
Net Actuarial Gain / (Loss)	(2,393)	(7,025)
Employer's contribution	13,066	93,934
Benefits paid	-	(32,885)
Fair value of plan assets as at the end of the year	230,457	203,504
The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:		
Funds maintained with Life Insurance Corporation of India.	63%	59%
Bank balance	37%	41%
	100%	100%

	As at 31 st March, 2011 (Rupees)	As at 31 st March, 2010 (Rupees)
Net Liability recognised in		
III Balance Sheet		
Present Value of Defined Benefit obligation	5,660,115	3,941,991
Fair value of plan assets	230,457	203,504
Net liability recognised in Balance Sheet (unfunded)	5,429,658	3,738,487
IV Component of employer's expenses		
Current Service Cost	1,723,880	1,816,698
Past Service Cost	1,321,169	
Interest Cost	315,359	391,856
Expected Return on Plan Asset	(16,280)	(16,813)
Net Actuarial Loss / (Gain)	(1,639,891)	(1,651,134)
Total expenses recognised in the Profit and Loss Account in Schedule O, under Employee cost – Salaries, wages & bonus	13,887	16,813
V Actuarial assumptions		
Mortality Table:	LIC (1994-96)	LIC (1994-96)
Discount rate	8.25%	8.00%
Salary escalation	6.00%	6.00%
Gratuity – As per actuarial valuation as on 31 st March, 2011		
a) The discount rate is based on the benchmark rate available on Government of India securities for the tenure of 22 years.		
b) Expected rate of return on plan assets is based on our expectation of the average long term rate of return expected on investments of the Fund during the estimated term of the obligations.		
c) The estimates of future salary increases considered takes into account the inflation, seniority, promotion and other relevant factors.		
d) The company expects to contribute Rs. 2,427,551 (Previous year : Rs. 648,728) in next year.		
e) Additional disclosure as per para 120(n) of Accounting Standard – 15 (Revised)		

	Gratuity		
	2011	2010	2009
Defined benefit obligation	5,660,115	3,941,991	3,424,481
Plan assets	230,457	203,504	132,667
Surplus / (deficit)	(5,429,658)	(3,738,487)	(3,291,814)
Actuarial (gain) / loss on plan liabilities	(1,639,891)	(1,658,158)	905,125
Actuarial (gain) / loss on plan Assets	2,393	7,025	(2,567)

14. Prior period income represents tax deducted on marketing expenses of earlier years expensed out in previous year.

15. Derivative Instrument and Un-hedged Foreign Currency Exposure:

Purpose	As at 31st March, 2011		As at 31st March, 2010	
	(USD)	(Rupees)	(USD)	(Rupees)
Forward Contracts Outstanding				
Debtors	-	-	-	-
Foreign Currency demand Loan (Hedge against future payment of loan)	-	-	1,520,000	74,776,000
Un-hedged Foreign Currency Exposure				
Debtors	3,527,113	156,002,674	2,898,869	129,492,490
EEFC Account	-	-	8,749	390,836
Loans and Advances	6,250,000	276,437,500	100,297	4,480,267
Secured Loans	5,930,000	262,283,900	-	-

16. Dues to Micro, Small and Medium Enterprises

The identification of Micro, Small and Medium enterprises is based on the management's knowledge of their status. The Company has not received any intimation from "suppliers" regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006. Hence disclosures, if any, relating to amounts unpaid as at the year end together with interest paid/ payable as required under the said Act have not been made.

17. The amount of borrowing cost capitalised under inventories during the period is Rs. 18,702,900/- (previous year Rs. 4,144,864)

18. Additional information pursuant to the provisions of para 3, 4, 4C and 4D of Part II of schedule VI of the Companies Act, 1956, has been provided to the extent applicable to the company

19. Previous Year Comparatives:

Previous year's figures have been regrouped where necessary to conform to this year's classification. As indicated in schedule S Note 4, the current year figures are not comparable to previous year.

For and on behalf of the Board
For S. R. Batliboi & Associates
Firm Registration No. 101049W
Chartered Accountants
Sd/-
per Govind Ahuja
Partner
Membership No. : 48966

Mumbai; 29th August, 2011

For Chaturvedi & Shah
Firm Registration No. 101720W
Chartered Accountants
Sd/-
Amit Chaturvedi
Partner
Membership No. : 103141

Mumbai; 29th August, 2011

Sd/-
Seemha Ramanna
Managing Director

Sd/-
A K Madhavan
Chief Executive Officer

Sd/-
Madhav Oak
Company Secretary
Mumbai; 29th August, 2011

Sd/-
T N V Ayyar
Director

Sd/-
Vijay Paranjpe
Chief Financial Officer

SUMMARIZED STATEMENT OF FINANCIALS OF SUBSIDIARY COMPANIES

(Amount in Rs.)

Sr. No.	Particulars	Crest Animation Inc.	Crest Animation Production Inc.	Roop BDR Productions Inc.
1	Capital	158501390	--	--
2	Reserves	--	--	--
3	Total Assets	31317626	317703692	--
4	Total Liabilities	(127183763)	317703692	--
5	Investments			
	A) Long Term (Non-trade Investments)	2858496	87683454	--
	B) Current Investments	28459174	230020194	--
	a. Unquoted Equity Shares	--	--	--
	b. Quoted Equity Shares	--	--	--
	c. Units	--	--	--
	Total Current Investments	28459174	230020194	--
	Total Investments (A+B)	31317671	317703648	--
6	Turnover	--	--	--
7	Profit Before Tax	(65910352)	--	--
8	Provision for Tax	106152	--	--
9	Profit After Tax	(66016504)	--	--
10	Proposed Dividend (Excluding Tax on Dividend)	--	--	--
11	Original Currency	US\$	US\$	US\$
12	Exchange rate as on 31 st March, 2011 in INR	44.23	44.23	--

Sd/-
Seemha Ramanna
Managing Director

Sd/-
T N V Ayyar
Director

Sd/-
A K Madhavan
Chief Executive Officer

Sd/-
Vijay Paranjpe
Chief Financial Officer

Sd/-
Madhav Oak
Company Secretary
Mumbai, 29th August, 2011

CREST ANIMATION STUDIOS LIMITED

Registered Office: 401 & 501, Raheja Plaza-1 L.B.S. Marg, Ghatkopar West, Mumbai – 400 086

ATTENDANCE SLIP
TWENTY FIRST ANNUAL GENERAL MEETING, FRIDAY, SEPTEMBER 30, 2011

I hereby record my presence at the Twenty First Annual General Meeting of the Company (including adjournment thereof) at the Emperor Hall, Hotel Kohinoor Park, Veer Savarkar Marg, Prabhadevi, Mumbai – 400 025, on Friday, September 30, 2011 at 11.00 a.m

Folio No. _____ DP ID* _____ Client ID* _____

No. of Shares held _____

_____ Full name of the Shareholder/Proxy (in block letters)

_____ Signature

Note : Shareholders attending the Meeting in person or by Proxy are requested to complete the attendance slip and hand over at the entrance of the hall.



CREST ANIMATION STUDIOS LIMITED

Registered Office: 401 & 501, Raheja Plaza-1 L.B.S. Marg, Ghatkopar West, Mumbai – 400 086

PROXY FORM
Twenty First Annual General Meeting, Friday, September 30, 2011

Folio No. _____ DP ID* : _____ Client ID*: _____

I/We _____ of _____

_____ In the district of _____

_____ being a member(s) of the above named Company, hereby appoint _____

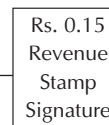
of _____ in the district of _____ or failing him _____

_____ of _____ in the district of _____

_____ as my/our proxy to vote for me/us on my/our behalf at the Twenty First Annual General Meeting of the Company (including adjournment thereof) to be held on at Emperor Hall, Hotel Kohinoor Park, Veer Savarkar Marg, Prabhadevi, Mumbai – 400 025, on Friday, September 30, 2011 at 11.00 a.m. and at any adjournment thereof.

Signed this _____ day of _____ 2011

Signature _____



- Note : 1. The proxy need not be a member
 2. The Proxy Form duly completed should be deposited at the Registered Office of the Company at Mumbai not later than 48 hours before the time of the meeting.

* applicable for investor holding shares in electronic form.

