



CREST ANIMATION STUDIOS LIMITED

August 17, 2011

The General Manger
Department of Corporate Services
Bombay Stock Exchange Ltd.
P.J. Towers, Dalal Street,
Fort, Mumbai 400 001
Fax No.22723121/3719/2037

Asst. Vice President
Listing Department
National Stock Exchange Ltd.
"Exchange Plaza"
Bandra Kurla Complex
Bandra (E) Mumbai 400 051.
Fax No.26598237/38

Dear Sirs,

Sub.: Signing of Memorandum of Understanding with Reel FX Inc. for production of CGI animated/hybrid films

Crest Animation Studios Limited (Crest) has entered into an understanding to form a Joint Venture with Reel FX Inc., a successful US based animation and FX studio which is owned by Mr. Tom Kartsotis, a successful entrepreneur in the consumer products business and founder of Fossil, Inc. (listed on NASDAQ).

Reel FX Inc. is a texas based corporation founded in 1993 which is having studio facilities in California and Dallas. Reel FX Inc. creates high-quality digital imagery including visual effects, animation, design, audio and creative editorial services for feature films, multimedia, advertising, television and interactive visual media for a blue chip roster of clients representing major Hollywood Studios and top consumer products companies. The latest film delivered by Reel FX Inc. was "Open Season 3" which was distributed by Sony.

The objective of the Joint Venture is to finance and produce slate of ten CGI animated/hybrid feature films over a period of 7-8 years. The films will be developed by top talent in Hollywood under the supervision of Mr. Cary Granat, Ex CEO of Walden Media. Mr. Cary Granat is particularly adept at developing intellectual property, building franchises and finding and developing new revenue models for content. He successfully re-launched the estates of and secured the rights for developing some of the most beloved adventures of all time: J. R. Tolkien's Lord of the Rings trilogy, C.S. Lewis' Chronicles of Narnia, E. B. White's Charlotte's Web, Kings-Smith's The Water Horse, Katherine Paterson's Bridge to Terabithia and author Jules Verne's Journey to the Centre of the Earth. The films to be produced under the Joint Venture will be distributed by major studios in Hollywood. Under the proposed Joint Venture, Reel FX shall be the main Creative Partner and Crest is envisaged to be the animation services provider from which Crest is expected to earn revenue of more than USD 100 millions over a period of



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4-5 years. The parties to the proposed Joint Venture are intended to invest more than USD 220 millions in the form of combination of equity and debt.

This is for your information and records, please.

Thanking you,

Yours faithfully,
For Crest Animation Studios Limited

Madhav Oak
Company Secretary

