



CREST ANIMATION STUDIOS LIMITED

August 23, 2010

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

Asst. Vice President,
Listing Department,
The National Stock Exchange
of India Limited
"Exchange Plaza",
Bandra Kurla Complex,
Bandra (E) Mumbai 400 051.
Fax No.26598237/38/26598348
66418124/25/56

Dear Sir,

The Board of Directors of the Company in its meeting held on 8th April, 2010 formed an Internal Group to consider, amongst other things, corporate restructuring by way of consolidation of its subsidiaries viz. Crest Animation Holdings Inc. (Delaware USA), Crest Communication Holdings Ltd (Mauritius) and Crest Interactive Limited (Mumbai) with the Company to reap benefits of operational synergy and enhance shareholder value. Further, reputed and established independent professional firms have been appointed to advise the Company in the process.

The Company through its Mauritian wholly owned subsidiary, Crest Communication Holdings Limited holds substantial holdings in Crest Animation Holdings Inc., USA, the balance in which is held by Aryashree Multimedia Private Limited and D.E. Shaw AQ - SP Series 9 - 05, L.L.C. Crest Animation Holdings Inc. is in the business of development and production of digital animated properties for theatrical, television, home entertainment and interactive distribution for the global entertainment industry. Crest Interactive Limited is the Company's wholly owned subsidiary based in India which is primarily in the business of interactive gaming.

The Internal Group along with the Advisors today presented a Scheme for the approval of the Board of Directors. The Board of Directors, after extensive deliberations and discussions has approved the Scheme of Amalgamation.

The Scheme of Amalgamation as approved by the Board shall be implemented pursuant to the provisions of Section 391 to 394 and other applicable provisions, if any, of the Companies Act, 1956 and is subject to such approvals as may be required including that of the Stock Exchanges, Hon'ble High Court of judicature at Bombay, the shareholders' and other regulatory approvals including approvals from appropriate authorities under applicable law and from all concerned parties.

Contd....2/-



501, Raheja Plaza, L. B. S. Marg, Ghatkopar (W), Mumbai - 400 086., India.

Tel : 91 22 25197600 • Fax : 91 22 25197616

www.crestindia.com



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As per the proposal, the shareholders of Crest Animation Holdings Inc. other than the shares held by Crest Communication Holdings Limited, Mauritius shall be issued 209 equity shares of the Company for every 1 common stock/share held by them. The holdings of the Company in Crest Communication Holdings Ltd., Mauritius shall instead of being cancelled stand transferred to a trust formed for the benefit of the Company (Trust Shares) upon merger. With respect to the Trust Shares, the Company shall issue 1,20,00,000 equity shares of the Company in consideration for the merger. The shares of Crest Communication Holdings Ltd., Mauritius in Crest Animation Holdings Inc., USA and of the Company in Crest Interactive Limited shall stand cancelled upon the merger becoming effective.

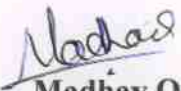
The Board considered the share swap ratio based on the independent valuation conducted by M/s BDO Consulting Private Limited and the fairness report of Saffron Capital Advisors Private Limited being a SEBI registered Category-I Merchant Banker, the merchant bankers appointed by the Company.

Further, as part of the Scheme of Amalgamation, membership interests in feature film SPV's hitherto held by the Company's subsidiary in USA would be transferred to the Company.

The Appointed Date for the merger shall be April 1, 2010.

Thanking you,

For Crest Animation Studios Limited


Madhav Oak
Company Secretary

