



**Fifth
Annual Report
2010-2011**

BOARD OF DIRECTORS

Krishnakumar Subramanian,
Chairman & Managing Director
Dr. Narayan Raman
Hitesh Kadakia
Mohan Subramanain

AUDITORS

M/s CNGSN & Associates
Chartered Accountants
“Agastyar Manor”, 20, Raja Street
T Nagar, Chennai 600 017.

REGISTERED OFFICE

Mohan Mills Compound,
Kolshet Road, Dhokali,
Thane West, District Thane,
Maharashtra - 400607,
India.

REGISTRAR &**SHARE TRANSFER AGENTS**

Link Intime India Pvt. Ltd.,
C-13, Kantilal Maganlal Industrial Estate,
Pannalal Silk Mills Compound,
LBS Marg, Bhandup (W),
Mumbai 400 078.
Tel. No.: 25963838 Fax: 25946969

Bankers for Nextgen Animation Mediaa Ltd.

The Shamrao Vithal Co-Op Bank Ltd.
The Lakshmi Vilas Bank Ltd.
ICICI Bank Ltd.

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From the Desk of Mr. Krishnakumar Subramanian, Chairman, Nextgen Animation Mediaa Ltd.

Dear Friends,

Greeting to all of you.

It gives me an immense pleasure to share this moment with each of you and extend a warm welcome to the fifth Annual General Body Meeting of your Company.

During the fiscal year 2010-11, in addition to the overseas activities, your Company has commenced domestic work including making of a movie. This would typically mean from the stage of creating a story to production of the actual animated movie. During the current year, the Company has delivered the Story line, creation of some characters and CGI and special effects for South Indian Movies. Accordingly the revenue from the domestic business is determined. I would like to draw your attention that this has been a good beginning into the domestic industry and a step towards our vision.

While it is normally understood that the movie would mean a large project and lot of tasks are associated with it, this would largely help establishing the Company as a larger Animation player with a lower margin. Overall, while the revenue has increased when compared to the previous year, your Company had added a foray into the International Market namely **Germany, Canada and USA through WOS Advaitaa Technologies Inc.** Accordingly the team working on the new projects has come up with a healthy pipeline of opportunities, which is to be explored. Here again we are hopeful of being successful with some additional business in the current year. We are also hopeful that efforts put by the team would become successful as the Client would benefit from the cost arbitrage without compromising on the quality of the work.

I am glad to inform you regarding the performance of the new state-of-the-art infrastructure for animation and gaming development at Chennai facility. The state-of-the-art technology and world-class facilities, together with its depth and breadth of experience, has earned it an unparalleled reputation in global animation circles.

As a part of the cost cutting program, Nextgen studio has downsized its activities at Chennai facility. The team at Chennai is experienced for over several years which would be more than 200 man years and recent being delivery of International Music videos, Kollywood films & **Special Effects in Documentry films for European clients.** Here exceptional team of creative artists has been consistently delivering 2D, 3D and VFX content to the international and Indian Media & Entertainment markets for more than 15 years including international well-known publishing house, Indian Bollywood, Tollywood and Kollywood industry and popular TV channels.

The recent downturn has also helped the Company to introspect, consolidate and move forward on the activities and also look at the domestic market to meet the vision of the Company. During the year, again the Company is also looking at expansion in these areas and has lot of activity.

The growth drivers for the animation sector include entry of global entertainment majors leading to co-production of movies, end-to-end production out of India, original IP creation and growth in the domestic market. However, the gaming industry witnessed growth in mobile and console segment, contributing to domestic consumption and the services business was propelled by enhanced partnerships with international game publishers.

According to PWC Global entertainment and media outlook: 2011-2015 The Indian Animation industry was worth US\$ 631 million in 2011 and is expected to grow at CAGR of 23% to reach US\$ 961 million by 2013.

Thus, Indian studios are now looking to create their own intellectual property, by collaborating with foreign studios. Also, with the popularity of 3D, indigenous studios are doing a large amount of 2D-to-3D conversion.

Following are excerpts from the report, via PWC.

Indian animation, gaming & VFX industry is a highly fragmented industry. It showed a healthy growth in 2011 on the back of the growth in the global animation industry and the subsequent work outsourced to Indian firms. The Indian Animation industry was worth US\$ 631 million in 2011 and is expected to grow at CAGR of 23% to reach US\$ 961 million by 2013. Indian production houses are slowly moving up the value chain. While initially, only post-production work outsourced from Hollywood studios used to be sent to India. Indian players are primarily involved in the labour- intensive production and post-production activities, as a 'Service Provider'



Krishnakumar Subramanian
Chairman and Managing Director

working on the revenue model of 'Work-For-Hire'. This means that most skill sets are at the lower end of the value chain. Though there are a few firms offering world-class capabilities for India to merge as a global animation hub, there is a need to upscale these capabilities across a wider section of the industry by focusing on owning the IP.

This Indian gaming industry continues to grow at a fast pace driven by mobile and online gaming. Social networking has been a boon for the gaming industry with online users becoming gaming addicts through this route. While console gaming gets users acquainted with new formats (like motion-sensitive and 3D games), PC gaming is not quite living up to the promise it has. Piracy remains a major issue for PC gaming, with game manufacturers looking to generate revenues from online subscription.

- Needless to add, the areas of focus in the year gone by and in the coming years would be creation of the Intellectual Property Rights (IPR), Theatrical content, Home Video segment and game development & services.
- In the area of education your Company has short listed in North America and also looking for setting up Residential Animation program in India and also in Middle East. While it can be said that your Company has achieved limited success during the year under review, but your Company is pursuing the same as the entire business is manpower centric and it is important to keep attracting good talents and retain them.

Your Company is in the growth path after a year of consolidation and the hybrid strategy of organic growth, strategic alliances and acquisitions in India and North America. It is in advanced levels of discussion with potential suitors in each of the areas.

I will keep you posted in our success.

Finally, I must express my profound gratitude for your continued support. I also thank all the Directors of the Board, employees, and all persons associated with the Company for creating a solid infrastructure and base to start a good beginning for your Company.



Krishnakumar Subramanian
Chairman and Managing Director

29th February 2012

Mumbai

NOTICE

NOTICE is hereby given that the Fifth Annual General Meeting of the members of NEXTGEN ANIMATION MEDIAA LIMITED will be held on Friday, 30th March 2012 at 11.30 AM at Dr. M. S. Subbulakshmi Auditorium, Plot H, Bhaudaji Road Extension, Near King's Circle Railway. Station, Sion (W), Mumbai - 400 022. to transact the following business:

ORDINARY BUSINESS

1. To consider and adopt the Audited Profit and Loss Account of the Company for the year ended 30th June 2011 and the Balance Sheet as at that date together with Reports of Directors and Auditors thereon.
2. To appoint a Director in place of Dr. Narayan Raman, who retires by rotation, and being eligible offers himself for reappointment.
3. To appoint M/s CNGSN & Associates, Chartered Accountants, who retire at this meeting, being eligible and willing to act as Auditors, be appointed Auditors of the Company to hold office till the conclusion of the next Annual General Meeting at a remuneration to be decided by the Board of Directors.

On behalf of the Board of Directors

Krishnakumar Subramanian
Chairman and Managing Director

Mumbai, 29th February 2012

NOTES:

1. The explanatory statements pursuant to section 173(2) of the Companies Act, 1956, which sets out details relating to Ordinary Business to be transacted at the meeting, is annexed hereto.
2. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote (on a poll only) instead of himself/herself and the 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 meeting. The same should be duly signed and stamped in order to be effective.
3. The Register of Members and Share Transfer Books of the Company will remain closed from March 26th, 2012 to March 30th, 2012 (both days inclusive) in terms of Section 154 of the Companies Act, 1956.
4. As per the Circular No. MRD/Dop/Cir-05/2009 dated May 20, 2009 issued by Securities and Exchange Board of India (SEBI) it is mandatory to quote PAN for transfer of shares in physical form. Therefore, the transferee(s) is required to furnish a copy of their PAN card to the Company/Registrar and Share Transfer Agent of the Company for registration of transfer of shares.
5. Shareholders holding shares in physical form, are requested to intimate their change in address/Bank Mandate/National Electronic Clearing Service (NECS) details, if any, to Link Intime India Pvt. Ltd., C-13, Kantilal Maganlal Industrial Estate, Pannalal Silk Mills Compound, LBS Marg, Bhandup (W), Mumbai 400 078. Beneficial owners holding shares in electronic form are requested to intimate their change in address/ Bank Mandate/National Electronic Clearing Service (NECS) details, if any, to their respective Depository Participants (DP) in order to get the same register.
6. Members are requested to quote their folio numbers/Client ID No. and contact details in all correspondence with the Company/ Registrar and Share Transfer Agent.
7. Members are requested to bring their copies of the Annual Report to the meeting, since further copies will not be available.
8. Pursuant to provisions of Section 109A of the Companies Act, 1956, every member or joint holders holding shares in physical form may nominate, in the prescribed manner, a person to whom all the rights in the shares shall vest in the event of death of the sole holder or the joint holders and register the same with Link Intime India Pvt. Ltd., Registrar and Share Transfer Agent. Members or joint holders holding shares in demat form may contact their respective DP for availing this facility.
9. The Register of Directors' shareholding maintained under Section 307 of the Companies Act, 1956 will be made available for inspection by the Members on all working days during business hours during the period beginning fourteen days before the date of Annual General Meeting and ending three days after its conclusion.

10. For faster communication and for supporting in full measure, a green initiative taken by the Ministry of Corporate Affairs, allowing services of notice/documents including Annual Report through e-mail, the shareholders holding shares in electronic form are requested to kindly register/update their e-mail addresses with their respective depository participants. The shareholders holding shares in physical form are requested to register/update their email addresses with Registrar and Share Transfer Agent of the Company.

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

Item No.2

The information or details pertaining to the Director retiring in this meeting and offering himself for re-appointment is as under:

Name	:	Dr. Narayan Raman
Date of Birth	:	6 th February, 1969
Experience in specific functional area	:	Dr. Raman got his PhD from University of Tennessee, Memphis TN USA in the field of Medical science in 1996, and continued further as a senior scientist in the field of Cancer Biology. As a part of diversification and opportunities lying ahead, in 1997 he was involved in Media and Entertainment business. He is currently involved in the area of telecom Solutions.
Qualifications	:	Doctorate in Medical Science
Other Company in which Directorship held	:	Silverline Technologies Limited Click Telicom Private Limited Click Teleservices Private Limited Brahma Intractive Networks Solutions Private Limited
No. of Shares held on 30th June, 2011	:	Nil
Other public Company in which membership of committee	:	Chairman - Investors' Committee - Silverline Technologies limited Remuneration committee – Silverline Technologies Limited
No. Of Shares held on 30th June, 2011	:	Nil

Your Directors recommend the resolution for the approval of the member.

None of the Directors of Company other than Dr. Narayan Raman are interested in the resolution.

On behalf of the Board of Directors

Krishnakumar Subramanian
Chairman and Managing Director
Mumbai, 29th February 2012

DIRECTORS' REPORT

Your Directors are pleased to present you the Fifth Annual Report with the Audited Accounts for the fiscal year from 1st July 2010 to 30th June 2011.

Performance

Your Company has been performing satisfactory. During the year your Company has reported revenues at Rs. 68.36 million compared to Rs. 64.67 million during the previous year.

The net profit during the period increased to Rs. 14.18 million compared to Rs. 7.58 to the previous year ended June 30, 2010.

The review of the performance for the period ended June 30, 2011 and the business outlook of the Company is included in section on Management Discussion and Analysis included in Annexure "B" to this report.

Fixed deposits

Your Company has not accepted any fixed deposits and, as such, no amount of principal or interest was outstanding as of the Balance Sheet date.

Directors:

Dr. Narayan Raman retires by rotation at the ensuing Annual General Meeting and being eligible, offer himself for reappointment.

Auditors:

The auditors M/s. CNGSN & Associates, Chartered Accountants, Chennai retire at the ensuing Annual General Meeting and have confirmed their eligibility and willingness to accept office, if re-appointed.

Qualification from the Audit report

The Board would like to clarify on the two comments of the Auditors thus:

Your directors place on record their appreciation of the support extended by Customers, Investors, Bankers, Business Associates, Vendors, Share Holders and various Government Agencies. Your directors would also like to place on record the contribution made by the employees / consultants who have together contributed for the success of your Company.

1. The provision for the impairment would not be required as the value to be earned through the Intellectual property is more than the carrying cost of IPRs and accordingly no provision for the write-off is made during the current year.
2. The provision for the Deferred Tax is not required by the Company as per the advice given to the Company.

The Qualification of the auditor is as follows:

In our opinion, the Balance Sheet and Profit and Loss Account dealt with by this report comply with the accounting standards referred to in sub-section (3C of section 211 of the Companies Act, 1956 subject to non- provision for impairment of the intellectual property rights as required under AS-26 and Your Directors confirm:

- i) that in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures; the management maintains that the Intellectual Property Rights created through the process of digital animation techniques have perpetual value and hence is not subject to the amortization or impairment as per the AS 26.
- ii) that they had 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;
- iii) that they had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) that they had prepared the annual accounts on a going concern basis

Corporate Governance:

Pursuant to clause 49 of the Listing Agreement with Stock Exchanges, a report on Corporate Governance is given in Annexure "A".

Management Discussion and Analysis

Pursuant to clause 49 of the Listing Agreement with Stock Exchanges, a report on Management Discussion Analysis is given in Annexure "B".

Employee Particulars

Particulars of employees as required under section 217(2A) of the Companies Act, 1956, and the Companies (Particulars of Employee) Rules, 1975, as amended, forms part of this report.

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo:

The particulars as prescribed under section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of particulars in the report of Board of Directors) Rules, 1988, are as follows :-

A. Conservation of Energy:

The Company's operations are not power intensive. Nevertheless, your Company has introduced various measures to conserve and minimize the use of energy.

B. Research & Development (R & D):

a) Specific areas in which R & D is carried out by the Company:

R&D activities include tools development with the object of devising efficient methods of pre-production phase. The Company has in place a quality assurance team to ensure adherence to stringent quality norms.

b) Benefits derived as a result of the above R&D:
Reduction in cost and improvement in quality adaptability of Software Systems and Packages.

C. Technology Absorption, Adaptation & Innovation:

No technology has been imported. Indigenous technology available is continuously being upgraded to

improve overall performance.

D. Foreign Exchange Earnings & Outgo:

Activities relating to Exports & Export Plans:

The Company is making continuous efforts to explore new foreign markets and to enlarge its shares in the existing markets for export of digital animation content.

Information on Foreign Exchange earnings and outgo are specified in the notes to the accounts.

Acknowledgements

Your directors place on record their appreciation of the support extended by Customers, Investors, Bankers, Business Associates, Vendors, Share Holders and various Government Agencies. Your directors would also like to place on record the contribution made by the employees / consultants who have together contributed for the success of your Company.

On behalf of the Board of Directors

Krishnakumar Subramanian
Chairman and Managing Director
Mumbai, 29th February 2012

ANNEXURE “A”

DIRECTORS’ REPORT ON CORPORATE GOVERNANCE

a) **Company’s Philosophy**

Nextgen Animation Mediaa Limited's business objectives to be Next Generation content creator using world class technology distributed through all different platforms for animation and game development. This will result in a good performance and revenue that can be sustained over

During the period from 1/7/2010 to 30/6/2011, 6 Board Meetings were held on 31.07.2010, 30.10.2010, 09.11.2010, 03.12.2010, 31.01.2011, 30.04.2011.

The Composition of the Directors and their attendance at the Board Meetings during the year and at the last Annual General Meeting as also no. of other Directorships, etc. are as follows:

Name of Director	Category of Directorship/No. of other committees of where member/Chairmanship	No. of Board meeting attended	Attendance at last AGM on 3 rd December 2010	No. of other Directorship
Mr. Krishnakumar Subramanian	Promoter- Chairman Chairman-1 Member -2	6	Yes	4
Mr. Mohan Subramanian	Director Chairman-1 Member - 2	6	Yes	5
Dr. Narayan Raman	Independent Non Executive Director Chairman-1 Member -1	5	Yes	4
Mr. Hitesh Kadakia	Independent Non Executive Director Chairman- Nil Member - Nil	3	NA	1

Particulars of directors seeking reappointment at the existing Annual General Meeting

The information or details pertaining to the Director retiring in this meeting and offering himself for re-appointment is as under:

Name	: Dr. Narayan Raman
Date of Birth	: 6 th February, 1969
Experience in specific functional area	: Dr. Raman got his PhD from University of Tennessee, Memphis TN USA in the field of Medical science in 1996, and continued further as a senior scientist in the field of Cancer Biology. As a part of diversification and opportunities lying ahead, in 1997 he was involved in Media and Entertainment business. He is currently involved in the area of Telecom Solutions and Entertainment.
Qualifications	: Doctorate in Medical Science
Other Company in which Directorship held	: Silverline Technologies Limited Click Telicom Private Limited Click Teleservices Private Limited Brahma Intractive Networks Solutions Private Limited
No. of Shares held on 30 th June, 2011	: Nil
Other public Company	: Chairman - Investors' Committee - Silverline Technologies limited
In which membership of committee	: Remuneration committee – Silverline Technologies Limited
No. Of Shares held on 30th June, 2011	: Nil

c) Audit committee

i) Terms of reference

The role and terms of reference of the Audit Committee covers the areas mentioned in clause 49 of the Listing Agreement with Stock Exchanges and section 292A of the Companies Act, 1956, besides other terms as may be referred to by the Board of Directors. The minutes of the Audit Committee Meetings are taken note of by the Board.

ii) Composition

The Audit Committee was reconstituted for the year July 2010 to June 2011 and comprised of 3 Directors. The committee held four meetings during the period from 01/07/10 to 30/06/11. The attendance of the members at the meetings were as follows

Name of the member	Status	No. of meeting attended
Mr. Mohan Subramanian	Chairman	4
Mr. Krishnakumar Subramanian	Member	4
Dr. Narayan Raman	Member	4

d) Remuneration Committee

Qualification and experience of the employee, responsibilities handled, individual performance, etc.

The objectives of the remuneration policy are to motivate employees to excel in their performance, recognize their contribution, retain talent and reward merit.

Name of the member	Status
Dr. Narayan Raman	Chairman
Mr. Mohan Subramanian	Member
Mr. Krishnakumar Subramanian	Member

The Committee met once during the period 01/07/2010 to 30/06/2011 where all the members were present.

e) Shareholder’s/Investor’s grievance committee

i) Terms of reference

To look at redressing of shareholders and investors complaints like transfer of shares, non-receipt of Balance Sheet, non receipt of dividends etc. The minutes of the Shareholder’s/Investor’s Grievance Committee Meetings are taken note of by the Board.

ii) Composition

The Shareholder’s/Investor’s Grievance Committee was re-constituted on July 2009 and comprised the following Directors:

Name of the member	Status
Mr. Krishnakumar Subramanian	Chairman
Dr. Narayan Raman	Member
Mr. Mohan Subramanian	Member

The Committee met once during the period 01/07/2010 to 30/06/2011 where all the members were present.

The Board has delegated the powers of approving transfer of shares to the Registrar and Share Transfer Agents M/s. Link Intime India Private Limited, Mumbai.

iii) Shareholders Complaints

Particulars		Total number of Shareholders letters
1.	No. of Shareholders complaints received during the period 1-7-2010 to 30-6-2011	16
2.	No. of Shareholders complaints mentioned above not to the satisfaction of the shareholders	16
3.	Pending Share Transfers as on June 30, 2011	0

f) General Body Meeting

Particulars of the Annual General Meetings held:

Financial Year	Date	Location
2007-2008	29-09-2008	The Shanmukhananda Fine Arts & Sangeetha Sabha, Conventional Hall, Sion (E), Mumbai- 400022.
2008-2009	23-11-2009	The Shanmukhananda Fine Arts & Sangeetha Sabha, Conventional Hall, Sion (E), Mumbai- 400022.
2009-2010	03-12-2010	The Shanmukhananda Fine Arts & Sangeetha Sabha, Conventional Hall, Sion (E), Mumbai- 400022.

g) Disclosures

Related party transactions:

Please refer I notes of accounts provided with financial statements.

h) Means of communication

- i) Quarterly results are published in daily newspapers viz. The Free Press Journal, Nav-Shakti etc.
- ii) Management's Discussion and Analysis forms part of this Annual Report, which is posted to the shareholders of the Company.

i) General Shareholders information

- i) The Annual General Meeting is proposed to be held on 30th March 2012 at 11.30 AM at Dr. M. S. Subbulakshmi Auditorium, Plot H, Bhaudaji Road Extn., Near King's Circle Rly. Stn., Sion (W), Mumbai - 400 022.

- ii) Financial Calendar

Annual Results of previous Year	: End of June 2010
Mailing of Annual Reports	: 10th November 2010
First Quarter Results	: 30th October 2010
Annual General Meeting	: 3rd December 2010
Payment of dividend	: NIL
Second quarter results	: 31st January 2011
Third quarter results	: 30th April 2011
Fourth quarter result	: 31st July 2011

- iii) Date of book Closures : 26th March 2012 to 30th March 2012

- iv) Dividend Payment Date : Not Applicable

- v) Listing Equity Shares on Stock Exchanges : The Bombay Stock Exchange, Stock Code: 532999, Rolling Settlement

- vi) Registrar and share transfer agent : Link Intime India Private Limited,
C-13, Kantilal Manganlal Industrial Estate,
Pannalal Silk Mills Compound,
LBS Marg, Bhandup (west),
Mumbai-400078.

- vii) Share Transfer System

The Company's Shares are traded on the Stock exchanges compulsory in demat mode. In case of transfers not on the floor of the stock exchange physical shares, which are lodged for transfer with the Transfer Agents are processed and returned to the shareholders within a period of 30 days.

- viii) Distribution of shareholding as on 31st December 2011.

No. of Shares	No. of Shareholders	% of Shareholders	Share Amount Rs	% of Shares
Up to 5,000	183865	98.4510	55921690	9.0200
5001 - 10000	1480	0.792	11077950	1.787
10001 - 20000	703	0.376	10192830	1.644
20001 - 30000	209	0.1120	5255940	0.848
30001 - 40000	119	0.064	4330220	0.698
40001 - 50000	90	0.048	4141350	0.668
50001 - 100000	146	0.078	10484400	1.691
100001 & above	147	0.078	518537570	83.643
TOTAL	186759	100.0000	619941950	100.0000

ix) Category of Shareholders as on 31st December, 2011.

Category	No of Shares	Percentage
Promoters	2,224	.0036%
Banks, Mutual funds	136	0.007%
Domestic Corporate bodies	7037767	11.523%
Indian Public and Others	121136408	19.5766%
Non-resident/OCBs/FII/Foreign Company Shares held through depository Clearing Member	42817360	69.0668%
TOTAL	61,994,195	100%

x) Dematerialization of Shares

As on 30th June 2011, 99.86% of the Companies total Shares representing 61,909,199 shares were held in dematerialized form and the balance 0.014% representing 84,996 shares were held in physical form.

Address of Company

Mohan Mills Compound, Kolshet Road, Dhokali, Thane (W), District Thane, Maharashtra-400607.

Address of correspondence:

The Company's Registered Office is situated at:

Mohan Mills Compound, Kolshet Road, Dhokali, Thane (W), District Thane, Maharashtra-400607.

Shareholders Correspondence should be addressed to

Link Intime India Private Limited, C-13, Kantilal Maganlal Industrial Estate, Pannalal Silk Mills Compound, LBS Marg, Bhandup (West), Mumbai - 400 078.

Shareholders holding share in electronic mode should address all their correspondence to their respective Depository Participants (DPs)

The Company has adopted the following non-mandatory requirements on Corporate Governance recommended under clause 49 of the listing agreement.

Remuneration committee comprising 2 directors has already been constituted for reviewing and deciding the Company's policy on specific remuneration packages for executive directors and senior executives of the Company.

On behalf of the Board of Directors

Krishnakumar Subramanian
Chairman and Managing Director
Mumbai, 29th February 2012

COMPLIANCE CERTIFICATE ON CORPORATE GOVERNANCE

To The Board of Directors of Nextgen Animation Mediaa Limited. We have reviewed implementation of Corporate Governance procedure set by Nextgen Animation Mediaa Limited ("the Company") for the year ended June 30, 2011 with the relevant records and documents maintained by the Company and furnished to us for our review.

Based on our verification and information and explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement with Stock Exchanges.

For **M/s CNGSN & ASSOCIATES**

Chartered Accountants

C. N. Gangadharan

Partner

Membership No.11205

F.R.No.004915S

Chennai, 29th February 2012

ANNEXURE “B”

MANAGEMENT DISCUSSIONS & ANALYSIS

Indian Animation & Gaming Industry Outlook Industry Structure and Development

Indian animation, gaming & VFX industry is a highly fragmented industry. It showed a healthy growth in 2011 on the back of the growth in the global animation industry and the subsequent work outsourced to Indian firms. The Indian Animation industry was worth US\$ 631 million in 2011 and is expected to grow at CAGR of 23% to reach US\$ 961 million by 2013. Indian production houses are slowly moving up the value chain. While initially, only post-production work outsourced from Hollywood studios used to be sent to India, Indian studios are now looking to create their own intellectual property, by collaborating with foreign studios. Also, with the popularity of 3D, a large amount of 2D-to-3D conversion is being done by indigenous studios. Indian players are primarily involved in the labour-intensive production and post-production activities, as a ‘Service Provider’ working on the revenue model of ‘Work-For-Hire’. This means that most skill sets are at the lower end of the value chain. Though there are a few firms offering world-class capabilities for India to merge as a global animation hub, there is a need to upscale these capabilities across a wider section of the industry by focusing on owning the IP.

This Indian gaming industry continues to grow at a fast pace driven by mobile and online gaming. Social networking has been a boon for the gaming industry with online users becoming gaming addicts through this route. While console gaming gets users acquainted with new formats (like motion-sensitive and 3D games), PC gaming is not quite living up to the promise it has. Piracy remains a major issue for PC gaming, with game manufacturers looking to generate revenues from online subscription

Indian Outlook

The Indian animation industry which set out as an outsourcing hub to global companies is poised to witness a significant growth, both in terms of revenue and up scaling in the value chain. Increasingly, players are developing original characters, lines and voices. Further, Indian production houses are

also slowly moving up the value chain. Where earlier only postproduction work outsourced from Hollywood studios used to be sent to India, Indian studios are now looking to create their own IP through innovative business models. Also, with the popularity of 3D, a large amount of 2D-to-3D conversion is being done by indigenous studios. As the industry gains expertise and tries to move up the value chain, it faces a few daunting challenges, which it needs to overcome to come close to realizing its potential

Opportunity and Threat

The ever-increasing focus towards Media and Entertainment has provided an opportunity for extensive use of Animation and gaming in almost all spheres of Media and Entertainment activity. The advantages available to Nextgen Animation Mediaa Limited are:

- Strategic alliance of Indian studios with foreign companies to share risk and built long term relationship;
- Availability of skilled professionals at competitive rates;
- With in-depth industry knowledge and experience; and
- Global delivery capability through inshore/offshore delivery Model.
- Brand of Blockbusters Movie Hanuman

Internal Control

The Company has an internal control function inbuilt into its operation environment to validate the efficiency of internal control systems, effect checks regularly and report to the management and the Audit Committee, comprising of independent Board members and the Internal auditors.

Segment wise revenue

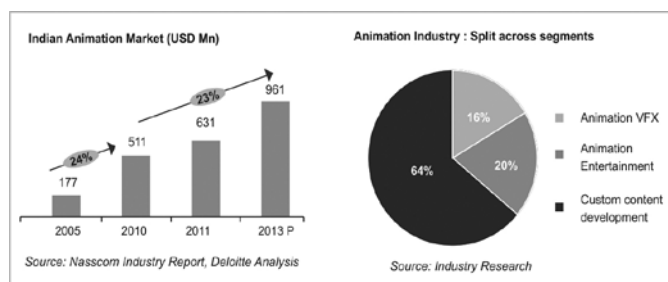
The Company recognizes Animation Content Development as the single business segment that constitutes the primary basis of segmental reporting set out in financial statements.

Risks and Concerns

The Company, with its current strengths and going forward with strong business opportunities in the pipeline and revenue streams is definitely poised in a better position to grow. To address their growth needs and overall industry demands the Company has to be more innovative and look into good recruitment and compensation strategies for existing staff.

Operations

The Company has positioned itself in the area of Animation and Game development and the directors believe that its position is strengthened with the recent expansion, which the Company has embarked upon. In addition to the above, the directors



see strength in the Nextgen Animation Mediaa Limited, a strong Business model, Management experience in the market of Europe & US. The Company has started a new project execution unit in Chennai in addition to Mumbai to strengthen its operational base. The Company has already executed VFX projects out for this unit for South Indian Film Production houses. The Company believes it is poised for a strong and robust growth.

The Company is already working on projects and also have started new project for operation and revenue. It is also seeking to embark on strategic new business initiatives in the Animation and game development through a direct and indirect sale & marketing and making approach to domestic & overseas clients of its subsidiary. Through this strategy the Company plans to continue to pursue the expansion of its business.

Financial Performance

Share Capital

The total issue paid-up share capital as on 30th June 2011 is Rs. 619,941,950

Company's sales and service income for the period ended June 30, 2011 is Rs. 6.83 crores and Rs. 1.42 crores towards the profit after tax.

Fixed Assets

The Company has not acquired and there were no deletion of fixed assets during the period ended 30th June, 2011.

Investments

The investment in the WOS of the Company M/s Advaitaa Technologies Inc. an Animation and Games Content Provider

Company is of Rs. 67.50 crores. The Company issued GDSs with underlying Equity Shares of the Company. The entire shares of subsidiary were acquired through GDSs issue.

Stock Performance on the Bombay Stock Exchange Human Resources

Nextgen Animation has good relations in many of the Art Associated Institution circuit. We focus our recruiting efforts on the top students from these schools, colleges and institutions through campus interviews and tests. We will also be doing lateral recruitment, and use a series of reviews and tests to identify the best applicants.

We majorly emphasize on flexibility and innovation. Applicants are selected on the basis of their ability to learn, their conceptual strength and their temperament for/ and-fit with, our work culture. Their academic achievement is also taken into prior consideration.

Nextgen Animation seeks to attract, motivate, and retain its professionals by offering:

- Multiple professional challenges and the opportunity to work in one or more of its training divisions
- The ability to work with creative animation content
- Attractive compensation plans that align employee interests and goals with the Company's own;
- The opportunity to receive continuous, ongoing, creative as well as technical training at the Company's in-house training.

Auditors' Report

AUDITORS REPORT TO THE MEMBERS OF NEXTGEN ANIMATION MEDIAA LIMITED

We have audited the attached Balance Sheet of Nextgen Animation Mediaa Limited as at 30th June 2011, the Profit and Loss Account 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.

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 the management as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the Companies (Auditor's Report) Order 2003, issued by the Department of Company Affairs on 12th June 2003 and as amended under Notification dt 25th November 2004 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 paragraph 4 and 5 of the said Order.

Further to the comments contained in the annexure mentioned in Para 3 above, we state the following:

- a. 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,
- b. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of the books of accounts.
- c. The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account,
- d. In our opinion, the Balance Sheet and Profit and Loss Account dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 subject to
 - Non-provision for impairment of the intellectual property rights as required under AS- 26, non provisioning of deferred tax liability under AS- 22.
- e. On the basis of the written submission received from the Director as on 30th June, 2011 and taken on record by the Board of Directors we report that none of the Directors are dis-qualified as on 30th June 2011 from being appointed as a Director in terms of clause [g] of sub-section [1] of section 274 of the Companies Act, 1956.
- f. In our opinion and to the best of our information and according to the explanation given to us, the said accounts read together with the qualification in para (d) above give a true and fair view with respect to the following
 - a) In the case of Balance Sheet, of the state of affairs of the Company as at 30th June 2011
 - b) In the case of the Profit and Loss Account of the Profit for the year ended on that date.
 - c) Cash Flow statement for the year ended 30th June 2011.

For CNGSN & ASSOCIATES
Chartered Accountants

C N GANGADARAN
Partner

Memb.No.11205
F.R.No.004915S

Chennai, 29th February 2012

Annexure referred to in paragraph 3 of the report of even date of the Auditors to the Members of Nextgen Animation Mediaa Limited on the accounts for the year ended 30th June 2011.

- | | |
|---|---|
| <p>i) a) The Company has maintained proper records, showing full particulars including quantitative details and situation of fixed assets.</p> <p>b) Most of the fixed assets of the Company have been physically verified.</p> <p>c) None of the fixed assets have been revalued during the year.</p> <p>ii) a) There is no physical stock.</p> <p>b) As the Company does not have any stock, question of physical verification does not arise.</p> <p>c) As no stock has been held by the Company clause does not apply.</p> <p>iii) The Company has maintained register under section 301 and updated the register.</p> <p>iv) In our opinion, and according to the information and explanations given to us, the Company has adequate internal control procedures commensurate with the size of the Company and the nature of its business with regards to purchase of fixed assets and for the sale of goods.</p> <p>v) The Company has not entered into any transaction with referred to Sec 301 of the Companies Act of 1956,.</p> <p>vi) The Company has not accepted any Fixed Deposits from the public during the year and therefore, the question of compliance with the directives issued by the Reserve Bank of India and the provisions of section 58A and 58AA or any other relevant provisions of the Companies Act, 1956 and the rules framed thereunder does not arise.</p> <p>Vii) In our opinion, the Company have an adequate Internal Audit System commensurate with its size and nature of its business.</p> <p>viii) The Central Government has not prescribed the maintenance the cost accounting records by the Company under section 209(1)(d) of the Act for any of its product.</p> <p>ix) a) According to the information and explanations given to us, there are no employees covered under PF or ESI Act.</p> <p>b) As regards the disputed statutory liabilities we are unable to independently verify the existence of the same and we have relied on management representations for the same. With respect to the undisputed taxes the Company has not paid TDS during the financial year.</p> | <p>x) This is the fifth year of the Company's operation and hence this is not applicable.</p> <p>xi) There are no secured loans; hence the clause relating to repayment does not apply.</p> <p>xii) No loans or advances have been granted by the Company against pledge of shares and debentures and other securities.</p> <p>xiii) The Company is not a chit fund or a nidhi mutual benefit fund/society.</p> <p>xiv) The Company is not dealing in or trading in Shares, Securities, Debentures and other instruments.</p> <p>xv) According to the information and explanation given to us, the Company has not given any Corporate Guarantee during the year.</p> <p>xvi) The Company has not received any Term Loan during the year and therefore the question of application for the purpose for which they were obtained does not arise.</p> <p>xvii) According to the information and explanations give 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.</p> <p>xviii) During the year the Company has not made any preferential allotment to parties and companies covered in the register maintained under Section 301 of the companies act, 1956.</p> <p>xix) The Company has not issued any debentures during the year and therefore the question of creation of security or charge does not arise.</p> <p>xx) During the year, the Company has not raised any money by way of public issue and the question of disclosing the end use of money by the management does not arise.</p> <p>xxi) According to the information and explanations give to us, no fraud on or by the Company was noticed or reported during the course of our audit.</p> |
|---|---|

For CNGSN & ASSOCIATES
Chartered Accountants

C N GANGADARAN
Partner

Memb.No.11205
F.R.No.004915S

Chennai, 29th February 2012

BALANCE SHEET AS AT JUNE 30TH 2011

Currency in Indian Rupees

	Schedule	30-Jun-11	30-Jun-10
Sources of Funds			
Shareholders Funds			
Share Capital	"A"	619,941,950	619,941,950
Reserves & Surplus	"B"	838,758,200	824,571,481
		<u>1,458,700,150</u>	<u>1,444,513,431</u>
Loan Funds			
Secured		—	—
Unsecured Loans	"C"	27,577,220	3,769,549
TOTAL		<u>1,486,277,370</u>	<u>1,448,282,980</u>
Application of funds			
Fixed Assets	"D"		
Gross Block		450,315,061	450,315,061
Less : Depreciation		399,076,989	387,912,291
Net Block		<u>51,238,072</u>	<u>62,402,770</u>
Value of Intellectual Property		555,300,613	555,300,613
		<u>606,538,685</u>	<u>617,703,383</u>
Investments	"E"	675,000,000	675,000,000
Current Assets Loans & Advances			
Work in process	"F"	18,617,651	5,529,304
Sundry Debtors		112,484,842	117,187,918
Cash and Bank Balance		1,611,866	235,234
Loans & Advances		84,126,411	66,003,887
TOTAL		<u>216,840,770</u>	<u>188,956,343</u>
Less:			
Current Liabilities and Provisions			
Current Liabilities	"G"	12,522,808	19,731,790
Provisions		1,859,935	16,699,834
		<u>14,382,743</u>	<u>36,431,624</u>
Net Current Assets		<u>202,458,027</u>	<u>152,524,719</u>
Miscellaneous expenditure (to the extent not written off or adjusted)		<u>2,280,658</u>	<u>3,054,878</u>
TOTAL		<u>1,486,277,370</u>	<u>1,448,282,980</u>
Notes to Accounts and Accounting Policy	"I"		

For CNGSN & Associates

Chartered Accountants

C.N. Gangadaran

Partner

Membership No.11205

F.R.No.004915S

Chennai, 29th February 2012

For and on behalf of the Board of Directors

Krishnakumar Subramanian

Chairman and Managing Director

Mohan Subramanian

Director

Mumbai, 29th February, 2012

PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED JUNE 30TH 2011

Currency in Indian Rupees

	Schedule	30-Jun-11	30-Jun-10
INCOME			
Animation Content Development Charges			
Domestic		2,371,224	8,271,788
Export		65,989,116	56,403,054
Excess Income tax Written back of Previous year		10,800,000	—
Total Revenue		<u>79,160,340</u>	<u>64,674,842</u>
EXPENDITURE			
Operating and establishment expenses	“H”	49,783,937	44,708,916
Depreciation		11,164,699	10,117,765
Preliminary Expenses written off		774,219	768,219
Total Expenditure		<u>61,722,855</u>	<u>55,594,900</u>
Profit before Interest, tax & extraordinary Items		17,437,485	9,079,942
Less: finance Cost		2,450,766	-
Profit before taxes		14,986,719	9,079,942
Less: Taxes		800,000	1,500,000
Profit after taxes		14,186,719	7,579,942
Balance brought forward from Previous year		29,013,431	21,433,490
Balance transfered to Balance Sheet		<u>43,200,150</u>	<u>29,013,432</u>
Basic Earning per share after Extraordinary Item		0.70	0.34
Diluted Earning per share after Extraordinary Item		0.70	0.34
Notes to Accounts and Accounting Policy	“I”		

For CNGSN & Associates

Chartered Accountants

C.N. Gangadaran

Partner

Membership No.11205

F.R.No.004915S

Chennai, 29th February 2012**For and on behalf of the Board of Directors****Krishnakumar Subramanian**

Chairman and Managing Director

Mohan Subramanian

Director

Mumbai, 29th February, 2012

SCHEDULES FORMING PART OF ACCOUNTS

Currency in Indian Rupees

	30-Jun-11	30-Jun-10
Schedule : A		
<u>AUTHORISED CAPITAL</u>		
67,000,000 Equity Share Capital of Rs. 10 each (Previous Year 67,000,000 Equity of Rs. 10 each)	670,000,000	670,000,000
<u>ISSUED, SUBSCRIBED AND PAID-UP</u>		
61,994,195 Equity Shares of Rs. 10 each Fully paid-up	619,941,950	619,941,950
TOTAL	619,941,950	619,941,950
Schedule : B: Reserve and Surplus		
<u>CAPITAL RESERVE</u>		
Transfer upon Demerger	71,394,740	71,394,740
Reserve on account of IPR	549,163,310	549,163,310
Securities Premium Account	175,000,000	175,000,000
Profit and Loss Account	29,013,431	21,433,490
Add: Profit for the year	14,186,719	43,200,150
	606,538,685	617,703,383
		29,013,431
TOTAL	838,758,200	824,571,481
<u>Schedule :C: Unsecured Loan</u>		
Intercompany Deposits	26,577,220	-
From Director Relatives	1,000,000	3,769,549
	27,577,220	3,769,549

Schedule D- Fixed Assets

Assets	Gross Block			Depreciation				Net Block		
	01.07.2010	Additions	Deletions	30.06.2011	01.07.2010	For the Year	Deletions	30.06.2011	30.06.2011	30.06.2010
Computer Equipment Inclusive of Software	294,319,048	-	-	294,319,048	287,519,181	1,134,414	-	288,653,595	5,665,453	6,799,867
Furniture and Fixture	98,817,812	-	-	98,817,812	67,981,967	6,255,167	-	74,237,134	24,580,678	30,835,845
Office Equipment	36,132,486	-	-	37,581,951	23,643,457	2,424,991	-	26,068,448	11,513,503	12,489,029
Electrical fitting	21,045,715	-	-	21,045,715	8,767,685	1,487,932	-	10,255,617	10,790,098	12,278,030
TOTAL	450,315,061	-	-	468,104,366	389,038,798	11,642,288	-	400,681,086	67,423,280	62,402,771
Previous Year	443,802,457	6,512,604	-	450,315,061	377,794,526	10,117,765	-	450,315,061	62,402,771	66,007,931

Schedule:E: Investments

Advaitaa Technologies Inc.

Wholly owned subsidiary of the Company

	675,000,000	675,000,000
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TOTAL	<u>675,000,000</u>	<u>675,000,000</u>
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Schedule :G: Current Assets , Loans and Advances

Work-in Process

(Certified and verified by the Management)

Sundry Debtors

Considered good by the Management

Outstanding for more than Six months

Others

Cash and Bank balances

Bank balances

Cash Balance

Loans and Advances

Considered good by the Management

Deposit

Taxes Pay to Government

Intercorporate Deposit with

Silverline Technologioes Ltd

(Previous Year Rs. 58,228,762)

Others

TOTAL

	18,617,651	5,554,217
	84,273,765	106,296,224
	<u>28,211,077</u>	112,484,842
		10,891,694
	51,789	207,285
	<u>1,560,077</u>	1,611,866
		27,949
	1,100,000	-
	1,431,226	2,463,294
	38,719,987	58,228,762
	<u>42,875,198</u>	<u>5,286,918</u>
TOTAL	<u>216,840,770</u>	<u>188,956,343</u>

Schedule : G: Current Liabilities and Provision

Sundry Creditors

Provision

Income Tax

Fringe Benefit taxes

Profession Tax

TOTAL

	12,522,808	22,108,895
	1,731,239	14,194,533
	125,706	125,706
	<u>2,990</u>	<u>1,859,935</u>
		2,490
TOTAL	<u>14,382,743</u>	<u>36,431,624</u>

Schedule: H Operating and Establishment Expenses

Salary and consultancy Charges

Rental Expenses

Service Tax

Office Expenses

Bank Charges

Repairs and Maintenance, Computer Peripherals

R&T Depository and compliance charges

Director Remuneration

Electricity charges

Gifts and periodicals

	25,205,084	18,341,707
	7,936,720	11,252,140
	-	429,667
	626,662	1,098,376
	22,614	50,025
	2,062,388	760,391
	1,687,469	1,172,380
	1,200,000	555,293
	1,565,967	2,069,189
	-	117,330

Petrol and fuel	401,955	344,110
Donation	1,406,501	-
Employee Welfare	365,704	499,951
Legal Professional Fees	78,210	1,254,318
Mottor car and Insurance charges	88,712	244,675
Printing and Stationery	580,007	754,188
Postage and courier	8,304	24,519
Sales Promotion expenses	1,944,684	1,431,410
Telephone and internet charges	868,381	758,068
Travelling and conveyance	2,726,771	1,239,024
Foreign Exchange losses	700,320	1,973,432
Audit fees	165,450	160,330
Miscellaneous expenses	142,034	178,393
TOTAL	49,783,937	44,708,916

For CNGSN & Associates

Chartered Accountants

C.N. Gangadaran

Partner

Membership No.11205

F.R.No.004915S

Chennai, 29th February 2012**For and on behalf of the Board of Directors****Krishnakumar Subramanian**

Chairman and Managing Director

Mohan Subramanian

Director

Mumbai, 29th February, 2012

Notes forming parts of Annual Accounts for the year ended June 30th 2011

(All the amounts are in Indian Rupees, unless otherwise indicated)

SCHEDULE - I

Notes forming parts of annual accounts for the year ended 30th June 2011. (All the amounts are in Indian Rupees, unless otherwise indicated)

Company'S BACKGROUND

Nextgen Animation Mediaa Limited is in business of producing NEXT GENERATION digital animation content, Creating Intellectual Property Rights & Interactive digital games development using world class technology.

SIGNIFICANT ACCOUNTING POLICIES & BASIS OF ACCOUNTING

The financial statements are prepared on the basis of Historical cost convention in accordance with the Indian generally accepted Principles (GAAP). Applicable accounting standard issued by the institute of chartered accountants of India (ICAI) and the provision of the Company act 1956.

REVENUE RECOGNITION

Revenue from animation digital software development of fixed price contract is recognized according to the milestones achieved as specified in contracts on the basis of works completion method. With respect to time and materials contracts revenue is recognized proportionately over the period in which services are rendered. Interest is recognized using the time proportion method, based on rates Implicit in the transaction.

FIXED ASSETS, CAPITAL WORKS IN PROGRESS AND DEPRECIATION

Fixed assets are stated at the cost of acquisition including taxes, duties, freight, exchange gains/losses and other incidental expenses including interest related to acquisition and installation or transferred and accordingly the Gross Block, depreciation provided till the date of the appointed dated namely 1st July 2006 has been captured in the Accounts. Capital work in progress includes the cost of fixed assets and amount advanced towards capital projects under development.

The Company provides depreciation on straight-line basis at the rates and in the manner prescribed under schedule XIV of the companies Act, 1956.

IMPAIRMENT OF ASSETS

Management evaluates at regular intervals, Using External &

Internal source whether there is any impairment of any assets. Impairment Occurs where the Carrying Value exceeds the present value of future cash flows expected to arise from the continuing use of the asset and its eventual disposal. Any loss on account of Impairment is expensed as the excess of the carrying amount over the higher of the asset's net sales price or present value as determined.

ACCOUNTING OF INTELLECTUAL PROPERTY RIGHTS

The Company creates from time -to time Intellectual Property on the sketches/ characters created by the employees / consultants of the Company. The Company has proprietary rights on the same and accordingly the valuations of these IPRs are done. Some of these sketches / characters have perpetual value and as such the management feels that this has an enduring value and as such is not subject to impairment and hence no provision is made as per the Accounting standard 26.

USE OF ESTIMATES

The preparation of financial statements in conformity with GAAP require Management to make estimates and assumptions that effects the reported amount of assets and liabilities disclosure of contingent assets & Liabilities at the date of financials Statements and the reported amounts of revenue & Expenses during the reporting periods. Examples of such estimates include estimates of useful life of assets and future obligations under employee retirement benefit plans. Actual results could differ from these estimates.

EMPLOYEE RETIREMENT BENEFITS

During the year under review, the Company has recruited employees who are also covered under the provident fund scheme and other allied acts and provisions. However the Company has not yet commenced the benefits like gratuity etc. as this is the third year of appointment of the employees and they have not completed the 5 years of service.

DEFERRED REVENUE EXPENDITURE

Deferred Revenue Expenditure is written equally over a period of five years.

TAXATION

The provision for current tax including deferred taxes has been

provided on the basis of rates of taxes provided under Income tax act-1961

- (i) Transactions in foreign currency are accounted at the rate prevailing on the transaction date.
- (ii) Current assets and liabilities denominated in foreign currency are translated at the exchange rates prevailing at the Balance Sheet date.
- (iii) Exchange difference related to acquisition of fixed assets is adjusted to the cost of those assets.
- (iv) In respect of foreign current liabilities and current assets, translations are at the closing exchange rate. Revenue items are translated at the average exchange rate. Fixed Assets and depreciation thereon are translated at the rates prevailing at the time of their acquisition.

EARNINGS PER SHARE (EPS)

The earnings considered in ascertaining the Company's earnings per share comprise the net profit after tax (and include post tax effect of any extraordinary items.) The number of shares used in computing basic earnings per share is the weighed average number of shares outstanding during the period. The number of shares used in computing diluted earnings per share comprises of the weighted average number of shares outstanding during the period. The number of shares used in computing diluted earnings per share comprises of the weighted average shares considered for deriving basic earning per share, and

also the weighted average number of equity shares which could have been issued on conversion of all dilutive potential equity shares.

RELATED PARTY TRANSACTIONS

Related party transactions are transfer of resources or obligations between related parties, regardless of whether a price is charged. Parties are considered to be related, if one party has the ability, directly or indirectly, to control the other party of exercise significant influence over the other party in making financial or operating decisions. Parties are considered to be related if they are subject to common control or common significant influence.

B. NOTES

1. The accounts of the Company Wholly own subsidiary Company M/s Advaitaa Technologies inc. an Animation and Games content Provider Company enclosed herewith.
2. The audited consolidation accounts for the year period ended as prescribed under the IAS also enclosed.
3. The Company issued GDSs with underlying Equity Shares of the Company for the acquisition of the said 100% WOS through swap of shares.
4. Payments made to/provided for auditors during the year Rs. 165,450 compares to previous for Rs. 160,330, The payment includes the certification charges for Rs. 50,000 for the year as well as previous year.

5	Information pursuant to the provisions of paragraphs 4C and 4D of part VI the Companies Act, 1956.
i)	CIF Value of imports Current Year Rs. Nil (previous year Rs. Nil)
ii)	Expenditure in foreign Currency
	Traveling – Current Year Rs Nil (Previous Year Rs. 448,280)
iii)	Earning in Foreign exchange Current Year 65,989,116 (Previous Year 47,873,768)

6. Segment Reporting

Animation Content Development service is the single business segment, which constitutes the primary basis of segmental reporting set out in financial statements. Secondary segmental reporting is based on the geographical location of its customers.

7. Related Party Transactions

During the year ended June 30 2011, the Company has entered into transaction with related party.

Summary of the transactions with the above-related parties is as follows

- a. Investment in Subsidiary Current Year Nil (Previous Year Rs. 675,000,000)
 - b. Remuneration to director Mr. Krishnakumar Subramanian Rs. 1,200,000 (Previous Year 555,293)
 - c. Outstanding balance receivable from Silverline Technologies Ltd Rs. 38,719,987 Previous Year Rs. 58,228,762)
8. Fixed Assets Balance has been certified by the management.

As per our report of even date

For and on behalf of the Board of Directors

For CNGSN & Associates

Chartered Accountants

C.N. Gangadaran

Partner

Membership No.11205

F.R.No.004915S

Chennai, 29th February 2012

Krishnakumar Subramanian

Chairman and Managing Director

Mohan Subramanian

Director

Mumbai, 29th February, 2012

CASH FLOW STATEMENT FOR THE YEAR ENDED JUNE 30TH 2011

PARTICULARS	Amounts in Rupees
Cash flows from operating activities	
Net Profit before Tax and before extraordinary item	14,186,719
Adjustments for :	
Depreciation	11,164,699
Preliminary Expenses & Filing fees written off	774,219
Provision for Doubtful Debts	-
Provision for Income Tax	-
Dividend Income	-
Un-realised Forex Gain	-
Increase in Deferred Revenue Expenditure	-
Sub Total	26,125,637
Operating Profit before Working Capital changes	26,125,637
Working capital changes	
Increase in Sundry Debtors	4,703,076
Increase in advances recoverable in cash or kind or for value to be received	(18,122,524)
Increase / Decrease in Sundry Creditors	(7,208,982)
Increase / Decrease in Work in Process	(13,088,347)
Increase / Decrease in other current liabilities	-
Increase in provisions	(14,839,899)
Increase in Deferred Tax	-
Net Cash from operating activities	(22,431,039)
Cash flows from investing activities	
Purchase of Fixed Assets	-
Investment Account	-
Dividend Income	-
Net cash (used in)/surplus from investing activities	-
Cash flows from financing activities	
Proceeds from issuance of share capital and share premium	-
Borrowings (Net)	23,807,671
Extraordinary Items-Premium on prepayment of foreign currency term loans	23,807,671
Net cash (used in)/ surplus from financing activities	23,807,671
Net increase in Cash & Cash equivalents	1,376,632
Effect of Unrealised foreign exchange fluctuation gain / (loss)	-
Cash & Cash equivalents at the beginning of the year	235,234
Cash & Cash equivalents at the end of the year	1,611,866
Increased in Cash Balance	1,376,632
Auditors Certificate :	

We have examined the above cashflow statement of Nextgen Animation Mediaa Ltd. for the year ended June 30, 2011. The statement has been prepared by the Company in accordance with requirements of listing agreenebt Clause 32 with the stock exchanges and is based on and in agreement with the corresponding profit and loss account and balance sheet of the Company covered by our report of even date to the members of the Company.

For CNGSN & Associates

Chartered Accountants

C.N. Gangadaran

Partner

Membership No.11205

F.R.No.004915S

Chennai, 29th February 2012

For and on behalf of the Board of Directors

Krishnakumar Subramanian

Chairman and Managing Director

Mohan Subramanian

Director

Mumbai, 29th February, 2012

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE INFORMATION PURSUANT TO PART IV OF SCHEDULE VI TO THE COMPANIES ACT, 1956.

I REGISTRATION DETAILS

Registration number	PTC172039	State code	11
Balance Sheet date	Date 30th Month 06 Year 2011		

II CAPITAL RAISED DURING THE PERIOD (Rs in thousands)

Public issue*	0	Right Issue	0
Bonus	0	Private placements*	0
* ADR Issue including premium		*ADR swap including Premium	0
* GDR issue on swap basis- no premium			

III POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (Rs in thousands)

Total Liabilities	1,486,277	Total Assets	1,486,277
Sources of funds		Application of funds	
Paid -up capital	619,942	Net fixed assets	606,538
Application money towards share warrants	-	Investments	675,000
Reserves & Surplus	838,758	Net current assets	204,458
Secured loans	-	Misc. expenditure	2,280
Unsecured loans	275,77	Accumulated losses	-

IV PERFORMANCE OF THE Company - without extraordinary item

Turnover	79,160	Total expenditure	61,722
Profit / (Loss) before tax	14,986	Profit / (Loss) after tax	14,186
Earnings per share (Rs.)	0.70	Dividend rate %	0

V GENERIC NAMES OF PRINCIPAL PRODUCTS/SERVICES OF THE Company

Item code	8524-90
Product description producing digital animation content using software and hardware technologies	

For CNGSN & Associates

Chartered Accountants

C.N. Gangadaran

Partner

Membership No.11205

F.R.No.004915S

Chennai, 29th February 2012

For and on behalf of the Board of Directors

Krishnakumar Subramanian

Chairman and Managing Director

Mohan Subramanian

Director

Mumbai, 29th February, 2012

Sr no	Name of the subsidiary Company		Advaitaa Technologies Inc.
1	Financial year of the subsidiary ended		30/06/2011
2	Shares of subsidiary Company held on the above date and extent of holding 1) Equity shares 2) Extent of holding(%)		100% 100%
3	Net aggregate amount of profits/ (losses) of subsidiary for the above financial year so far as they concern members of Nextgen Animation Mediaa Limited 1) Dealt with in the accounts of Nextgen Animation Mediaa Limited 2) Not - dealt with in the accounts of Nextgen Animation Mediaa Limited		NIL \$298,844
4	Net aggregate amount of profits/ (losses) for previous year of the subsidiary for the above financial year as far as they concern members of Nextgen Animation Mediaa Limited 1) Dealt with in the accounts of Nextgen Animation Mediaa Limited 2) Not - dealt with in the accounts of Nextgen Animation Mediaa Limited		Nil Nil

5 During the current year Company completed the acqutition of AdvaitaaTechnologies Inc. and it becomes 100% WOS of the Company.

For CNGSN & Associates

Chartered Accountants

C.N. Gangadaran

Partner

Membership No.11205

F.R.No.004915S

Chennai, 29th February 2012

For and on behalf of the Board of Directors

Krishnakumar Subramanian

Chairman and Managing Director

Mohan Subramanian

Director

Mumbai, 29th February, 2012

AUDITORS' REPORT TO THE BOARD OF DIRECTORS OF NEXTGEN ANIMATION MEDIAA LIMITED ON CONSOLIDATED FINANCIAL STATEMENT OF THE COMPANY

1. We have examined the attached Consolidated Balance Sheet of Nextgen Animation Mediaa Limited and its subsidiary as at 30th June 2011 and the Consolidated Profit & Loss Account.
2. These financials are the responsibility of Nextgen Animation Mediaa Limited management. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Generally Accepted Auditing standards in India. These Standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are prepared, in all material aspects, in accordance with identified financial reporting framework, 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 statements. We believe that our audit provides a reasonable basis of our opinion.
3. We did not audit the financial statements of subsidiary financial statements as at 30th June 2010 - 2011. The Subsidiary Company Advaitaa Technologies Inc. have been audited by other auditor whose reports have been furnished to us.
4. We report that the consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standards (AS) 21, consolidated financial statements issued by the Institute of Chartered Accountants of India.
5. Based on our audit and on consideration of the reports / certificates of other Auditors / Directors 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, and
6. We are of the opinion that
 - i. The Consolidated Balance Sheet gives a true and fair view of the consolidated state of affairs of Nextgen Animation Mediaa Limited, and its subsidiary as at 30th June 2011.
 - ii. The Consolidated Profit and Loss Account gives a true and fair view of the consolidated result of operations of Nextgen Animation Mediaa Limited its subsidiary as at 30th June 2011.
 - iii. The Consolidated Cash Flow statement gives a true and fair view of the Consolidated Cash flows for the year ended on that date.

For CNGSN & ASSOCIATES

Chartered Accountants

C N GANGADARAN

Partner

Chennai

Date : 29th February 2012

Memb.No.11205

F.R.No.004915S

BALANCE SHEETS AS AT JUNE 30TH 2011
NEXTGEN ANIMATION MEDIAA LIMITED - CONSOLIDATED

Currency in Indian Rupees

	Schedule	30-Jun-11
<u>Shareholders fund</u>		
Share Capital	A	619,941,950
Reserve and Surplus	B	874,850,240
Loan Fund		
Secured		-
Unsecured	C	35,064,739
Total Sources of Fund		<u>1,529,856,929</u>
<u>Application of Fund</u>		
Fixed Assets	D	468,104,366
Less: Depreciation		<u>(400,681,086)</u>
		67,423,280
Value of Intellectual Right Property		555,300,613
Net Fixed assets		<u>622,723,893</u>
Goodwill account		673,444,347
Current Assets Loans and Advances	E	
Work in process		18,617,651
Sundry Debtors		139,480,444
Cash and Bank Balances		7,206,721
Other Assets		<u>87,376,663</u>
		252,681,478
Less: Current Liabilities and Provision	F	21,273,447
Net Current Assets		231,408,031
Misc Expenditure (to the extent of not written off or adjusted)		2,280,658
Total Application of Funds		<u>1,529,856,929</u>
Notes to Accounts and Policies	H	

For CNGSN & Associates
Chartered Accountants

C.N. Gangadaran
Partner
Membership No.11205
F.R.No.004915S
Chennai, 29th February 2012

For and on behalf of the Board of Directors

Krishnakumar Subramanian
Chairman and Managing Director

Mohan Subramanian
Director

Mumbai, 29th February, 2012

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED JUNE 30TH 2011**NEXTGEN ANIMATION MEDIAA LIMITED - CONSOLIDATED**

Currency in Indian Rupees

	Schedule	30-Jun-11
Animation software development charges		293,434,058
other Income		1,447,583
Income tax written back		10,800,000
Total Income		<u>305,681,641</u>
Expenditure		
Cost of Revenue		205,589,407
General Administrative Expenses	G	56,877,192
Depreciation		11,642,288
Total Expenditure		<u>274,108,887</u>
Profit before interest and taxes		31,572,754
Less Finance Cost		3,003,574
Profit before tax		28,569,180
Less Taxes		800,000
Net Profit		27,769,180
Profit B/f. from Previous Year		51,523,011
Balance C/f. to Next Year		<u>79,292,191</u>
Basic Earning per share after Extraordinary Item (Rs.)		0.83
Diluted Earning per share after Extraordinary Item (Rs.)		0.83
Notes to Accounts and Policies	H	

For CNGSN & Associates

Chartered Accountants

C.N. Gangadaran

Partner

Membership No.11205

F.R.No.004915S

Chennai, 29th February 2012**For and on behalf of the Board of Directors****Krishnakumar Subramanian**

Chairman and Managing Director

Mohan Subramanian

Director

Mumbai, 29th February, 2012

**SCHEDULE FORMING PART OF THE
BALANCE SHEET AS AT JUNE 30TH 2011
NEXTGEN ANIMATION MEDIAA LIMITED - CONSOLIDATED**

Currency in Indian Rupees

30-Jun-11

Schedule : A: Share Capital

AUTHORISED CAPITAL

67,000,000 Equity Share Capital of Rs. 10 each

(Previous Year 67,000,000 Equity of Rs. 10 each)

670,000,000

ISSUED, SUBSCRIBED AND PAID-UP

61,994,195 Equity Shares of Rs. 10 each fully paid-up

619,941,950

Total Rs.

619,941,950

Schedule : B : Reserve and Surplus

CAPITAL RESERVE

Transfer upon Demerger

71,394,740

Reserve on account of IPR

549,163,310

Securities Premium Account

Profit and Loss Account

27,769,180

Add: Profit for the year

51,523,011

79,292,191

Total Rs.

874,850,241

Schedule :C: Unsecured Loan

Intercorporate Deposits

34,064,739

From Director Relatives

1,000,000

Total Rs.

35,064,739

Schedule D Fixed Assets:

Assets	Gross Block			Depreciation				Net Block		
	01.07.2010	Additions	Deletions	30.06.2011	01.07-2010	For the Year	Deletions	30.06.2011	30.06.2011	30.06.2010
Land		3,280,873		3,280,873	0	0	0	-	3,280,873	0
Building		13,058,967		13,058,967	1,126,508	339,784		1,466,292	11,592,675	0
Computer Equipment Inclusive of Software	294,319,048	-		294,319,048	287,519,181	1,134,414	-	288,653,595	5,665,453	6,799,867
Furniture and Fixture	98,817,812			98,817,812	67,981,967	6,255,167		74,237,134	24,580,678	30,835,845
Office Equipment	36,132,486	1,449,465	-	37,581,951	23,643,457	2,424,991	-	26,068,448	11,513,503	12,489,029
Electrical fitting	21,045,715	-	-	21,045,715	8,767,685	1,487,932	-	10,255,617	10,790,098	12,278,030
TOTAL	450,315,061	17,789,305	-	468,104,366	389,038,798	11,642,288	-	400,681,086	67,423,280	62,402,771
Previous Year	443,802,457	6,512,604	-	450,315,061	377,794,526	10,117,765	-	450,315,061	62,402,771	66,007,931

SCHEDULE FORMING PART OF THE BALANCE SHEET AS AT JUNE 30TH 2011

<u>Schedule :E: Current Assets , Loans and Advances</u>	<u>Amount</u>
Work-in Process (Certified and verified by the Management)	18,617,651
Cash and Bank balances	7,206,721
Sundry Debtors Considered good by the Management	84,273,765
Outstanding for more than Six months	55,206,679
Others	
Loans and Advances Considered good by the Management	
Deposit	1,100,000
Payment to government for taxes	1,431,226
Intercorporate Deposit with Silverline Technologioes ltd (Previous Year Rs. 58,228,762)	38,719,987
Others	46,125,450
Total Rs.	<u>252,681,479</u>
<u>Schedule : F : Current Liabilities and Provision</u>	
Sundry Creditors	194,135,12
Provision	
Income Tax	1,731,239
Fringe Benefit taxes	125,706
Profession Tax	2,990
Total Rs.	<u>21,273,447</u>

**SCHEDULING FORMING PART OF THE
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED JUNE 30TH 2011**

NEXTGEN ANIMATION MEDIAA LIMITED - CONSOLIDATED

Currency in Indian Rupees

General Administrative expenditure	30-Jun-11
Schedule : G	
Salary and consultancy Charges	44,328,944
Rental Expenses	8,104,885
Office Expenses	1,067,845
Bank Charges	109,742
Repairs and Maintenance, Computer Peripherals	2,069,206
R&T Depository and compliance charges	1,687,469
Director Remuneration	1,200,000
Electricity charges	1,565,967
Petrol and fuel	401,955
Donation	1,429,226
Employee Welfare	2,592,981
Legal Professional Fees	456,127
Motor car and Insurance charges	88,712
Printing and Stationery	580,007
Postage and courier	8,304
Sales Promotion expenses	1,976,681
Telephone and internet charges	1,148,944
Travelling and conveyance	9,945,231
Foreign Exchange losses	700,320
Audit fees	165,450
Miscellaneous expenses	1,680,061
TOTAL	81,308,057

For CNGSN & Associates

Chartered Accountants

C.N. Gangadaran

Partner

Membership No.11205

F.R.No.004915S

Chennai, 29th February 2012

For and on behalf of the Board of Directors

Krishnakumar Subramanian

Chairman and Managing Director

Mohan Subramanian

Director

Mumbai, 29th February, 2012

NOTES TO THE CONSOLIDATED ANNUAL REPORT FOR THE YEAR ENDED JUNE 30TH 2011

SCHEDULE H

(All amounts in Indian rupees, unless otherwise indicated)

A: Accounting policies and procedures

i. BASIS OF PREPARATION

The accompanying financial statements have been presented for the year ended 30th June 2011 along with comparative information for year ended June 30, 2010. The financial statements have been prepared on a going concern basis under the historical cost conversion on the accrual basis of accounting in conformity with accounting principles generally accepted in India ("Indian GAAP") The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year's stated hereunder.

ii. CONSOLIDATION

The accounting Consolidated Financial Statements comprise the accounts of Nextgen Animation Mediaa Limited and its subsidiary Advaitaa Technologies Inc. The subsidiary are owned 100% by Nextgen Animation Mediaa Limited.

iii. USE OF ESTIMATES

The preparation of Company's financial statements in conformity with generally accepted accounting principles. The Company's management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period, actual results could differ from those estimates.

iv. FIXED ASSETS

Fixed assets are stated at the cost of acquisition less depreciation, including taxes, duties, freight, exchange gains/losses and other incidental expenses, including interest related to acquisition and installation. Capital work in progress includes the cost of fixed assets and amount advanced towards capital projects under development. The Company provides depreciation over the useful life of the asset.

v. GOODWILL

Goodwill acquired in a business combination and determined to have an indefinite useful life are

not amortized, but instead tested for impairment annually or more frequently if events or changes in circumstances indicate that the asset might be impaired. For Goodwill, to the extent the carrying amount of a reporting unit exceeds the fair value of the reporting unit, the Company would be required to perform the impairment test, as this is an indication that the reporting unit goodwill may be impaired

vi. SOFTWARE DEVELOPMENT EXPENDITURE

Cost of software that is embedded in the hardware is capitalized and purchase of software for development is charged to Profit and Loss Account.

vii. TAXATION

The provision for current taxation is computed in accordance with the relevant tax regulation. Deferred tax is recognized on timing differences between the accounting and the taxable income for the year and quantified using the tax rates and laws enacted or subsequently enacted as on the Balance Sheet date. Deferred tax assets are recognized and carried forward to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized in future.

viii. CONVERSION OR TRANSLATION OF FOREIGN CURRENCY ITEMS

Transactions in foreign currency are accounted at the average rate prevailing during the period of the accounting year. Current assets and liabilities denominated in foreign currency are translated at the exchange rates prevailing at the Balance Sheet date.

In respect of foreign current liabilities and current assets, translations are at the closing exchange rate. Revenue items are translated at the average exchange rate. Fixed Assets and depreciation thereon are translated at the rates prevailing at the time of their acquisition.

ix. EARNINGS PER SHARE (EPS)

The earnings considered in ascertaining the Company's earnings per share comprise the net profit after tax (and includes post tax effect of any extraordinary items.) The number of shares used in computing basic earnings per share is the weighed

average number of shares outstanding during the period. The number of shares used in computing diluted earnings per share comprises of the weighted average number of shares outstanding during the period. The number of shares used in computing diluted earnings per share comprises of the weighted average shares considered for deriving basic earning per share, and also the weighted average number of equity shares which could have been issued on conversion of all dilutive potential equity shares.

x. SEGMENT REPORTING

The Company provides comprehensive range of information technology services comprising software development, system solutions, application software system maintenance software to its customers across the industry. Accordingly, the Company has identified IT services as a single business segment, which constitutes the primary basis of segmental reporting, set out in financial statements. Secondary segments are reported

based on geographical location of the customers. Capital expenditure relates to fixed assets purchased during the period.

xi. RELATED PARTY TRANSACTIONS

Related party transactions are transfer of resources or obligations between related parties, regardless of whether a price is charged. Parties are considered to be related, if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial or operating decisions. Parties are considered to be related if they are subject to common control or common significant influence.

B. 1. KEY MANAGEMENT PERSONNEL

Mr. Krishnakumar Subramanian – Chairman and Managing Director

2. Figures have been rounded to the nearest Rupee. Previous years figures are not applicable as Advaitaa Technologies Inc. become WOS of the Company during the current year

For CNGSN & Associates

Chartered Accountants

C.N. Gangadaran

Partner

Membership No.11205

F.R.No.004915S

Chennai, 29th February 2012

For and on behalf of the Board of Directors

Krishnakumar Subramanian

Chairman and Managing Director

Mohan Subramanian

Director

Mumbai, 29th February, 2012

INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Stockholder's of Advaitaa Technologies Inc.

(A Wholly owned subsidiary of Nextgen Animation Mediaa Limited)

We have audited the accompanying balance sheet of Advaitaa Technologies Inc. (a subsidiary Company of Nextgen Animation Mediaa Limited) as of June 30, 2011 and the related statements of income, changes in stockholder's equity and cash flows for the year then ended. 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.

We conducted our audit in accordance with the auditing standards generally accepted in the United States of America. 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 the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Advaitaa Technologies Inc. as of June 30, 2011 and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Ram Associates
Hamilton, NJ
January 20th, 2012

BALANCE SHEETS AS AT JUNE 30TH 2011**ADVAITAA TECHNOLOGIES INC.**

Currency in US\$

Assets	30-Jun-11
Cash and Bank Balances	123,425
Accounts Receivable	595,535
Other Current Asstes	71,702
Property Equipment and Net	336,357
Total Assets	1,127,019
Liabilities	
Accounts Payable	14,040
Line of Credit	115,282
Curent portion of term lioability	22,690
IBT Term Loan	165,178
Stockholders Stock	26,908
Retained earning	782,921
Total Liabilities	1,127,019

Notes : there is no any addition towards the Fixed Assets Account

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED JUNE 30TH 2011**ADVAITAA TECHNOLOGIES INC.**

	Currency in US\$
	30-Jun-11
Net Revenue	4,952,117.00
Cost of Revenue	3,968,852.00
Gross profit	983,265.00
General and administrative Expenses	693,600.00
Other income	31,850.00
	321,515.00
Interest Expenses	(12,163.00)
Depreciation	(10,508.00)
Net Profit	<u>298,844.00</u>

**SUPPLEMENTARY SCHEDULE GENERAL AND
ADMINISTRATIVE EXPENSES JUNE 30TH 2011
ADVAITAA TECHNOLOGIES INC.**

Currency in US\$

General and Administartive expenses	30-June-11
Administrative Expenses	5,296
Bank Charges	1,917
Consulting charges	6,500
Donations	500
Dues and subscriptions	5,306
Gifts	704
Insurance	157,273
Immigration expenses	104,560
Office Expenses	4,411
Payroll taxes	263,338
Payroll processing	1,815
Per Diem	44,895
Postage	3,238
Rent	3,700
Reimbursements	156
Repairs and Maintenance	150
Miscellaneous Expenses	28,534
Telephone	2,435
Travel	54,262
Utilities	4,110
Website	500
Total Expenses	<u><u>693,600</u></u>

STATEMENTS OF CASH FLOWS FOR THE YEAR ENDED JUNE 30TH 2011

ADVAITAA TECHNOLOGIES INC.

Currency in US\$

30-June-11

Cash flows from operating activities	
Net income	\$ 298,844
Adjustment to reconcile net loss to net cash provided by	
Operating activities	
Depreciation	10,508
Changes in assets and liabilities:	
(Increase) decrease in:	
Accounts receivable	(169,453)
Other current assets	(64,260)
Increase (decrease) in:	
Accounts payable and accrued expenses	2,599
Net cash provided by operating activities	<u>78,238</u>
Cash flows from investment activities	
Purchase of fixed assets	<u>(3,441)</u>
Net cash used in investment activities	<u>(3,441)</u>
Cash flows from financing activities	
Current portion of term loan	22,690
Increase in line of credit	79,922
Decrease in loan from stock holders & relatives	(42,290)
Decrease in term loan	<u>(45,379)</u>
Net cash used provided by financing activities	14,943
Net increase in cash and cash equivalents	89,740
Cash at the beginning of the year	33,685
Cash at the end of the year	<u>\$ 123,425</u>
Supplementary disclosure of cash flows information	
Cash paid during the year for	
Interest	\$ 12,163
Income taxes	
- See accompanying notes to financial statements	

ADVAITAA TECHNOLOGIES INC.**(A Wholly owned subsidiary of Nextgen Animation Mediaa Limited)****1. ORGANIZATION AND DESCRIPTION OF BUSINESS**

Advaitaa Technologies Inc. is an animation staff augmentation Company. The Company has deployed trained animation staff for various animation projects in US and Canada. The Company also works with their Indian parent to deliver animation contents around the world.

Advaitaa additionally assists clients in making informed business decisions through high-impact insight, advice, and research,

Advaitaa animation/software professionals have multiple platform skills and rich domain expertise in various industry segments. Their project management staff has developed methods and structures (hat allow it to manage projects. Every Advaitaa resource is trained extensively in latest animation tools like Toon Boon, Maya Software Technology Process and Communication.

Advaitaa can deploy these trained and industry seasoned software professional that has the experience and knowledge in assisting the client in developing and maintaining mission-critical application software needed to make the client's vision a reality.

It serves clients in entertainment, media, promo productions of various animation projects and special effects in movie industry.

Subsidiary

Under an agreement and plan of merger dated April 10th 2010 the entire stock and 100% control of Advaitaa Technologies Inc., was acquired by Nextgen Animation Mediaa Limited, an Indian Company. For stock acquisition, GDR's listed in Luxemburg were issued to Advaitaa share holders.

2. SUMMARY OF SIGNIFICANT ACCOUNT POLICIES**Accounting Policies**

These financial statements are prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America ("GAAP"); consequently, revenue is recognized when services are rendered and expenses reflected when costs are incurred.

3. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates

and use assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. These estimates are often based on judgments, probabilities and assumptions that management believes are reasonable but that are inherently uncertain and unpredictable. As a result, actual result could differ from those estimates.

Management periodically evaluates estimates used in the preparation of the financial statements for continued reasonableness. Appropriate adjustment, if any, to the estimates used are made prospectively based on such periodic evaluations.

4. Accounts Receivables

The Company does not maintain an allowance for estimated un-collectible accounts. All receivables are deemed collectible by management at June 30, 2011.

5. Revenue recognition

The Company recognizes revenue in accordance with the SEC's staff Accounting Bulletin Topic 13 ("Topic 13"), "Revenue Recognition." Revenue is recognized when all of the following criteria are met: (1) Persuasive evidence of an arrangement exists, (2) delivery has occurred or services have been rendered, (3) the seller's price to buyer is fixed and determinable, and (4) collectability is reasonably assured.

Revenues are primarily derived from professional services under time and materials contracts, which are recognized in the period in which services are provided.

Revenue related to services performed without a signed agreement or work order are not recognized until there is evidence of an arrangement, such as when agreements or work orders are signed or payment received; however the cost related to the performance of such work is recognized in the period the services are rendered.

For all services, revenues is recognized when, and if, evidence of an arrangement is obtained and the other criteria to support revenue recognition are met, including the price is fixed or determinable, services have been rendered and collectability is assured.

Revenues related to fixed price contracts for professional services are recognized using a model that is similar to the proportional performance method. Anticipated losses

are recognized when they become known. Revisions in estimated profits are made in the month in which the circumstances requiring the revision become known. There was 110 fixed price contract for the year ended June 30, 2011.

6. Property and Equipment

Property and equipment are stated at cost. Depreciation is provided for in amounts sufficient to relate the cost of depreciable assets to operations over their estimated useful lives by the straight-line method. Depreciation of an asset commences when the asset is put into use. The estimated useful lives of the related assets range from 3 to 7 years. The Company charges repairs and maintenance costs that do not extend the lives of the assets, to expenses as incurred.

Property and equipment consists of the following:

	June 30, 2011
Building	\$281,322
Land	70,678
Office furniture & equipment	31,225
Sub-Total	383,225
Less: Accumulated Depreciation	<u>46,868</u>
Property and equipment-net	<u>\$ 336,357</u>

7. New Accounting Pronouncements:

- a) In May 2009, the FASB issued authoritative guidance establishing principles and requirements for recognition and disclosure of subsequent events in the financial statements. The Company's adoption of this guidance on June 30, 2009 did not have a material effect on Company's financial operations,
- b) In June 2009, the FASB issued authoritative guidance, "The FASB Accounting standards codification and hierarchy of Generally Accepted Accounting Principle- a replacement of FASB statement No. 162" (the "Codification"), The Codification does not alter current U.S. GAAP, but rather integrates existing accounting standards with other authoritative guidance. Under the codification, there is a single source of authoritative U.S. GAAP

for nongovernmental entities and it supersedes all other previously issued non-SEC accounting and reporting guidance. The codification is effective for financial statement periods ending after September 15, 2009. Company's adoption of the codification on July 1, 2009 did not have a material effect on Company's financial condition or result of operations.

- c) In July 2006, the FASB issued FASB Interpretation No, 48 ("FIN 48"), "Accounting for Uncertainty in Income taxes". FIN 48 prescribes detail guidance for the financial statements recognition, measurement and disclosure of certain tax positions recognized in an enterprise's financial statements in accordance with FASB statement no.'109, "Accounting for Income Taxes." Tax positions must meet a more-likely-than-not recognition threshold at the effective date to be recognized upon the adoption of FIN 48 and in subsequent periods. FIN 48 is effective for fiscal years beginning after December 15, 2006, and the provisions of FIN 48 are applied to all tax positions upon initial adoption of the Interpretation. The cumulative effect of applying the provisions of this Interpretation are reported as an adjustment For the Year ended June 30, 2011 to the opening balance of retained earnings for each fiscal year. The effect of FIN 48 will not have any significant effects on the Company's financial statements.
- d) In April 2010, the FASB issued an amendment to the accounting and disclosure for revenue recognition—milestone method. This amendment, effective for fiscal years beginning on or after June 15, 2010 (early adoption is permitted), provides guidance on defining a milestone and determining when it may be appropriate to apply the milestone method of revenue recognition for research and development transactions. The Company believes that the adoption of the amendment will not have a material impact on its consolidated financial statements.

RAM ASSOCIATES

3240 East State Street, Extn.,
Hamliton NJ 086,
20th January, 2012

FORM 2 B

(See rules 4CCC and 5D)

NOMINATION FORM

(To be filled in by individual applying singly or jointly) (if jointly, only up to two persons)

I/We
and

the holders of Shares (Folio No.):

of Nextgen Animation Mediaa Limited wish to make a nomination and do hereby nominate the following person in whom all rights of transfer and/or amount payable in respect of shares shall vest in the event of my/our death.

NAME AND ADDRESS OF NOMINEE:

Name :

Address :

.....

Date of Birth*

(* to be furnished in case the nominee is a minor)

*The Nominee is a minor whose guardian is

.....

Name and Address

.....

Date :

(** To be deleted if not applicable)

Signature of shareholder:

Name :

Address :

.....

Date :

Signature of shareholder:

Name :

Address :

.....

Date :

Signature of two Witnesses

Name and Address Signature with date

1.

2.

INSTRUCTIONS:

- 1. The Nomination can be made by individuals only applying/holding shares on their own behalf singly or jointly upto two persons. Non-individuals including society, trust, body corporate, partnership firm, Karta of Hindu Undivided Family, holder of power of attorney cannot nominate. If the shares are held jointly, all joint holders will sign the nomination form.
2. A minor can be nominated by a holder of shares and in that event, the name and address of the Guardian shall be given by the holder.
3. The nominee shall not be a trust, society, body corporate, partnership firm, Karta of Hindu Undivided Family or a power of attorney holder. A non-resident Indian can be a nominee on repatriable basis.
4. Nomination stands rescinded upon transfer of share made.
5. Transfer of share in favour of a nominee shall be valid discharge by a Company against the legal heir.
6. The nomination forms shall be submitted in duplicate. The duplicate copy of the same will be returned to you for your records after nomination is registered by the Company.

NEXTGEN ANIMATION MEDIAA LTD.

Registered Office: Mohan Mills Compound, Kolshet Road, Dhokali, Thane (W), District Thane, Maharashtra-400 607.

ATTENDANCE SLIP

Names of the Members: _____

Folio No. _____

Client ID No.: _____

DP ID No.: _____

No. of shares held: _____

Name of Proxy : _____

Members/ Proxy's Signature: _____

(To be signed and handed over at the entrance of the meeting hall)

I hereby record and confirm my presence at the **Fifth Annual General Meeting** of the Company held at Dr. M. S. Subbulakshmi Auditorium, Plot H, Bhaudaji Road Extension, Near King's Circle Railway Station, Sion (W), Mumbai - 400 022. on Friday, 30th March, 2012 at 11.30 AM.

- NOTES:
1. Shareholder/proxyholder wishing to attend the meeting must bring the Attendance slip to the meeting and hand it over at the entrance duly signed.
 2. Shareholder/proxyholder desiring to attend the meeting should bring his copy of the Annual Report for reference at the meeting.

NEXTGEN ANIMATION MEDIAA LTD.

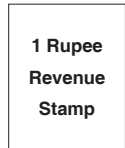
Registered Office: Mohan Mills Compound, Kolshet Road, Dhokali, Thane (W), District Thane, Maharashtra-400 607.

PROXY FORM

I/We _____ of _____ in the district of _____ being a member/ members of the above named Company, hereby appoint _____ of _____ or failing him _____ of _____ in the district of _____ as my/ our

Proxy to vote for me/us on my/our behalf at the **Fifth Annual General Meeting** of the Company held on Friday, 30th March, 2012 at 11.30 AM. at Dr. M. S. Subbulakshmi Auditorium, Plot H, Bhaudaji Road Extension, Near King's Circle Railway Station, Sion (W), Mumbai - 400 022 and at any adjournment thereof.

Signed this _____ day of _____ 2012



Notes:

1. The Proxy form duly completed should be deposited at the Registered office of the Company not less than 48 Hours before the time fixed for the meeting.
2. The proxy need not be a member of the Company.
3. All alterations made in the form of Proxy should be initialed.
4. In case of multiple proxies, proxy later in time shall be accepted.

Signature



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