gradiente
Infotainment Limited

Connecting. Communicating. Celebrating.

20th Annual Report 2011 - 2012

Delivering next-gen media solutions today

TV Serials

Print

Event Management

Movies

Modeling Academy

New Media

GO2012>>

...for a Growth Oriented tomorrow!

www.gradienteinfotainmentltd.com

VISION FORWARD

To be a one stop solution provider for the whole gamut of media and entertainment, advertising and new media marketing solutions.

Grow and diversify into emerging media and entertainment domains.

Foray into application design and development domains that drive mobile telephony and social media advertising.

Initiate training and placement in films and television, fashion modeling workshops, talent hunt initiatives, celebrity management with global media tie-ups, and establish centres of learning excellence.

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...for a growth oriented tomorrow!

CORPORATE INFORMATION

BOARD OF DIRECTORS

V. R. Mathur
Chairman & Managing Director

Sudheep Raj
Director

Sunitee Raj
Director

K. Narsing Rao (IFS)
Director

N. Madan Mohan (IPS)
Director

T.Venkateshwa Rao
Director

Shabbir Ali Baquri
Director

COMPANY SECRETARY
K. Ravi Kumar

LEGAL OFFICER
Mr. B. Roopender

AUDIT COMMITTEE
T. Venkateshwa Rao
Sudheep Raj
N. Madan Mohan
K. Mohan Acharya (Statutory Auditor)

NOMINATION / REMUNERATION COMMITEE
Vimal Raj Mathur
T. Venkateshwa Rao
K. Narsing Rao
Shabbir Ali Baquri

SHARE HOLDER / INVESTOR GRIEVANCES COMMITEE
T. Venkateshwa Rao
Sudheep Raj
Shabbir Ali Baquri

LEGAL ADVISORS
Gokhale Bilolikar & Co.
Mr. Milnd G. Gokhale
Citadel Apt., 505. Vittalwadi,
Himayatnagar, Hyderabad - 29
Ph: +91 40 23222212, 66668116
Fax : 66668115
E-mail : lawman009003@yahoo.com

REGISTRARS & TRANSFER AGENTS
Karvy Computershare Private Limited
(Unit Gradiente Infotainment Ltd)
Plot No. 17 to 24, Vittalrao Nagar,
Madhapur, Hyderabad - 500 081.
Tel: +91-40-23428412
Fax: +91-40-23440814
Email: prabhakar@karvy.com

AUDITORS
Komandoor & Co.
Chartered Accountants
1-504, 7-1-58, Dharam Karan Road,
Ameerpet, Hyderabad - 500 016.
Ph : 040 - 23751300 / 23741400
Email : komandoor_co@yahoo.co.in
komandoorco@gmail.com

REGISTERED & CORPORATE OFFICE
306, 3rd Floor, May Fair Gardens, Banjara Hills,
Road No. 12, Hyderabad - 500 034. AP. India.
E-mail: shareholders@gradienteinfotainment.com,
info@gradienteinfotainment.com

BANKERS
Standard Chartered Bank- Raj Bhavan Road, Hyderabad.
State Bank of India- Naryanaguda Br, Hyderabad.
Oriental Bank of Commerce, Banjara Hills, Hyderabad.
Union Bank of India, Saifabad, Hyderabad.
Indian Bank, Secunderabad.

CONTENTS

V.R. Mathur
Chairman & Managing Director

CHAIRMAN'S MESSAGE

The past two years , as per global surveys, has seen a rebound in consumer spend, advertising spend and most importantly E&M spend worldwide. It has been observed by leading market analysts that Advertisement in particular staged a remarkable comeback in nearly all markets and that the world in general continued its shift towards 'digital' – in varying degrees across the globe.

India recorded one of the highest growth rates in the world at 11.2% in 2010.

The past year has seen us emerge stronger, more diversified and with a more persuasive presence in the markets. Trading has also commenced on the BSE, auguring well for Gradiente in the times to come. Our company shares are currently traded on BSE, CSE, BgSE platforms.

The focus this year is on being Growth Oriented and simply GO forward in 2012, towards greater goals and more focused approach to expansion in niche sectors like Digital Media and Social Media.

Our infotainment service spectrum, still unmatched by any single media and entertainment entity in the country, in addition to a synergy of electronic, print, television and web-based communication is now also into new media technologies that hold the key to the future of entertainment and media.

Our charter of initiating corollary programs and interventions to train, certify and place talent across support functions like acting, modeling and digital filmmaking, including VFX and animation for the advertising and feature film industry is also active and moving forward at a steady pace.

Plans are also underway to establish branches in all the leading metros at the national level and key cosmopolitan destinations across the globe, especially in Hong Kong, Singapore and Europe.

Our performance speaks volumes about our commitment to achieving what we set out to achieve last year and we are confident of taking some major strides in all the right directions GOing forward.

Overview

Advertising

Digital Media

Television

Movies

Events

Modeling Academy

GRADIENTE Overview

GRADIENTE is a media house with deep roots in advertising and mass communication. It enjoys a market presence that spans nearly two decades, serving niche markets through established, new and emerging businesses with a global focus.

With professional synergies encompassing Advertising, Films and Programs for Television, and Event Management, its service portfolio has been consistently expanding to ensure utmost satisfaction for clients from across Industry verticals.

Gradiente is tuned to the future of business communication, information and entertainment, with a service spectrum that combines business and financial communication, public relations, direct marketing and digital media.

Gradiente is home to new-edge talent and the best in-house facilities that nurture and brew creativity, innovation and out - of - the – box thinking, without compromising on quality and delivery.

The only listed agency in India, with its growing presences on Television through serials on leading channels, it is poised to break new ground in marketing and advertising.

Having handled International clientele that included the Sharp Corporation, Canon, Nissan Motors Co. Ltd., the Diners Club of Japan, Fuji, Mitsubishi Electric, Ricoh, Sony Corporation, to name a few, Gradiente has further strengthened its presence with its Middle East affiliation with Al-Intisar Advertising and is now in the process of establishing new affiliate networks in Hong Kong and Singapore.

IDENTITY

gradiente
Infotainment Limited

Evolving into a bold new identity, the Gradiente logo depicts solid type and color variants that reflects its aggressive new attitude and character.

Red - denotes energy and direction

Grey -represents thought and leadership

Green - depicts the outcome - growth - for all the Stakeholders

Overall, it is more than a statement of intent - it is a translation of action and thought into outcomes that are measurable and preferred.

<

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BUSINESS DIVISIONS

18 Economy
SILK CENTRE
SUNDAY OPEN
GOVERNMENT OF ANDHRA PRADESH
TENDER NOTIFICATION
FESTIVAL COLLECTIONS
DARPAN
An Exclusive Showroom of Home Furnishings
back to School
High Quality | Long Lasting
Perfect Fitting
Heart N' Sole
gradiente

PRINT MEDIA

The enduring bastion for advertising

The print media flagship of Gradiente, now decades old, has been serving and continues to serve its clients across the print and publishing spectrum. It has a state-of-the-art copy, art, design and photo editing infrastructure and creative teams supported by seasoned brand, PR, media and print production divisions.

Gradiente has in-house media, digital media, creative, production and account planning expertise to facilitate the finest of campaigning and ensure the most desired outcomes.

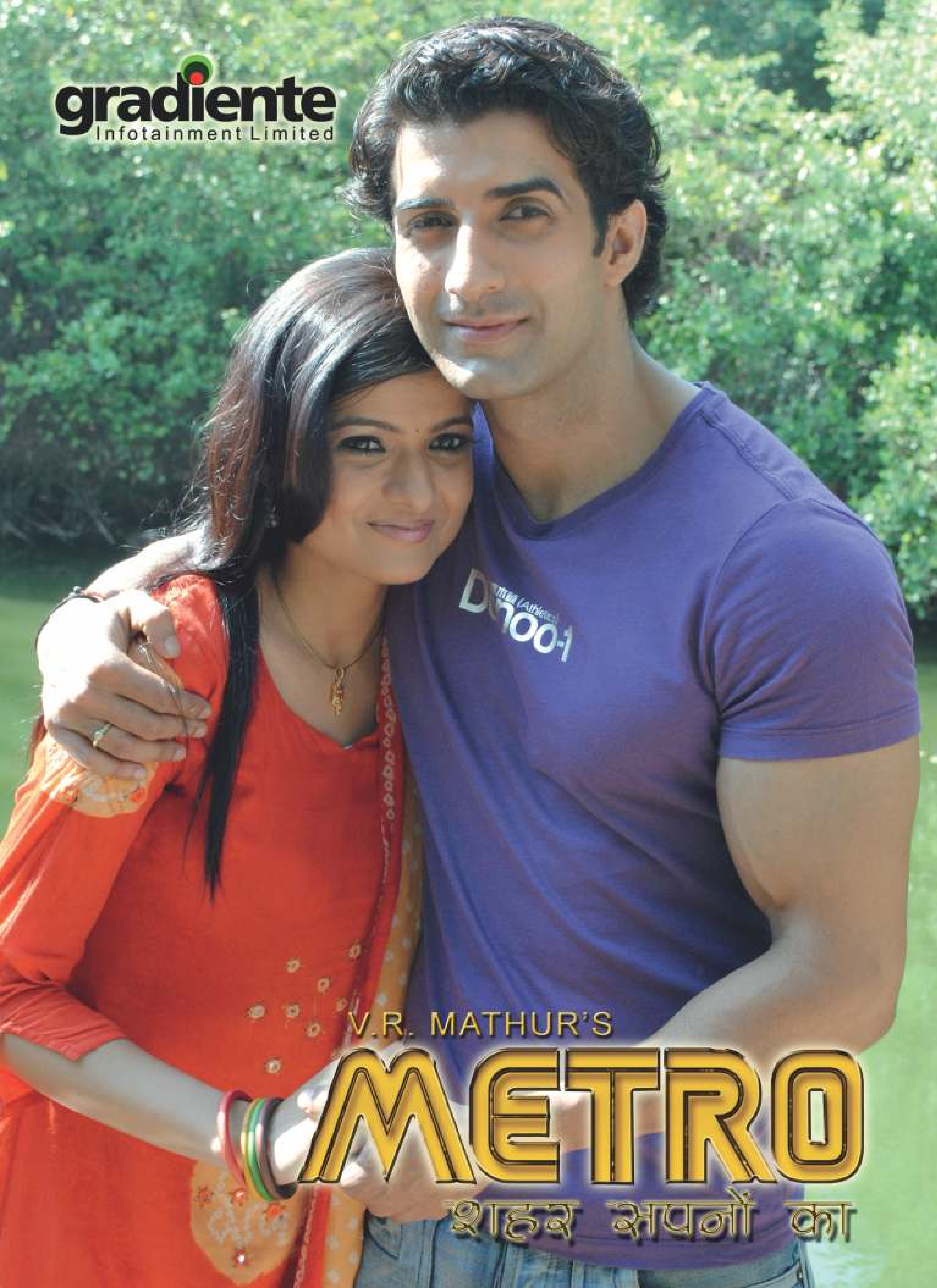
NEW / DIGITAL MEDIA

The New Frontier

The Indian Internet advertising market is one of the fastest-growing segments in the E&M industry. New media tools – interactive portals, HTML5, weblogs, web and smart phone apps, and other user-generated content platforms have transformed the communication landscape.

Interactivity, the digitalization of media, and media synergy, "many-to-many" web of communication – the convergence of new methods of communication with new technologies shifts the model of mass communication, and radically reshapes the ways we interact and communicate with one another.

This industry is in synergy with many market segments in areas such as software/video game design, television, radio, and particularly movies, advertising and marketing, through which industry seeks to gain from the advantages of two-way dialogue with consumers primarily through the Internet. Interactive PR practices of today, include the use of social media to reach a mass audience of online social network users.


gradiente
Infotainment Limited
V.R. MATHUR'S
METRO
शहर सपनों का

TELEVISION

Our growing presence

Gradiente has to its credit, over 200 TV Commercials and 20 corporate films, with standing orders worth over 100 crores for delivering program based content for TV channels. Keeping up with the times,

Gradiente is producing serials for television that are slated to be launched across leading channels in India.

There are various projects underway to ensure deliverables and to exceed expectations from investors and viewers alike.

In-house TV crews and production teams with ample experience in the hub of the industry at Mumbai enable seamless integration of talent and skills across the client spectrum.


gradiente
Infotainment Limited
Presents
bv
Bodapati Visuals
Bodapati Visuals
A MURRALI GANDARV Film
GUD మార్నింగ్
A love story like first kiss
రమణ మహేష్ • రవి కళ్యాణ్ • కె. కె.
కె. ఎల్. ఎన్. • మౌనశ్రీ మల్లిక్ • గీతా మాధురి • శ్రీకృష్ణ • "గంగాధర"

FILMS, ENTERTAINMENT & MUSIC

Transcending global boundaries of reach and language

As social networks become key to film marketing, multiplexes and small budget hits have transformed the 'where and the what to see' factor.

Gradiente has recently announced its foray into Tollywood, having signed two Telugu films this fiscal year. It has embarked on this new journey, signing an as yet untitled movie by Srinvas Raju starring top heroines of Telugu film industry. Another film directed and produced by Murali Gandharv titled GUD MORNING has also been signed recently. Gradiente holds presentation and distribution rights for both projects. The company is also negotiating with several other producers to work in joint ventures.

Plans are underway to engage Hindi film production houses in similar ventures in the very near future.

Taking things a step further, Gradiente augments its presence in the Television segment with audio and music programming, for its in-house programs as well as for client commercials. For instance - TV commercials, music videos, soundtracks for TV serials and jingles.

EVENT Management
Riding the new wave

With viewership reaching far and across with the advent of 3G and new media technologies, Events have a greater reach. Social media platforms have transformed communications and event participation today, actually commences on the Internet, much before events occur; in addition to numerous live events occurring online. Gradiente has deep experience in all aspects of Event Management. Be it social or live media, it has thorough awareness of organizational skills, tech knowhow, PR, marketing and advertising presence, catering, logistics, decor, law and license awareness, glamour identity, risk management, budgeting, in-depth exposure to television and various other media.

This knowledge is critical to follow through successfully to closure, which has been displayed in the many entertainment events, co-ordinated by Gradiente.

EDUCATION

Fashion, Modeling & Acting in perspective

Fashion design, training, modeling, soft skills, communication are focus areas to groom new talent and gear them for the industry demands.

At Gradiente, the boom in the entertainment agenda across the networks, has inspired in-house efforts and measures to improve the quality of content and presentation by identifying, training and promoting talent that would be empowered subsequently to contribute to mainstream entertainment as well.

These activities would be amply supported by online media outreach programmes, events and interactive web portals to facilitate platforms for participation, interaction and e-learning.

OUR TEAM

The Gradiente team comprises Art, Copy, Media, PR, Investor Relations, Finance, Digital Media and Management professionals.

They bring to the table, long years of experience and the new generation attitude in synergy.

Sudheep Raj (Director)

Vineet Raj Mathur

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NOTICE

NOTICE is hereby given that the 20th Annual General Meeting of the Shareholders of Gradiente Infotainment Limited will be held on Tuesday, the 25th September 2012 at 11.30 A.M. at The Central Court Hotel, Lakdi ka pul, Hyderabad - 500004 to transact the following business:

ORDINARY BUSINESS:

1. To receive and adopt the Directors' Report, the Audited Profit and Loss Account, the Cash Flow statement for the year ended 31st March, 2012 and the Balance Sheet as at that date.
2. To appoint a director in place of Mr. Sudheep Raj who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a director in place of Mrs. Sunitee Raj who retires by rotation and being eligible, offers herself for re-appointment
4. To appoint Komandoor & Co., Chartered Accountants to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company and to fix their remuneration.

SPECIAL BUSINESS:

5. To consider and if thought fit, to pass, with or without modification(s) the following resolution as a Special Resolution:

   "RESOLVED THAT Mr. K. Narsing Rao, who was appointed as additional director of the Company pursuant to the provisions of section 260 of the Companies Act, 1956 by the Board of directors w.e.f. 01/12/2011 and who holds the office up to the date of the ensuing annual general meeting and in respect of whom the company has received a notice in writing under section 257 read with section 190 of the said Act, along with requisite deposit proposing him as candidate for the office of director of the company, be and is hereby appointed as a director of the company whose period of office is liable to be determined by retirement of directors by rotation."

6. To consider and if thought fit, to pass, with or without modification(s) the following resolution an ordinary Resolution:

   "RESOLVED THAT Mr. Madan Mohan Nanduri, who was appointed as additional director of the Company pursuant to the provisions of section 260 of the Companies Act, 1956 by the Board of directors w.e.f. 01/03/2012 and who holds the office up to the date of the ensuing annual general meeting and in respect of whom the company has received a notice in writing under section 257 read with section 190 of the said Act, along with requisite deposit proposing him as candidate for the office of director of the company, be and is hereby appointed as a director of the company whose period of office is liable to be determined by retirement of directors by rotation."

7. To consider and if thought fit, to pass, with or without modification(s) the following resolution as a Special Resolution:

   "RESOLVED THAT pursuant to the provisions of Section 31 and all other applicable provisions of the Companies Act, 1956 and Rules framed there under, the existing Articles of Association of the Company be and is hereby amended as under :

   i) After Article 20(g) of the Articles of Association of the Company, the following new Article 20h shall be inserted:

   20h: The Board may provide video conference facility and/or other permissible electronic mode of communication to the shareholders of the Company for participating in General Meetings of the Company. Such participation by the shareholders at General Meetings of the Company through video conference facility and/or other permissible electronic mode of communication shall be governed by the Rules and Regulations as applicable to the Company for the time being in force.

   ii) After Sub-Article (k) of Article 52 of the Articles of Association of the Company, the following new sub article (l) shall be inserted:

   52l: Directors may participate in Meetings of the Board and/or Committees thereof, through video conference facility and/or other permissible electronic mode of communication. Such participation by the Directors at Meetings of the Board and/or Committees thereof, through video conference facility and/or other permissible electronic mode of communication shall be governed by the Rules and Regulations as applicable to the Company for the time being in force."

   "FURTHER RESOLVED THAT the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall be deemed to include any Committee or any person which the Board may nominate/constitute to exercise its powers, including the powers by this Resolution) be and is hereby authorized to carry out the above mentioned amendments in the existing Articles of Association of the Company and that the Board may take all such steps as may be necessary to give effect to this Resolution."

For and on behalf of the Board,
Gradiente Infotainment Limited

Sd/-
Vimal Raj Mathur
Chairman & Managing Director

Place: Hyderabad
Date: 01.09.2012

NOTES:

1. An Explanatory Statement pursuant to section 173(2) of the companies Act, 1956 in relation to the Special Business of the Meeting is annexed hereto and forms part of this notice.

2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY OR PROXIES TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF / HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES, IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.

3. The Register of Members and Share Transfer Books of the Company will be closed from 22.09.2012 to 25.09.2012 (Both days inclusive).

4. Members are requested to produce the Attendance Slip duly signed as per the Specimen Signature recorded with the Company/Depository Participant for admission to the meeting hall.

5. A Member desirous of receiving any information on the accounts or operations of the company is requested to forward his/her queries to the company at least 7 working days prior to the meeting, so that the required information can be made available at the meeting.

6. Members holding shares in physical form are requested to notify immediately any change in their address along with address proof, i.e Electric /Telephone Bill, Driving License or a copy of passport and Bank particulars to the company or its Registrar & Share Transfer Agent and in case their shares are held in dematerialized form, this information should be passed on directly to their respective Depository Participants and not to the company/RTA without delay.

7. Members, who hold shares in de-materialized form, are requested to bring their Client ID and DP IDs for easier identification of attendance at the meeting.

8. It shall be mandatory for the transferee(s) to furnish copy of PAN Card to the Company/RTAs for registration of transfer of shares for securities market transactions and off market/private transaction involving transfer of shares in physical form of listed companies.

9. As part of Green Initiative in Corporate Governance the Ministry of Corporate Affairs (MCA), Government of India vide its Circular has allowed paperless compliances by Companies inter-alia stating that if the Company sends official documents to their shareholders electronically, it will be in compliance with the provisions of Section 53 of the Companies Act, 1956. Keeping in view shareholders are requested to update their E-Mail ID with their DP.

Date: 01.09.2012
Place : Hyderabad

For and on behalf of the Board,
Gradiente Infotainment Limited
Sd/-
Vimal Raj Mathur
Managing Director

Explanatory Statement
(Pursuant to Section 173 (2) of Companies Act, 1956)

Item No. 5:

The members may note that Mr. K. Narsing Rao was inducted into board as an Additional Director of the company, with effect from 01/12/2011 pursuant to the provisions of section 260 of the Companies Act, 1956 and holds the office as such up to the date of ensuing Annual General Meeting. The Company has received notice in writing from a member of the company along with the requisites deposit under section 257 read with section 190 of the Companies Act, 1956 proposing the candidature of the above said person for the office of Director whose period of office is determinable by retirement of Directors by rotation.

Item No. 6: The members may note that Mr. Madan Mohan Nanduri was inducted into board as an Additional Director of the company, with effect from 01/03/2012 pursuant to the provisions of section 260 of the Companies Act, 1956 and holds the office as such up to the date of ensuing Annual General Meeting. The Company has received notice in writing from a member of the company along with the requisites deposit under section 257 read with section 190 of the Companies Act, 1956 proposing the candidature of the above said person for the office of Director whose period of office is liable to be determined by retirement of Directors by rotation.

Item No. 7: The Ministry of Corporate Affairs (MCA), Government of India, New Delhi vide General Circulars No.27/2011 and 28/2011 dated May 20, 2011 and Circular No. 35/2011 dated June 06, 2012 have permitted the companies to hold Board Meetings and Shareholders' Meetings through video conference facility, as part of the Green Initiatives under Corporate Governance.

Further, MCA vide Circular No. 72/2011 dated December 27, 2011 made the video conference facility at the Shareholders' Meetings optional to the Company. In order to provide video conference facility to its Directors and Shareholders, your Company has been advised to carry out necessary amendments in the existing Articles of Association of the Company by inserting enabling provisions. In terms of Section 31 of the Companies Act, 1956, approval of the Members by way of a Special Resolution is required to amend the Articles of Association of the Company.

The Articles of Association with alterations proposed therein as referred to in the Notice shall be available for inspection by the Members at the Registered Office of the Company # 306, 3rd Floor, May Fair Gardens, Banjara Hills, Road No. 12, Hyderabad - 500 034. AP. India any working day except holidays observed by the Company during usual business hours up to the date of the Meeting and will also be available at this Annual General Meeting.

Accordingly, your Board recommends passing of the Resolution No.4 as a Special Resolution.

None of the Directors is interested or concerned in this Resolution.

For and on behalf of the Board,
Gradiente Infotainment Limited
Sd/-
Vimal Raj Mathur
Managing Director

Date: 01.09.2012
Place : Hyderabad

MANAGEMENT DISCUSSION & ANALYSYS

MEDIA & ENTERTAINMENT

The Entertainment & Media industry is rife with opportunities for growth in all its segments.

The Indian film industry is witnessing increased corporatisation and several companies, especially those in film distribution and exhibition, came out with IPOs in recent years. The television industry has witnessed the mushrooming of more niche channels. Here again, emerging technologies such as broadband, DTH, IPTV and digitalization have resulted in more growth.

The GDP forecast is at 8% for the present year 2011-2012. The radio industry saw a lot of action, with as many as 338 FM radio licenses being up for grabs across the country. Digital media, has burgeoned as a vehicle for the industry and has opened the flood gates to communicate via web and electronic avenues like never before. With growing literacy, global technology standards, and geometric progression in the use of computers, laptops, hand-held devices and new generation gadgets in India, the sector of the E&M industry is poised to witness unprecedented growth. With presence, penetration and programs that deploy all these modes of communication, conventional and new age, in the E&M segment, Gradiente is poised for a quantum leap in the domain in this FY.

TELEVISION INDUSTRY

Television Industry is estimated to grow from $265.5 Billion in 2009 to 488.0 Billion in 2014, with an overall growth of 183.80 %.Gradiente, with deep anchoring in the film and television industry for decades, is producing serials for television that are slated to be launched across leading channels in India. We have standing orders worth over 200 crores to deliver program based content to leading TV channels over the next 3 years. Media Partners Asia (MPA) states that India is poised to become the world's largest DTH satellite pay TV market with 36.1 million subscribers by 2012.It also stated that India's DTH subscriber base will incvrease to 45 million by 2014 and 58 million by 2020. Gradiente is equipped to make its presence felt in broadcast and content creation with programs catering to the entire gamut of viewer-base in diverse linguistic forms, though predominantly Hindi.

FILM & ENTERTAINMENT

Filmed Entertainment Industry is estimated to grow from 95 Billion in 2009 to $170.5 Billion in 2014, showing the growth of 179.5%. TV commercials, music videos, soundtracks for Movies and TV serials are key areas and Gradiente has processes to augment its presence in the Television segment with audio and music programming, for its in-house programs as well as for client commercials. In the light of emerging trends and potential for high growth, plans are under way to initiate a foray into feature films with renewed focus. Indian Film Industry represents 18% of the total M&E segment and as per reports is slated to grow at a CAGR of 9% and expected to touch US$3.02 billion in the period ranging from 2009-2014. The burgeoning of multiplexes in malls across the country with digital screens facilitating wider releases are well on their way to transforming the industry landscape.

NEW MEDIA

New media tools - blogs, websites, web apps, and other user-generated media have brought media and entertainment on to I-pad, cell phone and laptop screens like never before. Broadband, Bluetooth, Wi-Fi, 3G are the progressive technologies with talk of 4G now. Interactivity, the digitalization of media, and media synergy, "many-to-many" web of communication - the convergence of new methods of communication with new technologies has revamped the scenario in tandem with software/video game design, television, radio, and particularly movies, advertising and marketing, through which industry seeks to gain from the advantages of two-way dialogue with consumers primarily through the Internet. Mobile phone usage being ubiquitous, PC and laptop penetration on a rapid rise across regions, never before bandwidth an affordable reality, the mode of connecting with user bases has changed the very flow of information and shaping of public opinion. The monopoly of cinema and small screen is no longer a paradigm and the shift has been noticeable and visibly felt by individuals as well as corporates.

DIRECTOR'S REPORT

To
The Members
We have pleasure in presenting the 20th Annual Report with Audited Statements of Accounts for the year ended 31st March 2012.

Financial Results :
On Standalone basis

(` in Lakhs)

Particulars	2011-2012	2010-2011
Total Revenue	3707.48	6331.04
Profit before interest, tax and depreciation (PBIDT)	212.65	1202.17
Less: Interest and financial charges	23.92	11.32
Profit before depreciation & tax (PBDT)	188.73	1190.84
Less: Depreciation	8.16	4.92
Profit before tax	180.57	1185.92
Tax Provision (current, fringe and deferred)	55.79	393.85
Net profit for the year	124.78	792.06
Appropriations	0.07	4.00
Dividend (including corporate tax thereon)	0.00	0.00
Transfer to debenture redemption reserve	0.00	0.00
Transfer to general reserve	1227.44	1596.27
Balance carried forward to next year	1350.75	2384.33

PERFORMANCE REVIEW:

A) STANDALONE:
The Ministry of Corporate Affairs (MCA) vide notification no. S.O. 447(E) dated 28th February, 2011 amended the existing Schedule VI to the Companies Act, 1956. The Revised Schedule VI is applicable from financial year commencing from 1st April, 2011. The financial statements of your Company for the year ended 31st March, 2012 have been prepared in accordance with the Revised Schedule VI and accordingly, the previous year's figures have been reclassified/ regrouped to conform to this year's classification.

The Company has recorded a turnover of ` 3707.48 Lakhs and the profit of ` 124.78 Lakhs in the current year against the turnover of ` 6331.04 lakhs and profit of ` 792.06 Lakhs in the previous financial year ending 31.03.2011.

The Company has been continuously working on quality up gradation and austerity measures for achieving efficient running of the organization.

DIVIDEND:
Keeping the Company's expansion and growth plans in mind, your Directors have decided not to recommend dividend for the year.

PUBLIC DEPOSITS:
Your Company has not accepted any deposits falling within the meaning of Sec.58A of the Companies Act, 1956 read with the Companies (Acceptance of Deposits) Rules, during the financial year under review.

Audit Committee:

The composition of Audit Committee is given below :

SL. No.	Name	Position held in the committee
1	Mr. T. Venkateshwa Rao	Chairman
2	Mr. Sudheep Raj	Member
3	Mr. N. Madan Mohan	Member
4	Mr. K. Mohan Acharya	Member

Report on Corporate Governance :

Your Company is committed to maintain the highest standards of Corporate Governance. As required under Clause 49 of the Listing Agreement with the Stock Exchanges a report on Corporate Governance is given as annexure to this annual report.

Certificate of the Auditor regarding compliance with the conditions of corporate governance is also given.

LISTING:

The equity shares of your company are listed on Bombay Stock Exchange, Calcutta Stock Exchange and Bangalore Stock Exchange.

CAPITAL OF THE COMPANY:

The Authorised Capital of the company stands at 30000000 equity shares of ` 10/- each and paid up capital of the company stands at 23168400 equity shares of ` 10/- each

MANAGEMENT DISCUSSION AND ANALYSIS:

A detailed review of operations, performance and future outlook of your Company and its businesses is given in the Management Discussion and Analysis, which forms part of this Report.

DIRECTORS:

In accordance with the Companies Act, 1956 read with Articles of Association of the company, the Directors namely Mr. Sudheep Raj and Mrs. Sunitee Raj retire by rotation and is being eligible for re-appointment. Your Board recommends the re-appointment of the Directors above. Mr. K. Narsing Rao and Mr. N. Madan Mohan who were appointed as additional director during the year is regularized for the office of directorship.

Statutory Auditors :

M/s. Komandoor & Co, Chartered Accountants, as Statutory Auditors of the Company hold office until the conclusion of ensuing Annual General Meeting and are eligible for re-appointment. The Company has received a letter from M/s. Komandoor & Co, Chartered Accountants to the effect that their appointment, if made, would be within the prescribed limits under Section 224 (IB) of the Companies Act, 1956, and that they are not disqualified for such appointment within the meaning of Section 226 of the Companies Act, 1956.

Legal Advisors :

During the year under review your Company re-appointed M/s. Gokhale Bilolikar & Co., Hyderabad as legal advisors for the Company.

Director's Responsibility Statement :

In pursuance of Section 217(2AA) of the Companies Amendment Act, 2000, your directors confirm

I) That the directors in the preparation of the annual accounts the applicable accounting standards have been followed along with proper explanations relating to material departures.

ii) That the directors 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.

iii) That the directors 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 deleting fraud and other irregularities.

iv) That the directors had prepared the annual accounts on a going concern basis.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION & FOREIGN EXCHANGE EARNINGS AND OUT GO:

The required information as per Sec.217 (1) (e) of the Companies Act 1956 is provided hereunder:

A. Conservation of Energy:

Your Company's operations are not energy intensive. Adequate measures have been taken to conserve energy wherever possible by using energy efficient computers and purchase of energy efficient equipment.

B. Technology Absorption:

1. Research and Development (R&D)	:	NIL
2. Technology absorption, adoption and innovation	:	NIL

C. Foreign Exchange Earnings and Outgo:

Foreign Exchange Earnings	:	NIL
Foreign Exchange Outgo	:	NIL

PARTICULARS OF EMPLOYEES:

There is no employee who is falling under section 217 (2A). Therefore, the disclosures required to be made under section 217 (2A) of the Companies Act, 1956 and the rules made there under are not applicable.

CODE OF CONDUCT:

The Code of Conduct has been circulated to all the members of the Board and Senior Management and the compliance of the same has been affirmed by them. Code of Conduct has also been placed on the website of the company. A declaration signed by the Managing Director is given in Annexure.

AUDITORS:

Your directors propose the appointment of M/s. komandoor & co . as statutory auditors to hold office until the conclusion of the next Annual General Meeting of the company.

CORPORATE GOVERNANCE:

As a listed company, necessary measures have been taken to comply with the listing agreements of Stock Exchanges. A report on Corporate Governance, along with a certificate of compliance from the Auditors, Forms part of this Report as Annexure.

CHANGE IN REGISTERED OFFICE:

During the financial year the Company's registered office shifted from Ground Floor, Siri Balaji Residency, Hill Colony, Khairatabad, Hyderabad, Andhra Pradesh - 500004 to Flat No. 306, 3rd Floor, MayFair Gardens, Road No. 12, Banjara Hills, Hyderabad-500034.

ACKNOWLEDGEMENTS:

Your directors would like to express their grateful appreciation for assistance and co-operation received from clients, banks, investors, Government, other statutory authorities and all others associated with the company. Your directors also wish to place on record their deep sense of appreciation for the excellent contribution made by the employees at all levels, which enabled the company to achieve sustained growth in the operational performance during the year under review.

Declaration by Managing Director of affirmation by Directors and senior Management personnel of compliance with the code of conduct

The shareholders

I, Vimal Raj Mathur, Managing Director of the Company do hereby declare that the directors and senior management of the Company have exercised their authority and powers and discharged their duties and functions in accordance with the requirements of the code of conduct as prescribed by the company and have adhered to the provisions of the same.

For and on behalf of the Board,
Gradiente Infotainment Limited
Sd/-

Date: 01.09.2012
Place : Hyderabad

Vimal Raj Mathur
Managing Director

CORPORATE GOVERNANCE

1. Company's philosophy on code of governance:

Fairness, accountability, disclosures and transparency form the four pillars of your Company's philosophy of Corporate Governance. Your Company strongly believes that for attaining sustainable growth in this competitive corporate world, Corporate Governance is a pre-requisite. The governance practices followed by your Company have played a vital role in its journey of continued success. Our endeavor over the years has been to strengthen the governance processes and systems attributing to constant improvisations, sustainability, profitable growth and creating long-term value for the stakeholders.

All the procedures, policies and practices followed by your Company are based on sound governance principles.

Comprehensive disclosures, structured accountability in exercise of powers, adhering to international standards and commitment in compliance with regulations and statutes in letter as well as spirit have enabled your Company to enhance shareholder value. In fact, this has become an integral part of the way business is done. The governance practices followed by your Company are continuously reviewed and the same are benchmarked to the best governed companies.

Your Company has complied with all the regulations stipulated by the Securities Exchange Board of India (SEBI) in the Listing Agreement.

II. BOARD OF DIRECTORS

a) The Board of Directors consists of 7 Members of whom 4 are Non-Executive Independent Directors. The Composition of the Board is in conformity with the listing requirements.

b) The details of the Directors being appointed/ re-appointed on retirement by rotation at the ensuing Annual General Meeting, as required pursuant to Clause 49(IV) (G) of the Listing Agreement, are mentioned in the Notice to the Annual General Meeting, forming part of the Report.

c) The names and categories of the Directors on the Board, their attendance at Board Meetings held during the year and the number of Directorships and Committee Chairmanships/Memberships held by them in other companies is given below. Other Directorships do not include alternate directorships, directorships of private limited companies, section 25 companies and of companies incorporated outside India. Chairmanship/ Membership of Board Committees include only Audit and shareholders/ investor Grievance Committees.

d) Pecuniary relationship or transaction of the Non – executive Directors vis-à-vis the company.

   None of the Non-executive Directors has any pecuniary relationship or transactions with the company.

e) The Board of Directors met 7 times during the year on 14.05.2011, 23.07.2011, 13.08.2011, 30.08.2011, 14.11.2011, 10.02.2012, 01.03.2012

   The maximum gap between any two meetings was less than four months, as stipulated under Clause 49.

The details of Composition of Board of Directors, directors' attendance at Board Meetings, AGM and details of other directorships, committee chairmanships/memberships held by the Directors during the year are as follows:

Sl. No.	Name of the Directors	Category	Attendance Particulars			No. of other Directorships and Committee memberships/chairmanships		
			No. of Board meetings held during the tenure of the director		Last AGM	Other Directorships	Committee Memberships	Committee Chairmanships
			Held	Attended				
1.	V.R Mathur	Executive, Non-Independent	7	7	Yes	NIL	NIL	NIL
2.	Sudheep Raj	Executive, Non-Independent	7	7	Yes	NIL	NIL	NIL
3.	Sunitee Raj	Non-Executive, Non Independent	7	7	Yes	NIL	NIL	NIL
4.	T.Venkateswara Rao	Non-Executive, Independent	7	7	Yes	NIL	NIL	NIL
5.	Shabbir Ali Baquri	Non-Executive, Independent	7	7	Yes	NIL	NIL	NIL
6.	N. Madan Mohan	Non-Executive, Independent	1	1	No	NIL	NIL	NIL
7.	K. Narsing Rao	Non-Executive, Independent	2	2	No	NIL	NIL	NIL

Board's Procedure:

Agenda papers along with explanatory statements were circulated to the directors in advance for each of these meetings. All relevant information as per Clause 49 of the Listing Agreement was placed before the Board from time to time.

Committees of the Board:

Currently, there are Three (3) Committees of the Board, namely: Audit Committee, Remuneration Committee and Shareholders/ Investors Grievance Committee. The Board decides the terms of reference for these Committees. The minutes of the meetings of the Committees are placed before the Board for information. The details as to the composition, terms of reference, number of meetings and related attendance etc., of these Committees are provided hereunder:

III. AUDIT COMMITTEE

Sl. No.	Name	Position held in the Committee	Number of Committee meeting attended
1	Mr. T. Venkateshwa Rao	Member	4
2	Mr. Sudheep Raj	Member	4
3	Mr. N. Madan Mohan	Member	4
4	Mr. K. Mohan Acharya	Statutory Auditor	4

a) The Audit Committee of the Company is constituted in line with the provisions of Clause 49 of the Listing Agreements with the Stock Exchanges read with Section 292A of the Companies Act, 1956.

b) The terms of reference of the Audit Committee include a review of;
   - Overview of the Company's financial reporting process and disclosure of its financial information to ensure that the financial statements reflect a true and fair position and that sufficient and credible information is disclosed.
   - Recommending the appointment and removal of external auditors, fixation of audit fee and also approval for payment for any other services.
   - Discussion with external auditors before the audit commences, of the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
   - Reviewing the financial statements and draft audit report including quarterly / half yearly financial information.
   - Reviewing with management the annual financial statements before submission to the Board, focusing on:
     1. Any changes in accounting policies and practices;
     2. Qualification in draft audit report;
     3. Significant adjustments arising out of audit;
     4. The going concern concept;
     5. Compliance with accounting standards;
     6. Compliance with stock exchange and legal requirements concerning financial statements;
     7. Any related party transactions
   - Reviewing the company's financial and risk management's policies.
   - Disclosure of contingent liabilities.
   - Reviewing with management, external and internal auditors, the adequacy of internal control systems.
   - Reviewing the adequacy of internal audit function, including the audit character, the structure of the internal audit department, approval of the audit plan and its execution, staffing and seniority of the official heading the department, reporting structure, coverage and frequency of internal audit.
   - Discussion with internal auditors of any significant findings and follow-up thereon.
   - Reviewing the findings of any internal investigations by the internal auditors into the matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
   - Looking into the reasons for substantial defaults in payments to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
   - Reviewing compliances as regards the Company's Whistle Blower Policy.

c) The previous Annual General Meeting of the Company was held on 28th September 2011 and Mrs. Sunitee Raj, Chairman of the Audit Committee, attended previous AGM.

d) The composition of the Audit Committee and the attendance of each member of the Audit Committee are given below:

The Company has complied with all the requirements of Clause 49 (II) (A) of the Listing Agreement relating to the composition of the Audit Committee. During the financial year 2011-2012, (4) four meetings of the Audit Committee were held on the 14.05.2011, 13.08.2011, 14.11.2011, 10.02.2012.

IV. REMUNERATION COMMITTEE

The details of composition of the Committee are given below:

Sl. No.	Name	Designation	Category
1	Mr. Vimal Raj Mathur	Chairman	ENI
2	Mr. T. Venkateshwa Rao	Member	NEI
3	Mr. K. Narsing Rao	Member	NEI
4	Mr. Shabir Ali Baquri	Member	NEI

Terms of reference:

The main term of reference of the Committee is to approve the fixation/revision of remuneration of the Managing Director/Whole Time Director or other key employees of the Company and while approving:

- To take into account the financial position of the Company, trend in the industry, appointee's qualification, experience, past performance, past remuneration etc.
- To bring out objectivity in determining the remuneration package while striking a balance between the interest of the Company and the Shareholders.

Remuneration Policy:

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

The remuneration levels are governed by industry pattern, qualifications and experience of the Directors, responsibilities shouldered, individual performance etc.

The details of remuneration paid to the Executive Directors for the financial year 2011-12 are given below:

Name of the Director	Designation	Salary (Rs. in Lakhs)	Commission (Rs. in Lakhs)	Perquisites (Rs. in Lakhs)	Retirement Benefits (Rs. in Lakhs)
Mr. V.R. Mathur	Managing Director	30,00,000	....	....	....
Mr. Sudheep Raj	Director	4,80,000	....	....	....

V. SHAREHOLDERS / INVESTOR GRIEVANCE AND SHARE TRANSFER COMMITTEE

A.) Composition, meetings and the attendance during the year:

The Details of composition of the Committee and attendance of the members at the meetings are given below:

Sl. No.	Name	Designation	Category
1	Mr. T. Venkateshwa Rao	Chairman	NED(I)
2	Mr. Shabir Ali Baquri	Member	NED(I)
3	Mr. Sudheep Raj	Member	ENI(NI)

B.) Powers: The committee has been delegated with the following powers:

- To redress shareholders and investor complaints relating to transfer of shares, dematerialization of shares, non-receipt of balance sheet, non-receipt of declared dividend etc.
- To approve, transfer, transmission, and issue of duplicate/ fresh share certificate(s).
- Consolidate and sub-division of share certificate etc.
- To redress, approve and dispose off any other complaints, transactions and requests etc. received from any shareholder of the company and investor in general.

The Board has delegated the power to process the transfer and transmission of shares to the Registrar and share Transfer Agents, who process share transfers within a week of lodgment in the case of shares held in physical form.

The Board has designated Mr. K. Ravi Kumar , Company Secretary as the Compliance Officer.

The company has designated an exclusive email Id shareholders@gradientinfotainment.com for redressel of shareholder's complaint/grievances.

Complaints received and redressed by the Company during the financial year:

During the year three complaints were received.

Sl. No.	Particulars	Remarks
1.	At the beginning of the year	NIL
2.	Received during the year	NIL
3.	At the end of the year	Three
4.	Resolved during the year	Three
5.	Pending at the end of the year	NIL

Details on General Body Meetings :

Year	Date	Time	Location	No. Of Special Resolutions
2010-11	28/09/2011	11:00 A.M.	Central Court Hotel, Lakdi Ka Pul, Hyd - 04	1. Preferential Allotment in terms of section 81(1A) 2. Revision in terms of remuneration of Mr. Vimal Raj Mathur 3. Revision in terms of remuneration of Mr. Sudheep Raj Mathur
2009-10	28/09/2010	11:00 A.M.	Central Court Hotel, Lakdi Ka Pul, Hyd - 04	1. Increase in Authorised Share Capital 2. Alteration of Article of Association for increase in authorized share capital 3. Appoinment of Mr. Vimal Raj Mathur as Chairman & Managing Director 4. Appointment of Mr. Sudheep Raj as Whole time director
2008-09	30/09/2009	11:00 A.M.	6-2-966/14, Ground Floor, Siri Balaji Residency, Khairtabad, Hyd - 04	None

Postal Ballot :

During the year 2011-2012, there are no resolutions passed under Postal Ballot pursuant to Section 192A of the Companies Act, 1956.

VII. OTHER DISCLOSURES

(a) There were no significant related party transactions that may have potential conflict with the interests of the Company at large.

(b) In the preparation of financial statements, no treatment materially different from that prescribed in Accounting Standards had been followed.

(c) There were no penalties or strictures imposed on the Company by the Stock Exchanges or SEBI or any statutory authority on any matter related to capital markets at any time during the last 3 years.

(d) Whistle Blower policy: We have established a mechanism for employees to report concerns about unethical behavior, fraud or violation of code of conduct of the company. The mechanism provided direct access to the Managing Director/Chairman of the Audit Committee for exceptional cases. All employees can also directly meet the Audit Committee members of the company.

(e) The Company has complied with the non –mandatory requirements to relating to remuneration committee and Whistle Blower policy.

(f) Managing Director of the Company has furnished the requisite Certificates to the Board of Directors under Clause 49 of the Listing Agreement.

VIII. MEANS OF COMMUNICATION

The quarterly, half yearly and yearly financial results will be sent to the stock Exchanges immediately after the Board approves the same and these results will also be published in one English newspaper and in one vernacular newspaper. These financial statements, press releases are also posted on the company's website, at www.gradienteinfotainment.com

IX. GENERAL SHAREHOLDERS INFORMATION

a) 20th Annual General Meeting:

Date and Time	Tuesday, the 25 September 2012, at 11.30 AM	Venue	The Central Court Hotel, Lakdika pul, Hyderabad

b) Book Closure Date : 22.09.2012 to 25.09.2012 (Both days inclusive)

c) Financial Year and Calendar (Tentative) 2012-13:

The Company follows April to March as its Financial Year. The results of every quarter beginning from April are declared in the first month following each quarter as follows:

Financial Calendar

Financial Reporting for 2012-2013 (tentative)	On or before
The First Quarter results	14th Aug 2012
The Second Quarter results	14th Nov 2012

Financial Reporting for 2012-2013 (tentative)	On or before
The Third Quarter results	14th Feb 2013
The Fourth Quarter results	15th May 2013

d) Listing on Stock Exchanges:

1) Bombay Stock Exchange Limited
2) Calcutta Stock Exchange Limited
3) Bangalore Stock Exchange Limited

e) Listing Fees : Listing fee for the year 2012-13 has been paid

f) Stock Code : For equity shares: - BSE 590126, For equity shares: - CSE 032161, For equity shares: - BgSE GIL

g) ISIN No : For equity shares: - INE361K01017

h) Stock Price Data : The monthly high / low prices of shares of the Company from April, 2011 to March, 2012 at Calcutta Stock Exchange.

Month	High (`)	Low (`)
April 2011	2.30	2.30
May 2011	2.30	2.30
June 2011	2.30	2.30
July 2011	2.30	2.30
August 2011	2.30	2.30
September 2011	2.30	2.30
October 2011	2.30	2.30
November 2011	2.30	2.30
December 2011	2.30	2.30
January 2012	2.30	2.30
February 2012	53.30	53.30
March 2012	53.30	53.30

I) Registrar & Share Transfer Agents (for shares held in both physical and demat mode):

Karvy Computershare Private Limited (Unit Gradiente Infotainment Ltd)
Plot No. 17 to 24, Vittalrao Nagar, Madhapur, Hyderabad-500 081.
Tel: +91-40-23428412, Fax: +91-40-23440814, Email: prabhakar@karvy.com

j) Share Transfer System:

The Physical shares transfers are processed and the share certificates are returned to the shareholders within a maximum period of one month from the date of receipt, subject to the document being valid and complete in all respects.

Any transferee who wishes to demat the shares may approach a Depository Participant along with a duly filled Demat Request Form, who shall know the basis of the Share Certificate, generate a demat request and send the same to the Registrar and Share Transfer Agents (RTA). On receipt, the Depository Registrar confirms the request.

All the requests for Dematerialization of shares are processed and the confirmation is given to the respective Depositories i.e., National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) within 15 days on receipt.

k) Shareholding Pattern as on 31st March, 2012:

Particulars	Category	No. of shares held	Percentage of shareholding
A	Shareholding of Promoter and promoter group		
1.	Promoters & Persons acting in concert	4968200	21.44
	Sub- Total A	4968200	21.44
B	Public Shareholding		
1.	Institutions	NIL	NIL
2.	Non- Institutions		
	a) Bodies Corporate	10564800	45.60
	b) Indian public and others	7635400	32.96
	c) Any others	NIL	NIL
	I) NRI's	-	-
	Sub Total B		
	Grand Total (A+B)	23168400	100.00

l) Distribution of shareholding of the Company by number of shares held as on 31st March, 2012 is as follows:

Sl. No.	Category	Cases	% of Cases	Shares
1	001 - 5000	290	14.24	80700
2	5001 - 10000	1022	50.20	977900
3	10001 - 20000	528	25.93	832100
4	20001 - 30000	40	1.96	106100
5	30001 - 40000	31	1.52	113800
6	40001 - 50000	18	0.88	84800
7	50001 - 100000	32	1.57	250500
8	100001 & ABOVE	75	3.68	20722500
	Total:	2036	100.00	23168400

m) Dematerialization of Shares:

The Company's shares are dematerialized on National Securities Depositories limited (NSDL) and Central Depository Services (India) Limited. The Company's ISIN is INE361K01017As on 31st March, 2012 11464100 equity shares are dematerialized which is 49.48% of the paid up capital of the company and out of which 3908150 shares are in CDSL and 7555950 shares are in NDSL and the balance are in physical form.

n) Address for Investors Correspondence:

The Shareholders may correspond with the Company for the redressal of their grievances, if any to the registered office of the company.

Mr. K. Ravi Kumar

Flat No. 306, 3rd Floor, May Fair Gardens, Road No. 12, Banjara Hills, Hyderabad – 500 034
Tel: Ph: 040-23386955, Fax: 040- 23386955, Email id: shareholders@gradienteinfotainment.com

o) CEO/MD Certification:

As required by the clause 49 (V) of the Listing Agreement, the certificate from CEO is attached elsewhere in the annual report.

p) Compliance Certificate of the Auditors:

The Statutory Auditor has certified that the company has complied with the conditions of the Corporate Governance as stipulated in clause 49 of the listing agreement and the same forms part of the Annual Report. The Certificate from the statutory auditor will be sent to the stock exchange along with the Annual Report of the Company.

For and on behalf of the Board
GRADIENTE INFOTAINMENT LIMITED

Sd/-
Vimal Raj Mathur
Managing Director

Date: 01.09.2012
Place : Hyderabad

DECLARATION

To
The Members of Gradiente infotainment Limited

This is to declare that the Code of Conduct envisaged by the Company for members of the Board and the Senior Management Personnel have been complied with by all the members of the Board and the Senior Management Personnel of the Company respectively.

For and on behalf of the Board
GRADIENTE INFOTAINMENT LIMITED

Sd/-
Vimal Raj Mathur
Managing Director

Date: 01.09.2012
Place : Hyderabad

Dear Shareholder,

Please find below the Managing Director certificate as per Clause 49(V) of the Listing Agreement:

MANAGING DIRECTOR CERTIFICATE

I, Vimal Raj Mathur, Managing Director of M/s Gradiente Infotainment Limited certify that:

1. We have reviewed the financial statements for the year and that to the best of our knowledge and belief:
   (a) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
   (b) These statements present a true and fair view of the state of affairs of the Company and of the results of the operations and cash flows. The financial statements have been prepared in conformity, in all material respects, with the existing generally accepted accounting principles including accounting standards, applicable laws and regulations.
2. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or in violation of Company's code of conduct.
3. We accept overall responsibility for establishing and monitoring the Company's internal control system for financial reporting and evaluating its effectiveness. Internal Audit function monitors the internal control system for financial reporting, which encompasses the examination and evaluation of the adequacy and effectiveness. Internal Audit works with all levels of management and Statutory Auditors, and reports significant issues to the Audit Committee of the Board. The Auditors and Audit Committee are apprised of any corrective action taken with regard to significant deficiencies and material weakness.
4. We indicate to the Auditors and to the Audit Committee:
   (a) Significant changes in internal controls over financial reporting during the year;
   (b) Significant changes in the accounting policies during the year;
   (c) No instances of significant fraud of which we have become aware of and which involve the management or other employees who have significant role in the Company's internal control system over financial reporting.

However, during the year there were no such changes and instances.

For and on behalf of the Board
GRADIENTE INFOTAINMENT LIMITED

Sd/-
Vimal Raj Mathur
Managing Director

Date: 01.09.2012
Place : Hyderabad

CERTIFICATE OF COMPLIANCE OF CORPORATE GOVERNANCE

To the Members of
Gradiente Infotainment Limited

We have reviewed the compliance of conditions of Corporate Governance by Gradiente Infotainment Limited, for the year ended on March 31, 2012, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges (CSE & BgSE).

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination has been limited to a review of the procedures and implementations thereof adopted by the Company for ensuring compliance with the conditions of the certificate of Corporate Governance as stipulated in the said Clause. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement.

No investor grievances are pending for a period exceeding one month against the Company as per the records maintained by the Company

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

For Komandoor & Co.
Chartered Accountants
Sd/-
K Mohanacharya
Partner
M.No. 029082 F. No. 001420S

Date: 01-09-2012
Place : Hyderabad

AUDITOR'S REPORT

TO THE MEMBERS OF Gradiente Infotainment Limited

1. We have audited the attached Balance Sheet of Gradiente Infotainment as at March 31, 2012, and the related Profit and Loss Account and Cash Flow Statement for the year ended on that date annexed thereto, which we have signed under reference to this report. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted the audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that the audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 (the 'Order'), issued by the Central Government of India in terms of sub-section (4A) of Section 227 of 'The Companies Act, 1956' of India (the 'Act') and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order, to the extent applicable.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:

   (a) We have obtained 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 those books;

   (c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;

   (d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Act;

   (e) On the basis of written representations received from the directors, as on March 31, 2012 and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2012 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act 1956;

   (f) Provision of cess under Section 441A of the Companies Act 1956

   The companies Act has not notified above provision hence no provision for cess under section 441 A of the Companies Act 1956 and the Central Government has not specified the manner of payment of cess.

   (g) Regarding Sundry Debtors / Sundry Creditors / Loans and Advances and Bank Balances

   Sundry Debtors, Sundry Creditors, Loans and advances and Bank balances are subject to confirmation by the parties. There are services provided to SEZ unit under other media ` 17.61 Lakhs on which Service Tax Liability is not recognized as the services to SEZ are exempted under service tax.

   (h) In our opinion and to the best of our information and according to the explanations given to us, the said financial statements together with the notes thereon and attached thereto give in the prescribed manner the information required by the Act and give a true and fair view, subject to our comments and reservations, in conformity with the accounting principles generally accepted in India:

   (I) In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2012;

   (ii) In the case of the Profit and Loss Account, of the profit for the year ended on that date; and

   (iii) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

ANNEXURE TO AUDITOR’S REPORT

(Referred to in paragraph 3 of the Auditors’ Report of even date to the members of Gradiente Infotainment Limited on the financial statements for the year ended March 31, 2012

1. a) The Company is not maintaining proper records showing full particulars including quantitative details and situation of fixed assets.

   b) A Substantial Portion of the fixed assets of the Company are physically verified by the Management during the year and no material discrepancies between the book records and the physical inventory have been noticed. In our opinion the frequency of verification is reasonable.

   c) In our opinion and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed of by the Company during the year.

2. a) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 301 of the Act. Accordingly, clauses (iii) (b) to (iii) (d) of paragraph 4 of the Order are not applicable to the Company for the current year.

   b) The Company has taken loans, secured or unsecured, from companies, firms or other parties covered in the register maintained under Section 301 of the Act. Accordingly, clauses (iii) (f) and (iii) (g) of paragraph 4 of the Order are applicable to the Company for the current year as company failed to repay regular instalments.

3. In our opinion and according to the information and explanations given to us, the company has failed to have an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of fixed assets and for the sale of services. Further, on the basis of our examination of the books and records of the Company, carried out in accordance with the auditing standards generally accepted in India and according to the information and explanations given to us, we have neither come across nor have been informed of any continuing effort to correct major weaknesses in the aforesaid internal control system.

4. According to the information and explanations given to us, there are no contracts or arrangements referred to in Section 301 of the Act that need to be entered in the register maintained under that section. As there are no contracts or arrangements referred to in Section 301 of the Act, clause (v) (b) of paragraph 4 of the Order is not applicable to the Company for the current year.

5. The Company has not accepted any deposits from the public within the meaning of Section 58A and 58AA of the Act and the rules framed there under.

6. In our opinion, the Company has failed to appoint an internal audit system commensurate with its size and nature of its business.

7. The Central Government of India has not prescribed the maintenance of cost records under clause (d) of sub-section (1) of Section 209 of the Act for any of the products of the Company.

8. a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company has failed regular in depositing undisputed statutory dues including, income-tax, wealth tax, service tax, customs duty, cess and other material statutory dues as applicable to it. As informed to us, investor education and protection fund, employees’ state insurance, provident fund, sales tax and excise duty are not applicable to the Company for the current year. Company has failed to file Service Tax Returns and Income Tax Returns

Tax Particulars	Cumulative Amount (`)
Service Tax	8,45,14,637
TDS	1,97,75,909
FBT of Earlier Years	2,61,180
Earlier Year Provisions	4,97,57,486
Provision for Tax	55,79,422

b) According to the information and explanations given to us and the records of the Company examined by us, there are dues of income tax, wealth tax, service tax, customs duty and cess as at March 31, 2012, which have not been deposited till date.

9. The company has no accumulated losses as at March 31, 2012 and it has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.

10. According to the records of the Company examined by us and the information and explanations given to us, the Company has defaulted in repayment of dues to banks as at the balance sheet date.

11. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

12. The provisions of any special statute applicable to chit fund/ nidhi/ mutual benefit fund/ societies are not applicable to the Company.

13. In our opinion, the Company is not a dealer or trader in shares, securities, debentures and other investments.

14. In our opinion and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions during the year.

15. In our opinion and according to the information and explanations given to us, on an overall basis, the term loans have been applied for the purposes for which they were obtained.

16. On the basis of an overall examination of the Balance Sheet of the Company, in our opinion and according to the information and explanations given to us, there are no funds raised on short-term basis, which have been used for long-term investment.

17. The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act during the year.

18. The Company has not issued any debentures during the year.

19. The Company has not raised any money by public issues during the year.

20. During the course of our examination of the books and records of the Company carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company, noticed or reported during the year, nor have we been informed of any such case by the Management during the year.

21. The Clause (ii) of paragraph 4 regarding inventory of the Order, is not applicable in the case of the Company for the year, since in our opinion there are no matters which arise to be reported in the aforesaid order.

For Komandoor & Co.
Chartered Accountants
Sd/-
K Mohanacharya
Partner
M.No. 029082 F. No. 001420S

Date: 01-09-2012
Place : Hyderabad

BALANCE SHEET
as at March 31,2012

PARTICULARS	Note No.	Figures as at the end of current reporting period as on 31st March, 2012 ₹	Figures as at the end of previous reporting period as on 31st March, 2011 ₹
I. EQUITY AND LIABILITIES			
1. Shareholders' funds			
(a) Share capital	1	23,16,84,000	11,58,42,000
(b) Reserves and surplus	2	13,50,75,421	23,84,33,707
(c) Money received against share warrants		-	
2. Non-current liabilities			
(a) Long-term borrowings	3	2,41,92,400	2,16,36,261
(b) Deferred tax liabilities (Net)		5,44,749	5,51,503
(c) Other Long term liabilities	4	63,88,80,439	11,59,59,136
(d) Long-term provisions	5	16,02,403	7,28,365
3. Current liabilities			
(a) Short-term borrowings		-	-
(b) Trade payables	6	24,94,95,973	47,36,64,614
(c) Other current liabilities	7	8,54,027	16,70,263
(d) Short-term provisions		-	-
TOTAL		128,23,29,411	96,84,85,849
II. ASSETS			
1. Non-current assets			
(a) Fixed assets			
(I) Tangible assets	8	45,53,067	53,32,519
(ii) Intangible assets		-	-
(iii) Capital work-in-progress	8a	2,03,97,779	2,00,32,779
(iv) Intangible assets under development		-	-
(b) Long-term loans and advances	9	14,28,06,206	18,78,10,041
(c) Other non-current assets			
2. Current assets			
(a) Inventories	10	3,52,55,781	6,24,39,087
(b) Trade receivables	11	107,92,04,858	69,27,05,248
(c) Cash and cash equivalents	12	1,11,720	1,66,175
TOTAL		128,23,29,411	96,84,85,849

This is the Balance Sheet refered to in our Report of even date

For Komandoor & Co.
Chartered Accountants
Sd/-
K Mohanacharya
Partner
M.No. 029082 F. No. 001420S

For and on Behalf of the Board of Directors

Sd/-	Sd/-	Sd/-
Vimal Raj Mathur	T. Venkateshwa Rao	K. Ravi Kumar
Chairman & Managing Director	Director	Company Secretary

Date: 01-09-2012
Place : Hyderabad

PROFIT & LOSS ACCOUNT

For the year ended March 31, 2012

PARTICULARS	Note No.	For the year ended 31 March, 2012 ₹	For the year ended 31 March, 2011 ₹
A. CONTINUING OPERATIONS			
1. Revenue from operations (gross)	13	37,04,81,930	60,30,00,000
Less: Excise duty		-	-
Revenue from operations (net)		37,04,81,930	60,30,00,000
2. Other income	14	2,66,514	20,37,977
3. Total revenue (1+2)		37,07,48,444	60,50,37,977
4. Expenses			
(a) Cost of materials consumed	15	30,00,90,363	50,16,50,000
(b) Purchases of stock-in-trade		-	-
(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	16	2,71,83,306	(2,80,66,772)
(d) Employee benefits expense	17	52,42,585	35,77,654
(e) Finance costs	18	23,92,458	11,32,368
(f) Depreciation and amortisation expense	8	8,16,352	492,235
(g) Other expenses	19	1,69,66,999	76,59,878
Total expenses		35,26,92,063	48,64,45,363
5. Profit / (Loss) before exceptional and extraordinary items and tax (3 - 4)		1,80,56,381	11,85,92,614
6. Exceptional items		-	-
7. Profit / (Loss) before extraordinary items and tax (5 + 6)		1,80,56,381	11,85,92,614
8. Extraordinary items		-	-
9. Profit / (Loss) before tax (7 + 8)		1,80,56,381	11,85,92,614
10. Tax expense:			
Provision For Tax		55,79,422	3,93,85,856
(a) Current tax expense for current year			
(b) (Less): MAT credit (where applicable)			
(c) Current tax expense relating to prior years			
(d) Net current tax expense			
(e) Deferred tax		(6,754)	4,00,889
		55,72,668	3,97,86,745
11. Profit / (Loss) from continuing operations (9 +10)		1,24,83,714	7,88,05,869
12. Profit / (Loss) for the year		1,24,83,714	7,88,05,869

Statement of Profit and Loss for the year ended 31 March, 2012

PARTICULARS	Note No.	For the year ended 31 March, 2012 ₹	For the year ended 31 March, 2011 ₹
13(i). Earnings per share (of ` 10/- each):		23168400	11584200
(a) Basic		0.54	3.40
(b) Diluted			
13(ii). Earnings per share (excluding extraordinary items) (of ` 10/- each):			
(a) Basic		0.54	3.40
(b) Diluted			

For Komandoor & Co.
Chartered Accountants
Sd/-
K Mohanacharya
Partner
M.No. 029082 F. No. 001420S

For and on Behalf of the Board of Directors

Sd/-	Sd/-	Sd/-
Vimal Raj Mathur	T. Venkateshwa Rao	K. Ravi Kumar
Chairman & Managing Director	Director	Company Secretary

Date: 01-09-2012
Place : Hyderabad

SCHEDULES ANNEXED

Forming Part of the Balance Sheet as at March 31, 2012

Note 1: SHARE CAPITAL	As at March 31, 2012		As at March 31, 2011	
	Number	₹	Number	₹
Authorised Equity Shares of ` 10/-each	3,00,00,000	30,00,00,000	1,20,00,000	12,00,00,000
Issued Equity Shares of ` 10/- each	2,31,68,400	23,16,84,000	1,15,84,200	11,58,42,000
Subscribed & Paid up Equity Shares of ` 10/-each fully paid	2,31,68,400	23,16,84,000	1,15,84,200	11,58,42,000
Total	23,168,400	231,684,000	11,584,200	115,842,000

Name of the Share Holder (More than 5%)		As at March 31, 2012		As at March 31, 2011	
		No. of Shares held	% of holding	No. of Shares held	% of holding
1	Sparrow Hill Advisory Pvt Ltd	3200000	13.81	1600000	13.81
2	Infoedge Capital Services Pvt Ltd	2800000	12.09	1400000	12.09
3	Diagonal Fashions Private Limited	2740000	11.83	1370000	11.83
4	Gradiente Impex Private Limited	2500000	10.79	1250000	10.79
5	Vimal Raj Mathur	2022150	8.73	1011075	8.73
6	Realnet Infraprojects Pvt Ltd	1400000	6.04	700000	6.04
	TOTAL	14662150	63.29	7331075	63.29

Note 2: RESERVES & SURPLUS	As at March 31, 2012 (₹)	As at March 31, 2011 (₹)
a. Securities Premium Account		
Opening Balance		
Add : Securities premium credited on Share issue	15,00,00,000	15,00,00,000
Less : Premium Utilised for various reasons		-
For Issuing Bonus Shares	11,58,42,000	
Closing Balance	3,41,58,000	15,00,00,000
b. General Reserves		
Opening Balance	1,52,216	1,52,216
Closing Balance	1,52,216	1,52,216
c. Surplus		
Opening balance	8,82,81,491	94,75,622
(+) Net Profit/(Net Loss) For the current year	1,24,83,714	7,88,05,869
Closing Balance	10,07,65,205	8,82,81,491
Total	13,50,75,421	23,84,33,707

Note 3: LONG TERM BORROWINGS	As at March 31, 2012 (₹)	As at March 31, 2011 (₹)
Long term maturities of finance lease obligations - (Secured By Car) (of the above, ` 10,03,700 is guaranteed by Directors / others)	5,58,900	8,36,900
	5,58,900	8,36,900
Unsecured		
From banks	40,90,870	42,00,629
From Directors	1,95,42,630	1,65,98,732
	2,36,33,500	2,07,99,361
Total	2,41,92,400	2,16,36,261

Note 4: OTHER LONG TERM LIABILITIES	As at March 31, 2012 (₹)	As at March 31, 2011 (₹)
(a) Trade Payables	47,54,74,621	22,12,850
(b) Others		11,37,46,286
Duties & Taxes	16,34,05,818	
Total	63,88,80,439	11,59,59,136

SCHEDULES ANNEXED

Forming Part of the Balance Sheet as at March 31, 2012

Note 5: LONG TERM PROVISIONS	As at March 31, 2012 (₹)	As at March 31, 2011 (₹)
(a) Provision for employee benefits		
Gratuity (unfunded)	16,02,403	7,28,365
Leave Encashment (unfunded)		
Total	16,02,403	7,28,365

Note 6: TRADE PAYABLES	As at March 31, 2012 (₹)	As at March 31, 2011 (₹)
Trade payables:		
Acceptances		
Other than Acceptances	24,94,95,973	47,36,64,614
Total	24,94,95,973	47,36,64,614

Note 7: OTHER CURRENT LIABILITIES	As at March 31, 2012 (₹)	As at March 31, 2011 (₹)
Liabilites for Expenses	8,54,027	16,70,263
Total	8,54,027	16,70,263

Note 8 & 8a:
Fixed Assets / Description Statement as per Schedule VI to the Companies Act 1956

	Fixed Assets	Gross Block			Accumulated Depreciation			Net Block	
		Balance as at 1 April 2011	Additions / (Disposals)	Balance as at 31 March 2012	Balance as at 1 April 2011	Depreciation charge for the year	Balance as at 31 March 2012	Balance as at 31 March 2012	Balance as at 31 March 2011
		₹	₹	₹	₹	₹	₹	₹	₹
a	Tangible Assets								
	Buildings	4,393,222	-	4,393,222	1,872,527	126,035	1,998,561	2,394,661	2,520,695
	Assets under lease	-	-	-	-	-	-	-	-
	Plant and Equipment	428,762	-	428,762	361,456	9,362	370,818	57,944	67,306
	Assets under lease	-	-	-	-	-	-	-	-
	Furniture and Fixtures	1,544,887	-	1,544,887	1,018,466	95,282	1,113,748	431,139	526,421
	Assets under lease	-	-	-	-	-	-	-	-
	Vehicles	2,415,700	-	2,415,700	1,115,353	336,660	1,452,013	963,687	1,300,347
	Assets under lease	-	-	-	-	-	-	-	-
	Office equipment	1,364,138	36,900	1,401,038	1,102,332	36,417	1,138,749	262,289	261,806
	Assets under lease	-	-	-	-	-	-	-	-
	COMPUTERS & SOFTWARES	458,150	-	458,150	51,115	162,814	213,929	244,221	407,035
	AUDIO VISUAL AND EQUIPMENT	3,102,074	-	3,102,074	2,853,166	49,782	2,902,947	199,127	248,908
	Total	13,706,933	36,900	13,743,833	8,374,414	816,352	9,190,766	4,553,067	5,332,519
b	Capital Work In Progress	20,032,779	365,000	20,397,779	-	-	-	20,397,779	20,032,779
	Total	20,032,779	365,000	20,397,779	-	-	-	20,397,779	20,032,779

Note 9: LONG-TERM LOANS AND ADVANCES	As at March 31, 2012 (`)	As at March 31, 2011 (`)
(a) Security deposits	11,66,564	11,61,564
	11,66,564	11,61,564
(b) Loans and advances	14,14,62,837	18,66,27,503
	14,14,62,837	18,66,27,503
TDS Receivable	1,76,805	20,974
Total	14,28,06,206	18,78,10,041

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SCHEDULES ANNEXED

Forming Part of the Balance Sheet as at March 31, 2012

Note 10: INVENTORIES	As at March 31, 2012		As at March 31, 2011	
	₹	₹	₹	₹
Work-in-progress	3,52,55,781		6,24,39,087	
		3,52,55,781		6,24,39,087
Total		3,52,55,781		6,24,39,087

Note 11: TRADE RECEIVABLES	As at March 31, 2012 (`)	As at March 31, 2011 (`)
Trade receivables outstanding for a period less than six months from the date they are due for payment	17,40,89,561	44,33,37,974
	17,40,89,561	44,33,37,974
Trade receivables outstanding for a period exceeding six months from the date they are due for payment	91,64,73,379	24,93,67,274
Less: Provision for doubtful debts	1,13,58,082	-
	90,51,15,297	24,93,67,274
Total	107,92,04,858	69,27,05,248

Note 12: CASH AND CASH EQUIVALENTS	As at March 31, 2012		As at March 31, 2011	
	₹	₹	₹	₹
a. Balances with banks				
Standard Chartered Bank	(1,01,678)	(1,01,678)	(54,719)	(54,719)
Corporation Bank	(17,432)	(17,432)	(16,382)	(16,382)
State Bank of India	814	814	200	200
Union Bank of India	(13,066)	(13,066)	(13,066)	(13,066)
Oriental Bank of Commerce	7,667	7,667	-	-
Axis Bank - Hyd	-	-	-	-
Axis Bank - Mumbai	3,244	3,244	-	-
b. Cash on hand	2,32,171	2,32,171	2,50,142	2,50,142
Total		1,11,720		1,66,175

Note 13: REVENUE FROM OPERATIONS	As at March 31, 2012 (`)	As at March 31, 2011 (`)
(a) Sale of products	37,04,81,930	60,30,00,000
(b) Sale of services	-	-
(c) Other operating revenues	-	-
	37,04,81,930	60,30,00,000
Less:		
(d) Excise duty	-	-
Total	37,04,81,930	60,30,00,000

PARTICULARS	As at March 31, 2012 (`)	As at March 31, 2011 (`)
(i) Sale Income		
T V Serial Income	26,51,86,618	42,00,00,000
Audio Visual	9,29,06,915	5,16,00,000
Print Media	1,23,88,397	13,14,00,000
Total - Sale Income	37,04,81,930	60,30,00,000

SCHEDULES ANNEXED

Forming Part of the Balance Sheet as at March 31, 2012

Note 14: OTHER INCOME	As at March 31, 2012 (`)	As at March 31, 2011 (`)
(a) Interest income	4,030	59,744
(b) Discount received	2,58,070	-
Total	2,62,100	59,744

PARTICULARS	As at March 31, 2012 (`)	As at March 31, 2011 (`)
Interest income comprises:		
Interest from banks on: deposits	4,030	59,744
Total - Interest income	4,030	59,744

PARTICULARS	As at March 31, 2012 (`)	As at March 31, 2011 (`)
Details of Prior period items (net)		
Prior period adjustments	4,414	19,78,233
Total	4,414	19,78,233

Note 15: COST OF MATERIALS CONSUMED	As at March 31, 2012 (`)	As at March 31, 2011 (`)
Material consumed comprises:		
Print Media Expenses	1,00,34,602	11,16,90,000
Audio Visual Expenses	7,52,54,602	-
T V Serial Expenses	21,48,01,159	38,99,60,000
Total	30,00,90,363	50,16,50,000

Note 16: WORK-IN-PROGRESS	As at March 31, 2012 (`)	As at March 31, 2011 (`)
Inventories at the end of the year		
Work-in-progress	3,52,55,781	6,24,39,087
	3,52,55,781	6,24,39,087
Inventories at the beginning of the year		
Work-in-progress	6,24,39,087	3,43,72,315
	6,24,39,087	3,43,72,315
Net (increase) / decrease	(2,71,83,306)	2,80,66,772

Note 17: EMPLOYEE BENEFITS EXPENSE	As at March 31, 2012 (`)	As at March 31, 2011 (`)
Salaries and wages	43,25,958	27,26,579
Gratuity	8,74,038	7,28,365
Staff welfare expenses	42,589	1,22,710
Total	52,42,585	35,77,654

Note 18: FINANCE COSTS	As at March 31, 2012 (`)	As at March 31, 2011 (`)
(a) Interest expenses		
Interest on Unsecured loans	23,92,458	11,32,368
Total	23,92,458	11,32,368

SCHEDULES ANNEXED

Forming Part of the Balance Sheet as at March 31, 2012

Note 19: OTHER EXPENSES	As at March 31, 2012 (`)	As at March 31, 2011 (`)
Electricity Charges	43,288	18,309
Directors Sitting fee	57,500	65,000
ROC Expenses	11,82,992	37,66,143
Advertising	-	1,91,636
Listing Fee	4,98,863	2,08,168
Share Transfer Expenses	2,68,777	99,996
AGM Expenses	39,134	33,732
Bank Charges	38,797	11,722
Rent	3,90,000	2,85,000
Office maintenance	59,441	1,07,476
Miscellaneous expenses	49,695	19,986
Consultancy Charges	-	64,731
Repairs and maintenance	5,395	1,51,540
Membership & Subscription	44,028	1,17,221
Insurance	32,977	-
Rates and taxes	-	16,500
Communication	62,013	40,067
Travelling and conveyance	8,83,261	9,15,452
Printing and stationery	1,59,175	85,284
Vehicle Maintenance	1,46,077	92,513
Books & Periodicals	6,598	1,910
Sales discount	3,33,268	-
Business promotion	72,329	1,96,422
Web Design Charges	-	19,300
Legal Expenses	65,000	1,70,000
Professional Expenses	8,20,309	3,31,000
Payments to auditors	3,50,000	6,50,770
Bad trade and other receivables, loans and advances written off	-	-
Provision for doubtful trade and other receivables, loans and advances	1,13,58,082	-
Total	1,69,66,999	76,59,878

Auditors Fee

PARTICULARS	As at March 31, 2012 (`)	As at March 31, 2011 (`)
Payments to the auditors comprises (net of service tax input credit, where applicable):		
As auditors - statutory audit	2,24,720	2,20,600
For taxation matters	56,180	55,150
For other services	1,12,360	3,75,020
Total	3,93,260	6,50,770

CASH FLOW STATEMENT

For the year ended March 31, 2012

PARTICULARS	AMOUNT(`) 31/03/2012	AMOUNT(`) 31/03/2012	AMOUNT(`) 31/03/2011	AMOUNT(`) 31/03/2011
A CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit Before Tax		12,476,959		79,206,758
Adjustments for:				
Depreciation	816,352		492,235	
Preliminary Expenses w/off	-		-	
Deferred Revenue Expenditure	-		-	
(Profit)/loss on sale of Assets	-		-	
Interest & Finance Charges	2,392,458		1,132,368	
Intrest on F.D	(4,030)		(59,744)	
other non cash expenditure	181,219			
Provision For Tax	5,579,422		39,385,856	
Prior Period Adj	(4,414)	8,961,007	(1,978,233)	38,972,483
Operating Profit before - Working Capital Changes		21,437,966		118,179,241
Adjustments for:				
Loans & Advances	45,003,835		(179,716,485)	
Decrease/(Increase) in Receivables	(386,499,610)		(650,338,155)	
Decrease/(Increase) in Inventories	27,183,306		(28,066,772)	
Long term provisions	874,038			
Other current liabilities	(816,236)			
TDS Receivable	(176,805)		(20,974)	
Increase/(Decrease) in Payables	(229,748,063)	(544,179,535)	536,527,854	(321,614,532)
Cash generated from operations		(522,741,569)		(203,435,291)
Income Tax paid		-		-
Net Cash flow from Operating activities		(522,741,569)		(203,435,291)
B CASH FLOW FROM INVESTING ACTIVITIES				
i) Investment for new office premises	(365,000)		(9,226,370)	
Purchase of Fixed Assets	(36,900)		(2,468,915)	
Mutual Fund	-		-	
Sale of Fixed Assets	-		-	
Increase in Advances & others			-	
Interest on F.D.	4,030		59,744	
Prior Period Adj				
Net Cash used in Investing activities		(397,870)		(11,635,541)
C CASH FLOW FROM FINANCING ACTIVITIES				
other long term liabilities	522,921,303		-	
Short term borrowings				
Proceeds from Long term Borrowings	2,556,139		14,021,762	
increase in share capital			200,000,000	
Calls money arrears received	-		2,063,500	
Interest paid	(2,392,458)		(1,132,368)	
Net Cash used in financing activities		523,084,984		214,952,894
Net increase in cash & Cash Equivalents		(54,455)		(117,938)
Cash and Cash equivalents as at 01.04.2011		166,175		284,113
Cash and Cash equivalents as at 31.03.2012		111,720		166,175
Cash & Cash Equivalents	As on		As on	
Cash in Hand		232,171		250,142
Cash at Bank		(120,451)		(83,967)
Cash & Cash equivalents as stated	-	111,720		166,175

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NOTES FORMING PART OF ACCOUNTS

SIGNIFICANT ACCOUNTING POLICIES

NOTES TO THE FINANCIAL STATEMENTS

Nature of Operations

The Company was incorporated on June 22, 1992 in the name of VR Mathur Mass Communications Ltd. and subsequently the name has been changed to Gradiente Infotainment Ltd.(w.e.f 09-01-2003). The Company's revenue is generated mainly from the advertisement, in Print Media & Electronic Media and TV Serial production for other production houses and own production.

1. Significant Accounting Policies

I) Basis of Accounting: These financial statements are prepared under the historical cost convention and comply in all material aspects with the applicable accounting principles in India, the applicable accounting standards notified under section 211(3C) of the Companies Act, 1956 ("The Act") and the relevant provisions of the Act.

ii) Use of Estimates: The preparation of financial statements in accordance with the generally accepted accounting principles requires the Management to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of financial statements and the reported amount of expenses of the year. Actual results could differ from these estimates. Any revision to such accounting estimates is recognized in the accounting period in which such revision takes place.

iii) Revenue Recognition: Revenue from Advertisement, in Print Media & Electronic Media and TV Serial Production recognized on an accrual basis on the Fulfilling the terms of contract & publicity of client's commercial net of service tax.

iv) Fixed assets and Depreciation

a. Tangible assets: Tangible fixed assets are stated at cost less accumulated depreciation.

Depreciation on tangible fixed assets is provided on written down value method at the rates and in the manner specified in Schedule XIV to the Act. The cost of leasehold improvements is amortized over the primary period of lease of the property. Tangible assets individually costing less than Rupees 5,000 are depreciated @ 100% in the year of purchase.

v) Software: Software obtained initially together with hardware is capitalized along with the cost of hardware and depreciated in the same manner as the hardware. All subsequent purchases of software are treated as revenue expenditure and charged in the year of purchase.

vi) Foreign Currency Transactions: Foreign currency transactions are recorded at the exchange rates prevailing on the date of the transaction. Gains and losses arising out of subsequent fluctuations are accounted for on actual payment or realization. Monetary items denominated in foreign currency as at the Balance Sheet Date are converted at the exchange rates prevailing on that day. Exchange differences are recognized in the Profit and Loss account.

vii) Investments: Long term investments are stated at cost. Provision is made for permanent diminution in value, if any. Current investments are stated at lower of cost and market value / repurchase price.

viii)Retirement Benefits

a. Gratuity: In accordance with payment of Act, 1972 company has provides for gratuity, covering the employees of the company who have rendered service for a continuous period of service of not less than five years. The Gratuity plan provides a lump-sum payment to vested employees at the time of retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary and tenure of employment with the Company. Liabilities with regard to the gratuity plan are determined based on estimates at the Balance sheet date. The company is yet to frame a scheme for making annual contributions to the Employees group for qualifying employees.

b. Provident Fund: Provident fund contribution is not applicable to the company as the number of employed persons in the company is less than the limit prescribed i.e. 20 persons.

ix) Borrowing Cost: Borrowing cost attributable to the acquisition or construction of a qualifying asset is capitalized as part of cost of the asset. Other borrowing costs are recognized as an expense in the period in which they are incurred.

x) Taxation: Provision for income tax has been made at the current tax rates based on assessable income or on the basis of Section 115JB of the Income Tax Act, 1961.

Deferred tax is recognized, subject to the consideration of prudence, on timing differences, being the difference between taxable incomes and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

xi) Impairment of Assets: The Company assesses at each Balance Sheet date whether there is any indication that asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the Profit and Loss Account.

xii) Provisions and Contingent Liabilities: The Company recognizes a provision when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. Provisions are not discounted to its present date value and are determined based on best estimates of the amount required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.
A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation that the likelihood of outflow of resources is remote, no provision or disclosure is made.

2. Contingent Liabilities

a. The Company has defaulted in payment of loan to Andhra Bank for which they have raised a demand of ` 1.80 crores under one time settlement scheme (OTS) vide letter no.1204/45/26/837 dated 12-03-2004,subsequently Bank has Auctioned 2 properties.

- No.301/1, 3rd Floor of Krishna Plaza, Muncipal # 6-2-953/A and 6-2-953/B admeasuring 952.85sq ft along with undivided land 30.68 sq Yds, Kharitabad and
- No.309/1, 3rd Floor of Krishna Plaza, Muncipal # 6-2-953, 6-2-953/A and 6-2-953/B admeasuring 923.65sq ft along with undivided land 28.83 sq Yds, Kharitabad.

The above properties were auctioned by the Bank in the year 2006-07 and realised an amount of ` 41 lacs and the company has paid ` 9 lacs in cash making a total repayment of ` 50 lacs. Balance demands ` 1.30 crores.
The company has requested to settle the demand for ` 1.00 crore. If the request is accepted by the bank there will be a net outflow of ` 50 lacs, if not outflow shall be ` 1.30 crores.

b. Director Vimal Raj Mathur has given a corporate guarantee of 5 lakh shares of Gradiente allotted on his name to SE Investments for ` 25 lakhs.

3. Sundry Debtors

(in `)

	March 2012	March 2011
More Than Six months	91,64,73,379	24,93,67,274
Others	17,40,89,561	44,33,37,974

4. Year End Deferred Tax Balances

(in `)

Particulars	As at 31/03/2012	As at 31/03/2011
Deferred tax liability on account of:		
Depreciation	5,51,503	5,51,503
Total (A)		
Deferred tax assets on account of:	6,754	Nil
Statutory payments under Section 43B		
of the Income Tax Act, 1961	Nil	Nil
Amalgamation expenses under Section 35DD	Nil	Nil
Total (B)	6,754	
Deferred tax liabilities [Net]: [Total A-B]	544,749	5,51,503

5. Sundry Creditors

Disclosure has been made as per the definition given in the Micro, Small and Medium Enterprises Development Act, 2006. The Company is not having the information regarding supplier's status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosures relating to the amounts as at year end together with interest payable as required under the Act have not been given

6. Capital Work in Progress

The amount lying in Capital work in progress is made towards payments for purchase of properties of Flat G1, G2 & G3 in ground floor of "Siri Balaji Residency" admeasuring 5100 sq ft for a total consideration of ` 200.32 lakhs for which agreement of sale is entered but pending registration next year.

7. Managerial Remuneration:

(in `)

Year	2011-12	2010-11
Remuneration	29,85,000	15,00,000

8. CIF Value of Imports

(in `)

Year	2011-12	2010-11
Value of Imports	Nil	Nil

9. Expenditure in Foreign Currency

(in `)

Year	2011-12	2010-11
Total	Nil	1,24,753

10. Earnings in Foreign Currency

(in `)

Year	2011-12	2010-11
Total	Nil	Nil

11. Auditors' Remuneration

(in `)

Year	2011-12	2010-11
Statutory Audit	2,24,720	2,20,600
Tax Audit	56,180	55,150
Certifications etc.,	1,12,360	1,10,300
Internal Audit	-	2,64,720
Total	3,93,260	6,50,770

12. Additional information pursuant to the provision of paragraph 3 of Part II of Schedule VI to the Act:

(i) Current year

Purchase Sale — Not Applicable

(ii) Previous year

Purchase Sale — Not Applicable

13. Interest Expense

(` in lakhs)

Year	2011-12	2010-11
Amount	23.92	11.32

14. Interest Income

(in `)

Year	2011-12	2010-11
On Deposits with Bank	4,030	59,744

15. Segment Information

In accordance with Accounting Standard – 17, "Segmental Reporting" issued by the Institute of Chartered Accountants of India, the Company's business segment is Print Media & Electronic Media and TV Serial Production business and it has no other primary reportable segments. Accordingly, the segment revenue, segment results, total carrying amount of segment assets and segment liability, total cost incurred to acquire segment assets and total amount of charge for depreciation during the year, is as reflected in the Financial Statements as of and for the year ended March 31, 2012. The Company caters to the needs of the domestic market and hence there are no reportable geographical segments.

16. Related Party Disclosures

a)	Parties where control exists related Party	Nil
b)	Fellow Subsidiary Companies	Nil
c)	Joint Venture	Nil
d)	Key Managerial Personnel	Vimal Raj Mathur, Chairman & Managing Director Sudheep Raj Mathur, Executive Director
e)	Relative to Key Managerial Personnel	Vineeth Raj Mathur (Son of Vimal Raj Mathur)

Name of the Related Party	Nature of Transaction	Relationship	Amount (`)
Vimal Raj Mathur	Remuneration	Key Managerial Person	25,50,000
Sudheep Raj Mathur	Remuneration	Key Managerial Person	4,35,000
Vineeth Raj Mathur	Receiving of Services (Salary)	Relative to Key Managerial Person	1,50,000

17. Earnings per Share (Basic and Diluted)

The number of shares used in computing Basic Earnings per share (EPS) is the weighted average number of shares outstanding during the year. The number of shares used in computing Diluted EPS comprises of weighted average shares considered for deriving Basic EPS and also the weighted average number of equity share which would be issued for no consideration on exercise of options under the Employee Stock Option Scheme, 2005. The number of shares is adjusted for reduction of share capital.

Profit computation for both Basic and Diluted Earnings per Share of Rupees 10 each Net profit as per the Profit and Loss Account available for Equity share holders (in Rupees) Weighted average number of equity shares for Earning per share computation for Basic Earnings per Share Add: Weighted average outstanding employee stock options deemed to be issued for no consideration.

Year	2011-12	2010-11
Number of Equity Shares Outstanding at the end of year	2,31,68,400	1,15,84,200
Basic	0.54	3.40
Diluted	0.54	3.40

18.Retirement Benefits

a.Gratuity: The Company is yet to contribute ` 8.74 lakhs to gratuity funds towards Provision made for the year ended 31st March 2012.

b.Provident Fund: The Company has not made any contributions to provident fund for employees during the year.

19. Indian Bank – ODCC# 74105484 bank account was not incorporated in the books of accounts earlier and there were no transactions during the year so taken into books with balance as appearing last year.

20. Information pursuant to other provisions of Part II of Schedule VI to the Act, is either nil or not applicable to the Company for the year.

21. Previous year's figures have been regrouped where necessary.

22. Refer Annexure for additional information pursuant to Part IV of Schedule VI of the Act Signatures forming part of the financial statements.

23. Remuneration calculated as per schedule XIII of Companies Act.

24.Prior Period Adjustment

The company has committed error by over claiming depreciation on fixed assets in earlier years due to change in method of depreciation. The company has identified the error in estimates and revised the depreciation amounts and assets values following written down value method as stipulated under schedule XIV of the companies Act, 1956. The revisions were accounted for prospectively as a change in accounting estimates and as a result the income has been increased by ` 4,414/-

GRADIENTE INFOTAINMENT LIMITED

306, 3rd Floor, May Fair Gardens, Banjara Hills, Road No. 12, Hyderabad - 500034. AP

20th Annual Report

PROXY FORM

I/We .... of .... being a Member(s) of above named company, hereby appoint .... of .... or failing him/her .... of .... as my/our proxy to attend and vote for me/us, on my/our behalf at the 20th Annual General Meeting of the Company to be held on Tuesday, the 25 September 2012 at 11.30 AM at The Central Court Hotel, Lakdi ka pul, Hyderabad-500004 and at any adjourned meeting thereof.

As Witnessed Signed this .... day of September 2012

Signed by the said ....

Folio No./Client ID ....

No. of shares held ....

Affix Re.1/-
Revenue
Stamp

Note:
The proxy in order to be effective should be duly stamped, completed, signed and must be deposited at the Registered Office of the Company not less than 48 hours before the time for holding the meeting.

GRADIENTE INFOTAINMENT LIMITED

306, 3rd Floor, May Fair Gardens, Banjara Hills, Road No. 12, Hyderabad - 500034. AP

20th Annual Report

ATTENDANCE SLIP

(Please present this slip at the Meeting venue)

I hereby record my presence at the 20th Annual General Meeting of the members of the company to be held on Friday, the 25 September 2012 at 11.30 AM at The Central Court Hotel, Lakdi ka pul, Hyderabad-500004

Shareholders/Proxy's Signature ....

Shareholders/Proxy's full name (In block letters) ....

Folio No./ Client ID .... No. of shares held ....

I hereby record my presence at the 20th Annual General Meeting of the members of the company to be held on Friday, the 25 September 2012 at 11.30 AM at The Central Court Hotel, Lakdi ka pul, Hyderabad-500004

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

SIGNATURE OF THE SHAREHOLDER(S) OR PROXY

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