

17th Annual Report

2008 - 2009



gradiente

infotainment limited

● Advertising ● Movies ● Ad Films ● Television ● Events ● Modeling

BOARD OF DIRECTORS

Vimal Raj Mathur
Chairman & Managing Director

Sunitee Raj
Director

Sudheep Raj
Director

T. Venkateshwa Rao
Director

Shabbir Ali Baquri
Director

AUDIT COMMITTEE

T. Venkateshwa Rao
Shabbir Ali Baquri
Sudheep Raj
K. Mohan Acharya (Statutory Auditor)

NOMINATION / REMUNERATION COMMITTEE

Vimal Raj Mathur
T. Venkateshwa Rao
Shabbir Ali Baquri

SHAREHOLDER / INVESTOR GRIEVANCES COMMITTEE

T. Venkateshwa Rao
Sudheep Raj
Shabbir Ali Baquri

LEGAL ADVISORS

Gokhale Bilolikar & Co.
Mr. Milnd G. Gokhale
Citadel Apt., 505, 5th Floor, Vittalwadi,
Himayatnagar, Hyderabad - 29.
Ph : 23222212, 66668116 Fax : 66668115
E-mail : lawman009003@yahoo.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

SHARE TRANSFER AGENTS

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

SECRETRIAL COMPLIANCE OFFICER

Sudheep Raj

BANKERS

Standard & Chartered Bank - Hyderabad
State Bank of India - Hyderabad

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17th ANNUAL GENERAL MEETING

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REGISTERED OFFICE

6-2-966/14, Ground Floor, Siri Balaji Residency, Khairtabad,
Hyderabad - 500 004 Ph : 23328791 E-Mail : gradienteinfold@yahoo.co.in

NOTICE FOR THE 17TH ANNUAL GENERAL MEETING

Notice is hereby given that the Seventeenth Annual General Meeting of the members of Gradiente Infotainment Limited will be held on Wednesday, the 30th September, 2009 at 11.00 A.M at the Registered office of the Company at 6-2-966/14, Ground Floor, Siri Balaji Residency, Khairtabad, Hyderabad - 500 004 to transact the following Ordinary Business:

1. To receive, consider and adopt the Audited Balance Sheet as at March 31, 2009 and Profit and Loss Account on that date and the reports of the Board of Directors and Auditors thereon.
2. To appoint a director in place of Sri T. Venkateshwa Rao, who retires by rotation and being eligible offers himself for reappointment.
3. To appoint a director in place of Sri. Shabbir Ali Baquri, who retires by rotation and being eligible offers herself for reappointment.
4. To appoint auditors and to fix their remuneration and in this regard, to consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

To appoint M/s. Komandoor & Co, Chartered Accountants, Hyderabad the retiring auditors, as Statutory Auditors of the Company to hold office from the conclusion of this meeting till the conclusion of next Annual General Meeting and to authorize the Board to fix their remuneration.

Date : 27.08.2009
Place : Hyderabad

**By and on behalf of the Board for
Gradiente Infotainment Limited**

**Sd/-
Vimal Raj Mathur
Chairman & Managing Director**

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. Proxies in order to be effective must be received at the registered office of the company not less than 48 hours before the Meeting.
2. Members/Proxies are requested to fill in the enclosed attendance slip and deposit the same at the entrance of the meeting hall.
3. The Register of members and share transfer books of the company will remain closed from 25.09.2009 to 30.09.2009 (both days inclusive).
4. The Register of directors' shareholdings shall be open for inspection to any member of the company during the period beginning 14 days before the date of company's annual general meeting and ending 3 days after the date of its conclusion. The said register shall also remain open and accessible during the annual general meeting to any person having right to attend the meeting.

Date : 27.08.2009
Place : Hyderabad

**By and on behalf of the Board for
Gradiente Infotainment Limited**

**Sd/-
Vimal Raj Mathur
Chairman & Managing Director**

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DIRECTORS' REPORT

Dear Shareholders,

Your Directors take pleasure in presenting the 17th Annual Report and the Audited Accounts of your Company for the year ended March 31, 2009 together with the Auditor's Report thereon.

Financial Results :

Your Company's financial results for the year under review are as under:

(Rupees in Lakhs)

Particulars	2008-2009	2007-2008
Total Revenue	1231.66	809.31
Profit before interest, tax and depreciation (PBIDT)	73.13	38.72
Less: Interest and financial charges	11.40	8.10
Profit before depreciation & tax (PBDT)	61.73	30.62
Less: Depreciation	2.11	2.87
Profit before tax	59.62	27.75
Tax Provision (current, fringe and deferred)	20.27	9.71
Net profit for the year	39.35	18.04
Appropriations	0	0
Dividend (including corporate tax thereon)	0	0
Transfer to debenture redemption reserve	0	0
Transfer to general reserve	39.35	18.04
Balance carried forward to next year	0	0

Financial Review :

Your company reported a very good performance during the year under review.

Total Revenue has been increased by 152% from Rs.809.31 lakhs to Rs.1231.66 lakhs. PBIDT increased from Rs.38.72 lakhs to Rs.73.13 lakhs. Net profit increased by 215% from Rs. 27.75 lakhs to Rs. 59.62 lakhs.

Dividend : With a view to conserve its resources, no provision for dividends has been made.

Directors :

In accordance with the Companies Act, 1956 read with the Articles of Association of the Company, Mr. T Venkateshwa Rao and Mr. Shabbir Ali Baquri Directors will retire by rotation at this meeting and is eligible for reappointment.

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.

Management Discussion and Analysis :

A detailed Management Discussion and Analysis is provided in the Annual Report.

Public Deposits :

During the year under review, your company has neither invited nor accepted any deposits from the public

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.

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Legal Advisors :

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

Particulars of Employees :

There are no employees whose particulars are to be disclosed Under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of employees) Rules 1975.

Directors' Responsibility Statement :

Pursuant to provisions of Section 217 (2AA) of the Companies Act, 1956 with respect to "Directors' Responsibility Statement", it is hereby confirmed;

- (i) that in the preparation of the annual accounts for the financial year ended 31st March, 2008, 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 and of the profit or loss of the Company for the year under review;
- (iii) that the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) that the directors had prepared the annual accounts for the financial year ended 31st March, 2008 on a going concern basis.

Auditor's qualification on accounts :

Notes to the accounts, as referred in the auditors report, are self explanatory and therefore do not call for any further comments and explanations. The qualification in the Audit report with respect to the Internal Auditors, the company is considering the appointment of Internal Auditors and the efforts are in progress.

Conservation of Energy, Technology Absorption

Particulars regarding conservation of energy, technology absorption are not applicable to the Company.

Foreign Exchange Earnings and Outgo

In accordance with the provisions of Section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, the information relating to foreign exchange earnings and outgo is provided as under and the details of which is mentioned in note no: ___ of the Notes to the Balance Sheet and Profit and Loss Account.

(Rs. in Lakhs)

Particulars	2008-09	2007-08
Foreign Exchange Earnings	Nil	Nil
Foreign Exchange Outgo	Nil	Nil

Acknowledgements :

The Directors take this opportunity to thank Company's customers, suppliers, bankers, financial Institutions for their consistent support to the Company. Your Directors express their appreciation for the dedicated and sincere services rendered by the employees of the Company at all levels. Your Directors also wish to express their gratitude to the Shareholders for the confidence reposed by them in the Company and for the continued support and co-operation.

Date : 27.08.2009
Place : Hyderabad

By and on behalf of the Board for
Gradiente Infotainment Limited

Sd/-
Vimal Raj Mathur
Chairman & Managing Director

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CORPORATE GOVERNANCE

1. Company's philosophy on code of governance:

Corporate governance is a synonym for sound management, transparency and disclosure. The Companies philosophy of corporate governance envisages the highest level of transparency, accountability and equity in all its dealings with shareholders, employees, government and lenders. The Company's guiding principles are focused to achieve the highest standards of corporate governance. In compliance with the disclosure requirements of Clause 49 of the Listing Agreement executed with the Stock Exchanges, the details are set out below:

2. Board of Directors:

Composition and Category of Directors as at 31st March, 2009 :

The Board has an optimum combination of Executive and Non- Executive Directors, and is in conformity with clause 49 of the Listing Agreement entered into with the Stock Exchanges in which Company's shares are listed. Presently the Board consists of 5 Directors and whose composition is as under:

Sl. No.	Name	Category	Designation	No. Of Meetings Attended Since 01.04.2007	No. Of Membership on board of other Companies	No. Of Membership No Committees
1	Mr. Vimal Raj Mathur	Executive Non-Independent	Chairman & Managing Director	5	1	—
2	Mr. T.Venkateshwa Rao	Independent and Non - Executive Director	Director	5	1	3
3	Mr.Shabbir Ali Baquri	Independent and Non - Executive Director	Director	3	—	3
4	Mrs. Sunitee Raj	Independent and Non - Executive Director	Director	5	—	1
5	Mr. Sudheep Raj	Executive Non-Independent	Director	5	—	2

Meetings held:

During the year 2008-09, the Board met 5 times on 30.04.2008, 31.07.2008, 28.08.2008, 31.10.2008, and 31.01.2009.

The Directors attendance at the board meetings, number of Directorships and Committee memberships held by them in other companies are given hereunder:

Name of Director	No. of Board meetings held	No.of Board Meetings attended	Last AGM attended
Mr. Vimal Raj Mathur	5	5	YES
Mr. T Venkateshwa Rao	5	5	YES
Mr. Shabir Ali Baquri	5	5	YES
Mrs. Sunitee Raj	5	5	YES
Mr. Sudeep Raj	5	5	YES

Audit Committee:

The Composition of the Audit Committee is in compliance with the Clause 49 of the Listing Agreement and the terms of reference, role and scope are in line with those prescribed by Clause 49 of the Listing Agreement with the Stock Exchanges.

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The Audit Committee comprises of 2 (Two) Non-executive Independent Directors including the Chairman and One Executive and Non-Independent Director. The Audit Committee met 5 (Five) times during the year under review on 30.04.2008, 31.07.2008, 28.08.2008, 31.10.2008, and 31.01.2009.

The composition of Audit Committee and the details of meetings attended are given below:

Sl.No.	Name	Position held in the Committee	Number of committee meetings attended
1	Mr.T. Venkateshwa Rao	Chairman	Five
2	Mr. Shabir Ali Baquri	Member	Three
3	Mr. Sudheep Raj	Member	Five
4	Mr. K. Mohan Acharya	Statutory Auditor	Five

During these meetings, the Committee, inter alia, reviewed the financial statements including changes in accounting policies and practices before submission to the Board, recommended the appointment of statutory auditors including fixation of audit fee, and reviewed the company's financial and risk management policies.

Investors' Grievance Committee :

The responsibilities of the Committee include a) to approve share transfers and transmissions and b) to approve splitting of share certificates, consolidation of share certificates and related matters including issue of fresh share certificates in lieu of the split / consolidated certificates and redressal of all shareholders queries and grievances. The Committee has been meeting at regular intervals to resolve the complaints and replied / resolved to the satisfaction of the investors.

During the year, the committee met 2 times.

The composition of Shareholders/ investors grievance committee and the details of meetings attended are given below:

Sl.No	Name	Position held in the Committee	Number of committee meetings attended
1	Mr. T Venkateshwa Rao	Chairman	Two
2	Mr. Shabir Ali Baquri	Member	Two
3	Mr. Sudeep Raj	Member	Two

Remuneration Committee :

The responsibilities of remuneration committee are to appraise the performance of Executive Directors and senior officers of the Company and to determine and recommend to the Board compensation payable to the above said persons.

During the year, the remuneration committee met once.

The composition of remuneration committee and the details of meetings attended are given below:

Sl.No	Name	Position held in the Committee	Number of committee meetings attended
1	Mr. Shabir Ali Baquri	Chairman	Two
2	Mr. Sudeep Raj	Member	Two
3	Mr. T Venkateshwa Rao	Member	Two

Details of Remuneration to Directors :

Sl.No	Name	Designation	Salary (Rs.)
1	Mr. Vimal Raj Mathur	Chairman & Managing Director	7,80,000/- Per Annum
2	Mr. Sudheep Raj	Director	2,40,000/- Per Annum

Salary includes gross salary and perquisites. No remuneration has been paid to the Non- Executive Directors during the year. Sitting fee is paid to the Non - Executive Directors for attending the meetings.

Code of business conduct and ethics for Directors and Senior Management :

The Company is committed to conducting business in accordance with highest standards of business ethics and complying with applicable law, rules and regulations.

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The Company believes that a good corporate governance structure would not only encourage value creation but also provide accountability and control systems commensurate with the risks involved.

Details on General Body Meetings :

Year	Location	Date	Time	No of Special Resolutions
2004-2005	3 rd Floor, Krishna Plaza, Khairatabad, Hyderabad – 500 004	30/09/2005	11.00 AM	None
2005-2006	Surana Udyog Auditorium FAPCCI, Red Hills, Khairatabad, Hyd - 500004	28/09/2006	11.30 AM	None
2006-2007	Central Court Hotel, lakadi Ka Pul Hyderabad - 500004	28/09/2007	11.00 AM	Two
2007-2008	309, Krishna Plaza, Khairatabad, Hyderabad – 500004.	29/09/2008	11.00AM	None

Postal Ballot :

During the year 2007-2008, there are no resolutions passed under Postal Ballot pursuant to Section 192A of the Companies Act, 1956.

Disclosures :

The Board of Directors receive from time to time disclosures relating to financial and commercial transactions from key management personnel of the Company as and when they and / or their relatives have personal interest in any of the pecuniary transactions with the Company. There are no materially significant related party transactions, which have potential conflict with the interest of the Company at large.

Means of Communication :

The quarterly financial results of the Company are generally published in **Business Standard / Financial Express** and **Andhra Bhoomi / Andhra Prabha** (Vernacular).

Non-Mandatory Requirements :

The Company has set up a Remuneration Committee details of which have been given earlier in this report. Other than the above the Company has not adopted other non-mandatory requirements as prescribed in Clause 49 of the Listing Agreement.

General Shareholder Information :

1. Annual General Meeting :

Date and Time : 30th September, 2009 at 11.00 A.M.
Venue : Regd. Offi. 6-2-966/14, Ground Floor, Siri Balaji Residency, Khairatabad, Hyd-4.

Financial Calendar (tentative) : **Financial Year April to March**
 First quarter results End of July 2008 Second quarter results End of October 2008
 Third quarter results End of January 2009 Fourth quarter results End of April 2009

Book Closure Dates : **25th September, 2008 to 30th September, 2008**
 (both days inclusive for the purpose of AGM)

Listing on Stock Exchanges : The Company Shares are listed on the following Stock Exchanges
 1. Hyderabad Stock Exchange Ltd, Hyderabad.
 2. Calcutta Stock Exchange, Kolkatta
 3. Banglore Stock Exchange, Bangalore.
 4. Inter Connected Stock Exchange of India Ltd, Mumbai (**Applied**)

The annual listing fees to Hyderabad Stock Exchange for the financial year 2007-08 has been paid.

Stock Code :
 1. Hyderabad Stock Exchange Ltd - Scrip Code: 14317
 2. Calcutta Stock Exchange, Kolkatta - Scrip Code: 032161
 3. Banglore Stock Exchange, Bangalore. - Scrip Code: GIL

Market Price Data :

At present trading in to shares is not there at the stock exchanges.

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Registrar and Share Transfer Agents : Karvy Computershare Private Limited, Plot No. 17 to 24, Vittalrao Nagar, Madhapur, Hyderabad 500 081. Tel: +91-40-23428412.

Share Transfer System :

The Company has got connectivity with NSDL and the Company's ISIN is INE361K01017.

DISTRIBUTION OF SHAREHOLDING AS ON QUARTER ENDING 31st March, 2009

S. No.	Category	No. of shares held	Percentage of shares holding.
A	Promoter's Holding		
1.	Promoters:		
	Indian Promoters	18,53,900	28.16
	Foreign Promoters	2,36,800	3.59
2.	Persons acting in concert	---	---
	Sub total	20,90,700	31.75
B	Non - Promoters Holding	---	---
3.	Institutional Investors	---	---
a.	Mutual Funds and UTI	---	---
b.	Banks, Financial Institutions, Insurance Companies (Central/State Govt. Institutions/Non- government Institutions)	---	---
c.	Foreign Financial Institutions	---	---
	Sub total	---	---
4.	Others	---	---
a.	Private Bodies Corporate	1,07,500	1.63
b.	Indian Public	43,48,900	66.06
c.	Non Resident Indians/Overseas Bodies Corporate	37,100	0.56
d.	Any others (to specify)	---	---
	Sub total	44,93,500	68.25
	GRAND TOTAL	65,84,200	100.00

Dematerialization of Shares and Liquidity :

The Company's shares are dematerialized on National Securities Depositories Limited (NSDL) and the ISIN is INE361K01017.

Address for Investor Correspondence : # 6-2-966/14, Ground Floor, Siri Balaji Residency, Khairatabad, Hyderabad - 500 004
In terms of Clause 47(f) of the Listing Agreement of Stock Exchanges investors may please use the following exclusive e-mail ID for redressal of their grievances. E-Mail : gradienteinfo@yahoo.co.in.

Details of Directors seeking Re-appointment at the Annual General Meeting :

Particulars	T. Venkateshwa Rao	Shabbir Ali Baquri
Date of Birth	14-06-1961	25-12-1960
Date of Appointment	09-08-2001	09-08-2001
Qualifications	C.A.	Graduate
Experience in specific functional area	5 years in Finance	17 years in P.R.
Directorship s held in other Public Companies	Nil	Nil
Memberships/Chairmanships of Committees of other Public Companies (includes only Audit Committee and Shareholders /Investors Grievance Committee)	Nil	Nil
No. of Shares held in the Company	Nil	Nil

Date : 27.08.2009
Place : Hyderabad

For and on behalf on the Board of Directors
Sd/-
Vimal Raj Mathur
Chairman & Managing Director

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**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, 2009, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges (HSE& CSE).

Disqualification of Directors

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**

**K Mohanacharya
Partner
M.No. 029082**

Date : 27.08.2009
Place : Hyderabad

AUDITORS' REPORT

**To
The Members
Gradiente Infotainment Limited**

We have audited the attached Balance Sheet of GRADIENTE INFOTAINMENT LIMITED (The company) as at 31st, March 2009 and also the Profit and Loss Account of the Company for the year ended on that date annexed thereto, into which are incorporated the accounts of six Projects / Units audited by Branch Auditors and in respect of three Units / Projects and Head Office audited by us and the cash flow statement for the year ended on that date. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of subsection (4A) of Section 227 of the Companies Act, 1956 we enclose in the Annexure a statement on the matters specified in paragraphs 4&5 of the said Order, to the extent applicable.

1. Further to our comments in the Annexure referred to above,

We report that:

- (a) We have obtained all the information and explanations, which is to the best of our Knowledge and belief were necessary for the purpose 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 audits have been received from the branches not Visited by us. The Branch Auditors Reports have been forwarded to us and have been Appropriately dealt with;
- (c) The Balance Sheet, Profit and Loss Account and cash Flow Statement dealt with by This report is in agreement with the books of account and with the audited returns Form the Projects/ units;
- (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 companies Act, 1956;
- (e) **The Companies (Disqualification of Directors under section 274(1)(g) of the Companies Act, 1956) Rules, 2003.**
On the basis of the examination of the books and records of the company it was noticed that the persons who are directors on the last due date have failed to file the annual accounts and annual returns, for a period exceeding more than three years, hence the said Directors are disqualified as on 29.10.2008 from being appointed as a Director's attracting the disqualification in terms of clause (g) of sub section (1) of section 274 of the Companies Act, 1956 Rules 2003. Further, the company has not filed a return in duplicate in Form "DD-B", prescribed under these rules for this purpose, to the Registrar of Companies, furnishing therein the names and addresses of all the Directors of the company during the relevant financial years of such default
- (f) **Non Provision of cess under Section 441A of the Companies Act 1956**
The company has NOT provided for cess under section 441 A of the Companies Act 1956 amounting to Rs. 3,51,942/- pending notification.

AUDITORS' REPORT

(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.

(h) Change in Accounting Estimate:

The company has committed error by wrongly calculated depreciation on fixed assets in earlier years on Property, Plant and Equipment. The company identified the error in estimates and revised the depreciation amounts of various assets following the written down value method as stipulated under Schedule XIV of the Companies Act, 1956 being the accounting policy adopted by the company. The revisions were accounted for prospectively as a change in accounting estimates and as a result, the depreciation amount of the assets for the current financial year end, have been decreased for the current financial year end and income has been increased by Rs 17,23,881 and shown under the head "Prior Period Adjustment" in the profit and loss account.

Subject to the above.

- (i) In our opinion and to the best of our information and according to the explanations Given to us, the said accounts read with the Significant Accounting policies and Notes Forming part of accounts appearing in Schedule No: 24 give the information required By the Companies Act, 1956 in the manner so required and give a true and fair view In conformity with the accounting principles generally accepted in India:
- (i) In the case of the Balance Sheet, of the state of affairs of the company as at 31.03.2009;
- (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.

**For Komandoor & Co
Chartered Accountants**

**K Mohanacharya
Partner
M.No. 029082**

Date:
Place: Hyderabad

ANNEXURE TO AUDITOR'S REPORT

Re: GRADIENTE INFOTAINMENT LIMITED

- (i) In respect of Fixed Assets:
- (a) The company is generally maintaining proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) All the assets have not been physically verified by the management during the year but there is a regular program of verification which, in our opinion, is reasonable having regard to the size of the company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) During the year few fixed assets have been disposed off by the company. On the basis of information and explanations given to us. We are of the opinion, that disposal of the part of fixed assets has not affected the going concern status of the company.
- (ii) In respect of Inventories:
- (a) The inventory has been physically verified by the management during the year except the inventory with Third parties. In opinion, the frequency of verification is reasonable.
- (b) In our opinion and according to the information and explanation given to us, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
- (c) According to the information and explanations given to us, the company is maintaining proper records of inventory. The discrepancies noticed on physical verification of inventory as compared to book records were not material.
- (iii) According to the information and explanations given to us, the company has neither granted nor taken any loans secured or unsecured to/from companies, firms or other parties covered in the register maintained under Section 301 of the companies Act, 1956 (The Act), hence clauses iii (a, b, c, d, e, f and g) are not applicable.
- (iv) In our opinion, and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchase of inventory, fixed assets and with regard to sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls.
- (a) In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in Section 301 of the Act have been entered in the register required to be maintained under that section.
- (b) In our opinion and according to the information and explanations given to us, the company has not entered into any transactions in pursuance of contracts or arrangements entered into the register in pursuance of Section 301 of the Act and exceeding the value of Rupees Five Lakhs in respect of any party during the year.

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(v) In our opinion and according to the information and explanation given to us, the company has not accepted any deposits from the public within the meaning of Sections 58A and 58AA or any other relevant provision of The Act and the rules framed there under.

(vi) The company has NO internal audit system commensurate with, in our opinion, needs to be further strengthened. Management has designed no adequate internal controls yet we recommend any Independent Auditor designed controls to conduct internal audit for Administrative, Operational and functional areas.

(vii) The maintainance of cost records under Section 209 (1) of The Act has not been prescribed by the central government for the products of the Company.

(viii) In respect of Statutory Dues:

- (a) According to the information and explanations given to us and the records verified by us of the company it is noticed that the company is not depositing with appropriate authorities undisputed statutory dues including provident fund, Investor education and protection Fund, Employees state insurance, income tax, Sales-tax, Wealth tax, Service tax, customs duty, Excise duty, cess and other material statutory dues applicable to it.
- (b) According to information and explanation given to us, no undisputed amount payable in respect of income tax, Sales tax, Wealth tax, Service Tax, Custom duty, Excise duty and Cess were in arrears, as at 31.3.2009 for a period of more than six months from the date they became payable.

Sl #	Taxes Particulars	Amount Rs
1	Service Tax , Tds	10,08,307
2	Short Provision of Earlier Years	21,86,520
3	FBT Earlier Years	1,87,674
4	Earlier Year Provisions	15,88,168
5	Provision for Tax	52,03,115
	Total	1,01,73,784

(ix) In our opinion, the company has no accumulated losses as at 31.3.2009 and it has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.

(x) In our opinion and according to the information and explanation given to us, the company has not taken any loans from financial institution, Bank and has not issued any debentures. Therefore, the provisions of Clause 4(xi) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.

(xi) In our opinion and according to the information and explanation given to us, the company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Accordingly provisions of clause 4 (xii) of the companies (Auditor's Report) Order, 2003 are not applicable to the company.

(xii) In our opinion, the company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the companies (Auditor's Report) Order, 2003 are not applicable to the company.

(Xiii) In our opinion, the company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.

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- (xiv) According to the information and explanations given to us, the company has not given any guarantees for loans taken by others from banks or financial institutions.
- (xv) According to the information and explanations given to us, the company has not obtained any term loans. Therefore, the provisions of clause 4 (xvi) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- (xvi) According to the information and explanation given to us and on an overall examination of the balance sheet of the company. We report that the no funds raised on a short-term basis have been used for long-term investments.
- (xvii) According to the information and explanations given to us, the company has not made professional allotment of shares to parties and companies covered in the register maintained under Section 301 of The Act. Accordingly, the provisions of clause 4(xviii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- (xviii) According to the information and explanation given to us, the company has not issued any debentures. Therefore, the provisions of clause 4(xix) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- (xix) According to the information and explanations given to us, the company has not raised any money by public issue during the year. Accordingly, the provisions of clause 4(xx) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- (X) According to the information and explanation given to us, no fraud on or by the company has been noticed or reported during the course of our audit.

**For Komandoor & Co
Chartered Accountants**

**Sd/-
K. Mohan Acharya
M. No: 029082**

**Date: 27-08-2009
Place: Hyderabad**

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BALANCE SHEET AS AT 31st MARCH, 2009

PARTICULARS	SCHED	As at 31.03.2009 (Rs)	As at 31.3.2008 (Rs)
<u>SOURCES OF FUNDS</u>			
Share Capital	1	62,470,000	62,470,000
Reserves & Surplus	2	7,109,828	7,537,279
<u>LOAN FUNDS</u>			
Unsecured Loans	3	3,614,500	3,614,500
Deferred Tax Liability		783,947	-
Total		73,978,274	73,621,779
<u>APPLICATION OF FUNDS</u>			
<u>FIXED ASSETS</u>			
Gross Block	4	4,465,371	13,544,630
Less: Depreciation		256,780	10,852,741
Net Block		4,208,592	2,691,889
Add: Capital work in progress		7,706,409	5,206,409
		11,915,001	7,898,298
<u>CURRENT ASSETS LOANS & ADVANCES</u>			
Inventories	5	34,454,178	31,185,062
Sundry Debtors		31,167,399	5,853,661
Loans & Advances		6,881,082	28,090,410
Cash & Bank Balances		398,787	1,293,038
		72,901,446	66,422,171
Less: Current Liabilities & Provisions	6	10,838,172	698,690
Net Current Assets		62,063,274	65,723,481
Total		73,978,274	73,621,779
The Schedules referred to herein form an Integral part of the Balance Sheet	XIII		

As per our report of even date

For KOMANDOOR & CO
Chartered Accountants

Sd/-
K Mohanacharya
Partner
M.No. 29082

for and on behalf of the Board of Directors

Sd/-
Vimal Raj Mathur
Chairman & Managing Director

Sd/-
T. Venkateshwa Rao
Director

Date : 27.08.2009
Place : Hyderabad

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PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2009

PARTICULARS	SCHD #	As at 31.03.2009 (Rs)	As at 31.03.2008 (Rs)
I. INCOME			
SALES (NET)	8	123,166,489	80,931,557
INCREASE/(DECREASE) IN WORK IN PROGRESS	9	3,269,116	(161,863)
PRIOR PERIOD ADJUSTMENT(NET)		4,951,688	-
TOTAL		131,387,293	80,769,694
II. EXPENDITURE			
OPERATIVE EXPENSES	10	99,634,304	66,218,239
INTEREST		1,139,870	810,000
PAYMENTS & BENEFITS TO EMPLOYEES	11	6,092,151	3,337,135
ADMN & OTHER EXPENSES	12	7,353,709	7,341,556
DEPRECIATION	4	256,780	287,685
PROVISION FOR BAD AND DOUBTFUL ASSETS		7,315,000	-
TOTAL		121,791,814	77,994,615
III. PROFIT FOR THE YEAR		9,595,479	2,775,079
PROVISION FORTAXATION		5,203,115	971,000
PROFIT AFTER TAXATION		4,392,364	1,804,079
EARLIER YEARS SHORT PROVISION OF TAX		2,186,520	-
FBT		73,506	-
SHORT PROVISION OF FBT EARLIER YEARS		187,674	-
DEFERRED TAX		783,947	-
EARLIER YEARS TAX PROVISIONS ACCOUNTED'		1,588,168	-
ADD : BALANCE BROUGHT FORWARD		7,385,063	5,580,984
PROFIT CARRIED TO BALANCE SHEET		6,957,612	7,385,063
Eaming Per Share		0.63	0.27
Basic		0.63	0.27
Diluted		0.63	0.27
The Schedules referred to herein form an Integral part of the Balance Sheet			

As per our report of even date

For KOMANDOOR & CO
Chartered Accountants

Sd/-
K Mohanacharya
Partner
M.No. 29082

for and on behalf of the Board of Directors

Sd/-
Vimal Raj Mathur
Chairman & Managing Director

Sd/-
T. Venkateshwa Rao
Director

Date : 27.08.2009
Place : Hyderabad

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SCHEDULES TO THE BALANCE SHEET

SCHEDULE - 1

SHARE CAPITAL

Particulars	Amount (Rs) 31.03.2009 Rs.	Amount (Rs) 31.03.2008 Rs.
AUTHORISED :		
1) 70,00,000 Equity Shares of Rs.10/- each (Previous year 70,00,000 Equity Shares)	70,000,000	70,000,000
2) 100,000 Preference Shares of Rs. 100/- Each	10,000,000	10,000,000
ISSUED CAPITAL :		
66,58,600 Equity Shares of Rs.10/- each	66,586,000	66,586,000
SUBSCRIBED & PAID UP CAPITAL :		
65,84,200 Equity Shares of Rs.10/- each	65,842,000	65,842,000
Less: Allotment money in Arrears	3,372,000	3,372,000
Total	62,470,000	62,470,000

SCHEDULE - 2

RESERVES & SURPLUS

Particulars	Amount (Rs) 31.03.2009 Rs.	Amount (Rs) 31.03.2008 Rs.
Reserves		
General Reserve	152,216	152,216
Surplus		
Profit and Loss Account	6,957,612	7,385,063
	7,109,828	7,537,279

SCHEDULE - 3

UNSECURED LOANS

Particulars	Amount (Rs) 31.03.2009 Rs.	Amount (Rs) 31.03.2008 Rs.
Unsecured Loan	3,614,500	3,614,500
Total	3,614,500	3,614,500

SCHEDULE - 4
Fixed Assets / Description statement as per Schedule VI t the Companies Act 1956

Sr. No.	Particulars of the Assets	Value as on 01-04-2008	Additions/ Deletion During the year upto 30-09-2008	Additions/ Deletion During the year after 30-09-2008	Value as on 31-03-2009	Depreciation upto 31-03-2008	Depreciation for the year 2008-2009	Depreciation to date as on 31-03-2009	WDV As on 31-03-2009	WDV As on 31-03-2008
1	VEHICLES	1,110,000	(1,109,172)	-	828	1,109,999	(1,109,784)	215	613	1
2	OFFICE EQUIPMENT	1,336,643	(1,127,430)	-	209,213	1,229,376	(1,200,275)	29,101	180,112	107,264
3	PLANT & MACHINERY	407,762	(396,463)	-	11,299	371,176	(369,604)	1,572	9,727	36,586
4	FURNITURE & FIXTURE	1,067,345	(964,828)	-	102,517	1,067,344	(1,048,788)	18,556	83,961	102,516
5	AUDIO VISUAL EQUIPMENT	3,033,047	(3,031,309)	-	1,738	3,033,046	(3,032,698)	348	1,390	1,738
6	BUILDING	6,589,833	(2,450,058)	-	4,139,775	4,041,800	(3,834,811)	206,989	3,932,787	2,443,781
	TOTAL	13,544,630	(9,079,260)	-	4,465,370	10,852,741	(10,595,961)	256,780	4,208,592	2,691,889
	CAPITAL WORK IN PROGRESS								7,706,409	5,206,409
									11,915,001	7,898,298

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SCHEDULE - 5 - CURRENT ASSETS, LOANS & ADVANCES

Particulars	Amount (Rs)	Amount (Rs)
	31.03.2009 Rs.	31.03.2008 Rs.
A. INVENTORIES (WORK-IN-PROGRESS)		
(a) Print Media	234,925	223,738
(b) Audio visual media (Films / TV Serial Production)	402,056	382,910
(c) Production	33,321,335	30,578,414
	33,958,315	31,185,062
PRIOR PERIOD ADJUSTMENT (WIP)	495,863	-
Total	34,454,178	31,185,062
B. LOANS AND ADVANCES (Unsecured, considered good, recoverable in cash(or) in kind (or) for value to be received)Advances to Branches		11,500
Deposits Recoverable	1,485,384	1,485,384
Advances on other Accounts	5,395,698	4,356,777
Total	6,881,082	5,842,161
C. SUNDRY DEBTORS : (Unsecured considered good) Debts outstanding for a period exceeding six months	9,490,000	26,525,719
Less: Provision for Bad and Doubtful Assets	(7,315,000)	-
Other Debts	28,992,399	1,564,691
Total	31,167,399	28,090,410
D. CASH AND BANK BALANCES Cash & Bank Balances	398,203	1,293,038
State Bank Of India	(34)	
Standard Chartered Bank	618	
Total	398,787	1,293,038
Total (A+B+C+D)	72,901,446	66,422,171

SCHEDULE - 6 CURRENT LIABILITIES

Particulars	Amount (Rs)	Amount (Rs)
	31.03.2009 Rs.	31.03.2008 Rs.
A. CURRENT LIABILITIES Creditors for goods and expenses	123,535	231,344
Interest accrued but not due	-	-
Provision for tax	-	-
Listing fee Payment	-	-
B. PROVISIONS Outstanding expenses	342,346	342,346
Other provisions	125,000	125,000
Statutory provisions - Service Tax, TDS etc.	1,008,307	-
Provision for Tax	5,203,115	-
Short Provision of Earlier years Tax	2,186,520	-
FBT For the year	73,506	-
FBT For earlier years	187,674	-
Earlier year provisions	1,588,168	-
TOTAL	10,838,171	698,690

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SCHEDULE - 7 - REVENUE RECEIPTS

Particulars	Amount (Rs)	Amount (Rs)
	31.03.2009 Rs.	31.03.2008 Rs.
SALES / GROSS REVENUE		
Print Media Expenses	100,830,735	58,965,342
Audio-Visual	15,287,404	14,987,651
Production Material	7,048,350	6,978,564
Total	123,166,488	80,931,557

SCHEDULE - 8 - WORK IN PROGRESS

Particulars	Amount (Rs)	Amount (Rs)
	31.03.2009 Rs.	31.03.2008 Rs.
Opening Balances	31,185,062	31,023,199
Closing Balances	34,454,178	31,185,062
Total Increase/Decrease	3,269,116	(161,863)

SCHEDULE - 9 - OPERATIVE EXPENSES

Particulars	Amount (Rs)	Amount (Rs)
	31.03.2009 Rs.	31.03.2008 Rs.
Print media expenses	83,245,855	48,681,786
Production Materials	12,229,923	13,488,886
Event Division	4,158,526	4,047,567
Total	99,634,304	66,218,239

SCHEDULE - 10 - PAYMENTS AND BENEFITS TO EMPLOYEES

Particulars	Amount (Rs)	Amount (Rs)
	31.03.2009 Rs.	31.03.2008 Rs.
Salaries and Allowances	4,682,309	3,100,867
Staff Welfare Expenses	389,842	236,268
Directors Remuneration	1,020,000	1,020,000
	<u>5,072,151</u>	<u>3,337,135</u>

SCHEDULE OF PROFIT & LOSS A/C

SCHEDULE - 11 ADMINISTRATIVE OTHER EXPENSES. & OTHER EXPENSES

Particulars	Amount (Rs)	Amount (Rs)
	31.03.2008 Rs.	31.03.2007 Rs.
Printing & Stationery	241,421	219,474
Conveyance	336,643	306,039
Postage & Telephones	187,887	170,806
Books & Periodicals	26,436	24,033
Vehicles Maintenance	116,065	105,514
Business Promotion Expenses	179,160	162,873
Legal Expenses	182,834	166,213
Audit Fees	112,360	112,360
Bank Charges	73,528	66,844
Electricity Charges	145,397	132,179
Rates & Taxes	12,242	11,129
Office Maintenance	83,498	75,907
Repairs & Maintenance	116,577	105,979
Preliminary Expenses written off	-	-
Membership & Subscription	9,010	8,191
Consultancy Charges	45,485	41,350
General Expenses	122,430	111,300
Listing Fee	249,502	226,820
Director Sitting Fee	43,560	39,600
ROC Expenses	21,876	19,887
Advertising	118,137	107,397
Share Transfer Expenses	84,559	76,872
Bad Debts Written Off	1,600,000	1,250,000
Discounts	3,245,101	2,780,790
Total	8,373,708	7,341,556

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2009

PARTICULARS	AMOUNT (RS)	AMOUNT (RS)	AMOUNT (RS)	AMOUNT (RS)
	03/31/2009	03/31/2009	03/31/2008	03/31/2008
A. CASH FLOW FROM OPERATIONS :				
Net Profit As Per P & L A/C		2,618,882		1,804,079
Add : Adjustment For				
I) Depreciation	256,780		287,685	
II) Interest paid	1,139,870		810,000	
iii) Provision for taxation	5,203,115		971,000	
iv) Prior period depreciation adjusted	(1,773,481)	4,826,284		2,068,685
Operation Profit before working capital changes		7,445,166		3,872,764
Adjustment for Working Capital				
i) Trade and other receivables	(4,104,410)		(837,901)	
ii) Inventories	(3,269,116)		(161,863)	
iii) Trade Payables and other liabilities	900,498	(6,473,028)	(164,994)	(1,164,758)
Cash flow from operating activities		972,138		2,708,006
Less: Tax Paid				(971,000)
NET CASH FLOW FROM OPERATIONAL ACTIVITIES		972,138		1,737,006
B. CASH FLOW FROM INVESTING ACTIVITIES				
i) Investment for new office premises	(2,500,000)			
ii) Purchase of Fixed Assets			(40,000)	
iii) Additions to Public Issue Expenses	-		-	
iv) Investments			-	
CASH FLOW FROM INVESTING ACTIVITIES		(2,500,000)		(40,000)
C. CASH FLOW FROM FINANCING ACTIVITIES				
i) Repayment of Long Term Borrowings				
ii) Advance for Office premises				
ii) Interest paid	(1,139,870)		(810,000)	
CASH FLOW FROM FINANCING ACTIVITIES		(1,139,870)		(810,000)
NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)		(894,251)		887,006
Represented by				
i) Cash and Cash Equivalent as at 01-04-2008 (Opening Balance)	1,293,038		406,032	
i) Cash and Cash Equivalent as at 31-03-2009 (Closing Balance)	398,787		1,293,038	
Increase		(894,251)		887,006

**SCHEDULE XIV
NOTES FORMING PART OF ACCOUNTS SIGNIFICANT ACCOUNTING POLICIES**

NOTES TO THE FINANCIAL STATEMENTS

Nature of Operations

The Company was incorporated on June 22, 1992. The Company operates in Four (Hyderabad, Mumbai, Delhi, Kolkata) Indian cities. The Company's revenue is generated mainly from the advertisement, in Print Media & Electronic Media.

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 all 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 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. Short Term Employee Benefits:

The employees of the Company are entitled to leave encashment as per the leave policy of the Company. The liability in respect of leave encashment which is expected to be encashed / utilized within twelve months after the balance sheet date is considered to be of short term nature. The same is provided, based on an actuarial valuation carried out by an independent actuary as at the year end.

b. Long Term Employee Benefits:

Defined Contribution Plans:

The Company has Defined Contribution plans for post employment benefits namely Provident Fund. Under the Provident Fund plan, the Company contributes to a Government administered Provident Fund on behalf of its employees and has no further obligation beyond making its contribution.

The Company contributes to State Plan namely Employee's Pension Scheme, 1995 and has no further obligation beyond making its contribution.

The Company's contributions to the above funds are charged to revenue every year.

Defined Benefit Plans:

The Company has a Defined Benefit plan namely Gratuity and Leave Encashment for all its employees. Long term Leave Encashment includes provision for leave which is expected to be encashed / utilized after twelve months from the Balance Sheet date.

Liability for Defined Benefit plan is provided on the basis of valuations, as at the Balance Sheet Date, carried out by an Independent actuary. The actuarial valuation method used by independent actuary for measuring the liability is the Projected Unit Credit Method.

c. Termination benefits are recognized as an expense as and when incurred.

d. Actuarial gains and losses comprise experience adjustments and the effects of changes in actuarial assumptions and are recognized immediately in the Profit and Loss Account as income or expense.

x. 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.

xi. 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. Provision for Fringe Benefit Tax has been made in accordance with the Income Tax Laws prevailing for the relevant assessment years.

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.

xii. 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.

xiii. 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

NIL

3. Sundry Debtors

Sundry Debtors

Balance as at

More than 6 Months

Others

March 2009

94.90

289.92

March 2008 (Rupees in Lakhs)

265.25

15.65

4. Sundry Creditors

i. 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

5. Managerial Remuneration: (IN RUPEES)

Salaries

2008-09

TOTAL

10, 20,000

2007-08

10, 20,000

6. CIF Value of Imports

TOTAL

2008-09

Nil

2007-08

Nil

7. Expenditure in Foreign Currency

TOTAL

2008-09

Nil

2007-08

Nil

8. Earnings in Foreign Currency

TOTAL

2008-09

Nil

2007-08

Nil

9. Auditors' Remuneration

TOTAL Audit Fee

Add Service tax

Total

2008-09
Rs. 1, 00,000

2007-08
Rs. 1, 12,360

10. 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

11. Interest

Interest Expense:

2008-09
Rupees in lakhs
11.39

2007-08
Rupees
8.10

12. The Company has classified the various employee benefits provided to employees as under:-

I) Defined Contribution Plans

a) Provident Fund

b) State Defined Contribution Plans - Employers' Contribution to Employee's Pension Scheme, 1995.

During the year, the Company has recognized the following amounts in the Profit and Loss Account

2008-09
No Contributions made during the year

2007-08
No Contribution

13. 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 radio broadcasting 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, 2009. The Company caters to the needs of the domestic market and hence there are no reportable geographical segments.

14. 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: sudeep Mathur
Chairman & Managing Director**

15. 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.

		In Rupees
	2008-09	2007-08
Number of shares for Diluted Earnings per Share		
Earnings per Share (Rupees)	0.63	0.27
Basic	0.63	0.27
Diluted	0.63	0.27

16. 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.

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

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

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

20. Prior Period Adjustments:		2008-09	2007-08
Head of Account	Debit	Credit	Nil
Profit on Sale of Assets		17, 77,263.00	
WIP Short <i>Provided</i> (Included in Accretion/ (Decreton in WIP)		4, 95,863.00	
Bad Debts Recovered		14, 00,943.65	
Excess Depreciation Reversed (Earlier depreciation calculated on uniform Basis adopting WDV method under Companies Act Schedule XIV)		17, 73,481.00	
TOTAL		54, 47,550.65	

COMPUTATION OF PROFITS U/s 349 AND 350 FOR MANAGERIAL REMUNERATION

PARTICULARS	AMOUNT (Rs.)
Profit as per Profit and Loss Account for the year ended 31st March, 200_	4,392,363
Add: (if debited to P & L A/c before arriving at the Profit Before Tax)	
Managerial remuneration including perquisites	1,020,000
Provision for doubtful debts	7,315,000
Provision for doubtful advances	
Loss on sale of/disposal of assets	
Loss on sale of investments	
Write off of investments	
Provision for diminution in the value of investments	
Unserviceable fixed assets written off	
Fall in value of foreign currency monetary assets	
Loss on cancellation of foreign exchange contracts	
Provision for contingencies and unascertained liabilities	
Provision for loss of subsidiary companies	
Lease premiums written off	
Provision for warranty spares/supplies	
In fractious project expenses written off	
Provision for redundancy in stores, spares and finished goods	
Provision for anticipated loss in case of contracts	
Loss on sale of undertaking	
Provision for wealth tax	
Voluntary compensation paid under VRS	
Depreciation as provided in the Books	256,780
Sub-Total	12,984,143
Less: (if credited to the P & L A/c for arriving at Profit Before Tax)	
Capital profit on sale/disposal of fixed assets	1,777,263
Capital profit on sale of immovable assets	
Profit on sale of undertaking/any part thereof	
Profit on buy back of shares	
Profit/discount on redemption of shares or debentures	
Profit on sale of investments	
Compensation received on Non-Compete Agreements	
Write back of provision for doubtful debts	
Write back of provision for doubtful advances	
Appreciation in the value of investments	
Compensation received on surrender of tenancy rights	
Consideration received on assignment of operating licenses	
Write back of provision for contingencies	
Write back of bad debts against the provisions created earlier	
Write back of provision for diminution in	
Profit on sale of forfeited shares	
Profit on sale of shares subsidiary/associated companies	
Depreciation as computed in terms of Section 350	256,780
Sub-Total	2,034,043
Add/Less: Extra-Ordinary items as per AS- 5	-
Subsidies/bounties received from Government	-
Total	10,950,100
Eligible remuneration to the Managerial Personnel in terms of Section 309 @ 10%	1,095,010

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Total amount of managerial remuneration proposed to be paid					
Designation	Total Remuneration (Rupees)				
	Salary	Perquisites	Commission	Total	
Managing Director	780,000	-	-	780,000	
Whole-Time Director	240,000	-	-	240,000	
Total	1,020,000	-	-	1,020,000	
Whether Managerial Remuneration proposed is within 10% of Profits of the Company					

Company Secretary

Managing Director

Auditors

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

i. Registration Details

Registration No.

1	4	3	1	7
---	---	---	---	---

 State Code

0	1
---	---

Balance sheet Date

3	1	0	3	0	9
---	---	---	---	---	---

ii. Capital Raised During the Year (Amount in Rs. Thousands.)

Public Issue

N	I	L
---	---	---

 Rights issue

N	I	L
---	---	---

 Bonus issue

N	I	L
---	---	---

 Private Placement

N	I	L
---	---	---

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

Total Liabilities

8	1	1	8	3
---	---	---	---	---

 Total Assets

8	1	1	8	3
---	---	---	---	---

Sources of Funds

Paid up capital

6	2	4	7	0
---	---	---	---	---

 Reserve and surplus

1	1	4	7	2
---	---	---	---	---

 Secured Loans

N	I	L
---	---	---

 Unsecured Loans

3	6	1	4
---	---	---	---

Application of Funds

Net Fixed Assets

7	6	8	7
---	---	---	---

 Net Current Assets

6	9	5	1	4
---	---	---	---	---

 Misc. Expenditure

N	I	L
---	---	---

 Accumulated Losses

N	I	L
---	---	---

iv. Performance of the Company (Amount in Rs. Thousands.)

Turnover

1	2	3	1	6	6
---	---	---	---	---	---

 Total Expenditure

1	1	4	4	3	1
---	---	---	---	---	---

 Profit/(Loss) before tax

5	9	6	2
---	---	---	---

 Profit/(Loss) after tax

3	9	3	5
---	---	---	---

Earning Per Share in Rs.

	0	.	6	3
--	---	---	---	---

 Dividend %

N	I	L
---	---	---

v. Generic Name of three Principles Products/Services of the Company

Services Description

P	R	I	N	T		M	E	D	I	A						
A	U	D	I	O		V	I	S	U	A	L	M	E	D	I	A
O	T	H	E	R		M	E	D	I	A						

Services Code No. (ITC Code)

N	I	L
---	---	---

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**17th ANNUAL GENERAL MEETING
PROXY FORM**

I/We.....
of.....
in the district of being a
members(s) of the above named Company, hereby appointof
..... in the district of or failing
him..... in the district of as my / our proxy to attend
and vote for me/us and on my/our behalf, at the **17th ANNUAL GENERAL MEETING** of the Company to be held on
Wednesday 30th September, 2009 at 11.00 a.m. at Regd. Off : # 6-2-966/14, Ground Floor, Siri Balaji Residency, Khairtabad,
Hyderabad - 500 004 and any adjournment thereof.

Signed this _____ DPID _____

Date _____ CLIENT-ID _____ Folio No _____

Affix
Rs.1/-
Revenue
Stamp

Note : Proxy must reach the Company's Registered office not less than 48 Hours before the time fixed for the meeting.

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ATTENDENCE SLIP

PLEASE COMPLETE THIS ATTENDENCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL.

Joint Shareholders(s) may obtain additional attendance slips on request

Name & Address of the Shareholder(s) :

Name of the Proxy :

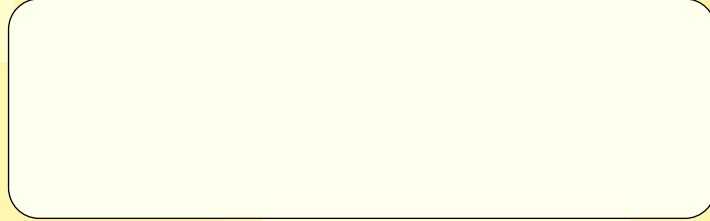
Regd. Folio No. / DPID / CLIENT-ID :

Shares held :

I hereby record my presence at the **17th ANNUAL GENERAL MEETING** of the Company to be held on
Wednesday 30th September, 2009 at 11.00 a.m. at Regd. Off : # 6-2-966/14, Ground Floor, Siri Balaji Residency, Khairtabad,
Hyderabad - 500 004

SIGNATURE OF THE SHAREHOLDER (S) OR PROXY

Book - Post



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6-2-966/14, Ground Floor, Siri Balaji Residency, Khairtabad,
Hyderabad - 500 004. Email : gradienteinfold@yahoo.co.in,
gradienteinfold@gmail.com website : www.gradienteinfotainment.com