

18th Annual Report 2009 - 2010



Creating Opportunities



GRADIANTE
Infotainment Limited

Poised for exponential growth.

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 : Info@komandoorco.com
komandoorco@gmail.com

INTERNAL AUDITORS

C. Venkatram & Co.
Chartered Accountants
302, Esteem House, Dwarakapuri
Colony, Panjagutta, Hyderabad -82
Email: csnsarma59@yahoo.com



GRADIENTE
Infotainment Limited

SHARE TRANSFER AGENTS

Karvy Computershare Private Limited
(Unit: Gradiante 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

SECRETRIAL COMPLIANCE OFFICER

Sudheep Raj

BANKERS

Standard & Chartered Bank - Rajbhavan Rd., Hyd
State Bank of India - Naryanguda Br. Hyd

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18th ANNUAL GENERAL MEETING

REGISTERED OFFICE
6-2-966/14, Ground Floor, Siri Balaji Residency,
Khairatabad, Hyderabad - 500 004

CORPORATE OFFICE
306, 3rd Floor, Mayfair Gardens, Road no. 12,
Banjara Hills, Hyderabad - 500034
Ph: 040 - 23386955
Email: info@gradianteinfotainment.com
URL: www.gradianteinfotainment.com

Meeting Marketing Challenges

Head on may not always be the wisest option, if one were to stop and take stock of things with a thoughtful eye and inquisitive mind.

Perhaps no other industry has had a tougher time in the recent past than the Media and Entertainment domain, with recession biting deep into spend and adspend of industry patrons.

Those with a long term vision of bucking the trends, however daunting, have made forays into uncharted territories within industry parameters and have started growing new roots that support and sustain growth.

The big idea is to create opportunities and support systems that would strengthen the industry and bring it back to its erstwhile predominance. In 2009-10, we were focused in doing just that.

We explored new avenues for value-creation and opportunity creation; we built new pillars of support that would contribute directly and indirectly in terms of skilled human resources and technology, tools and applications, to the Media and Entertainment industry at large.

Tying up with talent hotshops, event coordinators, TV channels, film-industry barons, academia and finance giants, we have charted a path that would pave the way for youth and talent, products and services in the emerging markets, to showcase and realize potential.

And for us to grow exponentially.





We invested in lateral expansion, to build support systems for the industry



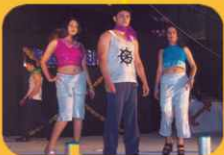
The market pulse

In 2009-10, the economic meltdown and the global trends in outsourcing, off-shoring resulted in a rapid slowdown in almost all sectors. Positive trend was observed mostly in the infra domain and corollaries. The media and entertainment industry moved cautiously, as commissioned programmes plunged.



The counter strategy

Anticipating a soon-to-be-achieved balance and an imminent resurgence Gradiente went about preparing ground and readying talent to break into the emerging avenues. In addition to relooking into existing projects for the Film and TV core areas it looked afresh, helping conceive solutions for the industry that would serve it in the long run.



The outcome

We built a strong affiliate base to launch institutes for acting, modeling, 2D and 3D animation training and development, new media content development, self/personality development, grooming and etiquette; forayed into reality TV and have been helping rebuild things in slow yet steady steps.



Services

Keeping emerging markets in perspective, Gradiente has added Media and Entertainment portfolio considerably in the recent past.

It now comprises of production for TV and Films, Advertising and Communications, New Media services, Content Development, Event Management, Reality Show production, Acting and Modeling Institutes, Theatre and Drama, Fashion Design, Skill Enhancement and Personality Development training, Multimedia education with plans to incorporate many more contributory streams and focus on the learning, training and development areas.

Gradiente has been ramping up its portfolio of service offerings with ambitious plans to emerge a total Media and Entertainment Solution provider in the near future.



Healthcare Products Professionals wanted to expand Indian Market for World's Leading Supplier.

Omron, the world's leading brand of high-quality healthcare equipment, is offering a rare special opportunity for a select few.

Communicating a global investment plan of 70% in healthcare equipment in the major regions, especially India.

Known for its wide range of products, Omron's products include blood pressure and pulse monitors, glucometers, pulse oximeters and digital thermometers.

Omron is now seeking qualified agents with the following levels of professional proficiency:

- Having a valid and independent license as an authorized agent for India and representation in the area of products to be sold out within the region for India only.

Visit our display in the booth 03 International Healthcare Exhibition, 6-8 October 2010 International Exhibition Complex, Pragati Maidan, New Delhi.

OMRON HEALTHCARE LTD.
 10th Floor, 100, Connaught Place, New Delhi, India
 Phone: +91 11 2610 1111 Fax: +91 11 2610 1112

لماذا تتنازل عن النوعية وبأسعار غالية الآن
 الحاسوب على كمبيوتر متطور بمحمول بنفس السعر؟

Notebook

2.6 GHz
 2 GB RAM
 15.5" LCD

2.6 GHz
 2 GB RAM
 15.5" LCD

سما
 شركة للتكنولوجيا
 حاسوبية وخدمات الانترنت

سامسونج



Affiliations and Tie-ups

Gradiente has been steadily building relationships over the years with affiliates in India and the Middle and Far East. It has handled an international client like Sharp Electronics, Canon, Nissan Motors, Fuji, Mitsubishi Electric, Ricoh, Sony Corporation, Laykin Communications - Hong Kong, Lee Davis Ayer Advertising Ltd., HONG KONG, Standard Advertising of Tokyo and Standard – CDM Advertising Pte. Ltd. SINGAPORE .

It's Middle East presence includes affiliation with Al-Intishar Advertising of Saudi Arabia.

Gradiente has tied up with NDTV Imagine and Manav Entertainment Pvt. Ltd locally to launch and brand it's upcoming ventures for the TV media.

Proposals are on to establish presence in Switzerland and London.



Since 1983

Gradiente Infotainment Limited has more than two-decade old presence in the industry, to be precise, it is a 27 year old entity.

A player in the media, entertainment and advertising sectors, it has handled accounts and clients both national and international and is today fully geared to provide the most effective media and entertainment solutions across print, electronic, film, television and multimedia.

At its helm are professionals with decades of experience themselves, in a plethora of services that are a convergence of communications, marketing, production in film and television, print and electronic media, web media and education.

Gradiente is home to cutting edge talent and expertise with inhouse capabilities that encompass world class infrastructure and know-how.





V.R. MATHUR

Chairman & Managing Director

Direct from the Chairman

Having sustained growth through recent challenging times, Gradiente is today geared to grow in a growing Industry.

As markets revive across the globe, consumer spend and corporate investments rise in direct proportion.

Our lateral expansion strategy is poised to yield good dividends and position us as a Blue Chip offering with an assured future of promise and fulfilment.

We have an Infotainment service portfolio that is a synergy of Communications, Production, Training and Development, In-house placements across the TV, Film, Print, Electronic and New Media streams in the country. A spectrum that is unmatched by any other media house.

Our stocks are listed on the CSE, BgSE, HSE and ISE and very soon at BSE.

Our national presence, with forays into Kolkatta, Mumbai and New Delhi, and global affiliations promise greater penetration into global markets.



OUR UPCOMING PROJECTS



Presents

METRO
Sehar Sapno Ka

Shortly in



Shortly in



NOTICE FOR THE 18TH ANNUAL GENERAL MEETING

Notice is hereby given that the Eighteenth Annual General Meeting of the members of Gradiente Infotainment Limited will be held on Tuesday, the 28th September, 2010 at 11.00 A.M At Central Court Hotel, Lakadi Ka Pul, Hyderabad - 500 004 to transact the following Ordinary Business:

1. To receive, consider and adopt the Audited Balance Sheet as at March 31, 2010 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 Smt **Sunitee Raj**, who retires by rotation and being eligible offers herself for reappointment.
3. To appoint a director in place of Sri. **Sudheep Raj**, who retires by rotation and being eligible offers himself 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.

Special Business:

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

"RESOLVED THAT subject to the approval of the shareholders in the general meeting, in terms of Section 81(1A) and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof, for the time being in force), Memorandum and Articles of Association of the Company, Listing Agreements entered into by the Company with the Stock Exchange where the Company's shares are listed, and in accordance with the provisions of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 as may be applicable to the preferential issue of Equity Shares and other applicable regulations of SEBI, if any, and subject to such conditions and modifications as may be considered appropriate by the Board of Directors of the Company (hereinafter referred to as "the Board" which expression shall include any committee thereof for the time being to which all or any of the powers hereby conferred on the Board by this resolution, have been delegated) and subject to such consents and approvals of SEBI, Stock Exchanges, Government of India or such other bodies or authorities as may be required by law and as may be necessary and subject to such conditions and modifications as may be imposed upon and accepted by the Board while granting such consents and approvals, and which may be agreed to by or any other authority as may be necessary for that purpose, the consent of the members of the Company be and is hereby accorded to the Board to offer, issue and allot in one or more tranches upto 30,00,000 convertible warrants of Rs. 10/- each and 14,15,800 equity shares of Rs. 10/- each at an issue price of Rs. 10/- each to the promoters and the others, as detailed below, warrants convertible into equal number of Equity Shares with in a period not exceeding 18 months from the date of allotment of warrants at par determined in accordance with the preferential issue guidelines given in chapter VII of SEBI (ICDR) Regulations, 2009 and subsequent amendments thereto:

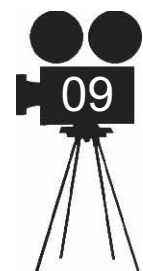


Sl No.	Name Of the Proposed Allottees	No. of warrants / Equity Shares Proposed to be Allotted
PROMOTERS CATEGORY		
1.	Mr. Vineet Raj Mathur *	15,00,000
2.	Ms. Sasmita Mathur *	8,00,000
3.	Mr. Sudheep Raj Mathur *	2,00,000
TOTAL		25,00,000
NON - PROMOTERS CATEGORY		
1.	Mr. Harsh Sethia *	3,00,000
2.	Mr.Kumar Swamy Reddy	1,00,000
3.	Mr.P. Venu Gopal	1,00,000
TOTAL		5,00,000
PUBLIC Equity Shares		
1.	Mr. Kamal Kumar Jalan	2,00,000
2.	Mrs.Mamta Bhansali	50,000
3.	Mrs.Rajshri Bhansali	50,000
4.	Mrs.Chanda Bhansali	50,000
5.	M/s.S.C.Bhansali & Sons (Huf)	50,000
6.	Mr.Subhash Agrawala	1,00,000
7.	Mrs.Rita Agrawala	1,00,000
8.	Mr. P.V.K. Sastry	1,00,000
9.	M/s.Yashoda Inn (P) Ltd	2,00,000
10.	M/s.Yashoda Buildcon (P) Ltd	2,00,000
11.	M/s.Pleasant Stay (Kodai) Hotel (P) Ltd	2,00,000
12.	M/s.Pitali Zarda Works (P) Ltd	2,00,000
13.	Mrs. S.P.Jalaja	10,000
14.	Mr. Jupudi Subba Rao	5,800
TOTAL		14,15,800

* Convertible Warrants

“RESOLVED FURTHER THAT the pricing of the Equity Shares to be allotted on is in accordance with the SEBI's Preferential Issue Guidelines with reference to the 'Relevant Date'. However, the issue price shall in no case be less than the price determined as per the Preferential Issue Regulations as provided in Chapter VII of SEBI (ICDR) Regulations, 2009.” The “relevant date” for the purpose of pricing of the resultant share is 29.08.2010 i.e. thirty days prior to the date on which this General Meeting is held in terms of Section 81(1A) of the Companies Act, 1956 (AGM to be held on -28.09.2010).

“RESOLVED THAT the new equity shares and the equity shares issued on conversion of warrants shall rank pari-passu with the existing Equity Shares of the Company in all respects and that the equity shares so allotted during the financial year shall be entitled to the dividend, if any, declared including other corporate benefits, if any, for which the book closure or the Record Date falls subsequent to the allotment of Equity Shares.”



“RESOLVED FURTHER THAT the aforesaid equity shares and/ or warrants allotted in terms of this resolution and the resultant equity shares arising on exercise of right attached to such warrants shall be subject to lock-in requirements as per the provisions of Chapter VII of SEBI ICDR Regulations, 2009.

“RESOLVED FURTHER THAT the aforesaid warrants shall be in accordance with the following terms and conditions:

- A warrant by itself shall not give to a warrant holder thereof, any rights of the shareholder of the company.
- In the event, the equity share of the company are either sub-divided or consolidated before the conversion of the warrants into equity shares of the company, then the face value, the number of equity shares to be acquired on conversion of the warrants and the warrant issue price shall automatically stand adjusted in the same proportion, as the present value of the equity shares of the company bears, to the newly sub-divided / consolidated equity shares without affection any right or obligation of the said warrant holders: and
- In the event the company's equity capital is affected or changed due to any other corporate actions such as a merger, demerger, consolidation of business, or other reorganization of the company, tender offer for equity shares of sale of undertaking, necessary adjustments with respect to the terms of the aforesaid warrants shall be made by the company and such other action as may be deemed necessary or appropriate by the Board shall be taken to reflect such corporate actions, including but without limitation, suitable adjustment of the warrant issue price, subject to necessary approvals.

“RESOLVED FURTHER THAT the Board be and is hereby authorized to modify and decide the price, terms and conditions of the Issue of the warrants, if necessary, keeping in view the provisions of various Acts and Guidelines in force from time to time.

“RESOLVED FURTHER THAT for the purpose of giving effect to the above resolution, the Board be and is hereby authorized to agree and accept all such condition(s), modification(s) and alteration(s) as may be stipulated by any relevant authorities while according approval or consent to the issue as may be considered necessary, proper or expedient and give effect to such modification(s) and to resolve and settle all questions, difficulties or doubts that may arise in this regard to implementation of this Resolution, issue and allotment of equity shares and/or warrants and to do all acts, deeds and things in connection therewith and incidental thereto without being required to seek any further consent or approval of the members of the Company to the intent that the members shall be deemed to have given their approval thereto expressly by the authority of this resolution.”

“RESOLVED FURTHER THAT the Company does apply for listing of the new equity shares.”

“RESOLVED FURTHER THAT the Company does make an application to the Depositories for admission of the new equity shares.”

“RESOLVED FURTHER THAT the Board be and is hereby authorized to delegate all or any of the powers herein conferred to any Committee of Directors or any other officer or officers of the Company to give effect to the aforesaid resolutions.

6. Increase of Authorised Share Capital:

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



Special Resolution:

"RESOLVED THAT pursuant to Sections 16 and 94 of the Companies Act, 1956, and other applicable provisions of the Companies Act, 1956 the authorised share capital of the company be and is hereby increased from Rs. 7,00,00,000 (Rupees Seven Crores only) divided into 70,00,000 (Seventy lakhs only) equity shares of Rs. 10/- (Rupees ten only) each to Rs. 11,00,00,000 (Rupees Eleven Crores only) divided into 1,10,00,000 (One Crore Ten lakhs only) equity shares of Rs. 10/- (Rupees ten only) each and consequently the existing Clause V of the Memorandum of Association of the company be and is hereby altered by deleting the same and substituting in its place, the following as new Clause V:

- V. "The Authorized share capital of the company is Rs 11,00,00,000/- (Rupees Eleven Crores Only) divided into 1,10,00,000/- (One Crore Ten lakhs only) equity shares of Rs.10/- (Ten only) each with the power to increase and reduce the capital of the company and to alter, convert, classify, into several classes of stock or shares and to divide or sub-divide and consolidate the same with the power to attach thereto respectively such preferential, deferred, or special rights, privileges, or conditions or restrictions, as may be determined by or in accordance with the Articles of Association of this Company from time to time."

"FURTHER RESOLVED THAT the Board of Directors be and is hereby authorised to take all such necessary steps / actions as may be deemed expedient to give effect to this resolution including signing and filing of all such necessary forms and documents as may be required in this regard."

7. Alteration of Article of Association

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

3. a) "The Authorised Share Capital of the Company shall be such as given in the Clause V of the Memorandum of Association or altered, from time to time. The Company shall have the power to increase or reduce such capital, from time to time in accordance with the regulations of the company and the legislative provisions for the time being in force in this behalf and with power to divide the shares in the capital of the company for time being, whether original increased, and to attach thereto respectively any preferential, qualified, special or deferred rights, privileges, and conditions as shall from time to time be determined by the company in accordance with the Company's Articles of Association and the legislative provisions from the time being in force in this behalf."

"FURTHER RESOLVED THAT the Board of Directors be and is hereby authorised to take all such necessary steps / actions as may be deemed expedient to give effect to this resolution including signing and filing of all such necessary forms and documents as may be required in this regard."

8. Appointment of Mr Vimal Raj Mathur as Chairman & Managing Director

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 Sections 198, 269, 309, 310 and other applicable provisions, if any, of the Companies Act, 1956, read with Schedule XIII (as amended from time to time) to the Companies Act, 1956, Mr. Vimal Raj Mathur be and is hereby re-appointed as Chairman & Managing Director of the Company for a period of 5 years with effect from 1st April, 2010 at a remuneration of Rs. 1,00,000 p.m."



“FURTHER RESOLVED THAT the Board of Directors be and is hereby authorised to take all such necessary steps / actions as may be deemed expedient to give effect to this resolution including signing and filing of all such necessary forms and documents as may be required in this regard.”

9. Appointment of Mr Sudheep Raj as Whole-Time Director

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 Sections 198, 269, 309, 310 and other applicable provisions, if any, of the Companies Act, 1956, read with Schedule XIII (as amended from time to time) to the Companies Act, 1956, Mr. Sudheep Raj be and is hereby appointed as Whole-Time Director of the Company for a period of 3 years with effect from 1st April, 2010 at a remuneration of Rs. 25,000 p.m.”

“FURTHER RESOLVED THAT the Board of Directors be and is hereby authorised to take all such necessary steps / actions as may be deemed expedient to give effect to this resolution including signing and filing of all such necessary forms and documents as may be required in this regard.”

Date :27-08-2010
Place : Hyderabad

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

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

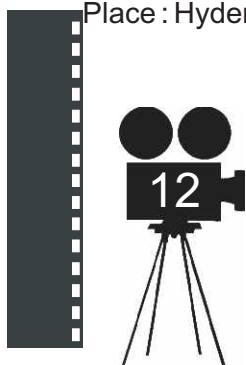
NOTES:

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 25.09.2010 to 28.09.2010 (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 : 27-08-2010
Place : Hyderabad

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

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



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

Issuance of convertible warrants on preferential basis

The special resolution as mentioned above proposes to authorise the Board of directors to issue up to **30,00,000 convertible warrants at an issue price of Rs. 10/- each and 14,15,800 equity shares** at an issue price of **Rs. 10/- each** to the promoters to the others.

Information pertaining to the proposed preferential allotment in terms of the Chapter VII of SEBI (ICDR) Regulations, 2009 and subsequent amendments there to as set out as below:

(1) Objects of the issue through preferential offer

The purpose of the issue of equity shares and convertible warrants is to aid the Company to raise the funds to meet ever increasing working capital requirements as a part of scaling up operations and other general corporate purposes including acquisition of other companies for achieving both organic and in-organic growth.

(2) Pricing of the issue and Relevant Date

The issue price of the equity shares and convertible warrants shall be of Rs. 10/- each is based on the relevant date being 29.08.2010 (30 days prior to the date AGM 28.09.2010).

For this purpose, the share price quotations available at the Calcutta Stock Exchange Limited (CSE), Kolkata, have been considered as there is no trading on Bangalore Stock Exchange. The average of the high and low of the weekly closing prices preceding 6 months and 2 weeks of the relevant date on is Rs.2.25 and Rs.2.35, respectively. The minimum issue price is not less than the price determined as per the SEBI (ICDR) Regulations, 2009 i.e. Rs.2.35, against which the Company has fixed issue price as Rs. 10/- per instrument which is higher than the minimum price of Rs.2.35 per instrument.

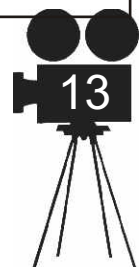
A Certificate has been obtained from the Statutory Auditors of the Company confirming the minimum price for the preferential issue as per Preferential Issue Guidelines in Chapter VII of SEBI (ICDR) Regulations, 2009 and showing the calculation thereof and the same will also be made available for inspection at the Registered Office of the Company and apart from placing before Annual General Meeting.

(3) Proposal of the allottees or their associates and relatives, directors / key management persons to subscribe to the offer:

The proposed allottees for preferential issue of 25,00,000 warrants belong to the promoter group and 14,15,800 equity shares and 5,00,000 convertible warrants are of the public category.

(4) Identity of the proposed allottees and percentage of pre and post preferential issue capital that may be held by them:

S.No.	Name of the proposed Allotee	Pre issue holding		Warrants/ Equity Shares Proposed To be Allotted *	Post issue holding	
		Shares	% of Shares		Shares	% of Shares
	PROMOTERS GROUP					
1.	Mr. Vineet Raj Mathur *	Nil	Nil	1500000	1500000	13.64
2.	Ms. Sasmita Raj Mathur *	Nil	Nil	800000	800000	7.27
3.	Mr. Sudheep Raj Mathur *	2700	Nil	200000	200000	1.84
	TOTAL			2500000		



	Name of the proposed allottee	Pre issue holding		Warrants/ Equity Shares Proposed To Be Allotted *	Post issue holding	
		Shares	% of Shares		Shares	% of Shares
NON - PROMOTERS CATEGORY						
1.	Mr. Harsh Sethia *	Nil	Nil	300000	300000	2.72
2.	Mr. Kumar Swamy Reddy	Nil	Nil	100000	100000	0.91
3.	Mr. P. Venu Gopal	Nil	Nil	100000	100000	0.91
4.	Mr. Kamal Kumar Jalan	Nil	Nil	200000	200000	1.84
5.	Mrs.Mamta Bhansali	Nil	Nil	50000	50000	0.45
6.	Mrs.Rajshri Bhansali	Nil	Nil	50000	50000	0.45
7.	Mrs.Chanda Bhansali	Nil	Nil	50000	50000	0.45
8.	M/s. S.C. Bhansali & Sons	Nil	Nil	50000	50000	0.45
9.	Mr. Subhash Agrawala	Nil	Nil	100000	100000	0.91
10.	Mrs.Rita Agrawala	Nil	Nil	100000	100000	0.91
11.	Mr. P.V.K. Sastry	Nil	Nil	100000	100000	0.91
12.	M/s. Yashoda Inn (P) Ltd	Nil	Nil	200000	200000	1.84
13.	M/s.Yashoda Buildcon (P) Ltd	Nil	Nil	200000	200000	1.84
14.	M/s.Pleasant Stay (Kodai) Hotel (P) Ltd	Nil	Nil	200000	200000	1.84
15.	M/s.Pitali Zarda Works(P)Ltd	Nil	Nil	100000	100000	0.91
16.	Mrs. S.P.Jalaja	Nil	Nil	10000	10000	0.09
17.	Mr. Jupudi Subba Rao	Nil	Nil	5800	5800	0.05
	TOTAL			19,15,800		

*Represents warrants and Assuming that all the warrants are converted into equity shares

(5) Shareholding Pattern before and after preferential issue of the capital would be as follows:

S.No.	CATEGORY	Pre issue holdings details		Post issue holding details	
		No of Shares	% of Shares	No of Shares	% of Shares
A.	Promoters Share Holding				
1.	Indian Promoters	1751800	26.61	4251800	38.65
2.	Foreign Promoters	-	-	-	-
	Sub - Total (A)	1751800	26.61	4251800	38.65
B.	Public Share Holding				
1.	Institutions	-	-	-	-
2.	Non -Institutions	-	-	-	-
A.	Bodies Corporate	202900	3.08	902900	8.21
B.	Individuals	4592400	69.75	5808200	52.80
C.	NRIs	37100	0.56	37100	0.34
D.	Others	-	-	-	-
	Sub - Total (B)	4832400	73.39	6748200	61.35
	Grand - Total (A+B)	6584200	100.00	11000000	100.00

* Assuming all the Warrants are converted into equity shares.



(6) Proposed time within which the allotment shall be completed:

The Board may allot equity shares / convertible warrants at a price not being less than Rs. 10/- per instrument. The allotment of equity shares / convertible warrants shall be completed, within a period of 15 days from the date of passing of the resolution by the shareholders provided, that where the allotment is pending on account of pendency of any approval from any regulatory authority or the Central Government, the allotment shall be completed by the Company within a period of 15 days from the date of such approvals.

An amount, as may be decided by the Board of Directors, not being less than 25% of the issue price shall be payable on the date of allotment of the warrants.

The warrants would be allotted on the following terms:

- a. The holder of warrants will have an option to apply for and be allotted 1 (one) equity share of the Company per warrant, any time after the date of allotment but on or before the expiry of 18 months from the date of allotment in one or more tranches.
- b. Upon receipt of the payment as above, the Board shall allot one equity share per Warrant by appropriating Rs.10/- towards equity share capital.
- c. If the entitlement against the warrants to apply for the equity share is not exercised within the period specified, the entitlement of the warrant holder to apply for equity shares of the Company along with the rights attached thereto shall expire and any amount paid on such warrants shall stand forfeited.
- d. The warrant holder shall also be entitled to any future bonus/ rights issue(s) of equity shares or other securities convertible into equity shares by the Company, in the same proportion and manner as any other shareholders of the Company for the time being.
- e. The warrants by itself do not give to the holder thereof any rights of the shareholders of the Company.

(7) Approvals

The Company is taking necessary steps to obtain the required approvals from the Stock Exchanges, SEBI or any other regulatory agency as may be applicable, for the proposed preferential issue of equity shares and warrants.

(8) SEBI Takeover code

The provisions of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, are not attracted for this issue and therefore proposed allottees are not required to make an open offer and comply with formalities related to an open offer for this preferential allotment except the specific disclosures as may be required by the Guidelines.

(9) Holding of shares in the Demat Account, non disposal of shares by the proposed allottees and lock-in period of shares:

The entire shareholding of the proposed allottees in the company, if any, is held by them in dematerialized form. The entire pre preferential allotment shareholding of such allottees shall be under lock-in from the relevant date up to a period of six months from the date of preferential allotment. The shareholders who have sold their shares during the six months period prior to the relevant date shall not be eligible for allotment of shares/convertible warrants on preferential basis.

(10) Lock-in Period

The convertible warrants or equity shares allotted to the proposed allottees shall be subject to 'lock-in' for a period of one year / three years from the date of their allotment as per Clause 78 of the SEBI (ICDR) Regulations, 2009.

(11) Auditor's Certificate

M/s. Komandoor & Co., Chartered Accountants Auditor's Certificate confirming that the proposed issue of equity shares and / or convertible warrants are in accordance with the SEBI (ICDR) Regulations, 2009 is available for inspection up to the date of the Annual General Meeting at the Registered Office of the Company on any working day and also at the place of the meeting on the meeting day.



(12) Control

As a result of the proposed preferential allotment of equity shares and / convertible warrants, there will be no change in the management control of the Company.

(13) Compliances

The company has complied with the requirements of listing agreement including clause 40A i.e., maintaining a minimum of 25% of the paid up capital in the hands of public.

(14) Approval under the Companies Act, 1956

Section 81-1A of the Companies Act, 1956 provides, inter alia, that whenever it is proposed to increase the subscribed capital of a Company by a further issue and allotment of shares, such shares shall be first offered to the existing shareholders of the Company in the manner laid down in the said section, unless the shareholders decide otherwise in general meeting by way of special resolution.

Accordingly, the consent of the shareholders is being sought pursuant to the provisions of section 81 and all other applicable provisions of the Companies Act, 1956, SEBI Guidelines or regulations and the provisions of the Listing Agreement with the Stock Exchanges for authorizing the Board to offer, issue and allot equity shares and/or convertible share warrants as stated in the resolution, which would result in a further issuance of securities of the Company to the promoters and the others on a preferential allotment basis, in such form, manner and upon such terms and conditions as the Board may in its absolute discretion deem fit.

The Board of Directors recommends the passing of this resolution as a Special Resolution as set out in the Notice. Managing Director of the company Mr. Vimal Raj Mathur is concerned or interested in the above said resolution to the extent of issue of convertible warrants to the promoters under promoters category

Items 6 & 7

Amendment of Capital Clause in the Memorandum and Articles of Association:

The present authorised share capital of the company is Rs. 7,00,00,000 divided into 70,00,000 equity shares of Rs. 10/- each. The company is proposing to issue further shares. Considering the further issue, the Board has approved, subject to the shareholders' approval, an increase in the authorised share capital to Rs.11,00,00,000 divided into 1,10,00,000 equity shares of Rs.10/- each.

Pursuant to the provisions of Sections 16, 31 and 94 of the Companies Act, 1956, an increase in the authorised share capital of the company and consequent amendments in the capital clause of the Memorandum and Articles of Association of the company requires approval of the members. Approval of the members is, therefore, sought in terms of the said sections.

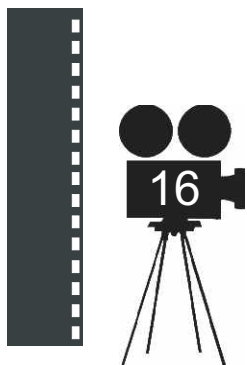
None of the directors of the company is in any way concerned or interested in the resolution.

Item 8:

Re-Appointment of Mr Vimal Raj Mathur as Chairman & Managing Director of the Company

The term of appointment of Mr Vimal Raj Mathur as Chairman & Managing Director of the Company was to expire on 14.07.2010 and therefore, the Board of Directors in its meeting held on 01.04.2010, reappointed Mr Vimal Raj Mathur as Chairman & Managing Director for a period of five years with effect from 01.04.2010 as per the terms and conditions and remuneration mentioned in the notice at resolution no.8

As per the provisions of Schedule XIII of the Companies Act, 1956, re appointment of Mr Vimal Raj Mathur as Chairman & Managing Director, requires the approval of the members in the General meeting. Hence, the above resolution at item no.8 is submitted to the meeting for ratification by the members of the Company by passing a Special Resolution.



Mr Vimal Raj Mathur, aged 50 years, A renowned and respected Professional Vimal Raj Mathur has been the enduring force behind the growth of gradiente infotainment limited. He envisioned a Multifaceted organization that would chart new routes and avenues in films, entertainment and mass communications. A post - graduate in Mass Communication, he was formerly with Grant Kenyon & Eckhardt (GKE), and has overseas experience in international advertising. His futuristic vision and pioneering spirit has contributed to the ambitious tenor underlining the company's enduring presence over the year. A total awareness of the pulse of the industry has enabled him to forge crucial ties and gain invaluable experience and recognition, Today, under his aegis, GIL is taking measured and focused strides towards being a total solution provider, aiming at total customer satisfaction

The notice together with the explanatory statement attached herewith should be treated as an abstract of the terms of the agreement and memorandum of concern or interest under section 302 of the Companies Act, 1956.

The Board of Directors commends the above resolution at item no.8 for the members' approval in the Annual General Meeting

None of the Directors of the Company except Mr Vimal Raj Mathur is concerned or interested in this resolution.

Item 9: Appointment of Mr Sudheep Raj as a Whole-Time Director of the Company

The Board of Directors in its meeting held on 01.04.2010, reappointed Mr Sudheep Raj as Whole-Time Director for a period of three years with effect from 01.04.2010 as per the terms and conditions and remuneration mentioned in the notice at resolution no.9

As per the provisions of Schedule XIII of the Companies Act, 1956, re appointment of Mr Sudheep Raj as Whole-Time Director, requires the approval of the members in the General meeting. Hence, the above resolution at item no.9 is submitted to the meeting for ratification by the members of the Company by passing a Special Resolution.

The notice together with the explanatory statement attached herewith should be treated as an abstract of the terms of the agreement and memorandum of concern or interest under section 302 of the Companies Act, 1956.

The Board of Directors commends the above resolution at item no.9 for the members' approval in the Annual General Meeting

None of the Directors of the Company except Mr Sudheep Raj is concerned or interested in this resolution..

Date : 27-08-2010.

Place : Hyderabad

**By and on behalf of the Board for
Gradiente Infotainment Limited
Sd/-
Vimal Raj Mathur
Chairman & Managing Director**



DIRECTORS' REPORT

Dear Shareholders,

Your Directors take pleasure in presenting the 18th Annual Report and the Audited Accounts of your Company for the year ended March 31, 2010 together with the Auditor's Report thereon.

Financial Results :

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

Particulars	(₹ in Lacs)	
	2009-2010	2008-2009
Total Revenue	1714.89	1313.87
Profit before interest, tax and depreciation (PBIDT)	50.86	109.92
Less: Interest and financial charges	4.34	11.39
Profit before depreciation & tax (PBDT)	46.52	98.52
Less: Depreciation	1.07	2.56
Profit before tax	45.45	52.03
Tax Provision (current, fringe and deferred)	13.93	43.92
Net profit for the year	31.51	48.19
Appropriations	-6.33	0.00
Dividend (including corporate tax thereon)	0.00	0.00
Transfer to debenture redemption reserve	0.00	0.00
Transfer to general reserve	0.00	0.00
Balance carried forward to next year	94.75	69.57

Financial Review :

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

Total Revenue has been increased by 4.01 from Rs.1714.89 lakhs to Rs.1313.87 lakhs. PBIDT decreased from Rs.109.92 lakhs to Rs.50.86 lakhs. Net profit decreased 35% from Rs.48.19 lakhs to Rs. 31.51 lakhs.

Operations:

The Company has been continuously working to improve the performance to a greater extent by following both organic and inorganic modes.

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, Smt Sunitee Raj and Sri. Sudheep Raj, Directors will retire by rotation at this meeting and is eligible for reappointment.

Audit Committee:

The composition of Audit Committee is given below below:

SI.No.	Name	Position held in the Committee
1	Mr.T. Venkateshwa Rao	Chairman
2	Mr. Shabir Ali Baquri	Member
3	Mrs. Sunitee Raj	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.



Management Discussion and Analysis :

Media and Entertainment

The year 2009 is likely to be remembered as an inflection point for the Indian Media & Entertainment (M & E) industry, while advertising revenue which comprises 38% of the industry revenue. On the whole, the year 2010 has been welcomed with a renewed sense of hope and a fresh perspective replete with the learning's of 2009. The television industry witnessed decent growth, along with the internet gaming and animation industries touching double digit growth, albeit on a smaller base. The GDP forecast at is 6.75% and 8% for the years 2009-10 and 2011-012 respectively looks promising. On the back of several factors, the overall M & E market in India is expected to grow at a compound annual growth rate of 13% CAGR for the next five years till 2014. Customarily, 0.40% India's total media spend, as a percentage of GDP, is almost half of the world's average of 0.80%, and is much lower compared to developed countries like the US and Japan. Even a country like China with the world's largest population, enjoys a media spend at 0.75%, in line with the world average. This indicates the potential India holds for growth in spends, going forward.

Television Industry

According to the figures released by an industry chamber in March 2010, the Broadcast and Television (TV) sector comprised over 43% of the overall M&E sector wherein the total size of the television sector accounted for US\$ 5.7 billion. The broadcast sector is on a strong growth path and the outlook for advertisement expenditure is on a rise for the television sector. A report by research firm Media Partners Asia (MPA) stated that India is poised to become the world's largest direct-to-home (DTH) satellite pay TV market with 36.1 million subscribers by 2012, overtaking the US. Furthermore, in its report titled 'Asia Pacific Pay-TV and Broadband Markets 2010', MPA said India's DTH subscriber base will increase from 17 million in 2009 to 45 million by 2014 and 58 million by 2020. Despite the economic challenges of 2009, the television industry grew modestly (6.6%) becoming a Rs 25,700 crore market. Channels in India have increased from 120 in 2003 to over 460 in 2009 with growing demand for Different genres and niches(news, kids, infotainment and lifestyle). Advertisers have also enhanced their focus on Tier 2 and Tier 3 cities with rapid raise in literacy, consumption and disposable incomes following urban market fascination. Broadcasters and content creators are in tandem to capitalize on this opportunity. 25% genre viewership is attracted by the Hindi General Entertainment Channel (GEC) followed by Regional GEC (24%) and Hindi movies genre (12%). The balance 39% viewership was divided among news, music, sports and kids. However, more precisely in Hindi speaking belt the Hindi GEC genre enjoyed 36% viewership and in south India the Regional GEC genre enjoyed 49% viewership.

Film Industry

Films Division has been motivating the broadest spectrum of the Indian public with a view to enlisting their active participation in nation building activities. India is the only country which averages a release of three films everyday in some or the other language. To watch these movies nearly 300 crore movie tickets are sold in India, nearly double of that of USA. Moreover, films form one of the most important content sources to the Music, Radio and Television industries. Historically, the Indian film industry represents 18% of the total media and entertainment industry. According to the joint report by KPMG and an industry chamber, the film industry contracted 14 per cent growth in 2009 wherein the industry is projected to grow at a CAGR of 9 per cent to touch an estimated amount of US\$ 3.02 billion over the next five years. Growth drivers for the sector would include expansion of factors like an increase in the number of multiplex screens, digital screens facilitating wider releases, higher cable and satellite revenues, improving collections from the overseas markets and supplementary revenue streams like DTH, digital downloads, etc, which are expected to emerge in future with more Than 1000 screens, multiplexes constitute 60% of total revenue from Hindi film exhibition.



New Media

The media and entertainment space was ruled by only two sectors cinema and small screen television. However, in the last few years computer screens and mobile screens have rapidly grown as a destination of entertainment, referred to as new media. There have been ground-breaking innovations such as Broadband, Bluetooth, Wi-Fi, Wi-Max and 3G. India's Telecom industry also witnessed a landmark government decision, as it finally declared auction of 3G spectrum and invited open bids from telecom companies across India. On the other hand, India's internet use witnessed steady growth. As per internet and mobile association of India, almost 75% of urban PC users claim to be accessing internet for information and entertainment. The Indian M&E industry has evolved significantly over the last decade and the pace of this evolution is only expected to increase going forward. With mobile phones becoming ubiquitous, rising mobile and internet penetration and increased use of search engines and social networking platforms, consumer patterns have witnessed a marked change in India.

Public Deposits :

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

Buy back of shares:

The Company has not bought back any shares during the year.

Share Capital & Listing of Securities:

The Company is listed on Calcutta Stock Exchange and Bangalore Stock Exchange with a listed capital of 65,84,200 Equity Shares of Rs. 10/- each.

Employees Stock Option Scheme:

The Company has not allotted any share on ESOP basis.

Senior Management Personnel:

Senior Management Personnel has affirmed to the Code of Conduct.

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.

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, 2010, 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, 2010 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.

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 the Notes to the Balance Sheet and Profit and Loss Account.

Particulars	2009-10	2008-09
Foreign Exchange Earnings	Nil	Nil
Foreign Exchange Outgo	Nil	Nil

Research and Development:

The company is into media and entertainment and much Research and Development is not required and accordingly the Company has not put any R & D unit.

CODE OF CONDUCT:

The Code has been circulated to all the members of the Board and Senior Management and the compliance of the same has been affirmed by them.

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.

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.

Date : 27-08-2010

Place : Hyderabad

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

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



CORPORATE GOVERNANCE

1. Company's philosophy on code of governance:

Corporate governance is a synonym for sound management, transparency and disclosure. The Company's 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, 2010:

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:

S. No	Name	Category	Designation	No. Of Meetings Attended	Members In Committees of other Companies	Chairman in Committees of other Companies
1.	Vimal Raj Mathur	Executive Non Independent	Chairman & Managing Director	5	Nil	Nil
2.	T. Venkateshwa Rao	Independent NonExecutive	Director	5	Nil	Nil
3.	Mr. Shabbir Ali Baquri	Independent NonExecutive	Director	3	Nil	Nil
4.	Mrs. Sunitee Raj	Independent NonExecutive	Director	5	Nil	Nil
5.	Mr. Sudheep Raj	Independent NonExecutive	Director	5	Nil	Nil

Meetings held:

During the year 2009-10, the Board met 5 times on 30.04.2009, 31.07.2009, 28.08.2009, 31.10.2009, and 30.01.2010.

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.

The Audit Committee comprises of 3 (Three) Non-executive Independent Directors. The Audit Committee met 4 (Four) times during the year under review on 30.04.2009, 31.07.2009, 31.10.2009, and 31.01.2010

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	Mrs. Sunitee 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

.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 once on 31.10.2010

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. Shabir Ali Baquri	Chairman	One
2.	Mr. Sudheep Raj	Member	One
3.	Mr. T. Venkateshwa Rao	Member	One

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.

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
2006 - 2007	Central Court Hotel, Lakadi- Ka Pul, Hyderabad - 500 004.	28-09-2007	11.00 AM	Two
2007 - 2008	309, Krishna Plaza, Khairtabad Hyderabad - 500 004.	29-09-2008	11.00 AM	None
2008 - 2009	Ground Floor, Sri Balaji Residency, Khairtabad, Hyderabad, 500 004.	30-09-2009	11.00AM	None

Postal Ballot :

During the year 2008-2009, 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.

There has been no non-compliance of any legal requirements nor have been any strictures imposed on the Company by Stock Exchanges or SEBI or any statutory authority on any matter related to capital markets during the last 3 years.

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 Chairman of the Audit Committee for exceptional cases. All employees can also directly meet the Audit Committee members of the Company.

The Company has complied with the non mandatory requirements to relating to remuneration committee and Whistle Blower policy to the extent detailed above and has not complied with other non-mandatory requirements.

Means of Communication :

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

The Company's results and other information helpful to the investors and shareholders are displayed at Company's website, www.gradienteinfotainment.com

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 : 28th September, 2010 at 11.00 A.M

Venue : Central Court Hotel, Lakdi ka Pul, Hyderabad - 500 004

Financial Calendar (tentative) : Financial Year April 2010 to March 2011

First quarter results End of July 2010

Second quarter results End of October 2010

Third quarter results End of January 2011

Fourth quarter results End of April 2011



Book Closure Dates : 25th September, 2010 to 28th September, 2010
(both days inclusive for the purpose of AGM)

Listing on Stock Exchanges : The Company Shares are listed on the following Stock Exchanges

1. Calcutta Stock Exchange, Kolkata
2. Bangalore Stock Exchange, Bangalore.
3. Inter Connected Stock Exchange of India Ltd, Mumbai (applied)
4. Hyderabad Stock Exchange Ltd, Hyderabad (derecognized by SEBI)

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

Market Price Data :

As on 31.03.2010, the Company's shares are not traded on any Exchange.

Registrar and Share Transfer Agents : Karvy Computershare Private Limited,
(Unit : Gradiente infotainment 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. The Board has delegated share transfer formalities to the Registrars and Transfer Agents:

Karvy Computershare Private Limited, Plot No. 17 to 24, Vittalrao Nagar, Madhapur, Hyderabad -81.

All communications regarding Share Transfers, Transmissions Change in Address and any other correspondence etc., may be addressed to the Registrars & Transfer Agents. The company has constituted Share Transfer Committee. Physical transfers are effected within the statutory period of one month. The Board has designated Mr. Sudheep Raj as the Compliance Officer. Hence, in case of any grievances the shareholders are free to approach the Share Transfer Committee for due redressal of their grievances. The Company has created an exclusive E-mail ID for the benefit of the share holders: ID: info@gradienteinfotainment.com

DISTRIBUTION OF SHAREHOLDING AS ON QUARTER ENDING 31st March, 2010

S. No	Category	No.of shares held	Percentage of shares holding.
A	Promoter's Holding		
1.	Promoters:		
	Indian Promoters	1751800	26.61
	Foreign Promoters	---	---
2.	Persons acting in concert	---	---
	Sub total	1751800	26.61
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	202900	3.08
b.	Indian Public	4592400	69.75
c.	Non Resident Indians/Overseas Bodies Corporate	37,100	0.56
d.	Any others (to specify)	---	---
	Sub total	4832400	73.39
	GRAND TOTAL	65,84,200	100.00



Dematerialization of Shares and Liquidity

GRADIENTE INFOTAINMENT LIMITED					
Distribution Schedule As On 31/03.2010 (Total)					
Sno	Category	No. of Cases	% of Cases	Amount	% of Amount
1	1 - 5000	1218	51.39	4851000.00	7.37
2	5001 - 10000	812	34.26	6897000.00	10.48
3	10001 - 20000	114	4.81	1947000.00	2.96
4	20001 - 30000	50	2.11	1327000.00	2.02
5	30001 - 40000	35	1.48	1287000.00	1.95
6	40001 - 50000	57	2.41	2702000.00	4.10
7	50001 - 100000	48	2.03	4030000.00	6.12
8	100001 & Above	36	1.52	42801000.00	65.01
	TOTAL	2370	100.00	65842000.00	100.00

The Company's shares are dematerialized on National Securities Depositories Limited (NSDL) and the ISIN is INE361K01017. As on 31st March, 2010, 35,50,279 equity shares are dematerialised which is 55.50% of the paid up capital of the Company and the balance are in physical form.

Location of Branch Offices:

1. Mumbai

PS-8, Rotunda Building,
Stock Exchange,
2nd Floor, BS Marg
Mumbai - 400023

2. New Delhi:

B -41, A Kalkaj,
1st Floor, Main Road,
Above Planet M
New Delhi - 1100019

3. Kolkata:

6, Lyons Range
1st Floor
Kolkata - 400001

Address for Investor Correspondence : Corporate Office, 306, 3RD Floor, Mayfair Gardens,
Road No. 12, Banjara Hills, Hyderabad- 500034

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 : info@gradienteinfotainment.com

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

Particulars	Sunitee Raj	Sudheep Raj	Vimal Raj
Date of Birth	07-11- 1960	10.11.1974	10.05.1958
Date of Appointment	02-06-1992	09-08-2001	02-06-1992
Qualifications	M.Sc	B.Com	M.C.J
Experience in specific functional area	20 years in HR	18Years in Media	26 Years in Advertising
Directorships held in other Public Companies	Nil	Nil	Nil
Memberships/Chairmanships of Committees of other Public Companies (includes only Audit Committee and Shareholders /Investors Grievance Committee	Nil	Nil	Nil
No. of Shares held in the Company	120325	2700	1611075

By and on behalf of the Board
For Gradiente Infotainment Limited

Sd/-
Vimal Raj Mathur
Chairman & Managing Directo



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, 2010, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges (HSE& CSE).

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.

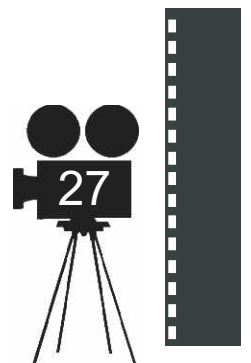
In our opinion and to the best of our information and according to the explanations given to us we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement.

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.

Date : 27.08.2009
Place : Hyderabad

For Komandoor & Co
Chartered Accountants
Sd/-
K.Mohanacharya
Partner
M.No. 29082



AUDITORS' REPORT

TO THE MEMBERS

Gradient Infotainment LIMITED

1. We have audited the attached Balance Sheet of Gradiente Infotainment as at March 31, 2010, 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 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. As required by the Companies (Auditor's Report) Order, 2003 as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 (together 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. .

Date : 27.08.2009

Place : Hyderabad

**For Komandoor & Co
Chartered Accountants**

Sd/-

**K.Mohanacharya
Partner**

M.No. 29082

ANNEXURE TO AUDITORS' REPORT

1. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:

- (a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
- (b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of 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, 2010 and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act;
- (f) 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 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, 2010;
 - (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
- (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, 2010.



1. a) The Company is maintaining proper records showing full particulars including quantitative details and situation of fixed Assets.
- b) The fixed assets of the Company are physically verified by the Management according to a phased programme designed to cover all the items once in a period of three years, which in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, the fixed assets has been physically verified by the Management during the year and no material discrepancies between the book records and the physical inventory have been noticed. The Policy of Depreciation of the company is WDV.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 not taken any 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 not applicable to the Company for the current year.
3. In our opinion and according to the information and explanations given to us, there is 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 failure 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 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 is generally not regular in depositing undisputed statutory dues including, income-tax, wealth tax, service tax, customs duty, cess and other material statutory dues as applicable with the appropriate authorities in India amounting to Rs 106,32,810/- and service tax Rs 24,79,187/-. 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.
- 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, 2010, which have not been deposited till date.
9. The company has no accumulated losses as at March 31, 2010 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 not defaulted in repayment of dues to any 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.
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.

Date : 27.08.2010.
Place : Hyderabad

For Komandoor & Co
Chartered Accountants
Sd/-
K.Mohanacharya
Partner
M.No. 29082



BALANCE SHEET AS AT 31st MARCH, 2010

Particulars	Schedule	As at 31.03.2010 Rs	As at 31.03.2009 Rs
Sources of Funds			
Share holder's Funds			
Capital	1	63,778,500	62,470,000
Reserves & Surplus	2	9,627,838	7,109,828
LOAN FUNDS			
Unsecured Loans	3	7,614,500	3,614,500
Deferred Tax Liability		150,614	783,947
TOTAL		81,171,452	73,978,274
APPLICATION OF FUNDS			
FIXED ASSETS			
Gross Block	4	1,586,732	4,465,371
Less: Depreciation		209,126	256,780
Net Block		1,377,606	4,208,592
Capital work in progress including Capital advances		10,806,409	7,706,409
TOTAL		12,184,015	11,915,001
CURRENT ASSETS LOANS AND ADVANCES			
Work in Progress	5	34,372,315	34,454,178
Sundry Debtors		42,367,093	31,167,399
Cash & Bank Balances		284,113	398,787
Loans & Advances		8,072,582	6,881,082
		85,096,103	72,901,446
Less: Current liabilities and Provisions	6	16,108,667	10,838,172
Net Current Assets		68,987,437	62,063,274
TOTAL		81,171,452	73,978,274
The schedules referred to herein form an Integral part of the Balance sheet	XIV		

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

K.Mohan Acharya
Partner
Membership No. 029082
For and on behalf of Komandoor & co.
Chartered Accountants
Firm No. 0014200014205

For and on Behalf of the Board of Directors

Sd/-
Vimal Raj Mathur
Chairman & Managing Director

Sd/-
T . Venkateshwa Rao
Director

Date :27-08-2010
Place: Hyderabad



PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2010

Particulars	Schedule	As at	As at
		31.03.2010	31.03.2009
		Rs	Rs
I. INCOME			
Sales	7	169,800,000	123,166,489
Accretion/Decretion in work in progress	8	(81,863)	3,269,116
Prior Period Adjustment		---	4,951,688
Profit on Sale of Assets		1,771,364	---
TOTAL		171,489,501	131,387,293
II. EXPENDITURE			
Production Expenses	10	141,699,445	99,634,304
Employee Cost	11	8,806,000	6,092,151
Administration and Other Expenses	12	15,897,299	7,353,709
Depreciation	4	107,587	256,780
Interest		434,000	1,139,870
Provision for Bad & Doubtful Debts		---	7,315,000
TOTAL		166,944,331	121,791,814
III. PROFIT BEFORE TAXATION		4,545,170	9,595,479
PROVISION FOR TAXATION		1,393,827	5,203,115
PROFIT AFTER TAXATION		3,151,343	4,392,364
TRANSFER TO GENERAL RESERVE			
EARLIER TAX PROVISIONS NOT PAID		---	1,588,168
EARLIER YEARS SHORT PROVISION OF TAX		---	2,186,520
FBT		---	73,506
SHORT PROVISION OF FBT EARLIER YEARS		---	187,674
DEFERRED TAX		(633,333)	783,947
Profit and loss account brought forward		6,957,612	7,385,063
Profit and loss balance carried forward to the Balance Sheet		9,475,622	6,957,612
Earnings per Share		0.48	0.63
Basic		0.48	0.63
Diluted		0.48	0.63
The Schedules referred to herein form Integral Part of The Profit & Loss Account			

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

K.Mohan Acharya
Partner
Membership No. 029082
For and on behalf of Komandoor & co.
Chartered Accountants
Firm No. 0014200014205

For and on Behalf of the Board of Directors

Sd/-
Vimal Raj Mathur
Chairman & Managing Director

Sd/-
T . Venkateshwa Rao
Director

Date :27-08-2010
Place: Hyderabad

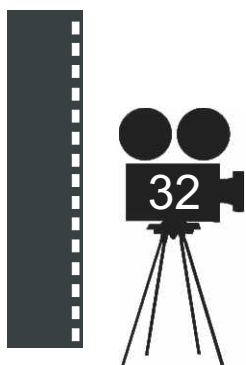


Schedules Annexed to and Forming Part of the Balance Sheet As At March 31st 2010

SCHEDULE - 1 : SHARE CAPITAL	As at 31.03.2010 Rs	As at 31.03.2009 Rs
AUTHORISED CAPITAL:		
1) 70, 00,000 Equity Shares of Rs 10 Each (Previous Year 70, 00,000 Equity Shares of Rs 10 Each)	70,000,000	70,000,000
1,00,000 Preference Equity Shares Of Rs 100 Each (Previous Year 1,00,000 Preferences Shares of Rs 10 Each)	10,000,000	10,000,000
ISSUED CAPITAL		
2) 66, 58,600 Equity Shares of Rs 10 Each (Previous Year 66, 58,600 of Rs 10 each)	66,586,000	66,586,000
SUBSCRIBE AND PAID UP CAPITAL		
3) 65, 84,200 Equity Shares of 10 each (Previous Year 65, 84,200 of Rs 10 each)	65,842,000	65,842,000
Less: Allotment Money in Arrears	2,063,500	3,372,000
TOTAL	63,778,500	62,470,000

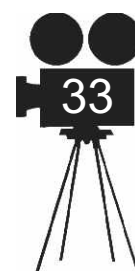
SCHEDULE 2 : RESERVES AND SURPLUS	As at 31.03.2010 Rs	As at 31.03.2009 Rs
RESERVES		
General Reserve	152,216	152,216
SURPLUS		
Profit & Loss Account Balance	9,475,622	6,957,612
TOTAL	9,627,838	7,109,828

SCHEDULE 3: UNSECURED LOANS	As at 31.03.2010 Rs	As at 31.03.2009 Rs
From Directors	7,614,500	3,614,500
TOTAL	7,614,500	3,614,500



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

Sr. No.	Particulars of the Assets	Value as on 01-04-2009	Additions/ Deletion During the year	Value as on 31-03-2010	Depreciation upto 31-03-2009	Deletions Adjustments	Depreciation for the year 2009-2010	Depreciation to date as on 31-03-2010	WDV As on 31-03-2010	WDV As on 31-03-2009
1	VEHICLES	613	-	613	215	-	159	374	239	613
2	OFFICE EQUIPMENT	180,112	-	180,112	29,101	-	25,054	54,155	125,957	180,112
3	PLANT & MACHINERY	9,727	-	9,727	1,572	-	1,353	2,925	6,802	9,727
4	FURNITURE & FIXTURE	83,961	-	83,961	18,556	-	15,197	33,753	50,208	83,961
5	AUDIO VISUAL EQUIPMENT	1,390	-	1,390	348	-	278	626	764	1,390
6	BUILDING	3,932,787	(2,621,858)	1,310,929	206,989	155,242	65,546	117,294	1,193,635	3,932,787
	TOTAL	4,208,592	(2,621,858)	1,586,732	256,780	155,242	107,587	209,126	1,377,606	4,208,592
7.	CAPITAL WORK IN PROGRESS								10,806,409	7,706,409
									12,184,015	11,915,001



SCHEDULE 5: CURRENT ASSETS LOANS AND	As at 31.03.2010 Rs	As at 31.03.2009 Rs
WORK IN PROGRESS		
Print Media	246,671	234,925
Audio Visual Media	422,159	402,056
(Films/TV Serial Production) Production	33,703,485	33,321,335
Prior Period Adjustment	—	495,863
TOTAL	34,372,315	34,454,178
SUNDRY DEBTORS		
(Unsecured, Considered Good)		
Debts outstanding for a period exceeding Six months	7,315,000	9,490,000
Less: Provisions for Bad and Doubtful Debts	(7,315,000)	(7,315,000)
Other debts	42,367,093	28,992,399
	42,367,093	31,167,399
CASH AND BANK BALANCES		
Cash on Hand	283,494	398,787
Balance with Standard Chartered Bank and SBI	619	—
	284,113	398,787
LOANS AND ADVANCES		
(Unsecured, considered good, receivable		
In cash (or) in kind (or) for value to be		
Receive) advances to branches		
Deposits recoverable	1,485,384	1,485,384
Advances on other accounts	6,587,198	5,395,698
	8,072,582	6,881,082
GRAND TOTAL	85,096,103	72,901,446

SCHEDULE 6:- CURRENT LIABILITIES AND PROVISION	As at 31.03.2010 Rs	As at 31.03.2009 Rs
CURRENT LIABILITIES		
Creditors for goods and expenses	2,404,323	123,535
Interest accrued but not due Outstanding expenses	342,346	342,346
Other provisions	250,000	125,000
Statutory provisions-Service tax, TDS etc	2,479,187	1,008,307
Provision for tax	1,393,827	5,203,115
Short Provision for Earlier years Tax	---	2,186,520
FBT for the year	---	73,506
FBT for the earlier years	—	187,674
Earlier year Taxes not paid	9,238,983	1,588,168
	16,108,667	10,838,171



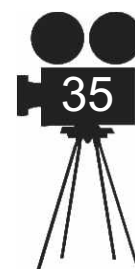
SCHEDULE 7:- SALES	As at 31.03.2010 Rs	As at 31.03.2009 Rs
PRINT MEDIA EXPENSES (AD Division)	147,088,014	100,830,734
AUDIO VISUAL	15,593,152	15,287,404
EVENT DEVISION	7,118,834	7,048,350
	169,800,000	123,166,488

SCHEDULE 8:- WORK IN PROGRESS	As at 31.03.2010 Rs	As at 31.03.2009 Rs
Opening Balance	34,454,178	31,185,062
Closing Balance	34,372,315	34,454,178
Accretion/(decretion)	(81,863)	3,269,116

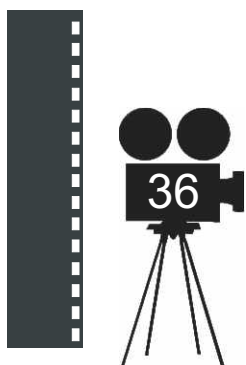
SCHEDULE 9:- OTHER INCOME	As at 31.03.2010 Rs	As at 31.03.2009 Rs
Profit on sale of immovable Assets	1,771,364	---
	1,771,364	---

SCHEDULE 10:- PRODUCTION EXPENCES	As at 31.03.2010 Rs	As at 31.03.2009 Rs
Print Media Expenses	125,024,812	83,245,855
Production Materials	12,474,522	12,229,923
Event Division	4,200,112	4,158,526
	141,699,445	99,634,304

SCHEDULE 11:- EMPLOYEE COSTS	As at 31.03.2010 Rs	As at 31.03.2009 Rs
Salaries & Allowances	7,142,761	4,682,309
Director's Remuneration	1,020,000	1,020,000
Staff Welfare Expenses	643,239	389,842
	8,806,000	6,092,151



SCHEDULE 12:- ADMINISTRATIVE AND OTHER EXPENSES	As at 31.03.2010 Rs	As at 31.03.2009 Rs
Printing and Stationary	265,563	241,421
Conveyance	370,307	336,643
Postage & Telephones	206,676	187,887
Books & Periodicals	29,080	26,436
Vehicles Maintenance	127,672	116,065
Business Promotion expenses	197,076	179,160
Legal Expenses	201,117	182,834
Audit Remuneration	112,360	112,360
Bank Charges	80,881	73,528
Electricity charges	159,937	145,397
Rates & Taxes	13,466	12,242
Office Maintenance	91,848	83,498
Repairs & maintenance	128,235	116,577
Membership & Subscription	9,911	9,010
Consultancy charges	50,034	45,485
General expenses	134,673	122,430
Listing Fee	274,452	249,502
Director Sitting Fee	47,916	43,560
Roc expenses	24,064	21,876
Advertising	129,951	118,137
Share Transfer Expenses	93,015	84,559
Bad Debts Written Off	2,175,000	1,600,000
Discounts	8,839,575	3,245,101
Traveling Expenses	2,134,492	---
TOTAL	<u>15,897,299</u>	<u>7,353,709</u>



CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2010

PARTICULARS	AMOUNT (RS) 31/03/2010	AMOUNT (RS) 31/03/2010	AMOUNT (RS) 31/03/2009	AMOUNT (RS) 31/03/2009
A. CASH FLOW FROM OPERATIONS:				
Net Profit As Per P & L A/C		3,151,343		4,392,363
Add : Adjustment For				
i) Depreciation	107,587		256,780	
ii) Interest paid	434,000		1,139,870	
iii) Provision for taxation	1,393,827		5,203,115	
		1,935,414		6,599,765
Operation Profit before working capital changes		5,086,757		10,992,128
Adjustment for Working Capital				
i) Trade and other receivables	(11,136,788)		(4,104,410)	
ii) Loans & Advances	(1,191,500)			
iii) inventories	81,863		(3,269,116)	
iv) Trade Payables and other liabilities	5,270,494	(6,975,931)	900,498	(6,473,028)
Cash flow from operating activities		(1,889,174)		4,519,100
Less : Tax Paid		-		-
NET CASH FLOW FROM OPERATIONAL ACTIVITIES		(1,889,174)		4,519,100
B. CASH FLOW FROM INVESTING ACTIVITIES				
i) Investment for new office premises	(3,100,000)		(2,500,000)	
ii) Purchase of Fixed Assets	-		(1,773,481)	
iii) Additions to Public Issue Expences	-		-	
iv) Investments	-		-	
CASH FLOW FROM INVESTING ACTIVITIES		(3,100,000)		(4,273,481)
C. CASH FLOW FROM FINANCING ACTIVITIES				
i) Repayment of Long Term Borrowings				
ii) Advance for Office premises				
iii) Interest paid	(434,000)		(1,139,870)	
CASH FLOW FROM FINANCING ACTIVITIES		(434,000)		(1,139,870)
Unsecured Loans Received		4,000,000		
Add: Call Monay Arrears received		1,308,500		
Sale of Assets				
NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B-C)		(114,674)		(894,251)
Represented by				
i) Cash and Cash Equivalent as at 01-04-2008 (Opening Balance)	398,787		1,293,038	
ii) Cash and Cash Equivalent as at 31-03-2009 (Closing Balance)	284,113		398,787	
Increase		(114,674)		(894,251)



SCHEDULE - XIV

NOTES FORMING PART OF ACCOUNTS SIGNIFICANT ACCOUNTING POLICIES

NOTES TO THE FINANCIAL STATEMENTS

Nature of Operations

The Company was incorporated on June 2nd, 1992. The Company operates in Four (Hyderabad, Mumbai, Delhi, Kolkatta) 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 is recognized on an accrual basis on the Fulling the terms

of contract & publicity of client's commercials 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.

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. 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 income 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 -

NIL

3. Sundry Debtors

Sundry Debtors include following balances of companies under the same management:

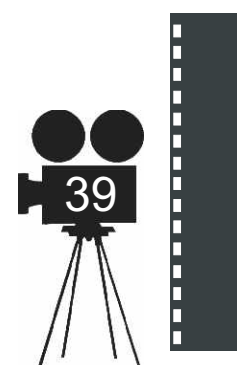
Balance as at	March 2010	March 2009 (Rupees in Lakhs)
More than 6 Months	73.15	94.90
Others	423.67	289.92

4. 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 suppliers 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 has not been given

5. Managerial Remuneration

	2009-2010	Rupees in Lacs 2008-2009
Salaries		
TOTAL	10,20,000/-	10,20,000/-



6. CIF Value of Imports

TOTAL	2009-2010 Nil	2008-2009 Nil
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7. Expenditure in Foreign Currency

TOTAL	2009-2010 Nil	2008-2009 Nil
--------------	-------------------------	-------------------------

8. Earnings in Foreign Currency

TOTAL	2009-2010 Nil	2008-2009 Nil
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9. Auditors' Remuneration

TOTAL Audit Fees	2009-2010 Rs. 1,12,360	2008-2009 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	2009-2010	2008-2009
	Rupees	Rupees
Interest Expense :	11.39	4.34

Interest Income:

On Deposits with banks [Tax deducted at source Rupees Previous Year:	Nil
On Loans [Tax deducted at source - (Previous Year :	

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 -

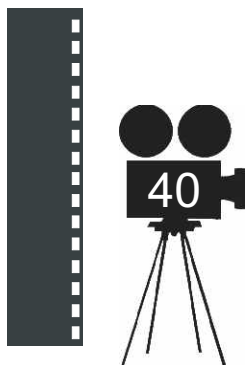
2009-2010	2008-2009
No Contribution made during the year	No contribution

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, 2010. 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 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 shareholders (in Rupees) Weighted average number of Equity shares for Earnings per share computation For Basic Earnings Per Share Add: Weighted average outstanding employee stock options deemed to be issued for no consideration

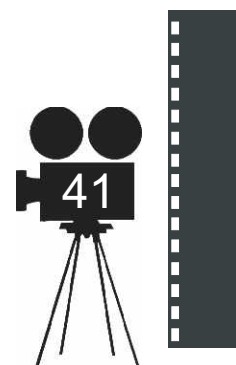
	2009-2010	In Rupees 2008-2009
Number of shares for Diluted Earnings Per Share	0.48	0.63
Basic	0.48	0.63
Diluted	0.48	0.63

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 to the Act. Signatures to Schedules " forming part of the financial statements.

19. Remuneration calculated as per schedule XIII of Companies Act due to inadequacy of profits.



**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	1	0
---	---	---	---	---	---

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	7	1
---	---	---	---	---

 Total Assets

8	1	1	7	1
---	---	---	---	---

Sources of Funds

Paid up capital

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

 Reserve and surplus

9	6	2	7
---	---	---	---

 Secured Loans

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

 Unsecured Loans

7	6	1	4
---	---	---	---

Application of Funds

Net Fixed Assets

1	2	1	8	4
---	---	---	---	---

 Net Current Assets

6	8	9	8	7
---	---	---	---	---

 Misc. Expenditure

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

 Accumulated Losses

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

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

Turnover

1	7	1	9	8	5
---	---	---	---	---	---

 Total Expenditure

1	6	7	4	4	0
---	---	---	---	---	---

 Profit/(Loss) before tax

4	5	4	5
---	---	---	---

 Profit/(Loss) after tax

3	1	5	1
---	---	---	---

Earning Per Share in Rs.

	0	.	4	8
--	---	---	---	---

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
---	---	---



**Gradiente Infotainment Limited
18th ANNUAL GENERAL MEETING
PROXY FORM**

I/We.....
Of.....
In the districtbeing a
Members(s) of the above named Company, hereby appoint.....of
.....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 18th ANNUAL
GENERAL MEETING of the company to be held on Tuesday 28th September, 2010 at 11.00
a.m. at THE CENTRAL COURT Lakdikapul, Hyderabad- 500 004 and any adjournment
thereof.

Signed this _____ DPID _____

Affix
Rs. 1/-
Revenue
Stamp

Date _____ CLIENT-ID _____ Folio No _____

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

**Gradiente Infotainment limited
ATTENDANCE SLIP**

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

Joint Shares holders(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 **18th ANNUAL GENERAL MEETING** of the Company to be held on Tuesday 28th September, 2010 at 11.00 a.m. at THE CENTRAL COURT, Lakdikapul, Hyderabad- 500 004

SIGANTURE OF THE SHAREHOLDER (S) OR PROXY



NOTES



BOOK POST

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