

Connecting

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Communicating

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Celebrating



# gradiente

Infotainment Limited

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

**Red** - denotes energy and direction

**Grey** - represents thought and leadership

**Green** - depicts the outcome - growth - for all the stakeholders

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

OUR IDENTITY  
OUR IDENTITY

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# CORPORATE INFORMATION

## BOARD OF DIRECTORS

V. R. Mathur  
Chairman & Managing Director

Sunitee Raj  
Director

Sudheep Raj  
Director

T.Venkateshwa Rao  
Director

Shabbir Ali Baquri  
Director

## SECRETARIAL COMPLIANCE OFFICER

Sudheep Raj

## LEGAL OFFICER

Mr. B. Roopender

## 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

## SHARE HOLDER / INVESTOR

### GRIEVANCES COMMITTEE

T. Venkateshwa Rao  
Sudheep Raj  
Shabbir Ali Baquri

## LEGAL ADVISORS

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

## REGISTRARS & TRANSFER AGENTS

Karvy Computershare Private Limited  
(Unit 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

## AUDITORS

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

## INTERNAL AUDITORS

C. Venkatrama & Co.  
Chartered Accountants  
302, Esteem House, Punjagutta  
Hyderabad  
Email:cvr@cvrandco.com

## REGISTERED OFFICE

Ground floor, Siri Balaji Residency,  
Hill colony, Khairathabad,  
Hyderabad, Andhra Pradesh - 500004

## CORPORATE OFFICE

# 306, 3rd Floor, May Fair Gardens, Banjara Hills,  
Road No. 12, Hyderabad - 500 034. AP. India.  
E-mail: shareholders@gradianteinfotainment.com,  
info@gradianteinfotainment.com

## BANKERS

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

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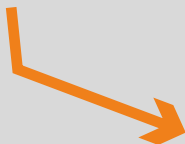


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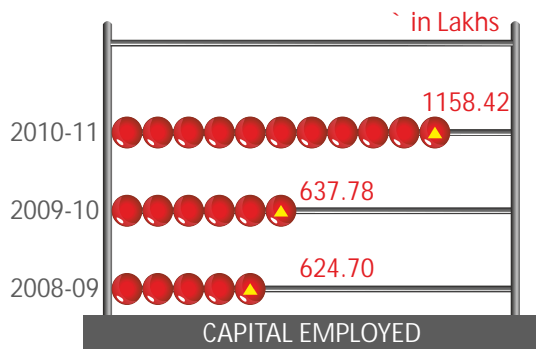
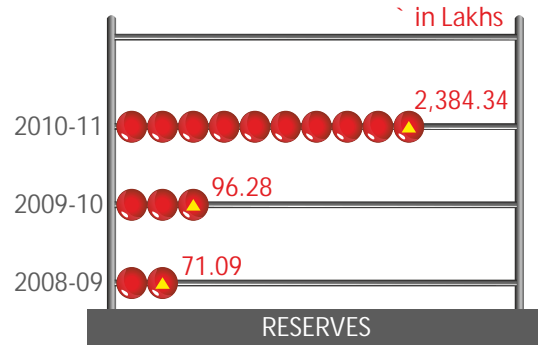
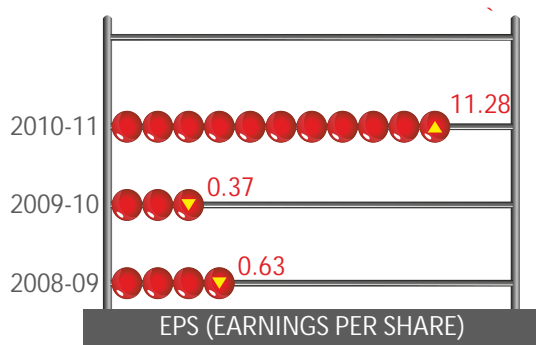
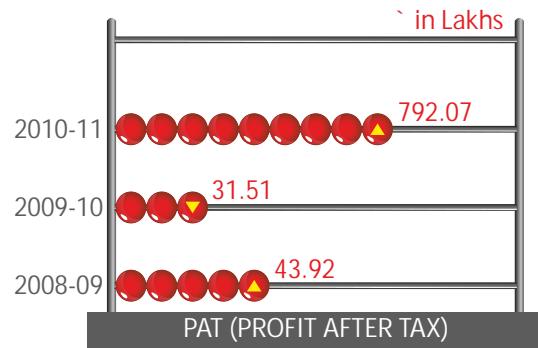
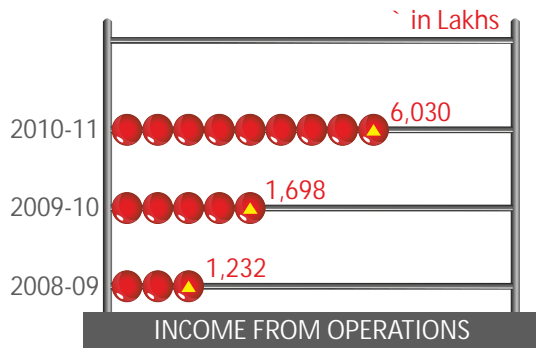


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# FINANCIAL HIGHLIGHTS



# CHAIRMAN'S MESSAGE

It has been a year of unprecedented and sustained growth for our company, in the year ended 2010- 2011.

I am pleased to share with you that Gradiante has, with its expanded service base and client base, announced a new, reinforced presence in the media and entertainment industry in the preceding year.

With a clear pulse on the trends and consumer spend, we have aligned ourselves to our client expectations, industry growth areas with efforts at diversification and expansion which have resulted in greater stability and increased market presence.

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

In addition to the core focus areas in media and entertainment, Gradiante has drawn up a charter of initiating corollary programs and interventions to train, certify and place talent across support functions like acting, modeling and digital film-making, including VFX and animation for the advertising and feature film industry.

Plans for global expansion include establishing affiliates in all the leading metros at the national level and key cosmopolitan destinations across the globe.

Our company shares are currently traded on CSE, BgSE platforms. We are optimistic about our future possibilities and the accent this year would be on diversification and growth.



# INSPIRING VISION

GRADIENTE is poised for new growth and diversification into emerging media and entertainment domains.

It is exploring new frontiers in the application design and development domains that drive mobile telephony and social media advertising.

Training and placement in films and television, fashion modeling workshops, talent hunt initiatives, celebrity management with global media tie-ups, animation and VFX for films and television are part of the horizon.

It is steadily accelerating on the vision to be a one stop solution provider for the whole gamut of media and entertainment, advertising and marketing solutions for its clientele.



Corporate Overview

Financial Highlights

Chairman's Message

Inspiring Vision

# BUSINESS DIVISIONS





## TELEVISION

### Our growing presence

Gradiente has to its credit, over 200 TV Commercials and 20 corporate films. Keeping up with the times, Gradiente is producing serials for television that are slated to be launched across leading channels in India.

With standing orders to deliver program based content to leading TV channels over the next 3 years there are various projects underway to ensure deliverables and exceed expectations from investors and viewers alike.

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



Television

Print Media

Film Entertainment & Music

New Media



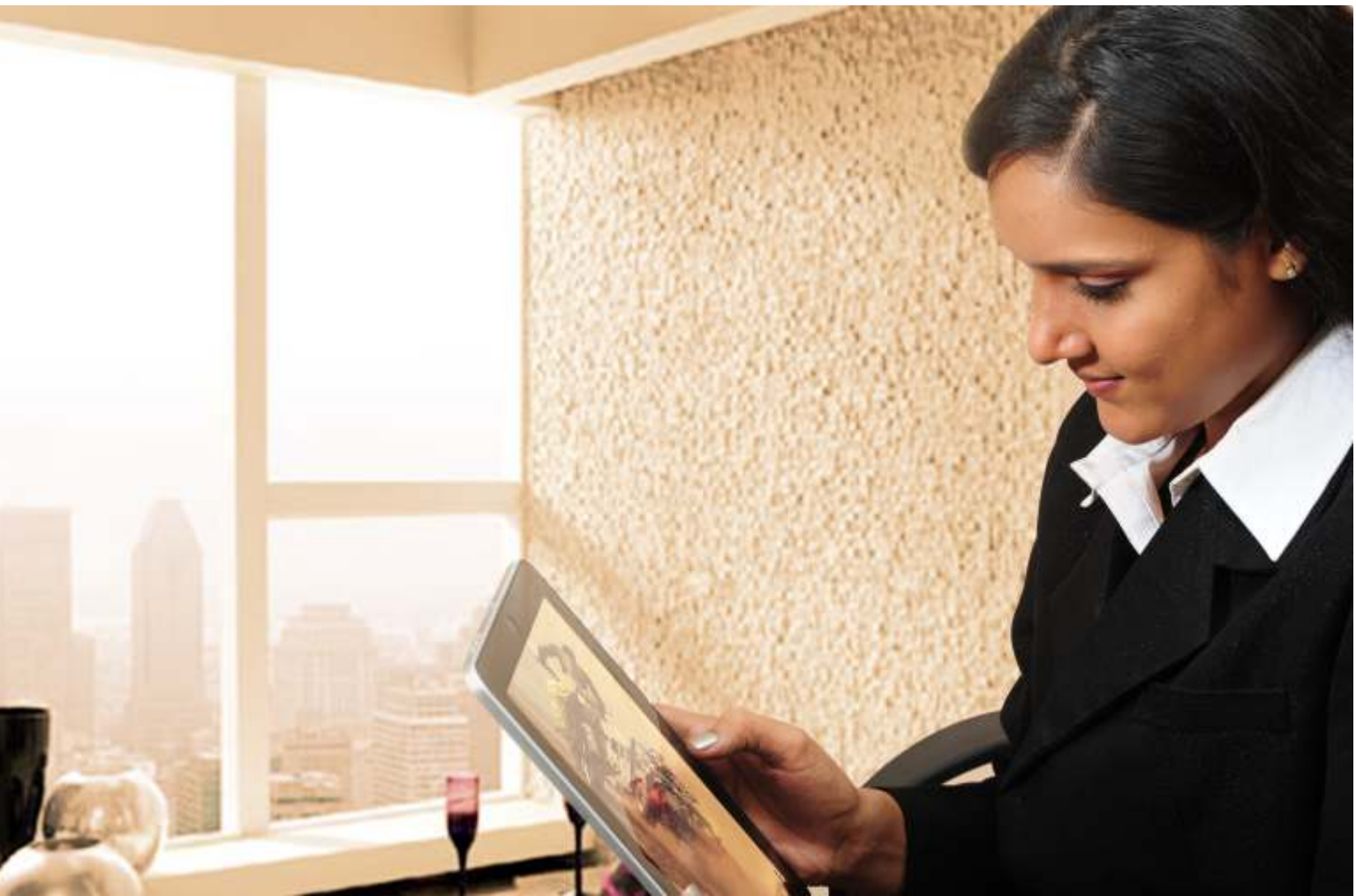
## PRINT MEDIA

### The enduring bastion for advertising

Gradiante has decades of experience in the print media and continues to serve its clients across the print and publishing spectrum with state-of-the-art infrastructure and creative teams supported by a dedicated print and production division.

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

In addition to national level clients, it has handled International clientele including Sharp Corporation, Canon, Nissan Motors Co. Ltd., the Diner Club of Japan Fuji, Mistubishi Electric, Ricoh, Sony Corporation, etc.



## NEW MEDIA

### The New Frontier in Advertising

The rise of new media tools - blogs, websites, web apps, and other user-generated media has transformed the communication landscape.

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

This industry shares an open association with many market segments in areas such as software/video game design, television, radio, and particularly movies, advertising and marketing, through which industry seeks to gain from the advantages of two-way dialogue with consumers primarily through the Internet.

The advertising industry has capitalized on the proliferation of new media with large agencies running multi-million dollar interactive advertising subsidiaries. Interactive websites and kiosks have become popular. In a number of cases advertising agencies have also set up new divisions to study new media. Public relations firms are also taking advantage of the opportunities in new media through interactive PR practices. Interactive PR practices include the use of social media to reach a mass audience of online social network users.



Television

Print Media

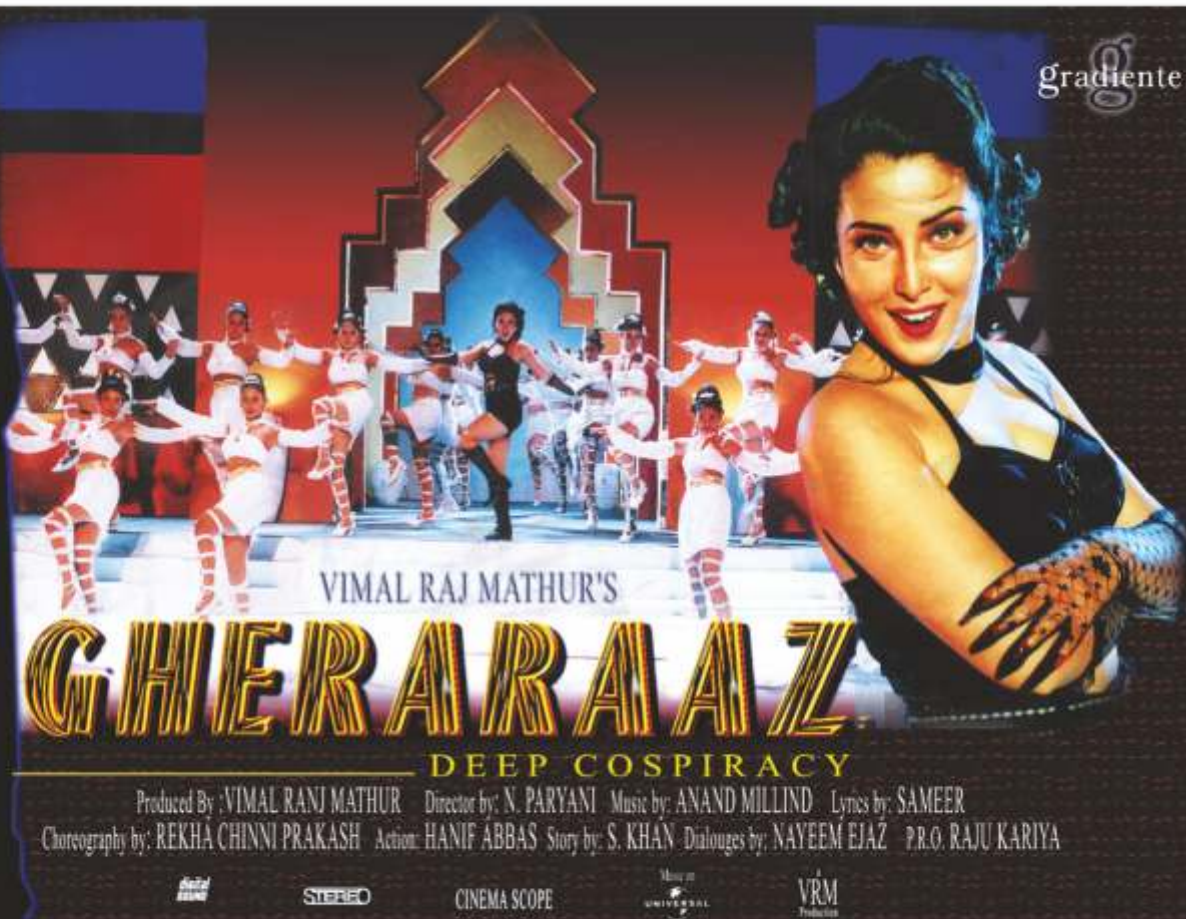
Film Entertainment & Music

New Media



## EVENT Management

Gradiente has deep experience in all aspects of Event Management. This includes awareness of organizational skills, tech knowhow, PR, marketing and advertising presence, catering, logistics, decor, law and license awareness, glamour identity, risk management, budgeting, in-depth exposure to television and various other media. This knowledge is critical to follow through successfully to closure, which has been displayed in the many entertainment events, co-ordinated by Gradiente.



## FILM ENTERTAINMENT & MUSIC

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

For instance, TV commercials, music videos, soundtracks for TV serials & jingles. In addition, Gradiente has produced several Bollywood Movies like GHERARAAZ, WOH and KHWAISH.

Plans are under way to initiate a foray into feature films with renewed focus.



Television

Print Media

Film Entertainment & Music

New Media



## EDUCATION

### Modeling & Acting College

At Gradiante, it is our constant effort to blend, adapt, design and deploy services and technologies that are not only contemporary, but also futuristic. The ultimate purpose is to make a measurable and tangible difference, above the noise.

With the boom in the entertainment agenda across the networks, we have initiated measures to improve the quality of content and presentation by identifying, training and promoting talent that would be empowered subsequently to contribute to mainstream entertainment as well.

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

## OUR IN-HOUSE TEAM



### FROM LEFT TO RIGHT

K J Samuel Smiles  
Business Development Manager

Tanya Gupta  
Client Service Executive

Sushma Gajavilli  
Asst. HR

Vineet Raj Mathur  
HR Manager

Vimal Raj Mathur  
Chairman & Managing Director

Sudheep Raj  
Executive Director

Safdar Khan  
General Manager

Vishal Tenkale  
Graphic Designer

Kanduri Ramu  
Accounts Manager

Subhamoy Sarkar  
Creative Head



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Director's Report

## NOTICE

NOTICE is hereby given that the Nineteenth Annual General Meeting of the members of Gradiante Infotainment Limited will be held on Wednesday, the 28th September, 2011 at 11.00 A.M At Central Court Hotel, Lakdi Ka Pul, Hyderabad - 500 004 to transact the following Business:

### ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at March 31st, 2011 and Profit and Loss Account on that date and the reports of the Board of Directors and Auditors thereon.
2. To appoint a director in place of Sri. T. Venkateshwa Rao, who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint a director in place of Sri. Shabbir Ali Baquri, who retires by rotation and being eligible, offers 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 a special resolution:  
 "RESOLVED THAT in supersession of the Resolution passed in that behalf by the Company at its Extraordinary General Meeting held on 09.05.2011 and pursuant to the provisions of Section 81(1A) and other applicable provisions, if any, of the Companies Act, 1956 (including any amendments thereto or re-enactments thereof for the time being in force) and the provisions in the Memorandum and Articles of Association of the Company and the Listing Agreement entered into by the Company with the Calcutta Stock Exchange Limited (CSE) and Bangalore Stock Exchange (BgSE) where the Shares of the Company are listed, the provisions of Foreign Exchange Management Act, 1999 and rules regulation framed thereunder and in accordance with applicable rules and regulations and subject to such other approvals, consents, permissions and sanctions of the Securities and Exchange Board of India (SEBI) including SEBI (Issue of Capital and Disclosure Requirement) Regulation 2009, Government of India (GOI), Reserve Bank of India (RBI) and all other appropriate and/or concerned authorities, and subject to such conditions and modifications, as may be prescribed by any of them in granting such approvals, consents, permissions and sanctions which may be agreed to by the Board of Directors of the Company ("Board") (which term shall be deemed to include any Committee which the Board may have constituted or hereafter constitute for the time being exercising the powers conferred on the Board by this Resolution), the consent of the Company be and is hereby accorded to the Board of Directors to issue, offer, create and allot Securities including Equity Shares, Global Depository Receipts (GDRs) and/or American Depository Receipts (ADRs) Convertible into Equity Shares, Foreign Currency Convertible Bonds (FCCBs), Warrants, Convertible into Depository Receipts with underlying Equity Shares/ Equity Shares (hereinafter referred to as "Securities") for an aggregate sum not exceeding ` 500 crores (INR) or any other currency (ies) with such premium as may be appropriate, directly to Eligible Investors (whether Institutions, Bodies Corporate, Mutual Funds, Trusts, Foreign Institutional Investors, Banks and/or individuals, or otherwise and whether or not such investors are members, promoters, directors or their relatives/ associates, of the Company) through Public Issue(s), Private Placement(s), or a combination thereof at such time or times in such tranche or tranches, at such price or prices, at such premium as may be appropriate to market price or prices in such manner and on such terms and conditions as may be decided by the Board, wherever necessary in consultation with the Lead Manager(s), Underwriters, Advisors and/or such other person(s), by way of Public Issue in India or any other countries, so as to enable the Company to get listed at any Stock Exchanges in India and/or any other Overseas Stock Exchanges."

RESOLVED FURTHER THAT the Board is hereby authorised to accept any modification(s) in the proposal as may be required by the authorities involved in such issues but subject to such conditions as the CSE/BgSE/BSE/NSE/SEBI/GOI/RBI or such other appropriate authorities may impose at the time of their approval and as agreed to by the Board.

RESOLVED FURTHER THAT without prejudice to the generality of the above, aforesaid issue of securities may have all terms or any terms or any combination of terms in accordance with prevalent market practice.

RESOLVED FURTHER THAT the Board is also authorised to enter into and execute all such arrangements/agreements with the Lead Manager(s)/Underwriter(s)/Guarantor(s)/Depository (ies)/Custodians/Advisors/ Registrars and all such agencies as may be involved including by way of payment of commission, brokerage, fees, expenses incurred in cash or otherwise in relation to the issue of securities and other expenses, if any, or the like.



RESOLVED FURTHER THAT the Company and/or any agency or body authorised by the Company may issue Equity Shares/ FCCB/GDR/ADR and/or other form of securities representing the underlying Equity Shares issued by the Company in registered or bearer form with such features and attributes as are prevalent in capital markets for instruments of this nature and to provide for the tradability or free transferability thereof as per the prevailing practices and regulations in the capital markets.

RESOLVED FURTHER THAT the Board be and is hereby authorised to finalise the mode and the terms of issue and allot such number of Equity Shares as may be required to be issued and allotted upon conversion of any Securities referred to in paragraph(s) above as may be necessary in accordance with the terms of offering and all such shares will rank pari passu with the existing Equity Shares of the Company in all respects.

RESOLVED FURTHER THAT the Board do open one or more bank accounts in the name of Company, including escrow accounts, special purpose accounts etc, in Indian currency or Foreign Currency (ies) with such bank or banks in India and/or such foreign countries as may be required in connection with the aforesaid issue/offer, subject to requisite approvals from the RBI and other overseas regulatory authorities, if any.

RESOLVED FURTHER THAT for the purpose aforesaid, the Board be and is hereby authorised to settle all questions, difficulties or doubts that may arise in regard to the issue, offer or allotment of Securities and utilization of proceeds, as it may in its absolute discretion deem fit without being required to seek any further consent or approval of the Members or otherwise to the end and intent that the Members shall be deemed to have given

their approval thereto expressly by the authority of this Resolution.

RESOLVED FURTHER THAT the Board be and is hereby authorised to delegate all or any of the powers herein conferred in such manner as they deem fit.

RESOLVED FURTHER THAT Mr. Vimal Raj Mathur, Chairman and Managing Director and Mr Sudheep Raj, Director be and are hereby authorised to execute, sign, amend and deliver as necessary and approve any circulars, prospectus/admission documents, supplementary prospectuses, advertisements, press announcements and verification notes, all in an approved form, written resolutions, letters required to be delivered to the relevant Stock Exchange(s) or other documents to be issued by or on behalf of, or requiring approval of, the Principal in connection with or incidental to the Offering, the Publication or the Admission and all deeds, documents and other instruments whatsoever which are necessary, desirable or expedient in connection with the Offering, the Publication or the Admission and to do all other acts and things whatsoever which may be necessary, desirable or expedient to be done by the Principal in connection with the Offering, the Publication or the Admission."

#### 6. REVISION IN TERMS OF REMUNERATION OF MR. VIMAL RAJ MATHUR:

To consider and, if thought fit, to pass with or without modifications, the following resolution as Special Resolution:

"RESOLVED THAT, in accordance with the provisions of Section 198, 309, 310 and other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII of the Act and subject to such consents/approvals as may be required, the remuneration payable to Mr. Vimal Raj Mathur, who was appointed as Managing Director of the company be and is hereby revised w.e.f 01.07.2011 to ` 2,50,000 per month towards salary and that the other existing terms and conditions of the appointment, remain unchanged."

"FURTHER RESOLVED THAT, notwithstanding anything contained to the contrary herein, where in any financial year during the currency of the tenure of Mr.Vimal Raj Mathur, the company has no profits or its profits are inadequate, the company will pay remuneration by way of salary, allowances, and perquisites within the limits as laid down under Sections 198, 309,310 and all other applicable provisions, if any, of the Act read with Schedule XIII of the Act as in force from time to time."

#### 7. REVISION IN TERMS OF REMUNERATION OF MR.SUDHEEP RAJ:

To consider and, if thought fit, to pass with or without modifications, the following resolution as Special Resolution:

"RESOLVED THAT, in accordance with the provisions of Section 198, 309, 310 and other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII of the Act and subject to such consents/approvals as may be required, the remuneration payable to Mr. Sudheep Raj, who was appointed as Whole Time Director of the company be and is hereby revised w.e.f 01.07.2011 to ` .40,000 per month towards salary and that the other existing terms and conditions of the appointment, remain unchanged."

"FURTHER RESOLVED THAT, notwithstanding anything contained to the contrary herein, where in any financial year during the currency of the tenure of Mr. Sudheep Raj, the company has no profits or its profits are inadequate, the company will pay remuneration by way of salary, allowances, and perquisites within the limits as laid down under Sections 198, 309,310 and all other applicable provisions, if any, of the Act read with Schedule XIII of the Act as in force from time to time."

Date: 30 - 08 - 2011

Place : Hyderabad

By and on behalf of the Board  
For Gradiante Infotainment Limited

Sd/-  
V.R. Mathur  
Chairman & Managing Director



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## NOTES:

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend and vote on a poll instead of himself / herself and the Proxy need not be a member of the Company.
2. Proxies, in order to be effective must be received by the Company not less than 48 hours before the commencement of the meeting.
3. The Register of Members and Share Transfer Books of the Company will be closed from 26.09.2011 to 28.09.2011 (Both days inclusive).
4. Members are requested to notify immediately any change in their address to the Share Transfer Agents and in case their shares are held in dematerialized form, this information should be passed on to their respective Depository Participants.
5. Members, who hold shares in de-materialized form, are requested to bring their Client ID and DP IDs for easier identification of attendance at the meeting.
6. Members are requested to kindly bring their copies of the Annual Report to the meeting. As a measure of economy, copies of Annual Report will not be distributed at the AGM
7. As part of Green Initiative in Corporate Governance the Ministry of Corporate Affairs (MCA), Government of India vide its Circular has allowed paperless compliances by Companies inter-alia stating that if the Company sends official documents to their shareholders electronically, it will be in compliance with the provisions of Section 53 of the Companies Act, 1956. Keeping in view shareholders are requested to update their E-Mail ID with their DP.

Date: 30 - 08 - 2011

Place : Hyderabad

By and on behalf of the Board for  
Gradiente Infotainment LimitedSd/-  
V.R. Mathur  
Chairman & Managing Director

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

**Item 5**

To meet with the growth envisaged in its activities the company needs to augment its resources and strengthen its equity base. For this purpose, it is proposed to make a Follow on Public Offer. The proceeds would be used for the company's business operations. Your Board therefore proposes to raise funds by issue up to 50,00,00,000 equity shares of ₹ 10 each with or without such a premium as may be decided at appropriate time. The Follow on Public Offer will be made either under the Fixed Price Process or under Book Building Method in accordance with the provisions SEBI Guidelines or Regulations as amended from time to time.

The follow on public offer of the said equity shares shall be subject to approval from concerned authorities.

Since the new Equity Shares, are proposed to be issued also to persons other than the existing Shareholders of the Company, the consent of the Shareholders is being sought by Special Resolution in terms of Sec 81(1A) of the Companies Act, 1956.

Your directors recommend the Resolution as set out in Notice for the approval of the shareholders as Special Resolution.

The directors of the company may be deemed to be concerned or interested in this item of business to the extent of their shareholdings in the company or to the extent any securities that may be offered to and/or subscribed for by them or any company or body corporate of which they are directors or members. Save as aforesaid none of the directors of the company is in any way concerned or interested in this item of business.

#### Item No.6

**REVISION IN TERMS OF REMUNERATION OF MR. V. R. MATHUR:** The Board recognized the significant contribution made by Mr. Vimal Raj Mathur for developing the company. He has devoted more time and attention to bring up the company to the present level apart from ensuring international standards for services provided so far. Therefore, the Board proposed to increase his remuneration with effect from 01.07.2011 on such terms and conditions as set out in the proposed resolution. Under the provisions of Section 198, 310, 311, and all other applicable provisions read with Schedule XIII of the Companies Act, 1956, consent of the members of the company is required for increase in remuneration payable to Mr. Vimal Raj Mathur.

The Board of directors based on the recommendation of Remuneration Committee is of the view that the remuneration package is commensurate with the operations of the company, the industry standards and the contribution made by Mr. Vimal Raj Mathur Further the same be treated as abstract of the contract pursuant to Section 302(1)(b) of the Companies Act, 1956.

Accordingly, the Board commends the resolution for approval of the Members.

None of the directors of the company except Mr.Vimal Raj Mathur is interested in the resolution.

#### Item No.7

**REVISION IN TERMS OF REMUNERATION OF MR. SUDHEEP RAJ:** The Board recognized the significant contribution made by Mr.Sudheep Raj for developing the company. He has devoted more time and attention to bring up the company to the present level apart from ensuring international services provided so far. Therefore, the Board proposed to increase his remuneration with effect from 01.07.2011 on such terms and conditions as set out in the proposed resolution. Under the provisions of Section 198, 310, 311, and all other applicable provisions read with Schedule XIII of the Companies Act, 1956, consent of the members of the company is required for increase in remuneration payable to Mr. Sudheep Raj.

The Board of directors based on the recommendation of Remuneration Committee is of the view that the remuneration package is commensurate with the operations of the company, the industry standards and the contribution made by Mr.Sudheep Raj Further the same be treated as abstract of the contract pursuant to Section 302(1)(b) of the Companies Act, 1956.

Accordingly, the Board commends the resolution for approval of the Members.

None of the directors of the company except Mr.Sudheep Raj is interested in the resolution.

Date: 30 - 08 - 2011

Place : Hyderabad

Sd/-

V.R. Mathur

Chairman & Managing Director



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## MEDIA & ENTERTAINMENT

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

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

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

## TELEVISION INDUSTRY

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

## FILM & ENTERTAINMENT

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

## NEW MEDIA

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



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## DIRECTOR'S REPORT



Dear Shareholders,

Your Directors take pleasure in presenting the 19th Annual Report and the Audited Accounts of your Company for the year ended March 31, 2011 together with the Auditor's Report thereon.

**Financial Results:**

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

( ` in Lakhs)

Particulars	2010-2011	2009-2010
Total Revenue	6331.04	1714.89
Profit before interest, tax and depreciation (PBIDT)	1202.17	50.86
Less: Interest and financial charges	11.32	4.34
Profit before depreciation & tax ( PBDT)	1190.84	46.52
Less: Depreciation	4.92	1.07
Profit before tax	1185.92	45.45
Tax Provision (current, fringe and deferred)	393.85	13.93
Net profit for the year	792.06	31.51
Appropriations	4.00	-6.33
Dividend (including corporate tax thereon)	0.00	0.00
Transfer to debenture redemption reserve	0.00	0.00
Transfer to general reserve	1596.27	94.75
Balance carried forward to next year	2384.33	96.27

**Financial Review:**

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

Total Revenue has been increased by from ` 1714.89 lakhs to ` 6331.04 lakhs. PBIDT increased from ` 50.86 lakhs to ` 1202.17 lakhs. Net profit increased from ` 31.51 lakhs to ` 792.06 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, Sri. T. Venkateshwa Rao and Sri. Shabbir Ali Baquri, Directors will retire by rotation at this meeting and eligible for reappointment.



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**Audit Committee:**

The composition of Audit Committee is given below :

SL. NO.	Name	Position held in the committee
1	Mr.T. Venkateshwa Rao	Chairman
2	Mr. Shabir Ali Baquri	Member
3	Mr. 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.

**Public Deposits :**

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

**CAPITAL OF THE COMPANY:**

During the period, the company has allotted 50,00,000 equity shares on preferential basis to the promoters and the others at an issue price of ` 10/- and premium ` 30 /- each. As a result the paid up capital of the company stands at 1,15,84,200 equity shares of ` 10 each. Subsequently the company has made Bonus Issue of 1,15,84,200 Equity shares in the ratio of 1:1. With this the Paid up capital goes upto 2,31,68,400 Equity shares of ` 10/- each. Authorised capital of the company stands at 3,00,00,000 equity shares of ` 10/- each.

**LISTING OF EQUITY SHARES:**

The Equity Shares of your company are listed on the Calcutta Stock Exchange and Bangalore Stock Exchange

**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 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, 2011, 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, 2011 on a going concern basis.

### CHANGE IN REGISTERED OFFICE:

During the financial year the Company's registered office shifted from 3rd Floor, Krishna Plaza, Khairatabad, Hyderabad, Andhra Pradesh - 500004 to Ground Floor, Siri Balaji Residency, Hill Colony, Khairatabad, Hyderabad, Andhra Pradesh – 500004 w.e.f. 24th February, 2011

### Conservation of Energy, Technology Absorption

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



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### Foreign Exchange Earnings and Outgo

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

Particulars	2010-2011	2009-2010
Foreign Exchange Earnings	Nil	Nil
Foreign Exchange Outgo	1,24,753	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..

### Acknowledgments :

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: 30 - 08 - 2011  
Place : Hyderabad

Sd/-  
V.R. 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, 2011:

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

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

#### Meetings held:

During the year 2010-11, the Board met 5 times on 27.08.2010, 10.12.2010, 14.02.2011, 24.02.2011, and 24.03.2011. The Directors attendance at the board meetings, number of Directorships and Committee memberships held by them in other companies are given hereunder:



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Name Of Directors	No. of Board Meetings held during the tenure of the Director	No. of Board Meetings attended by the Director	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. Sudheep 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 30.04.2010, 31.07.2010, 30.10.2010, and 31.01.2011.

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 meeting attended
1	Mrs. Sunitee Raj	Chairman	YES
2	Mr. Shabir Ali Baquri	Member	YES
3	Mr. T. Venkateshwa Rao	Member	YES
4	Mr. K. Mohan Acharya	Statutory Auditor	YES

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

#### Investors' Grievance Committee :

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

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

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

#### Details of Remuneration to Directors :

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

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.

Sl. No.	Name	Salary in `
1	<b>Mr. Vimal Raj Mathur</b> - Chairman & Managing Director	12,00,000
2	<b>Mr. Sudheep Raj</b> - Executive Director	3,00,000

#### Details on General Body Meetings :

Year	Location	Date	Time	No. Of Special Resolutions
2009-10	Central Court Hotel, Lakdi Ka Pul, Hyd - 04	28/09/2010	11:00 A.M.	1) Increase in Authorized Capital from Rs.7crore to Rs.11crore. 2) Alteration of Articles Of Association. 3) Appointment of Mr. V. R. Mathur as Chairman & Managing Director 4) Appointment of Mr. Sudeep Raj as Whole-Time Director.
2008-09	6-2-966/14, Ground Floor, Siri Balaji Residency, Khairtabad, Hyd - 04	30/09/2009	11:00 A.M.	None
2007-08	6-2-966/14, Ground Floor, Siri Balaji Residency, Khairtabad, Hyd - 04	29/09/2008	11:00 A.M.	None



**Postal Ballot :**

During the year 2010-2011, 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.gradientefotainment.com](http://www.gradientefotainment.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, 2011 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 : 26th September, 2011 to 28rd September, 2011 (both days inclusive for the purpose of AGM)

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

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

Stock Code :

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

#### Market Price Data :

As on 31.03.2011, the Company's shares are traded in Calcutta Stock Exchange and Bangalore Stock Exchange.

Month	High (₹)	Low (₹)
April, 2010	Nil	Nil
May, 2010	Nil	Nil
June, 2010	2.30	2.15
July, 2010	2.35	2.30
August, 2010	2.35	2.35
September - March 2011	Nil	Nil

Registrar and Share Transfer Agents : Karvy Computershare Private Limited, Plot No. 17 to 24, Vittalrao Nagar, Madhapur, Hyderabad 500081. Tel: +91-40-23428412.

#### Share Transfer System :

The Company has got connectivity with CDSL and NSDL 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 500081.

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 shareholders : shareholders@gradieninfoentertainment.com.

#### DISTRIBUTION OF SHAREHOLDING AS ON QUARTER ENDING 31st March, 2011

Particulars	Category held	No. of shares shareholding	Percentage of
A	Shareholding of Promoter and promoter group		
1.	Promoters & Persons acting in concert	2401800	20.73
	<b>Sub- Total A</b>	<b>2401800</b>	<b>20.73</b>
B	Public Shareholding		
1.	Institutions	NIL	NIL
2.	Non- Institutions		
	a) Bodies Corporate	4807200	37.76
	b) Individuals	4374300	41.50
	c) NRI's	NIL	NIL
	d) Others	900	0.01
	<b>Sub Total B</b>	<b>9182400</b>	<b>79.27</b>
	<b>Grand Total (A+B)</b>	<b>11584200</b>	<b>100.00</b>



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**Dematerialization of Shares and Liquidity:**

The Company's shares are available for dematerialized on CDSL (Central Depositories Services Limited) and NSDL (National Securities Depositories Limited) and the ISIN is INE361K01017. As on 31st March, 2011, 3671800 equity shares are dematerialized which is 31.70% of the paid up capital of the Company and the balance are in physical form.

Address for Investor Correspondence: 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 :shareholder@gradienteinfotainment.com

Date: 30 - 08 - 2011  
Place : Hyderabad

Sd/-  
V.R. Mathur  
Chairman & Managing Director

## 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: 30 - 08 - 2011  
Place : Hyderabad

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



# AUDITOR'S REPORT



Auditor's Report

Annexure to the Auditor's Report

Balance Sheet

# AUDITOR'S REPORT

TO THE MEMBERS OF

Gradiente Infotainment Limited

1. We have audited the attached Balance Sheet of Gradiente Infotainment as at March 31, 2011, 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.

4. 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, 2011 and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act;
- (f) Provision of cess under Section 441A of the Companies Act 1956 The companies Act has not notified above provision hence no provision for cess under section 441 A of the Companies Act 1956 and the Central Government has not specified the manner of payment of cess.
- (g) Regarding Sundry Debtors / Sundry Creditors / Loans and Advances and Bank Balances Sundry Debtors, Sundry Creditors, Loans and advances and Bank balances are subject to confirmation by the parties.

(h) Change in Accounting Estimate

The company has committed error by over claiming depreciation on fixed assets in earlier years due to change in method of depreciation. The company has identified the error in estimates and revised the depreciation amounts and assets values following written down value method as stipulated under schedule XIV of the companies Act, 1956. The revisions were accounted for prospectively as a change in accounting estimates and as a result the income has been increased by ₹ 19,78,233/-

(i) 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, 2011.

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

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

## ANNEXURE TO AUDITOR'S REPORT

(Referred to in paragraph 3 of the Auditors' Report of even date to the members of Gradiante Infotainment Limited on the financial statements for the year ended March 31, 2011

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 program 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 program, the fixed asset 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.



Annexure to the Auditor's Report

Balance Sheet

Profit & Loss Account

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 to it. As informed to us, investor education and protection fund, employees' state insurance, provident fund, sales tax and excise duty are not applicable to the Company for the current year.

Tax Particulars	Amount (₹)
TDS	1,32,88,815.00
Service Tax	5,01,88,805.00
FBT of Earlier Years	2,61,180.00
Earlier Year Provisions	1,03,71,630.00
Provisions for Tax	3,93,85,856.44

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, 2011, which have not been deposited till date.

9. The company has no accumulated losses as at March 31, 2011 and it has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.

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

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

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

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

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

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

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

17. The Company has made 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: 30 - 08 - 2011  
Place : Hyderabad

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



Annexure to the Auditor's Report

Balance Sheet

Profit & Loss Account

# BALANCE SHEET

as at March 31, 2011

PARTICULARS	SCHEDULE No.	As at March 31, 2011 (₹)	As at March 31, 2010 (₹)
<b>SOURCES OF FUNDS</b>			
Shareholder's Funds			
Capital	1	11,58,42,000	6,37,78,500
Reserves & Surplus	2	23,84,33,707	96,27,838
<b>LOAN FUNDS</b>			
Secured Loans	3	8,36,900	-
Unsecured Loans	4	2,07,99,361	76,14,500
Deferred Tax Liability		5,51,503	1,50,614
<b>Total</b>		<b>37,64,63,471</b>	<b>8,11,71,451</b>
<b>APPLICATION OF FUNDS</b>			
<b>FIXED ASSETS</b>			
Gross Block	5	1,37,06,933	15,86,732
Less: Accumulated Depreciation		83,74,414	2,09,126
Net Block		53,32,519	13,77,606
Capital work in progress including capital advances		2,00,32,779	1,08,06,409
		2,53,65,298	1,21,84,015
<b>CURRENT ASSETS LOANS AND ADVANCES</b>			
Work in Progress	6	6,24,39,087	3,43,72,315
Sundry Debtors		69,27,05,248	4,23,67,093
Cash and Bank Balances		1,66,175	2,84,113
Loans and advances		18,77,89,067	80,72,582
TDS Receivable		20,974	-
		94,31,20,551	8,50,96,103
Less: Current Liabilities and Provisions	7	59,20,22,378	1,61,08,667
Net Current Assets		35,10,98,173	6,89,87,436
<b>Total</b>		<b>37,64,63,471</b>	<b>8,11,71,451</b>
The schedules referred to herein form an integral part of the Balance Sheet	XIII		

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

For Komandoor & Co.  
Chartered Accountants

Sd/-

K Mohanacharya  
Partner

M.No. 029082 F. No. 001420S

Date: 30 - 08 - 2011

Place : Hyderabad

For and on Behalf of the Board of Directors

Sd/-

Vimal Raj Mathur  
Chairman & Managing Director

Sd/-

T. Venkateshwa Rao  
Director

# PROFIT & LOSS ACCOUNT

For the year ended March 31, 2011

PARTICULARS	SCHEDULE No.	As at March 31, 2011 (₹)	As at March 31, 2010 (₹)
<b>INCOME</b>			
Sales	8	60,30,00,000	16,98,00,000
accretion/ (Decretion) in working progress	9	2,80,66,772	(81,863)
Prior Period Adjustment		19,78,233	
Other Income	10	59,744	17,71,364
		63,31,04,749	17,14,89,501
<b>EXPENDITURE</b>			
Production Expenses	11	50,16,50,000	14,16,99,445
Employee Cost	12	35,77,654	88,06,000
Administration and other expenses	13	76,59,877	1,58,97,299
Depreciation	5	4,92,235	1,07,587
Interest		11,32,368	4,34,000
Provision for Bad and Doubtful Debts			
TOTAL		51,45,12,135	16,69,44,331
<b>PROFIT BEFORE TAXATION</b>		11,85,92,614	45,45,170
PROVISION FOR TAXATION		3,93,85,856	13,93,827
<b>PROFIT AFTER TAXATION</b>		7,92,06,758	31,51,343
TRANSFER TO GENERAL RESERVE EARLIER YEARS			
TAX PROVISIONS NOT PAID EARLIER YEARS			
SHORT PROVISION OF TAX FBT		-	
SHORT PROVISION OF FBT EARLIER YEARS		-	
DEFERRED TAX		4,00,889	(6,33,333)
Profit and loss account brought forward		94,75,622	69,57,612
Profit and Loss balance carried forward to the Balance Sheet		8,82,81,491	94,75,622
Earnings Per Share		11.59	0.37
Basic		11.59	0.37
Diluted		11.59	0.37
The schedules referred to herein form integral part of the Profit and Loss account			

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

For Komandoor & Co.

Chartered Accountants

Sd/-

K Mohanacharya

Partner

M.No. 029082 F. No. 001420S

For and on Behalf of the Board of Directors

Sd/-

Vimal Raj Mathur

Chairman & Managing Director

Sd/-

T. Venkateshwa Rao

Director

Date: 30 - 08 - 2011

Place : Hyderabad



Annexure to the Auditor's Report

Balance Sheet

Profit & Loss Account

# SCHEDULES ANNEXED

Forming Part of the Balance Sheet as at March 31, 2011

SCHEDULE 1 : CAPITAL	As at March 31, 2011 ( <sup>₹</sup> )	As at March 31, 2010 ( <sup>₹</sup> )
AUTHORISED CAPITAL 1,20,00,000 Equity Shares of <sup>₹</sup> 10 each (Previous Year 70,00,000 Equity Shares of <sup>₹</sup> 10 each)	12,00,00,000	7,00,00,000
ISSUED CAPITAL 1,15,84,200 Equity Shares of <sup>₹</sup> 10 each (Previous Year 66,58,600 of <sup>₹</sup> 10 each)	11,58,42,000	6,65,86,000
SUBSCRIBED AND PAID UP CAPITAL 1,15,84,200 Equity Shares of <sup>₹</sup> 10 each (Previous Year 65,84,200 of <sup>₹</sup> 10 each)	11,58,42,000	6,58,42,000
Less: Allotment Money in Arrears		20,63,500
	11,58,42,000	6,37,78,500
SCHEDULE 2 : RESERVES AND SURPLUS	As at March 31, 2011 ( <sup>₹</sup> )	As at March 31, 2010 ( <sup>₹</sup> )
Reserves		
General Reserve	1,52,216	1,52,216
Share Premium Account	15,00,00,000	-
Surplus		
Profit and Loss Account balance	8,82,81,491	94,75,622
	23,84,33,707	96,27,838
SCHEDULE 3 : SECURED LOANS	As at March 31, 2011 ( <sup>₹</sup> )	As at March 31, 2010 ( <sup>₹</sup> )
Nanesh Finance (Car Loan)	8,36,900	-
	8,36,900	-
SCHEDULE 4 : UN SECURED LOANS	As at March 31, 2011 ( <sup>₹</sup> )	As at March 31, 2010 ( <sup>₹</sup> )
From Directors		
Vimal Raj Mathur	1,37,83,732	15,00,000
Sunitee Raj	11,26,000	10,00,000
Sudheep Raj	16,89,000	15,00,000
Andhra Bank-WC Loan	36,14,500	36,14,500
Indian Bank TOD	4,26,370	-
Corporation Bank -CCSDL 110001	1,59,759	-
	2,07,99,361	76,14,500



# SCHEDULES ANNEXED

Forming Part of the Balance Sheet as at March 31, 2011

## SCHEDULE - 5 Fixed Assets / Description Statement as per Schedule VI to the Companies Act 1956

Sl. No.	NAME OF THE ASSET	DEP RATE	VALUE	ADDITIONS / DELETIONS	TOTAL	DEPRECIATION OPENING	DEPRECIATION FOR THE YEAR	ACCUMULATED DEPRECIATION	NET BLOCK OPENING 31-3-2010	NET BLOCK CLOSING 31-3-2010
1	VEHICLES	25.89%	10,00,000.00	14,15,700.00	24,15,700.00	9,84,924.38	1,30,429.08	11,15,353.46	15,075.62	13,00,346.54
2	OFFICE EQUIPMENT	13.91%	13,36,642.00	27,496.00	13,64,138.00	10,63,456.51	38,875.10	11,02,331.61	2,73,185.49	2,61,806.39
3	FURNITURE & FIXTURES	18.10%	10,67,345.00	4,77,542.00	15,44,887.00	9,40,302.14	78,163.76	10,18,465.90	1,27,042.86	5,26,421.10
4	AUDIO VISUAL AND EQUIPMENT	20%	30,33,047.00	69,027.00	31,02,074.00	28,01,773.92	51,391.62	28,53,165.54	2,31,273.08	2,48,908.46
5	PLANT AND MACHINERY	13.91%	4,07,762.00	21,000.00	4,28,762.00	3,51,863.68	9,592.46	3,61,456.14	55,898.32	67,305.86
6	BUILDINGS	5.00%	43,93,222.00		43,93,222.00	17,39,858.42	1,32,668.18	18,72,526.60	26,53,363.58	25,20,695.40
7	COMPUTERS & SOFTWARES	40.00%		4,58,150.00	4,58,150.00	-	51,115.00	51,115.00		4,07,035.00
	Total		1,12,38,018.00	24,68,915.00	1,37,06,933.00	78,82,179.06	4,92,235.19	83,74,414.24	33,55,838.94	53,32,518.76
8	CAPITAL WORK IN PROGRESS								1,08,06,409.00	2,00,32,779.00



Annexure to the Auditor's Report

Balance Sheet

Profit & Loss Account

# SCHEDULES ANNEXED

Forming Part of the Balance Sheet as at March 31, 2011

SCHEDULE 6 : CURRENT ASSETS LOANS AND ADVANCES	As at March 31, 2011 ( <sup>₹</sup> )	As at March 31, 2010 ( <sup>₹</sup> )
<b>WORK IN PROGRESS</b>		
Print Media	3,02,551	2,46,671
Audio visual media (Films/TV Serial Production)	5,27,439	4,22,159
Production	6,16,09,097	3,37,03,485
	<b>6,24,39,087</b>	<b>3,43,72,315</b>
<b>SUNDRY DEBTORS</b>		
(Unsecured, Considered good) Debts outstanding for a period exceeding six months	24,93,67,274	73,15,000
Less: Provision for Bad and Doubtful Debts	-	(73,15,000)
Other debts - Less than Six Months	44,33,37,974	4,23,67,093
	<b>69,27,05,248</b>	<b>4,23,67,093</b>
<b>CASH AND BANK BALANCES</b>		
Cash on Hand	2,50,142	2,83,494
Standard Chartered Bank	(54,719)	619
Corporation Bank -CBCA 000361	(16,382)	
Union bank of India	(13,066)	
SBI	200	
	<b>1,66,175</b>	<b>2,84,113</b>
<b>LOANS AND ADVANCES</b>		
(Unsecured, Considered good, receivable in cash (or) in kind (or) for value to be received advances to		
Branches Deposits recoverable	8,60,63,732	14,85,384
Advances on other accounts	10,17,25,335	65,87,198
	<b>18,77,89,067</b>	<b>80,72,582</b>
TDS Receivable	20,974	
<b>GRAND TOTAL</b>	<b>94,31,20,551</b>	<b>8,50,96,103</b>

# SCHEDULES ANNEXED

Forming Part of the Balance Sheet as at March 31, 2011

SCHEDULE 7 : CURRENT ASSETS LOANS AND ADVANCES	As at March 31, 2011 ( <sup>^</sup> )	As at March 31, 2010 ( <sup>^</sup> )
CURRENT LIABILITIES		
Creditors for goods and expenses	47,58,77,464	24,04,323
Outstanding expenses	16,70,263	3,42,346
Other provisions	2,50,000	2,50,000
Statutory provisions - Service tax, TDS etc	6,34,77,620	24,79,187
Provision for tax	3,93,85,856	13,93,827
Provision for Gratuity	7,28,365	
Short Provison of Earlier years Tax		-
FBT For the year	-	-
FBT For earlier years	2,61,180	-
Earlier year Taxes not paid	1,03,71,630	92,38,983
	59,20,22,378	1,61,08,667
SCHEDULE 8 : SALES	As at March 31, 2011 ( <sup>^</sup> )	As at March 31, 2010 ( <sup>^</sup> )
PRINT MEDIA EXPENSES ( AD DIVISION)	13,14,00,000	14,70,88,014
AUDIO VISUAL	5,16,00,000	1,55,93,152
EVENT DIVISION	-	71,18,834
TV SERIAL INCOME	42,00,00,000	-
	60,30,00,000	16,98,00,000
SCHEDULE 9 : WORK IN PROGRESS	As at March 31, 2011 ( <sup>^</sup> )	As at March 31, 2010 ( <sup>^</sup> )
OPENING BALANCE	3,43,72,315	3,44,54,178
CLOSING BALANCE	6,24,39,087	3,43,72,315
ACCRETION / (DECRETION)	2,80,66,772	(81,863)
SCHEDULE 10 : OTHER INCOME	As at March 31, 2011 ( <sup>^</sup> )	As at March 31, 2010 ( <sup>^</sup> )
Profit on sale of immovable assets		17,71,364
INTEREST RECEIVED	59,744	
	59,744	17,71,364
SCHEDULE 11 : PRODUCTION EXPENSES	As at March 31, 2011 ( <sup>^</sup> )	As at March 31, 2010 ( <sup>^</sup> )
PRINT MEDIA EXPENSES	11,16,90,000	12,50,24,812
SERIAL PRODUCTION MATERIALS	38,99,60,000	1,24,74,522
EVENT DIVISION	-	42,00,112
	50,16,50,000	14,16,99,445



Annexure to the Auditor's Report

Balance Sheet

Profit & Loss Account

# SCHEDULES ANNEXED

Forming Part of the Balance Sheet as at March 31, 2011

SCHEDULE 12 : EMPLOYEE COSTS	As at March 31, 2011 ( <sup>^</sup> )	As at March 31, 2010 ( <sup>^</sup> )
SALARIES AND ALLOWANCES	12,26,579	71,42,761
DIRECTORS REMUNERATION	15,00,000	10,20,000
STAFF WELFARE EXPENSES	1,22,710	6,43,239
GRATUITY	7,28,365	
	35,77,654	88,06,000
SCHEDULE 13 : ADMINISTRATIVE AND OTHER EXPENSES	As at March 31, 2011 ( <sup>^</sup> )	As at March 31, 2010 ( <sup>^</sup> )
PRINTING & STATIONERY	85,284	2,65,563
VEHICLES MAINTENANCE	92,513	4,97,979
POSTAGE & TELEPHONES	40,067	2,06,676
BOOKS & PERIODICALS	1,910	29,080
BUSINESS PROMOTION EXPENSES	1,96,422	1,97,076
LEGAL EXPENSES	1,70,000	2,01,117
AUDIT FEE	6,50,770	1,12,360
BANK CHARGES	11,722	80,881
ELECTRICITY CHARGES	18,309	1,59,937
RATES & TAXES	16,500	13,466
OFFICE MAINTENANCE	1,07,476	91,848
REPAIRS & MAINTENANCE	1,51,540	1,28,235
MEMBERSHIP & SUBSCRIPTION	1,17,221	9,911
CONSULTANCY CHARGES	64,731	50,034
GENERAL EXPENSES	19,986	1,34,673
LISTING FEE	2,08,168	2,74,452
DIRECTOR SITTING FEE	65,000	47,916
ROC EXPENSES	37,66,143	24,064
ADVERTISING	1,91,636	1,29,951
SHARE TRANSFER EXPENSES	99,996	93,015
BAD DEBTS WRITTEN OFF	-	21,75,000
DISCOUNTS	-	88,39,575
TRAVEL EXPENSES	9,15,452	21,34,492
AGM EXPENSES	33,732	
PROFESSIONAL CHARGES	3,31,000	
RENT	2,85,000	
WEB DESIGN CHARGES	19,300	
TOTAL	76,59,877	1,58,97,299

# CASH FLOW STATEMENT

For the year ended March 31, 2011

PARTICULARS	AMOUNT(₹) 31/03/2011	AMOUNT(₹) 31/03/2011	AMOUNT(₹) 31/03/2010	AMOUNT(₹) 31/03/2010
<b>A. CASH FLOW FROM OPERATIONS</b>				
Net Profit As Per P & L A/C		7,92,06,758		31,51,343
Add : Adjustment For				
i) Depreciation	4,92,235		1,07,587	
ii) Interest paid	11,32,368		4,34,000	
iii) Prior Period Adjustment	(19,78,233)			
iv) Interest on FD	(59,744)		-	
v) Provision for Tax	3,93,85,856		13,93,827	
		3,89,72,483		19,35,414
Operation Profit before working capital changes Adjustment for Working Capital		11,81,79,241		50,86,757
i) Trade and other receivables	(65,03,38,155)		(1,11,36,788)	
ii) Loans & Advances	(17,97,16,485)		(11,91,500)	
iii) Inventories	(2,80,66,772)		81,863	
iv) Trade Payables and other liabilities	53,65,27,854			
v) TDS Receivable	(20,974)	(32,16,14,532)	52,70,494	(69,75,931)
Cash flow from operating activities		(20,34,35,291)		(18,89,174)
Less: Taxes Paid		-		-
<b>NET CASH FLOW FROM OPERATIONAL ACTIVITIES</b>		<b>(20,34,35,291)</b>		<b>(18,89,174)</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>				
i) Investment for new office premises	(92,26,370)		(31,00,000)	
ii) Purchase of Fixed Assets	(24,68,915)			
iii) Additions to Public Issue Expences				
iv) Interest on FD	59,744			
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		<b>(1,16,35,541)</b>		<b>(31,00,000)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>				
Proceeds of Capital Contributed	20,00,00,000			
Calls in Arrears Received	20,63,500		13,08,500	
Interest Paid	(11,32,368)		(4,34,000)	
Increase in Loans	1,40,21,762		40,00,000	
		21,49,52,894		48,74,500
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B-C)</b>		<b>(1,17,938)</b>		<b>(1,14,674)</b>
Represented by				
i) Cash and Cash Equivalent as at 01-04-2010 (Opening Balance)	2,84,113		3,98,787	
ii) Cash and Cash Equivalent as at 31-03-2011 (Closing Balance)	1,66,175		2,84,113	
Increase		(1,17,938)		(1,14,674)

Standalone Financial Statement

Annexure to the Auditor's Report

Balance Sheet

Profit & Loss Account

# NOTES FORMING PART OF ACCOUNTS

## SIGNIFICANT ACCOUNTING POLICIES

### NOTES FORMING PART OF ACCOUNTS SIGNIFICANT & ACCOUNTING POLICIES

#### NOTES TO THE FINANCIAL STATEMENTS

##### Nature of Operations

The Company was incorporated on June 2nd, 1992 in the name of VR Mathur Mass Communications Ltd. and subsequently the name has been changed to Gradiante Infotainment Ltd. ( w.e.f 09/01/2003). The Company's revenue is generated mainly from the advertisement, in Print Media & Electronic Media and TV Serial production for other production houses and own production.

### 1. Significant Accounting Policies

#### i) Basis of Accounting

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

#### ii) Use of Estimates

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

#### iii) Revenue Recognition

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

#### iv) Fixed assets and Depreciation

##### a. Tangible assets

Tangible fixed assets are stated at cost less accumulated depreciation.

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

##### v) Software

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

##### vi) Foreign Currency Transactions

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

##### vii) Investments

Long term investments are stated at cost. Provision is made for permanent diminution in value, if any.

Current investments are stated at lower of cost and market value / repurchase price.

viii) Retirement Benefits

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

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

i) 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.

ii) Taxation

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

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

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

iii) 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.

iv) 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.



Annexure to the Auditor's Report

Balance Sheet

Profit & Loss Account

## 2. Contingent Liabilities

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

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

The above properties were auctioned by the Bank in the year 2006-07 and realized an amount of ₹ 41 lacs and the company has paid ₹ 9 lacs in cash making a total repayment of ₹ 50 lacs. Balance demands ₹ 1.30 crores.

The company has requested to settle the demand for ₹ 1.00 crore. If the request is accepted by the bank there will be a net outflow of ₹ 50 lacs, if not outflow shall be ₹ 1.30 crores.

b. The Company has given a corporate guarantee to S.E. Investments, New Delhi for Director VR Mathur for a personal loan of ₹ 25 lakhs against the security of 5 lakhs shares of Mr. VR Mathur.

## 3. Sundry Debtors

(in ₹)

	March 2011	March 2010
More than Six Months	24,93,67,274	NIL
Others	44,33,37,974	4,23,67,093

## 4. Year End Deferred Tax Balances

(in ₹)

Particulars	As at 31/03/2011.	As at 31/03/2010
Deferred tax liability on account of:		
Depreciation	5,51,503	1,50,614
Total (A)	5,51,503	1,50,614
Deferred tax assets on account of:		
Statutory payments under Section 43B of the Income Tax Act, 1961	Nil	Nil
Amalgamation expenses under Section 35DD	Nil	Nil
Total (B)		
Deferred tax liabilities [Net]: [Total A-B]	5,51,503	1,50,614

## 5. Sundry Creditors

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

## 6. Capital Work in Progress

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

## 7. Managerial Remuneration:

(in ₹)

Year	2010-11	2009-10
Remuneration	15,00,000	10,20,000



8. CIF Value of Imports (in `)

Year	2010-11	2009-10
Value of Imports	Nil	Nil

9. Expenditure in Foreign Currency (in `)

Year	2010-11	2009-10
Total	1,24,753	Nil

10. Earnings in Foreign Currency (in `)

Year	2010-11	2009-10
Total	Nil	Nil

11. Auditors' Remuneration (in `)

Year	2010-11	2009-10
Main Audit	2,20,600	1,12,360
Tax Audit	55,150	
Certifications etc.,	1,10,300	
Internal Audit	2,64,720	
Total	6,50,770	1,12,360

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

- (i) Current year  
Purchase Sale Not Applicable
- (ii) Previous year  
Purchase Sale Not Applicable

13. Interest Expense (` in lakhs)

Year	2010-11	2009-10
Amount	11.32	11.39

14. Interest Income (in `)

Year	2010-11	2009-10
On Deposits with Bank	59,744	Nil

15. Segment Information

In accordance with Accounting Standard – 17, "Segmental Reporting" issued by the Institute of Chartered Accountants of India, the Company's business segment is Print Media & Electronic Media and TV Serial Production business and it has no other primary reportable segments. Accordingly, the segment revenue, segment results, total carrying amount of segment assets and segment liability, total cost incurred to acquire segment assets and total amount of charge for depreciation during the year, is as reflected in the Financial Statements as of and for the year ended March 31, 2011. The Company caters to the needs of the domestic market and hence there are no reportable geographical segments.

16. Related Party Disclosures

- a) Parties where control exists related Party Nil
- b) Fellow Subsidiary Companies Nil
- c) Joint Venture Nil
- d) Key Managerial Personnel Vimal Raj Mathur  
Chairman & Managing Director

Sudheep Raj  
Executive Director



Auditor's Report

Annexure to the Auditor's Report

Balance Sheet

e) Relative to Key Managerial Personnel Vineeth Raj Mathur (Son of Vimal Raj Mathur)

Name of the Related Party	Nature of Transaction	Relationship	Amount
Vimal Raj Mathur	Remuneration	Key Managerial Person	₹ 12,00,000
Sudeep Raj Mathur	Remuneration	Key Managerial Person	₹ 3,00,000
Vineeth Raj Mathur	Receiving of Services (Salary)	Relative to Key Managerial Person	₹ 1,50,000

#### 17. Earnings per Share (Basic and Diluted)

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

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

Year	2010-11	2009-10
Number of Equity Shares Outstanding at the end of Year	1,15,84,200	63,77,850
Basic	11.59	0.37
Diluted	11.59	0.37

#### 18. Retirement Benefits

a. Gratuity: The Company is yet to contribute ₹ 7.28 lakhs to gratuity funds towards Provision made for the year ended 31st March 2011.

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

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

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

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

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

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

#### 24. Prior Period Adjustment

The company has committed error by over claiming depreciation on fixed assets in earlier years due to change in method of depreciation. The company has identified the error in estimates and revised the depreciation amounts and assets values following written down value method as stipulated under schedule XIV of the companies Act, 1956. The revisions were accounted for prospectively as a change in accounting estimates and as a result the income has been increased by ₹ 19,78,233/-

# BALANCE SHEET ABSTRACT

Company's General Business Profile pursuant to part IV of the Schedule VI to the Companies ACT, 1956

## 1. Registration Details

Registration No. 14317

State Code 01

Balance Sheet Date 310311

## 2. Capital Raised During the Year (Amount in ` Thousands)

Public Issue  
NIL

Rights Issue  
NIL

Bonus Issue  
NIL

Private Placement  
50000

## 3. Positions of Mobilization and Deployment of the Funds (Amount in ` Thousands)

Total Liabilities  
376463

Total Assets  
376463

### Sources of Funds

Paid up capital  
115842

Reserve and surplus  
238433

Secured Loans  
836

Unsecured Loans  
20799

### Application of Funds

Net Fixed Assets  
25365

Net Current Assets  
351098

Misc. Expenditure  
NIL

Accumulated Losses  
NIL

## 4. Performance of the Company (Amount ` Thousands)

Turnover  
633104

Total Expenditure  
514512

Profit / (Loss) Before Tax  
118592

Profit / (Loss) After Tax  
79206

Earnings Per Share `   
11.59

Dividend %  
NIL

## 5. Generic Name of Three Principle 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									

Service Code No. (ITC Code) NIL



## GRADIENTE INFOTAINMENT LIMITED

19<sup>th</sup> Annual Report

## PROXY FORM

I/We \_\_\_\_\_  
 Of \_\_\_\_\_  
 In the district \_\_\_\_\_  
 being a Member(s) of above named company, hereby appoint \_\_\_\_\_ of  
 \_\_\_\_\_ in the district of \_\_\_\_\_ or failing  
 him/her \_\_\_\_\_ in the district of \_\_\_\_\_  
 as my/our proxy to attend and vote for me/us, on my/our behalf at the 19<sup>th</sup> ANNUAL GENERAL MEETING of  
 the Company to be held on Wednesday, the 28<sup>th</sup> September, 2011 at 11.00 A.M at Central Court Hotel,  
 Lakdi Ka Pul, Hyderabad - 500 004 and at any adjourned meeting thereof.

Signed this \_\_\_\_\_ DPID \_\_\_\_\_

Date \_\_\_\_/\_\_\_\_/\_\_\_\_ Client ID \_\_\_\_\_ Folio No. \_\_\_\_\_

## Note:

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

## GRADIENTE INFOTAINMENT LIMITED

19<sup>th</sup> Annual Report

## ATTENDANCE SLIP

(Please present this slip at the Meeting venue)

Joint Shares holder(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 19<sup>th</sup> Annual General Meeting of the members of the company to be held on Wednesday, the 28<sup>th</sup> September, 2011 at 11.00 A.M at Central Court Hotel, Lakadi Ka Pul, Hyderabad - 500 004.

\_\_\_\_\_  
 SIGNATURE OF THE SHAREHOLDER(S) OR PROXY



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