



Connecting

Communicating

Celebrating



CORPORATE INFORMATION

Board of Directors:

1. Mr. V. R. Mathur
Managing Director
2. Mrs. Sunitee Raj
Director
3. Mr. Sudheep Raj
Director
4. Mr. T.Venkateshwa Rao
Director
5. Mr. Shabbir Ali Baquri
Director
- 6 Mr. M. Mohan Nanduri
Director

Registered Office:

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

Auditors:

Komandoor & Co.
Chartered Accountants
1-504, 7-1-58, Dharam Karan Road,
Ameerpet, Hyderabad -500016, 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

Audit Committee:

- 1) Mr. T. Venkateshwara Rao
- 2) Mr. Shabir Ali Baquri
- 3) Mrs. Sunitee Raj

Remuneration Committee:

- 1) Mr. T. Venkateshwara Rao
- 2) Mr. Shabir Ali Baquri
- 3) Mrs. Sunitee Raj

Investor Grievance Committee:

- 1) Mr. T. Venkateshwara Rao
- 2) Mr. Shabir Ali Baquri
- 3) Mrs. Sunitee Raj

Bankers:

1. Standard & Chartered Bank- Raj Bhavan
Road, Hyderabad. 2. State Bank of India-
Naryanaguda Br, Hyderabad.
3. Corporation Bank, Banjara Hills, Hyderabad.
4. Union Bank of India, Saifabad, Hyderabad.
5. Indian Bank, Secunderabad

Listing/Trading:

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

Registrar & Share Transfer Agents:

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

Legal Advisors:

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



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CHAIRMAN'S MESSAGE

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

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

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

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

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

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

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

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



V.R. Mathur
Chairman & Managing Director

PRINT MEDIA

The enduring bastion for advertising

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

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



NEW / DIGITAL MEDIA

The New Frontier



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

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

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



TELEVISION

Our growing presence



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

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

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

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

FILMS, ENTERTAINMENT & MUSIC

Transcending global boundaries of reach and language

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



Gradiente has recently announced its foray into Tollywood, having signed two Telugu films this fiscal year. It has embarked on this new journey, signing an as yet untitled movie by Srinivas Raju starring top heroines of Telugu film industry. Another film directed and produced by Murali Gandharv titled GUD MORNING has also been signed recently. Gradiente holds



presentation and distribution rights

for both projects. The company is also negotiating with several other producers to work in joint ventures.

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

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

EVENT Management

Riding the new wave

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



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

EDUCATION

Fashion, Modeling & Acting in perspective



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

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

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

NOTICE

NOTICE is hereby given that the 21st Annual General Meeting of the Shareholders of M/s. Gradiante Infotainment Limited will be held on Wednesday, the 25th September 2013 at 11.30 A.M. at Registered Office: #306, 3rd Floor, May Fair Gardens, Road No. 12, Banjara Hills, Hyderabad to transact the following business:

ORDINARY BUSINESS:

1. To receive and adopt the Directors' Report, the Audited Profit and Loss Account, the Cash Flow statement for the year ended 31st March, 2013 and the Balance Sheet as at that date.
2. To appoint a director in place of Mr. Sudheep Raj who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint Komandoor & Co., Chartered Accountants to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company and to fix their remuneration.

**For and on behalf of the Board,
Gradiante Infotainment Limited**

Sd/-

**Vimal Raj Mathur
Managing Director**

Place: Hyderabad

Date: 01.09.2013

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. PROXIES, IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. The Register of Members and Share Transfer Books of the Company will be closed from 22.09.2013 to 25.09.2013 (Both days inclusive).
3. Members are requested to produce the Attendance Slip duly signed as per the Specimen Signature recorded with the Company/Depository Participant for admission to the meeting hall.
4. A Member desirous of receiving any information on the accounts or operations of the company is requested to forward his/her queries to the company at least 7 working days prior to the meeting, so that the required information can be made available at the meeting.
5. Members holding shares in physical form are requested to notify immediately any change in their address along with address proof, i.e Electric /Telephone Bill, Driving License or a copy of passport and Bank particulars to the company or its Registrar & Share Transfer Agent and in case their shares are held in dematerialized form, this information should be passed on directly to their respective Depository Participants and not to the company/RTA without delay.
6. 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.
7. It shall be mandatory for the transferee(s) to furnish copy of PAN Card to the Company/RTAs for registration of transfer of shares for securities market transactions and off market/private transaction involving transfer of shares in physical form of listed companies.
8. As part of Green Initiative in Corporate Governance the Ministry of Corporate Affairs (MCA), Government of India vide its Circular has allowed paperless compliances by Companies inter-alia stating that if the Company sends official documents to their shareholders electronically, it will be in compliance with the provisions of Section 53 of the Companies Act, 1956. Keeping in view shareholders are requested to update their E-Mail ID with their DP.

Date: 01.09.2013

Place : Hyderabad

**For and on behalf of the Board,
Gradiante Infotainment Limited**

Sd/-

**Vimal Raj Mathur
Managing Director**



Management Discussion and Analysis Report

A. INDUSTRY STRUCTURE AND DEVELOPMENTS:

The Indian entertainment industry is on a high growth path. Domestic majors are finding better earnings potential in the huge overseas markets. At the same time, corporatization is finally starting to emerge in this highly unorganized industry. This is likely to instill a greater discipline in the functioning of the industry and lead to greater consolidation in the future. The domestic consumer will opt for more sophisticated technology in the near future. Consequently, domestic majors will have to redefine their product offerings.

“With the global economic slowdown affecting advertising spends, sectors like television, print, radio and outdoor that depend on advertising revenues were affected,” says the study. Media companies are under pressure to change, innovate and re-examine their existing business models. Companies need to draw upon new capabilities to survive in this environment.”

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.

EDUCATION MODELING & ACTING COLLEGE

At Gradiente, 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.

NEW MEDIA

With technological advancements and growing penetration of mobiles, personal computers, laptops and the internet, segments like animation, internet advertising and gaming are witnessing an unprecedented growth. Television content is becoming interactive with extensive internet usage. Your Company has exploited the wireless handheld devices by delivering through different technology-services such as Interactive Voice Response (IVR), automatic speech recognition and short-term messaging service platforms in Hindi, English, Tamil, Telugu and Kannada.

OPPORTUNITIES AND THREATS

Your Company has a diversified business model in media and entertainment sector and the revenue is expected to come from various segments across various levels of the value chain. The diversified business model of the Company will provide scalability apart from spreading the risk profile of the overall business.

MATERIAL DEVELOPMENT IN HUMAN RESOURCES

Gradiente aims to recruit, nurture and retain quality professionals and provide them with a high performance environment. Knowledge and intellectual assets are being strategically shared across Gradiente. At Gradiente we have understood the potential of the human resource and its contribution to the financial standing of your company. Therefore, the human asset is highly valued and regarded by your Company. No effort is spared to provide the employees with a healthy work environment and all assistance is rendered in order to bring-out the best in each one of them. Gradiente is reassessing traditional notions about employment and experimenting with broad-based employee ownership.

DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

The details of the financial performance with respect to operational performance of the Company are appearing in the Balance Sheet, Profit & Loss Account separately. Please refer the Directors' Report for highlights.

SENIOR MANAGEMENT DISCLOSURES:

The Company's senior management makes disclosures to the Board relating to all material financial and commercial transactions as when they occur.

BUSINESS STRATEGY

The key elements of Gradiente strategy during the year were (i) to take appropriate steps to safeguard its leadership position in a fiercely competitive environment (ii) to concentrate on additional revenues from digital pay platforms (iii) Build presence on new / alternate media platforms (iv) Rationalise on costs across different heads (v) Fortify its expansion in the international markets (vi) maintain consistently high standards of corporate governance.

DIRECTOR'S REPORT

To

The Members

We have pleasure in presenting the 21st Annual Report with Audited Statements of Accounts for the year ended 31st March 2013.

Financial Results :

On Standalone basis

(₹ in Lakhs)

Particulars	2012-2013	2011-2012
Income	300.27	3707.48
Expenditure	298.20	3502.99
Finance Costs	38.98	23.92
Tax Expenses	--	55.73
Profit after Tax	2.07	124.78

PERFORMANCE REVIEW:

A.) STANDALONE:

The Company has recorded a turnover of Rs.300.27 Lakhs and the profit of Rs. 2.07 Lakhs in the current year against the turnover of Rs. 3707.48 lakhs and profit of Rs. 124.78 Lakhs in the previous financial year ending 31.03.2012.

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

DIVIDEND:

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

PUBLIC DEPOSITS:

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

LISTING:

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

CAPITAL OF THE COMPANY:

The Authorised Capital of the company stands at 30,000,000 equity shares of Rs. 10/- each and paid up capital of the company stands at 2,3168,400 equity shares of Rs 10/- each.

During the year 2012-2013, the company bought back 9,000 shares subject to the shareholders approval through postal ballot, the results of which being declared on 31.03.2013.

MANAGEMENT DISCUSSION AND ANALYSIS:

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

DIRECTORS:

During the year, Mr. K. Narsing Rao, Director of the company resigned from the Board w.e.f 14.02.2013 Mr. Santosh Kumar Sahu, Company Secretary resigned from the office w.e.f 31.03.2013.

The Board placed on record its sincere appreciation for the valuable services rendered by them during their tenure as Director and Company Secretary of the Company.



DIRECTORS' RESPONSIBILITY STATEMENT:

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

- i) That the directors in the preparation of the annual accounts the applicable accounting standards have been followed along with proper explanations relating to material departures.
- ii) That the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year.
- iii) That the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safe guarding the assets of the company and for preventing and deleting fraud and other irregularities.
- iv) That the directors had prepared the annual accounts on the going concern basis.

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

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

A. Conservation of Energy:

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

B. Technology Absorption:

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

C. Foreign Exchange Earnings and Out Go:

Foreign Exchange Earnings	:	NIL
Foreign Exchange Outgo	:	NIL

PARTICULARS OF EMPLOYEES:

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

CODE OF CONDUCT:

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

AUDITORS:

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

CORPORATE GOVERNANCE:

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



ACKNOWLEDGEMENTS:

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

DECLARATION BY MANAGING DIRECTOR OF AFFIRMATION BY DIRECTORS AND SENIOR MANAGEMENT PERSONNEL OF COMPLIANCE WITH THE CODE OF CONDUCT:

The shareholders

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

Place : Hyderabad
Date: 01.09.2013

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



CORPORATE GOVERNANCE

(Forming part of Director's Report)

I. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

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

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

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

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

II. BOARD OF DIRECTORS

- a) The Board of Directors consists of 6 Members of whom 4 are Non-Executive Independent Directors. The Composition of the Board is in conformity with the listing requirements.
- b) The details of the Directors being appointed/ re-appointed on retirement by rotation at the ensuing Annual General Meeting as required pursuant to Clause 49(IV) (G) of the Listing Agreement, are mentioned in the Notice to the Annual General Meeting, forming part of the Report.
- c) The names and categories of the Directors on the Board, their attendance at Board Meetings held during the year and the number of Directorships and Committee Chairmanships/Memberships held by them in other companies is given below. Other Directorships do not include alternate directorships, directorships of private limited companies, section 25 companies and of companies incorporated outside India. Chairmanship/ Membership of Board Committees include only Audit and shareholders/ investor Grievance Committees.
- d) Pecuniary relationship or transaction of the Non – executive Directors vis-à-vis the company.

None of the Non-executive Directors has any pecuniary relationship or transactions with the company.
- e) The Board of Directors met 5 times during the year on 14.05.2012, 09.08.2012, 09.11.2012, 14.11.2012 and 14.02.2013 and the maximum gap between any two meetings was less than four months, as stipulated under Clause 49.

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

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

* Resigned w.e.f 14.02.2013

Board's Procedure:

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

Committees of the Board:

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

III. AUDIT COMMITTEE

- a) The Audit Committee of the Company is constituted in line with the provisions of Clause 49 of the Listing Agreements with the Stock Exchanges read with Section 292A of the Companies Act, 1956.
- b) The terms of reference of the Audit Committee include a review of;
 - Overview of the Company's financial reporting process and disclosure of its financial information to ensure that the financial statements reflect a true and fair position and that sufficient and credible information is disclosed.
 - Recommending the appointment and removal of external auditors, fixation of audit fee and also approval for payment for any other services.
 - Discussion with external auditors before the audit commences, of the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
 - Reviewing the financial statements and draft audit report including quarterly / half yearly financial information.

- Reviewing with management the annual financial statements before submission to the Board, focusing on:
 1. Any changes in accounting policies and practices;
 2. Qualification in draft audit report;
 3. Significant adjustments arising out of audit;
 4. The going concern concept;
 5. Compliance with accounting standards;
 6. Compliance with stock exchange and legal requirements concerning financial statements;
 7. Any related party transactions
 - Reviewing the company's financial and risk management's policies.
 - Disclosure of contingent liabilities.
 - Reviewing with management, external and internal auditors, the adequacy of internal control systems.
 - Reviewing the adequacy of internal audit function, including the audit character, the structure of the internal audit department, approval of the audit plan and its execution, staffing and seniority of the official heading the department, reporting structure, coverage and frequency of internal audit.
 - Discussion with internal auditors of any significant findings and follow-up thereon.
 - Reviewing the findings of any internal investigations by the internal auditors into the matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
 - Looking into the reasons for substantial defaults in payments to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
 - Reviewing compliances as regards the Company's Whistle Blower Policy.
- c) The previous Annual General Meeting of the Company was held on 25th September 2012.
- d) The composition of the Audit Committee and the attendance of each member of the Audit Committee are given below:

The Company has complied with all the requirements of Clause 49 (II) (A) of the Listing Agreement relating to the composition of the Audit Committee. During the financial year 2011-2012, (4) four meetings of the Audit Committee were held on 14.05.2012, 09.08.2012, 14.09.2012, 14.02.2013.

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

III. AUDIT COMMITTEE

Name	Designation	Category	No. of Meetings Attended
Mr. T. Venkateshwara Rao	Chairman	NED (I)	4
Mr. Shabbir Ali Baquri	Member	NED (I)	4
Mrs. Sunitee Raj	Member	NED (NI)	4

NED (I): Non Executive Independent Director

NED (NI): Non Executive Non Independent Director

The necessary quorum was present at all the meetings.

IV. REMUNERATION COMMITTEE

The details of composition of the Committee are given below:

Name	Designation	Category
Mr. T. Venkateshwara Rao	Chairman	NED (I)
Mr. Shabbir Ali Baquri	Member	NED (I)
Mrs. Sunitee Raj	Member	NED (NI)

**Terms of reference:**

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

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

Remuneration Policy:

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

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

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

Name of the Director	Designation	Remuneration
Mr. V.R. Mathur	Managing Director	40,000/-
Mr. Sudheep Raj	Director	20,000/-

V. SHAREHOLDERS / INVESTOR GRIEVANCE AND SHARE TRANSFER COMMITTEE**A) Composition, meetings and the attendance during the year:**

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

Name	Designation	Category
Mr. T. Venkateshwa Rao	Chairman	NED (I)
Mr. Shabir Ali Baquri	Member	NED (I)
Mr. Sudheep Raj	Member	NED (NI)

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

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

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

The Board has designated Mr. Vimal Raj Mathur, Managing Director, as the Compliance Officer.

The company has designated an exclusive email Id shareholders@gradientinfotainment.com for Redressal of shareholder’s complaint/grivances.

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

During the year no complaints were received.

Sl. No.	Particulars	Remarks
1.	At the beginning of the year	NIL
2.	Received during the year	NIL
3.	At the end of the year	NIL

Details on General Body Meetings :

Year	Date	Time	Location	No. Of Special Resolutions
2011-12	25.09.2012	11:30 A.M.	At Central Court Hotel, Lakdi Ka Pul, Hyderabad-04	1. Amendment of Articles of Association.
2010-11	28.09.2011	11:00 A.M.	At Central Court Hotel, Lakdi Ka Pul, Hyderabad-04	1. Revision in terms of remuneration of Mr. Vimal Raj Mathur 2. Revision in terms of remuneration of Mr. Sudheep Raj Mathur
2009-10	28.09.2010	11:00 A.M.	At Central Court Hotel, Lakdi Ka Pul, Hyderabad-04	1. Preferential Allotment in terms of section 81(1A) 2. Increase in Authorised Share Capital 3. Alteration of Article of Association for increase in authorized share capital 4. Appointment of Mr. Vimal Raj Mathur as Chairman & Managing Director 5. Appointment of Mr. Sudheep Raj as Whole time director

VII. OTHER DISCLOSURES

- (a) There were no significant related party transactions that may have potential conflict with the interests of the Company at large.
- (b) In the preparation of financial statements, no treatment materially different from that prescribed in Accounting Standards had been followed.
- (c) There were no penalties or strictures imposed on the Company by the Stock Exchanges or SEBI or any statutory authority on any matter related to capital markets at any time during the last 3 years.
- (d) Whistle Blower policy: We have established a mechanism for employees to report concerns about unethical behavior, fraud or violation of code of conduct of the company. The mechanism provided direct access to the Managing Director/Chairman of the Audit Committee for exceptional cases. All employees can also directly meet the Audit Committee members of the company.
- (e) The Company has complied with the non –mandatory requirements to relating to remuneration committee and Whistle Blower policy.
- (f) Managing Director of the Company has furnished the requisite Certificates to the Board of Directors under Clause 49 of the Listing Agreement.

VIII. MEANS OF COMMUNICATION

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

IX. GENERAL SHAREHOLDERS INFORMATION

a) 21st Annual General Meeting:

Date and Time	Wednesday, 25 September 2013 at 11.30 AM
Venue	Registered Office of Gradiante Infotainment Ltd,#306, May fair Gardens, Road No.12, Banjara Hills, Hyderabad- 34.

b) **Book Closure Date** : 22.09.2013 to 25.09.2013 (Both days inclusive)

c) Financial Year and Calendar (Tentative) 2013-14:

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

Financial Calendar

Financial Reporting for 2013-2014 (tentative)	On or before	Financial Reporting for 2013-2014 (tentative)	On or before
The First Quarter results	14th Aug 2013	The Third Quarter results	14th Feb 2014
The Second Quarter results	14th Nov 2013	The Fourth Quarter results	30th May 2013

d) Listing on Stock Exchanges:

1) Bombay Stock Exchange Limited

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

f) **Stock Code** : For equity shares: - BSE 590126

g) **ISIN No** : For equity shares: - INE361K01017

h) **Stock Price Data** : The monthly high / low prices of shares of the Company from April, 2012 to March, 2013 at Bombay Stock Exchange.

Month	High (₹)	Low (₹)
April 2012	-	-
May 2012	-	-
June 2012	59.00	50.65
July 2012	48.15	14.25
August 2012	16.00	8.10
September 2012	9.30	6.68
October 2012	9.94	6.59
November 2012	9.90	5.09
December 2012	7.14	4.55
January 2013	7.40	5.86
February 2013	7.15	6.01
March 2013	7.68	4.28

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

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

j) Share Transfer System:

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

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

All the requests for Dematerialization of shares are processed and the confirmation is given to the respective Depositories i.e., National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) within 21 days on receipt.

k) Shareholding Pattern as on 31st March, 2013:

Particulars	Category	No. of shares held	Percentage of shareholding
A	Shareholding of Promoter and promoter group		
1.	Promoters & Persons acting in concert	4463200	19.27
	Sub- Total A	4463200	19.27
B	Public Shareholding		
1.	Institutions	NIL	NIL
2.	Non-Institutions		
	a) Bodies Corporate	6744491	29.12
	b) Indian public and others	11727252	50.64
	c) Any others	NIL	NIL
	i) NRI's	117000	0.51
	ii) Clearing Members	107457	0.46
	Sub Total B	18696200	80.73
	Grand Total (A+B)	23159400	100.00

l) Distribution of shareholding of the Company by number of shares held as on 31st March, 2013 is as follows:

Particulars	Shareholders		Shareholding	
	Number	%	Number	%
UPTO - 500	1000	58.96	3006710	1.30
501-1000	348	20.52	2787490	1.20
1001-2000	76	4.48	1274360	0.55
2001-3000	36	2.12	940890	0.41
3001-4000	17	1.00	636350	0.27
4001-5000	31	1.83	1486150	0.64
5001-10000	45	2.65	3537990	1.53
100001 & ABOVE	143	8.43	217924060	94.10
Total	1696	100.00	231594000	100.00



m) Dematerialization of Shares:

The Company's shares are dematerialized on National Securities Depositories limited (NSDL) and Central Depository Services (India) Limited. The Company's ISIN is INE361K01017. As on 31st March, 2013, 2,20,99,800 equity shares are dematerialized out of which 83,49,314 shares are in CDSL and 1,37,50,486 shares are in NSDL and the balance are in physical form.

n) Address for Investors Correspondence:

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

Gradiente Infotainment Limited

Flat No. 306, 3rd Floor,

May Fair Gardens,

Road No. 12, Banjara Hills,

Hyderabad – 500 034

Tel Ph: 040- 23386955

Fax: 040- 23386955

Email id: shareholders@gradienteinfotainment.com

o) CEO/MD Certification:

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

p) Compliance Certificate of the Auditors:

The Statutory Auditor has certified that the company has complied with the conditions of the Corporate Governance as stipulated in clause 49 of the listing agreement and the same forms part of the Annual Report.

**For and on behalf of the Board
GRADIENTE INFOTAINMENT LIMITED**

Sd/-

**Vimal Raj Mathur
Managing Director**

Place : Hyderabad

Date: 01.09.2013



Dear Shareholder,

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

MANAGING DIRECTOR CERTIFICATE

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

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

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

**For and on behalf of the Board
GRADIENTE INFOTAINMENT LIMITED**

**Place : Hyderabad
Date: 01.09.2013**

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



INDEPENDENT AUDITORS REPORT

To the Members of Gradiante Infotainment Limited

Report on the Financial Statements

We have audited the accompanying financial statements of Gradiante Infotainment Limited (“the Company”), which comprise the Balance Sheet as at March 31, 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management’s Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 (“the Act”). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor’s Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
- (b) In the case of the Profit and Loss Account, of the profit/ loss for the year ended on that date; and
- (c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor’s Report) Order, 2003 (“the Order”) issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters Specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, 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 purpose of our audit;
 - b. in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books [and proper returns adequate for the purposes of our audit have been received from branches not visited by us]

- 
- c. the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account [and with the returns received from branches not visited by us]31;
 - d. In our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;
 - e. on the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

**For Komandoor & Co.,
Chartered Accountants
FRN: 014205**

**Komandoor Mohan Acharya
Partner
Membership No# 029082**

**Place : Hyderabad
Date:**

ANNEXURE TO AUDITOR'S REPORT (31st March 2013)

(Referred to in paragraph 3 of the Auditor's Report to the Members of Gradiante Infotainment Limited on the financial statements for the year ended 31st March, 2013)

- (i) (a) The Company has not maintained proper records to show full particulars including quantitative details and situation of fixed assets.
 - (b) The Substantial portion of the fixed assets has been verified physically verified by the Management during the year and no material discrepancies between the book records and the physical inventory have been noticed. In our opinion the frequency of verification is reasonable.
 - (c) In our opinion and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed off by the Company during the year.
- (ii) The physical verification of inventory is not applicable to the company due to its nature of business.
- (iii) (a) According to the information and explanations given to us, the Company has not granted any Loans, secured or unsecured to the Companies covered in the register maintained under section 301 of the Companies Act, 1956.
 - (b) According to the information and explanations given to us, the Company has taken unsecured loans from the parties covered under the register maintained under Sec 301 of the companies Act, 1956 and the outstanding amount as on 31/03/2013 is Rs. 3,09,65,259/- and the interest is paid at the rate of 14% which is not prejudicial to the interests of the company.
- (iv) In our opinion and according to the information and explanations given to us, there are generally adequate internal control procedures commensurate with the size of the Company and nature of its business with regard to fixed assets and with regard to the production income. Further, on the basis of our examination and according to the information and explanations given to us, we have neither come across nor have been informed of any instance of major weaknesses in the aforesaid internal control procedures.
- (v) (a) According to the information and explanations given to us, we are of the opinion that the transactions that need to be entered in the register maintained under section 301 of the Companies Act, 1956 have been entered.
 - (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of rupees five lakhs in respect of any party during the year, have



been made at prices which are reasonable having regard to prevailing market prices, except in the case of items stated to be of specialized nature for which as informed there are no alternate sources of supply to enable a comparison of the prices paid / charged.

- (vi) The Company has not accepted any deposits from the public.
- (vii) The Company has no internal audit system, which is commensurate with the size and nature of its business.
- (viii) Pursuant to the Rules made by the Central Government, the maintenance of cost records has not been prescribed under section 209(1) (d) of the Companies Act, 1956.
- (ix) (a) According to the information and explanations given to us and records of the Company examined by us, the undisputed statutory dues payable in respect of Tax deducted at source is Rs. 2,03,00,737/-, in respect of Service tax is Rs. 8,47,73,151/-, in respect of FBT of earlier years is Rs. 2,61,180/- and in respect of Income tax payable is Rs. 5,53,36,908/-.
(b) We are informed that there are no disputed statutory dues as at the year end outstanding for a period of more than six months from the date they became payable.
- (x) The Company has no accumulated losses as at March 31, 2013 and it has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.
- (xi) 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 to the extent of Rs. 40,40,870/- of which Rs. 36,14,500/- is with Andhra Bank and Rs. 4,26,370/- with Indian Bank as per the books of accounts.
- (xii) In our opinion and according to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) The provisions of any special statute as specified under paragraph 4(xiii) of the Order are not applicable to the Company.
- (xiv) The Company is not dealing or trading in shares, securities, debentures and other investments.
- (xv) According to the information and explanations given to us, the Company has not given any guarantee during the year for loans taken by others from banks or financial institutions.
- (xvi) In our opinion and according to the information and explanations given to us, the company has not availed any term loan during the year hence this clause not applicable.
- (xvii) According to the information and explanations given to us and on overall examination of the balance sheet of the Company, we report that short-term funds have not been used to finance long-term investments and vice-versa.
- (xviii) As the Company has not made any preferential allotment of shares during the year paragraph 4 (xviii) of the Order is not applicable, however the company has received preferential share application money and the same is not covered in the register maintained under Sec 301 of the Companies Act, 1956.
- (xix) As the Company has not issued any debentures during the year, paragraph 4(xix) of the Order is not applicable.
- (xx) As the Company has not raised money by way of public issue paragraph 4 (xx) of the Order is not applicable.
- (xxi) Based on the audit procedures performed and information and explanations given to us by the management, we report that, no fraud on or by the Company has been noticed or reported during the course of our audit for the year ended March 31, 2013.

**For Komandoor & Co.,
Chartered Accountants
FRN: 014205**

**Komandoor Mohan Acharya
Partner
Membership No# 029082**

**Place : Hyderabad
Date:**

BALANCE SHEET

as at March 31, 2013

PARTICULARS	Note No.	Figures as at the end of current reporting period as on 31st March, 2013 ₹	Figures as at the end of previous reporting period as on 31st March, 2012 ₹
I. EQUITY AND LIABILITIES			
1. Shareholders' funds			
(a) Share capital	3	23,15,94,000	23,16,84,000
(b) Reserves and surplus	4	13,53,10,882	13,50,75,421
(c) Share Application money pending for allotment	5	10,00,000	-
2. Non-current liabilities			
(a) Long-term borrowings	6	3,67,61,607	2,41,92,400
(b) Deferred tax liabilities (Net)	7	5,44,749	5,44,749
(c) Other Long term liabilities	8	88,17,90,920	63,88,80,439
(d) Long-term provisions	9	16,02,403	16,02,403
3. Current liabilities			
(a) Short-term borrowings		-	-
(b) Trade payables	10	34,33,379	24,94,95,973
(c) Other current liabilities	11	30,83,379	8,54,027
(d) Short-term provisions		-	-
TOTAL		1304901762	128,23,29,411
II. ASSETS			
1. Non-current assets			
(a) Fixed assets	12		
(i) Tangible assets		43,39,879	45,53,067
(ii) Intangible assets		-	-
(iii) Capital work-in-progress		2,03,97,779	2,03,97,779
(iv) Intangible assets under development		-	-
(b) Long-term loans and advances	13	14,03,03,799	14,28,06,206
(c) Other non-current assets			
2. Current assets			
(a) Inventories	14	3,00,80,523	3,52,55,781
(b) Trade receivables	15	1,10,93,60,356	107,92,04,858
(c) Cash and cash equivalents	16	7,56,159	1,11,720
(d) Short term Loans & Advances	17	13,267	-
TOTAL		1,30,49,01,762	128,23,29,411

See accompanying Notes forming part of Balance sheet 1 & 2

For Komandoor & Co.
Chartered Accountants

Sd/-
K Mohanacharya
Partner
M.No. 029082 F. No. 001420S

Sd/-
Vimal Raj Mathur
Chairman & Managing Director

For and on Behalf of the Board of Directors

Sd/-
T. Venkateshwa Rao
Director

Sd/-
K. Ravi Kumar
Company Secretary

Place : Hyderabad

Date: 01-09-2013

PROFIT & LOSS ACCOUNT

For the year ended March 31, 2013

PARTICULARS	Note No.	For the year ended 31 March, 2013 ₹	For the year ended 31 March, 2012 ₹
A. CONTINUING OPERATIONS			
1. Revenue from operations (gross)	18	2,98,99,008	37,04,81,930
Less: Excise duty		-	-
Revenue from operations (net)		2,98,99,008	37,04,81,930
2. Other income	19	1,28,968	2,66,514
3. Total revenue (1+2)		3,00,27,976	37,07,48,444
4. Expenses			
(a) Cost of materials consumed	20a	77,76,925	30,00,90,363
(b) Purchases of stock-in-trade	20b	-	-
(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	20c	51,75,258	2,71,83,306
(d) Employee benefits expense	21	22,42,643	52,42,585
(e) Finance costs	22	38,98,325	23,92,458
(f) Depreciation and amortisation expense	12C	7,14,032	8,16,352
(g) Other expenses	23	1,00,13,548	1,69,66,999
Total expenses		2,98,20,731	35,26,92,063
5. Profit / (Loss) before exceptional and extraordinary items and tax (3 - 4)		2,07,245	1,80,56,381
6. Exceptional items		-	-
7. Profit / (Loss) before extraordinary items and tax (5 + 6)		2,07,245	1,80,56,381
8. Extraordinary items		-	-
9. Profit / (Loss) before tax (7 + 8)		2,07,245	1,80,56,381
10. Tax expense:			
(a) Current tax expense for current year		-	55,79,422
(b) Deferred tax		-	6,755
		-	55,72,667
11. Profit / (Loss) from continuing operations (9 +10)		2,07,245	1,24,83,714
12. Profit / (Loss) for the year		2,07,245	1,24,83,714

Statement of Profit and Loss for the year ended 31 March, 2013

PARTICULARS	Note No.	For the year ended 31 March, 2013 ₹	For the year ended 31 March, 2012 ₹
13(I). Earnings per share (of ₹ 10/- each):			
(a) Basic		0.01	0.54
(b) Diluted		0.01	0.54

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

Sd/-
K. Ravi Kumar
Company Secretary

Date: 01-09-2012
Place : Hyderabad

SCHEDULES ANNEXED

Forming Part of the Balance Sheet as at March 31, 2013

Note 3: Disclosure pursuant to Note no. 6(A)(a,b & c) of Part I of Schedule VI to the Companies Act, 1956

Note 3: SHARE CAPITAL	As at March 31, 2013		As at March 31, 2012	
	Number	₹	Number	₹
Authorised Equity Shares of ₹ 10/-each	3,00,00,000	30,00,00,000	3,00,00,000	30,00,00,000
Issued Equity Shares of ₹ 10/- each	2,31,59,400	23,15,94,000	2,31,68,400	23,16,84,000
Subscribed & Paid up				
Equity Shares of ₹ 10/-each fully paid	2,31,59,400	23,15,94,000	2,31,68,400	23,16,84,000
Total	2,31,59,400	23,15,94,000	2,31,68,400	23,16,84,000

Note 3: Share Capital (Contd.)

Name of the Share Holder (More than 5%)	As at March 31, 2013		As at March 31, 2012	
	No. of Shares held	% of holding	No. of Shares held	% of holding
1 Sparrow Hill Advisory Pvt Ltd	-	0.00	3200000	13.81
2 Infoedge Capital Services Pvt Ltd	725746	3.13	2800000	12.09
3 Diagonal Fashions Private Limited	1826175	7.89	2740000	11.83
4 Gradiente Impex Private Limited	2495000	10.77	2500000	10.79
5 Vimal Raj Mathur	1522150	6.57	2022150	8.73
6 Realnet Infracore Pvt Ltd	1400000	6.05	1400000	6.04
7 Mohin Ali Vakil	1866779	8.06	-	-
TOTAL	9835850	42.47	14662150	63.29

Note 3: Share Capital (Contd.)

(i) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period:

Particulars	Opening Balance	Bonus Shares Issued	Shares brought back	Closing Balance
Equity Shares with voting rights				
Year ended 31 March, 2013				
Number of shares	2,31,68,400	-	9,000	2,31,59,400
Amount (₹)	23,16,84,000	-	90,000	23,15,94,000
Year ended 31 March, 2013				
Number of shares	1,15,84,200	1,15,84,200	-	2,31,68,400
Amount (₹)	11,58,42,000	11,58,42,000	-	23,16,84,000

SCHEDULES ANNEXED

Forming Part of the Balance Sheet as at March 31, 2013

Note 4: RESERVES & SURPLUS	As at 31 March, 2013 (₹)	As at 31 March, 2012 (₹)
a. Securities Premium Account		
Opening Balance	3,41,58,000	-
Add : Securities premium credited on Share issue	-	15,00,00,000
Less : Premium Utilised for various reasons	-	11,58,42,000
For transfer to Capital redemption reserve	90,000	-
For Issuing Bonus Shares	-	11,58,42,000
Closing Balance	3,40,68,000	3,41,58,000
b. General Reserves		
Opening Balance	1,52,216	1,52,216
(+) Current Year Transfer	-	-
(-) Written Back in Current Year	-	-
Closing Balance	1,52,216	1,52,216
c. Capital redemption reserve*		
Opening Balance	-	-
(+) Transfer from Security premium A/c	90,000	-
Closing Balance	90,000	-
d. Capital reserve**		
Opening Balance	-	-
(+) Discount earned on Buyback of shares	28,216	-
Closing Balance	28,216	-
c. Surplus		
Opening balance	10,07,65,205	8,82,81,491
(+) Net Profit/(Net Loss) For the current year	2,07,245	1,24,83,714
Closing Balance	10,09,72,450	10,07,65,205
Total	13,53,10,882	13,50,75,421

* During the current year 9,000/- shares have bought back by the company and respectively Rs. 90,000/- have transferred to the Capital redemption reserve from the Securities premium account.

** During the shares were bought back at discount and accordingly capital reserve of Rs. 28,216/- has been provided for.

Note 5: Share Application Money	As at 31 March, 2013 (₹)	As at 31 March, 2012 (₹)
Preferential Share Application Money*	10,00,000	-
Total	10,00,000	-

* The company has received share application money against preferential Shares allotment

Note 6: LONG TERM BORROWINGS	As at March 31, 2013 (₹)	As at March 31, 2012 (₹)
(f) Long term maturities of finance lease obligations (Secured By Car) (of the above, ₹ 10,03,700 is guaranteed by Directors / others)	10,71,722	5,58,900
(b) Secured loans From banks*	10,71,722	5,58,900
(c) Unsecured loans From Directors	41,74,726	40,90,870
From Others	3,09,65,259	1,95,42,630
	549,900	-
Total	3,67,61,607	2,41,92,400

* Of these Rs. 40,40,870/- has become Non performing assets with the banks

Note 7: Deferred Tax Liabilities	As at March 31, 2013 (₹)	As at March 31, 2012 (₹)
Deferred tax Liability*	544,729	544,729
Total	544,729	544,729

SCHEDULES ANNEXED

Forming Part of the Balance Sheet as at March 31, 2013

Note 8: OTHER LONG TERM LIABILITIES	As at March 31, 2013 (₹)	As at March 31, 2012 (₹)
(a) Trade Payables	72,11,27,458	47,54,74,621
(b) Others		
(c) Duties & Taxes*	16,06,63,462	16,34,05,818
Total	88,17,90,920	63,88,80,439

* The duties & taxes payable comprises of Service tax liability of Rs. 8,45,14,637/- , TDS liability of Rs. 2,09,44,549/- and Income tax provision of Rs. 5,55,98,088/-

Note 9: LONG TERM PROVISIONS	As at 31 March, 2013 (₹)	As at 31 March, 2012 (₹)
(a) Provision for employee benefits Gratuity (unfunded)	16,02,403	16,02,403
Total	16,02,403	16,02,403

Note 10: TRADE PAYABLES	As at 31 March, 2013 (₹)	As at 31 March, 2012 (₹)
Trade payables: Acceptances Other than Acceptances	1,32,13,822	24,94,95,973
Trade Payables outstanding for a period less than six months from the date they are due for payment	87,14,300	-
Trade Payables outstanding for a period exceeding six months from the date they are due for payment	44,99,522	-
Total	1,32,13,822	24,94,95,973

Note 11: OTHER CURRENT LIABILITIES	As at 31 March, 2013 (₹)	As at 31 March, 2012 (₹)
(a) Liabilities for Expenses	19,88,680	8,54,027
(b) Duties & Taxes	2,58,515	-
(b) Other payables		
Director remuneration payable	11,86,184	-
Total	34,33,379	8,54,027

DEPRECIATION FOR THE FY 2012-13 AS PER COMPANIES ACT ON WDV METHOD

Note 12: Fixed Assets	Rate of Depreciation	Gross Block			Accumulated Depreciation			Net Block	
		Balance as at 1 April 2012 ₹	Additions / (Disposals) ₹	Balance as at 31 March 2013 ₹	Balance as at 1 April 2012 ₹	Depreciation charge for the year ₹	Balance as at 31 March 2013 ₹	Balance as at 31 March 2013 ₹	Balance as at 31 March 2012 ₹
a Tangible Assets									
Buildings	5.00%	4,393,222	-	4,393,222	1,998,561	119,733	2,118,294	2,274,928	2,394,661
Plant and Equipment	13.91%	428,762	-	428,762	370,818	8,060	378,878	49,884	57,944
Furniture and Fixtures	18.10%	1,544,887	168,000	1,712,887	1,113,748	103,362	1,217,110	495,777	431,139
Vehicles	25.89%	2,415,700	-	2,415,700	1,452,013	249,499	1,701,512	714,188	963,687
Office equipment	13.91%	1,401,038	17,682	1,418,720	1,138,749	38,540	1,177,289	241,431	262,289
Computers & Softwares	40.00%	458,150	172,800	630,950	213,929	140,860	354,789	276,161	244,221
Air Conditioners	13.91%	-	100,000	100,000	-	12,699	12,699	87,301	-
UPS	13.91%	-	30,823	30,823	-	117	117	30,706	-
Mobile Phones	13.91%	-	11,539	11,539	-	1,337	1,337	10,202	-
Audio Visual & Equipment	20.00%	3,102,074	-	3,102,074	2,902,947	39,825	2,942,772	159,302	199,127
Total		13,743,833	500,844	14,244,677	9,190,766	714,032	9,904,798	4,339,879	4,553,067
b Capital Work In Progress		20,397,779	-	20,397,779	-	-	-	20,397,779	20,397,779
Total		20,397,779	-	20,397,779	-	-	-	20,397,779	20,397,779

Note 13: LONG-TERM LOANS AND ADVANCES	As at 31 March, 2013 (₹)	As at 31 March, 2012 (₹)
(a) Security deposits	9,38,000	11,66,564
(b) Loans and advances	13,91,85,077	14,14,62,837
(c) TDS Receivable	1,80,722	176,805
Total	14,03,03,799	14,28,06,206

SCHEDULES ANNEXED

Forming Part of the Balance Sheet as at March 31, 2013

Note 14: INVENTORIES	As at March 31, 2013	As at March 31, 2012
	₹	₹
a. Work-in-progress	29,730,523	35,255,781
Total	29,730,523	35,255,781

Note 15: TRADE RECEIVABLES	As at March 31, 2013 (₹)	As at March 31, 2012 (₹)
Trade receivables outstanding for a period less than six months from the date they are due for payment	34,490,235	174,089,561
Trade receivables outstanding for a period exceeding six months from the date they are due for payment	1,074,870,121	916,473,379
Less: Provision for doubtful debts	-	(11,358,082)
	1,074,870,121	905,115,297
Total	1,109,360,356	1,079,204,858

Note 16: CASH AND CASH EQUIVALENTS	As at 31 March, 2013	As at 31 March, 2012
	₹	₹
a. Balances with banks*		
Standard Chartered Bank*	-	(101,678)
Corporation Bank - CBCA361*	-	(17,432)
State Bank of India	2,393	814
Union Bank of India*	-	(13,066)
Oriental Bank of Commerce	102	7,667
Axis Bank - Hyd	4,076	-
Axis Bank - Bombay*	-	3,244
Yes Bank	440,770	-
b. Cash on hand	158,818	232,171
c. Fixed deposits	150,000	-
	756,159	111,720

* The company has closed these Bank A/c's

Note 17: Short term Loans & Advances	As at March 31, 2013 (₹)	As at March 31, 2012 (₹)
Deposits		
Interst accrued on Fixed deposit	13,267	-
	13,267	-

Note 18: REVENUE FROM OPERATIONS	For the year ended 31 March, 2013 (₹)	For the year ended 31 March, 2012 (₹)
Sale of services	29,899,008	370,481,930
Total	29,899,008	370,481,930

Note 18 Cont.	For the year ended 31 March, 2013 (₹)	For the year ended 31 March, 2012 (₹)
Service Income		
T V Serial Income	22,817,779	265,186,618
Audio Visual	-	92,906,915
Print Media	7,081,229	12,388,397
Total - Sale Income	29,899,008	370,481,930

SCHEDULES ANNEXED

Forming Part of the Balance Sheet as at March 31, 2013

Note 19: OTHER INCOME	For the year ended 31 March, 2013 (₹)	For the year ended 31 March, 2012 (₹)
(a) Interest income	20,320	4,030.00
(b) Discount received	108,648	258,070.00
Total	128,968	262,100.00

Note 19: Other Income Cont.	For the year ended 31 March, 2013 (₹)	For the year ended 31 March, 2012 (₹)
(i) Interest income comprises: Interest from banks on: deposits	20,320.00	4,030.00
Total - Interest income	20,320.00	4,030.00

Note 19: Cont.	For the year ended 31 March, 2013 (₹)	For the year ended 31 March, 2012 (₹)
Prior period income	-	4,414.00
Total	-	4,414.00

Note 20a: COST OF MATERIALS CONSUMED	For the year ended 31 March, 2013 (₹)	For the year ended 31 March, 2012 (₹)
Material consumed comprises: Print Media Expenses	6,495,714.00	10,034,602.00
Audio Visual Expenses	80,600.00	75,254,602.00
T V Serial Expenses	1,200,611.00	214,801,159.00
Total	7,776,925.00	300,090,363.00

Note Changes in inventories of finished goods, work-in-progress and stock-in-trade

Note 16: WORK-IN-PROGRESS	For the year ended March 31, 2013 (₹)	For the year ended March 31, 2012 (₹)
Inventories at the end of the year: Finished goods Work-in-progress Stock-in-trade	30,080,523	35,255,781
Inventories at the beginning of the year: Finished goods Work-in-progress Stock-in-trade	35,255,781	62,439,087
Net (increase) / decrease	(5,175,258)	(27,183,306)

Note 21: EMPLOYEE BENEFITS	For the year ended March 31, 2013 (₹)	For the year ended March 31, 2012 (₹)
Salaries and wages	2,220,608	4,325,958
Gratuity	-	874,038
Contributions to provident and other funds (Refer Note 30.4) @ Expense on employee stock option (ESOP) scheme (Refer Note 31) *	-	-
Staff welfare expenses **	22,035	42,589
Total	2,242,643	5,242,585

Note 26: FINANCE COSTS	For the year ended March 31, 2013 (₹)	For the year ended March 31, 2012 (₹)
(a) Others - Interest on Unsecured loans	3,548,194.00	2,392,458.00
(b) Other Interest charges	350,131.00	-
Total	3,898,325.00	2,392,458.00

SCHEDULES ANNEXED

Forming Part of the Balance Sheet as at March 31, 2013

Note 23: OTHER EXPENSES	For the year ended March 31, 2013 (₹)	For the year ended March 31, 2012 (₹)
Power and fuel	76,333.00	43,288.00
Directors Sitting fee	10,000.00	57,500.00
ROC Expenses	40,000.00	1,182,992.00
Bad debts	4,412,000.00	-
Advertising	372,050.00	-
Listing Fee	88,484.00	498,863.00
Share Transfer Expenses	222,970.00	268,777.00
AGM Expenses	56,327.00	39,134.00
Bank Charges	43,753.00	38,797.29
Rent 396,000.00	390,000.00	
Office maintenance	50,410.00	59,441.00
Miscellaneous expenses *	211,021.00	49,695.00
Consultancy Charges		-
Repairs and maintenance	29,541.00	5,395.00
Membership & Subscription	61,339.00	44,027.50
Insurance	21,843.00	32,977.00
Communication *	93,234.00	62,013.00
Travelling and conveyance *	1,099,495.00	883,261.00
Printing and stationery*	67,020.00	159,175.00
Vehicle Maintenance	-	146,077.00
Books & Periodicals	2,915.00	6,598.00
Sales discount *	-	333,268.00
Business promotion *	186,726.00	72,329.00
Web Design Charges	30,000.00	-
Legal Expenses	155,500.00	65,000.00
Buy back Expenses	408,291.00	-
Professional Expenses *	640,500.00	820,309.00
Payments to auditors (Refer Note (i) below)	350,000.00	350,000.00
Prior period expenses	887,796.00	-
Provision for doubtful trade and other receivables, loans and advances	-	11,358,082.00
Total	10,013,548.00	16,966,998.79

Auditors Fee

PARTICULARS	For the year ended March 31, 2013 (₹)	For the year ended March 31, 2012 (₹)
(i) Payments to the auditors comprises (net of service tax input credit, where applicable):		
As auditors - statutory audit	224,720.00	224,720.00
For taxation matters	56,180.00	56,180.00
For company law matters	-	-
For management services	-	-
For other services	44,944.00	69,100.00
Reimbursement of expenses	24,156.00	-
Total	350,000.00	350,000.00

CASH FLOW STATEMENT

For the year ended March 31, 2013

PARTICULARS	AMOUNT(₹) 31/03/2013	AMOUNT(₹) 31/03/2013	AMOUNT(₹) 31/03/2012	AMOUNT(₹) 31/03/2012
A CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit Before Tax	207,245.00			12,476,959.00
Adjustments for:	-			
Depreciation	714,032.00		816,352.00	
Preliminary Expenses w/off	-			-
Interest Income	(20,320.00)			-
Bad Debts	4,412,000.00			-
Interest & Finance Charges	3,898,325.00		2,392,458.00	
Intrest on F.D	-		(4,030.00)	
other non cash expenditure	-		181,219.00	
Provision For Tax	-		5,579,422.00	
Prior Period Adjustments	887,796.00	9,891,833.00	(4,414.00)	8,961,007.00
OPERATING PROFIT BEFORE WORKING CAPITAL Changes		10,099,078.00		21,437,966.00
Adjustments for:				
Loans & Advances			45,003,835.00	
Decrease/(Increase) in Receivables	(30,340,708.00)		(386,499,610.00)	
Decrease/(Increase) in Inventories	5,525,258.00		27,183,306.00	
Long term provisions	-		874,038.00	
Other current liabilities	-		(816,236.00)	
(Decrease)/Increase in Duties & Taxes	8,871,402.00		-	
TDS Receivable	-		(176,805.00)	
(Decrease)/Increase in Payables	(7,122,270.00)	(23,066,318.00)	(229,748,063.00)	(544,179,535.00)
Cash generated from operations		(12,967,240.00)		(522,741,569.00)
Income Tax paid		-		-
Net Cash flow from Operating activities		(12,967,240.00)		(522,741,569.00)
B CASH FLOW FROM INVESTING ACTIVITIES				
i) Investment in Fixed Assets	(30,000.00)		(365,000.00)	
Purchase of Fixed Assets			(36,900.00)	
Mutual Fund			-	
Sale of Fixed Assets			-	
Increase in Advances & others	4,635,000.00			
Interest on F.D.	2,894.00		4,030.00	
Prior Period Adj	-			
Net Cash used in Investing activities		4,607,894.00		(397,870.00)
C CASH FLOW FROM FINANCING ACTIVITIES				
Secured long term liabilities	(667,200.00)		522,921,303.00	
Unsecured long term liabilities	8,537,129.00			
Proceeds from Long term Borrowings			2,556,139.00	
increase in share capital				
Calls money received	1,000,000.00			
Interest paid			(2,392,458.00)	
Net Cash used in financing activities		8,869,929.00		523,084,984.00
Net increase in cash & Cash Equivalents		510,583.00		(54,455.00)
Cash and Cash equivalents Opening Balance	As on 01-04-2012	111,720.00	As on 01-04-2011	166,175.00
Cash and Cash equivalents Closing Balance	As on 31-03-2013	622,303.00	As on 31-03-2012	111,720.00
Cash & Cash Equivalents				
Cash in Hand		158,818.00		232,171.00
Cash at Bank		313,485.00		(120,451.00)
Cash Equalents - Fixed Deposits		150,000.00		-
Cash & Cash equivalents as stated		622,303.00		111,720.00

NOTES FORMING PART OF ACCOUNTS

SIGNIFICANT ACCOUNTING POLICIES

NOTES TO THE FINANCIAL STATEMENTS

Nature of Operations

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

1. Significant Accounting Policies

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

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

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

iv) Fixed assets and Depreciation

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

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

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

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

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

viii) Retirement Benefits

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

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

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

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

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

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

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

xii) Provisions and Contingent Liabilities: The Company recognizes a provision when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. Provisions are not discounted to its present date value and are determined based on best estimates of the amount required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation that the likelihood of outflow of resources is remote, no provision or disclosure is made.

2. Contingent Liabilities

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

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

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

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

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

3. Sundry Debtors

(in ₹)

	March 2013	March 2012
More Than Six months	107,48,74,120/-	916,473,379.00
Others	344,86,236/-	174,089,561.00

4. Year End Deferred Tax Balances

(in ₹)

Particulars	As at 31/03/2013	As at 31/03/2012
Deferred tax liability on account of:		
Depreciation	Nil	5,51,503
Total (A)		
Deferred tax assets on account of:		6,754
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]	Nil	544,748.82

5. Sundry Creditors

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

6. Capital Work in Progress

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

7. Managerial Remuneration:

(in ₹)

Year	2012-13	2011-12
Remuneration	7,20,000/-	29,85,000

This has been reduced as per the approval of the Board , keeping in view of reduction in turnover of company.

8. CIF Value of Imports

(in ₹)

Year	2012-13	2011-12
Value of Imports	Nil	Nil

9. Expenditure in Foreign Currency

(in ₹)

Year	2012-13	2011-12
Total	Nil	Nil

10. Earnings in Foreign Currency

(in ₹)

Year	2012-13	2011-12
Total	Nil	Nil

11. Auditors' Remuneration

(in ₹)

Year	2012-13	2011-12
Statutory Audit	2,24,720	2,24,720
Tax Audit	56,180	56,180
Other Services etc.	69,100	69,100
Internal Audit	0	0
Total	3,50,000	3,50,000

12. Interest Expense

(₹ in lakhs)

Year	2012-13	2011-12
Amount	35,48,194/-	23.92

13. Interest Income

(in ₹)

Year	2012-13	2011-12
On Deposits with Bank	20,319	4,030

14. Segment Information

In accordance with Accounting Standard – 17, "Segment 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, 2013. The Company caters to the needs of the domestic market and hence there are no reportable geographical segments.

15. 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 |
| 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	4,80,000/-
Sudheep Raj Mathur	Remuneration	Key Managerial Person	2,40,000/-
Vineeth Raj Mathur	Receiving of Services	Relative to Key Managerial Person	1,50,000/-

16. 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	2012-13	2011-12
Number of Equity Shares Outstanding at the end of year	2,31,59,400	2,31,68,400
Basic	0.01	0.54
Diluted	0.01	0.54

17. Retirement Benefits

a. Gratuity: The Company is yet to contribute ₹ 16,02,403/- towards the gratuity.

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

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

19. 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 expense has been increased by ₹ 8,87,796/-.

GRADIENTE INFOTAINMENT LIMITED

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

21st Annual Report

PROXY FORM

I/We of being a Member(s) of above named company, hereby appoint of or failing him/her of as my/our proxy to attend and vote for me/us, on my/our behalf at the 21st Annual General Meeting of the Company to be held on Wednesday, the 25 September 2013 at 11.30 AM at Registered Office: #306, 3rd Floor, May Fair Gardens, Road No. 12, Banjara Hills, Hyderabad and at any adjourned meeting thereof.

As Witnessed Signed this day of September 2012

Signed by the said

Folio No./Client ID

No. of shares held

Affix Re.1/-
Revenue
Stamp

Note:

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

GRADIENTE INFOTAINMENT LIMITED

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

21st Annual Report

ATTENDANCE SLIP

(Please present this slip at the Meeting venue)

I hereby record my presence at the 20th Annual General Meeting of the members of the company to be held on Wednesday, the 25 September 2013 at 11.30 AM at Registered Office: #306, 3rd Floor, May Fair Gardens, Road No. 12, Banjara Hills, Hyderabad

Shareholders/Proxy's Signature

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

Folio No./ Client ID

No. of shares held

I hereby record my presence at the 20th Annual General Meeting of the members of the company to be held on Wednesday, the 25 September 2013 at 11.30 AM at Registered Office: #306, 3rd Floor, May Fair Gardens, Road No. 12, Banjara Hills, Hyderabad

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

SIGNATURE OF THE SHAREHOLDER(S) OR PROXY



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Infotainment Limited



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Infotainment Limited





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