



City Online

Services Limited

Internet Services with world class technology

**ANNUAL REPORT
2018-2019**

CORPORATE INFORMATION

BOARD OF DIRECTORS	
Mr. S. Raghava Rao	Chairman & Managing Director (DIN: 01441612)
Mr. M. Nageswara Rao	Non Executive & Independent Director (DIN: 03267864)
Mr. Thomos P. Nicodemus	Non Executive & Independent Director (DIN: 00444241)
Mr. V Satyanarayana	Non Executive & Independent Director (DIN: 03267751)
Mrs. S. Naga Durga	Non Executive Director (DIN: 06697556)
Mr. Ch. Harinath	Executive Director (DIN: 01441704)
Mr. R. Krishna Mohan	Executive Director cum CFO (DIN: 01678152)

REGISTERED OFFICE

701, 7th Floor, Aditya Trade Center,
Ameerpet, Hyderabad,
Telangana – 500038.
Ph No 040-66416882, Fax: 66416891

STATUTORY AUDITORS

M/s. Seshachalam & Co
Chartered Accountants
Secunderabad.

INTERNAL AUDITORS

M/s. D. Rambabu & Co
Chartered Accountants
Hyderabad.

SECRETARIAL AUDITORS

Vivek Surana & Associates
Practicing Company Secretaries
Hyderabad.

BANKERS

HDFC Bank Ltd, Hyderabad
Oriental Bank of Commerce, Hyderabad
ICICI Bank Ltd, Hyderabad
State Bank of India, Vijayawada

AUDIT COMMITTEE

Mr. M. Nageswara Rao - Chairman
Mr. Thomos P. Nicodemus - Member
Mr. R. Krishna Mohan - Member

NOMINATION & REMUNERATION COMMITTEE

Mr. Thomos P. Nicodemus - Chairman
Mr. M. Nageswara Rao - Member
Mrs. S. Naga Durga - Member

STAKEHOLDERS RELATIONSHIP COMMITTEE

Mr. M. Nageswara Rao - Chairman
Mr. Thomos P. Nicodemus - Member
Mr. R. Krishna Mohan - Member

INTERNAL COMPLAINTS COMMITTEE:

Mrs. S. Naga Durga - Chairperson
Mr. Ch. Harinath - Member
Mr. M. Nageswara Rao - Member

INDEPENDENT DIRECTORS:

Mr. M. Nageswara Rao
Mr. Thomos P. Nicodemus
Mr. V Satyanarayana

REGISTRAR & SHARE TRANSFER AGENTS

M/s. XL Softech Systems Limited,
3, Sagar Society, Road No.3,
Banjara Hills, Hyderabad – 500034
Phone Number: 040-23545913,
Fax: 040-235532214
E-mail: xlfield@gmail.com

Listed At : BSE Limited.
ISIN : INE158C01014
Website : www.cityonlines.com
Investor E-Mail Id : corp@cityonlines.com
Corporate Identity Number : L72200TG1999PLC032114

NOTICE

Notice is hereby given that the 20th Annual General Meeting of the Shareholders of City Online Services Limited will be held on Saturday, 28th of September, 2019 at 11.00 A.M. at the Registered Office of the Company at 701, 7th Floor, Aditya Trade Centre, Ameerpet, Hyderabad – 500038, Telangana to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at March 31st, 2019, the Statement of Profit & Loss and Cash Flow Statement (including the consolidated financial statements) for the year ended on that date together with the Notes attached thereto, along with the Reports of Auditors and Directors thereon.
2. To appoint a director in place of Mrs. S. Naga Durga (DIN: 06697556) who retires by rotation and being eligible, offers herself for re-appointment.
3. **TO APPOINT AUDITORS AND FIX THEIR REMUNERATION.**

To consider and if though fit to pass with or without modification(s) the following resolution as an ORDINARY RESOLUTION:

"RESOLVED THAT pursuant to the provisions of sections 139, 142 and other applicable provisions, if any, of the Companies Act, 2013, read with the Companies (Audit and Auditors) Rules, 2014, (including any statutory modification(s), amendment(s) or re-enactment(s) thereof for the time being in force), as may be applicable and pursuant to the recommendations of the Audit Committee, M/s. Laxminivas & Co., Chartered Accountants, (ICAI Firm Registration Number 011168S) be and are hereby appointed as the Statutory Auditors of the Company in place of the retiring Auditors of the Company, M/s. Seshachalam & Co, Chartered Accountants, (ICAI Firm Registration Number 003714S), to hold office for a term of 5 (five) years, from the conclusion of this Annual General Meeting until the conclusion of the Annual General Meeting of the Company to be held in the year 2024 on such remuneration plus service taxes, out-of-pocket expenses, etc. as may be mutually agreed upon by the Board of Directors and the Auditors."

"FURTHER RESOLVED THAT approval of the Company be and is hereby accorded to the Board of Directors of the Company (including any Committee thereof) to do all such acts, deeds, matters and things and to take all such steps as may be required in this connection including seeking all necessary approvals to give effect to this Resolution and to settle any questions, difficulties or doubts that may arise in this regard."

SPECIAL BUSINESS:

4. REAPPOINTMENT OF MR. S. RAGHAVA RAO AS CHAIRMAN AND MANAGING DIRECTOR OF THE COMPANY:

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

"RESOLVED THAT pursuant to the provisions of Sections 196, 197 read with Schedule V and other applicable provisions if any, of the Companies Act, 2013 including any statutory modification(s) or re-enactment thereof for the time being in force and Articles of Association of the Company, the consent of the members of the company be and is hereby accorded to reappoint Mr. S. Raghava Rao (DIN:01441612) Chairman and Managing Director of the Company for a period of three years with effect from 01.09.2019 to 31.08.2022 at a present remuneration of Rs. 1,55,000 p.m."

"RESOLVED FURTHER THAT in terms of Schedule V of the Companies Act, 2013, as amended from time to time, the Board of Directors be and is hereby authorized to vary or increase the remuneration, perquisites, and allowances etc. within such prescribed limits"

"RESOLVED FURTHER THAT in the event of losses or inadequacy of profits in any financial year during his tenure the Company shall pay to Mr. S. Raghava Rao, remuneration by way of salaries and allowances as specified above as minimum remuneration and in accordance with the limits specified under the Companies Act, 2013 read with Schedule V to the Companies Act 2013, or such other limit as may be prescribed by the Government from time to time"

"RESOLVED FURTHER THAT, the Board be and is hereby authorized to approve the terms and conditions including any changes in remuneration and to do all such acts, deeds, matters and things as may be considered necessary, appropriate and desirable to give effect to the resolution."

5. REAPPOINTMENT OF MR. KRISHNA MOHAN RAMINENI AS WHOLETEIME DIRECTOR OF THE COMPANY:

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

"RESOLVED THAT pursuant to the provisions of Sections 196, 197 read with Schedule V and other applicable provisions if any, of the Companies Act, 2013 including any statutory modification(s) or re-enactment thereof for the time being in force and Articles of Association of the Company, the consent of the members of the company be and is hereby accorded to reappoint Mr. Krishna Mohan Ramineni (DIN:01678152) Whole-time Director of the Company for a period of three years with effect from 01.09.2019 to 31.08.2022 at a present remuneration of Rs. 1,50,000 p.m."

"RESOLVED FURTHER THAT in terms of Schedule V of the Companies Act, 2013, as amended from time to time, the Board

of Directors be and is hereby authorized to vary or increase the remuneration, perquisites, and allowances etc. within such prescribed limits”.

“RESOLVED FURTHER THAT in the event of losses or inadequacy of profits in any financial year during his tenure the Company shall pay to Mr. Krishna Mohan Ramineni, remuneration by way of salaries and allowances as specified above as minimum remuneration and in accordance with the limits specified under the Companies Act, 2013 read with Schedule V to the Companies Act 2013, or such other limit as may be prescribed by the Government from time to time”.

“RESOLVED FURTHER THAT, the Board be and is hereby authorized to approve the terms and conditions including any changes in remuneration and to do all such acts, deeds, matters and things as may be considered necessary, appropriate and desirable to give effect to the resolution.”

6. REAPPOINTMENT OF MR. HARINATH CHAVA AS WHOLETIME DIRECTOR OF THE COMPANY:

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

“RESOLVED THAT pursuant to the provisions of Sections 196, 197 read with Schedule V and other applicable provisions if any, of the Companies Act, 2013 including any statutory modification(s) or re-enactment thereof for the time being in force and Articles of Association of the Company, the consent of the members of the company be and is hereby accorded to reappoint Mr. Harinath Chava (DIN:01444241) Whole-time Director of the Company for a period of three years with effect from 01.09.2019 to 31.08.2022 at a present remuneration of Rs. 1,50,000 p.m.”.

“RESOLVED FURTHER THAT in terms of Schedule V of the Companies Act, 2013, as amended from time to time, the Board of Directors be and is hereby authorized to vary or increase the remuneration, perquisites, and allowances etc. within such prescribed limits”.

“RESOLVED FURTHER THAT in the event of losses or inadequacy of profits in any financial year during his tenure the Company shall pay to Mr. Harinath Chava, remuneration by way of salaries and allowances as specified above as minimum remuneration and in accordance with the limits specified under the Companies Act, 2013 read with Schedule V to the Companies Act 2013, or such other limit as may be prescribed by the Government from time to time”.

“RESOLVED FURTHER THAT, the Board be and is hereby authorized to approve the terms and conditions including any changes in remuneration and to do all such acts, deeds, matters and things as may be considered necessary, appropriate and desirable to give effect to the resolution.”

7. REAPPOINTMENT OF MR. SATYANARAYANA VASI REDDY, NON-EXECUTIVE INDEPENDENT DIRECTOR FOR SECOND TERM OF 5 (FIVE) CONSECUTIVE YEARS:

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

“RESOLVED THAT pursuant to the provisions of, Sections 149 and 152 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or reenactment(s) thereof, for the time being in force) and Articles of Association of the Company, Mr. Satyanarayana Vasi Reddy (DIN: 03267751) aged 82 years, who was appointed as a Non-Executive Independent Director to hold office up to 30th September, 2019, is eligible for being reappointed and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing candidature for the office of director, be and is hereby reappointed as a Non-Executive Independent Director of the Company, to hold office for a second term of 5 (five) consecutive years with effect from 1st October, 2019 to 30th September, 2024, not liable to retire by rotation.

“RESOLVED FURTHER THAT approval of the Members of the Company be and is hereby granted for continuation of holding of office by Mr. Satyanarayana Vasi Reddy who has attained the age of more than 75 years (Seventy five) years from 1st October, 2019 to 30th September, 2024.”

“RESOLVED FURTHER THAT any of the Directors or Key Managerial Personnel of the Company be and is hereby authorized to do all such acts and take all steps as are necessary, proper, desirable and expedient in this regard to give effect to this resolution.”

8. REAPPOINTMENT OF MR. THOMAS PRADHAN NICODEMUS, NON-EXECUTIVE INDEPENDENT DIRECTOR FOR SECOND TERM OF 5 (FIVE) CONSECUTIVE YEARS:

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

“RESOLVED THAT pursuant to the provisions of, Sections 149 and 152 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or reenactment(s) thereof, for the time being in force) and Articles of Association of the Company, Mr. Thomas Pradhan Nicodemus (DIN: 00444241), who was appointed as a Non-Executive Independent Director to hold office up to 30th September, 2019, is eligible for being reappointed and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing candidature for the office of director, be and is hereby reappointed as a Non-Executive Independent

Director of the Company, to hold office for a second term of 5 (five) consecutive years with effect from 1st October, 2019 to 30th September, 2024, not liable to retire by rotation.

RESOLVED FURTHER THAT any of the Directors or Key Managerial Personnel of the Company be and is hereby authorized to do all such acts and take all steps as are necessary, proper, desirable and expedient in this regard to give effect to this resolution."

9. Reappointment of Mr. Nageswara Rao Mandavill, Non-Executive Independent Director for Second Term of 5 (Five) Consecutive Years:

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

"RESOLVED THAT pursuant to the provisions of, Sections 149 and 152 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or reenactment(s) thereof, for the time being in force) and Articles of Association of the Company, Mr. Nageswara Rao Mandavill (DIN: 03267864), who was appointed as a Non-Executive Independent Director to hold office up to 30th September, 2019, is eligible for being reappointed and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing candidature for the office of director, be and is hereby reappointed as a Non-Executive Independent Director of the Company, to hold office for a second term of 5 (five) consecutive years with effect from 1st October, 2019 to 30th September, 2024, not liable to retire by rotation.

RESOLVED FURTHER THAT any of the Directors or Key Managerial Personnel of the Company be and is hereby authorized to do all such acts and take all steps as are necessary, proper, desirable and expedient in this regard to give effect to this resolution."

For and on behalf of the Board
For **City Online Services Limited**

Place: Hyderabad
Date: 14.08.2019

Sd/-
S. Raghava Rao
Chairman & Managing Director
(DIN: 01441612)

Route Map Venue for Annual General Meeting



NOTES:

- 1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY.** The instrument of Proxy in order to be effective shall be deposited at the Registered Office of the Company by not less than 48 hours before the commencement of the Meeting.

Pursuant to the provisions of Section 105 of the Companies Act, 2013, a person can act as a proxy on behalf of not more than fifty (50) members and holding in aggregate not more than 10% of the total share capital of the Company carrying voting rights. A member holding more than 10% of the total share capital of the Company carrying voting rights may appoint a single person as proxy, who shall not act as a proxy for any other person or shareholder. The appointment of proxy shall be in the Form No. MGT.11 annexed herewith.
2. Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, in respect of the Special Business to be transacted at the Annual General Meeting as set out in the Notice is annexed hereto.
3. The Register of Members and Share Transfer Books of the Company will remain closed from 21.09.2019 to 28.09.2019 (Both days inclusive).
4. Members holding shares in the electronic form are requested to inform any changes in address/bank mandate directly to their respective Depository Participants.
5. Members are requested to hand over the enclosed Attendance Slip, duly signed in accordance with their specimen signature(s) registered with the Company for admission to the meeting hall. Members who hold shares in dematerialised form are requested to bring their Client ID and DP ID Numbers for identification.
6. Corporate Members are requested to send to the Company's Registrar & Transfer Agent, a duly certified copy of the Board Resolution authorizing their representative to attend and vote at the Annual General Meeting.
7. In case of joint holders attending the Meeting, only such joint holders who are higher in the order of names will be entitled to vote.
8. The Securities and Exchange Board of India issued a circular for submission of PAN/Aadhar number by every participant in securities market. Members holding shares in demat form are, therefore, requested to submit PAN/Aadhar card details to the Depository Participants with whom they have demat accounts. Members holding shares in physical form can submit their PAN/Aadhar card details to the Company/ Registrar and Share Transfer Agents (M/s. XL Softech Systems Limited.)
9. As a measure of austerity, copies of the annual report will not be distributed at the Annual General Meeting. Members are therefore, requested to bring their copies of the Annual Report to the Meeting.
10. Members holding shares in the same name under different ledger folios are requested to apply for Consolidation of such folios and send the relevant share certificates to **xlfield@gmail.com**, Share Transfer Agents of the Company for their doing the needful.
11. Members are requested to send their queries at least 10 days before the date of meeting so that information can be made available at the meeting.
12. In respect of shares held in physical mode, all shareholders are requested to intimate changes, if any, in their registered address immediately to the registrar and share transfer agent of the company and correspond with them directly regarding share transfer/transmission /transposition, Demat / Remat, change of address, issue of duplicate shares certificates, ECS and nomination facility.
13. In terms of Section 72 of the Companies Act, 2013, a member of the company may nominate a person on whom the shares held by him/her shall vest in the event of his/her death. Members desirous of availing this facility may submit nomination in prescribed Form-SH-13 to the company/RTA in case shares are held in physical form, and to their respective depository participant, if held in electronic form.
14. Electronic copy of the Annual Report for 2018-19 is being sent to all the members whose email IDs are registered with the Company/Depository Participants(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Annual Report for 2018-19 is being sent in the permitted mode.
15. Members may also note that the Notice of the 20th Annual General Meeting and the Annual Report for 2018-19 will also be available on the Company's website www.cityonlines.com for their download. The physical copies of the aforesaid documents will also be available at the Company's Registered Office for inspection during normal business hours on working days. Even after registering for e-communication, members are entitled to receive such communication in physical form, upon making a request for the same, by post free of cost. For any communication, the shareholders may also send requests to the Company's investor email id: corp@cityonlines.com.

16. Voting through Electronic Means (E-Voting Facility)

Pursuant to the provisions of Section 108 of the Act read with the rules there under and Regulation 44 of SEBI LODR Regulations, the Company is offering e-voting facility to its members in respect of the businesses to be transacted at the 20th Annual General Meeting scheduled to be held on Saturday, 28th September, 2019 at 11.00 A.M at 701, 7th Floor, Aditya Trade Center, Ameerpet, Hyderabad –500 038, Telangana.

The Company has engaged the services of Central Depository Services (India) Limited (CDSL) as the Authorized Agency to provide e-voting facilities.

The e-voting facility will be available during the following voting period:

Commencement of e-voting: **From 25.09.2019 at 9.00 a.m.**

End of e-voting: **Up to 27.09.2019 at 5.00 p.m.**

The cut-off date (i.e. the record date) for the purpose of e-voting is 20.09.2019.

Please read the procedure and instructions for e-voting given below before exercising the vote.

This communication forms an integral part of the Notice dated 14.08.2019 for the AGM scheduled to be held on Saturday, 28th September, 2019 at 11.00 A.M. at 701, 7th Floor, Aditya Trade Center, Ameerpet, Hyderabad –500 038, Telangana which is enclosed herewith and is also made available on the website of the Company www.cityonlines.com. Attention is invited to the statement on the accompanying Notice that the Company is pleased to provide e-voting facility through CDSL for all shareholders of the Company to enable them to cast their votes electronically on the resolution mentioned in the Notice of the 20th Annual General Meeting of the Company dated 14th August 2019.

Procedure and instructions for e-voting

- (i) The E-voting period begins on 25th September, 2019 (9.00 A.M) and ends on 27th September, 2019 (5.00 P.M). During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date, 20.09.2019 of may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) The shareholders should log on to the e-voting website www.evotingindia.com.
- (iii) Click on Shareholders.
- (iv) Now Enter your User ID
 - a. For CDSL: 16 digits beneficiary ID,
 - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (v) Next enter the Image Verification as displayed and Click on Login.
- (vi) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any Company, then your existing password is to be used.
- (vii) If you are a first time user follow the steps given below:

For Members holding shares in Demat Form and Physical Form	
PAN	Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) <ul style="list-style-type: none"> • Members who have not updated their PAN with the Company /Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field. • In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.
Dividend Bank Details OR Date of Birth (DOB)	Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the Company records in order to login. <ul style="list-style-type: none"> • If both the details are not recorded with the depository or Company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iv).

(viii) After entering these details appropriately, click on "SUBMIT" tab.

- (ix) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for

resolutions of any other Company on which they are eligible to vote, provided that Company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

- (x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xi) Click on the EVSN for the relevant < **City Online Services Limited** >
- (xii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xiv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK" else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xvi) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.
- (xvii) If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xviii) Shareholders can also cast their vote using CDSL's mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Please follow the instructions as prompted by the mobile app while voting on your mobile.
- (xix) **Note for Non – Individual Shareholders and Custodians**
 - Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates.
 - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
 - After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
 - The list of accounts linked in the login should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
 - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- (xx) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com.

2. OTHER INSTRUCTIONS:

- (i). Since the Company is required to provide facility to the members to exercise their right to vote by electronic means, shareholders of the Company, holding shares either in physical form or in dematerialized form and not casting their vote electronically, may cast their vote at the Annual General Meeting.
- (ii) The voting rights of shareholders shall be in proportions to the shares held by them in the paid equity share capital of the Company as on the cut-off date i.e. 20th September 2019.
- (iii) The Company has appointed Mr. Vivek Surana, Practicing Company Secretary as Scrutinizer for conducting the e-voting process for the Annual General Meeting in a fair and transparent manner.
- (iv) The Scrutinizer shall after the conclusion of the Voting at the Annual General Meeting first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two (2) witnesses not in the employment of the Company and make not later than three days of conclusion of the meeting a consolidated Scrutinizer's Report of the total votes cast in favour or against, if any, to the Chairman or person authorized by him.
- (v) Voting is provided to the members through e-voting and at the Annual General Meeting of the Company. A Member can opt for only one mode of voting i.e. either through e-voting or at the Annual General Meeting of the Company.
- (vi) If a Member casts votes by both modes, then voting done through e-voting shall prevail.

- (vii) The results declared along with the Scrutinizer's Report shall be placed on the Company's website www.cityonlines.com and on the website of CDSL and will be communicated to the BSE Limited.
17. The Register of Directors' and Key Managerial Personnel and their shareholding maintained under Section 170 of the Companies Act, 2013, the Register of Contracts or arrangements in which the directors are interested under Section 189 of the Companies Act, 2013, will be available for inspection at the AGM.
 18. Relevant documents referred to in the accompanying Notice, as well as Annual Reports and Annual Accounts of the Subsidiaries Companies whose Annual Accounts have been consolidated with the Company are open for inspection at the Registered Office of the Company, during the office hours, on all working days between 10.00 A.M. to 5.00 P.M. upto the date of Annual General Meeting.
 19. SEBI has notified vide Notification No. SEBI/LAD-NRO/GN/2018/24 that securities of the listed companies can be transferred only in dematerialized form. In view of the above and to avail various benefits of dematerialization, members are advised to dematerialize shares held by them in physical form.
 20. The Ministry of Corporate Affairs (vide circular nos. 17/2011 and 18/2011 dated April 21 and April 29, 2011 respectively), has undertaken a 'Green Initiative in Corporate Governance' and allowed companies to share documents with its shareholders through an electronic mode. Members are requested to support this green initiative by registering/uploading their email addresses, in respect of shares held in dematerialized form with their respective Depository Participant and in respect of shares held in physical form with the Company's Registrar and Share Transfer Agents.

For and on behalf of the Board
For **City Online Services Limited**

Place: Hyderabad
Date: 14.08.2019

Sd/-
S. Raghava Rao
Chairman & Managing Director
(DIN: 01441612)

EXPLANATORY STATEMENT

Pursuant to Section 102(1) of the Companies Act, 2013

ITEM No. 3

APPOINTMENT OF M/S LAXMINIVAS & CO, CHARTERED ACCOUNTANTS AS THE STATUTORY AUDITORS OF THE COMPANY:

Pursuant to the provisions of Section 139 of the Act read with applicable Rules framed thereunder M/s. Seshachalam & Co, Chartered Accountants, the present Auditors of the Company complete their term as Auditors and in terms of their appointment made they are holding office of the auditors up to the conclusion of the 20th AGM and hence, would retire at the conclusion of the forthcoming 20th AGM. As per the provisions of the Companies Act, 2013 ("the Act"), no listed company shall appoint an audit firm (including its affiliate firms) as auditors for more than two terms of five consecutive years. M/s. Seshachalam & Co, Chartered Accountants will complete period of ten years at the conclusion of the forthcoming Annual General Meeting. The Audit Committee and the Board of Directors have placed on record their appreciation for the professional services rendered by M/s. Seshachalam & Co, Chartered Accountants during their association with the Company as its auditors. For the purpose of appointment of new Auditors, the Audit Committee along with the Management, invited proposals from the reputed firms of Chartered Accountants and had detailed discussion with representatives of those firms.

The Committee considered various parameters such as reputation of the firm, knowledge and experience of the partners, understanding of business, technical assessment of the Audit skills and the Audit fees and based on these detailed analysis, the Audit Committee recommended M/s. Laxminivas & Co., Chartered Accountants (Firm Registration No. 0111685), Hyderabad as the Company's new Statutory Auditor. The Company will be paying the same fee (Rs. 4 lakhs p.a. plus taxes as applicable) to the new auditors that it was paying to the retiring auditors.

M/s.Laxminiwas & Co. (LnCo) was established in 1973. LnCo journey so far involved progressively adding varied service lines and offering clients with diverse services with expertise and quality.

LnCo team consisting of **100+** members guided by **9 partners** have specialized in various fields to consistently deliver quality service and beyond. Their growth has led to LnCo getting together as a direct member of Allinial Global which is accounting firm association of legally independent accounting and consulting firms with offices in North America and throughout the world through international members and partnerships.

LnCo is having offices at Hyderabad, Vizag, Bengaluru, Mysuru and Chennai. Services range from Audit and Assurance, Tax and regulatory, GST, Risk Advisory Services, Transaction Advisory Services and other Support Services.

M/s. Laxminivas & Co., Chartered Accountants, have consented to the said appointment and confirmed that their appointment, if made, would be within the limits specified under Section 141(3)(g) of the Act. They have further confirmed that they are not disqualified to be appointed as statutory auditors in terms of the provisions of the proviso to Section 139(1), Section 141(2) and Section 141(3) of the Act and the provisions of the Companies (Audit and Auditors) Rules, 2014.

Accordingly, as per the said requirements of the Act, M/s. Laxminivas & Co., Chartered Accountants are proposed to be appointed as auditors for a period of 5 years, commencing from the conclusion of this 20th Annual General Meeting (AGM) until the conclusion of the 25th AGM, to the Members for their approval as may be applicable.

The Board of Directors recommends the Ordinary Resolution for approval of the Members.

None of the Directors and Key Managerial Personnel of the Company or their relatives are concerned or interested financially or otherwise, in the resolution.

ITEM No. 4

REAPPOINTMENT OF S. RAGHAVA RAO AS CHAIRMAN AND MANAGING DIRECTOR OF THE COMPANY:

Mr. S. Raghava Rao (DIN: 01441612) was appointed as Chairman and Managing Director of the Company for a period of 3 years from 1st September 2016 to 31st August 2019 at the 17th Annual General Meeting held on 29th September 2016.

Based on the recommendations of the Nomination and Remuneration Committee, the Board of Directors of the Company at their meeting held on 14.08.2019, approved the re-appointment of Mr. S. Raghava Rao (DIN: 01441612) as Chairman and Managing Director of the Company for a term of three years commencing from 01.09.2019 to 31.08.2022 with a present remuneration of Rs. 1,55,000 per month.

Accordingly the Board of Directors recommends to pass the above resolution as an Ordinary Resolution as set out in the item no. 4 of the notice for reappointment of Mr. S. Raghava Rao as Chairman and Managing Director of the Company.

Save and except Mr. S. Raghava Rao (DIN: 01441612), Chairman and Managing Director, being an appointee and Mrs. Suryadevara Nagadurga, Director, his relatives and none of the other Directors/Key Managerial Personnel and their relatives is in any way interested or concerned financially or otherwise, in the Resolution set out in the notice.

Information in accordance with Schedule V of Companies Act, 2013

I. GENERAL INFORMATION

1	Nature of Industry : Telecom Services		
2	Date or expected date of commencement of commercial: The Company started its commercial operations in the year 1999		
3	In case of new companies, expected date of commencement of business activities as per project approved by financial institutions appearing in the prospects: Not Applicable		
4	Financial performance based on given indications		
	Particulars	2018-19 (Rs. in lakhs)	2017-18 (Rs. in crores)
	Turnover	13.58	16.61
	Net profit after Tax	(83.66)	(0.49)
5.	Foreign investments or collaborations, if any: Not Applicable		

II. INFORMATION ABOUT THE APPOINTEE:

1.	Background Details: Mr. S. Raghava Rao is an Electronic and Communications Engineer with more than two decades of experience in fields of networking, television, wired and wireless technology. He has designed and successfully implemented the DVB carrier services over IP for several broadcasters and IPTV operators. Mr S. Raghava Rao has trained all the technical staff in the Company. He is responsible for the overall functioning of the Company.
2.	Past Remuneration: The remuneration drawn by Mr. S. Raghava Rao, Chairman and Managing Director is Rs. 1,55,000 per month.
3.	Recognition or awards : Not Applicable
4.	Job Profile and his suitability: Keeping the past record of Mr. S. Raghava Rao in mind and his contribution towards the Company, it is proposed to re-appoint him as Chairman and Managing Director of the Company.
5.	Remuneration proposed: As set out in the resolutions for the item No.4 the remuneration to Mr. S. Raghava Rao, Chairman and Managing Director has the approval of the Nomination and Remuneration Committee and Board of Directors.
	Comparative remuneration profile with respect to industry, size of the company profile of the position and person (in case of expatriates the relevant details would be w.r.t. the country of his origin): Taking into consideration of the size of the Company, the profile of Mr. S. Raghava Rao and the responsibilities shouldered on him, the aforesaid remuneration package is commensurate with the remuneration package paid to managerial positions in other companies.
	Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personnel, if any: Smt S. Nagadurga, Director of the Company is the wife of Mr. S. Raghava Rao. Besides the remuneration proposed, he is holding 6,84,500 Equity Shares of the Company.

ITEM No. 5

REAPPOINTMENT OF MR. KRISHNA MOHAN RAMINENI AS WHOLE-TIME DIRECTOR OF THE COMPANY:

Mr. Krishna Mohan Ramineni (DIN: 01678152) was appointed as Whole-time Director of the Company for a period of 3 years from 1st September 2016 to 31st August 2019 at the 17th Annual General Meeting held on 29th September 2016.

Based on the recommendations of the Nomination and Remuneration Committee, the Board of Directors of the Company at their meeting held on 14.08.2019, approved the re-appointment of Mr. Krishna Mohan Ramineni (DIN: 01678152) as Whole-time Director of the Company for a term of three years commencing from 01.09.2019 to 31.08.2022 with a present remuneration of Rs. 1,50,000 per month.

Accordingly the Board of Directors recommends to pass the above resolution as an Ordinary Resolution as set out in the item no. 4 of the notice for reappointment of Mr. Krishna Mohan Ramineni as Whole-time Director of the Company.

Save and except Mr. Krishna Mohan Ramineni(DIN: 01678152), Whole-time Director, being an appointee and none of the other Directors/Key Managerial Personnel and their relatives is in any way interested or concerned financially or otherwise, in the Resolution set out in the notice.

Information in accordance with Schedule V of Companies Act, 2013

I. GENERAL INFORMATION

1	Nature of Industry : Telecom Services			
2	Date or expected date of commencement of commercial: The Company started its commercial operations in the year 1999			
3	In case of new companies, expected date of commencement of business activities as per project approved by financial institutions appearing in the prospects: Not Applicable			
4	Financial performance based on given indications			
	Particulars	2018-19 (Rs. in lakhs)	2017-18 (Rs. in crores)	2016-17 (Rs. in lakhs)
	Turnover	13.58	16.61	17.74
	Net profit after Tax	(83.66)	(0.49)	0.19
5.	Foreign investments or collaborations, if any: Not Applicable			

II. INFORMATION ABOUT THE APPOINTEE:

1.	Background Details: Mr. Krishna Mohan Ramineni has done B.E. in Mechanical Engineering and has in depth knowledge in digital and online media business. He is instrumental in exploring new business opportunities for the Company. He takes care of the finance and accounts division of the Company.
2.	Past Remuneration: The remuneration drawn by Mr. Krishna Mohan Ramineni, Whole-time Director is Rs. 1,50,000 per month.
3.	Recognition or awards : Not Applicable
4.	Job Profile and his suitability: Keeping the past record of Mr. Krishna Mohan Ramineni in mind and his contribution towards the Company, it is proposed to re-appoint him as Whole-time Director of the Company.
5.	Remuneration proposed: As set out in the resolutions for the item No.5 the remuneration to Mr. Krishna Mohan Ramineni, Whole-time Director has the approval of the Nomination and Remuneration Committee and Board of Directors.
6.	Comparative remuneration profile with respect to industry, size of the company profile of the position and person (in case of expatriates the relevant details would be w.r.t. the country of his origin): Taking into consideration of the size of the Company, the profile of Mr. Krishna Mohan Ramineni, Whole-time Director and the responsibilities shouldered on him, the aforesaid remuneration package is commensurate with the remuneration package paid to managerial positions in other companies.
7.	Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personnel, if any: Nil Besides the remuneration proposed, he is holding 2,70,600 Equity Shares of the Company.

ITEM No. 6

REAPPOINTMENT OF MR. HARINATH CHAVA AS WHOLE-TIME DIRECTOR OF THE COMPANY:

Mr. Harinath Chava (DIN: 01441704) was appointed as Whole-time Director of the Company for a period of 3 years from 1st September 2016 to 31st August 2019 at the 17th Annual General Meeting held on 29th September 2016.

Based on the recommendations of the Nomination and Remuneration Committee, the Board of Directors of the Company at their meeting held on 14.08.2019, approved the re-appointment of Mr. Harinath Chava (DIN: 01441704) as Whole-time Director of the Company for a term of three years commencing from 01.09.2019 to 31.08.2022 with a remuneration of Rs. 1,50,000 per month.

Accordingly the Board of Directors recommends to pass the above resolution as an Ordinary Resolution as set out in the item no. 5 of the notice for reappointment of Mr. Harinath Chava as Whole-time Director of the Company.

Save and except Mr. Harinath Chava (DIN: 01441704), Whole-time Director, being an appointee and none of the other Directors/Key Managerial Personnel and their relatives is in any way interested or concerned financially or otherwise, in the Resolution set out in the notice.

Information in accordance with Schedule V of Companies Act, 2013

I. GENERAL INFORMATION

1	Nature of Industry : Telecom Services			
2	Date or expected date of commencement of commercial: The Company started its commercial operations in the year 1999			
3	In case of new companies, expected date of commencement of business activities as per project approved by financial institutions appearing in the prospects: Not Applicable			
4	Financial performance based on given indications			
	Particulars	2018-19 (Rs. in lakhs)	2017-18 (Rs. in crores)	2016-17 (Rs. in lakhs)
	Turnover	13.58	16.61	17.74
	Net profit after Tax	(83.66)	(0.49)	0.19
5.	Foreign investments or collaborations, if any: Not Applicable			

II. INFORMATION ABOUT THE APPOINTEE:

1.	Background Details: Mr. Harinath Chava has done BE in Mechanical Engineering and post-graduation diploma in computer science and in international trade. He is having more than 3 decades experience in the industry. He currently heads the purchase and marketing departments of the Company. He is also responsible for chalking out long term policies and planning for the Company.
2.	Past Remuneration: The remuneration drawn by Mr. Harinath Chavva, Whole-time Director is Rs. 1,50,000 per month.
3.	Recognition or awards : Not Applicable
4.	Job Profile and his suitability: Keeping the past record of Mr. Harinath Chavva in mind and his contribution towards the Company, it is proposed to re-appoint him as Whole-time Director of the Company.
5.	Remuneration proposed: As set out in the resolutions for the item No.5 the remuneration to Mr. Harinath Chavva, Whole-time Director has the approval of the Nomination and Remuneration Committee and Board of Directors.
6.	Comparative remuneration profile with respect to industry, size of the company profile of the position and person (in case of expatriates the relevant details would be w.r.t. the country of his origin): Taking into consideration of the size of the Company, the profile of Mr. Harinath Chavva and the responsibilities shouldered on him, the aforesaid remuneration package is commensurate with the remuneration package paid to managerial positions in other companies.
7.	Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personnel, if any: Nil Besides the remuneration proposed, he is holding 2,01,750 Equity Shares of the Company.

ITEM NO 7, 8 & 9

Mr. Satyanarayana Vasi Reddy, Mr. Thomas Pradhan Nicodemus and Mr. Nageswara Rao Mandavill were appointed as Independent Director on 29th September, 2014 in terms of Section 161 (1) of the Companies Act, 2013 in the category of 'Non-Executive Independent' for the term of 5(five) consecutive years commencing from 01.10.2014 to 30.09.2019. The Company has received a notices from a member under Section 160 of the Companies Act 2013, for appointment of Mr. Satyanarayana Vasi Reddy, Mr. Thomas Pradhan Nicodemus and Mr. Nageswara Rao Mandavill for the office of Director in Independent category.

In order to ensure compliance with the provisions of Sections 149 and 152 of the Companies Act, 2013 read with Rules made there under and Schedule IV of the Act, it is proposed that approval of the shareholders be accorded for the appointment of Mr. Satyanarayana Vasi Reddy, Mr. Thomas Pradhan Nicodemus and Mr. M. Nageswara Rao as 'Independent Directors' for a term up to 5 consecutive years commencing from 01st October, 2019 to 30st September, 2024.

Accordingly the Board of Directors recommends the passing of the above resolutions as Special Resolution as set out in the item no. 7, 8 & 9 of the notice for appointment of Mr. Satyanarayana Vasi Reddy, Mr. Thomas Pradhan Nicodemus and Mr. M. Nageswara Rao respectively.

Save and except Mr. Satyanarayana Vasi Reddy, Mr. Thomas Pradhan Nicodemus and Mr. M. Nageswara Rao Independent Director, being appointees in their respective resolutions, none of the other Directors/Key Managerial Personnel and their relatives is in any way interested or concerned financially or otherwise, in the above said Resolutions set out in the notice.

For and on behalf of the Board
For **City Online Services Limited**

Place: Hyderabad
Date: 14.08.2019

Sd/-
S. Raghava Rao
Chairman & Managing Director
(DIN: 01441612)

DIRECTOR'S REPORT

To
The Members,

The Directors have pleasure in presenting before you the 20th Director's Report of the Company together with the Audited Statements of Accounts for the year ended 31st March, 2019.

1. FINANCIAL SUMMARY/HIGHLIGHTS, OPERATIONS, STATE OF AFFAIRS:

The performance during the period ended 31st March, 2019 has been as under:

(Rs. In Lakhs)

Particular	2018-19	2017-18
Total Income	1358.25	1661.81
Total Expenditure	1400.84	1695.58
Profit/ Loss Before Tax	(42.59)	(33.77)
Provision for Tax	41.07	15.83
Profit/Loss after Tax	(83.66)	(49.60)
Transfer to General Reserves	-	-
Profit available for appropriation	(83.66)	(49.60)
Provision for Proposed Dividend	-	-
Provision for Dividend Tax	-	-
Balance Carried to Balance Sheet	(83.66)	(49.60)

2. MATERIAL CHANGES AND COMMITMENTS:

There were no material changes and commitments affecting financial position of the company between 31st March and the date of Board's Report. (i.e. 14.08.2019)

3. CHANGE IN THE NATURE OF BUSINESS, IF ANY:

During the period under review and the date of Board's Report there was no change in the nature of Business.

4. DIVIDEND:

The Directors have not recommended dividend for the year.

5. RESERVES:

The Company has not carried any amount to the reserves.

6. BOARD MEETINGS:

The Board of Directors duly met 4 (four) times on 30.05.2018, 14.08.2018, 13.11.2018 and 13.02.2019 and in respect of which meetings, proper notices were given and the proceedings were properly recorded and signed in the Minutes Book maintained for the purpose.

7. DECLARATION FROM INDEPENDENT DIRECTORS ON ANNUAL BASIS

The Company has received a declarations from Mr. M. Nageswara Rao, Mr. Thomos P. Nicodemus and Mr. V Satyanarayana, Independent directors of the company to the effect that they are meeting the criteria of independence as provided in Sub-section (6) of Section 149 of the Companies Act, 2013 and Regulation 25 of SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015.

8. APPOINTMENT / RE-APPOINTMENT / RESIGNATION / RETIREMENT OF DIRECTORS /CEO/ CFO AND KEY MANAGERIAL PERSONNEL

Ms. Kriti Singh resigned and Mr. Sanchit Chaturvedi was appointed as Company Secretary and Compliance officer of the Company with effect from 05.10.2018. Mr. Sanchit Chaturvedi resigned as Company Secretary and Compliance Officer with effect from 24.04.2019

As required under regulation 36 (3) of the SEBI (LODR), Regulations, 2015, brief particulars of the Directors seeking appointment/ re-appointment and Directors resigning are given as under:-:

No Directors or Key Managerial Personnels have appointed or resigned during the year.

Name of the Director	Mr. Satyanarayana Vasi Reddy	Mr. Thomas Pradhan Nicodemus	Mr. Nageswara Rao Mandavill
Date of Birth	02.05.1937	24.09.1950	23.08.1953
Qualification	Graduate	Graduate	Graduate
Expertise in specific functional areas	Administration	Accounts and Finance	Sales and Marketing
Names of listed entities in which the person also holds the directorship and the membership of Committees of the board	Nil	Ube Industries Limited	Nil
No. of Shares held in the Company	Nil	Nil	Nil
Inter se relationship with any Director	Nil	Nil	Nil

Name of the Director	Mr. Harinath Chavva (Reappointment)	S. Raghava Rao	Mr. Krishna Mohan Ramineni	Mrs. S. Nagadurga
Date of Birth	13.01.1965	11.04.1959	14.11.1959	01.02.1964
Qualification	M.Tech	B.Tech	B.Tech	Intermediate
Expertise in specific functional areas	Marketing and purchase	Technical, Policy making	Accounts and finance	Administration
Names of listed entities in which the person also holds the directorship and the membership of Committees of the board	Nil	Nil	Nil	Nil
No. of Shares held in the Company	2,01,750	6,84,500	2,70,600	40,000
Inter se relationship with any Director	Nil	Husband of Mrs. S. Nagadurga	Nil	Wife of Mr. S. Raghava Rao

9. FAMILIARISATION PROGRAMMES FOR INDEPENDENT DIRECTORS:

Independent Directors are familiarized about the Company's operations and businesses. Interaction with the Business heads and key executives of the Company is also facilitated. Detailed presentations on important policies of the Company is also made to the directors. Direct meetings with the Chairman is further facilitated to familiarize the incumbent Director about the Company/ its businesses and the group practices.

The details of familiarisation programme held in FY 2018-19 are also disclosed on the Company's website at [https:// www.cityonlines.com](https://www.cityonlines.com)

10. POLICY ON DIRECTOR'S APPOINTMENT AND REMUNERATION AND OTHER DETAILS:

The assessment and appointment of Members to the Board is based on a combination of criterion that includes ethics, personal and professional stature, domain expertise, gender diversity and specific qualification required for the position. The potential Board Member is also assessed on the basis of independence criteria defined in Section 149(6) of the Companies Act, 2013 and Regulation 27 of SEBI (LODR) Regulations, 2015.

In accordance with Section 178(3) of the Companies Act, 2013, and Regulation 19(4) of SEBI (LODR) Regulations, 2015, on the recommendations of the Nomination and Remuneration Committee, the Board adopted a remuneration policy for Directors, Key Management Personnel (KMPs) and Senior Management.

11. NON-EXECUTIVE DIRECTORS' COMPENSATION AND DISCLOSURES:

None of the Independent / Non-Executive Directors has any pecuniary relationship or transactions with the Company which in the Judgment of the Board may affect the independence of the Directors.

12. COMPOSITION OF COMMITTEES:

AUDIT COMMITTEE: (Audit Committee constituted in terms of sec. 177 of Companies Act, 2013 read with reg. 18 of SEBI (LODR) Regulations, 2015)

A. BRIEF DESCRIPTION OF TERMS OF REFERENCE:

The terms of reference of the Audit Committee encompasses the requirements of Section 177 of Companies Act, 2013 and as per Regulation 18 of SEBI (LODR) Regulations, 2015 and, interalia, includes

1. Over view of the Company's financial reporting process and disclosure of its financial information to ensure that the financial statement reflects a true and fair position and that sufficient and credible information is disclosed.
2. Recommending the appointment and removal of statutory auditors, internal auditors and cost auditors, fixation of their audit fees and approval for payment of any other services.
3. 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.
4. Reviewing the financial statement and draft audit report, including quarterly/half yearly financial information.
5. Reviewing with the management the annual financial statements before submission to the Board, focusing primarily on:
 - i) Any changes in accounting policies and practices.
 - ii) Major accounting entries based on excises of judgment by the management.
 - iii) Qualifications in draft audit report.
 - iv) Significant adjustment arises out of audit.
 - v) The going concern assumption.
 - vi) Compliance with accounting standards, stock exchange and legal requirement concerning financial statements.
 - vii) Review and approval of related party transactions.
6. Reviewing the company's financial and risk management's policies.
7. Disclosure of contingent liabilities.
8. Reviewing with management, external and internal auditors, the adequacy of internal control systems.
9. 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.
10. Discussion with internal auditors of any significant findings and follow-up thereon.
11. 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.
12. 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.
13. Reviewing compliances as regards the Company's Whistle Blower Policy.

B. COMPOSITION, MEETINGS & ATTENDANCE

There were four (4) Audit Committee Meetings held during the year on 30.05.2018, 14.08.2018, 13.11.2018 and 13.02.2019.

Name	Designation	Category	Number of meetings during the year 2018-2019	
			Held	Attended
M. Nageswara Rao	Chairman	NED(I)	4	4
Thomos P. Nicodemus	Member	NED(I)	4	4
R. Krishna Mohan	Member	ED	4	4

NED (I): Non Executive Independent Director

ED: Executive Director

- C. The previous Annual General Meeting of the Company was held on 28.09.2018 and Chairman of the Audit Committee, attended previous AGM.

NOMINATION & REMUNERATION COMMITTEE

The terms of reference of the Nomination and Remuneration committee constituted in terms of Section 178 of Companies Act, 2013 and as per Regulation 19 of SEBI (LODR) Regulations, 2015 are as under:

A. BRIEF DESCRIPTION OF TERMS OF REFERENCE

- To approve the fixation/revision of remuneration of Executive Directors of the Company and while approving:
 - a. To take into account the financial position of the Company, trend in the industry, appointee's qualification, experience, past performance, past remuneration etc.
 - b. To bring out objectivity in determining the remuneration package while striking balance between the interest of the Company and the Shareholders.
- To identify persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down and to recommend to the Board their appointment and /or removal.
- To carry out evaluation of every Director's performance.
- To formulate the criteria for determining qualifications, positive attributes and independence of a Director, and recommend to the Board a policy, relating to the remuneration for the Directors, key managerial personnel and other employees.
- To formulate the criteria for evaluation of Independent Directors and the Board.
- To recommend/review remuneration of the Managing Director and Whole-time Director(s) based on their performance and defined assessment criteria.
- Recommend to the board, all remuneration, in whatever form, payable to senior management.

B. COMPOSITION OF THE COMMITTEE, MEETINGS & ATTENDANCE

There was one Nomination and Remuneration Committee Meetings held during the financial year on 13.02.2019

Name	Designation	Category	No of Meetings held	No of Meetings attended
Thomos P. Nicodemus	Chairman	NED(I)	1	1
M. Nageswara Rao	Member	NED(I)	1	1
S. Naga Durga	Member	NED	1	1

NED (I): Non Executive Independent Director

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 the remuneration paid to whole time directors are mentioned in the financial statements.

None of the Directors is drawing any Commission, Perquisites, Retirement benefits etc.,

POLICY FOR SELECTION OF DIRECTORS AND DETERMINING DIRECTORS' INDEPENDENCE

1. Scope:

This policy sets out the guiding principles for the Nomination & Remuneration Committee for identifying persons who are qualified to become Directors and to determine the independence of Directors, in case of their appointment as independent Directors of the Company.

2. Terms and References:

2.1 "**Director**" means a director appointed to the Board of a Company.

1.2 "**Nomination and Remuneration Committee means the committee constituted in accordance with the provisions of Section 178 of the Companies Act, 2013 and reg. 19 of SEBI (Listing Obligation and Disclosure Requirement), Regulations, 2015.**

2.3 "**Independent Director**" means a director referred to in sub-section (6) of Section 149 of the Companies Act, 2013

and Regulation 16(1) (b) of the SEBI (Listing obligations and Disclosure Requirements) Regulations, 2015.

3. Policy:

Qualifications and criteria

3.1.1 The Nomination and Remuneration Committee, and the Board, shall review on annual basis, appropriate skills, knowledge and experience required of the Board as a whole and its individual members. The objective is to have a board with diverse background and experience that are relevant for the Company's operations.

3.1.2 In evaluating the suitability of individual Board member the NR Committee may take into account factors, such as:

- General understanding of the company's business dynamics, global business and social perspective;
- Educational and professional background
- Standing in the profession;
- Personal and professional ethics, integrity and values;
- Willingness to devote sufficient time and energy in carrying out their duties and responsibilities effectively.

3.1.3 The proposed appointee shall also fulfil the following requirements:

- shall possess a Director Identification Number;
- shall not be disqualified under the Companies Act, 2013;
- shall Endeavour to attend all Board Meeting and Wherever he is appointed as a Committee Member, the Committee Meeting;
- shall abide by the code of Conduct established by the company for Directors and senior Management personnel;
- shall disclose his concern or interest in any company or companies or bodies corporate, firms, or other association of individuals including his shareholding at the first meeting of the Board in every financial year and thereafter whenever there is a change in the disclosures already made;
- Such other requirements as may be prescribed, from time to time, under the Companies Act, 2013, SEBI (Listing obligations and Disclosure Requirements) Regulations, 2015 and other relevant laws.

3.1.4 The Nomination & Remuneration Committee shall evaluate each individual with the objective of having a group that best enables the success of the company's business.

3.2 criteria of independence

3.2.1 The Nomination & Remuneration Committee shall assess the independence of Directors at time of appointment/ re-appointment and the Board shall assess the same annually. The Board shall re-assess determinations of independence when any new interest or relationships are disclosed by a Director.

3.2.2 The criteria of independence shall be in accordance with guidelines as laid down in Companies Act, 2013 and reg. 16(1) (b) of the SEBI (Listing obligations and Disclosure Requirements) Regulations, 2015.

3.2.3 The Independent Director shall abide by the "Code for Independent Directors" as specified in Schedule IV to the companies Act, 2013.

9.3 Other Directorships/ Committee Memberships

3.3.1 The Board members are expected to have adequate time and expertise and experience to contribute to effective Board performance Accordingly, members should voluntarily limit their directorships in other listed public limited companies in such a way that it does not interfere with their role as Director of the company. The NR Committee shall take into account the nature of, and the time involved in a Director service on other Boards, in evaluating the suitability of the individual Director and making its recommendations to the Board.

3.3.2 A Director shall not serve as director in more than 20 companies of which not more than 10 shall be public limited companies.

3.3.3 A Director shall not serve an independent Director in more than 7 listed companies and not more than 3 listed companies in case he is serving as a whole-time Director in any listed company.

3.3.4 A Director shall not be a member in more than 10 committee or act chairman of more than 5 committee across all companies in which he holds directorships.

For the purpose of considering the limit of the committee, Audit committee and stakeholder's relationship committee of all public limited companies, whether listed or not, shall be included and all other companies including private limited companies, foreign companies and companies under section 8 of the Companies Act, 2013 shall be excluded.

Remuneration policy for Directors, key managerial personnel and other employees

1. Scope:

1.1 This policy sets out the guiding principles for the Nomination and Remuneration committee for recommending to the Board the remuneration of the directors, key managerial personnel and other employees of the company.

2. Terms and Reference:

In this policy the following terms shall have the following meanings:

2.1 **"Director"** means a Director appointed to the Board of the company.

2.2 **"key managerial personnel"** means

- (i) The Chief Executive Office or the managing director or the manager;
- (ii) The company secretary;
- (iii) The whole-time director;
- (iv) The chief finance Officer; and
- (v) Such other office as may be prescribed under the companies Act, 2013

2.3 "Nomination and Remuneration Committee" means the committee constituted by Board in accordance with the provisions of section 178 of the companies Act,2013 and reg. 19 of SEBI (Listing obligations and Disclosure Requirements) Regulations, 2015.

3. Policy:

3.1 Remuneration to Executive Director and Key Managerial Personnel

3.1.1 The Board on the recommendation of the Nomination and Remuneration (NR) committee shall review and approve the remuneration payable to the Executive Director of the company within the overall approved by the shareholders.

3.1.2 The Board on the recommendation of the NR committee shall also review and approve the remuneration payable to the key managerial personnel of the company.

3.1.3 The Remuneration structure to the Executive Director and key managerial personnel shall include the following components:

- (i) Basic pay
- (ii) Perquisites and Allowances
- (iii) Commission (Applicable in case of Executive Directors)
- (iv) Retirement benefits
- (v) Annual performance Bonus

3.1.4 The Annual plan and Objectives for Executive committee shall be reviewed by the NR committee and Annual performance Bonus will be approved by the committee based on the achievement against the Annual plan and Objectives.

3.2 Remuneration to Non – Executive Directors

3.2.1 The Board, on the recommendation of the Nomination and Remuneration Committee, shall review and approve the remuneration payable to the Non – Executive Directors of the Company within the overall limits approved by the shareholders as per provisions of the companies act.

3.2.2 Non – Executive Directors shall be entitled to sitting fees attending the meetings of the Board and the Committees thereof..

3.3 Remuneration to other employees

3.3.1. Employees shall be assigned grades according to their qualifications and work experience, competencies as well as their roles and responsibilities in the organization. Individual remuneration shall be determined within the appropriate grade and shall be based on various factors such as job profile skill sets, seniority, experience and prevailing remuneration levels for equivalent jobs.

C. 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 and individual performance.

POLICY FOR SELECTION OF DIRECTORS AND DETERMINING DIRECTORS' INDEPENDENCE:

1. Scope:

This policy sets out the guiding principles for the Nomination & Remuneration Committee for identifying persons who are qualified to become Directors and to determine the independence of Directors, in case of their appointment as independent Directors of the Company.

2. Terms and References:

2.1 **"Director"** means a Director appointed to the Board of a Company.

2.2 **"Nomination and Remuneration Committee"** means the committee constituted in accordance with the provisions of Section 178 of the Companies Act, 2013 and Regulation 19 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

2.3 **"Independent Director"** means a Director referred to in sub-Section (6) of Section 149 of the Companies Act, 2013 and Regulation 16 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

3. Policy:

Qualifications and criteria

3.1.1 The Nomination and Remuneration Committee, and the Board, shall review on annual basis, appropriate skills, knowledge and experience required of the Board as a whole and its individual members. The objective is to have a board with diverse background and experience that are relevant for the Company's operations.

3.1.2 In evaluating the suitability of individual Board member the NR Committee may take into account factors, such as:

- General understanding of the Company's business dynamics, global business and social perspective;
- Educational and professional background
- Standing in the profession;
- Personal and professional ethics, integrity and values;
- Willingness to devote sufficient time and energy in carrying out their duties and responsibilities effectively.

3.1.3 The proposed appointee shall also fulfill the following requirements:

- shall possess a Director Identification Number;
- shall not be disqualified under the companies Act, 2013;
- shall Endeavour to attend all Board Meeting and Wherever he is appointed as a Committee Member, the Committee Meeting;
- shall abide by the code of Conduct established by the Company for Directors and senior Management personnel;
- shall disclose his concern or interest in any Company or companies or bodies corporate, firms, or other association of individuals including his shareholding at the first meeting of the Board in every financial year and thereafter whenever there is a change in the disclosures already made;
- Such other requirements as any prescribed, from time to time, under the companies Act, 2013, Regulation 19 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and other relevant laws.

3.1.4 The Nomination & Remuneration Committee shall evaluate each individual with the objective of having a group that best enables the success of the Company's business.

3.2 Criteria of Independence

3.2.1 The Nomination & Remuneration Committee shall assess the independence of Directors at time of appointment/ re-appointment and the Board shall assess the same annually. The Board shall re-assess determinations of independence when any new interest or relationships are disclosed by a Director.

3.2.2 The criteria of independence shall be in accordance with the guidelines as laid down in Companies Act, 2013 and Regulation 16 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

An independent Director in relation to a Company, means a Director other than a managing Director or a whole-time Director or a nominee Director-

- a. who, in the opinion of the Board, is a person of integrity and possesses relevant expertise and experience;
- b. (i) who is or was not a promoter of the Company or its holding, subsidiary or associate Company;
(ii) who is not related to promoters or Directors of the Company its holding, subsidiary or associate Company
- c. who has or had no pecuniary relationship with the Company, its holding, subsidiary or associate Company, or their promoters, or Director, during the two immediately preceding financial year or during the current financial year;
- d. none of whose relative has or had pecuniary relationship or transaction with the Company, its holding, subsidiary or associate Company, or their promoters, or Directors, amounting to two per cent or more of its gross turnover or total income or fifty lakh rupees or such higher amount as may be prescribed, whichever is lower, during the two immediately preceding financial year or during the current financial year;
- e. who, neither himself nor any of his relative-
 - (i) Holds or has held the position of a key managerial personnel or is or has been employee of the or associate Company in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed;
 - (ii) Is or has been an employee or proprietor or a partner, in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed of-
 - (A) a firm of auditors or Company secretaries in practice or cost auditors of the Company or its holding, subsidiary or associate Company; or
 - (B) any legal or a consulting firm that has or had any transaction with the Company, its holding subsidiary or associate Company amounting to ten per cent or more of the gross turnover of more of the gross turnover of such firm;
 - (i) holds together with his relatives two per cent or more of the total voting power of the Company; or
 - (ii) is a chief Executive or Director, by whatever name called, of any non-profit organization that receives twenty-five per cent or more of its receipt from the Company any of its promoters, Directors or its holding subsidiary or associate Company or that holds two per cent or more of the total voting power of the Company; or
 - (iii) is a material supplier, service provider or customer or a lesser or lessee of the Company.
- f. Shall possess appropriate skills experience and knowledge in one or more field of finance, law management, sales, marketing administration, research, corporate governance, technical operations, corporate social responsibility or this disciplines related to the Company's business.
- g. Shall possess such other qualifications as may be prescribed from time to time, under the Companies Act, 2013.
- h. who is not less than 21 years of age

3.2.3 The independent Director shall abide by the "code for independent Directors" as specified in Schedule IV to the companies Act, 2013.

3.3 Other Directorships/ Committee Memberships

3.3.1 The Board members are expected to have adequate time and expertise and experience to contribute to effective Board performance Accordingly, members should voluntarily limit their Directorships in other listed public limited companies in such a way that it does not interfere with their role as Director of the Company. The NR Committee shall take into account the nature of, and the time involved in a director service on other Boards, in evaluating the suitability of the individual Director and making its recommendations to the Board.

3.3.2 A Director shall not serve as Director in more than 20 companies of which not more than 10 shall be public limited companies.

3.3.3 A Director shall not serve as an independent Director in more than 7 listed companies and not more than 3 listed companies in case he is serving as a whole-time Director in any listed Company.

3.3.4 A Director shall not be a member in more than 10 committee or act as chairman of more than 5 committee across all companies in which he holds Directorships.

For the purpose of considering the limit of the committee, Audit committee and stakeholder's relationship committee of all public limited companies, whether listed or not, shall be included and all other companies including private limited companies, foreign companies and companies under Section 8 of the companies Act, 2013 shall be excluded.

Remuneration policy for Directors, key managerial personnel and other employees:

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 and individual performance.

Remuneration policy for Directors, key managerial personnel and other employees

1. Scope:

1.1 This policy sets out the guiding principles for the Nomination and Remuneration committee for recommending to the Board the remuneration of the Directors, key managerial personnel and other employees of the Company.

2. Terms and Reference:

In this policy the following terms shall have the following meanings:

2.1 **"Director"** means a Director appointed to the Board of the Company.

2.2 **"key managerial personnel"** means

- (i) The Chief Executive Officer or the managing Director or the manager;
- (ii) The Company Secretary;
- (iii) The Whole-time Director;
- (iv) The Chief Financial Officer; and
- (v) Such other office as may be prescribed under the companies Act, 2013

2.3 **"Nomination and Remuneration committee"** means the committee constituted by Board in accordance with the provisions of Section 178 of the companies Act, 2013, and Regulation 19 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

3. Policy:

3.1 Remuneration to Executive Director and key managerial personnel

3.1.1 The Board on the recommendation of the Nomination and Remuneration (NR) committee shall review and approve the remuneration payable to the Executive Director of the Company within the overall approved by the shareholders.

3.1.2 The Board on the recommendation of the NR committee shall also review and approve the remuneration payable to the key managerial personnel of the Company.

3.1.3 The remuneration structure to the Executive Director and key managerial personnel shall include the following components:

- (i) Basic pay
- (ii) Perquisites and Allowances
- (iii) Stock Options
- (iv) Commission (Applicable in case of Executive Directors)
- (v) Retrial benefits
- (vi) Annual performance Bonus

3.1.4 The Annual plan and Objectives for Executive committee shall be reviewed by the NR committee and Annual performance bonus will be approved by the committee based on the achievement against the Annual plan and Objectives.

3.2 Remuneration to Non – Executive Directors

3.2.1 The Board, on the recommendation of the NR Committee, shall review and approve the remuneration payable to the Non – Executive Directors of the Company within the overall limits approved by the shareholders as per the provisions of the Companies Act.

3.2.2 Non – Executive Directors shall be entitled to sitting fees attending the meetings of the Board and the Committees thereof. The Non- Executive Directors shall also be entitled to profit related commission in addition to the sitting fees.

3.3. Remuneration to other employees

3.3.1. Employees shall be assigned grades according to their qualifications and work experience, competencies as well as their roles and responsibilities in the organization. Individual remuneration shall be determined within the appropriate grade and shall be based on various factors such as job profile skill sets, seniority, experience and prevailing remuneration levels for equivalent jobs.

D. MECHANISM FOR EVALUATION OF THE BOARD

Evaluation of all Board members is performed on an annual basis. The evaluation is performed by the Board, Nomination and Remuneration Committee and Independent Directors with specific focus on the performance and effective functioning of the Board and Individual Directors.

In line with Securities and Exchange Board of India Circular No. SEBI/HO/CFD/CMD/CIR/P/2017/004, dated January 5, 2017 and the Companies Amendment Act, 2017 the Company adopted the recommended criteria by Securities and Exchange Board of India.

The Directors were given six Forms for evaluation of the following:

- (i) Evaluation of Board;
- (ii) Evaluation of Committees of the Board;
- (iii) Evaluation of Independent Directors;
- (iv) Evaluation of Chairperson;
- (v) Evaluation of Non-Executive and Non-Independent Directors; and
- (vi) Evaluation of Managing Director.

The Directors were requested to give following ratings for each criteria:

1. Could do more to meet expectations;
2. Meets expectations; and
3. Exceeds expectations.

The Directors have sent the duly filled forms to Nomination & Remuneration committee. Based on the evaluation done by the Directors, the Committee has prepared a report and submitted the Evaluation Report. Based on the report, the Board of Directors has informed the rankings to each Director and also informed that the performance of Directors is satisfactory and they are recommended for continuation as Directors of the Company.

4 . STAKEHOLDERS RELATIONSHIP COMMITTEE:

During the year April 2018 to March 2019, Four (4) Stakeholders Relationship Committee Meetings were held. The dates on which the said meetings were held are 30.05.2018, 14.08.2018, 13.11.2018 and 13.02.2019.

A. COMPOSITION AND ATTENDANCE FOR MEETINGS:

Name	Designation	Category	Number of meetings during the year 2018-2019	
			Held	Attended
Mr. M. Nageswara Rao	Chairman	NED(I)	4	4
Mr. Thomos P. Nicodemus	Member	NED(I)	4	1
Mr. R. Krishna Mohan	Member	ED	4	4

NED (I): Non Executive Independent Director

ED: Executive Director

B) Powers:

The Committee has been delegated with the following powers:

- To redress shareholder and investor complaints relating to transfer of shares, Dematerialization of Shares, non-receipt of Annual Reports, non-receipt of declared dividend and other allied complaints.
- To approve, transfer, transmission, and issue of duplicate / fresh share certificate(s)
- Consolidate and sub-division of share certificates 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 lodgement in the case of shares held in physical form.

The Company has designated an exclusive e-mail ID called Investorcare@erpssoft.com for complaints/grievances.

10. VIGIL MECHANISM/WHISTLE BLOWER POLICY:

In pursuant to the provisions of Section 177(9) & (10) of the Companies Act, 2013, and Regulation 22 of SEBI(Listing Obligation and Disclosure Requirements), 2015 a vigil Mechanism for Directors and employees to report genuine concerns has been established. It also provides for necessary safeguards for protection against victimization for whistle blowing in good faith.

Vigil Mechanism Policy has been established by the Company for directors and employees to report genuine concerns pursuant to the provisions of section 177(9) & (10) of the Companies Act, 2013. The same has been placed on the website of the Company.

11. DIRECTOR'S RESPONSIBILITY STATEMENT:

Pursuant to Section 134(5) of the Companies Act, 2013, the Board of Directors, to the best of their knowledge and ability, confirm that:

- (a) In the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (b) 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 and loss of the company for that period;
- (c) The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (d) The Directors had prepared the annual accounts on a going concern basis; and
- (e) The Directors had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively.
- (f) The Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

12. INFORMATION ABOUT THE FINANCIAL PERFORMANCE / FINANCIAL POSITION OF THE SUBSIDIARIES / ASSOCIATES/ JOINT VENTURES:

As on 31st March, 2019 the Company has a wholly owned subsidiary Companies namely M/s City Online Digital Private Limited and M/s City Online Media Private Limited. The Financial performance of the subsidiary company is mentioned in **Form AOC- 1** in accordance with Section 129(3) of the Companies Act, 2013 which is annexed to this report.

Further, audited financial statements together with related information and other reports of each of the subsidiary companies, have also been placed on the website of the Company at [www. cityonlines.com](http://www.cityonlines.com).

13. NAMES OF THE COMPANIES WHICH HAVE BECOME OR CEASED TO BE ITS SUBSIDIARIES, JOINT VENTURES OR ASSOCIATE COMPANIES DURING THE YEAR.

Nil

14. EXTRACT OF ANNUAL RETURN:

As required pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014, an extract of annual return in MGT 9 annexed as a part of this Annual Report

15. STATUTORY AUDITORS:

The Auditors, M/s. Sheshachalam & Co., Chartered Accountants, retire at the ensuing Annual General Meeting and M/s. Laxminivas & Co., Chartered Accountants are being appointed in place of the retiring auditors for a period of five years from the conclusion of this Annual General Meeting [AGM] till the conclusion of 25th AGM.

Your Board of Directors have recommended the appointment of M/s. Laxminivas & Co., based on the recommendation of the Audit Committee to the members for their approval at the forthcoming Annual general meeting

16. INTERNAL AUDITORS

Pursuant to the provisions of Section 138 of the Companies read with rules made there under, the Board has appointed M/s. D. Rambabu & Co., Chartered Accountants as Internal Auditors for the financial year 2019-20.

17. DETAILS IN RESPECT OF FRAUDS REPORTED BY AUDITORS UNDER SUB SECTION (12) OF SECTION 143 OTHER THAN THOSE WHICH ARE REPORTABLE TO THE CENTRAL GOVERNMENT:

There have been no frauds reported by the auditors u/s 143(12).

18. SECRETARIAL AUDIT:

Pursuant to the provisions of Section 134(3) (f) & Section 204 of the Companies Act, 2013, Secretarial audit report as provided by Mr. Vivek Surana, Practicing Company Secretary is annexed to this Report as an annexure.

19. QUALIFICATIONS IN AUDIT REPORTS:

Explanations or comments by the Board on every qualification, reservation or adverse remark or disclaimer made—

(a) Statutory Auditors Report:

The Board has duly reviewed the Statutory Auditor's Report on the Accounts for the year ended March 31, 2019 and has noted that the same does not have any reservation, qualification or adverse remarks. However, the Board decided to further strengthen the existing system and procedures to meet all kinds of challenges and growth in the market expected in the coming years.

(b) Secretarial Audit Report:

The Board has duly reviewed the Secretarial Audit Report for the year ended March 31, 2019 on the Compliances according to the provisions of section 204 of the Companies Act 2013, and the same does not have any reservation, qualifications or adverse remarks.

20. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE OUTGO:

The required information as per Sec.134 (3) (m) of the Companies Act 2013 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

21. DETAILS RELATING TO DEPOSITS, COVERING THE FOLLOWING:

Your Company has not accepted any deposits falling within the meaning of Sec.73, 74 & 76 of the Companies Act, 2013 read with the Rule 8(v) of Companies (Accounts) Rules 2014, during the financial year under review. Further, there are no deposits which are not in compliance with the requirements of Chapter V of the Companies Act, 2013.

22. SIGNIFICANT & MATERIAL ORDERS PASSED BY THE REGULATORS:

During the period under review there were no significant and material orders passed by the regulators or Courts or Tribunals impacting the going concern status and the company's operations in future.

23. DETAILS OF ADEQUACY OF INTERNAL FINANCIAL CONTROLS:

Your Company has well established procedures for internal control across its various locations, commensurate with its size and operations. The organization is adequately staffed with qualified and experienced personnel for implementing and monitoring

the internal control environment. The internal audit function is adequately resourced commensurate with the operations of the Company and reports to the Audit Committee of the Board.

24. INSURANCE:

The properties and assets of your Company are adequately insured.

25. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS:

The company has not given loans, Guarantees or made any investments attracting the provisions of Section 186 of the Companies Act, 2013 during the year under review.

26. CREDIT & GUARANTEE FACILITIES:

The details of the loan taken by the Company is given in the financial statements.

27. SHARE CAPITAL

The authorised share capital of the Company stands at Rs.7,70,00,000/-.

The paid up share capital of the Company stands at Rs. 5,60,98,330 /- divided into 56,09,833 equity shares of Rs.10/- each.

28. MANAGEMENT DISCUSSIONS AND ANALYSIS REPORT:

The Management Discussion and Analysis Report, pursuant to the SEBI (LODR) Regulation appended as Annexure III for information of the Members.

29. INVESTOR EDUCATION AND PROVIDENT FUND

During the year, the company has not transferred any amount to Investor Education and Provident Fund.

30. COMPOSITION OF CSR COMMITTEE AND CONTENTS OF CSR POLICY:

Since the Company does not have the net worth of Rs. 500 Crore or more, or turnover of Rs. 1000 Crore or more, or a net profit of Rs. 5 Crore or more during the financial year, section 135 of the Companies Act, 2013 relating to Corporate Social Responsibility is not applicable and hence the Company need not adopt any Corporate Social Responsibility Policy.

31. RISK MANAGEMENT POLICY:

The Company as formulated a Risk Management Policy under which various risks associated with the business operations is identified and risk mitigation plans have been put in place.

32. RELATED PARTY TRANSACTIONS:

All related party transactions that were entered into during the financial year were on arm's length basis and were in the ordinary course of business. There were no material significant related party transactions made by the Company with the Promoters, Directors, Key Managerial Personnel or the Senior Management which may have a potential conflict with the interest of the Company at large.

All related party transactions were placed before the Audit Committee/Board for approval. Prior approval of the Audit Committee was obtained for the transactions which are foreseen and are in repetitive in nature.

None of the Directors have any pecuniary relationship or transactions with the Company, except payments made to them in the form of remuneration, and, sitting fees.

The Company has not entered into any contracts/arrangements with related parties referred to Section 188(1) of the Companies Act, 2013 except certain arm length transaction during the year. Accordingly no disclosure or reporting is required covered under this Section.

33. DISCLOSURE ABOUT COST AUDIT:

Cost Audit is not applicable to your Company.

34. STATEMENT SHOWING THE NAMES OF THE TOP TEN EMPLOYEES IN TERMS OF REMUNERATION DRAWN AND THE NAME OF EVERY EMPLOYEE:

A table containing the particulars in accordance with the provisions of Section 197(12) of the Act, read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is appended to this Report.

A statement showing the names of the top ten employees in terms of remuneration drawn and the name of every employee is annexed to this Annual report.

During the year NONE of the employees is drawing a remuneration of Rs.1,02,00,000/- and above per annum or Rs.8,50,000/- and above in aggregate per month, the limits specified under the Section 197(12) of the Companies Act,2013 read with Rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

35. RATIO OF REMUNERATION TO EACH DIRECTOR:

Under section 197(12) of the Companies Act, 2013, and Rule 5(1)(2) & (3) of the Companies(Appointment & Remuneration) Rules, 2014 read with Schedule V of the Companies Act, 2013 the ratio of remuneration of Mr. S. Raghava Rao, Chairman & Managing Director of the Company to the median remuneration of the employees is 8.65:1 and of Mr. R. Krishna Mohan, Whole-Time director & CFO and Mr. Ch. Harinath, Wholetime Director of the Company is 8.36:1.

36. CORPORATE GOVERNANCE AND SHAREHOLDERS INFORMATION:

Since the paid up capital of the Company is less than Rs. 10 Crores and Net worth of the Company is less than Rs. 25 Crores, Corporate Governance as envisaged in SEBI (LODR) Regulations, 2015 is not applicable.

37. SECRETARIAL STANDARDS

The Company is in compliance with the applicable secretarial standards.

EVENT BASED DISCLOSURES

During the year under review, the Company has not taken up any of the following activities:

1. Issue of sweat equity share: NA
2. Issue of shares with differential rights: NA
3. Issue of shares under employee's stock option scheme: NA
4. Disclosure on purchase by company or giving of loans by it for purchase of its shares: NA
5. Buy back shares: NA
6. Disclosure about revision: NA
7. Preferential Allotment of Shares: NA

38. MD/ CFO Certification

The Managing Director and CFO certification of the financial statements for the year 2018-19 is annexed in this Annual Report.

39. POLICIES:

The SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 mandated the formulation of certain policies for all listed companies. All the policies are available on our website ([https:// www.cityonlines.com](https://www.cityonlines.com)). The policies are reviewed periodically by the Board and updated based on need and new compliance requirement.

Name of the policy	Brief Description	Website link
Board Diversity Policy	We believe that a truly diverse board will leverage differences in thought, perspective, knowledge, skill, regional and industry experience, cultural and geographical background, age, ethnicity, race and gender, which will help us retain our competitive advantage. The Board has adopted the Board Diversity Policy which sets out the approach to diversity of the Board of Directors.	http://www.cityonlines.com/investorrelations.html
Nomination and Remuneration Policy	This policy formulates the criteria for determining qualifications, competencies, positive attributes and independence for the appointment of a director (executive / non-executive) and also the criteria for determining the remuneration of the directors, key managerial personnel and other employees.	http://www.cityonlines.com/investorrelations.html
Policy on Material Subsidiaries	The policy is used to determine the material subsidiaries and material non-listed Indian subsidiaries of the Company and to provide the governance framework for them.	http://www.cityonlines.com/investorrelations.html
Related Party Transaction Policy	The policy regulates all transactions between the Company and its related parties	http://www.cityonlines.com/investorrelations.html

40. ENVIRONMENTS AND HUMAN RESOURCE DEVELOPMENT:

Your Company always believes in keeping the environment pollution free and is fully committed to its social responsibility. The Company has been taking utmost care in complying with all pollution control measures from time to time strictly as per the directions of the Government.

We would like to place on record our appreciation for the efforts made by the management and the keen interest shown by the Employees of your Company in this regard.

41. STATUTORY COMPLIANCE:

The Company has complied with the required provisions relating to statutory compliance with regard to the affairs of the Company in all respects.

42. DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

The Company has in place an Anti-Sexual Harassment Policy in line with the requirements of The Sexual Harassment of Women at workplace (Prevention, Prohibition and Redressal) Act, 2013. Internal Complaint Committee (ICC) has been set up to redress complaints received regarding sexual harassment.

Committee:

Name	Designation
Vijaya Laxmi	Presiding Officer
G. Renuka	Member
B. Ramanaiah	Member
D. Joji	External Member

All employees are covered under this policy. During the year 2018-2019, there were no complaints received by the Committee.

43. CODE OF CONDUCT FOR THE PREVENTION OF INSIDER TRADING:

The Board of Directors has adopted the Insider Trading Policy in accordance with the requirements of the SEBI (Prohibition of Insider Trading) Regulation, 2015 and the applicable US Securities laws. The Insider Trading Policy of the Company lays down guidelines and procedures to be followed, and disclosures to be made while dealing with shares of the Company, as well as the consequences of violation. The policy has been formulated to regulate, monitor and ensure reporting of deals by employees and to maintain the highest ethical standards of dealing in Company securities.

The Insider Trading Policy of the Company covering code of practices and procedures for fair disclosure of unpublished price sensitive information and code of conduct for the prevention of insider trading, is available on our website www.cityonlines.com

44. CEO/ CFO Certification

The Managing Director cum CEO and CFO certification of the financial statements for the year 2018-2019 is annexed in this Annual Report.

45. ACKNOWLEDGEMENTS:

Your Directors wish to place on record their appreciation of the contribution made by the employees at all levels, to the continued growth and prosperity of your Company.

Your Directors also wish to place on record their appreciation of business constituents, banks and other financial institutions and shareholders of the Company, ROC, SEBI, BSE, NSDL, CDSL, etc. for their continued support for the growth of the Company.

For and on behalf of the Board
City Online Services Limited

Place: Hyderabad
Date: 14.08.2019

Sd/-
R. Krishna Mohan
Whole-Time Director & CFO
(DIN: 01678152)

Sd/-
S. Raghava Rao
Chairman & Managing Director
(DIN: 01441612)

Certificate of Code of Conduct for the year 2018-19

The shareholders

City Online Services Limited

The Company has formulated and implemented a Code of Conduct for Board Members and Senior Management of the Company. Requisite annual affirmations of compliance with the respective Codes have been made by the Directors and Senior Management of the Company.

Certificate of Code of Conduct for the year 2018-2019 as per Regulation 17(5) read with Regulation 34 (3) Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

City Online Services Limited is committed for conducting its business in accordance with the applicable laws, rules and regulations and with highest standards of business ethics. The Company has adopted a "Code of Ethics and Business Conduct" which is applicable to all Director, officers and employees.

I hereby certify that all the Board Members and Senior Management have affirmed the compliance with the Code of Ethics and Business Conduct, under a certificate of Code of Conduct for the year 2018-2019.

For and on behalf of the Board
City Online Services Limited

Place: Hyderabad
Date: 14.08.2019

Sd/-
S. Raghava Rao
Chairman & Managing Director

CERTIFICATE BY THE MANAGING DIRECTOR AND CFO OF THE COMPANY

To

The Board of Directors

Dear Sirs,

As required under Regulation 17(8) read with Part B, Schedule II of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we state that:

1. We have reviewed the financial statements and the cash flow statement for the year ended 31st March 2019 and to the best of our knowledge and belief;
 - a. These statements do not contain any materially untrue statement nor omit any material fact nor contain statements that might be misleading, and
 - b. These statements present a true and fair view of the company's affairs and are in compliance with the existing accounting standards, applicable laws and regulations.
2. There are, to the best of my knowledge and belief, no transactions entered into by the company during the year, which are fraudulent, illegal or violative of the company's code of conduct.
3. We accept responsibility for establishing and maintaining internal controls, I have evaluated the effectiveness of the internal control systems of the company and I have disclosed to the auditors and the audit committee, deficiencies in the design or the operation of internal controls, if any, of which I was aware and the steps that I have taken or propose to take and rectify the identified deficiencies and,
4. That we have informed the auditors and the audit committee of:
 - a) Significant changes in the internal control during the year;
 - b) Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
- c) Instances of significant fraud of which we have become aware and the involvement of any employee having a significant role in the company's internal control system.

For and on behalf of the Board
City Online Services Limited

Place: Hyderabad
Date: 14.08.2019

Sd/-
S. Raghava Rao
Chairman & Managing Director
(DIN: 01441612)

Sd/-
R. Krishna Mohan
Whole-time Director & CFO
(DIN: 01678152)

DISCLOSURE WITH RESPECT TO DEMAT SUSPENSE ACCOUNT/ UNCLAIMED SUSPENSE ACCOUNT

As per Regulation 34(3) read with Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the company hereby discloses the details of unpaid/unclaimed dividend and the respective share thereof as follows:

Aggregate No. of Shareholders and the outstanding shares in the suspense account at the beginning of the year.	No. of shareholders who approached the company for transfer of shares from suspense account during the year.	No. of shareholders to whom shares were transferred from suspense account during the year.	Aggregate No. of Shareholders and the outstanding shares in the suspense account at the end of the year.
NIL	NIL	NIL	NIL

**** Voting Right on these shares shall remain frozen till the rightful owner of such shares claims the shares.**

Form No. AOC-2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto

1. Details of contracts or arrangements or transactions not at arm's length basis: Nil

- (a) Name(s) of the related party and nature of relationship: **Nil**
- (b) Nature of contracts/arrangements/transactions: **Nil**
- (c) Duration of the contracts / arrangements/transactions: **Nil**
- (d) Salient terms of the contracts or arrangements or transactions including the value, if any
- (e) Justification for entering into such contracts or arrangements or transactions
- (f) Date(s) of approval by the Board
- (g) Amount paid as advances, if any:
- (h) Date on which the special resolution was passed in general meeting as required under first proviso to section 188

2. Details of material contracts or arrangement or transactions at arm's length basis: Nil

- (a) Name(s) of the related party and nature of relationship: **Nil**
- (b) Nature of contracts/arrangements/transactions: **Nil**
- (c) Duration of the contracts / arrangements/transactions
- (d) Salient terms of the contracts or arrangements or transactions including the value, if any:
- (e) Date(s) of approval by the Board, if any:
- (f) Amount paid as advances, if any:

Form AOC - 1

Statement containing salient features of the financial statements of Subsidiaries (Pursuant to proviso to sub-section (3) of section 129 read with Rule 5 of the Companies (Accounts) Rules, 2014)

1. Name of the Subsidiaries: **City Online Digital Private Limited**

City Online Media Private Limited

2. Reporting Period: 01.04.2018 to 31.03.2019

3. Reporting Currency: Indian Rupee

S. No.	Particulars	City Online Digital Private Limited	City Online Media Private Limited
		Amount in Rupees	Amount In Rupees
1.	Share Capital:	1,00,000	1,00,000
2.	Reserves and surplus for the year ending	-44,59,420	-6,38,907
3.	Total Assets	43,22,794	12,64,255
4.	Total Liabilities	43,22,794	12,64,255
5.	Investments	0	2123
6.	Turnover (Income)	46,86,621	1,73,022
7.	Profit / loss before Taxation	6,94,611	53,967
8.	Provision for Taxation	56,945	368
9.	Profit / loss after Taxation	7,51,556	53,999
10.	Proposed Dividend		
11.	% of Shareholding	100	100

1. Names of Subsidiaries which are yet to commence operation: NA

2. Names of subsidiaries which have been liquidated or sold during the year: NA

For **Seshachalam & Co.**
Chartered Accountants
Firm Registration Number: 003714S

For and on behalf of the Board of Directors of,
City Online Services Limited

T. Bharadwaj
Partner
M. No. 201042

S. RaghavaRao
Chairman & Managing Director
(DIN: 01441612)

R. Krishna Mohan
Executive Director cum CFO
(DIN: 01678152)

Place: Hyderabad
Date: 30.05.2019

STATEMENT SHOWING THE DETAILS PURSUANT TO SEC. 197 READ WITH RULE 5 OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

Rule 5 (1) Of The Companies (Appointment And Remuneration Of Managerial Personnel) Rules, 2014

S I . No.	Particulars	Details
1.	The ratio of remuneration to each director to the median remuneration of the employees of the company for the financial year.	the ratio of remuneration of Mr. S. Raghava Rao, Chairman & Managing Director of the Company to the median remuneration of the employees is 8.65: 1 and of Mr. R. Krishna Mohan, Whole-Time director & CFO and Mr. Ch. Harinath, Wholetime Director of the Company is 8.36:1.
2.	The percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year	NIL
3.	The percentage increase in the median remuneration of employees in the financial year	4.06%
4.	The number of employees on the rolls of the company	48
5.	Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and details if there are any exceptional circumstances for increase in the managerial remuneration	4.06%. There was no increase in the remuneration on managerial personnel during the year.
6.	Affirmation that the remuneration is as per the remuneration policy of the company.	Yes

Management Discussion and Analysis Report:

- (1)
- (a) Industry structure and developments:**
- The Internet services market is rapidly growing , partly on account of higher penetration of users in rural areas getting on to Net and higher package usage of broadband in urban locations as most are using internet for multiple like Voice , Data & Video. Add to this is the aggressive campaigns of Large TELCOs who are constantly attracting Users for their Cellular Data plans , both in terms of upgrading existing users and also creating new ones . The market is rapidly adapting to the use of popular social networking sites. New players launching their services will further boost the market although margins in the next few years may shrink to a little extent owing to raising other costs.
- (b) Opportunities and Threats:**
- The Company enjoys goodwill from its Customers. Our Corporate objective is to create mutual long term sustainable value through a collaborative approach driven by the vision of becoming a preferred Internet choice for distinguished Clientele demanding Quality, Value for Money & Flexibility translating into a perfect Win Win for either Entities. This formula is working fine in favor of our Organisation. Additionally, we are operating in Niche business segments in the geographic locations within Telangana, AP and Karnataka State with directly taking on large companies head on. We continue to optimistically protect and retain our current base and progressively increase the sales revenue and market share moving forward .New technologies like WiFi & Free WiFi to Citizens envisaged by Governments, although may pose a little challenge to startwith , In reality these may not be any threat to us as these service offerings may have challenges from the point of view of logistics and technological obstacles and will have lots of limitations and therefore may not be commercially viable . This would in reality enlarge the usage in the market place creating a level playing field in the long run.
- The Company is also exploring the business opportunity in IP TV services along with internet which supports mobiles, iPads and Setup Boxes. The Company is also proposing to apply MSOP licence in City Online Digital Private Limited, which is Company's wholly owned (100%) subsidiary. The Company is expecting to start the trials in September, 2019.
- (c) Segment-wise or product-wise performance:**
- During the year under review, the Company has recorded revenue of Rs.1358.25 lakhs and made a loss of Rs.83.66 lakhs against revenue of Rs. 1661.58 lakhs and a loss of Rs. 49.60 lakhs in the previous financial year 2017-18.
- (d) Outlook:**
- In order to meet the changing market realities, your Company has been following the philosophy of providing the highest quality products and services at the lowest possible prices. All endeavours are made to achieve possible cost reduction in every area of operations. Your Company's philosophy to provide high class quality products i.e. full value for money, to consumers would greatly benefit in the long run. In the otherwise increasing cost arena, every expense, whether capital or revenue is minutely reviewed to achieve all possible savings.
- The management is doing its best to forge relations with other companies and take the company forward in the new business lines. However, the outlook of the management is cautious in view of the competitive nature of the market.
- (e) Risks and concerns:**
- The Company's products are largely intended for sale in the domestic market. Apart from normal risks as are applicable to an Industrial Undertaking the Company does not foresee any serious area of concern. The Company is obtaining adequate insurance coverage for its assets at the plant and the field locations etc. The company has no foreign exchange risk coverage due to its limited exposure. Compliance of safety requirements and norms placed by different Government agencies is a top priority of your Management.
- (f) Internal control systems and their adequacy:**
- The system of internal control has been established to provide reasonable assurance of safeguarding assets and maintenance of proper Accounting Records and its accuracy. The business risks and its control procedures are reviewed frequently. Systems audit is also conducted regularly to review the systems with respect to Security and its Adequacy. Reports are prepared and circulated to Senior Management and action taken to strengthen controls where necessary.
- (g) Discussion on financial performance with respect to operational performance:**
- During the year under review, the Company has recorded a revenue of Rs.1358.25 lakhs and made a loss of Rs.83.66 lakhs against revenue of Rs. 1661.58 lakhs and a loss of Rs. 49.60 lakhs in the previous financial year 2017-18.

(h) Material developments in Human Resources/Industrial Relations front, including number of people employed:

During the year under review, the Company has undertaken extensive steps in optimizing the man power at the Registered office, Branches and Field locations. Employee/employer relations were cordial throughout the year. Measures for safety of the employees, training and development continued to receive top priorities.

Details of significant changes in key financial ratios, along with detailed explanation thereof: There is no significant change in key financial ratios

Details of any change in return on net worth as compared to the immediately previous financial year along with a detailed explanation thereof: There is no material change on return on net worth as compared to the immediately previous financial year.

(2) Disclosure of Accounting Treatment:

The Company has not carried out any treatment different from that prescribed in Accounting Standards.

FORM MR-3
SECRETARIAL AUDIT REPORT

(Pursuant to section 204(1) of the Companies Act, 2013 and
Rule No. 9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014)
FOR THE FINANCIAL YEAR ENDED 31st March, 2019

To,
The Members,
City Online Services Limited,
Hyderabad

We have conducted the audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by City Online Services Limited (hereinafter called "the Company"). Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's Books, Papers, Minute Books, Forms and Returns filed and other Records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the company has, during the financial year commencing from 1st April, 2018 and ended 31st March, 2019, complied with the statutory provisions listed hereunder and also that the Company has proper Board process and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

1. We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st of March, 2019 according to the provisions of:
 - (i) The Companies Act, 2013 (the Act) and the rules made there under;
 - (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made there under;
 - (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
 - (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment (FDI), Overseas Direct Investment and External Commercial Borrowings;
2. Compliance status in respect of the provisions of the following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI ACT') is furnished hereunder for the financial year 2018-19 :-
 - i. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011; **Complied with yearly and event based disclosures.**
 - ii. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 Insider Trading Regulations; **The Company has framed code of conduct for regulating & reporting trading by insiders and for fair disclosure and displayed the same on the Company's website i.e. www.cityonlines.com.**
 - iii. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; **Not Applicable as the company has not issued any shares during the year under review.**
 - iv. The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; **Not Applicable as the Company has not issued any Employee Stock Options during the year under review.**
 - v. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; **Not Applicable as the Company has not issued any debt securities during the year under review.**
 - vi. The Securities and Exchange Board of India (Registrars to an issue and Share Transfer Agents) Regulations, 1993, regarding the Companies Act and dealing with client; **Not Applicable as the Company is not registered as Registrar to an Issue and Share Transfer Agent during the year under review. However the company has XL Softech Systems Limited as its Share Transfer Agent.**
 - vii. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; **Not Applicable as the company has not delisted/ proposed to delist its equity shares during the year under review.**
 - viii. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; **Not Applicable as the Company has not bought back/ proposed to buy-back any of its securities during the year under review.**
 - ix. Other applicable laws include the following:
 - The Payment of Gratuity Act, 1972
 - Employees Provident Fund and Miscellaneous Provisions Act, 1952
 - Employees State Insurance Act, 1948
 - Income Tax Act, 1961

- Minimum Wages Act, 1948
- Payment of Bonus Act, 1965
- Payment of Wages Act, 1936
- Shops and Establishments Act, 1948
- Telecom Regulatory Authority of India, 1997
- Department of Telecommunication Guidelines and License Agreements.

We have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India.
- (ii) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 were complied with to the extent applicable.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. Mentioned above including the following:

- a) During the year the Company has conducted 4 meetings of the Board of Directors, 4 meetings of the Audit committee, 4 Meeting of Stakeholder Relationship Committee and 1 meeting of Independent Directors. We have also examined compliance with the applicable clauses of the Secretarial Standards issued by the Institute of Company secretaries of India.
- b) As per the information and explanations provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we report that
 - (i) the provisions of the Foreign Exchange Management Act, 1999 and the Rules and Regulations made there under to the extent of:
 - External Commercial Borrowings were not attracted to the Company under the financial year under report;
 - Foreign Direct Investment (FDI) was not attracted to the company under the financial year under report;
 - Overseas Direct Investment by Residents in Joint Venture/Wholly Owned Subsidiary abroad was not attracted to the company under the financial year under report.
 - (ii) As per the information and explanations provided by the company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, we report that the Company has not made any GDRs/ADRs or any Commercial Instrument under the financial year under report.

We further report that:-

- The website of the Company contains policies as specified by SEBI(Listing Obligation and Disclosure Requirements) Regulations, 2015 and the provisions of Companies Act, 2013
- The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors.
- Adequate notice of board meeting is given to all the directors along with agenda at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and meaningful participation at the meeting.
- As per the minutes of the meeting duly recorded and signed by the Chairman, the decisions of the Board were unanimous and no dissenting views have been recorded.
- We, further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.
- The compliance by the Company of applicable financial laws like Direct and Indirect tax laws has not been reviewed thoroughly in this audit since the same have been subject to review by statutory financial audit and other designated professionals.
- We further report that during the year under report, the Company has not undertaken event/action having a major bearing on the company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards etc

For **Vivek Surana & Associates**

Place: Hyderabad
Date: 14.08.2019

Sd/-
Vivek Surana
Proprietor
C.P.No: 12901

Annexure A

To
The Members of
City Online Services Limited

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial records is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices we followed provide a reasonable basis for our opinion.
3. We have relied on the reports given by the concerned professionals in verifying the correctness and appropriateness of financial records and books of accounts of the company.
4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The secretarial Audit report is neither an assurance as to future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

For **Vivek Surana & Associates**

Place: Hyderabad
Date: 14.08.2019

Sd/-
Vivek Surana
Proprietor
C.P.No : 12901

Details of top ten employees
Rule 5 (3) Of The Companies (Appointment And Remuneration Of Managerial Personnel) Rules, 2014

Sl. No	Particulars	S.Raghava rao	R. Krishna Mohan	Ch.Harinath	S Jagan Mohan Rao Suryadevara	Rajshakar P	Bhaskar Yella	Hanuman Kumar B	Chanakya Gangavarapu	Girish Kumar U.J	Paraselli A Naidu
1	Designation of the employee	Managing Director	Wholetime Director & CFO	Director	Branch Manager	Marketing Manager	Sr. Network Administrator	Sr. Network Administrator	Sr. Network Administrator	Sr. Network Administrator	Branch Manager
2	Remuneration received	155,000	150,000	150,000	82,390	58,850	56,496	44,726	44,726	42,800	40,194
3	Nature of employment, whether contractual or otherwise	Permanent	Permanent	Permanent	Permanent	Permanent	Permanent	Permanent	Permanent	Permanent	Permanent
4	Qualifications and experience of the employee	B.Tech	B.Tech	M.Tech	Diploma in Electronics	Graduation	P. Graduation	Graduation	B.Tech	MCA	SSC
5	Date of commencement of employment	20/07/1999, 20 yrs	1/9/2001, 18 yrs	16/07/1999, 20 yrs	1/6/2000, 19 yrs	5/3/2015, 4 yrs	13/3/2007, 12 yrs	8/4/2007, 12 yrs	2/9/2009, 10 yrs	1/4/2006, 13 yrs	1/4/2004, 15yrs
6	The age of the employee	60 yrs	60 yrs	54 yrs	51 yrs	55yrs	39 yrs	36 yrs	31 yrs	38 yrs	41 yrs
7	The last employment held by such employee before joining the company	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
8	The percentage of equity shares held by the employee in the company within the meaning of clause (iii) of sub rule (2) of Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.	13.25	2.96	3.91	Nil	Nil	Nil	Nil	Nil	Nil	Nil
9	Whether any such employee is a relative of any director or manager of the company and if so, name of such director or manager	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

MGT 9

Extract of Annual Return

As on the Financial Year 31.03.2019

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

i.	CIN	L72200TG1999PLC032114
ii.	Registration Date	16.07.1999
iii.	Name of the Company	City Online Services Limited
iv.	Category / Sub-Category of the Company	Company limited by shares/ Non-Government Company
v.	Address of the Registered office and contact details	701, 7 th Floor, Aditya Trade Centre, Ameerpet, Hyderabad -500038 Telangana.
vi.	Whether listed company Yes / No	Yes
vii.	Name, Address and Contact details of Registrar and Transfer Agent, if any	M/s. XL Softech Systems Limited, 3, Sagar Society, Road No.3, Banjara Hills, Hyderabad – 500034 Phone Number: 040-23545913, Fax: 040-235532214.

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-

Sl. No.	Name and Description of main products /services	NIC Code of the Product / Service	% to total turnover of the company
1	Telecom Services	99842909	100

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:--

S. NO	Name and Address of the Company	CIN/GLN	Holding/Subsidiary/ Associate	% of shares Held	Applicable Section
1	City Online Digital Private Limited	U72400TG2014PTC096254	Subsidiary Company	100%	2(87)
2	City Online Media Private Limited	U72200TG2014PTC096281	Subsidiary Company	100%	2(87)

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)**i) Category-wise Share Holding:-**

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				%Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
(2)									
Individual/ HUF	732200	29500	761700	14.75	732200	29500	761700	14.75	0.00
Central Govt	0	0	0	0	0	0	0	0	0
State Govt (s)	0	0	0	0	0	0	0	0	0
Bodies Corp.	0	0	0	0	0	0	0	0	0
Banks / FI	0	0	0	0	0	0	0	0	0
Any Other...	0	0	0	0	0	0	0	0	0
Sub-total (A) (1) :-	732200	29500	761700	14.75	732200	29500	761700	14.75	0.00
(2) Foreign									
a) NRIs - Individuals	0	0	0	0	0	0	0	0	0
b) Other –Individuals	0	0	0	0	0	0	0	0	0
c) Bodies Corp.	0	0	0	0	0	0	0	0	0
d) Banks / FI	0	0	0	0	0	0	0	0	0
e) Any Other...	0	0	0	0	0	0	0	0	0
Sub-total(A) (2):-	0	0	0	0	0	0	0	0	0
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	732200	29500	761700	14.75	732200	29500	761700	14.75	0.00
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	200000	0	200000	3.87	200000	0	200000	3.87	0.00
b) Banks / FI	0	0	0	0	0	0	0	0	0
c) Central Govt	0	0	0	0	0	0	0	0	0
d) State Govt(s)	0	0	0	0	0	0	0	0	0
e) Venture Capital Funds	0	0	0	0	0	0	0	0	0
f) Insurance Companies	0	0	0	0	0	0	0	0	0
g) FIIs	0	0	0	0	0	0	0	0	0
h) Foreign Venture Capital Fund	0	0	0	0	0	0	0	0	0
i) Others(specify)	0	0	0	0	0	0	0	0	0
Sub-total (B)(1):-	200000	0	200000	3.87	200000	0	200000	3.87	0.00
2. Non Institutions									
a) Bodies Corp.									

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				%Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
i) Indian	241543	34000	275543	5.34	240493	34000	274493	5.31	(0.03)
ii) Overseas	0	0	0	0	0	0	0	0	0
b) Individuals	0	0	0	0	0	0	0	0	0
i) Individual shareholders holding nominal share capital up to Rs. 1 lakhs	711569	1318650	2030219	39.31	782872	1249150	2032022	39.34	0.03
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakhs	1514938	371000	1885938	36.52	1514185	371000	1885185	36.50	(0.01)
c) Others (specify)									
1. NRI	1300	10000	11300	0.22	1300	10000	11300	0.22	0.00
2. Clearing Members	0	0	0	0	0	0	0	0	0
Sub-total (B)(2):- Total Public Shareholding	2469350	1733650	4203000	81.38	2538850	1664150	4203000	81.38	0.00
(B)=(B)(1)+(B)(2)	2669350	1733650	4403000	85.25	2738850	1664150	4403000	85.25	0.00
C. Shares held by Custodian for GDRs & ADRs	0	0	0	0	0	0	0	0	0
Grand Total (A+B+C)	3401550	1763150	5164700	100	3471050	1693650	5164700	100	0

(ii) Shareholding of Promoters

Sl. No	Shareholder's Name	No. of Shares held at the beginning of the year			No. of Shares held at the end of the year			%Change During the year
		No. of shares	% of total shares of the company	% of shares pledged/encumbered to total shares	No. of shares	% of total shares of the company	% of shares pledged/encumbered to total shares	
1.	Suryadevara Raghava Rao	684500	13.25	-	684500	13.25	-	Nil
2.	Jonnalagadda Gram	47700	0.92	-	47700	0.92	-	Nil
3.	Gopala Krishnaiah Chava	27000	0.52	-	27000	0.52	-	Nil
4.	Venkateswara Rao Ramineni	2500	0.05	-	2500	0.05	-	Nil

(iii) Change in Promoters' Shareholding (please specify, if there is no change): NIL

Sl. No	Shareholder's Name	Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. Of Shares	% of total shares of the company	No. of shares	% of total shares of the Company
1	Nil	Nil	Nil	Nil	Nil

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sl. No.	Shareholders Name	Shareholding at the beginning of the year		Shareholding at the end of the year	
	At the beginning of the year	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	Preetha S Nair	250000	4.84	250000	4.84
2	DSP Blackrock Equity Opportunities Fund	200000	3.87	200000	3.87
3	Goodworth Marketing Private Limited	125000	2.42	125000	2.42
4	Ch Sunitha	123000	2.38	123000	2.38
5	K.Satyavathi	116000	2.25	116000	2.25
6	Qasim Elyas Sakriwala	100000	1.94	100000	1.94
7	Geetika Sethi	100000	1.94	100000	1.94
8	Adrian Francis Fernandes	100050	1.94	100050	1.94
9.	Shanti Devi Mantri	30000	0.58	70071	1.36
10.	Parizad Firoze Mistry	50000	0.97	50000	0.97
11.	Gullapalli Ramalingeswara Rao	50000	0.97	50000	0.97

(v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
1	Suryadevara Raghava Rao – Managing Director				
	At the beginning of the year	684500	13.25	684500	13.25
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/sweat equity etc): Nil				
	At the End of the year	684500	13.25	684500	13.25
2	Krishna Mohan Ramineni – Whole-Time Director & CFO				
	At the beginning of the year	270600	5.24	270600	5.24
	Date wise Increase / Decrease in Promoters Share Holding during the year Specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/sweat equity etc): NIL				
	At the End of the year	270600	5.24	270600	5.24
3	Ch Harinath – Whole-Time Director				
	At the beginning of the year	201750	3.91	201750	3.91
	Date wise Increase / Decrease in Promoters Share Holding during the year Specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/sweat equity etc): Nil				
	At the End of the year	201750	3.91	201750	3.91
4	Suryadevara Naga Durga – Independent Director				
	At the beginning of the year	40000	0.77	40000	0.77
	Date wise Increase / Decrease in Promoters Share Holding during the year Specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/sweat equity etc): Nil				
	At the End of the year	40000	0.77	40000	0.77
5	Nicodemus Pradhan Thomas -Independent Director				
	At the beginning of the year	-	-	-	-

Sl. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
	Date wise Increase / Decrease in Promoters Share Holding during the year Specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/sweat equity etc): Nil				
	At the End of the year	-	-	-	-
6	Satyanarayana Vasireddy - Independent Director				
	At the beginning of the year	-	-	-	-
	Date wise Increase / Decrease in Promoters Share Holding during the year Specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/sweat equity etc): Nil				
	At the End of the year	-	-	-	-
7	Nageswara Rao Mandavilli - Independent Director				
	At the beginning of the year	-	-	-	-
	Date wise Increase / Decrease in Promoters Share Holding during the year Specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/sweat equity etc): Nil				
	At the End of the year	-	-	-	-
8	Mr. Sanchit Chaturvedi Company Secretary				
	At the beginning of the year	-	-	-	-
	Date wise Increase / Decrease in Promoters Share Holding during the year Specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/sweat equity etc): Nil				
	At the End of the year	-	-	-	-

V. INDEBTEDNESS –**Indebtedness of the Company including interest outstanding/accrued but not due for payment:**

Particulars	Secured Loans excluding deposits Deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	9,640,424	0	0	9,640,424
ii) Interest due but not paid	0	0	0	0
iii) Interest accrued but not due	0	0	0	0
Total (i+ii+iii)	9,640,424	0	0	9,640,424
Change in Indebtedness during the financial year				
Addition	5,116,992	0	0	5,116,992
Reduction	0	0	0	0
Net Change	0	0	0	0
Indebtedness at the end of the financial year				
i) Principal Amount	14,757,416	0	0	14,757,416
ii) Interest due but not paid	0	0	0	0
iii) Interest accrued but not due	0	0	0	0
Total (i+ii+iii)	14,757,416	0	0	14,757,416

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**A. Remuneration to Managing Director, Whole-time Directors and/or Manager:**

Sl. no.	Particulars of Remuneration	Name of MD/WTD/ Manager			Total Amount
		Chava Harinath	Krishna Moham Ramineni	Raghava Rao Suryadevara	
1.	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961	18,00,000	18,00,000	18,60,000	54,60,000
	(c) Profits in lieu of salary under section 17(3) Income tax Act, 1961	-	-	-	-
2.	Stock Option	-	-	-	-
3.	Sweat Equity	-	-	-	-
4.	Commission - as % of profit - Others, specify...	-	-	-	-
5.	Others, please specify	-	-	-	-
	Total (A)	18,00,000	18,00,000	18,60,000	54,60,000
	Ceiling as per the Act	Within the ceiling limits	Within the ceiling limits	Within the ceiling limits	Within the ceiling limits

B. Remuneration to other directors:

Sl. no.	Particulars of Remuneration	Name of Directors				Total Amount (Rs)
		Mrs. S. Nagadurga	Mr. V. Satyanarayana	Mr. Nicodemus Pradhan Thomas	Mr. M. Nageswara Rao	
3.	Independent Directors o Fee for attending board/committee meetings o Commission o Others, please specify	-	6,000	6,000	2,000	14000
	Total (1)	-	6,000	6,000	2,000	14000
4.	Other Non-Executive Directors • Fee for attending board/committee meetings • commission • Others, please specify	8,000	-	-	-	-
	Total (2)	8,000	-	-	-	8000
	Total (B)=(1+2)	8,000	6,000	6,000	2,000	22000
	Total Managerial Remuneration	8,000	6,000	6,000	2,000	22000
	Overall Ceiling as per the Act	NA	NA	NA	NA	NA

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD

Sl. No.	Particulars of Remuneration	Key Managerial Personnel			Total	
		CEO	Company Secretary Kriti Singh (upto 04.10.2018)	Company Secretary Sanchit Chaturvedi (05.10.2018 – 31.03.2019)		CFO R. Krishna Mohan
1.	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	72000	72000	* As stated in table number VI (A)	144000
2.	Stock Option	-	-	-	-	-
3.	Sweat Equity	-	-	-	-	-
4.	Commission - as % of profit - others, specify...	-	-	-	-	-
5.	Others, please specify	-	-	-	-	-
	Total	-	72000	72000	-	1,44,000

VII Penalties/punishment/compounding of offences:

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/Compounding fees imposed	Authority [RD / NCLT / COURT]	Appeal made, if any (give details)
A. COMPANY					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
B. DIRECTORS					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	--	-	-	-	-
C. OTHER OFFICERS IN DEFAULT					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-

STANDALONE FINANCIAL STATEMENTS

INDEPENDENT AUDITOR'S REPORT

To
the Members of
City Online Services Limited

Report on the Audit of the Standalone Ind AS Financial Statements

Opinion

We have audited the standalone Ind AS financial statements of **City Online Services Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2019, and the Statement of Profit and Loss, including the Statement of Other Comprehensive Income, the Statement of Cash Flows and the Statement of Changes in Equity for the year then ended, and notes to the standalone Ind AS financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Companies Act, 2013 as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, its loss including other comprehensive income, its cash flows and the statement of changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the standalone Ind AS financial statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Standalone Ind AS Financial Statements' section of our report. We are independent of the Company in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the standalone Ind AS financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the standalone Ind AS financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the standalone Ind AS financial statements for the financial years ended March 31, 2019. These matters were addressed in the context of our audit of the standalone Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined that there are no key audit matters to communicate in our report.

Information other than the Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the Board's Report including the annexures to Board's Report, but does not include the standalone Ind AS financial statements and our auditor's report thereon.

Our opinion on the standalone Ind AS financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibility of Management for Standalone Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules,

2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone Ind AS financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone Ind AS financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone Ind AS financial statements, including the disclosures, and whether the standalone Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

As required by Section 143(3) of the Act, we report that:

- (a) We have sought and 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 it appears from our examination of those books.
- (c) The Balance Sheet, the Statement of Profit and Loss including the Statement of Other Comprehensive Income, and the Statement of Cash Flows and the Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.
- (d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended.
- (e) On the basis of the written representations received from the directors as on March 31, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company with reference to these standalone Ind AS financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure B" to this report.
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has no pending litigations affecting its financial position.
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For **Seshachalam & Co.**
Chartered Accountants
(Firm's Registration No. 003714S)

T. Bharadwaj
Partner
Membership No. 201042

Place: Hyderabad
Date: May 30, 2019

Annexure – “A” to the Independent Auditors’ Report

- (i) In respect of company’s fixed assets:
- (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) In accordance with the fixed asset verification policy fixed assets were physically verified during the year and no material discrepancies were noted on such verification.
- (c) According to the information and explanations given to us, the Company has no immovable property. Accordingly, the provisions of clause 3(i) (c) of the Order are not applicable to the Company and hence not commented upon.
- (ii) To the best of our knowledge and as explained, the Company is not in business of sale of goods. Therefore, in our opinion the provisions of clause 3(ii) of the Companies (Auditors’ Report) Order, 2016 is not applicable to the Company and hence not commented upon.
- (iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3(iii) (a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.
- (iv) In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees, and securities granted in respect of which provisions of section 185 and 186 of the Companies Act 2013 are applicable and hence not commented upon.
- (v) The Company has not accepted any deposits from the public.
- (vi) To the best of our knowledge and as explained, the Central Government has not specified the maintenance of cost records under section 148(1) of the Companies Act, 2013, for the services of the Company.
- (vii) According to the information and explanations given to us, in respect of statutory dues:
- (a) Delays were noted in depositing undisputed statutory dues including provident fund, employees’ state insurance, professional tax, income tax, customs duty, goods and services tax, cess and other statutory dues applicable to it.
- (b) According to the information and explanations given to us, there are certain undisputed amounts payable in respect of provident fund, income tax, goods and services tax and other material statutory dues which were outstanding, at the year end, for a period of more than six months from the date they became payable.

Particulars	Period	Amount (Rs.)
Tax deducted at source	Apr-18 to Jun-18	26,63,860
	Jul-18 to Sept-18	22,33,712
Provident fund	Sept-18	1,08,181
Professional tax	FY 2017-18	98,400
	Apr-18 to Sept-18	34,350

- (c) According to the information and explanations given to us, there are no dues of provident fund, employees’ state insurance, income tax, customs duty, excise duty, goods and services tax which have not been deposited with the appropriate authorities on account of any dispute.
- (viii) In our opinion and according to the information and explanations given by management, the Company has not defaulted in the repayment of loans or borrowings to a financial institution, bank or Government. The company did not have any debenture holders during the year
- (xi) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans during the year and hence reporting under clause (ix) of the Order is not applicable and hence not commented upon.
- (x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.
- (xi) According to the information and explanations given to us, the managerial remuneration has been paid in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act 2013.
- (xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable.

- (xiii) According to the information and explanations given by the management, transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the standalone Ind AS financial statements, as required by the applicable accounting standards.
- (xiv) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of the Order is not applicable to the Company.
- (xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with him and hence provisions of section 192 of the Companies Act, 2013 are not applicable.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For **Seshachalam & Co.**
Chartered Accountants
(Firm's Registration No. 003714S)

T. Bharadwaj
Partner
Membership No. 201042

Place: Hyderabad

Date: May 30, 2019

ANNEXURE "B" TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE IND AS FINANCIAL STATEMENTS OF CITY ONLINE SERVICES LIMITED

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of **City Online Services Limited** ("the Company") as of March 31, 2019 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting with reference to these standalone Ind AS financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting with reference to these standalone Ind AS financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of standalone Ind AS financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of standalone Ind AS financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the standalone Ind AS financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal

financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India

For **Seshachalam & Co.**
Chartered Accountants
(Firm's Registration No. 003714S)

T. Bharadwaj
Partner
Membership No. 201042

Place: Hyderabad
Date: May 30, 2019

Balance Sheet as at March 31, 2019

(All amounts in Indian Rupees, unless otherwise stated)

Particulars	Note	As at March 31, 2019	As at March 31, 2018
A ASSETS			
1 Non-Current Assets			
(a) Property, plant and equipment	3	13,684,085	14,075,882
(b) Intangible assets	4	62,612	34,740
(c) Financial Assets			
- Investments	5	1,501,535	1,842,795
- Other non-current financial assets	6	1,519,439	1,465,143
(d) Deferred tax (liabilities)/assets [Net]	7	4,893,913	9,000,549
(e) Other non-current assets	8	55,168	93,922
Total Non-Current Assets [A]		21,716,752	26,513,031
2 Current Assets			
(a) Inventories	9	14,773,293	14,212,813
(b) Financial Assets			
- Loans	10	8,808,185	6,829,127
- Trade receivables	11	46,735,299	53,059,583
- Cash and cash equivalents	12	1,517,360	1,209,282
- Bank balances other than above	13	11,649,420	13,004,625
- Other current financial assets	14	904,304	1,138,974
(c) Income Taxes	15	6,783,555	4,164,274
(d) Other current assets	16	2,965,922	7,893,526
Total Current Assets [B]		94,137,338	101,512,204
TOTAL ASSETS [A+B]		115,854,090	128,025,235
B EQUITY AND LIABILITIES			
1 Equity			
(a) Equity Share Capital	17	56,098,330	56,098,330
(b) Other Equity	18	(28,452,247)	(20,754,275)
Total Equity [A]		27,646,083	35,344,055
2 Non-Current Liabilities			
(a) Financial Liabilities			
- Borrowings	19	1,261,839	-
(b) Provisions	20	2,168,060	2,081,000
Total Non-Current Liabilities [B]		3,429,899	2,081,000
3 Current Liabilities			
(a) Financial Liabilities			
- Borrowings	21	13,495,577	9,640,424
- Trade payables	22	41,752,181	59,889,353
(b) Other current liabilities	23	29,530,350	21,070,403
Total Current Liabilities [C]		84,778,108	90,600,180
TOTAL EQUITY AND LIABILITIES [A+B+C]		115,854,090	128,025,235

As per our report on even date

Seshachalam & Co.

Chartered Accountants

Firm Registration Number: 003714S

T. Bharadwaj

Partner

Membership No.: 201042

For and on behalf of the Board of Directors of
CITY ONLINE SERVICES LIMITED**S. Raghava Rao**

Chairman and

Managing Director

DIN: 01441612

R .Krishna Mohan

Finance Director cum CFO

DIN: 01678152

Harinath Chava

Director

DIN: 01441704

Place : Hyderabad

Date : May 30, 2019

Statement of Profit and Loss for the year ended March 31, 2019

(All amounts in Indian Rupees, unless otherwise stated)

Particulars	Note	For the period ended March 31, 2019	For the year ended March 31, 2018
I REVENUE			
Revenue from Operations [Gross]	24	131,068,714	163,183,752
Other Income	25	4,755,960	2,997,204
TOTAL REVENUE [I]		135,824,674	166,180,956
II EXPENSES			
Employee benefit expenses	26	17,884,270	14,184,243
Finance costs	27	1,550,866	2,856,254
Depreciation and amortization expense	3 & 4	3,642,144	3,261,394
Bandwidth expenses	28	92,410,870	122,355,416
Other expenses	29	24,595,800	26,901,113
TOTAL EXPENSES [II]		140,083,950	169,558,420
III Profit/(Loss) Before Tax		(4,259,276)	(3,377,464)
IV Tax Expense:			
- Current tax	30	-	-
- Deferred tax	30	4,106,636	1,582,841
V Profit/(Loss) for the period		(8,365,912)	(4,960,305)
VI Other Comprehensive Income			
Items that will not be reclassified to profit or loss			
- Remeasurements of post-employment benefit obligations		176,899	74,000
- Remeasurements of financial assets		502,389	(1,144,707)
- Recognition of borrowings using effective interest rate		(11,349)	33,442
Other comprehensive income for the year, net of tax		(7,697,972)	(5,997,570)
VII Earnings per equity share Rs. 10/- each fully paid			
- Basic	36	(1.62)	(0.96)
- Diluted	36	(1.62)	(0.96)

As per our report on even date

Seshachalam & Co.

Chartered Accountants

Firm Registration Number: 003714S

T. Bharadwaj

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For and on behalf of the Board of Directors of

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R .Krishna Mohan

Finance Director cum CFO

DIN: 01678152

Harinath Chava

Director

DIN: 01441704

Place : Hyderabad

Date : May 30, 2019

Statement of Changes in Equity for the year ended March 31, 2019

(All amounts in Indian Rupees, unless otherwise stated)

A. Equity Share Capital

Particulars	As at March 31, 2019	As at March 31, 2018
Equity shares of Rs. 10 each issued, subscribed and fully paid up		
Balance at the beginning of the reporting year	56,098,330	56,098,330
Changes in equity share capital during the year	-	-
Balance at the end of the reporting year	56,098,330	56,098,330

B. Other Equity

Particulars	For the period ended March 31, 2019	For the year ended March 31, 2018
Movement in other equity is as follows:		
I. Investment subsidy	400,000	400,000
II. Retained Earnings		
(i) Opening Balance	(21,154,275)	(15,156,704)
(ii) Profit for the year	(8,365,912)	(4,960,305)
(iii) Other comprehensive income	667,939	(1,037,265)
	(28,852,247)	(21,154,275)
Total	(28,452,247)	(20,754,275)

As per our report on even date

Seshachalam & Co.

Chartered Accountants

Firm Registration Number: 003714S

T. Bharadwaj

Partner

Membership No.: 201042

For and on behalf of the Board of Directors of

CITY ONLINE SERVICES LIMITED

S. Raghava Rao

Chairman and
Managing Director

DIN: 01441612

R. Krishna Mohan

Finance Director cum CFO
DIN: 01678152

Harinath Chava

Director
DIN: 01441704

Place : Hyderabad

Date : May 30, 2019

Cash Flow Statement for the year ended March 31, 2019

(All amounts in Indian Rupees, unless otherwise stated)

Particulars	Note	Year ended March 31, 2019	Year ended March 31, 2018
A. Cash flow from operating activities			
Profit before tax		(4,259,276)	(3,377,464)
Adjustments:			
Depreciation and amortisation		3,642,144	3,261,394
Interest expense		1,550,866	2,856,254
Remeasurement of post employee benefits		176,899	74,000
Interest on capital from partnership firm		(77,430)	(67,900)
Expected credit loss allowance		(501,802)	1,141,423
Share of (profit)/loss from partnership firm		418,690	(283,214)
Profit on sale of property, plant & equipment		(633,972)	-
Interest income		528,413	904,705
Cash generated before working capital changes		844,532	4,509,198
Increase in trade payables		-18,137,172	23,576,588
Increase in other current liabilities		8,459,947	2,196,034
Increase in long term provisions		87,060	158,000
Decrease/(Increase) in inventories		(560,480)	3,570,898
Increase in trade receivables		6,826,088	(16,548,971)
(Decrease)/Increase in other non-current financial assets		448,093	(1,240,558)
Decrease in other current liabilities		38,754	99,134
Increase in short term loans and advances		(1,979,058)	(1,483,627)
Decrease/(Increase) in other current financial assets		234,670	293,612
Decrease/(Increase) in other current assets		4,927,604	2,840,652
Cash generated from operations		1,190,038	17,970,960
Direct taxes refund/ (paid)		(2,619,281)	(2,083,865)
Net cash flow from operating activities (A)		-1,429,243	15,887,095
B. Cash flows from investing activities			
Purchase of property, plant and equipment, including intangible assets		(3,906,248)	(2,074,855)
Investment in bank deposits		1,355,205	(5,334,625)
Proceeds from sale of property, plant and equipment		1,262,000	-
Interest on capital from partnership firm		77,430	67,900
Share of (profit)/loss from partnership firm		(418,690)	283,214
Increase in non current investments		341,260	(351,114)
Net cash flow used in investing activities (B)		(1,289,043)	(7,409,480)

Cash Flow Statement for the year ended March 31, 2019

(All amounts in Indian Rupees, unless otherwise stated)

Particulars	Note	Year ended March 31, 2019	Year ended March 31, 2018
C. Cash flows from financing activities			
Repayment of long term borrowings		1,261,839	-
(Repayment) / Proceeds from working capital borrowings		(3,491)	(449,561)
Interest received		(528,413)	(904,705)
Interest paid		(1,550,866)	(2,856,254)
Net cash flow used in financing activities (C)		(820,931)	(4,210,520)
D. Net Increase/(decrease) in cash and cash equivalents (A+B+C)		(3,539,217)	4,267,095
E. Cash and cash equivalents			
at the beginning of the year	12	(7,987,870)	(12,254,965)
at the end of the year		(11,527,087)	(7,987,870)
Components of cash and cash equivalents			
Balance with banks			
- In current accounts		929,100	1,175,521
Cash on hand		84,885	33,761
Less: Bank overdraft		13,044,446	9,197,152
Cash and cash equivalents at the end of the year		(12,030,461)	(7,987,870)
Corporate information	1		
Summary of significant accounting policies	2		
Accompanying notes forming an integral part of the financial statements	1 to 43		

The cash flow statement is prepared in accordance with the indirect method stated in Accounting Standard 3 on Cash Flow Statement' and presents the Cash Flows by Operating , Investing and Financing activities.

As per our report on even date

Seshachalam & Co.

Chartered Accountants

Firm Registration Number: 003714S

T. Bharadwaj

Partner

Membership No.: 201042

For and on behalf of the Board of Directors of

CITY ONLINE SERVICES LIMITED

S. Raghava Rao

Chairman and

Managing Director

DIN: 01441612

R .Krishna Mohan

Finance Director cum CFO

DIN: 01678152

Harinath Chava

Director

DIN: 01441704

Place : Hyderabad

Date : May 30, 2019

Notes to financial statements for the year ended March 31, 2019

(All amounts in Indian Rupees, unless otherwise stated)

Note 3: Property, plant and equipment

Particulars	As at March 31, 2019	As at March 31, 2018
Plant & Machinery	7,643,637	8,843,922
Furniture and Fittings	440,751	499,125
Motor Vehicles	1,889,585	856,114
Computers and Data Processing Units	3,059,802	2,453,085
Office Equipment	650,311	1,423,636
Total	13,684,085	14,075,882

For the year 2018-19

Description of Assets	Plant & Machinery	Furniture and Fittings	Motor Vehicles	Computers and Data Processing Units	Office Equipment	Total
I. Gross Block						
Opening Balance	49,094,497	824,103	3,477,368	12,170,084	6,029,169	71,595,221
Additions	-	-	2,090,237	1,035,847	722,801	3,848,885
Disposals	-	-	3,365,980	-	31,500	3,397,480
Balance as at March 31, 2019	49,094,497	824,103	2,201,625	13,205,931	6,720,470	72,046,626
II. Accumulated Depreciation						
Opening Balance	40,250,575	324,978	2,621,254	9,716,999	4,605,533	57,519,340
Depreciation expense for the period	1,200,284	58,374	449,732	429,130	1,475,132	3,612,653
Eliminated on disposal of assets	-	-	2,758,946	-	10,506	2,769,452
Balance as at March 31, 2019	41,450,860	383,352	312,040	10,146,129	6,070,160	58,362,541
III. Net Block [I-II]						
Carrying value as at March 31, 2019	7,643,637	440,751	1,889,585	3,059,802	650,311	13,684,085
Carrying value as at March 31, 2018	8,843,922	499,125	856,114	2,453,085	1,423,636	14,075,882

Notes to financial statements for the year ended March 31, 2019

(All amounts in Indian Rupees, unless otherwise stated)

For the year 2017-18

Description of Assets	Plant & Machinery	Furniture and Fittings	Motor Vehicles	Computers and Data Processing Units	Office Equipment	Total
I. Gross Block						
Opening Balance	49,094,497	824,103	3,477,368	12,028,738	4,124,260	69,548,966
Additions	-	-	-	141,346	1,904,909	2,046,255
Disposals	-	-	-	-	-	-
Balance as at March 31, 2018	49,094,497	824,103	3,477,368	12,170,084	6,029,169	71,595,221
II. Accumulated Depreciation						
Opening Balance	39,050,291	266,604	2,080,486	9,498,756	3,419,537	54,315,674
Depreciation expense for the year	1,200,284	58,374	540,768	218,243	1,185,996	3,203,666
Eliminated on disposal of assets	-	-	-	-	-	-
Balance as at March 31, 2018	40,250,575	324,978	2,621,254	9,716,999	4,605,533	57,519,340
III. Net Block [I-II]						
Carrying value as at March 31, 2018	8,843,922	499,125	856,114	2,453,085	1,423,636	14,075,882
Carrying value as at March 31, 2017	10,044,206	557,499	1,396,882	2,529,982	704,723	15,233,292

Note 4: Intangible Assets

Particulars	As at March 31, 2019	As at March 31, 2018
Computer Software	62,612	34,740
Total	62,612	34,740

Notes to financial statements for the year ended March 31, 2019

(All amounts in Indian Rupees, unless otherwise stated)

For the year 2018-19

Description of Assets	Computer Software
I. Gross Block	
Opening Balance	305,584
Additions	57,363
Disposals	-
Balance as at March 31, 2019	362,947
II. Accumulated Amortization	
Opening Balance	270,844
Amortization expense for the year	29,491
Eliminated on disposal of assets	-
Balance as at March 31, 2019	300,335
III. Net Block [I-II]	
Carrying value as at March 31, 2019	62,612
Carrying value as at March 31, 2018	34,740

For the year 2017-18

Description of Assets	Computer Software
I. Gross Block	
Opening Balance	276,984
Additions	28,600
Disposals	-
Balance as at March 31, 2018	305,584
II. Accumulated Amortization	
Opening Balance	213,116
Amortization expense for the year	57,728
Eliminated on disposal of assets	-
Balance as at March 31, 2018	270,844
III. Net Block [I-II]	
Carrying value as at March 31, 2018	34,740
Carrying value as at March 31, 2017	63,868

Note 5: Non-Current Investments

Particulars	As at March 31, 2019	As at March 31, 2018
(i) Investments in equity instruments (fully paid-up)		
Unquoted Investments		
Investment in Subsidiaries (Valued at cost)		
- City Online Digital Private Limited [10,000 (31.03.2018: 10,000) equity shares of par value Rs. 10 each]	100,000	100,000
- City Online Media Private Limited [10,000 (31.03.2018: 10,000) equity shares of par value Rs. 10 each]	100,000	100,000
Total investment in equity instruments [A]	200,000	200,000

Notes to financial statements for the year ended March 31, 2019

(All amounts in Indian Rupees, unless otherwise stated)

Particulars	As at March 31, 2019	As at March 31, 2018
(ii) Others investments, unquoted		
(a) Investments in partnership firms		
- Broadway City Online Consortium	675,855	675,855
- In-fo City Online Consortium	575,680	916,940
(b) Investments in government securities [valued at cost]		
National savings certificates	50,000	50,000
Total investment in other non-current investments [B]	1,301,535	1,642,795
Total [A+B]	1,501,535	1,842,795
Note (i) : National Savings Certificate has been deposited with the Entertainment Tax Department by the company as a deposit for the purpose of procurement of Entertainment License.		
Aggregate amount of unquoted investments	1,501,535	1,842,795
Investments carried at cost	1,501,535	1,842,795

Note 6: Other non-current financial assets

Particulars	As at March 31, 2019	As at March 31, 2018
Security Deposits	1,519,439	1,465,143
Total	1,519,439	1,465,143

Note 7: Deferred tax asset [Net]

Particulars	As at March 31, 2019	As at March 31, 2018
Deferred tax asset		
- Depreciation	(471,679)	317,002
- Employee benefits	563,696	535,858
- Carry forward losses	4,801,897	8,147,690
Total	4,893,913	9,000,549

Note 8: Other non-current assets

Particulars	As at March 31, 2019	As at March 31, 2018
Prepaid expenses	55,168	93,922
Total	55,168	93,922

Note 9: Inventories

Particulars	As at March 31, 2019	As at March 31, 2018
Stock in trade	14,773,293	14,212,813
Total	14,773,293	14,212,813

Notes to financial statements for the year ended March 31, 2019

(All amounts in Indian Rupees, unless otherwise stated)

Note 10: Current Loans

Particulars	As at March 31, 2019	As at March 31, 2018
Unsecured, considered good Loans and advances to related parties	8,808,185	6,829,127
Total	8,808,185	6,829,127

Note 11: Trade Receivables [Refer Note 38 & 41]

Particulars	As at March 31, 2019	As at March 31, 2018
Unsecured, considered good Outstanding for a period exceeding six months Others	13,288,057 35,268,024	17,065,260 38,316,907
Less: Provision for credit losses	(1,820,782)	(2,322,584)
Total	46,735,299	53,059,583

Note 12: Cash and cash equivalents

Particulars	As at March 31, 2019	As at March 31, 2018
Balance with banks - In current accounts - Deposits with original maturity of less than 3 months Cash on hand	929,100 503,375 84,885	1,175,521 - 33,761
Total	1,517,360	1,209,282

Note 13: Bank balances other than above

Particulars	As at March 31, 2019	As at March 31, 2018
On deposit accounts - Remaining maturity for less than 12 months	11,649,420	13,004,625
Total	11,649,420	13,004,625

Note 14: Other current financial assets

Particulars	As at March 31, 2019	As at March 31, 2018
Security Deposits Interest accrued but not due Loans to employees	550,075 162,229 192,000	550,075 455,455 133,444
Total	904,304	1,138,974

Note 15: Income Taxes

Particulars	As at March 31, 2019	As at March 31, 2018
Advance Income Tax Current Tax Liabilities	6,783,555 -	4,164,274 -
Total	6,783,555	4,164,274

Notes to financial statements for the year ended March 31, 2019

(All amounts in Indian Rupees, unless otherwise stated)

Note 16: Other current assets

Particulars	As at March 31, 2019	As at March 31, 2018
Prepaid expenses	2,965,922	7,893,526
Total	2,965,922	7,893,526

Note 17: Share Capital

Particulars	As at March 31, 2019		As at March 31, 2018	
	Number of Shares	Amount	Number of Shares	Amount
Authorised				
Equity shares of Rs.10 each	7,700,000	77,000,000	7,700,000	77,000,000
Issued				
Equity shares of Rs.10 each	7,000,000	70,000,000	7,000,000	70,000,000
Subscribed and called up				
Equity shares of Rs.10 each	6,925,000	69,250,000	6,925,000	69,250,000
Paid up capital				
Equity shares of Rs.10 each, fully paid-up	5,164,700	51,647,000	5,164,700	51,647,000
Share forfeiture account				
Equity shares of Rs.10 each	1,760,300	4,451,330	1,760,300	4,451,330
Total	6,925,000	56,098,330	6,925,000	56,098,330

(a) Reconciliation of number of shares and amount outstanding at the beginning and at the end of the year:

Particulars	Opening Balance	Issued during the year	Bought back during the year	Closing Balance
Equity shares				
Period ended March 31, 2019				
- Number of shares	5,164,700	-	-	5,164,700
- Amount	51,647,000	-	-	51,647,000
Year ended March 31, 2018				
- Number of shares	5,164,700	-	-	5,164,700
- Amount	51,647,000	-	-	51,647,000

(b) Rights, preferences and restrictions attached to shares

Equity Shares: The company has one class of equity shares having a face value of Rs.10 per share. Each shareholder is eligible for one vote per share held.

(c) Shareholders holding more than five percent of paid up share capital*

Name of the shareholder	As at March 31, 2019		As at March 31, 2018	
	Number of Shares held	Percentage of Holding	Number of Shares held	Percentage of Holding
S. Raghava Rao	684,500	13.25%	684,500	13.25%

*As per records of the Company, including its register of shareholders/ members and other declaration received from shareholders regarding beneficial interest, the above shareholding represent both legal and beneficial ownership of shares.

Notes to financial statements for the year ended March 31, 2019

(All amounts in Indian Rupees, unless otherwise stated)

Note 18: Other Equity

Particulars	As at March 31, 2019	As at March 31, 2018
Investment subsidy	400,000	400,000
Retained Earnings	(28,852,247)	(21,154,275)
Total	(28,452,247)	(20,754,275)

For details of movement during the year refer 'Statement of Changes in Equity'

Nature and purpose of Other Equity:

(a) Investment subsidy

Investment subsidy pertains to subsidy given by Andhra Pradesh Government to internet service providers.

(b) Retained Earnings

Retained earnings comprise of the company's accumulated undistributed earnings.

Note 19: Non-Current Borrowings

Particulars	As at March 31, 2019	As at March 31, 2018
Term Loan from Banks		
Secured:		
- From Banks	1,261,839	-
Total	1,261,839	-

Note:

- The term loan taken from Volkswagen Finance is secured by way of hypothecation of vehicle purchased. The loan is repayable in 60 equal monthly installments. The applicable interest rate is 10.25%. The loan was matured in the month of August 2018.
- The term loan taken from HDFC Bank is secured by way of hypothecation of vehicle purchased. The loan is repayable in 60 equal monthly installments. The applicable interest rate is 11.25%. The period of maturity with respect to balance sheet date is 52 installments.
- The term loan taken from Mahindra Finance is secured by way of hypothecation of generator purchased. The loan is repayable in 12 equal monthly installments. The applicable interest rate is 18.07%. The period of maturity with respect to balance sheet date is 8 installments.

Note 20: Non-Current Provisions

Particulars	As at March 31, 2019	As at March 31, 2018
Provision for Employee Benefits		
- Gratuity [Refer Note 32]	2,168,060	2,081,000
Total	2,168,060	2,081,000

Note 21: Current Borrowings

Particulars	As at March 31, 2019	As at March 31, 2018
From Banks		
- Secured [Refer Note 19]	451,130	443,271
Bank overdraft		
- Secured	13,044,447	9,197,153
Total	13,495,577	9,640,424

Notes to financial statements for the year ended March 31, 2019

(All amounts in Indian Rupees, unless otherwise stated)

Note 22: Trade payables [Refer Note 38 & 39]

Particulars	As at March 31, 2019	As at March 31, 2018
Creditors - Suppliers	39,770,837	58,202,881
Other Payables	1,981,344	1,686,472
Total	41,752,181	59,889,353

Note 23: Other Current Liabilities

Particulars	As at March 31, 2019	As at March 31, 2018
Statutory remittances	19,230,478	16,832,753
Advance from customers	9,591,848	4,014,150
Deposits from customers	261,302	23,500
Loans from related parties	446,722	200,000
Total	29,530,350	21,070,403

Note 24: Revenue from operations [Gross]

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Income from internet services	129,614,554	162,553,301
Income from VOIP services	(52,645)	380,359
Income from Installation charges	1,506,805	250,091
Total	131,068,714	163,183,752

Note 25: Other Income

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Share of profit from Partnership firm	-	283,214
Interest income on deposits	528,413	904,705
Profit on sale of property, plant & equipment	633,972	-
Excess provisions written back	3,174,632	1,246,781
Interest income:		
- On Capital in the Partnership Firm	77,430	67,900
Miscellaneous income	341,513	494,604
Total	4,755,960	2,997,204

Note 26: Employee Benefit Expenses

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Salaries, allowances and wages [Refer Note 34]	16,354,836	13,009,622
Contribution to provident and other funds	1,205,742	933,094
Staff welfare expenses	323,691	241,527
Total	17,884,270	14,184,243

Notes to financial statements for the year ended March 31, 2019

(All amounts in Indian Rupees, unless otherwise stated)

Note 27: Finance Costs

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Interest expense on:		
- Working Capital	-	1,297,353
- Term Loan	130,057	58,151
- Interest on TDS	-	1,072,768
Other borrowing costs	1,420,809	427,982
Total	1,550,866	2,856,254

Note 28: Bandwidth Expenses

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Bandwidth charges	78,888,388	109,005,728
Repairs and maintenance	2,737,818	1,951,910
VOIP activation charges	-	47,123
Electricity	3,375,907	3,303,803
Rent networking	2,510,044	1,358,500
Cable line expenses	450,392	547,853
Installation expenses	86,146	740,782
Last mile charges	4,190,476	1,692,120
Other operating expenses	171,699	3,707,597
Total	92,410,870	122,355,416

Note 29: Other Expenses

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Rent (Refer Note 35)	3,167,503	2,993,312
Rates and taxes	956,375	6,364,972
Director's remuneration	5,460,000	5,320,500
Sales commission	3,248,451	470,315
Insurance	136,739	198,361
Auditors' remuneration:		
- Statutory audit	300,000	416,390
- Tax audit	50,000	50,000
- Fees for limited review	50,000	50,000
- Certification	15,000	12,000
Travelling and conveyance	2,138,479	1,570,456
Legal and professional charges	761,600	580,180
Advertisement expenses	126,643	32,528
Communication cost	1,293,949	999,788
Bad debts written off	318,530	3,365,898
Printing and stationery	347,551	256,715
Repairs and maintenance		

Notes to financial statements for the year ended March 31, 2019

(All amounts in Indian Rupees, unless otherwise stated)

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
- Others	4,527,048	2,967,448
Postage and courier	177,998	237,546
Net loss on foreign currency transaction and translation	20,310	8,670
Share of loss from Partnership firm	418,690	-
Miscellaneous expenses	1,080,935	1,006,035
Total	24,595,800	26,901,113

Note 30: Income Tax

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
(a) Major components of income tax expense:		
(i) Current Income Tax		
- Current income tax charge	-	-
- Adjustments in respect of current income tax of previous year	-	-
(ii) Deferred Tax		
- Relating to origination/reversal of temporary differences	4,106,636	1,582,841
	4,106,636	1,582,841
Income tax expense reported in the statement of profit or loss	4,106,636	1,582,841
(b) Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate:		
Profit/(Loss) before tax from continuing operations	(4,259,276)	(3,377,464)
Indian tax rate	26.00%	25.75%
Tax at the Indian tax rate	-	-
Effect of:		
Non-Deductible expenses for tax purposes	-	-
Tax exempt income	-	-
Income taxed at special rates	-	-
Others	4,106,636	1,582,841
Total Income Tax Expense	4,106,636	1,582,841

Notes to financial statements for the year ended March 31, 2019

(All amounts in Indian Rupees, unless otherwise stated)

31. Contingent Liabilities:

- i) Performance Guarantee:

Particulars	As at March 31, 2019	As at March 31, 2018
Performance Guarantee	52,52,000	64,52,000

32. Employee Benefits

The Company has a defined benefit gratuity plan. The scheme is funded with an insurance company in the form of a qualifying insurance policy.

The following tables summarize the components of net benefit expense recognized in the statement of profit and loss and the funded status and amounts recognized in the balance sheet:

Statement of Profit and Loss

Net employee benefit expenses recognized in the employee cost

Particulars	March 31, 2019	March 31, 2018
Current service cost	1,00,215	96,000
Interest cost on benefit obligation	1,63,743	1,35,000
Past Service cost – vested benefits	-	-
Expected return on plan assets	-	-
Net actuarial loss/(gain) recognized in the year	(1,76,899)	(74,000)
Net benefit expense	87,060	1,57,000

Balance Sheet

Benefit liability

Particulars	March 31, 2019	March 31, 2018
Present value of defined benefit obligation	21,68,060	20,81,000
Fair value of plan assets	-	-
Plan liability	21,68,060	20,81,000

Changes in the present value of the defined benefit obligation are as follows:

Particulars	March 31, 2019	March 31, 2018
Opening defined benefit obligation	20,81,000	19,23,000
Current service cost	1,00,215	96,000
Interest cost	1,63,743	1,35,000
Benefits paid	-	-
Actuarial gain/(losses) on obligation	(176,899)	(74,000)
Closing defined benefit obligation	21,68,060	20,81,000

Notes to financial statements for the year ended March 31, 2019

(All amounts in Indian Rupees, unless otherwise stated)

Changes in the fair value of plan assets are as follows:

Particulars	March 31, 2019	March 31, 2018
Opening fair value of plan assets	-	-
Expected return	-	-
Contributions by employer	-	-
Benefits paid	-	-
Actuarial (losses)/gains	-	-
Closing fair value of plan assets	-	-

The principal assumptions used in determining gratuity obligations for the Company's plans are shown below:

Particulars	March 31, 2019	March 31, 2018
Discount rate (%)	7.61%	7.89%
Salary escalation (%)	7.00%	7.00%
Attrition rate (%)	5.00%	5.00%

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled.

33. Segment information

The Company's operations predominantly consist only of business of providing internet and intranet, data centre solutions. Thus, there are no reportable segments as defined in Ind AS 108 "Operating Segments". The company earns its entire "revenue from external customers" in India, being company's country of domicile. All non-current assets other than financial instruments and deferred tax assets are located in India. There are no single major customers on whom the company's revenue is dependent upon and revenue from none of the single customer is more than or equal to 10% of the company's revenue.

34. Related Party Disclosures

a) Names of the related parties and nature of relationship (as per Ind AS 24):

Nature of Relationship	Name of Related Party
Subsidiaries:	City Online Media Private Limited
	City Online Digital Private Limited
Entity in which KMP have significant influence	Anu Digital Arts Private Limited
	City Online Digital Private Limited
	City Online Media Private Limited
Key Management Personnel (KMP):	C.H. Harinath
	S. Raghava Rao
	R. Krishna Mohan
Relatives of Key Management Personnel	R Vijaya Durga
	S. Naga Durga
Investment in partnership firms:	Info-Fi Cityonline Consortium
	Broadway City Online Consortium

Notes to financial statements for the year ended March 31, 2019

(All amounts in Indian Rupees, unless otherwise stated)

b) Transactions with related parties:

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Managerial Remuneration:	54,60,000	54,60,000
- S. Raghava Rao	18,60,000	18,60,000
- R. Krishna Mohan	18,00,000	18,00,000
- C.H. Harinath	18,00,000	18,00,000
Loans and advances given:	42,59,320	29,76,699
- City Online Digital Private Limited	41,82,920	19,77,599
- City Online Media Private Limited	76,400	9,99,100
Loans and advances recovered:	22,80,262	3,461,072
- City Online Digital Private Limited	22,33,762	26,50,488
- City Online Media Private Limited	46,500	615,304
- Anu Digital Arts Private Limited	-	1,95,280
Loans taken from:	4,82,000	3,00,000
- S Naga Durga	4,82,000	-
- R Vijaya Durga	-	3,00,000
Loans repaid to:	2,35,278	1,00,000
- S Naga Durga	35,278	-
- R Vijaya Durga	2,00,000	1,00,000
Share of profit/(loss) in partnership firm:	(1,47,002)	2,83,214
- Info-Fi Cityonline Consortium	(1,47,002)	2,83,214
Interest on capital:	77,430	67,900
- Info-Fi Cityonline Consortium	77,430	67,900
Sales:	38,56,170	12,067,891
- Info-Fi Cityonline Consortium	38,56,170	68,30,223
- Broadway City Online Consortium	-	5,237,668
Payments received for sale of services :	49,59,629	9,857,907
- Info-Fi Cityonline Consortium	49,59,629	5,710,392
- Broadway City Online Consortium	-	4,147,515
Sharing of Expenses:	4,80,000	19,68,000
Salaries		
- City Online Digital Private Limited	3,00,000	12,96,000
Electricity and Maintenance		
- City Online Digital Private Limited	60,000	60,000
Rent		
- City Online Digital Private Limited	1,20,000	6,12,000

Notes to financial statements for the year ended March 31, 2019

(All amounts in Indian Rupees, unless otherwise stated)

C) Related party balances:

Particulars	As at March 31, 2019	As at March 31, 2018
Non-current investments:	14,51,535	1,792,795
- City Online Media Private Limited	1,00,000	1,00,000
- City Online Digital Private Limited	1,00,000	1,00,000
- Broadway City Online Consortium	675,855	675,855
- Info-Fi Cityonline Consortium	5,75,680	916,940
Loans and Advances Given/(Taken):	88,08,185	6,629,127
- City Online Media Private Limited	5,29,696	4,99,796
- City Online Digital Private Limited	82,78,489	63,29,331
- S Naga Durga	(4,46,722)	-
- R Vijaya Durga	-	(2,00,000)
Advance from customers:	16,48,458	1,239,126
- Info-Fi Cityonline Consortium	16,48,458	1,239,126
Trade receivable:	17,93,712	323,712
- Broadway City Online Consortium	17,93,712	3,23,712

35. Leases:

Operating Lease

Assets taken on cancellable operating lease

The company is obligated under cancellable lease for office premises. Total lease rental expenses recognized in the statement of profit and loss for the year are as follows;

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Cancellable	31,67,503	29,93,312
Total	31,67,503	29,93,312

36. Earnings per Share (EPS):

i. Reconciliation of earnings used in calculating earnings per share:

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Profit after taxation as per statement of profit and loss (for basic EPS)	(83,65,912)	(49,60,305)
Less: Effect of dilutive potential ordinary shares	-	-
Net Profit for dilutive earnings per share	(83,65,912)	(49,60,305)

ii. Reconciliation of basic and diluted shares used in computing earnings per share:

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Number of weighted average equity shares considered for calculating of basic EPS	51,64,700	51,64,700
Add: Dilutive effect of potential ordinary shares	-	-
Number of weighted average equity shares considered for calculating of diluted EPS	51,64,700	51,64,700

Notes to financial statements for the year ended March 31, 2019

(All amounts in Indian Rupees, unless otherwise stated)

iii. Earnings per share:

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
- Basic (Rs.)	(1.62)	(0.96)
- Diluted (Rs.)	(1.62)	(0.96)

37. Expenditure in Foreign Currency:

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Membership Fee	4,58,385	4,09,007
Total	4,58,385	4,09,007

38. Balance Confirmations

Confirmations of receivables and payable balances have not been received by the Company, hence, reliance is placed on the balances as per books. In the opinion of the management, the amounts are realizable / payable in the ordinary course of business.

39. Due to Micro and Small Enterprises

The Company has no dues to Micro and Small Enterprises as at March 31, 2019 and March 31, 2018 in the financial statements based on information received and available with the company.

40. Fair Value Measurements

i. Fair value hierarchy

Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into three levels of a fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement, as follows:

Level 1: Quoted prices (unadjusted) in active markets for financial instruments.

Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximize the use of observable market data rely as little as possible on entity specific estimates.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

ii. Financial assets and financial liabilities measured at fair value

Particulars	March 31, 2019	March 31, 2018
Fair Value Hierarchy	3	3
Financial Assets		
Other Financial Assets – Security Deposits	20,69,514	20,15,218
Other Financial Assets – Trade Receivables	4,67,35,299	5,30,59,583
Financial Liabilities		
Borrowings	4,51,130	4,43,271

iii. Financial Instruments by category

For amortized cost instruments, carrying value represents the best estimate of fair value:

Notes to financial statements for the year ended March 31, 2019

(All amounts in Indian Rupees, unless otherwise stated)

Particulars	31-Mar-19			31-Mar-18		
	FVTPL	FVOCI	Amortized Cost	FVTPL	FVOCI	Amortized Cost
FINANCIAL ASSETS						
Other investments	-	-	1,501,535	-	-	1,842,795
Trade receivables	-	46,735,299	-	-	53,059,583	-
Loans	-	-	8,808,185	-	-	6,829,127
Cash and cash equivalents	-	-	1,517,360	-	-	1,209,282
Other bank balances	-	-	11,649,420	-	-	13,004,625
Others	-	2,069,514	354,229	-	2,015,218	588,899
TOTAL	-	48,804,813	23,830,729	-	55,074,801	23,474,728
FINANCIAL LIABILITIES						
Borrowings	-	14,757,416	-	-	9,640,424	-
Trade payables	-	-	41,752,181	-	-	59,889,353
TOTAL	-	14,757,416	41,752,181	-	9,640,424	59,889,353

The Company's principal financial liabilities comprise loans and borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include loans, trade and other receivables, and cash and cash equivalents that derive directly from its operations. The Company holds investment in its subsidiaries.

The Company is exposed to market risk, credit risk and liquidity risk. The Company's Board of Directors oversees the management of these risks. The Company's Board of Directors is supported by the senior management that advises on financial risks and the appropriate financial risk governance framework for the Company. The senior management provides assurance to the Company's board of directors that the Company's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives.

The carrying amounts reported in the statement of financial position for cash and cash equivalents, trade and other receivables, trade and other payables and other liabilities approximate their respective fair values due to their short maturity.

41. Financial Instruments Risk Management

i. Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices, which will affect the company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

a. Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The company has exposure only to financial instruments at fixed interest rates. Hence, the company is not exposed to significant interest rate risk.

b. Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily towards operating activities (when revenue or expense is denominated in a foreign currency).

ii. Credit Risk

Credit risk is the risk that a counter party fails to discharge an obligation to the Company, leading to a financial loss. The Company is mainly exposed to the risk of its balances with the bankers and trade and other receivables.

Ageing of receivables is as follows:

Notes to financial statements for the year ended March 31, 2019

(All amounts in Indian Rupees, unless otherwise stated)

Particulars	March 31, 2019	March 31, 2018
past due not impaired :		
0-90 Days	2,49,50,776	2,63,31,313
91-180 Days	1,03,17,248	1,19,85,593
180-270 Days	49,95,001	47,29,626
270-360 Days	19,94,847	44,02,281
Greater than 360 Days	62,98,210	79,33,353
Less: Provision for Credit Losses	(18,20,782)	(23,22,584)
Total	4,67,35,299	5,30,59,583

iii. Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due. Due to the nature of the business, the Company maintains flexibility in funding by maintaining availability under committed facilities.

Management monitors rolling forecasts of the Company's liquidity position and cash and cash equivalents on the basis of expected cash flows. The Company takes into account the liquidity of the market in which the entity operates. The Company's principal sources of liquidity are the cash flows generated from operations. The Company has no long-term borrowings and believes that the working capital is sufficient for its current requirements. Accordingly, no liquidity risk is perceived.

The tables below analyses the Company's financial liabilities into relevant maturity groupings based on their contractual maturities for all non-derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is insignificant.

Particulars	Upto 1 year	From 1-3 years	More than 3 years	Total
March 31, 2019				
Borrowings	1,34,95,577	12,61,839	-	1,47,57,416
Trade Payables	4,17,52,181	-	-	4,17,52,181
Total	5,65,09,597	12,61,839		5,65,09,597
March 31, 2018				
Borrowings	96,40,424	-	-	96,40,424
Trade Payables	5,98,89,353	-	-	5,98,89,353
Total	6,95,29,777			6,95,29,777

42. Capital Risk Management

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for stakeholders. The Company also proposes to maintain an optimal capital structure to reduce the cost of capital. Hence, the Company may adjust any dividend payments, return capital to shareholders or issue new shares. Total capital is the equity as shown in the statement of financial position. Currently, the Company primarily monitors its capital structure on the basis of gearing ratio. Management is continuously evolving strategies to optimize the returns and reduce the risks. It includes plans to optimize the financial leverage of the Company.

The capital for the reporting year under review is summarized as follows:

Particulars	31-Mar-19	31-Mar-18
Current Borrowings [Refer Note 22]	13,495,577	9,640,424
Total Debt	13,495,577	9,640,424
As a percentage of total capital	32.80%	21.43%
Equity [Refer Note 17 and 18]	27,646,083	35,344,055
As a percentage of total capital	67.20%	78.57%
Total Capital [Debt and Equity]	41,141,660	44,984,479

For and on behalf of the Board of Directors of
CITY ONLINE SERVICES LIMITED

S. Raghava Rao

Chairman and
Managing Director
DIN: 01441612

R .Krishna Mohan

Finance Director cum CFO
DIN: 01678152

Harinath Chava

Director
DIN: 01441704

Place : Hyderabad
Date : May 30, 2019

1. Corporate Information:

City Online Services Limited ("the Company") is a listed public company domiciled in India and is incorporated under the Companies Act, 1956 ("the Act") on July 16, 1999. The registered office of the company is located at 701, 7th Floor, Aditya Trade, Ameerpet, Hyderabad, Telangana - 500038.

The company is engaged in the business of providing internet and intranet services, data center solutions, custom Wi-Fi solutions and managed services. The Company is listed on Bombay Stock Exchange Limited ("BSE").

2. Significant Accounting Policies:

This note provides a list of the significant accounting policies adopted in the preparation of these separate financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

a) Basis of preparation:

These separate financial statements are prepared in accordance with Ind AS under the historical cost convention on accrual basis except for certain financial instruments which are measured at fair value, the provisions of the Companies Act, 2013 (to the extent notified). The Ind AS are prescribed under Section 133 of the Act read with Companies (Indian Accounting Standards) Rules, 2015.

Accounting policies have been consistently applied except where the change is required by an Ind AS or change results in the financial statements providing reliable and more relevant information about the effects of transactions, other events or condition on the entity's financial position, performance or cash flow.

b) Use of estimates and judgements:

The preparation of the financial statements in conformity with Ind AS required management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Difference between the actual results and estimates are recognized in the year in which results are known/materialized.

Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates. Any revision to accounting estimates is recognized prospectively in the current and future periods.

c) Current versus non-current classification:

The company presents assets and liabilities in the balance sheet based on current/non-current classification.

An asset is treated as current when it is:

- Expected to be realized or intended to be sold or consumed in the normal operating cycle,
- Held primarily for the purpose of trading,
- Expected to be realized within twelve months after the reporting period or,
- Cash or cash equivalents unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is treated as current when:

- It is expected to be settled in the normal operating cycle,
- It is held primarily for the purpose of trading,
- It is due to be settled within twelve months after the reporting period or,
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

The operating cycle is the time between the acquisition of assets for processing and their realization in cash and cash equivalents. The company has identified twelve months as its operating cycle.

d) Property, plant and equipment:

i. Recognition and initial measurement:

Property, plant and equipment are stated in the balance sheet at their carrying value being the cost of acquisition less accumulated depreciation. The cost comprises purchase price, borrowing cost if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discount and rebates are deducted in arriving at the purchase price.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only

when it is probable that future economic benefits associated with the item will flow to the Company. All other repair and maintenance costs are recognized in statement of profit or loss as incurred.

ii. Depreciation, estimated useful lives and residual value:

Depreciation on property, plant and equipment is provided on straight line method, computed on the basis of useful lives as estimated by management which coincides with rates prescribed in Schedule II to the Companies Act, 2013.

The residual values, useful lives and method of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate.

iii. De-recognition:

An item of property, plant and equipment and any significant part initially recognized is de-recognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is de-recognized.

e) Intangible Assets:

i. Recognition and initial measurement:

Intangible assets (software) are stated in the balance sheet at their carrying value being the cost of acquisition less accumulated depreciation. The cost comprises purchase price, borrowing cost if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discount and rebates are deducted in arriving at the purchase price.

ii. Amortization and estimated useful lives:

Amortization of intangible assets is provided on straight line method, computed on the basis of useful lives as estimated by management which coincides with rates prescribed in Schedule II to the Companies Act, 2013.

The residual values, useful lives and method of depreciation of are reviewed at each financial year end and adjusted prospectively, if appropriate.

g) Impairment of assets:

At each reporting date, the Company assesses whether there is any indication that an asset may be impaired, based on internal or external factors. If any such indication exists, the Company estimates the recoverable amount of the asset or the cash generating unit. If such recoverable amount of the asset or 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 statement of profit and loss. If, at the reporting date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed, and the asset is reflected at the recoverable amount.

Impairment losses previously recognized are accordingly reversed in the statement of profit and loss.

h) Foreign Currency:

Functional and presentation currency

The financial statements are presented in Indian Rupee ('INR') which is also the functional and presentation currency of the Company.

Transactions and balances

Foreign currency transactions are recorded in the functional currency, by applying to the exchange rate between the functional currency and the foreign currency at the date of the transaction.

Foreign currency monetary items are converted to functional currency using the closing rate. Non-monetary items denominated in a foreign currency which are carried at historical cost are reported using the exchange rate at the date of the transaction; and non-monetary items which are carried at fair value or any other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

Exchange differences arising on monetary items on settlement, or restatement as at reporting date, at rates different from those at which they were initially recorded, are recognized in the statement of profit and loss in the year in which they arise.

i) Revenue Recognition:

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment net of taxes or duties collected on behalf of the government.

Income from the services is recognized when the services are rendered in accordance with the terms agreed.

Interest income is recognized using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset. While calculating the effective interest rate, the company estimates the expected cash flows by considering all the contractual terms of the financial instruments but does not consider the expected credit losses.

j) Leases:

Where the lessor effectively retains all risk and benefits of ownership of the leased items, such leases are classified as operating leases. Operating lease payments are recognized as an expense in the statement of profit and loss on a straight-line basis.

k) Financial Instruments:

a. Financial Assets

Initial recognition and measurement

The company recognizes financial assets when it becomes a party to the contractual provisions of the instrument. All financial assets are recognized at fair value on initial recognition. Transaction costs that are directly attributable to the acquisition of financial assets that are not at fair value through profit or loss, are added to the fair value on initial recognition. Transaction costs of financial assets carried at fair value through profit and loss are expensed in the statement of profit and loss. Regular way purchase and sale of financial assets are accounted for at trade date.

Subsequent measurement

Debt instruments at amortized cost – A 'debt instrument' is measured at the amortized cost if both the following conditions are met:

- The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate (EIR) method.

Investments in subsidiaries, associates and joint ventures

Investment in subsidiaries, associates and joint ventures is carried at cost in the separate financials statements.

De-recognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of a similar financial asset) is primarily de-recognized (i.e., removed from the company's separate balance sheet) when:

- The rights to receive cash flows from the asset have expired, or
- The company has transferred its rights to receive cash flows from the asset.

b. Financial Liabilities

Initial recognition and measurement

The company recognizes financial liabilities when it becomes a party to the contractual provisions of the instrument. All financial liabilities are recognized at fair value on initial recognition. Transaction costs that are directly attributable to the issue of financial liabilities, that are not at fair value through profit or loss, are reduced from the fair value on initial recognition. Transaction costs that are directly attributable to the issue of financial liabilities at fair value through profit and loss are expensed in the statement of profit and loss.

Subsequent measurement

These liabilities include borrowings and deposits. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the effective interest rate (EIR) method. Gains and losses are recognized in the statement of profit and loss when the liabilities are de-recognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit and loss.

De-recognition of financial liabilities

A financial liability is de-recognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit or loss.

c. Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the group or the counterparty.

l) Borrowing costs:

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying asset are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Other borrowing costs are expensed in the period in which they are incurred.

m) Inventories:

Inventories are valued at the lower of cost and net realizable value. Cost includes purchase price excluding taxes those are subsequently recoverable by the company from the concerned authorities, freight inwards and other expenditure incurred in bringing such inventories to their present location and condition. Cost of inventories is determined using the weighted average cost method.

n) Employee Benefits:**a. Short-term benefit plans**

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognized and measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

b. Defined contribution plans

The company pays provident fund contributions to publicly administered provident funds as per local regulations. The company has no further payment obligations once the contributions have been paid. The contributions are accounted for as defined contribution plans and the contributions are recognized as employee benefit expense when they are due. Prepaid contributions, if any, are recognized as an asset to the extent that a cash refund or a reduction in the future payments is available.

c. Defined benefit plans

The company's gratuity plan is a defined benefit plan. The present value of gratuity obligation under such defined benefit plans is determined based on actuarial valuations carried out by an independent actuary using the Projected Unit Credit Method [PUCM], which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measure each unit separately to build up the final obligation. The obligation is measured at the present value of estimated future cash flows. The discount rates used for determining the present value of obligation under defined benefit plans, is based on the market yields on government securities as at the balance sheet date, having maturity periods approximately to the terms of related obligations. Actuarial gains and losses are recognized immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur.

o) Income Taxes:

Tax expense recognized in statement of profit or loss comprises the sum of deferred tax and current tax except the ones recognized in other comprehensive income or directly in equity.

Calculation of current tax is based on tax rates and tax laws that have been enacted for the reporting period. Current income tax relating to items recognized outside profit or loss is recognized outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax assets are recognized to the extent that it is probable that the underlying tax loss or deductible temporary difference will be utilized against future taxable income. This is assessed based on the Company's forecast of future operating results, adjusted for significant non-taxable income and expenses and specific limits on the use of any unused tax loss or credit. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Un-recognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered. Deferred tax assets and liabilities are measured at the tax rates that are expected

to apply in the year when the asset is realized, or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss (either in other comprehensive income or in equity).

p) Provisions, contingent liabilities and contingent assets:

Provisions are recognized only when there is a present obligation, as a result of past events, and when a reliable estimate of the amount of obligation can be made at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates. Provisions are discounted to their present values, where the time value of money is material.

Contingent liability is disclosed for:

- Possible obligations which will be confirmed only by future events not wholly within the control of the Company or
- Present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made.

Contingent assets are neither recognized nor disclosed. However, when realization of income is virtually certain, related asset is recognized.

q) Cash and cash equivalents:

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

r) Cash flow statement:

Cash flows are reported using the indirect method, whereby net profit/(loss) before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the company are segregated.

s) Earnings per share:

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting attributable taxes) by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period is adjusted for events including a bonus issue.

For calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

CONSOLIDATED FINANCIAL STATEMENTS
City Online Services Limited and Its
Subsidiaries

INDEPENDENT AUDITOR'S REPORT Consolidated Financial Statements

To
the Members of
City Online Services Limited

Report on the Audit of the Consolidated Ind AS Financial Statements

Opinion

We have audited the consolidated Ind AS financial statements of **City Online Services Limited** ("the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") which comprise the Consolidated Balance Sheet as at March 31, 2019, and the Consolidated Statement of Profit and Loss, including the Statement of other comprehensive income, the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows for the year then ended, and notes to the consolidated Ind AS financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated Ind AS financial statements give the information required by the Companies Act, 2013 as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2019, its consolidated loss including other comprehensive income, its consolidated statement of changes in equity and the consolidated cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the consolidated Ind AS financial statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Consolidated Ind AS Financial Statements' section of our report. We are independent of the Group in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the consolidated Ind AS financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the consolidated Ind AS financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated Ind AS financial statements for the financial year ended March 31, 2019. These matters were addressed in the context of our audit of the consolidated Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined that there are no key audit matters to communicate in our report.

Information other than the Financial Statements and Auditor's Report Thereon

The Holding Company's Board of Directors is responsible for the other information. The other information comprises the Board's Report including the annexures to Board's Report, but does not include the consolidated Ind AS financial statements and our auditor's report thereon.

Our opinion on the consolidated Ind AS financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated Ind AS financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibility of Management for Consolidated Ind AS Financial Statements

The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated Ind AS financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated statement of changes in equity and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. The respective Board of Directors of the companies included in the group are responsible for maintenance of adequate accounting records in accordance with the provisions

of the Act for safeguarding of the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated Ind AS financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated Ind AS financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated Ind AS financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those respective Board of Directors of the companies included in the Group are also responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Ind AS Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated Ind AS financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated Ind AS financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated Ind AS financial statements, including the disclosures, and whether the consolidated Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities of business activities within the Group of which we are independent auditors and whose financial information we have audited, to express an opinion on consolidated Ind AS financial statements. We are responsible for the direction, supervision and performance of the audit of the consolidated Ind AS financial statements of such entities included in the consolidated Ind AS financial statements.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated Ind AS financial statements regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, we report that:

- (a) We have sought and 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 Group so far as it appears from our examination of those books.
- (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows dealt with by this Report are in agreement with the books of account maintained for the purpose of our audit of the aforesaid consolidated Ind AS financial statements.
- (d) In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended.
- (e) On the basis of the written representations received from the directors of the Holding Company and the subsidiary companies as on March 31, 2019 taken on record by the Board of Directors of the Holding Company, none of the directors is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company with reference to these consolidated Ind AS financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure A" to this report.
- (g) In our opinion, the managerial remuneration for the year ended March 31, 2019 has been paid / provided by the Holding Company, its subsidiaries incorporated in India to their directors in accordance with the provisions of Section 197 read with Schedule V to this Act;
- (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 as amended, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has no pending litigations affecting its financial position.
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For **Seshachalam & Co.**
Chartered Accountants
(Firm's Registration No. 003714S)

Place: Hyderabad
Date: May 30, 2019

T. Bharadwaj
Partner
Membership No. 201042

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE CONSOLIDATED IND AS FINANCIAL STATEMENTS OF CITY ONLINE SERVICES LIMITED

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

In conjunction with our audit of the consolidated Ind AS financial statements of **City Online Services Limited** as of and for the year ended March 31, 2019, we have audited the internal financial controls over financial reporting of City Online Services Limited (hereinafter referred to as the "Holding Company") and its subsidiary companies, which are companies incorporated in India, as of the date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding Company and its subsidiary companies which are companies incorporated in India are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting with reference to these consolidated Ind AS financial statements and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting with reference to consolidated Ind AS financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated Ind AS financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting with reference to these consolidated Ind AS financial statements.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting with reference to these consolidated Ind AS financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated Ind AS financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting with reference to these consolidated Ind AS financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of consolidated Ind AS financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the consolidated Ind AS financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements to future periods are subject to the risk that the internal financial control over financial reporting with reference to these consolidated Ind AS financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Holding Company and its subsidiary companies which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting with reference to these consolidated Ind AS financial statements and such internal financial controls over financial reporting with reference to these consolidated Ind As financial statements were operating effectively as at March 31, 2019, based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India

For **Seshachalam & Co.**
Chartered Accountants
(Firm's Registration No. 003714S)

Place: Hyderabad
Date: May 30, 2019

T. Bharadwaj
Partner
Membership No. 201042

Consolidated Balance Sheet as at March 31, 2019

(All amounts in Indian Rupees, unless otherwise stated)

Particulars		Note	As at March 31, 2019	As at March 31, 2018
A	ASSETS			
1	Non-Current Assets			
	(a) Property, plant and equipment	3	14,968,303	14,769,231
	(b) Intangible assets	4	62,612	34,740
	(c) Financial Assets			
	- Investments	5	1,301,535	1,642,795
	- Other non-current financial assets	6	1,519,439	1,465,143
	(d) Deferred tax liabilities [net]	7	4,835,665	8,999,614
	(e) Other non-current assets	8	55,168	93,922
	Total Non-Current Assets [A]		22,742,722	27,005,445
2	Current Assets			
	(a) Inventories	9	14,773,293	14,212,813
	(b) Financial Assets			
	- Investments	10	2,123	(39,442)
	- Trade receivables	11	50,578,740	55,397,877
	- Cash and cash equivalents	12	1,577,795	1,379,711
	- Bank balances other than above	13	11,649,420	13,004,625
	- Other current financial assets	14	904,304	3,438,974
	(c) Income Taxes	15	6,800,295	4,181,014
	(d) Other current assets	16	3,257,147	8,201,775
	Total Current Assets [B]		89,543,117	99,777,347
	TOTAL ASSETS [A+B]		112,285,839	126,782,792
B	EQUITY AND LIABILITIES			
1	Equity			
	(a) Equity Share Capital	17	56,098,330	56,098,330
	(b) Other Equity	18	(33,550,576)	(25,154,643)
	Total Equity [A]		22,547,754	30,943,687
2	Non-Current Liabilities			
	(a) Financial Liabilities			
	- Borrowings	19	1,261,839	-
	(b) Provisions	20	2,168,060	2,081,000
	Total Non-Current Liabilities [B]		3,429,899	2,081,000
3	Current Liabilities			
	(a) Financial Liabilities			
	- Borrowings	21	14,331,234	10,631,952
	- Trade payables	22	42,259,883	60,381,615
	- Other current financial liabilities	23	-	1,109,994
	(b) Other current liabilities	24	29,717,069	21,634,544
	Total Current Liabilities [C]		86,308,186	93,758,105
	TOTAL EQUITY AND LIABILITIES [A+B+C]		112,285,839	126,782,792
	Corporate information	1		
	Summary of significant accounting policies	2		
	Accompanying notes forming an integral part of the financial statements	1 to 45		

As per our report on even date

Seshachalam & Co.

Chartered Accountants

Firm Registration Number: 003714S

T. Bharadwaj

Partner

Membership No.: 201042

S. Raghava Rao

Chairman and

Managing Director

DIN: 01441612

For and on behalf of the Board of Directors of

CITY ONLINE SERVICES LIMITED

R. Krishna Mohan

Finance Director cum CFO

DIN: 01678152

Harinath Chava

Director

DIN: 01441704

Place : Hyderabad

Date : May 30, 2019

Consolidated Statement of Profit and Loss for the year ended March 31, 2019

(All amounts in Indian Rupees, unless otherwise stated)

Particulars	Note	For the year ended March 31, 2019	For the year ended March 31, 2018
I REVENUE			
Revenue from Operations [Gross]	25	135,652,109	165,551,013
Other Income	26	5,032,208	3,244,111
TOTAL REVENUE [I]		140,684,317	168,795,124
II EXPENSES			
Purchase of stock in trade	27	3,708,678	1,525,611
Employee benefit expenses	28	18,350,186	15,489,741
Finance costs	29	1,564,270	2,874,061
Depreciation and amortization expense	3 & 4	3,996,730	3,440,929
Bandwidth expenses	30	93,013,429	123,039,635
Other expenses	31	24,950,944	28,706,621
TOTAL EXPENSES [II]		145,584,237	175,076,598
III (Loss) / Profit Before Tax		(4,899,920)	(6,281,474)
IV Tax Expense:			
- Current tax	32	-	-
- Deferred tax	32	4,163,949	1,579,298
V (Loss)/ Profit for the year		(9,063,869)	(7,860,772)
VI Other Comprehensive Income			
Items that will not be reclassified to profit or loss			
- Remeasurements of post-employment benefit obligations		176,899	74,000
- Remeasurements of financial assets		502,389	(1,144,707)
- Recognition of borrowings using effective interest rate		(11,349)	33,442
Other comprehensive income for the year, net of tax		(83,95,929)	(8,898,036)
VII Earnings per equity share Rs. 10/- each fully paid			
- Basic	35	(1.75)	(1.52)
- Diluted	35	(1.75)	(1.52)
Corporate information	1		
Summary of significant accounting policies	2		
Accompanying notes forming an integral part of the financial statements	1 to 45		

As per our report on even date

For and on behalf of the Board of Directors of

Seshachalam & Co.

Chartered Accountants

Firm Registration Number: 003714S

T. Bharadwaj

Partner

Membership No.: 201042

S. Raghava Rao

Chairman and

Managing Director

DIN: 01441612

R .Krishna Mohan

Finance Director cum CFO

DIN: 01678152

Harinath Chava

Director

DIN: 01441704

For and on behalf of the Board of Directors of
CITY ONLINE SERVICES LIMITED

Place : Hyderabad

Date : May 30, 2019

Consolidated Cash Flow Statement for the year ended March 31, 2019

(All amounts in Indian Rupees, unless otherwise stated)

Particulars	Note	Year ended March 31, 2019	Year ended March 31, 2018
A. Cash flow from operating activities			
Loss before tax		(4,899,920)	(6,281,474)
Adjustments:			
Depreciation and amortisation		3,996,730	3,440,929
Interest expense		1,564,270	2,874,061
Interest income		(528,413)	(1,004,644)
Chit dividend		(40,616)	(57,520)
Loss on chit funds		-	527,870
Expected credit loss allowance		(501,802)	1,141,423
Share of profit from Partnership firm [Net]		(460,255)	(422,656)
Profit on sale of property, plant & equipment		(633,972)	
Interest on capital from Partnership firm		(77,430)	(67,900)
Remeasurement of post employee benefits		176,899	74,000
Cash generated before working capital changes		(1,404,509)	224,089
Movements in working capital:			
Increase in other non-current financial assets		448,093	(1,240,557)
Decrease in other non-current assets		38,754	99,134
Decrease/ (Increase) in inventories		(560,480)	3,570,898
Increase in trade receivables		5,320,935	(17,431,550)
Decrease/ (Increase) in current loans		-	218,280
Decrease/ (Increase) in other current financial assets		234,670	293,612
Decrease in other current assets		4,944,628	2,822,481
Increase in trade payables		(18,121,732)	24,003,426
Increase in other current liabilities		8,082,525	2,150,601
Increase in other current financial liabilities		(1,109,994)	1,109,994
Increase in long term provisions		87,060	158,000
Cash generated from operations		(2,040,050)	15,978,408
Direct taxes (paid)/ refund		(2,619,281)	(2,100,605)
Net cash flow from operating activities (A)		(4,659,331)	13,877,803
B. Cash flows from investing activities			
Investment in fixed deposits		1,355,205	(5,334,625)
(Proceeds)/ Investment in chit fund		2,300,000	400,000
Investment in partnership firm		299,695	(311,672)
Chit dividend		40,616	57,520
Interest on capital from Partnership firm		77,430	67,900
Share of profit from Partnership firm [Net]		460,255	422,656
Sale of property, plant and equipment		1,262,000	
Purchase of property, plant and equipment, including intangible assets		(4,851,702)	(2,926,702)
Net cash flow used in investing activities (B)		943,499	(7,624,923)

Consolidated Cash Flow Statement for the year ended March 31, 2019

(All amounts in Indian Rupees, unless otherwise stated)

Particulars	Note	Year ended March 31, 2019	Year ended March 31, 2018
C. Cash flows from financing activities			
Repayment of long term borrowings		1,261,839	-
Proceeds/ (repayment) of short term borrowings		(37,101)	361,056
Loss on chit funds		-	(527,870)
Interest received		528,413	1,004,644
Interest paid		(1,564,270)	(2,874,061)
Net cash flow (used in)/ from financing activities (C)		188,881	(2,036,231)
D. Net Increase/(decrease) in cash and cash equivalents (A+B+C)		(3,526,951)	4,216,649
E. Cash and cash equivalents [Refer Note 2(o)]			
at the beginning of the year		(7,941,742)	(12,158,391)
at the end of the year		(11,468,693)	(7,941,742)
Components of cash and cash equivalents	12		
Balance with banks			
- In current accounts		988,146	1,343,947
- Deposits with original maturity of less than 3 months		503,375	-
Cash on hand		86,274	35,764
Less: Bank overdraft		(13,046,488)	(9,321,453)
Cash and cash equivalents at the end of the year		(11,468,693)	(7,941,742)
Corporate information	1		
Summary of significant accounting policies	2		
Accompanying notes forming an integral part of the financial statements	1 to 45		

As per our report on even date

For and on behalf of the Board of Directors of

Seshachalam & Co.

Chartered Accountants

Firm Registration Number: 003714S

T. Bharadwaj

Partner

Membership No.: 201042

S. Raghava Rao

Chairman and

Managing Director

DIN: 01441612

For and on behalf of the Board of Directors of

CITY ONLINE SERVICES LIMITED

R .Krishna Mohan

Finance Director cum CFO

DIN: 01678152

Harinath Chava

Director

DIN: 01441704

Place : Hyderabad

Date : May 30, 2019

Consolidated Statement of Changes in Equity for the year ended March 31, 2019

(All amounts in Indian Rupees, unless otherwise stated)

A. Equity Share Capital

Particulars	As at March 31, 2019	As at March 31, 2018
Equity shares of Rs. 10 each issued, subscribed and fully paid up		
Balance at the beginning of the reporting year	56,098,330	56,098,330
Changes in equity share capital during the year	-	-
Balance at the end of the reporting year	56,098,330	56,098,330

B. Other Equity

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Movement in other equity is as follows:		
I. Investment subsidy	400,000	400,000
II. Retained Earnings		
(i) Opening Balance	(25,554,644)	(16,656,608)
(ii) Profit for the year	(90,63,869)	(7,860,772)
(iii) Other comprehensive income	667,939	(1,037,265)
	(33,950,574)	(25,554,644)
Total	(33,550,574)	(25,154,644)

Seshachalam & Co.

Chartered Accountants

Firm Registration Number: 003714S

T. Bharadwaj

Partner

Membership No.: 201042

S. Raghava RaoChairman and
Managing Director

DIN: 01441612

For and on behalf of the Board of Directors of

CITY ONLINE SERVICES LIMITED**R .Krishna Mohan**Finance Director cum CFO
DIN: 01678152**Harinath Chava**Director
DIN: 01441704

Place : Hyderabad

Date : May 30, 2019

Notes to consolidated financial statements for the year ended March 31, 2019

(All amounts in Indian Rupees, unless otherwise stated)

Note 3: Property, plant and equipment

Particulars	As at March 31, 2019	As at March 31, 2018
Plant & Machinery	7,643,637	8,843,922
Furniture and Fittings	467,252	529,358
Motor Vehicles	1,889,585	856,115
Computers and Data Processing Units	3,989,573	2,845,547
Office Equipment	978,255	1,694,290
Total	14,968,303	14,769,231

For the year 2018-19

Description of Assets	Plant & Machinery	Furniture and Fittings	Motor Vehicles	Computers and Data Processing Units	Office Equipment	Total
I. Gross Block						
Opening Balance	49,094,497	857,695	3,477,368	12,758,679	6,312,819	72,501,058
Additions	-	-	2,090,237	1,847,652	856,450	4,794,339
Disposals	-	-	3,365,980	-	31,500	3,397,480
Balance as at March 31, 2019	49,094,497	857,695	2,201,625	14,606,331	7,137,769	73,897,917
II. Accumulated Depreciation						
Opening Balance	40,250,575	328,337	2,621,254	9,913,131	4,618,529	57,731,827
Depreciation expense for the period	1,200,284	62,105	449,732	703,627	1,551,490	3,967,238
Eliminated on disposal of assets	-	-	2,758,946	-	10,506	2,769,452
Balance as at March 31, 2019	41,450,860	390,443	312,040	10,616,758	6,159,513	58,929,614
III. Net Block [I-II]						
Carrying value as at March 31, 2019	7,643,637	467,252	1,889,585	3,989,573	978,255	14,968,303
Carrying value as at March 31, 2018	8,843,922	529,358	856,114	2,845,547	1,694,290	14,769,230

Notes to consolidated financial statements for the year ended March 31, 2019

(All amounts in Indian Rupees, unless otherwise stated)

For the year 2017-18

Description of Assets	Plant & Machinery	Furniture and Fittings	Motor Vehicles	Computers and Data Processing Units	Office Equipment	Total
I. Gross Block						
Opening Balance	49,094,497	824,103	3,477,368	12,082,728	4,124,260	69,602,956
Additions	-	33,592	-	675,951	2,188,559	2,898,102
Disposals	-	-	-	-	-	-
Balance as at March 31, 2018	49,094,497	857,695	3,477,368	12,758,679	6,312,819	72,501,058
II. Accumulated Depreciation						
Opening Balance	39,050,291	266,604	2,080,486	9,531,709	3,419,537	54,348,627
Depreciation expense for the year	1,200,284	61,733	540,768	381,422	1,198,992	3,383,200
Eliminated on disposal of assets	-	-	-	-	-	-
Balance as at March 31, 2018	40,250,575	328,337	2,621,254	9,913,131	4,618,529	57,731,827
III. Net Block [I-II]						
Carrying value as at March 31, 2018	8,843,922	529,358	856,114	2,845,547	1,694,290	14,769,230
Carrying value as at March 31, 2017	10,044,206	557,499	1,396,882	2,551,019	704,723	15,254,329

Notes to consolidated financial statements for the year ended March 31, 2019

(All amounts in Indian Rupees, unless otherwise stated)

Note 4: Intangible Assets

Particulars	As at March 31, 2019	As at March 31, 2018
Computer Software	62,612	34,740
Total	62,612	34,740

For the year 2018-19

Description of Assets	Computer Software
I. Gross Block	
Opening Balance	305,584
Additions	57,363
Disposals	-
Balance as at March 31, 2019	362,947
II. Accumulated Amortization	
Opening Balance	270,844
Amortization expense for the period	29,491
Eliminated on disposal of assets	-
Balance as at March 31, 2019	300,335
III. Net Block [I-II]	
Carrying value as at March 31, 2019	62,612
Carrying value as at March 31, 2018	34,740

For the year 2017-18

Description of Assets	Computer Software
I. Gross Block	
Opening Balance	276,984
Additions	28,600
Disposals	-
Balance as at March 31, 2018	305,584
II. Accumulated Amortization	
Opening Balance	213,116
Amortization expense for the year	57,728
Eliminated on disposal of assets	-
Balance as at March 31, 2018	270,844
III. Net Block [I-II]	
Carrying value as at March 31, 2018	34,740
Carrying value as at March 31, 2017	63,868

Notes to consolidated financial statements for the year ended March 31, 2019

(All amounts in Indian Rupees, unless otherwise stated)

Note 5: Non-Current Investments

Particulars	As at March 31, 2019	As at March 31, 2018
(ii) Others investments, unquoted		
(a) Investments in partnership firms		
- Broadway City Online Consortium	675,855	675,855
- In-fo City Online Consortium	575,680	916,940
(b) Investments in government securities [valued at cost]		
National savings certificates [Refer Note (i) below] [5 Bonds (31.03.2018: Rs.50,000) of Rs. 10,000 each]	50,000	50,000
Total investment in other non-current investments [B]	1,301,535	1,642,795
Total [A+B]	1,301,535	1,642,795
Note (i) : National Savings Certificate has been deposited with the Entertainment Tax Department by the company as a deposit for the purpose of procurement of Entertainment License.		
Aggregate amount of unquoted investments	1,301,535	1,642,795
Investments carried at cost	1,301,535	1,642,795

Note 6: Other non-current financial assets

Particulars	As at March 31, 2019	As at March 31, 2018
Security Deposits	1,519,439	1,465,143
Chit Fund	-	-
Total	1,519,439	1,465,143

Note 7: Deferred tax (liabilities)/assets [net]

Particulars	As at March 31, 2019	As at March 31, 2018
Deferred tax (liabilities)/assets		
- Depreciation	(529,927)	316,067
- Employee benefits	563,696	535,858
- Carry forward losses	4,801,897	8,147,690
Total	4,835,665	8,999,614

Note 8: Other non-current asset

Particulars	As at March 31, 2019	As at March 31, 2018
Prepaid expenses	55,168	93,922
Total	55,168	93,922

Notes to consolidated financial statements for the year ended March 31, 2019

(All amounts in Indian Rupees, unless otherwise stated)

Note 9: Inventories

Particulars		As at March 31, 2019	As at March 31, 2018
	Stock in trade	14,773,293	14,212,813
Total		14,773,293	14,212,813

Note 10: Current Investments

Particulars		As at March 31, 2019	As at March 31, 2018
	Other investments, unquoted		
	Investments in partnership firms		
	- City Online Exozen Consortium	2,123	(39,442)
Total		2,123	(39,442)

Note 11: Trade Receivables [Refer Note 41]

Particulars		As at March 31, 2019	As at March 31, 2018
	Unsecured, considered good		
	Outstanding for a period exceeding six months	15,817,931	18,256,275
	Others	36,581,592	39,464,186
	Less: Provision for credit losses	(1,820,782)	(2,322,584)
Total		50,578,740	55,397,877

Note 12: Cash and cash equivalents

Particulars		As at March 31, 2019	As at March 31, 2018
	Balance with banks		
	- In current accounts	988,146	1,343,947
	- Deposits with original maturity of less than 3 months	503,375	-
	Cash on hand	86,274	35,764
Total		1,577,795	1,379,711

Note 13: Bank balances other than above

Particulars		As at March 31, 2019	As at March 31, 2018
	On deposit accounts		
	- Remaining maturity for less than 12 months	11,649,420	13,004,625
Total		11,649,420	13,004,625

Note: Fixed deposits amounting Rs. 16,63,500 are given as security for bank guarantees and of Rs. 99,85,920 for bank overdraft.

Notes to consolidated financial statements for the year ended March 31, 2019

(All amounts in Indian Rupees, unless otherwise stated)

Note 14: Other current financial assets

Particulars		As at March 31, 2019	As at March 31, 2018
	Security Deposits	550,075	2,850,075
	Interest accrued but not due	162,229	455,455
	Loans to employees	192,000	133,444
Total		904,304	3,438,974

Note 15: Income Taxes

Particulars		As at March 31, 2019	As at March 31, 2018
	Advance Income Tax	6,800,295	4,181,014
	Current Tax Liabilities	-	-
Total		6,800,295	4,181,014

Note 16: Other current assets

Particulars		As at March 31, 2019	As at March 31, 2018
	Prepaid expenses	2,965,922	7,893,526
	Advance to suppliers	132,000	132,000
	Balance with government authorities	159,225	176,249
Total		3,257,147	8,201,775

Note 17: Share Capital

Particulars	As at March 31, 2019		As at March 31, 2018	
	Number of Shares	Amount	Number of Shares	Amount
Authorised				
Equity shares of Rs.10 each	7,700,000	77,000,000	7,700,000	77,000,000
Issued				
Equity shares of Rs.10 each	7,000,000	70,000,000	7,000,000	70,000,000
Subscribed and called up				
Equity shares of Rs.10 each	6,925,000	69,250,000	6,925,000	69,250,000
Paid up capital				
Equity shares of Rs.10 each, fully paid-up	5,164,700	51,647,000	5,164,700	51,647,000
Share forfeiture account				
Equity shares of Rs.10 each, fully paid-up	1,760,300	4,451,330	1,760,300	4,451,330
Total	6,925,000	56,098,330	6,925,000	56,098,330

Notes to consolidated financial statements for the year ended March 31, 2019

(All amounts in Indian Rupees, unless otherwise stated)

(a) Reconciliation of number of shares and amount outstanding at the beginning and at the end of the year:

Particulars	Opening Balance	Issued during the year	Bought back during the year	Closing Balance
Equity shares				
Year ended March 31, 2019				
- Number of shares	5,164,700	-	-	5,164,700
- Amount	51,647,000	-	-	51,647,000
Year ended March 31, 2018				
- Number of shares	5,164,700	-	-	5,164,700
- Amount	51,647,000	-	-	51,647,000

(b) Rights, preferences and restrictions attached to shares

Equity Shares: The company has one class of equity shares having a face value of Rs.10 per share. Each shareholder is eligible for one vote per share held.

(c) Shareholders holding more than five percent of paid up share capital*

Name of the shareholder	As at March 31, 2019		As at March 31, 2018	
	Number of Shares held	Percentage of Holding	Number of Shares held	Percentage of Holding
S. Raghava Rao	684,500	13.25%	684,500	13.25%

*As per records of the Company, including its register of shareholders/ members and other declaration received from shareholders regarding beneficial interest, the above shareholding represent both legal and beneficial ownership of shares.

Note 18: Other Equity

Particulars	As at March 31, 2019	As at March 31, 2018
Investment subsidy	400,000	400,000
Retained Earnings	(33,950,574)	(25,554,643)
Total	(33,550,574)	(25,154,643)

For details of movement during the year refer 'Statement of Changes in Equity'

Nature and purpose of Other Equity:

(a) Investment subsidy

Investment subsidy pertains to subsidy given by Andhra Pradesh Government to internet service providers.

(b) Retained Earnings

Retained earnings comprise of the company's accumulated undistributed earnings.

Note 19: Non-Current Borrowings

Particulars	As at March 31, 2019	As at March 31, 2018
Term Loan from Banks	-	-
Secured:		
- From Banks	1,261,839	-
Total	1,261,839	-

Notes to consolidated financial statements for the year ended March 31, 2019

(All amounts in Indian Rupees, unless otherwise stated)

Note:

1. The term loan taken from Volkswagen Finance is secured by way of hypothecation of vehicle purchased. The loan is repayable in 60 equal monthly installments. The applicable interest rate is 10.25%. The loan was matured in the month of August 2018.
2. The term loan taken from HDFC Bank is secured by way of hypothecation of vehicle purchased. The loan is repayable in 60 equal monthly installments. The applicable interest rate is 11.25%. The period of maturity with respect to balance sheet date is 52 installments.
3. The term loan taken from Mahindra Finance is secured by way of hypothecation of generator purchased. The loan is repayable in 12 equal monthly installments. The applicable interest rate is 18.07%. The period of maturity with respect to balance sheet date is 8 installments.

Note 20: Non-Current Provisions

Particulars	As at March 31, 2019	As at March 31, 2018
Provision for Employee Benefits - Gratuity [Refer Note 34]	2,168,060	2,081,000
Total	2,168,060	2,081,000

Note 21: Current Borrowings

Particulars	As at March 31, 2019	As at March 31, 2018
From Banks - Secured [Refer Note 21]	451,130	443,271
- Unsecured	-	-
Bank overdraft - Secured	13,046,488	9,321,454
Loan from related parties - Unsecured	833,617	867,227
Total	14,331,234	10,631,952

Note 22: Trade payables [Refer Note 41 & 42]

Particulars	As at March 31, 2019	As at March 31, 2018
Creditors - Suppliers	40,188,138	58,542,643
Other Payables	2,071,744	1,838,972
Total	42,259,883	60,381,615

Note 23: Other current financial liabilities

Particulars	As at March 31, 2019	As at March 31, 2018
Chit Fund	-	1,109,994
Total	-	1,109,994

Note 24: Other Current Liabilities

Particulars	As at March 31, 2019	As at March 31, 2018
Statutory remittances	19,270,677	17,136,486
Advance from customers	9,738,368	4,274,558
Deposits from customers	261,302	23,500
Book overdraft	-	-
Loans from related parties	446,722	200,000
Total	29,717,069	21,634,544

Notes to consolidated financial statements for the year ended March 31, 2019

(All amounts in Indian Rupees, unless otherwise stated)

Note 25: Revenue from operations [Gross]

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Income from internet services	129,746,011	163,209,320
Income from VOIP services	(52,645)	380,359
Income from sale of Hardware	5,958,743	1,961,333
Total	135,652,109	165,551,013

Note 26: Other Income

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Share of profit from Partnership firm	41,565	283,214
Interest income on deposits	528,413	1,004,644
Profit on sale of property, plant & equipment	633,972	-
Excess provisions written back	3,197,758	1,251,484
Interest income:		
- On Capital in the Partnership Firm	77,430	67,900
Chit dividned	40,616	57,520
Annual Maintenance Charges (Recovered)	-	84,745
Miscellaneous income	512,453	494,604
Total	5,032,208	3,244,111

Note 27: Cost of material consumed

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Opening Stock	-	-
Add: Purchases made during the year	3,708,678	1,525,611
Less: Closing Stock	-	-
Total	3,708,678	1,525,611

Note 28: Employee Benefit Expenses

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Salaries, allowances and wages [Refer Note 35]	16,654,836	14,305,622
Contribution to provident and other funds	1,370,742	933,094
Staff welfare expenses	324,607	251,025
Total	18,350,186	15,489,741

Note 29: Finance Costs

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Interest expense on:		
- Working Capital	-	1,297,353
- Term Loan	130,057	58,151
- Interest on TDS	-	1,072,768
Other borrowing costs	1,434,213	445,789
Total	1,564,270	2,874,061

Notes to consolidated financial statements for the year ended March 31, 2019

(All amounts in Indian Rupees, unless otherwise stated)

Note 30: Bandwidth Expenses

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Bandwidth charges	78,888,388	109,005,728
Repairs and maintenance	3,236,591	2,508,151
VOIP activation charges	-	47,123
Electricity	3,452,807	3,363,803
Rent networking	2,510,044	1,358,500
Cost of sales	-	-
Cable line expenses	450,392	577,823
Installation expenses	113,032	778,790
Last mile charges	4,190,476	1,692,120
Other operating expenses	171,699	3,707,597
Total	93,013,429	123,039,635

Note 31: Other Expenses

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Rent [Refer Note 37]	3,287,503	3,605,312
Rates and taxes	956,375	6,364,972
Director's remuneration	5,460,000	5,320,500
Sales commission	3,248,451	470,315
Insurance	136,739	198,361
Auditors' remuneration:		
- Statutory audit	360,000	478,240
- Tax audit	50,000	50,000
- Fees for limited review	50,000	50,000
- Certification	15,000	12,000
Travelling and conveyance	2,220,379	1,710,607
Legal and professional charges	761,600	580,180
Advertisement expenses	126,643	32,528
Communication cost	1,293,949	999,788
Bad debts written off	318,530	3,365,898
Printing and stationery	347,551	256,715
Repairs and maintenance		
- Others	4,527,048	2,967,448
Postage and courier	183,572	322,148
Professional charges	41,200	30,000
Consultancy Charges	-	117,000
Chit loss	-	527,870
Sharing of loss from partnership firm	418,690	139,442
Net loss on foreign currency transaction and translation	20,310	11,551
Miscellaneous expenses	1,127,405	1,095,747
Total	24,950,944	28,706,621

Note 32: Income Tax

Notes to consolidated financial statements for the year ended March 31, 2019

(All amounts in Indian Rupees, unless otherwise stated)

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
(a) Major components of income tax expense:		
(i) Current Income Tax		
- Current income tax charge	-	-
- Adjustments in respect of current income tax of previous year	-	-
	-	-
(ii) Deferred Tax		
- Relating to origination/reversal of temporary differences	4,163,949	1,579,298
	4,163,949	1,579,298
Income tax expense reported in the statement of profit or loss	4,163,949	1,579,298
(b) Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate:		
Profit/(Loss) before tax from continuing operations	(4,941,485)	(6,281,474)
Indian tax rate	26.00%	30.90%
Tax at the Indian tax rate	3,225	-
Effect of:		
Non-Deductible expenses for tax purposes	-	-
Deferred tax relating to origination/reversal of temporary differences	57,313	1,869
Tax exempt income	-	-
Income taxed at special rates	-	-
Effect of brought forward losses	(2,847)	-
Others	4,106,258	1,577,429
Total Income Tax Expense	4,163,949	1,579,298

33. Contingent liabilities:

- i) Bank Guarantees:

Particulars	As at March 31, 2019	As at March 31, 2018
Performance Guarantee	52,52,000	64,52,000

34. Employee Benefits

The Group has a defined benefit gratuity plan. The scheme is funded with an insurance company in the form of a qualifying insurance policy.

The following tables summarize the components of net benefit expense recognized in the statement of profit and loss and the funded status and amounts recognized in the balance sheet:

Statement of Profit and Loss

Net employee benefit expenses recognized in the employee cost

Notes to consolidated financial statements for the year ended March 31, 2019

(All amounts in Indian Rupees, unless otherwise stated)

Particulars	March 31, 2019	March 31, 2018
Current service cost	1,00,215	96,000
Interest cost on benefit obligation	1,63,743	1,35,000
Past Service cost – vested benefits	-	-
Expected return on plan assets	-	-
Net actuarial loss/(gain) recognized in the year	(1,76,899)	(74,000)
Net benefit expense	87,060	1,57,000

Balance Sheet

Benefit liability

Particulars	March 31, 2019	March 31, 2018
Present value of defined benefit obligation	21,68,060	20,81,000
Fair value of plan assets	-	-
Plan liability	21,68,060	20,81,000

Changes in the present value of the defined benefit obligation are as follows:

Particulars	March 31, 2019	March 31, 2018
Opening defined benefit obligation	20,81,000	19,23,000
Current service cost	1,00,215	96,000
Interest cost	1,63,743	1,35,000
Benefits paid	-	-
Actuarial gain/(losses) on obligation	(176,899)	(74,000)
Closing defined benefit obligation	21,68,060	20,81,000

Changes in the fair value of plan assets are as follows:

Particulars	March 31, 2019	March 31, 2018
Opening fair value of plan assets	-	-
Expected return	-	-
Contributions by employer	-	-
Benefits paid	-	-
Actuarial (losses)/gains	-	-
Closing fair value of plan assets	-	-

The principal assumptions used in determining gratuity obligations for the Group's plans are shown below:

Particulars	March 31, 2019	March 31, 2018
Discount rate (%)	7.61%	7.89%
Salary escalation (%)	7.00%	7.00%
Attrition rate (%)	5.00%	5.00%

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

Notes to consolidated financial statements for the year ended March 31, 2019

(All amounts in Indian Rupees, unless otherwise stated)

The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled.

35. Segment information

The Company's operations predominantly consist only of business of providing internet and intranet, data centre solutions. Thus, there are no reportable segments as defined in Ind AS 108 "Operating Segments". The company earns its entire "revenue from external customers" in India, being company's country of domicile. All non-current assets other than financial instruments and deferred tax assets are located in India. There are no single major customers on whom the company's revenue is dependent upon and revenue from none of the single customer is more than or equal to 10% of the company's revenue.

36. Related Party Disclosures

a) Names of the related parties and nature of relationship (as per Ind AS 24):

Nature of Relationship	Name of Related Party
Key Management Personnel (KMP):	C H Harinath
	S. Raghava Rao
	R. Krishna Mohan
Relatives of Key Management Personnel (KMP):	R. Vijaya Durga
	S. Naga Durga
Entity in which KMP have significant influence	Anu Digital Arts Private Limited
Investment in partnership firms:	Info-Fi City Online Consortium
	Broadway City Online Consortium
	City Online Exozen Consortium

b) Transactions with related parties:

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Remuneration Paid:	54,60,000	54,60,000
- S Raghava Rao	18,60,000	18,60,000
- R. Krishna Mohan	18,00,000	18,00,000
- Ch Harinath	18,00,000	18,00,000
Loans and advances given:	-	40,000
- City Online Exozen Consortium	-	40,000
Loans and advances recovered:	-	1,95,280
- Anu Digital Arts Private Limited	-	1,95,280
Unsecured Loans Taken:	5,27,610	8,00,000
- S Naga Durga	4,82,000	-
- R. Vijaya Durga	-	300,000
- In-fo City Online consortium	-	500,000
- R. Krishna Mohan	45,610	-
Unsecured Loans Repaid:	2,47,278	1,00,000
- S Naga Durga	35,278	-

Notes to consolidated financial statements for the year ended March 31, 2019

(All amounts in Indian Rupees, unless otherwise stated)

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
- R Vijaya Durga	2,00,000	1,00,000
- R. Krishna Mohan	12,000	-
Investments made:	-	1,00,000
- City Online Exozen Consortium	-	1,00,000
Share of profit/(loss) from partnership firm:	3,77,125	1,43,773
- Info-Fi Cityonline Consortium	(4,18,690)	2,83,214
- City Online Exozen Consortium	41,565	(139,442)
Interest on capital:	77,430	67,900
- Info-Fi Cityonline Consortium	77,430	67,900
Sales:	81,27,508	132,07,972
- Info-Fi Cityonline Consortium	45,50,296	68,30,223
- Broadway City Online Consortium	18,70,000	5,237,668
- City Online Exozen Consortium	17,07,212	1,140,081
Payments received for sale of services:	5,359,629	9,857,907
- Info-Fi Cityonline Consortium	49,59,629	5,710,392
- Broadway City Online Consortium	400,000	4,147,515

e) Related party balances:

Particulars	As at March 31, 2019	As at March 31, 2018
Investments made:	12,53,658	16,32,237
- Broadway City Online Consortium	675,855	675,855
- Info-Fi Cityonline Consortium	5,75,680	916,940
- City Online Exozen Consortium	2,123	39,442
Loans and Advances Given/(Taken):	(8,14,722)	(6,01,610)
- Anu Digital Arts Private Limited	132,000	132,000
- S Naga Durga	(4,46,722)	-
- R Vijaya Durga	-	(2,00,000)
- In-fo City Online consortium	(5,00,000)	(5,00,000)
- R. Krishna Mohan	-	(33,610)
Advance from customers:	16,48,458	1,239,126
- Info-Fi Cityonline Consortium	16,48,458	1,239,126
Trade receivable:	28,85,493	14,15,493
- Broadway City Online Consortium	17,93,712	3,23,712
- City Online Exozen Consortium	10,91,781	10,91,781

Notes to consolidated financial statements for the year ended March 31, 2019

(All amounts in Indian Rupees, unless otherwise stated)

37. Leases:

Operating Lease

Assets taken on cancellable operating lease

The Group is obligated under cancellable lease for office premises. Total lease rental expenses recognized in the statement of profit and loss for the year are as follows;

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Cancellable	32,87,503	36,05,312
Total	32,87,503	36,05,312

38. Earnings per Share (EPS):

i. Reconciliation of earnings used in calculating earnings per share:

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Profit after taxation as per statement of profit and loss (for basic EPS)	(90,63,869)	(78,60,772)
Less: Effect of dilutive potential ordinary shares	-	-
Net Profit for dilutive earnings per share	(90,63,869)	(78,60,772)

ii. Reconciliation of basic and diluted shares used in computing earnings per share:

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Number of weighted average equity shares considered for calculating of basic EPS	51,64,700	51,64,700
Add: Dilutive effect of potential ordinary shares	-	-
Number of weighted average equity shares considered for calculating of diluted EPS	51,64,700	51,64,700

iii. Earnings per share:

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
- Basic (Rs.)	(1.75)	(1.52)
- Diluted (Rs.)	(1.75)	(1.52)

39. Value of imports on C.I.F. basis :

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Purchase of Hardware	-	1,23,123

40. Expenditure in Foreign Currency:

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Membership Fee	4,58,385	4,09,007
Total	4,58,385	4,09,007

Notes to consolidated financial statements for the year ended March 31, 2019

(All amounts in Indian Rupees, unless otherwise stated)

41. Balance Confirmations

Confirmations of receivables and payable balances have not been received by the Group, hence, reliance is placed on the balances as per books. In the opinion of the management, the amounts are realizable/payable in the ordinary course of business.

42. Due to Micro and Small Enterprises

The Group has no dues to Micro and Small Enterprises as at March 31, 2019 and March 31, 2018 in the financial statements based on information received and available with the group.

43. Fair Value Measurements

i. Fair value hierarchy

Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into three levels of a fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement, as follows:

Level 1: Quoted prices (unadjusted) in active markets for financial instruments.

Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximize the use of observable market data rely as little as possible on entity specific estimates.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

ii. Financial assets and financial liabilities measured at fair value

Particulars	March 31, 2019	March 31, 2018
Fair Value Hierarchy	3	3
Financial Assets		
Other Financial Assets – Security Deposits	20,69,514	43,15,218
Other Financial Assets – Trade receivables	467,35,299	553,97,877
Other Investments	12,62,093	16,03,353
Financial Liabilities		
Borrowings	143,31,234	106,31,952

iii. Financial Instruments by category

For amortized cost instruments, carrying value represents the best estimate of fair value:

Particulars	31-Mar-19			31-Mar-18		
	FVTPL	FVOCI	Amortized Cost	FVTPL	FVOCI	Amortized Cost
FINANCIAL ASSETS						
Other investments	-	-	1,301,535	-	-	1,642,795
Trade receivables	-	46,735,299	3,843,440	-	55,397,877	-
Loans	-	-	-	-	-	-
Cash and cash equivalents	-	-	1,577,796	-	-	1,379,711
Other bank balances	-	-	11,649,420	-	-	13,004,625
Other financial assets	-	2,069,514	354,229	-	4,315,218	588,899
TOTAL	-	48,804,813	18,726,420	-	59,713,095	16,616,030
FINANCIAL LIABILITIES						
Borrowings	-	14,331,234	-	-	10,631,952	-
Trade payables	-	-	42,259,882	-	-	60,381,615
Other financial liabilities	-	-	-	-	-	1,109,994
TOTAL	-	14,331,234	42,259,882	-	10,631,952	61,491,609

Notes to consolidated financial statements for the year ended March 31, 2019

(All amounts in Indian Rupees, unless otherwise stated)

The Group's principal financial liabilities comprise loans and borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the Group's operations. The Group's principal financial assets include loans, trade and other receivables, and cash and cash equivalents that derive directly from its operations.

The Group is exposed to market risk, credit risk and liquidity risk. The Group's Board of Directors oversees the management of these risks. The Group's Board of Directors is supported by the senior management that advises on financial risks and the appropriate financial risk governance framework for the Group. The senior management provides assurance to the Group's board of directors that the Group's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Group's policies and risk objectives.

The carrying amounts reported in the statement of financial position for cash and cash equivalents, trade and other receivables, trade and other payables and other liabilities approximate their respective fair values due to their short maturity.

44. Financial Instruments Risk Management

i. Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices, which will affect the group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

a. Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The group has exposure only to financial instruments at fixed interest rates. Hence, the group is not exposed to significant interest rate risk.

b. Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily towards operating activities (when revenue or expense is denominated in a foreign currency).

ii. Credit Risk

Credit risk is the risk that a counterparty fails to discharge an obligation to the Group, leading to a financial loss. The Group is mainly exposed to the risk of its balances with the bankers and trade and other receivables.

Ageing of receivables is as follows:

Particulars	March 31, 2019	March 31, 2018
Past due not impaired:		
0-30 Days	-	11,03,440
31-60 Days	-	-
61-90 Days	2,52,37,778	2,63,54,677
91-180 Days	1,14,68,338	1,20,06,068
Greater than 180 Days	1,56,93,407	1,82,56,275
Less: Provision for Credit Losses	(18,20,782)	(23,22,584)
Total	5,05,78,741	5,53,97,876

iii. Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due. Due to the nature of the business, the Group maintains flexibility in funding by maintaining availability under committed facilities.

Management monitors rolling forecasts of the Group's liquidity position and cash and cash equivalents on the basis of expected cash flows. The Group takes into account the liquidity of the market in which the entity operates. The Group's principal sources of liquidity are the cash flows generated from operations. The Group has no long-term borrowings and believes that the working capital is sufficient for its current requirements. Accordingly, no liquidity risk is perceived.

The tables below analyses the Group's financial liabilities into relevant maturity groupings based on their contractual

Notes to consolidated financial statements for the year ended March 31, 2019

(All amounts in Indian Rupees, unless otherwise stated)

maturities for all non-derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is insignificant.

Particulars	Upto 1 year	From 1-3 years	More than 3 years	Total
March 31, 2019				
Borrowings	14,331,234	-	-	14,331,234
Trade Payables	42,259,882	-	-	42,259,882
Other current financial liabilities	-	-	-	-
Total	56,591,116	-	-	56,591,116
March 31, 2018				
Borrowings	10,631,952	-	-	10,631,952
Trade Payables	60,381,616	-	-	60,381,616
Other current financial liabilities	1,109,994	-	-	1,109,994
Total	72,123,562	-	-	72,123,562

45. Capital Risk Management

The Group's objective when managing capital is to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for stakeholders. The Group also proposes to maintain an optimal capital structure to reduce the cost of capital. Hence, the Group may adjust any dividend payments, return capital to shareholders or issue new shares. Total capital is the equity as shown in the statement of financial position. Currently, the Group primarily monitors its capital structure on the basis of gearing ratio. Management is continuously evolving strategies to optimize the returns and reduce the risks. It includes plans to optimize the financial leverage of the Group.

The capital for the reporting year under review is summarized as follows:

Particulars	31-Mar-19	31-Mar-18
Current Borrowings [Refer Note 22]	14,331,234	10,631,952
Total Debt	14,331,234	10,631,952
As a percentage of total capital	38.90%	25.57%
Equity [Refer Note 18 and 19]	22,506,189	30,943,687
As a percentage of total capital	61.10%	74.43%
Total Capital [Debt and Equity]	36,837,423	41,575,639

For and on behalf of the Board of Directors of
CITY ONLINE SERVICES LIMITED

S. Raghava Rao

Chairman and
Managing Director
DIN: 01441612

R .Krishna Mohan

Finance Director cum CFO
DIN: 01678152

Harinath Chava

Director
DIN: 01441704

Place : Hyderabad

Date : May 30, 2019

1. Group Information:

The consolidated financial statements of City Online Services Limited ("the Company") together with its subsidiaries (collectively referred as the 'Group' or the 'consolidating entities') are prepared with generally accepted accounting principles in India under the historical cost convention and on an accrual basis of accounting and in accordance.

The accounting policies adopted in the preparation of financial statements are consistent with those of previous year.

2. Significant Accounting Policies:

This note provides a list of the significant accounting policies adopted in the preparation of these consolidated financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

a) Basis of preparation:

These consolidated financial statements are prepared in accordance with Ind AS under the historical cost convention on accrual basis except for certain financial instruments which are measured at fair value, the provisions of the Companies Act, 2013 (to the extent notified). The Ind AS are prescribed under Section 133 of the Act read with Companies (Indian Accounting Standards) Rules, 2015.

Accounting policies have been consistently applied except where the change is required by an Ind AS or change results in the financial statements providing reliable and more relevant information about the effects of transactions, other events or condition on the entity's financial position, performance or cash flow.

Investments in subsidiaries, except where the investments are acquired exclusively with a view to its subsequent disposal in the near future, are accounted in accordance with accounting principles as defined in the Indian Accounting Standard (Ind AS) 110 'Consolidated Financial Statements', as prescribed under the Rules.

The financial statements of the consolidating entities are added on a line-by-line basis and material inter-company balances and transactions including unrealized gain and loss from such transactions are eliminated upon consolidation. The following subsidiaries have been considered for the purpose preparation of consolidated financial statements.

Name of the consolidating entities	Country of Incorporation	Percentage Holding/Interest (%)	
		As at March 31, 2019	As at March 31, 2018
City Online Digital Private Limited	India	100.00	100.00
City Online Media Private Limited	India	100.00	100.00

b) Use of estimates and judgements:

The preparation of the consolidated financial statements in conformity with Ind AS required management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Difference between the actual results and estimates are recognized in the year in which results are known/materialized.

Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates. Any revision to accounting estimates is recognized prospectively in the current and future periods.

c) Current versus non-current classification:

The Group presents assets and liabilities in the balance sheet based on current/non-current classification.

An asset is treated as current when it is:

- Expected to be realized or intended to be sold or consumed in the normal operating cycle,
- Held primarily for the purpose of trading,
- Expected to be realized within twelve months after the reporting period or,
- Cash or cash equivalents unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is treated as current when:

- It is expected to be settled in the normal operating cycle,
- It is held primarily for the purpose of trading,
- It is due to be settled within twelve months after the reporting period or,
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

The operating cycle is the time between the acquisition of assets for processing and their realization in cash and cash equivalents. The Group has identified twelve months as its operating cycle.

d) Property, plant and equipment:

i. Recognition and initial measurement:

Property, plant and equipment are stated in the balance sheet at their carrying value being the cost of acquisition less accumulated depreciation. The cost comprises purchase price, borrowing cost if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discount and rebates are deducted in arriving at the purchase price.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group. All other repair and maintenance costs are recognized in statement of profit or loss as incurred.

ii. Depreciation, estimated useful lives and residual value:

Depreciation on property, plant and equipment is provided on straight line method, computed on the basis of useful lives as estimated by management which coincides with rates prescribed in Schedule II to the Companies Act, 2013.

The residual values, useful lives and method of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate.

iii. De-recognition:

An item of property, plant and equipment and any significant part initially recognized is de-recognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on recognition of the asset (calculated as the difference between the net disposal proceed sand the carrying amount of the asset) is included in the income statement when the asset is de-recognized.

e) Intangible Assets:

i. Recognition and initial measurement:

Intangible assets (software) are stated in the balance sheet at their carrying value being the cost of acquisition less accumulated depreciation. The cost comprises purchase price, borrowing cost if capitalization criteria are met and directly attributable cost of bringing the asset to itsworking condition for the intended use. Any trade discount and rebates are deducted in arriving at the purchase price.

ii. Amortization and estimated useful lives:

Amortization on intangible assets is provided on written down value method, computed on the basis of useful lives as estimated by management which coincides with rates prescribed in Schedule Inigo the Companies Act, 2013.

The residual values, useful lives and method of depreciation of are reviewed at each financial year end and adjusted prospectively, if appropriate.

g) Impairment of assets:

At each reporting date, the Group assesses whether there is any indication that an asset may be impaired, based on internal or external factors. If any such indication exists, the Group estimates the recoverable amount of the asset or the cash generating unit. If such recoverable amount of the asset or 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 statement of profit and loss. If, at the reporting date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed, and the asset is reflected at the recoverable amount.

Impairment losses previously recognized are accordingly reversed in the statement of profit and loss.

h) Foreign Currency:

Functional and presentation currency

The financial statements are presented in Indian Rupee ('INR') which is also the functional and presentation currency of the Company.

Transactions and balances

Foreign currency transactions are recorded in the functional currency, by applying to the exchange rate between the functional currency and the foreign currency at the date of the transaction.

Foreign currency monetary items are converted to functional currency using the closing rate. Non-monetary items denominated in a foreign currency which are carried at historical cost are reported using the exchange rate at the date of the transaction; and non-monetary items which are carried at fair value or any other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

Exchange differences arising on monetary items on settlement, or restatement as at reporting date, at rates different from those at which they were initially recorded, are recognized in the statement of profit and loss in the year in which they arise.

i) Revenue Recognition:

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment net of taxes or duties collected on behalf of the government.

Income from the services is recognized when the services are rendered in accordance with the terms agreed.

Interest income is recognized using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset. While calculating the effective interest rate, the company estimates the expected cash flows by considering all the contractual terms of the financial instruments but does not consider the expected credit losses.

j) Leases:

Where the lessor effectively retains all risk and benefits of ownership of the leased items, such leases are classified as operating leases. Operating lease payments are recognized as an expense in the statement of profit and loss on a straight-line basis.

k) Financial Instruments:

a. Financial Assets

Initial recognition and measurement

The Group recognizes financial assets when it becomes a party to the contractual provisions of the instrument. All financial assets are recognized at fair value on initial recognition. Transaction costs that are directly attributable to the acquisition of financial assets that are not at fair value through profit or loss are added to the fair value on initial recognition. Transaction costs of financial assets carried at fair value through profit and loss are expensed in the statement of profit and loss. Regular way purchase and sale of financial assets are accounted for at trade date.

Subsequent measurement

Debt instruments at amortized cost – A 'debt instrument' is measured at the amortized cost if both the following conditions are met:

- The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and

- Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate (EIR) method.

De-recognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of a similar financial asset) is primarily de-recognized when:

- The rights to receive cash flows from the asset have expired, or
- The Group has transferred its rights to receive cash flows from the asset.

b. Financial Liabilities

Initial recognition and measurement

The Group recognizes financial liabilities when it becomes a party to the contractual provisions of the instrument. All financial liabilities are recognized at fair value on initial recognition. Transaction costs that are directly attributable to the issue of financial liabilities that are not at fair value through profit or loss are reduced from the fair value on initial recognition. Transaction costs that are directly attributable to the issue of financial liabilities at fair value through profit and loss are expensed in the statement of profit and loss.

Subsequent measurement

These liabilities include borrowings and deposits. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the effective interest rate (EIR) method. Gains and losses are recognized in the statement of profit and loss when the liabilities are de-recognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit and loss.

De-recognition of financial liabilities

A financial liability is de-recognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit or loss.

c. Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the group or the counterparty.

l) Borrowing costs:

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying asset are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Other borrowing costs are expensed in the period in which they are incurred.

m) Inventories:

Inventories are valued at the lower of cost and net realizable value. Cost includes purchase price excluding taxes those are subsequently recoverable by the company from the concerned authorities, freight inwards and other expenditure incurred in bringing such inventories to their present location and condition. Cost of inventories is determined using the weighted average cost method.

n) Employee Benefits:

a. Short-term benefit plans

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognized and measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

b. Defined contribution plans

The Group pays provident fund contributions to publicly administered provident funds as per local regulations. The group has no further payment obligations once the contributions have been paid. The contributions are accounted for as defined contribution plans and the contributions are recognized as employee benefit expense when they are due. Prepaid contributions, if any, are recognized as an asset to the extent that cash refund or a reduction in the future payments are available.

c. Defined benefit plans

The company's gratuity plan is a defined benefit plan. The present value of gratuity obligation under such defined benefit plans is determined based on actuarial valuations carried out by an independent actuary using the Projected Unit Credit Method [PUCM], which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measure each unit separately to build up the final obligation. The obligation is measured at the present value of estimated future cash flows. The discount rates used for determining the present value of obligation under defined benefit plans, is based on the market yields on government securities as at the balance sheet date, having maturity periods approximately to the terms of related obligations. Actuarial gains and losses are recognized immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur.

o) Income Taxes:

Tax expense recognized in statement of profit or loss comprises the sum of deferred tax and current tax except the ones recognized in other comprehensive income or directly in equity.

Calculation of current tax is based on tax rates and tax laws that have been enacted for the reporting period. Current income tax relating to items recognized outside profit or loss is recognized outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax is provided using the liability method on temporary differences between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax assets are recognized to the extent that it is probable that the underlying tax loss or deductible temporary difference will be utilized against future taxable income. This is assessed based on the Group's forecast of future operating results, adjusted for significant on-taxable income and expenses and specific limits on the use of any unused tax loss or credit. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Un-recognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized, or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax relating to items recognized outside profit or losses recognized outside profit or loss (either in other comprehensive income or in equity).

p) Provisions, contingent liabilities and contingent assets:

Provisions are recognized only when there is a present obligation, as a result of past events, and when a reliable estimate of the amount of obligation can be made at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates. Provisions are discounted to their present values, where the time value of money is material.

Contingent liability is disclosed for:

- Possible obligations which will be confirmed only by future events not wholly within the control of the Group or

- Present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made.

Contingent assets are neither recognized nor disclosed. However, when realization of income is virtually certain, related asset is recognized.

q) Cash and cash equivalents:

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

r) Cash flow statement:

Cash flows are reported using the indirect method, whereby net profit/(loss) before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Group are segregated.

s) Earnings per share:

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting attributable taxes) by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period is adjusted for events including bonus issue.

For calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

Form No. MGT-11 Proxy form

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies
(Management and Administration) Rules, 2014]

CIN : **L72200TG1999PLC032114**
Name of the company : **City Online Services Limited**
Registered office : 701, 7th Floor, Aditya Trade Center, Ameerpet,
Hyderabad, Telangana, 500038

Name of the member (s):
Registered Address
E- mail Id:
Folio No./Client Id:
DP ID :

I/We, being the member (s) ofshares of the above named company, hereby appoint

1. Name:
Address:
E-mail Id: Signature:
or failing him
2. Name:
Address:
E-mail Id: Signature:
or failing him
3. Name:
Address:
E-mail Id: Signature:

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 20th Annual General Meeting of the Company, to be held on Saturday, 28th of September, 2019 at 11.00 A.M. at 701, 7th Floor, Aditya Trade Centre, Ameerpet, Hyderabad – 500 038, Telangana and at any adjournment thereof in respect of such resolutions as are indicated below:

1. Approval of financial statements (including consolidated financial statements) for the year ended 31.03.2019
2. Appointment of Mrs. S. Naga Durga who retires by rotation and being eligible offers herself for re-appointment.
3. Appointment of Auditors and Fixing the remuneration
4. Reappointment of Mr. S. Raghava Rao as Chairman and Managing Director of the Company
5. Reappointment of Mr. Krishna Mohan Ramineni as Whole-time Director of the Company
6. Reappointment of Mr. Harinath Chava as wholetime Director of the Company
7. Reappointment of Mr. Satyanarayana Vasi Reddy, as Non-Executive Independent Director for second term of 5 (five) consecutive years
8. Reappointment of Mr. Thomas Pradhan Nicodemus, as Non-Executive Independent Director for second term of 5 (five) consecutive years
9. Reappointment of Mr. Nageswara Rao Mandavill, as Non-Executive Independent Director for second term of 5 (five) consecutive years

Signed this day of..... 2019

Signature of shareholder
Signature of Proxy holder(s)

Note: This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.



City Online Services Limited

CIN: **L72200TG1999PLC032114**

701, 7th Floor, Aditya Trade Center, Ameerpet, Hyderabad, Telangana, 500038

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 Saturday, 28th of September, 2019 at 11.00 A.M. at 701, 7th Floor, Aditya Trade Centre, Ameerpet, Hyderabad – 500 038, Telangana and at any adjourned meeting thereof.

Shareholders/Proxy's Signature

Shareholders/Proxy's full name

(In block letters)

Folio No.:

Client ID

DP ID:

No. of shares held

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.

Book-Post



If undelivered, please return to :

City Online Services Limited

701, 7th Floor, Aditya Trade Center, Ameerpet, Hyderabad - 500 038.

Ph : 040-66416882 / 66416886 / 38118514

Email : corp@cityonlines.com, www.cityonlines.com

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