



**City** Online

Internet Services with world class technology

**TWELFTH ANNUAL REPORT  
2010 - 2011**



## **Annual Report 2010-11**

### **Board Of Directors**

Mr. S. Raghava Rao	: Chairman and Managing Director
Mr. Ch. Harinath	: Executive Director
Mr. R. Krishna Mohan	: Director -Finance and Administration
Mr V.Satyanarayana	: Director
Mr. Thomos P. Nicodamus	: Director
Mr. M. Nageswara Rao	: Director

**Registered. Office** : **701, 7<sup>th</sup> Floor, Aditya Trade  
Center, Ameerpet, Hyderabad -500 038**

**Auditors** M/s. Seshachalam & Co.,  
Chartered Accountants  
Secunderabad

**Bankers** Oriental Bank of Commerce  
Mehdipatnam  
Hyderabad

**Registrars and Share Transfer Agents**  
XL Softech Systems Ltd  
3, Sagar Society, Road No.3,  
Banjara Hills,  
Hyderabad - 500 034.

## NOTICE

Notice is hereby given that the Twelfth Annual General Meeting of the Company will be held on Friday September 30, 2011 at 11.00 AM at the Registered Office of the Company at **701, 7<sup>th</sup> Floor, Aditya Trade Center, Ameerpet, Hyderabad – 500 038**, to transact the following business:

### **ORDINARY BUSINESS:**

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at March 31, 2011, the Profit and Loss account for the year ended on that date and the Reports of Board of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Ch. Harinath who retires by rotation and being eligible, offers him-self for reappointment.
3. To appoint a Director in place of Mr. M. Nageswara Rao who retires by rotation and being eligible, offers him-self for reappointment
4. To appoint M/s. Seshachalam & Co, Chartered Accountants, Secunderabad, as Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company and authorize the Board of Directors to fix their remuneration.

### **SPECIAL BUSINESS:**

5. To consider and thought fit to pass with or with out the following resolution as a Special Resolution.

"RESOLVED THAT in accordance with the provisions of Sections 198, 269, 309, 310, 314 and other applicable provisions, if any, read with Schedule XIII of the Companies Act, 1956, Mr. S. Raghava Rao, be and is hereby re-appointed as Chairman cum Managing Director of the Company for a period of 5 Years with effect from 01<sup>st</sup> September 2011 on the following terms and conditions:

1. Salary : Rs. 75,000/- per month
2. Performance Bonus : Up to a maximum of 25% of Salary, payable quarterly or at other intervals as may be decided by the Board.
3. Perquisites and Allowances
  - i) Housing : Furnished/unfurnished residential Accommodation or house rent allowance up to 40% of Salary in lieu there of.
  - ii). Medical Reimbursement/ Allowance : Reimbursement of actual expenses for self And family and / or allowances will be paid as per the rules of the Company.
  - iii). Leave Travel Concession/ Allowance : For self and family once in a year, in

Accordance with the rules of the Company.

- |  |   |
|--|---|
| iv). Club Fees   | : Fees payable subject to a maximum of two Clubs.     |
| v). Provision of Driver/ Driver's Salary allowance                       | : As per rules of the Company.                        |
| vi). Personal Accident Insurance   | : As per rules of the Company.                        |
| vii). Earned / Privilege Leave   | : As per rules of the Company.                        |
| viii). Company's contribution to Provident Fund and Super-Annuation Fund | : As per rules of the Company.                        |
| ix). Gratuity  | : As per rules of the Company.                        |
| x). Encashment of Leave  | : As per rules of the Company.                        |
| xi). Car and Telephone   | : Use of the Car and Telephone for official Purposes. |

The aggregate of the Salary, performance bonus, perquisites and allowances, contribution towards provident fund and superannuation fund, gratuity and leave encashment taken together shall always be subject to the overall ceiling laid down in Sections 198 and 309 of the Companies Act, 1956.

### **Minimum Remuneration**

Where in any financial year, during the currency of tenure of Mr. S. Raghava Rao, the Company incurs a loss or its profits are inadequate, the Company may pay them remuneration by way of Salary, performance bonus, perquisites and allowances not exceeding the limits as specified under Para 2 of Section II, Part II of Schedule XIII of the Companies Act, 1956 or such other limits as may be prescribed by the Central Government from time to time as minimum remuneration.

6. To consider and thought fit to pass with or without the following resolution as a Special Resolution.

"RESOLVED THAT in accordance with the provisions of Sections 198, 269, 309, 310, 314 and other applicable provisions, if any, read with Schedule XIII of the Companies Act, 1956, Mr. Ch. Harinath, be and is hereby re-appointed as Executive Director of the Company for a period of 5 Years with effect from 01<sup>st</sup> September 2011 on the following terms and conditions:

- |                      |   |
|----------------------|---|
| 1. Salary            | : Rs. 70,000/- per month  |
| 2. Performance Bonus | : Up to a maximum of 25% of Salary, payable quarterly or At other intervals as may be decided by the Board. |

### 3. Perquisites and Allowances

- |  |  |
|--|--|
| i) Housing   | : Furnished/unfurnished residential Accommodation or house rent allowance Up to 40% of Salary in lieu thereof.           |
| ii). Medical Reimbursement/ allowance                                    | : Reimbursement of actual expenses for self And family and / or allowances will be paid as per the rules of the Company. |
| iii). Leave Travel Concession/ allowance                                 | : For self and family once in a year, in Accordance with the rules of the Company.                                       |
| iv). Club Fees   | : Fees payable subject to a maximum of two Clubs.  |
| v). Provision of Driver/ Driver's Salary allowance                       | : As per rules of the Company.   |
| vi). Personal Accident Insurance   | : As per rules of the Company.   |
| vii). Earned / Privilege Leave   | : As per rules of the Company.   |
| viii). Company's contribution to Provident Fund and Super-Annuation Fund | : As per rules of the Company.   |
| ix). Gratuity  | : As per rules of the Company.   |
| x). Encashment of Leave  | : As per rules of the Company.   |
| xi). Car and Telephone   | : Use of the Car and Telephone for official Purposes.  |

The aggregate of the Salary, performance bonus, perquisites and allowances, contribution towards provident fund and superannuation fund, gratuity and leave encashment taken together shall always be subject to the overall ceiling laid down in Sections 198 and 309 of the Companies Act, 1956.

### Minimum Remuneration

Where in any financial year, during the currency of tenure of Mr. Ch. Harinath, the Company incurs a loss or its profits are inadequate, the Company may pay them remuneration by way of Salary, performance bonus, perquisites and allowances not exceeding the limits as specified under para 2 of Section II, Part II of Schedule XIII of the Companies Act, 1956 or such other limits as may be prescribed by the Central Government from time to time as minimum remuneration.

7. To consider and thought fit to pass with or without the following resolution as a Special Resolution.

"RESOLVED THAT in accordance with the provisions of Sections 198, 269, 309, 310, 314 and other applicable provisions, if any, read with Schedule XIII of the Companies Act, 1956, Mr. R. Krishna Mohan, be and is hereby re-appointed as Director (Finance & Administration) of the Company for a period of 5 Years with effect from 01<sup>st</sup> September 2011 on the following terms and conditions:

1. Salary : Rs. 70,000/- per month
2. Performance Bonus : Up to a maximum of 25% of Salary, payable quarterly or at other intervals as may be decided by the Board.
3. Perquisites and Allowances
  - i) Housing : Furnished/unfurnished residential Accommodation or house rent allowance up to 40% of Salary in lieu thereof.
  - ii). Medical Reimbursement/ Allowance : Reimbursement of actual expenses for self and family and / or allowances will be paid as per the rules of the Company.
  - iii). Leave Travel Concession/ Allowance : For self and family once in a year, in accordance with the rules of the Company.
  - iv). Club Fees : Fees payable subject to a maximum of Two Clubs.
  - v). Provision of Driver/ Driver's Salary allowance : As per rules of the Company.
  - vi). Personal Accident Insurance : As per rules of the Company.
  - vii). Earned / Privilege Leave : As per rules of the Company.
  - viii). Company's contribution to Provident Fund and Super-Annuation Fund : As per rules of the Company.
  - ix). Gratuity : As per rules of the Company.
  - x). Encashment of Leave : As per rules of the Company.
  - xi). Car and Telephone : Use of the Car and Telephone for official purposes.

The aggregate of the Salary, performance bonus, perquisites and allowances, contribution towards provident fund and superannuation fund, gratuity and leave encashment taken together shall always be subject to the overall ceiling laid down in Sections 198 and 309 of the Companies Act, 1956.

## **Minimum Remuneration**

Where in any financial year, during the currency of tenure of Mr. R. Krishna Mohan, the Company incurs a loss or its profits are inadequate, the Company may pay them remuneration by way of Salary, performance bonus, perquisites and allowances not exceeding the limits as specified under para 2 of Section II, Part II of Schedule XIII of the Companies Act, 1956 or such other limits as may be prescribed by the Central Government from time to time as minimum remuneration.

By order of the Board

Place : Hyderabad  
Dated : 29.08.2011

**S.Raghava Rao**  
Chairman and Managing Director

### **Notes:**

- 1) **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING, IS ELIGIBLE TO APPOINT A PROXY OR PROXIES WHO CAN ATTEND AND VOTE INSTEAD OF MEMBER AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.**
- 2) The Proxy Form duly completed must be lodged at the Registered Office of the Company at least 48 hours before the time fixed for the Meeting.
- 3) The Register of Members of the Company will remain closed from Wednesday September 28, 2011 to Friday, September 30, 2011, both days inclusive, for the purpose of Annual General Meeting
- 4) The members are requested to intimate immediately any change in their address quoting their Registered Folio enabling the Company to address future communication.
- 5) Members are requested to bring copies of the Annual Report, as no extra copies shall be provided at the Meeting. Shareholders desiring any information as regards to the Audited Accounts are requested to write to the Company at least one week before the Meeting enabling the Chairman to keep the information ready to reply at the meeting.
- 6) Explanatory statement pursuant to section 173 (2) of the Companies Act 1956

### **Explanatory statement pursuant to section 173 (2) of the Companies Act 1956**

#### **Item No.5**

The Tenure of Mr. S. Raghava Rao, Chairman cum Managing Director will expire on 31<sup>st</sup> August 2011. Keeping in view the Contribution to the growth and development of the Company and on the recommendations of the Remuneration Committee, the Board of Directors at their meeting held on 29<sup>th</sup> August 2011 have re-appointed Mr. S. Raghava Rao, Chairman cum Managing Director for a further period of 5 Years w.e.f. 01.09.2011 on the terms and conditions mentioned above.



Members are requested to treat the same as abstract of the terms of appointment under section 302 of the Companies Act, 1956.

The board recommends passing of the proposed resolution.

None of the other Directors of the Company except Mr. S. Raghava Rao is in any way concerned or interested in this resolution.

#### **Item No.6**

The Tenure of Mr. Ch. Harinath, Executive Director will expire on 31<sup>st</sup> August 2011. Keeping in view the Contribution to the growth and development of the Company and on the recommendations of the Remuneration Committee, the Board of Directors at their meeting held on 29<sup>th</sup> August 2011 have re-appointed Mr. Ch. Harinath, Executive Director for a further period of 5 Years w.e.f. 01.09.2011 on the terms and conditions mentioned above.

Members are requested to treat the same as abstract of the terms of appointment under section 302 of the Companies Act, 1956.

The board recommends passing of the proposed resolution.

None of the other Directors of the Company except Mr. Ch. Harinath is in any way concerned or interested in this resolution.

#### **Item No.7**

The Tenure of Mr. R. Krishna Mohan, Director (Finance & Administration) will expire on 31<sup>st</sup> August 2011. Keeping in view the Contribution to the growth and development of the Company and on the recommendations of the Remuneration Committee, the Board of Directors at their meeting held on 29<sup>th</sup> August 2011 have re-appointed Mr. R. Krishna Mohan, Director (Finance & Administration) for a further period of 5 Years w.e.f. 01.09.2011 on the terms and conditions mentioned above.

Members are requested to treat the same as abstract of the terms of appointment under section 302 of the Companies Act, 1956.

The board recommends passing of the proposed resolution.

None of the other Directors of the Company except Mr. R. Krishna Mohan is in any way concerned or interested in this resolution.

## Directors' Report

Dear Members,

Your Directors have pleasure in presenting the Company's TWELFTH DIRECTOR'S REPORT together with the Audited Accounts of the Company for the Year ended March 31, 2011 and the Auditor's Report thereon

### Financial Results:

Particulars	Sch. No	31.03.2011 Rs	31.03.2010 Rs.
<b>I) INCOME</b>			
a) Income from operations	8	4,60,05,770	36,386,301
d) Other Income	8(a)	7,85,579	121,900
<b>TOTAL</b>		<b>4,67,91,349</b>	<b>36,508,201</b>
<b>II) EXPENDITURE</b>			
a) Operating Expenses	9	2,31,85,783	20,729,032
b) Payments & Benefits To Employees	10	77,71,443	6,458,752
c) Administrative Expenses	11	95,71,981	10,895,478
d) Selling Marketing Expenses	12	14,84,881	898,387
<b>TOTAL</b>		<b>4,20,14,088</b>	<b>38,981,649</b>
<b>III) PROFIT BEFORE INTEREST AND DEPRECIATION</b>		47,77,261	(2,473,448)
Interest	13	9,54,890	706,150
<b>IV) PROFIT BEFORE DEPRECIATION</b>		<b>38,22,371</b>	<b>(3,179,598)</b>
Depreciation	5	24,55,663	2,363,703
<b>V) PROFIT /(LOSS) BEFORE TAX</b>		<b>13,66,708</b>	<b>(5,543,301)</b>
Prior period Expenses		-	-
Prior period Incomes		-	<b>2.372.082</b>
<b>VI) PROVISION FOR TAXATION</b>			
For Current Income Tax		-	-
For Deferred Tax/Liability (Asset)		36,374	-
For Fringe Benefit Tax		-	-
<b>PROFIT / (LOSS) AFTER TAX</b>		<b>14,03,081</b>	<b>(3,171,219)</b>
Add: Balance Carried from Last year		(2,24,53,231)	(19,282,012)
<b>BALANCE CARRIED OVER TO BALANCE SHEET</b>		<b>(2,10,50,150)</b>	<b>(22,453,231)</b>
<b>Basic and Diluted Earnings Per Share</b>		<b>0.27</b>	<b>(0.62)</b>