



City Online

Services Limited

Internet Services with world class technology

**ANNUAL REPORT
2015 - 2016**



City Online Services Limited
CIN: L72200TG1999PLC032114

Annual Report 2015-16

Board of Directors

Mr. S. Raghava Rao	: Chairman and Managing Director
Mr. Ch. Harinath	: Executive Director
Mr. R. Krishna Mohan	: Director (Finance & Administration)
Mr V.Satyanarayana	: Independent Director
Mr. Thomas P. Nicodemus	: Independent Director
Mr. M. Nageswara Rao	: Independent Director
Mr. K. Arun Prasad	: Independent Director (Vacated Office w.e.f. 13.08.2016)
Mrs. S. Naga Durga	: Woman Director

Company Secretary
Compliance Officer : Ms. Sampada K Joshi(Resigned w.e.f. 29.07.2016)
: Mr. R. Krishna Mohan

Registered Office : 701, 7th Floor, Aditya Trade Center,
Ameerpet, Hyderabad -500 038

Website : www.cityonlines.com

CIN : L72200TG1999PLC032114

Statutory Auditors M/s. Seshachalam & Co
Chartered Accountants
Secunderabad

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

Secretarial Auditors M/s. VCSR & Associates
Company Secretaries
Hyderabad

Bankers Oriental Bank of Commerce, Hyderabad
ICICI Bank, Hyderabad
State Bank of India, Vijayawada

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 17th Annual General Meeting of the Company will be held on Thursday the 29th September 2016 at 11.00 A.M. at the Registered Office of the Company situated at 701, 7th Floor, Aditya Trade Centre, Ameerpet, Hyderabad – 500038 to transact the following business:

ORDINARY BUSINESS:

- 1) To receive, consider and adopt the Audited Profit and Loss Account for the year ended 31st March, 2016 and Balance Sheet as at that date together with Directors Report and Auditors Report thereon.
- 2) To appoint a director in place of Smt. S Naga Durga who retires by rotation and being eligible offers herself for re-appointment.
- 3) To appoint a director in place of Shri Ch. Harinath who retires by rotation and being eligible offers himself for re-appointment.
- 4) Ratification of appointment of Auditors

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 Section 139 and all other applicable provisions, if any, of the Companies Act, 2013 ("Act") and the Companies (Audit and Auditors) Rules, 2015 as amended from time to time, the Company hereby ratifies the appointment of M/s. Seshachalam & Co, Chartered Accountants, Secunderabad as Auditors of the Company to hold office from the conclusion of this Annual General Meeting (AGM) till the conclusion of the next AGM to be held in 2017 to examine and audit the accounts of the Company for the financial year 2016-17 at such remuneration as may be mutually agreed between the Board of Directors of the Company and the Auditors."

SPECIAL BUSINESS:

- 5) Re-appointment of Mr. Raghava Rao Suryadevara (DIN 01441612), as Chairman and Managing Director of the Company. Consider and if thought fit, to pass with or without modification, the following resolution as SPECIAL RESOLUTION:

RESOLVED THAT pursuant to the provisions of Sections 196, 197, 198, 203 and other applicable provisions of the Companies Act, 2013 and the rules made there under (including any statutory modification or re-enactment thereof) read with Schedule- V of the Companies Act, 2013 and Articles of Association of the Company, approval of the members of the Company be and is hereby accorded to the re-appointment of Mr. Raghava Rao Suryadevara, as Chairman and Managing Director of the Company with effect from 1st September, 2016 to 31st August, 2019, as well as the payment of salary, commission and perquisites (hereinafter referred to as "remuneration"), upon the terms and conditions upon which is hereby approved and sanctioned with authority to the Board of Directors to alter and vary the terms and conditions of the said re-appointment and / or agreement in such manner as may be agreed to between the Board of Directors and Mr. Raghava Rao Suryadevara.

RESOLVED FURTHER THAT the remuneration payable to Mr. Raghava Rao Suryadevara, shall not exceed the overall ceiling of the total managerial remuneration as provided under Section 197 of the Companies Act, 2013 or such other limits as may be prescribed from time to time.

RESOLVED FURTHER THAT the Board be and is hereby authorized to do all such acts, deeds and things and execute all such documents, instruments and writings as may be required and to delegate all or any of its powers herein conferred to any Committee of Directors or Director(s) to give effect to the aforesaid resolution.

- 6) Re-appointment of Mr. Ch. Harinath (DIN 01441704), as Executive Director of the Company. Consider and if thought fit, to pass with or without modification, the following resolution as SPECIAL RESOLUTION:

RESOLVED THAT pursuant to the provisions of Sections 196, 197, 198, 203 and other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification or re-enactment thereof) read with Schedule- V of the Companies Act, 2013 and Articles of Association of the Company, approval of the members of the Company be and is hereby accorded to the re-appointment of Mr. Ch. Harinath, as Executive Director of the Company with effect from 1st September, 2016 to 31st August, 2019, as well as the payment of salary, commission and perquisites (hereinafter referred to as "remuneration"), upon the terms and conditions upon which is hereby approved and sanctioned with authority to the Board of Directors to alter and vary the terms and conditions of the said re-appointment and / or agreement in such manner as may be agreed to between the Board of Directors and Mr. Ch. Harinath.

RESOLVED FURTHER THAT the remuneration payable to Mr. Ch. Harinath, shall not exceed the overall ceiling of the total managerial remuneration as provided under Section 197 of the Companies Act, 2013 or such other limits as may be prescribed from time to time.

RESOLVED FURTHER THAT the Board be and is hereby authorized to do all such acts, deeds and things and execute all such documents, instruments and writings as may be required and to delegate all or any of its powers herein conferred to any Committee of Directors or Director(s) to give effect to the aforesaid resolution.

- 7) Re-appointment of Mr. Krishna Mohan Ramineni (DIN 01678152), as Director (Finance & Administration) and Chief Financial Officer of the Company. Consider and if thought fit, to pass with or without modification, the following resolution as Special Resolution:

RESOLVED THAT pursuant to the provisions of Sections 196, 197, 198, 203 and other applicable provisions of the Companies Act, 2013 and the rules made there under (including any statutory modification or re-enactment thereof) read with Schedule- V of the Companies Act, 2013 and Articles of Association of the Company, approval of the members of the Company be and is hereby accorded to the re-appointment of Mr. Krishna Mohan Ramineni, as Director (Finance & Administration) and Chief Financial Officer of the Company with effect from 1st September, 2016 to 31st August, 2019, as well as the payment of salary, commission and perquisites (hereinafter referred to as "remuneration"), upon the terms and conditions upon which is hereby approved and sanctioned with authority to the Board of Directors to alter and vary the terms and conditions

City Online Services Limited

CIN: L72200TG1999PLC032114

of the said re-appointment and / or agreement in such manner as may be agreed to between the Board of Directors and Mr. Krishna Mohan Ramineni.

RESOLVED FURTHER THAT the remuneration payable to Mr. Krishna Mohan Ramineni, shall not exceed the overall ceiling of the total managerial remuneration as provided under Section 197 of the Companies Act, 2013 or such other limits as may be prescribed from time to time.

RESOLVED FURTHER THAT the Board be and is hereby authorized to do all such acts, deeds and things and execute all such documents, instruments and writings as may be required and to delegate all or any of its powers herein conferred to any Committee of Directors or Director(s) to give effect to the aforesaid resolution.

By Order of the Board of Directors

Place: Hyderabad

Date: 13.08.2016

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

NOTES

1. The Register of Members and the Share Transfer Books of the Company will remain closed from Monday, the 23rd September 2016 to Thursday the 29th September 2016 (both days inclusive) for the purpose of Annual General Meeting.
2. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, which sets out details relating to Special Business at the meeting, is annexed hereto.
3. A member entitled to attend and vote at the meeting is entitled to appoint a proxy/ proxies to attend and vote instead of him/herself. Such a proxy/ proxies need not be a member of the company.

The instrument of Proxy in order to be effective, should be deposited at the Registered Office of the Company, duly completed and signed, not less than 48 hours before the commencement of the meeting. A Proxy form is sent herewith. Proxies submitted on behalf of the companies, societies etc., must be supported by an appropriate resolution/authority, as applicable.

4. To prevent fraudulent transactions, members are advised to exercise due diligence and notify the Company of any change in address or demise of any member as soon as possible. Members are also advised not to leave their demat account(s) dormant for long. Periodic statement of holdings should be obtained from the concerned Depository Participant and holdings should be verified. Shareholders intending to require information about Accounts to be explained in the Meeting are requested to inform the Company at least 7 days in advance of the Annual General Meeting.
5. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company.
6. Details under Clause 49 of the Listing Agreement with the Stock Exchange in respect of the Directors seeking appointment/re-appointment at the Annual General Meeting, forms integral part of the notice. The Directors have furnished the requisite declarations for their Appointment/reappointment.
7. Electronic copy of the Annual Report for 2016 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 2015-16 is being sent in the permitted mode. Copies of the annual report will not be available for distribution to shareholders at the hall.
8. Electronic copy of the Notice of the 17th Annual General Meeting of the Company inter alia indicating the process and manner of e-voting along with Attendance Slip and Proxy Form 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 Notice

of the 17th Annual General Meeting of the Company inter alia indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent in the permitted mode.

9. Members may also note that the Notice of the 17th Annual General Meeting and the Annual Report for the year 2015-16 will also be available on the Company's website for their download. The physical copies of the aforesaid documents will also be available at the Company's Registered Office in 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.

10. Voting through electronic means:

Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014, and Clause 35 B of the Listing Agreement executed by the company with the BSE Limited and the National Stock Exchange of India Limited, the company is pleased to provide members the facility to exercise their right to vote at the Annual General Meeting (AGM) by electronic means and the business may be transacted through e-voting services provided by Central Depository Services Ltd (CDSL).

A member may exercise his votes at any General Meeting by electronic means and company may pass any resolution by electronic voting system in accordance with the Rule 20 of the Companies (Management and Administration) Rules, 2014.

During the e-voting period, members of the company holding shares either in physical form or dematerialized form, as on the cutoff date i.e., 22nd September, 2016 may cast their votes electronically.

The e-voting period commences at 9.00 am on 26th September, 2016 and ends at 6.00 pm on 28th September, 2016. The e-voting module shall be disabled by CDSL for voting thereafter.

Once the vote on a resolution is cast by a shareholder, the shareholder shall not be allowed to change it subsequently.

A copy of this notice has been placed on the website of the Company and the website of CDSL.

Mr. Ch. Veeranjanyulu, Practicing Company Secretary (FCS: 6121 CP: 6392), Partner of M/s. VCSR & Associates, Company Secretaries has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.

The Scrutinizer shall within a period not exceeding three (3) working days from the conclusion of the e-voting period unblock the votes in the presence of at least two (2) witnesses not in the employment of the Company and make a Scrutinizer's Report of the votes cast in favour or against, if any, forthwith to the Chairman.

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 within two (2) days of passing of the resolution at the AGM of the Company and communicated to the Bombay Stock Exchange.

You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).

11. All documents referred to in the accompanying Notice and the Explanatory Statement shall be open for inspection at the Registered Office of the Company during normal business hours (9.00 am to 5.00 pm) on all working days except Saturdays, up to and including the date of the Annual General Meeting of the Company.

The process and instructions for e-voting are as under:

(i) Log on to the e-voting website www.evotingindia.com during the voting period

(ii) Click on "Shareholders" tab.

(iii) Now, select "Name of company i.e. City Online Services Limited" from the drop down menu and click on "SUBMIT"

(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.

d. Next enter the Image Verification Code / Captcha Code as displayed and Click on Login.

e. If you are holding shares in Demat form and had logged on to www.evotingindia.com and casted your vote earlier for EVSN of any company/entity, then your existing password is to be used.

If you are a first time user follow the steps given below

PAN*	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (in Capital). (Applicable for both demat shareholders as well as physical shareholders) 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 last 8 digits of the demat account/folio number in the PAN field. In case the folio 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 folio number 100 then enter RA00000100 in the PAN field.
DOB#	Enter the Date of Birth as recorded in your demat account or in the Bank records for the said demat account or folio in dd/mm/yyyy format.
Dividend Bank Details#	Enter the Dividend Bank Details as recorded in your demat account or in the Bank records for the said demat account or folio. # Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter the number of shares held by you as on the cut off date in the Dividend Bank details field.

(v) Now, fill up the following details in the appropriate boxes:

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

(vii) Members holding shares in physical form will then reach directly the EVSN 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.

(viii) For Members holding shares in physical form, the details can be used only for e-voting on the resolution contained in this Notice.

(ix) Click on the relevant EVSN of Name of company on which you choose to vote.

(x) 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.

(xi) Click on the "Resolutions File Link" if you wish to view the entire Resolutions.

(xii) 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.

(xiii) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.

(xiv) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.

(xv) If Demat account holder has forgotten the changed password then enter the User ID and image verification code / Captcha Code and click on Forgot Password & enter the details as prompted by the system.

(xvi) A. Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.co.in> and register themselves as Corporates.

B. They should submit a scanned copy of the Registration Form bearing the stamp and sign of the entity to helpdesk.evoting@cdslindia.com.

C. After receiving the login details they have to create a user who would be able to link the account(s) which they wish to vote on.

D. The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.

E. They should upload a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, in PDF format in the system for the scrutinizer to verify the same.

In case of members receiving the physical copy:

I. Please follow all steps from sl.no. (i) to sl.no. (xvi) above to cast vote.

II. 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.co.in under help section or write an email to helpdesk.evoting@cdslindia.com.

By Order of the Board of Directors

Place: Hyderabad

Date: 13.03.2016

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