



City Online
Services Limited

Internet Services with world class technology

ANNUAL REPORT
2014 - 2015

Annual Report 2014-15

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. Thomos P. Nicodamus	:	Independent Director
Mr. M. Nageswara Rao	:	Independent Director
Mr. K. Arun Prasad	:	Independent Director
Mrs S. Naga Durga	:	Woman Director

Company Secretary : **Ms. Sampada K Joshi**

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

Website : **www.cityonlines.com**

CIN : L72200TG1999PLC032114

Email ID : corp@cityonlines.com

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

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

Internal Auditors : M/s. D. Rambabu & Co.
Chartered Accountants
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 16th Annual General Meeting of the Company will be held on Monday the 28th September 2015 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, 2015 and Balance Sheet as at that date together with Directors Report and Auditors Report thereon.
- 2) To appoint a director in place of Shri S Raghava Rao who retires by rotation and being eligible offers himself for re-appointment.
- 3) To appoint a director in place of Shri R Krishna Mohan who retires by rotation and being eligible offers himself for re-appointment.
- 4) To appoint M/s. Seshachalam & Co, Chartered Accountants, Secunderabad to hold office until the conclusion of Fifth Annual General Meeting to be held after this meeting, subject to ratification at every Annual General Meeting and to fix their remuneration for the financial year ending 31st March, 2016.

SPECIAL BUSINESS:

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

"RESOLVED THAT pursuant to the provisions of 196,197, 203 and Schedule V and other applicable provisions if any of the Companies Act, 2013, the remuneration and perquisites payable to Shri S. Raghava Rao, Chairman & Managing Director for the remaining period of his tenure be increased, with effect from 01.09.2015, as follows:

- | | |
|------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------|
| 1. Salary | : Rs. 1,55,000/- per month |
| 2. Performance Bonus
quarterly or | : Up to a maximum of 25% of Salary, payable
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.

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 in Schedule V of the Companies Act, 2013 or such other limits as may be prescribed by the Central Government from time to time as minimum remuneration.

- 6) 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 196,197, 203 and Schedule V and other applicable provisions of the Companies Act, 2013, the remuneration and perquisites payable to Shri Ch. Harinath, Executive Director for the remaining period of his tenure be increased, with effect from 01.09.2015, as follows:

1. Salary : Rs. 1,50,000/- 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.

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 in Schedule V of the Companies Act, 2013 or such other limits as may be prescribed by the Central Government from time to time as minimum remuneration.

7) 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 196,197, 203 and Schedule V and other applicable provisions if any of the Companies Act, 2013, the remuneration and perquisites payable to Shri R. Krishna Mohan, Director (Finance & Administration) for the remaining period of his tenure be increased, with effect from 01.09.2015, as follows:

1. Salary : Rs. 1,50,000/- 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. |

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 in Schedule V of the Companies Act, 2013 or such other limits as may be prescribed by the Central Government from time to time as minimum remuneration.

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

"RESOLVED THAT pursuant to provisions of Companies Act 2013, and other applicable provisions, if any, consent of Members is hereby accorded to replace new set of articles produced below with the present Articles of Association".

INCORPORATED
UNDER
THE COMPANIES ACT, 2013
(18 OF 2013)

COMPANY LIMITED BY SHARES
ARTICLES OF ASSOCIATION
OF
CITY ONLINE SERVICES LIMITED
PRELIMINARY

1. The regulations contained in these Articles shall apply to the extent they are not inconsistent with the provisions of Table 'F' of the Companies Act, 2013.

INTERPRETATION

2.
 - a) Unless the context otherwise requires, words or expressions contained in these Articles shall have the same meaning as in the Companies Act, 2013 or any statutory modification thereof in force at the date at which these Articles become binding on the Company.
 - b) "The Act" means "the Companies Act, 2013" as amended from time to time and statutory modifications thereof.
 - c) "Regulations" means these Articles of Association as originally framed or altered from time to time and include the Memorandum of Association where the context so requires.
 - d) "The Articles" means the Articles of Association of the Company.
 - e) "The Memorandum" means the Memorandum of Association of the Company.
 - f) "The Company" or 'This Company' means CITY ONLINE SERVICES LIMITED.
 - g) "The Office" means the Registered Office for the time being of the Company.
 - h) "Directors" means the Directors for the time being of the Company and includes any person appointed by the Board occupying the position of director by whatever name called.
 - i) "The Managing Director" means the Managing Director for the time being of the Company.
 - j) "Whole time Director / Executive Director" means the Whole time Director for the time being of the Company.
 - k) "The seal" means the Common Seal for the time being of the Company
 - l) "In writing" or "written" includes printing, lithography and other modes of representing or reproducing words in visible form.
 - a. "Depositories Act" shall mean the Depositories Act, 1996 and include where the context so admits, any re-enactment or statutory modification thereof for the time being in force.
 - b. "Depository" shall have the meaning assigned thereto by Clause (e) of Sub-Section (1) of Section 2 of the Depositories Act, 1996.
 - c. "Beneficial Owner" means a person or persons as defined in Section 2 of the Depositories Act and whose name is recorded as such with a depository.
 - d. "Member(s) or Shareholder(s)" - unless otherwise provided, means the duly registered holder, from time to time, of the shares of the Company and includes the subscribers to the Memorandum of Association of the Company and also one whose name is entered as Beneficial Owner of the shares in the records of a depository.
 - m) "Share" means a share in the share capital of the Company and includes stock, except where a distinction between stock and shares is expressed or implied.

- n) "Capital" means the capital for the time being raised or authorised to be raised for the purpose of the Company.
- a. "Paid-up" means and includes credited as paid-up.
 - b. "The Register" means the Register of Members to be kept pursuant to Section 88 of the Act.
 - c. "Dividend" includes Interim Dividend.
 - d. "Month" means the Calendar Month.
- o) "Year" means the "Financial Year" shall have the meaning assigned thereto by section 2(41) of the Act.
- p) "Annual General Meeting" means a general meeting of members held in accordance with the provisions of section 96 of the Act or such other relevant provisions of the Act or Acts related to incorporated companies for the time being in force in India.
- q) "Extra-ordinary Meeting" means an Extra-ordinary general meeting of the members duly called and constituted and any adjourned holding thereof.
- r) "Ordinary Resolution" and "Special Resolution" shall have the meanings assigned thereto respectively under section 2(63) of the Act.
- s) "Proxy" means an instrument whereby any person is authorised to vote for a member at a general meeting on a poll.
- t) "Key Managerial Personnel" means the:
- i. Chief Executive Officer or the managing director or the manager;
 - ii. The Company Secretary;
 - iii. The Whole-time director;
 - iv. The Chief Financial Officer.
- u) Words importing the singular number include the plural number and vice-versa.
- i. Subject as aforesaid any words or expressions defined in 'the Act', where the subject or context forbids, bear the same meaning in these Articles.
 - ii. Unless the context otherwise requires, words or expressions contained in these regulations shall bear the same meaning as in the Act or any statutory modification thereto.
 - iii. Words and expressions not defined anywhere in the Act and in these articles, those words and expressions shall have same meaning as defined in any other law for the time being in force in India.

SHARE CAPITAL AND VARIATION OF RIGHTS

3. Subject to the provisions of the Act and these Articles, the shares in the capital of the company shall be under the control of the Directors who may issue, allot or otherwise dispose of the same or any of them to such persons, in such proportion and on such terms and conditions and either at a premium or at par and at such time as they may from time to time think fit.
- 4.
- a. Every person whose name is entered as a member in the register of members shall be entitled to receive within two months after incorporation, in case of

subscribers to the memorandum or after allotment or within one month after the application for the registration of transfer or transmission or within such other period as the conditions of issue shall be provided,—

- i. One certificate for all his shares without payment of any charges; or
 - ii. Several certificates, each for one or more of his shares, upon payment of twenty rupees for each certificate after the first.
 - b. Every certificate shall be under the seal and shall specify the shares to which it relates and the amount paid-up thereon.
 - c. In respect of any share or shares held jointly by several persons, the company shall not be bound to issue more than one certificate, and delivery of a certificate for a share to one of several joint holders shall be sufficient delivery to all such holders.
5.
 - a. If any share certificate be worn out, defaced, mutilated or torn or if there be no further space on the back for endorsement of transfer, then upon production and surrender thereof to the company, a new certificate may be issued in lieu thereof, and if any certificate is lost or destroyed then upon proof thereof to the satisfaction of the company and on execution of such indemnity as the company deem adequate, a new certificate in lieu thereof shall be given within Six weeks from the submission of complete documents to the Company. Every certificate under this Article shall be issued on payment of twenty rupees for each certificate.
 - b. The provisions of Articles (5) and (6) shall mutatis mutandis apply to debentures of the company.
6. Except as required by law, no person shall be recognized by the company as holding any share upon any trust, and the company shall not be bound by, or be compelled in any way to recognize (even when having notice thereof) any equitable, contingent, future or partial interest in any share, or any interest in any fractional part of a share, or (except only as by these regulations or by law otherwise provided) any other rights in respect of any share except an absolute right to the entirety thereof in the registered holder.
7.
 - a. The company may exercise the powers of paying commissions conferred by sub-section (6) of section 40, provided that the rate per cent or the amount of the commission paid or agreed to be paid shall be disclosed in the manner required by that section and rules made there under.
 - b. The rate or amount of the commission shall not exceed the rate or amount prescribed in rules made under sub-section (6) of section 40.
 - c. The commission may be satisfied by the payment of cash or the allotment of fully or partly paid shares or partly in the one way and partly in the other.
8.
 - a. If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may, subject to the provisions of section 48, and whether or not the company is being wound up, be varied with the consent in writing of the holders of three-fourths of the issued shares of that class, or with the sanction of a special resolution passed at a separate meeting of the holders of the shares of that class.

- b. To every such separate meeting, the provisions of these regulations relating to general meetings shall mutatis mutandis apply, but so that the necessary quorum shall be at least two persons holding at least one-third of the issued shares of the class in question.
- 9. The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall not, unless otherwise expressly provided by the terms of issue of the shares of that class, be deemed to be varied by the creation or issue of further shares ranking pari passu therewith.
- 10. Subject to the provisions of section 55, any preference shares may, with the sanction of an ordinary resolution, be issued on the terms that they are to be redeemed on such terms and in such manner as the company before the issue of the shares may, by special resolution, determine.

LIEN

- 11. The company shall have a first and paramount lien—
 - i. On every share (not being a fully paid share), for all monies (whether presently payable or not) called, or payable at a fixed time, in respect of that share; and
 - ii. On all shares (not being fully paid shares) standing registered in the name of a single person, for all monies presently payable by him or his estate to the company:

Provided that the Board of directors may at any time declare any share to be wholly or in part exempt from the provisions of this clause.

- 12. The company's lien, if any, on a share shall extend to all dividends payable and bonuses declared from time to time in respect of such shares.
- 13. The company may sell, in such manner as the Board thinks fit, any shares on which the company has a lien:

Provided that no sale shall be made—

- i. Unless a sum in respect of which the lien exists is presently payable; or
 - ii. Until the expiration of fourteen days after a notice in writing stating and demanding payment of such part of the amount in respect of which the lien exists as is presently payable, has been given to the registered holder for the time being of the share or the person entitled thereto by reason of his death or insolvency.
- 14.
 - i. To give effect to any such sale, the Board may authorise some person to transfer the shares sold to the purchaser thereof.
 - ii. The purchaser shall be registered as the holder of the shares comprised in any such transfer.
 - iii. The purchaser shall not be bound to see to the application of the purchase money, nor shall his title to the shares be affected by any irregularity or invalidity in the proceedings in reference to the sale.
- 15.
 - i. The proceeds of the sale shall be received by the company and applied in payment