

Date: 6th September, 2021

To
The General Manager,
Department of Corporate Relations,
BSE Limited,
P.J. Towers, Dalal Street,
Mumbai - 400001.

Dear Sir/Madam,

Sub: Submission of Annual report for the F.Y. 2020-21
Ref: Scrip code - 538674

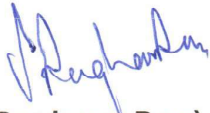
In compliance of Regulation 34 of SEBI (Listing Obligations and Disclosure Requirements) 2015, we are herewith submitting Annual Report of the Company.

This is for the information and records of the Exchange, please.

Thanking you.

Yours faithfully,

For City Online Services Limited



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



Encl: as above

CITY ONLINE SERVICES LIMITED

**22nd
ANNUAL REPORT
2020-21**

CITY ONLINE SERVICES LIMITED

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)

COMPANY SECRETARY AND COMPLIANCE OFFICER:

Mr. Naresh Swami

REGISTERED OFFICE:

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

STATUTORY AUDITORS:

M/s. Laxminivas & Co.
Chartered Accountants
Hyderabad.

INTERNAL AUDITORS:

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

SECRETARIAL AUDITORS:

Vivek Surana & Associates
Practicing Company Secretaries
Hyderabad.

CITY ONLINE SERVICES LIMITED

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

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

CITY ONLINE SERVICES LIMITED

NOTICE

Notice is hereby given that the 22nd Annual General Meeting of the Shareholders of M/s. City Online Services Limited will be held on Tuesday the 28th day of September, 2021 at 09:00 a.m. through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM") to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Financial Statements (including the Consolidated Financial statements) of the Company for the year ended 31st March, 2021 including the Audited Balance Sheet as at 31st March, 2021 and the statement of Profit and Loss for the year ended on that date and the Reports of the Board of Directors and the Auditors thereon.
2. To appoint a director in place of Ms. S. Naga Durga (DIN: 06697556) who retires by rotation and being eligible, offers herself for re-appointment.

SPECIAL BUSINESS:

3. **TO APPROVE THE SALE/LEASE OF ASSETS OR ANY OTHER OPTION FOR CITY ONLINE MEDIA PRIVATE LIMITED (100% SUBSIDIARY):**

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 Section 180(1)(a) and other applicable provisions, if any, of the Companies Act, 2013 and Rules made thereunder (including any statutory amendment(s) or modification(s) or re-enactment(s) thereof, for the time being in force), the provisions of the Memorandum and Articles of Association of the Company, the provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended from time to time) and subject to the necessary approvals, consents, permissions and/or sanctions from the appropriate authorities and consent of the Members of the Company be and is hereby accorded to Board of Directors of the Company (hereinafter referred to as the "Board" which term shall include any committee thereof) to sell or lease or otherwise dispose-off its whole or part of investments/shareholding in City Online Media Private Limited, which is a wholly owned subsidiary company of the Company, to the purchaser/third party investor, for a consideration as determined by independent valuer or such higher value,

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to be discharged in form of cash and/or kind, on such terms and conditions and with such modifications as the Board may deem fit and appropriate in the interest of the Company.”

“**RESOLVED FURTHER THAT** the Board be and is hereby authorized to delegate all or any of the powers herein conferred to any Committee of the Board or any Director(s) or Officer(s) of the Company and to generally do and perform all such acts, deeds, matters and things as it may, in their absolute discretion, deem fit, necessary, proper or desirable, including finalizing, varying and settling the terms and conditions of such sale and to finalize, execute, deliver and perform the agreement, contracts, deeds, undertakings, and other documents in respect thereof and seek the requisite approvals, consents and permissions as may be applicable.”

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

Sd/-

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

**Place: Hyderabad
Date: 06.09.2021**

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NOTES

1. As you are aware, in view of the situation arising due to COVID-19 global pandemic, the general meetings of the companies shall be conducted as per the guidelines issued by the Ministry of Corporate Affairs (MCA) vide Circular No. 14/2020 dated April 8, 2020, Circular No.17/2020 dated April 13, 2020 and Circular No. 20/2020 dated May 05, 2020. The forthcoming AGM will thus be held through video conferencing (VC) or other audio visual means (OAVM). Hence, Members can attend and participate in the ensuing AGM through VC/OAVM.
2. Pursuant to the provisions of the Act, a Member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote on his/her behalf and the proxy need not be a Member of the Company. Since this AGM is being held pursuant to the MCA Circulars through VC / OAVM, physical attendance of Members has been dispensed with. Accordingly, the facility for appointment of proxies by the Members will not be available for the AGM and hence the Proxy Form and Attendance Slip are not annexed to this Notice.
3. Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015 (as amended), and MCA Circulars dated April 08, 2020, April 13, 2020 and May 05, 2020 the Company is providing facility of remote e-voting to its Members in respect of the business to be transacted at the AGM. For this purpose, the Company has entered into an agreement with Central Depository Services (India) Limited (CDSL) for facilitating voting through electronic means, as the authorized e-Voting's agency. The facility of casting votes by a member using remote e-voting as well as the e-voting system on the date of the AGM will be provided by CDSL.
4. The Members can join the AGM in the VC/OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC/OAVM will be made available to at least 1000 members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.

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5. The attendance of the Members attending the AGM through VC/OAVM will be counted for the purpose of ascertaining the quorum under Section 103 of the Companies Act, 2013.
6. Pursuant to MCA Circular No. 14/2020 dated April 08, 2020, the facility to appoint proxy to attend and cast vote for the members is not available for this AGM/EGM. However, in pursuance of Section 112 and Section 113 of the Companies Act, 2013, representatives of the members such as the President of India or the Governor of a State or body corporate can attend the AGM/EGM through VC/OAVM and cast their votes through e-voting.
7. In line with the Ministry of Corporate Affairs (MCA) Circular No. 17/2020 dated April 13, 2020, the Notice calling the AGM has been uploaded on the website of the Company at www.cityonlines.com. The Notice can also be accessed from the website of the Stock Exchange i.e. BSE Limited at www.bseindia.com. The AGM Notice is also disseminated on the website of CDSL (agency for providing the Remote e-Voting facility and e-voting system during the AGM) i.e. www.evotingindia.com.
8. In continuation of this Ministry's General Circular No. 20/2020, dated 05th May, 2020 and after due examination, it has been decided to allow companies whose AGMs were due to be held in the year 2020, or become due in the year 2021, to conduct their AGMs on or before 31.12.2021, in accordance with the requirements provided in paragraphs 3 and 4 of the General Circular No. 20/2020 as per MCA circular no. 02/2021 dated January, 13, 2021.
9. 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.
10. 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.
11. The Register of Members and Share Transfer Books of the Company will remain closed from 22.09.2021 to 28.09.2021 (both days inclusive) for the purpose of AGM.
12. Shareholders holding shares in physical form may write to the company/company's R&T agents for any change in their address; shareholders holding shares in electronic form may inform the same to their depository participants immediately, where applicable.

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13. The Securities and Exchange Board of India has mandated submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in demat form are, therefore, requested to submit PAN details to the Depository Participants with whom they have demat accounts. Members holding shares in physical form can submit their PAN details to the Company/ Registrar and Share Transfer Agents (M/s. XL Softech Systems Ltd.)
14. In consonance with the company's sustainability initiatives and Regulation 36 of the SEBI (LODR) Regulations, 2015, the company is sharing all documents with shareholders in the electronic mode, wherever the same has been agreed to by the shareholders. Further 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. Shareholders are requested to support this green initiative by registering/ updating their e-mail addresses for receiving electronic communications. 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 M/s. XL Softech Systems Ltd., Share Transfer Agents of the Company for their doing the needful.
15. As per SEBI Notification No. SEBI/LAD-NRO/ GN/2018/24 dated June 8, 2018 and further amendment vide Notification No. SEBI/LAD-NRO/GN/2018/49 dated November 30, 2018, w.e.f. April 1, 2019 the transfer of securities of listed companies shall not be processed unless the securities are held in the dematerialized form (Demat) with a depository. Hence, the members of the company are requested to dematerialize their shareholding to avail the benefits of dematerialization. Only the requests for transmission and transposition of securities in physical form, will be accepted by the RTA.
16. 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.
17. 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 transmission /transposition, Demat / Remat, change of address, issue of duplicate shares certificates, ECS and nomination facility.
18. 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

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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.

19. In compliance with the aforesaid MCA Circulars and SEBI Circular dated May 12, 2020, Notice of the AGM along with the Annual Report 2020-21 is being sent only through electronic mode to those Members whose e-mail addresses are registered with the Company/Depositories.
20. Since the AGM will be held through VC / OAVM, the Route Map is not annexed in this Notice.
21. Instructions for e-voting and joining the AGM are as follows:

A. THE INTRUCTIONS OF SHAREHOLDRES FOR E-VOTING AND JOINING VIRTUAL MEETING ARE AS UNDER:

- I. In compliance with provisions of Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended by the Companies (Management and Administration) Amendment Rules, 2015 and Regulation 44 of SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015, the Members are provided with the facility to cast their vote electronically, through the e-voting services provided by Central Depository Services (India) Limited (CDSL) on all the resolutions set forth in this Notice. The instructions for e-voting are given herein below.
- II. The remote e-voting period commences on 25th day of September, 2021 (9:00 a.m. IST) and ends on 27th day of September, 2021 (5:00 p.m. IST). During this period, Members holding shares either in physical form or in dematerialized form, as on 21st day of September, 2021 i.e. cut-off date, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter. Those Members, who will be present in the AGM through VC / OAVM facility and have not cast their vote on the Resolutions through remote e-voting and are otherwise not barred from doing so, shall be eligible to vote through e-voting system during the AGM.
- III. The Members who have cast their vote by remote e-voting prior to the AGM may also attend/ participate in the AGM through VC / OAVM but shall not be entitled to cast their vote again. The members who have cast their vote by remote e-voting prior to the AGM may also attend the AGM but shall not be entitled to cast their vote again.

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- IV. The voting rights of Members shall be in proportion to their shares in the paid-up equity share capital of the Company as on the cut-off date.
- V. Pursuant to SEBI Circular No. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated 09.12.2020, under Regulation 44 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, listed entities are required to provide remote e-voting facility to its shareholders, in respect of all shareholders' resolutions. However, it has been observed that the participation by the public non-institutional shareholders/retail shareholders is at a negligible level.

Currently, there are multiple e-voting service providers (ESPs) providing e-voting facility to listed entities in India. This necessitates registration on various ESPs and maintenance of multiple user IDs and passwords by the shareholders.

In order to increase the efficiency of the voting process, pursuant to a public consultation, it has been decided to enable e-voting to all the demat account holders, by way of a single login credential, through their demat accounts/ websites of Depositories/ Depository Participants. Demat account holders would be able to cast their vote without having to register again with the ESPs, thereby, not only facilitating seamless authentication but also enhancing ease and convenience of participating in e-voting process.

- VI. In terms of SEBI circular no. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email Id in their demat accounts in order to access e-Voting facility.

Pursuant to abovesaid SEBI Circular, Login method for e-Voting and joining virtual meetings for Individual shareholders holding securities in Demat mode CDSL/NSDL is given below:

Type of shareholders	Login Method
Individual Shareholders holding securities in Demat mode with CDSL	1) Users who have opted for CDSL Easi/Easiest facility, can login through their existing user id and password. Option will be made available to reach e-Voting page without any further authentication. The URL for users to login to E a s i / E a s i e s t a r e https://web.cdslindia.com/myeasi/home/login or visit www.cdslindia.com and click on Login icon and select New System Myeasi. 2) After successful login the Easi / Easiest user will be able to see the e-Voting option for eligible companies where the evoting is in progress as per the information provided by company. On clicking the evoting option, the user will be able to see e-Voting page of the e-Voting service provider for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. Additionally, there is also links provided to access the system of all e-Voting Service P r o v i d e r s i . e . CDSL/NSDL/KARVY/LINKINTIME, so that the user can visit the e-Voting service providers' website directly. 3) If the user is not registered for Easi/Easiest, option to register is available at https://web.cdslindia.com/myeasi/Registration/EasiRegistration. 4) Alternatively, the user can directly access e-Voting page by providing Demat Account Number and PAN No. from a e-Voting link available on www.cdslindia.com home page o r c l i c k o n https://evoting.cdslindia.com/Evoting/EvotingLogin. The system will authenticate the user by sending OTP on registered Mobile & Email as recorded in the Demat Account. After successful authentication, user will be able to see the e-Voting option where the evoting is in progress and also able to directly access the system of all e-Voting Service Providers.

Individual Shareholders holding securities in demat mode with NSDL

- 1) If you are already registered for NSDL IDeAS facility, please visit the e-Services website of NSDL. Open web browser by typing the following URL: <https://eservices.nsdl.com> either on a Personal Computer or on a mobile. Once the home page of e-Services is launched, click on the "Beneficial Owner" icon under "Login" which is available under 'IDeAS' section. A new screen will open. You will have to enter your User ID and Password. After successful authentication, you will be able to see e-Voting services. Click on "Access to e-Voting" under e-Voting services and you will be able to see e-Voting page. Click on company name or e-Voting service provider name and you will be re-directed to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.
- 2) If the user is not registered for IDeAS e-Services, option to register is available at <https://eservices.nsdl.com>. Select "Register Online for IDeAS" "Portal" or click at <https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp>.
- 3) Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <https://www.evoting.nsdl.com/> either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number hold with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.

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Individual Shareholders (holding securities in demat mode) login through their Depository Participants	You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. After Successful login, you will be able to see e-Voting option. Once you click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.
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Important note: Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at above mentioned website.

Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. CDSL

Login type	Helpdesk details
Individual Shareholders holding securities in Demat mode with CDSL	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contact at 022- 23058738 and 22-23058542-43.
Individual Shareholders holding securities in Demat mode with NSDL	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at evoting@nsdl.co.in or call at toll free no.: 1800 1020 990 and 1800 22 44 30

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VII. Login method for e-voting and joining virtual meetings for Physical shareholders other than individual holding in Demat form:

- (i) The shareholders should log on to the e-voting website www.evotingindia.com.
- (ii) Click on Shareholders tab.
- (iii) 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.
- (iv) Next enter the Image Verification as displayed and Click on Login.
- (v) 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.
- (vi) If you are a first time user follow the steps given below:

	For Physical shareholders and other than individual shareholders holding shares in Demat.
PAN	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) Shareholders who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number sent by Company/RTA or contact Company/RTA.
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. 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.

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After entering these details appropriately, click on “SUBMIT” tab.

- (viii) 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.
- (ix) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (x) Click on the EVSN City Online Services Limited.
- (xi) 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.
- (xii) Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.
- (xiii) 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.
- (xiv) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
- (xv) You can also take a print of the votes cast by clicking on “Click here to print” option on the Voting page.
- (xvi) If a demat account holder has forgotten the changed password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xvii) 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, Apple and Windows phone users can download the app from the App Store and the Windows Phone Store respectively. Please follow the instructions as prompted by the mobile app while voting on your mobile.

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(xviii) Additional Facility for Non-Individual Shareholders and Custodians –For Remote Voting only.

- 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.
- Alternatively Non Individual shareholders are required to send the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory who are authorized to vote, to the Scrutinizer at the email address viveksurana24@gmail.com and to the Company at the email address [viz; corp@cityonlines.com](mailto:viz;corp@cityonlines.com), if they have voted from individual tab & not uploaded same in the CDSL e-voting system for the scrutinizer to verify the same.

B. INSTRUCTIONS FOR SHAREHOLDERS ATTENDING THE AGM THROUGH VC/OVAM & E-VOTING DURING MEETING ARE AS UNDER

- (i) The procedure for attending meeting & e-Voting on the day of the AGM is same as the instructions mentioned above for e-voting.
- (ii) The link for VC/OAVM to attend meeting will be available where the EVSN of Company will be displayed after successful login as per the instructions mentioned above for e-voting.
- (iii) Shareholders who have voted through Remote e-Voting will be eligible to attend the meeting. However, they will not be eligible to vote at the AGM.

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- (iv) Shareholders are encouraged to join the Meeting through Laptops / IPads for better experience.
- (v) Further shareholders will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
- (vi) Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
- (vii) Shareholders who would like to express their views/ask questions during the meeting may register themselves as a speaker by sending their request in advance at least 5 days prior to meeting mentioning their name, demat account number/folio number, email id, mobile number at company e-mail id viz; corp@cityonlines.com. The shareholders who do not wish to speak during the AGM but have queries may send their queries in advance 5 days prior to meeting mentioning their name, demat account number/folio number, e-mail id, mobile number at company e-mail id viz; corp@cityonlines.com. These queries will be replied to by the company suitably by e-mail.
- (viii) Those shareholders who have registered themselves as a speaker will only be allowed to express their views/ask questions during the meeting.
- (ix) Only those shareholders, who are present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system available during the AGM.
- (x) If any Votes are cast by the shareholders through the e-voting available during the AGM and if the same shareholders have not participated in the meeting through VC/OAVM facility, then the votes cast by such shareholders shall be considered invalid as the facility of e-voting during the meeting is available only to the shareholders attending the meeting.

C. PROCESS FOR THOSE SHAREHOLDERS WHOSE E-MAIL / MOBILE NO. ARE NOT REGISTERED WITH THE COMPANY/DEPOSITORIES:

- (i) For Physical shareholders please provide necessary details like Folio No., Name of shareholder, scanned copy of the share certificate (front

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and back), PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) by e-mail to Company/RTA e-mail id.

- (ii) For Demat shareholders - Please update your e-mail id & mobile no. with your respective Depository Participant (DP)
 - (iii) For Individual Demat shareholders – Please update your email id & mobile no. with your respective Depository Participant (DP) which is mandatory while e-Voting & joining virtual meetings through Depository.
22. If you have any queries or issues regarding attending AGM & e-Voting from the CDSL e-Voting System, you can write an e-mail to helpdesk.evoting@cdslindia.com or contact at 022-23058738 and 022-23058542/43.

All grievances connected with the facility for voting by electronic means may be addressed to Mr. Rakesh Dalvi, Sr. Manager, (CDSL) Central Depository Services (India) Limited, A Wing, 25th Floor, Marathon Futurex, Mafatlal Mill Compounds, N M Joshi Marg, Lower Parel (East), Mumbai - 400013 or send an email to helpdesk.evoting@cdslindia.com or call on 022-23058542/43.

23. Mr. Vivek Surana, Practicing Company Secretary, bearing C.P. Number 12901 has been appointed as the Scrutinizer to scrutinize the e-voting process. The Scrutinizer shall, immediately after the conclusion of voting at the AGM, first count the votes cast during the AGM, thereafter unblock the votes cast through remote e-voting and make, not later than 48 hours of conclusion of the AGM, a consolidated Scrutinizer's Report of the total votes cast in favour or against, if any, to the Chairman or a person authorised by him in writing, who shall countersign the same.
24. 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 resolutions at the AGM of the Company and communicated BSE Limited.

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

Sd/-

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

**Place: Hyderabad
Date: 06.09.2021**

CITY ONLINE SERVICES LIMITED

EXPLANATORY STATEMENT

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

ITEM NO. 3:

The Company proposes to sell or lease or otherwise dispose-off its 100% investments/shareholding in City Online Media Private Limited., which is a wholly owned subsidiary Company of the City Online Services Limited to purchaser/third party investor, for a consideration as determined by independent valuer or such higher value, to be discharged in form of cash and/or kind. The Company has no substantial revenue generating business activities carried out in whole/part at present. The promoters of City Online Services Limited want to focus on their business. The Board keeping in view the hardship incurred as the subsidiary company has not received the expected growth, it feels that's its prudent to withdraw investment from the wholly owned Subsidiary and considers the proposed disinvestment in the best interest of the Company. Such disinvestment will amount to sale of substantial interest in undertaking by the Company, your Directors propose resolution under section 180(1)(a) of the Companies Act, 2013 for the approval of the shareholders.

Members of the Company are further requested to note that Section 180(1)(a) of the Companies Act, 2013 mandates that the Board of Directors of the company shall exercise the power to sell, lease or otherwise dispose-off the whole or substantially the whole of any undertaking(s) of the company, only with the approval of the members of the Company by way of a special resolution.

None of the Directors, Key Managerial Personnel and their relatives are, in any way, concerned or interested in the proposed resolution. The Board recommends the Special Resolution as set out at Item No. 3 of the Notice of the AGM for approval by the members.

Your Directors recommend the Resolution for your approval.

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

Sd/-

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

**Place: Hyderabad
Date: 06.09.2021**

CITY ONLINE SERVICES LIMITED

DIRECTOR'S REPORT

To

The Members,

The Director's have pleasure in presenting before you the 22nd Director's Report of the Company together with the Audited Statements of Accounts for the year ended 31st March, 2021.

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

The performance during the period ended 31st March, 2021 has been as under:

(Rs. In Lakhs)

(Rs. In Lakhs)

Consolidated		Particular	Standalone	
2020-21	2019-20		2020-21	2019-20
921.44	1,248.67	Total Revenue	933.91	1,226.12
1086.94	1,447.87	Total Expenditure	1045.85	1,432.67
(165.50)	(199.20)	Profit/Loss Before Tax	(111.93)	(206.55)
46.95	(94.55)	Provision for Tax	41.76	(94.95)
(212.45)	(104.64)	Profit/Loss after Tax	(153.70)	(111.60)
(212.45)	(104.64)	Balance Carried to Balance Sheet	(153.70)	(111.60)

During the year under review, the company has achieved total revenue of Rs. 933.91 Lakhs and net loss of Rs. 111.94 Lakhs as compared to total revenue of Rs. 1226.12 Lakhs and net loss of Rs. 206.55 Lakhs achieved in the previous financial year.

During the year under review, the company on consolidated basis has achieved total revenue of Rs. 921.44 Lakhs and net loss of Rs. 165.50 Lakhs as compared to total revenue of Rs. 1248.67 Lakhs and net loss of Rs. 199.20 Lakhs achieved in the previous financial year.

CITY ONLINE SERVICES LIMITED

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. 30.06.2021)

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. SHARE CAPITAL:

There is no change in the share capital of the Company.

7. BOARD MEETINGS:

The Board of Directors duly met 7 (seven) times on 30.05.2020, 31.07.2020, 05.09.2020, 14.09.2020, 13.11.2020, 12.02.2021 and 04.03.2021 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.

Meetings held and attended:

Name of the Director	Number of Board Meetings	
	Held	Attended
S. Raghava Rao	7	7
M. Nageswara Rao	7	7
Thomos P. Nicodemus	7	7
V. Satyanarayana	7	7
S. Naga Durga	7	7
Ch. Harinath	7	7
R. Krishna Mohan	7	7

CITY ONLINE SERVICES LIMITED

8. INVESTOR EDUCATION AND PROVIDENT FUND:

The Company was not required to transfer any amount to Investor Education and Provident Fund.

9. 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.

10. MANAGEMENT DISCUSSION AND ANALYSIS REPORT:

Management Discussion and Analysis Report is appended to this Report.

11. DIRECTORS OR KMP APPOINTED, RE-APPOINTED OR RESIGNED:

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:-

Name of the Director	S. Naga Durga
Director Identification No	06697556
Date of Birth	01/02/1964
Date of appointment	29/09/2014
Occupation	Business
Qualification	Intermediate
Profile	She has rich experience in administration and HR activities
Relationship between directors inter-se	Wife of Mr. S. Raghava Rao
Nature of expertise in specific functional area	Administration
Directorship in other Listed Entities	Nil
Membership of Committees of other Listed Companies	Nil
Shareholding in the Company	40,000

During the year under review there was no change in the Directors or KMP of the Company .

12. FAMILIARISATION PROGRAMMES:

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 2020-21 are also disclosed on the Company's website at www.cityonlines.com.

13. AUDIT COMMITTEE:

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. Overview 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.

CITY ONLINE SERVICES LIMITED

- 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 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 31.07.2020, 14.09.2020, 13.11.2020 and 12.02.2021.

CITY ONLINE SERVICES LIMITED

Name	Designation	Category	Number of meetings during the year 2020-2021	
			Held	Attended
Thomos P. Nicodemus	Chairman	NED(I)	4	4
M. Nageswara Rao	Member	NED(I)	4	4
S. Naga Durga	Member	NED	4	4

NED (I): Non-Executive, Independent Director

NED: Non-Executive Director

- C. The previous Annual General Meeting of the Company was held on 28.09.2020 and Chairman of the Audit Committee, attended previous AGM.

14. NOMINATION AND 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.

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- 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 12.02.2021.

Name	Designation	Category	Number of meetings during the year 2020-2021	
			Held	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

NED: Non-Executive Director

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, 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.,

CITY ONLINE SERVICES LIMITED

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 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:

3.1 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.

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 promoters of the Company or its holding, subsidiary or associate Company;

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- (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 finance years immediately preceding the finance 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 lessor or lessee of the Company.

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- 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 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.

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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.

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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.

15. STAKEHOLDERS RELATIONSHIP COMMITTEE:

There were four (4) Stakeholders Relationship Committee Meetings held during the year on 31.07.2020, 14.09.2020, 13.11.2020 and 12.02.2021.

CITY ONLINE SERVICES LIMITED

A. COMPOSITION AND ATTENDANCE FOR MEETINGS:

The Details of composition of the Committee are given below:

Name	Designation	Category
Mr. M. Nageswara Rao	Chairman	NED(I)
Mr. Thomas P. Nicodemus	Member	NED(I)
Mr. R. Krishna Mohan	Member	ED

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 corp@cityonlines.com for complaints/grievances.

16. VIGIL MECHANISM/WHISTLE BLOWER POLICY:

In pursuant to the provisions of Section 177(9) & (10) of the Companies Act, 2013, 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.

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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.

17. 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.

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

As on 31st March, 2021 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.

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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.

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

During the year neither any Company became its subsidiary nor ceased to be its subsidiary.

20. 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 annual return is uploaded on website of the Company www.cityonlines.com

21. STATUTORY AUDITORS:

The members of the Company in accordance with section 139 of the Companies Act, 2013 had passed a resolution for appointment of M/s. Laxminivas & Co., as Statutory Auditors of the company for a period of 5 years in the AGM held on 28.09.2019 to hold office up to the conclusion of 25th Annual General Meeting of the Company.

22. 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).

23. 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.

24. 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

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Accounts for the year ended March 31, 2021 and has noted that the statutory auditors have qualified their report for the following:

“Loans & Advances” in the Balance Sheet are carried at a cost of Rs. 25.87 Lakhs. A party having a loan outstanding of 25.87 Lakhs carries negative net worth and recovery of the same is unascertainable. However, no provision has been made in the books of accounts. Had the company created a provision of Rs.25.87 Lakhs, the results of the operations of the company for the current financial year would have resulted in a loss before taxes of Rs. 137.81 Lakhs and the amount under “Loans & Advances” under current assets would be NIL.

The Board has noted the same and is confident of recovering the said amount.

(b) Secretarial Audit Report:

The Board has duly reviewed the Secretarial Audit Report for the year ended March 31, 2021 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.

25. 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

26. 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.

27. 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.

28. 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.

29. 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.

30. 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

CITY ONLINE SERVICES LIMITED

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

31. INSURANCE:

The properties and assets of your Company are adequately insured.

32. 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.

33. CREDIT & GUARANTEE FACILITIES:

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

34. 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.

35. 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.

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

36. DISCLOSURE ABOUT COST AUDIT:

Cost Audit is not applicable to your Company.

37. 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 annexed to this Annual Report as annexure.

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.

38. 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 7.75:1 and of Mr. R. Krishna Mohan, Whole-time Director & CFO and Mr. Ch. Harinath, Whole-time Director of the Company is 7.5:1.

39. 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.

40. SECRETARIAL STANDARDS:

The Company is in compliance with the applicable secretarial standards.

41. 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.

42. 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 upmost 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.

43. 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.

44. 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.

45. 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.

Name	Designation
A. Vijaya Laxmi	Presiding Officer
N. Komal I	Member
B. Ramana	Member
D. Joji	External Member

All employees are covered under this policy. During the year 2020-21, there were no complaints received by the Committee.

46. CEO/ CFO CERTIFICATION:

The Managing Director cum CEO and CFO certification of the financial statements for the year 2020-2021 is annexed in this Annual Report.

47. ANNUAL SECRETARIAL COMPLIANCE REPORT:

Annual Secretarial Compliance Report pursuant to Regulation 24A of SEBI (Listing Obligations and Disclosure Requirement) (Amendment) Regulations, 2018 read with SEBI Circular dated 08.02.2019 and BSE circular dated 09.05.2019 and 14.05.2019 is not applicable to the Company as it does not attract the provisions of Regulation 15(2) of SEBI (LODR) Regulations, 2015 on Corporate Governance since paid up equity share capital as on 31.03.2021 is not exceeding Rs. 10 Crores and the net worth of the Company has not exceeded Rs. 25 Crores on the last day of previous financial year (i.e. 31.03.2021) or during the financial year 2020-21.

In view of the above, our Company is not required to submit Annual Secretarial Compliance Report for the year ended 31.03.2021 to the Stock Exchange/s pursuant to Regulation 24A of SEBI (Listing Obligations and Disclosure Requirement) (Amendment) Regulations, 2018.

48. IMPACT OF COVID-19:

The Company basis its assessment believes that the probability of the occurrence of forecasted transactions is not impacted by COVID-19. The Company has also considered the effect of changes, if any, in both counterparty credit risk and own credit risk while assessing hedge effectiveness and measuring hedge ineffectiveness and continues to believe that there is no impact on effectiveness of its hedges.

49. 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
For City Online Services Limited**

Sd/-

R. Krishna Mohan

**Whole-Time Director & CFO
(DIN: 01678152)**

Sd/-

S. Raghava Rao

**Chairman & Managing Director
(DIN: 01441612)**

**Place: Hyderabad
Date: 30.06.2021**

CITY ONLINE SERVICES LIMITED

Certificate of Code of Conduct for the year 2020-21

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 2020-2021 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 2020-2021.

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

Sd/-

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

Place: Hyderabad
Date: 30.06.2021

CITY ONLINE SERVICES LIMITED

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, 2021 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
For City Online Services Limited**

Sd/-

R. Krishna Mohan

**Whole-Time Director & CFO
(DIN: 01678152)**

Sd/-

S. Raghava Rao

**Chairman & Managing Director
(DIN: 01441612)**

**Place: Hyderabad
Date: 30.06.2021**

Management Discussion and Analysis Report:

(1) (a) Industry structure and developments:

Company is in the Internet Industry operation in a highly competitive environment, subject to rapid technological change. Barriers to entry vary, depending upon the particular markets served. Internet companies operate on the global stage and results often depend upon the performance of overseas markets and currency exchange rates. Moreover, weakness in the retail economy or lower online advertising expenditures can hinder the performance of many participants. Still, long-term prospects for the industry are fairly encouraging. Trends such as increasing worldwide Internet usage, overseas expansion, and the continued popularity of online advertising ought to further benefit the companies in this industry. As a result, many industry participants seem well-positioned in attractive markets. 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.

Given the dynamic nature of the Internet industry, companies must innovate to remain competitive. This can simply mean offering customers new products and services. However, industry participants must also position themselves to benefit from technological developments, and the creation or expansion of markets. For example, in the search engine arena, prospects appear bright in the mobile and video markets. The continued introduction of new applications in these areas appears likely.

(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

CITY ONLINE SERVICES LIMITED

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.

(c) Segment-wise or product-wise performance:

During the year under review, the Company has recorded revenue of Rs. 93,391,416 and made a loss of Rs. 15,370,426 against revenue of Rs. 12,26,11,587 and made a loss of Rs. 1,11,60,309 in the previous financial year 2019-20.

(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

CITY ONLINE SERVICES LIMITED

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 revenue of Rs. 93,391,416 and made a loss of Rs. 15,370,426 against revenue of Rs. 12,26,11,587 and made a loss of Rs. 1,11,60,309 in the previous financial year 2019-20.

(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. The Company has 57 employees as on 31.03.2021.

(i) Details of significant changes (i.e. change of 25% or more as compared to the immediately previous financial year) in key financial ratios along with detailed explanations thereof :

a.) Debtors Turnover: 3.48

b.) Inventory Turnover: NA

c.) Interest Coverage Ratio: (0.57)

d.) Current Ratio: 0.83:1

e.) Debt Equity Ratio: 0.39:1

f.) Operating Profit Margin (%): 27.15

g.) Net Profit Margin (%): (4.21)

h.) Sector-specific equivalent ratios, as applicable: N.A.

(i) Details of any change in return on net worth as compared to the immediately previous financial year along with a detailed explanation thereof: Return on net worth for the year 2020-21 (13.30) and 2019-20 (0.69). The change is due to decrease in revenue and net profits.

(2) Disclosure of Accounting Treatment:

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

(3) Cautionary Statement:

Statements in this Management Discussion and Analysis Report may be “forward looking statements” within the meaning of applicable securities laws and regulations. These statements are based on certain assumption and expectations of future events. Actual results could differ materially from those expressed or implied. Important facts that could make a difference at the Company's operations include economic conditions affecting domestic demand and supply conditions, finished goods prices, changes in government regulations and tax regime etc. The Company assumes no responsibility to publicly amend, modify or revise any forward looking statements on the basis of subsequent developments, information or events.

CITY ONLINE SERVICES LIMITED

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, 2021

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, 2020 and ended 31st March, 2021, 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, 2021 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

CITY ONLINE SERVICES LIMITED

Act, 1992 ('SEBI ACT') is furnished hereunder for the financial year 2020-21:-

- 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; Complied to the extent applicable.
- 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

CITY ONLINE SERVICES LIMITED

- 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 with respect to board and general meetings.

We have relied on representation made by the Company and its Officer for due adherence of the applicable Secretarial Standards.

- (ii) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 were complied with to the extent applicable.

We have relied on the representation made by the Company and its officer for systems and mechanism framed by the Company for compliance under the applicable Acts, Laws and Regulation to the Company.

- a) 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.
- (iii) 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.

CITY ONLINE SERVICES LIMITED

- 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

**Sd/-
Vivek Surana
Proprietor**

**Place: Hyderabad
Date: 04.09.2021**

**M.No: A24531, C.P. No: 12901
UDIN: A024531C000895181**

CITY ONLINE SERVICES LIMITED

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

**Sd/-
Vivek Surana
Proprietor**

**Place: Hyderabad
Date: 04.09.2021**

**M.No: A24531, C.P. No: 12901
UDIN: A024531C000895181**

CITY ONLINE SERVICES LIMITED

REMUNERATION DETAILS PURSUANT TO SECTION 197(12) OF THE COMPANIES ACT, 2013 READ WITH RULE 5 OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014.

Sl. 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. G. Raghava Rao, Chairman & Managing Director of the Company to the median remuneration of the employees is 7.75: 1 and of Mr. R. Krishna Mohan, Whole-Time Director & CFO and Mr. Ch. Harinath, Whole-time Director of the Company is 7.5:1.
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.	NA
3.	The percentage increase in the median remuneration of employees in the financial year.	(12.23%)
4.	The number of employees on the rolls of the company.	57
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.	4.85%. 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

CITY ONLINE SERVICES LIMITED

7. Details of TOP 10 Employees

S. No	Name	Age	Designation	Remuneration per annum (in Rs.)	Qualification and Experience	Date of commencement of Employment	Last employment	No. of equity shares held in the company	Relation with any director of the Company
1.	S. Raghava Rao	61	Managing Director	18,00,000/-	B. Tech	20/07/1999	N/A	684500	Nil
2.	R. Krishna Mohan	61	Wholesale Director & CFO	18,00,000/-	B. Tech	01/09/2001	N/A	153000	Nil
3.	Ch. Harinath	55	Executive Director	18,60,000/-	M. Tech	16/07/1999	N/A	201750	Nil
4.	S Jagan Mohan Rao Suryadevara	52	Branch Manager	10,80,000/-	Diploma in Electronics	01/06/2000	N/A	Nil	Nil
5.	Rajshekar P	56	Marketing Manager	7,56,000/-	Graduation	05/03/2015	N/A	Nil	Nil
6.	Girish Kumar U.J	39	Network Manager	5,88,000/-	MCA	01/04/2006	N/A	Nil	Nil
7.	Yella Bhaskar	40	Network Manager	7,45,752/-	P. Graduation	13/03/2007	N/A	Nil	Nil
8.	Hanuman Kumar	37	Network Manager	5,90,388/-	Graduation	08/04/2007	N/A	Nil	Nil
9.	Chanakya	32	Network Manager	5,90,388/-	B. Tech	02/09/2009	N/A	Nil	Nil
10.	P.A. Naidu	42	Branch Manager	5,06,448/-	SSC	01/04/2004	N/A	Nil	Nil

* All the above are permanent employees of the Company

CITY ONLINE SERVICES LIMITED

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:
- (b) Nature of contracts/arrangements/transactions:
- (c) Duration of the contracts / arrangements/transactions:
- (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, if any:

- (a) Name(s) of the related party and nature of relationship:
- (b) Nature of contracts/arrangements/transactions:
- (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: **24.04.2019**
- (f) Amount paid as advances, if any:

For point No. 2 (a), (b), (c), (d) and (f) please refer note no. 37 of financial statements attached to this report.

CITY ONLINE SERVICES LIMITED

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: 01.04.2020 to 31.03.2021

3. Reporting Currency: Indian Rupee

Amount In Rupees

Sl. No.	Particulars	City Online Digital Private Limited	City Online Media Private Limited
1.	Share Capital	1,00,000	1,00,000
2.	Reserves and surplus for the year ending	-2,725,816	-2,083,097
3.	Total Assets	2,039,797	10,869,959
4.	Total Liabilities	2,039,797	10,869,959
5.	Investments	0	0
6.	Turnover (Income)	5,489,828	406,907
7.	Profit / loss before Taxation	2,518,307	(2,406,668)
8.	Provision for Taxation	756,037	(237,871)
9.	Profit / loss after Taxation	1,762,270	(2,168,797)
10.	Proposed Dividend	NIL	NIL
11.	% of Shareholding	100	100

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

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

As per our report on even date

For Laxminiwas & Co.
Chartered Accountants
Firm's Registration Number:011168 S

Guharoy Ashish Kumar
Partner
Membership No. 018659

Place: Hyderabad
Date: 30th June, 2021

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

Sd/-
S. Raghava Rao
Chairman and Managing Director
DIN: 01441612

Sd/-
R Krishna Mohan
Director
DIN: 01678152

Sd/-
Naresh Swami
Company Secretary

CITY ONLINE SERVICES LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF CITY ONLINE SERVICES LIMITED

Report on the Audit of the Standalone Financial Statements

Qualified Opinion

We have audited the Standalone financial statements of City Online Services Limited ("the Company") which comprise the Balance Sheet as at 31st March, 2021, and the Statement of Profit & Loss, Statement of changes in equity and the statement of cash flows for the year ended, and notes to the financial statements, including a summary of the significant accounting policies and other explanatory information ("the financial statements").

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matter described in the "Basis for Qualified Opinion" section of our report, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2021, and its loss, changes in equity and its cash flows for the year ended on that date.

Basis for Qualified Opinion

The Company's "Loans & Advances" are carried in the Balance Sheet at Rs.25.87 Lakhs. A party having a loan outstanding of 25.87 Lakhs carries negative net worth and recovery of the same is unascertainable. However, no provision has been made in the books of accounts. Had the company created a provision of Rs. 25.87 Lakhs, the results of the operations of the company for the current financial year would have resulted in loss before taxes of Rs.137.81 Lakhs and the amount under "Loans & Advances" under current assets would be NIL.

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013 (the Act). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Standalone Financial Results 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 ("ICAI") together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules there under, 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 qualified opinion.

Other Information:

- The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Director's Report, Management Discussion & Analysis, but does not include the standalone financial statements and our auditor's report thereon.
- Our opinion on the standalone 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 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 during the course of our 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.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statement as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Basis for Qualified Opinion We have determined that there is no key audit matter to communicate in our report.

Management's Responsibility for the Standalone Financial Statements

- The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation and presentation of these standalone financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the company in accordance with the generally accepted accounting principles (GAAP) in India, including the Indian Accounting Standards ("INDAS") specified under section 133 of the Act.
- This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding 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 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 statements 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.
- The Board of Directors are 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 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 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 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 financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also

CITY ONLINE SERVICES LIMITED

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 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 financial statements, including the disclosures, and whether the 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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Emphasis of Matter

We draw attention to the following matters

- a. Balances have shown under “Trade receivables” & “Trade payables” represents Rs. 223.06 Lakhs & Rs. 339.62 Lakhs respectively. The balance confirmation is not received and the reconciliation could not be performed. The impact that may result on reconciliation cannot be ascertained, if any.
- b. “Other current liabilities” includes Statutory Liabilities viz., GST, VAT, TDS, PT, PF and ESI amounting to Rs. 188.20 Lakhs are outstanding for a period ranging from 06 Months to 36 Months as on 31st March 2021.

Our Opinion is not modified in respect of all the above matters.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143 (3) of the Act, based on our audit 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 other comprehensive income), Cash Flow Statement 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 afore said standalone financial statements comply with the IND AS specified under Section 133 of the Act, read with companies (Indian Accounting Standards) Rules, 2015 as amended.
 - e. On the basis of the written representations received from the directors as on 31st March, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2021 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 and the operating effectiveness of such controls, refer to our separate Report in “Annexure B”. Our report expresses an unmodified opinion on the adequacy and operating

CITY ONLINE SERVICES LIMITED

effectiveness of the company's internal financial controls over financial reporting.

- 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 as amended, in our opinion and to the best of our information and according to the explanations given to us:

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the company to its directors during the year is in accordance with the provisions of section 197 of the 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 does not have any pending litigations which would impact 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 has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
2. 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.

For Laxminiwas & Co.
Chartered Accountants
Firm's Registration Number: 011168S

Guha Roy Ashish Kumar
Partner
Membership Number: 018659
UDIN: 21018659AAAAAQ4106

Hyderabad
30th June, 2021.

CITY ONLINE SERVICES LIMITED

ANNEXURE “A” TO THE INDEPENDENT AUDITOR’S REPORT

(Referred to in paragraph 2 under ‘Report on other legal and regulatory requirements’ section of our report to the Members of City Online Services Limited of even date)

- i. In respect of the company’s fixed assets:
 - a. The Company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets.
 - b. All the assets are physically verified by the Management during the year. No material discrepancies have been noticed on such verification.
 - c. According to the information and explanations given to us, and on the basis of our examination of the records of the Company, the company has no immovable property, accordingly the provision of clause 3 (i) (c) of the Order are not applicable
- ii. The company has no inventory; accordingly, the provisions of clause 3(ii) of the Order, 2016 are not applicable.
- iii. According to the information and explanations given to us, the Company granted unsecured loan to companies covered in the register maintained under Section 189 of the Companies Act, 2013 and of which
 - a. The terms and conditions of the grant of such loan is, in our opinion, prejudicial to the company’s interest, as no interest charged against such loan.
 - b. The schedule of repayment of principal and payment of interest has not been stipulated
 - c. The total amount remaining outstanding as at the year-end is Rs. 25.87 Lakhs.
- iv. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Act, with respect to the loans and investments made.
- v. The company has not accepted any deposits during the year and does not have any unclaimed deposits as at 31st March, 2021 and therefore the provisions of the clause 3 (v) of the order are not applicable to the company.

CITY ONLINE SERVICES LIMITED

- vi. The maintenance of cost records has not been specified by the Central Government under Section 148(1) of the Companies Act, 2013 for the business activities carried out by the Company. Thus, reporting under Clause 3(vi) of the order is not applicable to the Company.
- vii. According to the information and explanations given to us, in respect of statutory dues:
- (a) According to the information and explanations given to us and the records of the Company examined by us, the Company is generally regular in depositing with appropriate authorities undisputed statutory dues including Income tax, Sales tax, Service tax, Goods and Service Tax and any other statutory dues applicable to it as on 31 March 2021. According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, sales tax, service tax, Goods and Service Tax and other material statutory dues were in arrears as at 31 March 2021 for a period of more than six months from the date they became payable except for the following mentioned below:

Sl. No.	Pending from the period	Name of the Statute	Details of Section	Amount in Rupees
1	2020-21	Provident Fund	PF Act, 1952	3,34,895
2	2020-21	Professional Tax	PT Act, 1987	2,02,673
3	2017-18	Good & Service Tax	GST Act, 2017	1,37,68,631
4	2020-21	Income Tax Act 1961	TDS under Section 195,194, etc.	9,34,693
Total				1,52,40,892

- (b) According to the information and explanations given to us, there are no dues of Income tax, Sales tax, Service tax, and Goods and Service Tax which have not been deposited with the appropriate authorities on account of any dispute.
- viii. According to the information and explanation given to us, the company has not defaulted in repayment of dues to bank and financial institutions as at balance sheet date.
- ix. The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause 3(ix) of the Order is not applicable to the company.
- x. To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company or no fraud by the Company or no fraud by its officers or employees has been noticed or reported during the year.

CITY ONLINE SERVICES LIMITED

- xi. In our opinion and according to the information and explanations give to us, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
- xii. The Company is not a Nidhi company and hence reporting under clause 3(xii) of the Order is not applicable to the company.
- xiii. In our opinion and according to the information and explanations given to us, the company is not in compliance with sections 177 and 188 of the Act, for all transactions with the related parties where applicable and details of such transactions have been disclosed in the 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 paid convertible debentures and hence reporting clause 3 (xiv) of the order is not applicable to the company.
- xv. In our opinion and according to the information and explanations given to us and based on our during the year, the Company has not entered into non-cash transactions with Directors or persons connected to its directors and hence provision of section 192 of the Act are not applicable to the company.
- xvi. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

For Laxminiwas & Co.
Chartered Accountants
Firm's Registration Number: 011168S

Guha Roy Ashish Kumar
Partner
Membership Number: 018659
UDIN: 21018659AAAAAQ4106

Hyderabad
30th June, 2021.

CITY ONLINE SERVICES LIMITED

Annexure - B to the Auditors' Report

- (Referred to in paragraph 1 (f) under "Report on other Legal and Regulatory Requirements section of our report to the members of City Online Services Limited of even date).
- Report on the Internal Financial Controls over Financial Reporting 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 31st March 2021 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

- The company 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 ('ICAI').
- 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.

Auditor's Responsibility

- Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting 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 issued by Institute of Chartered accountants of India and the standards on auditing to the extent applicable to an audit of internal financial controls. 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.

CITY ONLINE SERVICES LIMITED

- 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 judgement, 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 internal financial controls system over financial reporting of the Company.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of 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 financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and
- (3) Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the 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

CITY ONLINE SERVICES LIMITED

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, according to the information and explanations given to us, the Company has maintained, 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 31st March, 2021, 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 Laxminiwas & Co.
Chartered Accountants
Firm's Registration Number: 011168S

Guha Roy Ashish Kumar
Partner
Membership Number: 018659
UDIN: 21018659AAAAAQ4106

Hyderabad
30th June, 2021.

CITY ONLINE SERVICES LIMITED

Balance Sheet as at March 31, 2021 (All amounts in Indian Rupees, unless otherwise stated)

Particulars		Note	As at March 31, 2021	As at March 31, 2020
A	ASSETS			
1	Non-Current Assets			
	(a) Property, plant and equipment	3	2,54,87,304	1,21,66,818
	(b) Intangible assets	4	19,287	1,03,702
	(c) Right of use of Asset	5	15,71,836	29,40,396
	(d) Financial Assets			
	- Investments	6	4,80,768	4,82,065
	- Other non-current assets	7	22,22,333	15,99,232
	(e) Deferred tax assets [Net]	8	1,02,12,082	1,43,88,633
	(f) Other non-current assets	9	-	19,520
	Total Non-Current Assets [A]		3,99,93,611	3,17,00,367
2	Current Assets			
	(a) Inventories	10	-	1,10,86,296
	(b) Financial Assets			
	- Loans and Advances	11	25,87,147	82,68,169
	- Trade receivables	12	2,23,06,905	3,13,67,562
	- Cash and cash equivalents	13	6,64,664	6,65,179
	- Other Bank balances	14	1,16,49,420	1,16,49,420
	- Other current assets	15	3,39,050	10,41,705
	(c) Other current assets	16	88,87,245	50,99,625
	Total Current Assets [B]		4,64,34,431	6,91,77,955
	TOTAL ASSETS [A+B]		8,64,28,042	10,08,78,323
B	EQUITY AND LIABILITIES			
1	Equity			
	(a) Equity Share Capital	17	5,16,47,000	5,60,98,330
	(b) Other Equity	18	-5,04,90,793	-3,96,10,577
	Total Equity [A]		11,56,207	1,64,87,753
2	Non-Current Liabilities			
	(a) Financial Liabilities			
	- Borrowings	19	9,67,125	3,37,418
	- Lease liability	20	17,78,485	31,92,685
	(b) Provisions	21	22,96,401	23,39,129
	Total Non-Current Liabilities [B]		50,42,011	58,69,232
3	Current Liabilities			
	(a) Financial Liabilities			
	- Borrowings	22	1,95,79,493	1,78,81,516
	- Trade payables	23	3,39,61,646	3,40,80,246
	- Provisions	24	7,31,262	4,15,000
	(b) Other current liabilities	25	2,59,57,422	2,61,44,576
	Total Current Liabilities [C]		8,02,29,824	7,85,21,338
	TOTAL EQUITY AND LIABILITIES [A+B+C]		8,64,28,042	10,08,78,323
	Corporate information	1		
	Summary of significant accounting policies	2		
	Accompanying notes forming an integral part of the financial statements	3 to 45		
As per our report on even date For Laxminiwas & Co. Chartered Accountants Firm's Registration Number:011168 S Guharoy Ashish Kumar Partner Membership No. 018659 Place: Hyderabad Date: 30th June, 2021 For and on behalf of the Board of Directors of CITY ONLINE SERVICES LIMITED Sd/- S. Raghava Rao Chairman and Managing Director DIN: 01441612 Sd/- R Krishna Mohan Director DIN: 01678152 Sd/- Naresh Swami Company Secretary				

CITY ONLINE SERVICES LIMITED

Statement of Profit and Loss for the period ended March 31, 2021 (All amounts in Indian Rupees, unless otherwise stated)

Particulars		Note	For the period ended March 31, 2021	For the period ended March 31, 2020
I	REVENUE			
	Revenue from Operations [Gross]	26	8,12,67,034	11,46,72,777
	Other Operating Income	27	16,42,596	13,53,540
	Total Revenue from Operations		8,29,09,630	11,60,26,317
	Other Income	28	1,04,81,786	65,85,270
	TOTAL REVENUE [I]		9,33,91,416	12,26,11,587
II	EXPENSES			
	Employee benefit expenses	29	1,76,52,255	2,01,12,300
	Finance costs	30	38,35,630	20,33,595
	Depreciation and amortization expense	3, 4 & 5	51,63,773	42,11,740
	Bandwidth expenses	31	5,95,27,309	8,28,27,147
	Other expenses	32	1,84,06,323	3,40,81,833
	TOTAL EXPENSES [II]		10,45,85,291	14,32,66,615
III	Profit/(Loss) Before Tax		-1,11,93,875	-2,06,55,028
IV	Tax Expense:			
	- Current tax	33	-	-
	- Deferred tax	33	41,76,551	-94,94,719
V	Profit/(Loss) for the period		-1,53,70,426	-1,11,60,309
VI	Other Comprehensive Income			
	Items that will not be reclassified to profit or loss			
	- Remeasurements of post-employment benefit obligations		7,738	5,886
	- Remeasurements of financial assets		31,141	9,915
	- Recognition of borrowings using effective interest rate		-	-
	Other comprehensive income for the year, net of tax		-1,53,31,547	-1,11,44,508
VII	Earnings per equity share Rs. 10/- each fully paid			
	- Basic	39	-2.98	-2.16
	- Diluted	39	-2.98	-2.16
	Corporate information	1		
	Summary of significant accounting policies	2		
	Accompanying notes forming an integral part of the financial statements	3 to 45		
As per our report on even date For Laxminiwas & Co. Chartered Accountants Firm's Registration Number:011168 S Guharoy Ashish Kumar Partner Membership No. 018659 Place: Hyderabad Date: 30th June, 2021 For and on behalf of the Board of Directors of CITY ONLINE SERVICES LIMITED Sd/- S. Raghava Rao Chairman and Managing Director DIN: 01441612 Sd/- R Krishna Mohan Director DIN: 01678152 Sd/- Naresh Swami Company Secretary				

CITY ONLINE SERVICES LIMITED

Cash Flow Statement for the period ended March 31, 2021 (All amounts in Indian Rupees, unless otherwise stated)

Particulars	Note	Year ended March 31, 2021	Year ended March 31, 2020
A. Cash flow from operating activities			
Profit / (Loss) before tax		-1,11,93,875	-2,06,55,028
Adjustments:			
Depreciation and amortisation		51,63,773	42,11,740
Interest expense		38,35,630	20,33,595
Impairment Loss		-	1,23,83,776
Write Back of Liabilities		-65,44,981	63,06,160
Interest on lease liability		1,72,763	-
Capital Reserve		44,51,330	-
Remeasurement of post employee benefits		7,738	5,886
Remeasurements of financial assets		31,141	9,915
Interest on capital from partnership firm		-	-
Expected credit loss allowance		-	-
Share of (profit)/loss from partnership firm		-	-
Profit on sale of property, plant & equipment		-	-
Provision written back		-2,41,144	-38,531
Interest income		-1,88,383	-2,40,579
Cash generated before working capital changes		-45,06,008	40,16,934
Increase/(Decrease) in trade payables		64,26,381	-1,39,78,095
Increase/(Decrease) in other current liabilities		-1,87,154	-33,85,775
Increase/(Decrease) in Short term Borrowings		-	-
Increase/(Decrease) in Short term provisions		5,57,406	6,24,600
Increase/(Decrease) in long term provisions		-42,728	-
(Increase)/Decrease in inventories		1,10,86,296	36,86,997
(Increase)/Decrease in short term loans and advances		56,81,022	5,40,016
(Increase)/Decrease in trade receivables		90,60,657	23,25,722
(Increase)/Decrease in other non-current financial assets		-	-79,793
(Increase)/Decrease in other non current assets		19,520	35,647
(Increase)/Decrease in other current financial assets		7,02,655	-1,37,401
(Increase)/Decrease in other current assets		-37,87,621	46,49,853
Cash generated from operations		2,50,10,427	-17,01,296
Direct taxes refund/ (paid)		-	-
Net cash flow from operating activities (A)		2,50,10,427	-17,01,296
B. Cash flows from investing activities			
Purchase of property, plant and equipment, including intangible assets		-1,70,31,283	-8,19,386
Investment in deposits		-6,23,101	-
Interest received		1,88,383	2,40,579
Proceeds from sale of property, plant and equipment		-	-
Interest on capital from partnership firm		-	-
Share of (profit)/loss from partnership firm		-	-
(Increase)/decrease in non current investments		1,297	-
Net cash flow used in investing activities (B)		-1,74,64,705	-5,78,807
C. Cash flows from financing activities			
(Repayment)/Proceeds from long term borrowings		6,29,707	-9,24,421
Decrease in Share capital		-44,51,330	-
Payment of Lease liability		-15,86,964	-
(Repayment) / Proceeds from working capital borrowings		16,97,978	43,85,939
Interest paid		-38,35,630	-20,33,595
Net cash flow used in financing activities (C)		-75,46,238	14,27,923
D. Net Increase/(decrease) in cash and cash equivalents (A+B+C)		-516	-8,52,180
E. Cash and cash equivalents			
at the beginning of the year	13	6,65,180	15,17,360
at the end of the year		6,64,664	6,65,180
Components of cash and cash equivalents			
Balance with banks		-	-
- In current accounts		53,868	1,17,865
- Deposits with maturity less than 3 months		5,03,375	5,03,375
Cash on hand		1,07,421	43,939
Less: Bank overdraft		-	-
Cash and cash equivalents at the end of the year		6,64,664	6,65,180
Corporate information	1		
Summary of significant accounting policies	2		
Accompanying notes forming an integral part of the financial statements	3 to 45		
The cash flow statement is prepared in accordance with the indirect method stated in Indian Accounting Standard 7 on Cash Flow Statement' and presents the Cash Flows by Operating , Investing and Financing activities.			
As per our report on even date		For and on behalf of the Board of Directors of CITY ONLINE SERVICES LIMITED	
For Laxminiwas & Co. Chartered Accountants Firm's Registration Number:011168 S		Sd/- S. Raghava Rao Chairman and Managing Director DIN: 01441612	
Guharoy Ashish Kumar Partner Membership No. 018659		Sd/- R Krishna Mohan Director DIN: 01678152	
Place: Hyderabad Date: 30th June, 2021		Sd/- Naresh Swami Company Secretary	

CITY ONLINE SERVICES LIMITED

Statement of Changes in Equity for the year ended March 31, 2021

(All amounts in Indian Rupees, unless otherwise stated)

A. Equity Share Capital

Particulars	As at March 31, 2021	As at March 31, 2020
Equity shares of Rs. 10 each issued, subscribed and fully paid up		
Balance at the beginning of the reporting year	5,60,98,330	5,60,98,330
Changes in equity share capital during the year		
- Share Forfeiture balance transferred to Capital Reserve	-44,51,330.00	-
Balance at the end of the reporting year	5,16,47,000	5,60,98,330

B. Other Equity

Particulars	For the period ended March 31, 2021	For the period ended March 31, 2020
Movement in other equity is as follows:		
I. Investment subsidy	4,00,000	4,00,000
II. Capital Reserve	44,51,330	-
II. Retained Earnings		
(i) Opening Balance	-4,00,10,577	-2,88,52,247
(ii) Profit/(Loss) for the year	-1,53,70,426	-1,11,60,309
(iii) Other comprehensive income	31,141	1,979
- Remeasurement of Financial Instruments		
- Remeasurement of Post Employee benefits	7,738	
	-5,53,42,124	-4,00,10,577
Total	-5,04,90,794	-3,96,10,577

As per our report on even date

For Laxminiwas & Co.
Chartered Accountants
Firm's Registration Number:011168 S

Guharoy Ashish Kumar
Partner
Membership No. 018659

Place: Hyderabad
Date: 30th June, 2021

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

Sd/-
S. Raghava Rao
Chairman and Managing Director
DIN: 01441612

Sd/-
R Krishna Mohan
Director
DIN: 01678152

Sd/-
Naresh Swami
Company Secretary

CITY ONLINE SERVICES LIMITED

Note 3: Property, plant and equipment

Particulars	As at March 31, 2021	As at March 31, 2020
Plant & Machinery	2,00,15,340	61,52,679
Furniture and Fittings	3,66,191	4,15,723
Motor Vehicles	15,53,633	18,22,723
Computers and Data Processing Units	25,47,329	26,91,716
Office Equipment	10,04,810	10,83,977
Total	2,54,87,304	1,21,66,818

For the year 2020-21

Description of Assets	Plant & Machinery	Furniture and Fittings	Motor Vehicles	Computers and Data Processing Units	Office Equipment	Total
I. Gross Block						
Opening Balance	4,90,94,497	8,24,103	22,01,625	1,32,39,931	73,78,206	7,27,38,362
Additions	1,76,46,001	-	-	3,41,663	8,06,590	1,87,94,255
Disposals	18,15,600	-	-	-	-	18,15,600
Balance as at March 31, 2021	6,49,24,898	8,24,103	22,01,625	1,35,81,594	81,84,796	8,97,17,017
II. Accumulated Depreciation						
Opening Balance	4,29,41,818	4,08,380	3,78,902	1,05,48,214	62,94,230	6,05,71,544
Depreciation expense for the period	19,67,740	49,533	2,69,090	4,86,050	8,85,756	36,58,169
Eliminated on disposal of assets	-	-	-	-	-	-
Balance as at March 31, 2021	4,49,09,558	4,57,912	6,47,992	1,10,34,265	71,79,986	6,42,29,713
III. Net Block [I-II]						
Carrying value as at March 31, 2021	2,00,15,340	3,66,191	15,53,633	25,47,329	10,04,810	2,54,87,304
Carrying value as at March 31, 2020	61,52,679	4,15,723	18,22,723	26,91,716	10,83,977	1,21,66,818

For the year 2019-20

Description of Assets	Plant & Machinery	Furniture and Fittings	Motor Vehicles	Computers and Data Processing Units	Office Equipment	Total
I. Gross Block						
Opening Balance	4,90,94,497	8,24,103	22,01,625	1,32,05,931	67,20,470	7,20,46,626
Additions	-	-	-	34,000	6,57,736	6,91,736
Disposals	-	-	-	-	-	-
Balance as at March 31, 2020	4,90,94,497	8,24,103	22,01,625	1,32,39,931	73,78,206	7,27,38,362
II. Accumulated Depreciation						
Opening Balance	4,14,50,860	3,83,352	3,12,040	1,01,46,129	60,70,160	5,83,62,541
Depreciation expense for the period	14,90,959	25,027	66,862	4,02,086	2,24,070	22,09,003
Eliminated on disposal of assets	-	-	-	-	-	-
Balance as at March 31, 2020	4,29,41,818	4,08,380	3,78,902	1,05,48,214	62,94,230	6,05,71,544
III. Net Block [I-II]						
Carrying value as at March 31, 2020	61,52,679	4,15,723	18,22,723	26,91,716	10,83,977	1,21,66,818
Carrying value as at March 31, 2019	76,43,637	4,40,751	18,89,585	30,59,802	6,50,311	1,36,84,085

CITY ONLINE SERVICES LIMITED

Note 4: Intangible Assets

Particulars	As at March 31, 2021	As at March 31, 2020
Computer Software	19,287	1,03,702
Total	19,287	1,03,702

For the year 2020-21

Description of Assets	Computer Software
I. Gross Block	
Opening Balance	4,90,596
Additions	52,629
Disposals	-
Balance as at March 31, 2021	5,43,225
II. Accumulated Amortization	
Opening Balance	3,86,894
Amortization expense for the year	1,37,044
Eliminated on disposal of assets	-
Balance as at March 31, 2021	5,23,938
III. Net Block [I-II]	
Carrying value as at March 31, 2021	19,287
Carrying value as at March 31, 2020	1,03,702

For the year 2019-20

Description of Assets	Computer Software
I. Gross Block	
Opening Balance	3,62,947
Additions	1,27,649
Disposals	-
Balance as at March 31, 2020	4,90,596
II. Accumulated Amortization	
Opening Balance	3,00,335
Amortization expense for the year	86,559
Eliminated on disposal of assets	-
Balance as at March 31, 2020	3,86,894
III. Net Block [I-II]	
Carrying value as at March 31, 2020	1,03,701
Carrying value as at March 31, 2019	62,612

CITY ONLINE SERVICES LIMITED

Note 5: Right of use of Asset

Particulars	As at March 31, 2021	As at March 31, 2020
Right of use of Asset	29,40,396	48,56,574
Less: Depreciation [Net]	-13,68,560	(19,16,178)
Total	15,71,836	29,40,396

Note 6: Non-Current Investments

Particulars	As at March 31, 2021	As at March 31, 2020
(i) Investments in equity instruments (fully paid-up)		
Unquoted Investments		
Investment in Subsidiaries (Valued at cost)		
- City Online Digital Private Limited [10,000 (31.03.2021: 10,000) equity shares of par value Rs. 10 each]	1,00,000	1,00,000
- City Online Media Private Limited [10,000 (31.03.2021: 10,000) equity shares of par value Rs. 10 each]	1,00,000	1,00,000
Total investment in equity instruments [A]	2,00,000	2,00,000
(ii) Others investments, unquoted		
(a) Investments in partnership firms		
- Broadway City Online Consortium	-	-
- In-fo City Online Consortium	2,30,768	2,32,065
(b) Investments in government securities [valued at cost]		
National savings certificates [Refer Note (i) below] [5 Bonds (31.03.2021: Rs.50,000) of Rs. 10,000 each]	50,000	50,000
Total investment in other non-current investments [B]	2,80,768	2,82,065
Total [A+B]	4,80,768	4,82,065

Aggregate amount of unquoted investments (Other than Equity)	4,80,768	4,82,065
Investments carried at cost	4,80,768	4,82,065

Note 7: Other non-current assets

Particulars	As at March 31, 2021	As at March 31, 2020
Deposits		
- Rental Deposits (Net)	16,70,679	15,99,232
- Others	5,51,655	-
Total	22,22,333	15,99,232

Note 8: Deferred tax asset [Net]

Particulars	As at March 31, 2021	As at March 31, 2020
Deferred tax asset	1,02,12,082	1,43,88,633
Total	1,02,12,082	1,43,88,633

Note 9: Other non-current assets

Particulars	As at March 31, 2021	As at March 31, 2020
Prepaid expenses	-	19,520
Total	-	19,520

CITY ONLINE SERVICES LIMITED

Note 10: Inventories

Particulars	As at March 31, 2021	As at March 31, 2020
Stock in trade	-	1,10,86,296
Total	-	1,10,86,296

Note 11: Current Loans & Advances

Particulars	As at March 31, 2021	As at March 31, 2020
<i>Unsecured, considered good</i>		
Loans and advances to related parties	25,87,147	82,68,169
Total	25,87,147	82,68,169

Note 12: Trade Receivables

Particulars	As at March 31, 2021	As at March 31, 2020
<i>Unsecured, considered good</i>		
Outstanding for a period exceeding six months	2,46,13,107	3,36,73,764
Others		
Less: Provision for credit losses	-23,06,202	-23,06,202
Total	2,23,06,905	3,13,67,562

Note 13: Cash and cash equivalents

Particulars	As at March 31, 2021	As at March 31, 2020
Balance with banks		
- In current accounts	53,868	1,17,865
- Deposits with original maturity of less than 3 months	5,03,375	5,03,375
Cash on hand	1,07,421	43,939
Total	6,64,664	6,65,179

Note 14: Bank balances other than above

Particulars	As at March 31, 2021	As at March 31, 2020
On deposit accounts		
- Remaining maturity for less than 12 months	1,16,49,420	1,16,49,420
Total	1,16,49,420	1,16,49,420

Note 15: Other current assets

Particulars	As at March 31, 2021	As at March 31, 2020
Security Deposits	-	5,51,655
Interest accrued but not due	1,67,138	1,67,138
Loans to employees	1,71,912	3,22,912
Total	3,39,050	10,41,705

Note 16: Other current assets

Particulars	As at March 31, 2021	As at March 31, 2020
Prepaid(Current)	23,127	43,914
Advance to suppliers	-	-
Advance Income Tax	66,27,759	49,95,909
Other current assets		
- Statutory	22,17,284	
- Others	19,075	59,802
Total	88,87,245	50,99,625

Note 17: Share Capital

Particulars	As at March 31, 2021		As at March 31, 2020	
	Number of Shares	Amount	Number of Shares	Amount
Authorised Equity shares of Rs.10 each	77,00,000	7,70,00,000	77,00,000	7,70,00,000
Issued Equity shares of Rs.10 each	70,00,000	7,00,00,000	70,00,000	7,00,00,000
Subscribed and called up Equity shares of Rs.10 each	69,25,000	6,92,50,000	69,25,000	6,92,50,000
Paid up capital Equity shares of Rs.10 each, fully paid-up	51,64,700	5,16,47,000	51,64,700	5,16,47,000
Share forfeiture account Equity shares of Rs.10 each	-	-	17,60,300	44,51,330
Total	51,64,700	5,16,47,000	69,25,000	5,60,98,330

(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, 2021				
- Number of shares	51,64,700	-	-	51,64,700
- Amount	5,16,47,000	-	-	5,16,47,000
Year ended March 31, 2020				
- Number of shares	51,64,700	-	-	51,64,700
- Amount	5,16,47,000	-	-	5,16,47,000

(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, 2021		As at March 31, 2020	
	Number of Shares held	Percentage of Holding	Number of Shares held	Percentage of Holding
S. Raghava Rao	6,84,500	13.25%	6,84,500	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 shareholder represent both legal and beneficial ownership of shares.

CITY ONLINE SERVICES LIMITED

Note 18: Other Equity

Particulars	As at March 31, 2021	As at March 31, 2020
Investment subsidy	4,00,000	4,00,000
Capital Reserve	44,51,330	-
Retained Earnings	-5,53,42,124	-4,00,10,577
Total	-5,04,90,794	-3,96,10,577

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 losses.

Note 19: Non-Current Borrowings

Particulars	As at March 31, 2021	As at March 31, 2020
Term Loan from Banks		
Secured:		
- From Banks	9,67,125	3,37,418
Total	9,67,125	3,37,418

Note:

i) 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 28 installments.

ii) GECL availed from HDFC Bank is availed under Guaranteed Emargency Credit Line (GECL) scheme released by Central government. The loan is repayable in 48 equal monthly installments. The applicable interest rate is 8.25% p.a. The period of maturity with respect to balance sheet date is 39 installments.

Note 20: Leases

Particulars	As at March 31, 2021	As at March 31, 2020
Lease liability	17,78,485	31,92,685
	17,78,485	31,92,685

Note 21: Non-Current Provisions

Particulars	As at March 31, 2021	As at March 31, 2020
Provision for Employee Benefits		
- Gratuity	22,96,401	23,39,129
Total	22,96,401	23,39,129

Note 22: Current Borrowings

Particulars	As at March 31, 2021	As at March 31, 2020
From Banks		
- Secured	5,55,054	9,24,419
- Unsecured	20,14,081	-
Bank overdraft		
- Secured	1,70,10,359	1,69,57,097
Total	1,95,79,493	1,78,81,516

CITY ONLINE SERVICES LIMITED

Note 23: Trade payables

Particulars	As at March 31, 2021	As at March 31, 2020
Creditors - Suppliers	3,07,30,442	3,12,34,855
Other Payables	32,31,204	28,45,391
Total	3,39,61,646	3,40,80,246

Note 24: Provision

Particulars	As at March 31, 2021	As at March 31, 2020
Provision for Employee benefits - Gratuity	82,512	-
Audit fees	6,48,750	4,15,000
Total	7,31,262	4,15,000

Note 25: Other Current Liabilities

Particulars	As at March 31, 2021	As at March 31, 2020
Statutory liabilities	1,88,20,308	1,93,34,371
Advance from customers	8,90,419	13,92,314
Others	21,41,851	49,20,074
Deposited From Franchise	23,500	23,500
Deposits from customers	27,12,031	4,74,317
Loans from related parties	13,69,314	-
Total	2,59,57,422	2,61,44,576

Note 26: Revenue from operations [Gross]

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Income from internet services	8,10,34,034	11,18,09,793
Income from VOIP services	-	-
Income from hardware sales	35,000	9,15,423
Income from Installation charges	1,98,000	19,47,560
Total	8,12,67,034	11,46,72,777

Note 27: Other Operating Income

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Miscellaneous income	16,42,596	13,53,540
Total	16,42,596	13,53,540

Note 28: Other Income

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Interest income on deposits	1,88,383	2,40,579
Profit on sale of property, plant & equipment	-	-
Excess provisions written back	2,41,144	38,531
Interest income:		
- On Capital in the Partnership Firm	-	-
Write back of Trade Payables	65,44,981	63,06,160
Others	35,07,278	-
Total	1,04,81,786	65,85,270

CITY ONLINE SERVICES LIMITED

Note 29: Employee Benefit Expenses

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Salaries, allowances and wages	1,65,53,479	1,85,74,972
Contribution to provident and other funds	8,28,603	10,30,329
Staff welfare expenses	2,70,173	5,06,999
Total	1,76,52,255	2,01,12,300

Note 30: Finance Costs

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Interest expense on:		
- Working Capital	12,85,994	13,94,243
- Term Loan	2,70,159	1,37,208
- Interest on lease liability	1,72,763	3,68,943
Other borrowing costs	21,06,714	1,33,202
Total	38,35,630	20,33,595

Note 31: Bandwidth Expenses

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Bandwidth charges	4,78,26,319	6,69,76,280
Repairs and maintenance	20,64,176	29,82,901
Electricity	30,41,954	36,30,841
Rent networking	30,11,172	44,72,332
Cost of sales	-	9,15,423
Cable line expenses	23,93,213	11,25,623
Installation expenses	53,640	1,30,000
Last mile charges	9,33,126	24,73,777
Other operating expenses	2,03,710	1,19,970
Total	5,95,27,309	8,28,27,147

Note 32: Other Expenses

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Office Rent	25,15,203	20,59,674
Rates and taxes	4,79,440	8,91,363
Director's remuneration	54,60,000	54,60,000
Sales commission	19,22,806	17,57,868
Insurance	80,452	2,06,413
Auditors' remuneration (Including Provision):		
- Statutory Audit	5,00,000	5,00,000
- Tax Audit	50,000	50,000
- Fees for Limited Review	50,000	50,000
- Others	4,41,400	-
- Certification Fees	40,000	1,86,751
Travelling and conveyance	11,04,371	16,06,880
Impairment Loss and Expected Credit Loss	-	1,35,27,437
Legal and professional charges	6,88,740	6,86,500
Advertisement expenses	1,44,479	88,790
Communication cost	6,53,675	7,37,964
Bad debts written off	20,566	-
Printing and stationery	1,36,577	1,99,705
Repairs and Maintenance charges	33,98,659	47,79,903
Postage and courier	1,14,255	91,239
Net loss on foreign currency transaction and translation	-	-
Share of loss from Partnership firm	-	-
Miscellaneous expenses	6,05,701	12,01,346
Total	1,84,06,323	3,40,81,833

CITY ONLINE SERVICES LIMITED

Note 33: Income Tax

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
<u>(a) Major components of income tax expense:</u>		
(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		-94,94,719
	-	-94,94,719
Income tax expense reported in the statement of profit or loss	-	-94,94,719
<u>(b) Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate:</u>		
Profit/(Loss) before tax from continuing operations	-1,11,93,875	-2,06,55,028
Indian tax rate	26%	26%
Tax at the Indian tax rate		-
Effect of:		
Non-Deductible expenses for tax purposes	-	-
Tax exempt income	-	-
Income taxed at special rates	-	-
Others		-94,94,719
Total Income Tax Expense	-	-94,94,719

Contingent Liabilities:

i) Performance Guarantee:

Particulars	As at March 31, 2021	As at March 31, 2020
Performance Guarantee	52,52,000	52,52,000

35. 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, 2021	March 31, 2020
Current service cost	1,09,961	1,08,123
Interest cost on benefit obligation	1,56,955	1,65,033
Past Service cost – vested benefits	-	-
Expected return on plan assets	-	-
Net actuarial loss/(gain) recognized in the year	(7,738)	(5,886)
Net benefit expense	2,59,178	2,67,270

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Balance Sheet

Benefit liability

Particulars	March 31, 2021	March 31, 2020
Present value of defined benefit obligation	23,78,912	23,39,128
Fair value of plan assets	-	-
Plan liability	23,78,912	23,39,128

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

Particulars	March 31, 2021	March 31, 2020
Opening defined benefit obligation	23,39,128	21,68,059
Current service cost	1,09,961	1,08,123
Interest cost	1,56,955	1,65,033
Benefits paid	(2,19,394)	(96,201)
Actuarial gain/(losses) on obligation	(7,738)	(5886)
Closing defined benefit obligation	23,78,912	23,39,128

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

Particulars	March 31, 2021	March 31, 2020
Opening fair value of plan assets	-	-
Expected return	-	-
Contributions by employer	2,19,394	96,201
Benefits paid	(2,19,394)	(96,201)
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, 2021	March 31, 2020
Discount rate (%)	6.79%	6.71%
Salary escalation (%)	7.00%	7.00%
Attrition rate (%)	5.00%	5.00%

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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.

36. 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 financials 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.

37. 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 City online Consortium
	Broadway City Online Consortium

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b) Transactions with related parties:

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
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:	43,48,512	5,80,012
- City Online Digital Private Limited	39,06,122	2,11,331
- City Online Media Private Limited	4,42,390	3,68,681
Loans and advances recovered:	1,13,98,848	11,40,000
- City Online Digital Private Limited	87,88,767	5,70,000
- City Online Media Private Limited	26,10,081	5,70,000
- Anu Digital Arts Private Limited	-	-
Loans repaid to:	-	2,35,278
- S Naga Durga	-	4,64,722
- R Vijaya Durga	-	0
Sales:	18,62,328	24,69,625
- Info-Fi City online Consortium	18,45,371	24,69,625
- Broadway City Online Consortium	16,957	-
Payments received for sale of services :	26,96,448	31,00,000
- Info-Fi City online Consortium	26,79,491	31,00,000
- Broadway City Online Consortium	16,957	-
Sharing of Expenses:	-	4,80,000
Salaries		
- City Online Digital Private Limited	-	3,00,000
Electricity and Maintenance		
- City Online Digital Private Limited	-	60,000
Rent		
- City Online Digital Private Limited	-	1,20,000

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c) Related party balances:

Particulars	As at March 31, 2021	As at March 31, 2020
Non-current investments:	4,30,768	4,32,065
- 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	-	-
- Info-Fi City online Consortium	2,30,768	2,32,065
Loans and Advances Given/(Taken):	25,87,147.03	82,68,169
- City Online Media Private Limited	-	7,98,377
- City Online Digital Private Limited	25,87,147.03	74,69,792
Advance from customers:	-	18,34,304
- Info-Fi Cityonline Consortium	-	18,34,304
Trade receivable:	-	37,53,412
- Broadway City Online Consortium	-	26,73,212
- City Online Media Private Limited	-	10,80,200

38. 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, 2021	For the year ended March 31, 2020
Cancellable	17,78,485	31,92,685
Total	17,78,485	31,92,685

39. Earnings per Share (EPS):

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

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Profit after taxation as per statement of profit and loss (for basic EPS)	(1,53,70,425)	(1,11,60,309)
Less: Effect of dilutive potential ordinary shares	-	-
Net Profit for dilutive earnings per share	(1,53,70,425)	(1,11,60,309)

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

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
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, 2021	For the year ended March 31, 2020
- Basic (Rs.)	(2.98)	(2.16)
- Diluted (Rs.)	(2.98)	(2.16)

40. Expenditure in Foreign Currency:

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Membership Fee	3,82,367	6,01,345
Total	3,82,367	6,01,345

41. 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.

42. Due to Micro and Small Enterprises

The Company has no dues to Micro and Small Enterprises as at March 31, 2021 and March 31, 2020 in the financial statements based on information received and available with the company.

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.

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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, 2021	March 31, 2020
Fair Value Hierarchy	3	3
Financial Assets		
Other Financial Assets – Security Deposits	22,22,333	21,50,887
Other Financial Assets – Trade Receivables	2,23,06,905	3,13,67,562
Financial Liabilities		
Borrowings	25,69,135	9,24,419

iii. Financial Instruments by category

Particulars	31-03-2021			31-03-2020		
	FVTPL	FVOCI	Amortised Cost	FVTPL	FVOCI	Amortised Cost
FINANCIAL ASSETS						
Other investments	-	-	4,80,768	-	-	4,82,065
- Loans	-	-	25,87,147	-	-	82,68,169
- Trade receivables	-	-	2,23,06,905	-	-	3,13,67,562
- Cash and cash equivalents	-	-	6,64,664	-	-	6,65,179
- Bank balances other than above	-	-	1,16,49,420	-	-	1,16,49,420
- Other financial assets	-	-	25,61,384	-	-	26,40,937
TOTAL	-	-	4,02,50,288	-	-	5,50,73,332
FINANCIAL LIABILITIES						
Borrowings	-	-	1,95,79,493	-	-	1,82,18,934
Trade Payables	-	-	3,39,61,646	-	-	3,40,80,246
TOTAL	-	-	5,35,41,139	-	-	5,22,99,180

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

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.

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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 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:

Particulars	March 31, 2021	March 31, 2020
Past due not impaired:		
0-90 Days	-	1,76,55,554
91-180 Days	-	84,59,501
180-360 Days	2,46,13,107	75,58,709
Greater than 360 Days	-	-
Less: Provision for Credit Losses	(23,06,202)	-23,06,202
Total	2,23,06,905	3,13,67,562

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.

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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
<u>March 31, 2021</u>				
Borrowings	1,95,79,493	9,67,125	-	2,05,46,618
Trade Payables	2,87,10,289	52,51,357	-	3,39,61,646
Total	4,82,89,782	62,18,482	-	5,45,08,246
<u>March 31, 2020</u>				
Borrowings	1,78,81,516	3,37,418	-	1,82,18,934
Trade Payables	3,40,80,246	-	-	3,40,80,246
Total	5,19,61,762	3,37,418		5,22,99,180

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45. 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-21	31-Mar-20
Current Borrowings [Refer Note 22]	1,95,79,493	1,78,81,516
Total Debt	2,05,46,619	1,82,18,934
As a percentage of total capital	94.67%	52.49%
Equity [Refer Note 17 and 18]	11,56,207	1,64,87,753
As a percentage of total capital	5.53%	47.51%
Total Capital [Debt and Equity]	2,17,02,825	3,47,06,687

As per our report on even date

For Laxminiwas & Co.
Chartered Accountants
Firm's Registration Number:011168 S

Guharoy Ashish Kumar
Partner
Membership No. 018659

Place: Hyderabad
Date: 30th June, 2021

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

Sd/-
S. Raghava Rao
Chairman and Managing Director
DIN: 01441612

Sd/-
R Krishna Mohan
Director
DIN: 01678152

Sd/-
Naresh Swami
Company Secretary

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 - 500034.

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.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and / or disclosure purposes in these financial statements is determined on such basis, except for measurements that have some similarities to fair value but are not fair value, such as net realizable value in Ind AS 2.

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:

Effective from 1st April, 2018, the Company has adopted Ind AS 115, "Revenue from Contracts with Customers". 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 and excluding 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:

At the inception of a lease, the lease arrangement is classified either as a finance lease or an operating lease, based on the substance of the arrangement.

Assets acquired by way of finance lease are capitalized at the lower of the fair value and the present value of the minimum lease payments at the inception of the lease term and disclosed as leased assets. Lease payments are apportioned between finance charge and reduction of the lease liability based on the implicit rate of return. Finance charges are recognized as finance costs in the Statement of Profit and Loss.

Leases other than finance leases are operating leases, and the leased assets are not recognized on the Company's balance sheet. Payments made under operating leases are recognized in the Statement of Profit or Loss as an expense over the term of lease.

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 financials 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.

CITY ONLINE SERVICES LIMITED

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.

As per our report on even date

For Laxminiwas & Co.
Chartered Accountants
Firm's Registration Number:011168 S

Guharoy Ashish Kumar
Partner
Membership No. 018659

Place: Hyderabad
Date: 30th June, 2021

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

Sd/-
S. Raghava Rao
Chairman and Managing Director
DIN: 01441612

Sd/-
R Krishna Mohan
Director
DIN: 01678152

Sd/-
Naresh Swami
Company Secretary

CITY ONLINE SERVICES LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF CITY ONLINE SERVICES LIMITED

Report on the Audit of the Consolidated Financial Statements.

Opinion

We have audited the accompanying consolidated financial statements of City Online Services Limited (hereinafter referred to as the "Holding Company") and its subsidiaries (Holding Company and its subsidiaries together referred to as "the Group"), which comprise the consolidated Balance Sheet as at March 31, 2021, the consolidated statement of Profit and Loss, the consolidated statement of changes in equity, the consolidated cash flows Statement for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 in the manner so required and give a true and fair view in conformity with the generally accepted accounting principles ("GAAP") in India, of the consolidated state of affairs of the Group, as at March 31, 2021, of consolidated profit/loss including other comprehensive income, consolidated changes in equity and its consolidated cash flows for the year then ended.

Basis for Opinion

- We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report.
- We are independent of the Group, with the code of Ethics issued by the Institute of Chartered Accountants of India ("ICAI") together with ethical requirements that are relevant to our audit of the consolidated financial statement under the provisions of the Companies Act, 2013 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.

Key Audit Matters

- Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the

CITY ONLINE SERVICES LIMITED

current period. These matters were addressed in the context of our audit of the consolidated financial statement 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.

Other Information:

- The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Directors' Report, Management Discussion & Analysis, but does not include the financial statements and our auditor's report thereon.
- Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.
- In connection with our audit of the 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 during the course of our 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 to report in this regard.

Management's Responsibility for the Consolidated Financial Statements.

- The Holding Company's Board of Directors of City Online Services Limited is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") the preparation and presentation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including Indian Accounting Standards ("IND AS") specified under section 133 of the Act.
- The responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding 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 design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have

CITY ONLINE SERVICES LIMITED

been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements.

Our objectives are to obtain reasonable assurance about whether the consolidated 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 financial statements.

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

- Identify and assess the risks of material misstatement of the Consolidated 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 financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Group 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 exist 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 auditors' report to the related disclosures in the Consolidated 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 auditors' 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 Financial Statements, including the disclosures, and whether the Consolidated Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

Emphasis of Matter

We draw attention to the following matters

- a. Balances shown under "Trade receivables" & "Trade payables" represents Rs. 230.67 Lakhs & Rs. 358.75 Lakhs respectively. The balance confirmation is not received and the reconciliation could not be performed. The impact that may result on reconciliation cannot be ascertained, if any.
- b. "Other current liabilities" includes Statutory Liabilities outstanding viz., GST, VAT, TDS, PT, PF, ESI as on 31st March, 2021 amounting to Rs. 252.21 Lakhs.

Our Opinion is not modified in respect of all above matters.

Report on Other Legal and Regulatory Requirements

1. 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 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 Cash Flow Statement and Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the books of account maintained;
- (d) In our opinion, the aforesaid Consolidated Financial Statements comply with the IND AS specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;

CITY ONLINE SERVICES LIMITED

- (e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2021 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiaries, none of the directors of the Group's companies, incorporated in India, is disqualified as on March 31, 2021 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 Group and the operating effectiveness of such controls, refer to our separate Report in "Annexure A" 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 Group does not have any pending litigations which would impact its Consolidated financial position of the Group.
 - (ii) The Group did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
 - (iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company, and its subsidiary companies incorporated in India.

For Laxminiwas & Co.
Chartered Accountants
Firm's Registration Number: 011168S

Sd/-
Guha Roy Ashish Kumar
Partner
Membership Number: 018659
UDIN: 21018659AAAAAT9260

Hyderabad
30th June.2021.

CITY ONLINE SERVICES LIMITED

ANNEXURE –“A” TO THE CONSOLIDATED INDEPENDENT AUDITORS’ REPORT

- (Referred to in paragraph 1(f) under “Report on other Legal and Regulatory Requirements section of our report to the members of City Online Services Limited of even date).
- 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 31st March 2021 in conjunction with our audit of the 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 (‘ICAI’).
- 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.

Auditor’s Responsibility

- Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting 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 issued by 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.

CITY ONLINE SERVICES LIMITED

- 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 judgement, 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 internal financial controls system over financial reporting of the Company.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of 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 financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and
- (3) Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Internal Limitations of 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

CITY ONLINE SERVICES LIMITED

inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has maintained, 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 31st March, 2021, 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 Laxminiwas & Co.
Chartered Accountants
Firm's Registration Number: 011168S

Sd/-
Guha Roy Ashish Kumar
Partner
Membership Number: 018659
UDIN: 21018659AAAAAT9260

Hyderabad
30th June.2021.

CITY ONLINE SERVICES LIMITED

Consolidated Balance Sheet as at March 31, 2021

(All amounts in Indian Rupees, unless otherwise stated)

Particulars		Note	As at March 31, 2021	As at March 31, 2020
A	ASSETS			
1	Non-Current Assets			
	(a) Property, plant and equipment	3	3,21,32,069	1,31,31,979
	(b) Intangible assets	4	3,19,287	1,03,701
	(c) Right of use Assets	5	15,71,836	29,40,396
	(d) Financial Assets			
	- Investments	6	2,80,768	2,82,065
	- Other non-current financial assets	7	22,22,333	15,99,232
	(e) Deferred tax assets [Net]	8	1,04,28,107	1,43,88,633
	(f) Other non-current assets	9	-	19,520
	Total Non-Current Assets [A]		4,69,54,399	3,24,65,526
2	Current Assets			
	(a) Inventories	10	-	1,10,86,296
	(b) Financial Assets			
	- Loans & Advances	11	24,676	-
	- Trade receivables	12	2,30,67,426	3,45,60,870
	- Cash and cash equivalents	13	7,93,926	7,92,369
	- Bank balances other than above	14	1,16,49,420	1,16,49,420
	- Other current financial assets	15	7,87,050	10,41,705
	(c) Income Taxes	16	57,96,086	49,95,909
	(d) Other current assets	17	40,34,777	8,65,508
	Total Current Assets [B]		4,61,53,361	6,49,92,077
	TOTAL ASSETS [A+B]		9,31,07,760	9,74,57,603
B	EQUITY AND LIABILITIES			
1	Equity			
	(a) Equity Share Capital	18	5,16,47,000	5,60,98,330
	(b) Other Equity	19	-5,52,99,707	-4,40,12,966
	Total Equity [A]		-36,52,707	1,20,85,364
2	Non-Current Liabilities			
	(a) Financial Liabilities			
	- Borrowings	20	9,67,125	3,37,418
	- Lease liability	21	17,78,485	31,92,685
	(b) Provisions	22	22,96,401	23,39,129
	(C) Deferred tax liability (net)	23	-	97,484
	Total Non-Current Liabilities [B]		50,42,011	59,66,716
3	Current Liabilities			
	(a) Financial Liabilities			
	- Borrowings	24	3,04,88,993	1,78,81,516
	- Trade payables	25	-	-
	Due to micro and small enterprises		-	-
	Due to Others		3,58,75,505	3,46,19,751
	- Lease Liability		-	-
	- Provision	26	1,32,512	4,15,000
	(b) Other current liabilities	27	2,52,21,447	2,64,89,255
	Total Current Liabilities [C]		9,17,18,457	7,94,05,523
	TOTAL EQUITY AND LIABILITIES [A+B+C]		9,31,07,760	9,74,57,603
	Corporate information	1		
	Summary of significant accounting policies	2		
	Accompanying notes forming an integral part of the financial statements	3 to 27		
As per our report on even date For Laxminiwas & Co. Chartered Accountants Firm's Registration Number:011168 S Guharoy Ashish Kumar Partner Membership No. 018659 Place: Hyderabad Date: 30th June, 2021 For and on behalf of the Board of Directors of CITY ONLINE SERVICES LIMITED Sd/- S. Raghava Rao Chairman and Managing Director DIN: 01441612 Sd/- R Krishna Mohan Director DIN: 01678152 Sd/- Naresh Swami Company Secretary				

CITY ONLINE SERVICES LIMITED

Consolidated Statement of Profit and Loss for the period ended March 31, 2021 (All amounts in Indian Rupees, unless otherwise stated)

Particulars		Note	For the Period ended March 31, 2021	For the Period ended March 31, 2020
I	REVENUE			
	Revenue from Operations [Gross]	28	8,35,26,221	11,52,53,153
	Other Operating Income	29	16,42,596	-
			8,51,68,817	11,52,53,153
	Other Income	30	69,74,908	96,13,567
	TOTAL REVENUE [I]		9,21,43,725	12,48,66,720
II	EXPENSES			
	Bandwidth expenses	31	6,08,43,937	8,22,83,884
	Purchases of Stock in trade		-	-
	Cost of Sales	32	-	-
	Finance costs	33	38,48,804	20,38,315
	Employee benefit expenses	34	1,78,51,472	2,01,12,300
	Depreciation and amortization expense	3, 4 & 5	58,58,752	45,30,799
	Other expenses	35	2,02,91,153	3,58,21,274
	TOTAL EXPENSES [II]		10,86,94,118	14,47,86,572
III	Profit/(Loss) Before Tax [I-II]		-1,65,50,393	-1,99,19,852
IV	Tax Expense:			
	- Current tax	36	8,31,673	-
	- Deferred tax	36	38,63,042	-94,55,483
	Total Tax Expense [IV]		46,94,715	-94,55,483
V	Profit/(Loss) for the period [III-IV]		-2,12,45,108	-1,04,64,369
VI	Other Comprehensive Income			
	Items that will not be reclassified to profit or loss			
	- Remeasurements of post-employment benefit obligations		-	5,886
	- Remeasurements of financial assets		31,141	9,915
	- Recognition of borrowings using effective interest rate		-	-
	Other comprehensive income for the year, net of tax		-2,12,13,967	-1,04,48,568
VII	Earnings per equity share Rs. 10/- each fully paid			
	- Basic	36	-4.11	-2.02
	- Diluted	36	-4.11	-2.02
	Corporate information	1		
	Summary of significant accounting policies	2		
	Accompanying notes forming an integral part of the financial statements	3 to 27		
As per our report on even date			For and on behalf of the Board of Directors of CITY ONLINE SERVICES LIMITED	
For Laxminiwas & Co. Chartered Accountants Firm's Registration Number:011168 S			Sd/- S. Raghava Rao Chairman and Managing Director DIN: 01441612	
Guharoy Ashish Kumar Partner Membership No. 018659			Sd/- R Krishna Mohan Director DIN: 01678152	
Place: Hyderabad Date: 30th June, 2021			Sd/- Naresh Swami Company Secretary	

CITY ONLINE SERVICES LIMITED

Consolidated Cash Flow Statement for the period ended March 31, 2021 (All amounts in Indian Rupees, unless otherwise stated)

Particulars	Note	Year ended March 31, 2021	Year ended March 31, 2020
A. Cash flow from operating activities			
Profit / (Loss) before tax		-1,18,38,270	-1,99,19,853
Adjustments:			
Depreciation and amortisation		58,58,752	45,30,799
Interest expense		38,48,804	20,38,315
Interest on Lease Liability		1,72,763	-
Interest income		-1,88,383	-2,40,579
Impairment Loss		-	1,00,18,434
Write Back of Liabilities		-65,44,981	63,06,160
Provision written back		-2,41,144	-38,531
Remeasurements of financial assets		-	9,915
Interest on security deposit		-	-26,048
Capital Reserve		44,51,330	-
Chit dividend		-	-
Loss on chit funds		-	-
Expected credit loss allowance		-	-
Share of profit from Partnership firm [Net]		-	-
Profit on sale of property, plant & equipment		-21,68,958	-
Interest on capital from Partnership firm		7,738	-
Remeasurement of post employee benefits		31,141	-
Cash generated before working capital changes		-66,11,208	5,886
		-66,11,208	26,84,498
Movements in working capital:			
Increase in other non-current financial assets		-	-79,793
Decrease in other non-current assets		19,520	35,647
Decrease/ (Increase) in inventories		1,10,86,296	36,86,907
Increase in Bank OD's		-	-
(Decrease)/Increase in other current borrowings		52,01,878	76,367
Increase in short term loans and advances		43,13,633	3,07,258
Increase in trade receivables		1,03,13,240	29,75,856
Decrease/ (Increase) in current loans		-	-
Decrease/ (Increase) in other current financial assets		7,02,655	-1,37,401
Decrease/ (Increase) in other current assets		-	46,49,853
Increase/(Decrease) in trade payables		72,51,297	-1,28,66,095
Increase / (Decrease) in other current liabilities		15,685	-33,88,699
Increase in other current financial liabilities		-	-
Increase/(Decrease) in other current liabilities		9,00,036	-3,890
Increase/ (Decrease) in Long provisions		-42,728	-
Increase/(Decrease) in other current assets		-52,49,118	-2,37,807
Increase/ (Decrease) in Short provisions		-41,344	6,24,600
Cash generated from operations		2,78,59,841	-16,72,611
Direct taxes (paid)/ refund		7,56,037	16,740
Cash flow before extraordinary items		2,86,15,878	-16,55,871
Extra ordinary items		-	-
Net cash flow from operating activities (A)		2,86,15,878	-16,55,871
B. Cash flows from investing activities			
Investment in fixed deposits		-6,23,101	-
(Proceeds)/ Investment in chit fund		-	-
Investment in partnership firm		-	-
Chit dividend		-	-
Interest received		1,88,383	2,40,579
Interest on Security Deposit		-	26,048
Interest on capital from Partnership firm		-	-
Share of profit from Partnership firm [Net]		-	-
Sale of property, plant and equipment		30,16,362	-
Purchase of property, plant and equipment, including intangible assets		-2,36,37,848	-8,19,386
(Increase)/decrease in non current investments		1,297	-
Net cash flow used in investing activities (B)		-2,10,54,908	-5,52,759
C. Cash flows from financing activities			
Repayment of long term borrowings		6,29,707	-9,24,421
Decrease in Share capital		-44,51,330	-
Payment of Lease liability		-15,86,964	-
Proceeds/ (repayment) of short term borrowings		16,97,977	43,85,939
Interest paid		-38,48,804	-20,38,315
Net cash flow (used in)/ from financing activities (C)		-75,59,413	14,23,203
D. Net Increase/(decrease) in cash and cash equivalents (A+B+C)		1,557	-7,85,426
E. Cash and cash equivalents			
at the beginning of the year		7,92,369	15,77,795
at the end of the year		7,93,926	7,92,369
Components of cash and cash equivalents	14		
Balance with banks		-	-
- In current accounts		1,83,040	2,27,801
- Deposits with original maturity of less than 3 months		5,03,375	5,03,375
Cash on hand		1,07,511	61,192
Less: Bank overdraft		-	-
Cash and cash equivalents at the end of the year		7,93,926	7,92,369
Corporate information	1		
Summary of significant accounting policies	2		
Accompanying notes forming an integral part of the financial statements	3 to 27		
As per our report on even date			
For Laxminiwas & Co. Chartered Accountants Firm's Registration Number:011168 S		For and on behalf of the Board of Directors of CITY ONLINE SERVICES LIMITED	
Guharoy Ashish Kumar Partner Membership No. 018659		Sd/- S. Raghava Rao Chairman and Managing Director DIN: 01441612	Sd/- R Krishna Mohan Director DIN: 01678152
Place: Hyderabad Date: 30th June, 2021		Sd/- Naresh Swami Company Secretary	

CITY ONLINE SERVICES LIMITED

Statement of Changes in Equity for the year ended March 31, 2021

(All amounts in Indian Rupees, unless otherwise stated)

A. Equity Share Capital

Particulars	As at March 31, 2021	As at March 31, 2020
<i>Equity shares of Rs. 10 each issued, subscribed and fully paid up</i>		
Balance at the beginning of the reporting year	5,60,98,330	5,60,98,330
Changes in equity share capital during the year		
- Share Forfeiture balance transferred to Capital Reserve	-44,51,330.00	
Balance at the end of the reporting year	5,16,47,000	5,60,98,330

B. Other Equity

Particulars	For the period ended March 31, 2021	For the period ended March 31, 2020
<i>Movement in other equity is as follows:</i>		
I. Investment subsidy	4,00,000	4,00,000
II. Capital Reserve	44,51,330	
II. Retained Earnings		
(i) Opening Balance	-4,44,12,967	-3,39,50,574
Adjustment	-	
(ii) Profit for the year	-2,12,45,108	-1,04,64,372
(iii) Other comprehensive income	31,141	1,979
	-6,56,26,934	-4,44,12,967
Total	-6,07,75,604	-4,40,12,967

As per our report on even date

For Laxminiwas & Co.
Chartered Accountants
Firm's Registration Number:011168 S

Guharoy Ashish Kumar
Partner
Membership No. 018659

Place: Hyderabad
Date: 30th June, 2021

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

Sd/-
S. Raghava Rao
Chairman and Managing Director
DIN: 01441612

Sd/-
R Krishna Mohan
Director
DIN: 01678152

Sd/-
Naresh Swami
Company Secretary

CITY ONLINE SERVICES LIMITED

Notes to financial statements for the year ended March 31, 2021
(All amounts in Indian Rupees, unless otherwise stated)

Note 3: Property, plant and equipment

Particulars	As at March 31, 2021	As at March 31, 2020
Plant & Machinery	2,14,92,885	70,22,121
Furniture and Fittings	4,25,209	4,39,229
Motor Vehicles	15,53,633	18,22,723
Computers and Data Processing Units	54,75,495	34,32,363
Office Equipment	31,84,847	13,30,964
Total	3,21,32,069	1,31,31,979

For the year 2020-21

Description of Assets	Plant & Machinery	Furniture and Fittings	Motor Vehicles	Computers and Data Processing Units	Office Equipment	Total
I. Gross Block						
Opening Balance	5,00,09,920	8,57,695	22,01,625	1,46,40,331	77,95,505	7,55,05,076
Additions	1,83,42,388	41,400	-	35,50,535	31,66,496	2,51,00,819
Disposals	18,15,600	-	-	13,46,410	4,17,259	35,79,309
Balance as at March 31, 2021	6,65,36,708	8,99,095	22,01,625	1,68,44,455	1,05,44,703	9,70,26,587
II. Accumulated Depreciation						
Opening Balance	4,29,87,799	4,18,466	3,78,902	1,12,07,968	64,64,541	6,14,57,675
Depreciation expense for the period	20,56,025	55,421	2,69,090	8,86,178	10,86,434	43,53,148
Eliminated on disposal of assets	-	-	-	7,25,185	1,91,120	9,16,305
Balance as at March 31, 2021	4,50,43,824	4,73,886	6,47,992	1,13,68,961	73,59,855	6,48,94,518
III. Net Block (I-II)						
Carrying value as at March 31, 2021	2,14,92,885	4,25,209	15,53,633	54,75,495	31,84,847	3,21,32,069
Carrying value as at March 31, 2020	70,22,121	4,39,229	18,22,723	34,32,363	13,30,964	1,40,47,401

For the year 2019-20

Description of Assets	Plant & Machinery	Furniture and Fittings	Motor Vehicles	Computers and Data Processing Units	Office Equipment	Total
I. Gross Block						
Opening Balance	4,90,94,497	8,57,695	22,01,625	1,46,06,331	71,37,769	7,38,97,917
Additions	9,15,423	-	-	34,000	6,57,736	16,07,159
Disposals	-	-	-	-	-	-
Balance as at March 31, 2020	5,00,09,920	8,57,695	22,01,625	1,46,40,331	77,95,505	7,55,05,076
II. Accumulated Depreciation						
Opening Balance	4,14,50,860	3,90,442	3,12,040	1,06,16,758	61,59,513	5,89,29,613
Depreciation expense for the year	15,36,939	28,024	66,862	5,91,210	3,05,028	25,28,062
Eliminated on disposal of assets	-	-	-	-	-	-
Balance as at March 31, 2020	4,29,87,799	4,18,466	3,78,902	1,12,07,968	64,64,541	6,14,57,675
III. Net Block (I-II)						
Carrying value as at March 31, 2020	70,22,121	4,39,229	18,22,723	34,32,363	13,30,964	1,40,47,401
Carrying value as at March 31, 2019	76,43,637	4,87,253	18,89,585	39,89,573	9,78,256	1,49,66,304

CITY ONLINE SERVICES LIMITED

Note 4: Intangible Assets

Particulars	As at March 31, 2021	As at March 31, 2020
Computer Software	19,287	1,03,700.56
Intangible Assets under Development	3,00,000	-
Total	3,19,287	1,03,701

For the year 2020-21

Description of Assets	Computer Software
I. Gross Block	
Opening Balance	4,90,596
Additions	52,629
Disposals	-
Balance as at March 31, 2021	5,43,225
II. Accumulated Amortization	
Opening Balance	3,86,894
Amortization expense for the period	1,37,044
Eliminated on disposal of assets	-
Balance as at March 31, 2021	5,23,938
III. Net Block [I-II]	
Carrying value as at March 31, 2021	19,287
Carrying value as at March 31, 2020	1,03,701

For the year 2019-20

Description of Assets	Computer Software
I. Gross Block	
Opening Balance	3,62,947
Additions	1,27,649
Disposals	-
Balance as at March 31, 2020	4,90,596
II. Accumulated Amortization	
Opening Balance	3,00,335
Amortization expense for the year	86,559
Eliminated on disposal of assets	-
Balance as at March 31, 2020	3,86,894
III. Net Block [I-II]	
Carrying value as at March 31, 2020	1,03,701
Carrying value as at March 31, 2019	62,612

CITY ONLINE SERVICES LIMITED

Note 5: Right to Use

Particulars	As at March 31, 2021	As at March 31, 2020
Right to use	29,40,396	50,09,932
Adjustment Entry.	-	1,53,358
Less: Depreciation	-13,68,560	19,16,178
Total	15,71,836	29,40,396

Note 6: Non-Current Investments

Particulars	As at March 31, 2021	As at March 31, 2020
(i) Investments in equity instruments (fully paid-up)		
<i>Unquoted Investments</i>		
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]	-	-
- City Online Media Private Limited [10,000 (31.03.2018: 10,000) equity shares of par value Rs. 10 each]	-	-
Total investment in equity instruments [A]	-	-
(ii) Others investments, unquoted		
(a) Investments in partnership firms		
- Broadway City Online Consortium	-	-
- In-fo City Online Consortium	2,30,768	2,32,065
(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]	2,80,768	2,82,065
Total [A+B]	2,80,768	2,82,065

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	2,80,768	2,82,065
Investments carried at cost	2,80,768	2,82,065

Note 7: Other non-current financial assets

Particulars	As at March 31, 2021	As at March 31, 2020
Deposits		
Rental Deposits (Net)	16,70,679	15,99,232
Others	5,51,655	-
Total	22,22,333	15,99,232

Note 8: Deferred tax asset [Net]

Particulars	As at March 31, 2021	As at March 31, 2020
Deferred tax asset		
- Depreciation	-	10,80,551
- Employee benefits	-	-
- Carry forward losses	1,04,28,107	1,33,08,081
Total	1,04,28,107	1,43,88,632

CITY ONLINE SERVICES LIMITED

Note 9: Other non-current assets

Particulars	As at March 31, 2021	As at March 31, 2020
Prepaid expenses	-	19,520
Total	-	19,520

Note 10: Inventories

Particulars	As at March 31, 2021	As at March 31, 2020
Stock in trade	-	1,10,86,296
Total	-	1,10,86,296

Note 11: Current Loans

Particulars	As at March 31, 2021	As at March 31, 2020
<i>Unsecured, considered good</i>		
Loans and advances to related parties	24,676	-
Total	24,676	-

Note 12: Trade Receivables

Particulars	As at March 31, 2021	As at March 31, 2020
<i>Unsecured, considered good</i>		
Outstanding for a period exceeding six months	2,53,73,632	3,68,67,072
Others	-	-
Less: Provision for credit losses	-23,06,202	-23,06,202
Total	2,30,67,426	3,45,60,870

Note 13: Cash and cash equivalents

Particulars	As at March 31, 2021	As at March 31, 2020
Balance with banks		
- In current accounts	1,57,567	2,27,801
- Deposits with original maturity of less than 3 months	5,03,375	5,03,375
Cash on hand	1,32,984	61,192
Total	7,93,926	7,92,368

Note 14: Bank balances other than above

Particulars	As at March 31, 2021	As at March 31, 2020
On deposit accounts		
- Remaining maturity for less than 12 months	1,16,49,420	1,16,49,420
Total	1,16,49,420	1,16,49,420

Note 15: Other current financial assets

Particulars	As at March 31, 2021	As at March 31, 2020
Security deposits	4,48,000	5,51,655
Interest accrued but not due	1,67,138	1,67,138
Loans to employees	1,71,912	3,22,912
Total	7,87,050	10,41,705

CITY ONLINE SERVICES LIMITED

Note 16: Income Taxes

Particulars	As at March 31, 2021	As at March 31, 2020
Advance Income Tax	66,27,759	49,95,909
Current Tax Liabilities	-8,31,673	-
Total	57,96,086	49,95,909

Note 17: Other current assets

Particulars	As at March 31, 2021	As at March 31, 2020
Prepaid expenses	23,127	43,914
Balance with government authorities	30,82,341	6,61,793
Other current assets	9,29,309	1,59,802
Total	40,34,777	8,65,508

Note 19: Share Capital

Particulars	As at March 31, 2021		As at March 31, 2020	
	Number of Shares	Amount	Number of Shares	Amount
Authorised				
Equity shares of Rs.10 each	77,00,000	7,70,00,000	77,00,000	7,70,00,000
Issued				
Equity shares of Rs.10 each	70,00,000	7,00,00,000	70,00,000	7,00,00,000
Subscribed and called up				
Equity shares of Rs.10 each	69,25,000	6,92,50,000	69,25,000	6,92,50,000
Paid up capital				
Equity shares of Rs.10 each, fully paid-up	51,64,700	5,16,47,000	51,64,700	5,16,47,000
Share forfeiture account				
Equity shares of Rs.10 each	-	-	17,60,300	44,51,330
Total	51,64,700	5,16,47,000	69,25,000	5,60,98,330

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

Particulars	Opening Balance	Issued during the year	Bought back during the year	Closing Balance
Equity shares				
Period ended March 31, 2021				
- Number of shares	51,64,700	-	-	51,64,700
- Amount	5,16,47,000	-	-	5,16,47,000
Year ended March 31, 2020				
- Number of shares	51,64,700	-	-	51,64,700
- Amount	5,16,47,000	-	-	5,16,47,000

(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, 2021		As at March 31, 2020	
	Number of Shares held	Percentage of Holding	Number of Shares held	Percentage of Holding
S. Raghava Rao	6,84,500	13.25%	6,84,500	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.

CITY ONLINE SERVICES LIMITED

Note 19: Other Equity

Particulars	As at March 31, 2021	As at March 31, 2020
Investment subsidy	4,00,000	4,00,000
Capital Reserve	44,51,330	-
Retained Earnings	-6,01,51,037	-4,44,12,966
Total	-5,52,99,707	-4,40,12,966

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 20: Non-Current Borrowings

Particulars	As at March 31, 2021	As at March 31, 2020
Term Loan from Banks		
Secured:		
- From Banks	9,67,125	3,37,418
Total	9,67,125	3,37,418

Note:

i) 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 28 installments.

ii) GECL availed from HDFC Bank is availed under Guaranteed Emargency Credit Line (GECL) scheme released by Central government. The loan is repayable in 48 equal monthly installments. The applicable interest rate is 8.25% p.a. The period of maturity with respect to balance sheet date is 39 installments.

Note 21: Lease Liability

Particulars	As at March 31, 2021	As at March 31, 2020
Lease liability	17,78,485	50,09,932
Adjustment entry	-	1,53,358
Interest on lease liability	-	3,68,943
Rent payable	-	20,32,832
Total	17,78,485	31,92,685

Note 22: Non-Current Provisions

Particulars	As at March 31, 2021	As at March 31, 2020
Provision for Employee Benefits		
- Gratuity	22,96,401	23,39,129
Total	22,96,401	23,39,129

Note 23: Deferred Tax Liability (Net)

Particulars	As at March 31, 2021	As at March 31, 2020
Deferred tax liabilities arising on account of:		
- Fixed assets	97,484	97,484
Total	97,484	97,484

CITY ONLINE SERVICES LIMITED

Note 24: Current Borrowings

Particulars	As at March 31, 2021	As at March 31, 2020
From Banks		
- Secured	5,55,054	9,24,419
- Unsecured	20,14,081	
Bank overdraft		
- Secured	1,70,10,359	1,69,57,097
Loan from related parties		
- Unsecured	1,09,09,500	-
Total	3,04,88,993	1,78,81,516

Note 25: Trade payables

Particulars	As at March 31, 2021	As at March 31, 2020
Creditors - Suppliers	3,25,61,901	3,14,31,250
Other Payables	33,13,604	31,88,501
Total	3,58,75,505	3,46,19,751

Note 26: Current Provision

Particulars	As at March 31, 2021	As at March 31, 2020
Audit fees	50,000	4,15,000
Provision for Employee Benefits Gratuity	82,512	-
Total	1,32,512	4,15,000

Note 27: Other Current Liabilities

Particulars	As at March 31, 2021	As at March 31, 2020
Statutory remittances	1,94,53,647	1,96,79,052
Advance from customers	8,90,419	13,92,314
Other current liabilities	21,41,851	49,20,074
Deposited From Franchise	23,500	23,500
Deposits from customers	27,12,031	4,74,317
Loans from related parties	-	-
Total	2,52,21,448	2,64,89,256

CITY ONLINE SERVICES LIMITED

Note 28: Revenue from operations [Gross]

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Income from internet services	8,22,77,417	11,21,66,520
Income from sale of Hardware	10,50,804	11,39,073
Income from Installation charges	1,98,000	19,47,560
Total	8,35,26,221	11,52,53,153

Note 29: Other operating income

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Miscellaneous income	16,42,596	-
Total	16,42,596	-

Note 30: Other Income

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Interest income on deposits	1,88,383	2,40,579
Interest on deposits with MCF	-	26,048
Profit on sale of property, plant & equipment	-	-
Excess provisions written back	2,41,544	2,22,820
Interest income:		
On TDS	-	8,880
Write Back off Loans	-	14,50,000
Write Back off Trade Payables	65,44,981	63,06,160
Others	-	13,59,080
Total	69,74,908	96,13,567

Note 31: Bandwidth Expenses

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Bandwidth charges	4,63,70,873	6,69,76,280
Cost of material consumed	27,72,074	3,72,161
Repairs and maintenance	20,64,176	29,82,901
Electricity	30,41,954	36,30,841
Rent networking	30,11,172	44,72,332
Cable line expenses	23,93,213	11,25,623
Installation expenses	53,640	1,30,000
Last mile charges	9,33,126	24,73,777
Other operating expenses	2,03,710	1,19,970
Total	6,08,43,937	8,22,83,884

CITY ONLINE SERVICES LIMITED

Note 32: Cost of Sales

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Cost of sales	-	9,15,423
Total	-	9,15,423

Note 33: Finance Costs

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Interest expense on:		
- Working Capital	12,85,994	-
- Term Loan	2,70,159	1,37,208
- Interest on TDS	18,54,668	-
Bank charges	2,46,220	4,720
Interest on lease liability	1,72,763	3,68,943
Other borrowing costs	19,000	15,27,445
Total	38,48,804	20,38,315

Note 34: Employee Benefit Expenses

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Salaries, allowances and wages	1,67,52,696	1,85,74,972
Contribution to provident and other funds	8,28,603	10,30,329
Staff welfare expenses	2,70,173	5,06,999
Total	1,78,51,472	2,01,12,300

CITY ONLINE SERVICES LIMITED

Note 35: Other Expenses

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Operating expenses:		
Courier Charges	69,146	-
MCA Charges	1,58,350	-
Streaming Charges	6,000	-
Cable Line Expenses	22,730	-
Others:		
Rent	25,15,203	20,59,674
Rates and taxes	5,15,031	8,91,363
Director's remuneration	54,60,000	54,60,000
Sales commission	19,22,806	17,57,868
Insurance	80,452	2,06,413
Auditors' remuneration (Including Provision):	-	-
- Statutory audit	5,76,200	5,00,000
- Tax audit	50,000	50,000
- Fees for limited review	50,000	50,000
- Certification	4,41,400	2,06,751
- Others	3,16,200	-
Travelling and conveyance	11,26,351	16,11,880
Impairment Loss	-	1,30,44,140
Installation charges	-	42,776
Expected credit losses	-	4,85,420
Legal and professional charges	8,54,040	6,86,500
Advertisement expenses	1,44,479	88,790
Communication cost	6,53,675	7,37,964
Flussonic Hire Charges	1,92,522	
GST Registration Fee	5,000	
Bad debts written off	20,566	-
Printing and stationery	1,49,235	1,99,705
Repairs and maintenance		
- Others	40,12,540	57,58,738
Postage and courier	1,49,786	96,439
Parking Fee	4,000	
Other expenses	13,038	36,200
Staff Welfare Expenses	1,916	-
Stiphend	1,58,023	-
Subscription Fee	7,014	-
Transport Charges	250	-
Miscellaneous expenses	6,15,201	18,50,653
Total	2,02,91,153	3,58,21,274

CITY ONLINE SERVICES LIMITED

Note 36: Income Tax

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
<u>(a) Major components of income tax expense:</u>		
(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	-	-94,55,483
	-	-94,55,483
Income tax expense reported in the statement of profit or loss	-	-94,55,483
<u>(b) Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate:</u>		
Profit/(Loss) before tax from continuing operations	-29,83,798	-1,99,19,853
Indian tax rate	26.00%	26.00%
Tax at the Indian tax rate	-	1,94,436
Effect of:		
Non-Deductible expenses for tax purposes	-	-
Deductible expenses for tax purposes	35,701	35,928
Deferred tax relating to origination/reversal of temporary differences	-	39,236
Tax exempt income	-	-
Income taxed at special rates	-	-
Effect of brought forward losses.	-	-1,73,800
Others	-	-94,94,719
		-
Total Income Tax Expense	-35,701	-91,23,175

37. Contingent liabilities:

i) Bank Guarantees:

Particulars	As at March 31, 2021	As at March 31, 2020
Performance Guarantee	52,52,000	52,52,000

CITY ONLINE SERVICES LIMITED

38. 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

Particulars	March 31, 2021	March 31, 2020
Current service cost	1,09,961	1,08,123
Interest cost on benefit obligation	1,56,955	1,65,033
Past Service cost – vested benefits	-	-
Expected return on plan assets	-	-
Net actuarial loss/(gain) recognized in the year	(7,738)	(5,886)
Net benefit expense	2,59,178	2,62,270

Balance Sheet

Benefit liability

Particulars	March 31, 2021	March 31, 2020
Present value of defined benefit obligation	23,78,912	23,39,128
Fair value of plan assets	-	-
Plan liability	23,78,912	23,39,128

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

Particulars	March 31, 2021	March 31, 2020
Opening defined benefit obligation	23,39,128	21,68,060
Current service cost	1,09,961	1,08,123
Interest cost	1,56,955	1,65,033
Benefits paid	(2,19,394)	(96,201)
Actuarial gain/(losses) on obligation	(7,738)	(5,886)
Closing defined benefit obligation	23,78,912	23,39,128

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

Particulars	March 31, 2021	March 31, 2020
Opening fair value of plan assets	-	-
Expected return	-	-
Contributions by employer	2,19,394	96,201
Benefits paid	(2,19,394)	(96,201)
Actuarial (losses)/gains	-	-
Closing fair value of plan assets	-	-

CITY ONLINE SERVICES LIMITED

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

Particulars	March 31, 2021	March 31, 2020
Discount rate (%)	6.79%	6.71%
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.

39. 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 financials 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.

40. 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

CITY ONLINE SERVICES LIMITED

b) Transactions with related parties:

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
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:	14,49,267	-
- S. Raghav Rao	14,49,267	-
Loans and advances recovered:	14,24,592	-
- S. Raghav Rao	14,24,592	-
- City Online Media Private Limited	-	-
Unsecured Loans Repaid:	-	4,64,722
- S Naga Durga	-	4,64,722
Investments made:	2,30,768	-
- Info-Fi Cityonline Consortium	2,30,768	-
Share of profit/(loss) from partnership firm:	-	-
- Info-Fi Cityonline Consortium	-	-
Interest on capital:	-	-
- Info-Fi Cityonline Consortium	-	-
Sales:	18,62,328	28,93,353
- Info-Fi Cityonline Consortium	18,45,371	28,93,353
- Broadway City Online Consortium	16,957	-
Payments received for sale of services:	26,96,448	31,00,000
- Info-Fi Cityonline Consortium	26,79,491	31,00,000
- Broadway City Online Consortium	16,957	-

CITY ONLINE SERVICES LIMITED

c) Related party balances:

Particulars	As at March 31, 2021	As at March 31, 2020
Investments made:	2,30,768	2,32,065
- Broadway City Online Consortium	-	-
- Info-Fi Cityonline Consortium	2,30,768	2,32,065
- City Online Exozen Consortium	-	-
Loans and Advances Given/(Taken):	24,675	(5,00,000)
- In-fo City Online consortium	-	(5,00,000)
- R. Krishna Mohan	-	-
- City Online Digital Private Limited	-	-
- City Online Media Private Limited	-	-
- City Online Services Limited	-	-
- S. Raghav Rao	24,675	-
Advance from customers:	-	18,34,304
- Info-Fi Cityonline Consortium	-	18,34,304
Trade receivable:	-	41,07,293
- Anu Digital Arts Private Limited	-	3,54,000
- Broadway City Online Consortium	-	26,73,212
- City Online Exozen Constructions	-	10,80,081

41. 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, 2021	For the year ended March 31, 2020
Cancellable	25,15,203	20,59,674
Total	25,15,203	20,59,674

42. Earnings per Share (EPS):

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

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Profit after taxation as per statement of profit and loss (for basic EPS)	(2,12,45,108)	(1,04,64,370)
Less: Effect of dilutive potential ordinary shares	-	-
Net Profit for dilutive earnings per share	(2,12,45,108)	(1,04,64,370)

CITY ONLINE SERVICES LIMITED

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

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
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, 2021	For the year ended March 31, 2020
- Basic (Rs.)	(4.11)	(2.02)
- Diluted (Rs.)	(4.11)	(2.02)

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

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Purchase of Hardware	-	-

44. Expenditure in Foreign Currency:

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Membership Fee	3,82,367	6,01,345
Total	3,82,367	6,01,345

45. 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.

46. Due to Micro and Small Enterprises

The Group has no dues to Micro and Small Enterprises as at March 31, 2020 and March 31, 2021 in the financial statements based on information received and available with the group.

CITY ONLINE SERVICES LIMITED

47. 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, 2021	March 31, 2020
Fair Value Hierarchy	3	3
Financial Assets		
Other Financial Assets – Security Deposits	21,18,679	21,50,887
Other Financial Assets – Trade receivables	2,30,67,426	3,45,60,870
Other Investments	-	-
Financial Liabilities		
Borrowings	3,14,56,119	1,82,18,934

iii. Financial Instruments by category

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

Particulars	31-03-2021			31-03-2020		
	FVTPL	FVOCI	Amortised Cost	FVTPL	FVOCI	Amortised Cost
FINANCIAL ASSETS						
Other investments	-	-	2,80,768	-	-	2,82,065
- Loans	-	-	24,676	-	-	-
- Trade receivables	-	-	2,30,67,426	-	-	3,45,60,870
- Cash and cash equivalents	-	-	7,93,926	-	-	7,92,369
- Bank balances other than above	-	-	1,16,49,420	-	-	1,16,49,420
- Other current financial assets			7,87,050	-	-	10,41,705
TOTAL	-	-	3,58,16,216	-	-	5,84,82,130
FINANCIAL LIABILITIES						
Borrowings	-	-	3,14,56,119	-	-	1,82,18,934
Trade Payables	-	-	3,58,75,505	-	-	3,46,19,751
TOTAL	-	-	6,63,64,498	-	-	5,25,01,267

CITY ONLINE SERVICES LIMITED

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.

48. 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, 2021	March 31, 2020
Past due not impaired:		
0-90 Days	-	1,80,09,554
91-180 Days	-	84,59,501
Greater than 180 Days	2,53,73,632	1,03,98,017
Less: Provision for Credit Losses	-23,06,202	-23,06,202
Total	2,30,67,426	3,45,60,870

CITY ONLINE SERVICES LIMITED

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 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
<u>March 31, 2021</u>				
Borrowings	3,04,88,993	9,67,125	-	3,14,56,119
Trade Payables	3,06,24,148	52,51,357	-	3,58,75,505
Total				6,89,33,633
<u>March 31, 2020</u>				
Borrowings	1,78,81,516	12,61,389	-	1,82,18,934
Trade Payables	3,46,19,751	-	-	3,46,19,751
Total	6,19,37,936	3,37,418		6,22,75,354

CITY ONLINE SERVICES LIMITED

49. 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-21	31-Mar-20
Current Borrowings [Refer Note 24]	3,04,88,993	1,78,81,516
Total Debt	3,14,56,119	1,82,18,934
As a percentage of total capital	113.14%	60.12%
Equity [Refer Note 18 and 19]	(36,52,707)	1,20,85,364
As a percentage of total capital	-13.14%	39.88%
Total Capital [Debt and Equity]	2,78,03,411	4,96,81,679

As per our report on even date

For Laxminiwas & Co.
Chartered Accountants
Firm's Registration Number:011168 S

Guharoy Ashish Kumar
Partner
Membership No. 018659

Place: Hyderabad
Date: 30th June, 2021

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

Sd/-
S. Raghava Rao
Chairman and Managing Director
DIN: 01441612

Sd/-
R Krishna Mohan
Director
DIN: 01678152

Sd/-
Naresh Swami
Company Secretary

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.

CITY ONLINE SERVICES LIMITED

Name of the consolidating entities	Country of Incorporation	Percentage Holding/Interest (%)	
		As at March 31, 2020	As at March 31, 2019
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 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 written down value method, computed on the basis of useful lives as estimated by management which coincides with rates prescribed in Schedule I of 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.

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 inequity.

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.

As per our report on even date

For Laxminiwas & Co.
Chartered Accountants
Firm's Registration Number: 011168 S

Guharoy Ashish Kumar
Partner
Membership No. 018659

Place: Hyderabad
Date: 30th June, 2021

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

Sd/-
S. Raghava Rao
Chairman and Managing Director
DIN: 01441612

Sd/-
R Krishna Mohan
Director
DIN: 01678152

Sd/-
Naresh Swami
Company Secretary

If undelivered please return to :
CITY ONLINE SERVICES LIMITED

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