City Online
SERVICES LIMITED
Internet Services with world class technology

Wi-Fi City

To,

Date: 08.09.2022

BSE Limited
P.J.Towers, Dalal Street
Mumbai - 400001

Dear Sir/Madam,

Sub: Submission of the 23rdAnnual Report for the year 2021-22 under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

Ref: Scrip Code 538674

Unit: City Online Services Limited

With reference to the subject cited, pursuant to Regulation 34 of SEBI (LODR) Regulations 2015, we are herewith enclosing the 23rdAnnual Report of the Company for the Financial Year 2021-22. The Annual General Meeting of the Company is scheduled to be held on Friday, 30th Day of September,2022 at 12:00 noon through video conferencing/OAVM.

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

Thanking you.

Yours sincerely,
For City Online Services Limited

RAMINENI KRISHNA MOHAN
Digitally signed by RAMINENI KRISHNA MOHAN
Date: 2022.09.08 17:47:14 +05'30'

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

Encl: as above

CITY ONLINE SERVICES LIMITED

23rd
ANNUAL REPORT
2021-22

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 (Resigned w.e.f. 10.05.2022)

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:

M/s. Sharma Kumar & Associates
Practicing Company Secretaries
Ghaziabad

BANKERS:

HDFC Bank Ltd, Hyderabad
Oriental Bank of Commerce, Hyderabad
ICICI Bank Ltd, Hyderabad

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

NOTICE

Notice is hereby given that the 23rd Annual General Meeting of the members of the City Online Services Limited will be held on Friday, the 30th day of September, 2022 at 12:00 noon through Video Conferencing/ Other Audio-Visual Means (OAVM), to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet (both standalone and consolidated) as at March 31, 2022 and the Statement of Profit & Loss and cash flow statement for the year ended on that date together with the Notes attached thereto, along with the Reports of Auditors and Directors thereon.

2. To appoint a director in place of Ms. S. Naga Durga (DIN: 06697556), Non-Executive Director who retires by rotation and being eligible offers herself for re- appointment.

SPECIAL BUSINESS:

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

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

"RESOLVED THAT pursuant to the recommendation of the Nomination and Remuneration Committee, and approval of the Board and subject to the provisions of Sections 196, 197, 198, 203 and other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification or re-enactment thereof) read with Schedule-V of the Companies Act, 2013 and the applicable provisions of the Articles of Association of the Company, approval of the members of the Company be and is hereby accorded to the re-appointment of Mr. S. Raghava Rao, as Chairman and Managing Director of the Company for a period of three years effective 01.09.2022 to 31.08.2025 at a remuneration of Rs. 1,55,000/- (Rupees One Lakh Fifty-Five Thousand only) p.m. and the Board of Directors be and is hereby authorized to vary or increase the remuneration, perquisites, and allowances etc. within such prescribed limits in terms of Schedule V of the Companies Act, 2013, as amended from time to time.

"RESOLVED FURTHER THAT in the event of losses or inadequacy of profits in any financial year during his tenure the Company shall pay to Mr. S. Raghava Rao, remuneration by way of salaries and allowances as

specified above as minimum remuneration and in accordance with the limits specified under the Companies Act, 2013 read with Schedule V to the Companies Act 2013, or such other limit as may be prescribed by the Government from time to time."

"RESOLVED FURTHER THAT the Board is hereby authorized to take all necessary steps as may be necessary to give effect to the above resolution including filing of all such necessary documents as may be required in this regard."

4. REAPPOINTMENT OF MR. KRISHNA MOHAN RAMINENI AS WHOLETIME DIRECTOR OF THE COMPANY:

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

"RESOLVED THAT pursuant to the recommendation of the Nomination and Remuneration Committee, and approval of the Board and subject to the provisions of Sections 196, 197, 198, 203 and other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification or re-enactment thereof) read with Schedule-V of the Companies Act, 2013 and the applicable provisions of the Articles of Association of the Company, approval of the members of the Company be and is hereby accorded to the re-appointment of Mr. Krishna Mohan Ramineni, as a whole time Director of the Company for a period of three years effective 01.09.2022 to 31.08.2025 at a remuneration of Rs. 1,50,000/- (Rupees One Lakh Fifty Thousand only) p.m. and the Board of Directors be and is hereby authorized to vary or increase the remuneration, perquisites, and allowances etc. within such prescribed limits in terms of Schedule V of the Companies Act, 2013, as amended from time to time.

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

"RESOLVED FURTHER THAT the Board is hereby authorized to take all necessary steps as may be necessary to give effect to the above resolution including filing of all such necessary documents as may be required in this regard."

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

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

"RESOLVED THAT pursuant to the recommendation of the Nomination and Remuneration Committee, and approval of the Board and subject to the provisions of Sections 196, 197, 198, 203 and other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification or re-enactment thereof) read with Schedule-V of the Companies Act, 2013 and the applicable provisions of the Articles of Association of the Company, approval of the members of the Company be and is hereby accorded to the re-appointment of Mr. Harinath Chava, as a Whole time Director of the Company for a period of three years effective 01.09.2022 to 31.08.2025 at a remuneration of Rs. 1,50,000/- (Rupees One Lakh Fifty Thousand only) p.m. and the Board of Directors be and is hereby authorized to vary or increase the remuneration, perquisites, and allowances etc. within such prescribed limits in terms of Schedule V of the Companies Act, 2013, as amended from time to time.

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

"RESOLVED FURTHER THAT the Board is hereby authorized to take all necessary steps as may be necessary to give effect to the above resolution including filing of all such necessary documents as may be required in this regard."

For and on behalf of the Board
City Online Services Limited

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

Place: Hyderabad
Date: 06.09.2022

NOTES:

1. In view of the continuing Covid-19 pandemic and consequential restrictions imposed on the movements of people, the Ministry of Corporate Affairs ("MCA") has vide its General Circular No. 2/2022 dated May 5, 2022, General Circular No. 02/2021 dated January 13, 2021 read with Circular No. 20/2020 dated May 05, 2020 in conjunction with Circular No. 14/2020 dated April 08, 2020 and Circular No. 17/2020 dated April 13, 2020, 22/2020 dated June 15, 2020, 33/2020 dated September 28, 2020, 39/2020 dated December 31, 2020, 10/2021 dated June 23, 2021 and 20/2021 dated December 08, 2021 (collectively referred to as "MCA Circulars") and SEBI Circular No. SEBI/ HO/CFD/CMD1/CIR/P/2020/79 dated May 12, 2020 and SEBI/HO/CFD/CMD2/CIR/P/2021/ 11 dated January 15, 2021, and circular no. SEBI/HO/CFD/CMD2/CIR/P/2022/62 on May 13, 2022 issued by SEBI (collectively "SEBI Circulars")Regulation 44 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), the MCA Circulars granted certain relaxations and thus permitted the holding of Annual General Meeting ("AGM") of the companies through VC/OAVM viz. without the physical presence of the Members at a common venue. Hence in compliance with the provisions of the Companies Act, 2013 ("Act"), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") and MCA / SEBI Circulars, as applicable, the AGM of the Company is being held through VC / OAVM (e-AGM).
2. In compliance with applicable provisions of the Act read with the MCA Circulars and the Listing Regulations, the AGM of the Company is being conducted through VC/OAVM. In accordance with the Secretarial Standard-2 on General Meetings issued by the Institute of Company Secretaries of India ("ICSI") read with Clarification/Guidance on applicability of Secretarial Standards - 1 and 2 dated 15th April, 2020 issued by the ICSI, the proceedings of the AGM shall be deemed to be conducted at the Registered Office of the Company which shall be the deemed venue of the AGM.
3. Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 and Regulation 36(3) of the SEBI (LODR), Regulations, 2015, in respect of the Special Business to be transacted at the Annual General Meeting as set out in the Notice is annexed hereto.
4. 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. 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 through VC/OAVM and cast their votes through e-voting.

5. 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 etc. who are allowed to attend the AGM without restriction on account of first come first served basis.
6. 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.
7. The company has appointed M/s. Vivek Surana & Associates, Practicing Company Secretaries, as scrutinizer of the company to scrutinize the voting process.
8. 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.
9. 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 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.
10. The AGM has been convened through VC/OAVM in compliance with applicable provisions of the Companies Act, 2013 read with MCA Circular No. 14/2020 dated April 8, 2020 and MCA Circular No. 17/2020 dated April 13, 2020 and MCA Circular No. 20/2020 dated May 05, 2020 and MCA Circular No. 2/2021 dated January 13, 2021, 20/2021 dated

December 08, 2021 and Circular No. 03/2022 dated 05.05.2022.

11. Since the AGM will be held through VC/OAVM Facility, Proxy form, Attendance Slip and the Route Map is not annexed in this Notice.
12. The Register of Members and Share Transfer Books of the Company will remain closed from 24.09.2022 to 30.09.2022 (Both days inclusive) for the purpose of Annual General Meeting.
13. 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.

THE INSTRUCTIONS OF SHAREHOLDERS FOR REMOTE E-VOTING AND E- VOTING DURING AGM AND JOINING MEETING THROUGH VC/OAVM ARE AS UNDER:

(i) The voting period begins on 27.09.2022 at 09.00 A.M and ends on 29.09.2022 at 05.00 P.M. During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) 23.09.2022 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.

(ii) Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.

(iii) 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.

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 Easi/Easiest are 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 Providers 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 or click on 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.

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.

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

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.

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

(vii) Shareholders holding shares in physical form will then directly reach the Company selection screen. However, shareholders holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

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

(ix) Click on the EVSN for the relevant<City Online Services Limited>on which you choose to vote.

(x) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.

(xi) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.

(xii) After selecting the resolution, you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.

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

(xiv) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.

(xv) If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password &enter the details as prompted by the system.

(xvi) Facility for Non–Individual Shareholders and Custodians–Remote Voting

- Non-Individual shareholders (i.e., other than Individuals, HUF, NRI etc.) and Custodians are required to logon to www.evotingindia.com and register themselves in the "Corporates" module.
- 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 create during 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 and to the Company at the email address 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.

INSTRUCTIONS FOR SHAREHOLDERS ATTENDING THE AGM THROUGHVC/O AVM&E-VOTINGDURINGMEETINGAREASUNDER:

1. The procedure for attending meeting & e-Voting on the day of the AGM is same as the instructions mentioned above for Remote e-voting.
2. 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 Remote e-voting.
3. 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.
4. Shareholders are encouraged to join the Meeting through Laptops/IPads for better experience.

5. Further shareholders will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.

6. 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.

7. 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 atleast 5days prior to meeting mentioning their name, demat account number/folio number, email id, mobile number at corp@cityonlines.com. The shareholders who do not wish to speak during the AGM but have queries may send their queries in advance 5dayspriorto meeting mentioning their name, demat account number/folio number, email id, mobile number at corp@cityonlines.com. These queries will be replied to by the company suitably by email.

8. Those shareholders who have registered themselves as a speaker will only be allowed to express their views/ask questions during the meeting.

9. 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.

10. 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 in valid as the facility of e-voting during the meeting is available only to the shareholders attending the meeting.

11. PROCESS FOR THOSE SHAREHOLDERS WHOSE EMAIL/MOBILE NO. ARE NOT REGISTERED WITH THE COMPANY/DEPOSITORIES.

1. For Physical shareholders- please provide necessary details like Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) by email to Company/RTA email id.

2. For Demat shareholders - Please update your email id & mobile no. with your respective Depository Participant (DP)

3. 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.

4. If you have any queries or issues regarding attending AGM & e-Voting from the CDSL e-Voting System, you can write an email to helpdesk.evoting@cdslindia.com or contact at 022-23058738 and 022-23058542/43.

5. 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.

EXPLANATORY STATEMENT

PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013 AND REGULATIONS OF SEBI (LODR), REGULATIONS, 2015

Item no. 3:

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

Mr. S. Raghava Rao (DIN: 01441612) was appointed as Chairman & Managing Director of the Company for a period w.e.f 01.09.2019 to 31.08.2022 in the Annual general Meeting held on 28.09.2019.

Based on the recommendations of the Nomination and Remuneration Committee, the Board of Directors of the Company at its meeting held on 31.08.2022, approved the re-appointment of Mr. S. Raghava Rao (DIN: 01441612) as a Chairman & Managing Director of the Company for a period of three years effective from 01.09.2022 to 31.08.2025 at a remuneration of Rs. 1,55,000/- (Rupees One Lakh Fifty-five Thousand Only) p.m.

Information in accordance with Schedule V of Companies Act, 2013

I. GENERAL INFORMATION

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<tr><td>1</td><td>Nature of Industry : Telecom Services</td></tr>
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</table></td></tr>
<tr><td>5</td><td>Foreign investments or collaborations, if any: Not Applicable</td></tr>
</table>

II. INFORMATION ABOUT THE APPOINTEE:

1.	Background Details: Mr. S. Raghava Rao is an Electronic and Communications Engineer with more than two decades of experience in fields of networking, television, wired and wireless technology. He has designed and successfully implemented the DVB carrier services over IP for several broadcasters and IPTV operators. Mr S. Raghava Rao has trained all the technical staff in the Company. He is responsible for the overall functioning of the Company
2.	Past Remuneration: The past remuneration drawn by Mr. S. Raghava Rao is Rs.1,55,000 per month.
3.	Recognition or awards: -- Nil
4.	Job Profile and his suitability: Keeping the past record of Mr. S. Raghava Rao in mind and his contribution towards the Company, it is proposed to reappoint him as Chairman and Managing Director of the Company.
5.	Remuneration proposed: As set out in the resolutions for the item No.3 the remuneration to Mr. S. Raghava Rao, Chairman and Managing Director has the approval of the Nomination and Remuneration Committee and Board of Directors.
6.	Comparative remuneration profile with respect to industry, size of the company profile of the position and person (in case of expatriates the relevant details would be w.r.t. the country of his origin): Taking into consideration of the size of the Company, the profile of Mr. S. Raghava Rao and the responsibilities shouldered on him, the aforesaid remuneration package is commensurate with the remuneration package paid to managerial positions in other companies.
7.	Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personnel, if any: Mrs. S. Nagadurga, Director of the Company is the wife of Mr. S. Raghava Rao. Besides the remuneration proposed, he is holding 6,84,500 Equity Shares of the Company.

III. OTHER INFORMATION:

1. Reasons for inadequate profits: Intense competition and unfavourable market conditions.

2. Steps taken or proposed to be taken for improvement: Efforts to increase revenue and finding other markets for sales

3. Expected increase in productivity and profit in measurable terms: NA

Accordingly the Board of Directors recommends the passing of the above resolution as an Ordinary Resolution set out in the item no. 3 of the notice for re-appointment of Mr. S. Raghava Rao.

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

Item no. 4:

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

Mr. Krishna Mohan Ramineni (DIN: 01678152) was appointed as Whole time Director of the Company for a period w.e.f 01.09.2019 to 31.08.2022 in the Annual general Meeting held on 28.09.2019.

Based on the recommendations of the Nomination and Remuneration Committee, the Board of Directors of the Company at its meeting held on 31.08.2022, approved the re-appointment of Mr. Krishna Mohan Ramineni (DIN: 01678152) as whole time Director of the Company for a period of three years effective from 01.09.2022 to 31.08.2025 at a remuneration of Rs. 1,50,000/- (Rupees One Lakh Fifty Thousand Only) p.m.

Information in accordance with Schedule V of Companies Act, 2013

I. GENERAL INFORMATION

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</table></td></tr>
<tr><td>5</td><td>Foreign investments or collaborations, if any: Not Applicable.</td></tr>
</table>

II. INFORMATION ABOUT THE APPOINTEE:

1.	Background Details: Mr. Krishna Mohan Ramineni has done B.E. in Mechanical Engineering and has in depth knowledge in digital and online media business. He is instrumental in exploring new business opportunities for the Company. He takes care of the finance and accounts division of the Company.
2.	Past Remuneration: The past remuneration drawn by Mr. Krishna Mohan Ramineni is Rs.1,50,000 per month.
3.	Recognition or awards: -- Nil
4.	Job Profile and his suitability: Keeping the past record of Mr. Krishna Mohan Ramineni in mind and his contribution towards the Company, it is proposed to re-appoint him as Whole-time Director of the Company.
5.	Remuneration proposed: As set out in the resolution for the item No.4 the remuneration to Mr. Krishna Mohan Ramineni Whole time Director has the approval of the Nomination and Remuneration Committee and Board of Directors.
6.	Comparative remuneration profile with respect to industry, size of the company profile of the position and person (in case of expatriates the relevant details would be w.r.t. the country of his origin): Taking into consideration of the size of the Company, the profile of Mr. Krishna Mohan Ramineni, Whole-time Director and the responsibilities shouldered on him, the aforesaid remuneration package is commensurate with the remuneration package paid to managerial positions in other companies.
7.	Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personnel, if any: Besides the remuneration proposed, he is holding 1,53,000 Equity Shares of the Company

OTHER INFORMATION:

1. Reasons for inadequate profits: Intense competition and unfavourable market conditions.

2. Steps taken or proposed to be taken for improvement: Efforts to increase revenue and finding other markets for sales

3. Expected increase in productivity and profit in measurable terms: NA

Accordingly the Board of Directors recommends the passing of the above resolution as an Ordinary Resolution set out in the item no. 4 of the notice for appointment of Mr. Krishna Mohan Ramineni.

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

Item no. 5:

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

Mr. Harinath Chava (DIN: 01441704) was appointed as Whole time Director of the Company for a period w.e.f 01.09.2019 to 31.08.2022 in the Annual general Meeting held on 28.09.2019.

Based on the recommendations of the Nomination and Remuneration Committee, the Board of Directors of the Company at its meeting held on 31.08.2022, approved the re-appointment of Mr. Harinath Chava (DIN: 01441704) as whole time Director of the Company for a period of three years effective from 01.09.2022 to 31.08.2025 at a remuneration of Rs. 1,50,000/- (Rupees One Lakh Fifty Thousand Only) p.m.

Information in accordance with Schedule V of Companies Act, 2013

I. GENERAL INFORMATION

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</table></td></tr>
<tr><td>5</td><td>Foreign investments or collaborations, if any: Not Applicable</td></tr>
</table>

II. INFORMATION ABOUT THE APPOINTEE:

1.	Background Details: Mr. Harinath Chava has done BE in Mechanical Engineering and post-graduation diploma in computer science and in international trade. He is having more than 3 decades experience in the industry. He currently heads the purchase and marketing departments of the Company. He is also responsible for chalking out long term policies and planning for the Company.
2.	Past Remuneration: The past remuneration drawn by Mr. Harinath Chava is Rs.1,50,000 per month.
3.	Recognition or awards: -- Nil
4.	Job Profile and his suitability: Keeping the past record of Mr. Harinath Chavva in mind and his contribution towards the Company, it is proposed to reappoint him as Whole-time Director of the Company.
5.	Remuneration proposed: As set out in the resolutions for the item No.5 the remuneration to Mr. Harinath Chavva, Whole-time Director has the approval of the Nomination and Remuneration Committee and Board of Directors.
6.	Comparative remuneration profile with respect to industry, size of the company profile of the position and person (in case of expatriates the relevant details would be w.r.t. the country of his origin): Taking into consideration of the size of the Company, the profile of Mr. Harinath Chavva and the responsibilities shouldered on him, the aforesaid remuneration package is commensurate with the remuneration package paid to managerial positions in other companies.
7.	Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personnel, if any: Besides the remuneration proposed, he is holding 2,01,750 Equity Shares of the Company.

III. OTHER INFORMATION:

1. Reasons for inadequate profits: Intense competition and unfavourable market conditions.

2. Steps taken or proposed to be taken for improvement: Efforts to increase revenue and finding other markets for sales

3. Expected increase in productivity and profit in measurable terms: NA

Accordingly the Board of Directors recommends the passing of the above resolution as an Ordinary Resolution set out in the item no. 5 of the notice for appointment of Mr. Harinath Chavva.

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

Annexure A – for the Item no's 2, 3, 4 & 5

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

Name of the Director	Mrs. S. Nagadurga	Mr. S. Raghava Rao
Date of Birth	01.02.1964	11.04.1959
Brief Resume	She has rich experience in administration.	Mr. S. Raghava Rao is an Electronic and Communications Engineer with more than two decades of experience in fields of networking, television, wired and wireless technology. He has designed and successfully implemented the DVB carrier services over IP for several broadcasters and IPTV operators. Mr S. Raghava Rao has trained all the technical staff in the Company. He is responsible for the overall functioning of the Company.
Qualification	Intermediate	B. Tech
Expertise in specific functional areas	Administration	Technical, Policy making

Names of Listed entities in which the person also holds the Directorship and the membership of Committees of the board along with listed entities from which the person has resigned in the past three years	NIL	NIL
Shares held in the Company	40,000 Equity shares	6,84,500 Equity shares
Inter se relationship with any Director	Wife of Mr. S. Raghava Rao	Husband of Mrs. S. Nagadurga

Name of the Director	Mr. Krishna Mohan Ramineni	Mr. Harinath Chavva
Date of Birth	14.11.1959	13.01.1965
Brief Resume	Mr. Krishna Mohan Ramineni has done B.E. in Mechanical Engineering and has in depth knowledge in digital and online media business. He is instrumental in exploring new business opportunities for the Company. He takes care of the finance and accounts division of the Company.	Mr. Harinath Chava has done BE in Mechanical Engineering and post-graduation diploma in computer science and in international trade. He is having more than 3 decades experience in the industry. He currently heads the purchase and marketing departments of the Company.
Qualification	B. Tech	M. Tech
Expertise in specific functional areas	Accounts and finance	Marketing and purchase

Names of Listed entities in which the person also holds the Directorship and the membership of Committees of the board along with listed entities from which the person has resigned in the past three years	NIL	NIL
Shares held in the Company	1,53,000 Equity shares	2,01,750 Equity shares
Inter se relationship with any Director	NIL	NIL

For and on behalf of the Board
City Online Services Limited

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

Place: Hyderabad
Date: 06.09.2022

DIRECTORS' REPORT

To

The Members of City Online Services Limited

We have pleasure in presenting the 23rd Directors' Report on the business and operations of the Company together with the audited Financial Statements (both standalone and consolidated) for the year ended 31st March, 2022.

1. FINANCIAL SUMMARY/HIGHLIGHTS:

The performance of the Company during the year has been as under:

(Rs. In Lakhs) (Rs. In Lakhs)

Consolidated		Particular	Standalone	
2021-22	**2020-21**		**2021-22**	**2020-21**
1041.84	921.44	Revenue from Operations	979.87	933.91
1203.14	1086.94	Total Expenses	1062.77	1045.85
(161.29)	(165.50)	Profit Before Tax	(82.90)	(111.93)
9.15	46.95	Less: Provision for Taxation	(22.13)	41.76
(170.44)	(212.45)	Profit / (Loss) After Tax	(60.77)	(153.70)
		Earning per Equity Share		
(0.37)	(4.11)	Basic	(1.18)	(2.98)
(0.37)	(4.11)	Diluted (in Rs.)	(1.18)	(2.98)

REVIEW OF OPERATIONS:

During the Year under the review, the Company has recorded on standalone basis an Income of Rs. 979.87 Lakhs and profit/Loss of Rs. (60.77) Lakhs as against the Income of Rs. 933.91 Lakhs and incurred loss of Rs. (153.70) Lakhs in the previous financial year ending 31.03.2021.

During the Year under the review, the Company has recorded on consolidated basis an Income of Rs. 1041.84 Lakhs and profit/Loss of Rs. (170.44) Lakhs as against the Income of Rs. 921.44 Lakhs and incurred loss of Rs. (212.45) Lakhs in the previous financial year ending 31.03.2021.

BUSINESS UPDATE AND STATE OF COMPANY'S AFFAIRS:

The information on Company's affairs and related aspects is provided under Management Discussion and Analysis report, which has been prepared, inter-alia, in compliance with Regulation 34 of SEBI (Listing Obligations and Disclosure Requirements) regulations, 2015 and forms part of this Report.

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

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

3. RESERVES:

The Company has not carried any amount to the reserves.

4. DIVIDEND:

Your Directors have decided not to recommend dividend for the year 2021-22.

5. MATERIAL CHANGES & COMMITMENT AFFECTING THE FINANCIAL POSITION OF THE COMPANY:

There are no major material changes and commitments affecting the financial position of the Company after the end of the financial year and up to date of this report (i.e., 06.09.2022)

6. BOARD MEETINGS:

The Board of Directors duly met Five (05) times during the financial year from 1st April 2021 to 31st March 2022. The dates on which the meetings were held are 30.06.2021, 13.08.2021, 06.09.2021, 13.11.2022 and 12.02.2022.

ATTENDANCE OF DIRECTORS:

Name of the Director	Number of Board Meetings	
	Held	Attended
Suryadevara Raghava Rao	5	5
Harinath Chava	5	5
Krishna Mohan Ramineni	5	5
Suryadevara Nagadurga	5	5
Satyanarayana Vasireddy	5	5
Nageswara Rao Mandavilli	5	5
Thomas Pradhan Nicodemus	5	5

7. APPOINTMENT / RE-APPOINTMENT / RESIGNATION / RETIREMENT OF DIRECTORS /CEO/ CFO AND KEY MANANGERIAL PERSONNEL:

Mr. Naresh swami has resigned from the Company from the designation of Company Secretary and Compliance Officer on 10.05.2022 due to his commitments and personal pre-occupations.

The Board places on record its sincere appreciation for the services rendered by Mr. Naresh swami during his association with the Company.

8. REVISION OF FINANCIAL STATEMENTS:

There was no revision of the financial statements for the year under review.

9. DECLARATION FROM INDEPENDENT DIRECTORS ON ANNUAL BASIS:

The Company has received declarations from all the 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 Requirements) Regulations, 2015.

The Independent Directors have also confirmed that they have complied with the Company's Code of Conduct.

In terms of Regulations 25(8) of the Listing Regulations, the Independent Directors have confirmed that they are not aware of any circumstance or situation, which exists or may be reasonably anticipated, that could impair or impact their ability to discharge their duties with an objective independent judgment and without any external influence.

During the year, Independent Directors of the Company had no pecuniary relationship or transactions with the Company, other than sitting fees, commission and reimbursement of expenses incurred by them for the purpose of attending meetings of the Board of Directors and Committee(s).

10. FAMILIARIZATION PROGRAM FOR INDEPENDENT DIRECTORS:

Independent Directors are familiarized about the Company's operations and businesses. Interaction with the Business heads and key executives of the Company is also facilitated. Detailed

presentations on important policies of the Company is also made to the directors. Direct meetings with the Chairman are further facilitated to familiarize the incumbent Director about the Company/its businesses and the group practices.

11. 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 reg. 19 of SEBI (Listing Obligation and Disclosure Requirement), Regulations, 2015.

2.3 "Independent Director" means a director referred to in sub-section (6) of Section 149 of the Companies Act, 2013 and Regulation 16(1) (b) of the SEBI (Listing obligations and Disclosure Requirements) Regulations, 2015.

3. Policy:

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, 2015and other relevant laws.

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

3.2 Criteria of independence

3.2.1 The Nomination & Remuneration Committee shall assess the independence of Directors at time of appointment/ re-appointment and the Board shall assess the same annually.

The Board shall re-assess determinations of independence when any new interest or relationships are disclosed by a Director.

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

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

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.

A Director shall not serve as director in more than 20 companies of which not more than10 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 than5 committee across all companies in which he holds directorships.

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

Remuneration policy for Directors, key managerial personnel and other employees

1. Scope:

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

2. Terms and Reference:

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

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

2.2 "key managerial personnel" means

(i) The Chief Executive Office or the managing director or the manager;

(ii) The company secretary;

(iii) The whole-time director;

(iv) The chief finance Officer; and

(v) Such other office as may be prescribed under the companies Act, 2013

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

3. Policy:

3.1 Remuneration to Executive Director and Key Managerial Personnel

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

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

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

(i) Basic pay

(ii) Perquisites and Allowances

(iii) Commission (Applicable in case of Executive Directors)

(iv) Retrial 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. The Non-Executive Directors shall also be entitled to profit related commission in addition to the sitting fees.

3.3. Remuneration to other employees

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

12. DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to the requirement of Section 134(3) (c) and 134(5) of the Companies Act, 2013 and on the basis of explanation given by the executives of the Company and subject to disclosures in the Annual Accounts of the Company from time to time, we state as under:

1. That in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;

2. That the Directors have selected such accounting policies and applied them consistently and made judgment 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 or loss of the Company for that period;

3. That the Directors have 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;

4. That the Directors have prepared the annual accounts on a going concern basis:

5. That the Directors have lain down internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating effectively; and

6. That the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

13. INVESTOR EDUCTION AND PROTECTION FUND (IEPF):

Pursuant to the provisions of Section 124 of the Act, Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ("IEPF Rules") read with the relevant circulars and amendments thereto, the amount of dividend remaining unpaid or unclaimed for a period of seven years from the due date is required to be transferred to the Investor Education and Protection Fund ("IEPF"), constituted by the Central Government.

During the Year, no amount of dividend was unpaid or unclaimed for a period of seven years and therefore no amount/share is required to be transferred to Investor Education and Provident Fund under the Section 125(1) and Section 125(2) of the Act.

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

As on 31st March, 2022 the Company has 2 wholly owned subsidiary Companies namely City Online Digital Private Limited and City Online Media Private Limited. The Financial performance of the subsidiary Companies is mentioned in Form AOC-1 as Annexure – 1 in accordance with Section 129(3) of the Companies Act, 2013.

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

The Shareholders in its AGM held on 28.09.2021 has passed a resolution to Sale/transfer 100% Equity shares/assets of City Online Media Private Limited, a wholly owned subsidiary of the Company. Accordingly, the transfer of shares have been completed and City Online Media Private Limited Ceased to be a wholly owned subsidiary of the Company w.e.f. 12.08.2022.

15. 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 disclosed on the website www.cityonlines.com.

16. AUDITORS:

a. 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.

Statutory Auditors Report

The Board has duly reviewed the Statutory Auditor's Report on the Accounts for the year ended March 31, 2022 and has noted that the same does not have any reservation, qualification or adverse remarks. However, the Board decided to further strengthen the existing system and procedures to meet all kinds of challenges and growth in the coming years.

b. Secretarial Auditor

Pursuant to the provisions of Section 134(3) (f) & Section 204 of the Companies Act, 2013, the Board has appointed M/s. Sharma Kumar & Associates, Practicing Company Secretaries to undertake Secretarial Audit of the Company for financial year ending 31.03.2022. The report of the Secretarial Auditor is enclosed herewith vide Annexure – 2 of this Report.

Annual Secretarial Compliance Report

Annual Secretarial Compliance Report is not applicable to the Company for financial year ending 31.03.2022.

c. Cost Auditor

Maintenance of cost records and requirement of cost audit as prescribed under the provisions of Section 148(1) of the Act, are not applicable for the Company for the year 2021-22.

d. Internal Auditor

Pursuant to the provisions of Section 138 of the Companies read with rules made there under, the Board has appointed M/s. D. Rambabu & Co, Chartered Accountant, as Internal Auditors of the Company.

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

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

18. INTERNAL AUDIT AND FINANCIAL CONTROLS:

The Company has adequate internal controls consistent with the nature of business and size of the operations, to effectively provide for safety of its assets, reliability of financial transactions with adequate checks and balances, adherence to applicable statues, accounting policies, approval procedures and to ensure optimum use of available resources. These systems are reviewed and improved on a regular basis. It has a comprehensive budgetary control system to monitor revenue and expenditure against approved budget on an ongoing basis.

19. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS:

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

20. RELATED PARTY TRANSACTIONS:

Our Company has formulated a policy on related party transactions which is also available on Company's website at www.cityonlines.com. This policy deals with the review and approval of 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.

Particulars of contracts or arrangements with related parties referred to in Section 188(1) of the Companies Act, 2013 in the prescribed Form AOC-2 is appended as Annexure – 3 which forms part of this Report.

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. Members may refer to note no. 34 to the financial statements which sets out related party disclosures pursuant to IND AS-24.

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

During the year under review no Company has become its subsidiary, joint venture or associate Company.

The Shareholders in its AGM held on 28.09.2021 has passed a resolution to Sale/transfer 100% Equity shares/assets of City Online Media Private Limited, a wholly owned ceased to be subsidiary of the Company. Accordingly, the transfer of shares have been completed and City Online Media Private Limited, a wholly owned subsidiary of the Company w.e.f. 12.08.2022.

22. DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO:

The particulars as prescribed under Section 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. Research & Development and 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

23. COMMITTEES

(I). AUDIT COMMITTEE

Audit committee: Terms of reference of Audit committee covers all the matters prescribed under Regulation 18 of the Listing Regulations and Section 177 of the Act, 2013.

Brief Description of Terms of Reference: - Overview of the Company's financial reporting process and disclosure of its financial information to ensure that the financial statements reflect a true and fair position and that sufficient and credible information is disclosed.

1. Over view of the Company's financial reporting process and disclosure of its financial information to ensure that the financial statement reflects a true and fair position and that sufficient and credible information is disclosed.

2. Recommending the appointment and removal of statutory auditors, internal auditors and cost auditors, fixation of their audit fees and approval for payment of any other services.

3. Reviewing the utilization of loans and/ or advances from/investment by the holding company in the subsidiary exceeding Rs. 100 Crores or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments existing as on the date of coming into force of this provision.

4. consider and comment on rationale, cost-benefits and impact of schemes involving merger, demerger, amalgamation etc., on the listed entity and its shareholders.

5. Review with the management, the annual financial statements and Auditor's Report before submission to the Board with particular reference to;

i. Matters required to be included in the directors' responsibility statement to be included in the board's report in terms of clause (c) of sub-section (3) of Section 134 of the Act;

ii. Changes, if any, in accounting policies and practices and reasons for the same;

iii. Major accounting entries involving estimates based on the exercise of judgment by management;

iv. Significant adjustments made in the financial statements arising out of audit findings;

v. Compliance with listing and other legal requirements relating to financial statements;

vi. Disclosure of any related party transactions;

vii. Modified opinion(s) in the draft audit report;

6. Review of the quarterly financial statements with the management before submission to the board for approval;

7. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the board to take up steps in this matter;

8. Review and monitor statutory auditor's independence and performance and effectiveness of audit process;

9. Approval or any subsequent modification of transactions with related parties;

10. Scrutiny of inter-corporate loans and investments;

11. Review of valuation of undertakings or assets of the company wherever it is necessary;

12. Evaluation of internal financial controls and risk management systems;

13. Review with the management, statutory auditors and the internal auditors about the nature and scope of audits and of the adequacy of internal control systems;

14. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure, coverage and frequency of internal audit;

15. discussion with internal auditors of any significant findings and follow up there on;

16. Reviewing the findings of any internal investigations by the internal auditors into 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;

17. discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;

18. Look into the reasons for any substantial defaults in payment to the depositors, debenture-holders, shareholders (in case of non-payment of declared dividend) and creditors, if any;

19. Review the functioning of the whistle blower mechanism;

20. Approval of appointment of Chief Financial Officer after assessing the qualifications, experience and background, etc. of the candidate

21. Review of the following information:

(a) Management discussion and analysis of financial condition and results of operations;

(b) Management letters / letters of internal control weaknesses issued by the statutory auditors;

(c) Internal audit reports relating to internal control weaknesses;

(d) The appointment, removal and terms of remuneration of the Chief Internal Auditor;

(e) Statement of deviations:

22. Quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1) of the Listing Regulations.

23. Annual statement of funds utilized for purposes other than those stated in the offer document/ prospectus in terms of Regulation 32(7) of the Listing Regulations.

24. Carrying out any other function as may be referred to the Committee by the Board. xxii. Authority to review / investigate into any matter covered by Section 177 of the Companies Act, 2013 and matters specified in Part C of Schedule II of the Listing Regulations.

25. Authority to review / investigate into any matter covered by Section 177 of the Companies Act, 2013 and matters specified in Part C of Schedule II of the Listing Regulations.

During the financial year 2021-22, (4) four meetings of the Audit Committee were held on the 30.06.2021, 13.08.2021, 13.11.2021 and 12.02.2022.

The details of the composition of the Committee and attendance of the members at the meetings are given below:

Name	Designation	Category	No. of Meetings held	No. of meetings attended
Mr. M. Nageswara Rao	Chairman	NED(I)	4	4
Mr. Thomos P. Nicodemus	Member	NED(I)	4	4
Mr. R. Krishna Mohan	Member	ED	4	4

NED (I): Non-Executive Independent director

ED: Executive director

During the year, all recommendations of Audit Committee were approved by the Board of Directors.

(II). NOMINATION AND REMUNERATION COMMITTEE

The Nomination and Remuneration Committee

('NRC') functions in accordance with Section 178 of the Act, and its Charter adopted by the Board.

Brief Description of Terms of Reference:

1. 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 a balance between the interest of the Company and the Shareholders.

2. 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.

3. To carry out evaluation of every Director's performance.

4. 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.

5. For every appointment of an independent director, the Nomination and Remuneration Committee shall evaluate the balance of skills, knowledge and experience on the Board and on the basis of such evaluation, prepare a description of the role and capabilities required of an independent director. The person recommended to the Board for appointment as an independent director shall have the capabilities identified in such description. For the purpose of identifying suitable candidates, the Committee may:

a. use the services of an external agencies, if required;

b. consider candidates from a wide range of backgrounds, having due regard to diversity; and

c. consider the time commitments of the candidates.

6. To formulate the criteria for evaluation of Independent Directors and the Board.

7. To recommend/review remuneration of the Managing Director and Whole-time Director(s) based on their performance and defined assessment criteria.

8. Recommend to the board, all remuneration, in whatever form, payable to senior management.

9. devising a policy on diversity of board of directors;

10. whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors.

11. Recommend to the board, all remuneration, in whatever form, payable to senior management.

During the financial year 2021-22, (1) one meeting of the Nomination & Remuneration Committee meeting was held on 12.02.2022.

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

NED (I): Non-Executive Independent director

NED: Non-Executive director

Remuneration Policy:

The objectives of the remuneration policy are to motivate Directors to excel in their performance, recognize their contribution and retain talent in the organization and reward merit.

The remuneration levels are governed by industry pattern, qualifications and experience of the Directors, responsibilities shouldered and individual performance.

(III). STAKEHOLDERS RELATIONSHIP COMMITTEE

Terms of reference of the committee comprise of various matters provided under Regulation 20 of the Listing Regulations and section 178 of the Companies Act, 2013 which inter-alia include:

Brief description of terms of reference:

1. Resolving the grievances of the security holders of the Company including complaints related to transfer/ transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings etc;

2. Review of measures taken for effective exercise of voting rights by shareholders;

3. Review of adherence to the service standards adopted by the Company in respect of various services being rendered by the Registrar & Share Transfer Agent;

4. Review of the various measures and initiatives taken by the Company for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the company;

5. Such other matter as may be specified by the Board from time to time.

6. Authority to review / investigate into any matter covered by Section 178 of the Companies Act, 2013 and matters specified in Part D of Schedule II of the Listing Regulations.

During the financial year 2021-22, (1) one meeting of the Stakeholders and Relationship Committee meeting was held on 12.02.2022.

Name	Designation	Category	No. of Meetings held	No. of meetings attended
Mr. M. Nageswara Rao	Chairman	NED (I)	1	1
Mr. Thomos P. Nicodemus	Member	NED (I)	1	1
Mr. R. Krishna Mohan	Member	ED	1	1

NED (I): Non-Executive Independent director

ED: Executive director

24. VIGIL MECHANISM/WHISTLE BLOWER POLICY:

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

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

25. CORPORATE SOCIAL RESPONSIBILITY (CSR, COMPOSITION OF CSR COMMITTEE AND CONTENTS OF CSR POLICY):

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

26. PUBLIC DEPOSITS:

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.

27. SIGNIFICANT & MATERIAL ORDERS PASSED BY COURTS / REGULATORS / TRIBUNALS:

There are no significant and material orders passed by the regulators /courts that would impact the going concern status of the Company and its future operations.

28. DISCLOSURE OF ADEQUACY OF INTERNAL FINANCIAL CONTROLS:

The Internal Financial Controls with reference to financial statements as designed and implemented by the Company are adequate. The Company maintains appropriate system of internal control, including monitoring procedures, to ensure that all assets are safeguarded against loss from unauthorized use or disposition. Company policies, guidelines and procedures provide for adequate checks and balances, and are meant to ensure that all transactions are authorized, recorded and reported correctly.

During the period under review, there is no material or serious observations have been noticed for inefficiency or inadequacy of such controls.

Further, details of internal financial control and its adequacy are included in the Management Discussion and Analysis Report which is appended as Annexure IV and forms part of this Report.

29. INSURANCE:

The properties and assets of your Company are adequately insured.

30. CREDIT & GUARANTEE FACILITIES:

The Company has not availed credit and guarantee facilities.

31. RISK MANAGEMENT POLICY:

Business Risk Evaluation and Management is an ongoing process within the Organization. The Company has a robust risk management framework to identify, monitor and minimize risks and also to identify business opportunities. As a process, the risks associated with the business are identified and prioritized based on severity, likelihood and effectiveness of current detection. Such risks are reviewed by the senior management on a periodical basis.

32. SHARE CAPITAL:

The authorised share capital of the Company as on 31.03.2022 is Rs. 7,70,00,000/-divided into 77,00,000 equity shares of Rs.10/- each.

The paid-up share capital of the Company as on 31.03.2022 is Rs. 5,16,47,000/-divided into 51,64,700 equity shares of Rs.10/- each.

33. 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 is Not Applicable.

34. MANAGEMENT DISCUSSIONS AND ANALYSIS REPORT:

The Management Discussion and Analysis Report, pursuant to the SEBI (LODR) Regulation provides an overview of the affairs of the Company, its legal status and autonomy, business environment, mission & objectives, sectoral and operational performance, strengths, opportunities, constraints, strategy and risks and concerns, as well as human resource and internal control systems is appended as Annexure – 4 for information of the Members.

35. POLICIES:

The SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 mandated the formulation of certain policies for all listed companies. All the policies are available on our website www.cityonlines.com.

36. 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.

37. 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.

38. 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. No Complaints were pending at the beginning of the year or received during the year.

39. STATEMENT SHOWING THE NAMES OF THE TOP TEN EMPLOYEES IN TERMS OF REMUNERATION DRAWN AND THE NAME OF EVERY EMPLOYEE AS PER RULE 5(2) & (3) OF THE COMPANIES (APPOINTMENT & REMUNERATION) RULES, 2014:

A table containing the particulars in accordance with the provisions of Section 197(12) of the Act, read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is appended as Annexure 5 (a) to this Report.

A statement showing the names of the top ten employees in terms of remuneration drawn and the name of every employee is annexed to this Annual report as Annexure 5 (b).

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.

40. 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, Mr. Ch. Harinath, Whole time Director and R. Krishna Mohan, Whole time Director of the Company to the median remuneration of the employees is 5.96:1, 5.77:1 and 5.77:1 respectively.

41. 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, 2018. 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).

42. 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 criteria for performance evaluation covers the areas relevant to the functioning of the Board and Board Committees such as its composition, oversight and effectiveness, performance, skills and structure etc.

43. SECRETARIAL STANDARDS:

The Company is in compliance with the applicable secretarial standards.

44. EVENT BASED DISCLOSURES:

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

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

45. DEVIATIONS, IF ANY OBSERVED ON FUNDS RAISED THROUGH PUBLIC ISSUE, PREFERENTIAL ISSUE ETC:

During the year under review, company has not raised any funds from public or through preferential allotment.

46. 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.

Mrs. S. Naga Durga, Non-Executive Director of the Company holds 40,000 Equity Shares of the Company.

47. CORPORATE INSOLVENCY RESOLUTION PROCESS INITIATED UNDER THE INSOLVENCY AND BANKRUPTCY CODE, 2016 (IBC):

There is no application filed for corporate insolvency resolution process, by a financial or operational creditor or by the company itself under the IBC before the NCLT.

48. DETAILS OF APPLICATION MADE OR PROCEEDING PENDING UNDER INSOLVENCY AND BANKRUPTCY CODE, 2016:

During the year under review, there were no applications made or proceedings pending in the name of the Company under Insolvency and Bankruptcy Code, 2016.

49. DETAILS OF DIFFERENCE BETWEEN VALUATION AMOUNT ON ONE TIME SETTLEMENT AND VALUATION WHILE AVAILING LOAN FROM BANKS AND FINANCIAL INSTITUTIONS:

During the year under review, there has been no one time settlement of loans taken from banks and financial institutions.

50. 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 for their continued support for the growth of the Company.

For and on behalf of the Board
City Online Services Limited

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

Place: Hyderabad
Date: 06.09.2022

ANNEXURE – 1

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 Rule5 of the Companies (Accounts) Rules, 2014)

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

   City Online Media Private Limited

2. Reporting Period: 01.04.2021 to 31.03.2022

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	(43,24,066)	(86,33,281)
3.	Total Assets	13,65,523	1,09,36,754)
4.	Total Liabilities	13,65,523	1,09,36,754
5.	Investments	0	0
6.	Turnover (Income)	9,22,150	52,75,494
7.	Profit / loss before Taxation	(13,45,837)	(64,86,503)
8.	Provision for Taxation	2,52,410	63,680
9.	Profit / loss after Taxation	(15,98,247)	(65,50,183)
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

The Shareholders in its AGM held on 28.09.2021 has passed a resolution to Sale/transfer 100% Equity shares/assets of City Online Media Private Limited, a wholly owned ceased to be subsidiary of the Company. Accordingly, the transfer of shares have been completed and City Online Media Private Limited, a wholly owned subsidiary of the Company w.e.f. 12.08.2022.

ANNEXURE – 2

FORM MR-3

SECRETARIAL AUDIT REPORT

(Pursuant to section 204(1) of the Companies Act, 2013 and

Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2022

To,

The Members

City Online Services Limited

We have conducted the secretarial 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, Minutes 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, 2021 and ended 31st March, 2022 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made herein after:

1. We have examined the books, papers, minutes book, forms and returns filed and other records maintained by the Company for the financial year ended on 31st of March, 2022 according to the provisions of: 84(i) The Companies Act, 2013 (the Act) and the rules made there under;

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made there under;

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment (FDI), Overseas Direct Investment and External Commercial Borrowings;

2. Compliance status in respect of the provisions of the following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI ACT') is furnished hereunder for the financial year 2021-22: -

i. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011; Complied with yearly and event-based disclosures, wherever applicable.

ii. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 and Amended Regulations 2018 Insider Trading Regulations; The Company has framed code of conduct for regulating & reporting trading by insiders and for fair disclosure and displayed the same on the Company's website i.e., www.cityonlines.com

iii. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018; Not Applicable as the company has not issued any shares during the year under review.

iv. The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021; 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/ The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021; 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, 2009/2021; 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, 2018; 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:

a) The Code on Wages, 2019

b) The Code on Industrial Relations, 2020

c) The Code on Social Security, 2020

d) The Occupational Safety, Health and Working Conditions Code,2020

e) Shops and Establishment Act, 1948

f) The Water (Prevention & Control of Pollution) Act, 1974, Read with Water (Prevention & Control of Pollution) Rules, 1975

g) The Air (Prevention and Control of Pollution) Act, 1981

h) The Water (Prevention & Control of Pollution) Act, 1974, Read with Water (Prevention & Control of Pollution) Rules, 1975 and

i) Hazardous Wastes (Management, Handling and Transboundary Movement) Rules, 2008

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

(i) Secretarial Standards issued by The Institute of Company Secretaries of India.

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

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

a) During the year the Company has conducted 5 meetings of the Board of Directors, 4 meetings of the Audit committee, 1 Meeting of Stakeholder Relationship Committee and 1 meeting of Nomination and Remuneration Committee Meeting and 1meeting of Independent Directors. We have also examined compliance with the applicable clauses of the Secretarial Standards issued by the Institute of Company secretaries of India.

b) As per the information and explanations provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we report that

(i) the provisions of the Foreign Exchange Management Act, 1999 and the Rules and Regulations made there under to the extent of:

- External Commercial Borrowings were not attracted to the Company under the financial year under report;
- Foreign Direct Investment (FDI) was not attracted to the company under the financial year under report;
- Overseas Direct Investment by Residents in Joint Venture/Wholly Owned Subsidiary abroad was not attracted to the company under the financial year under report.

(ii) As per the information and explanations provided by the company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, we report that the Company has not made any GDRs/ADRs or any Commercial Instrument under the financial year under report.

We further report that:

- The website of the Company contains policies as specified by SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 and the provisions of Companies Act, 2013.
- The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. There was no change in the composition of the Board of Directors during the period under review and the same was carried out in compliance with the provisions of the Act.
- 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 of the meeting, 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 has 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 Sharma Kumar & Associates
Company Secretaries

Sd/-
Shashank Kumar
(Proprietor)
M. no. 53301, C.P. No. 19693
UDIN: A053301D000923412
Peer Review Cer. No.: 2617/2022

Place : Ghaziabad
Date : 06.09.2022

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 record 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 Sharma Kumar & Associates
Company Secretaries

Sd/-
Shashank Kumar
(Proprietor)
M. no. 53301, C.P. No. 19693
UDIN: A053301D000923412
Peer Review Cer. No.: 2617/2022

Place : Ghaziabad
Date : 06.09.2022

ANNEXURE – 4

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

This Management Discussion and Analysis Report addresses the expectations and Projections of the company for its future, about its Product Development, Market Position, Market Development and Penetration, Expenditure, Financial Results, Risks and Concerns etc. However, the expectations shared herein are not limited to the Company's Growth. The Company's actual results, performance or achievements could differ from those shared herein. The effect of corona virus continued in the financial of 2021-2022 also though the impact was less than the previous years , Hospitality and Educational sectors started picking up from septemeber 2021, though initially it was very slow . However in 2022 its started becoming normal. Our business in this two segments was about 50% before virus started , which was badly effected . During the virus started recovering ,but it was slow because in every sector the

companies started cost cutting and also due to work from home and conferences via vedio conferences the business was less. Later in the second half of the 2022 started pricking up. Their was also huge drop in both purchase and sale of bandwidth prices , as a result of it the increase in turnover is effected . However our company is taking steps to increase the volume of business so that turnovers can be made up in the coming financial year.

OUTLOOK:

In the coming financial year the usage of internet bandwidth is likely to increase due to demand in entertainment sector as OTT platform is taking over Cable TV, DTH, etc. According to market survey the share of OTT business in cities is 50% of the Cable TV business. This is likely to increase further in the coming months, as OTT platform runs on internet bandwidth our business share is likely to increase and we are also in the process of giving OTT services to our Broadband customers. The other corporate segments business is also likely to increase because state governments are putting pressure on the companies to start working from offices.

MATERIAL DEVELOPMENTS IN HUMAN RESOURCES/INDUSTRIAL RELATIONS FRONT, INCLUDING NUMBER OF PEOPLE EMPLOYED:

The Company recognizes that its people have played a big role in making what the Company is today and therefore it accords top priority to attract and retain talent. The Company puts great emphasis on training and development of its employees to enhance efficiency. The Company believes in providing a fair compensation in line with industry norms and rewards them for good

performance. The Company has 27 permanent employees as on 31.03.2022.

RISK AND CONCERNS:

An effective risk management framework enhances the organization& #39;s ability to proactively address its risks and opportunities by determining a risk mitigation strategy and monitoring its progress on continuous basis.

Our risk management framework is intended to ensure that risks are identified in a timely manner. We have implemented an integrated risk management framework to identify, assess, prioritize, manage/mitigate, monitor and communicate the risk across the county.

Senior management personnel meet at regular intervals to identify various risks, assess, and prioritize the risks. After due deliberations, appropriate strategies are made for managing/mitigating the risks. The company takes the help of independent professional firms to review the risk management structure and implementation of risk management policies. Audit Committee on a quarterly basis, review the adequacy and effectiveness of the risk management strategies, implementation of risk management/mitigation policies, It advises the board on matters of significant concerns for redressal.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY:

The system of internal control has been established to provide reasonable assurance of safeguarding assets and maintenance of proper Accounting Records and its accuracy. The business risks and its control procedures are reviewed frequently. Systems audit is also conducted regularly to review the systems with respect to Security and its Adequacy. Reports are prepared and circulated to Senior Management and action taken to strengthen controls where necessary.

OPPORTUNITIES AND THREATS:

Continued changes in the federal tax structure influence the fundamentals of the business. The Regulatory environment in the Consumer Goods industry continues to evolve with newer Health & Safety norms in the works. While some regulatory changes create new business opportunities, others come with significant costs and business restrictions.

SEGMENT–WISE OR PRODUCT-WISE PERFORMANCE:

Segment wise reporting is explained under note 2.24 & 2.28 of the standalone and consolidated financial statements of the Company respectively.

DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE:

The macro-economic environment for the year under review was particularly challenging, marked by deceleration in economic activity accentuated by a sharp decline in consumption. Operations of all businesses were impacted towards the close of the year as the pandemic gained momentum.

However, during fiscal 2021-22, the company recorded Consolidated Revenue from Operations of Rs. 979.87 compared to Rs. 933.91 in fiscal 2020-21

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:

RATIOS:

Particulars	2021-22	2020-21	Remarks
Debtors turnover ratio	10.62	3.66	FY 2020-21 impacted by covid-19, resulting variation of Debtors turnover due to delayed payments by customers, in Fy 2021-22 collections improved .
Inventory turnover ratio	NA	NA	NA , Service Industry
Interest coverage ratio	NA	NA	NA , No Long Term Debt
Current ratio	-0.54	0.88	NIL
Debt equity ratio	NA	NA	NA, No Long Term Debt
Operating profit margin (%)	12%	(23%)	FY 2020-21 impacted by covid-19 , resulting variation of operating profit margin m in FY 2021-22 its improved
Net profit margin (%)	(6.91)	(10%)	FY 2020-21 impacted by covid-19 , resulting variation of Net Loss margin in FY 2021-22 Net loss reduced .
Return on Net worth	NIL	NIL	Incurred net loss (Negative Return)

Disclosure of Accounting Treatment:

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

Note: Turnover was reduced because the food business was shifted to Subsidiary Company.

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.

For and on behalf of the Board
City Online Services Limited

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

Place: Hyderabad
Date: 06.09.2022

Annexure – 5(a)

STATEMENT SHOWING THE NAMES OF TOP TEN EMPLOYEES PURSUANT TO SEC. 197 READ WITH RULE 5 (1) (2) and (3) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

1. The ratio of remuneration to each director to the median remuneration of the employees of the company for the financial year.

Director	Total Remuneration (in rupees)	Ratio to median remuneration
S. Raghava Rao	16,20,000	5.96:1
Ch. Harinath	15,60,000	5.77:1
R. Krishna Mohan	15,60,000	5.77:1

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

Name	Designation	Remuneration (in rupees)		Increase/(Decrease) %
		FY 2021-22	FY 2020-21	
NIL	NIL	NIL	NIL	NIL

3. The percentage increase in the median remuneration of employees in the financial year

Particulars	Remuneration		Increase/(Decrease)%
	FY 2021-22	FY 2020-21	
Median Remuneration of all the employees per annum*	3,12,000	2,40,000	34%
**Employees who have served for whole of the respective financial years have been considered.*			

4.

Particulars	Number
The number of employees on the rolls of the company as on March 31, 2022	30

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 nay exceptional circumstances for increase in the managerial remuneration

Particulars	Increase/(Decrease) %
Average percentage increase in the remuneration of all Employees* (Other than Key Managerial Personnel)	34%
Average Percentage increase in the Remuneration of Key Managerial Personnel	NIL
**Employees who have served for whole of the respective financial years have been considered.*	

6. Affirmation that the remuneration is as per the remuneration policy of the company.

The Company is in compliance with its remuneration policy.

ANNEXURE 5b

List of Top 10 Employees * In terms of Remuneration drawn as per Rule 5(3) of the Companies (Appointment and Remuneration of Management personnel) Rules 2014:

S.no	Name of the Employee	Remuneration received	Designation of the employee	Nature of employment whether contractual or otherwise	Qualification and experience of the employee	Date of the commencement of employment	The age of Employee	The last employment held by such employee before joining the Company	The percentage of equity shares held by the employee in the Company within the meaning of clause (iii) of sub rule (2) of Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules,2014	Whether any such employee is a relative of any director or manager of the Company and if so name of such director or manager
1	S. Jagan Mohan Rao	88647	Branch Incharge	Permanent	DECE/ 21	05/06/2001	54	NIL	NIL	NIL
2	Girish Kumar U.J	53000	Sr. Network Admin	Permanent	BCA/16	01/04/2006	41	NIL	NIL	NIL
3	Shaik Shaukath Ali Ansari	48000	Sr. Network Admin	Permanent	MBA/1	26/07/2021	38	NIL	NIL	NIL
4	Sunil Varma Vanapala	43000	Sr. Network Admin	Permanenl	B.Tech/8	02/02/2015	31	NIL	NIL	NIL
5	Vijaya laxmi A	41200	HR & Finance Manager	Permanenl	M.Com & MBA/12	10/12/2010	39	NIL	NIL	NIL
6	P. Satya Satish	41200	Network Admin	Permanenl	B.Com/16	15/06/2006	43	NIL	NIL	NIL
7	Muktha Bai G	32000	Admin officer	Permanent	BA/18	09/04/2004	42	NIL	NIL	NIL
8	Santhosh S	32000	Sr. Network Admin	Permanent	BCA/12	22/01/2010	35	NIL	NIL	NIL
9	Naveen Katakam	31988	Marketing Manager	Permanent	MBA/9	13/06/2013	36	NIL	NIL	NIL
10	Dinesh G.S.S	24000	RF Engineer	Permanent	B.Com/8	22/01/2015	28	NIL	NIL	NIL

CERTIFICATE OF CODE OF CONDUCT FOR THE YEAR 2021-22

The shareholders,

Code of Conduct

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 2021-22 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 2021-22.

For and on behalf of the Board
City Online Services Limited

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

Place: Hyderabad
Date: 06.09.2022

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF CITY ONLINE SERVICES LIMITED

Report on the Audit of the Standalone financial statements

Opinion

We have audited the accompanying Standalone financial statements of City Online Services Limited ("the Company") which comprise the Balance Sheet as at 31 March 2022, the Statement of Profit & Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year ended on that date, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the Standalone financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone 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 Standards prescribed under Section 133 of the Act read with Companies (Indian Accounting Standards) Rules 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March,2022, the profit and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of Standalone financial statements 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 Standalone financial statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ("ICAI") together with the independence requirements that are relevant to our audit of the Standalone financial statements under the provisions of the Companies Act, 2013 and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on Standalone financial statements.

Emphasis of Matter

1. We draw attention to the Note no 18 of the financial statements wherein the Company incurred a net Loss before tax of Rs.82.90 Lakhs for the year ended 31st March 2022 (net loss before tax of Rs.111.94 Lakhs as on 31st March 2021) and the company is having a negative net-worth of

Rs.79.85 Lakhs as on 31st March 2022 (Positive net-worth of Rs.11.56 Lakhs as on 31st March 2021).

The Management of the company has represented that in case of need, the promoters shall infuse the required capital/loan for furtherance of operations. Hence, the financial statements are prepared on going concern basis.

2. Note 12,14,19 & 24A, 23, 25(e) to the financial statements representing the balances under the head Trade Receivables, other bank balances, Borrowings, Trade payables and deposits from customer refundable as on balance sheet date are subject to confirmations and reconciliations and consequential adjustments, if any. The impact of the same on accounts cannot be ascertained.

3. Note 25(a) to the financial statements represents the balance amounting to Rs.251.73 Lakhs under the head "Other Current Liabilities" regarding "Statutory Liabilities" in the nature of TDS, GST are remaining unpaid as on the balance sheet date.

4. Note 28 to the financial statements comprises of creditors written back amounting to Rs.66.24 Lakhs under the head "Other Income" for which management approval is not provided.

Our Opinion on the financial statements is not modified in respect of above matters.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Standalone financial statements of the current period. We have determined that there are no Key audit matters to communicate in our report.

Information other than the Standalone financial statements and auditor's report thereon:

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 and Corporate Governance Report, 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 will 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

Standalone 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.

Responsibilities of Management for the Standalone Financial Statements

The Company's Board of Directors are 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, total comprehensive income, changes in equity and cash flows of the company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards ("IND AS") specified under section 133 of the Act.

The 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 Standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Standalone financial statements, the Board of Directors of the company are 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 of the company are responsible for overseeing the financial reporting process of the company.

Auditor's Responsibilities for the Audit of the Standalone financial statements

Our objectives are to obtain reasonable assurance about whether the Standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can

arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Standalone financial statements.

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

We also:

- Identify and assess the risks of material misstatement of the Standalone 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 responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

  If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Standalone financial statements, including the disclosures, and whether the Standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

  Materiality is the magnitude of misstatements in the Standalone financial

statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the Standalone financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the Standalone financial statements.

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 Standalone 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.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("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.

2. 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 aforesaid 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 31 March ,2022, taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2022 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 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 the requirements of Section 197(16) of the act, as amended:

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 has disclosed the impact of pending litigations in its financial position in its Standalone financial statements – Refer Note 25.02 to the Standalone financial statements;

(ii) The Company does not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;

(iii) There were no such amounts which were required to be transferred to the Investor Education and Protection Fund during the year ended 31st March 2022.

(iv) (a) The management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of

funds) by the company to or in any other person or entity, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediaries shall, whether, directly or indirectly lend or invest in other person or entity identified in any manner whatsoever ("Ultimate Beneficiaries") by or on behalf of the Company or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

(b) The management has represented that, to the best of its knowledge and belief, no funds have been received by the company from any person or entity, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the company shall, whether, directly or indirectly, lend or invest in other person or entity identified in any manner whatsoever ("Ultimate Beneficiaries") by or on behalf of the Funding Parties or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

(c) Based on the audit procedures that were considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (a) and (b) contain any material misstatement.

(v) There is no dividend declared or paid during the year by the Company as per the provisions of Section 123 of the Act.

For Laxminiwas & Co.
Charted accountants
Firm's Registration Number:011168S

Sd/-
Guha Roy Ashish Kumar
Partner
Membership Number:018659
UDIN: 22018659AKMSMR4067

Place: Hyderabad
Date: 30.05.2022

Annexure A to the Auditors' 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 Property, Plant and Equipment and Intangible Assets:

a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company is maintaining proper records showing full particulars including quantitative details and situation of property plant & equipment and intangible assets.

b) 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 carried out physical verification of all its property plant & equipment. In our opinion, the frequency of verification is reasonable considering the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.

c) According to the information and explanations given to us, we report that, there is no Immoveable property of Land and buildings which are freehold or leasehold held in the name of the company as of balance sheet date 31st March 2022. Therefore, the Clause 3(i)(c) of the Order is not applicable to the Company and hence not commented upon.

d) According to the information and explanations given to us and on the basis of our explanation of the company, the company has not revalued its property, plant and equipment or intangible assets or both during the year. Therefore, the clause 3(i)(d) of the order is not applicable to the company and hence not commented upon.

e) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there are no proceeding initiated or are pending against the company for holding any benami property under the Benami Transaction Prohibition Act 1988. Therefore, the Clause 3(i)(e) of the Order is not applicable to the Company and hence not commented upon.

(ii).

a) The inventory has been physically verified by the management and third party Auditor during the year. The discrepancies noticed on verification between the physical stocks and the book/records have been dealt properly within the books of accounts.

b) 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 not been sanctioned with any working capital from banks or financial institutions on the basis of security of current assets. Therefore, the Clause 3(ii)(b) of the Order is not applicable to the Company and hence not commented upon.

(iii). 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 not made any investments in, provided any guarantee or security to companies, firms, limited liability partnerships or any other parties during the year. The company has granted unsecured advances to companies during the year of which;

a) Based on the audit procedures carried on by us and as per the information and explanations given to us, the company has provided advances to the following

Particulars	Amount Rs.
Aggregate amount during the year	
-Related	3,30,122
-Others	-
Balance outstanding as at balance sheet date	
-Related	20,76,489
-Others	-

b) According to the information and explanations given to us and on the basis of our examination of the records, the company has not made any investments and not provided guarantees or security during the year.

In case of loans and advances, which are in the nature of loans, since there is no interest levied, therefore the terms and conditions of the grant of loans and advances are prejudicial to the company's interest;

c) The schedule of repayment of principal and payment of interest has not been stipulated.

d) According to the information and explanation given to us there is no repayment schedule, therefore, Accordingly the provision of Clause 3 (iii) (d) & (e) of the Order does not apply.

e) According to the information and explanations given to us and on the basis of our examination of the records, the company has granted any loans or advances in the nature of loans either repayable on demand or without specifying any terms or period of repayment to related parties as defined in clause (76) of section 2 of the Companies Act, 2013 as detailed below:

Particulars	Amount Rs.
Aggregate amount given during the year	
-Related	3,30,122
% of total loans granted	
-Total Loans	20,76,489
-Related	20,76,489
- % of Total Loans	100%

(iv). In our opinion and 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 complied with the provisions of section 185 and 186 of the Act, with respect to the loans and investments made.

(v). 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 not accepted any deposits during the year and does not have any unclaimed deposits as at 31st March, 2022 and therefore the provisions of the clause 3 (v) of the order are not applicable to the company.

(vi). According to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under section 148(1) of the Act, in respect of the services rendered by the Company. Therefore, the 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) The company has generally been regular in depositing undisputed statutory dues including Provident Fund, Employees' State Insurance, Income tax, Customs duty, Goods and Service Tax, Cess and other material statutory dues applicable to it with the appropriate authorities,

There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, Goods and Service tax, Customs Duty, Cess and other material statutory dues in arrears as at 31 March, 2022 for a period of more than six months from the date they became payable.

b) There were no statutory dues which have not been deposited as at March 31, 2022 on account of any disputes.

(viii). According to the information and explanations given to us and on the basis of our examination of the records, the company has not surrendered or disclosed any transaction, previously unrecorded in the books of account, in the tax assessments under the Income Tax Act, 1961 as income during the year. Accordingly, the requirement to report on Clause 3 (viii) of the Order is not applicable to the Company.

(ix). The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) however company has taken term loans during the year, according to the information and explanation given to us, the money raised by way of term loans were applied for the purpose for which it was raised.

a) Company has not defaulted in repayment of loans or other borrowings or in the payment of interest thereon to a lender

b) According to the information and explanations given to us, the company has not been declared willful defaulter by any bank or financial institution or any other lenders. Therefore, the Clause (viii)(b) of the Order is not applicable to the Company and hence not commented upon.

c) According to the information and explanations given to us and on the basis of the examination of records of the company, the term loans were applied for the purpose for which the loans were obtained.

d) According to the information and explanations given to us and on the basis of the examination of records of the company, no funds raised on short term basis have been utilized for long term purposes.

e) According to the information and explanations given to us and on the basis of the examination of records of the company, the company has not taken any funds from any entity or a person on account of or to meet the obligations of its subsidiaries, Associates or Joint ventures.

f) According to the information and explanations given to us and on the basis of the examination of records of the company, the company has not raised loans during the quarter on the pledge of the securities held in its subsidiaries, Joint ventures or Associate companies.

(x).

a) According to the information and explanations given to us and on the basis of the examination of records of the company, no money was raised by the way of initial public offer or further public offer (including debt instruments) and hence not commented upon.

b) According to the information and explanations given to us, the company has not made any preferential allotment or private placement of shares or convertible debentures (fully, partially optionally convertible) during the year. Accordingly, Clause (x)(a) of the Order is not applicable and hence not commented upon.

(xi).

a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, based upon the audit procedures performed for the purpose of reporting the true and fair view of the Financial Statements and according to the information and explanations provided by the management, we report that no fraud by the Company or no material fraud on the Company by the officers and employees of the Company has been noticed or reported during the year. Accordingly, Clause (xi)(a) & (b) of the Order is not applicable and hence not commented upon.

b) According to the information and explanations given to us, there were no whistle-blower complaints in the company. Therefore, the Para 3 (xi) (c) of the Order is not applicable to the Company and hence not commented upon.

(xii). According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company is not Nidhi Company. Therefore, Clause (xii) (a), (b) and (c) of the Order is not applicable to the Company.

(xiii). According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards. Accordingly, Clause (xiii) of the Order is not

applicable and hence not commented upon.

(xiv).

a) According to the information and explanations given to us and based on our examination of the records of the company, the company has an internal audit system commensurate with the size and nature of its business.

b) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations provided by the management, we considered the reports of the Internal Auditors for the period under audit.

(xv). According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, Clause (xv) of the Order is not applicable and hence not commented upon.

(xvi).

a) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not required to registered under section 45-IA of the Reserve Bank of India Act 1934. Accordingly, Clause 3 (xvi)(a) of the order is not applicable.

b) 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 not conducted any Non- Banking Financial or Housing Finance activities. Accordingly, Clause 3(xvi)(b) of the Order is not applicable.

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 is not a core investment company. Accordingly, Clause 3(xvi)(c) of the Order is not applicable and hence not commented upon.

d) According to the information and explanations given to us and on the basis of our examination of the records of the company, neither the company nor its group of company is a core investment company. Accordingly, Clause 3(xvi)(d) of the Order is not applicable and hence not commented upon.

(xvii). 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 not incurred any cash losses in the financial year and in the immediately preceding financial year. Accordingly, Clause 3 (xvii) of the Order is not applicable and hence not commented upon.

(xviii). According to the information and explanations given to us and on the basis of our examination of the records of the Company, there has been no resignation of the statutory auditors during the year. Accordingly, Clause 3 (xviii) of the Order is not applicable and hence not commented upon.

(xix). According to the information and explanations given to us and on the basis of our examination of the records of the Company, on the basis of financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements, there are no material uncertainty exists as on the date of audit report. The Company is capable of meeting its liabilities existing on the date of balance sheet.

(xx). According to the information and explanation provided to us and based on the examination of records of the company. The company is not subjected to compliance requirement with respect to section 135 of The Companies Act, 2013. Therefore, the Clause (xx) (a) & (b) of the Order is not applicable to the Company and hence not commented upon.

(xxi). There have been no qualifications or adverse remarks by the respective auditors in the Companies (Auditor's Report) Order (CARO) reports of the companies included in the consolidated financial statements. Accordingly, reporting under Clause 3(xxi) of the Order is not applicable for the year.

For Laxminiwas & Co.
Charted accountants
Firm's Registration Number:011168S

Sd/-
Guha Roy Ashish Kumar
Partner
Membership Number:018659
UDIN: 22018659AKMSMR4067

Place: Hyderabad
Date: 30.05.2022

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 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 2022 in conjunction with our audit of the Standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Board of directors of 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 prescribed under section 143(10) of the Companies Act, 2013, 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.

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 Standalone 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 Standalone financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that

(1) Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;

(2) Provide reasonable assurance that transactions are recorded as necessary to permit preparation of Standalone 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 Standalone financial statements.

Limitations of Internal Financial Controls over Financial Reporting

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

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

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2022, 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.
Charted accountants
Firm's Registration Number:011168S

Sd/-
Guha Roy Ashish Kumar
Partner
Membership Number:018659
UDIN: 22018659AKMSMR4067

Place: Hyderabad
Date: 30.05.2022

CITY ONLINE SERVICES LIMITED

Balance Sheet as at March 31, 2022

(All amounts in Indian Rupees, unless otherwise stated)

	Particulars	Note	As at March 31, 2022	As at March 31, 2021
A	**ASSETS**			
1	**Non-Current Assets**			
	(a) Property, plant and equipment	3	2,13,63,695	2,54,87,304
	(b) Intangible assets	4	0	19,286
	(c) Right of use of Asset	5	13,62,374	15,71,836
	(d) Financial Assets			
	- Investments	6	4,80,768	4,80,768
	- Other non-current assets	7	25,66,905	22,22,333
	(e) Deferred tax assets [Net]	8	1,24,24,895	1,02,12,082
	(f) Other non-current assets	9	-0	-
	Total Non-Current Assets [A]		**3,81,98,637**	**3,99,93,610**
2	**Current Assets**			
	(a) Inventories	10	-	-
	(b) Financial Assets			
	- Loans and Advances	11	20,76,489	25,87,147
	- Trade receivables	12	1,96,13,689	2,23,06,905
	- Cash and cash equivalents	13	34,391	6,64,664
	- Other Bank balances	14	1,21,52,795	1,16,49,420
	- Other financial current assets	15	7,40,588	3,39,050
	(c) Other current assets	16	1,11,48,052	88,87,245
	Total Current Assets [B]		**4,57,61,770**	**4,64,34,432**
	TOTAL ASSETS [A+B]		**8,39,60,407**	**8,64,28,042**
B	**EQUITY AND LIABILITIES**			
1	**Equity**			
	(a) Equity Share Capital	17	5,16,47,000	5,16,47,000
	(b) Other Equity	18	-5,65,68,123	-5,04,90,794
	Total Equity [A]		**-49,21,123**	**11,56,206**
2	**Non-Current Liabilities**			
	(a) Financial Liabilities			
	- Borrowings	19	13,09,886	9,67,125
	-Lease liability	20	12,46,556	17,78,485
	(b) Provisions	21	18,88,910	22,96,401
	Total Non-Current Liabilities [B]		**44,45,353**	**50,42,011**
3	**Current Liabilities**			
	(a) Financial Liabilities			
	- Borrowings	22	1,17,83,361	1,95,79,493
	- Trade payables	23	4,11,62,587	3,39,61,646
	-Provisions	24	5,16,575	7,31,263
	-Other current liabilities	24A	12,59,279	-
	(b) Other current liabilities	25	2,97,14,376	2,59,57,422
	Total Current Liabilities [C]		**8,44,36,178**	**8,02,29,824**
	TOTAL EQUITY AND LIABILITIES [A+B+C]		**8,39,60,407**	**8,64,28,042**
	Corporate information	1		
	Summary of significant accounting policies	2		
	Accompanying notes forming an integral part of the financial statements			

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 May, 2022

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
Whole time director & CFO
DIN: 01678152

Statement of Profit and Loss for the year ended March 31, 2022
(All amounts in Indian Rupees, unless otherwise stated)

	Particulars	Note	For the period ended March 31, 2022	For the period ended March 31, 2021
I	**REVENUE**			
	Revenue from Operations [Gross]	26	8,63,06,679	8,12,67,034
	Other Operating Income	27	11,02,050	16,42,596
	Total Revenue from Operations		**8,74,08,729**	**8,29,09,630**
	Other Income	28	1,05,78,022	1,04,81,786
	TOTAL REVENUE [I]		**9,79,86,751**	**9,33,91,416**
II	**EXPENSES**			
	Employee benefit expenses	29	2,27,83,375	2,31,12,255
	Finance costs	30	15,74,396	38,35,630
	Depreciation and amortization expense	3, 4 & 5	52,80,712	51,63,773
	Bandwidth expenses	31	6,50,66,033	5,95,27,309
	Other expenses	32	1,15,72,374	1,29,46,323
	TOTAL EXPENSES [II]		**10,62,76,891**	**10,45,85,291**
III	**Profit/(Loss) Before Tax**		**-82,90,140**	**-1,11,93,875**
IV	**Tax Expense:**			
	- Current tax	33		-
	- Deferred tax	33	-22,12,812	41,76,551
V	**Profit/(Loss) for the period**		**-60,77,328**	**-1,53,70,426**
VI	**Other Comprehensive Income**			
	Items that will not be reclassified to profit or loss			
	- Remeasurements of post-employment benefit obligations		29,675	7,738
	- Remeasurements of financial assets			31,141
	- Recognition of borrowings using effective interest rate			-
	Other comprehensive income for the year, net of tax		**-60,47,653**	**-1,53,31,548**
VII	**Earnings per equity share Rs. 10/- each fully paid**			
	- Basic	39	-1.17	-2.97
	- Diluted	39	-1.17	-2.97
	Corporate information	1		
	Summary of significant accounting policies	2		
	Accompanying notes forming an integral part of the financial statements			

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 May, 2022

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
Whole time director & CFO
DIN: 01678152

Standalone Cash Flow Statement for the year ended March 31, 2022
(All amounts in Indian Rupees, unless otherwise stated)

Particulars	Note	Year Ended March 31,2022		Year ended March 31, 2021	
A. Cash flow from operating activities					
Profit / (Loss) before tax		**-91,41,386**		**-1,11,93,875**	
Adjustments:					
Depreciation and amortisation		52,80,712		51,63,773	
Interest expense		15,74,396		38,35,630	
Write Back of Liabilities		-66,24,185		-65,44,981	
Interest on lease liability		50,974		1,72,763	
Capital Reserve		-		44,51,330	
Remeasurement of post employee benefits		29,675		7,738	
Remeasurements of financial assets		-		31,141	
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		-24,98,600		-2,41,144	
Interest income		-4,60,483	-1,17,88,896	-1,88,383	-45,06,008
Cash generated before working capital changes			**-1,17,88,896**		**-45,06,008**
Increase/(Decrease) in trade payables		72,00,941		57,76,942	
Increase/(Decrease) in other current liabilities		37,56,953		4,62,286	
Increase/(Decrease) in Other current financial liabilities		12,59,279			
Increase/(Decrease) in Short term provisions		89,08,097		5,57,406	
Increase/(Decrease) in long term provisions		-4,07,491		-42,728	
(Increase)/Decrease in inventories		-		1,10,86,296	
(Increase)/Decrease in short term loans and advances		5,10,658		56,81,022	
(Increase)/Decrease in trade receivables		27,32,711		90,60,657	
(Increase)/Decrease in other non-current financial assets		-3,44,572		-	
(Increase)/Decrease in other Bank Balances		-5,03,375			
(Increase)/Decrease in other non current assets		-0		19,520	
(Increase)/Decrease in other current financial assets		-4,01,538		7,02,655	
(Increase)/Decrease in other current assets		-22,60,806	2,04,50,857	-37,87,621	2,95,16,435
Cash generated from operations			**86,61,961**		**2,50,10,427**
Direct taxes refund/ (paid)			8,51,245		-
Net cash flow from operating activities (A)			**95,13,206**		**2,50,10,427**
B. Cash flows from investing activities					
Purchase / (Proceeds) of property, plant and equipment, including intangible assets		-9,28,356		-1,70,31,283	
Investment in bank deposits		3,44,572		-6,23,101	
Interest received		-		1,88,383	
Interest on capital from partnership firm					
Share of (profit)/loss from partnership firm					
Increase in non current investments			-5,83,785	1,297	-1,74,64,704
Net cash flow used in investing activities (B)			**-5,83,785**		**-1,74,64,704**
C. Cash flows from financing activities					
(Repayment)/Proceeds from long term borrowings		3,42,761		6,29,707	
Decrease in Share capital				-44,51,330	
Payment of Lease liability		-5,31,928		-15,86,964	
(Repayment) / Proceeds from working capital borrowings		-77,96,132		16,97,978	
Interest paid		-15,74,396	-95,59,696	-38,35,630	-75,46,238
Net cash flow used in financing activities (C)			**-95,59,696**		**-75,46,238**
D. Net Increase/(decrease) in cash and cash equivalents (A+B+C)			**-6,30,274**		**-516**
E. Cash and cash equivalents					
at the beginning of the year	13		6,64,664		6,65,180
at the end of the year			**34,391**		**6,64,664**
Components of cash and cash equivalents					
Balance with banks					
- In current accounts			4,234		53,868
- Deposits with maturity less than 3 months			-		5,03,375
Cash on hand			30,157		1,07,421
Less: Bank overdraft					-
Cash and cash equivalents at the end of the year			**34,391**		**6,64,664**
Corporate information	1				
Summary of significant accounting policies	2				
Accompanying notes forming an integral part of the financial statements					

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

As per our report on even date

for LAXMINIWAS & CO
Chartered Accountants
Firm's Registration Number:011168 S

Guharoy Ashish Kumar
Partner
Membership No. 018659

Place: Hyderabad
Date: 30th May, 2022

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
Whole time director & CFO
DIN: 01678152

Notes to financial statements for the year ended September 30, 2021
(All amounts in Indian Rupees, unless otherwise stated)

A. Equity Share Capital

Particulars	For the Period ended March 31, 2022	As at March 31, 2021
Equity shares of Rs. 10 each issued, subscribed and fully paid up		
Balance at the beginning of the reporting year	5,16,47,000	5,60,98,330
Changes in equity share capital during the year		
- Share Forfeiture balance transferred to Capital Reserve	-	-44,51,330
Balance at the end of the reporting year	**5,16,47,000**	**5,16,47,000**

B. Other Equity

Particulars	As at March 31, 2022	For the period ended March 31, 2021
Movement in other equity is as follows:		
I. Investment subsidy	**4,00,000**	**4,00,000**
II. Capital Reserve	**44,51,330**	**44,51,330**
II. Retained Earnings		
(i) Opening Balance	-5,53,42,125	-4,00,10,577
(ii) Profit/(Loss) for the year	-60,77,328	-1,53,70,426
(iii) Other comprehensive income		
- Remeasurement of Financial Instruments		31,140
- Remeasurement of Post Employee benefits		7,738
	-6,14,19,453	**-5,53,42,125**
Total	**-5,65,68,123**	**-5,04,90,795**

Note 3: Property, plant and equipment

Particulars	As at March 31, 2022	As at March 31, 2021
Plant & Machinery	1,75,05,858	2,00,15,340
Furniture and Fittings	3,16,517	3,66,191
Motor Vehicles	9,98,133	15,53,633
Computers and Data Processing Units	23,36,296	25,47,329
Office Equipment	2,06,891	10,04,810
Total	**2,13,63,695**	**2,54,87,304**

For the Period ended March 31,2022

Description of Assets	Plant & Machinery	Furniture and Fittings	Motor Vehicles	Computers and Data Processing Units	Office Equipment	Total
I. Gross Block						
Opening Balance	6,49,24,898	8,24,103	22,01,625	1,35,92,594	82,92,196	8,98,35,417
Additions						
Disposals						
Balance as at 31 March 2022	**6,49,24,898**	**8,24,103**	**22,01,625**	**1,35,92,594**	**82,92,196**	**8,98,35,417**
II. Accumulated Depreciation						
Opening Balance	4,49,09,558	4,57,912	6,47,992	1,10,34,265	71,79,986	6,42,29,713
Depreciation expense for the period	25,09,483	49,673	5,55,500	2,22,033	9,05,320	42,42,009
Eliminated on disposal of assets						
Balance as at 31 March 2022	**4,74,19,041**	**5,07,586**	**12,03,492**	**1,12,56,298**	**80,85,305**	**6,84,71,721**
III. Net Block [I-II]						
Carrying value as at March 31, 2022	**1,75,05,858**	**3,16,517**	**9,98,133**	**23,36,296**	**2,06,891**	**2,13,63,695**
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**

For the year 2021-22

Description of Assets	Plant & Machinery	Furniture and Fittings	Motor Vehicles	Computers and Data Processing Units	Office Equipment	Total
I. Gross Block						
Opening Balance	6,49,24,898	8,24,103	22,01,625	1,35,81,594	81,84,796	8,97,17,017
Additions	-	-	-	11,000	1,07,400	1,18,400
Disposals	-	-	-	-	-	-
Balance as at March 31, 2022	**6,49,24,898**	**8,24,103**	**22,01,625**	**1,35,92,594**	**82,92,196**	**8,98,35,417**
II. Accumulated Depreciation						
Opening Balance	4,49,09,558	4,57,912	6,47,992	1,10,34,265	71,79,986	6,42,29,713
Depreciation expense for the period	25,09,483	49,673	5,55,500	2,22,033	9,05,320	42,42,009
Eliminated on disposal of assets	-	-	-	-	-	-
Balance as at March 31, 2022	**4,74,19,041**	**5,07,586**	**12,03,492**	**1,12,56,298**	**80,85,305**	**6,84,71,721**
III. Net Block [I-II]						
Carrying value as at March 31, 2022	**1,75,05,858**	**3,16,517**	**9,98,133**	**23,36,296**	**2,06,891**	**2,13,63,695**
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**

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**

Note 4: Intangible Assets

Particulars	As at March 31, 2022	As at March 31, 2021
Computer Software	0	19,286
Total	**0**	**19,286**

For the Period ended March31,2022

Description of Assets	Computer Software
I. Gross Block	
Opening Balance	5,43,223
Additions	-
Disposals	-
Balance as at March 31, 2022	**5,43,223**
II. Accumulated Amortization	
Opening Balance	5,23,937
Amortization expense for the year	19,286
Eliminated on disposal of assets	-
Balance as at March 31, 2022	**5,43,223**
III. Net Block [I-II]	
Carrying value as at March 31, 2022	0
Carrying value as at March 31, 2021	**19,286**

For the Period ended Dec 31,2021

Description of Assets	Computer Software
I. Gross Block	
Opening Balance	5,43,223
Additions	-
Disposals	-
Balance as at December 31, 2021	**5,43,223**
II. Accumulated Amortization	
Opening Balance	5,23,937
Amortization expense for the year	19,286
Eliminated on disposal of assets	-
Balance as at December 31, 2021	**5,43,223**
III. Net Block [I-II]	
Carrying value as at March 31, 2021	**19,286**

For the year 2021-22

Description of Assets	Computer Software
I. Gross Block	
Opening Balance	5,43,223
Additions	-
Disposals	-
Balance as at March 31, 2022	**5,43,223**
II. Accumulated Amortization	
Opening Balance	5,23,937
Amortization expense for the year	19,286
Eliminated on disposal of assets	
Balance as at March 31, 2022	**5,43,223**
III. Net Block [I-II]	
Carrying value as at March 31, 2022	**0**
Carrying value as at March 31, 2021	**1,03,701**

For the year 2020-21

Description of Assets	Computer Software
I. Gross Block	
Opening Balance	4,90,594
Additions	52,629
Disposals	
Balance as at March 31, 2021	**5,43,223**
II. Accumulated Amortization	
Opening Balance	3,86,893
Amortization expense for the year	1,37,044
Eliminated on disposal of assets	-
Balance as at March 31, 2021	**5,23,937**
III. Net Block [I-II]	
Carrying value as at March 31, 2021	**19,286**
Carrying value as at March 31, 2020	**1,03,701**

Note 5: Right of use of Asset

Particulars	As at March 31, 2022	As at March 31, 2021
Right of use of Asset	29,75,042	29,40,396
Less: Effect of Lease Modification as per Ind As - 116	-5,93,250	
Less: Depreciation	-10,19,418	-13,68,560
Total	**13,62,374**	**15,71,836**

Note 6: Non-Current Investments

	Particulars	As at March 31, 2022	As at March 31, 2021
(i)	**Investments in equity instruments (fully paid-up)** ***Unquoted Investments***		
	Investment in Subsidiaries (Valued at cost)		
	- City Online Digital Private Limited [10,000 (**31.03.2020:** 10,000) equity shares of par value Rs. 10 each]	1,00,000	1,00,000
	- City Online Media Private Limited [10,000 (**31.03.2020:** 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	2,30,768
(b)	**Investments in government securities [valued at cost]**		
	National savings certificates **[Refer Note (i) below]**	50,000	50,000
	[5 Bonds (**31.03.2020:** Rs.50,000) of Rs. 10,000		
	Total investment in other non-current investments [B]	**2,80,768**	**2,80,768**
	Total [A+B]	**4,80,768**	**4,80,768**

Aggregate amount of unquoted investments	**2,50,000**	**4,80,768**
Investments carried at cost	**2,50,000**	**4,80,768**

Note 7: Other non-current assets

Particulars	As at March 31, 2022	As at March 31, 2021
Deposits		
- Rental Deposits (Net)	20,15,250	16,70,679
- Others	5,51,655	5,51,655
Total	**25,66,905**	**22,22,333**

Note 8: Deferred tax asset [Net]

Particulars	As at March 31, 2022	As at March 31, 2021
Deferred tax asset	**1,24,24,895**	**1,02,12,082**
Total	**1,24,24,895**	**1,02,12,082**

Note 9: Other non-current assets

Particulars	As at March 31, 2022	As at March 31, 2021
Prepaid expenses	-0	-
Total	-0	**-**

Note 10: Inventories

Particulars	As at March 31, 2022	As at March 31, 2021
Stock in trade	-	-
Total	**-**	**-**

Note 11: Current Loans

Particulars	As at March 31, 2022	As at March 31, 2021
Unsecured, considered good		
Loans and advances to related parties	20,76,489	25,87,147
Total	**20,76,489**	**25,87,147**

Note 12: Trade Receivables

Particulars	As at March 31, 2022	As at March 31, 2021
Unsecured, considered good		
Outstanding for a period exceeding six months	2,10,10,269	2,46,13,107
Others	-	-
Less: Provision for credit losses	-14,00,814	-23,06,202
Total	**1,96,09,455**	**2,23,06,905**

Note 13: Cash and cash equivalents

Particulars	As at March 31, 2022	As at March 31, 2021
Balance with banks		
- In current accounts	4,234	53,868
- Deposits with original maturity of less than 3 months		5,03,375
Cash on hand	30,157	1,07,421
Total	**34,391**	**6,64,664**

Note 14: Bank balances other than above

Particulars	As at March 31, 2022	As at March 31, 2021
On deposit accounts		
- Remaining maturity for less than 12 months	1,21,52,795	1,16,49,420
Total	**1,21,52,795**	**1,16,49,420**

Note 15: Other current assets

Particulars	As at March 31, 2022	As at March 31, 2021
Security Deposits		-
Interest accrued but not due	1,67,138	1,67,138
Loans to employees	5,73,450	1,71,912
Total	**7,40,588**	**3,39,050**

Note 16: Other current assets

Particulars	As at March 31, 2022	As at March 31, 2021
Prepaid(Current)	13,365	23,127
Advances to suppliers	-	-
Advance Income Tax	54,39,043	66,27,759
Other current assets		
- Statutory	54,06,164	22,17,284
- Others	2,89,480	19,075
Total	**1,11,48,052**	**88,87,245**

Note 17: Share Capital

Particulars	As at March 31, 2022		As at March 31, 2021	
	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	-	-	-	-
Total	**51,64,700**	**5,16,47,000**	**51,64,700**	**5,16,47,000**

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

Particulars	Opening Balance	Issued during the year	Bought back during the year	Closing Balance
Equity shares				
Year ended March 31, 2022				
- Number of shares	51,64,700	-	-	51,64,700
- Amount	**5,16,47,000**	**-**	**-**	**5,16,47,000**
Year ended March 31, 2021				
- 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, 2022		As at March 31, 2021	
	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.

Note 18: Other Equity

Particulars	As at March 31, 2022	As at March 31, 2021
Investment subsidy	4,00,000.00	400,000
Capital Reserve	44,51,330	4,451,330
Retained Earnings	-6,14,19,453	-55,342,124
Total	**-5,65,68,123**	**-50,490,794**

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, 2022	As at March 31, 2021
From Banks		
- Secured	1,45,150	-
- Unsecured	11,64,736	967,125
Total	**13,09,886**	**967,125**

Note 20: Leases

Particulars	As at March 31, 2022	As at March 31, 2021
Lease liability	12,46,556	1,778,485
	1246556.24	**1,778,485**

Note 21: Non-Current Provisions

Particulars	As at March 31, 2022	As at March 31, 2021
Provision for Employee Benefits		
- Gratuity	18,88,910	2,296,401
Total	**18,88,910**	**2,296,401**

Note 22: Current Borrowings

Particulars	As at March 31, 2022	As at March 31, 2021
From Banks		
- Secured	-	555,054
- Unsecured	2,00,000	2,014,081
Bank overdraft		
- Secured	1,08,81,704	17,010,359
Loans from related parties	7,01,657	-
Total	**1,17,83,361**	**19,579,493**

Note 23: Trade payables

Particulars	As at March 31, 2022	As at March 31, 2021
Creditors - Suppliers	3,40,72,793	30,730,442
Other Payables	70,89,794	3,231,204
Total	**4,11,62,587**	**33,961,646**

Note 24: Provision

Particulars	As at March 31, 2022	As at March 31, 2021
Provision for Employee benefits - Gratuity	59,125	82,512
Audit fees	4,57,450	648,750
Total	**5,16,575**	**731,262**

Note 24A: Other current financial liabilities

Particulars	As at March 31, 2022	As at March 31, 2021
Current maturities of borrowings - Non-Current		
From Banks		
- Secured	4,09,934	-
- Unsecured	8,49,345	-
Total	**12,59,279**	**-**

Note 25: Other Current Liabilities

Particulars	As at March 31, 2022	As at March 31, 2021
Statutory liabilities	2,51,73,872	18,820,309
Advance from customers	-	890,419
Others	13,10,147	2,141,850
Deposited From Franchise	23,500	23,500
Deposits from customers	32,06,857	2,712,031
Total	**2,97,14,376**	**24,588,108**

Note 26: Revenue from operations [Gross]

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Income from internet services	8,59,75,176	8,10,34,034
Income from VOIP services	-	-
Income from hardware sales	-	35,000
Income from Installation charges	3,31,503	1,98,000
Total	**8,63,06,679**	**8,12,67,034**

Note 27: Other Operating Income

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Miscellaneous income	11,02,050	16,42,596
Total	**11,02,050**	**16,42,596**

Note 28: Other Income

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Interest income on deposits	4,60,483	1,88,383
Profit on sale of property, plant & equipment	-	-
Excess provisions written back	24,98,600	2,41,144
Profit/Interest income:		
Interest income on rental deposits INDAS Adj	4,025	-
Write back of Trade Payables	66,24,185	65,44,981
Profit on modification of Lease	81,330	-
Suspense	-	
Others	9,09,399	35,07,278
Total	**1,05,78,022**	**1,04,81,786**

Note 29: Employee Benefit Expenses

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Salaries, allowances and wages	1,51,78,216	1,65,53,479
Director's remuneration	54,60,000	54,60,000
Contribution to provident and other funds	18,92,602	8,28,603
Staff welfare expenses	2,52,557	2,70,173
Total	**2,27,83,375**	**2,31,12,255**

Note 30: Finance Costs

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
- Working Capital	11,02,294	12,85,994
- Term Loan	2,68,170	2,70,159
- Interest on lease liability	50,974	1,72,763
Other borrowing costs	1,52,958	21,06,714
Total	**15,74,396**	**38,35,630**

Note 31: Bandwidth Expenses

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Bandwidth charges	5,41,98,903	4,78,26,319
Repairs and maintenance	32,81,696	20,64,176
Electricity	30,09,780	30,41,954
Rent networking	11,16,277	30,11,172
Cost of sales	-	-
Cable line expenses	28,52,705	23,93,213
Installation expenses	-	53,640
Last Mile Charges(Expenses)	3,78,876	9,33,126
Other operating expenses	2,27,796	2,03,710
Total	**6,50,66,033**	**5,95,27,309**

Note 32: Other Expenses

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Office Rent	38,37,548	25,15,203
Rates and taxes	7,11,451	4,79,440
Sales commission	21,73,968	19,22,806
Insurance	86,388	80,452
Auditors' remuneration (Including Provision):		
- Statutory audit	3,15,000	5,00,000
- Tax audit	-	50,000
- Fees for limited review	-	50,000
- Others	-	4,41,400
- Certification	-	40,000
Travelling and conveyance	10,04,075	11,04,371
Impairment Loss and Expected Credit Loss	-	-
Legal and professional charges	5,36,640	6,88,740
Advertisement expenses	-	1,44,479
Communication cost	6,39,099	6,53,675
Bad debts written off	3,81,577	20,566
Printing and stationery	74,577	1,36,577
Repairs and maintenance	13,70,752	33,98,659
Postage and courier	27,041	1,14,255
Net loss on foreign currency transaction and translation	-	
Share of loss from Partnership firm	-	
Miscellaneous expenses	4,14,259	6,05,701
Total	**1,15,72,374**	**1,29,46,323**

Note 33: Income Tax

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
(a) Major components of income tax expense:		
(i) Current Income Tax		
- Current income tax charge		-
- Adjustments in respect of current income tax of previous year		-
		-
(ii) Deferred Tax		
- Relating to origination/reversal of temporary differences	8,51,246	
		-
Income tax expense reported in the statement of profit or loss		**-**
(b) Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate:		
Profit/(Loss) before tax from continuing operations		
Indian tax rate		26%
Tax at the Indian tax rate		-
Effect of:		
Non-Deductible expenses for tax purposes		-
Tax exempt income		-
Income taxed at special rates		-
Others		-
Total Income Tax Expense	**-**	**-**

34. Contingent Liabilities:

i) Performance Guarantee:

Particulars	As at March 31, 2022	As at March 31, 2021
Performance Guarantee	53,32,800	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, 2022	March 31, 2021
Current service cost	2,09,531	1,09,961
Interest cost on benefit obligation	1,54,039	1,56,955
Past Service cost – vested benefits	-	-
Expected return on plan assets	-	-
Net actuarial loss/(gain) recognized in the year	(29,675)	(7,738)
Net benefit expense	**3,33,895**	**2,59,178**

Balance Sheet

Benefit liability

Particulars	March 31, 2022	March 31, 2021
Present value of defined benefit obligation	19,48,035	23,78,912
Fair value of plan assets	-	-
Plan liability	**19,48,035**	**23,78,912**

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

Particulars	March 31, 2022	March 31, 2021
Opening defined benefit obligation	23,78,912	23,39,128
Current service cost	2,09,531	1,09,961
Interest cost	1,54,039	1,56,955
Benefits paid	(7,64,772)	(2,19,394)
Actuarial gain/(losses) on obligation	(29,675)	(7,738)
Closing defined benefit obligation	**19,48,035**	**23,78,912**

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

Particulars	March 31, 2022	March 31, 2021
Opening fair value of plan assets	-	-
Expected return	-	-
Contributions by employer	7,64,772	2,19,394
Benefits paid	(7,64,772)	(2,19,394)
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, 2022	March 31, 2021
Discount rate (%)	7.16%	6.79%
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.

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

b) Transactions with related parties:

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
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:	**17,31,622**	**43,48,512**
- City Online Digital Private Limited	3,91,822	39,06,122
- City Online Media Private Limited	13,39,800	4,42,390
Loans and advances recovered:	**15,74,623**	**1,13,98,848**
- City Online Digital Private Limited	9,02,480	87,88,767
- City Online Media Private Limited	6,72,143	26,10,081
- Anu Digital Arts Private Limited	-	-
Loans repaid to:		
- S Naga Durga	-	-
- R Vijaya Durga	-	-
Sales:	**-**	**18,62,328**
- Info-Fi City online Consortium	-	18,45,371
- Broadway City Online Consortium	-	16,957
Payments received for sale of services :	**-**	**26,96,448**
- Info-Fi City online Consortium	-	26,79,491
- Broadway City Online Consortium	-	16,957
Sharing of Expenses:	**-**	**-**
Salaries		
- City Online Digital Private Limited	-	-
Electricity and Maintenance		
- City Online Digital Private Limited	-	-
Rent		
- City Online Digital Private Limited	-	-

c) Related party balances:

d)

Particulars	As at March 31, 2022	As at March 31, 2021
Non-current investments:	**4,30,768**	**4,30,768**
- 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	2,30,768
Loans and Advances Given/(Taken):	**13,74,832.03**	**12,17,833.03**
- City Online Media Private Limited	-7,01,657	-13,69,314
- City Online Digital Private Limited	20,76,489.03	25,87,147.03
Advance from customers:		
- Info-Fi City online Consortium	-	-
Trade receivable:	**-**	**-**
- Broadway City Online Consortium	-	-
- City Online Media Private Limited	-	-

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, 2022	For the year ended March 31, 2021
Cancellable	38,37,548	17,78,485
Total	**38,37,548**	**17,78,485**

39. Earnings per Share (EPS):

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

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Profit after taxation as per statement of profit and loss (for basic EPS)	**(60,77,328)**	**(1,53,70,425)**
Less: Effect of dilutive potential ordinary shares	-	-
Net Profit for dilutive earnings per share	**(60,77,328**	**(1,53,70,425)**

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

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
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, 2022	For the year ended March 31, 2021
- Basic (Rs.)	(1.17)	(2.98)
- Diluted (Rs.)	(1.17)	(2.98)

40. Expenditure in Foreign Currency:

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Membership Fee	-	3,82,367
Total	**-**	**3,82,367**

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. I n 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, 2022 and March 31, 2021 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.

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, 2022	March 31, 2021
Fair Value Hierarchy	3	3
Financial Assets		
Other Financial Assets – Security Deposits	25,66,905	22,22,333
Other Financial Assets – Trade Receivables	1,96,13,689	2,23,06,905
Financial Liabilities		
Borrowings	2,00,000	25,69,135

iii. Financial Instruments by category

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

Particulars	31-03-2022			31-03-2021		
FINANCIAL ASSETS	**FVTPL**	**FVOCI**	**Amortised Cost**	**FVTPL**	**FVOCI**	**Amortised Cost**
Other investments	-	-	4,80,768	-	-	4,80,768
- Loans & Advances	-	-	20,76,489	-	-	25,87,147
- Trade receivables	-	-	1,96,13,689	-		2,23,06,905
- Cash and cash equivalents	-	-	30,157	-	-	6,64,664
- Bank balances other than above	-	-	1,21,52,795	-	-	1,16,49,420
- Other financial assets			33,07,493	-	-	25,61,384
TOTAL	**-**	**-**	**3,76,61,391**	**-**	**-**	**4,02,50,288**
FINANCIAL LIABILITIES						
Borrowings	-	-	1,17,83,361	-	-	1,95,79,493
Trade Payables	-	-	4,11,62,587	-	-	3,39,61,646
TOTAL	**-**	**-**	**5,29,45,948**	**-**	**-**	**5,35,41,139**

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

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

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

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, 2022	March 31, 2021
Past due not impaired:		
0-90 Days	-	-
91-180 Days	-	-
180-360 Days	2,10,14,503	2,46,13,107
Greater than 360 Days	-	-
Less: Provision for Credit Losses	(14,00,814)	(23,06,202)
Total	**1,96,13,689**	**2,23,06,905**

iii. Liquidity Risk

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

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

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

Particulars	Upto 1 year	From 1-3 years	More than 3 years	Total
March 31, 2022				
Borrowings	1,17,83,361	13,09,886	-	**1,30,93,247**
Trade Payables	3,24,61,812	87,00,775	-	**4,11,62,587**
Total	**4,42,45,173**	**1,00,10,661**	**-**	**5,29,45,948**
March 31, 2021				
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**

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-22	31-Mar-21
Current Borrowings [Refer Note 22]	1,17,83,361	1,95,79,493
Total Debt	**1,30,93,247**	**2,05,46,619**
As a percentage of total capital	160.22%	94.67%
Equity [Refer Note 17 and 18]	**-49,21,123**	**11,56,207**
As a percentage of total capital	-60.22%	5.53%
Total Capital [Debt and Equity]	**81,72,124**	**2,17,02,825**

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 May, 2022

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
Whole time director & CFO
DIN: 01678152

1. Corporate Information:

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

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

2. Significant Accounting Policies:

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

a) Basis of preparation:

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

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 requires 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

The Company as a lessee

As per Ind AS-116, the Company has recognized lease liabilities and corresponding equivalent right-of-use assets. The Company's lease asset classes primarily consist of leases for Land, Buildings, Plant & Machinery and Vehicles. The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

(i) The contract involves the use of an identified asset.

(ii) The Company has substantially all the economic benefits from use of the asset through the period of the lease and

(iii) The Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognizes a right-of-use (ROU) asset and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of 12 months or less (short-term leases) and low value leases. For these short-term and low-value leases, the Company recognizes the lease payments as an operating expense.

Certain lease arrangements include the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of these leases.

ROU assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. ROU assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

Lease liability and ROU assets have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

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 financials instruments

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the

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

l) Borrowing costs:

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

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

m) Inventories:

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

n) Employee Benefits:

a. Short-term benefit plans

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

b. Defined contribution plans

The company pays provident fund contributions to publicly administered provident funds as per local regulations. The company has no further payment obligations once the contributions have been paid. The contributions are accounted for as defined contribution plans and the contributions are recognized as employee benefit expense when they are due. Prepaid contributions, if any, are recognized as an asset to the

extent that a cash refund or a reduction in the future payments is available.

c. Defined benefit plans

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

o) Income Taxes:

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

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

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

it has become probable that future taxable profits will allow the deferred tax asset to be recovered. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized, or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss (either in other comprehensive income or in equity).

p) Provisions, contingent liabilities and contingent assets:

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

Contingent liability is disclosed for:

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

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

q) Cash and cash equivalents:

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

r) Cash flow statement:

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

s) Earnings per share:

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

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

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 May, 2022

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
Whole time director & CFO
DIN: 01678152

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, 2022, 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 Indian Accounting Standards ("Ind AS") in India, of the consolidated state of affairs of the Group, as at March 31, 2022, 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 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 Consolidated financial statements and our auditor's report thereon.

- Our opinion on the Consolidated 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 Consolidated 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 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. 214.81 Lakhs & Rs. 428.68 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. 256.78 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;

(e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2022 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, 2022 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.

(iv) (a) The management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Holding Company or its subsidiary companies incorporated in India to or in any other person or entity, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediaries shall, whether, directly or indirectly lend or invest in other person or entity identified in any manner whatsoever ("Ultimate Beneficiaries") by or on behalf of the Holding Company or its subsidiary companies incorporated in India or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

(b) The management has represented that, to the best of its knowledge and belief, no funds have been received by the Holding Company or its subsidiary companies incorporated in India from any person or entity, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Holding Company or its subsidiary companies incorporated in India shall, whether, directly or indirectly, lend or invest in other person or entity identified in any manner whatsoever ("Ultimate Beneficiaries") by or on behalf of the Funding Parties or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

(C) Based on the audit procedures that were considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (a) and (b) contain any material misstatement.

(v) The Dividend declared or paid during the year by the holding company is in compliance with section 123 of the Act.

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

Sd/-
Guha Roy Ashish Kumar
Partner
Membership Number: 018659
UDIN: 22018659AKMSUH1469

Hyderabad
May 30, 2022

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 2022 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.

- 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

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, 2022, 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: 22018659AKMSUH1469

Hyderabad
May 30, 2022

CITY ONLINE SERVICES LIMITED

Consolidated Balance Sheet as at March 31, 2022

	Particulars	Note	As at March 31,2022	As at March 31, 2021
A	**ASSETS**			
1	**Non-Current Assets**			
	(a) Property, plant and equipment	3	2,69,88,712	3,21,32,069
	(b) Intangible assets	4	4,84,557	3,19,287
	(c) Right of use Assets	5	13,62,374	15,71,836
	(d) Financial Assets			
	- Investments	6	3,47,733	2,80,768
	- Other non-current financial assets	7	25,66,905	22,22,333
	(e) Deferred tax assets [Net]	8	95,12,370	1,04,28,107
	(f) Other non-current assets	9	-	-
	Total Non-Current Assets [A]		**4,12,62,651**	**4,69,54,399**
2	**Current Assets**			
	(a) Inventories	10	13,40,487	-
	(b) Financial Assets			
	- Loans	11	-	24,676
	- Investments	12	-	-
	- Trade receivables	13	2,14,81,475	2,30,67,430
	- Cash and cash equivalents	14	1,11,346	7,93,926
	- Bank balances other than above	15	1,21,52,795	1,16,49,420
	- Other current financial assets	16	7,40,588	7,87,050
	(c) Income Taxes	17	54,39,043	57,96,086
	(d) Other current assets	18	77,59,061	40,34,777
	Total Current Assets [B]		**4,90,24,794**	**4,61,53,365**
	TOTAL ASSETS [A+B]		**9,02,87,445**	**9,31,07,764**
B	**EQUITY AND LIABILITIES**			
1	**Equity**			
	(a) Equity Share Capital	19	5,16,47,000	5,16,47,000
	(b) Other Equity	20	-7,22,77,082	-5,52,99,707
	Total Equity [A]		**-2,06,30,082**	**-36,52,707**
2	**Non-Current Liabilities**			
	(a) Financial Liabilities			
	- Borrowings	21	13,09,886	9,67,125
	- Lease liability	22	12,46,556	17,78,485
	(b) Provisions	23	18,88,910	22,96,401
	(C) Deferred tax liability (net)	23A	6,118	-
	Total Non-Current Liabilities [B]		**44,51,471**	**50,42,011**
3	**Current Liabilities**			
	(a) Financial Liabilities			
	- Borrowings	24	2,97,92,792	3,04,88,993
	- Trade payables	25	4,28,68,220	
	Due to micro and small enterprises			-
	Due to Others			3,58,75,505
	- Provision	26	7,48,926	1,32,512
	-Other current liabilities	26A	12,59,279	-
	(b) Other current liabilities	27	3,17,96,840	2,52,21,448
	Total Current Liabilities [C]		**10,64,66,057**	**9,17,18,458**
	TOTAL EQUITY AND LIABILITIES [A+B+C]		**9,02,87,446**	**9,31,07,761**

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 May, 2022

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
Whole time director & CFO
DIN: 01678152

CITY ONLINE SERVICES LIMITED

Consolidated Statement of Profit and Loss for the period ended March 31, 2022

	Particulars	Note	For the period March 31,2022	For the Period ended March 31, 2021
I	**REVENUE**			
	Revenue from Operations [Gross]	28	9,17,52,094	8,35,26,221
	Other Operating Income	29	11,02,050	16,42,596
	TOTAL REVENUE FROM OPERATIONS		**9,28,54,144**	**8,51,68,817**
	Other Income	30	1,13,30,251	69,74,908
	TOTAL REVENUE [I]		**10,41,84,395**	**9,21,43,725**
II	**EXPENSES**			
	Bandwidth expenses	34	6,91,17,184	6,08,43,937
	Purchases of Stock in trade			-
	Cost of Sales	33	-	-
	Finance costs	32	15,77,110	38,48,804
	Employee benefit expenses	31	2,54,90,718	2,33,11,472
	Depreciation and amortization expense	3, 4 & 5	65,79,474	58,58,752
	Other expenses	35	1,75,49,318	1,48,31,153
	TOTAL EXPENSES [II]		**12,03,13,804**	**10,86,94,118**
III	**Profit/(Loss) Before Tax [I-II]**		**-1,61,29,409**	**-1,65,50,393**
IV	**Tax Expense:**			
	- Current tax	36		8,31,673
	- Deferred tax	36	9,14,926	38,63,042
	Total Tax Expense [IV]		**9,14,926**	**46,94,715**
V	**Profit/(Loss) for the period [III-IV]**		**-1,70,44,335**	**-2,12,45,108**
VI	**Other Comprehensive Income**			
	Items that will not be reclassified to profit or loss			
	- Remeasurements of post-employment benefit obligations			
	- Remeasurements of financial assets			31,141
	- Recognition of borrowings using effective interest rate			-
	Other comprehensive income for the year, net of tax		**-1,70,44,335**	**-2,12,13,967**
VII	**Earnings per equity share Rs. 10/- each fully paid**			
	- Basic	42	-3.30	-4.11
	- Diluted	42	-3.30	-4.11
	Corporate information	1		
	Summary of significant accounting policies	2		
	Accompanying notes forming an integral part of the financial statements			

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 May, 2022

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
Whole time director & CFO
DIN: 01678152

Particulars	Note	Year ended March 31,2022		Year ended March 31, 2021	
A. Cash flow from operating activities					
Profit / (Loss) before tax		**-1,69,73,726**		**-1,18,38,270**	
Adjustments:		-			
Depreciation and amortisation		65,79,474		58,58,752	
Interest expense		15,77,110		38,48,804	
Interest on Lease Liability		-12,762		1,72,763	
Interest income		-11,04,314		-1,88,383	
Impairment Loss		6,30,859		-	
Write Back of Liabilities		-56,14,696		-65,44,981	
Provision written back		-24,98,600		-2,41,144	
Remeasurements of financial assets		-		-	
Interest on security deposit		-		-	
Capital Reserve		-		44,51,330	
Profit on sale of property, plant & equipment		-		-21,68,958	
Interest on capital from Partnership firm		-		7,738	
Remeasurement of post employee benefits		29,675		31,141	-66,11,208
Cash generated before working capital changes			**-1,73,86,980**		**-66,11,208**
Movements in working capital:					
Increase/(Decrease) in trade payables		79,02,669		72,51,297	
Increase /(Decrease) in other current liabilities		17,43,191		15,685	
Increase/ (Decrease) in Short provisions		97,00,556		-41,344	
Increase/(Decrease) in Other current financial liabilities		19,34,638		-	
Increase/ (Decrease) in Long provisions		-15,17,813		-42,728	
(Increase)/Decrease in inventories		1,12,292		1,10,86,296	
(Increase)/Decrease in short term loans and advances		-7,72,582		43,13,633	
(Increase)/Decrease in trade receivables		29,05,948		1,03,13,240	
(Increase)/Decrease in other non-current financial assets		-3,44,572		-	
(Increase)/Decrease in other Bank Balances		-5,03,375			
(Increase)/Decrease in other non current assets		-		19,520	
(Increase)/Decrease in other current financial assets		-4,01,538		-	
Decrease/ (Increase) in other current assets		-22,60,806		-	
Decrease/ (Increase) in other current financial assets		-		7,02,655	
(Decrease)/Increase in other current borrowings		-		52,01,878	
Decrease/ (Increase) in current loans		-		-	
Increase/(Decrease) in other current liabilities		99,444		9,00,036	
Increase/(Decrease) in other current assets		-	1,85,98,053	-52,49,118	3,44,71,049
Cash generated from operations			**12,11,073**		**2,78,59,841**
Direct taxes (paid)/ refund			8,51,245		7,56,037
Cash Flow before extraordinary items			**20,62,318**		**2,86,15,878**
Extra ordinary items			-	-	-
Net cash flow from operating activities (A)			**20,62,318**		**2,86,15,878**
B. Cash flows from investing activities					
Investment in fixed deposits		3,44,572		-6,23,101	
Interest received		-		1,88,383	
Sale of property, plant and equipment		4,13,796		30,16,362	
Purchase of property, plant and equipment, including intangible assets		-17,41,988		-2,36,37,848	
(Increase)/decrease in non current investments		-		1,297	-2,10,54,908
Net cash flow used in investing activities (B)			**-9,83,621**		**-2,10,54,908**
C. Cash flows from financing activities					
Repayment of long term borrowings		81,43,893		6,29,707	
Decrease in Share capital		-		-44,51,330	
Payment of Lease liability		-5,31,928		-15,86,964	
Date: 30-05-2022		-77,96,132		16,97,977	
Interest paid		-15,77,110	-17,61,278	-38,48,804	-75,59,413
Net cash flow (used in)/ from financing activities (C)			**-17,61,278**		**-75,59,413**
D. Net Increase/(decrease) in cash and cash equivalents (A+B+C)			**-6,82,580**		**1,557**
E. Cash and cash equivalents					
at the beginning of the year			7,93,926		7,92,369
at the end of the year			**1,11,346**		**7,93,926**
Components of cash and cash equivalents	14				

Particulars	Note	Year ended March 31,2022		Year ended March 31, 2021	
Balance with banks					
- In current accounts		2,31,123		1,83,040	
- Deposits with original maturity of less than 3 months		-		5,03,375	
Date: 30-05-2022		35,840		1,07,511	
Less: Bank overdraft			2,66,963	-	7,93,926
`			**2,66,963**		**7,93,926**
Corporate information	1				
Summary of significant accounting policies	2				
Accompanying notes forming an integral part of the financial statements					

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 May, 2022

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
Whole time director & CFO
DIN: 01678152

A. Equity Share Capital

Particulars	As at March 31,2022	As at March 31, 2021
Equity shares of Rs. 10 each issued, subscribed and fully paid up		
Balance at the beginning of the reporting year	5,18,47,000	5,60,98,330
Changes in equity share capital during the year	-	-
- Share Forfeiture balance transferred to Capital Reserve		-44,51,330
Balance at the end of the reporting year	**5,18,47,000**	**5,16,47,000**

B. Other Equity

Particulars	As at March 31,2022	For the period ended March 31, 2021
Movement in other equity is as follows:		
I. Investment subsidy	**4,00,000**	**4,00,000**
	-	
II. Capital Reserve	**44,51,330**	**44,51,330**
II. Retained Earnings		
(i) Opening Balance	**-6,01,51,042**	-4,44,12,967
(ii) Profit / (Loss) for the year	**-1,70,44,335**	-2,12,45,108
(iii) Other comprehensive income	**-**	31,141
(iv)Profit from partnership firm	**66,965**	
	-7,71,28,412	**-6,56,26,934**
Total	**-7,22,77,082**	**-6,07,75,604**

Note 3: Property, plant and equipment

Particulars	As at March 31,2022	As at March 31, 2021
Plant & Machinery	1,89,67,788	2,14,92,885
Furniture and Fittings	3,68,026	4,25,209
Motor Vehicles	9,98,133	15,53,633
Computers and Data Processing Units	47,37,629	54,75,495
Office Equipment	19,17,136	31,84,847
Total	2,69,88,712	3,21,32,069

For the year 2021-22

Description of Assets	Plant & Machinery	Furniture and Fittings	Motor Vehicles	Computers and Data Processing Units	Office Equipment	Total
I. Gross Block						
Opening Balance	6,65,36,708	8,99,095	22,01,625	1,68,01,465	1,06,52,102	**9,70,90,996**
Additions	98,400	-	-	3,85,010	64,400	**5,47,810**
Disposals	-	-	-	2,71,100	1,27,488	**3,98,588**
Balance as at March 31, 2022	**6,66,35,108**	**8,99,095**	**22,01,625**	**1,69,15,375**	**1,05,89,014**	**9,72,40,218**
II. Accumulated Depreciation						
Opening Balance	4,50,43,824	4,73,887	6,47,992	1,13,14,971	73,59,856	**6,48,40,529**
Depreciation expense for the period	26,23,497	57,182	5,55,500	9,08,376	13,14,951	**54,59,505**
Eliminated on disposal of assets	-	-	-	45,600	2,928	**48,528**
Balance as at March 31, 2022	**4,76,67,320**	**5,31,069**	**12,03,492**	**1,21,77,747**	**86,71,878**	**7,02,51,506**
III. Net Block [I-II]						
Carrying value as at March 31, 2022	1,89,67,788	3,68,026	9,98,133	47,37,629	19,17,136	2,69,88,712
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**

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	4,17,299	**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**

Note 4: Intangible Assets

Particulars	As at March 31,2022	As at March 31, 2021
Computer Software	4,84,557	3,19,287
Total	**4,84,557**	**3,19,287**

For the year 2021-22

Description of Assets	Computer Software
I. Gross Block	
Opening Balance	5,43,223
Additions	5,65,822
Disposals	-
Balance as at March 31, 2022	**11,09,045**
II. Accumulated Amortization	
Opening Balance	5,77,172
Amortization expense for the period	47,316
Eliminated on disposal of assets	-
Balance as at March 31, 2022	**6,24,488**
III. Net Block [I-II]	
Carrying value as at March 31,2022	**4,84,557**
Carrying value as at March 31, 2021	**4,84,557**

For the year 2020-21

Description of Assets	Computer Software
I. Gross Block	
Opening Balance	4,90,594
Additions	52,629
Disposals	-
Balance as at March 31, 2021	**5,43,223**
II. Accumulated Amortization	
Opening Balance	3,86,893
Amortization expense for the period	1,37,044
Eliminated on disposal of assets	-
Balance as at March 31, 2021	**5,23,937**
III. Net Block [I-II]	
Carrying value as at March 31, 2021	**19,286**
Carrying value as at March 31, 2020	**1,03,701**

	Particulars	As at March 31, 2022	As at March 31, 2021
	Right to use	29,75,042	29,40,396
	Less: Effect of Lease Modification as per Ind As - 116	-5,93,250	-
	Less: Depreciation	-10,19,418	-13,68,560
	Total	**13,62,374**	**15,71,836**

Note 6: Non-Current Investments

	Particulars	As at March 31, 2022	As at March 31, 2021
(i)	**Investments in equity instruments (fully paid-up)**		
	Unquoted Investments		
	Investment in Subsidiaries (Valued at cost)		
	- City Online Digital Private Limited [10,000 (31.03.2018: 10,000) equity shares of par value Rs. 10 each]	-	-
	- 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	2,97,733	2,30,768
(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]	3,47,733	**2,80,768**
	Total [A+B]	**3,47,733**	**2,80,768**

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	**3,47,733**	2,80,768
Investments carried at cost	**3,47,733**	2,80,768

Note 7: Other non-current financial assets

Particulars	As at March 31, 2022	As at March 31, 2021
Security Deposits	20,15,250	16,70,679
provision on security deposits	5,51,655	5,51,655
Total	**25,66,905**	**22,22,333**

Note 8: Deferred tax asset [Net]

Particulars	As at March 31, 2022	As at March 31, 2021
Deferred tax asset	95,12,370	1,04,28,107
Total	**95,12,370**	**1,04,28,107**

Note 9: Other non-current assets

Particulars	As at March 31, 2022	As at March 31, 2021
Prepaid expenses	-0	-
Total	**-0**	**-**

Note 10: Inventories

Particulars	As at March 31, 2022	As at March 31, 2021
Stock in trade	13,40,487	-
Total	**13,40,487**	**-**

Note 11: Current Loans

Particulars	As at March 31, 2022	As at March 31, 2021
Unsecured, considered good	-	
Loans and advances to related parties	-	24,676
Total	**-**	**24,676**

Note 12: Current Investments

Particulars	As at March 31, 2022	As at March 31, 2021
Other investments, unquoted		
Investments in partnership firms	-	
- City Online Exozen Constructions	-	-
Total	**-**	**-**

Note 13: Trade Receivables

Particulars	As at March 31, 2022	As at March 31, 2021
Unsecured, considered good		
Outstanding for a period exceeding six months	2,28,38,653	2,53,73,632
Others	8,53,125	-
Less: Provision for credit losses	-22,10,303	-23,06,202
Total	**2,14,81,475**	**2,30,67,430**

Note 14: Cash and cash equivalents

Particulars	As at March 31, 2022	As at March 31, 2021
Balance with banks		
- In current accounts	81,085	1,57,567
- Deposits with original maturity of less than 3 months	-	5,03,375
Cash on hand	30,261	1,32,984
Total	**1,11,346**	**7,93,926**

Note 15: Bank balances other than above

Particulars	As at March 31, 2022	As at March 31, 2021
On deposit accounts		
- Remaining maturity for less than 12 months	1,21,52,795	1,16,49,420
Total	**1,21,52,795**	**1,16,49,420**

Note 16: Other current financial assets

Particulars	As at March 31, 2022	As at March 31, 2021
Security deposits	-	4,48,000
Interest accrued but not due	1,67,138	1,67,138
Loans to employees	5,73,450	1,71,912
Total	**7,40,588**	**7,87,050**

Note 17: Income Taxes

Particulars	As at March 31, 2022	As at March 31, 2021
Advance Income Tax	54,39,043	66,27,759
Current Tax Liabilities	-	-8,31,673
Total	**54,39,043**	**57,96,086**

Note 18: Other current assets

Particulars	As at March 31, 2022	As at March 31, 2021
Unsecured, considered good	-	-
Advance to suppliers	2,30,010	-
Deposits	6,03,000	
Prepaid expenses (Current)	13,365	23,127
Balance with government authorities	12,17,042	30,82,341
Statutory	54,06,164	
Others	2,89,480	9,29,309
Total	**77,59,061**	**40,34,777**

Note 19: Share Capital

Particulars	As per March 31,2022		As at March 31, 2021	
	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	-	-		
Total	**51,64,700**	**5,16,47,000**	**51,64,700**	**5,16,47,000**

(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, 2022				
- Number of shares	51,64,700	-	-	51,64,700
- Amount	**5,16,47,000**	**-**	**-**	**5,16,47,000**
Year ended March 31, 2021				
- 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 31,2022		As at March 31, 2021	
	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.

Note 20: Other Equity

Particulars	As at March 31,2022	As at March 31, 2021
Investment subsidy	4,00,000	4,00,000
Capital Reserve	44,51,330	44,51,330
Retained Earnings	-7,71,28,412	-6,01,51,037
Total	**-7,22,77,082**	**-5,52,99,707**

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 21: Non-Current Borrowings

Particulars	As at March 31,2022	As at March 31, 2021
From Banks		
- Secured	1,45,150	-
- Unsecured	11,64,736	9,67,125
Total	**13,09,886**	**9,67,125**

Note:

1. 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 22 installments.

2. The Company has taken MSME loan from HDFC Bank. The loan is repayable in 48 equal installments. The applicable interest rate is 11.25%. The period of maturty with respect to balance sheet date is 33

Note 22: Lease Liablity

Particulars	As at March 31,2022	As at March 31, 2021
Lease liability	12,46,556	17,78,485
Interest on lease liability	-	-
Rent payable	-	-
Total	**12,46,556**	**17,78,485**

Note 23: Non-Current Provisions

Particulars	As at March 31,2022	As at March 31, 2021
Provision for Employee Benefits		
- Gratuity	18,88,910	22,96,401
Total	**18,88,910**	**22,96,401**

Note 23A: Deferred Tax Liabilities (Net)

Particulars	As at March 31,2022	As at March 31, 2021
Deferred Tax Liabilities	6,118	-
Total	**6,118**	**-**

Note 24: Current Borrowings

Particulars	As at March 31,2022	As at March 31, 2021
From Banks		
- Secured	-	5,55,054
- Unsecured	1,89,11,088	20,14,081
Bank overdraft		
- Secured	1,08,81,704	1,70,10,359
Loan from related parties		
- Unsecured	-	1,09,09,500
Total	**2,97,92,792**	**3,04,88,993**

Note 25: Trade payables

Particulars	As at March 31,2022	As at March 31, 2021
Creditors - Suppliers	3,54,96,863	3,25,61,901
Other Payables	73,71,357	33,13,604
Total	**4,28,68,220**	**3,58,75,505**

Note 26: Current Provision

Particulars	As at March 31,2022	As at March 31, 2021
Audit fees	5,57,450	50,000
Provision for Employee Benefits Gratuity	1,91,476	82,512
Total	**7,48,926**	**1,32,512**

Note 26A: Other Current liabilities

Particulars	As at March 31,2022	As at March 31, 2021
Current maturities of borrowings - Non-current		
From Banks		
- Secured	4,09,934	-
- Unsecured	8,49,345	-
Total	**12,59,279**	**-**

Note 27: Other Current Liabilities

Particulars	As at March 31,2022	As at March 31, 2021
Statutory remittances	2,56,78,006	1,94,53,647
Advance from customers	2,89,533	8,90,419
Other	15,12,471	21,41,851
Deferred Revenue	2,54,800	
Provision for Income Tax	8,31,674	
Deposited From Franchise	23,500	23,500
Deposits from customers	32,06,857	27,12,031
Total	**3,17,96,840**	**2,52,21,448**

Note 28: Revenue from operations [Gross]

Particulars	For the year ended March 31,2022	For the year ended March 31, 2021
Income from internet services	8,59,75,176	8,22,77,417
Income from VOIP services	-	-
Income from sale of Hardware	-	10,50,804
Revenue from sale of products	8,42,450	
Revenue from supply of services	46,02,965	
Income from Installation charges	3,31,503	1,98,000
Total	**9,17,52,094**	**8,35,26,221**

Note 29: Other operative income

Particulars	For the year ended March 31,2022	For the year ended March 31, 2021
Miscellaneous income	11,02,050	16,42,596
Total	**11,02,050**	**16,42,596**

Note 30: Other Income

Particulars	For the year ended March 31,2022	For the year ended March 31, 2021
Share of profit from Partnership firm	-	
Share of Profit from Exozen	-	
Chit dividend	-	
Interest income on deposits	4,60,483	1,88,383
Interest on deposits with MCF	-	-
Write Back of Share Forfeiture	-	
Write Back of Liabilities	-	
Other Income	15,96,530	
Discount received	1,362	
Profit on modification of Lease	81,330	
Suspense	-	
Profit on sale of property, plant & equipment	63,736	-
Excess provisions written back	24,98,600	2,41,544
Interest income on rental deposits INDAS Adj	4,025	-
- On Income tax refund	-	-
On TDS	-	-
- On Capital in the Partnership Firm	-	
Write Back off Loans	-	-
Write Back off Trade Payables	66,24,185	65,44,981
Rent	-	
Total	**1,13,30,251**	**69,74,908**

Note 31: Employee Benefit Expenses

Particulars	For the year ended March 31,2022	For the year ended March 31, 2021
Salaries, allowances and wages	1,78,85,559	1,67,52,696
Director's remuneration	54,60,000	54,60,000
Contribution to provident and other funds	18,92,602	8,28,603
Staff welfare expenses	2,52,557	2,70,173
Total	**2,54,90,718**	**2,33,11,472**

Note 32: Finance Costs

Particulars	For the year ended March 31,2022	For the year ended March 31, 2021
Interest expense on:		
- Working Capital	11,02,294	12,85,994
- Term Loan	2,68,170	2,70,159
- Interest on TDS	-	18,54,668
Bank charges	2,714	2,46,220
Interest on lease liability	50,974	1,72,763
Other borrowing costs	1,52,958	19,000
Total	**15,77,110**	**38,48,804**

Note 33: Cost of Sales

Particulars	For the year ended March 31,2022	For the year ended March 31, 2021
Cost of sales	-	-
Total	**0**	**-**

Note 34: Bandwidth Expenses

Particulars	For the year ended March 31,2022	For the year ended March 31, 2021
Bandwidth charges	5,41,98,903	4,63,70,873
Cost of material consumed	40,51,151	27,72,074
Repairs and maintenance	32,81,696	20,64,176
VOIP activation charges	-	-
Electricity	30,09,780	30,41,954
Server Maintenance	-	-
Annual Maintaince Contract	-	-
Rent networking	11,16,277	30,11,172
Cable line expenses	28,52,705	23,93,213
Installation expenses	-	53,640
Last Mile Charges(Expenses)	3,78,876	9,33,126
Other operating expenses	2,27,796	2,03,710
Total	**6,91,17,184**	**6,08,43,937**

Note 35: Other Expenses

Particulars	For the year ended March 31,2022	For the year ended March 31, 2021
Operating expenses:		
Courier Charges	59,802	69,146
MCA Charges	-	1,58,350
Streaming Charges	-	6,000
BSNL Demad Charges	5,40,836	
CDSL and Demat Conectivity Fee	44,618	
BSNL Marketing Expenses	55,000	
Cable Line Expenses	-	22,730
	-	
Others:	-	
Rent	-	25,15,203
Office Rent	38,62,748	-
Rates and taxes	8,67,933	5,15,031
Sales commission	21,73,968	19,22,806
Audit Expenses	3,002	-
Business Development Charges	14,000	-
Credit Loss (Provision for Doubtful Debts)	8,09,489	
Dish's Rent	-	-
Discount Allowed	-	-
Deferred Tax Expenses	6,929	
Exhibition Charges	2,79,165	-
Fiber Connectivity Charges	40,000	-
Fixed Line and Broadband Services	35,648	-
Roc Filing Fee	4,000	
Round Off Account	-0	
Repair and Maintenance	4,07,193	
SMS Service Charges Gospell	2,67,288	
Travel and Accomdation Expenses	46,186	
Recharge Expenses	815	-
Insurance	86,388	80,452
Auditors' remuneration (Including Provision):	-	-
- Statutory audit	3,90,000	5,76,200
- Tax audit	-	50,000
- Fees for limited review	55,000	50,000
- Certification	-	4,41,400
- Others	-	3,16,200
Travelling and conveyance	10,04,075	11,26,351
Impairment Loss	6,30,859	-
Pay Pro Global Service Fee DRM	3,900	
Payment Gateway Processing Fee	20,000	
API User Charges	20,000	
Petty Cash Expenses	16,070	
Marketing Expenses	1,00,000	
Interest on TDS Late Payment	-	
Miscellous Exp	1,54,347	
Demonstration Expenses	4,970	
Dish's Rent	3,96,000	
Office Maintenance Exp	52,298	
Electrical Meter Charges	30,339	
Legal/advocate Charges	27,500	
Interst on TDS Late Payment	2,240	
Installation charges	-	-

	2,240	
Installation charges	-	-
Expected credit losses	-	-
Legal and professional charges	5,36,640	8,54,040
Legal Expenses	1,83,300	
Advertisement expenses	7,000	1,44,479
Communication cost	6,39,099	6,53,675
Local Conveyance	14,544	
Consultancy Charges	-	-
Flussonic Hire Charges	1,23,800	1,92,522
GST Late Filing Fee	2,050	
GST Registration Fee	15,000	5,000
Import of Material Exp.	-	
Bad debts written off	3,81,577	20,566
Printing and stationery	74,577	1,49,235
Repairs and maintenance	13,70,752	-
- Building	-	-
- Others	-	40,12,540
Postage and courier	27,123	1,49,786
Printing and Stationary	23,102	
Parking Fee	4,000	4,000
Net loss on foreign currency transaction and translation	-	-
Professional Tax Staff	-	
Professional Tax Company	12,500	
Professional Charges	5,000	-
Property Maintenance Charges	-	-
GST Penalty	-	-
Other expenses	-	13,038
Staff Welfare Expenses	-	1,916
Stiphend	-	1,58,023
Subscription Fee	9,79,821	7,014
Telephone Expenses	2,999	
Transport Charges	-	
Tabs Repair Expenses	14,000	
Written off of Asset	2,00,000	
Transport Charges	5,570	250
Share of loss from Partnership firm	-	-
Miscellaneous expenses	4,14,259	6,15,201
Total	**1,75,49,318**	**1,48,31,153**

Note 36: Income Tax

Particulars	For the year ended March 31,2022	For the year ended March 31, 2021
(a) Major components of income tax expense:		
(i) Current Income Tax		
- Current income tax charge		-
- Adjustments in respect of current income tax of previous year		-
		-
(ii) Deferred Tax		
- Relating to origination/reversal of temporary differences		-
		-
Income tax expense reported in the statement of profit or loss		**-**
(b) Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate:		
Profit/(Loss) before tax from continuing operations		-29,83,798
Indian tax rate		26.00%
Tax at the Indian tax rate		**-**
Effect of:		
Non-Deductible expenses for tax purposes		-
Deductible expenses for tax purposes		35,701
Deferred tax relating to origination/reversal of temporary differences		-
Tax exempt income		-
Income taxed at special rates		-
Effect of brought forward losses.		-
Others		-
Total Income Tax Expense		**-35,701**

33. Contingent liabilities:

i) Bank Guarantees:

Particulars	As at March 31, 2022	As at March 31, 2021
Performance Guarantee	53,32,800	52,52,000

34. Employee Benefits

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

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

Statement of Profit and Loss

Net employee benefit expenses recognized in the employee cost

Particulars	March 31, 2022	March 31, 2021
Current service cost	2,09,531	1,09,961
Interest cost on benefit obligation	1,54,039	1,56,955
Past Service cost – vested benefits	-	-
Expected return on plan assets	-	-
Net actuarial loss/(gain) recognized in the year	(29,675)	(7,738)
Net benefit expense	**3,33,895**	**2,59,178**

Balance Sheet

Benefit liability

Particulars	March 31, 2022	March 31, 2021
Present value of defined benefit obligation	19,48,035	23,78,912
Fair value of plan assets	-	-
Plan liability	**19,48,035**	**23,78,912**

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

Particulars	March 31, 2022	March 31, 2021
Opening defined benefit obligation	23,78,912	23,39,128
Current service cost	2,09,531	1,09,961
Interest cost	1,54,039	1,56,955
Benefits paid	(7,64,772)	(2,19,394)
Actuarial gain/(losses) on obligation	(29,675)	(7,738)
Closing defined benefit obligation	**19,48,035**	**23,78,912**

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

Particulars	March 31, 2022	March 31, 2021
Opening fair value of plan assets	-	-
Expected return	-	-
Contributions by employer	7,64,772	2,19,394
Benefits paid	(7,64,772)	(2,19,394)
Actuarial (losses)/gains	-	-
Closing fair value of plan assets	**-**	**-**

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

Particulars	March 31, 2022	March 31, 2021
Discount rate (%)	7.16%	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.

35. Segment information

The Company's operations predominantly consist only of business of providing internet and intranet, data centre solutions. Thus, there are no reportable segments as defined in Ind AS 108 "Operating Segments". The company earns its entire "revenue from external customers" in India, being company's country of domicile. All non-current assets other than 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.

36. Related Party Disclosures

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

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

b) Transactions with related parties:

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
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
Unsecured Loans Repaid:		
- S Naga Durga	-	-
Investments made:	**2,30,768**	**2,30,768**
- Info-Fi Cityonline Consortium	2,30,768	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**
- Info-Fi Cityonline Consortium	-	18,45,371
- Broadway City Online Consortium	-	16,957
Payments received for sale of services:	**-**	**26,96,448**
- Info-Fi Cityonline Consortium	-	26,79,491
- Broadway City Online Consortium	-	16,957

c) Related party balances:

Particulars	As at March 31, 2022	As at March 31, 2021
Investments made:	**2,30,768**	**2,30,768**
- Broadway City Online Consortium	-	-
- Info-Fi Cityonline Consortium	2,30,768	2,30,768
- City Online Exozen Consortium		
Loans and Advances Given/(Taken):	**-**	**24,675**
- In-fo City Online consortium	-	-
- 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:		
- Info-Fi Cityonline Consortium	-	-
Trade receivable:		
- Anu Digital Arts Private Limited	-	-
- Broadway City Online Consortium	-	-
- City Online Exozen Constructions	-	-

37. Leases:

Operating Lease

Assets taken on cancellable operating lease

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

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Cancellable	38,62,748	25,15,203
Total	**38,62,748**	**25,15,203**

38. Earnings per Share (EPS):

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

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Profit after taxation as per statement of profit and loss (for basic EPS)	(1,70,44,335)	(2,12,45,108)
Less: Effect of dilutive potential ordinary shares	-	-
Net Profit for dilutive earnings per share	**(1,70,44,335)**	**(2,12,45,108)**

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

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
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, 2022	For the year ended March 31, 2021
- Basic (Rs.)	(3.30)	(4.11)
- Diluted (Rs.)	(3.30)	(4.11)

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

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Purchase of Hardware	-	-

40. Expenditure in Foreign Currency:

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2022
Membership Fee	1,54,170	3,82,367
Total	**1,54,170**	**3,82,367**

41. Balance Confirmations

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

42. Due to Micro and Small Enterprises

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

43. Fair Value Measurements

i. Fair value hierarchy

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

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

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

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

ii. Financial assets and financial liabilities measured at fair value

Particulars	March 31, 2022	March 31, 2021
Fair Value Hierarchy	3	3
Financial Assets		
Other Financial Assets – Security Deposits	20,15,250	21,18,679
Other Financial Assets – Trade receivables	2,14,81,475	2,30,67,426
Other Investments	-	-
Financial Liabilities		
Borrowings	3,11,02,678	3,14,56,119

iii. Financial Instruments by category

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

Particulars	31-03-2022			31-03-2021		
FINANCIAL ASSETS	FVTPL	FVOCI	Amortised Cost	FVTPL	FVOCI	Amortised Cost
Other investments	-	-	3,47,733	-	-	2,80,768
- Loans	-	-	-	-	-	24,676
- Trade receivables	-		2,14,81,475	-	-	2,30,67,426
- Cash and cash equivalents	-	-	1,11,346	-	-	7,93,926
- Bank balances other than above	-	-	1,21,52,795	-	-	1,16,49,420
- Other current financial assets			7,40,588	-	-	7,87,050
TOTAL	**-**	**-**	**3,48,33,937**	**-**	**-**	**3,58,16,216**
FINANCIAL LIABILITIES						
Borrowings	-	-	3,11,02,678	-		3,14,56,119
Trade Payables	-	-	4,28,68,220	-	-	3,58,75,505
TOTAL	**-**	**-**	**7,39,70,898**	**-**	**-**	**6,63,64,498**

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

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

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

44. Financial Instruments Risk Management

i. Market Risk

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

a. Interest rate risk

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

b. Foreign Currency Risk

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

ii. Credit Risk

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

Ageing of receivables is as follows:

Particulars	March 31, 2022	March 31, 2021
Past due not impaired:		
0-90 Days	-	-
91-180 Days	8,53,125	-
Greater than 180 Days	2,28,38,653	2,53,73,632
Less: Provision for Credit Losses	-22,10,303	-23,06,202
Total	**2,14,81,475**	**2,30,67,426**

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
March 31, 2022				
Borrowings	2,97,92,792	13,09,886	-	**3,11,02,678**
Trade Payables	3,41,67,445	87,00,775		**4,28,68,220**
Total				
March 31, 2021				
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**

45. Capital Risk Management

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

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

Particulars	**31-Mar-22**	**31-Mar-21**
Current Borrowings [Refer Note 24]	2,97,92,792	3,04,88,993
Total Debt	**3,11,02,678**	**3,14,56,119**
As a percentage of total capital	296.99%	113.14%
Equity [Refer Note 18 and 19]	**(2,06,30,082)**	**(36,52,707)**
As a percentage of total capital	-196.99%	-13.14%
Total Capital [Debt and Equity]	**1,04,72,596**	**2,78,03,411**

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 May, 2022

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
Whole time director & CFO
DIN: 01678152

1. Group Information:

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

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

2. Significant Accounting Policies:

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

a) Basis of preparation:

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

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

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

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

Name of the consolidating entities	Country of Incorporation	Percentage Holding/Interest (%)	
		As at March 31, 2022	As at March 31, 2021
City Online Digital Private Limited	India	100.00	100.00
City Online Media Private Limited	India	100.00	100.00

b) Use of estimates and judgements:

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

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

c) Current versus non-current classification:

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

An asset is treated as current when it is:

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

All other assets are classified as non-current.

A liability is treated as current when:

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

least twelve months after the reporting period.

All other liabilities are classified as non-current.

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

d) Property, plant and equipment:

i. Recognition and initial measurement:

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

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

ii. Depreciation, estimated useful lives and residual value:

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

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

iii. De-recognition:

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

e) Intangible Assets:

i. Recognition and initial measurement:

Intangible assets (software) are stated in the balance sheet at their

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

ii. Amortization and estimated useful lives:

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

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

g) Impairment of assets:

At each reporting date, the Group assesses whether there is any indication that an asset may be impaired, based on internal or external factors. If any such indication exists, the Group estimates the recoverable amount of the asset or the cash generating unit. If such recoverable amount of the asset or cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the statement of profit and loss. If, at the reporting date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed, and the asset is reflected at the recoverable amount.

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

h) Foreign Currency:

Functional and presentation currency

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

Transactions and balances

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

Foreign currency monetary items are converted to functional currency

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

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

i) Revenue Recognition:

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

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

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

j) Leases:

The Company as a lessee

As per Ind AS-116, the Company has recognized lease liabilities and corresponding equivalent right-of-use assets. The Company's lease asset classes primarily consist of leases for Land, Buildings, Plant & Machinery and Vehicles. The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

(i) The contract involves the use of an identified asset.

(ii) The Company has substantially all the economic benefits from use of the asset through the period of the lease and

(iii) The Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognizes a right-of-use (ROU) asset and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of 12 months or less (short-term leases) and low value leases. For these short-term and low-value leases, the Company recognizes the lease payments as an operating expense.

Certain lease arrangements include the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of these leases.

ROU assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. ROU assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

Lease liability and ROU assets have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

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 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 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 financials 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 May, 2022

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
Whole time director & CFO
DIN: 01678152

If undelivered please return to :

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