

**27th ANNUAL
REPORT
2014-15**

IO SYSTEM LIMITED

CORPORATE INFORMATION**BOARD OF DIRECTORS**

Mr. Arun Seth	(Non-Executive Director)
Mr. Ramesh Chandra Agarwal	(Non-Executive Independent Director)
Mr. Satish Kumar Gupta	(Non-Executive Independent Director)
Ms. Gunjan Arora	(Non-Executive Director)

KEY MANAGERIAL PERSONNEL

Mr. Gopal Singh Negi	(Chief Executive Officer)
Mr. Rakesh Kumar Bhatnagar	(Chief Financial Officer)
Mr. Dinkar Sharma	(Company Secretary and Compliance Officer)

STATUTORY AUDITORS

Gupta Garg & Agrawal	Chartered Accountants
G-55, 2nd Floor, Laxmi Nagar, Vikas Marg, Delhi - 110092	

INTERNAL AUDITOR

RBAS & Associates	Chartered Accountants
Office No. 49, IIInd Floor, A-215, Chawla Complex, Shakarpur, Delhi - 110092	

SECRETARIAL AUDITOR

S.K. Batra & Associates,
Company Secretaries,
#3393, 1st Floor, South Patel Nagar
Adjacent Jaypee Siddharth Hotel
New Delhi-110008

SHARE TRANSFER AGENT

MAS Services Limited
T-34, 2nd Floor, Okhla Industrial Area,
Phase - II, New Delhi - 110 020
Ph: 26387281/82/83, Fax: 26387384
email: info@masserv.com
Website: www.masserv.com

BANKERS

Indusind Bank,
N-1011, Sector-18,
Noida-201401, Uttar Pradesh

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IO System Limited

CIN : L65921UP1987PLC008764
Global Knowledge Park, Plot No. 19A & 19B,
Sector-125, Noida, U. P. - 201301
Ph.: +91-120-3355131
Website: www.iosystem.co.in

NOTICE

Notice is hereby given that the Twenty Seventh Annual General Meeting of IO System Limited will be held on Wednesday, the 30th day of September, 2015 at 11:00 A.M. at Sri Aurobindo Bhawan, C-56/36, Sector-62, NOIDA - 201 307, (U.P.) to transact the following business :

ORDINARY BUSINESS

1. To receive, consider and adopt the audited Financial Statement of the Company for the year ended on March 31, 2015 along with the Directors' Report and Auditors' Report thereon.
2. To consider and appoint Director in place of Mr. Arun Seth, who retires by rotation and being eligible, offers himself for reappointment.
3. To consider and appoint Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to authorize the Board of Directors to fix their remuneration. M/s Gupta Garg & Agrawal, Chartered Accountants, the retiring Auditors, being eligible, offer themselves for re-appointment.

SPECIAL BUSINESS

4. To consider and if thought fit, to pass, with or without modification, the following resolution as an Ordinary Resolution:
"RESOLVED THAT pursuant to the provisions of Sections 149, 161 and other applicable provisions, if any, of the Companies Act, 2013 and rules made thereunder, the Companies (Appointment and Qualification of Directors) Rules, 2014 and Clause 49 (II) of the Listing Agreement, Mrs. Gunjan Arora (DIN 07134573), woman director on the Board of Directors of the Company who was appointed as an additional director, such appointment being effective 25th March, 2015, and who holds office up to the date of this annual general meeting, and in respect of whom, pursuant to Section 160 of the Act, the Company has received a notice in writing proposing her candidature for the office of Director, be and is hereby appointed as a Director of the Company whose period of office shall be liable to determination by retirement of directors by rotation."

**By Order of the Board
For IO SYSTEM LIMITED**

**Place : Noida
Date : 14th August, 2014**

**Arun Seth
Chairman
DIN:00007895**

NOTES :

1. The relative Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 with respect to the Special Business set out in Item No. 4 above is annexed hereto.
2. The relevant details as required under Clause 49 of the Listing Agreement with the Stock Exchanges of persons seeking appointment/reappointment relating to item nos. 2 and 4 of the Notice are also annexed.
3. ANY MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXY(IES) TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND THE PROXY(S) NEED NOT BE A MEMBER OF THE COMPANY. A person can act as proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than ten percent of the total share capital of the Company. In case a proxy is proposed to be appointed by a member holding more than 10% of the total share capital of the Company carrying voting rights, then such proxy shall not act as a proxy of any other member.

4. The instrument of proxy, in order to be effective should be deposited at the Registered Office of the Company, duly completed and signed, not less than 48 hours before the commencement of the meeting. Proxies submitted on behalf of limited companies, societies etc. must be supported by appropriate resolutions/ authority, as applicable.
5. The Register of Members and Share Transfer Books of the Company shall remain closed from September 25, 2015 to September 30, 2015 (both days inclusive).
6. Members are requested to bring their copy of the Annual Report and Attendance Slip with them at the Annual General Meeting.
7. Members holding shares in electronic form are hereby informed that the bank particulars registered against their respective depository accounts will be used by the Company for the payment of dividend. The company or its Registrars cannot act on any request received directly from the members holding shares in electronic form for any change in address, change of bank particulars or bank mandates. Such changes are to be advised only to the Depository participant of the Members.
8. Members holding shares in physical form are requested to advise any change of address, bank details etc. immediately to the Company's Registrar and Share Transfer Agents, M/s MAS Services Ltd. – T-34, Okhla Industrial Area, Phase-II, New Delhi – 110 020.
9. Electronic copy of the Annual Report is being sent to all the members whose e-mail IDs are registered with the Company/ Depository Participant(s) unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Annual Report is being sent in the permitted mode.
10. To promote green initiative, members are requested to register their e-mail addresses through their Depository Participants for sending the future communications by e-mail. Members holding the shares in physical form may register their e-mail addresses through the RTA, giving reference of their Folio Number.
11. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their Demat Accounts. Members holding shares in physical form shall submit their PAN details to the Company at its Registered Office or to the Registrar and Share Transfer Agents M/s MAS Services Ltd. – T-34, Okhla Industrial Area, Phase-II, New Delhi – 110 020.
12. Members may also note that the Annual Report for the Financial Year 2014-15 shall also be available on the Company's website www.iosystem.co.in for their download.
13. Pursuant to Clause 35B of the Listing Agreement and the provisions of Section 108 of the Companies Act, 2013, read with the Companies (Management and Administration) Rules, 2014, the business may be transacted through electronic voting system and the Company is pleased to provide the facility for remote e-voting by electronic means ("remote e-voting") to its members. The Company has engaged the services of National Securities Depository Limited ("NSDL") to provide remote e-voting facilities and for security and enabling the members to cast their vote in a secure manner.
14. The remote e-voting period begins on Sunday, the 27th September, 2015 (at 9.00 a.m.) and ends on Tuesday, the 29th September, 2015 (at 5.00 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) of 23rd September, 2015 may cast their vote electronically. The remote e-voting module shall be disabled by NSDL for voting thereafter.
15. **Instructions for remote e- voting: Please read the instructions as mentioned at the back of the attendance slip.**

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013 :

ITEM NO. 4:

As per Section 149 of the Companies Act, 2013 read with Rule 3 of the Companies (Appointment and Qualification of Directors) Rules, 2014, and Clause 49(II)(A)(1) of the Listing Agreement, a listed company is required to appoint a Woman Director.

Accordingly in terms of Sections 149, 152, 161 of the Companies Act, 2013 and the rules made thereunder, Ms. Gunjan Arora was appointed as an Additional Director w.e.f. 25th March 2015, to hold office till the conclusion of this Annual General Meeting. Her term of office shall be liable to determination by retirement of directors by rotation.

Ms. Gunjan Arora specializes in Finance and has over 5 years of experience in various fields covering Business Advisory, Direct and Indirect Taxation etc. and is on the Board of several Indian Companies.

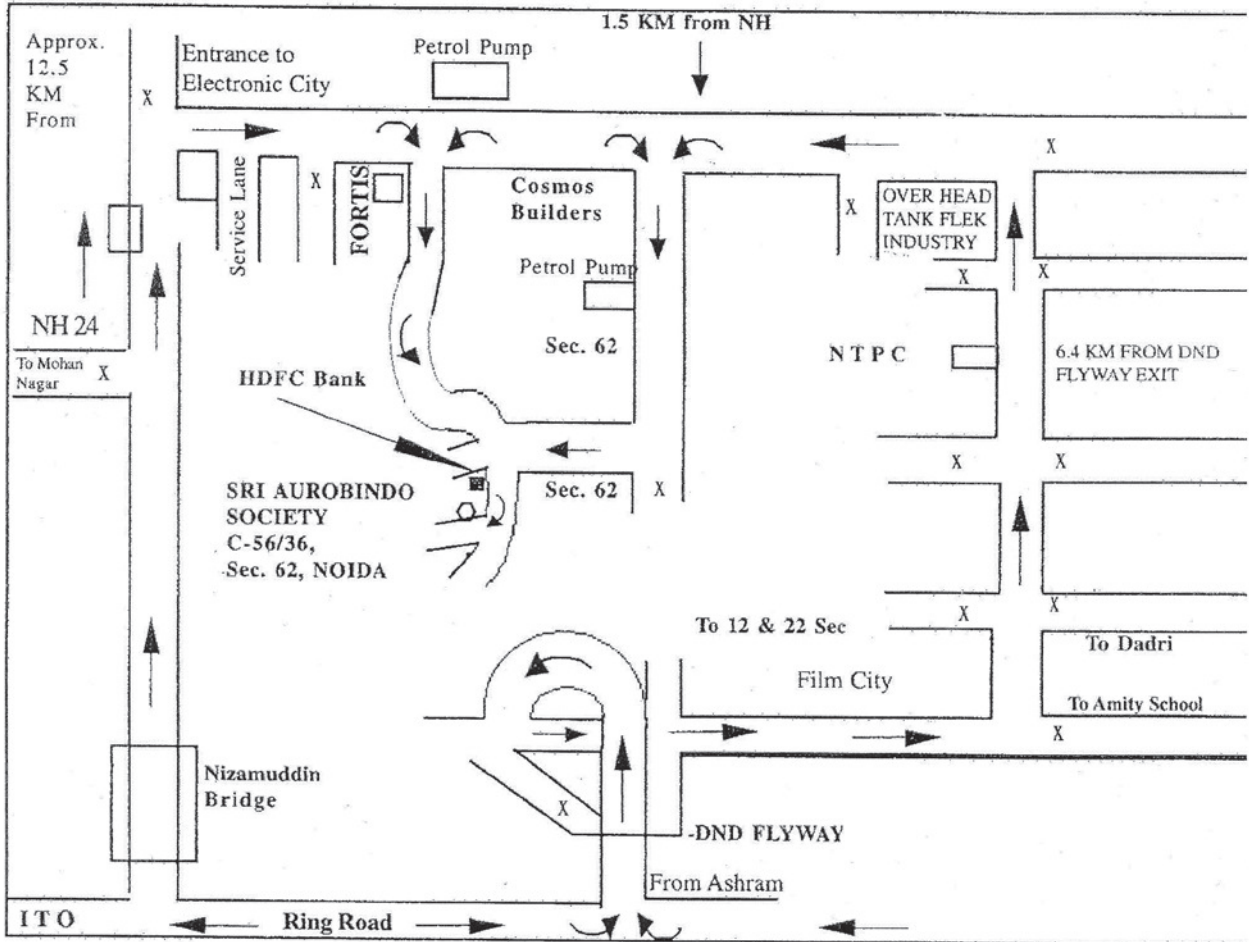
The Board feels that presence of Ms. Gunjan Arora on the Board is desirable and would be beneficial to the Company and hence recommend resolution No. 4 for adoption.

None of the Directors except Ms. Gunjan Arora, Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution except and to the extent they are members of the Company.

**Details of Directors seeking Appointment / Reappointment in forthcoming Annual General Meeting
(In pursuance of Clause 49(VIII)(E) of the Listing Agreement)**

Name of Director	Arun Seth	Ms. Gunjan Arora
Date of Birth	24th September, 1953	6th September 1988
Date of Appointment as Director	29th September, 2014	25th March 2015
Qualification	B.A., Diploma in Marketing Management	Post Graduation diploma in banking operations and M.Com
Expertise in specific functional areas	Marketing, Electronics and Information Technology	Specializes in Finance and has over 5 years of experience in various fields covering Business Advisory, Direct and Indirect Taxation etc and is on the Board of several Indian Companies.
List of Companies in which directorship held	First Choice Enterprises Private Limited Bharat IT Services Limited Peremex Computer Systems Pvt. Ltd.	1) MBM Limited 2) Avon Mercantile Limited 3) Spicebulls Investments Limited 4) Spice Solar Technology Rajasthan Private Limited 5) Spice Solar Technology Private Limited 6) Spice Stock Broking Private Limited 7) Protective Investments Private Limited
Chairman / Member of the Committees of the Board of the Companies on which he/she is a Director	IO System Limited : Member - Audit Committee Member – Stakeholders Relationship Committee Member- Risk Management Committee Bharat IT Services Limited Chairman - Corporate Social Responsibilities Committee	Nil
Number of Shares held in the Company	Nil	5 Shares
Terms and conditions of reappointment and remuneration	As per the nomination and remuneration policy of the company	As per the nomination and remuneration policy of the company
Relationship with other Directors, KMP	Nil	Nil
Number of Board meeting attended during the year	4	0* (Appointed w.e.f. 25.3.15)

**ROUTE MAP FOR VENUE OF AGM OF IO SYSTEM LIMITED TO BE HELD ON 30TH SEPTEMBER, 2015
AT 11:00AM AT SRI AUROBINDO BHAWAN, C-56/36, SECTOR-62, NOIDA - 201 307, (U.P.)**



DIRECTORS' REPORT

Dear Members,

On behalf of the Board of Directors, it is our pleasure to present the 27th Annual Report together with the Audited Statement of Accounts of IO SYSTEM LIMITED ("the Company") for the year ended March 31, 2015.

Financial Performance

The summarized results of your Company are given in the table below.

PARTICULARS	31.03.2015	31.03.2014
		(Amount in Rs.)
Total Income	23,877	5,847
Profit/(loss) before Interest, Depreciation & Tax (EBITDA)	(52,05,511)	(52,53,969)
Finance Charges	28,34,280	30,11,956
Depreciation	24,399	9,551
Net Profit/(Loss) After Tax	(52,29,910)	(52,63,520)
Profit/(Loss) brought forward from previous year	(19,59,82,038)	(19,07,18,518)
Profit/(Loss) carried to Balance Sheet	(20,12,11,948)	(19,59,82,038)

*previous year figures have been regrouped/rearranged wherever necessary.

Summary of Operations

During the year under review, your company only earned through other income which stood at 23,877/- as compared to that of Rs.5,847/-. The Company incurred a loss of Rs.52.30 lacs during the year as compared to a loss of Rs.52.63 lacs during the the previous year.

Business Review/State of the company's affairs

During the year under review, the Company did not carry on any business. This was mainly due to the fact that the Company has been incurring losses for the past many years and is yet to overcome the same.

However, considering the opportunities now available in the industry your company has been operating, viz., office automation industry, your Directors are optimistic that the Company is expected to do better in the years to come.

Dividend

In view of the losses incurred during the year and also in view of the losses incurred in previous years, your Directors do not recommend any dividend.

Subsidiary(ies), Associate(s), Joint Venture(s)

The Company does not have any subsidiary(ies), associate(s), joint venture(s). However, the Company continues to be the subsidiary of Smart Entertainment Private Limited.

Directors' Responsibility Statement

Pursuant to the provisions of sub-section (5) of Section 134 of the Companies Act, 2013, the Board of Directors, to the best of their knowledge and ability, confirm that:

- (a) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (b) the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for that period;
- (c) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (d) the directors had prepared the annual accounts on a going concern basis; and
- (e) the directors had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively.
- (f) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

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Capital/ Finance

During the year under review, there was no enhancement or reduction in capital of the Company. As on 31st March, 2015, the capital break up of the Company is as under :

1. Authorised Capital : Rs. 25,00,00,000/-, divided into 2,00,00,000 Equity Shares of Rs.10/- each and 5,00,000 Preference Shares of Rs.100/- each.
2. Issued, subscribed and fully paid up share capital : Rs. 16,90,00,000/-, divided into 1,69,00,000 Equity shares of Rs.10/- each.

Directors and Key Managerial Personnel

Pursuant to the provisions of Section 149 of the Companies Act, 2013, which came into effect from April 1, 2014, Mr. Ramesh Chandra Agarwal and Mr. Satish Kumar Gupta, were appointed as independent directors at the annual general meeting of the Company held on September 29, 2014. The terms and conditions of appointment of independent directors are as per Schedule IV of the Act. They have submitted a declaration that each of them meets the criteria of independence as provided in Section 149(6) of the Act and there has been no change in the circumstances which may affect their status as independent director during the year.

Also pursuant to the provisions of Section 149(1) of the Act, Ms. Gunjan Arora was appointed as a non-executive woman Director of the Company. The resolutions seeking approval of the Members for the appointment of Ms. Gunjan Arora have been incorporated in the notice of the forthcoming annual general meeting of the Company along with brief details about her. The Company has received a notice under Section 160 of the Act along with requisite deposit proposing the appointment of Ms. Gunjan Arora.

Mr. Arun Seth continues to be on Board as a Non-Independent Director and is liable to retire by rotation at this Annual General Meeting and being eligible offers himself for re-appointment.

Mr. Dinkar Sharma continues to be the Company Secretary and compliance officer of the company.

Pursuant to the provisions of Section 203 of the Companies Act, 2013, Mr. Gopal Singh Negi was appointed as Chief Executive Officer (CEO) of the Company with effect from 1st June, 2015. Mr. Rakesh Kumar Bhatnagar was appointed as Chief Financial Officer (CFO) of the Company with effect from 1st March, 2015.

During the year Mr. Ravi Garg and Mr. Munish Garg were appointed as CEO and CFO of the Company, respectively, with effect from 14th August, 2014. However, Mr. Munish Garg resigned from the Office of CFO with effect from 29th September, 2014 and Mr. Ravi Garg resigned from the office of CEO with effect from 15th December, 2014.

Number of Meetings of the Board

Four meetings of the Board were held during the year. For details of the meetings of the Board, please refer to the corporate governance report, which forms part of this report.

Board Evaluation

The board of directors has carried out an annual evaluation of its own performance, Board committees and individual directors pursuant to the provisions of the Act and the corporate governance requirements as prescribed by Securities and Exchange Board of India ("SEBI") under Clause 49 of the Listing Agreements ("Clause 49").

The performance of the Board was evaluated by the Board after seeking inputs from all the directors on the basis of the criteria such as the Board composition and structure, effectiveness of board processes, information and functioning, etc.

The performance of the committees was evaluated by the board after seeking inputs from the committee members on the basis of the criteria such as the composition of committees, effectiveness of committee meetings, etc.

The Board and the Nomination and Remuneration Committee ("NRC") reviewed the performance of the individual directors on the basis of the criteria such as the contribution of the individual director to the Board and committee meetings like preparedness on the issues to be discussed, meaningful and constructive contribution and inputs in meetings, etc.

In a separate meeting of independent Directors, held on 31st March, 2015, performance of non-independent directors, performance of the board as a whole was evaluated, taking into account the views of all the directors. The same was discussed in the board meeting that followed the meeting of the independent Directors, at which the performance of the Board, its committees and individual directors was also discussed.

Policy on Directors' appointment and remuneration and other details

The Company's policy on directors' appointment and remuneration and other matters provided in Section 178(3) of the Act has been disclosed in the corporate governance report, which forms part of the directors' report.

Internal Financial Control Systems and their adequacy

The details in respect of internal financial control and their adequacy are included in the Management Discussion and Analysis which forms part of this report.

Audit Committee

The details pertaining to composition of audit committee are included in the Corporate Governance Report, which forms part of this report.

Statutory Auditors

The current Statutory Auditors of the Company, M/s Gupta Garg & Agrawal, Chartered Accountants, retire at the ensuing Annual General Meeting of the Company and being eligible offer themselves for re-appointment. The audit committee has recommended their appointment.

Internal Auditors

The Company had appointed M/s. RBAS & Associates, Chartered Accountants, Delhi, as Internal Auditors of the Company for the financial year 2014-15.

Secretarial Auditors

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and rules made thereunder, the Company has appointed M/s S K Batra & Associates, Company Secretaries, New Delhi, to conduct the Secretarial Audit of the Company for the financial year 2014-15. The Secretarial Audit Report is annexed to this report.

Material Change

There is no material change or commitments after the closure of the financial year.

Auditors' Report and Secretarial Auditors' Report

The Auditors' Report and Secretarial Auditors' Report (which form part of this annual report) are self explanatory and do not contain any qualifications, reservations or adverse remarks. However, as observed by the Statutory Auditors and Secretarial Auditors, the company has incurred losses over the last few years and as a result the entire capital of the company has been eroded. Also, the company incurred cash loss of Rs. 52.06 lacs during the year as against cash loss of Rs. 52.54 lacs during the previous year. Presently the company is not carrying on any business activity since last few years due to recession and other factors and your Director are exploring the opportunities to revive the company.

Risk Management

The Board of the Company has formed a risk management committee to frame, implement and monitor the risk management plan for the Company. The committee is responsible for reviewing the risk management plan and ensuring its effectiveness. The audit committee has additional oversight in the area of financial risks and controls. Major risks identified by the businesses and functions are systematically addressed through mitigating actions on a continuing basis. The development and implementation of risk management policy has been covered in the management discussion and analysis, which forms part of this report.

Particulars of loans, guarantees and investments

The particulars of loans, guarantees and investments have been disclosed in the financial statements.

Transactions with related parties

None of the transactions with related parties falls under the scope of Section 188(1) of the Act. Information on transactions with related parties pursuant to Section 134(3)(h) of the Act read with rule 8(2) of the Companies (Accounts) Rules, 2014 are given in **Annexure I** in Form AOC-2 and the same forms part of this report.

Corporate Social Responsibility (CSR) Policy

The provisions regarding formation / constitution of CSR Committee prescribed under Section 135 of the Companies Act, 2013 are not applicable to the Company and once the said provisions become applicable to the Company, the Board of Directors of the Company shall accordingly constitute / form a CSR Committee

Extract of Annual Return

As provided under Section 92(3) of the Act, the extract of annual return is given in **Annexure II** in the prescribed Form MGT-9, which forms part of this report.

Cash Flow Statement

In conformity with the provisions of Clause 32 of the listing agreement cash flow statement for the year ended 31st March, 2015 is attached.

Particulars of employees

The information required under Section 197 of the Act read with rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are given below:

A. No employee was paid remuneration in excess of Rs.5 Lacs per month or Rs.60 lacs per annum during 2014-15

IO SYSTEM LIMITED

and hence there is no disclosure requirement as per Rule 5(2) of the Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014.

- B. **The ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year:** This is NIL as none of the Directors of the Company has received any remuneration from the Company except for a sitting fee for independent Directors.
- C. Percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year.

Name of the Employee*	Designation	Remuneration for FY 2014-15	Remuneration for FY 2013-14	% change
Gopal Singh Negi	CEO	N/a since he was appointed w.e.f. 1st June, 2015	N/a	N/a
Rakesh Kumar Bhatnagar	CFO	46,220	Nil (appointed w.e.f 1.3.2015)	N/a
Dinkar Sharma	Company Secretary	9,93,600	9,93,600	No Change

*No remuneration was paid to any of the Directors of the Company during the Financial Year 2014-15 except for the sitting fee paid to independent Directors.

- D. **Number of Permanent Employees on roll of the Company :** There were two employees on the rolls of the Company as on 31st March, 2015. However, as on the date of this report, there are three employees on the rolls of the Company.
- E. **The explanation on the relationship between average increase in remuneration and Company performance:** Since there has been no increase in the remuneration and the Company did not carry on any operations during the year, the comparison is not feasible.
- F. **Comparison of the remuneration of the key managerial personnel against the performance of the Company:** Since the Company did not carry on any operations during the year, such comparison is not feasible.
- G. **Variations in the market capitalisation of the Company, price earnings ratio as at the closing date of the current financial year and previous financial year:**

Particulars	March 31, 2015	March 31, 2014	% Change
Market Capitalisation	4.95 Crores	4.08 Crores	0.09
Price Earning (PE) Ratio*	-	-	-

* Since the Company incurred losses in these years, the P/E ratio cannot be computed and compared.

- H. **Percentage increase / decrease in market quotations of the shares of the Company in comparison with the last public offer:** Not applicable as the last public offer was made more than 2 decades back and the data would be incomparable.
- I. Average percentage increase already made in the salaries of employees other than the managerial personnel in the last financial year – Nil as Company does not have any employee except Key Managerial Personnel.
- J. Percentage increase in the managerial remuneration - Not applicable as there was no increase in remuneration.
- K. Comparison of the above and justification thereof - Not Comparable
- L. Point out if there is any exceptional circumstances for increase in the managerial remuneration - None
- M. Key parameters for any variable component of remuneration availed by the Directors - Not Applicable as no remuneration was paid to any of the Director.
- N. Ratio of remuneration of the highest paid director of that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year - Not Applicable as no remuneration was paid to any of the Director.
- O. **Affirmation that the remuneration is as per the remuneration policy of the Company:** The Company affirms remuneration is as per the remuneration policy of the Company.

Disclosure requirements

As per Clause 49 of the listing agreements entered into with the stock exchanges, corporate governance report with auditors' certificate thereon and management discussion and analysis are attached, which form part of this report.

Details of the familiarization programme of the independent directors are available on the website of the Company (www.iosystem.co.in).

Policy on dealing with related party transactions is available on the website of the Company (www.iosystem.co.in).

Vigil Mechanism

The Company has formulated and published a Whistle Blower Policy to provide Vigil Mechanism for employees including directors of the Company to report genuine concerns. The provisions of this policy are in line with the provisions of the Section 177(9) of the Act and the revised Clause 49 of the Listing Agreements with stock exchanges (www.iosystem.co.in).

Significant and Material Order passed against the Company

There is no significant and material order passed against the company by any regulator or court or tribunal impacting the going concern status and company's operations in future.

Deposits from public

The Company has not accepted any deposits from public and as such, no amount on account of principal or interest on deposits from public was outstanding as on the date of the balance sheet.

Conservation of energy, technology absorption, foreign exchange earnings and outgo

(a) Conservation of energy

(i)	the steps taken or impact on conservation of energy	Since there is no manufacturing activity in the Company, therefore, there is no scope for energy consumption and its conservation.
(ii)	the steps taken by the company for utilizing alternate sources of energy	
(iii)	the capital investment on energy conservation equipments	

(b) Technology absorption

(i)	the efforts made towards technology absorption	Nil
(ii)	the benefits derived like product improvement, cost reduction, product development or import substitution	Nil
(iii)	in case of imported technology (imported during the last three years reckoned from the beginning of the financial year)- (a) the details of technology imported (b) the year of import; (c) whether the technology been fully absorbed (d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof	No such technology was used by the Company during the year.
(iv)	the expenditure incurred on Research and Development	Nil

(c) Foreign exchange earnings and Outgo : There was no foreign exchange earning or outgo during the year.

Appreciation

Your Company expresses its appreciation for the continued co-operation of the Statutory Authorities both State and Central, Banks & Financial Institutions. Your Company also wishes to thank all employees for their contribution and support throughout the year.

**For and on Behalf of the Board of Directors,
For IO System Limited,**

**Place : Noida
Date : 14th August, 2015**

**Gunjan Arora
Director
DIN:07134573**

**Arun Seth
Director
DIN:00007895**

Annexure-I

Form No. AOC-2

*(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and
Rule 8(2) of the Companies (Accounts) Rules, 2014)*

Form for disclosure of particulars of contracts / arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto:

1. Details of contracts or arrangements or transactions not at arm's length basis: IO System Limited has not entered into any contract or arrangement or transaction with its related parties which is not at arm's length during financial year 2014-15.
2. Details of material contracts or arrangement or transactions at arm's length basis: IO System Limited has not entered into any contract or arrangement or transaction with its related parties during financial year 2014-15. Details of other transactions with related parties has been mentioned separately in the Auditors' Report.
 - a. Name(s) of the related party and nature of relationship: N/a
 - b. Nature of contracts / arrangements / transactions: N/a
 - c. Duration of the contracts / arrangements / transactions: N/a
 - d. Salient terms of the contracts or arrangements or transactions including the value, if any: N/a
 - e. Date(s) of approval by the Board, if any: N/a
 - f. Amount paid as advances, if any: N/a

**On behalf of the board of directors,
For IO System Limited,**

**Place : Noida
Date : 14th August, 2015**

**Arun Seth
Director
DIN:00007895**

Annexure-II

EXTRACT OF ANNUAL RETURN

as on the financial year ended on March 31, 2015

[Pursuant to Section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS :

CIN	L65921UP1987PLC008764
Registration Date	May 25, 1987
Name of the Company	IO System Limited
Category / Sub-Category of the Company	Company Limited by shares / Indian Non-Government Company
Address of the Registered office and contact details	Global Knowledge Park, Plot No. 19A & 19B, Sector-125, NOIDA-201 301 (U.P) Tel. : 0120-3355131 Fax : 0120-3355131 Email : iosystemlimited@gmail.com Website : http://www.iosystem.co.in
Whether listed Company	Yes, at Bombay Stock Exchange
Name, Address and Contact details of Registrar and Transfer Agent, if any	MAS Services Limited, T-34, 2nd Floor, Okhla Industrial Area, Phase-II, New Delhi-110 020 Tel. : 011-26387282-83 Fax : 011-26387284 Email : info@masserv.com Website : http://www.masserv.com

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company shall be stated:-

S. No.	Name and Description of main Products/ Services	NIC Code of the Product/ Service	% of total turnover of the Company
1.	NA	NA	NA

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

S. No.	Name and Address of the Company	CIN/ GLN	Holding/ Subsidiary / Associate	% of shares held	Applicable Section
1.	Smart Entertainment Private Limited	U67120UP1992PTC013974	Holding	74.8	2 (46) & 2 (87)

SHARE HOLDING PATTERN

(Equity Share Capital Breakup as percentage of Total Equity)

(i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year %				% Change during the year
	Demat	Physi-cal	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
Promoters									
(1) Indian									
(a) Individual/ HUF	0	29600	29600	0.175	NIL	29600	29600	0.175	NIL
(b) Central Govt	0	0	0	0	NIL	0	0	0	NIL
(c) State Govt (s)	0	0	0	0	NIL	0	0	0	NIL
(d) Bodies Corp.	12645400	0	12645400	74.825	12645400	0	12645400	74.825	NIL
(e) Banks / FI	0	0	0	0	NIL	0	0	0	NIL
(f) Any Other....	0	0	0	0	NIL	0	0	0	NIL
Sub-total (A) (1):-	12645400	29600	1267500	75	12645400	29600	12675000	75	NIL
(2) Foreign									
(a) NRIs - Individuals	0	0	0	0	NIL	0	0	0	NIL
(b) Other – Individuals	0	0	0	0	NIL	0	0	0	NIL
(c) Bodies Corp.	0	0	0	0	NIL	0	0	0	NIL
(d) Banks / FI	0	0	0	0	NIL	0	0	0	NIL
(e) Any Other....	0	0	0	0	NIL	0	0	0	NIL
Sub-total (A) (2):-	0	0	0	0	NIL	0	0	0	NIL
Total									
Shareholding of Promoter (A) = (A)(1)+(A)(2)	12645400	29600	12675000	75	12645400	29600	12675000	75	NIL
B. Public									
Shareholding									
1. Institutions									
(a) Mutual Funds	0	0	0	0	NIL	0	0	0	NIL
(b) Banks / FI	0	0	0	0	NIL	0	0	0	NIL
(c) Central Govt	0	0	0	0	NIL	0	0	0	NIL
(d) State Govt(s)	0	0	0	0	NIL	0	0	0	NIL
(e) Venture Capital Funds	0	0	0	0	NIL	0	0	0	NIL
(f) Insurance Companies	0	0	0	0	NIL	0	0	0	NIL
(g) FIs	0	0	0	0	NIL	0	0	0	NIL
(h) Foreign Venture Capital Funds	0	0	0	0	NIL	0	0	0	NIL
(i) Others (specify)	0	0	0	0	NIL	0	0	0	NIL
Sub-total (B)(1):-	0	0	0	0	NIL	0	0	0	NIL
2.Non-Institutions									
(a) Bodies Corp.	1184504	19700	1204204	7.125	973732	19700	993432	5.878	NIL
(i) Indian									
(ii) Overseas									
(b) Individuals									
(i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	154454	551700	706154	4.178	300082	544400	844482	13.875	NIL
(ii) Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	2260399	0	2260399	13.375	2344840	0	2344840	4.997	NIL
(c) Others (specify)									
i) NR/OCB	8500	14100	22600	0.134	10500	14100	24600	0.146	NIL
ii) Clg. Member	31643	0	31643	0.187	17646	0	17646	0.104	NIL
Sub-total (B)(2):-	1184504	19700	1204204	7.125	973732	19700	993432	5.878	NIL
Total Public Shareholding (B)=(B)(1)+(B)(2)	36370500	585500	4225000	25	3646800	578200	4225000	25	NIL
C. Shares held by Custodian for GDRs & ADRs	0	0	0	0	NIL	0	0	0	NIL
Grand Total (A+B+C)	16284900	615100	16900000	100	16292200	607800	16900000	100	NIL

ii) Shareholding of Promoters :

S.No.	Shareholder's Name	Shareholding at the beginning of the year			Share holding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / Encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / Encumbered to total shares	
1.	Veena Modi	100	0.001	0	100	0.001	0	NIL
2.	O P Dani	100	0.001	0	100	0.001	0	NIL
3.	R L Ahuja	100	0.001	0	100	0.001	0	NIL
4.	A K Mittal	100	0.001	0	100	0.001	0	NIL
5.	S K Jain	100	0.001	0	100	0.001	0	NIL
6.	S K Sethi	100	0.001	0	100	0.001	0	NIL
7.	S K Surana	100	0.001	0	100	0.001	0	NIL
8.	Harkarwal Singh	1000	0.006	0	1000	0.006	0	NIL
9.	Madan Gupta	1000	0.006	0	1000	0.006	0	NIL
10.	Suresh Kumar Jain	15000	0.089	0	15000	0.089	0	NIL
11.	R S Desikan	11000	0.065	0	11000	0.065	0	NIL
12.	Bhagchand P Jain	500	0.003	0	500	0.003	0	NIL
13.	Bhagchand Partiraj Jain	200	0.001	0	200	0.001	0	NIL
14.	Om Prakash Kariwala	200	0.001	0	200	0.001	0	NIL
15.	Smart Entertainment Pvt. Ltd.	12675000	74.825	0	12675000	74.825	0	NIL

(iii) Change in Promoters' Shareholding (please specify, if there is no change)

S.No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	There is no change in Promoters' Shareholding between 01.04.2014 to 31.03.2015			
	Date wise Increase /Decrease in Promoters Share holding during the Year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):				
	At the end of the year				

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sl. No.	Name of the Shareholder	Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	Shiv Mittal				
	At the beginning of the year 01.04.2014	906250	5.362	906250	5.362
	Purchase during year	11230	0.067		
	At the end of the year 31.03.2015	917480	5.429	917480	5.429
2.	Himanshu Gupta				
	At the beginning of the year 01.04.2014	800000	4.734	800000	4.734
	Sale during year	(800000)	(4.734)		
	At the end of the year 31.03.2015	0	0	0	0

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3.	Infotrade Resources India Pvt. Ltd.				
	At the beginning of the year 01.04.2014	548590	3.246	548590	3.246
	At the end of the year 31.03.2015	548590	3.246	548590	3.246
4.	Monarch Research & Brokerage Pvt. Ltd.				
	At the beginning of the year 01.04.2014	510684	3.022	510684	3.022
	Sale during year	(223559)	(1.323)		
	At the end of the year 31.03.2015	287125	1.699	287125	1.699
5.	Kanchan Mittal				
	At the beginning of the year 01.04.2014	200000	1.183	200000	1.183
	At the end of the year 31.03.2015	200000	1.183	200000	1.183
6.	Pelf Finstock Limited				
	At the beginning of the year 01.04.2014	100000	0.592	100000	0.592
	Purchase during the year	149	0.001		
	At the end of the year 31.03.2015	100149	0.593	100149	0.593
7.	Deepak Maganbhai Makwana				
	At the beginning of the year 01.04.2014	84398	0.499	84398	0.499
	Purchase during the year	4760	0.029		
	At the end of the year 31.03.2015	89158	0.528	89158	0.528
8	Jignesh Bhupendra Shah				
	At the beginning of the year 01.04.2014	66170	0.392	66170	0.392
	Sale during the year	(29191)	0.173		
	At the end of the year 31.03.2015	36979	0.219	36979	0.219
9.	Kaushal Ashwin Gandhi				
	At the beginning of the year 01.04.2014	55000	0.325	55000	0.325
	At the end of the year 31.03.2015	55000	0.325	55000	0.325
10.	Amit Chowdhary				
	At the beginning of the year 01.04.2014	48000	0.284	48000	0.284
	At the end of the year 31.03.2015	48000	0.284	48000	0.284
New Top 10 during 2014-15					
11	Kiran Rana				
	At the beginning of the year 01.04.2014	0	0	0	0
	Purchase during the year	400000	2.367		
	At the end of the year 31.03.2015	400000	2.367	400000	2.367
12	Dalip Singh				
	At the beginning of the year 01.04.2014	0	0	0	0
	Purchase during the year	400000	2.367		
	At the end of the year 31.03.2015	400000	2.367	400000	2.367

(v). Shareholding of Directors and Key Managerial Personnel:

Sl. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
GUNJAN ARORA					
	At the beginning of the year	Nil	Nil	Nil	Nil
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweatequity etc):	05	0.00002	05	0.00002
	At the end of the year	05	0.00002	05	0.00002

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	-	2,70,50,000	-	2,70,50,000
ii) Interest due but not paid		7,15,019	-	7,15,019
iii) Interest accrued but not due				
Total (i+ii+iii)		2,77,65,019	-	2,77,65,019
Change in Indebtedness during the financial year				
• Addition	-	59,48,653	-	59,48,653
• Reduction	-	7,15,023	-	7,15,023
Net Change		52,33,630	-	66,63,676
Indebtedness at the end of the financial year				
i) Principal Amount	-	3,12,00,000		3,12,00,000
ii) Interest due but not paid	-	17,98,649		17,98,649
iii) Interest accrued but not due	-			
Total (i+ii+iii)		3,29,98,649	-	3,29,98,649

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

S.No.	Particulars of Remuneration	Name of MD/WTD/ Manager	Total Amount
1.	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under	<i>The Company has not paid any remuneration to any MD/WTD/ Manager during the Financial Year 2014-15</i>	
2.	Stock Option		
3.	Sweat Equity		
4.	. Commission - as % of profit - others, specify...		
5.	Others, please specify		
	Total (A)		
	Ceiling as per the Act		

IO SYSTEM LIMITED**B. Remuneration to other directors:**

S.No.	Particulars of Remuneration	Name of Directors	Total Amount
1.	Independent Directors <ul style="list-style-type: none"> Fee for attending board /committee meetings Commission Others, please specify 		
	Total (1)		
2.	Other Non-Executive Directors <ul style="list-style-type: none"> Fee for attending board /committee meetings Commission Others, please specify 		
	Total (2)		
	Total (B)=(1+2)		
	Total Managerial Remuneration		
	Overall Ceiling as per the Act		

The Company has not paid any remuneration to any of the Director(s) of the Company during the Financial Year 2014-15, except for sitting fee for Board and Committee Meetings to independent Directors, the details of which are given in the Audited Accounts.

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD / MANAGER/WTD

S.No.	Particulars of Remuneration	Key Managerial Personnel				Total
		CEO	CS	CFO		
		Ravi Garg	Dinkar Sharma	Munish Garg	Rakesh Kumar Bhatnagar	
		14.8.14 to 15.12.14	01.4.14 to 31.3.15	14.8.14 to 29.9.14	01.03.15 to 31.3.15	
1	Gross salary					
	(a) Salary as per section 17(1) of the Income-tax Act, 1961	0	9,93,600	80,695	44,420	11,18,715
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	0	0	0	1800	1800
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	0	0	0	0	0
2	Stock Option	0	0	0	0	0
3	Sweat Equity	0	0	0	0	0
4	Commission - as % of profit - others, specify...	0	0	0	0	0
5	Others, please specify	0	0	0	0	0
	Total	0	9,93,600	80,695	46,220	11,20,515

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD/ NCLT / COURT]	Appeal made, if any (give Details)
A.COMPANY					
Penalty	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding	NIL	NIL	NIL	NIL	NIL
B. DIRECTORS					
Penalty	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding	NIL	NIL	NIL	NIL	NIL
C. OTHER OFFICERS IN DEFAULT					
Penalty	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding	NIL	NIL	NIL	NIL	NIL

REPORT ON CORPORATE GOVERNANCE

The Directors have great pleasure in presenting the Report on Corporate Governance for the financial year ended 31st March, 2015 as per Clause 49 of the Listing Agreement.

1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Corporate Governance refers to those rules, practices, systems and processes by which a company is directed, controlled and monitored. It essentially involves balancing the interests of stakeholders of the company, which includes inter-alia its shareholders, management, financiers, regulators and employees and other business associates. The Corporate Governance system spells out the rules and procedures for making decisions on corporate affairs and provides the platform through which the Company objectives are set, as well as the means of attaining and monitoring those objectives. Your Company's Corporate Governance philosophy rests on the pillars of integrity, accountability, sustainability, equity, transparency environmental responsibility. It is committed to the highest standards of Corporate Governance in all its activities, systems and processes, by adhering to the good corporate governance practices and your management is constantly under pursuit to improve them.

The Board of Directors fully supports and endorses corporate governance practices as enunciated in Clause 49 of the Listing Agreement as applicable from time to time and the Company is in compliance with the requirements stipulated thereunder.

2. BOARD OF DIRECTORS

- i. As on March 31, 2015, the Company has four directors. Of the four Directors, 2 are independent and 2 are non-independent directors. The composition of the board is in conformity with Clause 49 of the Listing Agreements entered into with the stock exchanges.
- ii. None of the directors on the board hold directorships in more than ten public companies. Further, none of them is a member of more than ten committees or chairman of more than five committees across all the public companies in which he is a director. Necessary disclosures regarding committee positions in other public companies as on March 31, 2015 have been made by the directors. None of the directors are related to each other.
- iii. Independent directors are non-executive directors as defined under Clause 49(II)(B)(1) of the Listing Agreements entered into with the Stock Exchanges. The maximum tenure of the independent directors is in compliance with the Companies Act, 2013 ("Act"). All the Independent Directors have confirmed that they meet the criteria as mentioned under clause 49 of the Listing Agreement and Section 149 of the Act.
- iv. The names and categories of the directors on the board, their attendance at board meetings held during the year and the number of directorships and committee chairmanships / memberships held by them in other public companies as on March 31, 2015 are given herein below. Other directorships do not include directorships of private limited companies, Section 8 companies and of companies incorporated outside India. Chairmanships / memberships of board committees shall include only audit committee and stakeholders' relationship committee.

Name of the Director	Category	No. of Board meetings during the Financial Year 2014-15		Whether attended last AGM held on 29th September, 2014	No. of Directorships in Other Public Companies		No. of Committee positions held in other public companies	
		Held	Attended		Chairman	Member	Chairman	Member
Arun Seth	Non-Executive Non-Independent	4	4	Yes	0	1	0	0
Ramesh Chandra Agarwal	Non-Executive Independent	4	4	Yes	0	4	1	4
Satish Kumar Gupta*	Non-Executive Independent	4	4	Yes	0	3	4	6
Gunjan Arora	Non-Executive Non-Independent	4	0* (appointed w.e.f. 25.3.15)	No* (appointed w.e.f. 25.3.15)	0	3	0	0

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Board Meetings

The Board has formal schedule of matters reserved for its consideration, discussion and decision. The agenda is circulated well in advance to the Board members. The items in the agenda are backed by comprehensive background information to enable the Board to take appropriate decisions. In addition, to the information required under Annexure X to Clause 49 of the Listing Agreement, the Board is also kept informed of major events/items and approvals have been taken wherever necessary for making investments, ensuring adequate availability of financial resources and periodically consider the report on compliance of applicable laws and gives appropriate directions.

The Board also reviews the Board Meeting minutes and financial statements and also takes on record the Committee meeting minutes.

The Board of Directors met Four (4) times during the financial year ended 31st March, 2015 – on 30.05.2014, 14.08.2014, 14.11.2015 and 12.02.2015. The maximum gap between any two meetings was less than one hundred and twenty days as stipulated under Clause 49(II)(D) of the Listing Agreement. Details of Board members as on 31st March, 2015 and Attendance at Board & General Meetings has been given in the table above. The details of dates of Board meetings and attendance thereat has been given in the table below :

S. No.	Date of the meeting	No. of Directors attended the meeting
1	30.05.2014	Three
2	14.08.2014	Three
3	14.11.2014	Three
4	12.02.2015	Three

Board Procedure

The Directors are elected based on their qualifications and experience in varied fields as well as company's business needs. The Nomination and Remuneration Committee, recommends the appointment of Directors to the Board. At the time of induction on the Board of the Company, an invitation to join the Board of the Company is sent and a directors' handbook comprising a compendium of the role, powers and duties to be performed by a Director is given to the new Director. Presentation is also made to the new Director regarding the business and other details of the Company.

During the year a separate meeting of the independent directors was held on 31st March, 2015, to review, inter-alia, the performance of non-independent directors and the board as a whole.

Details of Director seeking appointment / re-appointment

Mr. Arun Seth, Director of the Company, retires by rotation at the ensuing Annual General Meeting, and being eligible, offers himself for re-appointment.

Also, Ms. Gunjan Arora, was appointed as an Additional Director on the Board of the Company, with effect from 25th March, 2015 and her tenure is only upto the conclusion of the ensuing Annual General meeting. In terms of Section 160 of the Companies Act, 2013, the Company has received a notice in writing from a member signifying his intention to propose Ms. Gunjan Arora as a candidate for the office of an Independent Director of the Company. The appointment of Ms. Gunjan Arora, if made, shall be subject to retirement by rotation.

3. BOARD COMMITTEES :

A. AUDIT COMMITTEE

Overall purpose/ objective : The role of Audit Committee in brief is to review the financial statements, internal controls, accounting policies and internal audit reports.

The purpose of the Audit Committee (the "Committee") is to assist the Board of Directors (the "Board") in reviewing the financial information which will be provided to the shareholders and other stakeholders, reviewing the systems of internal controls established by the management and the Board, appointing, retaining and reviewing the performance of internal auditors and overseeing the Company's accounting and financial reporting processes and the audits of the Company's financial statements.

Composition : Pursuant to Section 177 of the Companies Act, 2013 and Clause 49 of the Listing Agreement, the Company has already in place an Audit Committee with a non-executive independent Director as its Chairman and 2 members of which one is a non-executive independent Director. All the members of the Committee have excellent financial & accounting knowledge.

The Chairman of the Audit Committee was present at the previous Annual General Meeting of the company held on 29th September, 2014.

Terms of Reference

The terms of reference of the audit committee covers all matters specified in clause 49 of the listing agreement and also those specified in section 177 of the Companies Act 2013. The terms of reference broadly include review of internal audit reports, action taken reports and assessment of the efficacy of the internal control systems/ financial reporting systems as well as reviewing the adequacy of the financial policies and practices followed by the company. The audit committee reviews the compliance with reference to legal and statutory requirements, the quarterly and annual financial statements and related party transactions and reports its findings to the Board. The committee also recommends the appointment of internal auditor, and statutory auditor for the company.

Meetings

The Committee met four times during the financial year ended 31st March 2015 on 30.05.2014, 14.08.2014, 14.11.2015 and 12.02.2015 and the time gap between the two meetings did not exceed one hundred and twenty days.

S. No.	Name of the Member	Chairman/ Member	No. of Meetings held during FY 2014-15	No. of Meetings attended
1.	Mr. Ramesh Chandra Agarwal	Chairman	4	4
2.	Mr. Satish Kumar Gupta	Member	4	4
3.	Mr. Arun Seth	Member	4	4

B. STAKEHOLDERS RELATIONSHIP COMMITTEE

Pursuant to Section 178 of the Companies Act, 2013 and Clause 49 of the Listing Agreement, the Company has constituted a Stakeholders Relationship Committee with Mr. Satish Kumar Gupta (DIN:00030841), Director as the Chairman. Mr. Arun Seth and Mr. Ramesh Chandra Agarwal are its members. The Stakeholders Relationship Committee of the Board looks into the redressal of the investors' complaints like non receipt of annual reports, dividend payments, change or deletion of name, issue of duplicate share certificates, dematerialization, rematerialisation, transfer, transmission, transposition, sub-division, consolidation and other allied transactions. The Committee also looks into all the communications received from the shareholders and complaints received from the stock exchanges or through Securities and Exchange Board of India.

Composition & Meetings

- The Committee met 5 (Five) times, during the financial year ended 31st March, 2015 on 19.4.14, 2.6.14, 14.7.14, 28.8.14, and 1.12.14.
- The Stakeholders Relationship Committee consists of a Chairman and 1 Member both of whom are independent Directors and 1 Non-Executive Director Non-independent Director.
- The composition of Stakeholders Relationship Committee and particulars of meeting(s) attended by the members of the Committee are given below :

Name	Chairman / Member	No. of Meetings held	No. of Meetings Attended
Satish Kumar Gupta	Chairman	5	5
Ramesh Chandra Agarwal	Member	5	2
Arun Seth	Member	5	5

Mr. Dinkar Sharma, Company Secretary, is the compliance officer of the Company.

Details of number of complaints received during the year are given below and Status of Investor Complaints as on March 31, 2015 and reported under Clause 41 of the Listing agreement are as under :

Complaints as on April 1, 2014	0
Received during the year	3
Resolved during the year	3
Pending as on 31st March, 2015	0

C. NOMINATION AND REMUNERATION COMMITTEE :

- i. The Company had a nomination committee and remuneration committee of directors pursuant to the provisions of the Act and clause 49 of the Listing Agreement.
- ii. The broad terms of reference of the nomination and Remuneration Committee are as under:
 - Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements reflect a true and fair position.
 - Recommendation for appointment/ reappointment, remuneration and terms of appointment of auditors of the company.
 - Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
 - Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particulars reference to:
 - Matters required to be included in the Directors' Responsibility Statement to be included in the Board's Report in terms of clause (c) sub-section (3) of section 134 of the Companies Act, 2013;
 - Changes, if any, in accounting policies and practices and reasons for the same;
 - Major accounting entries involving estimates based on the exercise of judgment by management;
 - Significant adjustments made in financial statements arising out of audit findings;
 - Compliance with listing and other legal requirements concerning financial statements;
 - Disclosure of any related party transactions;
 - Qualifications in draft audit report;
 - Compliance with accounting standard;
 - Reviewing, with the management, the quarterly / half yearly financial statements before submission to the Board for approval;
 - 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 utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
 - Review and monitor the auditor's independence and performance, and effectiveness of audit process;
 - Approval or any subsequent modification of transactions of the company with related parties;
 - Scrutiny of inter-corporate loans and investments;
 - Valuation of undertakings or assets of the company, wherever it is necessary;
 - Evaluation of internal financial controls and risk management systems;
 - Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
 - 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;
 - Discussion with internal auditors of any significant findings and follow-up thereon.
 - Looking into the reasons for substantial defaults in the payments to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors
 - Disclosure of contingent liabilities.
 - Reviewing the functioning of Whistle Blower Mechanism / Vigil mechanism Policy.
 - 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.

- Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;
 - Considering such other matters the Board may specify.
 - Reviewing other areas that may be brought under the purview of role of Audit Committee as specified in Listing Agreement and the Companies Act, as and when amended.
 - Mandatory review of following information:
 - Management discussion and analysis of financial condition and results of operation;
 - Statement of significant related party transactions, (as defined by Audit Committee) submitted by management;
 - Management letters / letters of internal control weaknesses issued by Statutory Auditors;
 - Internal audit reports relating to internal control weaknesses; and
 - The appointment, removal and terms of remuneration of the Chief internal auditor shall be subject to review by the Audit Committee.
 - Considering such other matters as the Board may specify and other areas that may be brought under the purview / role of Committee as specified in Listing Agreement and the Companies Act, as and when amended.
- iii. The composition of the nomination and remuneration committee and the details of meetings attended by its members are given below :

Name	Chairman / Member	Date of Meeting	Attended or not
Ramesh Chandra Agarwal	Chairman	14.8.2014 29.9.2015 15.12.2015 12.2.2015 25.3.2015	Yes
Satish Kumar Gupta	Member	14.8.2014 29.9.2015 15.12.2015 12.2.2015 25.3.2015	Yes
Arun Seth	Member	14.8.2014 29.9.2015 15.12.2015 12.2.2015 25.3.2015	Yes

- iv. The Company does not have any stock option scheme.
- v. Remuneration Policy :

The Board through the Nomination and Remuneration Committee adopted Remuneration policy pursuant to Section 178 of the Companies Act, 2013. This Remuneration Policy provides the framework for remuneration of members of the Board of Directors, Key Managerial Personnel and other employees of the Company. The said policy is available on company's website (www.iosystem.co.in)

None of the Directors, whether Executive or Non-executive is paid any remuneration. However, the Non-Executive Directors are entitled for sitting fees as per the Articles of Association of the Company for every Board / Committee meeting attended by them. As regard payment of sitting fees to Non –Executive Directors, the same is within the limits prescribed in the provisions of Sections 197 of the Companies Act, 2013. The details of sitting fee paid to Executive Directors during the financial year 2014-15 is as under :-

Name of the Director	Category	Sitting Fee Paid (Rs.)	Any other Remuneration (Rs.)
Arun Seth	Non-Executive Non-independent	NIL	NIL
Ramesh Chandra Agarwal	Non-executive Independent	30,000	NIL
Satish Kumar Gupta	Non-executive Independent	30,000	NIL
Gunjan Arora	Non-executive Non-independent	NIL	NIL

IO SYSTEM LIMITED

vi. Details of Equity Shares held by the Directors as on 31st March, 2015

Name of the Director	No. of shares held
Arun Seth	NIL
Ramesh Chandra Agarwal	NIL
Satish Kumar Gupta	NIL
Gunjan Arora	05

vii. Meeting of Independent Directors : The Independent Directors of the Company had met during the year on 31st March, 2015 to review the performance of non-independent Directors and the Board as a whole and had assessed the quality, quantity and timeliness of flow of information between the company management and the Board.

D. RISK MANAGEMENT COMMITTEE :

The Board at its meeting held on 30th May, 2014 has constituted the Risk Management Committee. As on 31st March, 2015, the Risk Management Committee consisted of three directors viz. Mr. Arun Seth (Chairman of the Committee), Mr. Ramesh Chandra Agarwal and Mr. Satish Kumar Gupta. Meetings and attendance during the year: During 2014-15, the Risk Management Committee met 1 (one) time, viz. on 12th February, 2015. The details of attendance of Risk Management Committee meeting by the directors during the year is given in Table 1.

Name	Chairman / Member	No. of Meetings held	No. of Meetings Attended
Arun Seth	Chairman	1	1
Ramesh Chandra Agarwal	Member	1	1
Satish Kumar Gupta	Member	1	1

Brief description of terms of reference : Terms of reference of the Risk Management Committee shall be as follows;

- The Risk Management Committee (RMC) shall have at least three directors as members of the Committee;
- RMC shall review the Risk Management plan and policy at its meeting and inform the Board about the risk assessment and minimization procedure;
- The Board may delegate monitoring and reviewing of the risk management plan and such other functions as it deem fit to RMC and/or the Executive Chairman and/ or Managing Director as may be necessary for effective implementation of the Risk Management Plan/ Policy;
- To take necessary actions on the matters delegated by the Board from time to time.

4. General body Meetings

The location, date and time of General Meetings held during the last 3 years are given below:

ANNUAL GENERAL MEETING (AGM):

Financial Year	Date	Time	Venue
2014	29.9.2014	11:00AM	Sri Aurobindo Bhawan, C-56/36, Sector-62, NOIDA-201 307
2013	30.9.2013	11:00AM	
2012	29.9.2012	11:00AM	

EXTRAORDINARY GENERAL MEETING : No Extra-ordinary General Meeting of the members was held during the year 2014-15.

The details of special resolutions passed in the previous 3 AGMs and details of voting

S. No.	Date of AGM	Item of Special Resolution
1	29.09.2014	1) Reappointment of Mr. Ramesh Chandra Agarwal as an Independent Director 2) Reappointment of Mr. Satish Kumar Gupta as an Independent Director
2	30.09.2013	No Special Resolution was passed.
3	29.09.2012	No Special Resolution was passed.

Details of Voting Pattern : All resolutions were passed with requisite majority.

Details of special resolution passed through postal ballot, the persons who conducted the postal ballot exercise and details of the voting pattern : During the year under review, no special resolution has been passed through the exercise of postal ballot. None of the items to be transacted at the ensuing meeting is required to be passed by postal ballot.

5. Disclosures :

- i. No transaction of material nature has been entered into by the Company with its promoters, directors or management or relatives etc. that may have a potential conflict with the interest of the Company.
- ii. There were no instances of non-compliance or penalty, strictures imposed on the Company by Stock Exchanges or SEBI or any statutory authority on any matter related to capital markets, during last three years.
- iii. The Company has adopted the whistle blower policy. The said policy is available at website of the Company www.iosystem.co.in. No personnel have been denied access to the audit committee.
- iv. The Company has complied with all the mandatory requirements of clause 49 of the Listing Agreements.
- v. Application of non-mandatory requirements: The Company has fulfilled the following non-mandatory requirements as prescribed in Annexure XIII to the Clause 49 of the Listing Agreements entered into with the Stock Exchanges:
 - 1) The internal auditor has access for the direct reporting to the Audit Committee.
 - 2) The statutory financial statements of the Company are unqualified.
- vi. Reconciliation of share capital audit :

A qualified practicing Company Secretary carried out a share capital audit to reconcile the total admitted equity share capital with the national securities depository limited (NSDL) and the Central Depository Services (India) Limited (CDSL) and the total issued and listed equity share capital. The audit report confirms that the total issued / paid-up capital is in agreement with the total number of shares in physical form and the total number of dematerialised shares held with NSDL and CDSL.
- vii. Code of Conduct : The members of the board and senior management personnel have affirmed the compliance with the Code applicable to them during the year ended March 31, 2015. The Annual Report of the Company contains a Certificate by the CEO and CFO in terms of Clause 49 of the listing agreement based on the compliance declarations received from Independent Directors, Non-Executive Directors and Senior Management.

6. Means of communication:

- The quarterly results were published during the year under review in leading national and regional newspapers appropriately.
- The quarterly results are displayed on www.iosystem.co.in and also on websites of Bombay Stock Exchange.
- The official news releases of the Company are displayed on the websites of Bombay Stock Exchange.
- The Management Discussion and Analysis Report is forming part of annual report.

7. Management Discussion and Analysis Report

Management Discussion and Analysis Report forms part of the Annual Report.

8. General Shareholder Information

A separate section has been annexed to the Annual Report, furnishing various details viz., AGM venue, distribution of shareholding pattern, means of communication etc., for the general information of the shareholders.

SHAREHOLDER INFORMATION

Registered Office	:	Global Knowledge Park, Plot No.19A & 19B, Sector –125, Noida - 201301 (U.P.)
Corporate Identification Number (CIN)	:	L65921UP1987PLC008764
Annual General Meeting		
Day	:	Wednesday
Date & Time	:	30th September 2015 at 11:00 AM
Venue	:	Sri Aurobindo Bhawan, C-56/36, Sector-62, NOIDA-201 307.
Financial Year	:	01.04.2014 - 31.03.2015

IO SYSTEM LIMITED

Book Closure Period	:	Friday, 25th September, 2015 to Wednesday, 30th September, 2015 (both days inclusive)
Listing on stock exchanges and stock code	:	BSE Limited Phiroz Jheejhee Bhoy Towers, Dalal Street, Fort, Mumbai – 400 001.
Stock Code	:	523752
ISIN No.	:	INE502D01011

Stock Market Data :

The monthly high and low quotations and volume of shares traded on BSE for the period from April'2014 to March'2015 were as follows:

All Prices in ₹

Month	Open	High	Low	Close	No. of Shares	Total Turnover	* Spread	
							H-L	C-O
Apr 14	2.45	2.65	2.37	2.65	55,552	1,36,682	0.28	0.20
May 14	2.70	3.91	2.60	3.54	36,906	1,26,782	1.31	0.84
Jun 14	3.37	3.46	2.84	3.00	31,691	97,827	0.62	-0.37
Jul 14	3.15	3.77	2.81	3.45	24,015	76,647	0.96	0.30
Aug 14	3.45	3.57	2.69	3.57	4,726	13,893	0.88	0.12
Sep 14	3.74	4.12	3.18	3.57	57,925	2,13,386	0.94	-0.17
Oct 14	3.74	3.74	2.66	3.14	14,972	46,202	1.08	-0.60
Nov 14	2.99	3.73	2.85	3.23	8,338	25,447	0.88	0.24
Dec 14	3.07	3.53	2.83	3.53	3,808	11,904	0.70	0.46
Jan 15	3.70	4.01	3.36	4.01	2,022	7,260	0.65	0.31
Feb 15	4.20	4.62	4.16	4.16	16,215	70,670	0.46	-0.04
Mar 15	3.96	3.96	2.93	2.93	29,716	97,647	1.03	-1.03

*Spread

H-L:High-Low

C-O : Close-Open

Registrar and Share Transfer Agents :

In due compliance with SEBI Norms, the Company has entrusted the share transfer work, both physical as well as electronic transfers to the share transfer agents mentioned herebelow :

M/s Mass Services Limited,
T-34, 2nd Floor,
Okhla Industrial Area, Ph. II,
New Delhi-110 020.

Share Transfer and Investors Service System : A committee constituted for this purpose approves transfers in the physical form on fortnightly basis. The Board has also authorized its directors and executives to approve the transfer/transmission. As per the directions of SEBI, the company immediately on transfer of shares sends letters to the investors, in the prescribed format, informing them about the simultaneous transfer and dematerialization option available for the shares transferred in their names. The committee also looks into all the communications received from the shareholders and complaints received from the stock exchanges. There are no Pending Complaints as on 31.03.2015.

Shareholding Pattern/ Distribution of Holdings :

Category	No. of shares	% of Holding
Promoters	12675000	75.00
Indian Public	3189322	18.872
Financial Institutions and Banks	0	0
Foreign Financial Institutions	0	0
NRI's	24600	0.146
Corporate Bodies	993432	5.878
Clearing member	17646	0.104
Foreign Nationals	0	0
Mutual Funds and Trust	0	0
Overseas Corporate Bodies	0	0
Grand Total	16900000	100

Distribution Schedule :

Category	No. of holders	% on total	No. of shares	% on total
1-5000	3111	92.893	427681	4276810
5001-10000	102	3.046	83696	0.495
10001-20000	43	1.284	69270	0.410
20001-30000	19	0.567	50121	0.297
30001-40000	9	0.269	32599	0.193
40001-50000	14	0.418	66860	0.396
50001-100000	24	0.717	186469	1.103
100001 and above	27	0.806	15983304	94.576
TOTAL	3349	100	16900000	100

TOTAL SHARE HOLDERS IN NSDL	133	TOTAL SHARES IN NSDL	14280746
TOTAL SHARE HOLDERS IN CDSL	130	TOTAL SHARES IN CDSL	2011454
TOTAL SHARE HOLDERS IN PHY	3088	TOTAL SHARES IN PHY	607800
TOTAL SHARE HOLDERS	3351	TOTAL SHARE HOLDERS	16900000
2 HOLDERS ARE COMMON IN DEMAT & PHYSICAL			

Dematerialisation of shares and liquidity:

The Company's shares are compulsorily traded in dematerialised form. Equity shares of the Company representing 96.4% of the Company's equity share capital are dematerialised as on March 31, 2015.

Particulars	Number of shares	% of total capital issued
Shares held in dematerialised form with NSDL	14280746	84.50%
Shares held in dematerialised form with CDSL	2011454	11.90%
Shares held in physical form	607800	3.60%
TOTAL	16900000	100%

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The Company's equity shares are regularly traded Bombay Stock Exchange, in dematerialised form. Under the depository system, the international securities identification number (ISIN) allotted to the Company's shares is INE502D01011.

Outstanding GDRs / ADRs / Warrants or any convertible instruments, conversion date and likely impact on equity: The Company has not issued any GDRs / ADRs / Warrants or any convertible instruments in the past and hence as on March 31, 2015, the Company does not have any outstanding GDRs / ADRs / Warrants or any convertible instruments.

Equity shares in the suspense account:

In accordance with the requirement of Clause 5A(l) of the Listing Agreements entered into with the stock exchanges, the Company reports that there are no equity shares lying in the suspense account.

Address for Correspondence :

Global Knowledge Park,

Plot No. 19A & 19B,

Sector-125,

NOIDA-201 301 (U.P)

Tel. : 0120-3355131

Fax : 0120-3355131

Email : iosystemlimited@gmail.com

Website : <http://www.iosystem.co.in>

**For and on behalf of the Board of Directors
For IO System Limited**

Place : Noida

Date : 14th August, 2015

**Gunjan Arora
Director
DIN:07134573**

**Arun Seth
Director
DIN:00007895**

CERTIFICATE ON CORPORATE GOVERNANCE**(As Per Clause 49 of the Listing Agreement)**

To,

The IO System Limited

We have examined the compliance of conditions of Corporate Governance by IO SYSTEM LIMITED for the year ended on 31st March, 2015, as stipulated in Clause 49 of the listing agreement of the said Company with Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination has been limited to a review of procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance as stipulated in the said Clause. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and the representation made by the management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the listing agreement.

As required by the Guidance Note issued by the Institute of Chartered Accountants of India, we have to state that based on the Report given by the management, the investor grievances received during the period under review have been timely resolved.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Place : NOIDA**Date : 14.08.2015****For GUPTA GARG & AGRAWAL,
CHARTERED ACCOUNTANTS,
FRN 505762C****(AMIT KUMAR JAIN)
PARTNER
M.NO.509349**

MANAGEMENT DISCUSSION ANALYSIS REPORT**Industry Structure and recent Developments : Office Automation**

IO System Ltd. had the honour of introducing modern and state of the art office automation equipments in the country. However, recessions in the industry and easy availability of products and ancillaries from other International markets lead to reduced margins and your company incurred huge losses. However, during the year, your Directors have concentrated on revival of the Company and your Directors are optimistic that under new CEO and CFO the Company starts earning.

Outlook/Projections for 2015-16

The Company is evaluating various proposals to start business activities in the coming year. The actual implementation might take some more time, which is dependent upon various factors including arrangement of finance for effective implementation of various proposals for revival of the Company.

Opportunities for the Company

The Company being into office automation sector, it is expected that the Company will see some excellent opportunities in near future and your Directors are optimistic that your Company will be able to make up all the opportunities that come its way.

Risks and Concerns

The risk and concern may be classified as external and internal to the Company.

The external factor impacting the office automation industry is overall economic scenario prevailing in US and Europe, tough competitions in the segment and other acts of business confidence.

Internally, plans are being explored to start business activity at the earliest. The Office automation equipments Industry is entering into a phase of maturity, a significant change in the nature of opportunities and challenges and the solutions are no longer the same as they used to be when the Industry was in its infancy in India.

Important risk factors that could make a difference to the Company's operations include, among others, economic conditions affecting demand/ supply and price conditions in the domestic as well as overseas markets in which the Company operates, changes in the Government regulations, tax laws and other statutes and incidental factors. The company had constituted a risk management committee comprising a Chairman and two Independent Directors. The committee meets at suitable time to discuss about various risks and threats to the company and take necessary steps to avoid or minimise the same.

Internal Control systems and their adequacy

During the year under review, Company has an internal control system in place and was periodically reviewed for effectiveness.

Financial performance with respect to Operational Performance

Financial performance has been given separately in the Directors' Report.

Cautionary Statement

Statements in the 'Management Discussion and Analysis Report describing the Company's Objectives, expectations or predictions may be forward-looking statement within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed in the statement.

On behalf of the board of directors,

For IO System Limited,

Place : Noida

Date : 14th August, 2015

Gunjan Arora

Director

DIN:07134573

Arun Seth

Director

DIN:00007895

DECLARATION OF CODE OF CONDUCT

To,

The Members of IO System Limited

This is to inform that the Board has laid down a code of conduct for all Board Members and Senior Management of the Company. The code of conduct has also been posted on the website of the Company (www.iosystem.co.in).

It is further confirmed that all the Directors and Senior Management Personnel of the Company have affirmed compliance with the code of conduct of the Company for the year ended 31st March 2015, as envisaged in Clause 49 of the Listing Agreement.

FOR IO SYSTEM LIMITED

Place : New Delhi
Date : 14th August, 2015

Arun Seth
Director
DIN: 00007895

Gunjan Arora
Director
DIN: 07134573

**CERTIFICATION BY CEO and CFO OF
IO SYSTEM LIMITED AS ON 31ST MARCH, 2015**

We, Gopal Singh Negi, CEO and R K Bhatnagar, CFO, to the best of our knowledge and belief, certify to the Board that:

- a. We have reviewed Balance Sheet as at 31st March, 2015 and the Profit and Loss Account and all its Schedules and Notes to the Accounts as well as Cash Flow Statement for the year ended 31st March, 2015;
- b. Based on our knowledge and information, these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
- c. Based on our knowledge and information, these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations;
- d. To the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct and ethics policy;
- e. We are responsible for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company;
- f. We have disclosed based on our most recent evaluation, wherever applicable, to the Company's Auditors and the Audit Committee of the Company's Board of Director's:
 - i. All deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps they have taken or propose to take to rectify these deficiencies;
 - ii. All significant changes in internal control during the year covered by this report;
 - iii. All significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - iv. Instances of significant fraud of which we are aware that involves management having a significant role in the Company's internal control system.
- g. We further declare that all Board members have affirmed compliances with the code of conduct for the year under review.

FOR IO SYSTEM LIMITED

Place : Noida
Date : 14th August, 2015

Gopal Sing Negi
CEO
PAN:AASPN4263A

Rakesh Kumar Bhatnagar
CFO
PAN:ARIPB5404E

FORM NO. MR-3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED ON 31ST MARCH, 2015

[Pursuant to section 204(1) of the Companies Act, 2013 read with Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

To,

The Members,

IO SYSTEM LIMITED

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **IO System Limited** (hereinafter called "**the Company**"). The secretarial audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts / statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the company has, during the audit period covering the financial year ended on March 31, 2015 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 hereinafter:-

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2015 according to the provisions of :-

- (i) The Companies Act, 2013 ("the Act") and rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and bye - laws framed thereunder;
- (iv) The Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') :-
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
 - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 (**Not applicable to the Company during the Financial Year 2014-2015**);
 - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; (**Not applicable to the Company during the Financial Year 2014-2015**);
 - (f) The Securities and Exchange Board of India (Registrar to an Issue and Share Transfer Agents) Regulations, 1993 regarding Companies Act and dealing with client;
 - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; (**Not applicable to the Company during the Financial Year 2014-2015**);
 - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; (**Not applicable to the Company during the Financial Year 2014-2015**); and
- (vi) The Indian Contract Act, 1872;

IO SYSTEM LIMITED

(vii) Income Tax Act, 1961 and indirect tax laws;

(viii) Indian Stamp Act, 1999;

(ix) Negotiable Instrument Act, 1881;

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

- i. Secretarial Standards issued by the Institute of Company Secretaries of India. (Not applicable for the Financial Year 2014-2015).
- ii. The Listing Agreement entered into by the Company with the stock exchanges i.e. Bombay Stock Exchange Limited, Delhi Stock Exchange Limited and Uttar Pradesh Stock Exchange Limited.

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

We further report that:-

- The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. During the Financial Year, the following changes took place in the composition of Board of Directors of the Company:
 - Change in Designation of Mr. Ramesh Chandra Agarwal and Mr. Satish Kumar Gupta, as Non-Executive Independent Director of the Company in the Annual General Meeting held on 29th September, 2014.
 - Appointment of Ms. Gunjan Arora as Additional director in the Company in the Board Meeting held on 25th March, 2015.
- Pursuant to Section 203 of the Companies Act, 2013 and other applicable provisions during the Financial Year, the following changes took place in the composition of Key Managerial Persons of the Company:

Changes in Key Managerial Persons:

- Appointment of Mr. Ravi Garg, as Chief Executive Officer of the Company in the Board Meeting held on 14th August, 2014.
 - Appointment of Mr. Munish Garg, as Chief Financial Officer of the Company in the Board Meeting held on 14th August, 2014.
 - Cessation of Mr. Arun Seth, as Manager of the Company in the Board Meeting held on 14th August, 2014.
 - Cessation of Munish Garg, as Chief Financial Officer of the Company w.e.f 29 September, 2014.
 - Cessation of Mr. Ravi Garg, as Chief Executive Officer of the Company w.e.f. 15th December, 2014.
 - Appointment of Mr. Rakesh Kumar Bhatnagar, as Chief Financial Officer of the Company w.e.f. 1st March, 2015.
- Adequate notice is given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarification on the agenda items before the meeting and for meaningful participation at the meeting; and
 - Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.
 - **The Internal Auditors, Statutory Auditors and Secretarial Auditor** were being well appointed by the Company during the Financial Year 2014-15:
 - The Auditors, M/s RBAS & Associates, Chartered Accountants, being eligible were appointed as the Internal Auditors of the Company for F.Y. 2014-15
 - The Auditors, M/s Gupta Garg & Associates, Chartered Accountants, being eligible were Re-appointed as the Statutory Auditors of the Company till the conclusion of the next Annual General Meeting.

- Appointment of M/s S.K. Batra & Associates, Company Secretaries, New Delhi as Secretarial Auditor of the Company with effect from 12th February, 2015 for F.Y. 2014-15.

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.

But the net worth of the company (paid-up capital + free reserve), which is Rs.16.90 Crores, has been completely eroded as the accumulated losses are Rs. 20.12 Crores as on 31st March 2015. The company has suffered a cash loss of Rs. 52.06 Lacs in the financial year ended on 31.03.2015 as against cash loss of Rs. 52.54 lacs in the immediate preceding year.

We further report that during the audit period, there were no instances of:-

- (i) Public/Right/Preferential issue of shares/Debenture. Sweat Equity, etc
- (ii) Redemption / Buy-back of Securities;
- (iii) Merger / Amalgamation / Reconstruction;
- (iv) Foreign technical collaborations etc.;

**M/s S.K. Batra & Associates
Company Secretaries**

**Place: New Delhi
Date: 14th August, 2015**

**(Sumit Kumar)
FCS NO. 7714
C.P. NO. 8072**

This letter is to be read with our Report of even date, MR-3 and forms an integral part of this Report.

To,

The members,

IO SYSTEM 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 process 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 process and practices, we followed provide a reasonable basis of our opinion.
3. We have not verified 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 the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedure on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

**M/s S.K. Batra & Associates
Company Secretaries**

**Sumit Kumar
FCS NO. 7714
C. P. NO. 8072**

Place : New Delhi

Date : 14th August, 2015

INDEPENDENT AUDITORS' REPORT

To,

The Members of IO System Limited

Report on the Financial Statements

We have audited the accompanying financial statements of IO System Limited ('the Company'), which comprise the balance sheet as at 31 March 2015, the statement of profit and loss and the cash flow statement for the year ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2015 and its losses and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure a statement on the matters specified in the paragraph 3 and 4 of the Order, to the extent applicable.
2. 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 by the Company so far as it appears from our examination of those books;
 - (c) the balance sheet, the statement of profit and loss and the cash flow statement dealt with by this Report are in agreement with the books of account;
 - (d) in our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
 - (e) on the basis of the written representations received from the directors as on 31 March 2015 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2015 from being appointed as a director in terms of Section 164 (2) of the Act; and
 - (f) 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 company does not have any pending litigations which would impact its financial position.
 - ii) the company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii) there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the company.

**For GUPTA GARG & AGRAWAL
CHARTERED ACCOUNTANTS
FRN 505762C**

**(B.B.GUPTA)
PARTNER
M. No. 012399**

Place : Noida
Date : 30.5.2015

RE: **IO System Limited**

ANNEXURE REFERRED TO IN PARAGRAPH OF OUR REPORT OF EVEN DATE

The comments are in seriatim of the order

- (i) (a) The company is maintaining proper records of its Fixed Assets showing full particulars including quantitative details and situation thereof.
- (b) As informed, the fixed assets were physically verified by the management at reasonable intervals. No discrepancy on such verification noticed by the management and reported to us.
- (ii) (a) The company is carrying non moving inventories valuing Rs. 2.25 lacs which have been physically verified at the year-end by the management. A provision of Rs. 2.00 lacs had already been made for diminution in value/obsolesce.
- (b) The procedures followed by the management were reasonable.
- (c) The company is maintaining proper records of inventory. No discrepancy noticed on verification.
- (iii) As per the information and explanations given to us and certified by the management and verified from the books of account, the company has not granted any loans secured or unsecured to companies, firms or other parties covered in the register maintained in pursuance of Section 189 of the Companies Act, 2013, as such there are no comments on sub clauses a) and b).
- (iv) The company has adequate internal control system in commensuration with its size and nature of its business for the purchase of inventory, fixed assets and for the sale of goods and services. We did not observe any weakness in the internal control system.
- (v) The Company has not accepted any deposits from the public and as such the clause is not applicable.
- vi) As per information and explanation given to us, the Central Government has not specified the maintenance of cost records under clause 148(1) of the Companies Act, 2013, for the services of the Company.
- (vii) (a) The Company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance fund, income-tax, wealth-tax, service tax, customs duty, excise duty, value added tax, cess and other material statutory dues applicable to it.
- According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance fund, income-tax, wealth-tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues were outstanding at the period end, for a period of more than six months from the date they became payable.
- (b) According to information and explanations given to us, there are no dues of income tax, sales tax, wealth tax, service tax, duty of customs, duty of excise, value added tax and cess which have not been deposited with the appropriate authorities on account of any dispute.
- (c) Details of dues of Sales Tax, Income Tax, Custom Duty, Excise Duty which have not been deposited as on 31st March, 2015 on account of disputes are attached as Annexure 'A'.
- (d) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
- (viii) The net worth of the company (paid-up capital + free reserve), which is Rs.16.90 Crores, has been completely eroded as the accumulated losses are Rs. 20.12 Crores as on 31st March 2015. The company has suffered a cash loss of Rs. 52.06 Lacs in the financial year ended on 31.03.2014 as against cash loss of Rs. 52.54 lacs in the immediate preceding year.
- ix) The company has not defaulted in repayment of dues to any financial institution, Bank or debenture-holder.
- (x) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions, and as such clause is not applicable.
- (xi) The Company does not have any term loans outstanding during the period, and as such clause is not applicable .
- (xii) According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the course of audit.

**For GUPTA GARG & AGRAWAL
CHARTERED ACCOUNTANTS
FRN 505762C**

**(B.B.GUPTA)
PARTNER
M. No. 012399**

Place : Noida
Date : 30.5.2015

List of disputed cases of Sales Tax/Income Tax/ Custom Duty/Excise Duty, authority with whom pending and the amount involved is detailed as under:-

S.No.	Name of Statute	Assessment Year	Nature of Dues	Amount	Forum Where dispute is pending
1	U.P.Sales Tax	1997-98	Sales Tax	116,536	JT Commissioner of Trade Tax Noida
2	U.P.(Central/Local)	1998-99	Sales Tax	45,254	JT Commissioner of Trade Tax Noida
3	Delhi Sales Tax	2000-01	Sales Tax	71,789	Asstt. Comm. IX, Delhi Sales Tax
4	Delhi Sales Tax	2001-02	Sales Tax	2,572,528	Addl. Comm. II, Delhi Sales Tax
5	Delhi Sales Tax	2003-04	Sales Tax	1,865,674	Addl. Comm. II, Delhi Sales Tax
6	Delhi Sales Tax	2004-05	Sales Tax	230,073	STO Delhi sales Tax
7	T.N. Sales Tax	2000-01	Sales Tax	184,849	CT III, T. N.S.Tax Appeal Asstt. Comm.
8	T.N. Sales Tax	2002-03	Sales Tax	140,111	CT III, T. N.S.Tax Appeal Asstt. Comm.
9	West Bengal Sales Tax	1999-2000	Sales Tax	288,098	Asstt. Comm. South circle, Directorate of Commercial, West Bengal
10	West Bengal Sales Tax	2000-01	Sales Tax	90,650	Asstt. Comm. South circle, Directorate of Commercial, West Bengal
11	West Bengal Sales Tax	2002-03	Sales Tax	1,011,106	Asstt. Comm. South circle, Directorate of Commercial, West Bengal
12	Central Excise Act	1992-00	Penalty and demand	2,387,500	CEGAT New Delhi
13	Central Excise Act	1999-01	Interest and penalty	69,969	CEGAT New Delhi
14	Central Excise Act	2002-03	Interest and penalty	19,427	CEGAT New Delhi
15	Central Excise Act	valuation case	Excise Duty	1,509,876	CEGAT New Delhi
16	Income Tax Act 1961	2002-03	Penalty	1,700,000	High Court Allahabad
17	Income Tax Act 1961	1996-97	Addition on Account of Sale cum Lease back transaction.	45,61,777	High Court Allahabad

It is hereby certified that there are no cases other than the above in which company is contingently liable

Dinkar Sharma
 Company Secretary
 M.N.:F7383

BALANCE SHEET AS AT MARCH 31, 2015

Particulars	Notes	Figures as at 31-Mar-15 Rs.	Figures as at 31-Mar-14 Rs.
EQUITY AND LIABILITIES			
Shareholders' funds			
(a) Share capital	2	169,000,000	169,000,000
(b) Reserves and surplus	3	(201,212,006) (32,212,006)	(195,982,038) (26,982,038)
Non-current liabilities			
(a) Long term borrowings	4	31,200,000	27,050,000
(b) Other long-term liabilities	5	851,924	851,924
(c) Long-term provisions	6	168,590	128,364
		32,220,514	28,030,288
Current liabilities			
Other current liabilities	7	2,082,049	894,064
TOTAL		2,090,557	1,942,314
ASSETS			
Non-current assets			
(a) Fixed assets	8		
Tangible assets		3,007	27,406
(b) Long-term loans and advances	9	1,587,152	1,587,152
		1,590,159	1,614,558
Current assets			
(a) Inventories	10	25,000	25,000
(b) Trade receivables	11	-	-
(c) Cash and cash equivalents	12	432,363	225,938
(d) Other current assets	13	43,035	76,818
		500,398	327,756
TOTAL		2,090,557	1,942,314
Summary of significant accounting policies	1		

The accompanying notes are an integral part of the financial statements.

As per our attached report of even date

For GUPTA GARG & AGRAWAL

Chartered Accountants

(B B GUPTA)
PARTNER
Membership No. 012399

(Arun Seth)
Director
DIN: 00007895

For and on behalf of the Board of Directors

(Satish Kumar Gupta)
Director
DIN: 00030841

(Ramesh Chandra Agarwal)
Director
DIN: 00037477

Place : Noida
Date : 30.5.2015

(Rakesh Kumar Bhatnagar)
CFO
PAN:ARIPB5404E

(Dinkar Sharma)
Company Secretary
M.N.: F7383

STATEMENT OF PROFIT & LOSS

FOR THE YEAR ENDED MARCH 31, 2015

Particulars	Notes	Figures for the year ended 31-Mar-15 Rs.	Figures for the year ended 31-Mar-14 Rs.
Income			
Other income	14	24,131	5,847
Total (I)		<u>24,131</u>	<u>5,847</u>
Expenses			
Employee benefits expenses	15	1,180,258	1,051,257
Finance costs	16	2,834,280	3,011,956
Other expenses	17	1,215,162	1,196,603
Total (II)		<u>5,229,700</u>	<u>5,259,816</u>
Earning before interest ,tax depreciation and amortization (EBITDA) [I-II]		(5,205,569)	(5,253,969)
Depreciation and amortization expenses	8	24,399	9,551
Profit before exceptional and extraordinary items and tax		(5,229,968)	(5,263,520)
Exceptional items		-	-
Profit before extraordinary items and tax		(5,229,968)	(5,263,520)
Extraordinary items		-	-
Profit / (loss) before tax		(5,229,968)	(5,263,520)
Tax Expenses			
(i) Current Tax		-	-
(ii) Deffered Tax		-	-
Profit / (Loss) for the year		(5,229,968)	(5,263,520)
Earnings per equity share [nominal value of share Rs. 10 (31 March 2014: Rs. 10)]	18		
1) Basic		(0.31)	(0.31)
2) Diluted		(0.31)	(0.31)
Summary of significant accounting policies	1		
The accompanying notes are an integral part of the financial statements.			

As per our attached report of even date

For GUPTA GARG & AGRAWAL

Chartered Accountants

(B B GUPTA)
PARTNER
Membership No. 012399

(Arun Seth)
Director
DIN: 00007895

For and on behalf of the Board of Directors

(Satish Kumar Gupta)
Director
DIN: 00030841

(Ramesh Chandra Agarwal)
Director
DIN: 00037477

Place : Noida
Date : 30.5.2015

(Rakesh Kumar Bhatnagar)
CFO
PAN:ARIPB5404E

(Dinkar Sharma)
Company Secretary
M.N.: F7383

CASH FLOW STATEMENT

FOR THE YEAR ENDED MARCH 31, 2015

Particulars	31-Mar-15 Rs.	31-Mar-14 Rs.
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	(5,229,968)	(5,263,520)
Non-cash adjustment to reconcile profit before tax to net cash flows:		
Depreciation/amortization	24,399	9,551
Interest expense	2,834,280	3,011,956
Interest (income)	(24,131)	(5,847)
Operating profit before working capital changes	(2,395,420)	(2,247,860)
Movements in working capital :		
Increase / (decrease) in long-term provisions	40,226	37,272
Increase/ (decrease) in other current liabilities	1,187,985	137,823
Decrease / (increase) in long-term loans and advances	-	-
Decrease / (increase) in other current assets	33,783	(69,463)
Cash generated from /(used in) operations	(1,133,426)	(2,142,228)
Direct taxes paid (net of refunds)	-	-
Net cash flow from/ (used in) operating activities	A (1,133,426)	(2,142,228)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets, including CWIP and capital advances	-	(11,446)
Interest received	24,131	5,847
Net cash flow from/ (used in) investing activities	B 24,131	(5,599)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Long-term borrowings	4,150,000	4,400,000
Interest paid	(2,834,280)	(3,011,956)
Net cash flow from/ (used in) in financing activities	C 1,315,720	1,388,044
Net increase/(decrease) in cash and cash equivalents	(A+B+C) 206,425	(759,783)
Cash and cash equivalents at the beginning of the year	225,938	985,721
Cash and cash equivalents at the end of the year	432,363	225,938
Components of cash and cash equivalents		
Cash on hand	-	6,596
With banks- on current account	432,363	219,342
Total cash and cash equivalents (Note 12)	432,363	225,938

Notes :

- The Cash flow statement has been prepared under the indirect method as set out in Accounting Standard 3 on Cash Flow Statements notified by Companies (Accounts) Rules, 2014.
- Negative figures have been shown in brackets.

Summary of significant accounting policies 1

The accompanying notes are an integral part of the financial statements.

As per our attached report of even date

For GUPTA GARG & AGRAWAL

Chartered Accountants

(B B GUPTA)
PARTNER
Membership No. 012399

(Arun Seth)
Director
DIN: 00007895

For and on behalf of the Board of Directors

(Satish Kumar Gupta)
Director
DIN: 00030841

(Ramesh Chandra Agarwal)
Director
DIN: 00037477

Place : Noida
Date : 30.5.2015

(Rakesh Kumar Bhatnagar)
CFO
PAN:ARIPB5404E

(Dinkar Sharma)
Company Secretary
M.N.: F7383

Notes to Financial Statements for the year ended March 31, 2015**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES****1 Corporate Information**

IO System limited had entered into a joint venture(JV) agreement with the General Binding Corporation (GBC), USA on 19th june, 1988 for manufacturing and selling office Automation products. The JV was terminated with mutual consent between the parties on 31st March, 2002 and now more than 74% capital of the company is held by Smart Entertainment Ltd. (formerly known as Spice Enfotainment Ltd. & prior to that Spice Corp. Ltd.) except little shareholding with the public. The manufacturing activities had been discontinued since Feb., 2006 due to continued losses in the company. The company has also not done very well in its trading business as result of which, there have been no business activities in the company during the past six years.

2 Basis of Accounting

The financial statements are prepared under the historical cost convention on the concept of a going concern, in accordance with the generally accepted accounting principles in India (Indian GAAP). The Company has prepared these financial statements to comply in all material respects with the accounting standards notified under Section 133 of the Companies Act 2013, read together with rule 7 of the Companies (Accounts) Rules 2014.

3 Changes in Accounting policies

The accounting policies adopted are consistent with those of previous financial year. The management assures that there has been no change in accounting policies as compared to that of previous year which would have any significant effect on these financials.

4 Recognition of Income

Income is recognised and accounted for on accrual basis unless otherwise stated.

5 Tangible Fixed Assets

Fixed assets are stated at cost less accumulated depreciation and impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Borrowing costs relating to acquisition of fixed assets which take substantial period of time to get ready for its intended use are also included to the extent they relate to the period till such assets are ready to be put to use.

Depreciation on tangible fixed assets

Each asset costing Rs. 5,000 or less each is 100% depreciated in the year of purchase. Depreciation on assets was provided on Straight Line Method at the rates and in the manner prescribed in Schedule XIV of the Companies Act, 1956. From 01.04.2014, the depreciation is provided at the rates and in the manner as prescribed in Schedule II of the Companies Act, 2013 on the basis of useful life of each asset.

6 Taxes on Income

Current tax is determined and provided for on the amount of taxable income at the applicable rates for the relevant financial year. Deferred Tax Assets and Liabilities (DTA/ DTL) are recognised, subject to consideration of prudence, on timing differences, being the difference between taxable income and accounting income that originate in one period and is capable of reversal in one or more subsequent periods. The DTA is recognised only to the extent that there is reasonable certainty of sufficient future profits against which such DTA can be realised.

7 Contingent Liability

The contingent liabilities, if any, are disclosed in the Notes to Accounts. Provision is made in the accounts, if it becomes probable that there will be outflow of resources for settling the obligation.

8 Events occurring after the balance sheet date

Adjustments to assets and liabilities are made for events occurring after the balance sheet date to provide additional information materially affecting the determination of the amounts of assets or liabilities relating to conditions existing at the balance sheet date.

9 Earnings Per Share

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

10 Use of estimates

The preparation of financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities on the date of the financial statements and the results of operations during the reporting year. Actual results could differ from those estimates. Any revision to accounting estimates is recognised prospectively in current and future periods.

2. Share Capital

Particulars	Figures as at	Figures as at
	31-Mar-15	31-Mar-14
	Rs.	Rs.
Authorized shares		
2,00,00,000 (2,00,00,000) Equity shares of Rs. 10/- each	200,000,000	200,000,000
5,00,000 (5,00,000) Preference shares of Rs.100/- each	50,00,000	50,00,000
Issued, subscribed and fully paid-up shares		
1,69,00,000 (1,69,00,000) Equity Shares of Rs. 10/- each	169,000,000	169,000,000
	169,000,000	169,000,000

(a) Reconciliation of the shares outstanding at the beginning and at the end of the reporting year

Equity shares

Particulars	No. of		Amount	
	Shares		Shares	
At the beginning of the year	16,900,000	169,000,000	16,900,000	169,000,000
Issued during the year – Bonus issue	-	-	-	-
Issued during the year – ESOP	-	-	-	-
Outstanding at the end of the period	16,900,000	169,000,000	16,900,000	169,000,000

(b) Shares held by holding/ ultimate holding company and/ or their subsidiaries/ associates Out of equity shares issued by the company, shares held by its holding company are as below:

Smart Entertainment Pvt Ltd. (Formerly Smart Entertainment Limited),
the holding company

12,645,400 (12645400) Equity Shares of Rs. 10/- each fully paid **126,454,000** 126454000

(c) Aggregate number of bonus shares issued, shares issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date:

NIL

NIL

IO SYSTEM LIMITED

(d) Details of shareholders holding more than 5% shares in the company

Name of the shareholder	No. of Shares	% holding in the class	No. of Shares	% holding in the class
Equity shares of Rs. 10 each fully paid				
Smart Entertainment Pvt Ltd. (Formerly Smart Entertainment Limited), the holding company	12,645,400	74.82%	12,645,400	74.82%
Shiv Mittal	917,480	5.43%	906,250	5.36%

(e) The above information (from (a) to (d)) is as per records of the company, including its register of shareholders/members and other declarations received from shareholders regarding beneficial interest. The above shareholding represents both legal and beneficial ownerships of shares.

3. Reserves and Surplus

	Figures as at 31-Mar-15 Rs.	Figures as at 31-Mar-14 Rs.
Surplus/ (deficit) in the statement of profit and loss		
Balance as per last financial statements	(195,982,038)	(190,718,518)
Profit/(Loss) for the year	(5,229,968)	(5,263,520)
Net surplus/ (deficit) in the statement of profit and loss	(201,212,006)	(195,982,038)
4. Long term borrowings		
Unsecured long term borrowings	31,200,000	27,050,000
Smart Entertainment Pvt Ltd. (Formerly Smart Entertainment Ltd.- Holding Company)	31,200,000	27,050,000
5. Other long-term liabilities		
Advances from others *	851,924	851,924
	851,924	851,924
* The above balance from a company in which one of the director is common.		
6. Long-term provisions		
Provision for Leave-encashment	168,590	128,364
	168,590	128,364
7. Other current liabilities		
TDS payable	207,477	109,371
Audit fee payable	40,944	40,944
Interest payable	1,798,649	715,019
Expenses payable	20,799	18,781
PF payable	14,180	9,949
	2,082,049	894,064

8. Fixed Assets

Figures in Rs.

Particulars	Gross Block				Depreciation			Net Block	
	As at 01-04-2014	Addition During the year	Sales / Adjustments during the year	As at 31-03-2015	As at 01-04-2014	For the year	As at 31-03-2015	As at 31-03-2015	As at 31-03-2014
TANGIBLE ASSETS:									
Computers	1,406,360		-	1,406,360	1,378,954	24,399	1,403,353	3,007	27,406
Machine against Demo.	1,287,306	-	-	1,287,306	1,287,306	-	1,287,306	-	-
TOTAL	2,693,666	-	-	2,693,666	2,666,260	24,399	2,690,659	3,007	27,406
Previous year	2,693,666	-	-	2,693,666	2,656,510	9,750	2,666,260	27,406	37,156

9. Long term loans and advances

Security deposit	595,895	595,895
Earnest Money Deposit	1,300,687	1,300,687
Other Deposits	107,355	107,355
Bal. with Govt. authorities	1,679,762	1,679,762
Insurance claim recoverable	29,977	29,977
Income tax recoverable	513,587	513,587
Advance to suppliers	463,604	463,604
	4,690,867	4,690,867
Less: Provision for doubtful advances	(3,103,715)	(3,103,715)
	1,587,152	1,587,152

10. Inventories

Service components and spares	50,000	50,000
Finished and trading goods	175,000	175,000
	225,000	225,000
Less: Provision for obsolescence in value*	200,000	200,000
	25,000	25,000

*The above inventory carried in the financials does not have commercial sale value and therefore, a provision of Rs. 2,00,000/- had been made for obsolescence/diminution in value.

11. Trade Receivables

Unsecured, Considered doubtful	11,976,421	11,976,421
Less: Provision for doubtful debts	(11,976,421)	(11,976,421)
	-	-
Outstanding for a period exceeding six months from the date they are due for payment	11,976,421	11,976,421

IO SYSTEM LIMITED**12. Cash and cash equivalents**

	Figures as at 31-03-2015 Rs.	Figures as at 31-03-2014 Rs.
Balances with banks:		
- On current accounts	432,363	219,342
- cash on hand	-	6,596
	<u>432,363</u>	<u>225,938</u>

13. Other current assets

TDS recoverable	5,178	7,355
Prepaid Custodian Fee	33,708	67,416
Interest Accured on FDR with Indusind bank	-	2,047
Prepaid Expenses	4,149	-
	<u>43,035</u>	<u>76,818</u>

Contingent liabilities & commitments**(1) Contingent Liabilities**

a) Claims aganinst the company not acknowledged as debts	NIL	NIL
b) Guarantees	NIL	NIL
c) other money for which company is contingently liable	NIL	NIL

(2) Commitments

a) Estimated amounts of contracts to be executed on capital account not provided for	NIL	NIL
b) Uncalled liability on partly paid shares	NIL	NIL
c) Other commitments	NIL	NIL

14. Other Income

	Figures for the year ended 31-03-2015	Figures for the year ended 31-03-2014
Interest on FDR	24,131	5,847
	<u>24,131</u>	<u>5,847</u>

15. Employee benefits expense

Salaries, wages and bonus	1,056,255	934,560
Contribution to provident fund	64,865	60,347
Leave encashment	40,226	37,272
Mediclaime Insurance	18,912	19,078
	<u>1,180,258</u>	<u>1,051,257</u>

16. Finance costs

Interest on long term loan	2,834,280	3,011,956
	<u>2,834,280</u>	<u>3,011,956</u>

17. Other expenses

	Figures for the year ended 31-03-2015	Figures for the year ended 31-03-2014
Travelling and conveyance	59,526	93,575
Notice & Compliance expenses	-	63,649
Legal and professional fees	355,889	40,614
Printing & stationery	167,583	82,054
Filing fee	12,000	1,000
Rent Paid	94,382	188,764
Annual General Meeting Expenses	3,631	25,450
Communication cost	15,506	43,801
Director's sitting fee	67,416	60,000
Listing fees	242,234	404,357
Custodian Fee	33,708	78,652
Interest on tax	591	1,785
Interest on Late Payment of Service Tax	-	140
Bank charges	1,701	3,233
Miscellaneous expenses	12,595	11,101
Service Tax on other services under Reverse system	-	7,416
Payment to auditors (Refer details below)	61,798	91,012
Rates & Taxes	20,496	-
Advertisement Expenses	61,006	-
Donation & charity	5,100	-
	<u>1,215,162</u>	<u>1,196,603</u>
Payment to auditors:		
Audit fee	44,944	44,944
Limited review	16,854	16,854
In other capacity:		
Other services	-	29,214
	<u>61,798</u>	<u>91,012</u>

18. Earnings per share (EPS)

The following reflects the profit and share data used in the basic and diluted EPS computations:

Profit/ (loss) after tax	(5,229,968)	(5,263,520)
Weighted average number of equity shares	16,900,000	16,900,000
Basic and diluted earning per share	<u>(0.31)</u>	<u>(0.31)</u>

19 The company being listed on stock exchange, therefore, has complied with all the notified applicable Accounting Standards read with General Circular 15/2013 dated 13.09.2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013.

20 The revised schedule VI as notified under the Companies Act, 1956 continues to be applicable to the company for its financial statements for the year ending March 31, 2014. The schedule III notified under the Companies Act, 2013 would be applicable for the Financial Year beginning on or after 01.04.2014.

21 Deferred Taxes

As per Accounting Standard AS - 22 " Taxes on Income" the company has deferred tax assets on its carried forward losses and unabsorbed depreciation. At present there are no trading and manufacturing in the company on account of losses. In view of virtual uncertainty of future profits in immediate succeeding years, the Deferred Tax Assets/Liabilities (DTA/DTL) has not been recognised in the books of account.

IO SYSTEM LIMITED

22 Previous year figures have been regrouped/re-classified wherever considered to make comparable with the current year figures.

23 All schedules annexed to and form integral part of the Balance Sheet and Profit & Loss Account.

24 Value of Import on CIF Basis Nil

25 Earnings in Foreign Exchange Nil

26 Expenditure in Foreign Currency Nil

27. (a) Related Party Disclosures

i) Holding Company Smart Entertainment Pvt Ltd. (Formerly known as Smart Entertainment Limited)

ii) Common Director and Fellow Subsidiary of i) above First Choice Enterprises Pvt. Ltd.

The names of other related parties have not been disclosed because of 'Nil' transactions with them during the year.

iv) Key Management Personnel
Mr. Rakesh Bhatnagar (CFO)
Mr. Gopal Singh Negi (CEO)
Mr. Dinkar Sharma (Company Secretary)

27. (b) Related Party Transactions:

Particulars	Holding Company	Substantially Interested	
		Bharat IT Services Limited	First Choice Enterprises Pvt Ltd
Transactions during the year	Smart Entertainment Pvt Ltd.		
Loan taken	4,150,000 (4,400,000)	- -	- -
Interest paid	2,834,280 (3,011,956)	- -	- -
Balance at the end of the year			
Loan payable (including accrued interest)	32,998,649 (27,765,019)	- -	- -
Payable	- -	820,824 (820,824)	31,100 (31,100)

Previous year figures are shown in brackets.

As per our attached report of even date

For GUPTA GARG & AGRAWAL

Chartered Accountants

(B B GUPTA)
PARTNER
Membership No. 012399

(Arun Seth)
Director
DIN: 00007895

For and on behalf of the Board of Directors

(Satish Kumar Gupta)
Director
DIN: 00030841

(Ramesh Chandra Agarwal)
Director
DIN: 00037477

Place : Noida
Date : 30.5.2015

(Rakesh Kumar Bhatnagar)
CFO
PAN:ARIPB5404E

(Dinkar Sharma)
Company Secretary
M.N.: F7383

IO SYSTEM LIMITED

Corporate Identification No. (CIN) – L65921UP1987PLC008764

Registered Office: Global Knowledge Park, 19A & 19B, Sector-125, NOIDA-201 301 (U.P).

E-mail: iosystemlimited@gmail.com; Website: iosystem.co.in

PROXY FORM

[Pursuant to section 105(6) of the Companies Act 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

Name of the Member(s) :

Registered address :

E-mail Id :

Folio No. / Client ID No. : DP ID No.

I / We, being the member(s) of Shares of IO System Limited, hereby appoint

1. Name:E-mail Id:.....

Address:Signature:or failing him

2. Name:E-mail Id:.....

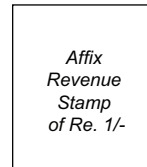
Address:Signature:or failing him

3. Name:E-mail Id:.....

Address:Signature:

as my/ our proxy to attend and vote (on a poll) for me / us and on my/ our behalf at the 27th Annual General Meeting of the Company to be held on Wednesday, the 30th September, 2015 at 11.00 a.m. at Sri Aurobindo Bhawan, C-56/36, Sector-62, NOIDA-201 307 (U.P) and at any adjournment thereof in respect of such resolutions as are indicated below :

- 1. Adoption of Audited Financial Statement of the Company for the year ended on March 31, 2015 along with Directors' Report and Auditors' report thereon.
- 2. Reappointment of Mr. Arun Seth.
- 3. Appointment of Auditors.
- 4. Appointment of Ms. Gunjan Arora



Signed this day of 2015

Signature of shareholder..... Signature of Proxyholder(s).....

- 1. Only one Member/ Proxyholder can attend the Meeting.
- 2. Member/ Proxyholder should bring his / her copy of the Annual Report for reference at the Meeting.

NOTES:

- 1. This form in order to be effective should be duly completed and deposited at the Registered Office of the Company at Global Knowledge Park, 19A & 19B, Sector-125, NOIDA-201 301 (U.P). not less than 48hrs before the commencement of meeting.
- 2. Those Members who have multiple folios with different jointholders may use copies of this Attendance Slip/ Proxy Form.



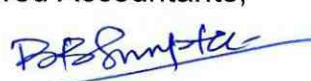
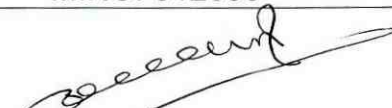
if undelivered return to :

IO SYSTEM LIMITED

CIN : L65921UP1987PLC008764
Global Knowledge Park, Plot No. 19A & 19B,
Sector-125, Noida, U. P. - 201301

FORM A

**Format of covering letter of the annual audit report to be filed with the
Stock Exchange**

1.	Name of the Company	IO SYSTEM LIMITED CIN No. L65921UP1987PLC008764 ; email: iosystemltd@gmail.com www.iosystem.co.in
2.	Annual Financial Statements for the year ended	31 st March, 2015
3.	Type of Audit observation	Un-qualified
4.	Frequency of Observation	N/A
5.	Signatures :	
	a) CEO / Manager :	 GOPAL SINGH NEGI (CEO)
	b) CFO / Director :	 RAKESH KUMAR BHATNAGAR (CFO)
	c) Auditor of the Company :	For Gupta Garg & Agrawal, Chartered Accountants,  B.B. GUPTA (PARTNER) M.NO. 012399
	d) Audit Committee Chairman :	 (R.C. AGARWAL) Director & Chairman Audit Committee

Dated : 04/09/2015

For IO SYSTEM LIMITED,


(DINKAR SHARMA)
Company Secretary
M.No.F7383

