

IO SYSTEM LIMITED

The General Manager,
Corporate Relationship Department,
BSE Limited,
1st Floor, P J Towers,
Dalal Street, Fort,
Mumbai-400 001.

07/09/2019

Sub: Compliance of Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

Scrip Code: 523752

Dear Sir(s),

Pursuant to Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we are pleased to enclose herewith a copy of the Annual Report of the Company for the financial year 2018-19 along with Notice of 31st Annual General Meeting scheduled to be held on Monday, the 30th September, 2019. Kindly take the above information on record and acknowledge receipt of the same.

Yours faithfully,

For IO SYSTEM LIMITED,



(DINKAR SHARMA)
Company Secretary
M.No. F7383



IO SYSTEM LIMITED

31st

ANNUAL | **2018-19**
REPORT

Registered Office

Global Knowledge Park,
Plot No. 19A & 19B, Sector-125,
NOIDA-201 301 (U.P).
CIN : L65921UP1987PLC008764
E-mail : iosystemltd@gmail.com

Internal Auditors

RBAS & Associates,
Chartered Accountants,
Office No. 49, 2nd Floor,
A-215, Chawla Complex,
Shakarpur, Delhi-110 092.

Auditors

M/s H S Gupta & Co.,
Chartered Accountants,
R-13/27, Raj Nagar,
Ghaziabad-201 002 (U.P).

Secretarial Auditors

S K Batra & Associates,
Company Secretaries,
3393, 1st Floor, South Patel Nagar,
Adjacent Hotel Jaypee Siddharth,
New Delhi-110 008.

Registrar & Share Transfer Agent

MAS Services Limited
T-34, 2nd Floor, Okhal Industrial Area,
Phase-II, New Delhi-110 020.
Phone : 011-26387282/83

Bankers

Indusind Bank Ltd.

Contents

Notice	01
Directors' Report	05
Corporate Governance Report	16
Secretarial Audit Report	28
Independent Auditors' Report	33
Balance Sheet	39
Statement of Profit & Loss	40
Cash Flow Statement	41
Notes to Standalone Financial Statements	42

IO System Limited

CIN : L65921UP1987PLC008764

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

Ph.: +91-120-3355131

Website: www.iosystem.co.in, E-mail : iosystemltd@gmail.com

NOTICE

NOTICE is hereby given that the 31st Annual General Meeting of the members of IO System Limited will be held at 11.30 a.m. on Monday, the 30th day of September, 2019 at C-10, Sector-65, NOIDA-201 301 (U.P)., to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the financial statements of the Company for the year ended 31st March, 2019 including statement of Audited Profit & Loss and Cash Flow Statement for the year ended 31st March, 2019, Balance Sheet as at that date and the Directors' and Auditors' Reports thereon.
2. To appoint a Director in place of Shri Arun Seth (DIN - 00007895), who retires by rotation and being eligible, offers himself for reappointment.

SPECIAL BUSINESS

3. To consider and, if thought fit, to pass with or without modification(s), the following resolution as an **ordinary resolution**:
"Resolved that pursuant to the provisions of Sections 149, 150, 152, 160 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 (Act) and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and applicable regulations, if any of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations) as amended, the appointment of Ms. Seema Salwan (DIN:06944301) who was appointed by the Board as an Additional Director in the category of Non – Executive Independent Director and holds office upto the date of this Annual General Meeting and in respect of whom a notice in writing under Section 160 of the Act has been received from a member of the Company proposing her candidature for the office of Director and who meets the criteria of independence as provided in Section 149(6) of the Act and Regulation 16(1)(b) of the Listing Regulations be and is hereby approved as an Independent Director of the Company for a period of five years w.e.f. 19th August, 2018 not liable to retire by rotation."
4. To consider and, if thought fit, to pass with or without modification(s), the following resolution as an **ordinary resolution**:
"RESOLVED THAT Ms. Vidya Chhabra (DIN: 03386692) who was appointed as an Additional Director by the Board of Directors under Section 161 of the Companies Act, 2013 (including any statutory modification(s) or re-enactment thereof, for the time being in force) with effect from 21st July, 2019 and who holds office up to the date of this Annual General Meeting, and in respect of which the company has received recommendation from Nomination and Remuneration committee and a notice in writing under Section 160 of the Act from a member of the Company proposing her candidature for the office of Director, be and is hereby appointed as a Director of the Company, whose term of office shall be liable to retire by rotation."
5. To consider and, if thought fit, to pass with or without modification(s), the following resolution as an **ordinary resolution**:
"RESOLVED THAT Mr. Kamalapati Kashyap (DIN 02359002) who was appointed as an Additional Director by the Board of Directors under Section 161 of the Companies Act, 2013 (including any statutory modification(s) or re-enactment thereof, for the time being in force) with effect from 21st July, 2019 and who holds office up to the date of this Annual General Meeting, and in respect of which the company has received recommendation from Nomination and Remuneration committee and a notice in writing under Section 160 of the Act from a member of the Company proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company, whose term of office shall be liable to retire by rotation."

NOTES

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND SUCH PROXY 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 aggregate not more than ten percent (10%) of total share capital of the Company.
2. Members are requested to notify immediately the change of address, if any, to the Company or MAS Services Limited, Registrar and Share Transfer Agent of the Company.
3. The Register of Members and Share transfer books of the Company will remain closed from Tuesday, 24th September, 2019 to Monday, 30th September, 2019 (both days inclusive).
4. Members / Proxies should bring the attendance slip sent herewith duly filled in for attending the meeting.

5. Members are requested to send their queries at least ten days before the date of the meeting so that the information can be made available at the meeting.
6. Statement pursuant to provisions of Section 102 of the Companies Act, 2013 is annexed hereto.
7. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company or to the Registrar. Securities and Exchange Board of India has prohibited physical transfer of shares w.e.f. 01.04.2019.
8. Annual Report 2018-19 along with notice of the AGM, Attendance Slip, Proxy Form and process instructions and the manner of conducting E-voting is being sent electronically to all the members whose email IDs are registered with the Company / Depository Participant(s). For members who request for a hard copy and for those who have not registered their email address, physical copies of Annual Report are being sent through the permitted mode. Members who have not registered their email address are requested to get their email address registered with the Company / Depository Participants and update the same, if required. This may be treated as an advance opportunity in terms of proviso to Rule 18(3)(i) of the Companies (Management and Administration) Rules, 2014.
9. All the documents, if any, referred to in this notice and explanatory statement are available for inspection of the members at the Registered Office of the Company on any working day except Saturday, between 10:00 a.m. to 1:00 p.m. up to the conclusion of this meeting.
10. Voting through electronic means:

In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, the company is pleased to provide members facility to exercise their right to vote at the 31st Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services provided by Central Depository Services (India) Limited (CDSL). The members shall refer to the detailed procedures on e-voting attached herewith.
11. In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at www.evoting.nsdl.com under help section or call on toll free no. 1800-222-990 or write to Company at iosystemltd@gmail.com

Instructions for remote e- voting: Please read the instructions as mentioned at the back of the attendance slip.
12. Members are required to vote only through the electronic system or through ballot at Annual General Meeting only and in no other form. In the event a member cast his/her votes through both the processes, the votes in the electronic system would be considered and the ballot vote would be ignored.
13. The remote e-voting period commences on Friday, 27th September, 2019 (9:00 a.m.) and ends on Sunday, the 29th September, 2019 (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 of Monday, 23rd September, 2019 may cast their vote electronically. The e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently.
14. The e-voting rights of shareholders shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date of Monday, the 23rd September, 2019. A person other than member on cut-off date should treat this notice for information only.
15. A member may participate in the Annual General Meeting even after exercising his right to vote through e-voting but shall not be allowed to vote again.
16. RBAS & Associates, Chartered Accountants, Delhi, have been appointed as the Scrutinizer to scrutinize the e-voting process and voting process at AGM in a fair and transparent manner.
17. The scrutinizer shall, immediately after the conclusion of voting at the Annual General Meeting, first count the votes cast at the meeting, thereafter unblock the votes cast through remote e- voting in the presence of at least two witnesses not in the employment of the company and make, not later than three days of conclusion of the meeting, a consolidated scrutinizer's report of the total votes cast in favour or against, if any, to the Chairperson or a person authorized by him in writing who shall countersign the same.
18. The Results will be declared on receipt of Scrutinizer's Report at the Registered office of the Company at Global Knowledge Park, Plot No.19A & 19B, Sector-125, NOIDA-201 301 (U.P). The Results declared along with the Scrutinizer's Report shall be placed on the Company's website www.iosystem.co.in and on the website of NSDL immediately and communicated to BSE.
19. Mr. Dinkar Sharma, Company Secretary and Compliance officer of the Company, shall be responsible for addressing all the grievances in relation to this Annual General Meeting including e-voting. His contact details are E-mail: csdinkar@gmail.com, Phone No.: 011-9810157189.
20. Members holding equity shares in electronic form and proxies thereof, are requested to bring their DP ID and Client ID for identification.

IO SYSTEM LIMITED

21. Brief resume of directors, who are proposed to be appointed / re-appointed at this meeting are given below:

Name of Director	Ms. Seema Salwan	Ms. Vidya Chhabra	Mr. Kamalapati Kashyap	Mr. Arun Seth
DIN	06944301	03386692	02359002	00007895
Date of Birth	07/09/1966	25/06/1974	30/08/1975	24/09/1953
Date of Appointment	14 th August, 2019	21 st July, 2019	21 st July, 2019	30 th September, 2002
Brief Resume and Nature of expertise in specific functional areas	A practicing advocate, having Honours Degree in Psychology and LL.B, having experience of more than 30 years in legal field.	MA, MBA (HR) having more than 16 years of experience in the field of HR & Administration.	CS, CWA and LL.B by qualification, having experience of over 20 years in finance, secretarial and legal.	B.A., Diploma in Marketing Mgt., having experience of more than 35 years in Marketing, Electronics & Information Technology.
List of other Directorships	Hindustan Retail Pvt. Ltd., Bharat BPO Services Ltd. Avon Mercantile Ltd.	Smart Global Corporate Holdings Pvt. Ltd. Modipur Devices Pvt. Ltd.	Smart Dreams Pvt. Ltd., Saket City Residences Pvt. Ltd., Smart Global Corporate Holdings Pvt. Ltd., Smart Entertainment Pvt. Ltd., Modipur Realty Pvt. Ltd., Smart Global Ventures Pvt. Ltd. (under strike off), Spicebulls Investments Ltd., Modipur Devices Pvt. Ltd., Saket City Medical Office Building Pvt. Ltd., Global Citizen Forum India, Saket Medicity Pvt. Ltd., Saket City Rehabilitation Centre Pvt. Ltd., Smart Yoga Pvt. Ltd.	Bharat IT Services Ltd., Chelmsford Club Ltd., Delhi Race Club 1940 Ltd., First Choice Enterprises Pvt. Ltd., Peremex Computer Systems Pvt. Ltd. Autonomous Electric Mobility Pvt. Ltd.
Chairman / Member of the Committees of the Board of other Companies	Member – Nomination & Remuneration Committee & Audit Committee of Bharat BPO Services Ltd.	NIL	Audit Committee-Avon Mercantile Ltd.	Member-CSR Committee (Bharat IT Services Ltd.).
Disclosure of relationship between Director Inter-Se	No relation	No relation	No relation	No relation
Shareholding in the Company	NIL	NIL	100 Shares	NIL

Explanatory statement pursuant to provisions of Section 102 the Companies Act, 2013 :**Item No. 3**

Pursuant to provisions of Sections 149, 161 read with Schedule IV and other applicable provisions of the Companies Act, 2013 (Act) and applicable regulations of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations) and on the recommendation of the Nomination and Remuneration Committee, the Board of Directors of the Company in its meeting held on 14th August, 2019, appointed Ms. Seema Salwan (DIN: 06944301) as an Additional Director in the category of Non – Executive Independent Director of the Company.

In terms of Section 149 and other applicable provisions of the Act and Rules made thereunder, the proposed resolution seeks the approval of shareholders for the appointment of Ms. Seema Salwan as an Independent Director for a term of 5 (five) consecutive years from 14th August, 2019 to 13th August, 2024, not liable to retire by rotation. The Company has received consent from Ms. Seema Salwan to act as a Director and declaration to the effect that she meets the criteria of independence as provided in Section 149(6) of the Act and Regulation 16(1)(b) of the Listing Regulations and also a declaration under Section 164 of the Act that she is not disqualified from being appointed as a Director. In the opinion of

the Board and on the basis of the recommendation of Nomination and Remuneration Committee, the Board believes that she is a person of integrity and possesses the relevant expertise and experience and fulfills the conditions specified in the Act and the Rules made thereunder and she is independent of the management and her appointment as an Independent Director would be beneficial to the Company and this will enable the Board to discharge its functions and duties effectively. A Copy of the letter of appointment of Seema Salwan as an Independent Director setting out the terms and conditions of her appointment would be available for inspection without any fee by the shareholders at the Registered Office of the Company on all working days, except Saturdays, Sundays and holidays, during normal business hours. The Board recommends the resolution set forth in the Item No. 3 of the Notice for approval by the shareholders. No Director (other than Ms. Seema Salwan, herself) and Key Managerial Personnel and their relatives, is in any way concerned or interested in this resolution.

Item No. 4

Ms. Vidya Chhabra was appointed as an additional Director of the Company with effect from 21st July, 2019. She holds office upto the conclusion of this Annual General meeting. The Company has received a nomination from its Nomination and Recommendation Committee and also a notice from a member of the Company proposing her candidature for being appointed as a Director of the Company liable to retire by rotation. Hence, your Directors recommend the resolution at Item No.4 to be passed as an Ordinary Resolution.

The disclosure under Regulation 36 of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 is provided in the notes to this Notice.

None of the Directors and Key Managerial Personnel, except Ms. Vidya Chhabra to the extent of her appointment, is in any way interested or concerned in the resolution.

Item No. 5

Mr. Kamalapati Kashyap was appointed as an additional Director of the Company with effect from 21st July, 2019. She holds office upto the conclusion of this Annual General meeting. The Company has received a nomination from its Nomination and Recommendation Committee and also a notice from a member of the Company proposing her candidature for being appointed as a Director of the Company liable to retire by rotation. Hence, your Directors recommend the resolution at Item No.4 to be passed as an Ordinary Resolution.

The disclosure under Regulation 36 of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 is provided in the notes to this Notice.

None of the Directors and Key Managerial Personnel, except Mr. Kamalapati Kashyap to the extent of his appointment, is interested or concerned in the resolution.

On behalf of the Board of Directors,

For IO System Limited,

**Place : NOIDA
Dated : 14th August, 2019**

**Arun Seth
Director
DIN:00007895**

DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in submitting the 31st Annual Report together with the Statement of Accounts for the year ended 31st March, 2019.

Financial Performance

The summarized results of the Company are given in the table below :

(Amount in Rs.)

PARTICULARS	31.03.2019	31.03.2018
Total Income (Other Income)	8,28,025	7,637
Profit/(loss) before Interest, Depreciation & Tax (EBITDA)	(92,16,480)	(95,46,663)
Finance Charges	54,78,014	49,16,171
Depreciation	20,846	36,426
Net Profit/(Loss) After Tax	(92,16,480)	(95,46,663)
Profit/(Loss) brought forward from previous year	(22,73,19428)	(21,77,72,765)
Profit/(Loss) carried to Balance Sheet	(23,65,35,908)	(22,73,19,428)

Summary of Operations

During the year under review, the only earnings for the Company was through other income which stood at Rs.8,28,025/- as compared to that of Rs. 7,637/- during the previous year. The Company incurred a loss of Rs.92.16 lacs during the year under review, as compared to a loss of Rs.95.46 lacs during the previous year.

Transfer to Reserves

The Company has not transferred any amount to General Reserve in the current year.

Business Review/State of the company's affairs

During the year under review, the Company did not carry any business activity. The Company has been incurring losses for the past many years and is yet to overcome the same. The Company has stopped its commercial production owing to huge losses over the past many years.

Dividend

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

Subsidiary Company

The Company does not have any subsidiary. However, the Company continues to be the subsidiary of Smart Entertainment Private Limited with Smart Global Corporate Holdings Private Limited as the Ultimate Holding Company.

Directors' Responsibility Statement

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

- that in the preparation of annual accounts, the applicable accounting standards have been followed alongwith explanation relating to material departures;
- that 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 as on March 31, 2019 and of the profit / loss of the Company for that period;
- that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- that the annual accounts have been prepared on a going concern basis;
- that internal financial controls have been laid down to be followed by the company and that such internal financial controls are adequate and were operating effectively;
- that proper systems have been devised to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Capital/ Finance

During the year under review, there was no enhancement or reduction in capital of the Company. As on 31st March, 2019, the capital break-up of the Company is as under :

- i) **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.

- ii) **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

Mr. Ramesh Chandra Agarwal, independent Director of the Company, resigned with effect from 30th June, 2019. Also, with effect from 21st July, 2019, Mr. Kamalapati Kashyap, Ms. Vidya Chhabra were appointed as Additional Directors based on the recommendation of Nomination & Remuneration Committee, who hold office upto the conclusion of this Annual General Meeting. The Company has received a notice from a member of the Company proposing the candidature of Mr. Kamalapati Kashyap and Ms. Vidya Chhabra for appointment as a Director of the Company. Ms. Preeti Malhotra was appointed as Additional Director and Chairperson of the Company and Ms. Rashi Adlakha resigned from the Board with effect from 21st July, 2019.

Also, Ms. Seema Salwan was appointed as an Additional Director, Non-executive (Independent) of the Company with effect from 14th August, 2019. In terms of Section 149 and other applicable provisions of the Act and Rules made thereunder, the approval of shareholders is sought for the appointment of Ms. Seema Salwan as an Independent Director for a term of 5 (five) consecutive years from 14th August, 2019 to 13th August, 2024, not liable to retire by rotation. The Company has received consent from Ms. Seema Salwan to act as a Director and declaration to the effect that she meets the criteria of independence as provided in Section 149(6) of the Act and Regulation 16(1)(b) of the Listing Regulations and also a declaration under Section 164 of the Act that she is not disqualified from being appointed as a Director. In the opinion of the Board and on the basis of the recommendation of Nomination and Remuneration Committee, the Board believes that she is a person of integrity and possesses the relevant expertise and experience and fulfills the conditions specified in the Act and the Rules made thereunder and she is independent of the management and her appointment as an Independent Director would be beneficial to the Company and this will enable the Board to discharge its functions and duties effectively.

At present the Board of Directors of the Company comprise *inter-alia* of two independent Directors, viz., Mr. Satish Kumar Gupta and Ms. Seema Salwan, both of whom 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. The term of Mr. Satish Kumar Gupta as an Independent Director expires on 28th September, 2019. The terms and conditions of appointment of Independent Directors are as per Schedule IV of the Act.

Mr. Arun Seth retires at the ensuing Annual General Meeting of the Company and being eligible offers himself for reappointment.

Pursuant to the provisions of Section 203 of the Companies Act, 2013, Mr. Rakesh Kumar Bhatnagar continues to be the Chief Financial Officer (CFO) of the Company with effect from 1st March, 2015. Mr. Dinkar Sharma acts as the Company Secretary of the Company. Mr. Pankaj Kumar Singh continues to be the CEO of the Company w.e.f 30th May, 2018.

There has not been any other change in the Directorship or appointment / resignation of Key Managerial Personnel.

Number of Meetings of the Board

Four meetings of the Board were held during the year Financial Year 2018-19. For details of the meetings of the Board, please refer to the corporate governance report, which forms part of this report.

Board Evaluation

Pursuant to the provisions of the Companies Act, 2013 and Rules made thereunder, Schedule IV of the Act and SEBI (LODR) Regulations, 2015, 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"). 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, 2019, performance of non-independent directors and the performance of Board as a whole was evaluated. The same was discussed in the board meeting that followed the meeting of the independent Directors.

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.

IO SYSTEM LIMITED

Statutory Auditors

M/s H S Gupta & Co., (Firm Registration No. 000326C), Chartered Accountants, the Statutory Auditors of the Company were appointed at the 29th Annual General Meeting of the Company held on 29th September, 2017 to hold office for a period of five years, i.e., upto the conclusion of 34th Annual General meeting of the Company, subject to ratification by the members of the Company at every Annual General Meeting. However, Vide notification dated May 7, 2018, the Ministry of Corporate Affairs has done away with the requirement of seeking ratification of members for appointment of auditors at every Annual General Meeting. Accordingly, no resolution is being proposed for ratification of appointment of statutory auditors at the 31st Annual General Meeting.

Internal Auditors

The Company had appointed M/s RBAS & Associates, Chartered Accountants, Delhi, as Internal Auditors of the Company for the financial year 2018-19.

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 2018-19. The Secretarial Audit Report forms part of this report.

Auditors' Report and Secretarial Auditors' Report - Explanation and Comments

The reports of Statutory auditors and that of the Secretarial Auditors are self-explanatory. The following observations have been made by the Secretarial Auditors in their report :

- 1) Statement Grievance Redressal Mechanism for 2nd Quarter i.e from Fine of Rs.4000 + GST was levied by the Stock Exchange which was duly paid by the July to Sept, 2018 was filed on 26.10.2018 and the due date for filing the same was 21.10.2018 Company.

Directors Comments : The requisite documents were filed on 26.10.2018 and the requisite fine has already been paid to the Stock Exchange. The Company shall be more cautious in future to submit the requisite documents in time.

- 2) Statement Grievance Redressal Mechanism for 1st Quarter i.e from April to June, 2018 was filed on 27.07.2018 and the due date for filing the same was 21.07.2018.

Directors Comments : The Company has since filed the same on 27/07/2018, the default has been made good. Such instances shall be taken care of in future.

- 3) Statement Grievance Redressal Mechanism for 3rd Quarter i.e., from Oct to Dec. 2018 was filed on 22.01.2019 and the due date for filing the same was 21.01.2019.

Directors Comments : The default was made good by the Company by filing the same within time through email at corp_relations@bseindia.com, since the Co. was not able to upload the same on BSE Portal due to technical reasons. The fact has already been explained to the Stock Exchange and request made to waive off the penalty levied on the Company and the said request has been considered and accepted by the Stock exchange.

- 4) Unaudited financial result for the quarter ended on 30.06.2018 was required to file upto 14th august, 2018 but the company filed the same on 17/08/2018.

Directors Comments : Requisite results were duly filed within due time in XBRL mode. However, pdf copy of the same could not be uploaded due to some technical issues and the same was done later on 17.08.2018. Stock exchange levied penalty of Rs.10,000. Management has submitted its reply/representation before the Stock Exchange for this and requested for waiver of penalty.

Audit Committee

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

Material Change

There is/are no material change(s) or commitment(s) after the closure of the financial year.

Compliance Certificate on Corporate Governance

A compliance Certificate on Corporate Governance as per Chapter IV of SEBI (LODR) Regulations, 2015, issued by Roni & Associates, Company Secretaries, forms a part of this Report.

Certificate of Non-disqualification of Directors

A Certificate of non-disqualification of Directors pursuant to Regulation 34(3) and Schedule V Para C Clause (10)(i) of SEBI (LODR) 2015 obtained from M/s S K Batra & Associates, Company Secretaries, forms a part of this report

Risk Management

The Board of the Company has formed a risk management policy. 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

All transactions entered into with Related parties as defined under Companies Act, 2013 and SEBI (LODR) Regulations, 2015, during the Financial Year were in the ordinary course of business and on arms' length basis and do not attract provisions of Section 188 of the Companies Act, 2013. However, since Company, from time to time, takes loan from its Holding Company, viz., Smart Entertainment Pvt. Ltd., the approval of shareholders was obtained through Special Resolution at the Annual General Meeting of the Company, held on 30th September, 2016, to approve for such transactions upto a limit of Rs.50 Crores. 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 presently not applicable to the Company.

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.

Particulars of Employees

- a) Details as per Rule 5(2) of the Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014 :
- No employee was paid remuneration in excess of Rs.8.50 Lacs per month (if employed for a part of the year) or Rs.1.02 Crores per annum (if employed throughout the year) during 2018-19 and hence there is no disclosure requirement as per Rule 5(2) of the Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014.
 - No employee of the Company, if employed throughout the financial year or part thereof, was in receipt of remuneration during the financial year 2018-19 which, in the aggregate, or as the case may be, at a rate which, in the aggregate, is in excess of that drawn by the managing director or whole-time director or manager and holds by himself or along with his spouse and dependent children, not less than two percent of the equity shares of the company.
- b) Details as per Rule 5(1) of the Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014.

S.No.	Particulars	Remarks
1.	The ratio of the remuneration of each director to the median remuneration of the employees of the Company during the Financial year.	Not comparable as at present, no director who is drawing any remuneration from the Company except the sitting fee paid to Directors.
2.	The percentage increase in remuneration of each Director, Chief Financial Officer (CFO), Executive Officer, Company Secretary or Manager, if any, in the financial year.	No Increase No Increase
3.	The percentage increase in median remuneration of the employees in the financial year.	No Increase
4.	The number of permanent employees on rolls of the Company.	Three
5.	Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in managerial remuneration.	Since, there are no employees other than the KMPs of the Company, such comparison is not possible and there has been no increase in their salaries.
6.	Affirmation that the remuneration is as per the remuneration policy of the Company.	Yes.

Vigil Mechanism

The Company has implemented a Vigil Mechanism (Whistle Blower Policy) and is posted on the Company's website i.e. www.iosystem.co.in and no person is denied access to the Audit Committee.

IO SYSTEM LIMITED

Cost Records

The maintenance of cost records has not been specified by the Central Government under Section 148(1) of the Companies Act, 2013 for the business activities carried out by the Company. Thus reporting under Clause 3(vi) of the order is not applicable to the Company.

Other Disclosure requirements

- The 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.
- Policy on dealing with related party transactions is available on the website of the Company.

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

1.	Energy Conservation measures taken	Since there is no manufacturing activity in the Company, therefore, there is no scope for energy consumption and its conservation.
2.	Additional investments & proposals, if any, being implemented for reduction of consumption of energy.	
3.	Impact of above measures for reduction of energy consumption and consequent impact on production of goods.	
4.	Total energy consumption and energy consumption per unit of production.	

(b) Technology Absorption

1	Specific areas in which R&D is carried out	NIL
2	Benefits derived as a result	N/a
3	Future plan of action	Not required as of now
4	Expenditure on R&D	NL

Disclosure under Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013

The Company has in place Sexual Harassment Policy and an Internal Complaints Committee in line with the requirements of the Sexual Harassment of Women at the Workplace (Prevention, Prohibition and Redressal) Act, 2013. This policy provides for protection against sexual harassment of women at work place and for prevention and redressal of such complaints. During the year under review, the number of complaint(s) received were NIL.

Appreciation

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

On behalf of the board of directors,

For IO System Limited,

Place : NOIDA

Dated : 14th August, 2019

Kamalapati Kashyap

Director

DIN:02359002

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 2018-19.
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 2018-19. Details of other transactions with related parties have been mentioned separately in the Auditors' Report. The details of transactions with related parties are mentioned herebelow :

a.	Name of the related party and nature of relationship	Smart Entertainment Pvt. Ltd. (Holding Company)	Mr. Rakesh Kumar Bhatnagar (Chief Financial Officer)	Mr. Dinkar Sharma (Company Secretary)	Mr. Pankaj Kumar Singh
b.	Nature of contracts / arrangements / transactions	Loan obtained	Appointment & Remuneration as CFO	Appointment & Remuneration as Company Secretary	Appointment & Remuneration as CEO
c.	Duration of contracts/ arrangements/ transactions	3 years	N.a	N.a	N.a
d.	Salient terms of the contracts / arrangements or transactions including the value, if any :	Loan @10% interest upto total of Rs.50 Crores.	Appointment as CFO	Appointment as Company Secretary.	Appointment as CEO
e.	Date(s) of approval by the Board, if any.	Shareholders approval by way of Special Resolution dated 30/09/16. Board approval at every Board meeting after obtaining loan	01/03/2015	11/09/2009	01/06/2018
f.	Amount paid as advances, if any.	N/a	N/a	N/a	N/a

- Apart from this only sitting fee has been paid to Directors

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

**Place : NOIDA
Dated : 14th August, 2019**

**Kamalapati Kashyap
Director
DIN:02359002**

**Arun Seth
Director
DIN:00007895**

Annexure-II

EXTRACT OF ANNUAL RETURN

As on the financial year ended on March 31, 2019

[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 : iosystemltd@gmail.com Website : http://www.iosystem.co.in
Whether listed Company	Yes. (Listed 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.	Office Automation equipments	28170	N.A since the total turnover during year was NIL

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	74.825	2(46)

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	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
(a) Individual/ HUF	0	29600	29600	0.175	0	29600	29600	0.175	0
(b) Central Govt	0	0	0	0	0	0	0	0	0
(c) State Govt (s)	0	0	0	0	0	0	0	0	0
(d) Bodies Corp.	12645400	0	12645400	74.825	12645400	0	12645400	74.825	0
(e) Banks / FI	0	0	0	0	0	0	0	0	0
(f) Any Other....	0	0	0	0	0	0	0	0	0

Sub-total (A) (1):-	12645400	29600	1267500	75	12645400	29600	12675000	75	0
(2) Foreign									
(a) NRIs –Individuals	0	0	0	0	0	0	0	0	0
(b) Other – Individuals	0	0	0	0	0	0	0	0	0
(c) Bodies Corp.	0	0	0	0	0	0	0	0	0
(d) Banks / FI	0	0	0	0	0	0	0	0	0
(e) Any Other....	0	0	0	0	0	0	0	0	0
Sub-total (A) (2):-	0	0	0	0	0	0	0	0	0
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	0	0	0	0	0
(b) Banks / FI	0	0	0	0	0	0	0	0	0
(c) Central Govt	0	0	0	0	0	0	0	0	0
(d) State Govt(s)	0	0	0	0	0	0	0	0	0
(e) Venture Capital Funds	0	0	0	0	0	0	0	0	0
(f) Insurance Companies	0	0	0	0	0	0	0	0	0
(g) FIs	0	0	0	0	0	0	0	0	0
(h) Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	0
(i) Others (specify)	0	0	0	0	0	0	0	0	0
Sub-total (B)(1):-	0	0	0	0	0	0	0	0	0
2.Non-Institutions									
(a) Bodies Corp.	668336	16500	684836	4.052	658436	16500	674936	3.993	(-)0.059
(i) Indian									
(ii) Overseas									
(b) Individuals	367256	535700	902956	5.343	393557	504400	897957	5.313	(-)0.03
(i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	2605604	0	2605604	15.418	2605103	15100	2620203	15.502	0.084
(ii) Individual shareholders holding nominal share capital in excess of Rs. 1 lakh									
(c) Others (specify)	10500	14100	24600	0.146	10600	14100	24700	0.15	0.004
(i) NR/OCB									
(ii) Clg. Member	7004	0	7004	0.041	7204	0	7204	0.042	0.001
Sub-total (B)(2):-	3646800	578200	4225000	25	3656000	569000	4225000	25	0
Total Public Shareholding (B)=(B)(1)+(B)(2)									
C. Shares held by Custodian for GDRs & ADRs	0	0	0	0	0	0	0	0	0
Grand Total (A+B+C)	16304100	595900	16900000	100	16320300	579700	16900000	100	NIL

(ii) Shareholding of Promoters :

S. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% Change
		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	0
2.	O P Dani	100	0.001	0	100	0.001	0	0
3.	R L Ahuja	100	0.001	0	100	0.001	0	0
4.	A K Mittal	100	0.001	0	100	0.001	0	0
5.	S K Jain	100	0.001	0	100	0.001	0	0
6.	S K Sethi	100	0.001	0	100	0.001	0	0

7.	S K Surana	100	0.001	0	100	0.001	0	0
8.	Harkarwal Singh	1000	0.006	0	1000	0.006	0	0
9.	Madan Gupta	1000	0.006	0	1000	0.006	0	0
10.	Suresh Kumar Jain	15000	0.089	0	15000	0.089	0	0
11.	R S Desikan	11000	0.065	0	11000	0.065	0	0
12.	Bhagchand P Jain	500	0.003	0	500	0.003	0	0
13.	Bhagchand Partiraj Jain	200	0.001	0	200	0.001	0	0
14.	Om Prakash Kariwala	200	0.001	0	200	0.001	0	0
15.	Smart Entertainment Pvt. Ltd.	12645400	74.825	0	12645400	74.825	0	0

(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				
	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):	There is no change in Promoters' Shareholding between 01.04.2018 to 31.03.2019			
	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 on 01.04.2018 At the end of the year on 31.03.2019	917482 917482	5.429 5.429	917482	5.429
2.	Infotrade Resources India Pvt. Ltd. At the beginning of the year on 01.04.2018 At the end of the year on 31.03.2019	548590 548590	3.246 3.246	548590	3.246
3.	Kiran Rana At the beginning of the year on 01.04.2018 At the end of the year on 31.03.2019	400000 400000	2.367 2.367	400000	2.367
4.	Dalip Singh At the beginning of the year on 01.04.2018 At the end of the year on 31.03.2019	400000 400000	2.367 2.367	400000	2.367
5.	Kanchan Mittal At the beginning of the year on 01.04.2018 At the end of the year on 31.03.2019	200000 200000	1.183 1.183	200000	1.183
6.	Bipin Jeram Bhanushali At the beginning of the year on 01.04.2018 Sold during the year 07.09.2018 At the end of the year on 31.03.2019	100000 -500 99500	0.591 0.588	99500	0.588
7.	Centillion Capital Private Limited At the beginning of the year on 01.04.2018 At the end of the year on 31.03.2019	97549 97549	0.577 0.577	97549	0.577
8.	K A Gandhi (HUF)				

	At the beginning of the year on 01.04.2018	55000	0.325		
	At the end of the year on 31.03.2019	55000	0.325	55000	0.325
9.	Vasantbhai Talakchand Shah				
	At the beginning of the year on 01.04.2018	105424			
	At the end of the year on 31.03.2019	105424	0.623	105424	0.623
10.	Harishbhai H Buddhdev				
	At the beginning of the year on 01.04.2017	50000	0.295		
	At the end of the year on 31.03.2018	50000	0.295	50000	0.295

(v) **Shareholding of Directors and Key Managerial Personnel (KMP) :**

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
None of the Directors or KMP hold any shares in the Company					

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	-	540,45,000	-	540,45,000
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	-	540,45,000	-	540,45,000
Change in Indebtedness during the financial year				
• Addition	-	141,20,211	-	141,20,211
• Reduction	-	-	-	-
Net Change	-	141,20,211	-	141,20,211
Indebtedness at the end of the financial year				
i) Principal Amount	-	632,35,000	-	632,35,000
ii) Interest due but not paid	-	49,30,211	-	49,30,211
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	-	681,65,211	-	681,65,211

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

B. Remuneration to other directors:

S. No.	Particulars of Remuneration	Name of Directors	Total Amount
	1. Independent Directors		
	• Fee for attending board / committee meetings	1) S K GUPTA Rs.30000	60,000/-
	• Commission	2) RC Agarwal Rs.30000	
	• Others, please specify		
	Total (1)	The Company has not paid any remuneration to any of the Director(s) of the Company during the Financial Year 2018-19, except for sitting fee for Board and Committee Meetings to independent Directors, the details of which are given in the Accounts.	
	2. Other Non-Executive Directors		
	• Fee for attending board / committee meetings		
	• Commission		
	• Others, please specify		
	Total (2)		
	Total (B)=(1+2)		

		Rs. 60,000/- on account of sitting fee to independent Directors.
	Total Managerial Remuneration	
	Overall Ceiling as per the Act	

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

S. No.	Particulars of Remuneration	CS	CFO	CEO	TOTAL
		Dinkar Sharma	Rakesh Kumar Bhatnagar	Pankaj Kumar Singh	
		01.04.2018 to 31.03.2019	01.04. 2018 to 31.03.2019	01.04.2018 to 31.03.2019	
1	Gross salary				
	(a) Salary as per section 17(1) of the Income-tax Act, 1961	11,06,585	7,27,668	2,19,600	2,053,853
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	0	0	0	
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961				
2	Stock Option	0	0	0	
3	Sweat Equity	0	0	0	
4	Commission	0	0	0	
	- as % of profit				
	- others, specify...				
5	Others (please specify) (Reimbursements)	3,07,391	3,68,196		675,587
	Total	14,13,976	10,95,864	2,19,600	2,729,440

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						
	Pl. refer secretarial audit report in Form MR-3 forming part of this report.					
Penalty						
Punishment						
Compounding						
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

(As required under the Companies Act, 2013 and
SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

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

Company believes in the practice of good Corporate Governance and acting as a good corporate citizen.

The spirit of Corporate Governance has been prevailing in the Company. The Company believes in the values of transparency, professionalism and accountability. The Company recognizes the accountability of the Board and importance of its decisions on its customers, dealers, employees, shareholders, and with every individual, who comes in contact with the Company.

2. BOARD OF DIRECTORS

- i. As on March 31, 2019, the Company had four directors. Of the four Directors, 2 are independent and 2 non-independent non-executive Directors.

However, as on the date of this report, the Company had 6 directors, of which 2 are independent and 4 non-independent including one non-executive Chairperson.

- 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, 2019 have been made by the directors. None of the directors are related to each other.
- iii. All the Independent directors are non-executive directors. 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 of independent directorship 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, 2019 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 2018-19		Whether attended last AGM held on 28/09/2018	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	4	4	Yes	0	2	0	0
	Non-Independent							
Ramesh Chandra Agarwal	Non-Executive Independent	4	4	Yes	0	3	1	6
(Resigned w.e.f. 30/06/2019).								
Satish Kumar	Non-Executive	4	4	Yes	0	3	3	3
Gupta	Independent							
Rashi Adlakha	Non Executive	4	4	Yes	0	1	0	0
(Resigned w.e.f 21/07/2019)								

Other Directors as on the date of this notice are : 1) Ms. Preeti Malhotra – Non-executive Director & Chairperson, 2) Ms. Vidya Chhabra – Non executive Non – Independent Director, 3) Mr. Kamalapati Kashyap – Non-executive Non Independent Director and 4) Ms. Seema Salwan – Independent Director.

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

IO SYSTEM LIMITED

information to enable the Board to take appropriate decisions. In addition, 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, 2019 – on 30.05.2018, 14.08.2018, 10.11.2018 and 14.02.2019. The maximum gap between any two meetings was less than one hundred and twenty days.

Details of Board members as on 31st March, 2019 and Attendance at Board & General Meeting held on 28th September, 2018 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	30.05.2018	Four
2	14.08.2018	Four
3	10.11.2018	Four
4	14.02.2019	Four

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, 2019, 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, with effect from 21st July, 2019, Mr. Kamalapati Kashyap, Ms. Vidya Chhabra were appointed as Additional Directors who hold office upto the conclusion of this Annual General Meeting. The Company has received a notice from a member of the Company proposing the candidature of Mr. Kamalapati Kashyap and Ms. Vidya Chhabra for appointment as a Director of the Company. Ms. Preeti Malhotra was appointed as Additional Director and Chairperson of the Company and Ms. Rashi Adlakha resigned from the Board with effect from 21st July, 2019. Also, Ms. Seema Salwan was appointed as an Additional Director (Independent) of the Company with effect from 14th August, 2019. The Company seeks approval from shareholders for appointment of Ms. Seema Salwan as an Independent Director of the Company for a term of 5 years, w.e.f. 14th August, 2019.

Prohibition of Insider Trading

In Compliance with the SEBI Regulations on Prevention of Insider Trading, the Company has framed a Code of Conduct to avoid any insider trading and it is applicable to all the Directors, Promoters, Senior Managerial Personnel and other connected persons of the Company who are expected to have access to the unpublished price sensitive information relating to the Company. The Code lays down guidelines, which advises them on procedure to be followed and disclosures to be made, while dealing in the shares of the Company. The Company has revised Internal Code of Procedures and Conduct for Regulating, Monitoring and Reporting of Trading by Insiders in line with the amendments in SEBI (Prohibition of Insider Trading) Regulations, 2015.

3. BOARD COMMITTEES :

A. AUDIT COMMITTEE

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

Composition : 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 and the other one is a non-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 28th September, 2018.

Terms of Reference : The terms of reference of the audit committee covers all matters specified under Regulation 18 and Part – C of Schedule II of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, and under 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, 2019 on 30.05.2018, 14.08.2018, 10.11.2018 and 14.02.2019 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 2018-19	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

The Company had a Stakeholders Relationship Committee under the Chairmanship of Mr. Satish Kumar Gupta (DIN:00030841), Director. 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 6 (Six) times, during the financial year ended 31st March, 2019 on 06.08.2018, 29.10.2018, 19.11.2018, 03.12.2018, 10.12.2018 and 07.01.2019.
- The Stakeholders Relationship Committee consists of 2 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	4	4
Ramesh Chandra Agarwal * (Resigned w.e.f 30.6.19)	Member	4	4
Arun Seth	Member	4	4

*Ms. Seema Salwan, Independent Director, has joined the committee w.e.f. 14.08.2019 as an Independent Director.

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, 2019 are as under :

Complaints as on April 1, 2018	0
Received during the year	0
Resolved during the year	0
Pending as on 31st March, 2019	0

C. NOMINATION AND REMUNERATION COMMITTEE :

- The Company had a nomination committee and remuneration committee of directors.
- 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.

IO SYSTEM LIMITED

- 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.
- 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; q 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 under various regulations 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 (Resigned w.e.f. 30/06/2019)	Chairman	30/05/2018	Yes
		14/08/2018	Yes
		10/11/2018	Yes
		14/02/2019	Yes
Satish Kumar Gupta	Member	30/05/2018	Yes
		14/08/2018	Yes
		10/11/2018	Yes
		14/02/2019	Yes
Arun Seth	Member	30/05/2018	Yes
		14/08/2018	Yes
		10/11/2018	Yes
		14/02/2019	Yes
		14/02/2019	

- Ms. Seema Salwan has joined the Committee as an Independent Director w.e.f. 14th August, 2019.
- 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. 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 Directors during the financial year 2018-19 is as under :

Name of the Director	Category	Sitting Fee Paid (Rs.)	Any other
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

- vi. Details of Equity Shares held by the Directors as on 31st March, 2019:

Name of the Director	No. of shares held
Arun Seth	NIL
Ramesh Chandra Agarwal	NIL
Satish Kumar Gupta	NIL
Rashi Adlakha	NIL

- vii. Meeting of Independent Directors : The Independent Directors of the Company had met during the year on 31st March, 2019 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. Since the Company is not required to formulate a Risk Management Committee, the same stood dissolved w.e.f 30/05/2016. However, the Company has in place Risk Management Policy.

IO SYSTEM LIMITED

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
2017-18	28/09/2018	11.00 a.m.	C-10, Sector-65, NOIDA-201 301 (U.P).
2016-17	29/09/2017	11.30 a.m.	Sri Aurobindo Bhawan,C-56/36,Sector-62,NOIDA-201 307 (U.P)
2015-16	30/09/2016	11.00 a.m.	Sri Aurobindo Bhawan,C-56/36,Sector-62,NOIDA-201 307 (U.P)

Extraordinary General Meeting : No Extra-ordinary General Meeting of the members was held during the year 2018-19.

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	30.09.2016	a) Appointment of Ms. Gunjan Arora as Wholetime Director Borrowing powers to Board of Directors	
		a) Borrowing powers to the Board of Directors.	
2	30.09.2017	No Special Resolution was passed.	
3	29.09.2018	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 the details of 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 :

1. There were no transactions of material nature with the directors or the management or their subsidiaries or relatives etc. during the year, which could have potential conflict with the interests of the Company at large except for the ones mentioned in Form AOC-2 annexed in this report.
2. There were no instances of non-compliance, penalty or strictures imposed on the company by Stock Exchanges, SEBI or other statutory authority of any matter related to the capital market, during the last three years, except fines under SOP levied by Bombay Stock Exchange, details of which have been mentioned in this report.
3. Vigil Mechanism (Whistle Blower Policy) : The Company has implemented a Vigil Mechanism (Whistle Blower Policy) and is posted on the Company's website i.e., www.iosystem.co.in and no person is denied access to the Audit Committee.
4. The Company has complied with all the mandatory requirements of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and other applicable provisions.
5. Application of non-mandatory requirements: The Company has fulfilled the following non-mandatory requirements:
 - a. The internal auditor has access for the direct reporting to the Audit Committee.
 - b. The statutory financial statements of the Company are unqualified.
6. The company has no subsidiary company. However, the Company continues to be the subsidiary of Smart Entertainment Private Limited.
7. Related Party Transactions : All transactions entered into with Related parties as defined under the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 during the financial year were in the ordinary course of business and on an arm's length basis and approved by the Audit Committee and the Board of Directors. There were no materially significant transactions with related parties during the financial year which were in the conflict of interest of the Company. The Board has approved a policy for related party transactions which has been uploaded on the website of the Company i.e. www.iosystem.co.in.
8. Commodity Risk or Foreign Exchange Risk : The Company is not dealing in any activity which may have commodity price risk or Foreign Exchange risk or undertaken hedging activities.

9. CEO and CFO certification

As per Regulation 17(8) and Part – B of Schedule II of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a certificate from CEO and CFO has been obtained.

10. Means of communication:

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

11. Management Discussion and Analysis Report

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

12. 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'S INFORMATION

Registered Office		Global Knowledge Park, Plot No.19A & 19B, Sector-125, NOIDA-201 301.
Corporate Identification Number (CIN)		L65921 UP19 87PLC 008764
Annual General Meeting		
Day	Monday	
Date & Time	30 th September, 2019 at 11:30 AM	
Venue	C-10, Sector-65, NOIDA-201 301.	
Financial Year	01.04.2018 - 31.03.2019	
Book Closure Period	Tuesday, 24.09.2019 to Monday,30.09.2019 (both days inclusive).	
Listing on stock exchanges and stock code	BSE Limited Phiroz Jheejhee Bhoj Towers, Dalal Street, Fort, Mumbai - 400001.	
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' 2018 to March' 2019 were as follows:

Month	Open Price	High Price	Low Price	Close Price	No. of Shares	No. of Trades	Total Turnover (Rs.)
Jun-18	2.98	2.98	2.70	2.70	1001	4	2982
Jul-18	2.57	2.57	2.57	2.57	341	7	875
Sep-18	2.45	2.45	2.45	2.45	500	1	1225
Oct-18	2.57	2.68	2.68	2.68	105	2	270
Jan-19	2.55	2.55	2.43	2.43	12001	2	29162
Feb-19	2.31	2.31	2.31	2.31	10000	1	23100
Mar-19	2.20	2.20	1.98	1.98	413	5	862

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, through its RTA, 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 31.03.2019.

Shareholding Pattern/ Distribution of Holdings as on 31.03.2019 :
a) Shareholding Pattern

Category	No. of shares	% of Holding
Promoters	12675000	75.00
Indian Public	3518160	20.82
Financial Institutions and Banks	0	0
Foreign Financial Institutions	0	0
NRI's	24700	0.15
Corporate Bodies	674936	3.99
Clearing member	7204	0.04
Foreign Nationals	0	0
Mutual Funds and Trust	0	0
Overseas Corporate Bodies	0	0
Grand Total	16900000	100

b) Distribution Schedule :

Category	No. of holders	% on total	No. of shares	% on total
1-5000	3120	92.253	423465	2.506
5001-10000	106	3.134	88335	0.523
10001-20000	54	1.597	89374	0.529
20001-30000	20	0.591	51328	0.304
30001-40000	13	0.384	46033	0.272
40001-50000	11	0.325	53268	0.315
50001-100000	28	0.828	211355	1.251
100001 and above	30	0.887	15936842	94.301
TOTAL	3382	100	16900000	100
TOTAL SHARE HOLDERS IN NSDL	238	TOTAL SHARES IN NSDL		14104152
TOTAL SHARE HOLDERS IN CDSL	192	TOTAL SHARES IN CDSL		2216148
TOTAL SHARE HOLDERS IN PHY	2957	TOTAL SHARES IN PHY		579700
TOTAL SHARE HOLDERS	3387	TOTAL SHARE HOLDERS		16900000
5 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 96.45 % of the Company's equity share capital are dematerialised as on March 31, 2019.

Particulars	Number of shares	% of total capital Issued
Shares held in dematerialised form with NSDL	14153244	83.75%
Shares held in dematerialised form with CDSL	2150856	12.72%
Shares held in physical form	595900	3.53%
TOTAL	16900000	100%

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: NIL

Equity shares in the suspense account: NIL.

Address for Correspondence :

IO SYSTEM LIMITED,

Global Knowledge Park, Plot No. 19A & 19B, Sector-125, NOIDA-201 301 (U.P) ;

Tel. : 0120-3355131;

Fax : 0120-3355131

Email : iosystemltd@gmail.com;

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

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

Place : NOIDA

Dated : 14th August, 2019

Kamalapati Kashyap

Director

DIN:02359002

Arun Seth

Director

DIN:00007895

COMPLIANCE CERTIFICATE ON CORPORATE GOVERNANCE

(As per Chapter IV of SEBI (LODR) Regulations, 2015)

To,

The Members of IO System Limited

We have examined the compliance of conditions of Corporate Governance by IO SYSTEM LIMITED for the year ended on 31st March, 2019, as stipulated in Chapter IV of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 pursuant to 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. It is neither an audit nor an expression of the 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 the said Regulations (or the relevant corresponding conditions of the Corporate Governance as laid down in Clause 49 of the listing agreement as was applicable before the said Regulations came into effect).

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.

**For Roni & Associates
Company Secretaries**

**Place: New Delhi
Date: 14th August, 2019**

**Roni Soni
ACS NO. 36842
C.P. No. 21854**

MANAGEMENT DISCUSSION ANALYSIS REPORT

Industry Structure and recent Developments : Office Automation - IO System Limited was pioneer in the modern and international standards office automation equipment. However, due to easy availability of these products and ancillaries from other international markets and suppliers and other reasons beyond control, the margins in the business reduced continuously and your Company incurred huge losses.

Outlook / Projections for 2019-20 : The Company can consider various proposals to start business activities in the coming years. The actual implementation might take some more time, which depends 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 industry, it is expected that it will come across some good opportunities in future and your Directors are optimistic that the Company be able to make up and avail 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 factors impacting the office automation industry is overall economic scenario prevailing world wide and tough competition in the segment. Internally, plans are being explored to start business activity at the earliest possible. The office automation industry has entered a phase of maturity and there is a significant change in the nature of opportunities and challenges . The solutions now are no longer the same as they used to be earlier.

Important risk factors that could make a difference to the company's operations include 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 policy and audit committee of the Company monitors the working of the Company within the parameters established.

Internal control Systems and their adequacy : During the year under review, the Company has an internal control system in place and was periodically reviewed to judge its effectiveness.

Financial performance with respect to Operational Performance : Financial performance has been given separately in the Directors' Report.

Forward Looking Statements : This Annual Report contains forward looking statements which may be identified by words like will, believes, plans, expects, intends, or other similar words. All statements that address expectations or projections about future, including but not limited to statements about the Company's strategy for growth and market position are forward looking statements. The company cannot guarantee that the statements or assumptions are accurate or will be realised. The Company's actual performance and results could differ materially from those expressed in the statement.

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

**Place : NOIDA
Dated : 14th August, 2019**

Kamalapati Kashyap	Arun Seth
Director	Director
DIN:02359002	DIN:00007895

IO SYSTEM LIMITED

DECLARATION REGARDING COMPLIANCE BY BOARD MEMBERS AND SENIOR MANAGEMENT PERSONNEL WITH COMPANY'S CODE OF CONDUCT

To,

The Members of IO SYSTEM Limited

This is to inform that the Company 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.

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, 2019.

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

Place : NOIDA

Dated : 14th August, 2019

Kamalapati Kashyap

Director

DIN:02359002

Arun Seth

Director

DIN:00007895

CEO & CFO CERTIFICATION (In terms of Regulation 17 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

We, Pankaj Kumar, 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, 2019 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, 2019;
- 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;
- 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 Auditor's 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.

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, 2019

Pankaj Kumar Singh

Chief Exec. Officer

PAN :BZNPS9054B

R K Bhatnagar

Chief Fin. Officer

PAN :ARIPB5404E

FORM NO. MR-3**SECRETARIAL AUDIT REPORT****FOR THE FINANCIAL YEAR ENDED ON 31ST MARCH, 2019**

[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

**Global Knowledge Park, 19-A & 19-B,
Sector-125, Noida Gautam Buddha Nagar
UP 201301**

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 my opinion thereon.

The Company's Management is responsible for preparation and maintenance of secretarial and other records and for devising proper systems to ensure compliance with the provisions of applicable laws and Regulations.

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, 2019 generally 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, 2019 and made available to us, 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/ SEBI (Depositories and Participants) Regulations, 2018 and Regulations and Bye-laws framed thereunder;
- iv. The Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings; **(Not applicable to the Company during the Financial Year 2018-2019)**
- 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, 2015;
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
 - (d) SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;/Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 **(Not applicable to the Company during the Financial Year 2018-2019);**
 - (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 2018-2019);**
 - (f) The Securities and Exchange Board of India (Registrar to an Issue and Share Transfer Agents) Regulations, 1993 **[Not applicable as the Company is not registered as Registrar to an Issue and Share Transfer Agent during the Financial year 2018-2019;**
 - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; **[Not Applicable for the FY 2018-19];**
 - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 ; **[Not Applicable for the FY 2018-19]; and**
 - (i) SEBI(Listing obligations and Disclosure Requirements) Regulations, 2015
- vi. Other laws applicable specifically to the Company.

IO SYSTEM LIMITED

The management represents that there are no laws specifically applicable to the Company which requires reporting.

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

- i. Secretarial Standards issued by the Institute of Company Secretaries of India.
- ii. The Listing Agreement entered into by the Company with the Stock Exchanges in India including agreement entered in pursuance to Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

Sr. No.	Compliance Requirement (Regulations/ circulars / guidelines including specific clause)	Deviations	Observations/ Remarks of the Practicing Company Secretary
	13(3) of SEBI(LODR), 2015	Statement Grievance Redressal Mechanism for 2nd Quarter i.e from July to Sept, 2018 was filed on 26.10.2018 and the due date for filing the same was 21.10.2018	Fine of Rs.4000 + GST was levied by the Stock Exchange which was duly paid by the Company.
	13(3) of SEBI(LODR), 2015	Statement Grievance Redressal Mechanism for 1st Quarter i.e from April to June, 2018 was filed on 27.07.2018 and the due date for filing the same was 21.07.2018.	The Company has since filed the same on 27/07/2018, the default has been made good. As discussed with the management of the Company, such instances shall be taken care of in future.
	13(3) of SEBI(LODR), 2015	Statement Grievance Redressal Mechanism for 3rd Quarter i.e., from Oct to Dec. 2018 was filed on 22.01.2019 and the due date for filing the same was 21.01.2019	The default has since been made good by the Company by filing the same (in time) through email at corp.relations@bseindia.com , since the Co. same was not able to upload the same on BSE Portal due to technical reasons. The fact has already been explained to the Stock Exchange and request made to waive off the penalty of Rs.1000 levied on the Company.
	Reg 33(3) of SEBI (LODR), 2015	Unaudited financial result for the quarter ended on 30.06.2018 was required to file upto 14th august, 2018 but the company filed the same on 17/08/2018	As explained to us, Statement was duly filed on due time in XBRL mode. However, pdf copy of the same could not be uploaded due to some technical issues and the same was done later on 17.08.2018. Stock exchange levied penalty of Rs.10,000. Management has submitted its reply/representation before the Stock Exchange for this and requested for waiver of penalty.

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 as per Regulation 17 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and in consonance to Companies Act, 2013. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

- 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.
- None of the directors in any meeting dissented on any resolution and hence there was no instance of recording any dissenting member's view in the minutes.

We further report that based on the information provided and the representation made by the Company and also on the review of the Compliance reports of the Company Secretary/ Managing Director taken on record by the Board of Directors of the Company, in our opinion, adequate systems and processes in the Company exists commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

we further report that during the audit period, the company has not exercised any specific powers by way of Board Resolutions

other than regular operational compliances.

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. 22.73 Crores as on 31st March 2018. The company has suffered a cash loss of Rs. 95.47 Lacs in the financial year ended on 31.03.2018 as against cash loss of Rs. 86.06 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.;

or any other specific events/actions having a major bearing on the Company's affairs.

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

Place: New Delhi
Date: August 14, 2019

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

Annexure-A

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

To

The Members

IO System Limited

Global Knowledge Park, 19-A & 19-B,

Sector-125, Noida Gautam Buddha Nagar UP 201301

The 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 the 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 my 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. My 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**

Place: New Delhi

Date: August 27, 2019

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

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

(Pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

To

The Members
IO System Limited
Global Knowledge Park, 19-A & 19-B,
Sector-125, Noida,
Gautam Buddha Nagar,
Uttar Pradesh-201301

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of IO System Limited having registered office at Global Knowledge Park, 19-A & 19-B, Sector-125, Noida, Gautam Buddha Nagar, Uttar Pradesh-201301 (hereinafter referred to as 'the Company'), produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number(DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to us by the Company & its officers, We hereby certify that none of the Directors on the Board of the Company for the Financial Year ended on 31st March, 2019 have been debarred or disqualified from being appointed or continuing as Directors of Companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority.

Ensuring the eligibility for the appointment/ continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Date : 14/08/2019
Place : New Delhi

For S.K. Batra & Associates
Company Secretaries

Sumit Kumar
C.P. No. : 8072

INDEPENDENT AUDITOR'S REPORT

To,

The Members of IO System Limited

Report on the Audit of the Ind AS Financial Statements

Opinion

We have audited the financial statements of IO System Limited ("the Company"), which comprise the Balance Sheet as at 31st March, 2019, the statement of Profit and Loss, statement of changes in equity and Statement of cash flow for the year ended and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

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 Companies Act, 2013 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 March 31, 2019, and its loss, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standard are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the financial statements under the provision of the Companies Act, 2013 and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Financial Statements.

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 of these financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of 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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the board of directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error, and to issue an auditor's reports that includes our opinion. Reasonable

assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure '1' 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 purpose of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c) The balance sheet, the statement of profit and loss including other comprehensive income, the cash flow statement and statement of changes in equity dealt with by this report are in agreement with the books of account.
 - d) In our opinion, the aforesaid Ind As financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - e) On the basis of the written representation received from the Directors as on 31st March, 2019 taken on record by the Board of Directors, none of the Directors is disqualified as on 31st March, 2019 from being appointed as a Director in terms of Section 164(2) of the Act.
 - f) With respect to the adequate internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report; and
 - g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i) the Company does not have any pending litigations which would impact its financial position.
 - ii) the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii) there has been no amounts which are required to be transferred to the Investor Education and Protection Fund by the company.

For H S GUPTA & CO.
CHARTERED ACCOUNTANTS
FRN 000326C

(H. S. GUPTA)
PARTNER
M. No. 012834

Place: Noida
Date : 30.05.2019

IO SYSTEM LIMITED

RE: IO System Limited ('the Company')

ANNEXURE "1" 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 per the information given by the management, the physical verification of fixed assets was carried out at the end of the financial year. No discrepancy on such verification noticed by the management and reported to us.
 - (c) As per books of accounts verified by us and according to the information and explanations given by the management the company does not have immovable properties and as such the sub clause is not applicable.
- (ii) 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. 2.25 lacs has been made for diminution in value/obsolesce. No material discrepancies were noticed on such physical verification and reported to us.
- (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, limited liability partnerships 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), b) and c).
- (iv) In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees, and securities granted in respect of which provisions of Section 185 and 186 of the Companies Act 2013 are applicable hence there are no comments in this regard.
- (v) The Company has not accepted any deposits from the public and as such the clause is not applicable.
- (vi) To the best of our knowledge and as per information and explanations given to us by the management, the central government has not prescribed maintenance of cost records under section 148(1) of the Companies Act, 2013 for the products/ 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, sales tax, service tax, customs duty, excise duty, value added tax, goods and service 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, sales tax, service tax, duty of customs, duty of excise, value added tax, goods and service 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) Details of dues of Sales Tax, Income Tax, Custom Duty, Excise Duty which have not been deposited as on 31st March, 2017 on account of disputes are attached as Annexure 'A'.
- (viii) The Company does not have any loan from Bank, Institutions or Debenture holders, and as such clause is not applicable.
- (ix) As per the information and explanations given to us by the management, the Company has not raised any money way of initial public offer / further public offer / debt instruments and term loans hence, there are no comments in this regard.
- (x) To the best of our knowledge and according to the information and explanations given to us no fraud by the company and no material fraud on the company has been noticed and reported during the year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has paid / provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V of the Act.
- (xii) The clause is not applicable as the company is not a 'Nidhi Company'.
- (xiii) Based on our audit procedures performed for the purpose of reporting the true and fair view of the Ind AS financial statements and according to the information and explanations given by the management, transactions with the related parties are in compliance with Section 177 and 188 of Companies Act, 2013 wherever applicable and the details have been disclosed in the notes to the Ind AS financial statements, as required by the applicable accounting standards.
- (xiv) As per the information and explanations given to us and on an overall examination of the balance sheet, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and as such there are no comments in this regard.
- (xv) As per the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him.

(xvi) As per the information and explanations given to us, the provisions of Section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

For H S GUPTA & CO.
CHARTERED ACCOUNTANTS
FRN 000326C

(H. S. GUPTA)
PARTNER
M. No. 012834

Place: Noida
Date : 30.05.2019

ANNEXURE 2 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF IO SYSTEM LIMITED

Report on the Internal Financial Controls under Clause (f) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

To the members of IO System Limited

We have audited the internal financial controls over financial reporting of IO System Limited ("the Company") as of March 31, 2019 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing as specified under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Ind AS financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For H S GUPTA & CO.
CHARTERED ACCOUNTANTS
FRN 000326C

(H. S. GUPTA)
PARTNER
M. No. 012834

Place: Noida
Date : 30.05.2019

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 dispue is pending
1	U.P.Sales Tax	1997-98	Sales Tax	1,16,536	JT Commissioner of Trade TaxNoida
2	U.P.(Central/Local)	1998-99	Sales Tax	45,254	JT Commissioner of Trade TaxNoida
3	Delhi Sales Tax	2000-01	Sales Tax	71,789	Asstt. Comm. IX, Delhi Sales Tax
4	Delhi Sales Tax	2001-02	Sales Tax	25,72,528	Addl. Comm. II, Delhi Sales Tax
5	Delhi Sales Tax	2003-04	Sales Tax	18,65,674	Addl. Comm. II, Delhi Sales Tax
6	Delhi Sales Tax	2004-05	Sales Tax	2,30,073	STO Delhi sales Tax
7	T.N. Sales Tax	2000-01	Sales Tax	1,84,849	CT III, T. N.S.Tax Appeal Asstt. Comm.
8	T.N. Sales Tax	2002-03	Sales Tax	1,40,111	CT III, T. N.S.Tax Appeal Asstt. Comm.
9	West Bengal Sales Tax	1999-2000	Sales Tax	2,88,098	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	10,11,106	Asstt. Comm. South circle, Directorate of Commercial, West Bengal
12	Central Excise Act	1999-01	Interest and penalty	69,969	CEGAT New Delhi
13	Central Excise Act	2002-03	Interest and penalty	19,427	CEGAT New Delhi
14	Central Excise Act	valuation case	Excise Duty	15,09,876	CEGAT New Delhi

For IO SYSTEM LIMITED,

Dated : 30/05/2019

DINKAR SHARMA
Company Secretary
M.No.F7383

IO SYSTEM LIMITED

CIN: L65921UP1987PLC008764

REGD. ADDRESS: 19A & 19B, S GLOBAL KNOWLEDGE PARK, SECTOR-125, NOIDA

BALANCE SHEET AS AT MARCH 31, 2019

Particulars	Notes	Figures as at 31-Mar-19 Rs.	Figures as at 31-Mar-18 Rs.
ASSETS			
Non-current assets			
(a) Property, plant and equipment	2	11,879	27,725
(b) Financial assets			
Other financial assets	3	-	-
(c) Other non-current assets	4	1,587,152	1,587,152
		1,599,031	1,614,876
Current assets			
(a) Inventories	5	-	25,000
(b) Financial Assets			
(i) Trade receivables	6	-	-
(ii) Cash and cash equivalents	7	241,348	331,943
(c) Current tax assets (Net)	8	2,737	2,737
(d) Other current assets	9	13,165	9,820
		257,250	369,500
Total Assets		1,856,281	1,984,376
EQUITY AND LIABILITIES			
Equity			
(a) Share capital	10	169,000,000	169,000,000
(b) Other equity	SOCE-B	(236,535,908)	(227,319,428)
		(67,535,908)	(58,319,428)
Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	11	63,235,000	54,045,000
(ii) Other non-current liabilities	12	-	820,824
(b) Provisions	13	400,170	304,940
		63,635,170	55,170,764
Current liabilities			
(a) Financial liabilities			
Other financial liabilities	14	5,168,369	4,603,638
(b) Other current liabilities	15	588,650	529,402
		5,757,019	5,133,040
TOTAL		1,856,281	1,984,376
Summary of significant accounting policies	1		

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

As per our report of even date

For H S GUPTA & CO.
Chartered Accountants
FRN 000326C

For and on behalf of the Board of Directors

(H. S. Gupta)
Partner
M. No. 012834

(Arun Seth)
Director
DIN: 00007895

(Satish Kumar Gupta)
Director
DIN: 00030841

(Ramesh Chandra Agarwal)
Director
DIN: 00037477

Place: Noida
Date: 30.05.2019

(Rakesh Kumar Bhatnagar)
CFO
PAN : ARIPB5404E

(Dinkar Sharma)
Company Secretary
M.N. F7383

IO SYSTEM LIMITED

CIN: L65921UP1987PLC008764

REGD. ADDRESS: 19A & 19B, S GLOBAL KNOWLEDGE PARK, SECTOR-125, NOIDA

STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31ST MARCH 2019

Particulars	Notes	Figures for the year ended 31-Mar-19 Rs.	Figures for the year ended 31-Mar-18 Rs.
Income			
Other income	16	828,025	7,637
Total (I)		828,025	7,637
Expenses			
Employee benefits expenses	17	3,133,340	3,280,102
Finance costs	18	5,478,014	4,916,171
Depreciation and amortization expenses	2	20,846	36,426
Other expenses	19	1,412,305	1,321,601
Total (II)		10,044,505	9,554,300
Profit before exceptional items and tax (III=I-II)		(9,216,480)	(9,546,663)
Exceptional items (IV)		-	-
Profit / (loss) before tax (V=III-IV)		(9,216,480)	(9,546,663)
Tax Expenses			
(i) Current Tax		-	-
(ii) Deferred Tax		-	-
Profit / (Loss) for the year (VI)		(9,216,480)	(9,546,663)
Other comprehensive income (VII)		-	-
Total comprehensive income (VIII=VI+VII)		(9,216,480)	(9,546,663)
Earnings per equity share [nominal value of share Rs. 10 (31 March 2018: Rs. 10)]	20		
1) Basic		(0.55)	(0.56)
2) Diluted		(0.55)	(0.56)
Summary of significant accounting policies	1		
The accompanying notes are an integral part of the financial statements.			

As per our report of even date

For H S GUPTA & CO.
Chartered Accountants
FRN 000326C

For and on behalf of the Board of Directors

(H. S. Gupta)
Partner
M. No. 012834

(Arun Seth)
Director
DIN: 00007895

(Satish Kumar Gupta)
Director
DIN: 00030841

(Ramesh Chandra Agarwal)
Director
DIN: 00037477

Place: Noida
Date: 30.05.2019

(Rakesh Kumar Bhatnagar)
CFO
PAN : ARIPB5404E

(Dinkar Sharma)
Company Secretary
M.N. F7383

IO SYSTEM LIMITED

CIN: L65921UP1987PLC008764

REGD. ADDRESS: 19A & 19B, S GLOBAL KNOWLEDGE PARK, SECTOR-125, NOIDA

STATEMENT OF CASH FLOW FOR THE YEAR ENDED MARCH 31, 2019

Particulars	31-Mar-19 Rs.	31-Mar-18 Rs.
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	(9,216,480)	(9,546,663)
Non-cash adjustment to reconcile profit before tax to net cash flows:		
Depreciation/amortization	20,846	36,426
Interest expense	5,478,014	4,916,171
Interest (income)	-	(7,637)
Sundry balances written back	(820,825)	-
	(4,538,445)	(4,601,703)
Changes in assets and liabilities		
Increase/ (decrease) in trade payables		
Increase / (decrease) in provisions	95,230	(16,578)
Increase/ (decrease) in other financial liabilities & other liabilities	623,979	4,627,692
Decrease / (increase) in other financial assets & other assets	(3,345)	13,739
Cash generated from /(used in) operations	(3,797,581)	23,151
Direct taxes paid (net of refunds)	-	-
Net cash flow from/ (used in) operating activities	A (3,797,581)	23,151
CASH FLOWS FROM INVESTING ACTIVITIES		
Expenditure on property, plant & equipment net of sale proceeds, including CWIP and capital advances	(5,000)	(5,000)
Interest received	-	7,637
Net cash flow from/ (used in) investing activities	B (5,000)	2,637
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from borrowings	9,190,000	5,045,000
Interest paid	(5,478,014)	(4,916,171)
Net cash flow from/ (used in) in financing activities	C 3,711,986	128,829
Net increase/(decrease) in cash and cash equivalents	(A+B+C) (90,595)	154,617
Cash and cash equivalents at the beginning of the year	331,943	177,326
Cash and cash equivalents at the end of the year	241,348	331,942
Components of cash and cash equivalents		
Cash on hand		
With banks- on current account	241,348	331,943
Total cash and cash equivalents (Note 7)	241,348	331,943

Notes :

1. Amendment to IND AS 7

The Amendment Ind AS 7 Cash Flow Statements requires the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in balance sheet for liabilities arising from financing activities, to meet the disclosure requirement. The impact is as follows :

Particulars	Balance as on 01/04/2018	Cash Flow Changes	Non Cash Changes	Balance as on 31/03/2019
Non Current Borrowings	54,045,000	9,190,000	-	63,235,000

2. 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 report of even date

For H S GUPTA & CO.
Chartered Accountants
FRN 000326C

(H. S. Gupta)
Partner
M. No. 012834

Place: Noida
Date: 30.05.2019

(Arun Seth)
Director
DIN: 00007895

(Satish Kumar Gupta)
Director
DIN: 00030841

(Rakesh Kumar Bhatnagar)
CFO
PAN : ARIPB5404E

For and on behalf of the Board of Directors

(Ramesh Chandra Agarwal)
Director
DIN: 00037477

(Dinkar Sharma)
Company Secretary
M.N. F7383

Notes to Financial Statements as at March 31, 2019

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 Pvt. 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 ten years.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

i Statement of compliance

In accordance with the notification issued by the Ministry of Corporate Affairs, the company is following Indian Accounting Standards ('referred to as "Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time).

ii Basis of preparation of financial statements

The financial statements are prepared in accordance with Division II of the Schedule III of the Companies Act, 2013 i.e. "General Instructions for preparation of financial statements of a company required to comply with Ind AS" as notified vide notification number G.S.R. 404(E) dated 06.04.2016 and Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time). The financial statements are prepared under the historical cost convention, except for certain financial instruments which are measured at fair value at the end of each reporting period, as explained in the accounting policy below.

iii Use of estimates and judgements

The preparation of these financial statements in conformity with the recognition and measurement principles of Ind AS requires the management of the Company to make estimates and assumptions that affect the reported balances of assets and liabilities, disclosures relating to contingent liabilities as at the date of the financial statements and the reported amounts of income and expense for the periods presented. Estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and future periods are affected.

iv Revenue recognition

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

v 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.

vi 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 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 virtual certainty of sufficient future profits against which such DTA can be realised.

vii Financial instruments

Initial recognition and measurement

Financial assets and liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value measured on initial recognition of financial asset or financial liability.

Subsequent measurement**Financial assets:****Financial assets at amortised cost**

Financial assets are subsequently measured at amortised cost if these financial assets are held within a business whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at fair value through other comprehensive income

Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Company has made an irrevocable election to present in other comprehensive income subsequent changes in the fair value of equity investments not held for trading.

Financial assets at fair value through profit or loss

Financial assets are measured at fair value through profit or loss unless it is measured at amortised cost or at fair value through other comprehensive income on initial recognition. The transaction costs directly attributable to the acquisition of financial assets and liabilities at fair value through profit or loss are immediately recognised in profit or loss.

Financial liabilities

All financial liabilities are subsequently recognised at amortised cost.

Derecognition

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

viii Cash and cash equivalents

The Company considers all highly liquid financial instruments, which are readily convertible into known amounts of cash that are subject to an insignificant risk of change in value and having original maturities of three months or less from the date of purchase, to be cash equivalents. Cash and cash equivalents consist of balances with banks which are unrestricted for withdrawal and usage.

ix Provisions & contingent liabilities

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that is reasonably estimable, and it is probable that an outflow of economic benefits will be required to settle the obligation. The contingent liabilities, if any, are disclosed in the financial statements.

x Events occurring after the reporting period

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

xi Earnings per equity share

Basic earnings per equity 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. The Company did not have any potentially dilutive securities in any of the periods presented.

xii Cash flow statement

Cash flows are reported using indirect method, whereby profits for the period is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

xiii Other income

Other income is comprised primarily of interest income, dividend income and income from liabilities no longer payable. Interest income is recognized using effective interest method. Dividend income is recognised when the right to receive payment is established.

xiv Fair value measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- a) In the principal market for the asset or liability, or
- b) In the absence of a principal market, in the most advantageous market for the asset or liability

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- a) Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- b) Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- c) Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

At each reporting date, the Company analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Company's accounting policies. For this analysis, the Company verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

This note summarises accounting policy for fair value. Other fair value related disclosures are given in the relevant notes.

xv Borrowing Cost

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use.

All other borrowing costs are recognised in the Statement of Profit and Loss in the period in which they are incurred.

xvi Property, plant and equipment

Property, plant and equipment are stated at cost, less accumulated depreciation (other than land) and impairment loss, if any. Depreciation is provided for property, plant and equipment so as to expense the cost over their estimated useful lives.

STATEMENT OF CHANGES IN EQUITY

(SOCE) AS AT 31-03-2019

SOCE A. Equity share capital

Particulars	Amount(in Rs.)
Balance as of April 1,2017	169,000,000
changes during the year	-
Balance as of March 31,2018	169,000,000
changes during the period	-
Balance as of March 31, 2019	169,000,000

SOCE B. Other equity

Particulars	Retained earnings
Balance as of April 1,2017	(217,772,765)
Profit/(Loss) for the year	(9,546,663)
Balance as of March 31,2018	(227,319,428)
Profit/(Loss) for the Period	(9,216,480)
Balance as of March 31, 2019	(236,535,908)

Summary of significant accounting policies

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

1

As per our report of even date

For H S GUPTA & CO.
Chartered Accountants
FRN 000326C

For and on behalf of the Board of Directors

(H. S. Gupta)
Partner
M. No. 012834

(Arun Seth)
Director
DIN: 00007895

(Satish Kumar Gupta)
Director
DIN: 00030841

(Ramesh Chandra Agarwal)
Director
DIN: 00037477

Place: Noida
Date: 30.05.2019

(Rakesh Kumar Bhatnagar)
CFO
PAN : ARIPB5404E

(Dinkar Sharma)
Company Secretary
M.N. F7383

2. Property Plant and equipment

Gross Block	Plant & Machinery	Office Equipments	Computers	Total
As on 01.04.17	1,287,306	14,000	1,485,160	2,786,466
Additions	-	5,000	-	5,000
Deletion	-	-	-	-
As on 31.03.18	1,287,306	19,000	1,485,160	2,791,466
Additions	-	5,000	-	5,000
Deletion	-	-	-	-
As on 31.03.19	1,287,306	24,000	1,485,160	2,796,466
Accumulated depreciation as on 01.04.17	1,287,306	2,671	1,437,338	2,727,315
Charge for the year	-	11,472	24,954	36,426
Adjustment	-	-	-	-
As on 31.03.18	1,287,306	14,143	1,462,292	2,763,741
Charge for the period	-	1,918	18,928	20,846
As on 31.03.19	1,287,306	16,061	1,481,220	2,784,587
Carrying value as on 31.03.18	-	4,857	22,868	27,725
Carrying value as on 31.03.19	-	7,939	3,940	11,879

Particulars	Figures as at 3/31/2019	Figures as at 3/31/2018
3. Other financial assets		
Security deposit	595,895	595,895
Earnest Money Deposit	1,300,687	1,300,687
Other Deposits	107,355	107,355
Insurance claim recoverable	29,977	29,977
	2,033,914	2,033,914
Less: Provision for doubtful advances	(2,033,914)	(2,033,914)
	-	-
4. Other non-current assets		
Bal. with Govt. authorities	1,679,762	1,679,762
Advance to suppliers	463,604	463,604
Taxes recoverable	513,587	513,587
	2,656,953	2,656,953
Less: Provision for doubtful recovery	(1,069,801)	(1,069,801)
	1,587,152	1,587,152
5. 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 therefor, a provision @100% had been made for obsolescence/diminution in value.

IO SYSTEM LIMITED

6. Trade Receivables		
Unsecured, Considered doubtful	11,976,421	11,976,421
Less: Provision for doubtful debts	(11,976,421)	(11,976,421)
	-	-
7. Cash and cash equivalents		
Balances with banks:		
- On current accounts	241,348	331,943
	241,348	331,943
8. Current tax assets		
TDS Recoverable	2,737	2,737
	2,737	2,737
9. Other current assets		
Prepaid Expenses	13,165	9,820
	13,165	9,820
10. Share Capital		
Authorized shares		
2,00,00,000 (2,00,00,000) Equity shares of Rs. 10/- each	200,000,000	200,000,000
5,00,00,000 (5,00,00,000) Preference shares of Rs.100/- each	50,000,000	50,000,000
	250,000,000	250,000,000
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
Total	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 Shares	Amount Rs.	No. of Shares	Amount Rs.
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 year	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. the holding company

1,26,45,400 (1,26,45,400) Equity Shares of Rs. 10/- each fully paid 126,454,000 126,454,000

(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:**(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. the holding company	12,645,400	74.82%	12,645,400	74.82%
Shiv Mittal	917,480	5.43%	917,480	5.43%

(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.

Particulars	Figures as at 3/31/2019	Figures as at 3/31/2018
11. Borrowings		
Unsecured borrowings from Holding Company		
Smart Entertainment Pvt Ltd.	63,235,000	54,045,000
	63,235,000	54,045,000
12. Other non-current liabilities		
Advances from others	-	820,824
	-	820,824
13. Provisions		
Provision for employee benefits*	400,170	304,940
	400,170	304,940
* Refer note no 27		
14. Other financial liabilities		
Audit fee payable	36,000	43,200
Interest payable	4,930,211	4,424,553
Expenses payable	202,158	135,885
	5,168,369	4,603,638
15. Other current liabilities		
TDS payable	561,315	501,901
PF payable	27,335	27,501
	588,650	529,402
Contingent liabilities & commitments		
(1) Contingent Liabilities		
a) Claims against the company not acknowledged as debts	NIL	NIL
b) Guarantees excluding financial 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
Particulars	Figures for the year ended 31.03.2019 Rs.	Figures for the year ended 31.03.2018 Rs.
16. Other Income		
Interest on FDR	-	7,637
Excess provision written back	7,200	-
Sundry balances written back	820,825	-
	828,025	7,637
17. Employee benefits expense		
Salaries, wages, bonus & others	2,737,623	2,938,904
Contribution to provident fund	168,738	170,232
Leave encashment	150,975	70,160
Gratuity	-	26,760
Mediclaime Insurance	67,157	65,570
Staff Welfare Expenses	8,847	8,476
	3,133,340	3,280,102

IO SYSTEM LIMITED

18. Finance costs

Interest on loan	5,478,014	4,916,171
	5,478,014	4,916,171

19. Other expenses

Travelling and conveyance	307,096	353,103
Legal and professional fees	120,132	151,443
Printing & stationery	241,973	212,855
Filing fee	12,700	5,700
Repair & Maintenance-Laptop	-	4,150
Annual General Meeting Expenses	6,701	5,977
Communication cost	124,477	48,649
Director's sitting fee	70,800	70,350
Listing fees	295,000	358,122
Custodian Fee	83,200	-
Inventory written off	25,000	-
Bank charges	2,096	1,563
Miscellaneous expenses	27,883	9,961
Payment to auditors (Refer details below)	50,000	57,200
Advertisement Expenses	45,247	42,528
	1,412,305	1,321,601

Payment to auditors:

Audit fee	40,000	47,200
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In other capacity:

Other services	10,000	10,000
	50,000	57,200

20. Earnings per share (EPS)

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

Profit/ (loss) after tax	(9,216,480)	(9,546,663)
Weighted average number of equity shares	16,900,000	16,900,000

Basic and diluted earning per share

(0.55)	(0.56)
---------------	---------------

21. Financial instruments by category

The carrying value and fair value of financial instruments by categories as of March 31, 2019 are as follows.

Particulars	Amortised cost	Financial assets/ liabilities at fair value through profit or loss		Financial assets/ liabilities at fair value through OCI		Total carrying value
		Designated upon initial recognition	Mandatory	Designated upon initial recognition	Mandatory	
Assets						
Cash & cash equivalents	241,348	-	-	-	-	241,348
Total	241,348	-	-	-	-	241,348
Liabilities						
Borrowings	63,235,000	-	-	-	-	63,235,000
Others financial liabilities	5,168,369	-	-	-	-	5,168,369
Total	68,403,369	-	-	-	-	68,403,369

The carrying value and fair value of financial instruments by categories as of March 31, 2018 are as follows:-

Particulars	Amortised cost	Financial assets/ liabilities at fair value through profit or loss		Financial assets/ liabilities at fair value through OCI		Total carrying value
		Designated upon initial recognition	Mandatory	Designated upon initial recognition	Mandatory	
Assets						
Cash & cash equivalents	331,943	-	-	-	-	331,943
Total	331,943	-	-	-	-	331,943
Liabilities						
Borrowings	54,045,000	-	-	-	-	54,045,000
Others financial liabilities	5,424,462	-	-	-	-	5,424,462
Total	59,469,462	-	-	-	-	59,469,462

22. Financial risk management objectives and policies

The companies activities expose it to a variety of financial risk: market risk, credit risk and liquidity risk. The company is focusing to foresee the unpredictability of financial market and seeing to minimize potential adverse effects on its financial performance.

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include loans and borrowings and deposits.

Company is mainly effected by Interest rate risk.

-Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the borrowing.

Credit risk

Credit risk refers to the risk of default on its obligation by the counter party resulting in a financial loss. The maximum exposure to the credit risk at the reporting date is primarily from loans alongwith interest thereon for the year ended 31st March, 2019 and 31st March, 2018 respectively.

Credit risk on cash and cash equivalents is limited as the company has current account with bank.

Liquidity risk

The company's principal sources of liquidity are cash and cash equivalents and investments in equity instruments.

The company believes that the working capital is sufficient to meet its current requirements. Accordingly no liquidity risk is perceived

As of March 31, 2019, the Company had a working capital of Rs.(-)54,99,769 including cash and cash equivalents of Rs.2,41,348 . As of March 31, 2018, the Company had a working capital of Rs.(-)47,63,540 including cash and cash equivalents of Rs.3,31,943 .

The table below provides detail regarding the contractual maturities of significant financial liabilities as of March 31, 2019

Particulars	Less than 1 years	1-3 years	Total
Borrowings	-	63,235,000	63,235,000
Other financial liabilities	5,168,369	-	5,168,369

The table below provides detail regarding the contractual maturities of significant financial liabilities as of March 31, 2018

Particulars	Less than 1 years	1-3 years	Total
Borrowings	-	54,045,000	54,045,000
Other financial liabilities	4,603,638	820,824	5,424,462

IO SYSTEM LIMITED

23 Capital management

For the purpose of the Company's capital management, capital includes issued capital and all other equity reserves attributable to the equity shareholders of the company. The primary objective of the Company when managing capital is to safeguard its ability to continue as a going concern and to maintain an optimal capital structure so as to maximise the shareholder value.

As on the date of Balance Sheet, the company has accumulated losses of Rs.(23,65,35,908/-)/-. As a result of this, the entire paid up capital of the company of Rs.16,90,00,000/- has been fully eroded, adversely affecting the 'going concern' concept of the Ind AS. Smart Entertainment Private Limited, the holding company has confirmed its intention in writing to provide financial assistance as and when any obligation either arises or falls due on the subsidiary. In view of the assurance from the holding company, the adverse affect on going concern concept has been duly taken care of and as such the financials have been prepared on going concern basis.

24 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.

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

26 All notes annexed to and form integral part of the Balance Sheet and Statement of Profit & Loss Account.

27 In the view of limited number of employees, provision of employee benefit has not been calculated on the basis of actuarial valuation and provided for on accrual basis.

28 There is no prior period item, which is considered material for the purpose of disclosure in accordance with the Ind AS-8 on "Accounting Policies, changes in accounting estimates and errors.

29 Related Party Disclosures

a) Name of Related Party

i) Ultimate Holding Company	Smart Global Corporate Holding Pvt Ltd
ii) Holding Company	Smart Entertainment Pvt Ltd

Other related party with whom transaction has taken place

iii) Key Management Personnel	Mr. Rakesh Kumar Bhatnagar (CFO)
	Mr. Dinkar Sharma (Company Secretary)
	Ms. Gunjan Arora (Wholetime Director) (Upto 30th November 2017)
	Mr. R.C. Agarwal (Director)
	Mr. S.K.Gupta (Director)
	Mr. Pankaj Kumar Singh (CEO w.e.f.01.06.2018)

b) Related Party Transactions

As per attached Annexure-1

As per our report of even date

For H S GUPTA & CO.
Chartered Accountants
FRN 000326C

For and on behalf of the Board of Directors

(H. S. Gupta)
Partner
M. No. 012834

(Arun Seth)
Director
DIN: 00007895

(Satish Kumar Gupta)
Director
DIN: 00030841

(Ramesh Chandra Agarwal)
Director
DIN: 00037477

Place: Noida
Date: 30.05.2019

(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: iosystemltd@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 30th Annual General Meeting of the Company to be held on Monday, the 30th September, 2019 at 11.30 a.m. at C-10, Sector-65, NOIDA-201 301 (U.P) and at any adjournment thereof in respect of such resolutions as are indicated below :

Reso. No.	Description
Ordinary Business	
1.	Adoption of Audited Financial Statement of the Company for the year ended on March 31, 2019 along with Directors' Report and Auditors' report thereon.
2.	To appoint a Director in place of Shri Arun Seth (DIN - 00007895), who retires by rotation and being eligible, offers himself for reappointment.
Speical Business	
3.	Approval for appointment of Ms Seema Salwan (DIN:06944301) as an Independent Director.
4.	Appointment of Ms Vidya Chhabra (DIN: 03386692) as Director of the Company.
5.	Appointment of Mr. Kamalapati Kashyap (DIN 02359002) as Director of the Company.

Signed this day of 2019

Signature of shareholder.....

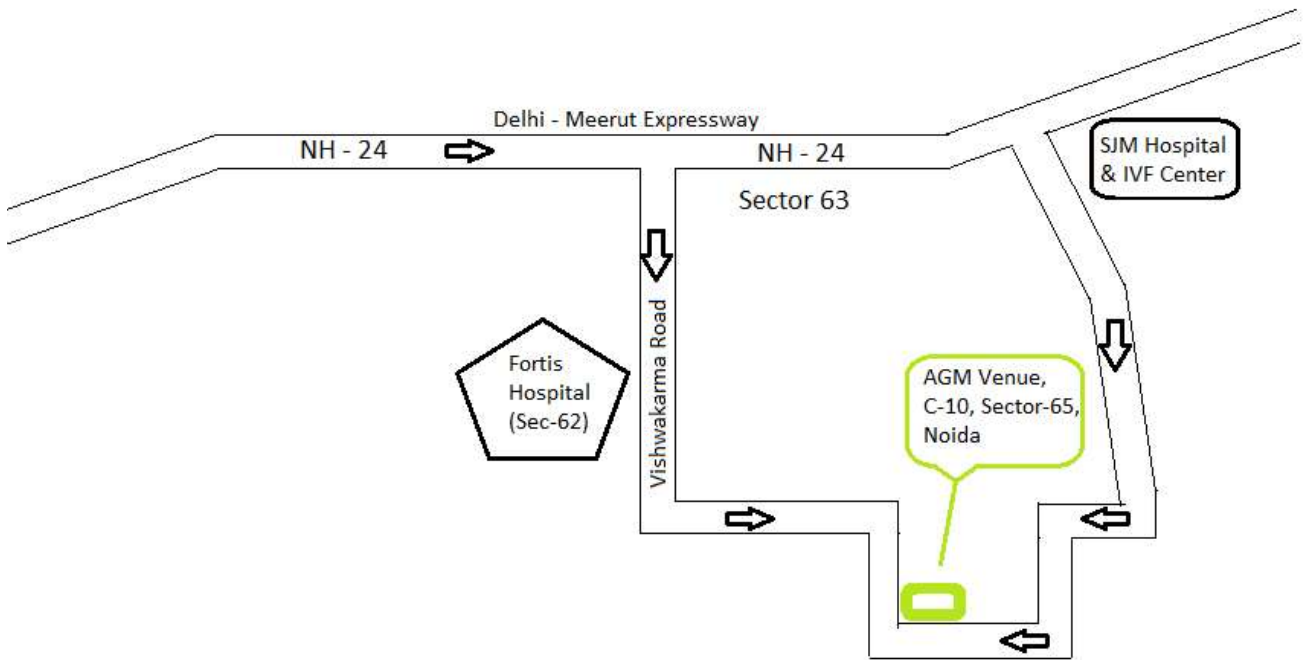
Signature of Proxy holder(s).....

- 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 joint holders may use copies of this Attendance Slip/ Proxy Form.

**ROUTE MAP FOR VENUE OF AGM OF IO SYSTEM LIMITED TO BE HELD ON 30TH SEPTEMBER, 2019
AT 11:30AM AT C-10, SECTOR-65, NOIDA-201 301 (U.P)**



if undelivered return to :

IO SYSTEM LIMITED

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