



IO SYSTEM LIMITED

ANNUAL REPORT 2012-13

CORPORATE INFORMATION**BOARD OF DIRECTORS**

Mr. Arun Seth	Chairman & Manager
Mr. R C Agarwal	Director
Mr. S K Gupta	Director

COMPANY SECRETARY

Mr. Dinkar Sharma

AUDITORS

M/s Gupta Garg & Agrawal,
Chartered Accountants,
G-55, 2nd Floor,
Laxmi Nagar, Vikas Marg,
Delhi-110 092.

SHARE TRANSFER AGENT

M/s MAS Services Ltd.
T-34, 2nd Floor, Okhla Industrial Area,
Phase-II, New Delhi – 110020
Tel No. 011- 26387282
Fax No. 011- 26387284

REGISTERED OFFICE

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

BANKERS

Indusind Bank
State Bank of Patiala

C o n t e n t s

Notice	1
Directors' Report	3
Management Discussion And Analysis Report	6
Report On Corporate Governance	7
Auditors' Report	14
Balance Sheet	18
Profit & Loss Account	19
Cash Flow Statement	20
Schedules / Notes	21
Proxy Form & Attendance Slip	

I O SYSTEM LIMITED

Regd. Office: – Global Knowledge Park,
Plot No.19A & 19B, Sector-125, NOIDA-201 301

NOTICE TO MEMBERS

Notice is hereby given that the Twenty Fifth Annual General Meeting of IO System Limited will be held on Monday, the 30th day of September, 2013 at 11:00 A.M. at C-56/36, Sector-62, NOIDA - 201 301, (U.P.) to transact the following business :

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Balance Sheet as at March 31, 2013 and the Profit and Loss Account for the year ended on that date along with the Directors' Report and Auditors' Report thereon.
2. To consider and appoint Director in place of Mr. Arun Seth, who retires by rotation and being eligible, offers himself for reappointment.
3. To consider and appoint Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to authorize the Board of Directors to fix their remuneration. M/s Gupta Garg & Agrawal, Chartered Accountants, the retiring Auditors, being eligible, offer themselves for re-appointment.

**By Order of the Board,
For I O SYSTEM Limited,**

Place : NOIDA

Date : 14th August, 2013

**Arun Seth
Chairman**

NOTES:

1. ANY MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXY(IES) TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND THE PROXY(S) NEED NOT BE A MEMBER OF THE COMPANY.
2. Proxy Form duly completed and signed should be lodged with the Company at least 48 hours before the commencement of the meeting.
3. The Register of Members and Share Transfer Books of the Company shall remain closed from September 25, 2013 to September 30, 2013 (both days inclusive).
4. Members are requested to bring their copy of the Annual Report and Attendance Slip with them at the Annual General Meeting.
5. Members are requested to intimate directly to the Company's Registrar and Share Transfer Agent, MAS Services Ltd. – T-34, Okhla Industrial Area, Phase-II, New Delhi – 110 020, about changes, if any, in their address with PIN Code numbers.
6. Members are also requested to quote their Folio No. in all correspondence with the Company and/or its Registrars.

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

Name of Director	Arun Seth
Date of Birth	24th September, 1953
Date of Appointment as Director	30th September, 2002
Qualification	B.A., Diploma in Marketing Management
Expertise in specific functional areas	Marketing, Electronics and Information Technology
List of Companies in which outside Directorship held as on the date of notice	First Choice Enterprises Private Limited Bharat IT Services Limited
Chairman / Member of the Committees of the Board of the Companies on which he / she is a Director	IO System Limited : Member - Audit Committee Member - Investor Grievance /Share Transfer Committee

DIRECTORS' REPORT

To,
The Members,
IO System Limited.

The Board of Directors of your Company have pleasure in placing before the Members the 25th Annual Report together with the audited Statement of Accounts of the Company for the financial year ended on March 31, 2013.

FINANCIAL RESULTS

Particulars	(Rs. in Lacs)	
	Year Ended March 31, 2013	Year Ended March 31, 2012
Sales and other Income (Net of Excise Duty)	Nil	Nil
Profit / (Loss) before Depreciation & Interest	(41,96,391)	(35,26,199)
Less: Depreciation	7,896	4,593
Profit / (Loss) for the year before Taxation	(42,04,287)	(35,30,792)
Profit / (Loss) for the year after Taxation	(42,04,287)	(35,30,792)
Balance brought forward from previous year	(18,65,14,231)	(18,29,83,439)
Profit / (Loss) at the end of the year	(19,07,18,518)	(18,65,14,231)

OPERATING RESULTS

During the year under review, your Company incurred a loss of Rs. 42.04 lakhs. Your Directors are of the view that the Company is expected to do better in the years to come.

DIVIDEND

Your Directors do not recommend any dividend for the year under review in view of the losses incurred in the previous financial years.

FIXED DEPOSITS

Your Company has not accepted any fixed deposit during the period under review within the meaning of Section 58-A of the Companies Act, 1956, read with the Companies (Acceptance of Deposits) Rules, 1975.

DIRECTORS

Pursuant to Section 255 & 256 of the Companies Act, 1956, the term of Mr. Arun Seth, as a Director of the Company, is going to expire at the ensuing Annual General Meeting due to retirement by rotation. Board recommends his re-appointment. There was no other change in the Directorship of the Company during the year under review.

SUBSIDIARIES

The Company does not have any subsidiary company(ies).

AUDITORS

M/s Gupta Garg & Agrawal, Chartered Accountants, Auditors of the Company retire at the conclusion of the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment. The Company has received a notice from them stating that if appointed; their appointment will be within the limits laid down under Section 224(1B) of the Companies Act, 1956.

AUDITORS' REPORT

The observations made in the Auditors' Report and Notes on Accounts are self- explanatory and do not require any explanation from the Directors.

LISTING AT STOCK EXCHANGE(s)

The Company continues to be listed at Mumbai, Delhi and U.P. Stock Exchanges. During the year under review, the Company has also obtained ISIN for trading in its securities in Demat Form through NSDL and CDSL. The shareholders are advised to take advantage of the said facility.

CORPORATE GOVERNANCE & COMPLIANCE CERTIFICATE

The Company is committed to follow the standards of good Corporate Governance. As required under Clause 49 of the Listing Agreement with the Stock Exchange(s), the Report on Management Discussion & Analysis, Corporate Governance as well as the Auditor's Certificate regarding Compliance of conditions of Corporate Governance forms part of this Annual Report.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to requirement under Section 217(2AA) of the Companies Act, 1956 with respect to Directors' Responsibility Statement, it is hereby confirmed:

- (i) that in the preparation of the annual accounts for the period ended on March 31, 2013, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (ii) that the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the State of Affairs of the Company at the end of the period and of the Profit or Loss of the Company for the period under review.
- (iii) that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) that the Directors have prepared the annual accounts for the period ended March 31, 2013 on a 'going concern' basis.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

Information as required under the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988 in respect of energy conservation, technology absorption and foreign exchange earnings and outgo are given in Annexure - A and forms part of this Report.

PERSONNEL

There is no employee covered under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules 1975.

ACKNOWLEDGEMENT

Your Directors wish to convey their appreciation to the Central Government, various State Governments and the Company's Bankers for all the help and encouragement they extended to the Company. Your Directors would also like to acknowledge the continuous trust and confidence that the Customers and Shareholders have placed in this Company. Your Directors also place on record deep sense of appreciation for the services rendered by the officers and staff of the Company at all levels and for their dedication and loyalty.

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

**Place : Noida
Date : 14th August, 2013**

**Arun Seth
Chairman**

ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS & OUTGO**(A) Conservation of energy**

Since there is no manufacturing activity in the Company, therefore there is no scope for energy consumption and its conservation.

(B) Technology Absorption

The information that is required to be disclosed under Rule 2 of the aforesaid Rules is given hereunder in Form B.

FORM B**FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO ABSORPTION RESEARCH AND DEVELOPMENT (R & D)**

1. Specific areas in which R & D was carried out by the Company :	Nil
2. Benefits derived as a result of the above R & D :	Nil
3. Future Plan of Action :	Nil
4. Expenditure on R & D	
(a) Capital :	Nil
(b) Recurring :	Nil
(c) Total :	Nil
(d) Total R&D expenditure as a percentage of total turnover :	Nil

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

1.	Efforts, in brief, made towards technology absorption, adaptation & innovation	Nil
2.	Benefits derived as a result of the above efforts e.g. product improvement, cost reduction, product development, import substitution etc.	Nil
3.	3. Information relating to imported technology (imported during the last 5 years reckoned from the beginning of the financial year)	Nil

C. FOREIGN EXCHANGE EARNINGS AND OUTGO: Nil

MANAGEMENT DISCUSSION ANALYSIS REPORT

Industry Structure and Developments: - Office Automation:

IO System Ltd. had been the one of the forerunners in the field of Office Automation, providing state of the art products from leading sources across the world. However, due to recession and other factors like easy availability of products from other International markets viz., China, Korea, Taiwan etc. the margins in this business have reduced considerably making it difficult for the companies like us to survive. Though, we have managed to survive all through these years and are hoping that the Company starts earning at the earliest.

Outlook/Projections for 2013-14 :

The company is looking forward to initiate the revival process by entering into some new line of business as well as introducing the latest range of products from best companies operating globally, once the roadmap for various technologies competing currently becomes clear so that due investment of resources on a long term basis can be made.

Internal Control systems and their adequacy:

During the period under review, Company had adequate internal control system in place and the same was periodically reviewed for its effectiveness.

Financials:

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

Material development in HR/IR front:

There has not been much material development in HR/IR front as due to closure of manufacturing activity, most of the employees have left the company. The Company has settled the dues of most of the employees related to Gratuity and Provident Fund because the management believes that the employees are valuable assets. The Company follows progressive, employee friendly policies, which are amongst the best in the industry.

Cautionary Statement:

Statements in the 'Management Discussion and Analysis Report describing the Company's objectives, projections, estimates, expectations or predictions may be forward-looking statements within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed in the statement(s). Important factors that could make a difference to the Company's operations include, among others, economic conditions affecting demand/supply and price conditions in domestic and overseas markets in which the Company operates, changes in the Government regulations, tax laws and other statutes and incidental factors.

REPORT ON CORPORATE GOVERNANCE

1. COMPANY'S PHILOSOPHY

The Company continues to adhere to its philosophy on Corporate Governance and practice transparency in its operations and to maintain a professional approach and accountability in dealing with its shareholders and other stakeholders. The basic objective of Company's Corporate Governance is "to ensure efficient conduct of affairs of the Company and help the Company to achieve its goal of maximizing value of its stakeholders". The Company shall comply with not only the statutory requirements, but also adhere to a set of strong corporate practices.

2. BOARD OF DIRECTORS

I. Composition of Board:

The Board consists of three Directors, of which one is an Executive Director who is also the Chairman & Manager of the Company and two others are Non Executive Independent Directors. The Non Executive Independent Directors with their diverse knowledge, experience and expertise bring in their independent judgment to the deliberations and decisions of the Board. Apart from sitting fees (within limits prescribed under Companies Act, 1956) paid for attending Board/Committee Meetings, the Non-Executive Directors do not have any material pecuniary relationship or transaction with the Company during the period 2012-2013.

II. Board Meetings, other Directorship and Attendance of Directors

A total of four (4) Board Meetings were held during the period 01st April, 2012 to 31st March, 2013 and the intervening period between the Board Meetings was well within the maximum time gap of four months as prescribed in Clause 49 of the Listing Agreement. The necessary information as per Annexure 'IA' of the Listing Agreement has been made available to the Board. The Board Meetings were held on following dates:

1. 30th May, 2012
2. 14th August, 2012
3. 14th November 2012
4. 8th February, 2013

The composition of the Board and position held by Directors on the Board/Committee of other Public Limited Companies, as on 31st March, 2013, and their attendance at Board Meeting and Annual General Meeting of the Company during the period under review is given below:

Name of Directors	Category	No. of Position held in other public companies			Attendance at Meetings during the period from 01st April, 2012 to 31st March, 2013	Attendance at last AGM
		Board	Committee**			
			Membership	Chairmanship		
Mr. Arun Seth	Executive	1	0	0	4	Yes
Mr. Ramesh Chandra Agarwal	Non Executive Independent	2	2	2	4	Yes
Mr. Satish Kumar Gupta	Non Executive Independent	1	2	1	4	Yes

** Including membership in both Audit Committee and Investor Grievance Committee