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IO SYSTEM LIMITED

31st

ANNUAL
REPORT | **2018-19**

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.

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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), Spicebolls 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	(22,73,19,428)	(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.

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.