

**Fourteenth
Annual Report
2008 - 09**



BOARD OF DIRECTORS

Sri V S Raju, Chairman
Sri P Ramayya Naidu, Director
Sri J Anjaneyulu Reddy, Director
Sri R L Kanchibhotla, Director
Sri K V K Raju, Managing Director

AUDITORS

M/s GMK Associates
607, Raghava Ratna Towers
Abids, Hyderabad – 500 001.

BANKERS

State Bank of India
Saifabad (SIB) Branch
Hyderabad

CORPORATE OFFICE

G-1, Park View Residency
Patwari Enclave, Gandhi Nagar
Near IDPL Colony
Hyderabad – 500 037
Telephone: +91-40-2372 0455
Fax: +91-40-2372 0456

REGISTERED OFFICE

Survey No.273/467
Bonthapally Village
Jinnaram Mandal
Medak District – 502 313.

REGISTRARS AND SHARE TRANSFER AGENTS

CIL Securities Limited
Unit: Intensive Air Systems Ltd.
214, Raghava Ratna Towers
Chirag Ali Lane, Abids
Hyderabad – 500 001

NOTICE TO SHAREHOLDERS

Notice is hereby given that the Fourteenth Annual General Meeting of the Company will be held on Wednesday, the **30th September, 2009** at 10.00 A.M. at the Registered office of the Company situated at Survey No. 273/467, Bonthapally Village, Jinnaram Mandal, Medak Dist. - 502 313 A.P., to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March 2009 and the Profit and Loss account for the year ended 31st March 2009 together with the reports of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. R.L.Kanchi Bhotla, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. J Anjaneyulu Reddy, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint M/s. GMK Associates, Chartered Accountants as Auditors of the Company and to fix their remuneration. M/s. GMK Associates, retiring Auditors are eligible for re-appointment.

By Order of the Board
for **Intensive Air Systems Ltd.**

Place : Hyderabad
Date : 25/08/2009

KVK Raju
Managing Director

NOTES:-

1. A member entitled to attend and vote at the meeting, is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member, proxy in order to be effective must be received by the Company not less than 48 hours before the meeting.
2. The Register of Members and the Share Transfer Books of the Company will remain closed from 26.09.2009 to 29.09.2009 (both days inclusive).
3. Members are hereby requested to communicate to the Company's Registrars and Share Transfer Agents at the following address for transfers and demat requests.

CIL Securities Ltd.
Unit (Intensive Air Systems Limited)
214, Raghava Ratna Towers
Chirag Ali Lane, Abids
Hyderabad – 500 001.
4. The Shares of the Company are listed at Mumbai Exchange. The Company has paid the listing fee up to the year 31st March 2010.
5. Members are requested to avail nomination facility as per amended Companies Act, 1956. The forms can be had from the Registrars of the Company.

ADDITIONAL INFORMATION

Brief profile of Directors who are retiring and are eligible for reappointment.

1. Mr. R. L. Manchibhotla aged about 51 years is a post graduate in Physics and engaged in the business for more than 15 years. He is the chairman of the investors' grievance committee and member of the audit committee and remuneration committee.
2. Mr. J. Anjaneyulu Reddy aged about 45 years is a Chartered Accountant and has been in the business for the past 15 years. He is a promoter director of the Company with wide experience in the various business activities.

By Order of the Board
for **Intensive Air Systems Ltd.**

Place : Hyderabad
Date : 25/08/2009

KVK Raju
Managing Director

DIRECTORS' REPORT

To
The Members

Your Directors hereby present the Fourteenth Annual Report together with Audited Statement of Accounts for the year ended 31st March 2009.

FINANCIAL RESULTS

The financial results for the year ended 31st March 2009 are as under: (Rs. in Lakhs)

	Year ended 31/03/2009	Year ended 31/03/2008
Sales and other income	0.00	5.00
Profit (Loss) before Interest, dep,tax, extraordinary items & exceptional items	(2.07)	(29.08)
Depreciation	0.07	9.86
Exceptional Items	0.00	(#) 33.94
Profit/(Loss) during the year	(2.14)	13.78

(#) Profit on sale of assets.

Review of Operations

During the year the Company could not carry on any business activity pending finalization of restructuring plans. The Company has applied to the Court for reduction of share capital under section 101 to 104 of the Companies Act, 1956 read with Article No. 68 of Articles of Association of the Company to set off against the accumulated losses and also to adjust against other reserves.

DEPOSITS

Your Company has not accepted any fixed deposits during the period under review.

DIRECTORS

Sri. R.L. Kanchibhotla and Sri J.A. Reddy, Directors of the Company, retire by rotation and being eligible offer themselves for reappointment.

DIRECTORS' RESPONSIBILITY STATEMENT

In accordance with the provisions of section 217 (2AA) of the Companies Act, 1956, your Directors confirm that:

- i) In the preparation of the annual accounts, the applicable accounting standards have been followed.
- ii) they have 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 at 31st March, 2009 and of the loss of the Company for the year ended on that date.
- iii) They 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) they have prepared the annual accounts on a going concern basis.

AUDITORS

M/s. GMK Associates, Chartered Accountants, Auditors of the Company, retires at the ensuing Annual General Meeting and are eligible for re-appointment.

INDUSTRIAL RELATIONS

The Industrial relations during the year under review remained cordial.

PARTICULARS OF EMPLOYEES

There are no employees whose particulars are required to be disclosed pursuant to Section 217 (2A) of the Companies Act, 1956, read with Companies (particulars of employees) Rules, 1975 as amended from time to time.

CONSERVATION OF ENERGY ETC.

Information regarding Energy conservation, Technology Absorption, Foreign Exchange

Earnings and outgo, in accordance with Section 217(1)(e) of the Companies Act, 1956, read with Companies (Disclosure of Particulars in the report of Board of Directors) Rules 1988, forming part of the Directors Report for the year ended 31.03.2009, is as follows:

A) Conservation of Energy:

Efforts for conservation of energy are an on-going process in the Company.

B) Disclosure of particulars with respect to absorption:

a) Research & Development

- There is no specific research activity carried out by the Company.

b) Technology absorption, adaptation and innovation:

Efforts, in brief, made towards technology absorption, adaptation and innovation.

The Company has made necessary efforts to improve the manufacturing process of certain fan components suitable to Indian Conditions.

- Benefits derived as a result of the above efforts: e.g. Product improvement, cost reduction, product development, import substitution etc.

Improved capability to manufacture high capacity fans for various

industries.

c) Information in case of imported technology:

- Technology Imported

Nil

- Year of import

NA

- Has technology been fully absorbed?

NA

- If not fully absorbed, areas where this has not taken place, reasons therefor and future plans of action.

NA

c) Foreign Exchange earnings : Nil

d) Foreign Exchange outgo : Nil

ACKNOWLEDGEMENTS

Your Directors acknowledge with gratitude the co-operation and assistance given by the shareholders of the Company, business associates and various Government and Non-Government Departments during the year under review.

By Order of the Board
for **Intensive Air Systems Ltd.**

Place : Hyderabad

Date : 25/08/2009

V.S. Raju

Chairman

REPORT ON CORPORATE GOVERNANCE

1. COMPANY'S PHILOSOPHY

The Company's priority is to be a successful organization by balancing short-term and long-term interests. We conduct our operations with honesty. Integrity and openness.

2. BOARD OF DIRECTORS

A. COMPOSITION OF PRESENT BOARD OF DIRECTORS, ATTENDANCE AT BOARD MEETINGS LAST AGM AND DETAILS OF MEMBERSHIP OF OTHER BOARDS/ COMMITTEES.

The Company's Board of Directors comprises executive, non-executive and independent Directors as per the Corporate Governance requirements. Mr. K V K Raju, Managing Director of the company, is the only Executive Director and is Incharge of the day to day management of the company subject to the overall superintendence and control of the Board. The composition of the Board and the particulars of attendance of the Directors at the Board Meetings are as follows:

Name of Director	Position	Date of Appointment	Attendance in Board Meetings during 2008-09	Attendance in last AGM	Other Boards / Committees		
					Director-Ships (*)	Committee (#)	
						Member	Chairman
V S Raju	Chairman	17.11.1995	4	Yes	4	5	3
P Ramayya Naidu	Director	15.06.1996	-	No	-	-	-
R L Kanchibhotla	Director	16.02.2000	4	Yes	-	-	-
J Anjaneyulu Reddy	Director	25-01-1995	-	No	-	-	-
K V K Raju	Managing Director	25-01-1995	5	Yes	1	-	-

(*) Excludes Foreign Companies, Private Limited Companies and Alternate Directorships

(#) Only Remuneration Committee, Audit Committee, Shareholders/ Investors Grievance Committee are reckoned for this purpose.

B. DETAILS OF BOARD MEETINGS HELD DURING THE YEAR

Five Board Meetings were held during the year details of which are given below:

Date of Board Meeting	30/06/2008	31/07/2008	25/8/2008	31/10/2008	31/01/09
Board Strength	5	5	5	5	5
No. of Directors present	3	2	3	3	2

3. REMUNERATION OF DIRECTORS

- A Scope of the Remuneration Committee *inter alia* includes, determining the quantum of remuneration packages for Executive Directors including pension rights and finalisation of their annual increments. During the year, there has been no revision in the remuneration of the Managing Director of the Company.
- B. Given below are the details of the remuneration to Directors made during the financial year 2008-09.

I REMUNERATION OF MANAGING DIRECTOR

Name of the Managing Director	Gross emoluments including Salary, benefits, bonuses, pension etc.	Tenure
K V K Raju	Nil	5 years w.e.f. January 1, 2005

II REMUNERATION OF NON EXECUTIVE DIRECTORS

Non-Executive Directors have not been paid any remuneration except sitting fee to Mr. P.Ramayya Naidu-Director for every board meeting attended by him.

4. AUDIT COMMITTEE

The audit committee comprises three non-executive Directors viz., Mr. V S Raju, Mr. P Ramayya Naidu and Mr. RL Kanchibhotla. Mr. V S Raju, Independent Director is the Chairman of the Committee. The terms of reference of Audit Committee are in conformity with the requirements specified in Clause 49 of the Listing Agreement with Stock Exchanges and also comply with the requirements of Section 292A of the Companies Act, 1956.

Four audit Committee Meetings were held during the year. These were held on 30.06.08; 31.07.08; 31.10.08; 31.01.09;

Name of Director	No. of Meetings held during the year	No. of Meetings attended
Mr. V S Raju (Chairman)	4	4
Mr. P Ramayya Naidu	4	-
Mr. RL Kanchibhotla	4	4

5. REMUNERATION COMMITTEE

The compensation committee consisted of three Non-Executive Directors viz., Mr. P Ramayya Naidu, Mr. V S Raju and Mr. RL Kanchibhotla. Mr. P Ramayya Naidu is the Chairman of the Compensation Committee. The compensation committee is responsible to determining the remuneration packages for the Executive Directors of the Company. The remuneration Committee did not meet during the year, as there are no revisions/ reviews.

6. INVESTORS' GRIEVANCE AND SHARE TRANSFER COMMITTEE:

The Investors' Grievance and Share Transfer committee comprises of Mr. R L Kanchibhotla, Mr. V S Raju and Mr. P Ramayya Naidu. Mr. R L Kanchibhotla is the Chairman of the Committee. The scope of the committee includes the following:

- To deal with matters relating to share transfers.
- To review the system of dealing with and responding to correspondence from shareholders.
- To review and deal with complaints and responses to letters received from Stock Exchanges, SEBI and Department of Company Affairs.

The committee has been holding regular meetings to ensure compliance with the provisions of the Companies Act, 1956 and the Listing Guidelines and to ensure proper service to investors. A total of four meetings have been held during the year.

Name of Director	No. of Meetings held during the year	No. of Meetings attended
Mr. RL Kanchibhotla (Chairman)	4	4
Mr. P Ramayya Naidu	4	- -
Mr. VS Raju	4	4

7. COMPLIANCE OFFICER

The name and designation of the Compliance officer

Mr. KVK Raju, Managing Director

8. GENERAL BODY MEETINGS

Location, date and time, where last three Annual General Meetings were held:

Date & Venue	FY 2005-06	FY 2006-07	FY 2007-08
Date and Time	September 29, 2006.10AM	September 29, 2007.10AM	September 30, 2008.10AM
Venue	REGISTERED OFFICE: Survey No.273/467 Bonthapally Village Jinnaram Mandal Medak District – 502313.	REGISTERED OFFICE: Survey No.273/467 Bonthapally Village Jinnaram Mandal Medak District – 502313.	REGISTERED OFFICE: Survey No.273/467 Bonthapally Village Jinnaram Mandal Medak District – 502313.

9. DISCLOSURES OF NON COMPLIANCES, RELATED PARTY TRANSACTIONS, IF ANY:

The Company has complied with the requirements of regulatory authorities on Capital Markets and no penalties/ strictures have been imposed against the Company in the last three years.

Related party transactions are nil during the year.

10. MEANS OF COMMUNICATION

Quarterly, Half Yearly and Annual Financial Results of the Company are published in the News

Papers as required under the Listing Agreement.

The Company regularly provides information to the Stock Exchanges as per the requirements of the Listing Agreement.

11. GENERAL SHAREHOLDERS' INFORMATION

- A. **NEXT ANNUAL GENERAL MEETING:** As indicated in the Notice to our shareholders, the Annual General Meeting of the Company will be held on September 30, 2009. The time and venue of the meeting is as indicated in the notice.
- B. **FINANCIAL YEAR:** April 1st to March 31st
- C. **DATE OF BOOK CLOSURE:** 26th September 2009 to 29th September 2009 (Both days inclusive)
- D. **DIVIDEND PAYMENT:** The Company has not declared dividend during the financial year.
- E. **FINANCIAL CALENDAR:** (tentative and subject to change)

Event	Due Date
Financial reporting for the quarter ending June 30, 2009	End July 2009
Financial reporting for the quarter ending September 30, 2009	End October 2009
Financial reporting for the quarter ending December 31, 2009	End January, 2010
Financial reporting for the quarter ending March 31, 2010	End April 2010 (unaudited) or End June 2010 (Audited)
Annual General Meeting for the year ending March 31, 2010	End September 2010.

- F. **LISTING ON STOCK EXCHANGES:** The shares of the Company are listed on Mumbai Stock Exchange. Listing Fee paid upto the year 2009-10 .
- G. **STOCK CODE & ISIN:**

Stock Code: The Stock Exchange, Mumbai – INTAIRS - 531663

ISIN INE 139DO1012 with NSDL and CDSL

H. MARKET PRICE DATA : Monthly

The Stock Exchange, Mumbai

Period	High (Rs.)	Low (Rs.)	Close (Rs.)	No. of shares
April-08	3.57	2.05	3.54	79189
May-08	4.30	3.09	3.10	67703
June-08	3.25	2.50	2.50	4774
July-08	2.62	2.00	2.00	5076
August-08	3.09	2.10	3.09	7270
September-08	3.80	3.05	3.34	36943
October-08	3.20	2.85	2.85	10522
November-08	2.86	2.06	2.06	24175
December-08	1.96	1.51	1.51	17671
January-09	1.50	1.00	1.00	5127
February-09	1.00	0.92	0.92	440
March-09	0.88	0.88	0.88	500

Source: www.bseindia.com**I. SHARE TRANSFER AGENTS: CIL Securities Limited are the Registrars and Share Transfer Agents.**

The contact details are:

CIL Securities Limited

Unit: Intensive Air Systems Ltd.

214, Raghava Ratna Towers

Chirag Ali Lane, Abids

Hyderabad – 500 001

J. SHARE TRANSFER PROCEDURE: In respect of transfer of shares, shareholders are advised to contact CIL Securities Limited directly. Every effort is made to clear share transfers/transmissions and split/ consolidation requests within 15 days. Requests for issue of duplicate share certificates are normally cleared within 30 days, subject to the documents being clear in all respects.

The Company has not received any complaints from shareholders during the Financial year.

INTENSIVE AIR SYSTEMS LIMITED

- K. DISTRIBUTION SCHEDULE: As of March 31, 2009 the distribution of the Company's share holding was as follows:

No. of equity shares held	As on 31st March 2009				As on 31st March 2008			
	No. of share holders	% of share holders	No. of shares held	% of share holding	No. of share holders	% of share holders	No. of shares held	% of share holding
1-500	1356	93.00	12,74,643	27.60	1355	93.13	12,84,951	27.82
501-1000	44	3.02	3,46,572	7.50	46	3.16	3,63,472	7.87
1001-2000	21	1.44	3,15,279	6.83	16	1.10	2,48,491	5.38
2001-3000	13	0.89	3,25,397	7.05	13	0.89	3,24,977	7.04
3001-4000	3	0.21	1,10,727	2.40	4	0.27	1,44,797	3.14
4001-5000	6	0.41	2,78,870	6.04	6	0.42	2,81,800	6.10
5001-10000	8	0.55	6,04,212	13.07	8	0.55	6,07,212	13.15
10001 & above	7	0.48	13,62,700	29.51	7	0.48	13,62,700	29.51
Total	1458	100.00	46,18,400	100.00	1455	100.00	46,18,400	100.00

- L. DEMATERIALISATION OF SHARES: Approximately 38.81% of the total paid up share capital of the company amounting to 17,92,590 equity shares were held in dematerialized form as on 31st March 2009.
- M. CONVERTIBLE INSTRUMENTS: As of date, the Company does not have any outstanding convertible instruments, which are likely to have an impact on the equity shares of the Company.
- N. CONTACT ADDRESS:
 Intensive Air Systems Limited
 G-1, Park View Residency
 Patwari Enclave, Gandhi Nagar
 Near IDPL Colony
 Hyderabad – 500 037
- O. NOMINATION: Members can avail of nomination facility. Blank nomination forms will be supplied on request.

INTENSIVE AIR SYSTEMS LIMITED

P. SHAREHOLDING PATTERN: Categories of Shareholding as on 31st March, 2009.

	As on 31st March 2009				As on 31st March 2008			
	No. of share holders	% of share holders	No. of shares held	% of share holding	No. of share holders	% of share holders	No. of shares held	% of share holding
Indian Promoters	5	0.34	8,38,700	18.16	5	0.34	8,38,700	18.16
Persons acting in concert	8	0.55	1,18,500	2.57	8	0.55	1,18,500	2.57
Corporates	45	3.09	6,27,515	13.59	57	3.92	6,52,396	14.13
Others	1,400	96.02	30,33,685	65.68	1,385	95.19	30,08,804	65.14
Total	1,458	100.00	46,18,400	100.00	1,455	100.00	46,18,400	100.00

Q. NON MANDATORY REQUIREMENTS:

Chairman's Office: Not yet implemented

Remuneration Committee: Functioning with three non-executive independent directors

For and on behalf of the Board

Place : Hyderabad
Date : 25/08/2009

V.S. Raju
Chairman

DECLARATION ON CODE OF CONDUCT

This is to confirm that the Board has laid down a code of conduct for all Board members and senior management personnel of the company. It is further confirmed that all directors and senior management personnel of the Company have affirmed compliance with the Code of Conduct of the Company for the financial year ended on March 31, 2009, as envisaged in clause 49 of the listing agreement with stock exchanges.

Place : Hyderabad
Date : 25/08/2009

K.V.K. Raju
Managing Director

AUDITORS' CERTIFICATE

To
The Members of Intensive Air Systems Limited

We have examined the compliance of conditions of corporate governance by Intensive Air Systems Limited for the year ended 31st March 2009 as stipulated in Clause 49 of the Listing Agreement of the said Company with the stock exchanges.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the company for ensuring the compliance of the conditions of corporate governance. It is neither an audit nor an expression of opinion on the financial statements of the company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the company has complied with the conditions of corporate governance as

stipulated in the above mentioned Listing Agreement.

We state that no investor grievance is pending for a period exceeding one month against the company as per the records maintained by the company which are presented to the investors' grievance committee.

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

For GMK Associates
Chartered Accountants

Hyderabad
30/06/2009

G Satyanarayana Murty
Partner

MANAGEMENT DISCUSSION AND ANALYSIS

The information, opinions and views expressed in this section of the Annual Report contain certain forward looking statements which involve risks and uncertainties. The management has put its best efforts to present this discussion/analysis and believes these to be true to the best of its knowledge at the time of its preparation. The management is not responsible to publicly update or revise any of these forward looking statements whether on the basis of new information, future events or otherwise. The management shall not be liable for any loss which may arise as a result of any action taken on the basis of information, opinion or views contained herein. The reproduction, disclosure or use of the information contained herein without express prior written permission of the Company is strictly prohibited.

A. INDUSTRY STRUCTURE AND DEVELOPMENTS:

Intensive Air Systems Limited is engaged in designing, manufacturing and supply of Dust Collection and Industrial Ventilation Systems with its office in Hyderabad. The list of products includes Centrifugal Fans, Bag filters, Cyclones, Etc. The growth of this industry is directly linked to the setting up of new industries and/ or expansion of the existing industrial units. Further, it is also significantly influenced with the legislative implementations and its enforcement for the betterment of the environment.

The Company is undertaking industrial Ventilations Project on turnkey basis.

B. OPPORTUNITIES AND THREATS**OPPORTUNITIES**

Diversification

THREATS

Competition from big players including multinational companies.

C. SEGMENT WISE PERFORMANCE

The Company is operating in only one segment and hence not applicable.

D. OUTLOOK

As the Company could not take – up new orders due to lack of opportunities with in the available infrastructure, further efforts are in progress to look for alternatives.

E. RISKS AND CONCERNS

Competition from other manufacturers
Increase in raw material prices.

F. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company is having adequate internal control systems commensurate to the level of operations of the Company.

G. DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE.

The financial statements are prepared under the historical cost consumption in accordance with Indian Accepted Accounting Policies and Standards and the Provisions of the Companies Act, 1956.

The results of the operations are discussed in the Directors' Report

H. MATERIAL DEVELOPMENTS IN HUMAN RESOURCES/ INDUSTRIAL FRONT INCLUDING NUMBER OF PEOPLE EMPLOYED.

All the requirements of the Company are being out sourced and hence the Company does not have any workers during the year.

AUDITORS' REPORT

The Members of

M/s. **Intensive Air Systems Limited.**

1. We have audited the attached balance sheet of M/s. Intensive Air Systems Limited as at 31st March 2009, the Profit and Loss Account for the year ended 31.03.2009 and cash flow statement annexed thereto. These financial statements are the responsibility of the management of the Company. Our responsibility is to express an opinion on the financial statements based on our audit.
 2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management as well as evaluating the overall presentation of financial statements. We believe that our audit provides a reasonable basis for our opinion
 3. As required by the Companies (Auditors Report) Order 2003 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the annexure a statement on the matters specified in paragraphs 4 and 5 of the said order wherever applicable.
 4. Further to our comments in the annexure referred to in paragraph 3 above we report that:
 - a. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b. In our opinion proper books of account, as required by law have been kept by the Company so far as appears from our examination of these books.
- c. The Balance Sheet and the Profit & Loss Account dealt with by this report are in agreement with the books of account.
 - d. In our opinion, these financial statements have been prepared in compliance with the applicable accounting standards referred to in section 211 (3C) of the Act.
 - e. Based on the written representation made by all the directors of the Company as on 31st March 2009 and taken on record by the Board of Directors of the Company and in accordance with the information and explanations as made available, the directors of the Company do not, prima facie have any disqualification as referred to in clause (g) of sub section (1) to section 274 of the Act.
 - f. In our opinion and to the best of our information and according to the explanations given to us, the balance sheet and profit and loss account together with the notes thereon and attached thereto give in the prescribed manner the information required by the "Act" and also give respectively, a true and fair view in conformity with the accounting principles generally accepted in India:
 - i) In the case of Balance Sheet of the state of affairs of the Company as at 31st March 2009 and
 - ii) In the case of Profit and Loss account of the Loss for the year ended 31st March 2009
 - iii) In the case of the cash flow statement, of the cash flows for the year ended 31st March 2009.

For GMK Associates
Chartered Accountants

Hyderabad
30/06/2009

G Satyanarayana Murty
Partner M.No.29919

ANNEXURE TO THE AUDIT REPORT

Referred to in paragraph 3 of our report or even date,

- (i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) During the year, the Company has not disposed off any major plant and machinery.
- (ii) Clause regarding inventory is not applicable to this Company.
- (iii) The Company had not given any loans to companies, firms, or other parties covered in the register maintained under section 301 of the Companies Act, 1956. The Company had not taken any loans from companies, firms, or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business. During the course of audit, we have not observed any continuing failure to correct major weaknesses in internal controls.
- (v) According to the information and explanations given to us, we are of the opinion that there are no transactions that need to be entered into the register maintained under section 301 of the Companies Act, 1956.
- (vi) In our opinion and according to the information and explanations given to us,

the Company has not accepted any deposits from the public falls under the provisions of section 58A and 58AA of the Companies Act, 1956.

- (vii) The Company does not have an internal audit system. However the internal controls are adequate and commensurate with the size and nature of its business.
- (viii) The clause regarding maintenance of cost records is not applicable for this Company for the year.
- (ix) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, Investor Education and protection fund, Employees' state insurance, income tax, sales tax, wealth tax, Service tax, custom duty, excise duty, cess and other material statutory dues.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, wealth tax, service tax, sales tax, customs duty, excise duty, and cess were in arrears, as at 31.03.09 for a period of more than six months from the date they became payable.
- (c) According to the information and explanation given to us, there are no dues of sales tax, income tax, custom duty, wealth tax, excise duty, service tax and cess which have not been deposited on account of any dispute.
- (x) In our opinion, the accumulated losses of the Company exceeded more than fifty percent of its net worth. The Company has

- incurred cash loss during the financial year covered by our audit and also has incurred cash loss during the immediate preceding financial year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to any financial institution or bank.
- (xii) We are of the opinion based on the information available that the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the Company is not a Chit fund or a Nidhi/ Mutual Benefit Fund/ Society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- (xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- (xv) In our opinion and the information, the Company has not given guarantees for loans taken by others from banks or financial institutions.
- (xvi) No term loans have been taken by the Company during the year under review.
- (xvii) According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that the no funds raised on short-term basis have been used for long-term investment. No long Terms funds have been used to finance short-term assets except permanent working capital.
- (xviii) According to the information and explanations given to us, the Company has not made any preferential allotment of shares to the parties and companies covered in the register maintained under section 301.
- (xix) According to the information and explanations given to us, the Company has not issued any debentures during the period covered by our audit.
- (xx) The Company has not made any public issue during the year under audit.
- (xxi) According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

For GMK Associates
Chartered Accountants

Hyderabad
30/06/2009

G Satyanarayana Murty
Partner M.No.29919

INTENSIVE AIR SYSTEMS LIMITED

BALANCE SHEET AS AT 31st MARCH, 2009

(Amount in Rupees)

PARTICULARS	Schedule	As on 31.03.2009	As on 31.03.2008
I Sources of Funds:			
Shareholders Funds			
Share Capital	A	48,684,000	48,684,000
Reserves and Surplus	B	32,756,876	32,756,876
Loan Funds			
Unsecured Loans			
TOTAL		<u>81,440,876</u>	<u>81,440,876</u>
II Application of Funds:			
Fixed Assets	C		
Gross Block		152,721	-
Less: Depreciation		<u>115,932</u>	44,043
Net Block		36,789	44,043
Current Assets, Loans & Advances			
Sundry Debtors		-	-
Cash & Bank Balances	D	1,113,833	1,329,096
Loans & Advances	E	<u>1,397,280</u>	<u>1,397,280</u>
		2,511,113	2,726,376
Less: Current Liabilities & Provisions	F	<u>290,127</u>	298,957
Net Current Assets		2,220,985	2,427,419
Miscellaneous Expenditure to the extent not written off or adjusted			
Debit balance in Profit and Loss Account		<u>79,183,102</u>	78,969,414
		<u>81,440,876</u>	<u>81,440,876</u>
NOTES ON ACCOUNTS	H		

As per our report of even date
for **GMK Associates**
Chartered Accountants

for and on behalf of the Board

G Satyanarayana Murty
Partner

R L Kanchibhotla
Director

K V K Raju
Managing Director

Place : Hyderabad
Date : 30.06.2009

INTENSIVE AIR SYSTEMS LIMITED

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31,2009

(Amount in Rupees)

PARTICULARS	Schedule	Year Ended 31.03.2009	Year Ended 31.03.2008
INCOME			
Sales		-	-
Other Income		-	500,000
TOTAL		<u>-</u>	<u>500,000</u>
EXPENDITURE			
Raw Materials Consumed		-	-
Other Manufacturing Expenses		-	-
Selling and Distribution Expenses		-	-
Depreciation		7,254	986,110
Finance Charges		-	-
Other Expenses	G	206,434	1,530,019
Preliminary Expenses Written off		-	-
		<u>213,688</u>	<u>2,516,129</u>
Profit before tax & exceptional items		(213,688)	(2,016,129)
Exceptional items-Profit on sale of assets		-	3,394,275
Profit/(Loss) before tax		(213,688)	1,378,146
Extra-Ordinary items		-	-
Provision for taxation		-	-
Income-tax (previous year)		-	-
Profit/ (Loss) after tax		(213,688)	1,378,146
Profit/ (Loss) brought forward		(78,969,414)	(80,347,560)
Profit/ (Loss) carried to Balance Sheet		<u>(79,183,102)</u>	<u>(78,969,414)</u>

As per our report of even date
for **GMK Associates**
Chartered Accountants

for and on behalf of the Board

G Satyanarayana Murty
Partner

R L Kanchibhotla
Director

K V K Raju
Managing Director

Place : Hyderabad
Date : 30.06.2009

INTENSIVE AIR SYSTEMS LIMITED

SCHEDULES

(Amount in Rupees)

PARTICULARS	As on 31.03.2009	As on 31.03.2008
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SCHEDULE - A

Share Holders Funds

Share Capital

Authorised Share Capital

55,00,000 Equity shares of Rs.10/- each 55,000,000 55,000,000

Issued

51,18,400 Equity shares of Rs.10/- each 51,184,000 51,184,000

Subscribed & paid up

46,18,400 Equity shares of Rs.10/- each 46,184,000 46,184,000

Add: Amount on shares forfeited 2,500,000 2,500,000

48,684,000 48,684,000

SCHEDULE - B

Reserves & Surplus

Capital Reserve 10,577,000 10,577,000

Share Premium 20,179,876 20,179,876

Capital Subsidy 2,000,000 2,000,000

32,756,876 32,756,876

SCHEDULE - C

Fixed Assets

Name of the Asset	Gross Block			As on 31.03.09	Depreciation				Net Block	
	As on 01.04.08	Addi- tions	Dele- tion		Upto 01.04.08	for the period	Adjust- ments	up to 31.03.09	As on 31.03.09	As on 31.03.08
Office Equipment	152,721	0	0	152,721	108,678	7,254	0	115,932	36,789	44,043
Total	152,721	0	0	152,721	108,678	7,254	0	115,932	36,789	44,043

INTENSIVE AIR SYSTEMS LIMITED

SCHEDULES (Contd..)

(Amount in Rupees)

PARTICULARS	As on 31.03.2009	As on 31.03.2008
SCHEDULE - D		
Cash and Bank Balances		
Cash in Hand	8,892	8,892
Cash at Bank	<u>1,104,941</u>	<u>1,320,204</u>
	<u>1,113,833</u>	<u>1,329,096</u>
 SCHEDULE - E		
Loans and Advances		
(Unsecured, considered good recoverable in cash or in kind or for value to be received)		
Deposits receivable	527,834	527,834
Other advances	784,471	784,471
Income-tax (TDS)	<u>84,975</u>	<u>84,975</u>
	<u>1,397,280</u>	<u>1,397,280</u>
 SCHEDULE - F		
Current Liabilities and Provisions		
Creditors for Expenses	265,486	274,050
Audit Fee Payable	<u>24,642</u>	<u>24,907</u>
	<u>290,128</u>	<u>298,957</u>
 SCHEDULE - G		
Other expenses		
Postage	-	370
Printing & Stationery	-	480
Bank Charges	550	1,444
Audit Fee	27,575	28,090
Professional Charges	32,000	112,985
Bad-Debts Written off	-	697,839
Office Maintenance	-	435
Advertisement	18,212	16,989
AGM Expenses	15,200	36,642
Directors remuneration	-	300,000
Listing fee	10,035	14,695
Rates and Taxes	56,351	272,806
Registrar & Depository charges & fees	<u>46,511</u>	<u>47,244</u>
	<u>206,434</u>	<u>1,530,019</u>

SCHEDULE – H

Accounting Policies and Notes to Accounts

1. SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Accounting

The accounts of the Company are prepared under the historical cost convention and in accordance with the applicable accounting standards except where otherwise stated.

b) Revenue Recognition

Revenue from the sale of goods is recognized upon passage of title to the customer, which generally coincides with the delivery.

c) Fixed Assets

Fixed Assets are stated at historical cost of acquisition or construction less accumulated depreciation, inclusive of invoice price, freight, taxes, duties and other directly and indirectly attributable cost for bringing the asset to its present location and working condition for its intended use.

d) Depreciation

Depreciation has been charged on fixed assets on straight-line method as per the rates specified in schedule xiv of the Companies Act, 1956.

e) Impairment of Assets:

An Asset is treated as impaired when the carrying cost of assets exceeds its recoverable value. An impairment loss is charged for when the asset is identified as impaired. The impairment loss recognized in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

f) Inventories:

Inventories are valued as follows:

- | | |
|---------------------|---------|
| i) Raw Materials | At cost |
| ii) Work-in-process | At cost |

g) Employee retirement benefits:

The contribution to the provident fund is charged against revenue.

i) Deferred Taxation:

In accordance with the accounting standards AS-22 issued by the Institute of Chartered Accountants of India, the deferred tax resulting from timing differences between book and tax profits is recognized under the liability method.

NOTES ON ACCOUNTS

1. Dues to Small & Medium Enterprises

Dues to Small Scale Industries to whom amounts are due for more than 30 days exceeding Rs. 1,00,000/- as at 31st March 2009 is Rs. Nil.

2. Balances of Creditors are subject to confirmation.

3. Contingent Liabilities: Nil

4. Estimated Contracts remain to be executed on capital account and not provided are nil.

5. Segment Reporting

The Company has no reportable segments under AS-17.

6. Impairment of Assets: Nil

INTENSIVE AIR SYSTEMS LIMITED

7. Related Party Transactions - NIL

8. There are no Inventories as at 31st March, 2009

9. Directors Remuneration	Rupees (2008-09)	Rupees (2007-08)
Managing Director	0.00	3,00,000

10. Auditors Remuneration		
Statutory Audit	27,575	28,090

11. Earnings per Share:

	2009	2008
a) Calculation of weighted average number of equity shares of Rs.10/- each.		
No. of shares at the beginning of the year	46,18,400	46,18,400
Shares issued during the year	Nil	Nil
Total equity shares outstanding at the end of the year	46,18,400	46,18,400
Weighted average number of equity shares outstanding during the year	46,18,400	46,18,400
b) Net profit (Loss) after tax available for equity shareholders (Rupees)	(2,13,688)	13,78,146
c) Basic and diluted earnings (loss) per share in Rupees	(0.046)	0.29

12. Deferred Tax Asset/ Liability (Net)

Amount in Rupees

	Deferred Tax Asset/(liability) as at 31.03.09	Deferred Tax Asset/(liability) as at 31.03.08
Deffered tax Asset :		
Brought forward Business Loss and unabsorbed Depreciation	1,62,79,248	1,61,78,836
Provision for gratuity	0	0
Difference in depreciation	0	0
Total deferred asset	1,62,79,248	1,61,78,836
Deferred Tax Liability		
Depreciation	12,504	4,197
Net Deferred Tax Asset	1,62,66,744	1,61,74,639

Note:

In accordance with the Accounting Standard AS-22 relating to "Accounting for Taxes on Income" issued by the Institute of Chartered Accountants of India, the Company has not adjusted the deferred tax assets (net) arising out of timing differences for the period up to 31/03/2009 of Rs1,62,66,744 in view of the uncertainty of availability of future taxable income.

No provision for fringe benefit tax is made since there are no employees.

INTENSIVE AIR SYSTEMS LIMITED

13. Previous year figures have been regrouped/ re-arranged wherever necessary
14. Additional information pursuant to the provisions of paragraphs 3, 4C and 4D of part II of Schedule VI of the Companies Act, 1956 are not applicable to this Company since the Company has disposed off its manufacturing facility.
15. Foreign Currency Transactions
- | | | | |
|---------------------|-----|--|-----|
| 1. Foreign Exchange | | | |
| Inflow | Nil | | Nil |
| Outflow | Nil | | Nil |
16. Amounts are rounded off to the nearest rupee.
-

Signatories for Schedules A to H

As per our report of even date
for **GMK Associates**
Chartered Accountants

for and on behalf of the Board

G Satyanarayana Murty
Partner

R L Kanchibhotla
Director

K V K Raju
Managing Director

Place : Hyderabad
Date : 30.06.2009

ANNEXURE

**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE
AS AT 31.03.2009**

1. Registration Details:

Registration No. 19282 State Code: 01

2. Capital raised during the year Public Nil
Private placement Nil

3. Position of mobilization and deployment of funds (Rs.'000s)

Total Liabilities	81,441	Total Assets	81,441
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Sources of Funds

Paid up capital	46,184	Reserves & surplus	32,757
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Forfeited Capital	2,500		
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Secured Loans	Nil	Unsecured Loans	Nil
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Application of Funds

Net Fixed Assets	37	Loss	79,183
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Net Current Assets	2,221	Misc. Expenses	0
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4. Performance of the Company (Rs.000's)

Turnover/Other Income	0	Total expenditure	214
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Profit (Loss) before tax	(214)	Profit (Loss) after tax	(214)
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Earnings per share	0	Dividend rate (%)	Nil
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5. Generic names of three principle products/ services of the company (as per monetary terms)

a) Item Code No. 84289001

Product Description Dust Collectors

b) Item Code No. 84145903

Product Description Industrial Blowers

INTENSIVE AIR SYSTEMS LIMITED**CASH FLOW STATEMENT FOR THE PERIOD ENDED 31st MARCH, 2009**

(Amount in Lakhs)

PARTICULARS	31.03.2009	31.03.2008
CASH FLOWS FROM OPERATION ACTIVITIES		
Net Profit (Loss) before tax and extraordinary items	(2.14)	13.78
ADJUSTMENTS FOR:		
Preliminary Expenses written off	0.00	0.00
Depreciation	0.07	9.86
Profit on sale of Assets	0.00	6.97
Bad debts written off	0.00	(33.94)
Operating Profit before working capital changes	(2.07)	(3.33)
Increase in trade and other receivables	0.00	2.08
Increase in the inventories	0.00	0.00
Increase in trade payables	(0.09)	(24.25)
Cash generated from operations	(2.16)	(25.50)
Interest paid	0.00	0.00
Income tax paid	0.00	0.00
Cash flow before extra-ordinary items	(2.16)	(25.50)
Extra-ordinary items	0.00	0.00
Net cash from operating activities	(2.16)	(25.50)
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets (net)	0.00	0.00
Sale of Fixed assets	0.00	85.00
Capital work in progress, Capital expenditure and capital advances	0.00	0.00
Net cash used in investing activities	0.00	85.00
CASH FLOW FROM FINANCIAL ACTIVITIES		
Proceeds from issuance of share capital & subsidy	0.00	0.00
Payment to long term borrowings	0.00	(46.30)
Proceeds from long term borrowings	0.00	0.00
Proceeds from short term borrowings	0.00	0.00
Net cash used in financing activities	0.00	(46.30)
Net increase in cash and cash equivalents	(2.16)	13.20
Cash and Cash equivalents at the beginning of the year	13.30	0.10
Cash and Cash equivalents at the end of the year	11.14	13.30

For and on behalf of the Board

R L Kanchibhotla
Director

K V K Raju
Managing Director

AUDITORS' CERTIFICATE

We have examined the attached cash flow statement of M/s Intensive Air Systems Limited for the year ended 31st March 2009. The statement has been prepared by the company in accordance with the requirements clause 32 of the listing agreement with stock exchange and is based on and in agreement with the corresponding profit and loss account and Balance sheet of the company covered by our report dated 30.06.2009 to the members of the company.

As per our report of even date
for GMK Associates
Chartered Accountants

Place: Hyderabad
Date: 30/06/2009

G. Satyanarayana Murty
Partner

INTENSIVE AIR SYSTEMS LIMITED

Regd. Office: Survey No.273/467, Bonthapally Village, Jinnaram Mandal
Medak Dist. Pin - 502 313

ATTENDANCE SLIP

ANNUAL GENERAL MEETING

PLEASE COMPLETE THIS ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE HALL

I/We hereby record my/our presence at the Fourteenth Annual General Meeting held on Wednesday, the 30th September, 2009 at 10.00 A.M. at Survey No.273/467, Bonthapally Village, Jinnaram Mandal, Medak Dist.

Name of the Share Holder	No. of Shares	Regd. Folio No./ Client ID No.

Signature of the Share Holder/ Proxy

INTENSIVE AIR SYSTEMS LIMITED

Regd. Office: Survey No.273/467, Bonthapally Village, Jinnaram Mandal
Medak Dist. Pin - 502 313

PROXY

I/We _____ of _____

in the district of _____

Being a Member/Members of Intensive Air Systems Limited hereby appoint _____

_____ of _____ in the district of _____

_____ or failing him _____

_____ in the district of _____

as my/our proxy to attend and vote for me/us and on my/our behalf at the Fourteenth Annual General Meeting of the Company, to be held on Wednesday, the 30th September, 2009 and at any adjournment thereof.

Signed this _____ day of _____ 2009

Signature

Affix
Rs.1.00
Revenue
Stamp

Name of the Share Holder	No. of Shares	Regd. Folio No./ Client ID No.

- Note:
- Proxy need not be a member
 - This form duly completed and signed as per specimen signature registered with the Company should be deposited at the Registered Office of the Company not less than 48 hours before the time fixed for the commencement of the meeting.

**PRINTED MATTER
BOOK POST**

If undelivered please return to

INTENSIVE AIR SYSTEMS LIMITED

*G1, Park View Residency,
Patwari Enclave, Gandhi Nagar (IDPL)
Hyderabad - 500 037.*