

ENVAIR ELECTRODYNE LTD.



Enriching Environment

Date: 12th September, 2023

To,
The Stock Exchange, Mumbai
Phiroze Jeejeebhoy Towers,
Floor 25, P. J. Towers,
Dalal Street, Mumbai 400 001

Scrip Code: 500246

Dear Sir/Madam,

Sub: Corrigendum to the Audit report and Financials results for the Year ended 31st March 2023, uploaded vide announcement dated 31st August 2023

REFERENCE: Compliance with the Regulation 33 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 for the Year ended 31st March 2023

Respected Sir/ Madam,

With respect to the subject, Kindly note that we had inadvertently submitted the Audit report pursuant to Companies Act 2013 instead of the Audit report format required by the Exchange. The Audit report uploaded was also correct and had disclosure of all the Information in detail. We are reattaching the Audit report as required by the exchange vide circular CIR/CFD/FAC/62/2016 dated July 05th 2016 and CIR/CFD/CMD/15/2015 dated November 30th 2015.

We request you to kindly take note of the same.

Thanking you,
Your Faithfully,

FOR ENVAIR ELECTRODYNE LIMITED

ANIL NAGPAL
Managing Director
DIN No: 01302308



CA - Vipul M. Shah
M : 9820604323
CA - Urvi N. Nathwani
M : 9833002163

M/s. Vipul M. Shah & Associates

CHARTERED ACCOUNTANTS

Office : C/111, Sanjay Apartment, Mandpeshwar Road, Above Union Bank of India,
Borivali (West), Mumbai - 400092. • Telefax : 2895 7258 • Email : vipul@vipulshahca.com

INDEPENDENT AUDITOR'S REPORT ON QUARTER ENDED AND YEAR TO DATE AUDITED FINANCIAL RESULTS OF THE COMPANY PURSUANT TO THE REGULATION 33 OF THE SEBI {LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS}REGULATION, 2015, AS AMENDED

TO
THE BOARD OF DIRECTORS
ENVAIR ELECTRODYNE LIMITED
PUNE

Report on the Audit of the Financial Results

Qualified Opinion

1. We have audited the accompanying financial statements of **ENVAIR ELECTRODYNE LIMITED (The Company)**, which comprise the Balance Sheet as at March 31, 2023, the Statement of Profit and Loss (including other comprehensive income), the Statement of Cash Flow and the Statement of Changes in Equity for the year then ended and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "financial statements").
2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Financial Statements give the information required by the Act, in the manner so required and *except for the effects of the matters described in the basis for qualified opinion paragraph*, give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India of the state of affairs of the Company as at March 31, 2023, its Profit (financial performance including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

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

Basis for Qualified Opinion

4. We draw attention to **Note no. 33.2.25** in Financial Statements regarding the fraud amounting to Rs. 1,91,15,549/- was identified during the year. Amounts reflecting year-wise fraud is reflected in the table below-

Financial Year (F.Y.)	Amount (Rs.)
FY 2020-21	22,48,467
FY 2021-22	67,77,123
FY 2022-23	79,22,459
FY 2023-24 (May 2023)	21,67,500
Total	1,91,15,549

Out of the above, Rs.22,48,467 for FY 2020-21 and Rs. 67,77,123 for FY 2021-22 have not been restated with the impact of prior period fraud as per the requirement in Ind AS 8 "Accounting Policies, Changes in Accounting Estimates and Errors".

The Company has additionally debited an amount of Rs. 72,88,422 (**Refer Note no. 33.2.22**) pertaining to FY 2021-22 as prior period expense. This amount has not been restated in the Financial Statement as per the requirement of Ind AS 8 "Accounting Policies, Changes in Accounting Estimates and Errors".

As per Ind AS 8 "Accounting Policies, Changes in Accounting Estimates and Errors", the Loss of the previous year 2021-2022 is understated by Rs. 1,40,65,545 (Rs. 67,77,123 (Fraud of FY 2021-22) + Rs. 72,88,422 (prior period item debited in FY 2022-23)). The resultant Total loss for the previous year would be Rs. 2,18,06,422.

As per Ind AS 8 "Accounting Policies, Changes in Accounting Estimates and Errors, the opening reserve as on 01.04.2021 is understated by (Rs. 22,48,467) fraud pertaining to FY 2020-21. The resultant opening reserve would be (Rs. 8,29,42,833).

Rs. 21,67,500 (fraud of FY 2023-24) is debited to the Profit & Loss account of FY 2022-23. This should be charged to Profit & loss account for the Year 2023-24. The profit for the year 2022-23 is thereby understated by Rs. 21,67,500.

5. **Note no. 33.2.17, 33.2.18 & 33.2.27** in financial statements stating that the balances of parties under head Trade receivable, Trade payable, Advances and Deposits are subject to confirmation and reconciliation. Financial impact of the same has not been ascertained by the management. In view of this, we were unable to determine whether any adjustments are necessary in respect of the same.
6. **Note no. 33.2.4** in financial statements stating that the opening inventories of Rs. 45,69,253 as on 01.04.2022 consisting of -

Raw Material Rs. 24,88,755
Finished goods Rs. 20,80,498

was sold to Rajesh Enterprise in June 2023 for -

Raw Material Rs. 4,00,000
Finished goods Rs. 4,47,500

Accordingly, Closing inventories valued at Rs. 38,28,153/- as on 31.03.2023 includes Net Realizable Value of Opening inventories amounting to Rs. 8,47,500 (Cost Rs. 45,69,253).

7. We draw attention to **Note no 33.2.7** in financial statements stating that Net block of Vehicle as on 31.03.2022 was Rs. 2 (Rupees Two). Physical verification of the same has not been done by us as the Asset was not in possession of the Company as the same was fully depreciated and sold before 2018 as confirmed by the management. Looking at value of the Asset, the accounts of earlier years have not been reinstated.

Emphasis of Matter

8. We draw attention to **Note no. 33.2.24** in the financial statements explaining the basis for preparation of financial statements on going concern assertion based on the management representations. However, all the Fixed Assets including Plant & Machinery at the year end have been disposed off in First Quarter of FY 2023-24. This report is not qualified in this matter.
9. We draw attention to **Note no. 33.2.27** in financial statements wherein an Advance of Rs. 30,00,000 (Rupees Thirty Lakhs) has been given to L N Consultants in May 2020 for acquiring land. However, the deal did not materialize and the party had to refund the full amount to the Company. The same is still outstanding till date.
10. We draw attention to **Note no. 33.2.17 and 33.2.18** in financial statements wherein Balances lying in many accounts of Sundry Debtors amounting to Rs. 22,779/- were written off and Sundry Creditors amounting to Rs. 21,19,760/- were written back during the year under Audit. The Company has also not provided us with any confirmations of these Sundry Debtors and Sundry creditors.

Key Audit Matters

11. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Sr.No.	Key Audit Matter	Auditor's Response
1.	Verification of Full and Final settlement dues paid to workers	<u>Principal Audit Procedures</u> There was only 1 Employee in the Company's payroll and the he had committed fraud. Hence, no benefits have been provided for .
2.	Export of goods out of India During the year, the Company had earned export revenue through Sales to its related party in Indonesia.	<u>Principal Audit Procedures</u> We have verified relevant documents, record and forms which were maintained and also verified its compliance.

Information Other than the Financial Statements and Auditor's Report Thereon

12. The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

Management's Responsibility for the Financial Statements

13. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified in the Companies (Indian Accounting Standards) Rules 2015 under Section 133 of the Act.
14. This responsibility also includes the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.
15. In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

16. Our objectives is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
17. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:
 - a. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to

- those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- b. Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
 - c. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
 - d. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
 - e. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
18. Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.
19. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
20. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
21. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

22. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section 11 of Section 143 of the Act, we give in the "Annexure A", a statement on the matters specified in paragraph 3 and 4 of the Order, to the extent applicable.
23. As required by section 143 (3) of the Act, based on our audit we report that:

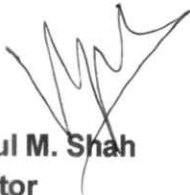
- a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit *except as stated in **Note no. 33** in the financial statements, the balances of accounts and parties under head trade receivable, payable, deposits and loans & advances are subject to confirmation and reconciliation.*
- b. In our opinion, *except for the effect of the matters described in the Basis for Qualified Opinion paragraph above*, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
- c. The Balance Sheet, the Statement of Profit and Loss, the Statement of Cash Flows and the Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account.
- d. In our opinion, *except for the matters described in the basis for qualified opinion paragraph and emphasis of matter paragraph*, the aforesaid financial statements comply with the Indian Accounting Standards prescribed under Section 133 of the Companies Act, 2013 read with Rule 7 of Companies (Accounts) Rules, 2014 and amendments thereof.
- e. On the basis of the written representations received from the directors as on March 31, 2023 and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2023 from being appointed as a director in terms of Section 164 (2) of the Act.
- f. The going concern matter described under the Material Uncertainty Related to Going Concern paragraph above, in our opinion, may have an adverse effect on the functioning of the Company.
- g. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
- h. With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:
In our opinion and to the best of our information and according to the explanations given to us, no remuneration was paid by the Company to its directors during the year.
- i. The qualifications relating to maintenance of accounts and other matters connected therewith are as stated in the basis for Qualified Opinion paragraph above.
- j. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements.
 - ii. The Company did not have any long-term contract including derivative contract having any material foreseeable losses for which provision was required to be made under the applicable law or accounting standard.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

- iv. As regards other matters,
1. The Management has represented that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person or entity, including foreign entity ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
 2. The Management has represented, that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been received by the Company from any person or entity, including foreign entity ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
 3. Based on the audit procedures that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (1) and (2) above, contain any material misstatement behalf of the Ultimate Beneficiaries.
- v. The Company has not paid or declared any dividend during the year.

Other Matters

1. No Provision for penalty leviable by BSE due to non fulfillment Listing norms has been made as the Company has delayed in publishing Audited Financial Statements for year ended 31.03.2023

For Vipul M. Shah & Associates
Chartered Accountants
FRN:117853W



CA Vipul M. Shah
Proprietor
Membership No. 103726
UDIN: 23103726B4Y0ZW8130

Place: Mumbai

Date: 31/08/2023