

ENVAIR ELECTRODYNE LTD.



Enriching Environment

Date: 31st August, 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: 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,

Pursuant to Regulation 33 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed herewith the following:

1. Standalone Audited Financial Results for the Quarter/Year ended 31st March, 2023 along with Auditors Report.

I, HARISH KUMAR AGARWAL, Director, of the Company, hereby declare that the Statutory Auditors of the Company, have issued qualification in their Audit Report on Standalone Financials Statements of the Company for the quarter and financial year ended 31st March 2023.

We request you to kindly take note of the same.

Thanking you,
Your Faithfully,

FOR ENVAIR ELECTRODYNE LIMITED

HARISH KUMAR AGARWAL

Director

DIN No: 02185002



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 TO THE MEMBERS OF ENVAIR ELECTRODYNE LIMITED Report on the Financial Statements

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	Principal Audit Procedures 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.	Principal Audit Procedures 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: 23103726 BGYQZW8130

Place: Mumbai

Date: 31/08/2023

ANNEXURE 'A' TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1 under "Report on Other Legal and Regulatory Requirements" section of our report to the Members of Envair Electrodyne Limited of even date)

- (i) Property, Plant and Equipment and Intangible assets
- (a) The Company has not maintained proper records showing full particulars including quantitative details and situation of Property, Plant and Equipment;
- (b) The Company has sold Leasehold Land and Building during the year resulting into profit on sale amounting to Rs. 11,01,53,970.
- (c) The Company has scraped all other Tangible Assets from Property, Plant and Equipment head to Non Current Assets held for Sale under the head Current Assets. Net WDV written off is Rs. 8,79,705 .
The same have been sold in 1st Quarter of Financial year 2023-24.
- (d) Opening balance of Property, Plant and Equipment includes Vehicle which has already been fully depreciated and sold before 2018.
- (e) According to the information given by the Company, The Company has done physical verification of its Property, Plant and Equipment and Intangible assets at regular intervals.
- (ii) Details of inventory
- a. According to information and explanation given to us, opening inventories as on 01.04.2022 amounting to Rs. 45,69,253 consisting of Raw Material Rs. 24,88,755 and Finished goods Rs. 20,80,498 have been sold to Excellent Tool Tech in June 2023 for Rs. 400000 and Rs. 447500 respectively. Accordingly, Closing inventories valued at Rs. 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).
- b. During the year under audit, we have not been able to verify the inventories physically as Inventories were not made available to us for physical verification. As informed to us, entire inventory was sold off subsequent to Balance sheet date.
- (iii) Details of investments, any guarantee or security or advances or loans given
According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of clause (iii) (a), (b) and (c) of the Order are not applicable to the company and hence not commented upon.
- (iv) Compliance in respect of a loan to directors
According to information and explanation given to us, the company has not given any loans to directors or any other person in whom the director is interested, or made any investments,.
- (v) Compliance in respect of deposits accepted
The Company has not accepted any deposits from the public during the year and therefore, the provisions of the clause 3(v) of the Order are not applicable to the Company.



(vi) Maintenance of costing records

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

(vii) Deposit of statutory liabilities

According to the information and explanations given to us, in respect of statutory dues-

- (a) The Company has *not been* regular in depositing undisputed statutory dues including Provident Fund, Employee's State Insurance, Income Tax, Sales Tax, Service Tax, Goods and Service Tax, Custom Duty, Excise Duty, Cess and other material statutory dues applicable to it with appropriate authorities.
- (b) According to the information and explanations given to us, there are undisputed amounts payable which are outstanding as at the 31st March, 2023 for a period of more than six months from the date they became payable as mentioned below-

Particulars	Amount (Rs.)
1. GST	22,17,401
2. Income Tax	26,84,609

(viii) Unrecorded income

According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not surrendered or disclosed any transactions, previously unrecorded as income in the books of account, in the tax assessments under the Income Tax Act, 1961 as income during the year.

(ix) Default in repayment of borrowings

Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has does not any dues to a financial institution or bank. The Company did not have any outstanding debentures during the year.

(x) Funds raised and utilisation

The company has not raised moneys by way of initial public offer or further public offer (including debt instrument) during the year under audit.

(xi) Fraud and whistle-blower complaints

To the best of our knowledge and according to the information and explanations given to us, fraud amounting to Rs. 1,91,00,549 has been identified. The said Fraud pertains to 4 Financial years as mentioned in point 4 of Independent Auditor's Report. Also Report to Central Government in Form ADT 4 has been submitted on 26th July 2023 where we had recommended to carryout Forensic Audit of the Company's Books of accounts.

(xii) Compliance by a Nidhi

The Company is not a Nidhi Company and hence reporting under clause 3(xii) of the Order is not applicable to the Company.



- (xiii) Compliance on transactions with related parties
In our opinion and according to the information and explanations given to us, the Company is in compliance with Sections 177 and 188 of Companies Act, 2013 where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the Financials statements as required by the applicable accounting standards.
- (xiv) Internal audit system
In our opinion, the Company has *inadequate* internal audit system in accordance with its size and business activities. We have relied upon the internal audit reports issued by the internal auditor during the year in determining the nature, timing and extent of our audit procedures.
- (xv) Non-cash transactions
According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with them. Accordingly, paragraph 3(xv) of the Order is not applicable to the company.
- (xvi) Registration under Section 45-IA of RBI Act, 1934
(a) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.
(b) The Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India. Accordingly, clause 3(xvi)(c) of the Order is not applicable.
(c) According to the information and explanations provided to us during the course of audit, the Group does not have any CICs.
- (xvii) Cash losses
The Company has not incurred cash loss (considering the exceptional item of sale of leasehold land and building) during the financial year ended on that date, however the Company had incurred cash loss in the immediately preceding financial year. The amount of cash loss for immediately preceding financial year was Rs. 77,40,877.
- (xviii) Resignation of statutory auditors
During the year, there has been resignation of statutory auditors due to completion of tenure of 5 years.
- (xix) Material uncertainty
According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that the Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any



guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

(xx) Transfer to fund specified under Schedule VII of Companies Act, 2013

In our opinion and according to the information and explanations given to us, the company has not fall under the categories to spent amount under sub-section (5) of section 135 of the Act pursuant to any project. Accordingly, clauses 3(xx)(a) and 3(xx)(b) of the Order as it is not applicable.

(xxi) Preparation of financials on consolidated basis

The clause 3(xxi) of the Order is not applicable, as the financials of the Company are not prepared on consolidated basis.

For M/s Vipul M Shah & Associates

Chartered Accountants

FRN No. 117853W

UDIN : 23103726B6YQZW8130

Vipul Shah

Proprietor

Membership No. 103726

Place: Mumbai

Date: 31/08/2023



ANNEXURE 'B' TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 2(f) under "Report on Other Legal and Regulatory Requirements" section of our report to the Members of Envair Electrodyne Limited of even date)

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

We have audited the internal financial controls over financial reporting of Envair Electrodyne Limited ("the Company") as of 31st March 2023 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

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



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

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that

(1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were **not operating** effectively as at 31 March 2023, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

As confirmed by Management, due to lapses in Internal Financial Controls, Fraud had been committed by the Company Accountant.

We recommend to the management adequate and strong internal financial controls system to be implemented on a priority basis.



Also during FY 2022-23, Internal Auditor of the Company " Devesh Shah & Co" had resigned after the end of financial year (May 2023) and M/s S M Bhatt & Associates" were appointed as Internal Auditors of the Company w.e.f. 1st April 2022. No intimation of the change in Internal Auditors has been communicated to the Exchange, BSE.

Further, we draw your attention that from FY 2023-24 onwards, Audit trail has been made compulsory and the Audit Committee and Management should strictly monitor its implemented.

For M/S Vipul M Shah and Associates
Chartered Accountants

Firm Regn. no. 117853W

UDIN : 23103726BGY02W8130

Vipul M. Shah
Proprietor

Membership Number: 103726



Place : Mumbai

Date : 31/08/2023

ENVAIR ELECTRODYNE LIMITED
Registered Office: Office no. 123, Wing A, Sohrab Hall, 21, Sasoon Road, Pune - 411001
CIN : L29307MH1981PLC023810

AUDITED FINANCIAL RESULTS FOR THE QUARTER AND YEAR ENDED 31ST MARCH, 2023

(Rs.in lakhs except EPS)

Sr No	Particulars	Quarter Ended			Year Ended	
		(Unaudited)	(Unaudited)	(Unaudited)	(Audited)	(Audited)
		31 March 2023	31 December 2022	31 March 2022	31 March 2023	31 March 2022
1	Income					
	(a) Revenue from Operations	(0.00)	88.74	463.43	97.22	463.78
	(b) Other Income (Note No. 7)	(1,059.98)	2.72	12.48	47.27	22.22
	Total Income from operations	(1,059.98)	91.46	475.91	144.49	486.00
2	Expenses:					
	a) Cost of Materials consumed	(65.42)	61.42	428.84	20.89	429.09
	b) Purchase of Stock-in-trade	109.81	-	-	109.81	-
	c) Changes in Inventory of Finished goods, Work-in-progress and Stock-in-trade	(13.48)	(20.80)	-	(13.48)	-
	d) Excise Duty on Sales of goods	-	-	-	-	-
	e) Employee Benefits Expenses	0.89	0.68	8.43	2.94	13.88
	f) Finance Costs	-	-	1.12	-	4.73
	g) Depreciation and Amortisation expense	0.00	-	0.25	0.57	9.21
	h) Other expenses	(14.67)	12.42	92.20	82.62	106.13
	i)Expenses Capitalized	-	-	-	-	-
	Total Expenses	17.13	53.72	530.84	203.35	563.04
3	Profit / (Loss) from ordinary activities before Exceptional items (1-2)	(1,077.11)	37.74	(54.93)	(58.86)	(77.04)
4	Exceptional Items (Note No. 7)	837.50	-	-	837.50	-
5	Profit / (Loss) before tax (3 +/- 4)	(239.61)	37.74	(54.93)	778.64	(77.04)
6	Tax Expense					
	- Current tax	(52.54)	-	-	170.47	-
	Prior Period Tax Expense	-	-	-	-	-
	Prior Period MAT Credit FY 2017-18	-	-	-	-	-
	- Deferred tax	-	-	-	-	-
	Total Tax Expenses	(52.54)	-	-	170.47	-
7	Profit / (Loss) for the period (5 +/- 6)	(187.07)	37.74	(54.93)	608.17	(77.04)
8	Prior Period Items	-	-	-	-	-
9	Other Comprehensive Income, net of income tax					
	A. (i) Items that will be reclassified to Profit or Loss	-	-	-	-	-
	(ii) Income tax relating to items that will be reclassified to profit or loss	-	-	-	-	(0.37)
	B. (i) Items that will not be reclassified to Profit or Loss	-	-	-	-	-
	(ii) Income tax relating to items that will not be reclassified to profit or loss	-	-	-	-	-
10	Total Other Comprehensive Income, net of income tax	-	-	-	-	(0.37)
11	Total Comprehensive Income for the period (8 +/- 7)	(187.07)	37.74	(54.93)	608.17	(77.41)
12	Paid-up equity share capital (face value of Rs 10/- per share)	464.00	464.00	464.00	464.00	464.00
13	Earning per share (EPS) (of Rs 1/- each) (not annualised)					
	Basic	(4.03)	0.81	(0.70)	13.11	(1.67)
	Diluted	(4.03)	0.81	(0.70)	13.11	(1.67)

Envair Electrodyne Limited

Registered Office: 117, S Block, MIDC, Bhosari, Pune 411026
CIN : L29307MH1981PLC023810

(Rs.in lakhs)

STATEMENT OF AUDITED ASSETS AND LIABILITIES AS AT 31st MARCH, 2023.			
	PARTICULARS	As at 31st March,	As at 31st March,
		2023	2022
		Audited	Audited
A	ASSETS		
	Non - Current Assets		
(a)	Property, Plant and Equipment	-	84.05
(b)	Capital work - in - progress	-	7.91
(d)	Other Intangible Assets	-	1.95
(g)	Other financial assets	-	-
(e)	Other non - current assets	18.73	18.73
	Sub- total - Non - Current Assets	18.73	112.64
	Current Assets		
(a)	Inventories	38.28	45.69
(b)	Financial assets		
	(ii) Trade receivables	105.31	62.07
	(iii) Cash and cash equivalents	34.26	9.14
	(iv) Bank balances other than (iii) above	631.21	116.98
	v) Loans	-	8.07
	VI) Other Financials Assests	72.20	70.51
	VII) NCA Held for Sale	34.14	-
	Current Tax Asset (Net)	3.83	3.83
(c)	Other current assets	41.16	268.90
	Sub- total - Current Assets	960.39	585.20
	TOTAL- ASSETS	979.12	697.84
B	EQUITY AND LIABILITIES		
	EQUITY		
(a)	Equity share capital	464.00	464.00
(b)	Other Equity	388.35	(216.85)
	TOTAL- EQUITY	852.35	247.15
	LIABILITIES		
1	Non Current Liabilities		
(a)	Financial Liabilities		
	(i) Unsecured Loans	-	225.39
(b)	(ii) Provisions	-	0.36
	Sub- total - Non- Current Liabilities	-	225.75
2	Current liabilities		
(a)	Financial Liabilities		
	(i) Borrowings	-	51.42
	(i) Trade payables	36.55	67.44
	(ii) Other financial liabilities	34.91	14.33
(b)	Other current liabilities	16.37	67.68
(c)	Provisions	31.56	24.08
(d)	Current Tax Liabilities (Net)	7.39	-
	Sub- total - Current Liabilities	126.77	224.94
	TOTAL- LIABILITIES	126.77	450.69
	TOTAL- EQUITY AND LIABILITIES	979.12	697.84

ENVAIR ELECTRODYNE LIMITED
Cash flow statement for the year ended 31st March, 2023

	Particulars	31st March, 2023	31st March, 2022
A)	CASH FLOW FROM OPERATING ACTIVITIES:		
	Profit Before Tax	778.64	(77.04)
	Adjustments to reconcile profit before tax to net cash flows		-
	OCI	(2.98)	(0.37)
	Depreciation and amortisation	13.09	9.21
	Interest and finance charges	-	4.73
	Irrecoverable balances and sundry balances written off	(1.72)	-
	Sundry Balance written back	(21.20)	-
	Premium Received on Surrender of Lease Rights	(1,101.54)	-
	Interest income	(15.38)	(11.12)
	Unrealized Foreign Exchange Gain/loss	4.78	-
	Cash from operating activities before working capital changes	(346.31)	(74.59)
	Adjustments for:		
	Increase / (Decrease) in Long Term Provisions	(0.36)	(0.63)
	Increase / Decrease in Trade Payables	(30.89)	13.89
	Increase / Decrease in Other Current Liabilities	(51.31)	22.77
	Increase / Decrease in Other Financial Liabilities	20.58	(5.58)
	Increase / Decrease in Short term provisions	7.48	10.29
	Increase / Decrease in Inventories	7.41	15.16
	Increase / Decrease in Trade Receivables	(48.02)	5.97
	Increase / Decrease in Loans and Advances	8.07	-
	Increase / Decrease in Other Financial Assets	(1.00)	(166.81)
	Increase / Decrease in Other Current Assets	220.95	-
	Increase / Decrease in Other Current Liabilities Tax	7.39	-
	Cash Generated from Operations	140.31	(104.93)
	Adjustment for:		
	Less :- Taxes Paid	(150.00)	-
	Net Cash Flow from Operating Activities	(356.01)	(179.52)
B)	CASH FLOW FROM INVESTING ACTIVITIES:		
	Purchase of Fixed Assets	-	-
	Proceeds from sale of assets	1,150.00	-
	Investment in Fixed Deposit	(507.44)	144.90
	Interest income	15.38	11.12
	Net Cash Flow From Investing Activities	657.94	156.01
C)	CASH FLOW FROM FINANCING ACTIVITIES:		
	Availment/ (repayment) of Short Term Borrowings/Loan from Directors	(276.81)	4.81
	Interest paid	-	(4.73)
	Loan Received From Directors	-	23.50
	Net Cash Flow From Financing Activities	(276.81)	23.58
		-	-
	NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C):	25.12	0.07
	CASH AND CASH EQUIVALENTS:		
	AS AT THE BEGINNING		
	Cash and cash equivalents	9.14	9.07
	AS AT THE ENDING		
		34.26	9.14
	NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS:	25.12	0.07

Note:

1 The above audited financial results of the Company for the quarter ended March 31, 2023 have been reviewed by the Audit committee of the Board and approved by the Board of Directors at its meeting held on 31.08.2023. Delay in filings financial result is due to fraud committed by employee. Company was assessing the amount of fraud and taking necessary action against the fraud.

2 Company's accountant has committed a fraud against the company by using digital and other means to withdraw sums from the bank. A detailed report for the same has been submitted to the authorities including the stock exchange. FIR has been registered against the employee of the company . Amount Involved is INR 191.15 Lakh including cash amount has been expense out during the year.

Financial Year	Amount
2020-21	INR 22.48
2021-22	INR 67.77
2022-23	INR 79.07
2023-24	INR 21.68

3 The company operates in a single reportable segment namely "industrial machinery".

- 4 Corresponding figures of the previous quarter/year have been regrouped, recasted and reclassified to make them comparable wherever necessary.
- 5 These financial results have been prepared in accordance with the recognition and measurement principles of Indian Accounting Standards ("Ind AS") prescribed under section 133 of the Companies Act, 2013, read with relevant rules issued thereunder and othe other accounting principles generally accepted in India.
- 6 The balances of parties and accounts under head trade receivable, trade payable, advances and deposits are subject to confirmation and reconciliation. Financial impact of the same has not been ascertained.
- 7 The Other Income reported in earlier quarter included Premium received on Surrender of Lease Rights now reclassified into Exceptional item. The breakup of Exceptional item is as follows:
- | | |
|---|--------------------|
| - Premium Received on Surrender of Lease Rights | 11,01,53,970 |
| - Fraud committed by employee against the company (refer Note no. 43) | (1,91,15,549) |
| - Prior Period Income/ (Expenses) | <u>(72,88,422)</u> |
| | <u>8,37,49,999</u> |

For and on behalf of Board of Directors

of ENVAIR ELECTRODYNE LIMITED

Place : Chandigarh

Date: 31.08.2023

HARISH AGARWAL