

# ENVAIR ELECTRODYNE LTD.



Date: 01<sup>st</sup> 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: DECLARATION WITH RESPECT TO AUDIT REPORT WITH MODIFIED OPINION FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2023 UNDER REGULATION 33 AND 30 SEBI (LODR) REGULATIONS, 2015**

Respected Sir/ Madam,

Pursuant to Regulation 33 and 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, we hereby declare that the Statutory Auditors M/s Vipul M. Shah & Associates, Chartered Accountants (Firm Registration No. 117853W) have issued the Audit Report with modified opinion in respect of Annual Audited Financial Statement for the quarter and year ended 31st March, 2023 and the Statement of Impact of Audit Qualifications is attached duly signed.

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**

**STATEMENT OF IMPACT OF AUDIT QUALIFICATIONS (FOR AUDIT REPORT WITH MODIFIED OPINION) SUBMITTED ALONG WITH AUDITED FINANCIAL RESULTS – STANDALONE AND CONSOLIDATED BASIS – ENVAIR ELECTRODYNE LIMITED**

Statement Of Impact Of Audit Qualifications For The Financial Year Needed March 31,2023  
(Regulation 33/52 Of Sebi (LODR) (Amendment), Regulations, 2016)

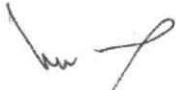
(Rupees In Lakhs)

I	Sl No.	Particulars	Audited Figures (as reported before adjusting)	Adjustments, if any
	1	Turnover (including Other Income)	144.49	NIL
	2	Exceptional Items	837.50	NIL
	3	Total Expenditure	203.35	NIL
	4	Net Profit after Tax	608.17	NIL
	5	Earnings Per Share (in Rs.)	13.11	NIL
	6	Total Assets	979.12	NIL
	7	Total Liabilities	126.77	NIL
	8	Net Worth	852.35	NIL
	9	Any other financial item(s) as felt appropriate by management	NIL	NIL

II	Audit Qualification												
II (1)	<p>a. Details of Audit Qualification:</p> <p>b. We draw attention to <b>Note no. 33.2.25</b> 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-</p> <table border="1" style="margin-left: 40px;"> <thead> <tr> <th>Financial Year (F.Y.)</th> <th>Amount (Rs.)</th> </tr> </thead> <tbody> <tr> <td>FY 2020-21</td> <td>22,48,467</td> </tr> <tr> <td>FY 2021-22</td> <td>67,77,123</td> </tr> <tr> <td>FY 2022-23</td> <td>79,22,459</td> </tr> <tr> <td>FY 2023-24 (May 2023)</td> <td>21,67,500</td> </tr> <tr> <td><b>Total</b></td> <td><b>1,91,15,549</b></td> </tr> </tbody> </table> <p>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".</p> <p>The Company has additionally debited an amount of Rs. 72,88,422 (<b>Refer Note no. 33.2.22</b>) pertaining to FY 2021-22 as prior period expense. This amount has not been restated in the Financial</p>	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	<b>Total</b>	<b>1,91,15,549</b>
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												
<b>Total</b>	<b>1,91,15,549</b>												

(HARISH KUMAR AGARWAL)

	<p><i>Statement as per the requirement of Ind AS 8 "Accounting Policies, Changes in Accounting Estimates and Errors".</i></p> <p><i>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.</i></p> <p><i>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).</i></p> <p><i>Rs. 21,67,500 (fraud of FY 2023-24) is debited to the Profit &amp; Loss account of FY 2022-23. This should be charged to Profit &amp; loss account for the Year 2023-24. The profit for the year 2022-23 is thereby understated by Rs. 21,67,500.</i></p>
	c. Type of Audit Qualification: Qualified Opinion
	d. Frequency of Qualification: 1 <sup>st</sup> Time
	<p>e. For Audit Qualification (s) where the impact is quantified by the Auditor Management's Views:</p> <p>The Company has identified the financial fraud in the current year FY23-24 prior to finalization of FY22-23 accounts. The same has been accounted for in the year FY22-23 only (including amounts debited in FY23-24). The IndAS 8 states: <i>Prior period errors are omissions from, and misstatements in, the entity's financial statements for one or more prior periods arising from a failure to use, or misuse of, reliable information that:</i> <i>(a) was available when financial statements for those periods were approved for issue; and</i> <i>(b) could reasonably be expected to have been obtained and taken into account in the preparation and presentation of those financial statements.</i> The management if of the opinion that since the fraud was detected only in FY23-24 this does not fall under the definition of prior period errors as per Ind AS 8.</p>
	f. For Audit Qualification(s) where the impact is not quantified by the Auditor, Managements View: NIL
II (2)	<p>a. Details of Audit Qualification:</p> <p><b>Note no. 33.2.17, 33.2.18 &amp; 33.2.27</b> 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.</p>

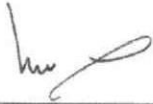
  
(HARISH KUMAR AGARWAL)



	<p>b. Type of Audit Qualification: Qualified Opinion</p> <p>c. Frequency of Qualification: Recurring</p> <p>d. For Audit Qualification (s) where the impact is quantified by the Auditor Management's Views: NIL</p> <p>e. For Audit Qualification(s) where the impact is not quantified by the Auditor: The Company is in the process of getting the confirmations and reconciling the same, if required. The Management if of the opinion that debtor balances, advances have been provided to the extent of all long overdue balances except identified debtors wherein recovery is in process. Since, the chief accountant has been arrested due to the fraud incident, we have difficulties in collating the required information for audit purposes. The management feels no material provision is required for the same.</p>
II (3)	<p>a. Details of Audit Qualification: <b>Note no. 33.2.4</b> in financial statements stating that the opening inventories of Rs. 45,69,253 as on 01.04.2022 consisting of -</p> <p style="padding-left: 40px;">Raw Material Rs. 24,88,755 Finished goods Rs. 20,80,498</p> <p>was sold to Rajesh Enterprise in June 2023 for -</p> <p style="padding-left: 40px;">Raw Material Rs. 4,00,000 Finished goods Rs. 4,47,500</p> <p>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).</p> <p>b. Type of Audit Qualification: Qualified Opinion</p> <p>c. Frequency of Qualification: 1<sup>st</sup> Time</p> <p>d. For Audit Qualification (s) where the impact is quantified by the Auditor Management's Views: NIL</p> <p>e. For Audit Qualification(s) where the impact is not quantified by the Auditor, Managements View: The Company has followed the requirements of Ind-AS2 – Valuation of Inventory. As on 31 March 2023, the Company has valued the inventory at cost or NRV, whichever is lower and as on the date of signing of the, financial statements, the entire inventory has been sold at higher than the carrying value as on 31 March 2023.</p>
II (4)	<p>a. Details of Audit Qualification: <b>We draw attention to Note no 33.2.7</b> 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</p>

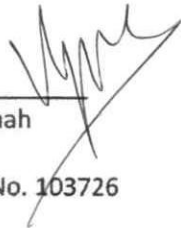



	<i>depreciated and sold before 2018 as confirmed by the management. Looking at value of the Asset, the accounts of earlier years have not been reinstated.</i>
	b. Type of Audit Qualification: Qualified Opinion
	c. Frequency of Qualification: 1 <sup>st</sup> Time
	d. For Audit Qualification (s) where the impact is quantified by the Auditor Management's Views: NIL
	e. For Audit Qualification(s) where the impact is not quantified by the Auditor, Managements View: The Management is of the opinion that the fixed assets were sold before the takeover of the Company by the current management. The Rs. 2 Net Book Value was inadvertently carried in the books of the Company and now has been written off.



HARISH KUMAR AGARWAL  
DIN: 02185002  
Director and Chairman of Audit Committee

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



CA Vipul M. Shah  
Proprietor  
Membership No. 103726