



Refex Industries Limited

CIN No. L45200TN2002PLC049601



To:
Bombay Stock Exchange,
Exchange Plaza,
Bandra- Kurla Complex,
Bandra East,
Mumbai - 400 051.

14.06.2017

Dear Sir / Madam,

Sub: Submission of Auditors' Report and Impact of Audit Qualification – Refex Industries Limited

Please find enclosed the Auditors Report along with the Statement on the Impact of Audit Qualification for your kind records.

Thanking You,

Yours' Faithfully,

For Refex Industries Limited

Encl. as above



S. Gopalakrishnan
S. Gopalakrishnan
Company Secretary

**Independent Auditors' Report
To the Members of Refex Industries Limited
Report on the Standalone Financial Statements**

We have audited the accompanying standalone financial statements of Refex Industries Limited ("the Company"), which comprise the Balance Sheet as at 31st March, 2017, the Statement of Profit and Loss and Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

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 preparation and presentation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. 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 standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified u/s 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the standalone financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Management, as well as evaluating the overall presentation of the standalone financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.



Basis for Qualified Opinion:

The Company is not providing for liability for gratuity as per actuarial valuation which is not in accordance of the Accounting Standard on Provision for Gratuity (AS-15) (Refer Note 2(i) forming part of Financial Statements) issued by The Institute of Chartered Accountants of India and the impact of which is unascertainable.

Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matter described in the Basis for Qualified Opinion above, the standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at March 31, 2017 and its profit and its cash flow for the year ended on that date.


Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ('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 paragraphs 3 and 4 of the Order to the extent applicable
2. As required by section 143(3) of the Act, we further report, to the extent applicable, 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 purpose of our audit;
 - b. in our opinion 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, Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - d. in our opinion, except for the effects of the matter described in the Basis for Qualified opinion paragraph, the aforesaid standalone financial statements comply with the Accounting Standards specified under section 133 of the Act, read with relevant rule issued thereunder.;
 - e. on the basis of written representations received from the Directors as on 31st March 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2017 from being appointed as a director in terms of sub-section (2) of section 164 of the Act;
 - f. 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**"; and
 - g. 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, 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 standalone financial statements as mentioned in Note 25.1(i).
 - ii. The Company did not have any material foreseeable losses on long-term contracts including derivative contracts.
 - iii. There were no amounts required to be transferred to the Investor Education and Protection Fund by the Company.
 - iv. The Company has provided requisite disclosure in its statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November 2016 to 30th December 2016 and these are in accordance with the books of accounts maintained by the Company. Refer Note 29 to the standalone financial statements.

Place: Chennai
Date: 27th May 2017



For Bhandari & Keswani
Chartered Accountants
R.No.000433S


P.Bhandari
Partner
M.No.017411

Annexure A to the Independent Auditors' Report:

The Annexure referred to in Independent Auditors' Report to the members of the Company on the standalone financial statements of the Company for the year ended 31st March 2017, we report that:

1. a) The Company has maintained proper records showing full particulars including quantitative details and situations of fixed assets.
b) All the assets have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the company and the nature of its assets. No material discrepancies were noticed on such verification.
c) The title deeds of immovable properties are held in the name of the company.
2. The inventory has been physically verified during the year by the Management. In our opinion, the frequency of verification is reasonable. The discrepancies noticed on verification between the physical stock and book records such were not material.
3. (a) According to the information & explanations given to us, the Company has not granted loans, secured or unsecured, to companies, firms, LLP or other parties covered in the register maintained u/s.189 of the Act, except that it has granted loans of Rs. 3395.59 lakhs, the year end balance being Rs.2677.59 lakhs to two companies covered in the register maintained under section 189 of the Act. In our opinion, the grant of such loan is not prejudicial to the interest of the company.

(b) In our opinion and according to the information and explanations given to us, the terms of repayment of the loan and payment of interest have not been stipulated; however, they are repayable on the mutual agreement of both the parties involved. As there is no stipulation of payment of interest the question of the receipt of interest does not arise.

(c) As the company has not stipulated the terms and conditions for repayment of principal and interest, we are unable to comment on the overdue amount.
4. *In our opinion and according to the information and explanations given to us, the company has not complied with the provisions of section 185 and 186 of the Companies Act, 2013 with respect to the loans, investments, guarantees and security made. The Company has granted a loan of Rs. 3035.72 to a company and a corporate guarantee of Rs.37.48 crores which is not in compliance with section 185 of the Act.*
5. The Company has not accepted any deposits from the public.
6. The Central Government has not prescribed maintenance of cost records u/s 148 (1) of the Act.
7. a) The Company is regular in depositing with appropriate authorities, undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, custom duty, excise duty, VAT, cess and other statutory dues applicable to it with appropriate authorities and that there are no outstanding dues as on the last day of the financial year for a period of more than six months from the date they became payable except in the following cases:

S.No.	Particulars	Amount (In Rs.)	Details
1.	Maharashtra VAT	Rs. 66,83,874/-	Maharashtra Sales Tax Dept
2.	Income tax	Rs.26,24,382/-	Income Tax for A.Y. 2008-09

- b) According to the information and explanations given to us, the particulars of dues in respect of income tax, service tax, sales tax, customs duty, excise duty, VAT and cess, which have not been deposited on account of a dispute, are as follows:

S.No	Particulars	Amount (In. Rs.)	Details
1.	A.Y.2009-10	1,70,61,280/-	Under Appeal with the Hon'ble Income Tax Appellate Tribunal, Chennai
2.	A.Y.2011-12	5,81,45,540/-	Under Appeal with the Hon'ble Commissioner of Income Tax (Appeals), Chennai




8. The Company does not have any loans or borrowings from any financial institution, banks, government or debenture holders during the year. Accordingly, paragraph 3(viii) of the Order is not applicable.
9. The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3 (ix) of the Order is not applicable.
10. According to the information and explanations given to us, no material fraud by the Company or on the company by its officers or employees has been noticed or reported during the course of our audit.
11. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
12. In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, paragraph 3 (xii) of the Order is not applicable.
13. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
14. According to the information and explanations given to us and based on our examination of the records of the Company, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
15. 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 him. Accordingly, paragraph 3 (xv) of the Order is not applicable.
16. The company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

Place: Chennai
Date: 27th May 2017



For Bhandari & Keswani
Chartered Accountants
R.No.000433S


P. Bhandari
Partner
M.No.017411

Annexure B to the Independent Auditor's Report

Report on the Internal Financial Controls 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 Refex Industries Limited ("the Company") as of March 31, 2017 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management 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. 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 Company's internal financial controls over financial reporting 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") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. 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 authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised 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 operating effectively as at March 31, 2017, 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.

Place: Chennai
Date: 27th May 2017

For Bhandari & Keswani
Chartered Accountants
R.No.000433S



P. Bhandari
P.Bhandari
Partner
M.No.017411



Reflex Industries Limited

CIN No. L45200TN2002PLC049601



ANNEXURE I

Statement on Impact of Audit Qualifications (for audit report with modified opinion) submitted along-with Annual Audited Financial Results - (Standalone and Consolidated separately) (Rs. In lacs)

Statement on Impact of Audit Qualifications for the Financial Year ended March 31, 2017 [See Regulation 33 / 52 of the SEBI (LODR) (Amendment) Regulations, 2016]				
I.	Sl. No	Particulars	Audited Figures (as reported before adjusting for qualifications)	Adjusted Figures (audited figures after adjusting for qualifications)
	1	Turnover / Total income	3,771.82	3,771.82
	2	Total Expenditure	3634.52	3634.52
	3	Net Profit / (Loss)	46.31	46.31
	4	Earnings Per Share	0.30	0.30
	5	Total Assets	6008.29	6008.29
	6	Total Liabilities	6008.29	6008.29
	7	Net Worth	1019.88	1019.88
	8	Any other financial item(s) (as felt appropriate by the management)	-	-
II.	Audit Qualification (each audit qualification separately):			
	a. Details of Audit Qualification:			
	b. Type of Audit Qualification : Qualified Opinion / Disclaimer of Opinion / Adverse Opinion		Qualified Opinion	
	c. Frequency of qualification: Whether appeared first time / repetitive / since how long continuing		Repetitive	
	d. For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views:		-	
	e. For Audit Qualification(s) where the impact is not quantified by the auditor:		✓	
	(i) Management's estimation on the impact of audit qualification:			
	(ii) If management is unable to estimate the impact, reasons for the same:		Provision towards Gratuity for the year ended 31.03.2017 has not been made in the Books of Accounts of the Company. The Board is of the opinion that the same will not affect the results of the Company significantly.	



Reflex Industries Limited

CIN No. L45200TN2002PLC049601



	(iii) Auditors' Comments on (i) or (ii) above:	
III.	Signatories:	
	☉ CEO/Managing Director	For REFEX INDUSTRIES LTD <i>[Signature]</i> Managing Director
	☉ CFO	For REFEX INDUSTRIES LTD <i>[Signature]</i> Authorized signatory
	☉ Audit Committee Chairman	For REFEX INDUSTRIES LTD <i>[Signature]</i> Director
	☉ Statutory Auditor	For BHANDARI & KESWANI Chartered Accountants (M. No. 000433S) <i>[Signature]</i>
		PARTNER P. BHANDARI M. No. 017411
	Place:	Chennai
	Date:	26.05.2017