



REFEX REFRIGERANTS LIMITED

(Refex Refrigerants Limited was incorporated on September 13, 2002 as Refex Refrigerants Private Limited, under the Companies Act, 1956, with Registration Number U28121TN2002PLC049601. It was later converted into a public limited company on March 30, 2006 and received a fresh certificate of Incorporation from Registrar of Companies, Chennai, Tamil Nadu.)

Registered Office: 20, Mooker Nallamuthu Street, Chennai-600001. **Tel:** +91- 44-4216 3965 **Fax:** +91-44-2525 1057;

Contact person: Mr.S.Gopalakrishnan, Company Secretary and Compliance Officer

E-mail: admin@refex.co.in; Website : www.refex.co.in

PUBLIC ISSUE OF 38,00,000 EQUITY SHARES OF RS. 10/- EACH AT A PREMIUM OF RS. 55/- PER SHARE (I.E. AT A PRICE OF RS. 65/- PER EQUITY SHARE) FOR CASH AGGREGATING RS. 2470.00 LAKHS ("ISSUE"). THE ISSUE COMPRISES OF A RESERVATION OF 3,80,000 EQUITY SHARES (I.E. 10% OF THE ISSUE SIZE) OF RS. 10/- EACH AT A PREMIUM OF RS. 55/- PER EQUITY SHARE FOR CASH AGGREGATING TO RS. 247.00 LAKHS TO BE ALLOTTED TO QUALIFIED INSTITUTIONAL BUYERS (QIB PORTION) AND THE NET ISSUE TO THE PUBLIC CONSISTS OF 34,20,000 EQUITY SHARES OF RS. 10/- EACH A PREMIUM OF RS. 55/- PER EQUITY SHARE FOR CASH AGGREGATING TO RS 2223.00 LAKHS. ("NET ISSUE TO PUBLIC"). THE NET ISSUE TO THE PUBLIC WOULD CONSTITUTE 22.50 % OF THE FULLY DILUTED POST ISSUE PAID UP CAPITAL OF THE COMPANY.

THE ISSUE PRICE IS 6.5 TIMES OF THE FACE VALUE OF THE EQUITY SHARE

The Issue is being made in terms of clause 2.2.2 (a) (ii) & (b) (i) of SEBI (DIP) Guidelines, 2000, as amended from time to time, whereby the "Project" has atleast 15% participation by Financial Institutions/Scheduled Commercial Banks, of which atleast 10% comes from the appraiser(s). In addition to this, atleast 10% of the Issue size shall be allotted to QIBs, failing which the full subscription monies shall be refunded. (In case of delay, if any in refund, Refex Refrigerants Limited shall pay interest on the application money at the rate of 15% per annum for the period of delay).

RISK IN RELATION TO THE FIRST OFFER TO THE PUBLIC

This being the first issue of the company, there has been no formal market for the equity shares of the company. The face value of the equity share is 10/- each and the issue price is 6.5 times of the face value. The issue price (has been determined and justified by the Lead Merchant Banker and the issuer company as stated under the paragraph Basis of Issue Price) should not be taken to be indicative of the market price of the equity shares after the shares are listed. No assurance can be given regarding an active or sustained trading in the shares of the company nor regarding the price at which the equity shares will be traded after listing.

GENERAL RISKS

Investments in equity and equity-related securities involve a degree of risk and investors should not invest any funds in this Issue unless they can afford to take the risk of losing their investment. Investors are advised to read the risk factors carefully before taking an investment decision in this Issue. For taking an investment decision, investors must rely on their own examination of the Company and this Issue including the risks involved. The Equity Shares issued in this Issue have not been recommended or approved by the Securities and Exchange Board of India ("SEBI"), nor does SEBI guarantee the accuracy or adequacy of this Prospectus. Specific attention of the investors is invited to the statements in the chapter titled "Risk Factors" beginning on page viii of this Prospectus.

ISSUER'S ABSOLUTE RESPONSIBILITY

The Issuer having made all reasonable inquiries, accepts responsibility for and confirms that this Prospectus contains all information with regard to the Issuer and this Issue, which is material in the context of this Issue, that the information contained in this Prospectus is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes this Prospectus as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect.

LISTING

The Equity shares of the Company will be listed on The Bombay Stock Exchange Limited, (BSE) (Designated Stock Exchange). The Company has received in-principle approval from BSE for the listing of Equity Shares pursuant to their letter no. DCS/IPO/SC/IPO-IP/557/2006-07 dated 20/02/2007.

LEAD MANAGER TO THE ISSUE

KEYNOTE

CORPORATE SERVICES LTD

KEYNOTE CORPORATE SERVICES LIMITED

4th Floor, Balmer Lawrie Building, 5,

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Tel : +91 022 2267 1321 / 2269 4324

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Website : www.keynoteindia.net

SEBI Regn. No.: INM 000003606

REGISTRAR TO THE ISSUE



CAMEO

CAMEO CORPORATE SERVICES LTD.

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Chennai 600 002 - INDIA

Tel.: 91-044-2846 0390 (5 Lines), Fax: 91-044-2846 0129

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Website: www.cameoindia.com

SEBI Regn. No.: INR 000003753

ISSUE PROGRAMME

ISSUE OPENS ON: [●] MONDAY, JULY 23, 2007

ISSUE CLOSES ON: [●] THURSDAY, JULY 26, 2007

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DEFINITIONS AND ABBREVIATIONS

Term	Description
“Refex Refrigerants Limited”, “Refex” and “the Company”	Unless the context otherwise requires, refers to, Refex Refrigerants Limited, a public limited company incorporated under the Companies Act, 1956.
Promoter(s)	Unless the context otherwise requires, refers to the core Promoters of Refex, Mr.Tarachand Jain, Mr.Anil Jain, Mr.Jagdish Jain, Mrs. Seema Jain and M/s. Sherisha Technologies Pvt.Ltd

General Conventional Terms

Term	Description
Articles/ Articles of Association	The Articles of Association of the Company i.e., Refex Refrigerants Limited.
Auditors	The statutory auditors of the Company, being M/s. Bhandari & Keswani, Chartered Accountants.
Board of Directors / Board	The Board of Directors of the Company or a Committee thereof.
Companies Act	The Companies Act, 1956, as amended from time to time.
Depositories Act	The Depositories Act, 1996, as amended from time to time.
Depository	A depository registered with SEBI under the SEBI (Depositories and Participant) Regulations, 1996, as amended from time to time.
Depository Participant	A depository participant as defined under the Depositories Act.
Director(s)	Director(s) of the Company unless otherwise specified.
Equity Shares	Equity Shares of the Company of face value of Rs. 10/- each unless otherwise specified in the context thereof.
FCNR Account	Foreign Currency Non Resident Account
FEMA	Foreign Exchange Management Act, 1999, as amended from time to time and the regulations framed thereunder.
Financial Year/ Fiscal/ FY	The period of twelve months ended March 31 of that particular year.
FII	Foreign Institutional Investor (as defined under SEBI (Foreign Institutional Investors) Regulations, 1995) registered with SEBI under applicable laws in India.
Indian GAAP	Generally Accepted Accounting Principles in India.
Insurance Act	Insurance Act, 1938, as amended from time to time.
I. T. Act	The Income Tax Act, 1961, as amended from time to time.
I. T. Rules	The Income Tax Rules, 1962, as amended from time to time, except as stated otherwise.
Memorandum/ Memorandum of Association	The Memorandum of Association of the Company.
Non Resident	A person who is not resident in India except NRIs and FIIs.
NRI/ Non-Resident Indian	A person resident outside India, as defined under FEMA and who is a citizen of India or a person of Indian origin, each such term as defined under the FEMA (Deposit) Regulations, 2000, as amended.
RBI	Reserve Bank of India constituted under the RBI Act.
RBI Act	The Reserve Bank of India Act, 1934 as amended from time to time.

Term	Description
Registered Office of the Company	20, Mooker Nallamuthu Street, Chennai-600001
Person/Persons	Any individual, sole proprietorship, unincorporated association, unincorporated organization, body corporate, corporation, company, partnership, limited liability company, joint venture, or trust or any other entity or organization validly constituted and/or incorporated in the jurisdiction in which it exists and operates, as the context requires
PIO/ Person of Indian Origin	Shall have the same meaning as is ascribed to such term in the Foreign Exchange Management (Investment in Firm or Proprietary Concern in India) Regulations, 2000
SCRR	Securities Contracts (Regulation) Rules, 1957, as amended from time to time.
SEBI	Securities and Exchange Board of India constituted under the SEBI Act.
SEBI Act	Securities and Exchange Board of India Act, 1992, as amended from time to time.
SEBI Guidelines	The SEBI (Disclosure and Investor Protection) Guidelines 2000, as amended from time to time, including instructions, guidelines and clarifications issued by SEBI from time to time.
SEBI Insider Trading Regulations	The SEBI (Prohibition of Insider Trading) Regulations, 1992, as amended from time to time, including instructions and clarifications issued by SEBI from time to time.

Issue related Terms and Abbreviations

Term	Description
Allotment/ Allotment of Equity Shares	Unless the context otherwise requires, issue of Equity Shares pursuant to this Issue.
Allottee	The successful applicant to whom the Equity Shares are being / or have been issued or transferred
Applicant	Any prospective investor who makes an application pursuant to the terms of this Offer Document
Application Forms	The Form in terms of which the investors shall apply for the equity shares of the company.
Depositories Act	The Depositories Act, 1996, as amended from time to time.
Depository Participant	A depository participant as defined under the Depositories Act.
Designated Stock Exchange	In this case being the Bombay Stock Exchange Limited.
Equity Shares	Equity Shares of the Company of face value of Rs. 10 each unless otherwise specified in the context thereof.
Indian National	A citizen of India as defined under the Indian Citizenship Act, 1955, as amended, who is not an NRI.
Issue	The issue of 38,00,000 Equity Shares of Rs. 10 each for cash at a premium of Rs. 55/- per share aggregating Rs.2470 lacs
Issue Management Team	The team managing this Issue as set out in the section titled “General Information” in this Offer Document.
Issue Opening Date	The date on which the issue opens for subscription.
Issue Closing Date	The date on which the issue closes for subscription.
Issue Period	The period between the Issue Opening Date and the Issue Closing Date inclusive of both days and during which prospective applicants can submit their

Term	Description
	application forms
Issue Price	The price at which Equity Shares will be issued and allotted in term of this Offer Document, in this case being Rs. 65/- per Equity Share.
Lead Manager/LM	Lead Manager to this Issue, in this case being Keynote Corporate Service Limited and Ashika Capital Limited being the Co- Lead Manager.
Mutual Funds	Means mutual funds registered with SEBI pursuant to the SEBI (Mutual Funds) Regulations, 1996, as amended from time to time.
Prospectus	The Prospectus, to be filed with the RoC containing, inter alia, this Issue Price, the number of Equity Shares offered through this Issue and certain other information.
Registrar/ Registrar to this Issue	Cameo Corporate Services Limited
Retail Investor	Means an investor who applies for securities for a value of not more than Rs.1,00,000/-.
Stock Exchange	Bombay Stock Exchange Limited

COMPANY / INDUSTRY-RELATED TERMS

Term	Description
Auditors	M/s. Bhandari & Keswani
Articles/ Articles of Association	The Articles of Association of Reflex Refrigerants Ltd.
Board/ Board of Directors	Board of Directors of Reflex Refrigerants Ltd. unless otherwise specified.
Director(s)	Director(s) of Reflex Refrigerants Ltd., unless otherwise specified
Memorandum/ Memorandum of Association	The Memorandum of Association of Reflex Refrigerants Ltd.

Notwithstanding the foregoing, in the chapter titled “Main Provisions of the Articles of Association of the Company” on page 109 of this Offer Document, defined terms have the meaning given to such terms in the Articles of Association of the Company.

Abbreviations

Abbreviation	Full Form
AGM	Annual General Meeting.
AS	Accounting Standards issued by the Institute of Chartered Accountants of India.
BSE	Bombay Stock Exchange Limited.
BG/LC	Bank Guarantee/ Letter of Credit
CAGR	Compounded Annual Growth Rate.
CDSL	Central Depository Services (India) Limited.
ECS	Electronic Clearing System
EGM	Extra Ordinary General Meeting of the shareholders.
EPS	Earnings per Equity Share.
ESOP	Employee Stock Option Plan

Abbreviation	Full Form
FIs	Financial Institutions.
FVCI	Foreign Venture Capital Investors registered with SEBI under the SEBI (Foreign Venture Capital Investor) Regulations, 2000.
GDP	Gross Domestic Product
GIR Number	General Index Registry Number.
GoI/ Government	Government of India.
HUF	Hindu Undivided Family.
NAV	Net Asset Value.
NRE Account	Non Resident External Account.
NRO Account	Non Resident Ordinary Account.
NSDL	National Securities Depository Limited.
P/E Ratio	Price/Earnings Ratio.
PAN	Permanent Account Number.
RoC/Registrar of Companies	The Registrar of Companies, Tamil Nadu, Chennai.
RoNW	Return on Net Worth.
Rs./ Rupees	Indian Rupees, the legal currency of the Republic of India.
UIN	Unique Identification Number issued in terms of SEBI (Central Database of Market Participants) Regulations, 2003, as amended from time to time.
USD/ \$/ US\$	The United States Dollar, the legal currency of the United States of America.

Industry Related Terms

Term	Description
B/L	Bill of Lading
CCOE	Chief Controller of Explosives
CFC	Chlorofluorocarbon
CIN	Company Identification Number
DIN	Director Identification Number
HFC	Hydro FluroCarbon
HSD	High Speed Diesel
IEC	Importer/Exporter Code
LC	Letter of Credit
MSDS	Material Safety Data Sheet
ODP	Ozone Depleting Potential
ODS	Ozone Depleting Substances
OEM	Orginal Equipment Manufacturer
PAN	Permanent Account Number
PBDIT	Profit Before Depreciation, Interest & Taxes
PESO	Petroleum and Explosives Safety Organisation
QA	Quality Assurance
TAN	Tax Deduction Account Number
USD	United State Dollar
TNPCB	Tamil Nadu Pollution Control Board



PRESENTATION OF FINANCIAL INFORMATION AND USE OF MARKET DATA

In this Offer Document, the terms “Reflex Refrigerants Limited”, “Reflex”, “the Company”, and “its”, unless the context otherwise indicates or implies, refers to Reflex Refrigerants Limited, a public limited company incorporated under the Companies Act.

Unless stated otherwise, the financial information used in this Offer Document is derived from the Company’s restated financial statements as of and for the years ended March 31, 2003, 2004, 2005, 2006 and 2007 prepared in accordance with Indian GAAP and the Companies Act and restated in accordance with SEBI Guidelines, as stated in the report of the Company’s statutory Auditors, M/s. Bhandari & Keswani, Chartered Accountants, included in this Offer Document.

The Company’s fiscal year commences on April 1 and ends on March 31 of a particular year. Unless stated otherwise, references herein to a fiscal year (e.g., fiscal 2006), are to the fiscal year ended March 31 of a particular year.

In this Offer Document, any discrepancies in any table between the total and the sum of the amounts listed are due to rounding-off.

There are significant differences between Indian GAAP and U.S. GAAP; accordingly, the degree to which the Indian GAAP financial statements included in this Offer Document will provide meaningful information is entirely dependent on the reader’s level of familiarity with Indian accounting practices, Indian GAAP, Companies Act and SEBI Guidelines. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in this Offer Document should accordingly be limited. The Company has not attempted to explain these differences or quantify their impact on the financial data included herein, and the Company urges you to consult your own advisors regarding such differences and their impact on financial data.

Market data used in this Offer Document has been obtained from industry publications and internal Company reports. Industry publications generally state that the information contained in those publications has been obtained from sources believed to be reliable but that their accuracy and completeness are not guaranteed and their reliability cannot be assured. Although the Company believes that the market data used in this Offer Document is reliable, it has not been independently verified. Similarly, internal Company reports, while believed by us to be reliable, have not been verified by any independent source.

All references to “India” contained in this Offer Document are to the Republic of India, all references to the “US” or the “U.S.” or the “USA”, or the “United States” are to the United States of America and all references to “UK” are to the United Kingdom.

Currency of Presentation

All references to “Rupees” or “Rs.” or “INR” are to Indian Rupees, the official currency of the Republic of India. All references to “U.S.\$” or “U.S. Dollar(s)” are to United States Dollars, the official currency of the United States of America. All references to “Sing \$” are to Singapore Dollars, the official currency of the Singapore.

FORWARD-LOOKING STATEMENTS

The Company has included statements in this Offer Document which contain words or phrases such as “will”, “aim”, “is likely to result”, “believe”, “expect”, “will continue”, “anticipate”, “estimate”, “intend”, “plan”, “contemplate”, “seek to”, “future”, “objective”, “goal”, “project”, “should”, “will pursue” and similar expressions or variations of such expressions, that are “forward-looking statements”.

All forward looking statements are subject to risks, uncertainties and assumptions about the Company that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement. Important factors that could cause actual results to differ materially from the Company’s expectations include but are not limited to:

- General economic and business conditions in the markets in which the Company operates and in the local, regional and national economies;
- Changes in laws and regulations relating to the industry in which the Company operate;
- Prices of raw materials the Company consumes and the products that the Company produces.
- Increased competition in these industries;
- Company’s ability to successfully implement its growth strategy and expansion plans, and to successfully launch and implement various projects and business plans for which funds are being raised through this Issue;
- Company’s ability to meet its capital expenditure requirements;
- Fluctuations in operating costs;
- Company’s ability to attract and retain qualified personnel;
- Changes in technology;
- The loss or shutdown of operations of the Company at any times due to strike or labour unrest.
- Changes in political and social conditions in India or in countries that the Company may enter, the monetary and interest rate policies of India and other countries, inflation, deflation, unanticipated turbulence in interest rates, equity prices or other rates or prices;
- The performance of the financial markets in India and globally; and
- Any adverse outcome in the legal proceedings in which the Company is involved.

For further discussion of factors that could cause actual results to differ, please see the section entitled “Risk Factors” beginning on page viii of this Offer Document. By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated. Neither the Company, the Directors, any member of the Lead Manager team nor any of their respective affiliates have any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. In accordance with SEBI requirements, the Company and the Lead Manager will ensure that investors in India are informed of material developments until such time as the grant of listing and trading permission by the Stock Exchanges.

SECTION I- RISK FACTORS

An investment in Equity Shares involves a high degree of risk. You should carefully consider all of the information in this Offer Document, including the risks and uncertainties described below, before making an investment in the Company's Equity Shares. If any of the following risks occur, the business of the Company, financial condition and results of operations could suffer, the trading price of the Equity Shares could decline, and you may lose all or part of your investment.

A. RISKS INTERNAL TO THE COMPANY

OUTSTANDING LITIGATIONS/DISPUTES/CASES PENDING AGAINST THE COMPANY/PROMOTER / DIRECTORS:

1. *Litigations pending against the Company*

M/s. Leap International (P) Ltd. has filed a complaint against the company before the Metropolitan Magistrate Court, Chennai under Sec 138 of the Negotiable Instruments Act for an amount of Rs. 20,394. The case is posted for hearing on 19/09/2007.

2. *Litigations pending against group companies / partnership concern*

There are some litigations pending against Bombay Metals, a partnership firm in which Mr. Anil Jain, Managing Director of Reflex is a power of attorney holder which are summarized as under. For more information please refer to Chapter V "Legal and other Information" commencing on page 83 of this offer document

Sr. No.	Particulars	No. of cases	Amount involved where quantifiable (Rs. In lacs)
1	Civil	1	0.14
2	Customs related	3	3.23

3. *Promoters do not have adequate background and experience in the field of refilling of Refrigerant gases.*

The promoters are into the business of stainless steel and air conditioning products for over 3 decades. Their experience in the refrigerant gas industry is for a limited period of around 9 years through activities in their associated concern and in the company itself. The company proposes to increase its capacities by over 700 % through the proposed expansion programme. The entire expansion project is dependent of the limited experience of the promoters.

4. *Restrictive Covenants by the appraising Bank*

The Company has been sanctioned cash credit facility and term loan to the extent of Rs.400 Lacs and 550 Lacs respectively from Centurion Bank of Punjab Ltd. The sanction letter issued by the said bank contains several restrictive covenants, some of which operate on a day to day basis and the others which operate on any default by the Company in meeting the repayment obligations or not complying with terms and conditions applicable to the said credit facilities. These covenants requires to obtain the bank's permission in writing for undertaking certain activities and those which operate on default are restrictive

and can affect the operations and future plans. The other main terms and conditions of the sanction letter of Centurion Bank of Punjab are as follows :

- Release of the Term Loan is only after ensuring the availability (in form of share capital & premium) of the required minimum margin money for the projects from IPO and from the promoters.
- Escalation cost of the project, if any, shall be borne by the Company.
- The term loan to be fully drawn before July, 2007 and to be made to the suppliers of new machinery/ other assets, on ensuring adequate margin, or for settlement of dues under the Letter of Credit.
- The Company to maintain leverage of 3.5 at any point of time during the tenancy of the finance with the Bank.
- The Company has to solely bank with us and should not enter into any borrowing arrangement without prior consent of the Bank.
- Undertaking from M/s Sherisha Technologies Pvt. Ltd., stating that they will not avail any credit facilities with any FI/Bank and it will not give any guarantee without the Banks approval.

For more details on the restrictive covenants by the appraising bank please refer page no. 16 of this Offer Document.

5. *Licenses and Approvals not applied for by Refex :*

- The Company's operations are carried out from its Registered, Administrative and branch Offices. The Company has not applied for licence under the Tamil Nadu Shops and Establishment Act in respect of its Registered office and Administrative office and to other concerned authorities where the branch offices are situated.
- The Company has also not taken insurance under the Public Liability Insurance Act.

6. *Refex has issued equity shares at a price lower than the Issue Price*

Following are the allotments made by Refex in last 12 months (from the date of filing of draft offer document with SEBI) which are at a price lower than the current issue price of Rs. 65/- per share:

Date of Allotment	Number of Equity Shares	Issue Price Per Equity Share (Rs.)
30/03/2006	20,35,000	10
24/06/2006	7,45,000	Bonus
26/12/2006	23,84,000	Bonus
30/12/2006	55,06,000	10
30/12/2006	1,30,000	30
12/01/2007	4,00,000	60

7. *Increase in the prices of major raw material may have an adverse impact on the profitability.*

The raw materials used by the company are refrigerant gases which are procured from outside India. Prices of refrigerant gases are subject to volatility and exchange risks. Any abrupt or large-scale escalation in the prices of the raw material can adversely affect the project. Besides the above, continued shortage of domestic /Imported raw materials / components may adversely affect the company's growth prospects.

- 8. *The success of the Company depends largely on its senior management and its ability to attract and retain its key personnel. Any significant changes in the key managerial personnel, may affect the performance of the Company.***

The success depends on the continued services and performance of the members of the senior management team and other key employees. The loss of the services of the senior management or other key personnel of the Company could seriously impair the Company's ability to continue to manage and expand its business which may adversely affect its financial condition.

- 9. *Competition from other manufacturers / marketers may adversely affect the competitive position and profitability of the company.***

The company may face competition from other existing players and potential entrants to the industry which may affect the competitive position and profitability of the company. Loss of market share as also competition may adversely affect the profitability. Our inability to compete successfully in our industry would materially affect our business prospects and financial condition.

- 10. *Inability to comply with environmental laws and regulations may adversely affect operations of the company.***

Environmental laws and regulations in India have been increasing in stringency and it is possible that they may become significantly more stringent in future. Consequently the cost of compliance with environmental laws may also increase. Non compliance with any of the environmental regulations could have an adverse impact on the operations and profits of the company.

- 11. *Restrictive covenants as regards share subscription agreement with BCCL***

The company has entered into a share stock agreement with BCCL which contains restrictive covenants. Some of the main covenants are listed below:

- The Company and the Promoters, jointly and severally covenant that they shall use reasonable endeavours to cause an initial public offering of the Company ("IPO") within 12 (Twelve) months from the date of the agreement.
- The Company shall on a continuous basis furnish to BCCL Unaudited quarterly profit and loss account statements of the Company, Annual audited financials of the Company, All details pertaining to the shareholding structure of the Company as on 31st of March every year
- The Company shall make, and the Promoters shall cause the Company to make all necessary endeavours to ensure the growth of the business of the Company. The Promoters shall not either alone or jointly with any other person directly or indirectly engage, in any business which competes with the business of the Company.

For more information please refer to Chapter on "History and Other Corporate Matters commencing on page 44 of this offer document

- 12. *As stated in the auditors report dated 26/04/2007 confirmations from sundry debtors and sundry creditors have not been obtained.***

B. RISKS SPECIFIC TO THE PROJECT

1. *Risks identified by the appraiser bank*

The critical risk factors given in the appraisal note of Centurion Bank of Punjab vide letter dated 11/01/2007 is as follows:

- **Marketing/ Competition Risk:** Company is undertaking large scale expansion and may face problem in sales/ marketing of higher output.
- **IPO Success:** Risk of failure of initial public offer, as company is not underwriting the issue.
- **Project Execution:** Risk of time and cost overrun in the project.

2. *The Company has not entered into any definitive agreement or placed orders for machinery and equipments required to set up the proposed Project. Any delay in placing the orders or procurement of plant and machinery, equipments etc may delay the implementation schedule.*

The project of Refex has been appraised by Centurion Bank of Punjab Ltd. and it has extended financial assistance in the form of cash credit facility and term loan to the extent of Rs.400 lacs and Rs. 550 lacs respectively to Refex vide sanction letter dated 28/12/2006. Financial estimates regarding the cost of the Project has been made on certain assumptions, inter alia that the Project is estimated to be completed by June 2007 at a cost of Rs.3615 Lacs

The Company is yet to place orders for plant and machinery estimated to cost Rs.1271.78 lacs which is approximately 35.18% of the total estimated cost of the project.

Management Perception:

The Company has obtained quotations from vendors of machineries and orders for the same shall be placed at appropriate time.

3. *Any delay in the commencement of operations as scheduled as per the proposed expansion plan may affect the profitability of the Company.*

The Company has embarked upon a new project with an investment of approximately Rs.3615 lacs. Timely commencement of commercial operations of the project will have a critical bearing on the financial performance of the Company. Any delay in the completion or beginning of the production may adversely impact the results of the operations of the Company and would also affect the market price of the Equity Shares. There has already been a delay of six months in the schedule of implementation of the project that the company has proposed to undertake.

4. *Significant increase in the installed capacity of the company through the proposed expansion project*

The company is proposing to increase its existing installed capacity from 480 MT to 3000 MT (which is around 700% more than the current capacity). The success of the operations of the company after the proposed expansion depends upon the project management skills of the company.

C. EXTERNAL RISK FACTORS

1. *Instability of the Political Situation in India could adversely affect the Industry*

The Government of India plays an important role by regulating the policies and regulations governing the private sector. The current economic policies of the government may change at a later date. The Company's business, and the market price and liquidity of the Equity Shares, may be affected by interest rates, changes in Government policy, taxation, social and civil unrest and other political, economic or other developments in or affecting India. Unstable internal and international political environment could impact the economic performance in both the short term and the long term.

2. *Changes in Government policies in India may have an adverse impact on the business and operations of the company.*

Since 1991, the Government of India has pursued policies of economic liberalization, including relaxing restriction on the private sector. No assurances can be provided that the process of liberalization will be sustained in the future. There could be slow down in the pace of economic developemtn. The rate of economic liberalization could change specific laws and policies and other matters affecting the investment in securities of the company. Any adverse changes in the Government policies relating to the products dealt by the company may have an impact on our profitability.

3. *Political, economic and social developments in India could adversely affect the business of Reflex*

All the facilities and other assets of Reflex are located in India and most of its officers and Directors are resident in India. The operations & financial results of the Company, the market price & liquidity of the equity shares may be affected by changes in Indian Government policy or taxation or social, political, economic or other developments in or affecting India.

4. *An active market for the Equity Shares may not develop, which may cause the price of the Equity Shares to fall and may limit your ability to sell the Equity Shares*

The Equity Shares of Reflex are currently not listed on any of the Stock Exchanges. Application has been made to the BSE for the Equity Shares to be admitted to trading on the stock exchange. No assurance can be given that an active trading market for the Equity Shares will develop or as to the liquidity or sustainability of any such market, the ability of holders of the Equity Shares to sell their Equity Shares or the price at which shareholders will be able to sell their Equity Shares. If an active market for the Equity Shares fails to develop or be sustained, the trading price of the Equity Shares could fall. If an active trading market were to develop, the Equity Shares could trade at prices that may be lower than their initial offering price.

5. *Changes in the regulatory framework could have an impact on the business of the company*

Any changes in the regulatory framework pertaining to manufacturing refrigerant gases could have an adverse impact on the business of the company.

6. *A slowdown in economic growth in India could cause the businessof Reflex to suffer*

Company's performance and growth is dependent on the health of the Indian economy. The economy could be adversely affected by various factors such as political or regulatory action, including adverse changes in liberalisation policies, social disturbances, terrorist attacks and other acts of violence or war, natural calamities, interest rates, commodity and energy prices and various other factors. Any slowdown

in the Indian economy may adversely impact our business and financial performance and the price of our Equity Shares.

Notes to Risk Factors

1. Public Issue of 38,00,000 Equity Shares of Rs. 10 each at a price of Rs.65/- per equity share for cash aggregating Rs.2470 lacs.
2. The net worth of the Company, as on 31/03/2007 was Rs. 1,531.88 lacs.
3. The average cost of acquisition of Equity Shares by the Company's Promoters/ Promoter Group, is Rs.6.90/- per Equity Share.
4. Book value of the Equity Shares of the Company, as per its restated financial statements as on 31/03/2007 was Rs. 13.44 per share.
5. For details on Related Party Transactions refer to the chapter titled "Related Party Transactions" on page 71 of this Offer Document.
6. For details of loans and advances made by the Company refer page 73 of this offer document
7. There is no interest of promoters/ directors/ key management personnel other than reimbursement of expenses incurred on normal remuneration or benefits.
8. Investors are free to contact the LM for any complaints/ information/ clarification pertaining to this Issue. For contact details of the LM, please refer to the cover page of this Offer Document.
9. All information shall be made available by the LM and the Company to the public and investors at large and no selective or additional information would be available only to a section of the investors in any manner whatsoever.
10. Investors are advised to refer to the paragraph on "Basis of Issue Price" on page 24 of this Offer Document before making an investment in this Issue.
11. In the event of the Issue being oversubscribed, the allotment will be made on a proportionate basis.

PART I

SECTION II: INTRODUCTION

SUMMARY

This is only a summary and does not contain all the information that you should consider before investing in the Equity Share of the Company. You should read this entire Offer Document, including the information contained in the chapter titled “Risk Factors” and “Financial Statements” and related notes beginning on pages viii and 65 of this Offer Document before deciding to invest on the Equity Shares of the Company.

Overview of the Refrigerants Gas Industry

Refrigerants are substances with low boiling points and large latent heats, at pressures above atmospheric pressure. These substances absorb heat through expansion or vaporization and lose the same through condensation. Refrigerants are used mainly in the Refrigeration and Air-conditioning production, hence the demand for the Refrigerants Gas depends on the performance of these industries. With industrial development, the demand for process related refrigeration and air conditioning has increased. Production of Refrigerators in India has increased from 24,69,430 units in the year 2001-02 to 51,39,010 units in the year 2005-06. The number of air-conditioned cars manufactured in India will touch 23,00,000 by end of 2010 from the current 12,00,000 in 2005. Also the air-conditioning industry in India is witnessing a sustained rise in demand both at the consumer and commercial segments. (Source: CSO, Auto Car Professional 1st July 2006).

Chlorofluorocarbons(CFCs) used in Industrial Gases, contains chlorinated Fluoro-carbon emissions that contaminate the earth’s ozone layer, so they were phased out in 1995 in developed countries. In developing countries like India CFCs are to be phased out by 2010, i.e.; from Jan 1, 2010 CFCs cannot be used in India and the production as well as sale of CFCs shall be banned. This is as per the agreement entered into by the developing countries under the Montreal protocol agreement and India is a party to the agreement. The current market size of the CFC and HFC business in India is about 34400MT. The four main manufacturers of CFCs are SRF LTD, Gujarat Flourochemicals Limited, Navin Fluorine Ltd. and Chemplast Ltd.

Business Summary

Reflex Refrigerants Limited was incorporated on September 13, 2002 and is engaged in the business of refilling non ozone depleting refrigerant gases popularly known as ‘Hydro fluorocarbons’ or ‘HFCs’, which are used in air conditioners, refrigerators and refrigerating equipments. Reflex forayed into HFC refrigerants that are ecofriendly by nature [Source: The Economic Times: Corporate Dossier: November 17, 2006 (India’s Success Story 2006, OzoneCell, MoE&F, Govt. of India)].

Competitive Strengths of Reflex

- The Company is engaged in the business of refilling HFC which, unlike other refrigerant gases, is an eco friendly gas that does not harm the Ozone Layer.
- Reflex has reputed Corporates and MNCs like Hyundai Motors India Limited, Godrej and Boyce Manufacturing Co. Ltd., Blue Star Ltd. and Carrier Aircon Limited in its clientele list.
- The company has entered into a technical collaboration agreement with M/s Kaltech Engineering and Refrigerants Pte Ltd., Singapore (Kaltech). Kaltech shall provide technical backup to Reflex on product quality, technical know-how for storage, transfer, filling, recondensing of refrigerant gases and maintenance of the cylinders.

FINANCIAL DATA

STATEMENT OF ADJUSTED PROFIT AND LOSS ACCOUNT

(Rs. in lacs)

Particulars	31/03/2003	31/03/2004	31/03/2005	31/03/2006	31/03/2007
Income					
Sales:					
Of Products manufactured by the Company	-	-	85.75	421.16	1407.36
Of Products traded in by the Company	-	-	-	683.63	3,721.66
Other Income	-	-	0.90	0.99	0.89
Increase(Decrease in Inventories)	-	-	4.16	10.73	11.47
Total	-	-	90.81	1,116.51	5141.38
Expenditure					
Raw Materials Consumed	-	-	41.49	877.70	4093.84
Staff Costs	-	-	5.25	10.08	40.43
Other Manufacturing Expenses	-	-	13.89	59.34	209.33
Administration Expenses	-	-	10.36	24.05	119.42
Selling & Distribution Expenses	-	-	0.42	0.17	14.62
Total	-	-	71.41	971.34	4477.64
Earning Before Depreciation Interest & Tax	-	-	19.40	145.17	663.74
Depreciation	-	-	18.35	13.09	37.07
Interest	-	-	0.07	0.13	29.77
Net Profit before tax and Extraordinary items	-	-	0.98	131.95	596.90
Taxation					
Current tax	-	-	0.36	23.06	131.16
Deferred tax	-	-	-	21.75	74.08
Net Profit before Extraordinary Items	-	-	0.62	87.14	391.66
Extraordinary items	-	-	-	67.90	-
Net Profit after Extraordinary Items	-	-	0.62	19.24	391.66
Adjustments on account of Prior period Expenses	-	-	-	-	-
Adjusted Profit	-	-	0.62	19.24	391.66

The above should be read with Notes to Statements of Adjusted Profits & Losses & Assets & Liabilities, as restated appearing in Annexure III & Significant Accounting Policies as appearing in Annexure IV of the Auditors Report on page no. 69 of this Offer Document.

RESTATED STATEMENT OF ADJUSTED ASSETS AND LIABILITIES

(Rs. in lacs)

Particulars		31/03/2003	31/03/2004	31/03/2005	31/03/2006	31/03/2007
A.	Fixed Assets					
	Gross block	-	-	50.29	353.89	905.12
	Less Depreciation	-	-	18.35	97.99	67.81
	Net Block	-	-	31.94	255.90	837.31
	Less: Revaluation Reserve	-	-	-	-	-
	Net Block after adjustment for Revaluation Reserve	-	-	31.94	255.90	837.31
B.	Investments	-	-	-		
C.	Current Assets, Loans and Advances					
	Inventories	-	-	4.16	14.89	26.36
	Sundry Debtors	-	-	19.95	164.34	1,071.55
	Cash and Bank Balances	6.14	0.03	0.07	0.84	3.73
	Loans and Advances	7.18	13.00	10.00	62.94	1197.40
	Total Current Assets, Loans and Advances	13.32	13.03	34.18	243.01	2299.04
D.	Liabilities and Provisions:					
	Secured Loans	-	-	0.33	4.64	568.66
	Unsecured Loans	-	-	-	1.69	149.55
	Current Liabilities and Provisions	0.11	0.16	45.62	227.48	790.44
	Deferred Tax Liability	-	-	-	21.75	95.82
		0.11	0.16	45.95	255.56	1604.47
E.	Net Worth	13.21	12.87	20.17	243.35	1,531.88
F.	Represented by					
	Share Capital	14.00	14.00	20.00	223.50	1,140.00
	Share Application money pending allotment	-	-	-	-	-
	Reserves	-	-	0.62	19.85	391.88
	Less Revaluation Reserve	-	-	-	-	-
	Reserves(Net of Revaluation Reserves)	-	-	-	-	-
	Total	14.00	14.00	20.62	243.35	1,531.88
G.	Misc. Expenditure to the extent not written off or adjusted	0.79	1.13	0.45	-	-
H.	Net Worth (F-G)	13.21	12.87	20.17	243.35	1,531.88

The above should be read with Notes to Statements of Adjusted Profits & Losses & Assets & Liabilities, as restated appearing in Annexure III & Significant Accounting Policies as appearing in Annexure IV of the Auditors Report on page no. 69 of this Offer Document.

THE ISSUE

Type of Issue	Type of Instrument	No. of equity shares	Face Value (Rs.)	Issue Price (Rs.)	Consideration
Public Issue	Equity Shares	38,00,000	10/-	65/-	Cash

ISSUE BREAK-UP

Particulars	No. of Equity Shares
Equity Shares offered (Issue Size)	38,00,000 Equity Shares
Out of which:	
Minimum allotment to QIB's on competitive basis (10% of the Issue Size) Equity Shares of Rs. 10/- each	3,80,000 Equity Shares
Net Issue to the public	34,20,000 Equity Shares
Equity shares outstanding prior to the Issue	1,14,00,000 Equity Shares
Equity shares outstanding after the issue	1,52,00,000 Equity Shares

Use of proceeds:

Please see section titled "Objects of the Issue" on page 15 of this Offer Document

ISSUE PROGRAM

ISSUE OPENS ON	[●] Monday, July 23, 2007
ISSUE CLOSSES ON	[●] Thursday, July 26, 2007



GENERAL INFORMATION

Refex Refrigerants Limited

Refex Refrigerants Limited was incorporated on September 13, 2002 as Refex Refrigerants Private Limited, under the Companies Act, 1956, with Registration Number U28121TN2002PTC049601. It was later converted into a public limited company on from March 30, 2006 and received a fresh certificate of Incorporation from Registrar of Companies, Chennai, Tamil Nadu

Registered Office: 20, Mooker Nallamuthu Street, Chennai-600 001 (India)
Tel: +91-044-2524 3965 / 2527 0821 Fax: +91-044-2525 1057
E-mail: admin@refex.co.in Website: www.refex.co.in

Admin office: No.67, Bazullah Road, T.Nagar, Chennai – 600 017.
Tel : + 91-044-4269 4111/ 3/ 5 Fax : +91-044-4269 4112
E-mail : gopalkrishnan@refex.co.in Website: www.refex.co.in

Branches :

Refex Refrigerants Limited B-13, DSIDC, Jhilmil Industrial Area, GT Road, Shahdara, New Delhi – 110095	Refex Refrigerants Limited Sai Vihar Cooperative Society Plot 434/435, Opp Bank of India, Ghansoli, Navi Mumbai - 400701.
Refex Refrigerants Limited No.165, Sajanand Estates, Sarkhej-Bavla Highway, Sarkhej, Ahmedabad - 382210	Refex Refrigerants Limited 4/3-286 Old Bhoiguda III Floor Secunderabad - 500 003, Andhra Pradesh

Works:

Refex Refrigerants Limited

No.1/171, Old Mahabalipuram Road
Thirupurur 603 110.
Kanchipuram Dist, Tamil Nadu.

Registration Number: U28121TN2002PLC049601

Address of Registrar of Companies: Shastri Bhavan, No.26, Haddows Road, Chennai 600 006

Board of Directors

The current Board of Directors of Refex consists of the following:

Name of Director	Designation	Status
Mr. Tarachand Jain	Chairman	Executive & Non-Independent
Mr. Anil Jain	Managing Director	Executive & Non-Independent
Mr. S. K. Yong	Director	Non Executive & Non Independent
Mr. Anil K. Dhar	Director	Non Executive & Independent
Mr. N. D. Trivedi	Director	Non Executive & Independent
Mr Ratanchand Lodha	Director	Non Executive & Independent

For further details of the Board of Directors of the Company, please refer to the chapter titled “Management” on page 52 of this Offer Document.

Company Secretary and Compliance Officer

Mr.S.Gopalakrishnan

No.67,Bazullah Road, T.Nagar,
Chennai – 600 017.

Tel : + 91-044-4269 4111/ 3/ 5

Fax : +91-044-4269 4112

E-mail : gopalkrishnan@refex.co.in

Registrar to this Issue

CAMEO CORPORATE SERVICES LTD.

Subramanian Building, # 1, Club House Road

Chennai 600 002 - INDIA

Tel: +91-044-2846 0390 (5 Lines); Fax: +91-044-2846 0129

E-mail : cameo@cameoindia.com

Website: www.cameoindia.com

SEBI Reg. No. : INR 000003753

Contact Person: R.D.Ramaswamy

Investors can contact the Compliance Officer or the Registrar in case of any pre-Issue or post-Issue related problems such as non-receipt of letters of allotment, credit of allotted Equity Shares in the respective beneficiary account or refund orders, etc.

Lead Manager

KEYNOTE CORPORATE SERVICES LIMITED

4th Floor, Balmer Lawrie Building,

5, J. N. Heredia Marg, Ballard Estate, Mumbai-400 001.

Tel : +91-022-2267 1321 / 2269 4324

Fax: + 91-022-22694323

E-mail: mbd@keynoteindia.net

Website: www.keynoteindia.net

Sebi Regn No: INM 000003606

Contact Person: Janardhan Wagle

Co-Lead Manager

ASHIKA CAPITAL LIMITED

1008, Raheja Centre, 10th Floor

214 Nariman Point, Mumbai 400021

Tel: +91-022-66111700, Fax: +91-022-66111710

E-mail: surya@ashikagroup.com

Website: www.ashikadirect.com

Sebi Regn No: INM000010536

Contact Person: Hari Surya

Legal Advisors to the Issue

CORPORATE LAW CHAMBERS INDIA

44A, Nariman Bhavan,

Nariman Point

Mumbai – 400 021.

Tel : +91-022- 6632 1528 , Fax : +91-022-6632 1531

E.mail: mail@corplawchambers.com

Contact person: Mr.Srinivasan

Bankers to the Issue

HDFC BANK LIMITED

26 A, Narayan Properties,
Chandivali Farm Road,
Saki Naka,
Mumbai – 400 072
Tel: + 91-022-28569009
Fax: + 91-022-28569256
E-mail: viral.kothari@hdfcbank.com
Website: www.hdfcbank.com
Contact person: Mr. Viral Kothari

UTI BANK

No.29, Rajaji Salai,
Chennai – 600 001
Tel: +91-044-25210696 /97
Fax: +91-044- 28114781
Email: M.Sakthivel@utibank.co.in
Website: www.utibank.com
Contact person: Mr. Sakthivel

CANARA BANK

Capital Market Services Branch
Varma Chambers, No. 11, Homji Street,
Fort, Mumbai – 400001
Tel: +91-022-22692973
Fax: +91-022-22664140
Email: mcity2422@canbank.co.in
Contact person : Mr. Muralidharan

Statutory Auditors

M/S. BHANDARI & KESWANI

Chartered Accountants,
No. 75, Mahatma Gandhi Road,
Chennai 600 034.
Tele Fax: + 91-044-2827 6185

Bankers to the Company

CENTURION BANK OF PUNJAB LTD

Padma Complex, 320 Anna Salai
Nandanam, Chennai 600 035
Tel: +91-044-24348791/92/93, 243603699
Fax: +91-044-24348794
E-mail: cblmlds@vsnl.com

Statement of Inter Se Allocation of Responsibilities

The following table sets forth the distribution of responsibility and co-ordination for various activities among the Lead Manager to the Issue and Co-lead Manager to the Issue:

Sr. No.	Activity	Responsibility	Coordinator
A.	i) Capital Structuring with relative components and formalities	Keynote	Keynote
	ii) Structuring of the issue instrument		
B.	i) Offer document – draft and design of offer document, due diligence and completion of formalities with Stock Exchange, SEBI and Registrar of Companies.	Keynote	Keynote
	ii) Selection of Ad agencies, design of statutory advertisement and press releases		

Sr. No.	Activity	Responsibility	Coordinator
C.	Marketing of the Issue, which will cover, interalia formulating of marketing strategies, preparation of publicity budget, arrangement for Ad Media Centres of holding conferences of Brokers, Investors etc, and Bankers to the Issue.	Ashika & Keynote	Ashika
D.	Selection of various agencies connected with the issue such as Registrars to the Issue, Printers and Brokers.	Keynote & Ashika	Keynote
E.	Selection of Bankers to the Issue, collection centres	Ashika	Keynote
F.	Follow up with Bankers to the issue on collections and advising the issuer about closure of the issue based on correct figures	Ashika	Ashika
G.	Post issue activities will involve submission of statutory reports, essential follow up steps including finalization of basis of allotment, listing of instrument and dispatch of certificates and refunds, coordination with various agencies connected with the work such as registrars to the issue, bankers to the issue and the bank handling the refund business. Even if many of these activities will be handled by other intermediaries, the designated Lead Manager shall be responsible for ensuring that these agencies fulfill their functions and enable to discharge this responsibility through suitable agreement with the issue company.	Ashika	Ashika

The selection of various agencies like Registrars to the issue, Bankers to the issue, Bank collection centres, Legal Advisors to the issue, Brokers, Ad Agencies and PR Agencies etc will be finalized in consultation with Issuer Company.

Credit Rating

As this is an Issue of Equity Shares there is no credit rating for this Issue.

Trustees

As this is an Issue of Equity Shares, the appointment of Trustees is not required.

Monitoring Agency

No agency has been appointed to monitor the utilization of funds.

IPO Grading

The company has not opted for IPO grading.

Underwriting Agreement

The present Public Issue is not underwritten

CAPITAL STRUCTURE

Particulars		Nominal Value (Rs.)	Premium (Rs.)	Total Amount (Rs.)
A	AUTHORISED 1,80,00,000 equity shares of Rs. 10/- each	18,00,00,000		18,00,00,000
B	ISSUED SHARE CAPITAL 114,00,000 equity shares of Rs. 10/- each	11,40,00,000		11,40,00,000
C	SUBSCRIBED AND PAID UP SHARE CAPITAL 114,00,000 equity shares of Rs. 10/- each	11,40,00,000	2,26,00,000	1,36,60,0000
D	PRESENT ISSUE 38,00,000 equity shares of Rs. 10/- each for cash at a premium of Rs. 55/- per share aggregating to Rs. 2470 lacs.	3,80,00,000	20,90,00,000	24,70,00,000
E	Out of (D) above : 3,80,000 Equity Shares are reserved for Qualified Institutional Buyers at a price of Rs. 65/- each to be allotted compulsorily to QIBs on competitive basis	38,00,000	2,09,00,000	2,47,00,000
F	NET OFFER TO PUBLIC 34,20,000 equity shares of Rs. 10/- each for cash at a premium of Rs. 55/- per share aggregating to Rs. 2223 lakhs in terms of the Offer Document	3,42,00,000	18,81,00,000	22,23,00,000
G	TOTAL PAID UP CAPITAL AFTER THE PUBLIC ISSUE 1,52,00,000 equity shares of Rs. 10/- each	15,20,00,000		38,36,00,000
H	SHARE PREMIUM ACCOUNT Before the Public Issue After the Public Issue		2,26,00,000 23,16,00,000	

Details of increase in the authorized share capital of Reflex, since incorporation, are as follows:

Sr.No.	Details of increase in authorised share capital	Date
1	Incorporation Rs.20,00,000 divided into 20,000 Equity Shares of Rs. 100 each.	13/09/2002
2	Increased to Rs. 5,00,00,000 divided into 5,00,000 Equity Shares of Rs. 100.	10/02/2006
The face value of shares were reduced from Rs. 100/- to Rs. 10/- vide resolution passed at the EGM dated 27/03/2006		
3	Increased to Rs. 18,00,00,000 divided into 1,80,00,000 Equity Shares of Rs. 10.	21/06/2006

Notes to the Capital Structure:

1. Share Capital History of the Company

Date of Allotment	Number of Shares	Face Value Per Equity Share (Rs.)	Issue Price Per Equity Share (Rs.)	Nature of Payment of Consideration	Reason for allotment	Cumulative Number of Equity Shares
13/09/2002	1,000	100	100	Cash	Subscribers to MOA	1,000
23/12/2002	19,000	100	100	Cash	Further issue of shares	20,000
26/07/2004	(6,000)	100	100	-	Forefeiture of Shares	14,000
26/07/2004	6,000	100	100	Cash	Reissue of Forefeited shares *	20,000
The face value of shares were reduced from Rs. 100/- to Rs. 10/- vide resolution passed at the EGM dated 27/03/2006						
30/03/2006	20,35,000	10	10	Cash	Further issue of shares	22,35,000
24/06/2006	7,45,000	10	Nil	Bonus (Ratio 1:3)	Further issue of shares	29,80,000
26/12/2006	23,84,000	10	Nil	Bonus (Ratio 4:5)	Further issues Of shares	53,64,000
30/12/2006	55,06,000	10	10	Cash	Further issues Of shares	1,08,70,000
30/12/2006	1,30,000	10	30	Cash	Further issues Of shares	1,10,00,000
12/01/2007	4,00,000	10	60	Cash	Further issues Of shares	1,14,00,000

* Resissued to Ms. Dimple Jain and Mr. Jagdish Jain in equal proportion.

Note: The Bonus Issue has been made out of the Profits of the Company and not out of revaluation reserves.

As on date of filing of this Offer Document with SEBI, Refex's issued capital is fully paid up.

2. Promoters Contribution and Lock-In

Name of Promoter	Date of Allotment /Transfer	Allotment /Transfer	Consideration (Rs.)	Number of Shares	Face Value (Rs.)	Issue/Transfer Price (Rs.)	% of Post Issue	Lock in Period
Mr.Tarachand Jain	13/09/2002	Allotment	Cash	100	10	10	0.00	3 Years
	23/12/2002	Allotment	Cash	19,900	10	10	0.13	3 Years
	24/06/2006	Allotment	Bonus	6,667	10	Nil	0.04	3 Years
	26/12/2006	Allotment	Bonus	16,000	10	Nil	0.11	3 Years
	26/12/2006	Allotment	Bonus	5,333	10	Nil	0.04	1 Year
	30/12/2006	Allotment	Cash	1,37,200	10	10	0.90	1 year
	Sub - Total			1,85,200			1.22	
Mr.Anil Jain	13/09/2002	Allotment	Cash	9,900	10	10	0.07	3 Years
	23/12/2002	Allotment	Cash	50100	10	10	0.33	3 Years
	30/03/2006	Transfer	Cash	(500)	10	10	0.00	-
	24/06/2006	Allotment	Bonus	19,833	10	Nil	0.13	3 Years
	26/12/2006	Allotment	Bonus	47,600	10	Nil	0.31	3 Years
	26/12/2006	Allotment	Bonus	15,867	10	Nil	0.10	1 Year
	30/12/2006	Allotment	Cash	3,528,000	10	10	23.21	1 Year
	Sub - Total			3,670,800			24.15	

Name of Promoter	Date of Allotment /Transfer	Allotment /Transfer	Consideration (Rs.)	Number of Shares	Face Value (Rs.)	Issue/Transfer Price (Rs.)	% of Post Issue	Lock in Period
Mr.Jagdish Jain	26/07/2004	Allotment	Cash	30,000	10	10	0.20	3 Years
	24/06/2006	Allotment	Bonus	10,000	10	Nil	0.07	3 Years
	26/12/2006	Allotment	Bonus	24,000	10	Nil	0.16	3 Years
	26/12/2006	Allotment	Bonus	8,000	10	Nil	0.05	1 Year
	30/12/2006	Allotment	Cash	4,00,000	10	10	2.63	1 Year
	Sub – Total			4,72,000			3.11	
Mrs. Seema Jain	30/03/2006	Allotment	Cash	90,000	10	10	0.59	3 Years
	24/06/2006	Allotment	Bonus	30,000	10	Nil	0.20	3 Years
	26/12/2006	Allotment	Bonus	72,000	10	Nil	0.47	3 Years
	26/12/2006	Allotment	Bonus	24,000	10	Nil	0.16	1 Year
	Sub – Total			2,16,000			1.42	
M/s. Sherisha Tech.Pvt.Ltd	30/03/2006	Allotment	Cash	19,45,000	10	10	12.80	3 Years
	24/06/2006	Allotment	Bonus	648,333	10	Nil	4.27	3 Years
	26/12/2006	Allotment	Bonus	20,600	10	Nil	0.14	3 Years
	26/12/2006	Allotment	Bonus	20,54,067	10	Nil	13.51	1 Year
	30/12/2006	Allotment	Cash	4,80,970	10	10	3.16	1 Year
	Sub – Total			51,48,970			33.87	
	Total			96,92,970			63.77	

Note: The face value of equity shares were reduced from Rs. 100/- to Rs. 10/- per equity share vide resolution passed at the EGM dated 27/03/2006. However, in order to maintain consistency in the presentation, the face value of the equity shares have been taken at Rs. 10/- per equity share for all the allotments. Also, the number of shares allotted have been adjusted accordingly.

Specific written consent has been obtained from the Promoters for inclusion of the Equity Shares for ensuring lock-in of three years to the extent of minimum 20% of post-Issue paid-up equity share capital from the date of allotment in the proposed public issue. Promoters' contribution does not consist of any private placement made by solicitation of subscription from unrelated persons either directly or through any intermediary.

Shares held by the person other than the Promoters, prior to this Issue, which are subject to lock in as per the relevant provisions of Chapter IV of SEBI Guidelines, may be transferred to any other person holding shares which are locked in, subject to continuation of lock-in in the hands of transferees for the remaining period and compliance of Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 as applicable.

Shares held by Promoter(s) which are locked in as per the relevant provisions of Chapter IV of the SEBI Guidelines, may be transferred to and amongst Promoter/Promoter group or to a new promoter or persons in control of the Company, subject to continuation of lock-in in the hands of transferees for the remaining period and compliance of Securities and Exchange Board of India (Substantial Acquisition of shares and Takeovers) Regulations, 1997, as applicable. The locked-in Equity Shares held by the Promoter(s) can be pledged only with banks or financial institutions as collateral security for loans granted by such banks or financial institutions, provided the pledge of shares is one of the terms of sanction of such loan.

3. Transactions in the Company's Equity Shares by the Promoters/Promoter Group and the directors of the Company or directors of the Promoter company during a period of six months preceding the date of filing of this Offer Document with SEBI

There are no Transactions in the Company's Equity Shares by the Promoters/Promoter Group and the directors of the Company or directors of the Promoters during a period of six months preceding the date of filing of this Offer Document with SEBI.

4. Shareholding pattern of the Company prior and post this Issue

Shareholder's Category	Pre-Issue		Post-Issue	
	No. of Shares	%age	No. of Shares	%age
a) Promoters				
Mr.Tarachand Jain	185,200	1.62	185,200	1.22
Mr.Anil Jain	36,70,800	32.20	36,70,800	24.15
Mr.Jagdish Jain	4,72,000	4.14	4,72,000	3.11
Mrs. Seema Jain	2,16,000	1.89	2,16,000	1.42
M/s. Sherisha Tech.Pvt.Ltd	51,48,970	45.17	51,48,970	33.87
Total (a)	96,92,970	85.03	96,92,970	63.77
b) Immediate Relative of promoters(Spouse, Parent, Child, Brother,Sister)				
Ms.Dimple Jain	72,000	0.63	72,000	0.47
Ms. Ugam Devi Jain	11,200	0.10	11,200	0.07
Mr. Rajesh Kumar Jain	10,000	0.09	10,000	0.07
Mr. Girish Kumar Jain	10,000	0.09	10,000	0.07
Mr. Chandra Kumar jain	10,000	0.09	10,000	0.07
Mr. Manohar Jain	10,000	0.09	10,000	0.07
Ms. Joytsana Devi Jain	10,000	0.09	10,000	0.07
Ms. Pavan kumar jain	10,000	0.09	10,000	0.07
Mr. Ghevachand Jain	10,000	0.09	10,000	0.07
Ms. Pankhi Devi Jain	10,000	0.09	10,000	0.07
Ms. Pramila Devi Jain	10,000	0.09	10,000	0.07
Mr. Jayant C. Jain	10,000	0.09	10,000	0.07
Mr. Lalith Kumar Jain	10,000	0.09	10,000	0.07
Total (b)	1,93,200	1.69	1,93,200	1.27
c) Company in which 10% or more of the share Capital is held by the promoter his immediate Relative firm or HUF in which the promoter or his immediate relative is a member.	N.A.		N.A.	
d) Company in which the Company mentioned in point no. c), above holds 10% or more of the share capital	N.A.		N.A.	
e) HUF in which aggregate share of the promoter and his immediate relative is equal or more than 10% or more of the share capital.	N.A.		N.A.	
f) Non Promoter Holding	15,13,830	13.28	53,13,830	34.96
TOTAL	11,400,000	100.00	15,200,000	100.00

Note: Non Promoter holding includes 4,00,000 Equity Shares allotted to Bennett Coleman & Company Limited on 12/01/2007 and BCCL covenants that the Subscription Shares shall be subject to a lock-in for a period of three years from the date hereof or for such period as may be determined under applicable law at the time of IPO, whichever occurs earlier, subject to the Securities and Exchange Board of India (Disclosure and Investor) Protection Guidelines, 2000 (the "DIP Guidelines").

5a) Particulars of top ten shareholders on the date of filing this Offer Document with ROC

Serial No.	Name of the shareholder	Number of Equity Shares	% of total issued equity share capital
1	Sherisha Technologies Private Limited	51,48,970	45.17
2	Mr. Anil Jain	3,670,800	32.20
3	Mr. ND Trivedi	769,830	6.75
4	Mr. Jagdish Jain	472,000	4.14
5	Bennett, Colemon & Co. Ltd	400,000	3.51
6	Ms. Seema Jain	216,000	1.89
7	Mr. Tarachand Jain	185,200	1.62
8	Mr. S.K. Yong	142,800	1.25
9	Ms. Dimple Jain	72,000	0.63
10.	Mr. Amit Bagri	30,000	0.26

5b) Particulars of all the shareholders ten days prior to filing this Offer Document with ROC

Serial No.	Name of the shareholder	Number of Equity Shares	% of total issued equity share capital
1	Sherisha Technologies Private Limited	51,48,970	45.17
2	Mr. Anil Jain	3,670,800	32.20
3	Mr. ND Trivedi	769,830	6.75
4	Mr. Jagdish Jain	472,000	4.14
5	Bennett, Colemon & Co. Ltd	400,000	3.51
6	Ms. Seema Jain	216,000	1.89
7	Mr. Tarachand Jain	185,200	1.62
8	Mr. S.K. Yong	142,800	1.25
9	Ms. Dimple Jain	72,000	0.63
10.	Mr. Amit Bagri	30,000	0.26

5c) Particulars of the top shareholders 2 years prior to the date of filing of this Offer Document with ROC

Serial No.	Name of the shareholder	Number of shares	% of total issued equity share capital
1	Mr. Anil Jain	60,000	30.00
2	Mr. S.K. Yong	59,500	29.75
3	Mr. Jagdish Jain	30,000	15.00
4	Ms. Dimple Jain	30,000	15.00
5	Mr. Tarachand Jain	20,000	10.00
6	Mr. S H Lam	500	0.25

6. The Company, its Directors, the Promoters and the Lead Managers to this Issue have not entered into any buy-back, standby or similar arrangements for purchase of Equity Shares of the Company from any person.
7. The total number of members of Reflex as on the date of filing this Offer Document is 34
8. The Company has not raised any bridge loan against the proceeds of this Issue.

9. This Issue is being made in terms of clause 2.2.2 (a) (ii) & (b) (i) of SEBI (DIP) Guidelines, 2000, as amended from time to time, wherein at least 10% of the Issue size i.e. 3,80,000 Equity Shares shall be allotted compulsorily to QIBs, failing which the full subscription monies shall be refunded.
10. An over-subscription to the extent of 10% of this Issue size can be retained for the purpose of rounding off to the nearer multiple of minimum allotment lot.
11. There would be no further issue of capital whether by way of issue of bonus shares, preferential allotment, and rights issue or in any other manner during the period commencing from submission of this Offer Document with SEBI until the Equity Shares offered through this Offer Document have been listed.
12. The Company presently does not have any intention or proposal to alter its capital structure for a period of six months from the date of opening of this Issue, by way of split/ consolidation of the denomination of Equity Shares or further issue of Equity Shares (including issue of securities convertible into exchangeable, directly or indirectly, for its Equity Shares) whether preferential or otherwise, except that if they enter into acquisitions or joint ventures, the Company may consider raising additional capital to fund such activity or use Equity Shares as currency for acquisition or participation in such joint ventures.
13. The Company has not made any public issue since its incorporation.
14. The Equity Shares will be issued and traded on the stock exchange only in dematerialised form. Hence the market lot of the equity shares is 1 (One share).
15. The Company undertakes that at any given time, there shall be only one denomination for the Equity shares of the Company and the Company shall comply with such disclosure and accounting norms as specified by SEBI from time to time.
16. As on the date of filing of this Offer Document, there are no outstanding warrants, options or rights to convert debentures, loans or other financial instruments into the Equity Shares of the Company. The shares locked in by the Promoters are not pledged to any party. The locked-in Equity Shares held by the Promoter can be pledged only with banks or financial institutions as collateral security for loans granted by such banks or financial institutions, provided the pledge of shares is one of the terms of sanction of such loan.

OBJECTS OF THE ISSUE

The Company intends to utilize the proceeds of this Issue towards the following purposes:

Sr. No.	Object	Funds required (Rs. In lacs)
1	Part finance the Project of Expansion of the present installed capacity of cylinders from 480 MT per annum to 3,000 MT per annum	2909.00
2	Meet the margin money requirement for working capital	150.00
3	Meet the issue expenses.	360.00
4.	Meet the expenses towards brand building	196.00

Apart from the objects stated above the company also proposes to list its equity shares on the Stock Exchange.

The main objects and objects incidental or ancillary to the main objects set out in the Memorandum of Association of Refex enable it to undertake its existing activities and the activities for which funds are being raised by them through this Issue.

Centurion Bank of Punjab Limited has appraised the project of refex vide their appraisal note dated December 28, 2006 for the purpose of sanction of term loan for expansion of Term Loan for the expansion project of the company.

COST OF PROJECT

The funds requirement as given in the appraisal note of Centurion Bank of Punjab Limited is as given herein under:

Particulars	Rs. in lacs
Land & Land development	488.88
Building	578.40
Plant and machinery	1441.72
Issue Expense	360.00
Technical Know-how fee	250.00
Brand Building Expenses	196.00
Margin money for working capital	150.00
Contingency Provision	150.00
TOTAL	3,615.00

MEANS OF FINANCE

The proposed means of the finance for the Project is as under:

Source	Amount (Rs. in lacs)
Promoter's Contribution in the Equity Share Capital	595.00
Public issue	2470.00
Term loan	550.00
TOTAL	3615.00

The entire promoters' contribution of Rs. 595 lacs has already been brought in by the promoters Mr. Anil Jain and M/s. Sherisha Technologies Ltd.

The critical risk factors and their mitigations as given in the appraisal note of Centurion Bank of Punjab Limited vide their letter dated January 11, 2007 is as follows:

Risk	Mitigant
<u>Marketing/ Competition Risk</u> Company is undertaking large scale expansion and may face problem in sales/ marketing of higher output.	Company has submitted that they have very big market share in the refrigeration industry as they have already started supplying to Carrier Aircon, Godrej, Blue star ltd, Voltas Ltd, LG electronics. Company has set up branches in major markets of Mumbai, Delhi, Secunderabad, Ahmedabad to cater to the important markets in the respective states. Apart from this the company has also set up various dealers across the country to market the products. The company is also planning to introduce various new packaging forms for selling the refrigerants and easily available to common man. With Indian Government banning the CFC's by 2010, the market for HFC based refrigerants will grow four folds.
<u>IPO Success</u> Risk of failure of initial public offer, as company is not underwriting the issue.	Promoters of the company are confident for success of IPO in view of following :- <ul style="list-style-type: none"> • Due to reputation of promoters and their past track record, proposed issue will be subscribed from the city of Chennai itself. • Present market conditions are suitable for IPOs.
<u>Project Execution</u> Risk of time and cost overrun in the project.	Company has submitted that estimates for capex on plant & machinery/ equipment has been prepared on the basis of firm quotations from suppliers. Cost may vary due to exchange rate fluctuation, for which necessary provision has been made (provision for contingencies).

Main terms and conditions as mentioned by the Centurion Bank of Punjab in the appraisal note dated December 28, 2006 :

- Release of the Term Loan is only after ensuring the availability (in form of share capital & premium) of the required minimum margin money for the projects from IPO and from the promoters.
- Escalation cost of the project, if any, shall be borne by the Company.
- The term loan to be fully drawn before July, 2007 and to be made to the suppliers of new machinery/ other assets, on ensuring adequate margin, or for settlement of dues under the Letter of Credit.
- The Company to maintain leverage of 3.5 at any point of time during the tenancy of the finance with the Bank.
- The Company has to solely bank with us and should not enter into any borrowing arrangement without prior consent of the Bank.
- Undertaking from M/s Sherisha Technologies Pvt. Ltd., stating that they will not avail any credit facilities with any FI/Bank and it will not give any guarantee without the Bank's approval.

SCHEDULE OF IMPLEMENTATION

The schedule of implementation and the progress made so far is given below:

Nature of Work	Commencement	Completion
Purchase of Land	Completed	
Land Development	Completed	
Building Erection	May, 2007	November, 2007
Placement of Order of Plant & Machinery	Completed	
Delivery of Plant and Machinery	June, 2007	October, 2007
Commencement of Commercial Production	December, 2007	--

USE OF PROCEEDS OF THE ISSUE

The item-wise details of the utilization of the proceeds of this Issue are given below:

LAND

A sum of Rs. 488.88 lacs has been allocated towards land and land development. This includes an amount of Rs. 85.68 lacs towards construction of boundary wall and land development. The total area of land estimated to be required for the expansion purpose would be around 8 acres. The company has identified the land located at Thandalam Village adjacent to the place of its existing factory at Thiruporur. Out of the total requirement of land, the company has already acquired 4.20 acres of land as per details given below:

Sr. No.	Survey number of the land	Name and address of the seller & Occupation	Area	Cost (including registration charges) Rs. In lacs
1	166/1	Mr. D. Sekar - Farmer Peria Palayamman Koil St., No. 114, Thandalam VillageChingelpet Taluk, Kanchipuram District	0.41	16.40
2	167	Mr. Lalchand Nichani – Chartered Accountant 1D, 14 th Avenue, Harrington Road, Chetpet, Chennai- 600 031	0.80	11.04
3	166/2, 166/3, 139/13B1, 139/13B2, 139/13B3, 139/6 and 139/7	Mr. Lalchand Nichani Chartered Accountant 1D, 14 th Avenue, Harrington Road, Chetpet, Chennai- 600 031	0.78	15.64
4	139/8, 139/13A, 139/12A, 139/12B	Mr. Mohanlal Bishnoi – Contractor No. 36, Katchery Lane, Thandalam VillageChingelpet Taluk, Kanchipuram District & Mr. D. Shekar - Farmer Peria Palayamman Koil St., No. 114, Thandalam VillageChingelpet Taluk, Kanchipuram District	0.33	17.99

Sr. No.	Survey number of the land	Name and address of the seller & Occupation	Area	Cost (including registration charges) Rs. In lacs
5	161/2	Mr. V. Bhaktavatchalam - Farmer Peria Palayamman Koil St., No. 114, Thandalam VillageChingelpet Taluk, Kanchipuram District	1.06	42.40
6	128/2	Mr. Rajsekhar – Business Old No. 11, New No. 13, Indira Nagar, Thirukazhugukundram Taluk, Kanchipuram District	0.82	65.40
TOTAL			4.20	168.87

The nature of the title or interest in the above mentioned properties - Absolute ownership. The land acquired by the company is free from all encumbrances and has a clear title.

The company is already in negotiations with prospective sellers for the balance of the land required and the same shall be finalized shortly.

BUILDING

The Company proposes to construct 56,000 sq.ft of new factory building for the proposed expansion project. The factory building would be inclusive of storage area of 30,000 sq. ft, Administrative Building of 5500 sq. ft etc. For the civil construction, the company has received quotation from Harsha Constructions vide their Proforma dated 30/08/2006. Details of which are as under

Sr. No	Particulars	Amount (Rs. in lacs)
1	Factory Building - 56000 square feet @ Rs 400 per square feet.	224.00
2	Approach road 400 Meters * 10 Meters wide	40.00
3	Administrative building 5500 square feet @ Rs 1000 per square feet (including furnishing)	55.00
4	Security building 800 square feet @ Rs 700 per square feet	5.60
5	Stockyard 30000 square feet @ Rs 425 per square feet	127.50
6	Electrical room 400 square feet @ Rs 860 per square feet	3.44
7	DG Room 500 square feet @ Rs 1100 per square feet	5.50
8	UG sump	12.50
9	Septic Tank	0.86
10	RCC Drain	62.00
11	Civil Work for laying foundation for tanks and laying foundation for piping works	42.00
	Total	578.40

PLANT & MACHINERY

The total value of the Plant and Machinery which includes, the cost of storage tanks and other equipments to be purchased for the expansion project is Rs 1441.72 lakhs Out of the total cost of machinery an amount of Rs. 204.25 Lacs is towards procurement of imported machinery. The broad details of the estimated cost of plant & machinery as per quotations received from various suppliers inclusive of custom duties, Freight and other tax payable are as detailed herein under :

I - Imported machinery (Rs. 204.25 Lacs):

a) Testing Machines (Rs. 78.25 lacs)

Description	Supplier	Amount (Rs. lacs)	Date of quotation	Rate of Currency Conversion
a. Agilent Gas Chromatographer	Agilent Technologies Singapore Pte Ltd, Singapore	15.94	20.05.2006	1USD= Rs. 45.50
b. Moisture Analyser- 720N GC	JOC International Technical Engineering Co.Ltd, China	54.26	07.06.2006	1USD= Rs. 45.30
c. JF-5 Moisture Analyser with LG-5 Vaporised Sampler		8.05	06.06.2006	1USD= Rs. 45.35
Total		78.25		

b) Other Equipments (Rs. 126.00 lacs)

Description	Supplier	Amount (Rs. lacs)	Date of Quotation	Rate of Currency Conversion
ISO tank 18 MT (3 Nos)	JOC International Technical Engineering Co.Ltd, China	126.00	07/06/2006	1USD= Rs. 45.30

II - Indeginous Machinery (Rs. 1237.47 Lacs):

a) Storage Tanks: (Rs. 276.98 lacs)

Description	Supplier	Amount (Rs. lacs)	Date of Quotation
S.S.Storage Tank for R-134 a (25 MT capacity) - 4 Nos @ Rs 27.72 lakhs per No	Systems Engineers- Mumbai	110.88	22/03/2006
S.S.Storage Tank for R-404 A (20 MT capacity) - 1 No		31.10	
S.S.Storage Tank for R-407 C (20 MT capacity) - 1 No		31.10	
Tank Fittings for 6 Storage tanks		25.60	
Unloading and outlet pipeline fittings for the tanks		14.98	
Structural Steel Works and other works		10.20	
Piping Works including fittings		26.92	
Erection , Fabrication , Testing and Commissioning of Storage tanks		26.20	
Total		276.98	

b) Other Equipments (Rs. 960.49 lacs)

Description	Supplier	Amount (Rs. lacs)	Date of quotation
Unloading Pump Croken make - 4 Nos	Systems Engineers- Mumbai	10.20	22/03/2006
Transfer Pump Plunger Type- 4 Nos.		4.40	
Forklift Godrej 10MT capacity	Vatra Sales Agencies, Chennai	16.14	06/05/2006
John Crane Hydraulic 40MT		38.36	

Description	Supplier	Amount (Rs. lacs)	Date of quotation
Extra Arm for crane		3.77	
Weigh bridge	Indiana Automation, Bangalore	12.13	04/05/2006
Filling Machine	Indus Control and Automation Private Ltd, Bangalore.	9.70	02/05/2006
Others			
DG Set 100 KVA- Kirloskar make- 1 No.	Genlite Engineering, Chennai	6.90	27/04/2006
Installation expenses		110.50	
Forklift Godrej- 5 MT capacity	Vatra Sales Agencies, Chennai	10.85	06/05/2006
Tonnors (200 nos)	ISGEC, Haryana	133.08	28/04/2006
Cylinders (20000 Nos)	Jai Maruti Gas Cylinders Limited, Gwalior	445.53	30/01/2006
Miscellaeuous fixed assets including office equipments like, computers, servers, work stations, delivery vehicles etc)		158.93	
Total		960.49	

Out of the above requirement, Plant & Machinery worth Rs. 169.94 lacs has already been purchased till date. The company does not propose to procure any second hand machinery out of the proceeds of the issue.

IPO ISSUE EXPENSE

The break-up of issue expenses is as under:

Activity	Estimated Expense (Rs. in lacs)
Fees to intermediaries	125.00
Advertising and marketing expenses	150.00
Printing and Stationary & Distribution	60.00
Others	25.00
Total estimated Issue expenses	360.00

The Company has incurred an expense of Rs.47,50,000/- as on date towards IPO Expenses.

TECHNICAL KNOW-HOW FEE – M/S KALTECH ENGINEERING, SINGAPORE

The company has entered into a technical collaboration agreement with M/s. Kaltech Engineering and Refrigeration Pte Ltd., Singapore vide agreement dated 21/07/2006. The main terms of the agreement are as under:

The contemplated activity is setting up of a Refrigerant Gas filling station at Chennai. The gas will be imported from Singapore in ton tankers, stored, transferred to smaller cylinders and sold to end users and to the market.

i. The Products:

The products involved will be HFC-based refrigerant gases (as alternatives to HCFCs) which will include Zeotropes and Azeotropes. It will also help in sourcing the products in bulk from world over with best of quality at most reasonable price.

ii. Technical know-how:

Kaltech shall provide the Technical know how for the activities of the company. This will include a Refrigerant Filling Station and Mixing Station, which will involve storage, transfer, filling, recondensing, maintenance of cylinders, cleaning of cylinders, design for the above as per internationally accepted standards.

The know-how shall consist of technology involved in the import, handling, storage, filling, re-conditioning and transport of refrigerant gases and for the manufacture, use and transportation of cylinders used in the activity. The technology shall be the latest and of internationally accepted standard. The know-how will consist of drawings, information, plans, manuals, instruction packages, phamplates, leaflets. CD Roms, cassettes, etc. as may be considered necessary by the Kaltech and agreed upon between the parties to the Agreement.

Kaltech shall organize and arrange for orientation and training of the employees of the Indian company in matters pertaining to the handling, storage, filling, transportation of the products. Such orientation and training may be either at the plant of the Indian Company or at the foreign collaborator or at any other place as decided upon by the Foreign Colaborator. Kaltech will also give necessary layout for the land and drawings for construction of building, storage area, production area and others as and when required.

The agreement shall come into force from 1st Day of July 2006 and shall remain in force for a period of five years there from. The agreement may be further renewed on such terms and conditions as may be agreed upon by the parties. Reflex shall pay to Kaltech a fee of US \$ 543,500 (INR 2,50,00,000) as technical know how fees.

WORKING CAPITAL REQUIREMENT

The detailed calculation of the working capital requirement which is to be funded through the proceeds of the issue is as under:

Particulars	Estimates as on 31/03/2008 (Rs. in Lacs)
(A) Current Assets	
Inventories	721.95
Debtors	1178.14
Other Current Assets	603.68
Total Current Assets (A)	2503.77
(B) Current Liabilities	
Creditors for Supplies	116.39
Others	100.00
Creditors for Expenses	943.17
Total Current Liabilities (B)	1159.56
Working Capital Gap (A) – (B)	1344.21
Financed by:	
Cash Credit limit from the Centurian Bank of Punjab Ltd.	400.00
Balance to be funded by Proceeds of the current Issue and internal accruals of the company	944.21

BASIS OF ESTIMATION OF WORKING CAPITAL REQUIREMENT

The estimate for Working Capital is based on the credit monitoring data for assessment of Working Capital for the Year ended 2008. Various norms prescribed by the bank for funding of working capital have been considered. The normal debt collection period is 30 days and the estimation for debtors is based on 30 days of sales. Similarly for computation of inventories, 30 days of cost of goods has been taken. Other current assets is also based on 30 day estimated requirement of direct expenses.

In respect of current liabilities, procurement of raw material is based on 95% advance to be made to suppliers and only 5% credit is available. The creditors for Raw Material have accordingly been estimated and worked out for 30 days. Creditor for expenses and other creditors have been computed based on availability of 30 days credit.

CONTINGENCIES

The Company has earmarked around 6 % of the cost of land & building and Plant and Machinery for Contingencies i.e Rs. 150 lacs.

BRAND BUILDING EXPENSES

“Refex” is in the activity of refilling refrigerant gases which is environmental friendly and also checks the depletion of the ozone layer of the earth. To be ozone friendly means taking appropriate action to reduce and eliminate the impacts of stratospheric ozone layer caused by the various products, appliances and equipments that are used for household and business use. The various manufacturing process used by a company also needs to be properly addressed to check its ill effects on the ozone layer. Since the alternative refrigerant gases called as Hydro Chlorofluoro Carbons (HFCs) which are zero ozone depletion potential are introduced, it is essential that the consumers and manufacturers are educated about the properties and proficiency of these gases. In the process of such awareness creation there is a necessity to create a strong brand for these alternative products. In case a unique brand called “Refex” is created both by education as well as commercial advertising, the company would be in a position to have a better realization.

Since there is a transition in the shift to a large usage of HFC base a proper brand positioning through publicity will yield good results to the turnover and value creation for the product. The company is also presently involved in identifying more environment friendly products and also launch its existing products in small refrigerant cans in sizes of 340 gms and 500 gms cans. The marketing of these products would require spending on publicity. The strategy of spending for the creation and awareness of brand building would involve a cost of Rs. 196 lacs which would be spent as given herein under:

Description	Amount (Rs. In lacs)
Allocation for advertising in Magazines	46.30
Allocation for advertising in Newspaper	129.00
Allocation for Public Relation Activity	14.00
Allocation for Public Relation agency	3.90
Taxes and other service charges	2.80
Total	196.00

SOURCE AND DEPLOYMENT OF FUNDS

As per the Certificate dated 05/07/2007 from Bhandari & Keswani, Chartered Accountants. The Company has upto 31/05/2007, deployed an amount aggregating Rs. 543.07 lacs towards the proposed project. Details of the sources and deployment of funds as per the certificate are as follows:

(Rs. In lacs)

Particulars	Amount
DEPLOYMENT OF FUNDS	
Land & Building	244.12
Plant and machinery	251.45
IPO Issue Expense	47.50
Total	543.07
SOURCES OF FUNDS	
Promoters & Associates	543.07

Interim Use of Proceeds

The management, in accordance with the policies set up by the Board, will have flexibility in deploying the proceeds received from the Issue. Pending utilization for the purposes described above, the Company intends to temporarily invest the funds in high quality interest or dividend bearing liquid instruments including deposits with banks for the necessary duration. Such investments would be in accordance with any investment criteria approved by the Board of Directors from time to time.

Year wise break up of the proceeds to be used

The year wise break up of funds to be incurred on the project under various heads is as follows :

Particulars	Amount spent during the year 2006-07	Amount to be spent during the year 2007-08	Total
Land & Land development	184.88	304.00	488.88
Building	--	578.40	578.40
Plant and Machinery	169.94	1271.78	1441.72
Issue Expense	47.50	312.50	360.00
Technical Know-how fee	--	250.00	250.00
Brand Building Expenses	--	196.00	196.00
Margin money for working capital	--	150.00	150.00
Contingency Provision	--	150.00	150.00
TOTAL	402.32	3212.68	3,615.00

BASIC TERMS OF THE ISSUE

The Equity shares being offered are subject to the provision of the Companies Act, 1956, the Memorandum and Articles of Association of the Company, the terms of this Prospectus and other terms and conditions as may be incorporated in the Allotment advice and other documents /certificates that may be executed in respect of the issue. The Equity shares shall also be subjected to laws as applicable, guidelines, notifications and regulations relating to the issue of capital and listing and trading of securities issued from time to time by SEBI, Government of India, RBI, ROC and /or other authorities as in force on the date of issue and to the extent applicable.

BASIS OF ISSUE PRICE

QUANTITATIVE FACTORS

1. Earning Per Share (EPS)

YEAR	EPS (Rs.)	Weight
31/03/2005	0.31	1
31/03/2006	8.61	2
31/03/2007	4.09	3
Weighted Average	4.97	

2. P/E Ratio

P/E based on pre-issue weighted average EPS of Rs. 4.97	13.08
P/E based on pre-issue EPS of FY 2006-07 of Rs 4.09	15.89

3. Return on Net Worth (RONW)

YEAR	RONW (%)	Weight
31/03/2005	3.00	1
31/03/2006	7.91	2
31/03/2007	30.40	3
Weighted Average	18.34	

4. Minimum Return on Increased Net Worth to maintain pre-issue EPS – 14.55 %

5. Net Asset Value (NAV) per share

Pre-Issue as on March 31, 2007 (Rs.)	13.44
Post Issue (Rs.)	28.10

Note: Net Asset Value Per Share = Equity Share Capital *plus* Reserves & Surplus *less* Miscellaneous Expenditure to the extent not written off /No. of Equity Shares

6. Industry Average P/E

Name of the company	P/E Multiple
Highest (Navin Flourine)	27.00
Lowest (SRF Limited)	3.90
Industry Average (Chemicals)	18.30
Source: Capital Market – July 02- July 15, 2007	

7. Comparison with Peer Group

The comparable ratios of the companies which are to some extent similar in business are as given below:

Name of the company	Face Value (Rs.)	Sales as on 31/03/2007 (Rs.in Cr.)	EPS	Market Price (Rs.) as on 25/06/2007	P/E Multiple
SRF Limited	10	1802.00	41.70	162	3.90
Gujarat Fluorochemicals Limited	2	573.80	41.80	695	16.60
Navin Fluorine Ltd.	10	260.50	13.70	371	27.00
Chemplast Sanmar Limited	1	611.70	0.50	7	-
Source: Capital Market – <i>July 02- July 15, 2007</i>					
Refex Refrigerants Limited	10	51.41	4.09	N.A	N.A

8. The face value of Equity Shares is Rs. 10 and the issue price is 6.5 times of the face value.

- The equity shares are being issued at a price of Rs. 65/- per share. The face value of the equity shares of Refex is Rs.10/- per share. The Issue Price is 6.5 times of the face value.
- The equity shares are being issued at a P/E multiple of 13.08 times on the basis of the weighted average EPS. The highest P/E in the peer group of Refex is Rs. 27.00 where as the lowest is Rs. 3.90.

On the basis of the above parameters the issue price of Rs.65 per share is justified.

STATEMENT OF TAX BENEFITS

The Board of Directors,
Refex Refrigerants Limited,
No.20, Mooker Nallamuthu Street,
Chennai – 600 001.

We hereby report that the enclosed annexure states the tax benefits available to **REFEX REFRIGERANTS LIMITED** (The “Company”) and its shareholders under the current tax laws presently in force in India. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant tax laws. Hence, the ability of the Company or its shareholders to derive the tax benefits is dependent upon fulfilling such conditions, which based on business imperatives the Company faces in the future, the Company may or may not choose to fulfill.

The benefits discussed below are not exhaustive. This statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult their own tax consultant with respect to the specific tax implications arising out of their participation in the issue, particularly in view of the fact that there could be different interpretations of legislation.

Unless otherwise specified, sections referred to below are sections of the Income tax Act, 1961. All the provisions set out below are subject to conditions specified in the respective sections.

We do not express any opinion or provide any assurance as to whether:

The company or its shareholders will continue to obtain these benefits in future; or

The conditions prescribed for availing the benefits have been/would be met with.

The contents of this annexure are based on information, explanations and representations obtained from the Company and on the basis of our understanding of the business activities and operations of the Company. While all reasonable care has been taken in preparation of this opinion, **Bhandari & Keswani** accepts no responsibility for any errors or omissions therein or for any loss sustained by any person who relies on it.

For and on behalf of
BHANDARI & KESWANI
Chartered Accountants

Sd/-

Pradeep Bhandari
Partner.
Membership No.17411

Place: Chennai
Date: January 3, 2007

BENEFITS UNDER THE INCOME TAX ACT, 1961 (HEREINAFTER REFERRED TO AS THE IT ACT)

A: TO THE COMPANY

1. The Company is eligible to exemption under section 10(34) in respect of income by way of dividend received from other Domestic Companies.
2. The Company is eligible to exemption under section 10(35) in respect of income by way of dividend received from mutual fund specified under section 10(23D) and other specified undertakings/companies.
3. In accordance with the provisions of section 10(38) the long-term capital gains arising on the transfer of securities in a transaction entered into in a recognized Stock Exchange in India and such transaction is chargeable to Securities Transaction Tax under Chapter VII of the Finance (No.2) Act, 2004, shall be exempt from income tax.
4. The long-term capital gains accruing to the company otherwise than as mentioned in 3 above, shall be chargeable to tax in accordance with and subject to the provisions of section 112 of the IT Act as follows:
 - a) @ 20% (plus applicable surcharge and education cess) after deducting from the sale proceeds the Indexed cost of acquisition or
 - b) In the case of certain listed shares, securities and units, in a transaction not entered into in a recognized stock exchange, if long term capital gain is computed without indexation @ 10% (plus applicable surcharge and education cess)
5. The Company is eligible to claim exemption in respect of tax on long-term capital gains under sections 54EC if the amount of capital gains is invested in certain specified bonds/securities subject to the fulfillment of the conditions specified in those sections.
6. The short term capital gains accruing to the company, from the transfer of a short-term capital asset, being securities, in a transaction entered into in a recognized stock exchange in India, and such transaction is chargeable to Securities Transaction Tax under Chapter VII of the Finance (Nos.2) Act, 2004 shall be chargeable to tax at the rate of 10% (Plus applicable surcharge and education cess) as per the provisions of section 111A.
7. The company will be entitled to claim depreciation allowance at the prescribed rates on tangible and intangible assets under section 32 of the Income Tax Act, 1961.
8. The company is eligible under section 35D of the IT Act to a deduction equal to one-fifth of certain specified expenditure, including specified expenditure incurred in connection with the issue for the extension of the industrial undertaking, for period of five successive years subject to the limits provided and the conditions specified under the said section.
9. The Company will be entitled to claim expenditure incurred in respect of voluntary retirement under section 35DDA of the IT Act in five equal annual installments.

B. TO THE SHAREHOLDERS OF THE COMPANY:

I. RESIDENTS

- 1 Under section 10(32) of the IT Act, any income of a minor child clubbed in the total income of the parent under section 64(1A) of the Act will be exempt from tax to the extent of Rs 1500 per minor child.
- 2 Members will be entitled to exemption, under section 10(34) of the IT Act in respect of the income by

way of dividend received from the Company.

- 3 The long-term capital gains accruing to the members of the Company on sale of the Company's shares in a transaction entered into in a recognized stock exchange in India and the transaction is chargeable to Securities Transaction Tax would be exempt from tax as per the provisions of section 10(38).
- 4 The short-term Capital gains accruing to the members of the company on sale of the Company's shares in a transaction entered into in a recognized stock exchange in India and the transaction is chargeable to Securities Transaction Tax would be chargeable to tax @ 10% [plus applicable surcharge and education cess] as per the provisions of section 111A.
- 5 As per the provisions of section 112 of the IT Act, the long-term capital gains accruing to the members of the company from the transfer of the shares of the company, otherwise than as mentioned in point 3 above, shall be charged to tax.
 - a) @ 20% (plus applicable surcharge and education cess) after deducting from the sale proceeds the Indexed cost of acquisition or
 - b) @ 10% (plus applicable surcharge and education cess) after deducting from the sale proceeds the cost of acquisition without indexation.
- 6 The members are entitled to claim exemption in respect of tax on long term capital gains under section 54EC of the IT Act, if the amount of capital gains is invested in certain specified bonds/securities subject to the fulfillment of the conditions specified in those sections.
- 7 Individuals or HUF members can avail exemption under section 54F by utilization of the sales consideration for purchase/construction of a residential house within the specified time period and subject to the fulfillment of the conditions specified therein.

II. NON-RESIDENTS

- 1 Under section 10(32) of the IT Act, any income of a minor child clubbed in the total income of the parent under section 64(1A) of the Act will be exempt from tax to the extent of Rs 1500 per minor child.
- 2 Non-resident members will be entitled to exemption, under section 10(34) of the Income Tax Act, 1961, in respect of the income by way of dividend received from the Company.
- 3 The long-term Capital gains accruing to the members of the company on sale of the Company's shares in a transaction entered into in a recognized stock exchange in India and the transaction is chargeable to Securities Transaction Tax would be exempt from tax as per the provisions of section 10(38).
- 4 The short-term capital gains accruing to the members of the company on sale of the Company's shares in a transaction entered into in a recognized stock exchange in India and the transaction is chargeable to Securities Transaction Tax would be chargeable to tax @ 10% [plus applicable surcharge and education cess] as per the provisions of section 111A.
5. As per the provisions of section 112 of the IT Act, the long-term capital gains accruing to the members of the company from the transfer of the shares of the company, otherwise than as mentioned in point 3 above, shall be charged to tax.
 - a. @ 20% (Plus applicable surcharge and education cess) after deducting from the sale proceeds the indexed cost of acquisition or
 - b. @ 10% (plus applicable surcharge and education cess) after deducting from the sale proceeds the cost of acquisition without indexation.
6. The members are entitled to claim exemption in respect of tax on long term capital gains under sections 54EC of the IT Act, if the amount of capital gains is invested in certain specified bonds/securities subject to the fulfillment of the conditions specified in those sections.
7. Individuals or HUF members can avail exemption under section 54F by utilization of the sale consideration for purchase/construction of a residential house within the specified time period and subject to the fulfillment of the conditions specified therein.
8. Under the provisions of section 90(2) of the IT Act, if the provisions of the Double Taxation Avoidance

Agreement [DTAA] between India and the country of residence of the non-resident are more beneficial, then the provisions of the DTAA shall be applicable.

9. Non-Resident Indians (as defined in section 115C(e) of the IT Act), being shareholders of an Indian Company have the option of being governed by the provisions of Chapter XII-A of the IT Act, which inter-alia entitles them to the following benefits in respect of income from shares of an Indian Company acquired, purchased or subscribed to in convertible foreign exchange.
 - a. As per the provisions of section 115E of the IT Act, and subject to the conditions specified therein, long-term capital gains arising on the transfer of Company's shares will be charged to Income Tax @ 10% (plus applicable surcharge and education cess).
 - b. As per the provisions of section 115F of the IT Act and subject to the fulfillment of the conditions specified therein, the Long Term Capital gains arising on the transfer of Company's shares shall be exempted from income tax entirely / proportionately if all or a portion of the net consideration is invested within 6 months of the date of transfer in specified assets as defined in section 115C (f) or any savings certificates referred to in section 10(4B) of the IT Act. The amount so exempted shall, however, be chargeable to tax as long term capital gains under the provisions of section 115F(2) if the specified assets are transferred or converted into money within three years from the date of acquisition thereof as specified in the said section.
 - c. As per the provisions of section 115G of the IT Act, Non-resident Indians are not obliged to file a return of income under section 139(1) of the IT Act, if their only source of income is income from investments or long term capital gains earned on transfer of such investments or both, provided tax has been deducted at source from such income as per the provisions of Chapter XVII-A of the IT Act.
 - d. Under section 115H of the IT Act, where a Non-Resident India, in relation to any previous year, becomes assessable as a resident in India in respect of the total income of any subsequent year, he/she may furnish to the Assessing Officer a declaration in writing, along with his/her return of income under section 139 of the IT Act for the assessment year for which he/she is so assessable, to the effect that the provisions of the Chapter XII-A shall continue to apply to him/her in relation to such income for that assessment year until the transfer or conversion (otherwise than by transfer) into money of such assets.
 - e. As per the provision of section 115-I of the IT Act, when a Non Resident India, elects not to be governed by the provision of Chapter XII-A of the IT Act, then his/her total income shall be computed and charged in accordance with other provisions of the IT Act.

III FOREIGN INSTITUTIONAL INVESTORS

- 1 Income by way of dividend received on shares of the Company is exempt under section 10(34) of the IT Act.
- 2 The long-term Capital gains accruing to the members of the Company on sale of the Company's shares in a transaction entered into in a recognized stock exchange in India and the transaction is chargeable to Securities Transaction Tax, would be exempt from tax as per the provisions of section 10(38).
- 3 The short-term Capital gains accruing to the members of the company on sale of the Company's shares in a transaction entered into in a recognized stock exchange in India and the transaction is chargeable to Securities Transaction Tax would be chargeable to tax @ 10% (plus applicable surcharge and education cess) as per the provisions of section 111A.
- 4 Under Section 115AD(1)(b)(ii) of the IT Act, Income by way of Short Term Capital Gain arising from the transfer of shares (otherwise than as mentioned in 3 above) held in the Company for a period of less than 12 months will be taxable @30% (plus applicable surcharge and education cess).
- 5 Under section 115AD(1)(b)(iii) of the IT Act, Income by way of Long Term Capital Gain arising from the transfer of shares (otherwise than as mentioned in 2 above) held in the Company will be taxable @ 10% (plus applicable surcharge and education cess). It is to be noted here that the benefits

of indexation and foreign currency fluctuation protection as provided by section 48 of the Act are not available to Foreign Institutional Investors.

- 6 Long Term Capital Gains on sale of shares of the Company by the members shall be exempt from income tax if such gains are invested in bonds/equity shares specified in section 54EC respectively subject to the fulfillment of the conditions specified in those sections.
- 7 Under the provisions of section 90(2) of the IT Act, if the provisions of the Double Taxation Avoidance Agreement [DTAA] between India and the country of residence of the non-resident are more beneficial, then the provisions of the DTAA shall be applicable.

IV MUTUAL FUNDS

As per the provisions of section 10(23D) of the Act, any income of Mutual Funds registered under the Securities and Exchange Board of India Act, 1992 or Regulations made thereunder, Mutual Funds set up by public sector banks or public financial institutions and Mutual Funds authorized by the Reserve Bank of India would be exempt from income tax.

BENEFITS UNDER THE WEALTH TAX ACT, 1957.

‘Asset’ as defined under section 2(ea) of the Wealth Tax Act, 1957 does not include shares in Companies and hence, shares are not liable to wealth tax.

BENEFITS UNDER THE GIFT-TAX ACT, 1958

Gift tax is not leviable in respect of any gifts made on or after Oct 1, 1988. Therefore, any gift of shares of the Company will not attract gift tax. Gift of shares of the company to the unrelated persons exceeding Rs.50,000/- could however be taxed as income of the recipient in terms of section 56(1)(v) of the Act.

SECTION III: ABOUT THE ISSUER COMPANY

INDUSTRY OVERVIEW

Refrigerants

Refrigerants are substances with low boiling points and large latent heats at pressures above atmospheric pressure. These are substance that absorbs heat through expansion or vaporization and drops the same through condensation in a refrigeration system like Air Conditioners, Refrigerators etc. Refrigerants usually fall into one of the following groups:

CFCs – chlorofluorocarbons;
 HCFCs – hydrochlorofluorocarbons;
 HFCs – hydrofluorocarbons;
 HCs – hydrocarbons;
 NH₃ – ammonia.

Chlorofluorocarbons(CFCs), used as Refrigerant Gases, containing chlorinated Fluoro-carbon emissions are adversely contaminating the earth's ozone layer, so they were phased out in 1995 in developed countries. In developing country like India is being gradually phased out and by the year 2010, it shall be completely phased out. HCFCs is also to be phased out by 2030 (as per the agreement entered into by the developing countries under the Montreal protocol agreement).

The current market size of the CFC and HCFC business in India is about 34,400 MT, (this data is from the website of the companies mentioned below from their product data furnished in their published Annual Reports) the four main manufacturers of CFCs are SRF Ltd, Gujarat Fluorochemicals Limited, Navin Fluorine Ltd. and Chemplast Ltd. The phasing out of CFC and HCFC has necessitated the birth of the alternative refrigerant gases called HFC or Hydro fluoro carbons, which have zero ozone depletion potential. Hydro Fluoro carbons (HCFs) are energy proficient alternatives to CFCs and do not affect the ozone layer of the atmosphere. HCFCs also deplete ozone and will be phased out in Europe by 2015 and in India by 2030. Small quantities of HCFCs are manufactured under strict regulation for few older systems. Developing countries have been permitted more time for the transition. Hence new refrigeration systems with HCFCs are still being sold in developing countries.

Montreal Protocol

The Montreal Protocol on substances that deplete the ozone layer was drawn up in September 1987, under the United Nations Environment Programme. This Protocol required all developed countries to phase out CFCs (Chlorofluorocarbons) by the year 1996. It further calls for the complete phase out of HCFCs (Hydrochlorofluorocarbons) by 2030 in developed countries.

Developing countries, such as India, with a per capita consumption of less than 0.3 kg of ODS (Ozone Depleting Substance) have been categorised as Article -5 countries under the Montreal Protocol. These countries are required to phase out all CFCs by the year 2010 and all HCFCs by 2040.

Summary of Status of Some Refrigerant Groups

Type	Examples	ODP*	GWP**	Uses	Other Issues
CFC	R12 R502 R11	High	High	Widely used in most applications until 1990.	Now phased out of production
HCFC	R22 R409A R411B	Low	High	Widely used in many applications. Not recommended for us	To be phased out of production in 2015. Their use is also regulated increasingly strictly.

Type	Examples	ODP*	GWP**	Uses	Other Issues
				after 1999.	
NH ₃ Ammonia	R717	Zero	Very low	Used in industrial systems since the birth of refrigeration.	Toxic and flammable, reacts with copper.
HFC	R134a R404A R407C R410C R507	Zero	High	Started to be used in place of CFCs from about 1990.	Different compressor oil needed, performance of some HFCs not as good as CFCs. Some reliability problems.
HC propane, iso-butane	R600a R290 Care 30 Care 50 R1 270	Zero	Very low	R290 used in some industrial systems for decades. R600a now used in domestic systems. Care 30 and Care 50 now used in some commercial systems.	Flammable, but are very good refrigerants with few changes needed to a CFC/HCFC system.
CO ₂		Zero	Very low	Widely used before the 1950s but superseded by halocarbons. Now being 'rediscovered' as a primary and secondary refrigerant,	Not yet widespread commercial use as a primary refrigerant, but an interesting prospect. (High operating pressures require special materials and construction.)

*ODP — Ozone Depleting Potential; **GWP — Global Warming Potential

Ever since "ozone hole" was discovered above Antarctica in 1985, Vienna Convention and Montreal Protocol & KYOTO Protocol (which is to restrict production, use and emission of Ozone-Depleting Substances (ODS)) have been drafted under the coordination of UNEP. Major Chlorofluorocarbons (CFCs) manufacturers began to develop substitute industrial production technology actively starting from 1986. Most of them focused on HFC-134a, for it has non-ODS properties, which is extremely similar to CFC-12 in property but of zero ozone depleting potential (ODP). In 1996, consumption of HFC-134a had reached 50,000 ton. Some statistics show that the figure rose above 350,000 ton in the year 2000. In India this is growth at a vast pace, as the industry is getting adapted to the change in refrigerant now itself much before its depletion so that they will not have to wait for the last moment, any replacement of refrigerant in the current systems are done with HFC so that the consumer do not face the depletion problem during the next refrigerant change. (Source : www.ozonecell.com)

HFC refilling business in India:

HFC-134a was introduced early as a refrigerant for car air-conditioning and refrigerators because it has refrigerant characteristics and stability very similar to CFC-12. It is being used not only as an alternative to CFCs but also HCFCs, as well as a foaming agent for polyethylene and other substances. It is also being used in aerosol sprays because of its non-combustibility. HFC Refilling was started off with this industry growing in India. The current requirement of HFC based Refrigerants is to the tune of 6000mt in India. With India being a party to the Montreol Protocol for Ozone depleting products the demand for HFC based refrigerants started growing.

Many of the new refrigerants are blends of different substances, which fall into two categories:

- Those with a low ODP which are used as transitional substances, these are usually blends based on HCFC R22 (e.g. R409A, R411B);
- Those with zero ODP, which have a longer term future, these are usually based on HFCs (e.g. R404A, R407C), or HCs (e.g. Care 30, Care 50).

The transitional substances are primarily used to convert existing systems. They should not be specified for new equipment. As they include R22, they can operate with the existing (mineral) oil in the system and the conversion procedure is relatively simple. The blends based on HCFCs or HCs can be used to replace the HCFC or CFC refrigerant in existing systems without changing the oil. Blends based on HFCs are usually only used in new systems.

Zeotropic Blends

The blends based described above are mostly of two or three substances and are classified as Zeotropic blends or Azeotropic blends. Zeotropic blends behave differently in a system compared to a single substance. While a single substance has a single evaporating/condensing temperature, zeotropic blends evaporate and condense across a small temperature range, and are said to have a 'temperature glide'. The temperature glide is the difference between the 'bubble temperature' (when the refrigerant is saturated and about to evaporate and the 'dew temperature' (when the saturated vapour is about to condense). This property may lead to increased refrigeration capacity when the refrigerant and the cooled fluid are in counter flow, may lead to uneven ice build up leading to problems in defrosting and may be difficult to use in a flooded system. If required, the refrigerant will also have to be removed as a liquid from the system to prevent change in the composition of the remaining refrigerant in the system.

Azeotropic Blends

Blends that do not have a temperature glide are called azeotropic blends and they behave like a single substance. e.g; R502 and R507.

Hydrocarbons (HCs)

HCs are inflammable and safety is a serious issue. They are being used in domestic refrigerators. However, in India, care is required because a major portion of the refrigerator repair market is in the unorganized sector leading rather complications related to safety.

Ammonia (R717 or NH₃)

Anhydrous ammonia is popularly used as a refrigerant in industrial systems, especially chemical and dairy industries. Ammonia has high latent heat and hence less mass flow is required, resulting in slight reduction in the power consumption. Lubricating oil, being denser than ammonia, can be easily drained from the lower points of the system. Air, being heavier than ammonia, can be purged easily from the highest point in the system. All these properties contribute to the design of ammonia systems that are slightly more efficient operationally. Ammonia is toxic in high concentrations. The occupational exposure limit is 25 ppm when the smell is quite obvious. Most people can tolerate up to about 250 ppm, with some irritation and discomfort. At 3500 ppm, ammonia is quite lethal. A 16% to 27% ammonia-air mixture can be ignited with some difficulty. Ammonia also attacks copper, zinc, tin, calcium and their alloys.

Refrigeration and Air-conditioning

India, being a warm tropical country, most of the Refrigeration and Air Condition applications involve cooling of air, water, other fluids or products. Refrigeration and Air-conditioning accounts for a significant portion of the energy consumption in many manufacturing industries (like chemicals, pharmaceuticals, dairy, food etc.), agricultural & horticultural sectors (mainly cold stores) and commercial buildings (like hotels, hospitals, offices, airports, theatres, auditoria, multiplexes, data processing centers, telecom switching exchanges etc). Refrigeration and air conditioning systems cover a

wide variety of cooling applications, using both standard and custom-made equipments. Some commonly used applications are process cooling by chilled water or brine, ice plants, cold stores, freeze drying, air-conditioning systems etc.

With industrial development, the demand for process related refrigeration and air conditioning (AC) is bound to increase. However, modern lifestyles with the increasing demand of comfort air conditioning in commercial buildings and homes, using conventional air conditioning methods and equipments, is a source of concern for an energy scarce country like India.

Production of Refrigeration (*Domestic*):

(in '000s)

Particulars	Production	Var. (%)
2001-02	2469.43	
2002-03	2734.63	10.74
2003-04	3715.23	35.86
2004-05	4360.32	17.36
2005-06	5158.80	18.31
April to August 2006	2453.20	-
Source: CSO		

Also the air-conditioning industry in India is witnessing a sustained rise in demand both at the consumer and commercial segments. The consumer segment which broadly consists of Room Air Conditioners (RAC) with window AC and split AC, is gradually getting crowded with the entry of many players. At the same time the boom in housing/real estate sector coupled with increase in individual disposable income and change in consumer preferences has facilitated sustained rise in demand for this segment. According to a recent survey by FICCI, the production in the industry is projected to grow at a rate of 20-25%. According to data from Central Statistical Organisation (CSO), the production of window type air-conditioners has zoomed by 59% yoy to 3,65,979 units during the period Apr-Dec 2005. The industry is growing at a faster pace with 25% growth and industry sources indicate a very buoyant phase for the sector. (**Source: Capital line**)

Significant developments have taken place in the technology related to the hardware and controls related to refrigeration and air conditioning systems to help improve energy efficiency. However, the right attitude and design philosophy can play a larger role than technology in conserving energy. This implies that use of nature-assisted cooling techniques and minimal use of energy guzzling refrigeration equipments is the key energy conservation.

Automobile Industry

Automobile manufacturing industry is in an expansion mode and has huge plans for ramping up production. As India and particularly Chennai is fast becoming a global hub in auto manufacturing, the demand from this segment will be high. Further the FMCG manufacturers have lined up plans for doubling their production in view of increase in off-take of their products. The purchasing power of Indian middle class is aided by the liberal loan scheme of the Banks and the Retail loan is really underway. Refrigerants are used in the Air Conditioners used in the Passenger cars hence the demand for the Refrigerant Gas also depends on the sales of Passenger Cars.

Sales of Passenger Car vehicles in India:

(in nos)

Particulars	Financial Years					
	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07
Domestic Sales	5,09,088	5,41,491	6,96,153	8,20,179	8,82,208	10,76,408
Exports	49,273	70,263	1,25,320	1,60,670	1,69,990	1,92,745
Total Sales	5,58,361	6,11,754	8,21,473	9,80,849	10,52,198	12,69,225

(**Source: Society of Indian Automobile Manufacturers**)

Original Equipment Manufacturer (OEM) Requirement of Products in India

Markets for products:

Particulars	MT/ Pa consumption
Car manufacturers	
Hyundai	360
Ford	80
TATA	300
Maruti	450
General Motors	50
Hindustan Motors	30
Honda	70
Mahindra & Mahindra	30
Mercedes	12
Fiat	12
Skoda Auto	6
Toyota Kirloskar	24
VOLVO	10
Sub-Total	1434
Refrigerators	
LG	120
SAMSUNG	60
ELECTROLUX	90
VIDEOCON	30
WHIRPOOL	70
HAIER	12
GODREJ	90
CARRIER	100
Sub-Total	572
Deep Freezers	
Various brands	400
Sub-Total	400
Unorganised Sector	
(Chillers, Car service stations, Refrigerator Service, Traders)	3600
Sub-Total	3600
Total	6006

Note: Last year it was 3000 mt this year it has grown by nearly 100% to 6000mt and it is growing at a fastpace by end of 2009 the market is expected to be at 15000mt-20000mt per annum. Above all this the above indcutry is growing at a very fast pace.so the requirement from them will also grow rapidly

(Source: Business today data on number of cars manufacture, AICRA data on number of refrigerators manufactured, AIACRA data on after market and service industry.)

BUSINESS OVERVIEW

Overview

Refex Refrigerants Limited is an ISO 9001 Company engaged in the business of refilling and marketing non ozone depleting refrigerant gases popularly known as 'HydrofluoroCarbons' or 'HFCs', which are used in Auto airconditioners, Room air conditioners, refrigerators and refrigerating equipments. Its registered office is at 20, Mooker Nallamuthu Street, Chennai-600001. The Company has its processing and filling station at 1/171, Old Mahabalipuram Road, Tiruporur-603110, Tamil Nadu. The Company is a licensed refiller, authorised by the Department of Explosives (Government of India) and has earned the trust and appreciation of the Department of Commerce and Industry for establishing an eco-friendly product plant.

Refex Started off with the imports of refrigerant gas. As a part of their ambitious expansion drive, Refex forayed into refilling of HFC refrigerants that are ecofriendly by nature. Presently the Company has an installed capacity of refilling 40 MT per month of refrigerant gases on single shift basis. In view of the increasing demand of its products the Company proposes to expand its operations further and increase the installed capacity to refilling 250 MT per month. The Company has currently a de-bulking station at Thiruporur with a 20,000 liters storage tank and 18,000 liters transport tanks specially made for their products. Presently the company has a stock of 7500 cylinders and 80 Tonners. The company is not involved in manufacture of any gases.

The company supplies its products to Original Equipment Manufacturers. In addition there is a wide network to distribute the products to end users. At present the company has established branches in Mumbai, Delhi and Ahmedabad. The company has set up a good marketing setup which is constantly engaged in tapping and capturing the market potential.

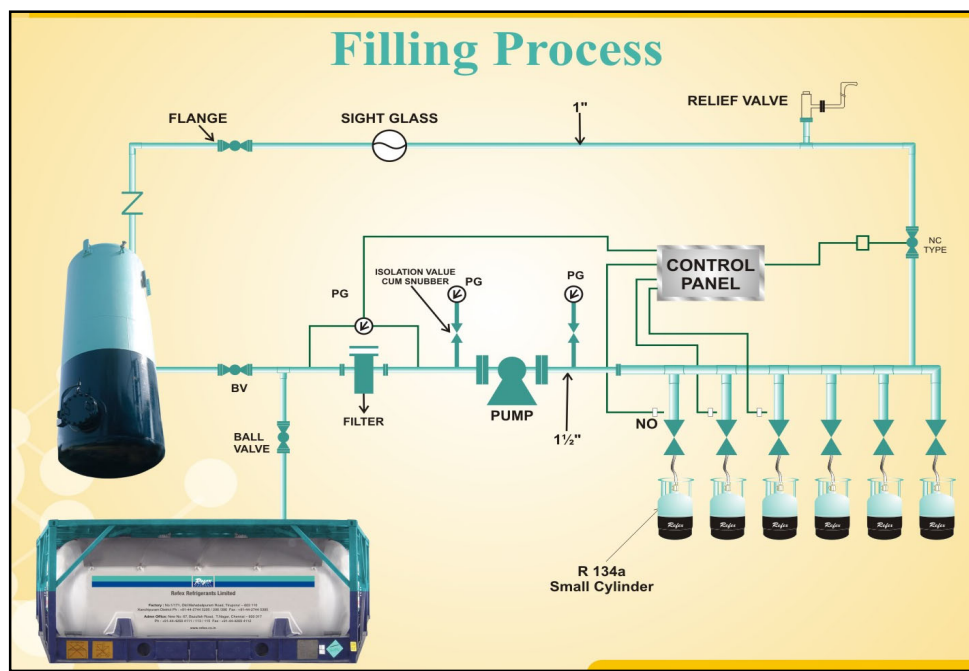
Earlier, chlorofluorocarbon (CFC) was developed as a supposedly safe alternative to ammonia and sulfur dioxide refrigerants. While sulfur dioxide is toxic and ammonia is both toxic and highly flammable, CFC was found to be nonflammable, nonexplosive, and noncorrosive. CFC quickly became the compounds of choice for refrigeration as well as for cleaning foam blowing agents.

However, the discovery of a hole in the ozone layer over Antarctica in 1985 led to a movement to reduce the use of CFC. Due to their high ozone depleting potential, CFC was scheduled to be phased out completely by 1996. This led to the need to find alternative refrigerants that are not ozone depleting substances. Some experts have suggested the use of hydrochlorofluorocarbons (HCFC) for this use. Unfortunately, HCFC also have some ozone depleting potential, and are scheduled to be banned by 2030. One replacement for CFC in refrigeration is CF₃CH₂F (R134a). However a product named R134a is a known product among the refrigerants because of its zero ozone depleting potential also it has a low direct global warming potential (GWP).

Environmental Significance

Production of an environmentally-friendly product alternative is very essential to maintain the ecological standards. The Company believes in getting the transformation of CFC into HFC done before the rule is enforced. Though dates have been announced in line with Montréal protocols to stop production and use of CFC from 01/01/2010, Refex's team of technical experts approach the Service Engineers and Car Air conditioner Mechanics and educate them on shifting to HFC based Refrigerants. The Company is into creating and promoting "REFEX" as a brand with the B2B and B2C segments. The Corporate coloured cylinders, in tune with our logo, cleaned and vacuumised on every rotation is very unique and distinct from the others. This enhances the quality of the products filled inside them and also attractive for the dealers and service centre to stock them.

Production Process



A well established and hassle-free processing technique is being employed by the Company. The chemical by name 1,1,1 TETRAFLUOROETHANE (Trade name R134a) comes in ISO tankers or ton tanks from the suppliers from Singapore/Germany/China/Italy. The same is transferred to the storage tank through pump in liquid form through a stainless steel moisture-free hose. Before the transfer starts, the product passes through the first Moisture analysis check to make sure the moisture content to be within set parameters and is in correlation with the manufacturers' test certificates. Then the process of transferring the product to storage tank takes place. In the process, there are 3 similar moisture tests done to make sure that the moisture content is as per specification and the line is repeatedly checked for any leak to avoid any air being sucked in. Then from the tank the refrigerant gas is transferred through a fully sealed pipeline and pump, maintaining its pressure and transferred to cylinders in liquid form under the same pressure. At various points there are pressure gauges to check the pressure maintained and filled under similar pressure in all the cylinders. After filling, for every batch there is a random sampling done for checking the moisture content. Also during this time the purity is also checked by a Gas Analyzer imported from USA.

The cylinders are cleaned from inside of all the foreign particles by using a magnetic rod and vacuum machine. They are then cleaned with a solvent to remove any kind of oil or grease from the cylinder. Then they go through a high suction vacuumising process where the cylinders are vacuummed and made free from all dust and foreign particles before filling. The cylinders are then taken to the filling stations where the hose from the manifold is connected to the cylinder. The cylinder is kept on a weighing scale which is set for the quantity to be filled; each hose in the manifold has a setting controlled electronically. The cylinder is then set for filling by opening the valve automatically. Once the liquid inside reaches the required quantity the pump stops and the filling process is complete. The main requirement in this is to make sure that the cylinders are clean and free from foreign particles and moisture and the cylinder when filled does not give way for the same. Every cylinder has a packing slip which will give details of the filled product, weight, batch number, cylinder number and the fillers identity.

The filled cylinders are then taken to the storage area where each of them is tested for any leaks. All the cylinders which pass this final test are ready for dispatch.

Process Safety measures undertaken by the Company:

The Company has taken adequate safety measures for its storage tank by installing two safety valves and pressure relief valves. All these are automated to release the pressure in case any pressure build up in the storage tanks or the lines beyond allowable limits. The Company has installed the good quality equipments and instruments which are specially made for HFC based refrigerants these equipments have also been approved by the Explosive department. The company has all areas earmarked for its respective process. Each area is demarcated and used for the purpose specified for. Every process has a team assigned, who carry out the process as per the instructions. Every process instructions are clearly and visibly made available in the area assigned for smooth running of operations. All operations are as per the best in the industry with regular training on improvement being given to the employees. The company has in place the best of equipments for safety and fire fighting. All care is taken to avoid any mishap or accident. First Aid kits are in place. List of Hospitals and fire station close to the plant with their emergency numbers are displayed in all the areas of the plant.

Plant & Machinery:

The details of the existing plant and machineries are as given herein under:

Location	Details of Plant & machinery	Numbers
Refex Refrigerants Limited 1/171, Old Mahabalipuram Road, Thiruporur, Kanchipuram District.	Storage Tanker	1
	Cylinder	7500
	Fork Lift Machine	1
	ISO Tanker EVAU 5801748	1
	Air Compressor	2
	Air Conditioner	7
	Cylinder Filling Machine	4
	Weighing scale	70
	Electrical fittings	6
	Tonnages	56

Land

The details of the Property owned/ Leased by the Company are as follows:

Sr. No.	Location	Utilization	Area/Owner/Period/Amount Of rent	Nature of Possession
1	20, Mooker Nallamuthu Street, Chennai-600 001 (India)	Registered office of the Company	1100 sq.ft M.K.S.Nainar Mohammad/11 months lease/ Rs.8,000/- per month	Leased
2	No.67,Bazullah Road, T.Nagar, Chennai – 600 017.	Administration office of the Company	1520 sq.ft Ms.R.Nagaratna/ 11 month lease/Rs.30,000/- per month	Leased
3	* 1/171, Old Mahabalipuram Road, Tiruporur-603110, Tamil Nadu	Processing and filling station	13000 sqft is valued at Rs 125 lakhs and 9000 sqft builtup area is valued at Rs 50 lakhs, total value being Rs 175 lakhs, of the 9000 sq ft built-up area, 3000 sqft is being used as office and 6000 sqft utilised for factory and stock yard.	Owned
4	B-13, DSIDC, Jhilmil Industrial Area, GT Road, Shahdara,	Branch	900 sq. f t/Mr.Avinash Virmani/11 month lease/Rs.30,000/- per month	Leased

Sr. No.	Location	Utilization	Area/Owner/Period/Amount Of rent	Nature of Possession
	New Delhi – 110095			
5	Sai Vihar Cooperative Society Plot 434/435, Opp Bank of India, Ghansoli, Navi Mumbai – 400701	Branch	800 sq. ft/Mr.Dasarath Maurya/11 month lease/Rs.7,000/- per month	Leased
6	No.165, Sajanand Estates, Sarkhej-Bavla Highway, Sarkhej, Ahemdabad - 382210	Branch	350 sq. ft/Ms.Deepika Ben/11 month Lease/Rs.4,000/- per month	Leased
7	4/3-286 Old Bhoiguda III Floor, Secunderabad - 500 003, Andhra Pradesh	Branch	200 sq. ft/Mr.Jitender/11 month lease/Rs.3,000/- per month	Leased

* Note: The said property has been purchased from Mr.T.Anil Jain, Managing Director of the Company during January 2006 for Rs.26,79,510/-.

Capacity & Capacity utilisation

The existing factory has an installed capacity of 480 MT of Refrigerant gases per annum on single shift basis. The details of the existing and proposed capacity and capacity utilization is as under:

Existing Installed Capacity	Capacity Utilisation achieved		
	2005	2006	2007
480MT	Nil	59%	122%*

* on multiple shift basis

Technical and Financial agreements

The company has entered into a technical agreement with M/s Kaltech Engineering and Refrigerants Pte Ltd., Singapore (Kaltech) details of which are given on page 20 under the head Technical know how fee – M/s Kaltech Engineering, Singapore

The other details of the technical collaborator are as under:

Registration and Year of Incorporation	Kaltech Engineering & Refrigeration PTE LTD was registered as a company on 16/11/1993 at Singapore, having its registration number as 199307561H
Paid up share capital	Sing \$ 10,00,000 as on 31 st December 2005
Turnover of the last financial year of operation	Sing \$ 28.4 million for the year ended 31 st December 2005
General information regarding such persons relevant to the issuer	Directors of Kaltech: Yong Soon kiat Foo Fui Woon Lim Kok Keng Lam Seng Heng

Note: 1 Sing \$ = Rupees 28.64 as on 23/01/2007

UTILITIES**Raw Material**

The main raw material of the company is Refrigerant Gases. The Company is currently importing the same from their Technical Associates, M/s Kaltech and various other manufacturers in China. The main products imported are R134a, R404A.

Power

The company has a connected load of 40 KW and the same will be increased commensurate with the additional requirements

Fuel

HSD need for standby power generator only and the same is available in local area.

Environmental Aspects

It is a non-polluting industry. However, the company has obtained environmental certificate from the authorities.

Quality Control

Refex Plant has set up a state of the art filling station, in Technical Collaboration with M/s Kaltech Engg-Singapore. The equipments are hand picked to give the best results of filling without losing the actual properties of the product imported.

At Refex, before selecting the supplier the Company studies the process of their manufacturing and the quality control procedure followed by the prospective suppliers. While importing, Manufacturers provide with a Certificate of Analysis which confirms to ARI700 standards. Additionally, while rebottling each and every cylinder the products filled are tested and analyzed before and after filling of these gases with Refex's modern and equipped laboratory. For instance, the Refrigerant Analyzer is used for checking the product, the Gas chromatograph checks the purity of the Refrigerant, other permissible impurities and also checks for any non- condensable gases and the Moisture Analyzer checks the moisture content in the refrigerant. Any product which does not conform to the standards is removed from the line. Refex has been certified ISO 9001-2000 by TUV-SUD, Germany. Every batch is supported with a test certificate stating results of the tests conducted at Refex's.

Special precautions taken for cylinders, like the cylinder refurbishment system of Refex has become a benchmark in the industry. The cylinders of Refex are free from any foreign particle or rust from inside. The Company ensures that the cylinder manufacturers fill the empty cylinders after production, with some neutral gases in order to avoid any rust or moisture from being formed inside the cylinders during transit or idle period. Refex has adopted a system wherein every cylinders are cleaned and tested before they are refilled. After filling the cylinders undergo stringent leak tests to avoid any leaks. The filled cylinders leave Refex Premises after all the necessary tests are carried out.

Refex's commitment to quality is fundamental in everything that they do. From manufacturing to its customer service, constantly meeting their customer needs and expectations is a mantra that runs to the core of the business. Certification to recognized standards for Quality Management Systems has been the norm for Refex ever since its inception. A culture of continuous improvement ensures that the Company's systems are constantly updated. Every cylinder will reflect the quality behind the success of brand "Refex".

The company has received Appreciation Letter from Minister of State for Commerce & Industry, Government of India for the eco-friendly approach of the company to introduce HFCs in place of CFCs in the country and for establishing such a Project in Thiruporur, Kancheepuram District

Reflex's products

The main products dealt by the company are R-134a and R-404A. The Company's manufacturing process basically involves importing in bulk containers and refilling in smaller containers. The trading of the Company involves buying and selling in smaller containers. The company deals in the above manner in Refrigerant gases which is a single product and the variations such as R-134a and R-404A are only due to different chemical combinations of the same product.

Details of the main products dealt by the Company viz., R-134a and R-404A:

1. Reflex-134a: (Chemical Name : 1,1,1, Tetra Fluoroethane):

Reflex-134a (HFC-134a) has been developed to serve as one of the key substitutes for CFCs and HCFC R-134a is a long term, environmentally safer, non-ozone depleting substitute. As refrigerants, it possesses similar energy efficiency and capacity characteristics as Chloro-di-Fluoro Methane has an intrinsically low Toxicity.

Applications:

R-134a is an alternative refrigerant choice in automobile air-conditioning. It can be used in residential and commercial refrigeration, as well as commercial and industrial air-conditioning.

In the Automotive Industry, manufacturers are now using R-134a in the air-conditioning systems in their vehicles. Retrofit kits are being developed to convert existing auto-airconditioning systems from Chlorodifluoromethane to R-134a.

R-134a has been developed for a number of refrigeration applications including supermarket cases, walk-in-coolers and home refrigerators. It is also being used in some centrifugal chillers.

R-134a is suitable for both new equipment and for retrofitting existing Chlorodifluoromethane commercial refrigeration system. There will be few equipment design changes necessary to enable them to be compatible and to optimize the performance and efficiency of the same.

R-134a is being used with polyalkylene glycol (PaG) and with polyol ester lubricants. Most automotive original equipment manufacturers have chosen specific PaG lubricants for their systems. For non-automotive applications, most compressor manufacturers are recommending specific polyol ester lubricants.

In nutshell, R-134a may replace Chlorodifluoromethane in practically all applications, such as in household refrigerators, automobile air conditioners, heat pumps, centrifugal water chillers for air conditioning in building, for transport and commercial refrigeration.

Properties:

The refrigerating effect per unit of sweep volume for R-134a is equal to or higher than Chlorodifluoromethane, reducing the evaporating temperatures by approx. -25°C (theoretically down to -5°C). R-134a is non flammable and toxicologically safe and it is thermally and chemically stable. Its compatibility with metals is comparable to that of Chlorodifluoromethane.

2. R-404A : (Chemical Name: (Pentafluoroethane/ 1,1,1 Trifluoroethane/ 1,1,1,2 Tetra Fluoroethane):

R-404A (HFC-404a) is non-ozone depleting compound designed to serve as a long term alternative to R-502 (CFC-502) and Dichlorodifluoromethane in low and medium temperature commercial refrigeration application. Applications of R-404A in suitable retrofit refrigerant include supermarket freezer cases, reach-in-coolers, display case, transport refrigeration and ice machines.

The Company has tied up with reputed suppliers for procuring the major products viz., R-134a and R-404A. These are imported from their Technical associate, i.e.M/s Kaltech Engineering and Refrigeration Pte Ltd in Singapore and various other countries.

Market:**Diversity in customer base and products:**

The company caters to the needs of Automobile industry, Refrigerators and Chiller manufacturing units and other unorganised sectors like Car service stations, Refrigerator Service and Traders. The Company's clients are drawn from different Sectors of the Economy and there is no scope for downtrend in the future.

Main Competitors:

The main competitors are SRF, Stallion Enterprises, Gujarat Flurochemicals Ltd. However, some of these companies are manufacturing and marketing both CFC and HFCs products.

Selling and distribution Arrangement:

The Company has State-wise Distributors in the States Tamil nadu, Andhra Pradesh, Karnataka, Kerela , Maharashtra, Gujarat, Madhyapradesh, Rajasthan, Delhi, Uttar Pradesh and West Bengal and in other states it has a strong multi dealer network. It has already made its presence in most of these segments. The company has dealer distribution network in the country. The Company is spreading their wings in Eastern Region also by offering dealerships in West Bengal, Orrisa, Meghalaya and other states.

Customers

The top five customers of the company based on the turnover for 2006-07 are as under:

1. Carrier Aircon Ltd.
2. Hayavadhana Enterprises, Chennai
3. Godrej Ltd.,
4. Hyundai Motor India Ltd.
5. Secunderabad Electrical & Refrigeration,

Marketing and Business Strategies.**National Network**

Refex has established offices in Delhi, Mumbai, Ahmedabad and Secunderabad. The Company supplies Refrigerant Gases to the leading OEMs. Additionally, Refex has been supplying its products to various companies like Godrej, Voltas, Bluestar and Carrier Aircon for the distribution of its products in their service centers and the application of its gases in their various products.

Selling and distribution arrangement:

Refex Refrigerants has a strong national presence and has firmly entrenched itself all over the country with a wide network of distributors and dealers. The Company has distributors in the States of Chennai, Hyderabad Andhra Pradesh, Maharashtra and Ahmedabad. Refex has a dealer network dealers spread across the length and breadth of the country to cater to both the organised and the unorganised sector.

This national presence allows the professionals at Refex to become experts in local business conditions, industries and trends. Participation in the global marketplaces allows Refex to work with a broad spectrum of options for creating innovative solutions for its clients.

Business Strategy

As the global environment becomes competitive, finding the most innovative and creative solutions for the clients' needs will remain the most important competitive advantage of business at Refex. At Refex, the ability to maintain and strengthen its edge requires a diverse workforce that can offer the widest possible range of perspective. An ability to adapt to change while maintaining the core values of its successful business policy remains at the core of the business principles of the Company.

Refex has identified and adopted different product packing options to cater to every segment in the industry. Moreover, the launch of its products in small disposable cans of 340gms and 500gms will be the first of its kind in the country to reach out to the consumers. This launch will ensure the products of Refex are both affordable and within the reach of the common man.

Disposable cans

The disposable cans, to be marketed by Refex will be supplied to in the Auto Accesory showrooms in the country. The company, with the help of its marketing team, will meet every customer to impart training on the easy use and handling of its products.

Features of the disposable cans:

- First company in India to launch small Refrigerant Cans for single use.
- Worldwide choice to replace CFC 12 for new mobile AC systems.
- Available throughout India.
- Available in 340 gms and 500gms cans.
- Zero Ozone Depleting Potential.
- Proven in use in over 85 million vehicles worldwide.
- Contains no solvents.
- Quick Action.

Benefits of the disposable cans:

- Saves Time! Application of Refrigerant in One step.
- Cost Effective.
- Saves valuable man hours.
- Easy to use.

List of users

1. Car Owners
2. Refrigerator Owners
3. Service Centers
4. Spare Part Dealers
5. Auto Dealers
6. Mechanics

Every product of the Company is branded in the name of 'Refex'. The Disposable Cylinders and Cans shall be packaged in attractive colours and would list a detailed instruction on handling the refrigerants.

At core, the business of Refex is its commitment to clients. The Goal of the Company is to position Refex as a global player with a clear focus on each business. Refex is committed to both, a continuous improvement in its operations and sharing the knowledge that it gains with its employees, customers, suppliers, the scientific community, the government and the industry. Furthermore, through continuous improvement in methodologies, Refex will work to achieve sustainable products and manufacturing processes. The company will strive to reduce, reuse and recycle, and expects its employees to implement measures to properly dispose of any remaining wastes in a safe and environmentally sound manner.

HISTORY AND OTHER CORPORATE MATTERS

Refex Refrigerants Limited was incorporated as Refex Refrigerants Private Limited on 13th September 2002, under the Companies Act, 1956, with Registration Number U28121TN2002PLC049601. The Company was converted into a Public Limited Company on 30th March 2006 with the name “Refex Refrigerants Limited”.

The Registered Office of the Company is situated 20, Mooker Nallamuthu Street, Chennai-600001. The Company has its processing and refrigerant gas filling station at 1/171, Old Mahabalipuram Road, Tiruporur-603110, Tamil Nadu. Refex Refrigerants Limited is an ISO 9001 Company engaged in the business of refilling and selling non ozone depleting refrigerant gases popularly known as ‘HydrofluoroCarbons’ or ‘HFCs, that are used in auto airconditioners, room air conditioners, commercial aircons, refrigerators and refrigerating equipments. These refrigerants are the replacements for the CFC’s and HCFC’s which deplete the ozone layer. The CFC’s are to be banned in the country from 2010, after this ban HFC’s have to be replaced with the CFC’s. So Refex saw the potential in the HFC business and started to import this product from across the globe in the year 2002. They were importing this in their trading company. After seeing a growth in the imports they had planned to set up a refilling plant in Chennai with the technical collaboration from Kaltech. This initiated the birth of Refex Refrigerants Pvt Ltd., with a refilling plant in Thiruporur near Chennai. Refex started off with a capacity of 40MT per month with one storage tank and one ISO tank. An ISO tank container is a pressure vessel complying with the International Standard Organization recommendations. The unit is designed and constructed for transportation of liquids, powders and liquefied gases on land or at sea. Refex has achieved a turn over of Rs. 51.41 crores and a PAT of Rs. 3.92 crores for the FY 2006-07.

Major events in the History of the Company:

Year	Event
13/09/2002	Refex Refrigerants was incorporated as a Private Limited Company
30/03/2006	Converted into a Public Limited Company
2/11/2005	The company was awarded with ISO 9001: 2000 Certificate by TUV Management Services
21/07/2004	Appreciation Letter received from Minister of State for Commerce & Industry, Government of India for the eco-friendly approach of the company to introduce HFCs in place of CFCs in the country and for establishing such a Project in Thiruporur, Kancheepuram District.
21/07/2006	Entered into Technical Collaboration with Kaltech Engineering and Refrigeration Pvt. Ltd., Singapore

Main Objects of the Company:

The main objects of the Company as given in the Memorandum of Association of the Company are reproduced below:

- To manufacture, fill in cylinders or tankers ,store ,import, export, distribute, sell or otherwise deal in refrigerant gases, refrigerant gases, coolants and gases of all kinds and description.
- To manufacture, buy, sell, import, export or otherwise deal in cylinders and other accessories used in the manufacture, storage, filling and re-filling of gases of all kinds and description.
- To construct, renovate, modify, improve, demolish, dispose, or otherwise deal in storage tanks used in the storage of gases of all kinds and description.

The main objects clause of the MoA of the Company enables Refex to undertake its existing activities as well as the activities for which funds are being raised through this Issue. Further, it is confirmed that the activities carried out by the Company until now are in accordance with the objects clause of its MoA.

CHANGES IN THE MEMORANDUM OF ASSOCIATION

Date of Shareholders Approval	Type of change/Reasons
10/02/2006	Authorised capital increased from Rs.20,00,000/- divided into 20,000 equity shares of Rs.100/- each to Rs.5,00,00,000/- divided into 5,00,000 equity shares of Rs.100/- each
10/02/2006	Company converted into a public limited company from a private limited company
27/03/2006	Each share of Rs.100/- sub-divided into 10 shares of Rs.10/- each
21/06/2006	Authorised capital increased from Rs.5,00,00,000/ divided into 5,00,000 equity shares of Rs.100/- each to Rs.18,00,00,000 divided into 1,80,00,000 equity shares of Rs.10/- each

Subsidiaries of the Issuer Company

Refex does not have any subsidiary.

Shareholders' Agreement

Refex has entered into a shareholders' agreement with Bennett Coleman and Company Ltd. (BCCL) brief details of which are given herein under :

A Share Subscription Agreement between the Bennett Coleman and Company Limited ("BCCL") and Refex Refrigerants Limited ("Company") and Promoters of the Company entered into on 8th January, 2007

Main Provisions

BCCL agrees to subscribe and the Company shall and the Promoters shall cause the Company to issue and allot 4,00,000 equity shares ("subscription shares") constituting 3.50% of the post preferential issue capital of the Company, on closing date, at a price of Rs.60 per share aggregating to 2,40,00,000 ("Subscription Amount")

The Agreement is subject to following conditions (conditions precedent):

- The board of directors of the Company approving the preferential issue and allotment of the Subscription Shares in favour of BCCL and in terms of the mentioned Agreement;
- The board of directors of the Company or a committee thereof approving the execution of this Agreement by the Company;
- The shareholders of the Company at a general meeting of the Company shall have approved the issuance of Shares to BCCL by way of a special resolution in accordance with the provisions of Section 81 (1A) of the Act;
- The Shareholders of the Company shall have passed a resolution for approval of the amendment of the articles of association of the Company to incorporate the provisions of Article 8 (Exit) of the mentioned Agreement, which amendments shall come into effect from the date hereof; However, the Company is yet to pass the necessary amendment to its Articles of Association in terms of the above Article.
- BCCL shall have received from the Company certified true copies of the resolutions referred to in Articles (a) to (d) above and a certified true copy of the articles of association amended in terms of Article (d) above;

- (f) The board of directors of BCCL or a committee thereof approving the investment by BCCL in the Company and BCCL providing a certified true copy of the approval of the Board of Directors of BCCL or a committee thereof for the investment to the Company;
- (g) BCCL shall have received a certificate from the statutory auditors or company secretary in practice of the Company certifying that the issue of the Subscription Shares is in accordance with the Unlisted Company (Preferential Allotment) Rules, 2003;
- (h) BCCL shall have received a certificate from the statutory auditors of the Company certifying that the issued and paid-up capital of the Company as on the date of payment of the Subscription Amount by BCCL to the Company is Rs. 11,00,00,000/- (Rupees eleven crores only) divided into divided into 1,10,00,000 (one crore and ten lakh) equity shares of Rs. 10/- (Rupees ten each). The statutory auditors shall further certify that there are no outstanding proposals for issue of bonus shares by the Company as on the date of payment of the Subscription Amount.
- (i) The Company shall ensure and the Promoter shall cause the Company to ensure that the authorised capital of the Company is sufficient for the issue of the Subscription Shares or has been increased accordingly to permit the issue of Subscription Shares to BCCL, as the case may be; and
- (j) Each of BCCL's, the Company's and the Promoter's representations and warranties in this Agreement (considered collectively), and each of such representations and warranties (considered individually), shall be accurate in all material respects as of the date of this Agreement and the date of allotment of the Subscription Shares to BCCL.

Covenants

- (a) The Company and the Promoters, jointly and severally covenant that they shall use reasonable endeavours to cause an initial public offering of the Company ("IPO") within 12 (Twelve) months from the date hereof, including but not limited to obtaining all consents and approvals (corporate and otherwise) for the same in accordance with applicable laws. The Company and the Promoters further covenant that at the time of the IPO the Company shall disclose the material terms of this Agreement in the offer document.
- (b) The Company shall file and the Promoters shall cause the Company to make all necessary filings with the appropriate authorities in respect of the issue and allotment of the Subscription Shares.
- (c) BCCL covenants that the Subscription Shares shall be subject to a lock-in for a period of three years from the date hereof or for such period as may be determined under applicable law at the time of IPO, whichever occurs earlier, subject to the Securities and Exchange Board of India (Disclosure and Investor) Protection Guidelines, 2000 (the "DIP Guidelines"). It is clarified that BCCL shall have the right to transfer or sell or otherwise dispose of the Subscription Shares in any manner at the expiry of the applicable lock-in period, as per this Article.
- (d) The Company hereby covenants to BCCL that the Company shall on a continuous basis furnish the following information to BCCL:
 - Unaudited quarterly profit and loss account statements of the Company within 45 (Forty-Five) days of the end of each quarter of the financial year of the Company;
 - Annual audited financials of the Company within 180 (One Hundred and Eighty) days, of the date of each financial year-end;
 - All details pertaining to the shareholding structure of the Company as on 31st of March every year, on or before the 1st of May of every year; and

- Such other information and documents regarding the performance of the Company, as may be reasonably requested by BCCL.
- (e) In the event that the Company issues any further Shares at any point of time prior to the completion of the IPO (a “Fresh Offering”) then the Company shall issue and the Promoters shall cause the Company to offer such number of Shares forming part of the Fresh Offering to BCCL in accordance with applicable law, for no additional consideration or a consideration being the par value of the shares or such other consideration as may be determined by the board of directors of the company, which ever is lower such that the weighted average price of the subscription of shares and the shares acquired by BCCL at the fresh offering by another person. The Company shall obtain and the Promoters shall cause the Company to obtain all approvals, regulatory and otherwise, in this regard. In the event the company is unable to offer the shares to BCCL for no additional consideration, the promoters shall jointly and severally, sell such number of shares held by the Promoters to BCCL, such that the weighted average price of the subscription shares and the shares acquired by BCCL from the promoters in the manner indicate in the Agreement shall be equal to the price paid for the shares issued at tge Fresh Offering by another person. Provided that such Fresh offering made to the Promoters and their relatives listed in the Exhibit in the Agreement or employees of the Company pursuant to an employee stock option plan or scheme; at a price lower than the subscription price will not be taken into the purview of this Article, However the Fresh Offering in the event of such a Fresh Offering to employees shall not exceed 5 % of the total paid up equity capital of the Company post investment by BCCL. For the purposes of this Article, the term “employee” shall not include the Promoters and directors of the Company and or any relative of such Promoters and directors.
- (f) In addition to what has been stated above, the Company shall provide and the Promoters shall cause the Company to provide, intimation to BCCL of all the details of any Fresh Offering made by the Company after the date hereof, within 5 (five) Business Days of such Fresh Offering.
- (g) The Company hereby agrees and covenants with BCCL that the Company shall and the Promoters shall cause the Company to take all necessary steps to ensure that all transactions of the Company with related parties shall take place on arms-length basis.
- (h) The Company hereby agrees and covenants with BCCL that it shall make, and the Promoters shall cause the Company to make all necessary endeavours to ensure the growth of the business of the Company. The Promoters shall not either alone or jointly with any other person directly or indirectly engage, in any business which competes with the business of the Company.
- (i) The Company shall not issue Shares through the IPO whereby the lower end of the price band, in terms of DIP Guidelines, is less than the Subscription Price. For the purpose of this Article the Subscription Price shall be adjusted for any bonus issue and/or any stock split made by the Company from the date of allotment of the Subscription Shares till the date of the IPO. In the event that the IPO takes place at a price band whereby the lower end of the price band is less than the Subscription Price after the adjustment as above, if any, the Promoters hereby covenant and undertake, jointly and severally, to transfer such number of Shares to BCCL for no additional consideration such that the weighted average price of the Subscription Shares (i.e., the Shares held by BCCL on the date of allotment of the Subscription Shares) and the Shares transferred by the Promoters, or any of them, as the case may be, in accordance with the terms hereof is equal to the lower end of the price band under the IPO. It is clarified that the transfer of Shares by the Promoters, or any of them, as the case may be, shall take place on the next succeeding Business Day after the completion of the statutory lock-in as per applicable law, of the entire pre-issue share capital currently prescribed in clause 4.14.1 of Chapter IV of the DIP Guidelines, as may be amended from time to time. The Promoters, jointly and severally, undertake to keep available such number of Shares as may be required to fulfill their obligations in terms hereof and ensure that the same are not subject to the three year lock-in on a promoter’s contribution under the DIP Guidelines. It is further clarified that the number of Shares to be transferred to BCCL by the

Promoters, or any of them, as the case may be, shall be computed on the basis of the lower end of the IPO price band.

- (j) The Promoters, or any of them, as the case may be, shall make available to BCCL details, including as to price, of all sales carried out in terms of Article 8.2.1 (Tag Along) of the Agreement, no later than 7 (Seven) days from the date of entering into an agreement for such sale.
- (k) The Promoters and the Company hereby undertake and agree that BCCL and/or any affiliate of BCCL, shall not be represented to any Person or in any disclosure, named or deemed as a 'promoter' in the prospectus or any other documents related to a public offering or otherwise and shall not be required to offer or make available the Shares held by BCCL for the purposes of any mandatory lock-in as applicable to 'promoters' under the DIP Guidelines in respect of public offerings or otherwise, nor shall any declaration or statement be made in this regard or in respect of making BCCL a "person acting in concert" with the Promoters (or any of them, as the case may be), either directly or indirectly, in filings with regulatory or governmental authorities as also stock exchanges, offer documents or otherwise.

Exit

1 Put-Option

In the event that the IPO of the Company is not completed for any reason whatsoever within 3 (Three) years from the date of allotment of Subscription Shares, BCCL shall have the right, by written demand signed by BCCL, to require the Promoters, jointly and severally, to purchase all or some of the Shares held by BCCL as indicated by BCCL in the abovementioned notice, at the price per Share being not less than the Sale Price. For the purposes of this Article, the "Sale Price" shall mean an amount equal to the Earning Per Share ("EPS") * P/E multiple. EPS means EPS based on audited financial accounts for the financial year immediately preceding the date of exercise by BCCL of its right under this Article. The P/E multiple shall be 20. The EPS shall also exclude all non-recurring income and expenditure.

2 Tag Along Right

- (a) If the Promoters, or any of them, as the case may be, intends to Transfer all or part of their shareholding in the Company to a third party who is not an affiliate of the Promoters (the "Third Party Offeror"), the Promoters shall provide notice of such proposed sale to BCCL no later than 30 (thirty) days prior to the proposed closing of such sale. The Promoters, or any of them, as the case may be, shall not be permitted to carry out the sale unless simultaneously with the sale the Third Party Offeror makes an offer in writing to BCCL to purchase a pro-rata portion (i.e. a ratio of Shares of the Promoters proposed to be transferred to the Shares held by the Promoters at the time of the sale or disposal, as the case may be) of the Shares held by BCCL in the Company at such time, on the same terms and conditions as the Third Party Offeror's proposed acquisition of Shares from the Promoters, or any of them, as the case may be, including as to price (the "Tag-Along Offer"). The Third Party Offeror's Tag-Along Offer shall remain open for acceptance for a period of 30 (thirty) days following delivery to BCCL of the offer of the Third Party Offeror within which time BCCL would have the option to accept such offer, failing which BCCL shall have been deemed to have rejected such offer and the Promoter and the third party shall be entitled to proceed with the transfer of shares without any obligation whatsoever to purchase the shares of BCCL.

Provided that in the event that any such sale or disposal by the Promoter results in the Promoter's Shareholding falling below 51% of issued and outstanding capital of the Company (whether in a single transaction or a series of transaction related or otherwise), the Promoter shall not be permitted to carry out such sale or otherwise dispose of the Shares held by the Promoter, unless simultaneously with the sale, the Third Party Offeror makes an offer in writing to BCCL to purchase all the Subscription Shares held by BCCL in the Company at such time, on the same terms and conditions as the Third Party Offeror's proposed acquisition of Shares from the Promoters, including as to price.

- (b) If the Third Party Offeror refuses to purchase Shares from BCCL and BCCL notifies the Promoters in writing within 30 (Thirty) days following receipt by BCCL of the Promoters's notice that it desires to sell Shares to the Third Party Offeror, the Promoters shall reduce the number of Shares proposed to be sold to the Third Party Offeror and BCCL shall sell to the Third Party Offeror, and Promoters shall ensure that the Third Party Offeror shall buy, a pro rata portion or all of the Shares held by BCCL at that time, as the case may be, on the same terms and conditions, including as to price, as described in Article 8.2.1 of the Agreement. It is clarified that the Promoters will not be permitted to sell any Shares to the Third Party Offeror, unless and until the Third Party Offeror has acquired the Shares of BCCL as specified under this Clause on the terms and conditions, including as to price, as described in Article 8.2 of the Agreement.

3 Right of First Refusal:

- (a) Subject to the lock-in restriction in respect of the Subscription Shares prescribed in Article 6.3 of this Agreement, BCCL shall have the right to sell the Subscription Shares or a part thereof by way of a negotiated deal to any third party, other than to the entities listed in exhibit 5 hereunder, in the manner provided in this Article.
- (b) Before the completion of the IPO, If BCCL desires to Transfer the Subscription Shares, or a part thereof by way of a negotiated deal, BCCL shall first give a written notice ("the Transfer Notice") to the Promoters, stating BCCL's intention to Transfer the Subscription Shares, the number of the Subscription Shares proposed to be transferred, the identity and details of the proposed buyer and the price and the other terms and conditions at which BCCL proposes to Transfer the Subscription Shares.
- (c) Upon receipt of the notice, the Promoters shall have the irrevocable and exclusive right to buy all the Subscription Shares offered by BCCL, by themselves or by a person/entity nominated by the Promoters, at the price and on the same terms and conditions as specified in the notice. Such a right shall be exercisable by a written notice from the Promoters to BCCL, within 30 (Thirty) days from the date of receipt of the notice sent by BCCL. In the event that the Promoters or any person/ entity nominated by the Promoters does not buy the Subscription Shares specified in the notice then BCCL shall have the right to sell the Subscription Shares to the said proposed buyer on terms not more favourable than those specified in the Transfer Notice. It is clarified that such buyer of the Subscription Shares shall not be entitled to the right attached to the Subscription Shares in terms of Article 8.1.1 and 8.2 of the Agreement.
- (d) After the occurrence of the IPO if any, BCCL shall have the right to Transfer, the Subscription Shares, or a part thereof, in any manner and to any person that it deems fit subject to any lock-in requirements specified in Article 6.3 of the agreement.

Termination

- (a) The Agreement may be terminated, and the transactions contemplated hereby abandoned, by either Party, if the Conditions Precedent set forth in Article 3 are not satisfied by the other party, or waived (to the extent permissible under applicable law), within 14 (Fourteen) days of the date hereof. The right to terminate as aforesaid shall be without prejudice to all the rights and remedies under law available to such Party including but not limited to the right to seek, as an alternative to termination, specific performance of obligations under this Agreement or terminate this Agreement and seek damages from any Party for the breach committed during the period prior to such termination.
- (b) Notwithstanding the provisions of Article 9.1 of the Agreement, either Party (the "Non-Defaulting Party") may terminate this Agreement at any time in the event of a breach by the other Party (the "Defaulting Party") of any of its material representations, warranties, covenants or other obligations

under this Agreement, which breach or failure, if capable of cure or remedy, has not been cured or remedied by the Defaulting Party within 14 (Fourteen) days or such other extended time as may be mutually agreed to by the Parties of the receipt of written notice of such breach or failure from the Non-Defaulting Party. The termination by the Non Defaulting Party pursuant to a breach as aforesaid shall be without prejudice to all its rights and remedies under law available to the Non Defaulting Party including but not limited to the right to seek damages actual losses suffered or costs suffered by the Non-Defaulting Party on account of such breach, from the Defaulting Party. The ability of the Non Defaulting Party to terminate the Agreement pursuant to this Article shall not in any way prejudice the ability of the Non Defaulting Party to seek specific performance of the obligations under the Agreement by the Defaulting Party.

- (c) In no event shall a Party be liable, whether in contract, tort or otherwise for any special, indirect, incidental or consequential damages arising out of or in connection with this Agreement or any breach, non-performance or performance of any provisions hereof.
- (d) The provisions of Articles 7 & 8, as well as the miscellaneous provisions of Article 10 of the Agreement, shall survive the termination of the mentioned Agreement.

Other Agreement:

Nature of Agreement	Date of Agreement	Parties to the Agreement
Advertising Agreement	08/01/2007	Bennett Coleman and Company Ltd. & Refex Refrigerants Limited

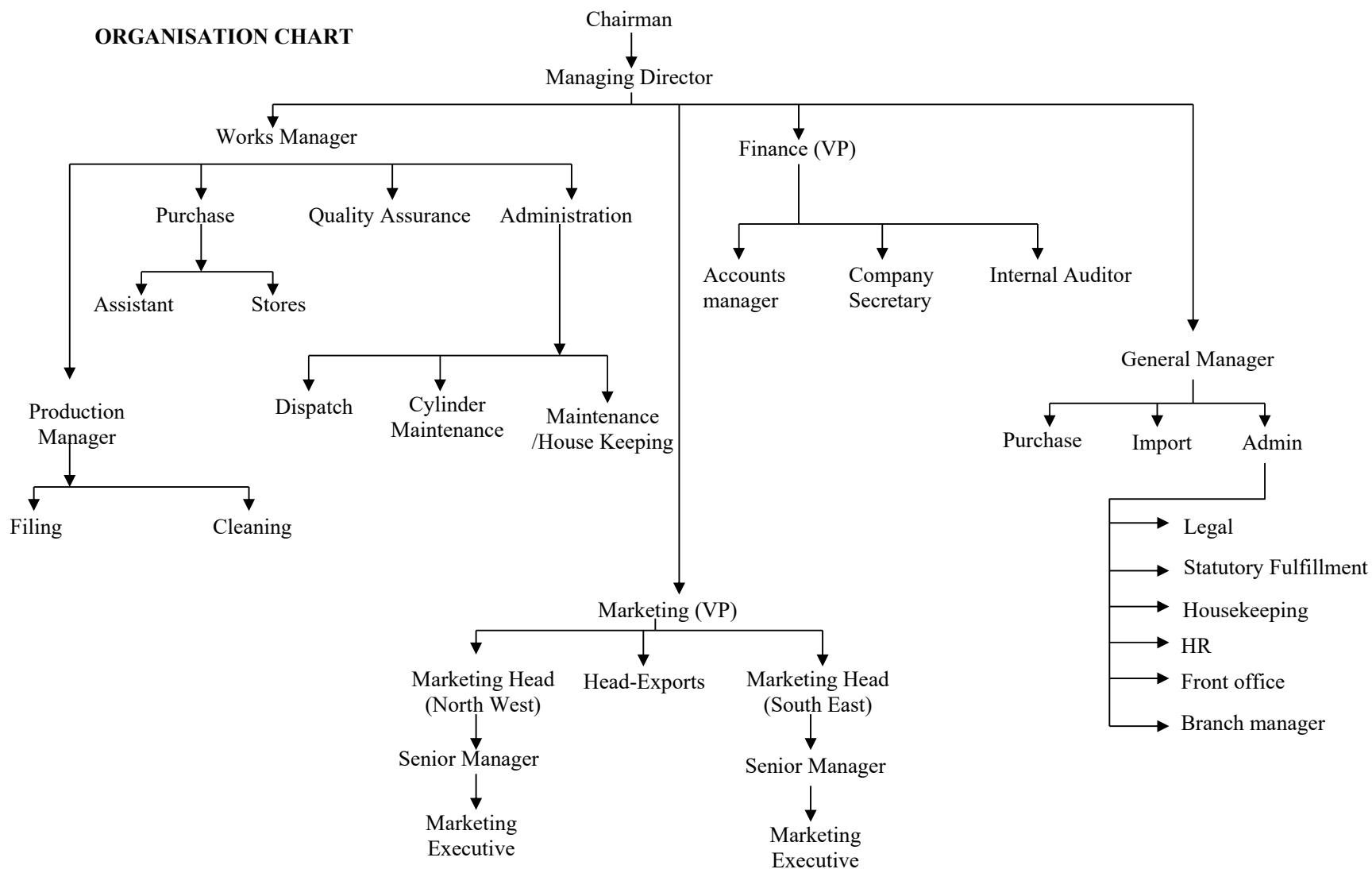
Financial Partners

There are no financial partnership agreements entered into by the Company.

Strategic Partners

There are no strategic partnership agreements entered into by the Company.

ORGANISATION CHART



MANAGEMENT

BOARD OF DIRECTORS

Name, Age, Designation, Son of, Address and Occupation	Date of Appointment/ Reappointment (Term period)	Qualification	No. & Percentage of post issue of shares held	Remuneration	Other Directorships
Mr. A.Tarachand Jain (56 years) Chairman S/o Ambachandji R/o No.151, Habibullah Road, Chennai 600 017. Occupation: Business DIN 00174643	21/06/2006 (appointed as whole time director for a period of 5 year starting from July 01, 2006 till June 30, 2011, but subject to retirement by rotation)	HSC	1,85,200 (1.22%)	Rs.50,000 per month	Sherisha Technologies Pvt Ltd.
Mr. Anil Jain (30 years) Managing Director S/o A.Tarachand Jain R/o No.151, Habibullah Road, Chennai 600 017. Occupation: Business DIN 00181960	21/06/2006 (5 yrs starting from July 01, 2006 till June 30, 2011, but subject to retirement by rotation)	B.COM	36,70,800 (24.15%)	Rs.60,000 per month	Sherisha Technologies Pvt Ltd
Mr. S.K.Yong (44 years) Director S/o Mr. K. Yong C/o Kaltech Engineer-ing & Refrigeration Pvt Ltd No.9, Tuas Link Singapore 638 587. Occupation: Business DIN 01572690	23/12/2002 Retire By Rotation	B.E	142,800 (0.94%)	Nil	Kaltech Engineering and Refrigeration Pte Ltd.
Mr. Anil K. Dhar (53 yrs) Director S/o Mr.Brijnath Dhar R/o 2-C, Shree Vijaya Bhavan, Altamount Road, Mumbai – 400 026. Tel: 23524003 Occupation: Service DIN 01524239	28/12/2006 Retire By Rotation	MBA (Finance), MSc (Physics) MS (Fiscal Studies)	Nil	Nil	Nil
Mr. N. D. Trivedi (51 yrs) Director S/o Mr. Dhirubhai Trivedi R/o No.1215, Knox Drive, Yardley, USA Tel: 215-369-9746 Occupation: Business DIN 01560460 (Provisional)	28/12/2006 Retire By Rotation	B.E (Electrical), M.E. (Electrical)	769,830 (5.06%)	Nil	Stainless Distributors Inc, Yardley, USA

Name, Designation, Address and Occupation	Age, Son of,	Date of Appointment (Term period)	Qualification	No. & Percentage of post issue of shares held	Remuneration	Other Directorships
Mr. Ratanchand Lodha (44 yrs) Director 6/C-2, Ritherdon Avenue Ritherdon Road Vepery Chennai 600007 Occupation: Business DIN 01534269		31/05/2007 Additional Director	B.Com	Nil	Nil	RCL Agro Foods Pvt. Ltd.

BRIEF PROFILE OF THE DIRECTORS OF REFEX

A brief profile of the Board Members is given below:

Mr. A. Tarachand Jain is the founder and Chairman of the Company. He has vast experience in the field of Stainless Steel business for the past 3 decades. He has an experience of 5 years in Air-conditioner Products and spares. He started Reflex with a view to diversifying the business and with a view to fighting against the Ozone depleting products and bringing in their substitutes for a greener and cleaner atmosphere. He is a partner in M/s Bombay Metals, which is an associate/allied concern and a Director in Sherisha Technologies Pvt Ltd, a co-promoter.

Mr. Anil Jain is the Managing Director of the company. He is a B.Com graduate and has around 9 years of experience in Air-conditioner Products and spares. He is overall incharge of Production, Marketing and all operations of the Company. Mr. Anil Jain is a Director in M/s Sherisha Technologies Pvt Ltd, a co-promoter and a partner in M/s Reflex Pro Acoustics.

Mr. S. K. Yong is a Bachelor in Engineering and has 18 years of experience with commercial and marine refrigeration. He has been the man behind setting up M/s. Kaltech Engineering and Refrigeration Pte.ltd., Singapore, He manages day to day activities, Marketing and export of the company. He brings with him vast knowledge of products and experience. Mr.S.K.Yong is currently director in M/s. Kaltech Engineering and Refrigeration Pte.ltd., Singapore.

Mr. Anil K. Dhar is a Mumbai based consulting advisor on Indirect Taxes, international trade, governance issues, general administration and regulatory compliance. He holds an MBA (Finance) from Jamnalal Bajaj Institute of Management, Mumbai and Master' Degree in Science (Fiscal Studies) from Bath University, U.K. He also holds a Master's Degree in Physics from Kurukshetra University .He has over 28 years of professional, multi-disciplinary experience in Government and the Private Sector, planning and implementation of rural asset enhancement projects and electoral issues and processes. He has held several responsible positions in the Central Government , such as Additional Director, DRI , Additional Commissioner of Customs and Central Excise etc.,

Mr. N. D. Trivedi is an U.S. based entrepreneur and an NRI. Mr. Trivedi is an experienced businessman and presently runs a concern named M/s Stainless Distributors Inc, at No.1215, Knox Drive. Yardley, USA. He is an independent Director on the Board.

Mr Ratanchand Lodha, is a businessman having over 22 years experience in the areas of finance, investment and exports. He will be an independent director in the Board and is also on the board of RCL Agro Food Pvt. Ltd.

BORROWING POWERS OF DIRECTORS

The Articles of Association of the Company authorises the board to borrow, the extract of which is as follows:

- a. The Company has power to borrow from any person or persons and secure the payment of any sum or sums of money for the purpose of the company and Directors may from time to time at their discretion exercise this power and may themselves lend to the Company on security or otherwise provided that the Directors shall not contravening the provisions of Section 292 of the Companies Act, 1956, or any statutory modification thereof.
- b. The Directors may raise or secure the repayment of any sum or sums in such manner and upon such terms and conditions in all respects as they may think fit, and in particular by the creation of any mortgage or charge on the undertaking or the whole or any part of the property, present or future or uncalled capital of the Company or by the issue of bonds, perpetual or redeemable, debentures or debenture stock of the company charged upon all or any part of the company's property both present and future including its uncalled capital for the time being.

The present borrowing power of the Board of Directors is upto Rs.100 cr. over and above the paid up capital and free reserves.

RELATIONSHIP AMONG DIRECTORS

Mr. A.Tarachand Jain is the father of Mr. T. Anil Jain. Besides this none of the directors are related.

INTEREST OF PROMOTERS, DIRECTORS

Interest in promotion of the company

The company had been incorporated by Mr. Tarachand Jain and Mr. Anil Jain. For this purpose, they had subscribed to the Memorandum of Association and had subscribed to the equity shares of the company. Except for their shareholding in the company and other interest as specified hereunder, the promoters do not hold any other interest in the company.

All Directors of the Company may be deemed to be interested to the extent of fees, if any, payable to them for attending meetings of the Board or a Committee thereof as well as to the extent of other remuneration, reimbursement of expenses payable to them under the Articles of Association of the Company. The whole time directors will be interested to the extent of remuneration paid to them for services rendered by them as officers or employees of the Company. All the directors of the Company may also be deemed to be interested to the extent of equity shares, if any, already held by them or their relatives in the Company, or that may be subscribed for and allotted to them, out of the present Issue in terms of this Offer Document and also to the extent of any dividend payable to them and other distributions in respect of the said equity shares.

Interest in the property of the company

The promoters / directors are not interested in any property acquired by the company within two years of the date of the prospectus or proposed to be acquired by the company.

CHANGES IN THE BOARD OF DIRECTORS DURING THE LAST THREE YEARS

Sr. No.	Name of the Director	Date of Appointment	Date of Resignation	Reasons
1	Mr. Tarachand Jain	26.07.2004	-	Appointed as Chairman
2	Mr. Anil Dhar	28/12/2006	-	Appointed as Director
3	Mr. N.D. Trivedi	28/12/2006	-	Appointed as Director
4	Mr T Jagdish Jain	-	01/06/2007	Resigned
5	Mr S H Lam	-	01/06/2007	Resigned
6	Mr Ratanchand Lodha	31/05/2007	-	Appointed as additional director

CORPORATE GOVERNANCE

The provisions of the Listing Agreement to be entered into with the Stock Exchange(s) with respect to corporate governance and the SEBI Guidelines in respect of corporate governance will be applicable to Reflex Refrigerants Limited upon the listing of the Company's Equity Shares on the Stock Exchange(s). The Company undertakes to adopt the corporate governance code as per Clause 49 of the Listing Agreement to be entered into with the Stock Exchange(s) prior to listing. The Company is complying with the relevant provisions relating to the appointment of independent directors to its Board and the constitution of the Audit Committee, the Remuneration and the Investor Grievance Committee. The Company believes in adopting the best Corporate Governance practices, based on the below mentioned principles in order to maintain utmost level of transparency, accountability and ethics:

- Recognition of the respective roles and responsibilities of the Board and the management;
- Independent verification and assured integrity of financial reporting;
- Protection of shareholders' right and redressal of Investor Compliances; and
- Timely and accurate disclosure on all material matters concerning operations and performance of the company.

The Board of Directors of Reflex Refrigerants Limited consists of the following Independent Directors:

Name of Director	Designation	Status
Mr. Anil K. Dhar	Director	Non Executive & Independent
Mr. N. D. Trivedi	Director	Non Executive & Independent
Mr Ratanchand Lodha	Director	Non Executive & Independent

50% of the Board of Reflex Refrigerants Limited constitutes of Independent Directors

The Company has formed relevant committees as below:

Audit Committee

The Company has an Audit Committee, which has been constituted pursuant to provisions of the Companies Act, 1956. The Audit Committee was approved, reconstituted and formed by a meeting of the Board of Directors held on 01/06/2007. The Audit Committee of the Board consists of three members, all are Independent Directors.

The Audit Committee has the following powers:

- Overseeing the Company's financial reporting process and ensuring correct, adequate and credible disclosure of financial information.

- Recommending appointment and removal of internal as also external auditors and fixing of their fees
- Reviewing with management the annual financial statements before submission to the Board with special emphasis on accounting policies and practices, compliance with accounting standards and other legal requirements concerning financial statements
- Reviewing the adequacy of the Audit and Compliance function, including their policies, procedures, techniques and other regulatory requirements and
- Any other term of reference assigned by the Board from time to time.

The Audit Committee consists of the following members:

Name of the Director	Designation	Status
Anil K.Dhar	Chairman	Independent and Non Executive
Ratanchand Lodha	Member	Independent and Non Executive
S.K.Yong	Member	Non Independent and Non Executive

Remuneration Committee

The Remuneration Committee of the Company was approved and reconstituted by a meeting of the Board of Directors held on 01/06/2007. This Committee comprises of three members who are Independent Directors.

The Remuneration Committee consists of the following members:

Name of the Director	Designation	Status
Anil K.Dhar	Chairman	Independent and Non Executive
N D Trivedi	Member	Independent and Non Executive
Ratanchand Lodha	Member	Independent and Non Executive

The terms of reference to the said committee are as follows:

- To review market practices and to decide/make recommendations to the Board on remuneration packages applicable to the Managing Director, the Executive Directors and the Senior Executives of the Company.
- During the course of its review, the Committee may also decide on the commission and/or other incentives payable, taking into account the individual's performance as well as that of the Company.
- The Remuneration Committee thus assesses the overall compensation structure and policies of the Company with an objective to attract, retain and motivate employees, consider grant of stock options to employees etc.
- Review compensation levels of the Company's employees vis-a-vis other Companies in the same field and industry in general.

Shareholders Grievances/ Share Transfer Committee

The Shareholders Grievances/ Share Transfer Committee of the Board consists of two members one of whom is Non Independent and Executive Director and other is Independent Non – Executive Director of the Company The committee was approved and reconstituted by a meeting of Board of Directors held on 01/06/2007, comprising of the following Directors.

The Shareholders Grievances/ Share Transfer Committee consists of the following members:

Name of the Director	Designation	Status
Anil K Dhar	Chairman	Independent and Non Executive
T.Anil Jain	Member	Non Independent and Executive

The terms of reference of the Committee

- The committee shall oversee share transfers and monitors redressal of shareholder, depositor and investor complaints.
- The committee shall also review the processes and service standards adopted by the in-house share department/ Registrar and Transfer Agent, the complaints received by the Company and their resolution.

COMPENSATION OF CHAIRMAN & MANAGING DIRECTOR

The remuneration of Shri A.Tarachand Jain, Chairman and Shri T.Anil Jain, Managing Director, has been approved in the Extra-ordinary General Meeting held on June 21, 2006. The details are as given below:

Shri A.Tarachand Jain re-appointed as a Chairman of the Company, liable to retire by rotation, for a term of Five years from July 1, 2006 to June 30, 2011, on the terms and conditions set out below:

I. REMUNERATION

(a) SALARY

Rs.50,000 (Rupees Fifty Thousand Only) per month, including Dearness Allowance and other Allowances.

II. PERQUISITES

(a) HOUSING

The Company shall provide free unfurnished accommodation. The Value of benefit will be determined as per the Income tax Rules.

(b) REIMBURSEMENT OF MEDICAL EXPENSES

Reimbursement of expenses (including insurance premium for medical and hospitalisation policy, if any) incurred for self and family, subject to a ceiling of one month's salary or three months' salary over a period of three years, as per the Rules of the Company.

For the above purpose, "Family" includes spouse, dependent Children and parents.

(c) LEAVE TRAVEL CONCESSION

Leave Travel Concession for self and family, once a year, incurred in accordance with the Rules of the Company.

For the above purpose, "Family" includes spouse, dependent Children and parents.

(d) PERSONAL ACCIDENT INSURANCE

Personal Accident Insurance cover of an amount, the annual premium of which does not exceed Rs.5000.

(e) CONTRIBUTION TO PROVIDENT FUND SUPERANNUATION FUND

Contribution to Provident Fund and Superannuation Fund, as per Rules of the Company, to the extent these, either singly or put together, are not taxable under the Income tax Act, 1961.

(f) LEAVE AND ENCASHMENT OF LEAVE

As per Rules of the company.

(g) GRATUITY AND/ OR CONTRIBUTION TO GRATUTITY FUND

As per Rules of the Company.

(h) USE OF CAR AND TELEPHONE

Company maintained car with driver for use on Company's business, telephone at residence and cellular phone provided by the Company will not be considered as perquisite. However, personal long distance calls and use of car for private purposes shall be borne by the Director.

(i) REIMBURSEMENT OF EXPENSES

Reimbursement of entertainment, travelling and all other expenses incurred for the business of the Company, as per Rules of the Company.

III. MINIMUM REMUNERATION

Where in any financial year, the Company has no profits or its profits are inadequate, the foregoing amount of remuneration and benefits shall be paid subject to applicable provisions of Schedule - XIII to the Companies Act, 1956.

Shri T.Anil Jain re-appointed as a Managing Director of the Company, liable to retire by rotation, for a term of Five years from July 1, 2006 to June 30, 2011, on the terms and conditions set out below:

I. REMUNERATION

(a) SALARY

Rs.60000 (Rupees Sixty Thousand Only) per month, including Dearness Allowance and other Allowances.

II. PERQUISITES

(a) HOUSING

The Company shall provide free unfurnished accommodation. The Value of benefit will be determined as per the Income tax Rules.

(b) REIMBURSEMENT OF MEDICAL EXPENSES

Reimbursement of expenses (including insurance premium for medical and hospitalisation policy, if any) incurred for self and family, subject to a ceiling of one month's salary or three months' salary over a period of three years, as per the Rules of the Company.

For the above purpose, "Family" includes spouse, dependent Children and parents.

(c) LEAVE TRAVEL CONCESSION

Leave Travel Concession for self and family, once a year, incurred in accordance with the Rules of the Company.

For the above purpose, "Family" includes spouse, dependent Children and parents

(d) PERSONAL ACCIDENT INSURANCE

Personal Accident Insurance cover of an amount, the annual premium of which does not exceed Rs.5000.

(e) CONTRIBUTION TO PROVIDENT FUND SUPERANNUATION FUND

Contribution to Provident Fund and Superannuation Fund, as per Rules of the Company, to the extent these, either singly or put together, are not taxable under the Income tax Act, 1961.

(f) LEAVE AND ENCASHMENT OF LEAVE

As per Rules of the company.

(g) GRATUITY AND/ OR CONTRIBUTION TO GRATUITY FUND

As per Rules of the Company.

(h) USE OF CAR AND TELEPHONE

Company maintained car with driver for use on Company's business, telephone at residence and cellular phone provided by the Company will not be considered as perquisite. However, personal long distance calls and use of car for private purposes shall be borne by the Director.

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Where in any financial year, the Company has no profits or its profits are inadequate, the foregoing amount of remuneration and benefits shall be paid subject to applicable provisions of Schedule - XIII to the Companies Act, 1956.

Compensation to Directors

The Directors, who are non-executive directors, are entitled only for the sitting fees for the Board / Committee meeting attended by them.

MANPOWER

Break-up of the present manpower in the Company

Category	No of Employees
Executives	
Top Management	3
Senior Management	4
Middle Management	5
Supervisory	3
Non-Executives	
Skilled/ Staff	7
Non Skilled	10
Total	32

The Company proposes to add the following staff after expansion and shall take the necessary steps for recruitment of additional manpower shortly :

Designation	Nos.
Executives	
Middle Management	8
Factory supervisors	3
Non-Executives	
Skilled/ Staff	18
Non Skilled	15
Total	44

KEY MANAGERIAL PERSONNEL

The Key Managerial Personnel of Refex other than the Directors are as follows:

Name, Designation & Address	Age (Years)	Qualification	Present responsibilities and Years of experience in the Company	Date of appointment	Previous Employment and Total Experience	Remuneration Per annum	No. of shares held
Mr. Rajuram Bishnoi Works Manager 36, Kutchery Lane, Tiripuru – 603110, Kanchipuram District	30	H.S.C	Production (3 Years)	01.07.2004	Business (6 Years)	Rs. 1.80 Lacs	Nil
Mr. Natrajan General Manager 46, F-1, Thangam Flats, A.P. Koil Street, Vadapalani	26	Diploma in Mechanical Engineering	Administration (4 months)	04/03/2007	Kemin Neutro Logics Ltd. (8 Years)	Rs. 2.72 Lacs	Nil
Mr.Suresh Menon Marketing Head (South & East) B3, Mithila Flat, New No. 11, No.12, Muniappa Rd, Kilpauk, Chennai – 600 010	43	B.Com	Responsible for Marketing (1 year)	16.12.2005	Sales Manager in M/s.Maluram Enterprises Pvt Ltd (25 Years)	Rs.4.20 lacs	Nil
Mr.Amit Shah Mktg. Head (North & West) B-501, MilanApartment, Ramdev Nagar Road, Ahmedabad – 380 015.	34	B.Sc	In-charge of Marketing in the Northern & Western Zones (1 Year)	29.04.2006	Branch Manager in M/s. Gujarat Fluorochemical s Ltd (14 Years)	Rs.4.20 lacs	Nil
Mrs.U.Lalitha Manager (Accounts) 30/163, Vanniar Street, Choolaimedu, Chennai – 600 094.	35	B.Com,	Responsible for HO Accounts (1 Year)	01.06.2006	Accountant in M/s.Bombay Metals (15 Years)	Rs.1.08 lacs	Nil

Name, Designation & Address	Age (Years)	Qualification	Present responsibilities and Years of experience in the Company	Date of appointment	Previous Employment and Total Experience	Remuneration Per annum	No. of shares held
Mr.S.Gopalakrishnan Company Secretary 4/5, Savithri Apartments Alwarpet, Chennai – 18.	66	B.Com ACS	Company Secretary (1 Year)	04.07.2006	Company Secretary in M/s. Elnet Technologies Ltd (35 years)	Rs.1.80 lacs	Nil
Mr. Sanjay Gupta Branch Manager (Delhi) , House No.1/10166, West Gorakh Park, Gali No. 1, Shahdara, Delhi – 110 032	40	B.Com	Branch Manager (5 months)	01.02.2007	Branch Manager in Gujarat Fluoro Chemicals Ltd., (20 Years)	Rs.3.12 lacs	Nil

The above persons are on the rolls of the company as permanent employees

RELATIONSHIP WITH DIRECTORS / PROMOTERS OF THE COMPANY

None of the key managerial personnel are related to the promoters, directors of Reflex and other key managerial personnels.

CHANGES IN THE KEY MANAGERIAL PERSONNEL OF THE COMPANY DURING LAST THREE YEARS

Name	Date of Appointment	Date of Resignation
Mr.T.Jeyaprakasam	-	31/01/2007
Mr. K. Venugopal	-	24/02/2007
Mr.Patel Bakorbhai	-	14/02/2007
Mr. Sanjay Gupta	01/02/2007	-
Mr. Natrajan	04/03/2007	

EMPLOYEE STOCK OPTION SCHEMES


There has been no Employee Stock Option Scheme/Employee Stock Purchase Scheme in existence as on date.

INTEREST OF KEY MANAGERIAL PERSONNEL

No amount or benefit has been paid or given within the two preceeding years or intended to be given to any of the directors or key managerial personnel except the normal remuneration for services rendered as directors, officers or employees.

PROMOTERS AND THEIR BACKGROUND

Details of the Promoter Being Individuals

	<p>Mr. A. Tarachand Jain is the founder and Chairman of the Company. He has vast experience in the field of Stainless Steel business for the past 3 decades. He has an experience of 5 years in Air-conditioner Products and spares. He started Refex with a view to diversifying the business and with a view to fighting against the Ozone depleting products and bringing in their substitutes for a greener and cleaner atmosphere. He is a partner in M/s Bombay Metals, which is an associate/allied concern and a Director in Sherisha Technologies Pvt Ltd, a co-promoter.</p> <p>Voter ID No. – TN/03/009/0381071 Driving license no. - 1915/MCITY/1968</p>
	<p>Mr. Anil Jain is the Managing Director of the company. He is a B.Com graduate and has around 9 years of experience in Air-conditioner Products and spares. He is overall incharge of Production, Marketing and all operations of the Company. Mr. Anil Jain is a Director in M/s Sherisha Technologies Pvt Ltd, a co-promoter and a partner in M/s Refex Pro Acoustics.</p> <p>Voter ID No. - TN/03/009/0381096 Driving license no. - Nil</p>
	<p>Mr. Jagdish Jain, is a B.Com graduate and is incharge of all financial operations of the Company. He is also looking after the stainless steel business of the family. He has a decade of experience in business. Mr. Jagdish Jain is a partner in M/s Bombay Metals, which is an associate/allied concern.</p> <p>Voter ID No. –LMG2418960 Driving license no. - 05225/NL/MWO/96</p>
	<p>Ms. Seema Jain, is the wife of Mr. Jagdish Jain. She has two years experience in marketing. She has been taking up marketing projects for M/s Bombay Metals.</p> <p>Voter ID No. –LMG2421386 Driving license no. – Nil</p>

Refex confirms that the Permanent Account Number, Bank Account Numbers, Passport Number of the Promoters being individuals have been submitted to the Stock Exchanges at the time of filing of the Offer Document. Further, the Promoters have not been detained as a willful defaulter by the Reserve Bank of India or any other Government authority and there are no violations of securities laws committed by the Promoters in the past or any such proceedings are pending against the Promoters.

Details of the Promoter Being a Company

M/s Sherisha Technologies Private Limited (“STPL”)

STPL was incorporated on 1st October 2002 under the name Ranka & Sanghvi Housing Private Limited with registration number - U45202TN2002PTC049676. The company later changed its name to M/s Sherisha Technologies Private Limited and obtained a fresh Certificate of Incorporation on 17th July 2003. The registered office of the Company is situated at No. 1/171, Old Mahabalipuram Road, Thiruporur – 603 110, Kanchipuram District. The company is involved in the imports of Air-conditioner spare parts.

STPL was originally promoted by Mr. Dilip Kumar, Mr. C.Sajjan Raj Ms. D.Kamala Ms. Chandra, Mr. Pradeep B.Ranka, Mr.Arun B.Ranka and Ms. Sangeetha B.Ranka. Subsequently on 15/02/2006, the company was taken over the present promoters / directors on 15/02/2006 by purchase of the entire share capital from the original promoters.

Board of Directors/ Promoters:

The Board of Directors of STPL comprise of the following:

1. Mr. A. Tarachand Jain
2. Mr. T. Anil Jain

Shareholding Pattern:

The Present shareholding structure of STPL is as follows:

Name of the Shareholder	No.of Shares held	Percentage of holding
Tarachand Jain	1,49,870	50.00
Anil Jain	1,49,870	50.00
Total	2,99,740	100.00

Financial Performance:

(Rs. in lacs)

Particulars as on March 31	2004	2005	2006	Nine Months Period ended 31 st December 2006
Total Income	-	-	-	62.34
Profit after Tax	-	-	-	6.03
Share Capital	1.05	1.05	17.05	38.10
Reserves and surplus (Share premium A/c)	-	0.95	184.00	393.00
Earnings per Share (in Rs.)	-	-	-	1.58
Net Worth	0.63	1.53	200.03	430.08
Book Value per Share (in Rs.)	6.01	14.60	117.32	112.88
Face Value per share (in Rs.)	10.00	10.00	10.00	10.00

Promoter's PAN & Promoters Registration Number:

Registration Number	U45202TN2002PTC049676
PAN	AAHCS6471P

Reflex Confirms that the Permanent Account Numbers, Bank Account Numbers, the Company's Registration Number and the address of the Registrar of Companies where the company is registered have been submitted to the Stock Exchange on which securities are proposed to be listed, at the time of filing the draft prospectus with them.

Other Details:

Public or rights Issue in the preceding three years	No
Whether the company has become a sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1985 or is under winding up	No
Whether the company has made a loss in the immediately preceding year and if so, the profit or loss figures for the immediately preceding three years	No

There are no defaults in meeting any statutory/bank/institutional dues. No proceedings have been initiated for economic offences against the Company.

None of the Promoters have been restrained or prohibited by SEBI or any other regulatory authority from accessing the capital markets for any reason.

None of the companies promoted by the Promoters of Refex have been struck off from the records of the Register of Companies.

Common Pursuits

None of the Promoters or the Promoter Group Company of Refex is engaged in similar businesses as Refex.

Related Party Transactions

There have been no sales or purchases between company in the Promoter Group exceeding in value in the aggregate 10% of the total sales or purchases of Refex, except those transactions mentioned under the section titled “The following transactions were carried out with the related parties in the ordinary course of business” on page 71 of this Offer Document.

Dividend Policy

The declaration and payment of dividends will be recommended by the Board of Directors and approved by the shareholders of Refex, at their discretion, and will depend on a number of factors, including but not limited to the Company’s profits, capital requirements, and overall financial requirements.

PART II

SECTION IV: FINANCIAL INFORMATION

AUDITORS REPORT

The Board of Directors
Reflex Refrigerants Limited,
No.20, Mooker Nallamuthu Street,
CHENNAI – 600 001.

Dear Sirs,

We have examined the accompanying ‘statement of adjusted Profits and Losses’ (Annexure – I) for the five financial years ended March 31, 2003, 2004, 2005, 2006 and 2007 and the ‘statement of adjusted assets and liabilities’ (Annexure – II) as on those dates, of **REFEX REFRIGERANTS LIMITED** [hereinafter referred to as ‘the Company’] forming part of the ‘Financial Information’ dealt with by this Report, detailed below. These Statements of adjusted Profits and Losses and adjusted assets and liabilities are as extracted by the Company based on the accounts for the years ended March 31, 2003, 2004, 2005, 2006 and 2007 and audited by us. Both read together with Notes to Statements of Adjusted Profits & Losses and Assets & Liabilities in Annexure III and Significant Accounting Policies and notes thereon in Annexure IV, which are the responsibility of the Company’s management and approved by the Board of Directors of the Company to be included in the Offer Document in connection with the proposed Public Issue Offer of Equity Shares of the Company.

In terms of the requirement of:

- a. Paragraph B (1) of Part – II of Schedule II to the Companies Act, 1956;
- b. The Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000, issued by SEBI on January 19, 2000, in pursuance of Section 11 of Security and Exchange Board of India Act (SEBI), 1992, ‘the SEBI Guidelines’ :
- c. The instructions dated May 28, 2007, received from the Company, requesting us to issue a report as Statutory Auditors of the Company relating to the Offer Document being issued by the Company in connection with the proposed Public Issue Offer of Equity Shares of the Company.

We report as under:-

- (i) The statement of adjusted profits and/or losses, and the assets and liabilities of the Company as at the end of each of the five financial years ended March 31, 2003, 2004, 2005, 2006 and 2007, reflect the profits and losses and assets and liabilities extracted from the Profit and Loss Accounts and Balance Sheets for those periods/years, after making such adjustments, regrouping and disclosures as were, in our opinion, appropriate and required to be made in accordance with Clause (b) of paragraph 6.10.2.7 of The Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000, issued by SEBI on January 19, 2000, in pursuance of Section 11 of SEBI Act, 1992, “the SEBI Guidelines,” ;
- (ii) In our opinion, the financial information dealt with by this report, read with the respective Significant Accounting Policies and **subject to/read** together with the notes thereon in Annexure IV and after making such adjustments, regroupings and disclosures as were, in our opinion, appropriate and required, and duly disclosed in Annexure III have been prepared in accordance with Part – II of Schedule II of the Companies Act, 1956, and the SEBI Guidelines.

We have also examined the following financial information relating to the Company proposed to be included in the Offer Document, approved by the Board of Directors and annexed to this report :-

- i) Statement of the Cash Flow of the Company (Annexure-V);
- ii) Statement of Other Income (Annexure VI)
- iii) Age-wise analysis of Sundry Debtors and details of Loans and Advances as at December 31,2006(Annexure – VII) ;
- iv) Capitalization Statement (Annexure – VIII) ;
- v) Details / Analysis of Outstanding Unsecured and Secured Loans taken by the Company (Annexure – IX) ;
- vi) Summary of Accounting Ratios based on adjusted profits relating to the earning per share, net asset value and return on net worth (Annexure – X) ;
- vii) Statement of Tax Shelter (Annexure XI);
- viii) Details of Dividends paid by the Company (Annexure – XII).

Our this Report, is being provided solely for the use of **REFEX REFRIGERANTS LIMITED**, for the purpose of inclusion in the said Offer Document in connection with the proposed Public Issue of the Equity Shares of the Company.

This Report may not be used or relied upon by or disclosed, referred to or communicated by yourself (in whole or in part) to any third party for any purpose other than the stated use, except with our written consent in each instance and which consent may be given only after full consideration of the circumstances at that time.

For and on behalf of
BHANDARI & KESWANI
Chartered Accountants

Sd/-

Pradeep Bhandari
Partner.
Membership No.17411

Place: Chennai
Date: 26/04/2007

ANNEXURE – I

STATEMENT OF ADJUSTED PROFITS AND LOSSES STATEMENT

(Rs. in lacs)

Particulars	31/03/2003	31/03/2004	31/03/2005	31/03/2006	31/03/2007
Income					
Sales:					
Of Products manufactured by the Company	-	-	85.75	421.16	1407.36
Of Products traded in by the Company	-	-	-	683.63	3,721.66
Other Income	-	-	0.90	0.99	0.89
Increase(Decrease in Inventories)	-	-	4.16	10.73	11.47
	-	-	90.81	1,116.51	5141.38
Expenditure					
Raw Materials Consumed	-	-	41.49	877.70	4093.84
Staff Costs	-	-	5.25	10.08	40.43
Other Manufacturing Expenses	-	-	13.89	59.34	209.33
Administration Expenses	-	-	10.36	24.05	119.42
Selling & Distribution Expenses	-	-	0.42	0.17	14.62
	-	-	71.41	971.34	4471.64
Earning Before Depreciation Interest & Tax	-	-	19.40	145.17	663.74
Depreciation	-	-	18.35	13.09	37.07
Interest	-	-	0.07	0.13	29.77
Net Profit before tax and Extraordinary items	-	-	0.98	131.95	596.90
Taxation					
Current tax	-	-	0.36	23.06	131.16
Deferred tax	-	-	-	21.75	74.08
Net Profit before Extraordinary Items	-	-	0.62	87.14	391.66
Extraordinary items	-	-	-	67.90	-
Net Profit after Extraordinary Items	-	-	0.62	19.24	391.66
Adjustments on account of Prior period Expenses	-	-	-	-	-
Adjusted Profit	-	-	0.62	19.24	391.66

The above should be read with Notes to Statements of Adjusted Profits & Losses & Assets & Liabilities, as restated appearing in Annexure III & Significant Accounting Policies as appearing in Annexure IV.

ANNEXURE – II

STATEMENT OF ADJUSTED ASSETS AND LIABILITIES

(Rs. in lacs)

Particulars		31/03/2003	31/03/2004	31/03/2005	31/03/2006	31/03/2007
A.	Fixed Assets					
	Gross block	-	-	50.29	353.89	905.12
	Less Depreciation	-	-	18.35	97.99	67.81
	Net Block	-	-	31.94	255.90	837.31
	Less: Revaluation Reserve	-	-	-	-	-
	Net Block after adjustment for Revaluation Reserve	-	-	31.94	255.90	837.31
B.	Investments	-	-	-	-	-
C.	Current Assets, Loans and Advances					
	Inventories	-	-	4.16	14.89	26.36
	Sundry Debtors	-	-	19.95	164.34	1,071.55
	Cash and Bank Balances	6.14	0.03	0.07	0.84	3.73
	Loans and Advances	7.18	13.00	10.00	62.94	1197.40
		13.32	13.03	34.18	243.01	2299.04
D.	Liabilities and Provisions:					
	Secured Loans	-	-	0.33	4.64	568.66
	Unsecured Loans	-	-	-	1.69	149.55
	Current Liabilities and Provisions	0.11	0.16	45.62	227.48	790.44
	Deferred Tax Liability	-	-	-	21.75	95.82
		0.11	0.16	45.95	255.56	1,604.47
E.	Net Worth	13.21	12.87	20.17	243.35	1,531.88
F.	Represented by					
	Share Capital	14.00	14.00	20.00	223.50	1,140.00
	Share Application money pending allotment	-	-	-	-	-
	Reserves	-	-	0.62	19.85	391.88
	Less Revaluation Reserve	-	-	-	-	-
	Reserves(Net of Revaluation Reserves)	-	-	-	-	-
	Total	14.00	14.00	20.62	243.35	1,531.88
G.	Misc. Expenditure to the extent not written off or adjusted	0.79	1.13	0.45	-	-
H.	Net Worth (F-G)	13.21	12.87	20.17	243.35	1,531.88

The above should be read with Notes to Statements of Adjusted Profits & Losses & Assets & Liabilities, as restated appearing in Annexure III & Significant Accounting Policies as appearing in Annexure IV.

ANNEXURE – III

Notes to Statement of adjusted Profit and loss and Adjusted Assets and Liabilities adjustment (Income / Expenses) in Statement of Profit and Loss arising out of:

- A. Prior Period items/excess provision written back/liabilities written back in respect of Staff Costs, Other Manufacturing Expenses, Administration Expenses, Selling & Distribution Expenses, Other Income , Prior period exp on the face of Balance Sheet and Interest were nil
- B. Change in Accounting policy has not resulted in increase / decrease in any expenditure charged, excepting decrease in Depreciation for the year 2005-06 to the extent of Rs.67.26 lacs.
- C. Excepting increase in Fixed Assets due to lesser charge of Depreciation to the extent of Rs. 67.26 lacs for the year ended 31st March 2006, there were no increase/decrease in any of the other assets nor liabilities.

ANNEXURE – IV

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES:

1. Basis for preparation of Financial Statements:

The financial statements have been prepared on the historical cost convention and in accordance with normally accepted accounting principles. The Profit and Loss Account and Balance Sheet materially comply with the accounting standards referred to in Section 211 (3C) of the Companies Act, 1956, except the accounting standard 15 relating to the retirement benefits to the employees as explained in Note No.6.

2. Revenue and Expenditure Recognition:

Revenue is recognized and expenditure is accounted for on accrual basis.

3. Fixed Assets and Depreciation:

- a. Fixed Assets are stated at historical cost as reduced by accumulated depreciation.
- b. Depreciation on fixed assets has been provided on Straight Line Method at the rates prescribed in Schedule XIV of the Companies Act 1956 .

4. Foreign Exchange Transactions:

- i. Foreign currency transactions, if any, (other than those relating to Fixed Assets) outstanding at the year-end are accounted for at year-end rates.
- ii. Gains and losses arising out of fluctuations in the exchange rates has been recognized in the Profit and Loss account on the settlement of the transactions within the accounting year or at the year end rates.

5. Inventories:

The stock of Raw materials, Work in progress and Finished Goods is valued at lower cost as determined by FIFO method or net realizable value whichever is less.

6. Staff Terminal benefits & confirmation of balances:

Since the company is in existence for less than 5 years, Gratuity liability has not been determined and leave encashment benefits are accounted on cash basis.

Balances in Bank Accounts, Sundry Debtors, Creditors, Loans and Advances are subject to confirmation. As such, their balances as per General Ledger have been adopted in the accounts. However, in the opinion of the Board of Directors, all Sundry Debtors and Loans and Advances have a realization in the ordinary course of business, at least equal to the amount at which they are stated.

7. Taxes on Income:

Deferred Tax resulting from timing differences between book and tax profits has been determined and provided for at the prevailing rate of tax. Similarly, Tax credit if any shall be recognized and adjusted upon incidence due to uncertainty in future transactions.

Notes on Accounts:

(Rupees in lacs)						
Sr. No	Particulars	31/03/2007	31/03/2006	31/03/2005	31/03/2004	31/03/2003
1.	Expenditure in foreign currency					
	With Respect to Travel	10.52	0.19	-	-	-
	Value of Imports calculated on CIF basis	578.68	230.28	-	-	-
2.	Earnings in foreign exchange	Nil	Nil	-	-	-
3.	Audit Fees (Statutory Audit)	0.28	0.11	-	-	-

4. Contingent Liability

There is no contingent liability until 31/03/2007.

5. Confirmations have not been obtained from Sundry Debtors and Sundry Creditors.

6. During the year 2005-2006, the Company has changed the method of charging depreciation on its fixed assets to Straight Line Method at the rates prescribed in Schedule XIV of the Companies Act, 1956 as against the Written down value method at the rates prescribed in the Income Tax Act, 1961 charged in the earlier years. Consequently, the incidence of depreciation for the period/year and the corresponding decrease/(increase) in the Net Profit for the period/year are as follows:

(Rupees in lacs)				
31/03/2007	31/03/2006	31/03/2005	31/03/2004	31/03/2003
Nil	67.26	-	-	-

7. Relationships

(a) Key Management Personnel:

- i) Mr.A.Tarachand Jain
- ii) Mr.T.Anil Jain
- iii) Mr.T.Jagdish Jain

(b) Other Related Parties

- i) Bombay Metals
- ii) Refex Pro Acoustics
- iii) Refex Trading Incorporated
- iv) Sherisha Technologies Private Limited

8. The following transactions were carried out with the related parties in the ordinary course of business:

i) Persons referred to in (a) above

(Rs. in lacs)

Sr. No	Nature of Transaction	31/03/2007	31/03/2006	31/03/2005	31/03/2004	31/03/2003
1	Purchase of Land	-	26.80	-	-	-
2	Salary	20.97	3.29	-	-	-

ii) Parties referred to in item (b) above

Sr. No	Nature of Transaction	31/03/2007	31/03/2006	31/03/2005	31/03/2004	31/03/2003
1	Advances payable	122.93	102.03	-	-	-
2	Purchase of Fixed Assets	-	8.14	-	-	-

9. Secured Loan from Financial institutions has been obtained for purchase of Vehicles.

10. There are no dues to SSI/Ancillary units as per the information available with the Management.

11. The Company reviewed the disclosure of segment wise reporting and is of the view that it manufactures Refrigerant Gases and related products which is a single segment in accordance with Accounting Standard '17', 'Segment Reporting', issued by the Institute of Chartered Accountants of India.

ANNEXURE V RESTATED CASH FLOW STATEMENT

(Rs. in lacs)

Particulars	31/03/2003	31/03/2004	31/03/2005	31/03/2006	31/03/2007
Cash Flows from Operating Activities					
Net Profit before Taxation	-	-	0.98	131.95	596.90
<i>Adjustments for:</i>					
Depreciation	-	-	18.35	13.09	37.07
Interest/ Dividend Income	-	-	-	-	-
Preliminary expenses Written off	-	-	0.67	0.46	-
Interest Paid	-	-	0.07	0.13	29.77
Exchange Gain	-	-	-	-	-
Operating Profit before Working Capital Changes	-	-	20.07	145.63	663.74
Change in Trade and Other Receivables	-	-	(19.94)	(144.40)	(907.21)
Change in Inventories	-	-	(4.16)	(10.73)	(11.47)
Change in Other Current Assets	(7.18)	(5.82)	3.00	(31.90)	(1030.36)
Change in Current Liabilities	0.11	0.05	45.35	159.48	431.80
Income-taxes paid	-	-	(0.25)	(21.15)	(104.11)
Prior Period Expenditure	-	-	-	-	-
Net Cash Flow from Operating Activities	(7.07)	(5.77)	24.00	(48.70)	(1,621.35)
Cash Flow from Investing Activities					

Particulars	31/03/2003	31/03/2004	31/03/2005	31/03/2006	31/03/2007
Purchase of Fixed Assets	-	-	50.28	306.02	551.22
Sale of Fixed Assets	-	-	-	1.06	-
Investments Purchased	-	-	-	-	-
Net Cash Flow used in Investing Activities	-	-	50.28	304.96	551.22
Cash Flows from Financing Activities					
Changes in Borrowings	-	-	0.32	5.43	711.89
Proceeds from Issuance of Capital	14.00	-	6.00	203.50	603.60
Increase in Reserves	-	-	-	-	226.00
Miscellaneous Exp incurred	(0.79)	(0.34)	-	-	-
Interest Received	-	-	-	-	-
Interest Paid	-	-	(0.07)	(0.13)	(29.77)
Exchange Gain	-	-	-	-	-
Dividend Paid	-	-	-	-	-
Net Cash Flow from Financing Activities	13.21	(0.34)	6.25	208.80	1511.72
Net increase in cash and cash equivalents					
Cash and Cash Equivalents (Opening Balance)	-	6.14	0.03	0.07	0.84
Cash and Cash Equivalents (Closing Balance)	6.14	0.03	0.07	0.84	3.73

ANNEXURE – VI

SCHEDULE OF OTHER INCOME

(Rs. in lacs)

Particulars	31/03/2003	31/03/2004	31/03/2005	31/03/2006	31/03/2007
Other Income	-	-	0.90	0.99	0.89
Net Profit before tax as restated	-	-	0.98	131.95	596.90
Percentage	-	-	92%	1%	0%
Source of Income					
Discount	-	-	0.90	0.41	0.89
Misc Income	-	-	-	0.58	-

ANNEXURE VII

STATEMENT OF LOANS AND ADVANCES AS ON MAR 31, 2007

(Rs. in lacs)

Particulars	Amount
Advances Recoverable in Cash or in Kind or for the value to be received	
- From Directors	-
- From Others	1187.14
Security Deposits	5.93
Excise Duty Balances	4.34
TOTAL	1197.41

STATEMENT OF SUNDRY DEBTORS AS ON MAR 31, 2007

(Rs. in lacs)

Particulars	Amount
(Unsecured, considered doubtful)	
- Outstanding for a period less than 6 months	-
- Outstanding for a period Exceeding 6 months	-
(Unsecured, considered good)	
- Outstanding for a period less than 6 months	1053.84
- Outstanding for a period Exceeding 6 months	17.71
TOTAL	1071.55

ANNEXURE – VIII

CAPITALISATION STATEMENT

(Rs. in lacs)

Particulars	Pre-Issue as at 31/03/2007	Post Issue
<u>Borrowings :</u>		
Short-term Debt**	149.55	149.55
Long-term Debt	568.66	1108.66
Total Debt	718.21	1258.21
<u>Shareholders' funds:</u>		
Share Capital	1140.00	1520.00
Reserves	391.88	165.88
Share Premium		2316.00
Total Shareholders' Funds	1531.88	4001.88
Total Capitalization	1531.88	4001.88
Long-term Debt/Equity ratio	37%	27%
Total Debt/Equity ratio	47%	31%

** Short-term Debts are debts maturing within the next one year from the date of above statement.

ANNEXURE – IX

STATEMENT OF SECURED AND UNSECURED LOANS AS ON MAR 31, 2007

(Rs. in lacs)

Sr. No	Name of the Lender	Principal Outstanding as on March 31, 2006 (Rs.)	Principal Outstanding as on Mar 31, 2007 (Rs.)	Rate of Interest	Repayment Schedule	Details of Security (if applicable)
	SECURED LOANS					
	Term Loans from Banks	-	-	-	-	-
	Total	-	-	-	-	-
	Centurion Bank of Punjab Ltd		534.88	11%	Renewable every year	Hypothecation of Stocks and Book Debts
	UTI Bank Ltd	-	-	-	-	-
	Total	-	534.88	-	-	-
	Hire Purchase Loans					
	ICICI Bank Ltd	4.63	33.78	8%	30 months	Vehicles
	Total	4.63	33.78			
	Grand Total	4.63	568.66			
	UNSECURED LOANS					
	Intercompany Deposits					
	Raj Refrigeration		30.00	Nil	Not specified	Nil
	-	-	-	Nil	Not specified	Nil
	Sherisha Tech P Ltd		119.55	Nil	Not specified	Nil
	Centurion Bank C/A	1.69		Nil	Not specified	Nil
		6.32	718.21			

ANNEXURE X

STATEMENT OF ACCOUNTING RATIOS

Particulars	31/03/2003	31/03/2004	31/03/2005	31/03/2006	31/03/2007
Earnings per share (Rs.)	-	-	0.31	8.61	4.09
Net Asset value per share (Rs.)	6.61	6.44	10.09	10.89	13.44
Return on Net Worth (%)	0%	0%	3%	7.91%	30.40%
Number of equity shares (Face Value of Rs.10/- each)	2,00,000 *	2,00,000 *	2,00,000 *	22,35,000 *	114,00,000
See Note Below					

* The Shareholders of the Company passed a special resolution in the Extra Ordinary General Meeting held on 27.03.2006 sub dividing each Equity Share of the Company at a face value of Rs.100/- into 10 Equity Shares of Rs.10/- each. Accordingly, previous years' Ratios have been recast to conform to the latest face value of Equity Shares of the Company.

Formula:

$$\begin{aligned}
 1. \text{ Earnings per share(Rs.)} &= \frac{\text{Net profit attributable to equity shareholders}}{\text{Weighted average number of equity shares outstanding during the period}} \\
 2. \text{ Net Asset Value per share (Rs.)} &= \frac{\text{Net Worth excluding revaluation reserve at the end of the period/year}}{\text{Weighted average number of equity shares outstanding during the period}} \\
 3. \text{ Return on Net Worth (\%)} &= \frac{\text{Net profit attributable to equity shareholders}}{\text{Net Worth excluding revaluation reserve at the end of the period/year}}
 \end{aligned}$$

ANNEXURE – XI

Statement of Tax Shelter

(Rs. in lacs)					
Particulars	31/03/2003	31/03/2004	31/03/2005	31/03/2006	31/03/2007
Tax at Notional Rate	-	-	36.59%	33.66%	33.66%
Adjustments:					
Export Profits	-	-	-	-	-
Difference between Tax Depreciation and Book Depreciation					
Book Depreciation	-	-	-	67.27	106.60
Other Adjustments	-	-	-	(0.62)	113.40
Net Adjustments	-	-	-	66.65	220 .00
Tax Saving Thereon	-	-	-	22.43	74.05
Total Taxation	-	-	-	22.43	74.05
Taxation on extra-ordinary Items	-	-	-	-	-
Tax on Profits before extra-ordinary items	-	-	-	-	-

ANNEXURE – XII

The Company has not declared any Dividend for Equity Shares during the period from 2003 till 2007

FINANCIALS FOR THE PERIOD ENDED 30TH NOVEMBER 2006

Profit & Loss Account for The Period Ended 30th November 2006

(Rs. in lacs)

Particulars	Eight months Period ended 30/11/2006 (Audited)
INCOME	
Gross Sales	3798.66
Less: Excise Duty	134.63
Net Sales	3664.03
Other Income	0.90
Total	3664.93
EXPENDITURE	
Cost of manufactured Goods Purchased	458.86
Cost of Trading Goods Purchased	2646.56
Establishment Expenses	19.51
Administrative Expenses	63.97
Interest & Finance Charges	12.80
Depreciation	20.38
Loss on sale of Fixed Assets	-
Total	3222.09
Profit before tax	442.84
Provision for Income tax	86.24
Provision for Fringe Benefit Tax	1.20
Net Profit for the Year	355.40
Add: Balance B/f from Previous Year	12.12
Profit available for Appropriation	367.52
Appropriations:	
Transfer to General Reserve	315.00
Deferred Tax Liability	49.39
Surplus carried forward to Balance Sheet	3.13
Total	367.52

Balance Sheet As At 30th November 2006

(Rs. in lacs)	
Particulars	As at 30/11/2006 (Audited)
SOURCES OF FUNDS	
SHAREHOLDERS' FUNDS	
Share Capital	878.15
Reserves and Surplus	393.13
LOANS FUNDS	
Secured Loans	256.22
Unsecured Loans	39.75
Deferred Tax Liability	71.14
	1638.39
APPLICATION OF FUNDS	
FIXED ASSETS	
Gross Block	633.84
Less: Depreciation	51.11
Net Block	582.72
CURRENT ASSETS, LOANS AND ADVANCES	
Inventories	74.50
Sundry Debtors	1450.18
Cash and Bank Balances	4.73
Loans and Advances	129.74
	1659.16
Less:	
CURRENT LIABILITIES AND PROVISIONS	
Current Liabilities	492.98
Provisions	110.51
	603.49
Net Current Assets	1055.67
	1638.39

GROUP CONCERNS

REFEX PRO ACOUSTICS (“RPA”)

RPA is a partnership firm formed on 26th February 2005. The office of the firm is situated at 11, G.N. Chetty Road, T. Nagar, Chennai - 17. Refex Pro-Acoustics, is the authorized distributor of Marantz and Boston under D&M Singapore. It is also a dealer of Nakamichi, Yamaha and Mordaunt Short range of Audio, Video and Home theatres in India.

Partners:

1. Mr. Anil Jain
2. Mr. Megraj Burad

Financial Performance:

(Rs. in lacs)

Particulars as on 31 st March	2005	2006
Sales (including Commission)	5.25	61.18
Net Profit	0.07	0.78
Partners Capital Account		
- Anil Jain	4.34	4.71
- Megraj	10.04	11.41

Status	Partnership Firm
PAN	AAIFR6076M

Other Details:

Public or rights Issue in the preceding three years	Not Applicable
Whether the Firm has made a loss in the immediately preceding year and if so, the profit or loss figures for the immediately preceding three years	No

There are no defaults in meeting any statutory/bank/institutional dues. No proceedings have been initiated for economic offences against the Firm.

BOMBAY METALS

Bombay Metals is a partnership firm formed on 01/06/1985. The office of the Firm is situated at No. 20, Mooker Nallamuthu Street, Chennai – 600 001. Bombay Metals is a trader of ferrous and non-ferrous metals market in India. It also imports and exports stainless steel, copper, brass and aluminium that conform to matchless standards in all shapes, forms, sizes and grades. Bombay Metals is a dealer for SAIL. Bombay Metals is also a stockist for various architectural stainless steel required for cladding and railing.

Partners:

The present partners of the firm are:

1. Ms. Ugam Devi Jain
2. Mr. A. Tarachand Jain
3. Mr. Jagdish T. Jain
4. Ms. Dimple Jain

Financial Performance:

(Rs. in lacs)

Particulars as on 31st March	2004	2005	2006
Sales	773.04	792.50	633.36
Net Profit	1.88	1.85	2.10
<u>Partners Capital Account</u>			
- Ms. Dimple Jain	3.53	-	NA
- Ms. Ugam Devi Jain	33.87	30.09	28.45
- Mr. A. Tarachand Jain	8.97	12.01	7.99
- Mr. Jagdish T. Jain	6.47	2.20	-

Status	Firm
PAN	AADFBO578K

Other Details:

Public or rights Issue in the preceding three years	Not Applicable
Whether the Firm has made a loss in the immediately preceding year and if so, the profit or loss figures for the immediately preceding three years	No

There are no defaults in meeting any statutory/bank/institutional dues. No proceedings have been initiated for economic offences against the Firm.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Overview of the business of the issuer company:

Refex Refrigerants Limited was incorporated on 13th September 2002, and is an ISO 9001 Company. Refex is engaged in the business of refilling non ozone depleting refrigerant gases popularly known as 'HydrofluoroCarbons' or 'HFCs', which are used in Auto airconditioners, Room air conditioners, refrigerators and refrigerating equipments.

Significant developments subsequent to the last financial year

The Board is of the opinion that there have not arisen any circumstances since the date of the last financial statements as disclosed in the prospectus which materially and adversely affect or is likely to affect the trading or profitability of the company, or the value of its assets, or its ability to pay its liabilities within the next twelve months.

Factors that may affect results of operations

The Company has embarked upon an expansion project to increase the existing refilling capacities of the company with an investment of approximately Rs.3615 lacs. Timely commencement of commercial operations of the project will have a critical bearing on the financial performance of the Company. Any delay in the completion or beginning of the production may adversely impact the results of the operations of the Company.

Discussions on Results of operations:

You should read the following discussion of our financial condition and results of operations together with our financial statements, as restated, for each of the fiscal years ended March 31, 2005, 2006 and 2007 including the notes thereto and the reports, schedules and annexures thereon, which appear in the Auditor's Report on page no.65 of this Prospectus. These financial statements are prepared in accordance with Indian GAAP and the Companies Act and are restated in accordance with SEBI Guidelines.

(Rs. in lacs)			
Particulars	31/03/2005	31/03/2006	31/03/2007
Net Sales	85.75	1104.79	5129.02
Other Income (incl.interest income)	0.90	0.99	0.89
Gross Income	86.65	1105.78	5129.91
Depreciation	18.35	13.09	37.07
Depreciation as % of Net Sales	21.40%	1.19%	0.72%
Finance Cost	0.07	0.13	29.77
Finance Cost as % of Net Sales	0.08%	0.01%	0.58%
Profit / (loss) before Tax	0.98	131.95	596.90
Profit / (loss) before Tax as % of Net Sales	1.15%	11.93%	11.64%
Provision for Taxation (incl.Deferred Tax)	0.36	44.81	205.24
Profit / (loss) after tax	0.62	19.24	391.66

Note: Figures have been regrouped wherever necessary to make the data comparable

Comparison of Financial Results of 31/3/2006 & 31/3/2007

Revenue:

Net Sales have increased from Rs.1104 lacs as on the Fiscal 31/03/2006 to Rs.5129.02 lakhs as on 31/03/2007. This jump was due to the CFC phase-out deadline which has helped the Company to increase its turnover substantially.

Depreciation:

The company charges depreciation on straight line method. It has increased by 183.09% in Fiscal 31/03/2007 over Fiscal 31/03/2006. This is on account of additions to assets amounting to Rs.551.22 Lakhs.

Finance Cost:

The Company had obtained cash credit facilities from Centurion Bank Of Punjab Ltd of Rs. 400 lakhs as a result of which the cost of finance increased to Rs.29.77 lakhs when compared to Rs.0.13 lakhs in the previous period ended 31/03/2006.

Profit and Loss Account:

During the Fiscal 31/03/2007, Reflex has reported profit before tax of Rs.596.90 lakhs. The increase in the profit for the period ending 31/03/2007 is 352.37 % when compared to the profit before tax of Rs. 131.95 lacs of the previous period ended 31/03/2006. This is due to higher Revenues and the lower cost of raw material purchases. Due to increased quantity in raw material purchase the margins have increased.

Comparison of Financial Results of 31/3/2005 & 31/3/2006

Revenue

The Net sales have risen from the fiscal 31.3.2006 to Rs.1104.78 lacs in comparison with the fiscal year 31/03/2005 of Rs.85.74 lacs as percentage of increase. On annualized basis it has increased by 1188.45%. As the deadline for the CFC phase out was approaching the sales were increasing and hence in this period the company tied up with various new OEM's also for supplies of the HFC based Refrigerants.

Depreciation

The rate of Depreciation on cylinders during the year 2005-06 was reduced to 60% from 80% in 2004-05. This was due to the amendment in Section 32 of the Income Tax Act, 1961.

Finance cost

The Finance cost increased by 85.80% on annualized basis when compared with the fiscal 31.03.05. due to increase in working capital facilities availed by the company.

Profit & loss Account :

The profit before tax on 31.03.2006 Rs.131.95 lacs when compared with the fiscal 31.3.05. The PBT have increased by 1346.43 %on annualized basis. The profits increased on account of higher sales revenue and more reduction in Raw material purchase cost.

Extra Ordinary Item:

Depreciation for the year ended 31/03/2006 as per Written Down Value (WDV) works out to be Rs. 80.35 lacs. During the year 31/03/2006, the company has changed the method of depreciation from WDV to Straight Line Method (SLM) of depreciation and an amount of Rs. 13.09 towards depreciation has been charged to the profit and loss account. The difference in depreciation due to the change in method amounting to Rs. 67.26 lacs (Rs. 80.35 lacs – Rs. 13.09 lacs) has been shown as an extra ordinary item in the restated accounts. The balance of Rs. 0.64 lacs shown in the extra ordinary item represents the loss on sale of fixed assets.

Information required as per clause 6.10.5.5 of SEBI Guidelines**Unusual or infrequent events or transactions**

There have been no unusual or infrequent events or transactions which may affect results of operations of the Company.

Significant economic changes

Any slowdown in the growth of Indian economy or future volatility in global prices of HFC's, could adversely affect the business of the Company.

Known trends and uncertainties

There are no known trends or uncertainties that may have material adverse impact on the income, costs and profits of the company from continuing operations.

Future changes in relationship between costs and revenues

Company is largely dependent on foreign countries for the supply of rawmaterials. Increase in raw material cost will affect the profitability of the company.

Dependence of revenue on sales volume, new products and stores

Increase in revenues are largely linked to increase in volume of business activity carried out by the company.

Turnover of industry segment in which the company operates

The size of Indian HFC based Refrigerant is around 6000tons, which as percentage of world HFC market is 1.25 %.

Status of any publicly announced new products or business segment

The company is continuously working on bringing products which can be easily reached to consumer. The company has just launched small disposable cans of 340gms and 500gms which are very consumer friendly.

Seasonality of the business

No major cyclical trends are observed in this industry neither are there any government controls nor regulatory framework impinging on the industry.

Dependence on single or few suppliers / customers

The company's turnover is not dependent on single or few customers. Refex Refrigerants Limited has a wide breadth of customer in all major market segments like Replacement, Original Equipment and households.

Competitive conditions

There are a few players in refilling of HFC based refrigerants in India. Other importers are Gujarat Fluorocarbons Ltd., Navinfluorine Ltd., Stallion Enterprises, KPL international.

SECTION V: LEGAL AND OTHER INFORMATION

OUTSTANDING LITIGATION, MATERIAL DEVELOPMENTS AND OTHER DISCLOSURES

There are no outstanding litigations against the Company, its Directors, Promoters and the Promoter group or any disputes, tax liabilities, non payment of statutory dues, overdues to banks/ financial institutions, defaults against banks/ financial institutions, defaults in creation of full security as per terms of issue/ other liabilities, proceedings initiated for economic/ civil/ any other offences (including past cases where penalties may or may not have been awarded and irrespective of whether they are specified under paragraph (i) of Part 1 of Schedule XIII of the Companies Act) against the Company, its Directors and the Promoters, except the following:

Outstanding litigation

(a) Against the company

M/s. Leap International (P) Ltd. – Complainant
Vs.
Reflex Refrigerants Pvt. Ltd - Rep by T. Anil Jain, MD
(Respondent)

The dispute is with respect to freight for material shipped from Singapore to Chennai. According to the Company the claimant was claiming more than the contracted amount and that after issuing a cheque the Respondent realized that the cheque amount would result in over payment. Therefore, instructions were given to the bank by the Company to stop payment of the amount due under the cheque for Rs.20,394/-. The payee of the cheque filed a complaint before the Metropolitan Magistrate Court, Chennai under Sec 138 of the Negotiable Instruments Act.. The company is contesting the case as there is a dispute in respect of the liability to make payment. According to the Company the complainant or his lawyer did not appear in the past few occasions when the matter was posted. The next date for hearing on 19/09/2007.

(b) Against group companies in which promoters are interested

Sr. No.	Particulars	No. of cases	Amount involved where quantifiable(Rs. In lacs)
1	Civil	1	0.14
2	Customs related	3	3.23

(i) Commissioner of Customs Vs. Bombay Metals and Others

Bombay Metals is a partnership firm situated in Chennai. Mr. Anil Jain, who is the Managing Director of the company is a POA holder in Bombay Metals. Bombay Metals sold S.S. sheets / coils to Chennai based firm namely M/s. Chennai Hi-tech on high seas. On purchase of material on high seas sales, M/s Chennai Hi tech has filed Bill of Entry as importer. M/s.Chennai Hitech seems to have violated the conditions of import by selling the material in the local market without utilizing the same for the manufacture of finished products. A show cause notice dt. 11.7.2005 has been issued by the Commissioner to Chennai Hitech asking them to show cause as to why :

- duty amounting to Rs. 42,30,09,885 with interest as per section 28AB be not demanded
- 8816.134 MT of diverted / sold goods should not be held liable for confiscation

- 627.192 MT should not be confiscated which was placed under seizure at Massey Godown
- Penalty should not be imposed under section 114A / 112(a) of the Customs Act
- the provisions of Bond should not be enforced

A copy of the said notice was marked among others, to Bombay Metals, alleging they have “actively abetted in the commission of the said offences” and to show cause why penalty should not be imposed under section 112(a) of the Customs Act

The said Notice further said that Sri Anil Jain in his voluntary statement dated 15-12-2004 had inter alia stated that their Company is engaged in the import of stainless steel sheets/coils and sell them on high sea basis to Chennai Hitech Home Appliances Pvt. Ltd, that the stainless steel sheets/coils sold on high sea sale to Chennai Hitech Home Appliances Pvt Ltd and cleared by them are again supplied back to them (Bombay Metals) by Chennai Hitech Home Appliances Pvt Ltd. The Notice further states that Sri Anil Jain also admitted that buying back non-duty paid raw materials from Chennai Hitech Home Appliances for the purpose of diversion to the local market is an offence.

Bombay Metals have replied to the above Show Cause Notice and orders are awaited..

(ii) Before the Lok Adalat – Case No.4101/B/2006/B/2006 (Prelitigative Case).

Aircell Cellular Limited - Petitioner
Vs.
M/s. Bombay Metals - Respondent

The dispute is with reference to a bill for Rs.13,623.35 raised by Aircel Cellular Ltd. against Bombay Metals, in which Mr. Anil Jain, Managing Director of Refex Refrigerants Ltd. is a POA holder.

The company has informed that the matter is posted for hearing on 21st February 2007.

(iii) Customs, Excise & Service tax Appellate Tribunal Appeal No.C/271/05

Bombay Metals - Appellant
Vs
Diamond Engineering - Respondent

The allegation is that Bombay Metals did not maintain proper and true accounts for the receipt and disposal of excisable goods and has willfully entered wrong and incorrect particulars in the invoices issued for the excisable goods with intent to facilitate the buyer to avail irregular Modvat credit. Penalty was imposed on Bombay Metals in the adjudication proceedings. In the Appeal before the Tribunal hearing is incomplete.

(iv) Commissioner of Customs (Appeals), Custom House, Chennai No.C3/611/0/2004 – SEA C. CUS.No.899/2004

Bombay Metals
V/s
Donald Mcarthy

Issue: Allegation that the price of the imported goods from the declared value of 900 USD per MT is to be enhanced to 2505 USD per MT and accordingly demand has been raised for an amount of Rs.322989/- towards custom duty. Matter is yet to be listed for hearing.

MATERIAL DEVELOPMENTS

In the opinion of the Board of Directors of the Company, there have not arisen, since the date of the last audited financial statements disclosed in this Offer Document, any circumstances that materially or adversely affect or are likely to affect the profitability of the Company or the value of the Company's assets or its ability to pay its material liabilities within the next twelve months.

GOVERNMENT/STATUTORY AND BUSINESS APPROVALS

In view of the approvals listed below, Refex confirms that it can undertake this Issue and its current business activities and no further major approvals from any governmental or regulatory authority or any other entity are required to undertake the Offer or continue its business activities. Unless otherwise stated, these approvals are all valid as of the date of this Prospectus.

Approvals for the Business

Refex requires various approvals to carry on our business. The Company has received the following significant Government approvals, licenses and permissions:

CORPORATE LICENSES AND APPROVALS

Sr.No.	Issuing Authority	Details	Validity
1.	Registrar of Companies, Tamil Nadu	Certificate of Incorporation bearing No.U28121TN2002PTC049601 dated 13 th September, 2002	NA
2.	Registrar of Companies, Tamil Nadu	Fresh Certificate of Incorporation dated 30/03/2006 consequent to the conversion to a public limited company.	NA
3.	Inspector of Factories	Certificate No.1645/2005 dated 29/07/2005 approving the plan for factory building.	NA
4.	Petroleum and Explosives Safety Organisation (PESO)	Amendment of Licence No.G/HO/TN/06/169 (G15117) dated 29/07/2004 to store compressed gas in cylinders.	30/09/2007
5.	Chief Controller of Explosives	Amendment of Licence G/HO/TN/05/194 dated 29/07/2004 to store compressed gas in cylinders.	30/09/2007
6.	Tamil Nadu Pollution Control Board	Consent Order No.380 dated 31/07/2004 under Section 25 of the Water (Prevention and Control of Pollution) Act. 1974.	2006-2007
7.	Reserve Bank of India	Letter N.FID/10972/25-18-0047/2002-2003 dt.11/02/2003 allotting registration No.FC 2003-MAR-0010 in the matter of Foreign Direct Investment by foreign nationals	N A
8.	Central Excise authority	Central Excise Registration Certificate No.AACCR2495PXM001.	Till the registrant carries on the activity for which it has been issued or surrenders it or till it is revoked or suspended.
9.	Central Sales Tax authority	Certificate of Registration No.79594.	Valid till cancelled

Sr.No.	Issuing Authority	Details	Validity
10.	Directorate of Industries, Govt. of Tamil Nadu	Permanent Registration Certificate No.330350097 dated 16/08/2004.	Permanent
11.	Commercial Tax Officer (FAC) Chengalpattu Assmt. Circle	Certificate of Registration under Tamil Nadu Value Added Tax Act, 2006. Taxpayer Identification No. (TN) 33231603569 dated 01/01/2007	
12.	TUV Management Services, Gmbh	ISO 9001:2000 Certificate dated 02.11.1005 for storage, filing and supply of Refrigerants.	01/11/2008

Employees' State Insurance Act

The company's establishment at Thiporur has been registered under the Employees' State Insurance Act and the Code No allotted is 51-85883-96.

Licenses and Approvals not applied:

1. The Company's operations are carried out from its Registered Office (20, Mooker Nallamuthu Street, Chennai – 600 001) and from the Company's Administrative Office at no 67, Bazullah Road, T.Nagar, Chennai –600 017. The Company had not applied for licence under the Tamil Nadu Shops and Establishment Act in respect of its Registered office and Administrative office.
2. The Company has branch offices in Mumbai, Ahmedabad and New Delhi. The company would be applying to the concerned authorities in Mumbai, Ahmedabad and New Delhi for licence under the respective Shops and Establishments Acts
3. The Company has also not taken insurance under the Public Liability Insurance Act.

SECTION VI: REGULATORY AND STATUTORY DISCLOSURES

AUTHORITY FOR THE ISSUE

The Board of Directors have, pursuant to a resolution passed at its meeting held on 18/05/2006, authorised the Issue, subject to the approval of the shareholders of the Company under Section 81 (1A) of the Companies Act.

The shareholders of Refex have authorised the Issue by a special resolution adopted pursuant to Section 81 (1A) of the Companies Act, passed at the Extraordinary General Meeting held on 21/06/2006 and also passed a fresh resolution again in the Extraordinary General Meeting held on 30/06/2007.

PROHIBITION BY SEBI

The Company, its Promoters, Directors or any of the Company's associates or group companies with which the Directors of the Company are associated as Directors or Promoters have not been prohibited from accessing the capital market under any order or direction passed by SEBI.

ELIGIBILITY FOR THE ISSUE

The company is coming through the appraisal route as per clause 2.2.2 of the SEBI (DIP) Guidelines since it is not eligible under the profitability route as per clause 2.2.1 of the SEBI (DIP) Guidelines.

The Company is eligible to come out with a public issue as per clause 2.2.2 a (ii) and 2.2.2 b (i) which is stated as under :-

2.2.2 (a) (ii) The “project” has at least 15% participation by Financial Institutions/ Scheduled Commercial Banks, of which at least 10% comes from the appraiser(s). In addition to this, at least 10% of the issue size shall be allotted to QIBs, failing which the full subscription monies shall be refunded

2.2.2 (b) (i) The minimum post-issue face value capital of the Company shall be Rs. 10 crores.

Hence, Refex is eligible for the Issue under Clause 2.2.2 of the SEBI Guidelines.

Further, in accordance with Clause 2.2.2A of the SEBI Guidelines, Refex undertakes that the number of allottees, i.e., Persons receiving Allotment in the Issue shall be at least 1000, otherwise, the entire application money will be refunded forthwith. In case of delay, if any, in refund, the Company shall pay interest on the application money at the rate of 15 % per annum for the period of delay.

DISCLAIMER CLAUSE

AS REQUIRED A COPY OF THIS OFFER DOCUMENT HAS BEEN SUBMITTED TO SEBI. IT IS TO BE DISTINCTLY UNDERSTOOD THAT THE SUBMISSION OF THIS OFFER DOCUMENT TO SEBI SHOULD NOT, IN ANY WAY, BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE, OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE OFFER DOCUMENT. LEAD MANAGER M/S. KEYNOTE CORPORATE SERVICES LIMITED HAS CERTIFIED THAT THE DISCLOSURES MADE IN THE OFFER DOCUMENT ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH SEBI GUIDELINES FOR DISCLOSURES AND INVESTOR PROTECTION IN FORCE FOR THE TIME BEING. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING INVESTMENT IN THE PROPOSED ISSUE.

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE COMPANY AND THE OFFEROR IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE OFFER DOCUMENT, THE LEAD MANAGER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE LEAD MANAGER, M/S. KEYNOTE CORPORATE SERVICES LIMITED HAS FURNISHED TO SEBI A DUE DILIGENCE CERTIFICATE DATED 25/01/2007 IN ACCORDANCE WITH SEBI (MERCHANT BANKERS) REGULATION 1992 WHICH READS AS FOLLOWS:

- (i) WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS ETC. AND OTHER MATERIALS IN CONNECTION WITH THE FINALISATION OF THE OFFER DOCUMENT PERTAINING TO THE SAID PUBLIC ISSUE.
- (ii) ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE COMPANY, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE PUBLIC ISSUE, PROJECTED PROFITABILITY, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS MENTIONED IN THE ANNEXURE AND OTHER PAPERS FURNISHED BY THE COMPANY.

WE CONFIRM THAT:

- (a) THE OFFER DOCUMENT FORWARDED TO SEBI IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE PUBLIC ISSUE;
- (b) ALL THE LEGAL REQUIREMENTS CONNECTED WITH THE SAID PUBLIC ISSUE, AS ALSO THE GUIDELINES, INSTRUCTIONS, ETC. ISSUED BY SEBI, THE GOVERNMENT AND ANOTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND
- (c) THE DISCLOSURES MADE IN THE OFFER DOCUMENT ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED PUBLIC ISSUE.
- (d) BESIDES OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE OFFER DOCUMENT ARE REGISTERED WITH SEBI AND TILL DATE SUCH REGISTRATION IS VALID.

THE FILING OF THE OFFER DOCUMENT DOES NOT, HOWEVER ABSOLVE THE COMPANY FROM ANY LIABILITIES UNDER SECTION 63 OR SECTION 68 OF THE COMPANIES ACT, 1956, OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY OR OTHER CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE PROPOSED PUBLIC ISSUE. SEBI FURTHER RESERVES THE RIGHT TO TAKE UP AT ANY POINT OF TIME, WITH THE LEAD MANAGER FOR ANY IRREGULARITIES OR LAPSES IN THE OFFER DOCUMENT.

DISCLAIMER STATEMENT FROM THE COMPANY AND THE LEAD MANAGER

The Issuer Company and the Lead Manager accepts no responsibility for statements made otherwise than in this Offer Document or in the advertisement or in any other material issued by or at the instance of the issuer and the Lead Manager and any one placing reliance on any other source of information would be doing so at his/her/their own risk.

The Lead Manager accepts no responsibility, save to the limited extent as provided in the Memorandum of Understanding entered into between the lead Manager and the Company dated 16/01/2007.

All information shall be made available by the Company and the Lead Manager, to the Public and investors at large and no selective or additional information would be available for a section of the investors in any manner whatsoever including at road shows presentations, in research or sales reports, at collection centers or elsewhere.

DISCLAIMER IN RESPECT OF JURISDICTION

This Offer is being made in India to persons resident in India (including Indian nationals resident in India who are majors, Hindu Undivided Families, companies, corporate bodies and societies registered under the applicable laws in India and authorized to invest in shares, Indian mutual funds registered with SEBI, Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI permission), Trusts registered under the Societies Registration Act, 1860, or any other Trust law and who are authorized under their constitution to hold and invest in shares) and to NRIs and FIIs as defined under the Indian laws. This Offer Document does not, however, constitute an offer to sell or an invitation to subscribe to securities issued hereby in any other jurisdiction. Any person into whose possession this Offer Document comes is required to inform himself about and to observe any such restrictions. Any dispute arising out of this Offer will be subject to the jurisdiction of appropriate court(s) in India only.

No action has been or will be taken to permit a public offering in any jurisdiction where action would be required for that purpose, except that this Offer Document has been submitted to the SEBI. Accordingly, the equity shares represented thereby may not be offered or sold, directly or indirectly, and this Offer Document may not be distributed, in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of Offer Document nor any sale hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of Refex Refrigerants Ltd. since the date hereof or that the information contained herein is correct as of any time subsequent to this date.

DISCLAIMER CLAUSE OF THE BOMBAY STOCK EXCHANGE LIMITED

As required a copy of this Offer Document has been submitted to The Bombay Stock Exchange Limited ("BSE"). BSE has given by its letter dated 20/02/2007, permission to the Company to use BSE's name in this offer document as one of the stock exchanges on which the Company's securities are proposed to be listed. BSE has scrutinised this offer document for its limited internal purpose of deciding on the matter of granting the aforesaid permission to the Company. BSE does not in any manner:

- i. Warrant, certify or endorse the correctness or completeness of any of the contents of this offer document; or
- ii. Warrant that this company's securities will be listed or will continue to be listed on BSE; or
- iii. Take any responsibility for the financial or other soundness of this company, its promoters, its management or any scheme or project of this company;

and it should not for any reason be deemed or construed that this offer document has been cleared or approved by BSE. Every person who desires to apply for or otherwise acquires any securities of this company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against BSE whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever.

FILING

A copy of this Offer Document has been filed with SEBI, Plot No. C-4A, G Block, Bandra Kurla Complex, Bandra (East), Mumbai– 400 051 and The Bombay Stock Exchange Ltd. (BSE), P.J Towers, Dalal Street, Mumbai.

A copy of the Offer Document required to be filed under Section 60 of the Companies Act would be delivered for registration with Registrar of Companies, Tamil Nadu.

LISTING

Applications have been made to the Bombay Stock Exchange Limited (“BSE”) for permission to deal in and for an official quotation of our Equity Shares. BSE shall be the Designated Stock Exchange. The Company has received in-principle approval from BSE for the listing of Equity Shares pursuant to their letter no. DCS/IPO/SC/IPO-IP/557/2006-07 dated 20/02/2007.

If the permission to deal in and for an official quotation of our Equity Shares is not granted the Stock Exchange mentioned above, the Company will forthwith repay, without interest, all moneys received from the applicants in pursuance of this Offer Document. If such money is not repaid within eight days after the Company becomes liable to repay it from the date of refusal or within 70 days from the Issue Closing Date, whichever is earlier, then the Company, and every Director of the Company who is an officer in default shall, on and from such expiry of eight days, be liable to repay the money, with interest at the rate of 15% per annum on application money, as prescribed under Section 73 of the Companies Act.

The Company shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at the Stock Exchange mentioned above are taken within seven working days of finalisation and adoption of the Basis of Allotment for this Issue.

IMPERSONATION

Attention of the applicants is specifically drawn to the provisions of sub-section (1) of Section 68 A of the Companies Act, which is reproduced below: “Any person who:

(a) Makes in a fictitious name, an application to a company for acquiring or subscribing for, any shares therein, or

(b) Otherwise induces a company to allot, or register any transfer of shares, therein to him, or any other person in a fictitious name, shall be punishable with imprisonment for a term which may extend to five years.”

CONSENTS

Consents in writing of: (a) the Directors, the Company Secretary and Compliance Officer, the Auditors, Bankers to the Company and Bankers to this Issue; and (b) Lead Manager to this Issue, Registrar to this Issue and legal advisors to the Issue to act in their respective capacities, have been obtained and filed along with a copy of the Offer Document with the Registrar of Companies, Tamil nadu at Chennai as required under Sections 60 and 60B of the Companies Act and such consents have not been withdrawn up to the time of delivery of this Offer Document for registration with the Registrar of Companies, Tamil Nadu.

M/s. Bhandari & Keswani, statutory auditors of the company have given their written consent to the tax benefits accruing to the Company and its members in the form and context in which it appears in this Offer Document and has not withdrawn such consent up to the time of delivery of this Offer Document for registration with the Registrar of Companies, Tamil nadu, Chennai.

EXPERT OPINION

The Company has not obtained any expert opinions.

EXPENSES OF THE ISSUE

The total expenses of the issue are estimated to be around Rs. 360 Lacs. All expenses with respect to the issue would be met out of the proceeds of the issue. The split of issue expenses is as under: -

(Rs. in lakhs)	
Activity	Estimated Expense (Rs. in crores)
Fees to intermediaries	1.25
Advertising and marketing expenses	1.50
Printing and Stationary & Distribution	0.60
Others	0.25
Total estimated Issue expenses	3.60

The Company has incurred Rs.47,50,000/- as on date towards IPO Expenses.

Fees payable to Lead Manager

The total fees payable to the Lead Manager will be as per the Memorandum of Understanding signed amongst the company and the Lead Manager, a copy of which is available for inspection at the Registered office of Refex.

Fees payable to Co-Lead Manager

The total fees payable to the Co- Lead Manager will be as per the Memorandum of Understanding signed amongst the company and the Co- Lead Manager, a copy of which is available for inspection at the Registered office of Refex.

Fees payable To Registrar to the Issue

The total fees payable to the Registrar to the issue will be as per the Memorandum of Understanding signed amongst the company and the Registrar to the issue, a copy of which is available for inspection at the registered office of Refex.

UNDERWRITING COMMISSION

The present Public Issue is not being underwritten and hence no underwriting commission is payable.

BROKERAGE

Brokerage will be paid by the Company at the rate of 1.5% on the offer price of Equity Shares offered to the Public on the basis of allocation made against applications bearing the stamp of the members of any recognized Stock Exchanges in India in the brokers column. Brokerage at the same rate will also be payable to the Bankers to the Public Issue in respect of allotments made against applications procured by them provided the relevant forms of applications bear their respective stamps in the Broker's column.

PREVIOUS PUBLIC AND RIGHTS ISSUES

The Company has not made any public or rights issue since its inception.

PREVIOUS ISSUES OF SHARES OTHERWISE THAN FOR CASH

The Company has not issued any shares for consideration other than Cash.

COMMISSION AND BROKERAGE PAID ON PREVIOUS ISSUES

The Company has not made any public or rights Issue since its inception and has not paid any commission or brokerage.

PARTICULARS IN REGARD TO OUR COMPANY AND OTHER LISTED COMPANIES UNDER THE SAME MANAGEMENT WITHIN THE MEANING OF SECTION 370 (1)(B) OF THE COMPANIES ACT, 1956 WHICH MADE ANY CAPITAL ISSUE DURING THE LAST THREE YEARS

There are no Companies within the meaning section 370 (1) (B) of the Companies Act, 1956, which made any capital Issue during the last three years.

PROMISE VIS-A-VIS PERFORMANCE

(A) last three issues made by our company

The Company has not made any issue of equity shares to the public prior to the present Public Issue.

(B) last issue of the listed ventures of promoter group

There is no listed venture in the Promoter Group of Reflex.

OUTSTANDING DEBENTURES, BONDS, REDEEMABLE PREFERENCE SHARES OR OTHER INSTRUMENTS

The Company has not issued any Redeemable Preference shares and debentures, bonds or other instruments since incorporation.

STOCK MARKET DATA FOR OUR EQUITY SHARES

This being the first Public Issue of the Company, no Stock Market Data is available.

MECHANISM FOR REDRESSAL OF INVESTOR GRIEVANCES

The Memorandum of Understanding between the Registrar to this Issue and Reflex will provide for retention of records with the Registrar to this Issue for a period of at least one year from the last date of dispatch of the letters of allotment, demat credit and refund orders to enable the investors to approach the Registrar to this Issue for redressal of their grievances.

All grievances relating to this Issue may be addressed to the Registrar to this Issue, giving full details such as name, address of the applicant, number of Equity Shares applied for, amount paid on application and the bank branch or collection center where the application was submitted.

DISPOSAL OF INVESTOR GRIEVANCES BY THE COMPANY

The Company estimates that the average time required by them or the Registrar to this Issue for the redressal of routine investor grievances will be seven business days from the date of receipt of the complaint. In case of non-routine complaints and complaints where external agencies are involved, the Company will seek to redress these complaints as expeditiously as possible.

The Company has appointed Mr.S.Gopalakrishnan Company Secretary as the Compliance Officer and he may be contacted at Admin Office : No.67, Bazuallah St, T.Nagar, Chennai – 600 017. Tel: 4269

4111/ 4269 4113/ 4269 4115 Fax: 4269 4112 E-mail.gopalkrishnan@refex.co.in Investors may contact him in case of any Pre-Issue or Post-Issue problems

CHANGES IN AUDITORS DURING THE LAST THREE FINANCIAL YEARS AND REASONS THEREFOR

There have been no changes of the auditors of the Company in the last three years.

CAPITALISATION OF RESERVES OR PROFITS

Details of the capitalisation of the reserves by the company in the past are as given hereinunder:

Date of allotment of Bonus shares	Ratio of Bonus Issue	Number of Equity shares of Rs. 10/- each issued as Bonus	Amount of reserves capitalised (Rs.)
24/06/2006	1:3	745000	74,50,000
26/12/2006	4:5	23,84,000	2,38,40,000

Bonus Issue of equity shares made on 24/06/2006 and 26/12/2006 by Refex were out of the profits of the Company as per the Audited Accounts for the Financial Year ended 31/03/2006 and for eight months period ended 30/11/2006, respectively and not out of revaluation reserves.

REVALUATION OF ASSETS

The Company has not revalued its assets in the past five years.

INTEREST OF PROMOTERS AND DIRECTORS

The promoter of the Company may be deemed to be interested to the extent of the remuneration received and shareholding in the Company. All the Directors of the Company may be deemed to be interested to the extent of fees, if any, payable to them for attending meetings of the Board or any committee thereof. The Directors may also be regarded as interested in the Equity Shares, if any, held by or that may be subscribed by and allotted to the companies, firms and trusts, in which they are interested as directors, members, partners and/or trustees.

PAYMENT OR BENEFIT TO OFFICERS OF THE COMPANY

Except as stated in this Offer Document, no amount or benefit has been paid or given or is intended to be paid or given during the preceding two years to any of its officers except for the normal remuneration paid to Directors, officers or employees since the incorporation of the Company. None of the beneficiaries of loans, advances and sundry debtors are related to the Company's Directors.

SECTION VII: OFFERING INFORMATION

TERMS OF THE ISSUE

The equity shares being issued are subject to terms of this Offer Document, the terms and conditions contained in the application form, the Memorandum and Articles of Association of the Company, provisions of the Act and letters of allotment/ Equity Share Certificates or other documents and the guidelines issued from time to time by the Government of India and Securities & Exchange Board of India.

RANKING OF EQUITY SHARES

The equity shares being offered shall be subject to the Memorandum and Articles of Association of the Company and shall rank pari-passu with the other equity shares of the Company in all respects including dividends.

MODE OF PAYMENT OF DIVIDEND

The Company shall pay dividend to its shareholders as per the provisions of the Companies Act, 1956.

FACE VALUE AND ISSUE PRICE

The Equity Shares with a face value of Rs.10/- each are being offered in terms of this Offer Document at a price of Rs. 65/- per share. At any point of time, there shall be only one denomination for the Equity Shares of the Company, subject to applicable laws.

RIGHTS OF THE EQUITY SHAREHOLDERS

Subject to the applicable laws, the equity shareholders shall have the following rights:

- Right to receive dividend, if declared;
- Right to attend general meeting and exercise voting powers, unless prohibited by law;
- Right to vote on a poll either in person or by proxy;
- Right to receive offers for rights shares and be allotted bonus shares, if announced;
- Right to receive surplus on liquidation; and
- Such other rights, as may be available to a shareholder of a listed company under the Companies Act and Memorandum and Articles of Association of the Company.

For further details on the main provisions of the Company's Articles of Association dealing with voting rights, dividend, forfeiture and lien, transfer and transmission and/or consolidation/ splitting, see "Main Provisions of Articles of Association of the Company".

MARKET LOT

In terms of Section 68B of the Companies Act, the equity shares shall be allotted only in dematerialised form. As per the existing SEBI Guidelines, the trading in the Equity Shares of the Company shall only be in dematerialised form for all investors. Since trading of the Equity Shares is in dematerialised form/mode, the tradable lot shall be one equity share.

NOMINATION FACILITY TO THE INVESTOR

In accordance with Section 109A of the Companies Act, the sole or first applicant, alongwith other joint applicants, may nominate any one person in whom, in the event of the death of sole applicant or in case of joint applicants, death of all the applicants, as the case may be, the Equity Shares transferred/allotted, if any, shall vest. A person being a nominee, entitled to the equity shares by

reason of the death of the original holder(s), shall in accordance with Section 109A of the Companies Act, be entitled to the same advantages to which he or she would be entitled if he or she were the registered holder of the equity share(s). Where the nominee is a minor, the holder(s) may make a nomination to appoint, in the prescribed manner, any person to become entitled to equity share(s) in the event of his or her death during the minority. A nomination shall stand rescinded upon a sale/transfer/alienation of equity share(s) by the person nominating.

In accordance with Section 109B of the Companies Act, any person who becomes a nominee by virtue of the provisions of Section 109A of the Companies Act, shall upon the production of such evidence as may be required by the Board, elect either:

- a. to register himself or herself as the holder of the equity shares ; or
- b. to make such transfer of the equity shares, as the deceased holder could have made.

Further, the Board may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the equity shares, and if the notice is not complied with within a period of 90 days, the Board may thereafter withhold payment of all dividends, bonuses or other monies payable in respect of the equity shares, until the requirements of the notice have been complied with.

MINIMUM SUBSCRIPTION

If the company does not receive the minimum subscription of 90% of the issued amount on the date of closure of the issue, or if the subscription level falls below 90% after the closure of issue on account of cheques having being returned unpaid or withdrawal of applications, the company shall forthwith refund the entire subscription amount received. If there is a delay beyond 8 days after the company becomes liable to pay the amount, the company shall pay interest as per Section 73 of the Companies Act.

ARRANGEMENTS FOR DISPOSAL OF ODD LOTS

The equity shares of the Company will be listed/traded in compulsory demat mode. The market lot of the share will be 1 (One). The Company has not made any arrangements for the disposal of odd lot shares arising out of the issue.

ISSUE PROCEDURE

OPTION TO SUBSCRIBE

In terms of section 68B of the Companies Act, 1956, the equity shares in this offer shall be allotted only in dematerialised form (i.e. not in the form of physical certificates but the fungible and be represented by the statement issued through electronic mode). Investors shall have an option to hold the shares post allotment in physical or demat form.

HOW TO APPLY

AVAILABILITY OF APPLICATION FORMS AND OFFER DOCUMENT.

Application forms with Memorandum containing salient features of the Offer Document and copies of the Offer Document under Section 56(3) of the Act may be obtained from the Registered Office of the Company, the Lead Managers to the Public Issue, Brokers to the Public Issue and the Bankers to the Public Issue named herein or from their branches as stated on the reverse of the application form. The minimum application value shall be within the range of Rs. 5,000 to Rs. 7,000.

TERMS OF PAYMENT

a) For Indian Public including eligible NRIs/FIs

The application (**WHITE in colour**) must be for a minimum of 80 equity shares and thereafter in multiples of 80 shares. The entire amount of Rs. 65/- per share is payable on application.

b) For Qualified Institutional Buyers

The application (**GREEN in colour**) must be for a minimum of 80 equity shares and thereafter in multiples of 80 equity shares. The entire amount of Rs. 65/- per share is payable on application.

NOTE ON CASH PAYMENT (SECTION 269 SS)

Having regard to the provisions of Section 269 (SS) of the Income Tax Act, 1961, subscriptions against applications for securities should not be effected in cash and must be effected only by 'Account Payee' cheques or 'Account Payee' bank drafts, if the amount payable is Rs. 20,000/- or more. In case payment is effected in contravention of this provision, the application is liable to be rejected.

WHO CAN APPLY

1. Indian National Resident of India.
2. Hindu Undivided Families (HUF) through the Karta of the HUF. (Applications by HUF would be given the same treatment as that to applications by individuals)
3. Companies, Bodies Corporate and Societies registered under the applicable laws in India and authorised to invest in the shares.
4. Scientific and/or Industrial Research Organisations, which are authorised to invest in the equity shares.
5. Indian Mutual Funds registered with SEBI.
6. Indian Financial Institutions & Banks.
7. Trusts who are registered under the Societies Registration Act, 1860 or any other Trust Law and are authorised under their constitution to hold and invest in shares subject to provisions of Section 3A of the Bank Nationalisation Act.
8. Commercial Banks and Regional Rural Banks. Co-operative Banks may also apply subject to permission from Reserve Bank of India.
9. Venture Capital Funds registered with SEBI.

10. Foreign Venture Capital Investors registered with SEBI.
11. State Industrial Development Corporation.
12. Provident Funds with minimum corpus of Rs. 25 crore and who are authorised under their constitution to hold and invest in equity shares.
13. Pension Funds with minimum corpus of Rs. 25 crore and who are authorised under their constitution to hold and invest in equity shares.
14. Multilateral and bilateral development financial institutions.
15. Permanent and Regular employees/Working Directors of the Bank.
16. Non Resident Indians (NRIs)/FII's on repatriation basis.

Pursuant to the existing regulations, OCBs are not eligible to participate in the issue.

PROCEDURE FOR APPLICATION

APPLICATION BY INDIAN PUBLIC INCLUDING ELIGIBLE NRIS APPLYING ON NON-REPATRIATION

1. Application must be made only:
 - a. On the prescribed Application Form (**WHITE** in colour) accompanying this Offer Document and completed in full in BLOCK LETTERS in English, except signature(s) in accordance with the instructions contained herein and in the application form and is liable to be rejected if not so made.
 - b. For a minimum of 80 Equity Shares and in multiples of 80 thereafter.
 - c. In single name or joint names (not more than three);
 - d. By Indian Nationals resident in India and Eligible NRIs on Non- Repatrition basis, and
 - e. In the names of individuals, limited companies or statutory corporations/institutions and NOT in the names of Minors, Foreign Nationals, Non-Residents (except for those applying on non-repatrition), trusts, (unless the Trust is registered under the Societies Registration Act, 1860 or any other applicable Trust laws and is authorised under its constitution to hold shares and debentures in a Company), Hindu Undivided Families, partnership firms or their nominees. In case of HUF's application shall be made by the Karta of the HUF.
2. An applicant in the net public category cannot make an application for that number of securities exceeding the number of securities offered to the public. Payment should be made in cash or by cheque/Bank Draft drawn on any bank (including a Co-operative Bank) which is situated at and is a Member or Sub-member of the Banker's Clearing House located at the place where the application is submitted.
3. A separate cheque or Bank draft should accompany each application form. Applicants should write the Share Application Number on the back of the Cheque /draft. Outstation Cheques will not be accepted and applications accompanied by such cheques drawn on outstation banks are liable for rejection. Money Orders/Postal Orders will not be accepted.
4. All Cheques or Bank Drafts must be payable to any of the Bankers to the Public Issue with whom the application is lodged and marked "Name of the Bank A/c- Refex – Public Issue" and crossed "Account Payee Only"
5. All application Forms duly completed together with cash/ cheque/bank draft for the amount payable on application must be delivered before the closing of the subscription list to any of the Bankers to the Public Issue named herein or to any of their branches mentioned on the reverse of Application Form, and NOT to the Company or to the Lead Managers to the Public Issue or to the Registrars to the Public Issue.

6. No receipt will be issued for the application money. However, Bankers to the Public Issue and/or their branches receiving the applications will acknowledge receipt by stamping and returning acknowledgment slip at the bottom of each application form.
7. When an application for Equity Shares is for a total value of Rs.50,000/- or more, the applicant or in the case of application in joint names each applicant should mention his/her Permanent Account Number (PAN) allotted under the Income Tax Act, 1961 or where the same has not been allotted, the GIR Number and the IT Circle, Ward, District. In case neither PAN, GIR Number has been allotted mention of "Not Allotted" must be made in the place provided. Application Form without this information will be considered incomplete and is liable to be rejected.
8. All Cheques/Bank Drafts accompanying the application form should contain the Application Form Number on the reverse of the instrument.
9. The applicant should fill in the details of his/her bank account in the space provided in the application form failing which the application is liable to be rejected.
10. Having regard to the provisions of Section 269 (SS) of the Income Tax Act, 1961, subscriptions against applications for securities should not be effected in cash and must be effected only by 'Account Payee' cheques or 'Account Payee' bank drafts, if the amount payable is Rs. 20,000/- or more. In case payment is effected in contravention of this provision, the application is liable to be rejected.
11. Applicants residing at places where the designated branches of the Banker to the Issue are not located may submit/mail their applications at a their sole risk alongwith Demand Draft payable at Mumbai only payable to "**Refex - Public Issue**"

For further instructions please read Application Form carefully.

APPLICATION BY NON RESIDENT INDIANS (NRIs)/FOREIGN INSTITUTIONAL INVESTOR (FIIs)

1. Applications by Non-Resident Indians/FIIs must be made only:
 - a. In the prescribed Application Form (**RED** in colour) and completed in full in BLOCK LETTERS in ENGLISH in accordance with the instructions contained herein and in the Application Form. Applications not so made are liable to be rejected.
 - b. For a minimum of 80 shares and in multiples of 80 thereof.
 - c. In single or joint names (not more than three).
 - d. In the names of individuals, (not in the names of minors or their nominees) of Indian nationality/origin.
2. Under the Foreign Exchange Management Act, 1999 (FEMA) general permission is granted to the companies vide notification no. FEMA/20/2000-RB dated 03/05/2000 to issue and export securities to NRI's/OCB's subject to the terms and conditions stipulated therein. The Companies are required to file the declaration in the prescribed form to the concerned Regional Office of RBI within 30 days from the date of issue of shares for allotment to NRIs with repatriation basis.
3. Application forms properly completed together with cheques/bank drafts for the amount payable on application at the rate of Indian Rs. 65/- per equity share or equivalent of Indian Rs. 65/- per equity share remitted through normal banking channels or funds held in Non-

Resident External (NRE) Accounts/Foreign Currency Non-Resident (FCNR) Accounts maintained with banks authorised to deal in foreign exchange in India along with documentary evidence in support of the remittance, must be delivered before the close of the subscription list to those branches of the Bankers to the Public Issue at places mentioned against their names in the application forms.

4. NRIs wishing to pay through NR (O) Accounts shall not use the form meant for NRIs and must apply only in the form meant for Resident Indian Public.
5. All cheques/bank drafts should be made payable to the Bankers to the Issue with whom the application forms are lodged. All cheques or bank drafts should be crossed "A/c Payee Only". All cheques/bank drafts should be marked "**Name of the Bank - A/c Refex. - Public Issue - NRIs/FIIs**". A separate cheque/bank draft must accompany each application form. NRI application forms can be obtained, on request, from the Registered Office of the Company and the Lead Managers to the Issue.
6. Allotment of Equity Shares to Non-Resident Indians shall be subject to the prior approval of the Reserve Bank of India.
7. Applicants are requested to mention the number of application form on the reverse of the instrument to avoid misuse of instrument submitted along with the application for shares. Applicants are advised in their own interest, to indicate the name of the bank and the savings or current a/c no in the application form. In case of refund, the refund order will indicate these details after the name of the payee. The refund order will be sent directly to the payee's address.

In case of Mutual Funds a separate application can be made in respect of each scheme of the Fund registered with SEBI and such application will not be treated as multiple applications provided the applications made by the AMCS/Trustees/ Custodian clearly indicate their intention as to each scheme concerned to which application has been made.

APPLICATIONS BY QUALIFIED INSTITUTIONAL BUYERS

1. Application by Qualified Institutional Buyers shall be made only in the prescribed Application Form i.e. Green colour form marked "QIBs".
2. Allocation has been made in the public issue for the QIBs in terms of clause 2.2.2 (a) (ii) & (b) (i) of SEBI (DIP) Guidelines, 2000 as amended from time to time
3. In case of Mutual funds, a separate application must be made in respect of each scheme of a Mutual Fund registered with SEBI and such applications will not be treated as multiple applications. The applications made by the Asset Management Company or Trustee / Custodians of a Mutual Fund shall clearly indicate the name of the concerned scheme for which application is being made.
4. Eligible Qualified Institutional Buyers should apply in this Public Issue based on their own investment limits and approvals.
5. Application must be for minimum of 80 Equity Shares and shall be in multiples of 80 Equity Shares thereafter.
6. A separate single cheque / bank draft must accompany each application form.
7. The maximum application size in this category can be of 3,80,000 Equity Shares, full allotment shall be made to QIBs to the extent of their demand.

If the number of shares applied for in this category is greater than 3,80,000 Equity Shares, the allotment shall be made on a proportionate basis subject to a minimum of 80 Equity Shares. For the method of proportionate basis of allotment, please refer paragraph "Basis of Allotment" on page 104 of this Offer Document

As per the current regulations, the following restrictions are applicable for investments by Mutual Funds:

No Mutual Fund scheme shall invest more than 10% of its net asset value in equity shares or equity related instruments of any company provided that the limit of 10% shall not be applicable for investments in index funds or sector or industry specific funds. No Mutual Fund under all its schemes should own more than 10% of any company's paid-up capital carrying voting rights.

For further instructions please read Application Form carefully.

APPLICATIONS WHICH ARE NOT COMPLETE IN EVERY RESPECT OR ARE IN CONTRAVENTION OF ANY PROVISIONS/INSTRUCTIONS CONTAINED IN THIS OFFER DOCUMENT OR IN THE MEMORANDUM CONTAINING SALIENT FEATURES OF OFFER DOCUMENT ARE LIABLE TO BE REJECTED.

GENERAL INFORMATION

- ➔ The applicant seeking allocation of shares in the electronic form must necessarily fill in the details (including the Beneficiary Account Number and Depository Participant's ID Number) appearing under the heading "Request for shares in electronic form".
- ➔ An applicant who wishes to apply for shares in the electronic form must have atleast one Beneficiary Account with any of the Depository Participant (DP) of NSDL/CDSL registered with SEBI, prior to the application.
- ➔ Shares allotted to an applicant in the electronic form will be credited directly to the respective Beneficiary Account (with a DP).
- ➔ For subscription in electronic form, names in the share application form should be identical to those appearing in the account details in the Depository. In case of joint holders, the name should necessarily be in the same sequence as they appear in the account details in the Depository.
- ➔ Non-transferable allotment letters/ refund orders will be directly sent to the applicant by the Registrar to the present Public Issue,
- ➔ The applicant is responsible for the correctness of the applicant demographic details given in the share application form vis-à-vis those with his/her DP.
- ➔ It may be noted that electronic shares can be traded only on the stock exchanges having electronic connectivity with NSDL/CDSL.
- ➔ The applicant should note that on the basis of the name of the Applicant, Depository Participant's name, Depository Participants identification number and beneficiary account number provided by them in the Application Form, the Registrar to the Offer may obtain applicant's correspondence address from the said Depository Account of the Applicant. The applicants are advised to update the correct correspondence address in their respective DP A/cs.

INVESTORS SHOULD NOTE THAT TRADING IN SECURITIES OF THE COMPANY SHALL BE IN DEMATERIALISED FORM ONLY.

JOINT APPLICATIONS:

An application may be made in single or in joint names (not more than three). In the case of joint application, refund/pay order (if any), dividend/interest warrants etc., will be made out in the name of the first applicant and all communications will be addressed to the applicant whose name appears first and at his/her address stated in the Application.

MULTIPLE APPLICATIONS:

An applicant should submit only one application (and not more than one) for the total number of Equity shares required. Two or more applications in single and/or joint names will be deemed to be multiple applications if the sole and/or first applicant is one and the same. The Board of Directors reserves the right to reject in its absolute discretion all or any multiple applications without assigning any reason. However employees may apply in the public offer.

In case of applications by Mutual Funds, a separate application must be made in respect of each scheme of an Indian Mutual Fund registered with SEBI and such applications will not be treated as multiple applications, provided that the applications made by the Asset Management Company/Trustees/Custodian clearly indicate their intention as to the scheme for which the application has been made.

APPLICATION UNDER POWER OF ATTORNEY OR BY LIMITED COMPANIES:

In the case of applications under Power of Attorney or by Limited Companies or Corporate Bodies, the relevant power of attorney or the relevant authority as the case may be, or a duly certified copy thereof must be attached to the application form or must be lodged separately at the office of the Registrars to the Issue, simultaneously with the submission of the application form mentioning the serial number of the application form and the bank branch where the application has been submitted, failing which the application is liable to be rejected.

Thumb impression or signature in languages other than the languages specified in the eighth schedule must be attested by Magistrate or Notary Public or a special Executive Magistrate under his official seal.

APPLICATION (S) WILL NOT BE ACCEPTED BY THE LEAD MANAGER OR REGISTRAR TO THE PUBLIC ISSUE**SECTION 269 SS OF INCOME TAX, 1961**

In respect of all the categories eligible to apply in this issue, having regard to the provisions of Sec 269SS of the Income Tax Act, 1961 the subscriptions against these applications should not be effected in cash and must be effected by an Account Payee Cheques/Draft, if the amount payable is Rs. 20000/- or more. In case the payment is effected in contravention of this provision, the applications are liable to be rejected.

DISCLOSURE OF P.A.N. / G.I.R. NUMBER:

Where an application for allotment of securities is for a total value of Rs.50,000/- or more i.e., the total number of securities applied for multiplied by the issue price is Rs.50,000/- or more the applicant or in case of application in joint names, each of the applicants, should mention his / her permanent account number allotted under the Income Tax Act, 1961 or where the same has not been allotted, the GIR Number and the Income Tax Circle / Ward / District. In case where neither the permanent account number nor GIR Number has been allotted, the fact of non-allotment should be mentioned in the application form. Application forms without this information will be considered incomplete and will be liable to be rejected.

PARTICULARS RELATING TO SAVING BANK / CURRENT ACCOUNT NUMBER:

The applicant shall have to mention particulars relating to his saving bank / current account number and the name of the bank with whom such account is held in the respective spaces provided in the application form, to enable the registrars to print the said details in the refund orders after the names of the payee to prevent fraudulent encashment of refund order(s). Application forms without this information will be considered incomplete and will be liable to be rejected.

The Applicant should note that on the basis of the name of the Applicant, Depository Participant's (DP) name, Depository Participants identification number and beneficiary account number provided by them in the Application Form, the Registrar to the Offer will obtain from the Applicant's DP A/c, the Applicant's book account details. The investors are advised to ensure that bank account details are updated in their respective DP A/cs as these bank account details would be printed on the refund order(s), if any.

GROUND FOR TECHNICAL REJECTIONS

Applicants are advised to note that Applications are liable to be rejected on among others on the following technical grounds:

1. Amount paid doesn't tally with the amount payable for the Equity Shares applied for;
2. Bank account details (for refund) are not given;
3. Age of First Applicant not given;
4. Application by minors;
5. PAN or GIR Number not given if application is for Rs. 50,000 or more;
6. Application for lower number of Equity Shares than specified for that category of investors;
7. Application at a price less than the offer price;
8. Application at a price higher than the stated price;
9. Application for number of Equity Shares, which are not in multiples of 80.
10. Category not ticked;
11. Multiple applications
12. In case of application under power of attorney or by limited companies, corporate, trust etc., relevant documents are not submitted;
13. Application Form does not have Applicant's depository account details;
14. Application Forms are not delivered by the applicant within the time prescribed as per the Application Form, Issue Opening Date advertisement and this Offer Document and as per the instructions in this Offer Document and Application Form; or
15. Applications for amounts greater than the maximum permissible amounts prescribed by the regulations.
16. Applications not duly signed by the sole/joint Applicants;
17. Applications by OCBs; or
18. In case no corresponding record is available with the Depositories that matches three parameters namely, names of the applicant (including the sequence of names of joint holders), the depository participant's identity (DP ID) and the beneficiary's identity except for Permanent Employees.

DEMATERIALISATION

As per the provisions of the Depositories Act, 1996, the shares of a body corporate may be held in dematerialized form i.e. not in the form of physical certificates but be fungible and be represented by the statement issued through electronic mode. The Company has entered into a tripartite agreement dated 22/02/2007 with the National Securities Depository Services Ltd. (NSDL) and Cameo Corporate Services Limited (Registrar and Transfer Agent) for dematerialisation of the equity shares of the company. The Company has also entered into a tripartite agreement dated 21/03/2007 with the Central Depository Services Limited (CDSL) and Cameo Corporate Services Limited for dematerialisation of the equity shares of the Company. The ISIN No. granted to the equity shares of the Company is INE056101017. Please note that trading in shares of the company upon listing will

only be in dematerialised form, although investors have an option to hold shares in the physical form or dematerialized form.

COMMUNICATION

All future communications in connection with Application made in this Issue should be addressed to the Registrar to the Issue quoting the full name of the sole or First Applicant, Application Form number, number of Equity Shares applied for, date, bank and branch where the application was submitted and cheque/draft number and issuing bank thereof.

DISPOSAL OF APPLICATIONS AND APPLICATION MONEY:

No receipt will be issued for the application money. However, the bankers/collection centre to the issue and/or their branches receiving the applications will acknowledge the receipt of the applications by stamping and returning to the applicant the acknowledgment receipt at the bottom portion of each application form. The Company will inform the applicants in respect of allotments made or applications rejected by despatch of allotment letter or regret letter and/or pay orders of value over Rs.1500/-, if any, by Registered Post within 10 weeks of the date of closure of the subscription list. Refunds of value not over Rs.1500/- will be dispatched under Certificate of Posting. Such Cheques or Demand Drafts will be payable at par at all centers where the applications were received. Bank Charges, if any, for en-cashing refund pay orders/cheques at any other place will be payable by the applicant.

The Board of Directors reserves, at its sole, absolute and unqualified discretion, the right to reject any application in full or in part without assigning any reason. If an application is rejected in full, the whole of the application money will be refunded to the applicant and in case of Joint applications, to the first named applicant. Where an application is rejected in part, the excess application money will be refunded to the applicant in accordance with the provisions of Section 73 of the Act. In case of any delay in sending the refund orders by more than eight days beyond 10 weeks from the date of closing of the subscription list, interest will be paid at the rates prescribed under Section 73 of the Act, to such applicants. However the Company shall as far as possible despatch the Share Certificates & Refund Orders within 30 days.

The Company undertakes to make available to the Registrars to the issue, adequate funds for allotment letters/share certificates to be sent by registered post.

The sums received in respect of the Public Issue will be kept in separate Bank account(s) and the issuer will not appropriate the funds unless approval of the Designated Stock Exchange i.e. BSE is obtained for allotment and no utilisation shall be made till listing and trading approval is obtained from BSE where the shares are proposed to be listed.

BASIS OF ALLOTMENT

Allotment will be made in consultation with BSE (The Designated Stock Exchange). In the event of oversubscription, the allotment will be made on a proportionate basis in marketable lots as set forth here:

- a. Applicants will be categorised according to the number of Shares applied for.
- b. The total number of Shares to be allocated to each category as a whole shall be arrived at on a proportionate basis i.e. the total number of Shares applied for in that category multiplied by the inverse of the oversubscription ratio (number of applicants in the category x number of Shares applied for).
- c. The number of Shares to be allocated to the successful applicants will be arrived at on a proportionate basis (i.e. Total number of Shares applied for into the inverse of the oversubscription ratio).

- d. For applications where the proportionate allotment works out to less than 80 Shares the allotment will be made as follows:
 - (i) each successful applicant shall be allotted 80 Shares; and
 - (ii) the successful applicants out of the total applicants for that category shall be determined by the drawal of lots in such a manner that the total number of Shares allotted in that category is equal to the number of Shares worked out as per (b) above.
- e. If the proportionate allotment to an applicant works out to a number that is not a multiple of 80, the applicant would be allotted Shares by rounding off to the nearest integer subject to a minimum allotment of 80 equity shares.
- f. If the Shares allotted on a proportionate basis to any category is more than the Shares allotted to the applicants in that category, the balance available Shares for allocation shall be first adjusted against any category, where the allotted Shares are not sufficient for proportionate allotment to the successful applicants in that category. The balance Shares, if any, remaining after such adjustment will be added to the category comprising of applicants applying for the minimum number of Shares
- g. If as a result of the process of rounding off to the nearest integer results in the actual allotment being higher than the shares offered, the final allotment may be higher at the sole discretion of the Board of Directors, upto 110% of the size of the offer specified under Para 6 to the Capital Structure mentioned in the Offer Document.
- h. The above proportionate allotment of shares in an issue that is oversubscribed shall be subject to the reservation for small individual applicants as described below:
 - i) A minimum of 50% of the net offer of shares to the Public shall initially be made available for allotment to retail individual investors as the case may be.
 - ii) The balance net offer of shares to the public shall be made available for allotment to a) individual applicants other than retails individual investors and b) other investors, including Corporate Bodies/ Institutions irrespective of number of shares applied for.
 - iii) The unsubscribed portion of the net offer to any one of the categories specified in (i) or (ii) shall/may be made available for allocation to applicants in the other category, if so required.

‘Retail individual investor’ means an investor who applies for shares of value of not more than Rs. 1,00,000/-

Investors may note that in case of oversubscription allotment shall be on proportionate basis and will be finalized in consultation with BSE. The drawal of lots (where required) to finalize the basis of allotment shall be done in the presence of a public representative on the governing board of the BSE.

The Executive Director / Managing Director of the Designated Stock Exchange in addition to Lead Merchant Banker and Registrar to the Public Issue shall be responsible to ensure that the basis of allotment is finalized in a fair and proper manner in accordance with the SEBI Guidelines.

ALLOTMENT / REFUNDS

The Company shall give credit to the beneficiary account with Depository Participants within two working days from the date of the allotment of Equity Shares. Applicants having bank accounts at any of the 15 centres where clearing houses are managed by the Reserve Bank of India (RBI) will get refunds through Electronic Credit Service (ECS) only, except where applicant is otherwise disclosed as eligible to get refunds through direct credit or Real Time Gross Settlement (RTGS). In case of other applicants, the Company shall ensure despatch of refund orders, if any, of value up to Rs. 1,500 by “Under Certificate of Posting”, and shall dispatch refund orders of Rs. 1,500 and above, if any, by

registered post or speed post. Applicants to whom refunds are made through Electronic transfer of funds will be sent a letter (refund advice) through “Under Certificate of Posting” intimating them about the mode of credit of refund within 30 days of closure of Issue.

The Company shall ensure despatch of refund orders/refund advice, if any, by “Under Certificate of Posting” or registered post or speed post or Electronic Clearing Service or Direct Credit or RTGS, as applicable, only at the sole or First Applicant’s sole risk within 30 days of the Issue Closing Date, and adequate funds for making refunds to unsuccessful applicants as per the mode(s) disclosed shall be made available to the Registrar by the Issuer.

In accordance with the requirements of the Stock Exchanges and SEBI Guidelines, Refex has undertaken that:

- *Allotment shall be made only in dematerialised form within 30 days from the Issue Closing Date;*
- *Despatch of refund orders/ refund advice shall be done within 30 days from the Issue Closing Date; and*
- *The Company shall pay interest at 15.0% per annum (for any delay beyond the 30-day time period as mentioned above), if allotment is not made, refund orders/ credit intimation are not despatched and in case where a refund is made through electronic mode, the refund instructions have not been given to the clearing system, and demat credit within the 30-day time prescribed above, provided that the beneficiary particulars relating to such Applicants as given by the Applicants is valid at the time of the upload of the electronic transfer.*

The Company will provide adequate funds required for the cost of despatch of refund orders/ refund advice/ allotment advice to the Registrar to the Issue.

Save and except refunds effected through the electronic mode i.e. ECS, direct credit or RTGS, refunds will be made by cheques, pay orders or demand drafts drawn on the Refund Bank and payable at par at places where Applications are received. The bank charges, if any, for encashing such cheques, pay orders or demand drafts at other centres will be payable by the Applicants

PAYMENT OF REFUND

Applicants should note that on the basis of name of the Applicants, Depository Participant’s name, Depository Participant-Identification (DP ID) number and Beneficiary Account Number provided by them in the Application Form, the Registrar to the Issue will obtain from the Depository, the Applicant’s bank account details including the nine digit Magnetic Ink Character Recognition (MICR) code as appearing on a cheque leaf. Hence, Applicants are advised to immediately update their bank account details as appearing on the records of the depository participant. Please note that failure to do so could result in delays in credit of refunds to Applicants at the Applicants sole risk and neither the LMs nor our company nor the Refund Banker nor the Registrar shall have any responsibility and undertake any liability for the same.

MODE OF MAKING REFUNDS

The payment of refund, if any, would be done through various modes in the following order of preference

- (i) ECS - Payment of refund would be done through ECS for applicants having an account at any of the 15 centers where clearing houses for ECS are managed by Reserve Bank of India, namely Ahmedabad, Bangalore, Bhubneshwar, Chandigarh, Chennai, Guwahati, Hyderabad, Jaipur, Kanpur, Kolkata, Mumbai, Nagpur, New Delhi, Patna and Thiruvananthapuram. This mode of payment of refunds would be subject to availability of complete bank account details including the nine digit Magnetic Ink Character Recognition (MICR) code as appearing on a cheque leaf, from the depository. The payment of refund through ECS is mandatory for applicants having a bank account at any of the

15 centers named hereinabove, except where applicant is otherwise disclosed as eligible to get refunds through direct credit or RTGS

(ii) Direct Credit – Applicants having their bank account with the Refund Banker shall be eligible to receive refunds, if any, through direct credit. The refund amount, if any would be credited directly to the eligible applicant's bank account with the Refund Banker.

(iii) RTGS – Applicants having a bank account at any of the 15 centers detailed above, and whose application amount exceeds Rs. 1 million, shall be eligible to exercise the option to receive refunds, if any, through RTGS. All applicants eligible to exercise this option shall mandatorily provide the IFSC code in the Application form. In the event of failure to provide the IFSC code in the Application form, the refund shall be made through the ECS or direct credit, if eligibility disclosed.

Please note that only applicants having a bank account at any of the 15 centres where clearing houses for ECS are managed by the RBI are eligible to receive refunds through the modes detailed in I, II and III hereinabove. For all the other applicants, including applicants who have not updated their bank particulars along with the nine digit MICR Code, the refund orders would be despatched "Under Certificate of Posting" for refund orders of value up to Rs. 1,500 and through Speed Post/Registered Post for refund orders of Rs. 1,500 and above.

ACCESS TO THE FUNDS:

Subscription received against this issue would be kept in a separate bank account and the Company will not have access to these funds so collected until it has received approval for allotment from BSE and listing and trading permission is received from BSE where listing is proposed in terms of this Offer Document.

UNDERTAKINGS BY THE ISSUER COMPANY

The Board of Directors of Reflex state that: -

We undertake as follows:

1. The complaints received in respect of the captioned Public Issue shall be attended to by the Company expeditiously and satisfactorily
2. All steps for completion of the necessary formalities for listing and commencement of trading at all stock exchanges where the shares are to be listed are taken within 7 working days of finalisation of basis of allotment
3. The funds required for making refunds to unsuccessful applicants as per the mode(s) disclosed shall be made available to the Registrar to the issue by the issuer.
4. That where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the applicant within 30 days or 15 days of closure of the issue, as the case may be, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund.
5. The certificates of the shares/ refund orders to the non-resident Indians shall be dispatched within the specified time
6. No further issue of securities shall be made till the shares offered through this prospectus are listed or till the application moneys are refunded on account of non –listing, under subscription etc.

UTILISATION OF ISSUE PROCEEDS

The Board of Directors of Refex states that:

- i. All monies received against this Public Issue shall be transferred to a separate bank account other than the bank account referred to in sub-section (3) of Section 73 of the Companies Act, 1956.
- ii. Details of all monies utilised out of Public Issue referred to in sub-item(i) shall be disclosed under an appropriate separate head in the Balance Sheet of the company indicating the purpose for which such monies had been utilised; and
- iii. Details of all unutilised monies out of the present Public Issue, if any, referred to in sub-item(i), shall be disclosed under an appropriate separate head in the Balance Sheet of the company indicating the form in which such unutilised monies have been invested.

The Board of Directors of the company further certify that:

- i. the utilization of monies received under reservations shall be disclosed under an appropriate head in the balance sheet of the Company indicating the purpose for which such monies have been utilized;
- ii. the details of all unutilized monies out of the funds received from reservations shall be disclosed under a separate head in the balance sheet of the Company indicating the form in which such unutilized monies have been invested.

The Company shall not have any recourse to the Issue proceeds until the approval for trading the Equity Shares is received from the Stock Exchange where listing is sought is received. Pending utilisation of the proceeds of the Issue as specified under the heading “Objects of the Issue”, the net proceeds from the Issue may be invested by the Company in high quality interest bearing liquid instruments including but not limited to deposits with banks for the necessary duration.

SECTION VIII: OTHER INFORMATION

MAIN PROVISIONS OF ARTICLES OF ASSOCIATION

DIRECTORS

Article 33. The Company shall have not less than three and not more than Twelve Directors.

Article 34.a). The Present Directors of the Company are:

- i) Mr.T.Anil Jain
- ii) Mr.T.Jagdish Jain
- iii) Mr.S.K.Yong
- iv) Mr.S.H.Lam
- v) Mr.A.Tarachand Jain

b) The Board shall have power at any time, from time to time, to appoint any person as additional Directors provided the number of Directors and Additional Directors shall not at any time exceed Twelve.

Article 35. At every Annual General Meeting, one-third of such of the Directors for the time being liable to retire by rotation from office in accordance with the provisions of the Act. A retiring Director shall be eligible for re-election.

Article 36. Any person whether a member of the company or not, may be appointed or nominated as a Director of the Company and no qualification by way of share holding shall be required from any Director.

Article 37. In case the union Government or any State Government or any Finance Institutions sponsored or financed by the above Government by way of grants, or loans accept participation or extends guarantee on behalf to the capital of the company, such Government or institution shall if the agreement between it and the company so provides be entitled so long as the company is indebted to such Government or institution continues to be interested in the company as a shareholder in any fiduciary capacity, to nominate and from time to time substitute in place of such Government or Corporation, on the Board of Directors and while holding such office such nominee shall not be liable to retire by rotation more be liable to hold any qualification shares.

Article 38. The Boards of Directors of the Company may appoint an alternate Director in the place of a Director, who is about to leave or is absent from the state in which the meetings of Directors are generally held, the Board may appoint any person to be an alternate Director, provided such absence shall not be for a lesser period than three months and such appointee while he hold office as an alternate Director shall be entitled to receive notice of all meetings of the Directors and to attend and vote threat and on all resolutions proposed in circulations, but he shall if so fact to vacate office as a Director. If and when the original Director returns to the State in which the meetings are generally held. An alternate director appointed under this Article shall not hold office as such for a period of longer than that permissible to the original director in whose place he had been appointed.

Article 39. If, at any Annual General Meeting at which an election of Directors ought to take place, the place of any retiring Director is not filled up, he shall, if willing, continue in office until the Annual General Meeting in the Next Year, and so on from year to year until his place is filled up, unless it shall be determined at such meeting on due notice to reduce the number of Directors in office.

Article 40. The business of the Company shall be managed by the Directors who may pay all expenses incurred in getting up and registering the company and other preliminary expenses and may exercise all such powers of the company as are not by the Companies Act, 1956, or any statutory modification thereof for the time being in force or by these Articles required to be exercised by the Company in General Meeting subject nevertheless to any regulation of these articles and to the provisions of the said act, and

no such regulations, being not inconsistent with the aforesaid regulations or provisions as may be prescribed by the company in General Meeting but no regulation made by the Company in General Meeting shall invalidate any prior act of the Directors which would have been valid if that regulation had not been made.

Article 41. The Director shall be paid a sitting fee for attending the meeting of the Board of Directors or committee thereof in accordance with provisions of the Act or rules made there under from time to time. In addition to the remuneration payable to them the Directors may be paid all traveling hotel and other expenses properly incurred by them in attending and returning from meetings of the Board of Directors or any committee thereof or General Meetings of the company or in connection with the business of the Company.

Article 42. Subject to the provisions of Section 314 of the Act, if any Director shall be appointed to advise the Directors as an expert or be called upon to perform extra services or make special exertions for any of the purposes of the Company, the Board of Directors may pay to such Director such remuneration as they think fit, which remuneration may be in the form of either salary commission or a lump sum and may either be in additions to or in substitution of the remunerations specified in the last preceding article.

Article 43. Subject to the provisions of the Companies Act, 1956, the Board of Directors may employ from time to time any Director to perform and work or supply goods required by the Company, or to serve the Company in any professional capacity or in any other capacity or character, and may remunerate him for such work or supply of goods or services as they may think proper and may enter into contracts with him for the purposes aforesaid, but no Director shall vote at any Directors meeting upon any question affecting his or her own employment as aforesaid or any contract relating thereto.

Article 44. Subject to the provisions of the Act, the Board of Directors may appoint a Director to be Managing Director of the Company and fix his remuneration and may from time to time, subject to the provisions of any contract between him and the company, remove or dismiss him from office and appoint another in his place.

Article 45. Subject to the control and overall supervision of the Board of Directors, the Managing Director shall have the power for engagement and dismissal of the staff and other employees of the Company and the General direction, Management and Superintendence of the business of the company with the power to do all acts, matters and things deemed necessary, proper or expedient for carrying on the business of the Company and to open and operate on the Bank Accounts of the Company and to represent the company in all suits and other legal proceedings and to engage solicitors, advocates and agents and to sign the necessary papers, documents and instruments of authority of the company as are not by the Companies Act or by these Articles expressly directed to the exercised by the Board of Directors may with the sanction of the Board of Directors delegate all or any of his powers fit and shall have power to grant such agents and other delegates such powers of attorney as the Managing Director may subject to the approval of the Board of Directors deem expedient and the Managing Director shall have power to revoke such delegate of power at his pleasure.

Article 46. Save as otherwise expressly provided in the act an resolution in writing signed by all or a majority of the members of the Board or a committee thereof, for the time being entitled to receive notice of the meeting of Board or committee shall be as valid and effectual as if it had been passed at a meeting of the Board or committee, duly convened and held. In the event of the signature of any one or more the Directors to any such resolutions being affixed on different dates the said resolution shall be deemed to be passed on the date of signature of the Director signing last.

Article 47. Subject to Section 292, the Board may delegate all or any of its powers to any Directors jointly or severally or to any one Director, as its discretion.

BORROWING POWERS

Article 48.a. The Company have power to borrow from any person or persons and secure the payment of any sum or sums of money for the purpose of the company and Directors may from time to time at their

discretion exercise this power and may themselves lend to the Company on security or otherwise provided that the Directors shall not contravening the provisions of Section 292 of the Companies Act, 1956, or any statutory modification thereof.

b. The Directors may raise or secure the repayment of any sum or sums in such manner and upon such terms and conditions in all respects as they may think fit, and in particular by the creation of any mortgage or charge on the undertaking or the whole or any part of the property, present or future or uncalled capital of the Company or by the issue of bonds, perpetual or redeemable, debentures or debenture stock of the company charged upon all or any part of the company's property both present and future including its uncalled capital for the time being.

THE SEAL

Article 51. The seal of the company shall not be the affixed to any instrument except by the authority of a resolution of the Board of Directors and except in the presence of at least one Director or Managing Director or Commercial Director or Technical Director if any, and that Director or Managing Director or Commercial Director or Technical Director as the case may be shall sign every instrument to which the seal of the Company is so affixed in his presence.

DIVIDENDS

Article 53.a. The Company shall declare and pay dividends only out of profits and in accordance with the provisions of section 205 of the Companies Act, 1956 or any statutory modifications thereof.

b. The Company in General Meeting may declare dividends, but no dividend exceed the amount recommended by the Board.

c. The Board may from time to time pay to the members such interim dividends as appear to it to be justified by the profits of the Company.

d. The Board may be deduct from any dividend payable to any members all sums of money if any, presently payable by him to the company on account of calls or otherwise in relation to the shares of the company.

e. In the case of joint holders, it shall be sufficient for the Company to effect payment of the dividend to the first named among them.

CAPITALISATION OF PROFITS

Article 54.(1) The company in general meeting may, upon the recommendation of the Board, resolve:

(a) that it is desirable to capitalize any part of the amount for the time being standing to the credit of any of the company's reserve accounts, or to the credit of the profit and loss account, or otherwise available for distribution; and

(b) that such sum be accordingly set free for distribution in the manner specified in clause.

(2) amongst the members who would have been entitled thereto, if distributed by way of dividend and in the same properties.

(3) The sum aforesaid shall not be paid in cash but shall be capitalized by the issue and distribution of fully paid up bonus shares.

INDEMNITY

Article 55. Subject to provisions of the Companies Act, 1956 every Director, Managing Director, Secretary or Manager of the Company shall be indemnified by the company against and it shall be the duty of the Directors out of the funds of the company to pay all costs, losses and expenses which any such

officer may incur or become liable to by reason of any contract entered into, act or deed done by him as such officer or in any way in the discharging of his duties including traveling expenses and the amount for which such indemnity is provided shall be immediately attached as a lien on the property of the Company and have the priority as between the member over all other claims.

WINDING UP

Article 56. If the company shall be wound up, whether voluntarily or otherwise the Liquidator may, with the sanction of special resolution divide among the members and contributors assets of the company in accordance with the provisions of the Companies Act, 1956.

DIRECTORS MAY REFUSE TO REGISTER TRANSFER

Article 61. Subject to the provisions of Section 111A, these Articles and other applicable provisions of the Act or any other law for the time being in force, the Board may refuse whether in pursuance of any power of the company under these Articles or otherwise to register the transfer of, or the transmission by operation of law of the right to, any shares or interest of a member in or debentures of the Company. The company shall within one month from the date on which the instrument of transfer, or the intimation of such transmission, as the case may be, was delivered to Company, send notice of the refusal to the transferee and the transferor or to the person giving intimation of such transmission, as the case may be, giving reasons for such refusal. Provided that the registration of a transfer shall not be refused on the ground of the transferor being either alone or jointly with any other person or persons indebted to the Company on any account whatsoever except where the Company has a lien on shares.

INSTRUMENT OF TRANSFER

Article 62. The instrument of transfer shall be in writing and all provisions of Section 108 of the Companies Act, 1956 and statutory modification thereof for the time being shall be duly complied with in respect of all transfer of shares and registration thereof.

NO FEE ON TRANSFER OR TRANSMISSION

Article 63. No fee shall be charged for registration of transfer, transmission, probate, succession certificate and Letters of administration, Certificate of Death or Marriage, Power of Attorney or similar other document.

DEMATERIALISATION OF SECURITIES

(a) De-materialisation:

Notwithstanding anything contained in these Articles, the Company shall be entitled to dematerialise its existing Securities, rematerialise its Securities held in the Depositories and/or to offer its fresh Securities in a dematerialised form pursuant to the Depositories Act, and the rules framed thereunder, if any.

(b) Options for Investors: Every Person subscribing to Securities offered by the Company shall have the option to receive security certificates or to hold the Securities with a Depository. Such a Person who is the Beneficial Owner of the Securities can at any time opt out of a Depository, if permitted by law, in respect of any Securities in a manner provided by the Depositories Act, and the Company shall, in the manner and within the time prescribed, issue to the Beneficial Owner the required Certificate of Securities.

If a Person opts to hold his Securities with a Depository, the Company shall intimate such Depository the details of allotment of the Securities and on receipt of the information, the Depository shall enter in its record the name of the allottee as the Beneficial Owner of the Securities.

- (c) Securities in Depositories to be in fungible form: All Securities held by a Depository shall be dematerialized and be in fungible form. Nothing contained in Sections 153, 153A, 153B, 187B, 187C and 372A of the Act shall apply to a Depository in respect of the Securities held by it on behalf of the Beneficial Owners.
- (d) Rights of Depositories & Beneficial Owners:
- (i) Notwithstanding anything to the contrary contained in the Act or these Articles, a Depository shall be deemed to be the Registered Owner for the purposes of effecting transfer of ownership of Securities on behalf of the Beneficial Owner.
 - (ii) Save as otherwise provided in (i) above, the Depository as the Registered Owner of the Securities shall not have any voting rights or any other rights in respect of the Securities held by it.
 - (iii) Every person holding Shares of the Company and whose name is entered as the Beneficial Owner in the records of the Depository shall be deemed to be a Member of the Company.
 - (iv) The Beneficial Owner of Securities shall, in accordance with the provisions of these Articles and the Act, be entitled to all the rights and subject to all the liabilities in respect of his Securities, which are held by a Depository.
- (i) Service of Documents: Notwithstanding anything contained in the Act or these Articles to the contrary, where Securities are held in a Depository, the records of the Beneficial Ownership may be served by such Depository on the Company by means of electronic mode or by delivery of floppies or discs.
- (j) Transfer of Securities:
- (i) Nothing contained in Section 108 of the Act or these Articles shall apply to a transfer of Securities effected by transferor and transferee both of whom are entered as Beneficial Owners in the records of a Depository.
 - (ii) In the case of transfer or transmission of Shares or other marketable Securities where the Company has not issued any certificates and where such Shares or Securities are being held in any electronic or fungible form in a Depository, the provisions of the Depositories Act shall apply.
- (k) Allotment of Securities dealt with in a Depository: Notwithstanding anything in the Act or these Articles, where Securities are dealt with by a Depository, the Company shall intimate the details of allotment of relevant Securities thereof to the Depository immediately on allotment of such Securities.
- (l) Certificate No. Etc. of Securities in Depository: Nothing contained in the Act or these Articles regarding the necessity of having certificate number/distinctive numbers for Securities issued by the Company shall apply to Securities held with a Depository.
- (m) Provision of Articles to apply to shares held in Depository: Except as specifically provided in these Articles, the provisions relating to joint holders of shares, calls, lien on shares, forfeiture of shares and transfer and transmission of shares shall be applicable to shares held in Depository so far as they apply to shares held in physical form subject to the provisions of the Depositories Act.
- (n) Register and Index of Beneficial Owners: The Register and Index of Beneficial Owners maintained by a Depository under the Depositories Act, shall be deemed to be the Register and Index (if applicable) of Members and Security-holders for the purposes of these Articles.

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following contracts (not being contracts entered into in the ordinary course of business carried on by the Company or contracts entered into more than two years before the date of filing of this Offer Document) which are or may be deemed material have been entered or to be entered into by the Company. These contracts, copies of which have been attached to the copy of this Offer Document have been delivered to the Registrar of Companies, Tamil Nadu, Chennai for registration and also the documents for inspection referred to hereunder, may be inspected at the Registered Office of the Company located at 20, Mooker Nallamuthu Street, Chennai – 600 001, from 10.00 a.m. to 4.00 p.m. on working days from the date of filing of this Offer Document until the issue Closing Date.

Material Contracts for Inspection

1. Memorandum of Understanding dated 16/01/2007 between the Company and Keynote Corporate Service Limited, the Lead Manager to this Issue.
2. Memorandum of Understanding dated 17/01/2007 between the Company and Ashika Capital Limited the Co-Lead Manager to this Issue.
3. Memorandum of Understanding dated 10/07/2006 between the Company and Cameo Corporate Services Limited as Registrars to the Issue.
4. Copy of Share Subscription Agreement dated 08/01/2007 between the Refex Refrigerants Limited, Bennett Coleman & Company Limited and the Promoters of Refex Refrigerants Limited
5. Copy of the technical collaboration agreement dated 21/07/2006 between Refex Refrigerants Limited and Kaltech Engineering and Refrigenants Pte. Ltd and subsequent amendatory letter dated 10/07/2007.
6. Tripartite agreement between the NSDL, the Company and the Registrar dated 22/02/2007.
7. Tripartite agreement between the CDSL, the Company and the Registrar dated 21/03/2007.
8. Advertisement Contract between the Company and Bennett Coleman & Company Limited dated 08/01/2007.

Material Documents for Inspection

1. Certified true copies of the Memorandum and Articles of Association of the Company, as amended from time to time.
2. Copy of Special Resolution under section 81, 81(1A) and other relevant provisions of Companies Act, 1956 dated 21/06/2006 and 30/06/2007 passed at the Extra Ordinary General Meetings of the company authorizing present issue of equity shares.
3. Copies of the Annual Reports of the Company for the years ended March 31, 2003; March 31, 2004 March 31, 2005, March 31, 2006 and March 31, 2007.
4. Copy of the Statement of Tax Benefits report dated 03/01/2007 issued by M/s. Bhandari & Keswani, Chartered Accountants, Chartered Accountants.
5. Copy of certificate dated 26/04/2007 issued by M/s. Bhandari & Keswani, Chartered Accountant & Statutory Auditors of the Company reporting financials of Refex Refrigerants Limited in terms of part II schedule II of the Companies Act, 1956 and including capitalization statement, taxation statement, accounting ratios.

6. Copy of certificate dated 05/07/2007 issued by M/s. Bhandari & Keswani, Chartered Accountant & Statutory Auditors of the Company regarding the sources and deployments of funds as on 31/05/2007.
7. Consents of Auditors, Bankers to the Company, Lead Managers, legal advisors to the Issue, Directors, Company Secretary, Registrar to this Issue, Bankers to this Issue, Compliance Officer as referred to, in their respective capacities and consent of the Auditors for inclusion of Tax Benefits Report dated 03/01/2007.
8. Appraisal note from Centurion Bank of Punjab Ltd. for the proposed expansion project of Reflex dated January 11, 2007.
9. Due Diligence report dated 03/01/2007 from Legal Advisors to the issue, Corporate Law Chambers India;
10. In-principle listing approval dated 20/02/2007 from BSE.
11. Due diligence Certificate dated 25/01/2007 to SEBI from Keynote Corporate Service Limited.
12. Copy of Environmental Certificate received from Tamil Nadu Pollution Control Board
13. Shareholders Resolutions :
 - a. Dated 21/06/2006 for appointment and approval of remuneration of Mr. Tarachand Jain as Chairman, Whole Time Director of the company
 - b. Dated 21/06/2006 for appointment and approval of remuneration of Mr. Anil Jain as the Managing Director of the company
14. Copy of Compliant dated March 01, 2007 and reply given to SEBI by the Lead Manager vide their letter dated March 26, 2007
15. SEBI observation letter no. CFD/DIL/ISSUES/PR/97815/2007 dated June 29, 2007 and reply to the observation by the lead Manager vide their Letter no. Ref/Compliance Let dated 09/07/2007 and Due Diligence of Lead Managers dated 09/07/2007 after issue of SEBI observations.

Any of the contracts or documents mentioned in this Offer Document may be amended or modified at any time if so required in the interest of the Company or if required by the other parties, without reference to the shareholders subject to compliance of the provisions contained in the Companies Act and other relevant statutes.

PART III

DECLARATION

We, the Directors of Refex, hereby declare that, all the relevant provisions of the Companies Act, 1956, and the guidelines issued by the Government of India or the guidelines issued by the Securities and Exchange Board of India, as the case may be, have been complied with and no statement made in this Offer Document is contrary to the provisions of the Companies Act, 1956, the Securities and Exchange Board of India Act, 1992 or rules made there under or guidelines issued, as the case may be. We further certify that all the disclosures and statements made in this Offer Document are true and correct.

Signed by all the Directors

Sd/-

Mr. A.Tarachand Jain
Chairman

Sd/-

Mr. Anil Jain
Managing Director

Sd/-

Mr. S.K.Yong*
Director

Sd/-

Mr. Anil K. Dhar*
Director

Sd/-

Mr. N. D. Trivedi*
Director

Sd/-

Mr. Ratanchand Lodha
Director

* By their constituted Attorney

SIGNED BY THE COMPANY SECRETARY AND COMPLIANCE OFFICER

Sd/-

S.Gopalakrishnan
Company Secretary & Compliance Officer

Place: Chennai

Date: