

DRAFT PROSPECTUS

Dated 05/03/2012

Please read Sec 60 B of the Companies Act, 1956
Fixed Price Issue



MONARCH HEALTH SERVICES LIMITED

(C.I.N.-U93030MH2011PLC222636)

Our Company was originally incorporated as “Monarch Health Services Pvt. Ltd.” on 01/10/2011 under the Companies Act, 1956 vide Certificate of Incorporation issued by the Registrar of Companies, Maharashtra, Mumbai. The name of our Company was changed to “Monarch Health Services Ltd.” on 09/12/2011 upon conversion into a Public Limited Company and a fresh certificate of incorporation was obtained from the Registrar of Companies, Maharashtra, Mumbai. Simultaneously, a Certificate for Commencement of Business was issued to us by the Registrar of Companies, Maharashtra, Mumbai on 09/12/2011.

The registered office of our Company originally situated at 901/902, Atlanta Centre, Opp: Udyog Bhavan, Sonawala Lane, Goregaon (East), Mumbai-400063 has been shifted to 28/3, Ground Floor, Next to Jari Mari Mandir, SV Road, Bandra (W), Mumbai -400050 with effect from 26/12/2011. For more details, please refer section titled “**History and Certain Corporate Matters**” on Page No.74 of this Draft Prospectus.

Registered Office: 28/3, Ground Floor, Next to Jari Mari Mandir, SV Road, Bandra (W) Mumbai - 400050, Maharashtra, India

Tel. No. 022- 26420655 Fax No 022- 26420660

Website: www.looksclinic.com ;**E-mail:** cs@looksclinic.com

Contact Person: Ms. Priyanka Manghwani, Company Secretary and Compliance Officer

Tel. No. : 09793775325

Our Promoters : Dr.Nishita Sheth, Dr. Prashant Vikram, Dr.Ajit Kadam and Maxgainz Finserve Pvt Ltd

The Issue

PUBLIC ISSUE OF 18, 00, 000 EQUITY SHARES OF RS. 10/- EACH (EQUITY SHARES OF MONARCH HEALTH SERVICES LTD (“MHSL”, “THE COMPANY” OR “THE ISSUER”) FOR CASH AT A PRICE OF RS. 40/- PER EQUITY SHARE (THE ISSUE PRICE) AGGREGATING TO RS. 720 LACS (THE ISSUE). THE FACE VALUE OF THE SHARE IS RS.10/- EACH AND THE ISSUE PRICE IS 4 (FOUR) TIMES OF THE FACE VALUE.THE ISSUE IS BEING MADE IN TERMS OF CHAPTER X B OF SEBI (ICDR) REGULATIONS, 2009 AS AMENDED (THE “SEBI REGULATIONS”). OUT OF THE PROPOSED ISSUE OF 18,00,000 EQUITY SHARES, 3,00,000 EQUITY SHARES ARE RESERVED FOR SUBSCRIPTION BY THE MARKET MAKER (AS DEFINED IN THE SECTION “DEFINITIONS AND ABBREVIATIONS”) (THE “MARKET MAKER RESERVATION PORTION”).THE ISSUE LESS THE PORTION RESERVED FOR THE MARKET MAKER i.e. ISSUE OF 15,00,000 EQUITY SHARES OF RS 10/- EACH IS HEREINAFTER REFERRED TO AS THE “NET ISSUE”. THE ISSUE AND THE NET ISSUE WILL CONSTITUTE 30% AND 25%, RESPECTIVELY OF THE POST ISSUE PAID UP EQUITY SHARE CAPITAL OF THE COMPANY. THIS BEING A FIXED PRICE ISSUE, AS PER SUB CLAUSE (4) OF REGULATION 43 OF THE SEBI (ICDR) REGULATIONS, 2009 AS AMENDED (THE “SEBI REGULATIONS”), OUT OF THE NET OFFER OF 15,00,000 EQUITY SHARES, NOT LESS THAN 50% SHALL BE AVAILABLE TO RETAIL INDIVIDUAL INVESTORS AND THE REMAINING TO INDIVIDUAL APPLICANTS OTHER THAN RETAIL INVESTORS AND OTHER INVESTORS INCLUDING CORPORATE BODIES OR INSTITUTIONS IRRESPECTIVE OF THE NUMBER OF SHARES APPLIED FOR. IF THE RETAIL INDIVIDUAL INVESTOR CATEGORY IS ENTITLED TO MORE THAN 50 % ON PROPORIONATE BASIS, THEY SHALL BE ALLOTTED THAT HIGHER PERCENTAGE.

THIS ISSUE IS BEING MADE IN TERMS OF CHAPTER X-B OF THE SEBI (ICDR) REGULATIONS, 2009 AS AMENDED FROM TIME TO TIME.

For Further Details See “**Issue Related Information**” Beginning On Page No. 118 of this Draft Prospectus

<p>All potential investors may participate in the Issue through an Application Supported by Blocked Amount ("ASBA") process providing details about the bank account which will be blocked by the Self Certified Syndicate Banks ("SCSBs") for the same. For details in this regard, specific attention is invited to "Issue Procedure" on Page No. 122 of this Draft Prospectus. In case of delay, if any in refund, our Company shall pay interest on the application money at the rate of 15% per annum for the period of delay.</p>	
RISK IN RELATION TO THE FIRST ISSUE	
<p>This being the first issue of Equity Shares of the Company, there has been no formal market for the Equity Shares of the Company. The face value of the Equity Shares is Rs. 10/- per Equity Share and the Issue Price is 4 (Four) times of the face value. The Issue Price (as determined by the Company, in consultation with the Lead Manager and as stated under the paragraph 'Basis For Issue Price' on Page No.55 of this Draft Prospectus) should not be taken to be indicative of the market price of the Equity Shares after the Equity Shares are listed. No assurance can be given regarding an active and / or sustained trading in the Equity Shares of the Company or regarding the price at which the Equity Shares will be traded after listing. However as required under Regulation 106 V (1) of SEBI (ICDR) Regulations in respect of the issues to be listed on SME Exchange, the Lead Manager will arrange for compulsory market making in the shares for an initial period of three years from the date of listing.</p>	
GENERAL RISKS	
<p>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 the Issue including the risks involved. The Equity Shares offered 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 Draft Prospectus. Specific attention of the investors is invited to the statements in the section titled "Risk Factors" beginning on Page No. 14 of this Draft Prospectus.</p>	
ISSUERS'S ABSOLUTE RESPONSIBILITY	
<p>The Company, having made all reasonable inquiries, accepts responsibility for and confirms that this Draft Prospectus contains all information with regard to the Company and this Issue, which is material in the context of this Issue, that the information contained in this Draft 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 make this Draft Prospectus as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect.</p>	
LISTING	
<p>The Equity Shares offered through the Draft Prospectus are proposed to be listed on the SME Platform of the BSE Limited ("BSE"). In terms of Chapter X B of SEBI (ICDR) Regulations, 2009 as amended from time to time, we are not required to obtain any in principle listing approval for the shares being offered in this Issue. However, our Company has received an approval letter dated [redacted] from BSE for using its name in the Offer Document for listing our shares on the SME Platform of the BSE. For the purpose of this Issue, the Designated Stock Exchange will be the BSE Limited ("BSE")</p>	
LEAD MANAGER TO THE ISSUE	REGISTRAR TO THE ISSUE
<p>Networth Stock Broking Ltd SEBI Registration No.: INM000011013 1001/02, 10th Floor, Atlanta Centre, Opp Udyog Bhavan, Sonavala Road, Goregaon East, Mumbai 400063 (Maharashtra) Tel : +91-22 30641600; Fax : +91-22-26850257 Website: www.networthdirect.com E-mail: manish.ajmera@networthdirect.com Contact Person: Mr. Manish Ajmera</p>	<p>Sharepro Services (I) Pvt Ltd SEBI Registration No.: INR000001476 13AB, Samitha Warehousing Complex, 2nd Floor, Sakinaka Telephone Exchange Lane, Off Andheri Kurla Road, Sakinaka, Andheri (E), Mumbai 400072. Tel: +91-22- 61915402/ 5404 Fax: +91-22- 61915444 Email: sme.ipo@ shareproservices.com Website: www.shareproservices.com Contact Person: Mr. Subhash Dhingreja</p>
<p>Issue Opens on [.]</p>	<p>Issue closes on [.]</p>

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SECTION I - GENERAL

1.1 - DEFINITIONS:

TERM	DESCRIPTION
"Monarch", "the Company", "We", "us" and "our"	Unless the context otherwise requires, refers to Monarch Health Services Ltd., a public limited company incorporated under the Companies Act, 1956.
"You", "Your" or "Yours"	Prospective Investors in this Issue

1.2 CONVENTIONAL / GENERAL TERMS:

TERMS	DESCRIPTION
Articles of Association	The Articles of Association of the Company i.e., Monarch Health Services Ltd., as amended from time to time.
Auditors / Statutory Auditors	The Statutory Auditors of the Company, being M/s S. D. Motta & Associates, Chartered Accountants.
Board of Directors/ Board	The Board of Directors of the Company or a committee (s) constituted thereof
Companies Act / Act	The Companies Act, 1956 as amended from time to time
Depositories Act	The Depositories Act, 1996 as amended from time to time
Director(s) / Our Directors	Director(s) of Monarch Health Services Ltd, unless otherwise specified
Equity Shares	Equity Shares of our Company of Face Value of Rs.10/- each unless otherwise specified in the context thereof
Executive Directors	Executive Directors are the Whole time Directors of our Company
Financial Year/ Fiscal/ FY	The period of twelve months ended March 31 of that particular year.
GIR Number	General Index Registry Number
Group Companies	The companies / firms and ventures disclosed in " Our Promoter Group and Group Companies / Entities " on Page No. 87 promoted by the Promoters, irrespective of whether such entities are covered under Section 370 (1) (B) of the Companies Act, 1956
HUF	Hindu Undivided Family
Indian GAAP	Generally Accepted Accounting Principles in India
IT Act	The Income Tax Act, 1961
I.T. Rules	The Income Tax Rules, 1962, as amended from time to time, except as stated otherwise.
MOA / Memorandum of Association	The Memorandum of Association of the Company, i.e., Monarch Health Services Ltd.,as amended.
Non Residents	A person resident outside India, as defined under FEMA
NRIs / Non Resident Indians	A person resident outside India, as defined under FEMA and who is a citizen of India or a Person of Indian Origin under Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000

Person or 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
Promoters	Dr. Nishita Sheth Dr. Prashant Vikram Dr. Ajit Kadam Maxgainz Finserve Pvt Ltd
Promoter Group	The persons and entities constituting the promoter group pursuant to regulation 2(1) (zb) of the SEBI (ICDR) Regulations, 2009 and disclosed in “ Our Promoter Group and Group Companies/entities ” on Page No,87
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.
Registered Office of the Company	28/3, Ground Floor, Next to Jari Mari Mandir, SV Road, Bandra (W), Mumbai -400050
RoC	Registrar of Companies, Maharashtra, 100, Everest, Marine Drive, Mumbai -400002
SEBI	Securities and Exchange Board of India constituted under the SEBI Act, 1992
SEBI Act	Securities and Exchange Board of India Act, 1992, as amended from time to time
SEBI Regulations	SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 issued by SEBI on Aug 26, 2009, as amended, including instructions and clarifications issued by SEBI from time to time
SICA	Sick Industrial Companies (Special Provisions) Act, 1985
Stock Exchange	Unless the context requires otherwise, refers to, the BSE Limited

1.3 ISSUE RELATED TERMS

TERMS	DESCRIPTION
Allotment/ Allot/Allotted	Unless the context otherwise requires, issue of Equity Shares pursuant to this Issue to the successful applicants
Allottee	The successful applicant to whom the Equity Shares are being / have been issued.
Applicant	Any prospective investor who makes an application for Equity Shares in terms of this Draft Prospectus
Application Form	The Form in terms of which the applicant shall apply for the Equity Shares of the Company
Application Supported by Blocked Amount (ASBA)	Means an application for subscribing to an issue containing an authorization to block the application money in a bank account.
ASBA Applicant	Any Applicant who intends to apply through ASBA.
ASBA Application Form	The form, whether physical or electronic, used by an ASBA Applicant to make an application, which will be considered as the application for Allotment for purposes of this Prospectus.

Bankers to the Company	HDFC Bank Ltd
Bankers to the Issue / Escrow Collection Bank(s)	HDFC Bank Ltd
Basis of allotment	The basis on which the Equity Shares will be Allotted, described in “ Issue Procedure – Basis of Allotment ” on Page No. 133 of the Draft Prospectus
BSE	Bombay Stock Exchange Limited.
Controlling Branches of the SCSBs	Such branches of the SCSBs which coordinate with the LM, the Registrar to the Issue and the Stock Exchange
Depository / Depositories	A depository registered with SEBI under the SEBI (Depositories and Participant) Regulations, 1996, as amended from time to time.
Depository Participant/ DP	A Depository Participant as defined under the Depositories Act, 1996
Designated Branches	Such branches of the SCSBs which shall collect the ASBA Application Form used by ASBA Applicant and a list of which is available on http://www.sebi.gov.in
Designated Date	The date on which funds are transferred from the Escrow Account to the Public Issue Account or the Refund Account, as appropriate, and the amounts blocked by the SCSBs are transferred from the bank accounts of the ASBA Applicant to the Public Issue Account, as the case may be, after the Prospectus is filed with the ROC, following which the Board of Directors shall Allot Equity Shares to the Allottees.
Designated Stock Exchange	BSE
DP ID	Depository Participant’s Identity.
Draft Prospectus	This Draft Prospectus dated 05/03/2012 filed with the BSE
Eligible NRI	A Non Resident Indian in a jurisdiction outside India where it is not unlawful to make an offer or invitation under the Issue and in relation to whom this Draft Prospectus will constitute an invitation to subscribe for the Equity Shares
Employees	Permanent Employees of Monarch Health Services Ltd as on 31.12.2011 including both staff and workmen employees.
Equity Shares	Equity Shares of the Company of face value of Rs. 10/- each unless otherwise specified in the context thereof.
Escrow Account	Account opened with the Escrow Collection Bank(s) and in whose favour the Applicant (excluding the ASBA Applicant) will issue cheques or drafts in respect of the Application Amount when submitting an Application.
Escrow Agreement	Agreement entered into amongst the Company, Lead Manager, the Registrar, the Escrow Collection Bank(s) for collection of the Application Amounts and for remitting refunds (if any) of the amounts collected to the Applicants (excluding the ASBA Applicants) on the terms and conditions thereof.
Escrow Collection Bank(s)	The banks, which are registered with SEBI as Banker (s) to the Issue at which the Escrow Account for the Issue will be opened, in this case being HDFC Bank.
Indian National	As used in the context of a citizen of India as defined under the Indian Citizenship Act, 1955, as amended from time to time, who is not an NRI.
IPO	Initial Public Offer.

Issue / Issue Size	The public issue of 18,00,000 Equity Shares of Rs. 10 each at the Issue Price of Rs. 40 /- each aggregating to Rs. 720.00 lacs.
Issue Opening Date	[.]
Issue Closing Date	[.]
Issue Price	The price at which Equity Shares are being issued by our Company under this Draft Prospectus being Rs. 40 /-
LM / Lead Manager	Lead Manager to the Issue, in this case being M/s. Network Stock Broking Ltd.
Listing Agreement	Unless the context specifies otherwise, this means the Equity Listing Agreement to be signed between our company and the SME Platform of BSE.
Market Makers	Member Brokers of BSE who are specifically registered as Market Makers with the BSE. In our case, Network Stock Broking Ltd is the sole Market Maker.
Net Issue	The Issue of 15,00,000 Equity Shares of Rs.10/- each at a price of Rs. 40/- (including share premium of Rs.30/-) per Equity Share aggregating to Rs. 6,00,00,000/- (Rupees Six crore only) by M/s. Monarch Health Services Ltd.
Nominated Investor	Nominated Investor means a Qualified Institutional Buyer or Private Equity Fund, who enters into an agreement with the Merchant Banker to subscribe to the issue in case of under- subscription or to receive or deliver the specified securities in the market making process.
Non Institutional Investors / Applicants	All Investors that are not QIBs (but not including NRIs other than eligible NRIs) or Retail Investors and who have applied for Equity Shares for an amount more than Rs. 2,00,000/-
Prospectus	The Prospectus, filed with the Registrar of Companies, Maharashtra, Mumbai containing, inter alia, the Issue Price, the size of this Issue and other information.
Public Issue / Issue / IPO	Public Issue of 18,00,000 equity shares of Rs.10/- each for cash at a premium of Rs.30/- per share (Price of Rs. 40/- per share) aggregating to Rs.720 lacs (the issue) by Monarch Health Services Ltd (Our Company or Issuer). The face value of the share is Rs.10/- each and the issue price is Rs. 40/- (4 times of the face value)
Public Issue Account	Account opened with the Banker to the Issue to receive monies from the Escrow Account and from SCSBs from the bank account of the ASBA Applicant, on the Designated Date.
Qualified Institutional Buyers or QIBs	Public financial institutions as defined in section 4A of the Companies Act, 1956, scheduled commercial banks, mutual funds, foreign institutional investors registered with SEBI, multilateral and bilateral Development Financial Institutions, Venture Capital funds registered with SEBI, Foreign Venture Capital Investors registered with SEBI, State Industrial Development Corporations, Insurance Companies registered with the Insurance Regulatory and Development Authority (IRDA), Provident Funds with a minimum corpus of Rs. 25 crores and Pension Funds with a minimum corpus of Rs. 25 crores).
Refund Account	Account opened with an Escrow Collection Bank from which the refunds of the whole or part of the Application Amount (excluding to the ASBA Applicants), if any, shall be made.
Refund Banker	HDFC Bank
Refunds through electronic transfer of funds	Refunds through electronic transfer of funds mean refunds through ECS, Direct Credit or RTGS or NEFT or the ASBA process, as applicable.
Registrar/ Registrar to this Issue	Registrar to the Issue being Sharepro Services (I) Pvt Ltd.

Regulations	SEBI (Issue of Capital and Disclosure Requirement) Regulations, 2009, as amended from time to time
Retail Individual Investors	Individual investors (including HUFs, in the name of Karta and Eligible NRIs who apply for the Equity Shares of a value of not more than Rs.2,00,000.
Self Certified Syndicate Bank(s) / SCSB(s)	Banks which are registered with SEBI under the SEBI (Bankers to an Issue) Regulations, 1994 and offer services of ASBA, including blocking of bank account, a list of which is available on http://www.sebi.gov.in/
SME Platform of BSE	The SME Platform of BSE for listing of equity shares offered under Chapter X-B of the SEBI (ICDR) Regulations which was approved by SEBI as an SME Exchange on September 27, 2011.
Underwriters	The LM and others who have agreed to underwrite this Issue as per SEBI (Underwriters) Regulations, 1993 as amended
Underwriting Agreement	The Agreements entered into between the Underwriters and the Company
Working Day	All days other than a Sunday or a public holiday (except during the Issue Period where a working day means all days other than a Saturday, Sunday or a public holiday), on which commercial banks in India are open for business

1.4 - ABBREVIATIONS

ABBREVIATION	FULL FORM
AGM	Annual General Meeting
AMBI	Association of Merchant Bankers of India
AS	Accounting Standards issued by the Institute of Chartered Accountants of India.
AY	Assessment Year
BSE	Bombay Stock Exchange Limited.
CAGR	Compounded Annual Growth Rate.
CDSL	Central Depository Services (India) Limited.
DP	Depository Participant
ECS	Electronic Credit System
EGM	Extra Ordinary General Meeting of the shareholders.
EPS	Earnings per Equity Share.
FCNR Account	Foreign Currency Non Resident Account.
FEMA	Foreign Exchange Management Act, 1999, as amended from time to time and the regulations issued thereunder.
FII	Foreign Institutional Investor [as defined under SEBI (Foreign Institutional Investors) Regulations, 1995, as amended from time to time)] registered with SEBI under applicable laws in India.
FIs	Financial Institutions.
FIPB	Foreign Investment Promotion Board, Department of Economic Affairs, Ministry of Finance, Government of India
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.
HUF	Hindu Undivided Family.
INR / Rs./ Rupees	Indian Rupees, the legal currency of the Republic of India.
NAV	Net Asset Value.
NRE Account	Non Resident External Account.
NRI	Non-Resident Indian
NRO Account	Non Resident Ordinary Account.
NSDL	National Securities Depository Limited.

P/E Ratio	Price / Earnings Ratio
PAN	Permanent Account Number.
ROC/Registrar Companies	of The Registrar of Companies, Maharashtra, Mumbai.
RONW	Return on Net Worth.
SME Exchange	SME Platform of Bombay Stock Exchange Limited

1.5 -COMPANY AND INDUSTRY RELATED TERMS

Term	Description
Abdominoplasty	A surgical procedure done to flatten the abdomen by removing extra fat and skin, and tightening muscles in the abdominal wall. This procedure is commonly referred to as a tummy tuck.
Acne	A skin condition characterized by the excess production of oil from sebaceous glands in which the hair follicles become plugged.
Acne scar	Scars due to severe acne. They can range from deep pits to scars that are angular or wavelike in appearance.
Age spots	Small flat pigmented spots that are most often seen on areas of the body that have been exposed to the sun over a period of years. Age spots usually occur after the age of 40.
Alopecia	The complete or partial loss of hair
Blepharoplasty	A primarily cosmetic surgical procedure that reduces bagginess from lower eyelids and raises drooping upper eyelids. The procedure involves the removal of excess skin, muscle and underlying fatty tissue.
Breast augmentation	A surgical procedure done to increase breast size
Botox	A substance derived from botulinum toxin that works by preventing nerve impulses from reaching the muscle, causing the muscle to relax.
Brow lift	A surgical procedure in which the skin of the forehead and eyebrows is tightened to eliminate sagging eyebrows or correct frown lines in the forehead
Chemical peel	A process in which a chemical solution is applied to the skin to remove dead skin cells and stimulate the production of new skin cells. This process is also called chemexfoliation.
Contracture scar	A type of scar in which a permanent tightening of skin occurs, often in response to a burn. This type of scar may affect the underlying muscles and tendons, limiting mobility and possibly damaging the nerves.
Crow's Feet	The fine lines found around the eyes. They are often caused by sun exposure. However, smoking also contributes to their formation.
Debriding	The process of removing dead or devitalized tissue prior to reconstructive or cosmetic surgery.
Depilation	The removal of hair.
Dermabrasion	A surgical procedure in which a patient's upper layers of skin, scarred from acne, pox or other causes, is frozen and then removed using a high-powered rotating brush.
Dermatitis	An inflammation of the skin caused by an allergic reaction or contact with an irritant. Typical symptoms of dermatitis include redness and itching.
Electrolysis	A hair removal procedure in which chemicals or heat is used to destroy the hair follicle.
Freckle	A light or moderately brown spot that appears on the skin as a result of exposure to sunlight. Freckles are most common in people with fair complexions.
Grafting	A procedure in which healthy skin and/or muscle is moved from one area of the body to another area damaged by disease or injury.

Hemangioma	A type of birthmark characterized by concentrations of small blood vessels. They are commonly referred to as strawberry marks and often disappear after a few months or years.
Hyperpigmentation	A skin condition in which there is excessive pigmentation, often seen as dark spots on the skin.
Hypertrophic scar	A raised and red scar, similar to a keloid scar, but different in that it stays within the boundaries of the injury site
Hypopigmentation	A skin condition in which there is a lack of pigmentation.
Keloid scar	A type of scar that continues to grow beyond what is needed at the site of an injury. This type of scar is caused by too much collagen forming while the skin is being repaired. The tendency to develop keloid scars is genetic.
Lip Augmentation	A procedure done to improve deflated, drooping or sagging lips, correct their symmetry or to reduce fine lines and wrinkles around them. This is often done through injections or implants.
Liposuction	A cosmetic procedure in which a special instrument called a cannula is used to break up and suck out fat from the body. This procedure is also known as lipoplasty.
Macroductyly	A condition that affects children in which the fingers or toes grow abnormally large.
Macular stain	A small birthmark that is often nothing more than a small, mild, red blemish on the skin.
Mammoplasty	Any reconstructive or cosmetic surgical procedure that alters the size or shape of the breast
Mastectomy	The surgical removal of part or the entire breast.
Mastopexy	Also called a breast lift, this procedure removes excess skin in order to lift up sagging or drooping breasts.
Melasma	A condition in which pigmentation of the cheeks of the face darkens into tan or brown patches. This condition occurs in half of all women during pregnancy
Micropigmentation	A form of tattooing commonly used to apply permanent makeup by injecting iron oxide pigment into the middle layer of the skin (dermis).
Neoplasm	A tumour.
Otoplasty	A surgical procedure done to correct misshaped or protruding ears.
Photo-aging	The changes that occur to the skin due to exposure to the sun. This includes wrinkles and age spots.
Port-wine stain	A type of hemangioma characterized by a mark on the skin that resembles the rich red color of port wine. Port-wine stains are caused by an abnormal concentration of capillaries. This type of birthmark is also referred to as nevus flammeus.
Ptosis	The drooping of a body part, especially the eyelids or the breasts.
Rhinoplasty	A cosmetic procedure used to enhance or change the appearance of the nose. Rhinoplasty is commonly referred to as a nose job.
Rhytidectomy	Commonly called a facelift, this surgical procedure is done to eliminate the sagging, drooping, and wrinkled skin of the face and neck.
Septoplasty	A surgical procedure done to improve the flow of air to the nose by repairing malformed cartilage and/or the bony portion. The procedure is often performed along with a rhinoplasty.
Sclerotherapy	A medical procedure used to eliminate varicose veins and "spider veins." During the procedure, an injection of a solution (generally sodium chloride) is placed directly into the vein.
Sun protection factor	Commonly seen on suntan ingredients as "SPF," the sun protection factor is the amount of the protection a suntan product provides. The higher the SPF, the greater the protection.

1.6 CERTAIN CONVENTIONS; USE OF MARKET DATA AND CURRENCY OF FINANCIAL PRESENTATION:

In this prospectus, the terms “we”, “us”, “our”, the “Company”, “our Company”, “Monarch Health Services Limited” and “MHSL”, unless the context otherwise indicates or implies, refers to Monarch Health Services Limited. In this Draft Prospectus, unless the context otherwise requires, all references to one gender also refers to another gender and the word “Lac/Lakh” means “one hundred thousand”, the word million means “ten lac/ lakh”, the word “crore” means “ten million” and the word “billion” means “one hundred crore”; and all references to “Rupees” or “Rs”. are to Indian Rupees and all references to “Dollar” or “\$” are to US Dollars. . In this Draft Prospectus, any discrepancies in any table between total and the sum of the amounts listed are due to rounding off.

Throughout this Draft Prospectus, all figures have been expressed in lacs. Unless stated otherwise, the financial data in the Draft Prospectus is derived from our financial statements prepared for the period ended December 31, 2011 in accordance with Indian GAAP, the Companies Act and SEBI (ICDR) Regulations, 2009 included under Section titled “**Financial Information of the Company**” beginning on Page No.94 of this Draft Prospectus. Our Company does not have any subsidiary. Accordingly, financial information relating to us is presented on a non-consolidated basis. Our fiscal year commences on April 1 of every year and ends on March 31st of every next year.

There are significant differences between Indian GAAP and U.S. GAAP. Accordingly, the degree to which the Indian GAAP financial statements included in this Draft Prospectus will provide meaningful information is entirely dependent on the reader’s level of familiarity with Indian accounting practice and Indian GAAP. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in this Draft Prospectus should accordingly be limited. We have not attempted to explain those differences or quantify their impact on the financial data included herein, and we urge you to consult your own advisors regarding such differences and their impact on our financial data.

For additional definitions used in this Draft Prospectus, see the section Definitions and Abbreviations on Page No. 5-9 of this Draft Prospectus. In the section titled “Main Provisions of Articles of Association”, defined terms have the meaning given to such terms in the Articles of Association of our Company.

Unless stated otherwise, market data used throughout this Draft Prospectus was obtained from internal Company reports, data, websites and industry publications. Industry publication data and website data generally state that the information contained therein has been obtained from sources believed to be reliable, but that their accuracy and completeness and underlying assumptions are not guaranteed and their reliability cannot be assured.

Although, we believe market data used in this Draft Prospectus is reliable, it has not been independently verified. Similarly, internal Company reports and data, while believed by us to be reliable, have not been verified by any independent source. Further, the extent to which the market data presented in this Draft Prospectus is meaningful depends on the reader’s familiarity with and understanding of the methodologies used in compiling such data. There are no standard data gathering methodologies in the industry in which the Company conducts the business, and methodologies and assumptions may vary widely among different industry sources.

1.7 FORWARD-LOOKING STATEMENTS

This Draft Prospectus contains certain “forward-looking statements” with respect to our financial condition, results of operations and business. These forward-looking statements can generally be identified by words or phrases such as “will”, “aim”, “is likely to result”, “believe”, “expect”, “will continue”, “anticipate”, “estimate”, “intend”, “may”, “plan”, “project”, “contemplate”, “seek to”, “future”, “objective”, “goal”, “project”, “should”, “will pursue” and similar expressions or variations of such expressions, that are “forward-looking statements”. Similarly, statements that describe Company’s objectives, strategy, plans or goals are also forward-looking statements.

All forward looking statements are subject to risks, uncertainties and assumptions about our 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 expectations include, among others:

- General economic and business conditions in the markets in which we operate and in the local, regional and national economies;
- Changes in laws and regulations relating to the industries in which we operate;
- Increased competition in these industries;
- Our ability to successfully implement our 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;
- Our ability to meet our capital expenditure requirements;
- Fluctuations in operating costs;
- Changes in technology;
- Changes in political and social conditions in India or in countries that we 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, etc.;
- Inability to identify expansion opportunities or delays experienced or other problems in implementing projects;
- Inability to manage the overall complexity of our business strategy consistently in all areas where our clinics will be located;
- Any adverse developments to our clinics;
- Competition from other skin care and cosmetic surgery service providers;
- Dependence on our doctors, nurses and other healthcare professionals and the loss of, or inability to attract or retain such persons.

For further discussion of factors that could cause Company’s actual results to differ, please see the section entitled “**Risk Factors**” included in this Draft Prospectus on Page No. 14 onwards. 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. In the light of inherent risks and uncertainties, the forward-looking statements, events and circumstances discussed in this Draft Prospectus might not occur and are not guarantees of future performance.

Neither the Company, its Directors and Officers, any member of the Issue Management Team nor any of their respective affiliates has 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, for purposes of the Issue, the Company and the LM to the Issue will ensure that investors are informed of material developments relating to the business until such time as the grant of listing and trading permission by the Stock Exchange for the Equity Shares pursuant to this Issue is received.

SECTION II: RISK FACTORS

An investment in Equity Shares involves a high degree of risk. Investors should carefully consider all the information mentioned in this Draft Prospectus, including the risks and uncertainties described below, before making an investment in our Company's Equity Shares. If any of the following risks actually occur, our business, financial condition and results of operation could suffer, the trading price of our Equity Shares could decline, and you may lose all or part of your investment. In addition, the risks set out in the Draft Prospectus may not be exhaustive and additional risks and uncertainties, not presently known to us, or which are currently deemed immaterial, may arise or become material to the future. Unless specified or quantified in the relevant risk factors below, we are not in a position to quantify financial or other implications of any risks mentioned herein.

2.1 MATERIALITY

The Risk Factors have been determined on the basis of their materiality. The following factors have been considered for determining the materiality.

1. Some events may not be material individually but may be found material collectively
2. Some events may have material impact qualitatively instead of quantitatively
3. Some events may not be material at present but may be having material impact in future

Note:

The risk factors as envisaged by the management along with the proposals to address the risk if any. Unless specified or quantified in the relevant risk factors below, we are not in a position to quantify the financial implication of any of the risks described in this section.

In this Draft Prospectus, any discrepancies in any table between total and the sums of the amount listed are due to rounding off. Any percentage amounts, as set forth in "**Risk Factors**" on Page No. 14 and "**Management Discussion and Analysis of Financial Condition and Results of Operations**" on Page No. 106 of this Draft Prospectus unless otherwise indicated, has been calculated on the basis of the amount disclosed in the "Audited Financial Statements" prepared in accordance with the Indian Accounting Standards.

2.2 INTERNAL RISK FACTORS

2.2.1 SPECIFIC TO THE COMPANY

1. **Our business is highly dependent on our doctors, nurses and support staff, as well as other key personnel, and the loss of, or inability to attract or retain, such persons could adversely affect our business and results of operations.**

There is significant demand for skilled and trained personnel in the industry and we may experience significant attrition rates. Our ability to sustain our growth depends, in large part, on our ability to attract, train, motivate and retain highly skilled personnel, particularly for research and development activities. If we are unable to attract or retain doctors or other medical personnel as required, we may not be able to maintain the quality of our services and this may impair our ability to continue to expand our business. Further, we may not be able to redeploy and retain our technical personnel to keep pace with the continuing changes in our business or may incur increased cost on that account. While we believe that our relationship with our employees will be generally good, we cannot guarantee that we will not experience any strike, work stoppage or other industrial action in the future. The continued support of our senior management team, may be critical for managing our operations and meeting future business challenges.

2. **The competition from other skin care and cosmetic surgery clinics/centres and hospitals providing these services which are located in the region in which we may operate, may be very intense and may have adverse effects on our competitive position and results of operations.**

We compete with the Government-owned hospitals particularly where skin specialists/ dermatologists and cosmetic surgeons are available, other private skin care clinics and cosmetic surgery specialties, smaller clinics, beauty parlours and independent beauty consultants. In addition, with the increase in the awareness of these facilities, there may be increase in demand for them and we will also have to compete with any future such facilities being set up in the regions in which we may operate. Moreover, some of these competitors may be more established and have greater financial, personnel and other resources than our clinics / centres.

3. Our proposed branches in all places will be housed in leased premises. Our operation at these places will be affected, if we lose the possession of these properties.

We propose to operate out of leased facilities including our Registered Office, Corporate Office and proposed branches, but these lease agreements can be terminated by the lessors at the end of the lease period. Further, Lease agreements for proposed branches are yet to be entered into and finalised. In case of such termination, we may encounter delay in finding suitable alternative properties in required timeframe or may not find alternatives at all. Because of the nature of our business, continuity of operations and access to facilities and systems is of critical importance. As a result, the termination, or threat of termination, of any of our leases would have a substantial disruptive effect on our business, distract our management and employees and may increase our expenses. Such an event may also damage our reputation, affect our ability to attract and retain our clients and even recruit and retain employees. The termination of any of our leases could have a material adverse effect on our business and our financial condition.

4. Our business requires use of the latest and state of the art facilities to provide services, including devices required for super-specialty procedures such as Vaser Liposuction, Bariatric Surgery, Scarless Cosmetic Surgery, Stem Cell Therapy for Hair, Laser Hair Loss Treatment, Radio Facelift, RF Micro Needling etc. We may have to replace the medical equipment or devices from time to time so as to keep pace with the newer and improved technology.

Replacement of equipment may involve significant costs, as well as foreign currency risks, since most of our equipment is imported. In addition, because of the high costs of medical equipment, we may not maintain back-up equipment, and, therefore, if such equipment is damaged or breaks down, our ability to provide services to our patients may be impaired. Unless we make profit and have disposable surplus, it may not be possible for us to acquire up dated equipment at periodical intervals.

5. If we are sued for defects in our treatments or products it could harm our reputation and our financials. –

Our business (skincare and cosmetic surgery) inherently exposes us to potential liability. Also, product liability claims could require our company to spend money on litigation, divert management's time, damage the company's reputation and affect the marketability of the company's products.

6. We do not have long term contracts with customers and typically operate on the basis of client satisfaction, which could adversely impact our revenues and profitability. –

We may not enter into any formal agreement or contract as we prefer to be dictated by our ethics and customer-centric nature of industry. Our business is dependent on the decisions and actions of our customers, and there are a number of factors relating to our customers that are outside our control that might result in loss of customers. Any of these factors could adversely affect our business operations and in turn adversely affect our financial operations.

7. There is another Company, Dr. Nishita's Cosmetic Clinic Pvt Ltd promoted by our Promoters, which is engaged in the lines of business similar to ours. There is no non-compete agreement between our Company and this group Company. We cannot assure that our Promoters will not favour the interests of the said company over our interest or that the said Company will not expand which may increase our competition, and adversely affect business operation and financial condition of our Company. Further, Dr. Nishita's Cosmetic Clinic Pvt Ltd has incurred loss and its net worth is fully eroded as on 31.3.2011

Our promoters have promoted Dr. Nishita's Cosmetic Clinic Pvt Ltd (DNCC) which is already engaged in the lines of business similar to ours. However company has entered into an MOU with all promoters that they will work only with our company for 5 years and will not work separately. Dr.Nishita's Cosmetic Clinic Pvt Ltd incurred loss in 2011 and the said company may not carry out any operation.

8. There is no property as on date in the name of MHSL. All property is on Leave and Licence basis. However, the Promoters / Directors or key management personnel have certain interest in the premises and furniture taken on lease and purchase of equipment.

There is no property as on date in the name of MHSL. All properties are on Leave and Licence basis. The related party transactions entered into by our Company are given below:-:

- 1) Certain old equipment belonging to Dr.Nishita's Cosmetic Clinic Pvt. Ltd. (A Pvt. Ltd. Company in which Dr. Nishita Sheth and Dr. Prshant Vikram are Directors) and lying at the premises where Dr. Nishita's Cosmetic Clinic Pvt Ltd has been in operation at Bandra, has been purchased by the Company for a sum of Rs.10 lacs
- 2) Dr. Nishita Sheth, MD is being paid a monthly rent amounting to Rs 1 lac by the Company for using the premises owned by her at Bandra (where the Bandra clinic of Dr. Nishita's Cosmetic Clinic Pvt Ltd had been in operation earlier) on Leave & Licence basis, where the Bandra clinic of our Company is in operation with effect from 17.1.2012.. An amount of Rs. 10 lacs has also been paid to her by our Company by way of interest free deposit
- 3) Dr. Prashant Vikram, Chairman is being paid a monthly rent amounting to Rs 75,000 by our Company for using the furniture owned by him (which was earlier used at the Bandra clinic of Dr. Nishita's Cosmetic Clinic Pvt Ltd) on Leave & License basis at the Bandra Clinic.of our Company which is in operation with effect from 17.1.2012. An amount of Rs. 5 lacs has also been paid to him by our Company by way of interest free deposit.

9. Our Company issued 30,00,000 Equity Shares at a price lower than the issue price during the last 12 months as per details given below :-

S.No.	Name of the person	Category	No. of shares allotted at par	Date of allotment	Consideration
1	Dr.Prashant Vikram	Promoter	10000	01/10/2011	Cash
2	Dr.Nishita Sheth	Promoter	10000	01/10/2011	Cash
3	Suresh Bafna	Non-Promoter	10000	01/10/2011	Cash
4	Suresh Bafna	Non-Promoter	10000	01/11/2011	Cash
5	Dr.Nishita Sheth	Promoter	16000	01/11/2011	Cash
6	Dr.Prashant Vikram	Promoter	4000	01/11/2011	Cash
7	Sumit Agrawal	Non-Promoter	1000	15/11/2011	Cash
8	Ashok Bafna	Non-Promoter	1000	15/11/2011	Cash
9	Manju Bafna	Non-Promoter	1000	15/11/2011	Cash
10	Prithviraj Bafna	Non-Promoter	1000	15/11/2011	Cash
11	Clio Infotech Ltd	Non-Promoter	100	05/12/2011	Cash
12	Simandhar Securities Private Ltd.	Non-Promoter	100	05/12/2011	Cash
13	Monarch Securities Pvt. Ltd.	Non-Promoter	100	05/12/2011	Cash
14	Dr.Nishita Sheth	Promoter	210000	09/02/2012	Cash
15	Dr.Prashant Vikram	Promoter	55200	09/02/2012	Cash
16	Rajshree Amit Seth	Non-Promoter	50000	09/02/2012	Cash
17	Jayshree H Shah	Non-Promoter	40000	09/02/2012	Cash
18	Rinkle Y Shah	Non-Promoter	40000	09/02/2012	Cash

19	Mafatlal M Shah	Non-Promoter	40000	09/02/2012	Cash
20	Yogeshkumar P Shah	Non-Promoter	40000	09/02/2012	Cash
21	Lalita P Shah	Non-Promoter	40000	09/02/2012	Cash
22	Hareshkumar M Shah	Non-Promoter	50000	09/02/2012	Cash
23	Pravinkumar M Shah	Non-Promoter	50000	09/02/2012	Cash
24	Hirachand N Bafna	Non-Promoter	15000	09/02/2012	Cash
25	Rajendra P Bafna	Non-Promoter	10000	09/02/2012	Cash
26	Paresh Bafna	Non-Promoter	10000	09/02/2012	Cash
27	Ashok Bafna	Non-Promoter	20000	09/02/2012	Cash
28	Pritesh Doshi	Non-Promoter	70000	09/02/2012	Cash
29	Rajesh K Shah (HUF)	Non-Promoter	10000	09/02/2012	Cash
30	Rajesh K Shah	Non-Promoter	5000	09/02/2012	Cash
31	Usha R Shah	Non-Promoter	5000	09/02/2012	Cash
32	Hirachand Jain (HUF)	Non-Promoter	100000	09/02/2012	Cash
33	Manish Bafna (HUF)	Non-Promoter	10000	09/02/2012	Cash
34	Dimple Bafna	Non-Promoter	10000	09/02/2012	Cash
35	Sanjay M Jain	Non-Promoter	20000	09/02/2012	Cash
36	Kalpesh M Jain	Non-Promoter	20000	09/02/2012	Cash
37	Bharat M Jain	Non-Promoter	20000	09/02/2012	Cash
38	Shailesh Bohra	Non-Promoter	10000	09/02/2012	Cash
39	Bharat Bohra	Non-Promoter	10000	09/02/2012	Cash
50	Usha Bohra	Non-Promoter	10000	09/02/2012	Cash
41	Rekha Bohra	Non-Promoter	10000	09/02/2012	Cash
42	Rajesh Sanghvi	Non-Promoter	100000	09/02/2012	Cash
43	Rajesh Sanghvi	Non-Promoter	100000	09/02/2012	Cash
44	Binitaben Tanna	Non-Promoter	100000	09/02/2012	Cash
45	Nilaben M Patel	Non-Promoter	100000	09/02/2012	Cash
46	Sanjay M Shah	Non-Promoter	25000	09/02/2012	Cash
47	Nirmala M Shah	Non-Promoter	25000	09/02/2012	Cash
48	Jayantilal Shah	Non-Promoter	25000	09/02/2012	Cash
49	Rachana Shah	Non-Promoter	25000	09/02/2012	Cash
50	Pushpa H Gadecha	Non-Promoter	100000	09/02/2012	Cash
51	Gaurav H Gadecha	Non-Promoter	100000	09/02/2012	Cash
52	Shailesh Gadecha	Non-Promoter	100000	09/02/2012	Cash
53	Varsha Gadecha	Non-Promoter	100000	09/02/2012	Cash
54	Dipesh Shah	Non-Promoter	50000	09/02/2012	Cash
55	Seema Shah	Non-Promoter	15000	09/02/2012	Cash
56	Sandeep Shah (HUF)	Non-Promoter	20000	09/02/2012	Cash
57	Paresh Shah (HUF)	Non-Promoter	20000	09/02/2012	Cash
58	Dipak Kalyanji Tanna	Non-Promoter	450000	09/02/2012	Cash
59	Sohni Tanna	Non-Promoter	450000	09/02/2012	Cash
60	Savita Bafna	Non-Promoter	500	09/02/2012	Cash
61	Manish D. Shah	Non Promoter	25000	09/02/2012	Cash
62	Manish D Shah (HUF)	Non Promoter	25000	09/02/2012	Cash
			30,00,000		

The issue price is 4 times of the face value and to this extent there is discrimination between the price paid by the promoters and the proposed investors

10. The Company has purchased second hand equipment at a cost of Rs.10 lacs. Use of second hand equipment may not give accurate result and it may be risky to use it.

We have purchased the above equipment for our clinic at Bandra, Mumbai. The equipment is 3 years old and its balance expected life is minimum 4 years. However, there is no guarantee that this second hand equipment will deliver the intended results.

11. Major fraud, lapses of internal control or system failures could adversely impact the company's business.

Our Company is vulnerable to risk arising from the failure of employees to adhere to approved procedures, system controls, fraud, system failures, information system disruptions, communication systems failure and interception during transmission through external communication channels or networks. Failure to protect fraud or breach in security may adversely affect our Company's operations and financial performance. Our reputation could also be adversely affected by significant fraud committed by our employees, agents, customers or third parties.

12. We have in the past entered into related party transactions and may continue to do so in the future.

We have entered into transactions with our promoters, our Group Company and affiliates. While we believe that all such transactions have been conducted on an arm's length basis, there can be no assurance that we could not have achieved more favourable terms had such transactions not been entered into with related parties. Furthermore, it is likely that we may enter into related party transactions in the future. There can be no assurance that such transactions, individually or in the aggregate, will not have an adverse effect on our financial condition and results of operations. Based on our audited financials as at 31.12.2011, our aggregate related party transactions were Rs.25 lacs. For further details, please refer to "Annexure X – Related Party Transactions" of the "Auditors Report" beginning on Page No. 94 of this Draft Prospectus.

13. Certain agreements may be inadequately stamped or may not have been registered as a result of which our operations may be impaired.

Certain of our agreements, including, but not limited to, the Leave and Licence Agreements, etc may not be adequately stamped or registered under Indian law. In the event of any such irregularity, we may not be able to enforce our rights under such agreements, businesses or properties in the event of a dispute with a third party unless we pay the applicable duty as well as a penalty of up to ten times the amount of the stamp duty.

14. We are/may be required to obtain and maintain certain governmental and regulatory licences and permits and the failure to obtain and maintain such licences and permits in a timely manner, or at all, may adversely affect our business and operations.

We are/may be required to obtain and maintain certain approvals, licences, registrations and permits in connection with our business and operations. Currently, there are no material statutory clearances or approvals pending with any department. However, there can be no assurance that we will be able to obtain and maintain such approvals, licences, registrations and permits in the future. An inability to obtain or maintain such registrations and licences in a timely manner, or at all, and comply with the prescribed conditions in connection herewith may adversely affect our ability to carry on our business and operations, and consequently our results of operations and financial condition. For further details regarding the various statutory approvals required in our Business, please refer to the chapter titled "Government and other Key Approvals" on Page No. 107 of this Draft Prospectus

15. Our Company has availed unsecured loans from our Promoters / others which are repayable on demand. Repayment of these loans if called at short notice, may affect our cash flows adversely.

As per the financial statement as on 31.12.2011, our Company has availed unsecured loans of Rs.118.62 lacs which are from Promoters /other members. These loans do not carry any interest and are repayable on demand. For further details, please refer to the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations" on Page No. 106 of the Draft Prospectus.

16. We have a limited history of operations for evaluation by the investors:

We received the certificate for commencement of business on 9.12.2011 and we started operations in our two clinics in Mumbai from 17.1.2012 with very limited equipment. As a result, we have a limited history of operation upon which the investors can evaluate us or our prospects.

17. Compliance with applicable safety, health, environmental and other governmental regulations may be costly and adversely affect our competitive position and results of operations.

We are subject to central laws and local laws, rules and regulations governing, including for conduct of our operations, additions to facilities and services, adequacy of medical care, quality of medical equipment and services, discharge of pollutants to air and water and handling and disposal of bio medical waste, qualifications of medical and support personnel, confidentiality, maintenance and security issues associated with health related information and medical records.

Safety, Health and Environmental laws and regulations in India are stringent and it is possible that they will become more stringent in the future. If we are held to be in violation of such regulatory requirements, including conditions in the permits required for our operations, by Courts or Governmental Agencies, we may have to pay fines, modify or discontinue our operations, incur additional operating costs or make capital expenditures. Any public interest or class action, legal proceedings related to such safety, health and environmental matters could also result in the imposition of financial or other obligations on us. Any such costs could adversely affect our competitive position and results of our operations. For more information on the regulations applicable to us, see the section titled “**Key Industry Regulations**” on Page No.72 of the Draft Prospectus.

18. Operations of our clinics are subject to risks including disruption in or lack of basic infrastructure such as electricity and water supply which could increase our operating cost or interrupt our business operation.

We are exposed to risk including disruptions in infrastructure facilities such as electricity and water supply which could require us to incur additional cost to the extent that we would be required to find alternative sources of supply of such infrastructural facilities. Further, if our suppliers fail to deliver necessary equipment / medicines or adequately perform the services outsourced to them, our services may be disrupted. Any such development could have a material adverse effect on our business and results of operations.

19. Our ability to pay dividends in the future will depend on future earnings, financial condition, cash flows, working capital requirements and capital expenditures.

Our Company has not declared any dividend so far. The amount of our future dividend payments, if any, will depend on our future earnings, financial condition, cash flows, working capital requirements and capital expenditures. There can be no assurance that we will be able to pay dividends.

2.2.2 SPECIFIC TO THE PROJECT**1 Our Project has not been appraised by any Bank or Financial Institution.**

The project for which we intend to use the proceeds as mentioned in the objects of the Issue has not been appraised by any bank or financial institution. It is determined by our own estimates based on current market conditions and is subject to changes in external market conditions.

Pending utilisation of proceeds out of issue for the purposes described in the Draft Prospectus, we intend to temporarily invest the funds in high quality interest bearing liquid instruments including deposits with banks, investment in mutual funds, etc as the Board of Directors may deem fit and proper.

As per Clause 52 of the Listing Agreement to be entered into with the SME Platform of BSE upon listing of the equity shares and the Corporate Governance Requirements, an Audit Committee of the Board shall monitor the utilization of the net proceeds of the issue.

2. **We have opened two clinics in Mumbai with limited equipment & propose to open one each in Delhi and Goa in Mar 2012 and also one more clinic at Haridwar in 2012-13. The fund requirement for the above five (5) clinics is being met out of the funds of Rs.300 lacs already raised by the Company from the promoters and other members prior to the public issue. However, we have not yet identified lease hold premises for Haridwar clinic. Further, we have also not placed orders for 1/3 rd of the imported medical equipment for all five clinics and delivery of all imported equipment for all the proposed five clinics is yet to be taken and we may face time and cost overruns in relation to the same.**

We are in the process of identifying the lease hold premises at Haridwar and the same will be completed by end Mar 2012. We have placed orders for 2/3 of the imported medical Equipment for all five clinics and also paid some advance for the same. We propose to take delivery of all imported equipment already ordered for five clinics in Mar 2012 and also place orders for the remaining equipment in Mar 2012.

3. **We propose to open twenty three clinics in 2012-13 out of the funds of Rs.720 lacs to be raised through the public issue and promoters' contribution of Rs.480 lacs aggregating to Rs.1200 lacs. But, we have not finalised the cities where these clinics will be set up and we have also not identified the lease hold premises for setting up these clinics. We may face cost overrun in case of delay in identifying suitable premises at these places. The cost of furniture and fixtures may also escalate due to delays.**

We propose to spend Rs.113 lacs towards advance deposit of lease rentals out of the issue proceeds for leasehold premises at twenty three locations in India and Rs.228 lacs for furniture and fixtures at the above locations. We are still in the process of finalising the cities where the clinics will be set up and on finalisation of the same, lease hold premises will be identified at these locations. Any delay in taking these premises on lease may have adverse impact on our expansion plan and we may not be able to implement the expansion plan by Nov 2012.

4. **We propose to open twenty three clinics by Nov 2012 across India out of the funds to be raised through the public issue and promoters' contribution. But we have not placed orders for any imported medical equipment for these clinics till now. Delay in importing the equipment would lead to cost and time overrun**

The proposed capital expenditure as specified under "Objects of the Issue" will be funded through the proceeds of the issue. Any delay / failure in public issue process may disrupt the implementation of these proposed plans which could have a material adverse effect on our financial condition and results of operations. The entire medical equipment for each clinic is proposed to be imported. We are of the view that there is no restriction in regard to the import of medical equipment proposed in the scheme. We will place orders for the equipment as and when the premises are finalised. Any delay in acquiring the equipment would result in slippage in implementation schedule and involve cost overrun also. Though we have made a provision for contingencies, no guarantee can be given that the project will be implemented within the estimated project cost.

5. **Delay in raising funds from the IPO could adversely affect the implementation schedule, thus adversely affecting our growth plans, revenues and profitability.**

The setting up of twenty three clinics is proposed to be funded from the proceeds of this IPO including Promoters' Contribution. If there is any delay in raising the funds through the IPO, the implementation schedule will be affected. We therefore, cannot assure that we would be able to execute the project within the given time frame, or within the costs as originally estimated by us. Any time overrun or cost overrun may adversely affect our growth plans, revenues and profitability.

6. Unless we generate profit, we may not be able to scale up our operations in future from 28 to 100 clinics in the three year period commencing from 2013-14.

Setting up of a clinic involves cost of Rs. 45 lacs in Tier I City, Rs.49 lacs in Tier II City and Rs.53.00 lacs in Tier III City. Hence if the expected cash generation does not materialise, we may not be able to increase the number of clinics from 28 to 100.

7. Our Company may continue to be controlled by the Promoters following this Issue

The Board of Directors of our Company as on date, consists of three promoter Directors and an Executive Director (Employee) and two independent Directors. After completion of this Issue, the composition of the Board of our Directors will remain the same and consequently, our Promoters may exercise substantial control over us and determine the outcome of proposals for corporate action requiring approval of our Board of Directors such as revenue budgets, capital expenditure, dividend policy and strategic acquisitions. Our Promoters will be able to influence our major policy decisions and any wrong decision on their part could adversely affect your investment in the Equity Shares.

8. The market price of the Equity Shares may be adversely affected by any additional issuances of equity or sale of a large number of the Equity Shares by our Promoters.

There is a risk that we may be required to finance our growth or strengthen our balance sheet through additional equity offerings. Any future issuance of Equity Shares will dilute the position of existing shareholders and could adversely affect the market price of the Equity Shares.

9. We have not made any alternate arrangements for meeting our working capital requirements. Further we have not identified any alternate source of financing the 'Objects of the Issue'. Any shortfall in raising / meeting the same could adversely affect our growth plans, operations and financial performance.

As on date, we propose to meet the working capital requirements for twenty three clinics partly out of the funds to be brought in by way of promoters' contribution and also out of the funds to be raised through the issue. But, we have not identified any alternate source of funding and hence any failure or delay on our part to raise money from this issue or any shortfall in the issue proceeds may delay the implementation schedule and could adversely affect our growth plans. For further details please refer to the chapter titled "**Objects of the Issue**" beginning on Page-No.50 of this Draft Prospectus.

10. Even after this issue, we will continue to be severely dependent on our senior management and promoter's ability to implement our growth strategies.

Through this issue we propose to get listed on the SME Platform of BSE and further increase our asset base in order to take our company to the next level of operational and financial strength. We will be severely dependent on our senior management and promoters' ability to effectively implement our growth strategies. If our Promoters disassociate from our company for any reason or in the event of their getting incapacitated to remain actively involved with the company in managing its affairs, our ability to maintain and grow our revenues could be adversely impacted. Financial impact of the aforesaid risk cannot be reasonably quantified.

2.3 EXTERNAL RISK FACTORS

1. Our business and results of operations may be affected by other factors that affect the entire industry, such as:
 - **Technological and pharmaceutical improvements that increase the cost of providing, or reducing the demand for healthcare;**

To meet our clients' needs, we must regularly update our existing knowledge and acquire or develop new technology for our existing and / or proposed client base. Promoters consist of three doctors who attend various national and international conferences and seminars and keep themselves updated with the technological and pharmaceutical improvements. However, we could be adversely affected if we fail to keep pace with the fast growing beauty industry & regulatory developments in pharmaceutical formulation industry.

- **General economic and business conditions, both nationally and regionally;**

Our business may be affected due to any adverse economic and business conditions at the macro Level, which have an impact on our business activities or investment. These include, inter alia, the changes in monetary and fiscal policies of India, inflation, deflation, unanticipated turbulence in interest rates, foreign exchange rates, equity prices or other rates or prices, the performance of financial markets in India and globally, changes in domestic laws, regulations and taxes and changes in competition in the Industry.

- **Extra ordinary events**

Terrorist attacks, civil disturbances, extremities of weather, regional conflicts, political instability in India, etc could adversely affect our business & result in a loss of client confidence and adversely affect medical tourism business. These events which are beyond our control, may adversely affect our business; results of operations, financial condition and cash flows, and more generally, lower confidence in India of Foreign travellers.

2. **Changes in domestic Tax Laws will have impact on our profitability and ability to distribute the same to the shareholders.**

Our business is subject to regulation by several authorities, which could have an adverse effect on our business and our results of operation. Our Company has to comply with the regulations under Drugs and Cosmetics Act, 1940; Drugs and Cosmetics Act Rules, 1945; Drugs (Prices Control) Order, 1995, Patent Regulation, etc. Further, our business operations are subject to strict regulations by FDA, Trade Mark Act etc. We may incur costs to comply with the requirements of these regulations. Any lapses or non-compliance of any laws or regulations or rules or acts or policies by us may adversely affect our business and / or financial operations. Also any changes in the tax laws prevailing in India particularly the income tax might lead to increased tax liability of the Company thereby putting pressures on our profitability. Changes in tax laws, particularly income tax, can have an impact on the post-tax profits of the Company.

1. **The price of our Equity Shares may be volatile, and you may be unable to resell your Equity Shares at or above the Issue Price, or at all.**

Prior to the Offer, there has been no public market for our Equity Shares, and an active trading market on the SME Platform of BSE. The Issue Price of the Equity Shares may bear no relationship to the market price of the Equity Shares after the Issue. The market price of the Equity Shares after the Issue may be subject to significant fluctuations in response to, among other factors, variations in our operating results, market conditions specific to the healthcare sector in India, developments relating to India and volatility in the Exchange and securities markets elsewhere in the world. However, the LM will arrange for compulsory market making for a period of 3 years from the date of listing as per the regulations applicable to the SME Platforms under SEBI (ICDR) Regulations, 2009.

2. **There is no guarantee that the Equity Shares issued pursuant to the Issue will be listed on the SME Platform of BSE in a timely manner, or at all.**

In accordance with Indian law and practice, permission for listing and trading of the Equity Shares issued pursuant to the Issue will not be granted until after the Equity Shares have been issued and allotted. Approval for listing and trading will require all relevant documents authorizing the issue of Equity Shares to be submitted. There could be a failure or delay in listing the Equity Shares on the

SME Platform of BSE. Any failure or delay in obtaining the approval would restrict your ability to dispose of your Equity Shares.

3. The price of our Equity Shares may be volatile, or an active trading market for our Equity Shares may not develop.

Prior to this Issue, there has been no public market for our Equity Shares. The company and the Lead Manager have appointed M/s.Networth Stock Broking Ltd as Designated Market Maker for the equity shares of our company. However, the trading price of our Equity Shares may fluctuate after this Issue due to a variety of factors, including our results of operations and the performance of our business, competitive conditions, general economic, political and social factors, the performance of the Indian and global economy and significant developments in India's fiscal regime, volatility in the Indian and global securities market, performance of our competitors, the Indian Capital Markets and Health Care industry and the perception in the market about investments in the health care industry, changes in the estimates of our performance or recommendations by financial analysts and announcements by us or others regarding contracts, acquisitions, strategic partnerships, joint ventures, or capital commitments. In addition, if the stock markets experience a loss of investor confidence, the trading price of our Equity Shares could decline for reasons unrelated to our business, financial condition or operating results. The trading price of our Equity Shares might also decline in reaction to events that affect other companies in our industry even if these events do not directly affect us. Each of these factors, among others, could materially affect the price of our Equity Shares. There can be no assurance that an active trading market for our Equity Shares will develop or be sustained after this Issue, or that the price at which our Equity Shares are initially offered will correspond to the prices at which they will trade in the market subsequent to this Issue. For further details of the obligations and limitations of Market Maker please refer to the chapter titled "**General Information – Details of the Market Making Arrangement for this Issue**" on Page No.38 of this Draft Prospectus.

4. There are restrictions on daily movements in the price of the Equity Shares, which may adversely affect a shareholder's ability to sell, or the price at which it can sell, Equity Shares at a particular point in time.

Following the Issue, we will be subject to a daily "circuit breaker" imposed by BSE, which does not allow transactions beyond specified increases or decreases in the price of the Equity Shares. This circuit breaker operates independently of the index-based, market-wide circuit breakers generally imposed by SEBI on Indian stock exchanges. The percentage limit on our circuit breakers will be set by the stock exchanges based on the historical volatility in the price and trading volume of the Equity Shares. The BSE may not inform us of the percentage limit of the circuit breaker in effect from time to time and may change it without our knowledge. This circuit breaker will limit the upward and downward movements in the price of the Equity Shares. As a result of this circuit breaker, no assurance can be given regarding your ability to sell your Equity Shares or the price at which you may be able to sell your Equity Shares at any particular time.

5. Our Company's transition to IFRS reporting could have a material adverse effect on our reported results of operations or financial condition.

Public companies in India, including our Company, may be required to prepare annual and interim financial statements under IFRS in accordance with the roadmap for the adoption of, and convergence with, IFRS announced by the Ministry of Corporate Affairs, Government, through the press note dated January 22, 2010 ("Press Release") and the clarification thereto dated May 4, 2010 (together with the Press Release, the "IFRS Convergence Note"). Pursuant to the IFRS Convergence Note, Companies which have a net worth of Rs.5,000 million or less, as per the audited balance sheet as at March 31, 2011 or the first balance sheet for accounting periods which ends after that date, are required to convert their opening balance sheet as at April 1, 2014 in compliance with the notified accounting standards to be converged with IFRS. The Company has not yet determined with any degree of certainty what impact the adoption of IFRS will have on its financial reporting.

The Company's financial condition, results of operations, cash flows or changes in shareholders' equity may appear materially different under IFRS than under Indian GAAP or our adoption of IFRS may adversely affect our reported results of operations or financial condition. This may have a material adverse effect on the amount of income recognised during that period and in the corresponding (restated) period in the comparative Fiscal Year/period. In addition, in our transition to IFRS reporting, we may encounter difficulties in the ongoing process of implementing and enhancing our management information systems. Moreover, our transition may be hampered by increasing competition and increased costs for the relatively small number of IFRS experienced accounting personnel available as more Indian companies begin to prepare IFRS financial statements.

2.4 PROMINENT NOTES TO THE RISK FACTORS

1. Net worth of MHSL before the issue as per the financial statement of the Company as at 31.12.2011 and the issue size

Net Worth before the Issue (Based on Audited Financial Statements, as on December 31, 2011)	Rs. 75.15 lacs
Issue Size	The Company proposes to issue 18,00,000 Equity Shares at Rs. 40/- per share (including share premium of Rs. 30/- per share) aggregating to Rs. 720 lacs (Rs. Seven hundred and twenty lacs only) including 3,00,000 shares reserved for the Market maker. The Issue would constitute 30 % of the fully diluted post Issue paid-up capital of our Company.
Book Value (Based on Audited Financial Statements, as on December 31, 2011) (Face Value of Rs. 10/- per share)	Rs. (11.63) per equity share.

- a) The Net worth of the Company as at December 31, 2011 has been computed in compliance with Regulation 2 (1)(v) of SEBI (ICDR) Regulations, 2009.
 - b) The cost of acquisition of the equity Shares of Rs. 10/- each by the Promoters of MHSL is Rs.10.00 per equity share as on 31.12.2011.
2. The average cost of acquisition of the equity Shares of Rs. 10/- each by the Promoters of MHSL after considering the Issue is as under:-

Name of the Promoter	Number of Equity shares held before the Issue	No. of Equity shares after the Issue	Average cost of acquisition (Rs)
Dr.Nishita Sheth	2,36,000	2,36,000	10.00
Dr.Prashant Vikram	69,200	69,200	10.00
Dr.Ajit Kadam	Nil	Nil	-----
Maxgainz Finserve Pvt Ltd	Nil	12,00,000	40.00
Total	3,05,200	15,05,200	33.92

For further details, please see “**Capital Structure –History of Equity Capital held by Promoter**” on Page No.41 of this Draft Prospectus.

3. Our Group Company Maxgainz Finserve Pvt Ltd does not have any business / other interest in our Company. Our other Group Company, Dr. Nishita's Cosmetic Clinic Pvt Ltd does not have any business / other interest in our Company except to the extent of equipment sold by it to our Company for Rs.10 lacs.

4. For details on Related Party Transactions, refer to the section titled “**Related Party Transactions**” on Page No.98 of this Draft Prospectus
5. Our Company was originally incorporated as “Monarch Health Services Pvt. Ltd.” on 01/10/2011 under the Companies Act, 1956 vide Certificate of Incorporation issued by the Registrar of Companies, Maharashtra, Mumbai. The name of our Company was changed to “Monarch Health Services Ltd.” on 09/12/2011 upon conversion into a Public Limited Company and a fresh certificate of incorporation was obtained from the Registrar of Companies, Maharashtra, Mumbai. Simultaneously, a Certificate for Commencement of Business was issued to us by the Registrar of Companies, Maharashtra, Mumbai on 09/12/2011.
6. The registered office of our Company originally situated at 901/902, Atlanta Centre, Opp: Udyog Bhavan, Sonawala Lane, Goregaon (East), Mumbai – 400063, India has been shifted to 28/3, Ground Floor, Next to Jari Mari Mandir, SV Road, Bandra (W), Mumbai 400050, India, with effect from 26.12.2011.
7. Our Company, its Promoters / Directors, Company’s Associates or Group companies have not been prohibited from accessing the Capital Market under any order or direction passed by SEBI. The Promoters, their relatives, Company, group companies, associate companies are not declared as wilful defaulters by RBI / Government authorities and there are no violations of securities laws committed in the past or pending against them.
8. As per Regulation 4 (2) (a) of SEBI (ICDR) Regulations, 2009, neither our company nor any of our Promoters, Promoters Group, or Directors or Person in Control of the Company has ever been debarred from accessing the capital market by the Board (SEBI).
9. As per Regulation 4 (2) (b) of SEBI (ICDR) Regulations, 2009, none of our Promoters, Promoters Group, Directors or Person in Control of the Company has ever been part of Promoter group, Directors or Person in Control of any other company which is debarred from accessing the capital market under any order or directions made by the Board (SEBI).
10. Any clarification or information relating to the Issue shall be made available by the LM, our Company and our Compliance Officer to the investors at large and no selective or additional information would be available for a section of investors in any matter whatsoever. Investor may contact the LM for any complaints pertaining to the Issue.
11. The Investors are advised to refer to the Paragraph on “**Basis for Issue Price**” beginning on Page No. 55 of this Draft Prospectus, before making any investment in this Issue.
12. Trading in Equity Shares of our Company for all the investors shall be in dematerialized form only.
13. In the event of over-subscription, allotment shall be made as set out in para titled “Issue Procedure – “**Basis of Allotment**” beginning on Page No. 133 of this Draft Prospectus and shall be made in consultation with BSE. The Registrar to the Issue shall be responsible to ensure that the basis of allotment is finalized in a fair and proper manner as set out therein.
14. No part of the Issue proceeds will be paid as consideration to the promoters, Directors, key managerial personnel, associates or Promoter Group companies/ entities except in the usual course of business.
15. The Directors / Promoters of our Company have no interest in our Company except to the extent of remuneration and reimbursement of expenses (if applicable) and to the extent of any equity shares held by them or their relatives and associates or held by the companies, firms and trusts in which they are interested as director, member, partner, and/or trustee, and to the extent of benefits arising out of such shareholding and also to the extent of their interest as stated in the related party transactions which have been entered into by the Company wherein promoters, directors and their relatives/ associates are interested. For details, please refer to Annexure X of Auditors’ Report on

- “Related Party Transactions” under Section titled **“Financial Statements of the Company”** beginning on Page No. 94 of this Draft Prospectus.
16. The aggregate amount of related party transactions entered into by our Company during the period from 1.10.2011 (date of incorporation) to 31.12.2011 is Rs. 25 lacs. For details, please refer to Annexure X on “Related Party Transactions” under Section titled **“Financial Statements of The Company”** beginning on Page No. 94 of this Draft Prospectus.
 17. No loans and advances have been made to any person(s) / Companies in which the Director(s) of our Company are interested.
 18. Except as disclosed under Annexure X on “Related Party Transactions” under Section titled “Financial Statements of the Company” on Page No. 94 of this Draft Prospectus, there have been no transactions between our Company and Group Companies and Key Managerial Persons as on 31.12.2011.
 19. Our Company was incorporated on 1.10.2011 and during the period from the above date to immediately preceding the date of filing the Draft Prospectus with the Board, the name of our Company was changed from Monarch Health Services Pvt Ltd to Monarch Health Services Ltd.
 20. There are no financing arrangements whereby our Promoter, Promoter Group, Directors or their immediate relatives have financed the purchase of Equity Shares by any other person during the six months preceding the date of filing of this Draft Prospectus.
 21. Our Company and the LM will update the Draft Prospectus in accordance with the Companies Act, 1956 and the SEBI (ICDR) Regulations, 2009, as amended and our Company and the LM will keep the public informed of any material changes relating to our Company till the listing of its Equity Shares on the BSE Stock Exchange.
 22. The Issue is being made in terms of CHAPTER X-B of the SEBI (ICDR) Regulations, 2009, as amended from time to time. This being a fixed price issue, the allocation in the net offer to the public category shall be made as per sub clause (4) of Regulation 43 of the SEBI (ICDR) Regulations, 2009, as amended.
 23. Investors are free to contact the LM for any complaints, clarification or information pertaining to this Issue. For contact details of the LM, please refer to the cover page of this Draft Prospectus.
 24. In addition to the LM, the Company shall be obliged to update the Draft Prospectus and keep the public informed about any material changes till listing and trading commences in respect of the shares issued through this issue.

SECTION III – INTRODUCTION

This is only a summary and does not contain all the information that you should consider before investing in our Equity Shares. You should read the entire Draft Prospectus, including the information contained in the chapter titled “**Risk Factors**” and “**Financial Statements of the Company**” and related notes beginning on Page No.14 and Page No.94 of this Draft Prospectus before deciding to invest in our Equity Shares. The information in this section has not been independently verified by us, the Lead Manager or any of our or their respective affiliates or advisors. The information may not be consistent with other information compiled by third parties within or outside India. Industry sources and publications generally state that the information contained therein has been obtained from sources it believes to be reliable, but their accuracy, completeness and underlying assumptions are not guaranteed and their reliability cannot be assured. Industry and government publications are also prepared based on information as of specific dates and may no longer be current or reflect current trends. Industry and government sources and publications may also base their information on estimates, forecasts and assumptions which may prove to be incorrect. Accordingly, investment decisions should not be based on such information.

3.1 -- INDUSTRY OVERVIEW

Indian Cosmetic Industry

Indian cosmetics industry has witnessed a strong growth during the past few years and has emerged as one of the industries holding immense future growth potential. The cosmetics industry registered impressive sales worth Rs 288.7 Billion (US\$ 5.8 Billion) in 2010. The sector has mainly been driven by improving purchasing power and rising fashion consciousness of the Indian population. Moreover, the industry players are also inclined to increase in spending on the promotional activities to increase consumer awareness.

According to their new research report “**Indian Cosmetic Sector Analysis (2009-2012)**”, the Indian cosmetics sector is expected to witness noteworthy growth rate in near future, owing to the rising beauty concerns of both men and women. The industry holds promising growth prospects for both existing and new players. To support this evidence, we have done an extensive analysis of various segments of the cosmetics industry, keeping in view both the services and public sector.

The baseline for the optimistic future outlook of the Indian cosmetics industry is that, there has been a rise in variety of products offered by the industry players. Moreover, the companies have started opting for online retailing and are offering specialized products to generate revenue from all the corners. Rising usage of Cosmeceuticals and Nutricosmetics by the Indian consumers will also pave way for the Indian cosmetics market during the forecast period.

Cosmetic surgery market in India is anticipated to witness remarkable growth in the coming years. Various factors such as increasing consumer awareness, direct marketing and advertising campaigns and technological advances in surgical and non-surgical procedures will lead to the high growth of the cosmetic surgery market in India. Owing to growing disposable income of the middle class households and changing lifestyle, it is expected that the Indian cosmetics surgery market will grow at a commendable pace.

3.2 - OUR BUSINESS OVERVIEW

Company plans to come out with highly organized and customer-centric skin care and cosmetic surgery Clinics for providing the following services –

1. Skin Treatments –

Skin polishing - Crystal & Diamond, Glycolic / Lactic / Salicylic peels, Laser hair removal, Skin whitening peels, Removing Stretch marks & under eye dark circles, Scar Reduction, Radiocautery for skin tags / wart removal, Non surgical face lift, Breast lift & Botox, Fillers & Skin Rejuvenation.

2. Hair Transplant –

Follicular Unit Transplantation (FUT) is a hair restoration procedure where hair is transplanted exclusively in its naturally occurring groups of 1-4 hairs. These groups, or follicular units, are obtained through the microscopic dissection of tissue taken from a single donor strip or extracted directly from the donor area (Follicular Unit Extraction). Because Follicular Unit Hair Transplants mimic the way hair grows in nature, the results, in expert hands, will look completely natural and be indistinguishable from one's original hair. Another advantage of Follicular Unit Hair Transplantation is the ability to place these tiny grafts into very small recipient sites. The small sites cause minimal damage to the skin and allow the surgeon to safely transplant thousands of grafts in a single session and to complete the hair restoration as quickly as possible. The tiny needle-sized recipient sites heal in just a few days without leaving any marks.

3. Cosmetic Surgery –

Cosmetic surgery is very popular among men as well. Most common procedures requested are –

- **Liposuction:** Men tend to develop fat around their stomach and sides which is usually resistant to exercise and diet. Another problem area is double chin. Liposuction helps in removal of such fatty deposits.
- **Facial scars:** Scars on face can cause mental trauma and loss of self esteem, be it acne scars or traumatic scar. A lot of surgical and nonsurgical methods are available to lighten the scars.
- **Nose job:** Men commonly request rhinoplasty for alteration in nose shape and size if it is disproportionate to rest of their face
- **Dermabrasion:** Deep acne marks on face are lightened with dermabrasion surgery.
- **Eyelid surgery:** Baggy eyelids can make the person look tired and old. Eyelid surgery can help rejuvenate the eyelids.
- **Botox and filler injections:** Expression lines and wrinkles like frown lines make one look stressed and bad tempered even though the person may be completely relaxed. These wrinkles and lines can be removed nonsurgically by Botox™ and filler injections.
- **Fat injections:** Hollow cheeks due to weight loss or due to aging, can be made to look fuller and youthful by injecting one's own fat by fat injection.
- **Facelift:** Facelift surgery lifts up the sagging face and is requested by men above fifty.
- **Plastic surgery after massive weight loss:** With the increasing health consciousness, people are shedding a lot of excessive weight at gym. But after a massive weight loss they are often left with hanging folds of loose skin. Skin does not get toned up and it needs to be removed by plastic surgery for smooth body contours

4. Obesity Surgery – Liposuction & Tummy Tuck

- **Liposuction:** Liposuction is a popular surgical procedure for removing fat from particular areas of body. There are 3 main categories of people who seek liposuction –
 - Category-I :People with nearly normal weight
 - Category-II :Moderately overweight
 - Category-III :Grossly obese
- **Tummy Tuck (Abdominoplasty)**

A standard tummy tuck is the converse of liposuction – it deals with the skin as opposed to the fat. Often when a person loses a significant amount of weight, especially in a short period of time, they

are left with loose skin that sags and folds. During a tummy tuck, the surgeon makes an incision from one hip to the other above the pelvic region. A second cut is made, freeing the belly button from the surrounding skin. If necessary, the muscles of the abdomen are tightened at this time using sutures. The excess skin is removed and a new opening is cut for the navel. The incisions are then closed with sutures. Unlike liposuction, a complete tummy tuck is considered to be major surgery.

If the problem area is limited to loose skin below the navel, a less-invasive mini tummy tuck may be appropriate. This type of surgery involves a shorter incision and it is unlikely to involve moving the belly button.

5. Laser Treatments

Medical Laser and beauty equipment. We will mainly import advanced equipment from Japan, Korea, China and Hongkong such as automatic plug-in lines, wave crest solder, LVR tester, and dust-free static electric house.

3.2.1 - Business Strategy:

We intend to use state of the art technology for establishing a niche in the health care industry as a specialist company driven by high need for providing utmost customer satisfaction with a view to secure continued patronage and support of our valued customers over a long period of time. Continued faith and support of the customers is crucial for the successful implementation and growth of our project. Hence we have following business strategy:

1. Use of Derma Aesthetics Technology:

- With delivery in time, good quality, we can design according to the customer's requirements including the function, concept, appearance etc.,
- International specialists and consultants of beauty equipment will join us, as and when required for mainstream designs and proper management of the problems. Our Chinese and Korean suppliers will be our consultants for beauty equipment and will guide us on same as and when required.
- We propose to have the following important equipment to serve our customers :-
- Ultrasonic Cavitation Machine
- Fractional CO2 laser
- Endermology machine
- Pressotherapy Machine
- IPL Painless SHR.
- Skin Analyser
- Electronic Facial Table
- Low Intensity Diode Laser
- Diamond Dermabrasion
- Dermaroller
- Fully Loaded Dental units
- Mesogun
- RF MTS –Needle with RF

2. Allied/ other services:

We wish to provide a broad based product portfolio to provide a wider range of services under one roof. One such service is the dental care which we propose to provide the following services:

- Cosmetic & Restorative Dentistry. (Tooth coloured fillings & Veneers)
- Crown & Bridge for fixed replacement of broken and missing teeth (Porcelain (Metal & Metal Free), Metallic/ Metal Acrylic)
- Root Canal Treatment.

- Dental Implants.
- Tooth Whitening Procedures.
- Dental Surgical Procedures. (By Specialist Oral & Maxillo Facial Surgeon on panel)
- Orthodontics.

3. Country-wide Coverage:

Most of the Cosmetic Surgery and Skin Care Clinics are concentrated in cosmopolitan cities like, Mumbai, New Delhi, etc and hardly have presence in Tier II and Tier III Cities. MHSL plans to open 20 branches in Tier I Cities and 40 branches in Tier II Cities and also 40 branches in Tier III Cities. Thus, MHSL plans to open 100 clinics over the next four years.

Year	2011-12	2012-13	2013-14	2014-15	2015-16	Total
Tier I City	3	7	10	----	----	20
Tier II City	1	8	6	13	12	40
Tier III City		9	6	12	13	40
Total	4	24	22	25	25	100

Note:

Company has opened two clinics and proposes to open two more clinics in 2011-12 and one clinic in 2012-13 out of funds of Rs.300 lacs already raised from the promoters and other members.

Out of funds of Rs.720 lacs to be raised through this public issue and promoters' contribution of Rs.480 lacs, Company plans to open 23 branches in 2012-13. Expansion of branches from 2013-14 onwards will be made out of profits of the Company.

3.2.2 KEY BUSINESS STRENGTHS:

1. Managed by highly experienced & well-known Cosmetologist, Dermatologist and Surgeon

Our Company was incorporated on 01/10/2011 by Dr. Nishita Sheth, a renowned Cosmetologist and Dr. Prashant.Vikram, an experienced Dermatologist. They were later joined by Dr. Ajit Kadam, an able Surgeon. All three of them have come together to form a well organized & highly professional chain of Skin Care, Hair care and Cosmetic Surgery Centres all over India.

2. Advantage of being an organized player in a highly competitive market:

Cosmetic Surgery and Skin Treatment industry is highly unorganized and only a couple of them are well known and organized. Further most of them have hired experts/surgeons on consultancy basis and are not formed and managed by qualified doctors. Our Company has been promoted by an internationally qualified Cosmetologist and an experienced Dermatologist and a surgeon. Being part of India's leading cosmetic physicians, they always had the first mover advantage in the cosmetic / skin care industry. They constantly update their techniques and extensive knowledge of the subject by attending training workshops and seminars. They have introduced various cosmetic and skin treatments and techniques over the years.

3. Establishing our company as a national player with presence in many cities:

Company has initially planned to open its branches at strategically located places in Mumbai (Bandra and Andheri), Goa, and Delhi. These places cover rich & looks conscious population who mostly prefer to go for such surgeries and treatments. MHSL plans to have 20 clinics in Tier I Cities and 40 clinics in Tier II Cities and also 40 clinics in Tier III Cities in the coming years. Thus it hopes to attract patients from far off places who may prefer our services as they find a clinic close to wherever they are even while going places or staying at remote locations.

3.3 SUMMARY OF FINANCIAL AND OPERATING INFORMATION

The Company was incorporated on 01/10/2011 and the audited accounts for the period from 01/10/2011 to 31/12/2011 as certified by the Statutory Auditors are as under:-

3.3.1 STATEMENT OF ASSETS AND LIABILITIES

(Rs. in lakhs)

Particulars	As at Dec 31 2011
Fixed Assets	
Gross Block	64.23
Less: Depreciation	-
Net Block	64.23
Capital Work in Progress	11.57
TOTAL – A	75.80
Investments-B	-
Current Assets ,Loans and Advances	
Inventory	00.35
Sundry Debtors	-
Cash & Bank balances	61.24
Loans And Advances	63.98
TOTAL –C	131.86
Total Assets (A+B+C)=D	201.37
Liabilities &Provisions	
Secured Loans	-
Unsecured Loans	118.62
Deferred Tax Liabilities	-
Current Liabilities	-
Provision	7.61
TOTAL –E	126.23
Net Worth(D-E)	75.15
Net Worth represented by	
Share Capital	6.43
Share Capital Advance	87.50
Reserves and Surplus	(12.49)
TOTAL	81.44
Less: Misc. Expenditure (to the extent not written off or adjusted)	6.29
Net worth	75.15

3.3.2 STATEMENT OF PROFIT AND LOSS

(Rs. in lakhs)

Particulars	1.10.2011 to 31.12.2011
I. Revenue from operations	00.19
II. Other Income	-
III.Total Revenue (I+II)	00.19
IV. Expenses:	
Cost of materials consumed	--
Purchase of Stock-in-Trade	00.35
Changes in inventories of finished goods, work-in-progress and stock –in-trade	(00.35)
Employee benefit expense	1.47
Financial costs	-
Depreciation & amortization expense	-
Other Expenses	11.21
Total Expenses	12.68
V.Profit before exceptional and extraordinary items and tax	(12.48)
VI.Exceptional Items	-
VII.Profit before extraordinary items and tax (V – VI)	(12.48)
VIII Extraordinary Items	-
IX. Profit before tax (VII – VIII)	(12.48)
X. Tax expense :	-
Current tax	-
Deferred tax	-
XI.Profit (Loss)from the period from continuing operations	(12.48)
XII. Profit/(Loss) from discontinuing operations	-
XIII.Tax expense of discounting operations	-
XIV.Profit/(Loss) from Discontinuing operations (XII-XIII)	-
XV.Profit/(loss) for the period (XI+XIV)	(12.48)
XVI.Earning per equity share (Rs.)	
Basic	(19.42)
Diluted	(23.98)

3.3.3 STATEMENT OF CASH FLOWS:

(Rs. In lakhs)

Particulars	For the period from 1.10.2011 to 31.12.2011
A CASH FLOW FROM OPERATING ACTIVITIES	
Profit before tax and appropriations	(12.48)
Adjustments for :	
Depreciation	-
(Profit)/Loss on sale of Fixed Assets	-
Income on Investments	-
Preliminary expenses W/off	(6.29)
Interest Expenses	-
Total Operating Profit before Working Capital Changes	(18.78)
Adjustment for :	
(Increase)/ Decrease in Sundry debtors	-
Increase)/ Decrease in Loans & advances	(63.98)
(Increase)/ Decrease in Inventories	(0.35)
Increase/ (Decrease) in Current Liabilities	7.62
Cash generated from /(Used in)operations	-
Tax paid	-
Others	-
Net cash generated from/(Used in) operating activity	(75.50)
B CASH FLOW FROM INVESTING ACTIVITIES	
Purchase of Fixed Assets	(64.23)
Capital WIP	(11.57)
Sales of Assets	-
Investments	-
Interest Received	-
Net cash generated from (Used in) investing activities	(75.80)
C CASH FLOW FROM FINANCING ACTIVITIES	
Interest Expenses	-
Increase/(Decrease) in Secured Loans	-
Share Capital	93.93
Increase/(Decrease) in Un-Secured Loans	118.62
Dividend Paid (Incl. Dividend Tax)	-
Net cash from /(Used in) financing activities	212.54
(Increase)/ Decrease in Cash and cash equivalents	61.24
Cash and cash equivalents as at the beginning of the Year	--
Cash and cash equivalents as at the end of the Year	61.24

3.4 - THE ISSUE DETAILS IN BRIEF:

Present Issue to the Public in Terms of this Draft Prospectus –Fixed Price Issue#	
Equity Shares Offered	18,00,000 Equity Shares (Including 3,00,000 Equity Shares Reserved for the Market Maker.) of Rs.10/- each for cash at a price of Rs.40/- per share aggregating to Rs.720 lacs.
Net issue to the Public *	15,00,000 Equity Shares of Rs.10/- each for cash at a price of Rs.40/- per share aggregating Rs.600 lacs.
Equity Shares outstanding prior to the Issue	30,00,000 Equity Shares
Equity Shares outstanding after the Issue	60,00,000 Equity Shares*
Objects of the Issue:	Please refer Page No. 50 of this Draft Prospectus

* Including 12,00,000 Equity Shares to be subscribed by the Promoters as their contribution to the Public Issue.

Our Company is proposing the Initial Public Offering under Chapter X B of SEBI (ICDR) Regulations, 2009, as amended.

#As per Regulation 43 (4) of the SEBI (ICDR) Regulation, as amended, since ours a fixed price issue the allocation in the net offer to public category shall be made as follows:

- (a) minimum fifty per cent. to retail individual investors; and
- (b) remaining to:
 - (i) individual applicants other than retail individual investors; and
 - (ii) other investors including corporate bodies or institutions, irrespective of the number of specified securities applied for;
- (c) the unsubscribed portion in either of the categories specified in clauses (a) or (b) may be allocated to applicants in the other category.

3.5 GENERAL INFORMATION

Our Company was originally incorporated as “Monarch Health Services Pvt. Limited” on 01/10/2011 under the Companies Act, 1956 vide Certificate of Incorporation issued by the Registrar of Companies, Maharashtra, Mumbai. Pursuant to shareholder’s resolution dated 3.11.2011, our company was converted into Public Limited Company and the name was changed to Monarch Health Services Limited. A fresh Certificate of incorporation consequent to such change of name was issued by the Registrar of Companies, Mumbai vide Certificate dated December 9, 2011.

Brief of Company & Issue Information:

Name of Company	Monarch Health Services Limited
Registered Office	28/3, Ground Floor, Next to Jari Mari Mandir, S.V. Road, Bandra (W), Mumbai -400050. Tel. No. 022- 26420655 Fax No 022- 26420660 Website: www.looksclinic.com ; E-mail: cs@looksclinic.com
Date of Incorporation	01.10.2011
Corporate Identity Number	U93030MH2011PTC222636
Address of Registrar of the Company	100, Everest. Marine Drive, Mumbai - 400002
Issue Programme	Issue Opens On: [.] Issue Closes On: [.]
Company Secretary & Compliance Officer	Ms. Priyanka Manghwani, 28/3, Ground Floor, Next to Jari Mandir, S.V.Road, Bandra (W), Mumbai-400050. Ph:09793775325 E-mail:cs@looksclinic.com

Note: Investors can contact the Compliance Officer in case of any Pre Issue or Post Issue related problems such as non-receipt of letter of allotment or share certificates, credit of securities in depositories’ beneficiary account or dispatch of refund orders etc.

Board of Directors of the Company;

Sr. No.	Name	Age (years)	DIN	Designation	Status	Address
1.	Dr. Nishita Sheth	45	02190381	M.D.	Promoter	28/3, Gd Floor, Next to Jari Mandir, S.V. Road, Bandra West, Mumbai - 400050, Maharashtra, India
2.	Dr. Ajit Kadam	44	05155200	Joint M.D.	Promoter	3, Sanas Classic, 79/A, Lulla Nagar, Pune, 411040, Maharashtra, India
3.	Dr. Prashant Vikram	49	02174597	Chairman (Non Executive)	Promoter	28/3, Gd Floor, Next to Jari Mandir, S.V. Road, Bandra West, Mumbai - 400050, Maharashtra, India
4.	Ms. Rekha Gulwani	30	05155248	Non Executive Director	Independent	791, Sanas Classic, 79/A, Lulla Nagar, Pune, 411040, Maharashtra, India

5.	Mr.Dhruva Prakash Shetty	43	05164804	Non Executive Director	Independent	Flat No. .A/602, Mahalaxmi Heights, K.K.Marg, Mumbai - 400011, Maharashtra, India
6	Mr.Narpatraj Bafna	53	05217709	Non Executive Director	Independent	B-303, Emerald Apt, Parsi Panchayat Road, Near Sona Udyog, Andheri (E), Mumbai-400069.
7	Mr.Deepak Doshi	41	00677220	Non Executive Director	Independent	1703/B, Kinjal Heights, Wadia Street, Tardeo, Mumbai-400034.
8.	Mr. Prithesh Doshi	21 Years	05155318	Executive Director	Director	98, Mun.H.No.46, Maniyar Building, C-1, Pandit Madan Mohan Malaviya Road (Tardeo Road) A C Market, Mumbai-400034, Maharashtra, India

For further details pertaining to the education, qualification and experience of our Directors, please refer to Page No. 75 under Section titled “ **Our Management**” of this Draft Prospectus.

Company Secretary & Compliance Officer of Our Company

Ms. Priyanka Manghwani,
Monarch Health Services Ltd,
28/3, Gd Floor, Next to Jari Mandir,
S.V.Road, Bandra (W), Mumbai-400050.
Ph:09793775325
E-mail:cs@looksclinic.com

Details of Key intermediaries pertaining to this issue and our Company

Lead Manager of the Issue	Registrar to the Issue
<p>Networth Stock Broking Ltd 1001/02, 10th Floor, Atlanta Centre, Opp Udyog Bhavan, Sonavala Road, Goregaon East, Mumbai 400063 (Maharashtra) Tel : +91-22 30641600; Fax : +91-22-26850257 Website: www.networthdirect.com E-mail: manish.ajmera@networthdirect.com Contact person: Manish Ajmera SEBI Registration No.: INM000011013</p>	<p>Sharepro Services (I) Private Limited 13AB, Samitha Warehousing Complex, 2nd Floor, Sakinaka Telephone Exchange Lane, Off Andheri Kurla Road, Sakinaka, Andheri (E), Mumbai 400072. Tel: +91-22- 61915402/ 09920722410 Fax: +91-22- 61915444 Website: www.shareproservices.com Email: subhash@shareproservices.com Contact Person: Mr. Subhash Dhingreja SEBI Registration No.: INR000001476</p>
Bankers to the Company	Legal Advisor to the Issue
<p>HDFC Bank Ltd, HDFC Bank Ltd, Station Road, Goregoan (E), Mumbai – 400063. Contact Person – Mr. Amit Mehta Telephone-022-26854132 Telefax-022-26863071</p>	<p>Ms Kranti Anand 5/9, Berumon Chambers, 2nd Floor, 27/33, Nagindas Master Road, Fort, Mumbai 400023 Tel : +91 9322842664 Email – krantissanand@rediffmail.com Contact Person: Ms Kranti Anand</p>

Email – amitmahesh.mehta@hdfcbank.com Contact Person – Mr. Amit Mahesh Mehta SEBI Registration no.: INBI00000063	
Auditors of the Company	Bankers to the Issue (Escrow Collection Banks)
S D MOTTA & ASSOCIATES Office - 3, Shanivar Nivas, Nava Pada, Subhash Raod, Dombivli (W), Thane - 421202. Cell No.-9321940041 Fax – 022-43211875 Email – motta_sanjay@rediffmail.co	HDFC Bank Ltd, FIG-OPS Department, Lodha I Think Techno Campus, O-3 Level, Next to Kanjurmarg Railway Stn., Kanjurmarg(E), Mumbai – 400042. Telephone-022-30752928 Telefax-022-25799801 Email – deepak.rane@hdfcbank.com Contact Person – Mr. Deepak Rane SEBI registration No.: INBI00000063
Refund Banker to the Issue	
HDFC Bank Ltd, FIG-OPS Department, Lodha I Think Techno Campus, O-3 Level, Next to Kanjurmarg Railway Stn., Kanjurmarg(E), Mumbai –400042. Telephone-022-30752928 Telefax-022-25799801 Email – deepak.rane@hdfcbank.com Contact Person – Mr. Deepak Rane SEBI registration No.: INBI00000063	

Statement of inter se allocation of responsibilities:

Since Network Stock Broking Ltd .is the sole Lead Manager to this Issue, a statement of inter se allocation responsibilities among Lead Manage’s is not required.

Self Certified Syndicate Banks (“SCSBs”)

The list of banks who have been notified by SEBI to act as Self Certified Syndicate Banks (SCSBs) for ASBA process are provided at <http://www.sebi.gov.in>

Credit Rating

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

Trustees

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

Monitoring Agency:

As per Regulation 16 (1) of the SEBI (ICDR) regulations, 2009 the requirement of monitoring agency is not mandatory if the issue size is below Rs 500.00 crore. Since the issue size is only of Rs. 1200 lacs, our company has not appointed a monitoring agency for this Issue.

As per Clause 52 of the SME Listing Agreement to be entered into with the SME Platform of BSE, upon listing of the Equity Shares and the Corporate Governance Requirements, the Audit Committee of our Company would monitor the utilisation of the proceeds of the Issue.

For details please refer to Section titled “ **Objects of the Issue – Monitoring of Utilization of Funds**” on Page No.50 of this Draft Prospectus.

Details of Appraising Agency:

The proposed project of the Company has not been appraised by any Bank or Financial Institutions.

Issue Period

ISSUE OPENS ON	[.]
ISSUE CLOSES ON	[.]

Underwriting:

The issue is fully underwritten and as per the agreement dated 24/2/2012 entered into with Network Stock Broking Ltd, the underwriter as well as the LM and details of underwriting obligations are as under:-

Name and Address of the Underwriter	Number of Equity Shares underwritten	Amount Underwritten (Rs. lacs)	% of the Total Issue Size underwritten
Network Stock Broking Ltd SEBI Registration No.: INM000011013 1001/02, 10 th Floor, Atlanta Centre, Opp Udyog Bhavan, Sonavala Road, Goregaon East, Mumbai 400063 (Maharashtra) Tel : +91-22 30641600; Fax : +91-22-26850257 Website: www.networkdirect.com E-mail: manish.ajmera@networkdirect.com Contact Person: Mr Manish Ajmera	15,00,000	600.00	100

As per Regulation 106 P (2) of SEBI (ICDR) Regulations, 2009, the Lead Manager has to underwrite to a minimum extent of 15 % of the Issue out of its own account. Lead Manager has herein underwritten the entire net issue.

Pursuant to the terms of the Underwriting Agreement, the obligations of the Underwriter are several and are subject to certain conditions, as specified therein.

In the opinion of the Board of Directors, the resources of the Underwriter are sufficient to enable them to discharge their underwriting obligations in full. The above-mentioned Underwriter is registered with SEBI as a Merchant Banker and hence qualified to underwrite the issue.

The Underwriter shall be responsible for ensuring payment with respect to the Equity Shares allocated to investors procured by them. In the event of any default, the Underwriter in addition to other obligations in the Underwriting Agreement will also be required to procure / subscribe to the extent of the defaulted amount.

Market Maker

As per Reg 106 V (1) of SEBI (ICDR) Regulations, 2009, the LM shall ensure compulsory market making through the Stock Brokers of SME Exchange in the manner specified by the Board for a period of three years from the date of listing. Our Company and Network Stock Broking Ltd (also the LM), have entered into an agreement dated 17.2.2012 whereby Network Stock Broking Ltd, registered with BSE as a Market Maker in the SME segment (Regn No. SMMM0019713022012) will act as the sole Market Maker to fulfil the applicable obligations of Market Making. The particulars in respect of the Market Maker are furnished below:-

Name	Network Stock Broking Ltd
Address	1001/02, 10 th Floor, Atlanta centre, Opp: Udyog Bhavan, Sonavala Road, Goregaon (East),

	Mumbai-400063.
Tel No.	022-30641600
Fax	022-26850257
Website	www.networthdirect.com
E-Mail	Manish.ajmera@networthdirect.com
Contact person	Mr.Manish Ajmera
SEBI Regn No.	SMEMM0019713022012

The Market Maker shall fulfil the applicable obligations and conditions as specified in SEBI (ICDR) Regulations,2009 and its amendments from time to time and the circulars issued by BSE and SEBI regarding market making from time to time.

Following is the summary of the major details pertaining to the Market Making Arrangement

1. The Market Maker shall be required to provide a 2-way quote for 75% of the time in a day. The same shall be monitored by the stock exchange. Further, the Market Maker shall inform the exchange in advance for each and every black out period when the quotes are not being offered by the Market Maker.
2. The prices quoted by the Market Maker shall be in compliance with the Market Maker Spread requirements and other particulars as specified or as per the requirements of the SME Platform of BSE and SEBI from time to time.
3. The minimum depth of the quote shall be Rs. 1,00,000/- However, the Investors with holdings of value less than Rs. 1,00,000/- shall be allowed to offer their holding to the Market Maker in that scrip provided that he sells his entire holding in that scrip in one lot along with a declaration to the effect to the selling broker.
4. The Market Maker shall not sell in lots less than the minimum contract size allowed for trading on the SME Platform of BSE (in this case, currently the minimum trading lot size is 2,500 equity shares; however the same may be changed by the SME Platform of BSE from time to time).
5. Execution of the order at the quoted price and quantity must be guaranteed by the Market Maker, for the quotes given by him.
6. The Market Maker shall start providing quotes from the day of the listing & the day when designed as the Market Maker for the respective scrip and shall be subject to the guidelines laid down for market making by the exchange.
7. Market Maker shall not buy the shares from the promoters or persons belonging to promoter group of MHSL or any person who has acquired shares from such promoter or person belonging to promoter group, during the compulsory market making period.
8. The promoters' holding in MHSL shall not be eligible for offering to the market during the compulsory market making period. However, the promoters' holding in MHSL which is not locked in as per the SEBI (ICDR) Regulations can be traded with prior permission of the SME Platform of BSE, in the manner specified by SEBI from time to time.
9. The Lead Manager, if required, has the right to appoint a nominee director on the Board of the Issuer Company any time during the compulsory market making period provided it meets the requirements under the SEBI (ICDR) Regulations 2009.
10. The Market Maker shall not be responsible to maintain the price of the shares of the Issuer Company at any particular level and is purely supposed to facilitate liquidity on the counter of MHSL via its 2 way quotes. The price of the shares shall be determined and be subject to market forces.
- .11 The period of this agreement shall be for 3 years unless otherwise terminated.

The Market Maker shall be allowed to terminate this agreement by giving a written notice to the Lead Manager six months prior to the date from which he wishes to discontinue his services. Provided however that, if the Lead Manager agrees to the same, the notice period may be reduced in order to provide mutual comfort. Provided further that, the Market Maker may be replaced with a successor Market Maker, which is acceptable to BSE, the Lead Manager and the Issuer Company from time to time.

In case of termination of the agreement prior to the completion of the compulsory Market Making period, it shall be the responsibility of the Lead Manager to arrange for another Market Maker in replacement during the term of the notice period being served by the Market Maker but prior to the date of releasing the existing Market Maker from its duties in order to ensure compliance with the requirement of regulation 106 V of the SEBI (ICDR) Regulations, 2009.

The Market Making agreement is available for inspection at our office from 10 AM to 5 PM on all working days till the Issue Closing Date.

3.6 - CAPITAL STRUCTURE OF OUR COMPANY

(Rs. in lacs)

Particulars	Number of Shares	Description of Shares	Face Value (Rs)	Nominal Value	Aggregate Value
Authorised Capital	60,00,000	Equity Shares of Rs.10/- each	10	600.00	600.00
B. Issued, Subscribed and Paid up Capital before the Issue	30,00,000	Equity Shares of Rs.10/- each, fully paid up.	10	300.00	300.00
C Promoters' contribution to be brought in before the Issue	12,00,000	Equity Shares of Rs.10/- each, fully paid up.	10	120.00	480.00
D. Present Issue in terms of this Draft Prospectus* which Comprises:	18,00,000	Equity Shares of Rs. 10/- each at a Premium of Rs. 30/- per share	10	180.00	720.00
a) Equity Shares reserved as Market Making Portion	3,00,000	Equity Shares of Rs. 10/- each at a Premium of Rs. 30/- per share		30.00	120.00
b) Net Issue to the Public	15,00,000	Equity Shares of Rs. 10/- each at a Premium of Rs. 30/- per share		150.00	600.00
E. Paid up Equity Share Capital after the Issue	60,00,000	Equity Shares of Rs.10/- each fully paid up	10	600.00	1500.00
F. Share Premium Account					
		Before the Public Issue	-	-	-
		After the Public Issue in terms of this Draft Prospectus	-	-	900.00

*The present Issue of 18,00,000 Equity Shares in terms of this Draft Prospectus has been authorised pursuant to a resolution of our Board of Directors dated 24.11.2011 and by a Special Resolution passed under Section 81 (1 A) of the Companies Act, 1956 at the Extra-Ordinary General Meeting held of the Members held on 16.12.2011

Our Company is proposing the Initial Public Offer under Chapter X B of SEBI (ICDR) Regulations, 2009 as amended. As per Regulation 43 (4) of above, as amended, since ours is a fixed price issue, the allocation in the net offer to public category shall be made as follows:-

- a) Minimum 50 % to retail individual investors and
b) Remaining to
- i) Individual applicants other than retail individual investors and
ii) Other investors including corporate bodies or institutions, irrespective of the number of specified securities applied for
- c) The unsubscribed portion in either of the categories specified in clauses (a) or (b) may be allocated to applicants in the other category.

Notes forming part of the Capital Structure:

1. Details of Change in Authorized Equity Capital

Date	Authorized Capital Increased From	Authorized Capital Increased to
At incorporation	-	2,50,000 equity shares of Rs. 10/-each aggregating to Rs 25.00 lacs
16/12/2011	2,50,000 equity shares of Rs. 10/-each aggregating to Rs. 25.00 lacs to	60,00,000 equity shares of Rs. 10/- each aggregating to Rs. 600.00 lacs

2. Equity Share Capital History of our Company

The following is the Equity Share Capital build up of our Company.

Date of Allotment	No. of shares	Cumulative total shares	Face Value	Issue Price (Rs.)	Consideration	Cumulative Capital (Rs.)	Nature of Allotment
01/10/2011	30000	30000	10	10	Cash	3,00,000	Subscription to Memorandum
01/11/2011	30000	60000	10	10	Cash	6,00,000	Allotment to Promoters
15/11/2011	4000	64000	10	10	Cash	6,40,000	Allotment to Promoters
05/12/2011	300	64300	10	10	Cash	6,43,000	Allotment to Body Corporates
09/02/2012	29,35,700	30,00,000	10	10	Cash	3,00,00,000	Allotment to Individuals & HUF

3. Build up of Promoters' capital, Promoters' contribution and lock in

a) History of Equity Share capital held by the Promoters

Name of the Promoter	Date of allotment	Allotment /transfer	No. of shares	Face Value	Issue Price (Rs.)	% ge of Pre issue Equity Share capital	% ge of Post issue Equity Share capital	No. of Pledged Shares	Lock in period Proposed
Dr.Nishita Sheth	01/10/2011	Subscription to Memorandum	10000	10	10	0.33	0.17	Nil	One year from the date of allotment in this Public issue
Dr.Prashant Vikram	01/10/2011	Subscription to Memorandum	10000	10	10	0.33	0.17	Nil	-----Do-----
Dr.Nishita Sheth	01/11/2011	Allotment to Promoters	16000	10	10	0.53	0.27	Nil	-----Do-----
Dr.Prashant Vikram	01/11/2011	Allotment to Promoters	4000	10	10	0.13	0.07	Nil	-----Do-----
Dr.Nishita Sheth	09/02/2012	Allotment to Promoters	210000	10	10	7.00	3.50	Nil	-----Do-----
Dr.Prashant Vikram	09/02/2012	Allotment to Promoters	55200	10	10	1.84	0.92	Nil	-----Do-----
	Total		3,05,200	10	10	10.16	5.10		

None of the above shares qualifies for Promoters' contribution in terms of Regulation 33 (1) of SEBI (ICDR) Regulations. Therefore, as per Regulation 37 of the SEBI (ICDR) Regulations, 2009, the entire Pre issue Equity share capital of the promoters (3,05,200 shares) and other members (26,94,800 shares) aggregating to 30,00,000 shares will be locked in for a period of one year from the date of allotment in this issue.

b) Promoters' contribution and lock in

The minimum Promoters' contribution shall be 20% of the post issue equity share capital as per Regulation 32 (1) of SEBI (ICDR), 2009. Accordingly, our Promoters propose to contribute to 12,00,000 Equity Shares of Rs.10/- each at a premium of Rs.30/- per share. In terms of Regulation 36, the minimum Promoters' contribution should be locked in for a period of three years from the date of commencement of commercial production or date of allotment, whichever is later. As our clinics have started functioning from 17th Jan.'12, the lock in period will apply from the date of allotment in this issue. Therefore, the above 12,00,000 shares of our Promoters (20 % of Post Issue Share Capital) will be locked in for a period of three years from the date of allotment in this Issue. The following Promoter will contribute to the minimum Promoters' contribution:-

Name of the Promoter	Amount to be contributed as minimum Promoters' contribution for the purpose of the issue (Rupees)
Maxgainz Finserve Pvt Ltd in which Dr. Prashant Vikram and Dr.Nishita Sheth are Directors each holding 50 % of the Equity Capital	4,80,00,000
Total	4,80,00,000

We confirm that the shares considered for minimum Promoters' contribution do not qualify as ineligible as per Regulation 33 (1) of SEBI (ICDR) Regulations, 2009 as shown below:-

Reg No.	Promoters' Minimum Contribution	Compliance
33 (a) (i)	Whether acquired in consideration other than cash and revaluation of assets or capitalisation of intangible assets.	No
33 (a) (ii)	Whether bonus issue to the Promoters resulting from capitalisation of revaluation reserves	No There is no revaluation reserve or unrealised profits in the Company
33 (b)	Whether Promoters acquired shares during the preceding one year at a price at which specified securities are being offered to public in the IPO	Yes , But this has been excluded from promoters' contribution
33 (d)	Specific securities pledged with any creditor	No

We further confirm that the Promoters have, in a written undertaking consented to have 12,00,000 Equity Shares proposed to be allotted to them in this issue, locked in as Promoters' contribution for a period of three years from the date of commencement of commercial operation in clinics or date of allotment, whichever is later.

The specified securities which are subject to lock in shall carry the inscription '**non transferable along with the duration of non transferable period in the face of the certificate. The shares which are in dematerialised form shall be locked in by the respective depositories.**

c. Other requirements in respect of lock in

- a) As per Regulation 39 of SEBI (ICDR) Regulations, 2009, the locked-in Equity Shares held by the Promoters can be pledged only with banks or financial institutions as collateral security for the loans granted by such banks or financial institutions, provided the pledge of shares is one of the terms of sanction of loan. Further, the locked in Equity Shares held by the Promoters as minimum Promoters' contribution can be pledged only with banks or financial institutions as collateral security for loans granted by such banks or financial institutions, provided that such pledge of the Equity Shares is in respect of a financial facility which has been granted for the purpose of financing one or more of the objects of the Issue.
- b) Under Reg 40 of SEBI (ICDR) Regulations, 2009, the Equity Shares held by persons other than the Promoters prior to the Issue may be transferred to any other person holding the Equity Shares which are locked-in as per Regulation 36 & 37 of SEBI (ICDR) Regulations, 2009, subject to continuation of the lock-in in the hands of the transferees for the remaining period and compliance with SEBI (Substantial Acquisition of Shares and Takeover) Regulations, 1997 as applicable..
- c) Further, as per Reg 40 of SEBI (ICDR) Regulations, 2009, the Equity Shares held by the Promoter may be transferred to and amongst the Promoter group or to a new Promoter or persons in control of the Company subject to continuation of the lock-in in the hands of the transferees for the remaining period and compliance with SEBI (Substantial Acquisition of Shares and Takeover) Regulations, 1997 as applicable.

4. Shareholding Pattern of the Company

The table below presents the Pre Issue and Post Issue shareholding pattern of the Company

Name of Shareholder	Pre-Issue (As on the date of filing of this Draft Prospectus with SEBI)		Post-Issue	
	No. of Equity Shares	Percentage	No. of Equity Shares	Percentage
Promoters	305200	10.17	15,05,200	25.09
Non - Promoters	2694800	89.83	44,94,800	74.91
Total	30,00,000	100.00	60,00,000	100.00

5. Equity Shares held by top ten shareholders

5.a) Top ten shareholders of Company as of the date of the filing of this Draft Prospectus are as follows:

SL.	<u>NAMES OF SHAREHOLDERS</u>	No. OF SHARES	% TO PRE ISSUE SHARE CAPITAL
1	Dipak Kalyanji Tanna	450000	15.00
2	Sohni Tanna	450000	15.00
3	Dr. Nishita Sheth	236000	7.87
4	Rajesh Sanghvi	200000	6.67
5	Hirachand Jain (HUF)	100000	3.33
6	Binitaben Tanna	100000	3.33
7	Nilaben M Patel	100000	3.33
8	Pushpa H Gadecha	100000	3.33
9	Gaurav H Gadecha	100000	3.33
10	Shailesh Gadecha	100000	3.33
	Total	1936000	64.52

5.b) Top Ten shareholders of the Company as of ten days prior to the filing of this Draft Prospectus are as follows:

SL.	<u>NAMES OF SHAREHOLDERS</u>	No. OF SHARES	% TO PRE ISSUE SHARE CAPITAL
1	Dipak Kalyanji Tanna	450000	15.00
2	Sohni Tanna	450000	15.00
3	Dr. Nishita Sheth	236000	7.87
4	Rajesh Sanghvi	200000	6.67
5	Hirachand Jain (HUF)	100000	3.33
6	Binitaben Tanna	100000	3.33
7	Nilaben M Patel	100000	3.33
8	Pushpa H Gadecha	100000	3.33
9	Gaurav H Gadecha	100000	3.33
10	Shailesh Gadecha	100000	3.33
	Total	1936000	64.52

5.c) Top Ten shareholders of Company as of 2 years prior to the filing of this Draft Prospectus

Not Applicable as the Company was incorporated on 1.10.2011.

6. Our Company under this Draft Prospectus proposes to issue 18,00,000 Equity Shares of Rs.10/-each at a premium of Rs.30/- per share. Out of the above, 3,00,000 Equity Shares are Reserved for the Market Maker and the Net offer to the public is 15,00,000 Equity Shares. The promoters would subscribe to 12,00,000 Equity Shares of Rs.10/- each at a premium of Rs.30/- per share and the promoters' contribution would be brought in before the Public issue.

As per Regulation 43 (4) of above, as amended, since ours is a fixed price issue, the allocation in the net offer to public category (15,00,000 Equity Shares) shall be made as follows:-

- a) Minimum 50 % to retail individual investors and
- b) Remaining to
 - i) Individual applicants other than retail individual investors and
 - ii) Other investors including corporate bodies or institutions, irrespective of the number of specified securities applied for.
- c) the unsubscribed portion in either of the categories specified in clauses (a) or (b) may be allocated to applicants in the other category

Any over subscription to the extent of 10 % of the issue can be retained for the purpose of rounding off to the nearest integer during finalising the allotment, subject to minimum allotment which is the minimum application size in this issue. Consequently, the actual allotment may go up by a maximum of 10 % of the issue, as a result of which, the post issue paid up capital after the issue would also increase by the excess amount of allotment so made. In such an event, the Equity Shares held by the Promoters and subject to lock in shall be suitably increased so as to ensure that 20 % of the post issue paid up capital is locked in. In the case of over subscription in all categories, the allocation in the issue shall be made as per the requirements of Regulation 43 (4) of SEBI (ICDR) Regulations, 2009 and its amendments from time to time.

7. All shares issued since the date of incorporation of the Company on 1.10.2011 are fully paid up.
8. There has been no revaluation of the assets of the Company since its incorporation on 1.10.2011.
9. The Company has not availed of any bridge loans to be repaid from the proceeds of the issue.
10. The Company has not issued any equity shares out of revaluation reserves or for consideration other than cash. to the existing shareholders by capitalizing reserves.
11. The company has 54 shareholders as on the date of filing this Draft Prospectus with BSE.
12. As on the date of this Draft Prospectus, no shares of our Company have been pledged by the Promoter or the Promoter Group.
13. The Shareholders of the Company do not hold any warrant, options, convertible loan or any debenture, which would entitle them to acquire further Shares of the Company.
14. There shall be only one denomination of the equity shares of the Company unless otherwise permitted by law. The company shall comply with disclosure and accounting norms as may be specified by SEBI from time to time.
15. The Company has not granted Equity Options to its employees.
16. 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 Draft Prospectus with BSE until the Equity Shares to be issued pursuant to the Issue have been listed.
17. We do not presently intend or propose to alter our capital structure for a period of six months from the Issue Opening Date, by way of split or consolidation of the denomination of Equity Shares or further

issue of Equity Shares (including issue of securities convertible into or exchangeable, directly or indirectly for Equity Shares) whether preferential or otherwise. However, the Company may make acquisitions or enter into joint ventures or make investments, in which case the Company may consider raising additional capital to fund such activity or use equity shares as a currency for acquisition or participation in such joint ventures or investments.

18. The entire issue price is to be paid on application and hence there will be no partly paid up shares arising out of this issue.
19. Except for the Equity Shares mentioned below, no other Equity Shares have been issued at a price lower than the Issue price during the preceding one year prior to the date of this Draft Prospectus

S.N	Name of the person	Category	No. of shares allotted at par	Date of allotment	Consideration
1	Dr.Prashant Vikram	Promoter	10000	01/10/2011	Cash
2	Dr.Nishita Sheth	Promoter	10000	01/10/2011	Cash
3	Suresh Bafna	Non-Promoter	10000	01/10/2011	Cash
4	Suresh Bafna	Non-Promoter	10000	01/11/2011	Cash
5	Dr.Nishita Sheth	Promoter	16000	01/11/2011	Cash
6	Dr.Prashant Vikram	Promoter	4000	01/11/2011	Cash
7	Sumit Agrawal	Non-Promoter	1000	15/11/2011	Cash
8	Ashok Bafna	Non-Promoter	1000	15/11/2011	Cash
9	Manju Bafna	Non-Promoter	1000	15/11/2011	Cash
10	Prithviraj Bafna	Non-Promoter	1000	15/11/2011	Cash
11	Clio Infotech Ltd	Non-Promoter	100	05/12/2011	Cash
12	Simandhar Securities Private Ltd.	Non-Promoter	100	05/12/2011	Cash
13	Monarch Securities Pvt. Ltd.	Non-Promoter	100	05/12/2011	Cash
14	Dr.Nishita Sheth	Promoter	210000	09/02/2012	Cash
15	Dr.Prashant Vikram	Promoter	55200	09/02/2012	Cash
16	Rajshree Amit Seth	Non-Promoter	50000	09/02/2012	Cash
17	Jayshree H Shah	Non-Promoter	40000	09/02/2012	Cash
18	Rinkle Y Shah	Non-Promoter	40000	09/02/2012	Cash
19	Mafatlal M Shah	Non-Promoter	40000	09/02/2012	Cash
20	Yogeshkumar P Shah	Non-Promoter	40000	09/02/2012	Cash
21	Lalita P Shah	Non-Promoter	40000	09/02/2012	Cash
22	Hareshkumar M Shah	Non-Promoter	50000	09/02/2012	Cash
23	Pravinkumar M Shah	Non-Promoter	50000	09/02/2012	Cash
24	Hirachand N Bafna	Non-Promoter	15000	09/02/2012	Cash
25	Rajendra P Bafna	Non-Promoter	10000	09/02/2012	Cash
26	Paresh Bafna	Non-Promoter	10000	09/02/2012	Cash
27	Ashok Bafna	Non-Promoter	20000	09/02/2012	Cash
28	Pritesh Doshi	Non-Promoter	70000	09/02/2012	Cash
29	Rajesh K Shah (HUF)	Non-Promoter	10000	09/02/2012	Cash
30	Rajesh K Shah	Non-Promoter	5000	09/02/2012	Cash
31	Usha R Shah	Non-Promoter	5000	09/02/2012	Cash
32	Hirachand Jain (HUF)	Non-Promoter	100000	09/02/2012	Cash
33	Manish Bafna (HUF)	Non-Promoter	10000	09/02/2012	Cash
34	Dimple Bafna	Non-Promoter	10000	09/02/2012	Cash
35	Sanjay M Jain	Non-Promoter	20000	09/02/2012	Cash
36	Kalpesh M Jain	Non-Promoter	20000	09/02/2012	Cash
37	Bharat M Jain	Non-Promoter	20000	09/02/2012	Cash
38	Shailesh Bohra	Non-Promoter	10000	09/02/2012	Cash
39	Bharat Bohra	Non-Promoter	10000	09/02/2012	Cash

40	Usha Bohra	Non-Promoter	10000	09/02/2012	Cash
41	Rekha Bohra	Non-Promoter	10000	09/02/2012	Cash
42	Rajesh Sanghvi	Non-Promoter	100000	09/02/2012	Cash
43	Rajesh Sanghvi	Non-Promoter	100000	09/02/2012	Cash
44	Binitaben Tanna	Non-Promoter	100000	09/02/2012	Cash
45	Nilaben M Patel	Non-Promoter	100000	09/02/2012	Cash
46	Sanjay M Shah	Non-Promoter	25000	09/02/2012	Cash
47	Nirmala M Shah	Non-Promoter	25000	09/02/2012	Cash
48	Jayantilal Shah	Non-Promoter	25000	09/02/2012	Cash
49	Rachana Shah	Non-Promoter	25000	09/02/2012	Cash
50	Pushpa H Gadecha	Non-Promoter	100000	09/02/2012	Cash
51	Gaurav H Gadecha	Non-Promoter	100000	09/02/2012	Cash
52	Shailesh Gadecha	Non-Promoter	100000	09/02/2012	Cash
53	Varsha Gadecha	Non-Promoter	100000	09/02/2012	Cash
54	Dipesh Shah	Non-Promoter	50000	09/02/2012	Cash
55	Seema Shah	Non-Promoter	15000	09/02/2012	Cash
56	Sandeep Shah (HUF)	Non-Promoter	20000	09/02/2012	Cash
57	Paresh Shah (HUF)	Non-Promoter	20000	09/02/2012	Cash
58	Dipak Kalyanji Tanna	Non-Promoter	450000	09/02/2012	Cash
59	Sohni Tanna	Non-Promoter	450000	09/02/2012	Cash
60	Savita Bafna	Non-Promoter	500	09/02/2012	Cash
61	Manish D. Shah	Non Promoter	25000	09/02/2012	Cash
62	Manish D Shah (HUF)	Non Promoter	25000	09/02/2012	Cash
	Total		30,00,000		

20. None of our Directors or Key managerial personnel hold any Equity Shares other than as set out below:-

Name	Designation	No.of Equity Shares held
Dr. Prashant Vikram	Chairman (Non Executive Director)	69,200
Dr. Nishita Sheth	M.D.	2,36,000
Mr. Pritesh Doshi	Executive Director	70,000
	Total :	3,75,200

21. Our Company has not made any public issue since incorporation
22. Our Company has not raised any Bridge loan against the proceeds of the Issue
23. No payment, direct or indirect in the nature of discount, commission, and allowance or otherwise shall be made either by us or our Promoters to the persons who receive allotments, if any, in this issue.
24. The LM and their associates do not hold any Equity Shares in our Company.
25. Till date, no Equity Shares have been allotted pursuant to any scheme approved under section 391- 394 of the Companies Act, 1956.
26. Our Company shall ensure that transactions in the Equity Shares by our Promoters and our Promoter Group between the date of registering the Prospectus with the ROC and the Issue Closing Date shall be reported to the Stock Exchanges within twenty-four hours of such transaction.

27. Shareholding Pattern of the Company

Category code	Category of Shareholder	No. of Shareholders	Total No. of Shares	Total No. of Shares held in Demat Form	Shareholding as a % of total number of shares		Shares pledged or otherwise encumbered	
					As a % of (A+B)	As a % of (A+B+C)	No. of shares	As a % of total number of shares
(A)	Shareholding of Promoter and Promoter Group							
(1)	Indian							
(a)	Individuals / HUF	2	3,05,200	0	10.17	10.17	Nil	Nil
(b)	Any other	0	0	0	0	0	Nil	Nil
	Sub Total (A) (1)	2	3,05,200	0	10.17	10.17	Nil	Nil
(2)	Foreign	-	0	0	0	0	Nil	Nil
	Sub Total (A) (2)	-	0	0	0	0	Nil	Nil
	Total Shareholding of promoter and Promoter Group (A) =(A)(1)+(A)(2)	2	3,05,200	0	10.17	10.17	Nil	Nil
(B)	Public Shareholding							
	Institutions	0	0	0	0	0	Nil	Nil
	Sub Total (B) (1)	0	0	0	0	0	Nil	Nil
	Non Institutions	0	0	0	0	0	Nil	Nil
(a)	Bodies Corporates	3	300	0	0.01	0.01	Nil	Nil
(b)	Individuals							
(i)	Individual shareholders holding nominal share capital upto Rs. 1 lac	14	1,03,500	0	3.45	3.45	Nil	Nil
(ii)	Individual shareholders holding nominal share capital in excess of Rs. 1 lac	35	25,91,000	0	86.37	86.37	Nil	Nil
	Sub Total (B)(2)	52	26,94,800	0	89.83	89.83	Nil	Nil
	Total public Shareholding	52	26,94,800	0	89.83	89.83	Nil	Nil
	Total (A+B)	54	30,00,000	0	100.00	100.00	Nil	Nil
	(C) Shares held by Custodians and against which Depository receipts have been issued	0	0	0	0	0	Nil	Nil
	Total (A+B+C)	54	30,00,000	0	100.00	100.00	Nil	Nil

SECTION – IV PARTICULARS OF THE ISSUE

4.1 – OBJECTS OF THE ISSUE

The Objects of the Issue are:

1. To augment our capital base and provide for our additional fund requirements for increasing our operational scale by opening up 23 new clinics and for meeting the working capital requirements
2. To meet the issue related expenses
3. To benefit from the listing of equity shares on the SME Platform of BSE.

The main objects clause of our Memorandum of Association enables us to undertake the activities for which funds are being raised in this Issue. The existing activities of our Company are within the objects clause of our Memorandum.

Our Company proposes to come out with a chain of 100 skin care and cosmetic clinics across India in the next four years. Our Company has already commenced operations in two (2) clinics in Mumbai and proposes to commence operation in two (2) more clinics -one each in Goa and Delhi in March, 2012 and also one more clinic in the year 2012-13 at Haridwar with the funds raised prior to the Public issue. With the funds of Rs.720 lacs to be raised from the Issue, and Promoters' contribution of Rs.480 lacs to be brought in before the Public Issue, we propose to set up twenty three (23) clinics. namely, seven (7) in Tier I Cities, eight (8) in Tier II Cities and eight (8) in Tier III Cities during the year 2012-13.

Fund requirement

The funds raised from this Issue shall be utilized for the following purposes:

S.N.	Particulars	Total Amount (Rs. lacs)
1	Advance Deposit of lease rentals for leasehold premises	113.00
2	Infrastructure	228.00
3	Medical Equipment	568.10
4	Computers & Air conditioners	92.00
5	Working Capital requirement	34.50
6	Public Issue Expenses	42.50
7	Contingencies @ 12 % on non firm cost like advance rentals, infrastructure, equipment, computers & air conditioners	121.90
	Total Fund requirement	1200.00

1. Lease Rentals:

Based on our Management Estimates, the Advance Deposit of lease rentals for premises has been considered as under:

City	Expected Lease rental p.m (Rs. lacs)	Advance Deposit of lease rentals for 4 months (Rs. Lacs)
Tier I	1.75	7.00
Tier II	1.25	5.00
Tier III	0.75	3.00

2. Infrastructure:

Based on the Infrastructure Expenses being carried out at the clinics proposed to be started in the current year, the Management Estimates the expenses on this account at the proposed 23 clinics to be set up in various cities as follows:-

City	Amount (Rs. lacs)
Tier I (Bangalore, Hyderabad, Kolkata, etc)	12.00
Tier II (Pune, Surat, etc)	10.00
Tier III (Srinagar, Dehradun, Kota, etc)	8.00

3. Equipment

We propose to deploy Rs.24.70 lacs on procurement of medical equipment required at each clinic as per the details given below:-

SR.NO.	EQUIPMENT	DESCRIPTION	NO. OF EQUIPMENT	UNIT PRICE IN US \$	TOTAL IN US \$
	To be procured from Always Beauty Co. Ltd, China				
1	Presso Therapy	AB-6013	1	270	270
2	Oxygen Jet Machine	AB-505	1	850	850
3	Electronic Facial Table 4 Motors	AI-801	1	550	550
4	Derma Abrasion machine	AB -204	1	250	250
5	EMS	AB-605	1	103	103
6	15 in 1 Units	AB-705	1	440	440
7	Low Intensity Di-IODE LASER	Phototherapy AB-106	2	430	860
	To be procured from Vanoo Laser Tech Ltd, China				
1	Pain free IPL Machine	Portable	1	2,940	2,940
2	Pain free IPL Machine	Standing	1	3,160	3,160
3	Skin Analyzer		1	1,280	1,280
4	CO2 Fractional Laser	Portable	1	1,840	1,840
	To be procured from Charming International Co. China				
1	Ultrasonic Cavitation Machine	CO2 Fractional Laser	1	2,400	2,400
2	Endermolgy Machine (V8)	(RF + Vacuum)	1	4,500	4,500
	To be procured from Ostar Beauty Sci Tech Co. Ltd, China				
1	Derma Roller OB-MN550		50	6.5	260
2	Derma Roller OB-MN550		50	6.5	260
3	Derma Roller OB-MN550		20	6.5	130
4	Derma Roller OB - PMN 01		10	11.8	118
5	Derma Roller OB-VMN 01		20	12.8	256
	To be procured from Hongkong Fujia Group Co. Ltd, Hongkong				
1	Oil Free Air Compressor		1	86	86
2	Dryer for Oil Free Air Compressor		1	48	48
3	Dental Unit GreenColor Seat Pad		1	759	759
4	Dental X-Ray Unit		1	609	609
5	Wireless Interoral Camera		1	140	140

6	17" LED Display		1	70	70
7	LED Display Holder		1	14	14
	To be procured from Chung Woo Co, Korea				
1	Meso Gun	S Korea	1	3,000	3,000
2	RF MTS System	S Korea	1	8,000	8,000
				Total Cost	33,194
	Rs in lacs (1 US \$ = Rs.49.28 as on 17.2.12)				16.36
	Import Duty @ 31 %				5.07
	Insurance, Freight, etc @ 20%				3.27
	Total				24.70

The above cost is based on quotations received by us.

Thus the capital cost of setting up each clinic in various cities is as under:-

(Rs. Lacs)

S.No.	Particulars	Tier I City	Tier II City	Tier III City
1	Advance deposit of Lease rentals	7.00	5.00	3.00
2	Infrastructure	12.00	10.00	8.00
3	Equipment including import duty, insurance & freight charges	24.70	24.70	24.70
4	Computers / AC	4.00	4.00	4.00
5	Contingencies	5.30	5.30	5.30
	Total	53.00	49.00	45.00

4. Working Capital Requirement

We propose to stock medicines worth Rs.1.50 lacs at each centre and accordingly, a provision of Rs. 34.50 lacs has been made for 23 centres as per the following details:

PRODUCT NAME	PRICE PER UNIT(RS)	QUANTITY	TOTAL PRICE (RS)
Anaphase Shampoo	366	14	5124
vc 15 vitamin serum	1500	4	6000
a- derma	133	15	1995
X gain shampoo	155	2	310
Himalaya face mask	90	9	810
Himalaya anti acne cream	50	7	350
Himalaya anti wrinkle gel	90	7	630
anti blemish cream	90	3	270
anti acne cream	175	3	525
sungrace sunscreen	299	5	1495
Alokem	99	7	693
hair duse	170	2	340
o stat	285	9	2565
Silk warm	126	3	378
Episoft	150	8	1200
Calevtra	160	6	960

Elastoderm	378	12	4536
I gel	95	2	190
Tricho2	125	1	125
Mx2	200	63	12600
Pelostra	34	54	1836
Binomin plus	115	61	7015
Botox	16000	2	32000
Juvederm Inj	11000	4	44000
cosmelan peel	12000	2	24000
Total Medicine Cost			1,49,947

5. Contingencies

As the premises for all 23 clinics proposed under the issue are yet to be located and no orders have been placed for any equipment, a contingency provision of Rs. 121.90 lacs being 12 % of the non firm cost of advance lease rentals, infrastructure, medical equipment and computers / air conditioners has been provided for.

6. Public Issue Expenses

The Issue expenses estimated at Rs.42.50 lacs include the fees payable to the LM, Registrar, Legal Counsel fees, stationery, printing and distribution expenses, NSDL/CSDL Connectivity charges, listing fees payable to the Stock Exchange, etc. The issue expenses of Rs.42.50 lacs work out to 5.90 % of the total proceeds of the Public Issue of Rs.720 lacs. The break up for the total expenses of the Issue are estimated as under:-

S. No.	Particulars	Amount in Rs. Lacs
1.	Merchant Banker	12.00
2.	Registrar To Issue	0.44
3.	Legal Advisor	0.15
4.	Market Maker	15.00
5.	Underwriter	6.00
6	Advertisement	2.00
7	Printing & stationery and postage expenses	3.00
8	Regulatory fees	2.00
9	Other expenses	1.91
	Total	42.50

The fund requirements and the intended use of the Issue Proceeds as described herein are based on management estimates and our current business plans. The fund requirements and intended use of Issue Proceeds have not been appraised by any bank or financial institution. In view of the competitive and dynamic nature of the industry, we may have to revise our expenditure and fund requirements as a result of variations in the cost structure, changes in estimates, exchange rate fluctuations and external factors, which may not be within the control of our management. This may entail rescheduling and revising the planned expenditure and fund requirement and increasing or decreasing the expenditure for a particular purpose from its planned expenditure at the discretion of our management subject to compliance of various applicable rules & regulations. In addition, the estimated dates of completion of various projects as described herein are based on management's current expectations and are subject to change due to various factors, some of which may not be in our control.

Means of Finance

(Rs. lacs)

Particulars	Amount
Promoters' Contribution	480.00
Issue Proceeds	720.00
Total	1200.00

As per Regulation 4(2) (g) of SEBI (ICDR) Regulations, 2009, firm arrangement of finance through verifiable means towards seventy five percent of the stated means of finance excluding the amount to be raised through issue needs to be made. The Promoters would bring in their entire contribution of Rs,480 lacs before the Issue opens to the Public.

Schedule of implementation

The proposed schedule of implementation for the projects is detailed below:

S.No.		Commencement	Completion
1	Selection of leased premises	April 2012	Jan 2013
2	Infrastructure & Equipment procurement	June 2012	February 2013

All 23 Clinics will be operational from March 2013.

Sources and Deployment of Funds

We have not spent any amount towards implementation of the project considered under the public issue.

Interim Use of Proceeds

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

Monitoring of Utilization of Funds

The management of the Company will monitor the utilization of funds raised through this Public Issue. Pursuant to Clause 52 of the SME Listing Agreement, our Company shall, on half-yearly basis, disclose to the Audit Committee the application of the proceeds of the Issue. On an annual basis, our Company shall prepare a statement of funds utilized for purposes other than stated in this Draft Prospectus and place it before the Audit Committee. Such disclosures shall be made only until such time that all the proceeds of the Issue have been utilized in full. The statement will be certified by the Statutory Auditors of our Company.

4.2 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 our Company, the terms of this Draft 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 subject 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.

The present issue has been authorised pursuant to a resolution of our Board dated 24.11.2011 and a Special Resolution under Sec 81 (1A) of the Companies Act,1956 passed by our members at the EGM held on 16.12.2011.

Face Value	Rs.10/- per share
Issue Price	Rs.40/- per share including a premium of Rs.30/- per share

Market Lot and Trading Lot	3000 shares and multiples of 3000 shares thereafter subject to a minimum allotment of 3000 shares to the successful applicants
Terms of Payment	100 % of the issue price of Rs. 40/- per share shall be payable on Application. For details refer Section titled “ Terms of the Issue ” on Page No.118 of this Draft Prospectus.
Ranking of the Equity Shares	The Equity shares shall be subject to the Memorandum and Articles of Association of the Company and shall rank pari passu in all respects including dividends with the existing equity shares of the Company

Minimum Subscription

This Issue is not restricted to any minimum subscription level. This Issue is 100% underwritten. If the issuer does not receive the subscription of 100% of the Issue through this offer document including devolvement of Underwriter within sixty days from the date of closure of the issue, the issuer shall forthwith refund the entire subscription amount received. If there is a delay beyond eight days after the issuer becomes liable to pay the amount, the issuer shall pay interest prescribed under section 73 of the Companies Act, 1956.

Further, in accordance with Regulation 106 (R) of SEBI (ICDR) Regulations, 2009, our Company shall ensure that the number of prospective allottees to whom the Equity shares are allotted will not be less than 50.

4.3 BASIS OF ISSUE PRICE:

Investors should read the following summary with the “**Risk Factors**” beginning from Page No.14 of this Draft Prospectus, section titled “**Our Business**” on Page No. 66 and “**Financial Information of the Company**” on Page No. 94 of this Draft Prospectus. The trading price of the Equity Shares of our Company could decline due to these risk factors and you may lose all or part of your investments.

QUALITATIVE FACTORS

Our company has been promoted by **internationally** qualified Cosmetologist Dr. Nishita Sheth, highly experienced Dermatologist Dr. Prashant Vikram and renowned cosmetic surgeon Dr. Ajit Kadam. Both Dr. Nishita Sheth & Dr. Ajit Kadam have vast experience of around 20 years & Dr. Prashant Vikram around 15 years in their respective field.

That apart the Doctors will also look into day-to-day management of the Company. The skin treatment & cosmetic surgery industry is highly unorganized in India & only a couple of them are well known & organized but are run by hired professionals. This provides our Company a first mover advantage in the industry.

Our Promoters constantly update their techniques & have extensive knowledge of their subject & are part of various medical societies & associations. Dr. Nishita Sheth has been a member of A4M (Anti ageing Society - USA), International Aesthetician (U.K.), Member of City & Guild (U.K.), Cosmetic Society of India. Thus the backbone of our Company is the human assets.

Our Company proposes to render Skin, Hair, Dental Treatment services & Cosmetic and other surgeries under one roof. We have come out with two branches at strategic locations like Bandra and Andheri in Mumbai and propose to have a branch each in Delhi and Goa in Mar 2012 and also a branch in Haridwar in 2012-13. We are planning to open 23 branches with the proposed Promoters' contribution of Rs.480 lacs and the funds of Rs.720 lacs to be raised from this Issue. We have also planned to expand the number of branches to 100 in a period of 3 years commencing from 2013-14. The branches will be spread over Tier I, Tier II and Tier III Cities.

For further details in respect of our qualitative factors, please refer to paragraph “**Key Business Strengths**” appearing on Page No. 69 of this Draft Prospectus.

QUANTITATIVE FACTORS

Quantitative factors like EPS, P/E ratio and Return on Net Worth are not applicable since our Company is a new company and yet to commence full fledged operations.

1. Net Asset Value (NAV) per share

A	Pre-issue NAV	(Rs.11.63)
B	Issue Price :	Rs. 40.00
C	NAV after this Issue	Rs. 24.80 .

Note: NAV per share is calculated based on Net Worth as on 31.12.2011 and considering the proposed issue.

2. Industry Average P/E

There is no listed company in the same line of business and hence, there is no industry average P/E.

3. Comparison with Peer Group

Currently, there is no listed peer group company in the same line of business as ours.

The face value of Equity Shares of our Company is Rs.10/- and the Issue Price is 4 times of the Face Value. The issue price has been determined by our Company in consultation with the Lead Manager and the LM believes that the Issue price of Rs. 40/- per share is justified in view of the qualitative factors.

4.4 STATEMENT OF TAX BENEFITS

To
 The Board of Directors
 Monarch Health Services Ltd.
 28/3, Next to Jari Mari Mandir,
 S V Road, Bandra (W), Mumbai – 50.

Sub.-: **Statement of possible Tax Benefits**

We hereby report that the enclosed annexure states the possible tax benefits available to M/s. Monarch Health Services Ltd. (the “Company”) and its shareholders under the provisions of the Income Tax Act, 1961 and other direct tax laws presently in force. 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 fulfil.

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 his or her own tax consultant with respect to the specific tax implications arising out of their participation in the issue.

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 met with.

The contents of the annexure are based on information, explanation and representations obtained from the Company and on the basis of our understanding of the business activities and operations of the Company.

Our views expressed herein are based on the facts and assumptions indicated to us. No assurance is given that the revenue authorities/courts will concur with the views expressed herein. Our views are based on the existing provisions of law and its interpretation, which are subject to change from time to time. We do not assume responsibility to update the view consequent to such changes, the views are exclusively for the use of Monarch Health Services Ltd. we shall not be liable to Monarch Health Services Ltd. for any claims, liabilities or expenses relating to this assignment except to the extent of fees relating to this assignment, as finally judicially determined to have resulted primarily from bad faith or intentional misconduct. We will not be liable to any other person in respect of this statement.

For S. D. Motta & Associates
 Chartered Accountants

(Sanjay D. Motta)
 Proprietor
 Membership No. :- 107688
 Date: 23rd Jan. '2012
 Place: Dombivli

STATEMENT OF POSSIBLE TAX BENEFITS UNDER THE INCOME TAX ACT, 1961 (“THE ACT”) AVAILABLE TO MONARCH HEALTH SERVICES LTD. (“THE COMPANY”) AND ITS SHAREHOLDERS

A. TO COMPANY

I. SPECIAL TAX BENEFITS

There are no special benefits accruing to the Company.

II. GENERAL TAX BENEFITS

1. As per Section 10(34) of the Act, income earned by the Company by way of dividend income from another domestic company referred to in section 115-0 of the act is exempt from tax.
2. As per section 10(35) of the Acts, the following income will be exempt from tax in the hands of the company;
 - a. Income received in respect of the units of Mutual Fund specified under section 10(23D);or
 - b. Income received in respect of units from the Administrator of the specified undertaking; or
 - c. Income received in respect of units from the specified company;
3. Long term capital gains on listed securities under Section 10(38) of the Act- Long term capital gain arising from sale of listed Equity Shares or units of an enquiry oriented fund through a recognized stock exchange will not be subject to capital gains tax, provided the applicable Securities Transaction Tax on the transaction value is paid by the Company and the transaction of such sale is entered into on or after June 01, 2006.
4. Under section 32 of the Act, the Company is entitled to claim depreciation subject to the conditions specified therein, at the prescribed rates on its specified assets used for its business.
5. Deduction of preliminary expenses under section 35D of the Act- the Company will be entitled to a deduction of one fifth of the preliminary expenses incurred for the issue of shares for a period of five years beginning with the year in which the Company expands its current industrial undertaking. The amount of deduction is limited to five percent of the cost of the project/capital employed in the business.
6. As per section 54EC of the Act and subject to the conditions and to the extent specified therein, long-term capital gains (in cases not covered under section 10(38) of the Act) arising on the transfer of a long-term capital asset will be exempt from tax if the capital gains are invested in a “long term specified asset” within a period of six months after the date of such transfer, subject to the limit of Rs. Fifty Lakhs in a year.
7. Short term capital gains on Equity Shares under section 111A- Any short term capital gains arising to the company from the sale of equity share in a company or unit of an equity oriented fund on a recognized stock exchange will be subject to tax only a rate of 15% (plus applicable surcharge & education cess) provided the applicable Securities Transaction Tax , Transaction value is paid by the company. Other short term capital gains would be taxed at the rate of 30% (plus applicable surcharge & education cess).
8. Long Term capital gains under section 112 of the Act – Long term capital gains arising from the sale of an asset to the Company shall be subject to tax 20% (plus applicable surcharge/education cess). In case of long term capital gians on transfer of listed securities outside the stock exchange, tax shall be calculated @ 20% (plus applicable surcharge & education cess) on gain after indexation benefit as provided in the second provision to section 48. The amount of such tax should however be limited to 10% (plus applicable surcharge & education cess) without indexation, at the option of the Shareholder. For this purpose, Indexation Benefit would mean the substitution of cost of acquisition/improvement with the indexed cost of acquisition/improvement, which adjusts the cost of acquisition/ improvement by a cost inflation index as prescribed from time to time.

9. The amount of tax paid under section 115 JB by the company for any assessment year beginning on or after 1st April 2010 will be available as credit to the extent specified in section 115 JAA for ten years succeeding the assessment year in which MAT credit becomes allowable in accordance with the provisions of section 115 JAA.

B. TO MEMBERS

I. SPECIAL TAX BENEFITS

There are no special benefits accruing to the members.

II. GENERAL TAX BENEFITS

a) Resident Members

1. As per Section 10(34) of the Act, income earned by the resident member by way of dividend income from the domestic company referred to in section 115-O of the act is exempt from tax.
2. As per Section 10(38) of the Act, Long term capital gains arising to the resident member from the transfer of a long term capital asset being an Equity Share in a company or unit of an equity oriented fund, where such transaction is chargeable to securities transaction tax, will be exempt in the hands of such members.
3. Short term capital gains on Equity Shares under section 111A- Any short term capital gains arising to the company from the sale of equity share in a company or unit of an equity oriented fund on a recognized stock exchange will be subject to tax only at a rate of 15% (plus applicable surcharge & education cess) provided the applicable Securities Transaction Tax on the transaction value is paid by the company. Other short term capital gains would be taxed at the normal rate as applicable (plus applicable surcharge & education cess)
4. As per section 54EC of the Act and subject to the conditions and to the extent specified therein, long-term capital gains (in cases not covered under section 10(38) of the Act) arising on the transfer of a long-term capital asset will be exempt from tax if the capital gains are invested in a "long term specified asset" within a period of six months after the date of such transfer, subject to the limit of Rs. Fifty Lakhs in a year.
5. As per the provisions of section 54F of the Act, long term capital gains (in cases not covered under section 10(38) arising on the transfer of the shares of the company held by an individual or Hindu Undivided Family will be exempt from tax if the net consideration is utilized, within a period of one year before, or two years after the date of transfer, in the purchase of a residential house, or for constructions of a residential house within three years.

b) Non-Resident Indian Members

1. As per section 10(34) of the Act, income earned by way of dividend income from the domestic company referred to in section 115-O of the act is exempt from tax.
2. As per section 10(38) of the Act, long term capital gains arising from the transfer of a long term capital asset being equity shares in a company or a unit of an equity oriented fund, where such transaction is chargeable to securities transaction tax, will be exempt.
3. As per section 111AE of the Act, short term capital gains arising from the sale of equity shares or units of an equity oriented mutual fund transacted through a recognized stock exchange in India, where such transaction is chargeable to securities transaction tax, will be taxable at the rate of 15% (plus applicable surcharge & education cess).
4. Capital Gain Tax-options available under the Act – A non resident has the option to be governed by the special provisions of Chapter XII-A of the Act or the normal provisions of the Act. The normal provisions of the Act for the capital gains in relation to sections 111A, 112 and 10(38) as discussed in

clause (h) to (j) under section A of “Company” apply to the non residents also. Further, provision to Section 48 of the Act provides that where a non resident purchases shares or debentures of an Indian Company in foreign currency, the capital gains would be computed in such foreign currency and will then be reconverted into Indian currency and be taxed @ 10% (plus applicable surcharge & education cess).

As mentioned above a non resident may opt for the special provisions described in chapter XII-A (sections 115C to 115H) of the Act for computing his/her capital gains tax liability. These provisions are discretionary for the nonresident may elect not to be governed by them. The benefits available under this chapter to a non resident are set out below –

- As per the provision of Section 115D read with Section 115E of the Act, long term capital gains arising on transfer of an Indian company’s shares will be subject to tax at the rate of 10% (plus applicable surcharge & education cess) without indexation benefit.
 - As per the provisions of Section 115F of the Act, gains arising on transfer of a long term capital asset being shares in an Indian company shall not be chargeable to tax if the entire net consideration received on such transfer is invested within six months in any specified asset or savings certificates referred to in Section 10(4B) of the Act. However, the specified asset or the savings certificate in which the investment has been made should not be transferred for a period of three years from the date of investment otherwise the amount of capital gains exempted earlier would become chargeable to tax as long term capital gains in the year in which such specified asset or savings certificates are transferred.
 - As per the provisions of Section 115G of the Act, non-resident Indians are not obliged to file a return of income under section 139 (1) of the 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.
5. As per the first provision to section 48 of the Act, in case of a non resident shareholder, the capital gain/loss arising from transfer of shares of the Company, acquired in convertible foreign exchange, will be computed by converting the cost of acquisition, sales consideration and expenditure incurred wholly and exclusively incurred in connection with such transfer, into the same foreign currency which as initially utilized in the purchase of shares, cost indexation benefit will be available in such a case.
 6. As per section 54EC of the Act and subject to the conditions and to the extent specified therein, long-term capital gains (in cases not covered under section 10(38) of the Act) arising on the transfer of a long-term capital asset will be exempt from tax if the capital gains are invested in a “long term specified asset” within a period of six months after the date of such transfer, subject to the limit of Rs. Fifty Lakhs in a year.
 7. As per the provisions of section 54F of the Act, long term capital gains (in cases not covered under section 10(38) arising on the transfer of the shares of the company held by an individual or Hindu Undivided Family will be exempt from tax if the net consideration is utilized, within a period of one year before, or two years after the date of transfer, in the purchase of a residential house, or for constructions of a residential house within three years.
 8. In accordance with section 115E, income from investment or income from long-term capital gains on transfer of assets other than specified asset shall be taxable at the rate of 20% Income by way of long term capital gains in respect of a specified asset (as defined in section 115 C (f) of the act) shall be chargeable at 10%.
 9. In accordance with section 115F, subject to the conditions and to the extent specified therein, long-term capital gain arising from transfer of shares of the company acquired out of convertible foreign exchange, and on which securities transaction tax is not payable, shall be exempt from capital gains tax, if the net consideration is invested within six months of the date of transfer in any specified asset.

10. In accordance with section 115G, it is not necessary for a Non resident Indian to file a return of income under section 139(l), if his total income consists only of investment income earned on shares of the company acquired out of convertible foreign exchange or income by way of long term capital gains earned on transfer of shares of the company acquired out of convertible foreign exchange, and the tax has been deducted at source from such income under the provisions of Chapter XVII-B of the Income-Tax Act.
11. In accordance with section 115-I, where a Non Resident Indian opts not to be governed by the provisions of chapter XII-A for any assessment year, his total income for that assessment year (including income arising from investment in the company) will be computed and tax will be charged according to the other provisions of the Income –Tax Act.
12. As per section 115H of the Act, where a non-resident Indian becomes assessable as a resident in India, he may furnish a declaration in writing to the Assessing Officer, along with his return of income for that year under section 139 of the Act to the effect that the provisions of Chapter XII-A shall continue to apply to him in relation to such investment income derived from the specified assets for that year and subsequent assessment years until such assets are converted into money.
13. The tax rates and consequent taxation mentioned above will be further subject to any benefits available under the Tax Treaty, if any, between India and the country in which the non-resident has fiscal domicile. As per the provisions of section 90(2) of the Act, the provisions of the Act would prevail over the provisions of the Tax Treaty to the extent they are more beneficial to the non-resident.

c) Foreign Institutional Investors (FII's)

1. As per section 10(34) of the Act, income earned by way of dividend income from the domestic company referred to in section 115-D of the act is exempt from tax.
2. As per section 10(38) of the Act, long term capital gains arising from the transfer of a long term capital asset being an equity share in a company or a unit of an equity oriented fund, where such transaction is chargeable to securities transaction tax, will be exempt.
3. As per section 115AD read with section 111A of the Act, short term capital gains arising from the sale of equity shares of the Company transacted through a recognized stock exchange in India, where such transaction is chargeable to securities transaction tax, will be taxable at the rate of 15%.

As per section 115AD of the Act, FIIs will be taxed on the capital gains that are not exempt under the provisions of section 10(38) of the Act at the following rates :

Nature of Income	Rate of tax (%)
Long term capital gains	10
Short term capital gains (other than referred to in section 111A)	30

In case of long term capital gains, (in cases not covered under section 10(38) of the Act, the tax is levied on the capital gains computed without considering the cost indexation and without considering foreign exchange fluctuation.

4. The tax rates and consequent taxation mentioned above will be further subject to any benefits available under the Tax Treaty, if any between India and the country in which the FII has fiscal domicile. As per the provisions of section 90(2) of the Act, the provisions of the Act would prevail over the provisions of the Tax Treaty to the extent they are more beneficial to the FII.
5. As per section 54EC of the Act and subject to the conditions and to the extent specified therein, long-term capital gains (in cases not covered under section 10(38) of the Act) arising on the transfer of a long-term capital asset will be exempt from tax if the capital gains are invested in a “long term specified

asset” within a period of six months after the date of such transfer, subject to the limit of Rs. Fifty lakhs in a year.

C. MUTUAL FUNDS

As per section 10(23(D) of the Act, any income of Mutual Funds registered under the Securities and Exchange

Board of India Act, 1992 or Regulations made there under, Mutual Funds set up by public sector banks or public financial institutions and Mutual Funds authorized by the Reserve Bank of India will be exempt from Income Tax, subject to such conditions as the Central Government may by notification in the Official Gazette, specify in this behalf.

D. VENTURE CAPITAL COMPANIES/FUNDS

As per section 10(23 EB) of the Act, all Venture Capital Companies Funds registered with the Securities and Exchange Board of India, subject to the conditions specified, are eligible for exemption from income tax on their entire income, including income from sale of shares of the company. However, under section 115U of the Act, income received by a person out of investment made in a venture capital company or in a venture capital fund will be chargeable to tax in the hands of such person.

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.

UNDER THE GIFT TAX ACT, 1958

Gift tax not leviable in respect of any gifts made on or after 1st October 1998 therefore, any gift of shares will not attract gift tax.

NOTES:

- (i) In the above statement only basic tax rates have been enumerated and the same is subject to surcharge and education cess, wherever applicable;
- (ii) The above Statement of Possible Direct Tax Benefits sets out the provisions of law in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the purchase, ownership and disposal of equity shares.
- (iii) All the above benefits are as per the current tax laws (including amendments made by the Finance Act, 2010), legislation, its judicial interpretation and the policies of the regulatory authorities are subject to change from time to time, and these may have a bearing on the benefits listed above. Accordingly, any change or amendment in the law or relevant regulations would necessitate a review of the above.
- (iv) Several of these benefits are dependent on the company and its shareholders fulfilling the conditions prescribed under the provisions of the relevant sections under the relevant tax laws.
- (v) This statement is only extended 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 tax consequences, being based on all the facts, in totality, of the investors, each investor is advised to consult his/her/its own tax advisor with respect to specific tax consequences of his/her/its investments in the shares of the company.
- (vi) All the above tax benefits will be available only to the sole/first named holder in case the shares are held by joint holders.

SECTION V - ABOUT THE COMPANY

The information presented in this section has been obtained from publicly available documents from various sources, including officially prepared materials from the industry websites/publications and company estimates. Industry websites/publications generally state that the information contained therein has been obtained from sources believed to be reliable but their accuracy and completeness are not guaranteed and their reliability cannot be assured. Industry and government publications are also prepared based on information as of specific dates and may no longer be current or reflect current trends. Industry and government sources and publications may also base their information on estimates, forecasts and assumptions which may prove to be incorrect. Accordingly, investment decisions should not be based on such information.

Although the Company believes industry, market and government data used in this Draft Prospectus is reliable, the information in this section has not been independently verified by us, the Lead Manager or any of our or their respective affiliates or advisors. The information may not be consistent with other information compiled by third parties within or outside India. Similarly, internal Company estimates, while believed to be reliable, have not been verified by any independent agencies.

Indian Economy Overview

Indian economy has been witnessing a phenomenal growth since the last decade. The overall growth in Gross Domestic Product (GDP) at factor cost at constant prices was 8.50 % in 2010-11 representing an increase from the revised growth of 8 % in 2009-10. As per the latest estimates available on the Index of Industrial Production (IIP), the General Index for the month of Dec 2011 stood at 178.8 which is 1.8 % higher as compared to the level in the month of Dec 2010. The cumulative growth for the period April to Dec 2011 stands at 3.6 % over the corresponding period of the previous year.

The indices of industrial production for mining, manufacturing and electricity registered growth rates (-) 3.7 %, 1.8 % and 9.1 % respectively for the month of Dec 2011 as compared to Dec 2010. The cumulative growth during April to Dec 2011 over the corresponding period of the previous year in the three sectors has been (-) 2.7 %, 3.9 % and 9.4 % respectively which move the overall growth in the general index to 3.6 %. In terms of industries, fifteen out of twenty two industry groups (as per 2- digit NIC 2004) in the manufacturing sector have shown positive growth during the month of Dec 2011 as compared to the corresponding month of the previous year.

(Source : Press release dated 10.2.2012 of Ministry of Statistics, Govt of India)

The impact of the global financial instability on India has been discernible, though the impact has been limited by the flexibility of exchange rate. Equity and currency markets faced pressures. India is a structurally current account deficit (CAD) country. The deficit is financed by capital inflows, which generally have been large and stable to finance CAD and support growth. However, global market turmoil resulted in rising risk aversion and moderation in capital inflows that resulted in currency pressures during August-December 2011, just as it did during July 2008 to February 2009. However, equity markets and exchange rate have recovered from their end-December 2011 levels in January 2012 (up to January 18, 2012) with net FII inflows on the back of moderation in the inflation, among other factors.

Capital flow moderation coupled with higher trade deficit led to a sharp fall in the exchange rate of the Indian rupee during August-December 2011. Speculative trades reinforced this trend. After slipping to an all time low of Rs.54.3 per US dollar on December 15, 2011, the rupee reversed to 50.3 as on January 20, 2012. The reversal followed measures to boost capital inflows. The rupee depreciation reflected drying up of portfolio flows to India and the resulting gap in financing higher CAD. Against the backdrop of the prevailing external economic environment, the confidence channel seem to have also played a significant role. An increase in the FII investment limit coupled with the high risk adjusted rate of return boosted net FII inflows into the debt segment during 2011.

(Source : RBI Bulletin dated Feb 13, 2012)

5.1 INDUSTRY OVERVIEW:

Healthcare Industry is one of the rapidly growing industries in India. Currently, the number of cosmetic surgical procedures performed yearly is close to 700,000, placing the country in fourth place behind the United States, Brazil, and China. Adjusted for population, the per capita rate of plastic surgery in India is much lower than in East or Southeast Asia. People in South Korea undergo cosmetic surgery at a rate 12 times higher than in India, in Taiwan 7 times higher, in Japan 5 times higher, in Thailand twice as high, and in China at a rate 1.5 times as frequent. (http://www.asianplasticsurgeryguide.com/india/a_indian.html)

The most popular plastic surgery procedures are similar to those in all other countries worldwide, namely, breast surgery and liposuction. Because of relative orbital fat shortage, the procedure offering the most unique cosmetic challenge on the Indian face is eyelid surgery. This surpasses Japan and South Korea in total surgical procedures by more than 50%.

(Source: http://www.asianplasticsurgeryguide.com/india/a_indian.html)

Growing population and economy

One driver of growth in the healthcare sector is India's booming population, currently 1.1 billion and by 2030, India is expected to surpass China as the world's most populous nation.

Expanding middle class

India traditionally has been a rural, agrarian economy. However, India's thriving economy is driving urbanization and creating an expanding middle class, with more disposable income to spend on healthcare. India's gross national income per capita had experienced astonishing growth rates since 2002. India's Per Capita Income has tripled from \$ 423 in 2002–03 to \$ 1219 in 2010–11, averaging 14.4% growth over these eight years. It will further go up to \$ 1450 during 2011–12 fiscal. Thanks to rising income and expanding middle class, it will be a major factor for enhancement of cosmetic industry. (Data taken from Wikipedia)

Rise of skin diseases

Another factor driving the growth of India's skin care sector is a rise in both infectious and chronic diseases. From common allergies to rare diseases, the human skin can be affected by any small or severe disease.

Deteriorating infrastructure

India's healthcare infrastructure has not kept pace with the economy's growth. The physical infrastructure is woefully inadequate to meet today's healthcare demands, much less tomorrow's. While India has several centres of excellence in healthcare delivery, these facilities are limited in their ability to drive healthcare standards because of the poor condition of the infrastructure in the vast majority of the country.

Market size

The Indian healthcare sector constitutes:

- Medical care providers: physicians, specialist clinics, nursing homes and hospitals
- Diagnostic service centres and pathology laboratories,
- Medical equipment manufacturers
- Contract research organizations (CRO's), pharmaceutical manufacturers,
- Third party support service providers (catering, laundry)

Revenues from the healthcare sector account for 5.2 per cent of the GDP and it employs over 4 million people. By 2012, revenues can reach 6.5 to 7.2 per cent of GDP and direct and indirect employment can double.

(Source: "Overview of the Healthcare Industry in India"- April 2007 -report prepared by Indo-Italian Chamber of Commerce and Industry)

Opportunities

- **Medical Tourism Business –**

India, touted as the favourite destination for information technology majors, is currently emerging as a preferred destination for medical or health tourism. The Government of India, State tourism boards, travel agents, tour operators, hotel companies and private sector hospitals are exploring the medical tourism industry for tremendous opportunities. They are seeking to capitalize on the opportunities by combining the country's popular leisure tourism with medical tourism.

The medical tourism industry in India is presently earning revenues of \$333 million. Encouraged by the incredible pace of growth exhibited by the industry, the Confederation of Indian Industry (CII) and McKinsey & Company have predicted that the industry will grow to earn additional revenue of \$2.2 billion by 2012. (Report on Opportunities and challenges by Dindayal Swain and Suprava Sahu - <http://dspace.iimk.ac.in/bitstream/2259/590/1/475-484.pdf>)

With a view to facilitating the medical tourism industry to achieve the targets and to give greater momentum for its growth, the Ministry of Health and Family Welfare together with the Ministry of Tourism of the Government of India has set up a Task Force. The Task Force will evaluate the opportunities in the industry and formulate a policy for accrediting healthcare institutions in the country. The accreditation programme is aimed at classifying health service providers on the basis of infrastructure and quality of services offered. It is expected to standardise the procedures and facilitate foreign patients in selecting the best hospitals.

Meanwhile, several hospitals in the country are seeking to take advantage of the booming medical tourism industry. They are investing largely in acquiring equipment, size and skills. MHSL is also planning to concentrate largely on Medical Tourism business which is very highly growing business in India as every year more and more patients are visiting India for operations /surgery purposes.

India is giving Thailand stiff competition in healthcare services for overseas patients with cost of surgery lower by over 30% and in fact cheapest in the entire Southeast Asia in respect of Cardiac surgeries, Bone marrow transplants, Liver transplants, etc. Medical tourism is fast emerging as a big opportunity for India with its low cost advantage, high quality healthcare providers and an English speaking population. For instance, a heart surgery costs about \$6,000 in India as against \$30,000 in the US. Similarly, a bone marrow transplant costs about \$26,000 in India as compared to \$2,50,000 in the US. Secondly, foreign patients prefer Indian hospitals to pass up the long waiting lists and queues in their native countries. Indian hospitals provide immediate attention to patients rather than asking them to wait for several months like in most western countries. Further, foreign patients need not tackle insurance and national medical systems in India as they have to in their native lands. India also provides traditional methods of treatment such as Ayurveda, Homeopathy, Naturopathy and Yoga.(Report on Opportunities and challenges by Dindayal Swain and Suprava Sahu - <http://dspace.iimk.ac.in/bitstream/2259/590/1/475-484.pdf>)

- India's private hospitals have gained international recognition for their state-of-the-art facilities and diagnostic centres besides unsurpassed skills. Their technology and procedures are on par with hospitals in developed nations.
- Foreign patients can get package deals including flights, transfers, hotels, treatment and post-operative vacation for their medical visits to India.
- Many foreign patients prefer to combine their leisure and relaxation visits to India with healthcare.
- The Government of India has declared that treating of foreign patients is legal. It is encouraging medical tourism in the country by offering tax breaks and export incentives to participating hospitals. In addition, the Government has cleared medical visas.

A new horizon of the medical field cropping out in India is cosmetic surgery which utilises some of the state of the art techniques in corrective procedures. Some disfigurements corrected include hair restoration (hair implants, hair flaps and scalp reductions), rhinoplasties (reshaping or recontouring of the nose), stalling of the aging process (face lift, cosmetic eyelid surgery, brow lift, sub-metal lipectomy for double chin), dermabrasions (sanding of the face), otoplasty for protruding ears, chin and cheek enlargement, lip reductions, various types of breast surgery package and reconstruction and liposuction.

Dental Care & Medical Treatment India

- Dental care tourism in India is an up-coming concept for a planned holiday along with total Dental solution and care.
- Health care problems and treatment packages are very expensive in most of the European and American countries compared to this part of the world. India provides outstanding dental care medical package to meet up treatment outlay and at the same time guide the people to spend the vacation. People can enjoy their holidays and receive services connected to Dentistry such as Dental Implants at a very reasonable price.
- Dentistry is an exuberant industry with 13,000 practicing Dentists in the USA. Whereas, in India, 80,000 Dentists are operating. However, at the same time, it is not affordable by average citizens due to the posh Dental care services. Dental care treatment is usually not reimbursed by the National Health Schemes of some countries and is too classy.
- The disparity in charge of a Dentist from USA and India is substantial in value. (<http://ebullientmedicalsolutions.in/Dental-Care.html>)
- That is why India has of late become a chief tourist focal point of Dental Care Medical solutions. In spite of low cost, one still gets quality treatment package in India primarily due to low labour cost as compared to any other area in the world.
- Millions of people every year fly from USA and Europe to tourist places in India for a majestic holiday and Dental treatment (<http://ebullientmedicalsolutions.in/Dental-Care.html>)
- The cost of treatment in the Western countries is approximately 10 times more than that in India. We have clinics with state of the art devices and well trained veteran doctors to match the best of the international standards. (<http://ebullientmedicalsolutions.in/Dental-Care.html>)

5.2 OUR BUSINESS OVERVIEW:

The clinics to be set up by our Company will be known as “**LOOKS COSMETIC CLINICS**”

We have already come out with two clinics at Andheri & Bandra with limited equipment w.e.f. 17th Jan.'12 & further plan to open a branch each in Delhi and Goa in March, 2012 for Cosmetic Surgery and Skin Care sector. We will provide for skin care, obesity, Hair and Laser treatments.

Our Company was incorporated on 01/10/2011 by Dr. Nishita Sheth, a, reputed Cosmetologist and Dr. Prashant Vikram, an experienced Dermatologist. They were later joined by Dr. Ajit kadam, an able Surgeon. All three of them have come together to form a well organized & highly professional chain of Skin Care, Hair care and Cosmetic Surgery Centres all over India. In addition, M/s Maxgainz Finserve Pvt Ltd has given written approval for bringing in Rs. 480 lacs as promoter contribution which will be utilized towards part funding of the project alongwith equity capital raised through the Issue.

We propose to provide the following services in our clinics:

1. Skin Treatments –

Skin polishing - Crystal & Diamond, Glycolic / Lactic / Salicylic peels, Laser hair removal, Skin whitening peels, Removing Stretch marks & under eye dark circles, Scar Reduction, Radiocautery for skin tags / wart removal, Non surgical face lift, Breast lift & Botox, Fillers & Skin Rejuvenation.

2. Hair Transplant –

Follicular Unit Transplantation (FUT) is a hair restoration procedure where hair is transplanted exclusively in its naturally occurring groups of 1-4 hairs. These groups, or follicular units, are obtained through the microscopic dissection of tissue taken from a single donor strip or extracted directly from the donor area (Follicular Unit Extraction). Because Follicular Unit Hair Transplants mimic the way hair grows in nature, the results, in expert hands, will look completely natural and be indistinguishable from one's original hair. Another advantage of Follicular Unit Hair Transplantation is the ability to place these tiny grafts into very small recipient sites. The small sites cause minimal damage to the skin and allow the surgeon to safely transplant thousands of grafts in a single session and to complete the hair restoration as quickly as possible. The tiny needle-sized recipient sites heal in just a few days without leaving any marks.

3. Cosmetic Surgery –

Cosmetic surgery is very popular among men as well. Most common procedures requested are –

- **Liposuction:** Men tend to develop fat around their stomach and sides which is usually resistant to exercise and diet. Another problem area is double chin. Liposuction helps in removal of such fatty deposits.
- **Facial scars:** Scars on face can cause mental trauma and loss of self esteem, be it acne scars or traumatic scar. A lot of surgical and nonsurgical methods are available to lighten the scars.
- **Nose job:** Men commonly request rhinoplasty for alteration in nose shape and size if it is disproportionate to rest of their face
- **Dermabrasion:** Deep acne marks on face are lightened with dermabrasion surgery.
- **Eyelid surgery:** Baggy eyelids can make the person look tired and old. Eyelid surgery can help rejuvenate the eyelids.
- **Botox and filler injections:** Expression lines and wrinkles like frown lines make one look stressed and bad tempered even though the person may be completely relaxed. These wrinkles and lines can be removed nonsurgically by Botox™ and filler injections.
- **Fat injections:** Hollow cheeks due to weight loss or due to aging, can be made to look fuller and youthful by injecting one's own fat by fat injection.
- **Facelift:** Facelift surgery lifts up the sagging face and is requested by men above fifty.
- **Plastic surgery after massive weight loss:** With the increasing health consciousness, people are shedding a lot of excessive weight at gym. But after a massive weight loss they are often left with hanging folds of loose skin. Skin does not get toned up and it needs to be removed by plastic surgery for smooth body contours

4. Obesity Surgery – Liposuction & Tummy Tuck

- **Liposuction:** Liposuction is a popular surgical procedure for removing fat from particular areas of body. There are 3 main categories of people who seek liposuction –
 - Category-I :People with nearly normal weight
 - Category-II :Moderately overweight
 - Category-III :Grossly obese

- **Tummy Tuck:**

A standard tummy tuck is the converse of liposuction – it deals with the skin as opposed to the fat. Often when a person loses a significant amount of weight, especially in a short period of time, they are left with loose skin that sags and folds. During a tummy tuck, the surgeon makes an incision from one hip to the other above the pelvic region. A second cut is made, freeing the belly button from the surrounding skin. If necessary, the muscles of the abdomen are tightened at this time using sutures. The excess skin is removed and a new opening is cut for the navel. The incisions are then closed with sutures. Unlike liposuction, a complete tummy tuck is considered to be major surgery.

If the problem area is limited to loose skin below the navel, a less-invasive mini tummy tuck may be appropriate. This type of surgery involves a shorter incision and it is unlikely to involve moving the belly button.

5. Laser Treatments –

Medical Laser and beauty equipment. We will mainly import advanced equipment from Japan, Korea, China and Hongkong such as automatic plug-in lines, wave crest solder, LVR tester, and dust-free static electric house.

BUSINESS STRATEGY:

We intend to use state of the art technology for establishing a niche in the health care industry as a specialist company driven by high need for providing utmost customer satisfaction with a view to secure continued patronage and support of our valued customers over a long period of time. Continued faith and support of the customers is crucial for the successful implementation and growth of our project. Hence we have following business strategy:

1. Use of Derma Aesthetics Technology:

- With delivery in time, good quality, we can design according to the customer's requirements including the function, concept, appearance etc.,
- International specialists and consultants of beauty equipment will join us, as and when required for mainstream designs and proper management of the problems. Our Chinese and Korean suppliers will be our consultants for beauty equipment and will guide us on same as and when required.

We propose to have the following important equipment to serve our customers :-

- Ultrasonic Cavitation Machine
- Fractional CO2 laser
- Endormology machine
- Pressotherapy Machine
- IPL Painless SHR.
- Skin Analyser
- Electronic Facial Table
- Low Intensity Diode Laser
- Diamond Dermabrasion
- Dermalroller
- Fully Loaded Dental units
- Mesogun
- RF MTS –Needle with RF

2. Allied/ other services:

We wish to provide a broad based product portfolio to provide a wider range of services under one roof. One such service is the dental care which we propose to provide the following services:

• Dental Care & Treatment:

We propose to provide the following services at our clinics:-

- i. Cosmetic & Restorative Dentistry. (Tooth coloured fillings & Veneers)
- ii. Crown & Bridge for fixed replacement of broken and missing teeth (Porcelain (Metal & Metal Free), Metallic/ Metal Acrylic)
- iii. Root Canal Treatment.
- iv. Dental Implants.
- v. Tooth Whitening Procedures.
- vi. Dental Surgical Procedures. (By Specialist Oral & Maxillo Facial Surgeon on panel)
- vii. Orthodontics.

3. Country Wide Coverage:

Most of the Cosmetic Surgery and Skin Care Clinics are concentrated in cosmopolitan cities like, Mumbai, N.Delhi, etc and hardly have presence in Tier II and Tier III Cities. MHSL plans to open 20 branches in Tier I Cities and 40 branches in Tier II Cities and also 40 branches in Tier III Cities. Thus, MHSL plans to open 100 clinics over the next four years as under:-

Year	2011-12	2012-13	2013-14	2014-15	2015-16	Total
Tier I City	3	7	10	----	----	20
Tier II City	1	8	6	13	12	40
Tier III City		9	6	12	13	40
Total	4	24	22	25	25	100

Note:

Company has opened two clinics in Mumbai (Bandra & Andheri) and proposes to open two more clinics (Delhi & Goa) in 2011-12 and one clinic (Haridwar) in 2012-13 out of funds of Rs.300 lacs already raised from the promoters and other members.

Out of funds of Rs.720 lacs to be raised through this public issue and promoters' contribution of Rs.480 lacs, Company plans to open 23 branches in 2012-13.

Expansion of branches from 2013-14 onwards will be made out of profits of the Company.

KEY BUSINESS STRENGTHS:

1. Managed by highly experienced & well-known Cosmetologist, Dermatologist and Surgeon

Our Company was incorporated on 01/10/2011 by Dr. Nishita Sheth, a renowned Cosmetologist and Dr. Prashant.Vikram, an experienced Dermatologist. They were later joined by Dr. Ajit Kadam, an able Surgeon. All three of them have come together to form a well organized & highly professional chain of Skin Care, Hair care and Cosmetic Surgery Centres all over India.

2. Advantage of being an organized player in a highly competitive market:

Cosmetic Surgery and Skin Treatment industry is highly unorganized and only a couple of them are well known and organized. Further most of them have hired experts/surgeons on consultancy basis and are not formed and managed by qualified doctors. Our Company has been promoted by an internationally qualified Cosmetologist and an experienced Dermatologist and a surgeon. Being part of India's leading cosmetic physicians, they always had the first mover advantage in the cosmetic / skin care industry. They constantly update their techniques and extensive knowledge of the subject by

attending training workshops and seminars. They have introduced various cosmetic and skin treatments and techniques over the years.

3. Establishing our company as a national player with presence in many cities:

Company has initially planned to open its branches at strategically located places in Mumbai (Bandra and Andheri), Goa, and Delhi. These places cover rich & looks conscious population who mostly prefer to go for such surgeries and treatments. MHSL plans to have 20 clinics in Tier I Cities and 40 clinics in Tier II Cities and also 40 clinics in Tier III Cities in the coming years. Thus it hopes to attract patients from far off places who may prefer our services as they find a clinic close to wherever they are even while going places or staying at remote locations.

Cost of equipment

We propose to deploy Rs.24.70 lacs on procurement of equipment required at each clinic as per the details given below:-

SR.NO.	EQUIPMENT	DESCRIPTION	NO. OF EQUIPMENT	UNIT PRICE IN US \$	TOTAL IN US \$
	To be procured from Always Beauty Co. Ltd, China				
1	Presso Therapy	AB-6013	1	270	270
2	Oxygen Jet Machine	AB-505	1	850	850
3	Electronic Facial Table 4 Motors	AI-801	1	550	550
4	Derma Abrasion machine	AB -204	1	250	250
5	EMS	AB-605	1	103	103
6	15 in 1 Units	AB-705	1	440	440
7	Low Intensity Di-IODE LASER	Phototherapy AB-106	2	430	860
	To be procured from Vanoo Laser Tech Ltd, China				
1	Pain free IPL Machine	Portable	1	2,940	2,940
2	Pain free IPL Machine	Standing	1	3,160	3,160
3	Skin Analyzer		1	1,280	1,280
4	CO2 Fractional Laser	Portable	1	1,840	1,840
	To be procured from Charming International Co. China				
1	Ultrasonic Cavitation Machine	CO2 Fractional Laser	1	2,400	2,400
2	Endermolgy Machine (V8)	(RF + Vacuum)	1	4,500	4,500
	To be procured from Ostar Beauty Sci Tech Co. Ltd, China				
1	Derma Roller OB-MN550		50	6.5	260
2	Derma Roller OB-MN550		50	6.5	260
3	Derma Roller OB-MN550		20	6.5	130
4	Derma Roller OB - PMN 01		10	11.8	118
5	Derma Roller OB-VMN 01		20	12.8	256
	To be procured from Hongkong Fujia Group Co. Ltd, Hongkong				
1	Oil Free Air Compressor		1	86	86
2	Dryer for Oil Free Air Compressor		1	48	48
3	Dental Unit GreenColor Seat Pad		1	759	759

4	Dental X-Ray Unit		1	609	609
5	Wireless Interoral Camera		1	140	140
6	17" LED Display		1	70	70
7	LED Display Holder		1	14	14
	<u>To be procured from Chung Woo Co, Korea</u>				
1	Meso Gun	S Korea	1	3,000	3,000
2	RF MTS System	S Korea	1	8,000	8,000
				Total Cost	33,194
	Rs in lacs (1 US \$ = Rs.49.28 as on 17.2.12)				16.36
	Import Duty @ 31 %				5.07
	Insurance, Freight, etc @ 20%				3.27
	Total				24.70

Details of second hand equipment already acquired by us for our Bandra clinic from Dr.Nishita's Cosmetic Clinic Pvt Ltd:

	For Obesity Treatment	No. of items	Cost per equipment	Total cost (Rupees)
1	Cavitation Machine BIG (Ultrasonic Lipolysis)	2	1,00,000/-	2,00,000
2	Ultrasonic Lipolysis (Portable)	2	50,000/-	1,00,000
3	Electronic Muscle Stimulation	2	30,000/-	60,000
4	Body Fat Analyzer	1	25,000/-	25,000
	For Skin Treatment			
5	Derma Abrasion machine	1	50,000/-	50,000
6	Mono Polar Radio Frequency (Standing Model)	1	50000/-	50,000
7	Mono Polar Radio Frequency (Portable Model)	2	50000/-	1,00,000
8	Needle Less Meso-Therapy	1	30000/-	30,000
9	Scar & Wart Removal machine	1	25000/-	25,000
10	Skin Analyzer	1	15000/-	15,000
11	Computer attached Skin & Hair Analyzer	1	25000/-	25,000
12	Ultrasonic Skin Therapy Machine	1	25000/-	25,000
13	Nail Art (Printer)	1	20000/-	20,000
	Lasers			
14	ELOS (IPL LASER)	1	200000/-	2,00,000
15	Q-Switch Nd – YAG LASER	1	50000/-	50,000
16	Hair LASER (Low Intensity Diode LASER)	1	25000/-	25,000
	Total			10,00,000

Competition

There are no identical clinics offering skin care, hair treatment and cosmetic surgeries under one roof. However, we may face competition Kaya Skin Care Ltd and VLCC Health Care Ltd in respect of some of the services extended by us.

Intellectual property

Our Company owns a trade mark "Looks Cosmetic Clinics"

Properties:

We do not own any properties. **Details of properties taken on lease are as under:-**

S.No.	Address of the Property	Name of the Lessor	Period of lease	Area (in sq ft)	Terms of lease	Lease Rent p.m.	Advance deposit of lease rentals (Rs.lacs)
1	28/3, Next to Jari Mari Mandir, S V road, Bandra (W), Mumbai-50.	Mrs. Nishita Sheth	5 Years– 26/12/11 to 26/12/16	1250	Renewable at increase of 5% rent every year	1,00,000	10.00
2	Flat No.2/292D/F1, Valentine Building, S.No.185/4, Village Calangute, Next to Royal Foods, Goa.	Mr. Jacinto D'soza	11 Months– 01/12/11 to 31/10/12	1353	Renewable at increase of 5% rent every term	35,000	1.05
3	Shop No.104, Samarth Vaibhav Building, Oshiwara, Andheri (W), Mumbai-53.	Mrs. Renu Arora	36 Months– 01/12/11 to 30/11/14	650	Renewable at increase of 5% rent every year	62,500	6.00
4	A-4, Pamposh Enclave, New Delhi – 110048	Mr. Pawan Khendelwal	60 Months – 01/12/11 to 30/11/16	1084	Renewable at increase of 15% rent after 3 year	1,90,000 /-	5.70

Relationship between the lessor and the Promoters –

The premises taken on lease for Bandra clinic is owned by Dr. Nishita Sheth, MD who is a promoter of our company..

Purchase of Property

Presently, we do not propose to purchase any property and all our clinics will be set up on leased premises.

Manpower

As on Dec 31 2011, our Company has 5 permanent employees. Total personnel compensated directly by us (including doctors) will be about 700 persons on roll out of all 100 clinics.

Insurance

We have taken policies covering risks related to fire and earthquake, burglary and theft extension for our existing 2 clinics in Mumbai and the proposed two clinics –one each in Delhi and Goa.

5.3 KEY INDUSTRY REGULATION AND POLICIES

We have obtained Drug Licence and approval under Bio Medical Waste (Management and Handling) and also appointed a pharmacist. No other regulatory approvals are required except for providing & selling medicines under own brand name for which Company has already applied for approval.

The following discussion summarizes certain significant laws and regulations that govern our business.

Bio-Medical Waste (Management and Handling) Rules, 1998, (“BMW Rules”)

The BMW Rules, (i) apply to all persons who generate, transport, treat, dispose or handle bio-medical waste in any form, and, (ii) regulate the mode of treatment and disposal of bio-medical waste. The BMW Rules mandate that every occupier of an institution generating, collecting, transporting, treating, disposing and/or handling bio-medical waste must take steps to ensure that such waste is handled without any adverse effect to human health or the environment, must apply to the prescribed authority for grant of authorization. The BMW Rules further require such person to submit an annual report to the prescribed authority and also to maintain records related to the generation, collection, storage, transportation, treatment, disposal, and/or any form of handling of bio-medical waste in accordance with rules and guidelines issued thereunder.

Drugs and Cosmetics Act, 1940, (“DCA”)

In order to maintain high standards of medical treatment, the DCA regulates the import, manufacture, distribution and sale of drugs for the proper protection of drugs and medicines and prohibits the manufacture and sale of certain drugs and cosmetics which are misbranded, adulterated, spurious or harmful. The DCA specifies the requirement of a licence for the manufacture, sale or distribution of any drug or cosmetic. It further mandates that every person holding a license must keep and maintain such records, registers and other documents as may be prescribed which may be subject to inspection by the relevant authorities.

Pharmacy Act, 1948, (“PA”)

The PA provides that all pharmacists require a registration under the PA, which registration process includes providing: (a) the full name and residential address of the pharmacist; (b) the date of his first admission to the register; (c) his qualifications for registration; (d) his professional address, (if he is employed by any person, the name of such person); and, (e) such further particulars as may be prescribed.

The Indian Medical Council Act, 1956, (“Medical Council Act/the Act”)

The Medical Council of India, originally constituted under the Indian Medical Council Act, 1933, was reconstituted under the Indian Medical Council Act, 1956. The Medical Council of India so constituted is required to maintain a register of medical practitioners to be known as the Indian Medical Register, containing the names of all persons who are for the time being enrolled on any State Medical Register and who possess medical qualifications recognized under the Indian Medical Council Act, 1956. The relevant State enactments provide for the constitution of State Medical Councils and the maintenance of State Medical Registers.

Any person possessing recognized medical qualifications under the Medical Council Act is deemed sufficiently qualified for enrolment on any State Medical Register. No person other than a medical practitioner enrolled on a State Medical Register is entitled to do any of the following: (a) hold office as physician or surgeon or any other office (by whatever designation called) in Government or in any institution maintained by a local or other authority; (b) practice medicine in any State; (c) sign or authenticate a medical or fitness certificate or any other certificate required by any law to be signed or authenticated by a duly qualified medical practitioner; or, (d) give evidence at any inquest or in any court of law as an expert under section 45 of the Indian Evidence Act, 1872, on any matter relating to medicine.

The Registrar of the Indian Medical Council, may, on receipt of the report of registration of a person in the relevant State Medical Register, or on application made in the prescribed manner by any such person, enter his name in the Indian Medical Register. Subject to the conditions contained in the Medical Council Act, every person whose name is for the time being borne on the Indian Medical Register is entitled according to his qualifications to practice as a medical practitioner in any part of India.

Miscellaneous

A wide variety of labour laws are also applicable to the nursing and hospital sector, including the Employees' Provident Funds and Miscellaneous Provisions Act, 1952, the Employees State Insurance Act, 1948, the Minimum Wages Act, 1948, the Payment of Bonus Act, 1965, the Payment of Gratuity Act, 1972, the Payment of Wages Act, 1936, the Shops and Commercial Establishments Act.

5.4 HISTORY AND CORPORATE STRUCTURE OF THE COMPANY

Our Company was incorporated on 01/10/2011 as a Private Limited Company

Change in name of Our Company

The name of our Company was changed from "Monarch Health Services Pvt. Limited" to "Monarch Health Services Limited" on 09/12/2011.

Change in Registered office of Our Company

The registered office of our Company was originally situated at 901/902, Atlanta Centre, Sonawala Lane, Goregoan (E), Mumbai – 400063 and it was changed to the current location, namely, 28/3, Next to Jari Mari Mandir, S V Road, Bandra (W), Mumbai – 400 050 w.e.f.26/12/2011. The above premises owned by Dr. Nishita Sheth, has been taken on lease by the Company and our Bandra clinic is also situated in the above premises. Dr. Nishita Sheth MD operates from Bandra Clinic and it would be operationally convenient for our Company also to operate from Bandra

Main Objects:

We have the following main objects:

1. To set up, acquire, establish and maintain one or more hospitals, nursing homes and healthcare centres for the reception and treatment of persons suffering from illness or mental defect or for reception and treatment of persons during convalescence or of persons requiring medicinal attention or rehabilitation and to provide medical relief to the public in all branches of medical sciences by all available means and provide, encourage, initiate or promote facilities for the discovery, improvement or development of new methods of diagnosis, understanding and prevention and treatment of diseases and to carry on research and experiments and to provide funds for research works and for scholarships, stipend, remuneration and / or other payments or aid to any person or persons engaged in research work, or work connected with or conducive to research and to encourage and to improve knowledge of the persons who are engaged or likely to be engaged in any medical or related profession so as to make available medical relief to the public at large.
2. To encourage the discovery of new medical and / or surgical management of diseases and afflictions and to investigate and make known the nature and merits of investigations and findings and research in the said field and to acquire any patent and licences or other protective devices relating to the results of any discovery, investigations, findings or researches and to acquire any processes upon such terms as may seem expedient and to improve the same and to undertake the manufacture of any product developed, discovered or improved and / or to give licenses for the manufacture of the same to others and either to market the same or to grant licences to others to market the same on such terms as it may deem fit to do.

Changes in our Memorandum of Association

Since incorporation, no changes have been made to Memorandum of Association of the Company except for change of name and increase in authorised capital as given below:-

Date	Changes
09/12/2011	Name changed from Monarch Health Services Pvt Ltd to Monarch Health Services Ltd
16/12/2011	Authorised capital increased from 2,50,000 Equity Shares of Rs.10/- each to 60,00,000 Equity Shares of Rs.10/- each

Major events in the History of our Company

As our Company is new, there are no major events till date.

Subsidiary of our Company

We do not have any subsidiary company.

Number of Shareholders of our Company

Our Company has 54 shareholders as on the date of filing of this Draft Prospectus

Injunction or restraining order

Our Company is not operating under any injunction or restraint order.

Agreements

i) Shareholder Agreements -Nil

ii) Other Agreements

There are no agreements other than the agreements which we propose to enter or have entered into in the normal course of business.

Financial / Strategic Partners

There are no financial or strategic partners.

5.5 OUR MANAGEMENT

a. Our Board of Directors

The following table sets forth details regarding the members of our Board as on the date of filing this Draft Prospectus

Sr. No.	Particulars	Date of appointment	Date of expiration of current term of office	No. of equity shares held in MHSL & % shareholding (Pre issue)	Other Directorships / Partnership
1	Dr. Nishita Sheth, D/O : Kishore Chandra Sheth, Age : 45 years Qualification: M.B.B.S, I.A., D.P.D, DIN :02190381 Passport No. :G4160451 Occupation: Business Address	Since Incorporation – 01/10/2011	5 Years	2,36,000 7.87%	DNCC Private Ltd. Maxgainz Finserve Pvt Ltd

	28/3, Next to Jari Mandir Temple, S.V.Road, Bandra (W), Mumbai-400050				
2	Dr. Prashant Vikram S/O: Ramakant Vikram Age: 49 Years Qualification M.B.B.S., DIN :02174597 Passport No. :G4315791 Occupation: Business Address 28/3, Next to Jari Mandir Temple, S.V.Road, Bandra (W), Mumbai-40005028/3,	Since Incorporation – 01/10/2011	5 Years	69200 2.31%	DNCC Private Ltd Maxgainz Finserve Pvt Ltd
3	Dr. Ajit Kadam, S/O.Madhava KADAM Age: 44 years Qualification: MBBS, M.C.P.S. M.S.(Surgery) DIN-05155200 Passport No. Expired Occupation: Business Address 3, Sanas Classic, 79/A, Lulla Nagar, Pune – 411040.	24/12/2011	5 Years	--	--
4	CA Dhurvaprakash Shetty S/O : Shekat Shetty Age : 43 years Qualification: ACA DIN :05164804 Passport No. Nil Occupation: Practicing CA Address A/602, Maa\halaxmi Heights, K K Marg, Mumbai -400011	05/01/2012	-----	Nil	--
5	Ms. Rekha Gulwani D/O: Mohandas Gulwani Age :30 years Qualification: B.A &P.G in Mass Communication DIN :05155248 Passport No. :F2469091 Occupation: Business Address 791, Sanas Classic, Lulla Nagar, Pune – 411040	24/12/2011	-----	Nil	----
6	Mr. Narpatraj Bafna, S/O.Mr.Rajmal Manekchand Bafna Age:53 years Qualification: B.Com, FCA DIN: 05217709	03/03/2012	-----	Nil	----

	Passport No. Nil Occupation:Practicing CA Address: B-303, Emerald Apt, Parsi Panchayat Road, Near Sona Udyog, Andheri (E), Mumbai-400059.				
7	Mr. Deepak Doshi S/O. Mr.Meghraj Doshi Age: 41 years Qualification: B.Com DIN :00677220 Passport No. : E5010777 Occupation: Service Address 1703/B, Kinjal Heights, Wadia Street, Tardeo, Mumbai-400034.	03/03/2012	-----	Nil	---
8	Mr. Pritesh Doshi S/O : Champalal Doshi Age : 21 years Qualification: B.Com DIN :05155318 Passport No. : Nil Occupation: Service Address Maniyar Building, C-1, Tardeo Road, A.C.Market, Mumbai-400034.	24/12/2011	5 Years	70000 shares 2.33%	--
		24/12/2011	-----	Nil	--

Brief Profile of Directors of our Company is given below:

Profile of Dr. Nishita Sheth, the M.D. of our Company:

Dr. Nishita Shet is a Doctor and Professionally qualified Aestheticienne, Cosmetician and Weight Loss Specialist having vast experience. She completed her Cosmetology training from Lillian Maund International School of Cosmetologist and was awarded distinction by International Aestheticienne Examination Board of U.K. (England). She also holds a diploma in Electrology – Beauty Training and Assessment of Beauty, & Body. Besides this, she is also a member of City and Guild (U.K.) where she specialises in latest Enzyme and Fruit Peel Techniques and AHA Facials, (Anti Ageing Facial). She is also a member of International Aestheticienne Council.

She has acquired a number of qualifications. In addition to holding M.B.B.S. degree, she has qualified as DPD (Dermatology) from Cardiff University(UK), Obesity Consultant (AARO), Laser Consultant (Hong Kong), Anti ageing Diploma (USA), Level 2 & 3 from City & Guilds, U.K. Also she had previously worked as Faculty & Director at IDA (International Dermesthetic Institute), Mumbai

She has been a member of a number of medical societies and associations such as A4M (Anti ageing Society - USA), International Aesthetician (U.K.), Member of City & Guild (U.K.) , Cosmetic Society of India

Over the years she has gained tremendous experience working as a Post Graduate Obesity Consultant, Botox certified Doctor, Post Graduate Consultant, Medical Advisor to Pharmaceutical companies and as Medical Director to Dr. Nishita Cosmetic Clinic Pvt. Ltd.

She has also received Woman Achiever Of the Year Award,(2009), and Best Clinic Award, 2009, given by Health & Education Society, India. Dr. Nishita is credited to have pioneered and introduced various skin treatments and techniques over the years. Dr. Nishita was among the first few doctors to inroad Botox in India, she is among the largest injector of Botulinum in India ever since.

Dr. Nishita has done Diploma in Practical Dermatology from Cardiff University (UK) and she is also a Director and founder of IDA i.e. International Dermesthetic Academy (Located at Mumbai) (Training Institute for Medical Cosmetology).

A celebrity in her own right, it is purely her vision and passion for the subject that enabled her to set up Dr. Nishita's Cosmetic Clinic Pvt. Ltd in 2008.. Her desire to offer the latest and most effective skincare and beauty procedures carries her all over the globe, exchanging views and experiences with other authorities in skincare, enabling her to bring back what is best for her clients back home

Profile of Dr. Prashant Vikram: The Chairman of Our Company:

Dr. Vikram Sheth is M.B.B.S. from Bangalore University. He has had over 20 years Experience working at various institutions before joining our Company. His immediate past Employment was with DNCC Private Limited, Mumbai, where he worked from 18.06.2004 till date. And held the Position of Director, Skin Department. His Duties and Responsibilities included Handling OPD of 50-60 Patients per day which required performing procedures necessary for all kinds of skin tag removal, other skin Surgeries and Treating Patients with Skin Diseases. The procedures performed included Skin Tag Removal, Skin Biopsy, and Chemical Peel for Melasma, other Pigment Removal and Tatoo Removal etc.

Over the years he has gained experience of working with tools like Cautery, Skin Surgery Equipment, and other procedures like Peel, Botox, Fillers, Laser (IPL), Q Switch- ND and Yag Laser etc. Prior to his immediate Past Employment, he had worked as Medical Officer and SHO/General Physician at Sneh Nirmal Hospital and ICU at Vadodara in Gujrat (India). His duties and responsibilities included handling 80-100 patients per day, and attending to both day and night duties – both surgical and non-surgical, including ICU and ICCU. He acquired experience of handling and attending to all Emergency Physician and Surgical Work including Stitching, Dressing, besides other Minor Operation Theatre Procedures. During this period he got hands on experience of using various surgical equipments, Foetal Monitoring ICU, ICCU, ECG and other assignments.

Profile of Dr Ajit Kadam- Joint M.D. of our Company:

Dr Ajit Kadam is has done M.B.B.S. , M.C.P.S., M.S. (Surgery) from Mumbai. He did graduation and post graduation studies at Grant Medical College and J. J. Group of Hospitals, Mumbai. He did all surgery residence posts under the guidance of Dr. G. B. Davar, M.S., M.D. (USA) and 2 yrs in Allied Orthopaedics posts.

After finishing his Govt service bond as medical officer, he joined as Assistant Surgeon/Lecturer to Dr Edibam, F.R.C.S., F.R.C.S. Chief Surgeon at Jahangir hospital and Research Centre, Mumbai where he got double FRCS sponsorship with Dr Edibam's letter to work in UK. But he preferred to stay in India. Till now he has crossed more than 2500 surgeries in the field of cosmetic and deformity correction surgeries.

After seeing scars in surgery as the biggest fear among patients, he started working on scar less surgery methods and developed new procedures – few to mention – Scarless Breast lift. (Usually such surgery is done with vertical scar), Scarless tummy tuck (it's a surgery where fat is removed, muscles are tightened and excess skin is removed and patient gets no scar after one month) and Scarless Arms tuck. Also he performs under- eye dark circles surgery and offers total cure from it and Facial scars removal in such a way that there is no revision of scar.

To fulfil his father's last wish, he started Late Dr M V Kadam Burn Foundation to help poor burn victims and started doing free surgery camps to correct burn deformities across Maharashtra. He has now joined the team of Doctors at Looks Cosmetic Clinics to give his services to maximum patients across India and abroad.

Profile of Pritesh Doshi- the Executive Director of our Company:

Mr. Pritesh Doshi has worked with Monarch Project & Finmarkets Ltd as a "Dealer" for One Year. Previously he has worked with Nirmal Bang Securities Ltd. as a "Dealer" for One Year. Also, he worked with Dilip Thakur & Co, Chartered Accountant as an Assistant for three Years. He is a Commerce Graduate and has done his T.Y. B.Com. from Lala Lajpat Rai College in 2011. Also he has done GNIIT course from NIIT, Mumbai and also done Oracle 9i Course. He is an Expert in Window 2007 and Windows Vista.

Profile of DP Shetty (Independent Director):

Mr. Dhruvaprakash Shekat Shetty (Age 43 Years). He is a practicing Chartered Accountant since 1998 and his office is situated at 16, Kolsawala Building, 3rd Floor, Cawasji Patel Street, Fort, Mumbai – 500 001. His Firm M/S. Dhruvaprakash & Co. also established in 1998 bears the registration number 117674W. His Educational qualifications are B.Com from Mangaluru University, Karnataka and C.A. (Chartered Accountant, ICAI Batch of 1997). He has also been a Member of Western India Regional Council (Membership Number – 103534).

Over the years, he has acquired vast experience in the field of Corporate Audit, Corporate Law & Income tax matters, Bank Audits comprising Concurrent /Stock/Quarterly Review and Statutory Audit of Private and Public Sector Banks including State Bank of India, Financial Consultancy, Project Finance, FEMA related matters, Business Restructuring, Legal & Tax Matters relating to real estate/properties, Consultancy on service tax, Maharashtra VAT, co-operative audits.

Profile of Ms. Rekha Gulwani (Independent Director)

Ms Rekha Gulwani (Age 32 Years) is B.A. in Physiology and has done Post Graduation in Mass Communication. She has proficiency in Computer Skills such as Microsoft Office, and use of Internet etc. She has been Practising in Mass Media Communication, Advertisement, organizing mega events etc. for last several Years.

Profile of Mr. Narpatraj Bafna

Mr. Narpatraj Bafna (Age: 53 Years) is a practicing Chartered Accountant since 1983 and his office is situated at Room No.39, Habib Building, 2nd Floor, 2nd Panjarapole Lane, Gulalwadi, Mumbai-400004. His Firm M/S. Nraj & Associates bears the registration number 108308W.

He has vast experience in company audits, taxation, company law matters, formation of partnerships, companies, etc.

Profile of Mr. Deepak Doshi

Mr. Deepak Doshi (Age:41 Years) is a B.Com graduate and is working as a Liaison Officer with Mannat Estate Pvt Ltd at its office situated at 403, 4th Floor, Commerce House, N M Master Road, Fort, Mumbai-400023.

Nature of any family relationship between any of our Directors

Except Dr Nishita Sheth and Dr. Prashant Vikram, who are married to each other, none of our Directors on our Board is related to each other.

We also confirm that

- We have not entered into any arrangement or understanding with our major shareholders, customers, suppliers or others, pursuant to which our Directors were selected as Directors or members of Senior management
- The terms of appointment with our Managing Director / Wholetime Director (s) do not provide for any benefit upon termination of employment except the retirement of benefits as applicable by law.
- None of our Directors is / was a Director in any listed company during the last five years before the date of filing this Draft Prospectus, whose shares have been / were suspended from being traded on the Bombay Stock Exchange Ltd and National Stock Exchange
- Further none of our Directors is / was a Director of any listed company which has been / was delisted from any Recognised Stock Exchange

Details of Borrowing Powers of the Directors

The Company has passed an ordinary resolution at its EGM held on 03/11/11 in terms of the provisions of section 293(1)(d) of the Act, whereby it has authorized the Board of Directors to borrow money up to Rs. one crore from time to time.

b. Compensation of Directors

Compensation to Managing Director / Wholetime Directors –

1. Dr.Nishita Sheth, M.D.

She was appointed as MD of the Company w.e.f 17/01/2012 for a period of 5 years in the EGM held on 17/01/2012 on the following terms of remuneration

Salary	Gross Rs.50,000/-p.m.
Allowances	Nil
Other terms and conditions	Nil
Amount of compensation paid during the FY 2010-11	Nil
Benefits in kind granted during the FY 2010-11	Nil
Contingent or deferred compensation accrued for the FY 2010-11	Nil

2. Dr. Ajit Kadam, Joint MD

He was appointed as Joint MD of the Company w.e.f 17/1/2012 for a period of 5 years in the EGM held on 17/1/2012 on the following terms of remuneration

Salary	Gross Rs.50,000/-p.m.
Allowances	Nil
Other terms and conditions	Nil
Amount of compensation paid during the FY 2010-11	Nil
Benefits in kind granted during the FY 2010-11	Nil
Contingent or deferred compensation accrued for the FY 2010-11	Nil

3. Pritesh Doshi, Executive Director

He was appointed as ED of the Company w.e.f 17/1/2012 for a period of 5 years in the EGM held on 17/1/2012 on the following terms of remuneration

Salary	Gross Rs.10,000/-p.m.
Allowances	Nil
Other terms and conditions	Nil
Amount of compensation paid during the FY 2010-11	Nil
Benefits in kind granted during the FY 2010-11	Nil
Contingent or deferred compensation accrued for the FY 2010-11	Nil

Total Directors' Remuneration shall not exceed 10% of Net Profits {as calculated in the manner referred to in section 198 (1) of the Companies Act as per Resolution passed at the Board Meeting held on 27th Dec 2011.

Compensation to Non-Executive Directors

All the Non-Executive Directors are entitled to sitting fee of Rs.2500/- for attending each Board Meeting. No sitting fees is payable to the Executive Director.

Shareholding of Our Directors

As per our Articles of Association of our Company, a Director is not required to hold any shares in our Company to qualify him for the office of Director. The following table details the shareholding of our Directors in their personal capacity and either as sole or first holder, as on the date of the Prospectus.

S.No.	Name of the Director	No. Of Equity Shares held	Percentage of Pre issue share capital
1	Dr.Nishita Sheth	236000	7.87
2	Dr.Prashant Vikram	69200	2.31
3	Dr. Ajit Kadam	0	0.00
4	Pritesh Doshi	70000	2.33
	Total :	375200	12.51

Interest of our Directors

All our Executive Directors are interested to the extent of remuneration paid to them for the services rendered to the Company.

All Non Executive Directors may be deemed to be interested to the extent of sitting fees fees, if any, payable to them for attending meetings of the Board or Committee thereof as well as to the extent of reimbursement of expenses payable to them as per the applicable laws.

Our Directors may also be regarded as interested in the shares & dividend payable thereon, if any, held by or that may be subscribed by and allotted/transferred to them or the companies, firms and trust, in which they are interested as Directors, Members, partners and or trustees. All Directors may be deemed to be interested in the contracts, agreements/arrangements entered into or to be entered into by us with any Company in which they hold Directorships or any partnership/proprietorship firm in which they are partners / proprietor as declared in their respective declarations.

Interest in Property

Except as stated/referred to in the paragraph titled "**Properties**" beginning on Page No.72 of the Draft Prospectus, our Directors do not have any interest:

- I. in the promotion of our Company; or
 II. in any property acquired by our Company from the date of incorporation i.e. 1.10.2011 till the date of this Draft Prospectus, or proposed to be acquired by our Company

Changes in the Board of Directors during last three years

The changes in the Board of Directors of our Company since the date of incorporation on 1.10.2011 are as follows:

Name of the Director	Date of Change	Reasons for Change
Mr. Suresh Bafna	26/12/2011	Resigned due to pre-occupation
Dr. Ajit Kadam	24/12/2011	Appointed as Promoter Director
Ms. Rekha Gulwani	24/12/2011	Appointed as Independent Director
Mr. Pritesh Doshi	24/12/2011	Appointed as Executive Director
CA D P Shetty	05/01/2012	Appointed as Independent Director
CA Narpatraj Bafna	03/03/2012	Appointed as Independent Director
Mr. Deepak Doshi	03/03/2012	Appointed as Independent Director

c. Compliance with Corporate Governance Requirements:

The provisions of the SME Equity Listing Agreement to be entered into with BSE with respect to corporate governance and SEBI (ICDR) Regulations, 2009 will be applicable to our Company at the time of seeking in principle approval for listing of our Company's Equity Shares with the SME Platform of BSE.

Composition of the Board of Directors

The Board has Eight Directors, out of whom four are independent directors in accordance with the requirements of Clause 52 of the SME Equity Listing agreement. The Chairman of the Board is a Non-Executive Director. In terms of Clause 52 of the SME Listing Agreement, our company has already appointed the required number of Independent Directors.

The Board consists of the following Directors as on date :

Sr. No.	Name	Designation	Status
1	Dr. Prashant Vikram	Chairman (Non-Executive)	Promoter
2.	Dr. Nishita Sheth	M.D.	Promoter
3.	Dr. Ajit Kadam	Joint M.D.	Promoter
4.	Mr.Prithesh Doshi	Executive Director	Director
5.	Ms. Rekha Gulwani	Non-Executive Director	Independent
6.	Mr.Dhruva Prakash Shetty	Non-Executive Director	Independent
7.	Mr. Narpatraj Bafna	Non-Executive Director	Independent
8.	Mr. Deepak Doshi	Non-Executive Director	Independent

Corporate Governance Committees

In terms of Clause 52 of the SME Listing Agreement, our Company has constituted the following committees in compliance of corporate governance norms, details of which are as follows:

1. Audit Committee

The Audit Committee was constituted at the meeting of Board of Directors of our Company held on 03/03/2012.

Composition of Audit Committee

Sr. No.	Name	Designation in the Committee	Nature of Directorship
1.	Mr. D.P.Shetty	Chairman	Independent Director
5.	Mr. Narpatraj Bafna	Member	Independent Director
6.	Mr. Pritesh Doshi	Member	Executive Director

Our Company Secretary shall be the secretary of this Committee

Role of Audit Committee

- a) Overseeing the Company's financial reporting process and disclosure of its financial information;
- b) Recommending to the Board the appointment, re-appointment, and replacement of the statutory auditor and the fixation of audit fee;
- c) Approval of payments to the statutory auditors for any other services rendered by them;
- d) Reviewing, with the management, the annual financial statements before submission to the Board for approval, with particular reference to:
 - i. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2AA) of section 217 of the Companies Act, 1956;
 - ii. Changes, if any, in accounting policies and practices and reasons for the same;
 - iii. Major accounting entries involving estimates based on the exercise of judgment by the management;
 - iv. Significant adjustments made in the financial statements arising out of audit findings;
 - v. Compliance with listing and other legal requirements relating to financial statements;
 - vi. Disclosure of any related party transactions; and
 - vii. Qualifications in the draft audit report.
- e) Reviewing, with the management, the quarterly, half-yearly and annual financial statements before submission to the Board for approval;
- f) Reviewing, with the management, the performance of statutory and internal auditors, and adequacy of the internal control systems;
- g) Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
- h) Discussion with the internal auditors any significant findings and follow up there on;
- i) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;

- j) Discussion with the statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
- k) To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors;
- l) Reviewing the functioning of the whistle blower mechanism, in case the same is existing;
- m) Review of management discussion and analysis of financial condition and results of operations, statements of significant related party transactions submitted by management, management letters/letters of internal control weaknesses issued by the statutory auditors, internal audit reports relating to internal control weaknesses, and the appointment, removal and terms of remuneration of the internal auditors;
- n) Carrying out any other function as mentioned in the terms of reference of the Audit Committee;
- o) Such other matters as may from time to time be required by any statutory, contractual or other regulatory requirements to be attended to by such committee.

Power of the Audit Committee

- 1. To investigate activity within its terms of reference;
- 2. To seek information from any employees;
- 3. To obtain outside legal or other professional advice; and
- 4. To secure attendance of outsiders with relevant expertise, if it considers necessary.

2. Remuneration Committee

The Remuneration Committee was constituted at the meeting of Board of Directors of our Company held on 03/3/2012.

Composition of Remuneration Committee

Sr. No	Name of the Director	Designation in the committee	Nature of Directorship
1	D P Shetty	Chairman	Independent
2	Deepak Doshi	Member	Independent
3	Pritesh Doshi	Member	Executive Director

Our Company Secretary shall be the secretary of this Committee.

Functions of Remuneration Committee:

- a. To recommend to the Board, the remuneration of Managing / Whole-time / Executive Directors, including all elements of remuneration (i.e. salary, benefits, bonuse, perquisites, commission, incentives, stock options, pension, retirement benefits, details of fixed component and performance linked incentives along with the performance criteria, service contracts, notice period, severance fees etc.);
- b. To be authorised at its duly constituted meeting to determine on behalf of the Board of Directors and on behalf of the shareholders with agreed terms of reference, the Company's policy on specific remuneration for Company's Managing / Whole-time / Executive Directors

3. Shareholders / Investors Grievance Committee

The Shareholders / Investors Grievance Committees was constituted at the Board Meeting of our Company held on 03/03/2012

Composition of the Committee:

Sr. No	Name of the Director	Designation in the committee	Nature of Directorship
1	Mr. Narpat Bafna	Chairman	Independent Director
2	CA D P Shetty	Member	Independent Director
3	Mr Pritesh Doshi	Member	Executive Director

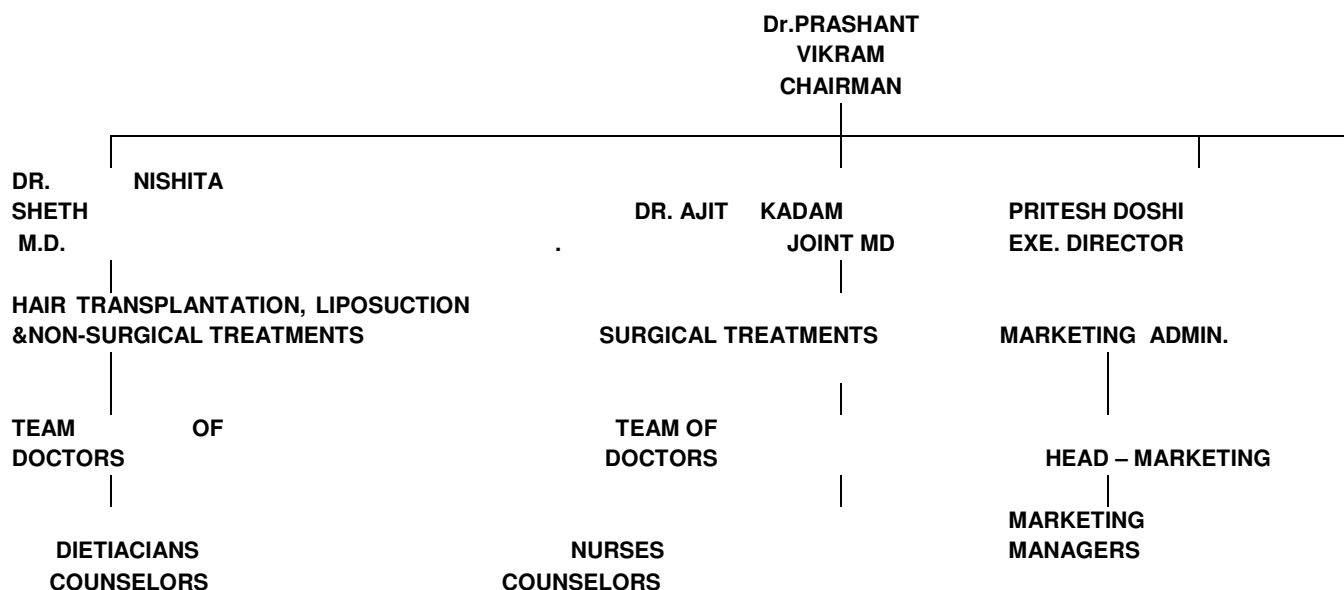
The Company Secretary of our Company shall be the secretary of this Committee.

Functions of Shareholders / Investors Grievance Committee:

- To take action for efficient transfer of shares; including review of cases for refusal of transfer/ transmission of shares and debentures;
- Redressal of shareholder and investor complaints like transfer of shares, non-receipt of balance sheet, non-receipt of declared dividends, duplicate share certificates etc.;
- Issuance of duplicate / split / consolidated share certificates;
- To take effective action for allotment and listing of shares;
- To monitor, under the supervision of the Company Secretary, the complaints received by the Company from SEBI, Stock Exchanges, Department of Company Affairs, ROC and the Share/ Debentures/ Security holders of the Company etc., and the action taken for redressal of the same.
- To monitor and expedite the status and process of dematerialisation and rematerialisation of shares, debentures and securities of the Company.

Management and Organization Structure

Our proposed management structure shall be as follows:



Key Managerial Personnel

The details of our Key Managerial Personnel are as follows:

Sr. No.	Name	Designation	Qualification	Date of Appointment	Overall Experience	Previous Employer
1	Ms. Renukka Marwah	C.E.O of the Company	Graduate	19.11.11	12 years	Aroma Telecom Pvt Ltd
2	Ms. Khushi	C.E.O.- North Zone	Graduate	27.12.11	5 years	Indian People Facility Services
3	Dr. Sunita Vhatkar	Dentist	BDS, PG (CERT.)(AES) USA	24.02.2012	5 Years	Practising under brand name MoonSmile

None of the key managerial personnel is related to the promoters. As on date, all the employees named above are on the rolls of our Company as permanent employees.

There is no arrangement or understanding with major shareholders, customers, suppliers or any others pursuant to which any of the above mentioned key managerial personnel have been recruited.

Shareholding of our Key Managerial Personnel:

The Key Managerial Personnel of our Company do not hold any shares in our company as on the date of this Draft Prospectus

Changes in the Key Managerial Personnel in the last three years:

Nil since the date of incorporation on 1.10.2011

Employees

The total manpower employed by us as on 31.12.2011 is given below:-

Sr. No.	Category	Western Zone	Eastern Zone	Northern Zone	Southern Zone	Total
1	Managerial	1	-	1	-	2
2	Assistant	3	-	-	-	3
	Total	4		1		5

Disclosures Regarding Employees Stock Option Scheme / Employees Stock Purchase Scheme

As on date, our Company does not have any such scheme

5.6 OUR PROMOTERS AND PROMOTER GROUP:**Dr Nishita Sheth:**

Dr. Nishita Sheth. MD



Qualification – M.B.B.S, I.A., D.P.D.

Age - 45 years

Address 28/3, Next to Jari Mari Mandir, S V Road, Bandra (W),
Mumbai- 400050.

Experience : 20 years

Occupation : Medical Practitioner

PAN ; AJNPS9907L

Passport No. G4160451

Name of Bank :IDBI Bank, Bandra (W),
Mumbai-400050

Account No. :175104000008914

Voter Identity No. N.A.

Driving Licence No. GJ03/020863/03

Other interest - Director, DNCC Pvt Ltd

- Director, Maxgainz Finserve Pvt Ltd

Dr Prashant Vikram:

Dr. Prashant Vikram. Chairman



Qualification - MBBS

Age – 49 years

Address - 28/3, Next to Jari Mari Mandir, S V Road,
Bandra (W), Mumbai- 400050.

Experience – 20 Years

Occupation – Medical Practitioner

PAN - ABDPV2187M

Passport No. – G4315791

Name of Bank – Bank of Baroda, Bandra (W),
Mumbai- 400050

Account No. 03840100025666

Voter Identity No. N.A.

Driving Licence No. MH 0220110076217

Other interest - Director, DNCC Pvt Ltd

- - Director, Maxgainz Finserve Pvt Ltd

Dr Ajit Kadam

Dr. Ajit Kadam. Joint MD



Qualification: - MBBS

Age – 44 Years

Address - 3, Sanas Classic, 79/ A, Lulla Nagar, Pune -411040 .

Experience – 21 years

Occupation – Medical Practitioner

PAN – ACEPK2845B

Passport No. – Nil

Name of Bank : State Bank of Patiala, Bandra (W),
Mumbai-400050

Account No. ; 65016150092

Voter Identity No. N.A.

Driving Licence No. Nil (Not obtained)

Other interest : Nil

Maxgainz Finserve Pvt Ltd

Name of the Company	Maxgainz Finserve Pvt Ltd
Main Objects	To act as a Broker, Sub Broker and carry on other financial services
Date of incorporation	17/04/2010
CIN	U67190MH2010PTC202116
PAN	AAGCM4700L
Registered Office Address	28/3, Next to Jari Mari Mandir, S.V.Road, Bandra (W), Mumbai-400050
Promoters	Dr.Prashant Vikram & Dr.Nishita Sheth
Board of Directors	Dr.Prashant Vikram, Dr.Nishita Sheth & Mr. Pritesh Doshi

Confirmations

We confirm that the details of permanent account numbers, bank account numbers and passport numbers of our Promoters has been submitted to the SME Platform of BSE at the time of filing the Draft Prospectus with the Stock Exchanges.

Relationship of Promoters with each other and with our Directors

Except for Dr. Prashant & Dr. Nishita who are married to each other, there is no relationship between any other directors of the Company.

Common Pursuit

Our Promoters have promoted our Promoter Group / Group Company, Dr. Nishita's Cosmetic Clinic Pvt Ltd which is engaged in the line of business similar to ours on a small scale. There is no non-compete agreement between our Company and the above company. We cannot assure that our Promoters will not favour the interests of the said company over our interest or that the said company will not expand its business which may increase our chances of facing competition and adversely affect the business operation and financial condition of our Company. For details of our Promoter Group and Group Companies refer to Section titled “ **Our Promoter Group and Group Companies / Entities**” on Page No.87 of this Draft Prospectus.

Interest of Promoters

All the Promoters who are on the Board of our Company may be deemed to be interested to the extent of the sitting fees and other remuneration for the services rendered and the reimbursement of expenses, if any, payable to them under the articles. The Promoters may also be deemed to be interested to the extent of the shares, if any, held by them or by the relatives or by firms or companies of which any of them is a partner and a director/member respectively. In addition to the above, the promoters are interested by virtue of following related party transactions:-

- a) Our Company has entered into a lease agreement with Dr.Nishita Sheth, MD for taking the premises owned by her to set up our clinic at Bandra, Mumbai at a monthly rental of Rs. 1 lac (advance deposit of Rs.10 lacs paid by the Company to her)
- b) Dr. Nishita Sheth and Dr. Prashant Vikram, our Directors are also interested to the extent of equipment purchased by our Company at a cost of Rs. 10 lacs from Group Company Dr.Nishita's Cosmetic Clinic Pvt Ltd
- c) Dr. Prashant Vikram, Chairman is also interested to the extent of furniture and fixtures acquired from him for our Bandra clinic for which a monthly rental of Rs.75,000 is being paid by the Company (Advance deposit of Rs.5 lacs paid by the Company to him)

For details in this regard please refer to the heading titled “Lease properties” on Page No. 72 under Chapter titled “Business Overview” on Page No. 66

Payment or benefit to Promoters of the Issuer Company

No payment has been made or benefit given to our Promoters from the date of incorporation on 1.10.2011 till the date of filing this Draft Prospectus or is intended to be given by us except as mentioned in the paragraph titled “Lease property” on Page No.-72 in the Chapter titled “Business Review” and Related Party Transactions and Annexure X beginning on Page No.98 under the Chapter titled “Auditors’ Report And Financial Information of our Company”

Other persons/entities related to our promoters

- a) In addition to the Promoters named above, the following natural persons are part of our Promoter group in terms of Regulation 2 (1)(zb) of SEBI (ICDR) Regulations, 2009

Relationship	Dr.Nishita Sheth	Dr.Prashant Vikram	Dr.Ajit Kadam	Maxgainz Finserve Pvt Ltd
Father	Mr.Kishorchandra Sheth	Dr.Rama Kant Nigam	Mr.Madhav kadam	---
Mother	Mrs.Nirmalaben K Sheth	Mrs.Sneh Prabha Nigam	Mrs.Savitribahi Kadam	---
Spouse	Dr.Prashant Kadam		----	---
Brother	Mr.Amit K Sheth	Dr. Vikas Vikram Mr.Himanshu Vikram	Mr. Baba Kadam Mr. Shashikant Kadam Dr.Rajendra kadam	---
Brother's wife	Mrs.Rajshree A Sheth	Dr.Namrata Nigam Mrs.Shefali Nigam	Mrs.Sunita kadam Dr.Vidya kadam Dr.Seema kadam	---
Sister	Mrs.Sangita V Sanghvi	---	Dr.Vijaya Samadhe Mrs. Pramila Shinde	---
Sister's Husband	Mr.Vipul J Sanghvi	---	Dr. Yunus Samadhe Mr.Laxmikant Shinde	---
Son	Amit P Nigam Siddharth P Nigam	Amit P Nigam Siddharth P Nigam	---	---
Daughter			Algita Kadam	---
Spouse;s father	Dr.Rama Kant Kadam	Mr.Kishorchandra Sheth	---	---
Spouse's mother	Mrs. Sneh Prabah Nigam	Mrs.Nirmalaben K Sheth	---	---
Spouse's brother	Dr.Vikas Vikram Mr.Himanshu Vikram	Mr.Amit K Sheth	---	---
Spouse's sister	---	Mrs.Sangita V Sanghvi	---	---
Directors	---	---	---	Dr.Nishita Sheth & Dr.Prashant Vikram

b) Our Promoter group as defined under Regulation 2 (zb) of SEBI (ICDR) Regulations, 2009 includes the following entities:-

- Dr. Nishita's Cosmetic Clinic Pvt Ltd (DNCC)
- Maxgainz Finserve Pvt Ltd

Details in respect of above companies are given under the heading “ **Financial Information of our Group Companies**” on Page No. 104 of this Draft prospectus.

Declarations

None of the above mentioned Group Companies / entities is restrained by any SEBI order. None of the Group Companies has ever become defunct

None of the above mentioned Group Companies / entities is listed on any Stock Exchange and has not made any public or rights issue in the preceding three years.

None of the Group Companies /entities has become a Sick Industrial Company under the meaning of Sick Industrial Companies (Special Provisions) Act, 1985

None of the Promoter Group Companies has been struck off from the Registrar of Companies

Litigations against Group Companies / entities

Nil

Companies / Ventures with which the Promoters have disassociated themselves in the last three years

Nil

Undertaking / Confirmation

Our Promoters and Group Companies confirm that they have not been declared as Wilful Defaulters by RBI or any other Government Authority and there have been no violations of Securities Laws committed by them or any entities they are connected with in the past and no proceedings pertaining to such penalties are pending against them.

None of the Promoters or Promoter Group Companies or persons in control of the Promoters has been prohibited from accessing the capital market under any order or direction passed by SEBI or any Authority or refused listing of any of the securities issued by such entity by any Stock Exchange in India or abroad. None of the Promoters is or has ever been a Promoter, Director, or person in control of any other company which is debarred from accessing the capital markets under any order or direction passed by SEBI

Common Pursuit / Conflict of interest

Our Group Company, viz, DNCC Pvt Ltd has its principal business similar to our line of business. To this extent there may be a potential conflict of interest in the Group Companies. Except for this, there are no common pursuits among the Group Companies.

We shall adopt necessary procedures and practices as permitted by law to address any conflicting situations as and when they arise.

5.8 DIVIDEND POLICY

Since our Company is newly incorporated, it has no past track record for payment of Dividend, Management does not guarantee declaration of Dividend as on date due to future expansion plans. Dividends, other than interim dividends, will be declared at the AGM of the shareholders based on the recommendation of the Board of Directors. The Board may at its discretion, recommend dividends to be paid to the shareholders, considering a number of factors including, without limitation, our Company's future plans and capital requirements, profits earned during the Financial Year, cost of raising funds from alternate sources, liquidity position, applicable taxes including tax on dividend, as well as exemptions under tax laws available to various categories of investors from time to time, general market conditions, etc.

SECTION VI –FINANCIAL INFORMATION OF THE COMPANY

6.1 - FINANCIAL STATEMENTS OF THE COMPANY AUDITOR'S REPORT

To,
The Board of Directors
Monarch Health Services Limited
Mumbai.

Dear Sirs,
We have examined the following financial information of Monarch Health Services Limited –

A. Financial information as per Audited Financial Statement. B. Other Financial Information.

We have examined the following information of the Company in respect of period ended 31st Dec 2011, proposed to be included in the Draft Prospectus, as approved by the Board of Directors and annexed to this report:

- i. Schedule of Assets and Liabilities, Annexure-1
- ii. Schedule of Profit or Loss, Annexure- 2
- iii. Schedule of Cash flow statement, Annexure- 3
- iv. Notes to the financial statement , Annexure –4
- v. Significant Accounting policies for financial statement, Annexure – 5
- vi. Schedule of other income, Annexure-6
- vii. Schedule of Loans, Annexure-7
- viii. Unsecured Loans, Annexure-8
- ix. Schedule of Sundry Debtors, Annexure-9
- x. Related Party disclosure, Annexure-10
- xi. Accounting Ratios, Annexure-11
- xii. Statement of Taxation, Annexure- 12
- xiii. Capitalisation Statement, Annexure-13

In our opinion, the 'Financial Information as per Audited Financial Statements' and 'Other Financial Information' mentioned above for the period ended 31st Dec 2011 have been prepared in accordance with Part II of schedule II of the Act and the Guidelines.

This report should not in any way be construed as a re-issuance or re-drafting of any of the previous audit report by other firms of Chartered Accountants or by us nor should this be construed as a new opinion on any of the financial statements referred to herein.

This report is intended solely for your information and for inclusion in the Prospectus in connection with the proposed IPO of the Company and is not to be used, referred to or distributed for any, other purpose without our prior written consent.

For S. D. Motta & Associates
Chartered Accountants
Sd/-
Sanjay Motta.
Proprietor
Membership No. 107688
Place : Mumbai
Date :07/02/2012

ANNEXURE - 1
STATEMENT OF ASSETS AND LIABILITIES

(Rs. in Lakhs)

Particulars	As at 31.12.2011
Fixed Assets	
Gross Block	64.23
Less: Depreciation	-
Net Block	64.23
Capital Work in Progress	11.57
TOTAL	75.80
Investments-B	-
Current Assets ,Loans and Advances	
Inventory	00.35
Sundry Debtors	-
Cash & Bank balances	61.24
Loans And Advances	63.99
TOTAL –C	125.58
Total Assets (A+B+C)=D	201.38
Liabilities &Provisions	
Secured Loans	-
Unsecured Loans	118.62
Deferred Tax Liabilities	-
Current Liabilities	-
Provision	7.61
TOTAL –E	126.23
Net Worth(D-E)	75.15
Net Worth represented by	
Share Capital	6.43
Share Capital Advance	87.50
Reserves and Surplus	(12.49)
TOTAL	81.44
Less: Misc. Expenditure (to the extent not written off or adjusted)	6.29
Net worth	75.15

ANNEXURE - 2

STATEMENT OF PROFIT AND LOSSES

(Rs. in Lakhs)

Particulars	For the 3 month period ended 31.12.2011
I.Revenue from operations	00.19
II. Other Income	-
III.Total Revenue (I+II)	00.19
IV. Expenses:	
Cost of materials consumed	--
Purchase of Stock-in-Trade	00.35
Changes in inventories of finished goods,work-in-progress and Stock -in-trade	(00.35)
Employee benefit expense	1.47
Financial costs	-
Depreciation & amortization expense	-
Other Expenses	11.21
Total Expenses	12.68
V.Profit before exceptional and extraordinary items and tax	(12.48)
VI.Exceptional Items	-
VII.Profit before extraordinary items and tax (V – VI)	(12.48)
VIII Extraordinary Items	-
IX.Profit before tax (VII – VIII)	(12.48)
X. Tax expense :	
Current tax	-
Deferred tax	-
XI.Profit (Loss)from the period from continuing operations	(12.48)
XII. Profit/(Loss) from discontinuing operations	-
XIII.Tax expense of discounting operations	-
XIV.Profit/(Loss) from Discontinuing operations (XII-XIII)	-
XV.Profit/(loss) for the period (XI+XIV)	(12.48)
XVI.Earning per equity share(Rs.)	
Basic	(19.42)
Diluted	(23.98)

ANNEXURE - 3
CASH FLOW STATEMENT

(Rs. In Lakhs)

Particulars	For the 3 month period ended 31.12.2011
A CASH FLOW FROM OPERATING ACTIVITIES	
Profit before tax and appropriations	(12.48)
Adjustments for :	
Depreciation	-
(Profit)/Loss on sale of Fixed Assets	-
Income on Investments	-
Preliminary expenses W/off	(6.29)
Interest Expenses	-
Total Operating Profit before Working Capital Changes	(18.78)
Adjustment for :	
(Increase)/ Decrease in Sundry debtors	-
Increase)/ Decrease in Loans & advances	(63.98)
(Increase)/ Decrease in Inventories	(0.35)
Increase/ (Decrease) in Current Liabilities	7.62
Cash generated from /(Used in) operations	-
Tax paid	-
Others	-
Net cash generated from/(Used in) operating activity	(75.50)
B CASH FLOW FROM INVESTING ACTIVITIES	
Purchase of Fixed Assets	(64.23)
Capital WIP	(11.57)
Sales of Assets	-
Investments	-
Interest Received	-
Net cash generated from (Used in) investing activities	(75.80)
C CASH FLOW FROM FINANCING ACTIVITIES	
Interest Expenses	-
Increase/(Decrease) in Secured Loans	-
Share Capital	93.93
Increase/(Decrease) in Un-Secured Loans	118.62
Dividend Paid (Incl. Dividend Tax)	-
Net cash from /(Used in) financing activities	212.54
(Increase)/ Decrease in Cash and cash equivalents	61.24
Cash and cash equivalents as at the beginning of the Year	--
Cash and cash equivalents as at the end of the Year	61.24

ANNEXURE - 4

NOTES TO THE FINANCIAL STATEMENT

1. Dividend: Not Applicable.
2. Contingent liabilities: Company does not have any present obligation arising out of any past event as is just being formed (01/10/11) and yet to commence operations. Hence no provision arises or is made.
3. Prior period expenses: Company just being formed question of prior period expenses does not arise.
4. Foreign exchange Outgo - Company has made advance payment of US\$ 15228.50 to 3 suppliers of medical equipment with whom company has placed orders.
5. Borrowing cost: Company has taken loans from its members but according to management same are temporary loans and hence interest is not payable to them and hence not provided for. So no interest cost is included or capitalised to any of the assets.
6. Related Party Disclosure: Following related party transactions had been entered into –
 - a) Company has purchased old equipment on resale from Dr. Nishita's Cosmetic Clinic Pvt. Ltd. – wherein Dr. Nishita Sheth and Dr. Prashant Vikram are Directors, for Rs.10 lacs.
 - b) Bandra Clinic premises owned by Dr. Nishita Sheth – M.D. has been taken on Leave and Licence basis by the Company w.e.f 26/12/2011 on monthly rent of Rs.1 lac. (Advance deposit of Rs.10 lacs made by the Company to her).
 - c) Furniture at Bandra Clinic owned by Dr. Prashant Vikram – Chairman has been taken on Leave and Licence basis by the Company w.e.f.26/12/2011 on monthly rent of Rs.75,000/-.(Advance deposit of Rs.5 lacs made by the Company to him)
7. Segment Disclosure::

The Company is operating only in one segment i.e. specialized Cosmetic Surgery & Skin care services. However Company has not yet started its operations till 31/12/2011 and only income from operation received was fees of Rs.21000/- for Hair Treatment Service rendered at Bandra Clinic which is under renovation.
8. Capital Work in Progress:

Company's Bandra, Andheri & Goa Branches are under renovation with Furniture and Fixture work and Electrical Installations work going on and hence amount spent towards the same is show under this head –

Furniture & Fixture – Rs.795325/-
Electrical Installation – Rs.361733/-

ANNEXURE - 5**SIGNIFICANT ACCOUNTING POLICIES****1. ACCOUNTING CONCEPTS:-**

The company follows the mercantile system of accounting and recognize income and expenditure on accrual basis. The accounts are prepared on historical cost basis and as going concern. Accounting policies not referred to otherwise are consistent with generally accepted accounting principles and Accounting standards referred to in Sub-section (3C) of Section 211 of the Companies Act, 1956.

2. USE OF ESTIMATES

The preparation of the financial statements in conformity with the generally accepted accounting principles requires the Management to make estimates and assumptions that affect the reported amounts of assets and liabilities, revenues and expenses and disclosure of contingent liabilities at the date of the financial statements. Actual results could differ from those estimates. The Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable.

3. REVENUE RECOGNITION

Company is into rendering professional services of cosmetic & other surgeries & skin and hair care services & these services run into no. of sittings. Hence revenue generation will be recognized sitting-wise after completion of client sitting. Company is yet to commence its operations as on 31.12.2011.

4. FIXED ASSETS AND DEPRECIATION: -

Fixed assets are stated at cost comprising of the purchase price and any attributable cost of bringing the assets to its working condition for its intended use. Depreciation will be calculated under WDV method at the rates prescribed under amended schedule XIV of the companies Act, 1956 and pro rata basis on additions. Further no depreciation is provided as Company is yet to commence operations as on 31.12.11.

5. TAXATION: -

No provision is made for current income tax in view of loss incurred. Further no provision is made for deferred tax as well as company has been in existence since 1.10.11 & has not yet commenced any operations and hence there are no timing differences as on 31.12.11.

6. LEASES: -

The Company's significant Leasing arrangements are in respect of Operating leases for premises which are cancellable in nature. The Lease rentals paid under such Agreements are charged to Profit and Loss Account.

7. MISCELLANEOUS EXPENDITURE: -

Cost incurred on company formation & legal fees paid towards proposed IPO are amortized to be written off over a period of 5 Years. However according to management no provision is made for 3 months and final provision will be made at year end and to that extent loss is understated by Rs.31465/-.

ANNEXURE - 6
SCHEDULE OF OTHER INCOME

(Rs. In Lakhs)

Particulars	For the 3 month period ended 31.12.2011
OTHER INCOME	--
Interest on Fixed deposit with Bank	-
Interest on Others	-
Rent Receipts	-
Misc. Incomes	-
Profit on Sale of Fixed Assets	-
Total	-

ANNEXURE - 7
SCHEDULES OF LOANS

(Rs. In Lakhs)

PARTICULARS	Amount Sanctioned	Amount out standing as at 31.12.2011	Rate of Interest	Terms of Repayment	Security
A SECURED LOANS	--	--	--	--	--
From Bank	--	--	--	--	--

ANNEXURE - 8
SCHEDULE OF UNSECURED LOANS

(Rs. In Lakhs)

PARTICULARS OF LOANS	As at 31.12.2011	Rate of Interest / Repayment	Terms
Corporate Bodies	50.00	NIL	Repayable on Demand
Promoters / Directors	53.08	NIL	Repayable on Demand
Others-Members	15.54	NIL	Repayable on Demand
Total	118.62		

ANNEXURE - 9

SCHEDULES OF SUNDRY DEBTORS

(Rs. In Lakhs)

Particulars	As at 31.12.2011
SUNDRY DEBTORS	-
Debts outstanding for the period exceeding six months	-
Unsecured , Considered Good	-
Total	-
Other Debts	-
Unsecured , Considered Good	-
Total	-
Grand Total	-

ANNEXURE - 10

Related party disclosure

(Rs. In Lakhs)

Particulars	As at 31.12.2011
Key Management Personnel	-
Lease rent Received	-
Lease rent paid	-
Loan taken	-
Capital Invested	-
Capital asset Purchased	-
Amount paid to Creditors	-
Paid on behalf	-
Remuneration	-
Receiving of services	-
Rendering of services	-
Bank/Cash Paid	-
Bank/Cash Received	-
Others (Advance Deposit Paid)	15.00
Sales	-
Purchase	-
Group Concern	-
Lease rent paid	-
Rent Received	-
Loan taken	-
Loan Repaid	-
Paid on behalf	-
Creditor for other	-
Capital asset Purchased	10.00
Receiving of services	-
Rendering of services	-
Others	-
Bank/Cash Paid	-
Bank/Cash Received	-
Sales	-

ANNEXURE – 11

SCHEDULES OF RATIOS

Particulars	As at 31.12.2011
1 Adjusted Profit from Operations (In Rs. Lacs)	(12.48)
2 Adjusted Earnings per share (Rs.)	(23.98)
Annualised (Rs.)	(95.91)
3 Net Assets Value per share (Rs.)	(11.63)
4 Return on Net worth (%)	(206.15 %)
5 No. of Equity shares	64300
6 Weighted No. of Equity shares	52083
7 Net worth (Excluding Revaluation Reserve) (In Lac)	75.15

NOTES :

1. The ratios have been computed as below :

Earnings per share(Rs.) = $(1248763) / 52083 = (23.98)$

Adjusted Profit/(Loss) for the period attributable to Equity shareholders

Weighted average number of equity shares outstanding during the period

Net Asset Value per share (Rs.) = $(605763)/52083 = (Rs.11.63)$

Net Worth excluding revaluation reserve & share application money

Weighted average number of equity shares outstanding during the year

Return on Net Worth (%) = $(1248763)/(605763) = (206.15)\%$

Adjusted Profit/(Loss) for the period

Net Worth excluding revaluation reserve & share application money

2. Profit and Loss as restated has been considered for the purpose of computing the above ratios

3. The Company had issued Shares on application for Allotment as follows and accordingly Weighted Average No. of Equity shares has been calculated-

WEIGHTED AVG. OF SHARES

<u>ALLOTMENT DATE</u>	<u>WEIGHT</u>	<u>SHARES</u>	<u>WEIGHTED SHARES</u>
01/10/2011	0.33	30000	10000
01/11/2011	0.17	60000	10000
15/11/2011	0.22	65000	14222
05/12/2011	0.28	64300	17861
			52083

ANNEXURE - 12

STATEMENT OF TAXATION

(Rs. In Lakhs)

Particulars	As at 31.12.2011
Profit after Tax (A)	(12.48)
Add: Provision for tax	-
Add: Deferred tax	-
Net profit before Tax	(12.48)
Tax rate	-
Tax as per actual rate on Profits	-
Adjustments	-
Permanent differences	-
Disallowance for Donations	-
Loss/Profit on Sales of Fixed Assets	-
B/F Losses set off)	-
Total Permanent Differences(B)	-
Timing Difference	-
Difference between tax depreciation and Book depreciation	-
Deduction U/s 43B of the Income Tax Act	-
Other Disallowances	-
Difference in Amortisation of Preliminary Expenses U/s.35D	-
Total Timing Difference (C)	-
Total Adjustments D=(B+C)	-
Tax Expenses/(savings) thereon D*Rate	-
Net Tax Incidence	-
Tax under MAT	-
Tax payable for the Year	-
Maximum of MAT or Tax	-
Interest U/s 234B & 234C (As per Income Tax Return)	-
Total Tax Payable	-

ANNEXURE - 13

CAPITALISATION STATEMENT

(Rs. in Lakhs)

PARTICULARS	Pre Issue as at 31 st Dec 2011	Post Issue*
Total Debts	118.62	--
Long Term Debt	--	--
Short Term Debt	118.62	--
Total Debts-A	118.62	--
Shareholders Fund		
Share Capital (Including Share Application Money)	93.93	600.00
Reserves and Surplus	(12.49)	887.51
Total Shareholders Fund- B	81.44	1487.51
Long Term Debt/Equity Ratio	--	--
Total Debts/Equity Ratio	1.46 Times	----

* Considering Reserves & Surplus as on 31.12.2011 & 30Lac shares to be issued at a premium of Rs.30/- per share as envisaged

FINANCIAL INFORMATION OF GROUP COMPANIES

We have two Group Companies, namely, Dr.Nishita's Cosmetic Clinic Pvt Ltd and Maxgainz Finserve Pvt Ltd, details of which are furnished below:-

Name of the Company	Dr.Nishita's Cosmetic Clinic Pvt Ltd (DNCC)
Main Objects	Skin care, Hair care and Cosmetic and other related treatments
Date of incorporation	24.6.2008
CIN	U85100MH2008PTC183935
PAN	AACCD 9262 G
Registered Office Address	28/3, Next to Jari Mari Mandir, S.V.Road, Bandra (W), Mumbai-400050
Promoters	Dr.Prashant Vikram & Dr.Nishita Sheth
Board of Directors	Dr.Prashant Vikram & Dr.Nishita Sheth

Audited Financial information

(Rs .lacs)

Particulars	Year ended 31.3.2009	Year ended 31.3.2010	Year ended 31.3.2011
Income	3.87	19.72	15.69
Profit After Tax	0.21	0.04	(1.44)
Equity Capital	1.00	1.00	1.00
Reserves & Surplus	0.21	0.25	(1.21)
EPS	2.10	0.40	(14.40)
Net Asset Value per share of face value of Rs.10/- each	12.10	12.50	(2.10)

Dr.Nishita's Cosmetic Clinic Pvt Ltd (DNCC) does not hold any shares in our Company.

Nature of interest of our Promoters in DNCC

Name	Number of shares of Rs.10/- each held in DNCC Pvt Ltd	%age of shareholding
Dr. Nishita Sheth	5000	50%
Dr. Ajit Kadam	--	--
Dr. Prashant Vikram	5000	50%
Total	10000	100%

Name of the Company	Maxgainz Finserve Pvt Ltd
Main Objects	To act as a Broker, Sub Broker and carry on other financial services
Date of incorporation	17/04/2010
CIN	U67190MH2010PTC202116
PAN	AAGCM4700L
Registered Office Address	28/3, Next to Jari Mari Mandir, S.V.Road, Bandra (W), Mumbai-400050
Promoters	Dr.Prashant Vikram & Dr.Nishita Sheth
Board of Directors	Dr.Prashant Vikram & Dr.Nishita Sheth

Audited Financial information

(Rs. Lacs)

Particulars	Year ended 31.3.2011
Income	0.00
Profit After Tax	(0.15).
Equity Capital	4.00
Reserves & Surplus	(0.15)
EPS	(0.37)
Net Asset Value per share of face value of Rs.10/- each	9.20

Maxgainz Finserve Pvt Ltd does not hold any shares in our Company.

Nature of interest of our Promoters in Maxgainz Finserve Pvt Ltd

Name	Number of shares of Rs.10/- each held in DNCC Pvt Ltd	% ge of shareholding
Dr. Nishita Sheth	20,000	50%
Dr. Ajit Kadam	--	--
Dr. Prashant Vikram	20,000	50%
Total	40,000	100%

CHANGES IN ACCOUNTING POLICIES IN THE LAST THREE YEARS OF OUR COMPANY

No changes since incorporation on 1.10.2011

6.2 - MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis of Financial Condition and Results of Operations as reflected in the Financial Statements

As our Company was incorporated on 01/10/2011 and we are yet to commence our full-fledged operation, this section is not applicable.

a. Overview of our Business:

Please refer to "Our Business Overview" (Clause 5.2) on Page No.66

b. Significant Development Subsequent to 31.12.2011

Company began operations at two of its branches at Bandra and Andheri with limited equipment w.e.f.17/01/2012.

c. Factors that may affect Results of Operations

Except as otherwise stated in this Draft Prospectus, the Risk Factors given in this Draft Prospectus and the following important factors could cause actual results to differ materially from the expectations include, among others:

- General economic and business conditions;
- Company's ability to successfully implement its strategy and its growth and expansion plans;
- stiff competition from Government hospitals and non-profit organization in healthcare industry;
- Cyclical or seasonal fluctuations in the operating results;
- Amount that the Company is able to realize from the patients;
- Changes in laws and regulations that apply to Health Care industry;
- Changes in the interest rates and tax laws in India.

d. Summary of the Results of operation

Analysis of our Financial Performance

Not applicable, as there were no full fledged operations as on 31.12.2011.

e. Comparison of Recent Financial Years / Periods with Previous Financial Years / Periods

Not Applicable as the Company was incorporated on 1.10.2011

SECTION VII -. LEGAL AND OTHER INFORMATION

7.1 - OUTSTANDING LITIGATIONS, DEFAULTS AND MATERIAL DEVELOPMENTS

1. Litigations against Our Company

Nil

2. Litigation against our Directors

Nil

3 Litigation against our Promoters and Group Companies.

Nil

We certify that except as stated herein:

- (a) there are no pending proceedings for offences for non-payment of statutory dues by the promoters of the Company.
- (b) there are no cases of litigation pending against the Company or against any other Company in which Directors are interested, whose outcome could have a materially adverse effect on the financial position of the Company.
- (c) there are no pending litigation against the promoters/ directors in their personal capacities and also involving violation of statutory regulations or criminal offences.
- (d) there are no pending proceedings initiated for economic offences against the Directors, Promoters, Companies and firms promoted by the promoters.
- (e) there are no outstanding litigation, defaults etc. pertaining to matters likely to affect the operations and finances of the Company including disputed tax liability or prosecution under any enactment.
- (f) there are no litigations against the promoters / Directors in their personal capacity.
- (g) the Company, its promoters and other Companies with which promoters are associated have neither been suspended by SEBI nor any disciplinary action has been taken by SEBI.
- (h) as per the audited Balance sheet as at Dec 31, 2011, there are no SSI units to whom, our Company owns any sum which is outstanding for more than 30 days.

Material Developments after the Last Audited Balance Sheet

Nil

7.2 GOVERNMENT & OTHER KEY APPROVALS

On the basis of the indicative list of approvals below, the Company is permitted to carry on business activities and no further major approvals from any Government authorities or regulatory authority or any other entity are required by the Company to undertake the Issue or carry on its business activities. It must, however, be distinctly understood that, in granting these approvals, Government of India, State Government, Reserve Bank of India and other authorities do not take any responsibility for Company's financial soundness or for the correctness of any of the statements made or opinion expressed in this behalf.

The Company has obtained necessary approvals and registrations from various authorities in relation to its business activities; which include:

Company Incorporation

1. Certificate of incorporation dated 01/10/2011 from the Registrar of Companies, Maharashtra , Mumbai
2. Certificate of incorporation dated 09/12/2011 from the Registrar of Companies, Maharashtra , Mumbai, pursuant to change of name from Monarch Health Services Pvt Ltd to Monarch Health Services Ltd
3. Certificate of Commencement of Business dated 09/12/2011 from the Registrar of Companies, Maharashtra , Mumbai

Approvals for the Company's Business

- 1) Drug Licence (No.20B-45598,21B-45599 valid till 29.1.2017) to sell, stock or exhibit for sale or distribute by retail drugs specified in Schedule C and C(1) to the Drugs and Cosmetics Rules, 1945, from the Assistant Director of Drugs Control, Coimbatore.
- 2) Certificate of registration under Maharashtra Value Added Tax Act, 2006 with Government of Maharashtra, Commercial Taxes Department (TIN: 27590882081V w.e.f.13/02/2012.
- 3) Permanent Account Number (AAHCM4915C) and Tax Deduction Account Number (MUMM41194G) under the Income Tax Act, 1961;
- 4) Certificate of Provisional Registration (No.: AAHCM 4915CSD001) under Service Tax Act ;
- 5) Certificate of Importer-Exporter Code (IEC- 311055729) under Export Import Policy ;
- 6) Provisional agreement entered into with SMS Envoclean Pvt Ltd for segregation, storage and disposal of biomedical wastes.
- 7) Registration of Trade Mark (Looks Cosmetic Clinic) with the Registrar of Trade Marks, Mumbai on 21.12.2011

7.3 OTHER REGULATORY AND STATUTORY DISCLOSURES**A) AUTHORITY FOR THE ISSUE**

Our Board of Directors have authorised the Issue by a resolution dated 24/11/2011 and Our shareholders have authorized the Issue by a special resolution passed pursuant to Section 81 (1A) of the Companies Act, at the EGM held on 16/12/2011.

B) PROHIBITION BY SEBI OR OTHER GOVT AUTHORITIES

Our Company, our Promoters, our Directors or any of the Company's associates or group companies and companies with which the Directors of the Company are associated as Directors or Promoters, or Partners have not been prohibited from accessing or operating in the capital market under any order or direction passed by SEBI. The listing of any securities of our Company has never been refused at any time by any of the Stock Exchange.

Our Company, our Promoters, their relatives, group companies and associate companies have not been declared as wilful defaulters by RBI / Government authorities and there are no violations of securities laws committed by them in the past or pending against them.

C) ELIGIBILITY FOR THE ISSUE

We are an unlisted Company and this issue is an “Initial Public Offer” in terms of SEBI (ICDR) Regulations. We are eligible for the Issue in accordance with Reg 106 M(1) of SEBI (ICDR) Regulations, 2009 since our Post issue capital will be less than Rs.10 cr. We may hence issue shares to the public and propose to list the same on the SME Exchange (SME Platform of BSE)

We confirm that

- a) In accordance with Regulation 106 (P) of SEBI (ICDR) Regulations and other provisions of Chapter X B of the above regulations, this issue has been 100 % underwritten and that the Lead Manager has underwritten more than 15 % of the total issue size. For further details pertaining to underwriting please refer to “**General Information –Underwriting** “ on Page No.38 of this Draft Prospectus.
- b) In accordance with Regulation 106 (R) of SEBI (ICDR) Regulations, we shall ensure that the total number of proposed allottees in this issue is greater than or equal to fifty, otherwise, the entire application money will be refunded forthwith. If such money is not repaid within eight days from the date our Company becomes liable to repay it, then our Company and every officer in default shall, on and from expiry of eight days, be liable to repay such application money, with interest as prescribed under Section 73 of the Companies Act, 1956.
- c) In accordance with Regulation 106 (O) of SEBI (ICDR) Regulations, 2009, we have not filed any Draft Offer Document with SEBI. We shall ensure that our LM submits the copy of Prospectus along with a Due Diligence Certificate including additional confirmations as required to SEBI at the time of filing the Prospectus with Stock Exchange and the Registrar of Companies.
- d) In accordance with Regulation 106 (V) of SEBI (ICDR) Regulations, 2009, we have entered into an agreement with the LM and Market Maker to ensure compulsory Market Making for a minimum period of three years from the date of listing of equity shares offered in this issue. For further details of the arrangement of Market Making, please refer to “**General information-Details of the Market Making Arrangements for this issue**” on Page No.38 of this Draft Prospectus.

We further confirm that we shall be complying with all the other requirements as laid down for such an issue under Chapter X B of SEBI (ICDR) Regulations, 2009 as amended from time to time and subsequent circulars and guidelines issued by SEBI and BSE.

However, as per Regulation 106 (M) (3) of SEBI (ICDR) Regulations, 2009, the provisions of regulations 6(1), 6(2), 6(3), Regulation 7 , Regulation 8, Regulation 9, Regulation 10, Regulation 25, Regulation 26, Regulation 27 and Sub regulation (1) of Regulation 49 of SEBI (ICDR) Regulations, 2009 shall not apply to this issue.

D) DISCLAIMER CLAUSE (SEBI)

“IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF 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 THIS DRAFT PROSPECTUS. THE LEAD MANAGER, NETWORK STOCK BROKING LIMITED HAS CERTIFIED THAT THE DISCLOSURES MADE IN THIS DRAFT PROSPECTUS ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH SEBI (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENT) REGULATIONS, 2009 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 OUR COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THIS DRAFT PROSPECTUS, 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, NETWORTH STOCK BROKING LIMITED HAS FURNISHED TO SEBI A DUE DILIGENCE CERTIFICATE DATED [REDACTED] IN ACCORDANCE WITH THE SEBI (MERCHANT BANKERS) REGULATIONS 1992 WHICH READS AS FOLLOWS :

1. 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 DRAFT PROSPECTUS PERTAINING TO THE SAID ISSUE;
2. ON THE BASIS OF SUCH EXAMINATION AND DISCUSSIONS WITH THE COMPANY, IT'S DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES AND INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE ISSUE, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS MENTIONED IN THE ANNEXURE AND OTHER PAPERS FURNISHED BY THE COMPANY, WE CONFIRM THAT:
 - A. THE PROSPECTUS FILED WITH THE BOARD IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE PUBLIC ISSUE;
 - B. ALL THE LEGAL REQUIREMENTS RELATING TO THE ISSUE, AS ALSO THE REGULATIONS, 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 PROSPECTUS ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED PUBLIC ISSUE AND SUCH DISCLOSURES ARE IN ACCORDANCE WITH THE REQUIREMENTS OF THE COMPANIES ACT, 1956 SEBI (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 AND OTHER APPLICABLE LEGAL REQUIREMENTS.
3. WE CONFIRM THAT BESIDES OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE DRAFT PROSPECTUS ARE REGISTERED WITH SEBI AND THAT TILL DATE SUCH REGISTRATIONS ARE VALID.
4. WE HAVE SATISFIED OURSELVES ABOUT THE CAPABILITY OF THE UNDERWRITER TO FULFIL THEIR UNDERWRITING REQUIREMENTS. .
5. WE CERTIFY THAT WRITTEN CONSENT FROM PROMOTERS HAS BEEN OBTAINED FOR INCLUSION OF THEIR SPECIFIED SECURITIES AS PART OF PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN AND THE SPECIFIED SECURITIES PROPOSED TO FORM PART OF PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN, WILL NOT BE DISPOSED / SOLD / TRANSFERRED BY THE PROMOTERS DURING THE PERIOD STARTING FROM THE DATE OF FILING OF THE PROSPECTUS WITH THE BOARD TILL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE PROSPECTUS.
6. WE CERTIFY THAT REGULATION 33 SEBI (ICDR) REGULATIONS, 2009 WHICH RELATES TO SPECIFIED SECURITIES INELIGIBLE FOR COMPUTATION OF PROMOTERS' CONTRIBUTION, HAS BEEN DULY COMPLIED WITH AND APPROPRIATE DISCLOSURES AS TO COMPLIANCE WITH THE SAID REGULATION HAVE BEEN MADE IN THE PROSPECTUS.
7. WE CERTIFY THAT SUB REGULATION (4) OF REGULATION 32 OF SEBI (ICDR) REGULATIONS, 2009 SHALL BE COMPLIED WITH. WE CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION SHALL BE RECEIVED AT LEAST ONE DAY BEFORE THE OPENING OF THE ISSUE. WE UNDERTAKE THAT AUDITORS' CERTIFICATE TO THIS EFFECT SHALL BE DULY

SUBMITTED TO THE BOARD. WE FURTHER CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION SHALL BE KEPT IN AN ESCROW ACCOUNT WITH A SCHEDULED COMMERCIAL BANK AND SHALL BE RELEASED TO THE ISSUER ALONG WITH THE PROCEEDS OF THE ISSUE.

8. WE CERTIFY THAT THE PROPOSED ACTIVITIES OF THE ISSUER FOR WHICH THE FUNDS ARE BEING RAISED IN THE PRESENT ISSUE FALL WITHIN THE 'MAIN OBJECTS' LISTED IN THE OBJECT CLAUSE OF THE MEMORANDUM OF ASSOCIATION OR OTHER CHARTER OF THE ISSUER AND THAT THE ACTIVITIES WHICH HAVE BEEN CARRIED OUT UNTIL NOW ARE VALID IN TERMS OF THE OBJECT CLAUSE OF ITS MEMORANDUM OF ASSOCIATION.
9. WE CONFIRM THAT NECESSARY ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT THE MONEYS RECEIVED PURSUANT TO THE ISSUE ARE KEPT IN A SEPARATE BANK ACCOUNT AS PER THE PROVISIONS OF SUB SECTION (3) OF SECTION 73 OF THE COMPANIES ACT, 1956 AND THAT SUCH MONEYS SHALL BE RELEASED BY THE SAID BANK ONLY AFTER PERMISSION IS OBTAINED FROM THE DESIGNATED STOCK EXCHANGE MENTIONED IN THE PROSPECTUS. WE FURTHER CONFIRM THAT THE AGREEMENT ENTERED INTO BETWEEN THE BANKERS TO THE ISSUE AND THE ISSUER SPECIFICALLY CONTAINS THIS CONDITION.
10. WE CERTIFY THAT A DISCLOSURE HAS BEEN MADE IN THE DRAFT PROSPECTUS THAT THE INVESTORS SHALL BE GIVEN AN OPTION TO GET THE SHARES IN DEMAT OR PHYSICAL MODE.
11. WE CERTIFY THAT ALL THE APPLICABLE DISCLOSURES MANDATED IN SEBI (ICDR) REGULATIONS, 2009 HAVE BEEN MADE IN ADDITION TO DISCLOSURES, WHICH, IN OUR VIEW, ARE FAIR AND ADEQUATE TO ENABLE THE INVESTOR TO MAKE A WELL INFORMED DECISION.
12. WE CERTIFY THAT THE FOLLOWING DISCLOSURES HAVE BEEN MADE IN THE PROSPECTUS :
 - A. AN UNDERTAKING FROM THE ISSUER THAT AT ANY GIVEN TIME, THERE SHALL BE ONLY ONE DENOMINATION FOR THE SHARES OF THE ISSUER AND
 - B. AN UNDERTAKING FROM THE ISSUER THAT IT SHALL COMPLY WITH SUCH DISCLOSURE AND ACCOUNTING NORMS SPECIFIED BY THE BOARD FROM TIME TO TIME.
13. WE UNDERTAKE TO COMPLY WITH THE REGULATIONS PERTAINING TO ADVERTISEMENT IN TERMS OF SEBI (ICDR) REGULATIONS WHILE MAKING THE ISSUE
14. WE ENCLOSE A NOTE EXPLAINING HOW THE PROCESS OF DUE DILIGENCE HAS BEEN EXERCISED BY US IN VIEW OF THE NATURE OF CURRENT BUSINESS BACKGROUND OR THE ISSUER, SITUATION AT WHICH THE PROPOSED BUSINESS STANDS, THE RISK FACTORS, PROMOTERS EXPERIENCE, ETC (NOT APPLICABLE).
15. WE ENCLOSE A CHECK LIST CONFIRMING REGULATION WISE COMPLIANCE WITH THE APPLICABLE PROVISIONS OF SEBI (ICDR) REGULATIONS, 2009 CONTAINING DETAILS SUCH AS THE REGULATION NUMBER, ITS TEXT, THE STATUS OF COMPLIANCE, PAGE NUMBER OF THE PROSPECTUS WHERE THE REGULATION HAS BEEN COMPLIED WITH AND OUR COMMENTS, IF ANY. (NOT APPLICABLE).
16. WE ENCLOSE A STATEMENT ON PRICE INFORMATION OF PAST ISSUES HANDLED BY US.- NOT APPLICABLE AS WE HAVE NOT HANDLED ANY ISSUE

ADDITIONAL CONFIRMATION

17. WE CONFIRM THAT NONE OF THE INTERMEDIARIES NAMED IN THE PROSPECTUS HAVE BEEN DEBARRED FROM FUNCTIONING BY ANY REGULATORY AUTHORITY.
18. WE CONFIRM THAT ALL THE MATERIAL DISCLOSURES IN RESPECT OF THE ISSUER HAVE BEEN MADE IN THE POSPECTUS AND CERTIFY THAT ANY MATERIAL DEVELOPMENT IN THE ISSUER OR RELATING TO THE ISSUE UP TO THE COMMENCEMENT OF LISTING AND TRADING OF THE SPECIFIED SECURITIES OFFERED THROUGH THIS ISSUE SHALL BE INFORMED THROUGH PUBLIC NOTICES / ADVERTISEMENTS IN ALL THOSE NEWSPAERS IN WHICH PRE ISSUE ADVERTISEMENT AND ADVERTISEMENT FOR OPENING OR CLOSURE OF THE ISSUE HAVE BEEN GIVEN.
19. WE CONFIRM THAT THE ABRIDGED PROSPECTUS CONTAINS ALL THE DISCLOSURES AS SPECIFIED IN SEBI (ICDR) REGULATIONS, 2009.
20. WE CONFIRM THAT AGREEMENTS HAVE BEEN ENTERED INTO WITH THE DEPOSITORIES FOR DEMATERILISATION OF THE SPECIFIED SECURITES OF THE ISSUER.
21. WE CERTIFY THAT AS PER THE FIRST PROVISIO TO SUB REGULATION (4) OF REGULATION 32 OF SEBI (ICDR) REGULATIONS, 2009, CASH FLOW STATEMENT HAS BEEN PREPARED AND DISCLOSED IN THE PROSPECTUS –NOT APPLICABLE
22. WE CONFIRM THAT UNDERWRITING AND MARKET MAKING ARRANGEMENTS AS PER REQUIREMENTS OF REGULATION 106(P) AND 106 [V] OF SEBI (ICDR) REGUALTIONS, 2009 HAVE BEEN MADE.

THE FILING OF THE PROSPECTUS 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 PROSPECTUS.

E. Disclaimer Clause of BSE

BSE Limited ("BSE") has given vide its letter dated February 10, 2012, permission to this company to use its name in this offer document as one of the stock exchanges on which this company's securities are proposed to be listed on the SME Platform. BSE has scrutinized this offer document for its limited internal purpose of deciding on the matter for granting the aforesaid permission to this 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 in this Company may do so pursuant to independent inquiry, investigations and analysis and shall not have any claim against BSE whatsoever by reason of 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.

F) DISCLAIMER STATEMENT FROM THE COMPANY AND THE LM

Our Company, our Directors, and the LM accept no responsibility for statements made otherwise than in this DRAFT PROSPECTUS or in the advertisements or any other material issued by or at instance of the above mentioned entities and anyone depending on any other source of information, including our website, www.looksclinic.com, would be doing so at his or her own risk.

The LM accepts no responsibility, save to the limited extent as provided in the Memorandum of Understanding entered into between the LM and our Company dated 28/12/2011 and the Underwriting Agreement dated 24/02/2012 entered into between the LM and our Company. All information shall be made available by us and LM 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 show presentations, in research or sales reports, etc.

CAUTION

Neither our Company nor the Lead Manager is liable to the Applicants for any failure in downloading the Application Forms due to faults in any software/hardware system or otherwise.

The LM and its associates and affiliates may engage in transactions with and perform services for our Company and Promoter Group Entities or associates of our Company in the ordinary course of business and have engaged and may, in future engage, in the provision of financial services for which they have received, and may in future receive compensation.

F) DISCLAIMER WITH RESPECT TO JURISDICTION

This Issue is being made in India to persons resident in India (including Indian nationals resident in India who are majors, HUFs, companies, corporate bodies and societies registered under the applicable laws in India and authorised 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 as amended from time to time or any other trust law and who are authorised under their constitution to hold and invest in shares, permitted insurance companies and pension funds and to NRIs, FIIs and Foreign Venture Capital Funds registered with SEBI. This Draft Prospectus does not, however, constitute an invitation to subscribe to Equity Shares offered hereby in any other jurisdiction to any person to whom it is unlawful to make an offer or invitation in such jurisdiction. Any person into whose possession this Draft Prospectus comes is required to inform him or herself about and to observe, any such restrictions. Any dispute arising out of this Issue will be subject to the jurisdiction of appropriate court(s) in Mumbai , Maharashtra 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. Accordingly, the Equity Shares, represented thereby may not be offered or sold, directly or indirectly, and this Draft Prospectus may not be distributed, in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of this Draft Prospectus nor any sale hereunder shall, under any circumstances, create any implication that there has been no change in our affairs from the date hereof or that the information contained herein is correct as of any time subsequent to this date.

G) DISCLAIMER CLAUSE OF RBI

RBI does not accept any responsibility or guarantee about the present position as to financial soundness of the company or correctness of any of the statements or representations made or opinions expressed by the Company and for repayment of deposits or discharge of liabilities by the Company.

H) FILING

A copy of this Draft Prospectus shall not be filed with SEBI nor will SEBI issue any observation on the offer document in terms of Regulation 106 (M) (3). However, a copy of the Prospectus shall be filed with SEBI at the Corporate Finance Dept, Plot No.C-4A, "G" Block, Bnadra Kurla Complex, Bandra (East), Mumbai-400051..

A copy of the Prospectus, along with the documents required to be filed under Section 60B of the Companies Act, will be delivered for registration to the ROC situated at Everest building, 100, Marine Drive, Mumbai-400002.

I) LISTING

The Company has obtained approval from BSE vide letter dated --- to use the name of BSE in this offer document for listing of Equity Shares on the SME Platform of BSE.

In term of Chapter X B of SEBI (ICDR) Regulations, 2009, as amended from time to time, we are not required to obtain any in principle listing approval for the shares being offered in this Issue. However, application shall be made to the SME Platform of BSE for obtaining permission for listing of the Equity Shares offered and sold in the Issue on the SME Platform after the allotment in the Issue. BSE is the Designated Stock Exchange with which the Basis of Allotment of Equity Shares will be finalised.

If the permission to deal in and for an official quotation of the Equity Shares is not granted by the SME Platform of BSE as mentioned above, our Company shall forthwith repay, without interest, all monies received from the applicants in pursuance of the Prospectus. If such money is not repaid within eight days after the Company becomes liable to repay it, then our Company, and every officer in default shall, on and from 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.

Our Company shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at the SME Platform of BSE mentioned above are taken within twelve working days of the Issue Closing Date.

J) CONSENTS

Consents in writing of the Directors, the Company Secretary and Compliance Officer, the Auditors, the Legal Advisor, Bankers to the Company, LM and the Registrar to the Issue to act in their respective capacities, have been obtained and will be filed along with a copy of the Prospectus with the ROC 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 the Prospectus for registration with the ROC.

In accordance with the Companies Act and SEBI (ICDR) Regulations, M/S. S.D.Motta & Associates, Chartered Accountants, Statutory Auditors of the Company have given their consent to the inclusion of their report dated 7.2.2012 on the financial statements, and statement related to the possible tax benefits, as applicable, which may be available to the Company and its shareholders, included in this Draft Prospectus in the form and context in which they appear herein and such consent and reports will not be withdrawn up to the time of delivery of this Draft Prospectus

L) EXPERT OPINION OBTAINED, IF ANY

Except as stated in "Statement of Tax Benefits", the Company has not obtained any expert opinion.

M) PUBLIC ISSUE EXPENSES

The total expenses of the Issue are approximately Rs. 42.50 lacs. The expenses of this Issue include, among others, fees payable to LM, Registrar, underwriting commission, printing and distribution expenses, legal fees, statutory advertisement expenses and listing fees. The estimated Issue expenses are as follows:

Sr. No.	Nature of Expenses	Amount (Rs. in Lacs)	% to the Total Expenses	% to the Issue
1.	Payment of fees to Lead Manager , Registrar , Legal Counsel, Market Maker, Banker to the Issue, NSDL & CSDL, Underwriting Commission,etc	33.59	81.53	4.81
2.	Advertising and Marketing Expenses	2.00	4.71	0.28
3.	Printing and Stationery	3.00	7.05	0.42
4.	Regulatory Fees	2.00	4.71	0.28
5	Other expenses	1.91	2.00	0.12
-	Total	42.50	100.00	5.91

N) DETAILS OF FEES PAYABLE

Fees Payable to the Lead Manager

The total fees payable to the Lead Manager (including underwriting commission and fees for Market Making) will be Rs. 33 lacs as per the Memorandum of Understanding between the Company and the LM dated 28.12.2011, the Underwriting Agreement dated 24/2/2012 and the Market Making Agreement dated 17.2.2012, a copy of which is available for inspection at our registered office.

O) Fees Payable to the Registrar to the Issue

The fees payable by us to the Registrar to the Issue for processing of application, data entry, printing of CAN/refund order, preparation of refund data on magnetic tape, printing of bulk mailing register will be Rs. 44,000 /- as per the Memorandum of Understanding dated 9.1.2012 between the Registrar to the Issue and our Company.

P) PREVIOUS PUBLIC OR RIGHTS ISSUE

We have not made any previous public or rights issue of shares either in India or abroad and we are an unlisted Company as per SEBI (ICDR) Regulations and this Issue is an IPO in terms of SEBI (ICDR) Regulations. .

Q) PREVIOUS ISSUE OF SHARES OTHERWISE THAN FOR CASH

Nil

R) COMMISSION AND BROKERAGE ON PREVIOUS ISSUES

Since this is the initial public offering of the Company, no sum has been paid or is payable as commission or brokerage for subscribing to or procuring or agreeing to procure subscription for any of the Equity Shares since inception of the Company.

S) CAPITAL ISSUE BY COMPANIES UNDER THE SAME MANAGEMENT DURING THE LAST THREE YEARS

Nil.

T) PROMISE vis-a-vis PERFORMANCE

This is the first issue of our Company and further none of our group companies is listed on any Stock Exchanges in India or abroad.

U) OUTSTANDING DEBENTURES OR BONDS AND REDEEMABLE PREFERENCE SHARES AND OTHER INSTRUMENTS

There are no outstanding debentures or bonds or redeemable preference shares and other instruments issued by the Company as on the date of this DP.

V) STOCK MARKET DATA

This being our initial public offering, the Equity Shares are not listed on any stock exchange.

W) MECHANISM FOR REDRESSAL OF INVESTORS' GRIEVANCES

Our Company has constituted a Shareholders Grievance Committee to look into the redressal of shareholder/ investor complaints such as Issue of duplicate/split/consolidated share certificates, allotment and listing of shares and review of cases for refusal of transfer/transmission of shares and debentures, complaints for non receipt of dividends etc.

For further details on this committee, please refer paragraph titled “**Shareholders/Investors Grievance Committee**” beginning on Page No.85 under the Chapter titled “**Our Management**” beginning on Page No.75 of the Draft Prospectus

. To expedite the process of share transfer, our Company has appointed Sharepro Services (I) Private Limited as the Registrar and Share Transfer Agents of our Company.

All grievances relating to the ASBA process may be addressed to the Registrar with a copy to the relevant SCSB, giving full details such as name, address of the applicant, number of Equity Shares applied for, amount paid on application and the Designated Branch of the SCSB where the ASBA Form was submitted by the ASBA Applicants.

Disposal of Investors' Grievances and Redressal Mechanism

We have appointed Sharepro Services (I) Private Limited as the Registrar to the Issue, to handle the investor grievances in co-ordination with the Compliance Officer of the Company. All grievances relating to the present issue may be addressed to the Registrar with a copy to the Compliance Officer, giving full details such as name, address of the applicant, number of equity shares applied for, amount paid on application and bank and branch. We would monitor the work of the Registrar to ensure that the investor grievances are settled expeditiously and satisfactorily.

A fortnightly status report of the complaints received and redressed by the Registrar to the Issue would be forwarded to us. We would also co-ordinate with the Registrar to the issue in attending to the grievances of the investors. We assure that the Board of Directors in respect of the complaints, if any, to be received shall adhere to the following schedules:

Sr. No.	Nature of complaint	Time Table
1.	Non-receipt of refund	Within 7 business days of receipt of complaint subject to production of satisfactory evidence
2.	Non Receipt of Share Certificate/Demat Credit	Within 7 business days of receipt of complaint subject to production of satisfactory evidence
3.	Any other complaint in relation to Public Issue	Within 7 business days of receipt of complaint with all relevant details

We have appointed Ms. Priyanka Manghwani, Company Secretary as the Compliance Officer and she may be contacted in case of any pre-issue or post-issue problems. She can be contacted at the following address:

Ms. Priyanka Manghwani,
Company Secretary & Compliance Officer,
Monarch Health Services Ltd,
28/3, Next to Jari Mandir Temple,
S.V.Road, Bandra (W), Mumbai-400050.
Ph: 09793775325
E Mail:cs@lookscclinic.com

As on the date of the Draft Prospectus, there were no investor complaints pending with / against our Company.

X) CHANGES IN AUDITORS DURING THE LAST THREE YEARS

No changes since the date of incorporation on 1.10.2011

Y) CAPITALIZATION OF RESERVES OR PROFITS DURING LAST 5 YEARS

Since our incorporation on 1.10.2011, we have not issued any equity Shares by capitalizing reserves or profits.

Z) REVALUATION OF ASSETS DURING THE LAST 5 YEARS

The company has not revalued its assets since incorporation on 1.10.2011.

SECTION VIII – ISSUE RELATED INFORMATION

8.1 TERMS OF THE ISSUE

The Equity Shares being offered are subject to the provisions of the Companies Act, SEBI (ICDR) Regulations, 2009, our Memorandum and Articles of Association, the terms of this Draft Prospectus, the Prospectus, the Application Form, the ASBA Form, the CAN (Confirmation of Allocation Note) and other terms and conditions as may be incorporated in the Allotment advices and other documents/certificates that may be executed in respect of the Issue. The Equity Shares shall also be subject 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, the Stock Exchanges, the Reserve Bank of India, ROC and/ or other authorities, as in force on the date of the Issue and to the extent applicable.

AUTHORITY FOR THE ISSUE

Our Board of Directors have authorised the Issue by a resolution dated 24/11/2011 and Our shareholders have authorized the Issue by a special resolution passed pursuant to Section 81 (1A) of the Companies Act, at the EGM held on 16/12/2011

RANKING OF EQUITY SHARES

The Equity Shares being offered shall be subject to the provisions of the Companies Act, our Memorandum and Articles of Association and shall rank pari passu in all respects with the existing Equity Shares including rights in respect of dividend. The Allottees will be entitled to dividend or any other corporate benefits, if any, declared by the Company after the date of allotment.

MODE OF PAYMENT OF DIVIDEND

We shall pay dividend, if declared, to our shareholders as per the provisions of the Companies Act, 1956.

FACE VALUE AND ISSUE PRICE

The face value of the Equity Shares is Rs. 10/- each and the Issue price of Rs. 40/- is 4 (Four) times of the face value.

RIGHTS OF THE EQUITY SHAREHOLDERS

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

- Right to receive dividend, if declared;
- Right to attend general meetings 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; subject to any statutory or preferential claims being satisfied
- Right of free transferability; and
- Such other rights, as may be available to a shareholder of a listed public company under the Companies Act, 1956, in terms of the Listing Agreement to be executed with the Stock Exchange, and the Memorandum and Articles of Association of the Company.

MARKET LOT AND TRADING LOT

The Investors have an option either to receive the security certificate or to hold the securities with depository. However, as per SEBI's circular RMB (Compendium) series circular No.2 (1999-2000) dated 16th Feb 2000, trading in securities of companies making an IPO shall be in dematerialized form only. Allocation and Allotment through this Issue will be done in multiples of 3000 Equity Shares to the

successful Applicants subject to a minimum Allotment of 3000 Equity Shares. The trading of the Equity Shares will happen in the minimum contract size of 3000 Equity Shares.

For details of Allocation and Allotment, please refer to the paragraph titled “**Basis of Allotment**” beginning on Page No 133 under the Chapter titled “**Issue Procedure**” beginning on Page No. 122 of the Prospectus.

MARKET MAKING

As per Reg106 (V) (1) of SEBI (ICDR) Regulations, 2009, the LM will arrange for compulsory market making for a minimum period of three years from the date of listing of Equity Shares. For this purpose, as provided under Reg 106 V (2), we have entered into an agreement with the Market Maker who is also the LM for the issue.

As per Reg 106 V (4), the inventory with the market maker should be at least 5 % of the total shares to be listed. In view of the above, 3,00,000 Equity Shares (5 % of 60,00,000 Equity Shares to be listed) are reserved out of the Issue for the Market Maker. However, the promoters' holding will not be eligible for offering to the Market Maker during the initial period of three years from the date of listing.

NOMINATION FACILITY TO INVESTOR

In accordance with Section 109A of the Companies Act, the sole or first Applicant along with other joint Applicants may nominate any one person in whom, in the event of death of the sole Applicant or in case of joint Applicants, death of all the Applicants, as the case may be, the Equity Shares 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. A buyer will be entitled to make a fresh nomination in the manner prescribed. A fresh nomination can be made only on the prescribed form available on request at the registered office of the Company or at the registrar and transfer agent of the Company.

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

- To register himself or herself as the holder of the Equity Shares; or
- To make such transfer of the Equity Shares, as the deceased holder could have made.

Further, our 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, our 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.

Since the allotment of Equity Shares in the Issue will be made only in dematerialized form, there is no need to make a separate nomination with us. Nominations registered with the respective depository participant of the applicant would prevail. If the investors want to change the nomination, they are requested to inform their respective depository participant.

MINIMUM SUBSCRIPTION

The Issue is not restricted to any minimum subscription level as the Issue is 100 % underwritten. If the issuer does not receive the 100 % subscription through offer document including devolvement of Underwriters within sixty days from the date of closure of the issue, the issuer shall forthwith refund the entire subscription amount received. If there is a delay beyond eight days after the issuer becomes

liable to pay the amount, the issuer shall pay interest prescribed under section 73 of the Companies Act, 1956.

Further, in accordance with Regulation 106 (R) of SEBI (ICDR) Regulations, 2009, our Company shall ensure that the number of prospective allottees to whom the Equity shares will be allotted will not be less than 50. (Fifty only)

ARRANGEMENTS FOR DISPOSAL OF ODD LOTS

The trading of the Equity Shares will happen in the minimum contract size of 3000 shares. However, as per Regulation 106 (V) (5) of SEBI (ICDR) Regulations, 2009, the Market Maker shall buy the entire shareholding of a shareholder of the Company in one lot, where value of such shareholding is less than the minimum contract size allowed for trading on the SME Exchange.

RESTRICTIONS ON TRANSFER OF SHARES

There are no restrictions on transfers and transmission of shares and on their consolidation/ splitting, except as provided in our Articles of Association. For details, please refer to the section titled "**Main Provisions of our Articles of Association**" on Page No.147 of the Draft Prospectus.

Compliance with SEBI (ICDR) Regulations, 2009

Our Company shall comply with all requirements of the SEBI (Issue of Capital and Disclosure Requirements) Regulations 2009, notified on August 26, 2009 as amended from time to time.

Option To Receive Securities in Dematerialized Form

The Investors have an option either to receive the security certificate or to hold the securities with depository. However, as per SEBI's circular RMB (Compendium) series circular No.2 (1999-2000) dated 16th Feb 2000, trading in securities of companies making an IPO shall be in dematerialized form only. The Equity Shares on allotment will be traded only on the dematerialized segment of the SME Exchange.

8.2 - ISSUE STRUCTURE

Public Issue of 18,00,000 Equity Shares of face value Rs.10/- each for cash by the company issued at a price of Rs.40/- per Equity Share, aggregating Rs.720.00 Lacs (hereinafter referred to as the "Issue"). The Issue would constitute 30% of the post Issue paid-up capital of the Company. 3,00,000 Equity Shares (5 % of total shares proposed to be listed) have been reserved for the Market Maker in terms of Regulation 106 V (4) SEBI. Therefore, the Net Offer to Public is 15,00,000 Equity Shares. The Issue is being made through the Fixed Price Process and hence, as per sub Regulation 43 (4) of SEBI (ICDR) Regulations, 2009 at least 50% of the Net Offer to Public will be available for allocation on a proportionate basis to Retail Individual Applicants, subject to valid Applications being received at the Issue Price. For details, see "**Issue Procedure**" on Page No.122 of the Draft Prospectus.

	Retail individual investors	QIBs and Non-Institutional Investors
Basis of allocation if respective category Shares is oversubscribed	A minimum of 50 % of the net offer of shares to the public shall initially be made available on a proportionate basis	The balance net offer of shares to the public shall be made available for allotment to i) individual applicants other than retail individual investors and (ii) other investors including corporate bodies/, institutions irrespective of number of shares applied for on a proportionate basis
Unsubscribed portion, if any	The unsubscribed portion of the net offer to the public in either of the categories specified above , shall / may be made available for allocation to Applicants in the other category , if so required	

Minimum Application Amount	The Application must be made for a minimum of 3000 Equity shares and in multiples of 3000 shares thereafter	The Application must be made for a minimum of such number of equity shares such that the Application Amount exceeds Rs.2,00,000 and in multiples of 3000 shares thereafter
Maximum Application Amount	In multiples of 3000 Equity Shares so as to ensure that the Application Amount payable by the Applicant does not exceed Rs.2,00,000	An Application cannot be submitted for more than the Issue size. However, the maximum Application Amount by a QIB Investor should not exceed the investment limits prescribed for them by applicable laws. A QIB Applicant cannot withdraw its application after the Issue closing date and is required to pay the full Application Amount upto submission of the Application
Mode of Allotment	Physical or in dematerialised form at the option of the Investors	Physical or in dematerialised form at the option of the Investors
Allotment Lot	A minimum of 3000 Equity Shares and in multiples of 3000 Equity Share thereafter	A minimum of 3000 Equity Shares and in multiples of 3000 Equity Share thereafter.
Trading Lot / Market Lot	3000 Equity Shares	3000 Equity Shares
Who can Apply **	Resident Indian individuals; Hindu Undivided Families or HUFs, in the individual name of the Karta; Eligible NRIs, subject to applicable laws.	Resident Indian individuals; Hindu Undivided Families or HUFs, in the individual name of the Karta; Eligible NRIs, subject to applicable laws; companies; corporate bodies; scientific institutions; societies and trusts; subaccounts of FIIs registered with SEBI, which are foreign corporates or foreign individuals; Mutual Fund; Venture Capital Fund; FVCI; FIIs and sub-account (other than a sub-account which is a foreign corporate or foreign individual); public financial institution as defined in Section 4A of the Companies Act; a scheduled commercial bank; multilateral and bilateral development financial institution; state industrial development corporation; insurance company registered with the Insurance Regulatory and Development Authority; provident fund with minimum corpus of Rs.25 cr; pension fund with minimum corpus of Rs. 25 cr; National Investment Fund; insurance funds set up and managed by army, navy or air force of the Union of India and insurance funds set up by Department of Posts, India,

Terms of Payment	<p>The entire issue price of Rs. 40/- per share is payable on submission of application. In case of allotment of lesser number of Equity shares than the number applied, the Company shall refund the excess amount paid on Application to the Applicant.</p> <p>In case of ASBA Applicants, the SCSB shall be authorised to block such funds in the Bank A/c of the ASBA applicants as are specified in the ASBA application form.</p>
Margin Amount	<p>Full Amount payable on Application.</p> <p>In case of ASBA Applicants, the SCSBs shall be authorised to block such funds in the Bank A/c of the ASBA applicants as are specified in the ASBA application form.</p>

** In case the Application Form or ASBA Form is submitted in joint names, the investors should ensure that the demat account is also held in the same joint names and the names are in the same sequence in which they appear in the Application Form or ASBA Form, as the case may be. For further details, please refer to the section “**Issue Procedure**” on Page No. 122 of this Draft Prospectus

8.3 - ISSUE PROCEDURE

This section applies to all Applicants. Please note that all Applicants can participate in the Issue through the ASBA process. Please note that QIBs and the Non-Institutional Applicants can participate in the Issue only through the ASBA process. However, Retail Individual Applicants may apply through the Application Form or the ASBA Form. ASBA Applicants should note that the ASBA process involves application procedures that are different from the procedure applicable to Applicants other than the ASBA Applicants. Applicants applying through the ASBA process should carefully read the provisions applicable to such applications before making their application through the ASBA process. Please note that all the Applicants are required to make payment of the full Application Amount along with the Application Form. In case of ASBA Applicants, an amount equivalent to the full Amount as is specified in the ASBA application form will be blocked by the SCSB.

SEBI Circulars with regard to ASBA Process

1. **Vide SEBI Circular (no. CIR/CFD/DIL/2/2010) dated April 06, 2010 SEBI has decided to extend the ASBA facility to QIBs in all public issues opening on or after May 01, 2010.**
2. **Vide SEBI Circular (no. CIR/CFD/DIL/1/2011) dated April 29, 2011, SEBI has decided that non-retail investors i.e. Qualified Institutional Buyers and Non-Institutional Investors, making application in public issue shall mandatorily make use of ASBA facility.**

Fixed Price Issue Procedure

The Issue is being made under Chapter X B of SEBI (ICDR) Regulations, 2009 via Fixed Price Process as per Regulation 43 (4) of SEBI (ICDR) Regulations, 2009, as amended (the “SEBI Regulations”). Applicants are required to submit their Applications to the Selected Branches / Offices of the Bankers to the Issue who shall duly submit them to the Registrar to the Issue.

In case of QIB Applicants, the Company in consultation with the LM may reject their Applications at the time of acceptance of Application Form, provided that the reasons for such rejection shall be provided to such Applicant in writing. In case of Non-Institutional Applicants and Retail Individual Applicants, our Company would have a right to reject the Applications only on technical grounds.

All Applicants may participate in this Issue through ASBA process by providing details of their respective bank accounts in which the corresponding application amounts will be blocked by SCSBs. All Applicants other than the ASBA Applicants are required to submit their Applications through the Bankers to the Issue. ASBA Applicants are required to submit their Applications to the SCSBs.

Investors may note that the Equity Shares will be allotted to all successful Applicants in physical or in dematerialized form as per their option. The Application Forms or ASBA Forms, as the case may be, which do not have the details of the Applicants' depository account, including the DP ID Numbers, Beneficiary Account Number and PAN shall be treated as incomplete and rejected. Application Forms which do not have the details of the Applicants' PAN, (other than Applications made on behalf of the Central and the State Governments, residents of the state of Sikkim and official appointed by the courts) shall be treated as incomplete and are liable to be rejected. The Equity Shares on Allotment shall, however, be traded only in the dematerialized segment of the Stock Exchange(s).

Further, our Company and the LM are not liable to inform the investors of any amendments or modifications or changes in applicable laws or regulations which may occur after the date of the Draft Prospectus. Applicants are advised to make their independent investigations and ensure that their Applications do not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or as specified in this Draft Prospectus.

Applicants are required to ensure that the PAN (of the sole/ first Applicant) provided in the Application Form or the ASBA Form is exactly the same as the PAN of the person(s) in whose name the relevant Beneficiary Account is held. If the Application Form or the ASBA Form was submitted in joint names, Applicants are required to ensure that the beneficiary account was held in the same joint names in the same sequence in which they appeared in the Application Form or ASBA Form, as the case may be.

APPLICATION FORM

Applicants (other than ASBA Applicants) are required to submit their Applications through the Bankers to the Issue. Such Applicants shall only use the specified Application Form bearing the stamp of the Bankers to the Issue for the purpose of making an Application in terms of the Prospectus.

ASBA Applicants shall submit an ASBA Application Form either in physical or electronic form to the SCSB or the Designated Branches of the SCSBs authorizing blocking of funds that are available in the bank account as specified in the ASBA Application Form only ("ASBA Account"). The ASBA Application Form will also be available on the websites of the Stock Exchange(s) at least one day prior to the Issue Opening Day. The LM and the SCSBs will provide the hyperlink to BSE SME website on their respective websites.

The SCSBs shall block an amount equal to the Application Amount in the ASBA Account specified in the ASBA Form, physical or electronic, on the basis of an authorization to this effect given by the account holder at the time of submitting the Application. The Application Amount shall remain blocked in the aforesaid ASBA Account until finalization of the 'Basis of Allocation' and consequent transfer of the Application Amount against the allocated Equity Shares to the Issue Account, or until withdrawal/failure of Allocation is finalized, the Registrar to the Issue shall send an appropriate request to the Controlling Branch of the concerned SCSB for unblocking the relevant ASBA Accounts and for transferring the amount allocable to the successful ASBA Applicants to the Issue Account. In case of withdrawal/failure of this Issue, the blocked amount shall be unblocked on receipt of such information from the Registrar to the Issue. Upon completion and submission of the Application Form to the Bankers to the Issue/SCSBs/Designated Branches, the Applicant or the ASBA Applicant, as the case may be, is deemed to have authorized the Company to make the necessary changes in the Prospectus and ASBA Form, as would be required for filing the Prospectus with the RoC, as would be

required by RoC after such filing, without prior or subsequent notice of such changes to the Applicants or the ASBA Applicants, as the case may be.

SEBI Circulars with regard to ASBA Process are as follows: 1) Circular no. SEBI/CFD/DIL/ASBA/1/2009/30/12 dated December 30, 2009; 2) Circular no. SEBI/CIR/CFD/DIL/8/2010 dated October 12, 2010; 3) Circular (no. CIR/CFD/DIL/2/2010) dated April 06, 2010 SEBI has decided to extend the ASBA facility to QIBs in all public issues opening on or after May 1, 2010; and 4) Circular (no. CIR/CFD/DIL/1/2011) dated April 29, 2011, SEBI has decided that non-retail investors i.e. Qualified Institutional Buyers and Non-Institutional Investors, making application in public issue shall mandatorily make use of ASBA facility.

The prescribed colour of the Application Form for various categories is as follows:

Category	Colour of Application Form
Resident Indians and Eligible NRIs applying on a non-repatriation basis (ASBA as well as non ASBA Applicants*)	White
Eligible NRIs, FII's or Foreign Venture Capital Funds, registered Multilateral and Bilateral Development Financial Institutions applying on a repatriation basis (ASBA as well as non ASBA Applicants)	Blue

* Application forms for ASBA Applicant will also be available on the website of BSE (www.bseindia.com). ASBA Applicants may note that if their Application form does not bear the stamp of the Syndicate member/ SCSB, the Application shall be rejected.

Who can apply ?

- Persons eligible to invest under all applicable laws, rules, regulations and guidelines;
- Indian nationals resident in India who are not minors in single or joint names (not more than three);
- Hindu Undivided Families or HUFs, in the individual name of the Karta. The Bidder should specify that the Bid is being made in the name of the HUF in the Bid cum Application Form as follows: "Name of Sole or First bidder: XYZ Hindu Undivided Family applying through XYZ, where XYZ is the name of the Karta". Bids by HUFs would be considered at par with those from individuals;
- Companies, corporate bodies and societies registered under the applicable laws in India and authorized to invest in the equity shares;
- Mutual Funds registered with SEBI;
- Eligible NRIs on a repatriation basis or on a non-repatriation basis, subject to applicable laws. NRIs other than Eligible NRIs are not eligible to participate in this issue;
- Indian Financial Institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI regulations and the SEBI Regulations, as applicable);
- FII's and Sub-Accounts registered with SEBI, other than a Sub-Account which is a foreign corporate or foreign individual, only under the QIB Applicants category;
- Sub-accounts of FII's registered with SEBI, which are foreign corporates or foreign Individuals only under the Non-Institutional Applicants category
- Venture Capital Funds registered with SEBI;
- State Industrial Development Corporations;
- Trusts/ societies registered under the Societies Registration Act, 1860, as amended, or under any other law relating to trusts/ societies and who are authorized under their constitution to hold and invest in equity shares;
- Scientific and/or industrial research organizations authorized to invest in equity shares;
- Insurance Companies registered with Insurance Regulatory and Development Authority, India;

- Provident Funds with minimum corpus of Rs. 25 cr and who are authorized under their constitution to hold and invest in equity shares;
- Pension Funds with a minimum corpus of Rs. 25 cr and who are authorized under their constitution to hold and invest in equity shares;
- Foreign Venture Capital Investors registered with SEBI;
- Multilateral and bilateral development financial institutions;
- National Investment Fund set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005 of the
- Government of India published in the Gazette of India;
- Insurance funds set up and managed by army, navy or air force of the Union of India;
- Insurance funds set up and managed by the Department of Posts, India and;
- All other Persons eligible to invest under all applicable laws, rules, regulations and guidelines.
- As per the existing regulations, OCBs cannot apply in the Issue.

The Equity Shares have not been, and will not be, registered under the Securities Act or any state securities laws in the United States and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws. Accordingly, the Equity Shares will be offered and sold only (i) outside the United States in compliance with Regulation S of the Securities Act and the applicable laws of the jurisdiction where those offers and sales occur.

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Applications may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

Further, each Applicant where required must agree in the CAN that such Applicant will not sell or transfer any Equity Shares or any economic interest therein, including any off-shore derivative instruments, such as participatory notes, issued against the Equity Shares or any similar security, other than pursuant to an exemption form, or in a transaction not subject to, the registration requirements of the Securities Act.

Applications not to be made by:

- Minors
- Partnership firms or their nominees
- Foreign Nationals (except NRIs)
- Overseas Corporate Bodies

Participation by Associates and affiliates of the LM

The LM and Syndicate Members except the Market Maker shall not be allowed to subscribe to this Issue in any manner except towards fulfilling their underwriting obligations. However, associates and affiliates of the LMs and Syndicate Members may subscribe for Equity Shares in the Issue, either in the QIB Portion and Non-Institutional Portion where the allotment is on a proportionate basis.

Availability of Prospectus and Application Forms

The Memorandum Form 2A containing the salient features of the Draft Prospectus together with the Application Forms and copies of the Draft Prospectus may be obtained from the Registered Office of our Company, LM to the Issue, Registrar to the Issue and the collection Centers of the Bankers to the Issue, as mentioned in the Application Form/ASBA Form, as the case maybe.

Option to subscribe in the Issue

- Investors will have the option of getting the allotment of specified securities either in physical form or in dematerialized form.
- The equity shares, on allotment, shall be traded on stock exchange in dematerialised segment only.

- A single application from any investor shall not exceed the investment limit/maximum number of specified securities that can be held by him/her/it under the relevant regulations/statutory guidelines

Application by Indian Public including eligible NRI's applying on Non-Repatriation

Application must be made only 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-repatriation), trusts, (unless the Trust is registered under the Societies Registration Act, 1860 or any other applicable Trust laws and is authorized 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.

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.

Application by Mutual Funds

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 the Equity Shares or equity related instruments of any single 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 share capital carrying voting rights. With respect to Applications by Mutual Funds, a certified copy of their SEBI registration certificate must be lodged with the ASBA Form. Failing this, our Company in consultation with the LM reserves the right to reject any Application without assigning any reason thereof.

The Applications made by the asset management companies or custodians of Mutual Funds shall specifically state the names of the concerned schemes for which the Applications are made. In case of a Mutual Fund, a separate Application can be made in respect of each scheme of the Mutual Fund registered with SEBI and such Applications in respect of more than one scheme of the Mutual Fund will not be treated as multiple Applications provided that the Applications clearly Indicate the scheme concerned for which the Application has been made.

Applications by Insurance Companies

In case of Applications made by insurance companies registered with the IRDA, a certified copy of certificate of registration issued by IRDA must be lodged along with the Application Form. Failing this, our Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason thereof.

Applications by Provident Funds / Pension Fund

In case of Applications made by provident funds / pension fund with minimum corpus of Rs. ` 25 Crores (subject to applicable law) and pension funds with minimum corpus of Rs.25 Crores, a certified copy of certificate from a Chartered Accountant certifying the corpus of the provident fund / pension fund must be lodged along with the Application Form. Failing this, our Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason thereof.

Applications by Eligible NRIs/FII's/FVCF's on Repatriation Basis

Application Forms have been made available for Eligible NRIs at our Registered Office, Bankers to the Issue and the Registrar to the Issue.

Applications must be made in the following manner:

- 1) On the Application Form, as applicable, and completed in full in BLOCK LETTERS in ENGLISH in accordance with the instructions contained therein.

- 2) In a single name or joint names (not more than three and in the same order as their Depository Participant Details).
- 3) Applications on a repatriation basis shall be in the names of individuals, or in the name of FIIs but not in the names of minors, OCBs, firms or partnerships, foreign nationals (excluding NRIs) or their nominees.

Eligible NRI Applicant may please note that only such applications as are accompanied by payment in Indian Rupees or payment in freely convertible foreign exchange shall be considered for Allotment. The Eligible NRIs who intend to make payment through Non-Resident Ordinary (NRO) accounts shall use the form meant for Resident Indians and shall not use the form meant for reserved category.

Applications by Eligible NRIs for an Application Amount of up to Rs 2,00,000/- would be considered under the Retail Portion for the purposes of allocation and Application for an Application Amount of more than Rs.2,00,000/- would be considered under Non-Institutional Portion for the purposes of allocation.

Applications by FIIs

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

The issue of Equity Shares to a single FII should not exceed 10% of our post-Issue paid-up capital. In respect of an FII investing in the Equity Shares on behalf of its sub-accounts, the investment on behalf of each sub-account shall not exceed 10% of our total issued capital of the Company or 5% of the total issued capital, in case such sub-account is a foreign corporate or an individual.

In accordance with the foreign investment limits, the aggregate FII holding in our company cannot exceed 24% of our total issued capital. With the approval of the board and the shareholders by way of a special resolution, the aggregate FII holding can go up to 100%. However, as on this date, no such resolution has been recommended to the shareholders of the company for adoption.

Subject to compliance with all applicable Indian laws, rules, regulations guidelines and approvals in terms of regulation 15A(1) of the Securities Exchange Board of India (Foreign Institutional Investors) Regulations 1995, as amended (the "SEBI FII Regulations"), an FII, as defined in the SEBI FII Regulations, or its sub-account may issue, deal or hold, offshore derivative instruments (defined under the SEBI FII Regulations as any instrument, by whatever name called, which is issued overseas by a foreign institutional investor against securities held by it that are listed or proposed to be listed on any recognized stock exchange in India, as its underlying) directly or indirectly, only in the event (i) such offshore derivative instruments are issued only to persons who are regulated by an appropriate regulatory authority; and (ii) such offshore derivative instruments are issued after compliance with 'know your client' norms. The FII or subaccount is also required to ensure that no further issue or transfer of any Offshore Derivative Instrument issued by it is made to any persons that are not regulated by an appropriate foreign regulatory authority as defined under the SEBI FII Regulations. Associates and affiliates of LM and the Bankers to the Issue that are FIIs may issue offshore derivative instruments against Equity Shares Allotted to them in the Issue. Any such offshore derivative instrument does not constitute any obligation or claim or claim on or an interest in the Company.

In case of FII's in NRI/FII Portion, number of Equity Shares applied shall not exceed issue size.

Applications by SEBI registered Venture Capital Funds and Foreign Venture Capital Investors

As per the current regulations, the following restrictions are applicable for SEBI registered Venture Capital Funds and Foreign Venture Capital Investors

The SEBI (Venture Capital) Regulations, 1996 and the SEBI (Foreign Venture Capital Investor) Regulations, 2000 prescribe investment restrictions on venture capital funds and foreign venture capital investors registered with SEBI.

Accordingly, whilst the holding by any individual venture capital fund registered with SEBI in one company should not exceed 25% of the corpus of the venture capital fund. Further, Venture Capital Funds and Foreign Venture Capital Investors can invest only up to 33.33% of the investible funds by way of subscription to an initial public offer of a venture capital undertaking whose shares are proposed to be listed.

Refunds, dividends and other distributions, if any, will be payable in Indian Rupees only at the rate of exchange prevailing at the time of remittance and net of bank charges and/or commission. In case of Applicants who remit money through Indian Rupee drafts purchased abroad, such payments in Indian Rupees will be converted into US Dollars or any other freely convertible currency as may be permitted by the RBI at the rate of exchange prevailing at the time of remittance and will be dispatched by registered post or if the Applicants so desire, will be credited to their NRE accounts, details of which should be furnished in the space provided for this purpose in the Application Form. Our Company will not be responsible for loss, if any, incurred by the Applicant on account of conversion of foreign currency.

Applications by Limited Liability Partnerships

In case of Applications made by limited liability partnerships registered under the Limited Liability Partnership Act, 2008, a certified copy of certificate of registration issued under the Limited Liability Partnership Act, 2008, must be attached to the Application Form or the ASBA Form, as the case may be. Failing this, our Company in consultation with the LM, reserve the right to reject any Application without assigning any reason thereof.

Applications by Insurance Companies

In case of Applications made by insurance companies registered with the IRDA, a certified copy of certificate of registration issued by IRDA must be attached to the Application Form or the ASBA Form, as the case may be. Failing this, our Company in consultation with the LM, reserve the right to reject any Application without assigning any reason thereof.

The exposure norms for insurers, prescribed under the Insurance Regulatory and Development Authority (Investment) Regulations, 2000, as amended, are broadly set forth below:

- a) equity shares of a company: the least of 10% of the investee company's subscribed capital (face value) or 10% of the respective fund in case of life insurer or 10% of investment assets in case of general insurer or reinsurer;
- b) the entire group of the investee company: the least of 10% of the respective fund in case of a life insurer or 10% of investment assets in case of a general insurer or reinsurer (25% in case of ULIPs); and
- c) the industry sector in which the investee company operates: 10% of the insurer's total investment exposure to the industry sector (25% in case of ULIPs).

Applications by provident funds/pension funds

In case of Applications made by provident funds/pension funds, subject to applicable laws, with minimum corpus of Rs.25 cr, a certified copy of certificate from a chartered accountant certifying the corpus of the provident fund/ pension fund must be attached to the Application Form or ASBA Form, as the case may be. Failing this, our Company in consultation with the LM, reserve the right to reject any Application, without assigning any reason thereof.

The above information is given for the benefit of the Applicants. Our Company and the LM are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of filing of this Draft Prospectus. Applicants are advised to make their independent investigations and ensure that the maximum number of Equity Shares applied for or maximum investment limits do not exceed the applicable limits under laws or regulations or as specified in this Draft Prospectus.

MAXIMUM AND MINIMUM APPLICATION SIZE

a) For Retail Individual Applicants:

The Application must be for a minimum of 3000 Equity Shares and in multiples of 2500 Equity Share thereafter, so as to ensure that the Application Price payable by the Applicant does not exceed Rs. 2,00,000.

b) For Other Applicants (Non-Institutional Applicants and QIBs):

The Application must be for a minimum of such number of Equity Shares such that the Application Amount exceeds Rs. 2,00,000 **and in multiples of 3000 Equity Shares** thereafter. Application cannot be submitted for more than the Issue Size. However, the maximum Application by a QIB investor should not exceed the investment limits prescribed for them by applicable laws. A QIB Applicant cannot withdraw its Application after the Issue Closing Date and is required to pay the full Application Amount upon submission of the Application.

Applicants are advised to ensure that any single Application from them does not exceed the maximum investment limits or maximum number of Equity Shares that can be held by them under applicable law or regulation or as specified in this Draft Prospectus.

Applications under Power of Attorney

In case of Applications made pursuant to a power of attorney or by limited companies, corporate bodies, registered societies, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the Memorandum of Association and Articles of Association and/ or bye laws must be lodged along with the Application Form. Failing this, the Company in consultation with the LM, reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason thereof.

In addition to the above, certain additional documents are required to be submitted by the following entities:

a. In case of Applications made pursuant to a power of attorney by FIs, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of their SEBI registration certificate must be lodged along with the Application Form. Failing this, the Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason thereof.

b. In case of Applications made pursuant to a power of attorney by Mutual Funds, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with the certified copy of their SEBI registration certificate must be lodged along with the Application Form. Failing this, the Company reserve the right to accept or reject any Application in whole or in part, in either case, without assigning any reason thereof.

c. In case of Applications made by insurance companies registered with the Insurance Regulatory and Development Authority, a certified copy of certificate of registration issued by Insurance Regulatory and Development Authority must be lodged along with the Application Form. Failing this, the Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason thereof.

In case of Applications made by provident funds with minimum corpus of Rs.25 Crores (subject to applicable law) and pension funds with minimum corpus of Rs. 25 Crores, a certified copy of certificate from a Chartered Accountant certifying the corpus of the provident fund/ pension fund must be lodged along with the Application Form or ASBA form, as the case may be. Failing this, the Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason thereof. The Company in its absolute discretion, reserve the right to relax the above condition of simultaneous lodging of the power of attorney along with the Application Form or ASBA Form, subject to such terms and conditions that the Company and the LM may deem fit.

Information for the Applicant:

- Our Company will file the Prospectus with the ROC at least 3 (three) days before the Issue Opening Date.
- Our Company and the LM shall declare the Issue Opening Date and Issue Closing Date in the Prospectus to be registered with the ROC and also publish the same in two daily national newspapers (one each in English and Hindi) and one regional language newspaper, each with wide circulation in the place where our Registered Office is situated. This advertisement shall be in the prescribed format.
- The LM will circulate copies of the Prospectus along with the Application Form to potential investors. The SCSBs shall ensure that a copy of the Prospectus is made available on their websites.
- Any investor (who is eligible to invest in our Equity Shares, including Eligible NRIs) who would like to obtain the Prospectus and/ or the Application Form can obtain the same from our registered office or from the corporate office of the LM or from any of the Bankers to the Issue. For ASBA Applicants, Application Forms will be available with the Designated Branches of the SCSBs and at the Registered Office of our Company. Electronic ASBA Forms will be available on the websites of BSE SME Exchange and the Designated Branches.
- Eligible Applicants who are interested in subscribing for the Equity Shares should approach the LM or the Bankers to the Issue or their authorized agent(s) to register their Applications. Applicants who wish to use the ASBA process should approach the Designated Branches of the SCSBs to register their Applications
- QIBs and Non Institutional Applicants can participate in the Issue only through the ASBA process. Retail Individual Applicants have the option to apply through the ASBA Form or the Application Form. Applications by ASBA Applicants shall be accepted by the Designated Branches of the SCSBs in accordance with the SEBI Regulations and any circulars issued by SEBI in this regard. Applicants applying through the ASBA process also have an option to (i) submit the ASBA Application Form in electronic form; or (ii) submit Applications through the Designated Branches of the SCSBs in the Specified Cities.
- The Applications should be submitted on the prescribed Application Form only. Application Forms (other than ASBA Application Form) should bear the stamp of the Bankers to the Issue. Application Forms, which do not bear the stamp of the Bankers to the Issue, will be rejected. Applications by ASBA Applicant shall be accepted by the Designated Branches of the SCSBs in accordance with the SEBI Regulations and any circulars issued by SEBI in this regard .ASBA Forms submitted directly to the SCSBs should bear the stamp of the SCSBs, if not, the same are liable to be rejected
- Applicants applying through the ASBA process also have an option to submit the ASBA Application Form in electronic form, which will also be available on the websites of the Stock Exchange(s) at least one day prior to the Issue Opening Date.
- Applications made in the Name of Minors and/or their nominees shall not be accepted.
- Applicants are requested to mention the application form number 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.
- Except for Applications by or on behalf of the Central or State Government and the officials appointed by the courts and by investors residing in the State of Sikkim, the Applicants, or in the

case of Applications in joint names, each of the Applicants, should mention his/ her PAN allotted under the Income Tax Act. In accordance with the SEBI Regulations, the PAN would be the sole identification number for participants transacting in the securities market, irrespective of the amount of transaction. Any Application Form or ASBA Form without the PAN is liable to be rejected. With effect from August 16, 2010, the beneficiary accounts of Applicants for whom PAN details have not been verified will be “suspended for credit” by the Depositories, and no credit of Equity Shares pursuant to the Issue will be made in the accounts of such Applicants.

The Applicants should note that in case the DP ID and Client ID and PAN mentioned in the Application Form and entered into the electronic system of the Stock Exchange(s) do not match with the DP ID and Client ID and PAN available in the database of Depositories, the Application Form is liable to be rejected, our Company, LM and Registrar to the Issue and members of the SCSBs shall not be liable for losses, if any.

Instructions for Completing the Application Form

Applications must be:

- i. Made only in the prescribed Application Form.
- ii. Completed in full, in BLOCK LETTERS in ENGLISH only in accordance with the instructions contained herein and in the Application Form. Applications not so made are liable to be rejected. Application Forms should bear the stamp of the LM. Application Forms, which do not bear the stamp of the LM will be rejected. Applicants should note that the Bankers to the Issue and / or the SCSBs, as appropriate, will not be liable for errors in data entry due to incomplete or illegible Application Forms.
- iii. **For Retail Individual Applicants, the Application must be for a minimum of 3000 Equity Shares and in multiples of 3000 Equity shares thereafter subject to a maximum Application Amount of Rs.2,00,000.**
- iv. For Non-Institutional Applicants and QIB Applicants, Applications must be for a minimum of such number of Equity Shares that the Application Amount exceeds or equal to Rs. 2,00,000 and in multiples of 3000 Equity Shares thereafter. Applications cannot be made for more than the Issue. Applicants are advised to ensure that a single Application from them should not exceed the investment limits or maximum number of shares that can be held by them under the applicable laws or regulations.
- v. Eligible NRIs applying at an Application Price of up to Rs. 2,00,000 would be considered under the Retail Portion for the purposes of allocation and Applications for an Application Price of more than Rs. 2,00,000 would be considered under Non-Institutional Portion for the purposes of allocation.
- vi. Applications by Eligible NRIs, FIIs, eligible /permitted Sub-Accounts etc. on a repatriation basis shall be in the names of individuals, or in the names of FIIs but not in the names of minors, OCBs, firms or partnerships, foreign nationals (excluding Eligible NRIs) or their nominees.
- vii. Refunds, dividends and other distributions, if any, will be payable in Indian Rupees only and net of bank charges and/or commission. In case of Applicants who remit money through Indian Rupee drafts purchased abroad, such payments in Indian Rupees will be converted into US Dollars or any other freely convertible currency as may be permitted by the RBI at the rate of exchange prevailing at the time of remittance and will be dispatched by registered post or if the Applicants so desire, will be credited to their NRE or FCNR accounts, as the case may be, details of which should be furnished in the space provided for this purpose in the Application Form. Our Company will not be responsible for loss, if any, incurred by the Applicant on account of conversion of foreign currency.

- viii. In single name or in joint names (not more than three, and in the same order as their Depository Participant details).

Thumb impressions and signatures other than in the languages specified in the Eighth Schedule to the Constitution of India must be attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal.

Applicant residing at places where the designated branches of the Banker to the Issue are not located may submit/mail their applications at their sole risk along with Demand Draft payable at Mumbai only payable to “**MONARCH HEALTH SERVICES LIMITED – Public Issue**” to the Registrar, in this case being Sharepro Services (India) Pvt. Ltd.

Applicant’s PAN, Depository Account and Bank Account Details

Please note that, providing bank account details in the space provided in the application form is mandatory and applications that do not contain such details are liable to be rejected.

Applicants should note that on the basis of name of the Applicants, Depository Participant’s name, Depository Applicant should note that on the basis of PAN of the Applicant, Depository Participant’s name, Depository Participant Identification number and Beneficiary Account Number provided by them in the Application Form, the Registrar to the Issue will obtain from the Depository the demographic details including address, Applicant bank account details, MICR code and occupation (hereinafter referred to as ‘Demographic Details’). These Bank Account details would be used for giving refunds to the Applicant or unblocking of ASBA Account. 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 dispatch/ credit of refunds, unblocking of ASBA accounts, to Applicant at the Applicant sole risk and neither the LM or the Registrar or the Collection Banks or the SCSBs nor the Company shall have any responsibility and undertake any liability for the same. Hence, Applicant should carefully fill in their Depository Account details in the Application Form.

These Demographic Details would be used for all correspondence with the Applicant including mailing of the CANs / Allocation Advice and printing of Bank particulars on the refund orders or for refunds through electronic transfer of funds, as applicable. The Demographic Details given by Applicant in the Application Form would not be used for any other purpose by the Registrar to the Issue.

By signing the Application Form, the Applicant would be deemed to have authorized the depositories to provide, upon request, to the Registrar to the Issue, the required Demographic Details as available on its records.

In case no corresponding record is available with the Depositories, which matches the three parameters, namely, PAN of the Applicants (including the order of names of joint holders), the Depository Participant’s identity (DP ID) and the beneficiary’s identity, then such Applications are liable to be rejected.

INVESTORS MUST ENSURE THAT THE NAME GIVEN IN THE APPLICATION FORM IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD. IN CASE THE APPLICATION FORM IS SUBMITTED IN JOINT NAMES, IT SHOULD BE ENSURED THAT THE DEPOSITORY ACCOUNT IS ALSO HELD IN THE SAME JOINT NAMES AND ARE IN THE SAME SEQUENCE IN WHICH THEY APPEAR IN THE APPLICATION FORM.

Refunds

In case of Applicant receiving refunds through electronic transfer of funds, delivery of refund orders/allocation advice/CANs may get delayed if the same once sent to the address obtained from the depositories are returned undelivered. In such an event, the address and other details given by the Applicant (other than ASBA Applicants) in the Application Form would be used

only to ensure dispatch of refund orders. Please note that any such delay shall be at the Applicant's sole risk and neither the Company, the Registrar, Collection Bank(s) nor the LM shall be liable to compensate the Applicant for any losses caused to the Applicant due to any such delay or liable to pay any interest for such delay.

In case no corresponding record is available with the Depositories, which matches three parameters, namely, PAN of the Applicant (including the order of names of joint holders), the Depository Participant's identity (DP ID) and the beneficiary's identity, then such Applications are liable to be rejected.

The Company in its absolute discretion, reserves the right to permit the holder of the power of attorney to request the Registrar that for the purpose of printing particulars on the refund order and mailing of the refund order/ CANs/ allocation advice/ refunds through electronic transfer of funds, the Demographic Details given on the Application Form should be used (and not those obtained from the Depository of the Applicant). In such cases, the Registrar shall use Demographic Details as given in the Application Form instead of those obtained from the depositories.

Refunds, dividends and other distributions, if any, will be payable in Indian Rupees only and net of bank charges and/or commission. In case of Applicant who remit money through Indian Rupee drafts purchased abroad, such payments in Indian Rupees will be converted into US Dollars or any other freely convertible currency as may be permitted by the RBI at the rate of exchange prevailing at the time of remittance and will be dispatched by registered post or if the Applicant so desire, will be credited to their NRE accounts, details of which should be furnished in the space provided for this purpose in the Application Form. The Company will not be responsible for loss, if any, incurred by the Applicant on account of conversion of foreign currency.

As per the RBI regulations, OCBs are not permitted to participate in the Issue.

There is no reservation for Non Residents, NRIs, FII and foreign venture capital funds and all Non Residents, NRI, FII and Foreign Venture Capital Funds Applicant will be treated on the same basis with other categories for the purpose of allocation.

Basis of Allotment

Allotment will be made in consultation with the SME Platform of 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. 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).
- b. The number of Shares to be allocated to the successful Applicant will be arrived at on a proportionate basis in marketable lots (i.e. Total number of Shares applied for into the inverse of the oversubscription ratio). For applications where the proportionate allotment works out to less than 3000 equity shares, the allotment will be made as follows:
 - each successful applicant shall be allotted 3000 equity shares; and
 - 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.
- c. If the proportionate allotment to an applicant works out to a number that is not a multiple of 3000 Equity Shares, the applicant would be allotted Shares by rounding off to the lower nearest multiple of 3000 Equity Shares subject to a minimum allotment of 3000 Equity Shares.

- d. 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. If as a result of the process of rounding off to the lower multiples of 3000 Equity Shares, 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, up to 110 % of the size of the offer specified under the Capital Structure mentioned in the Draft Prospectus.
- e. The above proportionate allotment of shares in an Issue that is oversubscribed shall be subject to the reservation for small individual Applicant 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 individual Applicants other than retail individual investors and 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. 2,00,000/-.

Investors may note that in case of over subscription, allotment shall be on proportionate basis and will be finalized in consultation with the Designated Stock Exchange. 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 Designated Stock Exchange.

The Executive Director / Managing Director of the SME Platform of BSE (The Designated Stock Exchange) in addition to LM 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 (ICDR) Regulations, 2009.

TERMS OF PAYMENT / PAYMENT INSTRUCTIONS

The entire issue price of Rs.40/- per share is payable on application. In case of allotment of lesser number of Equity shares than the number applied, the Company shall refund the excess amount paid on Application to the Applicant.

ALL NON-RETAIL INVESTORS I.E. QUALIFIED INSTITUTIONAL BUYERS AND NON-INSTITUTIONAL INVESTORS, MAKING APPLICATION IN PUBLIC ISSUE SHALL MANDATORILY MAKE USE OF ASBA FACILITY.

Payment Procedure for Applicants other than ASBA Applicants

The Company and the LM shall open Escrow Accounts with one or more Collection Bank(s) in whose favour the Applicants shall make out the cheque or demand draft in respect of his or her Application. Cheques or demand drafts received for the full Application Amount from Applicants in a certain category would be deposited in the Escrow Account. The Collection Banks will act in terms of the Draft Prospectus and the Agreement entered with the Bankers to the Issue. The Collection Bank (s) for and on behalf of the Applicants shall maintain the monies in the Escrow Account. The Collection Bank(s) shall not exercise any lien whatsoever over the monies deposited therein and shall hold the monies therein in trust for the Applicants.

After the Closure of the Issue and upon allotment of shares, the Collection Bank(s) shall transfer the balance funds to the Refund Account. Payments of refund to the Applicants shall also be made from the Refund Account as per the terms of the Agreement and the Draft Prospectus.

The Applicants should note that the mechanism is not prescribed by SEBI and has been established as an arrangement between the Company, the LM, the Collection Bank(s) and the Registrar to the Issue to facilitate collections from the Applicants.

Each Applicant shall draw a cheque or demand draft or remit the funds electronically through the RTGS mechanism for the amount payable on the allocation/Allotment as per the following terms:

Payment into Account for Applicants other than ASBA Applicants

1. All Applicants would be required to pay the full Application Amount at the time of the submission of the Application Form.
2. Applicants shall, with the submission of the Application Form, draw a payment instrument for the Application Amount in favour of the Escrow Account and submit the same to the Bankers to the Issue. If the payment is not made favouring the Escrow Account along with the Application Form, the Application of the Applicant shall be rejected.
3. The payment instruments for payment into the Escrow Account should be drawn in favour of:
 - a) In case of Resident Retail and Non-Institutional Applicants: **“MONARCH HEALTH SERVICES LIMITED – Public Issue –R”**
 - b) In case of Non-Resident Retail and Non-Institutional Applicants: **“MONARCH HEALTH SERVICES LIMITED – Public Issue –NR”**
4. In case of Applications by NRIs applying on repatriation basis, the payments must be made through Indian Rupee drafts purchased abroad or cheques or bank drafts, for the amount payable on application remitted through normal banking channels or out of funds held in Non-Resident External (NRE) Accounts or Foreign Currency Non-Resident (FCNR) Accounts, maintained with banks authorized to deal in foreign exchange in India, along with documentary evidence in support of the remittance. Payment will not be accepted out of Non-Resident Ordinary (NRO) Account of Non-Resident Applicant applying on a repatriation basis. Payment by drafts should be accompanied by bank certificate confirming that the draft has been issued by debiting to NRE Account or FCNR Account. In case of Applications by Eligible NRIs applying on non-repatriation basis, the payments must be made out of NRO account.
5. In case of Application by FIIs/FVCIs/multilateral and bilateral financial institutions, the payment should be made out of funds held in a Special Rupee Account along with documentary evidence in support of the remittance. Payment by drafts should be accompanied by a bank certificate confirming that the draft has been issued by debiting the Special Rupee Account.
6. The monies deposited in the Escrow Account will be held for the benefit of the Applicants.
7. On the Designated Date, the Collection Banks shall transfer the funds from the Escrow Account as per the terms of the Agreement into the Escrow Account with the Bankers to the Issue.
8. On the Designated Date and no later than fifteen (15) days from the Issue Closing Date (if fully subscribed-otherwise no later than seventy (70) days since this is a fully underwritten issue), the Collection Bank shall also refund all amounts payable to unsuccessful Applicants (other than ASBA Applicants) and also the excess amount paid on Application, if any, after adjusting for allocation/Allotment to the Applicants.
9. Payments should be made by cheque, or demand draft drawn on any Bank (including a Cooperative Bank), which is situated at, and is a member of or sub-member of the bankers' clearing house located at the centre where the Application Form is submitted. Outstation cheques/bank drafts drawn on banks not participating in the clearing process will not be accepted and applications accompanied by such cheques or bank drafts are liable to be rejected.

Payment Procedure for ASBA Applicants

The ASBA Applicants shall specify the bank account number in the ASBA Application Form and the SCSB shall block an amount equivalent to the Application Amount in the bank account specified in the ASBA Application Form. The SCSB shall keep the Application Amount in the relevant bank account blocked until withdrawal/ rejection of the ASBA Application or receipt of instructions from the Registrar to unblock the Application Amount. In the event of withdrawal or rejection of the ASBA Application Form or for unsuccessful ASBA Application Forms, the Registrar shall give instructions to the SCSB to unblock the application money in the relevant bank account within one day of receipt of such instruction. The Application Amount shall remain blocked in the ASBA Account until finalization of the Basis of Allotment in the Issue and consequent transfer of the Application Amount to the Escrow Account, or until withdrawal/ failure of the Issue or until rejection of the ASBA Application, as the case may be.

Payment by Stock invest

In terms of the Reserve Bank of India Circular Numbers DBOD Numbers FSC BC 42/ 24.47.00/ 2003-04 dated November 5, 2003; the option to use the stock invest instrument in lieu of cheques or bank drafts for payment of Application money has been withdrawn. Hence, payment through stock invest would not be accepted in this Issue.

Submission of Application Form

All Application Forms duly completed and accompanied by account payee cheques or drafts shall be submitted to the Bankers to the Issue at the time of submission of the Application. With respect to the ASBA Applicants, the ASBA Application Form shall be submitted to the Designated Branches of the SCSBs.

No separate receipts shall be issued for the money payable on the submission of Application Form. However, the collection centre of the Bankers to the Issue will acknowledge the receipt of the Application Forms by stamping and returning to the Applicant the acknowledgement slip. This acknowledgement slip will serve as the duplicate of the Application Form for the records of the Applicant.

GENERAL INSTRUCTIONS

Do's:

1. Check if you are eligible to apply having regard to applicable laws, rules, regulations, guidelines and approvals and the terms of this Draft Prospectus;
2. Read all the instructions carefully and complete the applicable Application Form;
3. Ensure that the details about Depository Participant ID, Beneficiary Account Number and PAN are correct
4. Ensure that the Applications that submitted are forms bearing the stamp of the LM;
5. Each of the Applicant should mention their Permanent Account Number (PAN) allotted under the IT Act;
6. Ensure that the Demographic Details (as defined herein below) are updated, true and correct in all respects;
7. Ensure that the name(s) given in the Application Form is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case the Application Form is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the Application Form.

Don'ts:

1. Do not apply for lower than the minimum Application size;
2. Do not apply at a Price different from the Price mentioned herein or in the Application Form;
3. Do not apply on another Application Form after you have submitted an Application to the Bankers of the Issue.
4. Do not pay the Application Amount in cash, by money order or by postal order or by stock invest;
5. Do not send Application Forms by post; instead submit the same to the Selected Branches / Offices of the Banker to the Issue. Do not submit the Application without the full Application Amount through the Application Form;
6. Do not fill up the Application Form such that the Equity Shares applied for exceeds the Issue Size and/ or investment limit or maximum number of Equity Shares that can be held under the applicable laws or regulations or maximum amount permissible under the applicable regulations;
7. Do not submit the GIR number instead of the PAN as the Application is liable to be rejected on this ground;

Additional Instructions for ASBA Applicants only**Do's:**

1. Ensure that you use the ASBA Form specified for the purposes of ASBA.
2. Read all the instructions carefully and complete the ASBA Form.
3. Ensure that the details of your Depository Participant and beneficiary account are correct and that your beneficiary account is activated, as Equity Shares will be allotted in dematerialized form only.
4. Ensure that your ASBA Form is submitted at a Designated Branch, with a branch of which the ASBA Applicant or a person whose bank account will be utilized by the ASBA Applicant for applying has a bank account and not to the Bankers to the Issue/Collecting Banks (assuming that such Collecting Bank is not a SCSB), to our Company or the Registrar to the Issue or the LM.
5. Ensure that the ASBA Form is signed by the account holder in case the applicant is not the account holder.
6. Ensure that you have mentioned the correct ASBA Account number in the ASBA Form.
7. Ensure that you have funds equal to the number of Equity Shares applied for in your ASBA Account before submitting the ASBA Form to the respective Designated Branch.
8. Ensure that you have correctly checked the authorization box in the ASBA Form, or have otherwise provided an authorization to the SCSB via the electronic mode, for the Designated Branch to block funds equivalent to the Application Amount mentioned in the ASBA Form in your ASBA Account maintained with a branch of the concerned SCSB.
9. Ensure that you receive an acknowledgement from the Designated Branch for the submission of your ASBA Form.
10. Ensure that the name(s) given in the ASBA Form is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case the ASBA Form is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the ASBA Form.

Don'ts:

1. Do not apply on another ASBA Form or on Application Form after you have submitted an ASBA Application to a Designated Branch.
2. Payment of Application Amounts in any mode other than blocked amounts in the ASBA Accounts shall not be accepted under ASBA.
3. Do not send your physical ASBA Form by post; instead submit the same to a Designated Branch.

OTHER INSTRUCTIONS**Joint Applications in the case of Individuals**

Applications may be made in single or joint names (not more than three). In the case of joint Applications, all payments will be made out in favour of the Applicant whose name appears first in the Application Form or ASBA Form, as the case may be. All communications will be addressed to the First Applicant and will be dispatched to his or her address as per the Demographic Details received from the Depository.

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 will be deemed to be multiple Applications if the sole or First Applicant is one and the same. After applying on an ASBA Form either in physical or electronic mode, where such ASBA Application has been submitted to the Designated Branches of SCSBs and uploaded with the Stock Exchanges, an ASBA Applicant cannot apply, either in physical or electronic mode, on another ASBA Application Form or a Application Form. Submission of a second application form, whether an ASBA Application Form, to either the same or to another Designated Branch of the SCSB, or a Application Form to the Bankers to the Issue, will be treated as multiple Applications and will be liable to be rejected either before entering the Applications into the electronic application system, or at any point of time prior to the allocation or Allotment of Equity Shares in this Issue.

More than one ASBA Applicant may apply for Equity Shares using the same ASBA Account, provided that the SCSBs shall not accept a total of more than five ASBA Application Forms from such ASBA Applicants with respect to any single ASBA Account.

The Company reserves the right to reject, in its absolute discretion, all or any multiple Applications in any or all categories. A check would be carried out for the same PAN, in cases where the PAN is same; such Applications would be treated as multiple Applications.

In this regard, the procedures which would be followed by the Registrar to the Issue to detect multiple applications are given below:

- All applications are electronically strung on first name, address (1st line) and applicant's status. Further, these applications are electronically matched for common first name and address and if matched, these are checked manually for age, signature and father/ husband's name to determine if they are multiple applications.
- Applications which do not qualify as multiple applications as per above procedure are further checked for common DP ID/ beneficiary ID. In case of applications with common DP ID/ beneficiary ID, are manually checked to eliminate possibility of data entry error to determine if they are multiple applications.
- Applications which do not qualify as multiple applications as per above procedure are further checked for common PAN. All such matched applications with common PAN are manually checked to eliminate possibility of data capture error to determine if they are multiple applications.

In cases where there are more than 20 valid applications having a common address, such shares will be kept in abeyance, post allotment and released on confirmation of “know your client” norms by the depositories.

The Company reserves the right to reject, in our absolute discretion, all or any multiple Applications in any or all categories.

Permanent Account Number or PAN

Pursuant to the circular MRD/DoP/Circ-05/2007 dated April 27, 2007, SEBI has mandated Permanent Account Number (“PAN”) to be the sole identification number for all participants transacting in the securities market, irrespective of the amount of the transaction w.e.f. July 2, 2007. Each of the Applicants should mention his/her PAN allotted under the IT Act. Applications without this information will be considered incomplete and are liable to be rejected.

It is to be specifically noted that Applicant should not submit the GIR number instead of the PAN, as the Application is liable to be rejected on this ground.

RIGHT TO REJECT APPLICATIONS

In case of QIB Applicant, the Company in consultation with the LM may reject Applications provided that the reasons for rejecting the same shall be provided to such Applicant in writing. In case of Non Institutional Applicant, Retail Individual Applicant who applied, the Company has a right to reject Applications based on technical grounds.

With respect to ASBA Applications, the Designated Branches of the SCSBs shall have the right to reject ASBA Applications if at the time of blocking the Application Amount in the Applicant's bank account, the respective Designated Branch of the SCSB ascertains that sufficient funds are not available in the Applicant's bank account maintained with the SCSB. Subsequent to the acceptance of the ASBA Application by the SCSB, the Company would have a right to reject the ASBA Application only on technical grounds.

Consequent refunds shall be made as described in the Prospectus and will be sent to the Applicant's address at the Applicant's risk.

GROUND FOR TECHNICAL REJECTIONS

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

- Amount paid does not tally with the amount payable for the value of Equity Shares applied for;
- Bank account details (for refund) are not given;
- Age of First Applicant not given;
- In case of partnership firms, Equity Shares may be registered in the names of the individual partners and no firm as such shall be entitled to apply;
- Application by persons not competent to contract under the Indian Contract Act, 1872 including minors, insane persons;
- PAN not mentioned in the Application Form;
- GIR number furnished instead of PAN;
- Applications for lower number of Equity Shares than specified for that category of investors;
- Applications at a price other than the Fixed Price of The Issue;
- Applications for number of Equity Shares which are not in multiples of 3000;
- Category not ticked;
- Multiple Applications as defined in this Draft Prospectus;
- In case of Application under power of attorney or by limited companies, corporate, trust etc., where relevant documents are not submitted;

- Applications accompanied by Stock invest/ money order/ postal order/ cash; Signature of sole and/ or joint Applicant is missing. With respect to ASBA Applications, the ASBA Application form not being signed by the account holders, if the account holder is different from the Applicant;
- Submission of more than five ASBA Application Forms per bank account;
- Application Forms does not have Applicant's depository account details;
- Application Forms are not delivered by the Applicant within the time prescribed as per the Application Forms, Issue Opening Date advertisement and the Prospectus and as per the instructions in the Prospectus and the Application Forms;
- In case no corresponding record is available with the Depositories that matches three parameters namely, names of the Applicant (including the order of names of joint holders), the Depository Participant's identity (DP ID) and the beneficiary's account number;
- Applications for amounts greater than the maximum permissible amounts prescribed by the regulations;
- Applications where clear funds are not available in the Escrow Account as per the final certificate from the Collection Bank(s);
- Applications by OCBs;
- Applications by US persons other than in reliance on Regulations or —qualified institutional buyers as defined in Rule 144A under the Securities Act;
- Applications not duly signed by the sole/ joint Applicant;
- Applications by any persons outside India if not in compliance with applicable foreign and Indian laws;
- Applications that do not comply with the securities laws of their respective jurisdictions are liable to be rejected;
- Applications by QIBs not submitted through the LM or their affiliates or in case of ASBA Applications for QIBs not intimated to the LM;
- Applications by persons prohibited from buying, selling or dealing in the shares directly or indirectly by SEBI or any other regulatory authority;
- Applications by persons who are not eligible to acquire Equity Shares of the Company in terms of all applicable laws, rules, regulations, guidelines, and approvals.

Signing of Underwriting Agreement and Filing with the Designated Stock Exchange

We have entered into an Underwriting Agreement dated 24.2.2012 as per which, this Issue is fully underwritten.

Filing of the Prospectus with the Registrar of Companies

We will file a copy of the Prospectus with the Registrar of Companies in terms of Section 56, Section 60 and Section 60B of the Companies Act.

Announcement of pre-Issue Advertisement

The Company will issue a statutory advertisement in the form prescribed by SEBI (ICDR) Regulations, 2009 after registering the Prospectus with the ROC in an English and a Hindi language National Daily Newspaper and a Regional language Newspaper where the registered office is situated.

Issuance of Confirmation of Allocation Note (CAN) with respect to ASBA Applicants

1. Upon approval of the basis of Allotment by the Bombay Stock Exchange, the LM or the Registrar to the Issue shall send to the Bankers to the Issue a list of their Applicants who have been allocated/allotted Equity Shares in the Issue. The approval of the basis of Allotment by the Bombay Stock Exchange for QIB Applicants may be done simultaneously with or prior to the approval of the basis of allocation for the Retail and Non-Institutional Applicants. However, investors should note that the Company shall ensure that the date of Allotment of the Equity Shares to all investors in this Issue shall be done on the same date;
2. The LM or Bankers to the Issue will then dispatch a CAN to their Applicants who have been allocated Equity Shares in the Issue. The dispatch of a CAN shall be deemed a valid, binding and

irrevocable contract for the Applicant to pay the entire Issue Price for all the Equity Shares allocated to such Applicant. Those Applicants who have not paid the entire Application Amount into the Escrow Account at the time of application shall pay in full the amount payable into the Escrow Account by the Pay-in Date specified in the CAN;

3. Applicants who have been allocated/allotted Equity Shares and who have already paid the Application Amount into the Escrow Account at the time of application shall directly receive the CAN from the Registrar to the Issue subject, however, to realization of his or her cheque or demand draft paid into the Escrow Account. The dispatch of a CAN shall be deemed a valid, binding and irrevocable contract for the Applicant to pay the entire Issue Price for the Allotment to such Applicant.

Issuance of CAN with respect to ASBA Applicants

Upon approval of the basis of Allotment by the Bombay Stock Exchange, the Registrar to the Issue shall send the Controlling Branches, a list of the ASBA Applicants who have been allocated Equity Shares in the Issue, along with:

- The number of Equity Shares to be allotted against each successful ASBA;
- The amount to be transferred from the ASBA Account to the Escrow Account, for each successful ASBA;
- The date by which the funds referred to in sub-para (ii) above, shall be transferred to the Escrow Account; and
- The details of rejected ASBA Forms, if any, along with reasons for rejection and details of withdrawn (except in case of QIB applying through an ASBA Form) or unsuccessful ASBA Forms, if any, to enable SCSBs to unblock the respective ASBA Accounts.

ASBA Applicants should note that our Company shall ensure that the instructions by our Company for demat credit of the Equity Shares to all investors in this Issue shall be given on the same date; and The ASBA Applicants shall directly receive the CANs from the Registrar. The dispatch of a CAN to an ASBA Applicant shall be deemed a valid, binding and irrevocable contract with the ASBA Applicant.

Allotment of Equity Shares

The Company will issue and dispatch letters of allotment / securities certificates and / or letters of regret along with refund order or credit the allotted securities to the respective beneficiary accounts, if any, within a period of twelve (12) days of the Issue Closing Date.

In case the Company issues Letters of allotment, the corresponding Security Certificates will be kept ready within three months from the date of allotment thereof or such extended time as may be approved by the Company Law Board under Sec 113 of the Companies Act, 1956 or other applicable provisions, if any. Allottees are requested to preserve such Letters of Allotment, which would be exchanged later for the Security Certificates.

After the funds are transferred from the Escrow Account to the Public Issue Account on the Designated date, the Company would ensure the credit to the successful Applicants Depository Account. Allotment of the Equity Shares to the Allottees shall be within two working days of the date of Allotment.

Investors are advised to instruct their DP to accept the Equity Shares that may be allotted to them pursuant to this Issue.

Applicants to whom refunds are made through electronic transfer of funds will be sent a letter intimating them about the mode of credit of refund within 15 days of closure of the Issue.

The Company will provide adequate funds required for dispatch of refund orders or allotment advice to the Registrar to the Issue.

Refunds will be made by cheques, pay orders or demand drafts drawn on a bank appointed by us, as Refund Banker and payable at par at places where applications are received. 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 (other than ASBA Applicants) must note that on the basis of name of the Applicants, Depository Participant's name, DP ID, Beneficiary Account number and PAN provided by them in the Application Form, the Registrar will obtain, from the Depositories, the Applicants' 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 dispatch of refund order or refunds through electronic transfer of funds, as applicable, and any such delay shall be at the Applicants' sole risk and neither the Company, the Registrar, Collection Bank(s), Bankers to the Issue nor the LM shall be liable to compensate the Applicant for any losses caused to the Applicants due to any such delay or liable to pay any interest for such delay.

Mode of making refunds for Applicants other than ASBA Applicants

The payment of refund, if any, for Applicants other than ASBA Applicants would be done through various modes as given hereunder:

1. **ECS (Electronic Clearing System)** – Payment of refund would be done through ECS for Applicants having an account at any of the centres where such facility has been made available. This mode of payment of refunds would be subject to availability of complete bank account details including the MICR code as appearing on a cheque leaf, from the Depositories. The payment of refunds is mandatory for Applicant having a bank account at any of such centres, except where the applicant, being eligible, opts to receive refund through NEFT, direct credit or RTGS.
2. **Direct Credit** – Applicants having bank accounts with the Refund Banker(s), as mentioned in the Application Form, shall be eligible to receive refunds through direct credit. Charges, if any, levied by the Refund Bank(s) for the same would be borne by the Company.
3. **RTGS (Real Time Gross Settlement)** – Applicants having a bank account at any of the centres where such facility has been made available and whose refund amount exceeds Rs. 10.00 lacs, have the option to receive refund through RTGS. Such eligible Applicants who indicate their preference to receive refund through RTGS are required to provide the IFSC code in the application Form. In the event the same is not provided, refund shall be made through ECS. Charges, if any, levied by the Refund Bank(s) for the same would be borne by the Company. Charges, if any, levied by the applicant's bank receiving the credit would be borne by the Applicant.
4. **NEFT(National Electronic Fund Transfer)** – Payment of refund shall be undertaken through NEFT wherever the Applicants' bank has been assigned the Indian Financial System Code (IFSC), which can be linked to a Magnetic Ink Character Recognition (MICR), if any, available to that particular bank branch. IFSC Code will be obtained from the website of RBI as on a date immediately prior to the date of payment of refund, duly mapped with MICR numbers. Wherever the Applicants have registered their nine digit MICR number and their bank account number while opening and operating the demat account, the same will be duly mapped with the IFSC Code of that particular bank branch and the payment of refund will be made to the Applicant through this method. The process flow in respect of refunds by way of NEFT is at an evolving stage and hence use of NEFT is subject to operational feasibility, cost and process efficiency.
5. For all other Applicants, including those who have not updated their bank particulars with the MICR code, the refund orders will be dispatched through Speed Post/Registered Post. Such refunds will be made by cheques, pay orders or demand drafts drawn on the Collection Banks and payable at par at places where Applications are received. Bank charges, if any, for cashing such cheques, pay orders or demand drafts at other centres will be payable by the Applicants.

Mode of making refunds for ASBA Applicants

In case of ASBA Applicants, the Registrar shall instruct the relevant SCSB to unblock the funds in the relevant ASBA Account to the extent of the Application Amount specified in the ASBA Application Forms for withdrawn, rejected or unsuccessful or partially successful ASBA Applications within nine (9) working days from the Issue Closing Date.

Letters of Allotment or Refund Orders or instructions to SCSBs

The Company shall give credit to the beneficiary account with depository participants within two working Days from the date of the finalization of basis of allocation. Applicant residing at centres where clearing houses are managed by the RBI and other banks, will get refunds through NECS only except where applicant is otherwise disclosed as eligible to get refunds through direct credit & RTGS.

The Company shall ensure dispatch of refund orders, if any, by registered post or speed post at the sole or First Applicant's sole risk within ten (10) working days of the Issue Closing Date. Applicants to whom refunds are made through electronic transfer of funds will be sent a letter through ordinary post intimating them about the mode of credit of refund within ten (10) working days of the Issue Closing Date.

In case of ASBA Applicants, the Registrar to the Issue shall instruct the relevant SCSB to unblock the funds in the relevant ASBA Account to the extent of the Application Amount specified in the ASBA Application Forms for withdrawn, rejected or unsuccessful or partially successful ASBA Applications within ten (10) working days of the Issue Closing Date.

DISPOSAL OF APPLICATIONS AND APPLICATION MONEYS AND INTEREST IN CASE OF DELAY

The Company shall ensure the dispatch of Allotment advice, refund orders (except for Applicants who receive refunds through electronic transfer of funds) and give benefit to the beneficiary account with Depository Participants and submit the documents pertaining to the Allotment to the Stock Exchanges within ten (10) working days of the Issue Closing Date.

In case of Applicant who receives refund through NECS, direct credit or RTGS, the refund instructions will be given to the clearing system within fifteen (15) days from the Issue Closing Date. A suitable communication shall be sent to the Applicants receiving refunds through this mode within fifteen (15) days of Issue Closing Date, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund.

The Company shall use best efforts to ensure that all steps for completion of the necessary formalities for listing and commencement of trading at the SME Platform of BSE where the Equity Shares are proposed to be listed are taken within seven (7) working days of Allotment.

In accordance with the Companies Act, the requirements of the Stock Exchanges and SEBI (ICDR) Regulations, 2009, the Company further undertakes that:

- a. Allotment of Equity Shares shall be made within twelve (12) days of the Issue Closing Date;
- b. With respect to Applicants other than ASBA Applicants, dispatch of refund orders or in a case where the refund or portion thereof is made in electronic manner, the refund instructions are given to the clearing system within fifteen (15) of the Issue Closing Date would be ensured. With respect to the ASBA Applicants, instructions for unblocking of the ASBA Applicant's Bank Account shall be made within fifteen (15) days from the Issue Closing Date
- c. As our Issue is fully underwritten, we shall return the application moneys within seventy (70) days of the Issue Closing Date where the entire subscription including devolvement obligations paid by the underwriters is not received within sixty days of the Issue Closing Date.

INTEREST IN CASE OF DELAY IN DISPATCH OF ALLOTMENT LETTERS / REFUND ORDERS

Our Company shall pay interest at 15 % p.a for any delay beyond the twelve (12) days time period as mentioned in a above, if Allotment is not made and refund orders are not dispatched or if, in a case where the refund or portion thereof is made in electronic manner, the refund instructions have not been given to the clearing system in the disclosed manner and or demat credits are not made to the Investors within fifteen (15) days or for any delay beyond seventy (70) days in the case of devolvement of underwriting obligation.

However applications received after the closure of issue in fulfillment of underwriting obligations shall not be entitled for the said interest.

UNDERTAKINGS BY OUR COMPANY

The Company undertakes the following:

1. That the complaints received in respect of this Issue shall be attended to by us expeditiously;
2. That all steps will be taken for the completion of the necessary formalities for listing and commencement of trading at the Stock Exchange where the Equity Shares are proposed to be listed within seven (7) working days of finalization of the basis of Allotment.
3. That 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 us.
4. That where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the Applicants within 15 days of the Issue Closing Date, 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. That the certificates of the securities/ refund orders to the Non-Resident Indians shall be dispatched within specified time; and
6. That no further issue of Equity Shares shall be made till the Equity Shares offered through this Prospectus are listed or until the Application monies are refunded on account of non-listing, under subscription etc;
7. The Company shall not have recourse to the Issue proceeds until the approval for trading of the Equity Shares from the Stock Exchange where listing is sought has been received.
8. That the promoters' contribution shall be brought in advance before the Issue opens for public subscription

Utilization of Issue Proceeds

Our Board certifies that:

1. All monies received out of the Issue shall be credited/ transferred to a separate bank account other than the bank account referred to in sub-section (3) of Section 73 of the Companies Act;
2. Details of all monies utilized out of the Issue shall be disclosed under an appropriate head in our Balance Sheet indicating the purpose for which such monies have been utilized;
3. Details of all unutilised monies out of the Issue, if any, shall be disclosed under the appropriate head in the Balance Sheet indicating the form in which such unutilised monies have been invested and

4. Our Company shall comply with the requirements of Clause 52 of the SME Listing Agreement in relation to the disclosure and monitoring of the utilization of the proceeds of the Issue.

WITHDRAWAL OF THE ISSUE

Our Company, in consultation with the LM reserves the right not to proceed with the Issue at any time, including after the Issue Closing Date but before the Board Meeting for Allotment of Equity Shares without assigning any reason. Notwithstanding the foregoing, the Issue is also subject to obtaining the final listing and trading approvals of the Stock Exchange, which the Company shall apply for after Allotment. In terms of SEBI Regulations, QIB Applicants shall not be allowed to withdraw their Application after the Issue Closing Date.

Equity Shares in Dematerialized Form with NSDL or CDSL

To enable all shareholders of the Company to have their shareholding in electronic form, two tripartite agreements have been signed as under:-

- a) Agreement dated 02/03/2012 among NSDL, the Company and the Registrar to the Issue;
- b) Agreement dated 01/03/2012 among CDSL, the Company and the Registrar to the Issue.

The Equity Shares of the Company bear an ISIN No: INE 204N01013

- i. An Applicant applying for Equity Shares must have at least one beneficiary account with either of the Depository Participants i.e NSDL or CDSL prior to making the Application.
- ii. The Applicant must necessarily fill in the details (including the Beneficiary Account Number and Depository Participant's identification number) appearing in the Application Form
- iii. Allotment to a successful Applicant will be credited in electronic form directly to the beneficiary account (with the Depository Participant) of the Applicant.
- iv. Names in the Application Form should be identical to those appearing in the account details in the Depository. In case of joint holders, the names should necessarily be in the same sequence as they appear in the account details in the Depository.
- v. If incomplete or incorrect details are given under the heading 'Applicant's Depository Account Details' in the Application Form, it is liable to be rejected.
- vi. The Applicant is responsible for the correctness of his or her Demographic details given in the Application Form vis-à-vis those with his or her Depository Participant.
- vii. Equity Shares in electronic form can be traded only on the stock exchanges having electronic connectivity with NSDL or CDSL. The SME Platform of BSE, where our Equity Shares are proposed to be listed have electronic connectivity with NSDL and CDSL.
- viii. The trading of the Equity Shares of the Company would be in dematerialized form only on the SME Platform of BSE. .

COMMUNICATIONS

All future communications in connection with Applications 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, Applicant's Depository Account Details, number of Equity Shares applied for, date of Application form, name and address of the Banker to the Issue where the Application was submitted or the Designated Branch of the SCSBs where the Application was submitted and cheque or draft number and issuing bank thereof and a copy of the acknowledgement slip or with respect to ASBA Application, bank account number in which the amount equivalent to the Application Amount was blocked.

Investors can contact the Compliance Officer or the Registrar to the Issue in case of any pre-issue or post issue related problems such as non-receipt of letters of allotment, credit of allotted shares in the respective beneficiary accounts, refund orders etc. In case of ASBA Applications submitted to the Designated Branches of the SCSBs, the Applicants can contact the Designated Branches of the SCSBs.

RESTRICTIONS ON FOREIGN OWNERSHIP OF INDIAN SECURITIES

Foreign investment in Indian securities is regulated through the Industrial Policy, 1991 of GoI and FEMA. While the Industrial Policy, 1991 prescribes the limits and the conditions subject to which foreign investment can be made in different sectors of the Indian economy, FEMA regulates the precise manner in which such investment may be made. Under the Industrial Policy, unless specifically restricted, foreign investment is freely permitted in all sectors of Indian economy up to any extent and without any prior approvals, but the foreign investor is required to follow certain prescribed procedures for making such investment. Foreign investment limit is allowed up to 100% under automatic route in our Company.

By way of Circular Numbers 53 dated December 17, 2003, the RBI has permitted FII to subscribe to shares of an Indian company in a public offer without the prior approval of the RBI, so long as the price of the equity shares to be issued is not less than the price at which the equity shares are issued to residents.

Transfers of equity shares previously required the prior approval of the FIPB. However, vide RBI circular dated October 4, 2004, the transfer of shares between an Indian resident and a Non-Resident does not require the prior approval of the FIPB or RBI, provided that (i) the activities of the investee company are under the automatic route under the Foreign Direct Investment (FDI) Policy and transfer does not attract the provisions of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 (ii) the non-resident shareholding is within the sectoral limits under the FDI policy, and (iii) the pricing is in accordance with the regulations / guidelines prescribed by SEBI/RBI.

As per the existing policy of the Government of India, OCBs cannot participate in this Issue.

The Equity Shares have not been and will not be registered under the US Securities Act of 1933 (the "Securities Act" or any state securities laws in the United States and may not be offered or sold within the United States or to, or for the account or benefit of, "U.S. persons" (as defined in Regulation S under the Securities Act), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Equity Shares are only being offered and sold (i) in the United States to "qualified institutional buyers", as defined in Rule 144A of the Securities Act in transactions exempt from the registration requirements of the Securities Act, and (ii) outside the United States to certain persons in offshore transactions in compliance with Regulations under the Securities Act.

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and applications may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

The above information is given for the benefit of the Applicants. The Company and the LM are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Draft Prospectus. Applicants are advised to make their independent investigations and ensure that the number of Equity Shares Applied for do not exceed the applicable limits under laws or regulations.

SECTION IX MAIN PROVISIONS OF THE ARTICLES OF ASSOCIATION

THE COMPANIES ACT, 1956

THE COMPANY LIMITED BY SHARES

ARTICLES OF ASSOCIATION OF

MONARCH HEALTH SERVICES LIMITED

PRELIMINARY

Article 1

Table 'A' not to apply but company to be governed by these Articles.

The regulations contained In Table 'N' In the first Schedule to the companies Act, 1956, shall not apply to this company, but the regulations for the management of the company and for the observance by the Members thereof and their representatives shall, subject to any exercise of the statutory powers of the company in reference to the repeal or alteration of or addition to its regulations by special resolution as prescribed by the said companies act, 1956, be such as are contained in these Articles, unless the same are repugnant or contrary to the provisions of the companies Act, 1956.

INTERPRETATION

Article 2

In the interpretation of these Articles the following expressions shall have the following meanings, unless repugnant to the subject or context.

The Act

"The Act" or "the said Act" "The Act" or "the said act" means the Companies Act. 1956 as amended upto date or other Act or Acts for time being in force in India Containing the provisions of the legislature in relation to Companies.

The Board " or "the Board of Directors"

"The Board" or "The Board of Directors" means a meeting of the Directors duly called and constituted, or, as the case may be, the Directors assembled at a Board, or a requisite number of Directors entitled to pass a Circular Resolution in accordance with these Articles.

The Company or this company

"The Company" or "This Company" means Monarch Health Services Limited

Directors

"The Directors" means the Directors for the time being of the Company or, as the case may be, the Directors assembled at a Board.

Dividend

Dividend includes bonus.

Documents

"Documents" include summons, notice, and requisitions. order other legal process and registers, whether issued, sent or kept in pursuance of the Act or any other law or these Articles or other wise.

Gender

"Words" importing the masculine gender also include the feminine gender.

Month

“Month” means a calendar month.

Paid-up

“Paid up” includes credited as paid up.

Person

“Person” includes firms, corporations, as well as individuals.

Plural Number

Words importing the “plural number” also include the singular number.

Singular Number

Words importing the “singular number” also include the plural number.

These presents or Regulations

“These Presents” or “Regulations” means these Articles of Association as originally framed or altered from time to time and includes the Memorandum of Association where the context so requires.

Seal

“Seal” means the common seal for the time being of the Company.

In writing and written

“in writing” and “written” shall include printing and lithography and any other mode or modes or representing or reproducing words in a visible form.

Expressions In the Act to bear the same meaning In Articles.

Subject as an aforesaid any words or expression defined in the Act shall, except where the subject or context forbids, bear the same meaning in these Articles.

Marginal Notes

The marginal notes hereto shall not affect the construction hereof.

A day on which scheduled commercial banks are open and working in their regular course of business in Mumbai, India;

Business Day

A day on which Scheduled Commercial Banks are open and working in their regular course of business in Mumbai, India.

Beneficial Owner

A person whose name is recorded as such with a Depository as defined in clause (a) of the Sub-section (1) of section 2 of the Depositories Act, 1996.

Bye-laws

Made by a depository under section 26 of the Depositories Act, 1996.

Depository Act

“Depositories Act” means the Depositories Act, 1996 including any statutory modification or enactment thereof for the time being in force

Depository

A company formed and registered under the companies Act, 1956 and which has been granted a certificate of registration under sub-section (1A) of section 12 of the securities and Exchange Board of India Act, 1992.

Record

Records maintained in the form of books or stored in a computer or in such other form as may be determined by

Regulations.

Regulations made by the SEBI Board.

SEBI

Securities and Exchange Board of India, established under Securities and Exchange Board of India Act, 1992.

Security

“Security” means shares, debentures and such other security as may be specified by the SEBI Board from time to time.

Transfer

Transfer, sell, assign, pledge, hypothecate, create a security interest in or lien on, place in trust (voting or otherwise) transfer by operation of law or in any other way subject to any encumbrance or dispose of, whether or not voluntarily;

CAPITAL INCREASE AND REDUCTION OF CAPITAL**Article 3****Share capital**

(a) The Authorised Share Capital of the Company is Rs. 25,00,000/- (Rupees Twenty Five Lacs only) divided into 2,50,000 (Two Lacs Fifty Thousand) Equity Shares of Rs. 10/- (Rupees Ten only).

(b) The Minimum Share Capital of the Company shall be Rs. 5,00,000/- (Rupees Five Lacs only).

Article 4**Shares under the control of the Directors**

Subject to the provisions of the Act and in particular, Section 81 and of these Articles, the shares in the Capital of the Company for the time being (including any shares forming part of any increased capital of the company) shall be under the control of the Directors who may allot or otherwise dispose of the same or any of them to such person in such proportion and on such terms and conditions and either at a premium or at par at (subject to compliance with the provisions of the Section 79 of the Act) at a discount and at such time as they may from time to time think fit and proper, and with full power to give to any person the option to call for or to be allotted shares of the Company either at par or at a premium or subject as aforesaid, at a discount, such option being exercisable at such times and for such consideration as the Directors think fit PROVIDED that the shares shall in the first instance be offered to the shareholders (and/or their designees) in proportion to the paid-up capital at the date held by the shareholder and provided that the option to call for and be allotted the shares shall not be given to any person or persons without the sanction of the Company in general Meeting Resolution.

Article 5**Directors may allot shares as fully paid up.**

- A. Subject to the provisions of the Act and these articles, including Article 4, the Directors may allot and issue shares in the Capital of the Company in payment or part payment for any property or assets of any kind whatsoever (including the goodwill of any business) sold or transferred or goods or machinery or know-how supplied, or for services rendered to the Company either in or about the formation or promotion of the Company or the conduct of its business and any shares which may be so allotted may be issued as fully paid up or partly paid up otherwise than for cash, and if issued shall be deemed to be fully paid up or partly paid-up shares as aforesaid.
- B. Nothing contained in these Articles of Association shall preclude the directors from issuing any debentures, the terms whereof provide for conversion of such debentures into equity capital of the company or confer upon the holders of such debentures the rights to acquire equity shares in the

company provided that any such issue of debentures is approved by the Company in General Meeting.

Article 6
Shares to be numbered Progressively.

The shares in the capital of the Company shall be numbered progressively according to their several denominations and except in the manner hereinafter mentioned, no share shall be sub-divided.

Article 7
Acceptance of shares

An application signed by or on behalf of an applicant for shares in the Company, followed by an allotment of shares therein, shall be an acceptance of shares within the meaning of these Articles, and every person who thus or otherwise accepts any shares and whose name is entered on the Register of Members shall for the purpose of these Articles be a member

Article 8
Deposit and calls etc. to be debt payable immediately

The money (if any) which the Directors shall, on the allotment of any shares being made by them, required or direct to be paid by way of deposit call or otherwise, in respect of any shares allotted by them shall, immediately on the insertion of the name of the allottee in the Register of Members as the holder of such shares, become a debt due to and recoverable by the Company from the allottee thereof, and shall be paid by him accordingly.

Article 9
Instalments on shares to be duly paid

If by the conditions of allotment of any shares the whole or part of the amount of issue price thereof shall be payable by instalments, every such instalment shall, when due be paid to the company by the person who for the time being and from time to time shall be the registered holder of the share or his legal representatives.

UNDERWRITING AND BROKERAGE

Article 10
Commission for placing shares debentures, etc.

The company may, subject to the provisions of section 76 and other applicable provisions (if any) of the Act, at any time pay a commission to any person in consideration of this subscribing or agreeing to subscribe or his procuring or agreeing to procure subscriptions, whether absolutely or conditionally, for any shares in or debentures of the Company. The Commission may be satisfied by the payment of cash or the allotment of fully or partly paid shares or debentures or partly in the one way and partly in other. The company may also on any issue of shares or debentures pay such brokerage, as may be law full.

CERTIFICATES

Article 11
Member's Right to certificates

- (1) Subject to the compliance of the relevant provisions of the Act and the Companies (issue of shares Certificates) Rules 1960, every member or allottee of share (s) shall be entitled without payment to receive at least one certificate under the seal of the company for all the shares of each class or denomination registered in his name in such form as the Directors shall prescribe or approve, specifying the number of shares or shares allotted to him and the amount paid thereon. Such certificate shall be issued only in pursuance of a resolution passed by the Board. If the

Directors so approve, and upon payment of such fee, if any, not exceeding Rupees Two per certificate or free of charge as the directors may from time to time determine in respect of each class of shares, member shall be entitled to more than one certificate for shares of each class.

- (2) Notwithstanding anything contained in these Articles the Board of Directors of the Company or committee thereof may in their Absolute discretion refuse splitting of any share certificate or debentures certificate into denominations of less than marketable lots i.e. the minimum number of shares or debentures as are required for the purpose of trading on the Stock Exchange on which the company/a shares and /or debentures may be listed, except where such subdivision is required to be made to comply with a statutory provision or an order of a competent court of law.

Demat of Shares

Article 11A

Demat of Shares

Either the Company or the investor may exercise an option to issue, deal in, hold the securities (including shares) with a Depository in electronic form and the certificates in respect thereof shall be dematerialised, in which event the rights and obligations of the parties concerned and matters connected therewith or incidental thereof, shall be governed by the provisions of the Depositories Act, as amended from time to time or any statutory modification thereto or enactment thereof.

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

Every person subscribing to or holding securities of the Company shall have the option to receive security certificates or to hold the securities with a Depository. If a person opts to hold his security with a Depository, the Company shall intimate such Depository the details of allotment of the security, and on receipt of the information, the Depository shall enter in its record the name of the allottees as the Beneficial Owner of the security.

All securities held by a Depository shall be dematerialised 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.

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 security on behalf of the Beneficial Owner.

Every person holding securities 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. The Beneficial Owner of securities shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of his securities, which are held by a Depository.

Except as ordered by a Court of competent jurisdiction or as required by law, the Company shall be entitled to treat the person whose name appears on the Register of Members as the holder of any share or where the name appears as the Beneficial Owner of shares in the records of the Depository as the absolute owner thereof and accordingly shall not be bound to recognise any benami trust or equitable, contingent, future or partial interest in any share, or (except only as is by these Articles otherwise expressly provided) any right in respect of a share other than an absolute right thereto in accordance with these Articles, on the part of any other person whether or not it has express or implied notice thereof, but the Board shall be at their sole discretion to register any share in the joint names of any two or more persons or the survivor or survivors of them.

Every Depository shall furnish to the Company information about the transfer of securities in the name of the Beneficial Owner at such intervals and in such manner as may be specified by the bye-laws and the Company in that behalf.

Upon receipt of certificate of securities on surrender by a person who has entered into an agreement with the Depository through a Participant, the Company shall cancel such certificate and substitute in its records the name of Depository as the registered owner in respect of the said securities and shall also inform the Depository accordingly.

If a Beneficial Owner seeks to opt out of a Depository in respect of any security, the Beneficial Owner shall inform the Depository accordingly.

The Depository shall on receipt of information as above make appropriate entries in its records and shall inform the Company.

The Company shall, within thirty (30) days of the receipt of intimation from the Depository and on fulfillment of such conditions and on payment of such fees as may be specified by the regulations, issue the certificate of securities to the Beneficial Owner or the transferee as the case may be.

Except as specifically provided in these Articles, the provisions relating provisions 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 held in physical form subject to the provisions of the Depository Act.

The shares in the capital shall be numbered progressively according to their several denominations, provided however, that the provision relating to progressive numbering shall not apply to the shares of the Company which are dematerialised or may be dematerialised in future or issued in future in dematerialised form. Except in the manner herein before mentioned, no share shall be sub-divided. Every for felted or surrendered share held in material form shall continue to bear the number by which the same was originally distinguished.

The Company shall cause to be kept a Register and Index of Members and a Register and Index of Debenture holders in accordance with Sections 151 and 152 of the Act respectively, and the Depositories Act, with details E of shares and debentures held in material and dematerialised forms in (any media as may be permitted by law including in any form of electronic media. The Register and Index of Beneficial Owners maintained by a Depository under Section 11 of the Depositories Act shall be deemed to be Register and Index of Members and Register and Index of Debenture- holders, as the case may be, for the purposes of the Act. The Company shall have the power to keep in any state or country outside India, a branch Register of Members resident in that state or country.

CALLS

Article 12

Board may make calls.

The Board of Directors may from time to time (by a resolution passed at a meeting of the Board and not by Circular Resolution) but subject to the conditions hereinafter mentioned, make such calls as they think fit upon the members in respect of all moneys unpaid on the shares held by them respectively (whether on account go the capital value of the shares or by way of premium) and which are not, by the conditions of the allotment, made payable at fixed times and each members shall pay the amount of every call so made on him to the persons and at the times appointed by the Directors. A call may be made payable by installments.

Article 13

Notices of call

At least fifteen days notice of every call, otherwise than on allotment, shall be given specifying the time of payment and if payable to any person other than the company, the name of the person to whom, the call shall be paid provided that before the time for payment of such call the Directors may, be notice in writing to the member-s, revoke the same.

Article 14
Call to date from Resolution

A call shall be deemed to have been made at the time when the resolution of the Board of Directors authorising such call as passed and may be made payable by those members whose names appear on the Register of Members on such date, or at the discretion of the directors on such subsequent or earlier date as shall be fixed by the Directors.

Article 15
Directors may extend time

The Directors may from time to time at their discretion extend the time for the payment of any call, and may extend such item as to payment of call for any of the members who, from residence at a distance or other cause, the Directors may deem entitled to such extension but no member, shall be entitled to such extension save as a matter of grace and favour.

Article 16
Amount payable at fixed time or by installments as calls

If by the terms of issue of any share, any amounts are made payable at any fixed time or by installment at fixed times (whether on account of the nominal account of the share or byway of premium) every such amount or installment shall be the Directors and of which due notice has been given and all the provisions herein contained in respect of calls shall relate to such amount or installment accordingly.

Article 17
When Interest on call or Installment payable

If the sum payable in respect of any call or installment be not paid on or before the day appointed for payment thereof, the holder for the time being or allottee of the share(s) in respect of which a call shall have been made or the installment shall be due shall pay interest on the same at such rate as the Directors shall fix from the day appointed for the payment thereof to the time of actual payment but the directors may waive payment of such interest wholly or in part.

Article 18
Judgement decree or partial payment not to preclude forfeiture

Neither a judgement nor a decree in favour of the company for calls or other moneys due in respect of any shares nor any part payment or satisfaction thereunder nor the receipt by the company of a portion of any money which shall from time to time be due from any member in respect of any shares either by way of principal or interest nor any indulgence granted by the Company in respect of the payment of any money shall preclude the forfeiture of such shares as hereinafter provided.

Article 19
Proof on trial of Suit for money due on Shares

Subject to the provisions of the Act and these articles on the trial or hearing of any action of suit brought by the company against any member or his legal representative for the recovery of any money claimed to be due to the company in respect of any shares, it shall be sufficient to prove that the name of member in respect of whose shares, money is sought to be recovered is entered on the Register of Members as the holder of the shares in respect of which such money is sought to be recovered, that the resolution making the call is duly recorded in the minute book, and that notice of such call was duly posted to the member or his representative in pursuance of these presents: and it shall not be necessary to prove the appointment of the Directors who made such call nor that the meeting at which any call was made was duly convened or constituted nor any other matter whatsoever but the proof of the matters aforesaid shall be conclusive evidence of the debt.

Article 20**Payment In advance of calls may carry Interest.**

The Directors may, if they think fit, receive from any member willing to advance the same, all or any part of the moneys due upon the shares held by him beyond the sums actually called for, and upon the moneys so paid in advance or so much thereof as from time to time exceeds the amount of calls then made upon the shares in respect of which such advance has been made the Company may pay interest at such rate as the member paying such sum in advance and the Directors agree upon and the company may at any time repay the amount so advanced either by agreement with the members or otherwise upon giving to such member three month's notice in writing. No member paying any sum in advance shall be entitled to participate in profits or dividend or to voting rights in respect of the money so paid by until the same would, but for such payment, become presently payable.

FORFEITURE. SURRENDER AND LIEN**Article 21****It call or Installment not paid notice may be given.**

If any member falls to pay the whole or any part of any call or installment or any money due In respect of any shares either by way of principal or interest on or before the day appointed for the payment of the same, the directors may, at any time thereafter, during such time as the call or installment or any part thereof or other moneys as aforesaid remains unpaid or a judgement or decree in respect thereof remains unsatisfied in whole or in part, serve a notice on such member or on the person (if any) entitled to the shares by transmission requiring him to pay such call or installment or such part thereof or other moneys as remain unpaid together with any interest that may have accrued and all reasonable expenses (legal or otherwise) that may have incurred by the company by reason of such non-payment. Provided that no such shares shall be forfeited if any moneys shall remain unpaid in respect of any call or installment or any part thereof as aforesaid by the reason of the delay occasioned in payments due to the necessity of complying with the provisions contained In the relevant exchange control laws or other applicable laws of India.

Article 22**Terms of Notice**

The Notice shall name a day (not being less than 14 days from the date of the notice) on or before which and the place or places at which such call, Installment or such part thereof such other moneys as aforesaid and such interest and expenses as aforesaid are to be paid, and if payable to any person other than the company the person to who such payment is to be made. The notice shall also state that in the event of non-payment at or before the time and (if payable to any person other than the company) at the place appointed, the shares in respect of which the call was made or installment is payable will be liable to be forfeited.

Article 23**Shares to be forfeited in default of payment**

If the requirements of any such notice as aforesaid shall not be coupled with, any of the shares in respect of which such notice has been given may, at any time thereafter but before payment of all calls of installment, interest and expenses and other moneys due in respect thereof, be forfeited by a resolution of the Directors to that effect. Such forfeiture shall include all dividend declared in respect of the forfeited shares and not actually paid before the forfeiture.

Article 24**Entry of forfeiture in register of members**

When any shares shall have been so forfeited, any entry of the forfeiture, with the date thereof, shall be made in the Register of Members and notice of the forfeiture shall be given to the member in whose

name they stood immediately prior to the forfeiture but no forfeiture shall be in any manner invalidated by any omission or neglect to give such notice or to make any entry as aforesaid.

Article 25

Forfeited shares to be property of the company and may be sold etc

Any share so forfeited shall be deemed to be the property of the Company and may be said allotted or otherwise disposed of either to the original holder thereof, or to any person upon such terms and in such manner as the Board shall think fit and subject to Article '4' hereof.

Article 26

Directors may annual forfeiture.

The Directors may, at any time before any shares so forfeited shall have been sold, re-allotted or otherwise disposed of annual the forfeiture thereof upon such conditions as they think fit.

Article 27

Shareholder still liable to pay money owing at the time of forfeiture and interest.

Any person whose shares have been forfeited shall notwithstanding the,) forfeiture, be liable to pay and shall forthwith pay to the company all calls, installment, interest expenses and other monies owing upon or in respect of such shares at the time of forfeiture together with interest thereon from the time of the forfeiture until payment at such rate as the Directors may determine, and the Directors may enforce the payment of the whole or a portion thereof as if it were a new call made at the date of the forfeiture but shall not be under any obligation to do so.

Article 28

Effect of forfeiture

The forfeiture of a share involve the extinction, at the time of the forfeiture, of all interest in and all claims and demands against the company in respect of the shares forfeited and all other rights incidental to the Shares except only such of those rights as by these presents are expressly saved.

Article 29

Surrender of shares

The Directors may, subject to the provisions of the Act, accept a surrender of any share from or by any member desirous of surrendering them on such terms, as they think fit.

Article 30

Company's lien on shares

The Company shall have lien on its fully paid shares. In the case of partly paid up shares, the Company shall have a first and paramount lien on such shares registered in the name of each member, whether solely or jointly with others and upon the proceeds of sale thereof for all moneys called or payable at a fixed time in respect of such shares and whether held solely or jointly with any other persons, and whether the period for the payment, fulfillment or discharge thereof shall have actually arrived or not. Any such lien shall extend to all dividends and bonuses from time to time declared in respect of such shares. The Directors may at any time declare any shares to be wholly or in part exempt from the provisions of this Article.

Article 31

As to enforcement of lien by sale

For the purpose of enforcing such lien, the Board of Directors may sell the shares subject thereto in such manner as they shall think fit, but no sale shall be made unless the sum in respect of which the lien exists is presently payable until notice in writing of the intention to sell shall be served on such members, his executors or administrators or his continue, or other legal representatives as the case

may be, and default shall be made by him or them in the payment of the sum payable as aforesaid for seven days after the date of such notice. To give effect to any such sale, the Board may authorise some person to transfer the shares sold to the purchaser thereof and the purchaser shall be registered as the holder of the share comprised in any such transfer. Upon any such sale as aforesaid, the certificates in respect of the shares sold shall stand cancelled and become null and void and of no effect and the Directors shall be entitled to issue a new certificate or certificates in lieu thereof to the purchaser or purchasers concerned.

Article 32

Application of proceeds of such sale

The net proceeds of any such sale, after payment of the cost sale, shall be applied in or towards the satisfaction of such debts, liabilities or engagements of such member and the residue, (if any) shall be subject to a like lien for sums not presently payable as existed upon the shares before the sale, be paid to such member of the person (if any) entitled by transmission to the shares so sold.

Article 33

Certificate of forfeiture

A certificate in writing under the hands of two Directors that the call in respect of a share was made, and notice thereof given. And that default in payment of the call was made, and that the forfeiture of the share was made by a resolution of the Directors to the effect shall be prima facie conclusive evidence of the facts stated therein as against all persons entitled to such share.

Article 34

Title of purchaser and validity of shares sold in exercise of lien

Upon any sale after forfeiture or for enforcing a lien in the exercise of the powers herein before given, the Board may appoint some person to execute an instrument of transfer of the shares sold and cause the purchaser's name to be entered in the Register in respect of the shares sold and the Company may receive the consideration, if any, given for the share on any sale, re-allotment or other disposition thereof and the person to whom such share is sold re-allotted or disposed of may be registered as the holder of the share and he shall not be bound to be to the application of the consideration, if any, not shall his title to the share be affected by any irregularity or invalidity in the proceedings in reference to the transfer, sale re-allotment or other disposal of the share and after this name has been entered in the Register in respect of such share, the validity of the sale shall not be impeached by any person.

Article 35

Cancellation of share certificates in respect of

Upon any sale, re-allotment or other disposal under the provisions of the preceding Articles. the certificate or certificate originally issued in respect of the relevant shares shall (unless the same shall, on demand by the company, have been previously surrendered to it by the defaulting member) stand cancelled and become null and void and of no effect, and the Directors shall be entitled to issue a new certificate or certificates in respect of the said shares to the person or persons entitled thereto.

TRANSFER AND TRANSMISSION OF SHARES

Article 36

Form of transfer

The instrument of transfer of any shares shall be in writing and all the provisions of section 108 and other applicable provisions of the Act shall be duly complied with in respect of all transfers of shares and the registration thereof.

Article 37**Instrument of transfer to be executed by the transferor and transferee**

Every such instrument of transfer shall be signed by or behalf of the transferor and by or on behalf of the transferee and by or on behalf of the transferor shall be deemed to remain the holder of such share until the name of the transferee is entered in the register of Members in respect thereof.

Article 38**Directors may refuse to register transfer.**

The Directors may, subject to the provisions of section 111 of the Act, at their absolute and uncontrolled discretion, decline to register or acknowledge any transfer of share and shall not be bound to give any reason for such refusal and without prejudice to the generality of the foregoing may so decline in respect of share upon which the company has a lien or whilst any moneys in respect of the shares desired to be transferred or any of them remain unpaid and such refusal shall not be affected by the fact that the proposed transferee is already a member. Provided that 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 as stated herein above. The Directors may at their discretion decline to register more than four persons as the holders of any shares or debentures. The registration of the transfer shall be prima facie conclusive evidence of the approval by the Directors of the transferee.

Article 39**Custody of Instrument of transfer**

The instrument of transfer after registration shall be retained by the company and shall remain in custody. All Instruments of transfer which the directors may decline to register shall, on demand be returned to the person depositing the same. The Directors may cause to be destroyed all transfer deeds lying with the company for period of ten years or more.

Article 40**Title of shares of deceased**

The executors or administrators or a holder of succession certificate in respect of the estate of a deceased member (not being one of two or more joint holders) shall be the only persons recognised by the company as having any title to the shares registered in the name of such deceased member and the company shall not be bound to recognise such executors or administrators unless such executors or administrators shall have first obtained probate or letters of Administration as the case may be from a duly constituted court in India, provided that in any case where the Directors in their absolute discretion think fit, the Directors may dispense with the production of probate or letters of Administration or succession certificate and under the provisions of Article 41, register the name of any person who claims to be absolutely entitled to the shares standing in the name of a deceased member, as a member.

Article 41

Transmission Clause Subject to the provisions contained in Article 38 hereof, any person becoming entitled to a share in consequence of the death, lunacy or insolvency of any member, upon producing proper evidence of the grant of probate or letters of Administration of Succession certificate or such other evidence that he sustains the character in respect of which he purports to act under this Article or of his title to the shares as the Board thinks sufficient may, with the consent of the Board (which it shall not be under any obligation to give), be registered as a member in respect of such shares, or may subject, to the regulations as to transfer herein before contained transfer such shares. The clause is herein referred to as the transmission clause.

Article 42**Refusal to register in case of transmission**

Subject to the provisions of the act and these Articles, the Directors shall have the same right, to refuse to register as a member a person entitled by transmission to any shares or Ws nominee as if he were the transferee named in an ordinary transfer presented for registration.

Article 43**Person entitled may receive dividend without being registered as member**

A person entitled to a share by transmission shall, subject to the right of the Directors to remain such dividends or money as here in provided, be entitled to receive and may give a discharge for any dividends or other moneys payable in respect of the share.

Article 44**Board may require evidence of transmission**

Every transmission of a share shall be verified in such manner as the Directors may require and the company may refuse to register any such transmission until the same be so verified or until or unless an indemnity be given to the company with regard to such registration which the Directors at their discretion shall consider sufficient, provided nevertheless that there shall not be any obligation on the company or the Directors to accept any indemnity.

Article 45**Not fee on transfer or transmission**

The company shall not charge any fee for registration of transfer or transmission in respect of shares or debentures of the company.

Article 46**Company not liable for disregard of a notice prohibiting Registration of transfer**

The company shall incur no liability or responsibility whatsoever in consequence of their registering or giving effect to any transfer of shares made or purporting to be made by any apparent legal owner thereof (as shown or appearing In the Register of members) to the prejudice of persons having or claiming any equitable right, title or Interest to or in such shares notwithstanding that the company may have notice of such equitable right, title or interest or may have received a notice prohibiting registration of such transfer and may have entered such notice as referred thereto in any book of the company. and the company shall not be bound or required to regard or attend or give effect to any notice which may be given to it of any equitable rights, or title or inters or be under any liability whatsoever for refusing or neglecting so to do though it may have been entered or referred to in some book of the company but the company shall nevertheless be in liberty to regard and attend to any such notice and give effect thereto, if the Directors so think fit.

INCREASE, REDUCTION & ALTERATION OF CAPITAL**Article 47****Increase of Capital**

The Company may from time to time by special resolution In general Meeting increase its share capital by the creation and issue of new shares of such amount, as it thinks expedient. Subject to the provisions of the Act, the new shares shall be issued upon such terms and conditions and with such rights and privileges annexed thereto as by the special resolution of the General Meeting creating the same shall be directed, such shares may be issued with a preferential or qualified right as to dividends, and in the distribution of assets of the company, and with a right of voting at General Meeting of the Company in conformity with section 87 and 88 of the Act.

Article 48 Right of Equity shareholders to further issue of capital

Where it is proposed to increase the subscribed capital of the company by allotment of further shares, then such further shares shall be offered to the persons who, at the date of the offer, are holders of the equity shares of the company, in proportion as nearly as circumstances admit. to the capital paid up on those shares at the date, such offer shall be made in accordance with the provisions of subsection (1) of section 81 of the Act, and Article 4 above.

Article 49(1)

Further Issue of capital to be governed by same rules.

Except so far as otherwise provided by the conditions for issue or by these presents, any capital raised by the creation of new shares shall be considered part of the original capital and shall be subject to the provisions herein contained with reference to the payment of calls and installment, transfer and transmission, Forfeiture, lien, surrender, voting or otherwise.(2) Subject to the provisions of section 80 of the Act, and Articles 4 hereof, the company shall have the power to issue preference shares which are or. at the option of the company are, liable to be redeemed and the redemption may be effected in the manner and subject to the terms and provisions of its issue. (3) On the issue of Redeemable Preference shares under the provisions of clause (2) herein. the following provisions shall take effect: (a) no such shares shall be redeemed except out of profits of the company, which would otherwise be available for dividend or out of the proceeds of a fresh issue of shares made for the purpose of redemption.(b) no such shares shall be redeemed unless they are fully paid. (c) the premium, if any, payable on redemption must have been provided for of the profits of the Company or the company's share premium Account before the shares are redeemed. (d) Where any such shares are redeemed otherwise than out of the proceeds of a fresh issue, there shall out of profits which would otherwise have been available for dividend, be trans- ferred to a reserve fund, to be called the "capital Redemption Reserve Account" a sum equal to the nominal amount of the Shares to be redeemed and the provisions of the Act relating to the reduction of the share capital of the company shall, except as provided in section 80 of the Act, apply as if the capital Redemption reserve Account were the paid up share capital of the company.

Article 49(2)

Issue of Employees Stock Options & Equity Shares:

The Company in General Meeting may consider by passing a special resolution for issue of equity shares to the employees / Directors under Employees stock Option Scheme and or any other Scheme as per the guide lines and rules that are in force from time to time. The company may also issue sweat equity shares as per Sec 79A of Act to the directors by passing a Special resolution in General Meeting as per the regulations made by SEBI or Department of Company Affairs from time to time. The Board of Directors shall be duly authorised to frame the guidelines for consideration of issue of shares under Employees Stock Option Scheme or any other scheme and for issue of Sweat Equity shares.

Article 49(3)

Nomination of Shares

- i. Notwithstanding anything contained in the Articles of Association or in any other law for the time being in force, and subject to the provisions of the companies Act, 1956 every member and debenture holder of the company may at any time nominate in the prescribed manner, a person to whom his shares or debentures of the company shall vest in the event of his death.
- ii. In case of more than one holder, the joint holders may together nominate, in the prescribed manner a person to whom all the rights in the shares or debentures of the Company shall vest in the event of death of all the joint holders.
- iii. Notwithstanding anything contained in any other law for the time being in force or in any disposition, whether testamentary or otherwise, in respect of such shares in or debentures of the Company, where a nomination made in the prescribed manner purports to confer on any person

the right to vest the shares in or debentures of the Company, the nominee shall, on the death of the holder of shares or debentures of the Company or all the joint holders thereof as the case may be, become entitled to all the rights in such shares or debentures of the Company to the exclusion of all other persons, unless the nomination is varied or cancelled in the prescribed manner.

- iv. Where nominee is a minor, the holder of shares or debenture of the Company may appoint a person to become entitled to such shares or debentures, in the event of his death during the minority of nominee.

Article 50
Reduction of capital

The Company may, subject to the provisions of sections 78, 80, 100 to 105 (both inclusive) of the Act, from time to time by special Resolution, reduce its share capital and any capital redemption reserve Account or other premium Account in any way authorised by law and particular may pay off any paid-up share capital upon the footing that it may be called up again or other wise and may, if and so far as is necessary alter its Memorandum by reducing the amount of its share capital and of its shares accordingly. This Article is not to derogate from any power the company would have if it were omitted.

Article 51
Consolidation division and Sub-division.

The company may in General Meeting by Special Resolution alter the conditions of its Memorandum as follows: -

- (a) Consolidate and divide all or any of the share capital into shares of larger amounts than its existing shares.
- (b) Sub-divide its shares or any of them into shares of Smaller amounts than originally fixed by the Memorandum, so however, that in the sub-division the proportion between the amounts paid and the amounts, if any, unpaid on each reduced shares shall be the same as it was in the case of the shares from which the reduced shares is derived.
- (c) Cancel shares which at the date of such General Meeting have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled.

BUY BACK

Article 52
Buy Back of Shares

The Company may as per Sec 77A, 77AA & 77B purchase its own securities out of free reserves or share-premium account or proceeds of any shares or other specified securities by passing in general meeting as per the provisions of the Act and Rules and Regulations that may be in force from time to time. The Board of Directors shall comply all the provisions of the Act in purchase of companies own securities and authorised to do all such other acts that are required there on.

MODIFICATION OF RIGHTS

Article 53
Rights attached to any class may be varied.

If any time the share capital is divided into different classes, the rights attached to any class of shares (unless otherwise provided by the terms of issue of the shares of that class) may, subject to the provisions of sections 106 and 107 of the Act, be modified. commuted affected, abrogated or varied (whether or not the company is being wound up) with the consent in writing of the holders of not less than three-fourths of the issued shares of the class, or with the sanction of a special Resolution passed

at a separate meeting of the holders of that class of shares and all the provisions hereinafter contained as to General Meeting shall mutatis mutandis apply to every such meeting.

JOINT-HOLDERS

Article 54

Joint-holders

Where two or more persons are registered as the holders of any share they shall be deemed to hold the same as joint-terms with benefits of survivorship subject to the following and other provisions contained in the Articles:

- a) the joint holders of any shares shall be liable severally as well as jointly for and in respect of all calls and other payments, which ought to be made in respect of such share.
- b) on the death of any such joint holder the survivors or survivor shall be the only person or persons recognized by the company as having any title to the share but the Directors may require such evidence of death as they may deem fit and nothing herein contained shall be taken to release the estate of a deceased jointholder from any liability in respect of the shares held by him jointly with any other person.
- c) Only the person whose name stands first in the Register of Members may give effectual receipts for any dividends or other moneys payable in respect of such share.
- d) Only the person whose name stands first on the register of Members as one of the joint holders of any share shall be entitled to delivery of the certificate relating to such share or to receive documents from the company and any documents served on or sent to such person shall be deemed service on all the joint-holders.
- e) Anyone of two or more joint-holders may vote at any meeting either personally or by proxy in respect of each share as if he were solely entitled thereto and if more than one of such joint holders be present at any meeting personally or by proxy then that one of such persons so present whose name stands first or higher (as the case may be) on the Register in respect of such shares shall alone be entitled to vote in respect thereof but the other or others of the joint holders shall be entitled to be present at the meeting. Provided always that a joint-holder present at any meeting personally shall be entitled to vote in preference to a joint-holder present by proxy although the name of such joint-holder present by proxy stands first or higher in the Register in respect of such shares. Several executors or administrators of a deceased member in whose (deceased member's) sole name any share stands shall for the purposes of this sub-clause be deemed joint-holders

BORROWING POWERS

Article 55

Power to borrow

Subject to the provisions of the Act and these Articles and without prejudice to the other powers conferred by these Articles the Directors shall have the power, from time to time at their discretion, by a resolution passed at a meeting of the Board and not by Circular Resolution to accept, deposits from a members. either in advance of calls or otherwise, and generally raise or borrow or secure the payment of any sum or sums of moneys in any manner whatsoever for the purposes of the company provided that the total amount borrowed any time together with the moneys already borrowed by the company (apart from temporary loans obtained from the company's bankers in the ordinary course of business) shall not without the consent of the company in General Meeting exceed the aggregate of the paid up capital of the company and its free reserves that is to say, reserve not set apart for any specific purpose. such consent shall be obtained by a special Resolution, which shall provide for the total amount up to which moneys may be borrowed by the Board. The expression "temporary loans" in this Article means loans repayable on demand or within six months from the date of the loans such as

short term loans, cash credit arrangements, discounting of bills and the issue of other short-term loans of seasonal characters but does not include loans raised for the purpose of financing expenditure of capital nature.

Article 56
Conditions on which moneys may borrowed

Subject to the provisions of the Act and these Articles, the Directors may, by a Resolution passed at a meeting of the Board and not by circular Resolution, raise or secure the payment of such sum. or sums in such manner and upon such issue of bonds, perpetual or redeemable debentures or debenture stock or any mortgage or charge or other security on the undertaking or the whole or any part of the property of the company (both present and future) including its uncalled capital for the time being.

Article 57
Bonds, Debentures etc. to be subject to control of Directors

Subject to the provisions of the Act, any bonds, debentures or other non-convertible debt securities issued or to be issued by the company shall be under the control of the Directors who may issue them upon such terms conditions and in such manner and for such consideration as they shall consider to be for the benefit of the company.

Article 58
Securities may be assignable free from equities

Debentures, bonds or other non-convertible debt securities may be made assignable free from any equities between the company and the person to whom the same may be issued.

Article 59
Conditions on which Bonds, Debentures, etc, may be Issued

Subject to the provisions of the Act and these Articles any bonds debentures, or other non-convertible debt securities may be issued at the discount, premium or otherwise and with special rights privileges and conditions as to redemption, surrender, drawings, allotment of shares, attending (but not voting) at general meeting, appointment of directors or otherwise. Provided that debentures with the right to allotment of or conversion into shares shall not be issued except with the sanction of the company in General Meeting.

Article 60
Mortgage of uncalled capital

If any uncalled capital of the company is included in or charged by way of mortgage or other security by the Directors, the Directors shall, subject to the provisions of the Act and these Articles, make calls on the members In respect of such uncalled capital in trust for the persons In whose favour such mortgage or security is executed or, if permitted by the Act, may by instrument under seal, authorize the person in whose favour such mortgage or security is executed or any other person in trust for him to receive moneys on call from the members in respect of such uncalled capital and the provisions herein before contained In regard to calls shall mutatis mutandis apply to call made under such authority and such authority may be made exercisable either conditionally or unconditionally and either presently or contingently and either to the exclusion of the Directors powers or otherwise and shall be assignable if expressed so to be.

Article 61
Indemnity may be given

Subject to the provision of the Act and these Articles. if Directors or any of them or any other person shall incur or be about to incur any liability whether as principal or surety for the payment of any sum primarily due from the company, the Directors may execute or cause to be executed any mortgage, charge or security over or affecting the whole or any part of the assets of the company by way of

indemnity to secure the directors or person so becoming liable as aforesaid from any loss in respect of such liability.

GENERAL MEETINGS

Article 62

Statutory meeting

The statutory meeting of the company shall be held at such place and time (not less than one month nor more than six months from the date at which the company is entitled to commence business) as the Directors may determine and in connection therewith, the Directors shall comply with the provisions of section 165 of the Act.

Article 63

Annual General Meeting

Subject to the provisions of sections 166 and 210 of the Act, the company shall, in addition to any other meeting, hold a general meeting (hereinafter called an "Annual General Meeting") at the intervals and in accordance with the provisions contained in section 166 of the Act.

Article 64

Extra-ordinary General meeting

All General Meetings other than Annual General Meetings shall be called Extraordinary General Meeting.

Article 65 Directors may call Extra-ordinary General Meetings

The Board of Directors may call an Extraordinary General Meeting whenever they think fit and shall also call one in the circumstance specified in section 169 of the Act.

Article 66

Notice of Meeting

A General Meeting of the Company may be called by giving not less than 21 days, notice in writing. However, a General Meeting may be called after giving a shorter notice than 21 days, if the consent is accorded thereto:

- i. in the case of an Annual General Meeting by all the members entitled to vote thereat , and
- ii. in the Case of any other meeting, by members of the Company holding not less than 95 percent of such part of the paid up share capital of the Company as gives a right to vote at that meeting.

Article 67

Contents of Notice

(1) Every notice of a meeting of the Company shall specify the place, the date and hour of the meeting, and shall contain a statement of the business to be transacted thereat. In every notice there shall appear with reasonable prominence a statement that a member entitled to attend and vote is entitled to appoint a proxy to attend the vote instead of himself, and that a proxy need not be a member of the Company.

Article 68

Service of Notice

Subject to the provisions of Article 66 hereof, notice of every meeting shall be given to every member of the Company in any manner authorised by sub-sections (1) to (4) of Sections 53 of the Act and by these Articles. It shall be given to the persons entitled to a share in consequence of the death or

insolvency of a member by sending it through the post in prepaid letter addressed to them by name, or by the title of the representatives of the deceased or assignees of the insolvent or by any like description at the address, if any, in India supplied for the purpose by the persons claiming to be so entitled or until such an address has been so supplied, by giving the notice in any manner in which it might have been given if the death or insolvency had not occurred. Provided that where notice of a meeting is given by advertising the same in a newspaper circulating in the neighborhood of the registered office of the Company under Subsection (3) of Section 53 of the Act, the explanatory statement need not be annexed to the notice as required by Section 173 of the said Act, but it shall be mentioned in the advertisement that the statement has been forwarded to the members of the Company.

PROCEEDINGS AT GENERAL MEETINGS

Article 69 Quorum for General Meeting

At any General Meeting of the Company five members present in person, shall be a quorum.

Article 70

Procedure when Quorum not present

If within half an hour after the time appointed for the holding of the meeting the quorum as aforesaid is not present, the meeting if convened on the requisition of shareholders shall be dissolved, and in every other case, shall stand adjourned to the same day in the next week or if it is a public holiday, until the next succeeding day, which is not a public holiday at the same time and place, or to such other time and place as the Board may determine. At any such adjourned meeting at least five members entitled to vote and present in person shall be quorum. It at such adjourned meeting also the quorum be not present within half an hour as aforesaid, those members present shall be a quorum and may transact the business for which the meeting was called.

Article 71

Business at adjourned meetings

No business shall be transacted at any adjourned meeting other than the business, which might have been transacted at the meeting from which the adjournment took place.

Article 72

Chairman

The Chairman of the Board of Directors shall be entitled to take the chair at every General Meeting. If there be no Chairman or if at any meeting, he shall not be present within fifteen minutes after the time appointed for holding such meeting or is unwilling to act, the Directors present may choose one of their number to be the Chairman, and in default of their doing so the members present shall choose one of the Directors to be the chairman, and if no Director present be willing to take Chair, the members present shall choose one of their number to be the Chairman.

Article 73

Business confined to election of chairman whilst Chair vacant

- (1) No business shall be discussed at any General Meeting except the election of a Chairman whilst the chair is vacant.
- (2) If a poll is demanded on the election of the Chairman it shall be taken forthwith in accordance with the provisions of the Act and these Articles, the Chairman so elected on a show of hands exercising all the powers of the chairman under the Act and these Articles.
- (3) If some other person is elected Chairman as result of the poll, he shall be Chairman for the rest of the meeting.

Article 74
Poll

Whenever a poll is demanded the Chairman of the meeting shall have power to regulate the manner in which a poll shall be taken including the power to take the poll by open voting or by secret ballot and either at once or at an interval or adjournment or otherwise, and the result of the poll shall be deemed to be the decision of the meeting on the resolution on which the poll was taken. The demand for the transaction of any business other than the question on which the poll has been demanded.

Article 75
Chairman with consent may adjourn meeting

The Chairman, with the consent of any meeting at which a quorum is present, may adjourn any meeting from time and from place to place in the city or town or village in which the Registered office of the Company is situated.

Article 76
Notice to be given where a meeting is adjourned for thirty days or more

When meeting is adjourned for thirty days or more, notice of the adjourned meeting shall be given as in the case of an original meeting. Save as aforesaid it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.

VOTES OF MEMBERS

Article 77
Votes may be given by proxy or attorney

Subject to the provisions of the Act and these articles, votes may be given either personally or by proxy or in the case of a body corporate also by a representative duly authorised under Section 187 of the Act.

Article 78
Votes of members.

Subject to the provisions of the Act: -

- a) on a show of hands, every holder of equity shares entitled to vote and present in person shall have one vote and upon a poll every holder of equity shares entitled to vote and present in person or by proxy shall have one vote for every equity share held by him.
- b) every holder of a preference share in the capital of the Company shall be entitled to vote at General Meeting of the Company only in accordance with the limitations and provisions laid down in Section 87(2) of the Act.

Article 79
Votes in respect of shares of deceased and Insolvent member

Any person entitled under the transmission Article (Article 41 hereof) to transfer any shares may vote at any General Meeting in respect thereof as if he was the registered holder of such shares provided that at least forty-eight, hours before the time of holding of the meeting or adjourned meeting as the case may be at which he proposes to vote, he shall satisfy the Directors of Ws right to transfer such shares and give such indemnity if any, as the Directors may require unless the Directors shall have previously admitted his right to vote at such meeting in respect thereof.

Article 80**Voting members of unsound mind and minors**

A member of unsound mind or in respect of whom an order has been made by any Court having jurisdiction in lunacy, may vote, whether on show of hands or on a poll, by his committee or other legal guardian and any such committee or guardian may, on a poll vote by proxy. If any member be a minor, the vote in respect of his share or shares shall be by his guardian or any one of his guardians, if more than one to be selected in case of dispute, by the Chairman of the meeting.

Article 81**No member to vote unless calls are paid up**

Subject to the provisions of the Act, no member shall be entitled to be present or to vote at any General Meeting either personally or by proxy or be reckoned in a quorum whilst any call or other sum shall be due and payable to the Company in respect of any of the shares of such member.

Article 82**Right of member to use his votes differently**

On a poll taken at a meeting of the Company, a member entitled to more than one vote, or his proxy or other person entitled to vote for him, as the case maybe, need not, if he votes, use all his votes or cast in the same way all the votes he uses.

Article 83(1)**Proxies**

Any member entitled to attend and vote at a meeting of the Company shall be entitled to appoint another person (whether member or not) as his proxy to attend and vote instead of himself but a proxy so appointed shall not have any right to speak at the meeting.

Article 83(2)**Deposit of instrument of proxy.**

Every instrument of proxy shall be deposited at the office of the Company not less than forty-eight hours before the time for holding the meeting at which the person named in the instrument proposes to vote and in default, the instrument of proxy shall not be treated as valid. No instrument appointing a proxy shall be called after the expiration of twelve months from the date of its execution except in the case of the adjournment of any meeting first held previously to the expiration of such time.

Article 83(3)**Form of proxy**

An instrument appointing a proxy shall be in such form as may be prescribed in Schedule IX of the Act from time to time.

Article 84**Validity of votes given by proxy notwithstanding death of member etc.**

A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death, insanity, revocation or transfer shall have been received at the office of the Company before the meeting.

Article 84(A)**Chairman of the meeting to be sole judge of validity of any vote**

The Chairman of any meeting shall be the sole judge of the validity of every vote tendered at such meeting. The Chairman present at the taking of a poll shall be the sole judge of the validity of every vote tendered at such poll.

DIRECTORS

Article 85

Number of Directors

Subject to the provisions of Section 25 of the Act, the number of Directors shall not be less than three and unless otherwise determined by the Company in General Meeting by a Special Resolution more than twelve.

The first Directors of the Company shall be: -

1. Mr. SURESH BABULAL BAFNA
2. Ms. NISHITA KISHORCHANDRA SHETH
3. Mr. PRASHANT RAMAKANT VIKRAM

Article 86

Appointment of Alternate Director

The Directors may appoint any person to be an Alternate Director to act for a Director (hereafter called the "Original Director") during his absence for a period of not less than three months from the State in which the meetings of the Board are ordinarily held, provided his name is recommended by the Original Director and such appointment shall have effect and such appointee whilst he holds office as an Alternate Director shall be entitled to notice of meetings of Directors and to attend and to vote thereat accordingly. An Alternate Director appointed under this Article shall not hold office as such for a period longer than that permissible to the Original Director in whose place he has been appointed and shall vacate office, if and when the Original Director returns to the said State. If the term of office of the Original Director is determined before he so returns to the State as aforesaid any provisions in the Act or in these Articles for the automatic reappointment of a retiring Director in default of any other appointment shall apply to the Original Director and not to the Alternate Director.

Article 87

Casual vacancy in the office of Directors

If the office of any Director is vacated before his term of office will expire in the normal course, the resulting casual vacancy may be filled by the Board of Directors at a meeting of the Board. Any person so appointed shall hold office only upto the date upto, which the Director in whose place he is appointed would have held office, if the vacancy had not occurred.

Article 88

Appointment of Additional Directors

Subject to the provisions of Section 260, 284(6) and other applicable provisions (if any) of the Act, the Directors shall have power at any time and from time to time to appoint a person or persons as an Additional Director or Directors. Such Additional Directors shall hold office only upto the date of the next Annual General Meeting of the Company, but shall be eligible for re-election at that meeting as a Director, provided that the number of Directors and the Additional Directors together, shall not exceed the maximum strength fixed by the Board by Article 84 hereof.

Article 89

Directors not required to hold any qualification shares

The Directors shall not be required to hold any qualification shares.

Article 90

Remuneration of Directors

Subject to the provisions of Section 198, 309, 310 and 311 of the Act, the remuneration payable to the Directors of the Company shall be as hereinafter provided.

- (1) The maximum remuneration of a Director (other than managing or whole time Director, if any) for his survivors shall be such sum as may be prescribed by the Act or the Central Government from time to time for each meeting of the Board or of one or more Committee of the Board attended by him. The Directors including members of a Committee of Directors shall be paid such further remuneration if any, either on the basis of percentage of the net profits of the Company or otherwise as the Company in General Meeting shall by Special resolution from time to time determine.
- (2) The Board of Directors may in addition allow and pay to any Director who is not a bona-fide resident of the place where a meeting of the Board or Committee or a general meeting of the Company is held, and who shall come to that place for the purposes of attending the meeting, such sum as the Board may consider fair compensation for his travelling, hotel, boarding, lodging and other expenses incurred in attending or returning from meetings of the Board of Directors, or any Committee thereof or general Meetings of the Company.
- (3) Subject to the limitations provided by the Act and this article, if any Director shall be called upon to go or reside out of his usual place of residence on the Company's business or otherwise perform extra service outside the scope of his ordinary duties, the Board may arrange with such Director for such special remuneration for such service either by way of salary, commission, or the payment of a stated sum of money as they shall think fit, in addition to or in substitution of his remuneration above provided. and all the Directors shall be entitled to be paid or reimbursed or repaid any travelling, hotel and other expenses incurred or to be incurred In connection with the business of the Company and also to be reimbursed all fees for filling all documents which they may be required to file under the provisions of the Act.

Article 91

Directors may act notwithstanding vacancy

The continuing Directors may act notwithstanding any vacancy in their body but subject to the provisions of the Act, if the number falls below the minimum number above fixed and notwithstanding the absence of quorum, the Directors may act for the purpose of filling up vacancies for summoning General meeting of the Company.

Article 92

Directors may contract with company

Subject to the provisions of these Articles and the restrictions imposed by the Act and the observance and fulfillment thereof, no director shall be disqualified by his office from contracting with the Company for any purpose and in any capacity whatsoever including either as vendor, purchaser, agent, broker underwriter of shares and debentures of the Company or otherwise, nor shall any such contract or arrangement entered into by or on behalf of the Company in which any Director shall be in any way interested be avoided, nor shall any Director, so contracting or being so interested be liable to account to the Company for any profit realised by any such contract or arrangement by reason only of such director holding that office, or of the fiduciary relationship thereby established, but it is hereby declared that the nature of his interest must be disclosed by him as provided by Section 299 of the Act.

Article 93

Directors may be Directors of companies promoted by the Company

A Director of the Company may be, or become a Director of any Company promoted by the Company, or in which it may be interested as a Vendor or member and subject to the provisions of the Act and these Articles, no such Director shall be accountable for any benefits received as Director or member of such Company.

Article 94
Loans to Directors

Subject to the provisions of the Act, the Company may with the approval of the Board of Directors make loans to or give any guarantee or provide any security in connection with a loan made by any other person to Directors and other employees.

Article 95
The Company may increase or reduce number of Directors

Subject to the provisions of the Act and these Articles, the Company may by a special Resolution in General Meeting from time to time increase or reduce within the maximum limit permissible the number of Directors. Provided that any Increase in the number of Directors exceeding the limit in that behalf provided in the act shall not have any effect unless approved by the Central Government and shall become void if and so far it is disapproved by the government.

MEETINGS OF DIRECTORS

Article 96
Meeting of Directors

- (1) The Directors may meet together as a Board from time to time and shall so meet at least once in every three months and at least four such meetings shall be held every year, and they may adjourn and otherwise regulate their meetings as they deem fit. The provisions of this article shall not be deemed to be contravened merely by reason of the fact that meeting of the Board which has been called in compliance with the terms herein mentioned could not be held for want of quorum.
- (2) The Company shall have the power to hold Board or Committee meeting through the means of video or tele-conferencing, and also allow Directors to participate in the Board or Committee meetings through the means of video or tele-conferencing, subject to applicable provisions, if any, of the Act and other regulatory provisions, if any, and all relevant articles dealing with Board or Committee meetings shall be read *mutatis mutandis*.

Article 97
Notice for Meeting of Directors

A Director may at any time and the Secretary upon the request of Director shall convene meeting of the Board of Directors. Notice of every meeting shall be given to every Director for the time being in India and at his usual address in India to every other Director. Notice of every meeting shall be sent by cable to such of the Directors as reside outside India even if they have alternates representing them in India.

Article 98
Quorum for Meeting of the Board

Subject to the provisions of Section 287 of the Act, the quorum for a meeting of the Directors shall be one-third of the total strength of the Board of Directors, or two Directors, whichever is higher.

Article 99 Appointment of Chairman

The Board shall elect one of its members to be the Chairman of the Board and the Board shall determine the period for which he is to hold such office.

Article 100
Who to preside at meeting of the Board

All meetings of the Directors shall be presided over by the Chairman, if present, but if at any meeting of the Directors the Chair-man be not present at the time appointed for holding the same then In that case, the Directors shall choose one of their number then present to preside at the meeting.

Article 101
Questions at Board Meeting how decided

Questions arising at any meeting of the Board shall be decided by a majority of votes, and in case of any equality of votes, the Chairman of the meeting, whether the Chairman appointed by virtue of these articles or the Director presiding at such meeting, shall have a second or casting vote in addition to the vote to which he may be otherwise entitled.

Article 102
Directors may appoint Committees

Subject to the provisions of Sections 292 of the Act, the Directors may delegate any of their powers to committees consisting of such member or members of their body, as they think fit and they may from time to time revoke and discharge any such committee wither wholly or In part and wither as to persons or purposes; but every committee so formed shall, in the purposes-, but every committee so formed shall, in the exercise of the powers so delegated to it conform to any regulations that may from time to time be imposed on it by the Directors. All acts done by any such committee in conformity with such regulations and in fulfillment of the purposes of their appointment but not otherwise, shall have the like force and effect as of done by the Board.

Article 103
Meetings of Committees how to be convened

The meeting and proceedings of any such committee consisting of two or more Directors shall be governed by the provisions herein contained in respect of the meetings and proceedings of the Directors. so far as the same are applicable thereto and are not superseded by any regulations made by the Directors under the last preceding Article.

Article 104 Resolution by circular

- (1) A Resolution passed by circular without a meeting of the Board or a committee of the Board appointed under article 102 shall, subject to the provisions of sub-clause
- (2) hereof and the Act be as valid and effectual as a resolution duly passed at a meeting of the Board or of a committee duly called and held.

POWERS OF THE DIRECTORS

Article 105
General Powers of Directors

- (1) Subject to the provisions of Sections 292, 293, 293A and all other applicable provisions of the Act and these Articles of the Board of Directors of the Company shall be entitled to exercise all such powers and to do all such acts and things as the Company is authorised to exercise and do: Provided that the Board shall not exercise any power or do any act or thing which is directed or required whether by the Act or any other Act or by the memorandum or these Articles or otherwise to be exercised or done by the Company in General Meeting, provided further that in exercising any such power or doing any such act or thing the board shall be subject to the provisions contained in that behalf In the Act or In the Memorandum or these Articles or in any regulations not inconsistent therewith duly made thereunder including regulations made by the Company in General Meeting.

- (2) No regulation made by the Company in General meeting shall invalidate any prior act of the Board, which would have been valid if that regulation had not been made.

MANAGING DIRECTOR OR MANAGING DIRECTORS OR WHOLETIME DIRECTOR OR WHOLETIME DIRECTORS

Article 106 Power to appoint Managing Directors and whole time Director

Subject to the provisions of Sections 197A, 198, 267, 268, 269, 309, 310, 311, 314, 316 and 317 and other applicable provisions of the Act and of these Articles, the Directors may from time to time appoint one or more of their body to be a Managing Director or Managing Directors of the Company for such term not exceeding five years at a time and subject to such conditions as they may think fit.

Article 107

What provisions the Managing and wholetime Directors shall be subject to.

Subject to the provisions of the Act and of these articles, the Managing Director or Managing Directors or wholetime Director or wholetime Directors shall while he or they continue to hold that office, be subject to retirement by rotation, and he or they shall be subject to the provisions of any contract between him or them and the company, be subject to the same provision at to resignation and removal as the other Directors of the Company and he or they shall ipso facto and immediately cease to be Managing Director or Managing Directors or wholetime Director or wholetime Directors If he or they cease to hold the office of Director from any cause.

Article 108

Remuneration of Managing Directors or and wholetime Directors

The remuneration of the Managing Director or Managing Directors or Wholetime Director or Wholetime Directors (Subject to provisions of Sections 309 and other applicable provisions of the Act and of these Articles) shall be in accordance with the terms of his or their contract with the Company.

Article 109

Powers, Duties of Managing Directors

Subject to the provisions of the Act and to the terms of any Resolution of the company in General Meeting or of any Resolution of the Board and to the terms of any contract with him or them, the Managing Director or Managing Directors shall have substantial powers of Management subject to the superintendence, control and direction of the Board of Directors.

THE SEAL

Article 110

Seal of the Company

The Directors shall provide a seal for the purposes of the Company, and shall have power from time to time to destroy the same and substitute new Seal in lieu thereof, and the Directors shall provide for the safe custody of the Seal for the time being and the Seal shall never be used except by or under the Authority by Resolution of the Board or a committee of the Board previously given and in the presence of at least one Director of the Company and of the secretary or such other person as the Board or Committee there of may appoint for the purpose and that one Director and the Secretary or other persons as aforesaid shall sign every instrument to which the seal of the Company is so affixed in their presence. Any instrument bearing the seal of the Company and issued for valuable consideration shall be binding on the Company notwithstanding irregularly touching the authority of the Board or issue of the same. The Certificates of shares or debentures will be sealed in the manner and in conformity with the provisions of the Companies (Issue of Certificates) Rules, 1960 and their statutory modifications for the time being In force.

Article 111
Seals Abroad

The Company may exercise the powers conferred by Section 50 of the Act and such powers shall accordingly be vested in the Directors.

DIVIDENDS

Article 112
Division of profits

The profits of the Company, subject to the provisions of these Articles, shall be divisible among the members in proportion to the amount of capital paid up on the shares held by them respectively. Provided always that any capital paid up or credited as paid up on a share during the period in respect of which a dividend is declared shall, unless the terms of Issue otherwise provide, only entitle the holder of such share to an apportioned amount of such dividend proportionate to the capital from time to time paid up during such period on such share.

Article 113
Capital paid up in advance at interest not to earn dividend

Where capital is paid up in advance of calls upon the footing that the same shall carry interest such capital shall not whilst carrying interest confer a right to dividend or to participate in profits.

Article 114
Dividends in proportion to amount paid up

The Company may pay dividends in proportion to the amount paid up or credited as paid up on each share, where a larger amount is paid up or credited as paid up on some shares than on others.

Article 115
The company in General Meeting may declare a dividend

The Company in General Meeting may by ordinary resolution subject to the provisions of Section 205 and other applicable provisions of the Act, declare a dividend to be paid to the members according to their respective rights and interests in -the profits and subject thereto may fix the time for payment.

Article 116
Powers of General Meeting to limit dividend

No larger dividend shall be declared than is recommended by the Directors but the Company in General Meeting may by an Ordinary Resolution declare smaller dividend. No dividend shall be payable except out of the profits of that year or any other undistributed profits of the Company, or otherwise than in accordance with the provisions of Sections 205, 205A, 206 and 207 of the Act and no dividend shall carry interest as against the Company. The declaration of the Directors as to the amount of the net profits of the Company shall be conclusive.

Article 117
Interim dividend

Subject to the provisions of the Act and these Articles the Directors may, from time to time, pay to the members such interim dividends as in their judgement the position of the Company justifies.

Article 118
Retention of Dividends until completion of transfer

Subject to the provisions of the Act the Directors may retain the dividends payable upon any shares in respect of which any person is under Article 41 hereof. Entitled to become a member or which any

person under that Article is entitled to transfer until such person shall become a member in respect of such shares or shall duly transfer the same. The provisions of this Article shall apply to any interest created in share either by reason of transmission by operation of law or otherwise.

Article 119

No member to receive whilst indebted to the company and company's right of reimbursement thereto

Subject to the provisions of the act, no member shall be entitled to receive payment of any interest or dividend in respect of his share or shares, whilst any money may be due or owing from him to the Company in respect of such share or shares or otherwise however either alone or jointly with any other person or persons, and the Directors may deduct from the interest or dividend payable to any member all sums of money so due from him to the Company.

Article 120

Right to dividend pending registration of transfer

Subject to the provisions of the Act transfer of shares shall not pass the right to any dividend declared thereon before the registration of the transfer.

Article 121

Dividends now remitted

Unless otherwise directed any dividend may be paid by cheque, transfer of funds by instructions to Banks, bank draft or warrant sent through post to the Registered address of the member or person entitled or in case of joint holders to that one of them first named in the Register in respect of the joint holding. Every such cheque, instruction, bank draft or warrant lost in transmission or for any dividend lost to the member or other person entitled thereto by the forged endorsement of any cheque, instruction, bank draft or warrant or the fraudulent or improper recovery thereto by any other means. No unclaimed or unpaid dividend shall be forfeited by the Board unless the claim thereto becomes barred by law.

Article 122

Dividend and call together

Any General Meeting declaring a dividend may on the recommendation of the Directors make a call on the members for such amount as the meeting fixes, but so that the call to each member shall not exceed the dividend payable to him and so that the call be made payable at the same time as the dividend and the dividend may be set off against the call.

RESERVES AND CAPITALISATION

Article 123

Reserves

The Board may, before recommending any dividend set aside out of the profits of the Company such sums as it thinks proper as a reserve or reserves which shall at the discretion of the Board, be applicable for any purpose to which the profits of the Company may be properly applied and pending such application may, at the like discretion either be employed in the business of the Company or as may be permitted by the Act, applied for payment out of dividend or be invested in such investments and in such manner as may be permitted by the Act and as the Board may from time to time think fit.

Article 124

Capitalisation

- (1) Any General Meeting may resolve that any amounts standing to the credit of the Share premium Account, the Capital Redemption Reserve Account or any moneys, investments or other assets forming part of the undivided profits (including profits or surplus monies arising from the

realisation and where permitted by law, from the appreciation in value of any capital assets of the Company standing to the credit of the General Reserve, or any Reserve Fund or any other Fund of the Company or in the hands of the Company and available for dividend) be capitalised:

- (a) By the issue and distribution as fully paid up shares of the Company; or
 - (b) By crediting shares of the Company, which may have been issued and are not fully paid-up, with the whole or any part of the sum remaining unpaid thereon.
- (2) Such issues and distribution under sub-clause (1) (a) above and such payment to credit of unpaid Share Capital under sub-clause (1) (b) above shall be made to among and in favour of the members or any class of them or any of them entitled thereto in accordance with their respective rights and interest and in proportion to the amount of capital paid up on the shares held by them respectively in respect of which such distribution under sub-clause (1) (a) or payment under sub-clause (1) (b) above shall be made on the footing that such members become entitled thereto as capital.
- (3) The Directors shall give effect to any such resolution and apply such portion of the profits, General Reserve or Reserve fund or any other Fund or Account as aforesaid as may be required for the purposes of making payment in full for the shares of the Company so distributed under sub-clause (1) (a) above or (as the case may be) for the purpose of paying in whole or in part the amount remaining unpaid on the shares which may have been issued and are not fully paid up under sub clause (1) (b) above. provided that no such distribution or payment shall be made unless recommended by the Directors and if so recommended such distribution and payment shall be accepted by such members as aforesaid in full satisfaction of their interests in the said capitalised sum.
- (4) For the purposes of giving effect to any such resolution the Directors may settle any difficulty which may arise in regard to the distribution or payment as aforesaid as they think expedient and in particular they may issue fractional certificates and may fix the value for distribution of any specific assets and may determine that cash payments to be made to any members on the footing of the value so fixed and vest any such cash or shares in trustees upon such trusts for the persons entitled thereto as may seem expedient to the Directors and generally may make such arrangement for the acceptance, allotment and sale of such shares and fractional certificates or otherwise as they may think fit.
- (5) Subject to the provisions of the Act and these Articles, in cases where some of the shares of the Company are fully paid and others are partly paid only, such capitalisation may be effected by the distribution of further shares In respect of the fully paid shares, and by crediting the partly paid shares with the whole or part of the unpaid liability thereon but so that as between the holders of the fully paid shares and the partly paid shares, the sum so applied on the payment of such further shares and in the extinguishment or diminution of the liability on the partly paid shares shall be so applied pro-rata in proportion to the amount then already paid or credited as paid on the existing fully paid shares respectively.
- (6) When deemed requisite, a proper contract shall be filed in accordance with the act and the Board may appoint any person to sign such contract on behalf of the members entitled as aforesaid and such appointment shall be effective.

DOCUMENTS AND SERVICE OF DOCUMENTS

Article 125 Advertisements

Subject to the provisions of the Act any document required to be served or sent by the Company on or to the members, or any of them, and not expressly provided for these presents shall be deemed to be duly served or sent if advertised once in one daily English and one daily Vernacular newspaper circulating in the district in which the Registered Office of the Company is situated.

Article 126**Members bound by document given to previous members**

Every person who by operation of law, transfer. Other means whatsoever, shall become entitled to, any share shall be bound by every document in respect of such share which previously to his name and address being entered on the register, has been duly served on or sent to the person from whom he derives his title to such share.

Article 127**Notice by company and signature thereto.**

Any notice to be given by the Company shall be signed by the Managing Director or Secretary or by such Director or Officer as the Directors may appoint, and such signature may be written or printed or reproduced in other form.

Article 128**Service of notice on company**

All notices to be given on the part of the members to the Company shall be kept at or sent by cable or by post under certificate of posting or by registered post to the Registered Office of the Company or shall be left at the registered office of the Company.

RECONSTRUCTION**Article 129****Reconstruction**

On any sale of the undertaking of the Company the Board or liquidator on a winding-up may, if authorised by a special Resolution, accept fully paid or partly paid-up shares, debentures or securities of any other company. Whether incorporated in India or not, either then existing or to be formed for the purchase in whole or in part of the property of the Company, and the Board (if the profits of the Company permit) or the liquidator (in a winding-up) may distribute such shares or securities or any other property of the Company amongst the members without realisation, or vest the same in trustees for them, and any special Resolution may provide for the distribution or appropriation of cash, shares or other securities, benefit or property otherwise than in accordance with the strict legal rights of the members or contributories of the Company and for the valuation of such securities or property at such price and in such manner as the meeting may approve and all holders of shares shall be bound to accept and shall be bound by any valuation or distribution so authorised, and waive all rights in relation thereto, save only in case the Company is proposed to be or in the course of being wound up, such statutory rights, if any, under section.494 of the Act as are incapable of being varied or executed by these Articles.

WINDING UP**Article 130****Distribution of Assets**

If the Company shall wound up, and the assets available for distribution among the members as such shall be insufficient to repay the whole of the paid-up capital, such assets shall be distributed so that as nearly as may be the losses shall be borne by the members in proportion to the capital paid-up or which ought to have been paid up, at the commencement of the winding up on the shares held by them respectively and if in a winding up, the assets available –for distribution among the members shall be more than sufficient to repay the whole of capital paid up at the commencement of the winding up, the excess shall be distributed among the members in proportion to the capital paid-up at the commencement of the winding up or which ought to have been paid up on the shares held by them respectively. But this Article is to be without prejudice to rights of the holders of shares issued upon special terms, and conditions.

Article 131**Distribution of assets in specie of kind**

- (1) If the Company shall be wound up, whether voluntarily or otherwise, the liquidator may, with the sanction of a Special Resolution but Subject to the rights attached to any preference share capital divide amongst the contributories, in specie or kind, any part of the assets of the Company and may, with the like sanction, vest any part of the assets of the Company in trustees upon such trusts for the benefit of the contributories or any of them, as the liquidators. with the like sanction shall think fit.
- (2) In case any shares to be divided as aforesaid involve a liability to calls or otherwise, any person entitled under such division to any of the said shares may within ten days after the passing of the Special resolution, by notice in writing, intimate to the liquidator to sell his proportion and pay him the net proceeds and the liquidator shall, if practicable. Act accordingly.

SECRECY CLAUSE**Article 132 Secrecy clause**

- (1) Every director, manger, auditor, trustee, member of a committee, officer, servant, agent, accountant or other person employed in the business of the Company, shall if so required by the Directors, before entering upon his duties, sign a declaration pledging himself to observe strict secrecy respecting all transactions and affairs of the Company with the customers and in relation thereto and shall by such declaration pledge himself not to revel any of the matters which may come to his knowledge in the discharge of his duties except when required so to do by the Directors or by law or by the person to whom such matters relate and except so far as may be necessary in order to comply with any of the provisions in these presents contained.
- (2) No member shall be entitled to visit or inspect the Company's works without the permission of the directors or the Managing Director or to require discovery of or any information respecting any detail of the Company's trading or any matter which is or may be in the nature of a trade secret, mystery of trade, or secret process, or which may relate to the conduct of the business of the Company and which in the opinion of the Directors or the Managing Director it will be inexpedient in the Interest of the members of the Company to communicate to the public.

INDEMNITY AND RESPONSIBILITY**Article 133****Directors and others rights to indemnity**

- (1) Subject to the provisions of Section 201 of the Act, every Director of the Company or the Managing Director, Manager, Secretary and other officer or employee of the Company and the Trustees (if any) for the time being acting in relation to any of the affairs of the Company and every one of them shall be the duty of the Directors out of the funds of the Company to pay all reasonable costs, losses and expenses (including travelling expenses) which any such Directors, Managing Director. Manager, Secretary or other officer or employee and the trustees (if any) for the time being acting in relation to any of the affairs of the company may incur or become liable to by reason of any contract entered into or any act, deed or thing one or omitted to be done by him as such Director, Officer, employee or trustee or in any way in the discharge of Ws duties except such as they may Incur or sustain by or through their own negligence or deult or misfeasance or breach of duty or breach of trust.
- (3) Subject as aforesaid every director, Managing Director. Manager, Secretary or other officer or employee of the Company or the Trustee (if any) for the time being acting in relation to any of the affairs of the Company. and every one of them shall be indemnified against any liability incurred by him defending any proceedings whether Civil or criminal. or in connection with any application under Section 833 of the Act in which relief is granted to him by the court.

Directors and others not responsible for acts of others

Subject to the provisions of Section 201 of the Act, no Director, the Managing Director or other officer of the Company shall be liable for the acts, omissions neglects or defaults of any Director or officer or for joining in any omission or other act or conformity, or for any loss or expenses suffered by the Company through insufficiency or deficiency of title to any property acquired by order of the Directors for on behalf of the Company, or for the insufficiency or deficiency of any security in or upon which any of the monies of the Company shall be invested or for any loss or damage arising from the bankruptcy, insolvency or tortious act of any person, company or corporation, to whom any monies, securities or effects shall be entrusted or deposited or for any loss occasioned by any error of judgement or oversight on his part or for any other loss or damage or misfortune whatever which shall happen in the execution of the duties of his office or in relation thereto, unless the same happens through his own dishonesty, willful neglect omission or default.

X. MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following contracts and agreements (not being contracts entered into in the ordinary course of business carried on or intended to be carried on by the Company or entered into more than two years before the date of the Draft Prospectus) which are or may be deemed material have been entered into or are to be entered into by our Company. These contracts, copies of which have been attached to the copy of this Draft Prospectus will be delivered to the RoC for registration and also the documents for inspection referred to hereunder, may be inspected at the Registered Office of our Company between 10.00 a.m and 4.00 p.m, on any working day from the date of the Draft Prospectus until the Issue Closing Date.

I . MATERIAL CONTRACTS:

3. Memorandum of Understanding dated 28.12.2011 entered into between our Company and Network Stock Broking Ltd, Lead Manager to the Issue.
4. Memorandum of Understanding dated 9.1.2012 entered into between our Company and Sharepro Services (I) Pvt Ltd, Registrar to the Issue.
5. Escrow Agreement dated 29.2.2012 between our Company, the LM, the Escrow Collection Bank and the Registrar to the Issue
6. Underwriting Agreement dated 24/2/2012 between our Company and the LM
7. Tripartite agreement dated 01/03/2012 entered into between our Company, CDSL and Registrar to the Issue.
8. Tripartite agreement dated 02/03/2012 entered into between our Company, NSDL and Registrar to the Issue.
9. Market Making Agreement dated 17.2.2012 between our company, the LM and the Market Maker.

II. MATERIAL DOCUMENTS:

1. Memorandum of Association and Articles of Association of our Company, as amended.
2. Certificate of incorporation dated 9.12.2011 issued to our company in the name of Monarch Health Services Limited, by the Registrar of Companies, Maharashtra, Mumbai.
3. Certificate of Commencement of Business dated 9.12.2011, issued to our company in the name of Monarch Health Services Limited, by the Registrar of Companies, Maharashtra, Mumbai.
4. Resolution passed at the meeting of the Board of Directors held on 24.11.2011 and Special Resolution passed by the shareholders at the Extra Ordinary General Meeting of our Company held on 16.12.2011 pursuant to Section 81(1A) of the Companies Act, 1956
5. Consents in writing of Auditors, Banker to the Issue and Refund Banker , LM, Registrar to the Issue, Underwriter, Market Maker, Legal Advisor to the Issue, Directors of our Company, Company Secretary and Compliance Officer, as referred to, in their respective capacities.
6. Resolution passed by the members of our Company at the Extra Ordinary General Meeting held on 17/1/2012 appointing Dr.Prashant Vikram as Non Executive Chairman, Dr. Nishita Sheth as Managing Director, Dr.Ajit Kadam as Joint Managing Director and Mr. Pritesh Doshi as Executive Director
7. Resolution passed at the meeting of the Board of Directors held on 02/01/2012 constituting various Committees of the Board

8. Resolution passed by the Company at the Statutory Board Meeting held on 07/10/2011 appointing M/s. S. D. Motta & Associates, Chartered Accountants as Statutory Auditors of our Company.
9. Audited Balance Sheet of the Company for the 3 month period ended December 31, 2011 and Audit Report dated 7.2.2012 issued by M/S S. D. Motta & Associates, Chartered Accountants and Statutory Auditors on the Financial Statement of the Company for the 3 month period ended Dec 31, 2011 in terms of Part II of Schedule II of the Companies Act 1956 including capitalisation statement, taxation statement and accounting ratios.
10. Certificate dated 23.1.2012 issued by M/S.S.D.Motta & Associates, Chartered Accountants and Statutory Auditors of the Company regarding tax benefits accruing to the company and its shareholders.
11. Undertakings by the Company that
 - (a) the promoters' contribution shall be brought in advance before the Issue opens for public subscription
 - (b) all steps will be taken for listing and commencement of trading within seven (7) working days of finalization of the basis of Allotment
 - (c) funds required for making refunds to unsuccessful Applicants shall be made available to the Registrar to the Issue
 - (d) it shall not have recourse to the Issue proceeds until approval for trading of the Equity Shares is received from the SME Platform of BSE.
 - (e) no further issue of Equity Shares shall be made till the Equity Shares offered through this Prospectus are listed or until the Application monies are refunded on account of non-listing, under subscription etc,
12. Due Diligence Certificate dated ----- received from Networth Stock Broking Ltd, Lead Manager.
13. Approval from BSE vide letter dated ---- to use the name of BSE in this offer document for listing of Equity Shares on the SME Platform of BSE
14. Related Party transactions

Any of the contracts or documents mentioned in the Prospectus may be amended or modified at any time if so required in the interest of our 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.

XI. DECLARATION

We hereby declare that all relevant provisions of the Companies Act, 1956, and the guidelines issued by the Government of India or the SEBI (ICDR) Regulations, 2009 issued by the Securities and Exchange Board of India, as the case may be, have been complied with and no statement made in this Draft Prospectus is contrary to the provisions of the Companies Act, 1956, the Securities and Exchange Board of India Act, 1992, each as amended or the rules made there under or guidelines / regulations issued, as the case may be. We further certify that all the statements in this Draft Prospectus are true and correct.

SIGNED BY THE DIRECTORS OF OUR COMPANY:

Name & Designation	Signatures
Dr Prashant Vikram, Chairman	sd/-
Dr. Nishita Sheth, Managing Director	sd/-
Dr. Ajit Kadam, Joint Managing Director	sd/-
Ms. Rekha Gulvani, - Independent Director	sd/-
Mr. Dhurva Prakash Shetty, Independent Director	sd/-
Mr. Narpatraj Bafna Independent Director	sd/-
Mr. Deepak Doshi Independent Director	sd/-
Mr. Prithesh Doshi, Executive Director	sd/-

SIGNED BY THE COMPANY SECRETARY AND COMPLIANCE OFFICER OF OUR COMPANY:

Name & Designation	Signature
Ms. Priyanka Manghwani ---Company Secretary And Compliance Officer	sd/-

Place: Mumbai

Date: 05/03/2012